

ARTS **BUILD** ONTARIO
SOCIAL PURPOSE
REAL ESTATE FOR
ARTS SPACES
REAL ESTATE FOR CREATIVE CHANGE



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Welcome & Land Acknowledgement

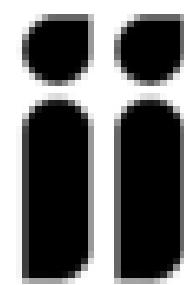


About Arts Build Ontario

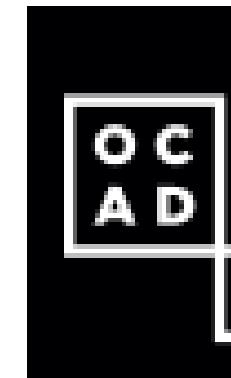
We are a provincial arts service organization that provides small and medium-sized organizations with tools, training, and advice to successfully manage physical and digital creative spaces.

ABO works to reimagine the future of creative spaces through dedicated research projects and an engaged network of supportive partners.

Project Partners



**Infrastructure
Institute**



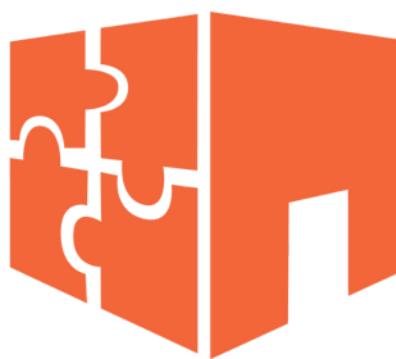
**CULTURAL
POLICY
HUB**



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Canada

SPRE 104



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Business Modelling for Social
Purpose Real Estate Development



Agenda



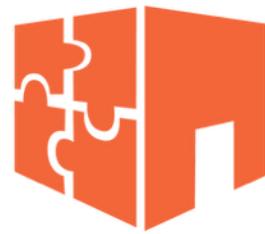
1. SPRE for Arts & Culture
2. The 'Iron Triangle' of Social Enterprises
3. The Mission 'Block'
4. The Capacity 'Block'
5. The Capital 'Block'
6. cSPACE's Canvas



REID HENRY
CONSULTANT

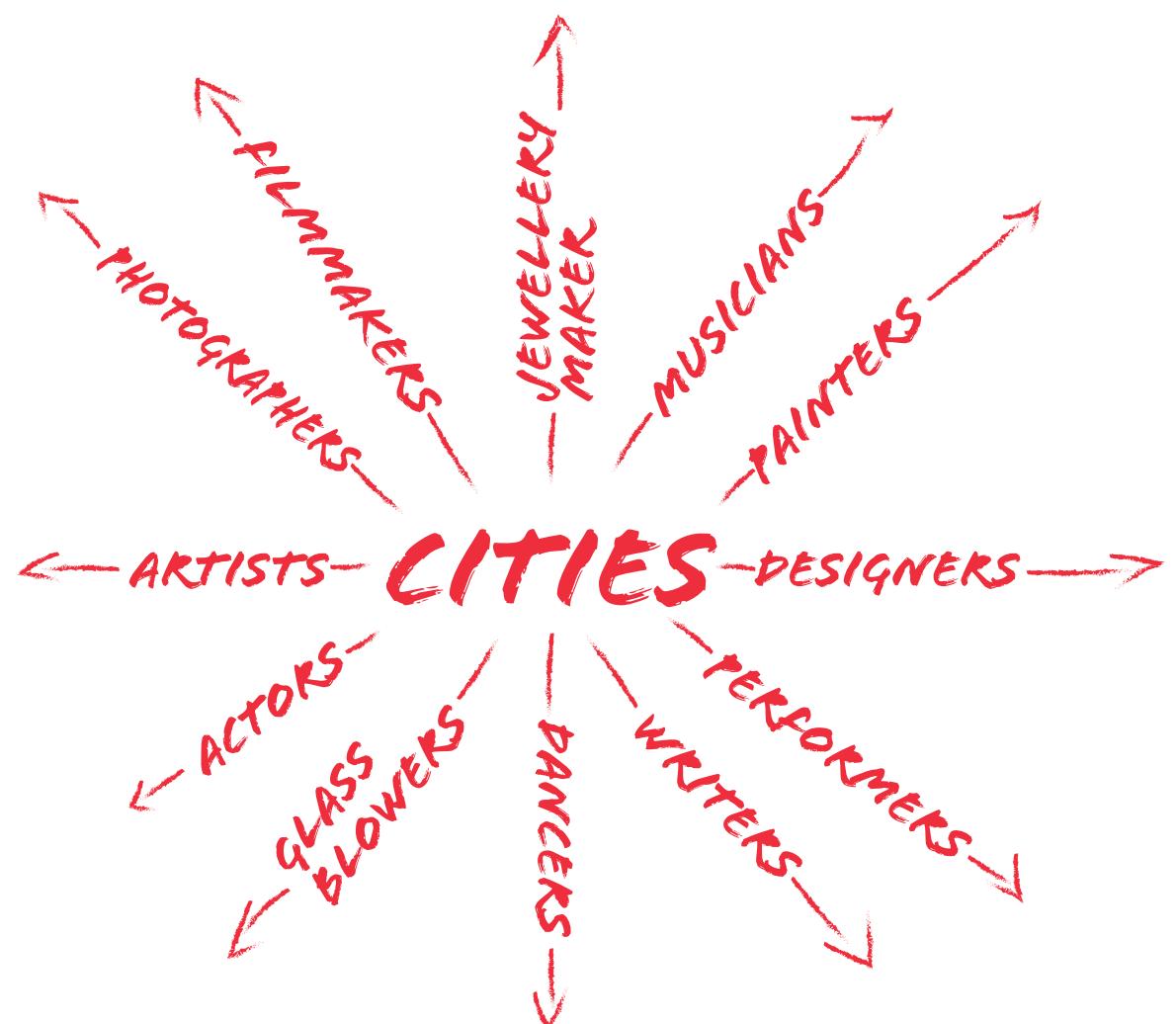


1. SPRE for Arts & Culture

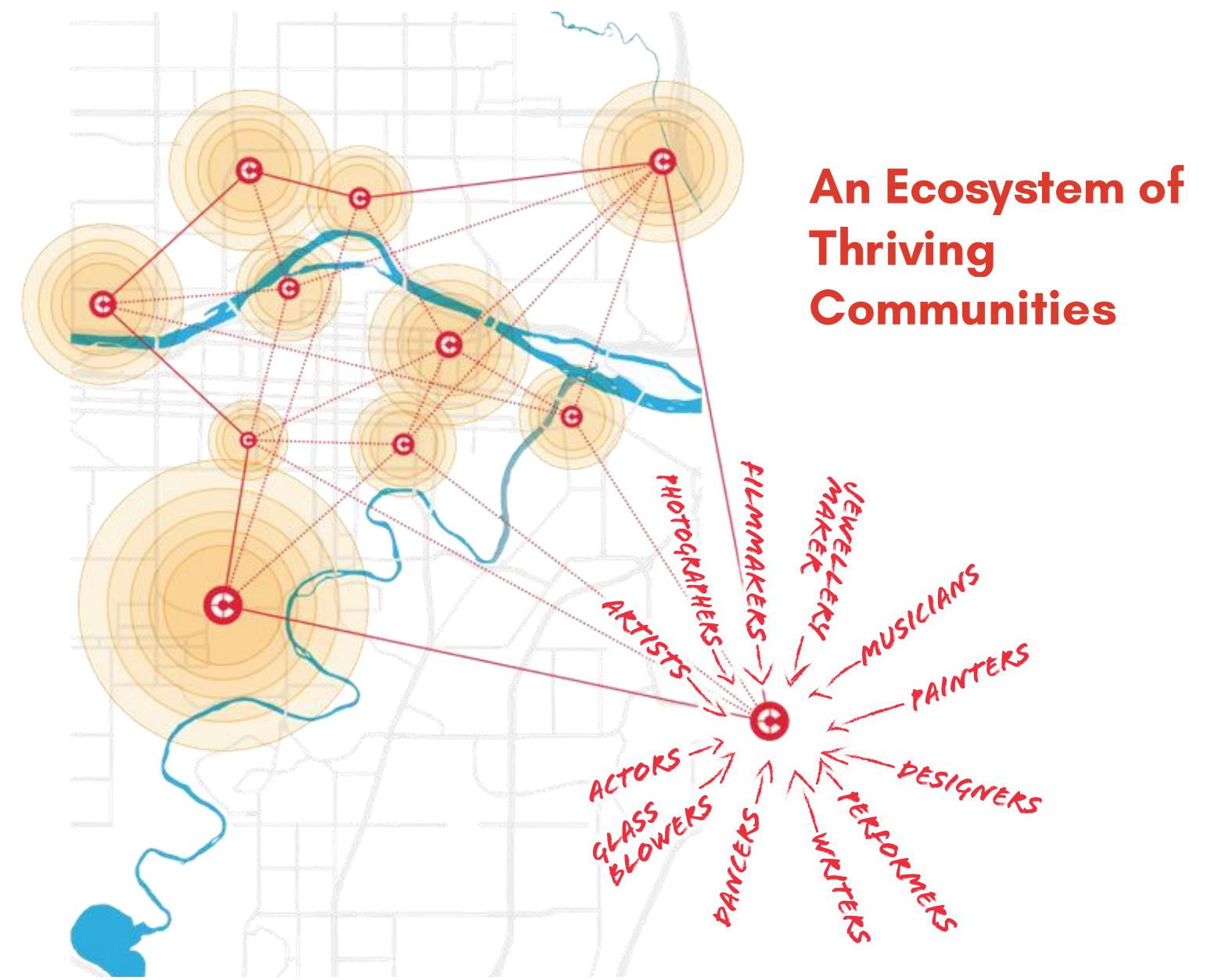
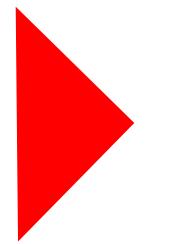


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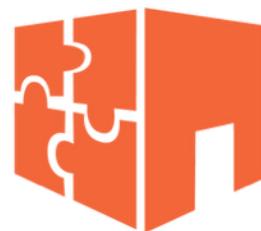
Facing the Affordability Crisis



Instability
+
Isolation
+
Uncertainty

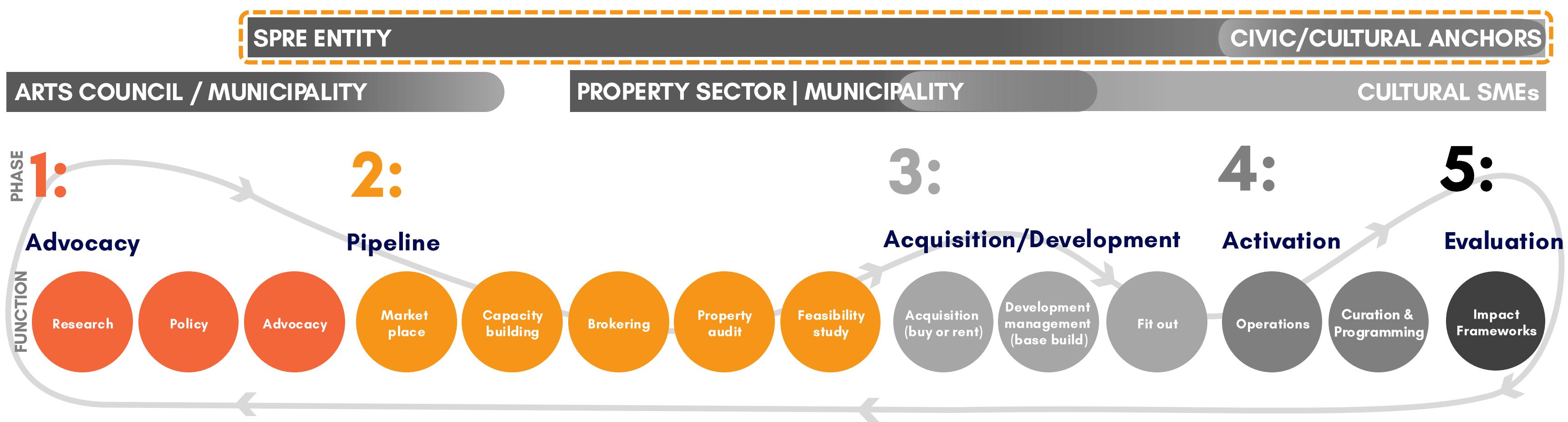


An Ecosystem of
Thriving
Communities

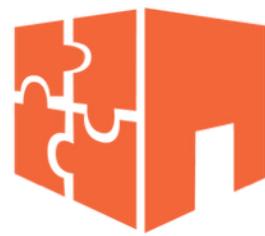


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Creative Space Development Cycle

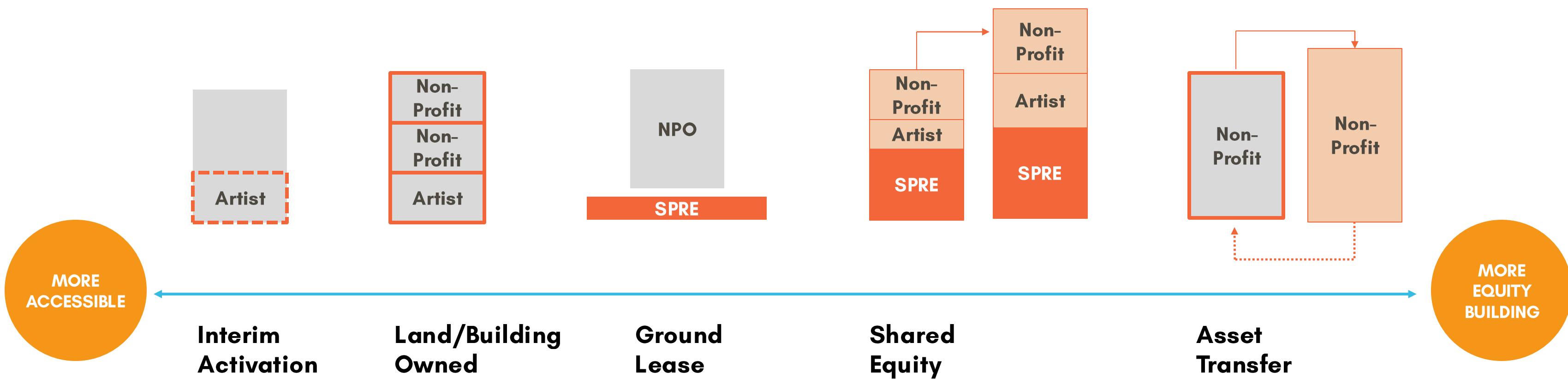


* Adapted from 2024 Making Space for Culture Incubation Program, Left Bank Co.

