



THRIVING NETWORKS | PROSPEROUS PLACES

A REPORT ON STATE ENABLING ENVIRONMENTS FOR CREATIVE PLACEMAKING

January 2023

BACKGROUND

The National Alliance of Community Economic Development Associations (NACEDA) understands creative placemaking to be an important tool for community development to advance racial equity goals. NACEDA has demonstrated its commitment to improving the enabling environment for creative placemaking. NACEDA's primary goal is for community development and arts stakeholders to understand and influence the public policy, funding, investment, and capacity building environments at the state level to support creative placemaking.

Over the course of 2019-2021, NACEDA supported three analyses designed to characterize the enabling environment for creative placemaking at the state level. A critical aspect of this investment was to incentivize state-level partnerships to build relationships and institutional knowledge between entities from the community development and arts sectors.

The three state partnerships researched state government policies and funding along with the broader policy environment for creative placemaking; activity of local and state philanthropy; the investment environment with a particular focus on banks and CDFIs; available training and capacity building for nonprofit organizations and municipal governments; and other important state institutions and relationships critical to advancing creative placemaking strategies.

An **enabling environment** is the combination of conditions that affect an enterprise's capacity to start up, grow, and create decent jobs, and are of political, economic, social, and environmental nature.

Creative placemaking integrates arts, culture, and design activities into efforts that strengthen communities.

The 3 state partnerships:



MINNESOTA:

Metropolitan Consortium of Community Developers + Springboard for the Arts



NEW JERSEY:

Housing and Community Development Network of New Jersey + ArtPride New Jersey



TEXAS:

Texas Association of Community Development Corporations + Texans for the Arts

The goal of their inquiries was to answer three major sets of questions:

1. How can state governments support creative placemaking practice and outcomes? How are they doing it already?
2. Do traditional community development investors such as financial institutions, Community Development Financial Institutions (CDFIs), and local philanthropy support creative placemaking practice that advances racial equity? Why or why not?
3. What other statewide levers — including important relationships, institutions, funders, and capacity building opportunities — are utilized to build a successful statewide system that supports creative placemaking?

This analysis utilizes the three state reports to answer these questions and provide insight and recommendations as to how other state-level entities — whether policymakers, private funders and financial institutions, or state-level networks (associations, advocates, etc.) — may advance systems that further equitable creative placemaking strategies within their state.

This report offers three primary findings:

1. Policy mechanisms to enable creative placemaking exist, but they are not all rooted in equity and not sufficient to fully support the field.
2. Financial institutions are open to supporting this work but need significant pressure outside of the institutions to make it happen.
3. More connective tissue and field building at the state level around creative placemaking would accelerate work happening at the local level. However, the leadership needed to develop, nurture, and steward that tissue is under-resourced.

An Introduction to Creative Placemaking and Systems Change at the State Level

NACEDA's vision is for arts and cultural strategies that advance equity to be thoroughly integrated into state-level community economic development systems and networks (public policy, financial resources, relationships, and capacity building) over the long term. To achieve this vision, systems change is necessary at the state level to produce a better enabling environment for creative placemaking. Systems change is: "a fundamental change in policies, processes, relationships, and power structures, as well as deeply held values and norms."

The notion of the ‘enabling environment’ has many components, but NACEDA is primarily focused on three distinct actors – governments, private funders and financial institutions, and networks.

Community development broadly consists of place-based, anti-racist development and economic support that builds and improves equitable outcomes for disinvested and marginalized communities. Upstream from community-level work, there are at least four significant categories of resources that compose the enabling environment:

- **Policy resources**
- **Financial resources**
- **Capacity-building resources**
- **Thought leadership (ideas)**

Influencing enabling environments at the state level has the power to compel, incentivize, and provide systems-level opportunities. An enabling environment can establish creative placemaking that advances racial equity as a tool for community developers and arts organizations with an interest in improving low- and moderate-income (LMI) places and communities of color.

Policy

There are critical efforts to advance creative placemaking at the federal and local levels, but the state level has a unique role to fill. Major allocation decisions around the specific uses of resources that flow from federal agencies get made at the state level, which then trickle down to local actors. Aggregated funding and policies at the state level have the potential to override local decision-making and amplify impact across a broader region. Additionally, while innovations at the local level are important, there is essential work that happens at the state level to transfer those innovative ideas between localities that share resources, challenges, and other common characteristics.

State-level policy work is not without its challenges, particularly as it relates to creative placemaking. In a 2019 article in the [San Francisco Federal Reserve Bank’s Community Development Innovation Review](#), NACEDA and NASAA identify four common gaps in the state-level policy environment for creative placemaking that hinder the potential for greater impact by the creative placemaking field.

- **Equity gaps:** Existing creative placemaking policies and programs too often fail to advance equity goals in LMI communities and communities of color.
- **Legitimacy gaps:** Governments may not recognize the value of rigorous and authentic creative engagement during public processes, meetings, hearings, or assessments. Creative implementation strategies may be perceived as less substantive, less efficient, or less likely to deliver results, despite the availability of numerous examples demonstrating their legitimacy and efficacy.
- **Process gaps:** Public policies and funding streams tend to emphasize outputs (e.g., number of housing units) over a community process that defines and engenders authentic community visions that can be mobilized.
- **Capacity gaps:** Public funds to support creative placemaking are scarce, and accessing them can be fraught with obstacles, especially for smaller or grassroots organizations trying to tap into public systems for the first time or for organizations attempting to access funds in cross-sector environments. The capacity (time, money, relationships, and knowledge)

required of implementing organizations to weave together a web of missions, interests, policies, and money is daunting.

