

The Austin Music People Biennial White Paper: 2015

The AMP Biennial White Paper: 2015
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FOREWORD

In late 2014, the City of Austin Music & Entertainment Division commissioned the first-ever Austin Music Industry Census. Analytics firm Titan Music Group spent eight months collecting and analyzing data from some 4,000 respondents, and presented the sobering results at the largest-ever Austin Music Commission meeting on June 1, 2015. Census data quantified what many in the community already knew to be true:

The Austin Music Industry is at a tipping point. Every day, opportunities for innovation, for creation, and for the economic development of Austin's music industry are being lost because of long-standing systemic issues, an outdated land development code, an arcane city permitting process, and an unprecedented affordability crisis.

- 50% of Austin's working musicians, even with day jobs, qualify for Section 8 housing that isn't available.
- Nearly a third make \$15,000 or less a year, from all income sources.
- Venues are struggling, and sometimes closing, under the concurrent pressures of rapidly increasing rents, changing consumer behavior, inconsistencies with policy enforcement, and the city's "confusing and arcane permitting process."¹
- Our burgeoning music industry and associated small businesses report that a lack of affordable office space is a critical barrier to their success, and weak connectivity between these businesses is slowing the economic growth of this sector.

As the Live Music Capital of the World, Austin appreciates that our music industry is more than the creative soul of our city and a compelling part of our shared social history. It's also a powerful economic driver for our community, generating more than \$1.6 billion annually.²

As our city grows, and as the music industry reinvents itself in response to new technology and changes in consumer behavior, our political leadership and the music community must work together to ensure that Austin's music ecosystem is supported and can continue to

¹ The Austin Music Census: A Data-Driven Assessment of Austin's Commercial Music Economy (2015), Titan Music Group, LLC. Commissioned by the City of Austin Economic Development Department and its Music & Entertainment Division. https://www.austintexas.gov/sites/default/files/files/Austin_Music_Census_Interactive_PDF_53115.pdf

² The Economic Impact of the Creative Sector in Austin (2012 Update), TXP Inc. Commissioned by the City of Austin Economic Development Department. http://austintexas.gov/sites/default/files/files/creative_sector_impact2012.pdf

drive job creation, spark economic development, and attract companies and residents alike to move here. Austin must protect its brand and take significant steps to ensure its sustainability.

PURPOSE

This is a pivotal time for Austin music, and AMP is committed to helping drive the solutions that fuel and sustain the local music industry. The AMP Biennial White Paper: 2013, our original report on the state of the Austin music industry, was one of the first of its kind; now, just two years later, a large body of professional and academic work is emerging that explores and evaluates local, national, and international issues impacting the state of music industries across the globe. The newly available amount of rich local data, like that collected in the Austin Music Industry Census, and groundbreaking reports on international best practices, like Music Canada and IFPI's new *The Mastering of a Music City* report,³ give both civic and industry leaders timely, data-driven resources to inform our strategic planning.

The AMP Biennial White Paper: 2015 focuses on specific solutions and ideas that demand the attention of our civic, creative, and political leadership. It recommends specific actionable strategies to protect, preserve, and amplify the economic and creative impacts of our live music industry in the years ahead.

Since its inception in 2012, AMP's primary focus has been the continued economic development of Austin's music industry. As we have grown, we have learned that our responsibility for the health and stability of our industry is a shared one, requiring the creation of solutions that leverage multiple voices and perspectives. Austin's network of non-profit resources is vast and diverse, with a multitude of exceptional organizations offering specialized services and tools to Austin's music community that are far beyond AMP's scope and resources. We are grateful to them for their many contributions to the quality of life for our creatives and for our city.

Given this landscape, then, AMP leadership has elected to refine the organization's scope to remain in step with both industry best practices and the demands of a growing city and its creative economy. We have chosen to sharpen our focus on ideas and solutions that create conditions that will preserve venues, enhance economic development, and spark impactful

³ The Mastering of a Music City: Key Elements, Effective Strategies, and Why It's Worth Pursuing (2015), MusicCanada and IFPI, in association with MIDEM. <http://www.ifpi.org/downloads/The-Mastering-of-a-Music-City.pdf>

discussions. We call on our colleagues in our city's non-profits, our real estate community, our creative sector, and our businesses and industries: join us in this conversation, help us craft shared solutions, and stand with us as we demand that the Austin music ecosystem gets the attention, the resources, and the seat at the table it deserves.

“Music is part of the financial and cultural fiber of Austin. The city is right to sound the alarm.”

Austin American–Statesman Editorial Board (June 2015)

RECOMMENDATIONS FOR ACTION

The AMP Biennial White Paper: 2015 is organized into three sets of recommendations under the following subject headings:

- **Repair & Enhance** – short-term and immediate changes that will have an impact (one year or less to implementation)
- **Sustain & Grow**– larger ideas that can be accomplished in 12–18 months
- **Foundation for the Future** – bigger ideas to set Austin's music ecosystem up for sustained success

If we are to sustain the brand that Austin markets to the world – and from which all our citizens benefit – a concurrent and aligned community effort on each of these levels is required, involving every facet of the industry from grassroots organizations and music-based businesses to regulatory authorities and elected officials.

