



PRELIMINARY FEASIBILITY REPORT:
RICHMOND, VIRGINIA

November 2013

Prepared for and supported by:



CultureWORKS



ARTSPACE PROJECTS, INC.
250 THIRD AVENUE N., SUITE 400
MINNEAPOLIS, MN 55401
612.333.9012
WWW.ARTSPACE.ORG

INTRODUCTION

Richmond has a special place in American history as the capital of the Confederacy during the Civil War and before that as the place where Patrick Henry delivered his famous “Give me liberty or give me death” speech, crucial in determining Virginia’s participation in the First Continental Congress. This deep American history influences every aspect of Richmond today, including the arts where tradespeople and “makers” seem more prevalent than in many other U.S. cities. It’s clear that Richmond is a city of workers and that its artists are no exception.



Richmond is on the James River in eastern central Virginia, a hundred miles west of the ocean and the same distance south of Washington, D.C. It is a city of distinct neighborhoods shaped largely by the area’s hilly topography and generally diverse landscape. Warehouse districts abound that date from Richmond’s milling and manufacturing past. Some of these areas are now occupied by artists, while others are home to young professionals working in the major financial and healthcare organizations located in downtown Richmond.

As of the 2012 census update, the city’s population was 210,000 and that of the Richmond Metropolitan Statistical Area was 1.3 million. Downtown Richmond has experienced the same economic decline experienced by most American downtowns, but is reviving thanks to mixed use and mixed income residential living, much of it built in the last two decades. In this regard, the city is following a nationwide trend of increased growth in urban centers, particularly in post-industrial cities like Richmond.

One of downtown Richmond’s hallmarks is higher education. Three major universities – Virginia Commonwealth University (VCU), the University of Richmond, and Virginia Union University – are a distinct part of what makes the city special and greatly contribute to Richmond’s economy. Of particular note for Artspace is one of the top arts schools in the country, Virginia Commonwealth University’s School of the Arts, which has more than 3,000 students out of a total undergraduate population of 23,000. Although many move

away after graduation, many others stay – and we were told that the number could be higher if it were less difficult for new arts grads to find well-designed, affordable studio space. Those 3,000 students represent at least 16 different disciplines of art that are taught at VCU, which is ranked #1 among public university arts schools and #4 overall for schools of arts and design by U.S. News & World Report. That the arts are already one of Richmond’s strongest suits suggests that an Artspace-like project – a mixed-use project that combines affordable live/work space, non-residential studios, and space for arts organizations – might be a perfect fit. As one City staff person says, “Good talent is attracted to Richmond. There is higher return by keeping that talent than starting over by attracting new artists.”

Another major city strength is its role as a center for commerce. Greater Richmond was named the third-best city for business by MarketWatch in September 2007, trailing only Minneapolis and Denver. The area is home to six Fortune 500 companies: Dominion Resources (an electric utility); CarMax; Owens & Minor; Genworth Financial; MeadWestvaco; and Altria, which moved to Richmond from New York in 2008 in a major coup for Richmond. New media and tech companies such as Tumblr have opened new offices in Richmond in the last several years as well. In short, Richmond has become an employment center, and its major companies provide considerable corporate support for the arts.

From the 18th century to the late 20th, tobacco played a defining role in Richmond’s economy. Many tobacco companies built warehouses – substantial multi-story brick buildings to protect the precious contents from fire – in the area now known as Tobacco Row. The tobacco companies

Richmond: Best River City in America

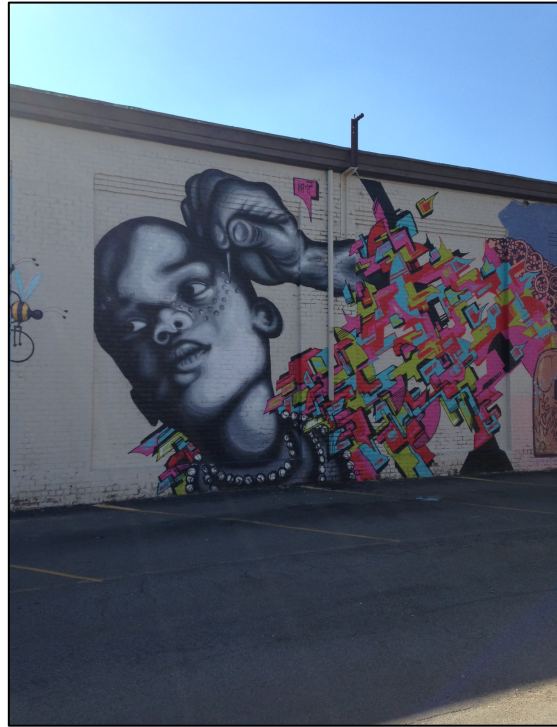
So declared Outside magazine in its October 2012 edition. Here’s an excerpt from the article:

Richmond is as metropolitan as it is Waffle House; the former Confederate capital is home to six Fortune 500 companies, including Altria Group. But it’s also wild: the James forms a surprisingly rugged seven-mile central ribbon for a dedicated community of boaters, fishermen, bikers, and runners. It’s not Boulder coiffed — you can find some impressively tangled pawpaw groves and unwelcoming copper-heads in the 600 acres of urban wilderness. Still, urbanites check the river’s cubic-foot-per-second levels on their smartphones, and everyone seems to know someone who commutes by kayak.

The foodie scene is blowing up. Musicians like Andrew Bird play every night of the week. And while Richmond reportedly boasts the third-highest number of tattoos in the country, it also claims one of the healthiest per capita ratios of marathoners. “When you gotta live somewhere seven days a week during high season, you better make sure you like it,” says Matt Perry, 42, a New Jersey Yankee who ditched his job at Capital One to partner at Riverside Outfitters, which provides gear and guides for kayaking, rafting, surfing, and mountain biking. “People say living in Richmond is good because it’s two hours from everything” — the mountains, the ocean, Washington, D.C. “That’s cool, but it’s also one minute from itself.”

abandoned the area in the late 1980s, and now many of the old warehouses are being renovated and transformed into loft apartments, condos, offices, and retail space, some of it occupied by the creative sector. Tobacco Row is one of many neighborhoods that reflect Richmond's hilly geography and generally diverse landscape. We saw several of them during our site and community tour.

