



Rural **RESEARCH REPORT**

Fall 2003
Volume 15, Issue 4

Published by the Illinois Institute for Rural Affairs

Stipes Hall 518
Western Illinois University
1 University Circle
Macomb, IL 61455-1390
309/298-2237

www.IIRA.org

Arts as an Economic Engine for Downtown Revitalization: Three Case Studies

by Kelley Quinn¹

Art and culture have long been associated with the development of America's towns and cities and the rich diversity and evolution of neighborhoods and communities. Art and culture are, in fact, often used to help revitalize and improve the economies of inner cities, suburbs, and rural areas (Strom 2001). The arts help develop self-esteem in youth and improve test scores; they have been shown to lower crime rates; they create jobs and attract businesses; and they define communities and attract cultural tourists (Artsusa n.d.).

Many rural communities have struggled to survive and define themselves in the wake of the economic and agricultural downfall of the 1980s. The arts (e.g., community and professional theatre, art museums and galleries, art fairs, music concerts and performances), combined with other economic engines, can provide a vehicle to create incremental changes that help communities define their own distinctive arts identity and utilize their existing resources to improve their economic situation. The following research introduces the reader to the potential impact of well-developed arts programs and documents three case studies of how the arts have been used to create positive economic change in waning communities.

When used in conjunction with other economic development engines, the arts can greatly contribute to the revitalization and economic development of downtown areas. In its most current economic impact study, Americans for the Arts (2002) reveals that America's nonprofit arts generate \$134 billion in total economic activity annually, including \$24.4 billion in local and state tax revenues. This spending—\$53.2 billion by nonprofit arts organizations and an additional \$80.8 billion in event-related spending

by their audiences—supports 4.9 million jobs. These figures provide strong evidence that the nonprofit arts are a significant industry in the United States, putting to rest the common misconception that communities that support the arts do so at the expense of economic development.

This study focused solely on the economic impact of nonprofit arts organizations and their audiences, and excluded spending by individual artists, the for-profit arts and entertainment sector (e.g., Broadway or the motion picture industry), and arts produced by non-arts organizations (e.g., schools and community centers). Total spending by the nation's nonprofit arts organizations (not including audience spending) grew 45 percent between 1992 and 2000—from \$36.8 billion to \$53.2 billion. When adjusted for inflation, this growth still represents a healthy 25 percent increase (Americans for the Arts 2002).

Unlike most industries, the arts produce significant amounts of event-related spending above event admission by their audiences. Nationally, an average of \$21.75 for local audiences and \$38.05 for nonlocal audiences was spent on lodging, meals, retail, and transportation costs while attending art events. The data clearly supports community investment in the arts as a significant catalyst for economic development and urban renewal (Americans for the Arts 2002).

For many small towns and cities, the arts are coming into play not with large-scale arts infrastructure developments but with incremental steps towards creating the kind of climate best suited for entrepreneurial investment: "Old schools are renovated, percent for the arts programs are instituted, planters and traffic calming devices are

¹ The author is a contemporary art historian and artist. She has taught at various colleges and universities in the Midwest, created public art projects, and currently serves on the Western Illinois Regional Arts Center Initiative Board in Macomb, Illinois.

installed along city streets, tax incentives are developed to encourage art galleries, artist studios and cafes in certain downtown neighborhoods, and building codes are changed to permit the development of artist live/work space in the unoccupied second and third story levels of downtowns” (Villani 1998).

Phantom Art Galleries

In Rock Island, Illinois, a major industrial and manufacturing center with a population of 38,714, a group called MidCoast Fine Arts has solved the age-old problem of artists finding affordable spaces to show their works while also promoting economic revitalization in their downtown area. While Rock Island was once a booming town on the Mississippi, by the 1970s businesses had been run out and the downtown area was a collection of empty storefronts and abandoned buildings.

Ten years ago, Dean Schroeder and a handful of local artists started MidCoast Fine Arts. According to their mission statement, MidCoast Fine Arts is a nonprofit community development arts agency, founded and run by artists, that creates and promotes innovative models which embrace regional artists and cultural organizations while advancing the quality of life and marketability of their community (*NuVisions Visual Arts Quarterly* 2003).

