ACKNOWLEDGMENTS

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For more information about Space to Create, Colorado partners:

Space to Create, Colorado
www.coloradocreativeindustries.org/communities/space-create

Colorado Office of Economic Development’s Colorado Creative Industries
www.coloradocreativeindustries.org/about

Colorado Department of Local Affairs
www.colorado.gov/dola

Boettcher Foundation
www.boettcherfoundation.org

History Colorado
www.historycolorado.org

Town of Paonia
www.town.paonia.co.us

North Fork Valley Creative District
www.northforkcreative.org

Photo Credits: Jim Brett, Anna Growcott and Wendy Holmes

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• Elaine Brett, Community Volunteer, Town of Paonia and Creative District
• Mary Bachran, Paonia Planning Commission, Blue Sage Center for the Arts
• Barry Pennell, Town Trustee, Town of Paonia, ENGAGE Ag Coordinator
• Karen Budinger, Town Trustee, Town of Paonia
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Paonia, Colorado is located in a dynamic agricultural region that is perhaps best known for its orchards, which produce peaches, apples, cherries, pears, and plums. It is home to Paonia Cherry Days, the oldest continuous outdoor community celebration in Colorado.

Though the local industry was dominated by mining for many years, two of three coal mines in the area closed several years ago, leaving some long-established jobs in its wake. Now, and more than ever, Paonia needs to diversify its workforce and economic offerings. To an extent, agricultural businesses and the creative sector arts have stepped in to fill the gaps. Today, Paonia has the highest concentration of organic farms in the state and has made a name for itself in organic farming, value added agricultural products, and boutique wine.

The community has a high concentration of creative individuals and businesses. Creative people make things and sell them – from straw bale building construction to jewelry and pottery. An entrepreneurial food incubator and commercial kitchen provides individuals the ability to showcase their culinary arts. The County-wide ENGAGE project is building an ecosystem for entrepreneurs to grow businesses in agricultural and energy products. Local creativity and ingenuity is embodied in the North Fork Valley Creative District. The district was designated a Certified Creative District in 2013 by Colorado Creative Industries, a division of State of Colorado’s Office of Economic Development and International Trade. The current Creative District represents the towns of Paonia, Hotchkiss and Crawford in Delta County but feels most embedded in their home community of Paonia. The Creative District is in the process of changing its boundaries and rebranding as Paonia Creative District.

The Town of Paonia has a new Administrator, Ken Knight and an eye toward a new comprehensive plan that will help define future goals and strategies for this small but mighty town in Delta County. These goals will no doubt touch on economic development, job creation and other important topics relevant to a town still in transition from its coal mining days.
SPACE TO CREATE

On July 28, 2015 Colorado Governor John Hickenlooper announced Space to Create, Colorado (Space to Create), the nation’s first state-driven initiative for affordable housing for artists. This program will develop affordable housing and work space for artists, arts organizations, and creative entrepreneurs in nine rural communities over nine years. This program was established as a partnership between Colorado Creative Industries (CCI), Colorado Department of Local Affairs (DOLA), History Colorado, Boettcher Foundation, and Artspace.

The affordable housing and creative sector space projects advanced via the Space to Create, Colorado initiative will be based on the Artspace model and methodology of developing and sustaining affordable space for artists to live, work, and share their creative pursuits. Artspace is a national nonprofit organization dedicated to creating affordable space for the arts, based in Minneapolis. Artspace has taken on the role of lead consultant and developer for this new state-led initiative.

Paonia, in the Northwestern region of the state, is the second Space to Create community selected via competitive process. Paonia’s readiness was identified by its State-certified Creative District and growing importance of the creative sector in this Town’s time of transition. The subsequent six communities to take part in the initiative will also be selected through a competitive process.

Trinidad is the first Space to Create community, which was chosen as the demonstration project for the initiative in 2016. Since that time, Trinidad and Artspace are close to a financial closing and construction start on a 41-unit scattered site workforce housing and creative community space project. Part of the Trinidad project also includes a community facility with artist studios, space for the Corazon de Trinidad Creative District and a gallery for the beloved ArtoCade cars.

The second Space to Create community, and the first to go through the competitive selection process, is Ridgway. At the time of this report, Ridgway and Artspace are in the planning stages for a mixed-use housing project in downtown Ridgway.

By participating in the Space to Create initiative, Paonia will receive some support from partner organizations. However, a project will require “all hands on deck” to satisfy its goals. For example, the City of Trinidad raised $2 million dollars in competitive grants through DOLA to acquire property and move their project concept forward. Beyond financial support, these projects are a large undertaking for a community – nothing can substitute for visionary leadership, community outreach, and the political will that are necessary to bring all the moving pieces together. In Paonia, DOLA and the State will need to play a large role.

PAONIA, CO
AT A GLANCE

Population (2017 estimate): 1,410
Housing Units (2017 estimate): 636
Population, % change 2010-2017: -2.8%
Est. Population change 2017-2022: -2.7%
Median Age (2017 estimate): 48
Paonia Median HH Income, 2017: $42,897
Median gross rent, 2016: $809
Renter-occupied households, 2017: 50.7%
Race and Ethnicity, 2017 (top 4):
• White: 93.5%
• Black/African American: 1.2%
• Asian: 0.4%
• Hispanic/Latino: 8.7%

Source: Esri Community Analyst
A Preliminary Feasibility Study is the first step in understanding how an affordable arts development project can move forward within the context of a community’s unique needs, assets, sites, leaders, and resources. Central to this step is the Preliminary Feasibility Visit, in which Artspace visits the community to gather information, connect with local stakeholders, and share information about how these projects come together. With this approach, Artspace works to encourage community dialogue and build general support for the creation of affordable space for the arts sector.

The Paonia Preliminary Feasibility Visit was conducted January 16-18, 2018. During these three days, Artspace staff met stakeholders, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President and Anna Growcott, Director, both from the Consulting and Strategic Partnerships Department.

ABOUT ARTSPACE

Artspace is a nonprofit organization that uses the tools of real estate development to create affordable, appropriate places where artists can live and work. Because Artspace owns each of the projects it develops, it can ensure that they remain affordable and accessible to artists in perpetuity. Over the last three decades, Artspace has led an accelerating national movement of artist-led community transformation. While embracing the value the arts bring to individual lives, Artspace has championed the once-radical idea that artists living on the edge of poverty and chronically underfunded arts organizations can leverage fundamental social change. With headquarters in Minneapolis and offices in New Orleans, New York, Seattle, Denver, and Washington D.C., Artspace is America’s leading developer of arts facilities and has served as a consultant to hundreds of communities and arts organizations nationwide.

