

9-20-10

## **Grey Space**

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For-profit organizations frequently have vacant “grey space,” small amounts of office space that is not leasable on the market because of its small and/or irregular size and short term timeframe. Because for-profit entities have trouble leasing small amounts of vacant space and non-profits cannot afford high rents, a symbiotic partnership emerges. Potential benefits for the for-profit include the opportunity to help the community at no additional cost and the potential for some level of sharing current costs.

When for-profit entities are having trouble obtaining a sub-tenant to fill a small, vacant space, a non-profit tenant can help them fill that space with a 1-2 year lease at a donated or very affordable rate. Although the for-profit entity may not typically take an additional write off by donating the space because they are already expensing rent, leasing space that is otherwise underutilized will not only give them a feel-good sentiment for giving back, but also provide them with good public relations through their "in-kind" donation to the non-profit. They will be recognized by the non-profit on its website and through its marketing materials. This would be very beneficial especially if they actually do work with non-profits. A way to structure donated space is to reclassify the free space as a "charitable contribution," which can be deducted the same as when it was rent expense, subject to a limitation of 10% of net income.

Non-profits always try to keep their operations overhead as low as possible because any money that they save in overhead is put back into their programming. As a result, non-profit organizations aim to keep rent costs as low as possible and frequently look for free space, especially when they are in the incubation stage or are just getting off the ground. The most realistic scenario is to ask the non-profit to cover the operating cost of the space that they utilize. Non-profits would jump at the opportunity for free space, but if that's not possible, they would still be happy with below market rent. In addition, creative ways of cost savings include sharing reception duties, phone/data and other common duties and services.

According to conversations with local real estate brokers, there are for-profit organizations interested in this concept because of the opportunity to help the community at no additional cost and the potential for some level of sharing current costs. For the brokerage community, it is an opportunity to provide their client with a community responsible alternative for space that may otherwise be challenging.

If you are interested in this concept from either the perspective of an owner of property or as a non-profit, please contact Josh Burdick at the Urban Land Conservancy via email at [jburdick@urbanlandc.org](mailto:jburdick@urbanlandc.org) or via phone at 303-377-4477 x27. A tool to utilize the Denver Shared Space Project website ([www.denversharedspaces.org](http://www.denversharedspaces.org)) to connect non-profits and landlords around grey space is under way.