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# Culture and Urban Revitalization

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June 2007

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Does creativity have a pay-off for distressed cities?

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# Answer #1: The arts are a major economic engine for urban economies

*The findings from Arts & Economic Prosperity III send a clear and welcome message: leaders who care about community and economic development can feel good about choosing to invest in the arts*

**ROBERT L. LYNCH**

President and CEO, Americans for the Arts

## **ECONOMIC IMPACT OF THE NONPROFIT ARTS & CULTURE INDUSTRY (2005)**

(expenditures by both organizations and audiences)

Total Expenditures	<b>\$ 166.2 billion</b>
Full-Time Equivalent Jobs	<b>5.7 million</b>
Resident Household Income	<b>\$ 104.2 billion</b>
Local Government Revenue	<b>\$ 7.9 billion</b>
State Government Revenue	<b>\$ 9.1 billion</b>
Federal Income Tax Revenue <sup>1</sup>	<b>\$ 12.6 billion</b>

Source: Americans for the Arts, The Arts and Economic Prosperity III (2007).

<http://www.americansforthearts.org/EconomicImpact>

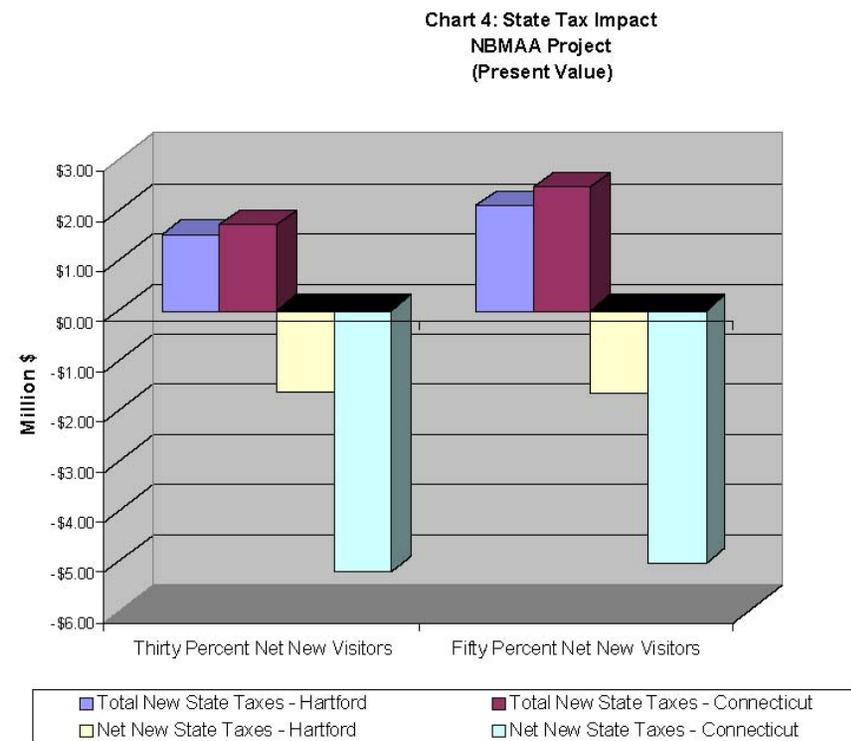
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## Not so fast: did you ever hear of “substitution effects”?

- Most culture is *produced* and *consumed* locally
  - Local jobs and consumer expenditures in the arts don't really **add** to the local economy. If it weren't for the arts, they would occur in another sector
  - Economic impact only matters when you *export* cultural production or *import* cultural consumers
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# Whoops: Some big ticket cultural events could have negative economic impact

- High profile “festivals”:  
much of economic impact  
may leave town with the  
performers
- New Britain museum  
expansion study:
  - CT personal income: Up \$  
3.2 million per year
  - \$9 million capital  
expenditure → bond service
  - Net tax loss for CT:  
\$470,000



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## Answer #2: The Creative Economy

- Reconceptualize creative economy broadly
  - Include both commercial and nonprofit art
  - Focus on aggregate impact on urban employment and production
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	NAICS Code	Industry	People Working Within Firms With Employees	People Working Within Firms Without Employees (Sole Proprietors)	Total
<b>Publishing</b>	5111	Publishing		3,747	3,747
	51111	Newspaper publishers	11,845	0	11,845
	51112	Periodical publishers	22,036	0	22,036
	51113	Book publishers	13,080	0	13,080
	51119	Other publishers	1,911	0	1,911
<b>Film and Video</b>	5121	Motion picture & video industries		3,761	3,761
	51211	Motion picture & video production	5,825	0	5,825
	51212	Motion picture & video distribution	1,958	0	1,958
	51219	Post-production & other movie & video industries	4,204	0	4,204
	<b>Music Production</b>	5122	Sound recording industries		908
51221		Record production	270	0	270
51222		Integrated record production, distribution	3,770	0	3,770
51223		Music publishers	904	0	904
51224		Sound recording studios	867	0	867
51229		Other sound recording industries	158	0	158
<b>Broadcasting</b>	51311	Radio broadcasting	4,332	0	4,332
	51312	Television broadcasting	14,956	0	14,956
	5132	Cable networks & program distribution	16,049	0	16,049
	51411	News syndicates	2,255	0	2,255
<b>Architecture</b>	54131	Architectural services	10,505	2,785	13,290
	54132	Landscape architectural services	302	140	442
<b>Applied Design</b>	5414	Specialized design services	11,226	9,569	20,795
	54192	Photographic services	2,886	4,303	7,189
<b>Advertising</b>	54181	Advertising agencies	26,765	4,745	31,510
	54185	Display advertising	1,367	0	1,367
	54186	Direct mail advertising	3,458	0	3,458
	54189	Other services related to advertising	1,585	0	1,585
<b>Performing Arts</b>	7111	Performing arts companies		1,764	1,764
	71111	Theater companies & dinner theaters	10,972	0	10,972
	71112	Dance companies	1,938	0	1,938
	71113	Musical groups & artists	9,271	0	9,271
	71119	Other performing arts companies	666	0	666
<b>Visual Arts</b>	45392	Art dealers	1,876	868	2,744
	71211	Museums	8,053	327	8,380
<b>Other</b>	7115	Independent artists, writers & performers in creative industries	3,337	46,844	50,181
<b>Total Workers in Creative Industries</b>			<b>198,627</b>	<b>79,761</b>	<b>278,388</b>

Using methods developed by Mount Auburn Associates, the Center for an Urban Future documented the role of the creative sector--including both nonprofit and for-profit organizations--in the New York economy.

SOURCE: County Business Patterns, 2002 and Non-employers Statistics, 2002, U.S. Census. [Table includes sole proprietors, or firms in which the proprietor is the sole worker. In the data source, this number is only tabulated for the top-level industrial code, not broken down as are numbers for firm-level employment.]

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# What is the claim?

- Creative New York: New York is “at risk” of losing its position as the creative capital (particular to NYC)
  - The creative sector is really, really big
    - At best: Is it as big as sports, casino gambling?
    - At worst: As the rest of a city’s economy declines, culture’s share will increase.
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## Answer #3: Attracting the ‘creative class’ is the key to economic development

- “Quality of labor” becomes more important in information economy
  - Increasingly, amenities of urban life are key for attracting workers
  - Is “creative capital” different from “human capital”?
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Three T's:  
technology,  
talent, tolerance

“The creative capital theory says that regional growth comes from the 3T's of economic development and to spur innovation and economic growth a region must offer all three of them.”

