PRELIMINARY FEASIBILITY REPORT
Hopkins, Minnesota | October 2017

Prepared at the request of The City of Hopkins
ACKNOWLEDGMENTS

Artspace would like to thank the City of Hopkins for inviting us to conduct the Preliminary Feasibility Visit. Specifically Kersten Elverum and Meg Beekman with the Planning and Economic Development Department for their continued support and coordination. We would also like to acknowledge Lynn Anderson with Hopkins Center of the Arts for hosting us and the focus group attendees for their insight and participation.

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- Hopkins Center for the Arts
- Stages Theater

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- Ryan Kelly
- Patricia Fitzgerald
- Elise Durbin
- Susan Swenson
- Mayor Molly Cummings
- Sarah Hernandez
- Andriana Abariotes
- Sandy Homb
- Aaron Wulff

Quill Art by Fiona Payne on display at HCA
Source: Artspace
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EXECUTIVE SUMMARY

The City of Hopkins invited Artspace, a national nonprofit real estate developer of affordable space for the arts, based in Minneapolis, MN, to conduct a Preliminary Feasibility Study (PFS). The PFS is a process to evaluate the potential for long-term affordable space solutions for Hopkins’ creative sector and to recommend next steps for creating space. The PFS is a methodology created by Artspace to respond to communities seeking their own affordable artist live/work, mixed-use development. Initially an Artspace development screening process only, the PFS has evolved over the years into a tool for advancing a community vision without regard to the project concept or eventual developer. Information is collected during a community visit consisting of a series of focus groups, site tours, and a public meeting. Artspace uses its 30+ years of knowledge as a practitioner in the field, including its wealth of experience in Minnesota, to make its recommendations for next steps. The study methodology is qualitative and a process unique to Artspace. It is focused on six criteria:

- Project Concept
- Arts Market
- Local Leadership
- Funding & Financing
- Potential Sites
- Alignment with Broader Community Goals

The Hopkins Preliminary Feasibility Visit took place August 8-10, 2017. During the three days, Artspace staff met stakeholders, visited current arts assets, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President; Anna Growcott, Director; and Aneesha Marwah, Manager, from the Consulting and Strategic Partnerships Department. Due to the proximity of Hopkins to Artspace’s home office in the North Loop of Minneapolis, other members of the staff were able to participate in the visit, namely Steve Stanley, Vice President, Property Development; Alyssa Kelley, Manager Property Development; and Jaron Bernstein, Consulting and Strategic Partnerships Intern.

What follows is an executive summary of the full Preliminary Feasibility Report, which contains Artspace’s observations, findings, and recommendations from its visit. For greater nuance, detail, citations, and context, please refer to the full report.
FINDINGS OVERVIEW

Hopkins has embraced a "can-do" culture. It defies suburban stereotypes of being car-dependent and unaccommodating to pedestrians. It has welcomed the influence of the three forthcoming Southwest LRT stations and has extremely progressive plans for dense, multifamily, mixed-use projects along the station areas. Hopkins' historic, intact Mainstreet is both the backbone and the heart of the community. Anchored by the Hopkins Center for the Arts which opened in 1997, downtown has become a magnet for other arts-friendly businesses.

Recently the City and the Public Art Committee has focused on its public art infrastructure. The Artery, a planned pedestrian/bike-intensive connection from the upcoming LRT station to the Lake Minnetonka Regional Trail north of Mainstreet, is a noteworthy example of this investment in the arts.

All of this "urban" thinking set the stage for the City of Hopkins Planning & Economic Development staff to reach out to Artspace to help them create more affordable housing specifically for area artists and their families, as well as space for new and growing creative businesses.

PROJECT CONCEPT

In Hopkins, the creative people that Artspace met during the Preliminary Feasibility Visit expressed a need for a variety of types of affordable creative space. Interest in live/work housing, collaborative space with specialized equipment, small performance/event space, private creative work space leased on a short-term and long-term basis, community space, and retail space for creative businesses were all expressed by focus group members.

Live/work housing that is family-oriented would be beneficial and welcome Downtown. There is focus among City staff and community members on wanting to make sure a new arts-centric facility is located Downtown to build off of the momentum of the Downtown arts scene that has been created in recent years. Artspace recommends the exploration of a mixed-use artist housing development as the priority project concept for Hopkins.

ARTS MARKET

The Preliminary Feasibility Study provided Artspace a deeper understanding of the breadth of the arts scene in Hopkins and parallel priorities of the creative community. Some of the themes that emerged repeatedly are that Hopkins is culturally diverse, has a funky vibe, family-friendly, welcome to density downtown, creative, open to new ideas, wants to become a regional arts destination.

During the Artists and Arts Organizations and the Business Sector Focus Groups, attendees were asked if they and/or their peers need space - residential, studio, exhibition, rehearsal, performance, display, sales, education, office, storage, etc. They were also asked what they consider "affordable" in terms of rent and what amenities are high priorities for them. This information helps Artspace assess the feasibility of the Project Concept and lays the groundwork for the quantitative Arts Market Study, the second step on the path to an Artspace project. A successful survey will reach well beyond Hopkins to creatives who currently live and/or work in surrounding cities, including Minnetonka, Saint Louis Park, Minneapolis, and Saint Paul.
LOCAL LEADERSHIP

Strong leadership is essential to the successful development of an Artspace project development or space initiative. The most impactful projects include a coalition of supportive leaders from both the public and private sectors. For this reason, Artspace highly recommends local communities form a Core Group made up of both. In Hopkins specifically, local staff leadership is extremely strong. Mayor Molly Cummings offered her strong support and insight at both the Finance and Funding Focus Group and the public meeting. The Council has shown their support in bringing Artspace in for this Preliminary Feasibility Study. Support at the City level is key to the success of making a mixed-use affordable live/work project a reality. This representation and input across sectors bodes well for any project that Hopkins decides to pursue.

As any project moves forward, it will be important to continue connecting and communicating with arts and business sector leadership. There should also be an added effort to reach out to communities of color by the local project leaders to ensure participation reflects the diversity of Hopkins.

FUNDING AND FINANCING

An Artspace project represents a substantial financial investment in the community where it is located. A typical project of 50 to 70 units of affordable housing for artists plus community and commercial space costs $15 to $20 million. In most cases, however, only a fraction of that investment comes directly from the community itself. This is because Artspace relies mainly on federal programs, such as Low-Income Housing Tax Credits (LIHTC), Historic Tax Credits (HTC), and HOME funds, to pay for development projects.

Nevertheless, the local community does play a significant role in the broader funding and fundraising effort, especially during the early steps of the process. Predevelopment expenses, the “soft” costs, such as architects' fees, that must be met before construction can begin and are usually $750,000, regardless of the size of the project. Artspace looks to the community for private and public predevelopment funds and commitments of affordable housing allocations in a combination of Community Development Block Grants (CDBG) and HOME funds, Tax Increment Financing (TIF), private philanthropic support, or the equivalent. If affordable housing is not part of the project, the community’s financial role is likely to be much greater than otherwise. There is an impressive array of tools and comprehensive planning goals for affordable housing in Hopkins. The Funding and Finance Focus Group was well represented and helped Artspace develop this list of potential sources.

- Low Income Housing Tax Credits (LIHTCs)
- Historic Tax Credits (HTCs)
- New Market Tax Credits (NMTCs)
- HOME Program
- Tax Increment Financing (TIF)

- Metropolitan Council
  - Livable Communities Demonstration Account (LCDA)
  - Local Housing Incentives Account (LHIA)
  - Tax Base Revitalization Account (TBRA)
  - Transit Oriented Development (TOD)

- Hennepin County
  - Affordable Housing Incentive Fund (AHIF)
  - Transit Oriented Development (TOD)
POTENTIAL SITES

During a Preliminary Feasibility Visit, Artspace's goal is to identify potential areas or sites for further study should a 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.

Seven potential sites were toured during the Preliminary Feasibility Visit. All were located on or immediately adjacent to Mainstreet, and within walking distance of Hopkins Center for the Arts. The top three sites that emerged through our conversations with City staff and by assessing each through Artspace’s site selection criteria were the Katherine Curren School, The “Raspberry Site” (26-30 8th Ave North), and the Downtown Park parking lot/900 Building. Each site has its own strengths and weaknesses further detailed in the full report. These findings are preliminary and based on currently available information; much can and will likely change between 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”), but the above three sites should be prioritized as conversations progress.

