

SAN FRANCISCO Case Study

Research Team:

Munk Centre for International Studies, University of Toronto

Meric S. Gertler

Lori Tesolin

Sarah Weinstock

London-Toronto

Strategies for Creative Cities Project

July 2006

Contents

Introduction	3
1. Economic, Political and Demographic Profile	5
1.1 Governance and Political System	5
1.2 Population and Demographics.....	6
1.3 Economic Overview.....	9
1.4 Quality of Life	12
2. Cultural Economy and Strategy	18
2.1 Public Support, Special Initiatives and Programs.....	18
2.1.1 Federal Support.....	18
2.1.2 State Support	19
2.1.3 Municipal Support.....	20
2.2 Foundations and Arts Councils.....	27
2.3 Tourism	28
3. The Creative Economy	29
3.1 Creative Occupations	29
3.2 Creative Industries	32
3.3 Creative Spaces	35
4. Projects and Initiatives	38
5. Strengths, Challenges, and Lessons Learned	43
Appendix A: Creative Occupation Definitions	45

Introduction

This case study is one of a series of city reports undertaken as part of the Strategies for Creative Cities research project. A collaborative project between the cities of London and Toronto, it has been jointly funded by the London Development Agency (Creative London and the Evidence & Evaluation Team), the City of Toronto Economic Development and Culture offices, and the Ontario Ministries of Research & Innovation and Culture.

The aim of the project is to develop strategies, specific to Toronto and London, to enhance the growth and development of creative industries in both cities. Drawing on international best practices identified through a combination of desk and field research, the project seeks to identify effective strategies for building the necessary infrastructure and environment in which creativity can flourish. The project is centred on three principal objectives:

- 1) The identification and evaluation of international best practice in the development of creative cities and the leverage of creative assets for broader local and regional economic regeneration and social development.
- 2) The delivery of a practical learning experience for creative cluster, economic development, public policy, and academic professionals that fosters the development or refinement of creative cluster interventions.
- 3) Developing a deep network of ongoing bi-lateral relationships between creative cluster, economic development, and public policy practitioners in London, Toronto, and other major global creative centres around the world.

In order to meet these objectives, the project is framed around answering two key research questions:

- What 'levers' can be employed to nurture and grow the creative economy and a city's creative assets, and to make a city a creative/cultural centre?
- How can the value of a city's creative/cultural assets be maximized for the purposes of regional economic development and social inclusion?

The Creative Cities project was conducted in three phases between early 2005 and Spring 2006:

Phase I - Literature review and global scan of creative city and cluster strategies, policies, and interventions. Identification and evaluation of the key success factors and levers that are used internationally to pursue and sustain the development of the creative cluster. The Phase I Report is available to download at: www.creativelondon.org. An online searchable database of policies and publication abstracts is also available at www.citiesinstitute.org/creativespaces.

Phase 2 - Drawing on the findings from Phase I, a comprehensive analysis and evaluation of the approaches taken by selected case study cities – including study tours of Barcelona, Berlin, and New York, as well as London and Toronto – and how they might be transferred and applied to both cities. Follow-up with key city and cultural agencies has provided up-to-date economic data and examples in each case. This case study report on San Francisco is therefore published alongside reports on Toronto, London, Berlin, New York, and Barcelona.

Phase 3 - The development and refinement of city specific strategies for developing and sustaining creative spaces and stimulating the creative cluster in London and Toronto. The findings distill policy implications arising from the entire project, and outline 'Lessons Learned'

and transferable good practice across key themes developed from the Phase I global scan and city exchanges. The findings are available at: www.utoronto.ca/progris/web_files/creativecities. The same website also provides access to background evidence and materials for a wider international audience.

This city-regional case study therefore documents the approach to the development of creative spaces and the stimulation of cultural and creative industries taken by San Francisco, drawing out the success factors and lessons learned, as well as pinpointing areas of weakness.

Firstly, an overview of the political and economic context and background to the city is provided, followed by a summary of population, demographics, and strategic planning for the city-region. The cultural economy is then documented in terms of funding, participation, and cultural programming including tourism and related city promotion. The cultural plan and current strategy is then outlined, followed by a detailed analysis of the creative industries, profiling employment growth, sectoral trends, and cluster effects at local and regional levels.

A selection of noteworthy projects and initiatives is then described in more detail, as indicators of how policy is implemented in practice, with a view to highlighting particularly successful activities. The report concludes with a summary of strengths and weaknesses, highlighting San Francisco's key advantages and challenges.

1. Economic, Political and Demographic Profile

1.1 Governance and Political System

The San Francisco - Oakland - San Jose Consolidated Metropolitan Statistical Area (CMSA) consists of the nine counties that constitute the San Francisco Bay Area (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma,) in addition to one other county, Santa Cruz.¹

Figure 1: Map of San Francisco – Oakland – San Jose Region



Map Source: United States Department of Transportation. 2003. *Journey to Work Profile: San Francisco--Oakland--San Jose, CA CMSA*. [Available at: www.fhwa.dot.gov/ctpp/jtw/jtw8p2.htm].

¹ In this report, 'San Francisco region' and 'Bay Area' refers to the - Oakland - San Jose Consolidated Metropolitan Statistical Area.

Municipalities within each county have statutory land-use planning powers and spending powers over public infrastructure, services, arts, cultural, recreation, and economic development provision.

Among the region’s municipalities, the City of San Francisco is the traditional center of cultural activity. The City is governed by the Mayor’s Office and its departments, the Board of Supervisors, and the Superior Court.

The Mayor’s Office consists of nine offices and three commissions, in addition to overseeing several programs and initiatives.² Mayor Gavin Newsom was elected in December 2003 on an election platform that held a strong commitment to the arts and culture. His plans for the City of San Francisco – outlined in a policy paper titled *Art for the City, a City for the Arts* – included promoting San Francisco as a City of Arts and Innovation, creating an Office of Cultural Affairs to coordinate marketing of San Francisco as a regional, national, and international arts/cultural destination, supporting the efforts of other arts agencies, and creating/supporting various festivals, events, and expos.³

The Board of Supervisors plays an equally important role in shaping San Francisco. It is the legislative branch of the City and County of San Francisco and consists of 11 members. Each member is elected on a non-partisan basis from the district where he or she lives. The Board of Supervisors develops City policies, adopts ordinances and resolutions, and manages urban issues through task forces and commissions. For example, the Youth Commission advocates for the needs of San Francisco’s youth and encourages them to get involved in the political arena, while the Arts Task Force publicly discusses, investigates, and makes recommendations to the Board of Supervisors on policies concerning the arts sector in San Francisco (please see Section 2 for more information on the Arts Task Force).⁴

1.2 Population and Demographics

At the 2000 US Census, the San Francisco - Oakland - San Jose Consolidated Metropolitan Statistical Area was the fifth-largest consolidated metropolitan area in the United States, with a regional population of just over 7 million. This region’s population grew by close to 13% during the 1990s.⁵

Table 1: San Francisco General Indicators

Indicator	City of San Francisco	San Francisco CMSA
Population	751,682 ⁶	7,039,362
Labour Force	448,669	3,673,171
Unemployment Rate	5.0% ⁷	6.9%
Median Household Income	\$55,221	\$62,024
Poverty Rate	11.3%	8.7%

Source: US Census Bureau. 2000. *Census of Population*. (Unless otherwise referenced)

² City and County of San Francisco, Office of the Mayor website: www.sfgov.org/site/mayor_index.asp?id=22793.

³ City and County of San Francisco, Mayor’s Office of Public Policy and Finance. 2004. *Art for the City, A City for the Arts: Executive Summary*. [Available at www.sfgov.org/site/uploadedfiles/mayor/policy/NEWSOM_ARTS.pdf]

⁴ City and County of San Francisco website, Board of Supervisors page: www.sfgov.org/site/bdsupvrs_index.asp.

⁵ US Census Bureau. 2001. *Population Change and Distribution – Census 2000 Brief*. [Available at: www.census.gov/prod/2001pubs/c2kbr01-2.pdf]

⁶ US Census Bureau. 2003. *Population Estimates*.

⁷ City and County of San Francisco, Mayor’s Office of Economic and Workforce Development. April 2006. *An Overview of San Francisco’s Recent Economic Performance: Executive Summary*. Prepared by ICF Consulting. [Available at: www.sfgov.org/site/uploadedfiles/moed/economic_strat/ExecutiveSummary_EconomicPerformanceReview.pdf]

Over the 25 years leading up to the 2000 Census, the city of San Francisco experienced fairly consistent population growth, with the city's population growing by over 50,000 people in the 1990s alone. However, studies indicate that between 2000 and 2004, the city lost over 32,000 people.⁸ The US Census Bureau 2003 Population Estimate indicates that the total population living in San Francisco at that time was over 700,000.

Domestic out-migration, which involves San Francisco residents moving to other locations across the region or country, was responsible for this decline in population, particularly related to specific age categories. During the 1990s, San Francisco experienced net in-migration of young adults aged 20-34 due to presence of the arts, internet, media, and technology industries growing in San Francisco during that period. These industries are heavily dependent on young, mobile workers. However, the city also experienced significant out-migration of chiefly adults in their forties, as well as school-age children.⁹

The percentage of San Francisco's population that is under the age of 18 (15%) is the lowest among major cities in the United States. In San Francisco, about 1 in 5 households have children, compared to Oakland, where the ratio is 1 in 3 households, and San Jose, where it is 1 in 2.3. From 1990 to 2000, the proportion of San Francisco households with children decreased from 21% to 19%, according to US Census data; however, a slight increase did occur between 2000 and 2003 due to a growing birthrate.¹⁰

San Francisco's international migration trends have also played a significant role in the development of the city's population. By 2004, international immigration trends showed that more San Francisco residents were born overseas than in California: approximately 39% of San Franciscans were born in another country. The largest source of international immigration to San Francisco is from Asia, with over 60% in 2004 (28% coming from China alone). Immigration from the Americas was led by Mexico at 20%, and European immigrants accounted for approximately another 20%.¹¹

The Openness Index, a comparison of selected North-American and European city-regions that measures the percentage of foreign-born population from non-western countries, ranks the San Francisco Metropolitan Area fifth after Toronto, Vancouver, New York, and London, showing it to be highly diverse when compared to peer metropolitan economies (Figure 2).

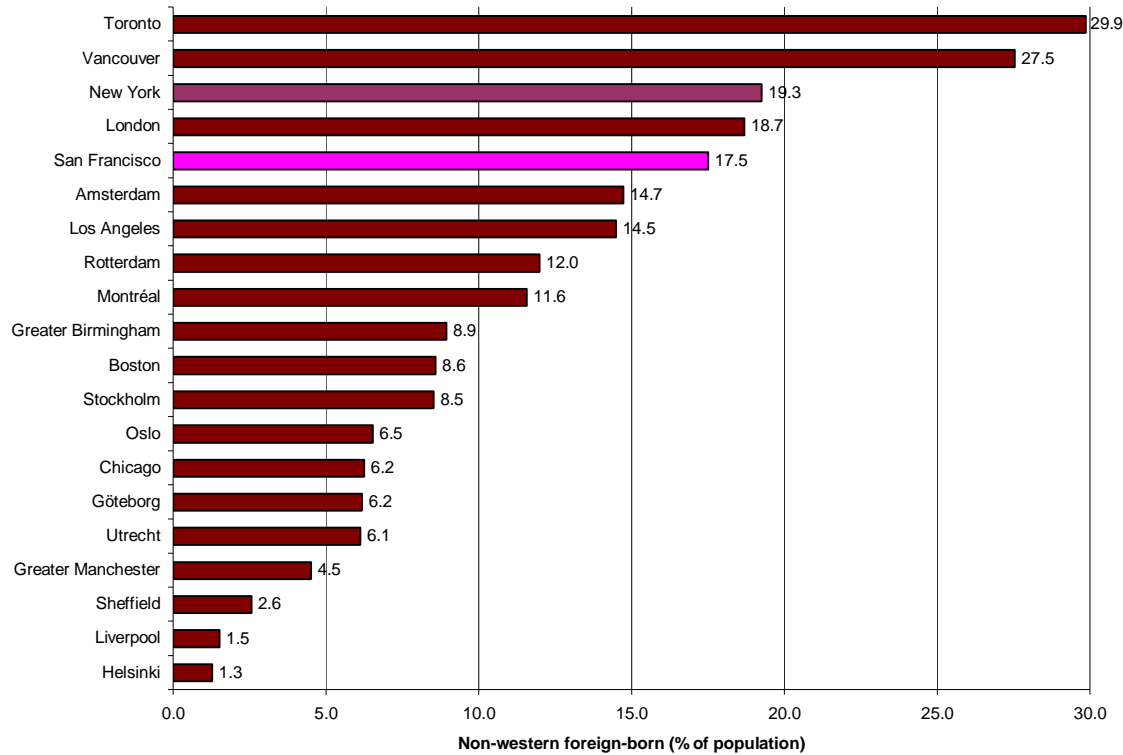
⁸ City and County of San Francisco, Mayor's Office of Economic and Workforce Development. April 2006. *An Overview of San Francisco's Recent Economic Performance: Executive Summary*. Prepared by ICF Consulting. [Available at: www.sfgov.org/site/uploadedfiles/moed/economic_strat/ExecutiveSummary_EconomicPerformanceReview.pdf]

⁹ Ibid

¹⁰ Gordon, R. October 22, 2005. "Many with children planning to leave city: Survey finds them upset with safety, housing, schools." *San Francisco Chronicle*. [Available at: www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2005/10/22/BAGS3FCBF41.DTL]

¹¹ City and County of San Francisco, Mayor's Office of Community Development. 2006. *Draft 2006 – 2007 Action Plan*. [Available at: www.sfgov.org/site/uploadedfiles/mocd/2006-07ActionPlanPublicDraftv3.pdf]

Figure 2: Percent of Population in City Region that is Foreign-born (non-Western countries only)



Source: Gertler, M.S. and Vinodrai, T. 2006. "The creative city: theory, evidence and the challenge for Europe". Special session on *Technology, Talent, and Tolerance in European Cities*. Presented at the 102nd Annual Meeting of the Association of American Geographers, Chicago, Illinois. March 7-11, 2006.

Non-Hispanic Whites remained the largest ethnic group in San Francisco in 2004; however, they are not the majority (Table 2). In 2004, 33% of city residents were Asian/Pacific Islander, while 14% were Hispanic/Latino (the same percentage as in 2000 although the Hispanic/Latino population had declined by several thousand in those years). The African-American population also declined in relative terms from 8% in 2000 to 6% in 2004.¹²

Table 2: Race/Ethnicity of San Francisco Population: 2004¹³

Race/Ethnicity	2000	2004
White (alone)	44%	44%
Asian/Pacific Islander (alone)	31%	33%
Hispanic or Latino (of any race)	14%	14%
African American (alone)	8%	6%
Other Race (alone & multi-race)	3%	3%

Source Data: US Census Bureau. 2000. *Census of Population*, and 2004 *American Community Survey*.

¹² Ibid

¹³ Table adapted from City and County of San Francisco, Mayor's Office of Community Development. 2006. *Draft 2006 – 2007 Action Plan*. [Available at: www.sfgov.org/site/uploadedfiles/mocd/2006-07ActionPlanPublicDraftv3.pdf]

San Francisco's diverse population has resulted in the presence of a broad array of languages across the city. 46% of San Francisco's population speaks a native language other than English at home, with Chinese (126,000 speakers) as the most commonly spoken language after English. Other top languages include Spanish (82,000 speakers), Tagalog (25,000 speakers), Russian (18,000 speakers), and Vietnamese (10,000 speakers).¹⁴

1.3 Economic Overview

San Francisco has now recovered from the recession brought on by the dot-com bust. According to the Mayor's Office of Economic and Workforce Development 2006 report, *An Overview of San Francisco's Recent Economic Performance*, San Francisco's average unemployment rate in 2005 was 5.0%, similar to its level on the eve of the dot-com boom in 1996.

Yet despite such trends, other research indicates that San Francisco has lost roughly 10% of its jobs and 4% of its residents since 1999.¹⁵ Like many large urban centres across North America, San Francisco has experienced job loss over the past fifteen years in many traditionally dominant industries, such as financial services, professional services, transportation, and utilities. Conversely, leisure and hospitality, educational and health services, as well as arts, software, and internet-related industries have all increased in wage and salary employment over the same period.

The Mayor's Office of Economic and Workforce Development reports that growth in average wages in San Francisco, in real (inflation-adjusted) dollars, rose by 30% between 1994 and 2004, compared to 18% nationally during the same period. Yet despite general economic growth, income disparities exist and have grown wider in the City of San Francisco during the 1990s. Income disparities by race show that Asians, African-Americans, and Latinos have a significantly lower per capita income than Whites in San Francisco, and that the income gap for these groups in San Francisco is wider than it is nationally.¹⁶ However, the overall poverty rate has decreased by approximately one-third, from just over 15% in 1990 to just over 10% in 2004, and is now lower than in other comparable cities such as Seattle, Los Angeles, San Diego, and Boston.

