5.2 LEASE TO THE ARTISTS' FOUNDATION OF WESTERN AUSTRALIA LIMITED (ARTSOURCE)

Attachments: **1. Plan of Leased Area**

RECOMMENDATION:

That Council:

1. APPROVES a new lease of portion of No. 176 Fitzgerald Street, Perth comprising of Halvorsen Hall and Lee Hops Cottage to The Artists' Foundation Of Western Australia Limited trading as Artsource (ACN 009 181 024) shown on the plan attached as Attachment 1 subject to the following key terms:

1.1	**Term**	Three (3) years from the Commencement Date.
1.2	**Option Term:**	Two (2) years The Tenant acknowledges that following the lease expiry, unless with the City's consent, the City will not permit any holding over or monthly tenancy.
1.3	**Commencement Date:**	The day after the Halvorsen Hall works are completed by the City.
1.4	**Rent:**	$4,000 per annum plus GST
1.5	**Rent Review:**	Subject to CPI on 1 July each year of the term.
1.6	**Premises area**	Approximately 585 m^2 (subject to survey).
1.7	**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.
1.8	**Fit Out**	Tenant's costs. **Halvorsen Hall** • Subject to the City's prior approval in writing, the Tenant may install non-structural, free-standing fit out works for the operation of artist studios, including movable partition walls, shelving, storage units, display systems, furniture, equipment and ancillary fixtures. **Lee Hops Cottage** • The Tenant acknowledges that the cottage is a heritage-listed building and agrees to use the Cottage in a manner that preserves and protects its heritage significance, including: • The cottage is to remain substantially in its current condition. • No walls, doors, windows, floors, ceilings or verandahs may be altered. • No additional plumbing, electrical or communications infrastructure may be installed without approval. • Nothing may be fixed to heritage fabric by drilling, bolts or adhesives (interior and exterior). Any fit outs to the cottage will require the City's prior approval in writing.
1.9	**Insurance:**	Tenant to effect and maintain a public liability insurance policy for not less than $20 million per one claim, in respect of the Tenant's use and occupation of the Premises.

1.10 Repair/maintenance: As per the maintenance obligations for Category 3 tenant prescribed by the Property Management Framework.

1.11 Permitted Use:

Halvorsen Hall

As artist studios, workshops, exhibitions, cultural activities, performances, training programs, meetings, storage associated with arts activities, and other related arts and community uses approved by the City. Any private functions or private hire arrangements associated with these uses are permitted. Public events are limited to the conditions of the Public Building Certificate.

Lee Hops Cottage

As administrative offices, meeting space and artwork production but must not be used for any purpose likely to adversely affect the heritage significance of the building.

The Premises must not be used for any illegal or immoral purposes.

1.12 Special conditions:

Halvorsen Hall works - undertaken by the City:

General

- Install security alarm and ensure external security lighting is operational.

Hall and Storage Area (to the side of the hall)

- Remove heaters
- Install air conditioning unit (likely 4/5 KW reverse cycle)
- Remove vinyl tiles in storage area
- Retain particle boards on the walls
- Retain large boards, doors, large tables and desk, remove all other furniture
- No floor cleaning floor or wall painting required
- Ensure all fixings work and electrical services are safe and operational.
- Consider upgrading single power outlets with double outlets.

Kitchen

- Replace kitchen bench with either new bench top or stainless steel kitchen bench
- Clean tiles
- Ensure all fixings work and electrical services are safe and operational.

Bathrooms

- Clean and service toilet, ensuring it is operational (not for public use)
- Repair water leaks

1.13 Arts Plan outcomes:

The Tenant acknowledges and agrees that during:

1. each year of the lease term, it will facilitate one skill development opportunity for creatives to build upon capabilities as per Arts Plan Action 7.2.
2. each year of the lease term, it will provide two opportunities for the community to engage with arts and culture (such as exhibition, open studio, workshop, artist talk) with approval from the City.
3. the lease term, it will develop and implement an artist studio program (one studio only) in consultation with the City with the following key terms:

- provide a selected artist with access to a studio space, free of charge, for a defined period;
- undertake a selection process aligned with the City's objectives and priorities;
- require the participating artist to contribute an artwork to the City's collection;
- promote the program and participating artists through available communication channels; and
- provide the City with periodic updates on the program and its outcomes.

1.14 **Premises condition:**

The Tenant leases the Premises from the City on an 'as is, where is' condition.

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.

