

**Arts Districts as a Tool  
for Community Revitalization and Economic Development**

## INTRODUCTION

Since the close of the last century, scholars have heralded a fundamental shift in economies where creative capital becomes dominant over traditional manufacturing industry. In a world that is shifting to the output of the mind, old notions about where businesses must locate are changing as well.

The creative economy includes businesses that create intellectual property such as music, software, graphic design and publishing. These types of businesses are cited by economists as the reason for the resurgence of American competitiveness in the global economy in the last part of the twentieth century.<sup>1</sup> Freed from concerns of locating near supplies or markets by technology, these businesses are free to locate wherever they wish. Noticing that the creative economy was disproportionately concentrated in certain communities,<sup>2</sup> researchers have labored to create a model framework of characteristics that would attract the creative economy to their city.

A model that emerged and was embraced in places like Paducah, Kentucky; Baltimore, Maryland; and Allentown, Pennsylvania was to use a designated arts district to cultivate diversity, nurture a culture of creativity, and retain an authentic sense of place. This strategy replaced building industrial infrastructure and attracting manufacturing as the economic development focus in these risk-taking and forward-thinking small towns and large cities.<sup>3</sup> Now that seven to ten years have elapsed since they began their efforts, it is possible to see what success they have had in developing their attractiveness to the creative economy.

Paducah, Kentucky, a city with a population of 26,000 established an arts district in 2002 and worked to attract artists and creative businesses. In 2007, a study commissioned by the City found that the annual economic impact exceeded \$39 million and provided for over 800 full-time jobs.<sup>4</sup> The same organization completed a study for Baltimore and found an economic impact of over \$154 million<sup>5</sup> in the larger city. Baltimore's Station North Arts District has evolved into a center for "music and performance."<sup>6</sup> and they are currently studying the establishment of another arts district.<sup>7</sup> Allentown's Arts District has served as the catalyst for revitalization and an impact of \$139 million annually for the Lehigh Valley Region.<sup>8</sup>

An arts district is a targeted area within a community that possesses the basic resources of buildings, land, streets and other public spaces. In establishing a district, the local stakeholders will choose this discrete area to be the focus of planning and incentives that will have a positive impact within the district and beyond its borders into the rest of the community and region. Most successful districts have combined the need for revitalization with those raw materials that can be transformed to embrace the vision of a creative community.

Local stakeholders from government, nonprofits, arts and business must agree on what their assets are and define a clear vision of what is to be achieved. Together they must implement strategies appropriate to their community that will be effective in realizing their shared vision.

We will examine the characteristics that are found in successful creative communities, the local stakeholders who are critical to achieving success, and strategies and incentives that have been used to bring results for successful arts districts.

## **CHARACTERISTICS OF A SUCCESSFUL CREATIVE COMMUNITY**

In 2003, a group of representatives from 48 cities met in Memphis to discuss the characteristics of communities that realize their full potential of creative ideas.<sup>9</sup> The result of that meeting was a declaration of ten principles to guide communities. These principles, known as the Memphis Manifesto, are strategies that will create what it called “the creative ecosystem” of “art and culture, nightlife, the music scene, restaurants, artists and designers, innovators, entrepreneurs, affordable spaces, lively neighborhoods, spirituality, education density, public spaces and third places.”<sup>10</sup>

The Manifesto further encouraged communities to improve their negatives and invest in the “quality of place”<sup>11</sup> focusing on public spaces and the built environment, while being mindful of their own uniqueness. The successful creative community will have quality schools, attractive public spaces, areas of high density where arts, culture and creative institutions are close together with other businesses and housing. Poverty will be actively addressed and not geographically concentrated. Ample affordable housing will allow for economic diversity. It will be a community where the arts and innovation are celebrated and encouraged as a matter of civic pride.

The end result of a successful creative community will be one that has a large number of artists and other creative types living and working within the community. This creative density will foster the growth of support businesses within the service economy and sustain those already in place.

## **STAKEHOLDERS**

The stakeholders of the Arts District are those entities that exist within the district and surrounding community that are in a position to influence outcomes and benefit from the successful realization of an Arts District's goals. Stakeholders for an Arts District can include:

- Artists, arts organizations and creative businesses already in place
- Property owners
- Government Stakeholders
  - Village
  - Town

- County
  - Convention and Visitor's Bureau
  - Industrial Development Agency
  - State Agencies, especially those with Economic Development and Cultural goals
  - Federal Agencies
- Major employers
- Education
  - Public Schools
  - Private Schools
  - Community Colleges
  - Colleges and Universities
- Nonprofit groups

### **IDENTIFYING THE DISTRICT**

The arts district needs to be clearly defined with delineated borders and an inventory of all the assets within. Each property within the district should be listed and its place within the district evaluated, whether it adds to the quality or has characteristics that detract from the desired qualities. Characteristics to be examined should include the physical condition, present use and potential.

