

LEASE TO JIM FULLER COMMUNITY HOUSE INCORPORATED

Report Author: Coordinator Property
Responsible Officer: Director Built Environment & Infrastructure
Ward(s) affected: Melba

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

SUMMARY

On 11 April 2023, Council commenced a community engagement process in line with the provisions of section 115 of the Local Government Act 2020, regarding its intention to offer a new 20 year lease over its property at 26 Winyard Drive, Mooroolbark to Jim Fuller Community House Incorporated.

Under the lease, Jim Fuller Community House Incorporated (Jim Fuller House) will be permitted use of the premises for a rooming house providing secure and affordable rental accommodation for 5-6 low-income independent older persons. The lease would follow the current nine year term which expired on 31 May 2023, and would extend Jim Fuller Community House Incorporated's tenure at the site until June 2043.

The proposed lease will allow the group continued occupation of the premises, which it has held since the late 1990s when the facility was first established using Council land, with the building funded through contributions from the Office of Housing, Council, and the Mooroolbark Lions Club.

No submissions in relation to the proposed lease were received during the community engagement period, which closed 9 May 2023.

RECOMMENDATION

That Council, having undertaken a community engagement process pursuant to Section 115(4) of the Local Government Act 2020, and having received no objections in relation to the matter, resolves to

- 1. Lease its property at 26 Winyard Drive, Mooroolbark to Jim Fuller Community House Incorporated for a term of twenty (20) years for continued use as a Rooming House providing rental accommodation for low income, independent aged persons.***
- 2. Authorise the Executive Officer, Property & Facilities Management to sign all documents associated with the lease extension.***

RELATED COUNCIL DECISIONS

There are no related Council decisions relevant to this item.

DISCUSSION

Purpose and Background

Jim Fuller Community House Incorporated (Jim Fuller House) operate an officially registered rooming house providing safe and secure long-term accommodation for a small number (5-6) of low-income older adults, aged 60 and over, who are homeless or at risk of homelessness.

Jim Fuller House has occupied the site at 26 Winyard Drive, Mooroolbark since the rooming house opened in the late 1980s. The purpose-built facility was constructed on Council land with funding contributed by the Office of Housing, Council and Mooroolbark Lions Club.

Since that time Council, who as part of the arrangement assumed ownership of the building, have implemented a series of long-term leases to Jim Fuller House to allow their continued provision of an important specialised and local affordable housing response, particularly for very vulnerable older community members.

The current lease of nine years expired on 31 May 2023, and is currently in a state of holding over until a new tenancy arrangement is decided. Jim Fuller House management now seek a longer term of twenty (20) years, primarily to provide security of tenancy to their residents.

A second similar rooming house operated by the group, also located in Mooroolbark but not utilising Council owned property, is dedicated to accommodating vulnerable women under a similar model.

Lease Area

The Jim Fuller House facility occupies a 875m² Council owned residentially zoned site at 26 Winyard Drive, Mooroolbark. The rooming house building, with a floor area of 266m², consists of a number of separate bedrooms with ensuites, and common kitchen and lounge areas. Currently six independent, long-term residents reside at the premises, which is managed and maintained by a team of dedicated volunteers.

The site's close proximity to the Mooroolbark precinct, a variety of health and support services and public transport options make it ideally located for an affordable, rooming house option, for lower income older individuals.

Key terms

The key terms of the proposed new lease are:

- Allowable use as a as a rooming house providing rental accommodation for low income, independent aged persons.

- A term of 20 years, with proposed expiry date of July 2043.
- A continuation of the current fee schedule, being \$1.00 per annum payable on demand.

The proposed lease term of 20 years has been requested by Jim Fuller House primarily to provide security of ongoing tenancy to vulnerable residents who reside at the facility. It is also in recognition of past capital improvements made by the group, including kitchen upgrade, and future investment planned to individual ensuite facilities.

Options considered

With the current lease to Jim Fuller House Inc approaching its expiration, options include:

1. Offering a new lease to the incumbent lessee, extending their tenure over the premises for a further period.
2. Undertaking a competitive process (such as Expression of Interest process) to seek a suitable and potentially alternate future tenant for the premises.

Recommended option and justification

It is recommended that a new lease be implemented with Jim Fuller House Inc:

- In recognition of the historical arrangement which saw the establishment of the house following active lobbying and significant financial contributions made by the group (which was to become the entity Jim Fuller Community House Inc), along with financial contributions from State Government and Council.
- To protect the ongoing tenancy and prevent displacement of 5-6 low income independent aged persons residents housed by Jim Fuller House at the premises.
- In acknowledgement that there has been no previous breach of lease or otherwise any cause for Council concern in relation to past lease arrangements.

FINANCIAL ANALYSIS

The lease proposes the continuation a long-standing fee arrangement of \$1 per annum, payable on the demand. This tenancy qualifies for the peppercorn fee in line with the provisions of Council's Leasing and Licensing Policy (the Policy).

Maintenance responsibilities are in line with provisions of the Leasing and Licensing Policy, with Council responsible for the maintenance and replacement of structural and external building items, Essential Safety Measures and the tenant responsible for the maintenance and upkeep of internal elements and surfaces, fixtures and fittings, grounds etc.

