

artspace

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Preliminary Feasibility Report: City of Mobile

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Historic Mobile Development Commission



THE J.L. BEDSOLE FOUNDATION
The Sybil H. Smith Charitable Trust
Michael C. and Patsy B. Dow Charitable Fund

ARTSPACE PROJECTS, INC.
250 Third Avenue N., Suite 500
Minneapolis, MN 55401
612.333.9012
www.artspace.org

Introduction

In the last decade the City of Mobile, founded in 1702 and Alabama's oldest city, has fashioned a mini-renaissance in its picturesque historic downtown, increasingly with the arts. Mobile is the historic capital of the French Colony of Louisiana and the proud originator of the American Mardi Gras. At nearly 500,000 in population, the Mobile metro area has equal numbers of African American and Caucasian citizens with growing immigrant populations as well. The City of Mobile's population in 2010 was estimated at 195,000, a decrease from its peak of over 203,000 in 1960.

This history is important to understand in the context of a City that distances itself from the state of Alabama but is fiercely proud of its own identity. Mobile has more than 140 historic buildings and seven districts on the National Register. During the mid 19th century Mobile and its port served as the gateway to Alabama's fertile Black Belt. Fueled by rich cotton production and export trade with Europe, Mobile was an economic powerhouse of the Southern U.S. This wealth helped create deep cultural traditions and a genteel, educated population.

Mobile's influence continued through the civil rights era of the 1950s and '60s – Alabama's oldest city was considered "more respectful" than other Southern cities to the concerns of integration. Downtown Mobile had suffered the typical late 20th century urban decay – with much of its middle class population moving across the bay to smaller communities such as Spanish Fort, Fairhope and Daphne. Small town sensibilities paired with perceptions of safety made areas across the bay more attractive for people with higher incomes in search of better schools and other amenities.

Recently, the arts have had something to do with the downtown renaissance. The active downtown blocks are starting to fill with arts-related businesses, hotels and restaurants. However, relatively few people are living in downtown Mobile. Hence, it is limited to day shoppers, visitors and workers. Though several thousand people may live downtown, it is not enough to attract the kinds of services and activity Mobile seeks. And while the officially anointed downtown Arts District along Dauphin is nearly 14 blocks long, it is still peppered with vacant storefronts amidst the galleries, stores and businesses. To address this issue and to strengthen the downtown economy, the City of Mobile has emphasized the importance of residential development in its most recent Comprehensive Plan:

"Include High Density Residential – The integration of apartment and condominium living in the Downtown will address a market gap that currently exists. Condominium development in the downtown Mobile area has increased in recent years, but it is

happening on a small scale. Apartments built for middle income and higher income residents are not being created in significant numbers.”

With that in mind, the City of Mobile’s Office of Neighborhood and Community Services, the Downtown Mobile Alliance, The Mobile Historic Development Commission, Restore Mobile, The J.L. Bedsole Foundation, The Sybil H. Smith Charitable Trust, and the Michael C. and Patsy B. Dow Charitable Fund brought in Artspace to conduct a Preliminary Feasibility Visit in Mobile for the purpose of assessing the feasibility of an Artspace mixed-used project in the community. The visit took place Nov. 7-8. Artspace was represented by Wendy Holmes, Senior Vice President of Consulting and Strategic Partnerships, and Joe Butler, Property Development Project Manager, primarily for Artspace’s work in New Orleans.

This report contains our findings and recommendations based on what we saw and heard during our two days in Mobile. It is also informed by the experiences of other communities around the United States that have invested in affordable housing and other facilities for artists. We believe that those experiences provide a useful context for evaluating the feasibility and importance of an Artspace-like project in Mobile. In that regard, we offer the following thoughts and observations:

- Multi-tenant, multi-use creative spaces generate economic revitalization and development. Every project provides job opportunities before, during, and after construction.
- Every independent artist is, in effect, the owner/operator of his or her own cottage industry, generating economic activity by selling products or services, purchasing equipment and supplies, paying taxes, and otherwise contributing to the local economy.
- To create live/work space whose long-term affordability is guaranteed by covenants is to create and sustain an authentic community of local artists who collaborate not only with one another but also with other local, national, and international artists.
- Arts projects help to preserve old buildings and stabilize old neighborhoods – including downtown neighborhoods that have fallen into disuse. Arts projects also help preserve cultural heritage by providing places where cultural art forms can be passed from one generation to the next.
- Arts facility projects are catalysts for private and public investment, such as façade improvements and general beautification, in the surrounding area.

