

PRELIMINARY FEASIBILITY REPORT

Carbondale, Colorado | January 2018



Prepared at the request of the Town of Carbondale

ACKNOWLEDGMENTS

Artspace would like to thank the Town of Carbondale and Carbondale Arts for their leadership, coordination, and support of this study. The Core Group of individuals they assembled offered invaluable insight, hospitality and feedback throughout the process. It was a pleasure to work with such a committed group of individuals. We are thankful that Margaret Hunt, Executive Director of Colorado Creative Industries (a division of the Colorado Office of Economic Development & International Trade), was also able to travel to Carbondale for the visit. Her input and broader state-wide perspective is instrumental Artspace's work in rural Colorado. Lastly, we would also like to thank the over 100 participants in the focus groups and public meeting that made their voices heard over the course of this visit.

CORE GROUP

- Jay Harrington, Town Manager, Town of Carbondale
- Amy Kimberly, Executive Director, Carbondale Arts
- Angie Sprang, Management Analyst, Town of Carbondale
- Bob Schultz, Consultant, Robert Schultz Consulting, LLC
- Colin Laird, Executive Director, Third Street Center

SPONSORS INCLUDE

- Town of Carbondale, Colorado
- Colorado Department of Local Affairs (DOLA)
- Carbondale Creative District

TABLE OF CONTENTS

Executive Summary	4
Findings Overview	4
Recommendations	7
 Introduction	 8
Preliminary Feasibility Visit	10
Findings	13
Project Concept	13
Arts Market	16
Local Leadership	20
Funding & Financing	21
Potential Sites & Land Use Considerations	26
Alignment with Broader Community Goals	29
Recommendations and Next Steps	30
 Appendices	
I. About Artspace	32
II. Path of an Artspace Project	34

EXECUTIVE SUMMARY

The Town of Carbondale invited Artspace, a national nonprofit real estate developer of affordable space for the arts, based in Minneapolis, MN, to conduct a Preliminary Feasibility Study (PFS). The PFS provides preliminary feedback about the feasibility of creating new, sustainably affordable space for the arts, creative, and cultural sector. Artspace originally created the PFS to respond to communities interested in an Artspace-developed affordable artist live/work, mixed-use facility. Over the years, the PFS has evolved into a tool for communities to advance a variety of space-related goals. Artspace uses its 30+ years of knowledge as a practitioner in the field to share findings and recommendations for next steps. The study focuses on six components of community-led development:

- **PROJECT CONCEPT**
- **ARTS MARKET**
- **LOCAL LEADERSHIP**
- **FUNDING & FINANCING**
- **POTENTIAL SITES**
- **ALIGNMENT WITH BROADER COMMUNITY GOALS**

The Carbondale Preliminary Feasibility Visit took place December 4-6, 2017. During these three days, Artspace staff met stakeholders, visited current arts assets, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President and Anna Growcott, Director, both from the Consulting and Strategic Partnerships Department.

This executive summary of the full Preliminary Feasibility Report contains Artspace's observations, findings, and recommendations. For greater nuance, detail, citations, and context, please refer to the full report.

FINDINGS OVERVIEW

Carbondale, Colorado is a "can-do" community. It is a place where hard working people get stuff done and where arts and culture is thriving. Situated in Garfield County at the confluence of the Crystal and Roaring Fork Rivers, Carbondale offers easy access to the mountains, stunning vistas, and a healthy supply of water. Residents have a lot of civic pride in Carbondale, and its quirky, creative culture that distinguishes it from its neighbors, Aspen, Basalt, and Glenwood Springs.

Though housing options are relatively more affordable than in its neighboring towns, affordable housing has become a topic of increasing concern in recent years. Home ownership is on the decline as prices have risen. These changes have been attributed to a growing population base, high construction costs, market pressures from nearby Aspen, and an increase in second home buyers pricing out residents.

In February 2016, Carbondale Arts (called Carbondale Council for Arts and Humanities at that time) and Glenwood Springs Post Independent sponsored a housing forum in Carbondale. This forum was part of a series of housing forums in Garfield County to address questions such as: "What is Affordable and Attainable in this valley?" Based on conversations initiated during the planning of this forum, Margaret Hunt, Director of Colorado Creative Industries introduced Carbondale Arts to Artspace. Over the subsequent year and a half, Artspace informally visited Carbondale and met with leaders from Carbondale Arts, Carbondale Creative District, and the Town of Carbondale. These conversations, and the hard work of the public and private sector to raise the funds for a study, led to the initiation of the Artspace Preliminary Feasibility Study. This study is intended to further the conversation by looking specifically at the space needs of the creative sector and the feasibility of creating a mixed-use affordable live/work facility in Carbondale.

PROJECT CONCEPT

In addition to affordable housing and live/work space, the creative people that participated in the visit expressed a need for a variety of types of affordable creative space. The top five concepts discussed during the visit included affordable live/work housing, makerspace, teaching space, and event space. Focus expressed nearly unanimous interest in affordable live/work housing. Other types of spaces could be included either within the context of a mixed-use housing facility or in separate development projects.

Based on our visit and hearing from the different stakeholders in the community, Artspace recommends the exploration of a mixed-use, affordable artist housing development as the priority concept for Carbondale. A development with affordable live/work housing for artists on its upper floors and classrooms/collaborative space/commercial space on the ground floor would be appropriate to pursue in downtown.

ARTS MARKET

During the Creatives and Arts Organizations and the Business Sector Focus Groups, attendees were asked what they consider “affordable” in terms of rent and what amenities are high priorities for them. This information helps Artspace assess the feasibility of the Project Concept and lays the groundwork for the quantitative Arts Market Study, the second step on the path to an Artspace project.

A summary of some of the focus group participants’ comments are below:

- Carbondale Creative District plays a big role in forming the creative sector’s identity, acting as a catalyst, and, in generally acting as a positive force, or as one participant said, “giving people something to say ‘yes’ to.”
- Desired amenities and features in a mixed-use project include pet-friendly and family friendly policies, storage for bikes and gear, outdoor space, gardens, and fast Internet.
- Challenges to living in Carbondale include the high cost of living, health insurance, and public transportation; lack of access to markets to sell work; limited availability of housing and childcare; and unreliable Wi-Fi.
- Outreach to broader creative community that is already in Carbondale as any project moves forward. Specifically, participants suggested Latino/a artists, ranchers, as well as, “trailing spouses” or people who move to Carbondale due to their partners’ job.