It's important to know something of Richmond's recent history and current population. Richmond is 50% African American. Race has long played an important and sometimes contentious role in the community's political life, as exemplified by the Civil Rights movement of the 1960s. Significantly, art and culture are often blind to these conflicts and can help bridge racial divides. For this reason, among many others, it makes sense for Richmond to lead with arts and culture as a redevelopment agent.



A mural from the Richmond Street Art Festival, an annual event begun in 2012

Artspace was invited to Richmond to conduct a Preliminary Feasibility Visit for the purpose of assessing the feasibility of an Artspace mixed-use project in the community. 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 in addition to listening to focus group participants from the stakeholder groups we know are critical to the future success of an artist-space project. Our visit was sponsored by Virginia LISC, a nonprofit community development financial institution (CDFI) that has played a major role in the redevelopment of Richmond over the last three decades, and the City of Richmond. The visit took place October 24-25, 2013. Artspace was represented by Wendy Holmes, Senior Vice President of Consulting and Strategic Partnerships; Stacey Mickelson, Vice President of Government Relations; and Kimberly Moore, Asset Manager.

Most Artspace Preliminary Feasibility Visits are underwritten either by foundations eager to achieve goals specific to their missions or by municipalities interested in establishing a dialogue about important civic topics such as economic development, housing, or culture and the arts. Artspace's visit to Richmond was supported by Virginia LISC, a regional arm of the national organization with which Artspace has worked from coast to coast, and by the City of Richmond's Economic Development Department in the context of its ongoing

redevelopment and economic development strategies. Their leaders – Candice Streett and John Bolton of Virginia LISC, Peter Chapman and Nick Feucht with the City of Richmond, and John Bryan with Richmond CultureWorks – were active participants throughout our visit, and we are pleased here to acknowledge and thank them for their involvement. We also acknowledge the National Endowment for the Arts, which provided financial support. The Core Group proved a valuable touchstone for which we are deeply grateful. Finally, we thank the City of Richmond and its elected and administrative leaders, who were represented at all of our sessions, helped frame several of our discussions, and helped make this a very successful visit from our perspective.

This report contains our findings and recommendations, based on what we saw and heard during our two days in Richmond. It is also informed by our colleague Stacey Mickelson’s frequent trips and conversation with Richmond over the last two years as well as our experiences of other communities around the United States that have invested in affordable housing and other facilities for artists. We believe that those experiences provide a useful context for evaluating the feasibility and importance of an Artspace-like project in Richmond. In that regard, we offer the following 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 his or her own cottage industry, generating economic activity by selling products or services, purchasing equipment and supplies, paying taxes, and thus contributing to the local economy.
- To create affordable live/work housing for artists whose long-term affordability is guaranteed by covenants is to create and sustain an authentic community of local artists who collaborate not only with one another but also with other local, national, and international artists.¹

¹ By “affordable live/work housing for artists,” we refer specifically to the kind of rental housing that Artspace has been developing around the country for the last 25 years. Artspace’s 28 operating live/work projects are apartment buildings in which each rental unit has additional space – typically 100 to 150 square feet – that is designed for use as a studio by the resident artist. Our projects feature other amenities as well, including high ceilings, large windows, wide doorways, and durable surfaces in every unit; and community rooms that serve as gathering places and galleries.

- Arts projects help to preserve old buildings and stabilize old neighborhoods – including downtown neighborhoods that have fallen into disuse. Arts projects also help preserve cultural heritage by providing places where cultural art forms can be passed from one generation to the next.
- Arts facility 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 and give the larger arts community opportunities to showcase their work.
- 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.
- Artists are urban pioneers, willing to colonize and revitalize older and abandoned areas of a city that provide buffer zones between industrial and residential areas.



Virginia Commonwealth University School of the Arts

FINDINGS: PROJECT CONCEPT ARTIST MARKET

During a Preliminary Feasibility Visit, Artspace gathers information relating to six main issues: project concept, artist market, site feasibility, financial feasibility, local leadership, and sustainable community impact.

If the project concept has been determined, we evaluate it in the context of other factors. For example, if the community wishes to adapt a particular building for use as an arts facility, we consider whether the building is structurally sound, suitable for the intended use, for sale at a reasonable price, and so on. We ask, too, whether the project concept appears appropriate to the needs of the community. Are there enough artists in the area who need and qualify for affordable live/work space to justify the time and expense of developing a project? Is the difference between market rate and affordable rents sufficient to make a live/work project an attractive option for artists of low and moderate income? Because our business model requires substantial civic investment as well as fundraising in the private sector, we ask whether the community has the financial resources and the will to make a significant philanthropic investment in the project. We ask whether there are local leaders willing and able to advocate for the project in a variety of ways. Finally, we ask whether the project, if built, is capable of making an important difference to the community in both the short and long term. While these are not the only factors we consider in making recommendations, they help us frame the discussion.

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. Brainerd, Minnesota, wanted to find a use for a junior high school that was being replaced by a new facility. In 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.

In Richmond, the concept of creating affordable space for artists is driven by a desire to keep and retain their young people – they are already doing a good job of it compared to many other cities – and to catalyze continued redevelopment by attracting market-rate housing developers and by filling vacant storefronts and underutilized properties with uses that generate more “24/7” activity. Several city council members who attended one of the focus groups spoke to their concerns about Richmond losing its talent. Successful

transformative community development projects require critical partnerships and dedication to a shared vision. Participation by a broad variety of stakeholders representing multiple sectors provides the basis for a comprehensive, organized approach to project success and sustainability.

Richmond's civic leaders are well aware that many residents and visitors believe there are safety issues in the downtown core and in some of the neighborhoods we visited. These negative perceptions are being addressed at many levels by the City, LISC, neighborhood groups, and engaged citizens wanting to create a better Richmond for future generations.

