



March 20, 2012

Michele DeWitt
Economic Development Director
City of Williamsburg
401 Lafayette Street
Williamsburg, VA 23185-3617

Dear Michele:

It is our pleasure to submit the enclosed Survey of Artists' Space Needs and Preferences and Survey of Arts, Creative and Cultural Organizations and Businesses, report of findings. You will be pleased to know that the response data supports the City's assumption of need among the creative sector for affordable space. We feel that based on the findings, the creation of a small or moderately sized multi or mixed-use arts facility, and/or a strategy to encourage creative sector relocation to the Williamsburg Arts district, is well worth pursuing. The data contained in this report may be used to guide future projects and initiatives to these ends.

In the body of the report you will find a summary of data relevant to the individuals interested in relocating to an affordable artist live/work facility, and/or renting studio workspace and/or renting creative space on an occasional basis in Williamsburg, and/or renting currently available space in the Arts District for creative uses. You will also find a summary of data pertaining to the interested organizations and businesses. For those interested in receiving more information about any future projects resulting from these findings, we are providing a confidential Excel file that contains their contact information. We recommend that you utilize this list to provide interested artists with survey results, information about existing spaces or plans for creating new space and other important notices.

We have also included a confidential Excel file with detailed information about the interested organizations and businesses such as: organization description, current size, staffing, services, and space needs. This organization-specific information will be helpful in any future site selection and planning phases. Organizations that provided names and contact information may be contacted directly at an appropriate time to discuss in more detail their space needs, organizational capacity, project timing, and leasing terms. We also suggest providing periodic updates about the project to this interested group.

Included as an attachment to the report, are the free-text responses submitted by artists in response to a question asking for their ideas for programs, incentives, organizations, or businesses that would enhance the development of a multi-use arts facility in Williamsburg or the recently established Arts District. This information will be helpful as the project progresses into the next phase of work.

Due to the confidentiality of some personally identifying, private, or organizationally sensitive information disclosed by artists and representatives of organizations/businesses, we ask that the data in these attachments and supplemental files be shared only with key members of your organization or a future project development team. Artists and organization representatives supplied this information with an expectation of privacy and confidentiality. The body of the report does not contain this type of personal or identifying detail and may be shared more broadly.

The attached report and supplemental documents provide a wealth of information that we suggest you review in-depth. In this letter we are simply highlighting and providing our interpretation of the most significant findings. The information is from a developer's perspective and based on Artspace's experience with similar projects nationally. We hope you find this summary information helpful.

INDIVIDUAL ARTISTS – Live/Work Space

Demand for Live/Work Space

Sixty-Seven (67) individual artists are interested in relocating to a live/work project in Williamsburg. Artspace's threshold for market strength insists on a threefold redundancy, meaning that we recommend identifying at least three artists for each live/work space created. Based upon this formula the data supports the creation of up to 22 new, affordable live/work units in Williamsburg.

While a project of this size may be challenging to fund using Low Income Housing Tax Credits as a primary source (larger projects tend to be more competitive in the scored application process), there may be other funding tools and incentives that could make a smaller project feasible. Another strategy may be to continue to build your pool of interested artists through the implementation of initiatives and programs that support local artists as well as continued outreach to regional artists. It may be possible that interest and need for affordable housing may grow over time as the local arts community and Arts District becomes more established.

The final decision for total unit count is never based solely on market need. We also consider the overall size of the community, available funding sources, size of available sites, market rates in the area, the income and ability of interested artists to pay rent, and whether or not studio-only spaces are a part of the project concept. Based upon these and other factors, a development team would make a final project size decision during a predevelopment scope of work.

It is interesting to note that thirty-six percent (36%) of the interested artists have either never lived in Williamsburg or do not live there currently. This demonstrates the potential for an artist/live work project to attract new artists to the community or to entice others to return.

Artistic Disciplines and Space Preferences

The report has detailed information about the artistic disciplines practiced by these artists (Table 2), as well as their preferences for workspace features and shared spaces. This latter information (contained in Tables 9 and 10) will help a future developer or property owner make project

design decisions and determine what shared spaces should be considered for a facility containing live/work space.

The most selected and highest ranked arts disciplines (painting/drawing) are similar to what we see nationally. However, the emphasis on theater arts (acting, directing, production, etc.) is not so common. We typically see fewer artists involved in this medium. This is also true of the high number of artists involved in “crafts/fine crafts”. In both instances, these findings may be indicative of an arts niche in Williamsburg, that could be further explored and capitalized on, or simply reflective of successful outreach to those working in these particular arts disciplines.

