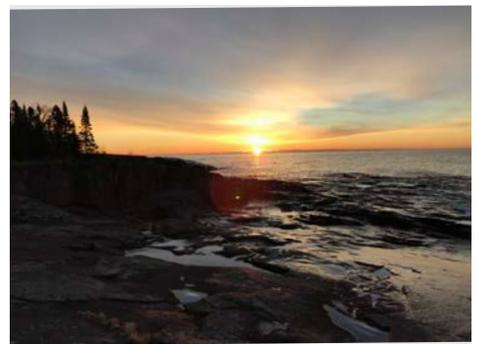
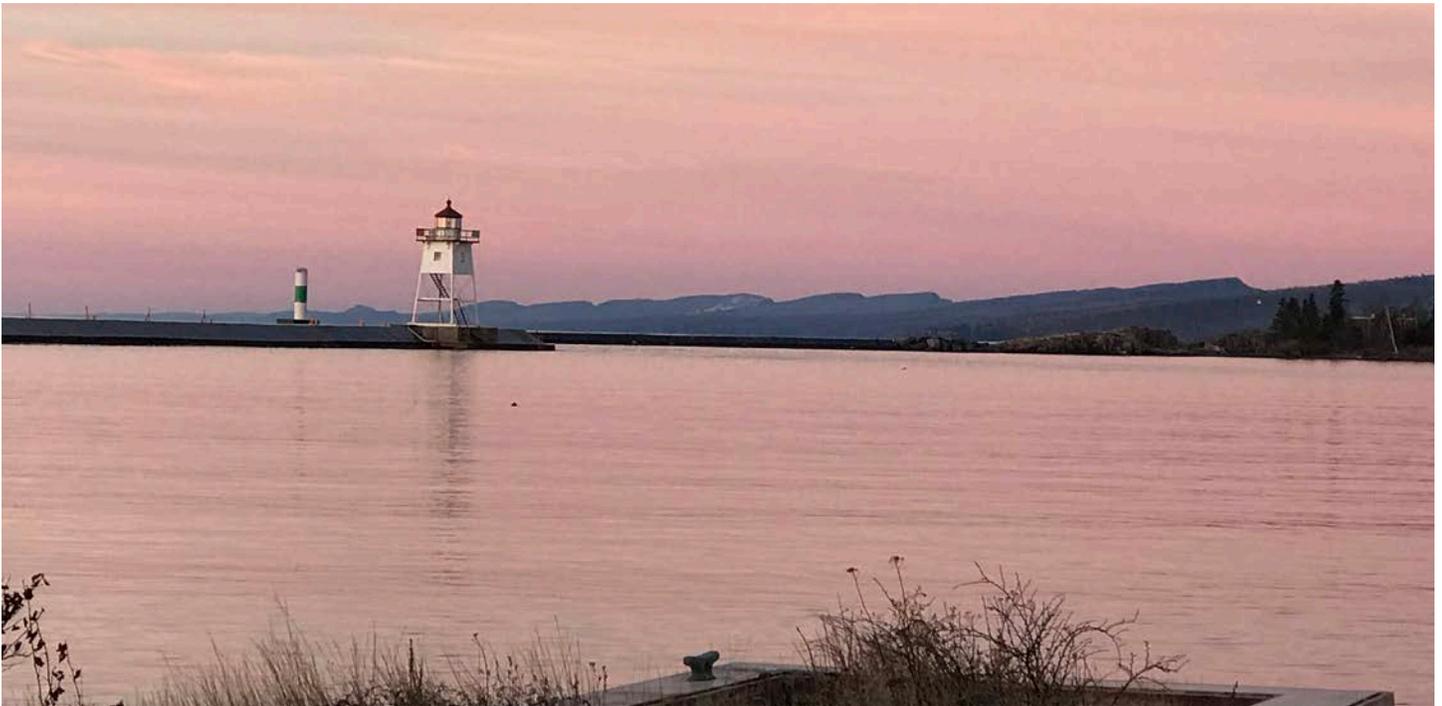


PRELIMINARY FEASIBILITY REPORT

Cook County, Minnesota | January 2018



Prepared at the request of Cook County/Grand Marais
Economic Development Authority
On behalf of the Cook County Creative Economy Collaborative

ACKNOWLEDGMENTS

Artspace would like to thank Cook County/Grand Marais EDA for their leadership, coordination, and support of this study. The EDA, and the Core Group of individuals it assembled, offered invaluable insight, hospitality and feedback throughout the process. It was a pleasure to work with such a committed group of individuals. We would also like to thank the over 150 participants in the focus groups and public meeting that made their voices heard over the course of this visit.

CORE GROUP

- Tom Christiansen, Lutsen, Sculptor, Last Chance Studio and Gallery
- Amy Demmer, Grand Marais, Director, Grand Marais Art Colony
- Bill Hansen, Grand Marais, Musician
- Linda Jurek, Cook County, Director, Visit Cook County
- Richard Olson, Hovland, Interior Designer, Richard J. Olson
- Jan Siverston, Grand Marais, Cook County Commissioner, Siverston Gallery
- Mary Somnis, Cook County, Executive Director, Cook County/Grand Marais
- Economic Development Authority (EDA)
- Greg Wright, Grand Marais, Director, North House Folk School

SPONSORS INCLUDE

- Cook County/Grand Marais EDA
 - Lloyd K. Johnson Foundation Grant
 - Blandin Foundation, Blandin Leadership Program Grant
 - Cook County Chamber of Commerce
 - Visit Cook County
 - North House Folk School
 - Grand Marais Art Colony
 - Tom Christiansen & Marcia Hyatt, Last Chance Studio and Gallery
 - Roger Opp, Artspace Board Member
 - Peggy Lucas, Artspace Board Member
 - Jan Siverston, Siverston Gallery
 - Gerry Grant, Grand Marais Playhouse Board Member
-

TABLE OF CONTENTS

Executive Summary	4
Findings Overview	5
Recommendations & Next Steps	9
Community Profile	10
Preliminary Feasibility Visit	12
Findings	14
Project Concept	14
Arts Market	18
Local Leadership	21
Funding & Financing	23
Potential Sites	30
Alignment with Broader Community Goals	35
Recommendations	36
Next Steps	36
Appendices	
I. About Artspace	38
II. Path of an Artspace Project	40

EXECUTIVE SUMMARY

The Cook County/Grand Marais Economic Development Authority 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) on behalf of the Cook County Creative Economy Collaborative. The PFS is a process to evaluate the potential for long-term affordable space solutions for Cook County's creative sector and to recommend next steps for the community. Artspace created the PFS methodology to respond to communities seeking their own affordable artist live/work, mixed-use development. Initially an Artspace development screening process only, the PFS has evolved over the years into a tool for communities to advance a variety of space-related goals. Information is collected during a community visit consisting of a series of focus groups, site tours, and a public meeting. Artspace uses its 30+ years of knowledge as a practitioner in the field, including its wealth of experience in Minnesota, to make its recommendations for next steps. The study methodology is qualitative and a process unique to Artspace. It is focused on six components:

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

The Cook County Preliminary Feasibility Visit took place November 28-30, 2017. During the three days, Artspace staff met stakeholders, visited current arts assets, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President; Anna Growcott, Director; and Aneasha Marwah, Manager, from the Consulting and Strategic Partnerships Department. Roger Opp, an Artspace Board Member and resident of Hovland was also present during the visit. Artspace met with people from all over the County, however much of the focus was Grand Marais.

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



FINDINGS OVERVIEW

Cook County, in northeastern Minnesota, has a thriving arts scene, which has clearly become integral to its community. Its location, natural beauty, and cultural assets draw nearly two million visitors annually. Seasonal visitors and second-home ownership has driven up rents and real estate values for the past several decades. Wages have not kept pace with real estate values in the area, leading to an affordability crisis. This need for affordable housing was a dominant focus of the 2013/2014 Go...Cook County Strategic Action Plan and the 2016 “Leveraging Creativity: Cook County Cultural Plan.” Community leaders have recognized affordable workforce housing as an ongoing and intensifying issue with no anticipated real estate corrections on the horizon.

The Creative Economy Collaborative (CEC) worked with ArtsLab/Arts Midwest to create a Strategic Framework for Cook County Arts and Culture. This plan focuses on four key areas that all feed into the Artspace Preliminary Feasibility Study:

1. **Telling Our Story**
2. **Working Together**
3. **Placemaking**
4. **Guiding Implementation**

These plans helped set the stage for the Cook County/Grand Marais EDA staff to contact Artspace on behalf of the CEC. It is rare to encounter a community that has done so much homework before engaging Artspace, which is another indicator of strong civic pride and creative vitality. Building upon the Cook County Cultural Plan, the CEC asked Artspace to help the Cook County community and organizations to better understand its arts facilities needs and to make recommendations as to how best to fill these needs, affordably and sustainably.

PROJECT CONCEPT

In Cook County, the creative people that Artspace met during the Preliminary Feasibility Visit expressed a need for a variety of types of affordable creative space. The top concepts mentioned during the visit included affordable housing, contemporary art gallery, artist-in-residence space, artist studios, event space and collaborative work space. Another compelling idea was for a mobile art center due to the vast geography.

Creative Economy Collaborative leaders, focus group participants, and public meeting attendees expressed a shared desire to harness the local creative energy and produce a facility (or facilities) that provides sustainable affordable space for the creative sector. Participants also emphasized that there are several creative organizations and businesses that could benefit from long-term affordable space in a mixed-use artist project.

Based on our visit and hearing from the different stakeholders in the community, Artspace believes Cook County is in a good position to move forward with one or more of the above project concepts. There are many examples of the form that this can take detailed in the report.

