



## Preliminary Feasibility Study

# Tacoma, Washington

Prepared for the  
City of Tacoma  
and the  
Greater Tacoma Community Foundation

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# Introduction

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The Puget Sound city of Tacoma in northwestern Washington is located midway between Seattle, 32 miles north and east, and Olympia, the state capital, 31 miles to the southwest. With a population of 200,000, Tacoma is the third-largest city in the state and an important port. Tacoma adopted its name after the nearby Mount Rainier, originally called Mount Tahoma. Once known as the “City of Destiny” because the area was

chosen to be the western terminus of the Northern Pacific Railroad in the late 19th century, Tacoma grew up as an industrial center known as “Grit City,” a nickname still in evidence in creative enterprises such as the Grit City Comedy Club and Grit City Grindhouse.



The Chihuly Bridge of Glass and the Museum of Glass

Since the 1990s, however, Tacoma has been earnestly reinventing itself. Developments in downtown Tacoma include a branch of the

[University of Washington](#); [Tacoma Link](#), the first modern electric [light rail](#) line in the state (a second line is in the works); art and history museums; and a restored urban waterfront, the [Thea Foss Waterway](#).

Although the largest employers in Tacoma today are government and the lumber, food, and health care industries, in the last two decades the arts have increasingly helped define the city. The most prominent Tacoma artist is 71-year-old Dale Chihuly, whose large glass sculptures adorn the Chihuly Bridge of Glass, which connects downtown Tacoma to the 11-year-old Museum of Glass. During our time in Tacoma, we visited a 300,000-square-foot warehouse filled with Chihuly glass creations, a testament to the prolific nature of his work and the many national and international commissions he receives.

The Museum of Glass and the contemporary Hotel Murano (which has its own art glass collection and bears the name of a Venetian island renowned for its glass) are examples of the new architectural icons that have begun to spring up in downtown Tacoma. There are also great examples of historic preservation and streets lined with boutique shops and restaurants. But there are also many vacant or underutilized buildings downtown, and some

of them – like Old City Hall – are huge, iconic structures. These large pockets of empty space make downtown Tacoma less welcoming than it might be.

With all this in mind, the City of Tacoma invited Artspace to conduct a Preliminary Feasibility Visit to assess the potential for developing an affordable live/work facility for artists as a means of spurring economic revitalization in or close to downtown Tacoma. The visit took place on May 8-9, 2013. Artspace was represented by Wendy Holmes, Senior Vice President for Consulting and Strategic Partnerships; Cathryn Vandenberg, Vice President, Properties; Rebecca Morton, Project Manager; and Teri Deaver, Vice President for Consulting and Strategic Partnerships.



Old City Hall, a now-vacant 1893 masterpiece in the Italian Renaissance style, is one of downtown Tacoma’s most iconic buildings.

Over two days, the Artspace team met with five selected focus groups: the Core Group (our hosts), artists and creative professionals, local government leaders, business leaders, and representatives from the financial and philanthropic arenas. We also conducted a public meeting that drew an audience of about 60. We walked through or did drive-by inspections of more than a dozen buildings and sites in downtown’s Commercial Core, Dome District, and Old Brewery District, as well as the nearby Hilltop neighborhood.

This report outlines our findings about the areas of the city we visited. Although it includes some information about specific sites and buildings, our larger goal is to convey our overall impressions about the community’s commitment to a mixed-use live/work project and the steps required to fulfill the vision of creating more space for artists and creative people in Tacoma.

We are grateful to the City of Tacoma, the Tacoma Arts Commission, Spaceworks Tacoma, the Greater Tacoma Community Foundation, and the JPMorgan Chase Foundation for arranging our visit and providing excellent guidance during two days of exploring potential sites and meeting with public and private partners, artists, and arts organizations. We would specifically like to acknowledge Amy McBride, Arts Administrator for the City of Tacoma, who served as our liaison, and the other members of the Core Group, most of whom who spent the better part of two days with us:

- Rose Lincoln Hamilton, CEO, Greater Tacoma Community Foundation
- Katy Evans, Committee member, Spaceworks Tacoma

- Reuben McKnight, Historic Preservation Officer, City of Tacoma
- Ricardo Noguera, Director, Community and Economic Development Department, City of Tacoma
- Peter Huffman, Director, Planning and Development Services, City of Tacoma
- Carey Jenkins, Housing Manager, City of Tacoma
- Brian Boudet, Division Manager, Planning and Development Services

# Findings: Project Concept

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**D**uring a Preliminary Feasibility Visit, Artspace gathers information relating to six main criteria: project concept, artist market, site feasibility, financial feasibility, local leadership, and sustainable community impact. Of these, the starting point – and the most all-encompassing – is the project concept.

