



PRELIMINARY FEASIBILITY REPORT

MARTINSVILLE, VIRGINIA

June 11, 2007

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

Introduction

Blessed with a picturesque setting in the verdant hills of southern Virginia, the City of Martinsville enjoyed decades of prosperity on the strength of its furniture and textile industries. Stanley Furniture is headquartered here, and for a time the Pannil Knitting factory turned out 80% of the world's sweatshirts, making Martinsville the self-proclaimed "sweatshirt capital of the world." In recent years, however, many of the jobs in the manufacturing sector have moved abroad, leaving the community with empty factories, a high unemployment rate, and an uncertain economic future. Uptown Martinsville, the central business district, has been further weakened by the decision of Henry County, of which Martinsville is the seat, to abandon its historic courthouse in favor of a new building on the outskirts of town.

With a population of only 15,000 and a somewhat isolated location, Martinsville has few viable options. Arts-related tourism is one, and community leaders are now seriously exploring what it might take to reposition Martinsville as a cultural destination. Other small cities in the region, such as Asheville, North Carolina, and Paducah, Kentucky, have done so successfully, and Martinsville has a solid base of arts activity on which to build. It is home to the Piedmont Arts Association, which operates an excellent small museum, a performing arts series, and a variety of other programs. It has a branch of the Virginia Museum of Natural History that is housed in a strikingly beautiful new building. It has a thriving storefront studio/gallery/retail store, the Artisan Center, operated by Martinsville-based Patrick Henry Community College as a program of its School of Craft and Design.

In 2004, with support from the Harvest Foundation, Martinsville and Henry County commissioned an economic development study by Market Street Services, an Atlanta consulting firm. Market Street's 98-page report recommended the creation of a comprehensive arts development strategy for Martinsville-Henry County and a number of arts-related action steps, such as recruiting artists and developing artist lofts.

Earlier this year, again with support from the Harvest Foundation, Piedmont Arts invited Artspace to conduct a Preliminary Feasibility Visit to assess the potential of developing an affordable artist live/work project or some other arts-related initiative in Martinsville. The visit took place on April 4-5, 2007. Artspace was represented by Stacey Mickelson, Director of Government Relations, and Roy M. Close, Director of Resource Development.

Findings

During a Preliminary Feasibility Visit, Artspace gathers information in five main areas: project concept, artist market, site feasibility, financial feasibility, and local leadership. While these are not the only factors we consider in making our recommendations, they help us frame the discussion.

If the community is clear about what it wants – that is, if the project concept has been determined – we evaluate that concept in the context of the other factors. For example, if the concept involves adapting a particular historic building for use as an artist live/work project, we consider whether the building in question is structurally sound, suitable for the intended use, available at a price we can afford, and so on. If the project concept hasn't been determined, we weigh the variables and offer recommendations to help the community decide how to proceed.

Because Artspace specializes in affordable artist live/work projects, we will discuss each of the five categories in terms of its potential “fit” with a residential/studio project in the Artspace mold. But because Martinsville hasn't yet determined if a live/work project is what it needs, we will also discuss other possibilities.

PROJECT CONCEPT

The Market Street study offered Martinsville several recommendations for implementing an arts development strategy, including the reuse of vacant buildings “as artist studios, lofts, and gallery space.” The consultant also advised putting into place “a recruitment strategy to draw regional artists to the inexpensive work spaces and low cost-of-living the area has to offer.”

Not surprisingly, given this context, the project concept we were asked to evaluate was primarily concerned with identifying a way to attract artists to Martinsville, preferably but not necessarily by transforming one of the city's vacant industrial buildings into an affordable live/work facility that would serve as a magnet to draw artists from other areas.

While there is much to be said for the adaptive reuse of historic industrial buildings as affordable live/work facilities, we question whether this is the strategy Martinsville should pursue at this time. In our experience, the notion that “if you build it, they will come” is not a given. And it is even less valid for small cities in lightly populated areas than for large urban centers, in part because the difference between “affordable” and “market rate” is not as pronounced in smaller communities. This makes affordable rental housing less attractive prospective tenants: for almost the same money, they can buy a house.

ARTIST MARKET

An in-depth Artist Market Survey is an essential step in the predevelopment phase of an Artspace live/work project. We use the survey to determine both the size and the nature of the market for the project. It tells us with reasonable accuracy how many live/work units the community can support and also whether there are special considerations, such as the need for specific kinds of studio space, that can influence the design and scale of the project. Developing the questionnaire, distributing the forms (we attempt to reach up to 5,000 artists within a 50-mile radius of the community), collecting them, and analyzing the data takes several months.