San Francisco's economic structure was once dominated by corporate headquarters operations and the industries that support them. Many Fortune 500 companies have now either left the city or moved substantial back office operations to lower cost areas. San Francisco's economy is now more associated with networks of innovative small companies, than the presence of large corporate headquarters.¹⁷ In fact, a regional study of job trends in the Bay Area, conducted by Joint Venture Silicon Valley in 2004, indicated that the region has a high proportion of its employment in smaller companies; 77% of regional employees work for establishments with fewer than 500 employees, compared to 50% for the United States as a whole. Most of these small companies are in higher value-added industries.¹⁸

The knowledge-based economy is more important than ever in San Francisco, as are its many thousands of skilled workers who fuel the growth in the small business segment of the regional economy. In 2003, large companies of over 1,000 workers employed only 12% of San Francisco's total workforce, while the proportion of workers in companies with 1 to 50 employees was 45%. Moreover, in

¹⁴ Ibid

¹⁵ Kotkin, J. October 2005. "Un-Cool Cities." Prospect Magazine Website: www.prospect-magazine.co.uk/article_details.php?id=7072.

¹⁶ City and County of San Francisco, Mayor's Office of Economic and Workforce Development. April 2006. *An Overview of San Francisco's Recent Economic Performance: Executive Summary*. Prepared by ICF Consulting. [Available at: www.sfgov.org/site/uploadedfiles/moed/economic_strat/ExecutiveSummary_EconomicPerformanceReview.pdf]

¹⁷ City and County of San Francisco, Mayor's Office of Community Development. 2006. *Draft 2006 – 2007 Action Plan*. [Available at: www.sfgov.org/site/uploadedfiles/mocd/2006-07ActionPlanPublicDraftv3.pdf]

¹⁸ Joint Venture Silicon Valley Network. 2004. *The Future of Bay Area Jobs: Offshoring and other Key Trends*. [Available at www.jointventure.org/PDF/Futureofbayareajobs.pdf]

2003, over 122,000 San Franciscans were self-employed, representing 18% of all private sector employment in the city. San Francisco's very high reliance on small business and self-employment is integral to its highly entrepreneurial, flexible, and innovative economy.¹⁹

However, urbanist Joel Kotkin takes a more skeptical view of the region's future, warning that places such as Silicon Valley will evolve into "gilded incubators and will also serve as a kind of Wall Street for the tech industry. Companies may be conceived and financed there, but won't be able to grow much."²⁰

Regional Economy

From 2000 to 2030, it is projected that the wider San Francisco region will add 1.7 million new jobs.²¹ Although close to 50% of the Bay Area industries are non-technology related, the current economy remains a leader in technology, with the Bay Area having a higher employment concentration than the rest of the United States in the following high technology industry clusters:

- Biomedical
- Computer and communications hardware manufacturing
- Corporate offices
- Creative Services
- Electronic component manufacturing
- Innovation services
- Semiconductor and semiconductor equipment manufacturing
- Software²²

Leading industry clusters across the wider area include:

Information and Computer Technology (ICT): The region's dominant ICT sectors include computer hardware, enterprise software, Internet search and e-commerce, telecommunication and networking equipment, semiconductors, and biomedical, all of which comprised 11% of regional employment in the Bay Area in 2004. Nine out of every 100 high-technology industry employees in the United States are based in the Bay Area, while approximately 7% of the world's nanotechnology companies are located in the area (second to Germany at 9%). The San Francisco region is home to technology giants including Hewlett Packard, Intel, AMD, Sun Microsystems, Adobe, and Apple, and the advanced research centres for IBM, Hitachi, Lockheed Martin, SRI, and Microsoft, among others.²³

ICT Cluster initiatives: The wealth of ICT talent and activity in the San Francisco region has led to a number of innovative technology cluster initiatives. One example is the **Women's Technology Cluster (WTC):** the first business incubator targeted specifically to women in technology. Founded in 1999, the WTC became an independent non-profit in 2003. Its programs are based on overcoming significant barriers for women entrepreneurs, such as successfully accessing networks. Services are focused on two key sectors, IT and Life Science, where women face this challenge in particular. To date, the

¹⁹ City and County of San Francisco, Mayor's Office of Economic and Workforce Development. April 2006. *An Overview of San Francisco's Recent Economic Performance: Executive Summary*. Prepared by ICF Consulting. [Available at: www.sfgov.org/site/uploadedfiles/moed/economic_strat/ExecutiveSummary_EconomicPerformanceReview.pdf]

²⁰ Kotkin, J. June 2006. "The Next Silicon Valley? Part 3: The Future." *Inc.com Weblog*. [Available at: http://blog.inc.com/archives/2006/06/05/the_next_silicon_valley_part_three.html]

²¹ City and County of San Francisco, Mayor's Office of Economic and Workforce Development. April 2006. *An Overview of San Francisco's Recent Economic Performance: Executive Summary*. Prepared by ICF Consulting. [Available at: www.sfgov.org/site/uploadedfiles/moed/economic_strat/ExecutiveSummary_EconomicPerformanceReview.pdf]

²² Joint Venture Silicon Valley Network. 2004. *The Future of Bay Area Jobs: Offshoring and other Key Trends*. [Available at www.jointventure.org/PDF/Futureofbayareajobs.pdf]

²³ Ibid

incubator has successfully graduated more than 60 companies that have raised over \$60 million in support.²⁴

Another example is the **Cisco Systems - San Jose Entrepreneur Center**; a partnership between Cisco Systems²⁵, the City of San Jose, non-profit organizations, and several other corporations including Microsoft, Bank of America, and UPS. The Center provides entrepreneurs with a range of financing programs. Other services are provided through consulting and counseling services by expert organizations, including technical assistance, training, assistance with procurement, and technology skills development.²⁶

Similarly, the Bay Area's **Small Business Development Centre Technology Advisory Program** is based in San Jose, San Francisco, and Oakland to assist small businesses with gathering information, tools, and technologies to ensure that their businesses succeed. It is publicly funded and offers no-cost technology consulting services to small businesses (those with fewer than 300 employees). Entrepreneurs who complete seven classes in one year receive a TechSmart Certificate, which demonstrates to lenders, customers, and partners their commitment to adopting new technology and best practices.²⁷

Biotechnology: In 2004, over 50% of all US biotechnology companies were located in the San Francisco Bay Area: 800 of 1,457 firms nationally.²⁸ An average of 30 more companies are founded each year in the region, and the Bay Area is endowed with a wealth of first-tier life science research and medical care institutions, including five major research universities and three medical schools.

The regional bioscience cluster's workforce is over 85,000 strong, and climbs to 250,000 workers if indirect employment is included, resulting in a labour force that earns an average of \$5.8 billion²⁹ in wages each year. The industry also ranks first in venture capital investment, receiving 34% of total national venture capital funding, in addition to having received \$2.49 billion in grants in 2002, from the National Institutes of Health.³⁰

New cluster initiatives include the opening of the California Institute of Quantitative Biomedical Research in Nov, 2005, marking the inauguration of a major biotech centre at the new Mission Bay campus of UC San Francisco. This joint effort between the state of California and the University of California campuses at Berkeley, San Francisco, and Santa Cruz, is dedicated to exploring biological systems while also functioning as an incubator for small biotech companies. The objective of the centre is to link academia, venture capital, industry, and government agencies in partnership to increase the rate of the laboratory-to-bedside process.³¹

Clean Technology: Increasing innovation in 'clean technology' has resulted in this industry becoming the sixth-largest venture capital investment category in the US and Canada, behind information technology, software, biotechnology, health care, and telecommunications. Clean technology includes a multitude of emerging industries, such as hybrid electric vehicles, wind power, solar photovoltaic energy, and energy efficient building design.

To capitalize on its key competitive advantages in clean-vehicle technologies, such as the presence of advanced technologies, electronics, software, and engineering and design clusters, the Mayor's Office of

²⁴ Women's Technology Cluster website: www.wtc-sf.org.

²⁵ Cisco Systems is a supplier of networking, security, and storage equipment & management for the Internet. For more information please see www.cisco.com/web/about/index.html.

²⁶ Cisco Systems – San Jose Entrepreneur Center website: www.ecenteronline.org.

²⁷ Small Business Development Center Technology Advisory Program website: www.sbdctap.com.

²⁸ Joint Venture Silicon Valley Network. 2004. *The Future of Bay Area Jobs: Offshoring and other Key Trends*. [Available at www.jointventure.org/PDF/Futureofbayareajobs.pdf]

²⁹ All dollar amounts in this report are in USD.

³⁰ Bay Bio Information Center website: www.baybio.org/wt/page/biotech_industry.

³¹ San Francisco Center for Economic Development. January 2006. *Newsletter*. [Available at: www.sfced.org/newsletter/newsletter_1.06.htm]

Workforce and Economic Development has developed a Clean Technology industry initiative. The initiative consists of:

- An advisory council that works with the Mayor to position San Francisco as a hub for the creation, adoption, and use of clean technologies
- A Clean Technology Manager for the city who works to develop clean technology business and job attraction strategies, and establish public-private partnerships in the industry.³²

Recent industry publications indicate that more than \$339 million was invested in California clean-tech companies in 2003, representing 29% of all North American clean-technology investments. According to the Natural Resources Defence Council and Environmental Entrepreneurs, venture capital investments in California's clean-technology industry by 2010 could create 52,000 to 114,000 new jobs state-wide.³³

Tourism: Tourism, and cultural tourism in particular, is a leading sector in the city of San Francisco and the wider San Francisco region. Section 2 provides a detailed description of the regional tourism industry.

Creative Industries: Section 3 provides a full description of San Francisco's creative industries, including sectors such as non-profit arts, digital media, and film.

1.4 Quality of Life

According to Outlook Magazine's recent quality-of-life report, San Francisco ranked #1 nationally, based on overall findings of statistical data in nine categories: arts, health, recreation, transportation, education, climate, economy, safety, and housing. San Francisco ranked first in the arts, second in health and recreation, and fourth in transportation.³⁴

The Bay Area was also hailed by Forbes Magazine as one of the best 'Cities for Singles' in 2004³⁵, and San Francisco scores first out of major city regions on Richard Florida's Creativity Index.³⁶

San Francisco's high ratings for quality of life are often attributed to the immense presence of artistic and cultural activity, its entrepreneurial spirit, and its outdoor recreation opportunities that include numerous beaches, parks, and trails. However, both San Francisco City and the wider Bay Area are plagued with serious challenges, including the severe lack of affordable housing and high costs of living in general, crime and safety issues, and a weak public education system. As a result, these challenges have caused the flight of hundreds of middle-income families with children, as described in the following sections.

Congestion is also a major issue on regional freeways, and broader public transit use will need to become a regional priority. The City of San Francisco is the only major regional employment center in the Bay Area where the majority of commuters either takes transit or carpools. 2000 Census data show that, in virtually every other employment center in the region, approximately three-quarters of employees drive to work alone. In contrast, only 25% of commuters to San Francisco drive to work alone.³⁷

³² City and County of San Francisco, Mayor's Office of Workforce and Economic Development Industry Initiatives website: www.sfgov.org/site/moed_page.asp?id=41683.

³³ Clean Edge Inc. 2004. *Harnessing San Francisco's Clean-Tech Future*. [Available at: www.cleantech.com/reports/SF_CleanTech.pdf]

³⁴ San Francisco Center for Economic Development. January 2006. *Newsletter*. [Available at: www.sfced.org/newsletter/newsletter_1.06.htm]

³⁵ Dukcevic, D. June 2004. "Best Cities for Singles." Special Report. *Forbes Magazine*. [Available at: www.forbes.com/2004/06/23/04singleland.html]

³⁶ CreativeClass.org website: www.creativeclass.org/regall.shtml.

³⁷ City and County of San Francisco, Mayor's Office of Economic and Workforce Development. 2006. *San Francisco's Economic Performance: Outcomes, Markets, Workforce, and Small Business*. Prepared by ICF Consulting. [Available at: sfgov.org/site/uploadedfiles/moed/economic_strat/EconomicPerformanceReview_%20April%202006.ppt]

Housing and Real Estate

The Bay Area's flourishing economy has caused real estate costs to escalate throughout the region, particularly in the City of San Francisco. In addition to Silicon Valley's rapid development, the region's natural attractions and cultural characteristics entice people to locate in the city, causing increasing pressures on the housing market. Even middle-income households and individuals have a difficult time finding reasonably priced housing, and lower income working class and cultural-creative neighbourhood residents are being displaced.

The cost of housing in the city increased significantly from 2002 to 2005. In July 2002, the median home price in San Francisco was \$530,000; by January 2005, the median home price had risen to \$776,000, a staggering increase of 46%. In a 2005 survey, close to half of surveyed families with preschool-aged children gave housing affordability as their main reason for wanting to leave the city; other reasons included crime, safety, and the state of public schools.³⁸

The pressures of high real-estate prices are not only felt in the City of San Francisco, but also in neighbouring cities such as Oakland. West Oakland in particular is experiencing an affordable housing shortage, despite the efforts of the 2003 West Oakland Redevelopment Plan, which aimed to maintain and improve the condition of the existing low and moderate income housing in the area.³⁹ West Oakland has the highest percentage (71.3%) of all persons with low and moderate incomes in all the city's seven council districts, and 80% of residents in West Oakland are renters. Yet, median rents for the area rose from \$706 in 1998 to \$1,302 in 2002, and housing values increased dramatically with the median price for a single-family home increasing from \$98,000 in 1999 to \$315,000 in 2005.⁴⁰

Not surprisingly, the office leasing market is strengthening in the Bay Area, partly due the tightening housing market that has caused many office-to-residential conversions. Over the past five years, San Francisco's office market has transitioned from a period of high vacancies and weak rents to a period of recovery. In 2000, at the height of the tech bubble, the office market was at its peak with less than a 2% vacancy and commercial office space leasing for approximately \$80 per square foot on average. Following the tech bust, the office market plummeted to a 24% vacancy rate by 2003 and rents had fallen to \$28 per square foot. However, since 2005 the market has been recovering, signified by a slowly declining vacancy rate and rents that are nearing levels that are profitable for development.⁴¹

The negative consequences of San Francisco's high-value real estate pressures are probably best exemplified by the waves of gentrification in the Northeast Mission Industrial Zone, otherwise known as SoMa (South of Market Street). Section 3 of this report provides a detailed description of the displacement of creative activity from SoMa.

Education

The 2000 US Census indicated that 45% of San Francisco residents had a Bachelor's or Graduate degree, nearly twice the national percentage of US residents possessing the same degrees. Table 3 below shows that, in 2004, the proportion of San Francisco residents with a Bachelor's degree or higher grew to 51%.⁴²

³⁸ Public Research Institute, San Francisco State University. 2005. *Getting Behind the Headlines: Families Leaving San Francisco*. Prepared for Mayor's Policy Council on Children, Youth and Families. [Available at: www.dcyf.org/downloads/Final%20White%20Paper10_21_05.pdf]

³⁹ Redevelopment Agency of the City of Oakland. 2003. *West Oakland Redevelopment Plan*. 2003. [Available at: www.business2oakland.com/main/documents/WOFINALREDEVPLAN11-18-03_001.pdf]

⁴⁰ North California Land Trust, Noodle Factory website: www.nclt.org/Noodlefactory.html.

