Artspace Projects Around the Country

Top to Bottom: First residents at the Artspace Tannery Lofts in Santa Cruz, California; Residents in El Barrio’s Artspace PS109 in East Harlem, New York; Interior of a live/work unit in the Northern Warehouse Artists’ Cooperative in St. Paul, Minnesota; Grand Opening of the Brookland Artspace Lofts in Washington D.C.; Exterior of City Hall Artspace Lofts in Dearborn, Michigan.
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INTRODUCTION

As Washington, D.C.’s most famous neighbor Arlington County boasts more than landmarks, monuments, and one of the nation’s busiest airports. With nearly a population of 250,000 within its 26 square miles lies cool and hip urban commercial nodes. These sprout along one of the 11 Metro stops within the County, and particularly can be found along the Rosslyn-Ballston corridor, as well as the Crystal City and Pentagon City areas of Arlington. The County’s long-standing commitment to transit-oriented development, paired with smart economic development initiatives, has resulted in vibrant neighborhoods that promote a high degree of livability in the congested Washington D.C. metropolitan area. The aforementioned areas, along with places further from Metro like Columbia Pike and Shirlington, are teeming with innumerable shopping, cultural, and culinary offerings to rival most any other place in the region. The highly educated population that calls Arlington home can recreate and/or commute on nearly 100 miles of trails and bike paths that connect over 150 public parks and green spaces keeping both the mind and the body fit. Arlington is car friendly, but there is growing attention on the part of County elected and staff leadership to make the County more environmentally friendly offering Metrorail, Metrobus, ART Bus, Capital Bikeshare, and car share programs to satisfy almost any means necessary to get around the region. The County even produced a car-free calculator to help you understand your own impact on the environment.

For those not familiar with local governments in the eastern United States it bears restating that Arlington is a County, not a City. Arlington County has no cities within it, only neighborhoods such as Rosslyn, Pentagon City, and East Falls Church to name a few. Arlington is also known as the “Western Point” on the diamond if you continued the D.C. boundary line across the Potomac. Early in our nation’s history the land that is Arlington County was given by the Commonwealth of Virginia to the Federal Government to help form the National Capital District that is now Washington, D.C. However, in 1846, the land was returned to the Commonwealth of Virginia for issues owing to congressional representation and the abolition of slavery. Today it is one of the most ethnically diverse areas in the region with more than fifteen percent of the population claiming Hispanic or Latino heritage; 27 percent of Arlington residents speak a language other than English in the home. One major issue facing the region and Arlington County is a rapidly increasing median household income that are leading to rising rents and affordability of rent.
Recently, the American Planning Association recognized Arlington’s commitment to community-based planning and smart growth with a Gold 2017 National Planning Achievement Award for Implementation of the County’s General Land Use Plan. Smart Growth, though coined in the 1990’s, was an early idea of County leaders as far back as 50 years ago. Arlington County remains committed to these development principles and should Artspace and Arlington decide to work together they will serve as great guides steering us to the right places and delivering projects that the County and communities they are placed in see as beneficial to the overall quality of life.

Preliminary Feasibility Visit

METHODOLOGY

The first step in the Artspace process is a Preliminary Feasibility Study. The goals of this study are to gather information from the community to shape the project concept, provide feedback about the feasibility of the proposed project, share information about how these projects come together, and recommend next steps – all of this while at the same time encouraging community dialogue, creating a buzz, and growing support for the project.

Central to the study is the Preliminary Feasibility Visit, in which the Artspace team meets with key leaders and stakeholder focus groups, visits potential sites, and conducts a public meeting. The visit to Arlington took place February 7-9, 2017. Artspace was represented by two members of the Artspace Consulting and Strategic Partnerships team, Wendy Holmes, Senior Vice President, and Stacey Mickelson, Vice President and Kelley Lindquist, President of Artspace, also joined the group for the two days.

During a Preliminary Feasibility Study, Artspace gathers information about six main topics:

WHAT DO WE LOOK FOR?

Project Concept. The goal is to define, and then refine, the type of facility that is being considered. Projects can be all residential, all commercial, or a combination of both in a mixed-use project. For mixed-use projects, Artspace wants to know what types of commercial and community spaces would be complementary to residential space. Affordable live/work space for artists is central to Artspace’s development projects, but residential projects are not necessarily the right fit for every town. If the priority concept does not include residential space, Artspace highlights alternate opportunities to advance a project that addresses the needs of the local creative sector.

Arts Market. Whether there is a sufficient market to support an arts facility. To answer that question, qualitative data is collected through focus group discussions. Specifically, Artspace asks artists if they need a space to live, work, create, teach, share, and sell their art, how much is considered affordable in rent, and what types of amenities are desired. This information helps assess the feasibility of the project concept and lays the groundwork for the Arts Market Survey. The survey is the second step on the path to an Artspace project, which provides quantitative data about the creative community’s space needs.

Local Leadership. Who are the leaders on the ground that are willing and able to advocate for the project, open doors, and keep lines of communication open between the developer and the community. These
leaders come to the project from all industries, from elected officials who control agencies and program dollars to citizens who are passionate about making their community a better place to live, work, and play.

**Funding & Financing.** Arts facilities typically represent a significant investment of civic resources. Although a variety of state and federal programs can be used to generate revenue for construction, Artspace relies on local funding and financing programs from both private and public institutions as well as philanthropic donations to support predevelopment expenses and gap funding.

**Site Assessment.** The primary goal is not to select the site, but to identify candidates for further study. Several factors to consider include location, building capacity, availability, viability, and ability to impact the broader community. As a project moves into predevelopment, these sites and newly identified sites will be further evaluated based on the refined project concept, size of the market, local development priorities, and funding sources attached to specific areas.

**Sustainable Community Impact.** Deeply rooted in “creative placemaking” practice, the goal is to start identifying strategies and partnerships that can leverage impact, resulting in a project that is greater than the sum of its parts. Anchor tenants, site selection, and programmatic activities are all components of the overall community impact.

While these are not the only factors Artspace considers in making recommendations to move a project forward, they help frame the discussion.

This report contains Artspace’s observations, findings, and recommendations based on what we saw and heard during our visit to Arlington. It is also informed by the knowledge we have gained working in other cities around the United States that have invested in affordable housing and other facilities for artists and creatives. We believe that those experiences provide a useful context for evaluating the feasibility and importance of artist spaces in Arlington.

**THOUGHTS AND OBSERVATIONS**

- Multi-tenant, multi-use creative spaces generate economic revitalization and development. Every project provides job opportunities before, during, and after construction.

- Every independent artist is, in effect, the owner/operator of a cottage industry, generating economic activity by selling products or services, purchasing equipment and supplies paying taxes, and otherwise contributing to the local economy.

- Artists are good neighbors and active community members. Many artists collaborate with the larger educational, cultural, and business communities as teachers, adjunct professors, and volunteers with youth and cultural organizations or other civic groups.