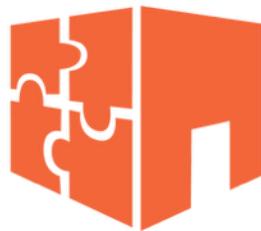


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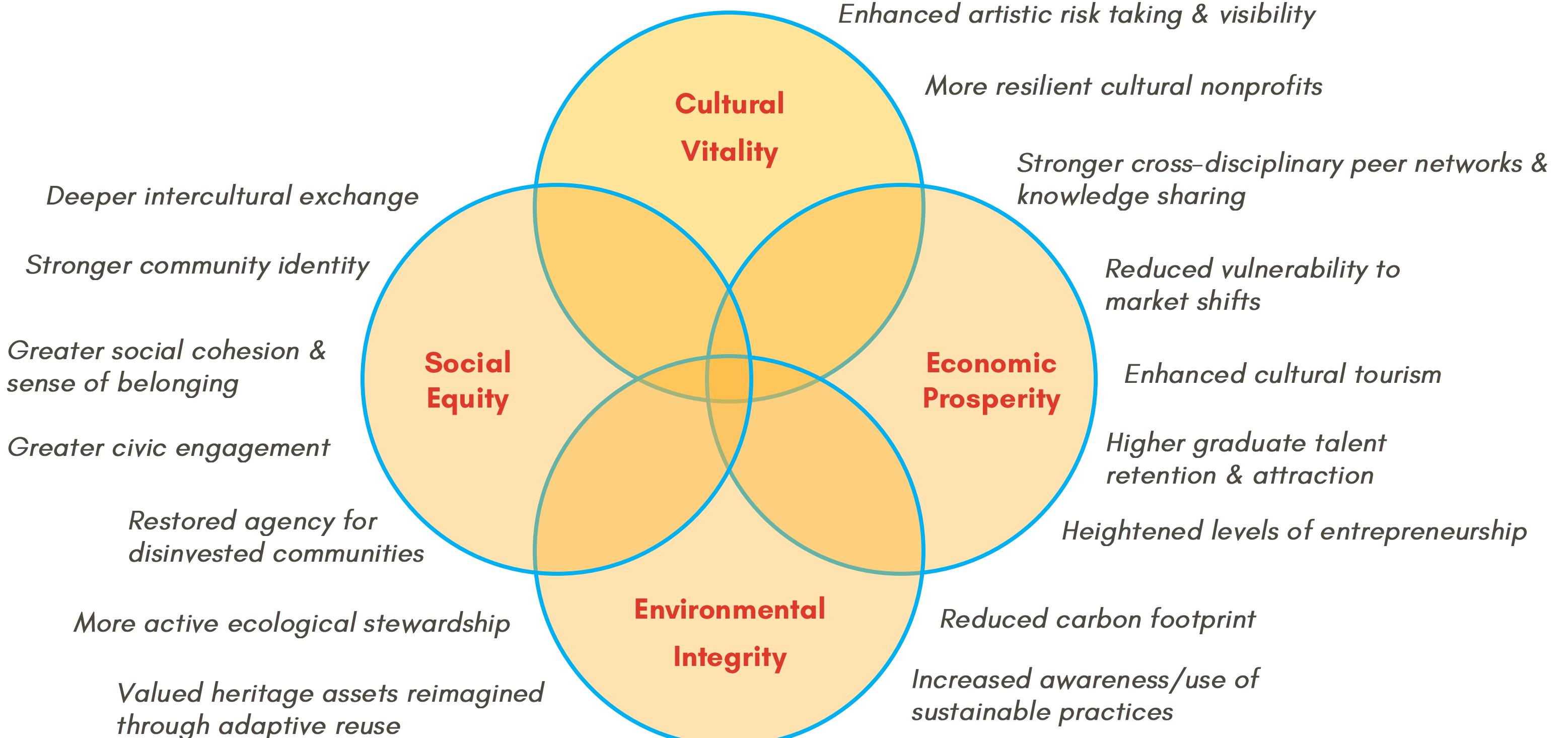
A Spectrum of Real Estate Approaches

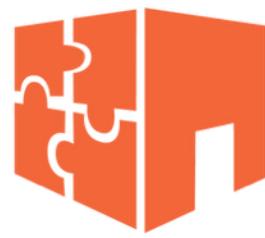


* Adapted from Case for Support: Regenerative Investment in Culture, 221A



An Array of Strategic Goals

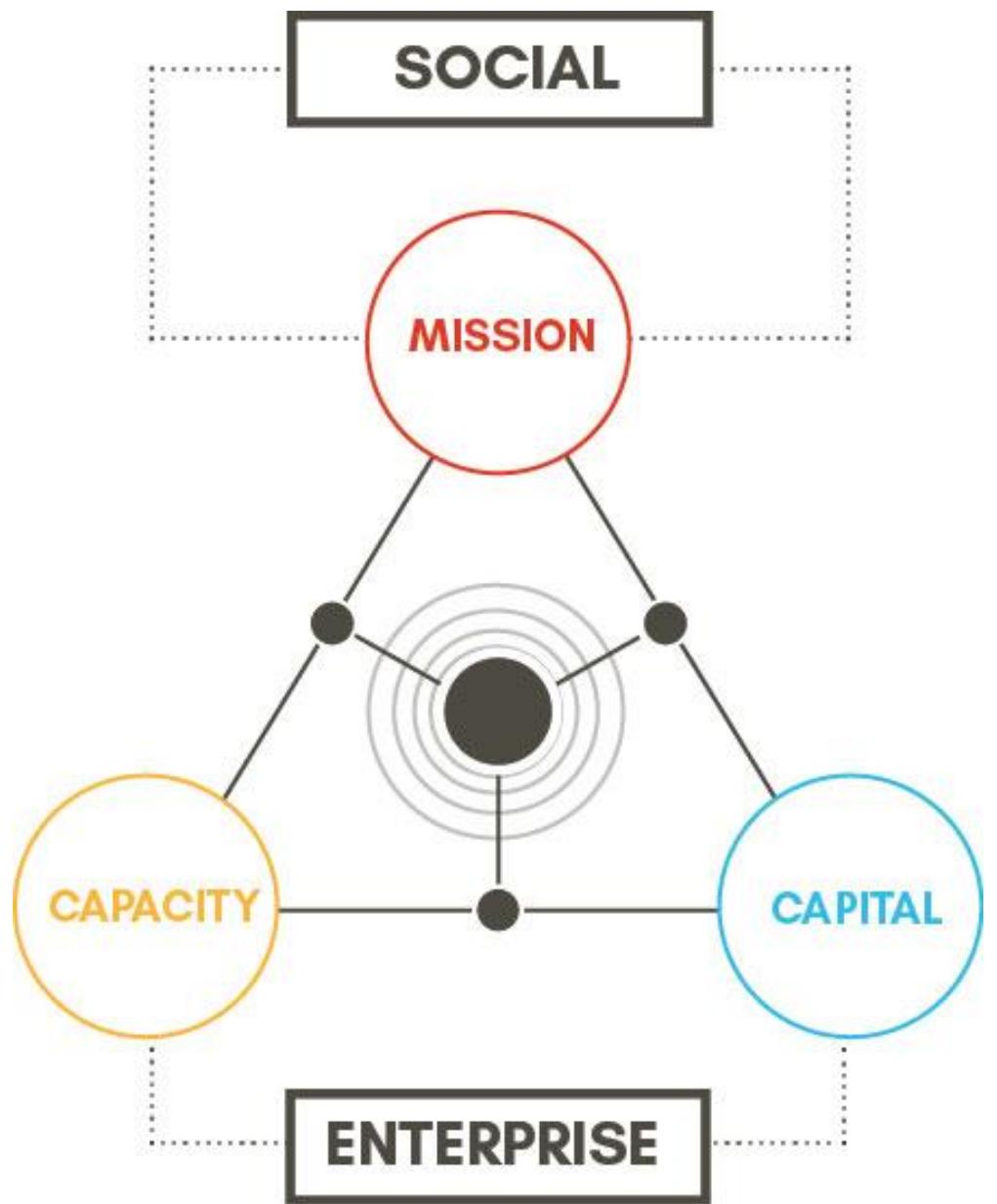




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2. The 'Iron Triangle' of Social Enterprises

Alignment of Social + Enterprise



Coherence of mission, capacity and capital 'triangle' shapes:

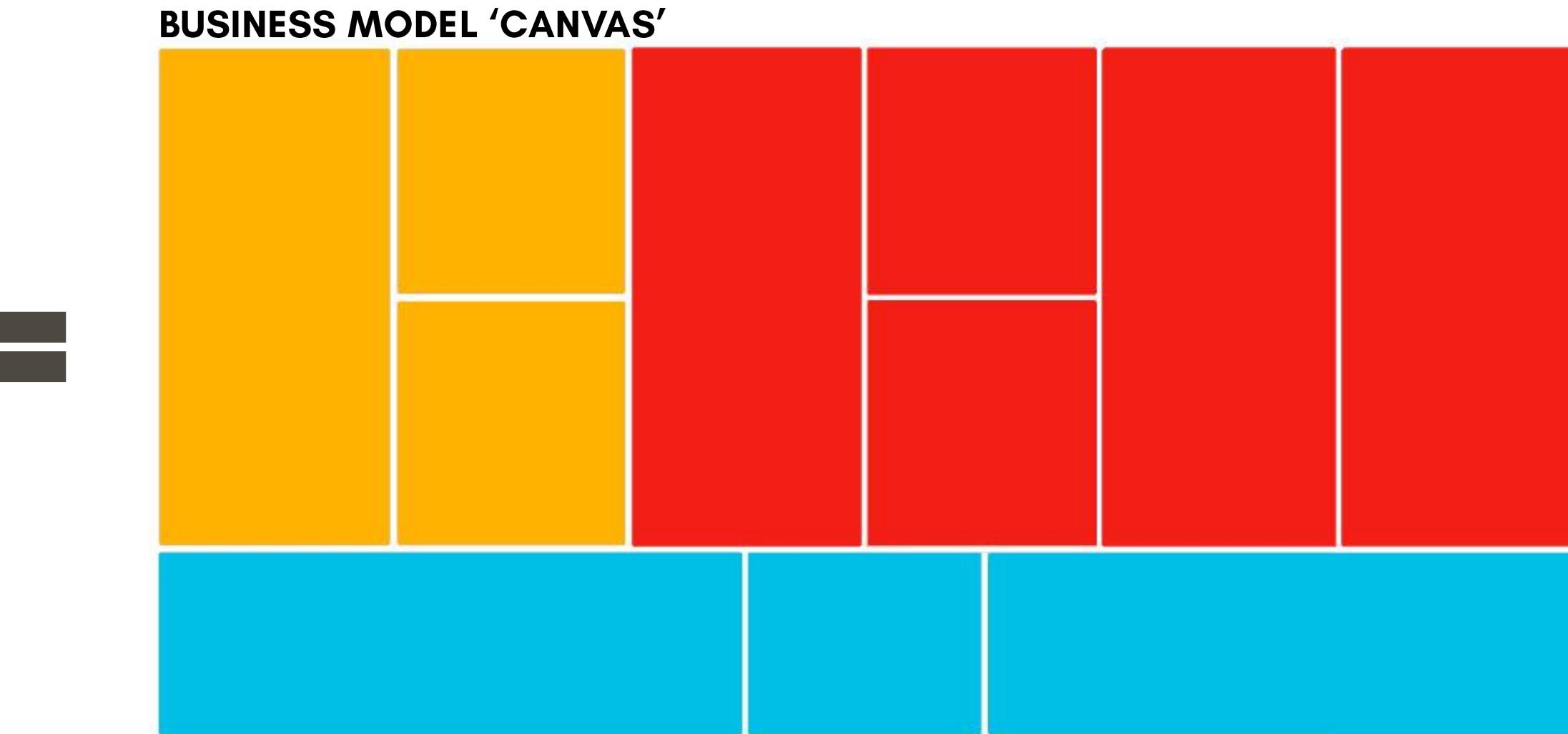
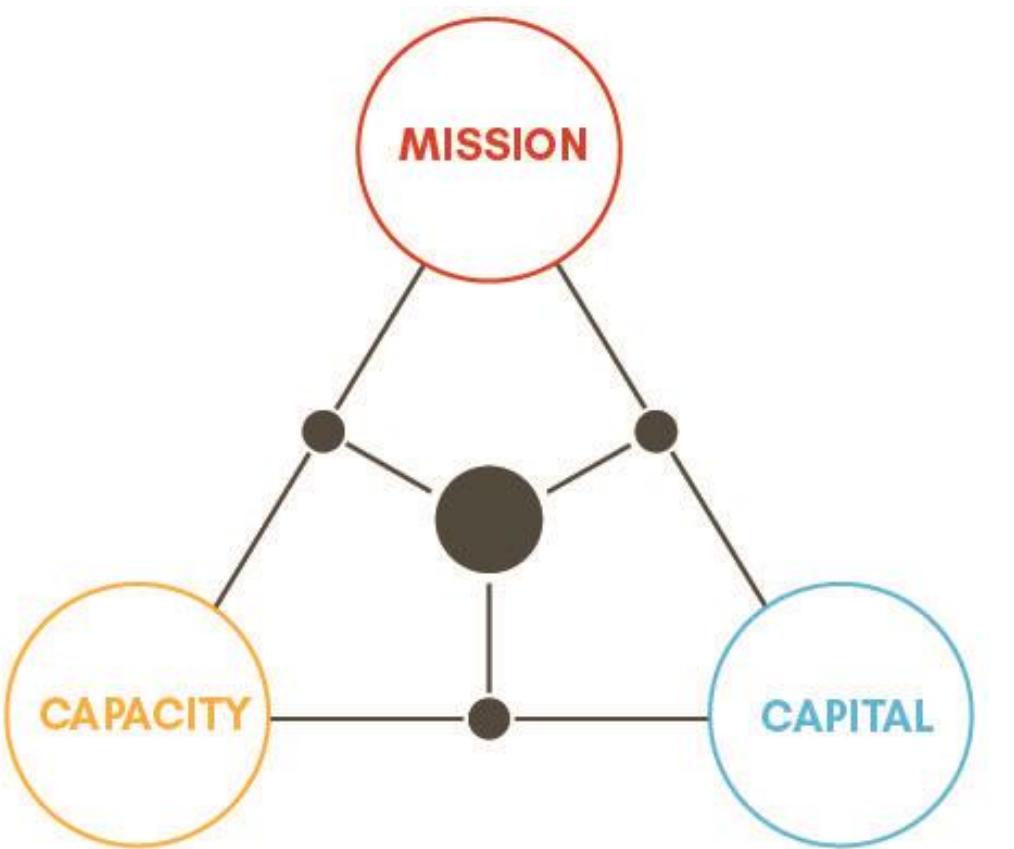
Desirability + Feasibility + Viability

Community resonance underpins the triangle's balance, providing:

Credibility + Durability + Sustainability



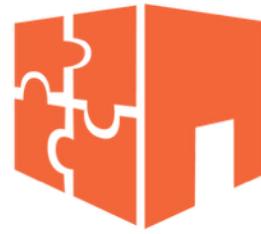
Designing Business Models



* Adapted from Strategyzer.com

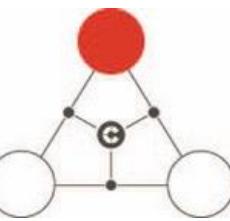


3. The Mission 'Block'



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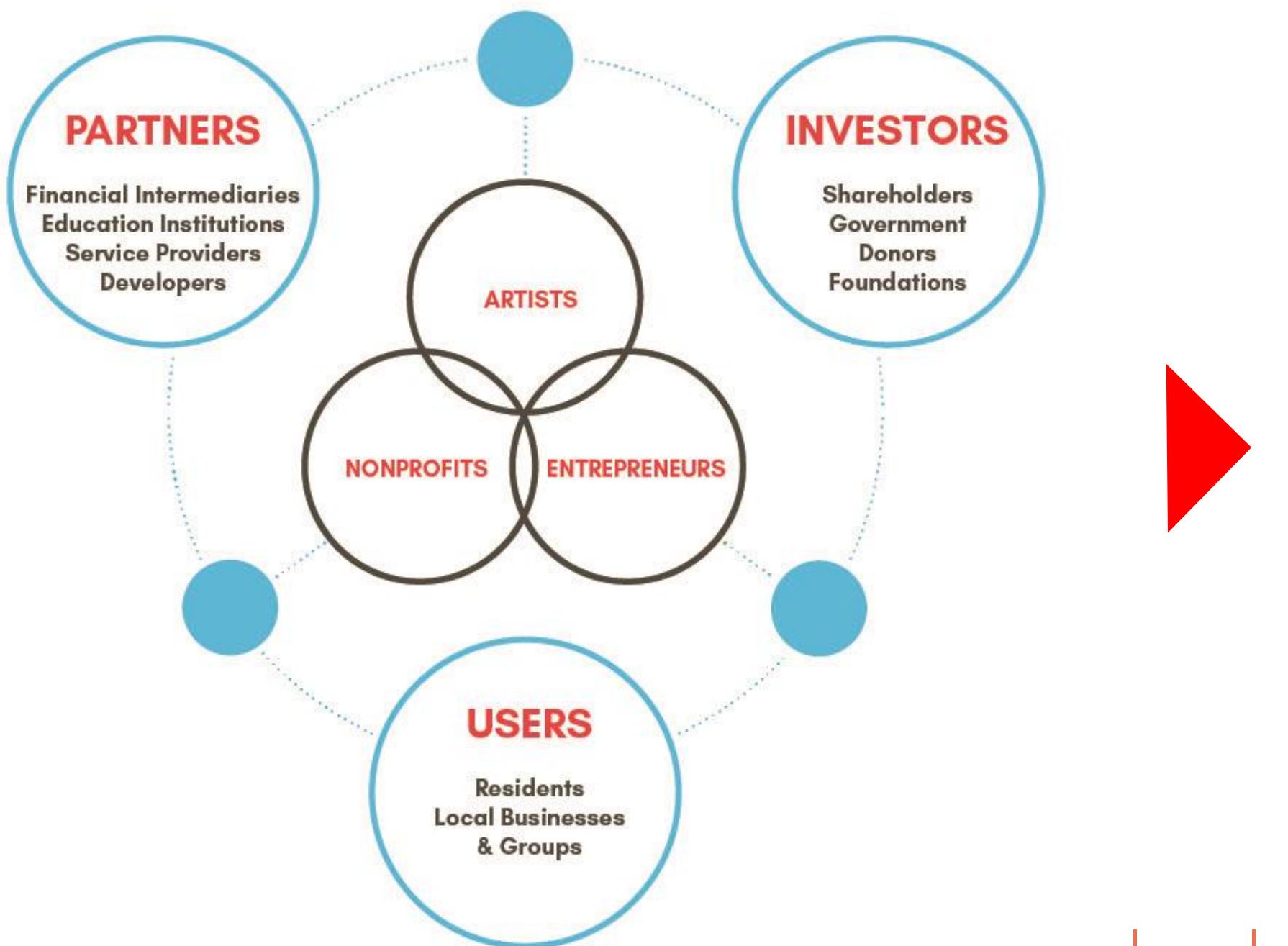
Mission 'Block'



