

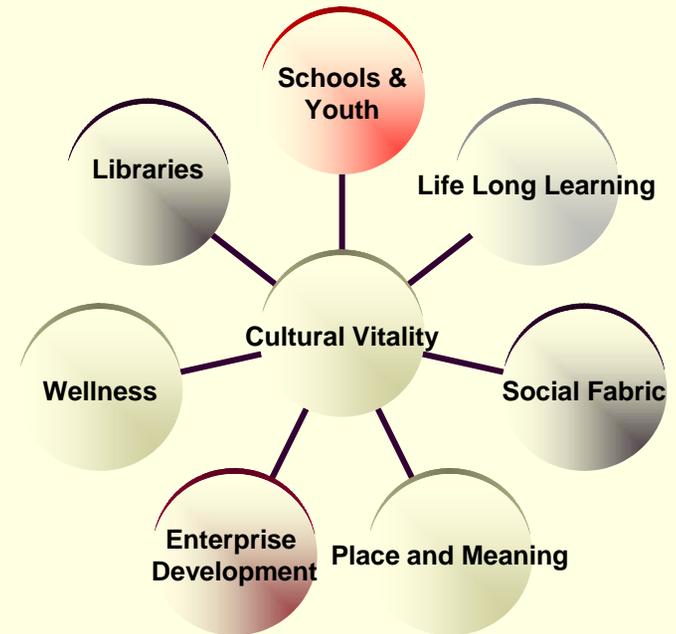
The Tangible and Intangible Benefits of Cultural Facilities

How to Plan For the Best of All Benefits



Why Cultural Development Projects Are More Important than Ever

- The creative economy – all industries that create intellectual product – is our country’s #1 growth industry.
 - Communities with vibrant cultural assets attract the companies and workers that fuel this new economy.
- Cultural vitality is integral to healthy communities.



Intangible & Tangible Benefits: Results to Seek (And Plan for) in Every Cultural Development Project

Intangible

1. Increase quality of resident organizations.
2. Create architectural legacy.
3. Create sense of place and social fabric.
4. Create educational opportunities.
5. Create community campuses.
6. Preserve cultural meaning and heritage.

Tangible

7. Attract new residents.
8. Increase surrounding property values.
9. Attract/retain corporations and workers.
10. Drive economic impact through visitation.
11. Drive hub or “district” activities and strength - entertainment, retail, residential and civic life.
12. Anchor new development.

The Benefits are Equally Significant, Communities of All Sizes

- Morrisville, NC. Town of 14,000. Seeks a cultural center to be the economic and social hub for a new Town Centre as the community is poised for growth.
- San Antonio, TX. New influx of Fortune 500 headquarters has created new need for high quality cultural amenities to attract and retain workers.
- Yakima, WA. After the loss of a downtown mall, the City saw the value of multiple cultural/entertainment venues to rebuild the downtown economic base.
- Council Bluffs, IA. Across the river from Omaha, it is ripe for economic boom, and artist live/work complexes can lead the way.
- White River Junction, VT. A booming regional theatre is the new economic engine for downtown.

Strengthen cultural institutions



New facilities create quality and spur demand.

Seattle Symphony Before Benaroya Hall:\$9.8 million

After: \$22.7 million, 20 different subscription series.

Serves 75,000 children and

adults each year.

Signature architecture for the ages

Great architecture **creates icons and shapes a city's image** for the next 100 years.



Create and preserve a cultural heart and social fabric



Detroit's Campus Martius. "People come to hear outdoor concerts, watch outdoor movies. **A big attraction is to rub shoulders with all the other people.** Compuware moved its campus and 4,000 employees from the suburbs to a new building near the square. They would not have come without a lively arts district where their workers have something to do." – Bob Gregory, Detroit 300.

Economic development



Every cultural project sparks real estate development.

“Newark has taken significant strides toward economic revival because of NJPAC. It has formed the anchor for a boom in real estate and paved the way for other lucrative tenants to locate in Newark.” – The New York Times

Vibrant hub



Every cultural project Boost property values.

Forbes lists the zip around Millenium Park as the nation's hottest zip code. The Park has spawned \$1.6 billion of new real estate development.

Campuses for community engagement



Cultural projects create community.

Mesa: 4 theatres, contemporary art center, community art Classes and programs, outdoor “shadow walk” and park. Accessible and affordable for all.

