



PRELIMINARY
FEASIBILITY REPORT

AUSTIN, TEXAS

Prepared for



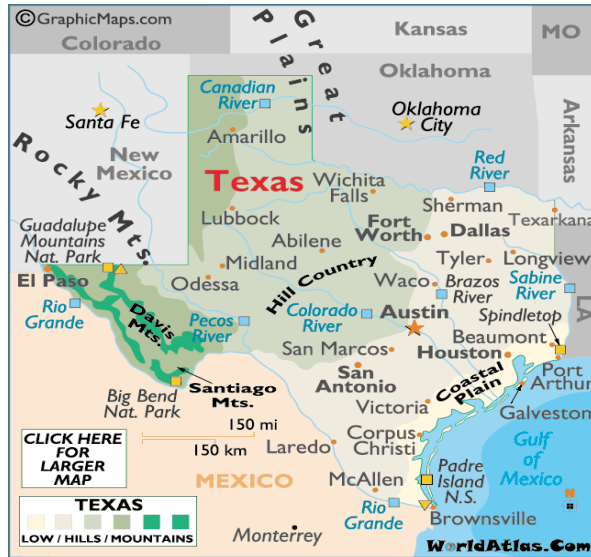
The Austin Playhouse (our feasibility study sponsor) with assistance from the City of Austin's
Cultural Arts Division Economic Growth and Redevelopment Services Office

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INTRODUCTION

Located in the east central region of Texas near the southern end of Interstate 35, Austin is the capital of Texas and the seat of Travis County. Austin is best known for its music and film scene though we discovered it to be a dynamic place for the performing and visual arts as well. Austin’s population is 800,000 with approximately 1.2 million in its metro area. It is the 4th largest city in Texas and the 3rd fastest growing metro area in the U.S.



Austin’s official city slogan promotes it as “The Live Music Capital of the World.” While “South by Southwest,” The Austin Film Festival and the Austin City Limits Music Festival may be the most renowned cultural festivals in terms of size and reputation, attracting hundreds of thousands of annual visitors, all of the art forms appear to be alive and well-represented in this progressive Texas city.

Our host and sponsor for this feasibility study was the Austin Playhouse, a successful and well-respected producing theater in the heart of Austin. The Playhouse funded the feasibility study to investigate the potential of creating live/work housing around or near a new home, two locations of which we investigated during the visit. The visit took place June 7-8, 2010. Artspace was represented by Wendy Holmes, Senior Vice President for Consulting and Strategic Partnerships and Stacey Mickelson, Vice President of Government Relations.

Special thanks go to the core committee assembled by the Austin Playhouse, with help from the City’s Cultural Arts Division, which organized the Artspace visit to Austin, and to the many artists and community members, many of whom attended one or more meetings and testified to the need and desire for live/work, working studio, and arts-centered spaces in Austin.



AUSTIN PLAYHOUSE VENUE IN SOUTH AUSTIN

It is important to note that Artspace has a growing body of work in Texas. Two projects are completed, one in Houston and the other in Galveston with another project advancing in El Paso. All told, these projects represent more than 100 units of live/work artist housing as well as 10,000 square feet of commercial space for creative businesses and nonprofit arts organizations. As a result of this concentration of work, Artspace staff members are familiar with the state level funding and leadership but not specifically with the City of Austin.

This body of work and the overwhelmingly positive response to a potential Artspace project from all sectors helped set the stage for the feasibility visit. The City’s Cultural Arts Division has been in contact with Artspace for several years, partly as a recommended next step of their “Create Austin” cultural and economic development plan and simply because it made sense.



DOWNTOWN AUSTIN AND LADY BIRD LAKE (PART OF THE COLORADO RIVER)



SOUTH BY SOUTHWEST

FINDINGS

During a Preliminary Feasibility Visit, Artspace gathers information in five main areas: project concept, artist market, site feasibility, financial feasibility, and local leadership. While these are not the only factors we consider in making our recommendations, they help us frame the discussion.