- These projects create permanent community spaces that give resident artists opportunities to interact with the public and give the larger arts community opportunities to showcase their work.
- Artists are urban pioneers, willing to colonize older areas of a city that provide buffer zones between industrial and residential areas.
- Artists are good neighbors and active community members. Many artists collaborate with the larger educational, cultural, and business communities as teachers, adjunct professors, and volunteers with youth and cultural organizations.

We are grateful to the members of the Core Committee for their hospitality and energy, and to the funders who provided grants that underwrote the cost of our visit.

Findings

During a Preliminary Feasibility Visit, Artspace gathers information relating to six main issues: project concept, artist market, site feasibility, financial feasibility, local leadership, and sustainable community impact.

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

PROJECT CONCEPT

Many communities have a clear project concept in mind before they contact Artspace. Buffalo, New York, for example, was interested in a live/work project to catalyze development in an economically challenged neighborhood. Brainerd, Minnesota, wanted to find a use for a junior high school that was being replaced by a new facility. In Santa Cruz, California, where real estate values are among the highest in the country, the goal was to keep artists from being priced out of the community.

In Mobile, the concept of creating affordable space for artists is driven by a stated priority to create more residential units downtown and creating a catalyst for continued downtown redevelopment, particularly to attract other market rate housing developers. Successful transformative community development projects require critical partnerships and dedication to a shared vision. Participation by a broad variety of stakeholders representing multiple sectors provides the basis for a comprehensive, organized approach to project success and sustainability. The City of Mobile is self aware of negative perceptions of downtown due to perceived safety issues and vacancies. These negative perceptions can be addressed in part

by assembling a representative group of artists, community leaders and elected officials to create a new cultural, economic and social texture within Mobile's central business and historic arts districts. The artists are hungry for space and affordability can be catalytic in addressing the need for "new energy" in the city's core. Marrying the two seems like the perfect fit.

ARTIST MARKET

An in-depth Artist Market Survey is a required step in the predevelopment phase of an Artspace live/work project and a step we highly recommend regardless of the community's choice of developer. Artspace uses an online survey that we developed 14 years ago. To date we have used this survey instrument in more than 40 communities and received more than 23,000 responses from artists.

The Artist Market Survey is a key component of the due diligence that Artspace conducts before committing our organization to proceed with an Artspace project in a new community or, if acting in a consulting role, before giving a community the green light to proceed on its own. The primary goal of the survey is to determine the size and nature of the market for a live/work arts project in the community. We also use it to demonstrate a need for affordable rental housing sufficient to satisfy the various public and private entities that make financial investments in our projects. If the community is interested in having the project include space for arts organizations as well as individual artists, the survey can be modified to provide information in that realm as well.

The survey gathers a wealth of data about the area's artists, including their age, gender, ethnicity, household size, and other demographic information; the arts activities they practice and the arts facility features of most interest to them; their current income and the percent of it that is generated by art; their current studio or work space arrangement; and how much they are willing to pay for housing and studio space.

The Artist Market Survey tells us with reasonable accuracy how many live/work units the local arts community can fill, what neighborhoods are of greatest interest to the artists, and whether there are special considerations, such as the need for specific kinds of studio space that might influence the design and scale of the project. If a mixed-use project is under consideration, the survey can also be used to identify the need for space for arts organizations, creative businesses, and arts-friendly commercial ventures such as coffee shops and restaurants. Developing the questionnaire, publicizing it (we attempt to reach at least 3,000 artists), collecting the data, analyzing the results, and preparing a report takes about six months.

