

## MEMORANDUM

TO: Olympia City Council

FROM: Olympia Artspace Alliance

DATE: April 22, 2014

**SUBJECT: ARTSPACE ALLIANCE MARKET SURVEY REPORT**

Olympia Artspace Alliance is a local nonprofit organization established to create affordable live and work space for artists and creative organizations in the Olympia area. The Olympia Artspace Alliance (OAA) is an all-volunteer organization of local residents who care deeply about the future of our community.

### **The Project**

OAA is working to build affordable apartments in downtown Olympia where artists and their families can live and work. The envisioned building will include space for creative sector businesses and organizations. Our commitment to this project grows from our knowledge of the region's artists and creativity; our appreciation of Olympia as a regional hub with a pedestrian-oriented downtown as a center for business, entertainment, and employment; and compelling evidence of the positive economic, social and creative impact of artist housing projects in other communities. This project would provide much-needed space for artists and creative enterprises, so that more people are living and working downtown Olympia. The resulting activity will generate other business activity and contribute to the safety and vitality of downtown.

### **Market Survey**

To better understand the needs, opportunities, and challenges of such a project, the OAA has just completed a Market Survey. This survey was designed to assess the need for creative spaces in various areas of Olympia; to articulate the design elements and building features that are required or preferred; and to describe the survey respondents. To implement the survey, we contracted with Artspace Projects, Inc., (API) a national nonprofit and leader in the field of developing affordable space that meets the needs of artists through adaptive reuse of historic buildings and new construction. We selected API because of their expertise with artist space development, and their strong record of success. API currently owns and manages 35 projects across the country, including 26 live/work or mixed used projects and more than 1,100 residential units.

This survey builds on the Preliminary Feasibility Study completed by Artspace Projects, Inc., for the City of Olympia in October 2009 which benefited from strong community response, and included a preliminary review of potential sites. In 2007, the City also completed a feasibility study for an arts center.

The City contributed \$10,000 to support this survey. An additional \$32,500 was raised from numerous local contributors including three foundations, 55 individuals, and nine local businesses including: the Community Foundation of South Puget Sound, Thurston County Chamber, Economic Development Council of Thurston County, Olympia Downtown Association, the Freas Foundation and the Washington State Arts Commission.

Olympia Artspace Alliance appreciates the opportunity to review the findings with City Council at the April 22 work session. Our presentation will also include analysis of benefits as related to community needs and goals; discussion of the City's potential role as this project moves forward; overview of development approach options now under consideration by OAA.

The full reports (Survey Summary and Survey Technical Report) are attached, and can be found at <http://www.olympiaartspace.org>

### **Key Survey Findings**

603 artists and 97 organizations responded to the survey (October-December 2013). The findings point to a strong need for affordable housing and work space in Olympia designed to serve the creative community. Specifically, an artist live/work project in Olympia could support:

- Up to 52 **affordable live/work units** designed for artists
- Up to 37 **non-residential studio spaces** available for on-going or occasional needs
- Shared gallery/exhibition space, classroom/teaching space
- **New home to creative-sector organization**, business and/or educational programming

### ***Affordable Live/Work Units for Artists***

200 of the 603 responding artists are interested in relocating to an affordable live/work community in Olympia. Downtown Olympia is the preferred location. This indicates a market for 52 units in downtown Olympia. Among the design features that are necessary to meet the needs of interested artists: natural light, internet access, high ceilings (more than ten feet), extra storage, soundproofing, storefront/street access for retail sales, special ventilation, and shared spaces.

Of those interested in residing in an affordable live/work community in Olympia:

- 56% need one parking space
- 76% would use public transportation
- 52% have household incomes of \$25,000 or less per year
- 6% have household incomes greater than \$75,000 per year
- 92% are interested in renting
- 59% could afford \$500-\$800 per month for live/work space.
- 24% could afford \$900-\$1,200 per month for live/work space
- 86% are interested in renting with a purchase option
- 54% are interested in purchasing a condo

### ***Non-Residential Studio Spaces***

130 artist respondents are interested only in the ongoing studio or creative work space option, not residential space; in addition, 76 were interested in both studio space rental and potential live/work space. Of those interested only in renting studio or creative work space, 53% are currently without studio space.

### ***A New Home for Creative Sector Organizations and Businesses***

97 arts and cultural organizations and creative businesses responded to the survey with a broad variety of interests and needs. OAA will need to further assess the options; we will likely need one or more anchor tenants on the first floor/street level. Survey findings can inform other efforts to fulfill the space needs of the creative sector of the Olympia area.

### **Preferred Location and Community Outreach**

Downtown Olympia is the preferred location for affordable live/work space as well as for renting studio space and the related commercial space. Other areas of interest are West Olympia and Eastside Neighborhood. While the information provided by the survey may aid in efforts throughout the community in fulfilling the space needs of the creative sector, we see the need to focus our efforts on a single location for permanently siting this project so that the market is not flooded and our efforts diluted.

OAA is currently meeting with stakeholders throughout the region, to discuss survey findings, receive additional input, explore potential partnerships and alliances, and consider next steps.

### **Financial Considerations**

The information collected through the survey will inform OAA's planning activities as we move to the next phase of the project. Anticipating project completion in 2018-2019, Olympia Artspace Alliance is now considering whether to proceed with the nationally recognized expertise of Artspace Projects Inc. or pursue an alternative approach. Either approach would require a multi-year strategy of numerous steps that would likely include the following:

- Predevelopment (2014-2016) (\$450,000)
  - Determine project scope (location, size and function of the facilities)
  - Establish project design
  - Formalize partnerships
  - Determine budget and funding plan
  - Continued outreach and stakeholder engagement
- Secure funding and contracts (2017) (\$300,000)
- Construction and Lease-up (2018-2019) (costs TBD)

Similar projects in other communities have relied on a mix of funding sources, including low income housing tax credits, CDBG and HOME Program funds, Federal Home Loan Bank funds, City and State funds, Conventional First Mortgage, and philanthropic contributions, including

property.

OAA will need City support for this project. Municipal contributions are typically 10-12% of total funding, and may include a site, site mitigation, etc.

Artist housing projects in other communities vary considerably, depending on size, location, and complexity:

- \$25 million for the 19,000 sf Schack Art Center and 40-unit Everett Lofts (Everett WA)
- \$17.1 million for 61-unit Hiawatha Lofts, including 4,975 sf arts-friendly commercial space (Seattle)
- \$13.2 million for 39-unit Brookland Lofts (Washington DC)
- \$11.2 million for 36-unit Harvester Artspace Lofts, including 5,320 sf arts-friendly commercial use (Council Bluffs IA)