



2018

Regional Feasibility Study for Creative Space and Mixed-Use Artist Housing Developments in Northwest Arkansas Communities of Bentonville, Springdale, Rogers, and Fayetteville

artspace



WALTON FAMILY FOUNDATION



## ACKNOWLEDGEMENTS

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### WALTON FAMILY FOUNDATION



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Note: Names in **bold** denote participation in the Regional Arts Market Study Core Group

## TABLE OF CONTENTS

Introduction and Executive Summary of Recommendations	
Review of Past Plans .....	1
Preliminary Feasibility Study .....	2
<i>Preliminary Feasibility Study Overview</i>	
<i>Preliminary Feasibility Report; Bentonville</i>	
<i>Preliminary Feasibility Report; Springdale</i>	
<i>Preliminary Feasibility Report; Rogers</i>	
<i>Preliminary Feasibility Report; Fayetteville</i>	
Arts Market Study .....	3
<i>Arts Market Study Overview</i>	
<i>Northwest Arkansas Arts Market Study Report of Findings</i>	

## INTRODUCTION

Artspace staff has collectively visited more than 500 communities of all sizes across the United States — but had never seen the kind of growth and change occurring in Northwest Arkansas. This growth, largely due to the presence of Walmart headquarters and the Walton Family Foundation’s investments, is remarkable and unprecedented in the 21st century.

It is in this dynamic environment that Artspace began this scope of work to investigate the space-related needs of the region’s creative sector. We observed a strong and growing infrastructure for the arts in Bentonville, Springdale, Rogers, and Fayetteville. As a whole, the region is inspiring creativity through state-of-the-art facilities, training the next generation of artists through innovative education programs, and galvanizing its creative economy by providing places to exhibit, perform and sell.

However, growth also creates challenges. Rapidly rising rents inhibit artists and creative entrepreneurs from finding attainable housing options. Market pressure is felt in Bentonville in particular, followed by Fayetteville, Rogers, then Springdale. Creating permanently affordable space for artists will build upon the infrastructure of the region. These stabilizing spaces both encourage more creative sector growth and retain the individuals and organizations that already contribute so much to the region.

A national spotlight is upon NWA. The region is popping off the map as a cultural leader, which will greatly enrich the future of American arts and culture. Artspace is honored to contribute, with many others, to the strength of the region.

Over the course of this year-long study, from December 2017 to December 2018, Artspace completed the following studies and reports:

1. **Preliminary Feasibility Studies in Bentonville, Springdale, Rogers, and Fayetteville.** (January - May 2018) The Artspace team made two week-long visits in 2018, hosting 16 events: three focus groups in each city (tailored for civic, creative, and finance leaders), with 236 attending total; and one public information session each, with 330 participants overall. In addition to community engagement, these visits also included tours of more than 20 potential development sites and visits to local creative assets. The resulting reports provide

an assessment of the viability of an arts facility project and offer initial recommendations.

2. **Regional Arts Market Study.** (June - November 2018) Artspace hosted survey launch events in each of the four cities on July 24 and 25, 2018. The survey was widely accessible online and collected 811 responses. Artspace also conducted an additional focus group with Marshallese artists and met with local organizations interested in commercial space. The study includes: Arts Market Study Report of Findings, Technical Report, and Supplemental Data Report.
  
3. **Cultural Asset mapping for all four downtown areas.** (July – November 2018) Artspace built upon WolfBrown’s findings and benchmarks from 2014 to understand how the region has grown in the past five years, and where the bulk of the creative growth has taken place. To conduct this research, Artspace conducted a dozen in-person interviews with local stakeholders, reviewed online and print resources, and incorporated write-in Arts Market Survey responses. Two maps were created for each city: one shows the growth since 2014, the other illustrates the city’s current assets in a more shareable format.

In addition to these reports, Artspace also completed a **Space use prioritization exercise with the Momentary team** (December 2017) a **Review of Past Plans** (January 2018), and two **Core Group Training** sessions with 29 community leaders (December 2017 and May 2018).

The following Artspace Consulting & Strategic Partnerships staff led this effort:

Wendy Holmes // Senior Vice President

Teri Deaver // Vice President

Anna Growcott // Director

Aneesha Marwah // Manager

Naomi Marx // Quantitative Analyst

Lyndsey Schrader // Coordinator

Additional Artspace staff involved include:

Kelley Lindquist // President

Kathleen Kvern // Senior Vice President, National Advancement

Greg Handberg // Senior Vice President, Asset Management

Dana Mattice // Grants Writer, National Advancement

## SUMMARY OF RECOMMENDATIONS

The Artspace Preliminary Feasibility Studies and Regional Arts Market Study paint a picture of a strong creative ecosystem that needs the additional infrastructure of affordable spaces to maintain stability in a dynamic region. Each of the four communities studied – Bentonville, Springdale, Rogers, and Fayetteville – demonstrates unique challenges and opportunities for creative people and businesses. Thus, Artspace recommends a slightly different approach in each city.

The following recommendations assume that four projects advance consecutively, commencing with Bentonville in 2019. Given the anticipated 10% population growth in the Metro Area over the next five years, and overlapping interest between cities, Artspace has provided a unit range for each community. Survey data analysis is detailed in the Regional Arts Market Study Report of Findings.

	RECOMMENDED PROJECT CONCEPT	RECOMMENDED SITE	RECOMMENDED FUNDING STRATEGY
BENTONVILLE	<p><b>Focus:</b> Attainable workforce housing for creatives. Artspace is open to including workforce housing units for broader community</p> <p><b>Recommendation:</b> 50 units of affordable live/work artist housing units; 10 Artist-in-Residency spaces programmed by the Momentary; and an Innovation Space</p> <p><b>Market finding:</b> Up to 32 live/work units, adjusted for projected population growth</p> <p><b>Potential partnerships:</b> Trike Theatre and Arkansas Arts &amp; Fashion Forum, KOBV Community Radio, and Amazeum.</p>	Momentary-adjacent site	9% LIHTC, HOME, Federal Home Loan Bank, and local philanthropy

	RECOMMENDED PROJECT CONCEPT	RECOMMENDED SITE	RECOMMENDED FUNDING STRATEGY
SPRINGDALE	<p><b>Focus:</b> Mixed-use development anchored by a Marshallese Cultural Center</p> <p><b>Recommendation:</b> Live/work housing with possible studio spaces, and the Marshallese cultural center as the anchor tenant</p> <p><b>Market finding:</b> 10-23 live/work units and 3-13 working studios</p> <p><b>Potential partnerships:</b> Art Center of the Ozarks (ACO) and Arkansas Coalition of Marshallese (ACOM)</p>	ACO-adjacent site	9% LIHTC (if planned project has enough units), local, regional and possibly international philanthropic sources for the Marshallese project concept
ROGERS	<p><b>Focus:</b> Space for creative businesses in the historic downtown core</p> <p><b>Recommendation:</b> Due to four regional projects in quick succession, consider fewer housing units in Rogers and focus on the strong market for creative commercial space downtown</p> <p><b>Market finding:</b> Up to 9-24 live/work units and 8-22 working studios</p> <p><b>Potential partnerships:</b> Rogers Experimental House, other nonprofit and for-profit creative organizations</p>	Downtown site to be determined	Opportunity Zone, NMTC, LIHTC, HOME, and philanthropy
FAYETTEVILLE	<p><b>Focus:</b> Private working studio spaces with complementary live/work space in a mixed-use environment</p> <p><b>Recommendation:</b> A classic mixed-use development with 35 live/work housing units, and 15-20 private working studios</p> <p><b>Market finding:</b> Up to 41 live/work units of artist housing and 18-31 working studios</p> <p><b>Potential partnerships:</b> Fayetteville Roots Festival, Library, Uark SCUL and Uark School of Art</p>	Library-adjacent site	9% LIHTC, HOME, Federal Home Loan Bank, other potential City sources and philanthropy

## REVIEW OF PAST PLANS

### BENTONVILLE

- **Bentonville Community Plan, 2018**
  - The Bentonville Community Plan “articulates a vision for Bentonville that reflects the community’s aspirations while respecting the unique character and defining sense of place that distinguishes Bentonville from other places.” – Page 3
  - *Bentonville Community Core Values*
    1. Thoughtful Growth
    2. Sustainable Economy
    3. Welcoming and Diverse
    4. The Bentonville Experience
    5. A Great Place to Plant Roots
  - Supporting Arts and Culture – Page 107
    - Bentonville Film Festival have been highly successful. City should continue to support BFF and other event that share public spaces
    - Rezoning for flexible use to allow for live-work spaces, art production, and displaying spaces as well as for specific use of events space in residential areas
    - Support art internship and apprenticeship opportunities for local students
    - Adaptive re-use of older buildings to support arts and culture
- **8<sup>th</sup> Street Master Plan, 2017**
  - Project Objective, Site, & Scope of the 8th Street project is to “Build upon previous downtown investments & leverage the new investments of the 8<sup>th</sup> Street Market, Brightwater, Thaden School, the Momentary and the 8<sup>th</sup> Street improvements to create a housing, infrastructure, culture arts, and economic development plan to continue the revitalization and redevelopment of the Market and Arts District.”
  - The vision of the 8<sup>th</sup> Street Master plan is to “develop an interconnected, vibrant + authentic Art & Market Downtown sub-district that is a regional destination and serves as a catalyst for downtown living, education, job creation, recreation and entertainment.”
  - Goal 5 in the plan “Create a deliberate process and program to diversify range of housing types and affordability”.
- **SE Downtown Area Plan, 2014: Arts District Planning Area**



The Arts District is generally located in the SW A St. and S. Main St. corridor north of SW 8th St. The district is located between SW 4th St. to the north and SW 8th St. to the south, SE B St. to the west and SE A St. to the east.

- Arts District Vision:
  - o *Art is produced.* Living, production and retail space is available and affordable for local artists.
  - o *Art is experienced.* Public artwork is interactive, can be climbed on, touched, heard, felt and experienced. Visitors can see art being created.
  - o *Art is accessible.* The Arts District makes art more accessible to all, from public art visible on the streets to artwork displayed in local restaurants to purchasing artwork in galleries.
- The plan outlines *Thrive* development a mixed-use development consisting of residential units and flex space. The project serves as an example of the mixed-use residential/commercial development desired in the Arts District.

- **Bentonville Blueprint, 2014**

A five-year economic development plan. The plan suggests a new, public/private nonprofit economic development organization to be created to carry out long-term strategies. The plan recommends staff with up to six positions and a city liaison. The organization would be, as the plan calls it, the new economic development delivery system in Bentonville.

## SPRINGDALE

- **Downtown Springdale Master Plan, 2015, H3 Studio**

- Downtown Springdale Vision: “That Downtown Springdale will once again become the Main Street of Northwest Arkansas; a thriving clean, friendly, and attractive downtown; creating a more productive business and community environment; and preserving and enhancing the downtown character.”
- Springdale was historically disinvested, now revitalizing around the Razorback Greenway, unique character, and authenticity, and downtown assets.
- 8 months of planning, 300-480 points of contact and residents engaged.
- Market assessment concurs growing population, income, and employment, opportunities for housing downtown and retail services.
- Principle 9 in the plan “Develop a mixed-use downtown arts, culture, and education district and connect Murphy Park to Luther George Park along Maple Avenue.” Including to “facilitate the creation of mixed-use artist housing through block by block redevelopment.” – Page 26.

## ROGERS

- **Downtown Rogers Initiative Plan, 2015**

- The Master Plan identifies new development and redevelopment in relation to existing buildings in downtown Rogers. The plan expands development to surrounding area of what was previously identified as downtown for new designed public spaces and future buildings as an expansion of downtown Rogers.
- A charrette tool was used to gathers residents to develop the baseline vision for an area master plan held over a three-day period in October 2014.
- “Theater of Cool is a downtown development approach that aligns infrastructure and development plans with specific retail, activation and governance structure recommendations and sets the stage for the overall downtown experience. This approach was integrated into the process and resulting Master Plan for this Downtown Initiative.” – Page 43
  - Public Art and Emerging Arts District: Plan includes policy development around public art programs. Outreach will be conducted to local galleries to recruit artists for public works.
  - Live Entertainment: Identifying live outdoor venues, develop production seasons and budget. Create and promote master calendar of outdoor entertainment events.

- **Vision 2025: The Strategic Plan for Rogers and Lowell, 2008**

- Cultural Arts Committee to spearhead a project to build a database of arts opportunities in Northwest Arkansas. – Page 28.
- (Arts Commission) to work with Rogers organizations to incorporate public art (e.g. sculpture, painting) to enhance the visual attractiveness of the cities.
- Develop and implement a plan for a viable, self-sustaining, multi-use theater venue that can be rented for large productions in our area.

## FAYETTEVILLE

- **Fayetteville Cultural Arts Corridor, NBW, Underway 2018-2019**

The City of Fayetteville is developing a dynamic Cultural Arts Corridor that will link cultural attractions and activate the outdoor environment between Dickson and Prairie Streets.

- The creation of this corridor will improve access to natural and urban public spaces, cultural and educational attractions, the University of Arkansas, the Razorback Greenway, the Downtown Square, and the wider city.

- When complete, the 50-acre corridor will serve as a vibrant and memorable civic space for recreation elements, public art entertainment, community, and expression that also showcases the unique character and culture of Fayetteville.
- The Corridor plan connects Walton Arts Center, Nadine Baum Studios, TheatreSquared, Public Library, and the Library Expansion.

- **City Plan 2030, Fayetteville, Last updated 2011**

Fayetteville is undergoing planning for **City Plan 2040**, an update of this plan, anticipated to be released in early 2019. The current plan, City Plan 2030, has six goals, which seek to revitalize and encourage growth in appropriate areas of the city where residents can readily access housing, services, employment, and leisure.

- Goal 6: Create opportunities for attainable housing.
- Many cultural resources in Fayetteville:
  - o The University presence has a supporting and stabilizing effect on the community-at-large. The University has also attracted specialized community activities that enable Fayetteville to remain the cultural center of the region. (Theaters, Music Dept, Stadiums, Arenas) etc.
  - o The most notable is Walton Arts Center with a yearly budget of over \$6 million and hosts over 350 events with over 140,000 attendees. In addition to nighttime performances and weekend matinees, the center hosts daytime performances for over 40,000 students each year and includes the NWA Symphony and Nadine Baum Studios
  - o Other “cultural resources” include: parks and recreation, farmer’s market, public art, and the Blair Public Library (opened 2004)
- As part of a regional strategy, the city that best makes use of the opportunities of transit by locating transit to capture regional markets can solidify its position in providing entertainment, arts, restaurants, and employment centers within proximity of multiple amenities that are less available in auto-oriented development. Page 10-17

- **Transportation Plan, 2015**

Fayetteville's Active Transportation Plan outlines a network of sidewalks, trails, and bicycle facilities to provide walkers, cyclists, and other users with clear pathways and connections to important city destinations.

- Fayetteville's Active Transportation Goals:
  1. Endeavor to create an inclusive, multimodal transportation system.
  2. Work to build a trail connection within 1/2 mile of every residence.
  3. Increase the active transportation commuting mode share to 15% by 2020.
  4. Identify, prioritize and address missing bicycle and pedestrian linkages.
  5. Partner with advocates to address bicycle and pedestrian needs.
  6. Earn Bicycle Friendly Community designation of Silver by 2017.

Achieved in 2016. Going for Gold status by 2020

- **Downtown Master Plan, 2004**

The Fayetteville Downtown Master Plan was created during the winter of 2004 through an intensive public participation process guided by consultants Dover, Kohl and Partners. The final vision document was adopted by City Council in April of 2004.

- There are six fundamental strategies are laid out by the Downtown Master Plan:
  1. Create and showcase a walkable environment
  2. Get more people living downtown
  3. Create smart parking sustainable and efficient parking that enhances sense of place
  4. Develop smart rules that outperform current zoning and attract desirable development
  5. Create a series of interconnected special places
  6. Develop the experience-based economy of the downtown by expanding the focus on arts, culture and entertainment

## NORTHWEST ARKANSAS REGIONAL

- **The Skyline Report: Multifamily Real Estate Market Summary for Benton and Washington Counties, 2017, UArk Sam Walton College of Business Center for Business and Economic Research**

- Statistical analysis of NWA multifamily real estate market. Highlights for the first half of 2017 include:
  - o Vacancy rate increased to 4.2% from 2.4% in 2016
  - o Vacancy highest in Rogers and Fayetteville as a result of new construction. Vacancy lower in Bentonville (1.4%) and lowest in Springdale (0.6%).
  - o **3,200** additional rental units have been announced for Bentonville
  - o **1,600** rental units have been announced for Fayetteville
  - o **1,400** rental units have been announced for Rogers
  - o **150** new rental units have been announced for Springdale
  - o In the first half of 2017, the average lease rate per month for a multifamily property unit in Northwest Arkansas increased to \$642, while the median lease rate remained at \$566.

- **Northwest Arkansas Quality of Life Survey Report, 2015, Walton Family Foundation**
  - WFF measures quality of life through 4 areas: economic development and infrastructure, arts and cultural amenities, education, and projects that create a sense of place.
  - Investments in those areas have totaled \$97 million to 51 organizations between Jan 2013-Jan 2016
  - Report analyzes survey responses between 2012 and 2015, to determine if perceptions had changed. 1,035 residents in Benton and Washington Counties were surveyed.
  - Purpose: 1) to evaluate the impact of foundations giving and track changes over time, and 2) to inform strategic decisions about future grant making.
  - In general, the study found residents are happy and have a high quality of life, and has increased since 2012. Residents report satisfaction with foundation investments including Crystal Bridges and trails.
  - WFF directed arts and cultural amenity investments from Jan 2013- Jan 2016 were \$15.7 million to ten organizations. Residents indicated an increase in visits to CB, trails, parks, downtowns. Use of amenities is affected by income and proximity
  
- **Perspectives on Cultural Development: Themes and Observations from Interviews with Cultural, Community, and Business Leaders in Northwest Arkansas, 2014, WolfBrown**
  - Report on conversations with 18 focus groups, involving 126 community members. The target populations were working class immigrant populations, recruited professionals, library users, culturally active church-goers, small-town residents, artists, art collectors, owners of creative businesses, arts educators, and public library directors.
  - Findings: NWA has changed immensely in the past decades, and not organically. Results are generally characterized as progress, but in the arts/culture arena its bifurcated into haves vs. have-nots, insiders vs. outsiders, urban-types vs. rural-types; professionals vs. amateurs; makers vs. buyers of culture; and those benefitting from cultural progress vs. those left behind.
  - Growing income inequality is troublesome to residents
  - Price of cultural amenities is hindrance, and presently no robust communication of arts and cultural activities. Programming should be more aesthetically and ethnically diverse

- Upper-tier and mid-tier organizations are supported while the important, talented local artist community is disenfranchised. Traditional Ozark artists should be supported.
- People leave for music to Tulsa and Kansas City, and artists leave NWA due to lack of support and missing critical infrastructure.
- **Strengthening the Cultural Infrastructure of Northwest Arkansas: Key Findings from the Walton Family Foundation’s Cultural Needs Assessment and Gap Analysis of Northwest Arkansas, 2015, WolfBrown**
  - WolfBrown investigated NWA’s arts and cultural sector, to identify unmet needs and gaps in the provision of cultural amenities and services. The study included four components:
    - 32 interviews with cross-section leaders
    - 18 focus group discussions with stakeholders
    - A mapping exercise to visualize current amenities, audiences, and visitors; and
    - A benchmark analysis of cultural facilities and organizations in NWA and comparable communities.
  - 2014 finding: the NWA region had a thriving cultural sector, and had experienced remarkable growth in institutions large and small across the region, but there remained gaps in the cultural infrastructure and underserved markets, especially for diverse audiences and young professionals without children. Nightlife was lacking in all communities, as was a central agency for the cultural ecosystem of NWA.

## NORTHWEST ARKANSAS PRELIMINARY FEASIBILITY STUDY OVERVIEW

*Observations and Preliminary Recommendations from Artspace’s Preliminary Feasibility Studies in Bentonville, Springdale, Rogers, and Fayetteville (January – May 2018)*

CRITERIA	BENTONVILLE	SPRINGDALE	ROGERS	FAYETTEVILLE
<b>PROJECT CONCEPT</b>	<p><b>Mixed-use housing is the priority concept to test.</b></p> <p>The rapidly increasing challenge of housing affordability, combined with rising land values, lead us to prioritize housing among the top space concepts to be considered in a Bentonville project.</p>	<p><b>Mixed-use housing is the priority concept to test.</b></p> <p>Interest in ground floor commercial space downtown that could include gathering, education and creative work space.</p>	<p><b>Priority concept to test is more flexible and leaning in the direction of creative commercial space, with less of a focus on housing.</b></p> <p>While the focus group participants did not focus on live/work space, we believe this concept could also be strong in Rogers. However, at this time, we recommend looking at a creative commercial concept that includes affordable work spaces, a gallery or showroom, a potential music venue, or other creative space types discussed by the creative community during our visit.</p>	<p><b>Mixed-use housing with working studio spaces is the priority concept to test.</b></p> <p>The community also discussed the need for a flexible performance/black box space with additional space for other creative businesses. We would also consider including plenty of working studio spaces for individual artists.</p>

CRITERIA	BENTONVILLE	SPRINGDALE	ROGERS	FAYETTEVILLE
<p><b>ARTS MARKET</b> <i>(represents findings from focus groups and individual meetings with potential commercial tenants. Space needs of individual artists assessed in the Arts Market Survey are in the AMS Overview Report).</i></p>	<p>Huge growth in the arts sector. Many may not know of each other’s plans. Most artists still work out of their homes but many want gathering places and spaces where they can share and create together. Affordability leads many creatives who may work in Bentonville to live outside the city.</p> <p>In addition to individual artist space, arts and cultural organizations such as Trike Theatre, NWA Fashion, the local radio station and the Amazeum are interested in new or additional space in Bentonville.</p>	<p>Anchor arts organization, ACO, needs reinvention as the natural “hub” for the arts in Springdale. Similar to Rogers, the arts scene is fledgling but growing with passionate artists focused on social change. Huge opportunity to include the Marshallese culture and creative community in the plans.</p> <p>Artists and creative businesses owners are hungry for all kinds of space, many of whom are passionate about seeing them located downtown.</p>	<p>Fledgling but growing arts scene. The artists skewed older and were more focused on arts education than production. We had a sense that there were many other younger artists behind-the-scenes.</p> <p>Experimental House is a hub for the visual arts downtown and needs a permanent home.</p>	<p>Classic university town. Artists abound but graduates have a difficult time finding studio and/or living space post-graduation and move away.</p> <p>With an increasing number of artists graduating from the University of Arkansas, there is a strong symbiotic relationship between recent graduates who would like to stay in Fayetteville and a future mixed-use project with working studio space.</p>
<p>The Mayors of all four cities attended at least one focus group in each of their communities.</p>				
<p><b>LOCAL LEADERSHIP</b></p>	<p>Leadership from Haxton Studios, Arkansas Art and Fashion Forum, Walton Family Foundation, Crystal Bridges Museum and 21C.</p> <p>Private and creative sector leadership is more aligned than public sector leadership.</p>	<p>Leadership from City, Tyson, Jones Trust, Downtown Springdale Alliance, Arkansas Coalition of Marshallese and Arts Center of the Ozarks.</p> <p>Strong representation from City, state and private sector. Largest participation of all four communities. This was the only community with participation from state representatives.</p>	<p>Leadership from Chamber, Downtown Partners, Experimental House, Arkansas Public Theatre and City.</p> <p>Public and private sector leaders are becoming experienced in collaboration across sectors, with a shared vision for a vibrant and creative downtown.</p>	<p>Leadership from University Arts School, City, Library, Roots Festival, Art Ventures, Inverse Festival and Fenix Gallery.</p> <p>Public, private and creative leadership strong. The City seems aligned with creative sector growth as an economic development strategy. The richness of the University and its academic offerings in the arts and across all disciplines, combined with a growing and vibrant downtown, create a fertile petri dish for the creative community.</p>



CRITERIA	BENTONVILLE	SPRINGDALE	ROGERS	FAYETTEVILLE
FUNDING AND FINANCING	<b>Regional Observation: Federal, state and private resources align for multiple mixed-use live/work projects.</b>			
	Local and regional government sources of funding/financing less apparent.	Presence of Tyson is strong for a private partnership.	If affordable live/work space is not included, resources in Rogers would be more focused on private sector philanthropy or potentially New Markets Tax Credits, combined with philanthropy.	City could be a strong financial partner.
POTENTIAL SITES	<p>Focus on 8th Street site adjacent to the Momentary site to create the maximum mixture of types of spaces for the arts – from Momentary-related spaces such as Artist-in-Residency space and creative business incubator space. This also creates a hub or critical mass of creative activities, serving as an attraction as well as a strong community asset.</p> <p>Southeast 8<sup>th</sup> Street and ½ Southeast E Street</p>	<p>Vacant lot by Art Center of the Ozarks (ACO) is the strongest site for connectivity. It would expand the downtown footprint and create great synergies with ACO and other creative spaces downtown. It is a large enough site for a potential Marshallese Cultural Center. City-owned site.</p> <p>ACO: 226 Blair Street, adjacent to 313 West Meadow Avenue and 2016 South Blair Street</p>	<p>Rogers has several potential sites and others to-be-discovered. A partnership with another developer is possible as is a non-residential project in a building such as the City-owned downtown post office building on Poplar Street. Also, of interest is a site in or adjacent to the new Frisco Park redevelopment. Connections with consultants from Forecast Public Art indicate great synergies between park development and a potential Artspace project. Frisco Park properties are privately owned.</p> <p>Historic Post Office: 120 West Poplar Street</p>	<p>Focus on Library Expansion Site for mixed-use artist housing with working studio space and collaborative work space for post-graduates from U of A. The Armory site is an additional opportunity for Artspace to consult with a local developer interested in converting a building to a small number of artist housing units plus industrial arts space that will be programmed by a local group.</p> <p>The Library: 401 West Mountain Street - The expansion site is to the south, toward the hospital.</p> <p>The Armory: 70 North College Avenue through 110 South College Avenue.</p>

CRITERIA	BENTONVILLE	SPRINGDALE	ROGERS	FAYETTEVILLE
ALIGNMENT WITH BROADER COMMUNITY GOALS	During focus groups, participants identified several priorities that could be addressed by a creative space facility:			
	<ol style="list-style-type: none"> <li>Sustaining creative businesses and nonprofits (art galleries, teaching studios, dance/music schools, recording studios, theaters, etc.)</li> <li>Maintaining Affordability</li> <li>Anchoring an Arts District</li> </ol>	<ol style="list-style-type: none"> <li>Downtown Revitalization</li> <li>Anchoring and Arts District</li> <li>Supporting a Cultural Community (Ensuring that a future project aligns with and reflects the unique culture and character of the community)</li> </ol>	<ol style="list-style-type: none"> <li>Downtown Revitalization</li> <li>Supporting a Cultural Community (Ensuring that a future project aligns with and reflects the unique culture and character of the community)</li> <li>Increasing Density</li> <li>Anchoring an Arts District</li> </ol>	<ol style="list-style-type: none"> <li>Assisting Local Artists</li> <li>Supporting a Cultural Community (Ensuring that a future project aligns with and reflects the unique culture and character of the community)</li> <li>Sustaining Creative Businesses and Nonprofits (art galleries, teaching studios, dance/music schools, recording studios, theaters, etc.)</li> </ol>

Regional Recommendations:

- Meet with the Arkansas Finance Development Authority** to discuss the types of support that could come from various state programs for predevelopment and capital and the likely timing. Artspace has already initiated these conversations. It is important at this early stage to understand the nuances of the State’s Qualified Allocation Plan for the LIHTC program to understand the nuances of how this resource can be used for the kinds of multi-family projects discussed in this report. Subsequent to the Preliminary Feasibility Visit, Artspace spent time in Little Rock, speaking with staff at the Arkansas Finance Development Authority. Staff were extremely supportive of a mixed-use artist housing “product” in Northwest Arkansas.
- Create a full-time, year-round support organization for artists.** An arts association, guild, council or other type of group would help create a unified voice and build on work started by the Mid-American Arts Alliance’s Artists 360 program. In this dynamic community, increased connectivity, communication, and advocacy would go a long way to ignite the creative sector and ensure that the artist perspective has a seat at the table. An artist service organization would also benefit the creative sector by providing ongoing professional support and training, a need that artists identified in focus group conversations. Since the Artspace Feasibility Studies, the creation of a Northwest Arkansas Regional Arts Council is underway as well as a search for their first Executive Director under the umbrella of the Northwest Arkansas Council. Artspace’s facility work in the region will benefit greatly from a strong alliance with this organization — both in terms of community engagement for specific projects in the region as well as shared advocacy for affordable artist space to live, work, exhibit and perform.

3. **Encourage developers to include space for artists and creative businesses as a part of their project plans.**
  - Develop incentives for developers to include space for creatives in their projects. Incentives could include density bonuses (for example, an additional floor of space in exchange for including artist space in the new development) or tax relief for the portion of the space used for the arts.
  - Share information from the Arts Market Survey about the depth of the market and what artists can afford to pay. This sharing is important because very few developers understand the viability of the creative market. Most think it would be cool to include artists in their building but may not realize that artists can pay rent if it is priced affordably.
  
4. **Move forward with an Arts Market Survey to collect data** about the number of artists and creative people who need or want space, their demographics, their location preferences and their affordability needs. This data will help solidify recommendations for project concepts in all four communities.

# PRELIMINARY FEASIBILITY REPORT

## Bentonville, AR | March 2018



Prepared at the request of the Walton Family Foundation

# ACKNOWLEDGMENTS

Artspace would like to thank the Walton Family Foundation for their leadership, coordination, and support of this study. The Core Group of individuals that they assembled offered invaluable insight, hospitality, and feedback throughout the process. It was a pleasure to work with such a committed group. We would also like to thank the participants in the focus groups and public meeting that made their voices heard over the course of this visit.

## WALTON FAMILY FOUNDATION



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### CORE GROUP

- Robin Atkinson, CEO & Creative Director, NWA Fashion Week
- Jaquita Ball, Founder/CEO/Artist, Red Cat Art LLC
- Shawn Barney, Founder & Managing Director, CLB Porter, LLC
- Neil Greenhaw, Founder & Principal Owner, Haxton Road Studios; and producer, songwriter, and session guitarist
- Casey Kleinhenz, Executive Director, Community Development Corporation of Bentonville
- Danielle Semsrott, Senior Planner, City of Bentonville

# TABLE OF CONTENTS

**COMMUNITY PROFILE** \_\_\_\_\_ **4**

**PRELIMINARY FEASIBILITY STUDY: OVERVIEW** \_\_\_\_\_ **6**

**FINDINGS** \_\_\_\_\_ **9**

**Project Concept** \_\_\_\_\_ **9**

**Arts Market** \_\_\_\_\_ **12**

**Local Leadership** \_\_\_\_\_ **17**

**Funding & Financing** \_\_\_\_\_ **19**

**Potential Sites** \_\_\_\_\_ **24**

**Alignment with Broader Community Goals** \_\_\_\_\_ **27**

**RECOMMENDATIONS & NEXT STEPS** \_\_\_\_\_ **29**

**APPENDIX I** \_\_\_\_\_ **31**

**APPENDIX II** \_\_\_\_\_ **33**

# COMMUNITY PROFILE

## INTRODUCTION

One of the four largest cities in Northwest Arkansas (NWA), Bentonville still retains a small-town vibe – despite prosperity and rapid growth. According to U.S. Census data, Bentonville had a population of 11,000 in 1990; nearly doubled over the next decade, to just over 20,000 in 2000; rose another 75% the decade following, to more than 35,000 in 2010; and increased nearly 30% in the last several years, bringing the total population to more than 47,000 in 2016.

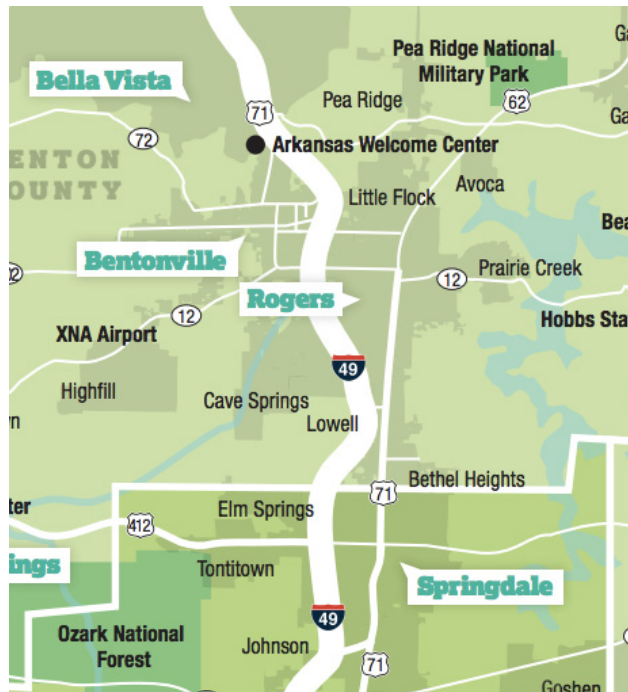
What accounts for this boom? Benton County is home to several large employers, including Walmart, Mercy Health System, and J.B. Hunt. Walmart, with corporate headquarters in Bentonville, is one of the world's largest retailers, and the largest employer in 22 states. Locally, Walmart employs some 14,000 people. In Fall 2017 Walmart announced plans to move its corporate headquarters closer to downtown with an intention to consolidate spaces, present a more modern and urban face, and increase its ability to attract top talent. In addition to the Walmart Corporation itself, Walmart vendors are also fueling growth. One news article cited upwards of 1,500 Walmart vendors setting up shop in the area – with more than 50 of those employing 50+ people per shop.

Despite the explosion of human capital, the downtown square remains modest in size and retains a historic character. Several gourmet restaurants and coffee shops are on offer, as well as Sam Walton's charming, original 5&10 store, the Walmart Museum, the well-appointed Walmart Neighborhood Market, a music venue, event center, and other civic buildings. A short four blocks from the square is the renowned Brightwater Culinary School and 8th Street Market. Within Northwest Arkansas, Bentonville has the largest population of people electing to live downtown. New construction is visible on every arterial road radiating out from the center.

Arts and cultural development is at the forefront of these conversations. Recent examples that have gained national recognition include the Crystal Bridges Museum of American Art, the Scott Family Amazeum, and the Momentary (a forthcoming contemporary arts venue), to name a few. Coupled with the extensive regional network of bike trails, which achieved a Silver Level Ride award by the International



The original Walton's 5 & 10



and increase its ability to attract top talent. In addition to the Walmart Corporation itself, Walmart vendors are also fueling growth. One news article cited upwards of 1,500 Walmart vendors setting up shop in the area – with more than 50 of those employing 50+ people per shop.

## BENTONVILLE, AR AT A GLANCE

**Population (2017 estimate):** 44,895  
**Households (2017 estimate):** 16,843  
**Population, % change 2010-2017:** 27%  
**Est. Population Growth 2017-2022:** 14%  
**Median Age (2017 estimate):** 33  
**Median HH Income, 2017:** \$62,989  
**Renter-occupied households, 2017:** 7,331  
**Race and Ethnicity, 2017 (top 4):**

- White: 77%
- Asian: 11%
- Hispanic: 10%
- Other: 4%

Source: Esri Community Analyst

Mountain Biking Association, Bentonville residents and visitors have many top-notch amenities to enjoy.

To better understand the needs of this dynamic city and region, the Walton Family Foundation is making several significant investments. They recently announced plans to commission a year-long study on workforce housing in the region, including an analysis of the region's needs and a comprehensive housing plan with recommendations addressing a broad range of incomes. In addition, the Foundation awarded several grants focused on research around mixed-use housing, including one to Artspace to assess the availability of creative-sector spaces in the region. The grant makes possible several Artspace trips to NWA, subsequent work to compile four feasibility studies, and a broader, regional arts market study.

The Bentonville study is intended to further the conversation by looking specifically at the space needs of the creative sector, and the feasibility of creating dedicated arts spaces in the core of the City.

## SUMMARY: MEASURING THE VITALITY OF DOWNTOWNS IN BENTONVILLE, FAYETTEVILLE, ROGERS, SILOAM SPRINGS, AND SPRINGDALE



This report, compiled by Center for Business and Economic Research in the University of Arkansas' Sam. M. Walton School of Business, was funded with support from with Walton Family Foundation. The Foundation provided a summary of the Bentonville section:

“Downtown Bentonville is booming. It has experienced steady growth in both commercial and residential property values and increased permits for construction of single-family homes that show strong demand for living space downtown. Residential average sales per square foot have jumped more than 200% in the past five years, raising concerns about affordability for people of different income levels, including young professionals.”



# PRELIMINARY FEASIBILITY STUDY

A Preliminary Feasibility Study is the first step in understanding how an attainable arts real estate 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 attainable space for the arts sector.



Downtown Bentonville

The Bentonville Preliminary Feasibility Visit was conducted January 31 – February 2, 2018. During these three days, Artspace staff met stakeholders, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President, and Anna Growcott, Director, both from the Consulting and Strategic Partnerships Department; and Dana Mattice, Grants Writer / Communications Specialist, from the National Advancement Department.

## ABOUT ARTSPACE

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

## THE ARTSPACE APPROACH

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

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

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

**LOCAL LEADERSHIP:** Are there leaders on the ground who are willing and able to advocate for the project, open

doors, and keep lines of communication flowing between a developer and the community? These leaders come from all industries, from elected officials who control agencies and program dollars to citizens who are passionate about making their community a better place to live, work, and create.

**FUNDING AND FINANCING:** Arts facilities typically represent significant investments of civic resources. Although a variety of state and federal programs can be used to generate revenue for construction, Artspace relies on local funding and financing programs to support predevelopment expenses and gap funding. The Preliminary Feasibility Study considers the community's interest and capacity to commit resources to an arts facility. Basic information is gathered about local funding options from both private and public institutions as well as philanthropic donations.

**POTENTIAL SITES:** At this stage, the primary goal is not to select the final site, but rather to identify 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. Community members are asked to circle their top priorities during the visit with Artspace.

## PRELIMINARY FEASIBILITY VISIT



During the Bentonville visit, the Artspace team:

- Toured potential sites
- Facilitated three focus group meetings (60 total participants):
  - Artists, Arts Organizations, and Creative Businesses
  - Civic Leadership
  - Finance and Funder Leadership
- Held a Public Meeting at Haxton Roads Studio (100 participants)

# BRINGING ARTSPACE'S NATIONAL EXPERIENCE TO BENTONVILLE, AR

In addition to the information gathered about Bentonville, this report is informed by Artspace's experience working in other cities that have invested in attainable facilities for artists and arts organizations. The following thoughts provide context for evaluating the feasibility and demonstrating the importance of creative spaces in Bentonville:

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

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

## Artspace Projects Around the Country



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

# FINDINGS

## PROJECT CONCEPT

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

Some communities are clear about what they hope to achieve; other communities are starting from scratch. They look to Artspace to guide them through the process of determining whether a new facility makes sense for them – and, if so, what kind of space.

The overarching theme that Artspace heard from Bentonville artists and arts administrators was a lack of affordability. The majority of participants in the Artists, Arts Organizations, and Creative Businesses Focus Group work from home, and had trouble identifying appropriate and affordable places to exhibit or perform. While the artists viewed Crystal Bridges, 21c, and the Momentary as aspirational spaces to show their work, they stated that there is a chasm in the middle (between exhibiting at a coffee shop to displaying at a world-renowned museum) for early and mid-career, professional artists to grow. The Crystal Bridges curator herself was in the room and backed this perspective by stating that “a rich arts community takes many hands and spaces.” She did not desire the museum to be a monolithic place, and emphasized that Crystal Bridges and the Momentary can only do so much, with only so much space; and that additional spaces would be needed to grow the local arts community.

The group also discussed the value for children, and the public in general, to see the process behind the arts products being made. They began dreaming of a collaborative space that they compared to the Bike Rack Brewing Company at 8th Street Market, where folks could come in and see what others were working on, and collaborate.

## PRIORITY PROJECT CONCEPTS

Artspace looks at the needs and goals of the creative sector, the will and resources of the private and public sector, and any well-aligned opportunities that may drive the project concept(s).

Each focus group provided ideas about what type of creative space they would like to see in Bentonville. The Artists and Arts Organizations Focus Group brainstormed a list, and then prioritized their preferred concepts by a raise-of-hands vote. The ideas generated are as follows, listed in order of poll results:

1. The Hub / Village
2. Performance space
3. Gallery space
4. Residential
5. Affordable studio space
6. Shared studio space
7. Film, video, animation, green screen space
8. Marketplace

The top four concepts for affordable, creative space downtown are defined and discussed in more detail:

**The Hub / Village.** This concept is broad and references collaborative types of spaces where multiple kinds of entrepreneurial activities and experiences occur, and where visitors and the public are also invited to participate. Some hubs have a theme, like food or co-working. Other hubs are large open spaces where many different businesses co-exist with the potential of collaboration. Focus group participants talked about this concept as an “8th Street Market for the Arts.” The Arts Market Study can help further define these ideas.

**Performance Space** serves groups and individuals looking to rent space for performances, rehearsals, and/or community gatherings. Performance spaces are usually operated by a local organization and often rented out to performing arts groups on an occasional basis. Bentonville participants described interest in a performance space that is in the 100-300 seat range, flexible to meet the needs of multiple organizations, and rented for theater, music, and other events.

**Gallery/Exhibition Space** can be run by a business, a singular artist, or a group of artists. Gallery spaces are typically leased exclusively for a period of one year or longer, and are often subleased to other groups for events. In Bentonville conversations, there was interest in having a flexible exhibition space for multiple artists to use to display and sell their work to the public.

**Live/Work Housing** is residential space where artists can live and create in the same space. Artspace live/work units meet standard residential codes, and are somewhat larger (150 to 200 square feet) than a typical dwelling unit. The units include artist-friendly design features including durable surfaces, large windows, high ceilings, and wide doorways. Though residential space was not discussed at-length during Bentonville focus groups, participants prioritized it as one of the top potential concepts.

## DEFINING A PROJECT CONCEPT IN BENTONVILLE

There is a strong desire in Bentonville to have places to showcase and share work, whether that be performing or visual arts, and to forge collaborations. Beyond that, the needs were broad and equally rated, including places to live, create work, sell work, and have access to digital artmaking tools. Though no singular project can be all things to all people, understanding how the community views these concepts is valuable in understanding the breadth of space needs in Bentonville. One or more of these priority concepts could be combined into a project and co-exist, depending on the site and developer.

For purposes of this study, Artspace will explore a **mixed-use affordable live/work project with commercial space on the ground floor as the priority project concept for Bentonville**. The rapidly increasing challenge of housing affordability, combined with rising land values, lead us to prioritize housing among the top space concepts to be considered in a potential Bentonville project. This type of mixed-use project could create an arts hub by including a variety of uses in the ground floor commercial spaces, such as galleries, studios, and retail space. The following sections of this report are presented in the context of this priority project concept.



Community Space Example: Karcher Artspace Lofts - Waukegan, IL



Private Work Space Example: Leatherworks in the Northern Warehouse, St. Paul, MN



Live/Work Unit Example: El Barrio's Artspace PS109, New York, NY

## ARTSPACE & TENANT PARTNERSHIPS



**ARTSPACE BUFFALO LOFTS // BUFFALO, NY** - The Buffalo Arts and Technology Center (BATC) occupies 15,000 square feet on the first and lower level of a renovated historic electric car factory; the four upper floors are dedicated to 36 units of artist live/work housing.

BATC is a nonprofit subsidiary of Manchester Bidwell out of Pittsburgh, PA, which offers after-school visual arts programs for at-risk high school students as well as health sciences career training for under-employed and unemployed adults. There is a synergistic relationship with both the nearby medical campus, through job placements, as well as the artist residents, some of whom work as BATC faculty.

