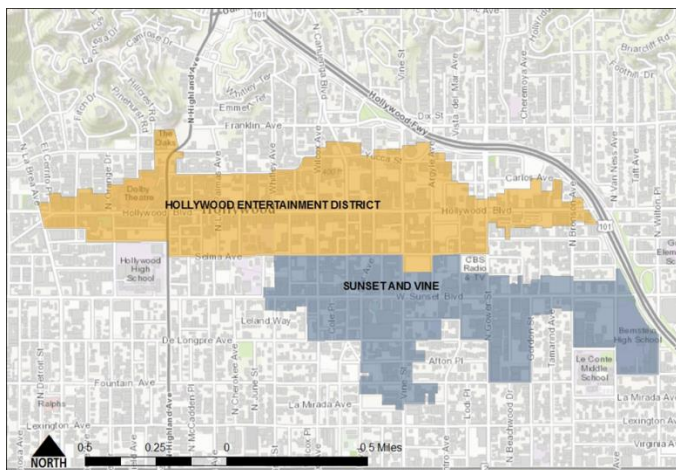


The Economics of Land Use



Hollywood Economic Analysis & The Business Improvement Districts



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Hollywood Property Owners Alliance and
Central Hollywood Coalition

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1. INTRODUCTION

The Hollywood Entertainment District (HED) and the Sunset and Vine Business Improvement District (SVBID) are not-for-profit organizations that provide a range of member-funded economic development and security services within their district boundaries in the City of Los Angeles. Since establishment of HED in 1996¹ and SVBID in 2006, the districts have helped support the revitalization of Hollywood into one of the fastest-growing areas of Los Angeles for hotel, residential, and office development. HED is currently in its third term, SVBID is in its second term, and both are up for renewal in 2018.

The goal of this report is to help the Hollywood Property Owners Alliance (HPOA) and Central Hollywood Coalition (CHC), which oversee the management of the HED and SVBID respectively, to understand changes that have taken place in the BID Area and to gain insight into how the BIDs have contributed.

The work, conducted by Economic & Planning Systems, Inc. (EPS) with support from the HPOA staff, included two major components: a quantitative description of real estate and market trends; and interviews with 24 key BID stakeholders, including developers, brokers, business operators, elected officials, and BID staff.

The report is organized into six chapters, as follows:

1. **Introduction** describes the BID Area, project goals, and provides a high-level summary of findings.
2. **Socio-Economic Trends** describes key factors that have influenced—and in some cases catalyzed—changing land use patterns in the BID Area.
3. **Real Estate Performance** provides a quantitative summary of changes that have taken place in retail, residential, hotel, and office uses.
4. **Fiscal Contributions** estimates of the portion of the City’s Property, Sales, TOT, Business, and Parking Occupancy taxes that come from the BID Area.
5. **BID Contributions** summarizes and categorizes responses from interviewees regarding BID contributions to the BID Area.
6. **Appendix** adds backing information regarding services provided by the BIDs and the stakeholder interview process.