If the community is clear about what it wants – that is, if the project concept has been determined – we evaluate that concept in the context of the other factors. For example, if the concept involves adapting a particular historic building for use as an artist live/work project, we consider whether the building in question is structurally sound, suitable for the intended use, available at a price we can afford, and so on. If the project concept hasn't been determined, we weigh the variables and offer recommendations to help the community decide how to proceed.

PROJECT CONCEPT

Many communities have a clear project concept in mind before they contact Artspace. Buffalo, New York, for example, was interested in a live/work project to catalyze development in an economically challenged neighborhood. Seattle, Washington wanted to find long-term and affordable spaces for local artists who had been displaced (particularly in Pioneer Square) by the dot.com boom and later by the 2001 earthquake. For Santa Cruz, California, where real estate values are among the highest in the country, the goal was to keep artists from being priced out of the community (which generations of artists had already experienced).

In this case, Artspace was first and foremost considering the possibility of creating live/work housing contiguous to the Austin Playhouse when they move to their new home. Although our highest priority was to the Playhouse who funded this study, it was quickly apparent, through the cooperation and involvement of the City's Cultural Arts Division of Economic Growth and Redevelopment Services Office that space for creative people and creative businesses and nonprofit organizations was a clear priority for the City as well and a stated actionable part of their "CreateAustin" long-range cultural master plan developed in 2006-2008 and adopted in 2010.

The Austin Playhouse, one of the largest and most respected producing theaters and equity houses in the City, is currently located in a South Austin neighborhood in one of a campus of buildings redeveloped during the past ten years from a WWI Aircorps Facility to a mixed use commercial development with creative businesses, the theater and a restaurant and coffee shop. In classic fashion, the Playhouse is getting forced to consider new space options by rising rents – currently renting 6,400 square feet for \$16/sf. Rents in 2011 are going up to \$24/sf. Hence, the theater – currently comprised of two houses – one just under 200 seats; the other just under 100 seats – is seeking a new home they can own and operate themselves. They have worked with an architect on their board to come up with some initial concepts for several slightly larger houses and more lobby space to the tune of \$1.5 million, a reasonable sum to raise, given their longevity, number of subscribers and donor base.

The project concept that was most actively discussed would include a home for the Austin Playhouse in combination with live/work affordable housing as well as some combination of artist residency space (for the theater and potentially other groups), artist studios, artist businesses, microenterprises, etc. Senior city staff were enthusiastic about the possibility of working with Artspace and were ready to figure out how to make things work. The very fact that the Cultural Arts Division resides in the City's Economic Development and Redevelopment Services Office speaks volumes toward the City's commitment to the arts as an economic development strategy. The fact that the theater is already paying \$16/sf indicates their ability to handle the operating costs associated with running a theater, in this case two contiguous venue spaces.

The location of a new mixed use creative industries project that would combine a new home for the Austin Playhouse with live/work housing was still being debated and considered when Artspace entered the scene. Part of our task is to help the Austin Playhouse evaluate the sites under consideration from the vantage point of a mixed-use project that would combine a new home for the Playhouse with an Artspace project. We toured two areas of the City that are slated for redevelopment – one development that is already underway; another that is under consideration for rapid growth once a major infrastructure project is completed. Over the course of two days, we evaluated both sites and discussed the potential of other neighborhoods as well. See attached excerpt from the CreateAustin Cultural Master Plan document from 2008. This supports the need and community-endorsement of an Artspace-like project.

Right out of the gate, leaders were talking about multiple Artspace projects, about green architecture and sustainability, and about connections to transportation.