I. REPAIR & ENHANCE:

Short-term / Immediate Recommendations for Action

1. TARGETED CITY SUPPORT

- A. Add one Full-Time Employee (FTE) in FY2015-16 in the Economic Development Department (EDD) to be focused on the real estate/land-use needs of Austin's music/creative industries.^{4 5 6 7}

Duties would include, but would not be limited to:

- Creating and maintaining master lists of:
 - Existing spaces designated for music and creative activities, including alternative performance and creative venues⁸
 - Underutilized or end-of-life City-owned facilities
 - New creative concepts and groups / businesses ready for a space
 - Development projects seeking retail or office tenants
 - Ground-floor retail spaces that are not leased and have potential as temporary (or longer) creative co-working or performance spaces until they are leased long-term

⁴Imagine Austin: Priority Program 5 - Develop new financial resources and strategies to sustain and expand the creative industry sector.

⁵CreateAustin C4: Develop a toolkit/catalogue/handbook for cultural organizations and developers explaining tools and mechanisms for affordable cultural space development.

⁶CreateAustin: C1: Create an inventory of available cultural spaces and an interactive website to promote access to the information and enable "matchmaking." Include private and public (city, county, and state) properties within Austin, and create mechanisms to keep the list up to date. Include links to other cultural web sites to enhance awareness of the cultural spaces inventory.

⁷ImagineAustin: Reducing the number of obstacles facing local, small, and creative businesses, such as the availability of physical space for industry and business incubation, affordable commercial rents, education and training.

⁸Imagine Austin: C A5 Promote the use of non-traditional venues (such as parks, schools, streets, and vacant buildings) for impromptu and small scale performances and events.

- Existing resources and tools available to current and prospective small business owners
- Resources and tools available to developers who are considering creative spaces in new developments
- Facilitating introductions and relationships between the creative sector and real estate developers.
- Exploring the mechanics of the many ideas presented in this White Paper.
- Advising creative organizations and businesses pursuing space and negotiating for space.
- Facilitating credit and tax guidance.
- Providing credible and meaningful endorsements of well-operated and sustainable creative sector businesses.

2. FACILITATE ORGANIC GROWTH^{9 10}

A. Immediately incorporate the following actions into the City's response¹¹ to the Zucker Report:^{12 13}

- Incorporate Agent of Change Principle¹⁴ into all permitting and development for potentially affected creative venues.
- Actively engage music industry representation in process improvement conversations.¹⁵
- Ensure that Special Events, the bedrock of the music ecosystem, are vigorously and assertively supported to facilitate growth that is in line with its overall economic impact to the City.
- Create a Case Management system and software that is common across city departments to allow for effective project management.
- Provide a consolidated application that incorporates any required permits.

⁹Imagine Austin: Priority Program 5 - Develop new financial resources and strategies to sustain and expand the creative industry sector.

¹⁰ImagineAustin C A-2: Incorporate the arts and cultural preservation themes and elements into small area plans, such as neighborhood and corridor plans.

¹¹ City of Austin response to Zucker Report (July 2015). <http://www.austintexas.gov/edims/pio/document.cfm?id=234828>

¹² Planning and Development Review Department Workflow Organizational Assessment, Zucker Systems (2015). Commissioned by the City of Austin. <http://www.austintexas.gov/edims/document.cfm?id=230625>

¹³Imagine Austin: Grow and invest in Austin's creative economy. Create a regulatory framework to foster a business-friendly environment by simplifying and clarifying the development review process, including one-stop shop review, enforced timelines, and set targets for responsiveness and accountability.

¹⁴The **Agent of Change Principle** says that the person or business responsible for a change is responsible for managing the impact of the change. It has successfully been applied in the UK and Australia as it relates to noise mitigation measures in situations of mixed land use. If the "agent of change" is a new apartment building that is being built near a pre-existing music venue, the apartment building is responsible for sound attenuation. On the other hand, if the music venue is new and therefore is the "agent of change" in the neighborhood, it is responsible for noise mitigation.

¹⁵ImagineAustin C P18. Explore existing City policies, processes, and regulations regarding the arts to determine what changes can be made to coordinate these with other goals, such as historic preservation

- Implement an entertainment license policy that lessens the procedural and financial burden on venues from yearly requirements to every two years.
- Clarify that Outdoor Music Venue permit challenges for renewals should only be allowed based on substantial and significant changes to the current permit.
- Require written instructions or requirements from inspectors to document requested changes.
- Address inconsistencies in enforcement and penalties.

B. Address staffing issues:¹⁶

- Train City staff on customer service-oriented model.
- Appoint a Permit Ombudsman for the creative business community.
- Designate an accountable official with substantial, real-world event experience to oversee the Temporary Event permitting process.

3. ACCOUNT FOR MUSIC INDUSTRY IN CURRENT CHANGE MODELS^{17 18}

- A. Resolve that the impact on the music industry and the creative community should be considered a priority through the ongoing CodeNext and Imagine Austin processes; improve outreach to music and creative community.**
- B. Explore a new Creative zoning category in new, large mixed-use developments (e.g. Mueller) that further stipulates Retail/Commercial Zoning.**

¹⁶Imagine Austin: Grow and invest in Austin's creative economy. Create a regulatory framework to foster a business-friendly environment by assigning city staff devoted to helping businesses navigate the system and troubleshoot.

¹⁷ImagineAustin C P18. Explore existing City policies, processes, and regulations regarding the arts to determine what changes can be made to coordinate these with other goals, such as historic preservation

¹⁸ImagineAustin C A-2: Incorporate the arts and cultural preservation themes and elements into small area plans, such as neighborhood and corridor plans.

