


# REPORT OF THE CHIEF LEGISLATIVE ANALYST

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February 17, 2009

TO: Honorable Members of the Jobs, Business Growth & Tax Reform Committee  
Honorable Members of the Public Works Committee

FROM: Gerry F. Miller   
Chief Legislative Analyst

Council File No: 08-1783  
Assignment No: 08-07-1224

## ***Ugly Betty* and Film Production Flight**

### **SUMMARY**

In May 2008, ABC Television and the producers of the show *Ugly Betty* announced that they would move production of the program from Los Angeles to New York to take advantage of financial incentives offered by the State and City of New York. Motion (Garcetti-Greuel) sought an understanding of the economic impact of this move, as well as the identification of actions the City could take to retain entertainment productions.

A study by the Los Angeles Economic Development Corporation concluded that a 1-hour program, such as *Ugly Betty*, generates 180 direct and 540 indirect jobs. Total earnings average \$44.2 million, and generate an average of \$880,000 in State sales tax revenue and \$223,000 in State income tax. All news reports indicate that the production was drawn to New York by tax credits offered by both the City and State of New York. Combined, these agencies offer a 35% tax credit. Most of the cast of *Ugly Betty* was originally from or lived in the New York area, making a permanent move to New York convenient for this specific sub-set of employees of the production.

Motion also requested the identification of incentives that could be offered to the entertainment industry to retain productions in Los Angeles. Several programs have been identified as long-term actions that could provide support to the film industry. Most of these actions involve efforts to facilitate filming in communities that have historically been in high demand, such as Downtown Los Angeles, Hollywood, and Studio City. Programs include the development of utility nodes at key locations to provide low-cost electricity and data while reducing noise and polluting emissions; activities to facilitate parking and base-camp operations; and information-sharing to enhance the City's interactions with the film industry to allow for improved response to emerging issues.

### **RECOMMENDATION**

That the City Council:

1. Instruct the City Administrative Officer (CAO), Chief Legislative Analyst (CLA), and Office of Finance (Finance) to develop criteria for providing a tax credit or tax incentive program to film productions that locate in the City of Los Angeles,

contingent upon the approval of a tax incentive or credit program by the State of California and including criteria for local benefit such as job creation and identification of a funding source;

2. Instruct Finance, CAO, and CLA to evaluate the effectiveness of the Entertainment and Multimedia Tax Incentive and recommend changes to the incentive that would assist with the retention of entertainment productions.
3. Direct the Department of Water and Power:
  - to develop a plan to establish a utility nodes pilot program for key Downtown Los Angeles locations that will include access to electricity and data, procedures to manage these nodes and make them available to film productions (such as security, access, and billing), and evaluation procedures to determine the effectiveness of this program;
  - to identify the location of these key nodes for this pilot program in consultation with the film industry; the 1<sup>st</sup>, 9<sup>th</sup> and 14<sup>th</sup> Council Districts; the Downtown community; and the City's film permit coordinator, with a priority on parking base camp locations;
  - to report back in 60 days with any actions and recommended approvals needed to implement this program; and
  - to report in six months concerning implementation of the demonstration program and assessment of other areas of the City where this program could be implemented in the future;
4. Create a Film Industry Parking Task Force to address the special parking and transportation needs of the filming industry in the Downtown area, to be comprised of representatives from the Mayor's Office, the 1<sup>st</sup>, 9<sup>th</sup> and 14<sup>th</sup> Council Offices, City Administrative Officer (CAO), the Department of Transportation, the City's film permit coordinator, and the Chief Legislative Analyst (CLA) in collaboration with Downtown stakeholders, to develop specific recommendations for the management of both on-street and off-street parking resources in a manner which supports the continued use of Downtown for filming while recognizing the needs of Downtown residents, visitors and employees, including but not limited to: (a) streamlining parking regulations and policies and (b) identifying targeted sites and zones for film making related parking, with a report to the Mayor and City Council within six months;
5. Direct the Film Industry Parking Task Force to identify vacant land in the immediate Downtown area that can effectively serve as staging areas for film productions, with a priority on governmentally owned parcels, and report back in

60 days with recommendations to make these sites available to film productions at low or no cost;

6. Establish a City Film Task Force comprised of City departments and agencies, chaired by the CAO and including the Chief Legislative Analyst, Los Angeles Police Department, Los Angeles Fire Department, Department of Transportation, Bureau of Street Services and others as appropriate, to meet regularly to consider long-term and emerging film policy issues and address industry needs and concerns; and
7. Direct CAO to work with FilmLA to create and offer a moderated on-line listing of public and private facilities available for film production use, including site location, facilities available, rates, and other relevant considerations; and

## **BACKGROUND**

Motion (Garcetti-Greuel) expressed concern over the move of the “Ugly Betty” production from Los Angeles to New York and the effect of this move on the local economy. As a result, this analysis focuses on broadcast television productions. The recommendations provided, however, would be of benefit to all manner of productions, including feature films, productions for cable or internet broadcast, and commercials.

The entertainment industry is in transition. The creation of new broadcast and cable networks over the last 20 years vastly expanded the types of programs that could be created and the outlets for their presentation. The advent of fast internet access and sophisticated video games has created competing entertainment options that have undercut broadcast television. These fractured markets, combined with the current economic downturn, have resulted in reduced advertising revenue and an emphasis on “reality” and talk programming and sports events which have much lower production costs.

Table 1 shows a comparison of broadcast television production activity over the last 20 years in 10-year intervals. This is a rough analysis based on prime-time broadcast television schedules for the Fall season for the main television networks. Schedules for the Fall of 1988, 1998, and 2008 provide a snap-shot view over time of the types of programs for the beginning of the television season. There has been a substantial increase in the total number of programming hours available since 1988 due to the creation of the WB and UPN networks (then folded into the CW network) and the expansion of Fox beyond just weekend programming.

Table 1 and Graph 1 show the dramatic decline in comedy production and the complete disappearance of regularly programmed movies, as well as the rise of reality programming. Broadcast networks no longer provide a regularly scheduled movie night, of either the theatrical or made-for-TV variety, and there has been a dramatic decline in the production of half-hour comedies. Alternately, reality television programs and game shows have become a significant programming element, as have news and sports, with a recent replacement of news programming with sporting events.

