

2014 National Cultural Districts Exchange

**CREATING CAPACITY:
STRATEGIC APPROACHES
TO MANAGING ARTS, CULTURE,
AND ENTERTAINMENT DISTRICTS**

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Americans for the Arts has commissioned five essays spanning the intricacies of arts, entertainment, and cultural districts specifically for policymakers, arts leaders, planning professionals, community development practitioners, and others who are interested in developing new districts or adapting existing ones.

> **Creating Capacity: Strategic Approaches to Managing Arts, Culture, and Entertainment Districts**

- > Cultural Districts: Bottom-Up and Top-Down Drivers
- > Cultural Tourism: Attracting Visitors and Their Spending
- > Art and Culture Districts: Financing, Funding, and Sustaining Them
- > State Cultural Districts: Metrics, Policies, and Evaluation

These essays and reports are part of our National Cultural Districts Exchange, where you can find more information on cultural district legislation, case studies, a national district survey, and a collection of webinars.

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INTRODUCTION: DISTRICT MOMENTUM AND THE DEMAND FOR INFORMATION

Arts, culture, and entertainment districts (ACE) are becoming more popular and moving into mainstream economic and community development policy. Emerging in the 1960s as a response to city center decline, ACE districts have diversified in inter-community location, policy scope, geographic home, programmatic profile, and implementation (Ashley 2014).

Today, many universities; developers; and state, county, and municipal policymakers are unleashing more resources toward ACE structure and development whether in large metropolitan cities, growing suburban communities, or in rural settings (Johnson 2011; Sagalyn and Ashley 2014). Yet, despite their increased prevalence, ACE districts largely remain an experiment—although one that is championed by a dedicated group of arts advocates, civic leaders, and community entrepreneurs. Demand is high for more information about district viability and capacity as different ACE groups seek to share their experiences and learn from others.

This report focuses on the central topic of district management and answers the call for more knowledge about how ACE districts are run, governed, and organized. The report highlights three topical areas for discussion. First, it explains the relationship between management structure and capacity building. Second, it identifies different management models and offers examples of such structures. Third, it offers a list of recommendations or lessons learned on how to create, coordinate, and adapt a district management approach. With this information in hand, audiences will be able to make more informed decisions and choices about district management.

DISTRICT MANAGEMENT: A FUNDAMENTAL ELEMENT FOR CAPACITY BUILDING

Many establishments, whether public, nonprofit or commercial, seek to create and sustain organizational capacity. Capacity is a commonly used term employed in community and economic development circles to describe a set of conditions that make it more likely for individuals, groups, collectives, or organizations to accomplish their goals given certain conditions.

The concept takes on multiple meanings, but at its core, it is the harnessing of internal and external resources to meet intended outcomes or adapt to changing circumstances (Arefi 1993, Glickman and Servon 1998, Saegert 2006). In simpler terms, it is the ability or power to do something rather than to just hope or plan. No set formula exists for building capacity, but it relies on a number of central elements, including fostering a common agenda, developing leadership skills, nourishing stakeholder support, and gaining access to resources. At its core, capacity is not just about building support within an organization or its proximate community, but leveraging carefully built assets to attract outside support, ensuring more resources drawn from a wider area.

Understanding or being mindful of capacity building is important when starting a new arts, cultural, and entertainment (ACE) district or when preparing to update or adapt an existing one. Many factors influence whether ACE districts succeed, lag, or fail—some that ACE stakeholders have control of and others that they do not. These factors are often components of capacity building, or at the very least, help foster conditions for it. Such an approach allows for greater awareness regarding the magnitude of political, financial, and institutional effort it takes for ACE districts to meet stated goals, respond to organizational crisis, or overcome community ennui.

District management is a fundamental, if not critical, element for creating the foundation for capacity. Why? The management model or structure is the operational or day-to-day

arm of the district vision. It influences, if not determines, how the district is run, governed, and financed. It reflects the district's overarching purpose and motivation. Finally, it controls where staff time, organizational capital, volunteer efforts, and infrastructure investment are directed. In other words, management structure is at the core of district identity and viability.

Selecting a management structure is complicated for many reasons. It is often treated as an after-thought or lower priority as management options are not well understood or seem implausible. Or, in many cases, organizational structure and financial methods are often conflated. Direct control over management structure at the district level may not be possible due to legislation, policy, or funding requirements. During initial development, district leaders may be concerned with sub-local relations or arts stakeholders and overlook connections to outside resources and expertise that are typically necessary to build momentum. Some districts have founders with great entrepreneurial or artistic vision, but have limited expertise in management, although this depends on district type and is highly variable. Yet, it is important to note that those with organizational expertise may not have the arts or community expertise necessary to run an ACE district.

Management decisions do not happen in isolation, but are at the mercy of changing markets, external forces, and community or citywide investments, which makes it difficult to react and shift operational direction. In light of these dynamics, it is clear that managing a district requires great flexibility and expertise. However, an important cautionary note does exist. There is not a one-size-fits-all management structure nor is there a fool-proof manual that describes the "right" model for the "right" district. Instead, a range of options exists that suit different environments and situations where some approaches likely work better than others.

