The “arts” are now playing a major role as an economic engine to promote local and regional development.

The presence of active creative arts raises the quality of community life.

There is growing evidence that communities with a high quality of life are more likely to prosper in the new global economy.

Arts development can also be important in renovating aging neighborhoods, providing tenants for vacant store fronts, and promoting tourism.

Arts development uses a variety of incentives such as home ownership subsidies, dual zoning, building renovation and rehabilitation incentives, and tax exemptions to attract critical clusters of creative artists and art related businesses.

The Illinois Municipal League and the Arts Alliance Illinois now give special recognition to communities with innovative programs to promote the arts in community development efforts.

Editor’s Note: Community development has long been been a tool used to improve the quality of life – business and residential life – in new and aging communities. Development programs have traditionally employed a variety of land use, planning, zoning, economic, and construction tools to create a desired ambience in community life. In this article, the authors suggest another tool – development of the arts – which can both stimulate and enrich community development programs.

Cities continually struggle to revitalize their economies and provide a quality of life that is attractive to current and prospective residents. In recent years, the professional development literature has recognized the importance of innovation-based economies and how the presence of creative classes can contribute to successful development. Communities now recognize how groups such as artists can help build a creative economy and enhance the quality of life.

Much has been written about the roles that arts and crafts can play as economic engines in regional and local development. (See Figure 1 on the next page for a definition of the “arts.”) Research has shown that cities with a higher percentage of creative workers can be more economically successful. Earlier issues of Policy Profiles pointed out that the presence of community cultural activities is important in making local communities competitive in the new global economy.1

Likewise, organizations and individuals whose activities are based on creativity tend to benefit from clustering which can mean that launching such a program can foster growth. In response, there has been a growing interest among municipal leaders in trying to attract artists and other groups to promote the arts.2

Many local governments actively include the arts in their development efforts. The Illinois Municipal League and the Illinois Arts Alliance (IAA) have joined forces to recognize and give awards to cities that have built successful programs promoting the arts. Some of these efforts are described later in this Policy Profiles.
How are the arts and development linked?

Working with arts and crafts—literary, visual, performing, culinary, fiber—helps the area in several ways. First, research has documented the growing importance of access to culture and entertainment in a community in determining quality of life. Thus, communities investing in the creative arts have an edge in attracting and retaining business personnel. Investment in the artistic groups not only can generate sales taxes and revenues for cities, it also can help retain or attract business investment.

Second, arts and craft based businesses are usually small scale ventures without need for large amounts of physical space. In this respect, they are well-suited for vacant storefronts with high visibility in the downtown since their unique, often commissioned, products require access to a large population. Increasingly, sales are made over the internet which also reduces the requirements for large display areas and access to high local traffic. Internet sales offer opportunities for smaller communities to attract creative groups.

The small scale of operations also makes arts-based businesses suited to in-home studios. Attracting several artists and producers to an area can have positive effects on the entire neighborhood or area in the city. This agglomeration effect allows cities to combine neighborhood revitalization and local economic development approaches into a consistent strategy.

What specific objectives can be achieved with arts development?

Cities with strategies that include arts-based businesses, combined with location-specific approaches such as neighborhood revitalization, address two important objectives. They increase the number and prosperity of businesses but also bring external investment into rundown or lagging neighborhoods. This process attracts residents, rebuilds houses, increases the number of businesses, and improves the overall quality of life in the city.

Large retail or discount stores have left many lagging downtowns with vacant stores and underutilized space in many communities. Many of these downtowns will never return to their former status as retail centers and development practitioners must find new uses for the buildings. Arts-based businesses, and similar activities, are likely possibilities, especially when the downtown is still economically viable as a destination. Including arts-based businesses adds to the diversity and variety of the downtown thereby enhancing its attractiveness.

In some areas, tourism has become a significant economic engine both in sales tax revenues and hotel-motel taxes. Tourists often are attracted by unique experiences, products, and services. These characteristics fit well with an artist-based economy which can attract sales not only for the arts business, but for other businesses in the area. Key to success, however, is having a critical mass or cluster sufficiently large to make the area a destination for tourists, so effective marketing is critical. Fortunately, many states have programs to support regional marketing approaches.

