

# Cultural Ecology & Economic Development



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# Roadmap

- **WHAT:** Economic Development
- **WHY:** Cultural Economic Development
- **HOW:** District Development Strategy
- **FRAMEWORKS:**  
Ecology, Clusters & Anchors

# What Is Economic Development?

# What is Economic Development?

- Increasing **economic activities** and
- Solving **market failures** while
- Maximizing **public benefits**

# What is Market Failure?

Markets value profits

Communities value  
public goods



**Market failures** occur when there is a mismatch between the market value and the community value. Economic developers intervene to preserve, invest and expand the public good.

# Causes of Market Failure

- Information lacking
- Prejudice
- Discrimination
  - Jobs, Loans, Housing
- Economic inequity
- Transaction costs

## Examples:

- Banks often won't **loan money** to new businesses.
- Arts orgs will cause property values to rise, then can't acquire resources to **purchase properties**.
- Landlords won't **rent housing** to artists who don't have "regular" jobs (or rent is not affordable).
- Developers won't **develop** particular sites, product types, and/or neighborhoods.

# Public Purpose Doctrine

Contemporary economic developers also seek to maximize the public purpose doctrine:

Dollars spent should achieve the maximum public purpose per capita.



*NYC Mayor Bloomberg and President Obama*

Source: Schoettle, Ferdinand P. 2003. "What Public Finance Do State Constitutions Allow?"

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# Why Cultural Economic Development?

# Why Culture as Economic Development?

## Cultural Investment's Dual Return

**Improving Economies:** Cultural investment can have a **significant economic impact** as measured through property values, tax revenues, and job creation.

**Broad Public Benefit:** Cultural investment supports social goals through **maximizing the public benefit** through coalitions with parks, affordable housing, schools, workforce development and sustainability.

# Cultural Investment Benefits

- Community sustainability
- Attract investment
- Attraction of residents, businesses
- Vitality through pedestrian traffic
- Excitement, reputation, prestige
- Economic development outcomes
- Unify the community
  - A common denominator amongst people of different ages, races, income levels and ethnic backgrounds



*“Life Line: Creating Healthy Community”  
David Fichter, City of Los Angeles: Great  
Walls Unlimited, 1993*

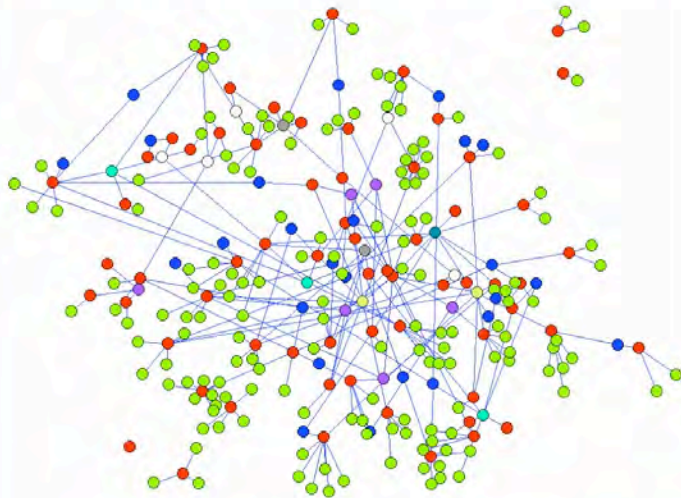
Source: Adapted from Austrian, Ziona and Rosentraub, Mark. 2003.  
“Urban Tourism and Financing Professional Sports Facilities”

# Culture Integrates Communities

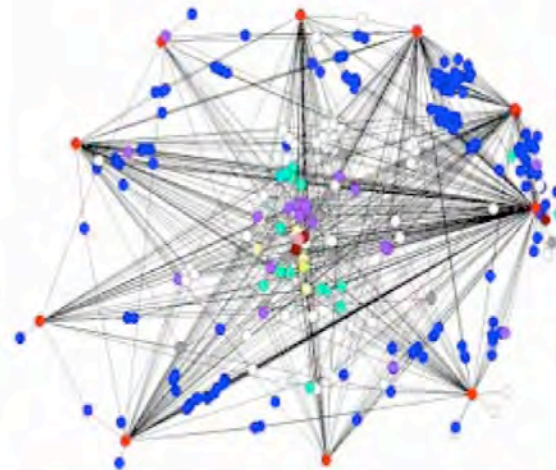
## *Artists Knit Together Social Fabric*

Culture fosters community capacity by building social networks.  
Philadelphia, 2001.

Cultural engagement builds networks within and between neighborhoods. Neighborhoods with a critical mass of cultural assets—and a dense web of social networks—are more likely to experience stable social diversity as well as economic revitalization.