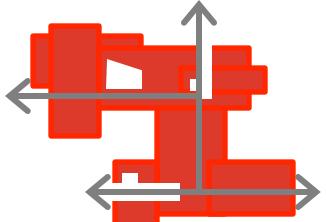
		Value Proposition: What value will we deliver to co-creators? What problem are we solving? What needs are we fulfilling?	Relationships: How do our co-creators expect us to interact with them? Channels: How do our co-creators want to be reached?	Co-creators: For whom are we creating value? <ul style="list-style-type: none">• Beneficiaries• Users• Investors• Partners Who helps us generate impact through our value propositions?	Impact Streams: What non-financial value is the co-creator willing to return/contribute? <ul style="list-style-type: none">• Outputs (Short Term)• Outcomes (Mid Term)• Impact (Long Term)
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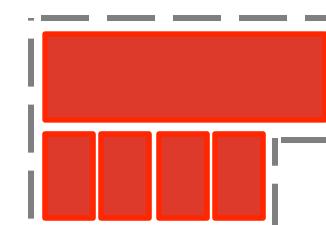
Define Who You Generate Value For (& With)



ECOSYSTEM LENS



NEIGHBORHOOD LENS



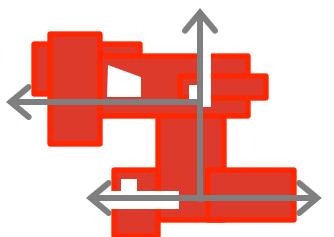
PROJECT LENS





Shape the Value Proposition

ECOSYSTEM LENS



Research & Engagement:

Arts Spaces Strategy
11 community 'world cafes'

Key insights:

- Captured the impact of real estate volatility on creation/production
- Prioritized affordable and collaborative 'incubation' spaces
- Adaptive re-use of heritage identified as opportunity
- Signaled aspiration for a non-profit space development entity

Arts Professionals Survey
Cultural Facility Inventory

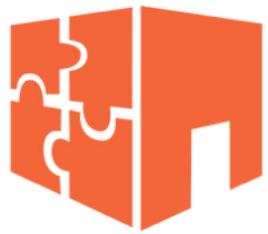
Key insights:

- A shortage of rehearsal and production facilities existed
- Identified significant demand for flexible 100-250 seat "black box" theater
- 90% of respondents felt art space development was an urgent priority

Incubator Benchmark Study
Vital Signs Public Survey

Key insights:

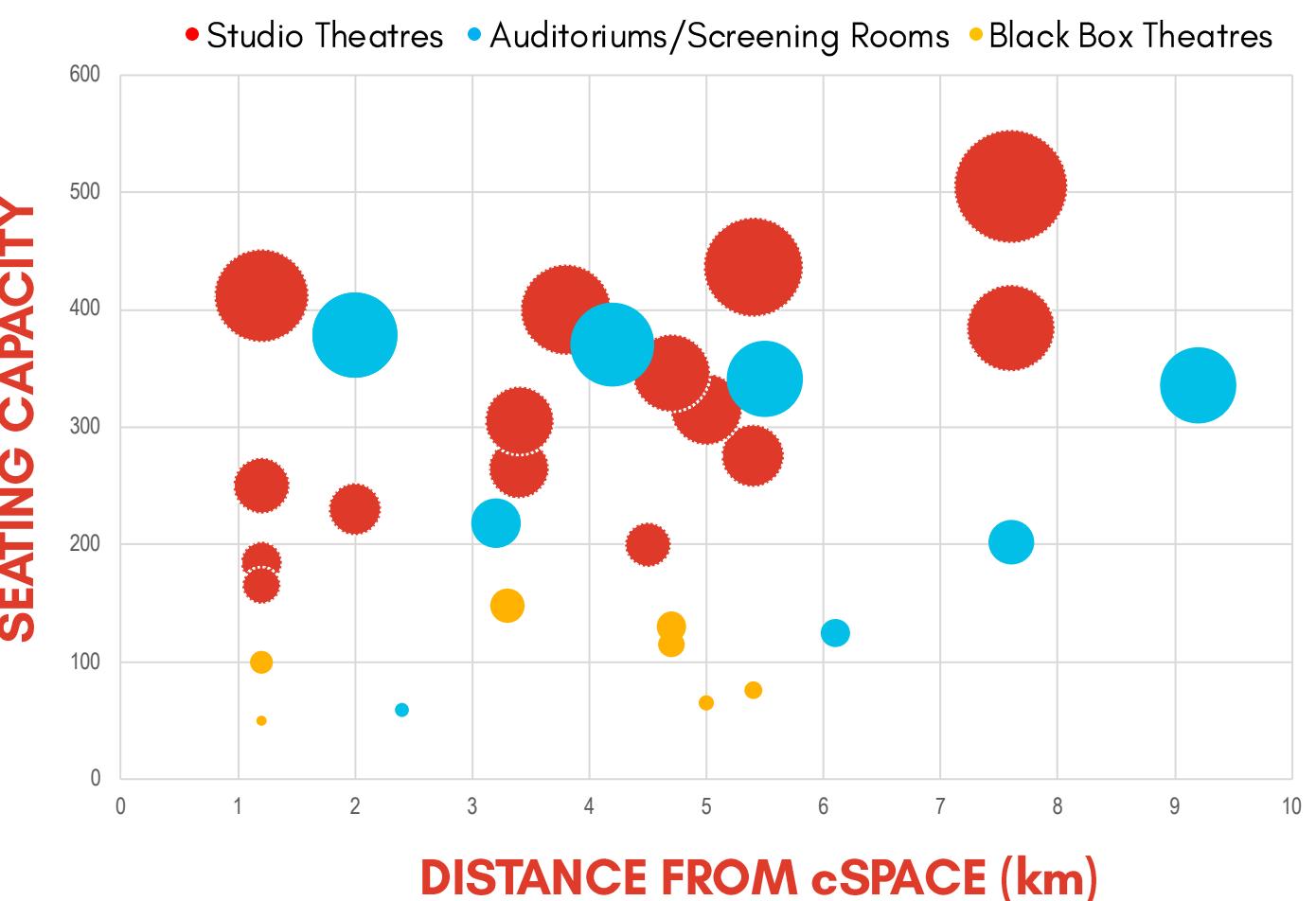
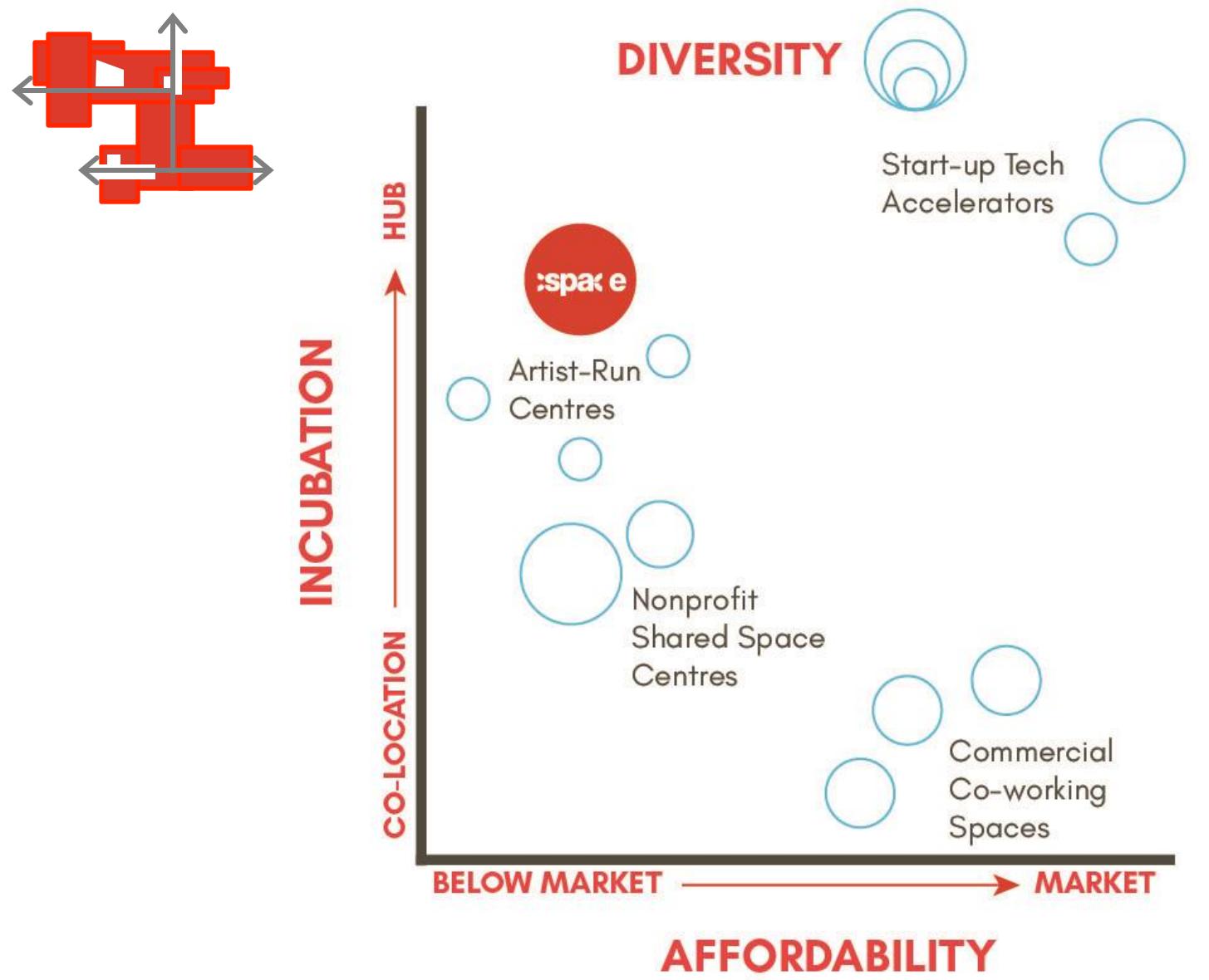
- Signaled community foundation commitment to Arts and Heritage "signature project"
- Broad public support for developing more compelling and accessible art space



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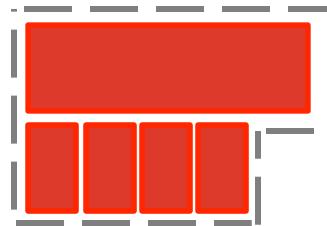
Shape the Value Proposition

ECOSYSTEM LENS



Shape the Value Proposition

NEIGHBORHOOD LENS



Research & Engagement:

Artist and Non-Profit Space Market Survey
Census Analysis

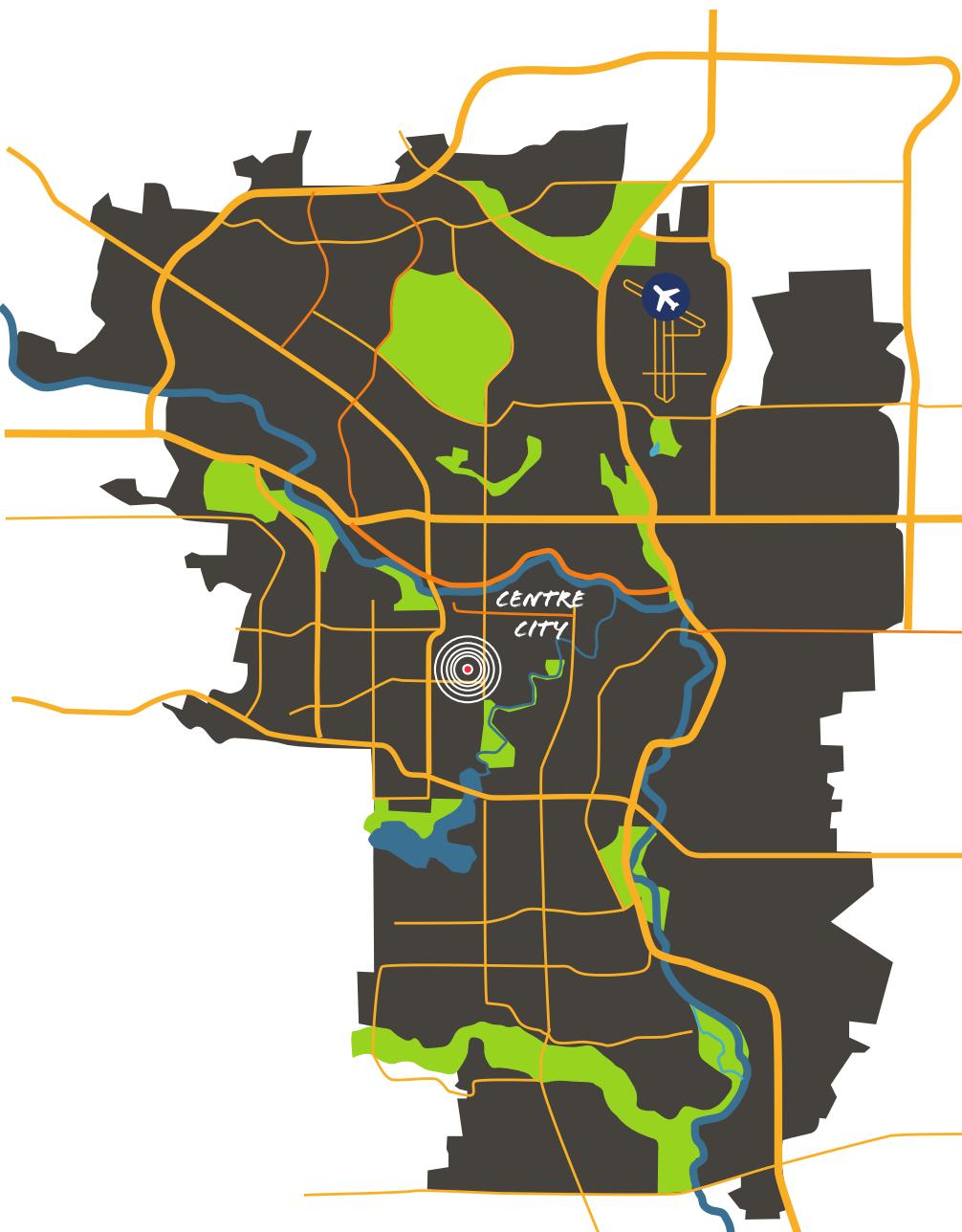
Key insights:

