CREATIVE NEW YORK

From museums to film studios, the creative sector is one of New York City's most important economic assets. But the city's working artists, nonprofit arts groups and for-profit creative firms face a growing number of challenges.

Center for an Urban Future

June 2015

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CREATIVE NEW YORK
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This report was made possible by generous support from New York Community Trust, Robert Sterling Clark Foundation, Laurie M. Tisch Illumination Fund, Rockefeller Brothers Fund and Edelman.

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Center for an Urban Future is a results-oriented New York City-based think tank that shines a light on the most critical challenges and opportunities facing New York, with a focus on expanding economic opportunity, creating jobs and improving the lives of New York's most vulnerable residents. For 18 years, the Center has been publishing highly-readable policy reports and providing policymakers with practical solutions and fresh ideas for strengthening New York and all of its neighborhoods.

Support for Center for an Urban Future has been provided by the Bernard F. and Alva B. Gimbel Foundation, Fund for the City of New York, the Lucius N. Littauer Foundation and the M&T Charitable Foundation.

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CREATIVE NEW YORK

Ten years ago, the Center for an Urban Future published *Creative New York*, the first comprehensive report documenting the economic impact of New York City's nonprofit arts organizations *and* for-profit creative businesses. In the decade since we published that 2005 report, much has changed in New York's creative landscape.

Sharp increases in city capital funding and private philanthropy and a record rise in tourism have spurred major expansions of museums and theaters. New creative clusters have emerged in neighborhoods across the five boroughs. Technological changes have created new challenges for traditional creative industries like publishing and music production, while online platforms such as Kickstarter and Etsy are offering new opportunities for working artists and nonprofits. Skyrocketing rents have forced numerous music venues, nonprofit theaters and art galleries to close their doors and made it difficult for many of the city's artists, architects and other creative workers to afford to remain in the city.

But as much as things have changed, the arts and the broader creative sector have only become more critical to New York City. While traditional economic drivers like finance and legal services have stagnated in recent years, several creative industries have been among the fastest growing segments of the city's economy. Employment in film and television production soared by 53 percent over the past decade, while architecture (33 percent), performing arts (26 percent), advertising (24 percent), visual arts (24 percent) and applied design (17 percent) all outpaced the city's overall employment growth (12 percent).[1]

Overall, New York City's creative sector—which by our definition includes ten industries: advertising, film and television, broadcasting, publishing, architecture, design, music, visual arts, performing arts and independent artists—employed 295,755 people in 2013, seven percent of all jobs in the city. Employment in the sector is up from 260,770 in 2003, a 13 percent jump.[2] Meanwhile, the city is now home to 14,145 creative businesses and nonprofits, up from 11,955 a decade ago (18 percent increase).[3]

Although the tech sector has grown more rapidly in recent years, and industries such as healthcare and retail have more jobs overall, the creative sector arguably provides New York with its greatest competitive advantage. In 2013, New York City was home to 8.6 percent of all creative sector jobs in the nation, up from 7.1 percent in 2003.[4] Of the city's 20 largest industries, none comprise a larger share of the nation's total jobs, including information (which accounts for 6.1 percent of national jobs), educational services (5.5 percent), real estate (5.4 percent) and finance and insurance (5.2 percent).[5]

While all this is cause for optimism, the continued growth of New York's creative sector is by no means assured. As we detail in this report, working artists, nonprofit arts organizations and for-profit creative firms face more intense challenges than ever before. At the same time, a growing number of cities—from Shanghai and Berlin to Portland and Detroit—are aggressively cultivating their creative economies and posing a legitimate threat to the Big Apple.

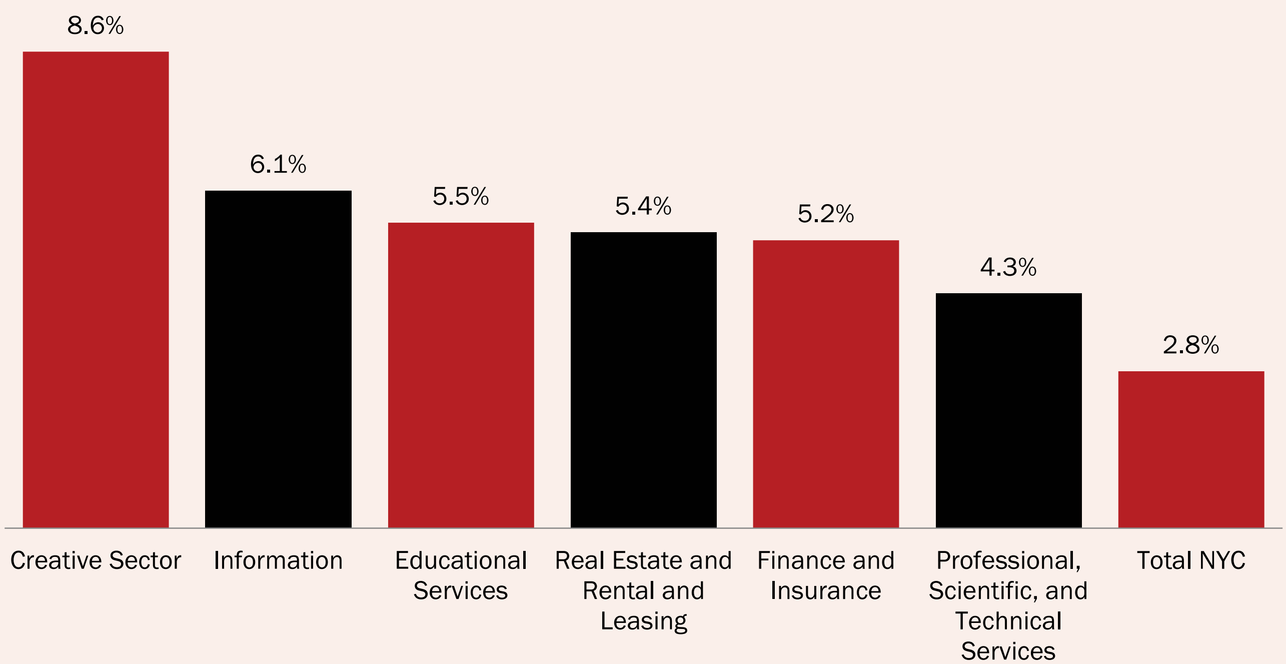
Coming ten years after the publication of our 2005 *Creative New York* study, this report takes a fresh look at the role of the arts and the broader creative sector in New York's economy, provides a detailed analysis of what has changed in the city's creative landscape over the past decade and documents the most pressing challenges facing the city's artists, nonprofit arts organizations and for-profit creative firms. The study was informed by interviews with more than 150 artists, writers, designers, filmmakers, architects and other creative professionals, as well as advocates, nonprofit administrators, donors and government officials. These firsthand accounts were supplemented with an analysis of Census, labor, tax and grant data in addition to a variety of surveys and research reports. In an important departure from other policy reports focusing on the arts—including the 2005 *Creative New York* study—we have also made a point to document the size and diversity of the arts in the city's immigrant communities. The report, which was generously funded by New York Community Trust, Robert Sterling Clark Foundation, Laurie M. Tisch Illumination Fund, Rockefeller Brothers Fund and Edelman—culminates with a new set of recommendations for how policymakers, philanthropy and the private sector can strengthen the city's nonprofit arts and for-profit creative sector.

For many in New York's creative sector, the last decade has been marked by growing affordability challenges. Legendary musicians and writers like Patti Smith, David Byrne, Moby and Fran Lebowitz have expressed pessimism about the future of the arts in this city and have even encouraged younger artists to look elsewhere before moving here. "There is no room [in New York] for fresh creative types," wrote David Byrne in a widely circulated 2013 opinion piece. "Middle-class people can barely afford to live here anymore, so forget about emerging artists, musicians, actors, dancers, writers, journalists and small business people."[6]

These are valid concerns. Nearly all of the 150 people in the arts and creative industries who were interviewed for this report cited affordability as a ma-

NYC's Biggest Competitive Advantage

The creative sector as we define it in this report has a bigger share of the nation's jobs than any other industry in the city.



Source: Economic Modeling Specialists International (EMSI) database, Bureau of Labor Statistics. This chart compares our definition of the city's creative sector, which combines industry employment with self- and occupational employment, to NYC's largest industries as identified by their two-digit NAICS codes.

jor threat to the vitality of the arts in New York. And there are numerous examples of artists and arts organizations opting to leave the city. Yet, our conclusion is that it is far too soon to write New York's obituary as a global creative capital.

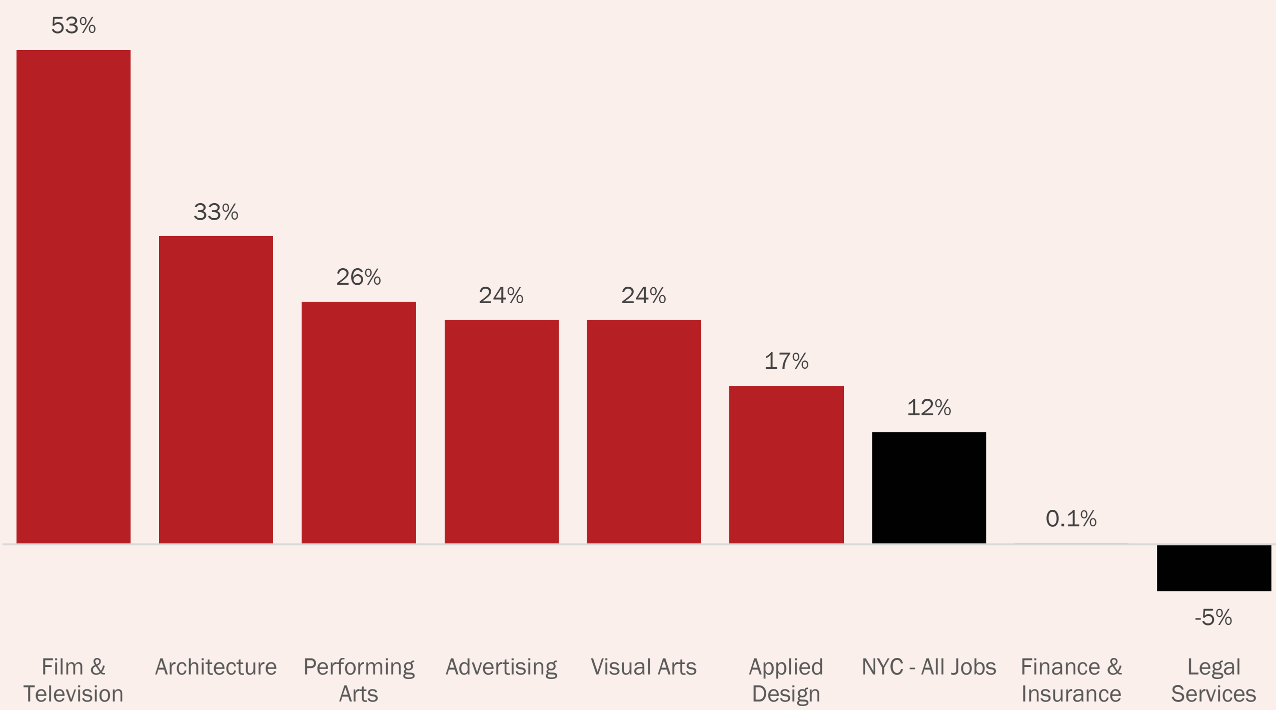
Over the last decade, the city's creative economy has grown impressively, outpacing both rival cities around the country as well as more traditional economic engines in New York, such as finance, insurance, real estate and legal services. For this report, we focused on both the traditional nonprofit arts and for-profit creative industries and combined several labor market sources to cover employees of creative organizations, self-employed creative workers and creative workers employed by organizations outside of the creative industries. While this allowed us to provide a more comprehensive picture of what many authors and analysts have called 'the creative economy,' our definition of that term (see methodology on pg. 13) is more conservative than most others and focuses on just a core of industries and occupations directly engaged in creative work.[7]

Our analysis shows that the city's creative workforce totaled 295,755 in 2013. This includes 216,110 workers employed at businesses and nonprofits in the ten industries that make up New York's creative core (visual arts, performing arts, advertising, architecture, broadcasting, design, film and video, music and publishing, and independent artists), 46,255 self-employed workers in creative industries and 33,390 creative workers employed in non-creative industries. Overall, the city's creative workforce is up 13 percent from 2003, when the total was 260,770.[8]

Both nonprofit and for-profit commercial industries experienced significant growth during this period. Of the ten industries constituting New York's creative core, six outpaced the city's overall 12 percent employment growth: film and television (53 percent), architecture (33 percent), performing arts (26 percent), advertising (24 percent), visual arts (24 percent) and applied design (17 percent). Of the 25 creative occupational

The Creative Engine

Creative industries have been among the fastest growing segments of NYC's economy over the last decade, outpacing traditional economic drivers such as finance and insurance and legal services.



Source: Economic Modeling Specialists International (EMSI) database

NYC's Creative Workforce: 2003-2013		
	2003	2013
Workers employed in businesses in creative industries	188,033	216,110
Self-employed workers in creative industries	44,111	46,255
Creative workers employed outside of creative industries	28,626	33,390
Total	**260,770**	**295,754**

Source: Economic Modeling Specialists International (EMSI) database

categories we examined—including dancers, directors, painters and make-up artists—15 experienced employment growth of 10 percent or more. For instance, the number of film and video editors in the city grew by 43 percent, architects 35 percent, actors 30 percent and curators 26 percent.

New York City has far and away more arts nonprofits than any other American city. In 2015, the five boroughs were home to 4,224 cultural nonprofits, versus 3,051 for L.A., 1,697 for Chicago, 1,068 for Washington, D.C. and 1,017 for Houston. The number of cultural organizations in New York City increased by 54 percent over the past decade.

All of this growth has reinforced New York's position as the nation's creative capital. In 2003, 7.1 percent of the national creative workforce was centered in the Big Apple. By 2013, that share had grown to 8.6

Where the Creative Jobs Are

County	Major City	2003	2013	Growth
Travis County, Texas	Austin	8,223	11,547	40%
Multnomah County, Oregon	Portland	8,759	10,657	22%
New York City		**188,033**	**216,110**	**15%**
San Francisco County, California	San Francisco	22,745	25,895	14%
Davidson County, Tennessee	Nashville	10,904	11,841	9%
Harris County, Texas	Houston	19,741	21,053	7%
Los Angeles County, California	Los Angeles	207,233	202,072	-2%
Suffolk County, Massachusetts	Boston	21,125	19,729	-7%
King County, Washington	Seattle	22,306	20,794	-7%
District of Columbia	Washington DC	31,788	28,802	-9%
Cook County, Illinois	Chicago	66,216	58,552	-12%
Miami-Dade County, Florida	Miami	20,671	18,049	-13%
Denver County, Colorado	Denver	11,998	10,081	-16%
Dallas County, Texas	Dallas	29,718	24,763	-17%
Maricopa County, Arizona	Phoenix	21,773	17,660	-19%
San Diego County, California	San Diego	20,873	16,787	-20%
Hennepin County, Minnesota	Minneapolis	22,826	17,722	-22%
Philadelphia County, Pennsylvania	Philadelphia	14,882	11,236	-24%

Source: US Department of Labor, Bureau of Labor Statistics. Quarterly Census of Employment and Wages.

percent, far higher than the city's 3 percent share of all jobs in the nation. The five boroughs are now home to 28 percent of the country's fashion designers, 14 percent of producers and directors, 12 percent of print and media editors and 12 percent of art directors. Amazingly, for every industry in the city's creative core, New York City's share of national jobs increased significantly from 2003 to 2013, including especially large jumps in film and television (11 percent to 15 percent), advertising (9 percent to 12 percent) and architecture (4.5 percent to 7.3 percent). Interestingly, the only two creative industries that experienced a decline in total jobs—publishing and music production—have seen an increase in the city's share of national employment, with New York recently surpassing Los Angeles to become the largest music industry cluster in the nation.

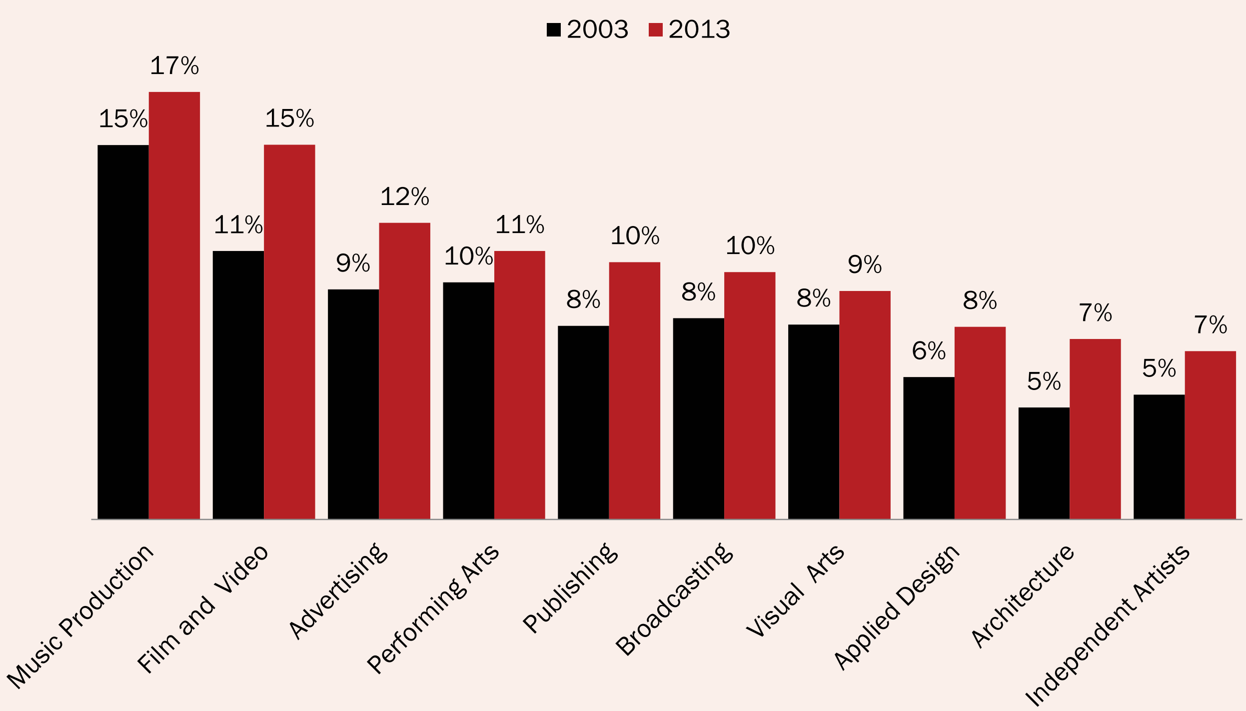
We also examined growth in creative business employment—workers employed at businesses and nonprofits in ten industries that make up the creative core—for New York City and 17 other U.S. cities/counties where there are at least 10,000 creative workers. Of those cities, only Austin (40 percent) and Portland (22 percent) saw greater growth than New York (15 percent) over the last decade. While both those cities are now considered creative meccas, it is telling that the growth in New York's creative business employment *alone* is 26 percent larger than the total creative business employment in both cities combined. For that matter, New York's growth is 8 percent larger than the total creative business employment in San Francisco, another creative rival.

In the past decade, New York City also overtook Los Angeles County as the largest creative business cluster in the United States. In 2003, L.A.'s creative business employment totaled 207,293, compared to 188,033 for New York. But in 2013, New York's total (216,110) exceeded L.A.'s (202,072).[9]

And it's not just employment and revenue that are growing. Whether it is film, fashion, theater, or architecture, many of those we interviewed described what could only be called a peak in the quality and diversity of productions. "Playwriting is in a golden age," says

NYC's Growing Share of National Creative Employment

In every creative core industry, New York City's share of national employment has increased since 2003.



Source: Economic Modeling Specialists International (EMSI) database. This chart measures New York City's share of the nation's business employment in the ten sectors of the creative core.

André Bishop, producing artistic director at Lincoln Center Theater. "When I started out at Playwright Horizons in the mid-1970s, there might have been five theaters outside of Broadway that did new work. Now there are many, many theaters in New York devoted to new plays."

In fashion, "the pool of talent in New York is bigger than it ever was, and more competitive," says Council of Fashion Designers of America (CFDA) chief executive officer Steven Kolb. "There's a pop culture status that never existed before."

In the last ten years, 21 New Yorkers have won Pulitzer Prizes in poetry, fiction, music and drama.[10] Of the 76 films nominated in the two documentary film categories (Short and Feature) between 2005 and 2012, 32 had a New York City-based director, and 35 had a producer based in the Big Apple.[11] The number of gallery spaces jumped from 1,138 to 1,384 citywide, and from 95 to 248 in Brooklyn, between 2004 to 2015.[12] Art and design festivals like Frieze, Fashion Week, the International Contemporary Furniture Fair and BKLYN Designs all host more shows and attract more attendees than ever before. New York's film and television industry, once plagued by "runaway" productions—films set in New York but shot elsewhere—is now booming. From 2002 to 2011, total spending by film and television productions in the city nearly doubled, from $2.3 billion annually to $4.5 billion, and the number of television shows rose from 41 to 91.[13]

NYC's Creative Workforce by Borough: 2003-2013

	2003	2013	Percent Change
Bronx	3,598	3,691	3%
Brooklyn	18,851	30,140	60%
Manhattan	220,185	242,496	10%
Queens	15,282	16,735	10%
Staten Island	2,853	2,694	-6%
NYC	**260,770**	**295,755**	**13%**

Source: Economic Modeling Specialists International (EMSI) database

The city is incubating new movements in street dance, fine art, site-specific immersive theater and storytelling—and cross-cultural, cross-disciplinary experimentation is as vital and omnipresent as ever. Four decades after its inception in the South Bronx and expansion across the globe, hip-hop has returned to New York to infiltrate fine art, high fashion and Broadway. Harlem-born rapper A$AP Rocky recently collaborated with Raf Simons, a top fashion designer, on a new clothing line. And Lin-Manuel Miranda's *In the Heights* and *Hamilton* introduced hip-hop to musical theater while collecting critical acclaim and popular success.

The economic impact of all this innovation and growth is enormous. As creative workers multiply and experiment and their companies grow, they spend more on support services and suppliers. This benefits thousands of ancillary businesses across the city, including lumber, equipment and catering companies, as well as manufacturers producing everything from clothing to furniture.[14]

New York's creative industries are also the single biggest draw for tourists, and thus a critical catalyst for growth in the city's hospitality sector.[15] In the last dozen years, the number of tourists visiting the city rose 60 percent, from 35.3 million in 2002 to 56.4 million in 2014. Foreign visitors more than doubled, from 5.1 million annually to 12.2 million, and the number of tourists visiting cultural institutions rose from 19 million to nearly 25 million.[16] Events like the biannual Fashion Week have attracted attendees from around the globe, generating $547 million in direct visitor spending and $887 million in total economic impact each year.[17]

The city's creative economy also drives growth in the tech sector. Tech entrepreneurs not only draw from the city's designers, photographers, authors and editors, but actually build on existing services in the creative fields, whether fashion (Warby Parker, Gilt Group), media (Buzzfeed, Vice) or advertising (AppNexus, Doubleclick). Though Etsy and Kickstarter, two rapidly growing platforms for selling and fundraising respectively, serve creative professionals working in cities around the world, New York-based artists and designers have done the most to prove the value of these new tools. A disproportionate share of the transactions on both sites has benefited New York-based artists and creative workers. Of all the money raised on Kickstarter, 14 percent—or $105 million over six years—has gone to New York City-based projects. This includes 32 percent of all funding in dance, 25 percent in theater, 20 percent in fashion and 19 percent in photography.[18] Meanwhile, there are more Etsy sellers from New York City than yellow cab drivers.

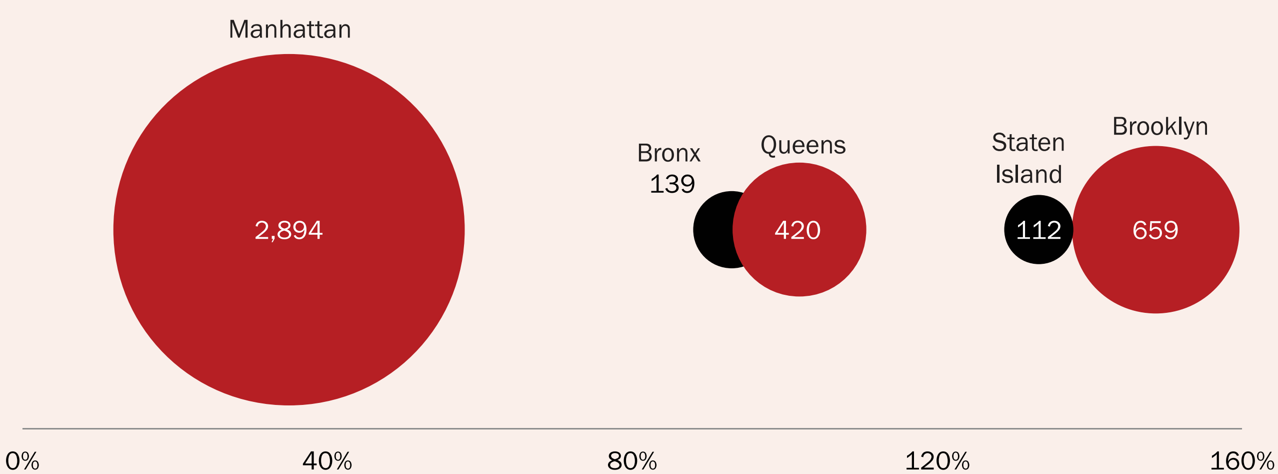
"Our core competitive advantage as a city is our ability to exploit the economics of creativity," says John Alschuler, chairman of HR&A Advisors, an economic development and real estate consulting firm. "Creativity in all kinds of different sectors is what drives New York."[19]

The arts and the broader creative economy has also provided a significant boost to many city neighborhoods, from Bushwick and Gowanus to Hudson Square and Long Island City. "The role the arts play in defining the urban landscape in New York is considerable," confirms Karen Brooks Hopkins, the long-serving president of the Brooklyn Academy of Music, who recently stepped down. "Arts employ thousands. Arts are the biggest tourist spend. Arts provide incredible educational resources. Arts build community. It's a powerful and positive tool."