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



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

Source: SIAP

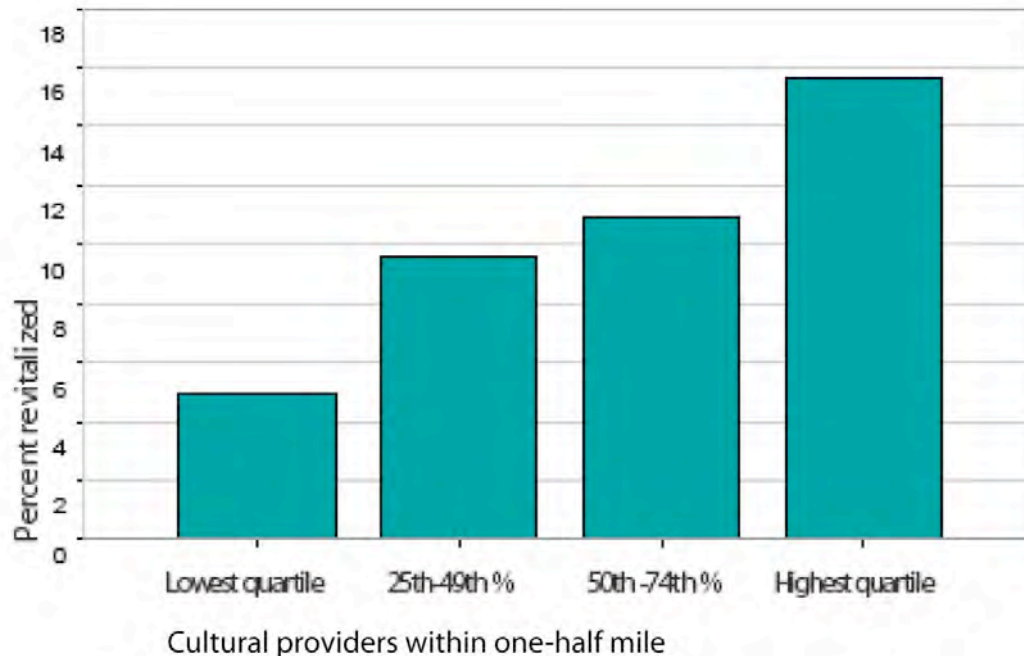
Source: Social Impact of the Arts Program,  
University of Pennsylvania

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# Culture Supports Neighborhood Revitalization: *Cultural Providers Amplify Neighborhood Strategies*

Percent of block groups revitalized (above average population increase and poverty decline) by number of cultural providers within one-half mile, Philadelphia 1990-2000



In Philadelphia, during the 1980s and 1990s, the odds that a neighborhood would revitalize were highly related to presence of cultural resources. Even among the most at-risk neighborhoods, those with many cultural organizations within one-half mile were three to four times more likely to see their poverty decline and population increase as those with few groups.

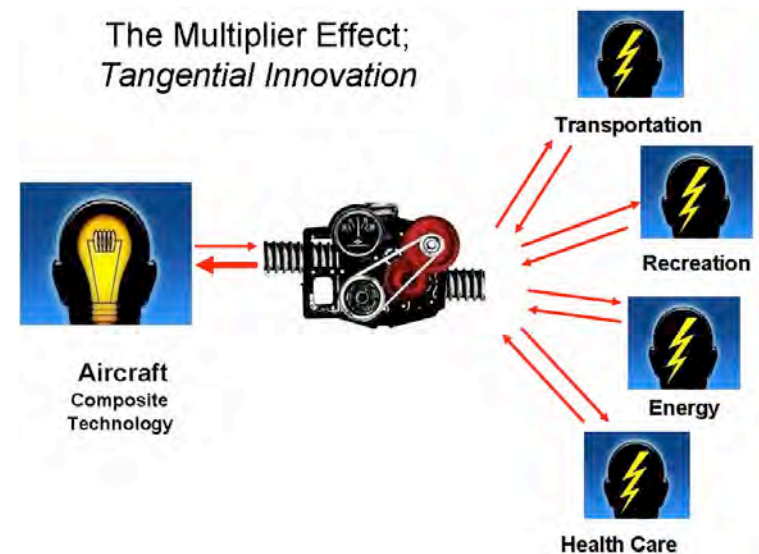
Source: SIAP

Source: Social Impact of the Arts Program,  
University of Pennsylvania

# Fiscal Stimulus and High Multipliers

*Cultural investment is ideal for fiscal stimulus*

- Economic Developers seek multipliers greater than 1, which implies that they are creating new economic activity.
- Fiscal Stimulus seeks high multipliers to leverage the effects of investment and create efficient use of public dollars.
- The *American Recovery & Reinvestment Act (ARRA)* has identified “high multiple” sectors for investment such as Science & Technology (e.g., aircraft R&D).
- Culture should be on this list.