A few communities are clear about what they hope to accomplish. It may involve preserving a specific building: Loveland, Colorado, which contacted Artspace in hopes of saving its historic Feed & Grain Building, is a recent case in point. Or it may involve a concept such as creative placemaking – the leveraging of cultural assets to achieve social change – or economic revitalization of a neighborhood.

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

Most communities, however, have a general idea of what they would like to achieve but seek professional guidance about how to proceed. Tacoma falls into this category.

The arts are already important to Tacoma's economy. The city's nonprofit arts and cultural sector, led by its museums and downtown theater district, annually contributes \$65 million to the city's economy. The City of Tacoma has established a civic Arts Commission that oversees the city's municipal art program, provides grants to artists and arts groups, and otherwise supports the development of arts programs and projects in the community.

To build on this momentum, the City wishes to identify a building or vacant site that has the potential (a) to anchor a community of artists, and (b) to catalyze additional development in the surrounding neighborhood. The preferred site would be in or close to downtown Tacoma, which needs the economic shot in the arm that such a project would represent. The preferred project would be an affordable live/work project for artists and their families.

These are realistic goals. If an Arts Market Survey reveals a sufficient market for affordable live/work artist housing, which seems to us likely though not a certainty; and if the City can provide and/or help Artspace obtain the financial resources that will be needed; and if Low Income Housing Tax Credits can be secured, there is every reason to think that a live/work project could succeed here.

# Findings: Arts Market

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**D**uring a Preliminary Feasibility Visit, Artspace begins to develop a portrait of the arts community by convening a focus group of artists and other creative professionals, including arts educators and arts organization administrators. Our goal is to gather information about the size, strength, needs, and opinions of the area's artists. We also meet artists at the public meeting, which is held in the evening and is therefore more accessible to artists who hold day jobs (as most do). Time permitting, we tour arts districts, artist studios, and other cultural assets in the area. Our ultimate goal is to determine whether a probable market exists for an Artspace-like project consistent with the concept advanced by the community. Comments made by local artists and creative professionals during our visit inform our recommendations for next steps.

In Tacoma, before we began our session with the artists, the City reviewed its goals and policies with respect to supporting the arts and culture sector. They are as follows:

#### Goals:

- Strengthen and stabilize artists and arts organizations
- Assure access to adequate facilities
- Community building

#### Policies:

- Workforce development: support and encourage training in the arts
- Attract and retain artists and creative workers to Tacoma
- Provide incentives for the development of resources such as artist live/work spaces, incubator spaces, and other innovation centers
- Identify opportunities or potential zones and cultural districts to develop creative clusters

Tacoma's artist focus group was well-attended, and we informally counted another 20 artists at the public meeting. We were pleased to encounter wide variety with respect to disciplines practiced, including mural art, art administration, graphic design, neon design, piano repair, hip hop, jazz, collage, painting photography, mixed media, fine art reproduction, gardening, sculpture, fashion, writing, music, dance, and theater. Some participants represented arts organizations, educational institutions, or programs serving artists and the community, and were therefore in a position to speak more broadly about the area's creative industries, space trends, and general organizational needs. The public meeting, which filled the Tacoma City

Council chamber, provided an opportunity for more artists and community members to share their ideas and give us feedback about the project concept and related issues.

When we asked the artists about their preferences for locations and types of space, they expressed preferences for the following:

- Space that nurtures multi-generational interactions and collaborations.
- Locations in the downtown neighborhoods. such as the Old Brewery District (especially where it abuts the University of Washington Tacoma campus), South Tacoma Way, the Theater District, and the Hilltop neighborhood along Martin Luther King Jr. Way.
- Historic buildings with foot traffic and bike amenities.
- A flexible performance venue in the 100-250 seat range.
- Spaces that have access to public transportation.

There was considerable variety in terms of the kinds of space being sought: live/work, working studio, black box rehearsal/performance, creative business, industrial/fabrication, and so on. Many creative businesses seem to need small spaces – 350 square feet or so – and would appear to be candidates for co-working spaces such as Suite 133 ([www.suite133.com](http://www.suite133.com)), JET Artist Cooperative ([jetartistcooperative.blogspot.com](http://jetartistcooperative.blogspot.com)), or the Old Post Office.

At the public meeting, we were told that some Tacoma visual artists have moved away because of the community's weak market for art. We have observed this phenomenon in many U.S. cities and note in passing that artists are increasingly using the Internet to drive sales in markets other than their own. Other artists, especially recent graduates in the fine and performing arts, move because they can't find good jobs locally. Some of them return, however, when they are thinking about raising families. This too is a common phenomenon across the country, especially outside the major cities.

Tacoma is fortunate to be in Washington, a state that places a high value on the arts. Among statewide sources of support is Artist Trust, a nonprofit organization that exists to support and encourage individual artists. Artist Trust gives grants, serves as a resource for marketing and other professional services, and provides recognition in various ways. At the local level, the Tacoma Arts Commission, an agency under the auspices of the City Council, exists to support the ongoing development of arts programs and projects in Tacoma. It oversees the city's municipal art program and provides funding to artists and arts groups.