**NORTHERN WAREHOUSE ARTIST LOFTS // ST. PAUL, MN** - Springboard for the Arts is an anchor tenant in Artspace's mixed-use project in the Lowertown Historic District of St. Paul. Springboard provides resources, workshops and training for artists and small- to mid-sized arts organizations. Springboard serves artist tenants in all 10 of Artspace's Minnesota projects.

**CITY HALL ARTSPACE LOFTS // DEARBORN, MI** - The Arab American National Museum has been a key partner since the early days of the project. The museum is located across the street from Artspace, and operates an artist-in-residency space for visiting artists in the Artspace project.

This space provides a unique opportunity for the Arab American National Museum to host visiting artists from around the world who teach classes and engage with the broader community during their stay in Dearborn.

# ARTS MARKET

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

During the Artists, Arts Organizations, & Creative Business Focus Group, participants were asked what they consider “affordable” in terms of rent and what amenities are high priorities for them for the different spaces they had prioritized. This information helps Artspace assess the feasibility of a project concept and lays the groundwork for the quantitative Arts Market Study, the second step on the path to an Artspace project, further detailed on page 16.

Artspace intentionally keeps its definitions of artist and creative broad to be as inclusive as possible. Residents of Artspace buildings range from veterans, retirees, service workers, teachers, and parents who also happen to be creative. They are likely to earn a portion of their income from something other than their art. In fact, a look across the Arts Market Surveys that Artspace has completed in the past 15 years shows that only about 10% of artist respondents make 100% of their income through their art.



Mural in Bentonville

## WHO IS AN ARTIST?

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

- A person who works in or is skilled in any of the fine arts, including but not limited to **painting, drawing, sculpture, book art, mixed-media and print-making.**
- A person who creates imaginative works of aesthetic value, including but not limited to **film, video, digital media works, literature, costume design, photography, architecture and music composition.**
- A person who creates functional art, including but not limited to **jewelry, rugs, decorative fixtures, edible products, furniture, straw bale homes, pottery, toys and quilts.**
- A performer, including but not limited to **singers, musicians, dancers, actors and performance artists.**
- In all culturally significant practices, including a **designer, technician, tattoo artist, hairdresser, chef/ culinary artist, craftsman, teacher or administrator** who is dedicated to using their expertise within the community to support, promote, present, and/or teach and propagate their art form through events, activities, performances and classes.

Artists and creatives from a broad range of art forms, ages, and career stages participated in the visit. Represented among the Artists, Arts Organizations, & Creative Business Focus Group were several music producers and musicians, an animator/illustrator, photographer, silversmith, pastel artist, actor/comedian, graphic designer/video artist, and multiple painters. Several artists in the group worked in multiple disciplines and had side gigs curating and/or consulting. Arts administrators included the CEO & creative director of NWA Fashion Week, the executive director of the Arkansas Philharmonic Orchestra, the Crystal Bridges Museum of American Art curator, and the head of the I’ll Fly Away Foundation. Also in attendance was Al Bell, renowned record producer, co-founder of Memphis’ Stax Records, and former Motown Records Group President. He and his partners shared that they are planning to move his latest business, Al Bell Presents, to Bentonville.

Current rental rates and expectations also inform the Arts Market assessment. Rental rates are also higher in Bentonville, and climbing. Anecdotally, we heard stories of artists who work in Bentonville and live in one of the other cities, either by choice or by necessity. Finding and keeping affordable rents is a pressing issue for Bentonville residents.

Local working artists are apparently not alone in their struggle for accessible space. A new report, "Measuring the Vitality of Downtowns in Bentonville, Fayetteville, Rogers, and Springdale," was commissioned by the Walton Family Foundation and compiled by the Center for Business and Economic Research in the University of Arkansas' Sam. M. Walton School of Business. While the report revealed positive economic progress, it also found that accessible housing options are needed region-wide. In Bentonville specifically, residential prices per square foot increased dramatically, to more than 200% in just five years. Bentonville also reported the largest residential population downtown and, with Fayetteville, the largest number of commercial and residential building permits downtown. The average price of downtown retail space for lease in Bentonville was also the highest in the region, jumping from \$11.31 per square foot five years ago, to \$16.67 in 2017. The data also showed significantly declining multifamily vacancy rates across the Northwest region, even as units were added, further attesting to the desire of locals to live in or near downtown while revealing trends that may limit residents' ability to do so. It should be noted that commercial rents of \$16 per square foot are comparable to those in the core of much larger cities such as Kansas City, MO or Memphis, TN.

Below is a summary of comments that focus group participants made about rental rates in town (please note that these rates are as discussed in meetings, and are not verified). Overall and compared to other cities where Artspace works, there was less awareness of rental rates for working studio spaces or other types of spaces. We believe this is partially due to the lack of space options for artists in the region.

- One paid \$325/month for 600 square feet in Baton Rouge. Another said that would be amazing.
- Someone else paid \$300/month for a small studio in Fayetteville.
- Artists wondered about opportunities for co-ops or collectives.
- The majority worked from home.

Discussions also revealed that many artists and arts organizations work out of their homes, exhibit in temporary spaces, and/or perform in less than ideal venues. For example, participants cited a lack of dedicated galleries to display their work. Though art displays at the local bank and coffee shops provided good visibility, they are less effective at elevating the artwork or cultivating an art-collecting community. The Arkansas Philharmonic Orchestra utilizes the high school auditorium for their performances, but would prefer a dedicated local venue.



Commissioned mural at 211 Café by Brandon Bullette



## EXISTING AND FORTHCOMING CREATIVE SPACES

During the Preliminary Feasibility Visit, several arts assets were included in Artspace's tour and in discussions. Bentonville's creative spaces are a striking combination of both internationally acclaimed institutions and small, understated spaces. During the tour, it was noted that much of the local arts scene is only visible with a local guide. Artspace is aware that there are many more arts organizations, businesses, and venues in Bentonville, and that additional spaces have opened since the visit. The following list only includes the creative spaces that Artspace had the opportunity to tour or meet during the visit:

- **Crystal Bridges Museum of American Art** was founded in 2005 by the Walton Family Foundation, with philanthropist and arts patron Alice Walton chairing the board. The museum's permanent collection features Colonial to contemporary American masterpieces. The artworks are housed within stunning pavilions of gleaming glass and soaring wood forms, designed by famed architect Moshe Safdie, and are nestled around two ponds fed by a gurgling stream. More than 100 acres of forest surround the museum, including walking and sculpture trails—which claim serious works of art themselves, including a James Turrell “Skyspace.” It provides free admission year-round, and wraparound arts education programs.



Crystal Bridges is “a pilgrimage site for the cognoscenti on par with Louisiana in Denmark, the Skirball Center and the Getty Center outside Los Angeles, and the Chinati Foundation in Marfa, Texas” — The Huffington Post. Pictured: Anna Growcott at Crystal Bridges.

- **The Momentary** (projected opening 2020) will be a contemporary visual and performing arts museum in an adaptive reuse of a vacant Kraft Food factory. This satellite project of Crystal Bridges will be located in the up-and-coming Market District, near the future Walmart Headquarters.
- **21C Museum Hotel** opened in downtown Bentonville in 2013, providing cutting-edge, international art exhibitions in its gallery spaces.
- **Museum of Native American History**, which opened in 2006 and spans 14,000 years, showcases thousands of artifacts from across the Americas including the skeleton of a woolly mammoth.
- **Scott Family Amazeum** is a hands-on, interactive arts and science museum for children and families. Situated near Crystal Bridges, it opened in 2015.
- **the visual poets society** is a collective founded by a Belizean American artist from Chicago, Hubert Neal Jr., who operates his studio and a gallery from within an unmarked, residential home.
- **Trike Theatre**, Northwest Arkansas' Professional Theatre for Youth, currently rehearses, performs, and teaches classes less than a block from the square. Its lease will be ending soon, and the theater is exploring options for its next space.

**“The Momentary will push boundaries of creativity, blur urban and rural lines, and provide access to arts-based experiences in a comfortable and well-designed social space.”**

**— Lieven Bertels, Director of Momentary in an ARTnews interview**

- **Haxton Road Studios**, a professional recording studio, opened in 2017 a few blocks from the downtown square.
- **House of Songs Ozarks** originated in Austin, TX, and opened in Bentonville in summer 2017 at the behest of the Walton Family Foundation. A nonprofit dedicated to hosting songwriters from around the world to collaborate with local musicians and present live performances, it also operates out of a home in a residential area, with minimal signage, one block from the Momentary site.

In this period of growth, there are also several new spaces planning to open in Bentonville. For example, we heard about up to four makerspaces in the works. One of these is a Northwest Arkansas Community College project that is slated to break ground Spring 2018. This makerspace concept will blend fine arts and construction trades, offering tools and space for both. It will be available for students in the arts degree and industrial arts degree programs; and though it may not directly serve working artists, it is an exciting model for innovative partnerships.

With all these new projects, the Core Group noted that the organizers may not be aware of each other's plans. As any new project – large or small, Artspace or otherwise – goes into development, it will be important to ensure that the initiative builds upon, and does not duplicate, other projects.



Haxton Road Studios



Artwork by Hubert Neal Jr.  
On view at the visual poet society gallery

## STEP 2: ARTS MARKET STUDY

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

- Amount artists could pay for studio/work space
- Amount artists could pay for housing
- Types of shared or community spaces that are most important
- Types of private studio workspaces that are most important
- Location preference
- Whether commercial space in a mixed-use project could serve both nonprofits and small creative businesses.

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

## ARTIST PREFERENCE IN AFFORDABLE HOUSING

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

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

Although the IRS challenged the "artist preference" policy in 2007, it dropped the challenge after the Housing and Economic Recovery Act of 2008 became law. That law states: "A project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants...who are involved in artistic or literary activities."

## LOCAL LEADERSHIP

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

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

The Core Group that participated in the Preliminary Feasibility Study are the type of leadership needed from the very start. Bentonville leaders are poised to move forward with a shared vision for a city that is welcoming and affordable, and that embraces local, grassroots arts in addition to the new array of world-class offerings. They provided valuable information and insights about Bentonville's history, unique culture, goals, and strengths and challenges.



The Walmart Museum

## CIVIC LEADERSHIP

The cross-section of leaders in the Civic Leadership Focus Group included Mayor Bob McCaslin and County Judge Barry Moehring. Several major leaders in the education field were present as well, including the superintendent of Bentonville Schools, program director of Bentonville Public Schools' Ignite Professional Studies program, and the President of Northwest Arkansas Community College (NWACC).

The civic leaders spent significant time discussing how to create a local, cultural community. It was stated that it was there, but that "we don't do a great job of letting others know about it, and what's going on. We can do a better job of it." For example, many in the room had no idea of the existence of the local visual poets society gallery space that Artspace toured. This line of thought was later echoed by a member of the Core Group, who also did not know the richness of local arts currently available in Bentonville until joining the Artspace tour, and witnessing the large turnout at the public meeting. He knew about the museum and the "higher level stuff," but not about local artists and arts.

Other focus groups, however, expressed challenges working with the City. It was noted that, outside of cultural issues, there are structural issues with city codes that may not be in alignment with fire codes. Another participant added that there was a "huge disconnect" between City goals, studies, the blueprint, and current zoning. This person felt that the recently adopted downtown plan did not support affordability, and that a "huge shift in alignment" was needed to overcome this issue.

Every city has its challenges, so it's important to call out those potential challenges early in the process. Any future Artspace project(s) will require strong support from the public sector. These early conversations with civic leaders is the start of learning about local priorities, opportunities, and challenges. The shared excitement and interest expressed during the focus groups were promising. Despite challenges, optimism prevailed.

## PRIVATE LEADERSHIP

The Finance & Funding Focus Group was the largest of the three focus groups, and was dominated by bankers, developers, and architects, as well as a few representatives from local foundations. In addition to sharing valuable insights about sites and community goals, this group was enthusiastic about sharing information to help an Artspace project advance. Many individuals followed up after the meeting to discuss how they could contribute: bankers talking about financing options; architects referencing their services; developers sharing their experiences working in Bentonville. Many of the leaders that participated in the visit discussed the topics with a seasoned perspective of having both worked outside the region and within the unique market of Bentonville.

## CREATIVE SECTOR LEADERSHIP

Bentonville has attracted top talent from around the country (and in some cases, the world) in all industries, including arts and culture. However, though the creative sector participants were congenial and familiar with each other, we did not observe evidence of a strong unified voice or alliance. Artists made comments throughout the visit about how Bentonville is not as 'scrappy,' or as unified of an arts scene, as some of the other cities where they had worked; and how local artists are not as visible as they could be. This perception may evolve as this work continues, and as we continue to peel back the layers and/or perhaps as artists come together with a common vision. In either case, as any community-led development project progresses, leadership from the creative sector will be a necessary partner.

## POTENTIAL PARTNERSHIPS

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

- City government
- Real estate developers
- Philanthropy
- Educators
- Startups and entrepreneurs
- Religious and diverse cultural communities, including proctors
- Construction professionals
- Young professionals and creatives, including interns, young architects, and engineers who want to do meaningful work gain community development experience



Arts & Creative Focus Group at Haxton Studios.

# FUNDING AND FINANCING

When considering financial feasibility and return on investment, it is important to note the multiple points of impact of a potential project site. “Returns on investment” include not only affordable housing but also blight remediation, adaptive reuse of historic buildings, and infrastructure investment in the cultural economy. Communities, civic leaders, and politicians must share in this vision to maximize impact.

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

Every municipality is unique in its approach, and in the sources available for important “gap” funding. The Funding and Financing Focus Group meeting with members of the local and regional financial sector is a first step to identifying potential local public and private resources. At the Finance and Funder Leadership Focus Group, we were encouraged by the participation of many local banks and lenders—in fact, this was the largest of the three focus groups. Artspace shared that every project relies on a mix of local and national funding sources. The group was engaged and optimistic in the discussions around potential local funding sources, making it clear that a private/public partnership is very possible in Bentonville.

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

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

## POTENTIAL FUNDING SOURCES

This is a preliminary list of potential sources that were discussed during the visit and other funding sources that Artspace had researched for the state of Arkansas.


- **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 Arkansas, the LIHTCs are awarded through the Arkansas Development Finance Authority, the same agency that governs the Arkansas housing trust fund dollars.
- **Arkansas Housing Trust Fund** is a potential source of funding from the State. Arkansas Development Finance Authority is the agency that governs this program, as well as LIHTCs and other loan programs focused on community development and housing.
- **Community Development Block Grant (CDBG)** is a State program administered by the Arkansas Economic Development Commission. CDBG funds can be used for architectural expenses, site improvements and other infrastructure costs.
- **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. Through the Arkansas Historic Preservation program, an eligible property may also be eligible for the state Rehabilitation Tax Credit program. New legislation passed in 2017, allows a tax credit up to \$400,000 per eligible project.
- **HOME Investment Partnership Program (HOME)** is a federal program that provides funding to state and local governments to fund affordable housing developments.

- **Tax Increment Financing (TIF)** is a tool available to local communities for assisting economic development, redevelopment and housing. Artspace understands that this tool is allowable in the State of Arkansas but may still be somewhat controversial in specific municipalities.
- **Northwest Arkansas Economic Development District** plays a role in administering and seeking federal funds for larger community projects that focus on infrastructure improvements, job creation and the like. While not likely to be a direct funding source for this initiative, having a relationship with this agency would be important relative to federal funding coordination and knowledge.
- **Philanthropy.** Following is a list of foundations, corporate giving programs and other entities that have a history of philanthropy and community grants in Northwest Arkansas. As any project moves forward, further research would be necessary to better understand these organizations' giving priorities and timelines.
  - Walton Family Foundation
  - Walmart Foundation
  - Windgate Charitable Foundation
  - Sunderland Foundation
  - Willard & Pat Walker Charitable Foundation
  - U.S. Bank
  - Schmieding Foundation
  - Bridgestone Americas Trust
  - 3M
  - Ash Grove Charitable Foundation
  - Jones Trust
  - Tenenbaum Foundation
  - William C. & Theodosia Murphy Nolan Foundation
  - Union Pacific Foundation
  - Elisabeth D. Wagner Foundation
  - Bitha Godfrey & Maude J. Thomas Charitable Foundation
  - Georgia-Pacific Foundation
  - Miller Family Foundation
  - Weyerhaeuser Giving Fund
  - Tyson Family Foundation, Inc.
  - Arkansas Communities Foundation
  - Arkansas Humanities Council

# UNDERSTANDING LOW-INCOME HOUSING TAX CREDITS (LIHTC)

**STEP 1 (OF 10)**

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 10)**

The **IRS** has a pool of tax credits that it divvies up every year among **58 state and local housing finance agencies**, based on population size.



**STEP 3 (OF 10)**


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 10)**

First, you go to your **housing finance agency** to request money to build. You promise to:

- Offer a certain amount of low-income units and keep it that way for at least 30 years.
- Meet the housing agency's requirements. For example, you might set aside units for veterans or the homeless.



**STEP 5 (OF 10)**

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



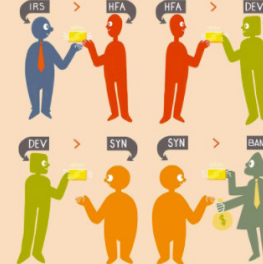
**STEP 6 (OF 10)**

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 10)**

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 10)**

Everybody in this process earns a fee for their work.



**STEP 9 (OF 10)**

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 10)**

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



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



## ARTSPACE FUNDING EXAMPLES

While the funding process for each project is unique, Artspace's development experience provides a head start in identifying and navigating state and regional funding sources. Below are summaries of financial sources Artspace compiled for recent projects in Loveland, CO; Council Bluffs, IA; and Chicago Avenue Fire Arts Center in Minneapolis, MN.

### ARTSPACE LOVELAND ARTS CAMPUS, LOVELAND, CO

Source	Amount	PCT.
<b>PUBLIC SOURCES</b>		
Low-Income Housing Tax Credits (9%)	\$5,598,880	68%
CO State Housing Trust Fund / HOME Funds	\$300,000	4%
Loveland City Contract	\$413,674	5%
Loveland City Loan	\$300,000	4%
HACOL - Sponsor Loan	\$50,000	1%
<b>PRIVATE SOURCES</b>		
Residential First Mortgage	\$912,000	11%
Private Sector (Philanthropic Gifts)	\$619,584	8%
<b>TOTAL</b>	<b>\$8,194,138</b>	<b>100%</b>

### HARVESTER ARTSPACE LOFTS, COUNCIL BLUFFS, IA

Source	Amount	PCT.
<b>PUBLIC SOURCES</b>		
Low-Income Housing Tax Credits Equity	\$4,497,843	44%
Historic Tax Credit Equity	\$1,693,301	16%
Iowa Enterprise Zone Tax Credits	\$484,719	5%
Iowa Enterprise Zone Sales Tax Rebate	\$150,000	1%
HOME Funds	\$132,877	1%
<b>PRIVATE SOURCES</b>		
Residential First Mortgage	\$540,000	5%
GP Loan	\$201,866	2%
Sponsor Loan (Iowa West Foundation)	\$2,327,537	23%
Deferred Developer Fee	\$242,449	2%
<b>TOTAL</b>	<b>\$10,270,592</b>	<b>100%</b>



Artspace Loveland Arts Campus, Loveland, CO



Chicago Avenue Fire Arts Center (CAFAC), Minneapolis, MN



Harvester Artspace Lofts, Council Bluffs, IA

## CHICAGO AVENUE FIRE ARTS CENTER (CAFAC), MINNEAPOLIS, MN

Artspace partnered with CAFAC, a start-up arts nonprofit to create collaborative artist space. The partnership included a long-term affordable lease agreement with intent to transfer ownership once nonprofit stability is achieved.

Project total: \$1.1 million; sources included:

- Great Streets program from the City of Minneapolis
- Bank loan
- One philanthropic gift

Space includes:

- Shared Equipment
- Lending Library
- Classroom Space
- Collaborative Spaces
- Gallery/Show Space



# POTENTIAL SITES

During a Preliminary Feasibility Visit, Artspace's primary goal is not to select a site, but to identify candidates for further study should the project move forward. Several factors 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.

## SITE TOUR OBSERVATIONS

The Bentonville site tour focused on five potential sites in or adjacent to downtown. For the purposes of this report, we have provided summaries of our observations about the top five sites and a comparison of the top three. Each of the potential sites is assessed on the following pages, using information available as of the date of the tour on February 1, 2018.



Former City of Bentonville utility building

### 1. Former City of Bentonville Utility Building

501 SE 3rd Street

This 2.29-acre site, owned by Rope Swing, is uniquely situated just a few blocks away from the Momentary site. It is just north of the Market District, which spans 5th to 8th Streets. Core Group members commented that an Artspace project in this area, linked with the Momentary, could be “catalytic” in jumpstarting the Market District. One Core Group member had a vision of Momentary visitors being pushed from that space into nearby galleries, and saw it as a “quick way to cultivate an art collector class.”



Former Head Start building and lot

An arts facility development on this site could include the adaptive reuse of the larger “bus barn” sections of the buildings as working studios, galleries, or a performance venue. The large volume of space, with vaulted 30 foot ceilings and concrete floors, would lay a wonderful foundation for various types of creative commercial space.

We did not rank this site in the top three potential sites because we understand that Rope Swing has ideas for this site already under consideration. If those concepts do not materialize, this site could be reevaluated as a potential candidate.

### 2. Lutheran Church

406 W Central Street

The 12,000-square-foot church, constructed in 1969, is situated on .68 acres and includes a parking lot. Owned by the Lutheran Church, it has a high asking price – \$1,950,000 – but the Core Group felt it could be a unique property to redevelop into a cool community arts venue with education and/or performing arts space. Artspace feels the best reuse option for the Church would be as a small performance venue for multiple music and theater groups as well as a community kitchen to promote and encourage startups that create small-batch homemade products. The church is across the street from a school and bordered by residential neighborhoods.

### 3. Former Head Start Building and Lot

802 Northwest A Street

This former Head Start building and 1.55-acre lot is owned by Affordable Arkansas Homes, LLC. Just blocks from the downtown Square, the lot is also near bike trails that link to Crystal Bridges and the broader region. It is surrounded by single family homes, but many are being torn down. The Core Group saw lots of potential in this site, particularly for a mixed-use live/work housing project.

The size of the lot is suitable for a mixed-use housing project for 40-50 artists and their families, with ground floor community and working studio space. However, any zoning changes to allow for this use would have to be approved by the Planning Commission. Its location is walkable and in an area that would encourage higher density and attainable living—a much needed commodity in Bentonville.

### 4. Lot Adjacent to Momentary

SE 8th 1/2 SE E Street

This 2.63-acre lot is close to the Momentary and part of the Market District. As such, there is great synergy with other things happening nearby, including 8th Street Market, Walmart's new headquarters, new multi-family condominiums, and more to come. This site would create a dynamic hub for the arts, but could also get overshadowed by the intensity of redevelopment in the immediate area.

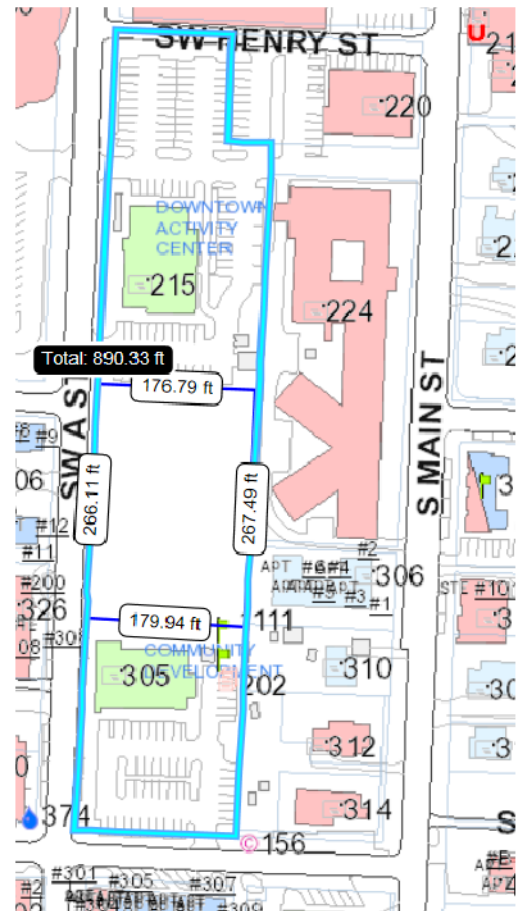
The site is large enough to do multiple things, and could include great connectivity to the trails and the Momentary, in particular.

### 5. Lot Adjacent to Community Development Building

SW 4th and Henry Street

The City owns a 3.62-acre property from SW 4th Street to SW Henry Street to the north by a parking lot and the Downtown Activity Center (215 SW A Street) and to the south by the Community Development Building (305 SW A Street). In between these buildings is a potential site on an approximately 1-acre vacant parcel.

This site's proximity to downtown makes it an excellent candidate, as it lends itself to expansion of downtown's retail/commercial opportunities with a focus on the arts. City-owned sites are also typically preferred over privately held sites. Local governments often play a partnership role with bringing large community-led projects to fruition, and can contribute to the project through site acquisition if the project aligns with their goals. This site is well-suited for a mixed-use facility with commercial space for creative businesses and community space on the ground floor, and housing on upper floors.



## COMPARING THE TOP SITES

Of the sites toured, the top three are compared below. These findings are preliminary and based on currently available information; much can and will likely change between the writing of this report and site selection. Final site selection would take place in a predevelopment stage of work (see Appendix II, "Path of an Artspace Project"). These sites mentioned should be prioritized as conversations progress and the type of project is narrowed down.

NAME	LOT ADJACENT TO MOMENTARY	HEAD START SITE AND LOT	LOT ADJACENT TO COMMUNITY DEVELOPMENT BUILDING
<b>LOCATION</b>	<p><b>EXCELLENT:</b> Adjacent to future creative space and the Market District. A project on this lot could create a campus feel and is walkable/ bikeable to downtown.</p>	<p><b>EXCELLENT:</b> Close to trail to Crystal Bridges, walkable/ bikeable to downtown. Its neighborhood location, surrounded by single family homes, make it better suited for residential and working studio spaces. It does not work as well for creative commercial spaces.</p>	<p><b>GOOD:</b> Close to the heart of downtown. Has the potential to encourage more residential and commercial development downtown. Location in the middle of the block between two civic-oriented buildings may not be best reuse.</p>
<b>SIZE</b>	<p><b>EXCELLENT:</b> This 2.63-acre lot has great flexibility to be combined with other arts projects, and outdoor activity/event space or industrial arts.</p>	<p><b>EXCELLENT:</b> This 1.55-acre site is large enough for a 40-50 unit live/work project with additional creative workspace.</p>	<p><b>GOOD:</b> This 1-acre parcel is part of a larger 3.63-acre site that includes the City's Community Development building and Downtown Activity Center.</p>
<b>ACQUISITION</b>	<p><b>GOOD:</b> The lot is owned by Walmart Corporation, who may be willing to sell or provide the land for the right project.</p>	<p><b>UNKNOWN:</b> The site is owned by Affordable Arkansas Homes, LLC who may want to sell the building and the surrounding land.</p>	<p><b>GOOD:</b> The site is owned by the City.</p>
<b>SUMMARY</b>	<p>Large site where multiple kinds of spaces could be created for artists and entrepreneurs. Great synergistic potential with the Momentary, Market District, Brightwater, and new Walmart HQ. Development here would not be as catalytic as developments on the other two sites.</p>	<p>Large enough site for live/work housing, plus community and artist studio space. Tucked into a residential neighborhood. Could be a demonstration project for high quality, multi-family development.</p>	<p>Adjacent to downtown. Great connectivity to the commercial core which could be expanded to this block and include first floor spaces for creative businesses. Adjacency to municipal buildings could be less desirable for artists.</p>

## ALIGNMENT WITH BROADER COMMUNITY GOALS

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

Throughout Artspace's visit, the team was asked by numerous people on multiple occasions: "If you build it, do the artists come? Or is it built on behalf of artists who are already here?" One Core Group member translated that question into a general concern that the local artists would be lost amid new progress. He succinctly summarized: "Local artists need a victory. They need a win."

The 2014 Bentonville Blueprint reiterates what the Artspace team heard—that there has been rapid change in a short period of time. It states: "Bentonville has transformed dramatically over the lifetimes of many of its residents – how much, depends on how long the observer has lived or worked in Bentonville ... From the work ethic of its original citizens, to the early growth of Walmart, to the arrival of the 1,500 vendors and culminating with the opening of Crystal Bridges and associated amenities downtown, Bentonville has evolved into something truly exceptional, with exceptional opportunities for its future. How Bentonville responds to this potential is the thrust of this Blueprint ... Bentonville is no longer a stand-alone municipality, but an integral part of a regional economy. It is important to note that Bentonville must and will continue to play a vital and collaborative role within the regional economic development context, but it is equally important for the regional economy for Bentonville to strive to develop its own infrastructure, assets and amenities ... Although this perspective should challenge many of the assumptions previously made in the community, it does enable Bentonville to maintain the 'small town feel' of a neighborhood that many interviewees stated is important."



Hubert Neal Jr.'s studio space  
in the visual poets society

The Blueprint recognizes Arts and Culture as an asset, with an entire section devoted to the field. The key priority is: "Continue to be exceptional in and further develop the arts/cultural environment in Bentonville." Ten strategies are identified to move this priority forward:

1. Continue to support the arts and market district development
2. Continue to support development of high-density housing in the downtown area
3. Create an artist relocation program
4. Form a Bentonville Arts Alliance
5. Consider a partnership with Artspace for development of affordable artist lofts
6. Continue to support the location of a performing arts center to Bentonville
7. Create a downtown Bentonville arts, culinary, and music festival modeled on the South by Southwest Festival in Austin
8. Provide access to arts education
9. Support presence and future expansion of food trucks as part of the culinary environment
10. Create an exceptional film production environment
11. The fifth goal is evidence that these ideas have been considered for years, prior to Artspace's engagement, and stem from ideas the community had organically

During focus groups, participants shared their ideas about broader community goals and how a new arts facility can help accomplish them. Based on a list of common community goals, they identified several primary priorities that could be addressed by a creative space facility:

1. **Supporting Creative Businesses and Nonprofits**
2. **Maintaining Affordability**
3. **Anchoring an Arts District**

Affordability was the main topic of many focus groups conversations. When asked to circle priority community goals, one Civic Leaders Focus Group participant said that she could not select “maintaining” affordability, because “we don’t have affordability at all.” Rather than “maintain,” she thought “create” or “become” were more appropriate words linking Bentonville and affordability. We heard about a participant’s Au Pair who only goes out in Fayetteville because Bentonville is too expensive. Others shared that there are no long-standing local bars with character, which makes sense, as we also heard that Benton County was a dry county until recently. The authentic, local feel of downtown Bentonville has been replaced with a more upscale urban shopping and dining experience. This may be advantageous to Walmart in attracting executives from around the world but may not be the best petri dish to foster “homegrown” arts and art experiences.

The Funding and Finance Focus Group also spent time discussing community goals, including their pride in the local culture and the welcoming spirit in Bentonville across demographics. A hot topic was density, which, as one participant stated, many in Bentonville see as “a four-letter word.” Some in the group perceived that their neighbors thought that density would generate more traffic, higher crime, and attract poorer populations. One woman of color shared her negative experience when a community member linked density with race and poverty. Most participants agreed that higher density was a positive thing that would increase commerce for the downtown restaurants and retail. Someone else referenced studies that show that density lowers infrastructure maintenance costs, comparing the price of plowing roads and picking up trash for 500 people in a two-block area compared to 30 families living in those same two blocks in single family homes. Another chimed in that they had “all seen really bad two units per acre, and really good four bedrooms per acre.” This group’s consensus was that some degree of education on the benefits of higher density living would help spur healthy development. Indeed, resistance to density is often due to unfamiliarity with this more urban style of living which promotes walkability, bikeability and proximity to amenities.

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

## RECOMMENDATIONS

Bentonville is well-positioned to pursue a project or projects that have spaces for artists and creative businesses. Affordability is an increasing challenge for artists in Bentonville. A mixed-use live/work project could be considered a “demonstration” project to provide a high-quality example of multi-family living in the core of Bentonville. We believe this could then become a catalyst for other developers to follow suit with more market rate and affordable options in the region.

The regional **Arts Market Study, the next step in this process, will give Artspace and the community the data necessary to understand if a mixed-use live/work concept aligns with what the artist community also desires.** The survey will quantify the need for creative live/work, working studio, and other kinds of production and exhibition spaces. This data informs the site selection, size, and amenities of a project. It also provides reliable information to others whose support is necessary for a successful project, including bankers, funders, and prospective LIHTC

## CORE GOALS

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

- Meet the creative sector’s space needs
- Plan for sustainable operations that do not require ongoing fundraising
- Ensure long-term affordability
- Reflect the unique culture and character of the community
- Exemplify ecological and efficient design

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 Bentonville can support 40-50 units of artist housing in addition to other types of non-residential spaces that support the creative industries. These qualitative findings alone are not a sufficient reason for bankers and funders to offer a mortgage loan; the statistical evidence of market demand can only be provided through an Arts Market Study.

## TAKING A MEASURE OF CREATIVE PLACEMAKING

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>





## NEXT STEPS

- **Begin preparing for the Arts Market Study.** Coordinate with Artspace to confirm the scope of work and discuss timeline. To further preparations, gather a diverse group of leaders to serve as an advisory committee to the survey process. This group is critical to the Arts Market Study, and can be reengaged for future activities related to the project such as advocacy and marketing.
- **Connect with potential private sector funders who could also be helpful in future stages of this initiative.** The cultivation process can be a lengthy one, and it is never too early to start.
- **Check in with the Arkansas Finance Development Authority** to discuss the types of support that could come from various state programs for predevelopment and development, and the likely timing. Artspace has already initiated these conversations. It is important at this early stage to understand the nuances of the State's Qualified Allocation Plan for the LIHTC program to know if this resource can be used for the kinds of multi-family projects discussed in this report.
- **Consider ways for the local arts and creative community to organize and connect.** An arts association, guild, council, or other type of group would help create a unified voice. In this dynamic community, increased connectivity, communication, and advocacy would go a long way to ignite the creative sector and ensure that the artist perspective has a seat at the table.

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

In summary, Artspace believes Bentonville's creative sector is at risk of being further displaced due to the rising cost of living. Therefore, an intervention that includes permanently affordable space to live, work, exhibit, and perform is critical in this stage of Bentonville's rapid growth and development.

Artspace greatly appreciates the opportunity to work with the Bentonville Core Group, and learn from its residents and leaders. Artspace came away with a strong sense of possibility. Insights and recommendations in this report are solely intended to guide a project to the next phase of development, and set Bentonville on the path to further supporting its creative sector through stable and attainable creative spaces.



Bicycle Revolution poster



Art on view at 21c Museum Hotel

# APPENDIX I

## ABOUT ARTSPACE



### ARTISTS AT WORK

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



### LIVELY NEIGHBORHOODS

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



### SUSTAINABLE SOLUTIONS

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

Established in 1979 to serve as an advocate for artists' space needs, Artspace effectively fulfilled that mission for nearly a decade. By the late 1980s, however, it was clear that the problem required a more proactive approach, and Artspace made the leap from advocate to developer. Since then, the scope of Artspace's activities has grown dramatically. Artspace is now a national leader in the field of developing affordable space that meets the needs of artists through the adaptive reuse of historic buildings and new construction.

Artspace's first three live/work projects were in Saint Paul: the Northern Warehouse Artists' Cooperative (1990), 653 Artist Lofts (formerly 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 Denver, New Orleans, New York, Seattle, 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 50 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 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



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 preliminary feasibility studies, an arts market survey, predevelopment, and development to completion and occupancy. Please note that this is not an exhaustive list of every activity that goes into an Artspace project, and that some actions may occur in a different order.

STEP 1: PRELIMINARY FEASIBILITY VISIT	
<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>Information Gathering and Outreach</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>Meet with artists, local funders, businesses, civic leaders, and other stakeholders</li> <li>Conduct a public meeting to introduce Artspace and solicit community feedback</li> <li>Tour candidate buildings and/or sites</li> <li>Extend outreach as needed to ensure that people from underrepresented communities are included in the process</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>Written report with recommendations for next steps</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>Demonstrated support from local leadership</li> <li>Critical mass of artists and arts organizations with space needs</li> <li>Established base of financial support</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>Completed April 2018</li> </ul>

## STEP 2: ARTS MARKET STUDY

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Assessing the Market</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Three phases to the study: survey preparation, data collection, and analysis/reporting</li> <li>• Quantify the overall demand for arts and creative spaces</li> <li>• Identify the types of spaces, amenities and features that artists want/need</li> <li>• Inform site selection, design, and programmatic decisions</li> <li>• Maintain community involvement throughout the project</li> <li>• Help build support and secure funding</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Written recommendations and technical report of survey findings</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Sufficient number of responses from eligible, interested artists to support an Artspace live/work project</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• Starting Summer 2018</li> </ul>

## STEP 3: PREDEVELOPMENT I

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

## STEP 4: PREDEVELOPMENT II

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Project Design and Financial Modeling</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Establish process for selecting architectural team</li> <li>• Confirm development goals and space program with architectural team</li> <li>• Engage architect to create conceptual plans and schematic designs</li> <li>• Engage contractor or cost consultant to provide pre-construction services</li> <li>• Resolve any contingent conditions relating to site control</li> <li>• Create capital and operating budgets</li> <li>• Obtain proposals and/or letters of interest from lender and equity investor financing partners</li> <li>• Prepare and submit Low Income Housing Tax Credit application</li> <li>• Submit other financing applications as applicable</li> <li>• Maintain excitement for the project within the creative community</li> <li>• Encourage and guide local artists to activate the site with arts activities</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Schematic designs</li> <li>• Financial pro-forma detailing capital and operating budgets</li> <li>• Preliminary proposals and letters of interest for project mortgage and equity financing</li> <li>• Summary of project status</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Award of Low Income Housing Tax Credits (first or second application) or commitment of alternative funding</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 12 months+</li> </ul>

## STEP 5: PREDEVELOPMENT III

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• From Tax Credits to Financial Closing</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Secure final gap funding commitments</li> <li>• Raise funds for equity, including private sector philanthropic dollars</li> <li>• Complete construction documents and submit permit applications</li> <li>• Negotiate construction and permanent loan commitments</li> <li>• Negotiate limited partner equity investment commitments</li> <li>• Advance project to construction closing</li> <li>• Communicate the progress of the project to the creative community to keep up the involvement and excitement</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Successful closing and commencement of construction</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 4-6 months</li> </ul>

## STEP 6: CONSTRUCTION

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Construction and Lease-up</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Oversee project construction</li> <li>• Engage property management company</li> <li>• Identify commercial tenants and sign lease agreements</li> <li>• Reach out to potential artist tenants, providing education on the application process</li> <li>• Conduct residential tenant selection process</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Completed project ready for occupancy</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 6-10 months</li> </ul>



# PRELIMINARY FEASIBILITY REPORT

## Springdale, AR | March 2018



Prepared at the request of the Walton Family Foundation

# ACKNOWLEDGMENTS

Artspace would like to thank the Walton Family Foundation for their leadership, coordination, and support of this study. The Core Group of individuals that they assembled offered invaluable insight, hospitality, and feedback throughout the process. It was a pleasure to work with such a committed group. We would also like to thank the participants in the focus groups and public meeting that made their voices heard over the course of this visit.

## WALTON FAMILY FOUNDATION



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### CORE GROUP

- Patsy Christie, Planning and Community Development Director, City of Springdale
- Monica Diodati, Project Manager, RopeSwing
- Mike Gilbert, Chief Operating Officer, The Jones Trust
- Octavio Logo, Artist
- Amber Perrodin, Artist, Founder of the Little Craft Show, and Director of Programming, Downtown Springdale Alliance
- Archie Schaffer III, Consultant and retired Executive VP of Corporate Affairs, Tyson Foods, Inc.
- Eve Smith, Artist and Director of Visual Art, Arts Center of the Ozarks
- Kelly Syer, Executive Director, Downtown Springdale Alliance

# TABLE OF CONTENTS

- COMMUNITY PROFILE \_\_\_\_\_ 4
  
- PRELIMINARY FEASIBILITY STUDY \_\_\_\_\_ 7
  
- FINDINGS \_\_\_\_\_ 9
  - Project Concept \_\_\_\_\_ 9
  
  - Arts Market \_\_\_\_\_ 12
  
  - Local Leadership \_\_\_\_\_ 15
  
  - Funding & Financing \_\_\_\_\_ 17
  
  - Potential Sites \_\_\_\_\_ 22
  
  - Alignment with Broader Community Goals \_\_\_\_\_ 26
  
- RECOMMENDATIONS & NEXT STEPS \_\_\_\_\_ 29
  
- APPENDIX I \_\_\_\_\_ 31
  
- APPENDIX II \_\_\_\_\_ 33

# COMMUNITY PROFILE

## INTRODUCTION

Regarded as the “crossroads,” Springdale is centrally situated in Northwest Arkansas (NWA) and interconnected via the Razorback Regional Greenway, a 36-mile bike trail that runs from north Bentonville to south Fayetteville. One of the four largest cities of the region, Springdale remains accessible. The spine of downtown runs along Emma Avenue, a walkable destination lined with small, local businesses, as well as several vacant storefronts awaiting activation.

Springdale is growing overall, and represents the strongest millennial demographic in the region. Locals describe their city as an “authentic” place, populated by people with “can-do” attitudes.

Despite its small-town nature, Springdale is home to major industrial titans. Tyson Foods, the largest poultry meat distributor in the world, recently renovated a downtown corporate office space to include an aesthetic with repurposed wood, an open floor plan, and indoor/outdoor employee lounge areas. This building will primarily house Tyson’s Information Technology Department, bringing nearly 300 new employees into the heart of the city. The original Jones Truck lines terminal facility was founded in Springdale, and has since found new life as The Jones Center for Families. The school district, Cargill, Northwest Health Systems, George’s Processing, and Rockline Industries are other major Springdale employers. Trendy regional stores, such as Onyx Coffee Lab, are also creating a presence in town. In large part due to these businesses, Springdale recently saw a population boom, with 133% growth between 1990 and 2010.

The industries also have a role in Springdale’s reputation as a regional leader in attracting culturally diverse peoples—including the largest population of Marshallese Americans in the United States. The history of the U.S. and Marshall Islands is a complicated one, as the U.S. government occupied the Marshall Islands between the World Wars, governing



**“Few things have captured the excitement of the Springdale community and garnered as much enthusiasm and momentum in such a short time as the ongoing efforts to re-shape and re-invigorate Downtown Springdale.**

**“With the support of city government and business leaders, work is well underway to design what the future holds for Downtown Springdale ... which includes several blocks to the north and south of Emma Avenue.”**

**— Springdale Chamber of Commerce website**

the islands as a Strategic Trust Territory of the Pacific under the authority of the United Nations. As part of an effort to compensate for damage done during U.S. testing of nuclear weapons on the islands from 1946 - 58, the U.S. signed the Compact of Free Association after the Marshall Islands regained independence, allowing the Marshallese to travel and work in the U.S. A significant number chose to emigrate to Springdale in the 1980s to work at Tyson Foods and other food processing companies in NWA. Today, this thriving cultural hub of Marshallese culture bearers contributes much to Springdale. The Marshallese-run KMRW radio station brings language and music of the islands to Arkansas; rich cultural traditions, such as weaving, are preserved; church communities host regular barbeques; and the nonprofit Marshallese Educational Initiative, which promotes awareness and facilitates intercultural dialogue, is located right downtown. Many of the people of Springdale



Tyson's new IT center in Springdale

voiced pride in frequently hosting the President of the Marshall Islands in their city.

In addition, more than 30% of the local population is Hispanic/Latinx – the region's fastest growing and second largest demographic (after Caucasian). The cultural impact is felt throughout Springdale, from the many Hispanic-owned restaurants to the presence of the Hispanic Women's Organization of Arkansas, which organizes community-wide events including a Cinco de Mayo festival and an annual conference. One Core Group member informed the Artspace team that, even during periods of disinvestment downtown, Latinx businesses were present and retained active business.