- Nearly ½ of the city's artists live in 10 inner city neighborhoods
- Proximity to transit and walkable neighborhoods a priority
- High concentration of cultural industry workers

Local Community Demographic Research

Key insights:

- 30 minute walk radius from cSPACE incl. 22,000 people
- High concentrations of 20-34 yr olds
- Full neighborhood spectrum from wealthy to gentrifying to lower income areas



Shape the Value Proposition

PROJECT LENS

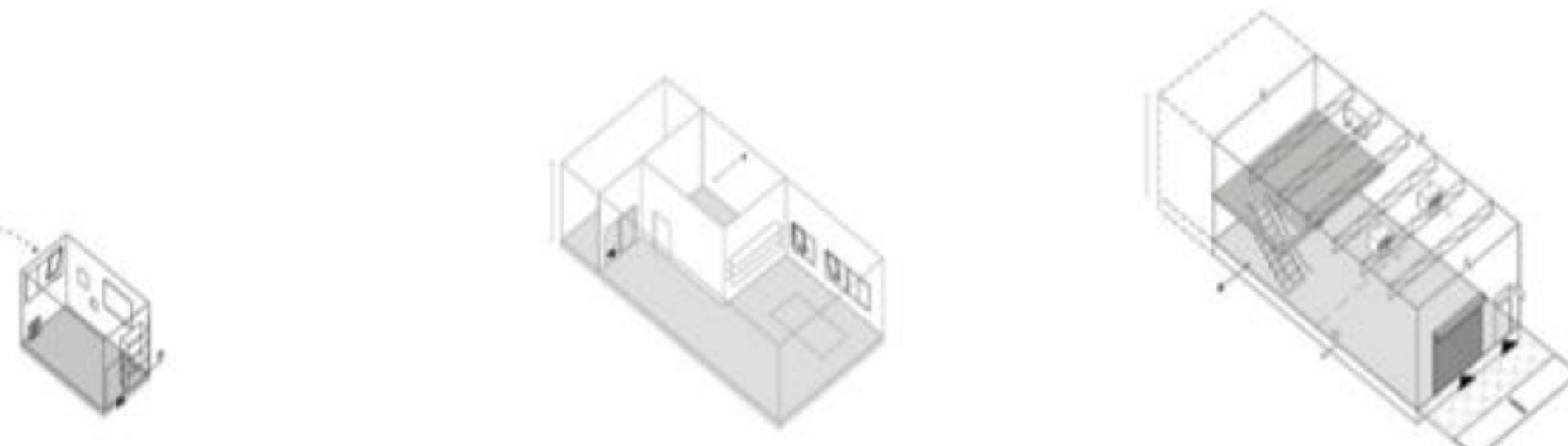


Research & Engagement:

*Artist and Non-Profit Space Market Survey
Tenant REOI and RFPs*

Key insights:

- Estimated market size for work/production/rehearsal space was 120k - 150k s.f.; work-only studios was 60k - 85k s.f.; and live/work space was 120 units
- Deep sector interest in shared meeting/conference space and rehearsal/performance venues
- Rent affordability threshold identified around 60-80% of Class 'C' commercial rates
- Most significant demand from Non-Profits was for 400 - 500 s.f. space and 800 - 1,000 s.f.
- Artist studio demand spread evenly across 200 - 500 s.f





Co-Create a Shared Vision



4 key elements to cSPACE's portfolio development strategy:

- Align multi-stakeholder visions
- Transform undervalued assets
- Design for revenue diversification
- Engage activation partners

'Flagship' opportunity:

- 3 acre vacant and derelict former school site
- Walkable, inner city location, close to transit and a vital main street
- Proximity to other civic/recreational facilities
- Potential for 40-50k s.f. of multi-functional space
- Potential for land value uplift to generate capital for the reuse of the school building

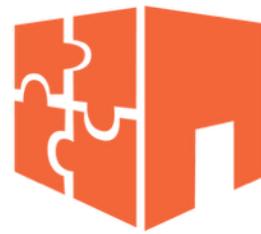


Co-Create a Shared Vision



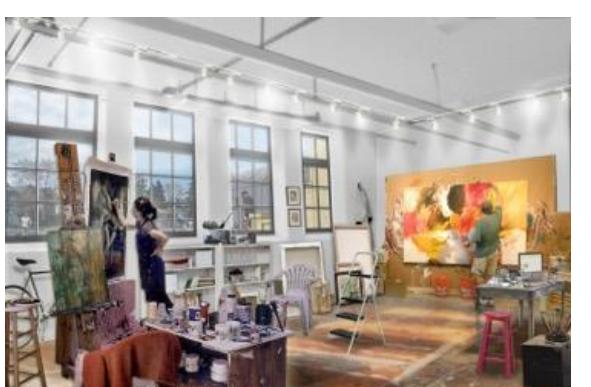
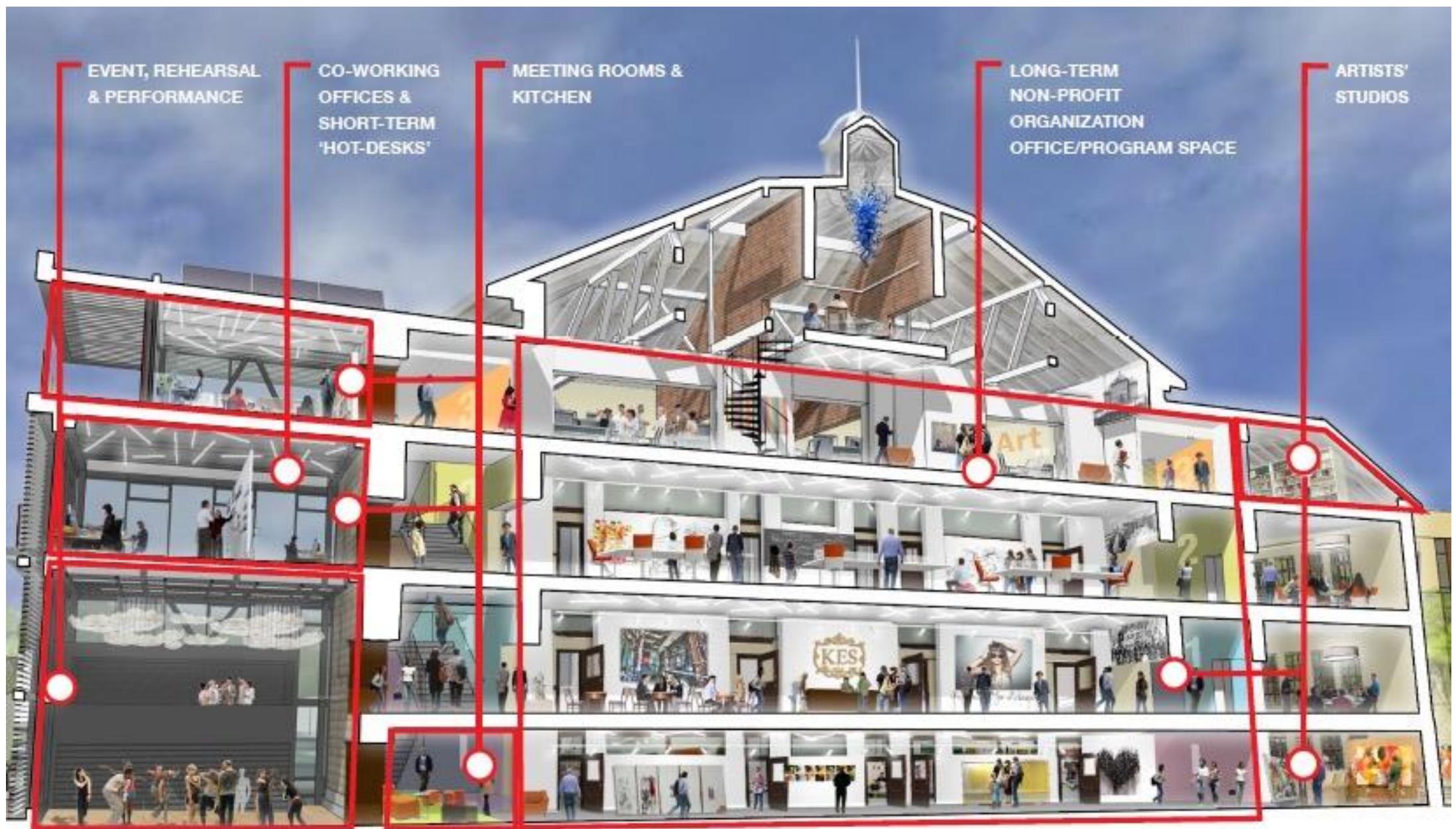
Extensive 10-month engagement with city-wide arts and local communities:

- Community advisory committee included artists, residents, community association members, BID leadership, and shareholder board members
- Technical advisory committee including senior City staff, heritage experts, developers, designers, engineers, and project managers
- Community open houses and sector information sessions
- Public information booths at local festivals and civic buildings
- Project website – repository

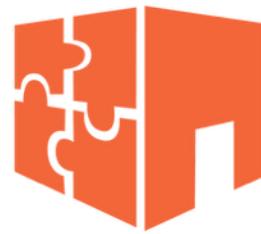


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Co-Create a Shared Vision

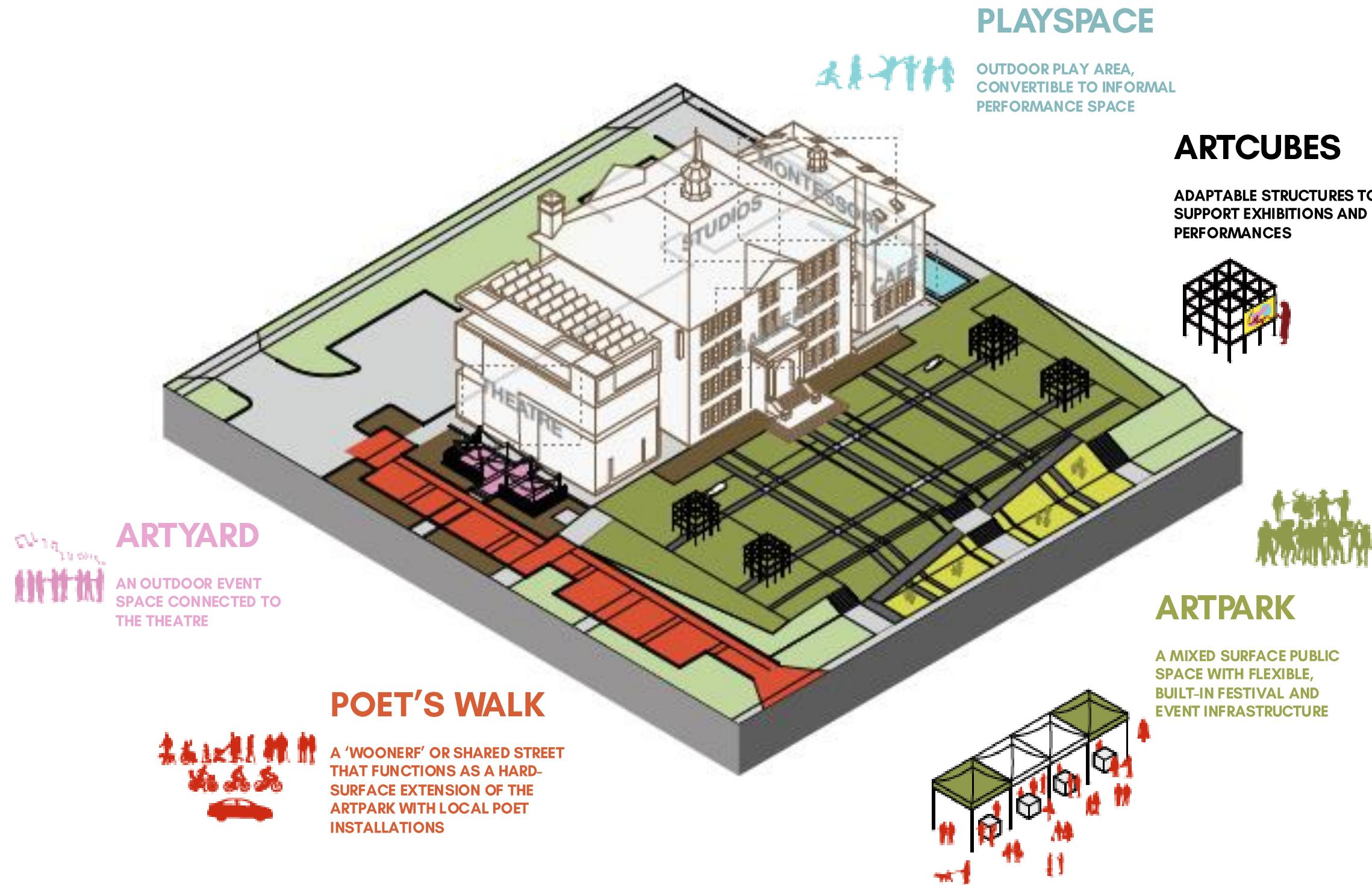


Shape the community experience and program of spaces while maximizing rentable space (long and short term)

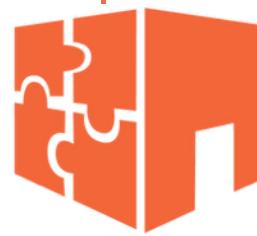


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Co-Create a Shared Vision

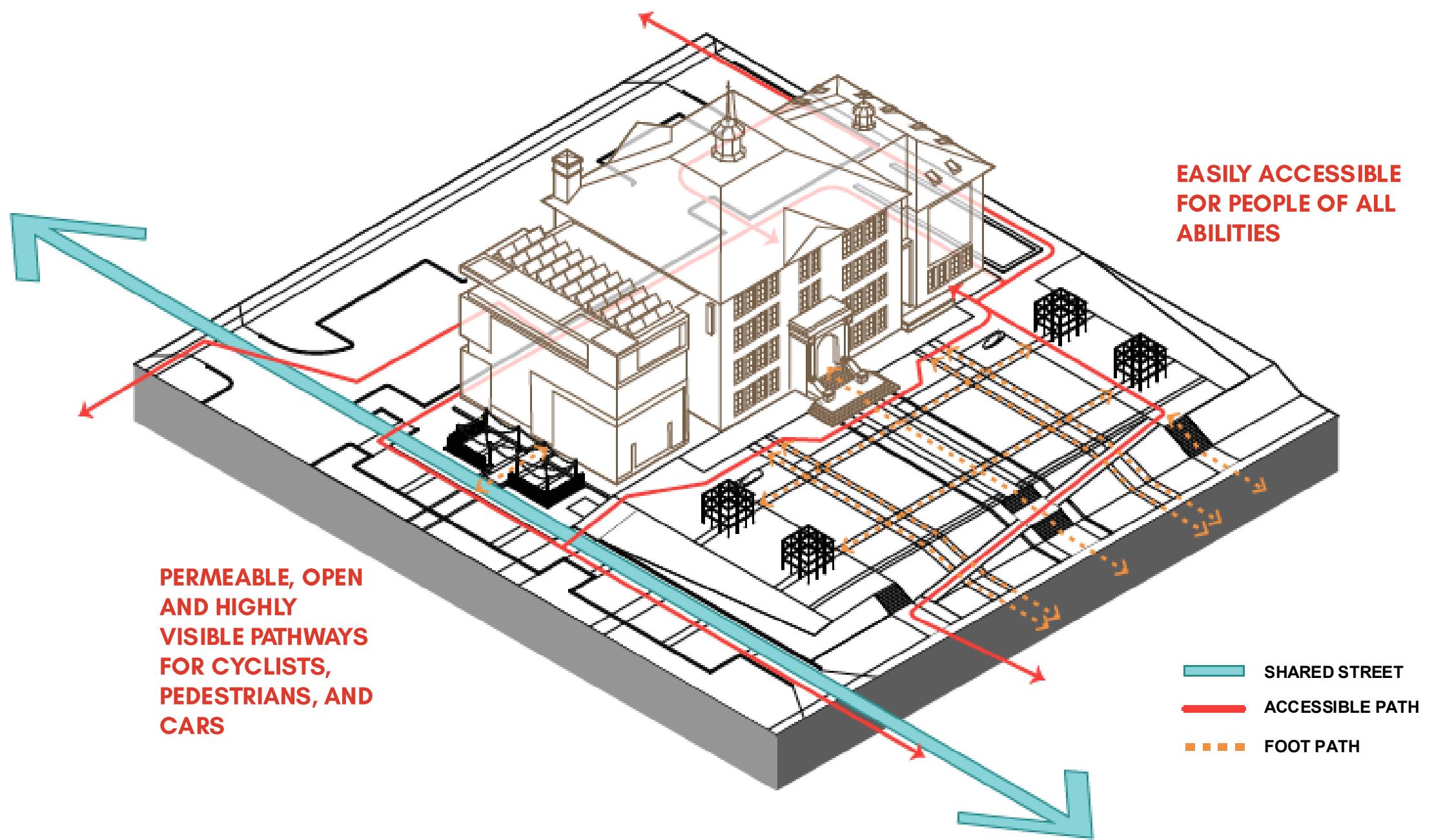


Amplify creativity throughout the public realm and extend opportunities for revenue generation