Existing businesses and institutions within the district should be inventoried as well. These entities are important stakeholders in the outcome of the district's success or failure. Once the district is identified, stakeholders must decide on strategies and incentives to use to transform the district.

### **STRATEGIES TO ENCOURAGE THE RELOCATION OF ARTISTS AND ARTS-RELATED BUSINESSES TO THE DISTRICT**

#### **Create a steering committee**

Although the control over various aspects of arts district implementation resides within government and the property owners, a nonprofit entity is typically created to allow a forum for stakeholders to meet and exchange ideas about the arts district.

The forum of a steering committee is best used to review ideas and strive for unity of purpose that is critical to achieving success. Representatives from all stakeholder groups should be sought to serve.

#### **Announce and publicize intent**

The simple act of declaring that the arts are important to a community and publicizing the creation of an arts district is an important part of beginning. Some artists simply want to locate themselves in a place where the arts are appreciated.

### **Create an identity and branding**

Creating an identity, a brand image, for the arts district is part of the important work of communicating this intent to the public and existing stakeholders. Use of a logo, themes and incorporating the message into existing communication channels for the community begins to get the word out.

### **Remove regulatory barriers**

Ensure that zoning allows live/work configuration for an artist to live in the same building or space as their studio. Make other regulatory changes as needed so as not to be barriers for any desired uses of district resources.

### **Seek legislative support**

An important advantage that some communities have been able to utilize in the establishment of their arts districts are special regulatory assistance passed by their state legislatures. Special regulatory assistance can include sales tax exemptions for qualified businesses, tax credits, property tax relief and model ordinances for local governments to adopt. These types of state-wide incentives have already been adopted in Maryland and Rhode Island.

### **Encourage existing stakeholders within the district and greater community**

Identify stakeholders who already fit the targeted demographic of an artist or creative business. Contact these artists, arts organizations and creative businesses already in place, collect their input and encourage them to reach out within their professional and artistic networks to others that may wish to relocate to the arts district.

### **Create a beautiful district**

Identify opportunities to beautify the arts district through investment in public art, streetscape improvements, removing problems, and improving the appearance of buildings.

Costa Mesa, California invested in public art as a means of highlighting their Theater & Arts District. Sculpture by artists like Henry Moore and Joan Miró delight visitors and residents alike when they visit.<sup>12</sup>

Other types of beautification can include facade improvement grants and loans. These tools allow owners to improve the appearance and value of their property and the district as a whole. Streetscape improvement through more attractive signage, hidden utilities and other elements have been key in Allentown, Pennsylvania and the Dallas Arts District.<sup>13</sup>

### **Affordable housing and property acquisition incentives**

Ensuring that artists can find housing within the district can be one of the most powerful incentives a community can use in promoting their arts district.

Strategies can include use of the existing government affordable housing programs, land banking, down payment assistance, low interest loans, historic preservation tax credits, grants and other tools.

This type of strategy has been the cornerstone of success in Paducah, Kentucky. Their city sponsored Artist Relocation program sparked \$30 million in private investment over ten years and attracted 70 artists into dilapidated historic buildings which the artists purchased and restored.<sup>14</sup>

**Bargain sales**

Nonprofit or government entities acquire properties to sell to buyers that meet targeted criteria at below market rate prices.

**Targeted fund for tax credit investment**

A fund is established to serve as investor in tax credit projects that further the goals of the arts district. The fund would be able to invest in smaller scale projects that are not as attractive to the standard tax credit investment market.

**Community land trust**

A nonprofit entity purchases and manages land for residents and stakeholders. The primary benefit is to preserve affordability and mitigate individual risk.

**Rent stability**

Artists who relocate to a successful district can find themselves priced out of their spaces as market conditions improve as a result of the arts district attaining its goals. A farsighted approach to preserving the stability of the arts district dictates that any leases executed in furtherance of the district's goals be long term to allow for rent stability.

**Create an environment that celebrates the arts**

Promoting the arts district's identity through events can build support and have its own economic impact. Festivals and fairs have been used with great success in promoting the arts-related goals of other communities. Events of this type can create synergy between artists and their audience, where new artists come to experience or take part and later decide to relocate. For other attendees, a festival can cement the reputation of a place for creative-minded consumers.

