Creativity and Neighborhood Development

Strategies for Community Investment

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Creativity and Neighborhood Development is a publication of The Reinvestment Fund (TRF) resulting from collaboration with the Social Impact of the Arts Project (SIAP) at the University of Pennsylvania.

TRF finances urban real estate projects and businesses and provides data analysis to public and private partners. SIAP is a policy research group that develops methods to explore the role of arts and culture in urban communities. The collaboration was facilitated by the Rockefeller Foundation as part of its commitment to urban development and community cultural vitality.

The starting point for this document was a review of literature on the creative sector and community change guided by Mark Stern and Susan Seifert from SIAP. Next, staff from TRF interviewed people involved in community development and cultural activity in Philadelphia and Baltimore, two cities that exemplify the plight of post-industrial urban centers. We then examined the arts and culture-related investments within TRF’s portfolio and reflected on how those investments relate to TRF’s model of investor-driven change.

The resulting product profited from further input from Mark Stern and Susan Seifert, Joan Shigekawa of the Rockefeller Foundation, and TRF staff, Patricia Smith, Margaret Berger Bradley, Ira Goldstein, Julia Serbulov and Alissa Weiss. A special thank you as well to David Bradley for his collaborative editorial contribution. Arts practitioners, developers and policy analysts who participated in a one-day convening in June 2007 also contributed greatly to our understanding of these issues.

The collaboration also resulted in five briefs. Each paper delves into related issues: Cultivating “Natural” Cultural Districts; From Creative Economy to Creative Society; Migrants, Communities and Culture; Crane Arts: Financing Artists’ Workspace; and Culture and Market Value Analysis (MVA).
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Introduction: An Integrated Vision

In this publication, Jeremy Nowak, President and CEO of The Reinvestment Fund, examines the role of community-based arts and cultural activity in neighborhood development and points towards strategies for building an integrated vision of creativity and development. It focuses on the ways cultural activity and neighborhood development have complementary and in some ways intertwined missions, and offers a framework for flexible investment and funding that supports this synthesis and can contribute to imaginative and substantive urban revitalization.

For the purposes of this discussion, under the term “community-based arts and cultural activity” I include a range of pursuits: theatre, music, dance, museums and galleries, arts education, electronic media, literary arts. I consider large cultural organizations, neighborhood-based arts centers or schools, festivals and private ventures that bring together artists and organizations in collaboration with particular communities or are expressed and/or sited within specific neighborhoods.

I define community development as place-making, largely directed to older, economically disadvantaged areas. Place-making involves businesses, households, government and civic institutions in efforts to increase economic opportunity, the quality of public amenities, and flows of capital into the built environment.

Place-making is a creative process that manages a range of practical tensions: between market and civic capacities and roles; physical design and social utility; and the need to integrate the old and the new. Community-based arts and cultural activity has place-making value, related in large part to these very process tensions. Artists are expert at uncovering, expressing and re-purposing the assets of place – from buildings and public spaces to community stories. They are natural place-makers who assume – in the course of making a living – a range of civic and entrepreneurial roles that require both collaboration and self-reliance. And they are steeped in a creative dialogue between the past and the future.

The arts and cultural activities I describe have civic and economic benefits and deserve support on that
basis. However, in contrast to a great deal of recent research that justifies and promotes public investments in arts and culture largely on economic grounds, I prefer an approach that recognizes place-based benefits in broad terms.

In the context of place-making, arts and cultural activities make sense because of benefits intrinsic to their very nature: they provide novel opportunities for expression and creativity; they reinforce and build social capital; they facilitate connections across urban and regional boundaries; they help to construct quality public space; and they provide educational opportunities for residents. They also, in fact, generate significant levels of residential and commercial economic value.

It is for this reason that I situate arts and cultural activity within what I term the architecture of community, which includes economic exchange, civic life, public assets and the myriad connections between places. An integrated approach to cultural activity and development ought to note the totality of this architecture, argue for the importance of arts and cultural activity on these terms, and collect evidence of these effects as part of the process of funding and financing its growth and expansion.

Preparing this publication gave TRF a new understanding of the value of the arts institutions, cultural organizations and artist entrepreneurs we already finance. While 5 percent of our $700 million portfolio is in this sector, we had never analyzed community-based arts and cultural investments on their own terms. The investments were categorized as parts of other portfolios: small business, non-profit education, housing and so on. This made sense from the perspective of defining financial products or evaluating financial risk, but it prevented us from viewing creative sector investments as a common class with shared meaning.

This project has now catalyzed interest at TRF in extending additional capital to this sector and increasing the rate and effectiveness of culturally-driven community change. We are excited by the social change potential of cultural production and its meaning for post-industrial cities and local communities. How can philanthropy, government and the private sector invest in this potential? What kinds of investments ought to be made to support the cultural production we discuss here? And how can we do this while respecting the expressive and exploratory quality of creative activity and not imposing a proscribed social agenda that can result in mediocre work?

Section 4 of this publication outlines an investment framework intended to facilitate a vibrant community-based arts and cultural sector. Structured around investments in creativity, development and knowledge, this framework draws together market-based, philanthropic, civic and public investments and could involve a loosely affiliated network of public
and private investors, or could be organized around a common Creative Neighborhoods Fund. In large part the investments would be geared towards resolving issues that individuals and organizations cannot resolve themselves; or incurring costs or financial risk that cannot be absorbed by individual artists or cultural organizations.

Significant development always builds from existing assets and points of strength. Accordingly, not all economically distressed places are positioned to utilize arts and cultural activities as a major development strategy at either the regional or neighborhood level. Additionally, no economic or community development strategy should be viewed as a quick-fix to complex social and economic problems. Cities have to tackle very basic governance and infrastructure issues to be competitive, and there is no magic bullet in any one field that can address deep-seated urban problems. However, all communities can use arts and cultural practices to develop civic and social capital, enhance public assets and forge connections throughout their region, whether or not they are able to tie these creative activities into substantial development efforts.

