

ARTS FUNDING:

1. Public/Private Partnerships
2. Regional Arts Council/State Arts Board Relationship
3. Arts Enterprise Zones
4. Career Training in the Arts

PART ONE: EXECUTIVE SUMMARY

Issue: Arts Funding

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Subcabinet: Education and Cultural Affairs

Summary: Initially this team was charged with assessing the future of public/private arts funding partnerships and clarifying the relationship of the regional arts councils to the Minnesota State Arts Board. In March of this year the issue team was requested by the Governor to research the additional arts funding issues identified by the Governor's Commission on Economic Vitality in the Arts. The issues identified by the team for further study were Arts Enterprise Zones and Career Training in the Arts.

Major Findings: The conclusions of the Arts Funding Issue Team are as follows:

- 1) Public/Private Arts Funding Partnerships: This area is one in which the possibility for growth still exists. However, this growth is likely to be in the scope of such partnerships rather than in the number of them. However, the creation of such partnerships should be done in dialogue with the arts organizations and artists as well as the funders affected by them. In addition, private sector funders have assisted with the creation of arts programs to address long term needs including the financial stability of arts organizations and arts promotions. The state should consider investing as a partner in these programs as well.
- 2) Regional Arts Councils/State Arts Board Relationship: The present funding relationship, in which the Arts Board serves as a fiscal agent for legislative funds appropriated to the regional arts councils, should be continued. However, to insure that the board and regions are better partners in support of artists and arts organizations it is recommended that the staff and board chairs of regional arts councils and the members and staff of the Arts Board meet at least annually to discuss issues of mutual concern and future plans. Additionally, regions and the board are developing a single page document which describes funding programs available from each. This document could serve as a working agreement between the state and the regions for the next biennium.
- 3) Arts Enterprise Zones: Communities can only make use of the arts as an economic development tool, if plans and projects are developed which jointly addresses the arts and economic development needs of the communities. The team recommends that the state initially fund a limited number of such program efforts in 4-6 cities throughout the state. This program could be administered by the State Arts Board in cooperation with the Department of Energy and Economic Development. In this program proposals would be requested from cities which would address the development of an arts and economic development plan. Each

proposal would also describe up to three major projects which may include, but are not limited to, preservation and reuse of historic structures as arts facilities, lease-hold improvement loan programs for artists and arts organizations, facility partnerships among cities, developers, artists or arts organizations, rent credits to tenants or tax abatements to building owners for creation of code compliant arts spaces and deferred or accrued taxes for developers including art spaces in mixed-use projects. Up to \$3,000 would be available to each of the cities selected to participate in the program. Funds must be matched by the city. In addition, a consultant would be selected who had extensive working experience with the space needs of artists and arts organizations. This consultant would assist with the development of proposals by cities and offer project development services to cities selected for the program.

4) Career Training in the Arts: The team recommends that the state make a one-time investment in the professional development and career training of artists and arts administrators as a means of insuring that the state's continuing investment in the arts is productive and well-managed. State funds would support a comprehensive training program/institute which would be jointly managed by Resources and Counseling of the Saint Paul Ramsey United Arts Council, Continuing Education in the Arts of the University of Minnesota, Metropolitan State University and the College of Saint Thomas. Funding for such a program would be available through the Minnesota State Arts Board. This program would include the development of comprehensive job and intern information, creation of an arts internship bank, entry-level career training through workshops and seminars, and summer and year-long programs for artists and administrators at the mid-career level. This program is modeled on existing career and inservice training for teachers and other professionals.

PART TWO: BACKGROUND

The original charge of the arts funding team was, "To assess public/private arts funding partnerships through an examination of: the climate for such partnerships; current and future private sector support through the public sector; and the extent to which public policy is affected by public/private partnerships. These partnerships will be examined at the state and local levels. A second issue to be addressed will be the clarification of the relationship of the regional arts councils to the Arts Board." Subsequent to the approval by the Subcabinet on Education and Cultural Affairs of this charge, the Governor's Commission on Economic Vitality in the Arts completed its work. In March of this year the Governor's office requested that the arts funding team examine the recommendations of this commission and select a limited number of recommendations warranting special attention. The two issues selected for additional study were the Arts Enterprise Zones and Career Training in the Arts.

The Governor's Commission on Economic Vitality in the Arts, co-chaired by David Speer and Lola Perpich, discussed these two issues at length. Commission member Jim Sitter, Executive Director of the Minnesota

Center for Book Arts, who originally suggested the application of the Enterprise Zone concept to the need for arts spaces, and other Commission members, made a compelling argument for further exploration of this concept as a means of responding in a comprehensive way to the somewhat disparate space needs in the arts. Of the issues identified only one had previously been addressed programmatically, the Arts Board/regional arts council relationship. However, the plan first developed by the board in this area had been fully implemented and no new plan had yet been described for a state and regional relationship in a fully functional decentralized system.

Several major developments occurred at the national, state and local levels during the 1970's which demonstrate the need for issue analysis and a clearer definition of the state's role as a funder and a partner in the creation and implementation of arts activities. These include:

- cuts in state support of grants-in-aid for the arts which resulted in severe fragmentation of service and fund delivery systems at the state and regional levels;
- substantial increase in private funding, which was new money allocated to the arts, flowing through the Arts Board and regional arts councils to their constituents;
- experimenting by private funders with decentralized grants-making systems;
- development and implementation of the Arts Board's state-wide decentralization plan in which independent regional arts councils, serving all of the state's development regions, were created;
- a 46% increase in the number of artists residing in the state and a doubling of the number of arts organizations in the state which severely strained available public and private funding;
- the investment of "sweat equity" by artists and arts organizations in abandoned warehouse spaces which resulted in warehouse rehabilitation and greater building values and desirability. This often led to developers investing in these same buildings and areas, increased rents and "forcing out" of the artists and organizations which had undertaken initial rehabilitation. (The SOHO Syndrome.)
- high employee turnover rates among the professional artistic and administrative staffs of arts organizations.