4. **SOLIDIFY MUSIC & ENTERTAINMENT DIVISION BUDGET AND RESOURCES**
 - A. **Allocate appropriate financial and staffing resources for office supporting a \$2 billion industry.**
 - B. **Expand the Music Venue Assistance Program to provide financial assistance for creative businesses.**
 - C. **Permanently reassign non-music permitting and code compliance issues from this office to Austin Center for Events or other appropriate office.**

II. SUSTAIN & GROW:

Medium-term Recommendations for Action (12–18 months)

1. CREATE POLICY THAT VALUES THE MUSIC INDUSTRY^{19 20 21}

- A. Explore funding options and specifically review an expansion of the **Business Retention and Enhancement Program**²² to:
- Include additional eligible uses that focus on creative/music venues.
 - Expand the eligible area to focus on creative venues outside of current eligible area.
- B. Make Creative Community and Industry space a priority in the City's **Strategic Facility Planning process**²³ by executing a comprehensive examination of City-owned facilities and usage.

¹⁹CreateAustin: Develop policies and incentives, such as density bonus; access to historic, energy, low income and/or New Market Tax Credits (if available); tax and fee abatements; and low-cost financing to encourage the private sector to develop and/or make available low-cost space in new construction or current existing facilities to creative individuals and organizations for rehearsals, studios, performance, or exhibit spaces and offices.

²⁰ ImagineAustin E P6. Support up-to-date infrastructure, flexible policies and programs, and adaptive reuse of buildings, so local, small, and creative businesses thrive and innovate. (See also LUT P8, HN P7, HN P12, C P8, C P15)

²¹ Imagine Austin: Grow and invest in Austin's creative economy. Create a regulatory framework to foster a business-friendly environment by identifying impacts on businesses of zoning, permitting and licensing requirements, tax requirements, etc.); creating development incentives (including tax incentives), density and floor-to-area ratio (FAR) bonuses, reduced and alternative parking requirements, expedited review, etc.; and simplifying and clarifying the development review process, including one-stop shop review, enforced timelines, and set targets for responsiveness and accountability.

²² City of Austin Business Retention and Enhancement Program (Downtown: Congress/ E 6th Street), Economic Development Department. <https://www.austintexas.gov/department/business-retention-and-enhancement-program-downtown-congress-e-6th-street>

²³ City of Austin Strategic Facility Planning report (2015). <http://www.austintexas.gov/edims/document.cfm?id=232828>

- C. **Revise the Density Bonus.**²⁴²⁵ This updated program could be targeted to very specific areas, like the Red River Cultural District.
- Add a category of Community Benefit to the Density Bonus program in certain areas, i.e: "Preservation of existing creative venue/business"
 - Take out the "in lieu of" option (Development Bonus Fee).
 - Remove 501c3 requirement for Cultural Uses.
 - Explore what else can be offered to developers in exchange for having a Creative Use, including:
 - Expedited permit review & approval
 - Austin Energy costs
 - Increased entitlements on this or other projects
 - Fee waivers (permit, capital recovery, construction, etc).
 - License agreements with COA to allow encroachment of air rights over public ROW
- D. Consider changes to the **Planned Unit Development (PUD) and Variable Mixed Use (VMU)**²⁶ ordinances that would provide for new creative space as well as preservation of existing spaces.²⁷ For example:
- Allow for VMU zoning consideration if a music/creative venue is preserved.
 - Change Chapter 25-2(E) to unlock VMU zoning for using at least 15% of retail commercial square footage for a creative venue.

²⁴ Summary of Density Bonus Program for the City of Austin (2009). <http://www.austintexas.gov/edims/document.cfm?id=130645>

²⁵Imagine Austin: Priority Program 5 - Develop new financial resources and strategies to sustain and expand the creative industry sector.

²⁶ A VMU Primer, Austin Contrarian (2007). <http://www.austincontrarian.com/austincontrarian/2007/11/a-vmu-primer.html>

²⁷ImagineAustin C A-2: Incorporate the arts and cultural preservation themes and elements into small area plans, such as neighborhood and corridor plans.

2. ESTABLISH A PARTNERSHIP WITH A CREATIVE TRUST^{28 29}

- A. Establish a partnership with a to-be-developed creative trust that functions like a land bank for creative space/business preservation and development.

3. EXPAND AND SOLIDIFY CULTURAL DISTRICT PROCESS^{30 31}

- A. Add the Red River Cultural District as a “sending” area for **Transfer of Development Rights**.³²
- B. Explore an **overlay of the Red River Cultural District**³³ that allows for:
- Preservation of existing creative uses
 - Integration of new or redevelopments into the MVVA Waller Creek Master Plan³⁴
 - Proposed new or redevelopment to be approved by the Red River Merchants Association
 - Specific community benefits to be required in new or redeveloped properties.

²⁸Imagine Austin: Priority Program 5 - Develop new financial resources and strategies to sustain and expand the creative industry sector.

²⁹CreateAustin C4: Develop a toolkit/catalogue/handbook for cultural organizations and developers explaining tools and mechanisms for affordable cultural space development.

³⁰ImagineAustin: Reducing the number of obstacles facing local, small, and creative businesses, such as the availability of physical space for industry and business incubation, affordable commercial rents, education and training.

³¹ImagineAustin C A-2: Incorporate the arts and cultural preservation themes and elements into small area plans, such as neighborhood and corridor plans.