ARTSPACE LIVE/WORK HOUSING DEFINED

Live/Work Space is residential space where artists are able to live and create in the same space. Artspace live/work units meet standard residential codes, and are somewhat larger (150 to 200 square feet) than a typical dwelling unit. The units include artist-friendly design features including durable surfaces, large windows, high ceilings, and wide doorways. Appropriately designed live/work spaces meet both the artists residential and professional space needs without the financial commitment of renting two spaces. Other variations of this type of space include Work/Live Space, in which the primary use is commercial and minimal square footage is used for residential purposes. If affordable housing financing is utilized, all “artists” must still qualify for affordable housing by income.

ARTS MARKET

The Preliminary Feasibility Study provided Artspace a deeper understanding of the breadth of the arts scene in Cook County and parallel priorities of the creative community. Downtown Grand Marais was evident as the cultural hub of the County, and any new project should build on that synergy. Some of the themes that emerged repeatedly are that Cook County has an interest in growing its creative sector and have put the plans in motion for hopefully something to happen sooner rather than later. It additionally has a growing affordable housing problem that makes it difficult to attract new artist residents or visiting artists.

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

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 leadership is essential to the successful development of an Artspace project development or space initiative. The most impactful projects include a coalition of supportive leaders from both the public and private sectors. For this reason, the Cook County Creative Economy Collaborative, are the type of leaders Artspace looks for from the very start.

Cook County's Core Group has the vision for a vibrant and creative community, spirit to succeed, and determination and drive to put a plan into motion. They provided valuable information and insights about the arts scene in Cook County, as well as their "wish list" for Artspace's visit.

The cross-section of leaders included Grand Marais City staff and elected officials, Cook County/Grand Marais EDA, Visit Cook County, Cook County Commissioners, Cook County Chamber of Commerce, and a representative from the Grand Portage Reservation. The leaders Artspace met gave us confidence that there is the political will to move a project forward. The EDA staff who coordinated the study have a high level of experience and passion for this type of development. Grand Marais Mayor Jay Arrowsmith-DeCoux and Mary Somnis, Executive Director and Howard Hedstrom, President of Cook County/Grand Marais Economic Development Authority all offered their strong support for an arts-centered project. Multiple County Commissioners enthusiastically attended the focus groups and own creative businesses themselves. Several agencies collaborated to help fund this Study, including Visit Cook County and the Cook County Chamber of Commerce, further demonstrating that arts are recognized as key to the local economy. It is remarkable to see civic leaders so attuned to how the creative sector contributes to the community in multiple ways, as creative problem solvers, business people, and culture bearers, in addition to the art they produce.



FUNDING AND FINANCING

Any new project represents a substantial financial investment in the community where it is located. The local community's role is particularly significant during the feasibility and predevelopment stages. If Artspace is the developer however, only a fraction of the total project cost comes directly from the community itself. This is because Artspace relies mainly on federal programs, such as Low-Income Housing Tax Credits (LIHTC), Historic Tax Credits (HTC), and HOME funds, to pay for development projects. If affordable housing is not part of the project, the community's financial role is likely to be much greater than otherwise. In every case, a project must be prioritized by a strong group of community leaders for funding sources to be secured. If Artspace is not the developer, the resources identified can still be very helpful to anyone else looking to develop space for the creative sector.

The Funding and Financing Focus Group meeting was well attended with members of the local and regional financial sector and helped Artspace identify potential local public and private resources, and especially those geared to rural areas beyond Artspace knowledge from prior work in Minnesota. Artspace compiled this list of potential sources. The funding priorities of each source are further detailed in the full report.

- **Low Income Housing Tax Credits (LIHTCs) through Minnesota Housing Finance Agency (MHFA)**
- **Historic Tax Credits (HTCs)**
- **HOME Funding**
- **US Department of Agriculture**
- **Minnesota Department of Natural Resources**
- **Minnesota Department of Employment and Economic Development (DEED)**
- **Cook County Revolving Loan Fund**
- **Tax Increment Financing**
- **Iron Range Resources and Rehabilitation Board (IRRRB)**
- **Blandin Foundation**
- **Lloyd K. Johnson Foundation**
- **Northland Foundation**
- **Grand Portage Reservation**
- **Greater Minnesota Housing Fund**
- **University of Minnesota Center of Community Vitality**
- **National Endowment for the Arts**
- **Bush Foundation**
- **Arrowhead Regional Development Commission (ARDC)**
- **Duluth Superior Foundation**
- **The Northspan Group**
- **APEX**
- **Entrepreneur Fund**
- **University of Minnesota Duluth's Center for Economic Development**
- **Arrowhead Electric**



POTENTIAL SITES

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

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. Due to the sheer size of the county, all options were explored, but Artspace advises that any permanent project should be focused in Grand Marais, which is already a cultural hub for arts and entertainment. Other sites outside of Grand Marais would be better included in a mobile arts style project or for working studios.

Three of the top five sites are in/about the Core Downtown Waterfront zoning district. They include the current City Hall site, the US Coast Guard Station, and the eastern portion of the Grand Marais Campground/Marina "Rec Park." The other two sites would be good gateway sites as an entry to Grand Marais. The wooded site on Highway 61 next to the green North House Folk School building and the Former Tomteboda Site that is municipally owned. As of the visit, the most compelling site is the east end of the Grand Marais Marina and Campground ("Rec Park"). The redevelopment of even of portion of this site has the most synergies and capacity to be "game-changing" for Cook County and Grand Marais.

These findings are preliminary and based on currently available information; much can and will likely change between this report and site selection. Final site selection for an Artspace project would take place in a predevelopment stage of work (see Appendix II, "Path of an Artspace Project"), but the above five 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 three were:

- Preserving Affordability
- Supporting Rural Artists
- Supporting Creative Businesses and Non-profits

The more community goals that are addressed in a given project, the greater the ability to obtain funding. The community emphasized that any new project will need to develop synergistic ties to existing organizations. This could be in the form of space for local creative commercial tenants and artist support services. Artspace can help facilitate these conversations but the local drive and talent needed to boost a project can never be substituted.



RECOMMENDATIONS

Cook County is well-positioned to pursue a creative space project for artists and creatives. With a community in serious need of affordable housing, a robust arts sector and strong leadership, the feasibility of moving a project forward is very strong.

Artspace recommends considering three initiatives to create more affordable space for the arts sector in Cook County.

1. **Mixed-use Artspace-style project** that includes affordable live/work space for artists and non-residential space for arts organizations, creative businesses and other local, arts-friendly commercial enterprises.
2. **Non-residential arts facility** that includes studios, event space and perhaps a new home for the Grand Marais Art Colony.
3. **Carve out space in existing and/or forthcoming developments** by working with building owners and developers.

These recommendations can work in tandem with one another. Artspace's recommendation is to focus on Number 1 to leverage the most resources and accomplish multiple Cook County Cultural Plan goals. Mixed-use affordable housing projects may take several years to complete, therefore immediate space needs can be addressed in the meantime by pursuing Number 3.

NEXT STEPS

- **Decide which initiative to pursue**
 - A. If it includes a mixed-use project with affordable housing for artists:
Begin preparing for the Arts Market Study which quantifies artists' needs for living and working space.
 - B. If it includes artist-in-residency space:
Gather the arts organizations in need of artist-in-residency space to understand the demand and potential for this type of space.
- **Connect with potential private sector funders.** The cultivation process can be a lengthy one, and it is never too early to start.
- **Encourage local developers and property owners to include affordable space for artists in their projects**



Artspace greatly appreciates the opportunity to work with Cook County and learn from its residents and leaders. Artspace came away with a strong sense of the potential for a new 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 Cook County on the path to becoming home to a new affordable sustainable arts facility.

COMMUNITY PROFILE

INTRODUCTION

Cook County is the northeastern-most county in Minnesota. The triangular shaped county is bounded by Canada to the north, Lake Superior to the east and Lake County to the west. More than 90% of the county is made up of Superior National Forest, including the Boundary Waters Canoe Area Wilderness, and other public lands. Its location and natural beauty have long drawn tourists during the summer, fall, and winter months. Cook County has recently seen increases in shoulder season visitation as well. Nearly two million visitors come to this part of Minnesota annually.

In addition to the natural beauty, what makes this place a compelling destination – and home to 5,337 year-round residents – is the tremendous commitment to creative industries, including the arts, crafts, Native and folk traditions. Grand Marais, the county seat, incorporates the arts into its comprehensive plan. The arts and creative industries are clearly integral to life in this part of Northeastern Minnesota.

From the Grand Marais, Comprehensive Plan: One of the key policies is to “Expand arts, cultural and entertainment facilities in the city.” As Mayor Jay Arrowsmith-DeCoux so aptly said, “Art is part of everyday life here.”

The community and sovereign nation of the Grand Portage Band of Lake Superior Chippewa is located at the northeastern tip of the county. Cook County culture reflects a strong connection to and honors the history of the arts of the Ojibwe people.

Primarily European and Scandinavian settlers came to this part of Minnesota in the 1800's with a focus on fur trading, and later, logging and fishing. These early pioneers and the Native Americans who were on the land before them were hearty and independent. This independence, accompanied by a strong work ethic, is still evident today in the people who gravitate to this unique setting.

From the Leveraging Creativity Cook County Cultural Plan: Data USA, along with Creative Minnesota, report 127 FTE jobs supported by arts and culture, with Arts/Entertainment/ Recreation among the top 3 employers in Cook County as of 2014.