THE ARTSPACE APPROACH

Artspace has identified six key components of community-led development based on three decades of experience working on development projects in a wide variety of cities. These six components provide a framework for assessing feasibility and providing feedback to communities on how to plan for successful, affordable, mixed-use facilities. Thus, for the Preliminary Feasibility Study, Artspace organizes information through the lens of these components, defined below:

PROJECT CONCEPT. What type(s) of space would the community like to see created? Although many communities have a well-developed project concept in mind before embarking on this study, Artspace’s first step is to ask different stakeholders, “What type of creative spaces are needed and wanted in your community?”

ARTS MARKET. Is there a sufficient market to support an arts facility? To answer that question, qualitative data is collected through focus group meetings. Specifically, Artspace asks artists if they need space to live, work, create, teach, share, and/or sell their art, how much rent they consider affordable, and what types of amenities are priorities for them. In addition to helping assess feasibility, this information lays the groundwork for an Arts Market Study, the second step on the path to an Artspace project, which provides quantitative data about the creative community’s space needs.

LOCAL LEADERSHIP. Are there leaders on the ground who are willing and able to advocate for the project, open doors, and keep lines of communication flowing between a developer and the community? These leaders come from all industries, from elected officials who control agencies and program dollars to citizens who are passionate about making their community a better place to live, work, and create.
FUNDING AND FINANCING. Arts facilities typically represent significant investments of civic resources. Although a variety of state and federal programs can be used to generate revenue for construction, Artspace relies on local funding and financing programs to support predevelopment expenses and gap funding. The Preliminary Feasibility Study considers the community’s interest and capacity to commit resources to an arts facility. Basic information is gathered about local funding options from both private and public institutions as well as philanthropic donations.

POTENTIAL SITES. At this stage, the primary goal is not to select the final site, but rather to identify candidate sites for further study. The factors under consideration include: location, size, ease of acquisition, and potential for sustained positive impact. As a project moves into predevelopment, these (and perhaps other) candidate sites will be evaluated in the context of a refined Project Concept, Arts Market Study data, and a deeper understanding of local development priorities and funding sources.

ALIGNMENT WITH BROADER COMMUNITY GOALS. A potential project can help achieve other civic goals, such as economic development or historic preservation. Artspace considers strategies and partnerships that can leverage impact, so that the operating project can be greater than the sum of its parts. Community members are asked to circle their top priorities during the visit with Artspace.

PRELIMINARY FEASIBILITY VISIT

During the Paonia visit, the Artspace team:
- Facilitated four focus group meetings (approximately 100 total participants):
  - Creatives and Arts Organizations
  - Civic Leadership
  - Finance and Funder Leadership
  - Business Sector
- Held a Public Meeting at Paradise Theater. The meeting drew approximately 120 participants, including artists, neighbors, representatives from arts and cultural organizations, local elected officials.
- Toured potential sites and existing creative spaces.
In addition to the information gathered about Paonia, this report is informed by Artspace’s experience working in other cities that have invested in affordable facilities for artists and arts organizations. The following thoughts provide context for evaluating the feasibility and demonstrating the importance of creative spaces in Paonia:

Mixed-use arts facilities with long-term affordability have been shown to:

- **Generate economic revitalization and development.** Each project provides job opportunities before, during, and after construction.
- **Preserve old buildings, stabilize neighborhoods, and revitalize vacant and underutilized properties.** They help preserve cultural heritage by providing places where cultural art forms can be passed from one generation to the next.
- **Catalyze private and public investment,** such as façade improvements and general beautification, in the surrounding area.
- **Create community spaces** that give the public opportunities to interact with the artist tenants through gallery events, demonstrations, performances, and installations. They also provide opportunities for other local artists to showcase their work.
- **Support independent artists** who are each, in effect, cottage industry business owners, generating economic activity by selling products or services, purchasing equipment and supplies, and paying taxes.
- **Build community.** Artists and creatives are active neighbors and community members. Many collaborate with the educational, cultural, and business communities as teachers, community conveners, and volunteers.

**ARTSPACE PROJECTS AROUND THE COUNTRY**

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

PROJECT CONCEPT

The first questions Artspace asked the focus group participants in Paonia were, “what kind of creative spaces are in your community?” and “what additional spaces are needed and/or wanted?”

Some communities are clear about what they hope to achieve; other communities are starting from scratch. They look to Artspace to guide them through the process of determining what kind of facility makes sense for them. Artspace looks at the needs and goals of the creative sector, the will and resources of the private and public sector, and any well-aligned opportunities that may help refine the project concept(s).

PRIORITY PROJECT CONCEPTS

Each focus group provided ideas about what type of creative space they would like to see in Paonia. In addition to housing, many participants shared the desire for ground floor creative commercial space that could include space for making, teaching, and gathering.

The Creatives and Arts Organizations Focus Group, brainstormed a list and prioritized their preferred types of space. The ideas generated in order of priority were as follows:

1. Affordable housing and live/work housing
2. Makerspaces for a variety of art forms
3. Public art spaces
4. Teaching space
5. Event and gathering space
6. Outdoor space for large format work
7. Retail space to sell local food and food-related products

Discussions also included interest in exhibition space, music studios, sculpture park, and visual art studios. A common theme in many of these types of spaces was the interest in keeping youth involved in the process, and making spaces that are accessible to teens and children. Participants also commented on the importance of connections between spaces and creating a network of assets.

The top five concepts for affordable, creative space are defined below:

**LIVE/WORK HOUSING**, residential space where artists can live and create in the same space. Artspace live/work units meet standard residential codes, and are somewhat larger (150 to 200 square feet) than a typical dwelling unit. The units include artist-friendly design features including durable surfaces, large windows, high ceilings, and wide doorways. Paonia focus group participants expressed nearly unanimous interest in affordable live/work housing.

**MAKERSPACES** offer shared equipment, education, and community for working creatively and/or making things. They can be designed for specific purposes such as ceramics, 3D printing, culinary arts, and woodworking. Typically, makerspaces offer memberships, which provide access to space and equipment that is expensive, impractical, or in the case of industrial arts, unsafe to own outright. Other types of collaborative spaces include co-working spaces and community kitchens. Paonia creatives discussed specific types of makerspaces, including for printmaking, metal working, woodworking, filmmaking, ceramics.
PUBLIC ART SPACES can be located around new developments, on both public and private land. Though this idea does not represent a concept for a singular facility, it could be included in the development of any new project – whether or not it is an arts facility development project. Participants named examples, including public art along the boulevards and integrated into bike racks and other functional art.

