

SPRE Collaborative

Planning for Space

February 24, 2017

Scott Hughes – Capacity Build Consulting



The Planning Process

1. Clarify organizational strategy
2. Assess current space usage
3. Record current occupancy costs
4. Define future space requirements
5. Revenue generation and co-location
6. Mapping future space needs
7. Budget forecasting
8. Learning the “language”



Clarify Organizational Strategy

- ▶ be clear on organizational direction – mission, vision, 5 year plan
- ▶ resist letting the “shiny bauble” of what you could create drive strategy
- ▶ avoid letting real estate take on a life of its own or derailing the core activities of the organization
- ▶ properly resource the work on real estate assessment and planning

Assess Current Space Usage

What do we have/use now

- how many rooms
- what size are they (take measurements)
- what are the traffic flows
- what things need to be close together – functionality
- how busy are all the spaces (do booking calendar analysis)
- on-site vs off-site spaces
- core lease/owned space vs ad hoc rental

	# of staff	# of rooms	sf/room	total sq ft	Comments
Reception/entrance	1	1	700	700	includes small seating/coffee area individual offices for a key management staff
Private Office	8	8	200	1600	
Shared Office	8	4	150	600	admin support offices - additional space is needed
Dedicated Workstations				0	
Shared Workstations				0	
Program Space				0	no programming happens at this admin office
Therapy Rooms				0	
Boardroom		1	650	650	
Meeting Room				0	
Resource Centre				0	
Multi-purpose room copy/printing		1	200	200	
Community Kitchen				0	
Staff Kitchen		1	280	280	
Staff Area				0	
Washrooms		2	200	400	
Storage		1	50	50	
IT/Network Room				0	
Circulation Space				1150	circulation within own unit 25%
Existing Space Totals				5,630	

Assess Current Space Usage

How functional is our current space

- kitchen table as office
- cramped spaces
- washrooms outside or through someone else's office
- things stored in every corner making it hard to move around
- access hours/timing
- location – transit access
- accessibility – mobility related – stairs, narrow or awkward entrances
- repair/maintenance history
- building systems effectiveness (too hot, too cold, electrical outages, no plumbing access, leaky roof)
- parking

Assess Current Space Usage

What programming changes will there be in the next 5 – 10 years

- crystal ball exercise
- develop the best forecast possible based on current knowledge
- what does this mean for number of staff (workstations)
- size of groups that participate
- access hours

Record Current Occupancy Costs

Be very clear on ALL of the costs you are incurring to have access to and operate existing spaces

- a key component is base rent
- quoted as a price per sq ft per year
- often called triple net
- a triple net lease (triple-Net or NNN) is a lease agreement on a property where the tenant agrees to pay all real estate taxes, building insurance, and maintenance (the three "nets") on the property in addition to any normal fees that are expected under the agreement (rent, utilities, etc.)

Record Current Occupancy Costs

Understand additional rents and what is included

- these are the expenses that the landlord pays for the whole building and are not measured specifically for the space you occupy:
 - utilities – hydro, water/sewer, gas
 - building services – garbage, snow removal
 - building insurance
 - property taxes
 - maintenance costs (does not usually include building structure, roof, etc)
 - security
 - fire protection
- many of these costs are included in a strata fee if you occupy a strata unit within a larger building

Occupancy Costs		
	Base rent	
	Additional rent	
	Utilities	
	Gas	
	Electricity	
	Water/sewer	
	Insurance	
	Administration	
	Services - Garbage/Snow removal	
	Security/ Access system	
	Fire protection	
	HVAC & Heating	
	Property Taxes	
	Building Repair & Maintenance	
	Systems Repair & Maintenance	
	Janitorial	
	Landscaping	
	Elevator maintenance	
	Parking	
	Building Mangement Fees	
	Replacement Reserve	
	TOTAL	\$0



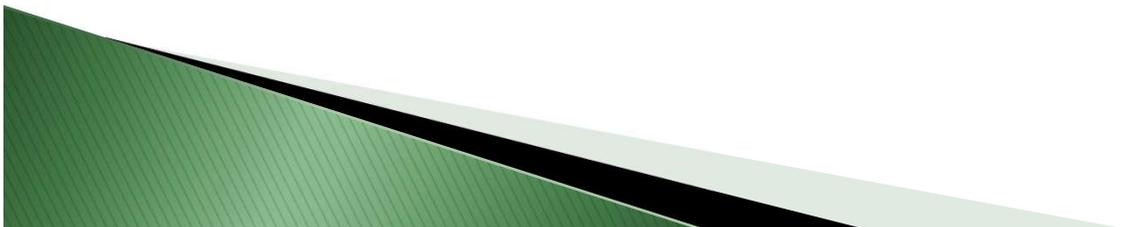
Record Current Occupancy Costs

Other costs of using the space (not paid through the landlord)