ALIGNMENT WITH BROADER COMMUNITY GOALS

Artspace's best projects are those that make a significant difference in the communities they serve, not only immediately but over time. During focus groups, Artspace outlines the mission-driven goals that are central to every Artspace development. Participants shared their ideas about broader community goals and how a new arts facility can help accomplish them.

Hopkins focus group participants identified three priority community goals from a list of twelve that could be addressed by a mixed-use arts facility.

- ANCHOR AN ARTS DISTRICT
- SUPPORT CREATIVE BUSINESSES/NONPROFITS
- PRESERVE OVERALL AFFORDABILITY

Other community goals that came up in conversation were focused on downtown revitalization and an increase in residential density. Participants spoke about celebrating the cultural community of Hopkins and the importance of including ethnically diverse voices at the table. Community leaders also expressed their hope that the site of a new project would continue transit oriented development efforts in coordination with other placemaking, walkability, and bikeability initiatives.

Community Goals Prioritized by Focus Groups
Source: Artspace
RECOMMENDATIONS AND NEXT STEPS

Artspace believes a Project Concept that includes both affordable live/work housing and space for arts organizations would provide a tremendous boost to the reputation and visibility of Hopkins' arts community. It would also provide a stable, permanently affordable space for the creative sector. The additional presence of creative people would help create a critical mass to ensure permanent affordability for artists, and further development in Downtown.

Artspace strongly recommends proceeding to an Arts Market Study, to help Hopkins understand the depth and breadth of its creative community. Hopkins should begin pursuing funding for the study and gather a diverse group of leaders to serve as an advisory committee to the survey process.

Hopkins should also take steps to connect with potential private sector funders, the cultivation process can be lengthy and with the strong market potential for a development it is never too early to start. After completing the Arts Market Study, the next step toward an Artspace project would involve entering into a predevelopment agreement.

ARTSPACE LIVE/WORK HOUSING DEFINED

Live/Work Space is residential space where artists are able to 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. Appropriately designed live/work spaces meet both the artists residential and professional space needs without the financial commitment of renting two spaces. Other variations of this type of space include Work/Live Space, in which the primary use is commercial and minimal square footage is used for residential purposes. If affordable housing financing is utilized, all "artists" must still qualify for affordable housing by income.
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<th>FINDING</th>
<th>RECOMMENDATION</th>
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<td>PROJECT CONCEPT</td>
<td>Interest in:</td>
<td>A mixed-use artist housing development as the priority project concept for Hopkins to consider.</td>
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<tr>
<td></td>
<td>• Collaborative space with specialized equipment</td>
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<td></td>
<td>• Performance/event space,</td>
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<td>• Private creative work space on a short-term and long-term lease basis,</td>
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<td>• Community space, and</td>
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<td>• Retail space for creative businesses as well as</td>
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<td>• Live/work housing</td>
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<td>ARTS MARKET</td>
<td>• The Downtown arts scene is thriving and any arts facility project should build on that momentum.</td>
<td>Proceed with an Arts Market Study to quantifiably test the size and nature of the market.</td>
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<td>• Space is currently more affordable than in Minneapolis.</td>
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<td>• HCA a big asset to the arts</td>
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<td>LOCAL LEADERSHIP</td>
<td>Strong leadership from City staff, and elected officials and the arts community</td>
<td>Incorporate more diverse private business and arts organization leaders that can help propel a project forward</td>
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<td>FUNDING &amp; FINANCING</td>
<td>Hopkins is well versed in public funding and financing tools available for affordable housing</td>
<td>Identify private and philanthropic funding sources and cultivate relationships</td>
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<td>POTENTIAL SITES</td>
<td>• Focus on opportunities near Mainstreet.</td>
<td>• Closely monitor the three top sites.</td>
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<td>• Both existing buildings and vacant lots are good prospects</td>
<td>• Initiate early conversations about their potential for low cost acquisition</td>
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<tr>
<td>ALIGNMENT WITH BROADER COMMUNITY GOALS</td>
<td>In addition to downtown revitalization and TOD efforts focus group participants prioritized:</td>
<td>• Reach out to Hopkins’ diverse ethnic communities to participate.</td>
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<td>• Anchor an arts district</td>
<td>• Seek out potential arts-centric tenants that would be in keeping with the goal of supporting the local creative economy</td>
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<td>• Support creative businesses/nonprofits</td>
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<td>• Preserve overall affordability</td>
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COMMUNITY PROFILE

INTRODUCTION

Hopkins, Minnesota, located 10 miles west of Downtown Minneapolis is now considered a suburb, but it did not start that way. Prior to becoming the Village of Hopkins in 1928, it was first incorporated in 1883 as West Minneapolis with a population of 1,100 residents. Minneapolis Threshing Machine Company, later called the Minneapolis Moline, contributed to the significant growth of West Minneapolis. The factory built worker housing, increasing the population to more than 3,000 by 1920. The Village of Hopkins became the City of Hopkins once it received its charter in 1947 and today is 98% developed with little vacant land.¹

Hopkins’ roots in worker housing is still evident today; modest homes and one bedroom units dominate much of the downtown housing stock. Despite the predominance of single-family homes, only 38% of Hopkins residents own their own homes, which is low compared to its neighboring cities of Saint Louis Park, Edina, and Minnetonka, all of which have between 60-70% home ownership.²

Hopkins, although slightly less affluent than its neighbors, has embraced a “can-do” culture. It defies suburban stereotypes of being car-dependent and unaccommodating to pedestrians. Hopkins has welcomed the influence of the three forthcoming Southwest LRT stations and has extremely progressive plans for dense, multifamily, mixed-use projects along the station areas. These projects rival anything currently underway in Minneapolis, including in the North Loop, where bike- and pedestrian-friendly developments prevail. The signature of these projects, the Moline, has recently been completed with 241-unit market rate apartments and six walkup town-homes. The Moline is located across from the 8th Avenue LRT station site and is adjacent to the Artery, a pedestrian/bike-intensive connection from the station to the Lake Minnetonka Regional Trail north of Mainstreet.

Hopkins’ historic, intact Mainstreet is both the backbone and heart of the community. The historic downtown has an authentic, “live-in” feel, primarily because it is. Hopkins residents can visit the post office, City Hall, the library, the hardware store, a movie theater, and buy groceries all within a walkable downtown that features a shared parking system owned by the City and shared by the downtown businesses.

All of this “urban” thinking set the stage for the City of Hopkins Planning & Economic Development staff to reach out to Artspace to help them create more affordable housing specifically for area artists and their families, as well as space for new and growing creative businesses.

¹ City of Hopkins, MN History http://www.hopkinsmn.com/about/history.php
² Esri Community Analyst, 2017 Estimates
HOPKINS’ ARTS SCENE

The Hopkins Center for the Arts opened in 1997 and is a major contributor to the depth and breadth of the “arts scene” in Hopkins. With a theater, visual arts gallery, classrooms, event space, and special classes for early childhood, the Center provides a home for the arts and a gathering place for the community. It has become a catalyst for other arts-friendly businesses to located to the area such as Zeller Studio, Mill City Sound, Bongo’s and Bud’s Music and Kiddywampus. The arts scene in Hopkins has changed and adapted to the City’s new, growing immigrant populations and today includes House of Dance, which is co-owned by a dynamic Hmong and Caucasian couple who have fully embraced students from all economic and cultural backgrounds.

This mixture of both tried-and-true and newer arts organizations is a good representation of Hopkins. The newer resident populations, combined with a progressive City, create the perfect dynamic for a successful development that supports long-term affordability for Hopkins’ creative people.

In addition, the City’s Public Art Committee is also a major contributor to larger public art pieces that add to the vibrancy of the City and its sense of place. The Public Art Commission has placed nearly a dozen original art works in downtown Hopkins since 2010 and are hard at work to place major art works as part of the Artery and at the three LRT stations, another indicator of strong civic pride and creative vitality.

HOPKINS, MN AT A GLANCE

Population (2017 estimate): 18,656
Households (2017 estimate): 8,819
Population, % change 2010-2017: +6.1%
Est. Population Growth 2017-2022: +3.7%
Median Age (2017 estimate): 36.7
Hopkins City Median HH Income: $50,377
Hennepin County AMI: $65,834
Median gross rent, 2015: $926
Renter-occupied HH, 2017 est.: 62.2%
Race and Ethnicity, 2017 (top 4):
- White: 67.0%
- Black/African American: 14.7%
- Asian: 10.1%
- Hispanic/Latino: 8.2%

Source: ESRI Community Analyst
PRELIMINARY FEASIBILITY VISIT

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 Hopkins Preliminary Feasibility Visit was conducted August 8-10, 2017. During these three days, Artspace staff met stakeholders, visited current arts assets, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President; Anna Growcott, Director; and Aneesha Marwah, Manager, each from the Consulting and Strategic Partnerships Department. Due to the proximity of Hopkins to our home office in the North Loop of Minneapolis, other members of Artspace’s staff were able to participate in the visit, namely Steve Stanley, Vice President, Property Development; Alyssa Kelley, Manager Property Development; and Jaron Bernstein, Consulting and Strategic Partnerships Intern.