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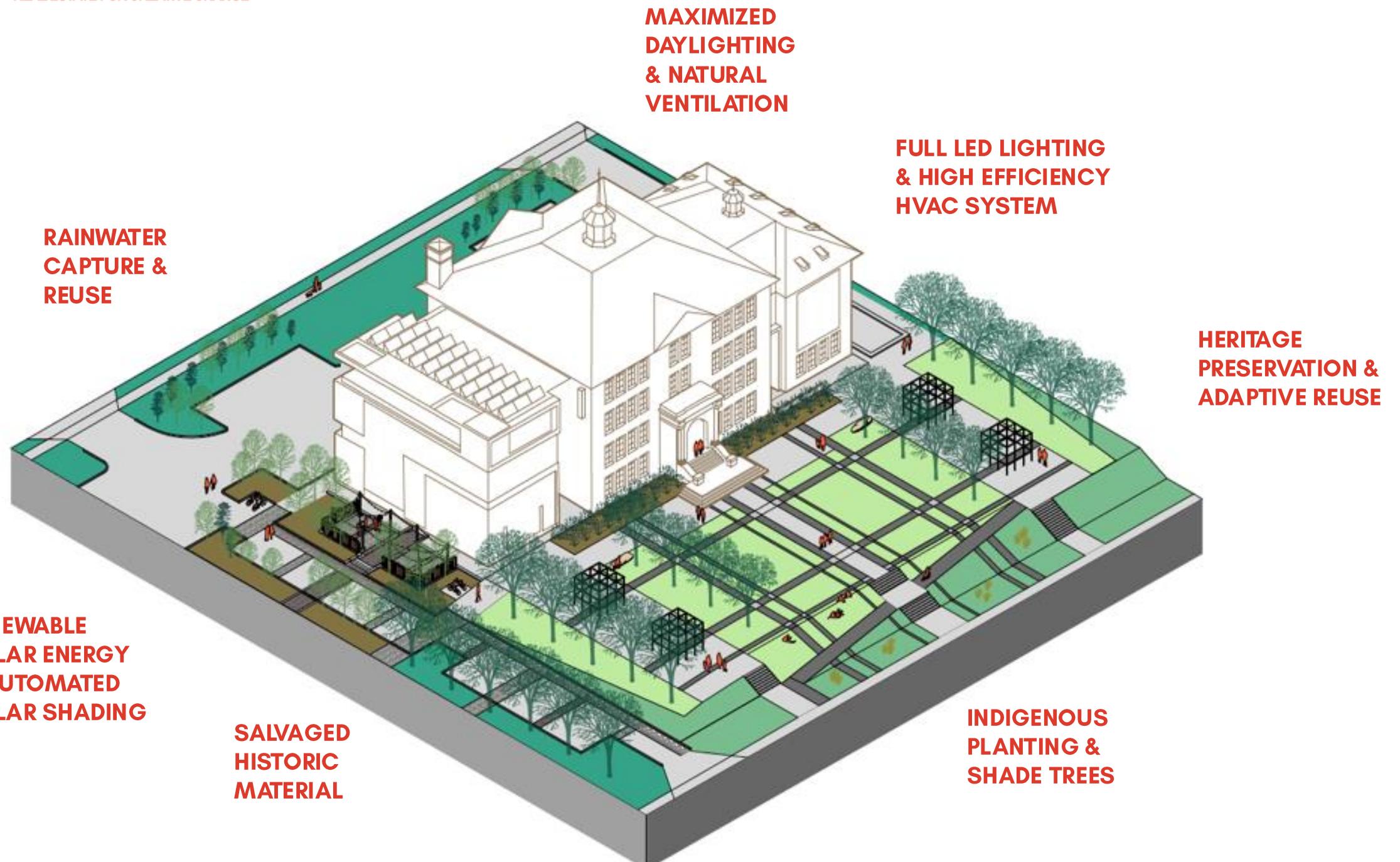


Ensure permeability, legibility and accessibility to serve all communities

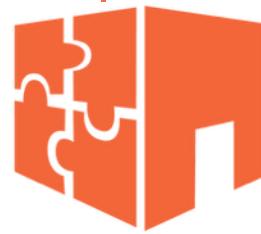


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Co-Create a Shared Vision



Integrate sustainable design as an upfront placemaking and operating investment

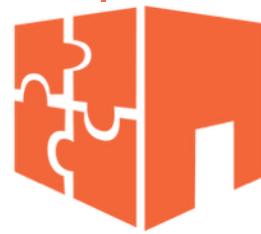


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Co-Create a Shared Vision



Facilitate an exchange of value with mission-aligned development partners



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Co-Create a Shared Vision



A transformed heritage asset with sustainability at its core

An inspiring place for empowering diverse creative communities

An inclusive gathering place and civic commons

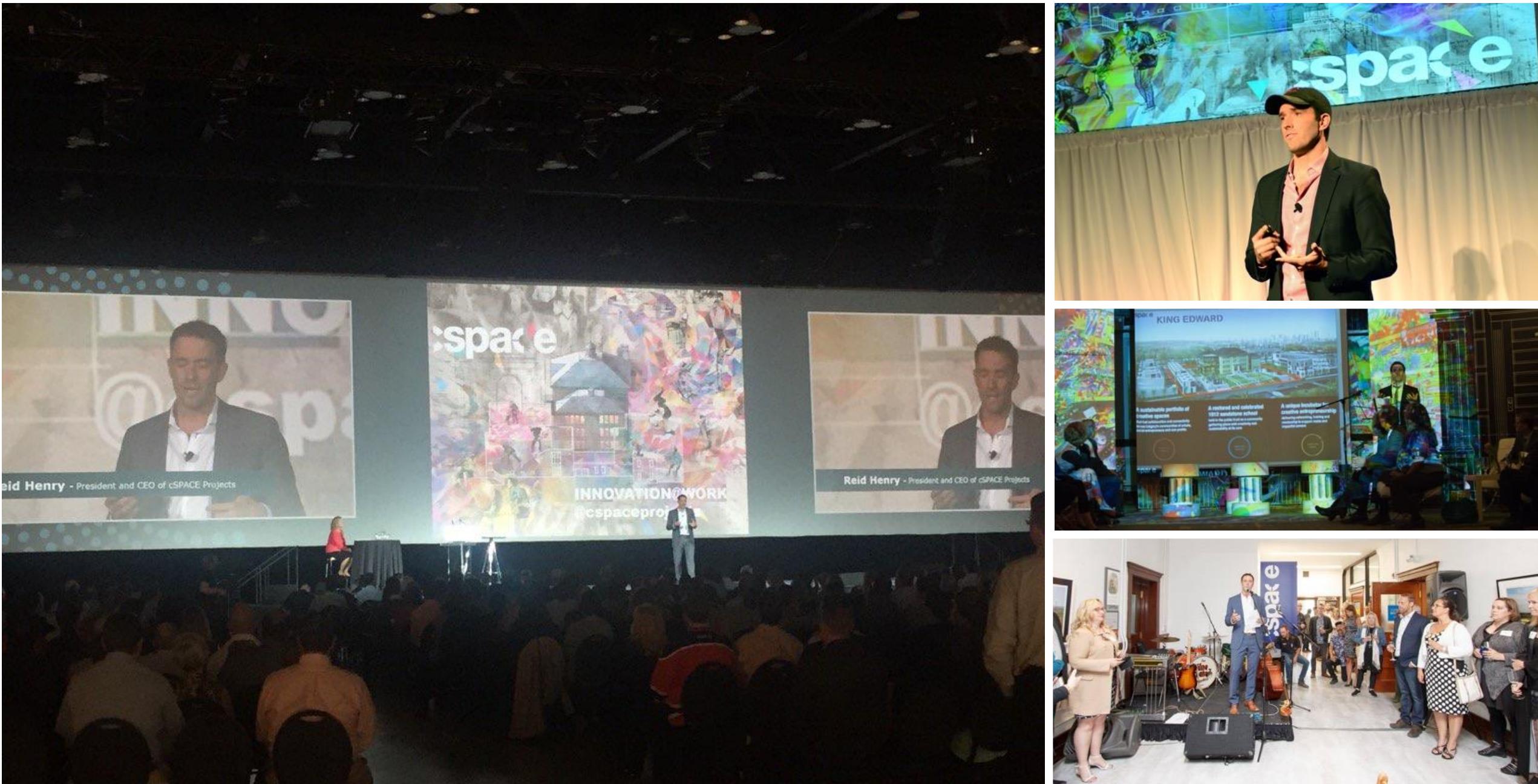
A collaborative model of land development

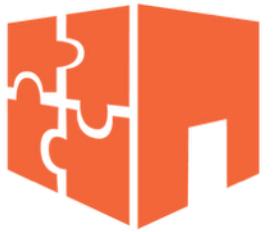
A viable social enterprise

A vibrant tourism asset, showcasing local talent



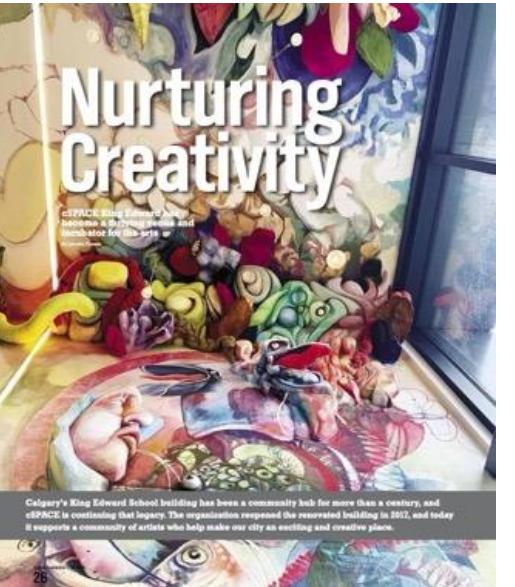
Connect People to Mission & Ideas





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Connect People to Mission & Ideas



New cSPACE King Edward artistic hub names 29 tenants

ERIC VOLMERS, CALGARY HERALD
More from Eric Volmers, Calgary Herald ([HTTP://CALGARYHERALD.COM/AUTHOR/EVOLMERS](http://CALGARYHERALD.COM/AUTHOR/EVOLMERS))

Published on: October 20, 2016 | Last Updated: October 20, 2016 5:07 PM MDT



Left to right: Michele Starmann, executive director of the Making Treaty 7 Cultural Society, Reid Henry president and CEO of cSpace Projects and Troy Emery Triggs, artistic director of the Making Treaty 7 Cultural Society at the renovated King Edward School in Calgary, Alta., on Thursday October 20, 2016. Mike Drew/Postmedia **MIKE DREW/POSTMEDIA**



Our Town: cSpace grand opening will be a show stopper

JACQUIE MOORE, SWERVE
More from Jacquie Moore, Swerve ([HTTP://CALGARYHERALD.COM/AUTHOR/JACQUIE-MOORE-SWERVE](http://CALGARYHERALD.COM/AUTHOR/JACQUIE-MOORE-SWERVE))

Published on: August 31, 2017 | Last Updated: August 31, 2017 4:00 AM MDT



The King Edward school has been transformed into cSpace, a non-profit, "social-purpose real estate initiative" **JASON DZIVER / SWERVE**

A dancer, an actor and a writer walk into a building...
and shows are choreographed, rehearsals proceed



Art, Nurtured

BY KYLEE PEDERSEN

On a sunny morning in Calgary, Brian "Bunny" Batista walks into his fourth-floor studio space. He puts his meals for the day in the fridge and turns on the sound system. He waters his orchids before setting up the drawing benches and easels around his studio.

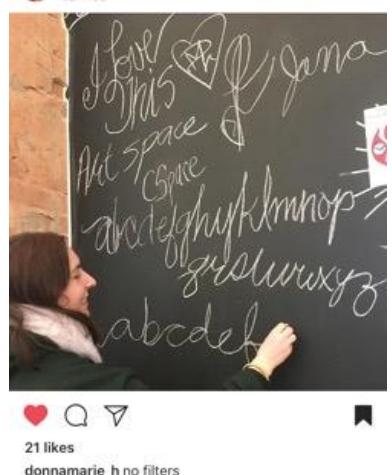
Three floors below on the main floor, Paula Timm waves hello to the baristas at Barrow Espresso, and stops to chat with her studio neighbours at Metro Design. When the Montessori school is in session, she prepares to be mobbed by a troupe of three-year-olds as she makes her way to her own studio space.