In this context, it is no wonder that Cook County has become a desirable place to live both year-round and seasonally. Seasonal migration and second-home ownership have driven up rents and real estate values for the past several decades. Today, rents and home sale prices in Grand Marais are comparable to the Twin Cities. Yet local wages have not kept pace with escalating real estate values, according to the 2013 Cook County Economic Analysis.

As of 2017, there were three low-income housing apartment complexes with a total of 95 units for rent in Cook County. Of these, 31 units are project-based voucher units subsidized by HUD. A study conducted in 2015 identified the need for 25 units of workforce housing for each of the next five years and approximately 65 rental units. However, the Cook County/Grand Marais EDA staff mentioned the workforce units currently under construction are only a “drop in the bucket” and does not keep pace with the need for current or potential future residents.

This need for affordable housing was a dominant focus of the 2013/2014 Go...Cook County Strategic Action Plan and the 2016 “Leveraging Creativity: Cook County Cultural Plan.” Community leaders have recognized affordable workforce housing as an ongoing and intensifying issue with no anticipated real estate corrections on the horizon.

Historic downtown Grand Marais has an authentic, “live-in” feel, primarily because it is pedestrian-friendly, charming and dynamic. Grand Marais residents and visitors can visit the post office, City Hall, Ben Franklin store, a world-class gallery, and an organic grocery co-op, all within a walkable downtown.

COOK COUNTY'S PAST PLANS

The Go...Cook County Strategic Action Plan cites several items relevant to the creation of affordable living and working space for the creative sector:

1. Commission an affordable housing study to quantify and understand the total need in the County.
2. Review zoning and adjust to support live/work space.
3. Plan for business development courses for the arts community.
4. Establish a coordinator to act as a liaison between business owners and artists.
5. Work with artists to help creatively problem solve general community challenges and opportunities and not just those in the arts.

Another focus of the Strategic Action Plan was strengthening and diversifying the county economy in a manner consistent with community values. An obvious sector to strengthen is the existing arts and crafts economy. This led to formation of a large, diverse group call the Creative Economy Collaborative (CEC).

The CEC worked with ArtsLab/Arts Midwest to create a Strategic Framework for Cook County Arts and Culture. This plan focuses on four key areas that all feed into the Artspace Preliminary Feasibility Study:

1. Telling Our Story
2. Working Together
3. Placemaking
4. Guiding Implementation

See <http://www.prosperitynorth.com/> for the full study.

These plans helped set the stage for the Cook County/Grand Marais EDA staff to contact Artspace on behalf of the CEC. It is rare to encounter a community that has done so much homework before engaging Artspace, which is another indicator of strong civic pride and creative vitality. Building upon the Cook County Cultural Plan, the CEC asked Artspace to help the Cook County community and organizations to better understand its arts facilities needs and to make recommendations as to how best to fill these needs, affordably and sustainably.



COOK COUNTY, MN AT A GLANCE

Population (2017 estimate): 5,337
 Households (2017 estimate): 2,854
 Population, % change 2010-2017: +3.1%
 Est. Population Growth 2017-2022: +1.4%
 Median Age (2017 estimate): 52.4
 Cook County Median HH Income: \$53,345
 Median gross rent, 2015: \$655
 Renter-occupied HH, 2017 est.: 25.8%
 Race and Ethnicity, 2017 (top 5):

- > White: 87.2%
- > Black/African American: 0.5%
- > Asian: 0.9%
- > Hispanic/Latino: 1.8%
- > American Indian: 8.1%

SOURCE: ESRI COMMUNITY ANALYST, 2017



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 Cook County Preliminary Feasibility Visit was conducted November 28-30, 2017. During these three days, Artspace staff met stakeholders, visited existing creative assets, toured potential sites, and facilitated a public meeting. Artspace was represented by Wendy Holmes, Senior Vice President; Anna Growcott, Director; and Aneesha Marwah, Manager, each from the Consulting and Strategic Partnerships Department. Roger Opp, an Artspace Board Member and resident of Hovland was also present during the visit. Artspace met with people from all over the County, however much of the focus was Grand Marais.

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 developing and consulting on a variety of arts facilities. These six components, defined below, provide a framework for planning for successful, affordable, mixed-use projects.

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 and/or their peers need space to live, work, create, teach, share, and sell their art, how much rent they consider affordable, and what types of amenities are priorities for them. This information helps assess the feasibility of the project concept the community developed. It also 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 to the project from all industries, from elected officials who control agencies and program dollars to citizens who are passionate about making their community a better place to live, work, and create.

FUNDING 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.

While these are not the only factors Artspace considers in making a recommendation, they help frame the discussion.

BRINGING ARTSPACE'S NATIONAL EXPERIENCE TO COOK COUNTY

In addition to the information gathered about Cook County, this report is informed by Artspace's experience working in other cities and towns 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 Cook County:

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

PRELIMINARY FEASIBILITY VISIT: COOK COUNTY, MN



- During the Cook County visit, the Artspace team:
- Facilitated three focus group meetings:
 - Artists and Arts Organizations
 - Civic and Business Leadership
 - Partners and Funders
- Held a Public Meeting at the Cook County Courthouse. All the meetings together drew nearly 150 participants, including artists, neighbors, representatives from arts and cultural organizations, local elected officials.
- Toured potential sites.
- Visited existing art spaces and creative businesses.
- Met with members of the Creative Economy Collaborative.

revitalize vacant and underutilized properties. They help preserve cultural heritage by providing places where cultural art forms can be passed from one generation to the next.

- Catalyze private and public investment, such as façade improvements and general beautification, in the surrounding area.
- Create community spaces that give the public opportunities to interact with the artist tenants through gallery events, demonstrations, performances, and installations. They also provide opportunities for other local artists to showcase their work.
- Support independent artists who are each, in effect, cottage industry business owners, generating economic activity by selling products or services, purchasing equipment and supplies, and paying taxes.
- Build community. Artists are active neighbors and community members. Many artists collaborate with the educational, cultural, and business communities as teachers, community conveners, and volunteers.



FINDINGS

PROJECT CONCEPT

The first questions Artspace asked the focus group participants in Cook County 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 arts facility makes sense for them – and, if so, what kind of space. While every community's space needs are slightly different, Artspace has learned from its 30+ years of conversations with artists, arts organizations, and creative businesses that there are commonalities in the types of spaces that help the creative sector thrive. Although affordable live/work space is central to most Artspace-developed projects, residential projects are not necessarily the right fit for every community. A development can be a combination of one or multiple project concepts.

In Cook County, the community had already identified the need for affordable space for the creative sector and invited Artspace to help articulate and prioritize potential concepts. The top concepts mentioned during our visit included affordable housing, contemporary art gallery, artist-in-residence space, artist studios, event space and collaborative work space.

Another compelling idea is a mobile art center. This idea was suggested in the interest of supporting artists living in Grand Portage, Lutsen, Tofte, Schroeder, and along the Gunflint Trail. It could serve as a resource center or a moving art installment and travel across the county in portable trailers or shipping containers. Artspace has partnered

with artists on Pine Ridge Reservation to create the “Rolling Rez,” an art bus that transports supplies, arts and business programming, and finished artwork across the reservation. (See www.artspace.org/our-places/pine-ridge-arts-center) In all cases, Artspace looks at the needs and goals of the creative community, the will and resources of the private and public sector, and any well-aligned opportunities that may drive the project concept(s) in a specific direction.

PRIORITY PROJECT CONCEPTS

Each focus group provided ideas about what type of artist/creative space they would like to see in Cook County. During the Artists and Arts Organizations Focus Group, participants made a list and voted on their priority space use concepts. The ideas generated in order of priority are as follows:

1. Affordable housing with studio space (i.e. live/work space)
2. Contemporary gallery
3. Temporary housing / Artist-in-residence, instructors, etc. to address the needs of existing non-profits
4. Visual arts studios
5. Event space
6. Fiber art space
7. Makerspace (including equipment for: woodworking, metalworking, industrial arts, video work, messy workspace)
8. Coworking space for artists
9. Classroom space
10. Gathering space
11. Clay space with kilns
12. Sound studio
13. Rehearsal space
14. Glasswork clean space
15. Performance venue / Blackbox theater

The top concepts for affordable, creative space are discussed in more detail below:

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

Cook County focus group participants were very interested in affordable live/work space, presumably due to the overall need for workforce housing in the County. Multiple participants commented that it could help attract new artists to Cook County, which is otherwise cost prohibitive, particularly for younger creative people. Some expressed interest in single family homes, while others were more interested in apartment-style housing in a mixed-use facility with creative studio or commercial space on the ground floor.

GALLERY SPACE is designed to be accessible to visitors, customers, and the public for the display and sale of products or services. Unlike studios and workspace, the units are often on the ground floor or in another highly visible location. Gallery space is typically leased exclusively for a period of one year or longer and are often subleased to other groups for events.

Artists in Cook County noted a lack of contemporary art space – contemporary both in terms of the artwork displayed and the space itself.

ARTIST-IN-RESIDENCY SPACE is temporary housing 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.

Seasonal fluctuation in tourism creates a challenge for arts organizations to find temporary accommodations for visiting artists and instructors during the summer months. Both the Grand Marais Art Colony and North House Folk School host visiting artists year-round and expressed an interest and need for this type of space. Although North House currently has several artist-in-residency spaces both on their campus and in a house across the street from

Betsy Bowen's Art Studio and Gallery, the demand surpasses their available spaces. An artist-in-residency space that serves multiple organizations with a shared calendar system could serve the broader need. Larger organizations, such as The Art Colony and North House could potentially partner in coordinating this type of space.

