GLEN EIRA
CITY COUNCIL

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GLEN EIRA CITY COUNCIL

LEASING AND LICENSING POLICY

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1. TITLE

Leasing and Licensing Policy

2. OBJECTIVES

The purpose of this policy is to guide the framework of the tenancy management of Council's property portfolio in circumstances where Council is either the landlord or the tenant. This includes:

2.1 Establishing guiding principles for the leasing and/or licensing

- of Council Facilities where Council is the landlord; and
- of third-party commercial property and facilities where Council may be the tenant

2.2 To reduce risks for Council associated with the leasing and/or licensing of Council Facilities.

2.3 To ensure the tenure of Council's Facilities is aligned with recommendations of Council's long term strategic plans.

2.4 To maximise the use of Council Facilities by encouraging multi-use by Community Tenants.

2.5 To ensure all leases with Commercial Tenants are on commercial terms and achieve an appropriate commercial return.

2.6 To ensure that no financial or commercial advantage is gained by Community Tenants, over enterprises conducting similar activities in privately owned facilities.

3. SCOPE

This policy does not apply to:

- residential tenancy agreements, including Council's Independent Living Units;
- user agreements including seniors groups allocations
- seasonal ground and associated pavilion allocations; and
- casual venue hire arrangements including pavilion hire, ground hire and hall hire

4. DEFINITIONS

Term	Meaning
Commercial Tenant	a Tenant who operates a commercial business or entity.
Community Tenant	a Tenant who operates a not-for-profit organisation and/or sporting club.
Council Facility	land and/or buildings owned or managed by Council.
Council	Glen Eira City Council.
Essential Safety Measures	Are a building's safety features including but limited to fire detectors and alarms, fire extinguishers and hose reels, emergency lighting and exit signs, exit doors and access routes, sprinklers and fire hydrants.
Expression of Interest	A competitive process whereby Council will advertise a potential new tenancy opportunity and invite offers to lease or licence a site from the community and/or market.
Ground Lease	A legal contract by which one party (the landlord or lessor), in consideration of rent, grants exclusive use and possession of land to another party (the tenant or lessee) for a specified purpose and for a specified term. Usually the tenant has constructed the buildings on the land and is responsible for developing, operating and maintaining buildings or other improvements on the land during the lease term. When the lease expires, the ownership of the improvements reverts to Council (the landowner).
Lease	A legal contract by which one party (the landlord or lessor), in consideration of rent, grants exclusive use and possession of land to another party (the tenant or lessee) for a specified purpose and for a specified term.
Licence	A legal contract by which one party (the landlord or licensor), in consideration of rent, grants non-exclusive use and possession of land to another party (the tenant or licensee) for a specified purpose and for a specified term. A licence does not grant exclusive possession and is not a property interest.
Tenant	a person who has entered into a lease and/or licence with Council for the use of Council Facilities.

5. POLICY

GUIDING PRINCIPLES FOR ALL LEASES AND LICENSES

The following Guiding Principles will apply to all leases and/or licenses of Council Facilities:

5.1 All new tenancy opportunities, except in the case of Telecommunication Leases or Utility Infrastructure Leases (which will be determined on a case-by-case basis according to derived community benefit), will be publicly advertised and a new tenant selected through an open and transparent Expression of Interest process, advertised as a minimum on Council's website. The Expression of Interest should include but not be limited to the Key Selection Criteria outlined below.

5.2 When considering entering into new or ongoing leases for its facilities, tenants currently occupying Council land and facilities must submit a written request for a new lease, no less than three months and no more than six months before the expiry of its current lease and address Council's Key Selection Criteria including, but not limited to:

Table 1: Key Selection Criteria for new or ongoing tenancy arrangements

Key Selection Criteria 1	Accessibility	An organisation must demonstrate how it: • Provides community access • Offers flexible activities, programs, membership options, scheduling • Provides fair and equitable pricing options In addition for Sporting Clubs: • Fair Access for Women and Girls in Sport which is a Sport and Recreation Victoria initiative to improve access to, and use of, community sport infrastructure to women and girls
Key Selection Criteria 2	Community Benefit	An organisation must demonstrate how it: • Delivers quality community programs • Engages at all levels and with all sectors of the community • Provides opportunity for social interaction
Key Selection Criteria 3	Sustainability, including investment in facilities and programs/services	An organisation must provide its Business Plan for the next 5-9 years (or the agreed term of the new lease) outlining: • Its business model and practices to maintain and achieve financial sustainability • Planned investment in well managed and maintained buildings (and in the case of sporting clubs, bowling greens, croquet courts and tennis court infrastructure) • Its planned and achievable capital works investment
Key Selection Criteria 4	Accountability	The organisation must demonstrate how it will: • Deliver and support national (peak body) programs, where applicable

		• Meet all Child Safe Standard requirements • Develop and distribute policies and procedures • Ensure successful management of legal and financial matters • Evaluate performance in all areas of its organisation • Have an active committee, with defined leadership roles, committed to short and long-term planning In the case of sporting organisations: • Manage any coaching contracts (if applicable) to the best advantage of the club whilst ensuring there are no conflicts of interest between voting members of a committee and the coach. No coaches or immediate members and partners of coaches must hold executive committee position or have voting rights • Provide for regular contact and communication with Council's Recreation Development team on sports development within the club.