⁴¹ Yasukochi, C. 2006. *Office Market Trends; San Francisco*. Grubb and Ellis Quarterly Newsletter, First Quarter 2006. [Available at: www.grubb-ellis.com/PDF/metro_off_mkttrnd/SanFran.pdf]

⁴² City and County of San Francisco, Mayor's Office of Community Development. 2006. *Draft 2006 – 2007 Action Plan*. [Available at: www.sfgov.org/site/uploadedfiles/mocd/2006-07ActionPlanPublicDraftv3.pdf]

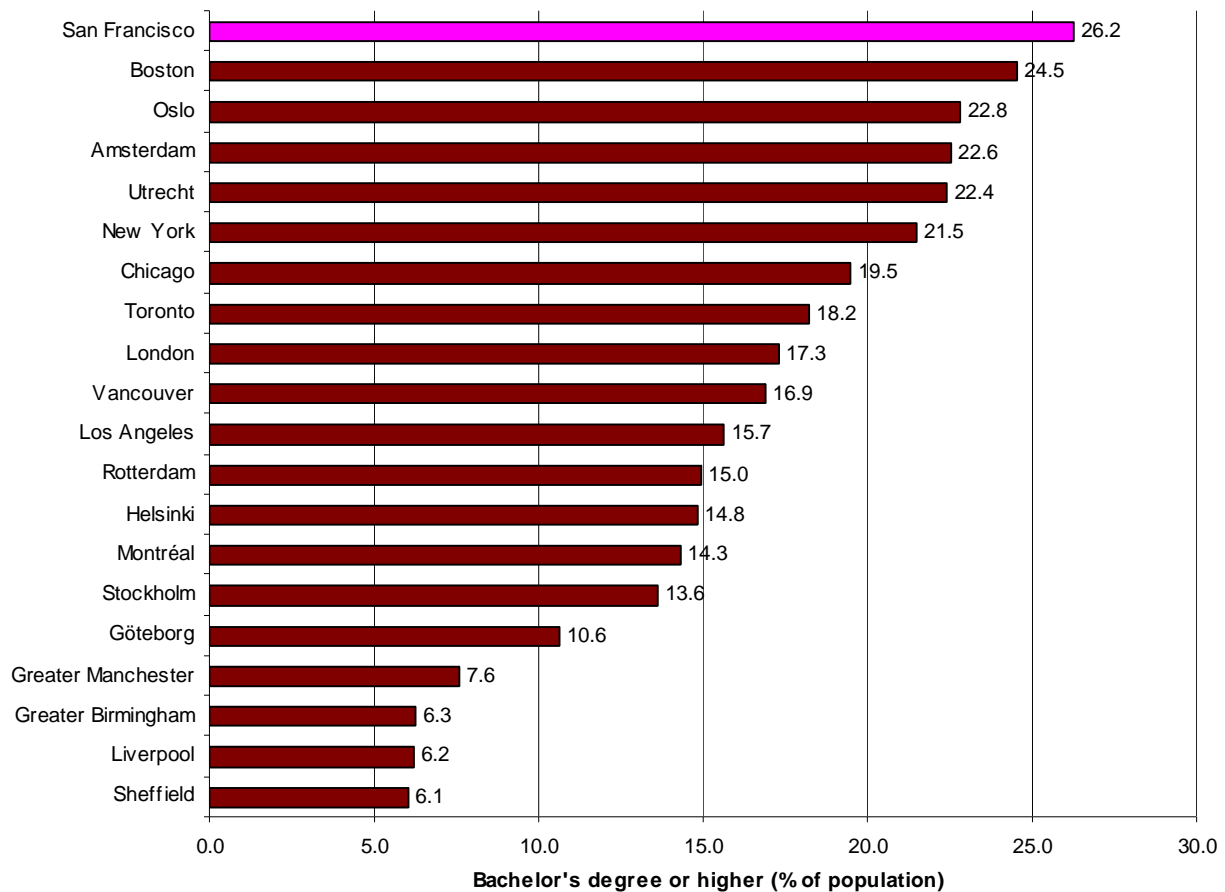
Table 3: Highest Educational Level Achieved by Residents Aged 25 Years and Older in San Francisco in 2000 and 2004

Education Level	2000	2004
No high school diploma	18.8%	15.7%
High school graduate (includes equivalency)	13.9%	13.7%
Some college, no degree, and Associate degree	22.4%	19.7%
Bachelor's degree	28.6%	31.5%
Graduate degree	16.4%	19.5%

Source Data: US Census Bureau. 2000. *Census of Population*, and 2004 *American Community Survey*.

According to the Talent Index, an index of selected North American and European city-regions ranked by the percentage of the population with a Bachelor's degree or higher, San Francisco is first ahead of cities such as Boston, Oslo, New York, and Toronto (Figure 3).

Figure 3: Talent Index - Percent of Population in City-region with a University Degree



Source: Gertler, M.S. and Vinodrai, T. 2006. "The creative city: theory, evidence and the challenge for Europe". Special session on *Technology, Talent, and Tolerance in European Cities*. Presented at the 102nd Annual Meeting of the Association of American Geographers, Chicago, Illinois. March 7-11, 2006.

Despite such high education levels, significant disparities exist when considering differences in educational achievements by race in San Francisco. 63% of White residents have a four-year university degree, compared to only 38% of Asian/Pacific Islanders, 25% of Latinos, and 21% of African-Americans. White San Franciscans hold 50% of all jobs in San Francisco, but two-thirds of all managerial, professional, and technical service jobs.⁴³

Institutions of Higher Learning: The Bay Area is home to many higher-learning educational institutions that support the creative economy. Top schools include the internationally-renowned University of California at Berkeley, University of California at San Francisco, and San Jose State University, as well as numerous private institutions such as Stanford University, the San Francisco Art Institute, and the California College for the Arts, among several others.

These institutions of higher learning collectively offer many degree and diploma granting programs that specialize specifically in creative fields. The following examples are internationally known and well respected:

The San Francisco Art Institute (formerly the California School of Arts): Established in 1871, the San Francisco Art Institute (SFAI) is one of the most prestigious arts schools in the Bay Area.⁴⁴ The institute enrolled 625 students in 2004⁴⁵. In addition to granting traditional art degrees in Fine Arts and Museum and Exhibition Studies, the SFAI also offers a unique program in Urban Studies. The Bachelor's and Master's degrees in Urban Studies are studio and research programs that explore the impacts of artists on urban areas and, in turn, the impacts of urbanization on artists. By combining studio and research practices, students not only learn new methodologies for building cities, but also obtain significant research skills and knowledge of the social, political, economic, and cultural relationships that develop in the urban realm.⁴⁶

California College of the Arts: Founded in 1907, the California College of Arts (CCA) is the largest independent arts and design school in the Western United States with two campuses (in San Francisco and Oakland). Growing from an original enrolment of 43 students, three classrooms, and three teachers to two full campuses, 1660 students, and more than 400 faculty members, CCA will celebrate its centennial year in 2007 with a range of exhibitions, lectures, reunions, and other creative activities.⁴⁷

Academy of Art University (AAU): Located in the City of San Francisco, the Academy of Art University (AAU) was established in 1929 and is the largest private art and design school in the United States, with over 7000 students. AAU enjoys an 80% job placement rate due to its high industry standards; past graduates have been hired by Disney, Pixar, and Sega, among other top names. Much of this success derives from having a faculty 90% comprised of working art and design professionals who share their practical experience in the classroom, as well as access to state-of-the-art teaching facilities and tools for students to use.⁴⁸ Students can specialize in advertising, animation and visual effects, architecture, computer arts and new media, and a host of other fine arts and design disciplines.⁴⁹

⁴³ City and County of San Francisco, Mayor's Office of Economic and Workforce Development. April 2006. *An Overview of San Francisco's Recent Economic Performance: Executive Summary*. Prepared by ICF Consulting. [Available at: www.sfgov.org/site/uploadedfiles/moed/economic_strat/ExecutiveSummary_EconomicPerformanceReview.pdf]

⁴⁴ San Francisco Art Institute website: www.sfai.edu.

⁴⁵ US College Search Database, San Francisco Art Institute profile: www.uscollegesearch.org/san-francisco-art-institute.html.

⁴⁶ San Francisco Art Institute, Masters of Urban Studies website: www.sanfranciscoart.edu/page.aspx?page=207.

⁴⁷ California College of the Arts website: www.cca.edu/about/index.php.

⁴⁸ Animation World Network, Animation School Database, Academy of Art University profile: <http://schools.awn.com/index.php?ltype=disp&id=12795>.

⁴⁹ Academy of Art University website: www.academyart.edu/aboutus/mission.asp.

Public Education

Despite the Bay Area's long-standing tradition of strong creative programs in post-secondary institutions of higher-learning, its public school system has not benefited from the same support for creative curriculum.

The passage of Proposition 13 by California voters in June 1978 caused both political and economic turmoil for the San Francisco Bay Area. The initiative cut property taxes by approximately 60%.⁵⁰ Subsequent legislation limited the taxing and spending powers of all levels of state and local government.

Since Proposition 13 came into effect, California's education spending levels have plummeted to nearly the worst in the nation. Prior to the 1980s, California's per-pupil expenditures were above the national average, but have fallen significantly since then. California ranked 18th in the nation for public school funding levels in 1975 and declined to 41st place by 1995.⁵¹ These low funding levels have translated into larger class sizes, and reduced extracurricular activities, particularly in the area of arts and creative curriculum.

While many residents welcomed such tax breaks, there has been a public outcry for decades to restore arts education in the public school system, resulting in many initiatives targeted at that task. For example, the California Arts Project (TCAP) was initiated in 1988 through the state-funded 'California Subject Matter Project'.⁵² TCAP's central mission is to provide professional development training to teachers in the areas of dance, music, theatre, and visual arts education, to enhance student success from pre-kindergarten through to post-secondary school. TCAP's nine regional offices ensure that such training not only reaches teachers in urban areas, but also in the Bay Area's suburban and rural locales.⁵³

Similarly, the non-profit organization Cultural Initiatives Silicon Valley (CISV) was established in 1998 to address the public's desire for increased creative curriculum in the public school system. The organization was born out of the planning efforts of over 1000 leaders from the arts, business, and government who developed a strategic cultural plan for the City of San Jose and Santa Clara County.⁵⁴ Through CISV's Creative Education Program, cash grants are provided to Santa Clara County public schools for professional development training for teachers and for the creation of sustainable creative curriculum. Please see Section 4 for a detailed description of Cultural Initiatives Silicon Valley.

Arts Education Master Plan

The municipal and county governments of San Francisco have recently responded to the creative curriculum crisis in public schools by participating in the development of an 'Arts Education Master Plan.' Through the San Francisco Arts Commission and the San Francisco Unified School District (SFUSD), as well as other stakeholders interested in public education standards, a Master Plan is being developed to provide a comprehensive, standards-based arts education platform for all San Francisco students. Once adopted by the Board of Education, the Master Plan will be required curriculum in all public schools.⁵⁵

The plan was announced in March, 2005, followed by extensive public consultations with principals, teachers, students, artists, families, funding partners, and community members throughout 2005. The first draft of the plan is now complete and the final plan is scheduled for release in 2006.⁵⁶

⁵⁰ The Field Institute. 1998. *Prop. 13 - Twenty Years Later*. [Available at: <http://field.com/fieldpollonline/subscribers/COI-98-May-Prop13.pdf>.]

⁵¹ Kiewiet, D. R. 1999. *Californians Can't Blame Everything on Proposition 13*. Institute of Government Studies Public Affairs Report, Vol. 40, No. 6. University of California. [Available at: www.igs.berkeley.edu/publications/par/Nov1999/Kiewiet.html]

⁵² Legislation was drafted in 1988 to authorize state funding for nine 'Subject Matter' project areas required for university admission and graduation from high school. For information please visit the California Subject Matter website: <http://csmf.ucop.edu/csmf/about/history1.php>.

⁵³ The California Arts Project website: <http://csmf.ucop.edu/tcap>.

⁵⁴ City of San Jose and Santa Clara County Cultural Affairs Office. 1997. *20/21: A Regional Cultural Plan for the New Millennium: Executive Summary*. [Available at: www.ci-sv.org/pdf/20-21_ExSummary.pdf]

⁵⁵ San Francisco Arts Commission, Arts Education website: www.sfartscommission.org/CAE/arts_education/index.htm.

⁵⁶ City and County of San Francisco, Office of the Mayor. January 2006. *Mayor's Policy Pledge Index*. [Available at: www.ci.sf.ca.us/site/uploadedfiles/mayor/press/1_19_06%20NewsomPolicyIndex.pdf]

The goals outlined in the plan focus on⁵⁷:

- providing every SFUSD student with high quality arts education from pre-kindergarten through to grade twelve
- providing principals, teachers, parents and school councils with solid strategies for building exciting, engaging, and effective arts programs at each school site
- embracing and integrating the wealth of arts education and cultural resources that exist throughout the Bay Area
- actively involving principals, teachers, parents, arts educators, artists, funders, and others who care about arts education in the process
- distributing arts and music funding equitably and developing other resources to fund arts education throughout the District

The SFUSD was the first public school district established in California, and is a strong advocate for arts education in schools based on the following principles of the importance of creative curriculum⁵⁸:

- The arts honor various learning styles
- The arts are essential to an understanding of personal identity, community contexts, and global cultures
- Through arts education, students acquire the skills and exercise the creativity necessary for success
- The arts encourage commitment and persistence
- The arts lead to increased attendance and help students stay in school

When approved by the Board of Education and implemented, the Arts Education Master Plan will guide the provision of quality arts education for each student across the entire district. The Plan will revitalize and strengthen existing arts education in the schools, as well as developing new and innovative curricula.

⁵⁷ San Francisco United School District, Arts Education Master Plan website: <http://portal.sfusd.edu/template/default.cfm?page=initiatives.aemp>.

⁵⁸ San Francisco United School District website: <http://portal.sfusd.edu>.

2. Cultural Economy and Strategy

2.1 Public Support, Special Initiatives and Programs

2.1.1 Federal Support

The US federal government first began explicitly supporting cultural policies and programs during the 1930s, as part of FDR's New Deal. Since then, cultural policies have been designed to support the needs of professional artists and others engaged in cultural work.⁵⁹ Today, the two main federal bodies that have a significant influence on cultural policy in the USA are the National Endowment for the Arts and the National Endowment for the Humanities; both are independent grant-making agencies established by Congress in 1965.

National Endowment for the Arts

The National Endowment for the Arts (NEA) is the largest annual funder of the arts in the United States. The agency is a public agency dedicated to supporting the arts, both new and established. Its mission is to bring the arts to all Americans and to provide leadership in arts education. Before the establishment of the NEA, the arts were limited mostly to a few big cities. The Arts Endowment has helped to create regional theater, opera, ballet, symphony orchestras, museums, and other art organizations across the nation in cities, rural areas, and even on military bases.

During its history, the NEA has awarded more than 120,000 grants. Three decades ago, the NEA supported 50 non-profit professional theatres; today, that number has grown to 600. The agency reports that the non-profit arts sector contributes an estimated \$37 billion to the national economy every year.⁶⁰

National Endowment for the Humanities

The National Endowment for the Humanities (NEH) is the largest funding body of humanities programs in the United States. The Endowment accomplishes its mission by providing grants for high-quality humanities projects in four funding areas: preserving and providing access to cultural resources, education, research, and public programs. NEH grants typically go to cultural institutions, such as museums, archives, libraries, colleges, universities, public television and radio stations, and to individual scholars.

President Bush's fiscal year 2007 budget request for the NEH was approximately \$141 million in funding. The request maintains NEH's budget at the current year's level with continued support for the Endowment's core programs and 'We the People', which encourages and strengthens the teaching, study, and understanding of American history and culture.⁶¹

⁵⁹ Adams, D. and A. Goldbard. 1995. *New Deal Cultural Programs: Experiments in Cultural Democracy*. The Institute for Cultural Democracy. [Available at: www.wvcd.org/policy/US/newdeal.html]

⁶⁰ National Endowment for the Arts website: www.nea.gov.

⁶¹ National Endowment for the Humanities website: www.neh.fed.us.

Other national programs that support cultural policy include the Cultural Policy & the Arts National Data Archive (CPANDA). The CPANDA project is one of the world's first digital archives of policy-relevant data on the arts and cultural policy in the United States. The project is a collaborative initiative involving Princeton University's Firestone Library and the Princeton Center for Arts and Cultural Policy Studies.

CPANDA's core mission is to acquire, archive, document, and preserve high-quality data sets on topics in arts and cultural policy, and make them available in a user-friendly format to scholars, journalists, policy makers, artists, cultural organizations, and the public. CPANDA has received an initial funding grant of \$1.9 million from the Pew Charitable Trusts. The Trusts support non-profit activities in the areas of culture, education, the environment, health and human services, public policy, and religion.⁶²

2.1.2 State Support

The State of California has gone from an international model to a minor contender with respect to its funding for arts and culture, especially arts education. According to the National Assembly of State Arts Agencies, California ranks lowest among US states, funding merely three cents per capita to the arts, which is less than Mississippi, the District of Columbia, and the US territory of Guam.

Governor Arnold Schwarzenegger recently proposed an education budget that allocates \$100 million for art and music instruction for public school students.⁶³ Although this is a tremendous win for the state's public education system, it does not address the further need to restore the state's organizational arts infrastructure. The primary state art and culture organizations include the California Arts Council, the California Infrastructure and Economic Development Bank, California Council for the Humanities, and the California Cultural Tourism Coalition, among others.