The state-level exploration NACEDA undertook as part of this report drew heavily from the framework offered by those four gaps. Unsurprisingly, participants in our three supported state networks repeatedly identified those gaps in their state-level policy as well. This report makes special note of state-level policies and programs that seem to attempt to address one or more of those gaps.

Private Funders & Financial Institutions

It is not only state government that has a role to play. Beyond government, there is a role for private funding and financing as well. Arts and culture funders can support arts-based organizing activities that allow people to experience their shared values and priorities, as well as the processes of conceiving and planning for projects that advance those priorities. They can also support continued involvement by community members, mediated through arts and cultural practices, in the governance, operations, and use of the resulting facilities and programs. Most of these costs cannot be financed as part of real estate or revenue-producing enterprises, but they are the pieces that keep people engaged in shaping the work that affects their lives.

Financial institutions' role in the community development field is also vital. While government dollars are critical to shaping community development work, financial institutions are still major providers of capital for project execution. Banks and CDFIs are influenced by traditional financial models and legislation like the Community Revitalization Act that incentivize investments in low- and moderate-income communities. What they believe and what they are able to make work within their perceived constraints are major factors in what happens on the ground.

Field Building

NACEDA has focused its creative placemaking work on investing in increasing the capacity of our [member associations](#) to partner with the arts sector. NACEDA believes that community development associations serve as an institutional network through which community development actors share ideas, access resources, exchange with peers, and act collectively. Networks use their influence and capacity — which NACEDA broadly defines as “resource levers” — to improve how resources are deployed, to make the case for expanding resources, and to ensure those who make these resources available are known to practitioners and vice versa.

Summary: Major Findings & Recommendations

The full reports from Minnesota, New Jersey, and Texas can be found as appendices to this report.

The three state reports make the case that the state level can be a powerful intervention point for advancing creative placemaking. However, the reports also make clear that advancing creative placemaking broadly is not the same thing as advancing creative placemaking in service of equitable development. Equitable development practices are those that center community leadership, community-engaged processes, and redressing inequity.

Advancing policy and structures that support equitable development practices opens the door for creative placemaking. The reverse is not necessarily true — when we make policies that are focused on creative placemaking without a definition that is rooted in those same values of equitable development we run the risk of contributing to harmful practices.

This central challenge is true across this report's three areas of inquiry: policy, financial institutions, and field-building. We also found this central challenge to be true whether looking at policy and structures that arose primarily from the community and economic development sectors, or those from the arts and culture sectors.

To fully leverage the power of state-level interventions to advance creative placemaking, our analysis suggests four central, interwoven recommendations that tie to specific gaps NACEDA has identified.

- **Invest in developing a shared understanding** to address *legitimacy gaps*: All three participating states emphasized that the most important step in increasing creative placemaking work was to develop shared coalitions that crossed multiple sectors and had the time and space to articulate a shared vision and understanding for the practice. These coalitions also become important intervention points for ensuring state-wide policy is directed toward equitable outcomes and engaging with — and mitigating risk for — the financial sector. Our recommendation is for state-level entities to leverage existing convening power and infrastructure that periodically brings together cross-sector stakeholders to develop shared language, aspirations, and advocacy.
- **Center equitable outcomes** to address *equity gaps*: Many of the structures that currently have the potential to support creative placemaking prioritize economic outcomes without consideration for who is benefiting. Our recommendation is to ensure that these structures view success in terms of the positive impact on community-serving organizations, low- or moderate-income populations, and communities of color.
- **Center process over products** to address *process gaps*: Many of the structures that currently have the potential to support creative placemaking center a product (housing, public art, community facility) over the process of engaging community members in envisioning and building communities where they can thrive. These same structures often fail to adequately support the creative and cultural talent of artists, culture bearers, and designers. Our recommendation is to put more emphasis on how projects happen over what is being developed, and to adequately resource the time and input of the creative workforce.
- **Develop statewide structures that allow for local control** to address *capacity gaps*: Our analyses have shown that the state is an effective intervention point to help incentivize local creative placemaking activities. They also have the potential to mitigate risk for private funders and financial institutions. However, these analyses also show that state-level programs are often implemented inconsistently and do not always adapt to local contexts. Our recommendation is to build values-embedded structures at the state level that allow for local champions and residents to control the vision.

This report will look at existing structures, gaps, and opportunities within the three areas of interest — state-level policy, financial institutions, and field building — and how each of these areas relates to the above major recommendations.

STATE-LEVEL POLICY:

How can state governments support creative placemaking practice and outcomes? How are they doing it already?

In reviewing reports from Texas, Minnesota, and New Jersey, it is clear that there are two simultaneous conversations about advancing creative placemaking that are occasionally at odds with each other. The first conversation looks at where creative placemaking is implicitly or explicitly supported via legislation in pools of available funding or where it could be supported. The second conversation is whether existing or potential funding is designed in a way to advance creative placemaking that drives equity.

In summary, each state made the case that additional funding and legislation — especially funding that was more explicitly designed for creative placemaking — would help advance the practice. At the same time, they also appear to currently have at least some mechanisms able to support equitable creative placemaking, though practitioners frequently needed to employ those mechanisms in non-traditional ways. All three states raised concerns about whether existing state funding had adequate controls or specifications to work in service of equity.