TABLE 14.1 Technology, Talent and Tolerance

<i>Technology (High-Tech Index)</i>	<i>Talent</i>	<i>Tolerance (Gay Index)</i>	<i>Creativity Index</i>
<b>Large Regions<sup>a</sup></b>			
1 San Francisco	Raleigh-Durham	San Francisco	San Francisco
2 Boston	Washington, D.C.	San Diego	Austin
3 Seattle	Boston	Los Angeles	Boston <sup>c</sup>
4 Los Angeles	Austin	Austin	San Diego <sup>c</sup>
5 Washington, D.C.	San Francisco	Seattle	Seattle
6 Dallas	Hartford	Sacramento	Raleigh-Durham
7 Atlanta	Atlanta	Washington, D.C.	Houston
8 Phoenix	Denver	Atlanta	Washington, D.C.
9 Chicago	Minneapolis	Minneapolis	New York
10 Portland	Dallas	Houston	Minneapolis
<b>All Regions<sup>b</sup></b>			
1 San Francisco	Santa Fe	San Francisco	San Francisco
2 Boston	Raleigh-Durham	San Diego	Austin
3 Seattle	Columbia MO	Los Angeles	Boston <sup>c</sup>
4 Los Angeles	Washington, D.C.	Austin	San Diego <sup>c</sup>
5 Washington, D.C.	Boston	Seattle	Seattle
6 Dallas	Gainesville, FL	Sacramento	Raleigh-Durham
7 Atlanta	Madison, WI	Madison, WI	Houston
8 Phoenix	Champaign-Urbana	Washington, D.C.	Albuquerque
9 Albuquerque	Austin	Atlanta	Washington, D.C.
10 Chicago	State College, PA	Minneapolis	New York

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# Now, everyone wants to be a creative-class Mecca

SEATTLE POST-INTELLIGENCER

[http://seattlepi.nwsource.com/lifestyle/207921\\_spokanegays.html](http://seattlepi.nwsource.com/lifestyle/207921_spokanegays.html)

## Spokane's 'creative class' plans to build a gay district

*Saturday, January 15, 2005*

By NICHOLAS K. GERANIOS  
THE ASSOCIATED PRESS

SPOKANE -- Gay activists in this staid Eastern Washington city are planning to create a neighborhood of gay-oriented homes, businesses and nightlife, which religious conservatives complain will be at odds with Spokane's family-oriented culture.

A gay district would signal that Spokane is tolerant and progressive, proponents contend, the type of community that can attract the so-called "creative class" that will build the economy of tomorrow.

"We're talking about an actual physical part of town we would like to establish as a gay district," said Marvin Reguindin, owner of a Spokane graphic design firm, who envisions an area similar to the Castro district of San Francisco or Capitol Hill in Seattle.

Community Impact Spokane, a network of evangelical Christians, is appalled.

Knight Creative Communities Initiative

**The Duluth Superior Area is honored to have been selected as one of three pilot communities nationwide to work with the Knight Creative Communities Initiative. This effort will work closely with nationally recognized social theorist, author and futurist speaker Dr. Richard Florida.**

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# Flies in the ointment

- A theory of regional competition for attracting the creative class—if Spokane wins, does Duluth lose?
- It really isn't about the arts —“the Creative Class is drawn to more organic and indigenous street-level culture.”
- Creative-class development generates inequality!

*Rising inequality is driven by the dynamics of the emerging creative system and does not promise to be self-healing. On the contrary, these dynamics perversely threaten to make the situation worse.”*

*Florida, Flight of the Creative Class.*

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## Answer #4: Production-driven cultural clusters

- Scott: design trades in LA
- Castells: milieu of innovation
- Porter: economic clusters

*“Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a nation or region. Clusters arise because they increase the productivity with which companies can compete. The development and upgrading of clusters is an important agenda for governments, companies, and other institutions. Cluster development initiatives are an important new direction in economic policy, building on earlier efforts in macroeconomic stabilization, privatization, market opening, and reducing the costs of doing business. “*

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## A cultural cluster approach is really about economic sociology

- Step out of standard economic concerns
- What are the social relations that spur innovation and investment
- Reinforces “creative economy” focus on production and cross-sector interactions

**A CULTURAL CLUSTER APPROACH LEADS TO A FOCUS ON SOCIAL IMPACTS**

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# Recent literature on social impacts

- Urban Institute
  - Broad definition of cultural sector
  - Focus on inclusion of historically marginalized population
  - Diversity of indicators
  - Strategies for data tracking

## Phenomena to be Tracked:

### Presence of Opportunities for Cultural Participation

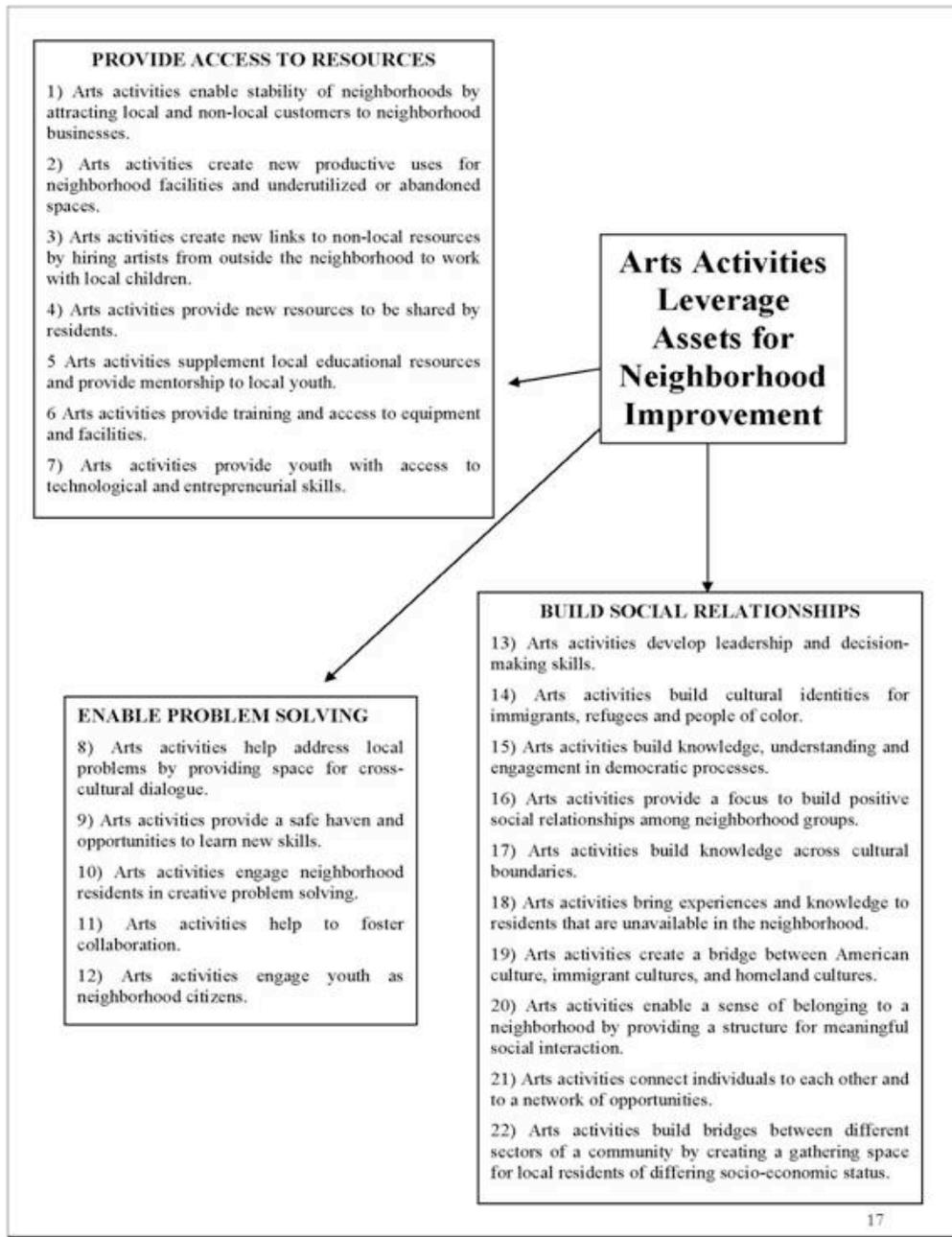
- Nonprofit, public, and commercial arts-related organizations (with a particular focus on size and function within the cultural and broader community context)
- Retail arts venues—bookstores, music stores, film theaters, craft and art supply stores
- Non-arts venues with arts and cultural programming—parks; libraries; ethnic associations, societies, and centers
- Festivals and parades
- Arts-focused media outlets (print and electronic, including web-based venues)
- Art schools