In either case, cross-sector (public, private, civic) involvement is critical. Each sector lever and strengthens the other, creating a virtuous circle of development, creativity and learning. Private resources influence public action; public investments enable private flows of capital; both are enabled by and nurture civic organization. While the composition of investor networks will change continuously, their civic value lies in the predictability of their energy and resources and their consequent ability to establish a long-term agenda within the region’s public life.
Community-based arts and cultural activities are a sub-group of the creative sector, which in addition to the arts activities listed in section 1, also encompasses: electronic media, design and architectural firms, fashion, advertising, publishing, museums, cultural (tourism) sites and craft production. Thus, the sector embodies creative processes in everything from commerce to technology to industrial production.

These activities and processes are tied together by the fact that they are content-rich in contrast to commodities that are more mass produced. Cities in search of industries that are not driven by low-cost labor are attracted to content-rich aspects of production, which are common across the creative sector.

There appear to be three reasons why this is so: a) the existence of institutions including universities that facilitate creative content and attract content-oriented professionals; b) the dense eco-system of organizations that require creative workers from small firms to nonprofit arts groups to major cultural institutions to departments of large corporations that utilize marketing and design talent; and c) cultural diversity, which generates creativity through the exchange of ideas and artistic forms and aids in the marketing and sales of global products.

Arts and culture contribute to the qualities of place that, in turn, can attract residents, consumers and businesses. Creative industries have a measurable impact on employment, investment and consumer spending. Finally, creativity – when it is understood in the broadest sense as a form of intelligence or cognition – has broad workforce applications to industries and services throughout the economy.

The creative sector is thus clearly recognized as having significant implications for cities struggling to define post-industrial relevance. Yet, I believe we can understand these implications in more comprehensive ways – ways that will stimulate more integrated and effective action in the development of cities. Much of the existing literature on the creative sector and urban development focuses on one of two areas: public justification for investments in arts and culture based on its economic impact; and the ways in which arts and cultural activity contributes to the regional

2 Architecture of Community: A Framework for Place-Making
competitiveness of a place. These studies certainly have merit, particularly in the ways they can draw attention to the myriad of creative activities happening in cities and can give artists and creative entrepreneurs a voice in the public arena.

However, important as these studies can be as advocacy tools for arts and culture, they leave a gap in two important areas. Even as they seek to examine the economic impact of the arts on cities, they pay little attention to distressed places. While the studies promote the importance of arts, culture and the creative sector, they do so in terms of instrumental value to the overall economic health of a city; not in terms of the intrinsic value of creativity and how that is integrated in the life of a city. This is particularly true of the area of community-based arts and culture, which remains stranded between economic benefits literature, ethnography, urban planning case studies, and regional competitiveness studies.

Yet if we create a framework that looks at community-based arts and culture through our lens of place-making, we can situate these activities within the basic architecture of a community and hence construct a deeper, sturdier and more comprehensive foundation for the ways community-based arts and culture can have an impact on the development of neighborhoods.

ARCHITECTURE OF COMMUNITY

A community is a process, not a static entity. Capital, people, businesses and institutions move in and out, sometimes changing a location’s meaning and potential within very short periods of time. A place is affected by neighboring conditions, distant policy decisions and unpredictable market trends. Accordingly, place-making requires attention to internal and external changes and exchanges of value
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and meaning. A community is defined, in part, by its broader spatial and social ecology; it is never merely self-referential, it is constantly emerging, changing and reorganizing.

Its emergent architecture can be organized through four domains: social capital and civic institutions; public assets and infrastructure; economic assets and market relationships; and the flows of information, capital and people between places. While these domains are simultaneously spatial and social, for the purposes of this document we will describe them largely in social terms.

1. Social capital and civic institutions
Social capital refers to relationships of trust and mutuality that can be mobilized to achieve instrumental ends. Social capital is the relationship glue through which individuals, families and social networks navigate economic opportunity, social conflict and various institutions. While social capital is not just built through place-based networks, locality plays a role, particularly in many economically disadvantaged areas.

Scholars such as Robert Putnam view social capital not simply as a by-product of prosperity but a potential precursor to prosperity; the quality and depth of formal and informal relationships can have a wealth building impact. Social capital for Putnam includes bonding capital (internal solidarity) and bridging capital (connections to other groups).

For the purposes of development, social capital can build consent and organize change. It can also be the impetus for blocking development the community views as against its interest. In many low-income neighborhoods, the absence of the civic capacity to plan and attract outside investors limits development. Paradoxically, the presence of strong social capital can serve to block development. Development proceeds most easily when an organized civic sector negotiates consent in collaboration with public and private actors. In either case, both the bridging and bonding aspects of social capital come into play, building internal focus and negotiating external relationships.

One can invest in social capital by strengthening the institutional and organizational ties that nurture it, particularly those civic institutions that have social legitimacy and high levels of citizen participation. Civic institutions refer to a wide group of organizations created, supported and managed at the intersection of public and private systems. They serve as the organizational focal point for many place-making strategies. They are also centers for citizen participation, including social service organizations, cultural groups, community organizations, block clubs, sports leagues and congregations.

2. Public assets and infrastructure
Place-making activities must recognize the complex connections between public and private investment including the ways in which public or community assets influence social change, development and wealth creation. In the most obvious example, house prices reflect the value and cost of public goods. A community with poor public infrastructure will have diminished housing values relative to comparable products with better public amenities. The links between public value and the ability to produce quality market outcomes for consumers, investors and residents are critical.

Public asset creation and management represent important points of leverage. How can an investment into the maintenance of a park or public art increase the value of proximate real estate? How does public investment into schools change the market demand for housing? How does the public insurance of safety influence the circulation of goods and services?

3. Economic assets and market relationships
Economic assets are owned or controlled by individuals, families, businesses and social sector institutions. An economic asset has market value; it
can be priced and exchanged. The economic value of a community is generally measured through such things as residential real estate prices, taxing capacity, the quality of public amenities, the value of nearby retail services and the quality of human capital.