The arts funding team members who analyzed all of the issues included:

- * Karen Gray, Minnesota State Arts Board member
- ** Delores Knaak, Minnesota State Arts Board member,
arts funding team chair

- * Jean Mars, Minnesota State Arts Board member
- * Karen Ransom, Minnesota State Arts Board member
- G. James Olsen, Minnesota State Arts Board executive director
- Mary Sulerud, Minnesota State Arts Board staff
- Dwight Pederson, Department of Finance comptroller
- Eleanor Hovda, Arrowhead Regional Arts Council executive director,
president of the Regional Forum

- * Arts Board Planning Committee member
- ** Arts Board Planning Committee chair

In addition the following people contributed major research and development work on the Arts Enterprise Zone issue:

Cheryl Kartes, Artspace Projects Inc., executive director
John Maliga, Minnesota State Arts Board staff

and on Career Training in the Arts:

Robert Booker, Arts Resource and Information Center, director
Barbara Davis, Resources and Counseling in the Arts
David Means, Metro State University faculty
Merritt Nequette, College of St. Thomas faculty
David O'Fallon, Continuing Education in the Arts, director
Phil Platt, Resources and Counseling in the Arts
Thomas Trow, College of Liberal Arts, University of Minnesota
Margot Willett-Getsinger, Center for Local Arts Development

The primary research method was examination of other cases throughout the U.S. Most of the team findings and recommendations are based on full team interviews of affected constituents including private sector arts funders, staff and board of regional arts councils, arts organizations, artists, arts teachers and private developers of arts spaces.

PART THREE: FINDINGS/CONCLUSIONS

Published information used in forming findings and recommendations for this report are cited or; included in the Appendices.

1) Public/Private Arts Funding Partnerships: The team examined the existing partnerships between the Arts Board/regional arts councils and a variety of private sector funders. Based on this program review a list of questions was developed which would be the basis of a joint dialogue among the major private foundations which support the arts and the issue team. This joint meeting was held on May 11, 1984. The findings of the team embraced a variety of concerns related to who participates in the development of such partnerships, public versus private review processes and the interdependence of public and private funding. Among the findings were:

- an open public review process of funds which come from a private funding source can promote coordinated planning by both sectors;
- the use of a public agency review for the allocation of private funds requires extraordinary attention by the public agency to the selection of advisors to conduct this review;
- use of a public agency to make grants with private sector funds may leave the private agency out of touch with the arts needs that it can best serve;
- a clearer definition needs to be developed of the term public/private partnership;
- while public/private partnerships provide each sector with increased program development options, care needs to be taken that neither the private nor the public sector become centralized "gatekeepers" for the majority of available funds.

2) Regional Arts Council/State Arts Board Relationship: The team reviewed the original Arts Board plan for the development of regional arts councils. The team then spent one meeting developing a list of assumptions about the state/regional relationship and identifying the issues which these assumptions raised. Based on these issues each regional arts council was polled by the team regarding their perspectives on the scope and future relationship of state and regions. In addition, at the request of regional arts councils, the team sponsored a day-long meeting on July 18, 1984, with the board chair and staff of each regional council and the members and staff of the State Arts Board. The findings from the team's research and this meeting include:

- that the regional arts councils and the board are complementary funding and service resources to a very diverse constituency of artists, not-for-profit organizations, schools and arts consumers;
- divisions of funding and service responsibilities should be based on service area and the efficient use of staff resources at both levels;
- there is a need for at least an annual meeting of the state and regional staff and board members to discuss new programs and evaluate existing ones;
- because of the number of agencies involved in the delivery of funding and services there is a continual need to clarify the programs available at each level;
- there is a need for the state and the regions to mutually clarify programs and services available from each.

3) Arts Enterprise Zones: The issue team commissioned a study of this issue by Artspace Projects Inc. Among the study's findings are:

- artists and arts organizations are frequently located in previously vacant or underutilized urban property. These groups and individuals often assume as tenants responsibility for improvements of leased property. As the areas in which artists and arts organizations are located become more desirable as development properties, they may lose their "sweat equity" and their spaces to rising rental rates which now reflect the greater desirability of these same spaces and the attendant increase in building worth and taxes;
- the principal difficulty in developing spaces for artists is financial, primarily in meeting the costs of building code compliance;
- artists and arts organizations frequently have difficulty achieving control over their living and/or working spaces especially through ownership and long-term leases;
- long-term security and code compliant spaces allow artists to open the doors of their studios to the public, thus increasing their visibility and the market for their work.
- location of artists and arts organizations in urban areas is attractive to developers and can provide greater traffic flow into restaurants and shops.

4) Career Training in the Arts: In examining the training programs which prepared individuals to enter the arts as artists or administrators the team found the following:

- internships were cited most frequently by those presently working as artists and arts administrators as the best entry point into the arts job market;
- there is no comprehensive program for arts internships and jobs that identifies openings, identifies candidates and facilitates placement;
- arts organizations frequently can not afford to offer paid internship opportunities;
- there are almost no mid-career training opportunities for artists or arts administrators;
- artists are taught skills which contribute to their creative abilities but are offered few opportunities to learn the management and marketing skills which would strengthen their entrepreneurial abilities;
- the stability and growth of small organizations is tied to the continuing education and training of the artists and art administrators who work for them;

- arts organizations and artists often do not have the funds to make an investment in the professional growth and development of staff or themselves.

PART FOUR: ALTERNATIVE OPTIONS

In examining public/private arts funding partnerships and the relationship of regional arts councils to the State Arts Board, alternative options were not specifically developed or discussed. The issue team work in both areas was focused on an assessment and clarification of existing relationships which are widely accepted in the arts community.

Arts Enterprise Zones: The following alternative options were investigated: 1) arts programming incentives in which in exchange for city and/or state financing subsidies, a developer could be required to allocate a percentage of the development budget toward works of art or performances; 2) operating endowment in which building owners or developers provided with subsidies, tax incentives or special financing mechanisms through the city would make contributions from gross revenues into an operating endowment for arts organizations. In addition the team briefly examined a number of financing options for both the alternative and recommended courses of action. These included: tax-exempt revenue bonds or industrial development bond financing; special assessment district financing; tax increment financing and special purpose taxes.

Career Training in the Arts: The alternative option examined by the team was an undergraduate and/or graduate degree program in arts administration. This option was not recommended because such programs already exist locally and throughout the upper midwest. Moreover, the response from the arts community in the state to a variety of program models indicated a need for mid-career training and a coordinated point of entry into the field. At this time a degree program, while it could aid with training, is not as flexible as other types of options.

PART FIVE: RECOMMENDATIONS

1) Public/Private Arts Funding Partnerships: The Minnesota State Arts Board has adopted a policy of not engaging in artist fund raising from the private sector for monies which would augment its legislative appropriation. This policy was established to prevent the state from competing with its own applicants/grantees for the same private arts dollars. The team recommends that the Arts Board maintain this policy. However, such a policy does not preclude the state from engaging in joint initiatives with private sector funders, if it makes available new money for the arts and/or significant projects which benefit artists, arts organizations or arts audiences occur which would not be possible with strictly private or public funding.

The Minnesota State Arts Board has a four-year history of diverse, joint ventures with several private and corporate foundations. In developing new partnerships and continuing existing ones the Arts Board should consider the following: 1) the process by which arts funding partnerships are created and who participates in this process; 2) the role of each sector in the implementation and evaluation of these partnerships, and where applicable; 3) the review process for selecting recipients of funds or services offered through such partnerships. Such guidelines will aid in avoiding an overly centralized private and public funding scheme and promote better communication among all the participants.