1.15 **Sale, redevelopment or demolition:**

If during the Option Term the:

a) Premises is sold;
b) City or a third party authorised by the City intends to redevelop or demolish the Premises and/or the Land; or
c) 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 with no compensation payable.

1.16 **Audited financial statements**

The Tenant will provide its audited financial statements no later than 31 December each year of the Term and Option Term.

2. AUTHORISES the Chief Executive Officer to negotiate final terms of lease with the Tenant and NOTES that the lease will be executed in accordance with the City's Execution of Documents Policy.

PURPOSE OF REPORT:

To grant a new lease to The Artists' Foundation of Western Australia Limited trading as Artsource (ACN 009 181 024) (Tenant) for a portion Robertson Park at No.176 Fitzgerald St, Perth comprising of Halvorsen Hall and Lee Hops Cottage (Premises). A plan of the leased area for the Premises is in **Attachment 1**.

DELEGATION:

Delegation 2.2.18 – Disposing of Property by Leases and Licences of Council's adopted Register of Delegations, Authorisations and Appointments does not extend to new leases.

BACKGROUND:

Robertson Park is classified as District Open Space and currently accommodates a tennis centre, wetlands, grassed areas, Lee Hops Cottage, Halvorsen Hall and an AIDS memorial. Halvorsen Hall and Lee Hops Cottage are located on a portion of Robertson Park. Lee Hops Cottage and Halvorsen Hall are located on freehold land owned by the City within Robertson Park. These buildings were excluded from the Robertson Park Development Plan and were not included within the plan for improvements.

Halvorsen Hall situated to the northeast of Lee Hops Cottage within Robertson Park was constructed in 1970 as home of the City of Perth Band. The hall is visible from the Fitzgerald Street frontage of the park. Most recently, the hall was occupied by a group of artists who were relocated to Woodville Reserve in 2022 due to the condition of the facility.

Council at its 26 July 2022 meeting approved the relocation of the artists and considered an options analysis comprising of four options. A summary of the estimated costs is provided below, with the analysis concluding that the costs associated with renewing the facility were disproportionate to its level of use and anticipated return.

Summary Cost Options

Options	Cost	20 Year Life Cycle Cost $ circa
1 Short Term Renewals	$19,000	-
2 Upgrade the building & extend the life expectancy a further 20 years	$195,000	$781, 000
3 Build a new facility	$465,000	$751,000
4 Relocate lessee to North Perth Community Centre	$30,000	-

Subsequent investigations identified renewal and upgrade works estimated at approximately $165,000. An Expression of Interest process was undertaken in 2024 to identify potential tenants for Halvorsen Hall. All prospective tenants were required to attend a mandatory inspection and proposals were required to include a budget for upgrades to bring the building to the required standard to accommodate their proposed use. The EOI process did not progress due to the extent and cost of works required to achieve compliance for occupancy.

Lee Hops Cottage is located on the western side of Robertson Park, fronting Fitzgerald Street. Constructed in the early 1900s as a residential dwelling, the cottage has been conserved under the Lee Hops Cottage Conservation Plan and is heritage listed.

An Expression of Interest process was conducted in 2025 to identify prospective tenants for Lee Hops Cottage, however, no suitable applicants were identified through the evaluation process.

Halvorsen Hall and Lee Hops Cottage have remained vacant since their respective tenants vacated the premises in 2022 and 2024. The prolonged vacancies have contributed to incidents of antisocial behaviour, highlighting the need to identify suitable uses that will reactivate this area of Robertson Park and support its ongoing use and activation.

DETAILS:

Tenant

Administration was contacted by Artsource late 2025 expressing interest to occupy both Halvorsen Hall and Lee Hops Cottage on a short-term basis.

Established in 1986, Artsource is the peak membership body for visual artists in WA. They provide support to artist members, arts practitioners and the community with three main pillars of services, education and social enterprise. One of their main aims is to provide greater community access to shared facilities that host artist-run workshops, offering engagement in creative experiences for artists and community.

In 2022, the Inner-City Councils Cultural Development subgroup commissioned the Making Space for Culture study which included an audit of existing cultural infrastructure, and engagement with the industry to understand demand for such spaces.

The resulting report identified a major deficit in the provision of creative maker spaces in inner-Perth. More than 1000 Perth creatives responded to the survey, with 326 identifying City of Vincent as their preferred LGA for a studio space.