We recommend proceeding with an Artist Market Survey if, based on our Preliminary Feasibility Visit, we are confident that the survey will indicate the existence of a market sufficient to support a project of at least 35 and preferably 45 to 50 units of live/work housing as well as a significant number of working studio spaces. Based on our observations and what we heard in our focus group sessions, we believe that an Artist Market Survey in Mobile will reveal a sizable market for live/work space – at least 40 and perhaps 50 or more. Artists were well-represented both at our artist focus group session and at the evening public meeting, which attracted an audience of approximately 60. We were impressed with the ethnic and age diversity as well as the diversity of artistic pursuits among the artists present. Not surprisingly – it’s true almost everywhere – most of the artists said they do not make the majority of their income from their art. They spoke of the need for residential and studio space. Affordability also seemed to be an issue though housing costs in Mobile are still quite affordable compared to other cities of its size.

We were extremely impressed, perhaps even amazed, at the number of working artists who attended the community meeting on the first night as well as the artist focus group on the second day. One woman was so excited about the potential of having affordable live/work space in Mobile that when she came back to the focus group meeting



from having attended the community meeting the night before, she said, “I couldn’t sleep all night. I was so excited that this could actually happen in Mobile. How can I help?” Other comments made by local artists and arts professionals included:

- My studio is in my bedroom where it’s difficult to be inspired or put my stuff.
- I have a “bonus room” in my apartment. Even so, the table saw doubles as a microwave stand.
- Need venues for musicians.
- Need cabaret/black box flexible performance spaces.
- Need affordable studio spaces downtown.

- Wish there was a clearinghouse for things happening downtown. [Note: seems to be a lack of consolidated information about where to find out about cultural “happenings”]
- There would be a huge benefit for artists to live and work in a larger community of artists living in the same building or near each other.
- There are no public darkrooms available.
- There is an entire generation now reaching adulthood who have had little, if any, exposure to the arts. This makes the creation of an arts community ever more important.

There was a definitive sense of “critical mass” within an energized group. Growing this group would be a tremendous asset going forward. Each artist should recruit another artist to attend similar group discussions about potential downtown live/work spaces. Those most interested should help identify artists from different neighborhoods, and all parts of Mobile’s population to influence discussions and planning.

While the majority of the younger artists present were visual artists and/or musicians, there were a number of performing arts professionals in the focus group as well. There was a fair amount of discussion about needing more flexible performance and rehearsal venues. We recommend that those interested in rehearsal or performance space get together to understand what’s currently available and how those spaces are used as a measure of what is actually needed. We felt that many of the administrative professionals needed more of a forum for this kind of discussion.

SITE ANALYSIS

During a Preliminary Feasibility Visit, Artspace’s primary goal is not to select a site but to identify candidates for further study should the project move forward. Several factors to consider include location, building capacity, availability, viability and ability to impact the broader community. In Mobile we visited five sites, of which four are candidates for further consideration: the Press Register and Gayfer buildings downtown, the Red Cross site at Dauphin and Broad Streets and the old Seamen’s Beth site at Water Street and Interstate 110.

Please note that the salient physical amenities for artist housing -- high ceilings, open floor plans and access to natural light – are present in the Press Register and Gayfers Department Store Buildings.

□ FORMER PRESS REGISTER

One of Mobile's most well-respected cultural venues is the Centre for the Living Arts (CLA). The CLA operates the 2,000 seat historic Saenger Theater as well as Space 301 which houses contemporary art exhibitions and presents contemporary performance art. Space 301 has 14,000 sq. ft. of exhibit, classroom, rental and performance space and is considering the possibility of expanding its program offerings by redeveloping all or some of the former Press Register building (adjacent to 301) as artist-in-residency space for visiting artists.



The former Press Register building is an early 20th century car dealership as well as former offices for the newspaper with 50,000 sf of space on 3 floors. The building is too big for the CLA alone to develop but could be considered as a redevelopment in partnership with others. The former Press Register could be large enough for up to 35 units of live/work space with some ground floor creative uses but would be too small to accommodate spaces for both visiting artists and permanent homes for artists of the scale we believe the Mobile market will support. Considering these two uses makes a lot of sense but with the use of low income housing tax credits as the largest source of potential equity for permanent affordable artist housing, the number of units would be too small to be competitive in an application to the State.