APPLICABLE PLANS AND POLICIES

Council leases are undertaken in accordance with Section 115 of the Local Government Act 2020, and in line with Council's Leasing and Licencing Policy.

Council Strategic documents which reference Social and Affordable Housing needs and actions include:

Guiding Principles of Housing and Homelessness 2020

Recognises the urgency and extent of need and homelessness across the municipality due to a shortfall in affordable rental accommodation, and the harms to the social and economic fabric of the community as a result of the shortfall in affordable housing options for people on lower incomes. There is a need for high quality, well managed social housing to ensure stable and secure homes for all.

Lilydale Major Activity Centre Structure Plan 2022

Objectives HS 7.4 and HS 7.5 aim to maximise opportunities to develop social housing, and provide Affordable Housing, including social housing, at the Kinley Development. Nine actions are identified to support a growing township, including action A12 – to work collaboratively with relevant Housing Associations to deliver affordable and social housing in Lilydale.

Health and Wellbeing Plan 2021-2025

Council has many roles in influencing and addressing the social determinants of health as part of improving health and wellbeing in Yarra Ranges. Principal among them is housing, particularly advocacy for social housing and homelessness.

Council recognises the impacts of the gap in housing affordability, particularly for people in the lowest income bracket of our community, due to a shortfall in social housing.

The Health and Wellbeing Plan also sets out four advocacy priorities which point to important systemic issues and are a longstanding focus for Council. Priority #2 is to increase social housing and reduce homelessness.

Housing strategy 2009 (Review underway 2022)

Housing Affordability is listed as the first Current and Emerging issue of the strategy and is identified as one of the four principles to guide the implementation of the strategy. This principle states that accessible and well-located affordable housing will be encouraged. Suitable accommodation for people who are unable to access the private housing market will be provided. Additional community and social housing will be facilitated.

Council Plan 2021-2025

Council will provide Affordable Housing advocacy and progress the review of the Housing Strategy to manage the future housing growth to best meet the needs of the community.

Council Action Plan 2021-2025

Amend the planning scheme by using the outcomes of the reviewed Housing Strategy to ensure housing needs of the community are met, new housing is well designed, provides for housing choice and improve neighbourhood character outcomes in residential areas.

RELEVANT LAW

Section 115 of the Local Government Act 2020 requires that:

A Council must include any proposal to lease land in a financial year in the budget, or undertake a community engagement process in accordance with the Council's community engagement policy in respect of the proposal where the lease is:

- (a) for one year or more and:
 - i. the rent for any period of the lease is \$100 000 or more a year; or
 - ii. the current market rental value of the land is \$100 000 or more a year; or
- (b) for 10 years or more.

With regard to this proposal, the proposed term of twenty (20) years exceeds the threshold under section 115(3)(b), meaning a community engagement process was required.

SUSTAINABILITY IMPLICATIONS

Economic Implications

There are no particular economic impacts associated with this proposal.

Social Implications

Jim Fuller House was established in the late 1980's as a rooming house as safe and secure long-term accommodation for a small number of low-income older adults, aged 60 and over, who are homeless or at risk of homelessness.

The facility, which is run and maintained by a team of dedicated volunteers, continues to provide this valuable service which plays a role in addressing Yarra Ranges' affordable housing needs.

Environmental Implications

There are no particular environmental implications associated with the proposed lease to Jim Fuller Community House Inc.

COMMUNITY ENGAGEMENT

In line with its statutory obligations under s115 of the Local Government Act 2020, Council's Community Engagement team undertook a community engagement process to advertise and seek community feedback on the proposal.

On 11 April 2023, a Notice of Intention to offer a new 20 year lease to Jim Fuller House was advertised in local newspapers and on the Council website, where interested parties were invited to make comment or send a written submission in relation to the proposal.

An email campaign reached 1160 local recipients, of which 50 (4.31%) clicked through to the Shaping Yarra Ranges webpage for further information.

Throughout the course of the engagement period, the Shaping Yarra Ranges webpage received a total of 91 visits from 76 unique visitors.

At the public submission closing date on 9 May 2023, there had been no comments posted to the website or written submissions received by Council in relation to the matter.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

Council has not collaborated with any other Council, local government association or state body in relation to the lease proposal.

The rooming house was instigated in the late 1980's as a collaborative initiative between the Office of Housing, Council and Mooroolbark Lions Club, with Council providing the land upon which the facility would be built.

Upon its inception, Council assumed ownership of the facility which has been occupied by Jim Fuller Community House Inc. through a series of lease agreements.

RISK ASSESSMENT

There are no particular risks related to issuing a new lease with Jim Fuller Community House Inc.

If a new lease were not to be issued and a competitive process entered into to establish a new tenancy at the premises, there is risk to the continuity and consistency of the rooming house service, thus potentially impacting future accommodation arrangements of vulnerable elderly residents who currently reside at the premises.

CONFLICTS OF INTEREST

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

ATTACHMENTS TO THE REPORT

1. Lease Plan