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**Live/Work Housing Defined**

“Affordable live/work housing for artists” refers specifically to the kind of rental housing that is essential to attracting and supporting a healthy and strong arts community. Typical live/work projects are built as rental-operated apartment buildings providing living quarters along with additional space – typically about 150 square feet – designed for use as a studio by the resident artist. Such units have built-in amenities desirable to artists, including high ceilings, large windows, wide doorways, and durable surfaces, along with community space(s) that serve as collective/collaborative use areas, gathering places, and galleries.
Many of the artists we serve either qualify for affordable housing and do not know it or are already living in affordable housing units within a given community. An Artspace Project attempts to link them together and harness their collective creative energy which often times provides catalytic change for neighborhoods or forgotten areas where disinvestment has long been the norm.

To create affordable live/work housing for artists with guaranteed long-term affordability is to create and sustain an authentic community of artists who collaborate not only with one another but also with other local, national, and international artists.

Arts facility projects help preserve old buildings, stabilize older neighborhoods and revitalize vacant and underutilized properties. Arts projects also help preserve cultural heritage by providing places where cultural art forms can be passed from one generation to the next.

Arts projects are catalysts for private and public investment, such as façade improvements and general beautification, in the surrounding area.

These projects create permanent community spaces that give resident artists opportunities to interact with the public through gallery events, demonstrations, performances, and installations, and give the larger arts community opportunities to showcase their work.

We are grateful to Arlington County Leadership, Arlington Cultural Affairs, Arlington Foundation for Arts and Innovation (AFAI). A special thanks to key members of the core group Michelle Isabelle Stark of Arlington Cultural Affairs for organizing an engaging and informative series of focus groups and community meeting for the Preliminary Feasibility Study.

During the Arlington Preliminary Feasibility Visit, the Artspace team:

- Facilitated four Focus Groups, ranging from 12-30 participants for the following:
  - Artists, Creatives, and Arts Organizations
  - Finance and Funders
  - Civic leadership, County agencies
  - Business leaders

- Held a Public Meeting at the Arlington County Economic Development Office, which drew about 90 participants

- Toured potential development sites and existing arts facilities

- Led strategy sessions with the Core Group of local leaders to discuss next steps and the Arts Market Survey process and timing
QUALITATIVE FINDINGS

Project Concept

The first question Artspace asks when first entering a community is: “What are you trying to accomplish?” Some communities are clear about what they hope to achieve. The goal may be to preserve a specific building; as in Loveland, Colorado, which contacted Artspace in hopes of saving its historic Feed & Grain Building. It may be to revive a derelict area, such as the Lowertown neighborhood of St. Paul, Minnesota, where Artspace developed two large projects in the early 1990s. Or it may be something else: to create a new arts center, perhaps, or to protect a popular arts district from being gentrified out of existence. In many communities, more than one goal is in play.

Other communities are starting from scratch. They look to us to guide them through the process of determining whether an arts project makes sense for them – and, if so, what kind of arts project it should be.

In the case of Arlington there are multiple project concepts to consider, because Arlington County had us consider four specific areas of the County. These places are areas that County representatives, through other efforts or means of study and analysis, identified as potentially advantageous places to focus potential economic development and housing investment for artists. Of the four sectors we examined, only three seemed most appropriate for some type of mixed-use (residential/commercial/working-studio space) Artspace development with one seemingly not ready for housing but rather only working studio space. These will be discussed later on.

A project can be entirely residential, entirely non-residential, or a combination of both. Although affordable live/work space for artists is central to most Artspace projects, residential projects are not necessarily the right fit for every community or neighborhood. If a mixed-use project is being considered, Artspace asks focus group participants what types of commercial and community

Mixed-use affordable live/work project example
Tashiro Kaplan Artist Lofts // Seattle, WA
ARTIST PREFERENCE IN AFFORDABLE HOUSING

Artspace live/work project are unlike most affordable housing in that we use an “artist preference” policy to fill vacancies.

For each project, we appoint a committee that includes diverse artists who are not applying to live in that project. The committee interviews income-qualified applicants to determine their commitment to their chosen art form or creative pursuit. It does not pass judgment on the quality of an applicant’s work, nor is it permitted to define what is or is not art.

Although the IRS challenged the “artist preference” policy in 2007, it dropped the challenge after the Housing and Economic Recovery Act of 2008 became law. That law states: “A project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants...who are involved in artistic or literary activities.”

ARTS MARKET

The term “artist market” refers to the demand for the kinds of space that artists regularly need and use. The goal of the Preliminary Feasibility Study is to obtain qualitative data from artists and others familiar with the local arts scene. During the Artists and Arts Organizations Focus Group and the Public Meeting, we ask artists and creatives if they need space – residential, studio, exhibition, rehearsal, performance, display, sales, education, office, storage, etc. We also ask them to tell us what they consider an “affordable” rental rate and what amenities are high priorities for them. Our ultimate goal is to determine whether a probable market exists for an Artspace-like project consistent with the priority concept.

We met artists/creatives of all ages practicing in a variety of disciplines including: literary arts, theatre, music, marketing, jewelry design, arts administration, arts education, photography, culinary arts, graffiti/mural arts, interior design, architecture, sculpture, gallery and curation, painting and even pumpkin carving.

Over the course of the visit, we met some 50+ artists and nonprofit/creative business representatives. Additionally, the vast majority of the 96 public meeting attendees came from the arts or other creative fields. From these conversations, we captured information about their current living and working situations as well as their interest in new space.

Together the artists and creatives described a need for space that would support their personal creative work, but also space that would attract graduating students and artists considering a return or relocate to Arlington. Affordable housing and live/work space was expressed as a need, particularly in the context of anticipated rising rents and the increasing lack of affordable for-sale housing.

HOUSING NEED

While there was much conversation about the benefit of advancing artist live/work space, many of the artists we met own their homes and have little or no interest in relocating to a multi-family artist housing facility. However, many also
indicated that there are other artists who would be interested. For example, new affordable space was mentioned as a way to help attract and retain the 18-30 year olds who may otherwise leave for other larger cities and as a way to preserve space for those who return in their 30’s to start families. This suggests the need for a formal Arts Market Study as a next step to quantify the demand for a mixed-use, affordable, artist live/work project. A market study would definitively reveal whether a market for artist housing exists and whether an affordable housing-funded model, with HUD set maximum rents and income restrictions, would be considered affordable by prospective, income-qualifying tenants.

### Area Median Income and Eligible Rent

**Only for Live/Work Space**

<table>
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<tr>
<th>Household Size</th>
<th>Income Max (60% AMI)</th>
<th>Bed-Rooms</th>
<th>Max Rent (30%-60% AMI)</th>
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<td>$744-$1,489</td>
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<td>$59,580</td>
<td>3</td>
<td>$860-$1,721</td>
</tr>
<tr>
<td>4</td>
<td>$66,180</td>
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Source: 2017 figures for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area

### WHAT IS AN ARTIST?

Artspace’s definition of an artist is very broad. An “artist” is a person who has a demonstrable commitment to the arts or a creative pursuit. This does not mean that the artist generates any or all income through his or her art.

A sample of arts and creative disciplines includes, but is not limited to: painting, sculpture, book art, mixed-media, print-making, film, literature, costume design, photography, architecture, culinary arts, music, jewelry, furniture, pottery, fine crafts, performance, dance, theater, healing arts, tattoo, as well as art education and administration.
EXISTING CREATIVE ASSETS

The County has made a significant commitment to public art pieces, many by famous artists, in both a permanent collection and temporary installations. Self-guided tours are available on the Arlington Public Art webpage.