LOCAL LEADERSHIP

Strong leadership is essential to the successful development of an Artspace project development or space initiative. The most impactful projects include a coalition of supportive leaders from both the public and private sectors. The core group that participated in the Preliminary Feasibility Study are the type of leadership needed from the very start. Carbondale leaders are experienced in collaboration across sectors, with a shared vision for a vibrant and creative Downtown. They provided valuable information and insights about Carbondale’s history, unique culture, goals, as well as its strengths and challenges.

Partnerships are also central to the success of a new creative facility. Study participants discussed potential project partners, including Garfield County Housing Authority, Roaring Fork School District, and Aspen Skiing Co.

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 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 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.

POTENTIAL SITES

During a Preliminary Feasibility Visit, Artspace's goal is to identify potential areas or sites for further study should a project move forward. Several factors that contribute to eventual site selection include: location, size, conditions, adaptability to project concept(s), construction type, zoning, ease of acquisition, and potential for sustained community impact. While site selection is a critical component of a future project, it should not drive the development.

Artspace prefers not to restrict the focus to a single site or area during the first community visit, and requests to tour several candidates for development as arts facilities. Of the sites toured, the top three priority opportunities are the vacant lot adjacent to SAW, a portion of the Carbondale Industrial Park, and the City Market Round-About site.

Findings discussed in this report are based on currently available information; much can and will likely change between this report and site selection. Final site selection for an Artspace project would take place in a predevelopment stage of work (see Appendix II, "Path of an Artspace Project"), but the above three sites should be prioritized as conversations progress.

ALIGNMENT WITH BROADER COMMUNITY GOALS

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

Focus group participants identified priority community goals from a list of twelve that could be addressed by an arts facility. Overwhelmingly, the top two were:

- **PRESERVING AFFORDABILITY**
- **SUPPORTING CREATIVE BUSINESSES AND NON-PROFITS**

Other goals that were identified as priorities included Preserving Cultural Community, Transit Oriented Development, and Downtown Revitalization. Discussions gave participants the opportunity to start refining the language used to describe community goals. Some focused on supporting the existing business community, others focused on a specific art form, such as culinary arts, and urban farming. Others reinforced the importance of over-riding themes such as environmentally sustainable design and collaboration between creatives and other community members.

RECOMMENDATIONS AND NEXT STEPS

Carbondale is well-positioned to pursue an affordable live/work mixed-use facility for artists and creatives. Artspace strongly recommends proceeding to an Arts Market Study, to help understand the depth and breadth of its creative community's space needs. With a community in serious need of affordable housing, a robust creative sector and strong leadership, the feasibility of moving a project forward is very strong. Therefore, the following next steps are recommended:

- **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.** The cultivation process can be a lengthy one, and it is never too early to start.
- **CHECK IN WITH DOLA** to discuss the types of support that could come from various DOLA programs for predevelopment and development and the likely timing. Artspace is happy to participate in these conversations.

Artspace greatly appreciates the opportunity to work with Carbondale and learn from its residents and leaders. Artspace came away with a strong sense of the potential for a new creative space facility. Insights and recommendations in this report are solely intended to guide a project to the next phase of development and set Carbondale on the path to creating a new, sustainable affordable facility.



Photo by Laurel Smith, www.carbondale.com

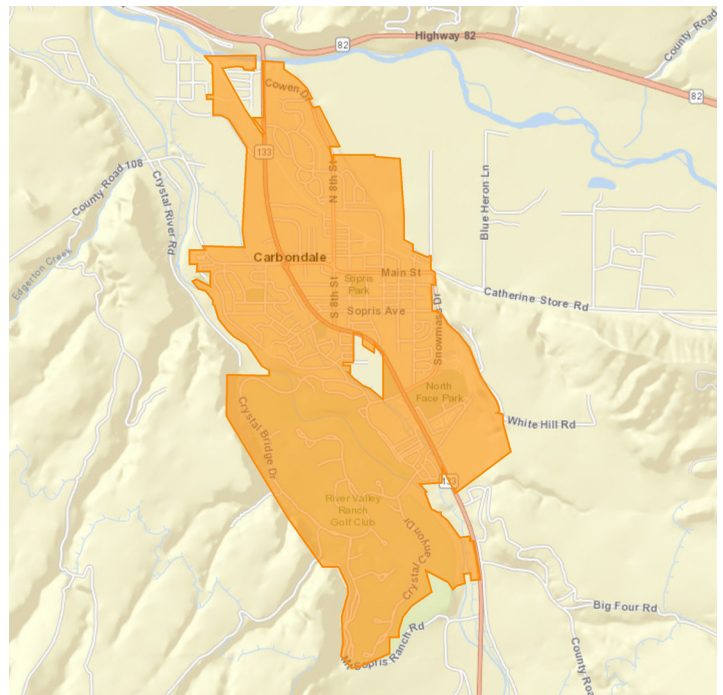
COMMUNITY PROFILE

INTRODUCTION

Carbondale, Colorado is a “can-do” community. It is a place where hard working people get stuff done and where arts and culture is thriving. Situated in Garfield County at the confluence of the Crystal and Roaring Fork Rivers, Carbondale offers easy access to the mountains, stunning vistas, and a healthy supply of water. Residents have a lot of civic pride in Carbondale, and its quirky, creative culture that distinguishes it from its neighbors, Aspen, Basalt, and Glenwood Springs.

Its “small town” nature belies its sophistication of a strong and passionate community of leaders from all economic sectors. Carbondale combines the look and feel of a western town with an urban flair in its historic downtown. Its 200 creative organizations, businesses, artists and artisans contribute to the town's unique and captivating vibrancy.