More than ever before, all five boroughs now power the city's creative economy. From 2005 to 2015, the number of cultural nonprofits in Brooklyn rose by 149 percent (265 to 659), in Staten Island by 133 percent (48 to 112), in Queens by 102 percent (208 to 420), and in the Bronx by 93 percent (72 to 139).[20] And while Manhattan is still the undisputed anchor for creative business employment, with 82 percent of the city's creative jobs, the other four boroughs have seen enormous growth in small creative businesses and self-employed creative professionals. Between 2003 and 2013, the number of creative businesses in Brooklyn grew 125 percent, in the Bronx 99 percent and in Queens 50 percent. In Manhattan, creative businesses grew just 8 percent over the same period. Amazingly, Brooklyn even beat out Manhattan in the total number of new creative businesses created, with over 1,000 new establishments to Manhattan's 790.[21]

Nonprofit Boom

Cultural nonprofits multiplied in every borough from 2005 to 2015. While the majority are located in Manhattan (2,894 in 2015), the fastest growth was in Brooklyn, Staten Island and Queens.



Source: National Center for Charitable Statistics. Includes only "active" nonprofits (i.e. those that are both registered and filed a Form 990 within the last 24 months).

“[Creative businesses] have been crucial to the renaissance Brooklyn has experienced over the past decade. Collectively, they have been the driving force behind our borough’s economic success.”

Creative businesses “have been crucial to the renaissance Brooklyn has experienced over the past decade,” says Carlo Scissura, president and CEO of the Brooklyn Chamber of Commerce. “Collectively, they have been the driving force behind our borough’s economic success.”

In some respects, the arts in 21st century Brooklyn, Manhattan and Queens may have become a bit too successful. New galleries and studios have more often than not brought chain stores and luxury condo developments in their wake, in some people’s eyes compromising not just affordability but neighborhood character. At times these newer developments seem to push out the very places that lured the new development to them in the first place. We identified at least 24 music venues (including seven in Williamsburg) and 310 art galleries that have closed their doors since 2011, mainly due to changing neighborhood characteristics and increasing rents. And, since 2005, 22 performing arts theaters have moved or shut down for similar reasons.[22]

Even though chain stores have spread rapidly in all five boroughs and cherished institutions like the Roseland Ballroom and Galapagos Art Space, not to mention Pearl Paint and Penn Books, have been lost, New York has not yet become a monoculture. During the halcyon days of Max’s Kansas City, The Factory and CBGB in the early 1970s, only 18 percent of the city’s population was foreign-born and 36 percent non-white. Today, nearly 40 percent are foreign-born and 67 percent non-white.[23] This diversity has enriched the city’s creative ecosystem.

In this report, we’ve documented the growth of the immigrant arts in New York and found flourishing communities in all five boroughs. They include Ghanaian cultural festivals and Kandyan dance troupes on Staten Island, a Garifuna folkloric and modern dance company in the Bronx, an all-female Chassidic indie rock band in Brooklyn and Terraza 7, a Latin American venue in Queens where jazz musicians jam with traditional artists from Mexico, Colombia and Peru. All of these and many more launched in the last decade.

According to our analysis, the city is home to nearly 200 cultural nonprofits dedicated to different immigrant traditions and ethnicities. Among major American cities, only Los Angeles (with 145) has even half as many.[24] In total, 49,000 immigrants in New York are employed in creative occupations. These New Yorkers account for an astounding 14 percent of all foreign-born creative professionals in the United States.[25]

Still, despite all this economic growth and diversity, and the flourishing of new styles and methods, the future of the arts in this city cannot be taken for granted. Continued growth is not guaranteed, especially now that other cities are investing in their creative sectors, whether in arts districts or fairs like Miami’s Art Basel. Robust communities of artists are flourishing in L.A., Austin, Portland, Nashville and Detroit, not to mention Montreal, London and Berlin.

The appeal of other creative hubs is no mystery. Compared to its peers around the nation, New York City is crushingly expensive. Housing costs in Manhattan exceed those in Nashville by 473 percent, Austin by 401 percent, Philadelphia by 225 percent, Portland by 173 percent and L.A. by 114 percent. In Brooklyn, once an affordable refuge, real estate costs have now surpassed all locations but San Francisco and Manhattan.[26] "The speed at which rents are rising, there won't be any artists here in 20 years," says playwright and puppeteer Robin Frohardt. "People can keep spreading out to Queens or the Bronx, but ultimately they want to live in a hub with a community of artists. If everyone is living on the outskirts it won't be as intense of a culture."

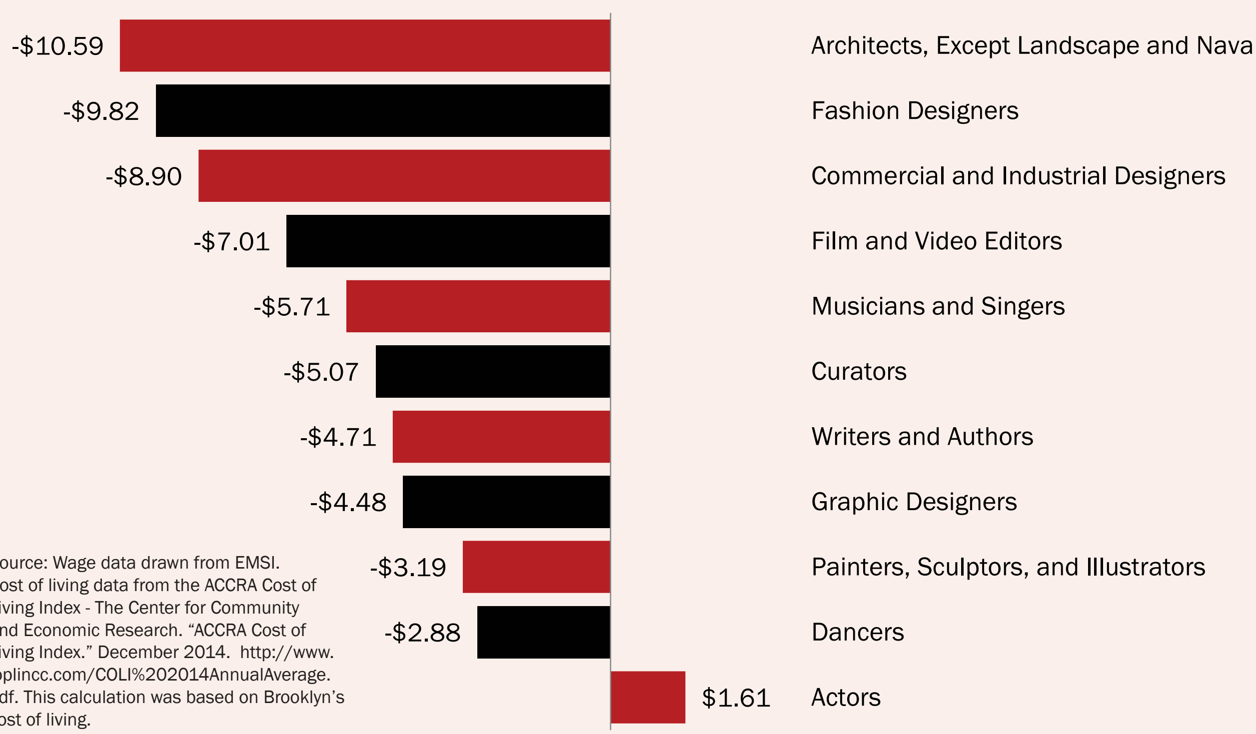
Analyzing median hourly wages for the creative occupations identified in this report, we found that New York's creative workers earned 44 percent more than the national average. However, when this is adjusted for the city's high cost of housing, food, transportation and healthcare, the median hourly wage becomes 15 percent *less* than the national average. And while it is widely believed that for-profit creative workers are thriving in New York as nonprofit artists struggle, the largest wage gaps are actually in the commercial sector. When factoring in a Brooklyn cost of living adjustment, New York architects are paid $10.59 less per hour than the national average for the profession. The gap for fashion designers (-$9.82), industrial designers (-$8.90), multimedia artists and animators (-$7.66) and film editors (-$7.01) is also large.[27]

As we detail in the report, many of the affordability issues are magnified by other obstacles, including mounting student debt among artists and creative workers and the prevalence of unpaid internships in creative fields. In addition, there are a host of other challenges facing the city's creative sector.

One key challenge has been declining government support for the arts. Though the city government dramatically increased capital spending on cultural groups between 2003 and 2013, programmatic support from the city, state and federal governments has dropped. Since the financial crash in 2008, city support for the 33 members of the Cultural Institutions Group (CIG) fell by 11 percent (21 percent in inflation adjusted dollars). Programmatic grants for city cultural organizations fell by 6 percent during this time, but by 16 percent when adjusted for inflation. Over the same period,

New York City's Wage Gap

When adjusted for the city's high cost of living, the median hourly wage for creative workers in NYC is less than the median for the country. Actors are the only exception.



Source: Wage data drawn from EMSI. Cost of living data from the ACCRA Cost of Living Index - The Center for Community and Economic Research. "ACCRA Cost of Living Index." December 2014. http://www.joplincc.com/COLI%202014AnnualAverage.pdf. This calculation was based on Brooklyn's cost of living.

federal NEA funding to New York City declined by 4 percent (15 percent, inflation adjusted) and New York State Council on the Arts (NYSCA) funding decreased by 29 percent (37 percent, inflation adjusted).

Declining government support has left cultural organizations in the city more dependent on private philanthropy, a source that some can exploit better than others. Larger cultural institutions with well-staffed development departments, expensive fundraising software and extravagant galas can attract wealthy board members and generous donations. Small and mid-sized institutions, particularly those in immigrant and minority neighborhoods, meanwhile, have had a difficult time filling the gap.

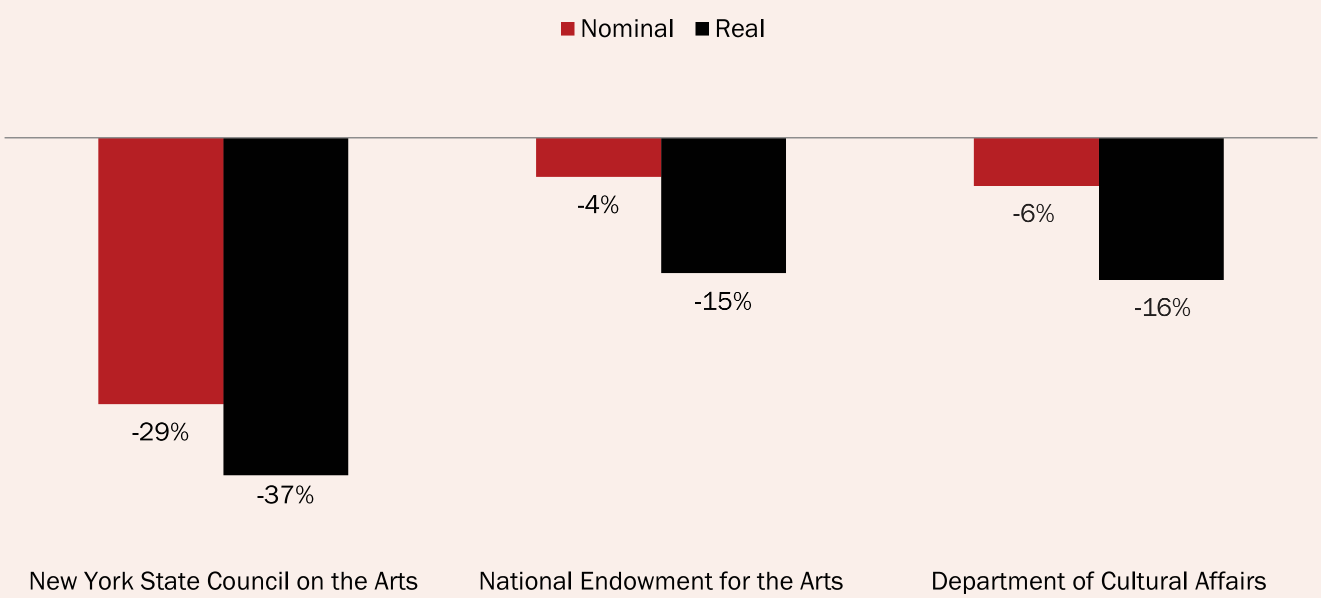
Indeed, this report shows that while New York's cultural sector is strengthened by the presence of so many small and mid-sized arts organizations, a number of these groups lack the tools to reach new audiences and many are struggling to survive. Many of the city's smallest cultural nonprofits—including a number of the city's ethnic arts groups—are run by volunteers and have a difficult time establishing and managing their nonprofit status, challenges that make it difficult to apply for government grants. Our research suggests that the city's mid-sized cultural organizations face even greater threats. We identified 14 mid-sized performance institutions whose operating revenue in 2012 didn't cover their expenses.

A lack of diversity in the creative sector is another issue that needs to be addressed. In a majority-minority city, it is problematic that just 29 percent of New Yorkers employed in creative occupations—and only 28 percent of visual artists, 27 percent of performing artists and 19 percent of writers and editors—are non-white.

There are already encouraging signs that Mayor de Blasio and his administration will tackle some of these critical issues. In his first year and a half in City Hall, the mayor has announced new initiatives to create housing units and workspaces for artists, increase diversity in the arts and support the fashion industry. Meanwhile, the City Council recently passed leg-

Government Retreat

Since 2008, federal, state and city grants for NYC cultural programming has declined significantly in inflation adjusted dollars.



Source: DCLA; NYCSA; NEA. DCLA's FY2008 programmatic grants included a one-time $2.5 million allocation as a "Safety Net for Line Item Reform."

islation mandating the development of the city's first comprehensive Cultural Plan.

But given how important the arts and the broader creative sector are to the city's economic growth and the vitality of its neighborhoods, Mayor de Blasio and other policymakers at the city and state level will need to do even more to address the mounting threats facing New York's artists, arts organizations and creative industries. To that end, this report concludes with over 20 achievable recommendations for government, cultural and philanthropic leaders to strengthen the creative sector. These include: new revenue sources for artists, arts institutions and arts education, drawn from the hotel tax, the billboard tax and a new creative schools fund; strategies for addressing affordability, such as developing cheap studio and performance spaces in underutilized public buildings, including state-owned psychiatric hospitals, and expanding artist residencies at senior centers, public libraries, churches, and homeless shelters; community development initiatives that make creative use of tax and development incentives to strengthen arts organizations and arts districts, especially in the boroughs outside of Manhattan; a work-study program that provides municipal jobs for arts, film and design students; and dedicated funding pools for mid-sized organizations and artist collectives.

METHODOLOGY

In this report, the term 'creative sector' or 'creative economy' refers to industries in which the creative element is central to what they produce. It includes individuals as well as commercial and nonprofit businesses involved in all stages of the creative process, from conception through production to presentation. Our estimate of nearly 300,000 total creative workers is more conservative than most. It excludes online publishing firms, for instance, because the Bureau of Labor Statistics combines this category with online search engines. It also excludes a host of ancillary or closely related industries such as public relations, book and newspaper wholesaling, jewelry wholesaling, apparel manufacturing, and furniture manufacturing, among other sectors.

According to our definition, New York City's creative core consists of ten industries, including advertising, film and television, broadcasting, publishing, architecture, design, music, visual arts, performing arts and independent artists, writers and performers, as well as 25 occupations, including architects, landscape architects, art directors, craft artists, fine artists, multimedia artists and animators, artists all other, commercial designers, fashion designers, graphic designers, interior designers, set and exhibition designers, designers all other, actors, producers and directors, dancers, choreographers, music directors and composers, musicians and singers, editors, writers and authors, photographers, film and video editors, and makeup artists. We relied on the North American Industry Classification System (NAICS) and the Standard Occupational Classification System (SOC) to identify all of these industries and occupations. In our 2005 *Creative New York* report we didn't include seven of these occupations (landscape architects, curators, craft artists, artists all other, designers all other, music directors and composers, and makeup artists) as well as one sub-industry in fine arts (fine arts schools). Otherwise we adhered closely to our methodology in that report.

In order to capture all employees of creative industry businesses, all employees in creative occupations outside of creative industry businesses and all of those who are self-employed creative workers without double counting, we relied on Economic Modeling Specialists International (EMSI), a leading provider of employment data and economic impact analyses. EMSI's proprietary estimation process uses data from the Bureau of Labor Statistic's Quarterly Census of Employment and Wages (QCEW) and the Occupational Employment Survey (OES). In addition to EMSI, our report draws heavily from the Cultural Data Project and the Census Bureau's American Community Survey (ACS). Census occupations include architects; designers; fine artists; photographers; actors; producers and directors; dancers and choreographers; musicians; editors; and writers.

RECOMMENDATIONS

After an unprecedented investment in cultural capital projects and a strong emphasis on promoting tourism during the Bloomberg administration, Mayor de Blasio is taking steps to ensure that opportunities to produce and consume culture in New York are broadly shared and that working artists and creative professionals can afford to live and work here. But there is a lot more to be done. To that end, we propose more than 20 steps that the de Blasio administration can take to address and ultimately overcome the chief obstacles documented in this report.

Real Estate Affordability

- Build on successful models for providing affordable work and rehearsal spaces for artists
- Develop affordable housing for artists
- Provide more support for collaborative working spaces
- Preserving office space and second floor retail for creative businesses and artist studios
- Leverage state real estate assets, including old psychiatric centers and hospitals, to address workspace affordability challenges

Government Funding and Support

- Increase funding for cultural organizations by establishing new, dedicated revenue sources
- Target mid-sized organizations for funding and make it possible for more organizations to share expensive back-office resources
- Strengthen the cultural capital program
- Do more to incorporate high quality architecture and design services in civic projects
- Make the federal income tax code less punitive to creative workers
- Subsidize electricity rates for nonprofit performance venues
- Create a revolving loan fund for theater productions
- Develop a broad advocacy coalition

Economic and Community Development

- Invest in creative sector innovation districts
- Develop a strategy to support exports and foreign direct investment in the arts
- Appoint a chief creative officer in the Mayor's Office and take other steps to coordinate investments in the creative economy as a whole
- Create an MBA-style boot camp for cultural nonprofit administrators
- Leverage artists and arts organizations for broader community development goals
- Encourage art performances and art programming in public buildings, plazas and parks

Diversity and Inclusivity

- Take steps to ensure a more diverse creative sector
- Help young creative workers tackle student debt and access meaningful internships and apprenticeships.

Total Workers in NYC's Creative Industries: 2003 and 2013							
Industry	**Industry**	**2003**			**2013**		
		Business	**Self-Employed**	**Total**	**Business**	**Self-Employed**	**Total**
Publishing	Newspaper Publishers	9,610	734	10,344	7,999	383	8,383
	Periodical Publishers	27,953	1,138	29,092	22,284	1,164	23,448
	Book Publishers	12,344	831	13,175	11,368	700	12,068
	Other Publishers	698	325	1,023	461	250	711
Film & Television	Motion Picture and Video Production	19,277	3,355	22,632	32,563	4,387	36,951
	Motion Picture and Video Distribution	855	157	1,011	695	102	797
	Postproduction Services and Other Motion Picture and Video Industries	2,380	617	2,997	2,349	702	3,051
Music Production	Record Production	444	189	634	197	137	334
	Integrated Record Production/Distribution	1,660	99	1,759	1,039	101	1,140
	Music Publishers	637	295	931	637	173	809
	Sound Recording Studios	793	586	1,379	527	439	966
	Other Sound Recording Industries	257	116	373	329	83	412
Broadcasting	Radio Broadcasting	2,327	744	3,072	3,305	635	3,940
	Television Broadcasting	16,079	252	16,331	13,743	215	13,958
	Cable and Other Subscription Programming	7,807	218	8,025	9,483	100	9,583
	News Syndicates	1,005	19	1,024	3,299	-	3,299
Architecture	Architectural Services	9,727	1,319	11,046	13,342	1,334	14,676
	Landscape Architectural Services	390	73	463	478	102	580
Applied Design	Interior Design Services	2,451	2,389	4,841	2,993	2,551	5,544
	Industrial Design Services	312	363	675	414	360	774
	Graphic Design Services	4,924	3,723	8,646	5,116	3,978	9,094
	Other Specialized Design Services	2,118	1,064	3,182	3,440	1,463	4,904
	Photography Studios, Portrait	743	239	983	1,178	467	1,646
	Commercial Photography	1,560	219	1,779	1,300	350	1,651
Advertising	Advertising Agencies	31,813	971	32,784	40,477	915	41,391
	Outdoor Advertising	934	151	1,084	1,612	127	1,738
	Direct Mail Advertising	1,267	170	1,437	892	114	1,006
	Other Services Related to Advertising	962	462	1,424	1,030	280	1,311
Performing Arts	Theater Companies and Dinner Theaters	8,582	351	8,934	10,282	529	10,811
	Dance Companies	2,479	75	2,554	2,693	142	2,835
	Musical Groups and Artists	2,261	353	2,614	1,800	607	2,407
	Other Performing Arts Companies	48	44	93	295	45	340
Visual Arts	Art Dealers	2,118	255	2,373	2,702	348	3,050
	Museums	5,317	163	5,480	6,470	198	6,668
	Fine Arts Schools	3,666	1,012	4,678	5,865	1,473	7,338
Other	Independent Artists, Writers, and Performers	2,230	21,042	23,272	3,450	21,300	24,750
	Total Workers in Creative Industries	188,033	44,111	232,144	216,110	46,255	262,365

Creative Workers Employment: 2003 and 2013				
Industry	2003		2013	
	Total Employment	Total Employment Working Outside Creative Industries	Total Employment	Total Employment Working Outside Creative Industries
Architects, Except Landscape and Naval	5,299	1,145	7,152	1,276
Landscape Architects	309	117	342	121
Curators	810	484	1,020	612
Art Directors	6,633	1,535	7,697	2,029
Craft Artists	1,454	222	1,309	212
Fine Artists, Including Painters, Sculptors, and Illustrators	1,534	272	1,654	302
Multimedia Artists and Animators	4,101	596	4,426	691
Artists and Related Workers, All Other	571	134	564	165
Commercial and Industrial Designers	1,894	927	1,982	820
Fashion Designers	6,262	5,557	6,200	5,244
Graphic Designers	14,516	4,902	15,790	5,208
Interior Designers	4,205	597	4,882	648
Set and Exhibit Designers	980	223	1,226	262
Designers, All Other	406	182	464	202
Actors	5,261	574	6,814	738
Producers and Directors	12,284	1,135	15,636	1,536
Dancers	1,158	232	1,432	321
Choreographers	147	58	132	51
Music Directors and Composers	1,834	1,018	2,047	1,107
Musicians and Singers	8,473	2,119	9,632	2,456
Editors	15,518	2,478	15,981	3,779
Writers and Authors	9,819	2,137	10,700	2,770
Photographers	5,150	1,782	6,483	2,609
Film and Video Editors	2,458	133	3,513	139
Makeup Artists, Theatrical and Performance	355	68	475	91
Other	2,230	21,042	3,450	21,300
Total	111,432	28,626	127,551	33,390

A DECADE OF CHANGE

Neighborhood changes, rising rents and technology spark anxiety and excitement

Job growth aside, New York's creative sector is undergoing tremendous change. Technological upheaval and rising rents have provoked deep anxiety in the creative world. For some, these changes spur innovation and an opportunity to bypass traditional gatekeepers; for others, they represent an existential threat.

As rents rise, communities are displaced, venues shutter, art markets overheat and income disparities between the Jeff Koonses and the Bushwick collagists grow, many question whether New York will remain a viable place for young and mid-career artists and creative professionals to live, work and experiment. This pessimism has been amplified by a number of obituaries for the New York cultural scene. In October 2013, David Byrne warned of its imminent collapse. Four months later, Moby penned his goodbye.

Of the 150 curators, designers, filmmakers, architects, advocates, administrators and donors we interviewed for this report, nearly everyone cited real estate pressures as the primary threat to New York's cultural economy. While rents have risen across the city, they have increased most sharply in neighborhoods closely associated with creative workers. Over the last dozen years, rents rose in Williamsburg by 76 percent (inflation adjusted), in Bushwick by 50 percent, in Bedford-Stuyvesant by 47 percent and on the Lower East Side by 43 percent.[28]

Because artists and other creative professionals depend on one another for inspiration, collaboration, referrals, feedback and camaraderie, they thrive in a densely networked community and need spaces where they can interact with other artists and performers. Some artists fear that these communal spaces are disappearing. "Older artists and younger artists used to live in the same areas, often near performing arts venues," says writer and curator Andy Horwitz. "They would run into each other in the halls of these venues or at a café. Now all of those conversations have gone away because there are no physical places to meet each other by accident."

Since 2011, at least 24 music venues have closed, with venues in Williamsburg being the hardest hit. We have identified over 300 gallery closures in the last four years and 22 performing arts theaters in the last decade.[29] Most artists were priced out of Chelsea a decade ago. The galleries may soon follow. The geographic decoupling of living, studio and presentation space is not just an inconvenience for artists but can also threaten their creative development and innovation. "Having artists live in proximity to the galleries enhances everything," says Anne-Brigitte Sirois, director of real estate development for Art State LLC, a Manhattan-based firm that advances the development of arts spaces. "They can see what other artists are doing and avoid repetition. They can go to an art bar at night and mingle with the art dealer. That's what you had in SoHo in the '70s and '80s. It gave birth to significant art movements. Today, it's much more fragmented."