ARTIST MARKET

An in-depth Arts Market Survey is a required step in the predevelopment phase of an Artspace live/work project and a step we highly recommend regardless of the community's choice of developer. Artspace uses an online survey that we developed more than 15 years ago. We have used this survey instrument in more than 50 communities and have received more than 25,000 responses from artists nationwide.

The Arts Market Survey is a key component of the due diligence that Artspace conducts before committing our organization to proceed with an Artspace project in a new community or, if acting in a consulting role, before giving a community the green light to proceed on its own. The primary goal of the survey is to determine the size and nature of the market for a live/work arts project in the community. We also use it to demonstrate a need for affordable rental housing sufficient to satisfy the various public and private entities that make financial investments in our projects. If the community is interested in having the project include space for arts organizations as well as individual artists, the survey can be modified to



Typical artist studios at Plant Zero in the Manchester neighborhood

provide information in that realm as well. From our discussions, we understand that Richmond is interesting in having artist studio spaces, creative business spaces and live/work residence spaces in the same building as a way to increase overall activity inside and outside a building.

The survey gathers a wealth of data about the area's artists, including age, gender, ethnicity, household size, and other demographic information; the arts activities they practice and the arts facility features of most interest to them; their current income and the percent generated by their art; their current studio or work space arrangement; and how much they are willing to pay for housing and studio space.

The Arts Market Survey 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 if there are special considerations, such as the need for specific kinds of studio space that might influence the design and scale of the project. If a mixed-use project is under consideration, the survey can also be used to identify the need for space for arts organizations, creative businesses, and arts-friendly commercial ventures such as coffee shops and restaurants. Developing the questionnaire, publicizing it (we attempt to reach at least 3,000 artists), collecting the data, analyzing the results, and preparing a report requires approximately six months.



Artspace Buffalo Lofts

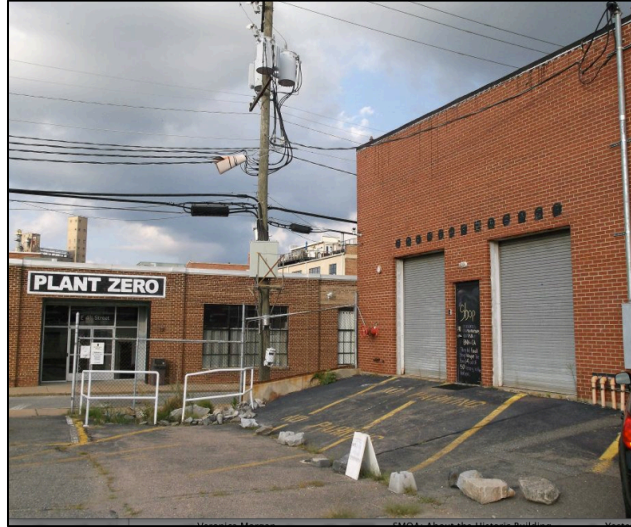
Based on our observations and what we heard in our focus group sessions, we believe that an Arts Market Survey in Richmond will reveal a sizable market for live/work space – at least 50 and perhaps 70 or more units. At least one study has already been done: Katrina Comolli Fontenla, a VCU graduate student, recently prepared a study of live/work spaces in Richmond for the City and the Public Art

Commission. The methodology included focus groups and an on-line questionnaire. Questions focused on the demand for live/work space and on desired amenities. A diverse group of multi-disciplinary artists responded to the survey, and 67% of them expressed interest in affordable live/work space in Richmond (remarkably, 22% said they already had live/work space). Although Ms. Fontenla's study was more limited in its scope than an Artspace Arts Market Survey, it did indicate a strong interest in affordable live/work space

among local artists. It also indicated that many recent graduates would prefer to stay in Richmond if affordable live/work space with amenities were available.

Artists were well represented at the artist focus group session, in which a small but diverse group of eight artists and cultural workers participated. We were impressed with the ethnic and age diversity as well as the diversity of artistic pursuits among the artists present. Not surprisingly – it’s true almost everywhere – most of the artists

said they do not make the majority of their income from their art. They spoke fairly equally of the need for residential and studio space as well as of their desire to build on the energy of what’s happening today and to be part of a larger community of artists. Affordability also seems to be an increasing issue – at least in terms of high quality space – though housing costs in some areas of Richmond are still quite affordable compared to other cities.



Plant Zero, leasable art studios and gallery space

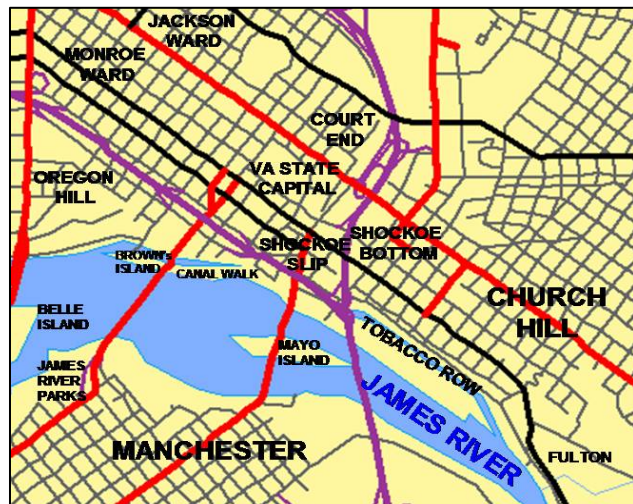
The diversity of art forms and arts organizations (some traditional, others not) is notable in Richmond. While the majority of the artists at the artist focus group were visual artists, there was also a dancer, staff members from the Virginia Art Museum and Richmond Symphony, and a real estate broker interested in the creative sector.

