



Left Bank Co.
Making cities meaningful

Making Space for Culture Incubation Program

*Upskilling Sydney's cultural
organisations and property sector to
solve the city's creative space shortage*

PROGRAM REPORT
February 2022

PRESENTED BY
Left Bank Co.

SUPPORTED BY
CITY OF SYDNEY 

Acknowledgment of Country

Left Bank Co. respectfully acknowledge the Traditional Custodians of the land throughout Australia and internationally, whose continued connection to culture and place brings unique meaning to the cities in which we live, work and travel. We pay our respects to Elders past, present and emerging.

Cover image: Jeff McCann, Artist & Fashion, tenant at William Street as part of Creative Live/Work Spaces Program 2018-2019. Credit: Katherine Griffiths / City of Sydney.

Foreword

Left Bank Co. is delighted to publish this report that captures the learnings and opportunities that came out of the inaugural Making Space for Culture Incubation Program. Made possible with support from the City of Sydney, these learnings set the groundwork for innovative and effective multi-sector collaboration in the pursuit of increasing the supply of the city's creative spaces.

Sydney – like many global cities – has long been facing a creative space emergency as a result of increasing urban pressures. This loss of space directly impacts employment and productivity of the creative economy. The disappearance of over 110,000sqm of creative employment floorspace and nearly 2,000 creative workers between 2012 and 2017 in the City of Sydney alone will likely have been further exacerbated as a consequence of the Covid-19 pandemic. Until we have the results of the 2021 Census and the City's Floorspace and Employment Survey (to be conducted in 2022), we won't know the true impact that urbanisation, affordability pressures and ongoing lockdowns has had on the availability of space for the creative and cultural industries.

As an urban consultancy specialising in the creative and cultural industries, our work has enabled us to observe shifts of funding priorities characterised by a focus on investments in major cultural infrastructure and a changing strategic planning landscape that fails to recognise how important spaces for the making and production of creativity are to the vitality of our cities. But we have also been lucky enough to discover internationally acclaimed alternative property models where multi-stakeholder collaborations and

innovative approaches are finding unique ways to safeguard creative space and increase supply. We take our hats off to the global pioneers who have paved the way for others to explore how these solutions could work in different jurisdictions.

International efforts to make space for creativity and culture by the likes of Artscape, Community Arts Stabilisation Trust (CAST), Creative Land Trust (CLT) and 3space have brought about a recalibration in the way we are looking at how and where creativity fits in Australian cities. The objective of the Making Space for Culture Incubator Program was to look to these alternative models to create systemic change in the way that government, the cultural and property sectors think about providing affordable, fit-for-purpose and viable space. The program was designed to unlock the large system-level questions that pertain to the supply and dedication of land to creative and cultural uses, elevating creative space conversations from the opportunistic to the strategic.

At the conclusion of a six-month intensive period of educational workshops, robust conversations, and exploration of solutions, it is clear the program had already made a difference to the way the participants

understand the challenge and their role in delivering solutions. We have taken the first steps towards better quality and more frequent conversations between government, the cultural sector and the property sector, and identified where there are gaps in our local creative space supply chain for entities like those used in international solutions.

It is now our collective responsibility to take these findings and respond to the demand for better coordination and collaboration through advocacy, research, planning instruments, mandates, new business models, technology-enabled platforms and pilot projects. Left Bank Co. will be an ongoing orchestrator of these opportunities but can only achieve dial-shifting change with the help of the private, public and not-for-profit sector.

Here's to a brand new cultural and creative landscape designed for Sydney by Sydney.



Michelle Tabet
Director and founder
Left Bank Co.

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CREDITS & ACKNOWLEDGEMENTS

Writing and editing: Michelle Tabet, Hahna Busch and Bree Trevena, Left Bank Co.

Graphic design: Christie Fearnis

Special thanks: The Making Space for Culture Incubation Program was made possible by support from the City of Sydney's Knowledge Exchange Sponsorship. Thank you to Lisa Colley, Lex Davidson and Marni Jackson for your support.

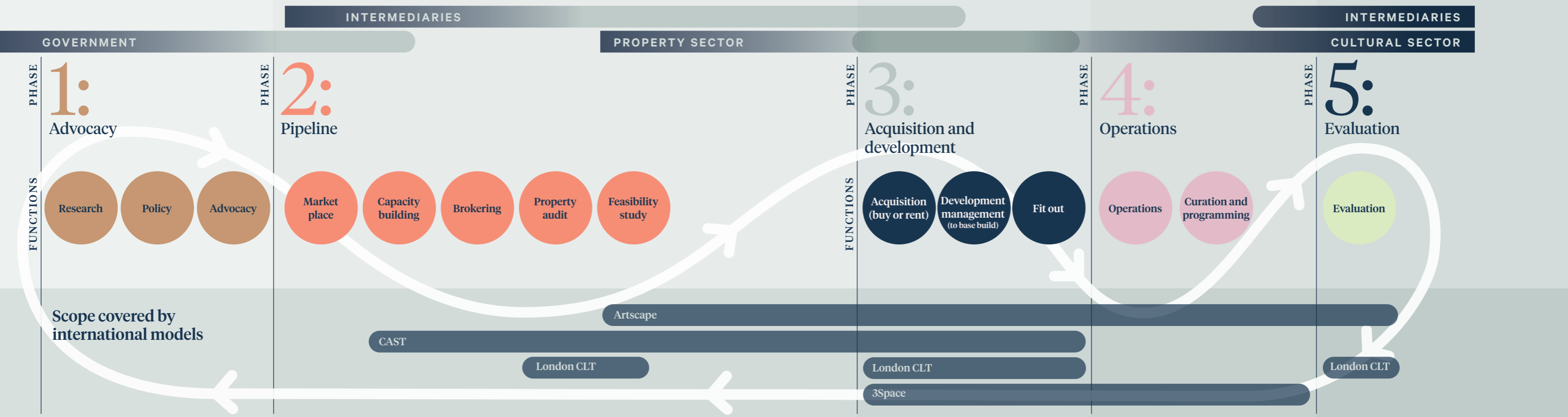
We also extend special thanks to our friends at Artscape, CAST, London Creative Land Trust and 3Space.



Executive summary

Identifying and addressing the gaps in the creative space development cycle

Maaik Furniture Resurrection, tenant of the Oxford Street Creative Spaces program 2012-2015. Credit: City of Sydney



The Incubator Program revealed five distinctive phases that make up the creative space development cycle, and key functions that are needed at each phase to support effective collaboration between government and the cultural and property sectors.

The key learning from the Program has been that Sydney needs these intermediaries to de-risk and bring specific skillsets to this creative space development cycle.

PHASE 1: Advocacy

Mounting the rationale for why key stakeholders should play a role in making space for culture, relying on evidence-based research, engagement with different stakeholders groups, and policy development to enable locality-specific solutions.

INSIGHTS:

- 1.1** The inconsistent nature of definitions, space typologies, research and policy undermines effective advocacy for creative spaces.
- 1.2** The ability to measure and articulate the value proposition of creative spaces presents one of the biggest hurdles to creative space opportunities.
- 1.3** The property sector needs a range of planning incentives and tools to motivate them to deliver creative spaces.

PHASE 2: Pipeline

Identifying and cultivating a pipeline of creative space opportunities through capacity building, a marketplace to match spaces with needs, property audits, feasibility studies and brokering services, all with the goal of building partnerships and aligning agendas towards outcomes.

INSIGHTS:

- 2.1** Proactive capacity building and upskilling is critical to building the creative space pipeline.
- 2.2** There is significant value in strategic partnerships prior to project opportunities.
- 2.3** Leadership is needed from both sectors to improve the chance of establishing creative space opportunities.
- 2.4** The marketplace for creative space should reveal and broker connections across both supply and demand opportunities.
- 2.5** While long-term and permanent creative space opportunities are the optimal goal, there is always going to be a market for short- and medium-term spaces.

PHASE 3: Acquisition and development

Property negotiations and acquisition processes to dedicate creative space to entities on a secure tenure basis that is affordable for the long-term, as well as managing the delivery of base builds and fit-outs that bring in the equipment and infrastructure for end-users.

INSIGHTS:

- 3.1** Without a suitable intermediary, government will always been seen as a key player in enabling creative space outcomes.
- 3.2** There is nascent appetite from the cultural sector to work towards ownership, but they need help to get there.
- 3.3** The risk associated with development and property holdings needs to be distributed across both sectors.
- 3.4** Major cultural organisations hold potential to be creative space providers for their art form ecosystem.

PHASE 4: Operations

The day-to-day management, use and programming of a creative space, ensuring the space meets its objectives, serves its intended community, and operates with a sustainable business model.

INSIGHTS:

- 4.1** Affordability of creative space remains poorly defined.
- 4.2** Delivery of a set quantum of creative space cannot come at the expense of quality or operational viability.

PHASE 5: Evaluation

Measuring and communicating the value and impact that creative spaces have for key stakeholders, using standardised approaches to prove up the value of creative space outcomes.

INSIGHTS:

- 5.1** A standardised framework for measuring and reporting on impact is key for supporting and scaling future creative space opportunities.
- 5.2** Shared value can be built upon prioritising and evaluating sustainability, accessibility and social impact outcomes.



Introduction

Drivers and rationale for the Incubation Program

Image: Artscape Daniels Launchpad, Toronto, Canada. Credit – Hahna Busch.

The creative space emergency

The Making Space for Culture Incubator Program represents the culmination of years of advocacy and policy work by the City of Sydney and its partners in the creative, cultural and property sectors.

The program was conceived in response to a growing crisis impacting the supply of affordable, fit-for-purpose and tenure-secure creative space, caused by urbanisation and affordability pressures all of which were exacerbated by the Covid-19 pandemic. Sydney is just one of many global cities where creative spaces are rapidly disappearing and being displaced, putting the local creative and cultural industries under serious threat.