However, an Artist Market Survey would help build confidence in the market for artist housing in general and encourage other developers, once they know the facts, to consider arts uses for the redevelopment of the building in collaboration with the CLA.

For Artspace, one of the attractions of this site is that an arts development solution could help facilitate the larger goal of adding residential units downtown as well as to build on the

cultural equity that is responsible, in part, for the renaissance downtown.

GAYFER'S department store

The 1910 former department store is 80,000 sq. ft. and near one of the large public squares, Bienville Square, in the center of downtown. It's 12 ft ceilings and open floor plan would make ideal conversion to artist housing. There is a small adjacent lot that could be used for parking as well as access to transportation at the Square. There are 6,500 sq. ft. per floor with 3 floors on one wing of the building and 4 floors on the other.



The Gayfer's building is in an excellent location with much to offer any developer, not just a developer of affordable housing for artists. On the whole, we think its highest and best use is market-rate housing, perhaps with creative businesses on the ground floor. We think it has an excellent chance of being developed as soon as the housing market recovers.

VAN ANTWERP, 103 Dauphin Street

The Van Antwerp is perhaps Mobile's most famous building. It was built as Mobile's first skyscraper and is a beautiful example of Beaux Arts architecture. While the building has many positive features, the number of housing units that could be created per floor is limited relative to the exterior building structure and its massive renovation.



□ SEAMEN'S BETHEL, Water Street at Interstate 165

Three blocks from the waterfront and the former cruise ship terminal, the Water Street site is a 45,000 sq. ft. site. It was noted that this site is an important one to redevelop as it is one of the prominent gateways into the City. We were not able to access the interior of the building. One clear advantage is that it is owned by the City and is a priority site for redevelopment. It would be easy to imagine both historic renovation and new construction on the site for multiple uses. See this excerpt from the City's Comprehensive Plan:



“Downtown Mobile is served by a series of radiating entry corridors that present visitors with a variety of impressions as they travel through either residential, commercial, industrial or civic land use areas. A key entry needing improvement and redevelopment is the Interstate 165 north entry as it descends upon Water Street. This area presents a mixed message to the visitor with positive entry structures like the GM&O Building and the new Mobile Press Register, surrounded by a menagerie of lower quality structures and sites

including the vacant City Hall North building [formerly Seamen's Bethel], partially rehabbed public housing, service stations, post office maintenance facility, vacant parcels, warehouse buildings, and a nightclub along Water, Royal and St. Joseph Streets. The City Hall North Building [Seamen's Bethel] and site are currently being offered for sale by the City; however, demolition and site clean-up costs coupled with the relatively small size of the parcel and limited redevelopment potential of the site have kept it from being redeveloped thus far. The City



Hall North [Seamen's Bethel] site can certainly be a catalyst for redevelopment in the area if coupled with other properties, but a much larger view of the northern

gateway redevelopment opportunities must be taken for the area to reach its optimum development potential. As such, the Water, Royal, Congress and St. Joseph Street Corridors have been identified as the primary address streets for attracting larger scale developments to a newly branded “Skyline Gateway Office District” within the CBD.”

RED CROSS, Dauphin and Broad Streets

The Red Cross is a small vacant building on a full city block at another important “Gateway” to the City. We were not able to enter the building but the lot size is 53,000 sq. ft. This site could also be a combination of historic rehab and new construction though we have little information about the condition of the Red Cross building at this time. The Red Cross site is currently listed at \$1 million, a price tag too costly for a mixed-use affordable housing development. However, we understand circumstances can change.



FINANCIAL ANALYSIS

An Artspace live/work project typically represents a significant investment of civic resources. While an assortment of federal and state programs can be used to generate revenue for construction, we typically look to the community for predevelopment revenue and a commitment of affordable housing allocations, typically in the form of Community Development Block Grants, HOME funds, tax increment financing or the equivalent. When considering financial feasibility and return of investment, it is important to note the multiple points of impact of a potential project site. Blight remediation, adaptive re-use and infrastructure investment in the cultural economy are each “returns on investment” in addition to the affordable housing. Communities, civic leaders and politicians have to share in this vision to maximize impact.