With a small start-up grant, Schroeder and his fellow artists constructed 4x8 display panels and purchased lighting, timers, and cleaning supplies to create Rock Island’s first juried Phantom Art Gallery in the windows of the empty downtown buildings. Although the buildings were empty, the lit storefronts gave the impression of activity and the feeling of increased safety to Rock Island’s downtown area. Their Phantom Art Gallery model increased traffic and the community’s valuation of their downtown area while utilizing the arts as an effective tool for urban revitalization.

With four juried shows a year, the windows provided a free space for artists to show and sell their works while offering business owners a new way for their buildings to be viewed. In fact, the Phantom Art Gallery Project has been so successful, it has basically put itself out of business. MidCoast Fine Arts found they were continuously being displaced as previously empty storefronts were purchased and renovated by new downtown businesses.

When MidCoast Fine Arts created the concept of a Phantom Art Gallery ten short years ago, downtown Rock Island was 40 percent occupied. Currently, there

are virtually no empty storefronts to be found, and the downtown area, once a poster child for urban decay, is a hub of bustling activity for the arts and other entertainment and shopping both day and night.

are virtually no empty storefronts to be found, and the downtown area, once a poster child for urban decay, is a hub of bustling activity for the arts and other entertainment and shopping both day and night.

MidCoast Fine Arts has taken their model and successfully replicated it with some alterations throughout Rock Island and the Quad Cities area. With grant support from the Riverboat Development Authority and other corporate businesses in the area, the group initiated a gallery of local and regional artists’ work in the Mississippi Valley Welcome Center, where the arts create a perfect link with cultural tourism.

Art under Glass, another urban renewal project, was started in 1996 in historic downtown Davenport, Iowa, transforming the abandoned storefronts into a street-level gallery using the same guidelines as used by the Phantom Art Galleries.

In 1998, two new exhibition spaces were opened: (1) MidCoast Fine Arts Gallery in the Centre Station transit terminal on John Deere Common in Moline and (2) MidCoast at the RiverCenter, Davenport, Iowa’s downtown convention center. In 1998, MidCoast introduced a quarterly celebration in the arts and entertainment district known as Gallery Hop. The celebration includes artist demonstrations and performances in the gallery, studio, and alternative downtown venues.

In May of 1999, MidCoast introduced their first Art ‘N Alley presentation, using the alleys of the downtown area as a canvas for local and regional artists to create both permanent and impermanent public works. In 2000, MidCoast opened yet another exhibition space called Art at the Mark located at the Mark of the Quad Cities Civic Center in Moline. The group is currently developing an Arts Literacy Campaign designed to integrate the arts in children’s education and to enhance understanding of the impact the arts can have on a community.

“The arts were crucial in the multi-layered effort to revitalize our downtown area and have played an important role in

attracting people in other parts of the Quad Cities,” said Dan Carmody, President of Rock Island Economic Growth Corporation and Executive Director of the Development Association of Rock Island. In an interview with Mark Schwiebert, Rock Island’s mayor, on how the arts impacted the revitalization efforts, he said, “We in the Quad Cities appreciate the importance of the arts both to our quality of life and to our efforts at broadening our economic base. The arts enrich, inspire, and enliven a community’s life. They are likewise increasingly considered by businesses and individuals in choosing a place to expand or relocate “ (MidCoast Fine Arts n.d.).

Most recently, in support and recognition of the success of the Phantom Art Galleries and other innovative projects, the civic leaders and decisionmakers of the city of Rock Island have approved funding for the creation of a new art gallery with approximately 2,300 square feet to be orchestrated by MidCoast Fine Arts. The gallery is slated to be a focal point of the downtown’s new “working art center” concept and will include space for artists’ studios

and separate living quarters as well as sales and display space for local and regional artists.

Since it was granted 501(C)3 status, MidCoast Fine Arts has provided over 400 separate exhibitions for regional artists, making it the largest presenter of the arts in the region. MidCoast Fine Arts has had a profound economic impact on the Quad Cities downtown areas. With an estimated annual attendance of over two million people, these locations not only continue to link the arts and downtown renewal that the group has been working towards for the past ten years, they also generate a minimum economic infusion of over \$40 million annually.

