

Transforming Arts Organizations Worldwide

The Arts and Downtown Revitalization

November 2022

Why the Arts Matter in the Economy & Urban Redevelopment

- Arts and culture-related industries provide **direct economic benefits to states and communities**: they create jobs, attract investments, generate tax revenues, and stimulate local economies through tourism and consumer purchases.
- Because they enhance quality of life, the arts and culture are an important complement to **community development, enriching local amenities and attracting young professionals to an area**.
- The Arts and Culture sector represents 4.5% of the nation's GDP and 5.1 million jobs. The U.S. Bureau of Economic Analysis reports that nationally the arts and culture sector is a **\$878 billion industry** — a larger share of the economy than construction or education services.
- The turn to the arts for urban economic redevelopment follows upon the publication of **several influential studies**, including Richard Florida's *Rise of the Creative Class* (2002). Florida links twenty first-century economic vitality to concentrations of people who earn their living through creativity and innovation, including artists, artisans, performers and writers, of both popular and high art, as well as to a regional cultural ecosystem that innovative people find attractive.

BUSINESSES

Nationally **673,656 businesses** employ **3.48 million people** who are involved in the creation or distribution of the arts. Based on Dun & Bradstreet data, this means that 3.9% of all businesses and 1.9% of all employees are connected to the creative industries.

Source: Americans for the Arts, *Creative Industries*, 2017.

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ECONOMICS

Nationally, the nonprofit arts industry alone generates **\$166.3 billion in economic activity** annually that supports **4.6 million jobs** and generates **\$27.5 billion** in federal, state, and local government revenue.

- Spending by arts audiences generated **\$102.5 billion** to local businesses.

Source: Americans for the Arts, *Arts & Economic Prosperity 5*, 2017.

NONPROFIT
ART IS A

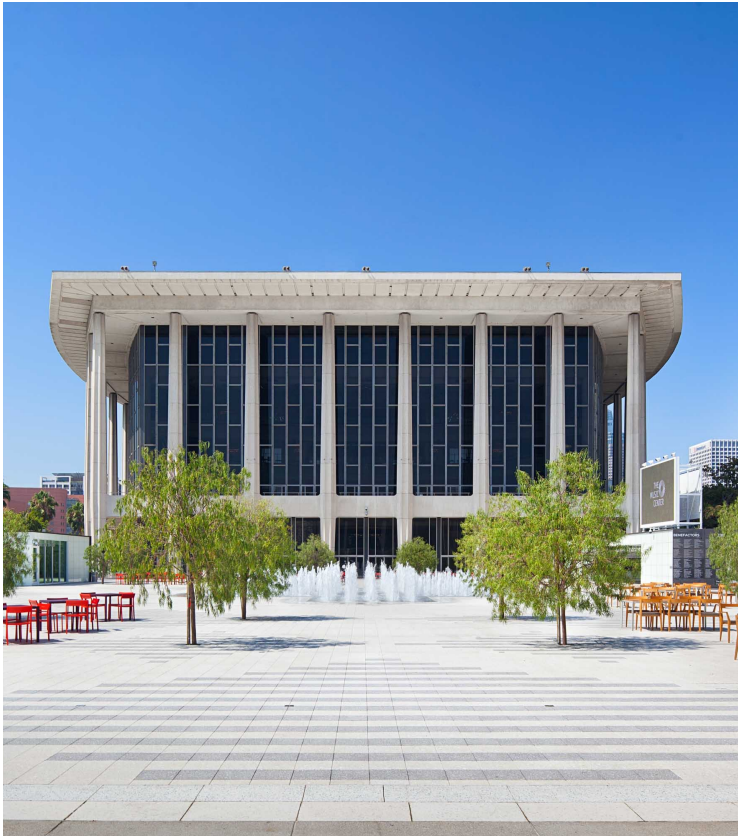
\$166.3
BILLION

DRIVER OF OUR NATIONAL,
STATE & LOCAL ECONOMY.