All this growth, however, is impacting the ability of residents to retain a foothold downtown. A new report, "Measuring the Vitality of Downtowns in Bentonville, Fayetteville, Rogers, and Springdale," was commissioned by the Walton Family Foundation and compiled by the Center for Business and Economic Research in the University of Arkansas' Sam. M. Walton School of Business. While the report revealed positive economic progress, it also found that accessible housing options are needed region-wide. In Springdale specifically, prices for residential real estate per square foot rose 47%, and it had the third-largest number of commercial and residential downtown building permits between 2012-17. The data also showed significantly declining multifamily vacancy rates region-wide, even as units were added, further attesting to the desire of locals to live downtown while revealing trends that may limit residents' ability to do so.

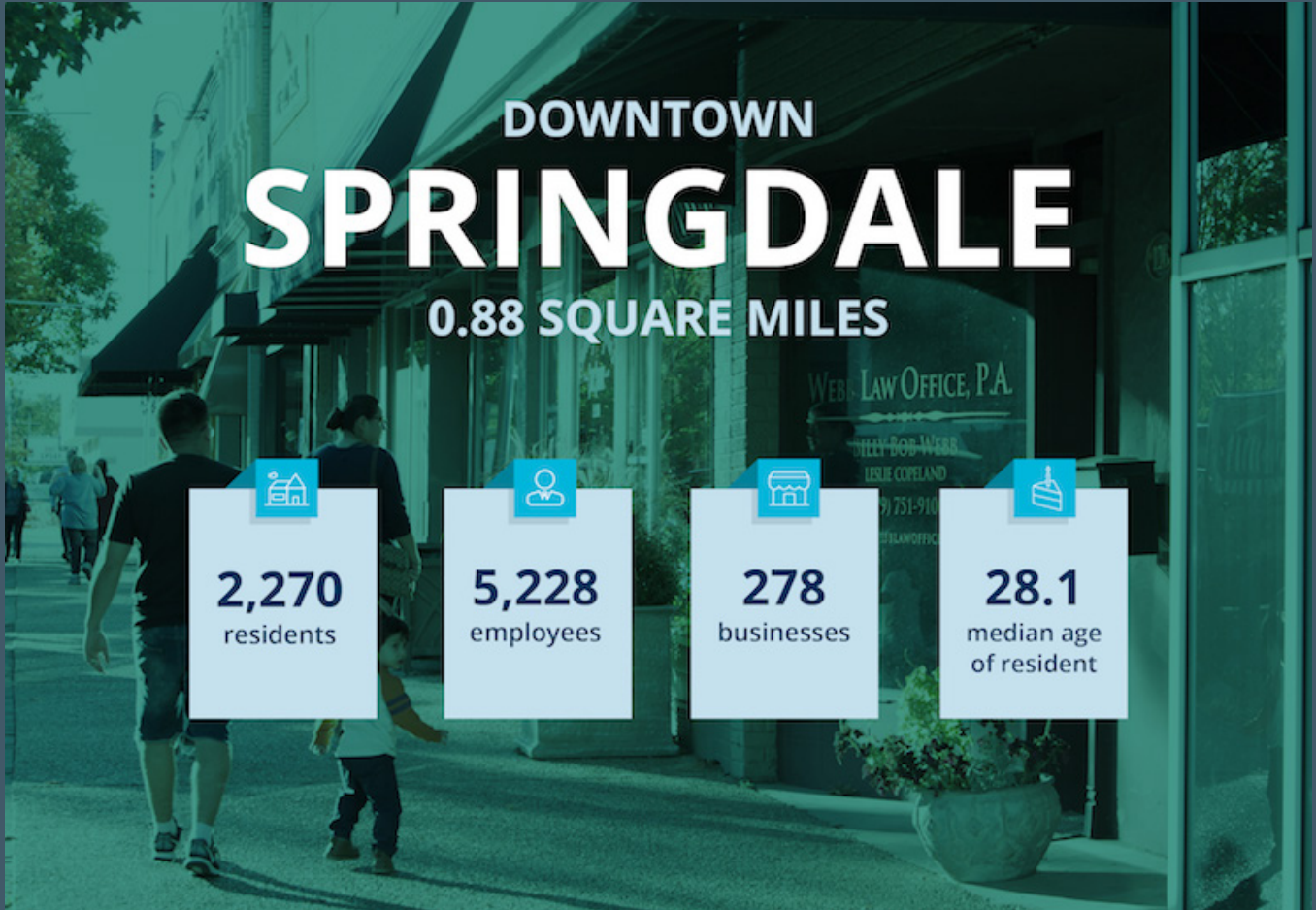
To better understand and address these trends, the Walton Family Foundation is making several significant investments. They recently announced plans to commission a year-long study on workforce housing in the region, including an analysis of the region's needs and a comprehensive housing plan with recommendations addressing a broad range of incomes. In addition, the Foundation awarded several grants focused on research around mixed-use housing, including one to Artspace to assess the feasibility of creating new facilities for the region's creative-sector. The grant makes possible multiple Artspace trips to NWA, subsequent work to compile four preliminary feasibility studies, and a broader, regional arts market study.

This Springdale Preliminary Feasibility Study is intended to further the conversation by looking specifically at the space needs of the creative sector and the potential of creating a mixed-use, attainable, live/work arts facility in Springdale.

## SPRINGDALE, AR AT A GLANCE

- Population (2017 estimate): **79,771**
- Households (2017 estimate): **25,765**
- Population, % change 2010-2017: **+13%**
- Est. Population change 2017-2022: **+8%**
- Median Age (2017 estimate): **30.9**
- Springdale Median HH Income, 2017:  
**\$44,636**
- Median gross rent, 2016: **\$699**
- Renter-occupied households, 2017: **45.8%**
- Race and Ethnicity, 2017 (top 4):
  - White: 61%
  - Hispanic/Latino: 37%
  - Pacific Islander: 7.4%
  - Asian: 2.4%

# SUMMARY: MEASURING THE VITALITY OF DOWNTOWNS IN BENTONVILLE, FAYETTEVILLE, ROGERS, SILOAM SPRINGS, AND SPRINGDALE



This report, compiled by Center for Business and Economic Research in the University of Arkansas' Sam. M. Walton School of Business, was funded with support from with Walton Family Foundation. The Foundation provided a summary of the Springdale section:

"Springdale is "poised for growth" with the construction of new trails and the opening of several new restaurants and bars, the report showed. With a median resident age of 28 years old, it boasts the youngest downtown population and the second highest number of residents. Like Siloam Springs, Springdale is also still in the early stages of implementing its downtown master plan. Downtown residential property prices have jumped almost 50% over the past five years amid a lack of new residential construction."

# PRELIMINARY FEASIBILITY STUDY

A Preliminary Feasibility Study is the first step in understanding how an attainable arts real estate 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 attainable space for the arts sector.

The Springdale Preliminary Feasibility Visit was conducted January 29–31, 2018. During these three days, Artspace staff met stakeholders, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President, and Anna Growcott, Director, both from the Consulting and Strategic Partnerships Department; and Dana Mattice, Grants Writer/Communications Specialist, from the National Advancement Department.

## ABOUT ARTSPACE

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

## THE ARTSPACE APPROACH

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

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

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

**LOCAL LEADERSHIP:** Are there leaders on the ground who are willing and able to advocate for the project, open doors, and keep lines of communication flowing between a developer and the community? These leaders come from all industries, from elected officials who control agencies and program dollars to citizens who are passionate about making their community a better place to live, work, and create.

**FUNDING AND FINANCING:** Arts facilities typically represent significant investments of civic resources. Although a variety of state and federal programs can be used to generate revenue for construction, Artspace relies on local

funding and financing programs to support predevelopment expenses and gap funding. The Preliminary Feasibility Study considers the community's interest and capacity to commit resources to an arts facility. Basic information is gathered about local funding options from both private and public institutions as well as philanthropic donations.

**POTENTIAL SITES:** At this stage, the primary goal is not to select the final site, but rather to identify 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. Community members are asked to circle their top priorities during the visit with Artspace.



Springdale Focus Group

## BRINGING ARTSPACE'S NATIONAL EXPERIENCE TO SPRINGDALE, ARKANSAS

In addition to the information gathered about Springdale, this report is informed by Artspace's experience working in other cities that have invested in affordable facilities for artists and arts organizations.

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

## PRELIMINARY FEASIBILITY VISIT

During the Springdale visit, the Artspace team:

- Toured potential sites
- Facilitated three focus group meetings (60 total participants):
  - Artists, Creatives, and Arts Organizations
  - Civic Leadership
  - Finance and Funder Leadership
- Held a Public Meeting at the Arts Center of the Ozarks (100 participants)



activity by selling products or services, purchasing equipment and supplies, and paying taxes.

- **Build community.** Artists and creatives are active neighbors and community members. Many collaborate with the educational, cultural, and business communities as teachers, community conveners, and volunteers.

# FINDINGS

## PROJECT CONCEPT

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

Some communities are clear about what they hope to achieve; other communities are starting from scratch. They look to Artspace to guide them through the process of determining whether a new facility makes sense for them – and, if so, what kind of space. From the very first conversation with Springdale leaders, attainable housing for artists, arts educators, and modestly scaled arts organizations has been the central topic.

In addition to housing, many participants shared the desire for ground-floor, creative retail space, exhibition space, and gathering space. Indeed, Springdale’s creative sector could use a variety of types of affordable creative space to create more of a critical mass that both provides space for artists while bringing more vibrancy and attractiveness to downtown.

Artspace looks at the needs and goals of the creative sector, the will and resources of the private and public sector, and any well-aligned opportunities that may drive the project concept(s) in a particular direction.

## PRIORITY PROJECT CONCEPTS

Each focus group provided ideas about what type of creative space they would like to see in Springdale. The Artists, Arts Organizations, & Creative Business Focus Group brainstormed a list, and then prioritized their preferred concepts. Many initial project concepts were discussed, including live/work space, community space, artist residency space, creative workspaces, and a place for retail and events. Several in the group were interested in socially engaged art that acts as a conduit for social change in the community. The ideas generated, in order of priority, were as follows:

1. Affordable housing and live/work housing
2. Shared Space/Makerspace for various visual art forms
3. Exhibition Space
4. Art Supplies/Retail Space
5. Shared Kitchen/Culinary Arts Space
6. Community Space
7. Intimate Performance Venue/Listening Room (70-120 seat capacity)
8. Classroom Space



Wendy Holmes and Anna Growcott, of Artspace Consulting, make a public presentation on the stage at ACO.

The top four concepts for affordable, creative space downtown are defined and discussed in more detail:

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

**SHARED SPACE/MAKERSPACE** 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. Makerspaces can be designed for specific activities such as ceramics, 3D printing, culinary arts, or woodworking. These types of spaces provide access to space and 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.

Springdale participants expressed interest in “dirty” space, such as makerspace for the glass arts, and “clean” space, such as a place to mat, frame, and store art. Some of the other desired uses include a shared kitchen for culinary arts, printing press, and classrooms for the next generation of young artists to interact and learn.

**EXHIBITION SPACE** can be run by a business, a singular artist or a group of artists. Gallery spaces are typically leased exclusively for a period of one year or longer and are often subleased to other groups for events. Springdale conversations focused on artists’ interest in having a flexible exhibition space for multiple artists to use to display and sell their work to the public.

**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 cafés, shops, dance schools, commercial galleries, etc. Units are on the ground floor or in another highly visible location. Retail space is typically leased exclusively to an organization or business for a period of one year or longer.

Many Springdale participants dreamed of a place with retail space to obtain art supplies. Others mentioned a “Springdale-made” or “Northwest Arkansas” branded space where multiple artists could sell their work in a storefront retail setting. This type of space could also be combined with a gallery space.

## DEFINING A PROJECT CONCEPT IN SPRINGDALE

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



Octavio Logo in his studio at 1 Seventeen CREATE

Artists and creative businesses owners are hungry for all kinds of space, many of whom are passionate about seeing them located downtown. Though no singular project can be all things to all people, understanding how the community views these concepts is extremely valuable in understanding the breadth of space needs in Springdale. Multiple types of space can be included in a project, but that mix ultimately depends on several variables, including the market, site, anchor tenants, and developer.

For purposes of this study, **the priority concept for Springdale is a mixed-use project with affordable artist live/work housing on the upper floors and commercial space on the ground floor.** The ground floor commercial space could include gathering, exhibition, retail and/or workspace. This potential project concept will be explored in the following sections of this report.

# ARTSPACE & TENANT PARTNERSHIPS



**ARTSPACE BUFFALO LOFTS // BUFFALO, NY** - The Buffalo Arts and Technology Center (BATC) occupies 15,000 square feet on the first and lower level of a renovated historic electric car factory; the four upper floors are dedicated to 36 units of artist live/work housing.

BATC is a nonprofit subsidiary of Manchester Bidwell out of Pittsburgh, PA, which offers after-school visual arts programs for at-risk high school students as well as health sciences career training for under-employed and unemployed adults. There is a synergistic relationship with both the nearby medical campus, through job placements, as well as the artist residents, some of whom work as BATC faculty.



**NORTHERN WAREHOUSE ARTIST LOFTS // ST. PAUL, MN** - Springboard for the Arts is an anchor tenant in Artspace's mixed-use project in the Lowertown Historic District of St. Paul. Springboard provides resources, workshops and training for artists and small- to mid-sized arts organizations. Springboard serves artist tenants in all 10 of Artspace's Minnesota projects.



**CITY HALL ARTSPACE LOFTS // DEARBORN, MI** - The Arab American National Museum has been a key partner since the early days of the project. The museum is located across the street from Artspace, and operates an artist-in-residency space for visiting artists in the Artspace project.

This space provides a unique opportunity for the Arab American National Museum to host visiting artists from around the world who teach classes and engage with the broader community during their stay in Dearborn.

# ARTS MARKET

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

During the Artists, Arts Organizations, & Creative Business Focus Group, participants were asked what they consider “affordable” in terms of rent and what amenities are high priorities for them for the different spaces they had prioritized. This information helps Artspace assess the feasibility of a project concept and lays the groundwork for the quantitative Arts Market Study, the second step on the path to an Artspace project, further detailed on page 16.

Artspace intentionally keeps its definitions of artist and creative broad to be as inclusive as possible. Residents of Artspace buildings range from veterans, retirees, service workers, teachers, and parents who also happen to be creative. They are likely to earn a portion of their income from something other than their art. In fact, a look across the Arts Market Surveys that Artspace has completed in the past 15 years shows that only about 10% of artist respondents make 100% of their income through their art.



Artist Eve Smith's work at 1 Seventeen CREATE

## WHO IS AN ARTIST?

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

- A person who works in or is skilled in any of the fine arts, including but not limited to **painting, drawing, sculpture, book art, mixed-media and print-making.**
- A person who creates imaginative works of aesthetic value, including but not limited to **film, video, digital media works, literature, costume design, photography, architecture and music composition.**
- A person who creates functional art, including but not limited to **jewelry, rugs, decorative fixtures, edible products, furniture, straw bale homes, pottery, toys and quilts.**
- A performer, including but not limited to **singers, musicians, dancers, actors and performance artists.**
- In all culturally significant practices, including a **designer, technician, tattoo artist, hairdresser, chef/ culinary artist, craftsperson, teacher or administrator** who is dedicated to using their expertise within the community to support, promote, present, and/or teach and propagate their art form through events, activities, performances and classes.

Artists and creatives from a broad range of art forms, ages, and career stages participated in the visit. The Artists, Arts Organizations, and Creative Businesses focus group included people involved in glass, video, installation, photography, mixed-media, painting, print, woodworking, music production, dance, podcasting, playwriting, and crafts.

- Many identified \$700 or \$800, per month, for an apartment as affordable, if utilities were reasonable.
- 80 to 85 cents per square foot, per month, for working studio space was deemed reasonable by one artist participant.
- Someone commented that no three-bedroom apartments exist in Springdale.

- Some acknowledged paying between \$250 to \$350 per month for studio space—often sharing space with other artists—separate from where they live.
- Artists and arts nonprofit leaders reported that there are a broad range of incomes in Springdale, with “affordable” varying by individuals, especially for young adults. One of the younger artist participants said that \$500/month rent would be a “score.”
- Several were willing to pay more for 24/7 studio access and on-site amenities that would allow nocturnal creative work.
- Some identified issues included the city's relationship with density, public policy, and fears that public pressure for a marketplace downtown would push art out.

The Measuring the Vitality of Downtowns report (as referenced on p.6) showed that the average per square foot rents for downtown leasable retail space in Springdale increased from \$7.14 to \$11.13 from 2012-17. Though commercial rents in Springdale are still lower than Bentonville and Fayetteville, finding and keeping affordable rents may soon become a pressing issue.

## EXISTING SPRINGDALE CREATIVE SPACES

During the Preliminary Feasibility Visit, several arts assets were included in Artspace's tour and in discussions. Artspace is aware that there are many more arts organizations, businesses, and venues in Springdale, in addition to the following:



Anna Growcott, Mark Cloud, Wendy Holmes, and Archie Schaffer outside of the Arts Center of the Ozarks (ACO).

- **The Arts Center of the Ozarks (ACO)**, a visual and performing arts center boasting a 50-year history in Springdale
- **Station: Teen Action and Support Center**, a makerspace and community hub
- **1 Seventeen CREATE**, which provides workstations to several visual artists in a open floorplan space in a storefront location
- **Apollo on Emma**, which was recently renovated and reopened as an event venue
- **Shiloh Museum of Ozark History**, a museum that takes its name from the early pioneer community and includes a research library and six historic buildings on its grounds
- **Independent Art Studio Spaces** that Amber Perrodin and her husband created for their own mixed-media and woodworking use

Many local artists are invested in teaching and engaging the next generation, and are exploring ways to offer classes despite transportation barriers that area youth often face. Murals by Octavio Logo make dramatic statements inside community rooms at The Station and ACO, and plans are underway for him to create an outdoor mural in the alley behind 1 Seventeen CREATE. Artists Amber Perrodin and Eve Smith are also collaborating on an outdoor mural, which will be installed on the back of Shelby Lynn's Cake Shoppe. Pop-up events, such as the Little Craft Show's annual spring sale and Downtown Springdale Farmers Market, further energize downtown and give locals the opportunity to engage with the arts and support local makers. A local entrepreneur expressed an idea for creating a new makerspace and requested guidance on the equipment needs of the creative sector. This creative energy, combined with the presence of big business and a committed community, is playing a rich role in the revitalization of downtown Springdale.



1 Seventeen CREATE  
Source: oneseventeencreate.com

## STEP 2: ARTS MARKET STUDY

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

- Amount artists could pay for studio/work space
- Amount artists could pay for housing
- Types of shared or community spaces that are most important
- Types of private studio workspaces that are most important
- Location preference
- Whether commercial space in a mixed-use project could serve both nonprofits and small creative businesses.

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

## ARTIST PREFERENCE IN AFFORDABLE HOUSING

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

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

Although the IRS challenged the "artist preference" policy in 2007, it dropped the challenge after the Housing and Economic Recovery Act of 2008 became law. That law states: "A project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants...who are involved in artistic or literary activities." This clause was threatened again in December 2017, but through broad reaching advocacy efforts, the new Tax Cuts and Jobs Act retains the artist preference language in the final signed version of the law.



Artspace artist

## LOCAL LEADERSHIP

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

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



Eve Smith views mural plans at Amber Perrodin's studio, as Kelly Syer looks on.

The core group that participated in the Preliminary Feasibility Study are the type of leadership needed from the very start. Springdale leaders are experienced in collaboration across sectors, with a shared vision for a vibrant and creative Downtown. They provided valuable information and insights about Springdale's history, unique culture, goals, and strengths and challenges.

## CIVIC LEADERSHIP

The cross-section of leaders from the public sector included State Representative Jeff Williams and Mayor Doug Sprouse, who both offered thoughtful comments in the lively discussion. The Mayor said that he is personally most interested in downtown revitalization and is aware that public art, and the arts in general, will be an important part of that. Rep. Williams offered to help advocate for state resources. Our overall impression is that there is the political will and know-how to move a project forward. They understand that an Artspace-style mixed-use project would be a heavy lift, but it is not outside the realm of other challenging, visionary projects that the City has tackled.

## PRIVATE LEADERSHIP

Several business owners and employees — from bar owners, bankers, and electrical engineers to the local Montessori School principal and Tyson Foods colleagues — participated in the conversations during the Preliminary Feasibility Visit. A bank CEO who was born and raised in Springdale, and who serves on Chamber and Rotary groups, advocated that “art is the soul of a community.” He said that he travels to Santa Fe and Sausalito to see art, but he wanted to capture that spirit in downtown Springdale. Tyson's new Chief Technology Officer acknowledged that “art is an important piece of our culture.”

Many agreed that the arts are a strong economic driver downtown, and that arts and culture would be a key part of the effort to make downtown vibrant. Another Civic Leadership Focus Group participant, who works in design/construction and has offices in Springdale and Bentonville, stated that he knows that the arts as an economic driver works — but asked some broader questions: “How do we do art the Springdale way? What does art look like for Springdale?”

Some felt that Springdale's role as the crossroads of Northwest Arkansas could be leveraged. To the North is the Crystal Bridges Museum of American Art, providing a hub for world-class fine art; and to the South is the University of Arkansas. The Northwest Arkansas Community College, based in Bentonville, has a local branch right in Springdale. It was felt by some that an arts district downtown could be a destination for aspiring young artists to live and work — in other words, an incubator for university students and recent graduates to demonstrate their craft and gain a foothold downtown. The presence of these artists would also create a destination for others to not only enjoy the arts and purchase art, but to enjoy a cocktail, a nice dinner, and the bike trail. Currently, many felt that Springdale was more of a blank canvas: an authentic, walkable place with lots of potential yet to be leveraged.

Although there was significant public support for a potential project, these discussions had less participation from local philanthropies and foundations. As any project moves forward, it will be important to work towards connecting and communicating with potential donors, sponsors, and lenders beyond the Walton Family Foundation and Tyson Foods.

## CREATIVE SECTOR LEADERSHIP

Represented among the Artists, Arts Organizations, & Creative Business Focus Group were a D.J. and a playwright, as well as an abundance of visual artists including wood carvers, glass blowers, printmakers, video and installation artists, photographers, mixed media artists, arts educators, and painters working in oil, acrylic, and watercolor. Also in attendance were representatives from several arts nonprofit groups including ACO, the Station, Stitches, 1 Seventeen CREATE, the Crystal Bridges Museum of American Art (located in Bentonville), the Latinx Youth Theatre Project, and Latin Art Organization of Arkansas. The group brainstormed many types of arts spaces and services that are needed in Springdale, as highlighted previously.



Artist Amber Perrodin in her studio.

The Core Group was excited by the diversity of artists and art forms in attendance at the Public Meeting, and who they believe will further contribute to the revitalization of downtown Springdale. One Core Group member remarked that the region has a tight-knit arts community, and that she was surprised to see artists at the Public Meeting that she did not know, as well as representation from Fayetteville and other locations. The creative representatives on the Core Group were happy to see the non-arts community appreciate the value of the arts. Overall, the Core Group agreed that there was energy and a buzz created around the concept of artist spaces. Civic leadership commented that there was “something that we’ve never touched before ... this is an affirmative vision 20 years in the making, that is now moving forward.”

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

- **Downtown Springdale Alliance**
- Leadership that represents **Springdale’s Marshallese and Hispanic communities**
- **Educational Institutions.** With such a diverse community, one commonality is children and schools. One representative suggested creating a venue that families could spend a Saturday interacting with artists and nurturing the next generation.
- **Existing downtown organizations**, including the Ozark Montessori Academy, Jones Center, Shiloh Museum, the library, and the Art Center of the Ozarks
- As culinary arts are a component of regional interest, **Tyson Foods** was mentioned as a potential leader. Participants referenced the organization’s impressive art collection and interest in exposing the community to visual arts. While their corporate art collection mainly hangs at the headquarters, they have an opportunity to showcase art at their new downtown location.
- **Northwest Arkansas Council** of 100 business leaders includes representation from Tyson, Walmart, J.B. Hunt, and the University of Arkansas. The Council was formed to build the airport, and has stayed together for 25 years to advocate and work together to make larger regional projects happen.
- **The Ozark Regional Transit** and/or other transportation organizations were mentioned as potential partners to ensure access to the outlying community. One representative stated that though most of the participants in the room could afford travel to other cities to experience art, there are people in the community who do not have access to travel but would be inspired by the arts.
- The **City** was viewed as a crucial partner.
- **Churches** often have excess land to contribute to projects that fit their mission, including good locations close to downtown. A partnership opportunity might exist, for example, with First Church United Methodist.
- **Real estate brokers/developers**



# FUNDING AND FINANCING

When considering financial feasibility and return on investment, it is important to note the multiple points of impact of a potential project site. “Returns on investment” include not only affordable housing but also blight remediation, adaptive reuse of historic buildings, and infrastructure investment in the cultural economy. Communities, civic leaders, and politicians must share in this vision to maximize impact.

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

Even LIHTC projects have funding gaps, which typically amount to around 40% of the total project cost. Other sources, such as the Community Development Block Grant (CDBG) program, HOME funds, and other public programs, can help close the gap. However, Artspace relies on the philanthropic community for the final dollars. Philanthropy comes in the form of gifts from foundations, corporations, and individuals.

Every municipality is unique in its approach and in the sources available for important gap funding. The Finance and Funder Leadership 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 Springdale, we were encouraged by the participation of several local banks and lenders. The group was engaged and optimistic in the discussions around potential local funding sources, making it clear that a private/public partnership is very possible in Springdale.

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

## POTENTIAL FUNDING SOURCES

This is a preliminary list of potential sources that were discussed during the visit and other funding sources that Artspace had researched for the state of Arkansas.


- **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 Arkansas, the LIHTCs are awarded through the Arkansas Development Finance Authority, the same agency that governs the Arkansas housing trust fund dollars.
- **Arkansas Housing Trust Fund** is a potential source of funding from the State. Arkansas Development Finance Authority is the agency that governs this program, as well as LIHTCs and other loan programs focused on community development and housing.
- **Community Development Block Grant (CDBG)** is a State program administered by the Arkansas Economic Development Commission. CDBG funds can be used for architectural expenses, site improvements and other infrastructure costs.
- **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. Through the Arkansas Historic Preservation program, an eligible property may also be eligible for the state Rehabilitation Tax Credit program. New legislation passed in 2017, allows a tax credit up to \$400,000 per eligible project.

- **HOME Investment Partnership Program (HOME)** is a federal program that provides funding to state and local governments to fund affordable housing developments.
- **Tax Increment Financing (TIF)** is a tool available to local communities for assisting economic development, redevelopment and housing. Artspace understands that this tool is allowable in the State of Arkansas but may still be somewhat controversial in specific municipalities.
- **Northwest Arkansas Economic Development District** plays a role in administering and seeking federal funds for larger community projects that focus on infrastructure improvements, job creation and the like. While not likely to be a direct funding source for this initiative, having a relationship with this agency would be important relative to federal funding coordination and knowledge.
- **Philanthropy.** Following is a list of foundations, corporate giving programs and other entities that have a history of philanthropy and community grants in Northwest Arkansas. As any project moves forward, further research would be necessary to better understand these organizations' giving priorities and timelines.
  - Walton Family Foundation
  - Walmart Foundation
  - Windgate Charitable Foundation
  - Sunderland Foundation
  - Willard & Pat Walker Charitable Foundation
  - U.S. Bank
  - Schmieding Foundation
  - Bridgestone Americas Trust
  - 3M
  - Ash Grove Charitable Foundation
  - Jones Trust
  - Tenenbaum Foundation
  - William C. & Theodosia Murphy Nolan Foundation
  - Union Pacific Foundation
  - Elisabeth D. Wagner Foundation
  - Bitha Godfrey & Maude J. Thomas Charitable Foundation
  - Georgia-Pacific Foundation
  - Miller Family Foundation
  - Weyerhaeuser Giving Fund
  - Tyson Family Foundation, Inc.
  - Arkansas Communities Foundation
  - Arkansas Humanities Council

# UNDERSTANDING LOW-INCOME HOUSING TAX CREDITS (LIHTC)

**STEP 1 (OF 10)**

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 10)**

The **IRS** has a pool of tax credits that it divvies up every year among **58 state and local housing finance agencies**, based on population size.



**STEP 3 (OF 10)**


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 10)**


First, you go to your **housing finance agency** to request money to build. You promise to:

- Offer a certain amount of low-income units and keep it that way for at least 30 years.
- Meet the housing agency's requirements. For example, you might set aside units for veterans or the homeless.



**STEP 5 (OF 10)**

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




**STEP 6 (OF 10)**

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 10)**

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 10)**

Everybody in this process earns a fee for their work.



**STEP 9 (OF 10)**

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 10)**

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



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

## ARTSPACE FUNDING EXAMPLES

While the funding process for each project is unique, Artspace's development experience provides a head start in identifying and navigating state and regional funding sources. Below are summaries of financial sources Artspace compiled for recent projects in Loveland, CO; Trinidad, CO; and Chicago Avenue Fire Arts Center in Minneapolis, MN.

### ARTSPACE LOVELAND ARTS CAMPUS // LOVELAND, CO

Source	Amount	PCT.
<b>PUBLIC SOURCES</b>		
Low-Income Housing Tax Credits (9%)	\$5,598,880	68%
CO State Housing Trust Fund / HOME Funds	\$300,000	4%
Loveland City Contract	\$413,674	5%
Loveland City Loan	\$300,000	4%
HACOL - Sponsor Loan	50,000	1%
<b>PRIVATE SOURCES</b>		
Residential First Mortgage	\$912,000	11%
Private Sector (Philanthropic Gifts)	\$619,584	8%
<b>TOTAL</b>	<b>\$8,194,138</b>	<b>100%</b>

### TRINIDAD ARTSPACE // TRINIDAD, CO - DRAFT

Source	Amount
<b>NON-RESIDENTIAL SOURCES</b>	
City of Trinidad	\$1,800,000
DOLA	\$2,000,000
Federal Historic Tax Credits	\$1,307,464
State Historic Tax Credits	\$1,149,663
History Colorado	\$200,000
Sponsor Loan - Philanthropy	\$372,500
Private Sector Philanthropy	\$525,000
<b>RESIDENTIAL SOURCES</b>	
Low Income Housing Tax Credit	\$10,215,244
DOLA Housing	\$600,000
Deferred Developer Fee	\$215,433
<b>TOTAL</b>	<b>\$18,385,304</b>



Artspace Loveland Arts Campus, Loveland, CO



Rendering of future Artspace project in Trinidad, CO

## CHICAGO AVENUE FIRE ARTS CENTER (CAFAC) // MINNEAPOLIS, MN

Artspace partnered with CAFAC, a start-up arts nonprofit to create collaborative artist space. The partnership included a long-term affordable lease agreement with intent to transfer ownership once nonprofit stability is achieved.

Project total: \$1.1 million; sources included:

- Great Streets program from the City of Minneapolis
- Bank loan
- One philanthropic gift

Space includes:

- Shared Equipment
- Lending Library
- Classroom Space
- Collaborative Spaces
- Gallery/Show Space



## POTENTIAL SITES

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

## SITE TOUR OBSERVATIONS

While the funding process for each project is unique, Artspace's development experience provides a head start in identifying and navigating state and regional funding sources. Below are summaries of financial sources Artspace compiled for recent projects in Loveland, CO; Trinidad, CO; and Chicago Avenue Fire Arts Center in Minneapolis, MN.

### 1. WASHINGTON ELEMENTARY SCHOOL

Springdale School District #50, 8000 East Emma Avenue

The Washington Elementary School was built in 1923 in a singular 10,600 square foot facility. The Core Group selected it for its historic beauty and for its location as a potential gateway site to the downtown from the east. Several nearby homes may also be up for sale, and the group suggested that they could be utilized as artist housing. Though the location is slightly outside the downtown core, its proximity to the Station and the Jones Center is intriguing in addition to its proximity to the Jones Center.

The school is owned by the School District, which is interested in selling the building. Some programs are currently run out of the space but the building is underutilized. While we did not tour the entire building, we could tell that, once the acoustic tile ceilings were removed, the space would lend itself well to arts uses such as artist studios as well as space for creative businesses that do not require downtown street front access.

Washington Elementary School would be too small for a mixed-use artist housing project unless the contiguous land could be purchased and combined with the school.

## FRANKLIN ARTS CENTER // BRAINERD, MINNESOTA EXAMPLE OF ADAPTIVE REUSE OF A SCHOOL



The architecture of school buildings is often well-suited for reuse as arts facilities. Artspace has redeveloped eight former schools. In Brainerd, Minnesota, for example, Artspace converted a large elementary school into 24 units of live/work housing in one wing of the school and converted the other wing into working studios and creative businesses with collaborative spaces for woodworking and pottery. The school district then leases the gymnasium for athletic activities and other events.

## 2. THE HELP CARD

213 East Emma Avenue

This former bank building was built in the early 1960s and has been added onto four times or more. It was the largest building on the tour, boasting 26,800 square feet of space, including a large, 86-space parking lot to the south and west. The Artspace team was not given access to the interior of this property. The Help Card is in the epicenter of downtown, and across the street from Shiloh Square. It also enjoys a location off the Razorback Greenway Trail, connecting it to Bentonville and Fayetteville. This is a “hot” site with the City trying to play a role in its acquisition.

We also learned that Rope Swing has acquired the building across the street on the north side of Emma. This proximity could offer the opportunity to create a strong node of activity, which could include artist housing, art studios, as well as exhibition and retail space. Rope Swing may also be interested in this site, so it may, in fact, be an extremely desirable site for a market rate development rather than an affordable creative space facility development, unless a partnership paves the way.

If acquired for a mixed-use artist housing project, we would recommend demolishing the current building and doing new construction with retail and exhibition space on the Emma Avenue-facing side of this new facility. The new building could include outdoor space that connects directly to activities on the trails, such as the Downtown Springdale Farmers Market and community arts events.

## 3. FAMOUS HARDWARE

113 West Emma Avenue

This historic property, built in 1914, is in the heart of the proposed “Arts District,” (see p.27 for map of proposed Experience Districts) and next to 1 Seventeen CREATE. John Tyson purchased the building a couple years ago with an eye toward downtown revitalization. Previously, it was a flea market/antique store and venue for classic film screenings and live music. The Artspace team appreciated its artistic history and proximity to other creative spaces. The property features 14,500 square feet, a tin tile ceiling, and charming architectural details.

A potential use for the building that would add vibrancy to the downtown and satisfy multiple space needs would include: exhibition space and a cafe on the ground floor, art studios on the second/mezzanine floor, and several units of artist housing on the third floor.

We understand that Mr. Tyson is currently not interested in selling the building. However, we wanted to note its potential for conversion to space for artists and creative businesses.



Archie Schaffer shows a historic photo of The Famous Hardware building.

## 4. PACO'S TIRES

107 South Shiloh Street

This 9,740 square foot site is a short block away from Amber Perrodin and her husband's working studio buildings on the west end of downtown. The property owner, who also owns the tire and auto repair shop that operates out of the building, is interested in selling the building and relocating the business. The Core Group appreciates the store frontage along Emma Avenue and the roll up garage doors of the auto repair spaces, which could be reused as a makerspace or individually rented industrial spaces for metalworking, glass blowing, etc. Reuse of this building for these types of industrial arts uses would be a relatively simple and inexpensive renovation. Artspace agrees with this assessment but does not prioritize this site for a mixed-use project at this time.

## 5. VACANT LOT AND BUILDINGS ACROSS FROM ART CENTER OF THE OZARKS

226 Blair Street, adjacent to 313 W Meadow Ave. (Burke building) and 206 S Blair Street (city building)

This one-square-block vacant lot was prioritized due to its proximity to Springdale's anchor cultural asset, the Art Center of the Ozarks. Several beautiful trees sit on the lot, which the Core Group wished to see preserved. Including artist housing as part of a mixed-use facility, would additionally tie in the residential blocks on one side of the site, with commercial uses on the other side of the site, making the grassy knoll an attractive site for this type of development. The Core Group



Vacant lot across from the ACO on the site tour

mentioned additional potential for synergies, including the alignment with the Springdale Master Plan, proximity to Paco's Tires (if converted to industrial arts uses). Also worth noting, is that the City owns the site across the street, which could potentially be included in a larger campus-style vision.

It was also our impression that the ACO might benefit from a collaboration with a larger project that would bring more people into that part of the city. The ACO has new leadership and may be rethinking their focus areas. Integrating the ACO into a new project on this site might help facilitate positive change and growth that is needed for the future.

The site is owned by the Springdale Downtown LLC, the City of Springdale and Burks Properties, LLC. The potential seems good for acquisition of this site for a multi-use purpose that is complementary to goals for residential density and the proposed Arts District.



Patsy Christie and Monica Diodati outside the Famous Hardware site downtown.



## COMPARING THE TOP SITES

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

NAME	HELP CARD SITE	VACANT BLOCK BY ACO	WASHINGTON ELEMENTARY SCHOOL
<b>LOCATION</b>	<b>EXCELLENT:</b> In the heart of downtown Springdale. Adjacency to new development across the street with direct connection to trail system.	<b>EXCELLENT:</b> Strong connection to a current cultural asset that could be integrated into a new development.	<b>GOOD:</b> A gateway site with potential to combine with an adjacent lot.
<b>SIZE</b>	<b>EXCELLENT:</b> Large enough site to include multiple uses, including housing with potential for strong outdoor space connecting to trails.	<b>EXCELLENT:</b> This one-block site lends itself very well to a mixed-use artist housing development.	<b>OKAY:</b> Depending on the strength of the artist market, this site may be too small for a mixed-use housing development. Availability of adjacent parcels would need to be explored if that is the case
<b>ACQUISITION</b>	<b>OKAY:</b> The site is privately owned and listed for sale. The City has a good relationship with this site and owner. List price is unknown at time of writing.	<b>EXCELLENT:</b> The site is owned by the City, Downtown Springdale and Burks Properties LLC and adjacent to other City land that could be redeveloped for complementary purposes.	<b>GOOD:</b> The School District is open to a sale but there is no list price.
<b>SUMMARY</b>	Help Card site has great synergy with the trails and Rope Swing investment across the street. It is in the epicenter of downtown. Any development on this location needs to be multi-faceted, multi-use and embrace the arts and outdoor connections.	This site is several short blocks from the central commercial corridor along Emma, and blends into a more residential neighborhood. It has great connection to the creative sector and could be a promising partnership with an existing arts organization.	The school is intriguing, and could be adapted for multiple kinds of spaces for artists. The classrooms would lend themselves well for working studios, education space and the like. If combined with the adjacent parcel of single-family homes, a larger creative node could emerge.

These findings are preliminary and based on currently available information; much can and will likely change between the writing of this report and site selection. Final site selection would take place in a predevelopment stage of work (see Appendix II, "Path of an Artspace Project"). These sites mentioned should be prioritized as conversations progress and the type of project is narrowed down.

## ALIGNMENT WITH BROADER COMMUNITY GOALS

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



Springdale festival flyers on display at Perrodin Studios.

The 2013 Springdale Master Plan outlines community goals covering a broad range of topics. This Master Plan was motivated, in part, to encourage development along the Razorback Trail. Springdale is the only larger regional municipality where the trail and creek run through the downtown, and the community wants to take full advantage of that opportunity.

The Master Plan promotes “daylighting” Spring Creek to create a linear urban park, expanding and improving Shiloh Square and many other infrastructure projects that will create a new look and feel to downtown while highlighting assets that are uniquely Springdale.

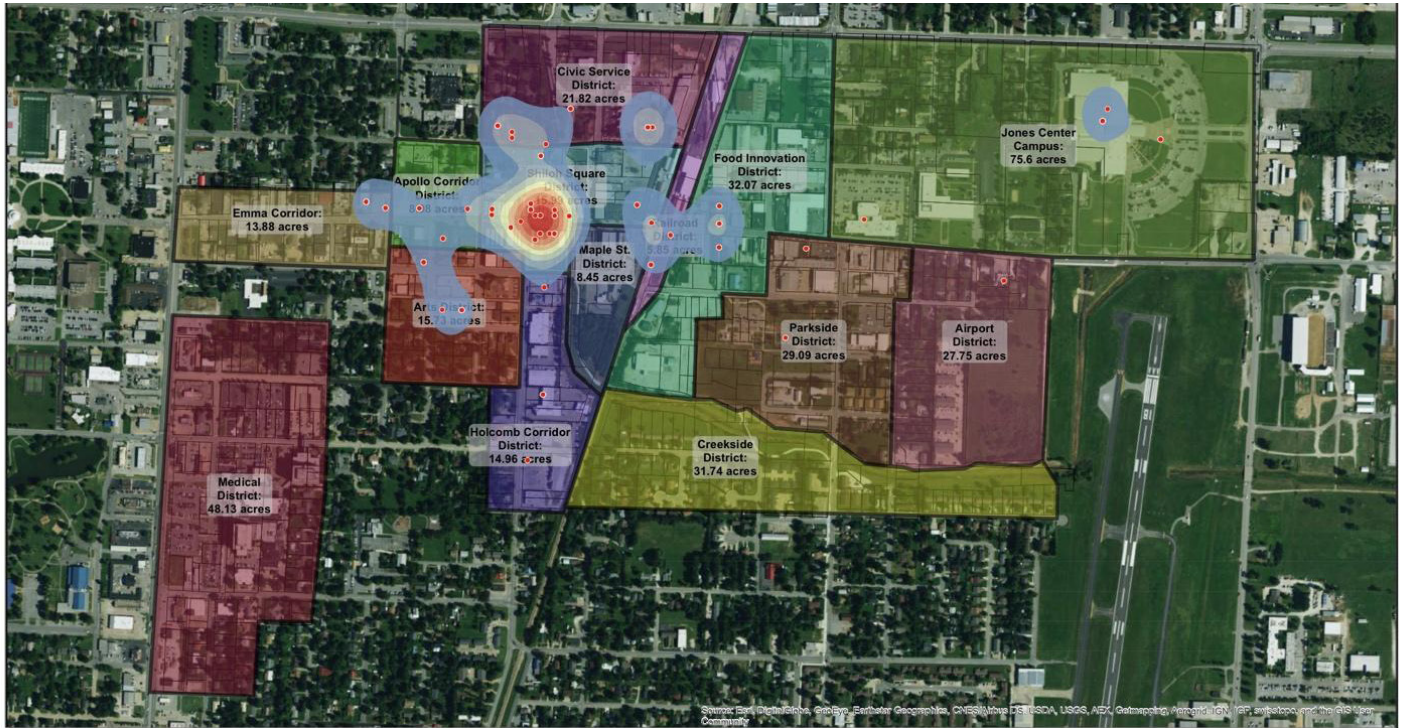
A newer plan, still in the draft stages, and led by consultants working with the Downtown Springdale Alliance calls for a series of “Experience Districts.” An Arts District is included as one of the Experience Districts, as is districts designated by Food Innovation (with Tyson as anchor); Tech (with Tyson IT as an anchor); Civil Servant; Railroad; Parkside; Historic; Airport; The Apollo Corridor (theater); Medical; and the Emma Corridor/Hwy 71. These informal districts are drawn based on what currently exists, but the Core Group felt that catalyst projects would be needed to further define these districts, and that potential existed for dramatic change.

### CORE GOALS

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

- Meet the creative sector's space needs
- Plan for sustainable operations that do not require ongoing fundraising
- Ensure long-term affordability
- Reflect the unique culture and character of the community
- Exemplify ecological and efficient design

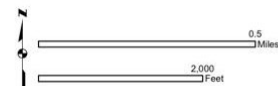
Both of the plans align with the development of additional space for the creative sector as part of the overall downtown strategy for creating a vibrant downtown where people live, work, visit and experience new things. Those experiences might range from an attending an event in Shiloh Square, shopping at the Little Craft Show, biking and walking the trails, visiting artist spaces, having dinner or coffee, walking through a gallery at the ACO or working out at the Jones Center.