- telephone services
- shredding/office services
- internet connection
- contents and tenant insurance
- liability insurance

Define Future Space Requirements

- ▶ room sizes
- ▶ number of rooms
- ▶ activities to occur in each space
- ▶ clarifying proximity needs
- ▶ degree of flexibility needed in the spaces
- ▶ how much of the time you need each space



Example

The primary dance rehearsal space was defined to meet the following broad characteristics:

- ▶ approximately 600 – 800 sq ft
- ▶ fairly regular dimensions
- ▶ good lighting with day light as much as possible
- ▶ good ceiling height – 12 ft ideal
- ▶ no pillars
- ▶ sprung hardwood floor
- ▶ marley covering on floor surface
- ▶ sufficient head room for a lighting structure to be suspended for theatrical lighting
- ▶ electrical to support
 - sound system
 - additional lighting

Define Future Space Requirements

Look at other spaces to get a better sense of what will work

- get a feel for how big 350 sq ft is
- what does the lighting affect do
- how many people fit in a 800 sq ft room – seated, standing
- what impact does noise or traffic flow have on productive or confidential work areas





"We are stronger together, and it is by working together and working toward what we hold in common to be that we will be able to find the solutions we need for a more effective world."
- Jay Byrnes





Revenue Generation

Adding a revenue component to space acquisition

- obtain more space than you currently need
- near term rental of facilities
- room for future expansion
- market rent for a smaller portion of the space can offset total occupancy costs

What to do with spaces that are not used all the time

- space sharing
- rental income opportunities
 - who will run this part of the operation
 - regular vs ad hoc renters
- only pay for these spaces as needed (temporary rental)
- hot desk opportunities

Co-location

- always exciting
- seems like the perfect solution
- takes a lot of upfront planning and ongoing administration
- individual partner space assessments (steps defined previously)
- aggregate the total space needs
- then jointly decide what elements can be reduced
- need to have arrangements well documented

Learning the Language

Adopt some of the language of the real estate world – really helps the conversations

- functional program – architect speak for how the rooms are laid out (nothing to do with your social programs and community programming and services)
- know your total sq ft requirement
- know what you can afford in base rent (quoted by the sq ft annually)
- and what you would expect for additional rent (quoted by the sq ft annually)
- might look like \$18/sq ft triple net plus \$8.05 additional rents
- shared space sometimes quoted as \$1.50 per foot – all in
 - this rate is monthly
 - be very clear on what is included in the "all" in

