

TIME TO BE CREATIVE CONFERENCE

Is the real estate downturn an opportunity to create innovative spaces for New York's artists, art groups and creative entrepreneurs?

Monday, September 20, 2010
Grey Group
200 Fifth Avenue (at 23rd St.)
New York, NY 10010

8:00 am – 8:30 am: Breakfast and registration

8:30 am – 9:00 am: Welcoming remarks

David Lebenstein, Senior Managing Director, Cassidy Turley
James Heekin, Chairman and CEO, Grey Group
Edwin Torres, Associate Director, Rockefeller Foundation
Jonathan Bowles (*Moderator*), Director, Center for an Urban Future

9:00 am – 10:30 am: Panel 1: Understanding the space crunch facing NYC's creative sector, the opportunity presented in this downturn and the barriers to crafting innovation real estate solutions

- Patricia Cruz, Executive Director, Harlem Stage/Aaron Davis Hall
- Eric Gural, Executive Managing Director, Newmark Knight Frank
- Rebecca Robertson, President and CEO, Park Avenue Armory
- Elizabeth Streb, Founder and Director, S.L.A.M. (STREB Lab for Action Mechanics)
- Paul Wolf, Co-President, Denham Wolf

10:30 am – 10:45 am: Break

10:45 am – 12:15 pm: Panel 2: Developing programs and incentives that make it possible to redevelop vacant or underused spaces into homes for artists, arts groups and creative entrepreneurs

- Shawn McLearn, Project Director, Artspace
- Sam Miller, President, Lower Manhattan Cultural Council
- Seth Pinsky, President, New York City Economic Development Corporation
- Mary Ann Tighe, CEO, New York Tri-State Region, CB Richard Ellis; Chair, Real Estate Board of New York

12:15 pm: Closing remarks

*This conference is made possible through generous support from the Rockefeller Foundation.
The space for the Time to be Creative conference has been generously donated by Grey Advertising.*



Welcoming remarks

David Lebenstein, Cassidy Turley: Good morning, everyone's having such a good time connecting and networking we didn't want to break up the party. But we're also mindful of everyone's busy schedule, so I want to welcome everyone and thank you so much for coming today to the Center for An Urban Future and the Rockefeller Foundation's conference, *Time to Be Creative*. My name is David Lebenstein, and as a longtime board member and supporter of the Center, I'm excited to welcome you. We're very happy to see such a diverse and interesting group here in attendance. Many of you attended the conference several years back at MOMA, on the creative economy. And we hope this event is as successful as that one was. In the end, we believe this conference will go beyond merely highlighting the real estate challenges facing so many in New York's arts community, and explore how to create innovative real estate strategies to take advantage of the weakest real estate market in New York City in the last two decades. As someone who's had three careers, city government, running a not-for-profit which was similar to CUF or a predecessor to CUF, and for the past 25 years, working in commercial real estate assisting not-for-profits, I've seen firsthand how the issues we will discuss today intersect, and it's important that we understand all the different perspectives, challenges, and opportunities. At Cassidy Turley's not-for-profit practice, we deal with the space and facilities challenges daily, and I think you'll hear many good ideas today from a variety of experts on how local groups can take advantage of these challenges. Clearly, it's time to be creative. We have a vibrant creative arts community in all the boroughs, and we need to take advantage of them. And now let's get on with the program. We're thrilled to have this beautiful space, isn't this terrific? And they've done a great job, and we're so thankful for them hosting us in the new building, the home of one of the city's preeminent creative companies. So to welcome you, we're very honored and privileged to have today the Chairman and CEO of Grey Group, Jim Heekin.

James Heekin, Grey Group: Thank you very much, good morning, everyone. I am Jim Heekin, chairman of the Grey Group, and we're really delighted to welcome the Center for An Urban Future, the Rockefeller Foundation, and all the distinguished government officials, arts and real estate business leaders, to this important conference on using real estate to benefit the arts. I'm also thrilled to welcome our client this morning, Mary Ann Tighe from CB/Richard Ellis, where are you, Mary Ann, are you here? Not here yet. I feel a special kinship to all of you real estate exes and art execs, having spent the better part of the last few years plotting the move our company, of our worldwide headquarters, to this building. We left a 60s, glass-box skyscraper in midtown. It was much more suitable for an insurance company or an accounting firm, for this spectacular, 100-year-old toy building, which has been completely remade and I hope you get the chance to walk around today, to house a 21st century creative enterprise, like a global advertising agency. We began moving in December of last year, and our 1600 employees couldn't possibly be happier with the move and that goes for our clients and frankly everybody else who visits the agency. You know, the ad business, probably much like your own, has been going through the greatest changes in its history. Technological change, with the dramatic penetration of digital, structural change, you name it. And I'm proud to say that Grey is one of the world's preeminent, large advertising agencies whose been prospering even in the face of a down global economy. In fact, we've been adding jobs throughout this year and are already bursting at the seams and we only moved in a year ago. So it's a good problem to have. We set out a few years ago, when I arrived at Grey, to revitalize the agency and to become a creative

first culture, known for famously effective work, like our E-Trade baby advertising and the work we do for CoverGirl, using Ellen DeGeneres, just to name a few. We soon came to the conclusion it was time for a new home, and we said we wanted the following things: a workplace designed to foster the creative collaborative culture that we were building here at Grey. No walls, very few private offices, space for teams to work together. We wanted to be close to all the creative service businesses that we work with, and close to where all our young employees live and to be able to partake in the downtown arts scene in New York. We wanted an uplifting space, full of light, maybe even with outdoor areas where people could use for inspiration, take a break. And we looked for a vibrant, urban neighborhood, with restaurants, shopping, retail, etc., and we found all of this in spades in this spectacular building here in the Flatiron district overlooking one of the most beautiful parks in the city, Madison Square, with a constant buzz of activity, concerts, food fests, art installations. If you haven't had a chance to walk around Eataly, Mario Batali's new concept, it's in the bottom floor of our building downstairs, you've got to do it before you leave today, it's really worthwhile just having a walk through. I've learned a lot about real estate in the last year. Specifically, I've learned that a building does not cause a turnaround, or a culture change. But a turnaround can be greatly enhanced, nurtured, and exploited with architecture, design, beauty, and the right workplace. Grey has always been very active and a participant in philanthropy in the life of the city. Our pro bono efforts span everything from the U.N. which is going to cause us all some heartache this week, and to Broadway Cares. Now we are so pleased that we have this showplace to share with...we're the organizations...we've become even more involved in good causes and in fact, we've become very active members of the Flat Iron/23rd St. partnership, and they asked us recently to take creative license to tell the neighborhood story, to tell really about all the neighborhood has to offer here, from our perspective. So have a look at this brief film, you're at an advertising agency, I have to show you. (Screens film.) So we're honored to welcome you this morning, thank you for letting me tell a little bit of our story, and have a great conference.

David Lebenstein: You wanted cutting edge, you got it! And now I'd like to introduce Edwin Torres from Rockefeller Foundation. Rockefeller has been a strategic partner and longtime funder of CUF's work and a very longtime supporter of the arts in New York City. Edwin?

Edwin Torres, Rockefeller Foundation: I'd just like to open by saying I would have to follow that. On behalf of the foundation's president, Judith Rodin, as well as myself, I extend our humble thanks to Jonathan Bowles and the Center for An Urban Future and to all of you for organizing this discussion and participating in it. I'd also like to particularly thank my predecessor, current deputy commissioner of the National Foundation of the Arts Joan Shigekawa for having the vision for making all of this possible. Thank you. In 2005, the Rockefeller Foundation commissioned the Center for An Urban Future's seminal study "Creative New York," which elucidated the centrality of the creative sector to New York City's economy as well as its...to its economy as well as to its identity as a global capital. As we know, New York City's identity as the destination for all who wish to make their mark makes living here a financial challenge for many. Addressing social challenges such as these requires strategies that are discontinuous from previous practice, that are often recombinant, a hybrid of existing elements from different disciplines and sectors that leaves stronger social relationships in their wake. In a word, innovation. The Rockefeller Foundation's New York City Opportunity Fund supports innovation in a city that has been our home for nearly a century. The Rockefeller Foundation is proud to

support this convening of some of New York's most innovative thinkers to address this opportunity and sincerely, in moments like these, I'm always really humbled to be in this, in a room with this many people who I really respect. On behalf of the Rockefeller Foundation and its president, Dr. Judith Rodin, we welcome you and we thank you.

David Lebenstein: This type of work requires a lot of support from the funding world and we thank Rockefeller Foundation for that support, but it also requires a lot of creativity and talent and hard work so I'd now like to introduce to you a man who needs no introduction, he's kind of our franchise, he's the director of the center, Jonathan Bowles. Jonathan and his team have put together an agenda this morning from which I believe all of us will learn a great deal and hopefully leave with some ideas and some inspiration. So without further adieu, Jonathan.

Jonathan Bowles, Director, Center for An Urban Future: David, thank you, and to Jim and all the folks at Grey, thank you for letting us be your guests today and what a fantastic space this is and obviously, Eddie and Judith Rodin at the Rockefeller Foundation for such longtime support of not only the Center for An Urban Future, but really innovating on this issue; the importance of the arts and the larger creative sector to New York. So many of you in this room have been real supporters of this organization, the Center for An Urban Future, and passionate about this issue, and so I want to thank you for all of that support, but also for being here today to help solve what is I think a really thorny and complex issue, but one that has real solutions. Finally, as Eddie did, I do want to reach out and acknowledge and thank Joan Shikagawa, who is really such a fantastic light in this world and has been a longtime I guess idea maven and mentor for us at the center so thank you Joan and thanks for all of your support over the years. A little about the Center for An Urban Future, we're not, even though we've come at this issue and I think David mentioned our "Creative New York" conference we did several years ago and Ed mentioned the report we did in 2005, we're not arts advocates, per say. We're a think tank here in the city that focuses on how to grow and diversify the economy and make sure that growth really kind of spreads around throughout the five boroughs. And I think over the years, our work has focused on everything from the opportunity of the health, IT sector, to the innovation economy, to the air cargo sector. But it's also been clear to us that artists and arts organizations and creative entrepreneurs are a real integral natural asset for the city, and I think even more in today's economy, the arts and the larger creative sector represents a competitive advantage for this city. Many of you are familiar with that 2005 report that we did, "Creative New York," which went beyond arts and culture to document how the larger creative sector, everything from film and advertising and graphic design to music, and the non-profit arts sector is such an important force in the city's economy. We documented that there were over 12,000 businesses and nonprofits, and about 310,000 people employed in this creative sector in New York. It's also a sector in today's economy, in this knowledge economy that has been growing and that has real promise, which is something that we need more than ever in a time when we have to diversify our economy and when we know that we can't rely on Wall Street forever. So, through all of our research over the years, about arts and culture in the larger creative economy, one thing kept coming up as a real barrier and obstacle to growth, and it's no surprise to any of you in this room because we're not the only one that knows that space is such a challenge for the arts, for artists, for the larger creative sector. But we thought that this downturn might present an opportunity to really help get to some real solutions for these thorny issues. In fact, 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. Really, real estate prices coming down, really for the first time in two decades to levels that we hadn't seen more vacancy rates in the commercial real estate market, a lot of empty residential space is out there, this is no slam dunk, there's a lot of complexity to this, but we wanted to bring together a diverse mix of people. Not only in the arts, but also in real estate, in government, to really look at what are the space issues that artists face right now. Is this an opportunity in this downturn to begin solving these issues, and what are the barriers that folks in the real estate industry face to try and do something about this. And so hopefully today, we'll get beyond just kind of talking about the problem and actually kind of putting something on the table, some possible solutions that we can move forward with after today. We are going to be putting up a transcript of this conference in the next week or two, we'd be happy to email all of you that, if not you can check out our website and if you want to learn more about the Center for An Urban Future or sign up for our monthly email updates, the website is NYCFuture.org. So without further adieu, if I could ask the panelists for the first panel to please come on up.

Panel 1: Understanding the space crunch facing NYC's creative sector, the opportunity presented in this downturn and the barriers to crafting innovation real estate solutions

You've probably already seen this, but everybody that's on today's... speaking today, there's a bio in your packet, so I'm going to try and be pretty brief and introduce all of these wonderful people. Also there's also a list in each of your packets that tells everybody that's here today in the audience. Patricia Cruz, right here, let me just begin some introductions. Pat has been the executive director of Harlem Stage/Aaron Davis Hall since 1998. The highlight of her tenure has been securing and renovating a historically landmarked 100-year-old gatehouse building of the Croton Aqueduct system across the street from the current Aaron Davis Hall facility. The project, completed in 2006, provides a state-of-the-art theater and offices for Harlem Stage, and has also served as a catalyst for economic and community development for the four-block area surrounding the gatehouse. She is past board member of the Andy Warhol Foundation, and past president of the New York Foundation for the Arts and Art Table. Elizabeth Streb is one of the most accomplished and celebrated choreographers and teachers of contemporary dance. She is the founder and director of S.L.A.M. (STREB Lab for Action Mechanics), an organization whose doors are literally open for the community to come in and watch rehearsals, take classes, and learn to fly. In 1997, she was awarded a John D. and Catherine T. MacArthur Foundation "genius" award. In 2008, she was appointed to the mayor's cultural affairs advisory commission. I could go on and on and on, but in the interests of time, I'm just going to turn the page. Paul Wolf is Co-President of Denham Wolf, a consulting and development firm providing nonprofit organizations with real estate-related services. Paul's projects have included providing financial expertise and business consulting for arts, culture, community development, and educational organizations. Previously, Paul was senior vice president of asset management at the New York City Economic Development Corporation, he was responsible for the fiscal management of a portfolio of more than 11 million square feet of commercial and industrial space. Rebecca Robertson is President and CEO of Park Avenue Armory, where she is now spearheading the \$200 million restoration of the historic Seventh Regiment Armory and its revitalization as a nonprofit cultural center. Under her leadership, the Armory has garnered critical and popular acclaim for programming not possible anywhere else in the city. From 2000 to 2006, she served as the executive director of the Lincoln Center Development Project, and from 1987 to 1997, she led the complex, \$1.8 million transformation of 42nd Street between Broadway and Eighth Avenue as president of the 42nd Street Redevelopment Project. For her work on 42nd Street, she was a recipient of the American Institute of Architectural George S. Lewis Award and the American Planning Association Public Projects Award. Eric Gural, great timing, is Executive Managing Director at Newmark Knight Frank, where he specializes in owner representation and property management. Mr. Gural's primary responsibilities include managing and leasing property on the West Side of Manhattan and he manages a portfolio consisting of 42 buildings, and more than 9 million square feet. So we know what the issues are here today, and I wanted to get it started by asking Pat to help frame this discussion. And I'm going to ask all the panelists. One thing that we do here at the Center for An Urban Future is to rather than having opening statements, we like to just kind of go right in and mix it up. Pat, we often hear about how important real estate is or the lack of it for artists and nonprofit arts organizations. Can you describe in your long history in the arts community in New York, how big a challenge is this for artists and arts groups? Has it gotten worse, has it gotten a little bit better in this downturn?

Patricia Cruz, Executive Director, Harlem Stage/Aaron Davis Hall: Okay, I think the first thing to acknowledge is that we've all been here before, and that almost everyone in this room has had some really important experience in this area, and I see that as I look out at my colleagues. I think there are two primary things that we need to concern ourselves with, I think that the issue of artists being able to live in New York is critical. And the idea of whatever we can do to establish tax abatements, to owners of buildings that will allow artists to live in spaces and practice their work is the most critical thing imaginable. I also think that taking advantage of space to create work is as important. I think we have to look at mixed-use housing, as well as performance spaces, and I do think that our being able just as when we saw that opening, the Grey promotion, to be both creative and risk-taking, but risk-taking in a way that allows flexibility for you to maneuver around the mistakes that you might make, because mistakes will be made. But I do think we have to and must be able to look creatively at what we can do with the spaces that exist in New York, and I think we had a prime opportunity to do that at Harlem Stage with the taking of, and I say taking, but it was really a giving and receiving that we did in partnership with the city and with our community board, and with our artists to restore a 100 plus-year-old historically landmarked building to the tune of \$26 million dollars. Everyone who looked at us doing that thought we were crazy and in fact we were, but madness helps, I think, to be determined and move forward with optimism and flexibility.

Jonathan Bowles: Elizabeth? What would you like to add to that?