FRAMEWORKS FOR IDENTIFYING MANAGEMENT STRUCTURES

Several options exist for identifying and/or characterizing management structures. An Executive Director for one of the leading arts districts in the country commented, “There was no management model. And, there still isn’t. Everyone does it differently.”

This diversity comes across when talking to arts district staff or board members who define their own management models in different ways. Some answered the question by talking about how they partner with other organizations or how they arrange their respective boards or advisory groups. Others made management decisions based on their coordinated programming in an ACE with several facilities and organizations. A diverse range of responses is understandable and suggests several broad categories for positioning. The list below is not exhaustive but provides a sample of options for thinking about ordering or identifying management structures.

First, the model may be defined by the status of the lead organization. Typically, this typology serves as a descriptor and does not explain motivations or rationales for management structure. Options under this category include such organizational identities as nonprofit, for-profit, government, or citizen led. This is the simplest and most commonly used way of identifying management structures. Americans for the Arts employed this system in a recent survey of U.S. arts districts, and it is the one that will be used below to identify different case illustrations.

Second, the model may be driven by top-down and strategic resource alignment. For example, many states, including Colorado, Maryland, Rhode Island, and Louisiana have state-level legislation or policy to incentivize ACE districts, and often they set the rules for how organizations should operate and how they will be evaluated. In another example, district leaders may choose a nonprofit model for the ease of being able to attract grant and funding resources. Or, if a district is financed through a Business Improvement District, then it will

likely have to be a quasi-governmental entity because of its power to levy taxes. Here, district financing determines organizational type.

Third, the model may be defined by its approach toward district development. A real estate, facilities, public engagement, or programmatic management model suggests a district focus or agenda that allows for different types of management structures. For example, a nonprofit developer or a commercial developer may have a real estate management model with staff underneath that have a broker, property manager, financial analyst, or a brown-fields specialist with expertise to pull off such a district approach. This style affects decisions about internal dynamics and staff positions.

Fourth, the model may be chosen based on district mission and external relationships. Whether the focus is community development, cultural tourism, or residential and commercial development, ACE district leaders create advisory and/or board structures to meet those objectives. For example, a district focused on cultural tourism may have the tourism and convention bureau on the board of directors whereas a district championing cultural development may have representatives from local community development corporations. This approach considers not just internal dynamics, but also emphasizes external collaborations. In many situations, this is a question of scale, expertise, and district age, and is often part of district maturation. An individual could run a for-profit district and successfully tap external support while a volunteer organization might have a looser internal management structure but a collaboration of networks with outsider partners.

An approach to district management is less powerful when considering only one of these angles, but becomes more agile, comprehensive, and efficient when considering these distinctive components. By no means can all of these options be accommodated, but they suggest the kinds of questions to ask when setting up or adapting an existing ACE district. What does the district aspire to do? What kind of internal and external resources are needed to meet the district's mission? Are those resources available now or in the long-term? Why kind of overarching policy is guiding the district, if any, and what the opportunities and weaknesses of such an approach? How can we leverage or mitigate them from an internal and external management position? These questions underscore why management decisions are a critical part for understanding organizational capacity and being in a better position to achieve it. It is better to approach these questions not from a place of isolation but from looking at other districts and talking to district representatives about their own choices.

ILLUSTRATIONS OF DIFFERENT MANAGEMENT STRUCTURES

This report illustrates six different management models, identified by Americans for the Arts' recent district survey and related to the status of the lead organization. The management models include: government agency, non-government agency, for-profit entity, nonprofit arts organization, nonprofit organization, and artist-led.

The selected illustrations do not suggest best practices, but provide a range of cases that feature breadth and depth in terms of community size, geographic position (North, East, South, West), location (urban, suburban, rural), and district type. Information was collected and analyzed from interviews with ACE representatives and analysis of publicly available district documents, media sources, and academic literature.

Each illustration covers a brief background and explanation of management model, how that model was selected and evolved over time, and lessons learned.

Management Model: Government Agency

In the government-run model, a unit of government is charged with managing the ACE district. The responsible party varies in nature whether it is sub-municipal, municipal, county, regional, or state. A government structure provides an avenue for larger district planning with access to political, financial, and infrastructure support; however, the trend toward public budgetary restraint is raising debates over public subsidy of such districts. Many other cities have similar management systems particularly when dealing with facility-driven clusters, including the Denver Performing Arts Complex which also has a separate division that oversees the ACE district. The Los Angeles Performing Arts Complex is owned, operated, and maintained by Los Angeles County. In Dallas, the city owns and maintains several facilities within the Dallas Arts District although the district is overseen, marketed, and planned by a nonprofit entity situated within Downtown Dallas, a Business Improvement District.



