

**To the Chairman and Members of the
South East Area Committee**

Report on the Development Department Community Group Lettings / Licences

Historical Background

One of the functions of the city council is to provide community facilities to the various community organisations such as sports clubs, residents' associations, youth clubs etc. within its functional area so that they can carry out their various activities. In the late 1960s and early '70s in particular and possibly as a result of the expansion of the suburbs, the city council began disposing of sites to community organisations on long term leases.

In general the disposals were made by way of a Building Agreement and subsequent lease i.e. the council provided the land and the community organisations through fundraising and in some cases grant aid from Dublin City Council and others built the premises. In return for this the council gave the groups in question a long term lease (usually 99 years) subject to an open market rent but abated to a nominal rent so long as the premises was used for a specific community purpose.

Usually there were two bands of abatement. If there was a covenant in the lease prohibiting the organisation from selling alcohol on the premises then they were charged either €33.00 (£25.00) or €127 (£100). However if there was no such prohibition in the lease then that group were charged an abated rent of €1,270 (£1,000). As these are leases and so long as the groups abide by the covenants therein there is no scope to increase rent on these properties. It should be noted that in the more recent leases of this type the abated rent is indexed to the open market rent so if the open market rent increases the abated rent will also increase by the same percentage.

The benefit of the above to Dublin City Council was that there was no capital outlay in building the premises and secondly the maintenance of the facility once built rested with the groups themselves and not with Dublin City Council.

Move to Licences

More recently there has been a shift away from this method of disposal for a number of reasons. Firstly there just would not be the same number of sites available as there was previously. Secondly the council has found it difficult to reassert its ownership over properties which have been given out for the benefit of the community where either the original entity to which the property was leased is now defunct or where a dispute has arisen within the original group to whom the property was leased. Thirdly as a result of the recent economic downturn there was a lot of property and sites left vacant and it was felt that it was better to put these to use even on a short term basis rather than leaving them idle.

As a result over the last number of years the Development Department's Property Section has tended to grant short term rolling licences (usually 11 months) to various community groups on the instruction of the area managers or heads of department. The benefit of this method to Dublin City Council is that there is no title transfer and a licence can be terminated quickly in the event that the council requires the property back for another use or is unhappy with the service that is being provided by the group in situ.

Also as a further protection and to prevent groups from acquiring renewal rights by virtue of long occupation the council now insists that all community groups sign a Deed of

Renunciation renouncing any rights they may acquire to a new tenancy under Landlord and Tenant legislation.

Types of Community Group

There is no exact definition of what constitutes a community group letting / licence. In general the Property Management Section has worked on the basis that if the rent was abated it was considered a community group letting / licence. Originally and as mentioned this generally would have only included sports clubs, residents' associations and youth clubs and groups of that nature.

However over the years this has expanded further to include non-governmental organisations (NGOs), childcare facilities, youth and employment centres and educational training projects to name but a few and each letting / licence, when created, is categorised on the basis of what is contained in the agreement e.g. is the rent abated, what is the property being used for, what type of group is the tenant etc.

The range of community groups that the council now provides facilities to, make consistency in respect of the level of abatement to be applied very difficult as some of these groups have a better ability to pay a higher premium than others i.e. those groups which tend to be government funded (usually through Pobal).

Types of Premises

The range of council's facilities that have been let / licensed to community groups range from a room in a council community centre to a purpose built community facility such as the MACRO Building to small development sites which are currently being used for community gardens.

Grant Aid

Whilst the council has moved away from long term agreements over the last number of years it is important to bear in mind that in order to secure state funding (e.g. Lottery grants etc.) the groups must be able to prove to the minister firstly that they have title to the property for which they require funding and secondly where the funding is substantial that the property is capable of being charged, which usually requires a tenure of more than 20 years.

Property Management Records

Oracle Property Manager is the council's computer system which keeps the records of the council's commercial property portfolio. The council's commercial property portfolio is defined as properties which the council owns but are currently surplus to its day to day requirements i.e. properties not currently being used by Dublin City Council directly. Currently on Oracle Property Manager there are 278 records for community group lettings / licences.

The income currently generated from these agreements amounts to €247,365. As noted above most of these agreements contain abated rents / fees and is not reflective of the true commercial value. The current open market value of these properties is estimated to amount to €10M but is probably higher than this as the current open market value is not available to the Property Management Section for all these properties.

Please note the above records do not include special lettings granted by the Housing & Residential Services Department or lettings or licences granted by the Parks and Landscape Services Division in respect of facilities operated by them or other units within Culture, Recreation & Economic Services Department.

Attached is the latest list of community groups in the South East Area.

Paul Clegg
Executive Manager