Asheville, North Carolina established their River Arts District in a depressed area along the French Broad River near downtown. Soon after, they created HandMade: The Western North Carolina Craft, Architecture and Design Expo as a means of promoting the district and Asheville's arts reputation.<sup>15</sup>

The Oregon Shakespeare Festival in Ashland, Oregon is so successful that it has become the town's identity and single largest driver of its economy. Running for nine months each year,

it brings tourists from across the country and supports several theaters and other cultural institutions.<sup>16</sup>

### **Protect historic resources**

Identifying and promoting the rehabilitation of historic buildings within the district is a time-tested strategy for enhancing your district's distinctiveness and attracting the creative economy. This idea was neatly phrased “new ideas must use old buildings.”<sup>17</sup> by Jane Jacobs in her landmark study of American cities in the 1960's.

Historic industrial buildings, homes, schools and main street buildings are all easily adaptable to fit the needs of artists live/work space, performance space, gallery and retail use, offices and studios. Finding technical assistance for these historic resources can help bring into play all of the financial incentives and tools that are available for them.

### **Protect the future**

Ensure that the long-term goals of the arts district are preserved in the future. Special attention should be paid to protecting the role of the district properties, to ensure that their use does not change to be incompatible with the district's goals. When offering a property to a targeted creative enterprise, tools such as deed restrictions or guaranteed buy-back provisions should be employed.

## **FUNDING**

Funding is required to make the strategic investments necessary to create a vibrant arts district. Here are some of the sources used in other communities:

### **Existing budgets**

The goals and obligations of stakeholders may be aligned with the goals of the arts district. Government entities already have funding for economic development, culture and infrastructure. The steering group should work to leverage a fair share of investment for the arts district. Because of the coordinated efforts of the arts district, each investment can have a greater impact. Officials should see the potential for the power of the creative economy, through the tool of an arts district to enhance and further their agency's mission.

In the case of San Jose, California, their public transportation agency had funds budgeted for beautifying their buses and bus stops. Through the power of their local arts district initiative, they commissioned local artists to create works of art. Their investment tripled, for not only did they beautify their network, they employed artists, created public arts, and advanced San Jose's reputation as a cool place for the arts.<sup>18</sup>

In-kind contributions by stakeholders are also a critical means of leveraging operating funds. For example, landfills are less stressed and see reduced demand from the historic rehabilitation activities that arts districts typically foster.<sup>19</sup> Some waste agencies have reduced tipping fees for rehabilitation projects or offered other types of support.

Non government stakeholders may also be in a position to assist with direct funding from community investment funds or through in-kind contributions.

### **Percent for art**

Local governments have enacted laws requiring that a percentage of the capital costs of a construction project be set aside for public use for art. Typically, artists are commissioned to create works of art for public spaces.<sup>20</sup>

### **Fundraising**

Funds can be raised through direct fundraising efforts from private citizens towards targeted efforts such as a particular project or program.

### **Government aid programs**

Funds may be obtained through a competitive process for various government agency programs.

Community Development Block Grants (CDBG) have been used for targeted blight removal, environmental abatement projects in historic buildings, land acquisition and for facade improvement purposes.



## APPENDIX I

### **The Memphis Manifesto**

- 1) Cultivate and reward creativity. Everyone is part of the value chain of creativity. Creativity can happen at anytime, anywhere, and it's happening in your community right now. Pay attention.
- 2) Invest in the creative ecosystem. The creative ecosystem can include arts and culture, nightlife, the music scene, restaurants, artists and designers, innovators, entrepreneurs, affordable spaces, lively neighborhoods, spirituality, education, density, public spaces and third places.
- 3) Embrace diversity. It gives birth to creativity, innovation and positive economic impact. People of different backgrounds and experiences contribute a diversity of ideas, expressions, talents and perspectives that enrich communities. This is how ideas flourish and build vital communities.
- 4) Nurture the creatives. Support the connectors. Collaborate to compete in a new way and get everyone in the game.
- 5) Value risk-taking. Convert a "no" climate into a "yes" climate. Invest in opportunity-making, not just problem-solving. Tap into the creative talent, technology and energy for your community. Challenge conventional wisdom.
- 6) Be authentic. Identify the value you add and focus on those assets where you can be unique. Dare to be different, not simply the look-alike of another community. Resist monoculture and homogeneity. Every community can be the right community.
- 7) Invest in and build on quality of place. While inherited features such as climate, natural resources and population are important, other critical features such as arts and culture, open and green spaces, vibrant downtowns, and centers of learning can be built and strengthened. This will make communities more competitive than ever because it will create more opportunities than ever for ideas to have an impact.
- 8) Remove barriers to creativity, such as mediocrity, intolerance, disconnectedness, sprawl, poverty, bad schools, exclusivity, and social and environmental degradation.
- 9) Take responsibility for change in your community. Improvise. Make things happen. Development is a "do it yourself" enterprise.
- 10) Ensure that every person, especially children, has the right to creativity. The highest quality lifelong education is critical to developing and retaining creative individuals as a resource for communities.