Assets grow and depreciate in value based on individual and social actions, including the willingness or ability of individuals, households, businesses and governments to invest in and develop them. Economically distressed communities have declining asset values relative to more competitive places. This decline follows investment logic: if a building has deferred maintenance, its asset value declines relative to similar buildings; if a work force does not keep up with changes in technology, the value of human capital is diminished in comparison to those with better skills; if businesses cannot compete because of declining incomes or public tax structures, the value of commercial real estate is affected.

Vibrant communities have competitive assets. Creating or uncovering asset value in low-wealth communities provides families and entrepreneurs with increased opportunity. Both public and private capital is required to increase residential, business and workforce quality.

4. The flows of information, capital and people between places
The fourth component of the architecture of community refers to connections between places as expressed through the flow of people, capital and information. We see these connections clearly in the notion of bridging social capital and high value civic institutions, and they are a logical consequence of the ways in which quality public assets create consumer and investor demand.

Understanding regional connections has become important to policy analysts concerned with economically distressed communities. Place-making restores or creates links between local, city and regional markets, making places both attractors and incubators for people, capital and ideas. Isolation reinforces poverty and a lack of investment.

Consider, for example, the importance of connections as they relate to labor markets. A labor market is regional and one’s capacity for success is linked to skills as well as information, social networks, and the availability of public and private goods such as childcare and transportation. Taken together, this connective infrastructure plays a dramatic role in the quality of place.
3 Development Impact of Community Arts and Culture

Community arts and cultural activities, through their intrinsic expressive and exploratory processes and products, have the capacity to catalyze or reinforce place-making through each component of the architecture of community: through the coalescing of social and civic relationships around creative activity; through the creation and reinforcement of quality public assets that incubate or nurture art and culture; through market demand for commercial and residential space used by artists and the creative sector in general; and through networked enterprises of cultural institutions, artist/entrepreneurs and community collaborations.

THE SOCIAL CAPITAL/CIVIC NEXUS

The construction of an identity of place through cultural programs and festivals and the activity of local arts institutions increases social capital, which in turn has development benefits. Neighborhood arts institutions and public cultural events are workshops of civic culture in the same way as cafés, community centers, libraries and sports leagues. They are places where people learn to be neighbors through public engagement and recognition.

Each year, the West Oak Lane neighborhood in Philadelphia sponsors a neighborhood Jazz and Arts Festival. Fifteen years ago, this working-class African American community was losing ground as many middle-income African American families moved to nearby suburbs, leaving increased numbers of abandoned houses and vacant store fronts. Thanks largely to concerted civic action the neighborhood has – by many indicators – stabilized. It did not change by swapping wealthier residents for poorer residents but by addressing many of the social amenities that encourage investment and stability: public safety, civic cohesion, school quality and property condition.

The festival reflects and facilitates these changes. The current Jazz and Arts Festival attracts thousands of people from both inside and outside the neighborhood. Dozens of bands perform for free
and commercial booths are set up for art exhibitions, food and children’s activities. Sponsored by a local community development corporation and supported by local and city-wide businesses and civic groups, the festival defines local identity and serves as a market signal about renewal. It would have been inconceivable to imagine the scale of today’s festival a decade ago. It is well-organized, safe and attended by a broad range of city and suburban patrons. The arts banners and bands that line the streets turn the venue into a temporary magnet for talent and audience.

This festival could not be organized without the civic means to manage relationships of collaboration and dissent, the ability to raise resources, and the energy to inspire hundreds of hours of volunteer service by residents. At the same time, the planning and management of the festival creates additional civic capacity.

Public cultural activity reflects and requires civic qualities that we take for granted once they function in a predictable manner. Their success allows us to see how creative activity, civic relationships and economic impact are entwined in a larger context than can be seen if we just look at each separately.

Arts and cultural activities play an important social capital role in immigrant communities. They provide a meeting place for the expression and maintenance of culture, as well as a bridge to cultural integration. The creation of these institutional spaces requires the civic capacity to organize and manage demand for performances, education and public expressions of cultural activity. Taller Puertorriqueno has played this role for decades in Philadelphia’s Latino community, as a gallery, bookstore, performance space and educational resource for thousands of children. In fact, it became one of the factors that contributed to the revitalization of a commercial corridor in the community.

An increasing number of city-wide institutions, such as the Philadelphia Folklore Project, provide support to long-time residents and new immigrants who wish to preserve, perform and exhibit indigenous art and cultural forms. Southeast Asian, Eastern European, Caribbean and African cultures learn to co-exist and connect through the neighborhood efforts of organizations such as the Folklore Project.

What does this all add up to? How important are these arts and cultural programs to social capital and do they link to other community change indicators? While we do not know the answer definitively, research from the SIAP provides quantitative analysis on the links between cultural participation and other socio-economic indicators. SIAP has demonstrated that low-income Philadelphia block groups with high...
rates of cultural participation by community residents were twice as likely as similar block groups to have very low truancy and delinquency levels.

When SIAP combined its cultural participation data with TRF’s data on urban market change, the result shows that cultural engagement indicators are important predictors of real estate market improvement. While more analysis needs to be done, the existence of links between cultural participation and neighborhood outcomes must be taken seriously.

**PUBLIC INVESTMENTS**

We can see the relationship between civic capacity, creativity and public assets in Philadelphia’s nationally-known Mural Arts Program. A public and private venture with sponsorship from the City of Philadelphia, The Mural Arts Program has created more than 2,700 murals throughout the city and is one of Philadelphia’s largest employers of artists, employing more than 300 per year. Created two decades ago as a response to graffiti and youth crime, the program provides opportunities for more than 3,000 young people each year.

The way in which murals become focal points for creating social capital is often underappreciated. To get a mural commissioned, a neighborhood has to organize and apply, contribute time and energy, and agree on the themes and images to be represented. Murals are a contract between people about what is important and how they want to identify their place. These contracts emerge from the meetings of block associations, civic groups, congregations, political representatives and business leaders.