TEACHING SPACE provides organizations and/or individual teaching artists with a location to hold classes, workshops and lessons. Paonia artists identified specific needs for space to teach music and dance and the culinary arts. Participants also discussed interest in youth drop-in spaces and indoor/outdoor teaching spaces.

EVENT AND GATHERING SPACES serves groups and individuals looking to rent space for events, performances, rehearsals, or community gatherings. Event spaces are usually operated by a local organization and rented out on an occasional basis. The Paonia focus groups talked about interest in a space that could gather more than 200 for an event or performance.

DEFINING A PROJECT CONCEPT IN PAONIA

Though no singular project can be all things to all people, understanding how the community views these concepts is extremely valuable in assessing the breadth of space needs in Paonia. Multiple types of space can be included in a project, but that mix ultimately depends on multiple variables, including the market, site, anchor tenants, and developer.

For purposes of this study, the priority concept for Paonia is a **mixed-use project with affordable artist live/work housing on the upper floors and commercial spaces of a variety of types for the creative sector on the ground floor**. The ground floor commercial space could include gathering, education, and creative work space. This potential project concept will be explored in the following sections of this report.

Community Space Example: Karcher Artspace Lofts Waukegun, IL
Private Work Space Example: Leatherworks in the Northern Warehouse, St. Paul, MN
Live/Work Unit Example: Franklin Artspace Lofts, Brainerd, MN
ARTS MARKET

The term "arts market" refers to the demand for the kinds of space that creatives regularly need and use. The goal of the Preliminary Feasibility Study is to obtain qualitative data from creatives and others familiar with the sector.

During the Creatives and Arts Organizations Focus Group, participants were asked what they consider "affordable" in terms of rent and what amenities are high priorities for them for the different spaces they had prioritized. This information helps Artspace assess the feasibility of a project concept and lays the groundwork for the quantitative Arts Market Study, the second step on the path to an Artspace project, further detailed in the sidebar.

Artspace intentionally keeps its definitions of artist and creative broad to be as inclusive as possible. That broad definition also aligns with the Colorado Creative Industries' inclusive perspective. Residents of Artspace buildings range from veterans, formerly homeless, retirees, service workers, teachers, parents – and they also happen to be creative. They are likely to earn a portion of their income from something other than their art. In fact, a look across the Arts Market Surveys that Artspace has completed in the past 15 years shows that about 10% of artist respondents make 100% of their income through their art. That means that many creative people also hold other jobs in the community some of which are not related to their creative pursuits.

Artists and creatives from a broad range of disciplines, ages, and career stages participated in the visit. The Creatives and Arts Organizations Focus Group included painters, musicians, culinary artists, value-added product makers,

WHO IS AN ARTIST OR A CREATIVE?

Artspace’s definition of an artist is very broad. An "artist" or "creative" is a person who has a demonstrable commitment to the arts or a creative pursuit. While the term is broad and varies from community to community, if affordable housing is utilized in a project, all "artists" must still qualify for affordable housing by income.

• A person who works in or is skilled in any of the fine arts, including but not limited to painting, drawing, sculpture, book art, mixed-media and print-making.
• A person who creates imaginative works of aesthetic value, including but not limited to film, video, digital media works, literature, costume design, photography, architecture and music composition.
• A person who creates functional art, including but not limited to jewelry, rugs, decorative fixtures, edible products, furniture, straw bale homes, pottery, toys and quilts.
• A performer, including but not limited to singers, musicians, dancers, actors and performance artists.
• In all culturally significant practices, including a designer, culture bearer, tattoo artist, culinary artist, crafts-person, teacher or administrator who is dedicated to using their expertise within the community to support, promote, present, and/or teach and propagate their art form through events, activities, performances and classes.
printmakers, authors, jewelers, illustrators, landscaping designers, fashion producers, poets, straw bale builders and arts administrators. In each community Artspace works, we attempt to learn about the distinguishing characteristics of the creative community. In Paonia, we were impressed by the number of creative people that are involved in agriculture, food production, green building, and the literary arts. These kinds of pursuits seem authentic to Paonia’s unique geographic place.

During the Visit, Artspace visited several of Paonia’s current creative and cultural assets. Though there was not time to visit every creative space in town, this tour provided context for where creatives work, teach, sell, and present their crafts downtown, including:

- Blue Sage Center for the Arts
- Paradise Theatre
- Elsewhere Studios
- Edesia Community Kitchen
- The Cirque Cyclery
- The Refinery and Elisabethan Hand-made Eco Fashions

These organizations represent much of the heart and soul of the North Fork Valley Creative Coalition though it was clear from speaking with so many interested Paonia residents, that artists and creatives are pervasive in the Valley and in Paonia. It cannot be underestimated how much this small community has had to adapt and change since the coal mine closures and how that is partially responsible for the heightened awareness of the arts and creativity as a strong economic development driver.

Land and homes in Paonia are still relatively affordable compared to other mountain communities in Colorado. However, people who have lived in or near Paonia for many years are noticing signs of change with affordability becoming more of a challenge.

THE CREATIVE INDUSTRIES/ARTS MARKET STUDY

The Creative Industries/Arts Market Study will enable Artspace to test the priority project concept. Given the interest shown during the focus groups and at the public meeting, it will likely show a strong interest in residential and nonresidential space. The data collected helps refine the project concept, influence site selection, and guide future creative space development. The Study gathers information about:

- Amount artists could pay for studio/work space
- Amount artists could pay for housing
- Types of shared or community spaces that are most important
- Types of private studio workspaces that are most important
- Location preference

Whether commercial space in a mixed-use project could serve both nonprofits and small creative businesses.

In addition to providing key information about the demand for space within the possible context of a future Artspace project, a survey of the creative sector’s space needs would also provide valuable information for other developers and organizations who might consider carving out space for artists in their projects.
LOCAL LEADERSHIP

Strong local leadership is essential to the successful development of any sort of community-led development. Without someone on the ground to open doors, advocate effectively for the project, and keep communication flowing between the developer and the community, there is little chance of success.

Local leaders often include elected officials and city administrators who manage departments working on initiatives related to economic development, affordable housing, and public access to art. Other project leaders can range from artists and nonprofit leaders to bankers and foundation heads, business owners and real estate agents to developers or architects. In short, the local leaders who help make creative projects possible come from many walks of life. The commonality is a willingness to work hard to make things happen.

The core group that participated in the Preliminary Feasibility Study are the type of leadership needed from the very start. They provided valuable information and insights about Paonia’s history, unique culture, goals, as well as its strengths and challenges.

That said, a mixed-use affordable live/work project would be a heavy lift for Paonia leaders. DOLA and the State will need to play a larger leadership role to move a Space to Create project forward.