There is clearly much need and energy around the creation of affordable and sustainable space for artists. Artists also had ideas and thoughts about buildings and neighborhoods and most were excited by the possibility of having space downtown or in one of Richmond’s more urban neighborhoods such as Manchester and Shockoe Bottom, though many artists have already been priced out of the Bottom. Other comments made by local artists and arts professionals included:

- Studio spaces are starting to get more expensive. Many artists have studios in their homes or apartments, and those artists would like to be a part of a community rather than in an isolated “home” studio. Many in the group thought that rents between \$0.75 and \$1.25 per square foot would be affordable for most artists. These rates are consistent with those at two well-known studio facilities, ArtWorks and Plant Zero, in the Manchester neighborhood. Roughly equal in size, each facility has 60 or 70 studios (some shared) typically ranging from 200 to 400 square feet – though Plant

Zero has some as large as 750. Both charge monthly rates of \$1 per square foot. Plant Zero also operates a nonprofit gallery, Artspace – no relation to us. Since the economic crash of 2008, the demand has been lower, but most spaces at ArtWorks and Plant Zero are filled. Other neighborhoods with concentrations of artist studios include Jackson Ward and Scotts Edition. We were told that there might be as many as 1,000 working studios for artists and creative people within the city limits.

- The artists in the group also thought there are many younger artists who are interested in live/work, studio, and fabrication-type spaces and who are graduating from VCU.
- Collaborative working space seems to be a growing concern. Several artists spoke about younger artists’ desire to work in a more collaborative setting with shared equipment and fabrication areas as well as spaces and places where they have ready access to important connections in their fields. Locally, Gangplank RVA (gangplankhq.com/richmond) is a co-working space for entrepreneurs. We sense that artists desire a slightly different type of co-working environment.
- Many artists want to be part of a community that includes coffee shops and restaurants within walking distance, if not within the same building or area.
- Access to state-of-the-art equipment is an important goal.
- CultureWorks (www.richmondcultureworks.org) serves the greater Richmond area, including Petersburg, and is an important resource for local artists.



Downtown Richmond, showing Tobacco Row and other inner city areas.

When we asked about locations where artists want to be, it was clear that most artists want to be close to the urban core. Translating geographic preferences into quantifiable data is one of the goals of an Arts Market Survey. Not surprisingly, the overwhelming sense from

the group was that they are eager to be part of a larger effort – one in which artists have a higher profile and a true community of artists of all disciplines can emerge.

Several artists and community members asked about what they could do to advocate for an Artspace project in Richmond. We shared information about contacting their local elected officials and staying in contact with the core group as we collectively pursue the next steps.

FINDINGS: 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. Several factors to consider include location, building capacity, availability, viability, and ability to impact the broader community. In Richmond we visited about eight sites, of which several impressed us as candidates for further consideration. The physical amenities we seek for artist housing – high ceilings, open floor plans, and access to natural light – are present in most of the sites we visited. The sites described in this section were not the only ones identified by the community as potential sites for an Artspace development.

Any decision impacting site selection will be influenced by several factors:

- There are already a significant number of studio spaces for artists in Richmond. What seems to be missing is the living and working space that could encourage younger artists to stay in the community.
- The last of the large warehouse buildings on Tobacco Row would be an excellent candidate for reuse as artist live/work, studio, and fabrication space. But is it in the right neighborhood to affect the kind of change the City is hoping for? And would the owner be willing to sell for a price that would make an Artspace mixed-use project financially feasible?
- VCU School of the Arts is a significant community asset. Preferences of students and recent graduates should be taken into consideration as specific sites are investigated. The arts school itself is located in the historic Fan District just west of downtown Richmond, which is the neighborhood that ranked first preference in the VCU survey of live/work spaces in Richmond (the top seven, as selected by the 149 artists who responded to the survey conducted by VCU graduate student Katrina Comolli Fontenla (see page 8): the Fan, Manchester, Churchill, Jackson Ward, Shockoe Bottom, Broad Street, and Oregon Hill.
- Richmond has designated much of its downtown core, including both sides of Broad Street, as an arts and cultural district. The new district comes with financial incentives to rebuild storefronts, repopulate vacant buildings, and animate what had been a languishing area. The incentives appear to be working: we saw numerous cafes and restaurants, coffee shops, galleries, and gift shops all along the Broad Street. Although some of the buildings we visited on our tour of candidate sites are

in this district, most are not. In our view this is not a significant issue, because it appears that the renaissance of Broad Street is well underway. We believe that any available parcels along the corridor can and will likely be taken care of by the private marketplace, as has been the case since the arts and cultural district was created. As for the economic advantages of being in the district, City leaders at one of our focus groups were asked whether the arts district could be amended to include properties outside its current boundaries, or if new districts could be created in other parts of the City their answer was yes to both.

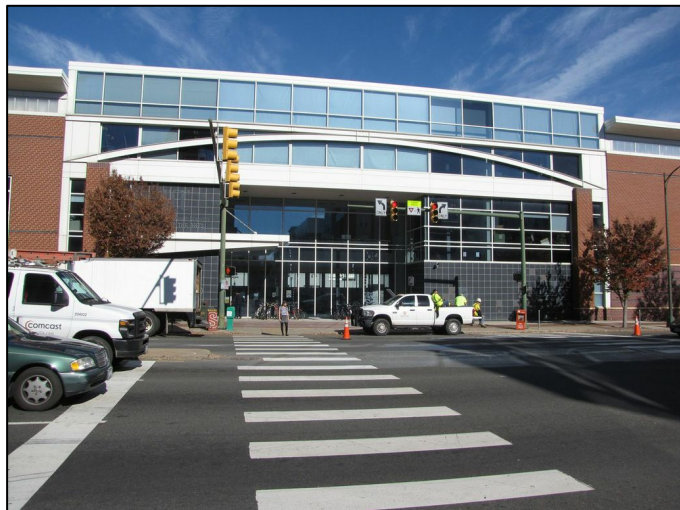
Here are thumbnail sketches of the properties we visited:

VCU SCHOOL OF THE ARTS

1000 W. Broad Street

We begin with this large modern building not because it is a candidate for an Artspace-like project but rather because it illustrates the depth of the arts in the region and VCU's

commitment to its reputation as the nation's leading public university arts program. The building houses VCU's departments of Craft and Material Studies, Kinetic Imaging, Painting and Printmaking, and Sculpture and Extended Media. It is an impressive building with large classrooms that have ample work areas and smaller studio rooms where individuals can work. Each year VCU's 15 arts programs graduate more than 500 students, of whom a third stay in the community. It was clear that



Main entrance of the VCU School of the Arts

Richmond and VCU have a strong rapport, and it was clear from the students we met and spoke with that most really enjoy Richmond and look forward to putting down roots in the region.

