Challenges and Strategies for Financing Arts & Culture Projects

September 28
Moderator: Dana Johnson, Reinvestment Fund
Panelists: Amy Bonitz, Baltimore Arts Realty Corporation
Regina Smith, The Kresge Foundation
Joanne Lee, Northern California Community Loan Fund
Laura Callanan, Upstart Co-Lab

About Reinvestment Fund

- Our mission is to build wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development.

- Since 1985, Reinvestment Fund has made $1.9 billion in cumulative investments and loans.

- We are supported by over 865 investors that include individuals, foundations, religious institutions, financial institutions (banks), civic organizations and government.

@ReinvestFund | Reinvestment.com

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Reinvestment Fund’s Investments in the Arts

- **Creative Placemaking**
  - In Baltimore, Reinvestment Fund is developing a strategy to target investment in the arts to low-income communities, where it can catalyze and build on other complementary efforts.

- **Culture Blocks**
  - Free, publicly accessible mapping tool of Philadelphia’s creative and cultural resources on the neighborhood level.

- **Our Impact**
  - More than $100 million in investments in the arts including projects in Baltimore, New Orleans and Philadelphia.

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Who We Are

**BARCO**

BALTIMORE ARTS REALTY CORP

To create spaces that support Baltimore's artists and creative innovators by providing access to affordable and innovative workspaces that welcome artists and makers across lines of difference, build community and promote access to shared resources.

Baltimore Arts Realty Corporation

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What we have accomplished:

- Develop, own and manage 60,000 square feet of space for visual artists, performing artists, makers and artisans
- Provide technical assistance to stabilize DIY artist-led projects totaling 100,000 square feet
- Leveraged $25 million in investment in Baltimore’s A & E Districts

Baltimore Arts Realty Corporation

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Our Projects

Baltimore Arts Realty Corporation

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Overview

Kresge is a $3.8 billion private foundation that works to expand opportunities for vulnerable populations living in America’s cities.

Through the work of our programs and partners, residents can improve their life circumstances and join the economic mainstream.

Arts & Culture Program

- We focus on Creative Placemaking, an approach to community development and urban planning that integrates arts, culture, and community-engaged design strategies.

- We support national intermediaries, citywide systems, place-based/neighborhood initiatives and field building.

- We seek to influence systems and practices that expand opportunities for low-income people in disinvested communities.
NCCLF Real Estate & Financial Management Consulting

Workshops and consulting engagements that help nonprofit leadership use resources strategically

Real Estate Readiness, Lease vs. Buy Analysis & Facility Strategic Planning
Financial Assessments and Education
Business Model Optimization, Budget Development & Cash Flow Management

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Nonprofit Displacement Mitigation Program
San Francisco 2014-17

- 20 arts and organizations received real estate technical assistance
- 21 art organizations received space related financial assistance totaling $1.4 million
- Over 200 full and part time jobs were created or preserved
- Over 100,000 sq ft² of space was created or stabilized for arts

The US Creative Economy is $730 billion

Sources:

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But there are no investment products for creativity & impact

**Impact Investing**

- Housing
- Other
- Microfinance
- Financial services (excluding microfinance)
- Energy
- Healthcare
- Food & agriculture
- Education
- Information and communication technologies
- Manufacturing
- Infrastructure
- Habitat conservation
- Waste & sanitation
- Arts & culture

Sources: J.P. Morgan and Global Impact Invest Network, eyes on the horizon: $6 billion


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**CREATIVE PLACES**

- Real estate
  - Housing / Work / Retail / Co-working

**CREATIVE BUSINESSES**

- Enterprise
  - Fashion / Culinary Arts / Architecture / Game Design / Industrial Design

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For 2017-2022

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<th>Category</th>
<th># Projects</th>
<th>Project Cost (MM)</th>
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Process of Inquiry

Principally interested in answering the questions...

- How can Creative Placemaking be integrated more intentionally and strategically into CDFIs?
- What is the state of lending to Creative Placemaking activities?
- How might an integrated capital approach be tailored to meet place-based demands?
Specific Activities 2010 - present

- Closed on a Loan Guarantee to Artspace Projects
- Developed a cross-team approach/plan
- Assessed the state of Creative Placemaking lending and activity within other CDFIs
- Invested in LISC’s Creative Placemaking program with an eye toward connecting the program to lending priorities
- Piloted a two-year CDFI initiative with Surdna Foundation
- Issued grants/PRIs to CDFIs in several place-driven initiatives

Our Observations

- There are gaps in capital absorption.
- Grants are the primary source of support.
- Narrow views of arts and culture.
- Arts not traditionally thought of as strong candidates for loans.
- When debt capital is available, it is often inflexible in term, rate, and eligible use.
- It takes longer to develop a pipeline and deploy capital.
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