

Bayside Council

Serving Our Community

Rental Assessment and Subsidy Policy

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Rental Assessment and Subsidy Policy

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Τηλεφωνικές Υπηρεσίες Διερμηνέων

بخدمة الترجمة الهاتفية

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1 Introduction

1.1 Background

The purpose of this policy is to provide Council with a framework to support the equitable, efficient and effective management of Council's properties.

1.2 Definitions

The definitions of certain terms are:

RASP

Rental Assessment and Subsidy Policy

Community Facilities

Community facilities refer to Council owned buildings/facilities and their immediate surrounds which are used by community based not-for-profit groups to provide and organise recreational, cultural, sporting and community service activities. They are often, but not always, situated on Council Land and/or public open space or Crown Land for which Council has long term management responsibility. Examples include community centres, sports facilities and club rooms.

1.3 Policy statement

The Rental Assessment and Subsidy Policy enables Council to:

- encourage optimal use of community facilities to cater for a wide range of community and sporting groups
- obtain a contribution from user groups for the costs of providing facilities
- recognise the value and benefits of services and activities organised and provided by community based groups and to subsidise these groups where it sees fit
- determine the most appropriate occupancy arrangement for each facility
- fulfil the requirements of State government and Council policies in relation to provision of facilities on operational land, Community land, Crown public recreation reserves and open space.
- protect and enhance Council's assets for the benefits of the Local Government Area (LGA) and future generations
- to assist in determining an adequate level of rental for Council managed / owned properties in accordance with Council valuation policy.

This policy will help Council to clearly communicate its intentions in relation to management of properties with the user groups and the broad community.

This policy excludes Council facilities that are covered by specific legal commercial leasing/licensing agreements as approved by Council.

1.4 Scope of policy

This policy applies to all council managed properties.

2 Principles

The following principles apply to management of community facilities:

- The management framework will enable equitable opportunities for the wider community to access community facilities and related subsidies provided by the Council.
- Where a group or organisation has regular use of a facility as supported by a legal agreement, it should contribute to the management and maintenance costs of the property.
- Financial contributions from users of Council facilities should be used to cover the management, maintenance and minor improvement costs of the facility, and for the development of activities or services associated with the facility.
- The process by which a property is managed will be open, accountable and transparent, and will be undertaken in consultation with the community.
- Council's properties will be managed to maintain and enhance their flexibility and accessibility in order to meet the current and future needs of the LGA as identified in Council's Social Plan.
- Community facilities on public land will be accessible to the broader community, as will facilities to which Council has contributed financially and/or in kind.
- All financial arrangements will be documented, transparent and in accordance with legislative requirements

3 Management Models

Facilities will generally be managed in a manner which preserves and maintains their flexibility and availability for current and future residents of the LGA. Wherever possible, Council will implement a strategy of shared use between groups and this will be supported by the development of multi-use facilities.

A range of management models including direct Council management, community management, leases, non-exclusive licenses and permits will be used.

4 Licensing and Leasing

Licensing and leasing of facilities will be undertaken in full consultation with the interested and affected parties, and in accordance with the relevant statutory plans, Council's technical reports and other policies.

Council recognises that many groups have a strong historical affiliation with the facilities which they use, and have contributed in cash and kind to their development. Council supports the continued occupation of those facilities by those groups but on shared multi-use basis where it does not currently occur.

When occupation has been established by informal arrangements, Council will look at entering into formal agreements in which responsibilities and rights of the interested parties will be outlined.

Where a current licence, lease or other formal agreement exists, this will be honoured until its expiry. A review of future management options for the facility will be undertaken within the last 24 months of the agreement period. It will take account of existing usage rates and the potential for the facility to be used on a multi-user basis, in line with changing community needs and in consultation with the community.

Contributions of cash or in kind by user groups to a facility do not convey ownership or preferential access to that facility. It simply means that this group benefits from having a more suitable facility in a shorter timeframe than might otherwise have been provided by Council.

Council may enter into licences or leases which provide for exclusive access to a facility by a private individual or group based on its merits eg. residential properties. Council will generally not consider leases providing for exclusive access to a facility by one particular group to the exclusion of the general public.