BUILT ENVIRONMENT 4

RECOMMENDATION	TIMELINE	IMPLEMENTATION PARTNERS	OUTPUTS	BENEFITS	FIRST STEPS
<i>Provide support and policies to help cultural and creative organizations create their own spaces (see Individual Creativity recommendation #4)</i>	<i>Medium term</i>	<i>Lead:</i> City of Austin, private developers, cultural organizations and businesses, individual creatives <i>Partners:</i> Cultural organizations and businesses, community development corporations	<i>Policy, incentives, and resources for cultural and creative industry groups to develop spaces</i>	<i>More cultural spaces throughout Austin, new spaces built or acquired for cultural and creative industries use</i>	<i>Develop City of Austin team, inventory existing development policies, incentives, resources and tools; develop new policies, promote opportunities to cultural and creative industries</i>

BUILT ENVIRONMENT 5

RECOMMENDATION	TIMELINE	IMPLEMENTATION PARTNERS	OUTPUTS	BENEFITS	FIRST STEPS
<i>Encourage development of more affordable housing and live/work space</i>	<i>Medium term</i>	<i>Lead:</i> City of Austin <i>Partners:</i> Affordable housing advocates and developers, community development corporations, neighborhood associations, Creative Alliance	<i>Partnerships between housing entities, tools are available and accessible to creative individuals</i>	<i>Artists have affordable work/living space, more creative individuals stay here, new creative affordable housing is created</i>	<i>Educate Affordable Housing people about creative individuals as segment needing affordable housing, educate creative individuals regarding affordable housing opportunities</i>

BUILT ENVIRONMENT 6

RECOMMENDATION	TIMELINE	IMPLEMENTATION PARTNERS	OUTPUTS	BENEFITS	FIRST STEPS
<i>Create a shared cultural facility to maximize synergy and incubate creative initiatives</i>	<i>Medium term</i>	<i>Lead:</i> Creative Alliance <i>Partners:</i> Nonprofit cultural space developer, private developers, arts and culture organizations and creative industries, City of Austin, CreateAustin Stakeholders	<i>Develop shared facility for cultural organizations and businesses</i>	<i>Cultural organizations and start up efforts have a home and support, increased synergy and efficiency</i>	<i>Inventory existing land/buildings, research models, survey creative community</i>

ARTIST MARKET

An in-depth Artist Market Survey is a necessary step in the early predevelopment phase of an Artspace live/work project. We use the survey to determine both the size and the nature of the market for the project. It tells us with reasonable accuracy how many live/work units the local arts community can fill, what neighborhoods are of greatest interest to the artists, and whether there are special considerations, such as the need for specific kinds of studio space, or, in the case of Austin, whether the proximity to a working theater – the Austin Playhouse – could be an influential factor. We recommend proceeding with an Artist Market Survey if, based on our Preliminary Feasibility Visit, we are confident that the survey will indicate the



existence of a market sufficient to support a project of at least 30 and preferably 35 to 40 units. Developing the questionnaire, publicizing it (we typically attempt to reach at least 3,000 artists), gathering the responses, and analyzing the data takes about six months.

In Austin, we were extremely impressed by the number of artists who turned out for the artist focus group and the public meeting to talk about space needs. The public meeting attracted over 130 participants, most of whom were artists. This level of participation and interest is a terrific indicator of the need for affordable artist space in Austin. We had the sense that many of the artists in attendance would income-qualify for affordable housing as defined by Section 42 of the IRS code. There was a wide range of ages in the audience and several eager participants who are ready to help with gathering names for the Market Survey as well lobby City Council and others as necessary to make a project happen in Austin.

Due to the influence of the Austin Playhouse, there were more performance-based artists in attendance throughout the day though several gallery owners and visually-based artists attended the public meeting and assured us that the visual arts community was alive and well and in need of affordable space in Austin. These same artists followed up with information about 3 warehouse buildings filled with working studios – most in East Austin.

Artist participants commented on the expense of living space in Austin. Many artists shook their heads in agreement when one artist commented on how \$700 will get you a “bad” apartment in Austin but that anything decent is well over \$1,000/month.