An example of a government agency management structure is the Seattle Center, a 74-acre arts and cultural district situated on the north end of the downtown core. The Seattle Center is near the William and Melinda Gates Foundation and the South Lake Union neighborhood, which is a science and tech cluster anchored by Amazon’s corporate headquarters. It sits on the former site of the 1962 World’s Fair, where civic leaders turned the temporary site into an urban center through repurposing facilities and building others in order to incubate arts groups. The arts organizations and facilities are diverse and include Seattle Opera, Pacific Northwest Ballet, Seattle Repertory Theatre, Seattle Shakespeare Company, Book-It Repertory Theatre, Theatre Puget Sound, Children’s Museum, Intiman Theatre, Seattle Children’s Theatre, Pottery Northwest, KCTS Public Radio, Experience Music Project, and the Chihuly Museum. Beyond the arts, there are multiple supportive facilities including public space, museums (Pacific Science Center, Science Fiction Museum, Children’s Museum), a multi-purpose arena (KeyArena), and the Space Needle. The district also supports several high-profile arts festivals, including Bumbershoot: Seattle’s Music and Arts Festival and the Northwest Folklife Festival.

In 1966, the city formed the Seattle Center division and tasked the municipal arm with daily operations, long-term facility planning, and programming. Today, those responsibilities still hold as the City of Seattle owns and manages the entire campus with the exception of the Science Center and the Space Needle. The operating body is a municipal department (Seattle Center is both a place and the name of the department) where the Executive Director reports directly to the mayor. The city provides direct funding and relies on external

THE SEATTLE CENTER

Top left: Chihuly Garden and Glass

Top right: Cyclecide Carousel, Bumbershoot Festival

Bottom right: Seattle Center Children’s Festival

Photo Credit: Wikipedia Commons

revenue and granting sources for the rent through vendor leases, sponsorship agreements, parking, and rental fees. The city negotiates tailored operating agreements with each resident.

The city also formed the Seattle Center Foundation to raise funding for programming and capital projects. The nonprofit foundation specializes in developing public/private partnerships from a granting perspective. With this entity in place, funders of the district are able to give money directly to the Seattle Center rather than funneling resources through the municipality, which would likely go into a general fund. The city primarily acts as a property manager that offers subsidized space and associated maintenance and operations support. Each arts organization within the district has its own management, marketing, and fundraising structure, and thus, informally and formally partners with the city for capital campaigns to build and renovate existing structures.

Seattle Center has struggled in recent years due to financial challenges. The push to tighten the city budget has brought debates over whether to privatize parts of the Seattle Center or to raise rents on budget-strapped resident organizations. The district needs renovating—both in terms of infrastructure and public space—but also in re-thinking connections to the urban core and nearby neighborhoods. While several master planning endeavors have been successful, the Center has not been able to raise financing for prioritized projects. While the costs to maintain the district have risen, revenues (both earned and dedicated) have dropped, creating budgetary shortfall for the Center. In reaction to these challenges, the Center has worked with private partners, including the Gates Foundation, to sell some parcels of land and raise funds for other center projects. The Center has also brought in new exhibitions, like the Chihuly Museum, to raise awareness and bring more audiences to the district. Finally, the development around the Seattle Center has also provided opportunity for the city to capitalize on for the district (Johnson 2011). Despite these challenges, the Seattle Center remains the heart of the city and continues to look for ways to adapt and respond to the changing landscape while continuing to offer a diverse array of opportunities, services, and connections as important civic space.

Management Structure: Non-Government Agency or Quasi-Government Agency

The non-government agency or quasi-government agency model occurs when a government entity has granted another body the right to create and manage a district. This relationship can be an informal collaboration, a government edict, or a formal partnership. In some cases, the government provides resources or permits taxing authority, but management decisions and day-to-day operations are largely left up to this new (or existing, but with new powers and responsibilities) non-government or quasi-government agency with limited oversight. The most common example is when ACE districts fall under the auspices of a Business Improvement District (BID) and its authority, where the agency or private nonprofit taxes



BETHESDA URBAN PARTNERSHIP
Top left: Bethesda Fine Arts Festival
Top right: Studio B
Photo Credit: Bethesda Urban Partnership

business owners in a designated area to pay for a range services, including marketing, security, and programming.

A prime illustration of this model is the Bethesda Urban Partnership (BUP). Bethesda, MD is not an incorporated city, but is considered an urban district under the authority of Montgomery County. Downtown Bethesda is a wealthy, dense, mixed-use district with high-end commercial and residential properties that are in close proximity to Washington, DC through Metro subway access. The district is home to several arts groups, including Imagination Stage and Round House Theatre, two nonprofit galleries (Gallery B and Studio B) that BUP manages, and commercial arts galleries (although those struggled to survive). BUP produces several events, including the Bethesda Fine Arts Festival, The Trawick Prize: Bethesda Contemporary Art Awards, the Bethesda Painting Awards, the Bethesda Art Walk, Dance Bethesda, and Play In A Day. BUP's Arts and Entertainment District offers the opportunity to bring awareness and cultural vitality to the urban district.