Artsource have extensive experience managing and administering artist studios in WA and currently operate artist studios at Old Customs House in Fremantle and the Rosemount Hotel. They are well placed to take on the lease for Halvorsen Hall and Lee Hops Cottage, fit out the spaces for multiple artist studios, and manage the artist studios for the term of the lease.

Halvorsen Hall and Lee Hops Cottage present the rare opportunity for the City to provide creative maker spaces which will activate the park, discourage antisocial behaviour and establish Robertson Park as an arts and culture hub. This would play a major role in achieving the Arts Plan vision to "embed creativity in everything we do to make City of Vincent the Arts capital of Perth."

City works

Following an inspection with the proposed tenant to view the state of the building and assess required improvements, a budget of $50,000 has been allocated for works to Halvorsen Hall to bring the building to an occupancy-ready standard. The proposed tenant has inspected the building and agreed to the proposed works and accepts the building as is.

Lease Terms

Administration recommends granting a lease to the Tenant on the key terms below. The Tenant satisfies the Category 3 eligibility criteria of the current Property Management Framework (PMF):

- Category 3 Community Benefit and Organisational Structure Criteria – *The Tenant provides services which generally fall outside the scope of local government and operates as a registered charity and not-for-profit public company limited by guarantee.*

In accordance with the PMF, the rent has been negotiated by reference to the current gross rental value (GRV). The GRV for Lee Hops is $24,780 per annum and Halvorsen is $24,550 per annum. The Tenant has proposed the rent of $4,000 per annum excluding GST, which Administration supports in recognition of the significant community benefit the organisation provides through support for the arts sector, delivery of outcomes consistent with the City's Arts Plan, and activation of this area of Robertson Park. This also acknowledges the state of the building which has contributed to its vacant status since the previous tenants were relocated in 2022.

Maintenance responsibilities will be consistent with the standard responsibilities applicable to Category 3 tenants under the PMF.

Lease Key Terms	
Term	Three (3) years from the Commencement Date.
Option Term:	Two (2) years The Tenant acknowledges that following the lease expiry, unless with the City's consent, the City will not permit any holding over or monthly tenancy.
Commencement Date:	The day after the Halvorsen Hall works are completed by the City.
Rent:	$4,000 per annum plus GST
Rent Review:	Subject to CPI on 1 July each year of the term.
Premises area	Approximately 585 m^2
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.

Fit Out	Tenant's costs. **Halvorsen Hall** • Subject to the City's prior approval in writing, the Tenant may install non-structural, free-standing fit out works for the operation of artist studios, including movable partition walls, shelving, storage units, display systems, furniture, equipment and ancillary fixtures. **Lee Hops Cottage** • The Tenant acknowledges that the cottage is a heritage-listed building and agrees to use the Cottage in a manner that preserves and protects its heritage significance, including: • The cottage is to remain substantially in its current condition. • No walls, doors, windows, floors, ceilings or verandahs may be altered. • No additional plumbing, electrical or communications infrastructure may be installed without approval. • Nothing may be fixed to heritage fabric by drilling, bolts or adhesives (interior and exterior). Any fit outs to the cottage will require the City's prior approval in writing.
Insurance:	Tenant to effect and maintain a public liability insurance policy for not less than $20 million per one claim, in respect of the Tenant's use and occupation of the Premises.
Repair/maintenance:	As per the maintenance obligations for Category 3 Tenant prescribed by the Property Management Framework.
Permitted Use:	**Halvorsen Hall** As artist studios, workshops, exhibitions, cultural activities, performances, training programs, meetings, storage associated with arts activities, and other related arts and community uses approved by the City. Any private functions or private hire arrangements associated with these uses are permitted. Public events are limited to the conditions of the Public Building Certificate. **Lee Hops Cottage** As administrative offices, meeting space and artwork production but must not be used for any purpose likely to adversely affect the heritage significance of the building. The Premises must not be used for any illegal or immoral purposes.
Special conditions:	**Halvorsen Hall works -** undertaken by the City: **General** • Install security alarm and ensure external security lighting is operational **Hall and Storage Area (to the side of the hall)** • Remove heaters • Install air conditioning unit (likely 4/5 KW reverse cycle) • Remove vinyl tiles in storage area • Retain particle boards on the walls

- Retain large boards, doors, large tables and desk, remove all other furniture
- No floor cleaning floor or wall painting required
- Ensure all fixings work and electrical services are safe and operational.
- Consider upgrading single power outlets with double outlets.

Kitchen

- Replace kitchen bench with either new bench top or stainless steel kitchen bench
- Clean tiles
- Ensure all fixings work and electrical services are safe and operational.

