

Art Law Gallery

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[Extreme Makeover: Arts Edition](#)

The notion that the arts make our culture "richer" is commonplace in our vernacular, but an undeniable trend has emerged giving an entirely new meaning to the phrase: across the board, the country's nonprofit arts and culture industry has grown by twenty-four percent over the past five years, generating over \$166 billion in economic activity a year. Art can be big business, and not just in cosmopolitan meccas like New York and Los Angeles. Across the United States, small and mid-sized cities are harnessing their creative energy to jumpstart their local economies, often with striking results. Cities that have taken heed of this trend have been rewarded in multiple ways—from the rehabilitation and development of uninhabitable areas of the city to the welcoming of tourists, businesses, and well-heeled residents to those very areas. One seminal example is New York's Soho and Tribeca neighborhoods, which now exceed the famed Upper East Side and Central Park West neighborhoods in rental and real estate prices. It is a reversal of the commonly held notion that artists drain resources, rather than attract them. Perhaps no city has been more successful in exploiting the economic potential of the arts than Paducah, Kentucky, a town of 27,000 which got the Extreme Makeover formula just right when it implemented what has come to be known as an Artist Relocation Program.

Ten years ago, artists were lured to the blighted downtown neighborhood of LowerTown by the prospect of free home ownership and creative autonomy in developing their properties. As a result, Paducah today has been transformed into a thriving community of galleries, shops, and cafes. It is just the kind of place that attracts visitors and tourism. Paducah's tourist revenue has drastically increased from \$66 million in 1991 to nearly [\\$287 million in 2009](#). Since the Artist Relocation Program began, the city has attracted [234 new businesses](#), created over 1,000 jobs, raised over \$52 million from private investors and invested nearly \$50 million from public funds. According to Paducah's city planning director, Tom Barnett, for every dollar the city has put into the program, it has received \$14 back—an extremely impressive return on its investment. Paducah has indeed become a national model for how a city can reinvent itself as a cultural destination.

Paducah is hardly different in its skeleton than countless cities across the country. It suffered from both a loss of the economy that had helped it prosper (in this case, a uranium enrichment plant), and perhaps more substantially, from suburban flight. LowerTown, which is the oldest neighborhood in the town, was once a thriving, self-contained neighborhood. But as its older residents passed on, the next generation showed little interest in returning from their larger homes outside town. LowerTown's homes were gradually chopped up into apartments and largely neglected. It is a story repeated across the country. Now, many of these cities are mimicking the Paducah strategy. [Chattanooga, Tenn.](#), [Pawtucket, R.I.](#), and [Oil City, Pa.](#), provide just three of many examples of smaller cities that are wholeheartedly embracing the idea of an Artist Relocation Program.

When pursuing a rehabilitation process, city governments and planning committees begin by first consulting the current zoning laws and maps. Fortunately for Paducah, LowerTown was already designated as a mixed use zone, thus it did not have to drastically adjust the districts' zoning laws. Mixed use zones accommodate multiple land uses in one zone, allowing a retail store to sit next to a single-family home or a restaurant to be housed on the first floor of a 100-unit condominium complex. On the other hand, conventional zoning, often referred to as Euclidean zoning, divides a city into specific and separate districts and assigns each district a permitted land

use, such as residential, commercial, or industrial. To further complicate matters, Euclidean zoning also utilizes overlay zones to control land use, so for instance, a lot will be designated “commercial” and then in addition, the overlay rules will mandate that each lot be a minimum of 10,000 square feet. Due to increasingly complex overlay zones, there has been a distinct trend over time to move towards discretionary zoning, which grants a city the right to review virtually all land use projects within a zone and determine whether the project will be approved, rejected or approved with additional conditions. This gives local governments the ability to approve each owner's proposed land use on a case-by-case basis, which allows them to tailor the land use to the needs of the city.

Discretionary zoning allowed Paducah to effectively control both the aesthetic character of renovation projects and the intent of artists and businesses relocating to the city, in order to ensure the city’s rehabilitation project evolved into the community the city hoped to build. Further, Paducah utilizes its mixed use zoning to enable artists to use their residences as both a home, studio, and sometimes even a gallery, leading to more affordable property values and rental costs. In addition, mixed use zones naturally lend themselves to more compact, close-knit communities that are organized to make walking and biking easier and more pleasant. This is helpful for an art community because it connects artists with the community while simultaneously providing the public easy access to artists' works and galleries. It has also led to more “mom and pop” owned cafes and boutiques that serve as social hot spots for the local community.

In addition to offering mixed use real estate, Paducah provided qualifying artists with financial incentives to relocate to the city, as well as affordable properties to purchase in connection with a reimbursement program for artists who choose to restore their newly purchased property. For instance, Paducah offered relocating artists up to \$2,500 in moving expenses, properties for \$1 with an approved qualifying proposal, a \$2,500 reimbursement for architectural and professional improvements and up to \$5,000 for rehabilitation costs associated with the new property. In addition, the locally owned Paducah Bank offered artists long-term loans with generously fixed interest rates to finance the purchase and renovation costs of their homes. After approving these legislative measures, Paducah began actively seeking out artists via commercials and advertisements that portrayed Paducah as a quirky southern town which embraced the arts. The Artist Relocation Program and successful PR campaign have incentivized over 75 artists to relocate to LowerTown from across the country, helping to reduce the town's crime rate and revive Paducah’s economy.

Further, the significant twenty-four percent growth in the country’s [nonprofit arts and culture industry](#) can largely be attributed to the substantial amount of event-related spending by arts audiences. Art and cultural events generate economic activity for local businesses, including restaurants, hotels, retail stores and parking garages. Astutely realizing this potential, Paducah organizes large-scale events to entice tourists, such as the annual quilting convention that brings in nearly 40,000 tourists and the LowerTown music festival. During these events, the city's "no vacancies" signs are lit, restaurants are hopping, and local boutiques are brimming with customers. In addition, Paducah plans local events to encourage residents to socialize and support one another. An example of this is Paducah's "Live On Broadway" series that occurs every Saturday night in the summer. At these events, the city provides free live music, public art demonstrations, and horse-drawn carriage rides throughout the downtown district. Paducah residents are encouraged to support their community by shopping at local galleries and boutiques that remain open late into the evening exclusively for the event. Thus, Paducah effectively capitalizes on the arts' economic potential by utilizing both large and small scale events to attract tourists and local residents.

As far as Extreme Makeovers go, one Paducah resident may have said it best when she stated that her city "makes you feel good to live here." More importantly, Paducah and this overall national trend demonstrate how the arts can serve as an effective catalyst in reviving a community by paving the way for a richer city, both economically and culturally.