Like Philadelphia’s neighborhood gardens planted on hundreds of acres of vacant lots throughout the city, the murals are a symbol of civic care and of a public commitment to revitalization. Murals are a bridge between public art, community revitalization and youth development. In a city like Philadelphia, which has lost half a million residents over a fifty-year period, the recovery of a vacant wall or a vacant lot is akin to fixing the “broken window”; it sends a signal about civic and public norms and neighborhood capacity. It is a relatively low-cost, high impact form of place-making that creates something authentically public out of a deteriorated piece of real estate.

Murals on vacant walls have become tourist sites alongside more traditional historical and cultural landmarks. The Prince of Wales recently visited the city and after his visits to downtown historical and cultural institutions, he toured the murals to talk about urban revitalization and the role of public art. Philadelphia citizens did not question the choice of the venue, nor did they view it as a perfunctory site; the murals are accepted markers of civic engagement.
The public sector contribution to culturally-driven development extends beyond murals. It is linked to the multiple ways in which public assets sustain market and civic investments and accommodate grassroots creative activity. Parks, public plazas, community centers, libraries and recreation facilities are the traditional cornerstones of community arts activity. They are free or inexpensive venues for citizens. The governance and conditions of these sites reveal a great deal about how a city thinks about local creativity and how it understands the essential public role in place-making and private investment.

The public sector constantly sends signals about the importance of creative neighborhood activity by how it handles the basics of public management – how playgrounds and parks are cared for; the kinds of programs established in public venues; how streetscapes are designed; the ease with which permits for performances and festivals are processed and approved; and how zoning encourages or discourages artist, design and cultural work space.

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As public asset qualities are forged at the intersection of market demand, civic engagement and public investment, the community-based creative sector has opportunity to express itself through the social contracts that can be formed at every site built for public access and use. In this way, public art and quality design become profound expressions of citizenship.

REAL ESTATE AND COMMERCIAL DEMAND

Artists are often early market entrants whose search for work space can help stabilize neighborhoods and mitigate the risk of investment for real estate owners or developers. This is particularly true in areas of cities where: 1) factories and warehouses have lost their former economic use and are available for residential, work space and performance conversion; 2) student and university-related populations cluster; 3) there are concentrations of museums, galleries and performance spaces; and 4) ethnic and immigrant communities generate a market for niche cultural products.

Arts- and culture-related demand for older, underutilized spaces has interesting qualities. As in any market, buildings and space are priced through

Philadelphia Mural Arts Program

Jane Golden, renowned muralist and founder of Philadelphia’s Mural Arts Program, believes that the program’s murals play an integral role in the revitalization of Philadelphia. “At the heart of community revitalization is our ability to touch peoples’ hearts and souls. So when you talk about neighborhood and community rejuvenation, I don’t know how you leave art out of the equation.”
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demand and supply. At the same time, demand of this sort can be difficult to measure, particularly at the early stages of market recovery. It is far easier to use conventional data to chart the demand for supermarkets and condominiums than to produce comparable statistics for artist work and living space. Measuring demand in a niche consumer market of hard-to-convert buildings in a city that is losing population is a high-risk endeavor.

Artists and developers who seek to develop artist work, performance and living space are often early market entrants. Early entrants incur high risks and uncertain transaction costs until the product is proven and made into a replicable commodity. They have the potential to incur great losses or significant gains, depending on their ability to judge the market and extract future value from its initial success.

The early entrant phenomenon plays out differently for most individual artists as opposed to real estate entrepreneurs. Individual artists – whose search for space is driven by work needs rather than the intention to make real estate investments – may help to create a market from which they extract limited value.

But no matter what the outcome for an individual developer or artist, early entrants offer real estate

Crane Arts: A Symbol of Renewal

The Crane Arts Building in North Philadelphia is a real estate deal, a market signal for additional investment, and a new source of interaction among artists, residents external institutions and social networks. The conversion of Crane Arts is typical of older commercial spaces financed by The Reinvestment Fund. The Crane Arts LLC, a partnership between a developer and two artists, was formed to redevelop a former plumbing factory and warehouse in an area that was once the manufacturing center of Philadelphia.

The building reopened as an arts center, filled with artist facilities, studios and large exhibition spaces. Temple University’s Tyler School of Art offers several fellowships there, providing artists with a stipend, access to the facilities and gallery space. An active schedule of events featuring exhibitions, arts fundraisers and performances draws people into the neighborhood, which has been battling decline since the collapse of its manufacturing base.

Although this is the most logical use of the building, this was unclear from conventional market analyses. The waiting list and rental costs grew dramatically between the announcement of the building’s conversion and the completion of construction, signaling that space could be quickly absorbed and other long-term vacant buildings in the area could be recovered.
research and development, rarely quantified in redevelopment literature concerning older industrial towns and cities. Early-entrant artist housing tests a market, reveals demand and sends signals about conversion opportunities.

Arts-related real estate markets have paradoxical entry barriers and advantages. There are barriers inherent in the uncertainty of demand, zoning issues and the costs of retrofitting old systems. At the same time, entry barriers are lowered because the space demand is flexible and often requires minimal high-end fixtures and adaptations.

Art-making, performance, craft production and exhibition spaces attract users who want to adapt and re-create space in flexible ways. Arts- and culture-related space is an adaptive re-use vehicle well-suited for an uncertain market, precisely because artists value the process of remaking a space as well as a finished product. The process value of space mitigates risk in terms of initial construction cost and the problems of longer term re-use costs.

The real estate impact of arts and cultural activities is seen not only in the redevelopment of discrete buildings, but in the incremental renewal of large districts involving complex social and design solutions. The physical expression of place-making by the creative sector often plays out over decades. Older urban neighborhoods are filled with architecturally-distinct buildings that exist in the interplay of recently re-built and longer term deteriorated sites. The cultural and design communities provide entrepreneurial energy to the task of preserving something old through the development of something new; this is the core creative skill involved in renewing and uncovering industrial era, place-based assets.

