

Transformative Development Initiative [TDI] Cowork Annual Report FY16

As one component of MassDevelopment's Transformative Development Initiative, the TDI Cowork program seeks to foster innovation and creative-economy clusters by providing grants to for-profit and nonprofit entities that own, sponsor, or operate collaborative workspaces. These spaces often feature open floor plans and shared tools or equipment with an emphasis on common spaces, and provide working environments that inspire collaboration among and between those working in the innovation and creative economy. These spaces are unique and reflect the communities that build them, but they take on a variety of particular 'types': co-working shared offices, incubators/accelerators, makerspaces, shared commercial kitchens, and/or hybrids of any or all of these.

With this pilot program from FY14 through FY16, MassDevelopment provided grants for building improvements, equipment acquisition, and feasibility studies for collaborative workspaces. This grant program supports both the establishment of new spaces and the expansion of existing ones. MassDevelopment disbursed these funds either as early-stage 'Seed Grants' or larger 'Fit-Out Grants.'

Seed Grants:

Seed Grants can be used for third-party costs of feasibility studies, design work, construction estimates, marketing, and the leasing of temporary space to incubate and grow a collaborative workspace before it is ready to move into permanent space.

Fit-Out Grants:

Fit-Out Grants can be used for labor and materials for building improvements including interior fit-out costs, soft costs, and the purchase of equipment.

MassDevelopment released the initial RFP for the TDI Cowork program in August 2014, and in December 2015 followed up with a subsequent RFP for spaces that had previously applied. Since the inception of the program and through June 30, 2016, MassDevelopment has approved 24 grants – thirteen (13) Fit-Out grants and eleven (11) Seed grants totaling \$1,449,800, which grant recipients have matched in a 1:1 ratio. During FY16, the Agency approved five (5) Seed Grants and eight (8) Fit-Out grants for a total fiscal year commitment of \$462,000.

MassDevelopment has been a part of the evolution of these spaces for a number of years beginning with a "Maker Spaces" report in 2013 and its launch of the Transformative Development Initiative in 2014. MassDevelopment's management of these grant awards, research into best practices, and ongoing relationship with the grantees, applicants, and other ecosystem stakeholders, gives the agency an in-depth view into the needs of spaces and communities throughout the Commonwealth. MassDevelopment has begun preliminary third-party facilitated technical assistance evaluations with select spaces and continues to monitor the progress at each space.

In November 2015, MassDevelopment partnered with the Executive Office of Housing and Economic Development (EOHED) on a needs-assessment survey of emerging and existing collaborative workspaces in the Commonwealth to understand the broader needs of the community within Massachusetts. The survey results showed there are at least 104 collaborative spaces starting or growing across the Commonwealth with more than twenty percent of the respondents identifying as arts-related spaces. In order to develop to their full potential, these spaces reported a total need of approximately \$9-11 million in capital investment and \$2-3 million in operating costs ranging from equipment to staff resources.

MassDevelopment collects data from grantees to evaluate progress. As reported by the various projects that were required/able to report (based upon closing dates), the 19 unique spaces that make up the 24 approvals occupy 140,985 square feet of real estate, have secured 167 new members/member companies, and hosted 202 events, meetings, and classes. Spaces reported hosting five to seven started or accelerated businesses during this reporting period.

Overview of Awarded Projects

Successful TDI Cowork grant recipients met the key criteria, outlined in a Request for Proposals:

- Location in a central, visible area supported by other active uses/amenities that support the growth of the community of users;
- Demonstrable community of existing and potential users that their space serves or would serve;
- Provide sufficient collaborative working areas and programming to promote interaction among members;
- Through design of the space and operations, having the potential to
 - foster the growth of the emerging innovation and creative economy in the Gateway Cities, and
 - enhance the stability/foundation of a growing community of entrepreneurs and enterprises, and
 - spur new enterprises; and
- Facilitating the rehabilitation of an underused building in a Gateway City.