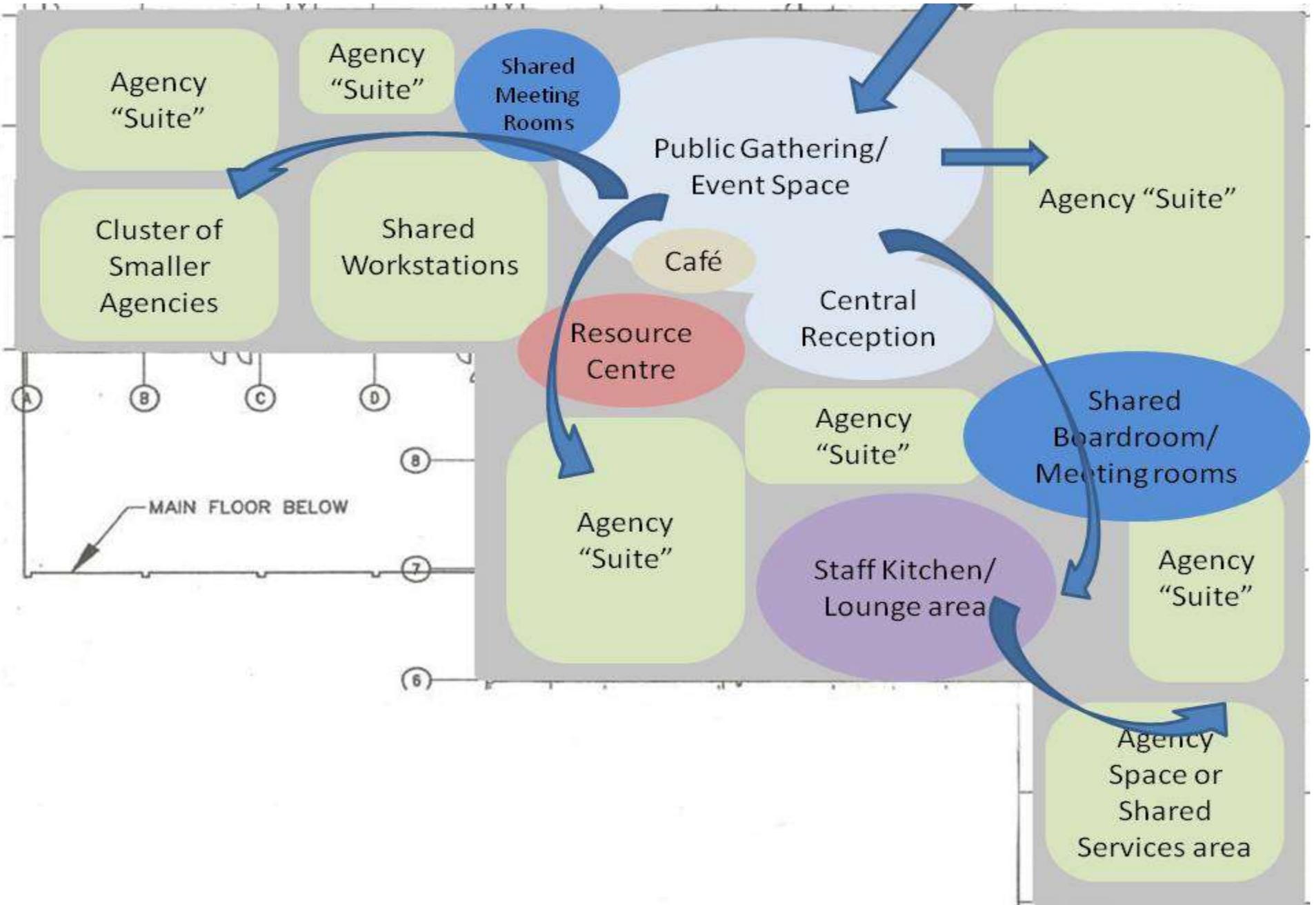
Learning the Language

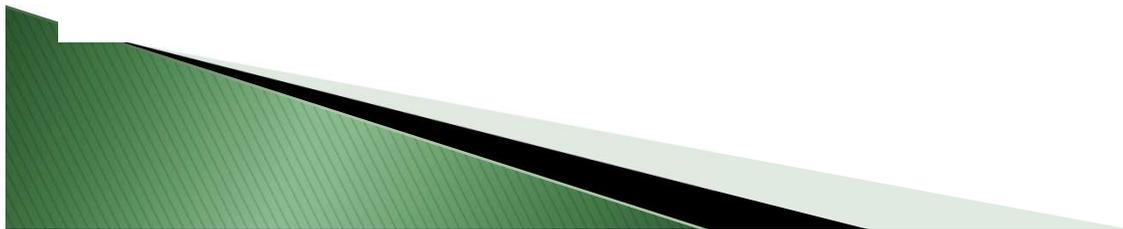
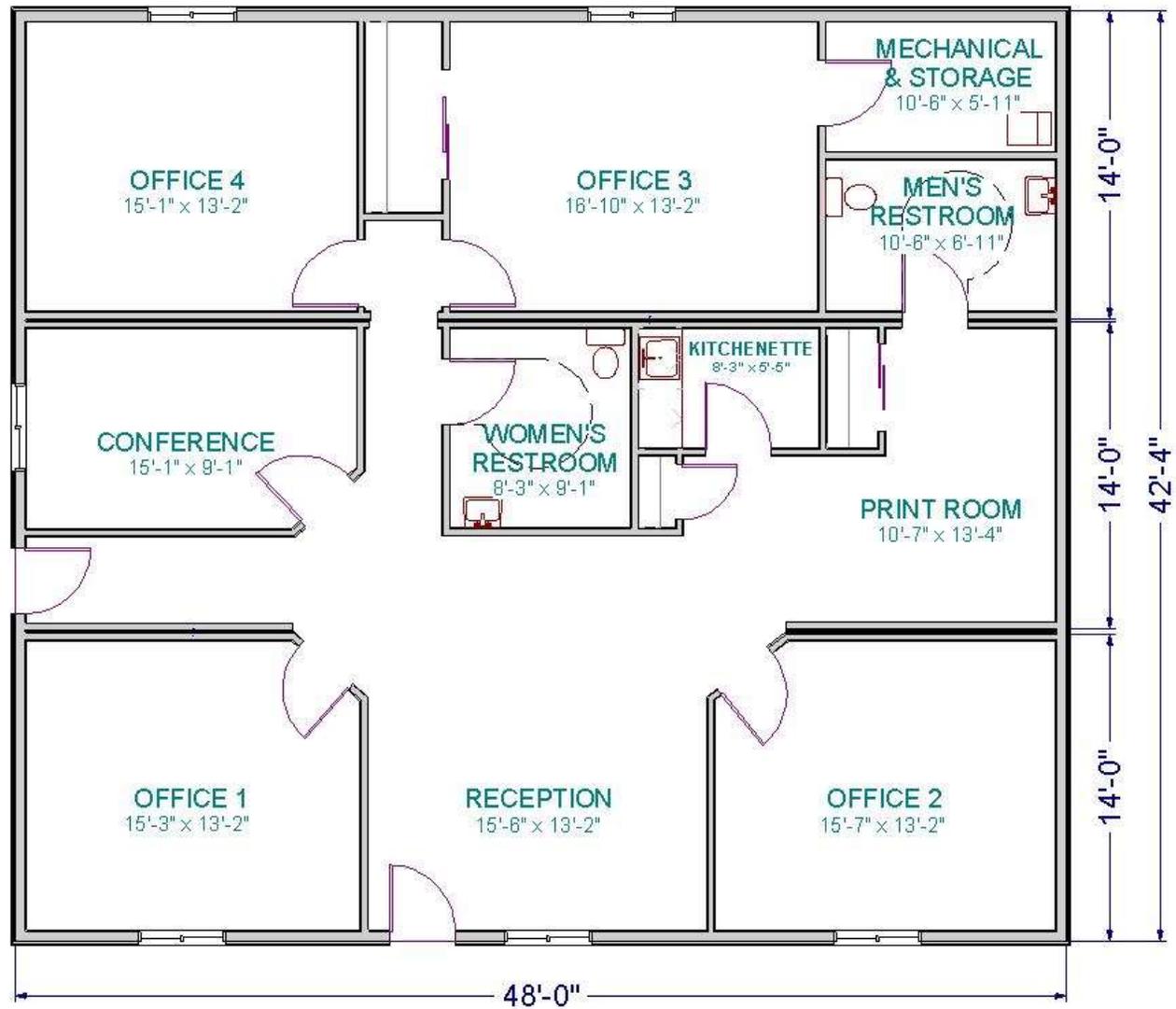
- TI's – Tenant Improvements
 - interior renovations to alter the space to suit your specific needs
 - often paid by the tenant
 - sometimes an amount towards this is offered by the landlord as an incentive to encourage you to sign up
 - the base rent may be different depending on the TI offer
- tenanting period
 - may be a period of one or more months once you get access during which you don't pay base rent while you complete tenant improvement work

