

Arts for the City: Community Arts and Affordability Innovations in San Francisco

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San Francisco Arts and Culture in the Current Economy

San Francisco is known internationally as a progressive and diverse city with a rich history of avant-garde subcultures, incubating and innovating new and exciting forms of expression, technology, and urbanism. Whether hippies or hackers, San Francisco has invited newcomers and their new ideas. In fact, San Francisco has become synonymous with risk taking, innovation, and creativity in many parts of the United States and abroad. According to the San Francisco Center for Economic Development, the arts and creative industries represent the fourth-largest growth sector in our city—which any mayor or director of cultural affairs knows is a very good thing. San Francisco’s arts and culture-inspired tourism alone generates \$1.7 billion in local visitor spending.²

Our arts and culture organizations support nearly 20,000 full-time jobs and more than \$500 million in household income to our residents.³ Attracting highly-educated and talented workers to the region’s labor force and feeding a range of creative industries, San Francisco’s diverse artistic and cultural communities are key to its booming innovation economy. The city invests more than \$75 million annually in support of this arts ecosystem including world-renowned museums and performing arts institutions as well as hundreds of community arts organizations and artists who express myriad cultures rooted in our distinct neighborhoods. In addition, San Francisco is one of the most diverse cities in the world, with more than 45 percent of residents speaking a language other than English at home.⁴ But how does this rich cultural ecosystem interface with a rapidly growing economy?

San Francisco is emerging strong from the worst recession in a generation when we were faced with budget shortfalls in the hundreds of millions of dollars. Since then, the unemployment rate has been cut in half from almost 10 percent to now less than 5 percent.

- 1 We would like to acknowledge the following people for their important contributions to this article: Rachelle Axel, San Francisco Arts Commission; Moy Eng, Community Arts Stabilization Trust; Shelley Trott, Kenneth Rainin Foundation; Frances Phillips, Walter & Elise Haas Fund; and Deborah Frieden, Deborah Frieden & Associates.
- 2 San Francisco Travel Association, “San Francisco Arts & Cultural Travel Study.” (San Francisco, CA: Destination Analysts, Inc., December 2010).
- 3 Americans for the Arts, “Arts & Economic Prosperity IV.” (New York: Americans for the Arts, 2012).
- 4 U.S. Census Bureau Data Sets from San Francisco, 2010, available at <http://quickfacts.census.gov/qfd/states/06/06075.html>.

This broad-based recovery includes growth in every industry, from technology to small-scale manufacturing and hospitality. The San Francisco Chamber of Commerce credits San Francisco's recent success, in part, to the Central Market Payroll Tax Exclusion that helped the city attract 18 technology companies, 22 new small businesses, and 11 new arts venues as a result of its revitalization efforts. The chamber said that the tax exclusion provided employers of all types and sizes with the incentive to relocate to the Central Market district or expand their businesses, revitalizing a dynamic segment of San Francisco's urban core. These efforts are credited with generating \$7.6 million in additional business tax revenue.⁵

Nevertheless, as we welcome new jobs and new residents to our city, we must also address affordability challenges that have arisen because of that success and prosperity. Some of those challenges affect the sustainability of our arts and culture sector.⁶ We, as a city, must grapple with the arithmetic of squeezing more people into San Francisco's 49 square miles. In addition to solving the space challenges related to such significant economic growth, the dissolution of California's Redevelopment Agencies has required the city to step forward with new solutions to sustain some of San Francisco's most critical cultural assets, once held under state ownership, for years to come.

The City of San Francisco's Affordability Response

As was the case with stimulating the economy during the economic downturn, municipal intervention is necessary to ensure that San Francisco's unique cultural system continues to thrive in a rapidly changing environment.

Central Market/Tenderloin Strategy

In 2011, the city launched a public-private effort to revitalize Central Market. A cornerstone of this effort was to restore Central Market as San Francisco's downtown arts district (the mid-20th century epicenter for theater and cultural life) while inviting new retailers, restaurants, and businesses to take advantage of transit-rich Market Street. Market Street is San Francisco's primary commercial corridor that connects the adjacent Tenderloin and SoMa neighborhoods to the Greater Bay Area. The Tenderloin neighborhood has a high concentration of children and families, a rich network of social service providers, single-room occupancy hotels, and one of the city's lowest median household income levels. SoMa is home to a historically working-class Filipino community and many nonprofit organizations, and it is the emerging center of San Francisco's growing technology industry.

5 San Francisco Chamber of Commerce statement on Central Market Turnaround. (San Francisco, CA: Gwen Oldham; April 2014), available at <https://sfchamber.com/blog/san-francisco-chamber-commerce-statement-central-market-turnaround/>.

