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AMITYVILLE, NEW YORK

PRELIMINARY FEASIBILITY REPORT



FEBRUARY 2015

PREPARED BY ARTSPACE

INTRODUCTION

The Village of Amityville, located on the Great South Bay of Long Island, is a community that feels at once grounded by its long history and energized by its connection to New York City. A village in the town of Babylon in Suffolk County, it strikes a balance between small-town village lifestyle and big city sophistication. Amityville itself sits on the dividing line between Suffolk and Nassau Counties, and historically represents the dividing line between New York's Dutch settlement and Long Island's English settlement. With a tradition in fostering a performing arts community, a long list of well-known artists and historical figures have either lived (or "summered") in Amityville, notably: Walt Whitman, Irene and Vernon Castle, Will Rogers, Annie Oakley, and Al Capone.

Amityville's architecture and culture have been shaped by the village's relationship to the sea. Although it is not large, Amityville has approximately five miles of waterfront including canals, and its population of 9,500 grows substantially each summer. However, its close proximity to the ocean has had a destructive force as well, and the effects of Hurricane Sandy are still felt throughout the village.

Amityville has very good public transportation, with a Long Island Rail Road (LIRR) stop on the Babylon line with direct service to Penn Station in Manhattan, express bus lines that connect the coasts North-South, and the Nassau County bus.



A warm welcome for Artspace

Amityville also has remarkably dedicated and collaborative local leadership – both private and public. There is a keen interest in revitalizing the downtown core and supporting the creative community in the village. Led by the Amityville Village Downtown Revitalization Committee (AVDRC), residents are enthusiastically exploring how to accomplish both goals by creating affordable space for artists and creatives to live, work, and conduct business. Accordingly, the community invited Artspace to conduct a Preliminary Feasibility Study to determine if it makes sense to create a mixed-use live/work project that would house individual artists and their families as well as creative businesses and nonprofit arts organizations.

To tell the story of how the village came together to bring Artspace to Amityville is to provide a glimpse into the personal dedication and commitment we witnessed during the visit.

Patchogue’s Mayor Paul Pontieri, who was instrumental in bringing an Artspace project to nearby Patchogue, recommended that Amityville leaders reach out to Artspace to complement their downtown revitalization efforts. Soon after the AVDRC reached out to learn more about the process, their effort to bring Artspace to the village began. To a Village Board of Trustees meeting of record-breaking attendance, one AVDRC member described the vision and the fundraising goal for the first step. He concluded by offering to donate \$500 toward the study. Amityville Mayor James P. Wandell responded by making a personal donation, followed by the same commitment from each Trustee. With that, others from the community pitched in, and in all 31 individuals and businesses contributed to raise more than half the fee for the study. Throughout the visit, we had a strong sense that other stakeholder groups in the community also understand the importance of their creative economy, which is at the core of what makes Amityville a desirable place to live, work, and play.

Artspace Snapshot:
El Barrio’s Artspace PS109
East Harlem, New York



El Barrio’s Artspace PS109 is a community-driven project which has transformed an abandoned public school building in East Harlem into an arts facility with 89 units of affordable live/work housing for artists and their families and 10,000 square feet of complementary space for arts organizations.

PS109 is an amazing building. Designed by Charles B.J. Snyder and completed in 1898, this structure is five stories tall with a steeply pitched roof. Exterior details include several copper-clad cupolas and a wealth of decorative terra cotta. After the building was boarded up in 1995, much of the terra cotta was removed; it has been restored as part of the project.

PS109 contains 89 units of affordable live/work housing for artists and their families with 3,000 square feet available for a resident gallery in addition to 10,000 square feet of non-residential space for arts and cultural organizations on the ground floor and lower level. It serves the El Barrio community by creating permanently affordable housing in a neighborhood at risk of gentrification. To help the area retain its traditional Latino identity, Artspace has reserved at least 50% of the units for current El Barrio residents.

During the two-day visit, the Artspace team met with focus groups, visited potential sites, met with key leaders, and conducted a public meeting. The visit took place November 4-6, 2014. Artspace was represented by Stacey Mickelson, Vice President, Government Relations, and Consulting Associate Anna Growcott.