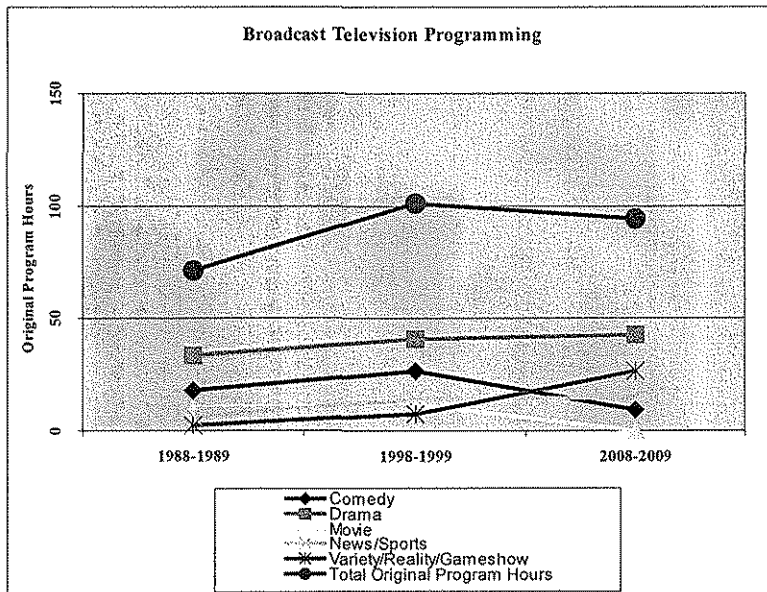
**Table 1**  
**Broadcast Network Programming, 1988-2008**

	1988-1989		1998-1999		2008-2009	
Comedy	18	25%	26.5	26%	9.5	10%
Drama	34	48%	41	41%	43	46%
Movie	11	15%	12	12%	0	0%
News/Sports	6	8%	14	14%	15	16%
Variety/Reality/GameShow	2.5	3%	7.5	7%	26.5	28%
Total Original Program Hours	71.5		101		94	
Change in Program Hours			41%		-7%	

1988-1989 - Fox appears, with weekend-only programming

1998-1999 - UPN and WB, as well as Fox, have programming all week

2008-2009 - UPN and WB now combined into CW



The announcement that Jay Leno will receive a nightly one-hour program in prime time further alters the traditional landscape of broadcast network programming away from scripted shows and toward unscripted entertainment. As mentioned, half-hour comedy programs have been reduced by 64% over the last ten years. Comedy programs have been traditionally filmed in the Los Angeles area. These programming hours have been replaced with reality programs which require substantially fewer personnel and

incur significantly reduced production costs. Many of these reality productions, however, still film in Los Angeles area communities.

Table 2 provides information concerning the geographic location of these prime-time broadcast television productions. Geographic data are not readily available for some productions, so these are grouped into the "unknown" category. Between 1988 and 1998, prime-time broadcast television hours of productions (all categories) filmed in Los Angeles increased by 75%, but then decreased by 20% between 1998 and 2008. The amount of prime time broadcast television productions in Los Angeles in 2008 still represents a 40% increase over 1988.

By and large, the Los Angeles area has been hit very hard by the loss of comedy productions. This loss was more than compensated for by the increase in 1-hour drama productions, such as

“Ugly Betty”. These productions are more likely to film on the streets of Los Angeles and in communities around the region, particularly in Downtown Los Angeles.

<b>Table 2: Geographic Distribution of Productions</b>						
	Hours	%	Hours	%	Hours	%
	1988-1989		1998-1999		2008-2009	
<b>Comedy</b>	<b>18</b>	<b>25%</b>	<b>26.5</b>	<b>26%</b>	<b>9.5</b>	<b>10%</b>
Los Angeles	13.5	75%	20.5	77%	6.0	63%
New York	1.0	6%	1.0	4%	1.0	11%
Animation		0%	1.0	4%	4.0	42%
Unknown	3.5	19%	4.5	17%	0.5	5%
<b>Drama</b>	<b>33</b>	<b>46%</b>	<b>41</b>	<b>41%</b>	<b>43</b>	<b>46%</b>
Albuquerque					1	2%
Atlanta			1	2%		
Australia	1	0%				
Baltimore			1	2%		
Canada	4	12%	2	5%	3	7%
Central America					1	2%
Chicago			2	5%		
Georgia	1	3%				
Hawaii	1	3%	2	5%		
Los Angeles	13	39%	26	63%	31	72%
Multiple	3	9%				
New York	2	6%	2	5%	7	16%
North Carolina	1	3%	1	2%		
San Francisco	1	3%				
Texas			1	2%		
Unknown	6	18%				
Utah			2	5%		
Virginia			1	2%		
<b>Movie</b>	<b>11</b>	<b>15%</b>	<b>12</b>	<b>12%</b>	<b>0</b>	<b>0%</b>
<b>News/Sports</b>	<b>7</b>	<b>10%</b>	<b>14</b>	<b>14%</b>	<b>15</b>	<b>16%</b>
<b>Variety/Reality/Gameshow</b>	<b>2.5</b>	<b>3%</b>	<b>7.5</b>	<b>7%</b>	<b>26.5</b>	<b>28%</b>
Total Original Program Hours	71.5		101		94	

The main area of growth is found in reality programming, which is primarily filmed on location. FilmLA reports that whereas a scripted 1-hour drama typically employs about 250 people, a reality program will employ about 85 people.

### **New York Tax Incentives**

Tax incentives offered by the State and City of New York have successfully boosted film production in the City of New York. Qualified productions can receive tax incentives of 35% of the value of below-the-line production costs – 30% from the State and an additional 5% from the city. A study by Ernst and Young commissioned by the Motion Picture Association of America (MPAA) indicates that more than 125 film and television projects have received tax credits and created and retained more than 19,000 direct and indirect jobs in New York.

This program, however, limited annual allocations of tax credit, with a total cap of \$602 million through 2013. Although a portion of the funds were targeted for use each year of the program, the State and City approved the allocation of tax credits for future years. As a result, all of the tax credits approved by the legislature through 2013 have been allocated (as reported in the *Los Angeles Times* on February 6, 2009). Unless the State authorizes additional spending, tax credits offered by New York through this program are no longer available.

New York also provides an exemption from paying sales tax on all materials needed to make a film. This is a standard exemption provided to manufacturing: film productions are classified as manufacturing for this purpose. New York City also offers free use of public safety services, including police officers.

This tax incentive program was accessed by ABC Television and the motivating economic factor in their decision to move *Ugly Betty* to New York. It is also the program that actress Tina Fey, with *30 Rock*, referenced in her award acceptance speech at the Emmy awards in September 2008. Both television programs were awarded long-term tax credits and will continue to receive those credits through 2013.

### ***Ugly Betty Economic Impact***

This program had been filming on sets in Burbank, California. In May 2008, ABC announced that the program would be moving to New York City (where the storyline is set). The New York tax incentives were cited as a significant factor affecting the economics of the production. The cast has been quoted extensively concerning their enthusiasm about moving to and filming in New York, though Los Angeles crew members who were put out of work were not equally excited. Many of the cast members were originally from New York and had family in the area.

On January 28, 2009, ABC announced that *Ugly Betty* would be pulled from their broadcast schedule, with a return after the official ratings season has ended. Ratings for *Ugly Betty* in the current season have dropped.

