

OSCN Facility Rental Survey 2017

We received 100 responses from all over NZ. Thanks to those of you who were able to help with this. Of these, 94 were from services that paid rent to someone else – mostly schools or churches and sometimes another local community buildings.

What do you pay for your facility?					
Rent per week	\$0-100	\$101-200	\$201-300	\$301-500	\$500+
After School Care	17	15	13	13	
Holiday Programme	5	16	7	11	14
ASC/HP combined	\$6,500 – 30000 per year				

Most services were paying a fixed rate for rental

- 5 services were charged a per child rate.
- 3 services a percentage rate

Comment: Paying a proportion of income would seem to be a form of “profit share” arrangement, or something akin to a tax. Given that most OSCAR services barely return a surplus of income, under this sort of arrangement, marginal returns that could be used to improve the programme seem to be siphoned off by the landlord. Is it the case that the amount of space and facilities provided by the landlord also grows as the numbers increase? Would a commercial entity in the business world agree to this sort of arrangement? However, most OSCAR entities simply respond to need, so the programme must grow as needed, even if there is little improvement in financial return as a result of up-scaling.

Lease periods / rent reviews / terminations

There were 50 responses for the question: “What is the period of notice for rent increases or termination of your lease?”

- 5 services had nothing formal in place
- Rent reviews: 20 responses; 13 mentioned annual reviews of rent and/or lease
- Termination period: 31 responses; period ranged from 2/4 weeks up to one term or 6 months
- Longer term leases: 6 services had lease arrangements from 2-5 years in length

Other comments

- Love the use of the school hall, due to being in a safe environment
- Room rapidly becoming too small as our numbers increase to capacity
- Old building but great location on school grounds. Have to use school pool toilets, which isn't ideal.
- We have customised a large empty basement room opposite a school. No outdoor area but we can use school grounds

OSCN Facility Rental Survey 2017 (cont.)

- School halls are not the ideal place as it is noisy and there is no place to relax. But there are no alternatives for other rooms
- Venue is good quality but we always get bumped if there's another event on - we still pay rent
- Our venue is amazing! Three massive spaces that are perfect for childcare
- I make good donations to the school on top of my fees I pay. This year I have put in a heat pump and paid \$3000 donation
- The venue is very poor quality needs lots of work on it. It is suitable for us. We are very lucky have not had a price increase in 4 years
- The principal is very supportive of our programme and we work well together to make it work for both parties
- Rental is getting up there but understandable as only other revenue for the school
- I started a morning program a few years back but was charged the same for the mornings as the afternoons. With less children requiring care in the morning at that stage the cost was too high to continue mornings.
- Slightly small - have to pack everything away daily. Would prefer a centre we could stay set up in but it currently serves the purpose well.

Other issues raised included lack of storage, teachers complaining of noise after school and access to suitable outdoor space, but on the whole there was mostly a positive view – making do with what there is.

MSD staff have raised concerns about the sustainability of some OSCAR services and we would suggest that rent expenditure is often a critical factor. Some services are clearly in a difficult position:

- “It had just been proposed for me to build the business to a point where the school can double my rent to \$30,000 per year. I cannot sustain this as a small business.”
- “If they continue to need to use their facilities commercially we could be priced out.”

The elephant in the room for most tenant operators however is security of tenure. “Leases are poorly managed by the schools and we have little ability to tie a school in long term.” While there are many positive and co-operative working relationships out there, the majority of renting operators expressed concerns. In this respect OSCAR services have the same questions as many community enterprises: where is “the community”; what is the value placed on community services, in particular children’s services and how can schools best support non-school community activities. Treating OSCAR as a “business tenant” is clearly not going to serve its children well in the long-term.

One operator summed up this way: “I believe that as community/ government funded facilities designed for primary children to use... there should be a much stronger expectation that the facilities are used by the community outside of school hours.”