The supply of creative space matters because these spaces are critical to the creative economy, which gives more than 8% of the Australian workforce a place to earn a living and run their businesses¹. More than just places for presenting and experiencing creativity and culture, these spaces include bespoke facilities like artist studios, workshops, rehearsal rooms and offices for the *making and production* of creativity and

culture. These spaces create meaning in our cities, bringing distinctiveness, activation, vibrancy and intrigue to neighbourhoods, as well as engaging our citizens and encouraging social and cultural participation. Creative spaces are also part of strong future-facing economies, not only good for our overall economic growth but key for a city's ability to attract talent, global business and investment. As a result, there is growing recognition at a local and state government level of the importance of creative industries and the need to ensure the supply of creative floorspace.

Historically, strategies for delivering creative space have relied on the local or state government to shoulder the risk, or resulted in short-term activations that don't address the loss of creative employment lands. In the City of Sydney, the council already owns and operates a large portfolio of creative spaces and awards accommodation and programming grants. However, the current models of creative space provision via government cannot alone respond to growing demand, as they put too much pressure on government resources. As the urban landscape evolves, addressing the supply of creative space requires innovation, investment and a collaborative commitment across the public, private and not-for-profit sectors.

1. A New Approach, Australia's Cultural and Creative Economy, 2021

The creative space emergency* in Sydney

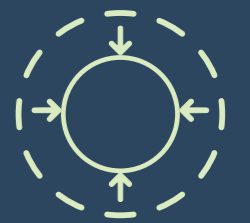


110,000
sqm

OF CREATIVE EMPLOYMENT WORKSPACE LOST BETWEEN 2012-17

1,990

CREATIVE WORKERS LOST BETWEEN 2012-17



CREATIVE INDUSTRIES HAVE DECLINED FROM THE CITY OF SYDNEY'S 3rd to the 5th LARGEST WORKFORCE

*City of Sydney, Floorspace and Employment Survey, 2017. New data due in 2022 are set to show how recent trends as well as Covid-19 have further impacted the sector.

The increasing urgency to preserve and create more supply of creative space has spurred the City of Sydney to investigate international best practice models of creative space provision that position government as a facilitator rather than the developer, owner and operator of creative floorspace. The takeaway from these models is that the cultural and property sectors need to collaborate to find solutions and must be empowered to be part of solutions.

The need for an incubation program

Left Bank Co. has led both Council-commissioned and independently-funded research and exploration of these alternative models, investing in studying them more intimately in order to understand their application locally. To date, Left Bank Co.'s work has been about informing people that alternative models for delivering creative space exist and explaining the principles that underpin them. The time now has come to take these discussions further to explore the applicability, adaptation and piloting of these models in a local context. It is this need to move towards concrete solutions and partnerships that drove the need for the Incubation Program.

Left Bank Co. proposed a professional development program to help narrow the communication gap between the cultural and property sectors, create a common language, and profile real-world partnership opportunities to increase the supply of creative space. Developed and delivered with the support of a City of Sydney Knowledge Exchange Sponsorship, our goal was to arm these two sectors with knowledge, tools and networks to prime them to take direct action in the supply of creative space, working with each other and the government as new projects and development opportunities arise.

The City's sponsorship supports projects that invest in local expertise and encourage dialogue on local and global issues. Outcomes of Knowledge Exchange funding are intended to support:

- The adoption and implementation of best-practice approaches by organisations and individuals.
- Strong networks where participants share resources and acquire new knowledge and skills.
- Improved capacity in organisations and individuals to develop and maintain sustainable sectors.
- Increased recognition of Sydney as an innovative and creative city.
- Improved capacity in organisations and individuals to develop socially just, inclusive and resilient communities.

Through the Incubator Program we were able to meet each of these objectives and in doing so strengthen the capabilities of Sydney's cultural and property communities to tackle the creative space challenge.

Joynton Avenue Creative Centre, image of interior building, 2018. Credit: Katherine Griffiths / City of Sydney

Key terms and definitions in this report

'Incubation Program' or 'the program' is used to describe the Making Space for Culture Incubation Program run by Left Bank Co. and supported by the City of Sydney.

'Creative spaces' is the term used to describe a wide range of different kinds of spaces utilised by the creative and cultural industries. It includes spaces for making and production (such as artist studios, workshops, rehearsal rooms, offices etc), as well as spaces for presenting and experiencing creativity and culture (such as galleries and theatres).

'Cultural organisations' or 'cultural sector' is used to describe the participants in the program who represent the creative and cultural industries, as well as used as a general descriptor for the wide range of creative and cultural entities that use creative space. This term encompasses government-

funded organisations, independent and not-for-profit creative and cultural organisations, as well as creative businesses.

'Property developers' or 'property sector' is used to describe the participants in the program who represent the property industry, as well as used as a general descriptor for the wider property industry. It encompasses private developers, land owners and government-run property agencies.

'Alternative property models' designates a range of innovative property mechanisms designed to leverage development incentives to deliver affordable creative space.

'Intermediary functions' refers to essential yet expert roles in the creative space development cycle that help mediate and de-risk the partnership between the cultural and property sectors

ESCAC – East Sydney Community and Arts Centre, Darlinghurst – 3rd May 2019. "A Murder Story Retold in Three Symphonic Vignettes" as part of The Flying Nun. Credit: Jessica Lindsay

Global best-practice models for making space for culture

In response to similar creative space challenges, cities across the globe have been piloting alternative property models to secure long-term, fit-for-purpose and affordable spaces for their creative communities.

These models lay the foundations for the kinds of approaches and opportunities we explored throughout the Incubator Program. They rely on innovative intermediary organisations and entities who take on a portion of the development risk.

The result are collaborative approaches that utilise unique business models, financing tools and legal and governance structures to pursue the supply of affordable and tenure-secure creative space. They bring together the skills of property specialists with a deep understanding of the strengths and challenges of the cultural sector, and focus on getting creative space out of the property market and out of political cycles for creative use in perpetuity.

ARTSCAPE Toronto, Canada

Over more than 30 years, Artscape has evolved from a Toronto-based affordable artist studio provider to a global leader in creative placemaking, leveraging arts and culture as a catalyst for community and urban development.

Today, Artscape is an integrated property developer, owner and operator of creative and community facilities made up of a group of not-for-profit organisations who share a mission to make space for creativity and transform communities. The organisation manages a portfolio of unique cultural facilities, from community cultural hubs to live-work studios. Artscape has built sophisticated capabilities across real estate development including property management, financial products, performance and event services, consulting and knowledge exchange, artistic programming and community animation, and creative entrepreneurship development.

COMMUNITY ARTS STABILIZATION TRUST (CAST) San Francisco, USA

CAST creates innovative financial vehicles to secure permanent space in urban city centres for community arts and culture organisations.

They have established themselves as a trusted broker between the public, private, creative and not-for-profit sectors, bundling leases and working with the cultural sector to build commercial acumen. Backed by an endowment from the Kenneth Rainin Foundation, they have created an inventive approach to asset development for cultural organisations, using a new philanthropic strategy for the arts by recycling financial resources and forging unprecedented public-private partnerships. CAST acquires properties to sustain arts practice in selected San Francisco neighbourhoods, mitigating space challenges in one of the hottest real estate markets, and building the capacity of cultural organisations to lease or own property and ultimately purchase the property from CAST.



3SPACE London, UK

3Space is an established London-based charity that has been delivering high quality affordable space since 2010.

Working with government, developers and corporations, 3Space are experts in repurposing buildings and reactivating places, making better use of commercial space to drive regeneration and benefit local communities. Having operated over 45 buildings owned by all levels of government and other well known landlords such as Grosvenor Estates, Derwent London and Barclays bank, 3Space's goal is to increase the provision of spaces for public good in cities. 3Space develops operating models and partnerships that can be implemented at scale, such as their BUYGIVEWORK cross-subsidy model: for each space a business buys, one is given away to a local not-for-profit, creative or experimental project. The result is a better workplace that is representative of the area whilst fostering new types of uses and technologies.

CREATIVE LAND TRUST London, UK

London's Creative Land Trust (CLT) is a property solution to secure long-term, affordable space for artists and creatives.

Seeded by the Mayor of London, Arts Council England and philanthropic partners, and established as a charity and social enterprise, CLT has a goal to build a portfolio of more than 1,000 studios across London. New, existing and heritage property is acquired via the purchase of freeholds or long leases, as well as through strategic partnerships with developers and public sector organisations using gifts and asset transfer agreements. All properties are owned, managed and cared for by the CLT and then leased to expert studio operators to make accessible to the creative community. Affordable rents are set by the CLT, based on transparent assessment of artist living wages in that locality.





Program objectives

The program's broad objective was to bring the cultural sector and the property sector closer together to unlock a number of collaboration and partnership opportunities to increase the supply of creative space across Sydney.

Desired program outcomes

- Exchanging of ideas and knowledge sharing between the cultural and property sectors
- Increasing empathy and knowledge of each other's sector
- A deeper understanding of respective business drivers and decision-making processes
- Increased capability of cultural and property sectors to present their unique value
- New networks and relationships between the communities
- Exploration of space provision partnership models and how to apply them locally to their needs
- Established foundations for viable partnerships
- Identify potential pilot projects.

Program overview

The mechanics of the Incubation Program

East Sydney Community and Arts Centre, Darlinghurst – 3rd May 2019. "A Murder Story Retold in Three Symphonic Vignettes" as part of The Flying Nun. Credit: Jessica Lindsay.