The Gentrification Question
Any discussion of arts and artists as early entrants begs the question of gentrification, or the replacement of lower-income residents with wealthier residents through rapid price escalation. While this is a problem in many cities, our twenty years of work in places like Philadelphia lead us to conclude that the presence or absence of gentrification requires more data and less speculation. In some communities artist uses may bring about a transition to higher-value residential and commercial renovations, but in cities such as Philadelphia and Baltimore where there are significant residential vacancies, real estate does not have the same level of scarcity as in places such as San Francisco, Washington D.C. or New York City.
While acknowledging the tensions between long-term residents and newcomers, most of our interviewees from Philadelphia and Baltimore viewed artists as contributors to a renewed community. They wanted more, not fewer, creative sector residents and businesses. Our interviews sometimes elicited the notion of artists as gentrifiers, but equally important is that some artists viewed themselves as victims of gentrification. Moreover, given recent research that has demonstrated the stabilizing influence for many old-time residents of some forms of gentrification, we are wary of drawing quick or overly general conclusions. I would, instead, return to an earlier point that communities are inherently dynamic places; understanding them requires acts of discovery rather than static assumptions.

**BUSINESS DEVELOPMENT**

From non-profit performance space to galleries, to businesses that offer classes, to specialty supply shops, to the individual artist entrepreneur and contractor, neighborhood arts activity is an identifiable business sector. In some communities, artist entrepreneurs play a similar early entrant role for commercial strips as they do for artist housing development.

As economists who study business clusters recognize, geographical proximity and the interactions that emerge from related activities within a local area are important even in the age of electronic connectivity. Clustering facilitates productivity and innovation; it generates new start-ups that provide a cushion against normal market churning. Arts organizations are well-suited to the clustering model of business growth.

**CONNECTIONS**

Community arts and cultural organizations have great potential to intermediate diverse geographies, social classes and ethnic groups. We see this through the interaction of audiences, consumers, students and artists that revolve around a cultural community center. Arts and cultural centers and performance spaces are hubs of interaction, drawing people from inside and outside the community. Communities with a dense arts and cultural presence become simultaneously local and regional; they become destination places for arts consumers and regional choice locations for residents and businesses.

As SIAP notes, the organizational structure of many arts groups and institutions makes them ideal leverage points for local, regional and even global connections. They are flexible organizations that function across a range of applications and relationships; they are linked to local and non-local consumers and suppliers; they utilize horizontal business alliances to enrich their workforce, business offerings and customer base. The boundaries between internal and external structures within networked enterprises are more porous than within organizations built along more traditional lines.

In the Old City section of Philadelphia, the Clay Studio contains a highly regarded ceramics gallery that draws consumers from all over the region and artists from all over the world. But the organization also offers classes within its community and sends out its Claymobile to teach in social service agencies and schools. In any given year the small studio connects to thousands of local and national consumers and constituents through the internet, inter-group alliances, classes, galleries, and studio relationships. This creates a community of artists, consumers, teachers, students and residents who access the institution in different ways.

That education is a major component of the Clay Studio’s networked enterprise is no accident. Educational opportunities provide a major source of connection between places, residents and organizations. Community-based classes in a wide variety of creative activities are facilitated by cultural
organizations, small for-profit enterprises and non-profit community centers. These classes can provide rigorous artistic training, build critical thinking and interpersonal skills and offer avenues for lifelong learning, while also serving as a significant source of employment for artists. With arts and culture activity greatly reduced in city schools, community-based arts classes and projects fill some of this void, developing creative skills and ways of thinking that equip young people for a range of future education and employment. While the providers of this training generate their own revenue, they lack the support traditionally provided by the public sector. At present, many of them in effect subsidize the education of their communities.

The Samuel S. Fleisher Art Memorial is the nation’s oldest tuition-free arts education program. It provides arts classes for children and adults of all economic backgrounds and skill levels, both at its main facility in South Philadelphia and through its Community Partnerships in the Arts program. Fleisher’s artist residency programs in public schools and neighborhood organizations reach families throughout the city who otherwise lack access to high-quality arts education.

Centers like the Fleisher Art Memorial serve as critical relationship intermediaries. Teachers who might have no other connection to the community become part of the local scene; exhibits and programs attract new audiences into neighborhoods; and children enter into a new world of technique, social knowledge and adult relationships.

The emergence of creative-oriented magnet and charter schools throughout public school systems offers another example of the connective potential of creativity in a community. The Reinvestment Fund was one of the earliest financers of charter schools in the nation and has financed the facilities of several schools that have an emphasis on arts, media and design. With extensive support from the American Institute of Architects, The Charter High School for Architecture and Design (CHAD) provides inner-city students with a design curriculum that has become remarkably popular and has demonstrated the ways that creativity is a foundational skill with wide applications to other fields. These education centers will continue to connect creativity to other sectors of education and will cement important social connections for their students.

Charter High School for Architecture & Design (CHAD)

CHAD’s creative curriculum and rich opportunities have an incredible impact on students like Antonio: “When CHAD sent me to a free summer program at Lehigh University, I discovered Industrial Design! I realized designing furniture is what I love. I never knew careers like this existed before CHAD.”
I recommend investing in community-based creative activity to enhance its place-making role and potential. These investments would focus on three areas: creativity, development and knowledge. I encourage the flexible allocation of private, public and philanthropic resources in support of emerging activity and new projects (including research) whose innovation and risk profile require this kind of targeted investment. These resources would have the fluidity to support individual artist/entrepreneurs, non-profit institutions, for-profit creative sector businesses and partnerships among any of these. Moreover, they would not be guided by traditional grant deadline systems but work in a more demand-oriented manner. Endeavors that would benefit from this kind of support fall into four categories:

1. Art-making projects that engage communities in expressing aspects of place, and/or adapt neighborhood sites or buildings to reveal their potential as sites for creativity.

2. The construction, renovation or repurposing of existing facilities as artist studio space or housing.

3. Ventures initiated by individual artists/entrepreneurs, which could involve partnerships with non-profit or for-profit organizations and could be oriented around new businesses or creative work.