COMPONENTS OF THE STUDY

During the Hopkins visit, the Artspace team:

• Facilitated three focus group meetings:
  ◦ Artists and Arts Organizations
  ◦ Finance and Funders
  ◦ Business Sector

• Held a Public Meeting in Hopkins Center for the Arts. The session drew nearly 100 participants, including artists, neighbors, representatives from arts and cultural organizations, council members, and the media.

• Toured potential development sites.

• Visited existing art spaces and creative businesses.

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. With headquarters in Minneapolis and offices in Los Angeles, 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. Artspace owns each of the projects it develops and is able to ensure that they remain affordable and accessible to artists in perpetuity. Artspace has led an accelerating national movement of artist-led community transformation. Over the last three decades, 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.
THE ARTSPACE APPROACH

Artspace assesses six key criteria: **Project Concept, Arts Market, Local Leadership, Funding & Financing, Potential Sites, and Alignment with Broader Community Goals** in order to provide feedback about the feasibility of creating an affordable, mixed-use arts facility.

**PROJECT CONCEPT.** The project concept is the type(s) of space that the community would 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, “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 and/or their peers need space to live, work, create, teach, share, and sell their art, how much rent they consider affordable, and what types of amenities are priorities for them. This information helps assess the feasibility of the project concept and 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 the developer and the community? These leaders come to the project 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 & 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 candidates 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.

**WHILE THESE ARE NOT THE ONLY FACTORS ARTSPACE CONSIDERS IN MAKING A RECOMMENDATION TO MOVE A PROJECT FORWARD, THEY HELP FRAME THE DISCUSSION – ESPECIALLY IN THE PRELIMINARY FEASIBILITY STAGE.**
BRINGING ARTSPACE’S NATIONAL EXPERIENCE TO HOPKINS

In addition to the information gathered about Hopkins, 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 artist spaces in Hopkins:

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 are active neighbors and community members. Many artists collaborate with the educational, cultural, and business communities as teachers, community conveners, and volunteers.
QUALITATIVE FINDINGS

PROJECT CONCEPT

The first question Artspace asks when first entering a community is: “What are you trying to accomplish?”

Certain 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 whether a new arts facility makes sense for them – and, if so, what kind of project it should be. While the space needs of creatives in every community are different, Artspace has learned from 30+ years of conversations with artists, arts organizations, and creative businesses and entrepreneurs that there are commonalities across the types of spaces that are needed to live, create, and present creative work. Although affordable live/work space for artists is central to most Artspace projects, residential live/work projects are not necessarily the right fit for every community.

In Hopkins, the creative community is in serious need of a variety of types of affordable creative space. Established artists, particularly those who practice art forms that are not clean or safe enough to be done at home, need studio and makerspace dedicated to their craft. We heard that non-residential spaces currently available in Downtown Hopkins do not have adequate space, light, or other necessary amenities. Similarly, established arts organizations, such as Stages Theatre Company, have outgrown their current space and need additional room for classes and programming. The Hopkins Center for the Arts (HCA), a fantastic resource for many organizations and individuals in the community, is currently scheduled to capacity.

In all cases, Artspace looks at the needs and goals of the creative community, the will and resources of the private and public sector, and any well-aligned opportunities that may drive the Project Concept(s) in a particular direction.

PRIORITY PROJECT CONCEPTS

Each focus group provided ideas about what they would like to see and do Downtown. The Artists and Arts Organizations Focus Group, in particular, provided very specific ideas about their vision for a project concept. Their ideas reflect the spaces that they and/or their colleagues and organizations need to continue creating and presenting their work. Attendees were asked to write out or draw a picture of their preferred concept.
The top concepts for affordable, creative space in Downtown Hopkins were as follows:

**LIVE/WORK SPACE** is residential space where artists are able to 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. Other variations of this type of space include Work/Live Space, in which the primary use is commercial and minimal square footage is used for residential purposes.

Hopkins focus group participants were interested in this sort of space and thought the density would be a good addition to downtown. It was noted that this concept would be especially appealing for younger families interested in locating downtown. Residential live/work space was most appealing if it was coupled with some sort of creative space for the public on the ground floor.

**COLLABORATIVE SPACE** offers shared equipment, education, and community for working creatively and/or making things. These spaces usually are run by a non-profit or business and can be accessed through a membership basis. Collaborative spaces include co-working and makerspaces and can be designed for specific purposes such as ceramics, 3D printing, community kitchens, and woodworking. These types of spaces provide access to space and/or equipment that is expensive, impractical, or in the case of industrial arts unsafe, to lease or own outright. Interest in these types of spaces has increased nationally in the last few years. It is a growing trend that is rooted in many traditional and contemporary art forms.

Multiple participants expressed interest in a collaborative space for metalworking, ceramics, printmaking, photography, and other arts-focused makerspaces. The closure of the foundry in the Minnetonka Center for the Arts has left a need for a place to cast metal sculptures.

**PERFORMANCE/EVENT/REHEARSAL SPACE** serves organizations and individuals looking to rent space for private events, performances, rehearsals, or community gatherings. This would usually be on a fee or hourly basis and can take the form of a proscenium theater, black box, music venue, or flexible event space.

With the Hopkins Center for the Arts (HCA) programmed to capacity, a more casual and affordable event space would serve the creative residents of Hopkins well and complement the more established performing arts scene. Stages Theater also expressed the need for more rehearsal space and space for educational programming. Either or both of these organizations could be good community partners to administer a black-box style flexible space, for example. This could also serve as a more casual gathering place for club meetings.
PRIVATE CREATIVE WORK SPACE is specifically designed for the creation or practice of art. Private studio space can be rented under an annual lease agreement or on an occasional, or short-term basis. Uses can include rehearsal spaces, fine arts studios, industrial work space, teaching, offices, recording studio, sound proof rooms, etc.

Participants mentioned they use their garages or homes currently for their creative work. Having this sort of space in Hopkins would allow these small businesses or artists to grow. Hopkins also has a burgeoning music scene. A desire for a safe space to store instruments that also has sound proofing for musicians to rehearse was noted multiple times.

COMMUNITY SPACE is usually included as an amenity in Artspace mixed-use projects. It is un-leased space that the residents and tenants of the building program with arts activities, it can be indoors or outdoors. These spaces are designed flexibly for a variety of uses including: gallery showings, performances, community events, rehearsals, auditions, classes, meetings, gatherings, etc. These spaces foster a strong sense of community within the building and offer opportunities for the broader community to interact with the artists.

Focus group participants expressed interest in community spaces such as: a public plaza, green space, open communal space for writing, and teaching space. This space could be programmed in coordination with other Hopkins events that bring the community together.

RETAIL SPACE is designed to be accessible to visitors, customers, and the public for the display and sale of products or services. This can take the form of galleries, cafés, gift shops, dance schools, etc. Unlike studios and workspace, the units are on the ground floor or in another highly visible location. Retail space is typically leased exclusively for a period of one year or longer. This can also be space a non-profit partner may rent.

Artists in Hopkins noted a lack of spaces to sell their art and the challenge of transporting it great distances to arts fairs and markets. This sort of space could fill that need. Retail spaces and pop up galleries were mentioned, in addition to coffee shops and small restaurants.
DEFINING A PROJECT CONCEPT IN HOPKINS

There is a strong desire among City staff and community members to harness the local creative energy and produce a facility (or facilities) that provides sustainable affordable space for the creative sector. With existing assets, like the HCA, at capacity and the impending construction of three Southwest LRT stations in Hopkins promising to bring more visitors, businesses, and residents to Hopkins, the timing could not be more fitting for a creative space development.

Based on our visit and hearing from the different stakeholders in the community, Artspace recommends the exploration of a mixed-use artist housing development as the priority project concept for Hopkins. A development with affordable live/work housing for artists on its upper floors and private studio/collaborative space/commercial space on the ground floor, would be appropriate to pursue in Downtown. This concept was articulated by City staff and reiterated by participants in the focus groups and public meeting.