Sources: [Americans for the Arts Action Fund](#); [NGA Governors Association](#); [How the Arts Are Helping to Revitalize Rust Belt Cities](#)

Renovated Plaza Connects Arts, Businesses, and Community

Music Center (Los Angeles, California)



Renovation Years: January 2018-August 2019

Renovation Budget: \$41 million for plaza; \$1 billion for total mixed-use development project (including plaza, commercial stores, and hotel and apartment building)

Description/History:

- This 55-year-old outdoor space sits between the Mark Taper Forum and the Dorothy Chandler Pavilion in the Music Center complex, which also includes the Ahmanson Theater and the Walt Disney Concert Hall

Economic Impact & Revitalization of Downtown:

- Transform central circulation area into a "plaza for all", as an outdoor performance venue and pedestrian-centered nexus. This is helped by the installation of plaza LED screens, equipped with sensors and cameras.
- Music Hall Plaza renovation project one of several in the area all proposed as part of a larger plan for Grand Avenue that would transform the street into a hub of art, music, and culture in the heart of Downtown. Restoration efforts have also made the Avenue a safe space for foot traffic and rich community interactions
- Plaza coupled with retail space (e.g., wine bar, restaurants, shops, permanent restrooms) that cover a variety of price points.

Other major businesses/city connections created alongside Music Hall Plaza as a part of the larger Grand Avenue plan include:

The Grand (Opened in 2022)

- 20-story Equinox hotel
- 176,000 sq. ft. of shops and restaurant space
- 39-story residential tower
- 436 housing units

Regional Connector Project (Opening in early 2023)

- Subway project that connects the Metro Expo, Blue, and Gold lines.
- Includes a stop at Second Street and hope, with an elevator up to Grand Avenue behind the Broad Museum.

Positioning Downtown As Place to Experience Arts & Culture

SAFE Credit Union Convention & Performing Arts District (Sacramento, California)



Renovation Years: Convention Center Dec 2018-Sept2021; Performing Arts Center Jun 2019-Summer 2021

Renovation Budget: \$245M for Convention Center, and \$120M for Performing Arts Center

Description/History:

