



## Cultural Overlay District Advisory Committee

RECOMMENDATIONS, September 19, 2008

### EXECUTIVE SUMMARY: An Urgent Need to Act for the Arts

Since June of this year, 40 arts and cultural organizations have been lost from the Capitol Hill neighborhood. Some have moved to other neighborhoods; some may be gone for good.

In July, CODAC was convened in response to the urgent need to act on issues involving the rapid loss of arts-related spaces and activities on Capitol Hill and to devise creative ideas for long-term promotion and preservation of cultural, arts, and entertainment activities and spaces in Seattle neighborhoods.

In order to submit an initial response in time for consideration by the Seattle city council during its 2009-2010 budget deliberations, we drafted the following recommendations within a very short six-week time line. We strongly advise that CODAC and City staff be authorized by the City Council to continue working to refine and articulate this initial set of recommendations.

Our committee represents the interests of artists, art and cultural organizations, neighborhoods, business and real estate owners, real estate professionals, city and county government, and finance professionals. Thus, we represent a unique bridging of cultural needs with public and private interests.

### Findings and Principles

Our initial research led us to six key findings:

- There is an organic quality of arts and cultural spaces on Capitol Hill;
- Performing and presenting arts have specific space needs;
- Neighborhood and community arts and cultural spaces must be relatively cheap;
- Arts and culture contribute to the local economy, citywide and at the neighborhood level;
- There are currently disincentives to retaining or creating cultural spaces; and
- There are potential opportunities for creating cultural spaces.

There were five main principles that were at the forefront of our minds as we studied this issue. These principles guided our recommendations:

- Keep the study focused on arts and culture, while working within frameworks of overlapping and related studies and projects (such as neighborhood conservation, transit-oriented development, open space, and affordable housing);

- Use Capitol Hill as a model for other potential districts in the city;
- Investigate and build upon the good work of others and do not reinvent what has already occurred in other places in the USA and throughout the world;
- Explore practical and realistic ways to create cultural venues and encourage retention of existing ones;
- Link to and leverage parallel initiatives.

Our recommendations follow.

### Summary Recommendations

We have identified an array of potential tools. From this array of tools, the committee identified several that should be City of Seattle priorities:

#### Information

- Establish a cultural development “translator” or liaison position. This would be a full-time paid City staff person who understands cultural development and investment, as well as real estate and finance principles;
- Establish clear leads in key departments to support the process of developing cultural space and making it available (Office of Arts and Cultural Affairs (OACA), Office of Economic Development (OED), Office of Policy and Management (OPM), Law, Department of Planning and Development (DPD) and Fleets and Facilities (FFD));
- Reinvest in and reinvigorate the Office of Arts and Cultural Affairs’ SPACEfinder web-based tool;

#### Innovation

- To the extent that cultural amenities support demand for dense city living, recognize the role that the arts play in building a sustainable city. Create a cultural “certification” for capital projects, recognized as a City priority;

#### Land use and zoning

- Establish zoning incentives for providing space for arts and cultural organizations, using the defined study area as a pilot. Work to add arts and cultural organizations as possible public benefits in the current Mayor’s proposal on incentive zoning;

#### Partnerships and Synergies

- Capitalize on major construction projects, such as light rail, as opportunities for potential partnerships. Align the public benefits of these projects with needs for cultural space;
- Link to and leverage existing programs or studies in progress, such as incentive zoning, and the Pike/Pine neighborhood conservation study;
- Work with nearby major institutions (particularly Seattle Central Community College and Seattle University) to create opportunities;

### Financing

- Examine currently available funding from other sources or programs to see whether any of these sources could support CODAC's initiatives;
- Explore establishing a public development authority for cultural development;

### To Be Continued

- Continue the work of CODAC: continue explorations begun by this committee, pursue the opportunities identified, and make the contacts suggested.

Given the short lifespan of our committee, we believe that we have opened many doors and asked many of the important questions. However, we do not yet have the answers to those questions, and our work is not done. More time and resources are needed to complete the job. However, the good news is that the committee is in place, highly collaborative, committed, and passionate about the need and the work to be done. We recommend that CODAC and City staff be authorized by the City Council to continue working to refine and articulate this initial set of recommendations.