Given the size of Austin and its decreasing affordability, our educated hunch is that an Artspace project in Austin may be large enough to support 80-100 live/work units with other kinds of space for the arts and nonprofit organizations as well. For Artspace and any financial institutions that get involved in a future project, this estimate will need to be verified by an Arts Market Survey. It will be essential for the survey to include questions about artists’ interest in potential neighborhoods such as the two we visited. Artists have already been displaced out of many neighborhoods in South Austin, in particular. It will be important to gather other important data such as basic demographics, artists’ needs and preferences for space, etc. In conducting a survey, the community and Artspace should promote and foster outreach to the area’s largest non-Caucasian ethnic groups, in this case the Latino, Asian and African-American populations. There is no majority population in Austin as of 2005. This will only continue to change with Caucasian and African-Americans a declining percentage of the overall demographics. A project that celebrates this diversity will be a stronger, livelier project.

SITE ANALYSIS

During a preliminary feasibility visit, Artspace’s primary goal is not to select a site but to identify candidates for further study should the project move forward. Accordingly, we toured two areas of Austin: the Mueller Airport redevelopment site and the Saltillo District, an East Austin neighborhood. Both areas are close to downtown and accessible to bus lines and commuter rail (in the case of the Saltillo District).

Each of these sites have been investigated by the Austin Playhouse and vetted with City staff and represent good options for the Playhouse to consider. The following information is both factual

as well as a discussion of the pros and cons from the perspective of combining a new home for the theater with live/work housing and potentially other creative space such as working studios, creative businesses, other nonprofit organizations, etc.

Housing for the artist population is often referred to as “Workforce Housing.” Artspace views live/work housing as a form of workforce housing. Most artists have part-time or full-time employment outside of their creative work and very few derive the majority of their income from their creative pursuit. These spaces stabilize individual entrepreneurs and cottage industries. The affordable commercial space can provide incubator/start-up space for creative industries and micro enterprises within the arts to grow and thrive.



Here is a summary of our thinking about the areas and buildings we toured.

Mueller Airport Site

This site is a 700-acre redevelopment of the former municipal airport. The redevelopment began 8 years ago and is about 50% complete. The vision is a New Urbanist concept that includes single-family homes, multi-family, mixed use commercial and residential, retail, and services such as a major hospital with children’s hospital already built with plans for an addition. The opportunity that is on the table is the development’s Town Center in the center of

the redevelopment area. The Town Center is adjacent to a newly completed park and slated for commercial and multi-family type developments. The developers of this site and the City have been discussing the possibility of having the Austin Playhouse relocate as an anchor cultural asset to the core commercial area. While this kind of planned community may be the antithesis of what individual artists and entrepreneurs may desire in terms of relocating, it is only our hunch and not a studied matter. If the theater feels strongly about the Mueller Airport location, it will be important to “test” the willingness of artists to move to this area as well. Our educated

guess is that the Mueller site would attract artists with families and perhaps more established artists. The City and developer have already completed most of the infrastructure improvements to the site and the timeframe for the theater to build and move to this location is a much shorter timeframe than would be the case in the Saltillo District.

Saltillo District



The Saltillo District is in Austin's near Eastside with spectacular views of downtown and is directly on commuter rail lines. This has traditionally been a Latino neighborhood and has everything from small shops and restaurants to housing and light industrial with some vacancy issues. Cap Metro, the City's commuter rail, is working on a plan that will move the existing heavy rail tracks from their mid-block pursuit between 4th and 5th Street to a straight east/west pursuit at the southern edge of the City block along 4th Street. Cap Metro is seeking \$2 - 3 million to move the tracks and has as yet been unsuccessful. Moving the tracks would free up 4+ city blocks for redevelopment and could be an ideal location for a combined Austin Playhouse mixed use project. Plaza Saltillo is the first commuter stop (in the form of a Mexican Plaza) outside of downtown.

Other sites

We discussed the potential of other sites in Austin but did not investigate any other sites at this writing. However, it should be known that the Austin Playhouse and Artspace are willing to look at other neighborhoods and areas of the City should new opportunities arise.

