

Accommodation Grants Program - 101-115 William Street, Darlinghurst

File No: S117676

Summary

The Accommodation Grant Program supports community, cultural, economic and sustainability focused organisations by providing accommodation in City owned buildings within the property portfolio at below market or nil rent. Accommodation Grant recipients are organisations that provide services that meet the needs identified in Sustainable Sydney 2030–2050 Continuing the Vision and the City's strategic plans and policies.

Recipients of Accommodation grants enter into leases or licenses with the City for up to a 5-year lease term and can apply for up to 100% rental subsidy. Recipients are subject to an annual performance review.

101-115 William Street Darlinghurst is located within a block of buildings that includes a mix of spaces for cultural and commercial use known as the William Street Creative Hub. In November 2024, the City commenced an expression of interest process for Suites 3.02 and 3.03, Level 3 through the Accommodation Grants Program. At the time of the expression of interest neighbouring cultural and creative tenants included accommodation grant program tenant Digital Storytellers Limited in Suite 3.01, Level 3 and the Australian Design Centre on the ground floor. Levels 1 and 2 were available for commercial office space tenancies. Six artists live next door in residential apartments as part of our Creative Live and Work Spaces program.

The building is over 100 years old and has a flat roof with internal box gutters. This design means water cannot discharge fast enough during heavy rainfall. This results in water pooling on the roof for longer than it is designed to support, resulting in water ingress to level 3. As a result, the top floor (Level 3) sustained water ingress, impacting tenants on that level.

Lower floors are not affected. Although remediation works have been completed, a more comprehensive roof redesign is required to address the underlying roof design and drainage limitations.

During the assessment period of the expression of interest process, due to the roof design, an operational decision was made not to occupy any tenants on Level 3 until a long-term solution was implemented. An alternative premise in the building, Level 1 East, is available and is proposed as suitable for this accommodation grant.

Following the expression of interest process, Impact Policy Pty Ltd was selected as the recommended applicant. Impact Policy Pty Ltd is an Aboriginal owned and operated business, currently based in Woolloomooloo, with creative expertise in content creation, podcasting, photography and videography.

Impact Policy Pty Ltd's proposed use of 101-115 William Street, Darlinghurst will establish a culturally innovative studio space for supporting young creatives with access to the space and local mentors. The space will allow it to build a hub of creative services and a cultural space for Aboriginal and Torres Strait Islander people, expand its pro-bono services to the Aboriginal and Torres Strait Islander communities, creatives and Aboriginal Community Controlled Organisations, to ensure access to creative resources for Aboriginal and Torres Strait Islander people is sustainable, supported and empowered.

This report recommends Council approve entering into a lease with the preferred applicant from the expression of interest process - Impact Policy Pty Ltd, for a 5-year term (which includes an early termination clause) for Level 1 East, 101-115 William St, Darlinghurst.

On 22 August 2022, Council approved the provision of an Accommodation Grant to Digital Storytellers Limited for Suite 3.01, Level 3, 101-115 William Street Darlinghurst to lease the space for a 5-year period from September 2022 to October 2027.

Due to the water ingress issues noted above, it is recommended that Council approve the relocation of Digital Storytellers Limited (currently occupying Suite 3.01 on Level 3) to an alternative space in the building known as Level 2 East.

In relation to the remaining 2 available spaces on Level 1 and Level 2, 101-115 William St, Darlinghurst, staff will soon commence an expression of interest process, through the Accommodation Grant Program. This will result in the current use of Level 1 and Level 2 as commercial office space now being made available as community space leased through the Accommodation Grants Program..

The proposals outlined in this report will enable the building to be utilised to the maximum extent possible while a long-term solution is developed for the water ingress issues in the upper floor.

