

Accommodation Grants Program - Annual Performance Review

File No: S117676

Summary

The Accommodation Grants Program (AGP) 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. Demand for properties is strong, with more than 738 subscribers expressing interest in availability of future properties.

Annual Performance Review for Accommodation Grant recipients

Currently there are a number of AGP leases held by 60 organisations located across 46 City properties managed under this Program. These tenancies were approved by Council as Accommodation Grants. Recipients of Accommodation Grants enter into leases or licences with the City for a fixed term, usually 5 years, and are subject to an annual performance review. There are a number of organisations that hold multiple leases through this grant program.

For the 2024 assessment period, 69 lease holders were in the Accommodation Grants program and 62 were requested to complete an annual performance review. Three lease holders were not required to complete a review as they have not been in the Program for a full 12 months.

Four organisations, Beehive Industries Co-operative Limited, 107 Projects Incorporated, Darlinghurst Theatre Limited and Women in Film and Television have left the program since 2024.

This report is recommending Council note the continuation of the lease holders who were reviewed, have met their performance criteria and will be continuing in the Program.

Recommendation

It is resolved that:

- (A) Council note the continuation of the current Accommodation Grant leases and licences for the 62 lease holders that have satisfactorily completed their annual performance review for the 2024 calendar year and are continuing in the Program;
- (B) Council note that City North Men's Shed Inc, SDN Children's Services at 60 Pine Street, Chippendale and Wildflower Gardens for Good Ltd were not required to complete an annual performance review as they have not been in the Program for a full 12 months and are continuing in the Program; and
- (C) 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. Annual Performance Review Ratings

Background

1. For the 2024 calendar year annual review, 62 Accommodation Grants Program lease holders were requested to complete an annual performance review.
2. These tenants were not required to complete a review as they had not been in the program for a full 12 months and will submit a review next year:
 - (a) City North Men's Shed Inc at the Abraham Mott Community Space, 2 Watson Road, Millers Point.
 - (b) SDN Children's Services at 60 Pine Street, Chippendale.
 - (c) Wildflower, Gardens for Good Limited at the Harry Jensen Centre, 2 Watson Road, Millers Point.
3. As of 30 June 2025, the total cost of the Program in revenue forgone for the 2025/26 financial year is estimated at over \$9.178 million.
4. The terms and conditions of the agreement between each lease holder and the City are detailed in a lease or licence, which also sets out specific key performance criteria and performance measures.
5. Lease holders are reviewed every 12 months against these criteria and measures. Based on these reviews, the following options exist: continuation; improvement; termination; or a variation to the terms of the existing lease or licence.

Outcomes of 2024 Annual Performance Review

6. The annual performance review of Accommodation Grant recipients was undertaken between January 2025 and April 2025 and is based on performance across the 2024 calendar year.
7. Each year, the City coordinates the annual performance review with the Accommodation Grant recipients (lease and licence holders) to review their performance against the criteria in their lease or licence agreements. A rating system is used to evaluate the information received and assess the performance of the organisations against the criteria set, in return for subsidised accommodation. This report outlines the outcomes of the annual performance review for the 2024 calendar year.

8. Lease holders submitted their annual performance reviews online. City staff members evaluated the submissions and the lease holders' overall performance in 2024 against the criteria. Final evaluations were agreed upon during assessment meetings using the following ratings:
 - A - meeting or exceeding performance criteria
 - A/B - meeting the majority of performance criteria
 - B - not meeting performance criteria, on notice (one year to improve performance)
 - C - not meeting expectations after one year, leases to be terminated
9. The 62 lease holders who participated in the annual review process have been rated 'A' or 'A/B' against their performance criteria and all will be continuing in the Program (refer Attachment A).
10. It is noted that City staff will work closely with the 2 lease holders who were rated A/B over the next 12 months:
 - (a) Innovillage Pty Ltd (trading as Greenhouse) at Level 1-3, 180 George Street, Sydney
 - (b) The Roman Catholic Church for The Archdiocese of Sydney at 1b Cathedral Street, Woolloomooloo
11. Several areas for improvement have been identified with these lease holders, such as developing more robust questionnaires to ascertain diversity of attendees and compliance with regulatory requirements.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

12. 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 program is aligned with the following strategic directions and objectives:
 - (a) Direction 6 - An equitable and inclusive city - the provision of accommodation to a varied group of community and cultural organisations contributes to the diverse range of services and support the City provides for our community. The diversity of these groups contributes to the vibrancy of the City's villages and the communities within them.
 - (b) Direction 8 - A thriving cultural and creative life - approximately one third of the Accommodation Grant lease holders are cultural or arts organisations. These organisations support cultural development through the support of artists, and the delivery of culturally stimulating activities that engage our communities.

- (c) Direction 9 - A transformed and innovative economy - the lease holders in this report contribute to helping stimulate business and promote economic activity. They encourage partnerships with other organisations on business development and assist groups of businesses to work together for the collective benefit.

Risks

- 13. This recommendation is within the City's risk appetite, which states:
 - (a) We are open to taking risks that align with our strategic objectives and are within our capacity to manage effectively.
 - (b) We acknowledge our responsibility to protect and enhance the social and environmental wellbeing of our community.
 - (c) 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.
 - (d) 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

Cultural / Community / Economic

- 14. 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.
- 15. 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

- 16. Based on the current list of Accommodation Grant recipients the total value of the Accommodation Grant Program in the 2025/26 financial year is estimated at \$9.178 million in revenue foregone, compared to market value rent.
- 17. There are sufficient funds allocated in the 2025/26 grants and sponsorship budget included in the City's draft operating budget for 2025/26 which is seeking approval as part of a separate council report in the current reporting cycle, to support the revenue foregone in the Accommodation Grant program.

Relevant Legislation

18. 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.
19. 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 Grants Program
 - (b) the details of these programs have been included in Council's draft operational plan for financial year 2025/26
 - (c) the program's proposed budget does not exceed 5% of Council's proposed income from ordinary rates for financial year 2025/26
 - (d) this program applies to a significant group of persons within the local government area

EMMA RIGNEY

Executive Director City Life

Jack Caswell, Grants Systems and Reporting Manager