*Multiplier effect in aircraft R&D*

# Culture Multiplier Among the Highest

Direct Economic Benefits of Private and Community Foundations (2007)

Grant Area	Share of Total	ROI (est.)
Arts & Culture	12%	\$9.77
Education	23%	\$5.08
Environment	6%	\$6.72
Health	23%	\$7.60
Human Services	14%	\$10.91
Public Affairs	11%	\$22.04
Science & Technology	3%	\$4.96
Social Sciences	1%	\$1.00
Other	7%	\$1.00

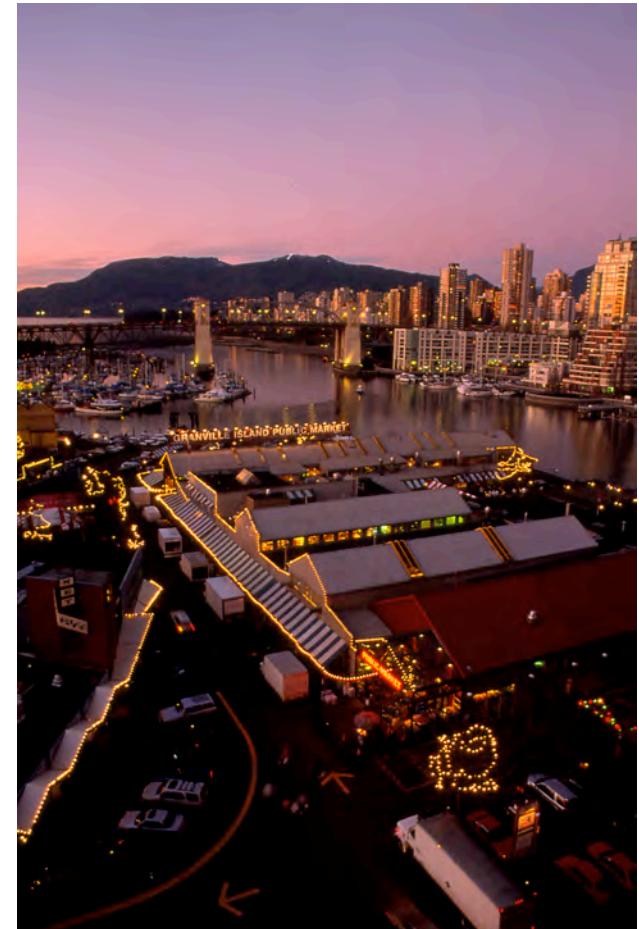
Arts & Culture multiplier over double that of Science & Technology!

Source: <http://www.PhilanthropyCollaborative.org>

# Culture's Competitive Advantage

## *Unique Advantages of Cultural Economic Development*

- Endemic to social fabric
  - Present and unique in every locale
- Integrates multiple objectives
  - Mixed-Income Housing
  - Sustainability
  - Local Business
  - Historic Preservation
- Amplifies effects of economic development
- Cutting edge, 21st century strategy