Conclusion

Within the Mueller Site and the Saltillo District there appears to be enough real estate to achieve any or all of the goals. Deciding which site to develop is the trickier move. There seemed to be some concern that audiences would be less inclined to travel to Saltillo to see a play because the neighborhood may seem unsafe and that audience amenities weren't available such as parking, restaurants, coffee shops, and bars. The fear of the unknown is not uncommon in our discussions nationwide. Should the theater move to this area, or the Mueller site for that matter, training patrons where to park, dine, and linger after a show will be necessary for success. Conversely, we heard that many artists much preferred the "edgier" Saltillo District to the planned development of the Mueller Site, favoring its "bohemian" culture. We know from our work that areas such as Saltillo can develop the amenities mentioned so that the neighborhood meets the needs of both the residents who live there and those wishing to be part of the artistic community. Identification of an artist market is a first priority in determining where any population of artists prefers to live. And, a deeper understanding of the potential financing of an Artspace development in Austin will help us further evaluate these sites.

We also recommend that the Austin Playhouse survey their subscribers and patrons regarding location and are available as a resource to advise about how this could be accomplished in parallel with the on-line artist market survey.

FINANCIAL ANALYSIS

An Artspace live/work project represents a significant investment of civic resources. A typical mixed use project with 30 to 40 live/work units of housing costs between \$12 and \$15 million, and predevelopment expenses – the "soft" costs, such as architects' fees, that must be met before construction can begin – are seldom less than \$750,000. Although a variety of federal programs, such as low-income housing tax credits, HOME funds, etc can be used to generate equity for construction, we look to the community for predevelopment revenue and commitments of affordable housing allocations in a combination of Community Development Block Grants (CDBG), economic development funds and increasingly, philanthropic sources.

Although it is never easy to assemble the financing for an Artspace project, and particularly difficult in the current economic climate, Artspace is fortunate to have a wealth of relevant experience, having put together the capital resources for two projects in the state of Texas. In addition, we understand the federal programs well. Understanding the local market is the area in which we would need help. Fortunately, it is clear that local housing, economic and community development expertise is abundant with strong evidence of cross-agency coordination within the City.

We were encouraged by the active participation of City administrators and other community leaders. These are all key indicators for us, in that projects seldom become reality without strong civic support.

The role of philanthropy

Philanthropy plays an important role in every Artspace live/work project. In a typical project, between 10% and 15% of the total revenue comes in the form of gifts from foundations, corporations, and, in some cases, individuals. In our recent experience this “philanthropic gap” has ranged from \$1 million to \$2 million, depending on the size of the project and the availability of other sources of funding. In our experience in Texas, philanthropy has played a larger role as government program dollars have generally provided less equity, leaving larger philanthropic “gaps” to be filled. This was certainly the case in Houston, our most recent Texas project completed in 2004. Foundations, corporations and individuals contributed 20% of the total development cost of \$6.3 million.

Although the philanthropic community in east central Texas may be small in number, there are several foundations that have a precedent of contributing to cultural and community development projects. These include the Austin Community Foundation, The U.S. Dell Foundation, the Moody Foundation and the Michelson Family Foundation, to name a few. Many noted that foundation and corporate support in Austin is much less than in Dallas and Houston. However, all the focus group participants felt that identifying \$1-2 million (or even \$3-4 million) was very doable, even in Austin.

Two cultural capital campaigns are underway in Austin; they are the Children’s Museum and the Zach Scott Theatre Center.

A clear understanding of the local funding community’s capacity and willingness to participate in a project is an essential prerequisite to moving forward.

Low Income Housing Tax Credits

City staff and others in the tax credit industry were delighted to know that the federal Housing and Economic Recovery Act of 2008 specifically addresses the right of developers like Artspace to use Low Income Housing Tax Credits to finance affordable housing targeted to certain specified groups – including artists: “A project does not fail to meet the general public use requirement [of the IRS Code] solely because of occupancy restrictions or preferences that favor tenants...who are involved in artistic or literary activities.”