California Arts Council

Founded in 1976, the California Arts Council's (CAC) primary role is to work for broad public understanding of, and appreciation for, the positive impact the arts play in enriching cultural, economic, and intellectual life. In particular, the CAC works towards:

- artistic excellence
- equitable resource allocation
- arts education curriculum
- promoting collaboration between California with other jurisdictions
- advocacy for funding and arts in general
- preservation and support of the state artistic and cultural heritage
- promoting linkages between the public and private sectors⁶⁴

The California Arts Council devotes a significant amount of effort to grant-making. In 2003, the state's general-fund allocation for the California Arts Council was reduced to \$1.1 million, cutting the majority of funding for arts education, artists' residencies and fellowships, and grants for the state's arts organizations. This allocation to the Arts Council helped to match a grant from the National Endowment for the Arts, with further funding drawn from the Arts Council arts license-plate program and other sources, making up a total budget of \$3.2 million – a minimal amount that pales in comparison to the Council's \$32 million budget in 2001.⁶⁵

⁶² Cultural Policy & the Arts National Data Archive (CPANDA) website: www.cpanda.org.

⁶³ Ibid

⁶⁴ California Arts Council website: www.cac.ca.gov/?id=2.

⁶⁵ Robinson, A. January 6, 2006. "Renaissance in arts funding needed." *San Francisco Chronicle*. [Available at: www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/2006/01/06/EDGU9GHG0Q1.DTL]

Given the Council's radical budget cuts in 2003 – a 94% reduction to the agency's budget -- grants-making funding was significantly impacted for the 2003-2004 fiscal year, and the reduced grant-making levels have continued through the 2005-2006 fiscal year. In 2001-2002 the Council awarded 1,590 grants totaling \$23,480,240 in 16 grant funding categories, while in 2004 - 2005 the Council only funded 224 grants for a total of \$1,049,302, and focused solely on support of K-12 arts education, infrastructure support of arts service organizations, and a few special initiative grants.⁶⁶

California Cultural Tourism Coalition

The California Cultural Tourism Coalition (CCTC) is comprised of various state agencies and organizations including the California Travel and Tourism Commission; the California Arts Council; California State Parks; the Convention and Visitors Bureaus of San Francisco, Los Angeles, Sacramento, and San Diego; the Sacramento Metropolitan Arts Commission; the San Diego Commission for Arts & Culture; San Francisco Grants for the Arts; and the Los Angeles County Arts Commission.

Otherwise known as 'Culture California,' the CCTC is designed to attract visitors by promoting art, but also the broader cultural attributes of California's major metropolises, which includes everything from the appreciation of ethnic food, opera, and science to history, art, and alternative lifestyles. The CCTC often promotes events that represent the state's various cultural groups. For example, in 2003, the theme was African American Culture.⁶⁷

California Infrastructure and Economic Development Bank

The California Infrastructure and Economic Development Bank, otherwise known as I-Bank, finances public infrastructure and private investments to support economic growth and revitalize communities across the state of California.⁶⁸ I-Bank has several programs to achieve this goal, such as the Infrastructure State Revolving Fund Program and several revenue bond financing programs.

For example, their 501(c)(3) bonds provide capital financing for both for-profit and non-profit organizations undertaking capital projects that have a public benefit. Such bonds have been used to fund the design and construction of a new \$70 million museum, the American Center for Food, Wine, and the Arts in Napa, California, as well as \$35 million dollars to purchase and renovate a facility to house the Academy of Motion Picture Arts and Sciences in Los Angeles. I-Bank also provided \$1.1 billion in long-term fixed rate revenue bonds to fund the construction of the eastern expansion of the San Francisco-Oakland Bay Bridge.⁶⁹

2.1.3 Municipal Support

The City of San Francisco is internationally renowned for its long-standing tradition of support for the arts and culture. As early as 1932 the city created the San Francisco Arts Commission and, in 1961, its well-known 'Grants for the Arts' program was established, financed through a Hotel Tax Fund that generated the primary source of City funding for private non-profit arts organizations.

The City of San Francisco invests approximately \$48.8 million annually in arts-related programming, services, and facilities, including \$4.5 million in support provided by the San Francisco Redevelopment Agency to the Yerba Buena Cultural District. Of the \$48.8 million, nearly \$28 million goes to several municipal arts and cultural agencies including the War Memorial complex, the Asian Arts Museum, the Fine Arts Museum, and Yerba Buena Gardens.

⁶⁶ California Arts Council website, Past Grantees page: www.cac.ca.gov/?id=105.

⁶⁷ California Cultural Tourism Coalition website: www.culturecalifornia.com.

⁶⁸ California Infrastructure and Economic Development Bank website: www.ibank.ca.gov/state/ibank/ibank_homepage.jsp.

⁶⁹ California Infrastructure and Economic Development Bank. October 2003. *Tools to Revitalize California's Communities*. [Available at: www.treasurer.ca.gov/cdiac/tools/2003/CAinfraEconDevBnk.pdf]

The remaining funds (approximately \$20 million) are allocated to supporting arts and cultural organizations and individual artists in the form of operational support and projects, through 'Grants for the Arts', the Arts Commission's Cultural Equity Grants, and the City's Cultural Centers. The City's arts and cultural investments play an important role in generating the estimated \$1.4 billion in annual arts economic activity in San Francisco.⁷⁰

Grants for the Arts/Hotel Tax Fund

San Francisco levies a 14% room tax on local hotel and motel bills. A portion of this tax is used for grants for arts organizations; these grants are distributed by two bodies in San Francisco:

- Grants for the Arts/Hotel Tax Fund: This body is the larger of the two, distributing 8.5 cents of every dollar of the hotel tax. It provides grants to established, non-profit arts organizations.
- Cultural Equity Grants: These grants are distributed through the San Francisco Arts Commission (see next sub-section).

The goal of the Grants for the Arts program is to support existing arts organizations and to provide a stable, dependable base of support for the broadest spectrum of arts organizations, thereby increasing access to and participation in the arts across San Francisco. With a budget of just over \$13 million, annual funding is provided to 220 private non-profit organizations. Grants totalling \$11,749,297 were handed out during the 2005/2006 fiscal year, in addition to almost \$700,000 in funding for culture, tourism, and arts community support services.

San Francisco's Grants for the Arts program is recognized as one of the most successful and stable arts funding programs in America, having distributed over \$250 million in funding to hundreds of non-profit cultural organizations in San Francisco since its inception.⁷¹ However, according to a recent report released by the City's Arts Task Force (see description below), the traditional split of the Hotel Tax has shifted, to the detriment of arts funding. The 14% total Hotel Tax had long been divided with 8% going to allocations (including those through Grants for the Arts) and 6% to the City's general fund. In the past 10 years, the split has been reversed, leaving 6% for allocations and 8% making its way into the general fund. This shift reflects an annual \$20-25 million loss for arts grants and other hotel tax allocations. In addition, the Mayor's Office has mandated that money be paid out of the Grants for the Arts program to cover shortfalls in other departments – in 2005, this amount exceeded \$1 million.⁷²

San Francisco Arts Commission

Originally established to provide sound architectural review of building projects, care of the City's public art collection, and the funding of a municipal symphony, the San Francisco Arts Commission has now grown to administer the following eight primary programs: Art Gallery, Civic Art Collection, Civic Design Review, Community Arts Education, Cultural Equity Grants, Public Art: Art Enrichment, Street Artists, and the 'Summer in the City' initiative.⁷³

The Commission's Cultural Equity Grants program was established in 1992 and covers artists and smaller arts organizations that the Grants for the Arts program does not fund. These grants are made up of one cent of every dollar of the hotel tax. Grants are distributed in five categories:

⁷⁰ San Francisco Arts Task Force. March 2006. *Arts Task Force: Findings and Recommendations*. Prepared for the Board of Supervisors and the Mayor of the City and County of San Francisco. [Available at: http://sfgov.org/site/uploadedfiles/sfac/Arts_Task_Force/supporting/2006/SF_ArtsTaskForceReport.pdf]

⁷¹ Grants for the Arts/San Francisco Hotel Tax Fund. 2006. *2005 – 2006 Annual Report*. [Available at: www.sfgfta.org/grants_html/news.htm]

⁷² San Francisco Arts Task Force. March 2006. *Arts Task Force: Findings and Recommendations*. Prepared for the Board of Supervisors and the Mayor of the City and County of San Francisco. [Available at: http://sfgov.org/site/uploadedfiles/sfac/Arts_Task_Force/supporting/2006/SF_ArtsTaskForceReport.pdf]

⁷³ San Francisco Arts Commission website, Programs Overview page: www.sfartscommission.org/programs.

- **Cultural Equity Initiatives:** Grants to support the development, sustainability, and growth of San Francisco arts organizations that are deeply rooted in, and able to express the experiences of, historically underserved communities, such as African American, Asian American, Latino/a, Native American, Pacific Islander, Disabled, Lesbian/Gay/Bisexual/Transgendered, and Women.
 - Level 1 grants: up to \$18,000; Level 2 grants: up to \$100,000

- **Creative Space Grants:** Aim to both improve existing facilities and promote the availability of affordable live-work space for low- and moderate-income artists.
 - Up to \$20,000

- **Organizational Project Grants:** to arts organizations for the support of art projects whose presentation benefits or interests the community at large or specific segments of the San Francisco community.
 - Up to \$15,000

- **Individual Artist Commissions:** granted to individual artists living and working in San Francisco
 - Up to \$10,000

- **Special Project Grants:** a limited number of small grants provided to small, volunteer-based neighbourhood arts groups that stimulate the production and dissemination of works of art
 - Limited number of grants up to \$1,000⁷⁴

San Francisco Mayor's Office

Mayor Gavin Newsom's 2004 policy report 'Art for the City, a City for the Arts' outlined several promises to boost San Francisco's arts and cultural landscape, including:

- Giving planning priority to the creation of arts enterprise zones, particularly in Mid-Market, the Central Waterfront and Bayview Hunters Point, and provide a structure of business tax credits to ensure their success
- Including art as a crucial part of a broad-based campaign to improve the public realm by cleaning, greening, and enhancing streets and open spaces
- Improving arts education opportunities for children and youth
- Creating a Cultural Affairs Office
- Creating a Resource Development Office to assist arts and cultural organizations in securing federal, state and private funding
- Advocating for the re-funding of the California Arts Council
- Revitalizing the film industry by fully staffing the Film Office and making San Francisco 'film-friendly' by creating film production packages and enhancing production facilities
- Developing a Master Plan for the Arts⁷⁵

⁷⁴ San Francisco Arts Commission website, Cultural Equity Grants page: www.sfartscommission.org/programs/cultural_equity_grants.htm.

⁷⁵ City and County of San Francisco, Mayor's Office of Public Policy and Finance. 2004. *Art for the City, A City for the Arts: Executive Summary*. [Available at www.sfgov.org/site/uploadedfiles/mayor/policy/NEWSOM_ARTS.pdf]

Through the commissions and offices under the Mayor (Entertainment Commission, the Film Commission, and the offices of Community Development and Economic and Workforce Development), Mayor Newsom aims to implement several of his platform policies, including those that are non-profit arts and creative industry related.

Mayor's Office of Community Development

The Mayor's Office of Community Development strengthens the social, physical, and economic infrastructure of low-income and high-risk communities in San Francisco. The Office of Community Development administers the Community Development Block Grant (CDBG) program, a multi-million dollar federally sponsored program targeted at low- and moderate-income communities.

Micro-loans and small business revolving loans are used to promote local economic development. All entrepreneurs applying for a micro-loan must participate in the Self-Employment and Entrepreneurship Development (SEED) program. Micro-loans can be up to \$25,000 and must create at least one full-time job. Small business loans, up to \$100,000, can be used for working capital, equipment, and business expansion.

Non-profits are further provided with organizational development, planning, and capacity building through a partnership with Compass Point, a volunteer centre, which delivers free workshops and seminars on relevant issues and topics.⁷⁶

Mayor's Office of Economic and Workforce Development

The Mayor's Office of Economic and Workforce Development (MOWED) strives to enhance San Francisco's economic vitality and increase the city's tax and employment bases. In this capacity, the MOWED focuses programs on attracting and retaining business, workforce development, planning, and neighbourhood improvement.⁷⁷

In 2004, San Francisco voters approved Proposition I, which directed MOWED to develop an economic strategy that focused on identifying and developing industries that have the potential to create jobs that align with the skills and education of San Francisco's residents. The strategy also focuses on preserving and enhancing small business, creating job opportunities for vulnerable populations, and developing the city's tax base.⁷⁸

Under Mayor Newsom, a major step in supporting creative and knowledge-intensive industries is the establishment of three primary industry initiatives dedicated to the biotechnology, digital media, and clean technology sectors. These sectors have been identified as bringing economic opportunities to the San Francisco area and the targeted initiatives will bring together government, business, education, and community to create partnerships to:

- Capitalize on industry strengths
- Encourage businesses to locate in San Francisco
- Provide workforce development opportunities to San Francisco residents
- Promote stable employment and revenues by building on local competitive advantages⁷⁹

⁷⁶ City and County of San Francisco, Mayor's Office of Community Development website: www.sfgov.org/site/mocd_index.asp.

⁷⁷ Mayor's Office of Economic and Workforce Development website: www.sfgov.org/site/moed_index.asp?id=4499.

⁷⁸ City and County of San Francisco, Mayor's Office of Economic and Workforce Development. April 2006. *An Overview of San Francisco's Recent Economic Performance: Executive Summary*. Prepared by ICF Consulting. [Available at: www.sfgov.org/site/uploadedfiles/moed/economic_strat/ExecutiveSummary_EconomicPerformanceReview.pdf]

⁷⁹ Mayor's Office of Economic and Workforce Development website, Industry Initiatives page: www.sfgov.org/site/moed_index.asp?id=33306.

Arts Task Force⁸⁰

Mayor Newsom inherited a \$300 million budget deficit when he took office in 2003. One of his cost-cutting suggestions included merging the City's two primary arts funding agencies—the San Francisco Arts Commission and Grants for the Arts/Hotel Tax Fund. This controversial measure resulted in much debate among the members of the city's arts community who generally agreed that such a decision should not be made simply due to budget constraints.

The creation of an Arts Task Force was proposed, with the purpose of undertaking a comprehensive review of the structure, role, and priorities of civic arts funding in relation to the overall health of San Francisco's non-profit arts sector. Mayor Newsom agreed to the idea and, for the time being, has kept the San Francisco Arts Commission and the Grants for the Arts as separate entities. In December 2004, the Board of Supervisors passed legislation to form the Arts Task Force. Prior to the formation of the Task Force, it had been nearly a decade and a half since an official body reviewed the City's arts funding infrastructure.

The Arts Task Force, comprised of dancers, actors, writers, musicians, painters, producers, curators, designers, filmmakers, administrators, union representatives, foundation officers, City arts agency officials, and other artists and arts industry professionals, convened in 2005 to address the need for a closer examination of the role and purpose of arts and culture in San Francisco. The Task Force's goal was to make recommendations on arts and cultural revenue, programs, and the structure of the City's arts agencies.

The Task Force undertook a comprehensive analysis of the City's existing organizational structure and revenue sources related to the arts, as well as programming and funding priorities. The process included stakeholder engagement, analysis of policies, charters, ordinances, the City's Master Plan, and other legislation. The final report of the Arts Task Force, released in March 2006, concludes that San Francisco's arts infrastructure is "largely uncoordinated and, therefore, lacks the capacity for an overarching vision, planning and advocacy for the arts".

The report also highlights several times that there is no formal coordination between the City's seven major cultural centres⁸¹, the San Francisco Arts Commission, and Grants for the Arts, in addition to limited fundraising capabilities for City arts programs.

The report further states that there is a lack of city-wide focus in achieving the goals of the City's Master Plan arts elements, as well as insufficient funding to carry out its key directions. No oversight mechanism is in place to ensure that the City's arts and cultural agencies comply with the arts policies of the Master Plan. This has resulted in a number of gaps in delivering the necessary support to the arts community and to various neighbourhoods in need of access to arts programming.

The Task Force concluded that the two major challenges to resolve are funding deficiencies and the current fragmented structure of San Francisco's municipal arts infrastructure. As a result, the Arts Task Force final report made key recommendations related to the need for increased revenues, stabilizing and increasing programming, and reviewing the structure of the City's arts agencies.

⁸⁰ The description of the Arts Task Force is taken from the following report unless otherwise referenced: San Francisco Arts Task Force. March 2006. *Arts Task Force: Findings and Recommendations*. Prepared for the Board of Supervisors and the Mayor of the City and County of San Francisco. [Available at: http://sfgov.org/site/uploadedfiles/sfac/Arts_Task_Force/supporting/2006/SF_ArtsTaskForceReport.pdf]

⁸¹ The City's seven community-based cultural centres are dedicated to making arts opportunities accessible. Each has its own Board of Directors and is operated by a private non-profit arts organization. Some of the major centres do not have a physical location (including the Asian Pacific Islander Cultural Center, Native American Cultural Center, and Queer Cultural Center) and use various sites around the city.