PRIVATE CREATIVE WORK SPACE is specifically designed for the creation or practice of art. Private studio space can be rented under an annual lease agreement or on an occasional, or short-term basis. Uses can include rehearsal spaces, fine arts studios, industrial work space, teaching, offices, recording studio, sound proof rooms, etc. Many participants mentioned they currently use their homes for their creative work. Additional art studio space in Cook County would allow these small businesses and artists to expand their work and free up space in their homes.

COLLABORATIVE SPACE offers shared equipment, education, and community for working creatively and/or making things. These spaces usually are run by a nonprofit or business and can be accessed through a membership basis. Collaborative spaces include co-working and makerspaces and can be designed for specific purposes such as ceramics, 3D printing, community kitchens, and woodworking. These types of spaces provide access to space and/or equipment that is expensive, impractical, or in the case of industrial arts unsafe, to lease or own outright.

Multiple participants expressed interest in a collaborative space for a variety of art forms including fiber arts, a fabricating lab, woodworking, metalworking, industrial arts, ceramics, glassblowing, video work, classroom, etc. A space like this can help fill this need. However, not all art forms are compatible in the same space, for example, clean and messy art forms, such as robotics and woodworking, should not be collocated in the same space.

EVENT SPACE serves organizations and individuals looking to rent space for private events, performances, rehearsals, or community gatherings. This would usually be available on a fee or hourly basis and can take the form of a proscenium theater, black box, music venue, or flexible event space. Participants expressed interest in gathering and event space. There is currently no space to host events for over 200 people. This type of venue could take on a variety of uses and partners. A flexible space that could host events, weddings, and performances could fulfill multiple goals, especially if it serves existing organizations, such as the Grand Marais Playhouse, as anchor tenants or primary users to address their specific space needs.

DEFINING A VISION IN COOK COUNTY

Creative Economy Collaborative leaders, focus group participants, and public meeting attendees expressed a shared desire to harness the local creative energy and produce a facility (or facilities) that provides sustainable affordable space for the creative sector. The public-sector leadership is in place and the timing is right for a creative space development. Based on our visit and hearing from the different stakeholders in the community, Artspace believes Cook County is in a good position to move forward with one or more of the above project concepts.

Participants also emphasized that there are several creative organizations and businesses that could benefit from long-term affordable space in a mixed-use artist project. Existing assets, like the Grand Marais Art Colony, are restricted in serving the demands of contemporary

trends and a growing student desire for 21st century class programming and facilities. North House Folk School is looking for new ways to expand and continue to teach craft and anchor its folk-art offerings. The Historical Society Museum recently flooded; WTIP is pressed for space in their current location; and Arrowhead Center for the Arts and the Playhouse's space needs could all be brought up for discussion in this context. These organizations' space needs should be evaluated and quantified as part of a future Arts Market Study.



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:

BUFFALO, NY The Buffalo Arts and Technology Center (BATC) is an anchor tenant in our mixed-use affordable artist housing project in Buffalo. The BATC occupies 15,000 sq. ft. of space on the first and lower level of the historic electric car factory that housing 36 units of artist housing on floors 2-5. They are a nonprofit subsidiary of Manchester Bidwell out of Pittsburgh, PA. The focus of the BATC is two-fold: 1. To provide high quality art instruction to low income children in the neighborhood, with an eye toward potential art careers and 2. To provide medical technology training to low income adults in the neighborhood. They then help place the adults into jobs at the nearby medical campus. There is a synergistic relationship with both the nearby hospital and the artist residents, some of whom act as faculty in the BATC program.

ST. PAUL, MN Springboard for the Arts is an anchor tenant in our mixed-use project in the Lowertown Historic District of St. Paul. Springboard provides resources, workshops and training for individual artists and small to mid-sized arts organizations to help them access the resources they need to be successful artists. Their program has become a national model with a focus on economic development. Springboard has a working relationship with artist tenants in all ten of Artspace's Minnesota projects.

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.

DEARBORN, MI The City Hall Artspace Lofts has an important partner in the Arab American National Museum, whose Executive Director joined the Board of Directors at Artspace, further solidifying the relationship. The museum also manages two Artist-in-Residency spaces dedicated to Middle Eastern artists.

MISSION-DRIVEN SHARED SPACES (NON-ARTSPACE PROJECTS)

OPEN BOOK, MINNEAPOLIS, MN Open Book is an umbrella organization and shared space in the Mill District area of Minneapolis' Downtown East neighborhood, co-founded in 2000 by three literary-oriented nonprofits – The Loft Literary Center, Milkweed Editions, and Minnesota Center for Book Arts – out of the shared need for sustainable space. The resulting building houses offices for each of the three organizations, a gallery/ coffee shop, retail space for MCBA, and performance/meeting spaces for rent.

NONPROFIT LEADER.ORG (NLO), SEATTLE, WA Located in South Lake Union, NLO is a collaborative shared office space for nonprofit/social purpose organizations that offers below-market rate workspace, shared amenities, and incubator-style collaboration, networking, and mentorship.

ARTCORE, CHICAGO, IL ArtCore is a non-merging collaborative of three nonprofit organizations – Arts & Business Council of Chicago, Audience Architects, and Chicago Cultural Alliance – who began sharing space and back-office services in 2012. Recognizing that the proximate environment led to peer-to-peer learning and joint programming, the three organizations' review revealed the opportunity to collaborate further on business and financial operations in order to focus more staff time and energy on program delivery and improvement. The result was the formation of ArtCore, supported by a grant from the John D. and Catherine T. MacArthur Foundation.

ARTS MARKET

The term “arts market” refers to the demand for the kinds of space that artists regularly need and use. As previously noted, the goal of the Preliminary Feasibility Visit is to obtain qualitative data from artists and others familiar with the local arts scene. The conversations that developed through the tour, focus groups, public meeting, CEC discussion all help frame Artspace’s understanding of the market and needs of the creative businesses.

During the Artists and Arts Organizations Focus Groups, the market is further explored. Discussions focus on the challenges of the arts community, current space use arrangements, as well as desirable amenities and affordable rental rates in a new facility. 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.

The focus groups, public meeting, and site visits were very well attended and had a diverse representation of artistic disciplines and organizations. Artspace also had the chance to meet with Amy Demmer – Grand Marais Art Colony, Betsy Bowen – Betsy Bowen Studio, Greg Wright – North House Folk School, Sue Hennessy – Grand Marais Playhouse, Barb Backlund – Cook County Historical Society/Johnson Heritage Post and other members of the Creative Economy Collaborative.

ARTS MARKET STUDY

Given the interest shown during the focus groups and at the public meeting, it is anticipated that there should be a good number of responses. A survey of the arts market’s space needs would test the assumptions that were formed during this Study, and help determine:

- Range artists could pay for studio/work space;
- Range 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; and
- Whether commercial space in a mixed-use project could serve both nonprofits and small creative businesses.

WHO IS AN ARTIST?

Artspace’s definition of an artist is very broad. An “artist” is a person who has a demonstrable commitment to the arts or a creative pursuit? 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.

In addition, a summary of some of the comments heard relating to the Arts Market during the Preliminary Feasibility Visit from various stakeholders are below:

- Identify as a county, not just Grand Marais
- Want to be recognized nationally for teaching and inspiration
- Need affordable places for people to live
- Recognized as a place where everyone has opportunity to create things
- Identify avenues for artists to make more money
- Need to get the community-at-large to support these efforts
- Known as an accepting place
- Highly regarded for the beautiful, natural landscape
- Not necessarily a need for growth
- Big interest in arts and crafts and growing that economic sector
- Want something to happen sooner than later
- Learn from Scandinavian influence in the region
- Learn from past collaborative initiatives within the arts and culture sector
- Be creative with housing opportunities
- Connect with nature
- Need for daycare for working families

Responses to the question "How would you describe the arts and creative community in Cook County?"

**“There’s positivity in the room
and momentum to move
[Cook County] forward”
– Creative Economy
Collaborative member**



Artspace also asked about the challenges facing the arts community. The high cost of living was the common thread across the challenges discussed. Specifically, they named the following challenges:

- Finding the time to create art while balancing multiple jobs, which are necessary to pay the bills. This is especially true during the busy season.
- Shipping artwork and purchasing materials is expensive, due to the remote location.
- Marketing art is an ongoing challenge for local artists. There has been discussion about creating a greater online presence for promoting and selling Cook County artists' work.
- Recruiting workers is a challenge for businesses because of the high cost of living.
- The arts community is aging because there are not enough young artists moving to the area.

SPACE NEEDS/AMENITIES

Artspace representatives asked focus group participants what they consider affordable rents for creative space and their desired amenities and locations. This is used solely as a gauge to sense what the community needs and to help inform a future Arts Market Survey. Responses were as follows:

LIVE/WORK HOUSING

- \$600/month
- \$700/month
- \$800/month for a two-bedroom + studio
- Sliding scale, based on income

All attendees were interested in seeing affordable artist housing in some form, and twelve said they would rent it today if given the option. Affordable live/work housing can be developed as multi-family, single family clusters, or even groupings of micro homes. Desired amenities include: community garden/greenhouse, outdoor space, indoor plumbing, Wi-Fi, laundry, big windows, soundproofing, air circulation for arts with fumes, walkability, storage, and garage space.

ARTIST-IN-RESIDENCY / TEMPORARY HOUSING

Space like this would best be suited in Grand Marais because of its centralized location in close proximity to many of the cultural assets in the County. The following amenities were mentioned: kitchen, bathroom, efficiency units, shared amenities based units, handicap accessible.

RETAIL/GALLERY SPACE

- \$125/day
- \$50/evening
- Hourly rental

Most participants said they would be interested in temporary rental for a space like this especially if it had these amenities: light-flexible space, big doors, professional hanging capabilities, kitchen, indoor/outdoor space, installation capability.