³² How Does TDR Work?, Austin Chronicle (2009). <http://www.austinchronicle.com/news/2009-09-11/841909/>

³³ImagineAustin C P18. Explore existing City policies, processes, and regulations regarding the arts to determine what changes can be made to coordinate these with other goals, such as historic preservation

³⁴ City of Austin Waller Creek Master Plan (2010). http://www.austintexas.gov/sites/default/files/files/Planning/exec_summ_back-ground.pdf

- A percentage of retail space in new developments to be offered for 70% of retail market rates for local creative businesses.
- Integration into any CodeNext base zoning.
- Offering tax credits for property owners in the Red River Cultural District who voluntarily restrict their deeds in perpetuity and sell the restricted rights.

4. CREATE A MUSIC ENTERPRISE ZONE^{35 36}

- A. Create a **Music Enterprise Zone (MEZ)** in an area most compatible with active music uses.
- B. Creation of an **Economic Development Corporation** to manage and fund the Music Enterprise Zone.
- C. Develop **City incentives** to recruit music-focused businesses specifically for clusters or VMU developments based on music/creative themes. These new developments should include office space for creative businesses as well as venue/performance space(s) and affordable housing for creatives.

³⁵Imagine Austin: Priority Program 5 - Develop new financial resources and strategies to sustain and expand the creative industry sector.

³⁶Imagine Austin: C P9. Encourage artists and other creative individuals by promoting the creation of live/work spaces and creative industry hubs, districts, and clusters as retail, community, or neighborhood anchors and activity generators to attract and support other economic and community enterprises. (See also LUT P3, HN P4, E P3)

III. FOUNDATION FOR THE FUTURE:

Long-term Recommendations for Action (2–10 years)

1. INVEST IN THE FUTURE

- A. Ensure that the next General Obligation Bond program includes facilities and/or strategies for Austin's creative industries, specifically including music.

2. CREATE A TEN-YEAR VISION FOR THE MUSIC INDUSTRY

- A. Creation of a City-level, long-term music industry development strategy aimed at retaining and attracting musicians and foundational assets, engaging both public and private partners.
- B. Recalibration of all City and nonprofit music organization programs and services (including workshops and education) toward **higher professional standards in all industry areas**, including business training and professional development.³⁷
- C. Develop and implement a **collaborative process** to craft strategies to create and sustain the live music industry while addressing noise compatibility.^{38 39}
- D. Fund and implement a multi-year, multimodal **audience development/ consumer education campaign**⁴⁰ with community partners.

³⁷ Imagine Austin: C A16 Support programs to engage the business development community to assist creative economy start-ups and to develop business and management skills.

³⁸ Imagine Austin: C P5. Continue to explore and identify solutions to support live music venues, while addressing sound abatement issues.

³⁹ Imagine Austin: C A10 Develop regulations to mitigate the sound from live music venues through a collaborative process that includes the City of Austin, musicians, venue operators, property owners, and residents.

⁴⁰ CreateAustin: Create and implement a comprehensive arts and creativity marketing and audience development plan. Tourism marketing should also build upon this.

APPENDIX: FRAMING THE ISSUES

ISSUE 1: AFFORDABLE COMMERCIAL SPACE⁴¹

Maps to recommendations: I.1.A; I.3.A and B; II.1.A, B, C, and D; II.2.A; II.4.A, B, and C; III.1.A; III.2.A

“Failure to address affordability endangers the economic security of us all. A sizable segment of Austin’s economy and the city’s brand is based on the entertainment industry. **Businesses attract new talent based on the city’s reputation, whether their core products are semiconductors or homes.**”

Austin American–Statesman Editorial Board (June 2015)

In 2012, Imagine Austin anticipated two key challenges for the future of our city’s multibillion dollar creative economy:

- **Affordable**, accessible, and functional studio, performance, rehearsal, and office spaces for small organizations and individual artists.
- **Affordable** residential units and transportation options for artists and creatives as housing costs and land values in the urban core rise.

The Austin Music Industry Census data validated these predictions, as well as what many creatives already knew from hard personal experience: our local musicians and music venue owners are finding it more and more difficult to live and do business in a city that is increasingly becoming unaffordable for middle- and lower-income workers.

Downtown development of relatively expensive condos and apartments are pushing low and middle-income artists and industry workers further out of the central City core. Anecdotal evidence suggests that musicians are beginning to move out of Austin altogether due to the cumulative effect of affordability issues.

⁴¹ *The residential and commercial affordability issues facing those in Austin’s music industry are shared with thousands of other working-class Austinites. Our city’s real estate value growth is outpacing regional income growth across a variety of occupations and industries. For purposes of this white paper, however, we focus on occupations that have been consistently identified with the music sector.*

A recent article in the *Austin Business Journal*⁴² noted that “sections of the city immediately east of I-35 and in the downtown core had the most stark losses of creative workers...The 10 Census tracts with the largest growth in their share of creative economy workers had median incomes of about \$49,100 per year in 2012. By comparison, the 10 Census tracts that saw their creative economy worker populations shrink had median incomes of about \$55,900 per year in 2012. With average median household income at about \$64,400 per year in 2012, the shifting demographics lend credence to concerns that **artists and food workers are increasingly being priced out of central Austin and into less-expensive suburbs.**”

The article further noted that commercial affordability is also “a concern for city officials and arts and business boosters...who worry that creative businesses...are facing similar pressure from the city's growth. **The possible disappearance of live music venues, art spaces and other Keep Austin Weird-type businesses in favor of mixed-use condominium developments could undermine the city's reputation as a creative hub, which helped fuel its growth in the first place.**”⁴³

Our growing music industry and associated small businesses report that a lack of affordable office space is a critical barrier to their success, and weak connectivity between these businesses is slowing the economic growth of this sector.⁴⁴

⁴²The Affordability Exodus: Where Austin's Creative Class is Headed (April 22, 2015), *Austin Business Journal*. <http://www.bizjournals.com/austin/blog/creative/2015/04/the-affordability-exodus-where-austins-creative.html>

⁴³ Ibid.