Many of these organizations and businesses operate downtown, in the Carbondale Creative District, which in turn, plays a significant role in articulating and showcasing the town's creative energy and identity. The creative district was named a Certified Creative District in 2016 by the Colorado Creative Industries, a division of Colorado Office of Economic Development. The Creative District offices out of the Launchpad, a “community space for the arts,” that was created as a collaboration between Carbondale Arts and Dance Initiative, and the Town of Carbondale (which owns the space). The Launchpad features two performing arts studios, a gallery, a boutique, and outdoor gathering space.



Esri Business Analyst

In its early settlement days of the 1890s, many of the non-native people came from Pennsylvania, working in agriculture and coal mining. The town continues to celebrate its agricultural roots annually at Potato Days, which started in 1909. However, Carbondale today is increasingly diverse – both in people and in employment. Residents relocate from all over the country, attracted to Carbondale's recreational opportunities, geography, creativity, environmentally conscious community. Though Carbondale is known to be a welcoming community, there is ongoing discussion about how to protect it from unwanted change.



www.danceinitiative.com

The Carbondale Comprehensive Plan, released in 2013, summed up the sentiment of balancing growth with preservation of identity as: “How can Carbondale evolve and become an even better place without losing its quality and small town character?” Two of the five topics that came out of this plan, relate specifically to the consideration of creating affordable space for the creative sector. Those two topics and related strategies put forth by the Comprehensive Plan are outlined below:

- **ECONOMIC GROWTH, DIVERSIFICATION, AND SELF-SUFFICIENCY**
 - Promote Carbondale as a destination for arts, festivals, performance, and recreation
 - Encourage local food production and value added agriculture
 - Support the use of renewable energy and the growth of sustainability enterprises
- **DIVERSITY IN HOUSING TYPES**
 - Encourage multi-family and higher density housing
 - Integrate mixed-use development: connect housing with commercial
 - Plan housing options for the aging population

CARBONDALE, CO AT A GLANCE

Population: **6,571**

Housing Units: **2,514**

Population Change 2010-2016: **+5.4%**

Est. Population Growth 2017-2022: **+6.2%**

Median Age: **33.4**

Carbondale Median HH Income: **\$64,250**

Median gross rent: **\$1,359**

Renter-occupied households: **38.9%**

Race and Ethnicity (top 5):

- White: 76.7%
- Black/African American: 0.6%
- Asian: 0.4%
- American Indian: 2.4%
- Hispanic/Latino: 44.0%

Source: 2012-2016 American Community Survey, US Census

Though housing options are relatively more affordable than in neighboring town of Aspen, affordable housing has become a topic of increasing concern in recent years. Home ownership is on the decline as prices have risen. These changes have been attributed to a growing population base, high construction costs, market pressures from nearby Aspen, and an increase in second home buyers pricing out residents.

In February 2016, Carbondale Arts (called Carbondale Council for Arts and Humanities at that time) and Glenwood Springs Post Independent sponsored a housing forum in Carbondale. This forum was part of a series of housing forums in Garfield County to address questions such as: “What is Affordable and Attainable in this valley?” Based on conversations initiated during the planning of this forum, Margaret Hunt, Director of Colorado Creative Industries introduced Carbondale Arts to Artspace. Over the subsequent year and a half, Artspace informally visited Carbondale and met with leaders from Carbondale Arts, Carbondale Creative District, and the Town of Carbondale. These conversations, and the hard work of the public and private sector to raise the funds for a study, led to the initiation of the Artspace Preliminary Feasibility Study in December 2017. This study is intended to further the conversation by looking specifically at the space needs of the creative sector and the feasibility of creating a mixed-use affordable live/work facility in Carbondale.

PRELIMINARY FEASIBILITY STUDY

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

The Carbondale Preliminary Feasibility Visit was conducted December 4-6, 2017. During these three days, Artspace staff met stakeholders, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President and Anna Growcott, Director, both from the Consulting and Strategic Partnerships Department.

ABOUT ARTSPACE

Artspace is a nonprofit organization that uses the tools of real estate development to create affordable, appropriate places where artists can live and work. Because Artspace owns each of the projects it develops, 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.

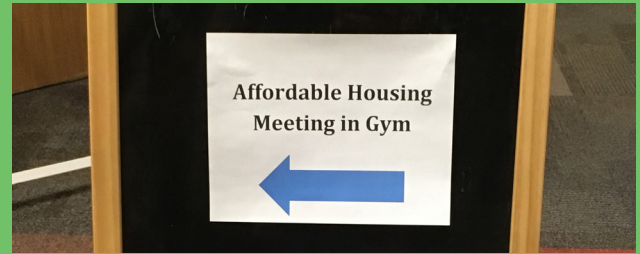
LOCAL LEADERSHIP. Are there leaders on the ground who are willing and able to advocate for the project, open doors, and keep lines of communication flowing between a developer and the community? These leaders come from all industries, from elected officials who control agencies and program dollars to 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 Carbondale visit, the Artspace team:

- Facilitated four focus group meetings (approximately 50 total participants):
 - Creatives and Arts Organizations
 - Civic Leadership
 - Finance and Funder Leadership
 - Business Sector
- Held a Public Meeting at Third Street Center. The meeting drew approximately 45 participants, including artists, neighbors, representatives from arts and cultural organizations, local elected officials.
- Toured potential sites.



www.carbondalecreativedistrict.com

BRINGING ARTSPACE'S NATIONAL EXPERIENCE TO CARBONDALE, CO

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

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 Carbondale 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 Carbondale leaders, affordable housing for creatives has been the central topic.

In addition to housing, many participants shared the desire for ground floor creative commercial space and gathering space. Indeed, Carbondale’s creative sector is in serious need of a variety of types of affordable creative space.

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

1. Affordable housing and live/work housing
2. Makerspace
3. Teaching space (e.g. music, dance, indoor/outdoor, youth drop-in)
4. Event space
5. Artist in residency / temporary housing
6. Coworking
7. Gallery / exhibition
8. Retail for artists
9. Wellness and community space
10. Community kitchen

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

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

Carbondale focus group participants expressed nearly unanimous interest in affordable live/work housing. Several creatives made passionate remarks about their desire to stay in the community, but difficulty in finding appropriate and affordable housing options. In addition to rental housing, several participants expressed interest in exploring other housing models, such as for-sale opportunities and micro houses.

