



ORDINARY MEETING OF COUNCIL 21 MARCH 2018

14.1 PROPOSED LEASE TO MULTICULTURAL ARTS VICTORIA - COMPLETION OF STATUTORY PROCEDURES

EXECUTIVE MEMBER: CHRIS CARROLL, GENERAL MANAGER CUSTOMER AND
CORPORATE SERVICES

PREPARED BY: MATTHEW LANGHORN, SENIOR PROPERTY ADVISOR

1. PURPOSE

- 1.1 This report seeks Council's approval to complete the statutory procedures under the Local Government Act 1989 (Vic) (**Act**) and finalise the proposed lease to Multicultural Arts Victoria Inc (MAV) for Part Level 1, 208 Bank Street, South Melbourne (South Melbourne Town Hall).

2. EXECUTIVE SUMMARY

- 2.1. The South Melbourne Town Hall is a freehold property owned by Council.
- 2.2. MAV currently occupy Part Level 1, 208 Bank Street South Melbourne and have been in occupation since 2012. The proposal to lease is for a three-year term commencing 22 March 2018 under similar conditions to a previous lease which expired in March 2017.
- 2.3. The South Melbourne Town Hall forms part of the Emerald Hill Arts Precinct, where space is ideally activated to form a "cultural hub" allowing like-minded organisations to work in synergy.
- 2.4. Council resolved to commence statutory procedures under the Local Government Act 1989 at its meeting on 13 December 2017. A Notice of Intention to Lease was published on 29 January 2018 inviting submissions from interested persons. Council has not received any submissions to the proposal and it is recommended that procedures be concluded and the proposed lease be offered to MAV.



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3. RECOMMENDATION

That Council:

- 3.1 Not having received any submissions in response to the Notice of Intention to Lease Part Level 1, 208 Bank Street, South Melbourne (South Melbourne Town Hall) to Multicultural Arts Victoria, resolves to conclude the statutory procedures under sections 190 and 223 of the Local Government Act 1989.
- 3.2 Authorises the Chief Executive Officer or delegate to execute a new lease agreement on the terms outlined below:
- Tenant: Multicultural Arts Victoria Inc.
 - Premises: Part Level 1, 208 Bank Street, South Melbourne
 - Commencement: 22 March 2018
 - Permitted Use: Office, meeting and rehearsal space and events as part of a community and cultural arts hub
 - Term: Three (3) years
 - Commencement Rental: \$20,135 per annum + GST per annum with annual CPI increases
- 3.3 Notes that the proposed rent of \$20,135 per annum represents a discount of \$62,865 (75.75%) on the market rental valuation of \$83,000 per annum in recognition of the Council support for the community benefits provided by the tenant.

4. KEY POINTS/ISSUES

Background

- 4.1 The South Melbourne Town Hall is a freehold property owned by Council.
- 4.2 It is proposed to lease the same part of the town hall to Multicultural Arts Victoria (MAV) under similar terms to a previous lease which expired in March 2017
- 4.3 Councillors resolved to commence the statutory procedures at meeting of Council 13 December 2017.
- 4.4 A “notice of intention to lease” was published in the Port Phillip Leader on 29 January 2017 in accordance with section 190 of the LGA 1989, and inviting public submissions in accordance with section 223 of the LGA 1989.

Key Information

- 4.5 As the proposed lease is for a term of more than one year and the market rent inclusive of GST is more than \$50,000 per annum, the lease is subject to the statutory procedures under Sections 190 and 223 of the Act.



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- 4.6 Council has complied with the provisions of sections 190 and 223 of the Act for the lease which is proposed. The Act specifies procedures for consulting with the public prior to making a final decision.
- 4.7 No submission was received in response to the public notice inviting submissions on the proposed new lease.
- 4.8 This proposed lease is on freehold land owned by Council.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 On 13 December 2017 Council resolved to commence the statutory procedures under section 190 of the Act for the proposed lease by publishing a notice in the local newspaper inviting interested persons to make a submission under section 223 of the Act.
- 5.2 No submission was received in response to the public notice inviting submissions on the proposed new lease.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The proposed tenant holds the required public liability insurance equal to that specific value in the lease terms and conditions.
- 6.2 Documenting the respective property responsibilities and obligations through a legally binding lease ensures compliance with legislative requirements and mitigates risk.
- 6.3 The Lease is subject to Retail Leases Act 2003 and under Section 21 - the tenant will waive its right to a minimum 5 year aggregate term.

7. FINANCIAL IMPACT

- 7.1 Market rental is assessed at \$83,000 per annum. This represents a rental subsidy of \$62,865 per annum (75.75%) by Council.
- 7.2 Outgoings and building operating costs are to be actively recovered from the tenant at approximately \$5,000 per annum.
- 7.3 The tenant is responsible for all costs pertaining to their activities.
- 7.4 No capital outlay is required for the proposal.

8. ENVIRONMENTAL IMPACT

Environmental Implications

- 8.1 The proposed lease to MAV will have requirements to for sustainable obligations within the lease adopting sustainable initiatives and reporting their results.
- 8.2 Examples of the sustainability conditions to be included within the lease are:
 - 8.2.1 reducing energy consumption,
 - 8.2.2 reducing water usage,



- 8.2.3 reducing landfill waste – reducing waste with a particular focus on single use plastics such as plastic bags, bottles, take away coffee cups, disposable plastic containers and no helium filled balloons,
- 8.2.4 encouraging visitors and staff to utilise low emission transport options,
- 8.2.5 implementing sustainable purchasing policies to help reduce contamination/pollution and enhance indoor environment quality.

9. COMMUNITY IMPACT

- 9.1 Council is providing “in kind” rental subsidy in support of a valuable community organisation.
- 9.2 The lease proposal is activating space within the South Melbourne Town Hall.
- 9.3 MAV is an organisation that connects with surrounding cultural organisations to collaborate within the Emerald Hill Cultural Precinct

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 10.1 The granting of a new lease for Part Level 1, 208 Bank Street, South Melbourne, aligns with the Council Plan 2017-2027 through supporting:
 - 10.1.1 Direction 1 – “We embrace difference, and people belong” - Supporting programs and events that engage, honour and are inclusive of our diverse social and cultural communities.
 - 10.1.2 Direction 5 – “We thrive by harnessing creativity” - Promoting and celebrating community creativity and participation in arts, music, culture, heritage and festivals.
 - 10.1.3 Direction 6 – “Our commitment to you” – sustainable financial and asset management.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

An indicative timeline is shown below should the recommendation be adopted.

Date	Event
21 March 2018	Council resolves to finalise the statutory procedures
22 March 2018	Lease execution

11.2 COMMUNICATION

- 11.2.1 MAV is identified as a tenant that is suitable for attaining the objective of cultural activation within the Emerald Hill Arts Precinct



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- 11.2.2 MAV as not for profit organisation pay a community based rental subsidised from market value in exchange for delivering MAV are a not for profit organisation providing leadership and advocacy for the advancement of multicultural arts across several disciplines locally, nationally and internationally, whilst also working with disadvantaged communities including LGBTIQ
- 11.2.3 MAV is accountable for the operating costs associated with occupying the property.
- 11.2.4 MAV will be advised of Council's decision immediately after the meeting.

12. OFFICER DIRECT OR INDIRECT INTEREST

- 12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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ATTACHMENTS Nil