

Leasing

Objective

The purposes of this Policy are:

- To establish a uniform and equitable approach to community leases
- To ensure that a commercial lease returns a market rent
- To demarcate certain responsibilities of lessee and lessor.

Scope

All land and buildings owned, managed or controlled by the City, with the lawful capacity to be leased.

Statement

Commercial Leases

Definition

A “commercial lease” is a lease between the City and an entity that is not an incorporated not for profit association and includes a lease where the tenant is an individual, a company or a statutory or government body. A commercial lease must be in accordance with the purpose of the land on which it is provided.

A commercial lease must be advertised to the public for comment for a minimum of 14 days pursuant to Section 3.58 of the Local Government Act 1995. All comments received in opposition to the lease must be submitted to the Chief Executive Officer.

Rent

The rent on commencement is to be the market rent as determined by a licenced valuer or is to be determined by a tender or auction process. An annual fixed percentage increase of 3% will be applied. The rent is to be reviewed to market at the commencement of every third year.

Term

A maximum of 5 years

Responsibilities of a tenant

The tenant is responsible for:

- Payment of all outgoings, rates, taxes, insurances and a fee for document preparation.
- Maintenance of mechanical services (such as lifts and air conditioners), roofing, fit-out and structure.
- Capital renewal, upgrade and capital expansion of all assets on the leased land.

Responsibilities of City

Nil

Commercial Leases for Telecommunication

The City may consider granting commercial leases to telecommunication carriers over freehold land owned by the City or over crown reserves for which the City is the management body pursuant to a Management Order

Definition

A “telecommunication lease” is a commercial lease between the City and a telecommunications carrier that permits the leased property to be used to house and operate telecommunications infrastructure and equipment.

Rent

The rent on commencement is to be the market rent as determined by a licenced valuer or by a tender or auction process. The rent will be based upon various factors including the amount of space required, the demand for that space for telecommunications infrastructure and equipment, the term of the lease, the carrier's ability to grant sub-leases to other telecommunications carriers to co-locate telecommunications infrastructure and equipment and the effects which the tenants use of the leases space will have on other land owned or managed by the City.

Rent is payable yearly in advance for the term of the lease. An annual fixed percentage increase of 3% will be applied. The rent is to be reviewed to market at the commencement of every fifth year.

Term

A maximum of 20 years

Responsibilities of Tenant

The tenant is responsible for:

- Payment of all outgoings, rates, taxes, insurances and a fee for document preparation
- Maintenance of any of the City's infrastructure affected by the tenants infrastructure and equipment
- Capital upgrade and capital expansion of all assets within the leased area

Responsibilities of City

Nil

Community Leases

Definition

A “community lease” is a lease between the City and an incorporated not for profit association or a company limited by guarantee.

An “incorporated not for profit association” is an incorporated association that:

- a) Cannot operate for the profit or gain of its individual members
- b) Contributes to the community in a social, sporting, cultural, environmental or charitable context
- c) Demonstrates local volunteer involvement.

Rent

A nominal rental payment of \$1 is to be payable for the term of the lease.

Classification of Community Leases

Community leases are classified according to the two types set out below.

Community Type One

A Community Type One lease is a lease to an association with a single sport focus, discretionary membership regime, with exclusive use rights and lease coverage of all buildings and playing areas. Playing areas are generally one sport specific and not open to any other recreational activities. Significant investment is required to establish and maintain club facilities and this is typically funded by membership fees, revenue from well organised club related licenced food and beverage activities, government grants and loans. They require long term leases to facilitate reasonable return on their significant capital investment.

Term

A maximum of 20 years

Responsibilities of Tenant

The tenant is responsible for:

- Payment of all outgoings, rates, taxes, insurances and a fee for document preparation.
- Maintenance of mechanical services, roofing, fit-out and structure.
- Capital renewal, upgrade and capital expansion of all assets on the leased land.

Responsibilities of City

- Fire and termite inspections

Community Type Two

A Community Type Two lease is a lease to an association facilitating sporting, artistic, cultural, social, and special interest activities with a need to exclusively occupy City premises. The association must demonstrate an accessible and affordable membership regime, good governance and facilitate programs and activities that add value to the social and community fabric of the City. The associations should generate wide community interest and appeal, encouraging significant volunteer involvement from a wide range of local residents. Where possible, associations should make premises available on a fee for service basis to community organisations requiring occasional or casual meeting space.