## APPENDIX II

### Selected Arts Districts

Allentown, PA	<a href="http://www.allentownpa.gov">www.allentownpa.gov</a>
Arnaudville, LA	<a href="http://www.johnfrancisregis.net/etouffee_festival.html">www.johnfrancisregis.net/etouffee_festival.html</a>
Asheville, NC	<a href="http://www.riverartsdistrict.com/">http://www.riverartsdistrict.com/</a>
Ashland, OR	<a href="http://www.ashland.or.us/CCBIndex.asp?CCBID=212">http://www.ashland.or.us/CCBIndex.asp?CCBID=212</a>
Cleveland, OH	<a href="http://www.gordonsquare.org/">http://www.gordonsquare.org/</a>
Costa Mesa, CA	<a href="http://www.ci.costa-mesa.ca.us/CMOpenPage.htm?pg=commissions&amp;hl=cultural-arts-committee">http://www.ci.costa-mesa.ca.us/CMOpenPage.htm?pg=commissions&amp;hl=cultural-arts-committee</a>
Cumberland, MD	<a href="http://www.alleganyartscouncil.org/static.php?page=208">http://www.alleganyartscouncil.org/static.php?page=208</a>
Dallas, TX	<a href="http://www.thedallasartsdistrict.org/">http://www.thedallasartsdistrict.org/</a>
Fort Collins, CO	<a href="http://www.downtownfortcollins.org/">http://www.downtownfortcollins.org/</a>
Maryland Arts & Entertainment Districts	<a href="http://www.msac.org/artsandentertainment">http://www.msac.org/artsandentertainment</a>
North Hollywood, CA	<a href="http://nohoartsdistrict.com/joomla/">http://nohoartsdistrict.com/joomla/</a>
Paducah, KY	<a href="http://www.paducahalliance.org/">http://www.paducahalliance.org/</a>
Philadelphia, PA	<a href="http://www.avenueofthearts.org/">http://www.avenueofthearts.org/</a>
Pittsburgh, PA	<a href="http://www.culturaldistrict.org/">http://www.culturaldistrict.org/</a>
Providence, RI	<a href="http://www3.providenceri.com/ArtCultureTourism">http://www3.providenceri.com/ArtCultureTourism</a>

## APPENDIX III

### Distribution of Artists in Selected Industries, United States, 2000

Industry	Total Artists	Artists as % of Industry	Total Employment
Independent artists, performing arts	259,066	45.3	571,645
Other professional, scientific, technical services	64,536	22.8	283,636
Sound recording industries	7,700	20.0	38,428
Motion pictures and video industries	55,403	17.9	309,204
Radio and television broadcasting and cable	61,263	10.4	590,482
Toys, amusement, sporting goods manufacturing	12,685	9.4	135,414
Specialized design services	22,785	8.4	271,541
Advertising and related services	36,048	6.6	544,099
Publishing, except newspapers and software	23,545	5.6	418,578
Religious organizations	55,362	5.6	991,520
Drinking places, alcoholic beverages	11,284	5.1	219,437
Newspaper publishers	21,240	4.2	508,928
Cultural Industries		630,917	4,882,912

Source: Markusen, Data from Census Public Use Microdata Sample

## ENDNOTES

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- 9 Taylor, 3.
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- 15 Markusen, 14.
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- 17 Jacobs, Jane, *The Death and Life of Great American Cities* (New York: Random House, 1961) 268.
- 18 Markusen, 30.
- 19 U.S. Department of the Interior, *Measuring the Economic Impact of Federal Historic Properties* (Washington: National Park Service) 29.
- 20 City of New York, Percent for Art Program [<http://www.nyc.gov/html/dcla/html/panyc/panyc.shtml>] retrieved April 2, 2011.