We recommend proceeding with an Artist Market Survey if – and only if – we are reasonably confident, based on our Preliminary Feasibility Visit, that the survey will indicate the existence of an artist market sufficient to support a project of at least 25 units. Although Martinsville appears to have a vigorous arts community, as evidenced by the success of Piedmont Arts and the Artisan Center, we saw no compelling evidence of a need for an affordable live/work project of that size. Indeed, we saw no compelling evidence of a need for a live/work project of any size. Almost all of the artists we met proved to be mid-career artists with homes of their own; they need studio space rather than live/work space.

Accordingly, we do not recommend an Artist Market Survey.

SITE ANALYSIS

Over the course of a two-hour tour that included five official stops, we visited an assortment of buildings ranging in area from less than 25,000 to more than a million square feet. All are privately owned, a disadvantage from Artspace's perspective in that private owners rarely sell buildings at less than market rate. One of the five is not for sale – its owner is looking for tenants – and this alone disqualifies it from consideration; our financing model requires us to own the properties we develop.

Here are our views of the properties we visited.

- ***Pannil Knitting***, 202 Cleveland Avenue, a former sweatshirt factory, part of a group of industrial buildings close to Martinsville's Starling Avenue/Church Street Historic District. With its high ceilings and large windows, Pannil Knitting would be suitable for a variety of arts-related uses, including both live/work and studio. With 46,000 square feet of area on two floors, it is on the small side but comparable in size to several Artspace live/work projects. Of the buildings we toured, it is the strongest candidate in every respect.

The entire complex – more than a million square feet in half a dozen large buildings that occupy an 11-acre site complete with its own power substation – strikes us as a viable candidate for a very large-scale development that might include studios, galleries, stores, and arts-compatible commercial uses such as

performance spaces and restaurants. A development of this size would undoubtedly have a transformative effect on Martinsville rivaling that of the Massachusetts Museum of Contemporary Art, which occupies a 13-acre, 26-building industrial complex in North Adams, Mass. Such a development, however, is far beyond the scope of anything Artspace would recommend to a community that is looking for first steps in a new direction.

- **Methodist Church Warehouse Building**, 51 Lester Street. This two-story, 98,000-square-foot brick building has high ceilings but few windows, and its boxy shape would present a problem in terms of adapting it for live/work space. We saw nothing to recommend it for arts uses.
- **Methodist Church Warehouse Building**, 147-149 E. Main Street. This building has high ceilings and large windows on three sides. But at 32,000 square feet it is too small for consideration as an Artspace live/work project; with rare exceptions, we look for buildings with at least 50,000 square feet.
- **Tultex**, 101 Commonwealth Boulevard. Originally a textile mill, Tultex is a row of three attached buildings, the earliest dating from about 1904, the latest from the 1960s. Each is three stories tall, has high ceilings and large windows, and boasts fine views of the Blue Ridge Mountains from its upper floors. The complex is huge – nearly 1.2 million square feet. The buildings are undergoing renovation, and the resulting space should be excellent for both residential and commercial uses. But Tultex is not a candidate for an Artspace project for the simple reason that it is not for sale; its owner is seeking tenants.
- **Troxler Building**, 26-28 Fayette Street, is a 24,000-square-foot commercial building in the city center, which has suffered from the community's overall economic decline and from the decision of Henry County to abandon its historic courthouse and relocate on the outskirts of town. The Troxler's small size precludes its consideration as an Artspace live/work project.

FINANCIAL ANALYSIS

An Artspace live/work project represents a significant investment of civic resources. A typical project of 35 to 45 units costs \$15 to \$20 million, and predevelopment expenses – the “soft” costs, such as architects’ fees, that must be met before construction can begin – are seldom less than \$500,000. Although a variety of federal programs, such as low income housing tax credits, can be used to generate revenue for construction, we look to the community for predevelopment revenue and commitments of affordable housing allocations in the form of \$30,000 per unit in a combination of CDBG and HOME funds, or the equivalent.

Whether the City of Martinsville is prepared to make this kind of commitment remains to be seen. We were pleased to see that a number of city officials attended our focus group sessions, and those with whom we spoke were generally positive about the prospect of an

arts-related development in the community. The Martinsville-based Harvest Foundation, which funded both the Market Street study and Artspace's visit, is clearly interested in playing a major role if a project comes to fruition. And the very existence of Piedmont Arts' handsome, well-maintained facility and the Natural History Museum's stunning new building testifies eloquently to the community's willingness to support cultural initiatives.

