COMMUNITY BUILDING POLICY

PURPOSE

Community Buildings are a strategic tool to build and sustain the community sector to address community needs and provide services and support to local residents. These objectives are only possible if Council's Licensing Policy provides consistent, equitable and transparent processes in the management of community buildings.

Under this Policy Council will:

- Seek to sustainably manage community buildings by recovering all or part of the operating, maintenance, and renewal costs from the tenants who occupy them, based on the tenants' capacity to contribute.
- Make transparent assessments of tenant's requests for subsidies incorporating their capacity-to-contribute and community benefit.
- Provide costed and tailored maintenance plans outlining tenant operational, maintenance, and renewal responsibilities.
- Optimise use and provide incentives for planned investment in community buildings.
- Provide clear, consistent, equitable and transparent processes on how Council provides access to, licenses and manages community buildings, and assesses tenant capacities.

SCOPE

The objectives of this policy are to:

a) Support not-for-profit sector organisations to provide affordable and high quality services to meet community needs as identified in the Community Strategic Plan.

b) Recognise the social value and benefits provided by community service.

c) Facilitate sector and cultural development.

d) Develop the capacity of the service sector and deliver co-location of compatible organisations to optimise use of buildings.

e) Ensure fair and equitable access and optimise use of community buildings.

f) Ensure a transparent and consistent process in how organisations apply for, occupy and contribute to community buildings.

g) Ensure sound financial management and effective administration of Council's community buildings and value for money for Hunters Hill Council ratepayers.

h) Implement standardised licence documentation.

Community Buildings play a pivotal role in improving the quality of life of our community. They have been identified by both the community and the service sector as being vital to the delivery of affordable services that meet the community's needs.

In the Hunter's Hill Council Community Strategic Plan 2030, this priority is highlighted in CSP outcome four which states:

> *"Maximise sustainable access and use of high quality sporting, community*
>
> *and recreational facilities."*

In Hunter's Hill Council, affordable accommodation for community service providers is limited. Council supports numerous not-for-profit organisations that provide a diverse range of services including: childcare, early childhood health, the arts and culture sector, heritage activities, community aid, recreation, community support, migrant support and disability support services.

This Licensing Policy has been established with the aim of creating consistency in how Council manages its Community Buildings and establishing processes to create transparency and ensure equity when tenanting new or vacant buildings.

For the purposes of this policy, Community Buildings are those buildings on community land, either owned or managed by Council that are currently being leased. The buildings included in this policy are;

1A & 1B Crown Street, Henley

2a Crown Street, Henley

Henley Cottage (Corner Crown Street & Victoria Road) Henley

40, 42, 46 & 48 Gladesville Rd, Hunters Hill

9 Church Street, Hunters Hill

6 Pittwater Road, Gladesville

10 Cowell Street, Gladesville

Weil Park Scout Hall

Hunters Hill Museum

The Priory is not intended to be included under this policy.

The Policy does not include multi-purpose halls primarily used as a venue for hire, i.e. Henley Community Centre, Fairland Hall and Gladesville Road Community Centre.

DEFINITIONS

See Annexure A to Appendices C and D

POLICY STATEMENT

PART 1   POLICY GUIDELINES

1. DETERMINING LICENCE FEES

1.1. *How are Licence Fees and Subsidies determined?*

Council recognises that community buildings provide significant value to the community. For this reason, where buildings are used for the provision of community services, there is no profit to Council resulting from licence fees. Council will seek to recover some or all of the costs of operating, maintaining and renewing community buildings in the interest of sustainable management and to ensure the long-term viability.

This approach involves three steps:

a) **Step 1 – Understanding building costs**
Council takes into account how much each building costs to operate, maintain and renew based on a condition audit undertaken every five years, and based on budget figures provided by Council's Corporate Governance staff. The responsibilities assumed by Council (Council's costs) form the basis of the licence fee.

b) **Step 2 – Understanding who is responsible for what**
The costs of maintaining the buildings are shared between the tenant and Council through standardised responsibilities. The costs-to-Council component forms the basis of the tenant's licence fee.

c) **Step 3 – Determining licence fees and subsidies**
The tenant's capacity-to-contribute and community benefit are determined through a standard assessment tool. The Assessment Tool uses a points-based system to establish tenants' capacity-to-contribute and community benefit is used to establish subsidy eligibility for each tenant category based on a capacity to contribute criteria. Council will provide subsidies against the cost to Council to operate, maintain and renew the building.

The Subsidy Scale (Table 1) outlines subsides provided to each category of organisation. The assessment to establish the level of subsidy eligibility is undertaken in a partnership between the tenant and Council.

Matters to be considered in the determination of the appropriate organisation category are listed in Appendix A.

Commercial tenants are exempt from this assessment tool and therefore designated as Category 6.