4. Commissioned research and the creation of a data infrastructure that can highlight emerging trends, markets and opportunities; influence policy; and inform ongoing evaluation geared towards increasing investment impact.

These investments are not meant to substitute for other arts and cultural funding, particularly more conventional operating grants for cultural organizations or support for new production and work that have little to do with issues discussed here. This is a portfolio of place-making investments that follows from an analysis of the importance of cultural activity to local development; it is not meant as a critique of how arts and cultural funding ought to operate, which is beyond my expertise. The distinction between place-making investments and other funding is important. If we blur this distinction, the familiar zero sum game of nonprofit fund raising and development overwhelms the conversation.
The flexibility and fluidity of this strategy must be emphasized. Unlike discipline-based funding in the arts or strict categories in an investment portfolio, this strategy is geared toward the intentional crossing of boundaries; as that is how this work best unfolds, it is happening quite organically in many instances.

The overarching areas of creativity, development, and knowledge are meant to be part of a simultaneous package. Doing one in the absence of the others ultimately does not make sense. In order to facilitate the kind of changes I believe are possible through culturally-driven development, the targeting of resources on a portfolio-wide basis should:

- identify multiple leverage points for change, related to the architecture of community: markets, civic institutions, public assets and trans-local connections;
- allow artists and other creative sector participants do what they do best while encouraging them to use or engage in community collaborations;
- discover the value of what exists or what is emerging rather than impose a vision;
- focus resources on what existing actors and activity cannot accomplish alone;
- construct investment and funding partnerships across public, private and civic sectors;
- function through a demand-oriented posture that allows for ongoing learning and change;
- foster a “culture of evidence” without allowing the search for the best data to stall action; and
- include artists and community representatives in the development of funding strategies.

The investments could flow from a combination of individual public and private actors or be concretized around a Creative Neighborhoods Fund. In most instances I would recommend a combination of individual and common fund efforts. A Creative Neighborhoods Fund could be constructed through existing intermediaries or through a new collaboration of investors and philanthropists. The advantages of a fund outweigh the disadvantages, but only if it is conceptualized as one part of a broader network of portfolio mechanisms.

The role of a Creative Neighborhoods Fund would vary in different locales depending on the nature of market and civic demand, actual market failures and existing institutional expertise. In some communities...
it might be oriented largely around the financing of commercial and residential real estate, while in others it might handle grants to creative projects and collaborations, along with commissioned research. In some places there may be the existing capacity and civic will to utilize a single institution to manage multiple grant, loan and investment products.

The following sections look at the areas of creativity, development and knowledge in more depth, offering some important “hows” that can accompany the “what” of the four project categories above. I will also highlight some noteworthy themes and specific avenues for investment that are worth considering within this framework.

**PORTFOLIO STRATEGY ONE: INVESTMENTS IN CREATIVITY**

The most important investment strategy has to do with support for creative activity within communities, as it emerges in relatively organic ways. This has to be led in large part through the allocation of direct and flexible grant support for artists and cultural groups. This demand-oriented support would primarily be provided within neighborhoods, but could also consist of partnerships with citywide and regional organizations, particularly where there is the potential to connect places to institutions and audiences that would not easily be involved otherwise.

In the best of situations, resources would not have to be slotted to strict grant deadline schedules but would be allocated on a demand basis, subject to the evaluation process the grantors construct. Where possible, I recommend the inclusion of artists and community development interests in the decision-making process. Done correctly, my experience shows me that this can add both content and rigor to the selection and analysis, without posing undue conflicts of interest; there are always practical ways to manage those conflicts that do arise.

Resources could be used for performances, public art creation, festivals, the development of new work through the participation of schools and civic groups, or to pay for individual artists and larger institutions to enrich their connections to or representations of local communities. Grant support should also pay careful attention to projects or public activity rooted in prior engagement or historical activity – activity that has some legacy and can now be expanded or made into something more sustainable. Funding innovation and funding the creation of sustainable creative activity and representation are not in conflict.

Most importantly, resources should support organic processes rather than the forced marriages common in much of philanthropy. This is the only way to nurture both the production of substantive art and community-centered social capital. The balancing act of investing in something that is ‘self-organizing’ while recognizing your ability to use capital to help drive its innovation potential and growth is precisely what happens every day in the business world.

**Respecting the Artist, Expanding the Body of Work**

The provision of resources for new artistic work and existing collaboration reveals a paradox experienced by many artists; they are stranded in a precarious role between creativity and community development. On the one hand, they may not be viewed as doing legitimate work by some of their artist or craft peers because of its attachment to social context and communal participation. On the other hand, they are dealing with the creative complexities of working in a civic milieu, where they cannot be expected to solve deep-seated neighborhood problems.

Resources provided for creative work situated within a community setting must respect the value of creativity both as an individual act and one that can have an explicit, socially-minded mission. However, it should elevate the significance of community-centered activities at the same time. This can be achieved by providing support to artists with the experience...
to work both from artistic rigor and innovative community engagement, while also carefully framing opportunities for artists new to this combination (but with the potential for success) to enter into the field. In this way we can create a broad body of work that draws on leaders in community-based arts, encourages more artists to engage in the field and makes use of a significant number of venues, media and collaborative possibilities.

The overall portfolio of support can be aided by cataloguing work and constructing serious dialogue and exchange regarding techniques and process. If the community medium is to have a dynamic role in arts and culture, we need to construct forums for artistic and civic exchange that involve (among others) artists, residents, developers and public officials.

**Portfolio Strategy Two: Investments in Development**

Artists and cultural organizations often have limited knowledge of real estate and business development. Private, public and philanthropic actors can help them maximize their capacity in this area through three kinds of assistance:

- removing development barriers through transparent policies, civic intermediary mechanisms and good information;

- identifying ways to mitigate risks that would be difficult to justify or sustain through ordinary market mechanisms; and

- targeting investment strategies to emerging districts with potential for significant arts based clustering.