Local businesses joined in the effort to bring Artspace to town: Amityville Acupuncture & Wellness sell popcorn to raise funds

This report contains Artspace’s observations, findings, and recommendations based on what we saw and heard during our visit in Amityville. It is also informed by the knowledge we have gained working in nearby communities and the experiences of other cities around the United States that have invested in affordable housing and other facilities for artists. We believe

that those experiences provide a useful context for evaluating the feasibility and importance of artist spaces in Amityville. In that regard, we offer the following thoughts and observations:

- Multi-tenant, multi-use creative spaces generate economic revitalization and development. Every project provides job opportunities before, during, and after construction.
- Every independent artist is, in effect, the owner/operator of a cottage industry, generating economic activity by selling products or services, purchasing equipment and supplies, paying taxes, and otherwise contributing to the local economy.
- Artists are good neighbors and active community members. Many artists collaborate with the larger educational, cultural, and business communities as teachers, adjunct professors, and volunteers with youth and cultural organizations.
- To create affordable live/work housing for artists¹ whose long-term affordability is guaranteed by covenants is to create and sustain an authentic community of local artists who collaborate not only with one another but also with other local, national, and international artists.
- Arts projects help preserve old buildings, stabilize older neighborhoods and revitalize vacant and underutilized properties. Arts projects also help preserve cultural heritage by providing places where cultural art forms can be passed from one generation to the next.

¹ “Affordable live/work housing for artists” refers specifically to the kind of rental housing that Artspace has been developing around the country for the last 25 years. Artspace’s 37 operating live/work projects are apartment buildings in which each rental unit has additional space – typically about 150 square feet – designed for use as a studio by the resident artist. Other amenities designed for artists include high ceilings, large windows, wide doorways, and durable surfaces, as well as community rooms that serve as gathering places and galleries.

- Arts facility projects are catalysts for private and public investment, such as façade improvements and general beautification, in the surrounding area.
- These projects create permanent community spaces that give resident artists opportunities to interact with the public through gallery events, demonstrations, performances, and installations, and give the larger arts community opportunities to showcase their work.

We are grateful to the community, arts and business leaders who through their planning and participation laid the groundwork for a successful two days. In particular, we extend a big “thank you” to Tom Howard and Eileen Kretz McCarthy, Artspace Committee Co-presiders and our feasibility study champions; and Warren Cohn, who, along with Tom Howard, serve as Co-Chairs of the Amityville Downtown Revitalization Committee. We are very appreciative of Mayor Wandell and Deputy Mayor Jessica Bernius’ insight and leadership throughout the visit. We would also like to acknowledge the remarkable support from Village Trustees and the Chamber of Commerce who were instrumental in bringing Artspace to Amityville. These local leaders are essential to the future success of any effort Artspace might undertake in Amityville.

Artspace Snapshot:
Artspace Patchogue Lofts
Patchogue // New York



The Long Island Village of Patchogue began a renaissance in the 1990s when artists and creative businesses leased many of the vacant Main Street storefronts and the beautiful Patchogue Theatre for the Performing Arts was renovated. Housing for artists was the missing piece of this renaissance, so in 2006 Patchogue engaged Artspace to conduct development work that led to the Artspace Patchogue Lofts, a new mixed-use project in the heart of downtown.

Completed in 2011, Artspace Patchogue Lofts includes 45 units of affordable live/ work housing for artists and their families plus nearly 2,500 square feet of retail space on the street level.

Civic leaders view Terry Street as a bridge between the commercial district along Main Street and the growing community of market-rate and affordable multi-family housing nearby. For Patchogue, the Artspace project represents both economic development and the opportunity to strengthen a growing arts community.

Thanks to a MetLife Foundation grant, Artspace was able to add solar panels to the building’s roof. Over time, these panels should significantly lower the project’s operating costs.

FINDINGS

During a Preliminary Feasibility Visit, Artspace gathers information about six main topics: project concept, artist market, site feasibility, financial feasibility, local leadership, and potential for sustained community impact.

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

PROJECT CONCEPT

Some communities are clear about what they hope to achieve. It may involve preserving a specific building. Or it may involve a broader concept such as economic revitalization of a neighborhood. Other communities, however, 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. Still other communities have a general idea of what they would like to achieve but seek professional advice about how to proceed.

In Amityville, a local understanding of the power of the arts drives the momentum for creating affordable space for artists. Many in the village have watched the positive changes in downtown Patchogue since the opening of Artspace Patchogue Lofts and see downtown Amityville as poised at the brink of its own renaissance. Establishing a sustainable home for the arts is seen as a catalyst for downtown development, providing rental housing that is currently sparse on Long Island and increasing the vibrancy and walkability of the downtown core. The Downtown Revitalization Committee, along with the other village business leaders we met, are committed to supporting that affordability and creating a sustainable home for the artists and creative businesses that contribute to the rich culture of the village.

ARTIST MARKET

IS THERE A NEED FOR ARTIST SPACE?

WHAT ARE THE CHARACTERISTICS OF THE NEED?

HOW IS THE ARTIST COMMUNITY INTERESTED IN COMING TOGETHER?

DOES THE PROJECT CONCEPT ADDRESS THIS NEED AND INTEREST?