TABLE 1

Tenant contributes	Council subsidies	Categories based on tenant's capacity to contribute and community benefit
10%	90%	**Category 1** Example: Small, volunteer managed and operated groups with little or no recurrent or project funding.
30%	70%	**Category 2** Example: Small organisations with paid staff. Recurrent funding but with little capacity to raise additional funding through fees, fundraising.
50%	50%	**Category 3** Example: Medium-sized organisation with recurrent funding and capacity to raise additional funding through fundraising, grants, investments.
70%	30%	**Category 4** Example: Medium-sized organisations delivering services over 2 LGAs or more, with recurrent funding and capacity to raise significant additional funding.
100%	0%	**Category 5** Example: Large, state wide not for profit organisations.
Market based fee to be negotiated	0%	**Category 6** Example: Organisations with greater capacity to pay through commercial avenues or fees above industry average or Government Departments.

2. OBLIGATIONS FOR COUNCIL AND TENANTS

2.1. Annual Obligations

Under this Policy, Tenants and Council have operational, maintenance and renewal responsibilities. Tenants have standardised responsibilities and tailored maintenance plans.

Council has an obligation to manage its buildings appropriately and to maintain them in a safe condition as outlined in Council's Asset Management Plans.

Council will aim to undertake building audits every five years (prior to licence renewal) to determine the condition of the building, and whether any new issues have arisen.

2.2. What are the Tenant's Obligations?

Council has standardised tenant obligations that include operational, maintenance and renewal responsibilities and will audit buildings to confirm they are being maintained appropriately.

Recognising the very limited capacity to contribute and Council recognises that Category 1 tenants may not have the financial and managerial capacity to absorb and deliver all the operational costs associated with tenanting a building. Operational expenses can also be provided as an additional subsidy, depending on the individual nature of the Category 1 tenant, if required.

Tenants in Categories 2 – 5 have standard responsibilities. These are detailed in Appendix B.

Category 6 tenant responsibilities will be negotiated as part of the lease negotiations.

a) Other obligations

In addition to building obligations, all tenants are required to provide their annual report and audited financial statements to Council within three months of the publication every year.

2.3. *What are Council's Obligations?*

Council will schedule its maintenance and renewal obligations according to Council's budget and priority of works as identified in the building audits.

Council is responsible for:

a) Operational Matters
- Water rates and sewerage
- Fire safety (complies with statutory fire safety obligations including inspections)
- Termite protection
- Building insurance
- Graffiti removal (on external surfaces)
- Some operational expenses for Category 1 tenants as negotiated.

b) Maintenance
- Structural maintenance such as roof covering, windows and drains (including gutters)
- External fabric (anything on the outside of the building, including weatherboard, cladding, paint etc)
- Major electrical or plumbing work (such as collapsed pipes or tree root issues).
- All maintenance responsibilities for Category 1 tenants.

c) Renewals
- Capital upgrades (subject to Council funding)
- Floor covering after standard use, determined by the manufacturer.
- All renewal responsibilities for Category 1 tenants.

d) Legal Matters
- Fees to prepare deed (standard licence).

2.4. *How Are Tenant Obligations Managed?*

a) Tenant/Council Responsibilities

Tenant and Council responsibilities are standardised.

Council recognises some tenants may not have the capacity to undertake maintenance works. Council can undertake works but will charge the tenant accordingly. This arrangement will be agreed upon during the licence negotiations.

It is the tenant's responsibility to connect all operational services (sewer and water excepted) at the start of their licence with billing arranged directly between the service provider and the tenant.

b) Plans of Management and Conservation Management Plans

All tenants must adhere to any existing Plans of Management associated with the site or Conservation Managements Plans for the building. Copies of these documents will be provided to the tenant.

c) Breach of Licence

If a tenant breaches their licence, an Action Plan will be developed in consultation with the tenant to address non-compliance. A timeframe will be negotiated for implementation of the Action Plan, to a maximum length of 12 months.

If at the end of the Action Plan, the tenant still does not comply with the criteria, the licence will be terminated and the building will considered available for new tenants through an Expression of Interest process.

3. OPTIMISING USE AND INVESTMENT

3.1. *Can Tenants Invest in the Buildings?*

Capital contributions (investing in buildings by tenants) that are in excess of the tenant responsibilities are encouraged. All capital contributions must be approved by Council and will be discussed on a case-by-case basis.

This policy identifies two types of capital contributions:

- renewal or increase in service delivery

- enhance or increase in service quality.

a) Renewal or increase in service delivery

The tenant must demonstrate that the capital contribution either reduces Council's maintenance and renewal expenditure or that it is improving the capacity of the building to provide increased community services reflecting community need. This discussion will be undertaken with the following minimum considerations:
- the purpose of the proposed works in response to demonstrated community need
- the proposed works in the context of the building
- the service's viability and performance
- the service's strategic plan and business model
- Council's strategic plans
- community expectations

- how the contribution is funded.