**Public Reforms to Encourage Development**

Business and real estate entry can be made easier by clarity of public processes (zoning, licensing, provision of property information) and inclusion of arts and cultural voices within planning processes at neighborhood, city and regional levels. In the absence of zoning, planning and licensing reform, many cities remain captive to constituencies whose control over physical planning and the allocation of public permitting has not adjusted to new civic and market realities, including the potential of creative sector entrepreneurship.

Reform of development processes is especially important to niche developers and investors within the cultural community because they are often least able to incur the high transaction costs of idiosyncratic public processes. Small arts entrepreneurs also lack the financial and political clout to maneuver through entrenched real estate development systems. The greatest efficiency is created if there is clarity and predictability at points of public entry and adequate assistance at the civic level to maximize access.

Civic institutions funded to promote the real estate and business interests of the arts and cultural community can facilitate access by creating resources for information, counseling and technical assistance. Among ethnic business associations, discrete business sectors and neighborhood organizations, this has always been the formula for increasing new development. Such groups deliver process clarity and the enabling power of technically and politically competent social networks. The same has to be duplicated for the arts and cultural sector.

**Financial Resources to Increase Production and Mitigate Risk**

Financial resources are most available, efficient, and competitively priced when demand is certain and there is financial liquidity. By *certain* I refer to risk that is known and comparable to related products in the market. By *liquidity* I mean that the product can be sold or traded so as to manage investor cash flow and longer-term risks.
Creativity and Neighborhood Development: Strategies for Community Investment

In community and economic development, the problem of financial efficiency in immature or uncertain markets has usually been addressed through some combination of public sector subsidy, public or private credit enhancement (insurance), and community-motivated investors. These mechanisms are used at the early stage of a market or project to mitigate feasibility risk; they are used at the later stage of financing to provide investor exits or market liquidity.

There is no reason why the mechanisms used in community development finance are not used more fully in the cultural sector. Doing so could bring significant private and public financing into artist work space and housing.

The community development and philanthropic sectors have not done more in this area for two reasons. First, there is the problem of mission anxiety regarding what constitutes an appropriate customer. Artist work spaces and residences do not conform to the mission of some community development investors who have built their portfolios around subsidy programs based on income categories. Moreover, many institutions view grants and social investments almost exclusively in terms of non-profit recipients. Yet, much of what happens with individual artist work spaces and housing requires access to consumer and small business finance that has significant public purpose but is not limited to non-profits. Many social sector institutions have a bias for non-profit developers and are less likely to support for-profit entrepreneurs.

If we are going to invest in this sector we have to remove the stigma of market success and entrepreneurship. By investing in this sector, social investors are supporting the recovery of economically distressed real estate markets and the building of an entrepreneurial, as well as civic, approach to development.

Secondly, there has been limited analysis or communication regarding the nature of arts and culture product demand at the community level. The community development world does not ordinarily look for it and the philanthropic-cultural sector does not measure it. Where it is measured, the measurements are related to the economic output data in public justification literature including consumer and job-related consequences. There is limited research on the place-oriented real estate impact of creative sector artists and professionals. Yet it is hard to think about constructing pools of private capital without a better understanding of demand. There are practical ways to measure existing demand that should be pursued as part of the process of building new investment vehicles.

**Capital Resources**

To stimulate the financing of additional buildings and businesses at least four kinds of capital resources are required:

- High-risk predevelopment pools of capital to help organizations and individuals take options on commercial and residential buildings, arrange for property acquisition, conduct environmental and engineering feasibility analyses and prepare financial, legal, and architectural studies required for additional financing.

- High-risk construction financing for arts-related commercial and residential facilities, including the use of subordinated debt and other forms of credit enhancements that leverage conventional lenders and investors.

- Small business loans (including micro-loans) to artist entrepreneurs who cannot qualify for conventional financing but have promising ventures.

- Capital to provide or purchase mortgages that do not conform to ordinary secondary markets,
or capital that requires longer terms than many conventional commercial real estate or multi-family mortgages allow.

It is important to create predictable sources of financing from early-stage development to the later stages of commercial and residential mortgages. This kind of systems-building can be done with banks, public agencies and community development financial institutions that have pioneered leveraging public and private resources.

**Investments in Targeted Cultural Districts**

In most cities, there are one or more places with nascent clusters of cultural and arts-based activity that, with the right investments and momentum, could grow into a new cultural district. Additionally, some cities have established districts that are well-positioned for expansion. A great deal of cultural district planning fails when it imposes a vision that is disconnected from the broader urban ecology.

A Creative Neighborhoods Fund ought to be able to support nascent and growing districts by responding to existing and emerging assets and demand in specific markets and by drawing on diverse civic and entrepreneurial sources to nurture them. Developing or financing a building is a discrete project, but focusing on a district requires long-term iterative actions and reactions by public, civic and private institutions.

**PORTFOLIO STRATEGY THREE: INVESTMENTS IN KNOWLEDGE**

Investments in knowledge would create data resources for ongoing planning and evaluation and also provide for specific studies that improve practice and build intellectual capital.

**Data Infrastructure for Smart Decisions**

Market and civic change strategies require quality data, particularly information that can be used to make decisions and aid transactions. Transactional data is information that can be acted upon and continually renewed through experience and new analysis. Good transactional data helps investors, residents and consumers make smarter decisions. A community-based arts and cultural strategy must make use of such data to be informed of opportunities and progress.

All investors understand the importance of data to identify opportunities, mitigate risk and evaluate results. The use of data here is no different than in the case of investing in more conventional business sectors. A region or city that wants to promote community-based arts and cultural activity must be able to situate existing and potential activity within the broader framework of economic and social change. Using data in a development framework is not only about understanding the present – the role that indicator data usually play – but the potential effects of investments in the future. The data do not have to be scientifically predictive, but they ought to identify market and civic inflection points.