Bathrooms

- Clean and service toilet, ensuring it is operational (not for public use)
- Repair water leaks

Arts Plan outcomes:

The Tenant acknowledges and agrees that during:

1. each year of the lease term, it will facilitate one skill development opportunity for creatives to build upon capabilities as per Arts Plan Action 7.2.
2. each year of the lease term, it will provide two opportunities for the community to engage with arts and culture (such as exhibition, open studio, workshop, artist talk) with approval from the City.
3. the lease term, it will develop and implement an artist studio program (one studio only) in consultation with the City with the following key terms:
    - provide a selected artist with access to a studio space, free of charge, for a defined period;
    - undertake a selection process aligned with the City's objectives and priorities;
    - require the participating artist to contribute an artwork to the City's collection;
    - promote the program and participating artists through available communication channels; and
    - provide the City with periodic updates on the program and its outcomes.

Premises condition:

The Tenant leases the Premises from the City on an ‘as is, where is’ condition.

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.

Sale, redevelopment or demolition:

If during the Option Term, the:

d) Premises is sold;
e) City or a third party authorised by the City wishes to redevelop the Premises and/or its surrounding land; or
f) 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 with no compensation payable.

Audited financial statements

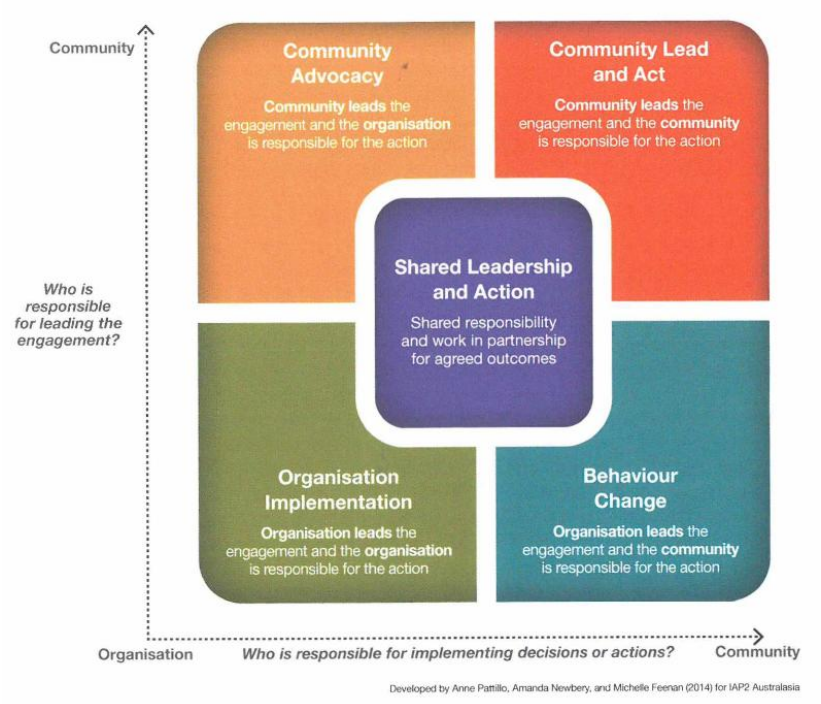
The Tenant will provide its audited financial statements no later than 31 December each year of the tenancy (TBC).

CONSULTATION/ADVERTISING:

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* (Regulations) apply.

The City is exempt from giving a local public notice as this disposition has been excluded by the Regulation 30(b) because the Tenant is a public company which is registered with the Australian Charities and Not-for-Profits Commission.

As a charity, the Tenant is not entitled or permitted to receive any pecuniary profit from the Tenant's transaction.



Organisation Implementation

Organisations lead engagement and seek input, shape the policies, projects and services for which they are responsible. This is a familiar and traditional approach to policy development, project management and service delivery.

Tension: People feel forced leading to an unresponsive process.
Mitigation: Increasing the level of influence, and implementing a transparent, robust process.

LEGAL/POLICY:

Regulation 30 covers a range of exempt dispositions that are excluded from the application of s 3.58 of the Act which would otherwise require public notice to be given for any proposed disposal of property.

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 Tenant is a public company which is registered with the Australian Charities and Not-for-Profits Commission.

