

Recession Could Provide Hidden Boost for the Arts

by Nicole G. Anderson

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Photo by [Chashama](#)

Roc Cayard in Chashama's Jamaica studios. Over the years, Chashama has transformed more than 40 vacant properties into subsidized spaces for 7,500 artists.

New York has been the home to generations of artists who drew inspiration from the city and in turn gave New York much of its character and energy. Over the years, though, escalating rents and unemployment have forced many to leave, threatening the city's standing as a cultural epicenter. Now, though, some hope that the recession - which has made the situation for artists in New York even more precarious -- could help boost the arts here. The creative sector hopes it can turn the real estate downturn into an opportunity.

"We were somewhat inspired by President Obama's chief of staff Rahm Emmanuel, who famously said that a good crisis should never go to waste. And with that in mind, we thought about the bursting of the real estate bubble," explained Jonathan Bowles, director of the [Center for an Urban Future](#) at the recent "Time to Be Creative" conference.

Simply having vacant buildings on the one hand and artists who need them on the other is not enough. The Center for an Urban Future now has published a [report](#) with 17 recommendations to help the arts sector take advantage of the real estate crisis to secure more affordable spaces. The question remains, though, whether policymakers, property owners, developers and arts organizations can and will invest the time, resources and energy to bring

these solutions to fruition. If bold steps aren't taken soon, most agree, New York could continue to lose artists and arts organizations to other cities.

Crisis or Opportunity?

The creative sector play a significant economic role in New York City. According to a [recent report](#) published by the [Alliance for the Arts](#), the nonprofit arts industry generated more than 40,000 jobs and \$2.2 billion in wages in 2005. However, the arts community has experienced considerable setbacks as the recession forced arts nonprofits, according to projected 2010 figures, to reduce their budgets by 61 percent, lay off 18 percent of their employees, and cancel or postpone 42 percent of programming.

Forced to scale back during the recession, art groups have sought more affordable space. In a bit of a silver lining, the economic situation has created new opportunities for artists and arts groups to find reasonably priced places to work, live, rehearse and perform as vacancy rates rise and residential properties foreclose. The report by the Center for an Urban Future states that the vacancy rate for Class B office buildings, which are generally older structures, had spiked to 14.7 percent last March in Manhattan in addition to a 13 percent rise in residential inventory between 2008 and 2009. In the city as a whole, the report found 515 stalled constructions sites and 48 [defaulted commercial properties](#). On top of the commercial and residential properties that remain unused, a number of shuttered parochial schools throughout the city could easily be redeveloped for studio space or administrative offices for the arts sector.

No Space Gone to Waste

Efforts already exist to put some of this vacant space to use.

For over a decade, [Chashama](#), an art nonprofit supported by foundation, corporate and government grants, has transformed more than 40 vacant properties such as abandoned factories and empty storefronts into subsidized studios and workspaces for 7,500 artists. Most recently, the New York City [Economic Development Corp.](#) in collaboration with the [Department of Cultural Affairs](#) launched a new initiative, [Artists as Entrepreneurs](#), which provides artists with skills to tackle business plans and marketing. After completing the pilot program artists have access to low-cost studio space at the [Brooklyn Army Terminal](#) operated by Chashama. The Economic Development Corp. and Cultural Affairs worked with Chashama to expand its space at the Brooklyn Army Terminal by 40,000 feet to accommodate 30 additional artists from the program.

The [Lower Manhattan Cultural Council](#) has also been a pioneer in finding creative ways to use vacant ground retail spaces, upper level office floors and subterranean bank vaults as incubators for artists. After scouring the downtown real estate, they converted these abandoned properties into exhibition and performance space and studio residency programs such as [Workspace](#) and [Swing Space](#).

"We make it easy for property owners to partner with us. We are flexible space users, and we are always the liaisons between property owners and participating artists. And we come to the table prepared with the logistical elements like license agreements, contracts, and insurance," wrote Melissa Levin, director of artist residencies at Lower Manhattan Cultural Council.

In the report by the Center for an Urban Future, Bowles recommends that the [Real Estate Board of New York](#) and local [Business Improvement Districts](#) organize workshops with the Lower Manhattan Cultural Council and Chashama to engage building owners in a conversation on how they can capitalize on their empty commercial spaces and turn them into temporary studios, galleries and performance venues.

Bowles also suggests, "City and philanthropic leaders help provide the administrative support that groups like Chashama and the Lower Manhattan Cultural Council desperately need to expand their own initiatives. Both organizations have developed significant expertise in handling these types of projects and arranging for

contingencies from liability insurance to building IDs for artists." While these two organizations have been hugely successful in salvaging and reusing vacant spaces, they do not have the staff and funds to grow at the scale the Center for an Urban Future suggests. An expansion of that magnitude would require extra resources and manpower to locate and renovate the space and negotiate with landlords.