The single most significant issue faced by the arts community and the public and private funders which invest in it is ongoing operational stability. The single funding need cited most often by arts organizations is for unrestricted, basic operating grants. There has been a tremendous growth in the interdependence of public and private funding over the last decade. At the same time, arts organizations have lacked access to the same sort of economic development tools and incentives which other types of small businesses have had available to them. Networks in which established artists aid emerging artists and strong arts institutions help smaller arts organizations need to be fostered and supported by both sectors. This may be done by public and private arts funders through the promotion of opportunities for dialogue in the arts community and through the establishment of some consistency in expectations among funders.

With respect to state funding the team recommends that the Minnesota State Arts Board establish within its biennial budget greater funding flexibility and sufficient financial resources to become involved in supporting existing programs supported by the private sector which provide collateral, low interest loans to arts organizations and which enable arts organizations to build up cash operating reserves in their budgets.

2) Regional Arts Councils/State Arts Board Relationship: The present relationship of the Minnesota State Arts Board to regional arts councils in which the Arts Board serves as a fiscal agent for legislative funds appropriated for regional grants, programs and services should be continued. However, the team identified the need to foster better communication within this decentralized system and in consultation with regional arts councils recommends at least an annual meeting of the board members and staff and regional council staff and chairs. Such meetings could include: 1) discussion of long-range plans; 2) a sharing of mutual concerns related to constituencies; and 3) sustain, through an open dialogue, a highly valued system of complementary arts service and funding programs. Further, the regions and board have developed a single page document which describes the funding programs available at each level. This document provides an explanation to the public of the programs available at each level and serves as a biennial agreement between the state and the councils collectively, regarding funding programs.

3) Arts Enterprise Zones: "Again and again, it has been demonstrated that when states take the initiative in encouraging support for arts facilities, be it through funding or legislation to facilitate local government funding, this first step provides the catalyst for local and federal government and private sector involvement. A delicate balance exists wherein each partner must fulfill its role so that every other partner will be motivated and be able to continue".

Lois Friedman, Agnes Zimmerman
and Anthony J. Radich,
ArtSpaces and Economics,
National Conference of State
Legislatures, 1984.

The premises described above best summarize the working assumptions of the team investigating this issue. The team makes the following recommendations: that the state invest \$1.95 million in the next biennium (F.Y. 1985-87) in a program administered by the State Arts Board with the assistance of the Department of Energy and Economic Development. The program would include these activities:

<u>DATE</u>	<u>ACTIVITY</u>	<u>COST</u>
July 1985	Contract let to a resource consultant, experienced in the development of facilities for the arts, to serve as a planning and technical resource to cities during the program.	\$155,900 (F>Y> 86-\$74,800 F.Y. 87 - \$81,000)
September 1985	Deadline for submission of proposals by interested cities. Proposals contain arts and economic development plan and identify up to three arts/economic development projects which respond to the needs identified in the plan.	
October 1985- November 1985	4-6 cities selected to participate in the program by the Arts Board in consultation with the Department of Energy and Economic Development using modified UDAG guidelines and other criteria described in Appendix B.	

<u>DATE</u>	<u>ACTIVITY</u>	<u>COST</u>
December 1985- June 1987	Cities selected undertake projects which may include: Preservation and reuse of historic structures as arts facilities; lease-hold improvement loan programs for artists and arts organizations; facility partnerships among cities, developers and artists/arts organizations; low-interest mortgage fund for artists/arts organizations, etc. Projects must be substantially completed by the end of the biennium.	\$1,800,000 (\$300,000 for 6 cities for a two year period. Funds must be matched.)
June 1986- September 1986	Completed projects evaluated by contract consultant, cities and other participants. Projects which are suitable for statewide replication are identified and a program for their implementation developed.	

4) Career Training in the Arts: The stability of the arts community depends on stable funding patterns and on the availability of professional development opportunities for artists and arts administrators. The team recommends that the state make a one-time investment in a comprehensive program of training for artists and arts administrators. Funding for such a program would be channeled through the Arts Board which could award it to a consortia of organizations and schools which are interested in cooperatively managing such a program. These organizations include the Minneapolis Institute of Arts, Arts Resource and Information Center, The University of Minnesota's College of Liberal Arts and Continuing Education in the Arts, College of St. Thomas, Metropolitan State University, and Resources and Counseling of the Saint Paul Ramsey United Arts Council. This program would include the following components and costs:

- State-wide job bank and internship listing and job-finding publications, \$9,200*
- Internship Development Program, \$48,000*
- Entry-level training for arts administrators and artists, \$66,800*
- Mid-career training for artists and arts administrators, \$105,750*
- Program administration including coordination development and publication of materials and class/workshop/seminar development, \$25,000*

- Total program cost, \$254,700

*All figures are for a two-year period. A detailed program description accompanies this report. The actual costs of the program exceed the state investment by \$20,270. This amount could be raised through fees for workshops, seminars and selling publications.

The team did not establish a priority of one component of the program over another. With less funding a comprehensive program still would be initiated.

PART SIX: APPENDICES

The following materials are appended to this report:

- A Proposed chart of Arts Board and regional arts council funding programs for the F.Y. 1986-87 biennium.
- B Program outline for Arts Enterprise Zones.
- C Program outline for Career Training in the Arts
- D Arts Enterprise Zones, a Summary of Issues and Recommendations, by Cheryl Kartes, published by Artspace Projects Inc., April 1984. (This study was commissioned by the Arts Funding Issue Team.)

In addition the following supplemental, published materials may be obtained from the Arts Board on the Enterprise Zone issue:

Art Spaces and Economics, Legislative Note Number 1, prepared by the Arts, Tourism and Cultural Resources Committee for the National Conference of State Legislators, January 1984.

The City as a Stage, Strategies for the Arts in Urban Economics, edited by Kevin W. Green, published by Partners for Livable Places, 1984.