The cross-section of leaders from the public sector included Town staff and trustees, representatives from CHFA, Region 10, DOLA and Delta County. The Mayor and several Trustees participated in much of the visit. They understand that this initiative is a large undertaking for the Town and the County, but showed that they are willing to explore partnerships with DOLA, Region 10, Delta County and CHFA.

The North Fork Valley Creative District has led the way to energize people around the arts both regionally and city-wide. In addition to creative district leadership, the individual creatives that participated in the visit were enthusiastic and inquisitive. The strength of the creative sector’s voice give Artspace confidence that any project they get behind will build on the positive momentum that has already begun.

Regionally, the North Fork Valley Creative Coalition, which manages the North Fork Valley Creative District, is collaborating with Carbondale, Crested Butte, Ridgway, and Salida to develop the first Colorado Creative Corridor. The regional collaboration links the five towns through common themes of small-town culture and arts by promoting each destination’s creative districts and activities ranging from cultural events, outdoor recreation, and dining. Visitors will be able to view trip-planning information and itineraries online. The campaign is set to launch at the Colorado Creative Industries Summit in May 2018.

ARTIST PREFERENCE IN AFFORDABLE HOUSING

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

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

Although the IRS challenged the “artist preference” policy in 2007, it dropped the challenge after the Housing and Economic Recovery Act of 2008 became law. That law states: “A project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants...who are involved in artistic or literary activities.”
When considering financial feasibility and return on investment, it is important to note the multiple points of impact of a potential project site. “Returns on investment” include 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 must share in this vision to maximize impact.

In addition to these sources, mixed-use arts projects of the kind Artspace has developed over the years can tap into several federal and state funding programs. Project partners have identified additional sources, which will continue to be explored throughout the predevelopment process. Among these are Low Income Housing Tax Credits (LIHTCs), a federal program established in 1986 to encourage the development of affordable housing. These programs, and others like them, exist to encourage the development of affordable housing, the rehabilitation of historic buildings, economic revitalization of neighborhoods, and other public purposes.

Artspace has experience with Colorado’s funding tools for mixed-use affordable housing projects. However, every town and county is unique in its approach and in the sources available for important “gap” funding. The Funding and Financing Focus Group meeting with members of the local and regional financial sector is a first step to identifying potential local public and private resources. At the Finance and Funder Focus Group, we were encouraged by the participation of several local banks, Region 10, DOLA, CHFA, Colorado Creative Industries, Delta County and USDA Rural program representatives. Artspace shared that every project relies on a mix of local and national funding sources. The group was very engaged and optimistic in the discussions around potential funding sources. They also knew it would take a creative “out of the box” approach to fund a project in Paonia.

Even LIHTC projects have funding gaps, which typically amount to around 40% of the total project cost. Other sources from public programs, such as CDBGs, HOME funds, can help close the gap. Additionally, Artspace relies on the philanthropic community for the final dollars and seeks those dollars in collaboration with the community. Philanthropy comes in the form of gifts from foundations, corporations, and individuals.

In every case, an Artspace project must be prioritized by civic leadership for the development sources to be secured. Project partners undertake tandem effort to identify and secure the necessary predevelopment funding. Strong town and state leaders can often identify and prioritize funding for projects that align with their community goals.

**POTENTIAL FUNDING SOURCES**

This is a preliminary list of potential sources that were discussed during the visit and other funding sources that Artspace is familiar with in Colorado.

- **Low Income Housing Tax Credits (LIHTC)** can generate up to two-thirds of the construction budget for a typical Artspace live/work project. 9% LIHTCs are highly competitive, and it is not uncommon for a project to submit multiple applications before receiving a tax credit award. In Colorado, LIHTCs are administered by the Colorado Housing Finance Agency (CHFA), an agency Artspace knows through our projects in Loveland and Trinidad that have secured LIHTC funding. Whether this is a possible funding source for a project in Paonia depends on the project concept and timing. In Delta County, the most recent tax credit award was in 2013 for 32 units of workforce housing, Phase II of an 80-unit project called Villas at the Bluff in Delta, CO. This same project received a low interest loan from CHFA in 2016 for gap financing on the permanent debt. In addition, Delta County Housing Authority manages 221 naturally-occurring affordable units of housing. These units of housing are not formally income-restricted through the LIHTC program but many apartments qualify for a rental subsidy from the Housing Authority.

- **Historic Tax Credits (HTC).** To qualify for the federal program, a property must either be individually listed on the National Register of Historic Places or be listed as a contributing member of a designated historic district. If the priority site includes adaptive reuse of an existing building, further research will be needed to ascertain if the property is eligible for HTCs. In Colorado, the Office of Economic Development and International Trade (OEDIT) administers the historic tax credits through which both federal and state credits are available.
• **The State Historical Fund** provides grants for the preservation and renovation for historic projects.

• **USDA Rural Loan** program has several low interest loan and grant programs for which mixed-use affordable housing projects may be applicable. Areas of interest include business development, housing, technical assistance for job relocation and capacity building. For example, USDA Rural program for community facilities offers 30-year loans at a 2.75% interest rate.

• **Enterprise Zone Tax Credit Program**, managed by the Colorado Office of Economic Development and International Trade (OEDIT), includes a 25% tax credit for individual donors making contributions to charitable projects located in an Enterprise Zone. This program is not a source, but is an incentive for private contributions. Artspace used this resource in Loveland.

• **Mile High Community Loan Fund (MHCLF)** is a Community Development Financial Institution (CDFI) that provides short-term, low-interest loans. They focus on financing for the development of affordable housing and for the purchase/rehabilitations/construction of facilities for nonprofits that serve low-income populations. Funds can be used for acquisition as well as construction.

• **DOLA (Department of Local Affairs)** has grant and loan programs that may be applicable from both the Division of Local Government and the Division of Housing. These programs can be used for community facilities, affordable housing, technical assistance, business development, job creation and more. These include Energy and Mineral Impact Assistance Fund (EIAF), Rural Economic Development Initiative (REDI), and Community Development Block Grants (CDBG).

• **Region 10** also has grant and loan programs that may be applicable. These programs can be used for similar projects to DOLA grants and loans including community facilities, affordable housing, technical assistance, business development, job creation and more.

• **Delta County** has grant and loan programs that could be applicable for a larger community project that includes space for the County's creative sector. It is not clear what specific programs those might be but the Space to Create initiative is listed as a priority on the Delta County Economic Development website.

• **Federal Home Loan Bank - Topeka** is one of twelve government-sponsored Federal Home Loan Banks that provide equity to support housing financing and community investments.