While Rock Island, Illinois, is the largest of the case studies examined here, this revitalization strategy for an unoccupied urban center is also the most affordable. MidCoast Fine Arts’ use of empty buildings as a place to display work exemplifies the link between the arts and revitalization.

Downtown Anchor

Another example of merging the arts with downtown revitalization can be seen in the renovation of a community theatre in Cedar Falls, Iowa. Cedar Falls (pop. 36,145), an award-winning Main Street Community and one of America’s top 100 art towns, renovated a turn-of-the-century community theatre for its downtown anchor. The newly named Oster Regent Theatre was originally one of the three largest theatres in Iowa in the early 1900s, attracting theatre-goers from all over the state. By the 1980s, Cedar Falls, like many other small Midwest towns, experienced economic hardship as the farm economy failed and factories laid off workers. In less than ten years, its historic main street and business district was nearly vacant.

Cedar Falls knew it wanted to tout itself as an arts and entertainment district; therefore, the theatre was a natural place to initiate its revitalization plans. With a combination of funding from Iowa Main Street, Cedar Falls Visitors and Tourism Bureau, University of Northern Iowa, and a variety of public and private funds, the theatre was returned to its former splendor, bringing new interest into the failing downtown area. The restored theatre once again provides a historic anchor for the downtown, while also presenting eight performances a year (community theatre and contemporary pieces). Additionally, the theatre is available as a downtown community conference center.

Cedar Falls also boasts the Gallagher-Bluedorn Performing Arts Center, Hearst Center for the Arts, the College Hill juried Arts Festival, and several museums and galleries. An active Public Arts program, created by a partnership of Community Main Street, the City of Cedar Falls and the Hearst Center for the Arts, enables Cedar Falls’ motto to “bring the arts to the people” through a downtown rotating exhibit of works created by artists from all parts of the United States. The group is currently expanding its sites for performances by developing Gardens to Main Street, which will provide permanent landscaped locations, in the form of flowerbeds, some with seating, throughout the downtown area where artists, actors, and musicians can perform or exhibit.

The National Main Street Program, an extremely proactive Visitors and Tourism Bureau with a focus on permanent ongoing programming, and a variety of local and private funding, as well as support from an interested group of artists, were all integral in getting the Cedar Falls’ arts presence up and running again. The Main Street program and the Visitors and Tourism Bureau were successful catalysts for interagency partnerships in the community. “We do a lot of partnering, from the local University through internships and outreach programs, to sharing expenses with sister cities to a state level,” commented Kim Berger, Visitors and Tourism Bureau Director. “Our

goal is to attract visitors to the region through a variety of means. For Cedar Falls we have an arts focus but it is by no means our only appeal. We have year-round outdoor recreation activities, thirty-seven municipal parks, annual events and DSL hookup.”

Cedar Falls most recently was chosen as a Target Distribution Center. While the arts were not singular in attracting this business, which will provide 900 to 1,100 jobs in the community, it played a major role. “We are looking at what appeals to the millennium generation,” says Cary Anglum, Cedar Falls Community Main Street Director. “They are interested in making money but also want to have a variety of recreational opportunities where they live.” Aside from education and the physical environment, the strong presence of performing and visual arts is an important component of the perceived quality of life, which is one of the most important elements for business leaders when considering locating or expanding in a particular area.

With the newly renovated theatre as its anchor, businesses have returned to Cedar Falls’ Historic Main Street. The

downtown area currently boasts a variety of specialty and niche shopping, ranging from unique gift shops such as World’s Window and Vintage Iron Co. to Indulgences, a wine, chocolate, and cigar store, to fine dining at Montage, a 2002 Wine Spectator award of excellence winner. Live music can be heard in several places during the weekends, and the unique serpentine design of Cedar Falls’ Main Street enhances the artwork displayed on every corner.

Long-range planning and preservation initiatives provided a vision that led to Cedar Falls’ current economic expansion. Although their long-term revitalization plan was a struggle, 299 buildings have been renovated or rehabilitated, over \$14 million of private funds have been invested, and 210 new jobs have been created. “Most important,” says Anglum, “is the renewed sense of pride of place.”

