

9.11 LEASE TO ASSOCIATION FOR SERVICES TO TORTURE AND TRAUMA SURVIVORS INC (ASETTS) - NO. 286 BEAUFORT STREET, PERTH

Attachments: 1. Location Plan

RECOMMENDATION:

That Council

1. Subject to the approval of the Minister for Lands, **APPROVES** a new lease of No. 286 Beaufort Street, Perth to Association for Services to Torture and Trauma Survivors Inc (ASeTTS) (ABN 83 460 231 835) on the following key terms:

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| 1.1. | Term: | Five (5) years |
| 1.2. | Rent: | \$22,925 per annum plus GST and indexed to CPI |
| 1.3. | Rent Review: | CPI on 1 July each year of the term, commencing on 1 July 2024 |
| 1.4. | Premises area: | Approximately 2,226m ² (subject to survey). |
| 1.5. | Outgoings: | Tenant responsibility including rates and taxes, ESL, rubbish and recycling bin charges, utilities (including scheme water, electricity and gas) and minimum level of services statutory compliance testing (including RCD, DFES and pest inspection fees and charges), building insurance applicable to the Premises. |
| 1.6. | Public Liability Insurance: | Tenant responsibility – minimum of \$20 million per one claim. |
| 1.7. | Building Insurance | Tenant to reimburse the City for the building insurance premium payable in respect of the Premises. If the Tenant requests the City to make a claim on the Tenant's behalf (under the building insurance policy) the City may require the Tenant to pay any excess payable in respect to that claim. |
| 1.8. | Repair/maintenance: | As per maintenance schedule in the Property Management Framework. |
| 1.9. | Permitted Use: | Conducting community and office activities related to the services provided by ASeTTS.
The Premises is not to be used for illegal or immoral purposes. |
| 1.10. | Special conditions: | Premises condition:
a) The Tenant leases the Premises from the City on an 'as is, where is' condition.
b) The Tenant acknowledges that the Premises is in a condition that commensurate with its age and the City does not anticipate making any capital upgrades or improvements to the Premises or its surrounds. |
| 1.11. | Redevelopment or demolition: | If:
a) the City or the Minister for Lands intends to redevelop the Premises or its surrounds; or
b) the City determines that it can no longer maintain the Premises in a safe and occupiable condition, |

the City may, upon providing the tenant with a minimum of 12 months' prior notice, require the tenant to surrender its lease of the Premises.

2. **Subject to the Minister's approval in Recommendation 1 and final satisfactory negotiations being carried out by the Chief Executive Officer, AUTHORISES the Mayor and Chief Executive Officer to affix the common seal and execute the lease in accordance with the Execution of Documents Policy.**

PURPOSE OF REPORT:

To consider entering into a new lease with Association for Services to Torture and Trauma Survivors Inc (ASeTTS) (ABN 83 460 231 835) (Tenant) in respect of No. 286 (Lot W 111) Beaufort Street, Perth (Premises).

BACKGROUND:

The Tenant has leased the Premises shown on the plan at **Attachment 1** since 2003. The lease was for an initial five year period, with three five year option periods. The final option period expired on 28 February 2023. The Tenant is currently on holding over.

The office building on the Premises was constructed between the period of 1960 to 1970s, with the community centre at the rear subsequently added. Sometime in 2002, funding was provided by Lotterywest to facilitate the upgrade and refurbishment of the building to establish the operations of ASeTTS.

DETAILS:

Land

The Premises is held in conditional freehold by the City pursuant to section 75 of the *Land Administration Act 1997* for Municipal Purposes. The land is reserved Public Purpose under the City's Local Planning Scheme No.2 which means *to provide for a range essential physical community infrastructure*. While held on a freehold Certificate of Title, the Premises may not be leased unless with the consent of the Minister for Lands, which may be given subject to conditions.

Tenant

The Tenant is a registered charity funded by grants from various government and other agencies. Client services comprising of counselling, community development, family and children and youth support services to victims of torture and trauma are provided by a group of employed professionals ranging from psychiatrist, psychologists, counsellors, psychotherapists, social workers, youth workers and community development workers with the support of volunteers.

Tenure of Lease

The Tenant has expressed an interest to continue leasing and using the Premises for the services associated with ASeTTS. Administration has negotiated with the Tenant for a term of five years in accordance with the terms of the Property Management Framework (PMF) and taking into account the age of the office building.

Building Condition

The buildings at the Premises currently comprise of:

- single storey office building;
- community centre; and
- shed.