The Artist Focus Group is the primary vehicle used by Artspace to gather anecdotal information about the needs, trends, and vision of the area’s arts community. In Amityville, we were happy to meet artists and creative entrepreneurs throughout the visit, speaking not only with those who attended the focus groups, but also with those who spoke up at the public meeting, in the core group gatherings, and during visits to studios and practitioners in the village. We met a diverse representation of artists in terms of age and disciplines represented – from cultural organization staff members to dancers, painters, musicians, art therapists, textile artists, actors, muralists, and a variety of creative business entrepreneurs.

At the Artist Focus Group, we spoke with about 19 artists and creative professionals. Not surprisingly – it’s true almost everywhere – most of the artists said they do not make the majority of their income from their art. We asked a number of questions about space, collaboration, and affordability. They spoke passionately about the need for affordable options for housing. We heard the all-too-common story of young artists returning home to live after studying in Manhattan or Brooklyn, but, unable to find affordable housing, end up moving back in with their parents.



Highschool artists exhibit their work at the Public Meeting

Based on our observations and what we heard in our focus group sessions, we believe that an Artist Market Survey in Amityville will reveal a sizable market for live/work space – at least 40 units.

Comments made by members of the local arts community during our visit factor into our recommendations and will inform any next steps. Here is some of what we heard:

- Amityville has become a hub for the Long Island music scene, owing to its centralized location between Suffolk and Nassau Counties and to strong downtown music venues such as Amityville Music Hall, Revolution, and the New York Academy of Music. There are regular music performances, classes, and rehearsal room rentals at these spaces.

- Though the music scene in Amityville is well connected, the visual arts are not unified. Visual artists commented that they tend to work in isolation.
- For a period of time, the Amityville Artists' Circle programmed the storefront space in Vittorio's Restaurant and Wine Bar on Broadway. The artists originally had a one-month agreement with Vittorio's owner for free rent and free electricity, which extended into six years of community art in that auxiliary space. In return, the group raised money for renovations and programmed the storefront as a gallery, classroom, and performance space. However, the space was not ideal for arts activities (no heat or bathrooms) and eventually it was reclaimed for the restaurant's expansion.
- The library has exhibition and meeting space that has a long waiting list.
- The Amityville market currently supports five dance studios.
- Two performing arts organizations that currently operate space in the area – one theater company and one dance studio – expressed interest in becoming commercial tenants in a mixed-use arts facility downtown.
- There is a trend that young people are staying in (or returning to) the village. A large obstacle is a lack of affordable housing options.
- Many residents feel that public transportation is excellent in Amityville, and that it is possible to have a car-free lifestyle.
- Many young Amityville artists studied in Manhattan or Brooklyn, and continue to travel back and forth for showings, performances, etc.
- If a new mixed-use arts facility were created in Amityville, artists would like to see it downtown.



Classroom at New York Academy of Music for DJ classes

During our visit, we also toured existing art spaces for creatives in Amityville. We were impressed by the quantity and quality of these venues, especially for musicians. There is a small cadre of young people who either stayed in Amityville or returned home after studying in Manhattan or Brooklyn to continue pursuing art. Their harnessed energy has resulted in multiple top-notch venues to study, create, and enjoy art. Of them, we toured:

- Amityville Music Hall, a bar and performance venue that features a variety of music shows,

from hip hop to metal, and private events in an intimate space with, as one reviewer described it, “a warm vintage vibe.”

- The New York Music Academy, where people can study string instruments, keyboards, songwriting, vocal instruction, and even how to mix music and deejay.
- Revolution, a music venue and restaurant adjacent to the New York Music Academy and run by the same group, that plays host to local and national bands on a larger stage.
- Great South Bay Dance Company, owned by two women who provide dance education for children and young adults both at their downtown location and at area libraries.
- Studio on the Bay, owned by Delores Conroy, who provides art therapy from her waterfront space.
- Dinghy Shop, which sells sailboat, kayaks, and outdoor gear, and is also home to Susan Koehler’s fine art studio.



A dance studio in downtown advertises for the public peeting

What impressed us most of all about Amityville’s artist market was the enthusiasm of younger artists about their community and the village-wide connection to the arts.

Arts Market Survey

An in-depth Arts Market Survey is a required step in the predevelopment phase of an Artspace live/work project, and a step we highly recommend regardless of the community’s choice of developer. The Arts Market Survey is an in-depth analysis of the space needs of individual artists and creative/art/cultural organizations in a community. 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 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 primary goal of the survey is to determine the size and nature of the market for a mixed-use arts project in the community. We also use it to demonstrate a need for affordable rental space sufficient to satisfy the various public and private entities that make financial investments in our projects.

The Arts Market Survey gathers a wealth of data about the area's creative individuals, including age, gender, ethnicity, household size, and other demographic information; the arts activities they practice; the arts facility features and neighborhoods of most interest to them; their current income range and the percent of it that is generated by art; their current studio or work space arrangement; and how much they are willing to pay for housing and studio space. The survey tells us with reasonable accuracy how many live/work units or studios the local arts community can fill. It also informs specific design questions and identifies the need for the kinds of amenities needed for specific arts uses.