The following sections of this report are presented with this priority project concept in mind.

ARTS MARKET

The term “arts market” refers to the demand for the kinds of space that artists regularly need and use. As previously noted, the goal of the Preliminary Feasibility Visit is to obtain qualitative data from artists and others familiar with the local arts scene. During the Artists and Arts Organizations and the Business Sector Focus Groups, attendees were asked if they and/or their peers need space - residential, studio, exhibition, rehearsal, performance, display, sales, education, office, storage, etc. They were also asked what they consider “affordable” in terms of rent and what amenities are high priorities for them. This information helps Artspace assess the feasibility of the 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 definition of an “artist” broad because each community has different definitions of what it means to be creative. Residents of Artspace buildings range from veterans, formerly homeless, retirees, service workers, teachers, parents – and they also happen to be artists. 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 Artspace has completed in the past 15 years shows that only about 10% of artist respondents make 100% of their income through their art.

The focus groups geared to artists and creative businesses provided Artspace the opportunity to gather anecdotal information about the needs, trends, and vision of Hopkins’ artists. The conversations that also developed through the tour, public meeting, Core Group discussions, helped frame Artspace’s understanding of the market and needs of the creative businesses.
WHO IS AN ARTIST?

Artspace’s definition of an artist is very broad. An artist is a person who has a demonstrable commitment to the arts or a creative pursuit. This does not mean that the artist generates any or all income through his or her art. This definition includes people who create in any of the following areas:

- Fine arts, including but not limited to: painting, drawing, sculpture, book art, mixed-media and print-making.
- Imaginative works of aesthetic value, including but not limited to film, video, digital media works, literature, costume design, photography, architecture and music composition.
- Functional art, including but not limited to jewelry, rugs, decorative screens and grates, furniture, pottery, toys and quilts.
- Performance, including but not limited to singers, musicians, dancers, actors, and performance artists.
- Other creative fields such as designers, tattoo artists, hairdressers, culinary artists, fashion models, and cultural bearers.
- Education and arts administration, including teachers, curators, arts and culture nonprofit workers.

The focus groups and public meeting were very well attended and had a diverse representation of artistic disciplines and ages. The ten organizations in attendance at the Business Sector Focus Group ranged from the Hopkins Center of the Arts, House of Dance Twin Cities, Stages Theater, Kiddywampus, Zeller Gallery, and Bud’s Music Center. The sixteen artists present at the Arts and Artists Focus Group ranged in their creative endeavors, from sculpture, voiceover work, visual media, dance, advertising, painting, music, photography, novel writing, comic book artistry, screenwriting, and print making among others.

Below is a summary of some of the qualitative comments we heard relating to the Arts Market during the Preliminary Feasibility Visit focus groups and public meeting:

- Hopkins has a funky vibe that residents and artists want to see thrive
- Family-friendly and family-focused housing would be an asset
- Hopkins has a large youth population, need a way to engage them in the project
- Very welcoming community and would like to support cultural diversity, and have a space that activates its rich multicultural community
- The closure of the foundry at the Minnetonka Center for the Arts has left a big need for one in the western suburbs
- Hopkins Center for the Arts is filled to capacity, a more casual event/performance space would complement it
- Artists that have studios in Northeast Minneapolis Art District are concerned about affordability and would like to see similar co-working and collaborative spaces in Downtown Hopkins with a range of amenities
- Multi-family housing downtown is well-regarded, especially as it relates to the new bike/rail transit options
- Creative and collaborative workspaces would serve a larger community than just housing as many area artists are already homeowners
- An Artspace project Downtown would help further develop Downtown Hopkins into a regional arts district
SPACE NEEDS

In general, Hopkins is still considered affordable by many compared to other Twin Cities suburbs. Artspace asked focus group participants to write down what they consider affordable rents for studio/commercial creative space. This is used solely as a gauge to sense what the community needs. Responses were as follows:

**COLLABORATIVE SPACE:**
- $300/month for shared workspace
- $150-$200 for shared workspace
- $150-$250/month
- $300/month
- $150-$200/month
- $0.50-$1.00/SF

**PERFORMANCE/EVENT SPACE:**
- $400-$700 One-time fee
- $200-$300 One-time fee
- $200-$300 One-time fee
- $150 per day

**REHEARSAL SPACE:**
- $10-$15/hour for rehearsal space

**PRIVATE CREATIVE WORK SPACE:**
- $600-$800/month
- $150-$200/month

**AMENITIES**

The following preferred amenities were listed by the artists and organizations in the focus groups:

- Soundproofing
- Equipment storage
- Slop sink
- Wi-Fi
- Parking
- All hours access
- Large doors
- Natural light
- Separate “clean” and “dirty” areas in a shared workspace
- Teen-friendly space
- Renewable energy based design
- Durable flooring, such as wood or concrete
- Specialized equipment and technology, such as ceramics, foundry, woodworking, welding, kilns, and audio visual (sound system and green screen)

“[Hopkins needs] a large, well-ventilated work space, with live and community space nearby in a walkable region near public transportation”
- Artists and Arts Organization Focus group participant

Source: HCA Mainstreet Banners

Untitled 1, by Elaine Beatty, Girl on Tricycle, by Tom Hesson, and Midnight Sun, by Mary Olson

Source: HCA Mainstreet Banners
Though no singular project can be all things to all people, understanding how the community viewed these concepts was extremely valuable in understanding the breadth of space wants and needs in Hopkins. The Arts Market Study will enable Artspace to quantifiably test possible project models. A successful survey will reach well beyond Hopkins to creatives who currently live and/or work in surrounding cities, including Minnetonka, Saint Louis Park, Minneapolis, and Saint Paul.

Given this experience and the interest shown during the focus groups and at the public meeting, the demand is anticipated to be strong. An AMS would test the assumptions that were formed during the course of this PFS and determine:

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

In addition to providing key information about the demand for space within the context of a mixed-use affordable artist housing project, an AMS would also provide valuable information for other developers and organizations who might consider carving out space for artists in their projects.

An Arts Market Study is an in-depth analysis of the space needs of artists and creatives in a community. Starting from a proprietary survey template developed in 2000, Artspace works with the community to modify it to reflect the unique characteristics of the proposed project concept, and then hosts it online for 6-8 weeks. Customizing the survey, publicizing it, collecting data, analyzing the results, and preparing the report takes about six months.

The goal is to determine the size and nature of the market for an affordable mixed-use arts project. It tells Artspace how many live/work units and studios the local arts community can fill and what design features and amenities are desired. It is used effectively to demonstrate need to the public and private entities that decide whether or not to financially invest in an Artspace project.
1 - ZELLER STUDIO
Home to the Minnesota Figure Study Collaborative, Deb Zeller relocated from the North Loop in Minneapolis to Hopkins in December 2016. The available parking, lower cost space enabled her to buy her own studio. She currently has fourteen students in the class and a rotating gallery space for artist display.

2 - I LOVE PHOTOGRAPHY
Local photography studio, also has a portrait studio for parents and families to be creative and take their own pictures with props.

3 - MUNKABEANS CAFE & COFFEEHOUSE
Local independently owned coffee shop, that features the art of local artists young and old on its bright walls.

4 - HOPKINS CENTER FOR THE ARTS (HCA)
Arts-based community gathering resource that provides a series of concerts and exhibitions throughout the year. Welcome a quarter million visitors annually. Stages Theater is housed within HCA.

5 - STAGES THEATER
Theater group that entertains thousands of families and children of all ages through their plays and extensive educational programming. Stages is the anchor tenant of the HCA.

6 - KIDDYWAMPUS
Interactive toy shop and art studio on Main Street includes a maker's studio, and party room. This creative business offers art classes and themed parties – such as the Action Jackson Party, with Jackson Pollock-inspired splatter painting.

7 - PROJECTS IN PERSON (PIP)
Guided DIY workshops, supplying all the materials and instruction for novice artists. Projects have included wall art, cutting boards, and coffee tables.

8 - BONGO'S & BUD'S MUSIC CENTER
Music store that sells instruments and equipment, and offers lesson/practice rooms for music students.
9 - COSTA RICA BALLROOM
Dance studio providing private lessons and wedding dance lessons.

10 - MILL CITY SOUND
Neighborhood record store that has become a destination for collectors.

11 - ROYAL COMEDY THEATRE
Opened in 2016, a relaxed, intimate 50-seat comedy club touting its appeal to suburbanites looking for an alternative to Downtown Minneapolis.

12 - THE MOLINE
The new market rate apartment building features the Moline Tractor Museum, a vibrant community space available for rent by the public.

