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investing in arts development

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THERE IS A GROWING BODY OF EVIDENCE that thoughtful investment in arts and culture initiatives can generate significant economic benefits for cities large and small. Looking at data collected across numerous studies, along with the broad array of recent arts and culture plans and projects, one will likely conclude that the right strategy and implementation approach—whether initiated by the public sector or by private interests—can result in significant increases in property values, revenues, and jobs.

What is not obvious, however, and rightfully should be the subject of greater investigation is what constitutes this elusive “right” strategy for a given city or region. There are myriad examples of major investments in grand new cultural facilities that have not yielded the hoped-for results (e.g., California’s Escondido Center for the Arts). Also for further investigation is the question of what funding approaches have demonstrated the most success in encouraging long-term commitment to arts development and promoting arts patronage. It is well established that simply creating venues is not enough, since it is the quality of programming that determines whether patrons will return on a regular basis.

As expected, a review of the research and case studies does not reveal one solution that fits all situations; but, for the keen observer, there are clues that can lead to successful projects.

The most comprehensive study of the economic impact of arts investment—at least for the nonprofit arts sector—was conducted by Americans for the Arts, a national nonprofit organization with offices in New York City and Washington, D.C. In its most recent report (*Arts and Economic Prosperity III*), the

Ray Street, a narrow one-way street in San Diego’s North Park neighborhood, is home to a number of small galleries and craft stores.



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Starting in 2001, a few shop owners, with the help of North Park Main Street (the North Park BID) in San Diego's North Park neighborhood, created Ray at Night (right), a once-a-month celebration of art, music, craft, and local food and beer. What started modestly has now become a major cultural draw of more than 1,500 people. The event moved to a new artistic level in December 2010 with the addition of a light show that "paints" the buildings and is dubbed the Ray of Light Festival.



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organization concludes that "the key lesson from *Arts and Economic Prosperity III* is that communities that invest in the arts reap the additional benefits of jobs, economic growth, and a quality of life that positions those communities to compete in our 21st-century creative economy." The numbers impress: the nonprofit arts and culture industry generates \$166.2 billion in economic activity annually and is responsible for 5.7 million full-time jobs in the United States. Moreover, this industry generates nearly \$30 billion in revenue for federal, state, and local governments every year. When one considers that these three levels of government spend less than \$4 billion annually to support the arts, one cannot help but be impressed with the more than seven-to-one leverage.

Several leading thinkers have argued that focusing only on the nonprofit arts sector is too narrow to capture the full economic benefits of a creativity-driven investment strategy. Richard Florida's work on the creative economy and Daniel Pink's discussion of the conceptual age both make the case that investment in creative industries, and fostering the conditions that attract creative people, are the key determinants for success in the 21st-century economy. As Christopher Farrell, contributing economics editor for *Business Week*, put it, "The more creative types working in a regional economy, the better is its outlook for improved earnings, productivity, and competitiveness."

When one moves beyond the data and the theories, what become most instructive are the actions that cities, nonprofit groups, and developers—often in partnership—are taking in pursuit of establishing their creative credentials.

Miami today is a hotbed of creativity—from contemporary art and architecture, to design, to food—and seemingly everyone is taking cues from this highly diverse and cosmopolitan city. But it was not always so. A generation ago, Miami was struggling with ethnic tensions, a sluggish economy, and a lingering perception of a tropical playground that had seen better days. What happened? The private sector discovered "gold" in the tarnished but still beautiful art deco hotels in South Beach. This renaissance led

to a growing tourist business, a return of yesteryear's glamour, and a wealthy international crowd to the beachfront and, in 2000, a bright idea for an art fair.

The success of a handful of Miami collectors in convincing the directors of Art Basel (the most prestigious art fair in the world) to locate a second fair in Miami has drastically changed the fate of the city. Since 2002, the year Art Basel Miami opened, it has become an economic engine of unprecedented size and power. In 2009, the 40,000 attendees during the five-day event generated almost \$500 million of economic activity for the region through hotel stays and retail/restaurant expenditures—and this does not even include what they spent on the artwork.

Moreover, the fair has now generated 15 to 20 satellite fairs that have been the primary stimulus to the revitalization of the Wynwood District. This is a district of light-industrial buildings and warehouses that, with the participation of urban developers Tony Goldman and David Lombardi, has gone from virtually abandoned ten years ago to today housing 90-plus galleries, multiple restaurants, and several private collections.