It's not just the closing of music venues, galleries and studios that breeds anxiety, but what replaces them. In the 1990s, it was the specter of Disney taking over Times Square. In the 2000s, Starbucks became the new bogeyman. Today, it's hipsters opening boutique clothing stores, Jazz-Age cocktail bars and artisanal ice cream parlors. Monoculture and monotony are the twin dangers, threatening to eradicate the diversity and inventiveness so critical to a healthy creative ecosystem.

This is without question a major concern. Formerly vibrant and affordable artist enclaves in the East Village, the Lower East Side, Long Island City and Williamsburg have been compromised by high real estate prices that only corporate retail and luxury homebuyers can afford. Many believe that Gowanus and Bushwick are rapidly following the same pattern. But, in at least one important sense, New York City has not yet become a monoculture. Ethnically and culturally it is more diverse than it's been in decades, with immigrants accounting for nearly 40 percent of the city's population and non-whites accounting for 67 percent.

Recent Gallery Closures

311	78
identified in NYC	identified in West Chelsea

In the gritty 1970s, when Patti Smith was playing at CBGB's and 112 Greene Street was a popular exhibition space for artists, the city was just 18 percent foreign-born and 36 percent non-white.

Moreover, the growth and diversity of the creative sector are reinforcing New York's status as a hotbed for innovation. While Michelle Dorrance's eclectic choreography and electronic dance boards reinvigorate tap, central Brooklyn teens are merging Jamaican and American dance traditions to create entirely new forms, Flexing and Bone Breaking. Playwrights Branden Jacobs-Jenkins, Annie Baker, Young Jean Lee and Robert O'Hara are experimenting with new themes and stagings, while collecting multiple Pulitzers, Obie Awards and Guggenheim Fellowships. MoMA curator Paola Antonelli is introducing digital design to the modern art cannon, while Thelma Golden, director of The Studio Museum in Harlem, has curated a number of ground-

24 RECENT MUSIC VENUE CLOSURES

285 Kent
B.P.M.
Brooklyn Rod & Gun Club
Canal Room
Death by Audio
Don Hill's
Emet
Glasslands
Kenny's Castaways
Lenox Lounge
Lulu's
Monster Island
Motor City Bar
Rodeo Bar
Roseland Ballroom
Southpaw
St. Jerome's
Sullivan Hall
The Back Fence
The Douglass Street Music Collective
The Living Room
The R Bar
The Wreck Room
Zebulon

Source: Various news sources

22 RECENT THEATER CLOSURES

29th Street Theatre
78th Street Theatre Lab (2nd Fl.)
Actors Playhouse
Bowerie Lane Theatre
Center Stage
Collective Unconscious
Common Basis Theatre
Creative Place Theatre
Douglas Fairbanks Theatre
Emerging Artists Theatre
Greenwich Street Theatre
Intar Theatre on 53rd Street
Manhattan Theatre Source
Michael Weller Theatre
Ohio Theatre
Perry Street Theatre
Studio Dante
The Living Theatre
Theatre1010
Variety Arts Theater
Village Gate Theatre
Zipper Factory

Source: New York Innovation Theater Awards: http://www.nyitawards.com/news/newsitem.asp?storyid=78 breaking exhibitions introducing the genre of Post-Black Art. The Moth has elevated the art of storytelling, hosting competitions and exhibitions throughout New York and the country. And the marriage of high art and high cuisine is evident at the biennial Umami Food & Art Festival, Rirkrit Tiravanija and Jennifer Rubell's participatory installations, Action Bronson's DJ and pizza-making performances, Monkeytown, a fine dining experience inside a cube of film projection screens, and Serenade, a play staged in the basement of an historic West Village restaurant.

Beyond growth, innovation and change are the defining characteristics of New York's creative sector over the last decade. Technological advances and real estate pressures have transformed the funding, production and presentation of creative work. Across all stages of the creative process, activity has dispersed, with studios, offices, rehearsal spaces, performance venues and galleries sprouting up across the five boroughs. Below, we grapple with these changes and their ramifications for the city's larger cultural ecosystem.

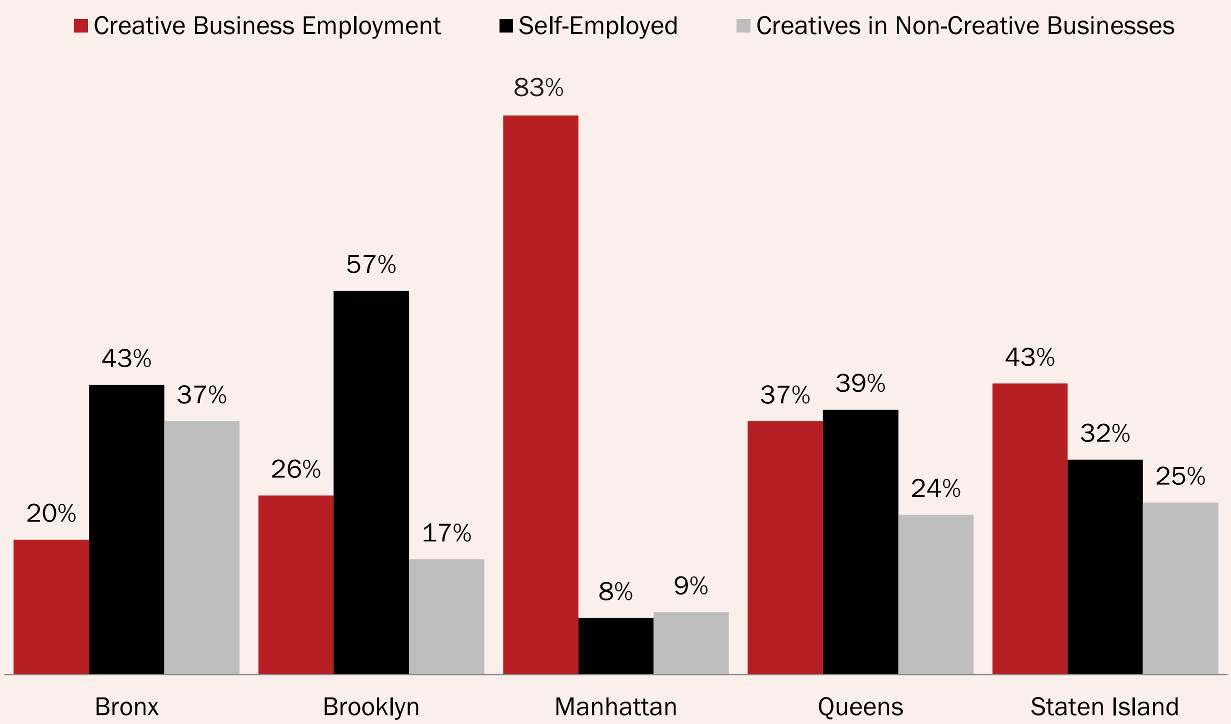
Out of Manhattan

With 95 percent of creative business employment located in Manhattan, it remains the undisputed center of the city's creative sector. But while the largest advertising, publishing and theater companies are anchored on the island, creative start-ups are sprouting throughout the five boroughs. The number of creative businesses located outside of Manhattan rose from 1,596 in 2003 to 2,994 in 2013, reducing Manhattan's share of creative businesses from 87 percent to 79 percent.[30]

In Brooklyn, the number of creative firms leapt from 815 to 1,831, a 125 percent increase. The largest jumps were in film and television (91 to 312), architecture (77 to 190), applied design (242 to 526) and the performing arts (91 to 182). Queens also saw an influx of new firms, growing from 573 to 859 businesses, an increase of 50 percent. The number of creative firms

Borough Breakdowns

The creative ecosystem varies considerably by borough. While 92 percent of Manhattan creative sector employees work inside firms, 57 percent of Brooklyn creative employees are self-employed.



Source: Economic Modeling Specialists International (EMSI) database nearly doubled in the Bronx (68 to 135), while rising by 21 percent in Staten Island (140 to 169) and by 8 percent in Manhattan (10,359 to 11,151). [31]

The move away from Manhattan is even more pronounced among freelancers and entrepreneurs. The Manhattan creative sector is still a traditional, professional, employee-employer ecosystem, where 82 percent of people work in creative businesses and another 9 percent have creative occupations but work in non-creative businesses. In the other boroughs, however, the creative sector is more centered around entrepreneurs and freelancers. In Brooklyn, self-employment accounts for 57 percent of creative employment, with the Bronx at 43 percent, Queens 39 percent and Staten Island at 32 percent.

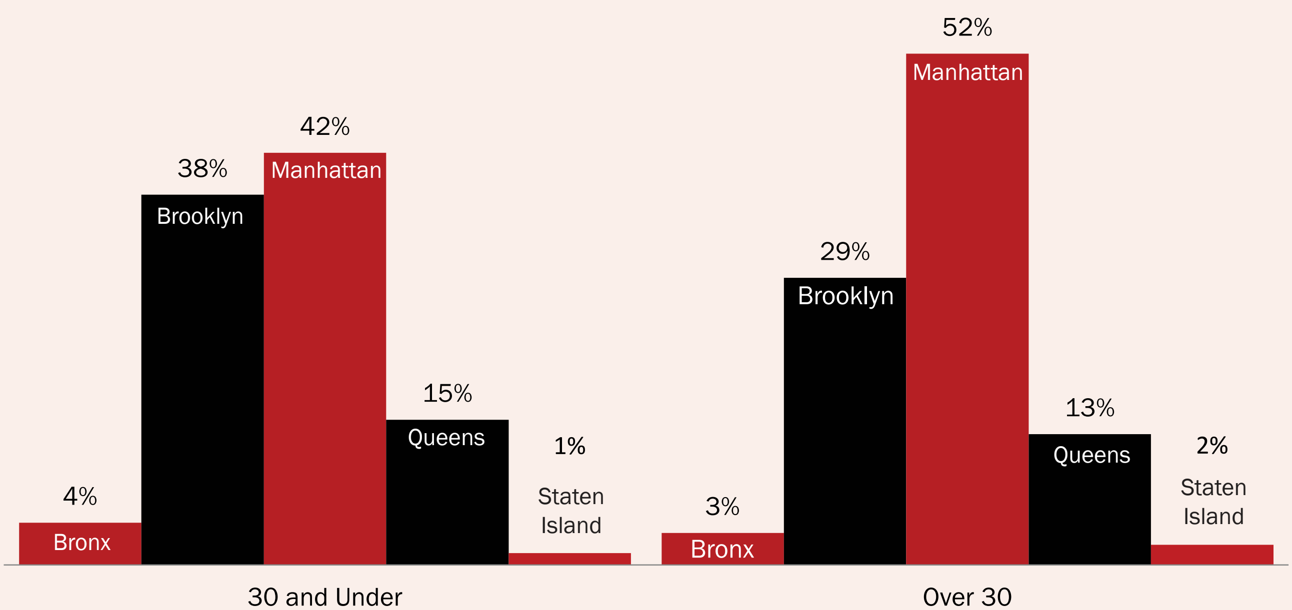
The migration of creative self-employment over the last decade has been remarkable. While self-employment in creative occupations fell by 18 percent in Manhattan, from 19,375 in 2003 to 15,964 in 2013, it rose by 53 percent in Brooklyn, 16 percent in Queens and 15 percent in the Bronx and Staten Island. In 2013, Brooklyn represented 36 percent of creative self-employment in New York, up from 25 percent in 2003.

The rise in self-employment and new creative businesses outside of Manhattan is closely tied to residential patterns. As rents rise, artists move farther from the traditional creative core, opening new venues and creating new opportunities as they resettle. "For artists, what we're talking about is a low-income population," says Sheila Lewandowski, co-founder and executive director of the Chocolate Factory in Long Island City. "They're forced to move deeper and deeper into the boroughs. But what's nice about the community is they're creating new spaces where they live, at least temporarily. They get a cheap studio, they show fellow artists, and they start having performances or exhibits."

Galleries have been popping up throughout Brooklyn, particularly in neighborhoods populated by young artists. The number of galleries in the borough rose from 95 in 2004 to 248 in 2015, with Bushwick (63), DUMBO (43), Williamsburg (43) and Greenpoint (31) leading the way. Only Williamsburg has seen a decline in recent years, falling from a peak of 71 in 2011 to 43 in 2015. Manhattan, meanwhile, has experienced a decline in gallery spaces, falling from 1,182 spaces in 2008 to 1,095 today. This aggregate figure, however,

Where do NYC's Young Creative Professionals Live?

Creative workers under 30 are more likely to live in Brooklyn and Queens than Manhattan.



Source: American Community Survey 2010-2012 masks a significant shuffle between neighborhoods, as the number of galleries on the Lower East Side rose by 147 percent (86 to 212), but fell by 20 percent in West Chelsea (361 to 287) and 43 percent in SoHo (139 to 79).[32]

The spread of creative talent and cultural consumers throughout the five boroughs has slowly changed the performing arts landscape as well. While 72 percent of New York music venues are located in Manhattan (1,841 in total), both Brooklyn (467) and Queens (227) have substantial offerings.[33] Meanwhile, small experimental venues like the Chocolate Factory in Long Island City, The Bushwick Starr in Brooklyn and the Bronx Academy of Arts and Dance are showcasing cutting edge work in theater, dance and multimedia. From 2005 to 2015, the number of active[34] cultural nonprofits rose by 149 percent in Brooklyn (265 to 659), 133 percent in Staten Island (48 to 112), 102 percent in Queens (208 to 420), 93 percent in the Bronx (72 to 139) and 35 percent in Manhattan (2,144 to 2,894).[35]

These new galleries, music venues and nonprofits—in addition to hundreds of other, unincorporated groups and venues—are often initiated by young artists. Do-It-Yourself spaces in Bushwick like Silent Barn, Suburbia and Palisades, for instance, were all started by 20- and 30-somethings.

As New York continues to attract the next generation of artists and creative professionals—the number of creative workers 30 and under grew by 16 percent between 2007 and 2012—most settle in the boroughs outside of Manhattan. Among the 30 and under group, 42 percent live in Manhattan, 38 percent in Brooklyn and 15 percent in Queens. For those creative workers who are over 30, the distribution is much more skewed, with 52 percent residing in Manhattan, 29 percent in Brooklyn and 13 percent in Queens. With the recent influx of artists and other creative professionals to Brooklyn and Queens, the percent of all city creative workers living in Manhattan fell below 50 percent for the first time in 2012. According to the 2010-2012 American Community Survey, the city's overall distribution of creative residents is as follows: Manhattan, 49 percent; Brooklyn, 32 percent; Queens, 14 percent, Bronx, 4 percent; Staten Island, 2 percent.

Changes in Funding

The funding landscape in New York is in flux: government spending is declining, individual giving is rising, foundations are reevaluating their grant programs, and crowdsourcing is providing new funding streams for individual artists. This upheaval has been both dramatic and traumatic, benefitting large organizations and individual artists, while leaving others to struggle.

Though government funding has been in decline for decades, the Great Recession rapidly accelerated this trend. New York City cultural organizations received $24.1 million from the New York State Council on the Arts (NYSCA) in 2009 and just $21.2 million in 2015; that is a 12 percent drop in nominal dollars and a 20 percent drop when the grant amounts are adjusted for inflation. Funding from the National Endowment of the Arts (NEA) fell even more dramatically over this period, with New York City-based arts groups receiving $21.6 million in 2009 and just $14.5 million six years later; that is a 33 percent drop in nominal dollars and a 40 percent drop when the funding levels are adjusted for inflation. As government support falls, cultural organizations grow increasingly dependent on individual contributions. "Board members have become so critical," confirms LaRue Allen, executive director of the Martha Graham Dance Company. "Organizations live or die by what their boards can do."

This benefits some cultural nonprofits, while damaging others. Large organizations with well-staffed development departments, expensive fundraising software and extravagant galas can attract wealthy board members and generous donations, while small and mid-sized institutions find themselves in a more precarious position.

Traditionally, the vast majority of all cultural funding has gone to organizations rather than individual artists, although organizations sometimes re-grant money to individuals. As institutional support grows more uncertain and new funding streams emerge, however, individual artists are starting to sustain themselves in innovative ways. According to Jennifer Wright Cook of The Field, which provides services to arts organizations and artists, these individuals aren't looking for big reviews in the *Times* or grants from nonprofits. "They're getting bloggers and off-the-beat art critics," she says, "and they're doing Kickstarter campaigns to get their work done."

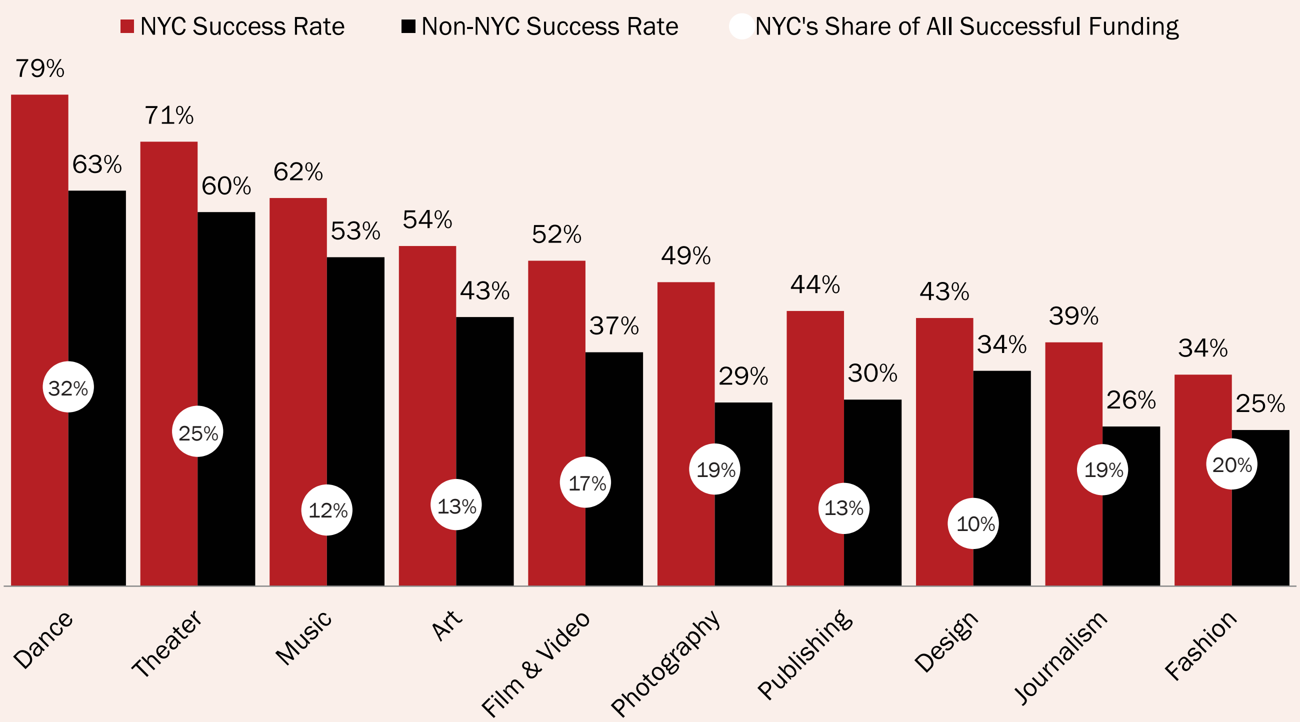
Crowdfunding has altered the funding terrain profoundly by allowing individual artists and designers to solicit funds directly from fans, patrons, friends and family. Since its launch in April 2009, New York-based creative projects raised $105.3 million on Kickstarter, 2 percent more than city cultural organizations received from the NEA over the same period.[36]

From design to music and from dance to theater, New York-based creative professionals use crowdfunding to seed projects, market test their products and create and try out prototypes. And while publishers, record companies, galleries, venture capitalists and performance venues remain important for production, promotion and distribution, artists no longer need to rely exclusively on these traditional gatekeepers, particularly for initial funding, publicity and momentum. NYU classmates Ian Axel and Chad Vaccarino, for instance, used Kickstarter to raise $21,860 to self-produce their 2010 album *This Is the New Year*. The album quickly landed them a contract with Epic Records, and its title track was featured in an episode of *Glee* and licensed for MTV, CBS, WB and ABC television shows.

While it would seem that crowdfunding should level the playing field for artists working outside financial and creative hubs like New York, this has not happened so far. In every creative field, New York City-based Kickstarter projects were more successful at reaching their fundraising goal than those based in other places around the world. Disparities were particularly pronounced in dance (79 percent, on average for New Yorkers, versus 63 percent for those in other places), film and video (52 percent versus 37 percent), photography (49 percent versus 29 percent), publishing (44 percent versus 30 percent) and journalism (39 percent versus 26 percent). Over 10 percent of global contributions to successfully funded Kickstarter projects went to ones

NYC's Crowdfunding Advantage

Though Kickstarter contributions come from all over the world and projects can be based anywhere, projects from NYC are more likely to meet their funding goals.



Source: Kickstarter data as of February 2015.

based in New York City. This includes 32 percent of all dance funding (or $2.5 million for New York City-based projects), 25 percent of theater funding ($6.5 million), 20 percent of fashion funding ($8.6 million), and 19 percent of photography ($2.8 million) and journalism ($880,000) funding.

Crowdfunding and entrepreneurship have provided individual artists and other creative professionals with more autonomy, altering their relationships with businesses, nonprofits and donors. Established institutions have started to recognize this shifting terrain and are working to enable and benefit from the rise of entrepreneurial creative workers. For instance, New Inc, the New Museum's recently launched incubator space, hosts entrepreneurs working in art, technology and design, while Frog, a prominent design firm, has provided capital to several late-stage design startups. Foundations, too, have been directing more funding to individual artists. The leading example is Creative Capital, a consortium of individual donors and foundations led by the Andy Warhol Foundation for the Visual Arts and joined by the Booth Ferris Foundation, the Doris Duke Charitable Foundation and several others. Since 1999, it has committed $35 million for financial and advisory support to 465 projects—41 percent of them in New York—representing 579 artists.[37]

Collaborating to Survive and Thrive

As real estate prices skyrocket and old commercial buildings go residential, it has become increasingly difficult for creative workers to find rehearsal, studio, office and recording spaces. While this remains one of the chief challenges facing the city's creative community, the last decade has brought a number of technological and collaborative solutions that have transformed the way people work and produce art in this city. A growing number of artists and creative professionals are looking to collectives and co-working spaces as a way to pool resources and allow more fluid partnerships on complex projects.

In the last decade, several collaborative and cross-disciplinary workspaces such as Studio Guild, Con Artists Collective, Create NY, Knockdown Center, Eyebeam and Pioneer Works, have sprouted up all over the city. "There are many more artists working together and cohabiting a space," says Holly Sidford, president of Helicon Collaborative, an arts consulting firm. "They're not building institutions. They're building an incubator for themselves, and they're working across mediums."

Young creative professionals who operate in these collective spaces are blurring the lines between commercial and non-commercial work, shifting from one to the other, depending upon the project. The 17 documentary filmmakers at Sunset Park-based Meerkat Media Collective, for instance, use revenue from work done for clients including Penguin Books, the Tenement Museum and Time Magazine to seed an internal micro-granting system for their independent films.

Meanwhile, several nonprofit colleges have introduced incubator spaces for creative businesses in fields like fashion, social entrepreneurship and design. Parsons opened the Centre for Social Innovation Incubator in 2014; Pratt launched the Brooklyn Fashion and Design Accelerator in 2013; and CUNY hosts over 20 entrepreneurs and small businesses at its NYDesigns lab at LaGuardia Community College. According to Natalia Argüello, director of NYDesigns, the incubator provides crucial equipment and educational resources for creative start-ups. "Our clients couldn't afford the large scale laser cutter we have or the workshops in metals, plastics and wood. Having that selection of equipment under the same roof is a huge advantage," she says.

As creative individuals and organizations share space and pool the costs of expensive equipment, they reduce production costs. The sharing also makes it possible for architects, designers, filmmakers and artists to master new skills, collaborate with partners across disciplines and be more entrepreneurial. Technological advances in film, photography, design, architecture, broadcasting and music have democratized production, bringing professional-quality tools to mobile and personal computers. It is now possible for creative workers to experiment and develop work using software preloaded to an iMac.

Partially as a result, "extended proprietors"—those who derive a portion of their income from a side business—have become increasingly common in the creative sector. From 2003 to 2013, the number of creative workers operating a side business jumped from 62,065 to 99,678, a 61 percent increase. The largest jump occurred in design, where the number of industrial, fashion, graphic and interior designers with a side income by rose 145 percent, from 3,817 to 9,367.

The trend is particularly evident outside Manhattan. Extended proprietorships in creative fields grew over the last decade by 128 percent in Brooklyn (to 30,297), 89 percent in the Bronx (4,044), 65 percent in Staten Island (2,519), 60 percent in Queens (13,111), while growing 35 percent in Manhattan (49,707) over the same period.

These side businesses offer many creative workers an opportunity to sharpen their skills, diversify their portfolio and earn extra income. Marla Stough, an in-house designer at cosmetic company AmorePacific, provides an example. "I've worked in-house my whole career. I knew the hours and pay would be stable and I would have good benefits. That allowed me to do freelance work on the side so I could expand my breadth of work in case I ever wanted to change jobs," she says.