It is relatively uncommon for cities to focus exclusively on an arts-based development strategy. Rather, including it in a multi-pronged approach makes more sense and often requires successful branding and marketing of the city. Accessing a large population base within commuting distance is especially important for on-site sales, but less so with Internet-based sales.

---

**figureone**  What are the Arts?

The term “arts,” as used in this paper, refers to innovative activities that require a combination of highly creative thinking and technical skills. Included are the traditional

- Art
- Music
- Dance
- Stage, and
- Literary

skills. But also included is a range of artistic and craft activities that include a variety of innovative

- Artistic
- Visual
- Performance
- Culinary, and
- Fiber (e.g. needlework)

productive activities, all of which might be included under the title “cultural enrichments.”
Still other cities have deliberately promoted areas as arts districts with special benefits or attractions to designated groups such as artists to revitalize the neighborhood with studios in their homes. Such efforts typically employ incentives to attract artistic activities.

What incentives are used to attract “arts” development?

Successful communities create a productive environment where artists can prosper. Case studies show that leading programs succeed by providing multiple incentives and developing artist- and business-friendly environments. Besides designing programs around local attractions and needs, they use incentives to create favorable conditions for artists and businesses, market and promote arts products, and create clusters of arts-related businesses that attract additional artists.

Common incentives provided include home ownership subsidies, dual zoning, building renovation and rehabilitation incentives, and tax exemptions.

Home ownership subsidies. Helping artists purchase a home is a common incentive because it gives artists a vested interest in working with the community. Cities provide financial incentives including low-interest loans, grants, and even free land to qualified applicants. The programs are especially attractive in deteriorating neighborhoods that are architecturally attractive and have low housing prices. Such neighborhoods appeal to artists and, with support from the city, the artists upgrade the properties as a condition for receiving incentives.

For example, Paducah, Kentucky, has had an Artist Relocation Program since 2001 and is recognized for its neighborhood revitalization successes with multiple awards including the American Planning Association Outstanding Planning Award. Initially, Paducah’s Lower Town neighborhood was in serious decay with drug issues and absentee landlords who paid little attention to the appearance of their properties. Community leaders were concerned about the deterioration in the area and pressured the city for an innovative solution. After exploring other alternatives, the city decided to use the arts as a tool for neighborhood revitalization.

Lower Town’s main asset was a housing stock built in Victorian, Greek, Italianate, Revival, and Queen Anne styles. Local officials inventoried the area’s properties to determine the use, architectural style, and age of the structures. Of the 333 structures in the neighborhood, approximately 70 percent of the properties were rental units. Public meetings resulted in the adoption of a Rental Licensing Ordinance requiring minimum standards for property appearance.

The city provides attractive home ownership incentives for artists. The Paducah Planning Department, in partnership with a local bank, has offered relocating artists 100 percent financing for property purchases. The loan package includes a fixed rate loan for 30 years. Initially, the city helped promote the program by subsidizing a portion of the mortgage interest rates.

In addition, the city provides free lots for new construction with tax exemptions on construction materials as part of Enterprise Zone incentives. Artists are also eligible for $2,500 to cover architectural services. The Paducah program has been effective and attracted nearly 70 artists to the area. It was one of the early programs and is often considered a model in this type of development effort.

Dual zoning. Mixed residential and commercial zoning is a requirement for an Artist Relocation Program so that artists can work, live, and sell their products in one location. This is an especially attractive strategy for neighborhoods with large houses suited for these purposes. Cities must allow for additional parking, lighting, and related requirements. The intent must be to revitalize the neighborhood and upgrade its status as an identity in the city and elsewhere. The area then becomes a desirable place in which to live for its appearance as well as a viable business location.

Renovation and rehabilitation incentives. Financial incentives for renovation and rehabilitation of structures often complement home ownership incentives and promote beautification of the structures. For example, Bradenton, Florida, provides artists who purchase property within a specific area up to $10,000 in grants for façade renovation with a 1:1 match in private and public investment. This approach requires sufficient buy-in from residents so that they take ownership and pride in the area.

