

The First To Get Cut: The Case For Art's Power In CRE

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Funding for the arts is generally placed low on society's list of priorities during economically challenging times. The coronavirus pandemic has significantly impacted the arts more broadly with the temporary closing of galleries, museums and performing arts venues across the country.

However, long-standing Percent for Art programs, which place fees — usually a percentage of the development cost — on commercial new-build projects to fund public art, have bolstered the resiliency of art in commercial real estate. This, coupled with some CRE players viewing art as a means to achieve greater return on investment for developments, has kept art in the public sphere alive.



Courtesy of Presidio Bay Ventures
Muralist KFiSH in front of "controlled chaos" mural at The Quinn in San Francisco.

“Public art is not just about beautifying our public spaces. We feel it’s also about economically supporting Oakland’s art community,” SDG Vice President Elisse Douglass said. “For example, we partner with Danielle Fox of Slate ART, a local gallery and art consulting business, to develop concepts, identify local artists and complete installations.”

Douglass estimates that even SDG’s smallest public art installation involved over 50 local Oakland artists, artisans and fabricators, reflecting the diversity of the city’s arts community.

Philadelphia was the earliest city to adopt a Percent for Art program in 1959. However, there were earlier policy efforts to bring art to the forefront of public life, such as the creation of San Francisco’s Arts Commission in 1932. The Percent for Arts programs adopted by other jurisdictions like Oakland; Seattle and King County, Washington; New York; Chicago; Los Angeles and Hawaii, require developers of major projects to pay a percentage of the total construction or project costs toward public art installations.

In San Francisco, 1% of total project costs for residential projects over 25K SF in certain districts such as downtown must go toward the creation of public-facing [art](#) either on the project site or paid as an in-lieu fee to the Public Art Trust Fund to be used elsewhere in the city. Some developers opt to pay a portion to the fund and another toward an on-site installation.

“Public art programs are well-established across the United States,” S.F. Arts Commission Director of Public Arts Trust Jill Manton said. “There are hundreds of municipalities that have Percent for Art programs and probably an equal number or more of private development requirements in cities like New York and Los Angeles. This public policy is well-established, and with the belief that it improves the quality of life, it beautifies the environment, it showcases the work of local artists as well as international artists. It helps people look at their environment in a new way, particularly with rotating or changing public art environments. It’s a way to engage the public and becomes a visual cultural amenity.”

Depending on the particular project, the funds can be substantial. As part of a massive mixed-use development underway at Treasure Island, up to \$50M in Percent for Art funding could result, Manton estimated. The Treasure Island Community Development LLC, the S.F. Arts Commission, the Treasure Island Development Authority and CMG Architecture created a Treasure Island Arts Master Plan in 2017 to guide the creation of art installations and programming on the island.

Because Treasure Island will have the largest allocation of public open space in the city, second to only Golden Gate Park, instead of following the standard formula of placing the art installations on private property, the art would instead be placed on the publicly accessible open space, according to Manton.

“It’s like a civic experiment in making a place that has a real commitment to the public realm as part of the fabric that really brings people together and creates community,” CMG partner Kevin Conger said. “And so I think that from the beginning there’s been a belief that a more diverse public realm that’s got a lot of different things to do from the urban farm to sports fields to the wild natural areas is going to make a better place for the city and the community that lives out there. And art is another layer. It just adds another level of interest and quality to the public realm that ultimately makes it more inclusive for everybody who’s going to visit there.”

The Treasure Island installations will include multiple mediums from sculpture to performances and will even be incorporated into wayfinding signs on the island, Manton said.

[Presidio Bay Ventures](#) Managing Partner Cyrus Sanandaji said that though some developers may view the art requirement as a burden rather than a benefit, greater awareness and visibility of art in commercial real estate will yield a much clearer understanding and greater appreciation for the ROI of art. Art can create a cycle of attracting community members to engage with the built environment that then [increases engagement](#) among occupants of a given development, he said.

The Quinn, a 38-unit residential development by Presidio Bay in S.F.’s South of Market neighborhood, is a notable example of using art to foster engagement. The project partnered with muralist KFiSH for a live installation and unveiling of three on-site murals in January. The murals’ theme is “controlled chaos,” and it is intended to speak to the project’s presence as a “tranquil oasis” amid the hectic SoMa neighborhood, Sanandaji said. Instead of adding art as an afterthought, Sanandaji said Presidio Bay works with artists from the outset of a project to influence the architectural design so that both are evocative of the local geography and culture.

In the case of The Quinn, a local sushi chef who will be opening a ramen and sake bar in a retail condo component of the project was included in early discussions along with KFiSH to help add to the theme of a sanctuary within urban chaos.

“When we talk about art being an integral part of the identity of the project and the design of the project in a truly holistic way, that’s what we mean,” Sanandaji said. “The art, in this case,

informed the whole building identity, the whole building design. And it was reciprocal in that sense. Every project is unique. It's an organic process. It's not something that we try to impose on a project in a clinical way. What makes the integration of art and architecture in our projects unique and interesting is this organic expression that evolves as the design evolves.”



Bisnow/Jacob Bourne
A mural in San Francisco's Mission District.

The pandemic is having some influence on art installation themes as well. Jim Campbell, the artist who lit up the top of [Salesforce Tower](#) with a collection of 11,000 LED lights in a sculptural form that produces changing imagery, said that he recently showed images of clapping hands in gratitude of healthcare workers.

Presidio Bay's mixed-use project in Menlo Park, Springline, will incorporate a collection of works by 30 Bay Area artists to tell the story of post-pandemic rebirth, Sanandaji said. He said that the goal is to go beyond the static wall of an art gallery with a more active space with on-site events where people can engage with both the artists and their work.

S.F.'s Covid Command Center provides funding to support local artists creating murals on boarded-up storefronts in the city, Manton said. The city of Berkeley offers micro-grants of

\$500 as part of its Berkeley Arts Program to fund art projects with themes about public health and well-being, economic recovery and resilience, and community connection and belonging.

“Art is particularly important right now to bring everyone together and which is kind of difficult because art is typically the first thing to go from someone's budget,” Campbell said.

Although art requirements mandate the percentage allocation of funding, fewer construction starts during the pandemic have meant less funding and fewer installations over the past year. However, in S.F. the arts are getting a boost with the recent approval of a multifamily project at 321 Florida St. In addition to providing 168 housing units and a locally designed mural on the facade, 1.3K SF of ground-floor retail space will be donated to the Community Arts Stabilization Trust, a nonprofit that works to preserve land for the arts.

“I am pleased that we worked collectively with community leaders in the Mission District to replace a parking lot with housing and arts space,” Urban Land Development CEO Jon Mayeda said. “This approval will enable us to continue our efforts to work with neighborhood organizations and the city to build affordable housing in the Mission District and provide a permanent home for local artists and culture enthusiasts through our partnership with CAST.”