For sporting associations the lease coverage will extend to clubhouse facilities only and the land must be a City owned or managed reserve vested or zoned for public recreation and/or sporting pursuits and form part of the City's community infrastructure framework. The adjacent playing areas are typically used by the association however are available outside of authorised club usage times for general recreation and other sporting activities throughout the year.

Term

A maximum of 5 years

Responsibilities of Tenant

The tenant is responsible for:

- Payment of all outgoings, rates, taxes and insurances
- Maintenance of fit-out
- Capital upgrade and capital expansion of all assets within the leased area.

Responsibilities of City

- Maintenance of roofing, mechanical services and structure.
- Fire and termite inspections and servicing
- Capital renewal of existing assets

Community Leases in Commercial Property

Associations that qualify as community lessees may be considered for commercial premises on the following basis:

- The City is unable to attract a commercial tenant after a prolonged advertising and marketing campaign.
- The rent is to be 70% of the market valuation with annual rent adjusted by the Consumer Price Index in other years.
- The term is limited to 3 years with no option to renew.
- At the end of the term the premises will be offered to market at commercial valuation with the incumbent lessee having first option to lease.

Casual Hire

All lessees are permitted to casually hire spaces to community groups and others requiring community based meeting rooms or facilities on a casual or occasional hire basis for a relevant fee.

Community Grant Program

Grants are available to eligible tenants for the purpose of the maintenance, rates, capital upgrade and capital expansion of leased premises through the Community Grants Program.

Responsibilities of City

Satisfaction of lessor's responsibilities under the lease is subject to availability of funds and will be considered in the context of all City expenditure priorities as part of normal business planning and budget considerations. The City will pay for the replacement of capital items to the standard allowed for under the Sports Facilities Provision Policy, anything required above this standard must have the difference contributed by the club.

General Governance

The Chief Executive Officer is to establish Administrative Procedures and implement organisational systems that ensure all leased premises are managed efficiently, consistently with the lease and fairly. This includes:

- Regular inspections of leased premises
- Rent reviews
- Recovery of prepaid statutory authority and public utility fees and charges
- Protection of the City's financial interests
- Timely management of end of lease issues including termination or renewal
- Uniformity of leasing documentation and application processes
- Strategic allocation of resources for major maintenance and repairs
- Asset maintenance, renovation and repairs to leased premises.

Definitions

Capital Expansion - creation of a new asset to additional service level requirements.

Capital Item - a capitalised fixed asset pursuant to the City's Significant Accounting Policies relating to buildings and fixed equipment (current capitalisation threshold \$5,000).

Capital Renewal - restores, rehabilitates, replaces existing asset to its original capacity. This may include the fitment of new components necessary to meet new legislative requirements in order that the asset may achieve compliance and remain in use. Expenditure under this definition is capital in nature and is determined by the City's financial capital thresholds.

Capital Upgrade - enhances existing asset to provide higher level of service.

Fit Out - the necessary fixed equipment and surface materials required to make the spaces of the building suitable for occupation such as floor/wall tiling, carpets, painting, etc.

Maintenance - regular ongoing day to day work necessary to keep assets operating and to achieve its optimum life expectancy. Example painting, glazing, air conditioning repairs, tap seal repairs.

Mechanical Services - all services at the premises that involve motors, machines, and the flow of heated or cooled fluids, usually in conjunction with electrical or electromechanical controls.

Operational - regular activities to provide public health, safety and amenity. Example cleaning, energy, security.

Roof - the material/s covering the upper structure of the building and includes associated roof plumbing, skylights, non-mechanical vents, etc.

Structure - the sections of the building that are load bearing, permanently in one place and form an integral part of the shape of the building.

Legislation

Local Government Act 1995 – Section 3.58

Land Administration Act 1997

Commercial Tenancies (Retail Shops Agreements) Act 1985

Other Relevant Procedures / Key Documents

Council Policy – Community Grants Program

Council Policy – Sports and Community Facility Provision

Responsible Division

Corporate Services

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October 2026

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