Because Low Income Housing Tax Credits are such a critical part of an Artspace project funding, we spent significant time with the state housing department learning more.

Specifically, we met with Tom Gouris who is the Deputy Executive Director of the Texas Department of Housing and Community Affairs (DHCA). Tom had reviewed our Houston project application in 2003 and was very familiar with our work. When we commented on being a “boutique” company in the affordable housing business, he said, “No, you can’t say that. You have a national reputation.” We are investigating the potential of attending the information

session for input into the Qualified Allocation Plan (QAP) for the tax credit application yet this summer.

Other general information learned from the Texas DHCA:

- Contrary to what we learned from the artist market, we learned that 60% is “at the market.” In other words, HUD-regulated rental rates for individuals and families who are at or below 60% of Area Median Income (AMI) pay close to market rate rents.
- Sites that are eligible for Community Reinvestment Act credits will be given a priority.
- Tom sees 3-4 affordable housing projects funded in Austin annually and 50-65 statewide although there were only two in 2009.
- There is a \$2 million cap per development.
- They provide exchange tax credit assistance through the American Reinvestment and Recovery Act (ARRA). There is an extension of the exchange for at least one more year.
- Timeline for 2011: January – pre-application; March – full application; July award
- Providing additional tax credits for developers who need additional assistance from previous tax credit rounds.
- Input period for QAP is July with a draft in September.
- Other sources to look into: Governor has an economic development fund
- CDBG is split between Texas Department of Rural Affairs and Texas Border Disaster Areas.
- There are more opportunities in disaster areas (would need more information from the City of Austin)
- HOME funds are dedicated mostly to non-entitlement communities
- There is a Housing Trust Fund, mostly focused on boutique projects and agency controlled

Other funding sources

Artspace has a long history of using multiple sources of funds to complete its projects. Other programs that could aid a mixed-use affordable housing development in Austin may include: Community Development Block Grants (CDBG); HOME Funds (city and Travis County); bonds issued by the City; New Market Tax Credits, if there is enough commercial space in the development (such as a theater); Tax Increment Financing (TIF); Redevelopment or Renaissance Zone funds; federal appropriation earmarks; fee waivers; economic development initiative grants; etc. In many cases municipalities or counties have contributed the land or offered it for \$1. If the development is within a designated Urban Renewal Area it could qualify for other funding sources such as Empowerment Zone funds or a Qualified Census Tract funding boosts..

The DHCA also mentioned an economic development fund that is controlled by the Governor’s office. Discussions about the sources of funding and financing will undoubtedly continue when a specific project moves forward.

LOCAL LEADERSHIP

We were very impressed by the depth and quality of the Austin community leadership in its many forms. Janet Seibert, Civic Arts Program Consultant in the Cultural Arts Division that is part of the office of Economic and Redevelopment Services, spent the entire time with us. Janet

has been with the City for many years and was instrumental in the planning and development of the CreateAustin cultural plan. She has been in contact with Artspace over the years and is a leader within the City and within the arts community. In addition, Rodney Gonzales, Deputy Director of the Economic Growth and Redevelopment Services office, participated in the core group meeting and followed up with additional information and a great deal of enthusiasm about helping to make a project happen in Austin.

The leadership and influence of the Austin Playhouse staff and board should not be underestimated. It was Don Toner himself who arranged for our meeting with the Texas State Department of Housing and Community Affairs. The Toner family, including Lara and Kathleen, run the Austin Playhouse (with other staff and volunteers) and, with their father, organized our 2-day feasibility study in a two-month period of time – a very short timeframe in our experience with other cities and organizations. They are a resourceful group and a well-respected theater that certainly has the right ingredients to be an Artspace partner in developing a new home for the theater as well as live/work artist housing and other creative business space.

We came away with the clear sense that local leaders are excited about the possibilities, have a strong sense of how to move forward, and are motivated to do so. It will be important for our hosts to carry through and continue to communicate with interested parties; to connect the arts, civic, and development communities; and to keep up the momentum to ensure the path to a successful project.