Access to Markets

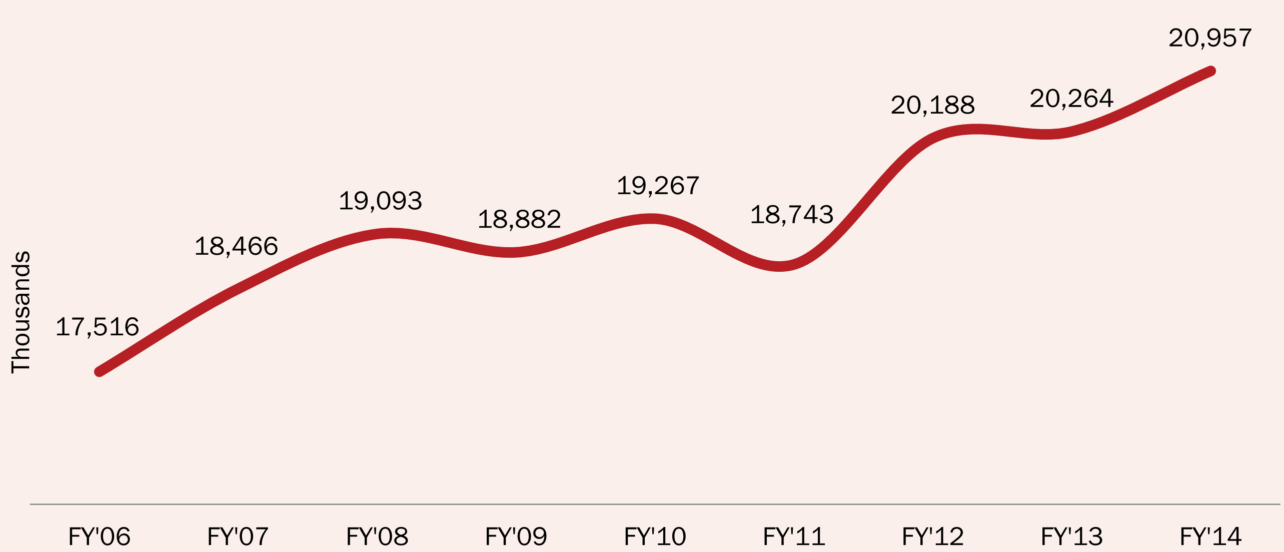
In our 2005 *Creative New York* report, we found that access to markets was a major challenge for working artists. Ten years later, the pool of creative talent has only grown and competition remains stiff. Fortunately, e-commerce and the explosion of site-specific art and cultural festivals have created new opportunities, allowing early- and mid-career creative professionals to reach consumers more easily than in the past.

Over the last decade, visual and performance art have boldly and definitively exited their traditional institutional settings. Site-specific, immersive productions have brought opera, theater and dance to Gowanus Warehouses, Greenpoint and Bed-Stuy hospitals and the McKittrick Hotel. Creative Time, No Longer Empty and Chashama commissioned art exhibitions in retired army terminals, abandoned court houses, derelict sugar factories and Times Square. Christo and Jeanne-Claude's The Gates, meanwhile, achieved international renown and attracted visitors from around the globe.

The last decade saw the expansion of the CMJ Music Festival, International Gift Fair and the International Contemporary Furniture Fair, as well as the introduction of several new fairs like Make Music New York, Governors Ball, River to River Festival, Afford-

Drawing Visitors

Attendance at Cultural Institutions Group members, including many of New York'slargest cultural organizations, has risen 20 percent since 2006.



Source: Mayor's Management Report 2009-2014 able Art Fair and Frieze Art Fair. These events provide important programming while offering exposure to young talent and local venues. "Festivals can showcase artists, bring a community together and highlight the vibrancy of a neighborhood," says Morgan Von Prelle Pecelli, vice president of the Lower Manhattan Cultural Council (LMCC), host of the downtown River to River Festival. "They breed excitement about artists who are working there and build year-round audiences for artists, organizations and the neighborhood."

Festivals have emerged in nearly every field: design, music, fine art, theater, music and more. 2012 saw the debut of NYCxDesign, a weeklong design showcase sponsored by the city. The New York Philharmonic launched its first biennial in May 2014. Two months later, The Museum of Arts and Design hosted its inaugural Biennial.

Several new theater and dance festivals coincide with the Association of Performing Arts Presenters annual conference in January. A successful performance in front of conference-goers can lead to touring and various opportunities around the country. PS 122's COIL Festival, Public Theater's Under the Radar Festival and Henry Street Settlement's American Realness Festival all got their start in the last decade.

Open studios in Bushwick and Gowanus have been a boon for young artists, drawing curators and art buyers into the neighborhoods and studios where the artists work. In Bushwick, the number of participating shows grew from 350 in 2012 to 623 in 2014 and now features curated exhibits in addition to open studios.

New York Fashion Week has also grown in size and is significantly larger than its counterparts in London, Milan or Paris. New York features twice as many runway shows (277) as its closest competitor, Milan (137), and attendance is 5.5 times greater than the other three combined.[38] New York Fashion Week's size makes it accessible to a broad swath of designers, providing exposure to young talent. "Pretty much anyone with an idea and ambition can show a collection during the biannual Fashion Week, whereas in European cities there's more of a vetting process," says one fashion industry leader. "It's a good thing that anyone can show because who knows where you're going to get the next big brand."

While growing in size and prestige, Fashion Week has struggled to find a permanent home, after being ejected first from Bryant Park and now from Lincoln Center's Damrosch Park. Other festivals, too, have found it difficult to obtain space and procure required permits in New York City. "We have all of this public space in New York, but getting permits is difficult," says Savona Bailey-McClain, artist and executive director of the West Harlem Art Fund. "New York is the most complicated city in this world. It's all about process for city agencies."

The city's attitude concerns some in the creative sector who note that major festivals draw tourists from around the world and have helped drive the huge increase in the number of people visiting the city. In 2013, in response to the uptick in tourism, the Museum of Modern Art and the Metropolitan Museum of Art began opening seven days a week for the first time since the 1970s.[39] Attendance at the city's Cultural Institutions Group–including major facilities like the Metropolitan Museum, Brooklyn Academy of Music, Lincoln Center, Carnegie Hall and 29 others–has climbed steadily in recent years, increasing from 17.5 million in 2006 to 21 million in 2014, a 20 percent rise.[40]

But while the growth in tourism has been a boon for large Manhattan institutions, some feel that its impact is too narrow. "Making Manhattan the center of it all was a little hard on us in the outer boroughs," says Ellen Pollan deputy director of the Bronx Council on the Arts. "It's hard when all the tourism dollars are going to the main island. How do you get that money to ripple up here?"

Those working in digital mediums or creating products that can be shipped easily have benefitted from the globalization of consumption, regardless of their borough. E-commerce websites provide designers, artists and musicians with direct access to consumers. Websites like Etsy, for instance, allow designers and artisans to bring their products directly to customers, bypassing department stores, museum gift shops, boutiques and other gatekeepers. From 2008 to 2013, total merchandise sales on the site rose from $87.5 million to $1.35 billion.[41]

Fashion e-commerce has become a lucrative industry in New York, with Gilt Groupe, Rent the Runway, Birch Box, Moda Operandi and Warby Parker all founded in the city. These sites have empowered emerging designers, allowing them to attract early notice and sales. "We're seeing young brands taking more control," confirms Steven Kolb, CEO of the Council of Fashion Designers of America (CFDA). "A lot of them are going direct to customers through e-commerce."

The digital marketplace has also benefitted small production companies in the music industry. The advent of the MP3 has made the expensive, labor-intensive, physical supply chain less integral to success, helping indie labels flourish in the city. "Both from the distribution and marketing side, the internet has made things much easier," confirms Alec Hanley Bemis, Co-Founder of Brassland Records. "It's been important for the growth of the independent sector. There is a much flatter field of competition." Brassland Records, Terrible Records, Exploding in Sound Records, Sacred Bones Records and The Social Registry were all founded in New York over the last decade. Partially as a result, the city's music production industry recently surpassed Los Angeles County to become the largest in the nation.

The fine arts, too, have begun to embrace the digital marketplace. Today, 7 percent of art sales in the United States are made online. E-commerce has helped galleries reach new customers, with 58 percent of online sales coming from buyers who never visited their space.[42]

In New York, a flurry of art-tech start-ups hopes to leverage the online marketplace. Gallerist Jen Beckman offers curated, limited edition prints from her website, 20x200. Electric Objects, founded by former Morgan Stanley analyst Jake Levine in 2014, is introducing a new device for showing digital art in the home. Levine used Kickstarter to fund the project, raising an impressive $787,612. Artsy, meanwhile, received $18.5 million in venture capital funds in 2014. It connects buyers to auctions, galleries and art fairs while providing educational resources.

However, while success stories abound, the digital marketplace can be unprofitable and even exploitative for many artists. In recent years, major players like Amazon, Spotify and Netflix have been roundly criticized for insufficiently compensating authors, musicians and filmmakers. Amazon, for instance, has been known to withhold sales information when negotiating with publishers, making it difficult for writers to know whether they are getting all the money they earned.[43] Netflix, too, is famous for guarding its data. Benjamin Dickinson, writer and director of the critically acclaimed film *First Winter*, explains, "Netflix licenses films for a flat rate. This is a huge frustration in the film industry. If producers knew how many people were viewing their films, they could potentially renegotiate for a higher rate. If there was legal recourse to access that information, it would be a game changer."

In the past, both Netflix and Amazon blocked content in order to get favorable terms from publishers and producers during negotiations. Many creative professionals, led by artists and businesses in New York, have begun to fight back. Taylor Swift, a newly minted New Yorker, pulled her albums from Spotify. Hachette Book Group, a "big five" publisher with its U.S. headquarters located in Manhattan, has waged a very public battle with Amazon.

Such disputes have spurred some distributors to begin creating their own content creation. New York is well positioned to benefit from this evolution. The Weinstein Company, New York's largest film studio, received $60 million from Netflix to produce a sequel to 2000 movie *Crouching Tiger, Hidden Dragon*.[44] Amazon's *Alpha House* and Netflix's *Orange is the New Black* are both filmed at Kaufman-Astoria Studio. YouTube opened a 20,000 square foot facility in Chelsea, providing free workshops, studio space and professional equipment to online video artists.[45] And, in 2012, Amazon leased a 40,000 square foot space in Williamsburg to shoot product images for Amazon Fashion and its two other apparel sites, Shobop and MyHabit.[46]

Whatever the many successes, the creative market place is still struggling to cope with changes and disruptions. Creative professionals in New York, and across the world, are still learning how to exploit the new tools. Benjamin Dickinson expresses the predicament succinctly: "We're all still learning how to be profitable. No one's really cracked that nut yet."

SOURCES OF STRENGTH

Talent, money and media make New York a global creative capital

Although New York is considerably more expensive than any of its U.S. rivals and all but a few of its international ones, it also has an unequaled network of resources and supports. Whether it's philanthropies, wealthy buyers, prestigious magazines, audiences or universities, New York-based artists and other creative professionals have more patrons, fans and opportunities than creative people almost anywhere else in the world.

Audiences and Buyers

The pool of cultural buyers in New York is enormous and neatly tailored to every creative field. At many of New York's world-class galleries, for instance, success hinges on a small group of high-income buyers, often no more than 40 people.[47] In 2014, 47 of the 200 most active art buyers in the world had a residence in the New York City area.[48] Of the 3,000 international collectors at the highest level, half have a residence in the city.[49]

New York's performing artists, visual artists and curators, meanwhile, benefit from the large and active audiences here. Comparing the 100 largest counties in the U.S., New York's five boroughs rank favorably in their share of residents attending theaters and museums. Manhattan is ranked first in performing arts and second in art museum attendance. Together, New York City and its suburban counties represent ten out of the 12 most active audiences in the performing arts.[50]

"One of the greatest things about New York City is that it can sustain the ecosystem of theaters of all sizes and capacity," says Ginny Louloudes, executive director of the Alliance of Resident Theatres/New York. "The market is diverse, not just ethnically, but financially and politically and ideologically."

This diversity of performance spaces also distinguishes New York from the vast majority of other cities. Every large and mid-sized city has a handful of performing arts centers for orchestras, dance and theater companies. Some cities supplement these venues with a small group of more modest, sometimes even amateur theaters. The gap in quality and price between the two tiers is tremendous.

Adult Population Attending Performing Arts, 2011-2013

Rank	County	Population Share
1	**Manhattan**	**53%**
2	Westchester County, NY	45%
3	**Staten Island**	**44%**
4	Suffolk, NY	44%
5	Bergen County, NJ	42%
6	Nassau County, NY	42%
7	Monmouth County, NJ	41%
8	Hartford County, CT	41%
9	Fairfield County, CT	40%
10	San Francisco County, CA	40%
11	Middlesex County, NJ	40%
12	**Queens**	**39%**
22	**Brooklyn**	**35%**
50	**Bronx**	**28%**

Source: Americans for the Arts, "ArtsIndex." http://www.artsindexusa.org/

New York, on the other hand, maintains a robust middle-tier of theaters, and often even the smallest venues present programs of exceptionally high quality. Having high quality and affordable venues attracts less affluent and particularly younger audiences, nurturing the next generation of arts attendees. The range of venues also provides employment for artists at all stages of their careers. Early-, mid- and late-career artists all have appropriate-sized venues, many of which actually pay living wages and create a path for career advancement.

Tourists as well as local residents sustain this diversity of venues, especially at the top end. Many visitors to New York are dedicated cultural consumers, helping support premier museums as well as Broadway. In the 2013–14 season, tourists purchased a record 70 percent of all Broadway tickets, with international visitors accounting for 21 percent. [51]

New York's legendary jazz clubs, like the Jazz Standard and Village Vanguard, also attract tourists. According to John O'Connor, vice president of the American Federation of Musicians, Local 802, "If it wasn't for the tourist scene, I don't know what we'd do. I think half the audiences for jazz are people from out of town. On any given night in the major jazz clubs, seats are occupied by people from Japan and Germany and France."

Adult Population Visiting Art Museums, 2011-2013

Rank	County	Population Share
1	San Francisco County, CA	40%
2	**Manhattan**	**39%**
3	District of Columbia	33%
4	Hamilton County, OH	32%
5	Montgomery County, MD	29%
6	Fairfax County, VA	28%
7	Wake County, NC	27%
8	San Mateo County, CA	27%
9	Westchester County, NY	25%
10	King County, Washington	25%
15	**Queens**	**22%**
19	**Brooklyn**	**20%**
31	**Staten Island**	**18%**
35	**Bronx**	**18%**

Source: Americans for the Arts, "ArtsIndex." http://www.artsindexusa.org/

Media Spotlight

New York venues can attract local and international audiences because they are regularly featured in prominent newspapers and magazines. In most cities, museum curators, fashion designers and bands are happy to get coverage in the local alternative weekly or on a culture website. Not so in New York. Performing and working in the city provides exposure on the local, national and international stage.

The major publication in nearly every creative field is based in New York. By virtue of their proximity to staff reporters, artists who work in the city garner more coverage than those from other places. In the fine arts, traditional players like *ARTnews* and *ArtForum* have been joined by online upstarts like *HyperAllergic*. In fashion, New York is home to several major publications, including *Harper's Bazaar*, *InStyle*, *Vogue* and *Women's Wear Daily*.[52]

In addition to publications focusing on particular fields, New York is home to the national and international newspaper of record: the *New York Times*. According to playwright and puppeteer Robin Frohardt, "The press is key. We had a big write-up in the *Times*. That gave us exposure to a broader audience and also validation, which is important. The Times review made the show."

But coverage in the *New York Times*, as well as other major publications like the *Wall Street Journal*, can do more than provide positive reviews and pique audience interest. Media exposure can also connect artists and other creative professionals, including nonprofit administrators, with new partners and benefactors. This is precisely how the art and technology center 3-Legged Dog was saved from the brink of bankruptcy. "We lost

75 percent of our funding and 92 percent of our foundation support in the recession," says 3-Legged Dog Executive Artistic Director Kevin Cunningham. "We fell into arrears with the landlord and it got in the *New York Times* and the *Wall Street Journal*. Harold Koda from the Metropolitan Museum of Art saw the *Journal* article and Oscar Eustis saw the *Times* article, and they both called me on the same day saying the same thing: 'We hear you're in trouble, we don't have any money but we have these cool projects that we need help with. We have budgets for them.'"

These opportunities and press coverage would amount to little, however, if the talent wasn't here. New York's density of buyers and audience members as well as its universities, venues and businesses attract world-class talent. Its world-class talent, in turn, attracts buyers and audience members and feeds the renown of its universities, venues and creative businesses. The key thing that keeps this loop going is a continuous supply of new talent. Without that, the loop would quickly break.

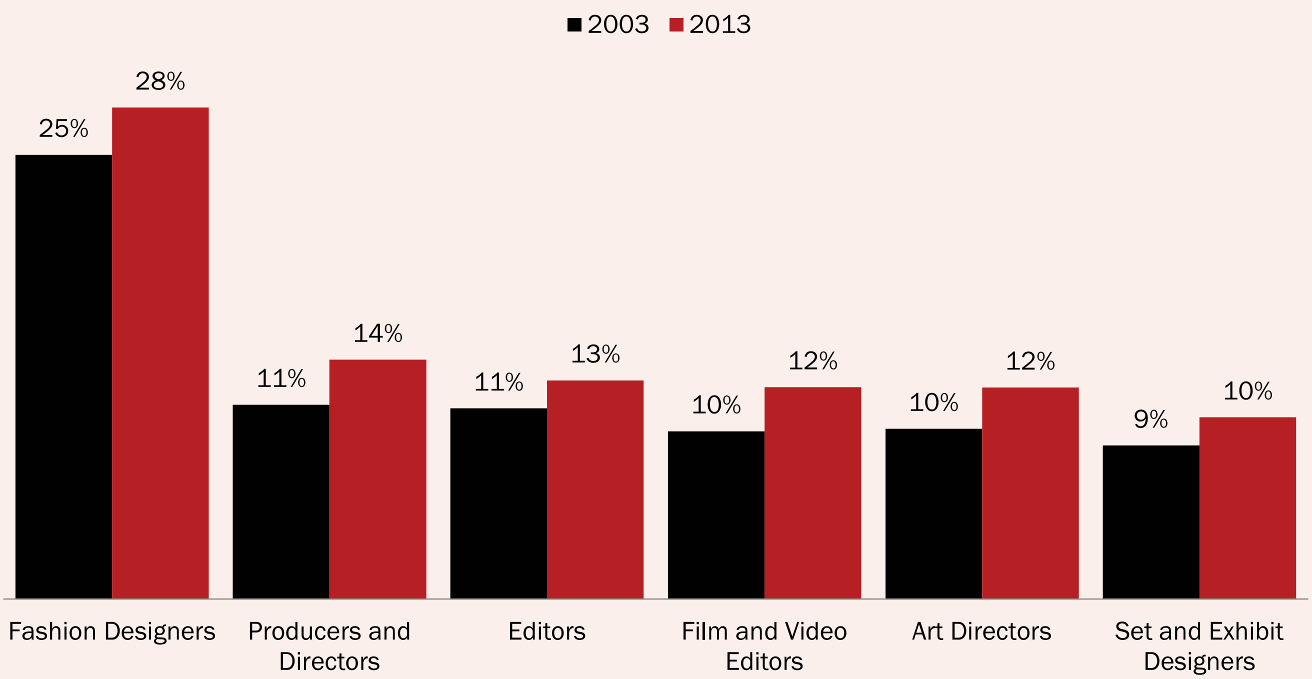
The Talent Pool

The density of creative workers in New York is extraordinary. Twenty-eight percent of all the fashion designers in the U.S. work here as do 14 percent of producers and directors, 13 percent of editors and 12 percent of art directors and film and television producers. In all six of these occupations—and all but one of the 19 other occupations that comprise the city's creative economy—the share of national employment in New York increased from 2003 to 2013.

With its cutting edge creative-tech companies, its interdisciplinary and innovative productions, and its global reach, New York is a beacon for young artists and creative professionals from around the world. According to Census data, 69 percent of New Yorkers in creative occupations grew up outside of the Empire State. Among creative professionals under 35, 15 percent of the country's authors and editors, 9 percent of applied designers, 9 percent of film and performing artists, 8 percent of fine artists and 8 percent of architects are employed in New York. Within these clusters, the un-

New York's Creative Occupations Loom Large

NYC-based fashion designers account for 28 percent of all fashion designers in the country, while five others account for 10 percent or more. All have increased their share since 2003.



Source: EMSI

Creative Graduates

Every year, New York City graduates more students in creative fields than any other city

8,548
New York City

3,683
Chicago

2,870
Boston/Cambridge

2,526
Los Angeles

2,268
Philadelphia

2,308
San Francisco

der 35 New Yorkers hold an even higher percentage of specific jobs such as fashion designer (34 percent), art director (18 percent) and editor (16 percent).

This density of talent gives New York a distinct advantage. Over the last decade, cities have reassessed their economic development strategies. Rather than luring businesses with tax breaks and favorable rents, cities have begun to focus on attracting talent, with the expectation that these individuals will attract and create businesses. For New York, that talent in the creative sector is already here and already helping to lure and develop businesses.

"Look at the companies like Warby Parker, Gilt Groupe and Rent the Runway," says Eric Johnson, director of fashion and retail initiatives for the New York City Economic Development Corporation (NYCEDC). "New York will continue to have a competitive advantage because the designers, media industries, merchandisers, modeling agencies and fashion photographers are here. These are the people that can support the execution and development of these new companies."

The diversity of talent also enriches the work and lives of the artists and designers living in New York City. Artists rely on a dense network of peers for inspiration, collaboration, feedback, employment, referrals and career advice.

Training Ground

While a number of factors attract artists and other creative professionals to the city, universities are key. From Parsons School of Design to Fashion Institute of Technology (FIT), the Juilliard School to New York University, some of the finest fashion, design, dance, theater, film and music programs in the world are located in the Big Apple.

Today, New York universities are attracting more creative professionals to the city than ever before. In 2003, 6,299 students graduated with a BA or MA in a creative major from a New York City university. By 2012, the number of graduates increased by 36 percent, to 8,548, more than in Chicago and Boston, the second and third cities, combined.[53]

After graduation, many of these students remain in New York, replenishing the city's talent base and increasing its cultural vitality. According to Steven Kolb, "we have great schools—Parsons, FIT, Pratt. These attract students who ultimately end up staying in New York." In a national survey of undergraduate and graduate arts majors, the Strategic National Arts Alumni Project found that 44 percent of those attending schools in the Northeast took up residency in their institution's hometown within five years of graduation. Of those with a BA or advanced degree from an "arts-focused school," 49 percent went on to live near their school.[54] In New York, these figures are higher still, with some estimates as high as 80 percent.[55]

New York's art, music and design schools have also played an important role in advancing interdisciplinary arts in the city. "Educational programs have been much more collaborative," says Hrag Vartanian, editor-in-chief at HyperAllergic. "Programs are more integrated and less siloed." Parsons' Transdisciplinary Design program, Juilliard's Center for Innovation in the Arts and SVA's Design for Social Innovation program are among several multi-disciplinary degrees that are inspiring and enabling young artists to remap the boundaries of performance art, visual art and design.

The Nonprofit Sector and Philanthropy

A wide variety of nonprofits supports and sustains much of New York's creative sector. Among the 100 largest counties in America, Manhattan has by far the highest concentration of cultural nonprofits and performing arts nonprofits. The average county has 16 cultural nonprofits and 5 performing arts organizations per 100,000 residents. Manhattan has 108 and 46 respectively. Importantly, new nonprofits continue to enter, replenish and reenergize New York's cultural ecosystem, particularly in the boroughs outside of Manhattan. Fifty-one percent of Brooklyn's cultural nonprofits were founded in this new millennium. This is also true of 45 percent of Queens' cultural nonprofits, 42 percent of the Bronx's, 37 percent of Staten Island's and 36 percent of Manhattan's. This compares favorably to the 37 percent average across the country's 100 most populous counties.[56]

Though cultural nonprofits may depend on some earned revenue, much of their funding comes from private philanthropy, government grants, foundation giving and corporate sponsorships. With the ongoing decline in corporate and government support, many cultural organizations have started to rely more on individual giving, particularly from their boards. According to Andre Bishop, artistic director of Lincoln Center Theater, "there's no question that contributions from individuals and families are more crucial than they were 25 years ago."

While federal government funding for the arts helped equalize resources for the arts across the nation, individual philanthropy favors rich cities like New York, which has 389,100 millionaires, second only to Tokyo.[57] In 2012, private contributions to New York cultural organizations exceeded $800 million.[58]

It's not just the very wealthy, however, who support the arts. New Yorkers in general have a strong philanthropic bent. Thirty-six percent of Manhattan households donate to the arts and public broadcasting, tops among the 100 largest counties in the country. Queens ranks 29th, the Bronx 45th, Brooklyn 50th and Staten Island 59th.[59]

New York cultural institutions also enjoy unparalleled support from their city and state governments. In fiscal year 2014, the city Department of Cultural Affairs (DCLA) provided $33 million in programmatic support and $153 million in capital support. The agency also provides Cultural Institutions Group members—which operate on city owned land—with $114 million annually in operating support, a sum that includes the cost of electricity and heat. The DCLA is the largest arts funder in the country, surpassing even the National Endowment of the Arts.

The New York State Council on the Arts (NYSCA), meanwhile, has been a trailblazer among government arts organizations. Today, NYSCA provides more funding than any other state arts agency, including three times more than the combined contributions from California, Texas and Florida. NYSCA funding to New York City agencies has declined in recent years, however, falling from $30 million in 2008 to $21 million in 2015.

Share of Households Donating to Public Broadcasting or the Arts: 2011-2013

Rank	County	Population Share
1	**Manhattan**	**36%**
2	DeKalb County, GA	35%
3	San Francisco County, CA	35%
4	Montgomery, MD	34%
5	Hennepin County, MN	32%
6	King County, WA	31%
7	Alameda County, CA	31%
8	Fairfax County, VA	31%
9	District of Columbia	31%
10	Westchester, NY	29%
29	**Queens**	**25%**
45	**Bronx**	**23%**
50	**Brooklyn**	**22%**
59	**Staten Island**	**22%**

Source: Share of Households Donating to Public Broadcasting or the Arts: 2011-2013 - Americans for the Arts, "ArtsIndex." http://www.artsindexusa.org/

CREATIVE VOICES FROM AROUND THE WORLD

Immigrants enrich New York's creative sector

New York is a city of immigrants. Over 700 languages are spoken in the five boroughs and 38 percent of the city's population is foreign-born. In the creative sector, New York's diversity spurs innovation, enriches cultural offerings and creates export opportunities. The creative sector, in turn, provides a voice for the city's foreign-born population.