### Participation

- Amateur art making
- Collective/community art making
- K–12 arts education
- Arts after-school programs
- Audience participation
- Purchase of artistic goods (materials for making art as well as final arts products)
- Discourse about arts and culture in the media

### Support

- Public expenditures in support of the arts in all sectors (nonprofit, public, and commercial)
- Foundation expenditures in support of the arts (nonprofit, public, and commercial)
- Volunteering and personal giving to the arts
- Presence of working artists
- Integration of arts and culture into other policy areas and corresponding allocation of resources (e.g., community development, education, parks and recreation, etc.)

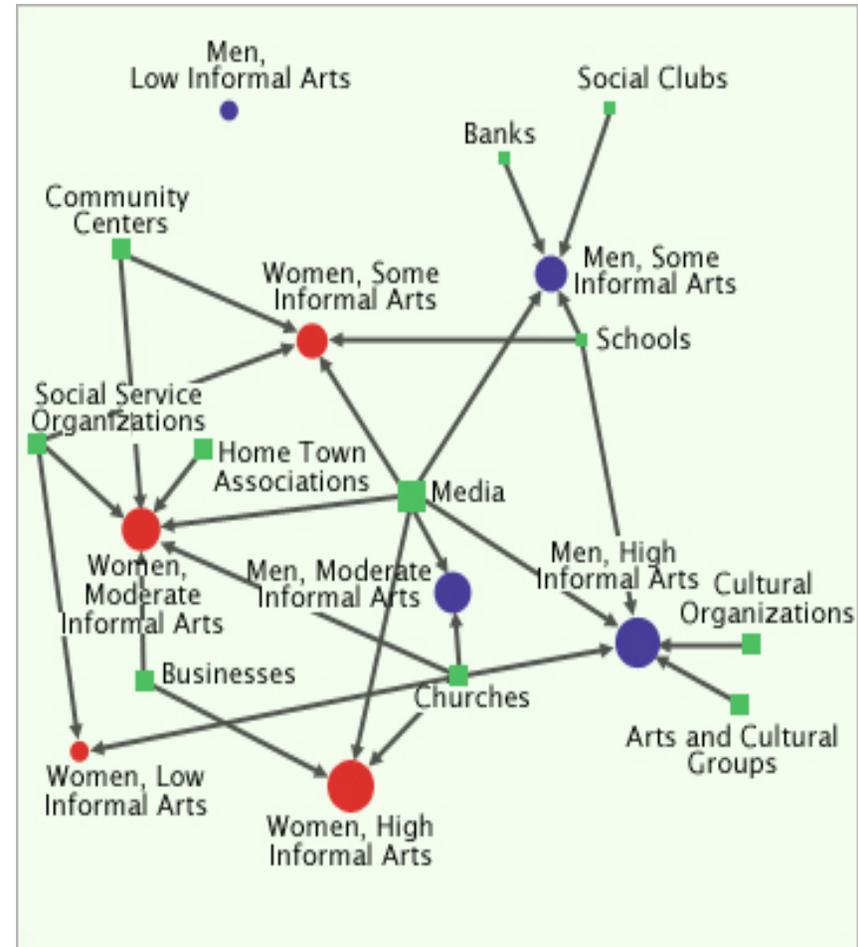


A recent study of small-budget cultural organizations in Chicago provides a summary of the ways these groups can improve their neighborhoods.

*Source: Gram and Warr 2003*

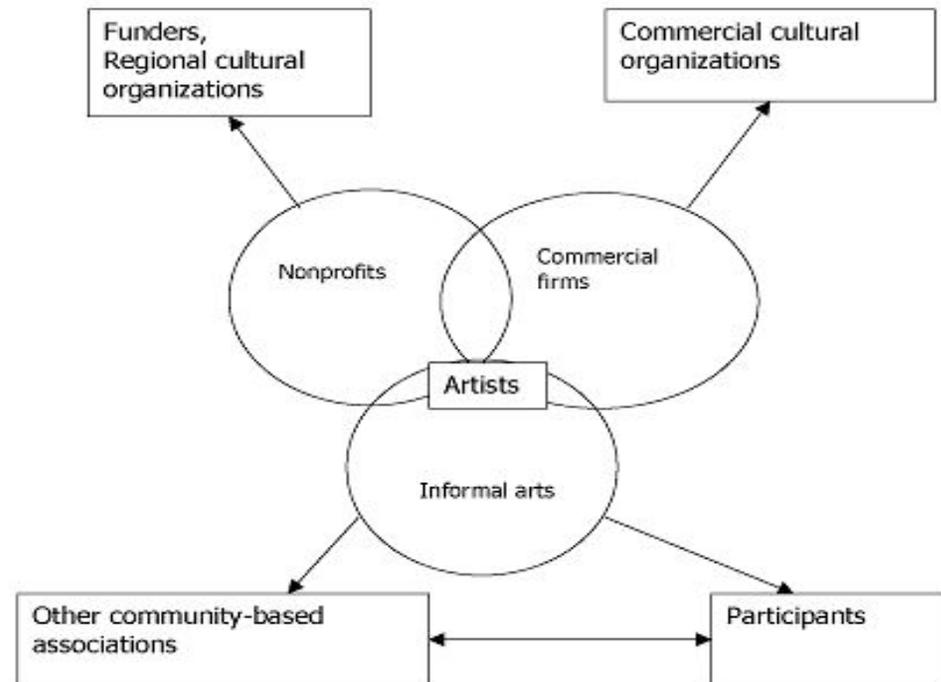
# Studies of informal sector: Chicago and Silicon Valley