This county-created entity is not a typical 501(c)(3), but is an "instrument of the government." It resembles a BID operationally, but does not have members or taxing authority. In 1994, Montgomery County organized BUP to manage and market this suburban urban district, and the county collects fees through parking lots and commercial property taxes that are given to BUP to market and maintain downtown Bethesda. The ACE district was not created until 2002, which culminated a multi-year quest by local citizens who were "passionate about making sure it was a people place, not just a business place." They successfully recruited several arts organizations and theaters, and in 2002, BUP, along with others, successfully lobbied the State of Maryland to create and designate the Bethesda Arts and Entertainment as a state-authorized district. It was one of several districts to receive state-level tax incentives, which include income tax breaks for artists working in the district, property tax exemptions for developers who renovate or construct arts space, and establishment exemptions for the admissions and amusement taxes. Recently, the Bethesda Arts and Entertainment District revamped its board of directors to better identify and recruit outside support.

This management model has worked for several reasons. First, BUP has the ability and resources to create public/private partnerships in both the formal and informal sense. For example, Montgomery County offers several development incentives that help create more public amenities and public space, namely through Optional Method Development. Chevy Chase Bank, now Capitol One, built two towers and Round House Theatre through these incentives. Second, BUP sees the arts as a central placemaking and marketing component to activate the urban corridor, and it uses its organizational and staff expertise to help it thrive. For example, BUP is a marketing and maintenance body, which gives them access to talent and skill—whether it is electricians, event planners, or marketers and public relations specialists. A staff member commented, “We are very fortunate to have a management organization in place. We do not just have volunteers. We have infrastructure. For example, marketing is a huge part of our success, but it takes time. We have the staff and resources to do it.”

The non-government agency’s biggest challenges have been stabilizing commercial arts galleries due to the high rents associated with both commercial and residential development and marketing not just a single arts center but programming in several facilities in different disciplines. They have overcome these issues to some degree by successfully advocating for changes to state legislation, proposing that artists working in the Bethesda Arts District, but living anywhere in Montgomery County, could receive tax breaks. BUP has also taken on managing a nonprofit art gallery that was formerly a commercial gallery, and they rent it out to artists for below-market rates and forgo a commission.

Management Structure: For-Profit Entity

For-profit management structure is a commercial or market approach to ACE districts. Real estate interests or for-profit arts businesses typically drive this model. These entrepreneurs may or may not be tagged as district leaders, but they have an interest in either helping or promoting businesses in the district or are one of many that informally work on the district. The Linen District in Boise, ID is just one example of a market-driven district managed by a small, local development company. Many other commercial-driven arts districts exist in the United States. For example, L.A. Live on the southern edge of downtown Los Angeles is a \$2.5 billion project from Philip Anschutz’s AEG, which is an international conglomerate with experience in large-scale arts and entertainment districts that combine commercial music and sports. Through several public/private partnerships with the former Community Redevelopment Authority and the City of Los Angeles over several decades, L.A. Live is a 27-acre complex that contains the city-owned Convention Center, broadcasting studios for ESPN, the GRAMMY Museum, Nokia Theatre, AED-owned STAPLES Center (the home of the Lakers), and several restaurants, hotels, and condominium projects. There are also tentative plans to build an NFL stadium.

The Linen District, in contrast, a modest six-square block area spanning two urban renewal districts, sits just west of Boise’s downtown core. The district is in transition from a light



industrial area to an urban neighborhood with an eclectic combination of arts and creative assets. Several arts organizations, design shops, and galleries are mixed with locally owned restaurants, industrial services, and a diverse spectacle of public art and arts-oriented events. The Linen Building is the district’s centerpiece and is a creative hub with a gallery and an event space that hosts many arts events from literary readings to rock shows.

Between 1910 and 1950, one-story buildings dotted the corridor with the two-story American Linen Company (now the Linen Building) as the anchor. David Hale, a residential and later commercial developer, originally planned to buy just the American Linen Company (ALC) building for his own office space, but realized the potential for a wider arts area that would that reinforce his broader interest in infill and smart growth development. Initially, Hale acquired and renovated the ALC building, the city’s first brownfield project, by working with outside financiers, Idaho’s Department of Environment Quality, and Capital City Development Corporation (CCDC), Boise’s urban renewal agency. Between 2003 and 2005, Hale set his sights on the broader district, which he named, the Linen District to turn the “ghost town into a home for the arts and creative community,” an underserved market in Boise. While Hale had a personal interest in the local arts scene, he saw a mutually beneficial arrangement: the arts needed greater support, and the arts could drive interest and people to the run-down area.

Hale worked closely with CCDC to implement his district vision by securing several buildings and parking lots, and later converted a rundown motel into a trendy one. He convinced local restaurateurs to move to the district, and he integrated a comprehensive public arts program through one-off public/private partnerships and through municipal-funded collaborations with the City of Boise’s Department of Arts and History. Hale collaborated with other nonprofit and commercial arts organizations, and the Linen District became the home

THE LINEN DISTRICT

Top left: Modern Art, Linen District

Top right: Bike Art during Treefort Music Festival, Linen District

Bottom right: Linen District event

Photo Credit: David Hale

for the international Treefort Music Festival and Boise's Rock School, which acts as the arts education arm for many smaller communities in Idaho.