The use of data by SIAP and TRF is a case in point, but represents only one of many approaches. Our data covers the urban and regional market, yet has the specificity to be useful for community-level analysis. In this way, one can see the interaction among multiple places and factors, and consider how new investments can add value by building on nearby points of strengths.

As we link cultural activity and neighborhood development we need to create a bank of data that will also facilitate dynamic forms of evaluation. Evaluation research should be ongoing and dedicated towards continuously building the field. As with any business or business sector, the use of evaluation information ought to be geared toward making new decisions regarding how to allocate resources, improve operations and plan for the future.
Creativity and Neighborhood Development: Strategies for Community Investment

**Studies and Planning around Key Leverage Points**
Neither the cultural indicators nor community development literature provides us with an investment-based analysis of these leverage points of the architecture of community. I recommend funding studies and analyses that will help us look more closely at each of these issues:

- **Civic Institutions and Social Capital:** What is the nature and extent of the social capital impact as expressed though arts and cultural institutions and how can it be measured in terms of its neighborhood improvement consequences?

- **Public Assets:** There are comparative examples of how cities use regulations, financial incentives, and public facilities to stimulate community-level creative activity. How can we analyze their effectiveness from one context to another?

- **Arts- and Culture-Related Real Estate:** What is the extent of artist and cultural production work space demand in specific cities and communities and what financial and public incentives will increase the efficiency of their production? How do arts and cultural practices contribute to community change without contributing to the displacement of historical residents.

- **Regional Connections:** What are the management forms and challenges of the cultural-based networked enterprise? What are the best evaluation and management strategies for community-based education and performance programs? How do we construct a more detailed analysis – that can be used operationally in education – regarding the role of creative sector skills to labor market and business development opportunities?

The overall arts and cultural sector is affected by artists and cultural organizations that struggle under the radar screen of conventional arts and cultural studies; as important as those studies are to building the case for creative sector investment. The studies and analyses suggested here can drive improvements and innovation into the field of community-based creativity. Such studies can help existing trade groups for both non-profit arts and cultural organizations and the community development sector operate from a common focus. They can elevate the meaning and potential of community-based arts to the economic and community development agencies that still look somewhat askance at these issues. They can enable civic leaders to speak to policy issues from the intersection of multiple domains that are not normally associated.

<table>
<thead>
<tr>
<th>Leverage Points of Community Change</th>
<th>Creativity Levers of Community Change</th>
<th>Outcomes</th>
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<td>public assets</td>
<td>public investments</td>
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<td>economic assets</td>
<td>libraries, parks, plazas</td>
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<tr>
<td>civic and social capital</td>
<td>real estate</td>
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<tr>
<td>flow of people, capital, information</td>
<td>artist housing, studios</td>
<td>increased flow of capital, information and people</td>
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<td></td>
<td>social interactions</td>
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<td></td>
<td>street festivals, arts education classes</td>
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<td></td>
<td>regional connections</td>
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<td></td>
<td>community art centers, art galleries</td>
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Understanding Creative Sector Skills and Investing in Human Capital

The notion of creative sector skills and occupations and their connections to a region’s workforce might be the least understood aspect of community-level arts and cultural activity. Realizing these connections requires many things, including a better understanding of the links between the creative sector and emerging employment trends.

There are foundational creative skills that include visual communication competencies, technological ability, and the capacity to integrate, associate and deconstruct symbols and ideas. This craft-like integration of concepts and technique can be articulated and taught in a variety of ways. In the same way that employment counselors talk about the “soft skills” of social awareness and relationship-building required for entry to hundreds of jobs, the soft and hard skills of creativity increasingly cut across disciplines and job classifications.

These issues have most often been addressed through the design curriculum of technical schools and universities, through attention paid to the effect of arts education on cognitive skills in general, and through human resource and technology executives who understand these links as they compete for talent.

The links, however, are not expressed in ways that would affect the practical decisions of institutions, families, schools and employment and training resources. There is an important opportunity to change this by investing in the analysis of the occupational infrastructure of the creative industries and articulating skills and competencies as they relate to educational practices and reform. The community-based arts and cultural sector has an important role to play in all of this.

Along with articulating the importance of these skills, efforts have to be made to fund and scale the best grassroots programs that provide education and training to people who would not ordinarily have access. Scaling these programs does three things: it reaches thousands of new students and young adults; it provides a base of employment for young and experienced artists; and it builds civic relationships between neighborhoods, artists and cultural organizations.

These program expansions are one route to influencing the broader funding and implementation of public and private job training resources that flow throughout the nation each year. If we are to regard arts and culture as more than an optional dish to the main course of creating a quality workforce, then a new language, curriculum, and justification for this must be demonstrated.
In preparing this publication, TRF convened several conversations that included artists, developers, philanthropies and public policy advocates. I frequently heard how rare it was to bring together this combination of viewpoints, and what potential there exists in conversations like these for breaking through entrenched categories and stimulating imaginative action in urban neighborhoods.

In its broad themes and specific recommendations, this publication points to approaches that can build institutional capacity and a public brand for the sector. It seeks to broaden the notion of who can and should be part of planning, policy, decision-making and financing related to this field. It calls for both top-down and bottom-up strategies that will expand the resources available and fortify the grassroots activity crucial for success. Finally, it offers a framework for how a unique combination of civic actors, each operating from their distinct strengths, can mutually reinforce what the other does and create a vision for place-making that is deeply rooted in a community’s strengths and vigorously committed to developing its potential.

**Conclusion: Elevating the Field**

*From art-making projects that unearth community assets, to the transformation of old warehouses into new studios, to analysis that can drive smart investment decisions, this synthesis of creative activity and development practice can elevate the field of neighborhood revitalization.*
References

 Though most of these were not directly cited in this monograph, the following were valuable to my research and influenced my thinking.


Creativity and Neighborhood Development: Strategies for Community Investment


A CONVENING: CREATIVE SOCIETY AND URBAN RECOVERY
JUNE 27, 2007 AT THE PARK HYATT BELLEVUE, PHILADELPHIA

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