• **Philanthropy.**
  - **Delta-Montrose Electric Association** through their community giving program.
  - **Other local and regional businesses and individuals.** Individual donors would be the most effective way to bring local grants to a future project. This may need to start as a grassroots campaign, knowing that funds raised for a future creative sector project would go directly into the capital campaign. When Artspace develops and manages these projects, we make certain that there is no need for annual gifts to sustain the ongoing operations.
UNDERSTANDING LOW-INCOME HOUSING TAX CREDITS (LIHTC)

The low-income housing tax credit — LIHTC — is the government’s primary program for building affordable housing. Here’s how it works:

STEP 1 (OF 6)
The IRS has a pool of tax credits that it divvies up every year among state and local housing finance agencies, based on population needs.

STEP 2 (OF 6)
Let’s say you’re a developer and you want to build an apartment building with units designated for low-income people. To decrease rents, you’ll need help to offset your costs. That’s where those tax credits come in.

STEP 3 (OF 6)
First, you go to your housing finance agency to request money to build. You promise to:
- Offer a certain amount of low-income units and keep it that way for at least 30 years.
- Meet the housing agency’s requirements. For example, you might set aside units for veterans or the homeless.

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

STEP 5 (OF 6)
If your application is approved, the housing agency gives about 70 percent of your allowable cost in tax credits, which you can claim for 10 years once the building is completed.

STEP 6 (OF 6)
To solve that problem, you can sell your credits for cash to an investor — often, a big bank. Many developers use syndicators (who are like brokers) to help connect with investors.

STEP 7 (OF 16)
Everybody in this process earns a fee for their work.

STEP 8 (OF 16)
Investing in LIHTC buildings helps banks meet their obligations under the Community Reinvestment Act, which requires banks to invest in the poorer communities where they do business.

STEP 9 (OF 16)
When the project is complete, the investor owns the majority of the building and gets 10 years of tax benefits. Because taxpayers subsidized the building, the rents on the low-income units are cheaper than market rate.

Source: NPR, Illustrations by Chelsea Beck/NPR. Explainer by Meg Anderson, Alicia Cypress, Alyson Hurt, Laura Sullivan and Ariel Zambelich/NPR and Emma Schwartz/Frontline
ARTSPACE FUNDING EXAMPLES

While the funding process for each project is unique, Artspace’s development experience in Colorado provides a head start in identifying and navigating state and regional funding sources. Below are summaries of financial sources Artspace compiled for recent projects in Loveland and Trinidad, CO. While these mixed-use housing projects are larger than what a project is likely to be in Paonia, they are good examples of the public/private partnerships that are necessary to make the projects financially successful for the community.

ARTSPACE LOVELAND ARTS CAMPUS, LOVELAND, CO

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>AMOUNT</th>
<th>PCT.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-Income Housing Tax Credits (9%)</td>
<td>$5,598,880</td>
<td>68%</td>
</tr>
<tr>
<td>CO State Housing Trust Fund /HOME Funds</td>
<td>$300,000</td>
<td>4%</td>
</tr>
<tr>
<td>Loveland City Contract</td>
<td>$413,674</td>
<td>5%</td>
</tr>
<tr>
<td>Loveland City Loan</td>
<td>$300,000</td>
<td>4%</td>
</tr>
<tr>
<td>HACOL - Sponsor Loan</td>
<td>50,000</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$8,194,138</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Private Sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential First Mortgage</td>
<td>$912,000</td>
<td>11%</td>
</tr>
<tr>
<td>Private Sector (Philanthropic Gifts)</td>
<td>$619,584</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Artspace Loveland Arts Campus, Loveland, CO
<table>
<thead>
<tr>
<th>SOURCE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-Residential Sources</strong></td>
<td></td>
</tr>
<tr>
<td>City of Trinidad</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>DOLA</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Federal Historic Tax Credits</td>
<td>$1,307,464</td>
</tr>
<tr>
<td>State Historic Tax Credits</td>
<td>$1,149,663</td>
</tr>
<tr>
<td>History Colorado</td>
<td>$200,000</td>
</tr>
<tr>
<td>Sponsor Loan - Philanthropy</td>
<td>$372,500</td>
</tr>
<tr>
<td>Private Sector Philanthropy</td>
<td>$525,000</td>
</tr>
<tr>
<td><strong>Residential Sources</strong></td>
<td></td>
</tr>
<tr>
<td>Low Income Housing Tax Credit</td>
<td>$10,215,244</td>
</tr>
<tr>
<td>DOLA Housing</td>
<td>$600,000</td>
</tr>
<tr>
<td>Deferred Developer Fee</td>
<td>$215,433</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$18,385,304</td>
</tr>
</tbody>
</table>

Rendering of future Artspace project in Trinidad, CO
POTENTIAL SITES

During a Preliminary Feasibility Visit, Artspace’s primary goal is not to select a site, but to identify candidate sites for further study should the project move forward. Several factors that contribute to eventual site selection include: location, size, conditions, adaptability to project concept(s), construction type, zoning/land use, ease of/opportunity for acquisition, and potential for sustained impact on the broader community. While site selection is a critical component of a future project, it should not drive the project. The key is to gain a deeper understanding of the elements that make a site feasible, and assess the sites for adaptability to a given project concept, alignment with broader community goals, and financial wherewithal.

SITE TOUR OBSERVATIONS

The Paonia site tour focused on potential sites near or adjacent to downtown. For the purposes of this report, we have provided summaries of our observations about the top six sites and a comparison of the top three. Each of the potential sites is assessed using information available as of the date of the tour on January 17th, 2018.

1. FORMER MIDDLE SCHOOL AT 218 4TH STREET

The school, owned by the Delta County School District, was built in three phases, starting in 1950. The original building was 3,200 square feet, then in 1960, a 34,041 square-foot addition was built. In 1982, 3,200 square feet were added to the facility. This building, located on a 5.6-acre site has a total of 38,681 square feet. The facility includes a full kitchen, cafeteria, gymnasium and multiple classrooms. Though it is currently used for continuing education classes for coal mine and Region 10 training, temporary office space for the ENGAGE initiative and for some community events, much of the building is vacant or underutilized.

The Core Group noted that this site is important because it aligns with goals to unify and beautify the west side of town. With support from the Western Slope Conservation Center, the Town has been expanding parks and trails and is in the process of completing the final loop that will go through the school site and lead to the Paonia River Park.
The architecture of school buildings often lends itself to conversion into creative facilities. Artspace knows this from the experience of redeveloping eight former schools. In Brainerd, Minnesota, for example, Artspace converted an elementary school into 24 units of live/work housing in one wing of the school and converted the other wing into working studios and creative businesses with collaborative spaces for woodworking and pottery. The school district then leases the gymnasium for athletic activities and other events.