Of particular interest is the Art on the ART bus program. The ART (Arlington Rapid Transit) is an Arlington County public transit bus service that helps to connect Arlington residents, workers, and visitors among various locations across the County. An ingenious program begun and led by Arlington Cultural Affairs that places local original works of art on the buses so riders can have exposure to a cultural experience on their commute. Works of art rotate on a schedule and help brighten the overall rider experience for those traveling via ART buses.

Arlington Cultural Affairs is currently engaging the public and County staff in an exercise that revisits the Public Art Master Plan, adopted in 2004, looking at seven key components: vision, opportunities, locations, strategies, criteria, priorities, and procedures.

Arlington Cultural Affairs has also recently received a $25,000 grant from the National Endowment for the Arts to support its innovative new Arlington Art Truck. The Art Truck is a mobile van outfitted with creative tools such as digital and traditional art supplies that serves as a studio for guest artists. This in turn creates more opportunities for artists while simultaneously expanding community access to the arts and diversifying public engagement in County planning and decision-making processes.

The local commitment to public art is an important step in our understanding of the civic support behind a future Artspace project.

ADDITIONAL FEEDBACK

Following are additional comments, themes, and ideas that we heard from the community and that provide context for our recommendations and next steps.

- Diversity is of great importance
- Lack of performance space for smaller groups and what is available is poor at best
- Within the George Mason University (GMU) campus over 65 countries are represented with an 80% retention rate
- VA Tech is focused on linking artists & creators with researchers & developers
- Arts and culture in Arlington lost a central gathering place leaving a deep void when Artisphere left
- A need for openness to “low-brow” alternative art
- Multiple references to the Missing Middle
- Marymount University could have a solution by providing temporary housing for artists during summer in some of their residency halls
- Lack of small independent galleries and no music stores in the County
- Message for the existing artist community: more art and artists are good, not a threat
- Linking art + technology = big time problem solving
- The greater artistic community of Arlington County lacks a “thing” or “place” to give to
- A goal for Arlington is to get out in the community more
As Artspace has seen in other communities, demonstrating the support for creative space concepts and programs can pique the interest of independent developers and local businesses that can step in to fill unmet needs once they understand the market demand.

THE ARTS MARKET STUDY

What we learned from focus group discussions and the community meeting gives us confidence that a market for new creative space exists in Arlington County and tells us a little about the nature of that market. To quantify the need for new creative space and the preferences for that space, an Arts Market Study is a recommended next step.

The Arts Market Study is a unique process that includes one or both of two proprietary surveys developed by Artspace more than 16 years ago. One survey focuses on the space needs and interests of individuals. A second survey can cover the needs and interests of organizations and businesses. We continually update the templates to reflect national creative space trends, and we modify them in each community where we work, using local input to hone in on unique characteristics of the proposed project and local arts scene. We then host the survey(s) online for up to eight weeks. Developing the questionnaire, publicizing it, collecting the data, analyzing the results, and preparing a report takes about six months.

The primary goal of the Arts Market Study is to determine the size and nature of the market for a project. If live/work housing is included in the project concept, the Study is used to demonstrate a need for affordable rental housing sufficient to satisfy the various public and private entities that make financial investments in projects. The Study is also used to refine the project concept, help select the best location for the project, influence development decisions, and determine design features. A secondary goal is to galvanize the creative community around the project concept, to reach artists of all backgrounds, ethnicities, ages, and art disciplines, and to build an interest list for new space.

Broad regional outreach is as important as local participation. We typically like to reach a survey audience within a 50-mile radius of the intended development location. However, some communities do not wish to broadcast that far and wish to only survey their residents or people within a specific geography or zip codes. We do not recommend this methodology as it can lead to false or incomplete data and not adequately reveal the desirability of a place as a destination for artists, therefore hindering chances for success.

To date, we have used these survey instruments and helped with implementation and outreach strategies in more than 70 communities that were exploring creative space developments, whether or not Artspace was the intended developer.

ARTS MARKET STUDY

An Arts Market Study is a required step in the predevelopment of an Artspace project. It is an in-depth analysis of the space needs of artists and creatives in a community. Each study includes a survey of individual artists and often an additional survey of arts organizations and creative businesses. Each survey is customized to reflect the unique characteristics of the proposed project concept. Creating the survey, publicizing it, hosting it online, analyzing the data, and preparing the report takes about six months.

The Arts Market Study gathers a wealth of data about the area’s creative community, including the arts disciplines, preferred amenities, neighborhoods of interest, income range, current space arrangement, amount they are willing to pay for space, and general demographic information.

The goal is to determine the size and nature of the market for an affordable mixed-use arts project. It tells us how many live/work units and how much commercial space the local arts community can fill and what amenities are desired. The study is also a critical tool in demonstrating the need to the public and private entities as they decide whether to invest financially in a project.
INDIVIDUAL ARTIST SURVEY

The Individual Artist Survey gathers a wealth of data about the area's creative persons, including age, gender, ethnicity, household size, and other demographic information; the arts activities they practice; their current income range and the percentage of it generated by art; their current studio or work space arrangement, and how much they are willing to pay for new space.

It also tells us with reasonable accuracy how many live/work units the local arts community can support. We determine the recommended maximum residential unit count of a proposed project by taking the number of artists who express interest in relocating to the project if it is built, and dividing that number by three. For example, if 120 artist households are interested, we plan for a 40-unit project. This conservative “triple redundancy” policy ensures that our projects lease up quickly and stay fully occupied over time. Because small projects are more expensive in terms of their per-unit costs, and more difficult to fund using public subsidies, a 30-unit project is the smallest that Artspace will typically consider if we are to be the developer.

Importantly, the survey also tells us whether a project funded with affordable housing dollars would align with interested artists’ household incomes and whether HUD-set rent limits are consistent with what area artists can pay for live/work space. In some cities, there is a slim margin – or none at all – between market-rate residential rents and the rents for a subsidized multi-family project. In that case, it is critically important to understand what artists are willing to pay for the unique opportunity of relocating to space in an arts facility that supports their living, working, family and artistic needs under one roof. The Artist Survey data can help us do that and to determine whether a sustainable operating model is achievable.

The Arts Market Study is not limited to testing market feasibility for a mixed-use live/work project. The data can also be used by local developers, property owners, organizations and the County itself to advance a variety of creative spaces of varying sizes and types, ranging from housing to makerspace.

Based on our observations and what we heard in our focus group sessions, we believe that an Arts Market Survey in Arlington, VA could reveal a fairly sizable market for creative space.