Appendix A

Proposed Chart of Arts Board/Regional Arts Council Funding Programs
 (Developed By The Regional Forum, 6/25/84)
 F.Y. 1986-87

MINNESOTA STATE ARTS BOARD

REGIONAL ARTS COUNCILS

Program Title	Limitations	Program Title	Limitations
Artists in Education Grants	Grants for artist residencies in schools 5 days or longer; grants for organizations providing residencies.	Artists in Education Grants	Grants for artist residencies in schools which are under 5 days.
Individual Artists Grants	Minnesota residents only.	Individual Artists Grants	No grants available.
Production Project Assistance	No grants available.	Production Project Assistance	Arts projects with local impact and of local origin.
Organizational Operating Support	Unrestricted state and McKnight funds for operating grants for organizations with budgets \$100,000 and over.	Program Support	In some regions funds are available to support % of season or provide long term program support.
Presenter Grants	Support for the seasons of series presenters with at least 5 events in a series and requesting \$5,000 or more.	Sponsorship Grants	Support for single events, under 5 event series/under \$5,000 requests.
Special Initiatives	Requests for proposals issued by the board in the areas of arts promotion, underserved disciplines, folk arts, stability/cash reserve programs for arts organizations.		

Appendix B

Program Outline: Arts Enterprise Zones

Goals

- 1) To define a role for the arts in meeting broad state economic development and tourism goals.
- 2) To promote and maintain the symbiotic, but independent, relationship of for-profit and not-for profit arts enterprises.
- 3) To provide reasonably priced and secure spaces for artists and arts organizations in which their creative activities can flourish and be accessible to the public.
- 4) To take advantage of the special nature of the arts industry as a catalyst for economic revitalization and as a tourism magnet.
- 5) To foster a broader interpretation of the economic development concept as applied to the arts.

The Program

To provide matching grants in support of arts and economic development planning and projects in 4-6 cities throughout the state. Upon submission of cultural/economic development proposals participating cities will be selected to receive up to \$300,000 to support 1-3 projects in each city. The projects may vary, but must be within the scope of the activities identified in part three.

Part One: Preplanning

In the spring of 1985 workshops will be offered throughout the state during which:

- the Arts Enterprise Zone program will be explained;
- potential sites for the program will be identified;
- functions of sites will be described;
- program applications will be distributed and application preparation assistance will be available.

Part Two: Consultant Assistance and Site Identification

Consultant selected to: assist with proposal development for submission, assist with plan development; create planning and program resource publications; subcontract and advise on-site resource people where needed; work with artists, arts organizations, regional arts councils to insure participation in city planning and project implementation and to assist with program evaluation proposals from cities for site selection would contain the following:

- a plan which through its goals and objectives describes the economic impact of the arts resources within the city, identifies existing arts resources and spaces and the potential for growth, describes potential financial and physical resources for development and how the arts would be integrated into existing and future development plans of the city.
- a rationale for how the arts enterprise zone program would complement existing city economic development efforts and arts resources;
- a justification for participation in this arts enterprise zone program, if little arts focus exists in the community;
- letter of agreement between the city and the regional arts council which indicates the support of the arts community for the application;
- a correlation of the arts and development needs in the community with 1-3 projects which would address these needs and be supported through this program.

The submitted proposals will be reviewed in a two-step process: the application will be screened by a committee of state agency and local representatives and approved, or returned to the city to address questions or inadequacies noted by the committee. A revised application will be submitted to the committee for final approval.

The review committee, which would be advisory to the Arts Board and the Commissioner of the Department of Energy and Economic Development, would include a single representative from the Department of Energy and Economic Development, State Planning Agency, the State Arts Board, Regional Arts Councils, Regional Development Commission and a city or county economic development planner. The review committee would use relevant existing UDAG guidelines to screen applications. In this review system proposals are rated and extra points are awarded to proposals emphasizing regenerative money for match.

Part Three: CITY PROJECTS:

This program seeks to respond flexibly to the municipal economic development goals, including the arts, identified by each city. This is why no single project has been identified for statewide replication. In the first two years of the program cities may select any of the following project options:

- preservation, restoration/rennovation of historic structures for reuse as arts facilities;
- creation of lease-hold loan improvement programs for arts spaces;
- creation of low-interest mortgage loan fund for artists and arts organizations;

- facility partnerships where in exchange for financing, zoning or code incentives awarded to developers by cities, developers agree to creating arts spaces as part of the design scheme;
- rent credits to arts tenants or tax abatements for a specified length (3-5 years) for creation of code compliant arts spaces;
- deferred or accrued taxes for developers including arts spaces in mixed-use projects.

Other projects may be proposed by cities with prior approval of the Arts Board.

Cities may use local, federal funds and/or private funds to match state grants.

Appendix C

Program Outline: Career Training In The Arts

Goals

- 1) To provide greater access to information about jobs and internships in the arts;
- 2) To provide new opportunities for career training to potential and mid-career arts managers and artists;
- 3) To assist in the career development of effective administrators and artists in a way that enhances the artistic excellence of organizations;
- 4) To enhance existing arts career development opportunities and programs through coordination and promotion of these resources.

Part One: Job and Internship Bank

This service would be offered through the Arts Resource and Information Center (ARIC).

A job service staff person would make individual visits with personnel directors and staff at visual, literary, and performing arts organizations to explain the resources held at ARIC and encourage the organization to participate by listing any current or future job or internship openings. It is through this personalized contact that a solid job/internship network can be established.

Going to Work in the Arts, a directory first published in 1981, will be updated to include current information on support organizations, professional periodicals and newsletters, and a bibliography. The directory will be expanded to include professional training and educational opportunities for arts administrators as offered by Minnesota institutions.

Through the use of media releases, handouts, and paid advertisements, individuals interested in artistic and administrative positions would be made aware of the services offered by ARIC. A series of presentations on the topic will be made to existing associations and organizations in the field.

Part Two: Entry-Level Arts Administration Training

This service would provide eligible candidates with an overview of the area's beginning training and education opportunities. This would include information on classes, workshops, conferences, seminars. The service would provide up to \$300 in scholarship aid per year per student toward enrollment in these offerings. These opportunities would be drawn from present education and training offerings including those sponsored by:

- Metro State University
- The St. Paul Ramsey United Arts Council/Resources and Counseling Program
- The University of Minnesota/Center for Local Arts Development
- St. Thomas College
- United Way and Wilder Foundation

Also selected "visiting" programs would be included on the roster for that year (e.g. grantsmanship center). All completed course work would be eligible for credit either through the granting institution or through the University of Minnesota.

A second component of this program would be financial support to to augment or upgrade local inservice training offerings. Money could be used to hire specialty presenters, develop audio-visual materials, purchase resource materials, etc. The purpose of this funding would be to channel money into and support those efforts that have been providing quality education and training in the past.

Part Three: Management Training for Artists

Two types of management training would be available for artists:

A. Ongoing workshops for artists' career development would include the following types of activities:

- Twin Cities location, quarterly series (fall, winter and spring) of:

Taking Care of Business (6 week personalized workshop);

Artists Business Classes (6-8 week larger group sessions);

and a major business conference for artists (2 day event each spring).

- Greater Minnesota locations (four locations in the state):

A counselor in residence program including group workshops, plus individual consultations would be available. These would also involve training regional resource people.