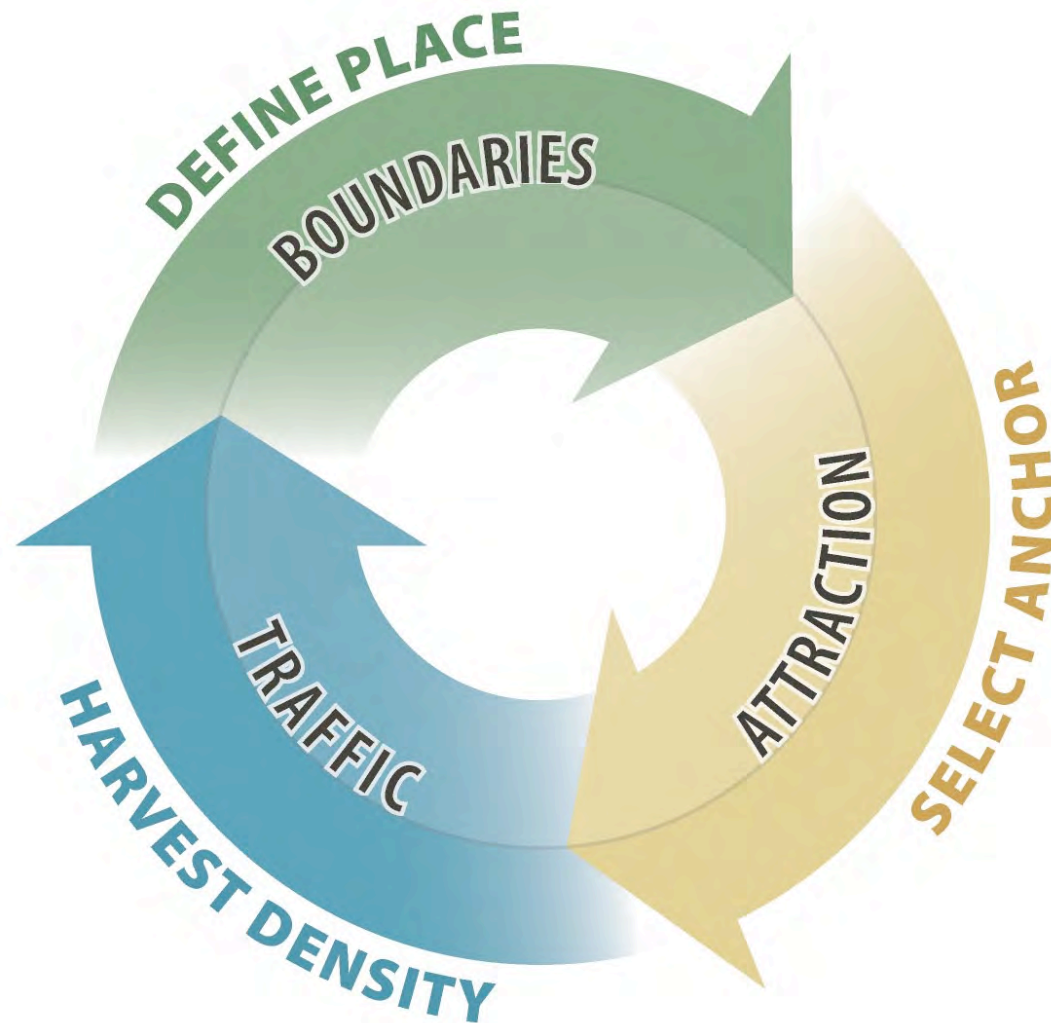


*Granville Island, Vancouver, BC*

# District Development Strategy:

*How to put the concepts into action.*

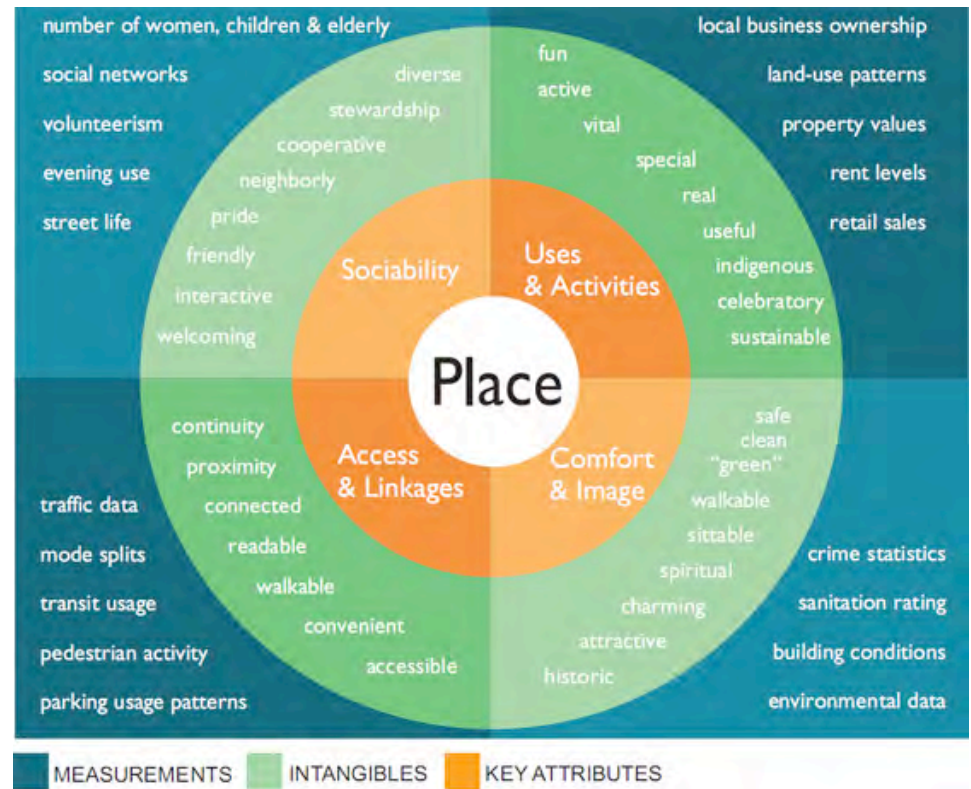
# Districts: A Virtuous Cycle



# Boundaries Create Container for Place

## Place-making inhabits the container

- Inside vs. Outside
  - Supply & Demand
  - Scarcity
- Measurement
- Financing
- Social outcomes