MAKERSPACES offer shared equipment, education, and community for working creatively and/or making things. They can be designed for specific purposes such as ceramics, 3D printing, culinary arts, and woodworking. Typically, makerspaces offer memberships, which provide access to space and equipment that is expensive, impractical, or in the case of industrial arts, unsafe to own outright. Other types of collaborative spaces include coworking spaces and community kitchens. Carbondale creatives prioritized makerspace for industrial arts as the second most compelling type of space that could be created in the downtown area.

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

EVENT SPACE serves groups and individuals looking to rent space for events, performances, rehearsals, or community gatherings. Event spaces are usually operated by a local organization and rented out on an occasional basis. The Carbondale focus groups talked about interest in two types of event spaces: a large music venue and a café-style space. Of existing event spaces, creative focus group participants said that Third Street Center has two flexible event spaces (one seats 80 and the other seats 300 people) and Community and Recreation Center main space is also flexible and can seat between 750-800 people.

ARTIST-IN-RESIDENCY / TEMPORARY HOUSING is temporary space for visiting artists to stay for the duration of their time in the community. Typically, this type of space is leased in partnership with a residency program and includes a community engagement or commissioned work component. Carbondale participants discussed the seasonal influx of people during the winter, and how partnerships make use of under-used spaces in the summer. Others referenced that the area hotels are at capacity with construction workers throughout the year, so it is challenging to accommodate for visiting artists and instructors.

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 Carbondale.

DEFINING A PROJECT CONCEPT IN CARBONDALE

There is a strong desire in Carbondale to harness the local creative energy and produce a facility that provides sustainable affordable space for the creative sector. One or more of the priority concepts can be combined into a project and can co-exist depending on the site and developer.

Based on the information gathered during this study, **Artspace recommends the exploration of a mixed-use, affordable artist housing development as the priority project concept for Carbondale. A development with affordable live/work housing for artists on its upper floors and private studio/collaborative space/commercial space on the ground floor, would be appropriate to pursue in downtown.** This concept was articulated by Town staff and reiterated by participants in the focus groups and public meeting.

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 & NONPROFIT TENANT PARTNERSHIPS

Mixed-use projects offer opportunities for commercial tenants to collaborate with residential tenants in new, and sometimes unexpected ways. A few examples of these types of partnerships in Artspace's portfolio:

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 ten of Artspace's Minnesota projects.

BAKER STATION ARTIST LOFTS // SEATTLE, WA At the Baker Station Artist Lofts in Seattle, Washington, a bilingual daycare serves the multicultural needs of the artist residents and broader neighborhood.

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.



Exterior of City Hall Artspace Lofts in Dearborn, Michigan.

ARTS MARKET

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

During the Creatives and Arts Organizations Focus Groups, 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, formerly homeless, retirees, service workers, teachers, parents – and they also happen to be creative. They are likely to earn a portion of their income from something other than their art. In fact, a look across the Arts Market Surveys that Artspace has completed in the past 15 years shows that 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” 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 screens and grates, furniture, baskets, traditional cultural objects, 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.



Creative workspaces in SAW

Artists and creatives from a broad range of art forms, ages, and career stages participated in the visit. However, the creativity of Carbondale does not seem to be limited to those who self-identify as artists or creatives. Indeed, most participants, even those working outside the creative sector, shared that they participate in some sort of creative pursuit. Perceptions of the creative sector are illustrated in the wordcloud below, which reflects answers to the question, **“What words describe Carbondale’s creative community”**:



Housing, development, and planning professionals filled in information about the housing market by providing the context of affordable housing projects and considerations for working in the Roaring Fork Valley. They spoke of the 191 total multi-family units that are built or planned in Carbondale in 2017. In addition to affordable housing projects, an inclusionary zoning requirement mandates that 20% of rental and ownership housing units must be set at affordable rates in all projects larger than four units. Current affordable housing projects in the valley include:

- Basalt: Roaring Fork Apartments will have 56 rental units (44 of which range from 30%-60% Area Median Income, and 12 are Market Rate – Category 3). This project is currently under construction, developed by RealAmerica using 9% Low Income Housing Tax Credits (LIHTC).
- Basalt: Scotts Mill will have 113 units, and 23 of the units will be deed restricted.
- Basalt: Partnership between the Town of Basalt, Habitat for Humanity, and the School District to create 27 single family homes. This project is funded with bonding dollars and will be located on three sites.
- Aspen: The City of Aspen Housing Authority is working on a 47-unit project which will apply/is applying for 9% LIHTCs. This housing will be scattered over three sites (which is an approach that could be considered for a potential project Carbondale, as well).

Upcoming projects specific to Carbondale include:

- Carbondale, CO: 20 units of affordable teacher housing on school land adjacent Third Street Center.
- Carbondale, CO: 78-unit senior housing project with independent living, assisted living, and memory care units near the Rio Grande Trail.

Because construction costs are high, sometimes upwards of \$300,000 per unit, affordable housing is also expensive to build. Focus group participants shared that some developers are talking about micro units of housing to help solve the affordability challenge, in combination with, for example, a community kitchen and communal outdoor space.

Current rental rates and expectations also inform the market assessment. Garfield County has a wide range of incomes, including substantial wealth and poverty in a relatively small geographic area. Though Carbondale rents are substantially lower than Aspen rents, finding and keeping affordable rents is a pressing issue for Carbondale residents. Many people – creatives and non-creatives – report working two to three jobs to afford to live in Carbondale. 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):

- Typical commercial rent is \$20 per square foot per year. These rates have been steady for the last 20 years and are high for a rural community. However, in nearby Aspen, commercial rents can be as high as \$250 per square foot per year.
- Third Street commercial tenants pay \$15 per square foot per year. 90% of tenants are nonprofits.
- SAW rents working studio spaces for about \$300 per month.
- Hourly rates are \$8-\$10 at the Launchpad; \$5-\$10 at KDNR for rehearsal space; and \$35 at the True Nature Healing Arts.
- Thunder River Theater has an average daily rate of \$550.
- 13 Moons rents office space at \$600 per month for 300-350 square feet.
- In comparison, commercial space in Aspen is hundreds of dollars per square foot per year.

