

**RESOLUTION NO. 20170608-008**

**WHEREAS**, Council adopted Resolution No. 20160303-019 directing the City Manager to take actions to explore options to support and protect performance spaces for artists; and

**WHEREAS**, affordable space has been identified by the City Manager, through the Economic Development Department, as a priority area of concern; and

**WHEREAS**, arts organizations provide jobs and economic opportunity for artists and those who support the arts community in Austin; and

**WHEREAS**, assisting these organizations to stay in the Austin area helps the City's economy provide diverse employment options for its residents; and

**WHEREAS**, the City Council has provided funding through the Music Venue Loan Program Fund for assistance to artists; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**Section 1.** Council authorizes the City Manager, or her designee, to establish a grant program to support non-profit arts organizations facing permanent displacement, those who are previously displaced, and those facing lease renewals at substantially higher rents.

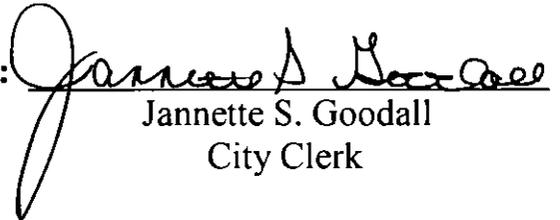
**Section 2.** The grants may be use for tenant improvements or rent stipends.

**Section 3.** The Economic Development Department's Guidelines for the Art Space Assistance Program (ASAP) are approved by Council in substantially the form attached to this Resolution.

**Section 4.** This Resolution is adopted for the purpose of approving this program as a pilot program using this one-time funding source of \$200,000. Staff will report annually regarding the results of the ASAP pilot program.

**ADOPTED:** June 8, 2017

**ATTEST:**

  
Jannette S. Goodall  
City Clerk

## **Art Space Assistance Program (ASAP)**

### **I. Introduction**

The Economic Development Department's (EDD) response to the June 2016 Omnibus Resolution (Resolution No. 20160303-019) identified affordable space for artists as a priority area of concern. Preserving and increasing the supply of available space for creative activity involves the public and private sector working collaboratively to assess existing space needs, anticipate future user demand, and find ways to efficiently bring forward that supply of space. The public sector plays a role in facilitating the provision of space in several key ways.

EDD's Art Space Assistance Program (ASAP) will provide grants to support nonprofits facing permanent displacement, or those previously displaced, or those facing facility costs at substantially higher rates amidst a volatile real estate market. This grant program is made possible through one-time funding from the City of Austin General Fund. Nonprofits serving high at-risk/disadvantage communities, ALAANA (African-, Latino, Asian-, Arab- and Native American) communities and women organizations, as well as those offering co-location opportunities, are encouraged to apply. Financial assistance may be used for:

- Tenant Improvements (needed for Code compliance)
- Rent stipend

Only one financial assistance grant may be awarded per project/organization per funding cycle. Only organizations that have been displaced and/or relocated (or facing threat of such) since January 1, 2016, or that are facing facility costs of substantially higher rates are eligible for financial assistance grants. If City Council chooses to extend this program, funding preference will be given to first (1<sup>st</sup>) time applicants. Prior recipients will be given priority after the completion of their three-year business plan following their initial award date.

In order to provide additional public benefits in exchange for this City assistance, successful applicants to the ASAP program will commit to the following:

- Job Retention – With receipt of these funds, the organization will commit to maintain current employment levels.
- Professional Development – Agree to host one professional development opportunity for the community (speaker, workshop, webinar, etc.), in partnership with the Economic Development Department
- Career Development – Agree to engage in career development opportunities with Austin Independent School District, other school districts operating in Austin, or other entities that provide information about career options for students in K-12.

The pilot grant program is being launched with \$200,000 in one-time funding available from the Music Venue Assistance Program, approved in the FY 17 Budget. Based on recent real estate trends, EDD anticipates overwhelming demand for the funds.

Organizations with at least at least 3 years remaining on their lease, Letter of Intent to renew or enter into a lease for a minimum 3-year term, or a 3-year plan for securing long-term space may apply for a financial assistance grant up to \$50,000 for Tenant Improvements or up to \$35,000 for a Rent Stipend. Tenant Improvement grants will require a 50% match. Potential candidates with less than a 3-year lease must be able to illustrate how the ASAP can be of benefit via required submission of a 3-year business plan and narrative.

