

A Brief Summary of the Economic Impact of The Heidelberg Project on Wayne County, Michigan

In estimating the economic impact of The Heidelberg Project, we used an approximate budget of \$400,000 per year.¹ We calculated the economic impact of 50,000 visitors to the Heidelberg Project per year.² Examining address data made available to us by The Heidelberg Project, we calculated that approximately 70% of visitors come from outside Wayne County. These ‘nonlocal’ visitors (an estimated 35,000 per year) bring money, through their local expenditures, into the Wayne County economy that most likely would otherwise have been spent in their own county.

The results below estimate the total economic impact of The Heidelberg Project using an inter-industry model of the flow of goods and services between sectors of the economy in Wayne County. Expenditures are made by The Heidelberg Project; those monies circulate through the regional economy. The suppliers of goods and services to The Heidelberg Project increase their own purchases to meet the new demand; increased employment results in additional expenditures by households. Similar modeling has been undertaken to estimate the impact of expenditures by nonlocal visitors as well.

The results are calculated for the specific case of The Heidelberg Project. Estimates of average spending by each nonlocal visitor are based upon an extensive national survey by Americans for the Arts of expenditures made by nonlocal visitors on the day of attendance to a cultural site or event.³

Results:

- The \$400,000 in annual expenditures by The Heidelberg Project has an estimated economic impact of \$646,398. Sectors of the Wayne County regional economy (beyond the museum sector) that experience a significant increase in economic activity due to the presence of The Heidelberg Project are real estate, power generation, insurance carriers, and hospitals. In addition, the expenditures of The Heidelberg Project result in an estimated 5 jobs regionally.

¹ Annual expenditures of The Heidelberg Project are based on FY10 budget data provided by The Heidelberg Project.

² Our figure of 50,000 visitors to The Heidelberg Project annually is meant to be taken as a minimum estimate of visitors who come to The Heidelberg Project as a destination, who spend a significant amount of time at the site, and thus who most closely match cultural participants surveyed by the Americans for the Arts in their study of the economic impact of visitors to cultural venues (Footnote 3). Newspaper articles state annual visitation figures to The Heidelberg Project as being between 250,000 and 300,000 (for example, Bay City Times, 2/7/2008, “Messages of hope” by Pati Lalonde). To estimate the economic impact of The Heidelberg Project based on these higher visitation figures please visit our interactive web page at <http://web.williams.edu/web/Economics/ArtsEcon/econpages/c3ddisplay.php?file=HPEconModelCounty.xml> where you can update visitor and budget numbers to calculate different economic impact scenarios.

³ Information on the Americans for the Arts study is available for download at http://www.artsusa.org/information_services/research/services/economic_impact/default.asp. The survey was carefully designed to count only the expenditures directly tied to visiting a cultural organization on a specific day, so as not to ‘take credit’ for expenditures primarily resulting from an extended vacation or other reasons for traveling.

- The local expenditures made by 35,000 visitors from outside Wayne County to The Heidelberg Project have a total economic impact of approximately \$2,768,237. Sectors of the economy that benefit most from visitor expenditures are food and drinking places, hotels and motels, retail stores, gasoline stations, and real estate. The expenditures of 35,000 nonlocal visitors to The Heidelberg Project result in an additional 35 jobs regionally.
- The total economic impact of The Heidelberg Project consists of the impact of its own annual expenditures and the local expenditures made by visitors who reside outside Wayne County. ***The total economic impact of The Heidelberg Project is approximately \$3.4 million annually. The total impact in terms of employment in Wayne County is an estimated 40 jobs.***

The presence of The Heidelberg Project in the McDougall-Hunt neighborhood of Detroit results in benefits to the community and county far beyond its economic impact. This summary is only an estimate of the economic impact of The Heidelberg Project on the economy of Wayne County.

About The Heidelberg Project

The Heidelberg Project is an outdoor art environment on Heidelberg Street in the McDougall-Hunt neighborhood in Detroit. Tyree Guyton, founder and artist, first began creating art on the houses of Heidelberg Street 25 years ago to draw attention to the forgotten neighborhoods of Detroit and other social issues. “The Polka Dot House”, covered in large brightly colored polka dots, has become an iconic symbol of The Heidelberg Project. Other installations have included “Street Folk”, “The House that Makes Sense”, “The Shoe Tree” and “The Rosa Parks Bus”. Always provocative, The Heidelberg Project has attracted visitors from around world, and at times consternation from City Hall. Currently, The Heidelberg Project is partnering with local businesses, residents, community nonprofits, Foundations, and the City of Detroit to expand the arts installation aspect of The Heidelberg Project into a networked system of living artwork and locally-based economic development.

About the Williams College Center for Creative Community Development (C³D)

The Center for Creative Community Development (C³D) was founded in June 2004 with an initial grant from the Ford Foundation and subsequent funding from the Institute of Museum and Library Services (IMLS), Leveraging Investments in Creativity (LINC), Massachusetts Cultural Council (MCC) and others. This report is part of a research initiative on organizations awarded Space for Change planning and pre-development grants. The Space for Change program is funded by LINC in partnership with the Ford Foundation. C³D is a research organization working to better quantify and characterize the impacts of neighborhood-based arts and cultural organizations on their surrounding communities. The Center provides sound data and case studies that can be used for case-making as well as for planning and evaluation purposes. Such measurements are essential for communities to manage the process of change, and to ensure equitable distribution of the benefits created by cultural economic development.

C³D is located on the campus of Williams College in Williamstown, Massachusetts, and is directed by Stephen Sheppard, Class of 2012 Professor of Economics. Professor Sheppard (PhD from Washington University in St Louis) is an economist who specializes in urban and regional economics and the use of economic geography to analyze the impacts of cultural and environmental amenities on housing markets, job creation, and neighborhood development.

More information about C³D and its analyses is available³ at www.c-3-d.org.

About this Study

The economic impacts reported above are based on standard input/output analysis. This type of model has been in use at least since the publication in 1960 of Walter Isard's important book *Methods of Regional Analysis: an Introduction to Regional Science* (M.I.T. Press). An input/output model is a set of mathematical formulas whose values are based on statistical analysis of actual observations. In this case, the formulas are designed to present the workings of the regional economy of Wayne County. The economic impact estimates provided here are the result of a predictive model that estimates the amount of aggregate regional income and employment that is attributable to expenditures by a particular cultural organization and its nonlocal visitors (visitors living outside the county). The model discussed in this report is designed for analysis at the county level, meaning the estimates cover impacts occurring throughout Wayne County, Michigan.

The input/output model utilizes data from a variety of sources (including the US Bureau of Economic Analysis, the US Bureau of Labor, and the US Census Bureau) to characterize the flow of goods and services among sectors of the economy and the employment and consumption patterns of different sectors of the regional economy. The sectors are identified by NAICS (North American Industry Classification System) codes. Much of the data is collected at the county level through a survey process that examines the spending patterns of representative firms in every sector of the economy in every county in the US. The data collected are used to provide estimates of the purchasing patterns of each sector of the county economy, identifying how much of every dollar spent in one particular sector is received as income in every other sector of the county economy, and how much of every dollar 'leaks' outside the county economy or is considered 'final consumption'. The input/output economic model divides the economy into over 400 sectors ranging from 'Abrasive products' to 'Wood window and door manufacturing'. Not all of these sectors are present in every region. The model also draws heavily on data from the federal ES202 database of unemployment insurance filings and the 'Regional Economic Information System' of the US Bureau of Economic Analysis.

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For more detailed background information on our input/output model for cultural organizations, we encourage you to visit <http://www.williams.edu/Economics/ArtsEcon/econpages/FAQ.html>.