In addition, a summary of some of the focus group participants' comments are below:

- Carbondale Creative District plays a big role in forming the creative sector's identity, acting as a catalyst, and, in generally acting as a positive force, or as one participant said, "giving people something to say 'yes' to."
- Desired amenities and features in a mixed-use project include pet-friendly and family friendly policies, storage for bikes and gear, outdoor space, gardens, and fast Internet. Other desired amenities include, light, ventilation, sound proofing, renewable energy, parking, walkability, car/bike sharing program, proximity to transit, graywater system, and shared kitchen space. For venues and event spaces, desired amenities include dressing rooms, green rooms, lighting grid and grid system for hanging.
- Challenges to living in Carbondale include the high cost of living, health insurance, and public transportation; lack of access to markets to sell work; limited availability of housing and childcare; and unreliable Wi-Fi.
- Outreach to broader creative community that is already in Carbondale as any project moves forward. Specifically, participants suggested Latina/o artists, ranchers, as well as, 'trailing spouses" or people who move to Carbondale due to their partners' job.

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.

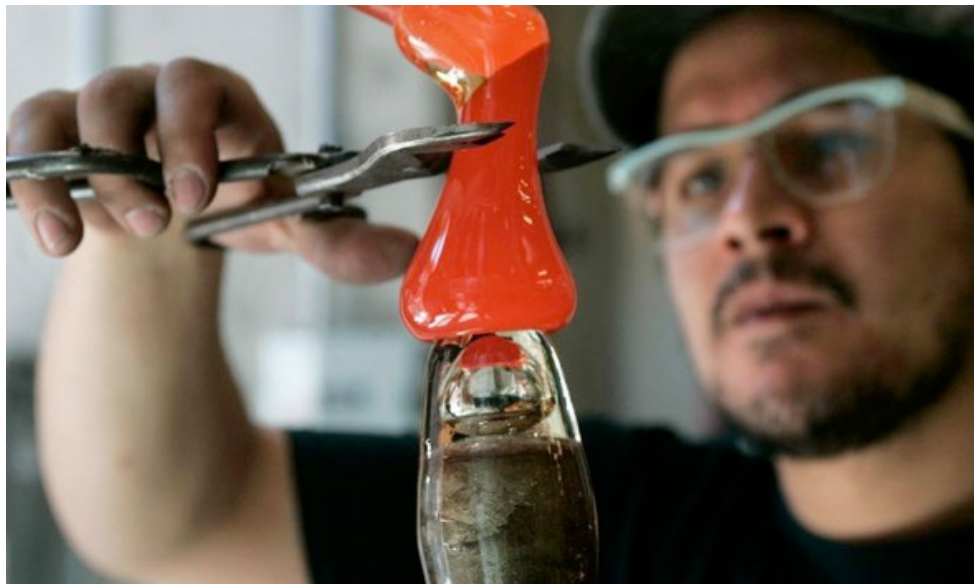
Although the IRS challenged the “artist preference” policy in 2007, it dropped the challenge after the Housing and Economic Recovery Act of 2008 became law. That law states: “A project does not fail to meet the general public use requirement solely because of occupancy restrictions or preferences that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

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.



LOCAL LEADERSHIP

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

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

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

CIVIC LEADERSHIP

The cross-section of leaders from the public sector included Town staff and elected officials. The Mayor and a couple Trustees participated in focus groups, and offered thoughtful comments in the lively discussion. 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 Town has tackled.

PRIVATE LEADERSHIP

Several small business owners participated in the conversations during the Preliminary Feasibility Visit many representing the vibrant creative community, engaged financial professionals, and experienced developers. The uniqueness and beauty of Carbondale to attract seasonal work was mentioned but the lack of affordability was reiterated by these leaders.

Though there was significant public support for a potential project, these discussions had minimal participation of 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.

CREATIVE SECTOR LEADERSHIP

The Carbondale Creative District has led the way to energize people around the arts and establish creativity as a central component of Carbondale's culture. In addition to creative district leadership, the individual creatives that participated in the visit were connected, informed, and very intentional about their decision to live and work in Carbondale. The creative sector's enthusiasm, cohesiveness, and savvy give Artspace confidence that any project they get behind will build on the positive momentum that has already begun.

POTENTIAL PARTNERSHIPS

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

- Garfield County Housing Authority, which administers Section 8 program (which as of this writing was oversubscribed and temporary closed) and voucher units but is not a developer. The Housing Authority could play an important role in several ways: advocating for a mixed-use affordable housing project and potentially playing a property management role.

- Roaring Fork School District is building 20 units of income-restricted employee housing near Third Street Center. (See <http://www.rfsd.k12.co.us/bond-project-faqs/133-affordable-housing.html>)
- Aspen Skiing Co., which develops employee housing in and around Aspen, may have capacity to partner on a project in Carbondale, as well. If an Arts Market Survey moves forward, it would be interesting to include full-time Aspen Skiing Company employees to see how many are also creatives.

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.

Artspace has experience with Colorado's funding tools for mixed-use affordable housing projects. However, 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 several local banks, foundations, and lenders. 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 Carbondale.

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 Carbondale.

INCOME AND RENT RESTRICTIONS FOR LOW INCOME HOUSING TAX CREDIT PROJECTS IN GARFIELD COUNTY

Income restrictions for LIHTC units reserved for households earning up to 60% of AMI, based on household size		Rent restrictions for LIHTC units reserved for households earning between 30% and 60% of AMI, based on number of bedrooms	
Household Size	Income Max (60% AMI)	Bedrooms	Max Rent (30%-60% AMI)
1	\$29,580	Efficiency	\$369-\$739
2	\$33,840	1	\$396-\$792
3	\$38,040	2	\$475-\$951
4	\$42,240	3	\$594-\$1,098

2017 figures for Garfield County, CO / 4-person AMI equal to \$70,400 / Source: novoco.com