OLD GRAVES SCHOOL

119 W. Leigh Street

Older schools tend to make good live/work projects because they have many of the amenities artists prefer, including high ceilings, durable surfaces, abundant natural light, and large spaces without columns. This large (85,000 square feet) three-story school, which

currently houses an alternative education program for Richmond public school students, fits the bill nicely. At one time it contained some 30 classrooms as well as a gymnasium and auditorium; it is connected to another building by means of a second story skyway. Its 2½-acre site offers athletic fields and ample space for parking. It is adjacent to a public green space (Abner Clay Park) and is across the street from the proposed site of the Black History Museum and Cultural



The Old Graves School warrants serious consideration

Center of Virginia. As an arts project, it would serve as a bookend for the northeast side of the Broad Street Arts and Cultural District (Broad Street itself is three blocks away). In short, it warrants serious consideration. This site could also qualify for project specific Tax Increment Financing (TIF).

School closures and their subsequent redevelopment are often hot-button issues for communities and neighborhoods. Artspace has had great success navigating these waters, mostly because deep community outreach and communication is at the core of our work. In two Minnesota projects, the Washington Studios in Duluth and the Franklin Arts Center in Brainerd, we transformed old classrooms into large, flexible residential units. We then repurposed the gymnasiums, swimming pools, auditoriums, and outdoor fields/stadiums as community space operated by the school districts themselves through leaseback arrangements. In Ft. Lauderdale, Florida, we repurposed the Historic West Side School, one of the city’s four original school buildings, as a new home for the Broward County Historical Society. And we are nearing completion of a very large project in the El Barrio (East Harlem) district of Manhattan in New York City, where a 114-year-old building will become a mixed-use complex with 90 units of affordable live/work housing plus office, rehearsal, and performance space for neighborhood arts and culture groups on the ground floor and lower level.

MOORE STREET SCHOOL

W. Moore Street

This is a small cluster of connected elementary school buildings. The main building is being used at



The Moore Street School

capacity, the others are used only part-time for overflow purposes. Because it is part of a working school, we believe this site is not suitable for redevelopment as housing and should not be pursued.

BEAUTI-FULL BUILDING

Chamberlayne Avenue

This building, which formerly housed a car dealership, is now home to a beauty supply store. It would be difficult if not impossible to repurpose for housing, and it raises red flags from the outset: given its former use, for example, is the site too contaminated for residential use? However, we were told this area is a growing concern for housing and mixed-use developments. While we believe there may be opportunities on or near Chamberlayne Avenue, we believe there are better candidate sites.



CHURCH BUILDING

1215 E. Brookland Park Blvd.

This sturdy old church, which is on the market at \$250,000, is in an area of great interest to the City and to LISC Virginia as a potential redevelopment target. If for no other reason, it warrants a longer look. The Six Points corridor of Northside's Brookland Park Boulevard is adjacent to downtown with regular bus service to the city core. It may feel as if downtown is far away but in reality it's quite close with easy access.



While churches are difficult to repurpose for multifamily housing, there is an attached education building that might serve that purpose (though in a limited way) as well as adjacent buildings that could be scraped to add more units and much-needed parking. One problem with this site is that a working street divides the church from the nearby buildings.

Nonetheless, this neighborhood should be an area of consideration with its investment in schools, transportation access, and the nearby Richmond-Ohlone Greenway Gap project underway.

HULL STREET COMMERCIAL CORRIDOR

Jefferson Davis Highway and Hull Street

This is an exciting area to think about placing a mixed-use housing development. Hull Street is on the south side of the James River; it carries U.S. Highway 360 from the river to the distant southwest suburbs and beyond. But the part of interest to us is the first mile of Hull Street between the river and the Jefferson Davis Highway. We drove through this area without stopping, so we caught no more than a passing impression of two-



and three-story brick commercial buildings, some of them vacant, on both sides of the street. Whether there is a place for an Artspace-like project here is difficult to say; assembling small buildings to create a suitable site tends to be difficult, and in any case Hull Street has a distinctive character that should be preserved. We will investigate it further if the City of Richmond elects to pursue a predevelopment contract with us.

MODEL TOBACCO BUILDING

Jefferson Davis Highway

A gigantic building on Jefferson Davis Highway due south of the City in the Manchester area, this factory boasts seven floors, a physical plant with smoke stacks, and ample parking. It reminded us of our early work in the Lowertown neighborhood of St. Paul and in rust-belt cities like Buffalo, where factories of this massing were once plentiful. It is probably far too large a structure for us to redevelop,



even if a number of complementary non-residential uses could be factored in. And it is probably too far from the action in terms of the City's desire to build on the progress in downtown Richmond. A most impressive building nonetheless, and we hope the City can find a suitable use or uses for it.

PHILLIP MORRIS BUILDING Jefferson Davis Highway

While leaving the Model Tobacco site we drove past this still-operating Phillip Morris factory and noticed that along the boulevard is a two-story factory with green grating covering the windows and a large “for sale” sign in the lawn. We know nothing more of this site but found it intriguing, as it appeared to be right-sized for an Artspace development. We encourage the group to help us learn more about this site as we proceed with our work and analysis in Richmond.



GRTC BUS DEPOT 2501 W. Cary Street

The 2012 G40 Arts Summit and 2013 Richmond Mural Project brought attention to the **Greater Richmond Transit Corporation (GRTC)** bus depot in the Carytown neighborhood. The site includes 5.5 acres of land and abandoned bus barns that are prime for redevelopment. These walls and buildings have become the center of



Murals on the bus barns

Richmond’s Mural Project (though there are murals throughout the City). The now annual RVA Street Art Festival is part of an effort to revitalize these walls and buildings with public art, murals sessions, sculpture, and mixed-media exhibits as well as stories and ideas about the history and future of transportation in Richmond.