Downtown Springdale, AR

## Experience District Map

Map layers:  
Proposed districts  
Parcels in the districts  
Social media uses  
Imagery basemap



Mapped by Yang Luo-Branch for Velocity Group 10.19.2017

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

1. Downtown Revitalization
2. Anchoring and Arts District
3. Supporting a Cultural Community

Participants also identified *maintaining affordability* as an important goal. This discussion gave participants the opportunity to further refine the language about community goals. Other key themes focused on arts education and engaging immigrant communities.

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

### What 3 complementary goals are a top priority for you?

- Residential Density
- Preserving Affordability
- Historic Preservation
- Urban Infill
- Downtown Revitalization
- Preserving Cultural Community
- Supporting Rural Artists
- Transit Oriented Development
- Supporting Creative Businesses and Nonprofits
- Anchoring an Arts District
- Enhancing Healthy Lifestyles
- Promoting Tourism



Artspace President Kelley Lindquist and Aboriginal owner & operator Mike Abb at ACO.

## ECONOMIC IMPACT STUDY

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

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

Read the full report at: <http://www.artspace.org/ideas-insights/artspace-publications/taking-measure-creative-placemaking>

# RECOMMENDATIONS

Springdale is well-positioned to pursue multiple kinds of space for their growing community. With a robust creative sector and strong City leadership, matched with overlapping community goals and an array of funding resources for attainable housing, the feasibility of moving a project forward is very positive.

## RECOMMENDATION 1:

### ARTSPACE DEVELOPMENT PROJECT

Based on the findings of this study, the first recommendation is to move forward with a mixed-use project developed by Artspace, or another nonprofit developer if preferred, where the nonprofit mission and track record show focus on long-term affordability.

Specifically, **Artspace recommends pursuing an affordable live/work mixed-use facility for artists and creatives in downtown Springdale, on or near Emma Avenue.**

We estimate that the Springdale market can support 30-40 units of artist housing in addition to other types of non-residential spaces that support the creative industries. However, this estimation alone is not sufficient for bankers or funders to offer a mortgage loan; the statistical evidence of market demand can only be provided through an Arts Market Study. The regional **Arts Market Study, the next step in this process, will provide the data necessary to understand if a mixed-use live/work concept aligns with what the artist community also desires.** The survey will quantify the need for creative live/work, working studio, and other kinds of production and exhibition spaces. This data informs the site selection, size, and amenities of a project. It also provides reliable information to others whose support is necessary for a successful project, including bankers, funders, and prospective LIHTC investors. Resulting data may also be shared with private developers and policy makers to help encourage further infrastructure investment in the creative economy.

## RECOMMENDATION 2:

### OTHER STRATEGIES TO PRESERVE AFFORDABILITY

Springdale also has a unique opportunity to pursue other strategies to help preserve long-term affordability for its creative sector, while catalyzing other downtown development. Other recommended ways to preserve affordable space before the downtown becomes unattainable for the creative sector:

With City-owned property ready for redevelopment, include incentives for developers to carve out a percentage of space for artists at below market rate rents. Those incentives could include density bonuses (for example, an additional floor of space in exchange for including artist space in the new development) or tax relief for the portion of the space used for the arts.

With private properties that are being redeveloped, encourage developers to include space for artists and creative businesses as a part of the larger development. Once the Arts Market Study is completed, share the information about the depth of the market and what artists can afford to pay in rent. This sharing is important because very few developers understand the viability of the creative market. Most think it would be cool but may not realize that artists can pay rent if it is priced affordably.



Downtown Springdale

## NEXT STEPS

- **Begin preparing for the Arts Market Study.** Coordinate with Artspace to confirm the scope of work and discuss timeline. To further preparations, gather a diverse group of leaders to serve as an advisory committee to the survey process. This group is critical to the Arts Market Study and can be reengaged for future activities related to the project such as advocacy and marketing.
- **Connect with potential private sector funders** who could also be helpful in future stages of this initiative. The cultivation process can be a lengthy one, and it is never too early to start.
- **Check in with the Arkansas Development Finance Authority** to discuss the types of support that could come from various state programs for predevelopment and development and the likely timing. Artspace is happy to initiate these conversations.



Mural at the Jones Center.

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

In summary, Artspace believes a facility that includes both affordable live/work housing and space for creative organizations would anchor Springdale’s creative sector and help prevent displacement due to rising real estate costs.

Artspace greatly appreciates the opportunity to work with the Springdale Core Group and learn from its residents and leaders. Artspace came away with a strong sense of the potential for an artist live/work mixed-use facility 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 Springdale on the path to further supporting its creative sector through safe, sustainable, and affordable creative spaces.

# APPENDIX I

## ABOUT ARTSPACE



### ARTISTS AT WORK

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



### LIVELY NEIGHBORHOODS

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



### SUSTAINABLE SOLUTIONS

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

Established in 1979 to serve as an advocate for artists' space needs, Artspace effectively fulfilled that mission for nearly a decade. By the late 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), 653 Artist Lofts (formerly 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 Denver, New Orleans, New York, Seattle, 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 50 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



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 preliminary feasibility studies, an arts market survey, predevelopment, and development to completion and occupancy. Please note that this is not an exhaustive list of every activity that goes into an Artspace project, and that some actions may occur in a different order.

STEP 1: PRELIMINARY FEASIBILITY VISIT	
<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Information Gathering and Outreach</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Meet with artists, local funders, businesses, civic leaders, and other stakeholders</li> <li>• Conduct a public meeting to introduce Artspace and solicit community feedback</li> <li>• Tour candidate buildings and/or sites</li> <li>• Extend outreach as needed to ensure that people from underrepresented communities are included in the process</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Written report with recommendations for next steps</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Demonstrated support from local leadership</li> <li>• Critical mass of artists and arts organizations with space needs</li> <li>• Established base of financial support</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• Completed April 2018</li> </ul>

## STEP 2: ARTS MARKET STUDY

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Assessing the Market</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Three phases to the study: survey preparation, data collection, and analysis/reporting</li> <li>• Quantify the overall demand for arts and creative spaces</li> <li>• Identify the types of spaces, amenities and features that artists want/need</li> <li>• Inform site selection, design, and programmatic decisions</li> <li>• Maintain community involvement throughout the project</li> <li>• Help build support and secure funding</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Written recommendations and technical report of survey findings</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Sufficient number of responses from eligible, interested artists to support an Artspace live/work project</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• Starting Summer 2018</li> </ul>

## STEP 3: PREDEVELOPMENT I

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

## STEP 4: PREDEVELOPMENT II

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Project Design and Financial Modeling</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Establish process for selecting architectural team</li> <li>• Confirm development goals and space program with architectural team</li> <li>• Engage architect to create conceptual plans and schematic designs</li> <li>• Engage contractor or cost consultant to provide pre-construction services</li> <li>• Resolve any contingent conditions relating to site control</li> <li>• Create capital and operating budgets</li> <li>• Obtain proposals and/or letters of interest from lender and equity investor financing partners</li> <li>• Prepare and submit Low Income Housing Tax Credit application</li> <li>• Submit other financing applications as applicable</li> <li>• Maintain excitement for the project within the creative community</li> <li>• Encourage and guide local artists to activate the site with arts activities</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Schematic designs</li> <li>• Financial pro-forma detailing capital and operating budgets</li> <li>• Preliminary proposals and letters of interest for project mortgage and equity financing</li> <li>• Summary of project status</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Award of Low Income Housing Tax Credits (first or second application) or commitment of alternative funding</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 12 months+</li> </ul>

## STEP 5: PREDEVELOPMENT III

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• From Tax Credits to Financial Closing</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Secure final gap funding commitments</li> <li>• Raise funds for equity, including private sector philanthropic dollars</li> <li>• Complete construction documents and submit permit applications</li> <li>• Negotiate construction and permanent loan commitments</li> <li>• Negotiate limited partner equity investment commitments</li> <li>• Advance project to construction closing</li> <li>• Communicate the progress of the project to the creative community to keep up the involvement and excitement</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Successful closing and commencement of construction</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 4-6 months</li> </ul>

## STEP 6: CONSTRUCTION

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Construction and Lease-up</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Oversee project construction</li> <li>• Engage property management company</li> <li>• Identify commercial tenants and sign lease agreements</li> <li>• Reach out to potential artist tenants, providing education on the application process</li> <li>• Conduct residential tenant selection process</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Completed project ready for occupancy</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 6-10 months</li> </ul>

# PRELIMINARY FEASIBILITY REPORT

Rogers, AR | May 2018



# ACKNOWLEDGMENTS

Artspace would like to thank the Walton Family Foundation for their leadership, coordination, and support of this study. The Core Group of individuals that they assembled offered invaluable insight, hospitality, and feedback throughout the process. It was a pleasure to work with such a committed group. We would also like to thank the participants in the focus groups and public meeting that made their voices heard over the course of this visit.

## WALTON FAMILY FOUNDATION



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### CORE GROUP

- Shey Bland, Executive Director of Main Street Rogers
- Dayton Castleman, artist, co-founder of Rogers Experimental House, and Museum Manager at 21c Museum Hotels
- Joseph Farmer, Executive Director at Arkansas Public Theatre
- Ethan Hunter, Planner III, Department of Community Development, City of Rogers
- John McCurdy, Director of Community Development, City of Rogers
- Karen Wagaman, Vice President of Downtown Development, Rogers-Lowell Area Chamber of Commerce, and co-founder of Rogers Experimental House

# TABLE OF CONTENTS

- COMMUNITY PROFILE \_\_\_\_\_ 4
  
- PRELIMINARY FEASIBILITY STUDY: OVERVIEW \_\_\_\_\_ 7
  
- FINDINGS \_\_\_\_\_ 10
  - Creative Sector Leadership & Project Concept \_\_\_\_\_ 10
  
  - Arts Market \_\_\_\_\_ 13
  
  - Local Leadership \_\_\_\_\_ 16
  
  - Funding & Financing \_\_\_\_\_ 19
  
  - Potential Sites \_\_\_\_\_ 24
  
  - Alignment with Broader Community Goals \_\_\_\_\_ 27
  
- RECOMMENDATIONS & NEXT STEPS \_\_\_\_\_ 28
  
- APPENDIX I \_\_\_\_\_ 30
  
- APPENDIX II \_\_\_\_\_ 32



# COMMUNITY PROFILE

## INTRODUCTION

The Northwest Arkansas region is one of the fastest growing metropolitan areas in the United States, fueled in part by Walmart’s vendor community. Road signs in Rogers declare the population to be 50,000, but this small town is growing fast, with a projected population of 90,000 by 2020—almost doubling the current count.

Rogers is bifurcated, with recent retail development booming in bustling “Uptown” Rogers. The historic downtown, however, holds much of the area’s character and charm, with classic, painted brick buildings featuring storefronts below and living space above. Local, independently owned businesses can be found here, as well as the city’s art scene, including the thriving Arkansas Public Theater in the historic Victory Theater; the Experimental House, which is a growing community resource for the visual arts; and a former opera house, which is currently being restored to its former glory as a music venue. It is also the location of the Second Thursday Downtown Rogers Art on the Bricks Art Walk.

Poised for even more growth, street signage proudly declares: “Over \$60 million invested in Downtown Rogers since 2014.” One of those investments includes a recent, \$800,000 award from the Walton Family Foundation’s Northwest Arkansas Design Excellence Program, given to the City of Rogers to design and rebrand the linear Frisco Park, which spans the downtown footprint along the rail line. The park will connect downtown amenities with the Railyard bike park and Lake Atalanta. A new, mixed-use development will feature Rogers’ own Onyx Coffee Shop in a building with several restaurants and two downtown market rate apartments; and the Ozark Beer Company, which began brewing in 2013 and makes a coffee stout with Onyx coffee, also holds a prominent space in the downtown landscape.

Investments are also being poured into the arts. The Arkansas Arts Academy—one of the oldest and largest K-12 public charter schools in the state—was awarded \$732,000 from the Walton Family Foundation and is under construction now. This \$21 million facility will include world-class amenities such as a black box theater, ceramic art studio, dance studio, orchestra room, recording studio, culinary arts kitchen, bicycle storage with connections to a trail spur, and courtyard, nurturing the next generation of creative thinkers. The Northwest Arkansas Community College (NWACC) is about to start construction on a new facility for multiple kinds of fabrication/makers space and a new construction technology/arts degree program (see pages 14-15 for more details).



Downtown Rogers

A recent report, "Measuring the Vitality of Downtowns in Bentonville, Fayetteville, Rogers, and Springdale" was commissioned by the Walton Family Foundation and compiled by the Center for Business and Economic Research in the University of Arkansas' Sam M. Walton College of Business, addresses the impact of much of this growth. The study found, that accessible housing options are needed region wide. In particular, housing cost prices per square foot downtown in Rogers have risen more than 100% in the past five years.

To better understand and address these trends, the Walton Family Foundation is making several significant investments. They recently announced plans to commission a year-long study on workforce housing in the region, including an analysis of the region's needs and a comprehensive housing plan with recommendations addressing a broad range of incomes. In addition, the Foundation awarded several grants focused on research around mixed-use housing, including one to Artspace to assess the feasibility of creating new facilities for the region's creative-sector. The grant makes possible Artspace's visits to NWA, subsequent work to compile four preliminary feasibility studies, and a broader, regional arts market study.

This Rogers Preliminary Feasibility Study is intended to further the conversation by looking specifically at the space needs of the creative sector and the potential of creating a mixed-use, attainable, live/work arts facility in Rogers.

## ROGERS, AR AT A GLANCE

**Population (2017 estimate):** 65,149

**Households (2017 estimate):** 22,882

**Population, % change 2010-2017:** +60%

**Est. Population Growth 2017-2022:** +10%

**Median Age (2017 estimate):** 33

**Median HH Income, 2017:** \$53,682

**Median Gross Rent, 2016:** \$826

**Renter-occupied households, 2017:** 9,284

**Race and Ethnicity, 2017 (top 4):**

- White: 71%
- Some Other Race Alone: 19%
- Two or More Races: 3%
- Asian: 3%

Source: Esri Community Analyst



Mural by William Wallace



Arkansas Arts Academy

# SUMMARY: MEASURING THE VITALITY OF DOWNTOWNS IN BENTONVILLE, FAYETTEVILLE, ROGERS, SILOAM SPRINGS, AND SPRINGDALE



This report, compiled by Center for Business and Economic Research in the University of Arkansas' Sam M. Walton College of Business, was funded with support from with Walton Family Foundation. The Foundation provided a summary of the Rogers section:

"Residents of downtown Rogers have the highest median annual income, \$36,671, of the five communities, signaling the potential for growth in downtown amenities. The addition of more restaurants, schools, and entertainment venues points to increasing demand for residential space. But rising housing costs are threatening affordability, as prices per square foot have risen more than 100% over the past five years."

# PRELIMINARY FEASIBILITY STUDY

A Preliminary Feasibility Study is the first step in understanding how an attainable arts real estate 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 attainable space for the arts sector.

The Rogers Preliminary Feasibility Visit was conducted April 18-20, 2018. During these three days, Artspace staff met stakeholders, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President, and Anna Growcott, Director, both from the Consulting and Strategic Partnerships Department; and Dana Mattice, Grants Writer/Communications Specialist, from the National Advancement Department.

## ABOUT ARTSPACE

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

## THE ARTSPACE APPROACH

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

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

**ARTS MARKET:** Is there a sufficient market to support an arts facility? Artspace asks artists if they need space to live, create, teach, share, and/or sell their art, what rental rates they consider affordable, and what amenities are priorities. In addition to helping assess feasibility, this information lays the groundwork for an Arts Market Study, the second step on the path to an Artspace project, which provides quantitative data about the creative sector's space needs.

**LOCAL LEADERSHIP:** Are there leaders on the ground who are willing and able to advocate for the project, open doors, and keep lines of communication flowing between a developer and the community? These leaders come from all industries, from elected officials who control agencies and program dollars to citizens who are passionate about making their community a better place to live, work, and create.

**FUNDING AND FINANCING:** What is the community's interest and capacity to commit resources to an arts facility? Although a variety of state and federal programs can contribute revenue for construction, Artspace relies on local funding and financing programs to support predevelopment expenses and gap funding. Basic information is gathered about local funding options from both the private and public sectors.

**POTENTIAL SITES:** What buildings, sites, and/or areas represent opportunities for creative space development? At this stage, the goal is not to select the final site, but rather to identify candidates for further study. As a project moves into predevelopment, these (and perhaps other) sites will be evaluated in the context of the Arts Market Study data and a deeper understanding of local development priorities and funding sources.

**ALIGNMENT WITH BROADER COMMUNITY GOALS:** How can a potential project help achieve other civic goals and initiatives, such as economic development or historic preservation? Artspace gathers information to start identifying strategies and partnerships that can catalyze positive impact and serve the whole community.

## PRELIMINARY FEASIBILITY VISIT

During the Rogers visit, the Artspace team:

- Toured potential sites
- Facilitated three focus group meetings at the Rogers Experiential House (59 total participants):
  - Artists, Creatives, and Arts Organizations
  - Civic Leadership
  - Finance and Funder Leadership
- Held a Public Meeting at the Arkansas Public Theatre (approximately 70 participants)



Rogers Focus Group Meeting



Rogers Focus Group Meeting

# BRINGING ARTSPACE'S NATIONAL EXPERIENCE TO ROGERS, AR

In addition to the information gathered about Rogers, this report is informed by Artspace's experience working in other cities that have invested in attainable facilities for artists and arts organizations. The following thoughts provide context for evaluating the feasibility and demonstrating the importance of creative spaces in Rogers:

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

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



The Victory Theater, Home to Arkansas Public Theatre



Mural by Lucas Aoki at The Railyard Bike Park, Source: LucasAoki.com

# FINDINGS

## CREATIVE SECTOR LEADERSHIP & PROJECT CONCEPT

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

Whether they have a clear vision or are just at the start of their journey, communities look to Artspace to guide them through the process of determining whether a new facility makes sense for them – and, if so, what kind of space. It was explained to the Artspace team that the Rogers arts crowd skews older and includes very refined hobby artists, and that within this region, Rogers is not often the first choice for artists to settle. If a true arts facility and community are to take place in Rogers, several noted that it must start with the youth flowing out of the Arkansas Arts Academy, as well as the new community college art program which is oriented towards job training. They also noted that people are afraid of change, and of disrupting the natural character of the city.

Nonetheless, Rogers is also extremely proud of their “Art on the Bricks” monthly art walk, the Arkansas Public Theatre, the Farmers’ Market, the significant expansion of the facility and educational offerings at the Art Academy, the Heart of Rogers Craft Fair, and events and exhibitions at the Rogers Experimental House. The arts in Rogers may be nascent but they are on the rise. The Art Walk, Rogers Experimental House, and Arkansas Art Academy expansion are so new that their impact will multiply in the years ahead.



Rogers Focus Group Meeting

Artspace looks at the needs and goals of the creative sector, the will and resources of the private and public sector, and any well-aligned opportunities that may drive the project concept(s) in a particular direction.

## PRIORITY PROJECT CONCEPTS

The Artists, Arts Organizations, & Creative Business Focus Group discussed the local arts scene in general. One individual noted that every gallery since 1995 had failed, but acknowledged that it might be due to the business sense of the gallery directors. Another person explained that, until the Crystal Bridges Museum came to the region, there wasn't really an arts community. They were also a dry county. What they had were Ozarks Regional Arts & Crafts Festivals. It was commented that the art museum and the AMP are high level venues set next to the cottage arts and crafts community, and a “missing middle hasn't developed. Rather than have a monolith in the center, each community needs its own arts destination.” This sparked the comment that each community has its own style, and “a building should reflect the feel of the local residents.” The NWA metro helps with advertising, they said, but the individual communities are unique.

The founder of the Art on the Bricks Art Walk, which launched in November, said that she did not initially expect a large turnout at the event, but discovered that people are hungry for it. She now has artists booked into 2019, and fields weekly requests from people about how to display their work. She also said that pieces are selling, with 50 sold in three hours, including one for \$1,500. It was stated that people have developed an appetite through experiences at Crystal Bridges or the AMP, and want more. This phenomenon fits with Artspace's national experience that the arts attract more art, and that the long-term key to the growth and flourishing of the arts community is to have permanently affordable spaces for artists to create, sell their work, and live.

Members of the focus group brainstormed a list of project concepts and spaces they wished to see. One person wanted social space for people to run into each other, while another wished for more retail space for artists to sell, noting that artists provide their own tents at events and “go out and beg for money all year.” Someone commented that having artists-in-residence to stay and rotate would benefit the whole community with connections, and that they dreamed of matching funds to support them to come into schools. One person wished for a “wet studio” with concrete floors and a drain, big sinks, and a hose; while another wanted a wood/metal industrial shop, and thought people would pay to access quality equipment. Yet another wanted a shared workspace with kilns. An additional comment was made that galleries are needed locally, which was countered by someone else who said that people don’t buy local but instead go to Tulsa and Dallas to spend their money.

Education was a hot topic, and it was pointed out that the caution tape in the Experimental House was cordoning off an area for pre-school classes. It was noted that there was no space for working parents to be active with children in the evenings after work, and an empty space to be messy was desired. The group also wished to address special needs youth. Another said that “older folks have figured out life as an artist ... but if you’re a kid in a band, there’s nowhere to play.” Many talked about a vision for a collaborative classroom space. They also discussed low-income students at the Community College who need places to make, currently working at kitchen tables or on the living room carpet, but who don’t have the money to rent studios.

Performance space was also discussed. One woman wanted an alternative rehearsal/performance/dance/theater space and storage for props/wardrobe as an alternative to the community college that is already programmed. Someone else commented that there is no live music in Rogers, beyond the occasional pickup bluegrass in the summer. He wished for regularly programmed music, in a space that was not crammed into a corner. They stated that George’s Majestic was the only venue in the region, and that there was only one practice space for bands in the NWA.

The group also stated a wish for outdoor community theater, and space for TV/studio capability for recording music.

Dancers also struggle for ballet space, they said, with one individual teaching dance in Springdale and another in Bentonville. Someone else countered this notion, pointing out the Ballet Westside in Midtown—but it was a classroom space and not a dance company.

The top three ideas generated, in order of priority, were as follows:

1. Music Venue
2. Working Studios
3. Gallery/Retail

These top concepts for affordable, creative space downtown are defined and discussed in more detail:



Cooking Studio of Downtown Rogers

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

**Private Studio 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, etc.

**Retail Spaces** are 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 often on the ground floor or in another highly visible location. Retail space is typically leased exclusively for a period of one year or longer.



## DEFINING A PROJECT CONCEPT IN ROGERS

Artists and creative businesses owners are hungry for all kinds of space. Though no singular project can be all things to all people, understanding how the community views these concepts is extremely valuable in understanding the breadth of space needs in Rogers. Multiple types of space can be included in a project, but that mix ultimately depends on several variables, including the market, site, anchor tenants, and developer.

For purposes of this study, the priority concept for Rogers is flexible. While the focus group participants did not focus on live/work space, we believe this concept will be strong in Rogers. However, at this time, we recommend looking at a **creative commercial concept that includes affordable work spaces, a gallery or showroom, a potential music venue, or other creative space types** discussed by the creative community during our visit. This potential project concept will be explored in the following sections of this report.

## ARTSPACE & TENANT PARTNERSHIPS



**CHICAGO AVENUE FIRE ARTS CENTER // MINNEAPOLIS, MN**

Fire arts include sculptural welding, blacksmithing, glass slumping, jewelry making, bronze casting and other art forms that involve flame or high heat. The Fire Arts Center is a home for these and related industrial and fine art forms. The Center offers classes, provides studio space that artists can rent and operates a gallery.

This \$1 million “boutique” project exemplifies Artspace’s commitment to building better communities through the arts. The structure, built in 1916 as a silent movie theater, was dilapidated. Now it is filling a unique niche in the Twin Cities’ arts scene. At the same time, it has infused new energy into its neighborhood, inspiring galleries and restaurants to open nearby.



**GRAIN BELT STUDIOS // MINNEAPOLIS, MN**

The Grain Belt Bottling House (1906) and adjacent Warehouse (1910) served as vital components of the historic Grain Belt Brewery complex in Northeast Minneapolis for seven decades. Designed by the Minneapolis firm of Boehme and Cordella, who also designed the mansion that houses the American Swedish Institute, these matching two-story buildings have identical yellow brick facades and large arched windows.

Acquisition of the Bottling House and Warehouse has preserved nearly 130,000 square feet of space for artists and creative businesses that might otherwise have been converted into market-rate offices or condominiums. Both buildings are in excellent condition, and the Bottling House boasts a large atrium used exclusively for arts-related events.



**CITY HALL ARTSPACE LOFTS // DEARBORN, MI**

The Arab American National Museum has been a key partner since the early days of the project. The museum is located across the street from Artspace, and operates an artist-in-residency space for visiting artists in the Artspace project.

This space provides a unique opportunity for the Arab American National Museum to host visiting artists from around the world who teach classes and engage with the broader community during their stay in Dearborn.

# ARTS MARKET

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

During the Artists, Arts Organizations, & Creative Business Focus Group, participants were asked what they consider “affordable” in terms of rent and what amenities are high priorities for them for the different spaces they had prioritized. This information helps Artspace assess the feasibility of a project concept and lays the groundwork for the quantitative Arts Market Study, the second step on the path to an Artspace project, further detailed in the sidebar. Artspace intentionally keeps its definitions of artist and creative broad to be as inclusive as possible. Residents of Artspace buildings range from veterans, retirees, service workers, teachers, parents, and they also happen to be creative. They are likely to earn a portion of their income from something other than their art. In fact, a look across the Arts Market Surveys that Artspace has completed in the past 15 years shows that only about 10% of artist respondents make 100% of their income through their art.

## WHO IS AN ARTIST?

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

- A person who works in or is skilled in any of the fine arts, including but not limited to **painting, drawing, sculpture, book art, mixed-media and print-making.**
- A person who creates imaginative works of aesthetic value, including but not limited to **film, video, digital media works, literature, costume design, photography, architecture and music composition.**
- A person who creates functional art, including but not limited to **jewelry, rugs, decorative fixtures, edible products, furniture, straw bale homes, pottery, toys and quilts.**
- A performer, including but not limited to **singers, musicians, dancers, actors and performance artists.**
- In all culturally significant practices, including a **designer, technician, tattoo artist, hairdresser, chef/culinary artist, craftsperson, teacher or administrator** who is dedicated to using their expertise within the community to support, promote, present, and/or teach and propagate their art form through events, activities, performances and classes.

Artists and creatives from a broad range of art forms, ages, and career stages participated in the visit. The Artists, Arts Organizations, & Creative Businesses Focus Group included several art teachers and parents; a woman who makes low-budget movies; the organizer of the Art Walk; a retiree; a graphic design instructor at the community college who also weaves and works in small metals; an administrator from the Arkansas Arts Academy who works in acrylic, watercolor, and gauche; the director of the Ed Cooley Gallery; an artist who manages Studio 7 in Village on the Creeks and organizes the Art on the Creeks festival; the Art Director of Nicole's House, a transitional home for women; a rep from I Heart Radio; the arts chair at the community college; a painter; and a public art sculptor.

Current rental rates and expectations also inform Artspace's assesment of the Arts Market. Below is a summary of comments that focus group participants made about rental rates in town (please note that these rates are stated as discussed in meetings, and are not verified):

- One nonprofit said that they are renting from another nonprofit, and “it has to be cheap”
- An individual paid \$1,000/month rent for a house, and said \$200/month for a 20' x 20' studio might be manageable
- Another agreed that about \$1,000/month for a typical starter home or apartment (without utilities) was affordable
- Another person paid a \$650 mortgage for two big spaces in Bella Vista, and said that she would like to live in her studio

The Measuring the Vitality of Downtowns report (referenced previously) showed that prices per square foot have risen more than 100% in downtown Rogers over the past five years. That is relative to the starting place as many businesses were getting “deals” for the rent they paid and many buildings were vacant.

## EXISTING ROGERS CREATIVE SPACES

During the Preliminary Feasibility Visit, several arts assets were included in Artspace’s tour and in discussions. Artspace is aware that there are many more arts organizations, businesses, and venues in Rogers, in addition to the following:

- **Arkansas Art Academy**
- **Arkansas Public Theatre**
- **Northwest Arkansas Community College (NWACC)**
- **Ed Cooley Gallery**
- **Rogers Experimental House**

Artspace briefly visited the new facility for the Arkansas Arts Academy at the end of our visit. We awoke to the fact that Rogers has a unique and amazing resource that will be nurturing future artists—some of whom will stay in Rogers, or head to the University of Arkansas in Fayetteville to further their education. These young artists will be a tremendous asset to the downtown and the region. Artspace can imagine many collaborations with the theater, the opera house, the Rogers Experimental House, and local businesses – not to mention the other major and minor art institutions of the region.

After our visit, we spoke with a staff person leading the “fabrication” spaces at the Northwest Arkansas Community College (NWACC). One of their colleagues attended a focus group and briefly described the Integrated Design Lab that was being created at the college, that will be home to the Workforce Development, Communication and Fine Arts, and Business and Computer Science Divisions. They have an innovative new degree program that combines construction technology and art. It is envisioned to be a Bauhaus-type program that will include a maker space. The college is building 5,546 square feet of new studio space, 4,162 square feet of labs and clean room, and 4,334 square feet of exterior fabrication space. Construction starts next month. The lab spaces will include:

- Printmaking
- Painting
- Ceramics
- Construction
- Woodworking (they are training the future framers for Crystal Bridges)
- Sculpture
- 3D Laser Printing, Vinyl Cutting CNC Machines, etc.
- Metal

NWACC also runs the Brightwater Center for Culinary Excellence in Bentonville. They are adding a second campus, starting construction later this summer, in Springdale.

## STEP 2: ARTS MARKET STUDY

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

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

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

Construction starts next month. The lab spaces will include:

Following our visit to Rogers, Karen Wagaman put us in touch with other organizations and individuals interested in Artspace. Some organizations, like Ecovet, were also interested in having space for their business, such as a showroom for their unique products in a mixed-use project in the historic downtown. Others were interested in a potential real estate partnership on specific downtown sites.

Artspace's overall impression was of a fledgling but growing arts scene. The artists we met skewed older and were more focused on arts education than production. We had a sense that there were many other younger artists who are out there and need to be captured as part of the next step, the Arts Market Study (see side bar on page 14).

## ARTIST PREFERENCE IN AFFORDABLE HOUSING

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

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

Although the IRS challenged the “artist preference” policy in 2007, it dropped the challenge after the Housing and Economic Recovery Act of 2008 became law. That law states: “A project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants...who are involved in artistic or literary activities.” This clause was threatened again in December 2017, but through broad reaching advocacy efforts, the new Tax Cuts and Jobs Act retains the artist preference language in the final signed version of the law.



Location of the Rogers Experimental House in downtown Rogers

**Rogers Public Meeting**  
**artspace**

Come participate in a community forum  
where all engaged citizens are  
welcome to provide input and ideas  
for creative live/work space  
in Downtown Rogers

Artspace is a national, nonprofit organization dedicated to creating affordable spaces for the arts. The purpose of their visit is to determine the feasibility of creating a successful and self-sustaining arts development that serves the needs of the Downtown Community.

**April 19th 6:30pm**  
**Arkansas Public Theatre**  
**116 S 2nd Street**  
**Downtown Rogers**  
[artspace.org](http://artspace.org)

## LOCAL LEADERSHIP

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

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

The Rogers' Core Group was engaged, knowledgeable, and passionate about their unique community. If they had a slogan it might be to "keep Rogers weird." They are proud of their historic downtown, their growth in the region, and of the future of their community with newcomers arriving every day from across the country as well as internationally. Rogers' leaders are quickly becoming experienced in collaboration across sectors, with a shared vision for a vibrant and creative downtown. They provided valuable information and insights about Rogers's history, unique culture, goals, and strengths and challenges.

## CIVIC LEADERSHIP

The cross-section of leaders from the public sector included several representatives from the City, including Mayor Hines; representatives from the Chamber; folks who serve on the Historic District Commission; the high school principal; an attorney; a teacher; and an artist.

This group started out talking about how NWA artists have issues with marketability. They explained how rental prices have gone up and that galleries can't make it; therefore, arts administrators must volunteer time they can't afford to donate, and eventually leave. One person said that "galleries are becoming T-shirt shops." They opined that arts spaces should be accessible to the outside world, and part of the community's appeal



Architect John Mack and Dayton Castleman Show Images of the Opera House



Railyard Bike Park

is to be engaged. Accessibility is important, they said. When asked to describe the local arts scene, however, two of the three words they came up with spoke to a lack of outside engagement: “Insular” and “Solitary.” On a positive note, the word “Impressive” was also used to describe the arts in Rogers.

Artspace believes some of this “insular” feeling may have to do with how people arrive in downtown Rogers, since there are no major highways that get you quickly to Rogers from the other three largest cities in the region. This may be part of the lacking local infrastructure commented on throughout the Artspace visit.

Artspace next asked the group about local leadership, and what types of partnerships would make an Artspace-style project impactful. The group brainstormed a list that included education (K-12 & Higher Ed); corporate; and parks.

By far the hottest topic for the civic leaders was how the presence of an arts facility could align with broader community goals. It was stated that there is a need for balance between “rooftops” and businesses, and that this is what helps businesses thrive. One person stated that the “paradigm has shifted in NWA in the past two years – there’s been a dramatic shift, but in order to be sustainable there must be that balance ... In this community, the arts will not sustain the downtown.” They talked about the importance of downtown revitalization, maintaining/growing residential density, and affordability. One person said that the issue is lots of people work downtown that live close enough that they walk or bike. People want square foot prices downtown to reflect the same as what is available on the West side, they said, and “we don’t want to have an environment where folks don’t have access or feel welcome.” It was discussed that the demand has changed fast, “and there will be a point where there has to be an adjustment.”

An artist in the group said that the committed arts community is in Fayetteville, but that there is an opportunity to grow a cultural community in Rogers. He said that the Rogers Experimental House is an experimental petri dish to see what grows, and that so far the growth has been organic, surprising, and encouraging. Someone else added that the arts must demonstrate economic impact.

## PRIVATE LEADERSHIP

The Private Leadership Focus Group included representatives from the Fire Department, the City, and Relocations Services of AR; many property and business owners; commercial developers; and an architect and a banker. The Core Group felt that this was a truly dynamic group, and was pleased to see younger property managers and building owners included.

The Private Leadership Group started out discussing the types of art spaces they could envision taking root in Rogers, and the arts scene in general. They thought that what was wanted were “available, affordable properties,” but that

## ECONOMIC IMPACT STUDY

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

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

Read the full report at: <http://www.artspace.org/ideas-insights/artspace-publications/taking-measure-creative-placemaking>

there were infrastructure development issues in Rogers because of inadequate, 125-year old systems with issues ranging from water, to sewer, to electric. They also wondered what type of rent art spaces generate. They talked about how to demonstrate an economic impact and return on investment (ROI) socially and economically by addressing needs, and said that there is an education gap on what creatives add to the economic health of a community.

Of the arts community, one person said: "Our art community is very loose, doesn't come together often, and is very independent. When you begin to establish an arts community, then you will get more legitimate feedback." They said that the ability to market art to the greater public was challenging, and beyond social media, tools were limited. Another commented that a big challenge to community building among artists and arts administrators was "territorialism among smaller and splinter groups of artists, who perceive a scarcity of resources and become aggressive. It is not open source, friendly, or cooperative in a smaller pond. Closer proximity results in friction and over sensitivity, to a heightened degree in NWA." Several said that they would like to see a critical mass of artists downtown but reiterated that affordability would remain a concern until the infrastructure is in place.

Artspace recognizes that individual artists lack support and training. The 360 program of Mid-America Arts Alliance is a start in that direction, but full-time, year-round support and training is needed to truly grow an artist community. The Tremaine Foundation in New Haven, CT, supports a network of organizations that provide business training, community development, and other services for individual artists. Their network of similar organizations include Artist Trust in Seattle, WA and Springboard for the Arts in St. Paul, MN. Artspace believes Northwest Arkansas would do well to consider creating such an entity for the region.

## POTENTIAL PARTNERSHIPS

The group thought successful partnerships for the arts could include schools, the "public-private aggressively addressing infrastructure," and "decently heeled people in the community with sufficient interest in the program you're advocating to step forward and support it." They mentioned that the state of Arkansas did not have a lot of incentives outside of historic preservation for economic development projects.

Issue Three, which passed the legislature last year, was discussed. It was described as a tax incentive for economic development at the state level, which is limited and has not yet been exercised. They said that the legislature would issue rules of engagement, with boundaries to be announced, but that it would be programmatically limited. They also talked about the Arkansas Economic Development Commission and a tax abatement available through bond financing. Issue Three removes the limitation or bond cap for economic development projects. It also allows county, city and other municipalities to obtain or provide dollars to support economic development. Lastly, it allows state legislators to authorize the use of other tax dollars to pay off municipal or county bond debt.



Shop Cat at Downtown Storefront

# FUNDING AND FINANCING

When considering financial feasibility and return on investment, it is important to note the multiple points of impact of a potential project site. “Returns on investment” include not only affordable housing but also blight remediation, adaptive reuse of historic buildings, and infrastructure investment in the cultural economy. Communities, civic leaders, and politicians must share in this vision to maximize impact.

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

Even LIHTC projects have funding gaps, which typically amount to around 40% of the total project cost. Other sources, such as the Community Development Block Grant (CDBG) program, HOME funds, and other public programs, can help close the gap. However, Artspace relies on the philanthropic community for the final dollars. Philanthropy comes in the form of gifts from foundations, corporations, and individuals.

Every municipality is unique in its approach and in the sources available for important gap funding. The Finance and Funder Leadership 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 Rogers, we were encouraged by the participation of several local banks and lenders. The group was engaged and optimistic in the discussions around potential local funding sources, making it clear that a private/public partnership is very possible in Rogers.

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

## POTENTIAL FUNDING SOURCES

This is a preliminary list of potential sources that were discussed during the visit, and other funding sources that Artspace had researched for the State of Arkansas.

- **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 Arkansas, the LIHTCs are awarded through the Arkansas Development Finance Authority (ADFA).
- **Community Development Block Grant (CDBG)** is a state program administered by the Arkansas Economic Development Commission. CDBG funds can be used for architectural expenses, site improvements and other infrastructure costs.
- **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. Through the Arkansas Historic Preservation program, an eligible property may also be eligible for the state Rehabilitation Tax Credit program. New legislation passed in 2017, allows a tax credit up to \$400,000 per eligible project.
- **HOME Investment Partnership Program (HOME)** is a federal program that provides funding to state and local governments to fund affordable housing developments.
- **Arkansas Capital Corporation** is a Community Development Financial Institution (CDFI) that provides low interest loans and other technical training services for nonprofit organizations and is an allocatee of New Markets Tax Credits (NMTC).
- **New Markets Tax Credits (NMTC)** is a funding tool primarily used to capitalize commercial buildings (non-residential). They can only be used in Qualified Census Tracts (QCTs).



- **Opportunity Zones** are being set up in 2018 and will have funding tools associated with those zones which will mirror, in many cases, QCTs. We are monitoring this program carefully to see what opportunities arise for funding. At this writing, Artspace believes the tool may be better suited for non-residential projects.
- **Tax Increment Financing (TIF)** is a tool available to local communities for assisting economic development, redevelopment and housing. Artspace understands that this tool is allowable in the State of Arkansas but may still be somewhat controversial in specific municipalities.
- **Northwest Arkansas Economic Development District** plays a role in administering and seeking federal funds for larger community projects that focus on infrastructure improvements, job creation and the like. While not likely to be a direct funding source for this initiative, having a relationship with this agency would be important relative to federal funding coordination and knowledge.
- **Philanthropy.** Following is a list of foundations, corporate giving programs and other entities that have a history of philanthropy and community grants in Northwest Arkansas. As any project moves forward, further research would be necessary to better understand these organizations' giving priorities and timelines.
  - Arkansas Community Foundation
  - Arkansas Humanities Council
  - Arvest Bank
  - Ash Grove Charitable Foundation
  - Bitha Godfrey & Maude J. Thomas Charitable Foundation
  - Bridgestone Americas Trust
  - Elisabeth D. Wagner Foundation
  - Georgia-Pacific Foundation
  - Jones Trust
  - Miller Family Foundation
  - Schmieding Foundation
  - Sunderland Foundation
  - Tenenbaum Foundation
  - Tyson Family Foundation, Inc.
  - Union Pacific Foundation
  - U.S. Bank
  - Walton Family Foundation
  - Walmart Foundation
  - Weyerhaeuser Giving Fund
  - William C. & Theodosia Murphy Nolan Foundation
  - Willard & Pat Walker Charitable Foundation
  - Windgate Charitable Foundation
  - 3M




Historic Register Plaque outside The Victory Theatre  
Source: Arkansas Public Theatre

# UNDERSTANDING LOW-INCOME HOUSING TAX CREDITS (LIHTC)

**STEP 1 (OF 10)**

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 10)**

The **IRS** has a pool of tax credits that it divvies up every year among **58 state and local housing finance agencies**, based on population size.



**STEP 3 (OF 10)**


**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 10)**


First, you go to your **housing finance agency** to request money to build. You promise to:

- Offer a certain amount of low-income units and keep it that way for at least 30 years.
- Meet the housing agency's requirements. For example, you might set aside units for veterans or the homeless.



**STEP 5 (OF 10)**

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



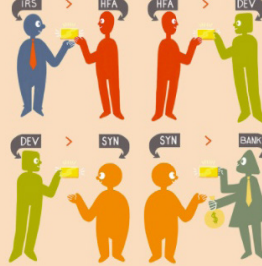
**STEP 6 (OF 10)**

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 10)**

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 10)**

Everybody in this process earns a fee for their work.




**STEP 9 (OF 10)**

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 10)**

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



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

## ARTSPACE FUNDING EXAMPLES

While the funding process for each project is unique, Artspace's development experience provides a head start in identifying and navigating state and regional funding sources. Below are summaries of financial sources Artspace compiled for recent projects in Loveland, CO; Trinidad, CO; and Chicago Avenue Fire Arts Center in Minneapolis, MN.

These funding sources exemplify the kinds of resources Artspace typically assembles for mixed-use affordable artist space (residential and commercial) projects.

### ARTSPACE LOVELAND ARTS CAMPUS // LOVELAND, CO

Source	Amount	PCT.
<b>PUBLIC SOURCES</b>		
Low-Income Housing Tax Credits (9%)	\$5,598,880	68%
CO State Housing Trust Fund / HOME Funds	\$300,000	4%
Loveland City Contract	\$413,674	5%
Loveland City Loan	\$300,000	4%
HACOL - Sponsor Loan	50,000	1%
<b>PRIVATE SOURCES</b>		
Residential First Mortgage	\$912,000	11%
Private Sector (Philanthropic Gifts)	\$619,584	8%
<b>TOTAL</b>	<b>\$8,194,138</b>	<b>100%</b>



Artspace Loveland Arts Campus, Loveland, CO

## TRINIDAD ARTSPACE // TRINIDAD, CO - DRAFT

Source	Amount
<b>NON-RESIDENTIAL SOURCES</b>	
City of Trinidad	\$1,800,000
DOLA	\$2,000,000
Federal Historic Tax Credits	\$1,307,464
State Historic Tax Credits	\$1,149,663
History Colorado	\$200,000
Sponsor Loan - Philanthropy	\$372,500
Private Sector Philanthropy	\$525,000
<b>RESIDENTIAL SOURCES</b>	
Low Income Housing Tax Credit	\$10,215,244
DOLA Housing	\$600,000
Deferred Developer Fee	\$215,433
<b>TOTAL</b>	<b>\$18,385,304</b>

## CHICAGO AVENUE FIRE ARTS CENTER (CAFAC) // MINNEAPOLIS, MN

Artspace partnered with CAFAC, a start-up arts nonprofit to create collaborative artist space. The partnership included a long-term affordable lease agreement with intent to transfer ownership once nonprofit stability is achieved.