POTENTIAL FUNDING SOURCES

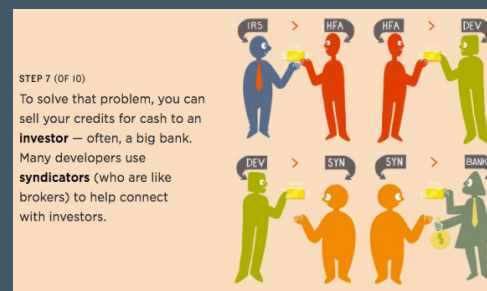
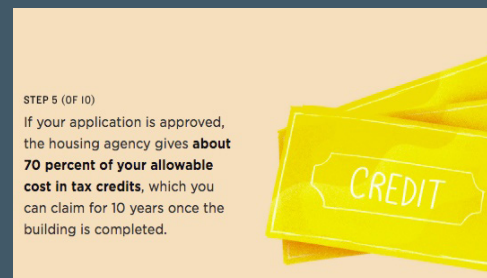
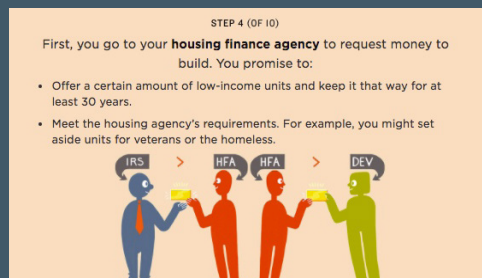
This is a preliminary list of potential sources that were discussed during the visit and other funding sources that Artspace is familiar with in Colorado.

- **Low Income Housing Tax Credits (LIHTC)** can generate up to two-thirds of the construction budget for a typical Artspace live/work project. 9% LIHTCs are highly competitive, and it is not uncommon for a project to submit multiple applications before receiving a tax credit award. In Colorado, LIHTCs are administered by the Colorado Housing Finance Agency (CHFA), an agency Artspace knows through our projects in Loveland and Trinidad that have secured LIHTC funding. Whether this is a possible funding source for a project in Colorado depends on the project concept and timing. The most recent project near Carbondale to receive 9% tax credits is the Roaring Fork Apartments project in Basalt, which was awarded a \$1.096 million LIHTC allocation in 2016 and is anticipated to open 2018.
- **Historic Tax Credits (HTC).** To qualify for the federal program, a property must either be individually listed on the National Register of Historic Places or be listed as a contributing member of a designated historic district. If the priority site includes adaptive reuse of an existing building, further research will be needed to ascertain if the property is eligible for HTCs. In Colorado, the Office of Economic Development and International Trade (OEDIT) administers the historic tax credits through which both federal and state credits are available.
- **The State Historical Fund** provides grants for the preservation and renovation for historic projects.
- **USDA Rural Loan program** has several low interest loan and grant programs for which mixed-use affordable housing projects may be applicable. Areas of interest include business development, housing, technical assistance for job relocation and capacity building. For example, USDA Rural program for community facilities offers 30-year loans at a 2.75% interest rate.
- **Town of Carbondale Housing Trust Fund** has \$300,000 reserved for housing. This source has limited growth potential, and a portion of the funds are dedicated to maintaining current Town owned housing stock.
- **HOME Investment Partnership Program (HOME)** is a federal program that provides funding to state and local governments to fund affordable housing developments.
- **Enterprise Zone Tax Credit Program**, managed by the Colorado Office of Economic Development and International Trade (OEDIT), includes a 25% tax credit for individual donors making contributions to charitable projects located in an Enterprise Zone. This program is not a source, but is an incentive for private contributions. Artspace used this resource in Loveland.
- **Mile High Community Loan Fund (MHCLF)** is a Community Development Financial Institution (CDFI) that provides short-term, low-interest loans. They focus on financing for the development of affordable housing and for the purchase/rehabilitations/construction of facilities for nonprofits that serve low-income populations. Funds can be used for acquisition as well as construction.
- **DOLA (Department of Local Affairs)** has grant and loan programs that may be applicable from both the Division of Local Government and the Division of Housing. These programs can be used for community facilities, affordable housing, technical assistance, business development, job creation and more. These include Energy and Mineral Impact Assistance Fund (EIAF), Rural Economic Development Initiative (REDI), and Community Development Block Grants (CDBG).
- **Federal Home Loan Bank - Topeka** is one of twelve government-sponsored Federal Home Loan Banks that provide equity to support housing financing and community investments. Focus Group participants from Aspen Ski Co. indicated that there is a Colorado representative on the FHLB board in Topeka, and that Aspen Ski Co. could help connect with the Topeka branch.
- **Tax Increment Financing (TIF).** A tool available to local communities for assisting economic development, redevelopment and housing. This tool is not commonly used in Carbondale or in many communities in Colorado. If there is tax increment it is more commonly found through voluntary contributions by business and land owners in a Business Improvement District (BID).

- **Philanthropy.**

- Two Rivers Community Foundation is a Glenwood Springs focused foundation that is affiliated with the Western Colorado Community Foundation based in Grand Junction.
- Aspen Community Foundation which manages many donor-advised funds
- Other local and regional foundations, businesses and individuals

UNDERSTANDING LOW-INCOME HOUSING TAX CREDITS (LIHTC)



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

ARTSPACE FUNDING EXAMPLES

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

ARTSPACE LOVELAND ARTS CAMPUS, LOVELAND, CO

Source	Amount	PCT.
PUBLIC SOURCES		
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%
PRIVATE SOURCES		
Residential First Mortgage	\$912,000	11%
Private Sector (Philanthropic Gifts)	\$619,584	8%
TOTAL	\$8,194,138	100%

TRINIDAD ARTSPACE, TRINIDAD, CO - DRAFT

Source	Amount
NON-RESIDENTIAL SOURCES	
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
RESIDENTIAL SOURCES	
Low Income Housing Tax Credit	\$10,215,244
DOLA Housing	\$600,000
Deferred Developer Fee	\$215,433
TOTAL	\$18,385,304

KADDATZ ARTIST LOFTS, FERGUS FALLS, MN

Source	Amount	PCT.
PUBLIC SOURCES		
Minnesota Dept. of Trade & Economic Development (DTED)	\$650,000	28%
Federal Low Income Housing Tax Credits	\$555,277	24%
Federal Historic Tax Credits	\$385,777	24%
City of Fergus Falls (TIF)	\$80,000	3%
Otter Tail County (HOME)	\$56,000	2%
PRIVATE SOURCES		
Residential First Mortgage	\$160,000	7%
Private Sector (Philanthropic Gifts)	\$390,000	17%
Deferred Developer's Fee	\$56,321	2%
TOTAL	\$2,333,374	100%



Rendering of future Artspace project in Trinidad, CO



Kaddatz Artist Lofts, Fergus Falls, MN



Artspace Loveland Arts Campus, Loveland, CO

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

The Carbondale site tour focused on five potential sites near 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 on December 6, 2017.