Renewal or capital contributions to increase service delivery in excess of $100,000 will trigger a discussion with Council about length of tenure. The maximum tenure that will be offered to tenants is ten years, with a ten year option where capital contributions are made.

b) Enhance or increase in service quality

Capital contributions that enhance or increase the quality of a tenant's services will not trigger discussion about length of tenure, but will impact on the Capital Investment section of the Assessment Tool, undertaken at the next Licence renewal. These capital contributions can accumulate during the current licence term and may reduce future licensing fees at the time of next licence assessment.

c) Grants funding

Tenants are encouraged to apply for grants to improve the building they occupy. If a tenant is applying for a grant for a capital contribution, Council must endorse the proposal before it is submitted.

d) Impact on Tenant Obligations

All work undertaken by a tenant requires the tenant to be responsible for all future maintenance, repair and replacement of those works. At the end of any licence, any fixed additions or new structures installed or erected by the tenant revert to Council's ownership after the licence expires. At Councils' request, tenants may be asked to remove these improvements.

Tenants should note they are not entitled to any equity in the building or any compensation for making capital contributions.

3.2. *Can Tenants Co-locate?*

Hunter's Hill Council encourages all tenants to use the building as efficiently as possible, sharing use and management where possible. This will ensure sustainability and improve access for services that meet the community's needs.

Tenants with capacity to co-locate another service must inform Council of the opportunity.

Council must approve all co-location, and tenants are not permitted to sublicense.

3.3. *Annual Increase in Licence Fee*

Licence fees will incur an annual increase. Annual increases will be based on the Local Government Cost Index which is set by IPART.

Licence Fee transition periods can be offered to tenants on a case-by-case basis.

4. LICENSING PROCESS

4.1. What is the licensing process?

Council has an obligation to provide consistent, equitable and transparent licensing procedures. This policy includes procedures to reflect three licensing contexts, including:

• Tenants with lapsed or soon to lapse licences.

• Tenants with existing licence arrangements (renewal)

• New tenants.

Most tenants will receive a standard, five year licence however a ten year licence is possible and will be considered on a case by case basis.

4.2. Tenants with lapsed licenses

This policy has been created in a context where many tenants are unlicensed and is based on a principle that no tenant is required to apply for the building they currently occupy. Therefore, all existing tenants will be relicensed according to this policy but without entering into an Expression of Interest process.

4.3. What is the renewal review process?

Following the renewal of tenants with lapsed or soon to be lapsed licences tenants seeking to renew their licence will be required to undertake a review of their service at each relicensing period.

Tenants and Council will undertake a review of the service to determine whether the tenant has:

• Maintained the building in accordance with the Maintenance Plan and in the designated condition.

• Demonstrated their ability to meet community needs and ability to deliver services and programs as described within the designated use, including providing information on the number of clients, services and programs provided and breakdown of high-level client information (with acknowledgement to client confidentiality).

• Ensured services are provided in a manner that is inclusive and free of discrimination.

• Maintained a constructive relationship with Council, including:

- meeting all obligations under the licence,
- respond in a timely fashion to correspondence from Council,
- engage with the Council on delivering its strategic plan, such as attending consultation sessions and planning forums
- acknowledge Council's support in printed collateral and forward copies of any acknowledgement or positive media to Council.

If tenants meet all review criteria above, the tenant's licence renewal will be recommended for another five year term.

4.4.   *What happens if the review identifies non-compliance issues?*

If a tenant does not meet the review outcomes, an Action Plan will be developed in consultation with the tenant to address issues identified in the review process. The Action Plan will detail the issues and remedies. A timeframe will be negotiated for implementation of the Action Plan, to a maximum length of 12 months.

If at the end of the Action Plan, the tenant still does not comply with the criteria, the building will considered available for new tenants through an Expression of Interest process.

4.5.   *How can organisations access vacant Community Buildings?*

Council is committed to providing equitable access for potential tenants of new or vacant community buildings through an Expression of Interest (EOI) process.

When buildings are vacant or under-utilised, opportunities can arise to provide community buildings to not-for-profit organisations for outreach or sessional services for short periods of time.

4.6.   *Unforeseen Relocations*

If a building becomes uninhabitable for unforeseen reasons, such as a natural disaster, Council will make every endeavour to find alternative accommodation for the tenant. However, Council does not have an obligation to provide accommodation if alternatives are not forthcoming.

5. POLICY PROCEDURES

5.1 How Do Tenants Make Capital Contributions?

a) Council Approval

Tenants who seek to make a capital investment must seek approved from Council. These requests must be provided in writing to the Council.

Council approval will be determined through discussions with the tenant considering the proposed works in the context of the building, the service's viability and performance, the service's strategic plan and business model, Council's strategic plans, planning considerations and community expectations of how the contribution is funded.