Overall the diversity of art forms is positive. We often find that artists appreciate living and working among artists practicing in a variety of mediums including those other than their own. We hear anecdotally that this is creatively inspiring. We have also seen benefits in the form of multi-disciplinary collaborations and vibrant open-studio tour events where the general public can visit with artists and experience a wide variety of art all in one outing.

We also find consistency among the preferred workspace features, shared spaces and amenities. The most preferred selected options reflect what we find nationally as well as what we would expect from the arts disciplines practiced by these interested artists, with the exception of the interest in a ceramics studio/kiln. The very strong interest in gallery space as well as interest in retail space may indicate that many of these artists are actively pursuing their work and have a desire for greater opportunities for their work to be seen and sold. Often it is challenging for artists to find outlets to showcase their work. And when they do, they find themselves paying a high percentage back to the gallery owner or retailer on any sales they make. Having gallery space or affordable retail space that could be rented by an artist collective, or provided free of charge to residents, would likely be a great boost to many.

It is important to recognize that not all needs can be met by a single project, and that the maintenance and management costs for specialized spaces as well as the type of funds used to capitalize the project, play a large role in what special features and amenities are included in a multi-use arts facility. For instance a shared ceramic studio/kiln would involve upfront costs for build-out and equipment in addition to the cost of management oversight and upkeep. Weighing the cost for such spaces against the depth of need is important when deciding which shared spaces to include in a project.

Given the interest in special ventilation and to a lesser degree special electrical wiring, it may be that a number of these artists involved in painting and fine arts/crafts are working with materials that would be most suitable for the shared general purpose studio or private studios that are separate from living space. For instance, incorporating special ventilation into a shared, general purpose space would be more feasible than outfitting multiple live/work spaces with the same. There may also be some code and insurance issues to consider when allowing some art forms to be practiced in a housing project, particularly one financed with federal affordable housing funds.

We often see soundproofing as a high preference among artist groups. Sometimes it follows a high numbers of musicians. Other times it is indicative of other types of performing arts (actors

or singers) or even writers (or other artists) who need quiet in which to work. It is typically not financially practical to soundproof entire live/work spaces. However, consideration could be given to soundproofing shared spaces, incorporating prefabricated soundproof practice rooms into the project, or identifying large closets or rooms within units that could be lined with sound attenuating materials.

Demographics

We always hope to see a diverse pool of interested respondents, as this leads to a diverse community in the completed project. The depth of diversity (across all demographic indicators), can tell us about the interested artists in the community and inform design decisions, but it can also tell us how likely it is that all artists in the community heard about the survey and the proposed project during the outreach process. For instance, from the survey we know that there are artists of all ages interested in live/work space. This is important, as having a project that includes both emerging artists and those who may be more established and available as mentors can have a stabilizing effect on the community. We also learned that eighty-four percent (84%) do not have children residing with them, meaning that the project will not need to incorporate specialized amenities such as a tot-lot or playground (although design should always create a child-friendly environment). In comparison to other national studies, these are typical findings. The responses to questions of ethnicity tell us that continued outreach could be conducted. The data falls short of the diversity quotient based upon the 2010 census, for Williamsburg as a whole. This is not uncommon at this early stage. But, as any future project or initiative develops, we recommend strategizing outreach efforts to engage artists who may not have heard about the project or were reluctant to participate.

Affordability

The report shows that thirty-six percent (36%) of the interested artists' household incomes are at or below 60% of the area median income (AMI), which HUD considers to be low or very-low income. Our 3:1 ratio guide for determining the number of spaces to build takes into account that not every artist interested will qualify for housing subsidized with public dollars. State housing finance agencies prioritize projects that serve the neediest of households. Some funding sources, such as HOME funds, further subsidize rents for those earning 30% or below median; thus the lower the targeted income limit for a project (and the lower the rents), the better positioned a project is to receive funding from these extremely competitive funding sources. In the case of artists interested in live/work space in Williamsburg, there are some (in most household size categories) who would likely qualify for these more deeply subsidized units. There are others who would likely be over-income, and not qualify for affordable housing. It is possible that some of these artists, without the option of renting publicly funded affordable live/work space, may choose to rent studio-only space instead. It is also possible to consider the creation of moderately priced spaces (targeted to those between 60% and 120% AMI) or market rate spaces. Moderate or market rate live/work space should incorporate deed restrictions or other measures to be sure that the space remains occupied by artists even in the event of a resale.

According to the report, approximately half of the artists earn less than 10% of their income from their art. One of the goals of an affordable live/work project is to provide artists with an opportunity to earn more from their artistic pursuits. By providing affordable live/work space and alleviating the burden of paying for additional studio space; by providing space that is more

usable for art production; and by creating an artistically supportive community we hope that artists can find more time to devote to their art and that they will gain the skills and opportunities to grow as artists and cottage industries.