1) LOT ADJACENT TO SAW

Section: 33 Township: 7 Range: 88 Subdivision: VILLAGE BUSINESS CENTER Lot: 67

This approximately 0.4-acre site is adjacent to Saw Studio for Arts and Works and owned by the same group. The site is split into five lots, all under the same ownership, which would be assembled into one site for a mixed-use project. Even when assembled, the site may be too small for the market, however, having SAW as a neighbor presents the opportunity to discuss collaboration on the non-residential component of a project. Though the location is outside the downtown core, its proximity to the existing creative space is intriguing. Connectivity is also improved by the nearby Rio Grande Trail, which provides a reasonable one-mile walk or bike ride to the Launchpad. The site is not actively marketed for sale, but the ownership may be interested in supporting a project concept that complements the vision of the existing space.



2)CITY MARKET ROUND-ABOUT SITE

Section: 33 Township: 7 Range: 88 A PCL IN E2 OF SEC 33. EXCEPT A TR OF LAND CONT 13,082 SQFT (.3 AC+/-) AS DESC. IN THE CRYSTAL RIVER MARKETPLACE, LLC/CRMS PROPERTIES LOT LINE ADJUSTMENT REC#791487. ALSO A TR. OF LAND CONT. 26,393 SQFT (.6 AC+/-) AS DESC

This site presents an opportunity for a developer to help activate a large parcel in an area of expansion for the town. It has Main Street frontage and connectivity to the new City Market, which will break ground in Summer 2018. Its location across Highway 133 from downtown, however, makes it less compelling for a space that aims to connect with the creative district. The owners are open to new ideas and are interested in exploring a long-term lease, which would ease the likely very high acquisition cost of this land.



3) CARBONDALE INDUSTRIAL PARK SUBDIVISION

Section: 34 Township: 7 Range: 88 Subdivision: CARBONDALE INDUSTRIAL PARK SUB-DIV. EXP Lot: A & B

The two parcels represent a portion of a large industrial park, which some consider “the most developable piece of land in the valley.” An adjacent parcel in the industrial park is planned for assisted senior housing, and there have been other development plans that have come and gone in recent years. The environmental studies that have been performed on the site did not show major issues, but further research would be needed before proceeding with a housing project. The ownership group is not rushing to develop, as the current industrial uses of the site cash flow positively.



As of this writing, there is not a master plan for the park, but it could be possible to carve out a piece of the park for a singular mixed-use project. The toured parcels are located on the side of the park closest to the Creative District; though they feel industrial they are just behind Town Hall. An arts facility on this site could both connect to the creative district, and extend the boundaries and walkability of downtown.

4) ASPEN PITKIN EMPLOYEE HOUSING

Section: 28 Township: 7 Range: 88 Subdivision: KAY PUD PH 2 Lot: 12-B 1ST AMENDED FINAL PLAT OF LOFT AT DOLORES PARK, REC# 766444

Located on Dolores Way and connected to Bus Rapid Transit, this is one of the Town's priority sites for redevelopment. The current owners had proposed a plan for 18 units on the site, but the project has stalled. Though the location has good connectivity to downtown, it is located across Highway 133 from the creative district, thus may not be as catalytic for increasing downtown density of housing and/or creative activity. An “eyeball estimate” of the size of the lot would indicate that site could accommodate no more than 30 units of live/work housing. Depending on how large the market is for creative space, this site may not be large enough to satisfy the demand.



6) OTHER SITES WORTH MENTIONING:

- a. The lot behind Town Hall, is in a great location, and the Town ownership of the site is favorable for acquisition. However, the site is a priority location for a future potential Carbondale Recreation and Community Center expansion. Thus, it is not one of the top contenders for a mixed-use affordable live/work project. If the Town does develop it for public uses, it is still recommended that creative commercial space, such as classroom space, makerspace or event space, be considered as part of the concept.
- b. Artspace and the Core Group also visited several other privately owned sites that could be of interest in the future.

COMPARING THE TOP SITES

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

NAME	LOT ADJACENT TO S.A.W.	INDUSTRIAL PARK	CITY MARKET ROUND ABOUT SITE
LOCATION	GOOD: Adjacent to existing creative workspace. A project on this lot could create a campus feel.	GOOD: Connected to the central core, and has the potential to bring more residential spaces downtown.	GOOD: Strong connections exist between the Round-About, Downtown, & Industrial Park.
SIZE	POOR: The .4-acre lot is likely too small for a mixed-use project. It is unknown if additional lots could be assembled into a larger site.	GOOD: A site could be carved out of the large, 8.66-acre industrial park that would provide adequate space to fulfill the market demand.	GOOD: At 0.6 acres, the parcel is small but could include adjacent land that is part of a larger developable area.
ACQUISITION	UNKNOWN: The lot is not listed for sale. However, the landowner also owns SAW, and may see benefit in a creative space use on that lot.	UNKNOWN: The site is owned by a private holding company, which may be looking for a market rate deal.	GOOD: The site is privately owned. Owner is interested in exploring long-term lease.
SUMMARY	This site, though a bit further from the central core than the other two, has great connection to the creative sector and could be a promising partnership with an existing arts organization.	This site is interesting, but there are many unknowns. Should a project move forward, it will be worth exploring this site further and learning about the owners' vision for the specific parcel as well as the entire industrial park.	A new city market will replace the current market and create new opportunities to model higher density mixed-use development that connects to downtown.

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.