B. Arts Management Institute would include year-round advanced seminars for established artists in a quarterly series (fall, winter, spring) on career planning, financial management, marketing (specialized by discipline).

Additionally regional resource people would do intensive work with Resources and Counseling. A two week summer program offering the same seminars available in the quarterly series could also be offered.

Part Four: Professional Arts Management Seminar

This program is designed for the experienced manager of any size or type of arts organization. It has four main features.

It is individualized. Each participant in consultation with seminar staff develops a learning program designed to meet his/her specific needs and improve particular skills. They pursue this program throughout the year.

It is continuous for a year. A group of 24 is admitted to the program each August. They meet for 2 1/2 days in August to identify problems, set goals, establish individual learning programs, meet staff and resource people. Thereafter they meet approximately once each 4-6 weeks for 1/2 day as a group. A 1 1/2 to 2 day intensive retreat is held in mid-winter. A concluding two or three day retreat is held in July. As a group they hear and discuss presentations on selected topics by the best resource people available. As individuals they constantly pursue, alter, and explore their self-determined learning program.

Each participant would have direct access to program staff, who would be resource people in their own right and act as connections to local and national resources. Resource people from local and national agencies would be brought in to provide insight into specific problems and broaden discussion.

The program is designed to be accessible to anyone in Minnesota or in nearby states. While attendance at the opening, mid-year and closing intensive retreats would be mandatory, some of the monthly meetings could be negotiable. Much of the consultation could be handled through phone, mail and other visits.

The Professional Arts Management Program would present information to all participants in the following areas: marketing, financial management, leadership development, decision-making, communication.

The Summer Institute

This would be a limited session of about 35 participants, involved in a combined case study/team approach to management issues. Sessions would be interactive using computer simulations, role playing, and a problem solving approach. Presentations by resource people will be chosen and timed to support key elements in a case study and the team problem being addressed.

The summer institute would be held for a two-week period beginning with a Sunday evening and ending on the second Friday following. It would be scheduled for July or August.

The institute could be in Duluth, managed under the Split Rock Arts Program. Advantages include efficiency of management, inexpensive housing. Disadvantages are distance from many cultural organizations in the Twin Cities metro area.

The program would include cases and problems that illustrate issues in marketing, financial management, human resource development and management, leadership and decision-making, entrepreneurship in the nonprofit sector, and others. These areas, which will change in response to changes in the field, will be explored in presentations by staff and resource people.

Part Five: Internship Program

This would include the following components:

A. Subsidies for Internships with Nonprofit Organizations

Arts organizations wishing to apply for subsidy would complete an application form describing the proposed intern position. Guidelines would include:

- positions could not be strictly clerical, but must include at least some responsibility for carrying out a project or management level activity;
- positions could be between quarter-time and full-time, with a minimum of 100 hours, and a maximum of 480 hours total (over 3-12 months);
- subsidized interns could not be used to replace an existing salaried position.

The organization would submit the application to the administering agency, where it would be reviewed by a small committee. There would be two deadlines annually, in May and November.

In reviewing applications, the committee would look at both the benefit to the organization and the benefit to the intern.

B. Expanded "Opportunities in Arts Administration" Workshops

Resources and Counseling would expand this orientation to the field from a two-hour class to a four or six-hour class. Expansion would include bringing in guest speakers who are currently employed in the field.

C. Technical Assistance on Developing Internships

Two workshops a year (held a month prior to internship funding application deadlines) would give arts organizations technical assistance on how to develop internships, recruit interns, and

supervise them. Resources and Counseling would develop the four-hour workshop, using community resource people as speakers.

D. Internship Fair

Once a year there would be an internship fair. It would be a day-long event, including an "Opportunities in Arts Administration" workshop, supplemented by a one-hour session on how to find an internship followed by a two-hour time during which groups could recruit interested interns.

Appendix D

CULTURAL PLANNING TO MAXIMIZE RESOURCES

In order to achieve the maximum benefit that arts enterprise zones offer, the state must design a catalyst which acknowledges the complex web of involvement required to take an arts enterprise zone theory into practical reality.

Cultural planning provides a framework through which partnerships are established between government and private interests in order to maximize both financial and artistic resources on behalf of the surrounding community. Planning ensures that an arts project may become an integral part of a system rather than an isolated element, and that ideas are of public interest and benefit to the community.

The proper placement of cultural facilities encourages increased values on adjacent real estate properties. Such facilities should be both well-designed and accessible to enable the audience to experience the arts fully. Additionally, the visibility achieved by clustering arts activity is essential to utilizing the arts to attract increased tourism (except for major institutions). Planning allows the community to evaluate the importance of tourism to their area, and the methods and degree to which they wish to encourage increased tourism.

Often the most significant problem faced by arts organizations is an inability to communicate their needs to city development officials. Development officials, unaware of the value of providing for art industry needs, should be encouraged to assume an active role to link the arts with broader community development and tourism goals.

Arts enterprise zone legislation should be designed to provide guidelines to enlighten local officials, outline processes and provide resources to ensure that the designation of arts enterprise zones achieves the desired results. Effective cultural planning goes beyond good city planning to involve winning community support and involvement. This is the essential difference between business enterprise zones and arts enterprise zones.

Cultural planning utilizes standard planning and redevelopment tools, taking into consideration:

- the individual art institution's need for long range planning
- the need for arts organizations to cooperate among themselves in program planning, facility use, and

- arts promotion
- making quantitative as well as qualitative decisions in selecting arts organizations to work with
- the need for physical and administrative planning that takes the arts beyond the cultural community and moves them into the context of local redevelopment objectives.

Activities normally include:

- surveying area arts facilities and space needs
- analyzing current and projected arts audience needs and preferences
- investigating the possibility of sharing existing facilities or creating the appropriate mix of activities within buildings
- considering the location and boundaries of an arts enterprise zone or cultural district to maximize audience attraction
- projecting future operating expenses, as well as sources of support
- investigating cooperative activities with public and/or private entities to reduce expenses.

One of the many examples of cultural district planning is the Playhouse Square in Cleveland, Ohio. Three movie palace/vaudeville theaters sharing common walls are being restored, maintaining their connection to one another through existing indoor lobbies and corridors. The theaters will house the Cleveland Ballet, the Cleveland Opera, concerts by popular entertainers, a Shakespeare Festival and productions by non-profit arts groups. In order to save the theaters and reverse the decline of the downtown commercial district, the Playhouse Square Foundation was organized and charged with the restoration, management and operation of the theater complex. As a non-profit, it has coordinated a complex financial arrangement involving city, county, state, federal and private funds. To complement the renovation of the theater complex, the for-profit Playhouse Square Development Corporation was formed to establish profitable real-estate venture in the District. Expectations for the project included the creation of 500 jobs and annual consumer spending of \$35 million plus the revitalization of 60 acres of downtown property with a potential reinvestment value of \$118 million.