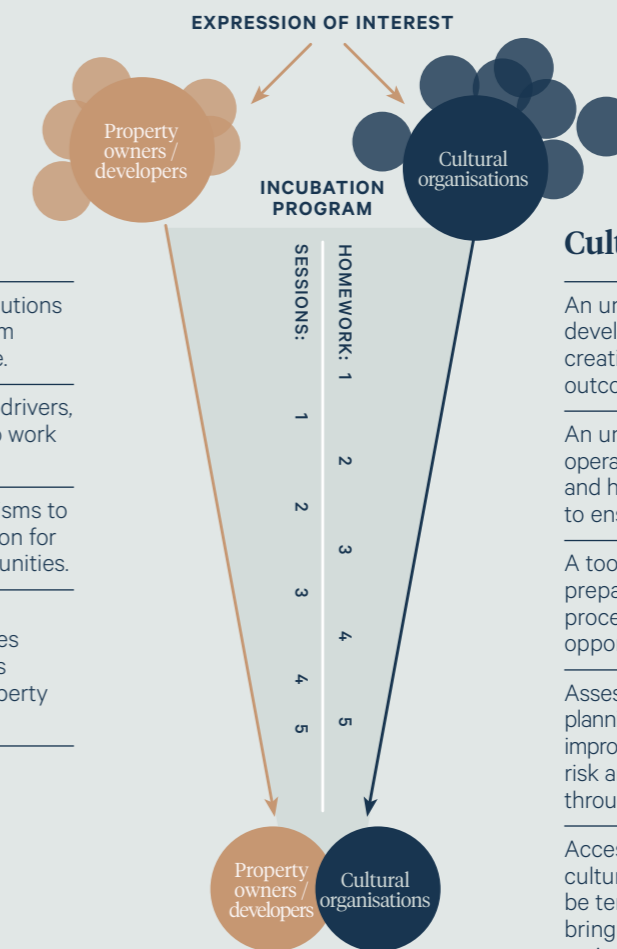
Goals for the two sectors included:

Property Sector goals

- An understanding of innovative solutions to get secure property for long-term affordable creative and cultural use.
- An understanding of development drivers, systems and processes and how to work with the property sector.
- A toolkit of strategies and mechanisms to upskill and prepare your organisation for future property partnership opportunities.
- Assessment of your current organisational resources, capabilities and performance to identify what is required to achieve successful property partnerships.
- Access to a network of property owners and developers who could support you to secure a long-term affordable property solution.

Cultural Sector goals

- An understanding of innovative development models that can deliver great creative placemaking and public benefit outcomes to add value to your property.
- An understanding of the needs, drivers and operational requirements of creative spaces and how to work with cultural organisations to ensure the optimal property solution.
- A toolkit of strategies and mechanisms to prepare and enhance your future planning processes around creative partnership opportunities.
- Assessment of your current approach to planning and development to identify ways to improve approval processes, minimise delivery risk and enhance long-term performance through successful creative partnerships.
- Access to a network of creative and cultural organisations with the potential to be tenants of your future developments, bringing vibrancy, creativity and long-term activation to your property.



Program process

PART 1: Expressions of Interest (EOI)

The EOI process identified cultural organisations and property owners or developers who have the appetite to play a role in exploring innovative models for delivering creative space across Sydney.

To be selected for the program, applicants demonstrated that:

- They are registered as an Australian business, based within the Greater Sydney region.
- They fit the description of either the 'cultural sector' or 'property sector'.
- They have demonstrated experience and commitment to delivering outcomes that contribute to the creative and cultural sector and/or that generate public benefit.
- They have a strong rationale for wanting to participate, with evidence of capacity and willingness to apply learnings beyond the Program.
- They have the willingness to contribute time and resources to the Program.

Cultural sector applicants represented a wide range of creative and cultural disciplines, including:

- Performing arts organisations
- Creative arts and community centres
- Art and infrastructure consultancies
- Architecture practices
- Festival production services
- First-Nations-owned creative enterprises
- Creative space and program managers
- Creative studio operators and managers
- Creative social enterprises.

Property sector applicants represented the diversity in the sector, including:

- Top-tier property partners with national portfolios
- Boutique developers.

34

APPLICANTS

23

APPLICANTS FROM THE CULTURAL SECTOR

11

APPLICANTS FROM THE PROPERTY SECTOR

9

SELECTED CULTURAL SECTOR PARTICIPANTS

7

SELECTED PROPERTY SECTOR PARTICIPANTS

PART 2: Incubation program

The 5-session incubation program ran over 6 months, from June to December 2021.

Through group workshops, networking events, one-on-one mentoring sessions and homework tasks the program was designed to arm participants with a detailed understanding of the tools and mechanisms required to address the creative space shortage. Left Bank Co. facilitated knowledge exchange relating to the detailed needs of each sector and the nature of their decision-making processes.

Sessions

- 1:** Introductory group workshop to meet all participants and understand the key concepts and ideas behind the program.
- 2:** A group 'speed dating' session to establish visibility and networks between the sectors.
- 3:** One-on-one sessions with participants to build a picture of the practical steps involved in committing to a partnership journey.
- 4:** A group workshop to collaboratively explore hypothetical creative and cultural space projects.
- 5:** A pitch event for each participant to present their partnership proposition to the other sector.

Homework

- 1:** Introduction and research into the context and alternative models for delivering creative space.
- 2:** Empathy and value proposition task to understand the other sector and think about their drivers.
- 3:** Needs and expectations task to develop and articulate a clear brief of needs, requirements and value proposition.
- 4:** Preparation of a pitch presentation for Session 5.
- 5:** A survey to compile reflections, key learnings, and barriers and opportunities to next steps.

Selected program participants

Cultural sector participants



DASEIN



PARRAMATTA THEATRE PROJECT



studio A



Property sector participants

Brookfield Properties





Program achievements

What the participants achieved through the Program

Image: Handcrafted, Oxford Street.
Credit: Jessica Lindsay.

Highlights

The Making Space for Culture Incubation Program delivered above and beyond expectations. Key highlights included:

Creating a shared understanding that the status quo is not working, and that international models have potential to change the system locally.

Identifying gaps in information, skills and capabilities that can help to drive creative space opportunities.

Successfully elevating the skills, knowledge and capabilities of both sectors to engage as equals.

Professionalising the engagement between sectors, with a shared language and mutual appreciation of each other's objectives that has de-risked relationships and established strategic networks.

Instilling a deeper sense of empathy and awareness of one another's drivers, challenges and processes.

Identifying specific creative space needs for cultural sector program participants.

Identifying some specific existing development projects and sites where there is appetite to embed creative spaces.

Exchanging ideas about how the two sectors could work together on future project opportunities, including proposed pilots for continuing the momentum from the Incubator Program.

"You've done an amazing job with these workshops. It's very exciting to think we can be a part of this 'movement'!"

Property sector participant

"It was cool to be a part of a group of people chatting about and wanting the same thing. I am hoping some collaborations come out of it! For me or someone else! I want see it happen in Sydney."

Cultural sector participant

"All the information was new to me so I found the entire workshop incredibly helpful. I was coming into the first session with very little understanding of the property sector, so it took me that session to warm up to the program, loved the second session and learned huge amounts from it."

Cultural sector participant

Image: Artist Leila El Rayes, Creative Live/Work Spaces Program. Credit: Katherine Griffiths / City of Sydney.

Cultural sector achievements

Where they started

Lacking the resources and skills to secure space for the long term.

Lacking understanding of the property sector language and the processes that developers need to go through.

Lacking trust in the property sector due to previous failed collaboration opportunities and processes perceived as exploitative of their IP, resources and time.

Experiencing obstacles in accessing significant funds needed for capital expenditure or run a business model profitable enough to meet market rate prices.

Lacking the knowledge and skills to articulate their spatial, operational and financial needs.

Lacking the knowledge and tools to measure and communicate their value and impact effectively.

Lacking awareness of what makes them a valuable and low-risk partner.

Where they ended up

Significant improvement in literacy and understanding of property sector language and processes.

Increased clarity and ambition in communicating their vision, needs and spatial brief.

Significant improvement and confidence in packaging and articulating their value as a legitimate property sector partner, minimising the perceived risk around working with the sector.

Visibility of the variety of types of spaces, uses and needs across the sector, offering property partners a range of options and risk profiles to choose from.

Some willingness to explore alternative property models including ownership options.

Awareness of limitations for some organisations in achieving ownership, but with strong appetite to work in partnership to still achieve affordability and security of tenure.

Where they started

Struggling to justify investment in creative space as not highest and best use and no concrete evidence to prove value.

Lacking knowledge of what creative spaces are needed by the sector and who can own, lease or operate them.

Lacking understanding of the design, fit-out and spatial requirements of different kinds of creative spaces and how important this is to functionality and financial sustainability.

Limited track-record of dealing with the cultural sector on a long-term, sustainable basis, with experience limited to short-term activation opportunities and some level of engagement in tender and bid contexts.

Struggling to see beyond perceived risks of working with the cultural sector, assuming low ability to pay rent, limited-to-no capital funding and uncertainty about longevity and sustainability of organisations.

Where they ended up

Displayed a shift in thinking in how the cultural sector could become a more valuable, low-risk and high impact partner.

Realised that the cultural sector are more than 'activators' and short-term tenants, becoming long-term partners that add value through a more integrated and strategic approach.

Increased awareness of the importance of playing a role in enabling affordability and security of tenure.

Realised the importance of engaging the cultural sector from the start of the process to ensure success.

Developed empathy for the stresses on the cultural sector and awareness of potentially exploitative practices in the property sector of cultural partners in the past.

Increased awareness of the need for creative space opportunities to be handled by development and asset management teams, rather than leasing or marketing teams.

Increased need for internal creative space champions to elevate conversations about the value of creative space amongst colleagues and executives.