Existing Policy Structures

While each state report detailed a variety of specific legislation and funding pools unique to their state, they generally fell into one of the following categories:

1. CENTERED MORE ON THE 'ARTS' ECOSYSTEM:

- a. **Arts ecosystem support** comes from tax assessments, such as a Hotel Occupancy Tax, Percent for Arts, Arts and Culture Trust Funds. These funds range from broad support for the overall arts field to support targeted to public or community art. These funds do not typically have an equitable development lens, as evidenced by not having community input processes, being targeted solely to economic growth outcomes, or focusing primarily on the health of the arts and culture sector on the assumption it will improve the wellbeing of a community broadly.

Specific Examples:

- New Jersey Creative Catalyst Fund (NJ report, p. 9)
 - New Jersey Arts Bond Ordinance (NJ report, p. 7)
 - New Jersey Arts and Culture Trust Funds Bill (NJ report, p. 12)
 - Texas Hotel Occupancy Tax Cultural Uses; Historic Preservation Uses (TX report, page 22)
 - Minnesota Arts and Culture Heritage Fund (MN report, p. 2)
- b. **Cultural District programs** provide concentrated support to the arts and cultural ecosystem within a particular geography. Similar to general support for the arts ecosystem, these are often framed within an economic development context that does not explicitly require benefit to low- or moderate-income populations or communities of color.

Specific Examples:

- Texas Commission on the Arts Cultural District Program (TX report, p. 23)
- c. **“Artists at the Table” programs** embed artists into recovery or planning processes. These programs represent a promising opportunity to center process over product.

Specific Examples:

- Texas Commission on the Arts’ Arts Respond Program (TX report, p. 20)
- Minnesota Department of Transportation Artist-in-Residence (MN report, p. 2)

2. CENTERED MORE ON THE ‘PLACE’ ECOSYSTEM:

- a. **Place-based development funds** often come in the form of historic preservation, revitalization, and economic development dollars. Where these resources exist, artists are often able to be included in project execution but are not specifically named and are not commonly understood as being eligible expense categories. This is especially true where these funds are focused solely on capital costs with limited overhead for planning, engagement, or other pre-development activities. Another challenge with these funds is that they often have tightly defined the development process’s output. Further, while the output may include arts and cultural infrastructure (arts centers, museums, etc.), the fund may limit eligible community involvement.

Specific Examples:

- Texas Community Development Block Grants (TX report, p. 30)
 - Texas Historical Commission Main Street City (TX report, p. 22)
 - Texas Department of Agriculture’s Planning & Capacity-Building Fund and Community Development Fund (TX report, p. 26)
 - New Jersey Neighborhood Revitalization Tax Credits (NJ report, p. 6)
 - Minnesota Metropolitan Council Livable Communities Demonstration Account (MN report, p. 13)
- b. **Housing funds** are primarily for the development of housing. Similar to place-based development funds, the use of these resources for creative placemaking depends on the project leaders’ knowledge and understanding of the practice and the ability to use resources for programmatic activities.

Specific Examples:

- Texas Department of Housing & Community Affairs’ Low Income Housing Tax Credits (TX report, p. 24)
 - Texas State Affordable Housing Corporation’s Texas Foundation Fund (TX report, p. 26)
 - New Jersey Neighborhood Revitalization Tax Credits (NJ report, p.6)
 - Minnesota Housing 2020-2022 Strategic Plan (MN report, p. 2)
- c. **Community Services funds** present the opportunity for artists to engage in direct service to vulnerable populations. These funds are also reportedly underutilized by

artists, and while they can have valuable community outcomes, are less central to equitable development models in general.

Specific Examples:

- Texas Community Services Block Grant Program (TX report, p. 25)
- Texas Colonia Self-Help Center Program (TX report, p. 26)
- Texas Community Mental Health Grant Program (TX report, p. 27)
- Minnesota Department of Health’s 2022 Statewide Health Improvement Framework (MN report, p. 2)
- Minnesota Department of Human Services 2020-2022 Strategic Plan (MN report, p. 2)

Overall, the state governments explicitly used the term “creative placemaking” far too seldom. One reason cited by the reports was a lack of a shared understanding or viable definition for creative placemaking as a practice. This will be discussed further below.

So what should a state do?

To advance creative placemaking at the state level in a way that drives equitable development, state level actors need a dual-pronged approach that seeks to increase the amount of resources more broadly, and also seeks to put in place particular values and principles that will ensure these funds are directed toward equity.

More broadly, advancing creative placemaking in state policy could be seen as a simple proposition. We recommend that states take these three steps.

- Name it explicitly as a goal or allowed use of funds.
- Increase the amount of funding for it explicitly and implicitly through support for community development and the arts.
- Educate more people that these funds exist.

However, as noted in the overview, just increasing the amount of funding that explicitly or implicitly ties to creative placemaking will not necessarily accomplish the goals of the field — and could have the potential to cause harm to communities. To ensure this agenda is aligned with equitable development principles, we offer the following nuances.

1. INVEST IN DEVELOPING A SHARED UNDERSTANDING

a. Clarify and make the term “creative placemaking” more explicit in legislation.

As the Texas report states in multiple places, “*For state-level programs, creative placemaking is a tacit possible use of funding rather than an explicit use, which may limit organizations’ incentives to adopt the practice.*” (TX report, p. 5) The Minnesota team also observed that “*While our state agencies have many areas where creative placemaking could be a powerful tool, it was not explicitly named in any of the resources we reviewed.*” (MN report, p. 6) An obvious solution is to simply add creative placemaking as an eligible activity or call it out in more legislation.