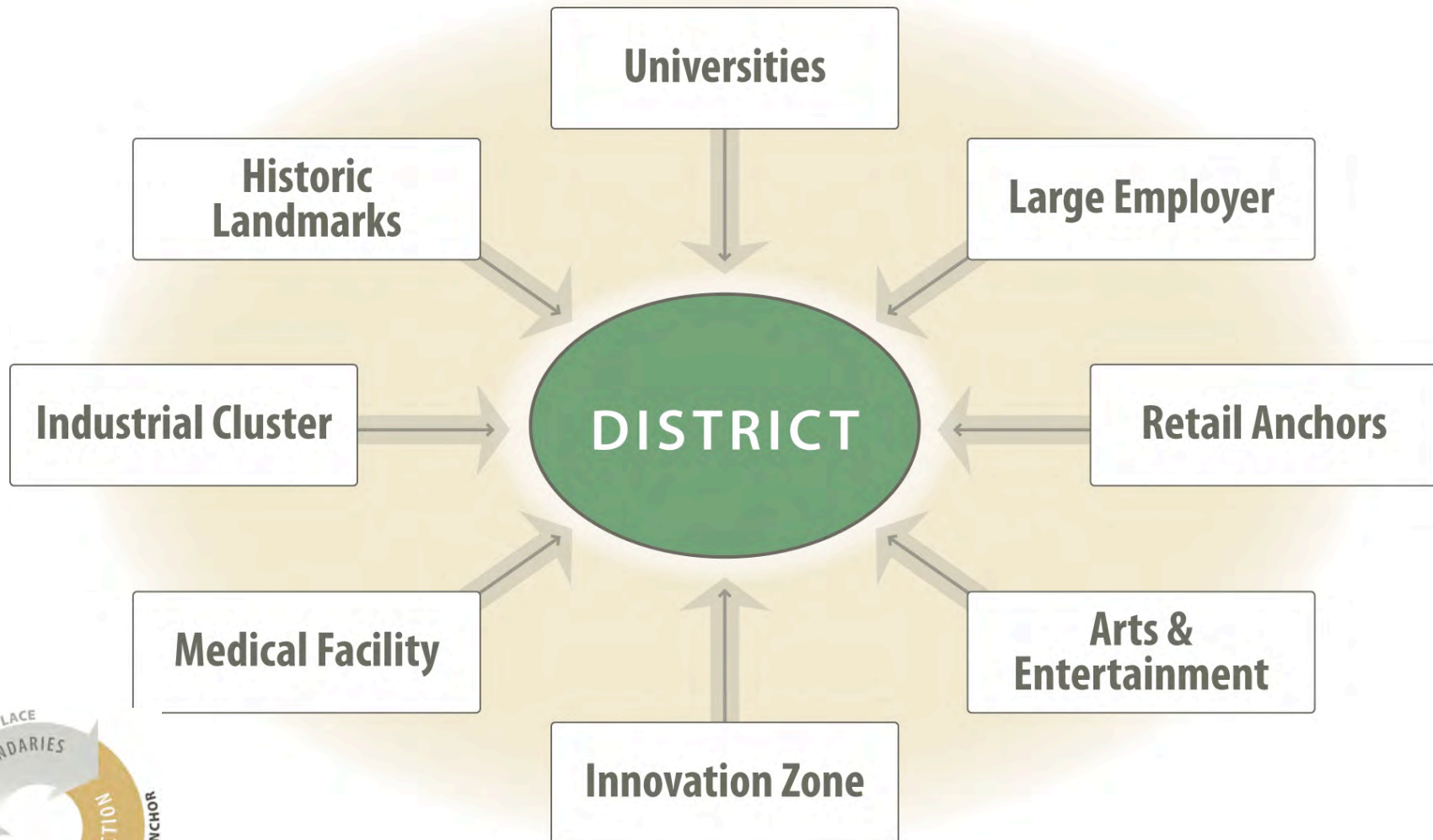


Place Diagram, People for Public Spaces, <http://www.pps.org>



# Anchor Creates Attraction

*An anchor is the engine of the place*



# Harvest Traffic to Create Sustainability

*Traffic is the realization of place*

Multiplier effect creates self-financing opportunities  
**at the district scale.**

- Value Capture
- Local Improvement District (LID/BID)
- TIF, LIFT, HEFT
- Cross-subsidy
- Revolving Loan Funds
- Redevelopment Strategies



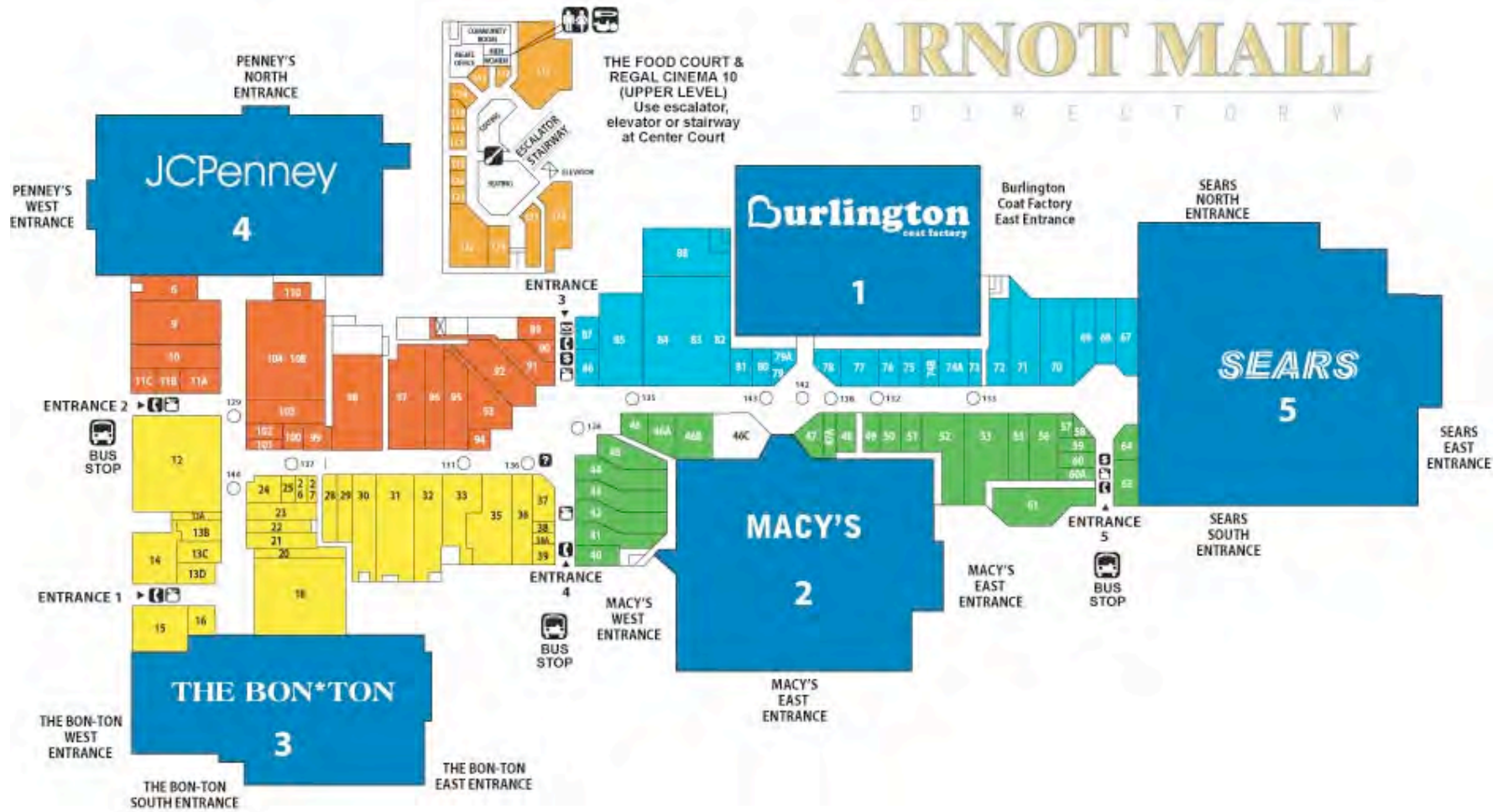
# Why Cultural Districts?