The Los Angeles Economic Development Corporation (LAEDC) conducted a study in 2004 of the economic value and impact of film productions. LAEDC received actual budgets from various types of film and television productions. With that data, they were

able to determine the economic value of a type of production and the average number of jobs associated with that type of production.

*Ugly Betty* is a one hour scripted program. While comic in its sensibility, the program most closely fits the category of a one-hour scripted drama in the LAEDC study. These types of programs employ, on average, 180 people and support 540 indirect jobs. In a separate study, FilmLA determined that a 1-hour program creates 250 jobs. Average earnings are \$44.2 million, producing \$2.2 million in State income taxes. Approximately \$80,000 in State sales tax revenues are generated. Local revenues would have been generated through the business tax.

## **INCENTIVES**

In addition to an evaluation of the impact of *Ugly Betty* on the local economy, Motion (Garcetti-Greuel) requested the identification of incentives that would encourage the entertainment industry to remain in Los Angeles. Several studies and reports have been prepared over the last few years related to this subject, including a report by the Department of Water and Power (DWP) concerning the efficacy of utility nodes; a parking study by the Community Redevelopment Agency that included recommendations concerning the film industry; and a study by Sarah Lorenzen, Assistant Professor at California State Polytechnic University, Pomona, concerning filming in Downtown Los Angeles.

As incentive programs in New York and other states show, the entertainment industry most directly responds to financial subsidies and tax incentives. Several attempts have been made to provide tax breaks or credits to film productions that occur in California. As of this writing, the State legislature is considering a tax credit for film productions that locate in California as part of the economic stimulus component of the larger State budget deal. Reports indicate that \$500 million in tax credits will be available starting in FY 2009-2010 a 20-25% credit for qualified film productions, on a first-come, first-served basis, through FY 2014-2015 for film production that are made in California. The program will be implemented through the California Film Commission.

The City of Los Angeles is faced with a serious budget crisis and does not have funding available to provide direct credits or subsidies to entertainment productions that locate in the City. But future budgets may provide an opportunity for such incentives.

One approach would be to create a benchmark in a relevant revenue source. If revenues in that revenue source exceed the benchmark, a portion of those funds would be placed into a tax incentive fund for assistance to film productions. Any tax incentive would be based the City receiving a public benefit, such as the creation of jobs in the City. If the City were to enact a tax incentive, it should be contingent upon the State providing a tax incentive as well. This would ensure that the combined City and State programs provide meaningful assistance to the film production and meaningful job creation and economic development to the City and State.

### **Utility Nodes**

Most movie and television productions use generators to provide electricity on the set when filming on location. These generators are an expense for the movie production and add to the amount of equipment on the streets. These generators create pollutants and noise that are a continuing source of complaints among residents adjacent to running generators. The Lorenzen report recommended the installation of utility nodes in strategic locations around Downtown Los Angeles to provide power and data access to productions. Utility nodes would benefit local communities in that highly filmed areas would experience a reduction in noise and locally generated emissions.

DWP reported in 2006 that such nodes would involve the construction of a utility cabinet aboveground on the sidewalk. These cabinets would provide the appropriate connections needed by productions. DWP indicates installation costs for such power points would be between \$2,500 and \$20,000 each. This is a business development opportunity for DWP since utilities used through these nodes will be paid for by film productions. DWP should fund installation of these nodes and provide rates that are competitive to ensure maximum usage.

A demonstration project could be deployed in Downtown Los Angeles, which hosts a high volume of film production. Locating these nodes at or near parking lots used as base camps for film productions would increase the likelihood of usage. This demonstration would test the feasibility of these nodes, ease of use, management and security issues, degree of use by productions, and related matters. A follow-up evaluation would be essential to determine the effectiveness of these nodes and to identify other locations throughout the City where such nodes would be useful.

### **Film Industry Parking Task Force**

In an April 2007 report concerning parking issues in Downtown Los Angeles, the CRA identified several recommendations to address film industry parking issues. Among these is a recommendation to create a Film Industry Parking Task Force to coordinate parking and transportation issues in Downtown Los Angeles.

The Task Force would be charged with identifying ways to streamline parking regulations in Downtown Los Angeles to facilitate film production and reduce impacts on vehicles parking in and traveling through Downtown. They would also identify ways to improve traffic flow through downtown resulting from closed streets. There are currently standing committees focused on parking and transit issues in downtown. Unlike these other committees, this task force would identify key issues related to filming, recommend policies that would coordinate filming into the larger downtown parking and transit picture, and then disband.

### **Parking Lots**

One of the highest costs for film productions is parking. Productions typically involve a large number of mobile facilities, including trucks, dressing rooms, and toilets. Parking these vehicles on the street causes parking issues for local merchants whose customers



have difficulty reaching their stores. Many productions rent local parking lots as a means to consolidate their vehicles and reduce impacts to local merchants, but this can result in high additional costs. In Downtown Los Angeles, parking has recently become a high-demand need due to increased residential units in historic buildings that do not include additional parking. This increased demand has resulted in further cost increases for film productions who rent parking lots.

The City could identify parking lots, garages, or other vacant lands owned by governmental agencies that could serve as base-camp parking for film productions. These lands would be provided at low or no-cost to ensure that film productions have a steady, low-cost parking option. These lots may not be located immediately adjacent to a production location, but they would provide a low-cost alternative that reduces impacts on filmed locations and costs for the production.

The Film Industry Parking Task Force would be assigned the responsibility to identify these sites and report to Council with their findings and all options for implementation, if available. The Task Force should also be encouraged to identify other options and opportunities, such as co-locating facilities and maximizing parking lot use in off-hours.

The CRA Downtown Parking Study also addresses design guidelines for parking structure construction that would support access and use by movie industry vehicles. This report reserves that issue for later consideration when the full CRA study is considered by Council as this recommendation requires detailed review and consideration by the Planning Department and Building and Safety Department. The Downtown Parking Study is currently under consideration in the Council's Transportation Committee.

### **City Film Task Force**

The City faces on-going policy issues related to filming in Los Angeles, but does not have a body charged with addressing these issues in an on-going manner. Policies have developed over time in an ad hoc manner to address immediate concerns. The CAO, as contract administrator for the film permit contractor, has stepped in to coordinate City policies in the absence of a designated authority. A formal forum that would address long-term and emerging policy issues in a coordinated manner is needed to ensure that the film industry, local neighborhoods, and City departments have a means to express concerns, and that City film policy can be formulated in a comprehensive fashion.

