



Cultural Overlay District Advisory Committee

MEETING SUMMARY, July 21, 2008

Committee members present: Paul Breckenridge, Liz Dunn, Jerry Everard, Pat Graney, Fen Hsiao, Hallie Kuperman, Matthew Kwatinetz, Fidelma McGinn, Richard Muhlebach, Jim Reinhardsen, Robert Sondheim, Cathryn Vandenbrink, Paige Weinheimer

Committee members not present: Stephanie Ellis-Smith, Randy Engstrom

City of Seattle attendees: Seattle City Councilmember Nick Licata, Chris Godwin (City Council Central Staff), Rebecca Herzfeld (City Council Central Staff), Michael Killoren (Office of Arts and Cultural Affairs), Dennis Meier (Department of Planning and Development), Frank Video (Councilmember Licata's office), David Yeaworth (Councilmember Sally Clark's office)

Consultant staff: Kjristine Lund, Natalie Quist, Dennis Sellin

1. Introduction

The meeting began at 5:23 pm. Councilmember Licata welcomed attendees, and thanked them for their participation and work. He introduced City staff representatives, and the consultant team. The councilmember spoke with enthusiasm about the events leading up to this evening's meeting, and emphasized his commitment, along with colleague Councilmember Clark, to this committee's process. The Councilmember spoke about three existing overlay districts in Seattle (Northgate, Pike/Pine, and Sand Point). He emphasized that an important thing this committee will struggle with is creating a balance: a balance among the various public benefits to be shared, a balance between incentives and regulations for developers and property owners. And, all of this work must be open to ideas and comments from the general public, who must also inform and advise the committee's work.

Committee members introduced themselves around the table. Some mentioned particularly cogent issues:

- The sheer density of artists living and working in Capitol Hill is essential to the *Zeitgeist* of the neighborhood.
- This committee can be a bridge connecting with those who are not at this table, and the issues they are talking about.
- The loss of arts space goes hand-in-hand with related neighborhood concerns about retaining small local retail, and affordable housing.

- The voices of the artists themselves need to be heard in this committee. Artists need places to live, as well as to work, places they can afford and that are close to their job(s).
- Arts are not surplus; they are necessary.
- How can the for-profit and the non-profit sectors work together to help to solve this problem?
- Of all the “hot-button” issues facing artists, the need for space is pre-eminent. This is true in cities across the country.
- Just asking for more money for the arts is not going to solve this issue, or get us anywhere. This committee could be the place where disparate groups and interests come together to problem-solve on this national issue.
- The arts are an anchor for Capitol Hill.

2. What is the problem that we are trying to solve?

One of the reasons for the founding of CODAC is the “loss of space for art and artists.” What does that mean, exactly? And how do we approach the issue? There followed a facilitated discussion with this as its theme. Responses and discussion are below:

a. The loss of space for artists

With the sale of the Odd Fellows Building and the closing of the Capitol Hill Arts Center (CHAC), we have lost two major performing and presenting spaces.¹

The Odd Fellows building was sold at a very high price. The sale of the building took many in the community by surprise. There are lessons to be learned, both for the owner and for the community. Rents at the Odd Fellows Building have doubled since it was purchased last fall. What are the incentives for the owner to keep rents low for arts tenants?

What is the state of the arts now on Capitol Hill versus where they were some years ago? Look at the previous studies done for the Pike/Pine neighborhood in which arts organizations were inventoried. Where do we stand today?²

b. The need for space for artists:

¹ Research for the Pike/Pine neighborhood conservation study showed that each facility was home to approximately twenty arts organizations, so there is a potential loss of as many as 40 arts organizations.

² A 1991 study (*Pike/Pine Planning Study*, by the Capitol Hill Chamber of Commerce, Capitol Hill Community Council, et al, April 1991) noted that the Pike/Pine neighborhood, with 59 arts-related businesses, was “becoming a focus for arts and entertainment activity, including live performances and commercial art services.” This arts focus has grown over the past two decades, so that nearly 200 arts-related businesses now operate in the Pike/Pine neighborhood.

The ability of classes of people (young adults? artists?) to shape and control their environment.

The ability for artists to use available space/temporary space/vacant space.

Need for large spaces for performances, rehearsals.

Specific needs for dance (and theatre?)—open spans, tall ceiling heights. Resilient, sprung floors. Older, wooden floors seem to serve this need best.

Gallery, rehearsal and performance spaces are needed.