Christine Adkins, operations manager of Chashama, expressed an interest in reaching out to other arts organization. "When you look out and see people trying to figure out things like getting commercial insurance, you just want to help and show them how to do it because it seems like it is a pretty good fit and there is a ton of vacant real estate. It is just getting the resources together is quite difficult," she said.

In a phone interview, Adkins suggested the creation of a database that could connect organizations with property owners and vacant space. It would, she said, be "a system almost like an artistic Facebook where you make matches. Right now, it is so elusive. Who owns what? What is vacant? You really have to know people and know how real estate works to understand that. If there is a way to make information accessible, I think it would make the process a little more fluid."

Eric Gural, executive managing director at [Newmark Knight Frank](#), a global real estate advisory firm, stresses that a partnership between arts nonprofits is key to resolving the space needs for the creative sector. Ten years ago, the [Alliance of Resident Theaters](#), an organization that provides low cost office and rehearsal space to the nonprofit community, approached Gural. He made a deal with A.R.T. and found them a home at 520 Eighth Ave. With over 2,000 square feet and 23 companies residing in the building, A.R.T. offers storage space, shared facilities, and rehearsal studios.

Gural reiterates that, while he is open to these types of partnerships, they rarely happen. "I got to tell you, I don't get approached by many arts groups for that kind of project," he said.

Barriers Still Exist

That lack of communication between the creative sector and developers is only one of a number of obstacles that continue to make the search for affordable space exceedingly difficult.

Another is a lack of resources. The New York Economic Development Corp. and the Department of Cultural Affairs have provided a great deal of support for the arts community through grants and several recently launched initiatives. However, the development corporation fears that the expiration of the [civic facility authority](#), which has enabled [New York City Industrial Development Agency](#) to provide tax-exempt bond financing to non-profits, will limit the city's capacity to help arts organizations with financing. Until the state reauthorizes the civic facility authority, nonprofits might face additional hurdles in finding an affordable home for their organizations.

Developers have an incentive to work with nonprofits, Gural points out. Under New York zoning codes, developers that provide space for a community facility such as an arts nonprofit can get permission to construct a larger building than would otherwise be allowed. Unfortunately, arts nonprofits are often unaware of these special density regulations.

"There should be some kind of partnership that gives a developer an advantage or benefit so that he can build space that is good for a theater or good for a school. I think the arts community needs to get together with the developers and make sure that everyone understands what the ramifications are and what the possibilities are," explains Gural. "What you need is collaboration, not confrontation."

A Room of Their Own

Driven out of their offices again and again by escalating rents, arts nonprofits are constantly on the move. The only solution is buying or securing a permanent space -- something beyond the reach of many groups. In the Center for an Urban Future report, Bowles proposes conducting a study to assess the feasibility of a cultural land trust. The report recommends that government officials, foundations and corporations join together and raise funds to purchase property that would serve as permanent homes for the arts.

Gary Bernstein, founder and executive director of [Wingspan Arts](#), agrees. "This report really gives it [recommendation] the credence, the promise and the weight that it deserves as a really viable way to create buildings that are part of this cultural land trust," he said. "You've built the equivalent of a park space -- it would function in the same way, a fixed asset in a community that everyone could leverage."

A cultural land trust, Bernstein believes, would relieve the strains of negotiating short and long-term leases and perpetually chasing affordable space.

"There are no shortage of examples of organizations that were doing great work and that were happy and should have stayed where they were, but the landlords said, 'I can get \$8 more per square foot and if you don't pay this, I will lease it to the retail store or office space or to whomever can make more,'" he said.

Finding a building that meets an organization's spatial requirements is an ongoing challenge. Theater groups usually need a relatively large space with no windows or columns. This is often impossible to find in older Class B or C buildings, therefore, the groups must look to newer developments or Class A buildings that can accommodate their needs. Bernstein spoke with several developers when he was looking for a new home for his theater group, but repeatedly ran into the same problem.

"Our magnitude of vision was always bigger than they really wanted to offer. We would say that we need 25,000 square feet of space. And when they would hear that, they would say 'that's a retail tenant. That is not something we're going to give away for zoning bonus for. It is too much space,'" Bernstein said.

The real estate crisis has opened the door for more collaboration between the arts sector and real estate industry. If even a few of the recommendations from the report were adopted, significant progress could be made, but the high cost of living in the city will remain a challenge for artists.

"What's to lose? We have 17 recommendations in our report. Some are things that can be done immediately, like ... seeking a building owner to give their building or a floor of their building over to artists or arts groups in return for city incentives. Others are more immediate and long term, like suggestions for preserving Class B and C buildings, using upper floor retail spaces and allowing more public schools to be used for small arts groups to rehearse," Bowles explained in an email. "If a few of these were accomplished, it'd be really positive for the arts in NYC."

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