⁴⁴ Austin Music Industry Census (2015).

ISSUE 2: REVENUE CREATION AND WORKFORCE DEVELOPMENT SUPPORT

Maps to recommendations: I.4.A and B; II.3.A and B; III.2.A and B

“Austin’s music community is an economic development engine that generates a complex ecosystem with...music industry innovators at its center. That music industry engine also benefits Austin with **thousands of jobs and hundreds of millions of dollars** of music tourism revenue. Music tourism creates cash flows that come directly to the City’s General Fund, as well as **international branding** that is a key factor for local companies outside the music industry to compete for high quality workforce recruitment, and also attracts technology companies and other employers to locate in Austin.”

Austin Music Industry Census (2015)

VENUES

Rising commercial costs, especially in the downtown entertainment areas like the Red River Cultural District and other Central Business District locations, result in “a live music venue circuit that is in a perilous and precarious state, facing an uncertain future at real risk despite the passion of the people involved in it.”⁴⁵

The presence of a healthy venue ecosystem of **various sizes and style of music clubs** is a critical anchor for industry development and revenue earning opportunities for local musicians. The smaller venues – the ones operating on the very thinnest of margins – are where many of our songwriters and musicians make their debuts. As UK music executive Mark Davyd observed, small venues are the “grassroots and bedrock” of the music industry, creating thousands of jobs and significant economic impacts. He notes that “these venues are the research and development department of [our music industry’s] success.”⁴⁶

⁴⁵ The Mastering of a Music City (2015).

⁴⁶ Ibid.

In Austin, 93% of venues employ some full-time or equivalent staff, with 67% of these establishments employing six or more people full-time. Nearly 30% of venue respondents to the census each provide 20 full-time jobs or more.⁴⁷

Additionally, live music venues provide a higher percentage of income to Austin's musicians than any other single category of revenue.

MUSIC BUSINESSES

INVESTING IN SMALL BUSINESS: MENTORING AND SKILL DEVELOPMENT

"The ability to offer excellence is critical to Austin's competitiveness as a distinct, authentic, world-renowned city and cultural brand. A relentless drive and commitment to fresh, original, independent, groundbreaking and **best-in-class product development will confirm Austin as a leading creative force**, and help position it in the global market for cultural tourist destinations. As such, the **pursuit of and investment in excellence is necessary** for all creative endeavors that have the potential to be attractive to cultural tourists. This should be kept top of mind by both organizations who administer existing pools of money to fund creative projects, as well as any new or future funds that become part of the economic mechanism of growing the creative sector."

Meredith Powell, Public City (2015)

Successful Music Cities host a deep bench of music businesses and music professionals who work together in teams supporting their artist-entrepreneurs. A best-in-class bench features labels, managers, agents, lawyers, publicists, experienced recording engineers and producers, and more.⁴⁸ While Austin's bench has shown slow and steady organic growth, we must identify gaps in our infrastructure, based on the realities of today's music industry, and develop a plan to create or recruit the professionals we need.

⁴⁷ Austin Music Industry Census (2015).

⁴⁸ The Mastering of a Music City (2015).

Bobby Garza of Transmission Events calculates that filling some of these gaps with professional training programs and mentorships would help expand Austin's \$2 billion music industry to **\$3 or \$4 billion annually**.⁴⁹

A variety of additional barriers to engagement of the broader music community were identified by music industry experts interviewed for the *Making of a Music City* report:

- The informal, almost cloistered, do-it-yourself nature of most music creation and distribution today
- The involvement in music of many part-time workers and hobbyists
- The reality that many small and medium-sized businesses and artist entrepreneurs are, by necessity, focused exclusively on making ends meet
- The lack of sufficient professional artist-entrepreneur advisors (managers, agents, etc.)
- Competitive issues among key stakeholders

The music industry census made similar findings for the Austin ecosystem.

BUSINESS HUBS: CLUSTERS, INCUBATORS, ACCELERATORS, AND COWORKING

“More music-related jobs of more types will help **build the 'economic cluster' activity** that exists in local music industries of cities like New York and Nashville. Austin has a great base of live music companies and is a fertile environment for music-related creative industries like technology, gaming, and film...With those types of structural advantages coupled with our high quality of life, we should be recruiting more companies that live **at the nexus of music and other key industries**. We've spent a lot of effort bringing companies like Facebook and Google to Austin; it's time we put the same type of focus on recruiting companies like Soundcloud, BMI, ASCAP, and Bandcamp.”

Mayor Steve Adler (2014)

Austin's tech sector has demonstrated the value of hosting start-up companies and entrepreneurs in shared workspaces, and the music sector can most certainly benefit from

⁴⁹ The Mastering of a Music City (2015).

the model as well. In the US and Canada, we're seeing a promising new trend in clustering music businesses together and creating industry hubs to build community and drive innovation. Projects in Nashville, Toronto, Chicago, New Orleans, Memphis, and Detroit are well underway and offer options for Austin to explore.