The effort in Bradenton was in response to social issues such as drugs, prostitution, and robbery in the area. The city cleaned up the neighborhood using an innovative approach. Bradenton created The Village of the Arts (VOTA) in 1999 through the Downtown Development Agency (DDA) as an independent special taxing district. The intent of VOTA is to build a community where artists of various interests could live, work, and prosper together. The village currently includes about 35 galleries and studios, 15 of which are artist-occupied residences. The Village also includes two bookstores, three cafes and restaurants, and several arts-related retail establishments with 240 residential buildings spread over 42 acres.
Zoning requirements were changed to allow artists to work, live, and sell from their homes. Bradenton made significant investments in sidewalks, street lamps, and street paving. Multiple events that involve the arts include monthly art walks, outdoor movies, and gourmet food activities sponsored by local groups. These activities show active partnerships between the city government and the artists involved in the program.

VOTA attracts many tourists with its cultural venues, art events, galleries, studios, and businesses that occupy refurbished residential properties built in 1920’s. This positive outcome has been achieved partly because of investments in marketing, signage, and cooperative ventures with other local cultural organizations.

**Special Treatment.** Tax exemptions are used by some cities to support neighborhood redevelopment. Pawtucket, Rhode Island, created a 307 acre Arts and Entertainment District in 1998. Artists are exempt from state sales tax and income tax for one-of-a-kind works created and sold within the district. In addition, the city has $10,000 with which to offer $2,000 annual grants for an artist or art organization whose artworks and artistic or musical events benefit the city and residents. The city also appropriates nearly $25,000 to fund groups of artists and host and advertise arts events.

To promote an arts-friendly environment, Pawtucket also appointed a visible public arts advocate as an intermediary between the city, artists, and businesses. Working with an open door policy the advocate helps artists purchase sites, obtain permits, and renovate properties. This access and supportive services make it easier for artist and enterprises to solve problems.

Successful communities pay special attention to fostering a friendly environment for artists and other creative groups. For example, in 2009, Providence, Rhode Island, surveyed artists regarding their special needs. The findings showed that artists need financial assistance, support to boost sales, affordable health insurance, tax breaks, affordable housing and work space, business development, networking, marketing, and more galleries and performance venues.

**What makes arts development programs successful?**

Past research shows that cities use a broad approach to developing an arts-based economy rather than focusing only on attracting artists. An arts-based economy is developed through a creative enterprise cluster that consists of companies that take their principal competitive advantage from a distinctive appearance, form, content, or sound that they embed or embody in their products. Creative enterprise clusters include a high density of artists and creative enterprises with supporting businesses and organizations. The examples given below describe ways in which this has been accomplished.

**Arts Friendly Communities.** Illinois has a strong arts advocacy movement underway. Arts Alliance Illinois, working with the Illinois Municipal League, encourages municipalities to promote arts programs and initiatives. The most developed initiatives are recognized with the Illinois Arts Friendly Community Award to identify municipalities that have successfully implemented these initiatives. (See Figure 2 on the next page)

Highland Park, for example, initiated LATE NITE HP to promote the central business district on Friday and Saturday evenings. The program is a collaborative effort involving the city council, businesses and property owners, high school faculty and students, the Chamber of Commerce, the Park District, and community volunteers.

In addition to staying open until 11 pm or later every weekend, Highland Park’s businesses provide space for musicians, performers, and other visual artists.

In Oak Lawn, the Theatre Program and Broadway Junior Program for Children bring children together for a five-week theatre program to involve local youth in the musical production process. The program is a collaborative effort involving the city government and the cultural arts department of the Park District. It offers four plays each year as well as concerts featuring adult and youth chorale groups.

The Village of Northbrook created an Arts Commission to encourage collaboration between the village government, non-profit agencies, local merchants, and artists to promote the arts and assist in village arts events. Events sponsored by the commission include arts exhibits, musical concerts and performing arts, exhibition of historical objects, and presentation of dramatic productions.

**Marketing and promotion activities.**

Several broad approaches have been used by cities to market arts-based business activity. Weekend exhibitions or fairs often attract large numbers of tourists even though the exhibitors are from other areas. Local businesses can offer special sales or displays to attract visiting customers. These city-wide events can also build a sense of pride in the community, enhance the livability of the area, and make the city more attractive for future population growth.