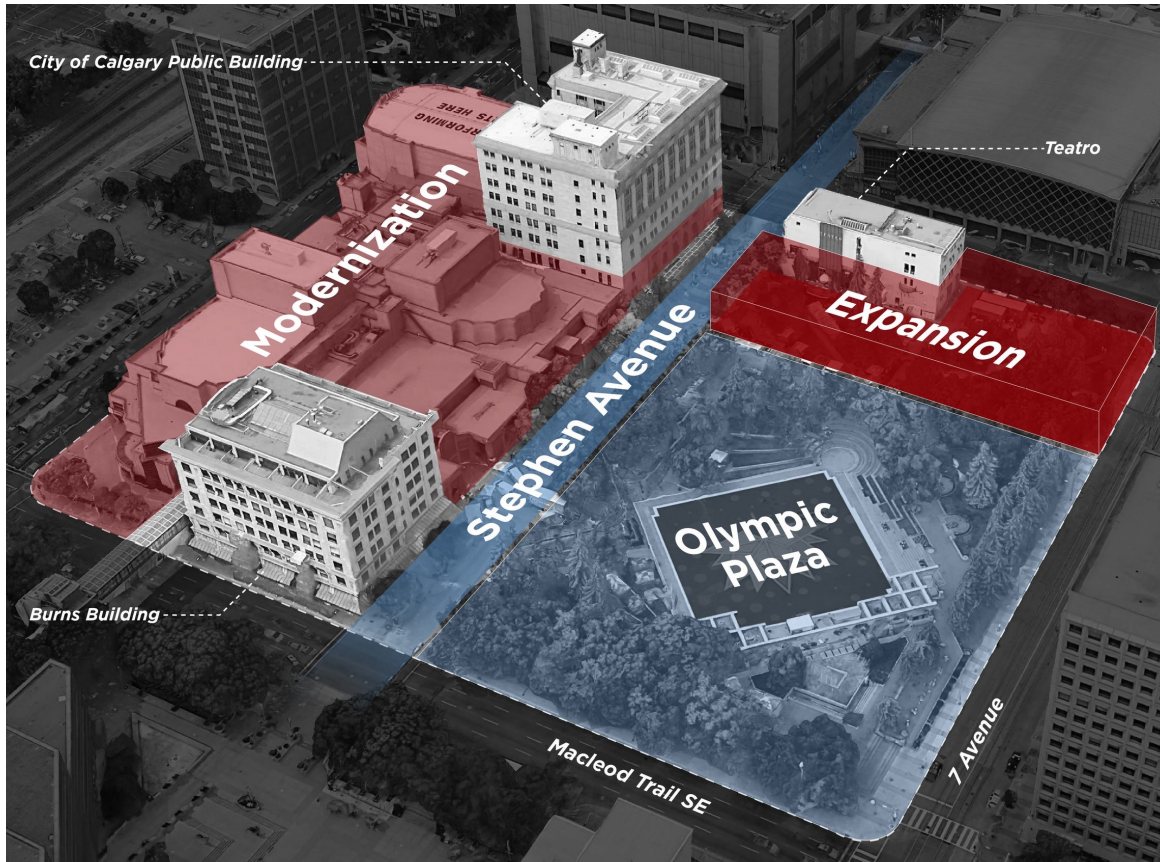
- Performing Arts Center opened in 1976 and has not expanded or been renovated over the past 4 decades.
- City of Sacramento renovated and expanded the Sacramento Convention Center, the Memorial Auditorium, and the Community Center Theater – three buildings that make up the new SAFE Credit Union Convention & Performing Arts District.

Economic Impact & Revitalization of Downtown:

- Downtown Sacramento has a higher volume of events and conventions than the average pilot downtown. This district re-positions downtown as a destination to experience the arts and culture, and this district is situated in the heart of Sacramento’s Entertainment District with hotels, restaurants, and retail spaces.
- Convention Center enriches the ability to sell the city as a convention and entertainment destination, and achieve positive economic impact for the hotel, restaurant, and business community
 - Estimated increase in hotel room night occupancy from 48% to 62% within 5 years
 - Citywide conventions expected to increase from 36 to 61 annual events by 2025, which is an increase of >150K new hotel room nights
 - Convention attendee spending averages more than \$100 in spending per day in Sacramento, with average hotel room costing about \$150 a night
- Performing Arts Center drives economic benefits to downtown and the Greater Sacramento area through increased visitor attraction and spending, creating a healthier business and cultural community.

Downtown Strategy to Bring Workforces Back

Arts Commons (Calgary, Alberta, Canada)



Renovation Years: Set to break ground in Q4 2024

Renovation Budget: \$450M

Description/History:

- Arts Commons is home to 6 resident companies: 4 are theater-based, one is the Calgary Philharmonic Orchestra, and the other is AC Presents which has a festival focus.
- Arts Commons Transformation (ACT) project is the largest cultural infrastructural project in Canada, focused on transforming the arts and cultural psyche of Calgary's residents and visitors by enhancing the city's cultural identity.

Economic Impact & Revitalization of Downtown:

- ACT anchors the new civic precinct that will involve the redevelopment of the city's Olympic Plaza. More broadly, ACT is part of the City of Calgary's greater Downtown Plan and is a catalyst project for the Culture and Entertainment District.
- The city believes in investing in infrastructure that supports trade, tourism, and is key to job creation and building strong regional economies. Currently, downtown Calgary has a high vacancy rate as workforces slowly return post-pandemic, and renovation is helping to try to reinvent it, not at the cost of pushing communities out.
- Calgary also benefits from this renovation through the exodus of arts workers in big, densely-populated US cities to mid-size North American cities like Calgary, as a result of COVID and the high cost of living.