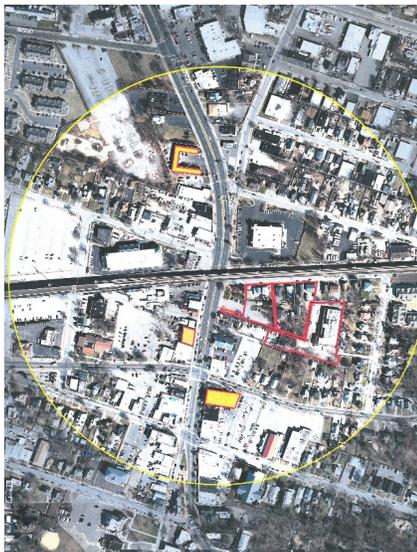
Not surprisingly, throughout our conversations in Amityville, we were asked about the next steps in the process. When we described the Arts Market Survey, there was an overwhelming sense from the group and other individuals that they are eager to be a part of a larger effort – one in which artists have a higher profile and a true community of all disciplines can emerge.

Several artists, small business owners and community members asked about what they could do to advocate for an Artspace project in Amityville. At the time this report was being written, we had heard about grass-roots efforts to continue to raise funds and awareness for this initiative. The importance of this work cannot be underrated, and will certainly be instrumental in any next step the Village decides to undertake.

SITE ANALYSIS



Touring Amityville by trolley



Map of toured sites, centered around the LIRR station

During a Preliminary Feasibility Visit, Artspace’s primary goal is not to select a site but to identify candidates for further study should the project move forward. Several factors to consider include location, building capacity, availability, viability, and ability to impact the broader community. In Amityville we visited five sites as a part of the official tour and stopped by a few others that emerged as potential sites during the visit. We encountered a determination among the core group and Artspace that locating a project in the downtown core and within walking distance of the LIRR is a priority. Several sites impressed us as candidates for further amenities suited for artist housing – high ceilings, open floor plans, and access to natural light. In potential lots, we look for size, accessibility, walkability, and ease of acquisition. The sites described in this section were not the only ones identified by the community as potential sites for an Artspace development.

It is important to reiterate that 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 for any given project concept, set of community goals, and economic resources.

Of the sites we reviewed, the publicly held sites offer the greatest opportunity for success. A project in the model of an Artspace live/work facility relies on competitive, public funds that can take a year or more to assemble. Purchasing a site prior to funding is not recommended, which means that site control options are necessary. Property owners need to be willing to hold sites in limbo for one or more years, which is not appealing to all. Additionally, project feasibility relies on a low purchase price. The greater the cost of acquisition, the more subsidy necessary, typically from private philanthropic sources. Property owners looking to make a profit from the sale of their land are not optimal partners in these projects. However, if property owners are supportive of the overall concept and willing to be creative in the transaction (as a seller and/or investor), then private acquisitions are a fine option. If a property owner is willing to sell to the Village and the Village is willing to buy, rather than a direct

purchase by the development team, this is also a great solution.

Here are snapshots of the properties we toured:

**PLYMPTON BLOCK
216-222 BROADWAY**



Businesses on the Plympton Block

This is a two-story building of ground floor commercial and second floor residential. It is currently occupied at the ground level by four retail spaces – a grocery, deli, bakery, and florist. The upper floors originally housed seasonal workers in 24 single room occupancy units. Those units have been converted to seven apartments, all of which are occupied. This building in itself appears to be too small and difficult to adapt for an Artspace-style project, but it is in an important location, positioned as a connector to Broadway, the library, and the LIRR station. Of particular note, however, our hosts mentioned that some or all of the vacant lot could possibly be utilized for an Artspace project. Use of this lot would open up possibilities of combining historic reuse with new construction, and is worth further investigation at a later stage.

**INDUSTRIAL LOT
247-249 BROADWAY**



Hidden away near downtown

Located off Broadway between Oak and Railroad Avenue, this property is on a desirable block but is somewhat isolated in the middle of the block with no street frontage. The lot is currently used for industrial purposes, though an adjacent lot is slated for development into nine residential units. Because this site is located in a cluster of other potential sites, there may be a possibility of combining lots for increased accessibility. This site may be a challenge, but we recommend keeping it on the list for further consideration.

**LOT NEAR 9-11 MEMORIAL PARK
SOUTHEAST CORNER OF RAILROAD AVENUE AND
BROADWAY**

This option consists of a village-owned parking lot and privately owned houses. It is in a great location, but there are a few considerations. First, working with multiple property owners to



Lot near the 9-11 Memorial Park

assemble a site that is accessible and appropriately sized may be a challenge. Second, there may be some emotional factors associated with relocating or building near a sensitive memorial.