As a small for-profit developer, Hale's biggest challenge has been working through the economic crisis and its five-year aftermath between 2007 and 2012. Through strong banking relationships and community-supported efforts, he continued to make slow but steady progress. He argues that his community-driven management approach is the reason that he and the district survived the downturn. Part of his job has been to educate the financing community in a place that had not done a project of this kind or scale before. He overcame this through building good relationships with financial institutions and municipal partners who had a strong interest in smart growth and environmentally sensitive design. For example, he worked with CCDC to create a cultural concept plan to implement arts and cultural investments in conjunction with broader planning documents. Hale also credits his "slow release approach" where he developed a marketing strategy that "did not go out of the gates with everything from the start but slowly shared information, new projects, and new tenants." With a background in public relationships and journalism, Hale knew how to create a sustained interest and not create a "one-hit-wonder of a district." In spring 2014, Hale put the Linen Building up for sale and feels confident that he has created the conditions and foundation for the Linen District to continue forward.

Management Structure: Nonprofit Arts Organization

One of the more common management models is the traditional nonprofit organization. Underneath this expansive umbrella are typical 501(c)(3) organizations that either have a nonprofit arts focus or support a different mission that the arts help achieve. There are two primary reasons for selecting such classification: many grant funding opportunities require an organization to have a nonprofit designation and arts districts tend to have a mission or goals that are not driven by earning capital. In many instances, a nonprofit designation ensures the project is serving the public good, first and foremost, and that the government is not competing with market activities. Often, nonprofit arts organizations take on ACE districts for obvious reasons—they represent an arts perspective and have the expertise to pull a particular arts community together.

An example of this structure is Baltimore Station North Arts & Entertainment Inc., a highly renowned nonprofit organization, representing the district of the same name. Encompassing the Charles North, Greenmount West, and Barclay neighborhoods, Station North includes a wide range of artist live/work spaces, galleries, theaters, and businesses and is near Penn Station, a major transit center, the Maryland Institute College of Art (MICA), the University of Baltimore, and Johns Hopkins University.

The Baltimore Station North Arts & Entertainment District was the first project to receive state-level designation. The district was created in 2002 when the state issued a call for



**THE BALTIMORE STATION NORTH
ARTS & ENTERTAINMENT DISTRICT**

**Open Wall murals by artists Katey
Truhn and Jessie Unterhalter (left)
and Maya Hayuk (right).**

Photo credit: Martha Cooper

proposals for Arts & Entertainment Districts, and then-Mayor O'Malley issued a local call for neighborhoods to apply to the city first, then the state. The original organizing group included local artists, business owners, property owners, MICA representatives, and others. It was not an associated nonprofit at first but had a sizeable advisor group, including people from the state government, the municipality, MICA, neighborhood associations, local artists, and "anyone else you could think of" with no dedicated staff, a lot of promotion, but little programming. A director was later hired, a board was set up, and a nonprofit was created. Station North Arts & Entertainment Inc. has grown dramatically in a short period of time—in funding from \$75,000 a year to \$400,000—and in scope, encompassing three neighborhoods, including most of Charles North, Greenmount West, and two blocks of Barclay. Starting with a small push, including some basic marketing, a few programs, and a website, the organization sought to figure out how to build momentum to increase visibility to the public. With a \$150,000 National Endowment for the Arts Our Town Grant (with a one to one match), the nonprofit was able to expand its programmatic reach and leverage additional funding in an exponential manner. Over time, more staff support was added with two full-time people and a handful of part-time staff. The board is also transitioning from a large local stakeholder group to a fundraiser board with an informal arts advisory group.

The nonprofit relies on its partnerships—relationships both internal and external to the local and arts communities. It is entirely grant funded with resources coming primarily from private foundations, universities, and the National Endowment for the Arts. Station North management structure does not operate in isolation. The Executive Director Ben Stone is a non-voting member of the Charles North Community Executive Board. An informal policy exists with both Greenmount West and Charles North neighborhoods to remain neutral and not take a position on neighborhood issues without consulting with the neighborhood associations first. Stone also had to work extensively to convince these different community groups to use Station North as a district brand, rather than as a competing force to the iden-

**THE BALTIMORE STATION NORTH
ARTS & ENTERTAINMENT DISTRICT**

**Penn Station during Station
North's Final Friday events**

Photo credit: Theresa Keil



tity of the existing neighborhoods. An additional value added to the neighborhood groups is that many of the artists don't go to community or neighborhood associations, and the Station North nonprofit speaks for them and represents their views. Stone also sits on the Central North Partnership Board, which is a local nonprofit working across 10 neighborhoods to fund overlapping projects or projects that are well-suited for collaboration. Stone comments, "Government and funders respond to parts of the city that are self-organized. This has been our approach." University connections have also been critical not only for bringing in funding but for investing in Station North through facilities, campus master planning, and arts-centric curriculum. For example, former MICA President Fred Lazarus was a valuable advocate for the district from the start. Recently, John Hopkins decided to bring the Krieger School's Film and Media Studies program, part of the Homewood undergraduate campus, to Station North by renovating a historic theater and partnering in space with the Peabody Institute and MICA.