The City Council has several options to address this concern:

1. City Council committees could schedule quarterly meetings focused specifically on film issues, including presentations by film industry leaders on issues and needs of the industry, either in the Public Works Committee or jointly in Public Works and Education and Neighborhoods;
2. The Council and Mayor could create a Film Commission of jointly appointed individuals from the film industry, neighborhood leaders, and

others, who would review and advise the Mayor and Council on film issues;

3. The Council and Mayor could establish a City Film Task Force comprised of City departments and agencies that meet regularly to consider film policy issues and address industry needs and concerns.

There are few industries in the City that more actively engage City departmental services. No other industry requires the involvement of such a wide array of departments and agencies, often simultaneously with immediate deadlines that have serious fiscal, public safety, and quality of life implications. A regular venue for communication between and among industry leaders, the community, elected officials, and City departments could be a useful tool to provide support to the entertainment industry while ensuring public safety and community quality of life.

#### **Facility Availability Database**

Another recommendation in the Lorenzen report concerns the identification of space that could be used for food service, wardrobe, restrooms, and other support services. An easily accessible source of information concerning available space could facilitate a production.

Current web-based technologies provide tools that could easily list available public and private space that would be available for use by a film production. The listing service would need to be moderated to ensure that listings were appropriate to the purpose. The film permit coordinator would be an appropriate agency to develop and offer this service within the context of their mission to coordinate and facilitate filming in Los Angeles.

#### **City Tax and Fee Incentives**

In 2005, the City approved a reduction in the business tax on entertainment productions and provided a tax exemption for creative talent earning \$300,000 or less. Further, the City eliminated all facilities fees for the use of most City properties in entertainment productions.

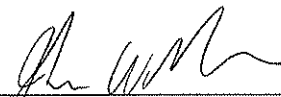
Entertainment businesses located in the City's designated Empowerment Zones are also able to access tax relief available in these zones. In FY 2007-2008, the City provided tax relief to 15,673 businesses with a total tax reduction of nearly \$6.8 million. Businesses that locate in the Empowerment Zone pay the first \$25 of their tax liability and then are exempt from the next \$500 in liability. Additional benefits are available for a five year period.

Data is not currently available concerning specific entertainment industry businesses that access this Empowerment Zone tax relief program. Additional research is necessary to clearly identify entertainment businesses that are currently using this benefit.

Another benefit available is the Entertainment and Multimedia Tax Incentive available to businesses located in the Hollywood and North Hollywood redevelopment areas. Qualifying businesses pay any tax liability up to \$25,000. They then pay 10% of the value

of any liability above \$25,000. A tax liability of \$50,000, then, would be calculated as \$25,000 plus \$2,500 (10% of the remaining \$25,000) for a total tax liability of \$27,500.

Research is needed to determine how many businesses currently take advantage of the Entertainment and Multimedia Tax Incentive and whether the rates and structure effectively draw target businesses to these areas. A different tax liability threshold may prove to be more effective in attracting and retaining entertainment productions within these zones.



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John Wickham  
Analyst

Attachments: Motion (Garcetti-Greuel)  
DWP report concerning utility nodes  
Lorenzen study

## MOTION

PUBLIC WORKS

JUL 08 2008

Los Angeles, and particularly Hollywood is famous for film and television production. Hollywood has always been the movie studio to the world and the glitz and glamour of Hollywood is known around the globe. The glitz and glamour often get attention when the real showstopper is the high paying middle class jobs that film and television support. These jobs are what is known in the industry as below the line jobs and they include electricians, cameramen, and production assistants. This economic engine brings over \$30 billion to the state of CA and supports over 200,000 good jobs in the Los Angeles area.

Our region like other parts of the country is experiencing economic pains from the mortgage and lending crisis and high prices of gasoline and other basics. At this critical time it is even more important to attract and retain good jobs to this region. Recently, the city of Los Angeles lost the production of hit television show Ugly Betty to New York City. New York has been aggressively recruiting our good jobs with tax incentives and infrastructure programs. It is imperative that we look at the facts surrounding ABC's decision to move production to another city and take immediate steps to attract and retain jobs in Los Angeles.

I THEREFORE MOVE, that the City Council instructs the CLA to work with FILM LA and other organizations to determine the economic impact of the loss of Ugly Betty and the determining factors in ABC's decision to move the production.

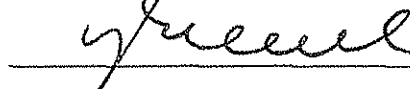
I FURTHER MOVE, that the City Council also instructs the CLA and requests the Mayor's office to report within 90 days to Jobs, Business Growth, and Tax Reform Committee with specific recommendations on ways to retain production including but not limited to building upon the tax incentives already available through the state enterprise zones and federal empowerment zones.

I FURTHER MOVE, that the City Council also instructs the Office of Finance work in conjunction with the CLA and requests the Mayor's office to report back with a status report relative to the LA Empowerment Zone business tax waiver incentive, and include a review of the tax credits provided, fiscal impact, specifically as they refer to runaway production and keeping filming in Los Angeles.

INTRODUCED BY:

ERIC GARCETTI  
Councilmember, 13<sup>th</sup> District

SECONDED BY:



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# Department of Water and Power



# the City of Los Angeles

ANTONIO R. VILLARAIGOSA  
Mayor

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May 12, 2006

The Honorable City Council  
Office of the City Clerk  
Room 395, City Hall  
Mail Stop 160

Attention: Councilmember Jan Perry  
Chairperson, Energy and Environment Committee

Honorable Members:

Subject: Council File No. 06-0228 – Infrastructural Nodes

This is in response to the motion (Perry - Garcetti) requesting LADWP report to the Energy and Environment Committee on the feasibility of developing a network of "infrastructural nodes" throughout downtown. Such nodes are to provide access to water and electric services for filming.

## **Water Service Points In Support Of the Film Industry**

The Water System has an existing class of service available for temporary water supply from fire hydrants that allows use of the potable water system. This type of temporary service is routinely provided for both the film industry and construction projects.

To place an order for a temporary service, a customer may apply by telephone by calling the Water New Service office at (213) 367-2130 or in person by visiting any LADWP branch office. Once the application is complete the customer identifies the specific fire hydrant they would like to use and the length of time the service will be needed. The temporary service will then be installed within 2 working days.

## **Power Service Points In Support Of the Film Industry**

In response to the suggested power service points mentioned in the report entitled, "The Future of Filming in Downtown Los Angeles", LADWP can provide power supply points located in the general vicinity of the most commonly used film sites. The power supply points will allow direct connection to the City of Los Angeles' (City) electricity and eliminate the need for mobile generators.

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The power supply points would be served by the installation of power supply pedestals that would have power ratings of up to 400A, 120/240V, single or three-phase. Power supply pedestals of this nature are typically housed in an above ground cabinet and would contain a meter, circuit breakers, and receptacles needed by the film crews. This above ground facility would be required to have the appropriate permits from the City's Department of Public Works (DPW).