Elizabeth Streb, Founder and Director, S.L.A.M. (STREB Lab for Action Mechanics): Well I think that the salient part of my experience, as a ground dweller, as someone who came in to New York in '74, and started wandering around neighborhoods and meeting people was for me a way that artists, rather than a top-down solution, to these problems, or a top-down solution to this critical advantage of empty real estate could be conjoined with the artists themselves, wandering around to smell out who they can make partnerships with. I know that for me, in Williamsburg, I wandered around and met a guy named Carl who was known as a man who had connections in low places. Well lo and behold, he knew that S.L.A.M was being occupied by a food storage company that he could easily move. The first thing I did was call Ginny Louloundes a great leader for ART New York, in our community. The first thing Ginny did was call Paul Wolf, the man to my left, and your right. And from them on, through three years, basically, with the relationship that we had, you might say I tried to bribe him with different things, but that wasn't true. He orchestrated how through enormously complex meanderings we could figure out how to purchase S.L.A.M. But prior to that, I went out, it was a mustard seed factory, and again, you fall in love with a space and then you figure out who owns this, a gentleman owned it named Paul Santich, out in Great Neck, he had moved his factory during union strife, out to New Hampshire. We went out to Great Neck; Carl, myself, and my lawyer, Margie Kunstler, every week for over a year, for me to make friends with this 80-year-old man. We exchanged press kits, his was vinegar and apple cider, mine was extreme action, and he laid down what he needed for him to trust us to give us a 10-year lease and it was I don't think artists pay rent. And go okay, and I went out and talked to John and Sage Coles in the end who agreed to pay the rent for three years. I brought that back. He said, well I don't know how long you've been funded, I brought a stack of funding letters from many of you in the audience back to him. Finally, he agreed to do a 10-year lease. I said, can I have 20? He said, no, I'm an 80-year-old

man. But my emphasis here, and it went from there, and then I decided I wanted to buy it. Doug Steiner bought the whole block. I thought oh, can I talk this developer into selling this to me? We had already been six years out of a 10-year lease. And the short story is he sold it to us, with enormous help from Paul Wolf, and the city, who gave us a million dollars. For \$1.3 million dollars land value, what he paid for it. So my conclusion in all of this is artists, it's about relationships. It's about who cares about what you're doing and how can the artist in conjunction with all the powers that be, figure out who their friends are and how they can lure them into the web of giving us real property that is permanent.

Jonathan Bowles: Paul, you've been doing this for awhile and you have, from your time at EDC, an interesting perspective and I'm just curious, how have you seen the real estate challenges for folks in the arts change? Is this an issue that you find to be increasingly complex or difficult? What are your thoughts?

Paul Wolf: Co-President, Denham Wolf: Actually, I think it's fairly similar, as it has been. We've been around for 13 years as DenhamWolf and it's been pretty consistent. Actually, I looked back and I was on a panel eight years ago after 9/11, and I said then, sort of the holy grail for arts groups at the time was high ceilings, wide columns, affordable space, it's still the case today as it was 13 years ago, eight years ago, it is today. Actually, I think the bigger issue is that arts organizations often feel that real estate is the problem, and therefore real estate is the solution. And there's a pursuit of real estate as this will be the panacea, if only we had a permanent home, or if only we had the permanent space, everything else would be fine. This is sometimes abetted by the funders who say we'll give you money for real estate, when in fact a lot of the need really is on the organizational development side, which I think gets insufficient funding. There will always be real estate challenges, we're doing some work these days in Philadelphia and Houston, and I find it interesting that places, in particular Philadelphia, which has a fabulous inventory of really nice affordable buildings, still has their arts organizations facing the same problems we face in New York. They have a smaller community, but availability of inexpensive space in and of itself is not the answer, I actually don't think. But I do believe that organizations have a responsibility to put themselves in the best possible position, to be intelligently opportunistic. So in the boom years of the past, the arts still thrived in New York. And many organizations took this time when they couldn't act to actually build up reserves, start doing strategic planning, start raising money, laying the groundwork, to now take advantage of the marketplace. We all believe that, I think, real estate goes in cycles, and there will be another upcycle and there will be another downcycle. And for those I think who plan, now's a great time to act.

Jonathan Bowles: With that, I think, Rebecca, and then Eric, I guess the premise or the hypothesis of this event is really that maybe there's an opportunity now. Rebecca, you did some fantastically interesting stuff in Times Square and I'm just curious, do you think this might be an opportunity as Paul kind of alluded to and how can we move forward with this?

Rebecca Robertson, President and CEO, Park Avenue Armory: Yeah, I do. I think that downturns, low values always the best time to plan, that's what we did at 42nd Street, that was in the early 90s, we had the land, but we had to redo the project, basically, and doing it in a downtime is good, because you don't have the real estate pressures that you do in a really hot

market. And I think that there are two models that one can look at. The model that we used on 42nd Street was that we created a new not-for-profit, who was to do the not-for-profit theater thing. We funded them well. We provided them money from the street, from the developers, as it were, for the reconstruction of some of the theaters, and provided them with some start-up money, and then also provided them with a long-term cash flow that would come from the development in the Times Square area. And I think that has resulted in a really wonderful, some really wonderful institutions. But I think the best thing that we did was, and I look to Elizabeth for this too, the best thing we did was hire Cora Cahan. So this takes me back, you know, you always think that some of the best things in life have to do with people, actually. And I think that Elizabeth's right that harnessing the entrepreneurship that one sees in artists, I'm always amazed when you meet with young artists, what entrepreneurs they are. I mean, people that put together orchestras and chamber music groups, and all this stuff. You wouldn't think that from the outside that these guys were entrepreneurs, but they totally are. They really understand how to look after themselves. So I think for me, there are two things. I think that absolutely, we could do big development projects like Hudson Yards would be one of my favorites, that to me is a place that you could probably do some really interesting [work], if the city were willing to do it, underwrite some really interesting flexible spaces, one of my favorite kind of spaces, and then, but you have to provide, if you're going to do that, you've got to provide the underpinning financially for the thing to really work, they've got to be able to experiment, they've got to be able to make some mistakes, and somebody's got to be backing that. But I also think that there's got to be a set of incentives that can work with people, like Cora, like Elizabeth, like so many of you that are sitting here, to provide tax incentives and guarantees to loans for leases and all that kind of stuff. The third thing I would say is that I think you should stay out of hot markets and go to not hot markets. Because I think hot markets are a snare and a delusion, you're going to have a pop-up store, for, I don't know, four years? Three years? I don't know how long these things last, and all of a sudden, you're going to be kicked out because there's going to be higher, more valuable use. So I think this is also a time where areas that perhaps are not hot in real estate, that represent lots of opportunity, and I think that would be an interesting thing for actually the center to take on, to look at those kind of areas and what opportunities that exist there.

Jonathan Bowles: Eric, from a strictly real estate perspective, are there opportunities? Are there building owners in New York that might actually welcome turning over a floor or a part of a floor, or an entire building to arts organizations or artists today that maybe they wouldn't have ever thought about five years ago because of how the market is right now?

Eric Gural, Executive Managing Director, Newmark Knight Frank: I think that's probably true. There are a couple of good things that have been said so far. One, you know, you have to see the relationship between a tenant and a landlord as a partnership. Too often, everyone sees that as adversarial, and that's traditionally the brand, and I think if you're in a position where you see real estate as being a solution then real estate people need to be, have to have some zoning laws or some kind of other laws, rent control and this type of thing, you're just going to create basically conflict, and I think that's when nothing good happens, in conflict. So I think the key is really choose your partners carefully, I think now there's definitely opportunity out there, but I don't think now is the time to run to areas that you're ultimately going to be priced out of. I don't see how that makes sense on a long-term basis. I think that's silly. What I would do, I think you made a good point about Hudson Yards, I think, Paul talked about the spaces everyone

needs, look, if you need certain spaces where the majority of the buildings in New York don't, can't accommodate, whether it be high ceilings and column spacing, realize you've set a limit for yourself, [that] there's a number of buildings that you can't go to. So what you want to do is look to the new potential, the potentially new developments, like Hudson Yards, would be a really good opportunity. You know, there's laws on the books now where if you're a community facility, people get to add FAR to their buildings; they'd be happy to do that. And that happened a lot in the past probably five to 10 years. I just saw these new buildings being developed so I think if you have a special space requirement, whether it be a theater or some of these other things, looking for buildings that are going to be brand new, I think that's a good idea. Realize that you're not going to get the top floor; you're going to get the second floor. This is the second floor, it's not so bad in here. I think those are the things I would definitely focus on. I think as far as landlords go, look, you've got to find landlords who have really long-term approaches. Because they're the ones who are going to be more comfortable renting on a long-term basis. Paul and I did a job together for Art New York, I guess it's 10 years ago now? It was 10 years ago now. It was the third floor, again, not the most beautiful space in my building, but the reality is they got a 20-year lease and they're comfortable and they have a home there. For us, we're really comfortable with it, we have a million feet of nonprofit space out of about six million feet here in New York City, so for us, it's very comfortable. But I think there are other people like our organization out there who definitely are long-term thinkers, who would be very willing to look for arts groups to take some of the space that maybe they could use a little better than some of the traditional office tenants. I think the opportunities are out there, but I don't think you should run to areas that you know at some point you won't be able to afford. I think that's just a bad plan.

Jonathan Bowles: Eric, I'm curious because a lot of people bring up the Art New York example and what you did back then, and I'm just curious, what made, what motivated you all from your perspective to have so much space in your building to you know, kind of, the arts, obviously you see a benefit in that and clearly it helped Art New York, but what brought you to the table there? And how did you make it work?

Eric Gural: Paul is very persuasive.

Paul Wolf: That was all Ginny, and I must say that part of it was that Jeff Gural never thought we'd actually be able to pull it off. So he felt it was no risk, he said sure I'll hold it for you, you'll never get it together, and then Ginny did, so. But also, I think, Eric's organization is perhaps the most friendly to the nonprofit community in the city. And they run a number of arts organizations already in the building. And again, people say that if you can't make a deal with Eric, then you can't make a deal in the business at all, so.

Eric Gural: I think one thing I would say about it is that it was a building that was in transition; it was a building that was traditionally a manufacturing building, had been that way for practically its whole history and we decided to turn it into an office building. So at the time, it wasn't that easy to get people to come over to Eighth Avenue, so it was an area that transportation-wise, is a good spot, sitting in the middle of Manhattan, so it wasn't actually hard to reach for people wherever they may live, or work. And the reality was look, we needed tenants, and we thought Ginny's organization was strong, we thought the idea that she was then going to house all of

these smaller groups, potentially was an incubator for us. Because what would happen if some of those groups needed to grow beyond the space that Ginny had, hey that becomes an opportunity for me to rent them space in the building. I just did it again with a fashion incubator that we did over on 38th Street, where we basically have 12 of these young fashion designers. And the whole spin for me is really that hopefully after the two-year program is over, that some of them will need more space and I'm basically incubating new tenants for my building. So it's a win for me, it's potentially a win for me, for the designers, it's good for them, they got cheaper space, they got to be together, they've got some other services that are provided by the CFDA. I think Art New York, I think that was a similar idea back then. And again, it was a building that actually worked for them, right? That building happened to have high ceilings and happens to have pretty good column spacing. At the end of the idea, it was really just a good idea. You know, so it was easy for the landlord when you hear a good idea to become part of that, as opposed to hey look, could you give us the space for half and we'd like it to be really beautiful and could you give us a lot of money at the same time isn't always the best idea. The one thing I'll point out about that, the difficulty in that was not that it was an arts group, was that it was a new idea, the difficulty was the time it takes is very difficult. You know, and the city was involved and it's very hard to keep space vacant for a year. That's not the thing that people necessarily want to do. If you could somehow streamline that process, that would be much more attractive to landlords if you were able to move at a pace like a normal lease. A lease normally takes me three months to complete, if you were able to do that in three months with help from the city, if they could streamline that process that way, that would make it incredibly more attractive.

Elizabeth Streb: (Speaking to Eric) Could I ask you a quick question? At the end of the 20 years, do you keep the rents stable? So that permanence can actually happen? Since 20 years goes by so quickly?

Eric Gural: The permanent setup is actually have to keep that space for arts groups going forward. So I'm always in a market as to what arts groups can pay, so I think that's the rent control piece of it.

Paul Wolf: There is city capital and the city was...they put it over the top, the city put in I think \$3 million dollars, paid for the entire fit-out of the floor, and so with that comes the restrictive covenant that which I have to say, very few landlords are willing to tolerate, but again, Eric was willing to do so, but it has to be nonprofit arts use for about 25 years, I think.

Eric Gural: Yes, and what's that, a 30,000 foot floor in a 750,000 foot building, it's not as if my whole building is going to this arts group and potentially has cheaper rent. It's something that easily we can withstand, and the reality for us is that the most expensive thing we do is replace tenants. So we're always looking to keep out people.

Jonathan Bowles: Paul, you mentioned this was a different time, it was near transportation, I guess it wasn't like it is now, where that area is as hot as it is now and as I've been doing research about this issue, and whether there is an opportunity now in this downturn, people have said to me that maybe there is an opportunity but maybe it's in different places. Clearly that's not a surprise, but maybe the opportunity isn't with some of the older buildings in Midtown or in the Garment Center, maybe it's in Brooklyn where Elizabeth has space now or maybe it's in

Long Island City, or other boroughs. I'm just curious, any perspectives on the table, if there are opportunities in this downturn. We've seen more vacancies than we have in couple of decades. We have a lot of empty condos all over the city. Where do you see the opportunities? Is there any particular concentration, I hear what you're saying about don't run to the hottest neighborhood, the hottest market right now, but do you see any places where there's an opportunity to do what Eric did with Art New York?

Paul Wolf: I think one of the wonderful things about New York is that we have such a dense built environment here, and the organizations, the arts organizations in particular, are so good at developing found space, and now there's an opportunity for found space that hasn't existed in years. Where years ago, people would say, I'm looking to build a theater, I would say, I need to show you upper Manhattan, Brooklyn, possibly the Bronx, you can now create a theater space in I think very strong parts of central Manhattan. Larger than the Garment District, a little bit further south, where you have some good footprints, again, higher ceilings, wide columns, were in the process now of taking a two middle floors of a Midtown loft building and creating a performance venue in the middle of a building because it's cheaper and it makes more sense than building from scratch. But building from scratch is also possible now where it wasn't a couple of years ago. Now the developers are receptive to somebody saying, I want to place an arts institution in the base of your building, we'll drive traffic, we'll help support your retail, we'll be an amenity for your condos or the office building, and again, there's receptivity, because now people are not knocking down their door to build more office space or to buy apartments. So I think it exists actually in the boroughs, as well as in Manhattan.

Patricia Cruz: I wanted to chime in and also say that older is better. Especially older and abandoned is better, because I think that what has happened is even areas like Tribeca, I'm still seeing huge amounts of unused space and it's either going for one or two things: it's either staying abandoned, or it's being turned into luxury lofts. And that rises and falls but if one can get long-term agreements, there are a couple of things that I think need to happen. The long-term agreements, and I think 50 years is better than 20 years.

Elizabeth Streb: One hundred years is better.

Patricia Cruz: One hundred, I'm sorry, that's what I meant to say, is really going to be very critical to this, but also, going back to the old days, where we really were investing, so you had sweat equity. Whether you are an arts group, which is very, I mean, we're very adept at being able to move into a space and restore it, even if it's one foot at a time. And I think that's important. The other thing that I think is important that we frequently miss, there are a lot of issue around once you've developed it, can you afford to stay in it, and do you have the institutional stability to be able to do your programs after that. And I think that one of the things that we've been very successful with and when Elizabeth talks about partnerships with landlords and with the community, which I think is critical, I think partnerships between arts organizations is also critical, because then there is the opportunity to share that space without bankrupting the organization. And I think that's an important thing that we've learned.

Elizabeth Streb: Well the one thing I'm concerned about is the issue of Rebecca saying that the idea that you can't go into neighborhoods that are too expensive because you will get priced

out. You can't really beat back the walls of escalating space costs. But I'm very interested in the idea of artists' migration practices. Historically, [they] cannot be preordained by a top-down initiative. Its intricate series of accidents and missteps create the magic of unique artistic use. So the fabric of what causes gentrification to begin with when I first crawled into SoHo, the landlords got the idea, oh, I can get more from the artists than I can from the manufacturers, which made us the culprits as well; we're not the innocents. We took it, we took the big space, 3,000 square feet for \$450 a month, for five years. And then, well, just by luck, because sometimes luck occurs. You know, and you wait for that magic moment. The Loft Law, article 7C, who many of you probably here in this room like Randy worked intensely on, and that allowed us, anyway, we had to stay in court for fifteen years because what you don't realize is that the landlords have, what do you call that, a union, and they fight in Albany to not have you win your harassment case. We didn't know that. Because we were so stubborn and we decided to wait for fifteen years, but finally by the third time we got remanded back to the loft board to start from the very beginning, we said oh, I guess there's a loophole in the Loft Law. But what I'm trying to say is how do you figure out, how do artists know that a neighborhood is going to shift? Because they're ground dwellers, they sniff it out. Once that happens and then the upzoning occurs, I'm curious from the experts on the panel, if gentrification can be frozen, and that maybe just a certain percentage of those early mavericks can be awarded their property without being fifteen years in whatever would be today's version of loft court.