Property Management Framework (PMF)

The objectives of the City's PMF are:

- *To meet growing community needs and to maximise community benefit, City owned and managed properties will be prioritised for use where occupancy arrangements include co-location, shared-use and highest community utilisation;*
- *To meet the Strategic Community Plan's objectives of 'Connected Community' and 'Thriving Places', City owned and managed properties will primarily be available for local not-for-profit organisations, community groups and other community purposes;*
- *To ensure transparency and equity, all financial and in-kind subsidisation by Council will be recognised where City owned and managed properties are used to meet demonstrated community needs;*
- *To ensure sustainable City owned and managed properties, effective asset management and demonstrated sound financial management will be prioritised; and*
- *Where appropriate, specific City owned and managed properties may be identified and made accessible for commercial activities for income generation to support and encourage sustainable City owned asset management.*

The PMF also establishes the eligibility criteria and essential terms that are used as a basis for negotiating all leases and licences.

The proposed lease to the Tenant is consistent with these objectives as outlined in the Comments section of this report.

Arts Plan

Vision: *Embed creativity in everything we do to make City of Vincent the Arts capital of Perth.*

Objective 6: *We attract artists to the community and support them to explore and grow their practice.*

Action 6.1: Investigate reduced-fee and alternative length of time options for creatives to hire Vincent spaces.

Investigate the viability of providing medium and longer term hire or lease options of City owned venues to creatives at reduced rates, with the introduction of a compensation model that creates community arts and culture activations that the public can participate in free of charge. Timeframe: 2024/25 - 2025/26

Action 6.2: Explore opportunities to increase the supply of cultural infrastructure in Vincent through planning frameworks

Investigate opportunities to allow and encourage the supply of cultural infrastructure by the private sector through the Percent for Art Scheme and Precinct Planning Frameworks. Timeframe: 2024/25 onwards

Objective 7: *We are focused on growing Vincent's creative economy through innovation and support for our emerging creative talent*

Action 7.2: Facilitate or promote skill development opportunities for creatives to build upon their capabilities

Engage with the local arts community to understand details of desired skill development, and then investigate ways to facilitate or promote opportunities for upskilling. It is anticipated that external providers will need to be procured for these services. Timeframe: 2025/26

RISK MANAGEMENT IMPLICATIONS

Low: It is low risk for Council to grant the lease because the proposed lease terms are consistent with the City's PMF. The identified tenant aligns with the objectives of the Arts Plan and provides a venue for emerging artists to work. Granting a lease to this tenant would activate two currently vacant tenancies providing a sense of place and community within Robertson Park.

Risk Category	Risk Appetite and tolerance statement	Description/clarifications
Governance, Due diligence, Accountability and Sustainability	The City has a ***low risk tolerance*** for less than better practice decision making for governance, due diligence, accountability, and sustainability, as measured by accepted industry standards and practices.	The City has demonstrated it has undertaken all required actions to ensure that proposed lease has been conducted through accountable and transparent procedures through implementing relevant risk control measures implemented in accordance with the City's Risk Management Framework and Property Management Framework.
Regulatory Compliance and Legal Obligations	The City has a very low risk appetite for breaches of legislation, professional standards or ethical requirements.	The recommendation ensures compliance with section 3.58 of the *Local Government Act 1995*. This action minimises legal risk and aligns with the City's governance principles of transparency and accountability.

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.
Art, history and our community's living cultures are evident in the public realm.

Innovative and Accountable

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

SUSTAINABILITY IMPLICATIONS:

Sustainable Vincent Framework

This does not contribute to any specific sustainability outcomes of the Sustainable Vincent Framework.

Enhanced Environment Strategy

This does not contribute to any specific sustainability outcomes of the City's Enhanced Environment Strategy.

PUBLIC HEALTH IMPLICATIONS:

This does not contribute to any public health outcomes in the *City's Public Health Plan 2026-2031.*

FINANCIAL/BUDGET IMPLICATIONS:

The annual rent of $4,000 plus GST would contribute toward the Premises' maintenance costs.

The Tenant will also be responsible for paying outgoings, rates and minimum level of services recoups.