It is also notable that 24% earn 76% or more of their income from their art. While the number of artists in this category is not high, by percentage it runs higher than we typically see in non-urban communities where we have conducted surveys in the past.

The interested artists provided information about what they can afford to pay for combined live/work space (see Table 15). These rental ranges generally fit well within the ranges of HUD published 2010 maximum rental rates for those earning 60% or below AMI. During a predevelopment scope of work a development team would take a closer look at: the projected cost of operations; HUD maximum rents and utility allowances; the incomes of artists and unit sizes needed; area market rate rents; and the amount of rent artists can afford to pay, before determining how to structure rental rates and financing to ensure the project's sustainability.

ARTISTS: Studio/Work Space Rental

Demand for Studio/Work Space

The report states that many of the artists who expressed interest in studio/work space also expressed interest in live/work space and that it is “reasonable to assume that given the opportunity they would choose either studio rental or live/work space, but not both.” This is relevant when considering the number of studio/work spaces that could be supported by the market. For instance, should the Williamsburg community proceed with building live/work spaces there would be a reduction in the market need for studio-only space. For this reason we look at the number of artists interested only in studio/work space rentals (not live/work, too) when recommending the maximum number of studio/work spaces to create. In this case we recommend the creation of up to twenty-four (24) studio/work-only spaces. This represents a 3:1 ratio of artists interested only in studio/work space to the number of spaces built.

For the purpose of space design and development decisions, we look primarily at the needs and preferences of all artists interested in studio/work space rental. So for most of the following comments we are referencing the full 98 artists who are interested in renting studio space.

Artistic Disciplines and Space Preferences

While some of these artists have clear motivation to find new space that meets their needs and may be flexible about location, design, and inclusion of shared spaces, (32% say they don't have the space they need for their art and 57% say they don't have space that they use only for their art; see Tables 23 and 24), others may be more particular. These are the other half who DO have space that they use only for their art and those that either have space within their home that they use for their art (52%), or those who rent studio or work space outside their homes (8%). They are not motivated by a complete lack of space so much as a likely desire to be a part of an artist community or to find space that better meets their needs. Because this latter subgroup represents just over half of those interested in studio-only space, it will be important for a developer to incorporate as many of the highly ranked preferred key features and amenities reported by this interested group.

The preferred workspace features can be found in Table 26 of the report and preferred shared amenities can be found in Table 27. It is of note that these preferences overlap considerably with those of the artists interested in live/work space (Tables 9 and 10). This is important when considering which features and which amenities to include in a mixed-use project. In particular, incorporated shared spaces should appeal to the greatest number of artists to ensure that the investment is worthwhile and that the space can be self-sustaining. To this end, we also consider the shared space preferences of artists who are only interested in studio/work space. We know that this group represents additional interested artists without the potential of overlapping response data (e.g.: an artist who selected gallery space as a preferred shared amenity both in reference to their live/work space and their studio-only space interest, represents only one end-user). In the case of Williamsburg, we continue to see many of the same shared space preferences among those only interested in studio space as we did with those interested in live/work. This is particularly relevant if project developers wish to explore management heavy and more costly spaces such as a ceramics studio/kiln. It is important to know how many potential users there may be for the space and equipment. When considering less complicated space like classroom/teaching space, knowing the market depth for multiple users of the space will help a developer to decide whether to combine teaching space with a multi-purpose space or to dedicate a space for educational purposes only.

The artists who expressed an interest in renting studio/work space and the artists who expressed an interest in relocating to a live/work facility selected very similar arts disciplines when asked in what area of the arts they are most involved. One key difference, pointed out because it relates to the preferences for a ceramics studio/kiln, is that among those interested in studio/work only spaces there are more than twice as many who are involved in ceramics. This may be a niche market within Williamsburg that may warrant further exploration. Perhaps there is an organization or group of artists who would be interested in developing and running a ceramics studio space serving both artists in a future facility and the community at large.

Affordability

Also important to note is that the majority of these artists (80%) cannot afford space that is over \$250 per month (See Table 28). But encouragingly, 71% of the artists would be content with 500 square feet of space or less (Table 25). This means that more studios could be included within a smaller, less costly footprint of land and studio rents could be kept lower. There may also be opportunities for artists to share private studios to cut further down on their rental costs. The fact that 31% of the artists would be content with space that is 200 square feet or smaller, is consistent with what we have observed in other markets where we have leased studio-only spaces to artists. Many require much less space than might be expected.