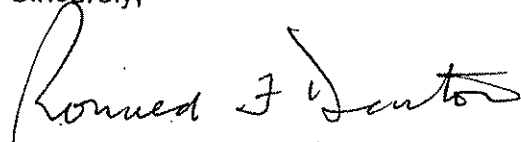
Costs to install this type of power supply point may range from \$2,500 to \$20,000 and are driven by the proximity of the existing power system in the area. Additionally, the costs could be greater if additional transformation in the street is required.

One idea that is worth exploring would be to combine power supply points of service with the LA City/Viacom Kiosks (Kiosks) that are currently being considered. The Kiosks would provide an attractive enclosure for the power cabinet. Additionally, Viacom owns Paramount Studios so there is a studio tie-in. The Project Manager for the City Kiosks, Mr. Lance Oishi, has indicated his willingness to explore this option.

It would be beneficial to meet with representatives of the film Industry to identify service requirements, as well as to oversee the planning, design, and construction of the series of service points. This meeting would also set the framework for determining the DPW's requirements, studio funding, and project coordination.

If you have any questions or if further information is required, please call me at (213) 367-1338, or have your staff contact Ms. Winifred Yancy, Government Affairs Representative, at (213) 367-0025.

Sincerely,



Ronald F. Deaton  
General Manager

c: Councilmember Eric Garcetti, Vice-Chair  
Councilmember Wendy Greuel, Member  
Councilmember Tom LaBonge, Member  
Councilmember Alex Padilla, Member  
Winifred J. Yancy

# The Future of Filming in Downtown Los Angeles

By Sarah Lorenzen

The film industry is a vital part of the economic, social and culture life of downtown Los Angeles. However, due to changing demographics in the area, the prospects for location filming over the next 5 to 10 years are largely unknown thereby presenting a risk to both the city and the film industry. In 2003-2004 we (1) embarked on an urban research project to study these risks. The project had three principal components: 1) researching the urban and infrastructural requirements of location filming; 2) determining what social, technological, environmental, economic and political trends could significantly impact location filming downtown; and 3) developing infrastructural, political and urban responses to mitigate potential conflicts between the film industry and downtown residents.

The film industry represents 9% of California's economy and is Los Angeles' fifth largest employer. The bureau of labor estimates that more than half of all US motion picture/TV production employment is located in California of which 92% is in Los Angeles. Hollywood is also a major tourist attractor, which is significant given that tourism represents 20% of the state's economy. In addition, there are the indirect expenditures by film crews for parking, rentals of underutilized properties, fees paid to LA's

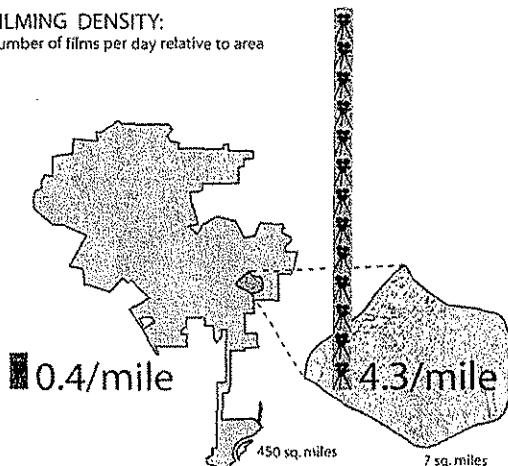
police and fire departments, and payments to residents for use of their properties.

Location filming occurs throughout Los Angeles, but we focused on downtown because it is the most heavily filmed spot in the United States. By our assessment, there is ten times more filming per area in downtown than in the rest of Los Angeles. This is due to the age and variety of buildings types, the large quantity of vacant properties, the area's generic quality (required for the film industry to "cheat" other locations) and the availability of surface parking (needed to set up base camps.)

Our objective was to develop a comprehensive resource tool that would allow the film industry to work more effectively in downtown, while also improving the area for its residents and business owners. The development of this resource tool involved collecting and analyzing complex urban data using aerial mapping, 3D modeling, diagramming and scenario planning techniques. The work was later presented to film industry leaders and city officials to help them make decisions about film industry innovation and film-specific urban infrastructure development for this area of the city.

## FILMING DENSITY:

number of films per day relative to area

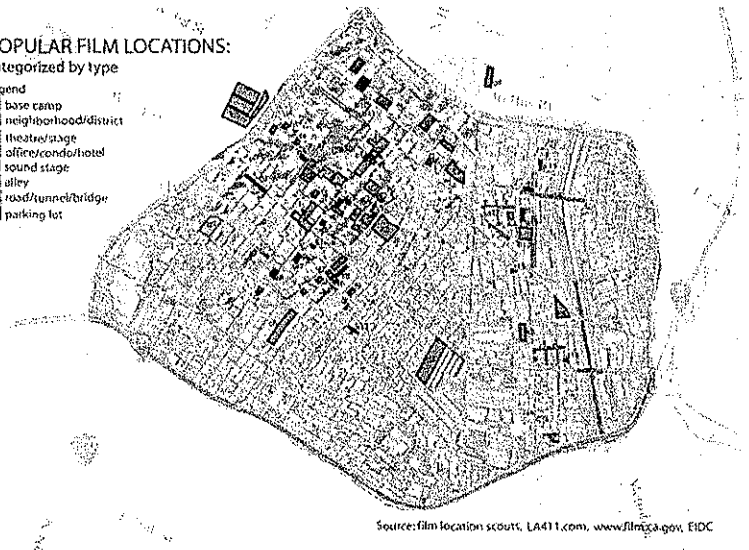


EIDC Oct. 2003

## POPULAR FILM LOCATIONS:

categorized by type

- base camp
- neighborhood/district
- theater/stage
- office/condo/hotel
- sound stage
- alley
- road/tunnel/bridge
- parking lot



## The Film Studios

People interested in making movies gravitated to LA, because it had cheap land and plenty of sunshine. In the early years there were eight studios that dominated the industry and all of them had large land holdings close to LA where they could build elaborate sets to film all their movies. Five of these studios Warner Broth-

ers, Paramount, RKO, MGM and 20th Century Fox owned 90% of the movie market. In the 50's and 60's the studios began to lose their dominance on the market for reasons that included: the rise of the TV industry, the McCarthy blacklistings, labor union strikes, and a decline in theatre attendance. As a result the studios sold

off much of their land and began filming on-site rather than in their studio back lots. In the 70's the cheaper cost of on-location filming (using Cinemobiles) led to even more location shoots and filming in rented production facilities. (2) Another defining event for location filming was the creation of a 30-mile radius labor zone established during the depression by film worker unions. It dictates how far film crews can travel before they are paid higher wages and are given travel per diems.