PRIVATE CREATIVE WORK SPACE

- \$200-\$300/month for 500-700 SF
- \$1/SF/month

Thirteen attendees indicated interest in this type of space, especially if it is built flexibly and with a variety of size options to accommodate artists with different price sensitivities.

Though no singular project can be all things to all people, understanding how the community viewed these concepts was extremely valuable in understanding the breadth of space wants and needs in Cook County. Artspace recommends the consideration of pursuing an Arts Market Study to quantifiably test possible project models. A successful survey will reach well beyond Grand Marais to creatives who currently live and/or work in all parts of Cook County including the Grand Portage Reservation.

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

ARTIST PREFERENCE IN AFFORDABLE HOUSING

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

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

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



Ceramic Studio at Grand Marais Art Colony



WTIP Radio Studio



Blacksmithing at North House Folk School



Betsy Bowen Studios



Display at Johnson Heritage Post



ACA/Grand Marais Playhouse Theater

EXISTING COOK COUNTY CREATIVE SPACES

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

- North House Folk School
- Sivertson Gallery
- Grand Marais Art Colony
- Arrowhead Center for the Arts and the Grand Marais Playhouse
- WTIP North Shore Community Radio
- Artist’s Point
- Betsy Bowen Studios
- Last Chance Fabricating
- Grand Marais Music Collaborative
- North Shore Music Association
- Johnson Heritage Post

LOCAL LEADERSHIP

Strong local leadership is essential to the successful development of any sort of creative space project. We cannot overstate its importance: without someone on the ground to open doors, advocate effectively for the project, and keep communication flowing between a developer (whether it is Artspace or someone else) 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 in Cook County come from many walks of life. The commonality is a willingness to work hard to make things happen.

Following up on the extensive work done by the Cook County Arts Economy Planning Team with Arts Lab in 2016, the local leaders are already many steps ahead with well thought out priorities. The Core Group and Creative Economy Collaborative (CEC) members who participated in the Preliminary Feasibility Visit, are the type of leadership needed from the very start. Cook County’s Core Group has the vision for a vibrant and creative community, spirit to succeed, and determination and drive to put a plan into motion. They provided valuable information and insights about the arts scene in Cook County, as well as their “wish list” for Artspace’s visit. The arts leaders should continue to work with the County and Grand Marais elected leaders to make their needs and wants for a project known.

“Bringing Artspace shows the community is serious. Artists need places to live and to work. The Art Colony is vital to the inner hub of artistic energy.”

– CEC Member “Wish List” Item

“Let’s find realistic, concrete next steps to elevate Cook County, and bring international recognition to the region.”

– CEC Member “Wish List” Item

“Understand the club, before you build the clubhouse”

– CEC Member “Wish List” Item

PUBLIC SECTOR LEADERSHIP

The cross-section of leaders included Grand Marais City staff and elected officials, Cook County/Grand Marais EDA, Visit Cook County, Cook County Commissioners, Cook County Chamber of Commerce, and a representative from the Grand Portage Reservation. The leaders we met gave us confidence that there is the political will to move a project forward. The EDA staff who coordinated the study have a high level of experience and passion for this type of development. Grand Marais Mayor Jay Arrowsmith-DeCoux and Mary Somnis, Executive Director and Howard Hedstrom, President of Cook County/Grand Marais Economic Development Authority all offered their strong support for an arts-centered project. Multiple County Commissioners enthusiastically attended the focus groups and own creative businesses themselves. Several agencies collaborated to help fund this Study, including Visit Cook County and the Cook County Chamber of Commerce, further demonstrating that arts are recognized as key to the local economy. It is remarkable to see civic leaders so attuned to how the creative sector contributes to the community in multiple ways, as creative problem solvers, business people, and culture bearers, in addition to the art they produce.

WHO ARE LOCAL LEADERS?

- > Elected Officials
- > City Staff
- > Foundations and Philanthropies
- > Artists and Arts Advocates
- > Engaged Citizens

“The City wants to support the arts economy both in budget and through the comprehensive plan”

– Jay Arrowsmith-DeCoux, Grand Marais Mayor

PRIVATE SECTOR LEADERSHIP

Several small business owners participated in the conversations during the Preliminary Feasibility Visit, many representing the vibrant arts community and board members of non-profits. These leaders reiterated that the uniqueness and beauty of Cook County helps attract somewhat seasonal work, but lack of affordability is a barrier to a full-time, year-round sustainable arts economy.

Though there was significant support for a potential project, these discussions had minimal participation of local philanthropies, foundations, and banks. As any project moves forward, it will be important to work towards connecting and communicating with potential donors, sponsors, and lenders.

CREATIVE SECTOR LEADERSHIP

Leaders from the arts and creative community have already made a big impact on Cook County. Certainly, the effects of the artists' hard work are very evident, from the impact of the North House Folk School on creating a destination for craft and the Art Colony's history with the fine arts scene. The artists and creative business owners that we met have shown that there is plenty of creativity on the North shore. The enthusiasm, can-do attitude, and savvy of these artists, give Artspace confidence that any project, with their influence will be inclusive and built on the positive momentum that has already begun. The strong arts leaders in place along with the formal planning processes for the arts economy, progressive city leaders, collective hard work, and the cohesiveness of the arts community makes this a great time to act on a project concept and keep up the spirit of collaboration.

POTENTIAL PARTNERSHIPS

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

- The Recreation Community
- Grand Portage Reservation
- School District and Cook County Higher Education
- The Industrial Arts and Culinary Arts programs in the local school
- Arts nonprofits
- Resorts (for housing needs)
- Community Center
- One Roof Community Housing
- Programs in Duluth



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. "Returns on investment" can include not only affordable housing but also blight remediation, infill on vacant lots, adaptive reuse of historic buildings and infrastructure investment in the cultural economy. Communities, civic leaders, and elected officials must share in this vision to maximize impact.

The Funding and Financing Focus Group meeting with members of the local and regional financial sector is a first step to identifying potential local public and private resources. In Cook County, this group had great representation from the Iron Range Resources and Rehabilitation Board (IRRRB), One Roof Community Housing, University of Minnesota Center for Community Vitality in Duluth, Lloyd K. Johnson Foundation, and the Grand Portage Reservation. They provided a great deal of useful information in a short period of time as well as names of new resources unfamiliar to Artspace.

During this focus group, Artspace shared that every project relies on a mix of local, regional and national funding sources from both the public and private sectors. Artspace has a good understanding of how to fund mixed-use affordable housing projects in greater Minnesota, starting with the projects completed in Duluth in 1996, Fergus Falls in 2004 and in Brainerd in 2008. All three of these mixed-use arts projects tapped into several federal and state funding programs (see more detailed information about sources of funding for the Fergus Falls and Brainerd projects on page 29-30). Focus group and Core Group participants identified additional sources which will continue to be explored if this Cook County initiative proceeds to predevelopment (see chart on pages 25-27). Among these are Low Income Housing Tax Credits (LIHTCs), which are awarded through the Minnesota Housing Finance Agency (MHFA), as part of a federal program established in 1986 to encourage the development of affordable housing.

Every Artspace project – even ones supported by LIHTCs – has a funding gap, typically around 30-40% of the total project cost, which must be closed with other public and private sources. Additional sources include funding programs that are specifically focused on economic development, workforce housing, cultural development, as well as funding opportunities that may be unique to a town, county or region. In Brainerd, for example, the Franklin Arts Center received funding from the Brainerd Lakes Area Development Corporation, the Crow Wing County Soil and Water Conservation District as well as the Greater Minnesota Housing Fund and the Minnesota Department of Employment and Economic Development. Depending on the mixture of types of spaces and the audiences served, other funding programs may be accessible for a Cook County area project.

Each project also relies on the philanthropic community, often for the final dollars to complete the capitalization of a project and sometimes also for the upfront predevelopment expenses to get a project started. Philanthropy comes in the form of gifts from foundations, corporations, and in many cases, individuals. In our experience, these private philanthropic sources typically make up 10-15% of the total development budget for a project. We anticipate this would be the case in Cook County, too.

In every case, an Artspace project must be prioritized by a strong group of community leaders for funding sources to be secured. The local community's role is particularly significant during the feasibility and predevelopment stages. Artspace looks to the community to help identify private and public funds including commitments of affordable housing and economic development sources both for predevelopment expenses and capital costs. Once the projects are in operation, Artspace does not go back to the community for additional funds and relies on below market rate rents as well as capital and operating reserve funds to cover the annual operating costs of maintaining the physical properties and sites. Strong civic leaders can often identify funding for projects they feel strongly align with their community goals. We saw the potential for this kind of support for a project in Cook County.

A RURAL PERSPECTIVE

A typical mixed-use project in a rural area has fewer residential live/work units of living space and a smaller overall size. In Fergus Falls, the Kaddatz Artist Lofts was a \$2.3 million project that involved the historic preservation of a downtown main street hotel with ten units of live/work residential housing, a visual arts studio/gallery, music practice rooms and storage for the theater across the street. In 2008 in Brainerd, Minnesota, the Franklin Arts Center was an \$8.4 million project and is home to 25 artists who live and work in former classroom spaces as well as over 20 artisans and creative organizations who work, exhibit, perform and teach classes in their dedicated and sometimes, shared spaces. The Fergus Falls project included many gifts from local businesses. In both cases, passion outweighed the seeming lack of resources in the beginning of entering these northern and central Minnesota towns.