Types of development opportunities that interest the cultural sector

Certain types of properties are preferred by the cultural sector:

- Industrial or raw properties for 'wet' making, production and light industrial activity.
- Heritage properties, particularly industrial heritage, for landmark creative and cultural destinations that can suit all types of creative activity.
- Commercial or retail-type properties and new builds for

- 'clean' making and production and bespoke performing arts spaces.
- Space for temporary access and short-term use (can be industrial, commercial or retail).

Close proximity to public transport, ideally in the inner city or near established centres.

Located within or very near to existing creative communities.

Types of creative spaces that interest the property sector

Strong interest in participatory spaces for making, helping to add value to a liveability and lifestyle offer for residential communities. This is particularly strong around build-to-rent products.

Seeking spaces that activate place, bring footfall and visitation, making a place more desirable and active.

Interest in partnerships that can deliver landmark city-shaping outcomes for high profile property projects.

Property sector achievements

"Hearing from the property sector made me realise that there are values across both sectors that align, such as the desire to create spaces that people and communities will want to spend time in. That was an eye-opener."

Cultural sector participant

"The program has refined how we communicate our offerings and our core services. We also better understand the considerations of the property sector."

Cultural sector participant

"We developed a clearer understanding of which developers have opportunities that may suit our needs and hence developed a better understanding of which developers to target."

Cultural sector participant

"The program provided more awareness of the difficulties faced by the culture and creative sector when seeking viable, long-term real estate and more knowledge of the impact those challenges create to their growth and sustainability."

Property sector participant

"I'm more inclined to engage with the cultural sector early on to form partnerships even if the opportunity isn't fully defined yet."

Property sector participant

"I have greater insight into the diversity of spaces required by the different types of organisations and their various day-to-day needs and logistics."

Property sector participant

Participant feedback

"I think it's now a matter of if developers and cultural space makers can and will do something to work together. If government can assist facilitating that in some way that would be excellent. Any help to make this happen... would be fantastic."

Program participant

Program satisfaction:

4.4 / 5

The process allowed for a good understanding of the other sector's drivers and constraints.

4.4 / 5

I feel better equipped to be part of creative space solutions in the future.

4.5 / 5

I have acquired new knowledge, skills and tools that will help me to approach projects better.

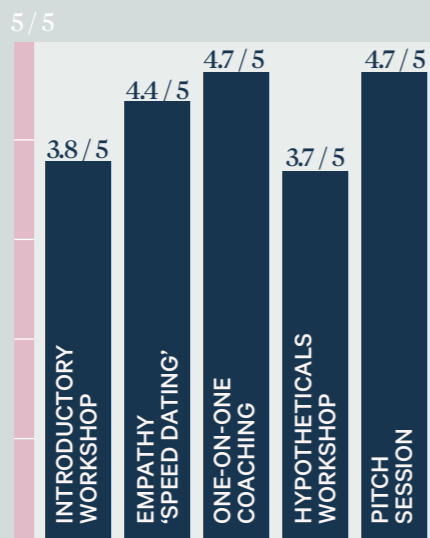
4.5 / 5

My networks within the property/cultural sector are stronger.

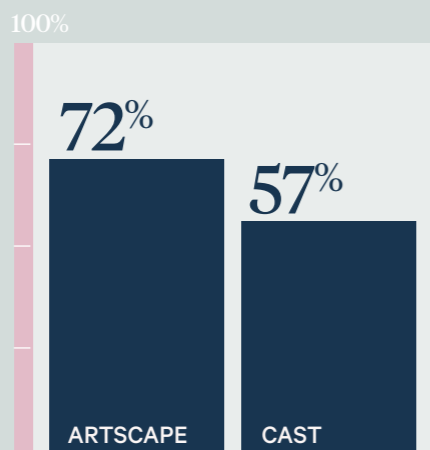
4.5 / 5

The program has impacted how I think about the value and process of creating space for culture and creativity.

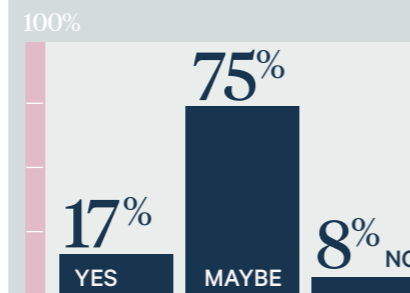
Quality of the sessions:



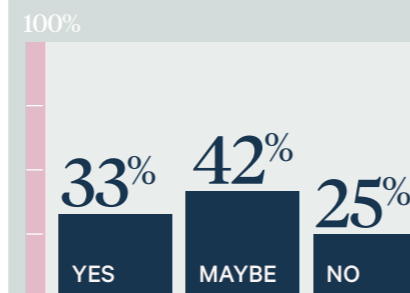
International creative space models that have the best chance of being realised in Sydney:



Have you identified any partnership opportunities as a result of the program?



Have any pilot project opportunities emerged for you?



Overall, how would you rate your experience of the Making Space for Culture Incubator Program?

8.9 / 10



Program discoveries

New knowledge and insights created as a result of the Incubation Program

Belinda Mason Photography, tenant of the Oxford Street Creative Spaces program 2016-2019. Credit: City of Sydney.

The Incubator Program was highly successful in building understanding and aligned language between the cultural and property sectors. It helped participants understand the intricacies of the development cycle of creative spaces from idea to delivery. Participants also recognised the need for specific skills and competencies to do this well, and the potential for intermediaries to take on these roles.

In particular:

- Each step of the development cycle carries with it a risk profile. The risk of that stage can be mitigated by having the right expertise and experience on board and working with competent partners.
- Not all creative space projects are developed, owned and managed by one single integrated entity. Some of these roles can be played by different entities who then share in the risk of the project.
- Some of the program participants have some of these skills but some critical roles are left unfilled in the Sydney landscape (as far as this group of participants know) such as a marketplace for creative space opportunities, a brokering service and development management expertise specifically tailored to creative space.
- There was limited appetite from cultural sector participants to develop and own creative space due to lack of resources and perceived risk.
- When there was appetite, it was generally for the organisation's own use, not to make available to the wider sector.

— It is clear that there is no natural contender to become Sydney's answer to Artscape in Toronto, i.e., an integrated developer, owner and operator of creative space.

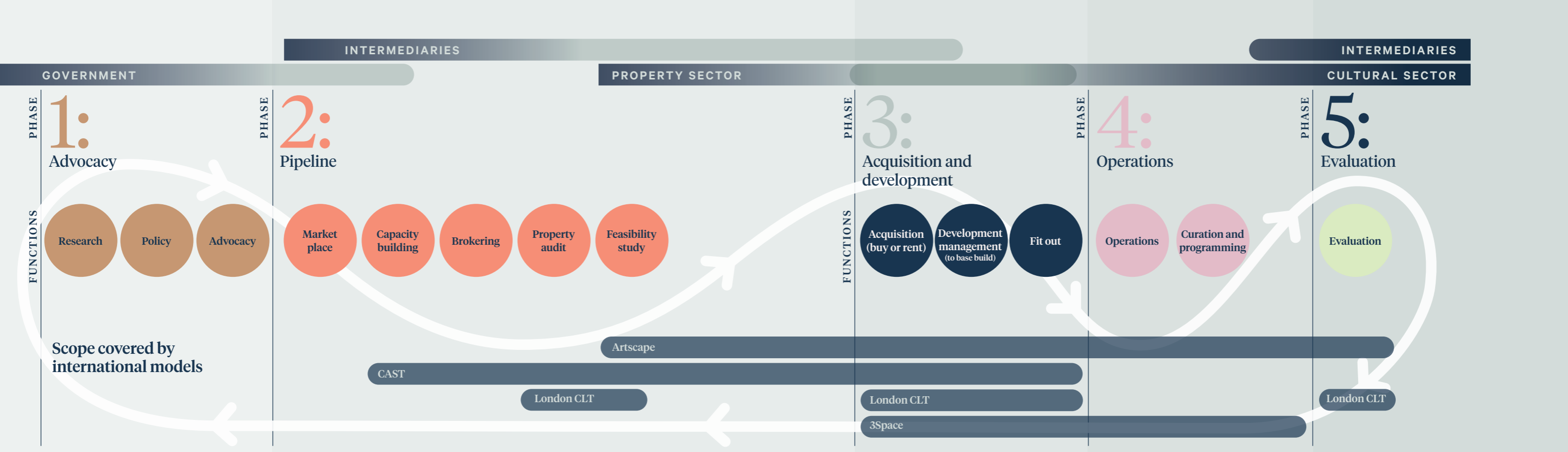
Therefore, there are gaps in the creative space development cycle that need to be filled by one or several other intermediaries that currently do not exist locally or not at a scale that would allow to significantly influence the supply of creative space. Some of these intermediary functions could be addressed by multiple entities which could create a market for a specific type of expertise, technology or process to fill that gap. Alternatively, a singular entity established with the right organisational and governance structure could take on several under-represented functions in the development cycle.

However we manage to fill these gaps in skill and capability in the future, program participants recognised that these functions are critical in building a healthy pipeline of creative space opportunities, in sharing the risk of the process and in creating much-needed confidence in this niche type of property project.

THE KEY LEARNING:

Sydney needs intermediaries to de-risk and bring specific skillsets to the creative space development cycle

Rebecca Frost & Christian Olea, Spunky Bruiser, tenant on Foley Street as part of the Oxford Street Creative Spaces program 2016-2019. Credit: Katherine Griffiths / City of Sydney



The optimal creative space development cycle

PHASE

1: Advocacy

Most likely led by government and peak bodies, this phase is critical for mounting the rationale for why key stakeholders should play a role in making space for culture. It relies on evidence-based research that identifies the challenges and opportunities in a jurisdiction, and the communication of this evidence to a wide range of public and private sector stakeholders to increase capacity, willingness and information exchange. Advocacy also includes ongoing engagement with different stakeholder groups as well as policy development to address their varying challenges and enable locality-specific solutions.