But this does not mean that Tacoma artists have it made. When we asked artists how much they can afford to pay for studio or live/work space, several responded that \$1 per square foot would be manageable. This roughly correlates to space downtown, where rents range

from \$800 to \$2,200 a month for spaces ranging from 700 to 3,000 square feet. But those large spaces are well beyond the means of most individual artists, for whom downtown is largely unaffordable even though there is a plethora of vacant ground floor commercial space and many vacant or underutilized buildings. In terms of affordability, of course, other factors may come into play: We visited a building in the Dome District that is leasing spaces to artists for only 25 cents a square foot and is still having trouble finding tenants. We note, however, that the marketing for these spaces may be sporadic.

At the public meeting, we learned that the Asia Pacific Cultural Center would like to relocate from the South Downtown neighborhood to the heart of downtown near the Theater District and may be interested in being part of a mixed-use arts development that includes other types of space for creative people. We also heard more interest in the Hilltop neighborhood.

We came away from these meetings and our neighborhood and building tours with a definite sense of “critical mass” in this energized, articulate group of creative people. We also noticed that many developers are in the process of redeveloping historic buildings downtown and in the Old Brewery and Dome districts. Later in this report, we will explore ways in which Artspace could work with the development community to encourage and facilitate the creation of working studios and artist live/work space as part of projects already on the drawing boards.

One caveat needs to be registered here. Although some Tacoma artists said they would be interested in a live/work project if one is developed, we also heard from artists who told us that they own their homes and would not be interested in a live/work project. None of the Artspace team members came away with the sense that live/work space is a top priority of creative people in Tacoma. This does not mean that there is no market for a live/work project, but it does mean that a full-fledged Arts Market Survey is needed.

## **ARTS MARKET SURVEY**

Artspace usually recommends a formal Arts Market Survey as the next step in the planning phase of a live/work or mixed-use project. It is a required step if Artspace is the developer, and it is especially important in a community like Tacoma, where we are unclear about the size of the market for an affordable live/work project.

The Arts Market Survey is an in-depth analysis of the residential and non-residential creative space needs of individual artists in a community or region. Depending on the project, it can also include an assessment of the space needs of creative businesses and arts/cultural nonprofits in the area. In either case we start with a proprietary survey template that we



developed about 15 years ago, modify it to reflect the unique characteristics of the proposed project and the local arts scene, and then host it online for about eight weeks. Developing the questionnaire, publicizing it (we attempt to reach at least 3,000 artists and groups), collecting the data, analyzing the results, and preparing a report takes about six months.

The City of Tacoma commissioned an Artspace Arts Market Survey in 2003, but did not allocate resources toward development of an artist housing project at that time. A decade having passed, the information collected at that time can no longer be considered reliable as a planning tool (we generally regard a survey's "shelf life" as about five years).

In anticipation of our May visit, and in order to begin building a conceptual framework for a future creative space project, the City undertook its own survey of artists. The survey outreach (based on responding artist zip codes) was broad and included many artists living outside of Tacoma. The survey focused on the anonymous collection of information about artists' current studio/working space and housing situations. It included questions about what artists are paying for space and what they can afford to pay, the types of shared spaces and amenities and space configurations they need or prefer, income levels, other demographics, and interest of non-Tacoma-based artists in relocating to Tacoma for an affordable live/work opportunity. It also provided an option for artists to sign up to receive information in the future about this initiative, which will be a great resource for continued outreach and information collection and eventual leasing.

The results of this survey begin to paint a picture of the local arts and creative community, including the types of spaces that artists currently occupy and what they might like in the future. It helps to demonstrate that there are artists in the area of Tacoma who are a segment of the low-income population and therefore qualify for affordable housing. The findings also build an argument for reaching beyond Tacoma's boundaries to identify artists who would relocate to Tacoma for affordable live/work space should it be built. In our artist focus group and public meeting, we did talk with artists who had relocated from elsewhere. Interestingly, according to the survey results, nearly half of those who indicated an interest in relocating to Tacoma would actually be returning to Tacoma for this opportunity. This is very compelling information for local leaders and funders who would like to bring back artists who have left. It also gives us confidence to reach deeper into surrounding communities during any future survey and outreach work.

The City survey showed that there are many artists who currently rent their residential spaces, pointing to a potentially mobile market, able to relocate easily if they choose. We often find that the strongest markets for live/work projects are in communities where significantly more artists rent rather than own their residential spaces. On the other hand, a high percentage of artists ranked their satisfaction with their current housing situation on the

higher end of average, which is something we suggest looking into further. For instance, how many of these artists, overall, would be interested in new live/work space if such space was built, and how many would choose to remain in their current, satisfactory situations?