Rebecca Robertson: I think that's really interesting, that whole how regulation works. Because you look at the SoHo Law, all that stuff, you wouldn't say that long term, it was a failure, but in fact it wasn't, it was a success. It was a success where it was long term. But for some period of time, and wasn't the deal, you were considered "light" manufacturing, you had to be a certified artist? I love the idea you had to be a certified artist. Most artists are certified!

Elizabeth Streb: We don't know in what manner, but they're certified!

Rebecca Robertson: But it all seems so wrong, in a way. And yet, and yet, I do think it gave stability for some period of time. It didn't solve the long-term problem, but I think it did provide artists with some stability for some period of time. So in a sense, that's not a bad thing. And then, real estate, there's no doubt that artists lead the way in real estate values, they just pick those things out. So I think that government, I think it's an issue that we should discuss, which is how can government, who's got the money, be most effective in helping these things happen. You know, is it through large development projects, that's complicated, but I think the government has to be very strong, is it through tax incentives like J51, it could be all over the city, you know, the idea of there are condos that are going into bankruptcy and stuff, of course that famous Manhattan Plaza. Which has been a place where performers and arts people have lived for years, I don't know if that's still so true, but the fact of the matter was that came out of bankruptcy. It was a luxury condo, it went bankrupt, and then a foundation and government went in and saved it. And that was like 3500 tenants, I think. So it's sort of interesting, I mean, again, it's a very interesting case. So where can government be most effective?

Jonathan Bowles: You know, I think that's a great question and our second panel today, we're fortunate to have Seth Pinsky, the president of the city's Economic Development Corporation and Mary Ann Tighe, among others, and Sam Miller, who's here right now, and I think we're

really going to try and get to some of those issues about what can government do, and I'd love to hear more from the panel right here. You know, if we are going to do some of those creative deals like Eric did, with Art New York, Eric mentioned the idea of maybe streamlining the process, as something government could potentially do, but I'm interested to hear more from the panelists, what could be done? What should government do to make it easier for real estate owners to go through this process? Also how can government maybe help identify the opportunities today? We're about to publish a report about a lot of these issues and we talk about how in other downturns, there have been some really innovative initiatives that government has been involved in. So for instance, the building that our offices are in at 120 Wall Street is a nonprofit center today and it didn't used to be a nonprofit center, it's a building owned by Larry Silverstein, but in the early 90s, when the real estate vacancies were up 40% downtown, the city's economic development agency put out an RFP, looking for building owners to respond to make this a nonprofit space in return for various incentives. So that's just to say, what should government do right now to either find out building owners that might be receptive to something like this or what kind of incentives might be used right now to help developers make the match with arts organizations and artists?

Patricia Cruz: I think a couple things, what's important to remember is that there are a lot of abandoned properties that are owned by the city. And that's how we got the Gatehouse. It was a city-owned facility, and what we did was we had to maneuver around with ULURP, Uniform Land Reform Act Process, whatever, and with that, we were able to get the ownership, well, not ownership, but use of the building for 50 years. We then invested money, but a great deal of that money was city money. And they had a reason to do that because this facility was abandoned and had been for over 20 years and was an eyesore. And we transformed that into a safe center for the arts and culture. And I think that's something that has to be looked at in addition to the kind of laws and incentives that can be provided for private ownership.

Paul Wolf: I have to say I think that the for-profit, the private sector is actually fairly smart and very attuned to the marketplace, and one of the areas that I think has been very successful in encouraging arts development although it's not uniformly applauded, is what Two Trees has done in DUMBO by giving space initially for free and then cheap space for a long period of time, it really allowed a lot of these organizations to grow and to thrive, and it's true now they're being priced out as the community is changing, things have been turned into expensive condos, but for a period of time, a private developer essentially subsidized a number of arts organizations and still does, St. Ann's is still a beneficiary of this, which I think is a fabulous thing. What Newmark did 10 years ago with Art New York was not entirely selfless, and I think that there is a good opportunity for the private sector, for the individual owners and developers to actually take on responsibility and take some risk, because they see the upside. I get calls now from developers saying we have a project, we know that wherever the artists go is where the market will eventually follow, can you bring some people here with us?

Elizabeth Streb: Could I say something about the Two Trees? I want to be a business, I want to be a responsible business, Whole Foods wouldn't have taken advantage of the Two Trees offer, and I was having a conversation with a businessman who will go unnamed, and we tried to argue about the definition for permanence, for both a business, what's healthy permanence? Because it can't be forever, we don't live forever, unfortunately, But what is the mark beyond

which it is not viable for a business to go into that building, and I have seen one artist after another start their business, I mean Galapogas is there now, they got lured from Williamsburg to go there, I'm sure their deal for real estate is great, and then in 15 years, out they go but what about the 15 years of building, exchange with the community, of starting their business and really having a viable business, it's not as if you can sell that part of the business and move somewhere else. So that's my disagreement with Two Trees.

Jonathan Bowles: Paul, I just want to say is I guess what we're looking at here, clearly, there are some opportunities that the private sector will explore on their own in this downturn, as the Wallentas did with Two Trees, clearly, you can use the arts to some extent to make your properties more valuable. What I'm wondering, of the panelists is, are there opportunities to do like what I was talking about with 120 Wall Street? Because the Silverstein building had a 40% vacancy rate. Here's a privately owned building, but the owner saw some value in having a stable stream of nonprofit tenants. That's not just for the arts, but it was a win-win for both sides. Eric, I imagine there was some kind of a win-win with what you're talking about with Art New York and I guess I'm not looking for charity here, how is it in the building owner's interest to do something like this and what kind of incentives or government help would let more of this kind of thing happen?

Eric Gural: I think a better model is actually 305 Seventh Avenue, which I'm not sure people here are familiar with. Something my father did when I was in college, it's about over 20 years ago. It's a similar, distressed property and what he did basically he got a number of nonprofits and he sold them the space, but he sold them the space by lending them the money to buy it, which he did with his bank. So they basically lent the money for the tenant to buy the space, so what happens with the landlord is the real estate taxes go away, which I so Seth isn't here so we can say that comfortably. But you get the permanence, because now you own your space. Right? You get the money that is basically lent to you, and you're paying, as if it was rent, it's basically enabling you to pay the debt service and the principal in what's basically a self-liquidating loan over 20 years. So at the end of 20 years, you can stay where you are, your occupancy costs are lower, you also have an asset, now that you own a piece of real estate in Manhattan that potentially you can sell, if you like too, although no one has sold, I think maybe one tenant has sold. It's about 143,000 feet, out of a building that's about 165 and pretty much all the tenants are still there, they probably pay effectively, I don't know, maybe \$14 per square foot, which probably sounds pretty good in this room, for the people in Manhattan. That's probably a better model than 120, I think. At the end of the day, with 120, is that no one actually owns the space. They were able to get the tax incentive, by the city, by getting rid of the real estate taxes for the tenants. But I think the reality is that if you find a real distressed situation, or even some of the buildings that the city has, I agree with you, they have a big inventory. If you can just lend the money to the nonprofit, who basically would then pay you back as if they were paying rent, at the end of the day, they're better off. I think that may be a better model than any of the things that we've mentioned.

Jonathan Bowles: How do you think we could spur something like that again? I mean, I've heard of a couple of instances of that kind of thing happen, but it seems like they're so rare.

Eric Gural: You need some kind of central repository. I mean how many people here would like to own their space? That's it? Okay. Good, less competition for me! But I think that idea was if you can find a bunch of people who can get together who have similar needs would be a good way to do it. 305 has a conference center, and has some shared services, that the people basically share, if you can find people similar to you, interested in maybe owning their space on a long-term basis with kind of a lease-to-own, I think that as a consortium makes a difference. So if I'm a landlord and I have a building, say it's 300,000 feet and I'm struggling, so say Larry had 60% vacant, so that'd be 180,000 feet, if you come to me as a 10,000 foot tenant and tell me you want to do this? Hmm, you're not really solving my problem. If you come to me as 150,000-foot tenant, now you're solving my problem. So I think your ability...I think you mentioned it about partnerships among the arts groups, that's an excellent idea. I think if they can get together and understand exactly what kind of space they need and work as a bloc, I think that would be a good idea.

Jonathan Bowles: Paul, in your working with arts groups, have you seen this kind of thing where, or have you encouraged groups to come together like that, has it increased their power to negotiate or get a better space or a better deal, like what Eric's saying?

Paul Wolf: There's definitely a move afoot across the country for co-location among arts organizations and it's not just in New York, it's happening really all over the place and the Tides Foundation, in San Francisco, is actually doing a lot to support this effort as well. So yes, but at the same time, as I like to say, most of us haven't had a roommate since college, so partnering up with someone to co-locate is not, it's hard work. As long as you put in the effort on the organizational side, the real estate piece will follow. I mean, if you come and say, we have a 100,000 square foot need, Eric, can you work with us? The real estate piece is not going to be the hard part, it's the organizational structure, fundraising of course, but I wouldn't randomly put people together. For the ART New York project, we had 24 initial tenants, it was a really complicated model and jigsaw puzzle, assembling that, because we had five anchor tenants then we had a bunch of small groups who got to say what, and the way it worked, and people don't always like it when I say this, because it was a complete autocracy. Ginny was in charge, and that was it! And if you wanted to participate, you had to participate and these were the rules that were set out, and they were fair, and you had to agree, we're coming into a community and there's a benefit to this community, and that works. I actually believe co-location among equals is difficult. For a condominium construct, I think it would make more sense, because you're all independently responsible for your space, but yeah, we're seeing more of this. We're seeing more and more of it happening.

Jonathan Bowles: Rebecca, you posed the question about government a little while ago, and I'm just curious from your perspective, you know, we're going to have Seth on the next panel, what would you suggest to the city's policy makers, to the Economic Development officials, to Seth, if they want to look at incentives, or what should they do to kind of start thinking about these issues? Do you have any ideas?

Rebecca Robertson: Yeah, it all seems so unlikely, but I'll say it anyway. It's a cliché that culture is vital to New York, I guess I really think that the government policy has to change quite a bit. I think they need like a culture development czar, frankly, that has the inventory of public space,

that puts together a range of incentives, I think the ownership issue is a real one, and I think maybe there are guaranteed loan programs like small business programs. But I think it needs that focus of having someone who's job really is in the government and is given the clout to do it, to make sure that these cultural organizations can find the space they need, for presentation and for work. I think it needs that single focus or otherwise you're going to get everything on an ad hoc basis. And I think that culture's too important to this city, and I think that if you put together a critical mass of incentives, and then maybe targeted certain areas that are emerging areas that have abandoned buildings, have armories, armories are really good places to look! There's something I might suggest, if there's an armory that could use some...not in Manhattan, somewhere else, but I think if you could target those buildings, but you need to focus on it, and you need to have somebody who's empowered to really do that, and it's a bit of a long-term project. But I think it's, you've got zoning incentives, you've got tax incentives, you could have some guaranteed loan programs, you could identify the real estate, you could figure out what the objectives are, but you need a czar who's really going to make it happen. That's an important piece of it.

Jonathan Bowles: Any other...we're going to turn to questions from the audience in a few minutes, but I'd really love to hear more ideas from panelists about what can government do something to spark this. Maybe some of you feel government should do everything and have space that they owned as Pat mentioned, but what can they do maybe to get this going to take advantage of the opportunity, any specific ideas for incentives, is there an opportunity to help landlords with some of the debt situations they're in, what could government do to help get building owners to the table?

Paul Wolf: The one other thing that's always troubled me a little bit about the incentives that have been put out there by the city is that they're often tied to a building, instead of tied to the user. I actually think it's a good idea to have the incentive tied to the user, so if an arts group goes into this building, for a long-term lease, that space will get the benefit of the tax deduction as opposed to, I mean the tax reduction, as opposed to anybody who comes to this building. Because the arts groups want to be organic, and go into the community, and weave themselves into the community as they feel as appropriate. So if they have that power that comes with them wherever they wish to go, I think that would be helpful. I don't know how deep of an incentive the city can actually afford to give to building owners if they waive real estate taxes, it saves a couple of bucks a foot, for most of the areas people will be looking at it isn't so significant, but I do think it would help if they ran with the user and not the building. You might agree or disagree, Eric.

Eric Gural: I actually agree with you. I think it's very important, and I guess there's probably not a whole lot of landlords or people would want to be landlords in this room, so I feel comfortable saying that I don't believe they should incentivize me. You should incentivize the tenant. Incentivize the tenant, make their ability to pay the rent easier and that's the kind of thing that we look for, you just become a stronger credit tenant is all that really happens. It's similar to, I do some work on the green front, with LEED stuff and they do the same thing incorrectly there; they try to incentivize the landlords. Don't try and incentivize the supply, incentivize the demand. And I think they'd be better off if the tenants, I knew the tenants basically had an incentive and if they come and rent space, their ability to pay me the rent is going to be, it's going to be easier for

them, then your credit basically goes up, and I'd rather have that as opposed to, if you're going to give me the runaround and give the incentives to the landlord, what if the landlords just don't want them? Because that's what happens sometimes. Sometimes the incentive is only two bucks a foot, and the landlord says, you know what, I have to sign a 20-year lease with this person, I have to set the rent for 20 years it's only saving me two dollars, I don't really want to do it, you run the risk of the landlords won't accept the incentives. You never run the risk that the tenant won't take the incentive. So I think it's a much better idea to incentivize the tenant, I happen to agree with you.

Rebecca Robertson: Can I ask, Eric, how many in that case you gave us before, how many of the tenants have failed to pay back the loan?

Eric Gural: It's none. No defaults.

Rebecca Robertson: That's really good.

Patricia Cruz: I wanted to respond also, I think the greatest incentive that we have is that we pay a dollar a year, and it doesn't get any better than that. So everything else can go back into our programming and the work that we do, and because we're not paying taxes, as nonprofits, that doesn't particularly become a big incentive. So there has to be, I think there are other ways that that can be dealt with. So that's one thing. The other thing is I do think that in addressing your idea that people are put together as partners, you identify your partners, and you work together because you have a common mission and a common set of goals. So that's really important, nobody chooses that for you. The other thing is in terms of government, I do think that there is a way that government can aid by identifying available space, so there becomes a kind of space bank and artists and arts organizations can work together to identify the places that are either still in their communities or that are in communities that are close enough for their core constituency to still get to, so I think that's an important way that government can intervene and aid in the process for all of us. The other thing I want to do, is a warning here. Because as you know, there had been a period in which a lot of arts organizations were going into new spaces. And with the new initiatives that are coming out, for example, the Ford Foundation, and any number of other entities we are looking at incentives for arts organizations to start and own their own spaces. And I think what happened about five, 10 years ago, is that that happened, but then what happened was the failure on the institutional development side and I do think that they couldn't afford, they didn't understand, because they hadn't been working with Paul Wolf, I guess, what the costs were that were going to be a part of that, and that's why I've offered this idea of partnership self-selection.

Elizabeth Streb: One thing I see left out of the equation is the actual generators, the individual artists, you're really mostly talking about arts groups and theaters, etc. and I think that the real generating force in all of the gentrified neighborhoods are these individuals that are mildly untamable and they burrow into the community and they change it. It's rhizome growth not arboreal growth and I think that trusting the makers of the different disciplines, the innovators, is a difficult thing, and that it's a step that gets skipped.

Jonathan Bowles: I think the last question before the audience, I want to seize on that, and that is, this is often the third rail in these discussions, when we talk about housing, living space for artists, we have a lot of empty, half-empty condos that just came up in the last couple of years, is this an opportunity, or is the opportunity to develop new housing, I know some folks from the Actor's Fund are here, and I know they've been involved in building some space, some live space for the arts. Is this something that government should be doing? Is there an opportunity now with a lot of empty housing or partly empty housing on the market? Any thoughts about the live space for artists and what should be done or not be done? No? Okay! Well, I wonder if anybody out here has any ideas! Right here in the front row, we're going to get a microphone to you.