There is a need for an inventory of what is available; some initial work has already been done by the Mayor's office, by the Capitol Hill Chamber of Commerce Arts and Entertainment subcommittee, and in the Pike/Pine conservation study.

There may be a lack of collaboration among artists that is contributing to this shortage of space.

c. The cost of space for artists:

Create a (financial) environment in which artists can own their own space

Rent increases and higher costs are difficult for artists to absorb.

Affordable housing. Q: What is "affordable"? A: What an artist³ can afford.

Artists need to be able to get an equity position to lock them into a geographic area, which they will not be priced out of later.

Predictability and stability of spaces for artists do not always mean owning the space outright. For some arts organizations, that may work, but not for all. Public ownership, or ownership by a non-profit organization may be more appropriate. Permanent affordability is what we are seeking.

Co-operative ownership of artist properties is an idea that should be pursued. A shared investment means a shared responsibility, which is less burdensome and overwhelming than individual ownership.

d. Understand the ecology of space and proximity:

There is a need to identify the "ecology"⁴ of space that is needed.

³ According to the Bureau of Labor Statistics, the median hourly earnings of dancers were \$9.55 in May 2006. The middle 50 percent earned between \$7.31 and \$17.50. The lowest 10 percent earned less than \$6.62, and the highest 10 percent earned more than \$25.75. Median annual earnings of salaried choreographers were \$34,660 in May 2006. The middle 50 percent earned between \$21,910 and \$49,810. The lowest 10 percent earned less than \$15,710, and the highest 10 percent earned more than \$64,070. <http://www.bls.gov/oco/ocos094.htm>

⁴ Ecology is the relations and interactions between organisms and their environment, including other organisms. Human ecology is the branch of sociology concerned with the spacing and interdependence of people and institutions.

There is an ecology of the arts and space. Artists often take on several jobs, by necessity. These jobs need to be in reasonably close proximity, so that the artist can get from one to the other quickly, and preferably on foot or on public transportation. Historically, the ecology of Capitol Hill has been able to sustain artists, their work, and their space needs. We need to fix the ecology to grow more arts spaces, and not necessarily force changes.

e. The relationship of real estate development to the arts:

What is the role of the arts in new development projects?

New developers are coming into Capitol Hill from the suburbs, and do not understand urban neighborhoods, or the value of older buildings. Renovating an older building is not ever calculated into a *pro forma* with these developers.

Residential density is increasing greatly on Capitol Hill. We should see these newcomers as potential customers or clients for the arts.

Capitol Hill is hot because of the culture there. That is worth something. People want to live here because artists live here, and artists are cool, and new residents can be cool by their association with an artists' neighborhood. We need to develop a language to talk about that value.

There are property owners in the Pike/Pine neighborhood who DO understand that value. Yet a bottom-line mentality of regulations and taxes encourages a "highest and best use" that does not capture that value, or encourage it among less sensitive property owners. Could consider idea of property tax credit for owners who subsidize space for the arts.

f. Calculate, recognize, and understand the economic value of the arts to the neighborhood, and to individual properties:

The economic value of the arts to this neighborhood needs to be both recognized and calculated.

The disparity of needs and returns on arts spaces must also be understood: Velocity Dance Theater and Freehold Theater (now relocated to Belltown) both have significantly large space needs (which include stage, backstage, dressing, as well as audience space). The Century Ballroom, a similar size facility, can accommodate 300 patrons on a single night, while the dance or performing arts theater can only accommodate 99 audience members in the same size space.

How much is it the Odd Fellows Building owner's responsibility to subsidize space for artists in his building, and how much is public responsibility?

Although this is often done in shopping malls,⁵ it is hard for tenants of one floor of a small building to subsidize the tenants of another floor.

There is a need to educate developers on these economic issues.

Most property owners do not understand the value of the arts, especially as that value often transcends the building the artist or arts organization occupies.

⁵ Northgate Mall has over 1,000,000 sq. ft. of leasable space, and a single owner.

Variable market conditions: Real estate goes through trends. Urban property is the hot trend right now. Five years ago, Capitol Hill was languishing as other areas received a great deal of development. Capitol Hill is hot for development now.

Arts are driving traffic to this neighborhood: there is synergistic benefit among the performing arts, restaurants, entertainment/nightlife, and retail.

The discussion of capturing the value of the arts is largely an education effort. Education of developers and property owners is necessary. However, it will get you only so far; natural market forces will never close that gap.