## INTRODUCTION: Statement of CODAC members

Infrastructure is a term used to refer to fundamental facilities and systems serving a city. Transportation networks, communication lines, power grids, and school systems are often considered part of the local infrastructure.

In Seattle, where appeal to the “open-minded and iconoclastic”<sup>1</sup> is part of our way of life, arts and culture are filaments in our infrastructure. The cultural landscape and the urban context are inextricable, and nowhere in Seattle is this more true than on Capitol Hill.

Cultural spaces are anchors that attract people and contribute greatly to the economic vitality of their neighborhoods. Cultural spaces are often the drivers of increased retail traffic, higher property values and tax revenue, and, most importantly, better social health and quality of life. The establishment and development of cultural spaces is an organic long-term process that is inseparable from the growth of a neighborhood. Cultural spaces can be swiftly eliminated and, once gone, cannot be recreated. Citizens of Seattle, and property owners and developers as well, have made it clear that they value cultural spaces and consider them an important public benefit.

However, as neighborhoods grow, or are “rediscovered,” real estate developers capitalize on the unique, unrepeatable character of certain neighborhoods, bringing in new wealth and neighbors. Cultural and arts activities become increasingly stressed, and, in many cases, are “priced out” of these neighborhoods altogether.

Since June of this year, 40 arts and cultural organizations out of approximately 200 have been lost from the Capitol Hill neighborhood. Some have moved to other neighborhoods; some may be gone for good. The loss of this many arts-related businesses represents an urgent loss to the neighborhood, not only socially, but economically as well.

The City of Seattle has a unique role to play in helping support cultural spaces, by adopting policies and practices that support the continued feasibility of neighborhood and community cultural land uses. The City of Seattle also has a history of creating public space for the arts. That legacy now includes the Langston Hughes Performing Arts Center, the Hiawatha Community Center, arts uses at the redeveloping Magnuson Park, the Seward Park Clay Studio, the Green Lake Bathhouse Theatre, and Spectrum Dance Theater.

In July, CODAC was convened to advise Council on ways to promote and preserve arts-related spaces on Capitol Hill. We have had six weeks to develop and provide recommendations to Council.

Our committee represents the interests of artists, art and cultural organizations, neighborhoods, business and real estate owners, real estate professionals, city and county government, and finance professionals. Thus, we represent a unique bridging of cultural needs with public and private interests.

CODAC’s challenge has been to demonstrate, establish, and enhance the value of the arts and cultural community in tangible financial terms that will naturally motivate aligned

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<sup>1</sup> Johnson, Charles. *In Seattle, a Northwest Passage*. Smithsonian magazine, September 2008.

behavior among those outside the cultural community. While it is not hard to make the case why arts and culture are valuable to Capitol Hill, we do bear the burden of demonstrating that value, and how it can be financially viable from the perspectives of property owners, investors, lenders, and developers. We ask the City of Seattle to be our partner in sharing that burden, and in demonstrating that value and viability.

CODAC members recommend that the City of Seattle develop and adopt policies that allow neighborhoods to:

- identify their culturally significant land uses;
- preserve the cultural amenities that make the neighborhood attractive;
- educate citizens, property owners, and developers on the importance of the arts and cultural community to property values and neighborhood character;
- create or offer tools and incentives for retaining arts and cultural spaces and developing new ones.

This is not simply a blank request for “space.” We recommend identifying cultural needs, and not simply “wants”. We recommend identifying the organizations that could be tenants, studying their needs, estimating future growth, and working with them to calculate space needs, and how much can they afford to spend on space rental or purchase. We also recommend establishing a mechanism to appropriately match needs with space. We recommend identifying specific tools to build or make available that space. Finally, we would like to explore further how we can maximize the use of publicly owned space for community use. We believe that we can make an impact where the City has control over facilities and land.

By offering solutions, we can demand equity with other City priorities, and claim our place among the interconnected fabric—the infrastructure—coursing through this city, and weave it together.