Redevelopment plans are in the early talking stages between the City, GRTC and the neighborhood. Clearly, the arts have brought tremendous attention to the area. The question of environmental clean-up and infrastructure improvements to the site remains unresolved, but this area is a prime site for a redevelopment plan that embraces the arts and the momentum which has already been created through the arts. Artspace believes this could be a prime site for a mixed-use artist space project and should be kept on the list as a contender.

FINDINGS: FINANCIAL ANALYSIS

LOCAL LEADERSHIP

An Artspace live/work project typically represents a significant investment of civic resources. While an assortment of federal and state programs can be used to generate revenue for construction, we typically look to the community for predevelopment revenue and a commitment of affordable housing allocations, typically in the form of Community Development Block Grants (CDBG), HOME funds and other housing and economic development programs.

When considering financial feasibility and return on investment, it is important to note the multiple points of impact of a potential project site. “Return on investment” includes not only affordable housing but also blight remediation, adaptive reuse of historic buildings, and infrastructure investment in the cultural economy. Communities, civic leaders and politicians have to share in this vision to maximize impact.

We were encouraged by the participation of both City and private entities in the discussions around where the funding might come from. In addition to a very experienced LISC and highly competent City staff, the Core Group brought together representatives from the Virginia Housing Development Authority (VHDA) as well as a powerhouse of representation from the private sector. Participants included the Community Foundation, Altria Foundation, Bank of America (whose representative also attended one of our focus group sessions in September in nearby Petersburg), and the Markel Corporation. It was clear to us that a private/public partnership would be highly likely in Richmond.

Some of the key findings we learned about financing a mixed-use live/work project in Richmond:

- Virginia’s Historic Rehabilitation Tax Credit program, managed by the state Department of Historic Resources, allows property owners to receive a state tax credit of 25% of eligible expenses for approved rehabilitation work on certified historic structures. This is a tremendous boost for a project that is very likely to include an historic preservation component.
- Tax Increment Financing (TIF) is available but is project-based.
- The VHDA has a Mixed-Use, Mixed-Income (MUMI) planning grant program to which the city can apply for \$10,000 to help fund an Arts Market Survey. This was verified in a series of email messages with VHDA staff in November.

- The City received \$4.27 million as its 2013 allocation of Community Development Block Grants (CDBG).
- While it is still in the early discussion stages, advocacy is mounting for a local affordable housing trust fund that could substantially lower the gaps for mixed-use affordable housing projects. Municipal housing trust funds are a significant resource and one of the reasons that Artspace has done three mixed use artist housing projects in the City of Seattle and where we continue to look for opportunities to address the significant demand for affordable artist space.

Among the other civic and elected leaders, there appears to be a broad consensus that the arts are an important part of what makes Richmond special and that an Artspace live/work project would be a good fit for the community. To the extent that our first impressions were correct, we see no major financial impediments at this time. We acknowledge, of course, that public programs that can be used for this type of development, such as CDBGs and the Low Income Housing Tax Credit (LIHTC) program, are increasingly competitive and constantly under fire.

SOURCE	AMOUNT	PCT.
Public Sources		
Federal low income housing tax credits	\$ 6,592,060	41%
State low income housing tax credits	\$ 2,796,404	17%
Federal historic tax credits	\$ 1,678,775	10%
HOME funds (\$900,000 from state, \$400,000 from city)	\$ 1,300,000	8%
Community Development Block Grant (city)	\$ 300,000	2%
Federal allocation	\$ 250,000	2%
Private Sources		
Private sector (philanthropic gifts)	\$ 1,400,000	9%
First mortgage	\$ 1,200,000	7%
Deferred developer's fee	\$ 670,944	4%
TOTAL	\$ 16,188,183	100%

Project: Artspace Buffalo Lofts

That said, mixed-use arts projects of the kind Artspace has developed over the years can tap into a number of federal and state funding programs. Chief among these are LIHTCs, a federal program established in 1986 to encourage the development of affordable housing and amended in 2008 to extend the

definition of eligible projects to those intended for artists. If the project involves a building on the National Register of Historic Places, federal and state Historic Preservation Tax Credits can also be used. The chart above shows in simplified form the financial sources for a \$16 million, 60-unit Artspace live/work project (with 13,000 square feet of ground floor commercial space) in Buffalo, NY. The \$1.4 million in philanthropy helped cover the costs of the creative commercial space, common area community space, and other amenities unique to Artspace buildings with artist tenants.

LOCAL LEADERSHIP

Strong local leadership is an essential ingredient of an arts project. Without someone on the ground who can advocate effectively for the project, open doors, and keep lines of communication open between the developer and the community, there is little chance of success. For this reason, we place a very high value on local leadership, almost more important than on any other factor.

Because Artspace has a regional office in Washington, D.C., we were able to conduct advance work in Richmond, which is unusual except in areas where we have such a presence. This laid the groundwork for the Preliminary Feasibility Visit and gave us a jump on creating the kind of relationships necessary for a project to be successful. Artspace first met with Peter Chapman, Deputy Chief Administrative Officer for Economic and Community Development, and his staff, in January of 2012. Last spring we met Candice Streett, Executive Director of Virginia LISC, which is headquartered in Richmond; it was LISC's initiative that really galvanized all parties to take action and plan for our October 2013 visit. Artspace has a long history of working with LISC all across the nation to achieve mutual goals, so the alliance with Candice and LISC was a natural one for us. The City and LISC have also completed several community projects together, so the opportunity for collaboration and cooperation appears excellent.

Members of the Virginia Housing Development Authority attended our leadership focus group and were quite helpful with information about the state's Qualified Allocation Plan, which determines how and where a state will allocate its Low Income Housing Tax Credits. At the end of the meeting they pledged to continue to be a resource if the City of Richmond elects to move forward – always an encouraging sign. As noted elsewhere, they also alerted us to a funding source their agency can tap to offset the cost of an Arts Market Survey.

The City is the kind of partner we seek and require to make a project work. It took the initiative early on to develop the Broad Street Arts and Cultural District, which is re-energizing the core of the city with arts uses among the very traditional commercial entities typical of any American city. It is a big district that stretches deep into the neighborhoods. The presence of the beautiful VCU School of the Arts in the downtown core shows a university committed to its community and one that is proud of its faculty and student body. Altria has a strong record of good corporate citizenship, and we sensed that there were others in philanthropy eager to help. We feel confident that we have already identified many of the local leaders in Richmond who could make a project successful.