Building renovation and the arts continue to have a strong impact on economic development in the last case study set in Jackson, Michigan, a service industry community with a population of 36,316. Through a partnership with the acclaimed Artspace Projects, Incorporated, Jackson has initiated the Armory Arts Project described below.

Live/Work Art Center

Artspace Projects, Incorporated, a nationally acclaimed nonprofit arts developer, has had a 100 percent success rate with its working art centers for more than 20 years. The mission of Artspace is to create and manage space where artists can live, exhibit, perform, and conduct business. Artspace pursues its mission through development projects, asset management activities, consulting services, and community-built activities that serve artists and arts organizations of all disciplines, cultures, and economic circumstances. By creating these spaces, Artspace supports the continuation of artists’ professional growth and enhances the cultural and economic vitality of the surrounding community (Artspace Projects n.d.).

Artspace started off in 1979 as an advocate for the space needs of working artists being displaced from Minneapolis’ warehouse district by rising rents due to gentrification. By the late 1980s, the group was invited to take on its first development project: the renovation of a six-story turn-of-the-century warehouse in the historic, Lowertown neighborhood of St. Paul, Minnesota. Since its opening in 1990, the Northern has been a success. All 52 of its live/work spaces, featuring the combined charm of exposed brick and beams with new kitchens and baths, have never dropped below 100 percent occupancy.

Since 1990, Artspace has continued its ability to successfully penetrate locations throughout Minnesota as well as in Pittsburgh, Pennsylvania; Portland, Oregon; Galveston, Texas; and Reno, Nevada. Multiple projects are in the predevelopment stages across the Midwest and East Coast (Artspace Projects n.d.).

Combined, completed projects and projects in predevelopment represent approximately \$60 million worth of property owned or managed by Artspace. Artspace currently provides more than 500 units of live/work studio, office, exhibition, and performance space and serves the needs of over 3,000 artists and arts organizations. Completed projects generate a positive cash flow and are an asset to the communities served. Most importantly, Artspace takes pride in the fact that they have never had to return to the community for additional funds once a project is completed and fully operational.

A current endeavor, known as the Armory Arts Project, located in Jackson, Michigan, involves the renovation of a 147,000 square foot former industrial site. The total cost is estimated at \$14 million (EnterpriseGroup n.d.). The project will employ a funding strategy that has been successfully used by Artspace on the majority of its projects. The

formula consists of a variety of tax credits that collectively cover 80 percent of the costs as follows:

- 25 percent of costs are covered by Historic Preservation Tax Credits. The buildings are placed on the National Historic Register, making them eligible for state and federal historic preservation tax credits.
- 50 percent of costs are covered by Low Income Housing Investment Tax Credits. This tax incentive makes residential units affordable to families of low- and moderate-income levels.
- 5 percent of costs are covered by Brownfield Redevelopment Tax Credits. This former industrial site is a brownfield.

The remaining 20 percent of funding is a combination of tax-free bond financing (County Economic Development Corporation), Brownfield Redevelopment funds, debt financing, private developers, foundations, individuals, and the business community (Enterprisegroup n.d.).

“The driving force behind this is community revitalization. The impetus for this whole development was really the existence of several tax-free renaissance zones,” said Neeta Delaney, the project’s director, during an interview with Tamar Charney (2003) for the Great Lakes Radio Consortium. Tax-free areas are created to stimulate growth

and development in industrial sites and historic buildings. They create low-income live/work space for artists and small business entrepreneurs.

Live/work spaces originated in New York during the 1960s as artists, in search of affordable housing and workspace, started utilizing obsolete factories, warehouses, and storefronts. The idea has taken off since then in communities of all sizes. The much-imitated SoHo style has become a symbol, for better or worse, for post-industrial gentrification: “Adaptive re-use of industrial, commercial, and institutional structures in conjunction with arts and entertainment districts, is effective in rejuvenating downtown economies while creating a unique sense of space. Arts and cultural organizations anchor revitalization with clusters of arts production and presentation spaces, retail outlets, cafés, restaurants, institutions, and live/work spaces” (Economic Development Division n.d.).