ORGANIZATION/BUSINESS SURVEY

When a mixed-use project is under consideration, or when the Preliminary Feasibility Study reveals a significant need for space for arts groups and creative businesses, we usually recommend conducting the Organization/Business Survey as well as the Individual Artist Survey described above. The primary objectives of this survey include:

- Identifying the specific space needs of the interested organizations and businesses as well as their amenity and shared space preferences;
- Understanding their capacity or readiness to take on new space and what rents they can afford; and
- Developing a comprehensive matrix of interested entities that can serve as a starting place for space design planning and lease discussions.
Local Leadership

What we love and admire about communities that connect with Artspace is their strong leadership. There is typically a lively, connected lead person who assembles the troops and does a lot of advocacy work leading up to our visit. Arlington County is no exception. Michelle Isabelle Stark contacted Artspace about Arlington having seen and known our transformative work in Patchogue, NY, on Long Island. Victor Hoskins, who leads Arlington County Economic Development, of which Arlington Arts and Culture is a branch also knows of Artspace's transformative effects on neighborhoods. While Secretary of Housing for the State of Maryland he learned of Artspace's Mt. Rainier Artist Lofts project along the Gateway Arts Corridor/Route 1 in Prince George's County and was instrumental in its development. After leaving Maryland he became the Deputy Mayor of Planning and Economic Development in Washington, D.C., when Artspace developed its second project in the region, Brookland Artist Lofts.

Because these two capable leaders know of and have a history of working with Artspace we feel confident that a successful endeavor can be undertaken.

County staff and County Commission participation was also important to see. Art facility projects are only successful when there is full governmental participation from both elected and non-elected personnel. Later in the process, it will be critical for the County to prioritize a future project. This support comes in the form of program dollars and funding associated with economic development, affordable housing, and the like, so their early participation is very important.

“The reason I supported [Artspace] is they did this in 30 other communities, and it worked 30 times; can’t do any better than that. It improves the community; it improves the tax base; it takes a piece of property that was paying no taxes ... and now it’s going to pay tax back into the city.”

— David Kaptain, Mayor of Elgin

What is Local Leadership?

**Civic Leadership** - Leaders from the public sector, school district, State and County, economic development professionals alike all help Artspace projects through different avenues including allocation of public funds.

**Business Leadership** - Representatives from banks, foundations, colleges, real estate professionals, developers, as well as individual business owners all play an important part in bolstering lively areas and Artspace communities.

**Arts Community Leadership** - Artists and arts advocates are known to do so much with few resources in many communities, supporting an affordable arts facility can further the momentum for the arts and advocates of artist rights.
Funding & Financing

An Artspace project represents a substantial financial investment in the community where it is located. But in most cases only a small fraction of that investment comes directly from the community itself. This is because Artspace relies mainly on federal programs, such as Low-Income Housing Tax Credits (LIHTC), Historic Tax Credits, and HOME funds, to pay for the projects we develop. These programs, and others like them, exist to encourage the development of affordable housing, the rehabilitation of historic buildings, economic revitalization of neighborhoods, and other public purposes.

Artspace has experience with a broad range of funding tools for mixed-use affordable housing projects and in some cases non-traditional development funds, like those from national corporations or foundations, can be secured because an Artspace project can be seen both from an affordable housing lens and an economic development one. In order for this to happen though a project must align with current corporate giving goals or foundation ideals and methodologies, and even when it does it is still no guarantee of funding. Every municipality is unique in its approach and in the sources available for important “gap” funding. When 9% Low Income Housing Tax Credits are secured, the funding mix also includes a healthy allocation of HOME funds from the City and/or County as well as other sources geared toward economic development, historic preservation (when applicable), affordable housing, and the like. Additionally, in a typical Artspace project, 10-15% of the capital funds come from philanthropic sources. In every case, an Artspace project must be a civic priority driven by leadership at the City and County levels in order to identify capital funds that will build the project while also helping secure the extremely critical predevelopment resources early in the game. An example of this combination of funding sources is below for the Elgin Artspace Lofts.

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<th>SOURCE</th>
<th>AMOUNT</th>
<th>PCT.</th>
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<tr>
<td><strong>Public Sources</strong></td>
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<tr>
<td>Federal low income housing tax credits</td>
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<td>Federal historic tax credits</td>
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<td>State HOME funds</td>
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<td><strong>Private Sources</strong></td>
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<tr>
<td>Philanthropic gifts</td>
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<td>Artspace (predevelopment grant applied to capital)</td>
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<td>Deferred developer fee</td>
<td>$261,561</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$14,538,320</strong></td>
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The Affordable Housing Investment Fund (AHIF) is Arlington County’s main financing program for affordable housing development. Since its creation in 1988, this revolving loan fund has helped to create the majority of Arlington’s more than 7,500 affordable rental units that benefit low-income households. The AHIF is funded through a variety of sources such as developer contributions, loan repayments, and General Fund appropriations.
UNDERSTANDING LOW-INCOME HOUSING TAX CREDITS (LIHTC)

STEP 1 (OF 4)
The low-income housing tax credit — LIHTC — is the government’s primary program for building affordable housing. Here’s how it works...

STEP 2 (OF 4)
The IRS has a pool of tax credits that it divides up every year among 58 states and local housing finance agencies, based on population size.

STEP 3 (OF 4)
Let’s say you’re a developer and you want to build an apartment building with units designated for low-income people. To decrease rents, you’ll need help to offset your costs. That’s where these tax credits come in.

STEP 4 (OF 4)
First, you go to your housing finance agency to request money to build. You promise to:
- Offer a certain amount of low-income units and keep it that way for at least 20 years.
- Meet the housing agency's requirements. For example, you might set aside units for veterans or the homeless.

STEP 5 (OF 4)
If your application is approved, the housing agency gives you about 97 percent of your allowable cost in tax credits, which you can claim for 10 years once the building is completed.

STEP 6 (OF 4)
But tax credits are just a promise that you won’t have to pay as much at tax time and are not very useful for buying concrete or labor.

STEP 7 (OF 4)
To solve that problem, you can sell your credits for cash to an investor — often, a big bank. Many developers use syndicators (who are like brokers) to help connect with investors.

STEP 8 (OF 4)
Everybody in this process earns a fee for their work.

STEP 9 (OF 4)
Investing in LIHTC buildings helps banks meet their obligations under the Community Reinvestment Act, which requires banks to invest in the poorer communities where they do business.

STEP 10 (OF 10)
When the project is complete, the investor owns the majority of the building and gets 10 years of tax benefits. Because taxpayers subsidized the building, the rents on the low-income units are cheaper than market rate.

Source NPR, Illustrations by Chelsea Beck/NPR. Explainer by Meg Anderson, Alicia Cypress, Alyson Hurt, Laura Sullivan and Ariel Zambelich/NPR and Emma Schwartz/Frontline
Prior to fiscal year 2018, AHIF applications were reviewed on a rolling basis. Staff initiated a Notice of Funding Availability (NOFA) process in order for AHIF investments to better align with the goals and objectives of the recently adopted Affordable Housing Master Plan and to formalize the process and schedule for funding recommendations. The NOFA takes into consideration policy, experience, and budget criteria as well as geographic distribution and proximity to the Metro corridors. Projects that are selected through the AHIF NOFA will receive a staff recommendation to continue with AHIF negotiations and the public process.

The fiscal year 2018 AHIF NOFA received nearly $59 Million in application requests. The next NOFA for AHIF loan funds will be made available in FY ’19 or FY ’20. The exact amount of funding for the next NOFA round would be determined during the County budget process, which typically occurs in April.

Artspace, having worked in 38 communities, would recommend that Arlington County leadership and those associated with this effort review some best practices and the funding and financing mechanisms that have worked in places where Artspace has successful projects. Those places include: Montgomery County, MD, and our Silver Spring project there; King County and the City of Seattle; Hennepin County and The City of Minneapolis; and, the State of Colorado’s Space to Create program, are but a handful of the many examples. Artspace can make connections and introductions should Arlington County wish to explore these further. In summary, we feel positive about the funding and financing mix. More private foundation resources will need to be explored in addition to the public funding needed through the County.