However, this site is located near one of Amityville’s oldest establishments, a photography shop. Amityville is well known among area photographers as a destination. Also worth noting, the Artspace Patchogue Lofts’ site was the combination of a large Village-owned parcel and a single-family home’s lot. The Village led negotiations with the homeowner to assemble the site so that the project could be located at their priority location. Thus, we see this lot near the 9-11 Memorial Park as a possibility and will investigate it further if the Amityville elects to pursue a predevelopment contract.



Across the street from the LIRR

**FOUR HOUSES ALONG LIRR LINE
15-51 RAILROAD AVENUE**

These four houses, owned by three owners, are situated directly across from the LIRR and about a block and a half from the LIRR station. The ownership structure and prospect of negotiating with three owners could make site acquisition extremely challenging.



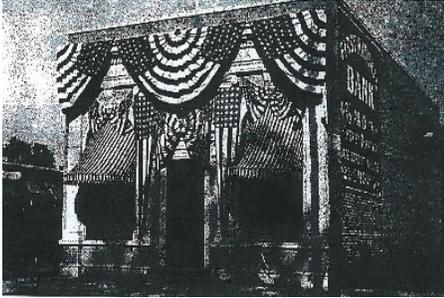
U-shaped apartment building

**APARTMENT BUILDING
290 BROADWAY**

Built in the 1950s, this U-shaped apartment building is across the elevated LIRR tracks from the downtown core. Although it is within walking distance from the train station and other potential sites, this property feels less connected to downtown activity. Another concern discussed on the tour is that this building is currently occupied – potentially with affordable housing. If this property is to be repurposed, it is likely that a relocation option would need to be provided to the current residents. The cost of relocating residents makes this property much less viable.

**AMITYVILLE THEATER BUILDING
219-233 BROADWAY**

Built in 1909, this three-story building has approximately 30,000



Before it was a theater, it was a bank. Decorated here for Trolley Day in 1909.

square feet. The upper two floors are used as offices and the first floor, with its 12-foot ceilings, is currently vacant. A 170-stall public parking lot is adjacent to the building. The location of this site is excellent, and Patchogue Mayor Pontieri, who joined in the first portion of our site tour, couldn't agree more. After hearing the asking price of \$5.9 million, we are a little less certain. The realtor did stress that the owner is a willing seller. We encourage the group to help us learn more about this site as we progress with our work and analysis in Amityville.

ADDITIONAL SITES

Other sites we briefly toured and discussed include:



LIRR station and MTA parking lot

- Portion of MTA parking lot on Oak Street: The lot is owned by the village and leased to the MTA as a commuter parking lot. Because it is village owned, it may be a logical development opportunity. However, because the MTA has a long-term lease on the land and needs the space for parking, the process of acquiring it could be quite involved. It was mentioned that the local representation to Albany have been briefed on the possibility of reuse for the site and that a different arrangement may be needed to accommodate the MTA's needs. Little is known about the viability of this lot, but it is certainly worth a second look.



New life for the old Village Hall

- Old Village Hall at 21 Greene Avenue: We stopped in to witness some of the new life that has come to this historic property. The Village government vacated this building to move to its new facility about three years ago. It was purchased and is currently being renovated by a group of young entrepreneurs. The second floor is leased to a start-up woman's clothing boutique showroom, a social media specialist, a therapist, and an accounting firm. The owners are now building out the ground level as co-working space, which will cater to startups by providing members with work space and access to amenities such as wifi, printer/copier, meeting room, and of course, coffee. Our understanding is that this property is not a contender for a new Artspace-style project, but we make note of it to highlight the investment that young entrepreneurs are making in downtown Amityville and to recommend that a future live/work project should complement this activity.
- Historic Trolley Tour of famous sites, landmark homes, and places of civic pride: This information is invaluable to

Artspace in understanding the whole picture of a community. Some of the notable places on the tour are: the library; Chief Shea House; Old Gate House; former Brunswick Hospital site; Bordalem Complex; Walt Whitman's home; Irene & Vernon Castle's home (they famously taught Fred Astaire and Ginger Rogers); Fred Stone residence where Will Rogers broke his neck; Nautical Park where art films and fairs are held; the beach and the newly constructed beach Pavillion built by volunteers to replace the one that was destroyed by Hurricane Sandy in 2013.

Conclusion

Once we have a better understanding of the market demand in Amityville, as part of a predevelopment scope of work we would look more carefully at these and other sites, factoring in market preference, alignment with village and community goals, ease and cost of acquisition, parcel size, funding options, access to public transportation and other factors. Due diligence in this phase would include discussions with property owners, review of available site information (environmental conditions, zoning, soil reports, and so on) and would progress to third party evaluations as needed and ultimately site control negotiation for the priority site.