Benefits of a music business hub that brings these smaller enterprises together would include, but are not limited to:

- Shared resources like accounting assistance, office space and legal guidance, so entrepreneurs can focus on their core business, rather than administrative duties.
- Access to peers dealing with shared issues, providing a built-in community that can serve as both a support system and a think tank.
- Guidance from a tight, committed group of mentors and advisers, who share their talent and experience freely.

Our city has dipped a toe in this potentially lucrative pool, starting with the remarkable shared campus for Austin Film Society and Austin Film Studios. The new "Innovation Zone" being designed around the future Dell Medical Teaching Hospital will bump up against the existing Red River Cultural District, hopefully to the benefit of both. **It's now time for Austin to make a similar commitment its music industry with a "Music Enterprise Zone,"** and to fully support public/private partnerships for commercial music businesses from venues to small business hubs and beyond.

ISSUE 3: VENUE PRESERVATION

Maps to recommendations: I.2.A; I.3.A and B; I.4.A and B; II.1.A, B, C and D; II.2.A; II.3.A and B; II.4.A, B, C; III.2A, C, and D

MUSIC VENUES, GENTRIFICATION, AND SOCIAL HISTORY

Even the most successful Music Cities around the world struggle to address competing demands for limited land and space. In many cases, the development pattern goes like this:

1. A low rent area, possibly a bit downtrodden, becomes attractive for music venues, recording studios or rehearsal spaces and artists in general because it is more affordable;
2. Artists and music businesses move in, and over time make it an attractive, cool area to visit;
3. Property values rise and more people and businesses want to move to the area;
4. Landowners see the opportunity to sell their properties to developers who build residential units or condominiums;
5. Rising costs (sometimes resulting from new requirements for noise reduction) and/or higher rents cannot be met by music venues, studios or artists, forcing them to go elsewhere.⁵⁰

The cycle sounds familiar, but it's not inevitable, if a **community truly values the contributions of its artists and creatives**. Mark Davyd, CEO of Music Venue Trust in London, UK suggests that even though multi-use buildings can generate more profit than live music venues, we need to consider the long game: "The reason the people want to build in these spaces is because they have a cultural history. (But) if by building there, they decimate the cultural activity, no one will want to live there."⁵¹

Promoter Martin Elbourne, author of the Adelaide [Australia] City Council Live Music Action Plan, agrees that politicians and elected officials must understand the value of live music venues and the importance of protecting them. He declares, "Most cities don't need that

⁵⁰ The Mastering of a Music City (2015).

⁵¹ Ibid.

many venues...[b]ut the loss of the one cool place to gather can mean young people aren't attracted to the city."⁵²

THE ROLE OF HISTORIC DESIGNATION

Historical preservation and designation are, at their core, about protecting something of value to a community; traditionally, that value has been interpreted strictly as that contained in or represented by physical structures, rather than for places representing social history. "It's a lot easier to make a case for ornate places because they have stature, but heritage doesn't always have to be pretty," says Mary MacDonald of the City of Toronto's Heritage Preservation Services. "Sometimes the grotty needs to be protected."⁵³

Designation alone may have some value, in that it could encourage a new owner to continue to use a property as a live music venue in keeping with its social history and landmark status. But it's no guarantee. Specific legislative support is also needed.

THE OPPORTUNITY COSTS OF LOST VENUES

In 2012, Imagine Austin anticipated increasing economic pressures, and specifically called for the City to "create incentives and programs to preserve iconic and established music venues...throughout Austin and its extraterritorial jurisdiction (ETJ)."⁵⁴

Little has been done to date, however. As former Austin Music Commissioner Brad Spies notes, "Iconic spaces and venues are being priced out for creative endeavors due to the confluence of rising real estate prices and property taxes. Many are in danger of closing."

Austin is certainly not the only Music City to have these issues, although the very rapid growth of the Austin MSA has perhaps left policy makers little time to plan ahead for these contingencies. **Many other Music Cities have decided that retaining music venues and other**

⁵² The Mastering of a Music City (2015).

⁵³ Ibid.

⁵⁴ Imagine Austin Comprehensive Plan (2012).

creative attractions in their CBD areas is a critical piece of their economic development plan, and have enacted some interesting and effective strategies that prioritize maintaining a strong venue ecosystem, despite growth and cost pressures.⁵⁵

⁵⁵ The Mastering of a Music City (2015).

ISSUE 4: REGULATORY ENVIRONMENT IMPROVEMENT

Maps to Recommendations: I.2.A and B; I.4.C; II.1.A, B, C, and D; II.3.A and B; II.4.A; III.2.A, B and C

“Governments, the music community, and other stakeholders should work collaboratively to avoid situations where regulations have unintended consequences or prevent reasonable commercial activity by assessing perceived problems and developing appropriate, well-crafted regulatory responses. **Regulations should be carefully calibrated to respect community standards and the needs of residents and other businesses, but at the same time ensure a vibrant music scene.**”

The Mastering of a Music City (2015)

Policies and ordinances have a direct impact on a Music City’s economic viability and success, as do the decisions of city management and staff. A city’s level of “music-friendliness” and “musician-friendliness” is closely tied to those factors.⁵⁶ Working with the music community is the best way to maximize Music City benefits, resolve issues, and avoid unintended consequences of regulation and enforcement. Some simple questions can help determine whether Austin is truly music-friendly:

- Do music businesses like live music venues, record labels, recording studios, and promoters receive the message that they are wanted and valued in Austin?
- Are Austin’s musicians valued as artist entrepreneurs? Are they respected for both their creative and economic contributions?
- Is music valued as a creative pursuit on our city? Is Austin music considered a vital cultural component?⁵⁷

There is a range of government policies and management practices that, together, can ensure that the answer to these questions is “yes.” These include, but are not limited to:

⁵⁶ The Mastering of a Music City (2015).