PHASE

2: Pipeline

This phase can be led by a number of different government or independent entities. Its purpose is to identify and cultivate a pipeline of creative space opportunities, working with government, the cultural and the property sectors to build partnerships and align agendas towards tangible outcomes. Critical activities in this phase include:

- Capacity building (such as the Incubator Program),
- Property audits to identify available spaces and future space opportunities, and
- The development and management of a marketplace where available and future spaces can be matched with cultural needs.
- Feasibility studies to assess the suitability of properties for creative use and brokering services to bring together potential partners and negotiate outcomes.

PHASE

3: Acquisition and development

This phase requires dedicated entities who can acquire creative space on a tenure-secure basis that is affordable for the long term. This is where international models for creative space have introduced innovative entities who can own or facilitate ownership of space for creative use in perpetuity. This phase requires property negotiations and acquisition processes that recognise that the cultural sector mostly cannot operate in traditional highest and best use investment logic and needs unique transaction, governance and ownership models. It also includes the skills and capabilities to manage the delivery of base-builds, as well as the management and delivery of fit-outs that bring in the equipment and infrastructure for end-users.

PHASE

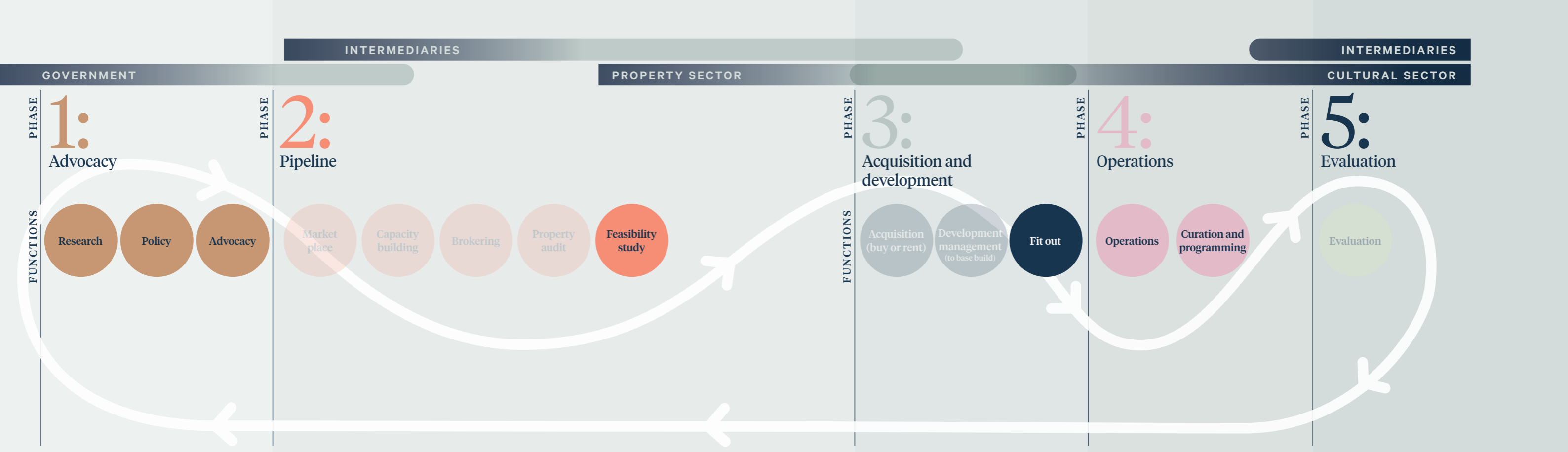
4: Operations

The operational phase can be led by a wide range of creative and cultural entities, including government-funded organisations, independent cultural organisations and dedicated creative space operators. These entities take on the day-to-day management and use of a creative space, ensuring the space meets its objectives, serves its intended community, and operates with a sustainable business model. This phase also includes curatorial and programming entities who can utilise space on a short-term or temporary basis, bringing it to life with creative activity and interfacing with the operator to ensure the needs of both parties are met.

PHASE

5: Evaluation

The final phase is critical in measuring and communicating the value and impact that creative spaces have for key stakeholders. This phase is usually undertaken by governments who have strong advocacy approaches, or by organisations or operators in the cultural sector, but usually on a haphazard basis. To be effective, this phase needs standardised approaches to measuring and reporting on impact of creative spaces, helping to prove up the rationale for stakeholders to invest time and resources into creative space outcomes. In turn, it feeds back into the advocacy phase.



Sydney's current creative space development cycle

PHASE

1: Advocacy

The City of Sydney is the major player driving the creative space agenda in Greater Sydney. More can be done by other local governments and the NSW Government to improve research and drive advocacy, and support can be offered by various peak bodies. The cultural and property sectors can also play a role in amplifying advocacy through impact measurement, evaluation and reporting on outcomes.

PHASE

2: Pipeline

There are few formal entities owning any of these functions. This Incubator Program played a one-off role of capacity building, and the City of Melbourne's Creative Spaces website sets up one half of the marketplace. All other functions occur on a haphazard basis by any number of government or independent organisations. Formal efforts to cultivate a pipeline and establish partnerships is critical for realising and scaling up any future creative space opportunities.

PHASE

3: Acquisition and development

Most acquisition and development efforts in Sydney are happening via short-to-medium-term leases, or by government bodies taking the lead on anything longer term. This is placing stress and cost on the cultural sector as they are at the whim of property market dynamics and government priorities. There are no dedicated entities in Sydney, or indeed NSW, who are positioned to take on the role and responsibility of acquiring and developing property and holding it for the use of the creative and cultural sector at large for the long-term or in perpetuity.

PHASE

4: Operations

This phase is currently well resourced in Sydney. There are many options for entities who are highly experienced in managing the day-to-day operations of a creative space. Many cultural organisations are operating space for their own needs, and there is a cohort of independent creative space operators providing space for other independent creatives and small businesses. There are also operators providing access to spaces for hire for short-term and temporary use.

PHASE

5: Evaluation

Evaluation frameworks are limited and not designed for this particular purpose. Consultants are contracted to evaluate impact on a case-by-case basis, using different frameworks each time and not allowing for comparison across projects or jurisdictions. Alternatively, evaluations are conducted in-house by a cultural organisation to suit their specific operations and reporting obligations.

Further insights

RE PHASE

1: Advocacy



INSIGHT 1.1

The inconsistent nature of definitions, space typologies, research and policy undermines effective advocacy for creative spaces

What they said:

Program participants have historically struggled to navigate the range of different interpretations of creative and cultural industries as well as the variety of different types of creative spaces. This has created challenges in defining opportunities, identifying the right kinds of partnerships, and communicating their potential value. Inconsistent research and datasets do little to help identify the true social and economic impact of the sector and its spaces, or track trends in space provision, making it challenging to mount a strong argument for prioritising creative space. Participants felt that standardisation and clear communication would help put creative space on an equal playing field with other forms of space and infrastructure, and help to identify better alignment between properties and potential cultural partners.

What it means:

National – or at least state – standards for data gathering, typologies and nomenclature are needed to form the rationale for clear policy decisions, enabling governments and peak bodies to regularly gather evidence about the jobs and locations that the creative economy and creative spaces support. In turn, standardised data supports the cultural and property sectors to research and gather evidence as well as conduct impact assessment, ensuring conversations around investment are more robust and compelling.

This data can also help to identify specific spatial needs in different jurisdictions. By pinpointing specific types of creative spaces that are needed and understanding the suitability of different types of spaces for certain types of contexts, zonings and building stock, it is possible to better match properties with creative space opportunities. This provides more tangible outcomes for the two sectors to come together and focus on a common vision and design.

INSIGHT 1.2

The ability to measure and articulate the value proposition of creative spaces presents one of the biggest hurdles to creative space opportunities

What they said:

Both sectors identified the challenge of expressing the value proposition of a creative space, especially when creative tenants or would-be owners cannot pay market rates. The property sector needs strong arguments to support the inclusion of creative space as a loss leader to get traction with internal decision-makers. A qualitative argument alone is not enough: there is a need for concrete quantitative measurements or metrics that can be used as part of development feasibility or cost-benefit analysis. Similarly, the cultural sector struggles to communicate the value they can offer their potential property partners, making it challenging to even be considered alongside other potential uses.

What it means:

There is a need for standardised metrics, ratings or frameworks that can be used to calculate and express the value of creative space, capturing not only data like reach and footfall, impacts on the local economy, and property values, but also measuring aspects like social return on investment and/or social capital. This will help the property sector to weigh up the financial and risk implications of creative space alongside other types of opportunities. It will also support champions to up-sell opportunities within their business, while concurrently supporting the cultural sector to prove their value to various investors, funders and stakeholders.

INSIGHT 1.3

The property sector needs a range of planning incentives and tools to motivate them to deliver creative spaces

What they said:

Currently, the property sector relies primarily to Voluntary Planning Agreements (VPAs) as their mechanism to deliver public benefit, including creative space. However, these are not always a perfect solution and can create more complexity and cost for local government and the cultural organisation or operator than intended. Alternative incentives are limited, particular when compared to the kinds of mechanisms used to promote investment in other industries like technology and innovation such as subsidised floorspace, grants, tax incentives, etc. Without a mandated requirement from government or a strong government or market-led incentive to negotiate benefits in return for delivering space, the property sector will continue to struggle to see value in supplying secure and affordable creative space. A clear hook is needed to spark interest in genuinely pursuing creative space outcomes.