## 2. Findings and Principles

Our research—at the neighborhood level and at the national level—provides us with statements of fact, which we call findings, which have helped us to clarify the problem, identify core issues, and frame our recommendations.

Our findings:

### There is an organic quality of arts and cultural spaces on Capitol Hill.

- The density of artists living and working on Capitol Hill is essential to the *Zeitgeist* of the neighborhood.
- Close proximity (walking distance) of arts-related living and work spaces is part of the ecology of arts-related spaces.
- The need for space to live, work, rehearse, and present or perform is a critical concern for artists. This is true in cities across the country.
- The arts in the Pike/Pine portion of Capitol Hill have grown 240% between 1991 and 2008, from 59 to nearly 200 arts-related businesses in the neighborhood.

### Performing and presenting arts require specific space needs.

- Artists have specific space needs, for example: large spaces, open spans, tall ceiling heights, loading facilities, and wide corridors. Visual artists require generous natural light, and performing spaces require a “black box,” where outside light can be sealed off. Resilient, sprung wooden floors are optimal for dance and theatre stages.
- Available space for artists might include temporary space, or vacant space.
- 76% of the buildings in the Pike/Pine neighborhood are more than 60 years old. Several of these buildings are home to arts-related businesses.
- There is a wealth of early twentieth-century masonry and concrete-frame former industrial buildings on Capitol Hill. These buildings are part of the intrinsic character and culture of this neighborhood. Many of them appear to meet the spatial needs for artists.
- With the sale of the Odd Fellows Building and the closing of the Capitol Hill Arts Center (CHAC) within the past several months, there has been a loss of two major performing and presenting spaces in the neighborhood, and as many as 40 performing ensembles or arts-related groups.<sup>2</sup>
- Greater collaboration, cooperation, and information sharing among artists may be a source of space.
- An inventory of available arts spaces will provide information on the current capacity of arts spaces, by type.

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<sup>2</sup> 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.

Neighborhood or community arts and cultural spaces need to be relatively cheap.

- Artists' annual earnings are frequently well below the national median income, and are often not distributed in regular paycheck form.
- Rent increases for housing and for work, presenting, performing, and rehearsal spaces are often difficult for artists to absorb because of artists' low median incomes and relative lack of capital.
- The ability of arts-related uses to generate income is different for each type of arts function, and the return, on a per-square-foot basis, is different as well. A dance instruction studio may be able to accommodate 300 patrons over the course of a single day, while a dance or performing arts theater of the same square footage might only be able to accommodate 99 audience members in the same size space (because of a single-seating, and space needs such as: backstage, dressing rooms, green rooms, and other non-revenue-generating spaces).

Arts and culture contribute to the local economy, citywide and at the neighborhood level.

- The value of arts-related businesses to a neighborhood or community is acknowledged and recognized, but difficult to quantify. The arts' economic value, at the individual building level, is impossible to quantify.
- Although the economic value of the arts is acknowledged, natural market forces will never close the gap between the arts' cultural and economic value and their actual dollar return on investment.

There are currently disincentives to retaining or creating cultural space.

- Disparate ownership of buildings on Capitol Hill, and different interests on the part of building owners, prevent economies of scale to occur, such as subsidizing of one space by another.
- In light of zoning regulations on Capitol Hill, and the Building Code, developers may see a greater return on investment by demolishing existing older buildings and building new mixed-use residential buildings to the maximum zoning allowable.

There are potential opportunities for creating cultural space.

- Sound Transit has become a very significant property holder in the Capitol Hill neighborhood. A single property owner might simplify potential discussions regarding possible arts spaces, and permit greater flexibility in real estate decision making, than numerous property owners.

This committee has brought together and aligned the interests of the arts and cultural community with those of real estate and finance. This is unique and notable, and creates a firm foundation for longer-term solutions.

We have raised issues to the surface for further exploration, and identified priorities to guide the allocation of resources to arts-related spaces. While we do not know all of the answers, we have raised what we believe are the most important questions.