NEXT STEPS

Austin impresses us as a strong candidate for a mixed-use Artspace live/work project. There seems to be a consensus strongly in favor of creating more affordable space for the arts – coming out of the CreateAustin plan and out of the focus groups who met with Artspace and the Playhouse to give us their feedback. The need and passion for affordable space for the creative community included discussions of space for the Playhouse as well as for creative businesses, galleries, small performance spaces, working studios, artist-in-residency space, etc. There are two strong candidate sites for such a development and perhaps others we did not investigate. The opportunities that are before us today may be different than those that are present a year from now. If a project has merit, multiple sites will work for different reasons.

We heard again and again that an Artspace project would be a catalyst for redevelopment as well as a critical need for artists and their families who are beginning to get priced-out of the Austin market. We are always encouraged when communities are looking at both of these issues rather than only economic development or only artist space. The impact of an Artspace-style project could be profound in and around the Saltillo District, in particular, where multiple vacant or underdeveloped and underutilized sites exist and where a creative community has already taken root. These kinds of projects often provide a sign of progress that can act as an additional incentive for other kinds of development. Alternately, the Mueller airport redevelopment site could a wonderful option and provide the Austin Playhouse with a “marquee” development in the new commercial and mixed use corridor being created on this site. The timeline and relative simplicity associated with the Mueller site are also important factors to be considered.

As an immediate next step, we recommend an Arts Market Survey. We offer two different surveys – an artist market survey strictly geared toward assessing the space needs of individual creative people and their families in and around the Austin metro – or – an artist market and arts organization combined survey. The latter assesses all that the first does, but delves more deeply into the creative fabric that makes up Austin’s cultural richness (by including nonprofit organizations, creative businesses, service organizations and the like). We recommend the artist/arts organization survey.

The survey’s primary goal will be to determine the size of the market for an affordable live/work project as well as the need for working studio space, rehearsal space, office space and other kinds of space for creative businesses and nonprofit organizations. In our experience, a three-to-one redundancy is sufficient to ensure the success of a proposed project – that is, for every live/work unit under consideration, we seek three responses from low-income artists who say they would be interested in relocating if the project is built. In other words, if a 35-unit project is contemplated, the survey should identify at least 105 artists who would like to become residents. The Austin artists with whom we met seem ready to participate in such a survey and excited about telling their peers. We had a sense that for every artist who attended our meetings, many more are in need of space and interested in being part of a larger arts community.

The survey also will help determine other variables, such as the ratio of one-, two-, and three-bedroom units, what is truly affordable in Austin, the need for amenities to serve specific kinds of artists, and preferences for location. We feel that the location preference is a particularly important one for the city, at large, as well as for Cap Metro (Saltillo District) and the Mueller Airport development. Although it is impossible to build a live/work project that addresses every artist's needs, we can use the data collected by the survey to inform cultural space planning – both for a potential combined Austin Playhouse/Artspace project and for other cultural facility planning. Should local developers wish to incorporate space for the arts in their current or planned projects, the information could also be useful to them as well.

Therefore, we hypothesize based on our initial visit and what we know of the artistic community in Austin, that more than one site could be supported, as was the case with our first two projects in Seattle, WA, where a survey revealed a very deep market; a waiting list for available units grew into the hundreds of interested artists upon completion of our first building there giving us confidence to complete another. However, we would let the survey prove or disprove that and act accordingly. We could only advance one project at a time in Austin and we do have other work in the pipeline in Texas. LIHTC are highly competitive and so it is a delicate balance for Artspace to manage all of that activity between projects and communities within the Texas Housing Finance Division.

A market analysis of the magnitude we recommend will take four to six months to plan, execute, and analyze. We conduct our surveys online, which not only simplifies data processing but also makes it easier to determine the need for midcourse corrections. For example, if early responses suggest that some artist groups are not responding to the survey in representative numbers, we can conduct additional marketing and outreach to make them aware of the survey, establish a telephone response system for artists who lack computer access, and so on. Several leaders were vocal in their desire to participate in organizing these efforts.