- Structure of informal sector
  - Participatory activities, not professionally organized
  - Professional, irregularly employed
- Associated with immigrants and other “non-mainstream” populations: community-building
- Connections and barriers to formal arts world



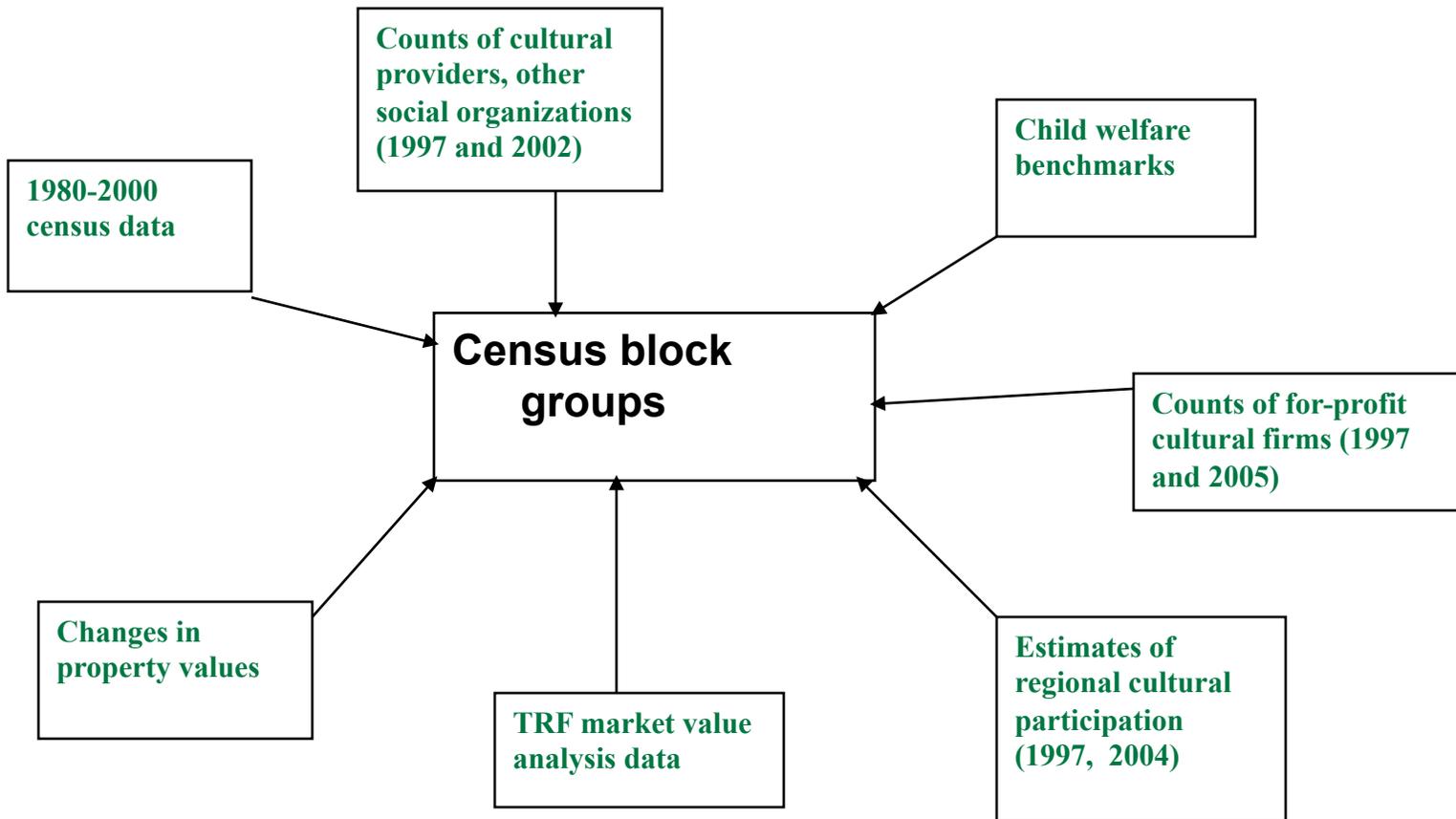
# An integrated ecological approach

- The basis of economic approach is the sociology of innovation
- Basis of social approach is flows of resources through networks
- Synthesis
  - Focus on social networks, *of which cultural districts are a particular type*
  - Include for-profit, nonprofit, informal sectors including independent artists
  - Examine opportunities for cultural production and cultural consumption



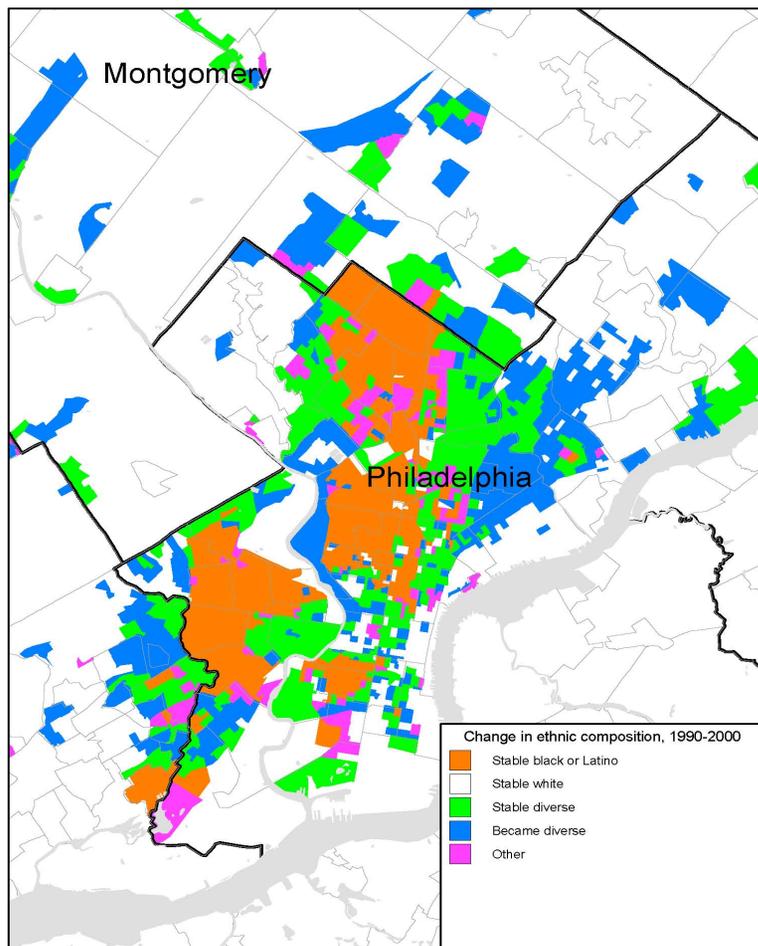
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# A Philadelphia story: SIAP has developed a database that allows us to systematically examine the connection of cultural indicators to other measures of neighborhood well-being