Depending on the location of a project and the number of larger community goals it may include, other resources from the County, the State and the City of Grand Marais may be applicable. For example, if a larger event space or a new home for the Grand Marais Art Colony are conceived as part of a larger project that includes live/work affordable housing, other resources may be brought to the table.

FINANCING TOOLS AND FUNDING RESOURCES

This is a preliminary list of potential sources that were discussed during the visit and other funding sources that Artspace is familiar with in Minnesota. Local banks may also participate in discussions regarding funding when appropriate. The funding priorities of each source is included in this chart, for further detail go to the link listed.

Source	Type of Funding & Specifics	Funding Priorities	Links
Low Income Housing Tax Credits (LIHTCs) through the Minnesota Housing Finance Agency (MHFA)	Public – Federal Affordable Housing for up to 60% of AMI.	LIHTC can generate up to two-thirds of the construction budget for a typical Artspace live/work project. 9% LIHTCs are highly competitive, and it is not uncommon for a project to submit multiple applications before receiving a tax credit award. In Minnesota, LIHTCs are administered by the Minnesota Housing Finance Agency (MHFA), an agency Artspace knows through our tax credit projects in Minneapolis, Saint Paul, Hastings, Brainerd, and Duluth. There is a rural set-aside for tax credits but smaller projects are harder to be competitive for this resource. There is also a small allocation of National Housing Trust Fund dollars through MHFA.	http://www.mnhousing.gov
Historic Tax Credits	Public – Federal Any Project Concept in a historic building	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.	https://www.novoco.com/resource-centers/historic-tax-credits/htc-basics/about-historic-tax-credit
HOME Funding through 5 County Consortium that includes Cook County	Public – Federal Affordable Housing	A federal program that provides funding to state and local governments to fund affordable housing developments.	https://www.hud.gov/program_offices/comm_planning/affordablehousing/programs/home/
U.S. Department of Agriculture	Public - Federal	Grants, Arts Co-operatives Funding, Rural Funding, Loan guarantees for conventional lending	https://www.rd.usda.gov/mn
Minnesota Department of Natural Resources	Public - Federal	Funds trail development programs on public land	http://www.dnr.state.mn.us/index.html
Minnesota Department of Employment and Economic Development (DEED)	Public - State	Loans and grant funds	https://mn.gov/deed/
Cook County	Public - Local	Creative Businesses can apply to the Revolving Loan Fund	https://co.cook.mn.us/2016site/index.php/rlf
Tax Increment Financing (TIF)	Public - Local	A tool available to local communities for assisting economic development, redevelopment and housing. TIFs have been created to provide support to catalytic projects.	http://www.house.leg.state.mn.us/hrd/pubs/ss/sstif.pdf

Source	Type of Funding & Specifics	Funding Priorities	Links
Iron Range Resources and Rehabilitation Board (IRRRB)	Public - Local	Grant programs for Development and Community Infrastructure, Culture and Tourism, Downtown and Business Corridor and Workforce Development	https://mn.gov/irrrb/grant-resources/
Blandin Foundation	Private	Supporter of the arts and the Artspace Preliminary Feasibility Study	https://blandinfoundation.org/programs/expanding-opportunity/grants/
Lloyd K. Johnson Foundation	Private	Supporter of the arts and the Artspace Preliminary Feasibility Visit. Connected to the Johnson Heritage Post and Cook County Historical Society. Board member Bill Hansen was a member of the Core Group	http://lloydjohnsonfoundation.org/apply/
Northland Foundation	CDFI	A Community Development Financial Institution that provides low interest loans for predevelopment or capital for community-based projects. Recently awarded \$686,500 from the U.S. Treasury's CDFI Fund. The Foundation offers flexible financing through several different tools, often in partnership with other local or regional lenders. Its newest option, Emerging Entrepreneur Loans, provides loans to businesses that are majority owned and operated by minorities, women, veterans, low-income persons, and/or persons with disabilities, in partnership with funding from the Minnesota Department of Employment and Economic Development (DEED). Learn more about the Business Finance Program at www.northlandfdn.org/business-finance	http://www.northlandfdn.org/related-links/index.shtml
Grand Portage Reservation	Tribal Mobile Space	Funding specifically for programs and projects that benefit tribal nations	https://mn.gov/indianaffairs/tribes_grandportage.html
Greater Minnesota Housing Fund	Public/Private Affordable Housing	Soft lending and funding for affordable housing plus new NOAH fund for Naturally Occurring Affordable Housing	https://gmhf.com/
U of M Center for Community Vitality	Public - State	Could provide technical assistance for a project	https://www.extension.umn.edu/community/about/

Source	Type of Funding & Specifics	Funding Priorities	Links
National Endowment for the Arts	Public - Federal	For a special aspect of the larger project or for planning associated with the project, particularly if it's unique.	https://www.arts.gov/
Bush Foundation	Private	Could apply for Bush Foundation Prize for Community Innovation. Applies to Minnesota and Native Nations	https://www.bushfoundation.org/
Arrowhead Regional Development Commission (ARDC)	Public - Regional	Planning resource for the Arrowhead Region of Minnesota. Help with community planning, comprehensive planning and zoning ordinance development for specific community improvements	https://ardc.org/
Duluth Superior Foundation	Private	Has a dedicated fund for initiatives in Cook County	https://www.dsacommunityfoundation.org/
The Northspan Group	Private	Business and community development consulting firm for clients in the Upper Midwest	http://www.northspan.org/
APEX	Private	Economic and business development organization for the APEX Region of northeast Minnesota and northwest Wisconsin	http://www.apexgetsbusiness.com/apex/
Entrepreneur Fund	Private	The Entrepreneur Fund actively partners with entrepreneurs in northeast Minnesota and northwest Wisconsin to spark growth and achieve success. They accelerate business growth with business loans and flexible financing, fuel success with strategic support and help promote a culture of entrepreneurship throughout the region.	https://www.entrepreneurfund.org/
University of Minnesota Duluth's Center for Economic Development	Public	UMD's Center for Economic Development offers business consulting through the Minnesota Small Business Development Center (SBDC) as well as educational opportunities for individuals and organizations, such as classes, workshops, and certificate programs on popular computer software and business and leadership skills.	https://ced.d.umn.edu/
Arrowhead Electric	Private	Grants of up to \$5,000 through the Arrowhead Electric Cooperative Community Trust for Community Service, Economic Development projects	http://www.aecimn.com/

UNDERSTANDING LOW-INCOME HOUSING TAX CREDITS (LIHTC)

STEP 1 (OF 10)

The **low-income housing tax credit – LIHTC** – is the government's primary program for building affordable housing. **Here's how it works...**



STEP 2 (OF 10)

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



STEP 3 (OF 10)

Let's say you're a developer and you want to build an apartment building with units designated for low-income people. To decrease rents, you'll need help to offset your costs. That's where those tax credits come in.



STEP 4 (OF 10)

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

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



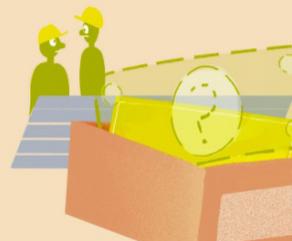
STEP 5 (OF 10)

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



STEP 6 (OF 10)

But tax credits are just a promise that you won't have to pay as much at tax time and are not very useful for buying concrete or labor.



STEP 7 (OF 10)

To solve that problem, you can sell your credits for cash to an **investor** – often, a big bank. Many developers use **syndicators** (who are like brokers) to help connect with investors.



STEP 8 (OF 10)

Everybody in this process earns a fee for their work.



STEP 9 (OF 10)

Investing in LIHTC buildings helps banks meet their obligations under the Community Reinvestment Act, which requires banks to invest in the poorer communities where they do business.



STEP 10 (OF 10)

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



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

PHILANTHROPY

In addition to public funding sources, philanthropy is an important tool for funding Artspace developments. This comes in the form of gifts from foundations, corporations, and in some cases, individuals. Strong city and state leaders can often identify and prioritize funding for projects they feel strongly align with their community goals. Artspace also has relationships with many local and regional foundations and corporations who may have an interest in affordable artist housing in Cook County specifically. These could include the Lloyd K Johnson Foundation, the Bush Foundation

Prize for Community Innovation, the Cook County Fund at the Duluth Superior Foundation, corporate gifts from local and regional banks and businesses, among others included in the Financing Tools Matrix.

The individual philanthropists in Cook County should not be overlooked. Residents who may have a second home in the County and are supporters of the arts can be a possible avenue to fund a project. Low cost basis stock donations are a source of philanthropic donations for non-profits that can be a good option, too. As a concept is more closely refined and set into motion, conversations with individuals and smaller foundations should be explored.

ARTSPACE FUNDING EXAMPLE

Kaddatz Artist Lofts // Fergus Falls, MN (2004)

10 units of mixed-income housing, and 7,000 SF of ground floor commercial space with a lower level community space

SOURCE	AMOUNT	PCT.
PUBLIC SOURCES		
Minnesota Department of Trade & Economic Development (DTEC)	\$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%



Ground floor gallery in Kaddatz Artist Lofts



Exterior Kaddatz Artist Lofts



Franklin Arts Center, Brainerd, MN

The Fergus Falls private funders (\$390,000) included the following:

- Frank W. Veden Charitable Trust
- Lake Region Healthcare Corporation
- The McKnight Foundation
- Otter Tail Power Company
- Roger L. and Agnes C. Dell Charitable Trust
- West Central Initiative Fund
- Wells Fargo Housing Fund

Franklin Arts Center // Brainerd, MN (2008)

25 live/work units, 37,775 SF of artist studios and space for arts organizations and creative businesses, and 36,247 SF operated as community space by the School District

SOURCE	AMOUNT	PCT.
PUBLIC SOURCES		
Low-Income Housing Tax Credits (9%) + Historic Tax Credit	\$4,968,500	58.7%
Tax Increment Financing (TIF)	\$1,083,788	12.8%
Minnesota Housing Finance Agency	\$240,000	2.8%
Greater Minnesota Housing Fund	\$200,000	2.4%
PRIVATE SOURCES		
Deferred Developer's Fee	\$381,462	4.5%
GP Capital	\$60,213	0.7%
TOTAL	\$8,474,463	100%

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.