6 City and County of San Francisco Budget & Legislative Analyst Policy Report, "Review of the Impact of Increasing in San Francisco on Local Nonprofit Organizations." October 9, 2013, available at http://www.sfhsn.org/documents/hsn_iss_oth_blapres_10-09-13.pdf.

Creating positive street life with regular day- and night-time arts and cultural activities has been a primary component of this strategy and benefitted from an early \$250,000 Mayor's Institute on City Design award from the National Endowment for the Arts. Strategies we have implemented include free outdoor dance classes, aerial performances on buildings, publicly accessible pianos, light and other public art installations, and arts engagement opportunities for local residents and visitors by neighborhood arts organizations.

Central Market has transformed in the past three years. The neighborhood is now home to 18 technology companies, 22 new small businesses, and 11 new arts venues owing to the city's revitalization efforts. This public-private revitalization effort has been a nationally recognized success, and the investment is bringing long-desired improvements to the Tenderloin, where we are beginning to see exciting new businesses, more housing, streetscape improvements, and renovated parks. Private arts partners have invested in new Central Market and Tenderloin arts venues such as the American Conservatory Theater's \$32 million restoration of the long-vacant historic Strand Theater.

We have more work to do to create a healthy, vibrant, and inclusive neighborhood and to help longtime residents, small business owners, and nonprofit organizations remain in the neighborhood as it changes. But the decades of disinvestment and abandonment in Central Market and the Tenderloin are over, and the arts have been a key driver of this momentum.

Living Innovation Zones

The Living Innovation Zones (LIZs) are part of the city's efforts to revitalize and reconstruct Market Street. LIZs are site-specific projects that engage the public in interactive science, art, and technology exhibits on sidewalks, in plazas, and in other accessible areas. These temporary installation projects are developed by the San Francisco Planning Department, Department of Public Works, and the Mayor's Office of Civic Innovation in partnership with private organizations such as San Francisco's groundbreaking art and technology museum, the Exploratorium.

The Public Art Trust

San Francisco's planning code requires that 1 percent of private development project costs downtown be allocated to include publicly accessible art. In 2012, we led an effort to expand that legislation to create the Public Art Trust—a mechanism that gives private developers the option to satisfy their 1 percent art requirement by paying all or part of the equivalent value into a newly established Public Art Trust Fund administered by the San Francisco Arts Commission. The trust allows a broader array of uses, including conservation of existing city-owned public artworks, capital improvements to nonprofit arts spaces, and temporary art installations or art activation programming within downtown.

The first Public Art Trust project is underway, funded through a contribution made by the private developer Emerald Fund. Artists have been solicited through a request for proposals to create permanent artwork for San Francisco's historic Bill Graham Civic Auditorium, directly across from where Emerald Fund is constructing two residential properties. Other

developers are in discussions with the San Francisco Arts Commission as they consider the benefits of contributing to the success of the local arts ecosystem.

Nonprofit Displacement Working Group and Mitigation Fund

The city established the Nonprofit Displacement Working Group in 2013 to find creative policy solutions for citywide arts and social service nonprofits facing fewer affordable leasing options in San Francisco. The city allocated \$4.5 million to help implement the recommendations that emerged from this working group, \$2 million of which helps arts nonprofits stay in San Francisco. This \$2 million, administered by the San Francisco Arts Commission, will enable the Northern California Community Loan Fund and Community Arts Stabilization Trust (CAST) to launch a three-year, citywide technical assistance and grantmaking initiative for arts nonprofits affected by displacement. Specifically, the funds will support:

1. Technical assistance to nonprofit organizations for lease negotiations, financing, capital campaigns, co-location and back-office sharing.
2. Direct financial assistance in the form of grants for tenant improvements, acquisition of property, security deposits, and support in accessing federal tax credits.
3. Space identification and inventory.
4. Planning, zoning, and developer incentives.
5. Private partnerships with foundations and corporate partners.

Private Partnerships in Affordability

Many San Francisco arts organizations share the city's values of cultural equity. A pluralistic arts ecosystem requires small-, mid-, and large-budget organizations to thrive, including those run by and serving historically underserved communities.

The Community Arts Stabilization Trust (CAST)

The CAST was founded in 2012 and presents a model solution to build sustainability in the arts community. CAST's innovative approach to sustaining healthy arts organizations currently focuses on Central Market and the Tenderloin and SoMa neighborhoods. CAST secures real estate and works with community arts organizations to help develop and strengthen their financial and organizational capacity to purchase permanent facilities and navigate the complex San Francisco commercial real estate market. CAST's model is informed by years of experimentation that attempted to address affordable arts space and sustainability. CAST has three primary program strategies:

1. Purchase buildings and lease them to suitable nonprofit arts organizations, then transition the agreements from lease to ownership within seven to ten years at the initial purchase price.
2. Serve as master leaseholder on properties and manage the spaces for subtenants from the arts.