Other questions raised by the survey results include:

- How many of the artist households that qualify for affordable housing would be interested in live/work space?
- While many artists would consider options and amenities presented in the survey, how many feel strongly enough to be definitive about their interests?
- How many local and non-Tacoma based artists would choose to move into a live/work space or rent studio space in a multi-use facility?
- By zip code, where do the artists who expressed interest in moving to Tacoma currently live?

One question raised by the survey is whether the current housing market in Tacoma favors rental housing – even affordable rental housing – over home ownership. We were told that if someone can afford even a modest down payment, he or she can buy a house, and the mortgage will be comparable to monthly rent. If we move forward in Tacoma, this will be an important statement to verify.

These questions and others can be answered either during the analysis phase of this survey project, or in a comprehensive follow-up survey intended to answer definitively questions about how many live/work spaces and studio/work spaces can be supported by the local creative community.

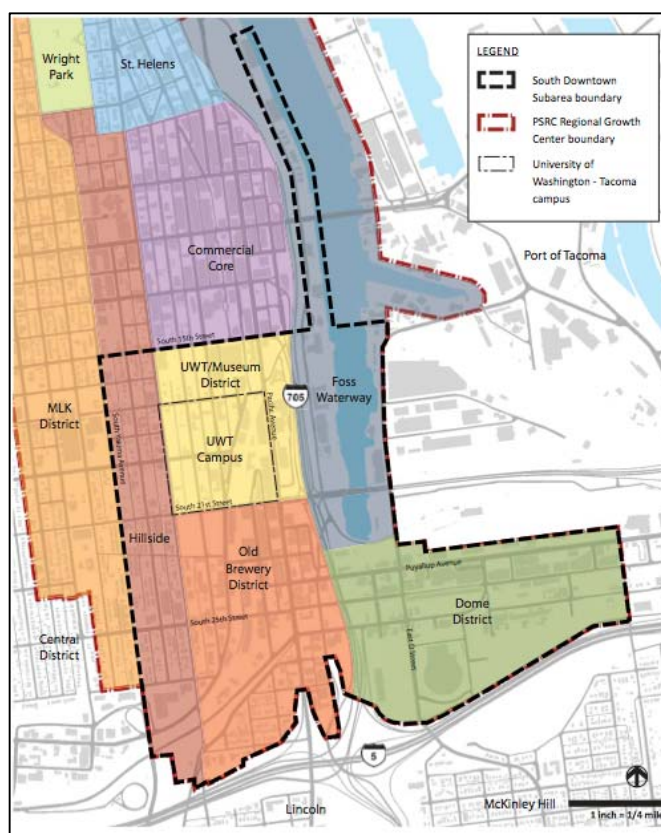
We are really impressed that the City took on this fact-finding survey. The results are important because they provide early data in support of moving a project to the next phase of feasibility and because they represent a strong step toward engaging the creative community in a dialogue about space needs and demonstrating Tacoma's concern for its artists. That said, we nevertheless recommend conducting a full-scale Arts Market Survey to provide data that can be used to help shape the final project concept, provide a foundation for financial modeling and design decisions, and demonstrate to prospective funders and lenders that due diligence has been thorough and irrefutable.

# Findings: Site Analysis

Artspace’s primary goal during a Preliminary Feasibility Visit is not to select a site but to identify candidates for further study should the project move forward. Among the factors we consider are location, building capacity, ease of acquisition, viability, ability to impact the broader community, and physical amenities such as high ceilings, open floor plans, and access to natural light.

Because we prefer not to focus on a specific property during our first visit to a community, our hosts obligingly showed us a number of buildings and vacant sites. Our three-hour tour took us to more than a dozen buildings and vacant sites in three areas: the Downtown Commercial Core, the Old Brewery District, the Dome District and the Hilltop neighborhood (identified as the MLK District on the map).

Although we saw several buildings with potential for adaptive reuse as arts facilities and vacant sites on which arts facilities could be located, we did not come away with a sense that one or two of them were much stronger candidates than the others. Accordingly, we will devote this section to a discussion of the neighborhoods we visited. See Appendix A for a list of buildings and sites with basic information as to size and location.



## □ HILLTOP NEIGHBORHOOD

The Hilltop is a historic working class neighborhood that remains affordable and is clearly in transition as it sheds its 1980s reputation as a hotbed for gang activity. The City of Tacoma website paints a rosy picture:

This district is home to some of Tacoma’s oldest family owned and operated

establishments. A candy store, making hand dipped chocolates, has been here for 75 years; novelty gifts and baskets have been offered for over 60 years; one of the town's longest running photo processors has been on the hill top for 55 years; men's fashions, from hip to elegant, has been favored for over three generations.