Site Assessment

When Artspace visits a community we typically tour various sites (buildings and vacant or underutilized parcels of land) to understand the broader real estate picture and the overall development strategy of the community. The site tour is important also for showing us where artists and creatives are located and/or where they would possibly want to move to.

In Arlington, we approached the site analysis from a more global perspective looking at the County first as a whole and then drilling down into “Sectors”. Arlington County has developed plans, policies, and strategies of encouraging significant private investment in high- and medium-density mixed-use development projects and supporting public investment into areas of growth potential called Sectors. These are strategic places where private and public investment is focused to concentrate people and activity around Metrorail and other transportation options to allow for the most effective and efficient movement of people, while creating attractive and thriving places. We focused on four primary areas, although we understand that Arlington has other such areas that were not specifically studied as part of this effort.

The four Sectors evaluated through this study are:

1) Virginia Square;
2) Columbia Pike;
3) Crystal City; and,
4) Four Mile Run Valley

It should be noted that we walked through central Rosslyn to see the former Artisphere site and the public art installations. Central Rosslyn is the busiest and most congested part of the County, both in pedestrian and automobile traffic, and is home to some of the tallest buildings/skyscrapers in the Northern Virginia/Capital Region. We do not believe that an Artspace Project makes sense in this part of the County at this time.
**SECTOR 1: VIRGINIA SQUARE**

This Sector is centrally located within the County and is developed around a Metrorail station served by the Orange and Silver lines, and is also well-connected via several bus lines. Virginia Square is classified as the educational and cultural hub because it is home to two prominent Arlington institutions, the Arlington Arts Center and George Mason University that operates a satellite campus here. Virginia Square is also home to the Central Library and the local YMCA. In its southern limits, Virginia Square is a more residential area with single-family homes within walking distance of a strong commercial district, with access to many essential services such as pharmacies, grocery stores, restaurants and other light retail.

Virginia Square is home to the Arlington Arts Center, where 12 subsidized studios are available for rent and one reserved for a visiting artist, rotated annually. The Center, at just over 17,000 sq. ft., is housed in the historic Maury School; they have been in operation since 1974. It has a strong reputation and strong backing from the County and community at large, both good indicators that successful arts projects can and do exist in the County.

The most immediate potential opportunity for an Artspace Project in Virginia Square may be in partnership with the YMCA, which is currently looking to renew their commitment to Arlington with the expansion or redevelopment of its existing facility just north of Virginia Square. The YMCA site is one of several properties that are subject to an ongoing Special General Land Use Plan Study, where several owners/potential developers are seeking changes to the General Land Use Plan that would permit greater development densities than are currently available today. As of June 2017, the special study is still ongoing and any decisions on potential outcomes and land use plan changes resulting from this study are tentatively anticipated in the fall 2017 timeframe.

Without having toured the specific facility, the potential future of this site that includes an Artspace component could be imagined in a variety of ways. One option could include the re-use of the existing YMCA building as housing for artists and studio space for other creatives and makers to congregate, while other areas of the site accommodate a new YMCA facility. If reuse of the current structure is not feasible or preferred, another option could include razing the current building(s) and building new structures that accomplish a new YMCA facility, housing, and other activities to support the working creative class in the region. These concepts would presume a joint venture with the YMCA that would keep them on-site, but in a new facility, alongside a new Artspace development. A new arts-related development here that aligns the goals of the YMCA and those of Artspace could create several new partnerships and collaborations with the potential of reaching deep into other places within the County, harnessing the energy of GMU along with the community talents and spirit of the Arts Center.
SECTOR 2: COLUMBIA PIKE

Columbia Pike is often referenced as both a main street and a place. The Pike cuts a three-mile swath through Arlington County from east to west. The Pike is home to some of the most ethnically diverse restaurants and shops you'll find in Northern Virginia. Columbia Pike is also home to a diverse range of residential building types, including single-family homes (attached and detached), garden-style apartments, and mid to high-rise residential rental and condominium buildings. It is walkable, and is very-well served by bus transit, but does not have direct access to Metrorail service.

Columbia Pike is home to the Arlington Mill Community Center where our focus groups took place. This Center was extremely vibrant and filled with activities; of particular note were the adult education classes in ESL (English as Second Language) and youth programming for children who appeared to be preschool aged and younger.

In 1989 a group of visual artists joined forces and raised funds to convert a large retail space along Columbia Pike into artist studios, pictured above. Today 27 visual artists call this place home. Their beautiful three-story brick building serves as a destination for art lovers eager to purchase or create and sell their work. It is open to the public during special functions such as open studio exhibitions and by appointment.

Columbia Pike has been the focus of extensive planning efforts since 1986, when the Columbia Pike Special Revitalization District was established. Community-based planning efforts have helped shape the vision for a revitalized Pike. The 2012 Columbia Pike Neighborhoods Area Plan made affordable housing a long-range planning priority with a goal of preserving all the Pike’s existing affordable units.

The Transit Oriented Affordable Housing Fund (TOAH) is a tool designed to promote affordable housing development within designated boundaries of the Columbia Pike corridor. Affordable housing developers who are applying for Low Income Housing Tax Credits may put TOAH funds toward infrastructure-related items (like underground utilities, tree preservation and streetscaping) and County fees (such as Certificate of Occupancy, building permits and tap fees) to help keep their project under the Virginia Housing and Development Authority Total Development Cost limits and increase competitiveness for tax credits.

The Columbia Pike Tax Increment Financing (TIF) Area was established as a funding mechanism for the TOAH. Within specifically designated commercial and multi-family residential revitalization districts, 25 percent of tax revenue generated by new development and property appreciation will be dedicated to affordable housing along the Pike. These tools deserve careful consideration if any new artist housing development should move forward.
SECTOR 3: CRYSTAL CITY

Located just across the Potomac River and the 14th Street Bridge from Washington, D.C., Crystal City is easily accessible by car, Metrorail, bus, and other multimodal forms of transportation. Crystal City borders Ronald Reagan Washington National Airport and has more than 10 million square feet of office space, serving as home to defense contracting giants like Boeing. Since the recession of the late 2000s, and compounded by the effects of the Base Realignment and Closure Commission actions of 2005, many of these properties have seen rising vacancies as businesses downsized or left. However, owing to some bright and energetic entrepreneurs many of these spaces are now being re-imagined into co-working and even artist maker spaces like We-Live We-Work, 1776 Incubator start-up, and TechShop DC.

Another non-profit group, the Arlington Artists Alliance, works with participating local businesses, churches, education institutions to hold art shows in their spaces. As a support network the Alliance provides a platform for regional artists to share ideas. One of their most successful ventures is the Art Underground Gallery operated in the once struggling underground mall, the Crystal City Shops. Also in the Crystal City Shops is the home of Synetic Theater a renowned performing arts group that uniquely blends dance, theater, and movement.