However, the Minnesota team notes that the definition itself can provide challenges. *“We heard a wide range of opinions about how, and whether, to define creative placemaking. Many participants discussed the ways in which the term and practice have been used to take, fake, or erase places. Others emphasized placemaking too often is about the hardscape, wayfinding, and surface level safety rather than people.”* (MN report, p. 11) The Texas team also noted that *“using the term ‘creative placemaking’ can sometimes overwhelm community members or elected officials when trying to garner support for a new initiative”* (TX report, p. 10). They suggest that as jargon, the term could get in the way of a shared understanding of project activities and goals.

Therefore, while calling out creative placemaking would almost certainly provide more visibility and explicit acknowledgement of the practice, the process of defining creative placemaking could have a direct impact on equity outcomes.

b. Educate practitioners about existing funds, making a creative placemaking argument.

While policy structures exist for creative placemaking, these reports consistently called out places where there were pools of money available, but little usage by practitioners for this purpose. For example, the Texas report notes that programs such as Community Service Block Grants or Community Mental Health grants have the flexibility to support creative placemaking activities but are not currently frequently used in this way. National efforts to promote an understanding of where funds may exist such as [NASAA’s Creative Placemaking Public Resources Guide](#) are attempting to help with this translational work. State level entities also have the opportunity to highlight similar lists and provide resources and coaching on how to satisfy the goals of particular pools of funding.

2. CENTER EQUITABLE OUTCOMES

a. Tie intended policy outcomes to LMI populations and communities of color.

In borrowing structures from the arts sectors and the community and economic development sectors, existing structures for creative placemaking often suffer from the gaps these structures have in directing resources toward low- and moderate-income (LMI) populations and communities of color. Arts legislation often adopts a “more arts for more people” mentality, an important tenet in arts sector advocacy that prioritizes arts access as a universal good. While this is valid, it means that arts funding doesn’t necessarily center on the populations that are targeted by equitable community development efforts. As a result, arts legislation runs the risk of aggregating benefit to higher-income populations in a way that further exacerbates inequitable community power and resources.

Similarly, many economic development tools such as cultural districts and tourism funding also prioritize return on investment over desired impact on particular underserved populations. There are some examples where newer policy structures are seeking to redress these gaps. For example, the Texas report notes *“municipalities have identified that promoting tourism is not at all mutually exclusive with advancing community development and equity goals. Cities such as Austin have explicitly tied community development partnerships and equity goals*

into their HOT-funded grant programs.” (TX report, p. 22)

As they develop new policies and procedures, state-level entities have the opportunity to ensure that public funding is targeted toward communities where the benefit is captured locally to advance equitable development.

b. Broaden success metrics beyond economic growth.

In addition to focusing resources in a way that serves LMI populations and communities of color, there is an opportunity to greatly expand how success is framed. For example, as Texas notes, *“Much state-level arts support is tied explicitly to tourism and economic growth outcomes.”* (TX report, p. 5) There is an understandable reason for this. *“In the local government context, numbers, dollars and cents, tend to speak loudest. Thus, to communicate the value of creative placemaking, practitioners use the proven positive connections that arts have to economic development initiatives to make the add-on of the arts more tangible.”* (TX report, p. 11)

However, as the Minnesota report describes, these are very limited frameworks for working toward community success, and more importantly, equity. *“Large redevelopment projects are product-oriented, typically revolving around a central flagship element with quantifiable outcomes, such as an anchor tenant creating a certain number of jobs or housing units. Creative placemaking, when grounded in community and artist-led from the beginning of the process, is a tool to push our redevelopment to go further, and to interrogate over-simplistic notions of how communities thrive.”* (MN report, p. 10)

Whether it is metrics such as social cohesion, community wellbeing, and connection to place, driving equity is not only about dollars and cents. It is also about identity, belonging, and pride. National creative placemaking hub [ArtPlace America has articulated 13 ways](#) that the arts can support equitable community development that go well beyond economic impact.

3. CENTER PROCESS OVER PRODUCT.

a. Adjust guidelines for existing and new pools of funds.

i. Timelines

There are two dimensions to consider in terms of allowable timelines for policy purposes. The first is that many funding pools have short timelines that do not allow for effective community engagement processes. The second is that many timelines are very strict and therefore not malleable if program priorities evolve during deeply-engaged processes.

The Texas report notes that the duration of projects often exceeds government timelines (TX report, p. 5). More specifically, *“Longer-term and adaptable funding streams would allow projects to be more flexible and adaptable to the needs of the communities they are serving, but those opportunities are in short supply.”* (TX report, p. 14)

ii. Guidelines

The flexibility isn't just important in terms of timelines. Guidelines for new policies have the opportunity to focus eligibility and restrictions on how processes unfold and who is engaged, rather than on specific uses of dollars. This not only ensures that projects can remain flexible as communities define their needs. It also potentially reduces the overhead burden on grassroots actors in using public dollars. *"Our participants encouraged funding with fewer restrictions on eligible uses, and for funding to be released in a way that has less emphasis on the product and detailed time and financial accounting."* (MN report, p. 13)

b. Support artists, cultural producers, and low-income communities more broadly.

To support the kind of process-driven, equitable creative placemaking that has transformational effects on communities, state-level actors also have a role to play in ensuring that everyone is adequately resourced to do that level of work. This means that any investments in the arts sector that contribute to the strong livelihoods of artists and cultural producers are helping to contribute to the capacity of those workers to contribute to broader civic infrastructure. Similarly, supporting residents' basic needs also has an impact on their ability to participate in larger community engagement processes.

As the Minnesota report notes, *"The best way to support artists, and thus the broader creative economy and creative placemaking practice, is to reduce artists' precarity, and the precarity of their broader communities."* (MN report, p. 13)

4. DEVELOP STATEWIDE STRUCTURES THAT ALLOW FOR LOCAL CONTROL.

a. Provide structures, resources, expertise, and legitimacy.