The City, we were told, views Hilltop as a top priority in terms of encouraging more space for arts and culture, especially if it catalyzes economic development. The City's subarea plan for Hilltop encourages mixed-use development, creative business space, and multi-family dwellings. There is a central commercial corridor along Martin Luther King Jr. Way between 9th and 12th Streets. This growing commercial area is a mixture of established businesses and young entrepreneurial ventures. Two major medical facilities, St. Josephs Medical Center and Tacoma General/Mary Bridge Hospital, bookend the corridor and give rise to the term "Medical Mile." A third medical clinic is under construction midway between the two hospitals.

The Hilltop subarea plan describes the neighborhood in terms of "opportunities for authentic neighborhood redevelopment complemented by large scale investments," noting that this process has already begun:



Over the last ten years, extensive community outreach and planning has occurred, resulting in significant growth opportunities. Public and private investment continues to occur in the area with the potential to extend light rail service to this corridor by the Sound Transit, the regional transit authority. A number of alternative routes are under consideration with a decision on a preferred route in 2013. The City of Tacoma and private landowners control key properties in the area. Attracting and sustaining major private investment outside of the hospital systems has been difficult. Development plans for these properties are in the conceptual design stage offering investment and development opportunities for a wide range of land uses and development configurations. The City of Tacoma seeks input on how best to leverage existing assets that will attract investment along the Medical Mile.

#### Opportunities:

- Significant investment by health care sector
- Light rail investment
- Mixed-use zoning in place and programmatic EIS underway
- Parks, schools and other public amenities in place

- New residential and mixed-use development
- Authentic character and neighborhood pride

Challenges:

- Perceptions of disinvestment
- Neighborhood concern regarding health care sector growth
- Connectivity within study area
- Sustainable private sector growth

We also learned that the Tacoma campus of Evergreen State College is looking to relocate from their current site on 6<sup>th</sup> avenue.. A partnership with an educational institution would bring great synergy to a project that also included space for artists and creative workers. Evergreen is seeking 30,000 to 40,000 square feet of space for its programs. The 1.5-acre property at 11th Street and MLK Way could be a candidate for the College. This site is owned by the MLK Housing Development Association (MLKHDA), a nonprofit community development corporation. A second site across the street, known as the RiteAid site, is also owned by the MLKHDA. (See maps below and on next page.)





## DOWNTOWN TACOMA

“Downtown Tacoma” can be a somewhat confusing term in that it sometimes refers specifically to the Commercial Core but at other times includes the surrounding neighborhoods, including the Dome District and Old Brewery District. Most of the downtown properties we toured were in the Commercial Core or the Old Brewery District.

The recently completed South Downtown Subarea Plan (which includes the Brewery District) encourages mixed-use and innovative development strategies. The plan also advocates creating market rate work/live spaces for non-artists as well as for artists and calls for the City to pursue “a range of strategies...to better attract private investment in new buildings and businesses....” These include engaging innovative nonprofit developers, encouraging interim uses such as pop-up retail spaces, holding design competitions for “innovative design solutions” on selected sites, establishing a farmers market, strengthening connections to the nearby Foss Esplanade and Foss Waterway, and so on.

One of the most compelling buildings in downtown Tacoma is the Winthrop Hotel, at South Ninth Street and Broadway in the Old City Hall Historic District. It was not part of our tour, but it came up in a side conversation as a possible candidate. Built in 1925, the Winthrop is a huge building. Once an elegant hotel, it had fallen on hard times by the 1970s, when it was converted to its present use – affordable subsidized housing under private ownership and management. Recent attempts to transform it into a four-star hotel have failed. The Tacoma Housing Authority is considering an attempt, with potential partners, to

redevelop the Winthrop into a mix of uses, including affordable housing, market rate housing, its ballroom under the management of the Broadway Center for Performing Arts, and the potential use of the penthouse level by the University of Washington at Tacoma for



The Winthrop Hotel: Impressive but enormous

reception and conference space. The Winthrop is far too large to be a candidate for an Artspace project unless at least one other partner is involved, but its redevelopment would clearly be a major step in the renovation of downtown Tacoma.

Of the City-owned properties we saw in the downtown area, two Brewery District buildings used by the Street Operations department struck us as candidates for non-residential projects that focus on more industrial arts –

“maker” spaces, in other words. The building at 2308 Holgate, with 35,000 square feet, is probably the better candidate. The Street Operations yard on Jefferson Avenue is adjacent to a planned trail, the Prairie Line, and as such may be a good candidate for market-rate housing, but its potential for sustained community impact is less than we would like. In the Commercial Core, three of the four sites we visited are parking facilities (two lots and a garage), while the fourth, the Beacon Senior Center, is too small at 18,000 square feet to warrant serious consideration.