Grants will be made on a competitive basis, determined by the criteria listed below. Priority will be given to organizations confronting the most urgent and critical needs to remain operational.

After applications are reviewed initially by staff, a Grant Review Committee comprised of public and private sector leaders in the arts, banking and real estate will evaluate the applications and make final recommendations to EDD. Applications must be received by August 1, 2017 to be considered for the Financial Assistance Award for FY2017.

**Timeline**

The anticipated schedule for awarding grants is as follows:

Application Workshops	June 19, 2017
Last Day for Submitting Questions	July 14, 2017
Applications Due	August 1, 2017
Awards Announced	August 31, 2017
Grant Contract and Disbursement Deadline	September 29, 2017

**II. Program Eligibility Requirements:**

In order to be eligible for financial assistance, an applicant or sponsoring agency must submit an application demonstrating it meets the following criteria:

- A. The applicant can demonstrate an urgent need for assistance due to having been adversely impacted by the real estate market since January 1, 2016, as follows:
  - i. It has been displaced and/or relocated, or
  - ii. It faces the imminent threat of displacement and/or relocation, or
  - iii. It has renewed a lease at substantially higher rates, or
  - iv. It faces a pending lease renewal at substantially higher rates (“substantially higher rate” is defined as at least 25% higher than current lease amount)
  
- B. The applicant can provide evidence of site control, which includes one of the following:

- i. A fully executed, irrevocable Letter of Intent with lease terms at a significantly higher rate (to document the need for financial assistance). If applicant is recommended for a funding award, disbursement of award funds is contingent upon showing proof of signed lease.
  - ii. An existing, fully-executed lease at a significantly higher rate than the current rate.
  - iii. A purchase offer accepted by the applicant's landlord for the current lease property that indicates that future leases will be at a significantly higher rate than the current rate.
- C. The leased property is located in the City of Austin corporate city limits or extraterritorial jurisdiction.
- D. The applicant can provide evidence of lease terms or letter of intent to secure space for a minimum of 3 years in order to apply for the following categories of assistance:
  - i. Tenant Improvement: Organizations who have been closed or face a threat of closure due to Code Violations since January 1, 2016, must submit documentation of the proposed plan to bring the facility up to Code Compliance for which they are requesting reimbursement. Funds dispersed for tenant improvements will require a 50/50 match. For example, if a project has an overall cost of \$60,000 in order to qualify for tenant improvements, you must be able to show \$30,000 in cash liquidity.
  - ii. Rent Stipend: Organizations displaced, faced with imminent space displacement or the threat of such displacement since January 1, 2016, may apply for up to nine (9) months of a rent stipend to pay the difference between the prior facility costs and future facility costs. The organization must provide a three-year financial plan indicating how the stipend will enable them to pay these facility costs into the future. The financial plan should demonstrate or provide a plan for achieving operating feasibility over the three-year period.
- E. The applicant can demonstrate a high degree of project readiness, including identified funding source, a preliminary budget, an identified project team and a proposed operating budget for the facility.
- F. The applicant can demonstrate how the proposed project will contribute to improved financial and programmatic performance. The organization should address the urgency/need for the proposed relocation, lease renewal, or expansion.
- G. The applicant can demonstrate financial accountability by submitting the organization's federal Form 990 for the most recent three years (if unavailable, balance sheet and income statement), budget for the current year, and year-to-date income statement and balance sheet.

- H. The applicant can demonstrate financial stability (except for the impact of the real estate market forces) for the previous three consecutive years as reflected by the absence of any significant unplanned operating deficit, a positive funded balance and/or a meaningful cash reserve.
- I. The applicant can demonstrate that it has an established track record (defined as at least the past three (3) years) of working with, presenting to and/or offering programs to members of historically underserved community(ies) in the City of Austin. Applicants must submit:
  - i. Evidence that the organization clearly prioritizes working with women and communities of color.
  - ii. Documentation that the organization has a mechanism for programs that benefit the community and a description of beneficiaries (audiences and/or participants).
- J. Evidence of the artistic/programmatic excellence and/or quality of its services.
- K. If the applicant intends to offer co-location opportunities to other artists or arts organizations, the applicant can demonstrate the extent to which sub-leasing improves the financial performance of the applicant, increases access to long-term affordable space for other artists or arts organizations providing community benefits, or improves programmatic efficiencies/collaboration.