At our Funding and Finance focus group session, we heard civic and business leaders discuss the creative economy as an important piece of the organic evolution that has already begun to transform downtown Mobile. We learned about 8 downtown galleries, several buildings

with working studio spaces, the Mobile Arts Council gallery and office, the Centre for the Living Arts – all within a 10-block area.

We also heard, loudly and clearly, that increasing the density of downtown living is a number one priority of the City. There was agreement that matching up the desire of artists to live and work downtown with the City's desire to redevelop and repopulate downtown would be a dynamic one.

In addition to hearing from the Housing Authority (which has recently reorganized), at least one City Councilmember, a County Commissioner and a representative from the Mayor's office, we were encouraged to hear from so many private funders, all of which contributed to our feasibility study and were supportive of innovative initiatives of this type. The foundation representatives also mentioned peer foundations at the state level that could be supportive of a project of this nature.

There appears to be a broad consensus that the arts are an important part of what makes Mobile special and that an Artspace live/work project, or something resembling it, would be a good fit for the community. To the extent that our first impressions were correct, we see no major financial impediments at this time. We acknowledge, of course, that public programs that can be used for this type of development, such as the Community Development Block Grant (CDBG) program, is currently under fire in Congress and may suffer further cuts.

LOCAL LEADERSHIP

Strong local leadership is an essential ingredient of an arts project. Without someone on the ground who can advocate effectively for the project, open doors, and keep lines of communication open between the developer and the community, there is little chance of success. For this reason, we place a very high value on local leadership.

We were impressed by the local leaders who participated in the focus groups. Their participation gave us a sense of the priorities for this kind of an effort as well as a notion that a project of this type could be supported. However, this kind of a mixed-use artist housing concept, potentially using Low Income Housing Tax Credits, was new to Mobilians and would likely be new for the State of Alabama Housing Finance Authority. There will need to be consistent and well-spoken local leadership and education to make a project like this successful. We find that a single champion or champion group is often needed to take this from the idea stage to reality. Such a group or person needs to have the power and respect of civic leaders, artists and elected officials. In other words, a broad spectrum of the community must come together to turn words into action.

Namely: Elizabeth Sanders, Carol Hunter and Frederick Rendfrey from the DMA, William Carroll, Mobile City Councilor, Chris Lee of the Bedsole Foundation, Mary Cousar of the Sybil Smith Charitable Trust, Deveraux Bemis and Keri Coumanis from the Mobile Historic Development Commission, Bob Burnett from the Mobile Arts Council, Bob Sain and Daryn Glassbrook from the Centre for the Living Arts, Alex Ikefuna and Chris Barraza from the City of Mobile.

COMMUNITY IMPACT

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

As the project concept evolves, it will be important to continue to emphasize the project's "placemaking" capacity by admitting multi-disciplinary artist residents and organizations and incorporating community-accessible space for programming, collaborations, and rentals. Not only will the artist residents require shared spaces, but the community would benefit from having access to workshops and classes, performances and demonstrations, lectures, and other on-site events.

Site selection will be a component of overall community impact. Whether the project is in a downtown core, where its presence will help catalyze future development or in a more difficult-to-develop area such as the Seamen's Bethel Building or Red Cross sites, where its presence may serve as a Gateway to the downtown core, the project as envisioned will have a long-term positive impact on the community.

Other key elements to keep in mind as the project evolves include the need to quantify the project's job-creation capacity, to develop synergistic ties to other organizations and other areas of the core city, to identify community-based commercial tenants, and to ensure that artist support services and programs are in place before the project goes into operation.