Immigrants are responsible for many of the city's greatest artistic advances. Artists Marcel Duchamp, Max Ernst, Janet Sobel, Arshile Gorky, Willem de Kooning, Mark Rothko, Piet Modrian, Louise Bourgeois and Yoko Ono all immigrated to New York, helping found or inspire movements like Dada, abstract expressionism, conceptualism and Fluxus. George Balanchine, a Russian émigré, was the father of modern ballet and founder of the New York City Ballet. Mari Kimura, a Japanese-born professor at Juilliard, invented Subharmonics, a "revolutionary bowing technique" dramatically extending the violin's range.[60] Salsa originated in the Bronx, a melding of Cuban music and dance with American jazz. Hip-hop, too, was developed in the South Bronx, drawing from Jamaican and Caribbean traditions like dub, toasting and dancehall. "New York is the best place for immigrant artists because there are so many cultures here. Inspiration for art comes from cultural diversity," says Wu Zhao, consul for cultural affairs for the People's Republic of China.

Over the last decade, immigrant communities continued to be the font of artistic invention. Flexing, which took root in the Brownsville and Crown Heights neighborhoods of Brooklyn, is an amalgam of Jamaican bruk up, breakdance and mime. Practitioners have been featured in Madonna, Usher and Nicki Minaj music videos. Meanwhile, *In the Heights*, a musical inspired by Lin-Manuel Miranda's childhood experiences in the Puerto Rican and Dominican neighborhood of Washington Heights, brought salsa and hip-hop to Broadway. The musical won four Tony awards and a Grammy.

As of 2010, there were 199 ethnic cultural nonprofits in the city, including 115 in Manhattan, 39 in Queens and 35 in Brooklyn. Only Los Angeles County has even half as many (145), while Cook County (79), Harris County (59) and San Francisco County (57) are far behind. Interestingly, while Manhattan has the second lowest share of foreign-born residents (30 percent), it has by far the highest concentration of ethnic cultural nonprofits among the five boroughs.

Many of these nonprofits organize annual festivals in the city. There are at least 19 major ethnic cultural festivals in New York, more than San Francisco (8), L.A. (5) and Chicago (3) combined. These include Irish, South Asian, Caribbean and African film festivals, as well as a Guyanese cultural festival in Brooklyn, a Tibetan cultural festival in Staten Island and a Russian cultural festival in Manhattan.[61]

While some of these festivals recruit artists living abroad, New York's foreign-born creative talent supplies much of the programming. Over 49,000 immigrants in New York City are employed in creative occupations, accounting for 14 percent of foreign-born creative professionals in the U.S.[62]

A variety of channels draw immigrant artists to the city. New York's world-class art schools, for instance, attract thousands of foreign students each year. In 2013, 1,916 foreign students received a BA or MA from a New York City university in a creative field, a 41 percent increase from 2003. Parsons led the way, with 394 international BA and MA graduates.[63] Simon Collins, dean of fashion at Parsons, says his school is over 50 percent international.

Other immigrant artists like the Tajik and Uzbeki Bukharian Jews in Queens did not come to New York to practice their art, but began performing to preserve their heritage and teach their children and neighbors. Several masters of Shashmaqam, the traditional Bukharian music and dance, reside in Kew Gardens and Rego Park.

Many immigrant artists sustain and promote unique and deeply rooted cultural traditions. Leading practitioners of Garifuna music and dance reside in the Bronx. Famous Kathak dancers from Guyana live in Jamaica and Richmond Hill, Queens. Ghanaian drum master Harold "Okyerema" Akyeampong founded the Kusum Agoro Multicultural Arts Project in Brooklyn. Potri Ranka Manis founded the Kinding Sindaw Melayu Heritage troupe in Manhattan, blending traditional dance, music and martial art forms of the Philippines. She is a resident artist at the renowned La MaMa Theater in the East Village.

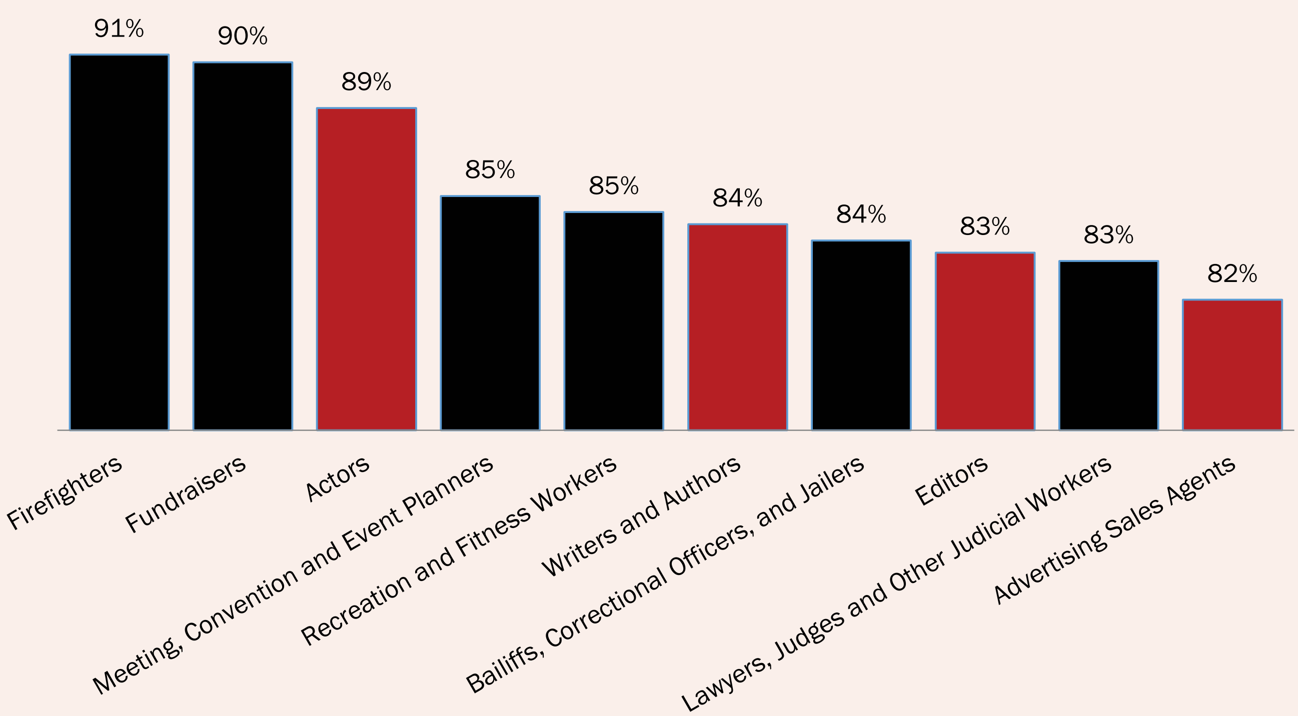
La MaMa is one of many venues in New York regularly featuring work from immigrant artists. The Queens Museum, El Museo del Barrio, Flushing Town Hall, Thalia Spanish Theater, El Puente, Museum of Contemporary African Diaspora Art, Snug Harbor and many other institutions provide rehearsal, performance and exhibition opportunities to artists from around the world.

Most immigrant art, however, takes place in informal settings. According to Andrea Louie, executive director of the Asian American Arts Alliance, many foreign-born artists work and present in community-based organizations that, she says, "are totally under the radar but provide for the community and carry on cultural traditions."

Immigrant artists work in commercial settings, too, like bars and concert venues. Freddy Castiblanco, the Colombian-born owner of Terraza 7 in Jackson Heights, says he invites jazz musicians from the city to

Diversity Deficit

Four of the ten occupations in New York City with the lowest share of foreign-born workers are in the creative sector. This is out of 180 occupations with at least 5,000 employees.



Source: U.S. Census Bureau, 2010-2012 American Community Survey.

interact with traditional artists from Mexico, Colombia, Peru and other Latin American countries.[64]

Other New York immigrant artists work underground in some of the city's 468 subway stations. Of the 254 performers and ensembles registered by the MTA's Music Under New York program, at least 60 work in an international tradition. These include Haitian folksinger Manze Dayila, Korean drum dancer Vongku Pak, Malian kora player Balla Tounkara, Tiano Indian log drummer William Ruiz and several Afro-, Gypsy- and Andean-fusion groups.[65] "The subway is where you can go to access the edgy immigrant arts," says Paul Falzone, founder and director of media company Peripheral Vision International.

Falzone's company works with a number of foreign artists, including Ugandan pop star Eddy Kenzo, to produce public service announcements in East African countries. He is one of many New York professionals looking abroad to expand the reach—and revenue—of New York's creative sector. Fashion designers Phillip Lim, born in Thailand, and Vivienne Tam, born in China, both have their headquarters in New York, but have stores in Seoul, Tokyo, Hong Kong and Bangkok. New York's foreign-born architects—representing 41 percent of those practicing, the highest ratio in the creative sector—have helped local firms win a growing number of foreign commissions. Among the city's ten largest architectural firms, international revenues rose from $204 million in 2005 to $316 million in 2013, a 55 percent jump.[66] The Afropunk Festival, described by the *New York Times* as "the most multicultural festival in the United States," recently expanded to Paris.[67] Meanwhile, the New York Philharmonic has partnered with the Shanghai Symphony Orchestra to form the Shanghai Orchestra Academy. Lincoln Center is providing consulting for a performing arts complex in Tianjin, and Juilliard is opening a pre-college program in Tianjin.

Yet for all the vitality and business that foreign-born artists and other creative professionals bring to New York City, many are struggling. Ethnic cultural organizations find it difficult to attract audiences, grants and board members. Foreign-born artists may have trouble finding paid work in their fields. The legal complexities of forming a nonprofit are daunting for anyone but can prove particularly onerous for immigrants, who may not be familiar with U.S. law. Not being a nonprofit, though, disqualifies a group from most government grants.

While 38 percent of New Yorkers were born outside the country, only 27 percent of New York artists and creative workers residing in New York are foreign-born. In fact, of the ten occupations in New York City with the lowest share of foreign-born employees, four are in the creative sector. This includes actors (11 percent foreign-born), writers and authors (16 percent), editors (17 percent) and advertising sales agents (18 percent). Fundraisers too, an occupation so vital to the New York nonprofit arts, are 90 percent native-born.[68]

Diversifying the creative sector is important not only for enriching cultural offerings and driving innovation, but also for empowering immigrant communities. Artists working in immigrant neighborhoods help articulate and elevate issues confronting New York's foreign-born population. "Artists have the ability to bring the conversations of their community to life," explains Silvia Juliana Mantilla Ortiz, artist services coordinator at the Queens Museum. "That's incredibly important."

Argentinean artist and photographer Sol Aramendi, for instance, has collaborated with worker's rights organizations on an app that maps day-laborer wage theft. Meanwhile, M.A.K.U. Soundsystem, a Queens band mixing folkloric Colombian music with reggae and electronic, has worked with the New York Immigration Coalition on a song about undocumented immigrants.

Immigrant artists continue to inspire and energize their communities, the creative sector and the city as a whole. They are innovators, tradition bearers, activists and entrepreneurs. As New York continues to attract and nurture creative talent from around the world, it will continue to serve as the global cultural capital.

THE AFFORDABILITY CRISIS

Exorbitant rents, a shortage of space and high costs

In New York City—even as creative sector employment grows, creative businesses multiply and new cultural nonprofits take root—space constraints remain a pressing concern. Real estate has grown increasingly unaffordable in the city, threatening to displace and disperse arts communities, evict creative businesses and discourage young talent from settling in New York.

Artists and other creative professionals have a long and fraught history with the real estate market. When creative people move into affordable, often industrial areas, they tend to drive up real estate values, ultimately pricing themselves out of the neighborhood. From SoHo to Chelsea, the East Village to Williamsburg, artists have become harbingers of gentrification. "In some ways, we're our own worst enemies," confides Ginny Louloudes, executive director of the Alliance of Resident Theatres/New York. "We go into a neighborhood and gentrify it. Then we can't afford to have our own spaces there."

Within the five boroughs, "inexpensive" neighborhoods once prized by creative workers are quickly becoming out of reach. In the ten community districts most closely associated with art and creativity, rents rose by at least 32 percent from 2000 to 2012. This compares to a median increase of 23 percent across all New York City community districts. The neighborhoods with the fastest rising rents in the city were Greenpoint/Williamsburg (76 percent), Fort Greene/Brooklyn Heights (58 percent), Bushwick (50 percent) and Bedford-Stuyvesant (47 percent).[69]

And while New York remains the center of the country's creative economy, rising costs are having an effect. Not only are artists moving deeper and deeper into the boroughs outside of Manhattan, they have also developed robust enclaves in other cities. Portland, Austin, Nashville, Detroit, L.A. and many others are attracting young creative professionals. Their biggest advantage over New York is obvious: low rent.

According to the ACCRA Cost of Living Index, housing costs in Manhattan exceed those in Nashville by 473 percent, Pittsburgh by 403 percent, Austin by 401 percent, Detroit by 379 percent, Philadelphia by 225 percent, Portland by 173 percent and L.A. by 114 percent.[70] In Brooklyn, once an affordable refuge, real estate costs have surpassed all U.S. urban areas but San Francisco and Manhattan. The borough is 282 percent more expensive than Nashville and 219 percent more expensive than Detroit. Little wonder that the Galapa-

Rent Increases in Select Neighborhoods, 2000-2012, Inflation Adjusted

Community District	Borough	Increase
Greenpoint/Williamsburg	Brooklyn	76%
Fort Greene/Brooklyn Heights	Brooklyn	58%
Bushwick	Brooklyn	50%
Bedford-Stuyvesant	Brooklyn	47%
Central Harlem	Manhattan	46%
Lower East Side/Chinatown	Manhattan	43%
Crown Heights/Prospect Heights	Brooklyn	42%
Park Slope/Gowanus/Red Hook	Brooklyn	38%
Long Island City/Astoria	Queens	34%
Sunset Park	Brooklyn	32%
Median NYC Neighborhood		**23%**

Source: Stringer, Scott, "The Growing Gap: New York City's Housing Affordability Challenge," Office of the Comptroller. 2014.

gos Arts Space, Williamsburg's cultural anchor in the late 1990s, relocated to the Motor City or that the indie music scene is quickly gravitating to Nashville.[71]

New York's high real estate prices swallow up a significant and growing share of its residents' wages. In 2000, approximately 41 percent of New York households were "rent burdened," devoting more than 30 percent of their income to rent. By 2012, the share of "rent burdened" residents rose to 51 percent.[72]

A Real Estate Shake-Up

As media and tech companies have expanded their commercial footprint in New York City, they've gravitated to the loft-style spaces that were once an affordable refuge for artists.

25% vs 9%

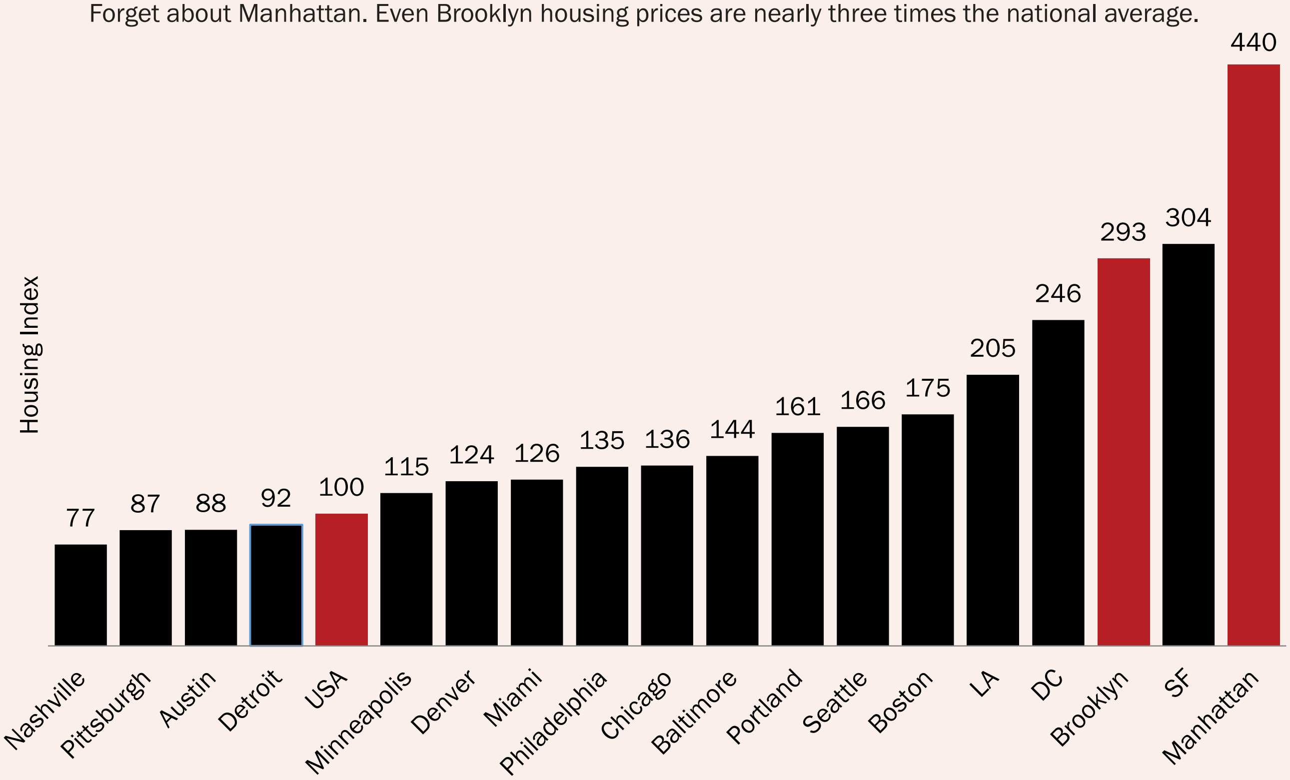
Information/Media/Tech share of NYC commercial leasing activity, 2012 vs 2002

While New York's creative workers appear to be well compensated by national standards, housing, food, utility, transportation and healthcare costs here erase that advantage. Looking at median hourly wages for the creative occupations identified in this report, New York creative professionals, working either for a company or for themselves, nominally earned 44 percent more than their counterparts across the nation in 2014 ($32.20 versus $22.41). Adjusting for the cost of living in Brooklyn, however, they actually earn 15 percent *less* than the national average. For those living in Manhattan, that gap balloons to 47 percent.

Median wage gaps are particularly wide in for-profit creative fields. Using the Brooklyn cost of living adjustment, the median architect employed in New York City makes $10.59 less per hour than the national average, or $20,027 less per year. Fashion designers are paid $9.82 less per hour, industrial designers $8.90 less and multimedia artists and animators $7.66 less. Me-

Priced Out

Forget about Manhattan. Even Brooklyn housing prices are nearly three times the national average.



Source: ACCRA Cost of Living Index

“All the areas that used to be fertile grounds for arts organizations are now highly desirable for other groups.”

dian wages for New York visual, literary and performing artists are also below the national average. Only actors, supported by strong unions in both the theater and film industries, have a higher median wage ($1.61 an hour) than the national average after adjusting for Brooklyn living expenses.[73]

In those fields where other cities are challenging or even outpacing New York, the wage differential is particularly telling. The Los Angeles metro area, for example, has seen a tremendous increase in fashion designers (136 percent), multimedia artists (49 percent) and architects (27 percent) over the last decade.[74] The 2014 median wage gap, adjusting for the cost of living in L.A. and in Brooklyn, is significant in these occupations: multimedia artists ($9.01 higher median hourly wages in L.A.), architect ($5.87) and fashion ($3.69).[75]

“L.A. is very hot and up and coming. Film has always been there, but now contemporary art and music,” says Emma McClendon, assistant curator of costume at The Museum at FIT. “It may challenge New York’s fashion dominance in the next 20 years. It’s attracting more creative individuals than New York is. As those trends continue, fashion will come. Friends from London said they’d never move to New York, only L.A. because it’s more affordable.”

The cost of office, studio, performance, and exhibition space has increased as well. With industries like tech expanding their New York presence and several neighborhoods being rezoned for residential, a growing number of nonprofits, businesses and individuals are competing for a shrinking amount of space. At the end of 2014, the office vacancy rate was 9.5 percent in New York City, well below the 16.7 percent national average.[76]

In 2002, information, media and tech companies occupied 9 percent of New York’s office space. By 2012, they had rented 25 percent.[77] More importantly, tech companies now compete with—and usually can outbid—the creative sector for old loft buildings well suited for studio, rehearsal and performance spaces.

“All the areas that used to be fertile grounds for arts organizations are now highly desirable for other groups,” confirms Paul Wolf of Denham Wolf, a real estate firm serving nonprofits. “Not just tech, but open plan, high-ceiling offices in general.” In Midtown South, where these spaces are common, commercial rents rose 29 percent over the last five years[78] and vacancy rates fell below 6 percent, making it one of the tightest office submarkets in the nation.[79]

In Chelsea, a flurry of activity, including the construction of the High Line, a 2005 upzoning and the entry of tech companies and hotels, has placed tremendous pressure on the gallery district. “Retail prices ten years ago would have been $12 to $25 per square foot. Today, it’s renting for north of $100 per square foot,” says Anne-Brigitte Sirois, a real estate agent specializing in the arts. “Chelsea is now out of reach for 90 percent of established galleries in New York City.”

Recent closures confirm this point. From 2007 to 2015, the number of galleries in Chelsea and West Chelsea fell from 391 to 306, a 22 percent drop.[80]

Nearby, in West SoHo, escalating real estate prices threaten another creative cluster. Several post-production companies—from heavyweights like Technicolor, Postworks and Deluxe to upstarts like Harbor Picture Company—are rooted in the neighborhood. Since 2013, when sections of West SoHo were rezoned for residential, real estate prices have climbed. “The biggest challenge for the continuation of film in New York is real estate,” insists Zac Tucker, president of Harbor. “It’s a serious, serious problem. It’s just too expensive. The real estate cliff is coming.”

According to Tucker, the industry would suffer if post-production companies were scattered across the city. "Many projects work at multiple post-production facilities," he explains. "So when projects are circulating through, having everyone in close proximity is really helpful and cost-effective for producers. It's important that that density is preserved."

Not only creative workers are feeling the pinch. Many suppliers and fabricators are struggling as well. In April 2014, Pearl Paint, an art supply store on Canal Street, closed its doors. On Christmas Eve, another art supply store, Sam Flax, shut its New York City store. Empire Artists Materials has closed as well. While many of these supply stores were squeezed by online retailers, rising rents were also at play, particularly for specialty fabricators.

"It is not just artists. It's everyone who makes custom-made things," insists Paul Ramirez Jonas, an artist renowned for his 2010 Key to the City project. "The Plexiglas fabricators near my Gowanus studio are gone. The ironworkers along Union Street are gone too. These are the people I relied on for fabrication. I can't make art out of $6 lattes."

For many New York creative professionals, the upward trajectory of prices has been made even more disturbing by the extraordinary pace of change over the

The Real Wage Gap

When adjusted for the city's high cost of living, the median hourly wage for creative workers in NYC is less than the median for the country. Actors are the only exception.

	USA Median Wage	NYC Median Wage	Wage w/ NYC COLA	NYC Wage Gap
Architects	$32.95	$37.97	$22.36	-$10.59
Fashion Designers	$29.82	$33.96	$20.00	-$9.82
Commercial & Industrial Designers	$27.67	$31.87	$18.77	-$8.90
Multimedia Artists & Animators	$21.20	$22.99	$13.54	-$7.66
Film & Video Editors	$25.68	$31.71	$18.67	-$7.01
Interior Designers	$21.35	$26.28	$15.48	-$5.88
Musicians & Singers	$20.05	$24.36	$14.35	-$5.71
Music Directors & Composers	$21.66	$27.36	$16.11	-$5.55
Curators	$24.30	$32.66	$19.23	-$5.07
Writers & Authors	$20.68	$27.13	$15.98	-$4.71
Graphic Designers	$20.47	$27.15	$15.99	-$4.48
Editors	$24.65	$34.98	$20.60	-$4.04
Fine Artists	$14.16	$18.62	$10.97	-$3.19
Photographers	$13.57	$17.69	$10.42	-$3.15
Dancers	$15.26	$21.02	$12.38	-$2.88
Actors	$20.78	$38.03	$22.40	$1.61
All Creative Occupations	**$22.41**	**$32.20**	**$18.96**	**-$3.45**

Wage data drawn from EMSI. Cost of living data from the ACCRA Cost of Living Index - The Center for Community and Economic Research. "ACCRA Cost of Living Index." December 2014. http://www.joplincc.com/COLI%202014AnnualAverage.pdf. This calculation was based on Brooklyn's cost of living.

“If you live a one hour train ride from Times Square, it is certainly more difficult to come in for an audition, a rehearsal, a class or sideline work. That’s the number one concern that we hear about on a day-to-day basis.”

last ten years. “A few decades ago, when someone rented a space, they had the impression they could have it for ten or 20 years,” explains Hrag Vartanian editor-in-chief and co-founder of *HyperAllergic*. “Now, people feel like they’re only getting spaces for two to three years at a time. Cost is an issue, obviously, but instability is negatively affecting how communities organically grow. If you’re in Williamsburg, and then two years later you’re in Bushwick and two years later you’re in Sunset Park, it’s not going to create a sustainable community.”

Contrary to common wisdom, creative businesses and workers cannot simply find another affordable neighborhood to “colonize” any time they are priced out of an area. The continual loss of workspace is time consuming and costly, significantly affecting the creative process. Because creative workers are highly entrepreneurial and often have erratic work schedules, they depend on one another for referrals, collaboration and critical feedback. When artists are displaced, replicating this support network becomes harder and harder.

As artists and others disperse, they increasingly find themselves in areas without adequate public transportation. The subway, built as a hub-and-spoke system for carrying outer borough residents into Manhattan, offers little mobility within and between the other boroughs. The farther one is from Manhattan, the larger the gaps in service become.