When deciding what studio size mix to incorporate into a project, we recommend focusing on the moderate to small sizes as a priority. They are typically easier to lease out (because they are cheaper) and it is much less costly to accommodate an artist's expanding needs by taking down walls to create a larger space, than it is to erect new demising walls to break up a larger space into smaller studios. Additionally, funding for the multiple smaller spaces (and infrastructure/mechanicals) can be easier to identify and underwrite upfront, than after a project

is complete. If large studios are incorporated, we recommend pre-leasing these more expensive spaces and designing the spaces flexibly so that they may later be subdivided if necessary.

ARTISTS: Occasional Creative Space Rental

Ninety-three (93) artists, whether currently living in Williamsburg or not (and notably thirty-one are not), would be interested in renting creative space on an occasional basis. The types of spaces they prefer can be found in Table 31. Here is where we begin to see the influence of the artists who are involved in Theater Arts (acting, directing, production, etc.). Both theater/performance space and rehearsal space show up among the top preferred shared space preferences of this respondent subset. Interest is shown both by artists interested in other types of space (live/work and studio-only) as well as by those only interested in occasional rentals. We also pick up ten more artists interested in a ceramics studio/kiln among those only interested in occasional space, adding more to the overall count of potential users for this specialized space and its equipment.

This need for space can be addressed in a variety of ways in Williamsburg. Because there is significant overlap between the shared space needs of this sub-group (occasional rentals) and the shared space needs of those interested in live/work and studio/work space, some spaces could be included in a development plan and made available to all artists in the community.

Other options to explore could include: identifying organizations that currently have similar spaces or programs which they could expand to accommodate additional artists; encouraging individuals or organizations to undertake a new venture (e.g. gallery, ceramics studio, retail space); or encouraging (perhaps through incentives) local property owners to make underutilized space (perhaps in the Arts District) affordably available for such things as galleries, rehearsals, performances, local arts retail, or teaching.

We recommend continuing a dialogue with the arts community to fully inform a thoughtfully developed operating plan and associated rental fees for space, whether the space is in a new facility or offered by a local property owner. While artists who are interested in renting occasional space should anticipate paying for shared spaces through fees, memberships, hourly or weekly rates etc., we don't know how much they are willing to pay or their specific needs for the spaces. Any business plan for new spaces or programs should include further input from the interested artists.

Interest in the Arts District

In addition to artists' interest in a new facility (potentially offering live/work, studio/work or occasional space rentals in Williamsburg), a significant number of artists expressed interest in leasing space currently available in the Arts District for their creative pursuits. This response demonstrates a potential market (both within and outside of the City of Williamsburg) for property owners/lessors in the Arts District.

Beginning on Page 33 of the report, interested property owners/lessors can learn more about the needs and preferences of these artists including artistic disciplines, square footage requirements, workspace features and maximum rents they can afford.

We do recommend that the City of Williamsburg consider incentives that will encourage property owners/lessors to maintain affordable rents and beneficial lease terms that will not only help artists with their current space needs, but will ensure their long-term presence in the Arts District. Perhaps if not already available in Williamsburg, a program could be developed to assist artists with the business, legal aspects, responsibilities and potential pitfalls of leasing space. This may include things such as small business planning and legal review/advisement of lease terms and contracts.

One final thought with regard to artists' interest in leasing space in the Arts District, independent of an arts facility: If a large number of artists choose to take advantage of this option, it may reduce the demand for studio/work and other creative space in a single arts facility. There were only eight responding artists who expressed an interest in currently existing space in the Arts District, who did not also express interest in some sort of space (live/work, studio/work, occasional rental) in a new arts facility. It will be important to stay on top of trends and movement within the arts community.

ALL INTERESTED ARTISTS: Additional Information

Finally, regardless of their interest in relocating to a live/work project, or in renting studio/work space or creative space on occasion, the majority of responding artists are interested in receiving further information about this project (77%). This indicates to us broad support for new, creative space in Williamsburg. An equal number expressed interest in information about the Williamsburg Arts District and fifty percent (50%) are specifically interested in receiving information about available space rentals. There are ample opportunities to build upon this excitement and grow the newly established Arts District. We encourage you to share the results of this study and remain in dialogue with these highly interested artists.

ARTS, CREATIVE AND CULTURAL ORGANIZATIONS AND BUSINESSES

Demand and Project Concept

Representatives of thirty-three (33) organizations or businesses completed the Survey of Arts, Creative and Cultural Organizations and Businesses, with twenty-four (24) indicating an "interest in utilizing some type of space in a new multi-use arts facility in Williamsburg."