Station North Inc. has made an international name for itself through its innovative and comprehensive programming, but also because it leverages and markets extensive programming done by existing resident theaters, arts organizations, and galleries. Stone comments, "We have to be more creative to get people to care and to have an impact. We needed to build our foundation so that we could stand on it." The nonprofit has shied away from real estate and development over recognition that such a focus requires a different set of expertise and steady capital to cover risk. Even though they have not taken on more of a community development corporation role, the nonprofit does run or manage spaces—a way to pilot test whether the organization could take on a more development-aligned mission. Their spaces include Station North Chicken Box (a gallery and theater space), The Ynot Lot with (an out-

door performance space), Penn Station Plaza with Amtrak and the Parking Authority, and the Koban Project, which is a former police box that is used for an art space. Many of their projects involve several collaborators. They also help manage Wonderground, a series of vacant lots in Greenmount West that bring together artists and community associations. In each of these, they partner on projects rather than take them on in isolation. Station North also oversees Open Walls Baltimore, a pop-up public art project curated by Gaia that features world-renowned street artists whose murals are designed to create place, entice a dialogue, and stimulate community revitalization.

The biggest challenge for Station North Arts & Entertainment Inc. has been fundraising—a theme that is consistent across several of these cases studies, but in different ways. To overcome this obstacle, Station North champions diverse and innovative programming to attract grant dollars. The nonprofit recently reconfigured its board to attract external, non-neighborhood dollars in order to increase its capacity and reach. In part, the success that it has realized is also because of strong neighborhoods that have plans in place that are aligned with the ACE vision and district. With a professional staff, the nonprofit is able to bring in dollars and investment to the neighborhoods.

Management Structure: Nonprofit Non-Arts Organization

Nonprofit non-arts organizations have also been quite involved with ACE districts. These organizations are often community development corporations (CDCs) and are interested in using or leveraging existing arts assets to help revitalize or stabilize neighborhoods. In many situations, they typically seek to help nurture existing or organic arts assets rather than creating them from scratch.

Penn Avenue Arts District (PAAD) is in Pittsburgh's East End with the commercial corridor acting as the “zipper” between the diverse Garfield and Friendship neighborhoods. The district is envisioned as a “catalyst for attracting and enticing artists to live and work in the neighborhoods” and does so through supporting the purchase and renovation of affordable property, marketing the area to artists and arts-related activities, and empowering local youth through artist-led arts projects. In 2006, the National Trust for Historic Preservation designated the arts corridor as a Main Street district, which remains its primary status and is not sanctioned or recognized by the city as an official arts district.

By the late '90s, the boards of two nonprofit community development corporations, Friendship Development Associates Inc. (FDA) and Bloomfield-Garfield Corporation (BCG), felt a more concerted effort had to be made to revitalize the Penn Avenue corridor despite an earlier way of investment that had made some impact but had not filled the 50 unoccupied, first-floor storefronts in an eight-block stretch. With support from the McCune Foundation and the R. K. Mellon Foundation, the Penn Avenue Arts Initiative took on this expanded development role. FDA took the lead in day-to-day implementation of the initiative with BGC

PENN AVENUE ARTS DISTRICT
Night Markets on Penn Avenue
Photo credit: Bloomfield-Garfield
Corporation



offering marketing support and some grant mediation. However, in 2001, both groups partnered to acquire 12 unused properties—all between 4800 and 5500 Penn Avenue. Over a five-year period, the nonprofits renovated and ultimately sold or leased the spaces to artists, architects, and other businesses, which catalyzed a “second wave of new, entrepreneurial energy in the district.” Their “site by site” real estate approach combined with its nonprofit status allowed the community development corporation (CDC) to “consider the double and triple bottom line.” However, in 2012, FDA scaled back its real estate operations and gradually morphed into Friendship Community Group (FGO) without a development portfolio. BGC took over daily management of the district with FGO continuing to market the district through the popular Unblurred web publication. Under BGC’s guidance and five-year strategic plan, the commercial corridor has evolved from its central focus on the arts to a large strategy to create a neighborhood with arts and non-arts goods and services.

Both FDA and BGC community development corporations have done an excellent job of creating public/nonprofit partnerships with local, state, and federal partners. Their budget dedicates \$75,000 annually to the administration of the arts district largely through a full-time commercial district manager and a series of grant and loan programs. A sizeable portion of its budget comes a mix of sources, including Community Development Block Grants, regional foundation infusions, rental income, and the urban development authority. This budget line item does not take into account real estate investments that significantly prop-up the corridor as well. The CDCs have had many accomplishments, including reducing vacancy from 78 to 21 percent, converting vacant property into artist live/work space, attracting \$60 million in investment, and disbursing \$100,00 in matching grants and nearly \$130,000 in loans through the Artist Loan and Grant Fund for a variety of programs includ-

ing façade improvements. BGC plans to continue prioritizing arts in property development through several residential and commercial projects that mandate subsidized arts space.