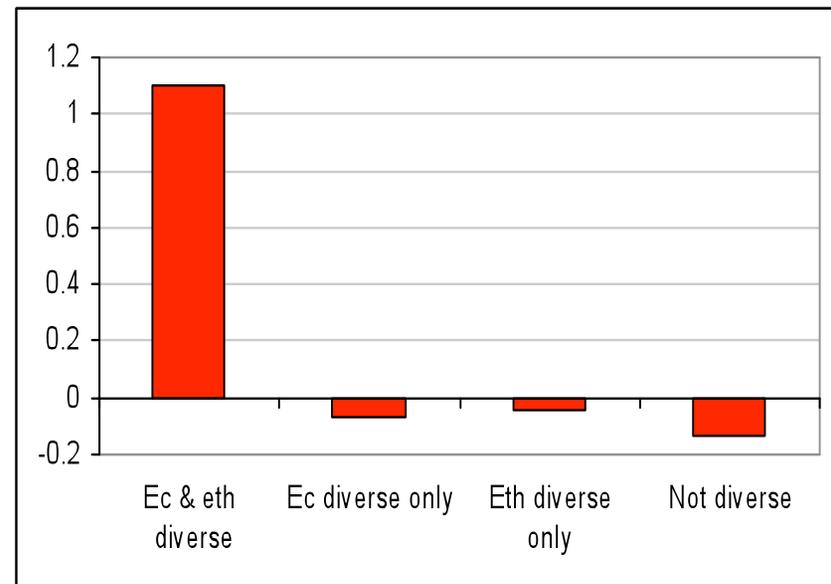


# Cultural engagement and social diversity are strongly related

Ethnic composition 1990-2000



Cultural asset index by economic and ethnic diversity, metro Philadelphia 2000.



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# The three social impacts of the arts

- **Increasing collective efficacy**

Cultural participation makes residents more willing to become involved in other issues in their community

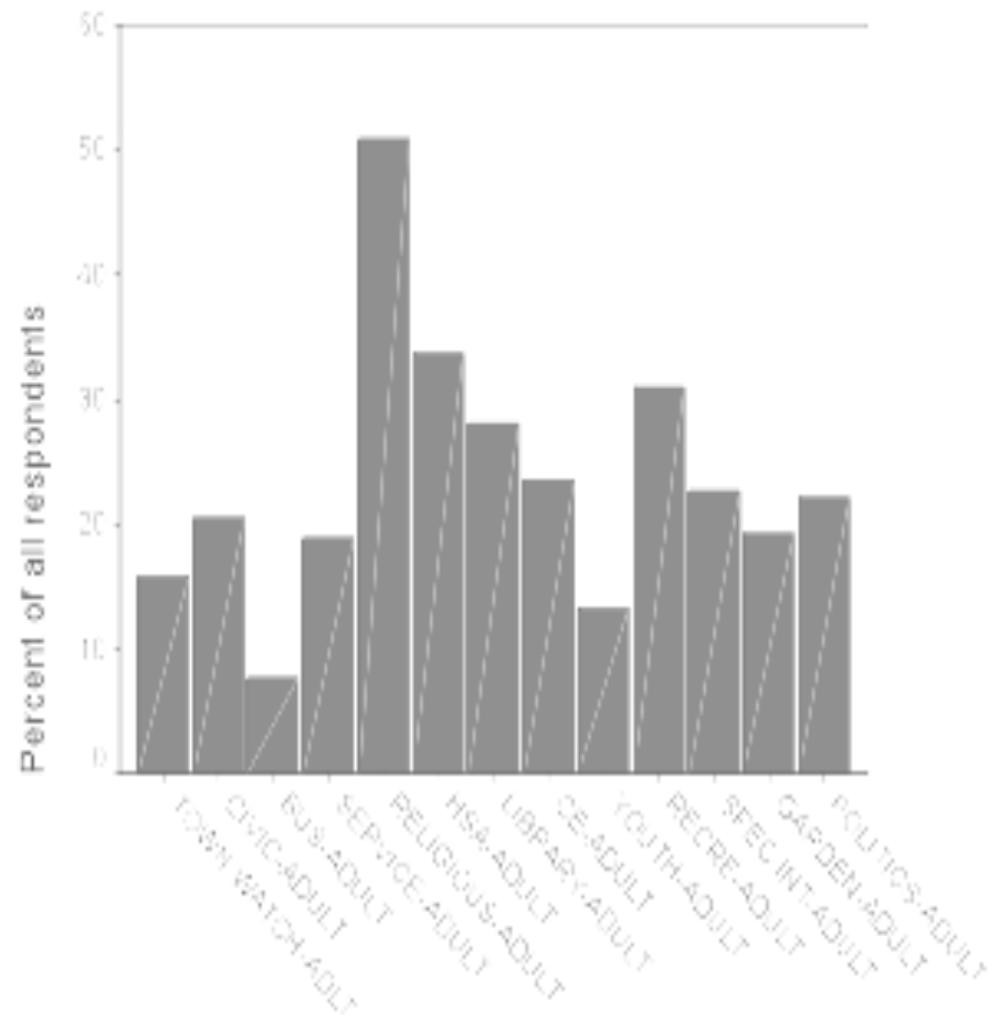
- **Building bridges across long-standing divides of ethnicity and social class**

Because cultural participants travel across the city, they build links between neighborhoods that have very few connections to one another

- **Natural cultural districts provide advantages to artists and other cultural producers**

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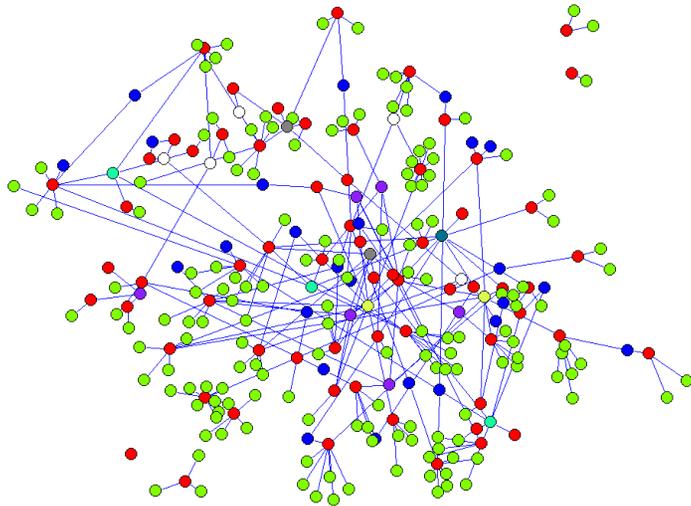
*Inside neighborhoods*, cultural participants are likely to engage in other types of civic activities. *Cross-participation* is critical to the enhancement of community civic capacity.