If a development application is required, the tenant must seek Council's owner consent prior to lodgement. The development application process is separate from the licensing process.

The tenant is responsible for preparing the development application (and obtaining owner's consent from Council). If approved, the tenant will be responsible for the management of the works and equipment and ongoing maintenance. In most cases, works need to be carried out by a licensed contractor.

b) Impact on Tenant Obligations

Work undertaken by a tenant requires the tenant to be responsible for any future maintenance, repair and replacement of those works.

At Council's request, any additions or structures made by the tenant that are in poor or very poor condition must be removed by the tenant at their expense or should this fail to happen, Council may terminate the licence agreement.

5.2 How does Council Support Co-location?

Council or tenants can identify possible co-location opportunities and buildings where additional usage may be possible. If co-tenanting is determined as viable, Council will support co-location through the provision of the licensing processes and development of a governance framework to support the operations of the co-tenant. All co-location must be approved by Council.

a) Governance Frameworks

In recognition that co-location is a process that needs to be well managed, Council has developed governance frameworks to support tenants. These frameworks assist existing and new tenants to establish:

- A shared vision for the building

- A process to work collaboratively

- A detailed list of the practicalities of sharing accommodation

- A dispute resolution procedure.

Co-located groups will assume proportionate responsibility for operational, maintenance, renewal responsibilities based on floor space occupied and types of activities undertaken. If a group does not agree to their allocated responsibilities, they will be responsible for the cost of installing a separate meter to record and measure designated services, such as electricity.

b) Sublicensing

Council will undertake the licensing process for all buildings, including buildings that have co-tenant arrangements. Tenants are not permitted to sublicense the buildings they occupy.

5.3 Mediation Process

The purpose of the mediation process is to address concerns in the case of organisations/tenants feeling that the Policy was not applied accurately or fairly.

Organisations/tenants will be required to formally document their concerns and discuss with the Manager, Community Services.

If required, the General Manager will make final determination.

5.4 What are the Licensing Processes?

a) What is the Licence Documentation?

Council is committed to making the licensing process as user-friendly as possible by providing licence documentation in plain-English.

Two licence documents have been prepared based on the responsibilities of tenants, including:

- Small, volunteer based organisations (Appendix C)

- Not-for-profit organisations with paid staff (Appendix D)

b) What is the Licensing Process for tenants with a lapsed or soon to lapse licence?

The process for re-licensing includes the following steps:

Step 1:   Council will establish key terms with the tenant during the consultation phase, including:

    a. Licensing Fee

        I.   Undertake the Assessment in partnership

        II.   Apply relevant subsidy

        III.   Notify tenant of annual increase

    b. Licence Term (length)

    c. Licence Hours

    d. Designated use

    e. Responsibilities

Step 2:   Tenant and Council agree on key terms with tenants providing acceptance in writing.

Step 3:   Key Terms recommended to Council.

Step 4:   If Council endorses the recommendation, a standard Licence will be prepared.

Step 5:   Tenant accepts and signs the Licence

Step 6:   General Manager to authorise Licence under delegation.

c) What is the Licensing Process for New or Vacant Buildings?

The licensing process for new or existing buildings has the following steps:

Step 1:   Expression of Interest process is undertaken.

Step 2:   Assess EOI applications and discuss key terms (licence fee, licence term, responsibilities) with preferred applicant

Step 3:   Seek Council endorsement to licence preferred applicant with key terms

Step 4:   If endorsed by Council, notify unsuccessful applicants and prepare the Heads of Agreement (key terms) for the prospective tenant, including

    a. Licensing Fee

        i. Undertake the Assessment Tool in partnership

        ii. Apply relevant subsidy

        iii. Notify tenant of annual increase

    b. Licence Term (length)

    c. Licence Hours

    d. Designated use

    e. Responsibilities

Step 5:   Tenant to review and sign Heads of Agreement

Step 6:   Preparation of Licence

Step 7:   Tenant to finalise, accept and sign licence

Step 8:   Notification of licence to community (if required)

Step 9:   General Manager to authorise Licence under delegation.

Step 10:   Handover and site induction

RELATED RESOURCES

n/a

POLICY OWNER

The policy authority is the General Manager

AUTHORISATION AND REVIEW

Next Review Date

To ensure this policy develops over time to align with better practice and the changing needs of the community, it will be reviewed four years after its adoption date.

Feedback from Councillors, tenants, potential tenants, the community service sector, and staff will be sought to measure the effectiveness of the policy and its implementation.

This policy to be reviewed in 2018 or with any changes to legislation or Council Policy.

Version Control Table

Date	Version	Res. No.	Key Changes	Author
07.12.15	1.0	416/15	Adoption of initial policy	Margaret Kelly