Some of the specific recommendations instruct the City to:

- Restore Hotel Tax revenues dedicated to the arts industry.
- Use the City's land use and financial resources to create incentives for a substantially increased supply of affordable housing and work space for artists; this could include the proposal of a 2% development impact fee on all new commercial construction and on residential construction of more than six units.
- Assign special priority to new programs in Neighborhood Arts and the City's Cultural Centers.
- Create and implement plans for new and renovated arts buildings in the Mid-Market Redevelopment area, Pier 70, the Mission, and other targeted enterprise and development zones.
- Assign an interdepartmental Arts Liaison officer to facilitate City arts policy.
- Create a new City department, 'The Department of Arts and Culture,' where the Arts Commission and the Grants for the Arts program would reside.
- Create an Arts Planning Council to act as an advisory body to the Mayor and the Board of Supervisors.

San Francisco Redevelopment Agency

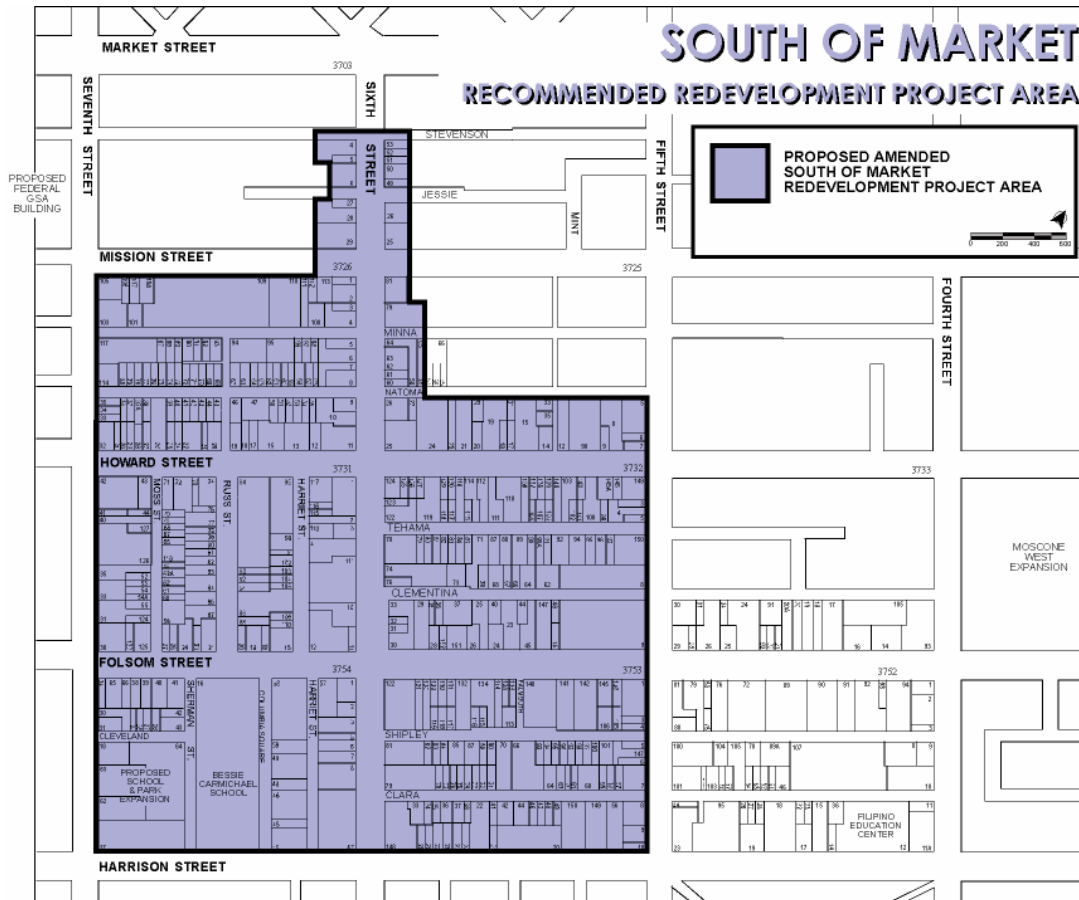
The Arts Task Force's recommendation for renovated arts buildings in the Mid-Market Redevelopment Area will likely be realized through the efforts of the San Francisco Redevelopment Agency.

The Redevelopment Agency is a separate legal entity from the City that is dedicated to improving the urban living environment and the removal of blight. Areas for improvement are identified by the Board of Supervisors which appoints commissioners to govern project and survey areas.⁸²

At the direction of the mayor, the agency has developed a Mid-Market Redevelopment Plan to create a true non-profit arts district in the significantly gentrified downtown South of Market Street (SoMa) neighbourhood (please see Section 3 for more on the history of SoMa). Figure 4 shows the boundaries of the recommended redevelopment project area:

⁸² San Francisco Redevelopment Agency website: www.sfgov.org/site/sfra_index.asp.

Figure 4: South of Market: Recommended Redevelopment Project Area



Map source: South of Market Project Area Committee website: www.sompac.com.

After 10 years of community consultation with the Mid-Market community and the Mid-Market Project Area Committee (an advisory body to the Redevelopment Agency made up community residents, property owners, businesses, and community organizations), an incremental 30-year urban infill and rehabilitation program has been developed including projects and programs that will promote a more balanced, mixed-use district.⁸³

The plan places emphasis on building upon existing arts, cultural, and entertainment assets, as well as increasing the ratio of affordable residential development comparable to that of other land uses, aiding existing businesses, attracting new complementary commercial development, and rehabilitating existing commercial and residential space in historic buildings.

Existing and historic affordable housing ratios are to be maintained, as well as community-serving office space. The Plan also envisions additional facilities to house civic, social, and cultural services, and emphasizes public improvements including open space, design guidelines and streetscape plans, and transit facilities.

One key element of the plan includes the authorization of a Mid-Market Special Use District (SUD) – a set of specific Planning Code amendments including the shared administration of development controls with the Planning Department, encouraging owner participation in redevelopment. The plan also calls for a policy that focuses on alleviating the Project Area’s most blighting conditions. This policy would

⁸³ San Francisco Redevelopment Agency website: www.sfgov.org/site/sfra_page.asp?id=5580.

include the allocation of 20% of tax increment financing for the development and renovation of facilities for non-profit, community based, and arts and culture organizations.⁸⁴

2.2 Foundations and Arts Councils

The Northern California Grantmakers Association supports the activity of active grantmakers in the Bay Area that distribute over \$1 billion annually.⁸⁵ Individual philanthropy contributes far more money to the arts than all of San Francisco’s government funding sources.⁸⁶

With respect to arts education in particular, Table 4 outlines the top Bay Area funders.

Table 4: Top Bay Area Funders of Arts Education in 2005

Foundation Name	Arts Grant Dollars	# of Arts Grants
1. William and Flora Hewlett Foundation	2,315,000	10
2. David and Lucile Packard Foundation	1,666,500	8
3. Baker Street Foundation	1,280,000	6
4. Jaquelin Hume Foundation	1,014,550	1
5. The San Francisco Foundation	946,350	34

Source: Foundation Center - San Francisco. October 2005. *Spotlight on Arts Education: Grant Making in the San Francisco Bay Area*. www.haassr.org/html/resources_links/spotlightSFarts.cfm.

San Francisco Foundation

The San Francisco Foundation is the seventh-largest community foundation in the US in grant-making and assets, totalling more than \$800 million dollars.⁸⁷ The Foundation’s mission is to “mobilize resources and act as a catalyst for change to build strong communities, foster civic leadership, and promote philanthropy.” It provides grants to all San Francisco Area counties. Each year the Foundation distributes almost \$65 million in annual grants, as well as developing community leadership awards and other programs that work to improve the overall quality of life in San Francisco. In 2005, the Foundation’s Arts and Culture grants portfolio included the distribution of 157 grants worth more than \$1.6 million dollars.

Arts Council Silicon Valley

Through its state and local partnership with the California Arts Council and the County of Santa Clara, Arts Council Silicon Valley (ACSV) is the largest arts council in the state of California. In addition to distributing grants to supports arts and culture in Santa Clara County, the ACSC offers advocacy, marketing, and fundraising services to small and medium arts organizations and artists.

In 2004–2005 the Council distributed 165 grants totaling \$743,749, representing a 40% increase in funding from the previous year. Grants are given for organizational enhancement, community arts, arts enrichment, and artist fellowship.

The ACSV also fosters strong ties with the local business community through ArtsChoice, the council’s workplace giving program that is currently one of only two campaigns in California that raises funds for

⁸⁴ San Francisco Redevelopment Agency. 2005. *Redevelopment Plan for the Mid-Market Redevelopment Project*. [Available at: www.sfgov.org/site/sfra_page.asp?id=5580]

⁸⁵ Northern California Grantmakers website: www.ncg.org/about.html.

⁸⁶ Kreidler, J. November 2000. “HealthCheck: San Francisco Arts at the Beginning of a New Century.” *San Francisco Planning and Urban Research Association Newsletter*. [Available at: www.spur.org/documents/001101_article_01.shtml]

⁸⁷ San Francisco Foundation website: www.sff.org.

the arts in the workplace. Coordinated on behalf of over 140 small- to mid-sized arts groups throughout the Valley, businesses involved in the ArtsChoice workplace giving program offer their employees the option of contributing to the arts in their communities through payroll deductions. In 2005, the program raised \$116,000 and over 92% of funds went directly to operating support for small- and medium-sized arts organizations. ACSV also hosts an Arts and Business Awards program that celebrates financial contributions by businesses to the arts.⁸⁸

2.3 Tourism

The City's vast stock of arts and cultural centres, museums, theatres, and festivals makes San Francisco and the wider Bay Area a leading national and international cultural tourist destination. As one of the leading economic drivers of San Francisco's economy, the tourism industry is showing positive trends according to statistics released by the San Francisco Convention and Visitors Bureau. San Francisco hosted 15.7 million visitors in 2005, up 4.1% from 2004. The 2005 visitors spent \$7.4 billion in local businesses, which is an increase of 9.5% from the previous year.⁸⁹

Among San Francisco's esteemed theatres and performing arts groups are: the SF Museum of Modern Art, the SF Symphony, SF Opera, and the Exploratorium. The City's War Memorial and Performing Arts Center is one of the largest performing arts centres in the United States and encompasses seven and a half acres in San Francisco's Civic Center Historic District. Both opera and symphony, among other performances, are presented each year at the War Memorial Center, which seats 7500 people. Its great historical significance is attributed to landmark moments not only in national, but also in global history, including the signing of the United Nations Charter of 1945 in the Veterans Auditorium (now called Herbst Theatre) and the 1951 signing of the Japanese Peace Treaty.⁹⁰

Adding to San Francisco's cultural tourism draw are the Mission District's murals. San Francisco has almost 600 murals, the highest concentration of which is in the Mission. Many of these murals date back to the early 1970s when community members began mural projects inspired by the Chicano and civil rights movements of the 1960s.⁹¹ Other unique attractions in the city include the Women's Philharmonic: the only philharmonic of its kind in the United States that is exclusively dedicated to women composers, conductors, and performers.⁹²

⁸⁸ Arts Council Silicon Valley website: www.artscouncil.org.

⁸⁹ San Francisco Convention and Visitors Bureau. 2005. *Visitor Volume and Spending Report*. [Available at: www.sfcvb.org/research/]

⁹⁰ War Memorial and Performing Arts Center website: <http://sfwmpac.org>.

⁹¹ Precita Eyes Mural Arts and Visitors Center website: www.precitaeyes.org/missionhist.html.

⁹² San Francisco Women's Philharmonic website: <http://music.acu.edu/www/iawm/wimusic/womenphil.html>.

3. The Creative Economy

3.1 Creative Occupations

At the last US Census (2000), nearly 96,000 people worked in creative occupations in the greater San Francisco region.⁹³ Yet, despite the City of San Francisco's reputation as a traditional hotbed of artistic and cultural activity, the wider San Francisco region has experienced very modest growth in these occupations over the 1990-2000 period, as indicated in the following discussion.

The relative size and performance of San Francisco's creative occupations compared to other North American city-regions are shown in the charts below. Three measures are simultaneously indicated on these charts: the number of employees in creative occupations within the region (indicated by the relative size of the 'bubble'), the average annual job growth rate for the occupational category (along the horizontal axis), and the relative employment specialization of the occupational sector in the region, (along the vertical axis). Occupations with a Location Quotient (LQ) above 1 indicate that the region is more specialized in that occupation than the rest of the US and Canada combined. Occupations closest to the upper-right corner exhibit the strongest employment concentration and a positive growth rate.

Figure 5 demonstrates San Francisco's elevated position on the vertical axis, representing a high level of specialization in creative occupations when ranked against other North American city-regions. While San Francisco's creative occupations grew slightly faster than large metropolitan areas like New York and Los Angeles, the region has experienced a relatively slower growth rate over the 1990-2000 period (1.8%) in comparison to other creative city-regions including Seattle (3.2%), Toronto (4.0%), Austin (4.5%), and Vancouver (4.8%).

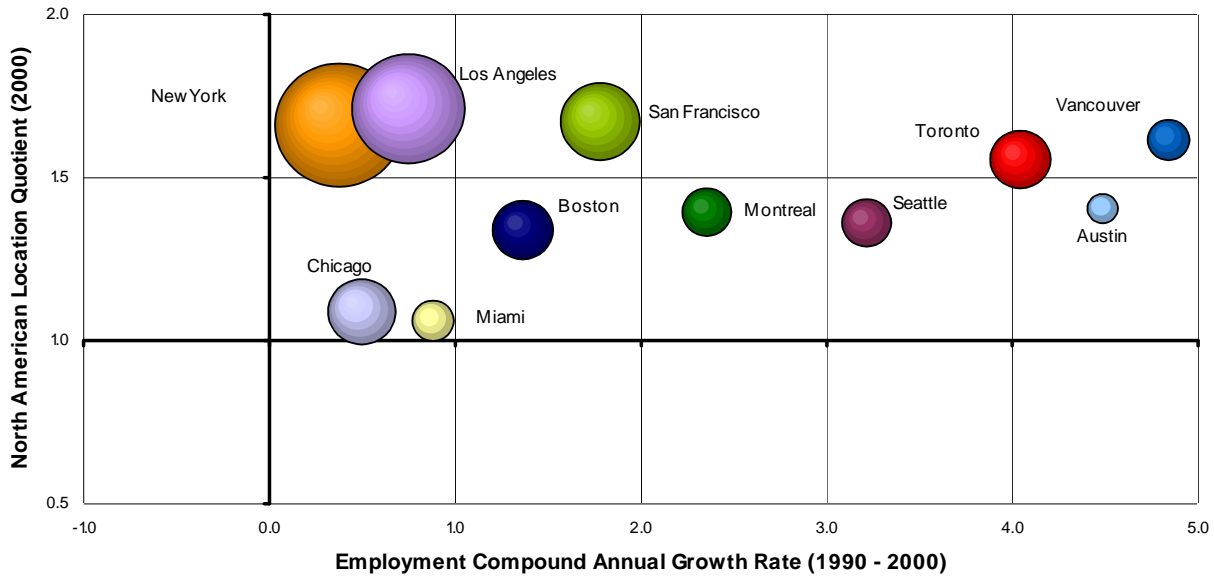
Creative Occupations referred to in this section include:

- Actors
- Announcers
- Architects
- Artists
- Dancers and Choreographers
- Designers
- Editors
- Musicians and Singers
- Producers and Directors
- Photographers
- Technical Writers
- Writers and Authors

* Due to variation in data collection methods between Canada and the United States, the listed occupational categories were the most suitable for comparable measures of creative employment between North American jurisdictions. For a list of US Census data definitions, please see Appendix A.

⁹³ The level of geography used to obtain occupational data in this report is the San Francisco Consolidated Metropolitan Statistical Area (CMSA), which includes the nine counties of the San Francisco Bay Area (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma) in addition to Santa Cruz - see Section 1 map.