An example of a smaller community developing a cultural district is Galveston, Texas. The Strand in Galveston is a concentration of historic commercial buildings five blocks long and two blocks wide that has been revitalized with a variety of uses, including shops, restaurants, historic and cultural exhibit areas, offices

and housing. Of special importance is the strong participation of the arts and artists in the Strand, and linkages with the port area one block away.

A broad based effort that included the Galveston County Cultural Arts Council, the Junior League, the Galveston Historical Foundation, the Kempner Fund and the Moody Foundation resulted in the establishment of a revolving fund to encourage the purchase, preservation, exterior renovation, active development and use of Strand buildings. Five grants totalling \$78,000 were awarded to the Galveston County Cultural Arts Council and the Galveston Historical Foundation by the National Endowment for the Arts providing a catalyst at the crucial initial stages for effective planning and coordination of revitalization activities.

A local planning committee developed an action plan to provide a critical framework for decisions about the visual ambience of the Strand, capital improvements and linkages. A flyer with photos of the properties, prices, the names of brokers and a description of financing and tax incentives was used to sell the building and to stimulate community interest. Large numbers of volunteers operate house museums and produce two major festivals each year. The result of perserving the historic buildings has been to stimulate downtown businesses, add attractions for visitors and substantially increase tax revenues.

Animation of Public Spaces Through Exhibition and Performance

An encounter with the arts in a public space can be more than an interesting diversion in a person's day. The arts provide a contemporary link to a person's sense of place and urban celebration. The city is the biggest potential stage of them all, requiring the same flair and thoughtful management that brings success to the management of single cultural facilities.

In St. Paul, the "NEW WORKS" series of exhibitions and performances initiated by the Department of Planning and Economic Development is an animation mechanism that has already stirred excitement and promises to be very successful and effective.

As a catalyst, the city can provide leadership and influence that is later carried out through effective public/private partnerships. Conceptual approval from the city may encourage some of the following through private initiatives:

- coordination and shared promotion of exhibition and performance activities sponsored by building owners,

- developers and corporations
- creative enhancement of parks, alleyways and parkways
 - corporate commissioning of artists, composers, or writers for commemoration of significant milestones, or the building of corporate art collections
 - scheduling of noontime performances or special events
 - increased involvement and participation in public festivals.

Arts District Support Activities

The designation of arts enterprise zones provides an opportunity for a critical mass of arts activities to co-exist and generate a synergistic vitality. Development pressures can be corralled and redirected to provide the arts with a role in the development.

Through direct or indirect influence, the city can play a role in the renovation or development of permanent arts facilities. Beyond small informal exhibition and performance spaces that could be developed by arts organizations with some technical assistance, consideration should be given to new construction, or the inclusion of a performance space within any new mixed use development projects within the district.

Steps that the city can undertake to more visibly identify an arts enterprise zone as an arts district include:

- involve artists in finding solutions to public design problems such as street furniture to be used in the district
- installation of information kiosks
- installation of colorful banners or pavement inserts to identify the district or to mark a pathway between arts and cultural facilities
- commissioning of a public sculpture or mural through local competition
- develop a poster, a brochure or catalogue describing history and plans for the district
- support the continuance of and increase in the number of artist housing and studio spaces
- continue to identify arts organizations that are interested in moving into the district and provide technical assistance as needed

Performance Space Requirements

Perhaps the issue that most directly speaks to the need for cultural planning as a means of meeting the needs of the arts community as well as the public good is in the development of performance spaces. A common response to a desire to increase activity in an area is to propose the development of a multipurpose space where a variety of small arts organizations might perform. Without thoughtful planning, a performance space can wind up not serving anyone well. It is especially important to recognize that the needs of dance and theatre organizations are very different and that even theatre groups differ among themselves as to the optimum design of a space.

The practical requirements of a performance space include:

- high enough ceilings for proper lighting (12' is too low)
- fly space for some types of performance uses
- sound separation from nearby activity
- adequate electrical capacity for lighting and sound systems
- stage area:
 - minimum of 35' x 40'
 - wood floors for sets to be nailed to for theatre
 - sprung wood floors for dance (to minimize injuries)
- suitable acoustics, seating and egress
- wing space, green room, lobby and box office areas
- rehearsal, set building, and storage areas
- material and equipment loading/delivery entrance
- audience accessibility by bus or car
- signage and general visibility

Though these are essential requirements for performance spaces, if some of them are missing, ingenious solutions or creative compensations may be developed by clever arts organizations.

Barriers that inhibit arts organizations from developing needed performance spaces:

- lack of development and renovation experience
- time taken away from the mission of creating art
- difficulty in obtaining financing and funding
- lack of readily convertible space
- difficulty in developing the support network needed to gain visibility for their space need

Performance spaces that are designed for particular media and identified users have the highest likelihood of success.

CURRENT ENTERPRISE ZONE LEGISLATION

During 1983, the state legislature amended the Omnibus Tax Bill to allow Minnesota cities to create "Enterprise Zones" for economic development. State revenues up to a maximum of \$22 million would be shared by two to five cities, selected by the Minnesota Commissioner of Energy, Planning and Development.

Applications for the designation of an enterprise zone are prepared by a municipality and include a development plan describing the types of state assistance required, the nature and extent of the city contribution, the level of development expected, the projected number of jobs and anticipated wage levels, the affirmative action and job targeting plans, and a description of the proposed zone as related to the eligibility requirements.

An area can be eligible for designation if, among other requirements, its boundary is continuous and includes vacant or underutilized lands and if it is located within an economic hardship area.

Designation of approved enterprise zones will occur after October 30, 1983, with designation of the area being effective for seven years after the date of designation. No area can be designated as an enterprise zone after December 31, 1986. Enterprise zone credits to each business selected are good for up to 5 years; therefore, if a business arranges for zone credits in Year 7 of the program, it means that this is really a 12-year program for localities because of monitoring and annual certifications.

The Enterprise Zone Tax Incentives

To new or expanding firms that the city designates in its enterprise zone, financial assistance is available in the form of tax benefits and incentives from the following options:

- (1) an exemption from the state general sales tax on purchases of construction materials and equipment used in the zone;
- (2) a credit against the income tax of an employer for workers (other than construction) employed within the zone, up to a maximum of \$3,000 per employee;

- (3) an income tax credit for a percentage of the cost of debt financing to construct new facilities in the zone;
- (4) a state-paid property tax credit for a portion of the property taxes paid by new commercial or industrial facilities, or for added property taxes of an expanded facility.