If you stood on 10th Avenue SW, in between the loping streets of 16th and 17th facing north, you could perhaps glimpse, through the tall rectangular windows of the building, the interior of the studio spaces of the tenants of cSPACE King Edward going about their morning routines. Inside, a set of classrooms, spaced out along high-ceilinged narrow hallways, which are filled with artists, performers, activists, crafters, writers, designers, teachers and baristas. Here, in what used to be King Edward School, Calgary's creatively inclined have been given a place to co-work, collaborate and appreciate the arts, whether performance, acrylic-based or of the latte variety.

cSPACE King Edward opened in 2017 as an experimental arts incubator and creative hub after extensive renovations that kept certain nostalgic



Connect People to Mission & Ideas





Purposefully Build Mission Momentum

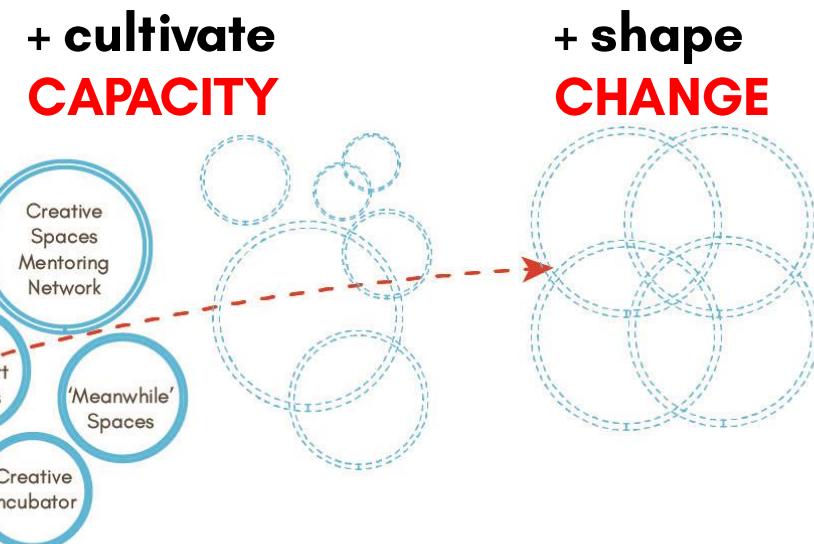
+ assemble
CREATIVITY



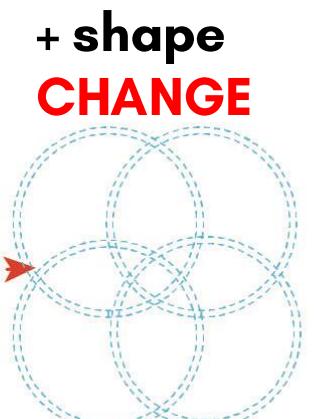
+ nurture
COMMUNITY



+ cultivate
CAPACITY

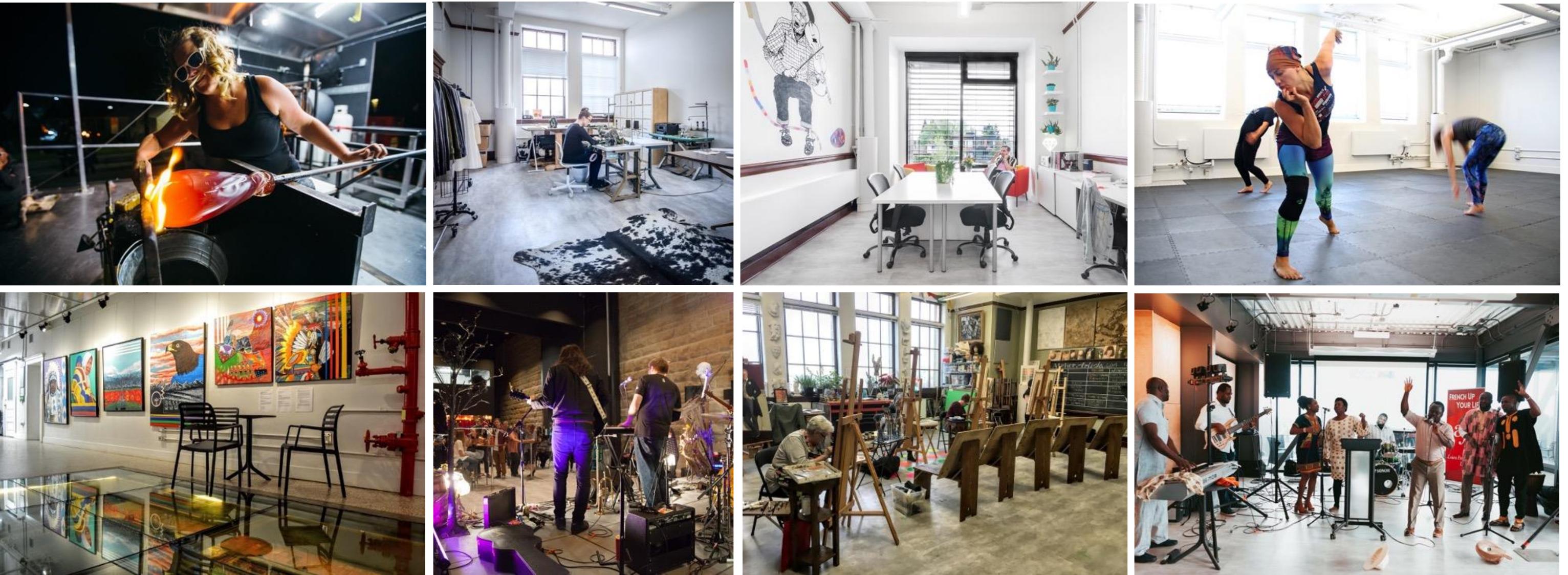


+ shape
CHANGE





Delivering Value: Creative Commons





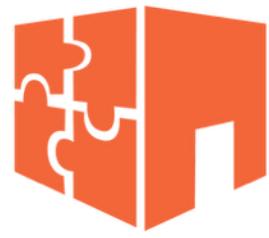
Delivering Value: Learning Commons





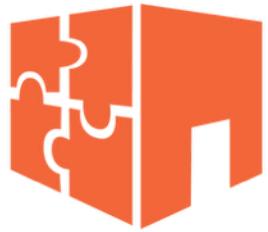
Delivering Value: Community Commons





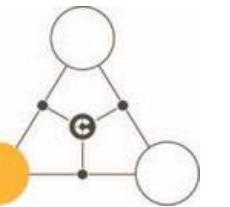
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4. The Capacity 'Block'



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Capacity 'Block'



Key Delivery Partners:

Who are our key
partners &
suppliers?

Which resources are
we acquiring vs
inhouse?

Which key activities
do partners
perform?

Key Activities

Which core
activities do our
value propositions
require?

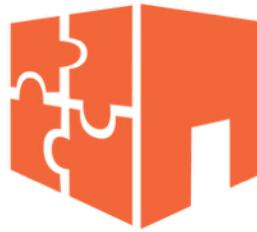
Key Resources:

Which resources
do our value
propositions
require?



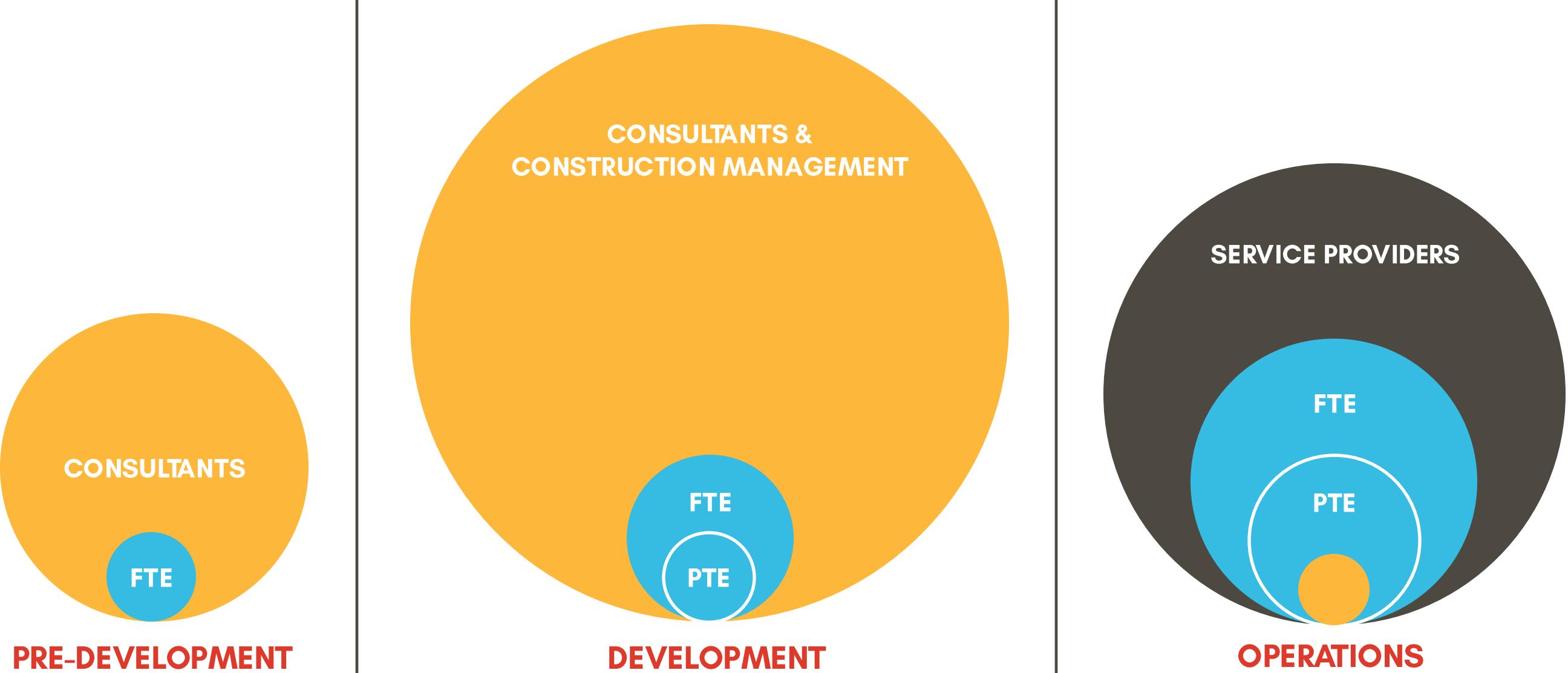
Plan for Impact of Major Transitions



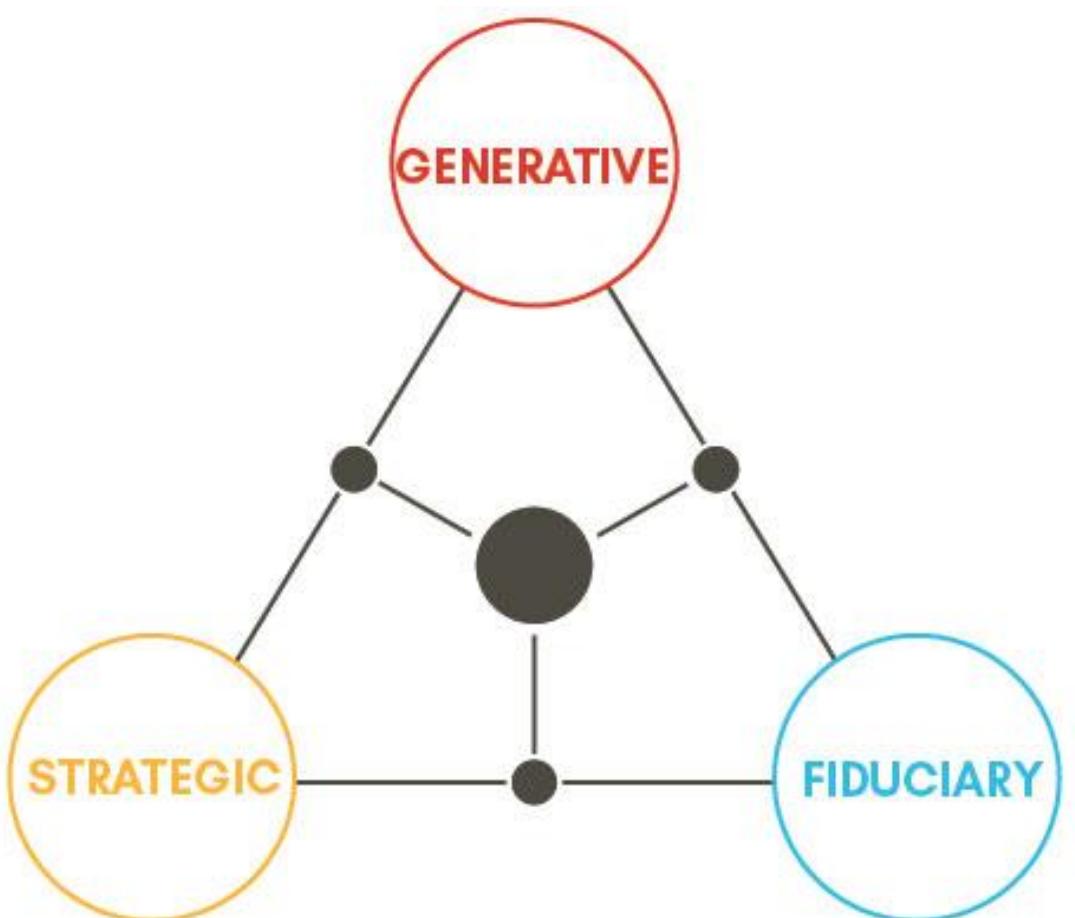


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Build Capacity Through the Stages of Development



Shape Governance Modes to the Development Stage

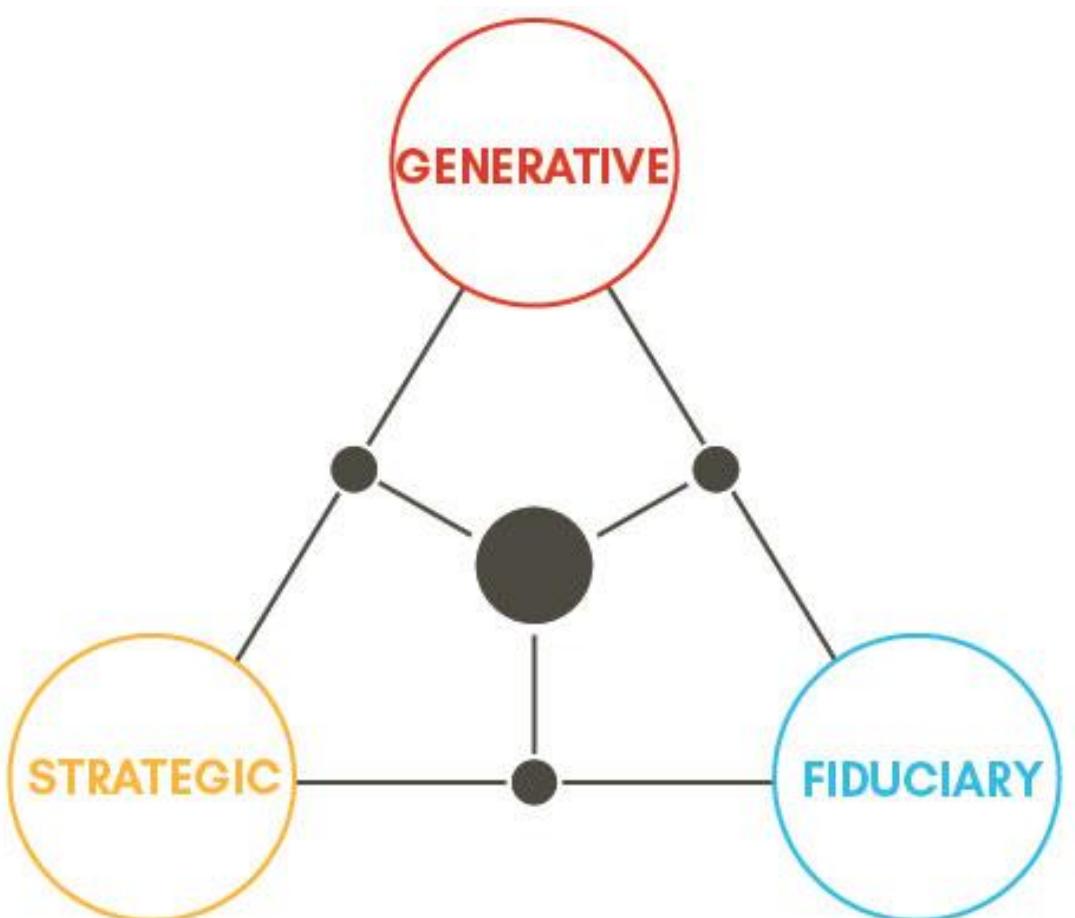


Generative mode:

- **Primary Role:** 'Sensemaker'
- **Central Purpose:** Source of leadership for the organization
- **Board Provision:** Insight
- **Core Work:** Reconcile value propositions, manage accountability, discern and frame adaptive issues, think collectively, make sense of circumstances
- **Source of Power:** Ideas
- **CEO-Board Relationship:** Think tank peers
- **Key Question:** What's the key question?
- **Problems are to be:** Framed

