

3. Committee's Findings

1. The **presence of arts in the neighborhood is important to economic development.** Two decades of economic studies have shown that spending on arts (attendance at theatrical events, art galleries, etc.) has a multiplier effect – patrons go to restaurants or shop. In 2007, one study of the economic impact of the arts in the greater Washington DC area found that, in addition to direct spending by nonprofit arts and culture organizations of \$1.21 billion, audiences spent an additional \$935.24 million in event-related spending. Together, this activity supported 45,175 full time equivalent jobs, generated \$1011.96 million in household income to local residents, and resulted in \$163.78 million in state and local government revenues. Stated more simply, **for every dollar in direct and event-related spending, another dollar was generated in tax revenues and local household income.** Significantly, this study actually understated the economic effects, as it excluded for-profit arts activities and spending by individual artists

Retailers and galleries are reporting upward pressure on rents, caused by the growth in commercial property taxes over the past few years and by the relative success of the commercial corridor. With property tax increases passed along to commercial tenants, art galleries and non-profit arts institutions in particular are at risk. Restaurants are less subject to these pressures, due to cash flow from alcohol beverage sales.

In addition to paying rising taxes, **retailers and art institutions are reporting that the economic downturn is presenting a significant challenge.** While the goal of public policy is not to ensure the survival of individual businesses, the Committee looked for ways in which city policies could best support the maintenance and enhancement of the arts and retail sector.

Business owners, developers, and former city officials oppose the creation of a Business Improvement District to finance economic development.

There are two reasons cited for this: (1) the area is too small and has too few businesses to support a BID (2) retailers are already struggling in the downturn and do not want landlords passing on additional increases.

To the extent city resources exist, or in the future can be allocated, to provide economic development to the arts district, those resources can either be administered directly by the city (e.g., streetscape project administered by DDOT) or can be in the form of resources that flow to a community-based organization(s) in the form of grants. In the latter case, the neighborhood will need to consider the extent to which it can leverage existing 501(c) (3) or (c) (6) organizations, or whether new nonprofit organizations will need to be created to take advantage of grants programs.

In reviewing the long list of economic development programs currently offered by the city, we found only one – the Neighborhood Investment Fund – that may be funded in FY10 and that is potentially available to neighborhood organizations. A long list of other programs (Great Streets, Main Streets, etc) is not available to our area currently. However, as currently administered, **there are significant challenges to procuring money under the NIF for economic development,** even though the program was created by the Council for that purpose.