During our visit we were informed of a number of state programs that could be brought to bear on an arts project in Martinsville. Virginia's historic tax credit program, the Governor's Opportunity Fund, and the Virginia Tobacco Commission endowment, to name three, are encouraging signs that another arts project in Martinsville is within financial reach.

LOCAL LEADERSHIP

Strong local leadership is essential to the success of an Artspace project. There is no substitute for an individual or group that knows the community well and is willing to serve as our liaison. Our Buffalo project, now nearing completion, was propelled by the Mayor's chief of staff. In Reno, the head of a local arts foundation was the driving force. In Brainerd, Minnesota, a retired school district employee has been our local contact. In Seattle, the leader of a neighborhood association proved so valuable that we ultimately hired her.

Whether such an individual or group exists in Martinsville is a question for which we do not yet have an answer. Our hosts, Peter Calvert of Piedmont Arts and John Estes of the Harvest Foundation, impressed us with their commitment to pursuing an arts-related strategy to address the community's development issues. That the City was engaged from the outset was a positive sign. Our focus groups and public meeting attracted a broad, representative group of civic leaders – though Henry County, whose support will be an important piece of the puzzle, was not represented.

Next Steps

Martinsville is a city in search of a new identity. Does it make sense for the community to pin at least some of its hopes on using the arts as an economic engine? And if so, where to begin? For example, should the city adopt the Paducah model and offer financial incentives to persuade artists from other areas to relocate to Martinsville? Should it invest in a live/work project in the Artspace mold? If not, what other options exist?

Based on what we learned in our two-day visit, we believe that Martinsville is well-positioned to employ an arts-based redevelopment strategy. The foundation for such a policy is already in place. The community reacted to the potential loss of its branch of the Virginia Museum of Natural History by investing \$20 million in a new building. That it had previously invested \$3.5 million to help Piedmont Arts expand and endow its facility indicates that the success of the history museum's campaign was not a one-time fluke. Furthermore, it was clear to us that Martinsville has a solid base of artistic activity.

But we do not believe that an affordable live/work facility is the best choice for Martinsville at this time. There don't appear to be enough young local artists to populate a medium-size live/work project, and investing \$15 or \$20 million in a project designed for artists from other areas is probably not politically viable. Moreover, the relatively low cost of market rate housing in Henry County means that an affordable live/work project would have limited appeal.

For these and other reasons, we believe that Martinsville would be better served by a non-residential facility that provides studios for mid-career artists, galleries in which to exhibit their works, and a store in which to sell them. And while a studio-only building that is open to all art forms has much to recommend it, we think the community should also consider a facility that focuses on fewer art forms in order to achieve the kind of critical mass that can lead to a broader reputation. Woodworking (especially furniture making) and textiles would seem like obvious choices, in view of Martinsville's heritage; among other things, these art forms would have instant credibility throughout the community. The glass arts – glass-blowing and stained glass window design, for example – might be another good choice. The key is to select specialized art forms that are not in every community's repertoire.

A studio-only facility of this sort, strategically located and well-supported, perhaps with a nearby residential component that would make long guest residencies feasible, would complement both Piedmont Arts and the Artisan Center, create new opportunities for local artists and artisans, and over time establish Martinsville as a destination for cultural tourism.

Although a facility of this sort would fit comfortably inside the Pannil Knitting building, we think the community should also consider the alternative of new construction in the Starling Avenue/Church Street Historic District, a three-block stretch that already

includes the buildings of Piedmont Arts and the Virginia Museum of Natural History. Midway between them, on the southeast corner of Starling and Mulberry Road, there is a large lot which is currently empty except for a small historic building (Martinsville's first post office) that could easily be incorporated into a cultural corridor as a visitors' center or the like.

This site would be eminently suitable for a studio-only facility, especially if the historic house that occupies the lot immediately to the south could be acquired and converted into a temporary residence for visiting artists. It is not difficult to imagine a residency program, perhaps operated by Piedmont Arts in collaboration with the Community College, that would bring major artists to Martinsville for three-month stays. Such a program would draw younger artists to the community to study and tourists to visit and buy the artistic products on display.

A good model of this type of facility is the McColl Center for the Arts in Charlotte, North Carolina, which occupies a rebuilt church and houses its visiting artists in a nearby apartment building.

Such a project would not be an Artspace project; as noted, our specialty is affordable live/work housing. But we believe Martinsville has the capacity to plan, develop, and finance a project of this kind. It would be a strong first step in making Martinsville an important arts center with a national reputation in three or four art forms.

