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It starts with a formula, for better or worse.

Take a rough-and-tumble downtown neighbourhood, add artists and stir. Watch as galleries, cafés and specialty shops spring from empty warehouses and smoky old doughnut shops. If the market conditions are right, prepare to welcome young urban professionals, rising property values, and condo developers looking for a place to sink a shovel.

And the artists? Well, it was fun while it lasted, but they can no longer afford the neighbourhood they helped to revitalize. Thanks for coming out.

Yet, with the economy on the fritz and the housing market sputtering, it might be the perfect time for policy changes to support a new model of development, one that freezes that process of neighbourhood change just before the artists leave. The concept has emerged from a small but increasingly powerful source: Artscape, the not-for-profit organization behind the Wychwood Barns, which is just beginning to work with condo developers to help them gain the support of NIMBY neighbours.

Increasingly, Artscape is an influential negotiator dealing in artful compromises: Communities get long-term affordable arts space in the bottom floors of condominiums and developers get public backing for their sky-hogging high-rises – and an artsy edge to sell.

It began with the deal brokered in the Queen St. W. triangle between Artscape, the community activist group Active 18 and the controversial West Side Lofts under construction at 150 Sudbury Ave. near the Drake Hotel. Scheduled for completion in spring 2010, the West Side Lofts will house 56,000 square feet of affordable space in the first three floors of the building – 69 units in total, for artists of all stripes.

Artscape is buying the space from the developer, Urbancorp, for the bargain price of \$150 a square foot, and although Artscape's other live/work spaces depend on public housing subsidies, this project will be self-sustaining. The organization will sell some of the live/work units at affordable rates, and use that income to subsidize the rental units.

In return for the Artscape space, the city gave Urbancorp approval for extra density – bringing the tower's height from 15 to 18 storeys. An eight-storey building will also be on the site.

With the usually frenetic pace of development slowing for the first time in years, it might be the right moment for new ideas – for infrastructure investment or policy change to support creative solutions in a changing economy.

"I know that it's sometimes difficult to put policy changes in place when the marketplace is red-hot," says Terry Nicholson, the city's manager of cultural affairs. "When things are happening so fast that nobody wants to work it through."

Nicholson says the city is eager to develop policy and procedure to help accommodate developers willing to offer space for artists via an organization like Artscape. Could this be the beginning of a new kind of zoning? "Honestly, I think we're prepared to consider anything," Nicholson says.

Artscape has grown from a small organization incubated by the city and trying to protect artists' space during the mid-1980s housing boom to a developer, landlord and community builder with a full-time staff of 26 and an operating budget of \$4 million. It is currently working on



Artscape CEO Tim Jones in his Liberty Village office. From modest beginnings, the organization has grown to include 26 staff members, an annual budget of \$4 million and is working with developers on projects around the city. (Jan. 22, 2009)

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more than 20 projects around the city, including a cultural centre at Regent Park and a new use for the Shaw Street School.

The tipping point came in 2001, when the shuttered Distillery District was purchased by Cityscape Holdings Inc., a firm with a strategic vision for the area's old buildings.

Unlike in the past, Artscape did not have to go out selling itself. The Distillery came looking for Artscape. "The previous owners were trying to rejuvenate the site for about 10 years, and it wasn't happening, it didn't work," says David Jackson, a partner in the Distillery.

"And when we approached this as an opportunity, we saw that involving the arts was a critical part of bringing life and interest to the Distillery, because the spaces spoke to their suitability for galleries and restaurants and theatres and those kinds of operations," he says.

Not only that, but the developers knew that art could drive a neighbourhood. They had seen it happen in areas like Toronto's Yorkville or New York's meatpacking district. But they also knew they had to keep low-rent art space in the neighbourhood, long-term, no matter the cost.

"It's very expensive to do," Jackson admits. But if the artists leave, "then you change the neighbourhood and it becomes something else." Like Yorkville, once a hippie haven and now a ritzy upscale neighbourhood.

This way, the Distillery can be both.

Cityscape signed a 20-year below-market lease with Artscape, which created 60 work and retail studios, offices, rehearsal and performance spaces in 50,000 square feet in two buildings.

On the heels of the Distillery's 2003 opening, Artscape hosted its first major international conference, with guest speaker Richard Florida. "It was just around the time that Richard Florida's theories were getting a lot of international interest, (it was) one of his first major speaking events in Toronto," says Artscape president and CEO Tim Jones. The crowd of 500 was "just electrified."

Since then Artscape has worked with a variety of developers, institutions and not-for-profit organizations, rubbing elbows with bigwig developers one day and activists the next. It has become an authority on creative infrastructure, giving workshops across the province and speeches in cities around the world, like Hong Kong, London, New York – "you name it," Jones says.

In the boardroom in Artscape's Liberty Village office, with his laptop and large laminated posters of project plans within reach, Jones says Artscape sees itself as simultaneously spurring economic growth and protecting the arts community.

"Full-on gentrification and displacement or dereliction – neither of those options are very attractive," says Jones, wearing a black jacket that is not quite a blazer. "So what one has to do is try to find the sometimes-difficult compromises and the creative solutions to actually create vibrant and truly sustainable communities."

The cultural sector is already responsible for seven per cent of Canada's GDP, Jones says, and he is convinced it will play an even bigger role in the economy of the future.

He says artists must remain in downtown neighbourhoods, and as supporting evidence he references not some fundamental right or sense of home, but economics.

"I would say it's no longer viable, because this is such an important part of the economy, to sit back and watch creative people be displaced from the core of cities," Jones says.

He is hopeful that economic stimulus in the form of provincial and federal infrastructure spending will help support Artscape's community projects. He concedes that the economic downturn could slow or halt work on some of the condo projects, which include plans for affordable studio, live/work or performance spaces, but says the organization is so swamped that "it would actually be a blessing, in a way."

Major players are taking notice of Artscape's increasingly influential role in the city.

"Five years ago I had never heard of Artscape," says David Hulchanski, associate director for research at the University of Toronto's Cities Centre. "They became more and more famous in recent years."

Hulchanski, who is studying neighbourhood change in Toronto's west-central neighbourhoods, says that a not-for-profit organization like Artscape, accountable to a board of directors and committed to the city, has every incentive to work on high-quality buildings that communities will approve of.

Hulchanski does not see Artscape as an antidote to the displacement of low-income residents in the downtown core, but he does see it as a step in the right direction – a step away from the status quo "exclusionary" housing that favours those with money to inclusionary housing that maintains mixed neighbourhoods. Vancouver has inclusionary zoning, which demands a percentage of residential areas be affordable, but Toronto does not – a fact both Hulchanski and Jones lament.

Hulchanski also says it's important not to exaggerate the rate and scope of gentrification in large mixed neighbourhoods like West Queen West. A little development is not necessarily the beginning of the end for low-income residents.

"An area that might have seemed down and out ... is spruced up a bit as these changes happen and that's good," he says. "It means that a poor neighbourhood is receiving attention."