The challenges for a CDC are two-fold. The first is holding onto the remarkable gains that have been made, and not allowing the tide of gentrification building in the city's East End to push small business owners out. In response, for example, BGC started the Garfield Night Market to afford local entrepreneurs the chance to showcase their wares on the first Friday of each month, from May to November, in conjunction with Unblurred. They are also focusing on creating new storefront or ground level spaces that can continue to be rented at below-market rates to entrepreneurs who would like to come into the district. Other actions include offering below-market rate tenant fees to neighborhood African-American artists, offering loans for façade improvements, creating an emergency loan program for owners who are affected by infrastructure construction, and continuing to build a diverse development portfolio.

The second is moving away from emphasizing the arts district to prioritizing the rebuilding of a neighborhood as a commercial corridor. While there have been many laudable successes in the arena, particularly for a district that is 11 blocks long, the CDC has made it clear that the district must serve a local need. This stems from community concern that too much emphasis has been placed on the arts and the tourism function of this work and not enough on neighborhood residents. As BCG Executive Director Rick Swartz comments, "We try not to label it as an arts district, but as a neighborhood servicing corridor. We are trying to strike a balance." Part of this has been slowed down by the lack of available city resources for the broader Main Streets Program. However, Swartz credits new civic leadership in the neighborhood for overcoming funding obstacles and championing a broader mission that still values the arts while considering how to support a more robust set of neighborhood assets.

Management Structure: Artist-Led

Artist-led management structures may or may not be organized as a nonprofit organization or largely operate under a volunteer model. In many situations, arts organizations start as artist-led initiatives and later take on a different management structure. Often, artist-led organizations will require fee-paying memberships opportunities to generate funds for grassroots marketing and to create a sense of community. Tucson Warehouse Arts District and Santa Fe Arts District and the Northeast Minneapolis Arts District are examples of such management structures. Both have membership-run organizations and fall under the umbrella of 501(c)(6).

The RiNo Art District in Denver, CO exemplifies an artist-led organization and the changes that such structures undergo. Encompassing several neighborhoods, including River North, Upper Larimer, Globeville, and the Five Points area, RiNo is an industrial art district northeast of downtown. The dispersed cluster concentrates creative businesses and artisan studios, including architects, art galleries, designers, furniture makers, illustrators, painters, media



RINO ART DISTRICT

Top left: Sculpture by Mike Whiting

Top right: RiNo Art District mural

Photo credit: Tracy Weil



artists, photographers, and sculptors, among a plethora of other non-arts industrial activity. The district's motto, "Where art is made," reinforces the district's feature of creative production rather than purely a center of presentation or exhibition.

RiNo is a manifestation of American West culture and represents an entrepreneurial, artist-driven model that has evolved significantly in short amount of time. RiNo formed in 2005 when Jill Hadley Hooper, an illustrator and painter who was working at the River North Iron-ton Studios and Galleries, reached out to Tracy Weil, a fellow visual artist in oil, painting, sculpture, to figure out how to create interest in the hidden neighborhood. Hooper commented, "This place used to be a through-way. People didn't stop. It was more of an adventure to get here. We wanted to put it on the map." These arts entrepreneurs developed an art district with the organizational purpose of prioritizing "community development and creative placemaking to foster the commercial value, social value and personal value of the creative sector." Over the past decade, the district has evolved from eight locations in a single neighborhood to 150 locations across five neighborhoods through extensive marketing and promotion.

Early on, the co-founders consciously avoided nonprofit status by organizing the district as an LLC to be "nimble and quick" where they avoided additional administrative processes associated with a more controlled structure. Their management framework soon shifted to capitalize on statewide momentum and legislation around arts economic development, including Colorado's Creative Industries Initiative (CCI), a division of the state's economic development department. In 2012, using the Downtown Denver Partnership as an enterprise model ("rather than a charity model"), RiNo strategically secured 501(c)(6) status so they could apply for CCI's competitive Creative District Program where recipients gained access to consulting support, operational grants, and technical support. The overarching nonprofit now encompasses a newly formed 501(c)(3), named RiNo Urban Arts Center, which is a

public space project in partnership with Denver's Parks and Recreation Department. RiNo's "small but mighty" Board of Directors is now spearheading a feasibility study for a Business Improvement District (BID) in collaboration with area developers, stakeholders, and creative businesses with the city allocating \$750,000 to do so.