Project total: \$1.1 million; sources included:

- Great Streets program from the City of Minneapolis
- Bank loan
- One philanthropic gift

Space includes:

- Shared Equipment
- Lending Library
- Classroom Space
- Collaborative Spaces
- Gallery/Show Space



Chicago Avenue Fire Arts Center (CAFAC), Minneapolis, MN

# POTENTIAL SITES

During the Preliminary Feasibility Visit, Artspace's primary goal is not to select a site, but to identify candidates for further study should the project move forward. Several factors 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.

## SITE TOUR OBSERVATIONS

Artspace toured five sites in Rogers. Each of the potential sites assessed on the following pages uses information available as of the date of the tour, April 19, 2018.

### 1. Historic Post Office

120 W. Poplar Street

This 10,000 square foot historic building was developed in 1919 as a post office, but went through several uses including a library and the Rogers Historical Museum (now in the process of relocating). The site is owned by the City of Rogers and is listed on the National Historic Register. The Artspace team envisioned galleries downstairs and studios upstairs with storage space on the lower level.

The old post office is in a central downtown location with a residential apartment building across the street. There is also open land for outdoor art activities or a mini-sculpture garden or green space that would complement the new Frisco Park under development on the other side of the tracks, half a block from the site.

### 2. Mr. Amos' Warehouse

116 E. Walnut Street

This 40,000 square foot warehouse is three stories with an additional 10,000 square foot adjacent lot on the South side of the building. It is currently used as storage and living space by its owner. The Artspace team was able to imagine a mixed-use property at this site, which could also be part of the Frisco Park design. Its size makes it versatile and able to accommodate both "dirty" and "clean" arts spaces, as well as live/work—although there was some concern regarding proximity to the active railroad track. Everyone appreciated the potential proximity and interaction with Frisco Park. Some core group members even started branding the site as Artspace Railyard!

At first blush, Artspace believes the building is large enough for 20 units of live/work housing on the upper floors with plenty of room on the ground floor for creative businesses, a showroom for Ecovet, for example, and other arts-related businesses. The adjacent lot could also be used for a smaller new construction building that might include shared working studios or other arts-related spaces that complement and add energy to what's happening in the park.



Historic Post Office



Mr. Amos' Warehouse Interior



Mr. Amos' Warehouse Exterior

### 3. Walmart Store #1

715 & 719 A&B W. Walnut Street

A large, white box without much access to sunlight, this 33,000 square foot property is listed as \$2.5 million and includes a large approximately 1.25-acre parking lot. The owner has a two-year lease remaining with one tenant in a portion of the building. The Core Group saw this as a gateway site to Rogers. It was suggested there could be interesting synergy between the Walton Family Foundation, Artspace, and a site that had housed the first Walmart.

Artspace believes there are better uses for this site and that the building would certainly need to be removed to clear the site for a larger mixed-use development.

### 4. Opera House

102-108 W. Walnut Street (Intersection of W. Walnut Street and S. 1st Street)

14,500 Square Feet

The opera house is a gorgeous, three-story building with historic significance, including an original, historic stage on the second floor; plentiful windows and light; and a key site in the heart of downtown. It is being developed by a local architect, to be restored as a music venue. The beautiful historic preservation job currently underway including an expert from the Smithsonian consulting on how to recover and match original paint colors in the interior.

Artspace could imagine a partnership that might help bring this beauty to life more quickly. The results of the Arts Market Study will help to reveal useful information about the adaptive re-use of the space and either confirm the need for a music venue or potentially inform a new direction.



Opera House Interior



Opera House Exterior

### 5. Trader's Market

401 N. 1st Street

The market is currently being used as a retail home improvement store and is listed for \$2.8 million. This includes a 40,000 square foot building and a 2.8-acre lot. The site is in a key "gateway" location but the asking price is too steep for a project that seeks affordable space for the creative community.



## COMPARING THE TOP SITES

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

NAME	AMOS' WAREHOUSE	OPERA HOUSE	HISTORIC POST OFFICE
<b>LOCATION</b>	<b>EXCELLENT:</b> A gateway location from the east where development is pushing across the tracks from downtown. Excellent proximity to the new Frisco Park.	<b>EXCELLENT:</b> On a key downtown corner at Walnut and 1st.	<b>EXCELLENT:</b> In the heart of downtown with great proximity to the commercial core and Frisco Park.
<b>SIZE</b>	<b>EXCELLENT:</b> Large enough site to include multiple uses, including housing with potential for strong outdoor space connecting to Frisco Park.	<b>EXCELLENT:</b> Great size for a music venue with ground floor creative businesses.	<b>GOOD:</b> Building is good for potential gallery and working studio space.
<b>ACQUISITION</b>	<b>GOOD:</b> The site is privately owned by a willing seller who also lives in the building. Members of the Core Group have a good relationship with this owner. List price is unknown at time of writing.	<b>GOOD:</b> The building is owned by the architect who is renovating the building.	<b>EXCELLENT:</b> The site is City-owned giving it the most flexibility in terms of acquisition.
<b>SUMMARY</b>	Excellent location across from Rope Swing's latest investment downtown and adjacent to Frisco Park. Owner may be willing to sell for a fair price and/or accept tax relief for a partial donation. Any development on this location needs to be multi-faceted, multi-use and embrace the arts and outdoor connections.	The building is at a key intersection. Its active reuse with ground floor arts-related commercial space and a music venue will add to daytime and nighttime activity.	Acquisition and location are excellent. Access to front door make it limited in terms of visibility – particularly for a gallery use.

These findings are preliminary and based on currently available information; much can and will likely change between the writing of this report and site selection. Final site selection would take place in a predevelopment stage of work (see Appendix II, "Path of an Artspace Project"). These sites mentioned should be prioritized as conversations progress and the type of project is narrowed down.

# ALIGNMENT WITH BROADER COMMUNITY GOALS

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

The Downtown Rogers Master Plan includes a vision for expanding downtown Rogers beyond the current footprint that many would identify as downtown, identifying four Experience Districts. The Walnut and Poplar Corridors are widely recognized as the gateway to downtown. Victory Row is the historic and culinary district and encompasses the theater, restaurant, and activated alley spaces. Frisco Front is envisioned as a catalytic green space with the bike park, lake, farmers' markets, and outdoor concerts, connecting to downtown. Last but certainly not least, the Watertower District is emerging as a business zone with potential for public art.

Artspace gathered additional information about broader community goals during focus groups. Participants shared their goals and how a new arts facility can help accomplish them. Then, based on a list of 12 common community goals (Pictured Right), they each selected three priority community goals that could be addressed by a creative space facility. These selections were collected and tallied. Listed here are actually four goals, as three and four were an even tie when votes were tallied.

1. **Downtown Revitalization**
2. **Supporting a Cultural Community**
3. **Increasing Density**
4. **Anchoring an Arts District**

Another community goal revealed during our visit is to have more nighttime activity in Rogers. Except for the theater, a few restaurants/bars, and events, the town tends to "roll up" around 5 pm. Having more residential spaces downtown would help create more of an urban 24/7 feel for residents and visitors alike.

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

## CORE GOALS

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

- Meet the creative sector's space needs
- Plan for sustainable operations that do not require ongoing fundraising
- Ensure long-term affordability
- Reflect the unique culture and character of the community
- Exemplify ecological and efficient design

### What 3 complementary goals are a top priority for you?

- 
- Residential Density
  - Preserving Affordability
  - Historic Preservation
  - Urban Infill
  - Downtown Revitalization
  - Preserving Cultural Community
  - Supporting Rural Artists
  - Transit Oriented Development
  - Supporting Creative Businesses and Nonprofits
  - Anchoring an Arts District
  - Enhancing Healthy Lifestyles
  - Promoting Tourism



# RECOMMENDATIONS

Rogers is well-positioned to move toward a more vibrant downtown by embracing arts and culture and creative businesses to occupy more spaces downtown and contribute to the nightlife of the community.

## RECOMMENDATION 1:

### ARTSPACE DEVELOPMENT PROJECT

Based on the findings of this study, the first recommendation is to move forward with a creative space project developed by Artspace, or another nonprofit developer if preferred, where the mission and track record show focus on long-term affordability.

Although we see a strong advantage for developing an affordable live/work mixed-use facility in the downtown, when we asked the creative community about space priorities in the focus group sessions, residential space was not mentioned. The Arts Market Study will be a critical next step in understanding the true need for artists' space in downtown Rogers. Our experience tells us that live/work housing will be among the needs of artists in and around Rogers but at this time the community is asking for other kinds of space to support their organically growing creative community.

The regional **Arts Market Study, the next step in this process, will provide the data necessary to understand what creative space concept aligns with what the artist community also desires.** The survey will quantify the need for creative live/work, working studio, and other kinds of production and exhibition spaces. This data informs the site selection, size, and amenities of a project. It also provides reliable information to others whose support is necessary for a successful project, including bankers, funders, and prospective investors. Resulting data may also be shared with private developers and policy makers to help encourage further infrastructure investment in the creative economy.

## RECOMMENDATION 2:

### OTHER STRATEGIES TO PRESERVE AFFORDABILITY

Rogers also has a unique opportunity to pursue other strategies to help preserve long-term affordability for its creative sector, while catalyzing other downtown development. Other recommended ways to preserve affordable space before the downtown becomes unattainable for the creative sector:

1. Identify a more permanent space with a long-term lease for the Experimental House. Make it a hub for the monthly art crawl and pave the way for its first full-time staff member.
2. Consider incentives for downtown developers to carve out some percentage (i.e. 5%) of their overall space for creative uses. Once the data is received from the Arts Market Survey, a strong case is likely to be made to create such an incentive program in Rogers and elsewhere in the region. At that stage, developer information sessions may be an important next step.
3. Create a full-time, year-round support organization for artists. An artist service organization could benefit the creative sector by providing ongoing professional support and training, a need that artists identified in focus group conversations. See page 18 for more information.



Artspace Staff Tour the Arkansas Arts Academy

## NEXT STEPS

- **Begin preparing for the Arts Market Study.** Coordinate with Artspace to confirm the scope of work and discuss timeline. To further preparations, gather a diverse group of leaders to serve as an advisory committee to the survey process. This group is critical to the Arts Market Study and can be reengaged for future activities related to the project such as advocacy and marketing.
- **Connect with potential private sector funders** who could also be helpful in future stages of this initiative. The cultivation process can be a lengthy one, and it is never too early to start.
- **Check in with the Arkansas Finance Development Authority (ADFA)** to discuss the types of support that could come from various state programs for predevelopment and development and the likely timing. Since the Rogers Preliminary Feasibility Study, Artspace has visited with the ADFA and received encouraging feedback regarding the potential of being competitive with a 9% Low Income Housing Tax Credit (LIHTC) application in one or more of the four communities.

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

In summary, Artspace believes creating more of an ecosystem for the growing arts in Rogers makes the most sense, perhaps starting with a smaller creative space development that could include working studios, a music venue, or other spaces for arts organizations such as a permanent space for the Experimental House. Artspace believes the data from the survey may also support a mixed-use live/work facility. In the short-term, however, we would put more emphasis on creative commercial spaces and consider incentives for other downtown building owners to include creative spaces in the mix.

Artspace greatly appreciates the opportunity to work with the Rogers Core Group and learn from its residents and leaders. Insights and recommendations in this report are solely intended to guide a project to the next phase of development, and set Rogers on the path to further supporting its creative sector through safe, sustainable, and affordable creative spaces.



Artspace Staff Tour the Arkansas Arts Academy



Arkansas Public Theatre Gallery/Bar

# APPENDIX I

## ABOUT ARTSPACE



### ARTISTS AT WORK

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



### LIVELY NEIGHBORHOODS

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



### SUSTAINABLE SOLUTIONS

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

Established in 1979 to serve as an advocate for artists' space needs, Artspace effectively fulfilled that mission for nearly a decade. By the late 1980s, however, it was clear that the problem required a more proactive approach, and Artspace made the leap from advocate to developer. Since then, the scope of Artspace's activities has grown dramatically. Artspace is now a national leader in the field of developing affordable space that meets the needs of artists through the adaptive reuse of historic buildings and new construction.

Artspace's first three live/work projects were in Saint Paul: the Northern Warehouse Artists' Cooperative (1990), 653 Artist Lofts (formerly 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 Denver, New Orleans, New York, Seattle, 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 50 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 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



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 preliminary feasibility studies, an arts market survey, predevelopment, and development to completion and occupancy. Please note that this is not an exhaustive list of every activity that goes into an Artspace project, and that some actions may occur in a different order.

STEP 1: PRELIMINARY FEASIBILITY VISIT	
<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• <b>Information Gathering and Outreach</b></li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Meet with artists, local funders, businesses, civic leaders, and other stakeholders</li> <li>• Conduct a public meeting to introduce Artspace and solicit community feedback</li> <li>• Tour candidate buildings and/or sites</li> <li>• Extend outreach as needed to ensure that people from underrepresented communities are included in the process</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Written report with recommendations for next steps</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Demonstrated support from local leadership</li> <li>• Critical mass of artists and arts organizations with space needs</li> <li>• Established base of financial support</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• Completed April 2018</li> </ul>

## STEP 2: ARTS MARKET STUDY

<b>OVERVIEW</b>	<ul style="list-style-type: none"><li>• Assessing the Market</li></ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"><li>• Three phases to the study: survey preparation, data collection, and analysis/reporting</li><li>• Quantify the overall demand for arts and creative spaces</li><li>• Identify the types of spaces, amenities and features that artists want/need</li><li>• Inform site selection, design, and programmatic decisions</li><li>• Maintain community involvement throughout the project</li><li>• Help build support and secure funding</li></ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"><li>• Written recommendations and technical report of survey findings</li></ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"><li>• Sufficient number of responses from eligible, interested artists to support an Artspace live/work project</li></ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"><li>• Starting Summer 2018</li></ul>

## STEP 3: PREDEVELOPMENT I

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

## STEP 4: PREDEVELOPMENT II

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Project Design and Financial Modeling</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Establish process for selecting architectural team</li> <li>• Confirm development goals and space program with architectural team</li> <li>• Engage architect to create conceptual plans and schematic designs</li> <li>• Engage contractor or cost consultant to provide pre-construction services</li> <li>• Resolve any contingent conditions relating to site control</li> <li>• Create capital and operating budgets</li> <li>• Obtain proposals and/or letters of interest from lender and equity investor financing partners</li> <li>• Prepare and submit Low Income Housing Tax Credit application</li> <li>• Submit other financing applications as applicable</li> <li>• Maintain excitement for the project within the creative community</li> <li>• Encourage and guide local artists to activate the site with arts activities</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Schematic designs</li> <li>• Financial pro-forma detailing capital and operating budgets</li> <li>• Preliminary proposals and letters of interest for project mortgage and equity financing</li> <li>• Summary of project status</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Award of Low Income Housing Tax Credits (first or second application) or commitment of alternative funding</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 12 months+</li> </ul>



## STEP 5: PREDEVELOPMENT III

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• From Tax Credits to Financial Closing</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Secure final gap funding commitments</li> <li>• Raise funds for equity, including private sector philanthropic dollars</li> <li>• Complete construction documents and submit permit applications</li> <li>• Negotiate construction and permanent loan commitments</li> <li>• Negotiate limited partner equity investment commitments</li> <li>• Advance project to construction closing</li> <li>• Communicate the progress of the project to the creative community to keep up the involvement and excitement</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Successful closing and commencement of construction</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 4-6 months</li> </ul>

## STEP 6: CONSTRUCTION

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Construction and Lease-up</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Oversee project construction</li> <li>• Engage property management company</li> <li>• Identify commercial tenants and sign lease agreements</li> <li>• Reach out to potential artist tenants, providing education on the application process</li> <li>• Conduct residential tenant selection process</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Completed project ready for occupancy</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 6-10 months</li> </ul>

# PRELIMINARY FEASIBILITY REPORT

Fayetteville, AR | May 2018



Prepared at the request of the Walton Family Foundation

# ACKNOWLEDGMENTS

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## WALTON FAMILY FOUNDATION



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### CORE GROUP

- Harry Davis, Planner, City of Fayetteville
- Bernice Hembree, Smokey & The Mirror musician and co-founder of Fayetteville Roots Festival
- Bryan Hembree, Smokey & The Mirror musician and co-founder of Fayetteville Roots Festival
- Jeannie Hulen, ceramics artist and Associate Dean of Fine Arts, Interim Director of the School of Art, and Associate Professor of Ceramics at the University of Arkansas
- Sharon Killian, visual artist and president of the board of directors at Art Ventures
- Cynthia Post-Hunt, performance artist and co-founder of Inverse Performance Art Festival
- Garner Stoll, Development Services Director, City of Fayetteville
- Erika Wilhite, Artistic Director at The Artist's Laboratory Theatre
- Kat Wilson, visual artist

# TABLE OF CONTENTS

- COMMUNITY PROFILE \_\_\_\_\_ 4
  
- PRELIMINARY FEASIBILITY STUDY: OVERVIEW \_\_\_\_\_ 7
  
- FINDINGS \_\_\_\_\_ 9
  - Project Concept \_\_\_\_\_ 9
  
  - Creative Sector Leadership & Arts Market \_\_\_\_\_ 13
  
  - Local Leadership \_\_\_\_\_ 16
  
  - Funding & Financing \_\_\_\_\_ 20
  
  - Potential Sites \_\_\_\_\_ 25
  
  - Alignment with Broader Community Goals \_\_\_\_\_ 29
  
- RECOMMENDATIONS & NEXT STEPS \_\_\_\_\_ 31
  
- APPENDIX I \_\_\_\_\_ 33
  
- APPENDIX II \_\_\_\_\_ 35

# COMMUNITY PROFILE

## INTRODUCTION

Funky, urban Fayetteville, located within the Boston Mountains, is the southernmost city in the Northwest Arkansas region. Fayetteville's Downtown Square is nestled at the western foot of Mount Sequoyah. At the heart of the city is the University of Arkansas, a world-class institution that serves more than 20,000 students, while acting as a major economic driver. Fayetteville is also home to a walkable downtown infused with hip coffeeshops, restaurants, retail options, an award-winning public library, and is frequent host to a farmers' market and an array of arts, music, and food festivals. Already rich with educational resources, major investments in civic projects will create even greater access to learning and development opportunities for Fayettevillians.

Creating a palpable buzz during Artspace's visit was news that the Windgate Charitable Foundation had given \$40 million to the University of Arkansas, complementing a recent \$120 million Walton Family Charitable Support Foundation investment, precipitating a major expansion of the Art and Design District in South Fayetteville. The expansion will include 150,000 square feet of new art and design classrooms, labs, studios, and gallery space; as well as a \$110 million endowment for the School of Art with over \$50 million of the endowment going to student support. The award will also make a statewide impact, because the University has a mandate to conduct statewide community engagement as a land grant institution. While overseeing the large on-site expansion, art school faculty are also kept busy planning pathways to increase access and inclusion for potential students in rural areas, as well as among people of color, with further strategies to be announced.



## FAYETTEVILLE, AR AT A GLANCE

- Population (2017 estimate):** 85,264
- Households (2017 estimate):** 35,770
- Population, % change 2010-2016:** +14%
- Est. Population Growth 2017-2022:** +1.9%
- Median Age (2017 estimate):** 29
- Median HH Income, 2017:** \$37,151
- Median Gross Rent, 2016:** \$734
- Renter-occupied households, 2017:** 21,237
- Race and Ethnicity, 2017 (top 4):**
  - White: 81%
  - Black: 7%
  - Asian: 4%
  - Two or More Races: 4%

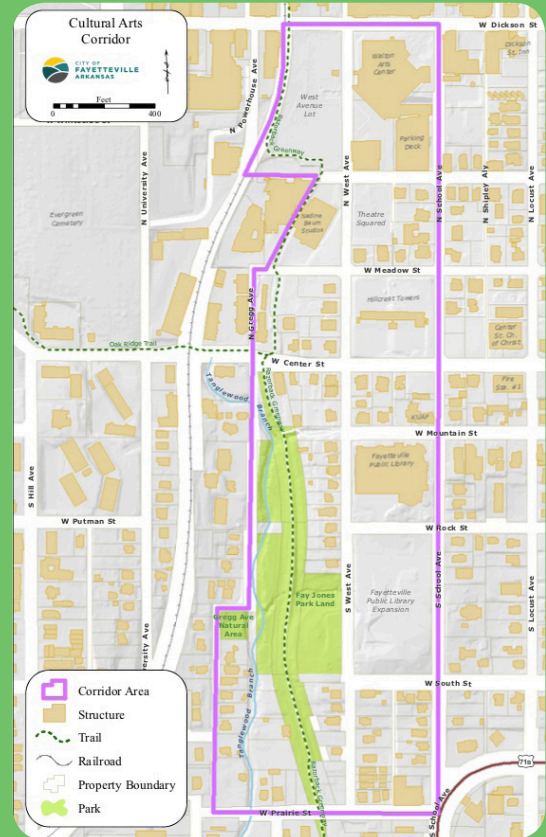
The Walton Family Foundation is also making major waves with massive investments in the region, including a \$1.77 million gift to fund the design of a 12-acre Cultural Arts Corridor connecting the Walton Arts Center, TheaterSquared's future facility, Community Creative Center, and the Fayetteville Public Library. The Library is emerging as a major powerhouse, with \$27 million in bonds dedicated to pay for a 70,000 square foot expansion with the additional potential of city bonding to fund operation and maintenance. The Library's 2030 master plan includes doubling the size of youth services, adding a 700+ seat multi-purpose venue, adding meeting and collaborative spaces, creating dedicated space for genealogy and state and local history, and adding parking. Floor plans also show a tool library, innovation center, craft room, kitchen and deli, and more. Library construction will begin in the first quarter of 2019, and is expected to be completed mid-2020.

## FAYETTEVILLE'S CREATIVE CORRIDOR

The city is revamping 50 acres of outdoor space to connect downtown cultural institutions including the Walton Arts Center, Fayetteville Public Library expansion, Community Creative Center, and TheatreSquared. The area spans West Dickson St. to West Prairie St., north to south, and Gregg Ave. to School Ave., west to east. The majority of the design focuses on undeveloped park land west of the library, as well as spaces along the Razorback Regional Greenway trail. (Pictured Right)



Source: University of Arkansas



Source: City of Fayetteville

## FAYETTEVILLE'S ARTS & DESIGN DISTRICT

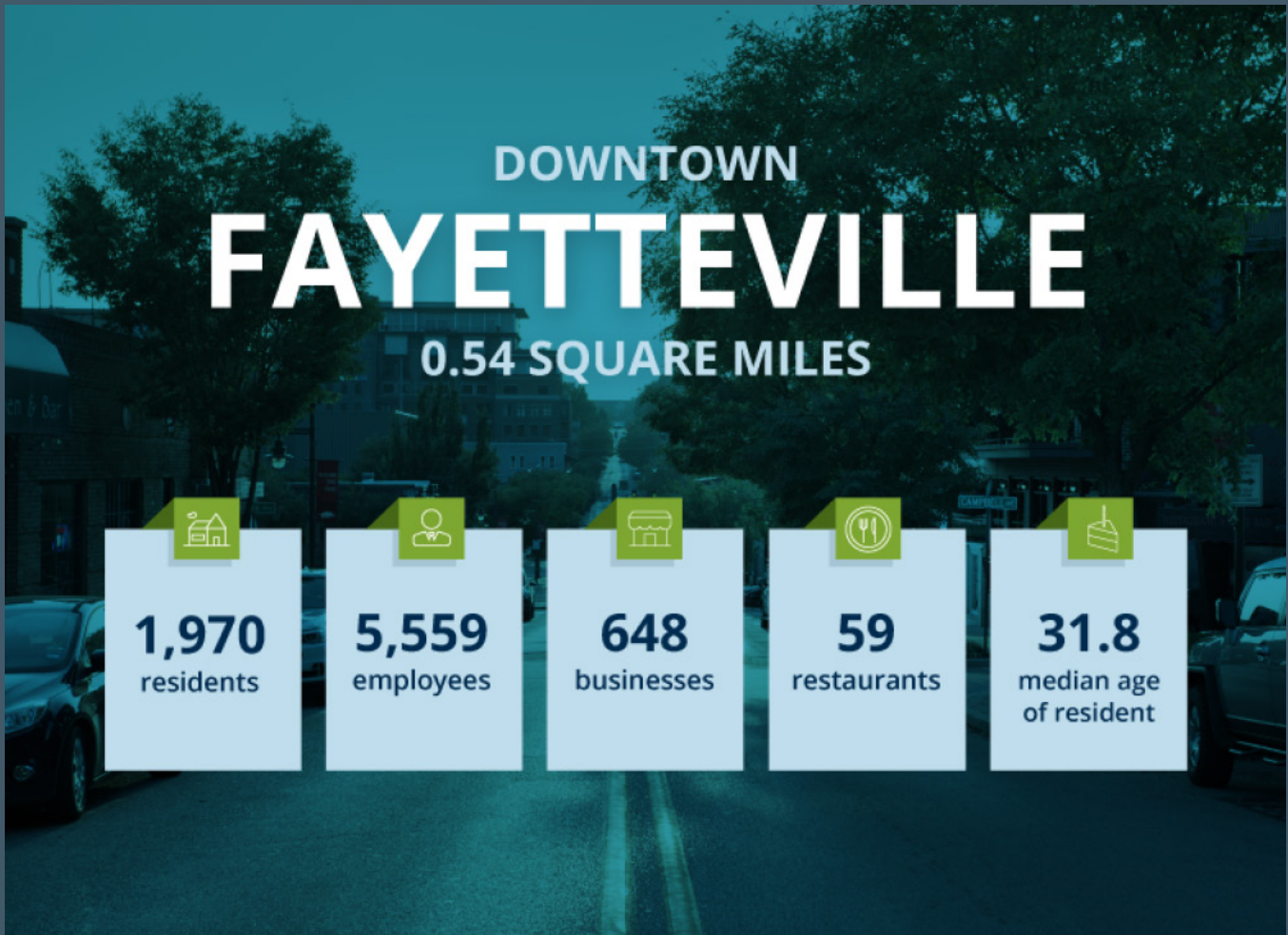
The Arts & Design District is an initiative of the University of Arkansas' School of Art, funded by the Windgate Charitable Foundation. The district will be located in South Fayetteville, near Martin Luther King Blvd. and Hill Ave.—close to the existing Sculpture Studio building, completed in 2016 with nearly \$10 million in expansions paid for by the University and \$500,000 by the Windgate Charitable Foundation. It will include new facilities for classrooms, labs, studios, galleries, and publicly accessible spaces. University leadership called the gift transformational, and stated that they are now poised to achieve national competitive standing in the arts. (Pictured Above)

A new report, "Measuring the Vitality of Downtowns in Bentonville, Fayetteville, Rogers, and Springdale" was commissioned by the Walton Family Foundation and compiled by the Center for Business and Economic Research in the University of Arkansas' Sam M. Walton College of Business, addresses the impact of much of this growth. The study found that accessible housing options are needed region wide. Fayetteville, specifically has the fastest growth rate in the region for downtown resident population growth at nearly 3% and, alongside Bentonville, has the largest number of building permits issued for downtown development. Data also showed that downtown residential real estate prices per square foot rose 13% in Fayetteville in the last five years.

To better understand and address these trends, the Walton Family Foundation is making several significant investments. They recently announced plans to commission a year-long study on workforce housing in the region, including an analysis of the region's needs and a comprehensive housing plan with recommendations addressing a broad range of incomes. In addition, the Foundation awarded several grants focused on research around mixed-use housing, including one to Artspace to assess the feasibility of creating new facilities for the region's creative-sector. The grant makes possible Artspace's visits to NWA, subsequent work to compile four preliminary feasibility studies, and a broader, regional Arts Market Study.

This Fayetteville Preliminary Feasibility Study is intended to further the conversation by looking specifically at the space needs of the creative sector and the potential of creating a mixed-use, affordable arts facility in Fayetteville.

# SUMMARY: MEASURING THE VITALITY OF DOWNTOWNS IN BENTONVILLE, FAYETTEVILLE, ROGERS, SILOAM SPRINGS, AND SPRINGDALE



This report, compiled by Center for Business and Economic Research in the University of Arkansas' Sam M. Walton College of Business, was funded with support from with Walton Family Foundation. The Foundation provided a summary of the Fayetteville section:

"Fayetteville's extremely low residential vacancy rates in 2017— 1.8% for one-bedroom units and 0% for two bedrooms in multi-family units— confirm the city remains highly attractive but is in need of additional housing. Its expanding student population contributes tremendously to the growing vitality of the area, and helps make it a place to live, work, and play. Residential average sales prices per square foot rose almost 13% from 2012 to 2017."

# PRELIMINARY FEASIBILITY STUDY

A Preliminary Feasibility Study is the first step in understanding how an attainable arts real estate 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 attainable space for the arts sector.

The Fayetteville Preliminary Feasibility Visit was conducted April 16-18, 2018. During these three days, Artspace staff met stakeholders, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President, and Anna Growcott, Director, both from the Consulting and Strategic Partnerships Department; and Dana Mattice, Grants Writer/Communications Specialist, from the National Advancement Department.

## ABOUT ARTSPACE

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

## THE ARTSPACE APPROACH

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

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

**ARTS MARKET:** Is there a sufficient market to support an arts facility? Artspace asks artists if they need space to live, create, teach, share, and/or sell their art, what rental rates they consider affordable, and what amenities are priorities. In addition to helping assess feasibility, this information lays the groundwork for an Arts Market Study, the second step on the path to an Artspace project, which provides quantitative data about the creative sector's space needs.

**LOCAL LEADERSHIP:** Are there leaders on the ground who are willing and able to advocate for the project, open doors, and keep lines of communication flowing between a developer and the community? These leaders come from all industries, from elected officials who control agencies and program dollars to citizens who are passionate about making their community a better place to live, work, and create.



**FUNDING AND FINANCING:** What is the community's interest and capacity to commit resources to an arts facility? Although a variety of state and federal programs can contribute revenue for construction, Artspace relies on local funding and financing programs to support predevelopment expenses and gap funding. Basic information is gathered about local funding options from both the private and public sectors.

**POTENTIAL SITES:** What buildings, sites, and/or areas represent opportunities for creative space development? At this stage, the goal is not to select the final site, but rather to identify candidates for further study. As a project moves into predevelopment, these (and perhaps other) sites will be evaluated in the context of the Arts Market Study data and a deeper understanding of local development priorities and funding sources.

**ALIGNMENT WITH BROADER COMMUNITY GOALS:** How can a potential project help achieve other civic goals and initiatives, such as economic development or historic preservation? Artspace gathers information to start identifying strategies and partnerships that can catalyze positive impact and serve the whole community.

## BRINGING ARTSPACE'S NATIONAL EXPERIENCE TO FAYETTEVILLE, AR

In addition to the information gathered about Fayetteville, this report is informed by Artspace's experience working in other cities that have invested in attainable facilities for artists and arts organizations. The following thoughts provide context for evaluating the feasibility and demonstrating the importance of creative spaces in Fayetteville:

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

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

## PRELIMINARY FEASIBILITY VISIT



During the Fayetteville visit, the Artspace team:

- Toured potential sites
- Facilitated three focus group meetings at the Guisinger Building (57 total participants):
  - Artists, Creatives, and Arts Organizations
  - Civic Leadership
  - Finance and Funder Leadership
- Held a Public Meeting at The Chancellor Hotel (approximately 60 participants)

# FINDINGS

## PROJECT CONCEPT

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

Whether they have a clear vision or are just at the start of their journey, communities look to Artspace to guide them through the process of determining whether a new facility makes sense for them – and, if so, what kind of space. Fayetteville leaders across sectors voiced concerns around gentrification and displacement, particularly on the south side of town; as well as the lack of affordable art and performance spaces downtown. As one artist put it, “living in a Recession-proof region of the country means there's no cycle – the rent is just up constantly. You have to get far out of town to find affordable space, and then people come out just once to be supportive ... Everyone wants to be close to downtown, where we have the farmers' market, and they want it to be financially viable. That reality is at odds with the cost of living, which might not be unreasonable by national standards, but is really at odds with the cost of living here, specifically.”

Artspace looks at the needs and goals of the creative sector, the will and resources of the private and public sector, and any well-aligned opportunities that may drive the project concept(s) in a particular direction.

## PRIORITY PROJECT CONCEPTS

The Artists, Arts Organizations, & Creative Business Focus Group brainstormed a list, and then prioritized their preferred concepts. Many initial project concepts were discussed: studios, including shared woodshop or ceramics spaces with ventilation; culinary space; community performing arts space; a “trader space,” where many voices chimed in on an evolving definition that included a store, a lending library, a low-cost production backline, woodbin, and photography/documentation lab with a printer; a scrap shop or place to creatively reuse materials; retail space to sell finished artwork; connective, broadcast-ready rehearsal space to live-stream concerts or multimedia shows; classroom spaces for teaching artists; a heavy-duty industrial fabrication shop with CNC; more exhibition space that is gallery-driven and not based on bar access; space to splatter paint and get dirty; “somewhere where we can make noise”; and black box space to use affordably and combine music, theater, and performance art in one venue. The need for professional access for artists was emphasized.



Downtown Fayetteville

Living space for artists was also discussed extensively, as merging apartment and studio rents was an attractive concept. Participants explained how young artists are always looking for studios to rent and are excited when garages or similar spaces become available. Someone explained that, “because it's a university town, college kids consume what is available. We have a 97.5% occupancy rate, so what's left is crappy studio apartments. There is nothing for an artist to live in.” Someone else commented that “people who have succeeded in this region at the professional career level tend to custom build stuff like counter space. It is not sitting there ready.” Another individual mentioned evolving neighborhoods or changing neighbors as an issue, and cited the example of a band space that had been rented for 40 years but recently lost it, because the rehearsals were too loud. “Music is

a good bedfellow," he said, "until it's not." Several explained how the region is changing drastically and the cost of living is rising.

The group also talked extensively about the need for a place to put out promotional materials. There is currently no community billboard, and several were frustrated that local businesses won't let people put up flyers without paying for the space. Many longingly remembered the days when the co-op let them hang flyers.

Many also discussed prioritizing the concept of an artistic hub, believing that other things will come if it is a community space—not isolated—with lots of activity, galleries, the opportunity to see the process of things being made, and the synergy of different artists working together. They dreamed of a place where people could eat and see a performance, then linger and buy a visual art work. "Otherwise, we create a cool thing for us and nobody comes."

For all of these spaces, interactivity was a key word, as people desired a place that would be accessible to children, people with disabilities, and all people.



Local Artists at the Kathy P. Thompson Studio

The top four ideas generated, in order of priority, were as follows:

1. Private Studio Space
2. Live/Work Residential
3. Shared Industrial Shop/Makerspace
4. Community Performing Arts/Black Box

These top concepts for affordable, creative space downtown are defined and discussed in more detail:

**Private Studio 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, etc. One person noted that there is "only one for-profit studio space in town, and it stays rented up." Another commented: "The more exhibition space, the better – for locals, visiting artists, and artists in residence. We have many spaces but because of development, not all are 'long for this world.'"

**Live / Work Housing** is residential space where artists can live and create in the same space. Artspace live/work units meet standard residential codes, and are somewhat larger (150 to 200 square feet) than a typical dwelling unit. The units include artist friendly design features including durable surfaces, large windows, high ceilings, and wide doorways. Fayetteville focus group participants expressed nearly unanimous interest in affordable live/work housing. One participant shared that, "in our area, we have a lot of artists with partners and kids and dogs and all the crap that comes with it." An artist live/work space would need to accommodate artists with full lives.

**Shared Space / Makerspace** 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 on a membership basis. Makerspaces can be designed for specific activities such as ceramics, 3D printing, culinary arts, or woodworking. These types of spaces provide access to space and 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.

In Fayetteville, focus group members desired spaces with ventilation. They noted that artists who work with wood and metal have large equipment—and lots of it—and need more space in general. There is also a tremendous lack of access to machinery, wood working equipment, metal working equipment, ceramic kilns, laser cutters, and places to take and print photos. One person voiced that they wished that they could clone the University's fine art school, “but for the public.”

**Community Performing Arts Space** combines two concepts. 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.

**Performance / Event Space** serves organizations and individuals looking to rent space for private events, performances, rehearsals, or community gatherings. This would usually be available for a fee or hourly rate and could take the form of a proscenium theater, black box, music venue, or flexible event space.

## DEFINING A PROJECT CONCEPT IN FAYETTEVILLE

Artists and creative business owners are hungry for all kinds of space. Though no singular project can be all things to all people, understanding how the community views these concepts is extremely valuable in understanding the breadth of space needs in Fayetteville. Multiple types of space can be included in a project, but that mix ultimately depends on several variables, including the market, site, anchor tenants, and developer.

For purposes of this study, the priority concept to test in Fayetteville would be a **mixed-use artist housing project with a flexible performance/black box space with additional space for other creative businesses**. We would also consider including plenty of working studio spaces for individual artists. With so many young artists graduating from the University of Arkansas, Artspace feels there is a strong symbiotic relationship between recent graduates who would like to stay in Fayetteville and a future mixed-use project with affordable space for living, working, selling, and conducting business. This potential project concept will be explored in the following sections of this report.



Local Artist and Core Group Member, Sharon Killian, at Art Ventures

# ARTSPACE & TENANT PARTNERSHIPS



## **ARTSPACE BUFFALO LOFTS // BUFFALO, NY**

The Buffalo Arts and Technology Center (BATC) occupies 15,000 square feet on the first and lower level of a renovated historic electric car factory; the four upper floors are dedicated to 36 units of artist live/work housing.

BATC is a nonprofit subsidiary of Manchester Bidwell out of Pittsburgh, PA, which offers after-school visual arts programs for at-risk high school students as well as health sciences career training for under-employed and unemployed adults. There is a synergistic relationship with both the nearby medical campus, through job placements, as well as the artist residents, some of whom work as BATC faculty.

## **NORTHERN WAREHOUSE ARTIST LOFTS // ST. PAUL, MN**

Springboard for the Arts is an anchor tenant in Artspace's mixed-use project in the Lowertown Historic District of St. Paul. Springboard provides resources, workshops and training for artists and small- to mid-sized arts organizations. Springboard serves artist tenants in all 10 of Artspace's Minnesota projects.

## **CITY HALL ARTSPACE LOFTS// DEARBORN, MI**

The Arab American National Museum has been a key partner since the early days of the project. The museum is located across the street from Artspace, and operates an artist-in-residency space for visiting artists in the Artspace project.

This space provides a unique opportunity for the Arab American National Museum to host visiting artists from around the world who teach classes and engage with the broader community during their stay in Dearborn.

# CREATIVE SECTOR LEADERSHIP & ARTS MARKET

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

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

Artspace intentionally keeps its definitions of artist and creative broad to be as inclusive as possible. Residents of Artspace buildings range from veterans, retirees, service workers, teachers, parents and they also happen to be creative. They are likely to earn a portion of their income from something other than their art. In fact, a look across the Arts Market Surveys that Artspace has completed in the past 15 years shows that only about 10% of artist respondents make 100% of their income through their art.

Artists and creatives from a broad range of art forms, ages, and career stages participated in the visit. The Focus Group included university instructors and emeritus in music, media design, arts entrepreneurship, and ceramics, as well as an academic advisor; representatives from the DIY space, Lalaland, and the house gallery, Feast; colleagues from the Chinese Association of NWA; colleagues from Art Ventures; a husband-wife musician duo who also run the Fayetteville Roots Festival; musicians; woodworkers; a performing artist who co-founded the Inverse Performance Arts Festival; a playwright and theater operations manager; a writer and director; the Interpretation Manager of Artist Engagement at the Crystal Bridges Museum of American Art in Bentonville, who is a Fayettevillian and also curating and organizing shows locally; visual artists; artists from the Out of Hand Collective; a muralist and community activist; and a student at the New Design School, who also freelances as a graphic designer.



Artists & Arts Organization Focus Group at the Guisinger

## STEP 2: ARTS MARKET STUDY

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

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

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

## WHO IS AN ARTIST?

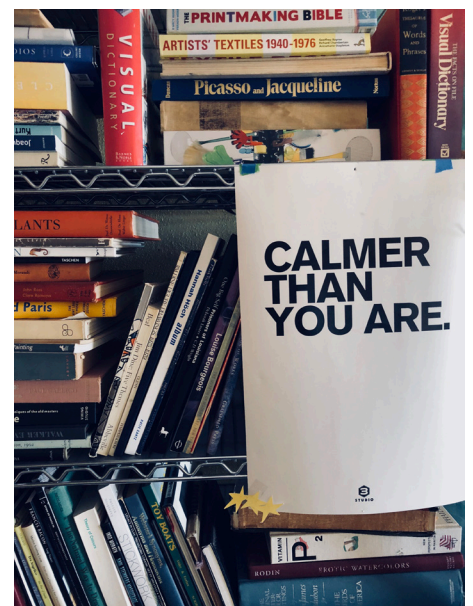
Artspace's definition of an artist is very broad. An "artist" or "creative" is a person who has a demonstrable commitment to the arts or a creative pursuit. While the term is broad and varies from community to community, if affordable housing funding is utilized as part of the project, all "artists"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

- A person who works in or is skilled in any of the fine arts, including but not limited to **painting, drawing, sculpture, book art, mixed-media and print-making.**
- A person who creates imaginative works of aesthetic value, including but not limited to **film, video, digital media works, literature, costume design, photography, architecture and music composition.**
- A person who creates functional art, including but not limited to **jewelry, rugs, decorative fixtures, edible products, furniture, straw bale homes, pottery, toys and quilts.**
- A performer, including but not limited to **singers, musicians, dancers, actors and performance artists.**
- In all culturally significant practices, including a **designer, technician, tattoo artist, hairdresser, chef/ culinary artist, craftsperson, teacher or administrator** who is dedicated to using their expertise within the community to support, promote, present, and/or teach and propagate their art form through events, activities, performances and classes.

Current rental rates and expectations also inform Artspace's assesment of the Arts Market. Below is a summary of comments that focus group participants made about rental rates in town (please note that these rates are stated as discussed in meetings, and are not verified):

- One person paid \$290/month for a small, 14' x 14' space in a shed, which others thought was unbelievably cheap. There are only seven of these shed spaces—"past that, there's nothing." Others disagreed that it was inexpensive, though, chiming in that this was "still a fortune," because rents are going up but wages are not, and density is not being embraced like it could. They asked how they could evolve their artistic community to make the arts a career instead of an indulgence. Another chimed in that "everyone likes the arts and feels good when it's here, but they're reluctant to pay what it costs to make it happen. They will be huffy about paying \$7 to see a band—like, it's fun, shouldn't you do it for free? There is a creative economy we are trying to overcome, and determine how to have a grown-up life here and be an artist."
- Three people split a ground-floor storefront for \$800/month, but had no partition between their space and the rest of the building. They called it "camping," but found the location valuable.
- Someone else had paid \$150/month for a DIY space, but did not have access to a bathroom.
- An organization's rent doubled from \$2,500 to \$5,000, and they had to move rehearsals to other places, like high schools and the Holiday Inn.
- It was stated that a safe estimate for folks popping out of the educational system for overhead would be under \$1,000/month, which might even include groceries.

The Measuring the Vitality of Downtowns report (referenced previously) shows that the average per square foot rents for downtown leasable retail space in Fayetteville increased 13% in five years. This kind of increase is indicative of the growth in the region. All of the new and wonderful things that are happening in Northwest Arkansas come with new challenges, and rising rents are among them.