The fact, for example, of as many as 500 different owners of Capitol Hill properties means that the type of subsidy a single property owner might be able to do in a mall could never exist here. And small property owners, some of whom are absentee owners or trustees, often have very personal interests at heart when making decisions about their properties.

g. The relationship of land use, zoning and code issues to the issue of arts spaces:

Do we have buildings that are held in the public trust? As a relatively young city, Seattle does not really have that many old buildings. I would like to make it possible for Seattle to retain many of its old buildings, as they are part of the culture.

Zoning is a major concern, and particularly the relationship among noise ordinances, clubs, and housing. Places that generate noise (music, applause, loud and exuberant talking) are often popular nighttime destinations, but are problematic for those who live (and sleep) nearby.

Unreinforced masonry: potential code changes could throw many older (pre-1970s) buildings onto the market, where they might be demolished because the cost to bring into conformance with seismic code would not make sense to a developer.

Energy code: forcing a modern energy code onto older buildings does not make much sense, either, according to the National Trust for Historic Preservation.⁶ There is an embodied energy in older glazing, for one example, that must then be discarded for newer glazing. Studies show that the exchange of old for new may not make financial sense for up to 200 years. "Old buildings are sustainable just the way they are."

An arts use becomes a place of public assembly, and that then burdens the tenant with responsibility for code improvements. New City requirements make that a blanket requirement, therefore shared between owner and tenant.

Yes, but the irony of that is that the seismic renovation, for example, becomes so expensive that the arts organization would not be able to afford to rent the space after the owner renovates it.

Is there some assistance from (where?) if an arts organization moves into an unreinforced masonry building?

⁶ A good example of this is contained in "Sustainable Stewardship", a speech by Richard Moe, President of the National Trust for Historic Preservation, presented on March 27, 2008 in Berkeley, California (PDF to be made available to committee members.)

A word of caution: please do not place the burden of solving the problems of artist space onto older buildings. The solutions that this committee will recommend must also make sense to property owners.

h. Timing and applicability of the committee's efforts:

Consistent problems and patterns with artists' spaces are emerging citywide.

This conversation has been going on for a long time, and, while it has, we have sat and watched artists flee Fremont and South Lake Union. Now, Ballard, Georgetown, and Capitol Hill are under siege. A Band-Aid approach IS better than nothing.

When do the arts become an emergency? I am done with waiting. The very survival of our community is at stake.

Is Capitol Hill already gone as an artist neighborhood? Some say it is.

It is important to keep in mind that, while we may get the artists to come back, we will never get the old buildings back once they are gone.

The strategy that will be developed needs to make sense from a market perspective, as well as from a political perspective.

We must be cautious and comprehensive as we educate ourselves, and then educate the rest of the community.

The urgency in this issue is in NOT making a decision too quickly.

We must move forward with quality; we are not on a time clock.

Timing is a factor of urgency and opportunity. The larger the property owner, the more they can afford to contribute to the arts. Sound Transit is now a very significant property holder in the neighborhood. They will not be the developer above ground, but they will be a major player for the next six years.

Whatever we come up with, it must be applicable citywide. I see this as a pilot, or as a template, for the rest of the city.

We must create a framework that each neighborhood could plug into, and determine the public benefit most appropriate to that neighborhood.

3. Research needs: what do we need to know?

- LINC (Leveraging Investments in Creativity): case studies
- Intrinsic value of the arts: how do we measure the gap?
- Americans for the Arts publications: *Cultural Planning Handbook: A Guidebook for Community Leaders*, and *Cultural Districts Handbook: The Arts as a Strategy for Revitalizing Our Cities*.
- Cultural Vitality Index: tracks internal measures of the cultural "vitality" of a city or state, through recording numbers of people employed by profession, sales of tickets, museum and other cultural event attendance, and other measures.

- Centre of Expertise on Culture and Communities, British Columbia: tracks external measures of the economic contributions of the arts to a community, and places a dollar value on that.
- Urban Land Institute: *Rebuilding Neighborhood Retail* (pamphlet), *Cultural Facilities Planning* (packet).
- Public benefit districts, and why they are not available in King County.
- Tax increment financing, and why it is not available in Washington State (unconstitutional?)
- Spatial equality concept
- (Non) segregation concept
- Cultural facilities development in Vancouver, British Columbia: requirements/payments by developers to cultural improvements.
- Growth-related fund: Vancouver, BC has it, Seattle does not.
- Livable South Downtown plan.

The meeting adjourned at 7:16 pm.