“People need to move farther out from the areas where they are employed and where they come for auditions and rehearsals,” confirms Barbara Davis, chief operating officer of The Actors Fund. “If you live a one hour train ride from Times Square, it is certainly more difficult to come in for an audition, a rehearsal, a class or sideline work. That’s the number one concern that we hear about on a day-to-day basis.”

For many bands, touring is essential to success, helping them attract media buzz and sell merchandise. While the advent of Airbnb and Craigslist can help cover rent while on the road, the high cost of living in New York makes it difficult to set aside money for touring expenses.

“It’s actually better for a band to be based in Baltimore or Philly where it’s cheap,” claims Leo Kanine of indie label Kanine Records. “They can practice for cheap, record for cheap and have a bunch of money saved to tour. Bands that live in New York end up working ten jobs to cover rent and will play shows at night. They’re working so much, they don’t have the time or money to tour.” As a result, several New York bands have relocated in recent years, including Suburban Living, Professor Murder, Highspire, Mannequin Pussy, Swearin’, Sheer Mag, Nothing, Creepoid and Bleeding Rainbow.

As New York grows increasingly unaffordable, creative workers in every discipline are exploring other locales. While an ambitious artist may have had two choices thirty years ago—New York or L.A.—several cities now attract, and recruit young artists. Portland, Austin, Nashville, Philadelphia, and Detroit are all actively positioning themselves as creative hubs.

ADDITIONAL CHALLENGES

New York City's chief barriers to variety and diversity

Beyond skyrocketing rents and geographic dispersal, New York's creative sector faces a number of other serious challenges. At the organizational level, mid-sized institutions are being squeezed, government support is declining, grant applications have become increasingly byzantine and advocacy on behalf of the sector is fragmented. For individual artists, student debt and unpaid labor have made an increasingly unaffordable city even more so. And finally, across the entire creative sector, a lack of diversity stymies efforts to attract new audiences and incorporate new ideas.

Mid-Sized Organizations under Threat

New York is distinguished by the range and diversity of its performing arts venues. Creative workers at every stage of their careers can find appropriately sized spaces in the five boroughs, allowing them to gradually broaden their audiences and their renown.

With declining government support and changing consumer habits, however, many of the mid-sized organizations are threatened. "We're beginning to see a hollowing out of the middle in the performing arts in New York City," cautions Mikki Shepard, executive producer of the Apollo Theater. "A lot of the small and mid-sized spaces are feeder organizations for large institutions and incubators for artists. There's an ecology. When one tier is impacted, it quickly impacts others."

Indeed, when mid-sized organizations close, merge, expand or dramatically increase rental rates to cover deficits, the ramifications are significant. Not only do mid-career artists lose appropriate venues to develop their art and increase their income, but if they are stuck at smaller venues, they crowd out younger artists.

Drawing from Cultural Data Project financial information, we identified 14 important mid-sized performance institutions whose operating revenue in 2012 didn't cover their expenses. Several have had to cut back on programming.

"We've found ourselves in some very serious financial difficulty. We're trying to dig ourselves out of debt," says Patricia Cruz, executive director of Harlem Stage, a performing arts center devoted to the creation and development of original work by artists of color. "The biggest organizations have large endowments, a greater ability to raise private money and are receiving the largest share of city dollars [through Cultural Institutions Group funding]. This does not achieve the kind of equitable distribution of limited resources that is needed."

The decline in government support for the arts has left cultural institutions increasingly dependent on private philanthropy. Some have adjusted better than others. With well-staffed development departments, lavish galas and expensive customer relations management software like Tessitura, larger institutions have successfully wooed wealthy board members and donors.

Mid-sized institutions have been less fortunate. According to information contained in the Cultural Data Project (CDP), large venues received 93 percent of individual and board contributions in the New York City creative sector from 2010 through 2012. These private gifts covered 20 percent of total expenses, against only 10 percent at mid-sized organizations. Mid-sized institutions also trail their larger peers in ticket, rental and merchandise sales. Earned revenue covered only 45 percent of their expenses between 2010 and 2012, versus 50 percent at large organizations.

For decades, mid-sized venues relied on a subscription model, encouraging audiences to pay in advance for a season of performances. Since the mid-sized venues did not have the endowments and liquidity of larger institutions, these subscriptions were essential for covering upfront expenses like costumes, set construction and rehearsal.[81] Today, with various websites and apps allowing customers to learn about performances and purchase tickets hours before showtime, subscriptions have declined in popularity. For mid-sized institutions, this has led to heightened uncertainty. "Theaters are increasingly finding their subscription base diminishing and they need to divert resources to attract the fickle, single ticket buyer," confirms Christopher Bennett of Actors Equity. "They're finding it challenging to build an audience base."

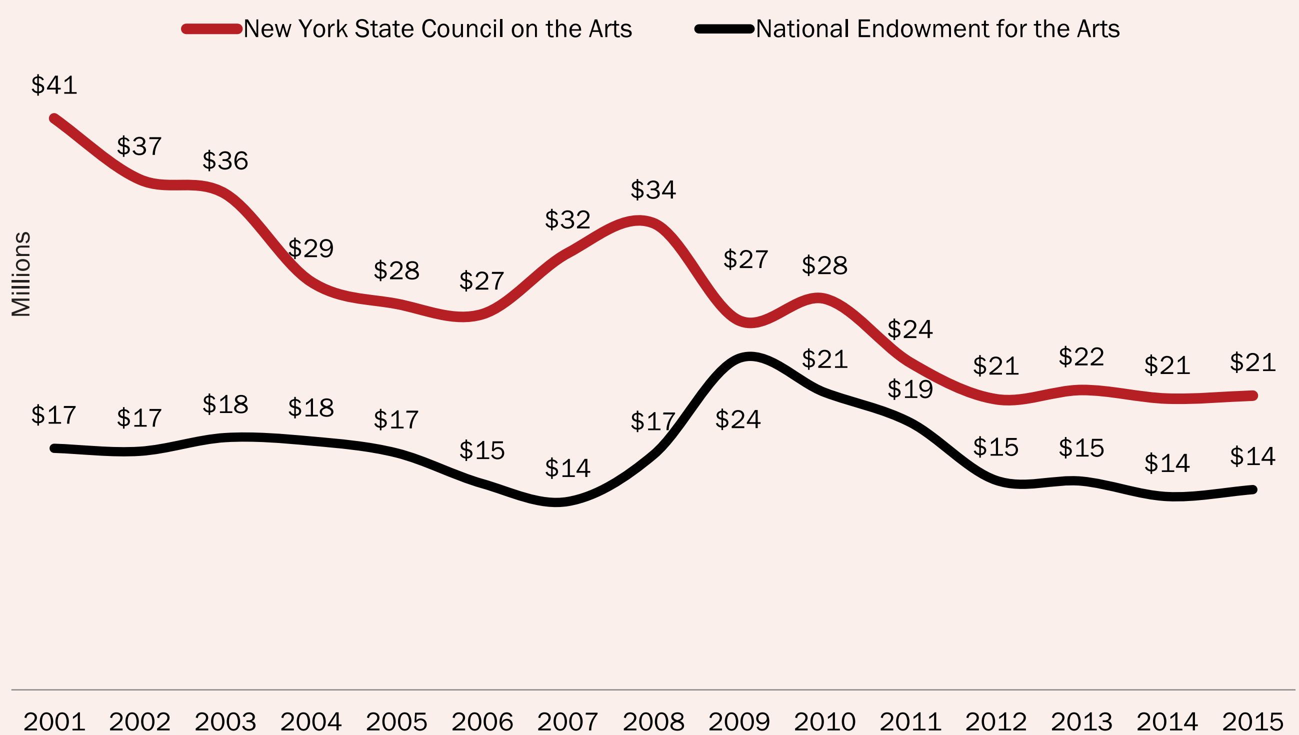
Mid-sized organizations have responded to these cost pressures in a variety of ways. Some have dramatically increased the rents they charge others to use their space, all but crowding out some theater, dance and music companies. Others have looked to grow by expanding their boards, development offices and facilities. St. Ann's Warehouse, for instance, will move to a new space it describes as a "waterfront cultural center." Dance Theater Workshop and the Bill T. Jones/Arnie Zane Dance Company merged to form New York Live Arts, a larger organization.

"Right now, the middle ground has been pretty much cleared out. The places where you used to hone your craft are increasingly gone," warns Andy Horwitz. "Renting performance space at places like Dance Theater Workshop or PS 122 used to cost $500 a week. Now the point of entry is $2,500-$5,000. As a result, there's very little vertical movement among artists. You can be an 'emerging' artist for a good 10 to 12 years."

While under threat, many mid-sized organizations still exist. La MaMa, Abrons Arts Center and the Vineyard Theater are just a few of the experimental and

Albany Ebbs, Washington Wanes

Grants to New York City cultural organizations from both the federal and state governments have fallen dramatically since 2001 in inflation adjusted dollars.



Source: NYSCA ("NYSCA Grant Search" https://www.nysca.org/grant_app/org_search.cfm). NEA ("Grant Search" https://apps.nea.gov/grantsearch/)

“The amount of oversight and paperwork has increased a lot in the last six years. The small nonprofits can’t handle what’s required for the city process and definitely not the state process.”

neighborhood venues that continue to thrive. These middle-tier institutions attract budding talent from around the world and make New York unique. If they were to disappear, so would the vitality of the performing arts in New York.

Government Cuts Back

Artists and arts institutions have always relied on patrons, from the Medicis to the National Endowment for the Arts (NEA). In the U.S., the landscape of arts patronage has changed dramatically in recent years.

The Great Recession accelerated a long-running decline in national, city and state government support for the arts. From 2008 to 2015, New York City cultural funding from the NEA fell by 4 percent in nominal dollars and 15 percent when the amounts are adjusted for inflation. Over the same period, funding from the New York State Council on the Arts (NYSCA) dropped by 29 percent in nominal dollars and 37 percent when the amounts are adjusted for inflation. Programmatic grants from the city’s Department of Cultural Affairs (DCLA) fell 6 percent in nominal dollars during this same period and dropped 16 percent when the amounts are rendered in constant 2015 dollars. Meanwhile, city funding to the Cultural Institutions Group went from $128 million in 2008 to $114 million in 2014, an 11 percent drop in nominal dollars and a 21 percent drop when the amounts are adjusted for inflation.

At both the state and national level, the defunding of the arts began more than a decade ago. While NEA support for New York City institutions rose by 16 percent in nominal terms from 2001 to 2015, it declined 17 percent when adjusting for inflation. Over the same stretch, NYSCA grants plummeted by 28 percent nominally (from $29.5 million to $21.2 million), but by 49 percent when adjusting for inflation.

While former Mayor Bloomberg was widely regarded as a champion of the arts, this was more evident in his administration’s capital budget than its expense budget. As a share of operating expenses, funding for the DCLA and its granting programs declined significantly. After steadily growing from 0.24 percent of the city’s operating budget in 1992 to a more robust 0.33 percent in 2001, that share fell to 0.20 percent at the end of the Bloomberg administration.

While government funding declined, the number of cultural organizations in the city did not. From 2005 to 2015, the number of active arts and culture nonprofits rose by 54 percent, from 2,737 to 4,224. To accommodate this growth, arts agencies divided their dwindling funding pool between more and more grantees. The average NYSCA grant for New York City arts organizations was $30,934 in 2001, but only $16,765 in 2015, a 46 percent drop. The average NEA grant fell from $51,592 to $32,483 over the same period, a 37 percent decline.[82]

For many cultural organizations, the decline in state funding has been particularly jarring because NYCSA has been one of the few sources of general operating funds. The dearth of this kind of support has been an issue in the arts for years. “The big problem is people wanting new programs instead of funding what you’re already doing. You’re always coming up with the next new idea and not continuing to fund the innovations that you already have in place,” says Kristin Marting, artistic director of HERE.

NYSCA is also an important source of funding for individual artists. While NEA and DCLA forbid individuals from applying for grants, 9 percent of NYSCA's New York City funding went to individuals and another 5 percent went to residencies, commissions and subsidized rehearsal space.

Aside from NYSCA—and a handful of groups like the Doris Duke Charitable Foundation—public and private arts funders generally favor nonprofit organizations over individual artists. Their motivations vary, though tax exemptions and legal regulations are central. For government, politicians may be reluctant to give public money to potentially controversial artists. Foundations are partly motivated by a similar reticence, as well as a growing emphasis on metrics, which hurts individuals who may not have the capacity to amass data on the impact of their work. Corporations often use funding to boost their brand, and while an arts venue can put a company logo in front of a large audience night after night, an individual artist cannot. Finally, individual donors get a tax deduction for giving to a nonprofit—but not to an individual.

Individual talent is the foundation of New York City's creative economy and nourishing this talent is the foundation of any effective economic, cultural or community development strategy. As NYSCA funds to individual artists continue to decline and other government and philanthropic sources continue to favor organizations over individuals, a key component of the city's cultural economy is being underserved. "If we don't support artists and they can't make work, there's no reason for cultural organizations to exist in the first place," cautions Patricia Cruz of Harlem Stage.

Cumbersome Grant Applications

As government funding declines, applications are growing more complex. Federal, state and city grants require mounds of paper work, placing an enormous burden on small and mid-sized institutions. Furthermore, grant categories and themes are failing to keep up with the changing needs and practices of cultural producers and presenters.

Grant applications have become voluminous in recent years. Application instructions for the city's Cultural Development Fund, for instance, span 31 pages and actual submissions run much longer. The Department of Cultural Affairs requires an extensive organization profile, detailed financials and budgets, attendance figures, staffing information, marketing materials, work samples, a list of educational services, a funding plan and an independent audit—in addition to a thorough description of the actual program to be funded.

With few exceptions, these requirements apply to every cultural institution, whether their budget is $500,000 or $50 million. Organizations with budgets less the $500,000, fortunately, are exempt from the independent audit, thanks to the New York State Nonprofit Revitalization Act of 2013.

"The amount of oversight and paperwork has increased a lot in the last six years," confirms Melanie Cohn, former director of the Staten Island Arts Council. "The small nonprofits can't handle what's required for the city process and definitely not the state process. It's 45 to 50 hours of paperwork. Small organizations feel overwhelmed."

At the state level, the new Grants Gateway has proved particularly overwhelming. The Gateway aims to standardize and unify the granting process, allowing nonprofits in a variety of fields, not just culture, to use a single portal and single application when requesting government funds. This one-size-fits-all model, however, was built with human services organizations with multiple contracts at different state agencies in mind and is ill-suited for understaffed arts nonprofits that rarely have more than one small grant from NYSCA. The Gateway requires extensive new paperwork for cultural institutions—like a formal anti-nepotism policy—and the submission of materials to a clunky portal known as the Grantee Document Vault.

"They thought they were streamlining it, but what they actually did was add more work," says Ginny Louloudes, executive director of the Alliance of Regional Theatres/New York. "This was built for social service nonprofits who are applying to multiple state agencies. It doesn't work for us. The idea of one size fits all never works."

While NYSCA officials acknowledge that the rollout has been "nightmarish," they insist that early technological glitches will give way to greater efficiencies. In the meantime, grants for city cultural organizations are being delivered up to six months late, leading to significant cash flow problems. Some small organizations have been forced to take out loans to cover unanticipated shortfalls.

At the same time, grant makers have been slow to adjust to the reality of today's arts world. Those seeking funds must apply within specific disciplines–e.g. dance, theater, film–at a time when these disciplinary boundaries are being blurred.

"There's such a disconnect from how artists actually get work done" says Jennifer Wright Cook, executive director of The Field, an arts services organization. "Very few of our artists are calling themselves one thing. Funders are stuck in the 'these are the categories, apply to dance, music or theater.' There needs to be openness to how people are making work these days."

Four-Year Schools With the Highest Net Tuition Prices

	Institution	State	Net Tuition
1	School of the Art Institute of Chicago	IL	$44,838
2	The Boston Conservatory	MA	$43,894
3	California Institute of the Arts	CA	$42,616
4	**The New School**	**NY**	**$41,310**
5	Art Center College of Design	CA	$40,698
6	Ringling College of Art and Design	FL	$40,354
7	Berklee College of Music	MA	$40,145
8	San Francisco Art Institute	CA	$39,986
9	**School of Visual Arts**	**NY**	**$39,656**
10	Southern California Institute of Architecture	CA	$39,532
12	**New York University**	**NY**	**$37,656**
18	**LIM College**	**NY**	**$36,541**
22	**Pratt Institute-Main**	**NY**	**$35,861**

Source: U.S. Department of Education. "College Affordability and Transparency Center." Net tuition is the cost of attendance minus grant and scholarship aid.

The Burden of Student Debt

Many of New York's creative professionals carry heavy debt loads incurred attending expensive BFA and MFA programs. Where informal organizations once provided affordable training to young artists, the MFA degree is now necessary in many fields, and a growing number of awards and appointments require it. The number of advanced degrees awarded by New York City universities in creative fields rose from 2,193 in 2003 to 3,124 in 2012.[83]

The student debt crisis has become more severe in recent years. The Indiana University Strategic National Arts Alumni Project (SNAAP) found that 25 percent of recent arts graduates across the country faced over $40,000 of student debt. Only 9 percent of those who graduated more than five years ago had that much debt. Not suprisingly, 35 percent of recent graduates said debt had a major impact on their career decisions, compared to only 14 percent among earlier grads.[84]

Students at New York universities borrow significantly more money than their counterparts elsewhere. Among schools that offer a significant number of art, music and design degrees and certificates, the average student—in all fields—borrowed $25,023, nearly double the $13,820 average debt across the country. These figures include only public debt. Accounting for debt from private sources would bring these numbers still higher.[85]

High debt is, of course, closely connected to high tuition. With their low student-to-faculty ratios, specialized equipment and location in high rent cities, art schools are exceedingly expensive. Of the ten four-year universities with the highest net tuition in America, all are classified as schools of art, music or design.Two of the ten most expensive universities in the country are in New York (the New School and the School of Visual Arts) and five of the top 25 (NYU, LIM and Pratt) are located in this city.[86]

Student Debt at New York Universities		
Institution	**Degree Offered**	**Median Borrowed**
Manhattan School of Music	Primarily bachelor's degree granting	$47,000
New York University	Primarily bachelor's degree granting	$29,260
Pratt Institute-Main	Primarily bachelor's degree granting	$26,750
School of Visual Arts	Primarily bachelor's degree granting	$26,000
American Musical and Dramatic Academy	Primarily certificate granting	$25,160
LIM College	Primarily bachelor's degree granting	$24,750
American Academy of Dramatic Arts	Primarily associate's degree granting	$24,000
The Juilliard School	Primarily bachelor's degree granting	$23,000
The New School	Primarily bachelor's degree granting	$20,000
Fashion Institute of Technology	Primarily associate's degree granting	$19,171
The Art Institute of New York City	Primarily associate's degree granting	$18,186
New York School of Interior Design	Primarily associate's degree granting	$17,000
American Average		**$13,820**

Source: "How Does Your School Rank?", Wall Street Journal. February 19, 2013.

Debt poses a particular challenge for those in the arts who generally do not earn as much money as graduates of law, medical or business school. Covering rent and debt payments on a $30,000 salary does not leave much for a studio, rehearsal space, an office or equipment, to say nothing of housing and food.

"Young people graduate from professional arts programs with staggering debt in greater numbers than ever before," confirms Andrea Louie, executive director of the Asian American Arts Alliance and former novelist. "They may not be able to sustain themselves as artists or arts administrators."

Rise of the Unpaid Intern

As funding declines, many organizations rely on interns to get needed work done. The growing pool of BFA and MFA students provides a steady source of candidates. And yet, as rents skyrocket and student debt balloons, the arrangement raises troubling issues. According to a recent report by the Strategic National Arts Alumni Project, only 15 percent of arts majors who graduated prior to 1983 reported working as an unpaid intern. Among the 2009-13 batch of graduates, 54 percent had an unpaid internship.[87]

In many fields, unpaid work begins at the university. BFA and MFA programs now require work experience to graduate, often giving academic credit for them. "We've moved from being paid to work, to working for free, to now paying to work because if you're getting college credits to work for Marc Jacobs, you're essentially paying tuition to work for him. That's very disturbing," says artist Caroline Woolard.

Even after graduating, artists continue to offer services without pay to gain experience, get exposure or assist a friend. Dance is particularly rife with unpaid work. In 2012, Dance/NYC and the Bloustein Center for Survey Research at Rutgers University surveyed 1,231 New York dancers between the ages of 21 and 35. Of the 1,870 jobs performed by these respondents, 26 percent involved no earnings in dollars.[88] As acclaimed choreographer Gina Gibney says, "Dancers have not been good historically at standing up for themselves, both in terms of pay and other critical issues."

These issues extend to the fine arts as well. For a report commissioned by Working Artists and the Greater Economy (W.A.G.E.), Sherry Xian of the Survey Research Institute at Cornell University surveyed visual and performing artists exhibiting in nonprofit exhibition spaces and museums in New York City between 2005 and 2010. Of the 977 respondents, 58.4 percent did not receive compensation for their participation or reimbursement for expenses.[89]

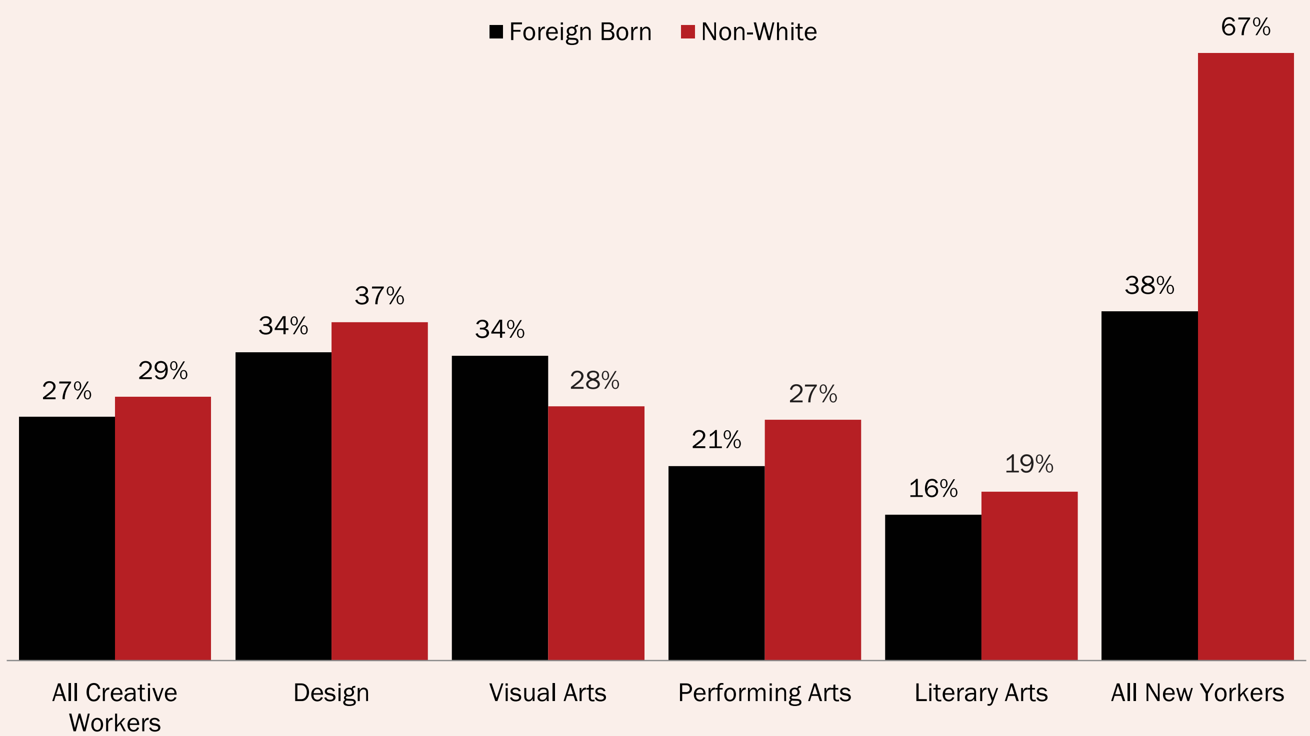
The pressure on people in the arts to do unpaid work favors those who can afford to volunteer, often because they come from affluent families that can help support them. This leaves out a disproportionate number of non-white and immigrant New Yorkers, contributing to the lack of diversity in the creative sector.

In recent years, the economy of unpaid labor has begun to change. In response to litigation, several industries, including film and publishing, have restructured internship programs to better comply with federal regulations. "We completely redesigned the internship," says Mike Jackman, executive vice president of FilmNation Entertainment. "Interns are now assigned to a specific department and have to do a research project that they present to the company. It made us create a program that was a whole lot more valuable for the interns and a whole lot more valuable for us."

Many former interns, though, have said their unpaid experience served a purpose. "As an unpaid intern, I was just thinking 'I get to learn all of this and not pay

The Diversity Deficit: Creative Occupations

New Yorkers employed in creative occupations are more likely to be white and native-born than the average resident.



Source: American Community Survey 2010-2012 a cent? Oh my God this is the best deal of the century,'" insists Bob Bland, CEO and founder of fashion incubator Manufacture New York. "My student loans are crushing and it's awful. If I had to go back, I would have just interned unpaid for three to four years and I would've learned just as much."

The Diversity Gap

Although New York's creative sector is extraordinarily diverse by national standards, it remains much whiter, wealthier and, in some fields, more male than the city as a whole.

"One thing that hasn't changed in the last decade, that really needs to change, is the lack of inclusion and diversity in our organizations," says Anne Pasternak, former president and artistic director of Creative Time and the incoming director of the Brooklyn Museum. "There was little progress."