Recommendation

It is resolved that:

- (A) Council approve the provision of an Accommodation Grant to Impact Policy Pty Ltd for Level 1 East, 101-115 William Street Darlinghurst to lease the space for a 5-year term (which includes an early termination clause) from 1 July 2025 to 30 June 2030 on the following rental subsidy:

	Market Rental Value	Rental Subsidy	Rental Subsidy Value	Rent Payable
Year 1 1 July 2025- 30 June 2026	\$114,577	100%	\$114,577	\$0
Year 2 1 July 2026- 30 June 2027	\$118,014	100%	\$118,014	\$0
Year 3 1 July 2027- 30 June 2028	121,554	100%	121,554	\$0
Year 4 1 July 2028- 30 June 2029	\$125,201	100%	\$125,201	\$0
Year 5 1 July 2029- 30 June 2030	\$128,597	100%	\$128,597	\$0

- (B) Council note that the impact of water ingress to Level 3 of 101-115 William Street Darlinghurst has resulted in tenants not being able to occupy Level 3 of the building and approve the relocation of current accommodation grant tenant Digital Storytellers Limited from Suite 3.01 on Level 3 to Level 2 East for the remainder of its approved term;
- (C) Council note Level 1 and Level 2 101-115 William Street Darlinghurst were previously leased as commercial office spaces but will now be made available as part of the Accommodation Grants Program;

- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer:
 - (i) the lease agreement with Impact Policy Pty Ltd for the premises known as Level 1 East, 101-115 William Street Darlinghurst; and
 - (ii) lease documentation required to relocate Digital Storytellers Limited from Suite 3.01, Level 3, to Level 2 East 101-115 William Street, Darlinghurst for the remainder of their lease term, on terms consistent with this resolution and in accordance with the Grants and Sponsorship Policy; and
- (E) authority be delegated to the Chief Executive Officer to correct minor errors to the matters set out in this report, noting that the identity of the recipients will not change, and a CEO Update will be provided to Council advising of any changes made in accordance with this resolution.

Attachments

Attachment A. Recommended for Support - Accommodation Grant Program

Attachment B. Not Recommended for Support - Accommodation Grant Program

Background

1. The City's Accommodation Grant Program supports organisations that benefit our communities and align to the strategic outcomes of Sustainable Sydney 2030-2050 Continuing the Vision. It provides organisations with facilities in City-owned buildings within the community property portfolio at nil cost or below market rent.
2. 101-115 William Street Darlinghurst is a block of buildings that includes a mix of spaces for cultural and commercial use known as the William Street Creative Hub
3. Darlinghurst Theatre Company vacated Suite 3.03 and 3.02, Level 3 101-115 Williams Street, Darlinghurst on 16 July 2024. The City worked with Ventia and other contractors to clear the space of abandoned items, repurpose or dispose of furniture, securely shred confidential documentation and bank cashboxes. Properties then undertook minor repairs, and the space was rekeyed and cleaned. Photography took place in September 2024 and the Expression of Interest was prepared.
4. On 12 November 2024, the City commenced an expression of interest process for Suites 3.02 and 3.03, Level 3, 101-115 William St, Darlinghurst, through the Accommodation Grant Program. Expression of Interest applications closed at 5pm on 10 December 2024.
5. Information about this grant program was made available on the City of Sydney's website. Email and LinkedIn campaigns were used to target interested parties who have previously expressed an interest in the City of Sydney's Grants and Sponsorship and Accommodation Grant programs. The opportunity was also promoted via Arts Hub, Koori Radio and Koori Mail.
6. As per the Grants and Sponsorship Program Guidelines, Accommodation Grants are open to Not-for-Profit Organisations, Incorporated Associations, Corporations, Co-operatives, Partnerships, Sole Traders, Trustees of a Trust, Sole Traders, and Government departments and agencies.
7. There were a total of 15 Accommodation Grant applications received. Five eligible applications were received from for-profit organisations and sole traders, and the following one is recommended in this report:
 - (a) Impact Policy Pty Ltd.
8. Three site inspections of the properties were held while the Expression of Interest was open, with 81 attendees in total.