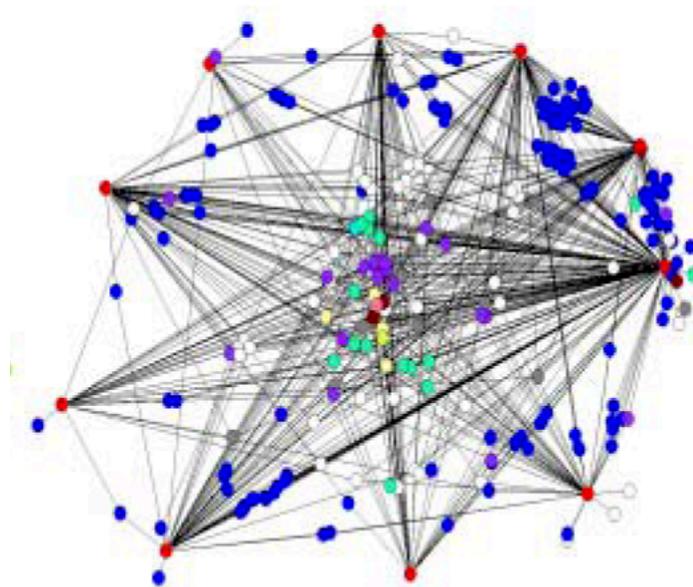
Source: SIAP community participation surveys, 1999

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# Cultural engagement builds networks inside and between neighborhoods



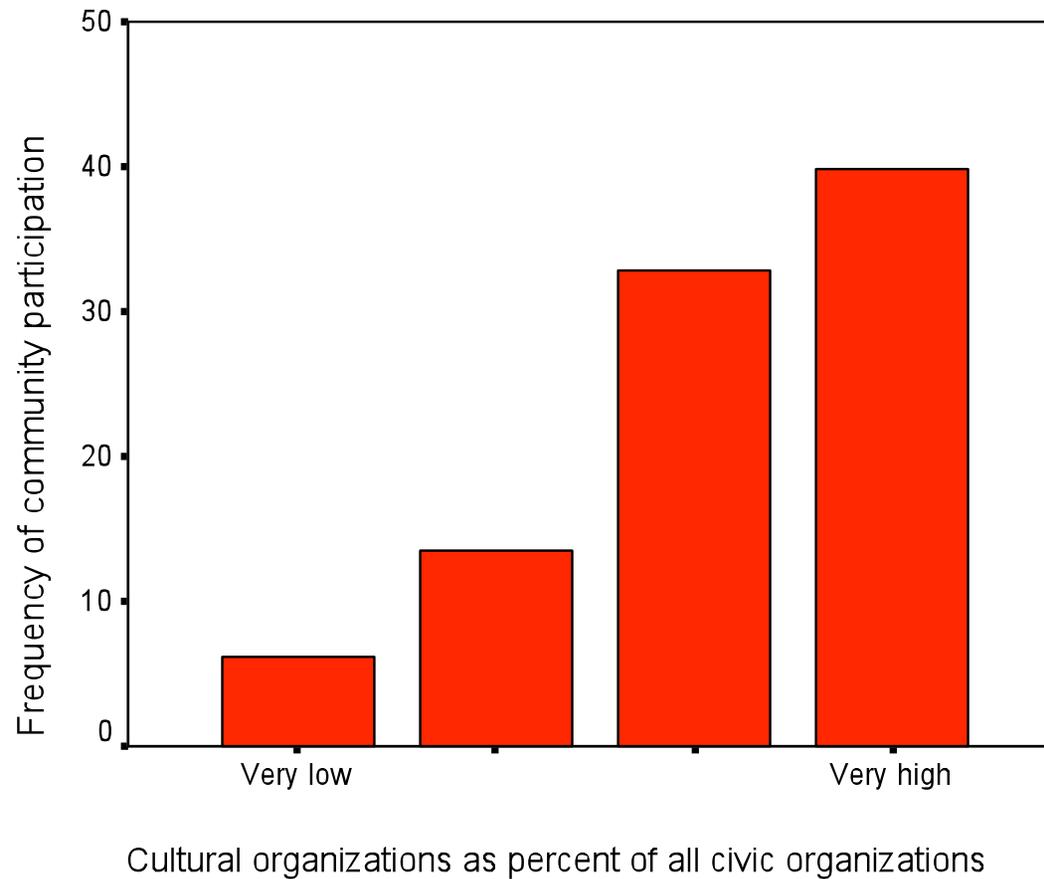
65 artists (red dots) and organizations with which they worked in one year



10 community cultural providers (red dots) and non-arts organizations with which they worked.

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The presence of cultural organizations in a neighborhood stimulates residents' involvement in other civic activities.

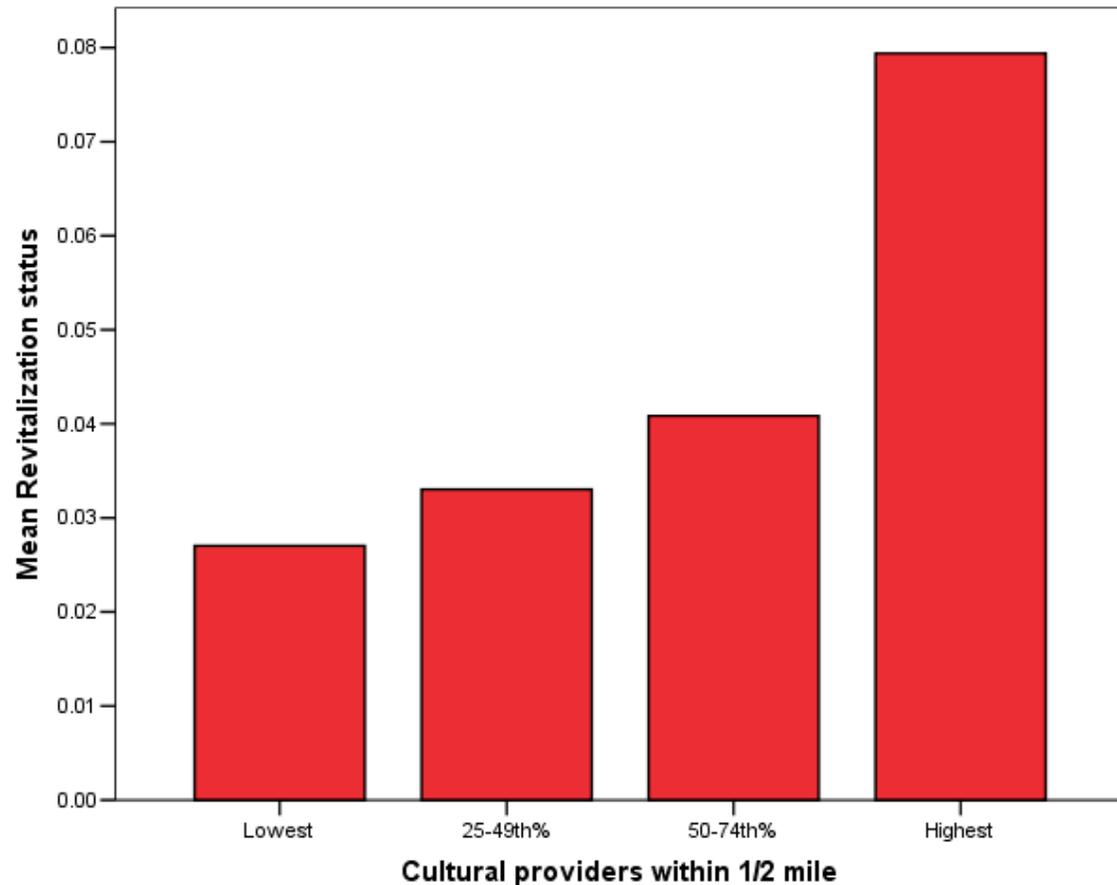


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THE EVIDENCE: CULTURE HAS A LONG-STANDING ASSOCIATION WITH POSITIVE NEIGHBORHOOD CHANGE