Today the film industry shoots on location about 44,000 days per year within Los Angeles and unincorporated LA County. (3) To film, crews need large amounts of equipment: trucks, trailers, generators, food carts, bathrooms, props and many, many cars. Movie, TV and commercial shoots are all trending towards larger and more expensive productions. As they grow the people and

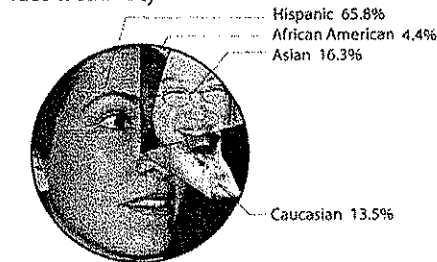
equipment required on site also increases. This has led to an increase in complaints directed at city officials by residents and business owners. The situation is particularly difficult in downtown not only because this area has more filming (downtown is the only "urban-looking" area inside the 30-mile zone), but also because of the kinds of movies that are filmed here. It is the favorite location for action movies and cop shows, which means night shoots, explosives, helicopters, and car chases.

On the other side of the conflict are the film industry concerns about run-away production(4) (particularly by unions) and the potential loss of jobs. The industry believes the city favors resident's needs over their needs, making it harder to film in the city thereby driving productions out of Los Angeles.

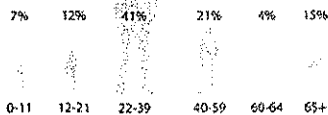
## DEMOGRAPHIC & REAL ESTATE STATISTICS

los angeles central city's population in 2000 was 25,208

### race & ethnicity



### age



in 2000...



Downtown Los Angeles, Los Angeles County, California  
2004 Economic Overview & Forecast

## Downtown Los Angeles

Downtown is a relatively small area, about 7 square miles, bounded by the LA River on the east and highways to the North, West and South. It includes a host of communities including: the Arts District, Little Tokyo, the financial and cultural center on top of Bunker Hill, the Civic Center (the largest government center outside of Washington DC), the old Bank District, Skid Row and industrial/manufacturing areas including the Toy, Fashion and Jewelry Districts. The diversity of building types and cultural life in downtown make it ideal for filming. Downtown is in fact the only area in Los Angeles that has "a big city look," (5) which allows it to stand in for other cities in the US and abroad (many of the TV shows and movies that are set in NY, Chicago and Philadelphia are actually filmed in Los Angeles).

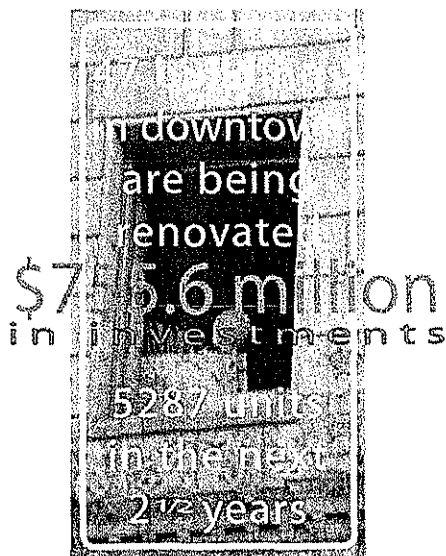
Although Los Angeles is a young city, it has gone through many changes. The city was founded in 1781, but it did not really take off until the 1900s. In thirties downtown was a vibrant financial and cultural center, but the area began to decline after the Second World War when resources were diverted to other parts of the city. It started when the city began pumping water to the Valley (mythologized in the movie Chinatown) and building new highways, which promoted suburban growth. Then the city built a new central business district several blocks from the original business center, fractioning the city center. The most devastating blow came when the city officially designated part of downtown as skid row concentrating all the city's homeless services in a tiny area. In the 1980's developers overbuilt office space causing a glut, which significantly devalued downtown properties.

A decade later the Japanese, who were sliding into recession, dumped their vast real-estate holdings in the area. The city's tax structure made it cheaper for landowners to tear down buildings, than to hold onto empty buildings. The result is a downtown full of make-shift surface parking lots, where one fifth of office space is empty (6), where more than 20,000 homeless live (largely in tents), and where only the ground floors of buildings are occupied. The squalor, the large number of empty building, and the large number of surface lots, though unfortunate, benefited the industry in many ways. It made it easier to close down streets, to make as much noise as they wanted, to film at night, and to set up large base camps.

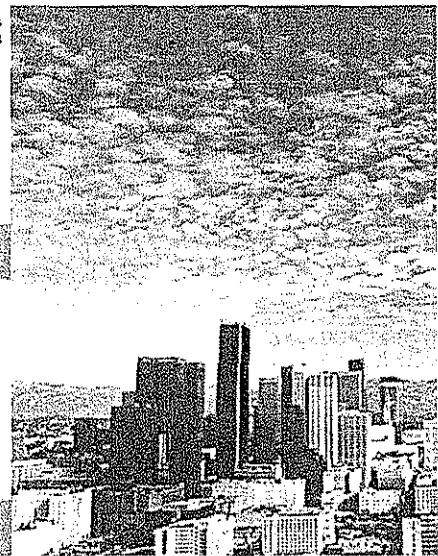
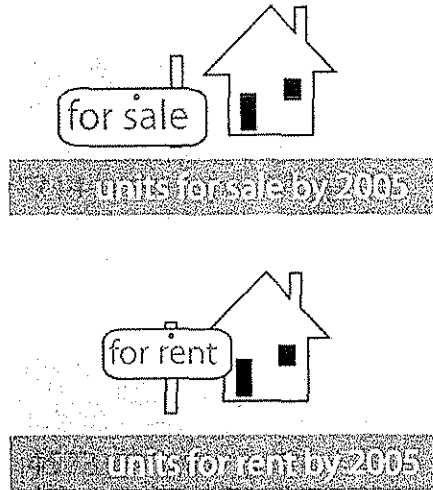
## Revitalization

After many false starts, it appears that downtown LA is developing into a vibrant, live-work neighborhood. The area boasts one of the hottest real-estate booms. Downtown is being transformed from an office and industrial center that would only sustain low-income and non-traditional housing into a housing, entertainment and mixed-use center. In some parts, such as in the Old Bank District, the change has been dramatic. It has been estimated that there will be around 6 billion dollars worth of construction in downtown between 2002 and 2006. Much of this revitalization has focused on adaptive reuse of abandoned commercial properties for housing, but there is also new construction. The last five years has seen the construction of several high





Los Angeles Downtown News  
September 15, 2003



profile government and cultural buildings including Moneo's Our Lady of the Angeles (the world's third largest cathedral), Gehry's Walt Disney Concert Hall, and Morphosis' Caltrans building. The most recent and ambitious proposal is the Related Companies of California's Grand Avenue Project: \$1.8 billion in outlays for a 16-acre park and 3.8 million square feet of development.(7)

The revitalization of downtown began in 1997 when pioneer real-estate developer Tom Gilmore bought one block in the old bank district. Gilmore and his associates saw an opportunity to create market-rate "loft" housing in a handful of beautiful early 20th century buildings. The buildings lay abandoned and could be purchased for very little money. The city was thrilled that someone was taking an interest in the area and did what it could to help. In 1999 the City Council approved an adaptive reuse ordinance to facilitate residential conversions of downtown's pre-1974 buildings (8) exempting them from typical density, parking and other use requirements demanded of new construction.