Because of the 24/7 environment live/work spaces provide, more retail spaces are apt to crop up, providing a heightened sense of security and community. Live/work spaces are popular because, with the rise of e-commerce and tele-commuting, many of the day-to-day hassles of going to work are eliminated. The creation of an artists’ district attracts tourists and locals alike for its cultural appeal. These locations also stimulate spending that goes beyond the arts—for food, products, transportation, and lodging.

Where to Start

There are many revitalization plans to be found in books, websites, and by listening to the success stories of other communities. As exemplified in these case studies, communities developed plans that addressed their specific needs and resources. It is best to look at a variety of sources and incorporate what will work for the community in question. The following are characteristics of successful revitalization programs using the arts. All of the suggestions listed below were incorporated in the three case studies but are by no means comprehensive.

Design. Identify what make a specific community unique and appealing both to its residents and potential visitors. Look at the entire environment and make changes to buildings, signage, parking, and auto and foot traffic. All promotional and online materials should convey a message about what is special about the community and establish a theme such as Cedar Falls’ Arts and Entertainment District (Smith et al. 1998).

Adaptation Rather than Replication. In conjunction with other economic engines such as cultural tourism and DSL hookup, incorporating the arts as a method for revitalizing downtowns is most successful when focused on an adaptation rather than a replication approach (Artsusa n.d.). Success comes not from a cookie cutter approach to using the arts but from picking and choosing what will work best for a specific community. The most effective programs are developed in response to the needs of a community, which are determined through assessing existing programs and looking at a community’s strengths and weaknesses.

Involve Artists and Other Professionals. In all of the cases discussed, arts-related economic revitalization strategies were developed by artists, art administrators, art entrepreneurs, business owners, and creative professionals. Artists and arts professionals provide passion and enthusiasm to participants as they help them

discover and explore their creativity. The revitalization of Cedar Falls' downtown area was initiated by a group of concerned artists. Their involvement lends credibility and insight to revitalization plans and can also provide connections to other important resources such as schools, museums, and other arts professionals. Once a committee is formed, set short- and long-term goals and meet regularly.

Establish Partnerships. The arts can create unique partnerships in the community, strengthening their impact through expanded participation and involvement. Businesses, real estate developers, city planners, schools, parks and recreation organizations, law enforcement agencies, social services, clubs and organizations, and local media are just a few suggestions for who could provide great networking opportunities and share advertising expenses, resources, and ideas (Smith et al. 1998). The Armory Arts Project in Jackson, Michigan, exemplifies best practices in partnering with local and national agencies.

Use Available Resources. Underused and abandoned buildings, factories, and historic structures that are

renovated for an arts-related purpose become creatively woven into a revitalized area and have an excellent opportunity to spark growth and entrepreneurial investment in the form of restaurants, specialty shops, art galleries, and other businesses (Villani 1999). The use of abandoned storefronts in Rock Island is a good example. Start off small and introduce new ideas gradually. Incremental changes provide permanent positive improvements to the community and improve the perceived quality of life for its inhabitants as well as drawing in much desired tourism dollars.

Community Involvement. According to Roberta Brandes Gratz (1998), author of *Cities Back from the Edge: New Life for Downtown*, "Arts projects with the best chances for success in revitalizing underutilized downtowns are the ones that target the local community as well as visitors. Projects that only target the needs of tourists or suburbanites will find it difficult to spread their impact to the local economy or even to businesses down the block or around the corner" (23). Community involvement ensures that the needs of the community will be met.

Conclusion

As has been explored in these case studies, when used in conjunction with other economic engines, the arts can be a vital tool for the economic revitalization of communities—both large and small, urban and rural. Their contribution to the revitalization of abandoned business districts through community involvement can be seen in the transformation of Rock Island's thriving waterfront district; their unique ability to transform underutilized or abandoned spaces into viable thriving cultural hubs and historic anchors is

exemplified in the renovation of the Oster Regent Theatre in Cedar Falls; and their power to draw funding through grants and partnerships and ultimately through audience participation in the arts can be seen in the Armory Arts Project in Jackson, Michigan. The arts provide a powerful vehicle through which to implement positive, incremental change and economic growth in the revitalization of rural communities.