III. **Review Criteria:**

Applications for Financial Assistance will be evaluated by a Grant Review Committee on the following basis and point system:

- A. The applicant can demonstrate the extent to which the project will address an urgent need caused by the real estate market:
  - i. Most Urgent: Applicant has already been displaced or needs to immediately relocate, renew a lease, or secure new space to avoid displacement within six months of time of application,
  - ii. Urgent: Applicant is not yet displaced but needs to relocate, renew a lease, or secure new space to avoid displacement within one year out from time of application

- iii. Important but Less Urgent: Applicant has relocation needs but would like to secure better lease terms or new space more than one year out from time of application.
- B. Length of lease term and options is at least 3 years and includes terms eligible for a Tenant Improvement or Rent Stipend grant, and the project has a high degree of project readiness.
- C. The applicant can demonstrate that it is facing significant financial constraints within the nonprofit sector, but has evidence of planning to identify and mitigate financial risk or has secured recent public or philanthropic investment.
- D. The applicant can demonstrate that it has the organizational and financial capacity to successfully complete the project and meet the budget and timeline goals.
- E. The applicant can demonstrate that it is deeply rooted in low-income and historically underserved community(ies) in Austin:
- i. Applicant has an established track record of serving these communities.
  - ii. Applicant demonstrates the artistic/programmatic excellence/quality of its services.
  - iii. Applicant demonstrates support for its efforts from multiple sectors.
  - iv. Applicant clearly identifies its community engagement strategy for acquiring new clients and/or audiences.
  - v. Applicant clearly identifies how existing beneficiaries will be served effectively by the proposed space, including administrative or office space.
- F. The applicant can demonstrate how any co-locating/sub-leasing opportunities it intends to offer will improve its own financial performance, increase access to long-term affordable space for other community organizations, or improve programmatic collaboration.
- G. Scores will be assigned on the following basis:
- Financial urgency to pay for relocation expenses:
    - Most urgent – 11-15 points
    - Urgent – 6-10 points
    - Important but Less Urgent – 1-5 points

- Length of lease term and options, and degree of project readiness – 1-10 points
- Compelling project need and alignment with request for financial assistance – 1-15 points
- Financial stability of organization (with exception of the real estate impact) – 1-30 points
- Deep roots in low-income and historically underserved community(ies):
  - Demonstrated track record – 1-5 points
  - Quality of artistic/programmatic services – 1-5 points
  - Support from multiple sectors – 1-5 points
  - Community engagement strategy – 1-5 points
  - Service to existing beneficiaries – 1-5 points
- Benefits from co-location opportunities – 1-20 points

#### **IV. Grant Fund Policies:**

- 1) Priority will be given to 1<sup>st</sup> time applicants during the duration of this program. A second application will be accepted only after an applicant's initial three-year business plan has been successfully completed.
- 2) Grant condition(s) must be met and the grant must be closed and expended by agreed terms prior to approval of a subsequent grant for additional funds. Grantees may apply for an extension if conditions cannot be met within the agreed term.
- 3) Grant funds will be disbursed on a reimbursement basis (upon proof of receipts/paid invoices) or by alternate arrangement as mutually agreed by the awardee and the City. Tenant Improvement grantees may request disbursements as a series of draws according to a schedule pre-approved by EDD. Rent Stipend grantees should request disbursement on a monthly basis.
- 4) Grantees must comply with the City's Living Wage policy. Currently the Living Wage is \$13.50 an hour. The Grant Review Committee reserves the right to allow for exceptions on a compelling case-by-case basis.
- 5) Grant terms and conditions will be determined on a case-by-case basis by the Grant Review Committee or City of Austin.
- 6) In the event of non-compliance, penalties may include:
  - a. Termination of the grant
  - b. Repayment of previously received funds to the City
  - c. Possible debarment from City of Austin Cultural Arts funding programs