FINANCIAL ANALYSIS

An Artspace live/work project typically represents a significant investment of civic resources. A typical project of 50 to 70 units of affordable housing for artists plus community and commercial space costs \$15 to \$20 million. Predevelopment expenses – the “soft” costs, such as architects’ fees, that must be met before construction can begin – are seldom less than \$750,000 regardless of the size of the project. Although a variety of federal and state programs, such as Low Income Housing Tax Credits (LIHTC), can be used to generate revenue for construction, we look to the community for predevelopment revenue and commitments of affordable housing allocations in a combination of Community Development Block Grants (CDBG), HOME funds, other housing and economic development programs, and private philanthropic support.

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 have to share in this vision to maximize impact.

At the Financing and funding Focus Group, we were encouraged by the participation of both Village and private entities in the discussions around where the funding might come from, and it was clear that a private/public partnership would be highly likely and very possible in Amityville. We also brought knowledge from Artspace’s experience working in New York State on projects in Buffalo, Patchogue, and Manhattan.

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

- From our previous work in New York (projects in Buffalo, Patchogue, and Manhattan; and consulting on a non-Artspace project in Albany) we know some of what is needed to secure Low Income Housing Tax Credits (LIHTC) from the New York State Housing Finance Corporation. However, the Qualified Allocation Plan changes annually, so as a potential project moves forward, it will need to be reviewed for any updates.
- New York has a State LIHTC that is layered on top of the Federal LIHTC. This additional source aids in filling any gap and is an invaluable piece of the financing puzzle.
- Artspace has deep relationships within the New York philanthropic community, which may be helpful when fundraising for an Artspace project. However, a local fundraising strategy will also need to be put in motion. One way to get the attention of the New York (and national)



Artspace Buffalo Lofts // Buffalo, NY

philanthropic community is to consider a project vision with broader social justice goals that might align with the visions of larger foundations that are less focused on the arts.

- Amityville has a strong community spirit, pride, and resources. Several community members confidently told us that any gap could be filled locally. This assertion will need further investigation before taking it to the bank – but confidence can go a long way in fundraising.

Among the civic and elected leaders, there appears to be a broad consensus that the arts are an important part of Amityville’s identity and that an Artspace live/work project would be a good fit for the community. To the extent that our first impressions were correct, we see no major financial impediments at this time. We acknowledge, of course, that the public programs used for this type of development, such as the CDBG program and the LIHTC program, are constantly under fire and increasingly competitive.

That said, mixed-use arts projects of the kind Artspace has developed over the years can tap into a number of federal and state funding programs. Chief among these are LIHTCs, a federal program established in 1986 to encourage the development of affordable housing and amended in 2008 to extend the definition of eligible projects to those intended for artists. If the project involves a building on the National Register of Historic Places, federal and state Historic Preservation Tax Credits can also be used.

Low Income Housing Tax Credits come in two “flavors,” 9% and 4%, that reflect their relative value. Competition is fierce for the 9% credits, which can generate more than half the funds needed for an affordable housing project. The 4% credits are much less competitive, but even though they come with a supplemental allocation of bonds, they fall well short of the 9% credits as a funding source.

Every Artspace project – even one supported by 9% credits – has a funding gap, typically between 12% and 15% of the total project cost, that must be closed with income from other sources. Community Development Block Grants, HOME funds, and other public programs can help close the gap. However, we rely on the philanthropic community for the final dollars. In a 4% LIHTC deal, the gap is larger and the reliance on philanthropy is correspondingly larger.

Philanthropy comes in the form of gifts from foundations, corporations, and in some cases, individuals. Strong city and state leaders can often identify and prioritize funding for projects they feel strongly align with their community goals. We saw the potential for this kind of support in Amityville.

The chart below shows in simplified form the financial sources for a \$16 million, 60-unit Artspace live/work project (with 13,000 square feet of ground floor commercial space) in Buffalo. The \$1.4 million in philanthropy helped cover the costs of the creative commercial space, common area

community space, and other amenities unique to Artspace buildings with artist tenants.

Financial resources can vary widely from project to project because certain tools, such as Tax Increment Financing (TIF), are not available in every community. However, some themes are constant across the Artspace portfolio: 80% of financing comes from some federal, state or local resource already dedicated to housing or economic development; the remaining 20% is secured through philanthropy, a first mortgage, and sometimes a sponsor loan – that is, a portion of Artspace’s developer fee paid back over the life of the project.

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

Funding sources for Artspace Buffalo Lofts // Buffalo, NY

One final consideration relating to financing and the gap is that the cost-per-unit is higher in an Artspace project than it is in traditional LIHTC projects. This is due to four basic features of our projects that relate to their effectiveness for the arts and the unique nature of functional artist space: larger hallways so they can be used as galleries, common areas, larger size of units to accommodate living and working space, and volume of spaces within the units due to the higher ceilings.