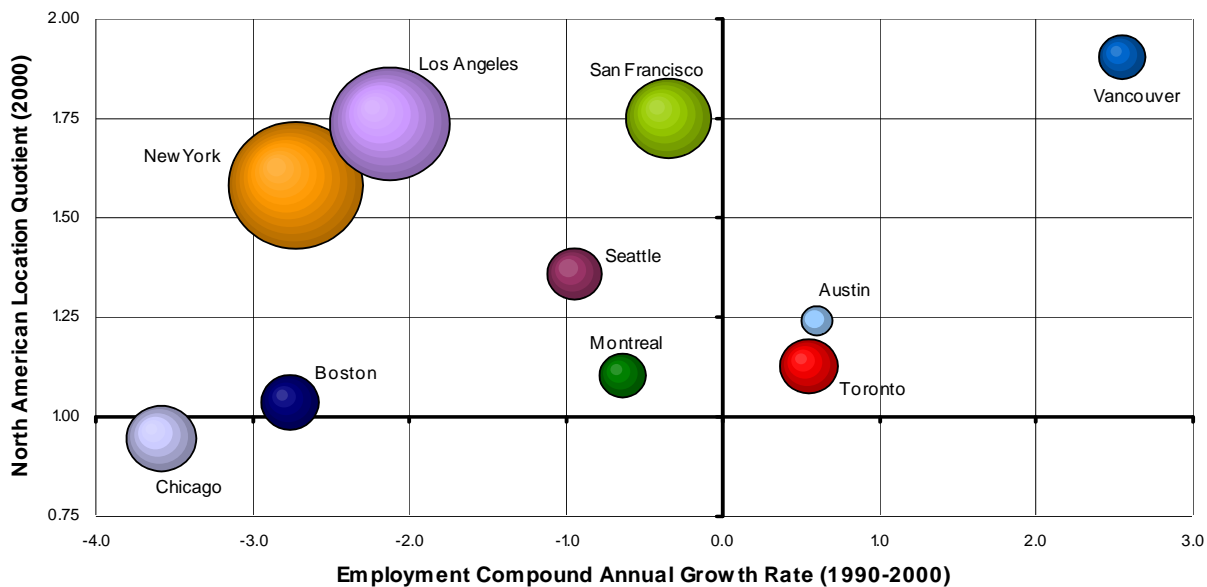
Figure 5: Growth & Specialization in Creative Occupations⁹⁴ – San Francisco vs. North American City-regions: 1990- 2000



Source: Statistics Canada. 2001. *Census of Population* and US Census Bureau. 2000. *Census EEO Tabulations*.

San Francisco’s slower growth rate is further evidenced in the following charts that compare average annual growth in individual creative occupational categories over the same 1990-2000 period. Known traditionally as a haven for artists, it is not surprising that artist occupations, such as painters, sculptors, and illustrators, art directors, craft artists, multi-media artists, and animators, remain a particularly large employment group in the San Francisco region, while also showing high degrees of specialization relative to the rest of North America (Figure 6).

Figure 6: Growth & Specialization in Artist Occupations – San Francisco vs. North American City-regions: 1990- 2000



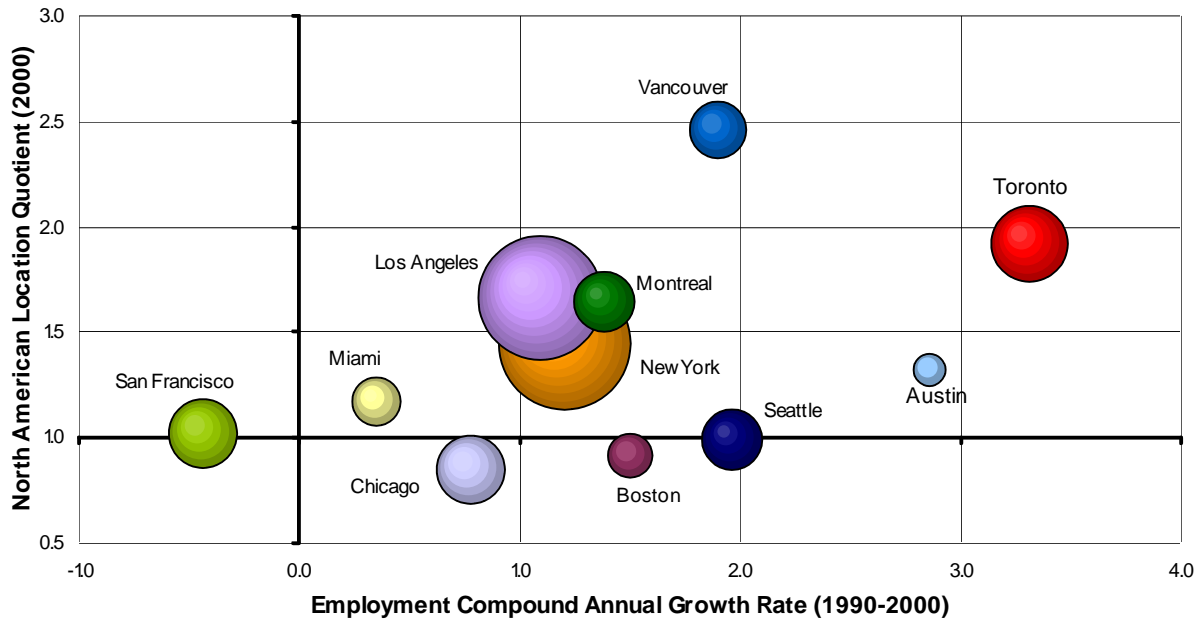
Source: Statistics Canada. 2001. *Census of Population* and US Census Bureau. 2000. *Census EEO Tabulations*.

⁹⁴ Occupational data is the most suitable comparable measure of employment with US jurisdictions because it captures the self-employed, while other US industry data sources do not capture this important group of creative workers.

However, the number of workers in the San Francisco region’s artistic occupations has actually declined slightly over the 1990-2000 period, by 0.3%, while the same occupations in smaller artistic centres like Toronto, Austin, and Vancouver grew at 0.5%, 0.6% and 2.5% respectively.

Figure 7 displays a decline in the number of musicians and singers in San Francisco over the same 10-year period. When compared to other city-regions, San Francisco falls behind all jurisdictions with a decline of 0.4%. The region is also not nearly as highly specialized as other city-regions such as Los Angeles, Vancouver, and Toronto.

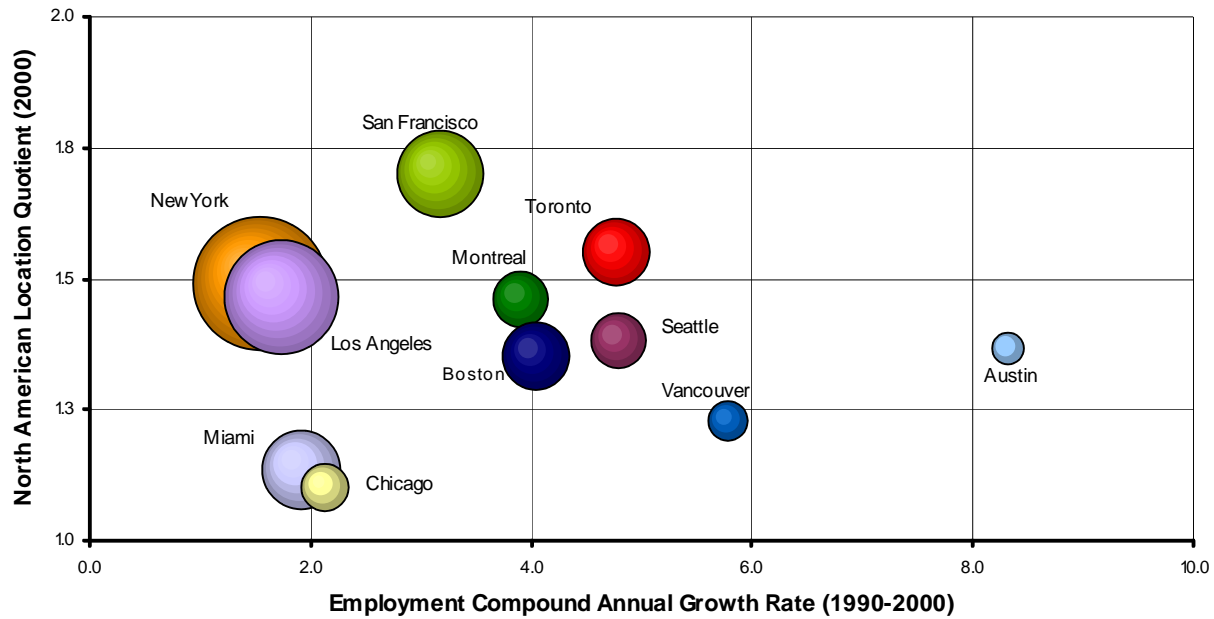
Figure 7: Growth & Specialization in Musicians and Singers – San Francisco vs. North American City-regions: 1990- 2000



Source: Statistics Canada. 2001. *Census of Population* and US Census Bureau. 2000. *Census EEO Tabulations*.

The San Francisco region does perform well in design occupations when compared to the other North American jurisdictions (Figure 8). The region has the third-largest absolute employment base of designers (33,435), after New York and Los Angeles. Many other city-regions have a smaller design employment base, but have experienced higher average growth in design occupations than San Francisco over the 1990-2000 period. Design employment in the San Francisco region grew at 3.2% over the 10-year period, while in regions such as Seattle, Vancouver, and Austin, it grew at rates of 4.8%, 5.8%, and 8.3% respectively.

Figure 8: Growth & Specialization in Design Occupations – San Francisco vs. North American City-regions: 1990- 2000



Source: Statistics Canada. 2001. *Census of Population* and US Census Bureau. 2000. *Census EEO Tabulations*.

3.2 Creative Industries

In June, 2004 the organization *Americans for the Arts* released a national Creative Industries Study that analyzed and ranked the locations of arts-related businesses, institutions, and organizations in all 50 US states and the District of Columbia. The study focuses on entities in six creative industries: museum/collections; performing arts; visual/photography; film, radio & TV; design/publishing; and schools/services,

The Creative Industries Study identified 11 Census Metropolitan Statistical Areas (CMSA) with over 10,000 arts-related businesses, institutions, and organizations (both for-profit and non-profit) each. When ranked by the number of creative entities per capita, the San Francisco CMSA ranked second (3.02 per 1000) after the Seattle CMSA (3.42 per 1000), and was followed by the Los Angeles, Denver, Dallas, and New York CMSAs. According to the study there were 548,000 creative industry businesses across the US in 2004, representing 4.3% of all US businesses and employing 2.99 million people nationally.⁹⁵

Regional Characteristics

Of the reported 95,784 individuals working in creative occupations in the wider San Francisco Consolidated Metropolitan Statistical Area (CMSA) at the last Census (2000), almost half (40,745) resided in the local San Francisco Metropolitan Area, which includes Marin, San Francisco, and San Mateo Counties.⁹⁶ The second-largest concentration of creative workers, 26,080 individuals, was located in the Oakland Metro Area, and the third-largest (17,490 individuals) was found in San Jose Metro Area, which includes Silicon Valley.⁹⁷

⁹⁵ Americans for the Arts. 2004. *New Study of Creative Industries Reveals that Eleven Metropolitan Areas Have More Than 10,000 Arts-Related Businesses Each*. Press Release. [Available at www.artsusa.org/information_resources/press/2004/2004_07_09.asp]

⁹⁶ State of California. 2006. *Metropolitan Statistical Areas in California: New 2003 Definitions*. [Available at: www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=156]

⁹⁷ US Census Bureau. 2000. *Census EEO Tabulations*.

Leading Sectors include:

Non-profit Arts: San Francisco's regional non-profit arts sector alone employs approximately 10,000 full-time individuals and has a combined annual budget of \$300 million. There are roughly 1000 non-profit arts organizations operating in the San Francisco region.⁹⁸ A 2005 study released by Stanford University, *Managing Through Challenges*, reported that 18% of San Francisco arts group run on a deficit and that median net assets of arts organizations in the Bay Area were approximately \$60,000, as compared to \$80,000 nationally, and \$95,000 for other Bay Area non-profit sector organizations.⁹⁹

Visual and Performing Arts: According to the 2000 US Census, there were over 11,000 individuals employed in both the non- and for-profit sectors as visual artists in the occupations of art directors, craft artists, and fine artists (including painters, sculptors, and illustrators, multi-media artists, and animators). In performing arts, the San Francisco CMSA boasted over 7000 actors, close to 5000 musicians and singers, and over 600 dancers and choreographers.¹⁰⁰ Currently, there are over 400 theatre companies across the Bay Area.¹⁰¹

Not surprisingly, key industry clusters are gaining strength where San Francisco's traditional arts and cultural activity intersect with the region's vast, innovative high-technology assets, particularly in the film and video, recording, and digital media industries:

Film and Video: California has been well known historically for its activity in the film and video industry, particular in the Los Angeles region, but also in San Francisco. However, San Francisco has recently become less desirable as a shooting location due to large amounts of 'red tape'.¹⁰² Nevertheless, in February 2006, the Mayor's Office of Economic and Workforce Development announced that the film industry had started to experience a significant upswing.

According to the Mayor's Office, shooting days on major motion pictures increased from 20 days in 2003 to 133 days in 2005. Much of this activity was attributed to the city landing major motion picture filming for 'Rent' and 'Pursuit of Happiness' in 2005. San Francisco also benefited from the ABC pilot 'The Evidence.' These three productions resulted in \$52 million spent locally, generating \$1.2 million for the City's General Fund, and creating 2900 temporary jobs.

While this increased activity in the filming and video industry is a positive trend, the City recognizes the need to create the necessary infrastructure and support mechanisms to carry on the momentum. The City is in the process of developing a Film Cluster Development Strategy that will provide a framework for building much-needed film-friendly infrastructure in line with San Francisco's larger economic development plans and policies.

The Film Cluster Development Strategy will investigate building new soundstages in the city, compare San Francisco's industry potential to key competitors nationally, quantify the economic impact of film production on the regional economy, and propose a strategy and action plan to advance the development of the industry. The Cluster Strategy will be launched in October 2006 at a film symposium organized by the City in partnership with the Digital Media Advisory Council, San Francisco State University, the San Francisco Film Society, and the Bay Area Video Coalition.¹⁰³

⁹⁸ City and County of San Francisco, Mayor's Office of Public Policy and Finance. 2004. *Art for the City, A City for the Arts: Executive Summary*. [Available at www.sfgov.org/site/uploadedfiles/mayor/policy/NEWSOM_ARTS.pdf]

⁹⁹ Grants for the Arts/San Francisco Hotel Tax Fund. 2006. *2005 – 2006 Annual Report*. [Available at: www.sfgfta.org/grants_html/news.htm]

¹⁰⁰ US Census Bureau. 2000. *Census EEO Tabulations*.

¹⁰¹ Grants for the Arts/San Francisco Hotel Tax Fund. 2006. *2005 – 2006 Annual Report*. [Available at: www.sfgfta.org/grants_html/news.htm]

¹⁰² Bay City News. February 28, 2006. Mayor Gavin Newsom's comments in "Dramatic Upswing in SF Film Production." [Available at: <http://abclocal.go.com/kgo/story?section=local&id=3950073&ft=exLg>]

¹⁰³ City and County of San Francisco, Office of the Mayor. February 2006. *Mayor Newsom Releases Statistics Showing Dramatic Increase in Film Production in San Francisco*. [Available at: www.sfgov.org/site/mayor_page.asp?id=37921]

In the meantime, growing support for the industry is being accomplished by the San Francisco Film Society's 'SF360'; a series of initiatives designed to showcase local film and media.¹⁰⁴ The San Francisco Film Commission is also offering their 'Scene in San Francisco' rebate program for film and television productions with budgets less than \$3 million, and with at least 55% of production taking place in San Francisco (budgets of \$3M or more require 65% San Francisco production) that involves a refund of all city fees paid, all local payroll taxes paid, and a portion of hotel and sales tax paid.¹⁰⁵

The Artists' Television Access (ATA) is also an important piece of infrastructure for the grassroots development of the city's industry. It is now in its 25th year of service and provides training, equipment, and screening space for independent film and video artists in San Francisco. The ATA emerged in the early 1980s to create a space for artists to experiment with media arts. Today it has several initiatives to propel emerging media artists, one of which is a thirty-minute television show, Artists Television (ATV), which airs weekly on City Visions Cable Access. Each program consists of work submitted by local and international artists experimenting with video, film, and sound.¹⁰⁶

Digital Media: The San Francisco Bay Area has one of the world's largest concentrations of digital media (also known as new media) and related technology companies, including the headquarters of major companies such as Apple, Google, Electronic Arts, AutoDesk, Macromedia, Pixar, Sun Microsystems, Adobe, and Cisco Systems.

The immense presence of technological, financial, corporate, and human resources in Silicon Valley aided in the development of the Bay Area as a new media cluster, with pioneering companies developing the infrastructure on which new media technology now depends. However, the actual new media cluster was not first centered in Silicon Valley, but in San Francisco's South-of-Market area (SoMa), which in the 1980s was a light industrial area full of old factories. In the 1990s, these spaces were ripe for conversion into affordable living and working space for artists, game developers, designers, actors, and musicians. This area was dubbed 'Multimedia Gulch' and became a major centre of creative industry in the city.

The creative environment of artists, designers, and musicians in San Francisco, coupled with the absence of a large traditional media industry, provided limitless opportunities to combine local creative talent with access to the newest technologies. All of this activity occurred in an extremely supportive entrepreneurial environment in San Francisco and the Bay Area, given its deep venture capital and managerial resources.

