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Artspace receives \$24 million tax credit award for East Harlem project

MINNEAPOLIS (January 24, 2012) – The New York City Department of Housing Preservation and Development (HPD) has awarded Low Income Housing Tax Credits that will generate \$24 million to support the development of El Barrio’s Artspace (PS109), an East Harlem arts facility that will include 89 units of affordable housing and 10,000 square feet of space for arts and cultural organizations.

The tax credit award represents the final funding commitment needed by Artspace, the nation’s leading developer of arts facilities, to begin construction of the \$50 million project. PS109 will serve East Harlem by creating permanently affordable live/work housing on the upper floors and arts and cultural activities on the ground floor and lower level. Artspace is developing PS109 in partnership with El Barrio’s Operation Fightback, an East Harlem community development organization.

“I am so excited that the Artspace/PS109 project can now proceed without delay,” said New York City Council member Melissa Mark-Viverito. “My community and I have always known that El Barrio/East Harlem is a vibrant cultural center in our city. This project will help solidify that reputation by ensuring that our local artists can live and work in the community.”

“El Barrio/East Harlem is a neighborhood where you can eat delicious food, see breathtaking performances and appreciate marvelous works of art, and now our community is setting a new course with this groundbreaking project,” Council member Viverito added. “I want to express my gratitude to HPD Commissioner Mathew Wambua and the entire Department for their tireless support of this project. I also want to thank Artspace and El Barrio’s Operation Fightback for all of their vision and their incredibly hard work on moving this project forward.”

All 89 residential units in PS109 will be reserved for artists whose household income is less than 60% of the Area Median Income. To ensure that East Harlem artists are well-represented in the facility, the project will apply HPD’s lottery process, ensuring that at least 50% of the units are set aside for artists who are current residents of El Barrio.

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“Thanks to HPD’s dedicated support, the repurposed PS109 facility will become an important cultural resource in East Harlem,” said Cultural Affairs Commissioner Kate D. Levin. “We look forward to working with Artspace on this vibrant new home for New York City’s creative community.”

Together with Council member Viverito and HPD, PS109 has assembled an impressive group of stakeholders that are concerned about these issues, including the Ford Foundation, the Warhol Foundation for the Visual Arts, Bloomberg Family Philanthropies, ArtPlace, JPMorgan Chase Foundation, Rockefeller Foundation, Booth Ferris Foundation, Deutsche Bank and others.

“I’ve been most impressed with all the individuals and the many organizations that have contributed significantly into making this project a reality.” said Gustavo Rosado, executive director of El Barrio’s Operation Fightback. “We’re thrilled to be partnering with Artspace on this important project and proud to bring it to the artists and residents of El Barrio.”

Low Income Housing Tax Credits (LIHTC) are federal subsidies that are awarded to private developers of affordable rental housing for low-income families. Created by Congress in 1986, the LIHTC program provides credits – in essence, reductions in tax liability – to developers of qualified projects. On receiving a tax credit award, a developer sells the credits to investors and uses the proceeds to help pay for construction.

“The tax credit program is extremely successful as a direct means of helping developers of affordable housing gain access to private capital. Every year the number of applicants significantly exceeds the supply, which is why we are pleased to make this award to Artspace to help fulfill a shared vision of bringing affordable housing to this East Harlem neighborhood,” said HPD Commissioner Mathew M. Wambua. “These new affordable homes and the space that will be created for the arts will provide a place where the vibrant culture of our City and this community can continue to grow and thrive.”

“We are tremendously excited to receive a Low Income Housing Tax Credit award for PS109,” said Artspace President Kelley Lindquist. “This award means that we can now focus our efforts on financial closing and the beginning of construction. This is an important milestone in the life of this project.”

Lindquist said Artspace hopes to close on PS109 in early 2012 and begin construction soon after. The construction period will take about two years, he said.

Seven years in the planning, PS109 was conceived in part as a demonstration project that can be replicated elsewhere in New York to provide permanently affordable housing and studio space for members of the city's creative sector, many of whom have been repeatedly displaced by the gentrification of neighborhoods they helped revive. Third-party research (for example, see: www.artspace.org/media/reports.html) has found that in addition to supporting artists, Artspace projects have a transformative impact on their host communities. These sustainable changes include safer streets, job creation and the re-animation of abandoned spaces – without evidence of gentrification-led displacement.

With headquarters in Minneapolis and offices in New York, Seattle, and Los Angeles, Artspace is America's leader in arts-driven community transformation with 30 projects in operation in 13 states. To date it has completed more than a thousand affordable live/work units for artists and their families as well as more than a million square feet of non-residential space for artists and arts organizations. PS109 will be Artspace's second largest residential project, trailing only the 100-unit Artspace Tannery Lofts in Santa Cruz, California. Additional information available at www.artspace.org.

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