We also looked at a Brewery District warehouse that is currently used to store the artworks of Tacoma artist Dale Chihuly. A more spectacular collection of contents would be difficult to imagine; but the warehouse itself is both too large (300,000 square feet) and too expensive (\$3.1 million) for an Artspace project.

But if our tour of the Commercial Core did not reveal a likely candidate for a potential Artspace project, it did suggest the possibility of incorporating the arts – in the form of live/work and/or non-residential space – in one or more of the private development projects now in the works. This option is worth serious consideration whether or not an Artspace project moves forward.

## Conclusion

Two downtown neighborhoods, the Commercial Core and the Old Brewery District, and the Hilltop neighborhood all have potential for including space for creative people in their

development plans. In the Commercial Core, we believe the best approach, at least in the short term, is to work with active local developers to encourage the inclusion of space for artists and creative enterprises in their plans. There is definitely a disconnect between the number of vacant and underutilized buildings downtown and the fact that artists could be using those spaces while providing owners with a creative option to bring their buildings to life with a relatively small investment. Building the confidence and technical expertise of local developers would create multiple options for artists, help developers in the marketing of their units, and help to create a more vibrant downtown.

In the Hilltop neighborhood, we believe a conversation with Evergreen College makes very good sense as a next step toward the potential development of a project that includes space for the college as well as the creative sector. A project that addresses the space needs of the College and the Tacoma arts community could be a very powerful one. This larger vision could include artist studio space, artist live/work space, fabrication space, artist in residence space as well as a black box theater that would be used both by the College and the local performing arts community.



# Findings: Financial Analysis

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

During our meetings with the City and other members of the financial sector, the following public resources were identified:

- Community Development Block Grant Dollars (\$2.2 million allocation in 2013)
- HOME funds (\$900,000 in 2013)
- Pierce County CDBG and HOME funds (\$2.7 million in 2013)
- A tax abatement program for affordable housing for a period of 8-12 years after a project is put into service#

A representative of the Tacoma Housing Authority participated in several of our focus groups and shared useful information about Low Income Housing Tax Credit awards to Tacoma projects. In a nutshell, Tacoma has had a low success rate in obtaining LIHTC awards. A new state Qualified Allocation Plan, however, could put Pierce County and King County in separate districts, meaning Tacoma would no longer have to compete with Seattle for LIHTC funds. This would be of benefit in part because – unlike Seattle – Tacoma does not have a municipal housing trust fund, which makes it significantly more challenging for developers of affordable housing in Tacoma.

The Tacoma Housing Authority, a strong organization with a solid reputation in the community and a good track record of producing and managing high quality affordable housing, is currently focused on redefining perceptions of affordable housing in the community. Affordable live/work housing for artists would help achieve that goal. We think further conversations with the Housing Authority should be explored once we understand more about the depth of the Tacoma artist market regarding space and affordability.

## **PHILANTHROPY**

Philanthropy plays an important role in every Artspace project. In a typical live/work project, between 10% and 15% of the total revenue comes in the form of gifts from

foundations, corporations and, in some cases, individuals. For a non-residential project, the ratio of philanthropic funding can be considerably higher. While Artspace has regional and national funding relationships, it always takes a local lead to help open the doors to potential philanthropic partners.

We were encouraged by the presence of a representative of the Greater Tacoma Community Foundation, which co-hosted our visit, as well as representation from JPMorgan Chase, U.S. Trust Bank, and the Forest, Paul G. Allen Family, Star Family, and Sequoia Foundations. There may also be other Seattle-based foundations that may participate in supporting the arts in Tacoma. However, we are not yet aware of other philanthropic sources that might help fill a financing/funding gap in the neighborhood of \$1-\$2 million in the case of a mixed-use live/work project.

In particular, representatives from JPMorgan Chase and the Paul G. Allen Family Foundation, which helped fund Artspace's Mt. Baker Station project in Seattle, were very supportive of a mixed-use artist housing project in Tacoma if the city is behind it.

# Findings: Local Leadership

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**W**e were impressed by the depth and quality of Tacoma's public and private sector leadership in its many forms. Our hosts were able to assemble the majority of the kinds of civic and cultural leaders we need to meet with to assess the potential of creating an artist community in a community. It was not uncommon for key individuals to attend more than one session. We came away with the sense that local leaders are excited about the possibilities. Mayor Marilyn Strickland, Council member Robert Thoms, and a staff representative from U.S. Rep. Derek Kilmer's office all participated in a civic leadership meeting and expressed their interest. Rep. Kilmer's representative mentioned new federal programs that might be tapped for a future development that included space for artists, particularly if it can be positioned around job creation. For our own projects, Artspace has been able to make the case for job creation in that artists and creative people are individual entrepreneurs who employ themselves and others in micro-enterprises that pay taxes, shop locally, and contribute back to the community in ways that go beyond the work they are creating. Understanding the priorities of the Mayor and Council will be critical in establishing and supporting next steps.