One of the key participants in both the rebirth of South Beach and attracting Art Basel, developer Craig Robins, has also been the driving force behind the Miami Design District. Robins assembled several blocks of decayed and unused buildings a few miles north of Wynwood and created a district of interior design studios, restaurants, retail uses, and public art and open spaces. It also is home to one of the most successful magnet schools in Miami: DASH, Design and Architecture Senior High. Finally, he partnered with Art Basel again in 2006 and created Design Miami, now the most important design show in North America.

At a very different scale is the leadership shown by the city of Boston in developing artist housing. "Boston has become a beacon for displaced and emerging artists thanks to the city's innovative housing program. The Artist Space Initiative [ASI] is dedicated exclusively to artist housing issues, from surveying artist needs in live/work units to imple-



Three unused warehouses were transformed into 33 low-cost artist studio spaces and five live/work spaces in downtown San Diego's East Village (left). In July 2010, Space 4 Art opened with a huge street party, celebrating a successful community partnership of 95 percent donated time and materials and 100 percent occupancy (far left).

menting zoning tweaks that allow them to reside in industrial areas,” according to Heidi Burbidge, ASI’s senior project manager. The ongoing success of Boston’s Center for the Arts, organized in 1970 to provide artists with affordable studios while injecting life into the run-down South End, is further evidence of the wisdom of this strategy. What was once a struggling neighborhood is now alive with the Boston Ballet and the participation of multiple arts organizations.

The New York City-based Ford Foundation has enthusiastically endorsed the provision of artist housing as an economic development tool. With its recent announcement of a \$100 million, ten-year grant to support arts spaces and housing, the foundation says it is making “an investment in the creative energy of America, to help artists and arts organizations develop vibrant cultural spaces even in times of economic hardship.” According to Luis Ubinas, president of the foundation, “We also believe that this investment in arts infrastructure will advance the well-being of our communities because artists and art spaces can play a significant role in boosting local economies.”

In 1989, Denver was a cultural backwater. That year, voters approved creation of the Scientific and Cultural Facilities District (SCFD) and a 0.01 percent sales tax that was intended to boost the city’s profile in the arts. The results from this dedicated revenue source have been dramatic, as reported by the 2008 Colorado Business Committee for the Arts’ *Economic Activity Study of Metro Denver Culture*:

- ▷ The \$42 million in 2007 SCFD funds catalyzed nearly \$1.7 billion in total economic activity in the region;
- ▷ Nearly \$331 million was generated from cultural tourism; and
- ▷ Taxes paid in 2007 from arts, cultural, and scientific nonprofits totaled \$21.3 million.

Denver now consistently ranks as one of the most desirable places in the country to live, and arts and cultural offerings are always cited as one of the most important contributors.

Further examples of civic arts-directed investment include Philadelphia, which has created a cabinet-level position of chief cultural officer in order to better

coordinate the city’s wide variety of arts initiatives, and Dallas, which can now boast about the addition of the AT&T Performing Arts Center to its already vibrant arts district. And no survey of culture-driven strategies would be complete without a mention of Chicago’s Millennium Park. This nearly \$500 million public/private investment featuring two world-class art pieces and exceptional architecture has become an economic engine—estimated to add \$1.4 billion in value to the adjacent real estate over the next ten years—and a major source of community pride.

These divergent cases underscore the notion that there is no one arts investment strategy that fits every situation. Indeed, perhaps the most important take-away is that thoughtful planning involving a wide array of stakeholders is a prerequisite to achieving civic and economic goals. A paper recently completed by Ann Markusen and Ann Gadwa for the National Endowment of the Arts, titled “Creative Placemaking,” does distill six discreet conditions needed for success:

- ▷ Prompted by an initiator with innovative vision and drive;
- ▷ Tailors strategy to distinctive features of place;
- ▷ Mobilizes public will;
- ▷ Attracts private sector buy-in;
- ▷ Enjoys support of local arts and cultural leaders; and
- ▷ Builds partnerships across sectors, missions, and levels of government.

These emerge from the authors’ 20 years of research on public/private arts development initiatives and the multiple case studies in the report.

In the current climate of reduced resources, it seems prudent to some policy makers to cut spending on “frills” like arts and culture. This inclination, however, is wrongheaded. The evidence, both academic and practical, strongly suggests that those communities that continue to invest in their creative appeal will fare much better economically than those that do not. **UL**

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