Our principles for recommendations:

- Keep the study focused on arts and culture, while working within frameworks of overlapping and related studies and projects (such as neighborhood conservation, transit-oriented development, open space, and affordable housing);
- Use Capitol Hill as a model for other potential districts in the city;
- Investigate and build upon the good work of others and do not reinvent what has already occurred in other places in the USA and throughout the world;
- Explore practical and realistic ways to create cultural venues and encourage retention of existing ones; and
- Link to and leverage parallel initiatives.

### 3. Geography

Using the Capitol Hill/First Hill Urban Center as a boundary line, the committee wishes to focus upon several key spines or corridors where cultural and artistic activity takes place and should be emphasized. Pike/Pine is certainly one of those. Broadway, especially in the area above the to-be-built Sound Transit underground station, could be another. Twelfth Avenue, from approximately E. Denny Way south through the Seattle University campus, could be a third spine. (Please see the attached map.)

The boundary would reach to the borders of the Central District and the International District. This broad boundary ensures that land use and/or zoning issues, such as the transfer of development rights, can be addressed within our geographic area, while we can maintain our focus on the existing and emerging spines of arts and culture.

### 4. Recommendations

We have identified an array of potential tools. From this array of tools, the committee identified several that should be priorities:

#### Information

- Establish a cultural development “translator” or liaison position. This would be a full-time paid City staff person who understands cultural development and investment, as well as real estate and finance principles;
- Establish clear leads in key departments to support the process of developing cultural space and making it available (Office of Arts and Cultural Affairs (OACA), Office of Economic Development (OED), Office of Policy and Management (OPM), Law, Department of Planning and Development (DPD) and Fleets and Facilities (FFD)):
  - What are the City’s policies on surplusing real estate and other real property?
  - Work with OED on upcoming station area plan for the Capitol Hill underground rail station, and secure a role for CODAC;

- Participate in and comment on upcoming and related projects and studies (such as incentive zoning, and the Pike/Pine neighborhood conservation study);
- Reinvest in and reinvigorate the Office of Arts and Cultural Affairs' SPACEfinder web-based tool to:
  - provide information to developers about neighborhood needs for specific cultural facilities;
  - Prioritize and address needs of various groups, neighborhoods, etc.

### Innovation

- To the extent that cultural amenities support demand for dense city living, recognize the role that the arts play in building a sustainable city. Create a cultural "certification" for capital projects, recognized as a City priority, which may include some of the following elements:
  - Percent of dedicated square feet for cultural use;
  - In lieu of space, sponsorship of a 501(c) 3 or support for a cultural facility;
  - Expand on the meaning of "public art" in capital projects;
  - Dedicated funding for arts and cultural space;
  - Micro lending from large capital projects, such as Sound Transit; and
  - Definition of "affordable" based on market research.

### Land use and zoning

- Establish zoning incentives for providing space for arts and cultural organizations, using the defined study area as a pilot. Work to add arts and cultural organizations as possible public benefits in the current Mayor's proposal on incentive zoning;
- a. To encourage arts and cultural spaces in new buildings:
  - Explore shared parking arrangements with major institutions;
  - Consider lowering the parking requirements for arts facilities;
  - Height density (increase allowable building height on Broadway);
  - Sales tax exemption for building arts-related spaces;
  - Reduce or eliminate City fees, such as business license fees, building permit fees, and other fees;
  - Encourage arts organizations to own their spaces, perhaps through a commercial condominium as part of new development;
  - Provide a bonus for additional density when arts and cultural spaces are included; and
  - Consider flexible application of the building code to arts and cultural spaces.
- b. Encourage owners of existing buildings to retain existing arts and cultural related uses, through:
  - Grants;

- Transfer of development rights programs;
- Property tax exemption (state authorization required);
- Giving priority for permits for rehabilitation of projects that have arts facilities;
- Exempting the cost of improving arts spaces from the calculation of value that triggers Building Code upgrade requirements;
- Allowing the exceptions from Land Use Code standards that now apply to landmarks to provide flexibility for updated arts spaces; and
- Exempting arts and cultural spaces from upgrades required by the Energy Code for building rehabilitations that do not affect life and safety.

c. Policy issues and concerns:

- As incentive zoning is implemented at locations within the cultural overlay district, arts facilities should be included in the package;
- Institute a monitoring program as part of the incentive zoning proposal to ensure ongoing use as an arts facility;
- Exempt arts and cultural spaces from floor area limits; and
- Subsidize arts and cultural spaces, and explore the administrative issues for ensuring subsidy levels.