Barbara Paley: Hi, I'm Barbara Paley, I'm a real estate developer in Brooklyn and I'm also an arts consultant and work with companies, real estate companies to bring in arts groups, so I have a half-baked idea that I'd like to run past everybody in the room and the panel. And that is, we've used a very good model for affordable housing, 80/20. Can this be adapted for arts organizations and for artists to go into buildings, both buildings that are new and buildings that are being refurbished in some way?

Eric Gural: I think there's some opportunity there. We did in New Jersey a building called 150 Bay Street, which we redeveloped and we had to keep a certain amount of units for artists. I can tell you that we had no problem renting to the artists, that program has been absolutely fine. The problem we've had is dealing with the landmarks people over there who insist that 80-year-old windows are better than modern-day windows. So all the artists are freezing. Because they like the way it looks outside. Silly stuff like that that goes on in terms of, we're talking about how the government can kind of help, that just makes it such a headache for us to do it again that you know, I really don't want to, I can tell you I'm not going to do it again. It could work in New York City, the (can't make out this word here) was it was a building that we went and converted, it's okay with us, the idea of 80/20, if you wanted to do this and there's some benefits that everyone wins. I think the key is everyone has to have some flexibility in the whole project to make sure that it's palatable for everyone to do. The only thing about the artists, they never vacate the spaces so the question is kind of like have you taken those spaces off the market for new artists, and maybe that's not the greatest thing, because the 24 people get picked and that's it, no one's ever going to get in there again. And that's basically it. That's one thing I would tell you, the struggle was really dealing with the groups who felt that it had to be a building that continued to look like an arts person's building. Which made it worse, not better.

Jonathan Bowles: Elizabeth?

Elizabeth Berger: Thank you to the panel for actually talking about ideas and how to take what you've done and move it forward. Jonathan, you talked about the building in which you work. There can't be any more association centers because it was made possible by IDA financing for nonprofits that's been held hostage in Albany over a prevailing wage labor dispute for three years. So I guess my point is arts organizations and people who care about artists' work space and artists' housing have to get a lot more sophisticated about their advocacy. The focus of, and understandably so, of arts advocacy in Albany is just about money. Programming money. But there are many other issues, larger issues that are really governing the success of arts

organizations and unless advocacy is more strategically focused, I think we're still going to be having these discussions and still talking about an ever-dwindling share of a dwindling pot.

Jonathan Bowles: Thanks.

Chris Havens: I'm Chris Havens, a broker and a consultant, Creative Real Estate Group. The worst thing that happened to artists' studios in Brooklyn was the rezoning of Dumbo and Williamsburg for residential space. So I'm not advocating that all rezoning be eliminated, but if you want to slow it down, don't let people go residential; what kills commercial space for artists and smaller users, I work with a lot of creative tenants, is rezoning residential. All of Dumbo but three blocks, approximately, are now residential, and that kills artist space. It's not just what the Wallentas have done, I know that very intimately, better than anyone in the room, because I worked for him for four years, I know exactly what they're doing, I've already offered Galapagos space elsewhere when the store becomes a Prada after their lease runs out. But rezoning is really the killer. And I agree totally with what you say, artists go everywhere, they're the ground, watch them, they know where to find the space, there are secret websites that they won't tell people like me where they share space information about buildings, so what you want to do is find where the artists are filling in a building in Bushwick, and go to that owner and help them, that's the thing to do. No other subsidy program is ever going to happen; the artists find the space. Artists need cheap space. In Dumbo, painters can still rent in the office buildings in Dumbo, you just have to pay 2522 for the space, a foot, and there are artists selling 50,000 pieces of work five blocks from here and they can afford it. Most artists are paying \$1500 to \$500 a month, and many are amateurs, and those are the people that you need to help and find cheap space for, it's very challenging. Sunset Park Waterfront is next.

Jonathan Bowles: Chris, let me ask you just a follow-up question, if you don't mind. Since you have such a Brooklyn focus, is there an opportunity, do you see more vacancies now, do you see building owners willing to do something?

Chris Havens: No, you've to hurry, because you heard it here first. Twenty to 30 months there'll be a condo shortage in Brooklyn, prewars are already in shortage on the small island here, and on the big island, you're going to see the, in 20 to 40 months, you're going to see a condo shortage in Brooklyn, because no development in 421A is being gutted so you better hurry. But there are some see-throughs out there, there are 60 sites in Williamsburg that are dead, 80/20 is a financing subsidy, it's a mortgage rate subsidy, so I think your idea, you know, I've known you for a long time, and it's a brilliant idea, but to get the buildings, you need to gang together. I've rented space from Two Trees in Dumbo and put a lot of studios in there, I just did an 11,000 foot with Pratt for studios on Flushing Avenue with Industry City Associates, but that's for their students. Artists will find space, artists are in Jamaica, Queens, they're in Bushwick, I tell people in Bushwick, that's over, you've got to go to Brownsville to be cool now.

Elizabeth Streb: Could I ask a quick question? When upzoning occurs, and the residential issue comes in, and manufacturing cannot compete with that, could you freeze a percentage ratio, so that some of the places need to remain manufacturing?

Chris Havens: That was done in Long Island City, where part of it was rezoned residential, a part they said forget it, for years, you don't get it. The city has said between the Gowanus Canal and the water, forget it. From Hamilton all the way down to the Navy Yard, the Army Terminal, forget it, forget it, forget it. When I show space, the creative tenants, not artists, generally more computer-related creatives, I say this isn't going to change, this isn't going to go the way Dumbo, because there will never be condos west of the highway, on the water. And those creatives, they are scared to death of rents going from \$12, \$18, \$24, like what happened in Dumbo. So what you want to do is, you're right, in Long Island City they did that, and Gowanus, they said they're not going to rezone south of 9th Street, just north of 3rd Street. Gowanus is the next big one because there's about 500-600 artists in Gowanus now, they're several hundred in LIC, so zoning is crucial, but that's a pretty crazy thing to say for somebody like me.

Mike Hickey: I'm Mike Hickey, it seems to me like the big shift that I've observed is opportunities to develop publicly held property. That's 10, 15, 20 years ago and the market that we're in right now, it's really where we can create opportunities within private property. I think that's where the underutilized space is currently. And I think it's also programs that, I really like these ideas about flexibility, because the vast majority of the artists are independent artists, they're very, very small artists, getting into, converting a luxury condo, that's for someone who's got at least a half a million dollar budget a year, plus an endowment. It's not the same thing as a couple of people who are doing performance art or small studio art, they have a very different challenge. I guess, one of the big things that I was noticing about this conversation was having a big conversation like this and never talk about the art, never talk about the audience, and those are just absolutely critical that we think about how artists homestead, not just their space, but their community, the people who are participating in their art. I think Pat, I think Liz, you guys have great, you've had great success in doing that, about creating a cultural institution that's really reflective of the community that participates in, and I'd like to hear if anybody has any additional thought about, not just space, but space in context with the art.

Jonathan Bowles: Anybody on the panel?

Elizabeth Streb: Well, since the culture wars, I think people are still unbelievably terrified of what that artist might make because it's the one element in this whole, whole equation that is not controllable. I mean, that would be my guess. It's hard to talk about supporting artists, I would like the NEA to give their artists' fellowships back, at long last, maybe Rocco can do that.

Deidre Scott: Hi, I'm Deidre Scott, head of the Bronx Council on the Arts, and I wanted to ask a question that has two prongs. One is directed toward the developers in the real estate field, in terms of better educating or letting arts groups understand some of the mysteries around what developers really would like to get out of the deal. We've heard a few ideas, but there's a range of flexibilities that I think a lot of artists and/or organizations may not understand when people are coming to the table and trying to form partnerships or deals to get space. The other thing is on the advocacy side and one of the things that I would love to see is more publishing and more dialogue and interaction around topics like this. It comes up every four, eight 10 years, and I think that the world and the arts ecology is evolving a lot quicker than that. And the other thing about improving the perception of artists and arts organizations. I heard one panelist say that during a round of partnering with arts organizations, not one of them failed. And I know that

that might be a very good record for that particular scenario, but there are very many successful scenarios where artists and arts organizations are renting and it does work out. But I think that especially the owner side, might have the global perception that artists don't pay, organizations struggle, and not that there's no truth to that, but there's a brighter story there. And I think that improving that kind of dialogue and perception that around the arts and around the strength of the creative economy would be a big benefit on both ends.

Paul Wolf: I just want to respond to that quickly. I have to say that the presence of institutional debt and institutional equity in real estate projects makes it profoundly difficult for nonprofits in general, because a REIT, a real estate investment trust, doesn't understand a 990. They see, oh my God, they don't make any money, every year, all they do is break even! And the arts groups say this is fabulous, and a lot of the institutional investors just don't get that, and it really is a testament to the groups again, like Newmark, where they don't have those kinds of partners, typically I think, at all, and it gives them the freedom to be responsive, but in the past boom years, there's been such a growth of the institutional debt, in particular, where they just say no, you have to be a credit tenant. And very few, if any arts organizations are credit tenants, despite their ability to pay and despite they may have paid for 30 years, it's a significant challenge and we try to help educate owners when we're representing a nonprofit, but it's much harder at the larger institutional players.

Rebecca Robertson: You know, it seems to me that that's one of the issues that's making the credit good. And I know you said in your paper what can foundations do maybe if it's not the city that's providing guaranteed loan programs, maybe foundations or some combination there. Because the example you can think of where organizations have been able to find space, there's always been some kind of partner that's provided the money partner and maybe there has to be more consistent program, being the guaranteed loan whatever that is, particularly if there is a good track record of not-for-profits paying their rent.

Patricia Cruz: I had a response that's kind of multilayered. One, I do think in issues of zoning, that mixed use is going to be very important to look at, and I think that that works. I think that the other thing is we might try some things that perhaps haven't been tried here, but that could work possibly for artists and arts organizations in those buildings. So that for example, perhaps part of the rent, or part of the subsidy is provided through arts organizations and/or artists who are living in a particular building, to supply artistic training to the residents of that community. So then you have a more integrated community where arts are a fabric of that community as opposed to the place on the hill. I know Elizabeth is doing that, and others could use that model, so that it's not just a partnership between arts organizations, but between arts organizations and the community. I do think also that this idea of advocacy is something that is essential and it begins at home, in your community in the most local way. We worked extensively with the community board; they know who we are so when we go to get various variances, rulings, they know to come to us, they know who we are; they know that we can come to them and we know that they can come to us. So that's another kind of partnership that goes all the way from your community to Albany, to Washington, so that you really have a circle that you're making all of the time.

Jonathan Bowles: Just to punctuate all that on the advocacy question, just to make sure you all know, the Center For An Urban Future is planning to publish a report about these very topics in the next couple of weeks. We've been spending the better part of year talking to folks in real estate in the arts, people that have done innovative real estate deals in other downturns, so we hope to really capitalize on some of these issues. Next question.

Shoshanna Goldberg: Hi, I'm Shoshanna Goldberg from the New School, so we've talked a lot about issues, what happens when artists come into communities and get these incentivized rents and really come in and they're thinking 15, 20 years out, but they're not thinking as much about what should happen after those 15 or 20 years, so as far as those educating artists and arts organizations, who should play a roll in that? Is that the government, should it be the private sector, should it be philanthropy? Do you think that there's a role for educating artists and arts organizations about these kinds of things?

Roberta Robertson: You know, it's like in the social service industry, Robin Hood does that for when you're a social service organization and you're small and you have issues. There are, you can get from Robin Hood lots of advice. It seems to me that there are organizations already in this city that do that, that offer arts organizations guidance, real estate guidance, advice about how to do it and how to put these deals together. So I actually think that that infrastructure exists if you're looking for it, is my impression.

Patricia Cruz: Nonprofit finance fund.

Elizabeth Streb: I thought you meant that Robin Hood was still alive. I'm disappointed.

Barbara Davis: Hi, I'm Barbara Davis with the Actor's Fund. I just wanted to address something that was brought up a little earlier, around the 80/20 programs, because I also think that that is a very important idea, and how artists can better utilize existing subsidy programs. We've been running for the last few years seminars on how performing artists and people in the arts apply for 80/20s, there are a lot of challenges with some of these program, because you have to understand what it is that they're screening for. So the importance again of advocacy between the nonprofits and arts communities working both with government and real estate to focus in on certain buildings and help artists apply correctly into these buildings is very important and help agencies like ours who are training people how to do this better know what's available and what's coming down the line. So whether it be through community boards, through HPD, we can work in much tighter partnerships to make sure that more affordable housing is available to people in the arts in New York City.

Jonathan Bowles: Barbara, I want to ask a follow-up question of you, because I know that you all have done some really innovative development projects, affordable housing for artists, and I'm curious, I think that my recollection of talking before, the Aurora came about in part because of distressed real estate situation, and so there's obviously situations like that out there today. How did you take advantage of that, what's necessary, what do you think from your experience there could be helpful today if we wanted to take advantage of some of those opportunities now?

Barbara Davis: The Aurora came about in the last real estate dip, when the market was bad, and it was a building, for those of you who may not know it, it's a 31-story high-rise on 57th and 10th. It was built as a luxury condominium, went bankrupt at 90% completion and stood empty for seven years. In partnerships that we had with nonprofit real estate developers, and using Ryan White funding at the time, we were able to acquire it with low-income tax credit program and turn the entire building into affordable housing for people in the arts. Much of what was being said today about partnerships were the critical elements in our success in developing housing. We just opened a brick building in downtown Brooklyn with Common Ground Community, we have CUCS as a partner in there, and we got a lot of support from the Department of Cultural Affairs to not only...we created housing with half of the units as a priority for people in the arts, but we were able to also develop a black box theater, which can be used by the community as well as the tenants and create a new arts hub in Downtown Brooklyn. So very much, both the opportunity of real estate development, the Schemmerhorn House, there's a lot of people in this room who get credit for it, David being one of them, wherever he is, and many others. But it really has been the partnerships between the real estate community, government, and the nonprofits that have created these kinds of opportunities.

Jonathan Bowles: Great, Randy?

Randy Borscheidt: Randy Borscheidt. A couple of things. Hearing the success stories, there were four that were talked about just from the panel, Harlem Stage, SLAM, Lincoln Center Redevelopment, and Park Avenue Armory, they all required and enjoyed and had essential partner role from the city. In many cases, other levels of government as well. When CUF did the Museum of Modern Art conference, the mayor took the occasion to announce the establishment of a nonprofit desk at EDC, sort of to continue your good work, Paul, and Teresa Vazquez, who plays that role, has done an excellent job, but I think she is alone in doing that. My suggestion is that we as a community could work, and by a community I mean the development community as well as the cultural community could work with city government to increase the level of involvement and capacity that they have, and bring to the table more regularly the other agencies that have a positive interest in solutions to these problems. And by that I mean of course the cultural affairs department, but also the planning department. I think that some leadership to bring together a kind of ad hoc task force that exists for a long time and is able to give hands-on help in the way that it has in your projects, and also advice to the community would be very useful. My only other observation is that we're doomed to go around in circles in this kind of conversation, unless we understand the completely different needs of artists, as individuals, individual practitioners, and cultural organizations, because probably even the smallest cultural organization needs a larger and a different kind of space, than the artists, and it's probably worth looking back a little bit in our own history to examples like P.S. 1, which actually started as an artists' studio facility and look across to other countries. Berlin, the cultural flourishing that we all admire so much in Berlin had a lot to do with the city of Berlin making, well, they did two things, They ignored squatting, but they also turned a lot of buildings, old warehouses and schools, things like that, into artists' studios. They did not attempt to solve the housing problem of artists in those spaces. They made them available to artists. They were open 24-7, 365, and of course artists slept there, but they took a slightly different approach. They tried to solve the work needs and the workspace needs of artists. I think that should also be part of a wide range of solutions to these issues.