Mapping Future Space Needs

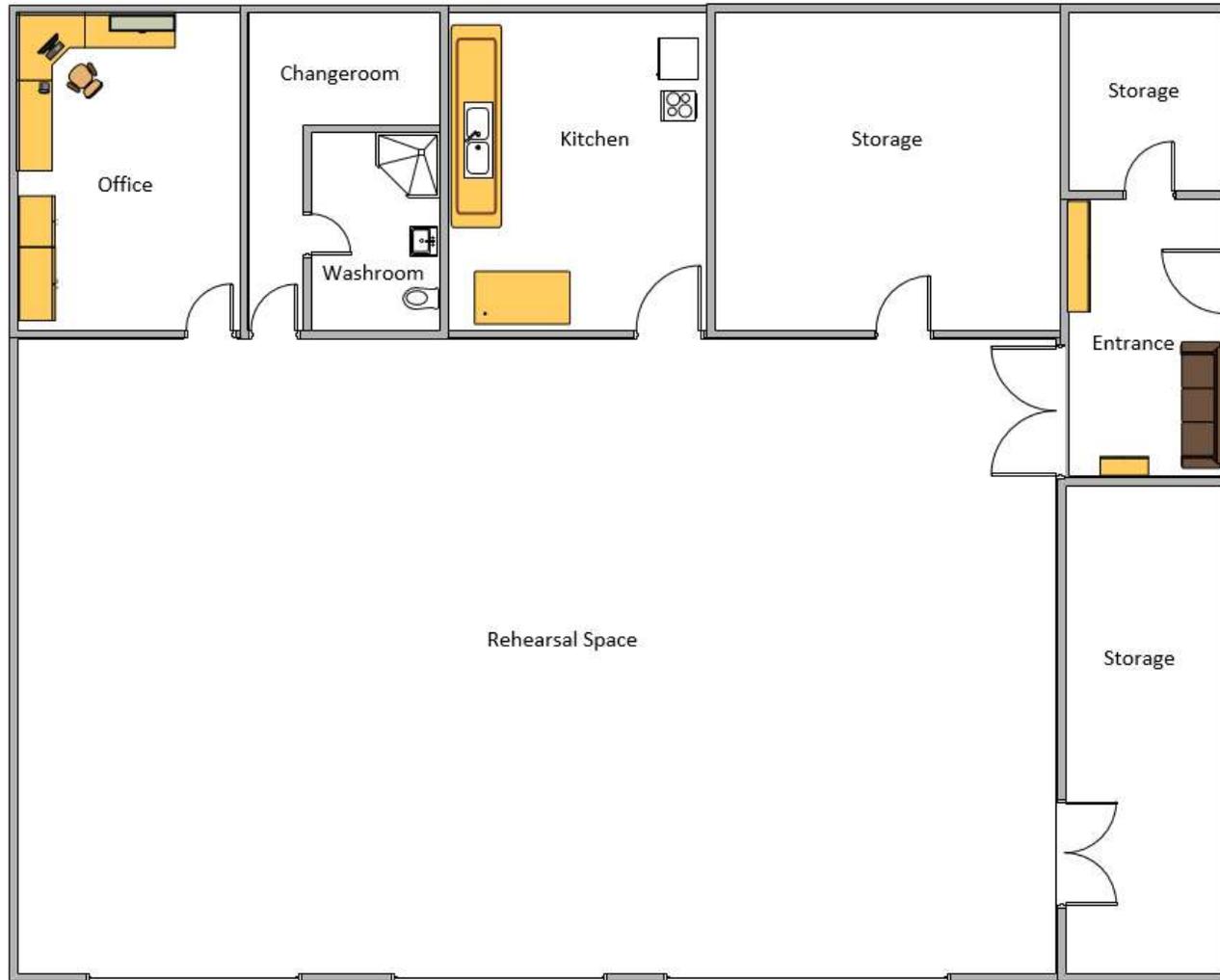
- ▶ simple drawing or jazzy software to put some shape to it
- ▶ circulate and discuss how this looks
- ▶ get a sense of what the room sizes need to be
 - when is it too small
- ▶ grandiose is expensive
- ▶ leave enough room for circulation and storage (15 – 30% of the room total)
- ▶ Schedule out how it will be used by different groups