Arts Commons Transformation By the Numbers

Economic Impact DURING Construction:

- \$424M to Alberta's GDP (\$386M to Calgary's GDP)
- \$41M in Alberta Government revenues (\$9.8M for Calgary)
- 3454 jobs created in Alberta (3155 in Calgary)
- \$263M in Alberta labor income (\$239M in Calgary)

Economic Impact AFTER Completion:

- \$59M annual contribution to Alberta's GDP
- \$6M annual contribution to Alberta Government revenues
- 743 FTE jobs supported in Alberta
- \$37M in annual Alberta labor income
- Potential of ~600 new events per year under an expanded and renovated facility

Arts Commons Transformation gets go ahead through Calgary's Greater Downtown Plan

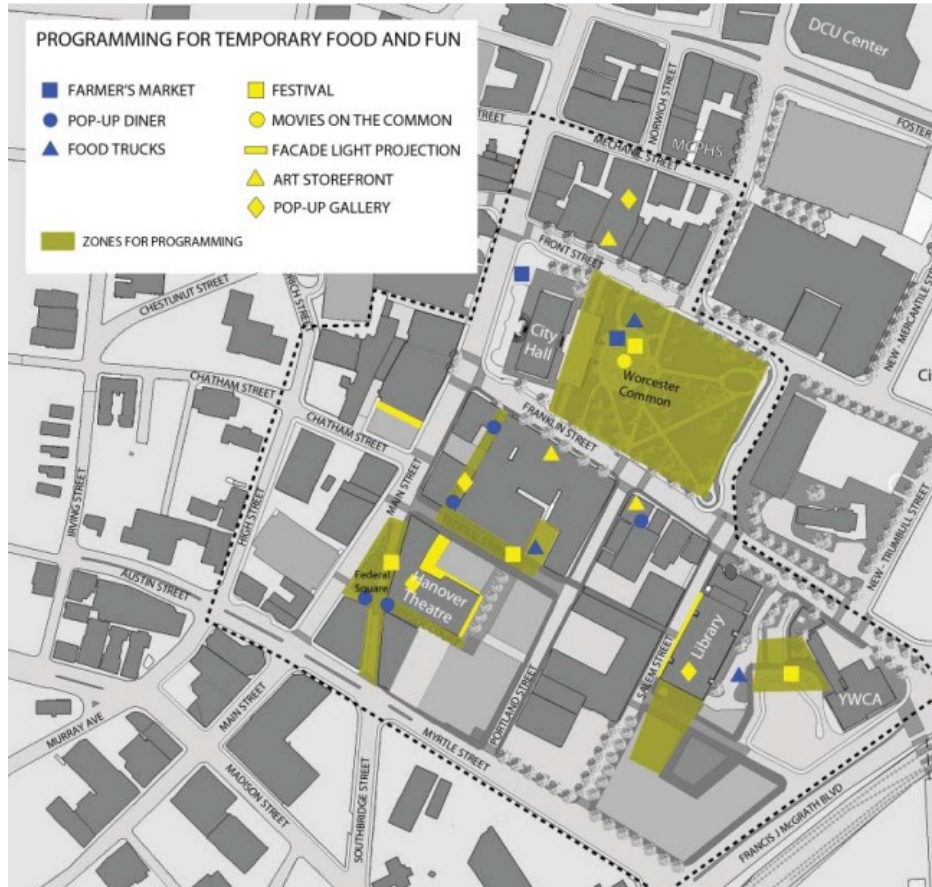
\$80 million was allocated towards the Arts Commons Transformation (ACT) project through Calgary's Greater Downtown Plan. The Greater Downtown Plan is the City's vision and roadmap for building a thriving and future-focused downtown, of which Arts Commons—the city's premier arts centre—is a key component.