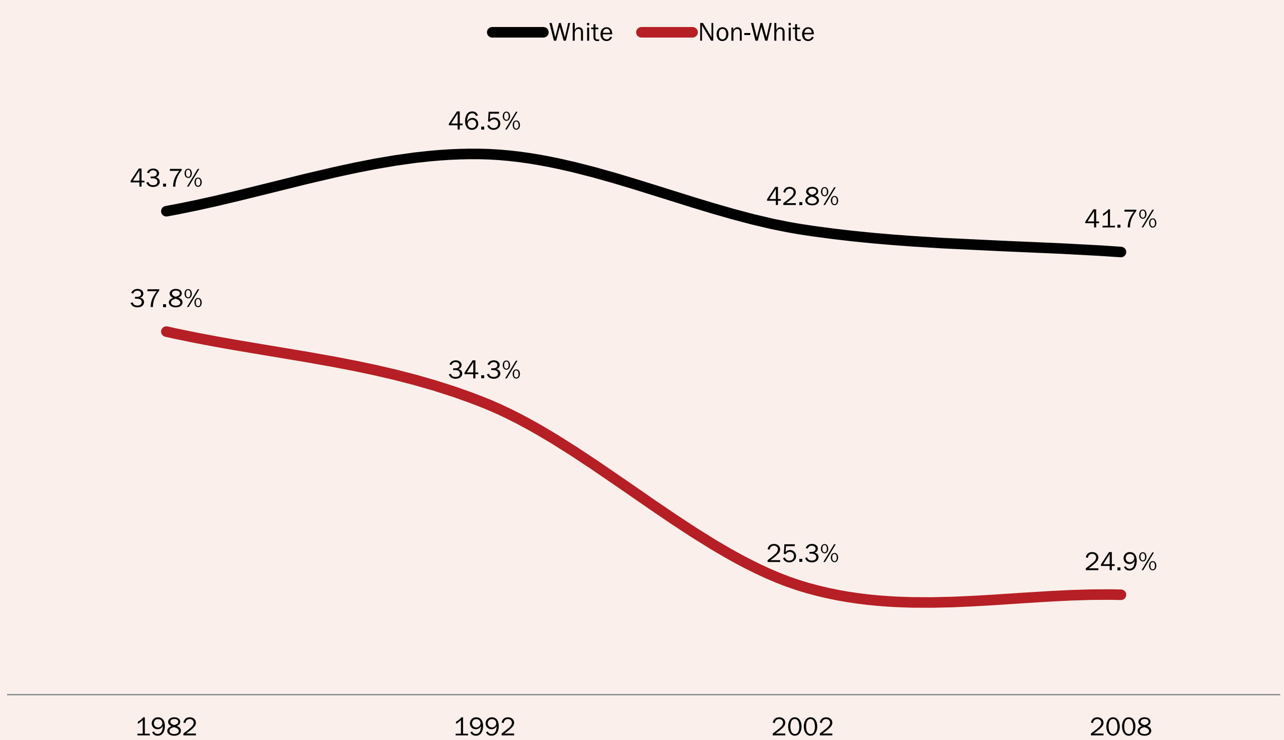
"The cultural sector doesn't reflect the diversity of the city," agrees Sami Abu Shumays, the deputy director of Flushing Town Hall, a performance venue in Queens. "You have a small number of people who are able to work the system, and who therefore get recognized, but then a large number of people who don't."

While 67 percent of New York City's population is non-white, only 29 percent of those employed in creative occupations are non-white. Thirty-eight percent of New Yorkers were born outside of the country, but only 27 percent of those in creative occupations are foreign-born. The numbers have barely changed since the turn of the century. In 2000, 27 percent of New York City creative professionals were foreign born and 27 percent were non-white, according to the Census.

These disparities jeopardize the continued vibrancy and stability of New York's creative economy. Without creators from a range of backgrounds and experiences, New Yorkers' creative sector will find it difficult to produce works reflecting the range of experiences, aspirations, anxieties and prejudices in the city, and many communities will simply ignore it. A lack of diversity

The Diversity Deficit: Arts Education

As arts education declined for non-white students, so too did arts attendance. In 1982, a white 18 to 24 year-old was 6 percent more likely to attend an arts activity than a non-white peer. By 2008, the gap ballooned to 17 percent.



Source: Rabkin, Nick and E.C. Hedberg. "Arts education in America: What the declines mean for arts participation," National Endowment for the Arts. February 2011.

> "We really need to look at the lack of inclusion. The city's cultural sphere is going to be increasingly challenged and our audiences are going to become increasingly white and privileged."

can also stunt progress and originality in a creative sector where innovation and insight are fueled by outsiders questioning, provoking and upending the status quo.

"We really need to look at the lack of inclusion," says Pasternak. "The city's cultural sphere is going to be increasingly challenged and our audiences are going to become increasingly white and privileged if these issues aren't addressed."

Arts and the Classroom

The decline in arts education contributes to the lack of diversity among producers as well as consumers of art. The arts budget in New York's public schools fell from $361 million in 2007 (inflation adjusted) to $337 million in 2014.[90] In the last three years, 44 percent of schools reported a reduction in funding while 48 percent reported that funding was flat.[91] Seventy-four percent of principals think that funding for arts programs in their schools is insufficient, according to the Department of Education's (DOE) 2014 *Annual Arts in Schools Report*.

In an April 2014 survey, the City Comptroller's Office found that 20 percent of New York City high schools, 22 percent of middle schools and 38 percent of elementary schools did not have a full-time certified arts teacher. An additional 10 percent of New York City schools lacked a dedicated arts room and 16 percent had no partnerships with local cultural institutions. In response to these findings, Mayor Bill de Blasio added $23 million to the Department of Education's 2015 arts budget.[92]

The comptroller's report found, "Reductions in arts education have fallen disproportionately on the city's lower income neighborhoods, especially the South Bronx and Central Brooklyn." This reflects a national phenomenon. From 1982 to 2008, the percentage of white students who received arts education remained steady, falling from 59 percent to 58 percent. By contrast, the percentage among black students plummeted from 51 to 26 percent and for Hispanics from 47 to 28 percent.[93]

Over the same period, similar racial disparities emerged in arts participation. In 1982, 44 percent of whites aged 18 to 24 and 38 percent of non-whites attended at least one arts activity. By 2008, the figures were 42 percent and 25 percent, respectively.[94]

Manhattan Takes the Money

While many small neighborhood-centric cultural organizations have emerged throughout the five boroughs, many struggle to survive. In 2014, Manhattan nonprofits accounted for 80 percent of NEA's arts funding in New York City and 71 percent of NYSCA's funding. After completely revamping of its programmatic funding in 2008, the share of city Department of Cultural Affairs grants to Manhattan organizations actually increased, from 60 percent in 2007 to 62 percent in 2015.

This is not to suggest, of course, that Manhattan organizations are unworthy of a large share of funding. The borough currently hosts 69 percent of the city's active cultural nonprofits, accounting for 91 percent of total nonprofit revenue.[95]

However, Manhattan nonprofits, by virtue of their size and location, have access to a disproportionate share of other revenue sources, particularly private philanthropy. Financial information provided to the Cultural Data Project (CDP) reveal that Manhattan nonprofits received a cumulative $2 billion from individuals and board members from 2010 to 2012. This represented 91 percent of all private philanthropy distributed in the five boroughs. Private philanthropy covered 20 percent of total nonprofit expenses in Manhattan, more than in any other borough.

"The ability to give large gifts like you see in Manhattan just doesn't exist out here," says Dina Rosenthal, executive director of the Staten Island Children's Museum. "Non-Manhattan boroughs don't have that kind of tradition of philanthropy." [96]

Neighborhood arts organizations from minority neighborhoods face even more of an uphill battle, since they earn less from ticket sales. According to CDP data, for New York organizations that explicitly listed their constituents as non-white, earned revenue—usually attendance fees—covered 32 percent of their expenses, compared to 55 percent for those with a general audience. Individual and board donations covered only 11 percent of expenses for these organizations, but a much higher 21 percent for those serving a general audience.

Manhattan's preponderance of cultural nonprofits should not suggest that it hosts the preponderance of cultural activity. Many arts organizations and projects, particularly smaller ones outside Manhattan, choose not to incorporate as 501(c)(3) tax exempt nonprofits , which can be a burden, particularly for small and immigrant arts groups. Instead, they seek private and public support though fiscal sponsors like Fractured Atlas, The Field and New York Foundation for the Arts. Of the 835 New York organizations sponsored by Fractured Atlas in 2013, 49 percent are in Manhattan, 39 percent in Brooklyn and 11 percent in Queens.

Because many immigrant cultural groups are very small and volunteer-based, they have a hard time establishing and managing their nonprofit status. According to Robert Baron, folk arts program director at NYSCA, "the biggest impediment for immigrant traditional artists and groups in applying for public funding are these extensive organizational requirements."

Dearth of Arts Advocacy

Whatever their differences in terms of mission, size and funding, organizations and businesses share many common interests such as the need for affordable studio, rehearsal and presentation space; reducing student debt burdens; increasing support for arts education and larger budgets for the NEA, NYSCA, DCLA and Mayor's Office of Film, Theatre & Broadcast budgets. The sector needs to do a better job of leveraging the full strength of its trade organizations, advocacy groups and labor unions.

The creative sector is not lacking in organizational strength. Dance, theater and film have developed impressive discipline-specific lobbying efforts such as Dance/NYC, Alliance for Regional Theatres/NYC and New York Production Alliance. Fashion, design and architecture have organizations like the Council of Fashion Designers of America, AIGA and the American Institute of Architects. And film and theater have strong unions such as Actors' Equity, International Alliance of Theatrical Stage Employees and the Theatrical Teamsters. But there has been a dearth of cross-disciplinary advocacy.

The last four years have been difficult in this respect. Alliance for the Arts, which provided research and advocacy for 35 years, was folded into the Municipal Art Society and largely disbanded. The Alliance of New York State Arts Organizations dissolved in 2010 because of debt and lack of money. Finally, the New York City Arts Coalition struggled in the aftermath of the Great Recession with few members able to pay their dues.[97]

While the emergence of new advocacy organizations, like One Percent for Culture and NOCD-NY, offers reason for optimism, progress is still needed. "Advocacy and lobbying for the arts has been weakened in the last couple of years. There's no doubt," says Ella Weiss, president of the Brooklyn Arts Council. "Small organizations have been particularly hurt. While the larger art centers can afford lobbyists to help them win government dollars, smaller and medium size organizations were dependent on advocacy groups, many of which have disappeared."

TEN YEARS OF CULTURAL POLICY

Different Mayors, different approaches to supporting the arts

In his first 18 months in office, Mayor de Blasio has begun to articulate his vision for supporting the arts and the broader creative sector. While continuing many of the successful cultural initiatives launched by the Bloomberg administration, Mayor de Blasio and his cultural affairs commissioner have emphasized a handful of other important issues, from diversifying the leadership of the city's arts institutions and expanding arts education to better supporting small cultural organizations and developing new collaborations between the Department of Cultural Affairs (DCLA) and other city agencies.

Many of the administration's early arts initiatives parallel the mayor's broader focus on inclusion, affordability and community development. One of DCLA's highest profile announcements to date has been its diversity initiative. Under the program, which was announced in January 2015 by DCLA Commissioner Tom Finkelpearl, the department for the first time would collect data on the diversity of visitors, staff and boards at the city's museums and performing arts groups. In a city where a minority of the population is white, but 75 percent of staff at dance companies, 74 percent at theater companies and 60 percent at museums are Caucasian, DCLA's initiative aims to illuminate these disparities and encourage greater diversity.

The administration's emphasis on inclusivity is also evident with its widely-heralded Municipal ID Card program, which aims to help thousands of undocumented immigrants access a range of city services. To encourage broad adoption, all ID card holders were given one-year free membership packages at 33 of the city's leading cultural institutions, including the Met, El Museo del Barrio and Brooklyn Museum.

To improve access to the arts across the city, Mayor de Blasio announced a $23 million bump in arts education spending in July 2014. The funding will support 120 new certified arts teachers, upgrade arts facilities in schools and help forge new partnerships with cultural institutions. The administration also hired arts coordinators in each borough to promote collaborations between schools and arts organizations.[98]

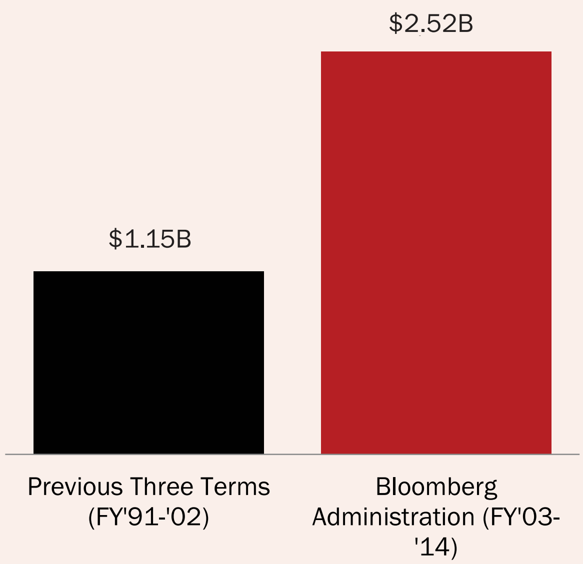
Perhaps the most ambitious plank of the de Blasio cultural agenda was announced in his State of the City address in February. As part of a plan to build 80,000 units of affordable housing over the next decade, the mayor promised 1,500 units of live/work housing would be allotted to artists and creative workers—a significant increase over the amount of artists' housing developed during the Bloomberg administration. The mayor also pledged that his administration would create another 500 affordable workspaces for the cultural community.

In an interview we conducted in late 2014, Commissioner Finkelpearl elaborated on some of his priorities at DCLA. Since DCLA's budget has essentially remained flat for years, he has been working to forge partnerships with other agencies that could be helpful to the arts, from the Department of Corrections to the Department of Homeless Services. He is also paying close attention to how the city could better help some of the city's smallest arts organizations, including many that are too small to qualify for DCLA grants. And he said that he is making a point of highlighting the social value of the arts.

The de Blasio administration has also launched a number of economic development initiatives focused on supporting the city's creative industries. In January, the mayor announced that the city's Made in NY program would be extended to fashion and that workforce development funding for the industry would triple. In May, he committed $74 million for the con-

NYC's Cultural Building Boom

City capital funds for cultural organizations more than doubled during the Bloomberg administration.



Source: Independent Budget Office. "Capital Expenditures Since 1985." www.ibo.nyc.ny.us/RevenueSpending/AgencyCapitalExpenditures.xls

struction of a new state-of-the art academic building at the Fashion Institute of Technology.

As the mayor works to develop and implement his creative agenda, he has found an eager partner in the City Council. In May, the Council passed legislation mandating New York's first Cultural Plan. To be completed by July 2017, the plan will focus on many of the mayor's priorities, including affordability, inclusivity, community development and small- and mid-sized cultural organizations.

The Cultural Plan will also build on the recently unveiled Cultural Immigrant Initiative. The City Council's $1.5 million allocation will support emerging arts groups in immigrant communities as well as initiatives to expand access for youth, immigrants and school children. New cultural funding also included $1 million for the Coalition of Theaters of Color and $2 million for the Cultural After-School Adventures Program.

In many ways, the de Blasio administration and City Council cultural initiatives represents a departure from the Bloomberg administration. In placing a greater emphasis on diversity and community development, city officials are tackling critical issues affecting the creative sector that received only minimal attention in the past decade. At the same time, the de Blasio administration does intend to build on several of the initiatives launched by their predecessors in City Hall.

Most of those in the arts and the creative industries who were interviewed for this report were complementary of the Bloomberg administration's record of support for the creative sector. Mayor Bloomberg was a very public champion of the arts and his administration made unprecedented investments in the creative sector. Its embrace of public art projects, like Christo and Jeanne-Claude's "The Gates", and its efforts to support industries like fashion, film and television and tourism helped spur growth in those sectors.

Perhaps most notably, Mayor Bloomberg dramatically increased in capital funding to cultural institutions. Under previous administrations, city capital dollars were mostly limited to the Cultural Institutions Group, including the Met, El Barrio and the Brooklyn Museum, all of which operate on city-owned property. While it was Mayor Giuliani who challenged this precedent with capital contributions to the New-York Historical Society and MoMA in the mid-1990s, Bloomberg rapidly expanded the program. In the twelve years of the Dinkins and Giuliani administrations, DCLA provided $752 million in capital to city cultural institutions ($1.1 billion, inflation adjusted). During Bloomberg's three terms, the city spent $2.2 billion ($2.5 billion, inflation adjusted), a 198 percent increase over the prior twelve years (120 percent, inflation adjusted). An additional $819 million was approved by his administration and is still being allocated.

Many of Mayor Bloomberg's largest outlays were linked to the development of newly rezoned neighborhoods, helping them attract residents, businesses and tourists. The yet-to-be-built Culture Shed in Hudson Yards received $75 million; the new Whitney Museum of American Art in Chelsea was allotted $57 million; and over $100 million was allocated to Downtown Brooklyn's Cultural District, including $35 million for BRIC Arts and $34.4 million for the Theater for a New Audience. Other major beneficiaries of city capital funding included the Public Theater ($22.4 million), Brooklyn Children's Museum ($48 million), Museum

“The philosophy seemed to be ‘if we build it the money will come. That is really flawed, especially in a working community with modest resources.”

of the Moving Image ($54.7 million) and Lincoln Center ($240 million over a 10-year period).[99] City dollars have proven effective at seeding large-scale projects and stimulating the flow of private funds, an explicit goal of the Bloomberg Administration. As city capital funding for cultural institutions rose, so too did private contributions.

City capital contributions also played a vital role in funding smaller organizations. Though only 3 percent of city capital funding was devoted to organizations with annual operating budgets of less than $1 million, the $13.2 million allocation comprised 73 percent of those organizations' total capital dollars from 2003 to 2005. Public funding was also important for cultural organizations with operating budgets in the $1 million to $10 million range, where the city's contributions of $142.8 million accounted for 65 percent of their total capital funding. The city's share for organizations with budgets over $10 million, by contrast, was only 23 percent.”[100]

While the city capital program has helped a number of small and midsize institutions develop permanent homes, constructing and operating these facilities is not without its challenges. A small or mid-sized organization lacking experience in construction and the accompanying government regulations is bound to confront delays and frustration. Covering the increased operating expenses of running these new facilities has also proven to be difficult. Both the Weeksville Heritage Center and the Jamaica Center for Performing Arts, for instance, have struggled with operating and programming expenses since their new, city-subsidized spaces were completed.

“The philosophy seemed to be ‘if we build it the money will come,'” says Creative Time's Anne Pasternak. “That is really flawed, especially in a working community with modest resources.”

With the expansion of the city's cultural capital program, Commissioner Kate Levin and the Department of Cultural Affairs played a prominent role in the Bloomberg administration. Cultural policy, however, extended far beyond the DCLA under Bloomberg. The Mayor's Office of Film, Theater and Broadcasting (MOFTB), for instance, helped attract productions to New York City. The office modernized and streamlined the permitting process for on-location shoots, created a database of free New York City locations and hired a location concierge to provide free consultations to filmmakers. Its ambitious marketing campaign, Made in NY, was also launched, providing local productions with free advertising in subways and discounts on supplies.

The Economic Development Corporation (EDC) developed several initiatives to bolster the fashion and design industry, from supporting Fashion Week and opening a fashion incubator in partnership with the CFDA to providing entrepreneurship training for designers and artists. NYC and Company, meanwhile, worked with major cultural institutions to attract tourists and promote Broadway Theater and New York museums abroad. Finally, the Department of Design and Construction (DDC) managed major capital projects for city cultural institutions and helped small and midsize architecture firms and boutique furniture makers procure city contracts.

RECOMMENDATIONS

22 achievable ideas for strengthening New York City's creative sector

After an unprecedented investment in cultural capital projects and a strong emphasis on promoting tourism during the Bloomberg administration, Mayor de Blasio is taking steps to ensure that opportunities to produce and consume culture in New York are broadly shared and that working artists and creative professionals can afford to live and work here. But there is a lot more to be done. To that end, we propose more than 20 steps that the de Blasio administration can take to address and ultimately overcome the chief obstacles documented in this report. These include creating a dedicated funding stream to provide more operating and programming support for cultural organizations; investing in arts education; expanding existing efforts to create affordable housing and studio spaces for artists; leveraging artists and cultural organizations to promote community development; and better utilizing designers and other cultural businesses in the delivery of government services.

Real Estate Affordability

1. Build on successful models for providing affordable work and rehearsal spaces for artists

As rents rise in New York, many creative individuals, organizations and businesses are struggling to find suitable rehearsal, production and performance space. In recent years, the city has introduced a number of initiatives to address these affordability challenges and should look to extend them.

The Seniors Partnering with Artists Citywide (SPARC) program, for instance, is a partnership between the DCLA and Department for the Aging. Participating artists receive a stipend and access to senior center workspaces in exchange for providing arts programming for seniors. This program could be replicated at a number of other city spaces, including homeless shelters, hospitals, libraries, recreation centers and community facilities in city housing projects. Providing artists with affordable spaces while offering arts programming to underserved populations like the homeless and public housing residents as well as the youth, senior and immigrant populations that frequent libraries, would be a win-win.

Even more ambitious and timely would be a partnership between the DCLA and DOE. As evident in its recent community schools initiative, the de Blasio administration intends to use some of the city's 1,200 school buildings as neighborhood service centers. The arts should be a beneficiary of this initiative, providing art teachers, local actors, musicians, dancers, painters and photographers as well as CUNY MFA graduates with studio and rehearsal spaces after school hours. Taking a page from the highly regarded CUNY Dance Initiative, the DCLA and the DOE should partner with local foundations to help cover custodial, security, energy and insurance expenses associated with the program.

The city could also act as a liaison between artists and religious institutions, many of which have spare capacity. Because some churches, synagogues and mosques may disapprove of the content of certain arts groups, the city could help foster appropriate partnerships. The city can also serve as a matchmaker between cultural institutions looking to secure permanent spaces. In projects like 666 Broadway and 305 Seventh Avenue nonprofits pooled resources to purchase real estate. The DCLA or EDC can work to cultivate these partnerships, helping small nonprofits establish shared office, rehearsal and performance space.

2. Provide more support for collaborative working spaces

Driven by cost pressures, quickly evolving technologies and an interdisciplinary spirit, cooperative workspaces have become increasingly popular. City, state and federal agencies should take several concrete steps to support this trend. First, the DCLA should adjust its capital strategy to focus less on new buildings and more on equipment, particularly for artist cooperatives and co-working spaces. Equipment such as cameras, laser cutters, sound systems and stage lighting carry less overhead costs than new facilities and are more targeted to the production of art. And with more and more artists pooling their resources, these equipment grants will benefit a growing share of artists. In fiscal year 2014, only $3.1 million of DCLA's $100.5 million capital budget was devoted to equipment.[101] Moving forward, this share could be increased and capital equipment grants could be disbursed through the peer-panel review process, as is done for programmatic grants.

Second, the DCLA, New York State Council on the Arts (NYSCA) and the National Endowment for the Arts (NEA) should resurrect the defunct NEA Workshop Grant. From the 1970s to the early 1980s, this NEA grant, designed to encourage artists to collaborate more, supported workshops and alternative spaces.[102] One of its most prominent recipients was CoLab, an influential collective including Tom Otterness, Charlie Ahearn and Kiki Smith, which used the funding to finance its downtown Manhattan space. CoLab was the driving force behind the famous Times Square show that introduced Keith Haring and Jean-Michel Basquiat to the world. Reintroducing this grant in New York would provide needed resources to similar collaborative spaces throughout the city.

Third, residency, incubator and subsidized studio spaces should better serve artist collectives. From Governors Island and Pioneer Works to SPARC and Spaceworks, residency programs have become prevalent over the last decade. Many, however, are only available to individual artists. Moving forward, applications and spaces should be modified to accommodate collaborative projects.

Finally, as artists and creative professionals become more collaborative and venues diversify their programming, creative output has grown increasingly interdisciplinary. Many grantees, however, continue to have strict disciplinary funding buckets such as theater, dance and film. Agencies like NYSCA should consider offering more funding for multidisciplinary work and allow organizations to apply for funding under multiple categories.

3. Preserving office space and second floor retail for creative businesses and artist studios

Class B and C office buildings, so designated because they are older and have fewer amenities than Class A buildings, are rarely viewed as key engines of the city economy, but because of their lower rents, these buildings are home to a large share of the city's architects, fashion designers, digital media companies, talent agents and other creative sector businesses. Unfortunately, the supply of Class B and C buildings has fallen over the last decade, with many converted to storage, hotels or apartment buildings. New tax exemptions or low-cost financing for tenant improvements could make it financially attractive for Class B and C owners to preserve their buildings as office spaces.

The city could also provide a boost to the creative sector by helping to unlock upper-floor retail spaces. In some of the most dynamic commercial districts in New York, a large number of second- and third-story spaces remain empty—including in downtown Jamaica, Brooklyn's Fulton Mall and the Hub in the South Bronx. While many of these spaces have been closed off for decades and would require significant investments to bring them back up to code, they could be ideal for arts groups and artists looking for long-term affordable places to work, rehearse or perform. Moving forward, city officials should work with local development corporations and other business organizations to develop a set of carrots and sticks that could encourage landlords to rent these spaces to arts organizations, creative sector businesses, freelancers and others with significant space needs.

4. Leverage state real estate assets, including old psychiatric centers and hospitals, to address workspace affordability challenges

Like the city, New York State has significant real estate holdings that could be used by artists. The Empire State Development Corporation and Office of General Services should conduct an audit of underutilized real estate holdings to identify spaces that could be converted for studio and rehearsal use. The state maintains seven psychiatric centers in New York City, for instance, with at least one in each borough. Some have significant spare capacity that could be refashioned for use by artists.

The state already has a slew of existing programs to address affordability challenges. These should be extended. NYSCA, for instance, could broaden its successful Dance Rehearsal Space Program, which provides grants to facilities offering 1,000 hours of subsidized rehearsal time at $10 or less per hour. The program could be replicated for music and theater.

5. Develop affordable housing for artists

In February, Mayor de Blasio announced a plan to build 1,500 units of affordable housing for artists. In a city with little artist housing—by our calculation, there are only six such complexes in the city—it was a historic commitment. But clearly there is significant unmet demand. When P.S. 109 in East Harlem was redeveloped into affordable artist housings, more than 53,000 people applied for 89 affordable rental units.