*Adapted from "Governance as Leadership", Boardsource

Shape Governance Modes to the Development Stage

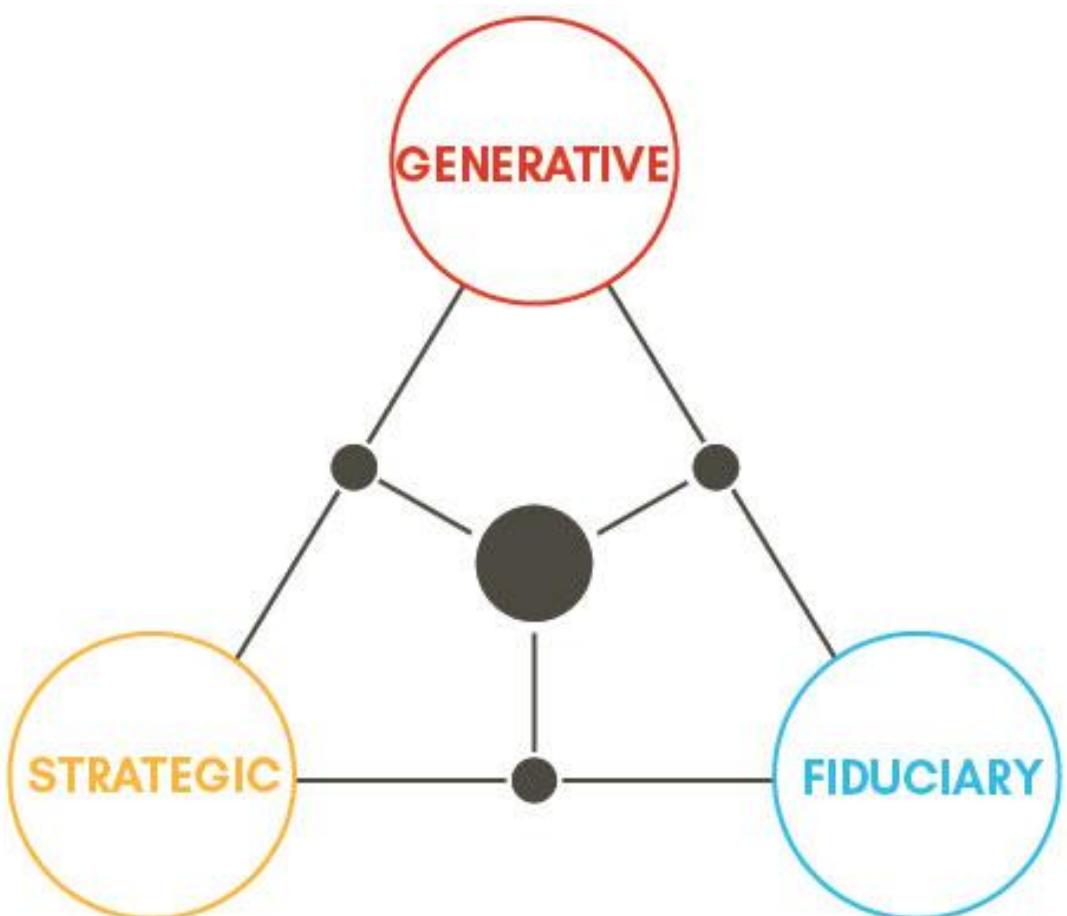


Strategic mode:

- **Primary Role:** 'Strategist'
- **Central Purpose:** Partnership with Management
- **Board Provision:** Foresight
- **Core Work:** Analytical, shape strategy, review performance
- **Source of Power:** Expertise
- **CEO-Board Relationship:** Strategic alliance
- **Key Question:** What's the plan?
- **Problems are to be:** Solved

*Adapted from "Governance as Leadership", Boardsource

Shape Governance Modes to the Development Stage



Fiduciary mode:

- **Primary Role:** 'Sentinel'
- **Central Purpose:** Stewardship of assets
- **Board Provision:** Oversight
- **Core Work:** Technical, oversee operations, ensure accountability, select and assess CEO, ratify policy
- **Source of Power:** Formal authority, relationship with CEO
- **CEO-Board Relationship:** Hub and spoke
- **Key Question:** What's wrong?
- **Problems are to be:** Spotted

*Adapted from "Governance as Leadership", Boardsource

Cultivate Capacity Through Strategic Partnerships

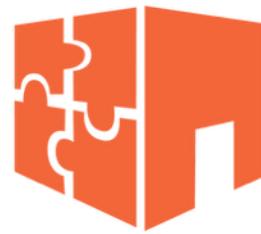


Architecture of Program Delivery

- Deliver incubation programming directly
- Curate through tenant capabilities:
 - non-profit leadership training
 - access to project financing
 - industry workshops and training
 - 'Hub' of hubs
 - Post-secondary continuing education !!
- Leverage space to sponsor mission-aligned external programming partnerships:
 - Creative sector workshops, festivals and conferences
 - Monthly speaker series and networking

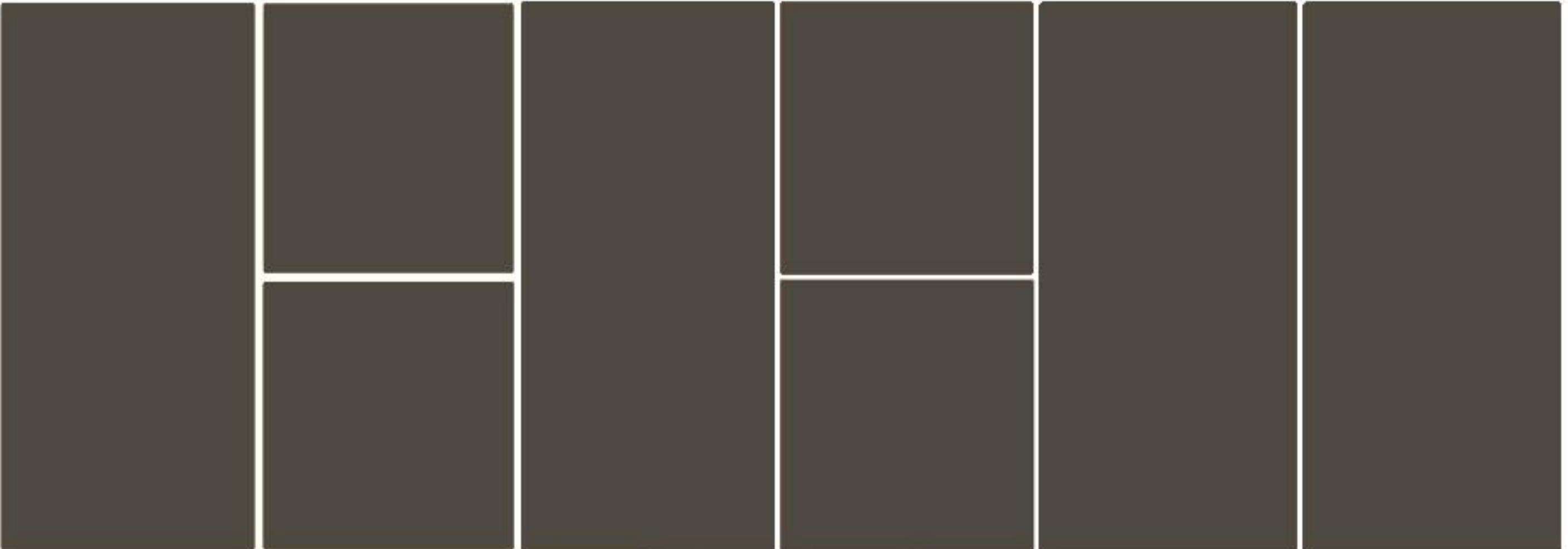
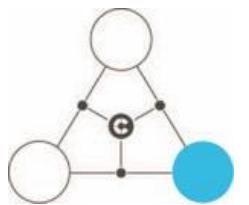


5. The Capital 'Block'



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Capital 'Block'



Costs:

What variable and fixed expenses are driving our business model?

What Key Resources and Activities are most cost intensive?

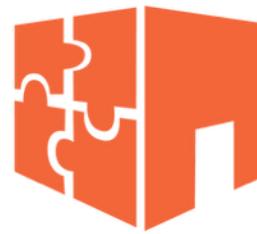
Capital

How will the model generate sufficient capital (facilities, risk, working and reserves)?

Revenue:

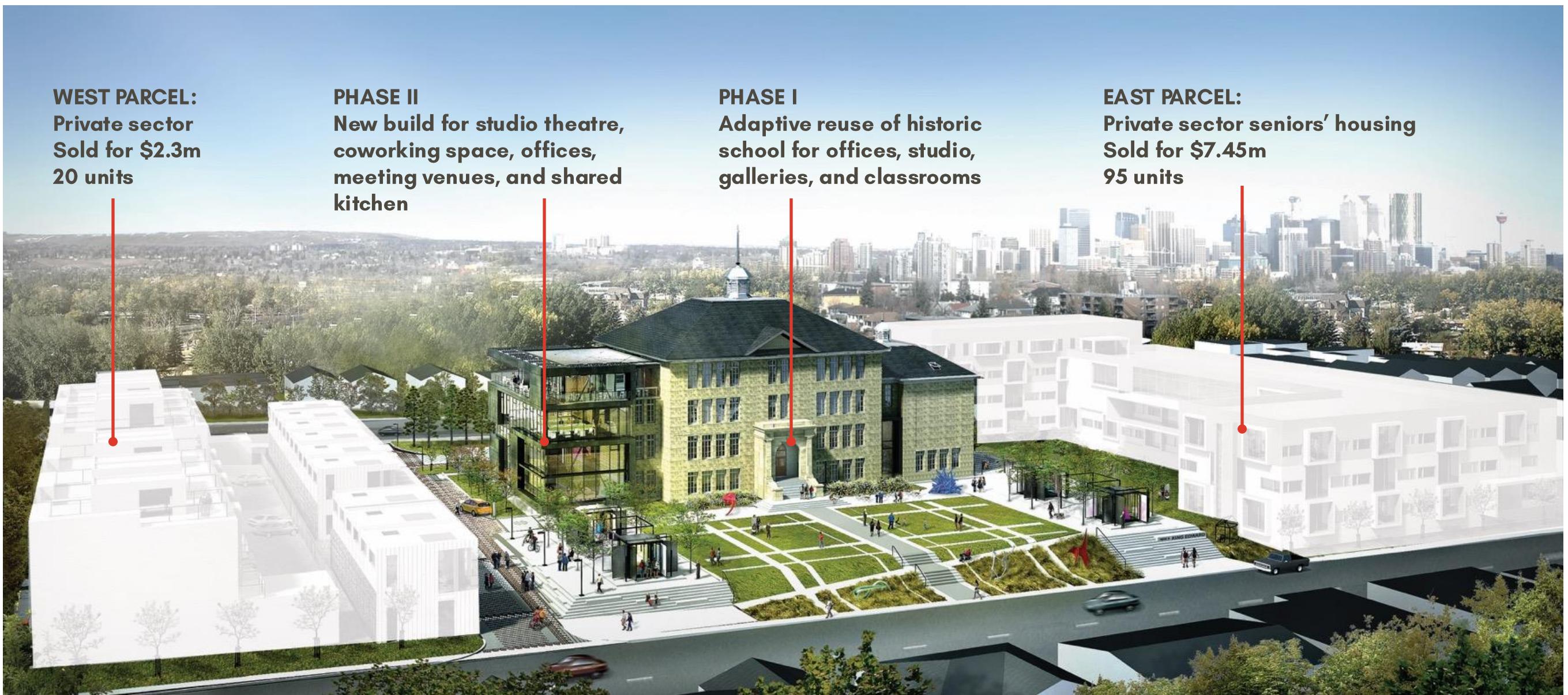
What financial value are co-creators truly willing to return or contribute?

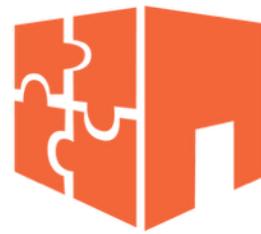
What are the dominant revenue sources and how reliable are they?



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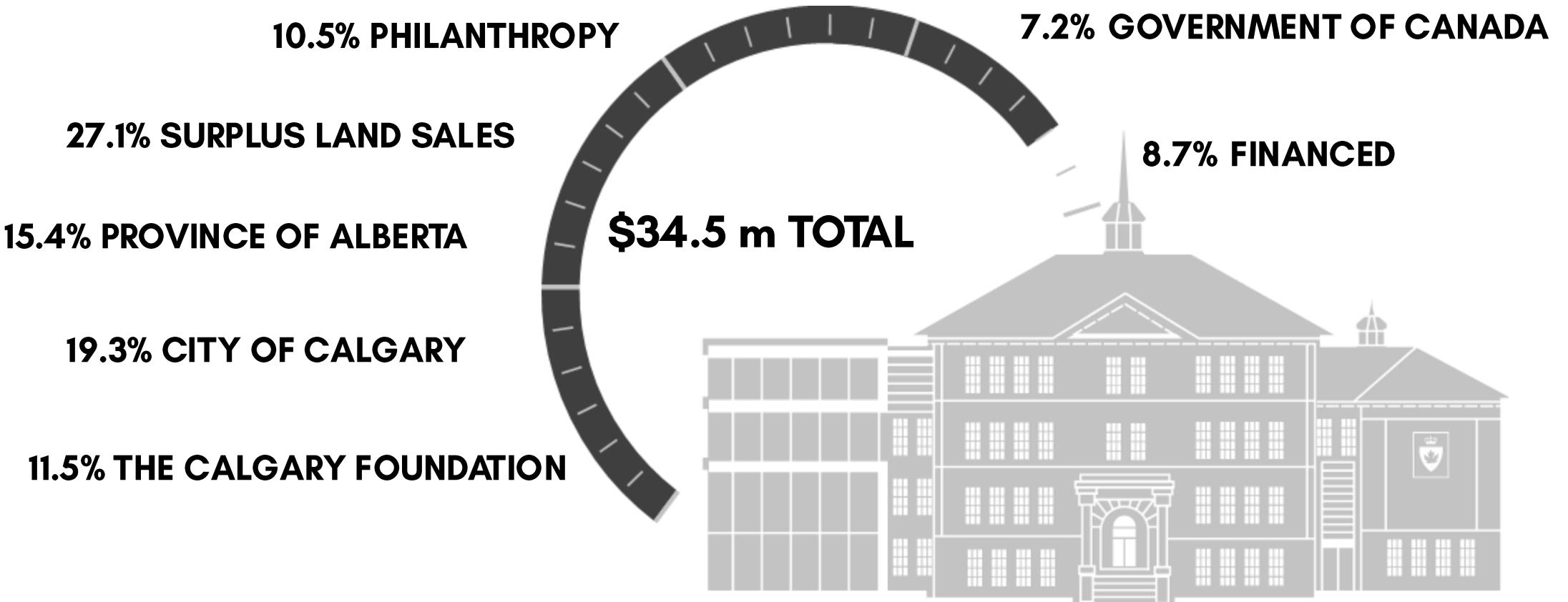
Build Momentum Through the Capital Stack

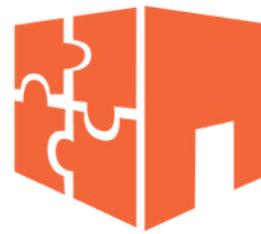




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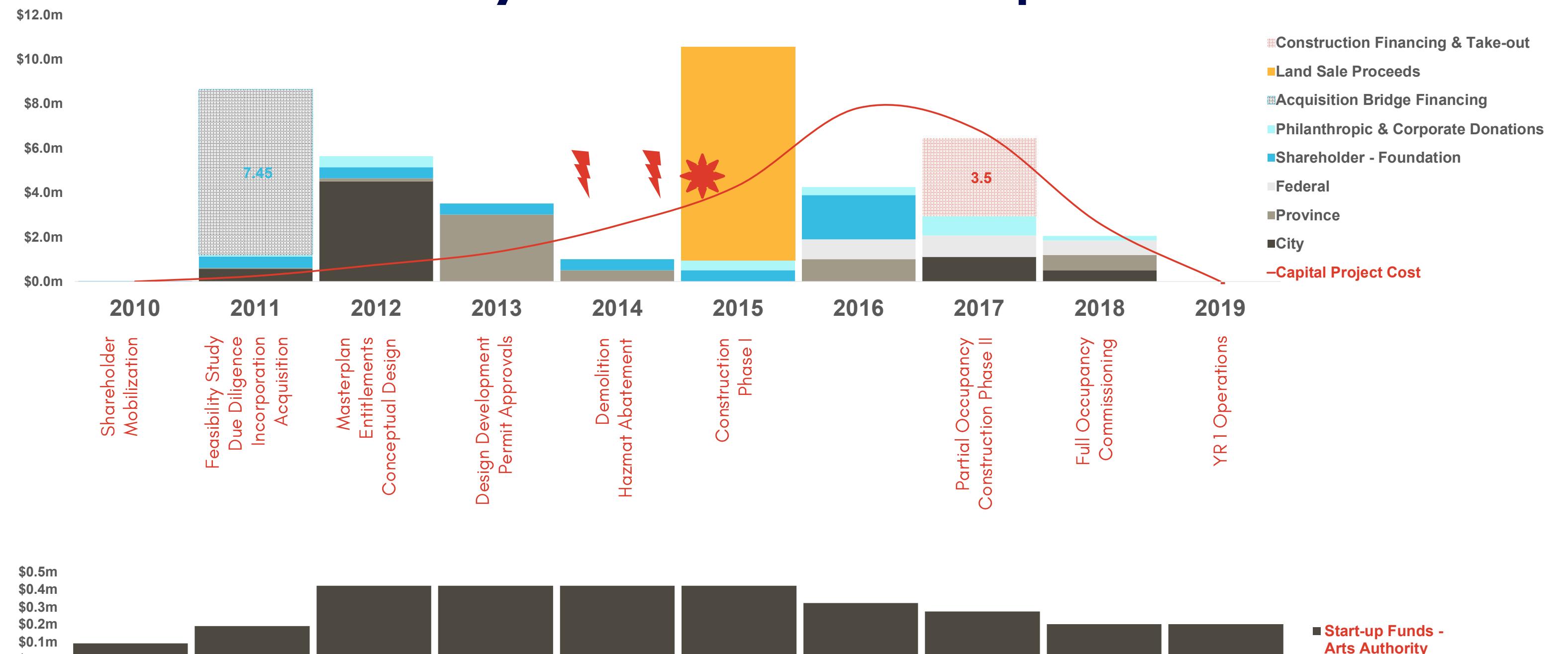
Build Momentum Through the Capital Stack