Many of the buildings affected by this adaptive reuse ordinance are the same ones that are of particular interest to the film industry. In some ways this revitalization has been a benefit to the film industry as it guarantees that these buildings are maintained. The difficulty is that it has also made it more expensive and harder to get permits to film these locations. Location filming in LA requires that all residents within 500 feet of a shoot be notified ahead of

time (9). Buildings that have affluent tenants (who understand their civic power) often mean that it is harder to get permission to film at night or to get noise dispensations. Residents also often extort film crews demanding compensation to turn off loud radios or to stay out of the way.

#### Parking

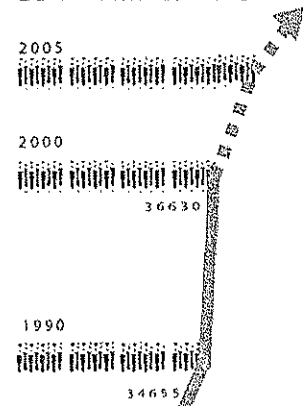
There is no question that the resurgence of downtown LA has been a good thing and that the adaptive reuse ordinance has helped make this revival possible, but there have been unforeseen consequences to these changes that have negatively affected the film industry. The most significant change has been a shortage of surface parking. Second only to finding the right "look" for a particular scene, surface parking is the industry's most valued resource. Every day downtown's parking lots are used to park: crew vehicles, grip trucks, honeywagons, wardrobe trailers, lighting cranes, generators, and to set up: portable toilets, staging areas and catering tents. A medium-sized film shoot in Los Angeles with around 100 crewmembers will need space for around eighty cars, thirty to forty trucks, a large tent and a 1,000 square foot staging area.

Before the real estate boom about 40 percent of parking in the area was on surface lots. (10) As development pressures intensify most of the surface lots are being lost to new development. Street parking is also diminishing to accommodate loading zones,

#### TYPICAL PAYOUTS BY FILM INDUSTRY TO DOWNTOWN RESIDENTS

renting private apartment:	\$3,000 / day
hanging fake curtains on window	\$500 / day
use of elevator & staircase	\$500 / day
stop table saw noise	\$100 / hour
open building door	\$100 / shoot

#### DOWNTOWN RESIDENTS



filming downtown ... priceless



University of Pennsylvania Department of  
City and Regional Planning/US Bureau of  
Census 1990 and 2000

driveways and other non-parking uses. Exacerbating the loss of surface parking is the exemption clause in the adaptive reuse ordinance. Many of the older buildings that are being converted into housing were built without adequate parking, and relied on public lots and garages to meet their needs. It is also impractical to try to create parking in these older buildings due to building footprint constraints and column placement.

The lack of designated parking for the new housing developments has left residents and film crews fighting for the same spaces. So far film crews are winning these fights, as parking lot owners prefer renting to film crews. This is not surprising given

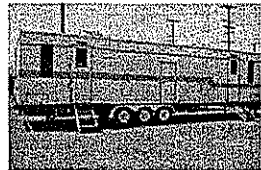
that some surface lots can command a daily fee of \$10,000. This penchant may change as the number of residents in the area increases and they demand more consistent service. Ironically the revenue derived from renting to film crews during the years when downtown was abandoned is part of the reason that these "temporary use" facilities exist today. If the city wants to retain the specialized use of the area for movie production and also continue to exempt adaptive reuse projects from building new parking, they will need to find other ways to accommodate film crews.

## LOCATION FILMING : A MOBILE CITY

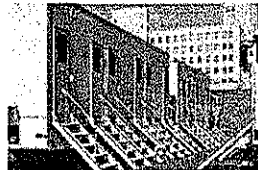
images from downtown los angeles



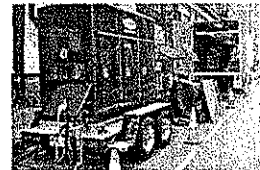
mobile boundary



mobile housing



mobile dressing room



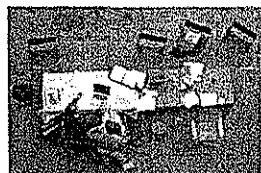
mobile power



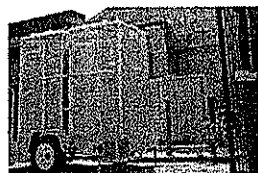
mobile security



mobile signage



mobile office



mobile toilets



mobile communication



mobile kitchen

## Housing

In the last five years downtown has seen an increase in residential population of around 30%. This residential population is also significantly wealthier than the existing population. Downtown News (a local newspaper) recently reported that the average income of new residents is more than \$100,000 per year. This rapid rise in residential population and demographic shift (particularly in downtown's Artist District, the Old Bank District and the Historic Core) are creating unique challenges for the film industry. An increased residential population has resulted in: louder and more frequent complaints by residents against film crews; increased difficulty closing down street on evenings and weekend; and, as previously mentioned, decreased availability in surface parking for film industry base camps. Despite run-away production, filming activity (including requests for late night filming, after-hours pyrotechnics and street closures) has been on the rise.

The planning department, community redevelopment agency and downtown's city councils have all been promoting housing development in downtown. This seems to be part of a larger urban trend, the result of New Urbanism ideology, that believes housing and mixed-use development is the best solution for every urban area. The single-mindedness of this vision often means that more viable or at least equally significant development types are often neglected. In downtown the highly profitable manufacturing sector and the informal economies of swap meet vendors and the film industry are all being pushed aside in the interest of building market-rate housing. As proof one needs to simply look at the Community Redevelopment Agency's (CRA) 10-year plan for downtown, which does not once mention the film industry in its 200-page document. There is also the lack of interest in manufacturing which though pretty bleak has a vacancy rate of just 2% (11) compared to 20% for commercial properties.

It is short sighted to not incorporate the needs of ill-favored industries into how city agencies imagine the future of their city. Projects that are good for a residential downtown may not be good for other uses. Many beautification projects that might give downtown LA a unique identity (Palm trees for example) would be good for the residential community, but would be fatal to the film industry.

## Politics

It has been fascinating to try to discover why an industry that has so much social and economic clout is so under-represented politically. Most LA politicians will go on record to support the film industry and to express their desire to keep filming in LA, but their allegiances are to the people who elect them. The film industry for all of its money and prestige is an invisible nomad. The big studios do not own property downtown so local politician and planning commissioners do not benefit directly (in terms of votes) from supporting their interests.