2. VACANT LOT AT “TWIN LAKES” ON SAMUEL WADE ROAD (3RD ST)

This 3.5-acre Town-owned lot is very close to the central business district and along the North Fork of the Gunnison River. This vacant lot was previously used as a waste water treatment plant.

Multiple projects could be conceived on this large site. Its location on the road leading to the Town from Highway 133 makes it an important “gateway” site for the community. Hundreds of cars enter the town daily from this direction, providing opportunity for something with broad community benefit, such as a community center (mentioned during our visit) or multi-use arts facility. Its proximity to the river also provides opportunities to further embrace outdoor activities and agricultural uses such as a large community garden or education space for smaller scale agricultural projects and products.

Though this site has strong potential, there have been quiet conversations about the Town potentially moving Town Hall to this site. If the Town is seriously considering moving, perhaps the Town Hall building itself could be converted to a creative space facility. The current Town Hall building would be too small for the Space to Create initiative, but a local organization could repurpose it to provide space for creative businesses, educational activities, artist studios, etc.

With all this in mind, further evaluation of the vacant lot for Space to Create, will require continued coordination with the Town and their facility needs.

3. VACANT LOT AT 3RD AND NIAGARA STREETS

This privately owned 1.1 acre corner lot is located on the main entrance to town. It is across the street from the library and is one block from Main Street. Both vacant lots have appeal and represent opportunities to be gateway sites into the town from Highway 133.

New construction sites may offer the greatest opportunity both because of their size and due to the reduced value of historic tax credits related to the recent tax reform.
4. BUS BARN AT 135 MAIN AVENUE

This 7,000-square-foot building is currently used for school bus storage and owned by Delta County School District.

5. PUBLIC WORKS WAREHOUSE AT POPLAR AND 2ND STREET

The 1,856-square-foot warehouse and the .47-acre lot are owned by the Town and used for public works vehicle storage. A replacement location for public works would need to be found. Its location is not as central as some of the other higher priority sites.

6. PEACEFUL LANE TRAILER PARK BY THE GUNNISON RIVER

The 5.7 acre site is privately owned and would be plenty of land to create a multi-use arts facility. The area currently is outside of Town limits. It is an attractive site, an important area to redevelop, and could connect programmatically to the public art and trails along the river.

The Core Group also discussed scattered sites downtown that could include Town Hall, the Barbershop, the lots on Niagara and other small buildings or lots. Artspace prioritizes opportunities on singular sites for its own development projects partly because multiple owners and buildings often cause complications. However, a scattered site approach is worth discussing; these ideas can sometimes be the seed for local or regional developers to tackle one or more of the sites or even for incentive programs to encourage building owners to explore creative space uses. The next step of an Arts Market Study will reveal more information about what creative space uses could be most successful.
## Comparing the Top Sites

Of the sites toured, the top three are compared below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Former Middle School</th>
<th>Vacant Lot on Samuel Wade Road</th>
<th>Vacant Lot at 3rd &amp; Niagara Streets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td><strong>EXCELLENT:</strong> One block from the commercial core. A project on this lot would connect to downtown activity.</td>
<td><strong>EXCELLENT:</strong> Gateway to the central core and has the potential to be a catalyst project in this location.</td>
<td><strong>EXCELLENT:</strong> Gateway to the central core; across from public library.</td>
</tr>
<tr>
<td><strong>Size</strong></td>
<td><strong>GOOD:</strong> The building itself is likely to be large enough to satisfy much of the creative market demand. Could also create a campus with outdoor spaces, connections to trail, etc.</td>
<td><strong>GOOD:</strong> A site could be carved out of the 3.5 acres that would provide adequate space to fulfill the market demand. A Space to Create project could be integrated into a larger project on the site. Alternatively, the entire site could accommodate an expanded project concept that includes a creative agricultural component.</td>
<td><strong>GOOD:</strong> Possible multi-story project.</td>
</tr>
<tr>
<td><strong>Acquisition</strong></td>
<td><strong>GOOD:</strong> Potential to negotiate with Delta County School District. If needed, a new project could potentially lease back the gymnasium to the school district.</td>
<td><strong>EXCELLENT:</strong> Town of Paonia owns the site.</td>
<td><strong>UNKNOWN:</strong> The site is privately owned and not listed for sale. However, the Town has a good relationship with this owner, who they believe is interested in development.</td>
</tr>
<tr>
<td><strong>Summary</strong></td>
<td>This site is large, central and important for the Town to figure out a reuse plan. Redevelopment as creative space could be a catalyst for more creative business growth downtown and be an attraction for residents and visitors, particularly with its connection to the trails.</td>
<td>This site is large enough to think about multiple uses. It is an important “gateway” site for the community and links to downtown. It is well-positioned to support Delta County’s goal of creating a signature venue in the “Better City’s Economic Development Report.”</td>
<td>This site is still less understood but has the potential of being an area of growth and providing connection to the community.</td>
</tr>
</tbody>
</table>
These findings are preliminary and based on currently available information; much can and will likely change between the writing of this report and site selection. Final site selection would take place in a predevelopment stage of work (see Appendix II, “Path of an Artspace Project”). These sites mentioned should be prioritized as conversations progress and the project concept and arts market are better understood.

**ALIGNMENT WITH BROADER COMMUNITY GOALS**

Successful arts buildings serve not only their residents and tenants, but also the surrounding community. Development projects can accomplish this by aligning with as many complementary goals as possible. When multiple goals can be addressed with the initiative, it has the potential to foster long-term, sustainable impact. The Preliminary Feasibility Study gathers information about community goals by reviewing existing reports prior to the visit, and engaging stakeholders for their feedback during focus groups and meetings.

One of Delta County’s economic development strategies could align with a mixed-use artist housing project in Paonia. The Samuel Wade site would provide terrific alignment with one of the goals in the 2015 *Better City Delta County Economic Development Report*.

“Create a Signature Venue. Closely tied to the establishment of an organic center of excellence is the development of a signature retail venue for locally produced agricultural products. A signature location will allow visitors to know that they have arrived at a hub of organic agriculture. It will provide a centralized location for local growers and ranchers to sell their products and be an attraction for visitors.”

In addition to the specific strategy of a signature venue, the County has other stated goals from its 2014 economic development plan, “Reinventing the Economy for the Next Generation,” with more general statements that align with the Space to Create initiative. These include:

- Create projects that will bring private sector investment into our community.
- Create a more diverse economic base and opportunity for existing and new business.
- Focus on what we do best.