The interaction between state and local efforts is a major subject of the New Jersey report. As they note, the state can play a powerful role in coaxing localities to invest in creative placemaking work.

Within New Jersey the most effective of creative placemaking contributions by the state government are in the form of policy that aid individual municipalities in leveraging local funds for community arts projects. Outside of policy the state government in recent years has created a series of small-scale community art projects that embody many of the principles of creative placemaking, and have successfully involved and represented the targeted communities. However, many of these projects do not collaborate with community developers to the greatest extent possible, if at all, creating a smaller impact than could be achieved. (NJ report, p. 7)

The New Jersey report also provides a strong breakdown of the benefits and drawbacks of local taxes and revenue — essentially, that while local ordinances are more easily passed and rooted in local context and values, the state can offer increased sustainability and also redistribute funds in locations where the tax pool is smaller. (NJ report, p. 11)

The Minnesota report also covers broad ground for how a state might go beyond policy and help legitimize, reframe, and build capacity:

The state can build capacity for other stakeholders to understand and embrace creative placemaking by framing artists as small business owners themselves who are rooted in the culture of a place, and to uplift the value of small and many, or “lots of little”, approaches. One of the best ways state governments can support technical assistance and capacity building for creative placemaking is to invest in the people, groups, and organizations who have already been leading the way, and uplifting their work. One participant suggested the state could create a guidebook for local governments called “You Don’t Have to Say No,” and while the comment was made in jest, it was still a powerful reflection on the role for state government in investing in local creativity and agency. (MN report, p. 15)

b. Embed structures for local voice and control.

We know that community engagement is a central feature of equitable creative placemaking. Community engagement is critical both in the design and implementation of policies and resources as well as something to be prioritized via dedicated funding. As the Texas report notes, *“If creative placemaking is done in tandem with the community, it can empower community members who have not always had a say in the changes to their community, establish an identity of the place, and educate new residents on the history of the struggles indigenous members may have faced.” (TX report, p. 18)*

The New Jersey report talks about this as “avoiding top-down delivery.” It says, *“Many community art projects that fail to become semi-permanent fixtures of an area often lack a sense of ownership and investment from the residents of the community. The state government has shown a growing awareness of the need for a resident-lead direction in the community art projects that it invests in.” (NJ report, p. 20)*

State-level policy structures that require input into the design and distribution of funds or that provide funding for work with strong community engagement components can help overcome the narrowness of policy structures that center products without stipulations around how to get there.

FINANCIAL INSTITUTIONS:

Do financial institutions support creative placemaking practice? Why/why not?

In reviewing the Texas, Minnesota, and New Jersey reports, there were limited examples of bank participation in creative placemaking projects. Many of the challenges cited around policy and structures are similar to challenges with private financial institutions, particularly around how the term “creative placemaking” is defined.

For example, as the Minnesota team notes:

Making creative placemaking more legible and legitimate as a concept for financial institutions and expanding their understanding and patience for different perspectives of return on investment, is necessary to improving the investment environment for creative placemaking in Minnesota. Creative placemaking is inherently cross-sector, collaborative work, which is notoriously difficult to structure and fund. Our participants encouraged funding with fewer restrictions on eligible uses, and for funding to be released in a way that has less emphasis on the product and detailed time and financial accounting. (MN report, p. 14)

However, there did seem to be some awareness among bankers of the practice and agreement that it was valuable, despite limited investment.

The examples that were provided where bank financing was secured had three common features:

1. They were compelled by public policy, primarily the Community Reinvestment Act (CRA).
2. They had an additional benefit or subsidy involved for the bank, such as a state tax credit.
3. They involved an entity or vehicle with which the banks were familiar, such as a known local developer, community development financial institution (CDFI), state housing and community development agency, and/or public agency or program.

In short, when projects minimized risk to the bank, it was more willing to participate. This was illustrated in several examples in which the states reported either bank involvement or indifference. While this is an important finding, it may not be all that surprising. Examples abound throughout the community development sector of banks being involved in projects that meet these three criteria (Low Income Housing Tax Credits, Community Investment Tax Credits, New Market Tax Credits, etc.)

These sentiments are well-captured by Texas:

In consultation with several community development bankers, a couple of trends emerged regarding funding creative placemaking projects and community development or affordable housing developments that would be eligible for CRA consideration. First, creative placemaking is a valuable add-on to an affordable housing or community economic development project. Several bankers consulted for this paper mentioned that they search for viable community development projects that combine arts, creatives, and that improve the built environment in LMI census tracts.

Despite this, bank representatives explained that deals must be financially feasible with or without the added creative placemaking components. Creative placemaking, bringing artists into a project in the development stage, and building a development that inspires and preserves a sense of place may positively impact the financial profitability of the deal, but banks will not underwrite the deal unless the project is viable on its own. In short, creative placemaking can make a good development great, but it can't make a non-financially-feasible deal work. (TX report, p. 30)

New Jersey also offered an example of a successful engagement with a bank, where the value to the bank was clear:

Wells Fargo Regional Foundation: Wells Fargo Bank has used the NRTC [Neighborhood Revitalization Tax Credit] to invest in various creative placemaking projects across the state. These past contributions of WFRF [Wells Fargo Regional Foundation] demonstrate the ability of banks to build local relationships through the NRTC in a way that significantly benefits both the bank and NRTC recipients. Although creative placemaking was not a stated priority of Wells Fargo, projects previously supported by WFRF have contributed to arts-based community development throughout the state. (NJ report, p. 30)

In summary, when a project is supporting development goals (i.e. CRA eligible, driving economic outcomes, etc.) and financially viable (either directly or through subsidy), the banks have no concerns including about arts and culture in a project. However, financial institutions do not see creative placemaking on its own as contributing to equity or economic goals by definition, and/or being financially viable.