Leases will be considered in the following situations:

- the facility has the potential to provide the best value to the community
- the lease will return a market rental to Council
- the lessor will significantly upgrade the facility at their expense where it would otherwise have remained in the same condition
- it is in keeping with the policies of the State Government, where the land is publicly owned
- Consultation with the interested and affected parties has been undertaken for facilities on Crown and community land
- A legal and binding agreement has already taken effect

5 Maintenance, Improvements and Presentation

Responsibilities in relation to maintenance, improvements and facility presentation will be fully detailed in formal agreements. The following general terms will apply: Unless otherwise determined, Council is responsible for the external structural integrity of facilities, except where a user group has a detrimental impact upon the external condition of the building. A user group however is responsible for maintaining the external building in its existing condition and may include painting, graffiti removal etc. The responsibilities will be detailed in the agreement.

Where a group voluntarily undertakes extensions or improvements to the exterior of a facility (e.g. pergola, sun shade) they are responsible for the maintenance and presentation of those improvements and must obtain written consent from Council prior to improvements being carried out.

In some instances, when a high level of rental subsidisation is provided, an organisation or group may take responsibility for the long term maintenance of the facility required to ensure sustainability. This may happen where a facility is used solely by one organisation and this will be documented in the agreement. Where applicable, Council will work with these groups to develop a long term maintenance program for the facility in conjunction with its Technical Services unit.

Unless otherwise determined, users of the facility should be responsible for the internal maintenance of the facility. Where more than one group uses a facility,

contributions and responsibility for maintenance should be shared based on the floor space usage ratio.

Facility fit out improvements undertaken by user group/s will remain the property of the groups. Structural modifications, additions and improvements undertaken with the consent of Council will remain the property of Council as owner of the facility.

Tax, charges and levies are the responsible of the user group(s) unless otherwise specified in the licence /lease agreement.

6 Openness and Information

Council will provide information to the community about the level of subsidy that applies to its rental properties through its annual report.

Community groups and organisations using Council's properties will be required to report annually on performance indicators in relation to the facility and the group's activities. Council will provide guidance and advice on the collection of this information.

Council insists on the highest level of transparency in the management of its properties.

7 Setting the Rental Value

For each property, Council seeks to recover either all or a proportion of the total operating costs of that property. For a leased or licensed property Council seeks to recover rent at market value although in some cases a Council rental subsidy may be applied.

Market rental valuations will be obtained for all properties. The market rental value is the amount of annual rent achieved if the accommodation had been let in a competitive market and with specific community buildings (e.g. child care or community centres) the market rental value should reflect the level of demand for that type of accommodation and community needs as documented in Council's Social Plan.

The total costs to Council of operating each facility including depreciation, maintenance, administration, and improvements will be determined. In the case of a new building a sinking fund should be established as part of long term sustainability planning.

Council may assist community users by providing a rental subsidy. The rental subsidies will be for a period as specified in the legal agreement. The category of rental subsidy will be determined according to established criteria and Council's objectives. The established criteria are documented in the Category Table which forms part of this policy. In all cases the level of subsidy will be reviewed on a three year basis and this will be reflected in the agreements. The review does not imply a change in the level of subsidy but is required so that Council is fully informed on the total level of subsidies being applied. All rental subsidies must be reported to the community on an annual basis.

The criteria set out in the Category Table may be reviewed and revised on a regular basis and will be disclosed in the Pricing Policy of Council's Management Plan.

Council seeks to ensure that the cost to Council of the provision of community facilities is absolutely open and transparent. Council has a fiduciary responsibility to all ratepayers and must clearly identify the actual cost of all rental subsidies.

7.1 Calculation of a rental subsidy

Step 1: A market rental value will be obtained for the property.

Step 2: The total costs to Council of operating the property including depreciation, insurance, maintenance, rent payable to Department of Lands, administration and improvements will be determined. While total costs of operating the facility should be covered by the rent paid by the user, in some situations, especially in relation to new community facilities, the market rental value may be less than the total costs of operating a facility.