⁵⁷ Ibid.

- Adoption of the Agent of Change Principle
- Permitting
- Parking and transportation
- Sound ordinance enforcement
- Land-use planning, including music and entertainment districts
- Taxes and incentives

THE AGENT OF CHANGE PRINCIPLE

As previously noted, many Music Cities are struggling with the balance between residential developments and existing commercial land uses, which can include music venues. Ironically, often it is the music venues and other nightlife activities that draw residents to move into the city's core, and yet these preexisting businesses can get forced out by noise complaints and onerous regulations, or by higher rents and property values.

The **Agent of Change Principle** determines which party is required to adopt noise mitigation measures in situations of mixed land use. If the “agent of change” is a new apartment building that is being built near a pre-existing music venue, the apartment building is responsible for sound attenuation. On the other hand, if the music venue is undergoing renovations and therefore is the “agent of change” in the neighborhood, it is responsible for noise mitigation.

PERMITTING

Whether discussing the regulations themselves or the service orientation of the City staff charged with implementing them, the feedback was consistent and emphatic: **the experience of the Austin music industry is not one of interacting with a ‘best-managed city.’** Census findings – and the Zucker report – leave no doubt that regulatory inefficiencies are creating productivity loss for both music venues and City staff. Further, venue respondents described the City’s permitting system was inefficient, cumbersome, and confusing. 61% of respondents found it extremely or moderately difficult to communicate with the proper officials. These unnecessary bureaucratic obstacles – **both policy and management** – disproportionately stifle local, small, and creative businesses.

PARKING AND TRANSPORTATION

Parking and transportation bylaws can also directly impact music businesses. One of the most frequently cited challenges is loading and unloading of equipment. Cities such as Seattle, Melbourne, and Austin have created loading and unloading zones near music venues, specifically for musicians.

In Austin, 30-minute active loading and unloading zones have been established through a cooperative program between the ATX Music & Entertainment Division and the City Transportation Department. According to Music Program Manager Don Pitts, this “makes the task of handling musical gear both easier and safer for performers while also restoring mobility and freeing up parking for other downtown traffic.” The same consideration could be given to recording studios, music schools, and rehearsal spaces in high-traffic areas.

SOUND ENFORCEMENT

Many of Austin’s live music venue operators and managers fear that an additional dBC rating, in addition to the current dBA rating, would dramatically affect their business. Nearly two-thirds of respondents said that it would be “difficult/impossible to comply with a dBC rating in addition to the existing dBA rating.”⁵⁸

In focus groups, this single item was the only issue in which multiple established venues said that this change could put them out of business. Several focus group members said they came to the focus group just to talk about and express their concern around this specific issue, and their experience was that they had largely been overlooked or ignored by City officials in discussions regarding this potential policy change.

Venue operators commented that “the combined effects of 1) the sound ordinance, 2) current zoning practices that put residences within feet of existing venues, and 3) developer building requirements collide in a way that catches venues in the crosshairs.”⁵⁹

⁵⁸ Austin Music Industry Census (2015).

⁵⁹ Ibid.

As downtown real estate prices have driven many venues out of the city core, the venues have found themselves in much closer proximity to neighborhoods, creating a new set of sound issues. At the same time, an influx of residents moving close to existing live music venues has resulted in increased conflict over noise issues.⁶⁰ In some cases, even a few frustrated neighbors can be enough to put a venue owner's livelihood, and those of his or her employees, in peril.

Responsible sound ordinances need to consider two elements: the source and the receiver. In 2012, the Austin Music Commission requested a proposal from the Music & Entertainment Division for a Venue Toolbox that would support the city's live music industry in policing itself. The toolbox included a Good Neighbor Program, a Bad Actor Program, sound ordinance training for venue managers and sound engineers, and a revolving low-interest loan program to help small businesses invest in sound mitigation construction and technology. The program was adopted and has proven successful.

A complementary effort on the receiver side, however, primarily aimed at new construction within 600 feet of existing entertainment districts, met with significant resistance and effectively died in commission, despite a council resolution asking specifically for a plan for receiver action.

⁶⁰ Imagine Austin Comprehensive Plan (2012).

ISSUE 5: CIVIC & COMMUNITY ENGAGEMENT

Maps to recommendations: I.1.A; I.4.A, B, and C; II.4.A; III.2.A, B, and D

Involving members of the larger music community is vital to the health and prosperity of a Music City. However, as that study notes, “collaboration across the different segments of the music community doesn’t always come naturally as the sector is composed primarily of small and medium-sized businesses. Many operators of these businesses wear various hats, work only part-time in music, and struggle just to make a living.”

The Austin Music Census confirms this finding: 52.8% of respondents’ music industry businesses are proprietor-only businesses, and a total of 89.9% have between zero to five employees. The reports notes that, “Musicians and entrepreneurs seem to work inside their own niches, so ‘siloining’ seems to be an unintentional but very pervasive byproduct of this growth.”