3. Identify underused, below-market rental spaces and match them to uses and programs for the arts.

This three-pronged approach is undergirded by a commitment to organizational capacity building. CAST aims to match arts groups with the appropriate facility option for their needs and capacity. Further, CAST helps organizations build acumen to manage their facilities, one of the most resource-intensive components of any arts nonprofit's operation.

To achieve its goals, CAST aims to raise \$25 to \$30 million by 2017 from public- and private-sector institutions and individuals. The majority of the funds will help purchase and renovate cultural facilities. With a \$5 million grant from the Kenneth Rainin Foundation, CAST purchased two properties in Central Market and the Tenderloin, which will be the new homes for CounterPULSE and the Luggage Store Gallery/509 Cultural Center. These two community-based, contemporary arts organizations project serving approximately 95,000 people each year in new, expanded facilities. Philanthropic donations and public-sector financing will support the purchase and renovations.

The City of San Francisco is supporting CAST and the capital campaign efforts of CAST's first two arts nonprofit projects. The National Endowment for the Arts has also awarded an Our Town grant to support CAST's real-estate mapping and space-matching efforts (see Chu and Schupbach's article in this issue for more on Our Town grants). This grant is based on the promising practices of arts intermediaries such as Fractured Atlas, Sustain Arts, and the Northern California Community Loan Fund.

The Rainin Initiative

The Kenneth Rainin Foundation launched a new "Imagining Central Market" initiative focused on arts and culture innovation grants in the Central Market neighborhood, and it selected Luggage Store Gallery/509 Cultural Center as its first awardee. Luggage Store Gallery/509 Cultural Center, the lead organization in a collaborative effort that includes the Nighthouse Studio and Hyphae Design Laboratory, received \$100,000 to create "Light Up Central Market," seven site-specific art installations illuminating buildings and sidewalks on Market Street. The initiative encourages interaction and dialogue on community identity, and it celebrates the vibrancy and innovative spirit that permeate the Central Market neighborhood. The illuminated structures inspire residents, pedestrians, and tourists to engage with large-scale art that sparks the imagination, invites play, and builds community.

This Rainin initiative builds on the momentum of several public-private partnerships, including the newly unveiled "Let There Be Light" video installation on the side of 1019 Market Street by Illuminate the Arts, producer of the internationally heralded Bay Lights, a monumental public artwork that adorns the Bay Bridge. The Rainin initiative also builds on the UN Plaza Fall Event Series that animates the Central Market open space with daytime and evening cultural and culinary programs. Finally, it builds on the mayor's Living Innovation Zones. For her work, Rainin's director of arts strategy and ventures, Shelley Trott, was honored with the Council on Foundations' 2014 Robert W. Scrivner Award for Creative Grantmaking.

These public and private initiatives are making great advances in creative community building during a time of economic growth and affordability challenges in San Francisco. Our collective strategies aim to improve the city by advancing the capacity of the arts to foster successful community connections for both residents and visitors. Together, these and other cultural efforts throughout the country demonstrate how the arts can lift our communities and drive equitable urban development strategy. The outcome? A better, more livable city for everyone.

Edwin M. Lee is San Francisco's 43rd mayor, and the first Asian-American mayor in San Francisco history. His focus is economic development and job creation, building San Francisco's future including its housing, parks, transit, quality of life and public safety. He works to make government more responsive, efficient and accountable through innovation and technology, keeping San Francisco a dynamic city of diverse neighborhoods, and a global hub for innovation and new economy industries. Mayor Lee has worked for the city and county of San Francisco since 1989, first as investigator for the Whistle Blower Ordinance, then as director of the Human Rights Commission, director of city purchasing, and director of the Department of Public Works before being appointed as city administrator in 2005. Prior to joining the City, Lee was managing attorney for SF Asian Law Caucus. Lee graduated Summa Cum Laude from Bowdoin College and Boalt Hall School of Law, UC Berkeley.

Tom DeCaigny is San Francisco's director of cultural affairs where he oversees the San Francisco Arts Commission, the \$22 million city agency that champions the arts as essential to daily life by investing in a vibrant arts sector, enlivening the urban environment and shaping innovative cultural policy. Before being appointed director of cultural affairs in 2012, Mr. DeCaigny served nine years as executive director of Performing Arts Workshop, an organization dedicated to helping marginalized young people develop critical thinking, creative expression and basic learning skills through the arts. He helped found an arts middle school for youth in the juvenile justice system, managed the AIDS Memorial Quilt's National Youth Education Program and conducted research for the National Committee for Responsive Philanthropy. He serves on the board of directors for the California Alliance for Arts Education and has a BA in dramatic arts from Macalester College in St. Paul, MN.