David Pincus: Hello, I'm David Pincus, and I'm the chair of the Theater Task Force for Community Board 4, and there's a lot of exciting things that you guys have been talking about that the community boards, all the Manhattan Community Boards, have been working on for the last year and half, and one of them, about the Hudson Yards project, we negotiated 16,000 square feet of community facility space for performing arts and nonprofit organizations, and that's in the covenant of the lease. My question, and this is what I need help and guidance, is that basically they're talking about providing empty shells. And we've asked them to scatter those empty shells throughout the facility space, throughout the property. But it's talking with them about the actual buildout of those shells, those are the things that we, that conversation with the developer with related, is not something, it's not been written, and it needs to be, and we have another 10 years to have this conversation. So I'm looking forward, with the help from the city about having that negotiation kind of encouraged. Also, there is, all the Manhattan community boards have passed a proposal for a tax abatement for what we are calling poor theaters in Manhattan, actually, it's going to be all citywide, about 50 theater companies that actually have long-term leases on their space in Manhattan, and they provide performance space to about 450 other theater companies, so this other proposal, we're looking to reach out to all the other New York City community boards to engender grass roots support, with this idea of if we focus city help, government help on those theaters that provide space to so many, the entire galaxy of nonprofit, independent theater world, with the objective of being able to lower their rents, it's something that we're working on. We're just in kind of the nascent stages, but it's really exciting that these ideas are being discussed and I love to look forward to working with the panel and the center on fulfilling this objective, so thank you.

Jonathan Bowles: Thanks. We're going to have a couple of more questions, but I wanted to ask the panel, did you have a response first?

Rebecca Robertson: I have a thought on Hudson Yards. I must say, I think that the Hudson Yards, sometimes what happens in these big development projects, and there aren't as many as there used to be, the culture is an add-on, it's a sort of a sucker as it were to the community, it's done after the fact, and that's not right, especially in New York, and I think that Hudson Yards, especially that particular location, just has so much potential, to make that a place that you want to go to in New York, and culture does that, the arts do that, and I think that there should be more on that project. There should be much more, and it should be part of the ethos of what Hudson Yards is all about, and then it should be really pulled through that theory. So that means that, when we did the new 42nd Street, we created this theater entity, and it wasn't staffed or anything. It didn't have anything, it didn't have a chair, it didn't have an executive director. The idea was that the plan for 42nd Street at the time was that those theaters were to be Broadway theaters. And somehow this managed to get through the usual public approval process. But Broadway, I think at that time, I think there were 19 theaters, there were maybe 19 theaters that were lit, and the other 20 or something were not, it was absolutely a fallacy to imagine that those theaters were even going to be Broadway theaters at that time. They had shallow stages, and small seating capacity. So it wasn't a plan that was really taken very seriously. I think if you're going to make culture part of a larger development project, you've got to take it really seriously, you've got to fund the planning, and you've got to fund the start-up, and you've got to fund the bricks and mortar, and I think the idea of an empty shell is perhaps not a good idea,

you also need someone to fill that space. Lincoln Center Theater was not built with an organization, and look how many years it took for it to finally get its feet. So I think Hudson Yards needs some rethinking on the cultural side in a really hard way and culture should be a top priority.

Paul Wolf: I just want to add to that, ever since the Hudson Yards became, the idea became more real, even though it will take awhile, a number of arts organizations have independently gone to the surrounding neighborhood to seek out interesting space, to be there when that comes. And the good thing now in this down market, there are opportunities around the periphery of Hudson Yards, and people are going to start making investments, cultural groups will make investments now, in anticipation of what will come down the road. And I think again that the artists will lead.

Patricia Cruz: I wanted to respond to this issue that Randy talked about, in terms of how we can empower the city to help us. And I do think that's an important thing, because I think artists I know are leaving for Berlin, leaving New York City, which was considered the capital of culture in the world, by some, but I think that there are things that we need to do from our city council people, through the Department of Cultural Affairs. We have a very friendly commissioner who is very strong in terms of being able to reach out and help, and another entity that has not been talked about, and is frequently not talked about, but is essential in this building out, the Department of Design and Construction. David Burney is an incredibly innovative leader, he is eager to work with the cultural industry, and that whole idea of building out can take place within them. Yes, it takes longer, there's a greater degree of bureaucracy, but if you do as we did, partially successfully, you can use the time that it takes to manage the project with them without having to go through the process of loans and all of the things that you need to do to get a building built, using that time to build the infrastructure of your organization, and your programmatic plan. It's not wasted time, it's time well spent.

Jonathan Bowles: Rebecca, you said before you'd like to see some kind of a czar around these issues, and I think you bring up some interesting points about Hudson Yards and obviously that's going to be going forward. So, if we are going to inject culture more into that development as it gets going, what needs to happen now, do we need to see more advocacy from arts groups? Do we need kind of someone in government to really be pushing that, what would you suggest?

Rebecca Robertson: To sort of Randy's point, I think that there, I mean, Kate Levin is unbelievable, this is an amazing administration for the arts. So that kind of goes without saying. But I think that it needs to get ratcheted up one more level where there's someone who is actually given the mandate of one, looking at development projects and making culture really an important part of it, or serving arts organizations, serving the artists. Serving the arts organizations and serving the artists. And then, taking the inventory of city-owned buildings, and figuring out a way that they can make them available for artists in some kind of cost-effective way. This is a huge job, and really complicated with all sorts of bureaucratic and all sorts of other issues. But I think that it requires a mandate, a staff, and it needs to be funded, because I think if it's done piecemeal, one agency here, once agency there, it's more regulation that actually proactive work; I don't think it will be that effective. So I think there's a range of city-owned buildings and there are more every day with this downturn, that really could be put very

well to the service of the arts, but they need help and they need help through bureaucracy, and perhaps they need sort of some more rules on making a worker more subsidized.

Jonathan Bowles: Thank you. Other questions, I think we have time for a couple more.

Esther Robinson: Hi, I'm Esther Robinson, and I'm with a group called ArtHome. Just to bring it back again to individual artists, I had one comment and then a question. The first comment was I think one of the things that I've really been struggling with because I deal with asset building for individual artists is this focus in New York City on live/work space, and there's been a lot of talk about partnering and the crucial nature of partnering, and what we managed to do by grasping this idea of live/work space is alienate small businesses, on one hand, and then by asking for artists' special space, all of our affordable housing advocates on the other hand. So we effectively create an advocacy-free environment where nobody want to partner with us. And I think that we really have to start thinking more strategically about splitting those two things off, and saying there may be certain places that we can build small business and create really great partnerships in that arena, and again strengthen our relationships on the affordable housing side. We as an aside have a really great project with the New York Mortgage Coalition, around affordable housing training for artists in New York City, for low-income artists and that will be launching publicly in the next month or so. My question is, this is really for Paul and Eric, or actually any of you who have expertise, thinking about individual artists, and then thinking about that first-line barrier to being the small business or catalyzing space in the downturn, what would be tips you would give the individual for being able to self-present into a landlord environment? What would you tell them to think about in order to be someone you would work with, Eric or Paul, potentially? Do you need to group with other people, do you need to think about leasing in a certain way, maybe two or three tips that you'd give.

Eric Gural: I think the key to live/work space would be if sometimes I struggle in some places where the uses for an artist become a problem for the other tenants. Obviously, if you use paint that smells badly, if you use stuff that when you pour it down the drain, the pipes are going to corrode, very simple operational stuff, I think that's the first thing that the landlord's going to focus on. You're going to negatively impact the other tenants, you're going to become this great enemy, of which I am now the buffer between you and all the people who do not like you. Which is not a place I really want to be. So I think that's one thing on a very basic kind of operational side. You judge tenants on their ability to basic ability to meet their obligations, I think that's what we focus on. It's not anything else, we don't have some negative idea, of oh, artists are bad but accountants are good idea, that doesn't exist. It's just presenting yourself in a way that, hey, you're not going to impact the building negatively, you're going to be an asset to the building, and an asset to the asset. As long as I think you do that, you're all set. That would be the number one thing, I would tell you.

Paul Wolf: The bigger challenge really is scale, whether it's a start-up company or an artist or a nonprofit, there's not a lot of really small affordable spaces in Manhattan, and this is why when I was on a panel 10 years ago with Ginny, when she said to me, we need a Costco for real estate, so we can buy in bulk and then put it out there cheaper, and that's what her vision was, and you can rent, I think a 65 square foot office in her space on Eighth Avenue, and now an artist who used to work in their kitchen can now pay \$500 a month and have a place in

Manhattan in the community. It's very hard for an individual who wants a 65 square foot space anywhere to be able to find that, so I actually think that a lot of the service organizations like Art New York can serve that function. But if that's the kind of space you're looking for (**says to Eric Gural**), do you have any spaces of that scale anywhere?

Eric Gural: Only Ginny has them.

Paul Wolf: Only Ginny has them. This is the challenge. It's a scale issue.

Anne-Brigitte Sirois: Hello, I'm Anne-Brigitte Sirois from Art State. My question is [for] whoever wants to answer it. I want to speak about the artist and put the artist in a different category from arts institutions or organizations. The artists' population has migrated away from New York City for over 20 years. As a population, they are no longer, and those that are here have been protected by the loft law or some other means and the assumption that artists will find a way to find an affordable space and continue to bring creativity to the mix of New York City's culture I think is questionable at this point, and many of them are migrating all the way to Berlin because Berlin has better options, and also artists seem to be able to live in commercially zoned spaces and so the residential zoning and gentrification tends to push artists further and further away. So those that are on the fringe of New York City, the younger artists, because what would be New York City's culture if it no longer has younger artists coming in. So that generation, the younger artists, and the student that has graduated who wants to come to New York City and become an artist and learn from this environment, what option is there to them at this point?

Elizabeth Streb: I'd like to respond to that. I don't know if you have data on how much migration has occurred, but in my experience, that's not true. Artists come in hoards to New York City and as I'm listening today, I'm thinking oh, sanitize, sanitize, control, control. Basically, I do extreme action and at 309 Canal Street basically the floors were falling down below me and the pictures were falling off the wall on the fifth floor and I had to leave. But I think it's about illegality. Artists are illegal operators of getting space in difficult places where it's not okay, it's not legal. And I think it's a beautiful initiative to try and protect them but I don't think that...I'm very old-fashioned and I don't think that's where the best innovative work comes from when everything's okay and I think younger artists, in my humble opinion, have got to learn to live outside the box of comfort to be able to live in spaces with 20 other people and not want their own apartment. I think a lot of times young people come into New York and it's a different class, it's a different culture, and they just can't do that hard core kind of wait 20 years till you feel like you can pay your rent type of thing.

Jonathan Bowles: I want to ask, there's been a lot of questions, there's been a lot of talk about individual artists and clearly that's really important. Randy talked earlier about how workspace is where he would suggest going, and as I was doing my research on this topic, for so long, recently, one thing came up a lot. For a lot of other sectors of the economy, we talk about incubators. But so many people told me, well, do we have any incubators for working artists in New York and people told me no. Maybe that's not the right answer, but I'm just curious, is there a possibility to do incubators for working artists in this city? How would we encourage that type of thing? I know EDC, Seth is probably going to be talking about, they have been doing incubators for, I know Liz with the Hive down in lower Manhattan, but also there's a media

incubator on Varick Street, a fashion incubator, but what about for strictly working artists, is there an opportunity to do that and if you think that's a good idea, what could the city do?

Paul Wolf: I think it would work, it just needs the subsidy. Where does the subsidy come from? Because the individual artists who might not even have any income or they have a survival job, to try and bring in some income can't afford a lot of rent, but there's certainly a demand. I think there's actually some creative work, Chris, maybe you know about this, out in Brooklyn where some groups have actually taken over an entire building, create very affordable spaces that you can rent by the hour, by the day, by the week, and I hear it's built quite a community and become successful, I know the same thing has happened in Philadelphia, without any government assistance, it's essentially people taking over an underutilized building, putting in their own sweat equity, and then turning it around and making it available for the artists.

Jonathan Bowles: I think we have time for one more question.

Caron Atlas: Hi, I'm Caron Atlas, Arts And Community Change Initiative. In response to your last question, I want to say that there's also community based organizations [can't make out word/words here] are within communities, which are incubators as well. And I think in this conversation we're talking a lot about artist going into communities but there are artists who are part of communities and are working in their home communities. I guess what I just want to put on the table as we continue to talk about this, is I'm a little uncomfortable with the notion of opportunity around crisis, in the sense that an opportunity for one person can be displacement for another person and that I hope as we talk about this, we can have this, an ecological kind of perspective that especially in low-income communities, things about, as we look at public policy solutions and advocacy, how these can be done that really join the arts with low-income residents who are also advocating on their behalf to say in their communities.

Jonathan Bowles: All right, well thank you for that question, and thank you so much for all the panelists and all the great questions we had. We're really going to try to move from a lot of these great ideas to really looking at how do we create some good solutions, so please join us in about 20 minutes for the next panel. Thank you.

Panel 2: Developing programs and incentives that make it possible to redevelop vacant or underused spaces into homes for artists, arts groups and creative entrepreneurs

Jonathan Bowles: Thank you again for the panelists of the first panel, now there's still a lot of work to be done and we've got a lot of ideas on the table from the previous discussion and for this discussion, we really have an esteemed group of panelists that I think are going to help us get from ideas to some possible solutions. I'm really pleased to have all of these four panelists, Mary Ann Tighe is the CEO of CB Richard Ellis, of their New York Tri-state Region, she has held this position since 2002. On January of this year, she became the chair of the Real Estate Board of New York, the first woman to hold this position in REBNY's 114-year history, and the first broker in 30 years. Prior to entering the real estate field, Mary Ann served as vice president of the American Broadcasting Companies, where she launched the A&E cable channel. Recognized nationally for her expertise in the arts, Mary Ann was also formerly the deputy chairman for the National Endowment For the Arts, Arts Advisor to former Vice President Walter Mondale, and a staff member of the Smithsonian Institution. She was also a panelist at our 2006 event, creative New York, at the Museum of Modern Art, and I can't thank her enough because she helped secure this space for us today, which I think we're all really enjoying. Seth Pinsky, I'm really pleased to have here, is the president of the New York City Economic Development Corporation, appointed by Mayor Michael Bloomberg, appointed in 2008. New York City EDC's agenda includes an aggressive slate of programs aimed at diversifying the city's economy, helping legacy industries transition to 21st century's business models, and expanding entrepreneurship to ensure that the city is well represented in the fields of tomorrow. I can certainly attest from first-hand experience that he really is shaking things up at NYEDC and they really are looking at innovative ways of diversifying the economy and growing the city. Sam Miller is the president of the Lower Manhattan Cultural Council. Previously, he spent five years as president of LINC, Leveraging Investments in Creativity, where he was developing efforts centered on increasing direct support for artists, and prior to his work at LINC, he was executive director of the New England Foundation for the Arts for 10 years. Finally, Shawn Patrick McLearn, is project manager and director of international consulting for Artspace, which is the country's leading nonprofit real estate developer for the arts. He is currently the local project manager for Artspace's first project in New York City, which will transform former public school 109, located in East Harlem, into a mixed-use facility, containing up to 90 units of affordable housing for artists and their families. It was also provide approximately 10,000 square feet of nonresidential space, for arts and cultural organizations. Now, I guess I should begin by saying that in the previous panel, we heard about the needs of artists and arts organizations in the city, space and real estate has long been an issue, I'm sure all of you are aware of for the future of the arts, and one of the reasons why we're bringing everybody here today is there's a bit of a downturn in the real estate market, it's not a cataclysm by any means, but vacancy rates are much higher than they had been in years, there's some buildings that are half-empty or more, and I wanted to pose to you, and let me start with you, Mary Ann, you have a particular insight into this, as head of REBNY and involved in the real estate industry for so long, do you think there's an opportunity in this downturn to begin addressing some of the space needs that artists and arts groups have faced for so long?

