



Downtown Idea Exchange

Essential Information for Downtown Revitalization

June 2011

Perspectives

Arts development a wise investment

by David Malmuth

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 private interests — can result in significant increases in property values, revenues and jobs.

The most comprehensive study of the economic impact of arts investment — at least for the nonprofit arts sector — is conducted by Americans for the Arts, a national non-profit. In their most recent report, *Arts and Economic Prosperity III*, they conclude 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 twenty-first-century creative economy.” The numbers are impressive: 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 to 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 7:1 leverage.

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

The success of a handful of Miami art collectors in convincing the directors of Art Basel (the most prestigious art fair in the world) to locate a second fair in Miami has dramatically changed the course of that City. Since Art Basel Miami opened in 2001, it has become an economic engine of unprecedented size and power. Last year, 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 doesn't even include what they spent on the artwork.

Moreover, the fair has now generated 15-20 satellite fairs which have been the primary

Those with communities that continue to invest in their creative appeal will fare much better economically than those that do not.

This article was reprinted from the June 2011 issue of *Downtown Idea Exchange*.

Interested readers may subscribe to the monthly newsletter by visiting <http://www.downtowndevelopment.com> or phoning (973) 265-2300.

© 2011 Alexander Communications Group, Inc. All rights reserved.

No part of this article may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise without the prior written permission of Alexander Communications Group.

stimulus to the revitalization of the Wynwood District. This is a district of light industrial buildings and warehouses which, with the participation of urban developers, has gone from virtually abandoned 10 years ago to today housing over 90 galleries, multiple restaurants, and several outstanding private collections.

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 implementing 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.

In 1989, Denver was a cultural backwater. That year, voters approved a 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 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.

An important paper recently completed by Ann Markusen and Ann Gadwa for the National Endowment for the Arts, *Creative Placemaking*, distills six discrete conditions needed for success in arts-driven investment. These emerge from their 20 years of research on public/private arts development initiatives and the multiple case studies in the report. The six principles are:

- 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.
- Builds partnerships across sectors, missions, and levels of government.

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 with communities that continue to invest in their creative appeal will fare much better economically than those that do not.

David Malmuth is president of David Malmuth Development, a San Diego-based company specializing in “creating art-inspired places that transform communities.” The author may be contacted at (619) 823-3290 or david@davidmalmuthdevelopment.com. **DIX**