13 - ARTERY
Hopkins is rebuilding 8th Avenue for a cycle track and pedestrian corridor connecting Main Street to the future LRT station, this gateway will include a large public art component.

14 - HOUSE OF DANCE TWIN CITIES
First and only dance studio in Minnesota dedicated to teaching Hip Hop Dance and Art. They are very active in area programming and draw clientele from many surrounding communities.

15 - MAINSTREET BANNERS
City of Hopkins in partnership with HCA developed a public art program for street banners by local artists. The 2’ by 4’ banners add to the arts environment downtown and help showcase local talent.

16 - DEPOT COFFEE HOUSE
Student-run hangout in a former train depot. Adjacent to downtown, this venue offers live music, jam sessions, poetry, open mic nights and encourages creativity and expression in a safe space for teens.
LOCAL LEADERSHIP

Strong local leadership is essential to the successful development of an Artspace project. We cannot overstate its importance: without someone on the ground to open doors, advocate effectively for the project, and keep communication flowing between Artspace 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 Artspace projects possible come from many walks of life. The commonality is a willingness to work hard to make things happen.

Beginning with the Core Group that participates in the entire Preliminary Feasibility Visit, we look for effective local leaders from the very start. Hopkins’ Core Group has the experience with community development projects, the vision for a vibrant and creative Downtown, and the deep connections across the civic, arts, and business sectors. Over the course of the visit, they provided valuable information and insights about Hopkins' history, unique culture, goals, as well as its strengths and weaknesses. This leadership team and its track record of putting catalytic and collaborative projects together is very impressive.

CIVIC LEADERSHIP

The cross-section of leaders from the public sector, including City staff, Hopkins’ elected officials, Hennepin County, and Met Council, who participated and expressed their enthusiasm in an Artspace-style project gives us confidence that there is the political will to move a project forward. The City staff that coordinated the study have a high level of experience and passion for this type of development. Mayor Molly Cummings offered her strong support and insight at both the Finance and Funding Focus Group and the public meeting. Multiple City Council members enthusiastically attended the Public Meeting as well. The Council has shown their support in bringing Artspace in for this Preliminary Feasibility Study. Support at the City level is key to the success of making a mixed-use affordable live/work project a reality. This representation and input across sectors bodes well for any project that Hopkins decides to pursue.

“\text{We are really excited about this possibility. It’s meeting our affordable housing needs & bringing the creative community together}”

- Kersten Elverum, Director of Economic Development & Planning, City of Hopkins

PRIVATE SECTOR LEADERSHIP

Several small business owners participated in the conversations during the Preliminary Feasibility Visit many representing the vibrant Downtown arts community. Twin Cities LISC, and a representative from Ehlers, a municipal financial advisory company were also in attendance to give advice and insight from the private and non-profit funding lens. Both have experience in Hopkins and have invested in other projects Downtown. The uniqueness of Hopkins’ diversity and willingness to add more affordability was reiterated by these leaders.

Who are Local Leaders?

- Elected Officials
- City Staff
- Artists and Arts Advocates
- Citizens
- You! - The Community!
Though there was significant public support for a potential project, these discussions had less participation of local philanthropies, foundations, and banks. As any project moves forward, it will be important to work towards connecting and communicating with potential donors, sponsors, and lenders.

ARTS COMMUNITY LEADERSHIP

Leaders from the arts and creative community have already made a big impact on Downtown Hopkins. Certainly, the effects of the artists’ hard work are very evident, from the impact of the Hopkins Center for the Arts to the several creative businesses and art venues along Mainstreet. The artists and creative business owners that we met have shown that there is plenty in Hopkins to draw people from the Twin Cities out to the suburbs. The enthusiasm, can-do attitude, and savvy of these artists, give Artspace confidence that any project, with their impact will be inclusive and built on the positive momentum that has already begun.

POTENTIAL PARTNERSHIPS

Focus Group participants discussed partnerships that could enrich an arts facility project. Some of the potential partners that were mentioned include:

- Hopkins School District
- Civic groups, such as the Rotary Club of Hopkins
- TwinWest Chamber of Commerce, a regional chamber that serves the west metro area
- Doran Companies, which developed The Moline
- The faith community, which is already interconnected and active on addressing issues such as equity
- Programs in Minneapolis and Saint Paul that are interested in increasing their presence in the western suburbs. For example, one participant mentioned that MacPhail Center for Music may be interested in space.

“The reason I supported [Artspace] is they did this in 30 other communities, and it worked 30 times; can’t do any better than that. It improves the community; it improves the tax base; it takes a piece of property that was paying no taxes...and now it’s going to pay tax back to the city.” — David Kaptain, Mayor of Elgin, IL

Mayor Molly Cummings introducing Artspace at the Hopkins Public Meeting
Source: Artspace

Quill Art by Fiona Payne on display at HCA
Source: Artspace
FUNDING AND FINANCING

An Artspace project represents a substantial financial investment in the community where it is located. 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 and are usually $750,000, regardless of the size of the project. In most cases, however, only a fraction of that investment comes directly from the community itself. This is because Artspace relies mainly on federal programs, such as Low-Income Housing Tax Credits (LIHTC), Historic Tax Credits (HTC), and HOME funds, to pay for development projects. 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.

Nevertheless, the local community does play a significant role in the broader funding and fundraising effort, especially during the early steps of the process. We look to the community for private and public predevelopment funds and commitments of affordable housing allocations in a combination of Community Development Block Grants (CDBG) and HOME funds, Tax Increment Financing (TIF), private philanthropic support, or the equivalent. If affordable housing is not part of the project, the community’s financial role is likely to be much greater than otherwise.

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. In Hopkins, this group had great representation from the City, Hennepin County, Metropolitan Council, as well as non-profit and for-profit organizations. This group sees the arts as an economic engine, and want to support a vibrant downtown characterized by its walkability, creative spaces, and connection to LRT and bike trails. They provided a great deal of useful information in a short period of time. As they brainstormed opportunities and resources, participants shared stories of catalytic projects and successes the City has had in accessing grants. The group expressed confidence that they would be able to find the money to move a project forward.

PUBLIC FINANCING TOOLS

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

- **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 Minnesota, LIHTCs are administered by the Minnesota Housing Finance Agency (MHFA), an agency Artspace knows through our tax credit projects in Minneapolis, Saint Paul, Hastings, Brainerd, and Duluth. Whether LIHTCs are a possible funding source for a project in Hopkins depends both on the Project Concept and the availability of other funding. The City has a strong track record of working with the LIHTC program. The most recent project in Hopkins to receive 9% tax credits is the Oxford Village Apartments, which was awarded $1 million LIHTC allocation in October 2015 and is anticipated to open December 2017.

- **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.
• **NEW MARKETS TAX CREDITS (NMTC).** This tool is typically used for nonresidential projects or mixed-use projects with a large commercial component. Thus, the project concept will affect eligibility for these credits. To be eligible, a project must also be located in a Qualified Census Tract (QCT). In downtown Hopkins, none of the potential sites are in a QCT. However, the area of Blake Road we visited is in the QCT. Thus, a development near the Blake LRT stop with a complementary Project Concept and sufficient amount of commercial space could be eligible to utilize this tool.

• **HOME PROGRAM.** A federal program that provides funding to state and local governments to fund affordable housing developments.

• **TAX INCREMENT FINANCING (TIF).** A tool available to local communities for assisting economic development, redevelopment and housing. TIF have been created to provide support to several catalytic projects in the recent past, including the Hopkins Center for the Arts and The Moline market rate housing development.

• **METROPOLITAN COUNCIL** provides support for community and housing development in the Twin Cities metropolitan region. The council provides funding for housing through the Livable Communities Act’s (LCA) four grants. A requirement is that the applicant must be a local government unit, thus encouraging public-private partnerships. Of the four grants outlined below, the two most promising sources are the Livable Communities Demonstration Account grant and the Transit Oriented Development grant.

  > **Livable Communities Demonstration Account (LCDA)** supports projects that link housing, jobs, and services and demonstrates efficient and cost-effective use of land and infrastructure. An Artspace-style project would likely be eligible for this grant.

  > **Local Housing Incentives Account (LHIA)** focuses on affordable housing for low to moderate income households. Funds can be used for gap financing costs such as property acquisition, demolition, site preparation, and construction. This grant requires that the project serves households at or below 80% of AMI, and prioritizes those serving households at or below 30% of AMI. Because a typical Artspace project targets households between 30% and 60% of AMI, an Artspace-style project would likely be eligible but extremely competitive for this grant.