What it means:

Given the imperfect nature of VPAs, a wider suite of incentives and tools are needed to encourage the property sector to commit to making space for culture and creativity. Alternative planning mechanisms could lead to creative space outcomes, such as mandated minimum creative floorspace requirements, employment targets, or creative floorspace replacement ratios. These could be supported by guidelines for planning, design and delivery. Market-led initiatives that sit outside of the planning system could also help compel the property sector to deliver creative space outcomes, such as a voluntary best practice framework, a new or an addition to existing market-led rating systems (such as GreenStar and WELL) that could be used to report against investments, or corporate social responsibility initiatives like 3space's BUYGIVEWORK model.

For the cultural sector...

Engage with and advocate to local government for creative space zoning designations.

Engage with and advocate to state government for more proactive support for the provision of creative space.

Educate your boards and your staff on space and affordability issues and prepare the terrain for discussions about more permanent solutions.

Proactively seek to measure, evaluate and communicate the impact of your space and its activities. Engage with local government and the property sector to understand what kinds of metrics would be useful.

Share information, resources and your own efforts at measuring your value with other cultural organisations.

For the property sector...

Get senior executives, decision-makers and peak bodies engaged in the conversation about creative space, spreading the interest beyond the existing advocate group to see a culture shift within property development businesses.

Engage with creative and cultural industry research, data and policies set by government to understand local needs and opportunities.

Build familiarity with international research, evidence and benchmarks of creative space provision.

For government authorities...

Create a cross-government taskforce to:

- Set standard definitions, typologies, research and datasets to support better evidence gathering and communication.
- Research and develop standard tools for measuring the value and impact of creative spaces that will be accepted as part of business cases.
- Advocate to government agencies and the private sector for the increase of creative space.
- Engage in strategic discussions about creative employment lands and policies to encourage their retention or replacement.

Explore how existing and new planning incentives and tools could better incentivise the property sector to deliver creative space.

Explore how planning incentives such as developer contributions and VPAs could be divided between capital and operational funding to shore up the viability of new creative floorspace with a built-in operational subsidy fund.

Explore the planning implications and strategies for alternative creative space typologies like 'beds over sheds' and 'live work housing' to embed creative space into future residential developments.

Review design competition guidelines to include a fit-for-purpose creative brief as part of projects that are proposing creative spaces.

Engage the social impact sector to help them understand the need for and the benefits of investing in creative floorspace.

For third-party intermediaries...

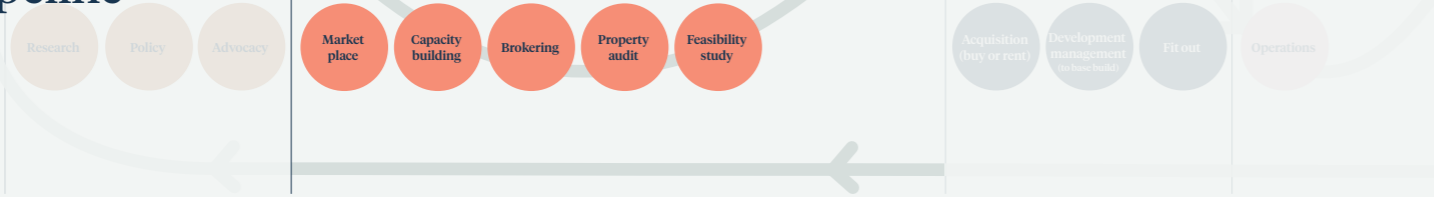
Support government efforts to capture and communicate research and data to prove the value of creative space.

Support government efforts to develop standardised frameworks or tools for measuring the value and impact of creative spaces.



Clara Ho, Jewellery maker, partnered with Giuseppe Santamaria as Fine Fellow, tenant on Foley Street as part of the Oxford Street Creative Spaces Program, 2016-2019. Credit: Katherine Griffiths / City of Sydney

2: Pipeline



INSIGHT 2.1
Proactive capacity building and upskilling is critical to building the creative space pipeline

What they said: From the outset of the Incubator Program, both sectors revealed that there were significant gaps in their knowledge and understanding of one another and how to effectively communicate their needs and value proposition. These gaps have frequently been the downfall of opportunities in their earliest stages, or prevented engagement altogether, often landing in the ‘too hard’ basket. Cultural organisations often underestimate their spatial and operational requirements, struggling to communicate what they need and what value they can offer. The property sector has a tendency to assume the cultural sector is high risk, or to over-simplify the spatial needs of the cultural sector and to misunderstand the importance for affordability and secure tenure, leading to poorly planned and designed spaces as well as unreasonable terms and conditions that undermine relationships.

What it means: The significant improvement demonstrated by the Incubator participants in understanding one another and communicating effectively shows how vital ongoing capacity building, knowledge sharing and upskilling is to growing a healthy pipeline of opportunities. The cultural sector needs to be skilled in how to define and communicate their spatial requirements and determine the value they can offer, while the property sector needs to understand the nuances of different types of creative spaces and the bespoke needs of different cultural organisations. Regular platforms like this Incubator Program can make a substantial difference to not only building capabilities but driving momentum behind a pipeline of creative space opportunities.

INSIGHT 2.2
There is significant value in strategic partnerships prior to project opportunities

What they said: Both sectors expressed a strong desire to establish organisational partnerships that exist outside of the context of a specific project opportunity. The property sector recognises the need to develop ongoing values-aligned partnerships that live outside of new business and live projects, ensuring that when opportunities arise the response is not reactive but more strategic and advantageous, in turn, de-risking the collaboration. Similarly, the cultural sector is cognisant of entering into partnerships where they feel there is strong values alignment and where their strategic needs and interests will be respected. Longer-term partnerships provide the opportunity to test the working relationship before making a commitment and to create mutually-beneficial outcomes in the meantime.

What it means: Before committing to a more permanent project, strategic partnerships need to be fostered between the two sectors to seed fruitful outcomes. The property sector can benefit in many ways, including the short-term or temporary activation of vacant property, the chance to draw on the skills of the creative partner to engage and retain staff, opportunities engage tenants around creative activity and activation, and as a way to build social sustainability credentials. The cultural sector can also benefit in many ways, including short-term and temporary use of available space to meet more immediate needs, drawing on the partnership to develop skills and knowledge of how to work within a property development context, and tapping into the developer’s network of suppliers and advisors around issues like sustainability, financial literacy and impact measurement.

INSIGHT 2.3
Leadership is needed from both sectors to improve the chance of establishing creative space opportunities

What they said: For the cultural sector, access to and use of creative space is deeply correlated with an organisation’s performance, viability and strategic direction. As such, the highest levels of organisational management and governance regularly concern themselves with issues pertaining to space. In contrast, the property sector considers creative space sporadically on a project-by-project basis, and almost never as a vital part of their projects or operations. Creative space opportunities are generally pursued either because of a government mandate or because of a personal interest from an individual team member. This was demonstrated by the Incubator Program, where cultural sector CEOs, CFOs and board members all participated actively, while the property sector participants were mainly middle-level management from varying parts of the business and did not represent equivalent leadership to those who attended from the cultural sector.

What it means: To secure long-term and affordable creative space outcomes, equitable leadership commitments are needed from government, the cultural sector and the property sector. Securing organisational buy-in across the property sector requires the endorsement and active support of executives, board members and decision-makers. Pursuing long-term strategic partnerships between the cultural and the property sectors presents one way of improving engagement with property sector leaders and therefore leading to creative space opportunities and outcomes.

“A third party could be a broker for the conversation to start making the introductions to possible opportunities.”

Program participant

INSIGHT 2.4

The marketplace for creative space should reveal and broker connections across both supply and demand opportunities

What they said:

Participants discussed the need for a marketplace that makes visible the spaces available to the creative and cultural sector, such as the City of Melbourne’s Creative Spaces website. However, it was noted that these kinds of efforts to identify and promote supply have been limited to short-term sub-leases or by-the-hour rentals, and often for a very small quantum of space suitable for independent creative or micro businesses. Incubator participants were looking for larger, long-term and secure solutions that require more active brokering and responsiveness to bespoke needs. There is no formal or easy way for cultural organisations to communicate their needs to the property sector and start conversations about their spatial requirements, and there is no platform for the property sector to connect its available properties with cultural organisations and operators for longer-term opportunities.

What it means:

There is a significant gap connecting the supply of available property with the demand of the cultural sector. Traditional leasing agents are generally disincentivised from working with the cultural sector because of the below-market rents they need and a general lack of knowledge of the sector. A marketplace for creative spaces needs to better communicate supply from across the property sector’s existing and emerging portfolio, as well as build the demand side, in order to match the supply of available space owned and controlled by the property sector with the needs of the cultural sector. These opportunities need to be connected at scale and more proactively brokered, reaching far more deeply into both sectors than was possible with the Incubator Program.

INSIGHT 2.5

While long-term and permanent creative space opportunities are the optimal goal, there is always going to be a market for short- and medium-term spaces

What they said:

While the Incubator Program was designed to find long-term space solutions for the cultural sector, both sectors discussed the value in shorter-term opportunities. For the cultural sector, there are many grassroots and emerging organisations and operators who are not ready to commit to long-term outcomes, who do not have the means to commit to space, or who are still testing out their spatial needs. There is consistent demand for temporary use of space for activations, short-term programs and events. Meanwhile, the property sector is contending with a varied pipeline of creative space opportunities ranging from immediate occupation to long-term and competitive proposals. Therefore, they are not always in a position to lock in long-term outcomes. Most developers also have the assurance of an existing property portfolio and some under-utilised floorspace that could be available for short- to medium-term creative use.