Site #2 City Market Round-About Site



Site #6a Lot Behind Town Hall

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 2013 Carbondale Comprehensive Plan outlines community goals covering a broad range of topics, many which align with the development of additional space for the creative sector, including:

- Preserving affordability
- Residential density
- Transit Oriented Development (TOD)
- Enhancing walkability and bikeability
- Promoting the Creative District
- Healthy downtown
- Recreational connections

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 twelve common community goals (at right), they identified three priority community goals that could be addressed by a creative space facility. Overwhelmingly the top two were:

1. Preserving Affordability

2. Supporting Creative Businesses and Nonprofits

Other goals that were identified as priorities included Preserving Cultural Community, Transit Oriented Development, and Downtown Revitalization. Discussion around community goals also gave participants the opportunity to further refine the language. Some focused on supporting the existing business community, others focused on a specific art form, such as culinary arts, and urban farming. Others reinforced the importance of overriding themes such as environmentally sustainable design and collaboration between creatives and other community members.

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

CORE GOALS

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

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

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 AND NEXT STEPS

Carbondale is well-positioned to pursue an affordable live/work mixed-use facility for artists and creatives. With a robust creative sector and strong Town leadership, matched with overlapping community goals, and an array of funding resources for affordable housing, the feasibility of moving a project forward is very positive.

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

Based on findings from the study, we believe Carbondale can support 40+ 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.

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. The cultivation process can be a lengthy one, and it is never too early to start.
- Check in with DOLA to discuss the types of support that could come from various DOLA programs for predevelopment and development and the likely timing. Artspace is happy to participate in these conversations.

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

In summary, Artspace believes a facility that includes both affordable live/work housing and space for creative organizations would anchor Carbondale's creative sector and help prevent displacement due to rising cost of living.

Artspace greatly appreciates the opportunity to work with the Town of Carbondale 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 Carbondale on the path to further supporting its creative sector through stable and affordable creative spaces.



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>



APPENDIX I

ABOUT ARTSPACE



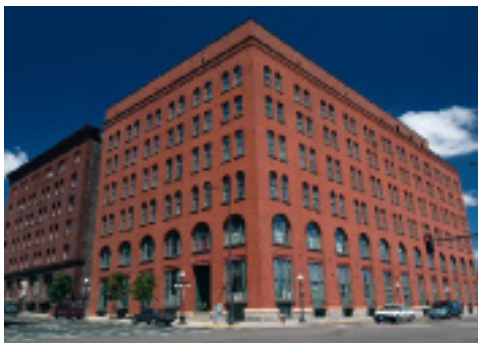
ARTISTS AT WORK

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

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

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



PROPERTY DEVELOPMENT

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

ASSET MANAGEMENT

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



CONSULTING SERVICES

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

APPENDIX II

PATH OF AN ARTSPACE PROJECT



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	
OVERVIEW	<ul style="list-style-type: none"> • Information Gathering and Outreach
PRIMARY ACTIVITIES	<ul style="list-style-type: none"> • Meet with artists, local funders, businesses, civic leaders, and other stakeholders • Conduct a public meeting to introduce Artspace and solicit community feedback • Tour candidate buildings and/or sites • Extend outreach as needed to ensure that people from underrepresented communities are included in the process
DELIVERABLES	<ul style="list-style-type: none"> • Written report with recommendations for next steps
PREREQUISITES FOR MOVING FORWARD	<ul style="list-style-type: none"> • Demonstrated support from local leadership • Critical mass of artists and arts organizations with space needs • Established base of financial support
TIME FRAME	<ul style="list-style-type: none"> • 3-5 months, kicked off by a 2-day visit
FEE	<ul style="list-style-type: none"> • \$25,000

STEP 2: ARTS MARKET STUDY	
OVERVIEW	<ul style="list-style-type: none"> Assessing the Market
PRIMARY ACTIVITIES	<ul style="list-style-type: none"> Three phases to the study: survey preparation, data collection, and analysis/reporting Quantify the overall demand for arts and creative spaces Identify the types of spaces, amenities and features that artists want/need Inform site selection, design, and programmatic decisions Maintain community involvement throughout the project Help build support and secure funding
DELIVERABLES	<ul style="list-style-type: none"> Written recommendations and technical report of survey findings
PREREQUISITES FOR MOVING FORWARD	<ul style="list-style-type: none"> Sufficient number of responses from eligible, interested artists to support an Artspace live/work project
TIME FRAME	<ul style="list-style-type: none"> 6 months
FEE	<ul style="list-style-type: none"> \$30,000

STEP 3: PREDEVELOPMENT I

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

STEP 4: PREDEVELOPMENT II

OVERVIEW	<ul style="list-style-type: none"> • Project Design and Financial Modeling
PRIMARY ACTIVITIES	<ul style="list-style-type: none"> • Establish process for selecting architectural team • Confirm development goals and space program with architectural team • Engage architect to create conceptual plans and schematic designs • Engage contractor or cost consultant to provide pre-construction services • Resolve any contingent conditions relating to site control • Create capital and operating budgets • Obtain proposals and/or letters of interest from lender and equity investor financing partners • Prepare and submit Low Income Housing Tax Credit application • Submit other financing applications as applicable • Maintain excitement for the project within the creative community • Encourage and guide local artists to activate the site with arts activities
DELIVERABLES	<ul style="list-style-type: none"> • Schematic designs • Financial pro-forma detailing capital and operating budgets • Preliminary proposals and letters of interest for project mortgage and equity financing • Summary of project status
PREREQUISITES FOR MOVING FORWARD	<ul style="list-style-type: none"> • Award of Low Income Housing Tax Credits (first or second application) or commitment of alternative funding
TIME FRAME	<ul style="list-style-type: none"> • 12 months+
FEE	<ul style="list-style-type: none"> • \$300,000

STEP 5: PREDEVELOPMENT III

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

STEP 6: CONSTRUCTION

OVERVIEW	<ul style="list-style-type: none"> • Construction and Lease-up
PRIMARY ACTIVITIES	<ul style="list-style-type: none"> • Oversee project construction • Engage property management company • Identify commercial tenants and sign lease agreements • Reach out to potential artist tenants, providing education on the application process • Conduct residential tenant selection process
DELIVERABLES	<ul style="list-style-type: none"> • Completed project ready for occupancy
TIME FRAME	<ul style="list-style-type: none"> • 6-10 months
FEE	<ul style="list-style-type: none"> • Depends on project (not part of predevelopment contract)