So, what should a state do?

Within the four broad recommendations advanced by this report, there are some specific recommendations as it relates to increasing the participation of financial institutions in supporting creative placemaking:

1. Invest in developing a shared understanding: Engage banks through familiar partners

Financial institutions need to be involved in coalitions seeking to define and build a shared vision at the state level around this practice. Partners that may be valuable in identifying and securing their participation could be a known local nonprofit community development corporation (CDCs) or developer, CDFI, state housing and community development agency, another public agency or program, and/or a local community development funding source that has a strong reputation and track record, such as NJ's Neighborhood Revitalization Tax Credit, state Low Income Housing Tax Credits, and state Community Development Tax Credits.

2. Center equitable outcomes: Ratify CRA eligibility

The more that states center equitable outcomes in their shared definitions of creative placemaking, the easier it will be to assure banks that this work is CRA eligible. When this work is centered in the goals of and partnerships with CDCs, CDFIs, and state housing and

community development agencies, banks will need to do less work to make the case to their regulating agencies.

Statewide and regional community development networks that are familiar and trusted by local banks can play a reassuring role in advancing creative placemaking practice through trainings, technical assistance, partnership development, funding, advocacy, and convenings, and conferences.

Additional and clearer guidance from bank regulating agencies would also help. If a state has its own CRA law (such as Massachusetts and Illinois), the agency has the opportunity to clarify these practices in the context of serving CRA-eligible markets and goals.

3. Center process over product: Develop statewide structures that encourage bank involvement

This is a key role for state governments. It is different from providing a subsidy that benefits the community project or development.

Nonprofit developers and investors such as CDFIs typically receive investments from banks. They do not invest in banks. State governments, however, can offer tax credits that incentivize activities like housing and creative placemaking for which: a) banks get a stamp of approval for CRA credit from a local or state public agency, b) are familiar to banks, and c) get additional money from state government (in the form of a tax credit) for investing money in a local project that is likely also generating a rate of return. States can build these incentives in ways that go beyond supporting capital costs, thereby incentivizing banks to support community engagement and programming that enhances the value and potential success of projects.

FIELD BUILDING:

What other statewide levers are utilized to build a successful statewide system that supports creative placemaking?

Policy and investment do not happen in a vacuum. It takes concerted effort by many players. The field includes not only practitioners and funders, but also researchers, intermediaries, collaborators, and more — all of whom might operate on a local, state, or national scale.

This type of arts-driven community development work has been happening at all of these scales for many years. Yet, it has taken concerted efforts by actors within the field to build a shared vision and identity, standards of practice, and research methodologies that have created the conditions for these practices to be legitimized and to grow. New policy and financial structures need champions and a base to move forward.

So, what should a state do?

NACEDA's hypothesis in incentivizing state-level partnerships between community development associations and arts advocacy organizations was a simple one: bringing together two constituencies with complementary and overlapping assets, practices, and values to figure out how a shared agenda could better serve both. These partnerships are a critical initial step in understanding the landscape, identifying field-building opportunities, and prioritizing paths forward.

Some of the common components that the three states experimented with included:

- **Building partnership practices:** These partnerships began with deep dives into each other's work and structured time to develop shared goals and language.
- **Seating task forces:** They created cross-sector task forces of individuals connected in both sectors with different perches and experiences to help guide the work.
- **Conducting interviews:** They identified leaders familiar and not familiar with the work around the state and conducted interviews to better understand the landscape, challenges, and opportunities.
- **Hosting webinars and conference sessions:** The partners used existing convening infrastructure such as annual meetings, periodic webinars, and virtual or in-person meetups to both educate and get input into activities.
- **Identifying and mobilizing around key policy objectives:** While some initiatives have focused more on creating spaces for peer learning, others have focused more on identifying specific policy objectives that the groups could mobilize interest parties to work toward.
- **Securing new funding:** The groups have collaborated to secure new funding both to support intermediary field-building activities and to bring more awareness to local funders around the practice and how it might be effectively supported in their state.
- **Developing long-term initiatives:** In some cases, the organizations developed branded initiatives that included steering committees, monthly gatherings, website, case study development, shared policy alerts, and other structures to help generate long-term momentum for the practice.

Bright Spot: Texas Creative Placemaking Initiative

The [Texas Creative Placemaking Initiative \(TXCPI\)](#) is an emerging network of community development practitioners, artists, and others who want to further inclusive development. Their mission is to build, foster, and support equitable and vibrant arts-based community development practices in Texas. They accomplish this through the three prongs of advocacy, networking, and education/capacity-building.