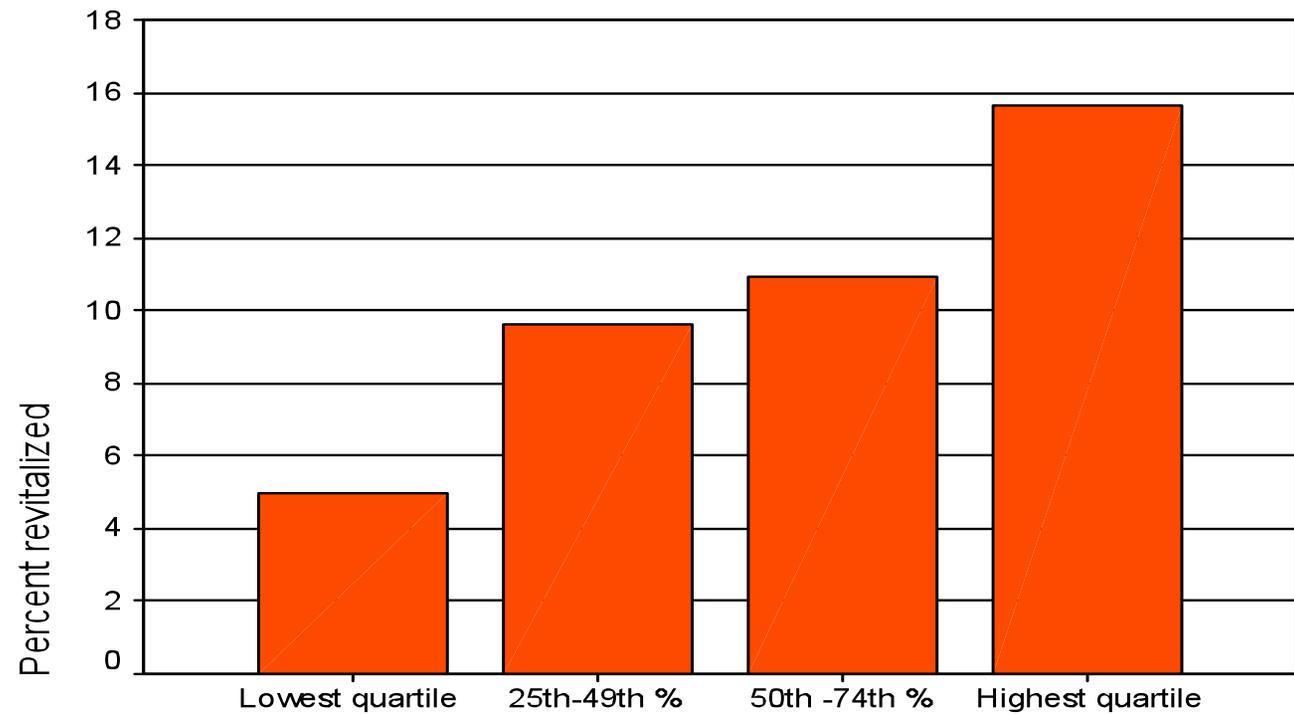
# The 1980s

During the 1980s, neighborhoods with many cultural organizations saw the poverty decline and their population increase.



Even among the most at-risk neighborhoods, a significant number experienced population increases and poverty declines during the 1990s. Using the City's definitions, the odds that a "distressed" or "reclamation" neighborhood would experience revitalization were strongly related to the presence of cultural institutions.

# The 1990s

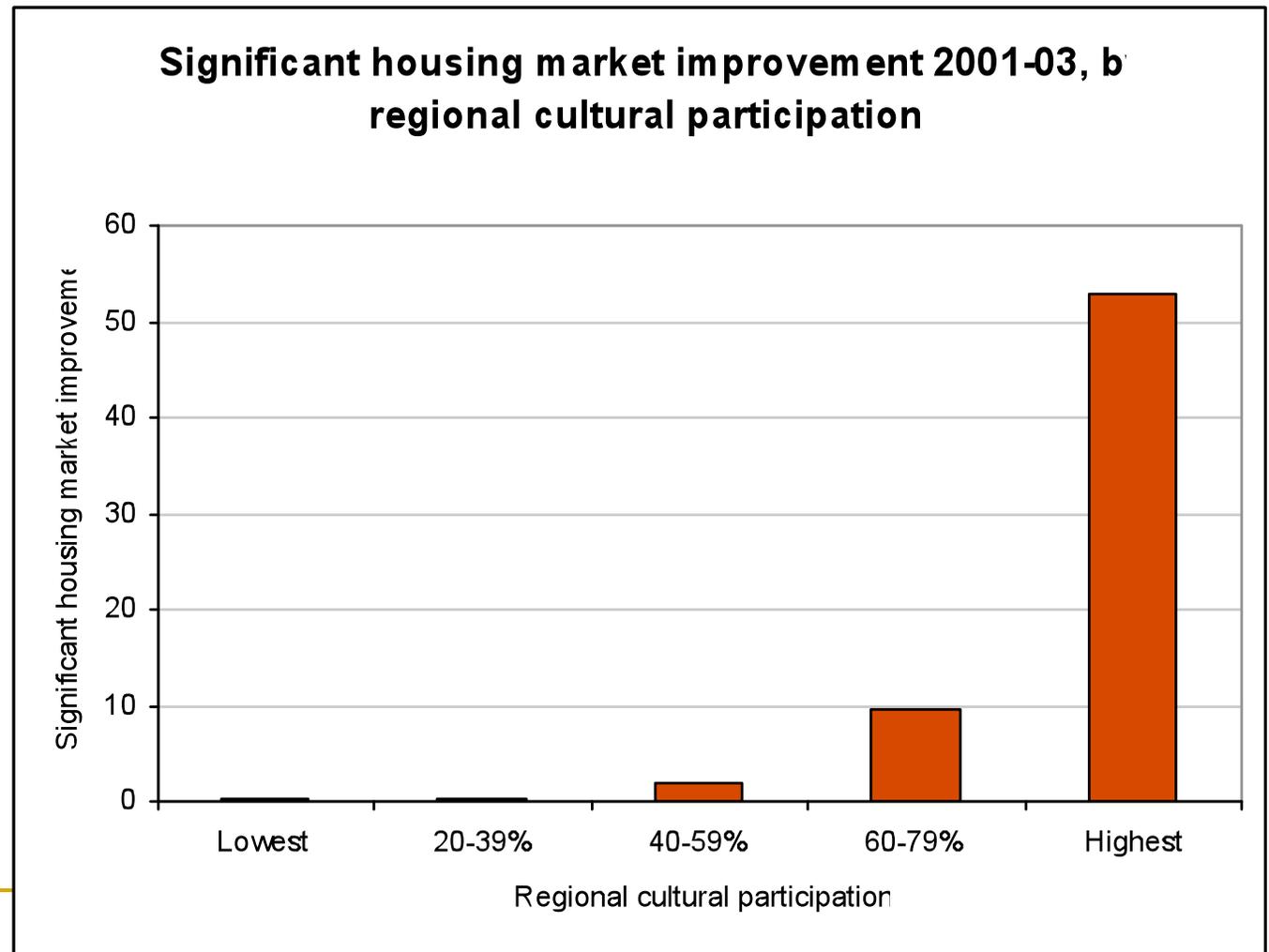


Cultural providers with 1/2 mi 1997 (quartiles)