Next Steps

Mobile would definitely benefit from an Artist Market Survey. It's high time for the City of Mobile to quantify the need so that serious discussion can begin, so that others whose support will ultimately be needed can have reliable information about the market for affordable live/work artist housing in Mobile and the collective economic power represented by that market. Our gut feeling tells us that Mobile could support a minimum of 40-50 units of artist housing and/or studio space. But bankers do not accept gut feelings as sufficient reason to offer a mortgage loan: they require the statistical evidence of market need that an Artist Market Survey can provide.

Mobile is well positioned to “Reboot” itself to encourage more downtown development, to create a healthy urban environment that attracts visitors, retains recent graduates and younger creative professionals and enhances the regional economy.



BUILDING BETTER COMMUNITIES THROUGH THE ARTS

What makes a city great? Across America, cities large and small are discovering that one essential quality of every great city is a great arts community. In an era when people are freer than ever to choose where they live, vital arts communities help cities attract and retain residents and businesses. Thriving arts districts are magnets for tourists, restaurants, theaters, and creative industries. In a great city, the arts are not an extra, something to be considered only after “more important” items on the civic agenda are funded. In a great city, the arts are as fundamental as streets, parks, and public transportation.

At Artspace Projects, helping cities integrate the arts into their civic agendas is part of our core business. Over the last two decades we have completed 30 major arts projects that contain more than a thousand affordable residences – each with extra space for a built-in studio – for artists and their families and provide more than a million square feet where artists and arts organizations work, teach, exhibit, rehearse, perform, and conduct business.

We have seen firsthand the power of the arts to transform urban landscapes. Two of our earliest projects helped launch the celebrated renaissance of Saint Paul’s Lowertown neighborhood during the 1990s. In Reno, a lively arts district has sprung up around an Artspace project that opened a decade ago. An Artspace project in Seattle turned an empty block in Pioneer Square into the center of that city’s independent gallery scene.

What is Artspace?

Established in 1979 to serve as an advocate for artists’ space needs, Artspace effectively fulfilled that mission for nearly a decade. By the late 1980s, however, it was clear that the problem required a more proactive approach, and Artspace made the leap from advocate to developer. Today Artspace is widely recognized as America’s leading developer for the arts.

As a mission-driven nonprofit, Artspace is committed both to the artists who live and work in our projects and to the communities of which they are a part. We work with civic leaders to ensure that our projects successfully deal with the issues they were designed to address.

Our programs

Artspace programs fall into three categories: property development, asset management, and national consulting.

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. Artspace typically begins two to four projects each year. Most projects take three to five years to complete.

Asset management

Artspace owns or co-owns all the buildings it develops; our portfolio now contains nearly \$500 million worth of real property. All our projects are financially self-sustaining; we have never returned to a community to ask for operating support for a project once it has been placed into operation. Revenues in excess of expenses are set aside for preventive maintenance, common area improvements, and building upgrades.

National consulting

Artspace acts as a consultant to communities, organizations, and individuals seeking information and advice about developing and operating affordable housing and work space for artists, performing arts centers, and cultural districts. Our expertise as an arts developer gives us not only a unique perspective but also a unique set of skills, and sharing this knowledge we have amassed over the years is central to our mission.

Our history

Artspace's first live/work project, the 52-unit Northern Warehouse Artists' Cooperative in Saint Paul, opened its doors in 1990. In the mid-1990s, Artspace developed its first project outside Minnesota. Invitations to work in other states soon followed. Artspace is now the nation's leading developer of live/work housing for artists with 24 live/work projects in operation from coast to coast. In addition, Artspace has six non-residential projects, including the Cowles Center for Dance, a major performing arts center in Minneapolis.

Artspace is now a nationally prominent organization with offices in Minneapolis, Seattle, New York, and Los Angeles. We have projects in operation, under construction, or in development in more than a dozen states. Our national consulting program has helped communities in virtually every state address their arts-related space issues. The nature of our work is evolving, too, to include multiple-facility projects, long-range planning, arts districts, and projects designed to serve culturally specific groups such as native Hawaiians, the communities of color in New Orleans, and Native Americans of the Northern Plains.

How to contact us

- By phone: 612-465-0260
- By mail: 250 Third Avenue N., Suite 500 / Minneapolis, MN 55401
- By email: info@artspace.org