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

SITE TOUR OBSERVATIONS

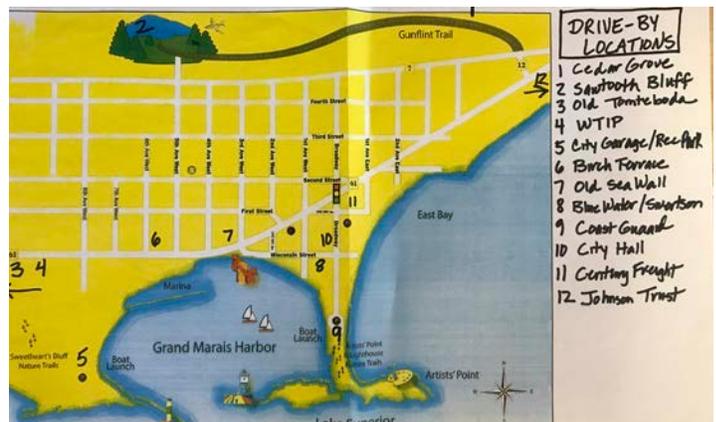
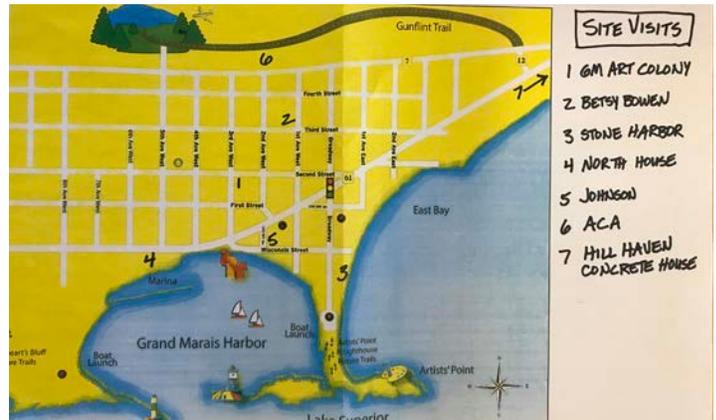
In Cook County, Artspace and the Core Group spent two days visiting sites and drove by and visited several locations. The potential sites that were visited included:

- Stone Harbor,
- Hill Haven,
- Concrete House,
- Sawtooth Bluff,
- Century Freight
- Cedar Grove Business Park
- Old Tomteboda site,
- Eastern portion of the Grand Marais Campground and Marina,
- Coast Guard building,
- City Hall, and
- Johnson Trust-owned land
- And several pieces of undeveloped land in and around the city limits

Due to the sheer size of the County, all options were explored, but Artspace advises that any permanent project should be focused in Grand Marais, which is already a cultural hub for arts and entertainment. Other sites outside of Grand Marais would be better included in a mobile arts style project or for working studios.

It was quickly explained that land issues concerning constructing in the wetlands and bedrock leads to high construction costs. The high value for the land and the cost to transport construction materials also have exacerbated the affordability challenge. Any new project that hopes to be affordable should look at publicly owned land or low-cost land acquisition to offset the high construction costs.

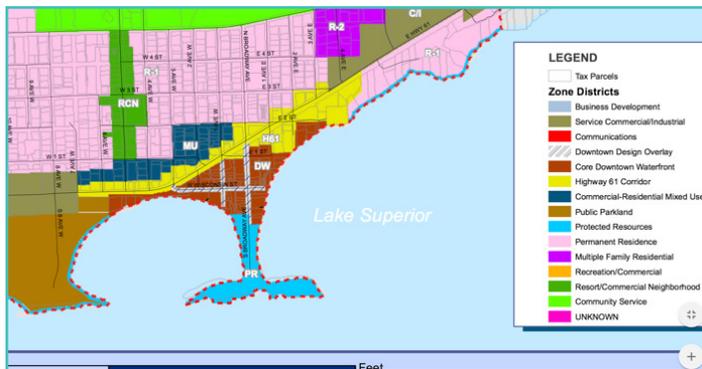
Artspace identified five top sites that should be explored further, in no particular order. This information is current as of November 28-30th, 2017.



CORE DOWNTOWN WATERFRONT

Three of the top sites are in/about the Core Downtown Waterfront zoning district. They include the current City Hall site, the US Coast Guard Station, and the eastern portion of the Grand Marais Campground/Marina "Rec Park."

The focus of a creative project would align with the zoning in this area. *"The Core Downtown Waterfront District is intended to promote a mix of shops, restaurants and professional services that serve both the year round and seasonal or visitor populations. The emphasis in this district is on commercial services as a primary function, where residential uses can fit as a secondary function and can add to the liveliness and viability of the downtown. There is an emphasis on creating an attractive pedestrian environment that makes the Core Downtown and Waterfront of the City a destination in and of itself. New uses in this district should not detract from other existing uses."*



1) CITY HALL SITE

15 N BROADWAY, GRAND MARAIS

City Hall is situated with the old and out of use municipal jail and current liquor store in a building in the core of downtown. The whole building is beyond repair and City Hall has been looking to move, which would open up this publicly-owned parcel downtown. The site also has the much-needed public restroom facilities and public parking lot. The location downtown is ideal and situated in the heart of Grand Marais. The Mayor indicated support for a transformative project on this site and that a compelling project concept on this site would help push the move forward. The site is within The Core Downtown Waterfront District allowing for residential on upper floors and a maximum of three stories. Concerns for this site would be flooding and if, with 30,000 square feet, it would be big enough for the market demand in a mixed-use context.

2) US COAST GUARD STATION - NORTH SUPERIOR

315 BROADWAY

This site has parcels owned by various public entities. The City owns Boulder Park, the USDA Forest Service owns Artist's Point, and the US Coast Guard owns the station house. This site is situated on the iconic Grand Marais Harbor and the building is loved by the community. Although it is not currently on the historic register, it has been recommended. If approved, this will open up a new funding source in state and federal Historic Tax Credits. The Coast Guard is considering vacating its uses from this building. A project here could align with the public process that will be undertaken to find a new use. Concerns here would be flooding, viability for reuse, and the potential to build on the adjacent Boulder Park parking lot. A project here can combine the existing buildings and new construction to maximize usage but may take many years to sort out, given the complexities of the site.

3) GRAND MARAIS CAMPGROUND AND MARINA/CITY GARAGE SITE (EAST PORTION)

This site has great potential to extend the Core Downtown Waterfront District and create a cultural district on the western portion of Downtown. The synergy with North House Folk School would help build this as an arts destination. Ownership of the land is shared between the Minnesota Land Trust, DNR and the City of Grand Marais. Challenges here would again be potential for flooding, and the current land use restrictions including a conservation easement. However, one huge advantage of redeveloping a portion of this site is the potential to provide greater year-round use of this site that promotes tourism and the arts and to build synergies with existing cultural assets like North House and/or an expanded Grand Marais Art Colony location. Swapping land on the eastern side with land further to the west or

reconfiguring some of the campground layout to allow for relocation of these campsites should also be considered.

There is currently tension regarding this site because loyal visitors from many other states have had campsites on this land for decades. The site produces a lot of revenue for the City of Grand Marais through campsite rentals and for Visit Cook County through the lodging tax, so it should be understood in this context.



Map of area in discussion for the "Rec Park"

GATEWAY SITES

4) WOODED SITE ON HIGHWAY 61

This site next to the green North House Folk School building, north of Highway 61 is in a good location to build off the momentum of the folk school. It was simply a drive-by on the tour, so further information would need to be gathered if a project moves forward. However, it was pointed out as an appealing site, due to its proximity to North House, and possibility to tie-in with the Hwy 61 reconstruction/public art project. It would be an entryway project to downtown Grand Marais. Its size, ownership, land issues, acquisition cost are all unknown.

5) FORMER TOMTEBODA SITE

This site is municipally-owned and could be a gateway site to Grand Marais. Its adjacency to WTIP Community Radio could be a potential partnership, as they've also outgrown their current space. The buildings are currently being cleared out. This area has also been discussed for a municipal campus. It is also where the new public works building just opened. The land size would enable multiple projects to be located here with ample parking. The site is one mile from downtown but could help provide a connection by creating a new Gateway, leading into the core.

A local independent developer is reusing many of the Tomteboda motel units and moving them to a location on the east side of Grand Marais. The developer is relocating the buildings in a cluster and is open to a reuse plan that focus on the arts. No matter the results of the Artspace feasibility study, we encourage the community to continue conversations with the developer to create and market these spaces to Cook County artists and their families. If priced affordably, this could add a number of "naturally occurring affordable housing" units to the area.