Due to the difficulty of categorizing firms and activity into this nascent technology category in the 1990s, estimates of the sector's size and growth vary widely. However, it is estimated that there were likely 12,000-14,000 New Media firms in existence at the end of the 90s.

Unfortunately, financing and venture capital for digital media began to collapse in the Bay Area beginning in the middle of 2000 and, by the end of 2001, vacancy rates rose sharply in Multimedia Gulch. Although venture financing has stabilized since the dot-com bust of the early millennium, levels have not returned to what they were during the dot-com boom of the late 1990s.¹⁰⁷

Recognizing the wealth of innovative resources in digital media in San Francisco, the Mayor's Office created a Digital Media Advisory Council (DMAC) in August 2005. According to the Mayor's Office, the DMAC's goals are:

"to attract and support local digital media businesses; encourage private and public investment in advanced digital media technologies; expand local workforce development

¹⁰⁴ San Francisco Film Society website: www.sffs.org/pt/articles/sf360.html.

¹⁰⁵ City and County of San Francisco, Film Commission website: www.sfgov.org/site/filmcomm_index.asp.

¹⁰⁶ Artists' Television Access website: www.atasite.org.

¹⁰⁷ British Columbia Technologies Industry Association. July 2005. *BC Integrated Technology Initiative: New Media Cluster Strategy*. Prepared by ICF Consulting, San Francisco. [Available at: www.bctia.org/files/Office_Documents/New_Media_Cluster_Strategy.pdf]

and educational opportunity in the digital media field; broker relationships between the digital media industry, educational institutions, and community based digital media organizations; develop strategies to respond to the rapid changes in digital media technologies; and regularly inform the Mayor of emerging digital media issues.”

The DMAC plans to promote San Francisco as a global leader in digital media through various support mechanism such as creating a DMAC website and industry marketing materials, distributing digital media resources, developing guidelines for conferences and meetings, and administering outreach strategies to attract digital media events to the area.

The DMAC is also taking part in the Digital Sister Cities & Infrastructure Development initiative, to establish international partnerships and collaboration to promote research, development, and use of advanced digital media technologies, in addition to showcasing demonstration projects with sister city partners.

Further goals of the DMAC include workforce development and education initiatives that involve working with community organizations and industry representatives on career-path development for residents to work in digital media. The DMAC will also support the development of digital media curriculum in select high schools, and elected officials and government agencies will be educated in digital media issues.¹⁰⁸

3.3 Creative Spaces

Civic Design Review

The San Francisco Arts Commission has been responsible for architectural review of San Francisco’s building projects since its inception in 1932. The Commission’s Civic Design Review Committee consists of two architects, one landscape architect, and one artist/designer, and is charged with the task of ensuring high-quality city structure design. As outlined in the City Charter, the Commission has the authority to review and approve "the design of all public structures, any private structure which extends over or upon any public property and any yards, courts, setbacks or usable open spaces." The committee reviews all buildings, public or private, that are located in the City or County of San Francisco.

The approval process involves three phases: concept design, design development, and final design approval, as well as an Art Enrichment Allocation Report, a 2% public art allocation from construction costs (discussed below).¹⁰⁹

Public Art

San Francisco is one of the first cities in the US to initiate a public art program. Established by city ordinance in 1969, 2% of the construction cost of civic buildings, transportation improvement projects, new parks, and other above-ground structures such as bridges must be allocated for public art. The 2% ordinance is also used to create artwork conservation funds and art enrichment funds for inter-departmental projects. Some forms of construction are exempt, such as railway replacements, sidewalks, and street paving. The Visual Arts Committee of the San Francisco Arts Commission oversees the Public Art Ordinance including the provision of curatorial expertise, choosing the artists, and overall public art project management.

Interesting current projects include the Third Street Light Rail Public Art Program, which involves artworks for the city’s 28 light rail transit platforms currently under construction along San Francisco’s primary eastern corridor. In developing their designs for this project, the Artist Teams were inspired by

¹⁰⁸ City and County of San Francisco, Mayor’s Office of Economic and Workforce Development website: www.sfgov.org/site/moed_page.asp?id=41684.

¹⁰⁹ San Francisco Arts Commission website, Civic Design Review page: <http://sfartscommission.org/civicdesign/welcome.html>.

the history, ecology, and culture of their assigned neighborhood along Third Street, as well as by themes developed at community meetings.

The City of San Francisco has also developed a 1% Art Enrichment for Private Buildings program specifically for development in the city's 'C-3 zones': downtown commercial zones. Private construction projects are subject to a 1% for art requirement; selection of the artist is left to the discretion of the property developer. This process is overseen by the Department of City Planning, which is responsible for ensuring that such art is publicly accessible, acceptable according to specific criteria, and is equal to 1% of the construction cost. Public art derived from the 1% art enrichment policy does not go through a public review process and the Arts Commission's approval is not required unless the artwork is placed on City property.¹¹⁰

Affordable Space

As previously mentioned, escalating housing prices and the general cost of living in San Francisco have caused (and continue to cause) the displacement of artists and other creative practitioners from various centres of creative activity. One of the best-known examples of such gentrification is in the city's SoMa (South of Market) district.

Like many North American cities during the 1970s and 1980s, the Northeast Mission Industrial Zone (NEMIZ), otherwise known as SoMa, lost a large number of old industrial operations to competition overseas. New forms of creative enterprise, including artists, musicians, software developers, and designers, moved into the abundant, inexpensive affordable spaces found in SoMa's idle warehouses and factories throughout the 1990s. A substantial portion of San Francisco's Hispanic community (and more recently its Filipino community) also resided in the broader Mission District, further adding to SoMa's cultural and creative diversity.¹¹¹

SoMa fell victim to the familiar real estate market pressures faced by other urban areas made popular by the pioneering artists and other creative entrepreneurs that first located there. San Francisco's prosperity, particularly during the tech boom of the latter 1990s, created a large demand for office space, and live/work or residential space for young adult tech employees, many of whom were attracted to SoMa and the broader Mission District by its funky, bohemian appeal. Its proximity to downtown San Francisco, access to highways and transit, immense cultural and creative diversity, and affordable real estate (at the time) made the area very susceptible to gentrification.¹¹²

To make matters worse, a live/work ordinance for the industrial NEMIZ/SoMa zone passed in 1988 removed the requirement for 10% affordable housing: a stipulation for live/work lofts required for all other residential development in San Francisco.¹¹³ According to a study undertaken by the Mission Anti-Displacement Coalition in October 2000, one-fifth of all building square footage had been devoted to live-work lofts or commercial office use, while 1.7 million square feet of space originally devoted to industrial production and distribution had been lost: a 57% decrease in industrial space in the area.¹¹⁴

Although real estate pressures eased slightly due to the dot-com bust, the effects of gentrification were already in place. Realizing the negative consequences of a rapid loss of affordable housing and industrial space, which threatens the ability to provide diverse working and living options, the City's

¹¹⁰ San Francisco Arts Commission website, Public Art Program page: www.sfartscommission.org/pubart/about_us/index.htm.

¹¹¹ Valesquez Alejandrino, S. 2000. *Gentrification in San Francisco's Mission District: Indicators and Policy Recommendations*. Prepared for the Mission Economic Development Association. [Available at: www.medasf.org/reports/mission_gentrification.pdf]

¹¹² Interview with Jill Slater, San Francisco Planning Department. June 17, 2003. *Beyond Gentrification: Strategies for Managing Community Change*. Broadcast on P.O.V., PBS. [Transcript available at: www.pbs.org/pov/pov2003/flagwars/special_roundtablejs.html]

¹¹³ Dakota, K. February 6, 2006. "Williamsburg and the Mission District: History of Artistic Communities & Gentrification in Two Popular American Neighborhoods." *Block Magazine*. Brooklyn [Available at: www.blockmagazine.com/block_stock_barrel.php]

¹¹⁴ Mission Anti-Displacement Coalition. *The Hidden Costs of the New Economy: A Study of the Northeast Mission Industrial Zone*. [Available at: www.medasf.org/about_the_mission.htm]

Planning Department held a year-long community planning process (starting in 2003) to determine more appropriate zoning and height limits for SoMa and the Mission District.¹¹⁵

As previously mentioned, the San Francisco Redevelopment Authority, in partnership with the Mid-Market Project Area Committee, is also involved in the redevelopment of a portion of the area, with a specific mandate from the Mayor to create a true non-profit arts district in this significantly gentrified area of downtown.

While creative activity is evident in the exhibitions of SoMa's art galleries, most former artistic inhabitants have moved to different locales in the Bay Area such as Oakland, Berkeley, El Cerrito, Daly City, and Bayview Hunters Point.¹¹⁶

However, even areas that were once affordable, such as West Oakland, have not remained so, due to the large influx of residents moving out of San Francisco. This has resulted in a continued loss of affordable work space for both small-scale arts/artisan manufacturers including wood and metal workers, and painters, as well as new media enterprise like film, video, and performance production.¹¹⁷ The North California land trust is helping to protect and provide affordable space for creative practitioners in West Oakland by developing the 'Noodle Factory', which will provide permanent space through its unique, subsidized ground lease model (details on this development are provided in Section 4).

Affordable artist space initiatives in the Bay Area also include the development of the Tannery Arts Center in Santa Cruz. Artspace, the Minneapolis-based affordable artist live and/or work space provider is developing a new \$42 million arts centre that includes both restoration and new construction elements. Plans for the centre include 100 units of new affordable live/work residences for artists and their families, 55,000 square feet of work studio-only space, an arts and education center, and space for the Santa Cruz Ballet and other performing arts groups.¹¹⁸

San Francisco's highly entrepreneurial environment is further supported by various other creative spaces, such as the historic Intersection for the Arts, described in Section 4.

¹¹⁵ Interview with Jill Slater, San Francisco Planning Department. June 17, 2003. *Beyond Gentrification: Strategies for Managing Community Change*. Broadcast on P.O.V., PBS. [Transcript available at: www.pbs.org/pov/pov2003/flagwars/special_roundtablejs.html]

¹¹⁶ Dakota, K. February 6, 2006. "Williamsburg and the Mission District: History of Artistic Communities & Gentrification in Two Popular American Neighborhoods." *Block Magazine*. Brooklyn [Available at: www.blockmagazine.com/block_stock_barrel.php]

¹¹⁷ North California Land Trust, Noodle Factory website: www.nclt.org/Noodlefactory.html.

¹¹⁸ Artspace website, Properties page: www.artspaceusa.org/neighborhood.

4. Projects and Initiatives

AFFORDABLE SPACE FOR CREATIVE ACTIVITY

1. North California Land Trust/Noodle Factory¹¹⁹

Headquartered in the City of Berkeley, the North California Land Trust (NCLT) was established in 1973 to provide permanently affordable housing for those unable to access homes selling at market rates. This includes various population groups, such as individuals with lower wage jobs, people on fixed incomes, or people with disabilities. The NCLT ensures that its homes remain affordably priced beyond the first homeowners by retaining the rights to the land upon which each home sits. The Land Trust also provides services such as resident ownership training programs for potential homeowners to help them adjust to new home ownership responsibilities, assistance to communities who wish to organize their own land trusts, and consulting services to non-profit or government organizations interested in building affordable housing.

One of the NCLT's recent innovative projects is the Noodle Factory, located in West Oakland. The Noodle Factory is a mixed-use artisan and cultural arts facility that will include 11 live/work units, 2 rehearsal studios, and public event space for performing arts (including live music). The building's rehabilitation is being carried out as a green initiative, following LEED environmental guidelines. Design and programming input has been drawn from local performing and visual artists, as well as the artisan community, to ensure that the space is reconstructed as an integrated component of the Bay Area community.

The NCLT acquired the Noodle Factory in 2005 from the previous owner that ran a small scale artist collective in the building. The building was sold to the NCLT at a considerably discounted price, in exchange for a sizable charitable tax benefit. In addition to the discounted price, other funding for the Noodle Factory has been derived both from private donations and from assistance from the Northern California Community Loan Fund, as well as the Federal Home Loan Bank that provides down-payment assistance to eligible buyers. The project's total costs are estimated at \$3.5 million, with the NCLT managing the financing, construction, and sales for the project.

The Land Trust will guarantee long-term affordability using a fee simple, condominium, ground lease model. A subsidy is provided to the first purchaser through the NCLT for the cost of the unit and, in turn, that purchaser is legally bound to pass on the subsidy to the next purchaser through deed restrictions on the sale price of the unit, thus keeping the property affordable. The NCLT supports this model of ownership, particularly in areas where property values are increasing, because the unit owner does not capture the appreciated profit of the unit's value; instead, the subsidy towards the unit increases due to the deed's limitations on the sale price.

The rehabilitation of the Noodle Factory addresses the continual shortage of viable work and performance space for creative practitioners in the City of Oakland by providing both a permanent venue and permanently affordable live/work units. The Noodle Factory will be permanently affordable and will have working artist restrictions to ensure that only artists are able to utilize the workspace, thus creating a critical piece of infrastructure for the City of Oakland's arts and artisan community.

¹¹⁹ This description draws heavily on the following sources: North California Land Trust website: www.nclt.org and telephone interview with Program and Legal Projects Coordinator, North California Land Trust, July 2006.

ACCESS TO CREATIVE SCHOOL CURRICULUM

2. Cultural Initiatives Silicon Valley¹²⁰

After three decades of declining arts curriculum in California's public school system, research and planning efforts of over 1000 leaders from the arts, business, and government came together to develop a strategic cultural plan for the City of San Jose and Santa Clara County. The plan that resulted in 1997, entitled *20/21: A Regional Cultural Plan for the New Millennium* built upon the City of San Jose's 1988 Art 20/20 Plan. However, the 20/21 plan broadened both its geography and its scope to recognize the linked interests among communities in Santa Clara County, and to include the various activities and organizations in the region that lay beyond the narrow traditional definition of fine arts.

One of the main strategic directions of the 20/21 plan centered on arts and cultural education, or the lack thereof, in the region. A survey of residents in Silicon Valley identified the poor state of arts-based education as an issue of great concern. It was determined that three-quarters of the population – a population that works predominantly in the high-tech sector – engaged in some kind of creative activity and wanted their children to have the opportunity to engage in creative learning activities as well. As a result, the non-profit organization Cultural Initiatives Silicon Valley (CISV) was formed in 1998 to implement the new 20/21 plan, and has been dedicated to increasing cultural participation as well as arts education in the area.

CISV initiated the Creative Education Program to address the public desire for increased creative curriculum in public schools. The program's main elements include: cash grants for Santa Clara County public schools; professional development training for teachers, artists and administrators; leadership and networking events (e.g. Creative Education Symposiums); advocacy for arts education; and technical assistance for schools in the form of customized mentorship from an arts education expert.

The program goal is that all K-6 students participate in weekly, sequential, standards-based, in-school arts instruction in one or more disciplines (dance, music, theatre, and visual arts). Each grant site makes a five-year commitment to create, improve, or expand arts education programs for its students. The Creative Education Program provides four years of gradually-decreasing seed money for planning, pilot, and implementation, with the grant site gradually assuming financial responsibility for the program by the fifth year.

CISV efforts are sponsored by various funding partners including the family foundations of area technology giants – for example, the William and Flora Hewlett Foundation and the David and Lucile Packard Foundation – among other foundations, such as Cisco Systems, Rockefeller, and William Randolph Hearst.

In 2005, CISV published its Creative Community Index that provides a quantitative measure of cultural participation and creativity in Silicon Valley, by examining over 30 indicators of the health of cultural activities. One of the main findings of the report is that 9 out of 10 adults in Silicon Valley continue to express that more arts education is needed in public schools; in particular, they feel that schools should provide at least three to four hours each week of creative instruction. Efforts are now underway in local K-6 schools as a result of CISV and the 20/21 plan; however, more is required to attain three to four hours a week of creative instruction.

¹²⁰ This description draws heavily on the following sources: City of San Jose and Santa Clara County Cultural Affairs Office. 1997. *20/21: A Regional Cultural Plan for the New Millennium: Executive Summary*. [Available at: www.ci-sv.org/pdf/20-21_ExSummary.pdf]; Cultural Initiatives Silicon Valley website: www.ci-sv.org; and Cultural Initiatives Silicon Valley. 2005. *Creative Community Index: Measuring Progress Towards a Vibrant Silicon Valley*. [Available at: www.ci-sv.org/pdf/ci_creative_index.pdf]

CULTURE-LED URBAN REGENERATION

3. Yerba Buena Gardens District¹²¹

The Yerba Buena Gardens District is a result of a long redevelopment process that began in mid 1960s, but paused for a number of years in the 1970s due to a questionable early history of slum clearance and the resulting lawsuits that challenged the displacement of residents. Fortunately, this temporary suspension of activity led to a more consultative process that began in 1976 and involved a vast array of stakeholders as well as a number of key projects located on the site today.