We encourage a continued dialogue among artists, creative businesses, nonprofit organizations, the development community, and civic leaders. It is important to maintain the momentum that has begun and to ensure that everyone works cooperatively toward the goal of creating either a single project or setting the stage for multiple initiatives. The core committee of community leaders and arts leaders that was organized for our visit is a great place for the initiation of next steps to occur. This public/private partnership will be key in addressing the market survey and public relations and generating the “muscle” it takes to continue the dialogue about affordable space for artists and arts organizations in Austin. An online resource that may be helpful in this regard is www.artistlink.org. Here you will find case studies and information for both municipalities and developers that want to create space for the arts.

We also encourage the core group, along with individual artists, to take a field trip to several more Artspace projects in the region – such as the Elder Street Artist Lofts in Houston. If possible, a trip to Minneapolis/St. Paul is always high on our list as well since there are nine projects there to see and visit to learn more about how these kinds of projects are developed and fare over time.



ARTSPACE 101: OUR MISSION, HISTORY AND PROGRAMS

Artspace Projects' mission is to create, foster, and preserve affordable space for artists and arts organizations.

FINDING AND RETAINING affordable space is an age-old problem for artists — painters, sculptors, dancers, and others who require an abundance of well-lit space in which to work. Many artists gravitate to old warehouses and other industrial buildings, but their very presence in an industrial neighborhood often acts as a catalyst, setting in motion a process of gentrification that drives rents up and forces the artists out.

This is precisely what happened in Minneapolis' historic Warehouse District in the 1970s and led to the creation of Artspace in 1979. Established to serve as an advocate for artists' space needs, Artspace effectively fulfilled that mission for nearly a decade. By the late 1980s, 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 for artists through the adaptive reuse of old warehouses, schools, and commercial buildings.

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). Since then, Artspace has expanded its range of activities to include live/work projects in Duluth (Washington Studios, 1995); Pittsburgh (Spinning Plate Artist Lofts, 1998), Portland, Oregon (Everett Station Lofts, 1998), Reno (Riverside Artist Lofts, 2000), Galveston (National Hotel Artist Lofts, 2001), Chicago (Switching Station Artist Lofts, 2003), Seattle (Tashiro Kaplan Artist Lofts, 2004, and Artspace Hiawatha Lofts, 2008), Fergus Falls, Minnesota (Kaddatz Artist Lofts, 2004), Bridgeport, Connecticut (Sterling Market Lofts, 2004), Mount Rainier, Maryland (Mount Rainier Artist Lofts, 2005), Houston (Elder Street Artist Lofts, 2005), Buffalo (Artspace Buffalo Lofts, 2007), Fort Lauderdale (Sailboat Bend Artist Lofts, 2007), Brainerd, Minnesota (Franklin Art Center, 2008), and Santa Cruz, California (Tannery Artist Lofts, 2009). In all, these projects represent 846 live/work units.

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. Other non-residential Artspace projects include the Minnesota Shubert Performing Arts and Education Center, a \$41 million, three-building cultural complex in downtown Minneapolis. Over the last few years, Artspace has evolved from a Minnesota organization with a few national projects into a truly national organization based in the Twin Cities. We now have projects in development, predevelopment, or feasibility in more than a dozen states. Our national consulting program has helped communities in almost every state address their arts-related space issues. The nature of our work is evolving, too, to include multiple-facility projects, long-range planning, and arts districts.

Artspace programs fall in three broad categories: property development, asset management, and national consulting.

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 24 major projects. Artspace live/work projects are operating or in development from coast to coast.

Asset management

Artspace owns or co-owns all the buildings it develops; our portfolio now comprises more than \$250 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.

National consulting

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 – usually, but not always, within the context of historic preservation.