Artspace gathered additional information about broader community goals during focus groups. Participants shared their goals and how a new arts facility can help accomplish them. Then based on a list of twelve common community goals (see XX), they each selected three priority community goals that could be addressed by a creative space facility. These selections were collected and tallied. Overwhelmingly the top three goals were:

1. **Supporting Creative Businesses and Nonprofits**
2. **Preserving Affordability**
3. **Promoting Tourism**

In addition to these goals, an overarching community value should be noted around environmental stewardship. In addition to straw bale home construction, Solar Energy International’s industry-recognized Renewable Energy Lab is located in Paonia. The presence of this lab and people working with renewable resources underscores that whatever is created or built in Paonia should include environmentally friendly materials with a focus on the outdoors as well as indoors.

Articulating project goals and how they may align with other community goals helps establish the vision for the initiative and a roadmap for future decisions, partnerships, and outreach. Artspace can help facilitate these conversations but the local drive and talent needed to boost a project can never substituted.
CORE GOALS

At the heart of every Artspace development and consulting project, are these goals:

• Meet the creative sector’s space needs
• Plan for sustainable operations that do not require ongoing fundraising
• Ensure long-term affordability

• Reflect the unique culture and character of the community
• Exemplify ecological and efficient design

ECONOMIC IMPACT STUDY

The “Taking a Measure of Creative Placemaking” report summarizes the findings from two studies, “How Artist Space Matters” and “How Art Spaces Matter II,” which examine the long-term impact and sustainability of five Artspace projects. These studies found that creative spaces benefit communities by:

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

Read the full report at: http://www.artspace.org/ideas-insights/artspace-publications/taking-measure-creative-placemaking
RECOMMENDATIONS AND NEXT STEPS

Paonia has many stars aligned as evidenced by the participation and strong interest from so many governmental bodies during the Artspace Preliminary Feasibility Study. The presence of DOLA, CHFA, Colorado Creative Industries, Region 10, the USDA and Delta County bode well for the possibility of support for a Space to Create project in Paonia. At the same time, we understand that Paonia is a bit of the “underdog,” and as such will have to try harder than some of their Space to Create peers in garnering the resources and political will to make a project successful. The will and passion is there. Financial support will prove itself out along the way and will be aided by a market study that will give the community and its potential partners the data it needs to support this initiative.

Therefore, Artspace strongly recommends proceeding to a Creative Industries/Arts Market Study, to help understand the depth and breadth of its creative community’s space needs. The survey will quantify the need for creative live/work, working studio, and other kinds of production and exhibition spaces. This data informs the site selection, size, and amenities of a project. It also provides reliable information to others whose support is necessary for a successful project, including bankers, funders, and prospective LIHTC investors. Resulting data may also be shared with private developers and policy makers to help encourage further infrastructure investment in the creative economy.

Based on findings from the study, we believe Paonia can support 25+ units of artist housing in addition to other types of non-residential spaces that support the creative industries. These qualitative findings alone are not a sufficient reason for bankers and funders to offer a grant or loan; the statistical evidence of market demand can only be provided through an Arts Market Study, the next step in the feasibility process.

NEXT STEPS

• Begin preparing for the Creative Industries/Arts Market Study. Coordinate with Artspace to confirm the scope of work and discuss timeline. To further preparations, gather a diverse group of leaders to serve as an advisory committee to the survey process. This group is critical to the Arts Market Study and can be reengaged for future activities related to the project such as advocacy and marketing.

• Continue to explore private sector funding opportunities and how they might be pursued for a Space to Create project in Paonia. A creative approach will be needed, one that does not take away from support for existing organizations and helps to identify new resources that could help future creative space and ongoing program initiatives in Paonia.

• Check in with DOLA, CHFA, USDA and Region 10 to discuss the types of support that could come from various state programs for predevelopment and development and the likely timing. Collaboration among the agencies and new ideas about funding will be critical for a successful initiative in Paonia. Artspace is happy to participate in these conversations.

After completing the Arts Market Study, the next step toward an Artspace project would involve entering into a predevelopment agreement. See “The Path of an Artspace Project” (Appendix II), which provides an overview of the steps involved in advancing a successful project.

Artspace greatly appreciates the opportunity to work with the Town of Paonia and learn from its residents and leaders. Artspace came away with a strong sense of the potential for an artist live/work mixed-use facility. Insights and recommendations in this report are solely intended to guide a project to the next phase of development and set Paonia on the path to further supporting its creative sector through stable and affordable creative spaces.

Marquee at the Paradise Theatre
ABOUT 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 1980’s, however, it was clear that the problem required a more proactive approach, and Artspace made the leap from advocate to developer. Since then, the scope of Artspace’s activities has grown dramatically. Artspace is now a national leader in the field of developing affordable space that meets the needs of artists through the adaptive reuse of historic buildings and new construction.

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

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

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

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

ASSET MANAGEMENT

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

CONSULTING SERVICES

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

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

<table>
<thead>
<tr>
<th>STEP 1: PRELIMINARY FEASIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OVERVIEW</strong></td>
</tr>
<tr>
<td>Information Gathering and Outreach</td>
</tr>
<tr>
<td><strong>PRIMARY ACTIVITIES</strong></td>
</tr>
<tr>
<td>• Meet with artists, civic leaders, and other stakeholders</td>
</tr>
<tr>
<td>• Conduct a public meeting to introduce Artspace and solicit feedback</td>
</tr>
<tr>
<td>• Tour candidate buildings and/or sites</td>
</tr>
<tr>
<td>• Conduct extended outreach as needed to ensure that people from underrepresented communities are included in the process</td>
</tr>
<tr>
<td><strong>DELIVERABLES</strong></td>
</tr>
<tr>
<td>Written report with recommendations for next steps</td>
</tr>
<tr>
<td><strong>PREREQUISITES FOR MOVING FORWARD</strong></td>
</tr>
<tr>
<td>• Demonstrated support from local leadership</td>
</tr>
<tr>
<td>• Critical mass of artists and arts organizations with space needs</td>
</tr>
<tr>
<td>• Established base of financial support</td>
</tr>
<tr>
<td><strong>TIME FRAME</strong></td>
</tr>
<tr>
<td>3-5 months, kicked off by a 2.5-day visit</td>
</tr>
<tr>
<td><strong>COST</strong></td>
</tr>
<tr>
<td>Completed March 2018</td>
</tr>
</tbody>
</table>
## STEP 2: ARTS MARKET SURVEY