Hooper and Weil have drawn on their marketing backgrounds to help build a powerful and visible brand for RiNo with several local art districts following suit. Their commercial work experience in advertising has been instrumental in raising the profile not just of the art district but of the neighborhoods it encompasses. Their design and technical skills have also been put to use to create developer standards for the area, and while not required, are used to help communicate RiNo's perspective on neighborhood identity. The nimbleness of their artist-run management model has created many opportunities and synergies that are often more difficult to cultivate in more traditional organizational silos. Initially, informal partnerships with the city and VisitDenver centered on marketing Denver's plethora of art districts for tourism appeal. Weil and Hooper also collaborated and connected with the other art district as "many people live in one district, and one work in another." Currently, their partnerships have matured and broadened to include more local and national collaborators. The city and state have helped finance key projects, including visioning plans, feasibility studies, strategic plans, and more. RiNo is also collaborating with the renowned Minneapolis-based nonprofit arts developer Artspace on an anchor project connecting downtown to Five Points.

RiNo's impressive growth brings opportunities and management challenges. The district has been targeted as an area of growth with changes, including new zoning laws, inhospitable redevelopment plans, and rising property taxes, forcing many artists and creative entrepreneurs outside the district. RiNo sits in the middle of development discussions and remains an "artist advocate." Hadley commented, "People assume we are against development. We aren't. We just care about the type of development. So, we learned to be political." The 2007-2008 recession brought a temporary reprieve and a moment to consider how to respond to such growth. Weil and others organized RiNo Neighbors, a sub-brand of the art district, to join the River North Arts District as the "registered neighborhood organization." The organization later dissolved over developer conflicts, and in 2012, RiNo Arts District became the official point of contact for the city and is notified of any planning and zoning updates. The district's urban improvement committee has become the working group for neighborhood issues and has elevated RiNo's role to connect art with community issues.

RiNo is also preparing to make the district self-sustaining by emphasizing organizational infrastructure building. The founding artists point to their flexible schedules as the sole reason they could volunteer so much time, and recognize that it is not a sustainable model. Interest has grown in establishing a more expansive internal organizational network with an eye toward more paid staff. Beyond moving from an LLC to a nonprofit umbrella organization with several subsidiaries and committees (urban improvement, membership engagement,

signage and way funding, fundraising, and marketing), RiNo has worked with CCI consultants to increase its financial well-being through revising a stepped membership model spanning \$50-\$3000 with different rates for individual, nonprofit organizations, creative businesses, non-arts businesses and RiNo champions outside the neighborhood (named RiNo Guardians).

REFLECTION

There is value in re-positing or reframing management structures that are identified purely by the status of the lead organization alone. The cases above show the complexity of inter and intra management relationships, since district size and other logistics usually require that single organizations or entities rely on others for fundraising, facility operations, marketing, and so on.

These partnerships, and their place within management dynamics, cannot be understated. Many of the narratives show the reliance on public/private or public/nonprofit partnerships to create greater capacity and to leverage different sets of resources. For example, Baltimore Station North has strong funding and governing partnerships with two universities, a local community development corporation, and a regional nonprofit intermediary. A snap shot organizational label also overlooks the reality that it is normal, not an outlier, to see the evolution of one management type to another. In sum, while “one size does not fit all,” it is important to have a richer understanding of how motivations, leadership capacities, and access to resources help structure management decisions.

Recommendations for Selecting a District Management Model

Prioritize management systems in district planning. Treat the management structure as an important part of capacity building rather than an after-thought. Part of this is making sure that programmatic motivations align with management resources so that they are mutually reinforcing. A good place to start is by addressing the questions put forth at the beginning of the report.

Become familiar with educational resources. Do due diligence by reading all the educational material that exists about districts and their experiences. This includes contacting people in other communities who have done the type of arts district that you are interested in pursuing and connecting with people who have experimented with different types of management models. Americans for the Arts offers extensive resources and literature on district and district management that are available in its National Cultural Districts Exchange.

Develop an Advisory Board. Develop an advisory board to consider different management strategies that balance local stakeholders with individuals with targeted expertise (legal, fundraising, accounting, etc).

Develop and conduct a SWOT analysis. Creating a SWOT (strengths, weaknesses, opportunities, threats) analysis not only will help in planning other district aspects but will also offer insight into some areas where certain management structures may be more beneficial than others. This exercise should be about arts assets and liabilities, along with internal and external components that may be essential for district success. From this discussion, whether it is a formal or informal process, it will help identify potential partners or collaborators in the short and long term, both in the arts and non-arts communities. ACE district leaders should consider a range of factors that touch on many of the questions posed throughout this report. Some of these include: public, nonprofit and private financing opportunities, local stakeholders and opponents, competing interests, district type/focus/intention, broader external forces (demographics, market conditions), public policy directions, and so on. It will also provide insight into whether some management models make more sense than others given each community and district's unique circumstances.

Connect with policymakers and city staff in planning, community development, and economic development. This is an important step so that district proponents are familiar with relevant or related planning, policy, and regulatory environments. This is important not just for places that have state district legislation, but for any community that may have access to resources at the government level.

Create a five-year district plan. Similar to a business plan, it helps justify and explain management decisions based on motivation, resource needs, and identification of resource hubs.

Prepare and plan for change. Districts are subject to change since there are likely to be periods of growth or shrinkage based on a range of internal and external forces. Evolving management structures should not be seen as a failure, but as a responsive and flexible approach in working toward district sustainability and in creating greater capacity.

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