These kinds of spaces, along with the talented people they attract, are quickly revitalizing the area but there are few affordable housing options in Crystal City to accommodate them. In nearby Pentagon City housing options are abundant but also not affordable for many. As envisioned in the 2010 Crystal City Sector Plan, a number of potential future redevelopment opportunities may exist in Crystal City, but for this study we focused on one in particular, located within the area around 23rd Street/Eads Street (Restaurant Row). Restaurant Row is similar to the Fenton Village area of Silver Spring, MD, where Artspace will build our next project in the region. Like Fenton Village, Eads Street is home to decades old, family-run, multi-ethnic establishments that make the place unique and that the community wishes to keep. Freddie’s Beach Bar, Athena Pallas, Bob & Edith’s Diner, Enjera Restaurant are just four of the more than 15 or so options that line either side of the street.

The full range of potential redevelopment opportunities deserve more exploration but we do believe a traditional Artspace Project of affordable live/work spaces could be developed and succeed here. A mixed-use development, like Silver Spring, could serve as a model. Because of its proximity to Washington, D.C. alone, Crystal City seems a right fit for an Artspace Development, especially as young people who want to remain in the region look for other more affordable housing options outside of rapidly gentrifying D.C.
SECTOR 4: FOUR MILE RUN VALLEY

The Four Mile Run Valley (4MRV) area represents a combination of diverse uses not found elsewhere in the County — the convergence of an environmental stream corridor, parkland, cultural facilities, roads and bike trails, County facilities, industrial and service-oriented businesses, and residential uses. This area is currently part of a planning study that seeks to maximize the benefits of these various uses and characteristics while creating a clear vision for an improved and cohesive future. As part of this effort, the County will develop a Land Use Plan that will guide development in this area in addition to a Master Plan for Jennie Dean Park as one of the area’s primary recreational amenities. There is an interest in preserving existing industrial and service commercial uses while building upon the cultural, performing arts and the artisans that are present in several locations throughout the study area. The “valley” is primarily located within the Nauck community and is also in close proximity to Shirlington and the well-known Village of Shirlington which has developed into one of the arts and entertainment hubs for the County.

Shirlington is perhaps best known as the home of Signature Theater and the impressive development around it that really anchors this part of the County, called The Village at Shirlington. Signature Theater boasts two theaters, one at 275 seats and the other at 99. It is a renowned regional theater producing exceptional works in musical theater that have garnered Tony-award acclaim. Signature Theater also partners with the Gunston Arts Center to the east near Crystal City. Gunston Arts Center is managed by Arlington Cultural Affairs.

The Village of Shirlington is comprised of a large grocery store, several unique restaurants including coffee houses and dessert places, some retail establishments, and a library. Partly because the area is only served by bus transit and not Metrorail, parking garages were built to support the local businesses in this commercial node to which much of the continued success of the businesses can be owed. Lack of Metrorail service in the area hinders access by more diverse and younger populations whose inclusion all acknowledged was essential to the long-term viability of The Village.

Just immediately to the north of Shirlington, across Four Mile Run Creek, is a light industrial area of one and two-story warehouses that is home to establishments such as the New District Brewing Company, Charter Theater Company, Human Factor sound production, and Inner Ear recording studio. This area of low warehouses is desirable not so much for housing but rather for working studio space for artists and makers; a project similar to our Chicago Avenue Fire Arts Center or Grain Belt Studios, both in Minneapolis, could be the model here and deserves further exploration.

The 4MRV initiative (Land Use Study) will consider a range of mixed-use options that could include residential. Those uses may be concentrated more towards the northeastern section of the study area near the intersection of 24th Road South and South Glebe Road as opposed to the area immediately fronting Four Mile Run Drive which is where many of the current arts, recreation, and cultural uses are located. The County may also want to consider some short-term artist housing options as part of any development scenarios as well. In our conversation with Signature Theater leadership they expressed need for affordable short-term housing options that might ease their operations budget. Currently they rent a handful of local apartments and several hotel rooms annually all at market rate. Artspace has explored these kind of flexible housing options before, although they are difficult to finance. Two artist-in-residency units exist in the Brookland Artspace Lofts in DC and two are in our project in Minot, ND. Signature also
Artspace, with the Division of Housing – Montgomery County, will develop the former Third District Police Station and adjacent land located on Sligo Avenue into an arts center anchored by affordable live/work housing. The former station, built in 1962, was Silver Spring’s first permanent police station and will be converted into working artist studios and creative spaces, providing opportunities for the area’s creative artists and organizations eager to find affordable workspace within the Capital Region.

The site plan responds to the sensitivity of the neighborhood, while providing vital opportunities for job growth, affordable rental and for-sale housing, and support for the local creative economy.

Details
Developer// Artspace Projects Inc
Architect// BKV Group
Partners// Montgomery County, JDC Construction, Montgomery Housing Partnership

Type of Development// Mixed-use: live/work units, community and commercial space
Live/work units// 68
Townhouses for sale// 11
Residential space// 56,990 sq ft
Commercial Space// 17,410 sq ft, 30 work studios
Type of units// studio, 1, 2, 3 bedrooms
Affordability// 30%, 40%, 50%, 60%AMI
Parking// 47 underground spaces
Total Development Cost// $28.1 million
Est. Construction Time// 2017-2019

expressed the need for their costume shop and scene shop to be closer to their main building, something that might be accommodated in a development located here.

Lastly, although it was not part of the scheduled tour, we did drive through and walk a bit of the Nauck Village Center which is located north of the Four Mile Run Valley section of the neighborhood. This area is rich with historical significance and cultural contributions of African Americans dating back to the first settlement of the Washington Capital Region. Located at the intersection of 24th Rd South and South Shirlington Rd the area encompassing the Nauck Village Center has historically been the social and commercial center of the neighborhood. Efforts are currently underway to develop a Town Square as the social and cultural heart of the neighborhood that would be surrounded by mixed use development to include affordable housing. The neighborhood has been working to document its rich cultural history and share it with the broader community through interpretive markers, signage and programming. There is a unique opportunity to connect these efforts with some of the broader branding and placemaking that is occurring throughout the Four Mile Run Valley and its connection to the Arts. Nauck and Shirlington, as part of the Four Mile Run Valley, should remain on the list of areas to further study, explore, and survey to better understand if an Artspace Project could be successful here.

Crystal City, Columbia Pike, and Virginia Square deserve more inquiry as mixed-use or pure residential Artspace opportunities. Four Mile Run Valley could also be ideal for providing studio space for artists and makers.

PROPERTY SUMMARY

First we should state that other sites or opportunities will undoubtedly reveal themselves after this report is written and we should state that we are not “locked” into any one site mentioned in this report. While all should be considered as potential sites for a mixed-use Artspace Project some early assumptions can be made.

Because the kind of buildings and zoning (warehouse and industrial) already exist in Shirlington/Four Mile Run a non-residential arts focus should be placed here.

All four sectors have something to offer Artspace. In our opinion, both Crystal City, because of the available land and uniqueness of the place, and Virginia Square, because of the potential YMCA opportunity, deserve more inquiry as mixed-use or pure residential opportunities. Given its current offerings, Columbia Pike may be a candidate location for an Artspace live/work building, or alternatively it could benefit from a studio only building as was suggested for Shirlington/Four Mile Run.