The City conducted a Technical Due Diligence (TDD) assessment of the Premises in late 2022 which identified a number of non-compliance with the Building Code of Australia (BCA) ranging from fair to poor.

This is not unexpected given the age of the building. The assessment highlighted that although the building was likely compliant with the BCA requirements at the time of construction, the building codes and associated standards have changed over the years. The assessment report identified departures from the current BCA provisions which are currently being addressed in order of priority by the Tenant and Administration. The costs required to undertake the compliance works form part of the City's longer term budget planning for the Premises. Notwithstanding the TDD assessment results, the Premises is currently fit for purpose.

Maintenance costs

The actual and estimated annual maintenance costs for the Premises are as follows:

Actual maintenance cost FY 22/23:	\$28,733.61 (includes roof repair of \$18,000)
Estimated general maintenance cost FY23/24:	\$ 6,500.00

Rent

The Tenant is classified as a category 3 tenant under the PMF, being a community organisation and a not-for-profit organisation. The PMF sets out that the tenancy fee for a category 3 tenant is to be negotiated with reference to the gross rental value (GRV) of the Premises.

The GRV as at 1 July 2023 is \$102,225. The current rent for the Premises is \$18,340 including GST.

Although the GRV has been taken into account when negotiating the rent, Administration notes that the Tenant has occupied the Premises since 2003 and that the current rent is approximately 18 percent of the GRV.

The Tenant has acknowledged that the rent the subject of the lease was only subject to CPI increases over the last 20 years and therefore proposed a rent increase of 25% for the new lease being \$22,925 which is approximately 22 percent of the GRV.

Administration views the Tenant's proposal to increase the current rent by 25% as reasonable, on the basis that the Tenant:

- (a) is a charitable organisation;
- (b) is providing a unique community service;
- (c) is a continuing tenant who has not defaulted in the payment of their rent; and
- (d) has in the past undertaken and contributed financially to installing fixtures and completing maintenance to the buildings including conversion of a shed to a library and continues to expend financially on the Premises from time to time.

The proposed percentage of increase in rent is also much higher than the current CPI which is approximately 6 percent.

CONSULTATION/ADVERTISING:

The City has consulted with the Tenant on the proposed key terms set out in Recommendation 1 and the Tenant has confirmed their acceptance of these terms.

Section 3.58(5)(d) of the *Local Government Act 1995* (Act) and Regulation 30(2)(b) of the *Local Government (Functions and General) Regulations 1996* (Regulation) apply. The City is exempt from giving a local public notice in accordance with Regulation 30(2)(b) as this disposition is to a not-for-profit organisation.

LEGAL/POLICY:

Local Government (Functions and General) Regulations 1996

Regulation 30 covers a range of exempt dispositions that are excluded from the application of s 3.58 of the Act. Regulation 30(2)(b) states that:

A disposition of land is an exempt disposition if:

- (b) *the land disposed of to a body, whether incorporated or not to:*

- (i) *the objects of which are of a charitable, benevolent, religious, cultural, educational, recreational, sporting or other like nature; and*
- (ii) *the members of which are not entitled or permitted to receive any pecuniary profit from the body's transaction.*

The lease is subject to and conditional upon the prior written consent of the Minister for Lands pursuant to section 75(6) of the *Land Administration Act 1997*.

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to grant a five year term to the Tenant.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2022-2032*:

Connected and Healthy Community

Our community facilities and spaces are well known and well used.

Thriving Places

Efficiently managed and maintained City assets in the public realm.

Innovative and Accountable



Our decision-making process is consistent and transparent, and decisions are aligned to our strategic direction.

FINANCIAL/BUDGET IMPLICATIONS:

The current rent for the Premises is \$18,340 per annum including GST. The proposed new rent reflective of the 25 percent increase in the current rent will be \$22,925 per annum plus GST. As per the standard terms of the City's leases, the rent is subject to an annual CPI rent review on 1 July each year of the lease.

COMMENTS:

It is recommended that the new lease be granted to ASeTTTS as they have provided a unique service since 1992 to the wider community who are humanitarian entrants or from a refugee type background and who have experienced torture or trauma in their country of origin, during their flight to Australia, or while in detention.

<p>SUBJECT SITE</p> 	<p>The City of Vincent does not warrant the accuracy of information in this publication and any person using or relying upon such information does so on the basis that the City of Vincent shall bear no responsibility or liability whatsoever for any errors, faults, defects or omissions in the information. Includes layers based on information provided by and with the permission of the Western Australian Land Information Authority (Landgate) (2013).</p>	<p>Nos. 286 Beaufort Street, Perth</p>	
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