Detail of Kathy P. Thompson Studio

## EXISTING AND FORTHCOMING CREATIVE SPACES

During the Preliminary Feasibility Visit, several arts assets were included in Artspace's tour and in discussions. Artspace is aware that there are many more arts organizations, businesses, and venues in Fayetteville, in addition to the following:

- **Art Ventures**
- **Artists 360**
- **Chinese Association of Northwest Arkansas**
- **Community Creative Center**
- **Fayetteville Public Library**
- **Feast Gallery**
- **Fenix Fayetteville Collective**
- **Heartwood Gallery**
- **Inverse Performing Arts Festival**
- **Lalaland Gallery**
- **Out of Hand Collective**
- **Private Art Studios**
- **The Roots Festival**
- **The University of Arkansas School of Art**
- **TheaterSquared**
- **The Walton Arts Center**



Mural by Alexis Diaz

Artspace's overall impression was of a classic college town filled with artists, educators, and arts administrators invested in creating a thriving arts scene. We met many artists performing at a high level, including one who was about to travel to Ghana as a Fulbright scholar, another who was slated to exhibit at the Art Basel fair in Miami, and a duo freshly back from performing concerts across Scandinavia—to cite just a small handful from the numerous examples present. Numerous voices revealed a commitment to a cultural landscape that is safe, accessible, and equitable to all. Furthering the arts community are major philanthropic investments in the arts and civic projects, including the art school and library expansions highlighted in this report.

## ARTIST PREFERENCE IN AFFORDABLE HOUSING

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

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

Although the IRS challenged the “artist preference” policy in 2007, it dropped the challenge after the Housing and Economic Recovery Act of 2008 became law. That law states: “A project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that favor tenants...who are involved in artistic or literary activities.” This clause was threatened again in December 2017, but through broad reaching advocacy efforts, the new Tax Cuts and Jobs Act retains the artist preference language in the final signed version of the law.



## LOCAL LEADERSHIP

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

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

Fayetteville's core group was no exception to what we've learned in Northwest Arkansas. There are many passionate leaders from multiple sectors who are the type of leadership needed from the start. The "town and gown" collaborations are already common in Fayetteville. The richness of the University and its academic offerings in the arts and across all disciplines, combined with a growing and vibrant downtown, create a fertile petri dish for the creative community. The core group provided valuable information and insights about Fayetteville's history, unique culture, goals, and strengths and challenges.



Artwork on view at the Fenix

## CIVIC LEADERSHIP

The cross-section of leaders from the public sector included Mayor Jordan, several City Council members, the New Design School founder, an arts journalist, a music professor, small business owners, the City's Development Services Director, the Executive Director of Experience Fayetteville, artists, and folks serving on the Arts Council and Mid-America Arts Alliance.

This group discussed their appreciation of professional development services and grant-makers such as the Artists 360 program of Mid-America Arts Alliance, funded by the Walton Family Foundation, which is just getting off the ground in Fayetteville and which they hope can be a pilot program for the state. They were also excited about the library expansion that could include a possible tool trade room. There was an appreciation for developers like Sterling Hamilton, who partnered with the Fayetteville Roots Festival on their budget and vision for space, and Lotus, which revitalized an old building into studios. They discussed how the arts can connect everyone in a community in general, and that the Creative Corridor would connect to the art school. It was generally agreed that Fayetteville is a special place because of the university, which provides educational opportunities to everyone. Someone said that the School of Art "is a big partner in making things blow up," although another disagreed, stating that they found the



Civic Focus Group at the Guisinger

University difficult to partner with. “We need to be proactive as things develop,” added a third, “It will happen really fast.” It was also noted that the music department has no funding, and hopes some of it will trickle down from the development of the Arts Department.

The Civic Leaders Focus Group spent much of the time discussing challenges with space affordability and public accessibility, as well as a lack of public appreciation for the impact of the arts on Fayetteville. A realtor in the group admitted that she takes young people outside of Fayetteville when she hears their budget, driving them to Huntsville, unless they have parents to support them. Another issue that the group highlighted was that “everyone wants to be an artist, but there are not many places to sell. We need to educate the populace about artists and why art is important ... If we had space to show and sell, we could do education.” Someone else explained that Fayetteville was “never a wealthy place. There are not a lot of warehouses or less expensive fixer uppers available.” They identified a lack of ADA accessible space, and affordable housing for artists and non-artists alike, as real issues. There also seemed to be a sense that institutions intended to support the public were not meeting that prerogative. Someone commented



Downtown Fayetteville

that the city had attempted to subsidize a fab lab but could not pay to keep it running, and that the Walton Art Center was originally intended to be accessible to the community because of the way it was funded, but not everyone in the room felt it was accessible. Several in the room voiced frustrations with inactive committees on the Arts Council. One person said that they had tried various things in Fayetteville, “but none of them have stuck, because volunteer steam eventually runs out and there is a lack of funding.”

An artist in the room mentioned that perhaps there could be more education about what the creative economy and its impact means for the town. This was a hot topic, as others chimed in that the general population needed help to “understand the value of culture and the role of artists. They love Fayetteville but don’t connect the art and artists, and appreciate all the energy.” They stated that the outside perspective is that Fayetteville has an amazing arts scene and “have it figured out,” but that this simply isn’t true. Someone else added that, “because we’ve given [art] away for so long, its disconnected from financial value. We live in a capitalistic region and want to make a living, but no one is paying for [art].”

The group also talked about marketing, and how each city in the Northwest region is unique and could be marketed uniquely, in addition to regional branding. One woman added

that outsiders don’t differentiate between the towns, and will say that they’re coming to Fayetteville when they’re really going to Crystal Bridges Museum in Bentonville. The group brainstormed about ways to bring Crystal Bridges’ worldwide tourism to support, enhance, and uplift the local artist economy in Fayetteville. They wanted to capitalize on the fact that there is a major museum presence in the region. One arts administrator noted that they may already be heading in that direction and that, from the attendance data and sales numbers that they are collecting, they think their organization is attracting unique audiences with their exhibits and that their organization has more than doubled sales in the last year. She said that there is “potential for all of us to succeed at this, but we need help for it to happen. We need money for it to happen. There has to be an infusion of it. I’ve had to go outside my own city or into my own bank account to say our artists are worth it. There’s a need for true commitment from the base first.”

The group talked about increasing collaborations overall and accountability partnering. There was also intense excitement around the concept of connecting the four cities with public transit—although the Mayor wryly pointed out that the transit tax only got 6% of the vote. The Mayor also noted that all successful cities have passed an artist tax or a ‘percent for the arts’ program. It was stated that the University funding is all private, and “most stuff comes from the Walton’s, but you have to sustain that. Like transit, you have to pass a tax. If you want to compete with the

Walton's and be competitive, there has to be tax." It was stated that a \$750M city bond is coming up, and that it would take a tax to discover peoples' commitment to arts and transit. People also discussed the value of partnerships, such as with the City and Artspace. "People tend to want to go at it alone. But the City has so much info, if artists went in and asked who owns a building ... There is so much we don't tap into."

## PRIVATE LEADERSHIP

A wide range of people participated in this focus group: the Executive Director of the Fayetteville Public Library, representatives from the Northwest Arkansas Council in Springdale and the Arkansas Arts Council in Little Rock, the Executive Director of the NWA Creative Arts Network and co-owner of Stage 18, a creative writing graduate student and translator affiliated with the LatinX Theatre Project, a university professor, the hospitality director at Mt. Sequoia, and a commercial lender from Iberia Bank who also chairs a nonprofit housing developer in South Fayetteville and who attended focus groups and community meetings in Springdale and Bentonville, too.

This group primarily focused their energy discussing community goals. One participant thought that Fayetteville will be Austin, TX, in 20 years, and said that it is a "capacity question." Many remarked on synergy with the University and library expansions, while many also expressed concerns about gentrification. One woman defined the line between development and gentrification as a moment when development leaves communities behind, or when history is forgotten and people who developed a neighborhood aren't honored. These concerns were predominantly centered on South Fayetteville, where it was said that housing now costs eight times what it used to. "The artistic community made it a cool vibe," one explained. "Don't make South Town more expensive." They also expressed concerns that it is already difficult to sustain creative businesses and find spaces for nonprofits to thrive, and that if Fayetteville "imported" artists, "Who will start coming? We already have people here."

Someone else countered this notion, though, saying that "Fayetteville is unique because we have the fountain of youth ... every fall, students show up, and maybe ¼ to ½ stay." He also cited alumni parents who come back and want to reconnect, looking for cultural opportunities as consumers and creators. What makes Fayetteville unique, he thought, was youth that keeps percolating. Another noted that when musicians come to play, they want to stay, and that Fayetteville is a "shining beacon of hope for the artist community."

Representatives from the Arkansas Arts Council noted round table findings from a study conducted 10 months ago, however, that artists tend to either leave this area or be very frustrated because of the lack of opportunities. This study, funded by the NEA, included four tables of some 20 people each. The new University Art and Design District will attract new, young arts students, he posited, but what is going to be here after they graduate? If there is a lack of professional opportunities in visual, performing, and literary genres, they will not stay. It was stated that lots of artists complained that the "brand new premiere art institution up the road doesn't do anything for them

because it's a national showpiece." There was a sense that money is being put into the bricks and mortar of places, but not being invested in the development of individual artists. "A frustration has been that people believe that art begins with nonprofits organizations, but art actually begins with artists. If you have a gallery it should be a product of having an artist community, not an arts community – a community of artists who are able to produce their work and make a living from their work."

Someone else commented that the wheel to change is moving, but it just doesn't appear to be moving – that it is a large, slow-moving wheel that is now beginning to address the needs of mid-level and artist-specific funding. He said that "we have to tell the story better, until that big wheel is turned. Artists haven't observed the motion yet."



The Curious Book Shoppe

Like previous groups, this one also discussed opportunities needed to educate arts consumers about the fact that an art gallery pays rent every month, for example. "People assume art should be free because it's fun. Audiences have to understand that artists have to make money, or they won't be here. Educating consumers and growing collectors, growing that audience, is a big missing link."

Though there was significant public support for a potential project, these discussions had less participation from local philanthropies and foundations. As any project moves forward, it will be important to work towards connecting and communicating with potential donors, sponsors, and lenders beyond the Walton Family Foundation.

Another Artspace "takeaway" is that individual artists lack support and training. The Mid-America Arts Alliance Artist Inc. program, that is in its second season, and the Artists 360 program, inaugurated this year, is a start in that direction, but full-time, year-round support and training is needed to truly grow an artist community. The Tremaine Foundation in New Haven, CT, supports a network of organizations that provide business training, community development, and other services for individual artists. See their network of organizations such as Artist Trust in Seattle, or Springboard for the Arts in St. Paul. Artspace believes Northwest Arkansas would do well to consider creating such an entity for the region.

## POTENTIAL PARTNERSHIPS

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

- Arkansas Capital Corporation, a Community Development Financial Institution (CDFI), based in Little Rock
- City of Fayetteville and civic leaders
- Creative Corridor
- Culinary, such as coffee shops or Brightwater
- Developers like Sterling Hamilton and Lotus
- Opportunity Zones
- Private investors
- University of Arkansas
- Walton Arts Center
- Walton Family Foundation



# FUNDING AND FINANCING

When considering financial feasibility and return on investment, it is important to note the multiple points of impact of a potential project site. Returns on investment include not only affordable housing but also blight remediation, adaptive reuse of historic buildings, and infrastructure investment in the cultural economy. Communities, civic leaders, and politicians must share in this vision to maximize impact.

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

Even LIHTC projects have funding gaps, which typically amount to around 40% of the total project cost. Other sources, such as the Community Development Block Grant (CDBG) program, HOME funds, and other public programs, can help close the gap. However, Artspace relies on the philanthropic community for the final dollars. Philanthropy comes in the form of gifts from foundations, corporations, and individuals.

Every municipality is unique in its approach and in the sources available for important gap funding. The Finance and Funder Leadership 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 Fayetteville, we were encouraged by the participation of several local banks and lenders. The group was engaged and optimistic in the discussions around potential local funding sources, making it clear that a private/public partnership is very possible in Fayetteville.

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

## POTENTIAL FUNDING SOURCES

This is a preliminary list of potential sources that were discussed during the visit, and other funding sources that Artspace has researched for the State of Arkansas.

- **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 Arkansas, LIHTCs are awarded through the Arkansas Development Finance Authority (ADFA).
- **Community Development Block Grant (CDBG)** is a State program administered by the Arkansas Economic Development Commission. CDBG funds can be used for architectural expenses, site improvements and other infrastructure costs.
- **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. Through the Arkansas Historic Preservation program, an eligible property may also be eligible for the state Rehabilitation Tax Credit program. New legislation passed in 2017, allows a tax credit up to \$400,000 per eligible project.
- **HOME Investment Partnership Program (HOME)** is a federal program that provides funding to state and local governments to fund affordable housing developments.
- **Arkansas Capital Corporation** is a Community Development Financial Institution (CDFI) that provides low interest loans and other technical training services for nonprofit organizations and is an allocatee of New Markets Tax Credits (NMTC).
- **New Markets Tax Credits (NMTC)** is a funding tool primarily used to capitalize commercial buildings (non-residential). They can only be used in Qualified Census Tracts (QCT). Most of Fayetteville is in a QCT.

- **Opportunity Zones** are being set up in 2018 and will have funding tools associated with those zones which will mirror, in many cases, QCTs. We are monitoring this program carefully to see what opportunities arise for funding. At this writing, Artspace believes the tool may be better suited for non-residential projects.
- **Tax Increment Financing (TIF)** is a tool available to local communities for assisting economic development, redevelopment and housing. Artspace understands that this tool is allowable in the State of Arkansas but may be somewhat controversial in specific municipalities.
- **Northwest Arkansas Economic Development District** plays a role in administering and seeking federal funds for larger community projects that focus on infrastructure improvements, job creation and the like. While not likely to be a direct funding source for this initiative, having a relationship with this agency would be important relative to federal funding coordination and knowledge.
- **Philanthropy.** Following is a list of foundations, corporate giving programs and other entities that have a history of philanthropy and community grants in Northwest Arkansas. As any project moves forward, further research would be necessary to better understand these organizations' giving priorities and timelines.
  - Arkansas Community Foundation
  - Arkansas Humanities Council
  - Arvest Bank
  - Ash Grove Charitable Foundation
  - Bitha Godfrey & Maude J. Thomas Charitable Foundation
  - Bridgestone Americas Trust
  - Elisabeth D. Wagner Foundation
  - Georgia-Pacific Foundation
  - Jones Trust
  - Miller Family Foundation
  - Schmieding Foundation
  - Sunderland Foundation
  - Tenenbaum Foundation
  - Tyson Family Foundation, Inc.
  - Union Pacific Foundation
  - U.S. Bank
  - Walton Family Foundation
  - Walmart Foundation
  - Weyerhaeuser Giving Fund
  - William C. & Theodosia Murphy Nolan Foundation
  - Willard & Pat Walker Charitable Foundation
  - Windgate Charitable Foundation
  - 3M



Kathy P. Thompson

# UNDERSTANDING LOW-INCOME HOUSING TAX CREDITS (LIHTC)

**STEP 1 (OF 10)**

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 10)**

The **IRS** has a pool of tax credits that it divides up every year among **58 state and local housing finance agencies**, based on population size.

**STEP 3 (OF 10)**

**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 10)**

First, you go to your **housing finance agency** to request money to build. You promise to:

- Offer a certain amount of low-income units and keep it that way for at least 30 years.
- Meet the housing agency's requirements. For example, you might set aside units for veterans or the homeless.

**STEP 5 (OF 10)**

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

**STEP 6 (OF 10)**

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 10)**

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 10)**

Everybody in this process earns a fee for their work.

**STEP 9 (OF 10)**

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 10)**

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

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

## ARTSPACE FUNDING EXAMPLES

While the funding process for each project is unique, Artspace's development experience provides a head start in identifying and navigating state and regional funding sources. Below are summaries of financial sources Artspace compiled for recent projects in Loveland, CO; Trinidad, CO; and Chicago Avenue Fire Arts Center in Minneapolis, MN.

### ARTSPACE LOVELAND ARTS CAMPUS // LOVELAND, CO

Source	Amount	PCT.
<b>PUBLIC SOURCES</b>		
Low-Income Housing Tax Credits (9%)	\$5,598,880	68%
CO State Housing Trust Fund / HOME Funds	\$300,000	4%
Loveland City Contract	\$413,674	5%
Loveland City Loan	\$300,000	4%
HACOL - Sponsor Loan	50,000	1%
<b>PRIVATE SOURCES</b>		
Residential First Mortgage	\$912,000	11%
Private Sector (Philanthropic Gifts)	\$619,584	8%
<b>TOTAL</b>	<b>\$8,194,138</b>	<b>100%</b>



Artspace Loveland Arts Campus, Loveland, CO



## TRINIDAD ARTSPACE // TRINIDAD, CO - DRAFT

Source	Amount
<b>NON-RESIDENTIAL SOURCES</b>	
City of Trinidad	\$1,800,000
DOLA	\$2,000,000
Federal Historic Tax Credits	\$1,307,464
State Historic Tax Credits	\$1,149,663
History Colorado	\$200,000
Sponsor Loan - Philanthropy	\$372,500
Private Sector Philanthropy	\$525,000
<b>RESIDENTIAL SOURCES</b>	
Low Income Housing Tax Credit	\$10,215,244
DOLA Housing	\$600,000
Deferred Developer Fee	\$215,433
<b>TOTAL</b>	<b>\$18,385,304</b>

## CHICAGO AVENUE FIRE ARTS CENTER (CAFAC) // MINNEAPOLIS, MN

Artspace partnered with CAFAC, a start-up arts nonprofit to create collaborative artist space. The partnership included a long-term affordable lease agreement with intent to transfer ownership once nonprofit stability is achieved.

Project total: \$1.1 million; sources included:

- Great Streets program from the City of Minneapolis
- Bank loan
- One philanthropic gift

Space includes:

- Shared Equipment
- Lending Library
- Classroom Space
- Collaborative Spaces
- Gallery/Show Space



Chicago Avenue Fire Arts Center (CAFAC), Minneapolis, MN

# POTENTIAL SITES

During the Preliminary Feasibility Visit, Artspace's primary goal is not to select a site, but to identify candidates for further study should the project move forward. Several factors 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.

## SITE TOUR OBSERVATIONS

The Fayetteville site tour focused on six potential sites in or adjacent to downtown. Each of the potential sites is assessed on the following pages, using information available as of the date of the tour, April 16, 2018.



Library Expansion Site

### 1. Fayetteville Public Library Expansion Site

The Library is at 401 West Mountain Street - The expansion site is to the south, toward the hospital.

This library is a hallmark institution in Fayetteville. Well-used and well-loved, the library has immediate plans for a 70,000 square foot expansion. This expansion will result in the vacating of Rock Street and the demolition of the vacant hospital across the street. This two block area will become a campus. At the bottom of the hill on South Street, there is an opportunity to build a new construction building, more or less occupying the current hospital site. The core group felt that this one-acre slope between the library and where the hospital now sits would serve Artspace well by aligning with the library, which has a great reputation and strong connections to the arts. "You couldn't ask for a better partner," they said. The library will bring spill-over community spaces, job creation, and potential partnerships. It was thought that this location would build on an existing resource and wouldn't cause gentrification—although there was concern that its identity could get lost in the new corridor plan.

### 2. Southeast Corner of Rock & East

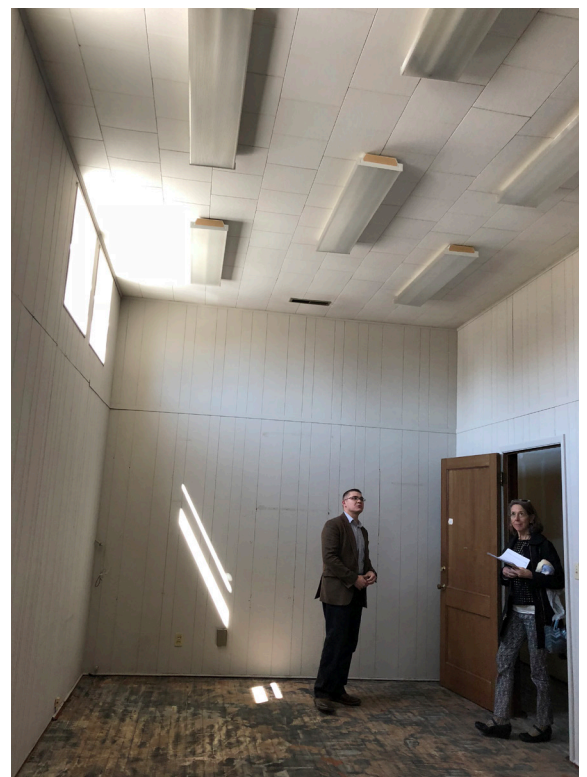
204 S. East Avenue

This "grassy knoll," close to the Downtown Square, is in a great location. It's truly the last developable property proximate to the Square. However, the land cost may be prohibitive for an affordable artist space project. Therefore, at this time, we are not elaborating on this site.

### 3. The Armory

70 North College Avenue through 110 South College Avenue

The Armory is a historic building with a connecting "contributing structure" with below-grade access. The buildings have likely gone through too many changes to qualify for a place on the National Register which would make them eligible for Historic Tax Credits. The primary two-story structure has 7,500 square feet of space on the first floor and basement, with a partial second floor with 1,500 square feet of useable space. The total square footage is 16,500. The secondary "garage" building is connected below grade and currently



The Armory

used for storage. It is a free-span space with a roll-up garage door, connected in the back to the former jail cells on the basement level of the Armory.

There are several key elements that made this site attractive:

- There are very few historic buildings left to redevelop in Fayetteville, particularly close or in the Downtown. The open space was particularly attractive to the core group for industrial arts, as well as working studios or space for creative businesses and nonprofits arts. They also felt a smaller grouping of live/work units could be created in the Armory building with the “jail cells” and “garage” space used for industrial arts space. Artspace believes up to 10 units of live/work space could be created in the Armory building.
- Its location is adjacent to downtown, just east of College Avenue. Some felt, if handled sensitively, redevelopment of this site could be a key driver or catalyst for other development on this side of College. It also connects to the Spout Spring Branch River and to the hillside neighborhood on the other side.

#### 4. Jefferson School

600 S. College Avenue

This underutilized campus of buildings is owned by the Fayetteville School District. It is ½ mile from the Square, but it feels like its further away. Tucked into the Walker Park neighborhood that the school district once served with K-12 education, this school has been mostly vacant for over 10 years. The square footage of the three buildings is approximately 90,000 square feet. The land around the buildings is approximately one acre. The total parcel is 3.9 acres.



Jefferson School

The asking price of the school was unknown, but it was a popular site that the group thought the arts community would love. It was noted that the community had identified this location, as artists and others who bought their first homes here have already been priced out of this area.

### FRANKLIN ARTS CENTER // BRAINERD, MINNESOTA EXAMPLE OF ADAPTIVE REUSE OF A SCHOOL



The architecture of school buildings is often well-suited for reuse as arts facilities. Artspace has redeveloped eight former schools. In Brainerd, Minnesota, for example, Artspace converted a large elementary school into 24 units of live/work housing in one wing of the school and converted the other wing into working studios and creative businesses with collaborative spaces for woodworking and pottery. The school district then leases the gymnasium for athletic activities and other events.

Artspace has redeveloped eight public school buildings and converted them to mixture of uses including housing, studio, black box theater, and music recording spaces. The layout of the classrooms and the hallways convert well to housing space with plenty of auxiliary space in the hallways to double as gallery/showcase space.

We understand that the neighborhood is very concerned about who occupies these buildings. There is particular concern about gentrification. Affordable housing in the form of live/work space could be very compatible with current concerns of rising real estate prices in this rapidly changing area of South Fayetteville.

### 5. Mill District Pad Site

Green space at NW Corner of S. School Avenue and M.L.K. Jr Boulevard

This site was not big enough, and was not in a desirable location, although Arsaga is putting in a restaurant nearby. One core group member said she would personally protest an Artspace project at this site.

### 6. 1632 S. School Avenue

This site was not among the favorite sites of the core group. We visited the site briefly on the second day. It is a large, five acre site within the Walker Park neighborhood. There are two existing tenants with a former grocery store space currently vacant. Four buildings of underutilized retail space face the street, but would need to be torn down and redeveloped if this were to become an Artspace project. The site is next to Walmart and where the new University of Arkansas Art Department buildings are being constructed.



Mural by Earnest Zacharevic



## COMPARING THE TOP SITES

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

NAME	LIBRARY EXPANSION	JEFFERSON SCHOOL	ARMORY SITE
<b>LOCATION</b>	<b>EXCELLENT:</b> In the heart of downtown Fayetteville, and a priority location for the City in their 2030 Plan.	<b>GOOD:</b> Close to downtown, but feels somewhat disconnected.	<b>EXCELLENT:</b> A potential Gateway site. Important bridge across College Avenue.
<b>SIZE</b>	<b>EXCELLENT:</b> Large enough site to include multiple uses, including housing with potential for strong outdoor space connecting to the neighborhood.	<b>EXCELLENT:</b> Plenty of space for a sizable mixed-use project.	<b>GOOD:</b> Size is best suited for a smaller project that might include 10 units of artist live/work housing, working studios and light industrial arts space.
<b>ACQUISITION</b>	<b>EXCELLENT:</b> The site is owned by the Fayetteville Public Library.	<b>GOOD:</b> The School District is open to a sale, but there is no list price.	<b>GOOD:</b> The County is a willing seller and is not fully utilizing the Armory building or garage. No list price is known at this time.
<b>SUMMARY</b>	The library site has great synergy with the library itself and its many art-related programs and offerings. The location is central to downtown with many walkable/ bikeable amenities. The site is large enough to incorporate outdoor space and connect to both Downtown and the neighborhood around it.	Though considered part of the Innovation District, the school feels disconnected from the core. The buildings can easily be adapted for multiple kinds of space for artists. The potential for commercial/ retail/ sales space would not be as great unless a dynamic partner such as a theater, culinary entity, or nonprofit arts org is found as an anchor.	The Armory is intriguing because of its Gateway location to downtown as well as a bridge to the east side of College Avenue. Underdeveloped historic buildings are becoming extremely rare in NWA. There seems to be a passion for restoring this building for arts uses as well as a passion for connecting to the hillside neighborhood.

These findings are preliminary and based on currently available information; much can and will likely change between the writing of this report and site selection. Final site selection would take place in a predevelopment stage of work (see Appendix II, "Path of an Artspace Project"). These sites mentioned should be prioritized as conversations progress and the type of project is narrowed down.

# ALIGNMENT WITH BROADER COMMUNITY GOALS

## City Plan 2030 Goals

### Goal 1

We will make appropriate infill and revitalization our highest priorities.

### Goal 2

We will discourage suburban sprawl.

### Goal 3

We will make traditional town form the standard.

### Goal 4

We will grow a livable transportation network.

### Goal 5

We will assemble an enduring green network.

### Goal 6

We will create opportunities for attainable housing.

Source: City of Fayetteville, 2011 City Plan

a new arts facility can help accomplish them. Then, based on a list of 12 common community goals, they each selected three priority community goals that could be addressed by a creative space facility. These selections were collected and tallied. The top three goals were:

1. **Assisting Local Artists**
2. **Supporting a Cultural Community**
3. **Sustaining Creative Businesses and Nonprofits**

Fayetteville is keenly aware that the community needs to support their cultural community. It's strong and growing with the expansion of the Arts Department at the University and a long tradition of nurturing the arts. Focus group participants were also concerned that Fayetteville stay competitive in the region and with other University towns. Keeping and retaining their graduates, including those with visual and performing art degrees, will become more difficult with rising rents and the overall cost of living. It should be noted that while the cost of living is much lower than the U.S. as a whole, community members see and feel the changes and want to guard against rising rents and the cost of buying a home by creating more attainable and affordable housing in the mix of available options in the City.

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

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

The City of Fayetteville is currently focused on its 2030 Master Plan. The plan focuses on infill development, form-based zoning code, attainable housing, transportation, and a "green network." As such, Fayetteville is the most urban of the four Northwest Arkansas communities that are the subject of Artspace's work. Fayetteville is also the largest—but not for long as the growth of Rogers, Springdale, and Bentonville may surpass this University town in the next ten years.

Artspace gathered additional information about broader community goals during focus groups. Participants shared their goals and how

## CORE GOALS

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

- Meet the creative sector's space needs
- Plan for sustainable operations that do not require ongoing fundraising
- Ensure long-term affordability
- Reflect the unique culture and character of the community
- Exemplify ecological and efficient design

## What 3 complementary goals are a top priority for you?

- Residential Density
- Preserving Affordability
- Historic Preservation
- Urban Infill
- Downtown Revitalization
- Preserving Cultural Community
- Supporting Rural Artists
- Transit Oriented Development
- Supporting Creative Businesses and Nonprofits
- Anchoring an Arts District
- Enhancing Healthy Lifestyles
- Promoting Tourism

# ECONOMIC IMPACT STUDY

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

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

Read the full report at: <http://www.artspace.org/ideas-insights/artspace-publications/taking-measure-creative-placemaking>



Fayetteville Street Signage



Artwork on view at Art Ventures



Roots Festival Banner

# RECOMMENDATIONS

Fayetteville is well-positioned to pursue multiple kinds of space for their growing community. With a robust creative sector and strong City leadership, matched with overlapping community goals and an array of funding resources for attainable housing, the feasibility of moving a project forward is very positive.

## RECOMMENDATION 1:

### ARTSPACE DEVELOPMENT PROJECT

Based on the findings of this study, the first recommendation is to move forward with a mixed-use project developed by Artspace, or another nonprofit developer if preferred, where the nonprofit mission and track record show focus on long-term affordability.

Specifically, **Artspace recommends pursuing an affordable live/work mixed-use facility for artists and creatives** in Downtown Fayetteville.

We estimate that the Fayetteville market can support 50-70 units of artist housing in addition to other types of non-residential spaces that support the creative industries. However, this estimation alone is not sufficient for bankers or funders to offer a mortgage loan; the statistical evidence of market demand can only be provided through an Arts Market Study. The regional **Arts Market Study, the next step in this process, will provide the data necessary to understand if a mixed-use live/work concept aligns with what the artist community also desires.** The survey will quantify the need for creative live/work, working studio, and other kinds of production and exhibition spaces. This data informs the site selection, size, and amenities of a project. It also provides reliable information to others whose support is necessary for a successful project, including bankers, funders, and prospective LIHTC investors. Resulting data may also be shared with private developers and policy makers to help encourage further infrastructure investment in the creative economy.

## RECOMMENDATION 2:

### OTHER STRATEGIES TO PRESERVE AFFORDABILITY

Fayetteville also has a unique opportunity to pursue other strategies to help preserve long-term affordability for its creative sector, while catalyzing other downtown development. Other recommended ways to preserve affordable space before the downtown becomes unattainable for the creative sector:

1. Have a local entity purchase the Armory building and adjacent garage from the County. Either hold the building for a future Artspace collaboration or work with Artspace in a consulting capacity to redevelop this space to accommodate working studio and industrial arts space. There will be great synergies with the music, theater, and arts faculty at the University, as well as with recent graduates. Consider a programmatic partnership with the University to lease these spaces once redeveloped.
2. Create a full-time, year-round support organization for artists. An artist service organization could benefit the creative sector by providing ongoing professional support and training, a need that artists identified in focus group conversations. See page 19 for more information.



## NEXT STEPS

- **Begin preparing for the Arts Market Study.** Coordinate with Artspace to confirm the scope of work and discuss timeline. To further preparations, gather a diverse group of leaders to serve as an advisory committee to the survey process. This group is critical to the Arts Market Study and can be reengaged for future activities related to the project such as advocacy and marketing.
- **Connect with potential private sector funders** who could also be helpful in future stages of this initiative. The cultivation process can be a lengthy one, and it is never too early to start.
- **Check in with the Arkansas Finance Development Authority (ADFA)** to discuss the types of support that could come from various state programs for predevelopment and development and the likely timing. Since the Fayetteville Preliminary Feasibility Study, Artspace has visited with the ADFA and received encouraging feedback regarding the potential of being competitive with a 9% Low Income Housing Tax Credit (LIHTC) application in one or more of the four communities studied in NWA.

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

In summary, Artspace believes a facility that includes both affordable live/work housing and space for creative organizations would anchor Fayetteville’s creative sector and help prevent displacement due to rising real estate costs.

Artspace greatly appreciates the opportunity to work with the Fayetteville Core Group and learn from its residents and leaders. Artspace came away with a strong sense of the potential for an artist live/work mixed-use facility 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 Fayetteville on the path to further supporting its creative sector through safe, sustainable, and affordable creative spaces.



Artwork on view at Art Ventures



Artspace Team Tours Artist Studios

# APPENDIX I

## ABOUT ARTSPACE



### ARTISTS AT WORK

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



### LIVELY NEIGHBORHOODS

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



### SUSTAINABLE SOLUTIONS

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

Established in 1979 to serve as an advocate for artists' space needs, Artspace effectively fulfilled that mission for nearly a decade. By the late 1980s, however, it was clear that the problem required a more proactive approach, and Artspace made the leap from advocate to developer. Since then, the scope of Artspace's activities has grown dramatically. Artspace is now a national leader in the field of developing affordable space that meets the needs of artists through the adaptive reuse of historic buildings and new construction.

Artspace's first three live/work projects were in Saint Paul: the Northern Warehouse Artists' Cooperative (1990), 653 Artist Lofts (formerly 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 Denver, New Orleans, New York, Seattle, 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 50 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 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



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 preliminary feasibility studies, an arts market survey, predevelopment, and development to completion and occupancy. Please note that this is not an exhaustive list of every activity that goes into an Artspace project, and that some actions may occur in a different order.

STEP 1: PRELIMINARY FEASIBILITY VISIT	
<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• <b>Information Gathering and Outreach</b></li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Meet with artists, local funders, businesses, civic leaders, and other stakeholders</li> <li>• Conduct a public meeting to introduce Artspace and solicit community feedback</li> <li>• Tour candidate buildings and/or sites</li> <li>• Extend outreach as needed to ensure that people from underrepresented communities are included in the process</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Written report with recommendations for next steps</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Demonstrated support from local leadership</li> <li>• Critical mass of artists and arts organizations with space needs</li> <li>• Established base of financial support</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• Completed April 2018</li> </ul>

## STEP 2: ARTS MARKET STUDY

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Assessing the Market</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Three phases to the study: survey preparation, data collection, and analysis/reporting</li> <li>• Quantify the overall demand for arts and creative spaces</li> <li>• Identify the types of spaces, amenities and features that artists want/need</li> <li>• Inform site selection, design, and programmatic decisions</li> <li>• Maintain community involvement throughout the project</li> <li>• Help build support and secure funding</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Written recommendations and technical report of survey findings</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Sufficient number of responses from eligible, interested artists to support an Artspace live/work project</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• Starting Summer 2018</li> </ul>

## STEP 3: PREDEVELOPMENT I

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

## STEP 4: PREDEVELOPMENT II

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Project Design and Financial Modeling</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Establish process for selecting architectural team</li> <li>• Confirm development goals and space program with architectural team</li> <li>• Engage architect to create conceptual plans and schematic designs</li> <li>• Engage contractor or cost consultant to provide pre-construction services</li> <li>• Resolve any contingent conditions relating to site control</li> <li>• Create capital and operating budgets</li> <li>• Obtain proposals and/or letters of interest from lender and equity investor financing partners</li> <li>• Prepare and submit Low Income Housing Tax Credit application</li> <li>• Submit other financing applications as applicable</li> <li>• Maintain excitement for the project within the creative community</li> <li>• Encourage and guide local artists to activate the site with arts activities</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Schematic designs</li> <li>• Financial pro-forma detailing capital and operating budgets</li> <li>• Preliminary proposals and letters of interest for project mortgage and equity financing</li> <li>• Summary of project status</li> </ul>
<b>PREREQUISITES FOR MOVING FORWARD</b>	<ul style="list-style-type: none"> <li>• Award of Low Income Housing Tax Credits (first or second application) or commitment of alternative funding</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 12 months+</li> </ul>

## STEP 5: PREDEVELOPMENT III

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• From Tax Credits to Financial Closing</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Secure final gap funding commitments</li> <li>• Raise funds for equity, including private sector philanthropic dollars</li> <li>• Complete construction documents and submit permit applications</li> <li>• Negotiate construction and permanent loan commitments</li> <li>• Negotiate limited partner equity investment commitments</li> <li>• Advance project to construction closing</li> <li>• Communicate the progress of the project to the creative community to keep up the involvement and excitement</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Successful closing and commencement of construction</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 4-6 months</li> </ul>

## STEP 6: CONSTRUCTION

<b>OVERVIEW</b>	<ul style="list-style-type: none"> <li>• Construction and Lease-up</li> </ul>
<b>PRIMARY ACTIVITIES</b>	<ul style="list-style-type: none"> <li>• Oversee project construction</li> <li>• Engage property management company</li> <li>• Identify commercial tenants and sign lease agreements</li> <li>• Reach out to potential artist tenants, providing education on the application process</li> <li>• Conduct residential tenant selection process</li> </ul>
<b>DELIVERABLES</b>	<ul style="list-style-type: none"> <li>• Completed project ready for occupancy</li> </ul>
<b>TIME FRAME</b>	<ul style="list-style-type: none"> <li>• 6-10 months</li> </ul>



## NORTHWEST ARKANSAS ARTS MARKET STUDY OVERVIEW

The following preliminary survey results provide a high-level view of the types of spaces that are of interest to survey respondents as well as descriptive information about the total survey respondent group. Further data analysis (currently being conducted) will provide the detail necessary to draw conclusions and make project concept recommendations based on the market findings.

### Data Overview:

The AMS survey is a sample of convenience and was targeted primarily to individual creatives residing within or in close proximity to, the four NWA cities of Bentonville, Fayetteville, Rogers and Springdale. The total number of survey respondents is high relative to other similar multi-city surveys conducted by Artspace nationally. For example, in 2015, an AMS was conducted for the cities of Richmond and Petersburg, VA. The cities are approximately 25 miles apart along the I-95 corridor. In 2017, a similar survey was conducted for the cities of Charleston and North Charleston, SC. These communities are approximately 7 miles apart along I-26. Comparative total response data is provided below.

Comparative total responses:

	Population	Total Respondents
NWA (4 city population)	274,487	811
Charleston/North Charleston	232,346	345
Richmond/Petersburg	251,672	737

*Note: population statistics reflect the year in which the Arts Market Study was conducted, not current estimates.*

The survey received a response by artists and creatives of all disciplines:

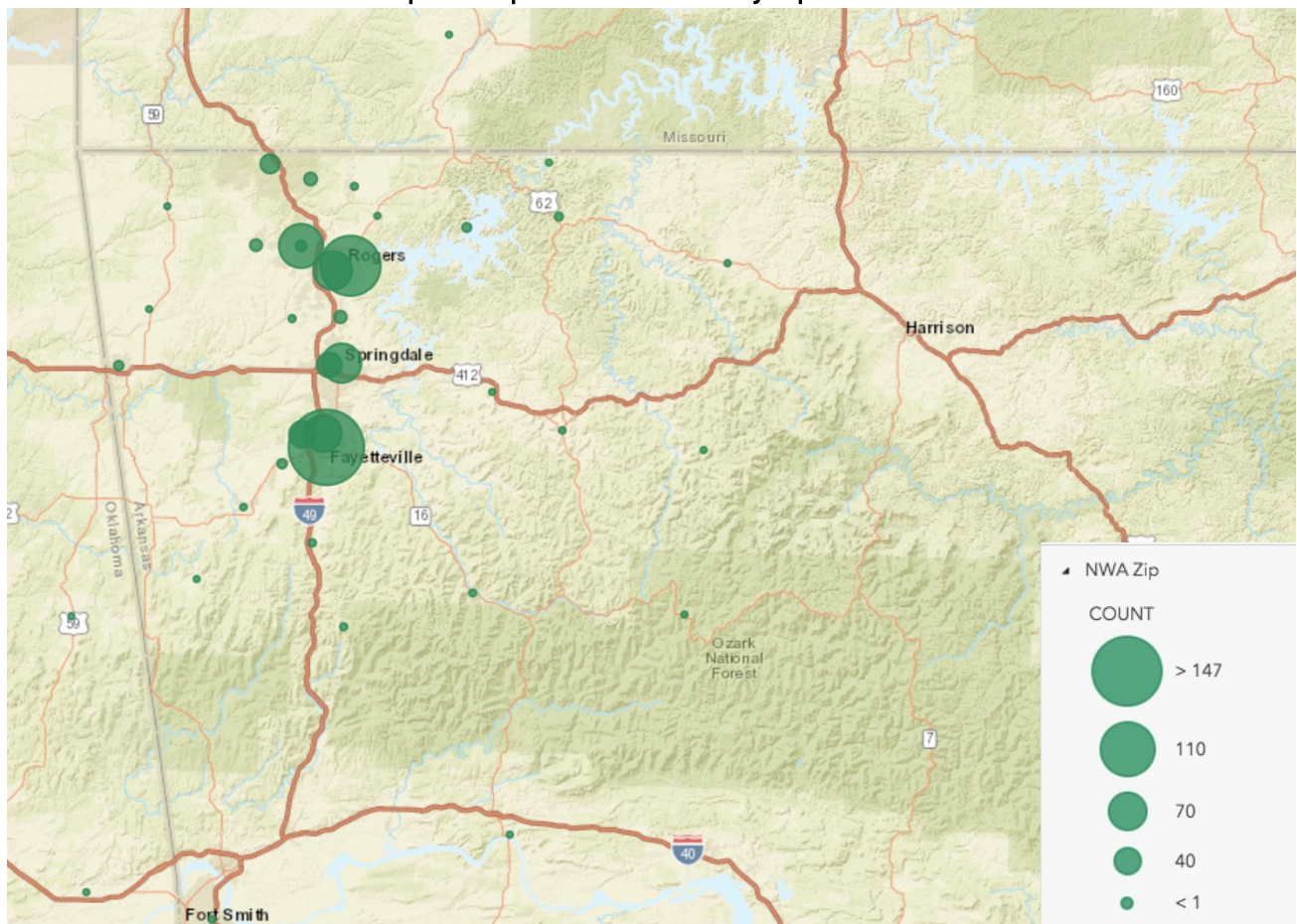
Top 10 reported areas of arts/cultural/creative disciplines		
Painting/Drawing	262	32%
Art gallery/Exhibition space/Curatorial	159	20%
Crafts/Fine crafts	153	19%
Photography	150	18%
Arts education/instruction	148	18%
Music (vocal/instrumental/recording/composition)	143	18%
Mixed media	112	14%
Writing/Literary arts	106	13%
Graphic arts/design	101	12%
Theater arts (acting, directing, production, etc.)	84	10%

Most of the survey respondents currently live in **NWA (96%)** and come from all four communities that are the focus of this study. 1% of respondents currently live in Arkansas, but outside of NWA. The remaining 3% responded from eight different states:

<b>Total who currently live in NWA</b>	<b>782</b>	<b>96%</b>
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<b>Where (city) total respondents live in NWA</b>		
Fayetteville	248	33%
Rogers	179	24%
Another city/town in Northwest Arkansas (please specify)	109	14%
Springdale	107	14%
Bentonville	96	13%
Unincorporated Northwest Arkansas	15	2%

Map of Respondent Location by Zip Code



Note: The new 72713 is not available for mapping and has been combined back with 72712.