Partnerships and Synergies

- Capitalize on major construction projects as opportunities for potential partnerships. Align public benefits of these projects with needs for cultural space. At Sound Transit's Broadway underground rail station, for example:
  - Sound Transit (ST) will sell sites to developers;
  - Require that part of the new development be for performing arts (above or behind street level, not on Broadway); and
  - ST cannot subsidize arts facilities, but the City can create a bonus program to provide developers with incentives to include arts spaces above or behind retail at street level.

Other examples of opportunities for partnerships include:

- Capitol Hill Housing, and its 12<sup>th</sup> Avenue corridor project;
  - Proposed streetcar connector to First Hill and the International District; and
  - Yesler Terrace redevelopment by the Seattle Housing Authority.
- Link to and leverage existing programs or studies in progress, such as incentive zoning, and the Pike/Pine neighborhood conservation study:
    - The Mayor has recently published his recommendations on incentive zoning, and the City Council will hold a hearing on the legislation in October. The public benefits eligible for the incentive are housing, open space, childcare and historic preservation; arts and cultural uses are not on the list. Work with City Council and staff to include arts and cultural uses as part of this program; and

- The draft recommendations of the Pike/Pine neighborhood conservation study will be presented to the public in October. It will recommend zoning and land use changes. Work with City staff to ensure that efforts of this study and CODAC are aligned and consistent.
- Work with nearby major institutions (particularly Seattle Central Community College and Seattle University) to create opportunities:
  - Seattle University's new Lee Arts Center is a bridge to the community; we need to cross boundaries that haven't been crossed in the past. SU is revising its major institution plan; can arts and cultural spaces be considered?
  - Seattle Central Community College is an integral part of the Capitol Hill community, and its facilities are often used by the public for arts and cultural events. It is in the midst of a building program. It is also losing enrollment, and will be greatly impacted by light rail construction. How to integrate and align these issues and potential opportunities with needs for arts and cultural space?

### Financing

- Examine currently available funding from other sources or programs to see whether any of these sources could support CODAC's initiatives;
- Explore establishing a public development authority for cultural development in Seattle:
  - Explore how public development authorities (PDAs) can do more and be more proactive in the acquisition and development of projects;
  - Work with 4Culture, the King County Cultural Development PDA;
  - Explore partnerships with community development corporations (CDCs.)
- Explore practical and realistic ways to create cultural venues and encourage retention of existing ones, including:
  - Making City facilities available;
  - Using tax credits:
    - New market tax credits
      - ◇ Eligible projects must be mixed use, with 20% of revenue coming from commercial space;
      - ◇ Must be in low income census tract (some parts of Capitol Hill would qualify);
      - ◇ City applies to be intermediary in tax credit exchange; City can decide what they want to do with credits;
      - ◇ City could sub-allocate new market tax credits to developers as an incentive to provide arts facilities;
- Federal Section 108 funding;
- Tax increment financing (requires changes to State law);

- Historic tax credits:
  - ◇ Tax credits for buildings listed on the National Register of Historic Places; and
  - ◇ Create special district to make structure eligible for tax credits.

### To Be Continued

Continue the work of CODAC: continue explorations begun by this committee, pursue the opportunities identified, and make the contacts suggested.

Given the short lifespan of our committee, we believe that we have opened many doors and asked many of the important questions. However, we do not yet have the answers to those questions, and our work is not done. More time and resources are needed to complete the job. However, the good news is that the committee is in place, highly collaborative, committed, and passionate about the need and the work to be done. We urge that Council continue the work that has been begun by this committee. We recommend that CODAC and City staff be authorized by the City Council to continue working to refine and articulate this initial set of recommendations.

## Acknowledgments

### **Committee members:**

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ATTACHMENT: MAP OF PROPOSED CODAC BOUNDARY WITH CULTURAL "SPINES"