What it means:

There is evidence of both supply and demand for shorter-term creative collaborations between the creative and property sectors. However, to result in sustainable outcomes and capacity-building, short-term creative space use needs to be seen as part of a pipeline process of short-, medium- and long-term opportunities:

- Short-term opportunities should build relationships, prototype project opportunities, create shared value and de-risk partnerships.
- Medium-term opportunities should scale up partnerships to utilise space across property portfolios, realising but also proving value for both sectors.
- Long-term opportunities remain the pursuit of permanent and secure creative spaces.

PIPELINE NEXT STEPS

For the cultural sector...

Identify and connect with people in the development sector, and develop knowledge and understanding of how the property sector and the planning system works.

Develop an articulate overview of your optimal spatial needs, including floorspace, location and specific physical and technical infrastructure requirements.

Practice the art of pitching your organisation.

Find similar incubator programs and opportunities and get your leadership and board to participate.

For government authorities...

Fund the running of regular incubator programs to facilitate the participation of a broader pool of cultural organisations from a wider range of disciplines, expand participation of property partners, and focus on strategic precincts.

Continue to engage with incubator participants to report back on lessons learnt from pilots and partnerships that emerged from their experiences.

Support the creation of various intermediary functions and services needed to de-risk and upskill the creative space pipeline (capacity building, marketplace, brokering services etc).

Explore the feasibility of subsidising a brokering service between the sectors to generate creative space opportunities.

Contribute to building the marketplace by identifying properties within government portfolios that could be home to permanent creative or cultural use.

Convene an expert consultant panel to review safety and suitability of existing spaces that could be offered for creative use at no cost to creative tenants.

For the property sector...

Identify, connect with and build networks with cultural organisations, and develop knowledge and understanding of their various spatial and operational needs.

Audit your existing and future property portfolio to identify what spaces you might have available for both short and long-term creative and cultural use.

Start organisation-level conversations about what creative and cultural partnerships could look like for your business outside of any particular project.

Find similar incubator programs and opportunities and get both emerging and established leaders to participate.

For third-party intermediaries...

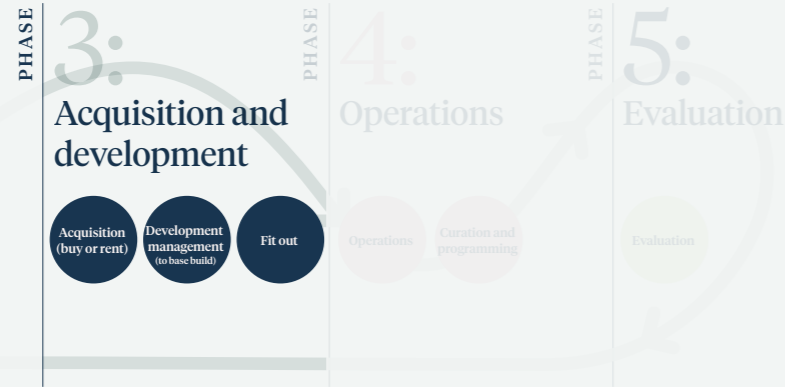
Plan and deliver industry capacity building and engagement, such as regular incubator programs to further discussions and maximise reach and impact and broker potential partnerships.

Enlist the support of government authorities and industry peak bodies to help fund and promote opportunities for capacity building.

Initiate discussions with existing marketplace providers to understand the feasibility of upgrading platforms and services to better respond to gaps in the development cycle, or develop a new marketplace for both supply and demand.



3: Acquisition and development



INSIGHT 3.1

Without a suitable intermediary, government will always been seen as the key player in enabling creative space outcomes

What they said:

There are deeply embedded assumptions amongst participants from both sectors that local and state governments will continue to take on the responsibility, risk and cost associated with creating creative floorspace. There is an expectation that not only will they secure and make space available to the sector, but also provide it for free or at low-cost rates and operate it, with previous examples of this approach setting up an expectation that it should be the norm. Throughout the Incubator Program, participants came to the realisation that local government and state-government departments are unlikely to be a large-scale owner or operator of these spaces moving forward. The changing role of the City of Sydney as a facilitator and advocate for creative space – as opposed to an owner and operator – became more apparent to the participants.

What it means:

The lack of intermediary entities who can take on the ownership and risk of creative space means there are no natural contenders to turn to and therefore government is always going to be seen as the only option in this role. Both the cultural and property sector can see they have a play a part in a collaborative and multi-sector approach to the creation of creative floorspace, but are looking for a suitable intermediary entity to formally take on this responsibility. Given the lack of an existing entity in the Sydney landscape, this is a role that needs to be established, similar to the Creative Land Trust in London.

INSIGHT 3.2

There is nascent appetite from the cultural sector to work towards ownership, but they need help to get there

What they said:

While many of the international models for creative space are designed to enable ownership by the cultural sector, the cultural participants of the Incubator Program demonstrated varying levels of appetite, resources and capability to be able to work towards this themselves. There are a number of limitations to ownership: for example, there are no local precedents for dividing up and selling commercial or strata units, making standalone buildings more attractive, but as a result losing much of the argument for value exchange with the property sector. There is also an issue of the lack of track-record with the finance sector and relatively weak balance sheets, making it challenging to secure a loan at reasonable rates.

For those exploring ownership, there is the acknowledgement that significant capital needs to be raised and that the support and endorsement of their board is needed to successfully tap into government funding opportunities, philanthropic sources and to access debt facilities. This hurdle is seen by some as too high to be able to make a commitment, even though it is what they would like to achieve. The larger or more established organisations are the most confident that ownership is an achievable outcome, potentially buoyed by the gravitas of their organisation's reputation and their strong governance.

What it means:

To achieve ownership of creative space, the majority of the cultural sector will need support or assistance to secure capital funding, and a suitable period of time between committing to the space and settlement. With the right intermediary, funding programs or partnership approaches, there are a number of ways that securing the finance to make the leap to ownership can be supported. This could take the form of a government fund to underwrite the transaction, could be a rent-to-buy model like San Francisco's CAST, or could be facilitated by a delayed or incremental settlement agreement with the property developer.

INSIGHT 3.3

The risk associated with development and property holdings needs to be distributed across both sectors

What they said:

Incubator participants discussed the ongoing challenge in determining how to distribute risk for creative space provision. There are various points along a project journey that present risk to both sectors. These risks include:

What it means:

There is demand for various risk minimising strategies to de-risk project opportunities and/or distribute risk across the creative space development cycle. The key gap is an intermediary entity who can acquire and hold spaces dedicated to creative use on behalf of smaller cultural organisations and operators, while still being able to pass on affordable rates to end users. Further capacity building can also help to school up both sectors around perceived risks (see 2.1).

SITUATION	RISKS SEEN BY THE PROPERTY SECTOR	RISKS SEEN BY THE CULTURAL SECTOR
The duration of a development from conception to completion	Risk that the cultural partner will still be buoyant and committed at the time of completion	Risk that their needs will be suitably met or undermined by changes to the scheme Secure and affordable space occupancy in the interim period
The uncertainty of a competitive tender environment for a new development opportunity	Uncertainty and reputational risk of committing to a cultural organisation or operator in order to win the tender, without having tried or tested the relationship or understood their needs	Uncertainty and reputational risk of committing to a property developer without having tried or tested the relationship Risk of wasting time, resources and intellectual property if partnered with a property partner that doesn't win the tender
The low risk appetite and uncertainty from executive and governance at the point of decision making	Inability of the cultural sector to meet financial returns Cultural sector's social return on investment is difficult to quantify	Inability of the property sector to fully appreciate the value they can offer Lack of trust in the property sector
The precarious nature of financing and settlement	Risk that the cultural sector is unable to raise capital or successfully secure funding in time for settlement therefore impacting divestment and site occupation	Risk of not being able to meet funding targets and complete settlement
The fluid nature of the design of a development until completion	Making a commitment to a cultural partner while knowing the design will change over time and the boundaries of the commitment are subject to change	Risk that the space is designed without proper sector consultation or consideration of the end-user Risk the space is not fit for purpose and compromises the business model
The long-term ownership and operation of a creative space	Inability to evaluate the risks of a long-term presence for a cultural tenant if that partner doesn't deliver on objectives other than financial	Inability or unwillingness to purchase or hold larger areas of floorspace, restricted by the availability of funding, low risk appetite of their boards, and lack of capacity and resources

INSIGHT 3.4

Major cultural organisations hold potential to be creative space providers for their art form ecosystem

What they said:

Major cultural organisations in the performing arts have a remit and responsibility to develop their art form ecosystem, identifying and developing a pipeline of talent from across a broader network of smaller organisations, professionals and amateur creative practitioners. Creative space is vital to this remit, with the need for dedicated facilities for individuals and small groups to practice, develop and rehearse work. In many jurisdictions, existing facilities available to the major cultural organisations do not always have the capacity to accommodate this ecosystem. A number of major cultural organisations want to champion the idea of establishing industry hubs and take on the risk – on behalf of the broader art form ecosystem – owning or leasing on the long-term for the broader benefit of the sector.

What it means:

With the right support and endorsement from their boards and funders, major cultural organisations can be positioned as creative space providers for their art-form ecosystem. The size, credibility and reach of these organisations de-risks project business case and enables the grassroots of their ecosystem to access fit-for-purpose, secure and programmed spaces at affordable rates. They also are best positioned to reach a wide cohort of potential users, thus shoring up the operational viability of new spaces.

ACQUISITION AND DEVELOPMENT NEXT STEPS

For the cultural sector...

Work with executive leadership, boards and funding bodies (private and public) to explore options and develop potential strategies for financing the acquisition and development of new spaces.

Look to your board as an effective tool for creating confidence and assurance around financial capacity and capability to take on debt.