POTENTIAL FOR SUSTAINED COMMUNITY IMPACT

We met with many who have a vested interest in Richmond, particularly the downtown core, and the benefits that an Artspace live/work project can offer. In focus groups and a public meeting, we heard from individual artists, arts agencies and organizations, developers, nonprofits, community activists, local residents, business owners, educational institutions, property owners, and funders.

As the project concept evolves, it will be important to continue to emphasize the project's "placemaking" capacity by admitting multi-disciplinary artist residents and organizations and incorporating community-accessible space for programming, collaborations, and rentals. Not only will the artist residents require shared spaces, but the community would benefit from having access to workshops and classes, performances and demonstrations, lectures, and other on-site events.

Site selection will be a component of overall community impact. Other key elements to keep in mind as the project evolves include the need to quantify the project's job-creation capacity, to develop synergistic ties to other organizations and other areas of the core city, to identify community-based commercial tenants in the creative business sector, and to ensure that artist support services and programs are in place before the project goes into operation. Artspace can help to facilitate these things but can never substitute for the local drive and talent needed to make these projects more than about a singular community of artists.

In any discussion of our work, it should be noted that Artspace live/work projects are unlike most affordable housing in that we use an "artist preference" policy to fill vacancies. For each project, we appoint a committee made up of artists who are not candidates to live in that project. The committee interviews income-qualified applicants to determine their commitment to a career in their chosen art form. It does not pass judgment on the quality of an applicant's work, nor is it permitted to define what is or isn't 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."

Artspace live/work projects are different, too, in that the cost per unit of housing is higher than most affordable housing. This is due to four basic features that we provide in our projects to enhance their functionality for working artists: larger unit sizes (typically about 100-150 square feet) so that artists can work without sacrificing living space, wider hallways that can be used as galleries, high ceilings, and large common areas that are designed to be programmed by the artists themselves. As for commercial space, we seek relationships with

creative businesses that complement the buildings. The amount of commercial space in any Richmond project will depend, of course, on the building, its site, and the neighborhood.

The Artspace live/work model has been proven to 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, and
- Attracting additional artists, arts businesses, organizations, and supporting non-arts businesses to the area.

Although many neighborhoods balk at the notion of an affordable housing project in their midst, affordable live/work housing for artists is rarely if ever controversial. Indeed, in our experience it is precisely the opposite: many communities embrace affordable housing for artists as a means of spurring economic development in challenged neighborhoods or retaining artist populations at risk of displacement by gentrification.

NEXT STEPS

Richmond is well-positioned to “reboot” itself by creating a healthy urban environment that attracts creative professionals, retains recent graduates from the VCU School of the Arts and other Richmond universities, and enhances the regional economy. Building on the impact of the creative community, in our view, is a dynamic step toward that goal.

We strongly recommend the next step in the traditional path to an Artspace project, an Arts Market Survey, to help Richmond and the developer of its choice understand the depth and breadth of its creative community. An Arts Market Survey will quantify the need for artist live/work and studio space and other kinds of spaces, thereby providing reliable information for others – including prospective LIHTC investors – whose support will ultimately be needed. Our gut feeling tells us that Richmond can support 50 to 70 units of artist housing and/or studio space. But bankers do not accept gut feelings as sufficient reason to offer a mortgage loan: they require the statistical evidence of market need that an Arts Market Survey can provide.

Since retaining and attracting young people is such an important part of the challenge and opportunity that Richmond has before it, concentrating on the needs of recent college graduates will be an important goal of the market survey information. Although Artspace has resident artists of all ages in the more than 1,100 live/work units we have created over the last quarter-century, artists under 40 occupy the majority of our units.

In Richmond we believe the next key steps are these:

1. From the group that was assembled for our visit, build a core group of advisors who will be key ambassadors for the project moving forward.
2. Collaborate with Petersburg on an Arts Market Survey. Petersburg recently brought Artspace to town for a Preliminary Feasibility Visit and is also considering a survey. The close proximity of the two communities warrants exploration regarding artists’ preference for space in either Richmond or Petersburg – or both. The survey can be designed to test preferences for specific neighborhoods in both cities.
3. Prepare for the survey. At this writing, the City of Richmond and Virginia LISC are prepared to coordinate efforts with the City of Peterburg and the Cameron Foundation (which funded Artspace’s 2013 Preliminary Feasibility Study in

Petersburg) to do a dual Arts Market Survey that determines the needs for space for individual artists and their families as well as creative businesses and nonprofit arts organizations.

4. Post-market survey, enter into a predevelopment agreement during which the first scope of work is site evaluation and due diligence – environmental testing, space planning, etc. See “The Path of an Artspace Project” (Appendix I). This document provides an overview of the steps involved in advancing a successful project.

We believe a project that includes both affordable live/work housing and space for creative businesses and working studios would provide a tremendous boost to the reputation and visibility of the local arts community as well as stable, permanently affordable space. The presence of a critical mass of creative people would do much to ensure a permanent presence for artists, enhance the area’s reputation as an arts quarter, partner in educational activities, and catalyze additional development in neighborhoods where creative are congregating.



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.