- **Culture is everywhere**
  - Different everywhere, by definition
  - Different = Unique Local Asset!
- **Culture is a megaphone**
  - Amplifies your existing strategy
  - Leads creation of new strategies
- **Culture can be an anchor**



*Local Colors Festival, Roanoke, VA 2008*

# Traditionally Anchored Mall



# What does it mean to select a cultural “anchor”?



# Cultural Ecology, Clusters and Anchors

Frameworks for thinking about your vision.

# (Some of the) Competing Theories

## Creative Class



Richard Florida

## Cluster Theory



Michael Porter





# Creative Class:

*Focus on attracting the “Creative Class”*



Creatives

Traditionally, creative economy focuses on the ability to attract a “creative class” as a spur to attracting business and productive economic activity and urban revitalization.

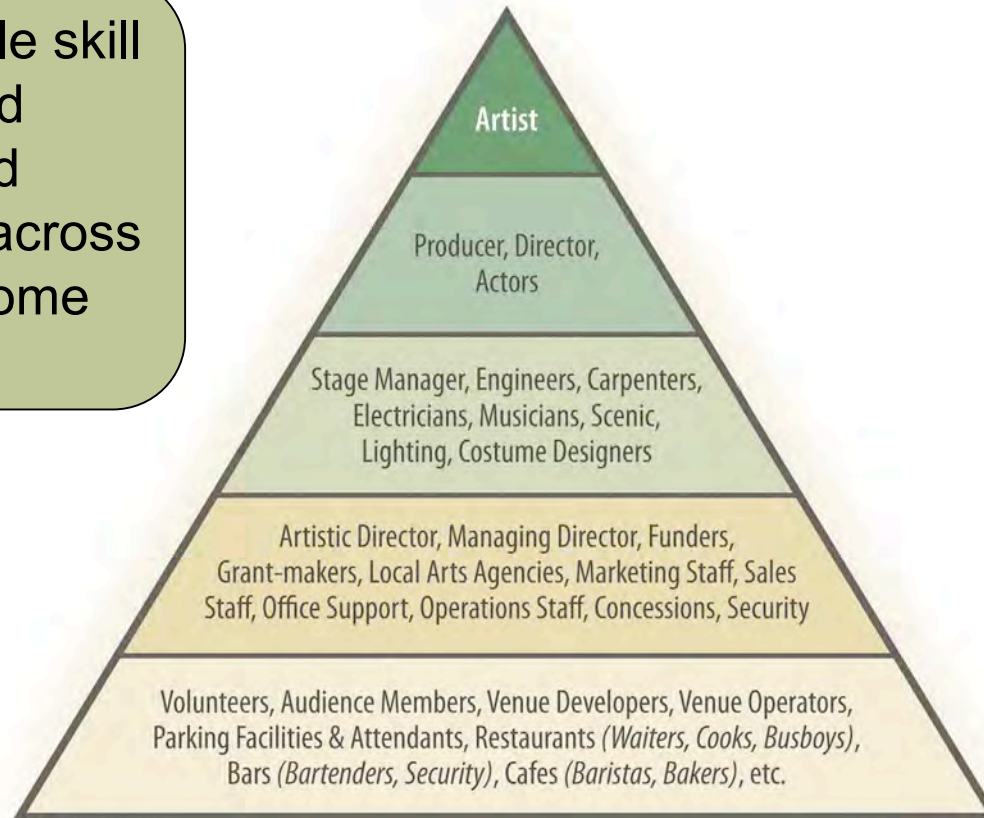
Challenges: “The creative economy is giving rise to pronounced political and social polarization.” -- Richard Florida, 2005.