Helpful Resources

Americans for the Arts (<www.artsusa.org>). This website hosts a variety of studies, quotes, and an arts and economic prosperity calculator to estimate economic impact of the arts on your local economy.

Applied Development Economics (<www.adeusa.com>). This group matches communities' needs with the resources available from funding sources.

Environmental Protection Agency Brownfields Homepage (<www.epa.gov/brownfields/>). This website provides, maps, locators, grants, initiatives, and other information concerning the development of brownfields.

National Assembly of Local Arts Agencies. These groups assist local communities in developing and sustaining art collaborations; they also publish monographs which are helpful for community development through the arts.

National Endowment for the Arts (<www.nea.gov>). The NEA provides funding for local, state, and national arts-related projects.

National Main Street Center. (<www.mainstreet.org>). This project assists states, communities, and others in the revitalization of business districts within a preservation context.

National Trust for Historic Preservation. This agency offers a variety of preservation programs, including the National Main Street Center.

Bibliography

Americans for the Arts. 2002. *Arts and economic prosperity: The economic impact of nonprofit arts organizations and their audiences*. Washington, DC: Americans for the Arts.

Anglum, Cary. 2003. Interview with Cedar Falls Community Mainstreet Director by Kelley Quinn (September 13).

Artspace Projects. n.d. Artspace Projects homepage. Available online: <www.artspaceprojects.org/about/more.htm>. Downloaded: May 9, 2003.

Artsusa. n.d. *30 million travelers lengthen their trips because of culture*. Available online: <www.artsusa.org/global/print.asp?id=210>. Downloaded: May 9, 2003.

Berger, Kim. 2003. Interview with Director of the Visitors and Tourism Bureau by Kelley Quinn (September 13).

Charney, Tamar. 2003. *Creating new life in urban core*. Great Lakes Radio Consortium.

Economic Development Division. 2001. *News and Views Newsletter* (Summer).

EnterpriseGroup. n.d. *Jackson County Armory Arts Project*. Available online: <www.enterprisegroup.org/Armoryfaq.html>. Downloaded: May 9, 2003.

Gratz, Roberta Brandes. 1998. *Cities back from the edge: New life for downtown*. New York: Preservation Press.

Jackson County, Michigan. n.d. Jackson County, Michigan, homepage. Available online: <www.enterprisegroup.org/Demographics.htm>. Downloaded: May 9, 2003.

Jackson County, Michigan. n.d. *Jackson County renaissance zones*. Available online: <www.enterprisegroup.org/renaissance.html>. Downloaded: May 9, 2003.

Midcoast Fine Arts. n.d. Midcoast Fine Arts homepage. Available online: <www.midcoast.org/renewal.htm>. Downloaded: September 14, 2003.

NuVisions Visual Art Quarterly 20. 2003. P.O. Box 4142, Rock Island, IL 61204-4142.

Smith, Kennedy, Kate Joncas, Bill Parrish, Lauren Adkins, Amanda West, and Linda Glisson. 1998. *Revitalizing downtown: The professional's guide to the mainstreet approach*. Washington, DC: National Trust Mainstreet Center.

Strom, Elizabeth. 2001. *Strengthening communities through culture* (Art, Culture and the National Agenda Issue Paper). Center for Arts and Culture.

Villani, John. 1999. *Arts-related economic strategies in small art towns*. Available online: <www.travelmontana.org/conference/PresentationArchive/jvillani.htm>. Downloaded: May 9, 2003.

The Rural Research Report is a series published by the Illinois Institute for Rural Affairs to provide brief updates on research projects conducted by the Institute. Rural Research Reports are peer-reviewed and distributed to public officials, libraries, and professional associations involved with specific policy issues.

 Printed on recycled paper

NONPROFIT
U.S. Postage
PAID
Macomb, IL 61455
PERMIT No. 489

Illinois Institute for Rural Affairs
Stipes Hall 518
Western Illinois University
1 University Circle
Macomb, IL 61455-1390