



# In Cleveland's Superior Arts District, development stokes optimism - and some fears

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Photo by Lisa DeJong

CLEVELAND, Ohio - The hush along Superior Avenue just east of downtown Cleveland belies what's happening behind the walls of former garment factories lining the street.

Since 2014, a single owner has purchased 10 buildings and nine pieces of land, most of them parking lots, along the corridor. That company, GBX Group, is now the largest stakeholder in the Superior Arts District - and one driving force of a potential transformation.

Dozens of artists labor in the district, where expansive windows, huge spaces and cheap rents lend themselves to studios. Now those tenants are, by turns, hopeful and anxious as new investors swoop in and development sidles closer from the west and south.

Property owners in the neighborhood agreed last year to tax themselves, a decision that will put safety ambassadors and cleaning crews on the streets in May. And there's a plan - with \$8.3 million in federal funding set aside - to turn Superior's center lanes into a buffered bicycle highway, stretching from Public Square to East 55th Street.

Real estate brokers are circling, talking about the possibility of more apartments, offices, perhaps a hotel. The private investors looking at buildings are much savvier than they were only a few years ago, community leaders say. And the city has seriously considered two properties in the area - the former Plain Dealer offices on Superior, which the newspaper still owns, and the historic Central Police Station on Payne Avenue - as sites for a new police headquarters.

There's a sense that the Superior Arts District might be on a precipice.

The question is what the view looks like.

"The challenge will be how to preserve affordable space for artists while, at the same time, renovating these buildings that have 20 years of deferred maintenance issues," said Bobbi Reichtell, who led the Campus District Inc. neighborhood group from late 2012 until February.

Without GBX's involvement, she added, development might be a decade away. And the new business improvement district - the self-taxing structure to which GBX is the largest single contributor - never would have garnered enough support under previous property owners.

Founded in 2001 and known until recently as Global X, GBX specializes in tax credits and other financial incentives. The company started out as a consultant but now acquires and finances historic buildings through investment funds it manages and advises other property owners on preservation deals.

In early March, GBX moved its headquarters and 40 employees from Prospect Avenue to Superior and East 21st Street. The firm's new offices fill three floors of the former Daffy Dan's building, the first total makeover of a property in the company's Superior Arts District portfolio.

To the east, construction could start in June to turn an empty building at 2125 Superior Ave. into 56 apartments, with a coffee shop or restaurant downstairs. Executives said they're picking away at interior renovations in other buildings. Last spring, for example, three recording studios cut the ribbon at Superior Sound, at 2230 Superior Ave., where GBX invested about \$1 million in refurbished space.

But there's not much happening, yet, at some of the most nettlesome properties on the street, including the massive ArtCraft Building that looms over the Inner Belt. And tenants in the buildings have been on month-to-month leases for years now, fueling their unease about what might be in the works.

### **After adding to district's appeal, artists fear gentrification**

GBX executives said they have no interest in displacing their creative tenants.

The visual artists, makers and performers bring much more value to the district than mere rent checks, said Drew Sparacia, the firm's chief executive officer. "Diversity adds value, rather than having some homogeneous environment," he said during a recent interview.

That's one reason GBX has been slow to move on some of its projects. Other cities have struggled, and failed, to keep artist enclaves affordable and intact as developers, new residents, businesses and investors have moved in. The very artists who make an area feel more appealing are the ones pushed out as interest in a district grows, buildings get renovated and rents rise.

"Artists are known gentrifiers, unintentionally," said Michael Fleming, executive director of the St. Clair Superior Development Corp., which serves neighborhoods north of Superior and east of GBX's properties. "They see value that other people don't, and then they actually make it so that other people can see that value, too."

Bill Jean, an 82-year-old artist, grew up in the neighborhood and has kept a studio there for two decades. A few years ago, he left his longtime space at the Keller-Kohn Building, which GBX now owns, for a workspace on the first floor at Tower Press lofts.

At Keller-Kohn, he said, the ceilings leaked, endangering artwork. His studio there was cheap - \$375 or so a month for 1,100 square feet - but freezing in winter and stifling in summer.

At Tower Press, a once-dilapidated factory transformed 15 years ago into housing and studios, Jean pays \$660 a month for 800 square feet and a parking space in a gated lot.

"It seems to me that we really haven't been gentrified to the point where artists are going to have to move out again and find another cheap area," he said, though he noted that younger, less established artists in the district already struggle to pay rent.

In some cases, to make ends meet, artists sleep in their studios, even if buildings don't meet city code requirements for live-work space. Those artists, whom The Plain Dealer is not naming, are grappling with a swirl of conflicting emotions: Optimism that new investment will reduce the constant car break-ins. Concern that their sense of community will diminish as new residents move in. Frustration with poorly maintained properties, mixed with fear of change.

"I moved to Cleveland specifically because I was looking for affordable live-work artist space. If I lose that, I would lose my reason to stay in Cleveland," said one up-and-coming artist, who pays \$750 a month for 2,200 square feet.

Downtown, the average one-bedroom rents for just over \$1,200.

## Landlord sees prospects for mix of uses, incomes along Superior

GBX executives said the sheer scope of their holdings on Superior will make it easier to accommodate artist studios and housing at a range of prices. So will preservation tools such as federal and state historic tax credits, which the company used on its headquarters and expects to seek out and apply along the corridor.

"It's a patient process," said David Swentor, the company's president of real estate.

Property records show that GBX quickly put historic easements on properties including the ArtCraft Building. Easements are voluntary arrangements that permanently protect historic buildings, yielding a tax break that creates equity for real estate purchases and renovations.

Swentor said ArtCraft, the largest building in the group at 270,000 square feet, could get broken up into studios and housing, with retail on the street. GBX is considering self-storage or entertainment concepts that don't need windows for the dark recesses of the old warehouse.

A renovation is likely to involve reducing the size of sprawling studios or raising rents, he said. But the general strategy is to bring in higher-rent uses that will subsidize artists, with help from public funding sources and creative financing.

Reichtell, the former Campus District director, said she's optimistic about GBX's stake on Superior and executives' openness to conversations not only about the arts community but also about "workforce housing" - to accommodate service-industry workers and other low-wage renters. Neighborhood groups in and near downtown have been talking for a few years about the need for lower-cost rentals, but most new housing hitting the market is high-end.

It could be two or three years before Superior is "in constant motion" between East 21st Street and the Inner Belt, Swentor said. He and fellow GBX executives hope the company's new headquarters help show what's possible, laying out the welcome mat for other investors. The company put its former offices, an entire building at 1303 Prospect Ave., up for lease or sale.

GBX isn't ruling out additional acquisitions. But the firm, which has partnered with developers in the district and invested in other properties there, isn't out to buy up the block - or five of them.

"We think we've got the pearls on the street," Swentor said of GBX's buildings. "We've got the ones that, I think, really need to be saved so that they're not torn down."

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