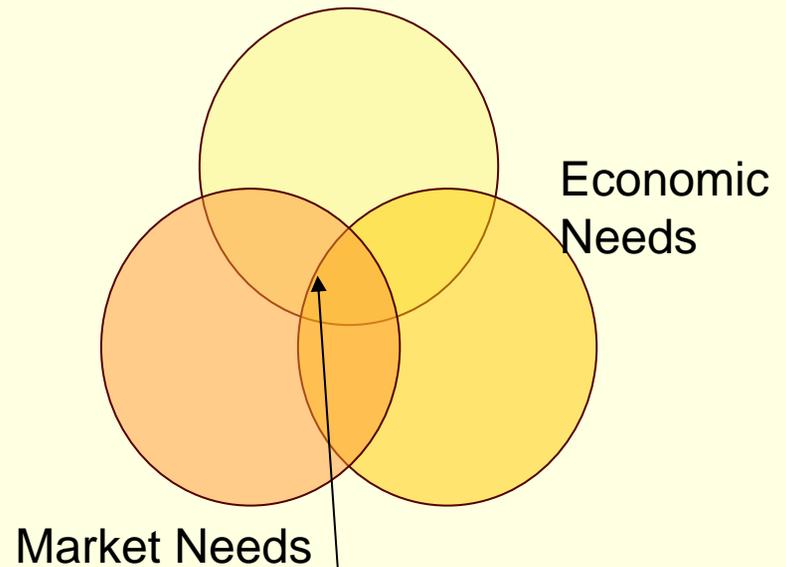
Economic
Iconic
Social
Educational

Plan to Maximize all the Benefits

How to Gain Both Intangible and Tangible Benefits

- Evaluate the driving needs of resident/tenant organizations as well as market and economic development needs. All three sets of needs & opportunities should factor into planning.
- The fine balance: don't over-build; don't under-build. Build for the next 25 years.

User/Tenant Needs



Right size. Right place.
Right budget.



Evaluate Market Needs

- Top international cultural cities have an average of 15 quality performing arts seats per capita; about 8 per capita in suburbs/smaller towns.*
- Demographic trends support balancing anchor facilities in downtown areas with suburban/exurban small, multi-purpose facilities.
- Social trends support cultural hubs that serve market needs – i.e. a library and children’s theatre side by side.
- In most populated areas, about 50% of the population are “goers/doers.” Most inclined attenders go out (entertainment/arts) 3+ times a year.*

* Source: University of Calgary

* Source: National Performing Arts Coalition, 2006

Evaluate User Needs

- Realistic growth assessment
- Assess specific needs, not generic concepts
- Financial capacity related to debt service
- Operating model
- Revenue opportunities and synergies

Evaluate Economic Return on Investment

- Direct economic activity and output
- Employment and wages
- Tax benefits into local economy
- Increased value of surrounding real estate
- New development/redevelopment
- Direct value to other industries (i.e. tourism), indirect value (i.e. attracting new employers)

Evaluate Capacity for Return on Investment

- Public fiscal impacts. On average, 40% of the capital budgets of cultural facilities comes from public dollars.
- On average, 25% of the operating budgets of cultural facilities comes from public dollars.
- Evaluate mix of debt service financing to right size civic investment: TIF, TOT, naming rights, 3rd party development, other tax, earned income from facility operations, private contributions.
- Evaluate increased tax revenues realized because of facility to support annual public funding.

Return on Investment: Tangible Ways to Evaluate How Cultural Hubs Pay Back

- Mesa Arts Center (opened 2005) creates \$57 million in new annual direct and indirect impact for downtown Mesa (**off site spending**); 1.27 million new downtown transactions (meals, purchases, parking, hotel visits.) A key Mesa goal – to increase commercial and residential property value – is being realized.
- Yakima’s district will bring 350,000 people downtown every year and generate \$60 million in **total sales tax revenue** over the course of 25 year bonds.
- The Charlotte cultural facilities master plan (new performing arts and museum facilities, combined) will produce \$217 million into the economy during construction and generate **1,700 jobs** during construction, in return for a \$155 million public investment. In addition, six blocks of luxury downtown condominiums are being developed around the PAC site.
- The Orlando PAC will be the anchor for downtown (across the street from City Hall), and include the development of a luxury boutique hotel, office building, and two luxury condominium towers. Orlando is building its **downtown residential base**, and the PAC is key to achieving this goal.

Moving Forward

- Assess the tangible and intangible benefits your community seeks.
- Evaluate market, user, and economic needs and opportunities.
- Assess the fiscal impacts and return on investment mechanisms.
- Right size the venture.



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