Location filming falls under a section called exceptions in the planning code, which means that their activities are allowed as long as the group filming has a license from the mayor's office or whomever he has designated to oversee this permitting. (12) The mayor and city council members can change film permitting rules if it is politically expedient to do so. In February 2005 the city council led the effort to add several new filming restrictions downtown. There are currently more than 150 rules that must be followed to film downtown (about 15% more than other areas of the city.)

The Community Redevelopment Agency (CRA) has done little to incorporate the needs of the film industry. This is partly because the film industry conducts its business on the public right of way and not on privately held land. The industry is neither public

(does not fall under the domain of the government) nor private, so as Ron Maben from the Planning Department put it, "they fall through a lot of cracks." The CRA might be able to offer concessions to the film industry such as guaranteed parking, tax incentives, and other allowances if there were a way to count them as residents, or if this were mandated from the Mayor or the Governor's office.

If studios had a permanent presence downtown (such as owning property) they might be able to extract more concessions out of local city governments and development agencies. Owning property would also let them decrease their impact on city streets and parking facilities by allowing them to shuttle crew and equipment on site.

## Proposals

In order to counter the trends threatening the film industry's ability to work downtown we developed a variety of short, medium and long-range proposals that could be implemented either independently or together. The proposals (described below) were the direct result of our research and were tested against future scenarios. The scenarios were shaped by tracking current trends and by imagining situations that might radically change the direction of downtown (something on par with the Japanese recession of the 1990s.) The significant events (in scenario lingo they are called critical uncertainties) were combined with the trends, and the resulting world was then described in a narrative.

A. Establish a film overlay zone across parts of downtown (similar to the adaptive reuse ordinance.) Allow more filming, longer hours and assigned parking within the zone. Increase restrictions outside the zone. Goal will be to promote film-friendly development like manufacturing or low-income housing within the zone and push less tolerant development like market-rate housing outside the zone.

B. Build an infrastructural grid within the film zone. A series of utility nodes will be located within three blocks of important film sites allowing connection to city electricity, data, water and sewage. This will reduce the number of trucks brought on site, cut down on set-up/dismantle time, and eliminate the need for generators.

C. Create a database of underutilized buildings and open areas available for temporary lease. These properties will be used in lieu of tents and trailers for services like dining, offices, wardrobe, and restrooms. It will be especially important to locate available facilities near infrastructural nodes.

D. Establish façade easements for buildings that are important film sites. A historic facade easement is usually given to preserve the appearance of a historic or culturally significant building and its surrounding setting. In return for protecting and doing the upkeep of the façade the owner will receive a 10 to 15% tax deduction based on the fair market value of the property. This will protect important film sites downtown.

E. Take advantage of tourist dollars brought in by interest in the film industry to increase tourism downtown. This will help existing businesses and attract new commercial development. This is compatible with the city's desire to create a 24-hour city that is safer and that has more amenities. Increased tax revenues will be reinvested into film infrastructure nodes and façade easements. Lower film demand on parking will free up parking lots for tourists visiting local merchants.

F. Locate crew parking in underutilized parking structures or empty lots at the perimeter of downtown. Establish a shuttle services to take crew from these remote-parking sites and from mass transit stops to film sites and assigned staging areas around downtown.

G. Install electronic street signage to warn drivers of street closures and alternate traffic routes.

H. Designate secondary roads (streets that don't connect directly to surrounding highways) to allow truck parking.

I. Establish building requirements for new parking structures to require truck access at grade.

The goal of this project was not to offer "band-aid" fixes, but to find innovative solutions to help the film industry to adapt as downtown changes, and to propose changes in the way city officials incorporate the needs of the film industry into the planning process.

Our experience presenting this project was symptomatic of the lack of dialog and cooperation there has been between the local city government and the film industry. Although our presentation was heralded a success by both groups (the politicians in the room agreed that something had to be done, and the film industry executives and union leaders promised to be more considerate of residents), both sides felt that the other side should be responsible for funding the work.

If the film industry is to remain a visible presence downtown the first thing that must be done is for film industry leaders and city officials to find better ways to communicate. Both groups need to discuss what may happen over the next 5, 10 and 15 years in order to ensure that the film industry remains in Los Angeles and that downtown continues to develop.

*Sarah Lorenzen is Assistant Professor at California State Polytechnic University, Pomona, California, USA and Principal of Plasmatic Concepts*  
[www.plasmatic-concepts.com](http://www.plasmatic-concepts.com)

### Acknowledgments:

This paper was first presented at the International Conference for the Integration of Urban Knowledge & Practice: Life in the Urban Landscape, held in Gothenburg Sweden from May 29th to June 3rd, 2005. A short film about this project was exhibited at the UIA Conference in Istanbul last summer. A compressed version of this film can be viewed online at: <http://www.plasmatic-concepts.com/fadd/movie.html>

I am indebted to my colleagues Saad Ahmad, David Bergman, Konstantinos Chrysos, JD Dowling, David Hartwell, Jeffrey Inaba and Michael Speaks, for many of the ideas and graphics used in this paper.

(1) Our group consisted of: Sarah Lorenzen, JD Dowling, Konstantinos Chrysos and Saad Ahmad.

(2) [www.filmsite.org](http://www.filmsite.org)

(3) Incessant Film Shoots Leave Residents Reeling, Jessica Garrison, LA Times, June 16 2003.

(4) "Run away production" is when the location of a movie is moved out of LA because the new location offers cheaper labor, fewer unions, tax breaks or other economic incentives.

(5) This fact was corroborated by Steve Dayan a business agent with Teamsters, Local 399 (Studio Drivers and Location Managers) when I interviewed him in February 2005.

(6) Real Estate Southern California, Real Estate Media Inc, January 2004.

(7) <http://www.grandavenuecommittee.org>

(8) Los Angeles Planning and Zoning Code, [www.cityofla.org/pln/zone\\_code/2000zc/zonecode.htm](http://www.cityofla.org/pln/zone_code/2000zc/zonecode.htm)

(9) [http://www.eidc.com/html/notification\\_.html](http://www.eidc.com/html/notification_.html)

(10) Final Report Downtown Los Angeles Parking Study For Portions Of The Historic Core And Adjacent Areas, Kimley-Horn and Associates, Inc, November 2003.

(11) Downtown Los Angeles, Los Angeles County, California 2003 Economic Overview and Forecast prepared by the LA County Economic Development Corporation in June 2003.

(12) LA is unique in that there is a non-profit group called the Entertainment Industry Development Corporation (EIDC) that is responsible for expediting permits, notifying residents and promoting the film industry. This group had corruption problems and was completely overhauled less than one year ago. It may prove to be a successful film advocate in the future.