The District Area

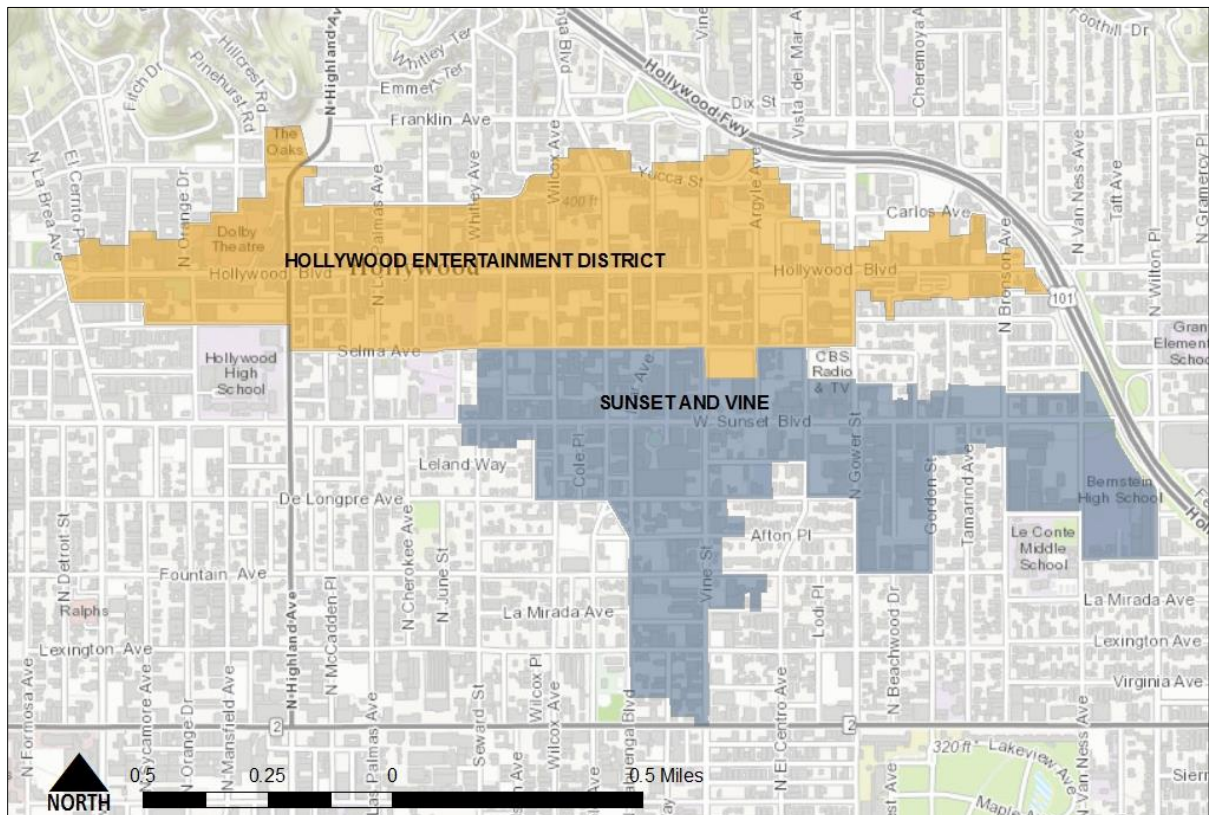
The Hollywood Entertainment District spans Hollywood Boulevard from the 101 Freeway on the east to La Brea Avenue on the west. The northern boundary touches Yucca Street, and the

¹ HED has since expanded from its original boundaries.

southern boundary includes portions of Hawthorn and Selma Streets. The Sunset and Vine Business Improvement District borders the HED to the south and spans Sunset Boulevard from Cassil Place on the west to the 101 Freeway on the east. In total, HED and SVBID occupy 0.61 square miles, which account for 0.1 percent of the City of Los Angeles land area and 1.9 percent of the Hollywood neighborhood planning area (as defined by the City of Los Angeles).

Throughout this report, the District areas for both BIDs are referred to collectively as the **BID Area**. A map of the HED and SVBID areas is shown in **Figure 1**.

Figure 1 Map of the Hollywood BID Area (HED and SVBID)



Source: City of Los Angeles, May 2017

HED is funded by more than 500 property owners with an annual budget of \$3.5 million. SVBID is composed of approximately 150 property owners with an annual budget of nearly \$1.5 million. Funding is primarily raised through special benefit assessments levied on real properties that benefit from services and improvements provided within the District. These funds help HED and SVBID facilitate five categories of special benefit services, as follows:

1. Safety and Security
2. Maintenance and Streetscape
3. Special Projects: District-wide Improvements, Marketing and Consulting
4. District Management, Policy Development, and Administration
5. Contingency/City Fees/Reserve for Non-pay

BID services are not intended to duplicate or supplant those provided by the City of Los Angeles but rather to enhance them and also provide services that are otherwise unavailable. For a full description of BID services, see the **Appendix**.