TDI CoWork Approved Grants in FY16					
Project Name	City	Product	Description	Agency Amount	Progress
Cape Cod Culinary Incubator	Barnstable	Seed	Food Incubator	\$5,000	Commercial kitchen and coworking space in the feasibility stage.
Launchpad Cowork Space	Centerville	Fit-Out	Cape Cod Chamber Launchpad	\$12,000	Coworking space at Cape Cod Chamber in the business incubator and accelerator model.
TheatreZone - Apollinaire Theatre Co-work Space	Chelsea	Fit-Out	Coworking performance space and black box theatre	\$18,500	Coworking space & black box theatre opened in November 2016.
Gateway City Arts	Holyoke	Fit-Out	Bistro and Commercial Community Kitchen	\$75,000	Multi-purpose venue providing coworking opportunities, events, entertainment, food, and creative teaching and learning options across a three-building campus. Bistro set to open in 2017.
Daher CoWorking	Lawrence	Seed	Coworking space	\$1,500	Feasibility analysis for proposed coworking space. Did not proceed with grant.
M.I.L.L. (Maker Innovation Lab Lawrence)	Lawrence	Seed	Coworking Space	\$5,000	Manufacturing focused fabrication lab providing a supportive and entrepreneurial environment.
UTEC	Lowell	Seed	Coworking space – Kitchen	\$10,000	Outreach to disconnected youth providing workforce development, training and alternative education.
Co-Creative Center	New Bedford	Fit-Out	Co-Creative Center	\$70,000	Multi-functional creative economy space for artists and makers (10,000 sf).
NBEDC	New Bedford	Fit-Out	Groundwork!	\$19,500	Shared office space for creative, startups and freelancers (5,000 sf).
Shire City Sanctuary	Pittsfield	Fit-Out	Makerspace/Community Kitchen	\$80,000	Multi-purpose makerspace for creatives, makers, and food entrepreneurs. Seeking to increase memberships.
CoWork Springfield	Springfield	Fit-Out	Relocation of Coworking space.	\$76,500	Expanded to a second location, but declined grant.
SCIL	Taunton	TA & Seed	South Coast Innovation Lab Maker/Hackerspace	\$5,000	Searching for new location.
Technocopia	Worcester	Fit-Out	Technocopia Maker Space	\$84,000	Makerspace, with shared tools, trainings and workshops (7,000 sf).
5 Seed/8 Fit-out				\$462,000	

Closings Since Inception FY14 – FY16

Borrower	Project Name	City	Product	Amount	Progress
Commercial Kitchen Coop of Cape Cod, Inc.	Cape Cod Culinary Incubator	Barnstable	Seed	\$5,000	Commercial kitchen and coworking space in the feasibility stage.
Cape Cod Chamber of Commerce	Launchpad Coworking Space	Centerville	Fit-Out	\$12,000	Coworking space at Cape Cod chamber in the business incubator and accelerator model.
Theatrezone Inc.	TheatreZone - Apollinaire Theatre Coworking Space	Chelsea	Fit-Out	\$250,000	Coworking space & black box theatre opened in November, 2016.
Theatrezone Inc.	TheatreZone - Apollinaire Theatre Coworking Space	Chelsea	Fit-Out	\$18,500	Coworking space & black box theatre opened in November, 2016.
GCA LLC	Gateway City Arts MakerSpace	Holyoke	Seed	\$5,000	Multi-purpose venue providing coworking opportunities, events, entertainment, food, and creative teaching and learning options across a three-building campus.
GCA LLC	Gateway City Arts Bistro	Holyoke	Fit-Out	\$75,000	Multi-purpose venue providing coworking opportunities, events, entertainment, food, and creative teaching and learning options across a three-building campus.
Entrepreneurship For All	EforAll	Lawrence	Seed	\$4,000	Feasibility analysis. Project deemed infeasible and did not draw funding.
Everett Mills Real Estate LLC	M.I.L.L. (Maker Innovation Lab Lawrence)	Lawrence	Seed	\$5,000	Manufacturing focused fabrication lab providing a supportive and entrepreneurial environment.
Lowell Makes	Lowell Makes	Lowell	Fit-Out	\$160,000	Makerspace and coworking space with shared state-of-the-art tools, equipment and resources.
New Vestures Fashion	New Vestures Fashion	Lowell	Fit-Out	\$150,000	Textile/apparel focused coworking space offering training and innovation support. Seeking to grow memberships and participation, considering relocation.
United Teen Equality Center	UTEC - Food Co Work	Lowell	Seed	\$10,000	Outreach to disconnected youth providing workforce development, training and alternative education. Commercial kitchen.