STEP 1: PRELIMINARY FEASIBILITY	
Overview	<ul style="list-style-type: none"> • Information Gathering and Outreach
Primary Activities	<ul style="list-style-type: none"> • Meet with artists, civic leaders, and other stakeholders • Conduct public meeting to introduce Artspace and solicit feedback • Tour candidate buildings and/or sites • Conduct extended outreach as needed to ensure that people from underrepresented communities are included in the process
Deliverables	<ul style="list-style-type: none"> • Written report with recommendations for next steps
Prerequisites for Moving Forward	<ul style="list-style-type: none"> • Demonstrated support from local leadership • Critical mass of artists and arts organizations with space needs • Established base of financial support
Time frame	<ul style="list-style-type: none"> • 3-5 months, kicked off by a 2-day visit
Cost	<ul style="list-style-type: none"> • \$15,000

STEP 2: ARTS MARKET SURVEY

Overview	<ul style="list-style-type: none"> • Assessing the Need
Primary Activities	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Written report with recommendations for next steps
Prerequisites for Moving Forward	<ul style="list-style-type: none"> • Sufficient number of responses from eligible, interested artists to support an Artspace live/work project
Time frame	<ul style="list-style-type: none"> • 4-6 months
Cost	<ul style="list-style-type: none"> • \$30,000 (artists only) or \$42,500 (artists and arts organizations)

STEP 3: PREDEVELOPMENT I

Overview	<ul style="list-style-type: none"> • Determining Project Location and Size
Primary Activities	<ul style="list-style-type: none"> • Work with City and other stakeholders to establish (a) preliminary project scope and (b) space development program for evaluating building and site capacity • Analyze candidate buildings/sites with respect to cost, availability, and other factors impacting their ability to address development program goals • Review existing information about potential site(s) to identify key legal, environmental, physical, and financial issues affecting their suitability • Negotiate with property owners with goal of obtaining site control agreement • Continue outreach to artists and arts organization • Connect with potential creative community partners and commercial tenants
Deliverables	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Site control agreement with property owner • Growing stakeholder/leadership group • Both parties' agreement on project scope and feasibility
Time frame	<ul style="list-style-type: none"> • 3-6 months
Cost	<ul style="list-style-type: none"> • \$150,000

STEP 4: PREDEVELOPMENT II

Overview	<ul style="list-style-type: none"> • Project Design and Financial Modeling
Primary Activities	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Award of Low Income Housing Tax Credits (first or second application) or commitment of alternative funding
Time frame	<ul style="list-style-type: none"> • 10-13 months
Cost	<ul style="list-style-type: none"> • \$300,000+

STEP 5: PREDEVELOPMENT III

Overview	<ul style="list-style-type: none"> • From Tax Credits to Financial Closing
Primary Activities	<ul style="list-style-type: none"> • Secure final gap funding commitments • Raise funds for equity, including private sector philanthropic dollars • Complete construction documents and submit permit applications • Negotiate construction and permanent loan commitments • Negotiate limited partner equity investment commitments • Advance project to construction closing • Communicate the progress of the project to the creative community to keep up the involvement and excitement
Deliverables	<ul style="list-style-type: none"> • Successful closing and commencement of construction
Time frame	<ul style="list-style-type: none"> • 4-6 months
Cost	<ul style="list-style-type: none"> • \$300,000+

STEP 6: CONSTRUCTION

Overview	<ul style="list-style-type: none"> • Construction and Lease-up
Primary Activities	<ul style="list-style-type: none"> • 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
Deliverables	<ul style="list-style-type: none"> • Completed project ready for occupancy
Time frame	<ul style="list-style-type: none"> • 6-10 months
Cost	<ul style="list-style-type: none"> • Depends on project (not part of predevelopment contract)



BUILDING BETTER COMMUNITIES THROUGH THE ARTS

What makes a city great? Across America, cities large and small are discovering that one essential quality of every great city is a great arts community. In an era when people are freer than ever to choose where they live, vital arts communities help cities attract and retain residents and businesses. Thriving arts districts are magnets for tourists, restaurants, theaters, and creative industries. In a great city, the arts are not an extra, something to be considered only after “more important” items on the civic agenda are funded. In a great city, the arts are as fundamental as streets, parks, and public transportation.

At Artspace, helping cities integrate the arts into their civic agendas is part of our core business. Over the last two decades we have completed 35 major arts projects that contain more than 1,100 affordable residences – each with space for a built-in studio – for artists and their families and provide more than a million square feet where artists and arts organizations work, teach, exhibit, rehearsal, perform, and conduct business.

We have seen firsthand the power of the arts to transform urban landscapes. Two of our earliest projects helped launch the celebrated renaissance of Saint Paul’s Lowertown neighborhood during the 1990s. In Reno, a lively arts district has sprung up around an Artspace project that opened a decade ago. An Artspace project in Seattle turned an abandoned block in Pioneer Square into the center of that city’s independent gallery scene.

What is Artspace?

Established in 1979 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. Today Artspace is widely recognized as America’s leader in creative placemaking.

As a mission-driven nonprofit, Artspace is committed both to the artists who live and work in our projects and to the communities of which they are a part. We work with civic leaders to ensure that our projects successfully deal with the issues they were designed to address.

Our programs

Artspace programs fall into three 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. Artspace typically completes two to four projects each year. Most projects take three to five years from inception to operation.

Asset management

Artspace owns or co-owns all the buildings it develops; our portfolio now contains more than \$500 million worth of real property. All our projects are financially self-sustaining; we have never returned to a community to ask for operating support for a project once it has been placed into operation. Revenues in excess of expenses are set aside for preventive maintenance, commons area improvements, and building upgrades.

National consulting

Artspace acts as a consultant to communities, organizations, and individuals seeking information and advice about developing and operating affordable housing and work space for artists, performing arts centers, and cultural districts. Our expertise as an arts developer gives us not only a unique perspective but also a unique set of skills, and sharing this knowledge we have amassed over the years is central to our mission.

Our history

Artspace's first live/work project opened its doors in 1990. In the mid-1990s, Artspace developed its first project outside Minnesota, the 37-unit Spinning Plate Artist Lofts in Pittsburgh. Invitations to work in other states soon followed. Artspace is now the nation's leading developer of live/work housing for artists with 28 live/work projects in operation from coast to coast. In all, these projects contain 1,168 residential units.

Artspace is now a nationally prominent organization with offices in Minneapolis, Seattle, New York, New Orleans, Los Angeles, and Washington, D.C. We have projects in operation, under construction, or in development in more than a dozen states. Our national consulting program has helped communities in 45 states address their arts-related space issues. The nature of our work is evolving, too, to include multiple-facility projects, long-range planning, arts districts, and arts initiatives designed to serve culturally specific groups such as native Hawaiians, the communities of color in New Orleans, and the Native Americans of the Northern Plains.