  > **Tax Base Revitalization Account (TBRA)** aims to build the tax base and jobs, particularly focusing on the cleanup of brownfields for redevelopment. Thus, this source is linked to site selection. To the best of our knowledge, none of the potential sites at this stage are brownfield sites.

  > **Transit Oriented Development (TOD)** promotes projects located within one-half mile of a major transit stop. This source is well-aligned with a potential project in Hopkins, due to the proximity of potential sites to the forthcoming LRT stations.

• **HENNEPIN COUNTY** has resources available for financing projects that align with county-wide goals including affordable housing and TOD.

  > **Affordable Housing Incentive Fund (AHIF)** is a loan program that provides gap financing for the development of affordable housing units for very low-income households. Because Artspace projects typically target moderate-income households, this source may not be an exact fit, but is worth consideration as any potential affordable artist housing project moves forward.

  > **Transit Oriented Development (TOD)** program offers funding to both public entities and developers for TOD eligible projects. This funding can be applied toward predevelopment and development expenses.
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 2 OF 4**
The IRS has a pool of tax credits that it divides up every year among 50 states and local housing finance agencies, based on population size.

**STEP 3 OF 4**
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 4 OF 4**
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 20 years.
- Meet the housing agency's requirements. For example, you might set aside units for veterans or the homeless.

**STEP 5 OF 4**
If your application is approved, the housing agency gives you 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 4**
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 7 OF 4**
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 8 OF 4**
Everybody in this process earns a fee for their work.

**STEP 9 OF 4**
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 10 OF 4**
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
PHILANTHROPY

In addition to public funding sources, philanthropy is an important tool for funding Artspace developments. This 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. In Hopkins, focus group participants referenced the Cargill Foundation, which currently supports organizations working in STEM education and childhood nutrition, but may be redirecting their strategy soon. The Margaret A. Cargill Philanthropies which makes grants across seven programmatic areas, including Arts & Cultures and the Pohlad Family Foundation, which is undergoing a strategic planning process that will guide their future funding priorities were also mentioned as possible sources. Artspace also has relationships with many local and regional foundations and corporations who may have an interest in artist housing and Hopkins specifically. These could include the McKnight Foundation, the Minneapolis Foundation, the Minnesota State Arts Board, and US Bank Foundation.

ARTSPACE FUNDING EXAMPLE

As an example of how the funding can come together for a mixed-use, affordable live/work project, the chart below shows in simplified form the financial sources for the Elgin Artspace Lofts which opened in 2012 in Elgin, Illinois.

<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>Federal low income housing tax credits (LIHTC)</td>
<td>$8,346,218</td>
<td>57%</td>
</tr>
<tr>
<td>Federal Historic Tax Credits (HTCs)</td>
<td>$417,650</td>
<td>3%</td>
</tr>
<tr>
<td>State HOME funds</td>
<td>$1,500,000</td>
<td>10%</td>
</tr>
<tr>
<td>State Tax Credit (for donation of property)</td>
<td>$1,097,891</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Private Sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Mortgage</td>
<td>$1,365,000</td>
<td>9%</td>
</tr>
<tr>
<td>Philanthropic gifts</td>
<td>$1,200,000</td>
<td>8%</td>
</tr>
<tr>
<td>Artspace (predevelopment grant applied to capital)</td>
<td>$350,000</td>
<td>2%</td>
</tr>
<tr>
<td>Deferred developer’s fee</td>
<td>$261,561</td>
<td>2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$14,538,320</td>
<td>100%</td>
</tr>
</tbody>
</table>

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.

The information gathered during the PFV and subsequent research reveals several good opportunities for predevelopment and capital funding of an affordable mixed-use, artist live/work project in the City of Hopkins. While no funding process is ever easy, the resources and tools exist that support affordable housing for a priority project that is aligned with local goals. Additionally, Artspace’s development experience in the Twin Cities Metro Area provides a head start in identifying and navigating state, regional, and local funding sources.
POTENTIAL SITES

During a Preliminary Feasibility Study, Artspace's primary goal is not to select a site, but to identify candidates 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 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.

Because it is preferred not to restrict the focus to a single site or area during the first visit to a community, the hosts are asked to show Artspace staff several areas that can be possible candidates for development as arts facilities.

SITE TOUR OBSERVATIONS

In Hopkins, the focus of the tour was on Downtown sites, particularly those that are within a half mile of the three planned Light Rail Transit stations. There is a strong desire on the part of the City of Hopkins to connect any potential development to the activity these stations will bring. Additionally, within a TOD area most of these sites would allow for a density of four to six stories, with that allowance typically decreasing the farther the site is from a LRT station area and Mainstreet.

The site tour included seven potential sites, most which are located on or immediately adjacent to Mainstreet, and within walking distance of the Hopkins Center for the Arts (see map below). Each of the potential sites seen on the tour is assessed on the following pages. This information is true as of the site tour August 8-10th, 2017.
1) **NE CORNER OF 5TH AND MAINSTREET/LUTHER-OWNED SITE**
    317, 401, and 499 Mainstreet, and four small out-lots
    166,763 SF

This site includes seven contiguous parcels of land owned by Luther Automotive: three were previously used for auto storage, and the others have an existing dealership building on site. Located at the east end of Mainstreet, this site could be a “gateway” site for the eastern portion of the Mainstreet commercial district and serve to as a catalyst for higher-density mixed-use projects between 5th and 6th Avenues. It is likely too large for an Artspace project; however, artist housing could be combined with a larger master plan for this site.

2) **SW CORNER OF 6TH AVENUE AND MAINSTREET**
    Unassigned Address
    46,792 SF

This site is a parking lot adjacent to and owned by Hopkins Village Apartments, an 11-story 80-100% AMI affordable housing development. There is an easement agreement on the parking lot that would require accommodation of the spaces in any future development, and also might make acquisition challenging. While not likely an option for an Artspace development at this time, this site could be a future option if it becomes available.

3) **26-30 8TH AVENUE NORTH + CITY-OWNED PARKING LOT “RASPBERRY SITE”**
    39,422 SF

This site is referred to as the “Raspberry Site” because of its proximity to the new and privately-owned World’s Largest Raspberry Sculpture. Located on 8th Avenue, immediately behind Wilkus Architects contemporary office space, and at the northern end of the forthcoming Artery development along 8th Avenue (where it connects to the Lake Minnetonka Regional Trail). This site is excellent in terms of location and connection to business and retail. The City-owned portion of this site (currently a small parking lot) would need to be combined with the purchase of two single-family homes to make the site large enough for an adequately sized mixed-use housing development. Site acquisition appears to be a challenge with this option. However, if the City leads the process of assembling the site, it has great potential.

4) **30 8TH AVENUE SOUTH + CITY-OWNED PARKING LOT “ELKS SITE”**
    25,938 SF

This site is also known as the “Elks site.” It includes the two-story Elks Lodge and adjacent parking lot/small parcel of green space (both owned by the Elks), and a City-owned parking lot with approximately 50 spaces to the north of the Lodge. Depending on the project concept and arts market, this site may be too small for a mixed-use live/work development, even if both parcels are combined. The location of this site is excellent, but the Elks may not be interested in negotiating. Additionally, any development would likely need to replace the parking spaces in the City lot.
5) DOWNTOWN PARK PARKING LOT
16 9th Avenue S and 900 Mainstreet
30,494 SF and 5,552 SF

This City-owned parking lot serves Downtown Park, and is located just south of the Mainstreet Clock Tower Plaza on 9th Avenue, and is the current summer site of the Hopkins Farmers Market. While the lot itself is too small for a mixed-use housing development, it could be an ideal site if combined with another property. One opportunity to assemble a site large enough could be to combine the lot with the 900 Mainstreet building across the alley. Built in 1902 the 900 Building is three stories and is a total of 11,400 square feet. Of Hopkins' many creative businesses, Projects in Person (PIP), occupies space in the ground floor. The upper floors were recently renovated into creative office space, but are currently unoccupied. The parking lot and 900 Building, if combined, present an interesting opportunity for mini "arts campus" centrally located in Downtown Hopkins.

6) SAINT JOSEPH’S CHURCH PARKING LOT AND GRASSY AREA
Address Unassigned (PID 24-117-2234-0300)
110,416 SF

This site is located a half-block south of Mainstreet on 13th Avenue, across the street from both Saint Joseph's Church and Central Park. Currently, three churches share the use of the lot, but typically only park in it on Sundays and special events. The large size of the lot may provide an opportunity to include both a new facility and church parking on the same property. City staff mentioned that the church is not interested in selling the lot. However, it is worth discussing the potential of a long-term lease, should a project move forward.