New Bedford EDC	Groundwork!	New Bedford	Fit-Out	\$150,000	Shared office space for creative, startups and freelancers (5,000 sf).
New Bedford EDC	Groundwork!	New Bedford	Fit-Out	\$19,500	Shared office space for creative, startups and freelancers (5,000 sf).
Waterfront Historic Area League (whale), Inc.	Co-Creative Center	New Bedford	Fit-Out	\$70,000	Multi-functional creative economy space for artists and makers (10,000 sf).
Shire City Sanctuary	Shire City Sanctuary	Pittsfield	Seed	\$5,000	Multi-purpose makerspace for creative, makers, and food entrepreneurs. Seeking to increase memberships.
Shire City Sanctuary	Shire City Sanctuary	Pittsfield	Fit-Out	\$80,000	Multi-purpose makerspace for creative, makers, and food entrepreneurs. Seeking to increase memberships.
Quincy Chamber of Commerce	Quincy 2000 Collaborative - Innovation Center	Quincy	Seed	\$5,000	Proposed relocation of innovation center deemed infeasible, but remains a going concern.
Smh Enterprises LLC	CoWorkSpringfield	Springfield	Seed	\$3,800	Professional and modern coworking space providing networking and training opportunities with a focus on women and minority-owned businesses. Currently operating in two separate spaces.
Springfield Innovation Hub, Inc.	Springfield Innovation Cafe	Springfield	Seed	\$5,000	Coworking space and headquarters for the Valley Venture Mentors accelerator with a proposed innovation café and test kitchen. Under construction.
Technocopia	Technocopia	Worcester	Fit-Out	\$84,000	Makerspace, with shared tools, trainings and workshops (7,000 sf).
20 Grants CLOSED			9 Seed 11 Fit-Out	\$1,116,800	

Four additional grants (two seed and two fit-out) were initially approved, but declined by the grantees before closing for a variety of reasons including the inability to commit the matching funds to the project and/or a shift in focus by the operator of the space.

Year-End Observations

- Grantee Status/Progress:
 - Most operational spaces connect their members to business growth or skill development events or resources.

- Membership growth was most successful with consistent and targeted marketing and outreach efforts by operators, with meet-ups and events driving new members into the spaces.
- Some spaces should focus more on a niche offering or strength as opposed to trying to be all things to all people.
- Closing dates that occurred either late in FY16 or early in FY17 affected reporting as grantees may not have commenced their project prior to the June 30 data collection.
- Program Administration:
 - Provide more direct technical assistance with a focus on budget and business plan construction – especially for Seed grantees.
 - Increase follow-up with grantees and applicants, connect them to larger resources through workshops and technical assistance, and create a community between and among collaborative workspace operators.
 - Provide additional third-party technical assistance in the form of needs assessments to select start-up spaces.
- Additional Needs of Cowork Spaces:
 - Securing operational money for additional staffing/programming was an obstacle to growth.
 - Expense associated with building code compliance was a common concern raised by the grantees.
 - Some spaces will require a more defined focus to attract the right community of users and to ensure that the use of the space maximizes return to ensure sustainability.
 - Reassessing mission and vision statements, as well as organizational structure, on a periodic basis will benefit the more nascent spaces as they mature.
 - Spaces should constantly assess equipment usage and membership trends to make sure that they are providing sufficient access to the right equipment demanded by paying members.

Next Steps

At the conclusion of FY16, and after a successful pilot round through the TDI Cowork program, MassDevelopment and EOHED are on the verge of creating and launching a more permanent multiyear effort to address the needs of communities, creatives, and entrepreneurs with a broader program to support collaborative workspaces by expanding the offerings beyond Gateway Cities. These investments will continue through the projected recapitalization of the TDI Co-Work program in Gateway Cities, and in all cities and towns in Massachusetts through the creation of the Innovation Infrastructure Program. As combined, the programs will simply be known as the “Collaborative Workspace Program.”