Source: Esri Community Analyst

The respondents come from all age groups. Other demographics follow:

Age of Respondents		
20 years or younger	52	6%
21 - 30 years	145	18%
31 - 40 years	188	23%
41 - 50 years	148	18%
51 - 60 years	141	17%
61 - 70 years	105	13%
Over 70 years	32	4%

Gender of Respondents		
Female	565	70%
Male	230	28%
Transgender Female	2	<1%
Transgender Male	2	<1%
Non-Binary	7	1%
Not listed (please specify)	5	1%

Race/ethnicity of respondents	Total Resp.	*NWA 2018
White/Caucasian	81%	73%
Hispanic/Latinx(o)(a)	7%	22%
Multiracial/Multiethnic	3%	3%
Pacific islander/Native Hawaiian/Marshallese	3%	2%
Asian	2%	5%
Indigenous American/Native Alaskan	2%	1%
Black/African American	1%	4%
Some other race	n/a	14%

\*NWA 2018 Race and Ethnicity data sourced through ESRI

Interest in affordable live/work space is confirmed and the data supports new space in NWA. There are respondent households that would qualify for LIHTC financed units. (*\*the number of recommended spaces, sizes and mix of affordability levels is TBD*)

<b>Artists interested in live/work</b>	<b>192</b>
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<b>Total number of interested households that fall at or below 60% AMI</b>	<b>84</b>	<b>44%</b>
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Income by Household Size for respondents interested in Affordable artist housing. Low Income Housing Tax Credit (LIHTC) financed projects typically support households at or below 60% AMI. Sources specific to 60% - 80% AMI are needed to create long-term affordable housing for workforce households requiring affordable housing, but who are over-income for the likely deeper LIHTC affordability targets:

Annual Household Income	None (Studio/ Efficiency)	One	Two	Three	Four or more	Total	Income Qualify - 30% AMI	Income Qualify - 60% AMI	Income Qualify - 80% AMI
Prefer not to Answer	1	6	7	4	0	18			
Under \$10,000	2	8	4	3	0	17	17	17	17
\$10,000 - \$15,000	4	7	5	1	0	17	17	17	17
\$15,001 - \$20,000	3	2	3	0	0	8	3	8	8
\$20,001 - \$25,000	4	9	2	3	0	18	0	18	18
\$25,001 - \$30,000	3	5	3	1	0	12		12	12
\$30,001 - \$35,000	0	4	4	2	0	10		6	10
\$35,001 - \$40,000	2	3	5	4	1	15		5	15
\$40,001 - \$45,000	2	4	3	6	1	16		1	10
\$45,001 - \$50,000	0	2	3	4	0	9			4
\$50,001 - \$55,000	0	3	1	1	2	7			2
\$55,001 - \$60,00	1	0	4	2	1	8			
\$60,001 - \$65,000	0	1	3	0	0	4			
\$65,001 - \$75,000	0	0	2	3	0	5			
\$75,001 - \$85,000	0	1	3	2	0	6			
\$85,001 - \$100,000	0	1	6	3	0	10			
\$101,000 - over \$400,000	1	3	5	3	0	12			
<b>Total</b>	23	59	63	42	5	192	37	84	113
<b>% of respondents who income qualify for 30%</b>									<b>19%</b>
<b>% of respondents who income qualify for 60%</b>									<b>44%</b>
<b>% of respondents who income qualify for 80%</b>									<b>59%</b>

Maximum amount respondents would consider paying monthly for live/work space:

Max amount respondent would consider paying monthly		
\$400	30	16%
\$500 - \$600	65	34%
\$700 - \$800	44	23%
\$900-\$1,000	29	15%
\$1,100 - \$1,200	11	6%
\$1,300 - \$1,500	8	4%
Over \$1,500	5	3%
<b>Total</b>	<b>192</b>	

There is demand for affordable live/work space for artists/creatives. That interest demand on a percentage basis (24% of respondents) is similar to the percent of respondents who do not currently “have the space that they need for their art/creative work” (20% of total respondents).

<b>Total that do not have the space they need for their art/creative work</b>	<b>165</b>	<b>20%</b>
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More than half of the interested respondents make less than 10% of their income from their art. At 62%, this is slightly higher but generally consistent with other AMS surveys conducted by Artspace. Typically, the majority of artists surveyed make 25% or less of their income from art, with the greatest percentage of that subset falling below 10% (including no income from art). Following the NWA data below, is a comparative chart with data from four communities chosen for their regional proximity to NWA or for their multi-city survey approach. Based on an impact study of some of Artspace’s longest operating projects, **affordable space in NWA may offer artists an opportunity to increase income derived from creative work** (\*2011 Taking a Measure of Creative Placemaking study).

% of income that comes from creative work of interested artists		
I earn no income from my art/creative work	53	28%
Less than 10%	65	34%
10% - 25%	25	13%
26% - 50%	15	8%
51% - 75%	10	5%
76% - 100%	24	13%

\* Total respondent data not available for Richmond/Petersburg, VA which in addition to Charleston/North Charleston represent a multi-city survey approach

\*\*Council Bluffs, IA respondents reported from primarily 3 cities

Comparative City	Less than 10% (or \$0)	10% - 25%
*Charleston/North Charleston	47%	18%
**Council Bluffs, IA	71%	15%
Kansas City, KS	46%	18%
Memphis, TN	52%	16%

**Definition: Live/Work space**

Space that meets standard residential codes and is somewhat larger than a typical dwelling unit. For example, 600-800 sq. ft. for an efficiency, and up to 1,400 sq. ft. or larger for a 3 bedroom unit in a typical Artspace project. The space is designed flexibly, incorporating both wide open areas and private rooms, to allow artists and creatives to arrange their living and working environment in a way that best suits their artistic/creative and family needs. The aesthetics favor durable surfaces, allowing residents to create in a variety of mediums anywhere in the space and artist-friendly design features, amenities and management policies are incorporated

Respondents interested in live/work space, come from all four communities that are the focus of this study. **Their location preferences for live/work space does not necessarily have a direct relationship to where they are currently located. Bentonville received the second highest number of interest responses which aligns with the PFV finding of prioritizing “housing among the top space concepts to be considered in a Bentonville project”** (*\*Respondents could choose more than one location preference option for live/work space*):

Where artists interested in live/work <u>currently</u> live		
Fayetteville	83	43%
Springdale	28	15%
Rogers	23	12%
Another city/town in Northwest Arkansas (please specify)	22	11%
Bentonville	18	9%
Unincorporated Northwest Arkansas	2	1%

*\*Not all respondents chose to identify their current location*

Where (city) would interested respondents consider relocating to a live/work community		
Fayetteville	122	64%
Bentonville	95	49%
Rogers	73	38%
Springdale	69	36%
Other (please specify)	19	10%
Other (please specify)	3	2%

Respondents expressed interest in other types of spaces as well (*space type definitions follow the reported data*):

Total interested in each type of space		
Private Studio	206	34%
Shared Creative space	476	59%

**Definition: Private Studio or Creative Work Space**

Space designed for the creation or practice of art (e.g. for visual arts, performing arts, or other creative work space needs). This space is not code compliant for residential use but may be located in a building that includes residential space.

**Definition: Shared Creative Space and Specialized Equipment**

Space that may be available through a membership (e.g. makerspace or co-working space model) or rented for a fee on an hourly, daily, weekly or other short-term basis. Space may be available for a single renter's exclusive use during the rental period (e.g. film-screening room or classroom) or shared with others at the same time (e.g. ceramics studio, dark room, business center). Some spaces may include equipment (e.g. woodworking tools, 3D printers, computers with design software, kilns, torches for metalworking etc.) Classes or training may also be incorporated into the overall space program.

Respondents shared their preference for where they would consider renting private studio space. The high interest in Fayetteville aligns with Preliminary Feasibility Study assumptions of considering “plenty of working studios” in a future project concept and with the recommendation of “looking at a creative commercial concept that includes affordable work spaces” in Rogers.

Where would interested respondents consider renting private studio space		
Fayetteville	122	59%
Rogers	88	43%
Bentonville	74	36%
Springdale	50	24%
Other (please specify)	22	11%
Other (please specify)	4	2%

# ARTS MARKET STUDY REPORT OF FINDINGS



REPORT AND RECOMMENDATIONS ON THE SURVEY OF ARTISTS AND CREATIVE  
INDIVIDUALS' SPACE NEEDS AND PREFERENCES IN NORTHWEST ARKANSAS

Prepared For: **WALTON FAMILY**  
FOUNDATION

Northwest Arkansas // November 2018



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Artspace would like to thank the Walton Family Foundation and the dedicated individuals who served on the Core Group for each city for their support, outreach, and coordination. The Arts Market Study process and resulting data would not be possible without the participation of funders, local stakeholders, and partners. A big thank you is extended to the following public and private entities who played a critical role in outreach and implementation of this study and hosted the Artspace Arts Market Survey launch events. Arts Center of the Ozarks, Pryor Center, 21c Museum Hotel, Ozark Beer Company, Main Street Rogers, Rogers-Lowell Area Chamber of Commerce, Arkansas Coalition of the Marshallese, Arkansas Arts & Fashion Forum, the Roots Festival, The Station, the Jones Trust, and Rogers Experimental House.

### FUNDING AND SUPPORT PROVIDED BY:

WALTON FAMILY  
F O U N D A T I O N



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## TABLE OF CONTENTS

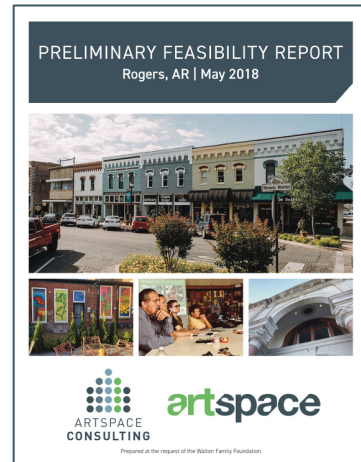
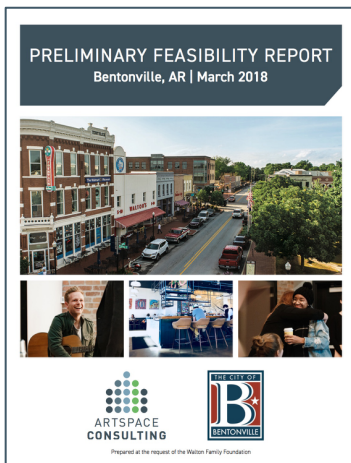
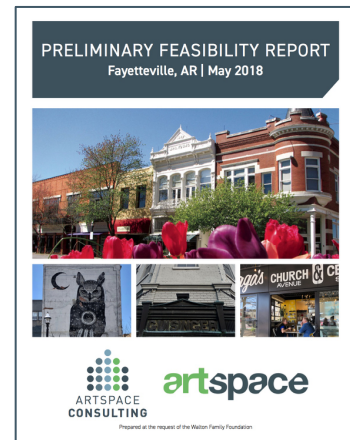
INTRODUCTION	4
SURVEY METHODOLOGY	6
KEY FINDINGS & RECOMMENDATIONS	11
LIVE/WORK HOUSING	14
PRIVATE STUDIO SPACE	22
SHARED CREATIVE SPACE	27
COMMUNITY SPECIFIC FINDINGS	29
DESIGNING ARTIST SPACES	33
RECOMMENDATIONS SUMMARY	35
TECHNICAL REPORT	ADDENDUM

# INTRODUCTION

Artspace was contracted by the Walton Family Foundation to determine if there is sufficient demand to support the development of new affordable space for the creative community in Northwest Arkansas and if so, what types of space(s) and amenities are most needed. The Arts Market Study (AMS) follows the Preliminary Feasibility Study (PFS) conducted January-May 2018 in Bentonville, Springdale, Rogers and Fayetteville. The PFS involved a general feasibility assessment of the potential to develop new affordable, self-sustaining space, and this study focuses specifically on quantifying the need for affordable live/work artist housing and creative workspace. The PFS included a two-day visit by Artspace staff Wendy Holmes, Senior Vice President, Anna Growcott, Director, and Dana Mattice, Grants Writer. Artspace conducted a series of focus groups and community meetings in each of the four communities, took a tour of area arts assets and potential sites, and wrote an in-depth report of preliminary findings. The PFS analyzes potential by six key areas Artspace considers essential to successful community-led development. Those include: **project concept** for a potential new arts facility; the **arts market** and its need for new space; **local leadership** support; **funding and financing** opportunities; **potential sites** for the project concept; and, how an arts-centric project could **align with broader community goals**.

The Arts Market Study goes a step further. It tests assumptions formed during the Preliminary Feasibility Study and visit, including the demand for a mixed-use housing project concept in Bentonville, Springdale, and Fayetteville and flexible commercial space in Rogers. The purpose of the study is to first determine if there is enough demand and interest by the creative sector to warrant new space, second, to inform the conceptualization and design of that space, and third to energize the community around the creation of a project. The Arts Market Study process includes: an in-depth data collection survey deployed online; this Report of Findings; and, the Technical Report Addendum that contains the data and analytics.

Artspace has conducted over 90 Arts Market Surveys across the country reaching more than 40,000 artists. The experience and lessons learned from surveying artists and creatives around the country plays heavily into these market considerations, assumptions, and recommendations.



## THE SURVEY

After the Preliminary Feasibility Study visits, Artspace worked with the Core Group of each city to develop a survey that would assess the local and regional creative sector’s interest in new, affordable space in Northwest Arkansas. The online survey was open for seven weeks July 24<sup>th</sup> – September 10<sup>th</sup>, 2018. The **Survey of Artists and Creative Individuals** allowed respondents to articulate their needs and preferences for live/work housing, private studio space, and shared creative space. They were also asked about their preferences related to these space types including design features, shared building amenities, and types of shared spaces. Respondents were asked to provide descriptive information including their arts and creative activities, current living and working arrangements, household income, current place of residence, and other demographics. Lastly, the survey asked the artists how much one would consider paying for new affordable live/work artist housing and private workspace. For brevity, this survey will be referred to as the “**artist survey**” in this report.

The Arts Market Study for Northwest Arkansas quantified the demand for a variety of spaces for artists and creatives, specifically about respondents’ interest in:



1. Relocating to an affordable artists’ live/work community specifically designed for artists, creative individuals, and their families, referred to as “**live/work housing**” in this report;



2. Renting private studio or creative work space on an ongoing basis, referred to a “**private studio**” in this report;



3. Shared creative space that can be accessed on a short-term or occasional basis through a paid membership or alternative rental arrangement. Referred to as “**shared creative space**” in this report.

## INTENDED AUDIENCE

The results of these surveys will help **Artspace**, other **real estate developers and property owners** interested in creative space and artist housing, determine what sort of project is appropriate in each community in Northwest Arkansas. Further, the information contained in this report can be used to advance space planning, financial modeling, and early concept design work.

**Advocates** of the local arts community and creative economy can use this information to communicate the space needs, cultural asset gaps, and related space-based challenges as described by the creative sector respondents.

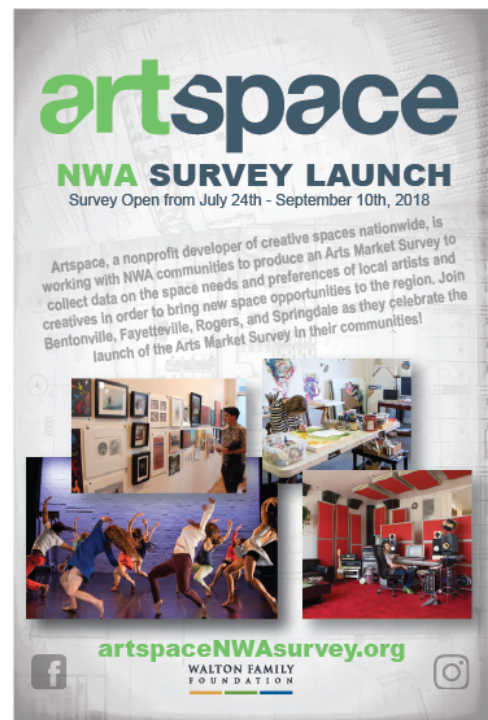
The design guidelines starting on page 33, are included to benefit **all developers** looking to make space available for artists and creatives. The Technical Report Addendum should be reviewed by those embarking on new space initiatives as it contains data critical to fully understanding the artist market’s need and preferences for new space.

# SURVEY METHODOLOGY

In order to reach the greatest number of artists, Artspace relies on the expertise of local partners to help promote and spread awareness about the study and related survey. Northwest Arkansas' Arts Market Study and survey launched at public events on July 24-25<sup>th</sup> in each of the four communities. Each survey launch event was unique and planned by local Core Group members. Fayetteville's was hosted at the Pryor Center, Springdale's at Arts Center for the Ozarks, Rogers' at Ozark Beer Company, and Bentonville's at 21c Museum Hotel. Artspace was represented by Wendy Holmes, Senior Vice President, Teri Deaver, Vice President, Anna Growcott, Director, and Aneesha Marwah, Manager, all from the Consulting and Strategic Partnerships Department. There were nearly 175 people present in total between the four launches. While the survey was live, the Core Group disseminated surveys notifications through the following means:

- **Press Outreach:**

- 3W Magazine
- 40/29 News
- Arkansas Life Magazine
- Arkansas Times
- At Urban Magazine
- Celebrate Arkansas
- Celebrate Magazine
- Channel 5 News KFSM
- Cityscapes Magazine
- Good Day NWA/Fox 24- Wendy Holmes and Robin Atkinson live on July 26th
- Idle Class Magazine
- KARK
- KARK News Channel 4
- KATV News
- KNWA News
- KUAF / NPR Public Radio
- Northwest Arkansas Business Journal
- Northwest Arkansas Democrat Gazette
- NWA Magazine
- The Scout Guide



- **Printed Outreach (Posters/flyers were posted and distributed in Spanish/ English at):**

- 117 Create
- Art Center of the Ozarks
- Bentonville Farmer's Market
- Fayetteville Public Library
- Fayetteville Town Center
- Fayetteville Square
- Iron Horse Coffee Shop
- Main Street Rogers
- Onyx Coffee Shop
- Scott's Imagining in Tonitown
- Springdale Library
- Springdale Farmers Market
- Rogers Experimental House
- Rogers Farmers Market
- Rogers Experimental House
- Rogers Activity Center

- Rogers Adult Wellness Center
- University of Arkansas
- **Email/ Social Media Outreach:**
  - Amazeum
  - Arkansas Chapter AIGA
  - Arkansas Business Publishing Group
  - Arkansas Online
  - Art Center Ozarks
  - Arkansas Arts Academy Art Teachers
  - Arkansas Arts & Fashion Forum (324 reach)
  - ArtspaceNWA (5,244 reach)
  - Benton County Leadership
  - Bentonville's Public Art Advisory Committee
  - Celebrate Arkansas
  - Chamber of Commerce - Fayetteville
  - Chamber of Commerce - Rogers Lowell
  - Chamber of Commerce - Springdale
  - Crystal Bridges
  - Downtown Bentonville Inc
  - Fayetteville Flyer
  - Find NWA
  - Facebook ad promotion
  - Greater Bentonville Chamber of Commerce
  - Haas Hall administration
  - The Idle Class (972 reach)
  - Inviting Arkansas
  - Instagram ad promotion
  - NWA Emerging Leaders
  - NWA Fashion Week (1,326 reach)
- NWA artist Facebook groups (10 groups)
- NWA Council
- Ozarks At Large
- Rogers Gov.
- Rogers/Lowell Chamber of Commerce (3,000 email list)
- Trike Theater
- University of Arkansas
- University of Arkansas Traveler
- UArk School of Art listserv (5,000 email list)
- Walton Family Foundation social media
- **In Person Event Outreach:**
  - Bentonville Art Stroll, August 23<sup>rd</sup>
  - Third Thursday Art Walk
  - Fayetteville Public Library Survey Drive
  - Mom and Me Fluid Art Class, August 25 at Rogers Experimental House
  - Artspace Focus Group at Arkansas Coalition of the Marshallese, August 28<sup>th</sup>
  - Art on the Bricks Art Walk
  - Frisco Festival, August 31-September 1
  - Art of Ping-Pong, September 1
  - The Station organized a "Take the Survey" event with free tacos, September 4th
  - Art Break Day at the RXH, September 7<sup>th</sup>
  - Main Street Rogers Farmers Market, September 8<sup>th</sup>

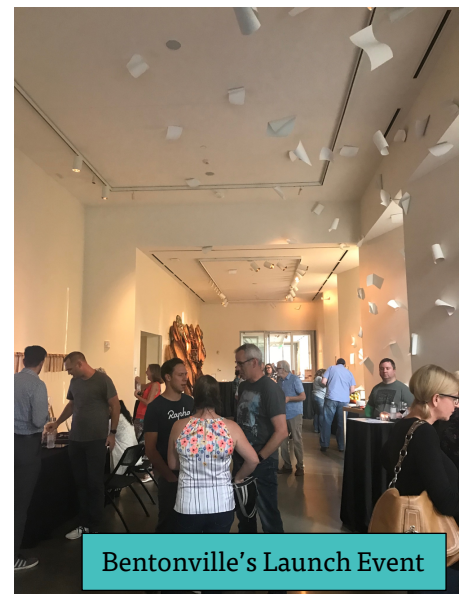
Weekly survey assistance was provided to the Core Group in NWA by Artspace to help with outreach efforts, particularly with an eye to encouraging diversity and inclusiveness of all community members and art forms. The survey was open for seven weeks via the Survey Gizmo online platform and closed on September 10<sup>th</sup>, 2018. During that timeframe, there were **811** respondents to the artist survey.

**Survey respondents** indicated that they heard about the survey through the following means:

- Social media outlet – 356 (44%),
- Friend/colleague/acquaintance – 240 (30%),
- Email Invitation – 182 (22%),
- Survey launch event – 76 (9%)
- Flyer, poster, postcard – 45 (7%)
- Non-web-based media – 21 – (3%)
- Online media source – 20 (3%)

*\*Respondents may have selected multiple options*

From the write-in responses to the above question there were many unique ways the respondents heard about the survey including: ACOM, Artists of Northwest Arkansas, at ceramics class, Spectra arts gathering, from the NWAFFW CEO, Chamber of Commerce email, a focus group, Frisco Fest, Trike Theater, Haxton Road Studios, Idea Factory, ACO, art class, KUAF, Arkansas Arts Council, Rogers Adult Wellness Center, Roots Concert, Rogers Downtown Farmers Market, Rogers Experimental House, The Station, TheaterSquared Facebook, University email, Walton Family Foundation, and RHTHS. The robust outreach efforts conducted by the Core Group proved successful with a good resulting widespread turnout.



## ADDITIONAL OUTREACH

Artspace was put in touch with Melisa Laelan, Director of the Arkansas Coalition of Marshallese (ACOM) by the Walton Family Foundation. Artspace strives to be inclusive of all cultural communities and their art forms and makes every effort to reach diverse audiences in every community it visits. Therefore, an additional targeted focus group for the Marshallese residents of Springdale was conducted on August 28, 2018. In coordination with Melisa Laelan and ACOM, Artspace met with twelve representatives of the Marshallese creative community of varying ages and creative pursuits. Artspace, represented by Anna Growcott and Aneesha Marwah, heard of many distinctive art forms specific to the Marshallese population. This included clothing design, sewing, accessory design, cooking, culture bearing, music, dancing, canoe building, arts/cultural education, linguistics, ukulele playing, and jewelry design.



Marshallese Handicrafts at ACOM

Questions about the survey were answered and attendees were asked about their specific needs for creative space. It was apparent from the discussion that a “Marshallese Cultural Center” was at the forefront of their creative space needs and wish list. Participants mentioned they have a difficult time finding places to gather and

reside that can accommodate their large multi-generational families. Live/work housing was not at the forefront of their needs, as many would need a lot more bedrooms than an affordable housing-funded live/work model can accommodate. Attendees were asked to write and draw their vision for a future cultural center. Their feedback was invaluable to understanding their need for creative space. Computers were made available to take the survey right there as were informational handouts in both English and Marshallese for attendees to take with them and distribute to their friends and family (at left).

**NORTHWEST ARKANSAS ARTS MARKET SURVEY**

Nan aolep rijirihā ro, ri-keke ro, ri-koman kalwojoj ro im ro jet ilo jukjukinbed ko an Northwest Arkansas.



Juoj im bok jurpe in  
Take the Survey here!  
[artspaceNwasurvey.org](http://artspaceNwasurvey.org)

Help Artspace and local stakeholders plan new, affordable space where artists/handicrafters/craftspeople/culture bearers/artisans can have housing and workspace to “create” in Northwest Arkansas. Your input is critical and will influence the amount and types of new spaces in Springdale, Rogers, Bentonville and Fayetteville.








the existing spaces for artistic expression in the community. This past year’s ship building display at the Shiloh Museum, was a first step in showing the many artistic talents of the Marshallese. Following Artspace’s initial meeting with ACOM in July and hearing about all the fashion designing that happens in the Marshallese community, Artspace connected Melisa Laelan with Robin Atkinson, CEO and Creative Director of the Arkansas Arts and Fashion Forum. As a result, ACOM was invited to showcase Marshallese designers in September at Northwest Arkansas Fashion Week. “Likatus in Majel” was a beautiful collaboration that hopefully leads to a continued partnership between ACOM and NWA Fashion Week.



NWA Fashion Week



## SURVEY DISCLAIMER

The survey is a sample of convenience. While believed to be grossly representative of the target population (artists and other creatives living in/around Northwest Arkansas with focus on those within or near, the four NWA cities of Bentonville, Springdale, Rogers, and Fayetteville), generalization of the findings to the broader populations cannot be conducted. Because of the non-random nature of the sample, the data reported includes only descriptive statistics. The responses included in this report are all completed survey entries barring any apparent erroneous responses which were removed. Due to the nature of data collection, the analysts at Artspace are not able to eliminate the entire possibility of duplicate responses to the artist survey, given the bounds of confidentiality.

Data that is not statistically relevant due to low response numbers are mostly omitted from this report. Small group differences or percentages should be interpreted carefully. Statistical analysis of the Survey Gizmo collected data was conducted via SPSS Statistics software and Microsoft Excel.

There were 285 complete and incomplete surveys identified as having been filled out by high school students in the Rogers/Lowell area, of which 175 were complete and therefore eligible for inclusion in the analysis. However, all were quarantined and removed from the dataset. Many complete surveys had nonsensical responses and some student respondents indicated they were "forced" to take the survey. There was concern that student data, even if well-intentioned, would adversely distort findings and therefore the recommendations. For example, responses to questions about household income or household composition would require further context to be meaningful. The majority of student respondents did not express interest in housing. Artspace included in the supplemental materials, contact information for those that requested to receive updates about the project or related information. Section V of the Technical Report includes the demographic and artistic pursuits of all student submitted surveys (complete or incomplete) for reference.

## KEY FINDINGS & RECOMMENDATIONS

The primary focus of this report is on the **662 (82%)** of the total **811 survey respondents** who indicated an interest in at least one type of space in Northwest Arkansas. The total number of survey respondents is high relative to other similar multi-city surveys conducted by Artspace nationally. For example, in 2015, an AMS was conducted for the cities of Richmond and Petersburg, VA. The cities are approximately 25 miles apart along the I-95 corridor. In 2017, a similar survey was conducted for the cities of Charleston and North Charleston, SC. These communities are approximately 7 miles apart along I-26. Comparative total response data is provided below.

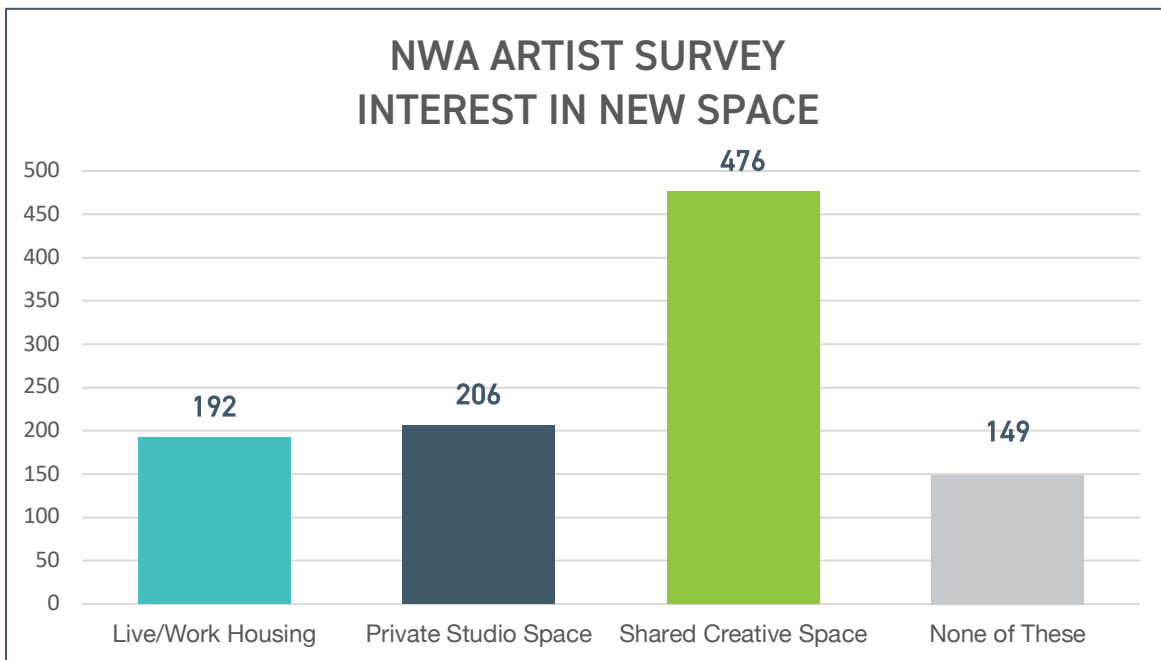
Region	Population	Total Respondents
NWA (4-city population)	274,487	811
Charleston/North Charleston	232,346	345
Richmond/Petersburg	251,672	737

*Note: Population statistics reflect the year in which the AMS was conducted, not current estimates.*



**811 TOTAL  
RESPONDENTS**

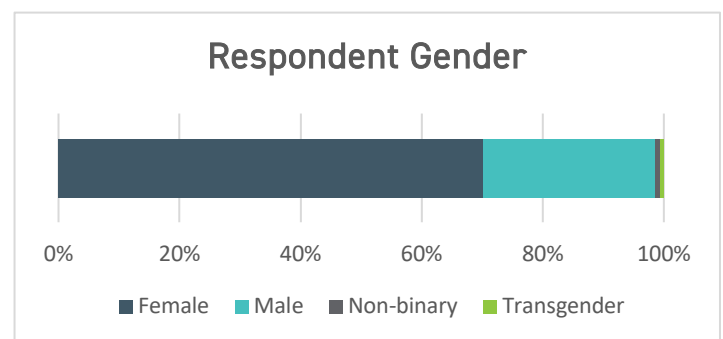
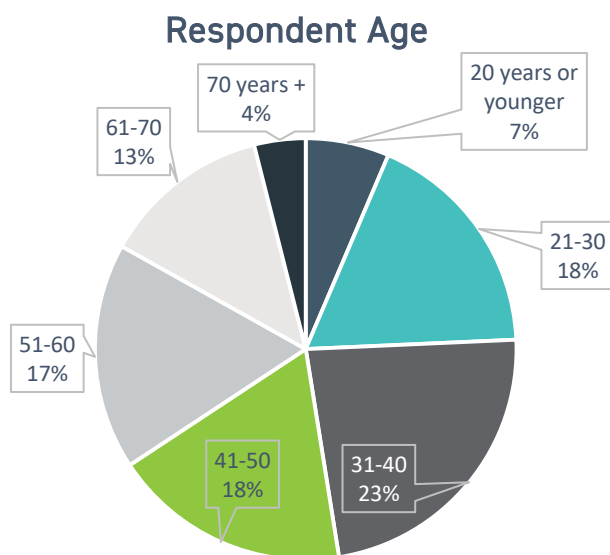
The following is a breakdown of the types of spaces in which respondents expressed interest. **The data suggests a clear need for new space where Northwest Arkansas' creative sector can live, work, and create.**



## RESPONDENT OVERVIEW

To provide context about who participated in the survey, following is a summary of arts disciplines and demographic breakdowns of all **811 survey respondents**.

Top 10 reported areas of arts/cultural/creative disciplines		
Painting/Drawing	262	32%
Art gallery/Exhibition space/Curatorial	159	20%
Crafts/Fine crafts	153	19%
Photography	150	18%
Arts education/instruction	148	18%
Music (vocal/instrumental/recording/composition)	143	18%
Mixed media	112	14%
Writing/Literary arts	106	13%
Graphic arts/design	101	12%
Theater arts (acting, directing, production, etc.)	84	10%



- **375 (46%)** Use space within their home for art/creative work
- **165 (20%)** Do not have the space they need for their art or creative work

Race/ethnicity of respondents	Total Resp.	*NWA 2018
White/Caucasian	81%	73%
Hispanic/Latinx(o)(a)	7%	22%
Multiracial/Multiethnic	3%	3%
Pacific islander/Native Hawaiian/Marshallese	3%	2%
Asian	2%	5%
Indigenous American/Native Alaskan	2%	1%
Black/African American	1%	4%
Some other race	n/a	14%

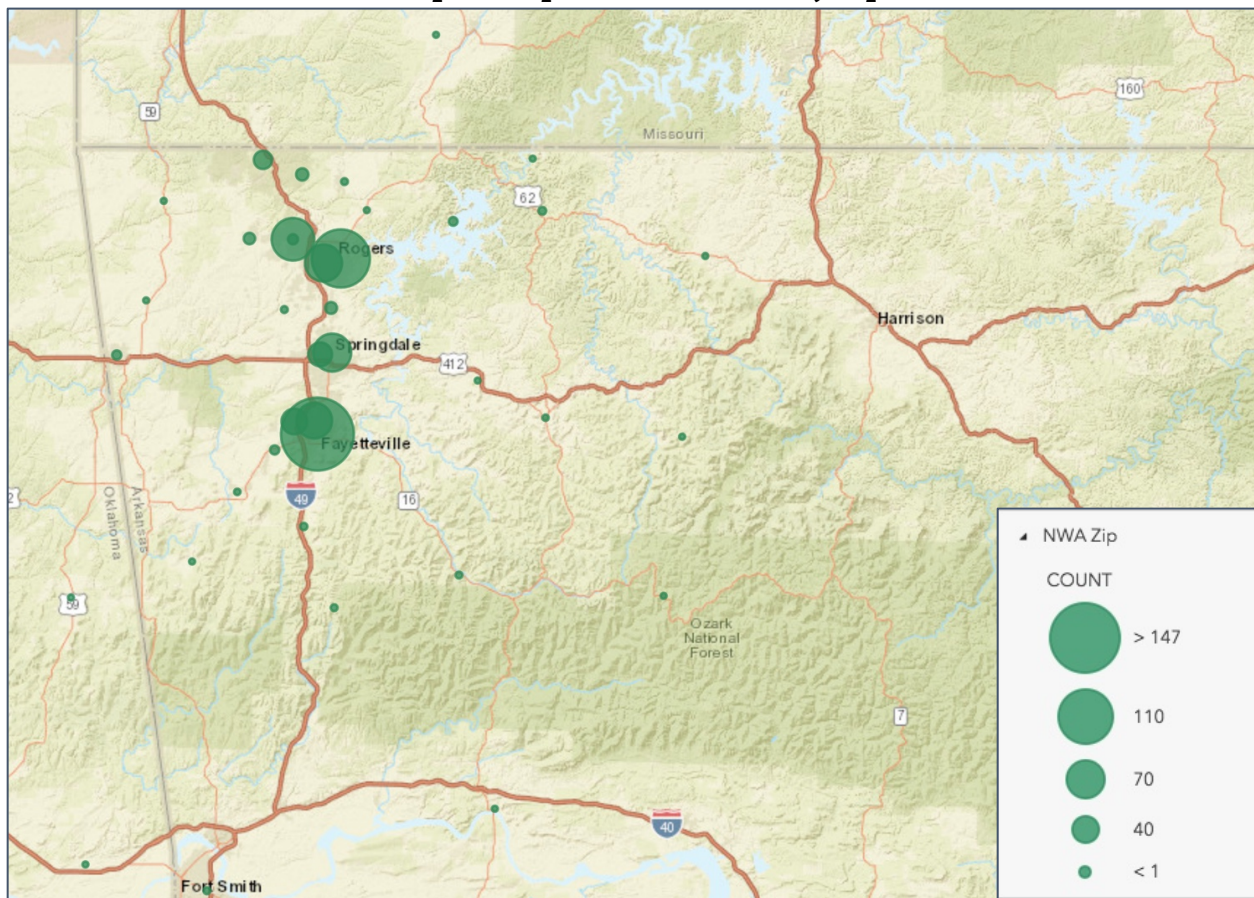
\*NWA 2018 Race and Ethnicity Estimates through Esri Community Analyst

Most of the survey respondents currently live in **NWA (96%)** and come from all four communities that are the focus of this study. 1% of respondents currently live in Arkansas, but outside of NWA. The remaining 3% responded from different states including Oklahoma, Missouri, Louisiana, and Texas.

<b>Total who currently live in NWA</b>	<b>782</b>	<b>96%</b>
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<b>Where (city) total respondents live in NWA</b>		
Fayetteville	248	33%
Rogers	179	24%
Another city/town in Northwest Arkansas (please specify)	109	14%
Springdale	107	14%
Bentonville	96	13%
Unincorporated Northwest Arkansas	15	2%

**NWA Map of Respondent Location by Zip Code**



*Note: The new 72713 zip code is not available for mapping and has been combined back with 72712.*

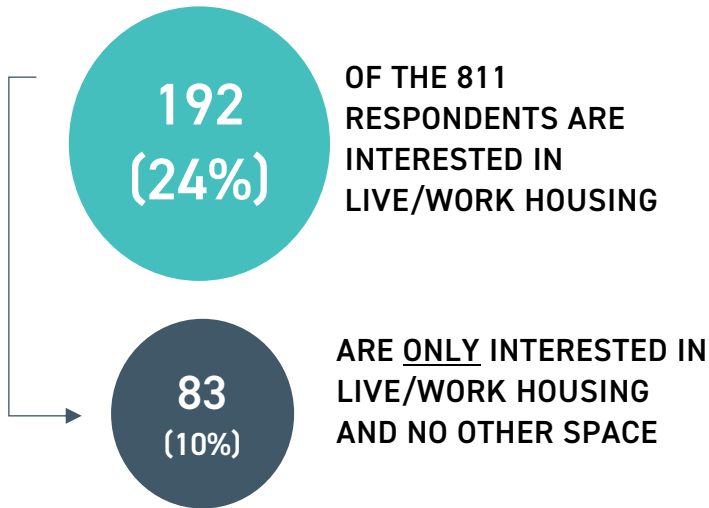
*Source: Esri Community Analyst*



## INTEREST IN:

### LIVE/WORK HOUSING

The information on the following pages is solely about the **192 artists** interested in live/work housing in Northwest Arkansas.



#### Definition: Live/Work Housing

Space that meets standard residential codes and is somewhat larger than a typical dwelling unit. For example, 600-800 sq. ft. for an efficiency, and up to 1,400 sq. ft. or larger for a 3-bedroom unit in a typical Artspace project. The space is designed flexibly, incorporating both wide open areas and private rooms, to allow artists and creatives to arrange their living and working environment in a way that best suits their artistic/creative and family needs. The aesthetics favor durable surfaces, allowing residents to create in a variety of mediums anywhere in the space and artist-friendly design features, amenities and management policies are incorporated

## LOCATION

Respondents interested in live/work space, come from all four communities that are the focus of this study. **Their location preferences for live/work space does not necessarily have a direct relationship to where they are currently located. Bentonville received the second highest number of interest responses which aligns with the PFV finding of prioritizing “housing among the top space concepts to be considered in a Bentonville project”. Fayetteville is a priority location for housing, and investment here would both retain and attract new artists to the community.** (\*Respondents could choose more than one location preference option for live/work space):

Where artists interested in live/work <u>currently</u> live		
Fayetteville	83	43%
Springdale	28	15%
Rogers	23	12%
Another city/town in Northwest Arkansas (please specify)	22	11%
Bentonville	18	9%
Unincorporated Northwest Arkansas	2	1%

\*Not all respondents chose to identify their current location

Where (city) would interested respondents consider relocating to a live/work community		
Fayetteville	122	64%
Bentonville	95	49%
Rogers	73	38%
Springdale	69	36%
Other (please specify)	19	10%
Other (please specify)	3	2%

Which cities were rated as a “High Preference” for relocation to live/work space?		
Fayetteville	94	77%
Bentonville	42	44%
Springdale	30	43%
Rogers	28	38%

*\*Percentage is based on total interested in the city AND how many rated that city as a “High Preference”*

## FINANCING FOR AFFORDABILITY

To keep live/work housing attainable, the Artspace financing model combines public and private funding to ensure long-term, self-sustaining, affordable housing. A primary funding tool is the Federal Low-Income Housing Tax Credit (LIHTC) program which drives private equity investment to capitalize projects. Two types of allocations a 4% credit and 9% credit differ in that the 4% credit drives less private equity and results in a larger funding gap. The 4% program imposes fewer constraints on the project concept and while project threshold criteria must be met, it is a non-competitive funding source. The 4% program offers less opportunity for deep rental subsidy and aligns with Arts Markets that can sustain higher rents targeted to households earning 50% to 60% of AMI and in large (50 or more unit) multi-family developments.

The U.S Department of Housing and Urban Development (HUD) imposes annual household income limits and sets maximum rents in projects awarded tax credits from either program. These rent limits are accompanied by a HUD-determined “utility allowance” that further lowers base rents in order to keep overall housing costs affordable for low-income households. These limits change annually. The 2018 HUD published maximum household income for those earning 30%-60% or 80% or less of the Area Median Income (AMI) and corresponding rents for Benton and Washington Counties (Fayetteville-Springdale-Rogers AR Metro Area) are in the following table. The rents and income limits set by HUD reflect the trends in the whole Metro Area. Rents are expressed by month and incomes are annual.

2018 HUD Income and Rent Limits for LIHTC Projects in Washington and Benton Counties

Fayetteville-Springdale-Rogers, AR Metro Area

Household Size	Income Max (30% - 60% AMI)	Income Max (80% AMI)	Bedrooms	Max Rent (30% - 60% AMI)	Max Rent (80% AMI)
1	\$13,740 - \$27,480	\$36,640	Efficiency	\$343-687	\$916
2	\$15,720-\$31,440	\$41,920	1-bedroom	\$368-736	\$982
3	\$17,670-\$35,340	\$47,120	2-bedroom	\$441-883	\$1,178
4	\$19,620-\$39,240	\$52,320	3-bedroom	\$510-1,020	\$1,361

Source: Novogradac & Co. Rent and Income Calculator; Novoco.com, 2018. Rents expressed by month, and incomes expressed on an annual basis.

With 84 interested artists self-identifying as income eligible for units at or below 60% AMI, a LIHTC funding approach is appropriate. Based on the market, identifying additional subsidy to support housing up to 80% AMI is recommended. This would raise the number of eligible households to 118, with 26% qualifying between 60% and 80% AMI and in turn conservatively raise the number of units supported by the market by 10 for the region.

Annual Household Income	None (Studio/ Efficiency)	One	Two	Three	Four or more	Total	Income Qualify - 30% AMI	Income Qualify - 60% AMI	Income Qualify 80% AMI
Prefer not to Answer	1	6	7	4	0	18			
Under \$10,000	2	8	4	3	0	17	17	17	17
\$10,000 - \$15,000	4	7	5	1	0	17	17	17	17
\$15,001 - \$20,000	3	2	3	0	0	8	3	8	8
\$20,001 - \$25,000	4	9	2	3	0	18	0	18	18
\$25,001 - \$30,000	3	5	3	1	0	12		12	12
\$30,001 - \$35,000	0	4	4	2	0	10		6	10
\$35,001 - \$40,000	2	3	5	4	1	15		5	15
\$40,001 - \$45,000	2	4	3	6	1	16		1	10
\$45,001 - \$50,000	0	2	3	4	0	9			4
\$50,001 - \$55,000	0	3	1	1	2	7			2
\$55,001 - \$60,00	1	0	4	2	1	8			
\$60,001 - \$65,000	0	1	3	0	0	4			
\$65,001 - \$75,000	0	0	2	3	0	5			
\$75,001 - \$85,000	0	1	3	2	0	6			
\$85,001 - \$100,000	0	1	6	3	0	10			
\$101,000 - Over \$400,000	1	3	5	3	0	12			
<b>Total</b>	23	59	63	42	5	192	37	84	113
<b>% of respondents who income qualify for 30%</b>									<b>19%</b>
<b>% of respondents who income qualify for 60%</b>									<b>44%</b>
<b>% of respondents who income qualify for 80%</b>									<b>59%</b>

## INCOME FROM CREATIVE WORK

To qualify to live in affordable live/work housing, artists do not need to derive the majority or any of their income from their art or creative pursuit. Typically, most Artspace surveyed artists nationally make 25% or less of their income from art, with the greatest percentage of that subset falling below 10% (including no income from art). In fact, in Northwest Arkansas, 143 (75%) of those interested in live/work housing earn 25% or less of their income from their art/creative work. And more than half of the interested respondents make less than 10% of their income from their art. Following the NWA data below, is a comparative chart with data from four communities chosen for their regional proximity to NWA or for their multi-city survey approach. Based on an impact study of some of Artspace’s longest operating projects, **affordable space in NWA may offer artists an opportunity to increase income derived from creative work** (\*2011 Taking a Measure of Creative Placemaking study).