Mary Ann Tighe, CEO, New York Tri-State Region, CB Richard Ellis; Chair, Real Estate Board of New York: I think it's inherent in a downturn that this is the time to make hay. That said, it's not

so simple as in the case of a building that's half empty or a building that's half full, because by definition, we're sitting next to one, 1107 Broadway, 100% empty. I assure you that it's going to take hundreds of millions of dollars to solve the problem of that building. So it doesn't equate the way people think it does. However, there are opportunities in it. I'll give you the simplest example I can tell you. At the height of the market, let's say 2007, the average rent in Manhattan, I'm going to use it as the illustration, was \$71 a foot. \$71, \$72 a square foot. And today, the average rent in Manhattan is \$47 a foot. And the difference at the height of the market between Manhattan and Brooklyn for the sake of discussion, was 81%, Brooklyn was 81%, err, Manhattan was 81% higher than Brooklyn. Today it's 61% higher than Brooklyn. So you're seeing everything sort of move together. Now, I'm sure Seth doesn't want to hear me say this, but of these rents I'm quoting you, pretty much 25% of the rent in Manhattan, and probably about 15%-20% in Brooklyn are real estate taxes. So you should be aware, by the way, I have to say this as well, that of all the tax revenue raised in New York City, all the city, in 2010, 48% of that tax revenue is from real estate taxes. Now the hardest thing for cultural organizations who are trying to make rent and the whole issue of equity is a much longer and more complicated discussion but certainly a worthy one because that's I think the ultimate solution are buildings that are owned in a way that allow arts organizations to come in and not have to do a number of the things that we'll talk about later, I presume, in order to occupy the space. But if you figure that they're just coming in as rent, if they had a voucher that they could present that simply said, my space, the space we occupy, is real estate tax-free, by definition their rent would go down 25% from whatever the face rent is. I mean, this may not be the way the city wants to subsidize the arts, but it is in fact a critical component. As you probably know, we have something called commercial rent tax. Arts organizations don't pay commercial rent tax, they submit a voucher for that. But in order, and I'm presuming, by the way, that we're talking nonprofit organizations, but in order for a nonprofit organization not to pay taxes, you've got to do some pretty fancy footwork. You either have to have a 49% lease, or they have to have a fee-simple interest in whatever the asset is. So this system would be a lot simpler as way to go about doing it. Now how you would give it out, and how many you would award, it would enable you to go anywhere, so to speak, present it and by just showing up, the landlord isn't harmed, and you already get the benefit of the bargain at that moment. So I start by saying that opportunities like that exist. In addition to which, the city itself is undergoing, under Deputy Mayor Goldsmith, Seth I'm sure will tell us about it, the city is looking to downsize it's own real estate and a lot of that real estate is owned by the city. What an excellent opportunity to take some of those buildings strategically and turn them in to some kind of facilities that benefit the not-for-profit sector here in the city. And they are scattered in a number of locations. And then, lastly, I think there are in this area of new development, and I shouldn't say lastly, there's so many solutions to this issue. I mean, the beauty of New York's scale is that there are so many ways to attack the problem, and there's nothing like the inventiveness of the arts community to watch them attack it in every conceivable way. But another aspect of this, is that there spaces that are underutilized, both in commercial sense, I see Liz sitting here and I know the Lower Manhattan Cultural Council has been a pioneer in this, being able to place artists in space that is underutilized currently. I think this program began back in the old World Trade Center. I know I have in my office actually a painting made by an artist who was in the old Trade Center, looking out the window. This kind of creative use is real, it's not a permanent situation for anybody, but it does allow people to have studio space for no cost if they're flexible in terms of term, etc. I am going to come back later on to non-arts agencies of the city and the federal government that could really benefit the

arts organizations and later on, I don't want to hog the panel here. I want to talk about the Building Department, and I read in Jonathan's questions pop-up stores. You know what, there's no such thing as a pop-up store. What it takes to get into one of these stores and to be legal, I don't know who said in the last panel, that wonderful lady who said, with the spiky hair, I don't know if she's still here. One of the things you said (directed toward Elizabeth Streb) was artists and illegality. Face it, folks, that's the only way artists have been able to find and operate in a lot of these spaces, and I'm going to tell you, one of the most sophisticated developers in the city can't get through the building department. What chance does an individual artist have to be legal? So all I'm suggesting is that there are ways to navigate that the city can help us with and that's not one that actually costs the city something, except in terms of manpower of course.

Jonathan Bowles: Well, that's a lot to begin with and we'll come back to those ideas. Seth, the starting point here is really that we know how important the creative sector is to the economy, I know you've been fast at work, hard at work really trying to diversify. But when it comes to the future of creative sector, it seems like space is such an issue. Do you see an opportunity as you look out, as your staff is looking at kind of real estate opportunities? What's out there, where are the opportunities, and what do you think, could something be done about this for the arts?

Seth Pinsky, President, New York City Economic Development Corporation: Absolutely, and I would echo a number of the themes that Mary Ann was describing. First of all, I think one of the silver linings of what's otherwise been gray clouds of the downturn has been the fact that real estate prices in the city generally have declined substantially, and that's both in core, central business districts of the city, and also in outlying areas. And as a result of that, the city has simply become a more affordable place in which to do business, and which I think is good for everyone, not landlords, but it's good for tenants for sure, and certainly, it's good for those who often get priced out when the market spikes and artists and creative businesses tend to be in that category. In addition to that, I think that the downturn has made many landlords more receptive to creative arrangements of the type that Mary Ann was describing, and we at the EDC have been very active in trying to broker these creative arrangements. For example, with our own space, at the Brooklyn Army Terminal in Sunset Park, we have a significant amount of vacancy right now and we've realized that what we can do with that vacant space is make it available for artists, so we've taken, I think it's about 40,000 square feet of space, we've made it available at basically no cost to Chashama to run an incubator there, and we've set up a training program for artists, where they learn the basic skills that they need in order to make their organization sustainable. Among the graduates of that program, a subset are selected to go into this low-cost space that we have available. We're also taking space that previously has just gone unused across the city, we've made it available to visual artists, we're launching a program that we call "Curate NYC," where visual artists will be able to submit their works and then they'll be displayed publicly which has a number of different benefits. It makes our locations more desirable, and it also allows these artists to get their work out to the public and hopefully make connections between buyers and artists. There's also a benefit on the housing side. In addition to businesses, when the market rises quickly, many individuals are priced out of New York and we're not just a city of commercial enterprises, we're also a city of individuals who work in those commercial enterprises. And even if the businesses can afford the space that's available in the city, if the people that those businesses need can't afford to live in New York, that's a problem. With the downturn, housing prices have come down significantly. In addition to that, the

administration continues to work on its affordable housing program; we have a goal of creating 160,000 units of affordable housing and we're more than halfway there, and we're going to continue working on that which will benefit obviously not just artists, but the people of the city more globally. The one thing I did want to just say in response to Mary Ann's proposal about real estate taxes, while I agree that any step that the city takes to lower costs, or any party in these transactions, including landlords, is beneficial to the tenants. As with landlords, the city has to balance a number of competing priorities when it makes decisions about things like real estate taxes and the problem that we have with simply eliminating real estate taxes for a large category of tax payers is that those are the monies that we use to do the things that people need government to do, including to subsidize the arts. I mean, the EDC alone since 2006 has signed capital funding agreements worth \$300 million with arts organizations. If we're not collecting taxes, we can't make those contributions to arts organizations. Similarly, if we're not collecting taxes, we can't pay the police and we can't pay teachers and we can't clean parks and I think that as much as a hindrance that paying taxes are to all businesses in the city, not having a safe street, not having good public schools, not having parks that people can use is also a hindrance and I would argue probably a bigger hindrance. So we've got to figure out how to make our city more affordable, but at the same time, continue to offer the basic services that all people, artists and otherwise, need to make this a great and livable city.

Jonathan Bowles: Thanks. Sam, you have a range of experience and so much knowledge on these issues, not just from New York and lower Manhattan, where you are now, but really around the country, and I'm just curious, you sat through the earlier discussion. What do you think the opportunity is right now and what would you suggest to really take advantage of it for the benefit of the arts?

Sam Miller, President, Lower Manhattan Cultural Council: Thank you. I think this is some hazing tradition in New York that you invite somebody in their first two weeks of their job to speak authoritatively about the issues faced by artists in New York. Thank you for that. At LINC, just briefly I'll say that our work was based on the fact that developing knowledge around these issues would yield resources. Now that I'm sitting at LMCC, we have a different angle on that, which is the development of resources really needs to create new knowledge. The opportunity for us at LMCC is that in the last three years, there's been a tremendous demand for the swing space and workspace programs we have. And the space that we have been able to make available has grown from under around 50,000 square feet to almost 150,000 square feet available under the past three years. And I think that the opportunity here is that artists in New York and elsewhere that I've seen have a permanent need for temporary space. That it is important, I think Esther brought this up earlier, that the city and Actors Fund and Artspace and Arthome, people like that focus on the housing needs of artists, but the working needs of artists, I think, are really where our response should be and where the opportunity is, not just to give people individual spaces to work, but opportunities to work together. I think again, one of LINC's original findings was the isolation of which artists work, and I think that the spaces that LMCC provides give artists a chance to develop better work, to make relationships, to reach out to markets, to have access to technology. These are all things that artists really can't and shouldn't be required to do by themselves in their own space. There's a need for collaborative platforms and incubators, which will number one, yield stronger work, and secondly, I think allow artists to play a role, not just in responding to their own needs, but the needs of the

communities in which they live and work. In lower Manhattan, there's a lot of building going on, and I think that one of my goals for the agency, for our organization is to make sure that artists play the strongest role they can in imagining what can happen in this city. Not just for themselves, but for others. So I think that's for me, the opportunity that I think we have in this current environment.

Jonathan Bowles: Great, thank you. Shawn, you're working on an exciting project in East Harlem right now that's going to create spaces for artists and obviously Artspace is doing so many innovative things around the country. What would you suggest, in kind of taking your birds' eye view of New York from what Artspace has learned and what you've been involved in in East Harlem. How can we do more of that kind of thing? Do you have any suggestions for how New York could take advantage of this downturn for doing more?

Shawn McLearn, Project Director, Artspace: Well, that's a tough one. But I do think that it's worth pointing out that one of the biggest things right now is that construction costs have gone down significantly. So there is an opportunity there to build affordable housing, live/work spaces, sustainable infrastructure for the creative sector in a way that we haven't had the opportunity to do before. I also think that some of the public/private partnerships that are necessary to the work that we do, are being reframed in a way where creative thinking is at play, definitely. But it's also being matched by I think ongoing lending and investing environment that is more difficult. So at least for the work that we do, across the country, and having a national footprint in doing the real estate development that we have done, we have I think an opportunity to have discussions with lenders and investors that are equally looking to expand their product, such that we might provide, as Artspace, we might provide them an opportunity to build a relationship here and work elsewhere. So I think there's something to be said about the fact that we can still move forward in discussion with them, but having said that, it's still very difficult to get the lending environment to work. Underwriting a project now is more difficult than it was before, particularly when we heard about the 80/20 scenario earlier. When you look at how tools such as low-income housing tax credits or historic tax credits might play, add value to the sorts of discussions as tools, [in the] sorts of discussions we're having today, I think we as a sector need to communicate to our political leadership, such as Governor Patterson, and to those that are running for office during this election cycle, that these are critical to our efforts as well. So there's an opportunity there. Governor Patterson just made a deferral, a three-year deferral to the historic and the low-income housing tax credits. My understanding is that Sam Hoyt from Buffalo is bringing up legislation that will bring the historic tax credits back on line. I think that the low-income housing tax credit deferral is something that is, now that Espada has lost, might get some new life, but at any rate, without getting too detailed about those specific tools, I think we do have an opportunity to rethink how the public-private partnerships play an effective role during this period. And I would caution, I was a bit surprised by some of the comments I heard earlier against bifurcating and talking amongst sector partners in one area in order to have more effective traction in another area, such that we have an advocacy game. In our opinion, the only way to have an advocacy game is to have critical mass, and in order to do that we have to keep in mind the individual artist by a vast majority is a part of the low-income housing population, not a competitor for. I think that we have done as a sector a great disservice in perpetuation the misperception of the social value that creatives and artist professionals, however we want to describe them, bring to the social fabric of our communities.

For example, in Williamsburg, we've heard this over and over again. A lot of the artists that came into Williamsburg and to some other areas lived illegally in lofts that were old factories. They weren't displacing people out of their homes because they wanted to live and work in spaces. So I think we also have to get our message straight as a sector, and then take that message out on an intersector mission in order to effectively leverage the financial capacity and the significant economic capacity that the creative sector has to offer.

Jonathan Bowles: Thanks. I wanted to jump off from the example of the P.S. 109 project that Artspace is doing because here we are, we're taking what was once a school, and we're doing something different with it. Mary Ann, you talked about how there are underutilized spaces and our research, as we've been looking into this issue, some folks have suggested to use, well, maybe look at the Catholic Diocese, as an example. Obviously there's office space that's an example. How would you suggest, whether it's the real estate industry and your leadership position or the city or the state, what should be done right now to look at where the opportunities are and what can entice the owners of these properties to come forward and maybe do something creative?

Mary Ann Tighe: I do think that just picking up on this theme of advocacy and critical mass. I think one of the hardest things for any community, and this is not, clearly not unique to the arts, is to think in an overarching way about the problem, because if we were having this conversation with certain aspects of the media community, I don't know whether that's included in the arts community or not, or we're talking to the scientific community. They tell you all these different needs that exist around the city. I mean, researchers have no housing around the city, in New York City, affordable housing for them. So there is that need to come together. Anyway, going back to your point, the beauty of our city, as I said before, is its scale and its diversity of spaces, and the ability to look at it from 10,000 feet and see what can be identified, would be a very powerful thing. I think it's more complicated than landlords having empty space, because landlords still have lenders. So that donating is not something that a lender, I'd love to see this conversation between a landlord and his special servicer, who's a guy who does nothing more than just enforce the mortgage, about I'm just giving this space because it's empty right now, it doesn't work that way. But I can tell you that there are a number of situations where space can potentially be given to say the city, or an entity the city creates that can be used, and I bring up the Archdiocese, you brought up the archdiocese and I can speak to that because I'm chairman of the Archdiocese's real estate committee for many years. There are many properties that the archdiocese holds, as you probably have read about in the paper, the population of the archdiocese has changed profoundly. You know, the days when there used to be, and I use, by the way, the archdiocese is only one example of a large religious institution where the nature of the people coming to the services is very different. Back in the day when lower Manhattan, for example, was this sort of hub of the city, there was a Catholic church for Polish people, for Italian people, for German people, for Irish people, and you never went to all of those. If you were one, you didn't go to the other. That's not the way people worship today. So suddenly the archdiocese has all of these venues, and if there was a way to propose what to do with some of those, because obviously there are people advocating, oh, I want to keep my church, but only 35 people only make up the congregation of this church, I mean I'm using this as an illustration. But this is a situation that does exist in this city. But what you need in a very interesting way, is almost, and I have to say, Seth is a part of an administration and an example of this

administration, we always keep saying if it can't be done in the Bloomberg administration, it's not going to be happening. So you have, what a thousand-something days left, they count down 1200 days, they have a clock, right? That counts down, in the 1200 days that remain, it would be a wonderful thing to have somebody who looked at the larger landscape of the city, and said, these are things that we can identify, these are solutions that we can offer people, and we can bring this real estate, again, at last, off the tax rolls, obviously the archdiocese stuff is already off the tax rolls, and we'll take on the challenge of dealing with the community groups and the various areas etc., etc., landmarks, that's a whole other conversation, so this opportunity exists and it exists in a special way with this enlightened administration that we have.

Seth Pinsky: I think working with partners in the private sector, whether they be other not-for-profits or landlords or others, is an important part of solving this problem, because I think, I brought up the resource constraints of the city, obviously, everyone today in this environment is operating in a situation where resource constraints are the reality. And it's often possible for everyone to give a little and then as a result of that, to end up with more collectively, and it's easier to do that than have one person give a lot and grow the size of the pie for everyone, so that's certainly a strategy that we've been pursuing and working with the archdiocese would be a very interesting project and something that we should talk about after this. I think it's also worth noting, it occurs to me as we were talking, that there's whole ecosystem that has grown up around arts and cultural organizations in the city and that addressing the problems of artists and arts organizations you can't ignore the rest of the ecosystem. So something that we've been very focused on is the fact, for example, that many artists are able to support themselves living in the city not through their work as artists, but by taking jobs in other industries. Often industries that require creative thinking, so another area that we've been very focused on which is important for the city, not just in and of itself, but also because of the knock-on effect it has in other creative areas, is bringing other creative industries to New York and ensuring that people can start businesses, can grow businesses that traditionally have employed the types of people that you need to have a vibrant arts sector here. The one other thing that I just would raise which is slightly unrelated to what we've been talking about but I think is nonetheless important, is that another opportunity that we have, and I don't think it's an opportunity that's unique to a period of downturn, but it becomes especially acute during a period of downturn, is, it's really incumbent on us as a city and as all of us who care about the arts and cultural sector, to use this downturn to try and build core competencies within arts organizations themselves. One of the problems that I've witnessed in my time at EDC is that many arts organizations will view their problem, for example, as a real estate problem, and they'll say, we've been leasing space for X years and the landlord wants to increase the cost of our rent, so the way we're going to solve our problem is we're going to buy a space. We're going to lock it in and the problem is when you buy a piece of property, you have a different set of responsibilities than when you're a tenant, and very often, arts organizations and small organizations generally, but arts organizations in particular, have the ability to manage that property and I've seen too many organizations get into trouble when they've tried to take on those responsibilities. So I think that one of the things I think we all have to do is we have to help arts organizations to understand if they're taking on new responsibilities, what are those responsibilities going to entail, how do you develop the competencies internally to handle those new responsibilities, and also, how do you develop just general management competency inside arts and cultural organizations. Again, many artists come to organizations with the creative side well in hand, but don't really know how

to run a business. And arts organizations are businesses, so that's another thing at EDC that we have been particularly focused on over the course of the last year is developing programs where whether it's teaching artists how to think like entrepreneurs, or bringing people who have lost their jobs in the downturn from other sectors who are interested in the arts, into arts organizations to help them build those capacities. So I think that's another area where we should all make sure that we don't forget about in the course of this discussion.

