

# **Introduction to the implementation of a collective real estate project of artists' studios**

Summary of the pilot project to support artists' collectives for the development of real estate projects with this assistance of technical resources groups

# Introduction

In December 2020, the Conseil des arts de Montréal, in collaboration with the city of Montréal, launched a pilot project to help artists and artists' collectives develop property for artists' studios. This initiative enabled four visual arts and craft arts collectives to receive the guidance of technical resource groups (TRGs) for four months. This document is a summary of their work objectives, the steps involved in the guidance process and the tools that were put in place, offering an introduction to the implementation of a collective real estate project of artists' studios.

## What is a TRG?

Technical resource groups (TRGs) are part of a network of social economy enterprises operating throughout Quebec and tasked with developing and preserving Quebec's community housing to improve living conditions for low- to moderate-income households. The role of TRGs is to support, represent and advise NPOs and cooperatives in accomplishing their social housing projects, every step of the way. This involves acting as an intermediary between the group, public or private funders, municipal governments, general contractors, and all professionals involved in carrying out a property development project (architects, engineers, notaries, land surveyors, etc.).

There are four TRGs in Montreal:

[Atelier habitation Montréal](#)

[Bâtir son quartier](#)

[Groupe CDH](#)

[ROMEL](#)

## TRGs and property development projects for artists' collectives

Due to their expertise in supporting collective-purpose property development projects, TRGs have the necessary knowledge and skills for the development projects of cultural organizations.

- ✔ Some examples of how a TRG can help a cultural organization with their property development project:
  - Help define the development project
  - Develop a financing arrangement and viability study
  - Search for a building or part of a building that suits the group's needs
  - Seek financing
  - Assist with legal matters related to the **development project** (governance structure, tenure type)
  - Project implementation: coordinate the various professionals involved in the work, project accounting, permit applications, etc.
  
- ✘ Examples of what a TRG cannot do to assist a cultural organization with their property development project:
  - Offer guidance on the governance of **the artistic project**
  - Develop a business model for **the cultural organization's operations**

## Four pilot projects to provide the support of TRGs to artists' collectives (2021)

	OBJECTIVES	STEPS	TOOLS
<b>GROUP 1</b>	Work on two options: 1 acquire a building (project combining a cultural component and private businesses) 2 examine an acquisition by and for the organization alone	Offer guidance and support in the governance of the combined acquisition project	<ul style="list-style-type: none"> <li>- Submit an offer to purchase property for a partnership project (1)</li> <li>- Complete the due diligence checklist (1)</li> <li>- Jointly develop a business plan for the partnership development project (1)</li> <li>- Organize weekly working meetings with the TRG</li> </ul>
		Offer guidance and support to develop a viable business model suited to the acquisition project	<ul style="list-style-type: none"> <li>- Complete viability studies</li> <li>- Search for financing</li> <li>- Submit grant applications</li> </ul>
<b>GROUP 2</b>	Perform a diagnostic for a medium-term acquisition project	Frame the needs of the group	<ul style="list-style-type: none"> <li>- Written questionnaire</li> <li>- Three meetings with the group</li> </ul>
		Propose a frame of reference for establishing future needs	<ul style="list-style-type: none"> <li>- Develop a grid to analyze multiple criteria</li> <li>- Develop various tenure scenarios</li> <li>- Complete a theoretical business case</li> </ul>
<b>GROUP 3</b>	Establish a foundation for a future collective project	Legal constitution	<ul style="list-style-type: none"> <li>- Organize a training session on choosing the right legal structure given by a member of the TRG team</li> <li>- Meet with different organizations</li> <li>- Establish a working committee</li> <li>- Attend weekly working meetings with the TRG</li> </ul>
		Strategic thinking	<ul style="list-style-type: none"> <li>- Determine needs</li> <li>- Conduct viability studies</li> <li>- Speed Boat retrospective workshop</li> <li>- Search for financing</li> <li>- Submit an offer to purchase</li> <li>- Apply for grants</li> </ul>
<b>GROUP 4</b>	Implement the collective property development project	Establish the legal structure (NPO or cooperative)	<ul style="list-style-type: none"> <li>- Organize a training session with PME MTL</li> <li>- Set up weekly working meetings with the TRG</li> <li>- Set up a work session with all project stakeholders</li> </ul>
		Search for a suitable location	<ul style="list-style-type: none"> <li>- Visit properties</li> <li>- Coordinate with the collective's real estate broker</li> <li>- Negotiate the agreement</li> </ul>
		Clarify financial aspects	<ul style="list-style-type: none"> <li>- Meet with funders</li> <li>- Conduct viability studies</li> <li>- Search for financing</li> </ul>

## Present the tools identified by phase

Developing and implementing a property development project is a complex process that requires multiple areas of expertise. While the steps and tools presented in this document paint a more accurate portrait of the support provided as part of the pilot program, this list is not exhaustive.



### CONCEPT PHASE

This preparatory phase is very important because it lays the foundation for the collective property development project. Key steps include:

- **Choose a legal structure**  
The two most common options are the NPO and the cooperative when establishing a non-profit organization.
- **Define the needs for future spaces**  
The type of infrastructure required should be clearly defined at the project's inception, e.g., desired surface area, preferred location, financial capacity (ideal rent), specific needs (freight elevator, concrete structure and walls, soundproofing, natural light and lighting, parking, loading dock, 220 V and 600 V electrical connections), etc.
- **Carry out preliminary viability studies**  
These can be drawn up by cross-referencing price data of spaces that are available on the market and correspond to the needs and the capacity of the organization spearheading the project.
- **Draft executive summary**  
All of the above elements, in addition to the presentation of the organization's mandate and activities, form the main elements of an executive summary, constituting a first draft of the project.

## Present the tools identified by phase



### PROJECT DEVELOPMENT

To set the project in motion, other steps must be taken, including:

- **Evaluate the different contracting methods**  
**Leasing** (commercial lease: gross, net, net net net), long-term agreements (usufruct, emphyteusis), acquisition.
- **Develop and draft a business plan for the property development project**  
This document contains all quantitative, qualitative and financial data related to the project. In particular, it demonstrates its viability when seeking funding.
- **Seek initial financing, for construction or renovation and for operations**  
several sources of funding are needed in Quebec to develop a property as a collective. The main ones are grants from the various levels of government, loans, investments and donations (donations from individual or legal bodies, patronage, crowdfunding, community bonds).



### PROJECT COMPLETION

Many other challenges will arise once the project is underway, including:

- Submit and draft an offer to purchase that would benefit the organization if the acquisition were successful.
- Ensure that initial financing is available quickly to carry out due diligence and securing the purchase (for example have a budget to complete the due diligence checklist, get pre-approved for a loan from banking institutions).
- Coordinate contractor calls for tenders.
- Coordinate all stages of the renovations.
- Related reporting.

## Resources

For more information on leases for artists' workshops, consult the [guide and legal information videos: "Les baux et les arts"](#) produced by Édualoi and commissioned by le Conseil des arts de Montréal and the City of Montréal

Grants from the city of Montréal and the Quebec government [for renovating buildings into artists' studios](#)

Presentation of [the pilot program for supporting artist collectives by RGs](#)

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