Other approaches to developing an arts-based economy focus on marketing and promotion efforts. The Glasstown Arts District in Millville, New Jersey, spends more than $300,000 annually to market the arts district and attract tourists. Artists who...
purchase mixed-use property within the district can qualify for façade renovation grants with a 1:1 matching up to $10,000. The Glasstown Arts District currently attracts artists with affordable properties, mixed zoning, and access to public centers with galleries and studio spaces.\(^\text{12}\)

St. Charles, Illinois, revitalized its downtown area by joining the Illinois Main Street Program, by promoting its downtown as an historic area, and by creating favorable conditions for business.\(^\text{13}\)

Arts, design, and entertainment are a major part of the St. Charles success story. The Downtown St. Charles Partnership, started by the Chamber of Commerce, markets and promotes a unified, active, and quality image of historic downtown through an advertising campaign, media and public relations efforts, and special events activities such as art shows, concerts, and parades. The Partnership also promotes the downtown districts as attractive, safe, and friendly to pedestrians.

The Downtown St. Charles Partnership includes five committees responsible for organizing day-to-day operation; marketing and promoting the community image; developing design policies with emphasis on public art, parks, building rehab and historic preservation; recruiting and retaining businesses; and improving downtown parking and traffic facilities. As part of this process, five blocks in the downtown have been rehabilitated during the past ten years. Input from the business community is obtained from an annual business retention survey.

Recognizing the City’s success, the \textit{Chicago Tribune} named St. Charles one of the region’s most attractive downtowns for its dining, arts and entertainment, and recreational opportunities. Its efforts have been enhanced by its adjoining city, Geneva, Illinois, which also offers weekend activities and exhibitions of both performing and visual arts.

Recognizing the City’s success, the American Institute of Architects, in 2008, dubbed St. Charles one of the “150 Greatest Places in Illinois” for its dining, arts and entertainment, and recreational opportunities.\(^\text{14}\)

\textbf{Creative Enterprise Cluster.} The State of Montana treats creative businesses as an industry with growth potential. The State encourages communities to use creative enterprise clusters serving three types of participants: firms marketing art products, businesses that replicate designs in large quantities and reach mass markets, and specialized service companies and freelancers that produce creative content.\(^\text{15}\)

Tax and financial incentives are provided by the state government and local authorities to attract artists, businesses, and tourists along with the support services and business assistance that are crucial for success.\(^\text{16}\) A one-stop center with outreach efforts helps with entrepreneurial support for businesses; connects artists with enterprises, suppliers, and associations; and creates other linkages. The one-stop shop can also increase the interconnectedness among members of the creative cluster and better integrate art with industry. Collaborative marketing benefits artists who cannot afford marketing campaigns on their own. Organized networking events create an environment that fosters new ideas and projects.
Conclusion
Including arts-based businesses in a local economic development program can be an effective supplement to community development programs in cities of all sizes. This strategy offers an opportunity not only to increase the number and diversity of businesses, but it can improve the quality of life in a community, thereby making the community more attractive for business investment in both the local and global economies. Depending on local physical conditions, this strategy can also enhance a viable neighborhood rehabilitation effort.

Cities that have succeeded with this strategy have incorporated several incentives and approaches to encourage and help artists be more profitable. The most common incentives include:
- Providing low cost loans to purchase and renovate houses and other structures to house business activity;
- Developing collaborative marketing programs targeted both to help expand the markets for local products and to encourage tourist activity in the area;
- Linking artists to public schools and educational institutions, thereby helping them integrate into the community;
- Changing zoning requirements; and
- Revitalizing neighborhoods where artists live and maintain studios.

There is growing evidence that cities with a high quality of life are more likely to prosper economically. Similarly, there is evidence that policies designed to encourage artists to set up studios and businesses improve the overall quality of life in a community. As a result, the recognition of artists as a component of a diversified economic development strategy is likely to become an ever more common component of community development programs.

Endnotes
1 See the 2008-09 issues on globalization, especially “Globalizing Local Economies: Making It Happen Through Local Action,” Vol. 8, No. 3, February 2009.


6 Policy Profiles’ editor and his wife personally witnessed, while sitting in the lounge of an auto repair center, the impressive pride and enthusiasm of Paducah’s residents for the city’s artistic development achievements.