A business is not eligible for credits if it is solely adding employees. A capital improvement is necessary, such as an equipment purchase.

The city must agree to provide a local property tax abatement of about 46% for firms it has designated for state assistance, or an equivalent contribution if no other form of local contribution is possible (e.g., infrastructure improvements, land write down, other public improvements, etc.) The city investment must be from local (not federal) funds. Local funds can be used to fund additional reductions in state taxes for the business if the city so chooses.

The Relationship of Current Enterprise Zones to the Arts

Current legislation is designed to create jobs and stimulate business development within economic hardship areas. While the arts can both benefit from the increase in arts related jobs and serve as a resource for attracting new businesses in an area, the current legislation would provide minimal incentives to most arts enterprises. The enterprise zone concept should not be directly applied, nor should the arts be 'piggybacked' on currently authorized enterprise zones for the following 3 reasons:

First, given benefits provided through their legal structure, few non-profits would benefit from tax abatements or other tax incentives.

Second, arts activity may not be able to flourish in currently designated zones, therefore, planning should address arts location and facility needs as well as related economic development goals.

Third, for-profit arts related or arts support businesses can utilize tax incentives such as those allowed in current legislation, however, most are rather small companies and the actual benefit would be limited.

THE ARTS ENTERPRISE ZONE: DEFINITION AND RATIONALE

The arts enterprise zone concept can be most nearly associated with the concept of cultural districts. Cultural districts are generally considered to be areas in which arts activity has naturally clustered, or which have been designated for arts activity. Such designations range from informal to formal and the activity occurs in a variety of spaces from single buildings to contiguous buildings within a larger designated area.

The arts enterprise zone concept should be seen as a governmental policy decision to increase support for arts programming, job stability and facility needs. Effective governmental policies can provide the incentives necessary to create bridges between the arts and tourism, as well as the arts and state economic development goals.

As defined in the Preliminary Report of the Governor's Commission on Economic Vitality in the Arts, arts enterprise zones:

"would be specially zoned areas within city development areas in which profit and nonprofit arts organizations would have clustered office spaces, rehearsal spaces, retail shop spaces and galleries along with studio and living spaces for individual artists. A state investment in such a concept could spur local public and private funds for renovation. Moreover, such a cluster of arts spaces could encourage a more efficient marketplace for buyers and tourists. Among examples of this type of space rehabilitation for commercial and noncommercial uses is the recycled Torpedo Factory in Alexandria, Virginia, which houses artist studios and sale space. The continuing vitality of neighborhoods such as Greenwich Village, the Lincoln Center area, and the Soho District of Manhattan attest to the extraordinary power of the arts industry as a rehabilitative tool to combat urban decay."

A 1975 National Committee on Cultural Resources report states:

"The existence of arts organizations and activities enhances real estate values in cities large and small. Larger, more stable real estate values produce increased tax revenues to cities and states, and increased profitability of real estate values produce increased tax revenues to the federal government."

In light of the arts proven ability to increase tax revenues, to attract tourist dollars and to enhance an area's desirability as a place to live, a number of states have begun to develop incentives to support the development of cultural districts as an economic development tool.

In George Clack's article, "Footlight Districts", in The City as a Stage: Strategies for the Arts in Urban Economics, edited by Kevin Green for Partners for Livable Places, Clack states:

"Many arts facilities built in the last thirty years stand in splendid isolation from their surroundings... The new concept of planning for cultural districts recognizes that arts facilities work best when they are not considered as islands, apart from...what the rest of the neighborhood is like. Most of the new cultural districts also involve an alliance of three groups---a city's economic development agency, private development firms, and nonprofit arts organizations."

Clack describes the efforts of a number of cities to initiate cultural districts. The size of a city and its natural artistic resources provide for a variety of descriptions of cultural districts. Even in smaller cities, the arts are being used to anchor redevelopment efforts encompassing small shops, restaurants and housing. Examples include:

Buffalo, New York: The city is rebuilding its decayed downtown around a theater district, artist loft's, movie theaters, and nightclubs. Twenty-five percent of the net profits from the Buffalo theater district return to the city's specially created nonprofit corporation for further development of the area.

Reno, Nevada: A new cultural complex, the Sierra Arts Center, will house a museum, two theaters, a bank and office space. The arts center will earn \$33,000 a month from leasing the commercial space to a private developer and will use those funds to build and maintain the arts facilities.

San Francisco, California: The Yerba Buena project incorporates the arts into a plan that includes a convention center, a large hotel, retail shops, market-rate housing, and park-like landscaping. The complex is expected to hold several theaters, exhibition and studio space, and showcase hundreds of small arts groups and individual artists.

Richmond, Virginia: The Federated Arts Council is restoring a Masonic Temple for community arts programs.

Los Angeles, California: A complex is being developed of luxury hotels, housing, shopping, a New Museum of Contemporary Art and the Bella Lewitzky Dance Theater.

New Haven, Connecticut: In order to restore their historic Shubert Theater, the city is selling the property to a private developer who is syndicating it to investors seeking a tax shelter. The city is then leasing the property back from the developer and setting up a nonprofit corporation to operate the theater. After 40 years, the ownership of the theater returns to the city. The financing scheme also involves a commitment from the city of \$3.5 million, an EDA grant, \$1 million in a special bill passed by the state legislature, and an Arts Endowment challenge grant fund-raising campaign.

Portland, Oregon: The city identified a cultural district as part of the city's land use plan and participated in the development of a performing arts complex. One of four guidelines adopted by their Design Review Commission is to encourage the humanization of the downtown through promotion of the arts.

Cambridge, Massachusetts: The Cambridge Multicultural Arts Center will include space for arts groups, a theater, and offices. It will be part of a forty-acre East Cambridge riverfront development scheme that includes restoring the Lechemere Canal for a marina. The developer offered a \$250,000 operating endowment for the arts as a challenge to other contributions and the city offered a tax concession to assist the project.

A summary of related enabling legislation from the states of Arizona, Colorado, Washington, and Massachusetts concludes this report, and copies of the legislation are available for further committee investigation.

The Arts Enterprise Zone: A Model

A committee should be established to formulate workable arts enterprise zone goals, policies, and procedures. Membership should reflect representatives of the State Departments of Economic Development, of Tourism, the Regional Arts Councils, Regional Development Commissions, Artspace and other representatives of the for-profit and non-profit arts community. It should be co-chaired by representatives of the State Department of Planning and the Minnesota State Arts Board. By October of 1984, the committee should have recommendations for the number of zones to be designated, a proposed level of

financial support from the state, a plan detailing incentives to be offered and procedures for implementation. The program could be jointly administered by the State Department of Energy and Economic Development, and the Minnesota State Arts Board.