We have the impression that the Tacoma City Council is progressive and would embrace an arts-focused development of a critical mass, particularly where the economic impact and community revitalization case can be made. We also have a sense that there could be other economic incentives for an arts development as well as support for changing restrictive city codes that could become a barrier to such a development.

Mayor Strickland remarked on the scrappy culture of Tacoma and how its citizens want their community to be different than Seattle or Portland. We had a sense, too, that artists and creative people celebrate their own unique identity.

A key organization in terms of meeting the space needs of the creative sector is Spaceworks Tacoma, a joint initiative of the City of Tacoma and the Tacoma-Pierce County Chamber of Commerce designed to activate empty storefronts and vacant space. The initiative makes no-cost and low-cost temporary space, training, and technical assistance available to artists and creative enterprises with a goal of nurturing successful projects that transform Tacoma into a stronger, more active city. Although Spaceworks Tacoma doesn't connect artists with housing, that might be a suitable program for it down the road. Spaceworks Coordinator Heather Joy indicated that she is eager to learn more about the role her organization can play in developing permanent art spaces in Tacoma.

# Findings: Sustainable Community Impact

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If there is such a thing as a tiebreaker in Artspace’s set of criteria, this is it. What we mean by “Sustainable Community Impact” is whether a proposed project has the potential to make a difference in its community and whether that difference can be sustained over time. This relates both to our mission “to create, foster, *and preserve* affordable space for artists and arts organizations” (emphasis added) and to our goal of “building better communities through the arts.” So we look for projects that have this potential, and given two otherwise equal development opportunities, we gravitate to the one with the stronger potential for lasting, sustainable impact.

In Tacoma, it’s too early to know whether this potential can best be realized downtown in the Commercial Core or in the Hilltop neighborhood. The former offers an existing concentration of arts activities, the latter an improving neighborhood with room to grow. If a project moves forward in coming months, there will be ample time to determine which site and what kind of project makes the most sense for Tacoma in terms of sustainable community impact.

# Recommendations and Next Steps

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**A**lthough more evidence is needed to confirm this early impression, Tacoma strikes us as a strong arts community where multiple kinds of space can be supported to encourage the healthy growth and stability of the creative sector.

In other cities of Tacoma's size, we generally expect to find a market for 50 or more affordable live/work housing units, and that strikes us as a reasonable expectation for Tacoma as well, along with ancillary space for working studios and creative businesses. As always, we would eventually want to test this assumption with an Artist Market Survey (see Recommendations, pages 22-23).

Civic, arts, and institutional leaders are solidly behind the idea of creating space for Tacoma's artists and creative businesses. Rather than focusing our sites on a particular building, neighborhood or site, we recommend playing an "on the ground" role to encourage more involvement at the local level and to approach creative space opportunities as part of an ecosystem rather than a singular building.

For example, the impact of having affordable spaces (housing or working studios) in multiple buildings in the Commercial Core, where a number of vacant and underutilized sites exist, could be profound. At this writing we can see advantages in this approach in both of the downtown neighborhoods (i.e., the Commercial Core and the Old Brewery District) as well as the Hilltop neighborhood.

Although, we recommend working "on the ground" to educate the development and creative communities about opportunities that involve space, we also speculate that a future, larger scale downtown artist-focused project could help shift public perception of a vacant, downtrodden downtown into that of a more dynamic, vibrant place to live, work, exhibit, and perform.

We would welcome further discussion with organizations like the Tacoma Housing Authority, Evergreen College and other developers to encourage the non-artist community to consider the advantages of creating space for artists and creative businesses as part of the mix in their projects

## CHALLENGES

The biggest challenge for any developer working in Tacoma will be assembling the finances needed to make a project possible. Like so many other states, Washington is a challenging

state for developers of affordable housing because of the intense competition for 9% Low Income Housing Tax Credits, the credits developers prefer because they typically generate more than 50% of the revenue needed to building an affordable housing project. Artspace's three Seattle projects were financed by 4% Low Income Housing Tax Credits, which are less competitive but provide less than half the revenue of 9% credits. We were able to do so because Seattle has a municipal Housing Trust Fund. Regrettably, no such fund exists in Tacoma, and this will make the task more difficult. Although there is a statewide Housing Trust Fund in Washington, its resources are dissipating quickly, and this will add stress to any project whether it uses 9% or 4% credits.

In a typical Artspace project, the philanthropic gap – that is, the percent of the total project budget that comes from private sources – is 10% to 15%. In Tacoma's case, especially if 4% tax credits are employed, the percentage might be higher. For example, in a \$12 million project, the private gap would typically be \$1.2 to \$1.5 million. In Tacoma, it could be as high as \$3 to \$4 million, depending on tax credit equity and other public sources.