Summary of Findings

1. Since 2000, the BID Area has grown faster than the City of Los Angeles in most real estate categories, and with many additional projects in the development pipeline,² growth may even be accelerating.

BID Area real estate has outperformed Los Angeles City and Los Angeles County in the hotel, multifamily residential, and office sectors. Between 2000 and 2016, the median price per transacted land square foot in the BID Area increased by 439 percent, compared to 279 percent in the City. The renovation of the former Holiday Inn/Renaissance Hotel (now Loews Hollywood) in 2001 kicked off a hotel building boom that saw addition of approximately 1,266 hotel rooms through 2016, increasing Hollywood hotel room inventory by 99 percent, with a further potential 2,331 rooms and 92 percent growth in the development pipeline. Between 2000 and 2016, multifamily residential inventory increased by 261 percent in the BID Area compared to 9 percent in the City, and the 4,048 residential units in the development pipeline could increase the BID Area residential inventory by another 65 percent. Finally, after years of no growth, a strong pipeline of office projects, if completed, could increase BID Area office inventory 67 percent by 2021.

2. BID Area growth can be attributed to a number of factors including major public investment in transit, an active (but now defunct) redevelopment authority, and market trends that have rewarded Hollywood's central location and historic character.

The success of the BID Area was catalyzed primarily by a number of major public investments in conjunction with a shift in market demand favoring infill development in dense urban environments. Specifically, the Metro Red Line subway established major redevelopment nodes at Hollywood and Highland and Hollywood and Vine. The CRA/LA supported further development of these nodes as well as a node at the intersection of Sunset and Vine by subsidizing large projects totaling over \$1.2 billion in investment. This critical mass of public and private investment lowered the perceived risk of developing in the BID Area, which had been stagnant for decades before the resurgence. Finally, the entry of the Millennial generation into the workforce, and with it increased demand for "authentic" urban living and working environments, helped drive a wave of high-density residential development in Hollywood, which is now being complemented by a wave of office development.

² "Pipeline" projects in this report refer to future potential developments that range from those under construction and near completion to those at the very beginning of the entitlement process.

3. BID services have contributed significantly to supporting and sustaining the success of the BID Area.

There is broad consensus among interviewed stakeholders that services provided by HED and SVBID have been very important in supporting and sustaining the transformation of the BID Area. EPS interviewed 24 key stakeholders, representing a range of BID Area interests, who believe unanimously that renewal of the BIDs is critically important. Interviewees note that BID security services have a real impact on perceived safety and are also a good value, as such services obtained individually are typically more expensive and less effective. Interviewees also point out that the BIDs' maintenance and streetscape improvement services are effective and necessary given the large amount of visitor, worker, and resident traffic to the area. The BIDs' Marketing and district-wide management efforts were cited by many interviewees as valuable for engaging property owners with the neighborhood and with each other. BID membership provides a "platform," one interviewee noted, for assembling together key owners, developers, and operators, and tenants in the District. These gatherings help support coordination of BID services, the sharing of best operating practices, and—in several cases—cooperation that has led to land assembly for development projects. Finally, the BIDs' marketing collateral is very important for some interviewees, who use it in conjunction with their own marketing efforts.

4. The BID Area contributes an estimated \$150 million to the City of Los Angeles General Fund, equivalent to 3.1 percent of the City's fiscal 2015-16 budget.

The fiscal revenue categories considered are those directly impacted by the BID Area and include Property Tax, Sales Tax, Transient Occupancy Tax (TOT), Business Tax, and Parking Occupancy Tax (POT), which together represent approximately 79 percent of the Los Angeles General Fund budget. The estimated BID Area property tax contribution, at \$104 million, is the largest, followed by TOT at \$22.9 million, Business Tax at \$12.8 million, POT at \$6.2 million, and Sales Tax at \$4.1 million. Going forward, the large pipeline of BID Area residential, office, and hotel projects assures that the BID Area's share of General Fund revenue contribution will continue to increase.