For commercial space, Artspace seeks relationships with creative businesses seeking space and plays a curatorial/business development role with these prospective tenants. The amount of commercial space depends on the building, size of parcel, market, and most importantly, the

location. The Amityville Downtown Revitalization Committee’s role will be instrumental in helping to identify exciting commercial tenants that compliment the commercial corridors and align with neighborhood priorities.

LOCAL LEADERSHIP

It cannot be overstated how critical local leadership is to the future success of an Artspace project. Without someone on the ground who can advocate effectively for the project, open doors, and keep lines of communication open between the developer and the community, there is little chance of success. What is local leadership? It is certainly elected officials who control agencies and program dollars but it is also citizens who are passionate about making their community a better place to live, work, and play.

We were genuinely pleased with the leadership from both the public and private sectors. Tom Howard and Eileen Kretz McCarthy, Co-Chair and committee member (respectively) of the Amityville Village Downtown Revitalization Committee, are the very kind of non-elected leaders needed to advance a project. Such strong leadership early in the process bodes well for future steps toward creating a project in Amityville. Mayor Wandell, Co-Chair of AVDRC, and Deputy Mayor Bernius are also remarkably dedicated to the effort. They generously offered guidance from the planning of the visit, all the way through the entire two-day visit. This level of participation by elected officials does not happen in many communities, and we see it as an important signal that the Village is willing to participate and even lead the conversation when needed.



Tom Howard, Co-Chair of Amityville Village Downtown Revitalization Committee introduces Artspace at the Public Meeting

We visited with several elected officials, some newly elected (we visited the day after the mid-term elections in November), and all enthusiastic about the idea of bringing something like this to Amityville. They pledged to be supportive and helpful at the legislative and agency level when the

time comes. This is important because much LIHTC disbursement is decided either by a legislative or agency/governor appointed board. If a project advances in Amityville, we recommend involving these individuals on the steering committee or task force.

Lastly, it is our impression that Patchogue and Amityville share a bit of a friendly rivalry and often coordinate and cooperate on community initiatives. Mayor Pontieri of Patchogue attended both the public meeting and the leadership focus group. At both meetings he spoke passionately and frankly about the work that went into creating an Artspace project in Patchogue and the measurable and immeasurable impact it has had on the community. It was not lost on those attending the leadership focus group that much of Patchogue's renaissance is due to this investment in the arts and culture, which includes bringing more arts activities and housing opportunities to the downtown core. The consensus of the focus group was that this is the direction they want Amityville to move; it will be up to these leaders, and many others, to make it happen.

POTENTIAL FOR SUSTAINED COMMUNITY IMPACT

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

A 45-75 unit mixed-use project would have an enormous impact in Amityville, particularly if located in the downtown core – near the “triangle” of Park Avenue and Broadway – where it would become a catalyst for other positive economic impact and where cultural heritage is important to preserve. As the project concept evolves, its “creative placemaking” capacity will continue to play a central role. The entire village benefits when a project includes artistically and culturally diverse tenants and offers community-accessible space for gathering, creating, and collaborating. These shared spaces not only bring the artist tenants together as a community but also provide the public with access to workshops and classes, performances and exhibits, and other on-site events.

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

In any discussion of our work, it should be noted that Artspace live/work projects are unlike most affordable housing in that we use an “artist preference” policy to fill vacancies. For each project, we appoint a committee made up of artists who are not candidates to live in that project. The committee

then interviews income-qualified applicants to determine their commitment to a career in their chosen art form. It does not pass judgment on the quality of applicants' 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."

The Artspace live/work model has been proven to benefit communities by:

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

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

NEXT STEPS

Amityville is well-positioned to continue its focus on creating a healthy mixture of affordable space opportunities that attracts creative professionals, retains young people, encourages artists looking to return home after working and studying in Manhattan or Brooklyn, and enhances the regional economy. Building on the impact of the creative community, in our view, is a dynamic step toward that goal.

The timing of downtown development focused on the creative sector in the vicinity of the Long Island Railroad station seems particularly ripe for Amityville. An Artspace project would complement the current activities near the intersection of Park Avenue and Broadway and help attract other mixed-use and commercial development.

We strongly recommend the next step in the traditional path to an Artspace project, an Arts Market Survey, to help Amityville understand the depth and breadth of its creative community. An Arts Market Survey will quantify the need for artist live/work and studio space and other kinds of spaces, thereby providing reliable information for others – including prospective LIHTC investors – whose support will ultimately be needed. Our gut feeling tells us that Amityville can support 50-60 units of artist housing and/or studio space. But bankers do not accept gut feelings as sufficient reason to offer a mortgage loan: they require the statistical evidence of market need that an Arts Market Survey can provide.