5.3 All tenants with exclusive occupation of Council facilities must have a lease in place.

5.4 Ensure Council owned or managed land and buildings are used to meet community needs and objectives consistent with Council policies, Council plan and Council's Strategic Property Plan 2025-2030.

5.5 Council encourages maximum use of Council Facilities and will support shared and multi-use arrangements with a preference for licence agreements (rather than leases) for Community Groups.

5.6 Council will monitor and carry out Essential Safety Measures on all Council Facilities. If the Retail Leases Act applies Council will pass on all costs, including inspections, maintenance and repair on an annual basis to tenants. In other cases, Council will not pass those costs on to tenants (including for Group 2 tenants), unless the costs have been incurred as a result of abuse or damage by the Tenant, in which case, the lease will require the Tenant to reimburse the costs.

5.7 A Tenant of a Council Facility must have in place an emergency evacuation map and emergency evacuation procedures.

5.8 A Tenant of a Council Facility must not apply for a gaming licence for that Council Facility.

5.9 Council does not support the establishment of new infrastructure by tenants and licensees on Council Facilities that fall outside of an existing leased area, as this may adversely impact on the availability of open spaces within Council parks and reserves.

5.10 In turn, Council does not support leasing requests by telecommunication companies or their lease managers to install new telecommunication poles and associated equipment in open spaces within Council parks and reserves.

5.11 In line with Council's declaration of a Climate Emergency on 5 May 2020, Tenants must conduct all activities at a Council Facility in a sustainable manner, including use of environmentally friendly building practices.

5.12 Leases and licenses will contain appropriate risk management measures to ensure that Tenants have appropriate documentation and insurance in place.

5.13 A relocation clause will be included in all leases and licences, allowing Council to terminate the lease or licence upon giving a specified period of notice, if Council has a strategic requirement for a Council facility as identified through its Strategic Property Plan 2025-2030 or an endorsed Master Plan. If Council considers that a suitable alternate location exists, then Council will offer to relocate the tenant to that alternate location (which may include amalgamating or collocating it with another tenant carrying on a similar use). Council will be under no obligation to financially compensate a Tenant if for any reason the tenant is unable to be relocated to an alternate location, or for any other costs or losses the tenant may suffer as a result of Council exercising its rights under the relocation clause.

Rental Fees

5.14 Community rental fees will be in line with those established by the Valuer General for the Department of Energy, Environment and Climate Action (DEECA) or its successor in law.

5.15 The Tenant categories set out in Table 2 below have been established for the purpose of determining suitable fees and charges for Council Facilities.

Table 2: Tenant categories and rental fees 2026 calendar year

Category	Type	Group	Description	Rental
1	Community Tenant	Community groups	Not for profit community organisations, such as toy libraries, historical societies, kindergartens and sporting clubs	$488.05 plus GST for leases and licences commencing in 2026, rising by 3% on the anniversary of each commencement dates Future rental fees are set out in Table 2 below.
2	Community Tenant	Community ground lease	Tenants who have constructed a building on Council Facilities and have an ongoing maintenance and capital replacement responsibility.	$488.05 plus GST for leases and licences commencing in 2026, rising by 3% on the anniversary of each commencement dates Future rental fees are set out in Table 2 below.
3	Commercial Tenant	Commercial entity	Commercial entities using Council Facilities for commercial gain.	$ market rental

4.	Other	Statutory Authorities	Service providers including but not limited to Melbourne Water, South East Water, United Energy	$ case by case basis

5.16 Category 3 tenants will be required to pay a rental established by reference to the Expression of Interest submission, the market or as determined by a valuer appointed by Council.

5.17 Subject to the application of the Retail Leases Act 2003 (Vic), all outgoings for services, and costs incurred by Council administering a lease will be passed on to the tenant.