Another challenge for Tacoma will be resolving the disconnect between the number of vacant and underutilized buildings, especially in the downtown neighborhoods, and the lack of space dedicated to artists and creative enterprises. While some creative businesses are located downtown, particularly in close proximity to the Theater District, there are still many opportunities for developers to make the linkage between the artist market and their own potential redevelopments.. This is where Artspace's expertise can be brought to bear in helping education the development community about the advantages and unique nature of leasing space to artists and the creative community.

## **Next Steps**

As an immediate next step, we recommend a continued dialogue among artists, the development community, the city and civic leaders. It is important to maintain the momentum that has begun and to ensure that everyone works in tandem or cooperatively toward the goal of creating either a single project or setting the stage for multiple initiatives that include space for Tacoma's creative sector. A public/private partnership will be key in generating the "muscle" it takes to continue this dialogue.

Though a future Artspace-like project should be an aspirational goal, a more comprehensive approach to artist space development and how it can be supported on a community-wide basis is our recommendation.

In order to continue the momentum, we recommend the following steps:

1. Design a consulting scope of work that would put Artspace on the ground to play a convening role that helps to educate for-profit developers, brokers and other housing entities about the benefits of including space for the creative sector in their developments/new projects. Work closely with Spaceworks Tacoma and the City to help coordinate such an effort. “Seeding” space for artists throughout downtown Tacoma by providing incentives for developers to incorporate the arts in their plans could be as compelling as a single arts-focused development, and would probably be much less expensive to effect.
2. As part of a continued consulting scope of work, review information about key organizations such as the Asia Pacific Cultural Center, Evergreen State College, and the Greater Tacoma Community Foundation, that may be interested in an anchor tenancy in a mixed-use development that includes artists.
3. Conduct a series of workshops focused on creative sector development:
  1. Educate the development community on the advantages of leasing space to artists and creative businesses.
  2. Educate artists about what it means to take on the responsibility of a commercial lease and what assistance is available for them to be successful.
4. Work with a savvy broker and/or arts leader who could lead the charge and become a specialist in supporting creative space development
5. We also recommend an Arts Market Survey. We understand that Tacoma may feel “surveyed out” at this point, but there is no substitute for a full survey that provides accurate information about the market for affordable live/work space for artists in the community. Except in a few large cities where we have worked before and know the market well, we regard a full Arts Market Survey as a prerequisite to moving forward.

The survey’s primary goal will be to determine the size of the market for an affordable live/work project. In our experience, a three-to-one redundancy is sufficient to ensure the success of a proposed project – that is, for every unit under consideration, we seek three responses from artists who say they would be interested in relocating if the project is built. In other words, if a 50-unit project is contemplated, the survey should identify at least 150 artists who would like to become residents. Tacoma artists with whom we met seem ready to participate in such a survey. 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 Tacoma, the need for amenities to serve specific kinds of artists, and perhaps preferences for location. 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 our 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, if you would wish to disseminate information from the report.

A market analysis of this magnitude 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.



**APPENDIX A: TIER I PROPERTIES**

These sites have been identified by the City as “Tier 1 Properties – Potential Catalyst Sites.” We visited or drove by all of them as well as a few others.

<b>Building/Site</b>	<b>Address</b>	<b>District</b>	<b>Bldg. size (sq.ft.)</b>	<b>Site size (sq.ft.)</b>	<b>Comments</b>
Vacant lot	21st/Jefferson	Brewery	0	278,784	Huge and expensive (\$6.9 million)
Street Ops. Admin. Building	2311 Holgate	Brewery	24,600	15,333	Originally a stable
Street Ops. Building	2308 Holgate	Brewery	35,000	43,000	Could be combined with previous
Street Ops. Yard	Jefferson Av.	Brewery	0	68,000	Adjacent to Prairie Line
James Walton Renaissance Project	MLK Way	Hilltop	26,750	23,992	Vacant retail
Municipal lot	728 Market	St. Helens/Theater	0	24,209	Parking has to be replaced
Tacoma Dome Lot A	27th/D Street	Dome	0	205,168	Parking has to be replaced
Tacoma Dome Lot G	27th/F Street	Dome	0	174,240	Parking has to be replaced
35th & Pacific	36th/Pacific	S. Pacific Av.	0	105,100	Former landfill site
Sauro Site	1405 Pacific	Commercial Core	0	14,993	Could be combined w/ other sites
Beacon Senior Center	415 S. 13th	Commercial Core	18,000	22,800	Adjacent to YMCA
Convention Ctr. Parking Lot	Market St.	Commercial Core	0	43,200	Hotel is most likely use
Park Plaza North	9th/Pacific	Commercial Core	174,526	24,146	Parking garage



## 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 32 major arts projects that contain more than a thousand 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 26 live/work projects in operation from coast to coast. In all, these projects contain 1,099 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 21 states. Our national consulting program has helped communities in virtually every state 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.