COMPARING THE SITES

Of the sites we toured, these top five are compared below, based on location, size, possible project concept(s), acquisition, and sustained community impact:

Name:	City Hall	Coast Guard Station	Recreation Park/ City Garage	Wooded Site on Hwy 61	Former Tomtebodda Site
Location	Central Downtown	Downtown Adjacent	Edge of Downtown	Edge of Downtown	One mile from Downtown
Possible Project Concept(s)	Strong Mixed-use affordable housing + retail/commercial/arts org space	Strong mixed use affordable + arts org and visiting artist space + event center	Strong for all concepts outlined in this report including a much-needed Event Center/ Culinary Space	Strong for Mixed-use affordable housing + arts org space	Strong for all concepts outlined in this report plus expansion of WTIP could be incorporated into project
Acquisition	Depends on City Hall moving; could be years	Complex with status on historic register in process and USCG process	Multiple owners with City and DNR in the mix	Private?	Perhaps easiest to acquire with singular owner in City
Alignment with Community Goals	Good but may not be large enough for biggest impact	Not as connected to the core	Terrific alignment and greatest potential for multiple concepts	Good but may not be large enough for more than one concept	Not as connected to the core but great alignment with ability to do more than one type of space

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”). The five sites mentioned should be prioritized as conversations progress and the type of project is narrowed down.

SITE EVALUATION CONCLUSION

Artspace and the Core Group visited other sites, but none were as compelling in terms of impact and funding viability as the ones highlighted in the matrix above. At this writing, the most compelling site is the east end of the Grand Marais Marina and Campground (“Rec Park”). The redevelopment of even of portion of this site has the most synergies and capacity to be “game-changing” for Cook County and Grand Marais. The following are a few of the key factors in a redevelopment plan for this site:

- Expands the footprint of the walkable downtown area of Grand Marais
- Creates synergy with North House Folk School
- Has capacity to incorporate much-needed permanently affordable housing that could dovetail with a new Art Colony facility that could anchor and serve an artist housing community
- Has additional capacity to create visiting artist/instructor units of residential and/or studio space
- Could also include working studio spaces for full-time Cook County artists and creative businesses
- Has the potential of creating a focused arts-in-tourism destination
- Could accommodate the community’s much-needed events center on this waterfront location with a community kitchen component.

Though perhaps more challenging in terms of community process, this site has the most potential for getting the biggest “bang for the buck” and to provide a clear direction that hits on the most goals in the CEC’s Cultural Plan.

ALIGNMENT WITH BROADER COMMUNITY GOALS

From Artspace's perspective, successful arts and culture mixed-used buildings serve not only their residents and tenants, but also the surrounding community. Development projects can accomplish this by aligning with as many complementary community goals as possible. When multiple goals, such as walkability, education, or historic preservation, can be addressed with the initiative, it has the potential to foster long-term, sustainable impact.

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

In Cook County, focus group participants identified three priority community goals from a list of twelve (seen on right) that could be addressed by an arts facility. Overwhelmingly the top three were:

1. Preserving Affordability
2. Supporting Rural Artists
3. Supporting Creative Businesses and Nonprofits

Articulating project goals and how they may align with other community goals helps establish the vision for the initiative and a road map for future decisions, partnerships, and outreach. The more community goals that are addressed in a given project, the greater the ability to obtain funding. Other community goals that came up in conversation and scored in the mid-range were focused on preserving the cultural community of the area, enhancing healthy lifestyles and anchoring an arts district.

The community emphasized the project will need to develop synergistic ties to existing organizations. These could be potential local creative commercial tenants and artist support services. Any project should bolster the work already taking place throughout Cook County. Artspace can help facilitate these conversations but the local drive and talent needed to boost a project can never be substituted.

CORE GOALS

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

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

TAKING A MEASURE OF CREATIVE PLACEMAKING

The Artspace live/work model has been proven to 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.

RECOMMENDATIONS

Cook County is well-positioned to pursue a creative space project for artists and creatives. With a community in serious need of affordable housing, a robust arts sector and strong leadership, the feasibility of moving a project forward is very positive.

Artspace recommends considering three initiatives to create more affordable space for the arts sector in Cook County.

1. Mixed-use Artspace-style project that includes affordable live/work space for artists and non-residential space for arts organizations, creative businesses and other local, arts-friendly commercial enterprises. This project could be a partnership between One Roof Community Housing and Artspace. A mixed-use project could be in a singular location or it could be scattered sites. A single site often simplifies acquisition and lining up funding sources, but a scattered site approach should not be eliminated at this juncture, particularly if the opportunity arises. Either way, Artspace recommends focusing on sites in or adjacent to downtown Grand Marais, to serve the greatest number of artists, build upon existing arts assets, and access the opportunities that the tourism industry presents.

2. Non-residential arts facility that includes studios, event space and perhaps a new home for the Grand Marais Art Colony. This style project would be more challenging to fund without the benefit of resources dedicated to affordable housing. However, it would have more flexibility to consider multiple sites without the restrictions of some affordable housing funding sources. Artspace would not likely work as a developer on a non-residential project but could provide technical assistance to a local development team.

3. Carve out space in existing and/or forthcoming developments by working with building owners and developers. This should be considered regardless of plans to pursue Number 1 or Number 2 and can commence immediately.

Artspace's recommendation is to focus on Number 1 to leverage the most resources and accomplish multiple Cook County Cultural Plan goals. Because mixed-use affordable housing projects take several years to complete, immediate space needs can be addressed in the meantime by pursuing Number 3.

NEXT STEPS

DECIDE WHICH INITIATIVE TO PURSUE

A. If it includes a mixed-use project with affordable housing for artists:

Begin preparing for the Arts Market Study which quantifies artists' needs for living and working space. This data informs the site selection, size, and amenities of a project. It 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 encourage further infrastructure investment in the Cook County's creative economy.

- i. Pursue funding for the study
- ii. 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.

B. If it includes artist-in-residency space:

Gather the arts organizations in need of artist-in-residency space to understand the demand and potential for this type of space. Potential partners in this venture could include the North House Folk School, Grand Marais Art Colony, Grand Marais Playhouse, and others who regularly host artists from out of town.

- i. Quantify number of visiting artists and instructors that were hosted in 2017, duration of stay, time of year, types of space used (e.g. living and/or working studio).
- ii. Estimate potential growth for 2018 and beyond
- iii. Record rental rates that organizations are currently paying for temporary space, and what would be considered affordable in a new space

Connect with potential private sector funders. The cultivation process can be a lengthy one, and it is never too early to start.

A. For example, Cook County would be a competitive applicant for the Bush Foundation Community Innovation Funding. A project that incorporates artist housing, a new home for the Grand Marais Art Colony, an event space for the broader community and other entrepreneurial/work spaces could be a winning combination for this grant. The funding could be used for planning and site evaluation and identification.

Encourage local developers and property owners to include affordable space for artists in their projects

A. Incentivize developers to consider including spaces for creative businesses or individual artists.

For example, a local or County property tax abatement for the inclusion of affordable housing and/or commercial space for the creative sector.

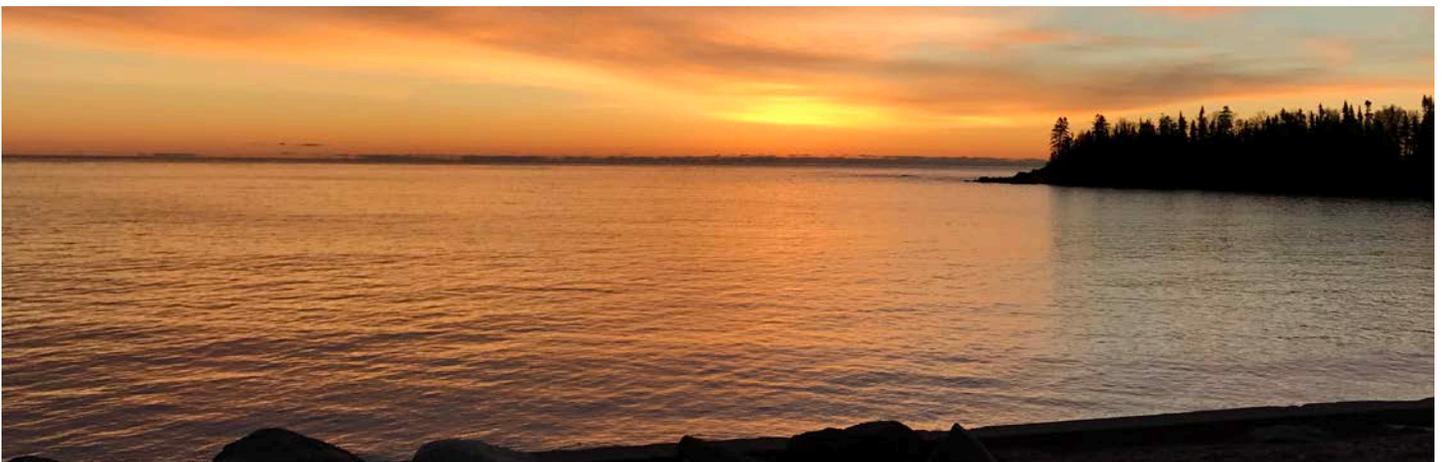
B. Connect with individual developers who may open to including affordable space for the arts sector.

For example: Meet with Bruce Block with Village North, about set aside space for artists living and working space in his new project. (See page 33 for more information about that project)

If the community chooses to pursue an Artspace-developed mixed-use project, the next step after completing the Arts Market Study 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 Project Concept that includes both affordable live/work housing and space for arts organizations would provide a tremendous boost to the sustainability, reputation and visibility of the Cook County arts community. It would also provide a stable, permanently affordable space for the creative sector and help the area provide much-needed affordability for current and future residents, many of whom are already in the creative sector employment occupations. The additional presence of creative people would help create a critical mass to ensure permanent affordability for artists, and further development in Cook County.

Artspace greatly appreciates the opportunity to work with Cook County and learn from its residents and leaders. Artspace came away with a strong sense of the potential for a new 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 Cook County on the path to becoming home to a new affordable sustainable arts facility.



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)