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# Community Developments

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## Investing in Small Town Downtowns: “Art in the Heart of Barre”

By Karen Winchell, Central Vermont Community Land Trust



*Several banks helped finance the renovation of the Nichols Block, on Depot Square in Barre, Vermont.*

*Studio Place Arts, a regional center for the visual arts as well as artists studios and a café now occupy this previously boarded-up building.*

A community center for the visual arts may not immediately leap to mind as a key part of a downtown revitalization and economic development strategy for a small central Vermont community. But Barre is special. “Barre is a community that was quite literally built by artists,” says Janet Van Fleet, an artist herself and president of Studio Place Arts (SPA). She’s referring to the thousands of immigrant artisans who, more than a century ago, made Barre Gray monumental granite famous throughout the world — and gave the community its rich ethnic mix. Today, with help from some forward-looking banks, SPA is bringing new vitality to Barre, Vermont’s downtown core.

It didn’t happen overnight. An informal coalition of artists and craftspeople, working in isolation in old office spaces, spare rooms and garage studios, had been searching sporadically for some communal studio space since 1996. Meanwhile, the owners of the Nichols Block — a fire-damaged, boarded-up building on Barre’s Depot Square — had twice approached the city council seeking permission to raze

the historic building. In a bid for time, a community-minded group of local investors purchased the property in January 1998. They asked the Barre Historical Society to help find a suitable non-profit organization to which they could donate the building for a new use.

### *Dreamers and Developers*

Karen Lane, president of the historical society, became a matchmaker. She urged the space-seeking artists to consider the Nichols Block. The building, constructed in 1885, was bigger, grander, and more visible than anything they had previously considered. But artists are dreamers, and it wasn’t long before they were hatching plans for Studio Place Arts: a regional center for the visual arts with a gallery and café at street level and affordable studios and teaching space on the upper two floors.

Although long on vision, the artists were short on development experience. Central Vermont Community Land Trust (CVCLT), a non-profit housing developer and member of the NeighborWorks network, joined the team to provide financial and development expertise. Karen Lane and a core group of five artists embarked on a sharp learning curve about the pleasures and pains of real estate development. They organized Studio Place Arts as a 501(c)(3) non-profit organization, hired an architect

and turned to the serious business of finding money. Because the group felt strongly about making art available to everyone in the community, they opted to make all three stories completely handicapped-accessible. Then came sticker shock: the costs of rehabbing Nichols Block were going to be nearly three times SPA's initial \$300,000 estimate.

Suddenly there was just one overriding question: "How are we going to pay for this?" The building, in what is now the heart of Barre's historic district, needed a lot of work, and normal market rents in Barre couldn't possibly support the costs of rehabilitation using traditional financing. Then, too, artists would need even more affordable rents than market rates.

CVCLT had identified some potential sources of grants and below-market-rate financing, and the property was clearly eligible for rehabilitation investment tax credits. Still, although the project was generating strong community support, its future remained in doubt.

### ***An Alliance of Artists and Bankers***

Artists and bankers may not always see eye to eye, but in this case, thankfully, they did. Banknorth Vermont of Barre (formerly Howard Bank) recognized a unique opportunity to revitalize this important city resource as a center for commerce and cultural activities — and catalyst for further revitalization initiatives — and agreed to be the equity investor.

"For over 115 years we've shared in and contributed to Barre's history and culture," says John Weixel of Banknorth. "We're very proud of our community, and it was an honor and privilege to invest in the preservation of our historic downtown in a way that also provides new vitality to our artistic heritage."

Banknorth invested \$150,000 in Federal Historic Tax Credits for the project using the OCC's community development investment authority (12 CFR Part 24). Northfield Savings Bank and Vermont National Bank made cash grants to the project. Major support also came from Barre City in the form of a Community Development Block Grant and from the state legislature and the Preservation Trust of Vermont. And SPA raised over \$100,000 from an array of private foundations, local businesses, and individual supporters.

Studio Place Arts had its gala opening in October 2000. (You can take a virtual tour of the building at [www.studioplacearts.com](http://www.studioplacearts.com).) Since then, SPA has become a vital part of Barre's commercial center. It attracts tourists enjoying Vermont as well as residents of the surrounding area. They come downtown for shows, gallery tours, contests, exhibits, and other events. (And they're drawn to SPA's first floor Ivy Bakery and Café, too.)

In SPA's first year, more than 300 budding artists and craftspeople took part in a full range of class and workshop offerings, including painting, stained glass, ceramics, photography, fabric painting, origami, linoleum print making, pastels, and doll making. More than 100 artists have had their work displayed at SPA. The old building hums with new life. In addition to its own program offerings, SPA partners with many other community organizations to broaden opportunities for all residents to participate in the visual arts.

SPA is a true community arts center. But SPA's artists are also businesspeople who purchase goods and services, eat at local restaurants, serve on local boards, join business and civic organizations and participate in the full range of activities that make a community work. The ripple effects go on and on (see sidebar, below).

Operating a non-profit visual arts facility in a small city requires continuing hard work and money. SPA's Board of Directors and over 400 contributing members continue to devote countless volunteer hours, building support to expand their community offerings including offering scholarships and reaching out to community residents with special needs. It's a labor of love — which, in the end, is what downtown revitalization is really all about.

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## **One Good Project Deserves Another**

Downtown revitalization is a high priority for many rural communities. Building momentum can be challenging, but it can also be synergistic — the energy and financial support generated for one project can spur others.

In Barre, for example, Studio Place Arts is part of a broader effort to revitalize the downtown core that got under way in the 1980s. Depot Square, which housed the old railroad depot at the opposite end from the Nichols Block, became a focal point for revitalization efforts.

In 1997 the dedicated citizens, business people, city officials, and others who were committed to downtown Barre's future formed the Barre Partnership, a 501(c)(3) nonprofit, to systematically preserve the historic architecture and promote downtown revitalization. In 2000 it received Vermont State status as a Designated Downtown, making it eligible for tax credits and a variety of financial and technical assistance. The Partnership has helped private business owners to seek grant funding to restore their buildings, and SPA's membership in the organization helped it to generate community-wide support.

The Barre Vermont initiative is affiliated with the National Main Street Center, a program of the National Trust for Historic Preservation that has helped more than 1,400 communities to revitalize and redevelop their "Main Streets." Information on the National Trust for Historic Preservation Main Street Program can be found at [www.mainstreet.org](http://www.mainstreet.org).

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### ***Investing in Historic Tax Credit Projects***

- Federal historic tax credits are available for all types of income-producing properties and have been used to help rehabilitate more than 27,000 historic properties.
- The amount of the tax credit issued is either 10 percent or 20 percent of eligible costs, depending on a building's age and whether it is located in a historic district or listed on the National Register of Historic Places.
- Property owners sell the tax credits to third-party investors. National banks can purchase these credits under the OCC's community development investment authority (12 CFR Part 24)
- Proceeds serve as project equity and to reduce the required mortgage.
- Eighteen states now offer historic tax credits ranging from 5 percent to 25 percent of eligible costs

which can be added to the Federal tax credits.

- Detailed information on Federal Historic Preservation Tax Incentives is available from the National Park Service at [www2.cr.nps.gov/tps/tax](http://www2.cr.nps.gov/tps/tax), or from the National Trust for Historic Preservation at [www.nationaltrust.org](http://www.nationaltrust.org).