These are early assumptions based on observations and the Artspace consulting team’s experience in other cities. Only through a full Arts Market Study and deeper conversations with County leadership will these assumptions be proven or disproven.
Sustainable Community Impact

Artspace’s best projects, we believe, are those that make a significant difference in their communities, not only immediately but over time. This relates both to our nonprofit mission “to create, foster, and preserve affordable space for artists and arts organizations” and to our goal of “building better communities through the arts.” Whatever gets built should address as many broad community goals as possible. So we look for projects that have this potential, and given two otherwise equal development opportunities, we gravitate to the one with the greater potential upside over the long haul.

Sustainable community impact relies on the project model being financially sustainable -- meaning that a project must be fully capitalized and the project’s annual operating budget must fully cover operating costs, including ongoing contributions to reserve accounts. If at the end of the day, commercial and residential rents and fees cannot cover operating costs and be projected to do so in perpetuity, we would not consider the project to be feasible. The unique model of an Artspace project ensures that both long-term affordability and long-term financial sustainability are top priorities. From that premise we can begin to build in opportunities for broader sustained community impact.

Partnerships

Artspace looks for formal and informal partners and commercial tenants (both nonprofit and for-profit) that support a project’s development feasibility and that offer something meaningful to the community over the long term. Some ideas for these types of public/private partnerships raised during our visit include:

- If more studio space is warranted we would look to a local arts organization to partner in the management of that facility. Arlington Arts Center, since it already manages and leases subsidized studio space, could be just that partner to operate under a master-lease agreement with us to achieve mutual goals
- As noted earlier a potential partnership with the YMCA should be further explored.
- Artspace has also had very successful partnerships with Community Development Corporations and housing authorities. Exploring the benefits of a similar partnership in Arlington is warranted. It is a great way

This report summarizes the findings from two studies, “How Artist Space Matters” and “How Art Spaces Matter II,” which examine the long-term impact and sustainability of five Artspace projects: the Northern Warehouse Artists’ Cooperative, the Tilsner Artists’ Cooperative, the Traffic Zone Center for Visual Art (all in MN), the Tashiro Kaplan Artist Lofts (Seattle, WA), and the Riverside Artist Lofts (Reno, NV). These studies found that creative spaces benefit communities by:

- Animating deteriorated historic structures and/or underutilized spaces.
- Bringing vacant and/or underutilized spaces back on the tax rolls and boosting area property values.
- Fostering the safety and livability of neighborhoods without evidence of gentrification-led displacement.
- Anchoring arts districts and expanding public access to the art.
- Attracting additional artists, arts businesses, organizations, and supporting non-arts businesses to the area.

Read the full report at: http://www.artspace.org/ideas-insights/artspace-publications/taking-measure-creative-placemaking
to ensure that the wide variety of needs of the low-income community are being met in a way that is most locally significant and strategic.

There are a variety of ways to ensure that a future project is as long-lastingly and meaningfully impactful as possible. Information gathered during this visit is just the beginning of an exploratory process that would be advanced during a development phase of work.

**Best Practices - Artspace and Non-Profit Tenant Partnership**

- **Seattle, WA** – At the Baker Station Artist Lofts in Seattle, Washington, a bilingual daycare serves the multicultural needs of the neighborhood.

- **Buffalo, NY** - The Manchester Bidwell Corporation established the Buffalo Center for Arts and Technology on the ground floor of the Artspace Buffalo Lofts. It provides after-school visual arts programs for at-risk urban high school students as well as health sciences career training for under-employed and unemployed adults.

- **St. Paul, MN** - The Northern Warehouse Artists’ Cooperative houses a nonprofit serving homeless youth.

- **Dearborn, MI** – The City Hall Artspace Lofts has an important partner in the Arab American National Museum, whose Executive Director joined the Board of Directors at Artspace, further solidifying the relationship.
NEXT STEPS

We strongly recommend the next step in the traditional path to an Artspace project, an Arts Market Study, to help Arlington understand the depth and breadth of the creative community.

1. Initiate an Arts Market Survey of individual artists. We do not recommend adding the survey of arts organizations/businesses as we believe the County is already aware of this sector. If a studio-only building or other creative work space is needed that those potential occupants can be gleaned from the individual artist survey and other means.

2. Begin exploration of predevelopment and capital “gap” sources to gain confidence in community’s leadership capacity in this arena. If an Artspace project is a priority, a timeline for a potential LIHTC application should begin to be discussed with the County and the state housing finance agency in Richmond.

3. As part of the County’s further exploration, research and connect with other foundations mentioned in focus group meetings. The goal is to find prospective resources for filling the 10-15% gap necessary for successfully completing the funding for a mixed-use affordable live/work project. Foundations mentioned include The Community Foundation of Northern Virginia, CapOne, among others.

4. Emphasize the importance of including many elements of this report, especially the need for space (affordable space) for the creative sector as an element of the newly evolving Arts & Culture Action Plan for the County. Supportive language in the document will help sustain momentum and perhaps result in a new task force for implementation of creative space-related goals and initiatives.

5. Analyze and utilize the survey data to coordinate and support a long-range development plan for multiple artist facilities in the County. For instance, if the data shows overwhelming support for artist live/work space, and we believe it will, then the County could overlay that data onto its sector plan to help drive various arts-related developments into these areas over the course of five, ten, or fifteen years.

We greatly appreciate the opportunity to have visited Arlington and learned from its residents and leaders. We hope that the information provided gives the County the necessary insight to help guide a project to the next phase.
Established in 1979 to serve as an advocate for artists’ space needs, Artspace effectively fulfilled that mission for nearly a decade. By the late 1980's, however, it was clear that the problem required a more proactive approach, and Artspace made the leap from advocate to developer. Since then, the scope of Artspace’s activities has grown dramatically. Artspace is now a national leader in the field of developing affordable space that meets the needs of artists through the adaptive reuse of historic buildings and new construction.

Artspace's first three live/work projects were in Saint Paul: the Northern Warehouse Artists’ Cooperative (1990), Frogtown Family Lofts (1992), and Tilsner Artists’ Cooperative (1993). In the mid-1990s, Artspace broadened its mission to include non-residential projects. The first of these, The Traffic Zone Center for Visual Art (1995), transformed an historic bakery in the Minneapolis Warehouse district into 24 studios for mid-career artists.

Since then, Artspace has expanded its range of activities to include projects in operation or development in more than 20 states across the nation. In all, these projects represent nearly 2,000 live/work units and millions of square feet of non-residential community and commercial space. Artspace has evolved from a Minnesota organization with a few national projects into a truly national organization based in the Twin Cities, with offices in New York, Los Angeles, Seattle, New Orleans, and Washington D.C.

Artspace programs fall in three broad categories: Property Development, Asset Management, and Consulting Services.
Property Development

Development projects, which typically involve the adaptive reuse of older buildings, but can also involve new construction, are the most visible of Artspace’s activities. To date, we have completed more than 41 major projects. A dozen more are under construction or in the development pipeline. Artspace live/work projects are operating from coast to coast.

Asset Management

Artspace owns or co-owns all of the buildings it develops; our portfolio now comprises more than $600 million worth of real property. We strive to manage our properties so that they will be well-maintained, yet remain affordable to the low-and moderate-income artists for whom they were developed in the first place. Revenues in excess of expenses are set aside for preventive maintenance, commons area improvements and building upgrades.