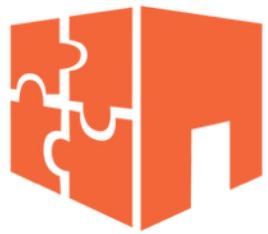




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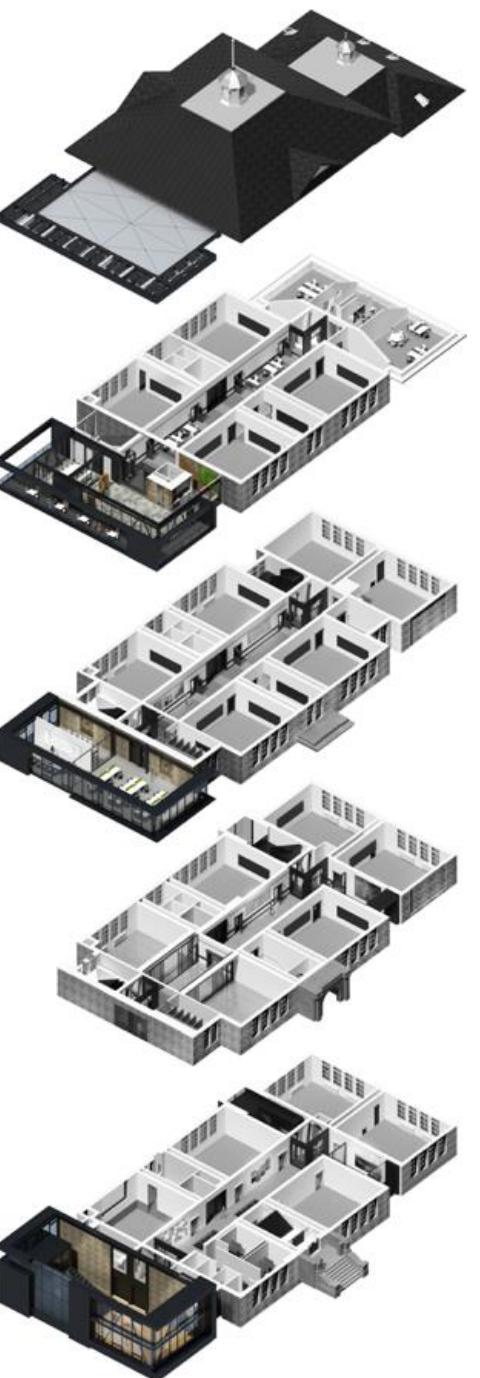
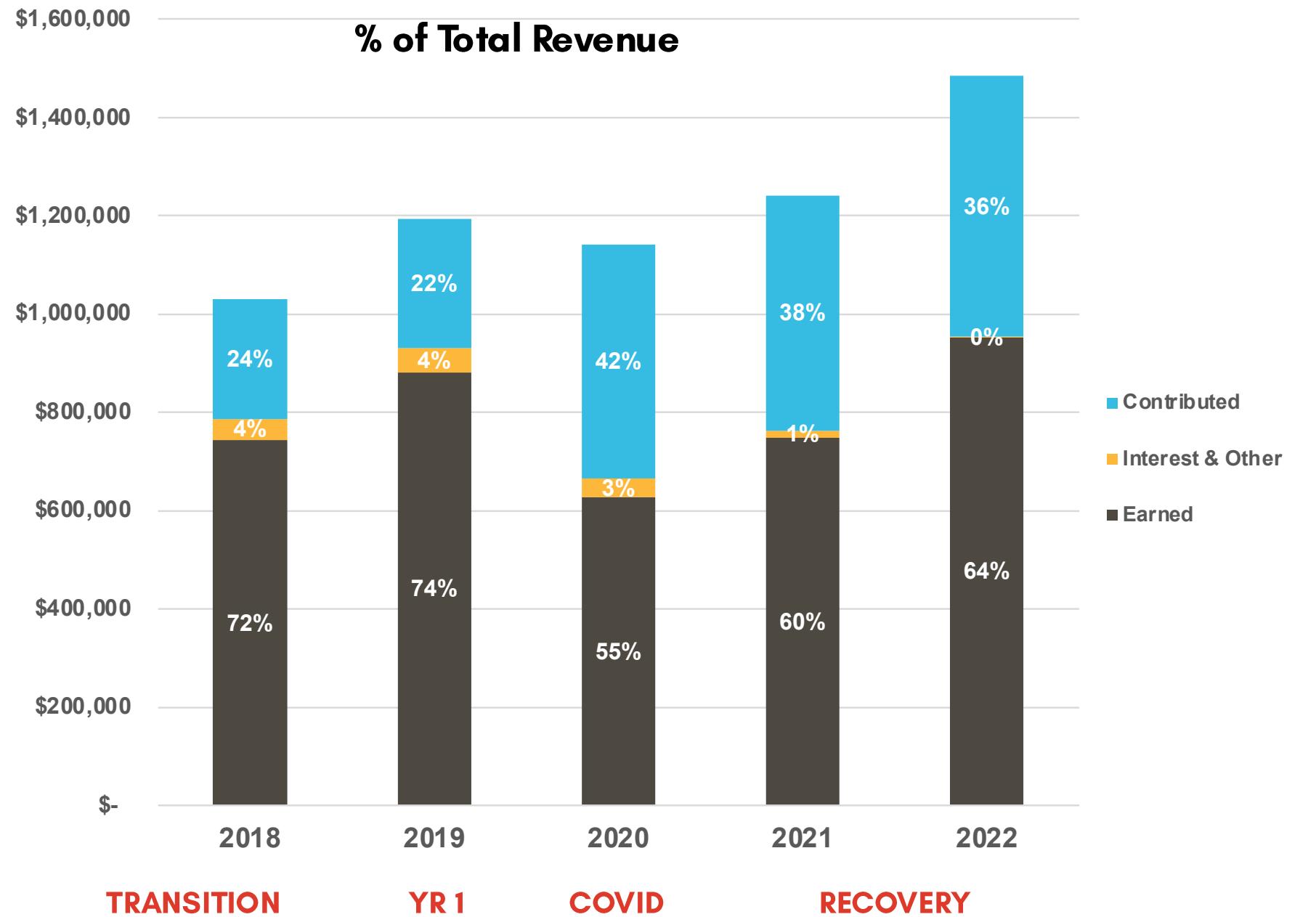
Enable Adaptability Through Key Partnerships



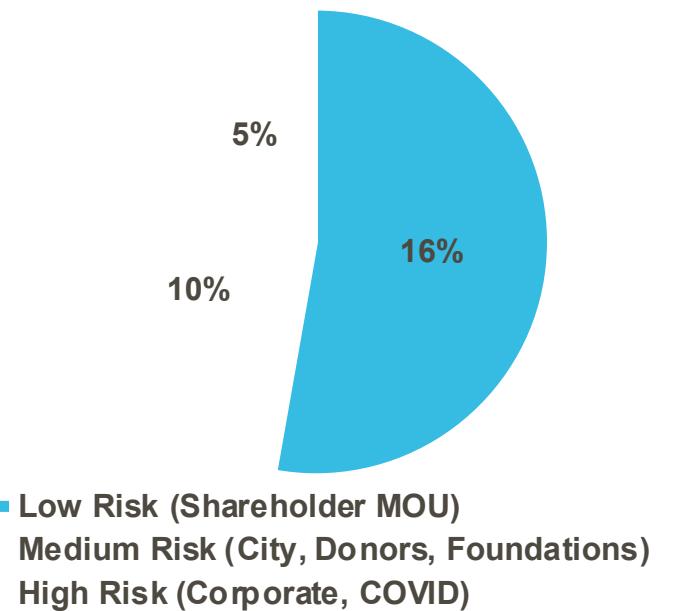


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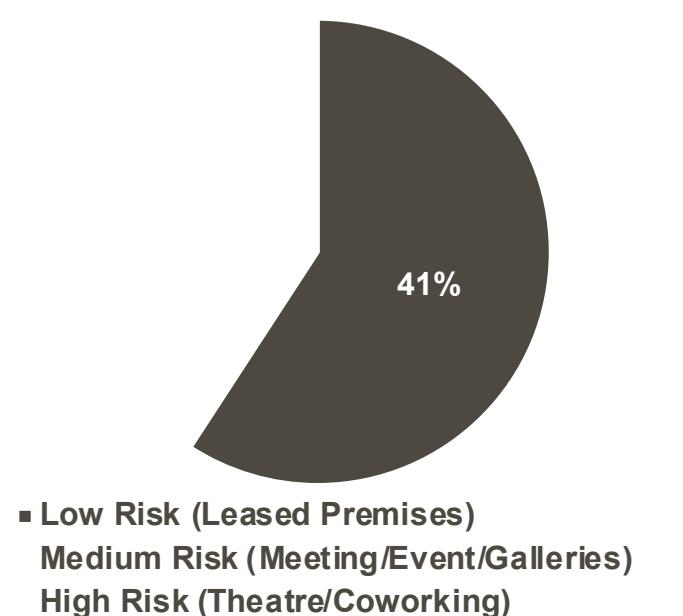
Diversify Revenue & Drive to Scale



% of Total Contributed Revenue



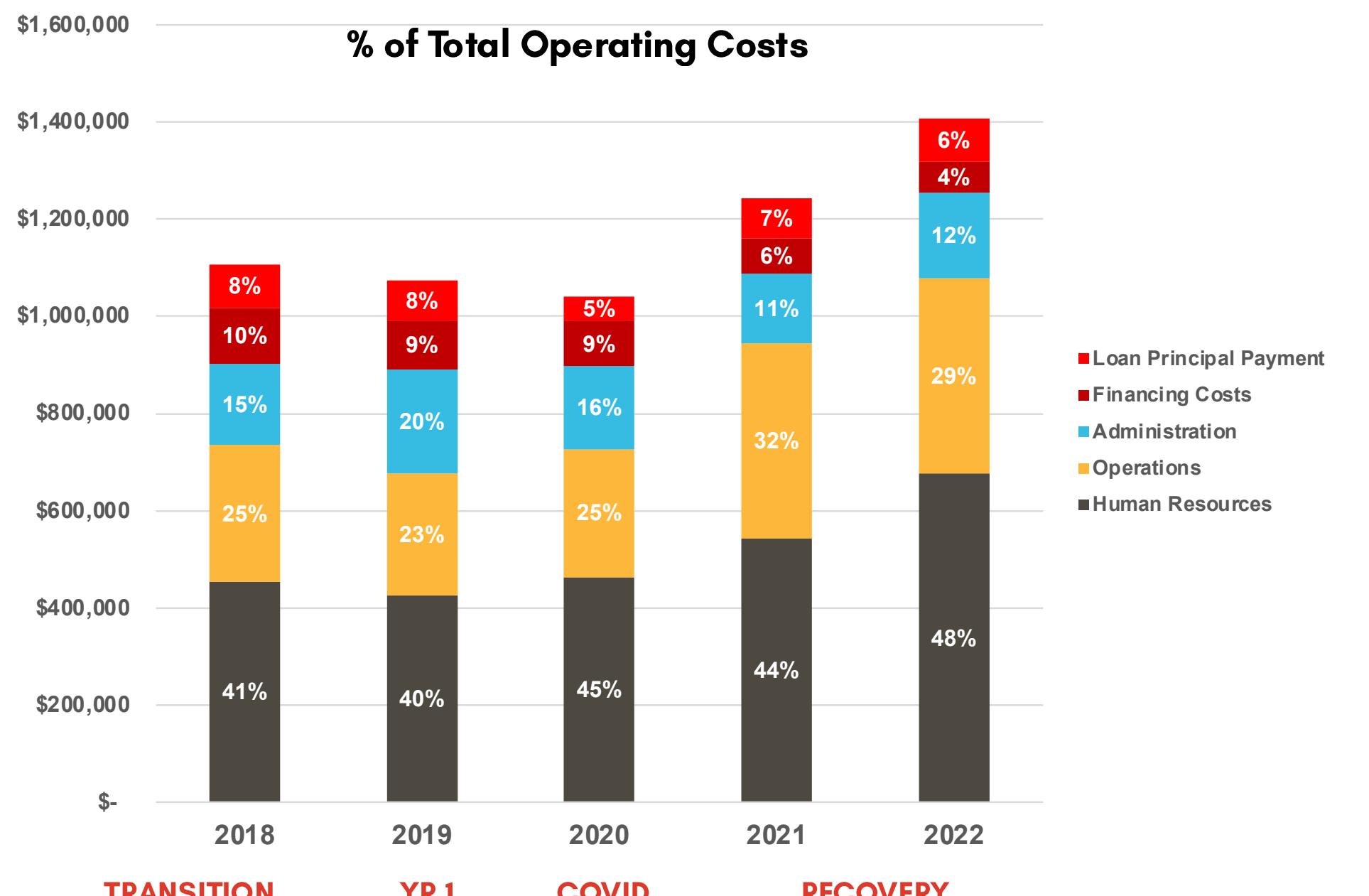
% of Total Earned Revenue





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REAL ESTATE FOR CREATIVE CHANGE

Micro-Manage Operational Drivers & Risks



Key OpEx levers:

- Staff capacity, expertise & wellness
- Cost of debt
- Building energy use management
- Procurement strategies
- Technology – event software, BMS, renewable energy

Identify & Monitor Key Risks

Value propositions:

- Limited leveraging of multiple sectors
- Donors not compelled to participate
- Perception that cSPACE does not provide added value compared to other market opportunities for space
- Lack of partnership opportunities explored with the development industry
- Local resident support for cSPACE declines
- Limited understanding of partnership value by post-secondary institutions

Channels & Relationships:

- Awareness among donor market insufficient to achieve final fundraising target
- Social media engagement is limited
- Awareness and uptake of rental venues is low
- Media interest is limited

Key Partnerships & Resources:

- City Council support declines
- Shareholder support diminishes
- Lack of community partnerships' potential
- cSPACE team lacks expertise in key areas

Co-Creators:

- Insufficient sponsor engagement
- Various levels of government not compelled to participate in projects
- Priority needs of the cultural/creative sector are not being met sufficiently

Cost & Revenue Structure:

- Cost escalation outpaces revenue
- Insufficient revenue exists to cover capital budget of projects
- Insufficient revenue exists to cover core operating costs



4. cSPACE's Canvas

Mission, Capacity & Capital



Contact

Reid Henry, Consultant

201.615.8256

reidhenryco@gmail.com