7) KATHERINE CURREN SCHOOL BUILDING + SITE
1600 Mainstreet
Building- 67,000 SF; Site - 291,472 SF (6.69 acres)

The former Katherine Curren Elementary School building is owned by the Hopkins School District. Ubah Medical Academy, a 9-12th-grade charter school, currently leases the building. The School District is considering selling the property, and likely Ubah is not interested in purchasing it as the building is too small for Ubah Academy’s forecast space needs. The site’s location is near the planned LRT station on 17th Avenue and Excelsior Boulevard, with a potential cycle track considered for 17th Avenue. A mixed-use development could serve as a "gateway site" to the Mainstreet commercial district on the west end. It would have the potential to catalyze other high-density mixed-use projects at that intersection, transforming it into an additional commercial node. The setback of the school building is not as attractive for retail, but the ground-floor could be filled with community space, working studio space, and/or shared creative space uses. New development could be added above the existing one-story building for additional live/work housing units.

If the City were interested, a potential scenario could include the City buying the property and selling/donating a portion of it to Artspace or another nonprofit for development into an arts facility. The City could then combine some of the green space on the South end of the lot with the adjacent, City-operated, Central Park.
OTHER TOUR STOPS

In addition to these seven sites, we also visited the planned LRT station on Blake Road east of downtown. While we did not discuss specific sites for a potential project in this area, it helped contextualize the other sites and the broader goals of Transit Oriented Development for Hopkins.

We also walked around the former Mainstreet School of Performing Arts Building at 1320 Mainstreet. This building is also owned by Saint Joseph’s Church. Until the conclusion of the 2016-17 School Year, it was occupied by the Mainstreet School of Performing Arts, which moved to Eden Prairie to satisfy its increased space needs. Currently, the church has no plans to re-lease the space; it would prefer to retain the space for its own programming. It is unlikely that the Archdiocese would be open to selling or leasing the building, but if the City could negotiate on Artspace’s behalf, this site has potential for reuse as artist housing, both in terms of aesthetic and location. (The dimensions of the building would be needed to fully understand how many housing units could be built.) Activating this location through an artist housing development would add vibrancy to the western end of Mainstreet. During focus groups and the public meeting, community members expressed interest in seeing this site activated once again with arts, cultural, and community activity.
COMPARING THE TOP THREE SITES

Of the sites we toured, three have the most potential for an Artspace-model, mixed-use development. These top three are compared below, based on location, size, adaptability to project concept(s), acquisition, and sustained community impact:

<table>
<thead>
<tr>
<th>NAME</th>
<th>KATHERINE CURREN SCHOOL</th>
<th>RASPBERRY SITE</th>
<th>DOWNTOWN PARK PARKING LOT/900 BUILDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOCATION</td>
<td>Excellent At the less developed end of Mainstreet. Close to 17th Ave LRT station. Could serve as a “gateway site” for the west end of Mainstreet.</td>
<td>Excellent Centrally located, across from new Raspberry Sculpture on 8th Ave.</td>
<td>Excellent Centrally located along Mainstreet adjacent to Clock Tower Plaza and Downtown Park</td>
</tr>
<tr>
<td>SIZE</td>
<td>Excellent Large enough to incorporate multiple space uses: shared creative, private studio, live/work housing.</td>
<td>Good Parking Lot would need to be combined with 2 single family homes to be sufficient</td>
<td>Fair Each parcel is too small on its own, but could be combined for a mini-arts campus feel</td>
</tr>
<tr>
<td>ADAPTABILITY TO PROJECT CONCEPT(S)</td>
<td>Good School buildings often make good conversions to live/work spaces. Setback makes ground floor commercial/retail less than ideal with existing building.</td>
<td>Excellent New construction mixed-use development could include private/shared studios, live/work housing and creative commercial/retail</td>
<td>Good 900 Building already contains creative businesses, interior spaces are unknown; parking lot could hold new construction housing development</td>
</tr>
<tr>
<td>NAME</td>
<td>KATHERINE CURREN SCHOOL</td>
<td>RASPBERRY SITE</td>
<td>DOWNTOWN PARK PARKING LOT/900 BUILDING</td>
</tr>
<tr>
<td>------</td>
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<td>--------------------------------------</td>
</tr>
</tbody>
</table>
| ACQUISITION: | Good  
Currently owned by School District; likely looking to sell but may be seeking market value, making it challenging for a mixed-use affordable housing project. | Unknown  
Parking lot is City-owned but single-family homes would need to be purchased. Previous attempts to open such dialogues with owners have been unsuccessful. One of the homes is a rental property, the other is owner-occupied. Relocation options for current home owners would need to be identified. | Unknown  
Parking lot owned by City (spaces would likely need to be replaced); 906 Building privately owned, upper floors vacant. Current owners' interest in selling/leasing is unknown. |
| ALIGNMENT WITH COMMUNITY GOALS | Excellent  
Possibility to combine multiple types of space and therefore multiple project concepts into one site. Would bring additional residents downtown while activating the western portion of Mainstreet and creating connectivity along 17th Ave to the planned LRT station. | Excellent  
Would create additional housing downtown and highlight existing Hopkins creative community in a central, visible location along 8th Avenue corridor. | Good  
Would create additional housing downtown and highlight existing creative community in a central, visible location. |
| SUMMARY | Most possibility in terms of project flexibility and potentially most transformative. | Great site in many regards but wholly dependent on the acquisition of two private properties. | Depending on status of 900 Building, the lot and building could be combined for a centrally located project new construction and historic rehab charm. |

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"), but the above three sites should be prioritized as conversations progress and potentially acquired by the City for future development.
ALIGNMENT WITH BROADER COMMUNITY GOALS

In Artspace's perspective, 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, such as walkability, education, or historic preservation, can be addressed with the initiative, it has the potential to foster long-term, sustainable impact.

To set the stage for success, the Preliminary Feasibility Study engages local artists, neighbors, and community members from the very beginning. During focus groups, Artspace outlines the mission-driven goals that are central to every Artspace development and consulting project, detailed on the right. Then, participants shared their ideas about broader community goals and how a new arts facility can help accomplish them.

In Hopkins, focus group participants identified three priority community goals from a list that could be addressed by a mixed-use arts facility.

1. **ANCHOR AN ARTS DISTRICT** – Any project should build upon the successes of other Downtown Hopkins arts organizations and creative businesses, to further create a critical mass of people that live, work, and create Downtown.

2. **SUPPORT CREATIVE BUSINESSES/NONPROFITS** – A project can attract visitors to come for one event and stay and support another business. Any new development should have affordable and appropriately designed commercial space for existing and emerging organizations.

3. **PRESERVE OVERALL AFFORDABILITY** – A residential and commercial space that will remain affordable in perpetuity is of the utmost importance, amidst the recent increase in market rate development and loss of naturally occurring affordable properties.

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**CORE GOALS OF ARTSPACE PROJECTS**

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

- Meet the creative sector's space needs
- Ensure long-term affordability
- Reflect the unique culture and character of the community
- Exemplify sustainable and efficient design

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Focus Group Priorities
Source: Artspace
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. Other community goals that came up in conversation were focused on downtown revitalization and an increase in residential density. Participants spoke about celebrating the cultural community of Hopkins and the importance of including ethnically diverse voices at the table. Community leaders also expressed their hope that the site of a new project would continue to make downtown prosper and transit-oriented development efforts in coordination with other placemaking, walkability, and bikeability initiatives.

Other key elements to keep in mind as the project evolves include synergistic ties to existing organizations and other areas of the town, input from a broad range of artists and organizations, potential local creative commercial tenants, and artist support services. Artspace can help facilitate these conversations but the local drive and talent needed to boost a project can never be substituted.

"Hopkins has a diverse community and project like this can help us bring those cultures together" - Mayor Molly Cummings

This 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: the Northern Warehouse Artists’ Cooperative, the Tilsner Artists’ Cooperative, the Traffic Zone Center for Visual Art (all in MN), the Tashiro Kaplan Artist Lofts (Seattle, WA), and the Riverside Artist Lofts (Reno, NV). 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

Hopkins is well-positioned to pursue an affordable live/work mixed-use facility for artists and creatives. With a robust arts sector and strong City leadership, matched with a consistent vision for Downtown, several development opportunity sites, and an array of funding resources for affordable housing and TOD, the feasibility of moving a project forward is very positive.