Clearly, artists aren't the only New Yorkers struggling under the weight of the city's astronomical housing costs: teachers, firefighters and countless poor, working poor and middle class residents face the same problem. But given the outsized importance of the arts to New York's economy, and the paucity of existing subsidized residential facilities for those in the arts, there's a compelling case to be made that even more of the 200,000 affordable housing units the mayor plans to develop and preserve over the next ten years should be made available to low-income artists. As the Mayor begins to implement his plan, he should consider several additional initiatives that could help deliver even more affordable apartments to artists and other creative workers.

First, the administration should consider developing a new zoning category for live-work collectives in manufacturing districts. De Blasio aides have already discussed workforce housing in industrial areas[103] while the City Council has proposed Creative Economy Districts in its report on industrial zoning.[104] Melding these proposals, the city should consider allowing live-work spaces in M1 districts to support artist collectives. Unlike the Loft Law, which ultimately served as a wedge to open up manufacturing districts in SoHo and Williamsburg to residential housing, collectives would have to be incorporated as businesses or nonprofits and pay all members a living wage in order to qualify.

Second, as the administration continues to finetune its 80/20 inclusionary zoning plan, it should consider a Floor-Area-Ratio bonus for developers who provide an additional 5 percent of their space for live-work apartments for low-income artists.

6. Eliminate bureaucratic hurdles that artists face when applying for subsidized housing

The Department of Housing Preservation and Development (HPD) should work with the DCLA to make it easier for those with non-traditional incomes to apply for affordable housing. The process of applying for government-subsidized housing programs hinges on the ability to project future earnings. For those whose income is a patchwork from different sources—as is the case with many creative professionals—this task can be onerous. Providing assistance to those with unconventional income streams and simplifying the application process would help. The city could partner with the Actors Fund, which runs a series of classes on how to apply for affordable housing. And for healthcare, the city should follow Chicago's lead and create a partnership between the DCLA and the Department of Health to assist artists in applying for Affordable Care Act benefits.

Government Funding and Support

7. Increase funding for cultural organizations by establishing new, dedicated revenue sources

Government support at the federal, state and city level has not kept pace with the growth of New York's creative sector. The decline in public funding has adversely affected small, mid-sized and immigrant organizations that have greater difficulty attracting private funding. To maintain a healthy and diverse arts ecosystem, government should look to increase and stabilize its funding with new, dedicated funding sources.

Both the hotel tax and billboard tax are appropriate sources of dedicated revenue. Recognizing that its cultural assets help drive tourism and fill hotels, San Francisco, Houston and San Diego have earmarked a fixed portion of their hotel tax for arts funding. This helps San Francisco provide $14 per capita in total programmatic grants for the arts, compared to $3.70 per capita in New York.[105] At the end of 2015, the New York's 0.875 percent hotel room occupancy tax (part of an overall 5.875 percent occupancy tax here) will come up for reauthorization.[106] The City Council should take advantage of that deadline to reauthorize that portion (approximately $80 million) to the DCLA's Cultural Development Fund and the Cultural Institutions Group.

In Toronto, arts funding comes from revenue provided by the city's billboard tax. Although New York does not have a specific billboard tax, the de Blasio administration has started to apply the commercial rent tax to billboards, mostly in the Times Square area. Moving forward, the city should commit a portion of its billboard tax revenue to public art installations, arts programming in public plazas and granting programs at the DCLA.

8. Target mid-sized organizations for funding and make it possible for more organizations to share expensive back-office resources

Mid-size organizations play an essential role in the New York City arts ecology, providing appropriate audiences and generous commissions to mid-career artists. However, many of these important institutions are struggling to make ends meet as government funding and the traditional season subscription model have both declined over the last decade. The DCLA currently divides its programmatic funding into pots for organizations with revenues above and below $250,000. Given the unique challenges mid-sized organizations face, it should consider adding a middle tier to ensure that they don't get lost in the shuffle.

Mid-sized and small organizations would also save money by sharing staffing and software. Customer relations management software like Tessitura, for instance, is highly effective for cultivating new donors and audiences, but very expensive. In New York, only 24 large cultural institutions use the software. NYSCA, DCLA or EDC could help organize and fund a Tessitura consortium of small- and mid-sized cultural institutions, following the lead of the Theatre Alliance of Greater Philadelphia, the Pittsburgh Cultural Trust and the Atlanta Tessitura Consortium.

Small cultural institutions can rarely afford high-quality technical, development and financial staff and do not need these services full time. The city and state could play a matchmaker role, creating a grant program that solicits joint applications from multiple institutions to share back-office staffing. The governments can also help with the development and expansion of ArtsPool, a shared services platform for cultural nonprofits created by the Alliance of Resident Theatres.

9. Strengthen the cultural capital program

The city's capital funding and procurement process, and its management of construction projects through the Department of Design and Construction (DDC) and Economic Development Corporation (NYCEDC) can place an enormous burden on cultural nonprofits, particularly smaller nonprofits without in-house capital departments and experience developing and renovating facilities. Although DCLA has done a lot to improve the communication process to prepare cultural nonprofits that have received capital grants, many still greatly underestimate the commitment they are making and the impact it will have on their bottom line. Capital projects routinely take ten years to complete and cost millions of dollars more than originally anticipated. As a result, several prominent organizations have struggled immensely to keep the lights on once their new facilities opened to the public.

The de Blasio administration should take steps to improve this process. It should do more to track project timelines and construction costs so it can identify and eliminate common chokepoints in the delivery of new buildings. And it should consider major changes in the way oversight agencies, including the Office of

Management and Budget, the NYCEDC and DDC, coordinate and communicate on projects. The way capital funds are disbursed, contracts awarded, and change orders approved should all be reevaluated and reformed so that the city can get the most value out of its capital investments.

10. Do more to incorporate high quality architecture and design services in civic projects

Over the last decade, the city has put a higher priority on getting high-quality designs for new civic projects, from buildings and interiors to furniture and lighting. In 2006, DDC launched the Design Excellence program, which pre-approves local firms to bid for city capital projects. DDC followed this initiative with Built NYC, a pilot program to commission site-specific furnishings for city construction projects from local furniture and product designers. While these achievements represent progress, designers could play a much larger role in the delivery of services. Designers could play a huge and potentially transformative role throughout city government if more of an effort were made to both encourage (and in some cases allow) the purchasing of good design and to disseminate information to the design community about new opportunities. Everything from patient intake forms at city hospitals and waiting rooms at government offices to 311 apps and informational websites for government programs pose challenging and important design problems. But the city lacks a mayoral appointee or unit within the mayor's office that could work with the Office of Management and Budget and city agencies to reform the city's procurement rules and influence commissioners and agency heads to adopt new practices. Unlike Montreal or Philadelphia, which have chief creative officers, or Boston and Denmark, which have innovation teams charged with incubating new solutions to vexing government challenges, New York doesn't have anyone with the authority and mission to work across agencies and reform existing practices.

11. Make the federal income tax code less punitive to creative workers

The federal tax code is extraordinarily complex and cumbersome. Filing a tax return can be particularly onerous for creative workers, many of whom have multiple streams of income. Yet more than simply being time-consuming, the tax code penalizes creative workers in several distinct ways.

Unionized entertainment professionals receive their income as wages, which means that technically, they're employees. Unlike most employees, however, entertainers pay a hefty chunk of their income to obtain and negotiate work, including commissions to agents, managers and lawyers as well as travel expenses, coaching and classes and union dues. The tax code should allow entertainers, irrespective of income, to subtract these commissions and expenses from their gross income.

In 1986, the IRS created a "qualified performing artist" provision, allowing low-income performers to receive a deduction for business expenses. To qualify, adjusted gross income was capped at $16,000. That figure has not budged since it was first established. Moving forward, Congress should index the qualified performing artist cap to inflation and allow married performers filing jointly to qualify as long as the household income doesn't exceed twice the cap.[107]

Congress should also pass the Artist-Museum Partnership Act, which would allow artists to deduct the fair market value of artworks donated to museums, libraries and other educational institutions. Under current law, artists may only deduct the cost of supplies in making the artwork, whereas a collector who donates the same work can deduct its full fair market value. The Act seeks to encourage artists to give their art to public institutions, a practice which virtually ceased following the introduction of this provision in the tax code in 1969.[107]

In California, this disparity between the artist and art collector is addressed through the Resale Royalty Act, which entitles artists to a royalty payment upon the resale of their works of art. This legislation should be considered in New York.

12. Subsidize electricity rates for nonprofit performance venues

Con Edison offers subsidized electricity rates for nonprofit religious organizations, veterans groups and supportive housing. This preferential rate should be extended to nonprofit cultural performance venues.

Performance spaces, which are heavy users of electricity, are currently charged the highest commercial rate. A small organization like 3-Legged Dog in downtown Manhattan, for instance, pays approximately $16,000 per month. Con Edison has been a generous patron of the arts, including its Composers' Residency Program and support for institutions like the Staten Island Museum, Socrates Sculpture Park and Brooklyn Conservatory of Music. Offering a favorable electricity rate for cultural institutions would build on the company's history of support while providing a critical subsidy for performance venues.

13. Create a revolving loan fund for theater productions

Nearly every theater production in New York City must sign a contract with Actors' Equity, the national labor union representing actors and stage managers. As part of this contract, productions put up a bond covering two weeks of actors' salary, providing insurance in case the producers default on their obligations. The bond is paid back at the end of each production, provided all salary and benefits obligations are honored. In the meantime, however, the bond ties up a theater's liquidity and repayment is often delayed.

Rather than confining theaters to an endless cycle of payment and reimbursement, the Fund for the City of New York, the Mayor's Fund to Advance New York and other entities should seed an Equity Bond Revolving Loan Fund. Theaters could contribute as well, and given the larger and more centralized fund, negotiate more favorable terms with Actors' Equity.

The Equity Bond Revolving Loan Fund closely parallels the citywide bail fund currently being proposed by the City Council. Like the Equity bond, bail must be posted as an insurance policy in case defendants don't honor their obligation to appear in court, but is repaid when they do. And just as the bail fund helps low- and middle-income defendants who have trouble posting bail, the Equity Bond Revolving Loan Fund will help low- and middle-income theaters that struggle to pay the bond while maintaining liquidity.

14. Develop a broad advocacy coalition

New York's creative sector is well organized. The film and theater industries are highly unionized. Dance/NYC, The Alliance of Resident Theatres/New York and the Council of Fashion Designers of America are invaluable service organizations in their respective fields. The Downtown Brooklyn Arts Alliance and Harlem Arts Alliance serve their respective neighborhoods.

Yet despite such coordination, the city's creative sector unions, service organizations, nonprofit institutions and businesses have not built a coalition to advocate on issues that affect them all. Many of the recommendations listed in this report would benefit the entire creative sector. But to get the attention of policymakers, the creative sector must organize collectively.

Economic and Community Development

15. Invest in creative sector innovation districts

The Brooklyn Navy Yard is a model production and innovation district. Assisted by state and city grants, tax breaks and electric and fiber optic infrastructure upgrades, the area has boomed in the last decade. Following the 2004 arrival of Steiner Studios, the largest film studio on the East Coast, a cluster of film-related businesses, university programs and workforce development programs have emerged to make the Navy Yard one of the most vibrant and innovative districts for creativity in the country. In the last two years, Brooklyn College and Carnegie Melon launched film and media schools at Steiner Studios. They are joined by the Made in NY Production Assistant Program offices, a partnership between the MOFTB and Brooklyn Workforce Innovations that has trained more than 500 low-income and unemployed New Yorkers.

Taking inspiration from the Navy Yard, the city should develop and cultivate similar innovation districts in industrial zones across the five boroughs. Mixed-use manufacturing, research and development and live-work districts would help accelerate the city's already impressive progress in capital intensive, cutting-edge fields like 3-D printing, wearable tech and the so-called "Internet of Things." Districts led by a consortium of government, nonprofit, university and industry stakeholders would provide a space for New

York's fashion and design schools to pool resources to scale-up their labs and business incubators. They could also accommodate live-work spaces for graduate students and entrepreneurs, as well as provide grants and subsidized rents for business ventures. Finally, major anchor businesses could be recruited, perhaps from the fields of sporting apparel or defense–two industries generously investing in these emerging technologies.

From Port Morris to Maspeth and Sunset Park to the West Shore, creative businesses have already begun clustering in the city's industrial business zones. The city and its universities should actively work to promote and develop such districts.

16. Develop a strategy to support exports and foreign direct investment in the arts

The creative sector is a major source of exports and foreign investment. New York's world-class art schools and cultural institutions attract students and tourists from around the globe. Its filmmakers create everything from international blockbusters to public service announcement for East African countries. Its architects command sizeable international commissions. Its fashion designers and furniture makers sell their products in stores around the world.

Despite this, every tier of government has failed to provide support for exports, foregoing important economic and cultural exchanges. Arts Council England, in contrast, manages multiple exporting programs, including the Strategic Touring Programme, International Showcasing Fund and the Artists' International Development Fund.

The DCLA, EDC, MOFTB and NYC & Co should convene a Creative Exporting Working Group to develop strategies and integrate services. The EDC or the state-run Empire State Development Corporation (ESD), in conjunction with the federal Ex-Im Bank and Department of Commerce, should provide export services for companies in creative industries. Many of the design start-ups and small creative businesses that have become prevalent in New York have limited exporting experience. With support and advice, they could successfully tap into foreign markets.

Additionally, the MOFTB and ESD could expand their foreign outreach and advertising and make foreign filmmakers aware of the Film Tax Credit abroad .

Finally the DCLA, EDC and NYC & Co should provide loans and grants to New York City performers for touring both in the country and abroad. While Broadway showcases and the traveling MOMA collection may attract tourists at the Midtown Hyatt, those staying in non-Manhattan hotels—and with Airbnb—are attracted to New York by the vitality of its more independent, niche and avant-garde offerings. Showcasing these dance companies, theater groups, comedians and bands will attract more tourists to the city. More importantly, loans and grants for touring will open new streams of income and increase exposure for young New York artists, allowing them to continue to live and create in New York City.

17. Appoint a chief creative officer in the Mayor's Office and take other steps to coordinate investments in the creative economy as a whole

Although the Department of Cultural Affairs is the largest cultural agency in the U.S. in terms of funding, its resources are primarily directed to the nonprofit arts, including the performing and visual arts. Other cultural initiatives and investments are overseen by a panoply of other agencies, including the Mayor's Office of Film, Theatre & Broadcasting, NYC & Co. and the Department of Design and Construction (DDC). The city's chief economic development agency, NYCEDC, has a fashion desk, but it has not yet expanded its focus to other important cultural sectors, much less the creative economy as a whole.

The de Blasio administration should establish the position of chief creative officer to help coordinate initiatives and investments in both the nonprofit and commercial arts. Housed in the mayor's office, the chief creative officer would be in position to work with the Department of City Planning, the Office of Management and Budget, the NYCEDC and the DDC, among others, to ensure that city investments in the arts are maximizing their impact. And, just as important, he or she could work with agencies to dramatically improve their procurement of design and other cultural services, whether it is for new or renovated buildings or service delivery.

Relatedly, the NYCEDC should invest in a cultural economy desk and develop a strategy for supporting sectors across the creative spectrum, including not just fashion and tech but applied design, architecture, advertising, music, commercial theater and even traditionally nonprofit arts such as dance and visual art. Many of the initiatives the NYCEDC has already developed for the fashion sector, including an innovative incubator, entrepreneurship training and investments in Fashion Week, can be applied to other parts of the creative economy, whether they are commercial or nonprofit.

18. Create an MBA-style boot camp for cultural nonprofit administrators

Dance companies, theaters and music venues are often founded by local artists looking for places where they and their friends can perform. The intention is to advance their careers and enrich the local arts scene, not to hone their talents as an arts administrator. And yet, managing these spaces demands significant business acumen, including accounting, legal and marketing skills. Too often, the founders of these organizations and their small staff don't have expertise in these areas and lack the time and capacity to develop necessary proficiencies.

In 2013, the NYCEDC introduced the NYC Fashion Fellows program, a yearlong training and networking program for rising stars in fashion management. The program has been well regarded, and should be replicated for administrators at cultural nonprofits, including museums, theaters and work share collaboratives. A diversity component should also be included, to help cultivate future leaders of color. The program would nicely complement the DCLA's recent initiative to examine diversity in the city's arts and cultural organizations.

19. Leverage artists and arts organizations for broader community development goals

The Brooklyn Academy of Music (BAM) is a model of arts-led community development. Under the guidance of Harvey Lichtenstein, it promoted local artists and arts traditions, attracted top international talent, nurtured avant-garde work, helped revitalize its surrounding community and expanded its presence even as rents in the neighborhood rose.

BAM, along with cultural districts like the Fourth Arts Block, the Theater District and 125th Street in Harlem, demonstrate that the arts can play a central and positive role in community development without displacing the artists and arts institutions that instigated the revitalization. In each instance, the city played a vital role by investing in nonprofits, leveraging city-owned property and using planning tools like special air rights districts, space bonuses and cross-subsidies from developers.

As the de Blasio administration looks to rezone neighborhoods across the city in its effort to expand affordable housing, it should use these cultural development strategies to spur development and increase access to the arts for existing residents. In neighborhoods like East New York, Mott Haven and Flushing West, the city should take a census of cultural institutions and artists and use it to identify potential partners for new investments in cultural facilities, arts programing and education. Studio and rehearsal spaces, artist collaboratives, museums and educational programs would all be worthy investments in these neighborhoods. The South Bronx, for example, would be a natural location for a recently proposed museum celebrating hip-hop and its history, while the Battlefest League, which showcases the vibrant street dance styles of central Brooklyn, could be worthy of a permanent venue.

In some cases, development might be more ambitious. Where appropriate, new cultural institutions could be considered. For example, Long Island City and Flushing—two areas already undergoing rapid real estate development—offer great opportunities for a major performing arts center modeled on the Brooklyn Academy of Music, particularly since Queens has a dearth of major performance and exhibition venues.

In areas like Harlem and Downtown Brooklyn, the city has encouraged the construction of nonprofit cultural spaces on the ground floor of new developments. The city should expand this policy to other neighborhoods–like Williamsburg, Bushwick and Long Island City –and provide targeted assistance to help ensure that these projects come to fruition. Because cultural institutions often have tight budgets, short time tables and exacting specifications, they can find partnerships with high-rise developers to be frustrating. The arts and tech collaborative Eyebeam, for instance, recently abandoned a development partnership in downtown Brooklyn because the project timeline wasn't flexible enough for it to fundraise. The NYCEDC should devote staff to improving, expediting and perhaps subsidizing these partnerships.

20. Encourage art performances and art programming in public buildings, plazas and parks

The city's vaunted Percent for Art program, first developed in the early 1980s, required many city-funded construction projects to devote 1 percent of the project's total capital cost to public art. The program added immense value to public works projects as varied as libraries, parks, schools, court houses and even sanitation centers by making them more attractive to their neighbors and reflecting the vibrancy and diversity of the arts in this city. In a new era of public investment, particularly in parks, waterfront esplanades and neighborhood plazas, the city should apply the percent for arts idea to performances and programs. In addition to funding permanent installations and other building components, funding could be directed toward performances, festivals and public education programs in public spaces. These arts grants could be funneled through Business Improvement Districts, community cultural organizations and the stewards of the city's numerous public plazas.

To help lure artists into the public sphere, the city should reform its cumbersome permit process for performing artists and art installations, which presently requires securing approval from individual agencies, including the police and fire departments. Instead, the city should have a one-stop shop and expedited process for these events. In fact, it already does this for film at the Mayor's Office of Film, Theatre & Broadcasting and for street fairs at the Street Activity Permit Office. Either one of these agencies could capitalize on its expertise and assume all culture-related permitting responsibilities.

Diversity and Inclusivity

21. Take steps to ensure a more diverse creative sector

Greater diversity in New York City's creative sector will improve the sector's long-term health, provide for a richer array of cultural offerings and draw consumers from a wider swath of the local population.

Increased funding for arts education, particularly in low-income, immigrant and minority communities, will help cultivate the next generation of artists and arts audiences and provide more teaching jobs for working artists. This can be achieved in conjunction with private philanthropy, as with Chicago's Creative Schools Fund, a privately run nonprofit raising money for arts education in public schools. From Dianne Von Furstenberg to Jay Z, Martin Scorsese to Jeff Koons, many of the wealthiest creatives in the world live in New York. Establishing a Creative Schools Fund in the city could harness their generosity. The Fund could cover NYCHA initiatives as well, including youth arts programs in community centers or free music instruments for public housing teens.

The city can also address the diversity gap by reforming its grants funding and eligibility requirements. Funding from the government—and corporations, foundations and individuals—is directed almost entirely to 501(c)(3)s. Individual artists, as well as the more informal cultural organizations prevalent in minority and low-income communities, are generally excluded. The city can address these disparities by allowing individual artists access to supplies via the Materials for the Arts program and by increasing funding for Borough Arts Council re-granting programs to organizations that are not 501(c)(3)s.

To improve borough arts council visibility and outreach, particularly among non-native speakers, these councils should receive more operating support. Applications for council grants should be unified so that artists don't need to apply twice if they live in one borough and work in another. Applications to the DCLA's Cultural Development Fund should also be simplified, especially for small and mid-size nonprofits.

The city should provide general operating funds—in addition to funds for specific and new programs—

to small and mid-sized organizations in minority and immigrant neighborhoods. The DCLA could follow the Doris Duke Charitable Foundation model, accompanying programmatic grants with an additional unrestricted grant, amounting to 20 to 25 percent of the more targeted funding. The DCLA could also help small ethnic and community-based organizations recruit board members. At the Robin Hood Foundation, for instance, the Board Placement Program helps connect talented individuals with social service nonprofits throughout the city. The DCLA, or a large foundation, could provide a similar matchmaker role for small cultural nonprofits, particularly in minority and immigrant neighborhoods.

Finally, the DCLA should foster interest in the arts among a broader segment of its population by subsidizing tickets for youth, low-income and minority populations. As part of this initiative, the city should recruit more cultural institutions to offer discounts in conjunction with the new Municipal ID card.

22. Help young creative workers tackle student debt and access meaningful internships and apprenticeships.

Living in New York City is expensive. Paying off student loans and working unpaid internships make the situation worse. These financial hurdles block many people from being able to enter the creative sector.

Arts Council England has taken important steps to eliminate unpaid internships in the arts there. Its Creative Employment Programme provides 6.4 million pounds per year to subsidize paid internships and apprenticeship for creative people aged 16 to 24.[109]

The NEA, NYSCA and DCLA should create a similar grant program to help arts organizations pay their interns. The DCLA should also improve enforcement of its Cultural Development Fund grant program qualifications, which currently stipulate that "artists' fees should be of a level consistent with a professional wage."[110] The state Department of Labor and Attorney General's Office can provide support as well, improving enforcement and enacting stiffer penalties for employees misclassified as independent contractors, a common practice that leaves artists and other creative workers paying extra payroll and healthcare taxes. The state should look to California and Connecticut for inspiration.

New York's universities and art schools can help counteract the rise of unpaid labor in the creative sector. Columbia University has stopped awarding credit for internships, while NYU requires employers to certify that their internships adhere to Department of Labor guidelines before posting them on the school's career website. Parsons follows a similar protocol. New York's art schools should provide credit hours for internships only if the intern is paid.

The city can partner with universities to discourage unpaid internships and to resurrect the Lindsay administration student employment program that provided jobs in city government for students who qualified for work-study subsidies. The city could employ design and film students to help develop its digital strategy and create promotional and instructional material.

Nonprofit cultural organizations, meanwhile, should look to phase out all unpaid labor. They can begin by following Department of Labor regulations that internships be limited to university-quality training and "do not provide an immediate advantage to the employer." Any work that falls outside of these parameters–staffing information desks, assembling exhibitions, fundraising–should be compensated.

The city can also work with New York universities to address the student debt crisis. The City Department of Consumer Affairs should work with universities to ensure that all students opt-in to Income Based Repayment of their debt. Under this plan, student loan payments cannot exceed 10 percent of the graduate's income and may be even less if the person is near the poverty line, which many people in creative occupations are.

The city should also help market and promote BFA and MFA programs offered by CUNY and SUNY schools, many of which are top quality programs but less visible than their private sector counterparts. Directing more young creatives to these affordable degree programs would prevent young creatives from falling into debt.

ENDNOTES

1. Throughout this report, our analysis of New York City's creative workforce is based on data from Economic Modeling Specialists International (EMSI).

2. Ibid.

3. US Department of Labor, Bureau of Labor Statistics. "Quarterly Census of Employment and Wages."

4. EMSI.

5. This analysis compares New York City's creative sectors to the city's 20 largest industries as defined by their two-digit NAICS codes. Our definition of the city's creative sector draws from several of these industries, including most prominently professional, scientific and technical services and arts, entertainment and recreation. When examining three-digit NAICS codes, the securities and commodities sector has the highest share of national jobs (17.6%). However, five of the 15 three-digit NAICS sectors are creative fields: #6: Motion Picture and Sound Recording Industries (10.4%), #8: Broadcasting (9.3%), #10: Museums, Historical Sites and Similar Institutions (8.8%), #11: Performing Arts, Spectator Sports and Related Industries (8.4%) and #15: Publishing Industries, except Internet (6.1%).

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8. The 260,770 creative workers we found in 2003 is significantly lower than the 309,142 figure we reported in our original Creative New York report. This is due to a change in data sources. The original report drew from the Census Community Business Patterns. Our current report relied on Economic Modeling Specialists International, which largely draws from Department of Labor data. EMSI is widely used, considered more accurate than Community Business Patterns data and better suited for the cross-tabulation analysis that was necessary for this report.

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ADVISORY BOARD

We acknowledge the helpful support we received from the members of an advisory board created for this project. Advisory board members, who provided suggestions and guidance but were not asked to endorse the final study nor are responsible for any errors or omissions contained in the final study, included

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