Jonathan Bowles: I just want to follow up, Seth, I don't know if everybody knows this, but one of the things that I think has been really impressive about what EDC is doing in the last couple of years is a number of incubators around the city and obviously I've mentioned this in the previous discussion, the Hive for freelancers downtown, the media incubator on Varick Street, the fashion incubator, and you mentioned the one in Sunset Park, Shoshama, I'm just curious, obviously, it's well-known with a real estate owner like Trinity and Carl Weisbrod there, I think they clearly see the value of letting the space their be used for what it's being used for, an incubator, but if we want to do more of this, beyond just the for-profit creative fields, and maybe more artists incubators that might benefit individual artists out there, to take advantage of the real estate vacancies, or some underutilized space here and there to make it win-win for both the real estate side and the arts. What are your suggestions based on what you've done with these for-profit incubators and how would we get more of them?

Seth Pinsky: Well, I think that the arts have several things going for them. One is that there are a lot of people in New York who are consumers of the arts and who want to help the arts, because they care about the arts. I think when we've spoken to organizations around the city designed to assist the arts, we've seen that goodwill playing itself out and I think if we could do it, in a more organized and even larger scale effort, that we can find continued success and replicate the model that we've already established. The other thing that I think a lot of landlords especially understand is the role that the arts have played in making their properties specifically in the areas in which their properties are located, more desirable not just to other not-for-profits, but for for-profit businesses too. You can look, for example, at what Two Trees Development in Dumbo has done with bringing in and preserving arts uses, even though they're higher and better uses for many of the spaces that they have, because they understand that that has made Dumbo a destination that other users are interested in. In fact, we've been talking to a number of landlords who understand that symbiotic relationship and who have shown a willingness to make significant concessions on the cost side in order to improve the quality of life in the neighborhoods that they're part of. So I think it's making this argument to people, it's finding the people who are sympathetic, and I think that's a large universe of people. People are sympathetic to the goals that I think everyone here shares, and working together in a comprehensive way to establish models that you can replicate in scale. We have in the last year launched five incubators, our hope is to come close to doubling that by the end of this year and hopefully we can double it beyond that.

Jonathan Bowles: Great. Sam, you mentioned the swing space that LMCC operates in lower Manhattan and I know that's grown. Correct me if I'm wrong, but my sense is that from talking to people at the organization in the past, that LMCC would love to expand on this. That right now, given the capacity issues or the number of building owners that come forward, there's only a handful of spaces that you can kind of do at any one time. Given how much space is now on

the market, now at least compared with a couple of years ago, what would you suggest? Could we expand programs like swing space, and I guess to some extent, are there similar models out there, Shoshama and others? How would you suggest expanding on these?

Sam Miller: Well, first of all, we've had a tremendous opportunity to expand that program through our work on Governor's Island, which has given us not only additional space, but space that is on a five-year, with a five-year to renew, which is very different for LMCC to have that kind of term. I think there are other spaces out there and I think for LMCC, there may be more space for us at Governor's Island. Is looking at short-term, intermediate, and longer-term spaces, you know, there are some spaces we're in now that are so idiosyncratic that the short-term development of them is unlikely, and perhaps they could become longer-term spaces. The other thing in terms of short-term space is that in this downturn one of the challenges are issues of capacity and many of the landlords, developers, people just have limited capacity to respond to this opportunity. So I think that back at LINC, we were big fans of the searchable database and if there was a way to make these transactions transparent, expedited, easier, then I think more landlords and developers would be encouraged to participate in this program, because my short experience there, it's not so much financial incentives that are driving landlords, it's that animating space that's not in use is a good thing. And if that can be done, without putting unnecessary pressure on the capacity of either the artist, the arts organization or the developer and landlord, more of it would happen.

Jonathan Bowles: Shawn, I want to come to you in a second, but on that point, Mary Ann, I'm just curious, I mean, we've heard in the previous panel and so far today, there's clearly some building owners that get this. They either support the arts or they understand the value proposition is. How do you get, as Sam was saying, get the word out in this downturn, to more, if they have a storefront that's empty, they might have limited prospects for immediate tenancy, or office space, how do you convince more building owners to, that they should step forward and do something, even if it's on a temporary basis?

Mary Ann Tighe: You know, I think that interestingly enough, the vast majority of owners and certainly developers understand the benefits that the arts can bring in terms of animating space, in terms of validating a location, I don't know how many of you have been, I'm going to say the name wrong, it's either Ohm or Ahm, have you been to this building at 30th and 11th, I don't know if anyone has and they should definitely go, its by the way, it's a brand-new rental apartment building at 11th Avenue and 30th Street overlooking what will be the Hudson Yards area. It's sort of at the northern terminus of the highline. They built all this performance space into the apartment building, and The Times is actually now reviewing in their Weekend, they invite people in to do all manner of different kinds of performances, and if you talk to the developer, Douglaston Jeff Levine, he'll say they're selling to this young population that's renting there, they're sort of connected to the city by virtue of, I mean, a lot of other things it's actually really fascinating to go see it, see how young people live in the city today. I mean, there's this whole Fresh Direct room, it's just very funny. To me anyway. But I don't think you have to sell the on that; here's what the fundamental problems are: you can't just open the door and you know this very well. You can't just open the door and say, have at it, you can stay here until I find a tenant for this space. You have to jump through whatever the legal hoops are, that's why I was saying there's no such thing as a pop-up store.

(Conversing with an audience member...) Do you really? Legally? And who pulls the permits for all of this? So I guess Chashama knows how to do this. I know when, for example, people have asked me, we just want to do a store for a brief period of time. When we actually get into the store, and God forbid there should be any public assembly involved, we find ourselves in a labyrinth, that we need to get all these things done....I can tell you that if in fact you've found a way around the labyrinth, I think that the developers are completely...who wouldn't want a dead store populated?

Jonathan Bowles: My understanding is that, Sam, LMCC, this is part of what you do and the capacity issues that you've had is just doing some of the permit pulling and that kind of thing, is that right?

Sam Miller: Well, yeah, and I think there are issues around, I mean, certainly, we're doing it, you're doing it, it can be done, but there are issues around insurance and equipment, and also, not every artist comes with their own crew, comes with their own equipment. At LMCC, we try to add value to the spaces we provide artists so that they don't actually come into an empty space, but a space that supports their creative needs so that they don't have to be their own crew, their own insurer, their own builder, their own, you know, their own marketer. There are services we can provide as intermediaries that provide value both to the landlord, but also to the artist so that the experience they have in these temporary spaces is the best possible experience it can be both for them and the community that surrounds these spaces.

Jonathan Bowles: And I think that one thing, I've looked into this issue a lot as we were doing our research, and I think whether it's true or not, and I have heard that there are a lot of issues, it's clearly a perception among building owners out there that I think maybe presents a stumbling block if you're going to get more to do that.

Mary Ann Tighe: Can I just say one thing? If in fact there is....I certainly know LMCC has done this for a number of years and navigated it well, if there are a number of organizations who do this, I'd be happy to...because here's the thing I can tell you: owners don't want to curate their own space, most of them, I mean, some of them are knowledgeable and whatever, but the vast majority would prefer to turn to another organization that knows how to do this and say, okay, here's my universe of spaces. Anything that I envision not having tenancy for for X amount of time, and by the way, tell me what amount of time we're talking about, because I may have downtime for 60 days and I may have downtime for six months and I don't know how it works. I think that they may be eager to work with an organization as opposed to individual arts organizations; that's a far more complicated dynamic. And again, you're talking about resources; people can't necessarily deploy the resources to that, but I'd be happy to sort of circulate among the membership of the real estate board, here are the organizations you should talk to if you want to animate your space.

Jonathan Bowles: All right, I want to move beyond the temporary space issue, as important as it is, and I'm glad we've made some real progress in moving forward, I think a lot of people are here today to look at what are more of the longer-term space resolutions and solutions and Shawn, you mentioned a little bit about what you're doing up with P.S. 109 and I'm just curious,

you know, could you tell us a little bit about the obstacles when you kind of....to getting you into that project to making that happen. You talked a little bit already about the tax credits but, if New York wanted to duplicate this, or replicate it and a couple of other examples, what would your advice be about avoiding some pitfalls that you've experienced in that project?

Shawn McLearen: I mean, there's a lot there. I'm not sure how much...

Jonathan Bowles: Well, let me ask you, there's very few of these kind of projects done in New York City. And I'm just curious, why do you think that is and if you had one or two suggestions to do more of them, what would those be?

Shawn McLearen: Well, I think that the messaging thing is a big one. I think our sector needs to get serious about some of these issues in a way that we haven't managed to do yet. And I think it's worth calling out that there's a bit of fatigue about these discussions and that things are still kind of feeling the same if not maybe a little worse. I think we need to address that as a material issue to our success, number one, that goes back to the messaging and also, I think to your point about core competencies (not sure who he's addressing here). I think there's a big jigsaw puzzle piece here that we can all participate in to draw a bigger picture that will in turn, I think, inform the broader public about the value that the creative sector brings not only to the city from an economic perspective, but from a quality of life perspective. And I think we can also look at how other communities and other cities, vis-à-vis New York City's place in the world creative sector, London, Amsterdam, Germany, you know, increasingly in Asia, how they've gone about this. I mean, maybe we'll talk a little bit about that today. I think one thing as a real estate developer, when we look at some of the challenges and opportunities, I think this is a great space to talk about, wouldn't it be nice to see a creative industry's credit union. Something where we can all place and/or borrow from a financing mechanism that we have a vested stake in. So I think wouldn't it be great to do another creative industry's credit union, that takes advantage of the manner with which this sector has evolved over time and is becoming increasingly global and competitive in that regard. I think that when we look at our partners in the creative sector and how we might add value to some of the challenges that they're facing. Part of what we try to understand is what their goals are, what their strengths are, and frankly, where it is that we can dovetail with them in that regard. I think that when cultural organizations are undergoing capital campaigns and they are awarded Reso-A funds for example, that's a significant achievement. It is also a window on an incredibly daunting task that is in front of them. I think to go to some of the comments and Paul is laughing because he knows a lot about that and did significant work with Councilmember Gerson in this regard. I think it is worth calling out that fact that to look at things like a guaranteed loan program. Things that cities can do is levy taxes. I am in complete agreement with Seth when he speaks about the fact that one of the catch-22s that we find ourselves in is that we need partnerships with cities who are adequately staffed and funded to be partners with us in our public/private partnerships of providing things like affordable housing for artists and their families. So when we don't get the tax base adequately funded, then we lose those sorts of strengths in our partners. To have a set of tools such as the taxes that are levied, perhaps we could start contemplating a value-added tax of some sort, where we start to acknowledge the work that the creative sector has done over the many years in bringing the real estate sector a significant wealth that it has and that it brings to some extent back to the city. But perhaps there's a mechanism through which as a sector, we

can help the city, partner with the city, to begin to articulate what that might look like. How might it be leveraged with opportunities like I've been awarded Reso-A, I would like to now bridge that. I need to get a loan in order to hire and/or do my part. So there are very specific things I think if we could find ways to build partnerships between the city and the philanthropic sector, and the real estate sector, in order to contemplate how financing mechanisms might actually underscore one of the fastest-growing sectors in our economy, which, by the way, is challenged, as we all know, in a way that the city is very responsible in contemplating how do we invest in the infrastructure of the other sectors. We need to be, I think, more effective in our conversation and in our capacity to suggest tools that will facilitate longer-term sustainability for the sectors such that it can then hold increasing amounts of its own destiny through things like creative industry credit unions.

Mary Ann Tighe: Can I ask Shawn a question?

Jonathan Bowles: Please.

Mary Ann Tighe: There must be some federal programs, because one of the hardest things is the city has tapped out in so many ways...I recently was in California and I went to Ventura where they have something called WAVE, have you ever heard of this? It stands for Working Artists Ventura, and it's artists live/work housing, created entirely with federal monies. New construction, I mean, it was astonishing to me, I have a cousin who said I just rented an apartment, come and see this place and it was extraordinary, actually, to see this really cool green building, that had been built entirely with federal funds that somehow, and again, just as it describes, working artists, you had to be able to demonstrate that your primary source of income was from your art form, whatever the art form was, by the way. Are you aware, I mean, you must know better than anyone what programs are out there and one of my areas of focus is how little New York receives in federal funds, relative to, we were just talking about this, relative to the percentage of money we as a city and state, contribute to the federal budget. And how little of it comes back to us. Is there a federal program for artists' housing? Or affordable housing that has a subset for artists work?

Shawn McLearn: As a subset, no. That is against the Fair Housing. Is there a mechanism for affordable housing for artists? Yes, it's low-income housing tax credits and historic tax credits, which can bring significant equity to a project. I think, again to go back to our capacity to build coalitions and/or to build facilities that address multiple sector goals, I think, and Seth, and all of you can speak probably more eloquently to this than I can, but one of the things I think Artspace does effectively is try to build intersector relationships such that we are dealing with economic development issues. We are dealing with historic preservation issues. We are dealing with green technology issues. We are dealing with low-income housing issues. We are trying to bring all of these partners to a collective table and then acknowledging the value and the sweat equity that the creative sector brings as well as an equal partner in that. I think that's an important piece.

Seth Pinsky: I want to just come back to a point that I made earlier, I really think it's very important for the sector to focus on this. As important as real estate is in New York, and we're doing a lot of things with the real estate industry with others, whether it's incubators, or new

development projects, like the new theater for a new audience, or the Salvation Army site next to BAM in Brooklyn, or Loews Kings Theater which we're restoring, or the new Whitney Museum in Manhattan, what have you. We're making huge contributions to the development of new facilities in New York, which are absolutely crucial, but I still think that the piece that we don't focus on enough in this sector is capacity building. It's not as sexy to donors, and you can't put your name on a new position if you hire somebody who's really good at finance if you're somebody who's funding an organization. But that can be as crucial, if not more crucial, for the survival of an arts organization than getting a nice new shiny performance space or rehearsal studio, as important as all of those things are. And as I said, that's something that we've begun to focus on, but I think collectively, we as a city, the cultural organizations themselves need to figure out a way to get better at that. And it's not just training artists to think like entrepreneurs, although that's part of it too, but it's figuring out how is it that artists have traditionally supported themselves and how do we make sure that they continue to do that? Are there types of jobs that no longer exist that artists used to hold? I think to myself, I worked at a law firm, I worked in investment banking, and all the people in our word processing department were artists and writers who during the day would do their work in the arts and at night would supplement their incomes as a word processor. Those departments have in many cases disappeared from professional services firms. How are the artists supporting themselves today? Are they not able to and if they're not, what kinds of sectors should we be looking at encouraging, both because they create employment generally but specifically, because they help the arts sector. And I think it's really important that we think comprehensively, we don't just get stuck on the real estate piece, but we think of the whole sector in a really comprehensive way.

Jonathan Bowles: I think those are great comments. Seth, I apologize, but I am going to come back to the real estate because that's why people are here, but also because I think that, and I don't want to minimize your comments; I think they're apt. But I think that one of the things that we're trying to do here is to say, well, maybe there's like a unique opportunity with the downturn to actually start to begin a deal with the real estate or maybe even if it's just a few examples here or there where we can take underused space and really make use of it for the arts in a way, because the sector has long been saying how, space, space, space has been so important. So, again, I don't want to take away any of those important points that you make, but a question I have for you is that, I mentioned this in the previous panel, the building that my organization is in is 120 Wall Street, which is a nonprofit building and Larry Silverstein owns the building and I'm sure Larry Silverstein when he bought it didn't intend to say, well, I need to get nonprofit tenants. But in the early 90s, he had upwards of 40% vacancy in his building, and at the time, the city's Economic Development Agency put out an RFP saying, hey, we want to create a nonprofit center in New York City, an association center, who's going to respond to an RFP that might see this as welcome, that might see the benefit of them getting a steady stream of tenants. Is that an approach? I know Liz Berger talked earlier about how a potential roadblock for that is kind of IDA legislation in Albany is tied up right now, but barring that, let's hope that gets resolved, it's a very big roadblock, is that an idea, the idea of kind of doing an RFP to see if there are, trying to match what's out there or might be a building owner interested in coming forward with kind of the, doing something for the arts.