Consulting Services

In addition to its roles as developer, owner, and manager, Artspace acts as a consultant to communities, organizations, and individuals seeking information and advice about developing affordable housing and work space for artists, performing arts centers, and cultural districts, often within the context of historic preservation.
THE PATH OF AN ARTSPACE PROJECT

Rome wasn’t built in a day, and neither is an Artspace project. In fact, a typical Artspace live/work project takes from four to seven years to complete. Although no two projects are precisely alike, they all travel a similar path through the development process.

Here is a brief look at a typical Artspace live/work project as it proceeds from first inquiries through feasibility studies, predevelopment, and development to completion and occupancy. Please note that this is not an exhaustive list of every activity that goes into an Artspace project, and that some actions may occur in a different order.

<table>
<thead>
<tr>
<th>STEP 1: PRELIMINARY FEASIBILITY</th>
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<tr>
<td><strong>Overview</strong></td>
</tr>
<tr>
<td>• Information Gathering and Outreach</td>
</tr>
<tr>
<td><strong>Primary Activities</strong></td>
</tr>
<tr>
<td>• Meet with artists, civic leaders, and other stakeholders</td>
</tr>
<tr>
<td>• Conduct public meeting to introduce Artspace and solicit feedback</td>
</tr>
<tr>
<td>• Tour candidate buildings and/or sites</td>
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<tr>
<td>• Conduct extended outreach as needed to ensure that people from underrepresented communities are included in the process</td>
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<tr>
<td><strong>Deliverables</strong></td>
</tr>
<tr>
<td>• Written report with recommendations for next steps</td>
</tr>
<tr>
<td><strong>Prerequisites for Moving Forward</strong></td>
</tr>
<tr>
<td>• Demonstrated support from local leadership</td>
</tr>
<tr>
<td>• Critical mass of artists and arts organizations with space needs</td>
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<tr>
<td>• Established base of financial support</td>
</tr>
<tr>
<td><strong>Time frame</strong></td>
</tr>
<tr>
<td>• 3-5 months, kicked off by a 2-day visit</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
</tr>
<tr>
<td>• $25,000</td>
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## STEP 2: ARTS MARKET SURVEY

<table>
<thead>
<tr>
<th>Overview</th>
<th>• Assessing the Need</th>
</tr>
</thead>
</table>
| **Primary Activities** | • Assemble a comprehensive list of artists (and arts organizations, if applicable) in the area  
• Reach out to artists and creative organizations from diverse arts disciplines, ages, ethnic backgrounds, etc., asking them about their space needs  
• Conduct a public meeting to launch the survey and educate the community about the project  
• Analyze and report on survey findings |
| **Deliverables** | • Written report with recommendations for next steps |
| **Prerequisites for Moving Forward** | • Sufficient number of responses from eligible, interested artists to support an Artspace live/work project |
| **Time frame** | • 4-6 months |
| **Cost** | • $30,000 (artists only) or $42,500 (artists and arts organizations) |
## STEP 3: PREDEVELOPMENT I

<table>
<thead>
<tr>
<th>Overview</th>
<th><strong>Determining Project Location and Size</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Work with City and other stakeholders to establish (a) preliminary project scope and (b) space development program for evaluating building and site capacity</td>
</tr>
<tr>
<td></td>
<td>• Analyze candidate buildings/sites with respect to cost, availability, and other factors impacting their ability to address development program goals</td>
</tr>
<tr>
<td></td>
<td>• Review existing information about potential site(s) to identify key legal, environmental, physical, and financial issues affecting their suitability</td>
</tr>
<tr>
<td></td>
<td>• Negotiate with property owners with goal of obtaining site control agreement</td>
</tr>
<tr>
<td></td>
<td>• Continue outreach to artists and arts organizations</td>
</tr>
<tr>
<td></td>
<td>• Connect with potential creative community partners and commercial tenants</td>
</tr>
</tbody>
</table>

| Deliverables | • Confirmation of development space program and goals |
|              | • Assessment of site suitability and identification of any contingent conditions to be resolved through continued due diligence |
|              | • Site control agreement or update regarding status of site control negotiations |
|              | • Summary of project status |

| Prerequisites for Moving Forward | • Site control agreement with property owner |
|                                 | • Growing stakeholder/leadership group |
|                                 | • Both parties’ agreement on project scope and feasibility |

| Time frame | • 3-6 months |

| Cost | • $150,000 |
## STEP 4: PREDEVELOPMENT II

### Overview
- **Project Design and Financial Modeling**

### Primary Activities
- With City participation, establish process for selecting architectural team
- Confirm development goals and space program with architectural team
- Engage architect to create conceptual plans and schematic designs
- Engage contractor or cost consultant to provide pre-construction services
- Resolve any contingent conditions relating to site control
- Create capital and operating budgets
- Obtain proposals and/or letters of interest from lender and equity investor financing partners
- Prepare and submit Low Income Housing Tax Credit application
- Submit other financing applications as applicable
- Maintain excitement for the project within the creative community
- Encourage and guide local artists to activate the site with arts activities

### Deliverables
- Schematic designs
- Financial pro-forma detailing capital and operating budgets
- Preliminary proposals and letters of interest for project mortgage and equity financing
- Summary of project status

### Prerequisites for Moving Forward
- Award of Low Income Housing Tax Credits (first or second application) or commitment of alternative funding

### Time frame
- 10-13 months

### Cost
- $300,000+
### STEP 5: PREDEVELOPMENT III

<table>
<thead>
<tr>
<th>Overview</th>
<th>• From Tax Credits to Financial Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Secure final gap funding commitments</td>
</tr>
<tr>
<td></td>
<td>• Raise funds for equity, including private sector philanthropic dollars</td>
</tr>
<tr>
<td></td>
<td>• Complete construction documents and submit permit applications</td>
</tr>
<tr>
<td></td>
<td>• Negotiate construction and permanent loan commitments</td>
</tr>
<tr>
<td></td>
<td>• Negotiate limited partner equity investment commitments</td>
</tr>
<tr>
<td></td>
<td>• Advance project to construction closing</td>
</tr>
<tr>
<td></td>
<td>• Communicate the progress of the project to the creative community to keep up the involvement and excitement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deliverables</th>
<th>• Successful closing and commencement of construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time frame</td>
<td>• 4-6 months</td>
</tr>
<tr>
<td>Cost</td>
<td>• $300,000+</td>
</tr>
</tbody>
</table>

### STEP 6: CONSTRUCTION

<table>
<thead>
<tr>
<th>Overview</th>
<th>• Construction and Lease-up</th>
</tr>
</thead>
</table>

| Primary Activities | • Oversee project construction |
|                    | • Engage local management company |
|                    | • Identify commercial tenants and sign lease agreements |
|                    | • Reach out to potential artist tenants, providing education on the application process |
|                    | • Conduct residential tenant selection process |

<table>
<thead>
<tr>
<th>Deliverables</th>
<th>• Completed project ready for occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time frame</td>
<td>• 6-10 months</td>
</tr>
<tr>
<td>Cost</td>
<td>• Depends on project (not part of predevelopment contract)</td>
</tr>
</tbody>
</table>