Major cultural organisations to work closely with their art-form ecosystem and government authorities to explore and establish opportunities for sector-owned and operated hubs.

For government authorities...

Fund research and exploration into the establishment of intermediaries needed to acquire and own creative floorspace, including understanding the regulatory, legal and tax barriers to set up trusts to hold space in perpetuity such as the London Creative Land Trust or CAST model.

Explore new funding streams to support acquisition and development that complement current programming and accommodation grants such as:

- A creative floorspace fund to cover start up, fit-out, and consultant costs for an initial period of 12-18 months.
- A tenant transition fund to cover the gap between market rate and what the sector can pay.

Work with major cultural organisations to explore how they could play a role as an owner and operator of creative space for their art-form ecosystem.

For the property sector...

Explore financing strategies that can support cultural organisations to achieve ownership, such as delayed settlement, impact investment or a patron model where premium buyers can subsidise below market space.

Establish an impact investment fund to invest in cultural organisations and partners that the developer believes in and provide them with space.

Collaborate with government authorities and trusted consultants to explore the establishment of intermediary models and services, using pilots to innovate and test approaches that utilise existing property portfolios.

For third-party intermediaries...

Work with government and property sector partners to define, prototype and initiate different intermediary services and models needed to acquire and own property on behalf of the cultural sector.

Work with cultural organisations to explore options and strategies for financing the acquisition of property.

William Street Creative Hub.
Credit: Katherine Griffiths / City of Sydney.

4:

Operations and programming



INSIGHT 4.1

Affordability of creative space remains poorly defined**What they said:**

While the importance of affordability was discussed and recognised throughout the Incubator Program as a critical requirement for the cultural sector, there was no resolution as to what affordability truly means. Whether owning or leasing, there is a diversity of expectations of affordability, with some organisations expecting space to be free or at peppercorn rents, others expecting a percentage below market rate, and others who are prepared to pay something closer to market rates. While the property sector asked for clarity, the cultural sector found it difficult to put a number against what they meant. There was also a challenge discerning between affordable acquisition (purchase or rent) and affordable operations, due to the perceived ease of securing one-off capital funding and the perceived challenge of securing ongoing operational funding through grant support or revenue from their business model.

What it means:

Standardised methodologies are needed for both sectors to define what is an affordable rate for purchasing or leasing creative spaces relative to the jurisdiction. This should be earmarked on economic data such as average living wage for creatives, operational subsidies granted to creative businesses as well as supply and demand dynamics. This also requires upfront clarity about who will take responsibility for owning and operating creative floorspace, and who the end user will be, otherwise there remains a lack of clarity regarding the size of the discount the property sector needs to offer. Without this, many new developments are based on unrealistic assumptions around returns for space earmarked for creative and cultural use.

INSIGHT 4.2

Delivery of a set quantum of creative space cannot come at the expense of quality or operational viability**What they said:**

The Incubator Program highlighted that the property sector has limited understanding of the diversity of different kinds of creative spaces, particularly those used for production and making. As a result, they often develop spaces that are not fit-for-purpose for the end user, where spatial qualities, configuration, clustering and adjacencies all impact the use and viability of the space. The Program helped the property sector to grow its understanding of the variety of different kinds of spaces and demonstrated how important it is to engage the end-user early in the project before decisions have been made about design and expected returns. There was increased awareness of the interconnected nature of the design of the space and how that impacts use and operations, and that a set number of square metres is not enough without knowing who is going to run a space and what their business model requires.

What it means:

While planning mechanisms, incentives and mandates can support the delivery of a quantum of creative space, they do not specify how that space must perform or to what standard it must be delivered. They fail to consider who will own and operate the space, or the needs of the end-user, and do not take into consideration their operational and business model. Therefore, beyond delivering a quantum of creative floorspace, mandates must explicitly state other characteristics such as fitness-for-purpose, affordability and operational viability.

OPERATIONS NEXT STEPS

For the cultural sector...

Determine what affordability means to your organisation, including your capacity to fund the purchase and/or fit-out of a space, and cover ongoing operational costs.

Prior to engaging with a property partner over a potential space opportunity, clearly define your operational functions and spatial needs. Get really clear on your non-negotiable requirements and come to the table with an understanding of the smallest and largest quantum of floorspace that your business model and financial resources can manage.

For the property sector...

Engage with cultural organisations prior to creative space opportunities emerging to ensure you have a sound understanding of their operational requirements, business model and needs.

Ensure cultural organisations that are to be future owners or tenants in your properties are closely involved in the planning, design and development of their spaces to guarantee the space meets their requirements.

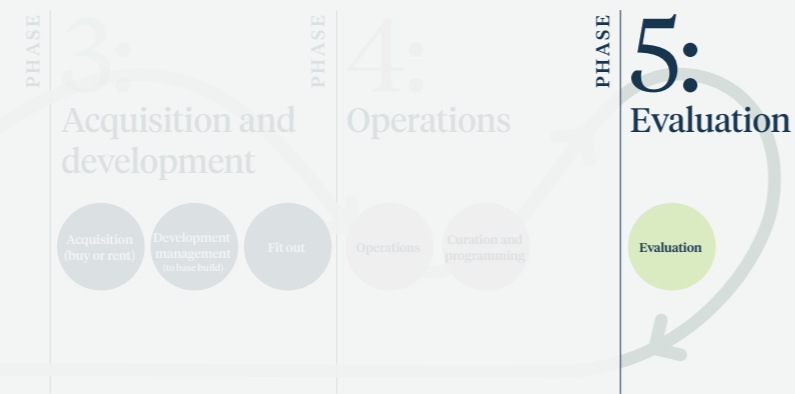
For government authorities...

Spearhead efforts to determine what affordability means for the local creative and cultural industries, drawing on available data sources to set an average below-market rate for end-users of creative space.

Make sure mandates for creative space provision includes qualitative outcomes as well as target square meterage.

Belinda Mason Photography, tenant of the Oxford Street Creative Spaces program 2016-2019. Credit: City of Sydney.

5: Evaluation



INSIGHT 5.1

A standardised framework for measuring and reporting on impact is key for supporting and scaling future creative space opportunities

What they said:

Related to insight 1.2, both the cultural sector and the property sector discussed the benefits of a standardised way of measuring the impact of creative spaces. The cultural sector has long struggled to quantify the impact of their spaces and their operations, limiting their ability to communicate the value they can offer their potential property partners. There is also inconsistency in how different cultural organisations measure and report on their impact, and no standardised way to translate and compare their value for consideration by the property sector.

What it means:

A standardised value methodology or framework is required for existing creative spaces and their organisations and operators to measure their impact. A like-for-like approach to proving their value making it easier to evaluate relative impact and outcomes between organisations and to communicate with key stakeholders, including property partners and funders. This should capture economic, social and environmental impact, offering both qualitative and quantitative evidence that can be effectively utilised by government, the property sector and the cultural sector.

INSIGHT 5.2

Shared value can be built upon prioritising and evaluating sustainability, accessibility and social impact outcomes

What they said:

The Incubator Program revealed that cultural sector's ambitions around environmental sustainability, universal access and inclusion and community impact. These are more than ethical drivers: environmental sustainability has significant implications on minimising operating costs, while accessibility and a focus on community outcomes is valuable for an organisation's social license to operate and therefore the viability of the organisation. For the property sector, there is usually a corporate social responsibility to deliver on similar kinds of outcomes, including policies such as Environmental, Social and Government (ESG) commitments, social procurement, accessibility and public benefit. The buying power and scale of supply chains across the property sector mean that small improvements in performance and impact scale up quickly to deliver real change.

What it means:

Both sectors can build shared value across sustainability, accessibility and community impact, measuring and communicating their collective achievements. The cultural sector can draw on the property sector's policies, supply chain and networks to enhance its agenda, including the procurement of materials, avoiding modern slavery, cleaning accountability frameworks, and operational systems and technologies to deliver greener spaces and more accountable businesses. The property sector can draw on the cultural sector's focus on sustainability and community to add to its property credentials.

EVALUATION NEXT STEPS

For the cultural sector...

Identify and work within measurement impact frameworks to capture and communicate your impact.

Lean into existing impact rating tools used by the property sector (i.e. GreenStar Communities, WELL) and determine what aspects cultural and creative activity could contribute to to improve ratings for developers.

Work with property partners to explore strategic areas of corporate social responsibility and devise collaborative ways to me.

For the property sector...

Proactively set measurement targets and evaluate and report on all your efforts around creative space and cultural partnerships.

Lean into existing impact rating tools (i.e. GreenStar Communities, WELL) and elevate the role that creative space plays in driving these ratings higher.

Work with cultural partners to explore strategic areas of corporate social responsibility and devise collaborative ways to meet objectives and evaluate impact.

For government authorities...

Fund research into a the development of a creative impact framework to determine metrics and best practice process that can become an industry benchmark and be adopted by the property sector.

For third-party intermediaries...

Work with government authorities on the development of a creative impact framework to determine metrics and best practice process that can become an industry benchmark and be adopted by the property sector.

Work with the property industry and ratings organisations to embed creative impact frameworks into rating tools.

Belinda Mason Photography, tenant of the Oxford Street Creative Spaces program 2016-2019. Credit: City of Sydney.



Making cities meaningful.

**For further information
or any questions,
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*Making Space for Culture
Incubation Program facilitators*

Left Bank Co. is a collective of urban strategists who help our clients turn big ideas into solutions for the real world by navigating the complex process of city making. We have carved out a niche working at the intersection of city making and creativity. We specialise in the considered planning of creative and cultural infrastructure, combining our expertise in urban planning with experience in arts and cultural management to develop realistic delivery strategies for visionary, viable and high-value creative space outcomes. We are recognised nationally for our insights into and advocacy for making space for creativity through innovative property models.

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