This new funding was made possible thanks to a federal contribution under the Canada Community-Building Fund. This commitment means ACT can proceed through design development and completion of the Phase 1 expansion. Valued at \$240 million, Phase 1 involves construction of a new building expected to include three the existing building and supporting amenities. The \$80 million commitment is a welcome addition to the funding secured over the past two years for ACT, including \$25 million from the City's Municipal Sustainability Initiative announced in October 2020 and \$135 million in funding from CMLC's Community Revitalization Levy secured in March 2019. Once completed, this state-of-the-art facility will attract and serve world-class artists, community partners, and arts lovers for decades to come.



Creating a Synergistic Entertainment District

Hanover Theater (Worcester, MA)



Renovation Years: 2003-2008

Renovation Budget: \$31M

Description/History:

- In 2002, two local businessmen noticed a large, vacant what was then called Palace Theatre in Federal Square and saw great potential and founded Worcester Center for the Performing Arts, a nonprofit org dedicated to restoring the old building and bringing culture to the city.
- Renovation was a certified project under the Massachusetts Economic Development Incentive Program.

Economic Impact & Revitalization of Downtown:

- Hanover Theatre restoration served as a catalyst of the revitalization of Worcester's cultural district. Theatre has helped to reinvigorate Main Street. With the theatre at its center, the city has become a place where the performing arts are not only accessible, but world-renowned.
- The theater also purchased the building adjacent to it (from raised funds) which includes offices, studios, meeting spaces, restaurants, and bars — this will help meet more demand for meetings and children's programs, as well as giving customers a better dining experience when attending shows.
- Renovation results in ability to bring in over 100 events annually, and an estimated 170,000 patrons to downtown.
- Economic impact has showed to be \$40 million annually, in direct and indirect spending, and in jobs.

Other Cases of Economic Impact from Renovations/Expansions



Dundee, Scotland

Renovation Years: 2015-2018
Renovation Budget: £80M

Expansion Impact, after 12 months

- £75M gross value added (GVA) and 2143 FTE jobs supported in Scotland
- £21M GVA and 696 FTE jobs supported in Dundee
- V&A Dundee visitors spent £32M on other Dundee businesses in a year
- 69% of visitors would not have visited other city businesses without V&A
- 34% of visitors were from Dundee and Tayside, 42% from rest of Scotland, 14% from the rest of the UK, and 10% overseas.
- First 6 months saw a 19.4% boost to visitor numbers



Cincinnati, Ohio

Renovation Years: 2016-2017
Renovation Budget: \$166M

Economic Impact from Renovation

- Total economic impact of \$353M
- 2996 jobs from construction, design, and expenditures
- \$2.75M income and sales tax for Hamilton County and city

Economic Impact from Operations

- Total economic impact of \$118M. AKA for every \$1K spent on operations, local economy grows by \$2,140
- \$28.9M in total household earnings annually and 1117 full and part-time jobs
- \$1.9M from non-local visitor spending on dining, lodging, and transportation



Cleveland, Ohio

Renovation Years: 2005-2013
Renovation Budget: \$470M

During Renovation:

- Construction project pumped \$240M in wages alone into Cuyahoga County
- Total economic impact of \$593M
- Local and state taxes generated by construction spending came to \$22.3M

After Renovation:

- July 2014 had highest museum attendance in more than a decade.
- January 2019 had another record-breaking attendance of 769K visitors



Clarksburg, West Virginia

Renovation Years: 2015-2018
Renovation Budget: \$15M

Estimated Impact on Harrison County During First 5 Years of Operation:

- Total economic impact of \$32M
- Expenditures from renovation expected to support employment of 221 workers across 5 years, earning total compensation of \$13M
- Robinson Grand to produce more than \$376,000 in tourism-spending
- Renovation expected to return more than \$570K in tax revenue to the state
- Expectation of benefitting other businesses (e.g., hotels, restaurants, retail stores) that make it more enticing for residents to visit downtown.