# Integrating Creatives: *...not just the creative class anymore!*

Jobs at multiple skill levels and increased consumption across multiple income levels.



Creatives

Co-creators

Technicians & Designers

Office/Ops Staff

Larger Community

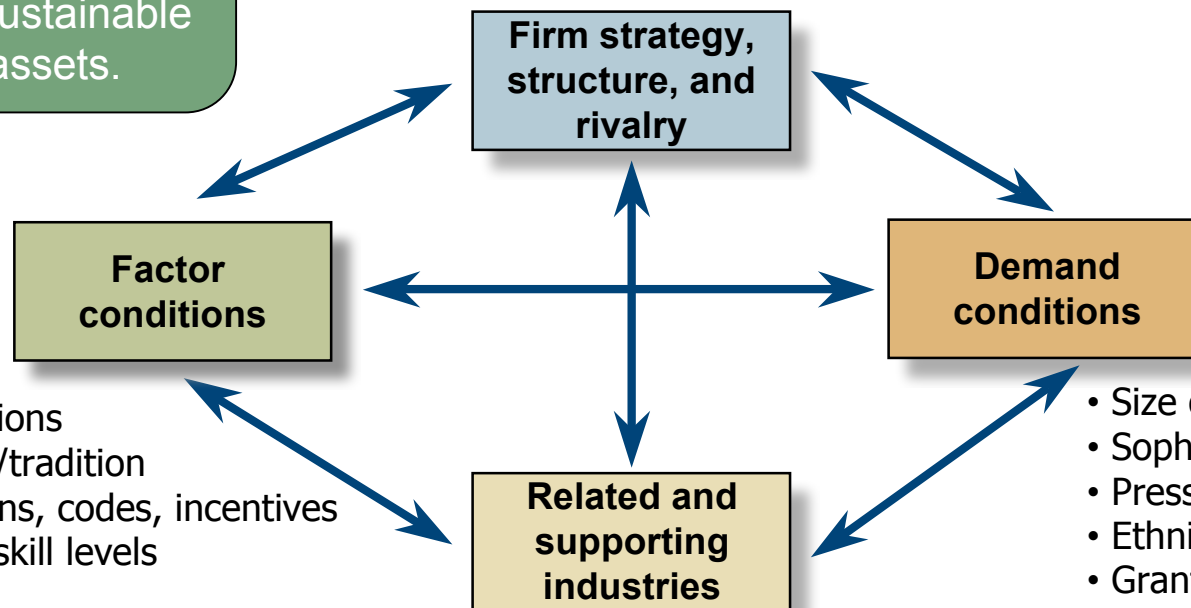


# Cluster Theory: Cultural Clusters

*Each cultural cluster is unique*

Culture-specific cluster analysis reveals opportunities to build unique and sustainable regional assets.

- Generative artists vs. presenters
- For-profits, Non-profits, Co-ops, collectives
- Number of companies in the region
- Alliances vs. competition



- Artisan populations
- Ethnic heritage/tradition
- Local Regulations, codes, incentives
- Education and skill levels
- Wage rates
- Artist development opportunities

- Existence of crafts-people, shops
- Bars, restaurants, cafes, lodging
- Spillover effects
- Clubs, theatres, film and commercial industry
- High tech, architecture, "creative class" occupations

- Size of markets
- Sophistication of audience
- Press, media coverage
- Ethnic populations
- Grants/Funding
- Demand for teaching artists



Source: Heartland analysis of Porter (1990)

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# A New Paradigm:

*Combining Creative Class, Cluster Theory, and Public Purpose*



**Creative Class**

+



**Cultural Clusters**

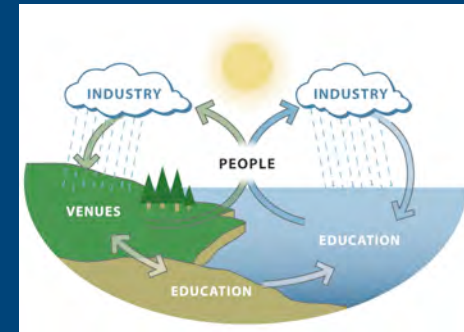
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**Public Purpose**

## Cultural Ecology



Source: Various. Influenced by Stern & Wei. "From Creative Economy to Creative Society". Social Impact of the Arts Program. Upenn.