Grants assessment process

9. The assessment panel consisted of City of Sydney staff from the City Property Services, First Nations Leadership, Strategy and Urban Analytics and Creative City teams.
10. Applications were assessed against the following criteria:
 - (a) the need for the tenancy and proposed results
 - (b) applicant capacity and experience
 - (c) connection and benefit to the local area and communities

- (d) diversity, inclusion and equity in the planning and development of the project
 - (e) how the proposal aligns with the funding priorities, and City of Sydney strategic priorities
11. All grants are recommended on the condition that any required approvals, permits and development consents are obtained by the applicant.
 12. This report recommends that Council approve the subsidy level and grant value of the tenants listed, with annual increases of 3% in grant value and rent to be paid year-on-year over the course of the lease.
 13. Assessors interviewed 3 shortlisted candidates on 4 and 10 February 2025 to better understand how they intend to use the space.
 14. Assessors noted that the number of suitable candidates outweighed demand.

William Street Creative Hub

15. 101-115 William Street Darlinghurst is located within a block of buildings that includes a mix of spaces for cultural and commercial use known as the William Street Creative Hub. Current neighbouring cultural and creative tenants include accommodation grant program tenant Digital Storytellers Limited in Suite 3.01 and on the ground floor Australian Design Centre. Levels 1 and 2 were previously available for commercial tenancy. Six artists live next door in residential apartments as part of our Creative Live and Work Spaces program.
16. The building is over 100 years old and has a flat roof with internal box gutters. This design means water cannot discharge fast enough during heavy rainfall. This results in water pooling on the roof for longer than it is designed to support, resulting in water ingress to Level 3. As a result, the top floor (Level 3) sustained water ingress, impacting tenants on that level.
17. Lower floors are not affected. Although remediation works have been completed, a more comprehensive roof redesign is required to address the underlying roof design and drainage limitations.
18. Due to the timeframe for undertaking this roof re-design, an operational decision has been made not to occupy any tenants on Level 3 until a long-term solution is implemented. To support this, 2 additional workspaces have been created on Level 2, which provides an alternative location for the occupants and optimises the use of space in the building.

19. On 22 August 2022, Council approved the provision of an Accommodation Grant to Digital Storytellers Limited for Suite 3.01, Level 3, 101- 115 William Street Darlinghurst to lease the property for a 5-year period from September 2022 to October 2027 on the following rental subsidy:

	Market Rental Value	Rental Subsidy	Rental Subsidy Value	Rent Payable
Year 1 2022-23	\$95,000	94%	\$89,300	\$5,700
Year 2 2023-24	\$97,850	90%	\$88,065	\$9,785
Year 3 2024-25	\$100,786	85%	\$85,668	\$15,118
Year 4 2025-26	\$103,810	80%	\$83,048	\$20,762
Year 5 2026-27	\$106,193	75%	\$80,193	\$26,731

20. The previous commercial tenant vacated on Level 1 in late 2024, while the commercial tenant on Level 2 vacated the space in early 2025. Since then, all spaces on Level 1 and Level 2 have been vacant and staff have not had success in re-leasing any space on these levels to commercial tenants.
21. Both available spaces on Level 1, including Level 1 East, are approximately 250sqm each.
22. Level 2 East is approximately 250sqm plus an additional shared communal space of approximately 100sqm. The remaining space on Level 2 is 117sqm plus the additional shared communal space of approximately 100sqm.
23. It is recommended to relocate the existing tenant of Level 3, Digital Storytellers Limited, to Level 2 East within the building for the remainder of the term of their lease. Digital Storytellers Limited has agreed to the relocation.
24. The newly created space at Level 1 East is a suitable premises to accommodate the recommended applicant, ensuring continued activation and occupancy in the Creative Hub in line with the City's strategic objectives.
25. The following organisation is the recommended applicant for this new space Level 1 East, 101-115 William Street Darlinghurst:
- (a) Impact Policy Pty Ltd
26. Impact Policy Pty Ltd is an Aboriginal owned and operated business, currently based in Woolloomooloo, with creative expertise in content creation, podcasting, photography and videography.