Table 3: Administrative rent by calendar year with a 3% fixed increase added

2026	2027	2028	2029	2030	2031	2032	ongoing
$488.05 plus GST	$502.70 plus GST	$517.77 plus GST	$533.31 plus GST	$549.30 plus GST	$565.79 plus GST	$582.76 plus GST	ongoing

GUIDING PRINCIPLES FOR COMMUNITY TENANTS

The following Guiding Principles will apply to Community Tenants

5.18 Council's lease and licence terms will be established by balancing the tenure needs of Tenants with the future needs for the Facility, by Council as identified in Council's strategic plans; and ensuring equity of access for the community. The following tenure (terms) are considered to be the maximum, unless a longer term is approved by Council:

5.18.1 A community lease will have a term, including options, of not more than nine years. The exercise of any option will require the consent of both parties to the lease.

5.18.2 A community licence will have a term, including options, of not more than five years (unless a longer term is approved by Council).

5.18.3 Longer term community tenancy requests will require the approval of Council and will only be considered when a tenant is intending to invest significant monies into the redevelopment of the property.

It is noted Council must comply with s.115 of the Local Government Act 2020 in the event that a lease has a term for ten years or more or where the lease is for one year or more and the rent for any period of the lease is $100,000 or more, or the current market rental value of the land is $100,000 or more..

5.19 Subject to the application of the Retail Leases Act 2003 (Vic), subletting or assignment of a lease will be prohibited without Council's prior written consent.

5.20 As a condition of providing consent to a sub-lease, Council may require an increase in the head lease rent if the Community Tenant obtains a financial benefit from the sub-lease arrangement.

5.21 Leases to Community Tenants will include a prohibition on the tenant gaining access to a commercial income (other than through fundraising) during the term of the lease including but not limited to rent received from subletting, telecommunication rental, revenue received from advertising, selling of commercial goods or products, or licensing arrangements on the Council Facilities. If the Community Tenant gains access to a commercial income, then this may be considered a breach and Council can terminate the lease or licence.

5.22 If a Community Tenant uses a Council Facility for a purpose which is outside the use permitted under the lease or licence, without first obtaining consent from Council for that change of use (including a retail or commercial use), this will be considered a breach and Council can terminate the lease or licence.

5.23 Council may include in a lease and/or licence a provision which provides that if the City of Glen Eira Municipal Emergency Management Plan or the Business Continuity Plan are enacted, Council will have the right to enter Council Facilities and to remain in the Council Facilities without prior notice for the duration of the emergency.

5.24 Leases and/or licences will contain measures to promote engagement between Council and Community Tenants to ensure organisations are active, viable, responding to the needs of the community, meeting their lease and/or licence obligations including maintenance requirements.

5.25 Office bearers of a Community Tenant must have no direct pecuniary interests in relation to the activities of the Community Tenant at the Council Facility.

5.26 Where the Lease is a Ground Lease (Group 2 tenants), repairs, maintenance and capital improvements are the responsibility of the Tenant. The Tenant will be required to carry out a three yearly condition audit of its building and facilities (including greens, tennis courts and underground infrastructure up to the legal point of discharge) and develop a capital renewal program guided by the audit recommendations. Accordingly, the tenant will be required to establish a sinking fund to provide for long-term financial planning, including investment in its building and facilities.

5.27 Where a Tenant fails to maintain and invest in its facilities to the point at which a building or facilities fall into a state of disrepair, Council will consider this a breach of Lease and may terminate the Lease.

5.28 In order for Council sporting facilities to be used to achieve the greatest benefit for the community and ensure financial sustainability, Category 2 community sporting tenants must establish minimum membership quotas to achieve financial sustainability and provide these to Council.If a community sporting group fails to meet the designated quota, Council will be entitled to enter into discussions with the group about its financial capability and sustainability and may, as a last resort, terminate the community lease.

5.29 All sporting clubs will be required to allow members of the public to use the Council Facilities without having to first obtain club membership.

5.30 All sporting clubs must conduct at least one community open day each year at the Council Facilities.

5.31 Sporting floodlights must not be used after 10.00 p.m. at Council Facilities unless a Planning Permit says to the contrary. Council reserves the right to instruct Community Tenants not to use floodlights after a specified time as determined by Council at its total discretion.

5.32 Lease/licence negotiations will commence 6 months before the end of a lease/licence term. If negotiations have not been concluded by the expiry of the lease term, or as mutually agreed by both parties, the Tenant may be advised that it no longer has the right to occupy the Community Facility.

5.33 At the end of the term of a lease, if a new lease or renewed lease has not been agreed, then following a formal resolution Council may take any or all of the following action:

- Secure the Council Facilities to prevent unauthorised access;
- Invite the former tenant to a meeting with Council officers to discuss any matters relating to the former tenant's occupation of the Council Facilities; and
- Investigate alternative occupation arrangements for the Council Facility.