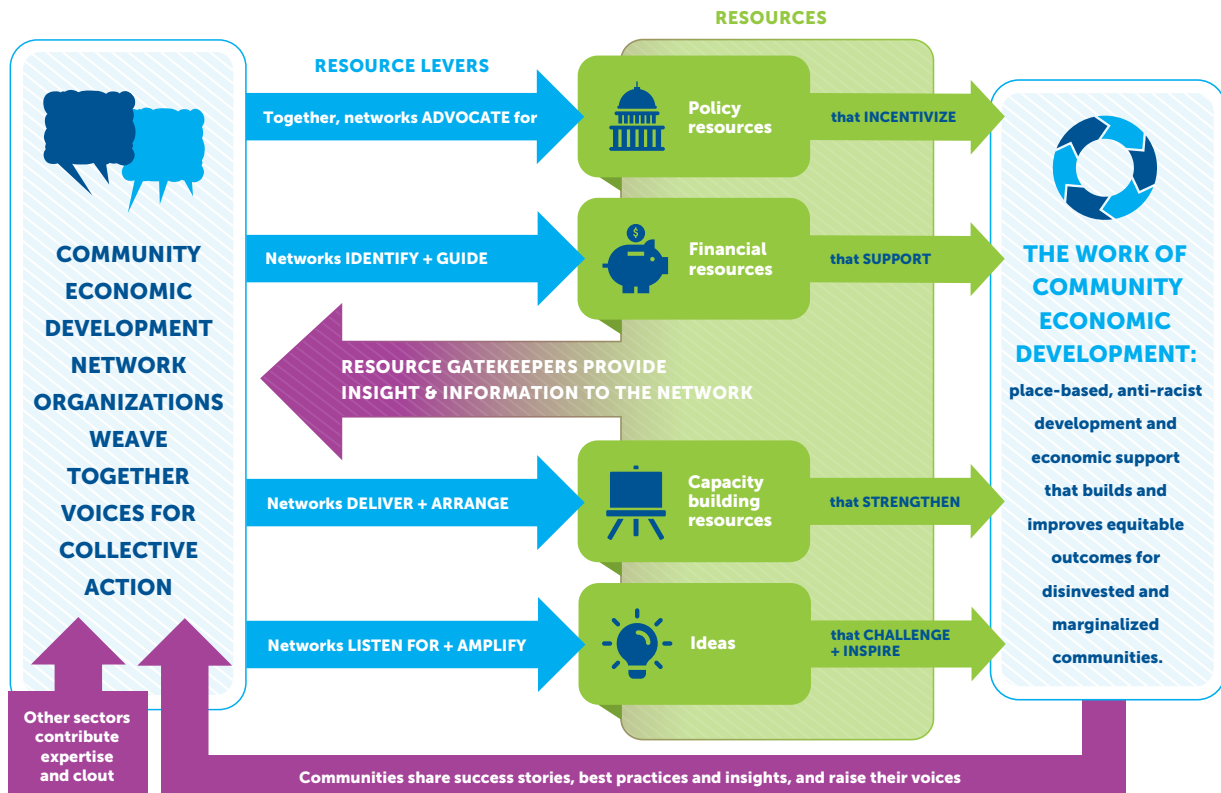
The TXCPI was formed out of the initial relationship

between the Texas Association of Community Development Corporations, Texans for the Arts, and Civic Arts (funded by NACEDA with support from the NEA and ArtPlace America) but has grown to have its own steering committee, branding, and organizing structure. This structure has allowed the initiative to remain connected to the infrastructure of the three original organizations, while being accountable to the practitioners and allies who have set a defined vision, values, and rhythm for the group.

Networks Strengthen Community Economic Development by Improving Resources

The activities undertaken during the field-building projects in each of our three chosen states are germinations of NACEDA’s community economic development field-building model that necessarily requires active participation with and among state-level actors. The model draws from the below graphic, labeled Infographic – Theory of Change.

Infographic – Theory of Change



Infographic Narrative

Captions in **blue** directly reference the infographic

The work of community economic development (Infographic: right box)

The work of community development broadly consists of place-based, anti-racist development and economic support that builds and improves equitable outcomes for disinvested and marginalized communities. Part I explores more deeply the values, tensions, and strategies woven into the work of community economic development. Upstream from the community and project level, there are four significant types of resources that support the work, particularly at the state level when undertaken by state level actors.

- **Policy resources**
- **Capacity-building resources**
- **Financial resources**
- **Thought leadership (ideas)**

Networks use their influence and capacity — which NACEDA broadly defines as “*resource levers*” — to improve how resources are deployed, to make the case for expanding resources, and to ensure available resources are known to practitioners. The infographic depicts how community economic development network organizations shape their priorities and use resource levers to influence resources.

HOW COMMUNITY ECONOMIC DEVELOPMENT NETWORK ORGANIZATIONS SHAPE THEIR PRIORITIES

Network organizations weave together voices for collective action. (Infographic: left box)

To build influence, network organizations foster relationships of trust among practitioners, stakeholders, and other interested parties. Through those relationships, people exchange information — success stories, challenges and possible solutions — that build a sense of common purpose. Network organizations can channel that common purpose to build collective action directed toward decision makers who influence resources.

NETWORK INPUTS (Infographic: **purple arrows** moving right to left)

Communities share success stories, best practices and insights, and raise their voices.

Network organizations draw together disparate voices and perspectives to focus collective action. The network organizations, through membership and informal connections, invite community development practitioners and community advocates into constructive conversation and collective action. Practitioners and advocates share best practices and stories of positive community outcomes.

Other sectors contribute expertise and clout.

Network organizations interface with other sectors (arts sector, for example) to draw upon external expertise and clout. These networks balance the multiplicity of perspectives to weave perspectives and voices together in organized advocacy and collective action.

Resource gatekeepers provide insight and information to the network.

Network participants build relationships, gather information, and gain influence with institutional stakeholders – the individuals and institutions responsible for resource levers. The relationships with institutions are two-way. Resource stakeholders provide insight into the resources, data about the resource usage, and guidance on how to apply for or utilize the resources. Ultimately, the end goal of the network’s collective action is to use influence to change, grow, and improve

the resources that support the work of community development. With each of the four resource levers, that activity can take slightly different forms.

