

October 6, 2008

Our Opinion: Artspace project can take big step Tuesday

Technically speaking, Tallahassee city commissioners on Tuesday will be asked only for their blessing to proceed with a real-estate agreement on a city-owned parcel just south of Gaines Street.

But it's actually a very big deal for this community because of its long-held dream of redeveloping the Gaines Street corridor.

A proposed accord with nonprofit real-estate developer Artspace Inc. and Tallahassee's Council on Culture & Arts (COCA) doesn't require a direct outlay of any taxpayer money. But it does need a promise from the city to donate a 4-acre parcel north of the Amtrak station or provide a 50-year lease on the \$1.765 million land for \$10 annually — if the developer delivers.

The city's authorization is required so that Artspace and COCA can try to secure financing for a mixed-use project called Arts Exchange. The plan: one part affordable live/work residential development mainly for artists, one part arts incubator to provide artists and cultural organizations with rehearsal and commercial space.

Estimated cost: more than \$33.1 million.

Appropriate conditions are attached. In six months, the developer has to come up with a financing strategy to show city officials where the money will come from to build and operate Arts Exchange, said Michael Parker, Tallahassee's director of economic development.

In a normal credit market, this is a significant step. In a market clouded by uncertainty, this is a deeper concern.

Other performance "milestones," at 15 and 24 months, also are part of the option, which has a two-year term. If the developer doesn't come through, the property would be available for other uses.

Not all questions are answered yet, and they can't be, since financing hasn't been obtained. For example, it isn't known how much tax revenue will be generated. In addition, it's conceivable that details of the plan will have to be adjusted to accommodate conditions in the credit market.

But the good news is that Artspace, based in Minneapolis, has a strong track record in other cities. And Tallahassee is eager for Gaines Street redevelopment to revitalize that part of town and substantially boost the capital's cultural and economic potential.

Mayor John Marks — an advocate of the Artspace-COCA arts and entertainment concept since January — said he didn't expect major problems. But the mayor said he did anticipate that commissioners would have questions when they meet Tuesday, a day earlier than normal because the Jewish Yom Kippur holiday starts at sundown Wednesday.

Commissioners should question the deal closely. A lot is riding on this possibility.

Ultimately, commissioners must make sure that the city's financial commitment is not open-ended. But it's also important that they not be so cautious as to be timid.