<table>
<thead>
<tr>
<th>OVERVIEW</th>
<th>Assessing the Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIMARY ACTIVITIES</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Assemble a comprehensive list of artists (and arts organizations, if applicable) in the area</td>
</tr>
<tr>
<td></td>
<td>• Reach out to artists and creative organizations from diverse arts disciplines, ages, ethnic backgrounds, etc., asking them about their space needs</td>
</tr>
<tr>
<td></td>
<td>• Conduct a public meeting to launch the survey and educate the community about the project</td>
</tr>
<tr>
<td></td>
<td>• Analyze and report on survey findings</td>
</tr>
<tr>
<td>DELIVERABLES</td>
<td>Written report with recommendations for next steps</td>
</tr>
<tr>
<td>PREREQUISITES FOR MOVING FORWARD</td>
<td>Sufficient number of responses from eligible, interested artists to support an Artspace live/work project</td>
</tr>
<tr>
<td>TIME FRAME</td>
<td>6 months</td>
</tr>
<tr>
<td>COST</td>
<td>$40,000</td>
</tr>
<tr>
<td>STEP 3: PREDEVELOPMENT I</td>
<td></td>
</tr>
<tr>
<td>--------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>OVERVIEW</strong></td>
<td></td>
</tr>
<tr>
<td>Determining Project Location and Size</td>
<td></td>
</tr>
<tr>
<td>- Work with Town and other stakeholders to establish (a) preliminary project scope and (b) space development program for evaluating building and site capacity</td>
<td></td>
</tr>
<tr>
<td>- Analyze candidate site with respect to cost, availability, and other factors impacting ability to address development program goals</td>
<td></td>
</tr>
<tr>
<td>- Identify key legal, environmental, physical, and financial issues affecting site suitability</td>
<td></td>
</tr>
<tr>
<td>- Obtain final site control agreement</td>
<td></td>
</tr>
<tr>
<td>- Continue outreach to creative district artists and arts organizations</td>
<td></td>
</tr>
<tr>
<td>- Connect potential commercial tenants</td>
<td></td>
</tr>
<tr>
<td>- Engage architect or architectural team</td>
<td></td>
</tr>
<tr>
<td>- Work with Town to identify additional predevelopment funding for future Steps in the predevelopment process</td>
<td></td>
</tr>
<tr>
<td><strong>PRIMARY ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>- Confirmation of development space program and goals</td>
<td></td>
</tr>
<tr>
<td>- Assessment of site suitability and identification of any contingent conditions to be resolved through continued due diligence</td>
<td></td>
</tr>
<tr>
<td>- Site control agreement or update regarding status of site control negotiations</td>
<td></td>
</tr>
<tr>
<td>- Conceptual plans</td>
<td></td>
</tr>
<tr>
<td>- Conceptual Capital Pro Forma</td>
<td></td>
</tr>
<tr>
<td>- Summary of project status</td>
<td></td>
</tr>
<tr>
<td><strong>DELIVERABLES</strong></td>
<td></td>
</tr>
<tr>
<td>- Site control agreement with property owner</td>
<td></td>
</tr>
<tr>
<td>- Growing stakeholder/leadership group</td>
<td></td>
</tr>
<tr>
<td>- Both parties’ agreement on project scope and feasibility</td>
<td></td>
</tr>
<tr>
<td><strong>PREREQUISITES FOR MOVING FORWARD</strong></td>
<td></td>
</tr>
<tr>
<td>- Site control agreement with property owner</td>
<td></td>
</tr>
<tr>
<td>- Growing stakeholder/leadership group</td>
<td></td>
</tr>
<tr>
<td>- Both parties’ agreement on project scope and feasibility</td>
<td></td>
</tr>
<tr>
<td><strong>TIME FRAME</strong></td>
<td></td>
</tr>
<tr>
<td>3-6 months</td>
<td></td>
</tr>
<tr>
<td><strong>COST</strong></td>
<td></td>
</tr>
<tr>
<td>$150,000</td>
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</tr>
</tbody>
</table>
### STEP 4: PREDEVELOPMENT II

<table>
<thead>
<tr>
<th>OVERVIEW</th>
<th>Project Design and Financial Modeling</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIMARY ACTIVITIES</td>
<td></td>
</tr>
<tr>
<td>• Establish process for selecting architectural team</td>
<td></td>
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<tr>
<td>• Confirm development goals and space program with architectural team</td>
<td></td>
</tr>
<tr>
<td>• Work with architect/team to produce schematic designs</td>
<td></td>
</tr>
<tr>
<td>• Engage contractor or cost consultant to provide pre-construction services</td>
<td></td>
</tr>
<tr>
<td>• Resolve any contingent conditions relating to site control</td>
<td></td>
</tr>
<tr>
<td>• Create capital and operating budgets</td>
<td></td>
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<tr>
<td>• Obtain proposals and/or letters of interest from lender and equity investor financing partners</td>
<td></td>
</tr>
<tr>
<td>• Prepare and submit Low Income Housing Tax Credit application or equivalent</td>
<td></td>
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<tr>
<td>• Submit other financing applications as applicable</td>
<td></td>
</tr>
<tr>
<td>• Maintain excitement for the project within the creative community</td>
<td></td>
</tr>
<tr>
<td>• Encourage and guide local artists to activate the site with arts activities</td>
<td></td>
</tr>
<tr>
<td>DELIVERABLES</td>
<td></td>
</tr>
<tr>
<td>• Schematic designs</td>
<td></td>
</tr>
<tr>
<td>• Financial pro-forma detailing capital and operating budgets</td>
<td></td>
</tr>
<tr>
<td>• Preliminary proposals and letters of interest for project mortgage and equity financing</td>
<td></td>
</tr>
<tr>
<td>• Summary of project status</td>
<td></td>
</tr>
<tr>
<td>PREREQUISITES FOR MOVING FORWARD</td>
<td>Award of Primary Funding through CHFA, DOLA Department of Housing or equivalent</td>
</tr>
<tr>
<td>TIME FRAME</td>
<td>1-2 years</td>
</tr>
<tr>
<td>FEE</td>
<td>$250,000</td>
</tr>
</tbody>
</table>
### STEP 5: PREDEVELOPMENT III

**OVERVIEW**  
From Tax Credits to Financial Closing

**PRIMARY ACTIVITIES**
- 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**  
Successful closing and commencement of construction

**TIME FRAME**  
4-6 months

**FEE**  
$250,000

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### STEP 6: CONSTRUCTION

**OVERVIEW**  
Construction and Lease-up

**PRIMARY ACTIVITIES**
- Oversee project construction
- Engage property 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**  
Completed project ready for occupancy

**TIME FRAME**  
12-14 months

**FEE**  
Depends on project (not part of predevelopment contract)