The major goal of the project, led by the San Francisco Redevelopment Agency, was to achieve urban revitalization of an area in the SoMa district formerly characterized by dilapidated hotels and idle commercial and industrial buildings. The provision of affordable housing, cultural institutions, mixed uses, and improvements to public space were also major objectives, in addition to increased tourist attraction and public access benefits for all communities in San Francisco.

Planning for the redevelopment initiative included extended negotiations with the chosen master developer, Toronto-based Olympia and York, to ensure that the area retained a diverse mix of uses. The San Francisco Redevelopment Agency also used tax increment financing, land sales, city hotel tax, and bond funding to finance the project, in addition to money leveraged from private developer investment.

Incentives and subsidies were used to assist cultural institutions to locate in the area. For example, the San Francisco Museum of Modern Art purchased its land parcel from the Redevelopment Agency for \$1. Further financing for public space and cultural amenities, such as the gardens and the arts complex, involved exactions from developers' lease revenues, and from profit-based tenants such as the Marriott Hotel and the Sony Metreon.

During the course of the Yerba Buena redevelopment process, the San Francisco Redevelopment Agency had to adapt and respond to numerous stakeholder positions in order to develop a collaborative vision for the area's redevelopment. Such stakeholders included other City departments (e.g. Planning, Visitor's Bureau), tenants groups, the Yerba Buena Alliance¹²², private developers, architecture firms, cultural institutions, and community groups.

The long-running redevelopment process resulted in an 87-acre mixed-use redevelopment project in the SoMa area of the city. Three 'Central Blocks' include hotels, gardens, retail, recreation, entertainment, children's centre, and key cultural institutions such as the Yerba Buena Center for the Arts, the San Francisco Museum of Modern Art, the Children's Center for Technology, Arts 'Zeum,' and several market-rate and affordable residential units.

Although the redevelopment initiative had an early checkered history related to its slum clearance, and has also been criticized for various urban design elements such as a lack of relation to surrounding areas and the privatization of public space, the district did win the Rudy Bruner Award for Urban Excellence in 1999. Moreover, a 1999 Economic and Fiscal Study by Sedway Group indicated that the district supported 1,143 establishments generating direct and indirect annual employment of 23,000, as well as total sales of \$1.8 billion. In 2001, over 220 free events were held in Yerba Buena's public spaces, and the district had 1700 affordable housing units at that time. However, questions remain about urban regeneration initiatives such as Yerba Buena Gardens, among others, as to whether their continued economic growth may have contributed to the problematic artist displacement in SoMa.

¹²¹ This description draws heavily on the following sources: Brown, A. 2002. "Artistic Development: The Rise of Yerba Buena Gardens." *Locum Destination Review*. Issue 10, Winter; and Kemp, R. 2004. *Cities and the Arts: A Handbook for Renewal*. McFarland and Company; and San Francisco Redevelopment Authority website, Yerba Buena Gardens page: http://sfgov.org/site/sfra_page.asp?id=5610.

¹²² The Yerba Buena Alliance is a non-profit membership organization whose mission is to make the public aware of the district through media relations, community relations, community outreach, and development. For more information, please see: www.yerbabuena.org.

CREATIVE COMMUNITY ENGAGEMENT & ARTISTIC DEVELOPMENT

4. Intersection for the Arts¹²³

Established in 1965, Intersection for the Arts is one of San Francisco's historic artist support initiatives. Its objectives include presenting new and experimental work in the fields of literature, theatre, music, dance, and the visual arts, combined with an array of technical and mentorship support programs that serve the Bay Area's cultural community. The basis for Intersection is collaboration and the integration of multi-disciplinary arts, the artists themselves, and their audience. This has resulted in a community space where artists' priorities are to converse with those who use the arts and culture as a mechanism for community engagement, as well as with others in the art world.

Intersection for the Arts began in a coffee-shop run by radical ministers who objected to the Vietnam War and who were further concerned about San Francisco's environment of social unrest. They created casual, secular settings in storefronts and coffee shops so that they could interact with youth in a non-confrontational way. As the program matured, it shed its religious affiliation in 1972, establishing itself in a single location in the Mission District, and hiring new staff.

In its progression from using arts and cultural activity to reach individual disenfranchised youth to also providing alternative solutions to broader community engagement, one of the biggest challenges Intersection faced was addressing the stigma that a high curatorial standard or high art practice could not co-exist with real community input.

Yet despite such challenges, Intersection was able to merge art programming and community programming in a way that is relevant and valuable to a wide variety of people. During its evolution, Intersection expanded operations to include the development of an extensive arts incubation program, fiscal sponsorship, workshops and classes, community partnerships, literary awards, and artist residency programs.

Intersection's incubator program does not provide permanent physical space as is normally true of traditional business incubators. Instead, the program assists artists who lack their own business management experience and/or infrastructure by providing members with assistance in accessing funding and developing, managing, and promoting their work. Program services include continuing education, networking opportunities, promotion assistance, access to management consultants, reduced rental rates for facilities and equipment, resources for fundraising, and the ability to use the organization's charitable status to access grants and tax deductions.

With an annual budget of approximately \$630,000, Intersection for the Arts assists more than 120 emerging arts organizations and artists each year, in addition to housing and supporting approximately 20 local artists through their Resident Artists Program. Through its fiscal sponsorship activities in particular, contributors are encouraged to take risks in funding new, innovative, experimental projects and emerging artists. Intersection continually supervises the allocation of such funds to ensure that they are well-managed and spent according to the funder's guidelines.

Intersection also produces and participates in many multidisciplinary events and programs, such as gallery installations and exhibitions, premiere plays and concerts, readings, workshops, and community forums, thus providing a proactive space where diverse arts, artists, and their audiences can intersect and interact.

¹²³ This description draws heavily on the following sources: Lidgus, S. 2005. "Intersection for the arts at forty." *Afterimage*. Rochester, NY. [Article available at FindArticles website: www.findarticles.com/p/articles/mi_m2479/is_3_33/ai_n16100891]; Intersection for the Arts website: www.theintersection.org; and telephone interview with Deborah Cullinan, Executive Director, Intersection for the Arts. May 2006.

5. Oakland Eastside Arts Alliance¹²⁴

The EastSide Arts Alliance (ESAA) is a group of artists, cultural workers, and community organizers of colour who live and/or work in the San Antonio district of Oakland. EastSide Arts Alliance uses art and culture to nurture a multicultural community that provides creative opportunities and spaces for youth and adults to come together and develop a common vision for social change. It does so by organizing community workshops, events, and festivals at which individuals learn to use the arts as a way to identify and express their views on issues which affect their lives and their community.

ESAA operates like a collective with each member developing semi-autonomous programs in performing arts, video, dance, and visual arts, bringing them to the group, and contributing to administrative expenses.

One of ESAA's most recent projects is the development of the Eastside Community Center. This centre serves as a neighbourhood gathering place to house the organization's ongoing activities and other cultural events initiated by residents and local artists. This is a space in East Oakland where the predominantly Asian, Latino, Native, and African American communities can explore common ground, creating a cultural dialogue of understanding and solidarity.

ESAA's events include music programming such as the annual MalcolmX JazzArts festival, media arts and dance events, and literary events including 'holla back': a weekly Open Mic session for poets, songwriters, and theatre artists. Their creative youth programming includes after-school arts workshops, classes in visual, performing, and computer arts, and 'Beats, Flows, & Videos': a digital audio workshop allowing students to produce audio CDs. ESAA also organizes Youth Leadership Development Internships and employment opportunities with ESAA member organizations, as well as Entrepreneurial Arts Training programs for older youth, aged 16-24, which teach job skills and connect youth to employment opportunities that will enable them to earn an income with their art skills.

One of the most visible and successful programs is 'Visual Element,' the public arts component of ESAA. 'Visual Element' is a visual arts graffiti training program for high school youth who are taught to be community artists. The program focuses on both arts skills and business development. Students learn a variety of visual arts skills that include spray can techniques, 'graffiti' writing, mural brush painting, computer/digital photography and graphic design. ESAA facilitates the production of 'legal' walls (authorized graffiti murals), allowing students to learn through actual project-based work, building a portfolio of work as they undergo their training. As they become more proficient, they are then able to 'shop' their skills back to the neighbourhood. Moreover, skills learned in the program (such as computer/digital photography, computer-based design, silk screening) make youth employable in design firms, such as Tumi's, an active member of ESAA. Some of the teenagers in the program have been assisted in starting Individual Development Accounts, helping them learn about financial management skills and opening and maintaining bank accounts. Each dollar they put into the account is matched by two dollars of philanthropic money from a sponsoring agency. The youth builds assets of up to \$1,500 that they can use for educational or other approved expenses.

Finally, public art projects visible to the entire community send the message that productive and self-sufficient youth can contribute positively to neighbourhood change. Murals educate, motivate, and inspire further creations of beauty. EastSide is one of the most mural-rich neighbourhoods in the East Bay, in part due to leadership of several of the community-based organizations and clinics that see murals (and people's participation in creating them) as important to a healthy community.

¹²⁴ This description draws heavily on the following sources: Borrup, T. 2003. *Creative Organizations: Putting Culture to Work in Community Development*. Community Arts Network Reading Room. [Available at: www.communityarts.net/readingroom/archivefiles/2004/01/creative_organ.php]; and Eastside Arts Alliance website: www.eastsideartsalliance.com.

5. Strengths, Challenges, and Lessons Learned

Strengths

- Historic appreciation for arts and culture has resulted in a wealth of organizational expertise and infrastructure including grants, funding through hotel taxes, arts initiatives, foundations, and institutions of higher learning.
- The strong presence of both arts and technology in the Bay Area has resulted in important convergence sectors such as film production and digital media. The Mayor's Office is also working strategically to nurture and promote these promising creative industries through the creation of the Film Cluster Development Strategy and the Digital Media Advisory Committee.
- San Francisco benefits from a long-standing entrepreneurial atmosphere – many small firms and self-employed individuals – which creates an environment of tolerance for risk-takers.
- San Francisco benefits from a vast amount of available venture capital.
- The Arts Task Force Report and proposed development of an Office of Cultural Affairs signal that the City is starting to think strategically about supporting arts and culture in a coordinated way.
- Work on the Arts Education Master Plan indicates that the City is addressing needs for stronger arts curriculum in public schools.

Challenges

- Similar to our findings in New York City, there is a lack of coordination among cultural organizations and institutions such as the San Francisco Arts Commission and Grants for the Arts, and other cultural policy makers, resulting in organizational infrastructure that is unable to achieve an overarching vision and co-coordinated strategic planning.
- Arts education in the area's public schools suffered sustained damage in the wake of Proposition 13. While restoring arts education has now been recognized as a priority for current and future policy initiatives, it will take many years to reverse the cumulative damage.
- High costs of housing, and of living in general, across the region pose a threat to creative activity.
- Similar to Manhattan's situation, extreme gentrification has pushed (and continues to push) grassroots arts and other creative activity out of the City of San Francisco and also out of other traditionally affordable areas like West Oakland.
- Middle-income families with young children are leaving San Francisco due the above-mentioned high costs of living, in addition to a weak public school system and crime/safety issues.
- Disparities in income and economic opportunity between whites and other racial/ethnic groups are increasing.
- Critics consider San Francisco the ultimate "ephemeral city no longer anchored by middleclass families with children and a broad job base, but by a wealthy elite, part-time sojourners, hordes of tourists, and those that serve them." They suggest that the city is no longer an engine of economic growth and opportunity.¹²⁵

¹²⁵ Kotkin, J. quoted in Jonas, M. May 14, 2006. "There goes the neighbourhood." *Boston Globe*. [Available at: www.joelkotkin.com/Commentary/BG%20There%20goes%20the%20neighborhood.htm]

Lessons Learned

While the critique offered by Kotkin and others may not be completely substantiated, it does provide some useful insights for Toronto and London:

San Francisco is an interesting dichotomy:

- On the one hand, the region has fostered a long-standing supportive environment for artistic and cultural activity, through its pioneering hotel tax, cultural equity grants, strong cultural organizations, and institutions of higher learning. Even now, despite the high costs of living, the artistic community is so large and varied that considerable support is still provided through many small non-profit arts organizations, philanthropic foundations, and networks of artists and other creative practitioners.
- Furthermore, the city's loss of corporate headquarters, which some economists would view as detrimental to regional economic development, may well have stimulated San Francisco's entrepreneurial spirit to flourish. Owing to the region's well-established high-tech business culture, risks are taken and failures are tolerated. The digital media industry in particular has fared well due to the combination of artistic activity, technology-based entrepreneurs, and the presence of angel investors and venture capital in San Francisco and the wider Bay Area.
- On the other hand, San Francisco and the wider Bay Area have been complacent about their creativity-led economic prosperity. The city's artistic and cultural infrastructure is uncoordinated and granting levels have fallen from what they were in the past. The increased cost of housing that has driven creative practitioners out in droves, compounded by the woeful state of arts education in the public school curriculum, has only made matters worse. These issues are only now being considered seriously by the Mayor's Arts Task Force, set up a year ago.

Cities like Toronto and London can learn from San Francisco that while artistic and cultural activities, as well as creative industries, do have significant economic and social development potential, they do not exist in a vacuum. Similar to the New York experience, San Francisco has taken for granted the wealth of creative heritage and prestige traditionally associated with the city. This has resulted in the failure to develop a strategic approach to preserve and promote affordable space and creative talent, which have been pushed out of the area by market forces.

The San Francisco story also provides a warning to cities looking to the creativity agenda to address their economic development goals. Relying solely on a 'cool-city' approach, targeted to the attraction of highly-educated, well-paid creative professionals, is simply not sufficient to boost a city's regional economy. Other essential public services still require attention, which is why the support of 'creativity', more broadly conceived, is so vital to regional economies. Creative solutions in general are required for better forms of city governance, zoning for affordable housing and space for creative activity, financing for arts education in the public schools and infrastructure such as public transit, policies for building strong, vibrant neighbourhoods, and incentives that promote more innovative firms and entrepreneurs, to truly ensure that the city's growth is sustainably promoted.

Appendix A: Creative Occupation Definitions

US Census 2000 Standard Occupational Classification (SOC) System Definitions¹²⁶:

Actors SOC 27- 2011

Includes individuals who play parts in stage, television, radio, video, or motion picture productions for entertainment, information, or instruction. Interpret serious or comic role by speech, gesture, and body movement to entertain or inform audience. May dance and sing.

Announcers (280) SOC 27- 3010

Includes Radio and Television Announcers, Public Address System and Other Announcers such as master of ceremonies or disc jockey at weddings, parties, clubs, etc.

Architects (Except Naval) SOC 17-1010

Includes Architects, Landscape Architects, Surveyors, Cartographers, and related Engineering

Artists and Related Workers SOC 27-1010

Includes Art Directors, Craft Artists, Fine Artists including Painters, Sculptors, and Illustrators, Multi-Media Artists and Animators, other arts related workers

Dancers and Choreographers SOC 27- 2030

Includes individuals who perform dances. May also sing or act. Also includes those who create and teach dance and who may direct and stage presentations.

Designers SOC 27-1020

Includes Commercial and Industrial, Fashion, Floral, Graphic, and Interior Designers, as well as Merchandise Displayers and Window Trimmers, Set and Exhibit Designers

Editors SOC 27- 3041

Includes individuals who perform duties, such as laying out, indexing, and revising content of written materials, in preparation for final publication. Include technical editors.

Musicians, Singers, and Related Workers SOC 27- 2040

Includes individuals who play one or more musical instruments or entertain by singing songs in recital, in accompaniment, or as a member of an orchestra, band, or other musical group. Musical performers may entertain on-stage, radio, TV, film, video, or record in studios. Also includes Music Directors and Composers. Excludes Dancers.

Photographers SOC 27- 4021

Includes individuals who photograph persons, subjects, merchandise, or other commercial products. May develop negatives and produce finished prints. Includes scientific photographers, aerial photographers, and photojournalists.

Producers and Directors SOC 27- 2012

Includes individuals who produce or direct stage, television, radio, video, or motion picture productions for entertainment, information, or instruction. Responsible for creative decisions, interpretation of script, choice of guests, set design, sound, special effects, and choreography.

Technical Writers SOC 27- 3042

Technical Writers. Write technical materials, such as equipment manuals, appendices, or operating and maintenance instructions. May assist in layout work. Includes some Media and Communication Workers.

Writers and Authors SOC 27- 3043

Includes individuals who originate and prepare written material, scripts, stories, advertisements, and other material. Excludes Public Relations Specialists and Technical Writers

¹²⁶ US Department of Labor, Bureau of Labor Statistics. 2000. *Standard Occupational Classification: Arts, Entertainment, Sports, and Media Occupations*. [Available at: www.bls.gov/soc/soc_i0a0.htm]