COMMENTS:

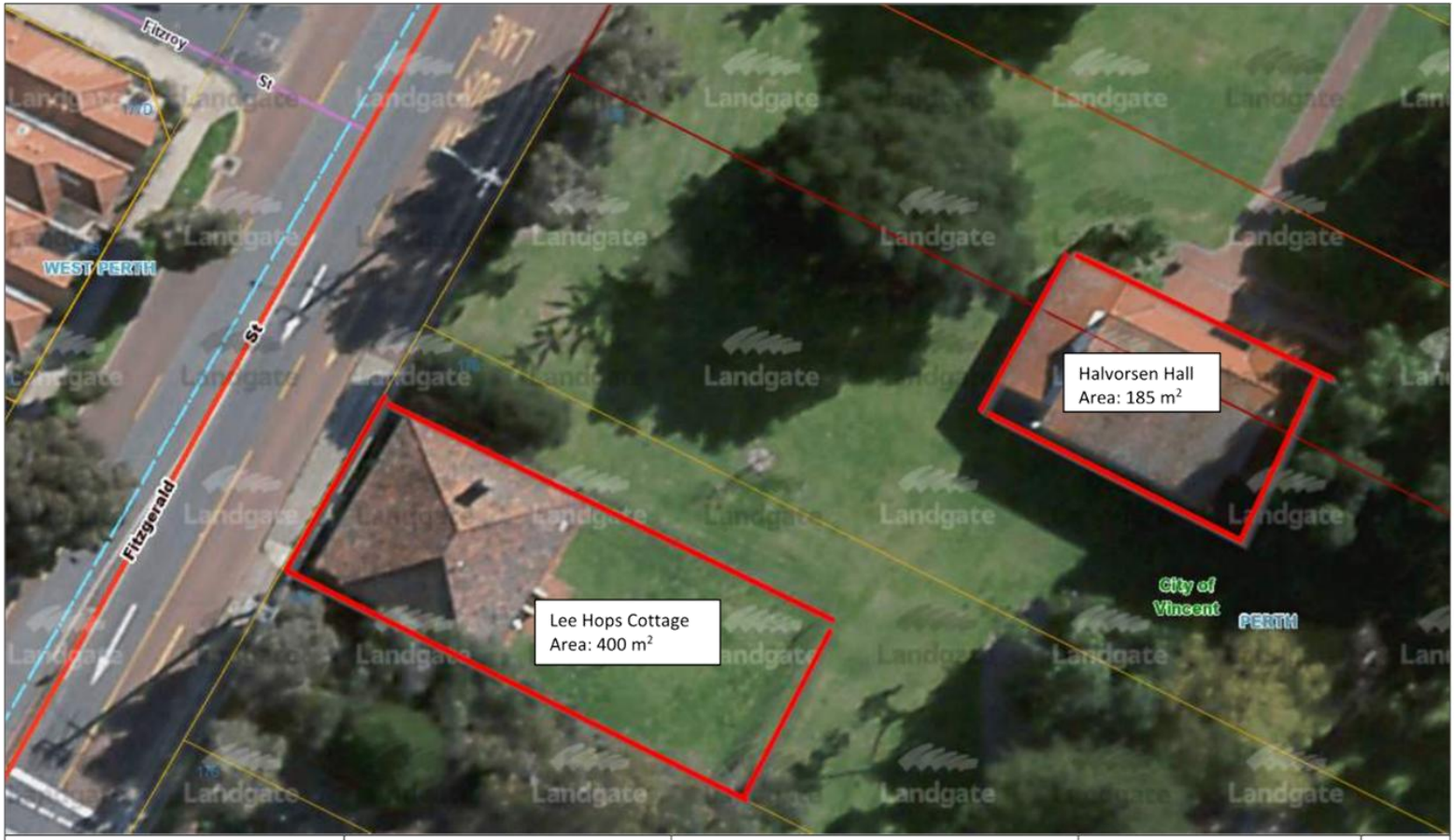
The proposed lease is consistent with the essential terms of the PMF and is recommended to be granted for an initial period of three years with an option for a further two years because:

Community Benefit – The lease would support Artsource to activate Halvorsen Hall and Lee Hops Cottage as creative maker spaces. The proposal would support delivery of the City's Arts Plan and its vision, increase activation of Robertson Park, discourage antisocial behaviour through regular occupation and strengthen the area's role as a hub for arts and culture during the term of the lease.

Future of Halvorsen Hall – Council's previous decision from July 2022 noted that future options for Halvorsen Hall will be explored through a needs assessment and options addressed in the City's future Asset Prioritisation Plan.

Although additional capital investment will be required in the future, the building remains suitable for short-term use. Leasing the premises in the interim would reactivate the asset, generate a contribution towards maintenance costs, and support ongoing investigations into the long-term use of the site and surrounding area.

Lease Plan



CITY OF VINCENT	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).	Lee Hops Cottage & Halvorsen Hall	21/08/2026 1:564	N