ARTSPACE STRONGLY RECOMMENDS PROCEEDING TO AN ARTS MARKET STUDY, TO HELP HOPKINS UNDERSTAND THE DEPTH AND BREADTH OF ITS CREATIVE COMMUNITY. A survey of artists will quantify the need for artist live/work, working studio, and other kinds of creative 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 Hopkins can support 40+ units of artist housing in addition to working studio space and 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 mortgage loan; the statistical evidence of market demand can only be provided through an Arts Market Study.

ADDITIONAL NEXT STEPS

• BEGIN PREPARING FOR THE ARTS MARKET STUDY
  A. Pursue funding for the study
  B. 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 also can be reengaged for future activities related to the project such as advocacy and marketing.

• CONNECT WITH POTENTIAL PRIVATE SECTOR FUNDERS. The cultivation process can be a lengthy one, and it is never too early to start.

After completing the Arts Market Study, the next step toward an Artspace project would involve entering into a predevelopment agreement. Appendix II is an overview of the process for advancing a successful project.

In summary, Artspace believes a Project Concept that includes both affordable live/work housing and space for arts organizations would provide a tremendous boost to the reputation and visibility of Hopkins’ arts community. It would also provide a stable, permanently affordable space for the creative sector. The additional presence of creative people would help create a critical mass to ensure permanent affordability for artists, and further development in Downtown.

Artspace greatly appreciates the opportunity to work with the City of Hopkins and learn from its residents and leaders. Artspace came away with a strong sense that an artist live/work mixed-use facility has the potential to be a successful venture and an asset to the community. Insights and recommendations in this report are solely intended to guide a project to the next phase of development and set Hopkins on the path to becoming home to a new affordable arts facility.
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.; Exterior of City Hall Artspace Lofts in Dearborn, Michigan.
APPENDIX I

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 AN ARTSPACE PROJECT

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.

<table>
<thead>
<tr>
<th>STEP 1: PRELIMINARY FEASIBILITY</th>
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<tbody>
<tr>
<td><strong>Overview</strong></td>
</tr>
<tr>
<td>• Information Gathering and Outreach</td>
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</table>

<table>
<thead>
<tr>
<th><strong>Primary Activities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Meet with artists, civic leaders, and other stakeholders</td>
</tr>
<tr>
<td>• Conduct 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>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Deliverables</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Written report with recommendations for next steps</td>
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</table>

<table>
<thead>
<tr>
<th><strong>Prerequisites for Moving Forward</strong></th>
</tr>
</thead>
<tbody>
<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>
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</tbody>
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<table>
<thead>
<tr>
<th><strong>Time frame</strong></th>
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<tbody>
<tr>
<td>• 3-5 months, kicked off by a 2-day visit</td>
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<table>
<thead>
<tr>
<th><strong>Cost</strong></th>
</tr>
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<tbody>
<tr>
<td>• $25,000</td>
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## STEP 2: ARTS MARKET SURVEY

<table>
<thead>
<tr>
<th>Overview</th>
<th>• Assessing the Need</th>
</tr>
</thead>
</table>
| **Primary Activities** | • 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** | • Written report with recommendations for next steps |
| **Prerequisites for Moving Forward** | • Sufficient number of responses from eligible, interested artists to support an Artspace live/work project |
| **Time frame** | • 4-6 months |
| **Cost** | • $30,000 (artists only) or $42,500 (artists and arts organizations) |
### STEP 3: PREDEVELOPMENT I

<table>
<thead>
<tr>
<th>Overview</th>
<th>Determining Project Location and Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Work with City and other stakeholders to establish (a) preliminary project scope and (b) space development program for evaluating building and site capacity</td>
</tr>
<tr>
<td></td>
<td>• Analyze candidate buildings/sites with respect to cost, availability, and other factors impacting their ability to address development program goals</td>
</tr>
<tr>
<td></td>
<td>• Review existing information about potential site(s) to identify key legal, environmental, physical, and financial issues affecting their suitability</td>
</tr>
<tr>
<td></td>
<td>• Negotiate with property owners with goal of obtaining site control agreement</td>
</tr>
<tr>
<td></td>
<td>• Continue outreach to artists and arts organizations</td>
</tr>
<tr>
<td></td>
<td>• Connect with potential creative community partners and commercial tenants</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deliverables</th>
<th>Confirm development space program and goals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Assessment of site suitability and identification of any contingent conditions to be resolved through continued due diligence</td>
</tr>
<tr>
<td></td>
<td>Site control agreement or update regarding status of site control negotiations</td>
</tr>
<tr>
<td></td>
<td>Summary of project status</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prerequisites for Moving Forward</th>
<th>Site control agreement with property owner</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Growing stakeholder/leadership group</td>
</tr>
<tr>
<td></td>
<td>Both parties’ agreement on project scope and feasibility</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Time frame</th>
<th>3-6 months</th>
</tr>
</thead>
</table>

| Cost | $150,000 |
## STEP 4: PREDEVELOPMENT II

<table>
<thead>
<tr>
<th>Overview</th>
<th>• Project Design and Financial Modeling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• With City participation, establish process for selecting architectural team</td>
</tr>
<tr>
<td></td>
<td>• Confirm development goals and space program with architectural team</td>
</tr>
<tr>
<td></td>
<td>• Engage architect to create conceptual plans and schematic designs</td>
</tr>
<tr>
<td></td>
<td>• Engage contractor or cost consultant to provide pre-construction services</td>
</tr>
<tr>
<td></td>
<td>• Resolve any contingent conditions relating to site control</td>
</tr>
<tr>
<td></td>
<td>• Create capital and operating budgets</td>
</tr>
<tr>
<td></td>
<td>• Obtain proposals and/or letters of interest from lender and equity investor financing partners</td>
</tr>
<tr>
<td></td>
<td>• Prepare and submit Low Income Housing Tax Credit application</td>
</tr>
<tr>
<td></td>
<td>• Submit other financing applications as applicable</td>
</tr>
<tr>
<td></td>
<td>• Maintain excitement for the project within the creative community</td>
</tr>
<tr>
<td></td>
<td>• Encourage and guide local artists to activate the site with arts activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Primary Activities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliverables</td>
<td>• Schematic designs</td>
</tr>
<tr>
<td></td>
<td>• Financial pro-forma detailing capital and operating budgets</td>
</tr>
<tr>
<td></td>
<td>• Preliminary proposals and letters of interest for project mortgage and equity financing</td>
</tr>
<tr>
<td></td>
<td>• Summary of project status</td>
</tr>
<tr>
<td>Prerequisites for Moving Forward</td>
<td>• Award of Low Income Housing Tax Credits (first or second application) or commitment of alternative funding</td>
</tr>
<tr>
<td>Time frame</td>
<td>• 10-13 months</td>
</tr>
<tr>
<td>Cost</td>
<td>• $300,000+</td>
</tr>
</tbody>
</table>
### STEP 5: PREDEVELOPMENT III

<table>
<thead>
<tr>
<th>Overview</th>
<th>From Tax Credits to Financial Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Secure final gap funding commitments</td>
</tr>
<tr>
<td></td>
<td>• Raise funds for equity, including private sector philanthropic dollars</td>
</tr>
<tr>
<td></td>
<td>• Complete construction documents and submit permit applications</td>
</tr>
<tr>
<td></td>
<td>• Negotiate construction and permanent loan commitments</td>
</tr>
<tr>
<td></td>
<td>• Negotiate limited partner equity investment commitments</td>
</tr>
<tr>
<td></td>
<td>• Advance project to construction closing</td>
</tr>
<tr>
<td></td>
<td>• Communicate the progress of the project to the creative community to keep up the involvement and excitement</td>
</tr>
<tr>
<td>Primary Activities</td>
<td></td>
</tr>
<tr>
<td>Deliverables</td>
<td>Successful closing and commencement of construction</td>
</tr>
<tr>
<td>Time frame</td>
<td>4-6 months</td>
</tr>
<tr>
<td>Cost</td>
<td>$300,000+</td>
</tr>
</tbody>
</table>

### STEP 6: CONSTRUCTION

<table>
<thead>
<tr>
<th>Overview</th>
<th>Construction and Lease-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Activities</td>
<td></td>
</tr>
<tr>
<td>Deliverables</td>
<td>Completed project ready for occupancy</td>
</tr>
<tr>
<td>Time frame</td>
<td>6-10 months</td>
</tr>
<tr>
<td>Cost</td>
<td>Depends on project (not part of predevelopment contract)</td>
</tr>
</tbody>
</table>