Step 3: The level of the rental subsidy will be determined against the market rental value and will be based on a number of criteria which will be established and communicated to potential occupants prior to establishing an agreement. The criteria are outlined in the Category Table although there may also be a number of specific criteria that relates to the use of the facility. The level of subsidisation will vary between none to 100% of the market rental value. This excludes the levy that could be charged for facilities on Crown Reserves and is determined by the Minister of Lands.

The rent payable by the user must always include the rent payable by Council to the Department of Lands for use of Crown lands where applicable.

In situations where a user or lessee undertakes, with the consent of Council, a major upgrade or maintenance activity this will be taken into account when determining the level of subsidy that will be applied and may provide a discount on the market rental value.

While the criteria that will be used to determine the level of subsidy may vary according to the type of facility or Council's long term directions they will generally include:

- Assessment against the broad criteria in the Category Table
- Ability to generate income from their activities including fees for services, hiring out of the facility, private sector sponsorship and other government grants and subsidies. Financial statements will be requested.
- Can the lessees demonstrate that a reduced rent for an agreed period would have significant social, community and economic benefit?
- Would a subsidy encourage a particular cultural/ community activity to establish itself?
- The extent of the benefit of the subsidy to members of community. That is, how many community members gain a benefit from the application of the rental subsidy?
- Will application of subsidy address identified community needs?
- Competitive neutrality. Competitive neutrality issues may arise for example where a private operator believes that a child care facility that receives significant subsidies from Council has an unfair advantage.

- Level of financial commitment by user to undertaking maintenance and major upgrades.
- Depending on use there may also be some specific criteria. For example in determining the level of subsidy for Child Care facilities other factors that could be considered include the number of places; where the children live; level of government subsidies; fees charged; number of children with special needs catered for; qualifications of staff.

7.2 Existing arrangement

Council owns a number of buildings which are leased and/or licensed to a range of community groups and organisations. These include child care centres, aged facilities, sporting groups and neighbourhood community groups. Many of them have not entered into leases/licences using a contestable process and many only pay a peppercorn rent. It is Council's intention to enter into a legal agreement with these groups.

Where a current licence, lease or other formal agreement exists, this will be honoured until its expiry. A review of future management options for the facility will be undertaken within the last 24 months of the agreement period. It will take account of existing usage rates and the potential for the facility to be used on a multi-user basis, in line with changing community needs as outlined in the Council's Social Plan and in consultation with the community. The level of rent paid will also be reviewed at this time.

If a review indicates that a higher rental will be charged it will be introduced over an extended period of up to three years to limit the impact on the user group.

7.3 New application for lease

The availability of exclusive use space in Council owned buildings is limited. However when space becomes available, Council may advertise any vacancies and these will be considered in accordance with the specified criteria that might include identified community needs; whether Access and Equity principles are implemented by the organisation; and the enrichment of the community's cultural life.

7.4 Accessibility

Council will seek to ensure that facilities are progressively updated to become physically accessible to all segments of the community and in accordance to the current BCA.

Where facilities become available for long term use by community groups, their availability will be advertised.

7.5 Links with Council's planning

Community facilities will be managed in a manner which ensures a close nexus with Council's Management Plan incorporating social, leisure and community development planning and is consistent where applicable, with the values and directions of the Plans of Management for Community and Crown Land.

8 Criteria Table

8.1 Determining the Level of Subsidy

The level of subsidy will be determined by assessing each user against the criteria and evaluating their weighted distribution across the categories.