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# Cultural Ecologies Combine Social & Economic Elements

Interrelated web of economic and social elements that collectively create a unique, place-based, economic engine



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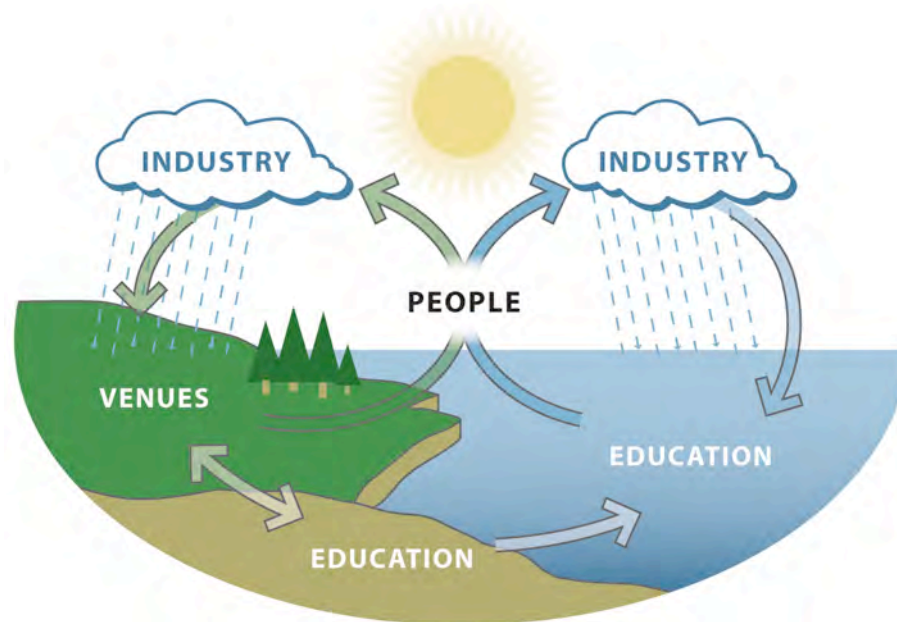
# Ecological Interdependence

*Every element is integrally and mutually related*

1 People such as artists, producers, designers and engineers leave school/training to enter professional arts industries.

2 An additional group of **industry** professionals keep involved with education as university lecturers, teachers in schools, and after school education.

3 **Education** ties together aspiring artists, professionals, audience members, communities and youth.



2 The **professional industry** performs and exhibits in venues for audiences of people.

3 **People** in the community are inspired by industry events, and decide to join professional arts industries.

4 People from the professional industry mix with people from the community and education in **venues** such as theatres, clubs, galleries, museums, dance studios and more. From this interaction, some people decide to get more education to further careers or pursue new passions. Some people decide to directly join industry. **The cycle begins again.**

# Strategy Summary

All regions are **not** the same

- The goal is not to build a replicable model but to create a scalable process.

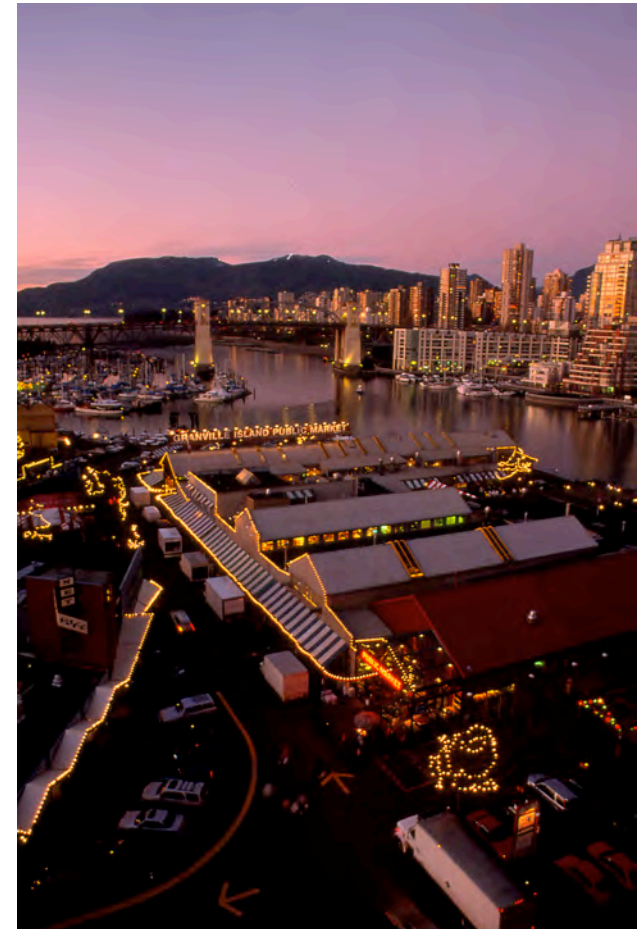


There is a niche and need for each element of the ecology. When they are created and connected a regionally unique, attractive and harvestable whole will result.

# Culture's Competitive Advantage

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- Cutting edge, 21st century strategy



*Granville Island, Vancouver, BC*



# Appendix: Bibliography

# District Examples

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<http://www.avenueofthearts.org> (see “Extending the Vision”)

<http://www.ci.cumberland.md.us>

<http://www.crt.state.la.us/culturaldistricts> (Louisiana Cultural Districts)

<http://www.downtownidahofalls.com>

<http://www.growidahofalls.org>

<http://www.handmadeinamerica.org>

(see 2005-06 HandMade in America Annual Report)

<http://www.idahofallsarts.org> (Idaho Falls)

<http://www.localcolors.org> (Roanoke, VA)

<http://www.newbohemiand.com/index.htm> (New Bohemia)

<http://www.nyctourist.com/times-square-history.php>

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