Since Amityville is focused on redeveloping its downtown, increasing the mixture of housing opportunities and continuing to become an increasingly vibrant place for people of all ages, Artspace recommends looking at multiple opportunities for development that focus on the creative sector. We believe, based on the strength of the market survey, that other developers in the area could jump on the bandwagon to consider creative space within their mixed-use developments once the market demand is better understood. Artspace could play a future role in helping to educate developers about how and why space for creatives is important and desirable and will help with their marketing efforts.



Artspace Committee and Artspace staff pause for a photo in front of Amityville Village Hall

In Amityville, we believe the next key steps are these:

- From the group that was assembled for our visit, build a core group of advisors who will be key ambassadors for the project moving forward.

- Collaborate with the local arts community on an Arts Market Survey that focuses on the space needs of individual artists and their families.
- Post-market survey, enter into a predevelopment agreement during which the first scope of work is site evaluation and due diligence – environmental testing, space planning, etc. See “The Path of an Artspace Project” (Appendix I), which provides an overview of the steps involved in advancing a successful project.

We believe a project that includes both affordable live/work housing and space for creative businesses and working studios would provide a tremendous boost to the reputation and visibility of Amityville’s arts community as well as stable, permanently affordable space. The presence of a critical mass of creative people would do much to ensure a permanent home for artists, enhance the area’s reputation as an arts hub on Long Island, partner in educational activities, and catalyze additional development in commercial nodes. By providing affordable, long-term sustainable space for artists, we believe Amityville would be taking a proactive step to ensure its affordability and vitality in the decades to come.

ABOUT ARTSPACE



Artists at work

With affordable space to live and work, our resident artists can unleash their creativity.



Lively neighborhoods

Our projects spur economic activity and dynamic street life in the area.



Sustainable solutions

Our projects provide long-term affordable space without ongoing fundraising.

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. 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, DC.

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 35 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 the buildings it develops; our portfolio now comprises more than \$500 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 I

THE PATH OF AN ARTSPACE PROJECT

Rome wasn't built in a day, and neither is an Artspace project. In fact, a typical Artspace live/work project takes from four to seven years to complete. Although no two projects are precisely alike, they all travel a similar path through the development process.

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

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

STEP 2: ARTS MARKET SURVEY

Overview	<ul style="list-style-type: none"> • Assessing the Need
Primary Activities	<ul style="list-style-type: none"> • Assemble a comprehensive list of artists (and arts organizations, if applicable) in the area • Reach out to artists and creative organizations from diverse arts disciplines, ages, ethnic backgrounds, etc., asking them about their space needs • Conduct a public meeting to launch the survey and educate the community about the project • Analyze and report on survey findings
Deliverables	<ul style="list-style-type: none"> • Written report with recommendations for next steps
Prerequisites for Moving Forward	<ul style="list-style-type: none"> • Sufficient number of responses from eligible, interested artists to support an Artspace live/work project
Time frame	<ul style="list-style-type: none"> • 4-6 months
Cost	<ul style="list-style-type: none"> • \$30,000 (artists only) or \$42,500 (artists and arts organizations)

STEP 3: PREDEVELOPMENT I

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

STEP 4: PREDEVELOPMENT II

Overview	<ul style="list-style-type: none"> • Project Design and Financial Modeling
Primary Activities	<ul style="list-style-type: none"> • With City participation, establish process for selecting architectural team • Confirm development goals and space program with architectural team • Engage architect to create conceptual plans and schematic designs • Engage contractor or cost consultant to provide pre-construction services • Resolve any contingent conditions relating to site control • Create capital and operating budgets • Obtain proposals and/or letters of interest from lender and equity investor financing partners • Prepare and submit Low Income Housing Tax Credit application • Submit other financing applications as applicable • Maintain excitement for the project within the creative community • Encourage and guide local artists to activate the site with arts activities
Deliverables	<ul style="list-style-type: none"> • Schematic designs • Financial pro-forma detailing capital and operating budgets • Preliminary proposals and letters of interest for project mortgage and equity financing • Summary of project status
Prerequisites for Moving Forward	<ul style="list-style-type: none"> • Award of Low Income Housing Tax Credits (first or second application) or commitment of alternative funding
Time frame	<ul style="list-style-type: none"> • 10-13 months
Cost	<ul style="list-style-type: none"> • \$300,000+

STEP 5: PREDEVELOPMENT III

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

STEP 6: CONSTRUCTION

Overview	<ul style="list-style-type: none"> • Construction and Lease-up
Primary Activities	<ul style="list-style-type: none"> • Oversee project construction • Engage local management company • Identify commercial tenants and sign lease agreements • Reach out to potential artist tenants, providing education on the application process • Conduct residential tenant selection process
Deliverables	<ul style="list-style-type: none"> • Completed project ready for occupancy
Time frame	<ul style="list-style-type: none"> • 6-10 months
Cost	<ul style="list-style-type: none"> • Depends on project (not part of predevelopment contract)