Criteria	Possible Range of an Organisation's Responses			
	4 points	3 points	2 points	1 point
Reactive & Ongoing Maintenance	Takes responsibility for internal & external reactive maintenance as detailed in agreement.	Takes responsibility for almost all the internal & external reactive maintenance as detailed in agreement.	Takes responsibility for some of internal & external reactive maintenance as detailed in agreement.	Does not take responsibility for internal & external reactive maintenance even though detailed in agreement.
Extent of service provided by organisation (Organisation can be requested to identify groups they service and the group and community need met as per the Social Plan)	Broad community (more than 40%) is a beneficiary of service provided by organisation.	Between 20% to 40% of the community is a beneficiary of the service provided by the organisation.	While the organisation provides a direct service to less than 20% of local community, it forms part of a larger service provision.	Less than 10% of the community uses the service.
Extent of Accessibility of Facility to community	Facilities are accessible to all members of the LGA.	The facilities are 80% of the time accessible to members of the community.	Fees are charged.	Members only access.
Number / type of service providers	A unique community service in the LGA (only one of a kind).	One of a number of providers of a community service.	Provides a service of limited community needs (less than 5% of the community would use the service).	Meets social and recreational needs only.
Ability to charge fees & raise income	No fees are charged.	Fees are charged but a subsidy scheme is available or fees are regularly written off.	Fees are charged but the organisation is not for profit.	Operates on profit basis.
Access to other sources of Funding	No access to other funding sources.	Limited access to other sources of funding (no more than 5% total).	Access to other sources of funding - State, Federal or Local which provides 5 - 30% of total funding.	Access to other sources of funding - State, Federal & Local which provides more than 30% of funding.

Criteria	Possible Range of an Organisation's Responses			
	4 points	3 points	2 points	1 point
Do they provide direct competition to commercial ventures	No similar service is provided by a privately owned organisation.	A similar service can be provided by a privately owned organisation but no such organisation is operating in the LGA.	While similar service is provided by privately owned organisations, the applicant provides added or differentiated service to users.	Similar service provided by privately owned organisations is available in the LGA.
Does their service impact on Council's need to provide similar service?	The service provided has been identified as a core responsibility of Council (as per Management Plan).	80% of the service provided has been identified as a core responsibility of Council (as per Management Plan).	Service is not core responsibility of Council but could be provided as is the case in neighbouring Council areas.	Service is not responsibility of Council (as per Management Plan).
Organisational status and Structure	The organisation has a regional focus, is a locally based, not for profit and does not belong to a larger not for profit organisation. It has a voluntary management committee, comprised mainly of local area representatives.	The organisation is locally based, not for profit and does not belong to a larger not for profit organisation. It has a voluntary management committee, comprised mainly of local area representatives.	The organisation is a locally based service outlet or project that is part of a larger not for profit organisation. It has a voluntary advisory committee, comprised partly of local area representatives.	The organisation is a locally based service, outlet or project that is part of a larger not for profit organisation. There is limited, or no local area representation on the advisory committee or similar.
Capacity to undertake range of administrative and management responsibilities	Dependent on assistance from volunteers for all administrative and management functions.	Paid staff undertake all of the administrative and management functions and volunteers assist with other tasks.	Staff undertake all of administrative and management functions with additional assistance provided by umbrella organisation.	Umbrella organisation responsible for administrative and management functions.

Points	Subsidy	Points	Subsidy	Points	Subsidy	Points	Subsidy
1	0%	11	5%	21	54%	31	91%
2	0%	12	10%	22	58%	32	92%
3	0%	13	15%	23	62%	33	93%
4	0%	14	20%	24	66%	34	94%
5	0%	15	25%	25	70%	35	95%
6	0%	16	30%	26	74%	36	96%
7	0%	17	35%	27	78%	37	97%
8	0%	18	40%	28	82%	38	98%
9	0%	19	45%	29	86%	39	99%
10	0%	20	50%	30	90%	40	100%

The table below provides a basis for Council to categorize the rental subsidy applied to its income producing premises:

Category	Level of Subsidisation	From (>)	To (<=)	Range
A	High	90%	100%	30 - 40
B	Medium	50%	90%	20 - 30
C	Low	0%	50%	10 - 20
D	None	0%	0%	0 - 9

9 Policy implementation

9.1 Policy responsibilities

The General Manager is responsible for the overall policy. The Manager is responsible for the policy implementation.

10 Document control

10.1 Review

The maximum time period for reviews of the policy is each 4 year term of Council.

The Director or Manager Executive Services may approve non-significant and/or minor editorial amendments that do not change the policy substance.

10.2 Related document

- Local Government Act 1993

10.3 Version history

This policy was based on a former Rockdale City Council policy last adopted on 1 July 2009.

Version	Release Date	Author	Reason for Change
1.0	07/03/2017	Ben Heraud	Harmonised document from former Councils.