HOW NETWORK ORGANIZATIONS USE “RESOURCE LEVERS” TO INFLUENCE “RESOURCES”

(Infographic: *blue* and *green* arrows moving from left to right)

Together, networks **ADVOCATE** for policy resources that **INCENTIVIZE** the work of community economic development.

Networks organize the collective voice to sway policymakers, legislators, and other key decision makers to improve and expand the **policy resources** available to community development and/or arts-based priorities. These policy resources can be laws, regulations, or institutional policies that incentivize community economic development work. As discussed in other sections of this report, incentives can include direct or indirect funding of the work (e.g. appropriations or tax credits), regulatory compulsion to engage in the work (e.g. Community Reinvestment Act), or policy resources that provide opportunities for the work (e.g. regulations that allow for certain project types).

Example: Advocates have seen success in Massachusetts, where in 2019 the Commonwealth’s Department of Housing and Community Development created a Creative Placemaking Program that funded integration of the arts, culture, creativity, and design into comprehensive, community development that promotes socially connected communities within the state’s public housing facilities. Funds will go to community space projects within public housing developments that arise from **ideas generated through resident engagement and have the involvement of an artist.**

Networks **IDENTIFY + GUIDE** financial resources that **SUPPORT** the work of community economic development

Network organizations build relationships with funders to better understand and shape the **financial resources** available to community development work. These financial resources can be grants, loans, or capital investments, among other financial vehicles. Network organizations attempt to shape resources upstream, sometimes going as far as to be an intermediary for those resources. They deliver resources directly in ways larger or more complex institutions cannot. Ideally, institutions with resources will value and incorporate attempts by advocates and partners to shape resources to fit a common desired outcome.

Example: Practitioner relationships with funders are crucial in assisting funders to understand how their funding vehicles can support community development and arts and culture, [Deborah Kasemeyer explains](#) in the San Francisco Federal Reserve Bank’s *Community Development Innovation Review*. These relationships help ensure that innovative practice is conceptually translated in ways that help funders understand how to adapt existing financial resources to support that practice, instead of unilaterally creating resources that may or may not be useful to the work.

As discussed elsewhere in this report, NACEDA similarly sees opportunities to improve banks’ comfort level with investing in community economic development projects that infuse arts and culture. Supporters of the community economic development sector who have the trust of financial institutions are key actors in helping financial institutions become comfortable with such investments.

Networks DELIVER + ARRANGE capacity-building resources that STRENGTHEN the work of community economic development

Network organizations ascertain the needs and strengths of practitioners and arrange **capacity-building resources** that fill emerging gaps in resources and practices. These capacity-building resources can take the form of trainings, technical assistance, informational resources, peer learning, and AmeriCorps or other volunteer staff capacity that improves organizations' and communities' abilities to successfully accomplish their community development goals.

Example #1: ArtPlace America's Community Development Investment (CDI) program has built the capacity in community economic development organizations in order for them to integrate arts and culture strategies. This deeper integration included the slow work of organizational change and community engagement – work that does not always lead to immediately quantifiable outputs yet lays the groundwork for long-term impact.

Example #2: The National Assembly of State Arts Agencies (NASAA) created a [resource guide](#) in November 2020, to help creative placemakers, community developers and arts organizations navigate federal funding opportunities.

Whether high touch long-term investments that expand capacity or low touch resource guides, capacity building work cannot be neglected. Capacity building work creates the foundation for community-based successes to become systemic rather than isolated.

Networks LISTEN FOR + AMPLIFY ideas that CHALLENGE + INSPIRE the work of community economic development

Network organizations set the stage for information sharing and frank conversations that can influence decision makers and shift the work of community development. These thought leadership resources can take the shape of best practices, testimony from leaders, innovations in practice, insights and collaborations with other sectors, and informative research that challenges and inspire individuals and communities in their daily work.

Adding arts and cultural integration into community economic development work is not an “add-on” like adding sprinkles to a donut. Intentional integration can fundamentally change the way the work happens and make it more equitable. This is also true with the sector-level activity — especially around the way individuals in the sector learn from and inspire each other.

Example: Eighteen national nonprofits joined forces to present People & Places 2019 conference, elevating local solutions from across the country and emphasizing the racial equity roots of community development. With the support of ArtPlace America, NACEDA and its partners [infused arts, culture, and equity throughout the conference](#) activities — pushing organizers and participants beyond the idea of tokenizing artists to full integration of incorporating traditionally marginalized voices.

The emphasis on integrating arts and culture into the event was not lost on participants. It has been a catalyst for other events to take similar strides to improve the way participants conceive of the interactions between community development and arts and culture. These two participant comments capture that energy: *“Loved the interactive activity. Will be replicating that back home!”* and *“At first I was skeptical about the role playing, but it gave me a new perspective on how the arts can be used to catalyze discussion and compromise.”*

SUMMARY

The process of building networks and wielding influence can become a positive feedback cycle, a system, or a *field*. As the resource levers that support arts and community development work are improved, expanded, and/or made more accessible, they produce improved and increased resources for more equitable impact. This work builds and improves equitable outcomes for disinvested and marginalized communities. Improved and innovative practices, as well as more success stories and evidence of impact, feed back into the networked conversations, reinforcing the case for the sector and increasing its collective power. NACEDA strongly recommends that state actors who care about equitable community development outcomes incorporate arts-based strategies, utilizing this developed framework as a starting place for supporting a field-building system that advances common, impactful work among practitioners, funders, advocates and others.

Appendix

State Report: [Minnesota](#)

State Report: [New Jersey](#)

State Report: [Texas](#)

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