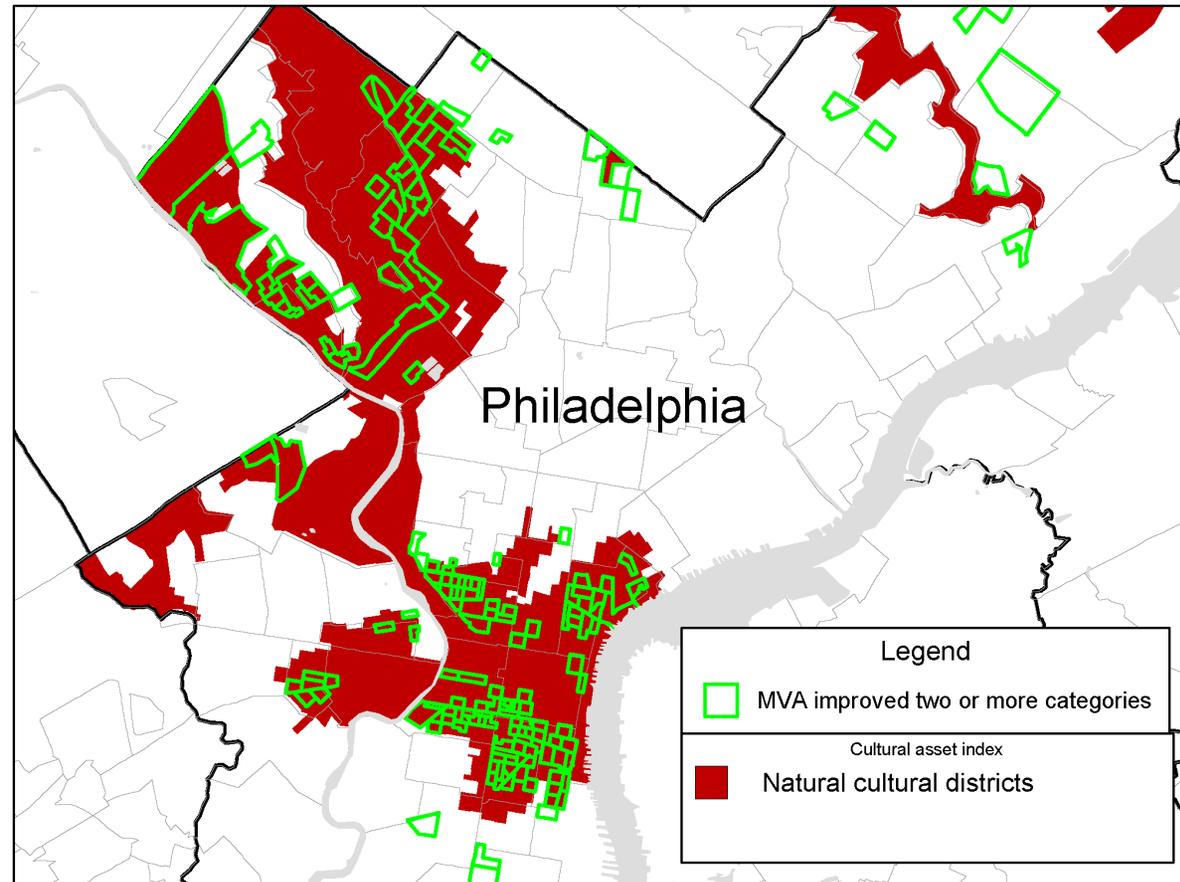
Cases weighted by POP00

**In Philadelphia between 2001 and 2003, low-income neighborhoods with high cultural participation were much more likely to see the housing market improve dramatically.**

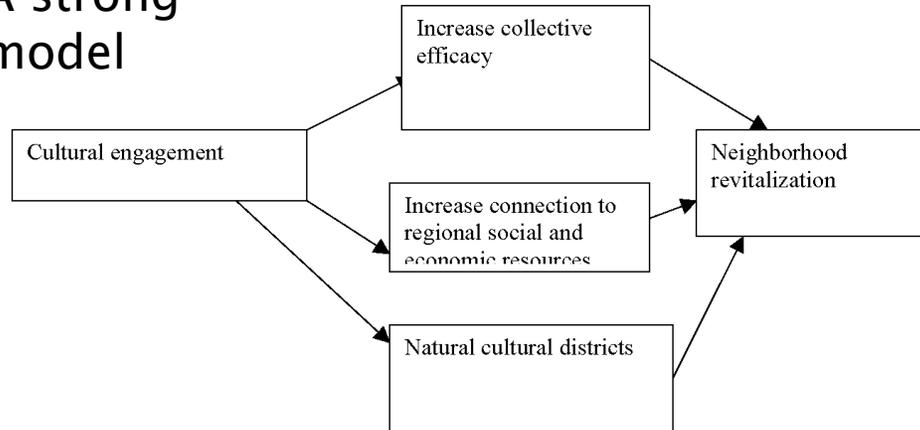
The 2000s



**In Philadelphia neighborhoods, an upswing in the housing market between 2001 and 2003 was strongly related to a high rate of regional cultural participation.**

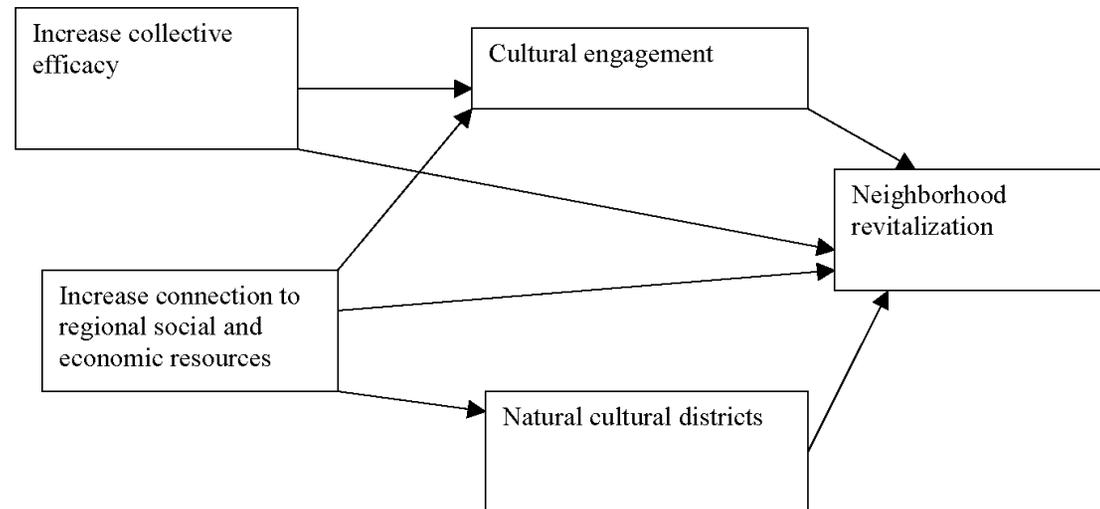


## A strong model



We don't yet have enough data to sort out the temporal relationship between cultural engagement, civic vitality, and neighborhood regeneration

Our work suggests that cultural engagement is at least an important part of the story in many neighborhoods.



## A weaker model

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## An inclusive vision of culture-based revitalization

- Natural cultural districts as centers of social and economic development
  - Finding ways to reward artists and cultural organizations for producing “positive” externalities
  - Developing workforce strategies that link low-income kids’ aspirations to real-world opportunities
-