SUGGESTED ACTION STEPS

A project of this nature requires a great deal of planning, and it should be understood at the outset that not all agendas can be served. The first step should be to assemble a steering committee to develop the project concept. This group should include representatives from Piedmont Arts, the Harvest Foundation, Patrick Henry Community College, the City of Martinsville, a developer familiar with nonprofit organizations, and other key stakeholders.

Once the steering committee is in place, the order of actions is as follows:

- Develop a program for the project – in other words, define the project concept. We have proposed a studio-only facility with an adjacent residence that would specialize in long-term residencies by visiting artists. This facility might house different kinds of studios, including demonstration studios open to the public, as well as ancillary spaces for exhibiting and selling works of art. The steering committee should modify this concept as it sees fit, or even discard it in favor of some other concept. The presence of a developer on the committee will help the committee stay focused on concepts the community can afford.
- Identify an owner/operator of the facility. Piedmont Arts impressed us as well-suited for this role, especially if the facility is built close to Piedmont's existing

building on Starling Avenue. Patrick Henry Community College is another candidate, especially if the program involves

- Identify a suitable site. Artspace prefers publicly owned property because it is generally less expensive to acquire; but any affordable site that will support the intended program will suffice. Our suggestion of the vacant site at Starling Avenue and Mulberry Road is predicated on its ideal location in Martinsville's "cultural corridor," but there are other sites in the vicinity that might prove less expensive to acquire or more suitable for the program developed by the steering committee.
- Engage an architect to draft conceptual plans for the facility, develop cost estimates, hire a developer, and begin to identify funding sources. This is the phase Artspace calls "predevelopment," and once it is underway, the project has an excellent chance of seeing the light of day.



ARTSPACE 101: OUR MISSION, HISTORY AND PROGRAMS

Artspace Projects' mission is to create, foster, and preserve affordable space for artists and arts organizations.

FINDING AND RETAINING affordable space is an age-old problem for artists — painters, sculptors, dancers, and others who require an abundance of well-lit space in which to work. Many artists gravitate to old warehouses and other industrial buildings, but their very presence in an industrial neighborhood often acts as a catalyst, setting in motion a process of gentrification that drives rents up and forces the artists out.

This is precisely what happened in Minneapolis' historic Warehouse District in the 1970s and led to the creation of Artspace in 1979. Established to serve as an advocate for artists' space needs, Artspace effectively fulfilled that mission for nearly a decade. By the late 1980s, however, it was clear that the problem required a more proactive approach, and Artspace made the leap from advocate to developer. Since then, the scope of Artspace's activities has grown dramatically. Artspace is now a national leader in the field of developing affordable space for artists through the adaptive reuse of old warehouses, schools, and commercial buildings.

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). Since then, Artspace has expanded its range of activities to include live/work projects in Duluth (Washington Studios, 1995); Pittsburgh (Spinning Plate Artist Lofts, 1998), Portland, Oregon (Everett Station Lofts, 1998), Reno (Riverside Artist Lofts, 2000), Galveston (National Hotel Artist Lofts, 2001), Chicago (Switching Station Artist Lofts, 2003), Seattle (Tashiro Kaplan Artist Lofts, 2004), Fergus Falls, Minnesota (Kaddatz Artist Lofts, 2004), Bridgeport, Connecticut (Sterling Market Lofts, 2004), Mount Rainier, Maryland (Mount Rainier Artist Lofts, 2005), and Houston (Elder Street Artist Lofts, 2005). In all, these projects represent more than 560 live/work units.

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.

Other non-residential Artspace projects include the Minnesota Shubert Performing Arts and Education Center, a \$37 million, three-building cultural complex in downtown Minneapolis. When completed in 2009, it will serve as a performing home for the Saint Paul Chamber Orchestra and more than 15 small and midsize dance, music, and theater groups. It will also have a multifaceted education program that will include interactive long-distance learning technology capable of reaching every school district in the state.

Over the last few years, Artspace has evolved from a Minnesota organization with a few national projects into a truly national organization based in the Twin Cities. We now have projects in development, predevelopment, or feasibility in more than a dozen states. Our national consulting program has helped communities in 40 states address their arts-related space issues. The nature of our work is evolving, too, to include multiple-facility projects, long-range planning, and arts districts.

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

Property development

Development projects, which typically involve the adaptive reuse of older buildings but can also involve new construction, are the most visible of Artspace's activities. To date, we have completed 18 major projects. Three more are under construction. Artspace live/work projects are operating or in development from coast to coast.

Asset management

Artspace owns or co-owns all the buildings it develops; our portfolio now comprises more than \$200 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.

National consulting

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 — usually, but not always, within the context of historic preservation.