27. Impact Policy Pty Ltd's proposed use of Level 1 East, 101-115 William Street, Darlinghurst will establish a culturally innovative studio space for supporting young creatives with access to the space and local mentors. The space will allow it to build a hub of creative services and a cultural space for Aboriginal and Torres Strait Islander people, expand its pro-bono services to the Aboriginal and Torres Strait Islander communities, creatives and Aboriginal Community Controlled Organisations, to ensure access to creative resources for Aboriginal and Torres Strait Islander people is sustainable, supported and empowered.
28. There was strong support for the vision of this proposal from a number of Aboriginal and Torres Strait Islander organisations, individual creatives, local community groups, local schools and the State Library, demonstrating well-established relationships with community, education and creative organisations across the City of Sydney local area, in particular Woolloomooloo, Glebe, Redfern and Waterloo.
29. The remaining 2 available spaces on Level 1 and Level 2, 101-115 William Street, Darlinghurst are also proposed to be made available for community use through the Accommodation Grant Program. Staff will prepare an expression of interest process through the Accommodation Grant Program to expand the Creative Hub uses at William Street.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

30. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This grant is aligned with the following strategic directions and objectives:
 - (a) Direction 6 - An equitable and inclusive city - Everyone feels welcome and can afford to live here if they choose. Everyone can participate, prosper and reach their full potential in a city that is fair and just.
 - (b) Direction 7 - Resilient and diverse communities - Our city and its public places and infrastructure can withstand impacts from a changing climate and emergency situations. We work with communities, businesses and other organisations to strengthen connections and networks, to prepare our city and be able to recover from most situations.
 - (c) Direction 8 - A thriving cultural and creative life - We are proud of our city. We are all able to participate in, contribute to and benefit from its cultural life.

Risks

31. This recommendation is within the City's risk appetite, which states:
 - (a) We make decisions that align with our corporate objectives, policies and strategies and are committed to conducting our activities in full compliance with applicable laws, regulations and relevant industry standards.
 - (b) We foster a culture of ethics, integrity and responsible behaviour across our organisation. By creating a strong ethical foundation, we aim to minimise the likelihood of reputation-damaging incidents and enhance our ability to respond effectively when challenges arise.

- (c) The City has a responsibility to ensure that it has sufficient resources in the short, medium and long term to provide the levels of service that are both affordable and considered appropriate by the community.

Social / Cultural / Community

- 32. The City's Grants and Sponsorship Program provides the City with a platform to support cultural and social initiatives from the communities and business within the local area.
- 33. The organisations within the Accommodation Grants Program make an invaluable contribution to our communities through the development and management of services, activities and programs.

Financial Implications

- 34. The total value of the recommended subsidy for the duration of a 5-year term with an early termination clause lease is 100%. This represents forgone market rental revenue of up to \$607,943.
- 35. The budget for the Accommodation Grant Program revenue and offsetting expense for the 2024/25 financial year for this site is already within the Accommodation Grants Program portfolio and will be incorporated into the 2025/26 operating forecasts and included in future operating budgets accordingly.
- 36. The budget for the 2024/25 Accommodation Grant Program (AGP) includes this space. Increases in expenditure due to funding this grant will be factored into future operating budgets accordingly.

Relevant Legislation

- 37. Section 356 of the Local Government Act 1993 provides that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.
- 38. Section 356(3)(a) to (d) is satisfied for the purpose of providing grant funding to for profit organisations because:
 - (a) the funding is part of the Accommodation grant program
 - (b) the details of the program is included in the Council's operational plan for financial year 2024/25
 - (c) the program's proposed budget is not forecast to exceed five per cent of Council's proposed income from ordinary rates for financial year 2024/25
 - (d) this program applies to a significant group of persons within the local government area

Critical Dates / Time Frames

39. Commencement date for the lease recommended in this report is from 1 July 2025.

Public Consultation

40. During November 2024, in-person briefing sessions held on site took place where potential applicants were notified about the grant and how to apply while being able to undertake a site visit:
- (a) an in-person briefing session for all artists and creatives was held on 19 November 2024 with 35 attendees
 - (b) an in-person briefing session for Aboriginal and Torres Strait Islander artists and creatives was held on 21 November 2024 with 10 attendees
 - (c) a final in-person briefing session for all artists and creatives was held on 3 December 2024 with 36 attendees.

EMMA RIGNEY

Executive Director City Life

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KIM WOODBURY

Chief Operating Officer