In looking at descriptive information about these organizations and businesses (Page 39), including staff sizes, budgets and length of time in business, it becomes clear that there is an opportunity for an incubator project that would help emerging nonprofit and for profit businesses stabilize and/or take the next steps in their growth. Since some are poised to do just this, as indicated by their plans for relocation, expansion or opening a new business, creating a multi-use facility may be just the vehicle to assist.

Additionally, there are some potential anchor tenants in the mix as evidenced by their larger budgets and length of time in existence: eight have been in existence for more than twenty years. Including these more established tenants in a multi-use project can aid the project's financial

sustainability. These organizations can also assume the role of significant partner for collaborative ventures and raise the project's overall visibility in the community.

Although small (and large) organizations sometimes regard one another as a threat to their piece of the pie (funding, audiences and students/patrons/clients), once housed under a single roof a dialogue can be initiated to encourage cooperation and mutual support. Ultimately this can result in new programs, collaborations and growth in audiences/patrons. Funders too, with limited resources, are able to serve more organizations through a single gift to the project as a whole. Tenants in the project, in turn benefit from lower rents and decreased costs, which are a result of such things as pooled purchasing power, shared marketing, increased visibility and shared-use spaces. There is a reason that shared-use facilities and incubators are increasingly the focus of funders and government leaders nationally.

Shared Spaces, Serving Multiple Agendas

In looking at the space needs of organizations interested in both relocation and short-term/occasional rentals, we find overlap. If organizations/businesses are willing to share (or sublease) event space, conference/meeting rooms and a business center, there could be significant cost savings to them. Organizations would be relieved of the burden of leasing underutilized space on an annual basis or of leasing expensive short-term space at market rate rents, in non-arts related locations.

It is clear that there are a few organizations, that if provided with the new space they require, may in turn help serve the needs of individual artists. For instance, there are organizations interested in relocating that require classroom/teaching space and gallery/display space (see Table 38). These two specialized spaces are also of interest to individual artists (see Table 39) as well as to short-term or occasional renters. So there is strong demand among a variety of users. We also see theater/performance space ranked highly among organizations interested in occasional space as well as among individual artists. If some organizations that relocate choose to maintain private spaces, (such as classrooms, galleries and theater space), but are willing to share or sublet their privately controlled spaces, it could help address needs in the broader arts community, including individual artists.

Or, if a property owner or developer of a multi-use facility chooses to incorporate shared spaces of interest to not only individuals but organizations/businesses as well, they will have then filled a great need within the community and increased the likelihood that because of the variety of users, such space can be maintained sustainably.

Even more specifically, there are organizations that are involved in arts advocacy/artist services and support/technical assistance. By providing them with space in a mixed-use facility that also serves artists, both the organizations and the individual tenants will benefit.

Project Planning

The generalized data provided in the report is sufficient to lend credibility to the potential for a small-scale, mixed-use arts project serving arts/cultural organizations and businesses. The individual organizations' and businesses' responses (provided in the supplemental confidential

Excel spreadsheet) will help inform an initial concept design and preliminary budget. However, this is a first step only. Direct conversations with potential tenants will need to occur to determine which organizations could fill the role of an anchor tenant, which organizations would be better served in an incubator setting, and to determine what leasing terms would be feasible for both the organizations and the sustainability of the facility. It is never too early to begin these preliminary discussions with interested organizations. It will also be important to determine their true capacity to take on new space, as well as to provide them with some parameters regarding the project concept and projected timeline. It is possible that their space needs and plans may change or be refined once they have a clearer understanding of a proposed project and potential lease terms. And many will certainly need time to build up their internal capacity and poise themselves to make any investment in new space.

It is important to note that sixteen (16), or forty-eight percent (48%), of the organizations/businesses also expressed interest in existing, available commercial space within the Arts District. Should any of these organizations/businesses which are also interested in a multi-use facility, choose to relocate long-term to an independent commercial space; it would reduce the market demand for a multi-use arts facility. This emphasizes the importance of continuing a dialogue with these organizations and businesses to keep tabs on their relocation and expansion decisions. Also, as with the individual artists interested in leasing space in the Arts District, it may be beneficial to introduce initiatives or programs that will help educate organizations new to leasing space and ensure the long-term presence of these organizations/businesses in an area that may see price increases as time goes on.

The attached report includes additional and more detailed survey response data. We hope that the information contained in this letter provides insight on our perspective of the market results and how these results begin to inform development recommendations and decisions. The market strength is just one component of overall project feasibility, but it is the foundation of any next steps.

If you have any questions about anything included here, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Teri Deaver", is displayed on a light green rectangular background.

Teri Deaver
Director of Consulting and Strategic Partnerships

cc: Wendy Holmes, Artspace Projects