Past Issues of Policy Profiles

Vol. 10 No. 2, April, 2011
Local Government Structure and Public Employment: A Fresh Look at Illinois’ Predicament

Vol. 10 No. 1, February, 2011
Do Home Rule Governments Work Better? A New and Different Perspective

Vol. 9 No. 3, November, 2010
Small Governments and Intergovernmental Collaboration

Vol. 9 No. 2, August, 2010
Governments in Difficulty: Evolving Trends Make Life Harder for County Governments

Vol. 9 No. 1, January, 2010
Affordable Housing in the Chicago Area: The DuPage County Experience

Vol. 8 No. 3 February, 2009
Globalizing Local Economies: Making It Happen Through Local Action

Vol. 8 No. 2 November, 2008
Globalizing Local Economies: The Chicago Region’s Record To Date

Vol. 8, No. 1 May, 2008
Building Effective Network Governance in the Chicago Region

Vol. 7 No. 2 November, 2007
Networking: The Key to 21st Century Government

Vol. 7 No. 1 October, 2007
Illinois Police Officers And Fire Fighters: How Good Are Their Pensions?

Vol. 6 No. 3 December, 2006
The County Administrator Form: A Modern Approach To Illinois County Government

Vol. 6 No. 2 October, 2006
Illinois County Government: Overlooked, Underappreciated, Very Important

Vol. 6 No. 1 February, 2006
Planning for Metropolitan Growth: Guidelines for Strengthening Local Control. The Prairie Parkway Series Conclusion

Vol. 5 No. 2, May 2005
Telecommunications and the Future: The U.S. and Illinois are Falling Behind

Vol. 5 No. 1 January, 2005
Growth Management in the Western Suburbs. Part 1: Planning the Prairie Parkway

Vol. 4 No. 1 April, 2004
Illinois Public Education Undermines Democracy

Vol. 3 No. 4 December, 2003
Safeguarding Farmland From Non-Agricultural Uses

Vol. 3 No. 3 July, 2003
Growth Management in Illinois: A Perspective on Statutory Authority

Vol. 3 No. 2 April, 2003
Attack the Achievement Gap

Vol. 3 No. 1 February, 2003
Can Government Accounting be Trusted? An Experiment in Accounting and Accountability

Vol. 2 No. 6 September, 2002
Educations Problems: Teachers’ Perspectives

Vol. 2 No. 5 November, 2002
New Homes in Rural Areas: Agricultural, Fiscal, and Public Safety Impacts

Vol. 2 No. 4 September, 2002
A View of Elementary School Problems in Poor Neighborhoods by Three Elementary School Principals

Vol. 2 No. 3 August, 2002
The Uses of Home Rule With Special Emphasis on Taxation

Vol. 2 No. 2 February, 2002
Implications of the Federal “Leave No Child Behind Act”

Vol. 2 No. 1 January, 2002
Public Sector Collective Bargaining: The Illinois Experience

Vol. 1 No. 5 May, 2001
Educational Funding in Illinois: Some Thoughts for Reform

Vol. 1 No. 4 May, 2001
Why Rewrite Illinois’ Telecommunications Law?

Vol. 1 No. 3 April, 2001
The Election Debacle in Florida: Lessons for Illinois

Vol. 1 No. 2 April, 2001
Citizen Perceptions of Illinois Taxes

Vol. 1 No. 1 February, 2001
Illinois Home Rule: A Thirty Year Assessment

August, 2000
Illinois Adult Literacy Failing the Workplace. Alternative Solution Needed
About the Authors

Ivan Nikitin is an Edmund Muskie Graduate Fellow in Northern Illinois University’s Graduate Program in Public Administration. A candidate for the MPA degree, he is also a Graduate Research Assistant in the Center for Governmental Studies.

Norman Walzer is a Senior Research Scholar in the Center for Governmental Studies at NIU. An Emeritus Professor of Economics at Western Illinois University, he was the founder and, for eighteen years, the Director of the Illinois Institute for Rural Affairs at WIU.

Tatchalerm Sudhipongpracha was awarded a Ph.D. in Political Science/Public Administration by Northern Illinois University in May, 2011. He is currently completing his work as a Graduate Research Assistant in the Center for Governmental Studies at Northern Illinois University and will return in August, 2011, to Thailand where he will assume a professional position at NEDA, a national teaching/research university specializing in economic development activity.

The views expressed in this edition of Policy Profiles are those of the author and do not necessarily represent the views of the Center for Governmental Studies or the officers and trustees of Northern Illinois University. For more information please contact jbanovetz@niu.edu.