One alternative for implementing arts enterprise zones would be to utilize the current business enterprise zone structure, and adding a special planning component to be responsive to the unique needs of participating communities. State grants of up to \$5,000 to initiate planning sessions and market surveys could be made available for municipalities wishing to apply for arts enterprise zone designation. Planning grants would be used to open channels of communication between the municipal development agency and the arts community, to identify potential sites, facility needs, etc.

The earlier chapter on Cultural Planning provides descriptions of a range of planning activities that may be engaged in. The commitment of planning dollars allows the program to be responsive to the diverse and unique needs of each community. Additional funds will be required to administer the program.

Applications for designation as an arts enterprise zone would be prepared by the municipality, with assistance from concerned representatives or agencies and would detail:

- the location and boundaries of the zone
- goals for non-profit and for-profit arts development
- goals for anticipated reinvestment in the surrounding area by private interests
- goals for increased tourism in the area
- the city's contribution in technical assistance and local funds
- goals for the provision of jobs and affirmative action
- the types and amounts of State financial assistance requested
- demonstrated support from the arts community

The applications would be reviewed by the above named committee and ranked. Findings would be submitted to the Legislative Advisory Commission for recommendations. Final selection would be designated by the Minnesota State Arts Board.

Designation would occur after October 30, 1985. No area could be designated as an arts enterprise zone after December 31, 1988. Municipalities would have 7 years to implement the program after designation. Specific beneficiaries would receive commitments for up to 5 years, upon annual recertification, as in the current enterprise zone legislation.

Possible Incentives

Securing an area for continued or future development as an arts enterprise zone requires more than simple designation or policy. Incentives can encourage implementation and actual participation among desired parties. The following incentives can serve to further the goals of developers, building owners, individual artists and arts organizations.

(1) Lease-hold Loan Program

This could be of great benefit to individual artists, arts organizations of all sizes, and for-profit arts related businesses. A statewide pool of funds, comprised of state, local, and philanthropic dollars, would allow arts-related lease-hold and code improvements to be made. Low interest, high-risk loans could be made to organizations meeting other economic development or tourism criteria of the state. Funds could be allocated to a designated organization through the Minnesota State Arts Board.

The primary hurdle for an artist or an arts organization in securing a loan is often the fact that it IS an arts enterprise. Especially for arts groups that create no tangible product, banks are often uncertain about granting a loan request. As far as a bank is concerned, the unpredictability of artistic success makes art a high-risk prospect.

(2) Operating Endowment

Building owners or developers provided with subsidies, tax incentives, and/or special financing mechanisms through the city would make contributions from gross revenues into an operating endowment for arts organizations included within a project. A percent of revenues from office, retail, parking, restaurant, etc. would be negotiated as part of a financing plan with the city.

An example of this incentive is the partnership formed between the non-profit Cultural Alliance of Greater Washington D.C. and a private developer to prepare a comprehensive proposal for the development of the Portal Site. The proposal included a 250 seat theater and a 3,000 square foot gallery, to be managed by the Cultural Alliance, as well as 1,900,000 square feet of office space, a 300 room hotel, multiple food outlets and parking.

The partnership agreement provided for the construction of the theater and art gallery, with all associated operating expenses furnished free of charge. The Alliance planned to expand its umbrella services to relieve much of the administrative burden from the District's smaller cultural organizations and artists to enhance local artistic development. Additionally, the Cultural Alliance would be provided with 2,000 square feet of office space, free of charge. To establish a base of ongoing financial support the Alliance would receive a 1.5 percent share of gross revenue from the office space and parking and a 1 percent share of hotel revenues, a total of 2.5%.

Although a competing developer was selected in February of 1982, the Cultural Alliance has provided its model to other developers and arts organizations seeking to form partnerships. A copy of the Portal Associates partnership agreement is available from the Artspace office.

(3) Arts Programming Incentives

In exchange for city and/or state financing subsidies, a developer could be required to allocate a percentage of the development budget toward the installation of public art or sculpture, arts programming in public spaces, or similar amenities. (This might include the periodic hiring of performers, temporary exhibitions, etc.)

A number of developers of mixed-use projects in Minnesota have voluntarily implemented similar amenity plans.

(4) Facility Partnerships

In exchange for special financing, code, or zoning incentives requested by a developer, the municipality could require the developer to construct a gallery, a theater, or include artist housing as part of his development scheme. This mechanism would be negotiated as part of a city assisted partnership with local arts organizations and with financial assistance from the state for incentives.

During the Lindsay Administration in New York City, city planner and architect Richard Weinstein utilized his position to establish development policies to subsidize arts activities. Real estate ventures proposed by developers requesting various technical variances and financing assistance were renegotiated to assist arts activities that were geographically related to the proposed development site. Four theaters were built in the Theater district area by calculating the value of the additional floor area to the developer and allowing him 20% profit as an incentive to build the theaters.

In another instance, the International Paper Company donated lobby space in its new headquarters in New York City for a branch of the American Craft Museum and gave \$1.2 million for museum operations. In exchange for the public amenity, through a city zoning arrangement, the company was able to add more floors than would otherwise have been permitted.

(5) **Deferred or Accrued Taxes**

Major renovation or new construction of mixed-use projects with the inclusion of space for the arts may have difficulty being feasible in the initial years of the project. To ensure the retention of the arts component, taxes could be deferred or accrued for a period not to exceed five years. New York's J-51 tax legislation should be evaluated as a potential model.

(6) **Permanent Financing or Second Mortgage Pool**

Both for-profit and non-profit arts enterprises as well as individual artists have difficulty obtaining financing for the purchase of facilities. Purchase provides a direct means of controlling the ongoing use of a facility for studio, studio-living, rehearsal or related arts activities, buffered from the market pressures of an area. A low-interest loan fund or second mortgage pool could be established by state, city and philanthropic support to lessen downpayment and debt service burdens or acquisitions.

(7) **Seed Money for Planning**

A revolving loan fund to assist in the financing of planning to determine market needs, schematic designs and related facility programming would assist arts enterprises in meeting the preliminary costs of relocating to a designated arts enterprise zone.

(8) **Technical Assistancess**

A local government's position allows it to assess community needs and develop plans of action. Such a perspective allows the municipality to build linkages between the arts community and the broader economic development goals of the community at large. In establishing priorities, anticipating project needs and clearing a way through the maze of regulations, municipalities can act as clearinghouses for both information and technical assistance to developers as well as arts organizations. Municipalities can provide support services to assist in project planning, financial packaging, promotional activities and protective legislation. Planning for cultural development needs to be incorporated into the day to day functioning of local government and not as an ad hoc reaction.