Seth Pinsky: Certainly there's a potential for that. Again, as with all tax incentive programs, you have to weigh the costs and the benefits and we would have to look at the specifics of any

proposal. But at the moment, as arcane as it may seem, even if we wanted to, we can't. Because the only mechanism the city has for abating taxes for a specific property or set of properties is the Industrial Development Agency and unfortunately a couple of years ago, because of a fight that was completely unrelated to not-for-profits and the arts sector, the Legislature in Albany allowed to lapse the ability that Industrial Development Agencies in New York State have to provide assistance to the not-for-profit sector. And so what that means in addition to our not being able to abate real estate taxes for a building like 120 Wall Street and in fact we can't even extend the agreement that we had with 120 Wall Street if we wanted to do that. We're also not able to access tax-exempt financing which is something that the federal government to your point, Mary Ann, makes available to not-for-profits across the country. We're not able to issue tax-exempt debt because the issuing vehicle that we used was the Industrial Development Agency. And so until that's changed, even if it were something that were of interest, and in this time and in this administration, we're open to all sorts of creative ideas even if we could come up with a structure that everyone agreed made sense from a cost and benefit perspective, we just don't have the tools at our disposal. And so that's something that hopefully will change maybe in the coming term in Albany.

Jonathan Bowles: All right, let's take some questions from the audience. Anybody? Right in the middle here.

Sharon Luckman: I'm Sharon Luckman from Alvin Ailey, and I'd like to bring this panel back, similar to the other panel, to talk about artists' housing, and because there's a lot of people around here with really good minds who are addressing this, I'd like to just say the obvious. Visual artists, what it means to have work/life in the same place means one thing; take dancers' work/life in the same place, so there's a good reason perhaps that the, I think, the Alvin Ailey Dance Center is in Midtown. But beautiful New York, public transportation, artists can be anywhere in the city. So I'd like to broaden the thinking about what it means to have artists housing, and not only funded if it is directly in the same building as the, where an artist does his work, his or her work. So I wanted to say that, and also to speak to Elizabeth Streb, we're finding that 18-year-old, 18-20-year-old dancers from being fabulously trained all over this country at public arts high schools, especially minorities, and they don't have a penny to come to New York to continue their studies. So it seems to be an enormous need, I'm going to say, especially at that age. But I'd like you to talk about the possibilities of just artists' housing.

Jonathan Bowles: Anybody?

Mary Ann Tighe: I just want to ask you about, you know that new development that Abby Hamlin did in Brooklyn, where Actors' Equity got housing as part of the development, I think that was under...Actors' Fund. Okay, you talked about it in the first panel?

Shawn McLearn: Can I address this a little, please? Actors' Fund is a fantastic organization, it's also got a national footprint and should be acknowledged for their, not only capacity to bring these units on line exactly in the manner that you all are acknowledging, but also to do so in a very difficult environment, and to provide very important services to those artists as well. They're here, talk to them, [about] how they do what they do. One thing that I think could facilitate that is to provide something like an additional scoring capacity on the tax-credit applications, for

example. If you're going to be addressing the needs of particular parts of our community that are within the state and city agencies to identify how they want scoring to occur. That may or may not add much, but it does at least, again, broaden the discussion and give additional substance to the partnerships that we have as real estate developers with the municipalities within which we're working.

Seth Pinsky: I think, though, a point that you made in your first remarks are important. Which is that, the issue of artists' housing is really not the issue of artists' housing, it's the issue of housing for low- to middle-income New Yorkers, more broadly. As a consumer of arts, as a believer in the power of the arts, as someone who works for a mayor who feels similarly, I like the idea in theory of giving additional points to artists versus other users, but I think in reality it's going to be difficult to convince all the other constituencies which view their constituencies as just as important and likely are just as important as artists to the future of the city that somehow we should be preferencing one group over another. I think the real need that we have is to create housing for all people who are low- and middle-income earners. And that's something that the administration has been focused on, is making significant investment in, we're moving forward with the first phase, I think we just got the final set of proposals for the largest middle-income housing development in the city since Starrett City, which we're building at Long Island City. We've put several hundred million dollars into that project and it's going to be moving forward in the coming year, but that's just the tip of the iceberg and I think that if we collectively are going to solve the problem of artists' housing, it's gotta be in the context of solving this much larger problem and to your point, Mary Ann, it's going to be something if we really are serious in this country about solving the problem of housing. It's going to be something that can't just be done on a municipal level, I mean, we've devoted enormous resources to this, but those resources alone are not going to solve the problem. It's going to have to be done at a federal level as well and we have to make sure that our representatives in Congress and our national leaders are focused on this issue. Not just as an arts issue, but as an issue of just fundamental equity in the country.

Sam Miller: I just want to reiterate that and talk about Actors' Fund, we, at LINC, we worked with Actors' Fund, not only on housing issues, but primarily on health care issues and health insurance. The only strategies that really worked for us were artist-inclusive, not artist-specific. And I think that that translates into this area as well, that success came from understanding artists' special needs, but in an inclusive context rather than a specific context.

Shawn McLearn: I just want to add one thing. Part of what I was getting at as well is, when we think about this, we're talking in general about this, and part of what we do in the communities within which we begin to work is a market survey. I think that the work that you've done in the past and the work that you're likely doing now, we would all benefit as a sector from having an ongoing, deepening understanding of information of what is this we're talking about, and how is it changing over time. And I think that for example, with the great work that Alliance For the Arts is doing, and New York Foundation For The Arts, and Seth's team and also your team, we have a very good opportunity to have an ongoing, annual electronic assessment. What are you doing, how much space do you have? How much do you think you need? To do what? What are you earning? Where are you earning it? How many jobs do you have so that you can actually do your work in the arts, things like that would help us all begin to assess this and part

of, I appreciate what you said, Sam, because part of what I'm thinking is that you do obviously have to follow all federal housing laws, but I do think we have opportunities to think about where we're doing inclusionary zoning, can we do, can we give extra points to developers who want to provide creative space, the sort of flexible space that we're talking about, and I think that's not necessarily exclusive, but I think it helps to add, again, some texture to the broader needs that the sector has and hopefully, our collective capacity to start to articulate that, to begin to articulate that in a way that is not mutually exclusive but more inclusionary.

Seth Pinsky: And I think actually, using zoning for the benefit of the creative sector generally and the arts and cultural sector more specifically, is absolutely something that we've done and we should be doing more of. I think that if you look at the rezoning on 125th Street, there are special bonuses that are given to developers there who include entertainment-related uses to encourage the growth of a cultural, of the cultural cluster on 125th Street, similarly, in the Hudson Yards rezoning, there's a special theater bonus that was given to developers on 42nd Street, right now, Related is building a new tower on 42nd Street and 10th Avenue and as part of that, they're building a new theater complex for the Signature Theater, and I think that's a great example of where everyone wins. You've created more value for the developer, and the developer in turn has been required and I think understands the wisdom of taking a portion of that additional value and putting it back into the arts, which in turn creates more value for everyone. So I think that that's something that has worked in the past and we should certainly look at it going forward.

Mary Ann Tighe: Let me just say the obvious. There are hundreds of buildings, that are stuck in this downturn. Now I'm talking residential buildings. Where they're stuck sort of midway in the process of being built, etc. By the way, not Manhattan south of 96th, because if it's stuck, someone's buying it, I can tell you that right now and will do whatever. But in other parts of the region. This is, to your point, Jonathan, this is the moment of opportunity for these hundreds of buildings and the question is how to gain control of these, I'm sure the city is thinking about which of these because these are buildings that already have their foundations and footings and in many cases, the structural steel is in. Some of the curtain wall, but they're not finished, is the first thing. The second thing is, one of the ongoing problems with affordable housing is that so much of it expires every year. Because affordable housing is put on a 20-year program or whatever. I can tell you that the real estate board is thinking hard and talking to the city about creating a category of permanent affordability in the city, so that it will not be a case where you keep adding, but you're adding to a base that keeps shrinking. And somehow that balance, and again, this administration has really been a leader in thinking about it and I have to say the real estate industry believes in it, because the real estate industry understands very plainly that the magic of New York is the diversity of the population. We don't want to be, just going back to one of your studies (speaking to Jonathan), we want to continue to be the city for aspiration, for all kinds of people, so that part of permanent affordability in New York City is key.

Jonathan Bowles: I just want to add also that your comments about housing and the need for overall affordable housing are comments that I wholly agree with. Although I have to say that this issue is one that I really struggle with, about the idea of doing more housing for artists, because this is a sector that is so critical for our economy and I'm always surprised when I kind of really survey out there what affordable housing specifically exists for the arts community.

Really, you can count on one hand the number of buildings like Manhattan Plaza and Actors' Funds has a couple, the New Schemerhorn and Aurora, but there's really I think only about five of these kinds of buildings citywide, and you would think that in a city that does so much affordable housing development, that maybe there would be at least just a couple more of them out there.

Mary Ann Tighe: Wasn't Manhattan Plaza as a result of that development basically coming into a downturn, and the solution was to create artists' housing from that? So that opportunity exists today.

Jonathan Bowles: Okay, any questions?

Norma Munn: Thank you for bringing up the issue of inclusivity about housing in particular, and for those who don't know me, I'm Norma Munn. Somebody does. I want to speak to two things, I have a question for Mary Ann, and just for the record, the artists' community federal credit union was created 23 years ago and merged two years ago with education affiliates, it still remains open to artists and arts organizations, and I see a lot of people I know rather well. In the earlier panel, Mary Ann, Paul spoke to the issue of institutional investors understanding what a 990 means. Shorthand: how not-for-profits are financed. And in any solution, no matter which one we choose, the issue of financing has to be addressed on a number of different levels. I've experienced, partly because of the credit union work and dealing with federal examiners, total blindness about the financing and the funding and the mechanisms whereby not-for-profits, of any kind, survive. How would you suggest that we go about educating the real estate world, from whom we must have support and help, if we are ever to solve any of these problems. I know that individuals understand it, but what we talk about here are one-on-one solutions; I'm looking for systemic issues and that is a systemic problem. How can we address it?

Mary Ann Tighe: You know, as in all fields, there are people who have command of this kind of knowledge of funding. I'm thinking immediately, you know Alan Weiner? I'm thinking, I don't know if you guys know this, this is a guy who is an expert on affordable housing. I mean, it would be a very productive conversation to convene a couple of people like that, who's life's work has been the financing of different kinds of properties and to say, who do we have to persuade, who do we have to educate, so that they understand that this is a viable credit. You're absolutely right, by the way, there's this natural bias to presume that any arts organization is actually a short-lived and tenuous entity, when in fact many a company is much the same, and that there are a number of arts organizations whose track records go way beyond what we're talking about. But it is an education process. As in any community, there are probably a handful of people that if you gathered them together, and said this is something we want to solve, they know how to do it and I think that this guy is perfect. Where is he now, Bank of America? They keep merging. He was Wachovia and now he's Bank of America. Oh no, I'm sorry, it's Wells Fargo. But he's an example, Jonathan, and as I said, there are others like that, but I don't know anybody as expert in the affordable housing issue than this fellow and he'd be the one I'd pull together with whatever group you would have.

Sam Miller: I think also, this issue of capacity and information, people, not every artists or arts organization wants to grow up to be a developer, or a property manager. They want capacity

when they need it, and they want knowledge when they need it, which should be the best possible knowledge. And there is actually a lot of knowledge out there about, for instance, financing these kinds of spaces or developing these kinds of spaces. And it should be available to people when they need it. And it should be available in a way that is useful to their particular circumstances. I know again, at LINC, we worked hard to develop data on different financing strategies, or different ways of measuring the impact these spaces have on communities, so that they were available to people when they needed it, and they didn't have to build permanent capacity, but temporary capacity in order to take advantage of opportunities and I think that we just need to live in more of an open-source world, when people have knowledge it's documented and shared with others in a way that has lasting value.

Seth Pinsky: And the one other thing I would add to your list of things that arts organizations don't always want to grow up to become, it's debtors as well, and I think that too often, arts organizations are steered toward taking out loans that have very long terms without thinking about the long-term implications of taking on those liabilities.

Jonathan Bowles: Okay, last question.

Shoshana Goldberg: Hi, I'm Shoshana Goldberg from the New School, and I'm an academic, we're used to asking lots of questions, so thank you for giving me the chance to ask another one. We've talked a lot today, and thank you to the panel and thank you for convening this, and of course to Rockefeller for supporting it. We've talked about the city, the arts and culture community, and we've talked about the developers. And actually two of the largest landowners in New York City are Columbia University and NYU.

Mary Ann Tighe: New School's pretty substantial!

Shoshana Goldberg: We don't own that much land but the university and community college community is one of the only sectors that's really growing these days so I was wondering if you could speak to whether there's a role for the higher education community as a partner among the partners that you've talked about, especially in the built environment, you know, with this arts and culture conversation that we're having and what you might think it would be.

Seth Pinsky: I would say there is absolutely a role for the universities to play and I think there are actually several roles. I mean, universities act as a, they act as a magnet, for talented and creative people in the first place, they train a lot of the leaders in this and many other fields in the city as a second role. In addition to that, as owners of significant amounts of property, they're a landlord, and a programmer of a lot, to a lot of cultural organizations, and I think what we found in our experience working with the universities, especially of late, is that we're at a very particular moment in time, I think, in the academic sector in New York City, in that there are enlightened leaders at many of the top universities in the city, who understand the important role that universities will play in the future, not just of our nation as a whole, but specifically of New York and are very interested in working with sectors outside of the academic sector to help not just to preserve them, but to expand them as well, because they realize from, in addition to, in addition to enlightened reasons, they also understand for purely selfish reasons, that they are a much more interesting proposition to students and faculty if New York is healthy and interesting

place. And so we are working with the universities in the media sector, in the green sector, we're working with them as partners in our entrepreneurship initiatives, and I think it's absolutely worth it for us to think about ways in which we can partner with the university sector to help expand the arts and cultural role, sector, as well.

Closing remarks

Jonathan Bowles: I have one final question for the panelists, we're about out of time, so if we can make this the lighting round, we're here today, because for years and years, everybody in the arts has really been recognizing the real space issues that artists and arts groups and creative entrepreneurs face. There's a downturn right now for the first time, for kind of the, the most significant downturn in 15, 20 years in New York City. As Mary Ann has stated several times, this is not a slam dunk, this is very complex and there's not ample opportunities everywhere you look in New York. But there are some opportunities, and I just want to end to have each of you in just a few seconds, what one or two things would you say right now that we should prioritize to be able to start to take advantage of this opportunity, do something with all this space that's out there more than there has been in years for the benefit of artists, arts organizations, or creative entrepreneurs. Mary Ann?

Mary Ann Tighe: I'd go back to what we call the "zombie" buildings, the residential zombie buildings that are frozen with nothing happening.

Seth Pinsky: I would add to that two things. One is the commercial space as well, that there are ways to activate commercial space that I think can satisfy lenders and can make economic sense for everyone, but can also help the arts and cultural organizations. The second thing I would add just to plug it one more time, is that we really should be thinking about taking advantage of the people right now who have skills from many different sectors outside of the arts and cultural organizations who maybe have time on their hands or are looking for career changes. We should think about ways to marry them to the arts and cultural sector.

Sam Miller: I'll end where I began. I think we need to look at this opportunity and the access to some of these spaces as an opportunity not just to respond to artists' needs, but to, for artists to play a role in imagining a better New York for everybody. I think that Eddie talked about innovation to start off; I think innovation is cross-sector, cross-discipline, cross-borough, and I think that these spaces, this opportunity, needs to be seen again as one where artists and arts organizations can play a role in the broader community and not just be about their needs exclusively.

Shawn McLearen: I would echo all of those, they're very actionable and I think that the intersector partnerships is key, and I think that as a responsible partner in that, our sector's capacity to organize itself, get organized when we see the Tea Party movement, doing what it's doing recently, I think it'd be fascinating to see a creative industries' caucus of some sort, we need to find ways to hear from the individual artists and that would help us.

Edwin Torres: Thank you guys, I want to say on behalf of the Rockefeller Foundation, thank you to the Center for an Urban Future, and thank you to all the innovative thinkers who've come together today together, to discuss these issues. This has been really, really helpful, and we're going to be following up with all of you. So thank you very much.