Indeed, the Census’ survey results, focus group responses, interviews, and text write-ins confirmed a sobering shared finding: Respondents across all industry sectors said that “lack of civic engagement to make changes that would benefit the music industry” was of great concern. Yet, respondents also reported that civic engagement was one of their weakest skills in the Skill & Expertise Areas.

The Austin Music Census data and focus groups also confirm an increasing number of new entrants into the Austin music industry job market, an indication that the industry is growing. Out of 74 possible music industry sub-sectors, Austin business owners and proprietors operate in an impressive 63 of them, from touring insurance to CD manufacturing. Austin can also claim more than 135 music-based nonprofits among its community resources. But most census participants were unaware of the industry’s expansion or of the many free or low-cost resources available to support them in their careers.⁶¹

In the last three years, Austin Music People has worked to stake a place for the local music industry at the decision-making table, and to accrue political and policy support. Progress has been steady, but slow. As noted above, our music businesses, with a few notable

⁶¹ Austin Music Industry Census (2015).

exceptions, are small operations whose employees often work multiple jobs – including at night, which can make it impractical for them to attend meetings at City Hall. Our musicians themselves have widely varied interests; they also skew younger, they are renters, and they tend to be skeptical of large public agencies and of politics in general. It can be an uphill battle to make their voices heard over well-heeled corporate interests, large industry associations, and those in a financial position to spend hours at City Hall each week. But it is possible.

Building consensus and broad support in the music community can lead to impressive results. Bobby Garza of Transmission Events points to music community organization as the catalyst for the creation of Austin's Music Division, while Austin Music People's Jennifer Houlihan credits music community engagement in part for the decision to allow Uber and Lyft to officially enter the Austin market and provide patrons of live music venues with more options for a safe way home.

“[Commissioning the Austin Music Industry Census] is a signal that **Austin intends to continue to lead as a world-class music city**, and that it is going to build **a uniquely Austin-solution to do so**. It is a signal that Austin believes it has the tools and knowledge to build a music economy that other cities will aspire to equal; to start with data and do things a little differently, and end up as **a uniquely Austin 21st century music city**.”

Austin Music Industry Census (2015)

ABOUT AUSTIN MUSIC PEOPLE

In 2010, when a residential development went up in one of the city's busiest live music corridors, the neighborhood got the just the type of dense housing stock it badly needed. But when developers moved to have live music end two hours earlier in deference to the neighborhood's new residents, it became clear that Austin's pro-growth live music industry needed a seat at the table. We knew there was a path to prosperity for Austin that included compact and connected commercial and residential development, a high quality of life for residents, and a warm welcome for new businesses – all set to the soundtrack of the Live Music Capital of the World.

Owners of affected properties conferred, reached out across the music industry, spoke with City leaders, and in 2011, Austin Music People was born. Today, AMP is an unprecedented alliance that includes some of Austin's most successful entrepreneurs, as well as midsize and small music businesses, professional musicians and artists, and devoted fans of Austin's music scene. And today, that residential development offers a great return on investment, while celebrating residents' easy access to great live entertainment.

The AMP coalition exists to strengthen the music sector for the ongoing benefit of the regional economy. Together, we are committed to making the economic development of the Austin music industry a priority for our political, civic, and cultural leaders, and to connecting and empowering Austin's live music community by providing powerful advocacy tools, participating in policy development, and representing live music interests in public and private forums.

In the past, of this economic network's component parts, the Austin music industry was conspicuously lacking a unified voice for its issues, a watchdog for threats to its survival, and a vision for its future. **Austin Music People** is that voice.

ADVOCACY

Constantly monitor development initiatives, lawmaking, and constituent behaviors; identify opportunities and challenges facing the local music industry with an eye toward sustainability, growth and leadership

ENGAGEMENT

Mobilize an informed local electorate, helping those invested to make their support of Austin music known; nurturing collaboration between the music industry and community stakeholders

RESEARCH

Explore ideas, policies, issues and initiatives facing the music industry focused on solutions, success and sustainability

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EXPLANATION OF TERMS

What is a Music City?

The term “Music City” is becoming widely used in creative communities and has penetrated the political vernacular in many cities around the world. Once identified solely with Tennessee’s storied capital of songwriting and music business, Nashville, Music City now also describes communities of various sizes that have a vibrant music economy which they actively promote. Alliances are being formed among cities that see value in partnering to enhance their music success, Music City accreditations are being discussed and defined, and Music City panels are popping up at conferences around the globe. Outside the creative community, there is growing recognition among governments and other stakeholders that Music Cities can deliver significant economic and employment benefits beyond the long-acknowledged cultural and social benefits.

What is Imagine Austin?

This comprehensive plan, required by City Charter, addresses Austin’s most pressing issues and will guide how our city transforms in the future. The plan, adopted unanimously by City Council in 2012, was co-created with thousands of Austin residents, businesses, and organizations to reflect our city’s shared values and aspirations. Today, Imagine Austin is being “co-implemented” with contributions throughout the city. Austin Music People is an official Community Partner for the Imagine Austin plan. Learn more at austintexas.gov/imagineaustin.

What is CodeNEXT?

CodeNEXT is the City of Austin initiative to revise the Land Development Code, which determines how land can be used throughout the city – including what can be built, where it can be built, and how much can (and cannot) be built. The process is a collaboration between Austin’s residents, business community, and civic institutions to align our land use standards and regulations with what is important to the community. This initiative to revise the Land Development Code is a priority program out of Imagine Austin, our plan for the future adopted by City Council in 2012. Learn more at austintexas.gov/codenext.

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