Additional Guiding Principles for tenants at Moorleigh Community Village

As Council's only multipurpose community centre, the following additional guiding principles will apply at Moorleigh Community Village in order to ensure the mix of community programs and services delivered continues to expand and grow to meet the needs of the community:

5.34 All tenants at Moorleigh Community Village must be not-for-profit Incorporated Associations, with services and programs primarily serving the Glen Eira community. For the sake of clarity, no commercial tenancies are available.

5.35 A community lease or licence at Moorleigh Community Village will have a single term of not more than five years.

5.36 Council encourages maximum use of Moorleigh Community Village's rooms and facilities and will support shared and multi-use arrangements.

5.37 *The Administrative rent by calendar year*, as shown in Table 2 above, will apply to all tenancy agreements at Moorleigh Community Village. For the sake of clarity this is an annual rental fee per lease or licence agreement and not per room.

5.38 General outgoings including Council's costs to provide electricity, gas and water to the premises together with its costs to operate Moorleigh Community Village on a day to day basis will be established by Council's Healthy Ageing – Life Stages team or any future iteration of that team, are separate to this Policy.

GUIDING PRINCIPLES FOR COMMERCIAL TENANTS

The following Guiding Principles will apply to Commercial Tenants:

5.39 Leases must be on commercial terms and achieve an appropriate commercial return for Council.

5.40 The leasing of Council Facilities must demonstrate the highest return to Council taking account of other opportunities for the Council Facilities.

5.41 A commercial lease will have a term, including options, of not more than fifty years. There is no requirement on Council to enter into the maximum lease term if this may affect the long-term strategic viability of a Council Facility.

It is noted Council must comply with s.115 of the Local Government Act 2020 in the event that a lease has a term for ten years or more or where the lease is for one year or more and the rent for any period of the lease is $100,000 or more, or the current market rental value of the land is $100,000 or more..

5.42 A commercial licence will have a term, including options, of not more than ten years, unless a longer term is approved by Council.

GUIDING PRINCIPLES WHERE COUNCIL IS THE TENANT

The following Guiding Principles will apply when Council is a tenant:

5.43 Council will not enter into a commercial lease of premises on behalf of a third-party service provider or community group not directly linked to a Council run service.

5.44 Council will not enter into a commercial lease of a property unless it is to run a critical Council service. Council will only enter into a commercial lease for the purpose of the provision of a direct Council service and only if there are no suitable alternative Council Facilities available.

5.45 Council will not enter into a lease for a term of more than 9 years, unless Council or the landlord, for the benefit of Council, has carried out substantial improvements to the rental property or some other form of community benefit can be demonstrated.

5.46 Council will only enter into a lease that requires the payment of a rental at or below market rates.

6. LEGISLATIVE COMPLIANCE

This policy complies with the Local Government Act 2020.

This policy has been assessed as being compatible with the *Charter of Human Rights and Responsibilities Act 2006 (Vic)*.

In line with the Gender Equality Act 2020 (Vic), a Gender Impact Assessment has been completed for this policy.

In line with the Gender Equality Act 2020 (Vic), a Gender Impact Assessment is not required for this policy.

7. ASSOCIATED COUNCIL DOCUMENT

This Policy aligns with the following Council policy/strategies:

- Strategic Property Plan 2025-2030
- Council Plan 2025–2029
- Community Engagement Policy 2021
- Asset Management Policy 2013
- Asset Management Strategy 2014–2018 (updated) update currently under development
- Fair Access Action Plan 2024-2028
- Pavilion Redevelopment Strategy 2017 (priorities updated November 2022)
- Open Space Strategy, 2014 and Refresh 2020
- Glen Eira City Council GET Active — The Future of Sport and Recreation 2019
- Glen Eira Active Recreation Action Plan July 2021
- Glen Eira City Council Our Climate Emergency Strategy 2021–2025
- Glen Eira Tennis Strategy 2018–2028
- Kindergarten Infrastructure and Services Plan 2020 (new plan under development)
- Council Community Wellbeing Plan 2021–2025 and new plan under development (to be incorporated into Council plan not a separate plan)
- Glen Eira City Municipal Emergency Management Plan 2020
- Glen Eira Financial Plan 2024–25 to 2033–34
- Glen Eira Sale of Land and Buildings Policy 2023

8. EXTERNAL REFERENCE/RESOURCE

- Local Government Act 1989 and 2020
- Crown Land (Reserves) Act 1978
- Land Act 1958
- Associations Incorporation Act 1981
- Retail Leases Act 2003
- Building Regulations 2018

GLEN EIRA
CITY COUNCIL

Glen Eira City Council

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