% of income that comes from creative work of interested artists (NWA)		
I earn no income from my art/creative work	53	28%
Less than 10%	65	34%
10% - 25%	25	13%
26% - 50%	15	8%
51% - 75%	10	5%
76% - 100%	24	13%

Comparative City	Less than 10% (or \$0)	10% - 25%
*Charleston/North Charleston	47%	18%
**Council Bluffs, IA	71%	15%
Kansas City, KS	46%	18%
Memphis, TN	52%	16%

\* Charleston/North Charleston represent a multi-city survey approach

\*\*Council Bluffs, IA respondents reported from primarily 3 cities

## RENTAL AFFORDABILITY

Artspace asked artists what maximum amount they would consider paying monthly for live/work housing. The responses inform future projects’ rent structures. It also reveals whether interested artists would consider the 2018 HUD approved LIHTC rents affordable and whether households would be eligible for the live/work units, based on current reported household sizes.

If using affordable housing resources like LIHTC, there are restrictions on household size relative to the number of bedrooms in a unit. For example, a one-person household may not be allowed, by HUD to rent a three-bedroom unit. The rental rates set by HUD vary according to bedroom count and household income.



Affordability to Northwest Arkansas Respondents						
Max monthly rent	Household Size				Total	
	One	Two	Three	Four or more	#	%
\$400	10	8	6	6	30	16%
\$500 - \$600	27	20	7	11	65	34%
\$700 - \$800	13	16	9	6	44	23%
\$900-\$1,000	9	7	7	6	29	15%
\$1,100 - \$1,200	2	5	2	2	11	6%
\$1,300 - \$1,500	0	4	1	3	8	4%
Over \$1,500	0	1	0	4	5	3%
<b>Total</b>	<b>61</b>	<b>61</b>	<b>32</b>	<b>38</b>	<b>192</b>	<b>100%</b>
Total for 60% of AMI Rents (shaded area)	24	33	10	9	76	40%

*\*Shaded area represents maximum respondents would consider paying relative to household size and to 2018 rent guidelines for 60% AMI in Benton/Washington Counties. Rent table on Page 16.*

This chart reveals that 40% of interested households would consider rents in the 30-60% AMI rental range affordable, relative to unit size, and that they may be eligible (based on household size) for affordable live/work housing units at rents they are willing to pay. This chart does not consider household income however and depending on their actual income, they may or may not income qualify.

Furthermore, 156 (81%) of the 192 interested artists currently rent their living space and 41 (26%) of those respondents currently pay \$1,000 or more a month. This is higher than most 3-bedroom LIHTC HUD rent maximums. For those who qualify for affordable housing and currently pay high rents, new affordable live/work units would be a welcome addition to the real estate market.

**3:1 REDUNDANCY**

Given the variety of factors that impact the respondents' stated need for space, Artspace uses a triple redundancy method to calculate demand. The threshold for market support for a live/work housing project requires a minimum 3:1 redundancy, meaning at least 3 interested artists/creatives should be identified for every 1 live/work housing space created.



## OVERALL NWA RECOMMENDATIONS FOR LIVE/WORK HOUSING

Artspace market survey data supports the development of up to **64 affordable live/work housing units in NWA** that are targeted to households at or below 60% of AMI. This is a conservative estimate.

The factors mitigated by use of the 3:1 method include:

- **Income Qualification:** The number of interested artist households who would income qualify at or below 60% of AMI
- **Duplication:** Interested households in which more than one artist responded to the survey (17%)
- **Relocation:** Respondents may have overstated their willingness to relocate
- **Overstatement of Interest:** While not quantifiable, enthusiasm for new space and the project concept may not in every case equate to an artist household choosing to relocate.

However, given the anticipated 10% population growth in the Fayetteville-Springdale-Rogers Metropolitan Statistical Area region over the next five years, far outpacing the state and national trends, **Artspace believes the region can accommodate more affordable artist live/work units than the market study suggests. Additionally, if units will be funded and priced to accommodate workforce households with incomes between 60%-80% AMI, additional units are supported. The increased total is 80 for the region.**

**80**  
total  
units

### UNIT MIX

The number of bedrooms needed by respondents interested in live/work housing in Northwest Arkansas, trends toward one- and two-bedroom units. Using the triple redundancy method, Artspace suggests the following unit breakdown for initial concept planning and financial modeling purposes.

NW Arkansas - Suggested Unit Mix			
Number of Bedrooms	Requested #	Percentage	Recommended # of Units
Efficiency/Studio Units	23	12%	9
One-Bedrooms	59	31%	25
Two-Bedrooms	63	33%	26
Three-Bedrooms	42	22%	18
4+ Bedrooms	5	3%	2
<b>Totals</b>	<b>192</b>	<b>100%</b>	<b>80</b>

When determining the mix of units (e.g., one, two, and three bedrooms) the market study findings are important, but there are other factors to consider including: what the site/building can accommodate; LIHTC Qualified Allocation Plan (QAP) and other funder priorities; HUD requirements for maximum household size per bedroom count; and, the operating budget/project pro-forma.

## UNIT SIZES

Live/work housing units in the model of an Artspace live/work project are generally about 150-200 SF larger than traditional affordable housing and have flexible floor plans to accommodate for workspace. Average Artspace unit sizes are:

- **Average efficiency/studio:** 700 sq. ft. – 800 sq. ft.
- **Average 1BR:** 800 sq. ft. – 1,000 sq. ft.
- **Average 2BR:** 1100 sq. ft. – 1,200 sq. ft.
- **Average 3BR:** 1400 sq. ft. – 1,600 sq. ft.

## SHARED AMENITIES

Shared amenities impact demand. New space should not only be priced affordably but should include preferred shared spaces and amenities to the extent feasible.

The following shared amenities were selected by more than 30% of respondents interested in live/work housing and therefore considered preferred. These and other shared spaces/amenities and design considerations for live/work housing projects in NWA are further explained on page 33.

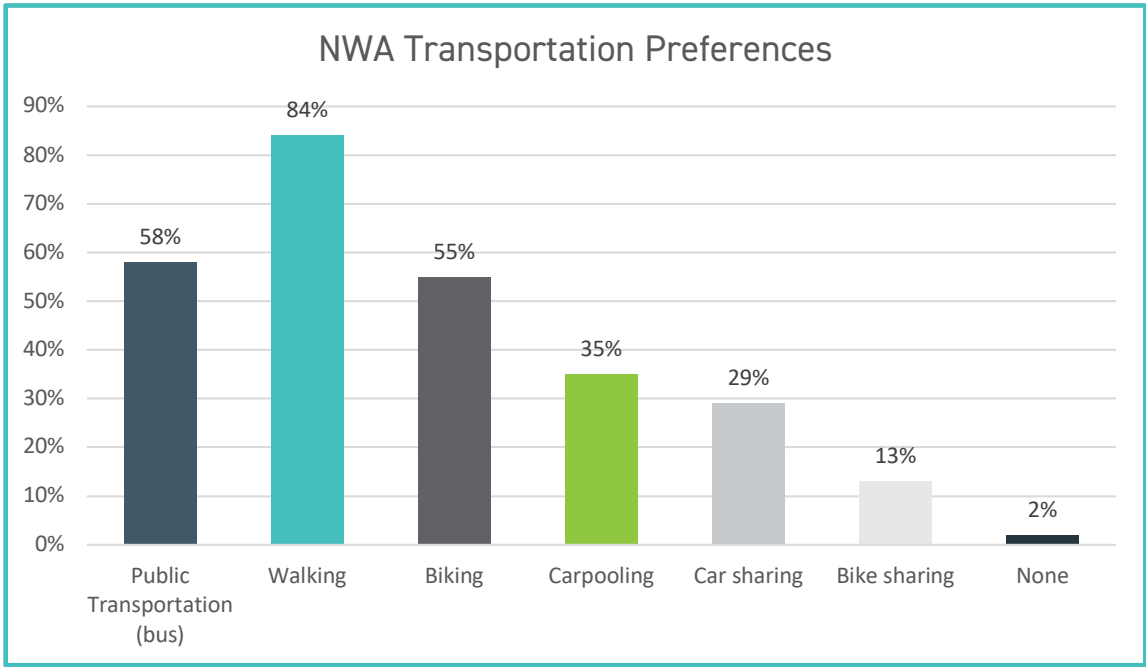
### MOST PREFERRED SHARED LIVE/WORK BUILDING AMENITIES\*

- Wi-Fi (common areas) (66%)
- Gallery/Exhibition space (47%)
- General-use studio/flex-space (47%)
- Community Garden (ground or rooftop) (41%)
- Classroom/Teaching space (general-use) (31%)
- Networking/Meeting/Lounge Space (31%)

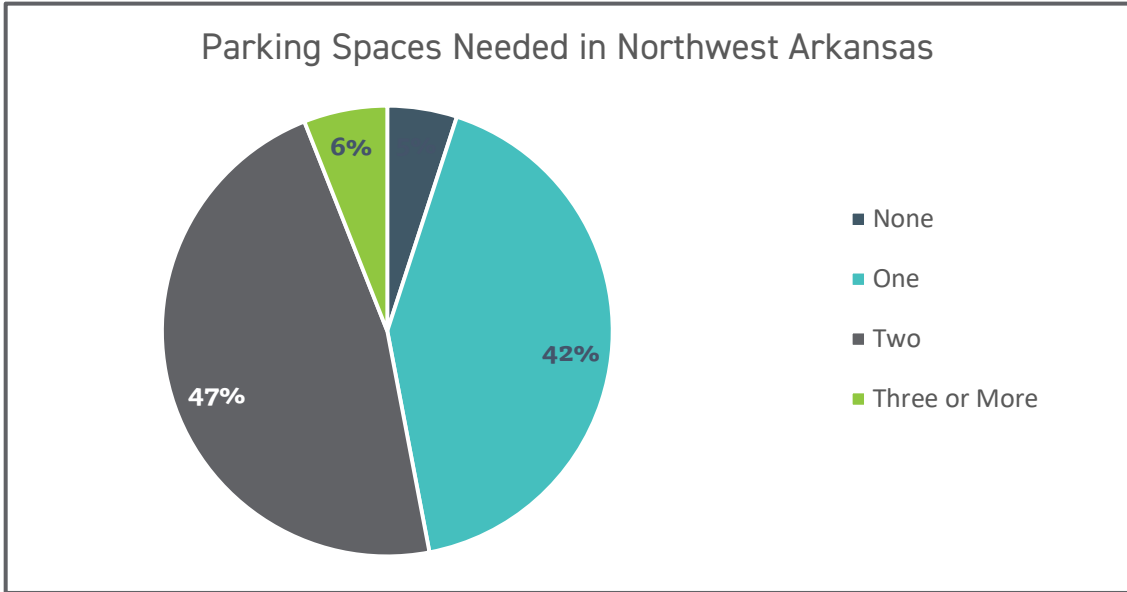
*\*Respondents could choose up to five shared amenities*

## TRANSPORTATION AND PARKING

Most of the respondents interested in live/work housing stated they would use alternative modes of transportation on a frequent or regular basis, if available. 41% of respondents indicated further, that this use would reduce the number of parking spaces they require. 95% of respondents require at least one parking space for their household. Locating a project in a walkable area will prove to have the most added benefit. The interest level is strong enough to plan a multi-modal project that is sited within ¼ mile of a bus stop, and in walking distance of shopping and amenities, and equipped with bicycle parking on site. Meeting these thresholds, reducing the total required parking spaces can be considered, per the market need. Any future development should however, include at least 1:1 parking given the auto-oriented nature of the region.



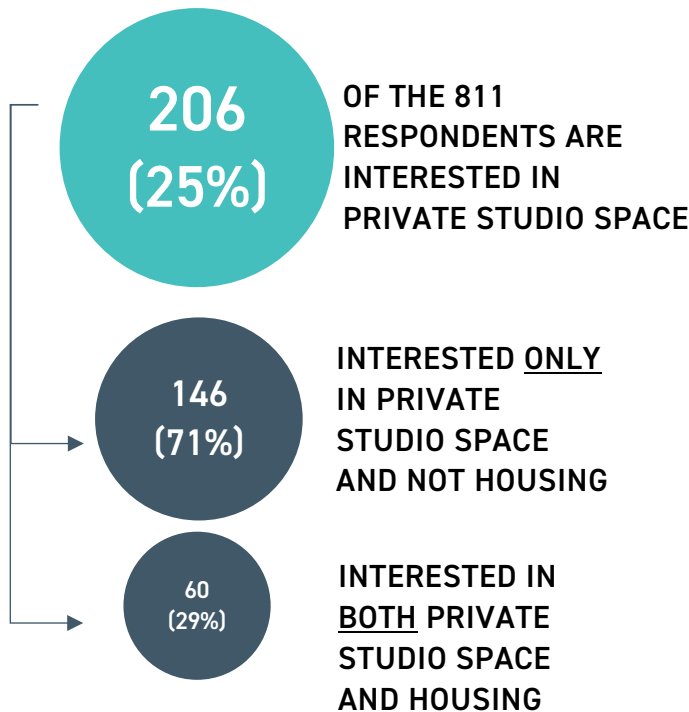
*\*Respondents could choose more than one option*





**INTEREST IN:**  
*PRIVATE STUDIO SPACE*

The information on the following pages is solely about the **206** artists interested in leasing private studio space on an ongoing basis.



**38 (18%)** of all respondents **CURRENTLY RENT/OWN STUDIO SPACE** on an ongoing basis

**CURRENT RENT FOR PRIVATE STUDIOS**  
 12 pay \$1 - \$200/month  
 13 pay \$201 - \$400/month  
 13 pay more than \$400/month

**OF THE 206, 50 (49%) HAVE STUDIO/WORK SPACE WITHIN THE HOME**

**OF THE 206, 56 (27%) DO NOT HAVE SPACE THEY NEED FOR CREATIVE WORK**

**Definition: Private Studio Space**

Space designed for the creation or practice of art (e.g., for visual arts, performing arts, or other creative work space needs). This space is not code compliant for residential use but may be located in a building that includes residential space.

**Location of current studio space outside of the home that is rented on an ongoing basis?**

Fayetteville	19	50%
Springdale	6	16%
Rogers	5	13%
Another city/town in NWA	3	8%
Bentonville	2	5%
<b>Total</b>	<b>38</b>	<b>100%</b>

**TOP ARTS, CULTURAL, CREATIVE INDUSTRY INVOLVEMENT**

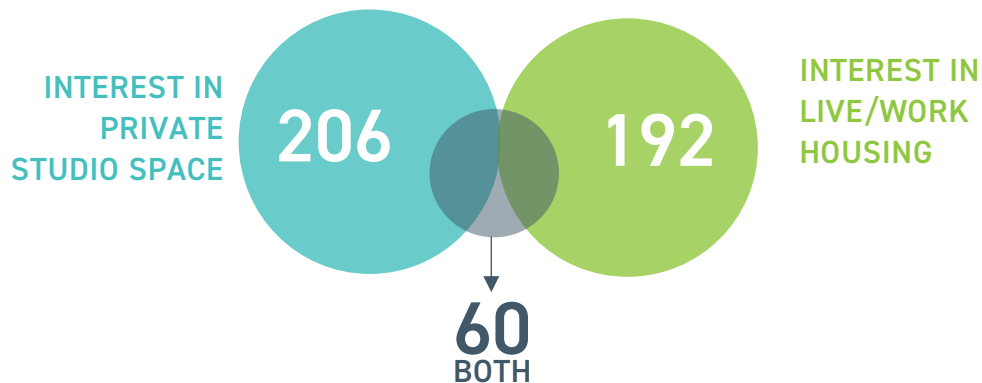
(Respondents could choose up to 4)

1. Painting and Drawing - 37%
2. Art Gallery/Curatorial - 22%
3. Mixed Media - 19%
4. Music - 18%
5. Photography - 17%



## OVERALL NWA RECOMMENDATIONS FOR PRIVATE STUDIO SPACE

When calculating the demand for private studio space, Artspace looks at the number of respondents only interested in private studio space and not live/work housing (**146 respondents**). Top priority shared amenity and design feature preferences are based on the responses of all those interested in private studio space (**206 respondents**). The assumption is that if an artist resides in a live/work unit then an additional separate private studio space is less likely to be needed. In Northwest Arkansas, the majority (71%) of the 206 respondents, only wanted private studio space. This may be reflective of the high percentage of respondents who own their homes (60%), and the 41+ age of respondents (52%). Older artists may have a more stable housing situation and therefore less flexibility or interest in relocating.



Artspace recommends creating **up to 37 private studio spaces, if live/work housing is also built, or up to 52 spaces if it is not**, in total amongst the four communities. This is a conservative estimate based on a 4:1 redundancy model. There are more variable factors to consider when assessing market need for private studio spaces versus live/work housing units, most importantly necessity, therefore Artspace relies on the 4:1 model for this type of space. Factors that influence our recommendation and conservative assessment of demand include:

- Artists may choose a more cost-effective option than renting a private studio on a long term-basis such as:
  - Sharing a studio space with other interested artists
  - Using less space than they initially indicated
  - Renting short-term spaces (*see interest in Shared Creative Space in the following section*)
- Amenity specific needs that they require, may not be feasible to include
- Location of project/new space may not be preferred
- Income fluctuation leading to shorter tenancy than housing

The value of this recommendation relies on a diverse selection of private studio space options that reflect the sizes, rental costs, amenities, and features preferred by interested artists/creatives.

## LOCATION

Current Location in Northwest Arkansas for those interested in private studio space		
Fayetteville	82	40%
Rogers	42	20%
Bentonville	25	12%
Another city/town in NWA	24	12%
Springdale	21	10%

In addition to where respondents currently live, and have studio space, respondents also shared their preference for where they would consider renting private studio space. The high interest in Fayetteville aligns with Preliminary Feasibility Study assumptions of considering “plenty of working studios” in a future project concept and with the recommendation in Rogers of “looking at a creative commercial concept that includes affordable work spaces.” Bella Vista and Farmington were the two most popular cities for studio space outside of the four tested in this market survey.

Where would interested respondents consider renting private studio space on an ongoing basis?		
Fayetteville	122	59%
Rogers	88	43%
Bentonville	74	36%
Springdale	50	24%
Other (please specify)	26	13%

Which cities were rated as a “High Preference” for renting private studio space on an ongoing basis?		
Fayetteville	100	82%
Rogers	47	53%
Bentonville	45	61%
Springdale	17	34%

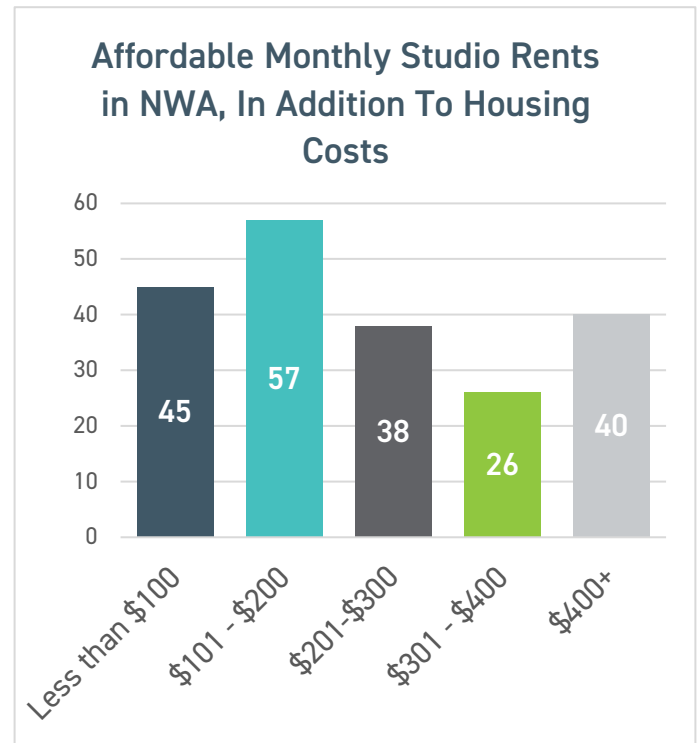
*\*Percentages are based on the total number interested in the city AND how many rated that city as a “High Preference”*

## STUDIO SIZES & RENTAL RATES

Understanding what artists can afford and how much space they need is critical to the marketability and self-sustainability of new space. The following two charts provide a summary of this information.

Desired Square Footage		
Minimum Square Footage	Count	%
Under 200 sq. feet	33	16%
200 - 350 sq. feet	67	33%
351 - 500 sq. feet	34	17%
501 - 650 sq. feet	26	13%
651 - 800 sq. feet	12	6%
801 - 1,000 sq. feet	10	5%
1,001 - 1,500 sq. feet	5	2%
More than 1,500 sq. feet	9	4%

*\*not all respondents knew their square footage needs*



Based on the data and the summary statistics, a draft program plan for a private studio space development should consider:

- Studio spaces of varying sizes. For example:
  - **(6) under 200 square feet**
  - **(20) 200-500 square feet**
  - **(9) 500-1,000 square feet**
  - **(2) larger than 100 square feet**
- Rental agreements that do not exceed **\$300 per month**, gross rent regardless of space size. With many targeted lower, at least 50% renting at \$200 or less.

Incorporating some larger spaces and more expensive spaces is also supported by the market findings, but what artists can pay for space on a square foot basis may not be commensurate. Therefore, Artspace recommends pre-leasing, collecting letters of interest, and/or developing a waiting list for planned private studios larger than 500 square feet or more than \$400 a month.



## DESIGN FEATURES

The following building-wide shared amenities and design features were preferred **by at least 30% of respondents** interested in private studio space. Addressing these preferences in a new facility is important for the marketability of any future private workspace. Section III of the Technical Report includes more information to help in the design of future private studio/workspace developments.

### MOST PREFERRED BUILDING -WIDE AMENITIES\*

- Building Wi-Fi (73%)
- Gallery/Exhibition space (58%)
- Utility sink with trap (45%)
- Additional storage (43%)
- Networking/Meeting Space (38%)
- Classroom(s)/Teaching Space (32%)
- Outdoor work area (32%)

### MOST REQUESTED PRIVATE STUDIO SIZE\*

65% (134) would be served by  
**500 sq. ft. or less**

*\*A variety of sizes are needed*

*\*Respondents could choose up to four shared amenities*

Not all private studio spaces for which there is demand need to be built at the same time. In fact, Artspace recommends **introducing new studio space in phases**, if feasible. Private studio space rentals, like commercial space, is subject to greater market fluctuations than housing. If short-term studios are introduced in accordance with Shared Creative Space needs identified in this study, a conservative approach to new private studio/workspace development is strongly recommended.



## INTEREST IN:

### SHARED CREATIVE SPACE

The information on the following pages is solely about the **476** artists interested in leasing Shared Creative Space on an ongoing basis.

**476**  
**(59%)**

**OF THE 811  
RESPONDENTS ARE  
INTERESTED IN  
ACCESS TO SHARED  
CREATIVE SPACE**

With **476** respondents expressing interest, shared creative space is the largest need identified by this study in Northwest Arkansas. While about 19% of these artists also expressed an interest in live/work housing (91 respondents), it is anticipated that the need for most shared spaces will remain constant even if new complementary spaces such as live/work housing or private studios are created. Developing new shared creative space would address the need of Northwest Arkansas' current resident artists. 97% of respondents who needed this space currently live in Northwest Arkansas. Thirty-seven (37) of the 72 respondents who live in "Another city/town in NWA" stated Bella Vista (25 respondents), Centerton (6 respondents), and Silom Springs (6 respondents) as their residence.

#### Current location in Northwest Arkansas for those interested in shared creative space

Fayetteville	139	31%
Rogers	100	22%
Another city/town in NWA	72	16%
Bentonville	68	15%
Springdale	55	12%

#### TOP ARTS, CULTURAL, CREATIVE INDUSTRY INVOLVEMENT

(Respondents could choose up to 4)

1. Painting/Drawing - 32%
2. Art Gallery/Exhibition - 22%
3. Arts education - 21%
4. Crafts/Fine crafts - 19%
5. Photography - 18%
6. Music - 17%

#### Definition: Shared Creative Space and Specialized Equipment

Space that may be available through a paid membership (e.g. makerspace or co-working space model) or rented for a fee on an hourly, daily, weekly or another short-term basis. Space may be available for a single renter's exclusive use during the rental period (e.g. film-screening room or classroom) or shared with others at the same time (e.g. ceramics studio, dark room, business center). Some spaces may include equipment (e.g. woodworking tools, 3D printers, computers with design software, kilns, torches for metalworking etc.) Classes or training may also be incorporated into the overall space program.



## OVERALL NWA RECOMMENDATIONS FOR SHARED CREATIVE SPACE

**Artspace recommends including shared creative space in any new multi-use facility** resulting from this study as well as identifying other opportunities in Northwest Arkansas to introduce new shared space models.

A multi-use facility with live/work housing and/or private studios as core space types would be enhanced by including shared general-purpose studios that are flexible for either private or multiple users to access on a short-term basis as well as exhibition/presentation space. Any interested developer, including Artspace, would need to find an organization/business or individual who could operate these sorts of spaces with a sustainable business model.

When addressing the need for shared space types identified in this study, Artspace recommends focusing on just one or a few of those that are “most preferred” (of interest to at least 20% of respondents). Providing limited types of appropriate spaces (and associated equipment) is more valuable than a variety of mediocre ones.

A full list of types of shared spaces of interest to respondents can be found in the Technical Report Section IV. The full list should be reviewed when concept planning for shared space.

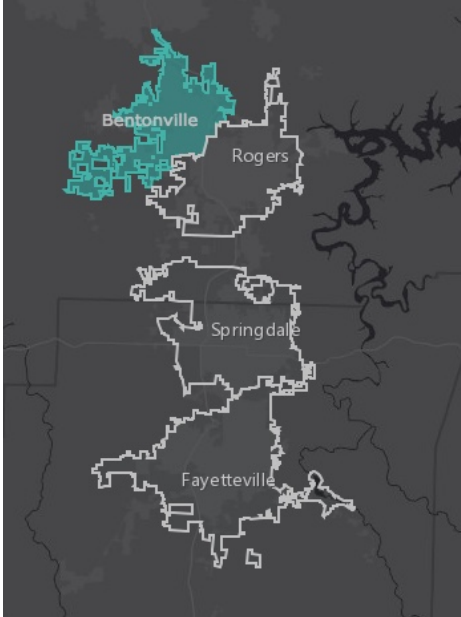
Shared performance space and Rehearsal space of interest to 18% is included in the most preferred chart in this section, because it accommodates the needs of an important subset of respondents, those in the performing arts or other complementary industries. Performing arts space is expensive for artists due in part to the volume of space and the technical equipment required (i.e. sprung dance floors, lighting equipment and soundboards). It is recommended that in addition to considering overall respondents’ preferences for shared creative spaces, that spaces be considered in relation to artistic discipline subsets.

Most Preferred Shared Space Types in Northwest Arkansas *		
Space Type	Count	Percent of Respondents
Fine Art/Visual Art Studio (General)	195	41%
Exhibition/Presentation	189	40%
Retail/Market Space	133	28%
Industrial (glass, metal, wood, clay/ceramics, spray paint)	103	22%
Co-working (desktop art, design, literary, administration)	93	20%
Performance (theater, music, dance)	87	18%
Rehearsal (dance, theater, music)	87	18%

*\*Respondents could choose up to 3 categories of shared space that could be accessed on a paid membership or short-term basis*

# COMMUNITY SPECIFIC FINDINGS

## BENTONVILLE



### Suggested Unit Ranges for Bentonville, AR

- Live/Work Housing: 14-32 units
- Private Studio Space: 8-19 units

\* High-end based on total interest in city & assumes no other space in region. Low-end assumes like space is created in multiple cities and is based on the total number who selected that city as a high preference. Excludes area growth calculator.

### Bentonville Respondent Overview

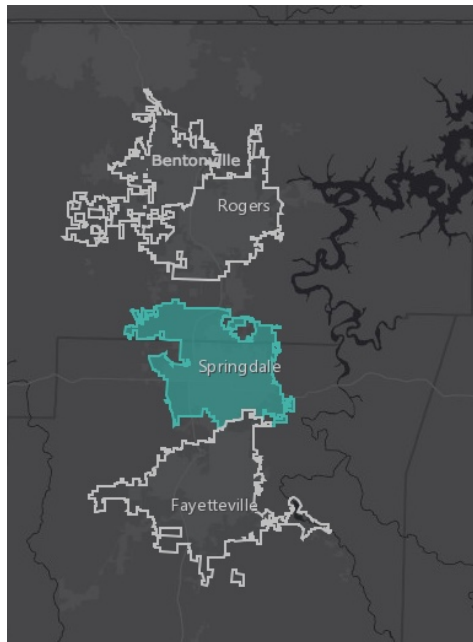
<b>Total Respondents</b>	<b>96 (12%)</b>
<b>Top Art Disciplines:</b>	-
- Painting/Drawing	31 (32%)
- Art Gallery/Exhibition	22 (23%)
- Photography	21 (22%)
- Music	19 (20%)
- Arts Education	18 (19%)
<b>Gender:</b>	
- Female	67 (70%)
- Male	28 (29%)
<b>Top Ethnicity:</b>	-
- White/Caucasian	82 (85%)
- Hispanic/Latinx(a)(o)	4 (4%)
- Multiracial/Multiethnic	3 (3%)
- Asian	3 (3%)
<b>Age Ranges:</b>	-
- 20 or younger	4 (4%)
- 21-30 years	20 (21%)
- 31-40 years	33 (34%)
- 41-50 years	23 (24%)
- 51-60 years	7 (7%)
- 61-70 years	9 (9%)
- Over 70	0 (0%)

### Most Preferred Shared Creative Spaces in Bentonville

Space Type	Count*	% of Bentonville Respondents
Fine Art/Visual Art Studio (General)	24	35%
Industrial (glass, metal, wood, clay/ceramics, spray paint)	23	34%
Retail/Market Space	22	32%
Exhibition/Presentation	22	32%
Co-working (desktop art, design, literary, administration)	14	21%
Performance (theater, music, dance)	14	21%
Rehearsal (dance, theater, music)	12	21%
<b>Total Bentonville Respondents Interested in Shared Creative Space</b>	<b>68</b>	<b>100%</b>

\*Respondents could choose up to 3 categories of shared space that could be accessed on a paid membership or short-term basis

# SPRINGDALE



## Suggested Unit Ranges for Springdale, AR

- Live/Work Housing: 10-23 units
- Private Studio Space: 3-13 units

\* High-end based on total interest in city & assumes no other space in region. Low-end assumes like space is created in multiple cities and is based on the total number who selected that city as a high preference. Excludes area growth calculator.

## Springdale Respondent Overview

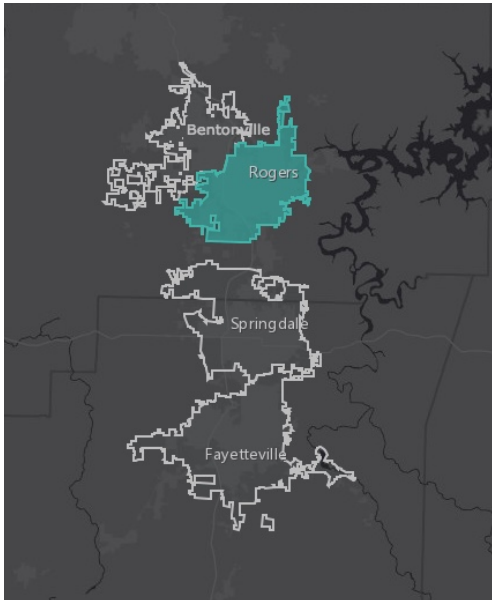
<b>Total Respondents</b>	<b>107 (13%)</b>
<b>Top Art Disciplines:</b>	-
- Painting/Drawing	35 (33%)
- Crafts/Fine Crafts	23 (21%)
- Music	19 (18%)
- Art Gallery/Exhibition	17 (16%)
- Photography	17 (16%)
- Mixed Media	17 (16%)
<b>Gender:</b>	-
- Female	72 (67%)
- Male	33 (31%)
<b>Top Ethnicity:</b>	-
- White/Caucasian	59 (55%)
- Hispanic/Latinx(a)(o)	27 (25%)
- Marshallese/Islander	15 (14%)
<b>Age Ranges:</b>	-
- 20 or younger	22 (21%)
- 21-30 years	22 (21%)
- 31-40 years	26 (24%)
- 41-50 years	14 (13%)
- 51-60 years	11 (10%)
- 61-70 years	11 (10%)
- Over 70	1 (1%)

## Most Preferred Shared Creative Spaces in Springdale

Space Type	Count	% of Springdale Respondents
Fine Art/Visual Art Studio (General)	26	47%
Exhibition/ Presentation	20	36%
Co-working (desktop art, design, literary, administration)	13	24%
Textile (dyeing, sewing, clothing fabrication)	13	24%
Performance (theater, music, dance)	11	20%
Rehearsal (dance, theater, music)	11	20%
<b>Total Springdale Respondents Interested in Shared Creative Space</b>	<b>55</b>	<b>100%</b>

\*Respondents could choose up to 3 categories of shared space that could be accessed on a paid membership or short-term basis

# ROGERS



## Suggested Unit Ranges for Rogers, AR

- Live/Work Housing: 9-24 units
- Private Studio Space: 8-22 units

\* High-end based on total interest in city & assumes no other space in region. Low-end assumes like space is created in multiple cities and is based on the total number who selected that city as a high preference. Excludes area growth calculator.

## Rogers Respondent Overview

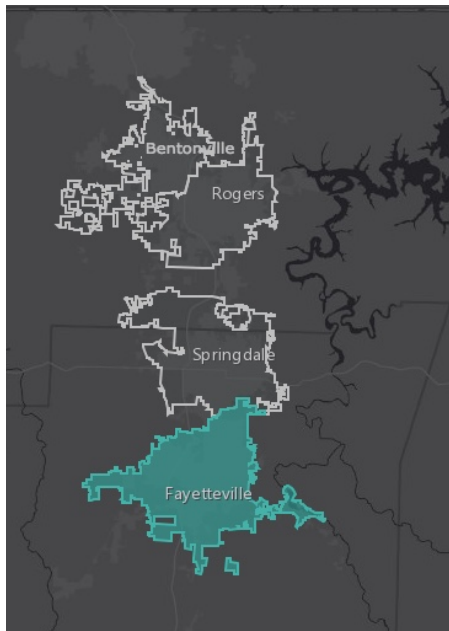
<b>Total Respondents</b>	<b>179 (22%)</b>
<b>Top Art Disciplines:</b>	-
- Painting/Drawing	50 (28%)
- Photography	47 (26%)
- Music	37 (21%)
- Crafts/Fine Crafts	36 (20%)
- Arts Education	28 (16%)
<b>Gender:</b>	
- Female	120 (67%)
- Male	57 (32%)
<b>Top Ethnicity:</b>	-
- White/Caucasian	153 (85%)
- Hispanic/Latinx(a)(o)	13 (7%)
- Multiracial/Multiethnic	4 (2%)
- Indigenous/Native	4 (2%)
<b>Age Ranges:</b>	-
- 20 or younger	11 (6%)
- 21-30 years	16 (9%)
- 31-40 years	45 (25%)
- 41-50 years	35 (20%)
- 51-60 years	47 (26%)
- 61-70 years	19 (11%)
- Over 70	6 (3%)

## Most Preferred Shared Creative Spaces in Rogers

Space Type	Count	% of Rogers Respondents
Fine Art/Visual Art Studio (General)	34	34%
Exhibition/Presentation	33	33%
Industrial (glass, metal, wood, clay/ceramics, spray paint)	25	25%
Rehearsal (dance, theater, music)	25	25%
Co-working (desktop art, design, literary, administration)	22	22%
Performance (theater, music, dance)	21	21%
<b>Total Rogers Respondents Interested in Shared Creative Space</b>	<b>100</b>	<b>100%</b>

\*Respondents could choose up to 3 categories of shared space that could be accessed on a paid membership or short-term basis

# FAYETTEVILLE



## Suggested Unit Ranges for Fayetteville, AR

- Live/Work Housing: 31-41 units
- Private Studio Space: 18-31 units

\* High-end based on total interest in city & assumes no other space in region. Low-end assumes like space is created in multiple cities and is based on the total number who selected that city as a high preference. Excludes area growth calculator.

## Fayetteville Respondent Overview

<b>Total Respondents</b>	<b>248 (31%)</b>
<b>Top Art Disciplines:</b>	-
- Painting/Drawing	72 (29%)
- Art Gallery/Exhibition	60 (24%)
- Writing/Literary Arts	48 (19%)
- Arts Education	44 (18%)
- Music	42 (17%)
<b>Gender:</b>	
- Female	172 (69%)
- Male	67 (27%)
<b>Top Ethnicity:</b>	-
- White/Caucasian	205 (83%)
- Hispanic/Latinx(a)(o)	9 (4%)
- Multiracial/Multiethnic	11 (4%)
<b>Age Ranges:</b>	-
- 20 or younger	10 (4%)
- 21-30 years	74 (30%)
- 31-40 years	52 (21%)
- 41-50 years	42 (17%)
- 51-60 years	30 (12%)
- 61-70 years	29 (12%)
- Over 70	11 (4%)

## Most Preferred Shared Creative Spaces in Fayetteville

Space Type	Count	% of Fayetteville Respondents
Fine Art/Visual Art Studio (General)	59	42%
Exhibition/ Presentation	53	38%
Retail/Market Space	38	27%
Performance (theater, music, dance)	29	21%
Rehearsal (dance, theater, music)	29	21%
<b>Total Fayetteville Respondents Interested in Shared Creative Space</b>	<b>139</b>	<b>100%</b>

\*Respondents could choose up to 3 categories of shared space that could be accessed on a paid membership or short-term basis

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# DESIGNING ARTIST SPACES

Concept planning for new space requires more than just quantifying interest in live/work housing, private studio, and shared creative spaces. Location, rental costs, shared amenities, size and design features all impact marketability of new spaces. Regional market conditions, funding strategy, available operators of shared spaces and project budget limitations also influence what spaces are created and the amenities and features that are included. Given that many variables impact feasibility and the concept planning process Artspace offers the following design best practices to assist developers of new creative space. The Northwest Arkansas Arts Market Survey data as well as Artspace's 30 + years designing projects informs this resource.

## DESIGN FEATURES AND AMENITIES

### GENERAL GUIDELINES

If spaces and buildings are well designed to incorporate features and amenities that artists prefer, then the artists are better served, and spaces are more leasable. In the design phase, developers should be mindful of the environment preferences of specific types of art, (e.g., lighting, flooring, heating/cooling, ventilation noise, ceiling height, etc.) All artist spaces need safe and secure storage, the ability to easily load and unload projects, materials, and equipment. This means wide hallways (6-foot minimum) and oversized doorways and elevators with 3,500 pounds capacity, and perhaps including loading zones, and space for package pick-ups. Certain art materials can be toxic, that adds a level of consideration for trash disposal and utility sink drains. The flooring in all spaces should be highly durable and low-maintenance (e.g., stained/polished concrete, sealed/epoxy coated concrete, ceramic or porcelain tile, or linoleum or wood products, but no carpet.)

### LIVE/WORK HOUSING

Overall a live/work housing unit should be designed to maximize flexible space. This infers that kitchens should be open, galley, straight, or "L" shaped layouts with no "islands" and the sink is recommended to be a single, extra deep basin, stainless steel preferred, with no garbage disposal. Ceilings should be a 10-foot minimum to ensure open space. Windows should be large and operable for natural light and fresh air. Communal laundry rooms are a cost-effective approach if funding allows.

### COMMUNITY GALLERY & ENTRY LOBBY

When designing also consider that artists should have space for collaboration and community development. Live/work housing space in its general conception provides the opportunity to collaborate and help one another, but all artist spaces should have a space intended to enable collaboration and inspire a sense of community. Commercial and communal space public restrooms should be inclusively designed as at least two gender neutral restrooms and include a diaper changing station in at least one unit.

Artists also enjoy sharing their art, a space with adequate lighting can provide an opportunity for both the public to enjoy art and artists to present and sell/perform their work. Artists should be allowed to hang, paint, display their art in the hallways, if they choose to do so. For gallery spaces, there should be floor outlets approximately every 12 feet. Walls should include a ¼ inch layer of plywood behind the gypsum board to aid in hanging artwork; there should be a minimum of 3 feet height of plywood installed, at 40



inches from the floor, up to 76 inches (and if cost and time allowed, add a foot on each side to accommodate even larger artwork). Walls should be neutral colored and suitable for displaying artwork. Best case scenario there are two types of lighting in these rooms. First is the general overhead lighting and the second is the directional track lighting for the art work. These track lights need to be installed so as to light work at 45 degrees from the spot where art is traditionally hung. There also needs to be separate light switches for both sets of lights and a hanging system incorporated

## OTHER FEATURES

A property management office should be located on the first floor near the main entrance. The exterior of the building should have low maintenance finishes. Consider providing artist designed bike racks for visitors and bike storage for residents.

Artspace has a plethora of resources on designing artist spaces and is also available to consult with developers looking to create space for artists.

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# RECOMMENDATIONS SUMMARY

The aim of this Arts Market Study was to collect creative sector space needs data that can be used to inform distinct project concepts in the cities of Bentonville, Springdale, Rogers, and Fayetteville. The Arts Market is only one factor to consider when developing a project concept. Other considerations will influence Artspace’s proposed project concepts including number and types of spaces to create. Those considerations include (but are not limited to): information gathered during the PFS scope of work; sustainable, affordable housing targets such as up to 80% AMI; timing of project succession; inclusion of non-artist housing; funding sources; anticipated population growth factor; and, ongoing community outreach that may bring new artists and cultural groups to the table.

When considering the expressed space needs and preferences of respondents:

## NORTHWEST ARKANSAS AS A REGION SUPPORTS:

**Up to 80 workforce artist live/work units** when meeting the following market-related criteria:

- 62 affordable live/work spaces leased to artists households qualifying at or below 60%AMI
- 10 additional workforce live/work spaces if targeting up to 80% AMI
- 7 additional live/work spaces when accounting for the anticipated regional growth rate of 10% (2% annually) over the next five years

**Up to 37 private studio/workspaces**

- This recommendation assumes that live/work space is also created.
- This recommendation should be revisited in the context of whether or not short-term general-purpose studio/workspaces are created to meet the need for shared creative space.

## CITIES INDEPENDENTLY SUPPORT:

*High-end based on total interest and assumes no other space in region. Low-end assumes like space is created throughout region and is based on the total number who selected that city as a high preference. Excludes area growth factor and 80% AMI boost.*

### **Bentonville:**

- Live/Work: 14-32 units
- Private Studio Space: 8-19 units

### **Springdale:**

- Live/Work: 10-23 units
- Private Studio Space: 3-13 units

### **Rogers:**

- Live/Work: 9-24 units
- Private Studio Space: 8-22 units

### **Fayetteville:**

- Live/Work: 31-41 units
- Private Studio Space: 18-31 units