Sample Functional Program

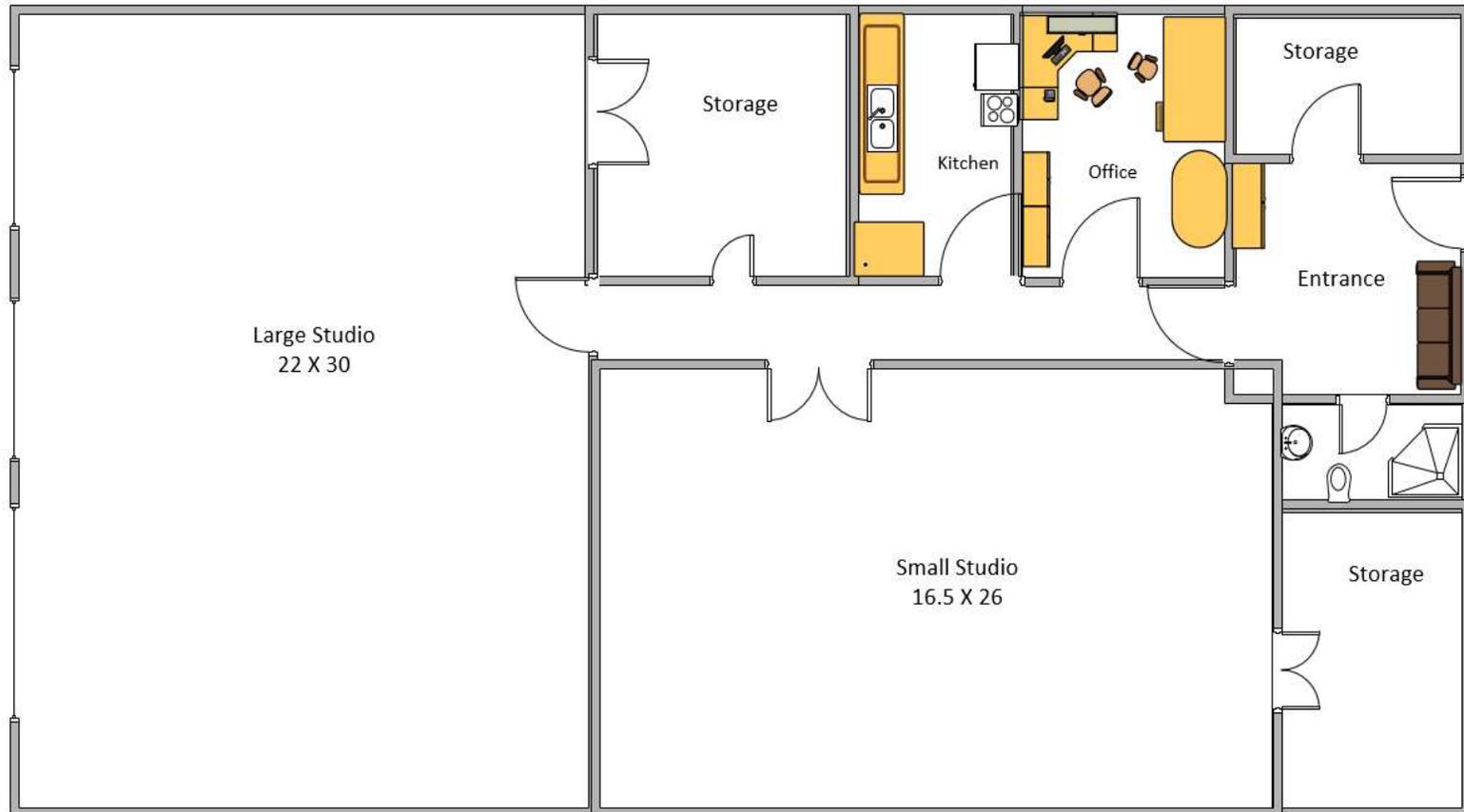




Single Studio Design



Dual Studio Design



Studio Booking Analysis



Budget Forecasting

- ▶ prepare a budget for the new space
 - understand what you can afford
 - also understand what it will require and plan for how you will pay for this – co-location, external rentals, space sharing, additional grants, social enterprise revenue
 - include a budget to renovate or improve the space to suit your needs

Occupancy Costs		
	Base rent	
	Additional rent	
	Utilities	
	Gas	
	Electricity	
	Water/sewer	
	Insurance	
	Administration	
	Services - Garbage/Snow removal	
	Security/ Access system	
	Fire protection	
	HVAC & Heating	
	Property Taxes	
	Building Repair & Maintenance	
	Systems Repair & Maintenance	
	Janitorial	
	Landscaping	
	Elevator maintenance	
	Parking	
	Building Mangement Fees	
	Replacement Reserve	
	TOTAL	\$0



Tenant Improvement Capital Budget

Tenant Improvements Budget - Sample	
	Opening
Clean up	\$800
Walls	\$6,500
Washroom fixtures	\$3,300
Electrical	\$4,000
wiring for sound system	\$2,200
cabling for office telecom	\$800
room lighting	\$2,200
Lighting Grid Installation	\$6,200
Plumbing	\$5,400
Heating	\$3,500
Insulation	\$2,500
Painting	\$4,200
Sprung floor (main studio)	\$12,000
Kitchen renovation	\$20,000
Storage cupboards	\$4,500
Blackout Curtains	\$2,400
Contingency (10%)	\$10,000
TOTAL	\$90,500

Questions?

Scott Hughes
CapacityBuild Consulting
scott@capacitybuild.ca
www.capacitybuild.ca