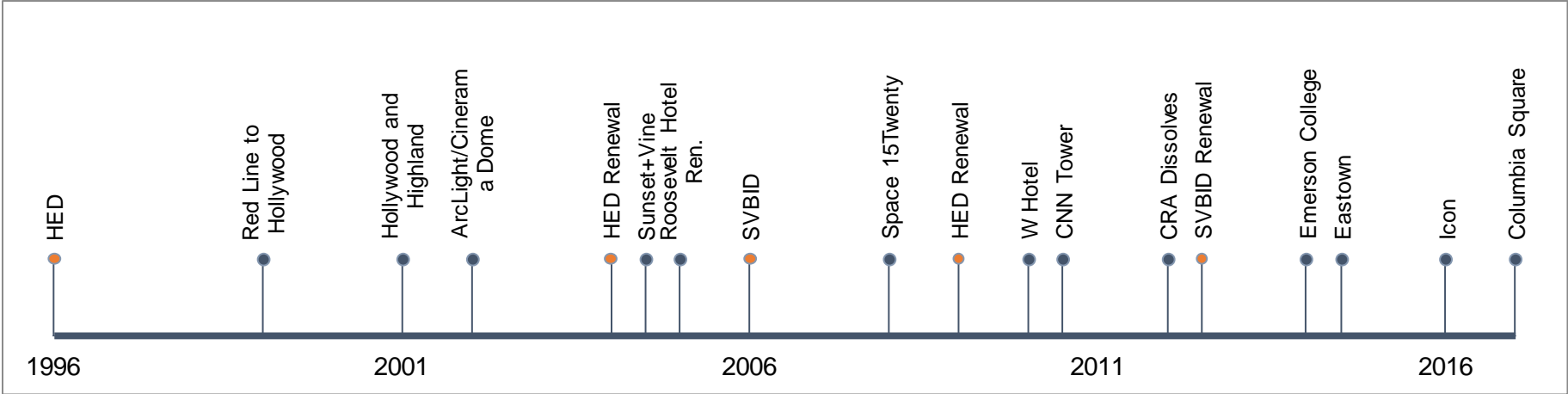
2. SOCIOECONOMIC, POPULATION, AND EMPLOYMENT TRENDS

This chapter broadly describes the socio-economic context for the BID Area and identifies public investments, policy initiatives, and catalytic projects that have contributed to the area's evolution since inception of HED in 1996.

With the establishment of the motion picture industry in the early 20th Century, the Hollywood area came to support a large concentration of sound stages, creative offices, and production support facilities so that the "Hollywood" name became broadly synonymous in the popular imagination with entertainment. In the later part of the 20th Century, however, new residential and commercial growth shifted to submarkets on the west side of Los Angeles and in the San Fernando Valley, attracting key tenants in the entertainment industry and other sectors by offering more contemporary inventory near more desirable and higher-income residential areas. Consequently, the Hollywood area entered a period of commercial and physical decline, characterized by stagnant real estate market performance and relatively high crime rates.

The decline began to reverse in the early 1990s, slowly at first before accelerating to today's considerable volume of recently completed and pipeline projects. According to key stakeholders interviewed for this study, a number of public and private projects were instrumental in catalyzing the resurgence, most notably the opening of the Metro Red Line in 1993 and the construction of the Hollywood and Highland and Sunset + Vine mixed-use projects in 2001 and 2004 (both with considerable support from the redevelopment authority CRA/LA). Hotel development, both renovations and ground-up projects, came next, followed by a large number of residential projects and finally, after years of contraction, new office development. **Figure 2** shows a selection of key catalytic projects, both public and private.

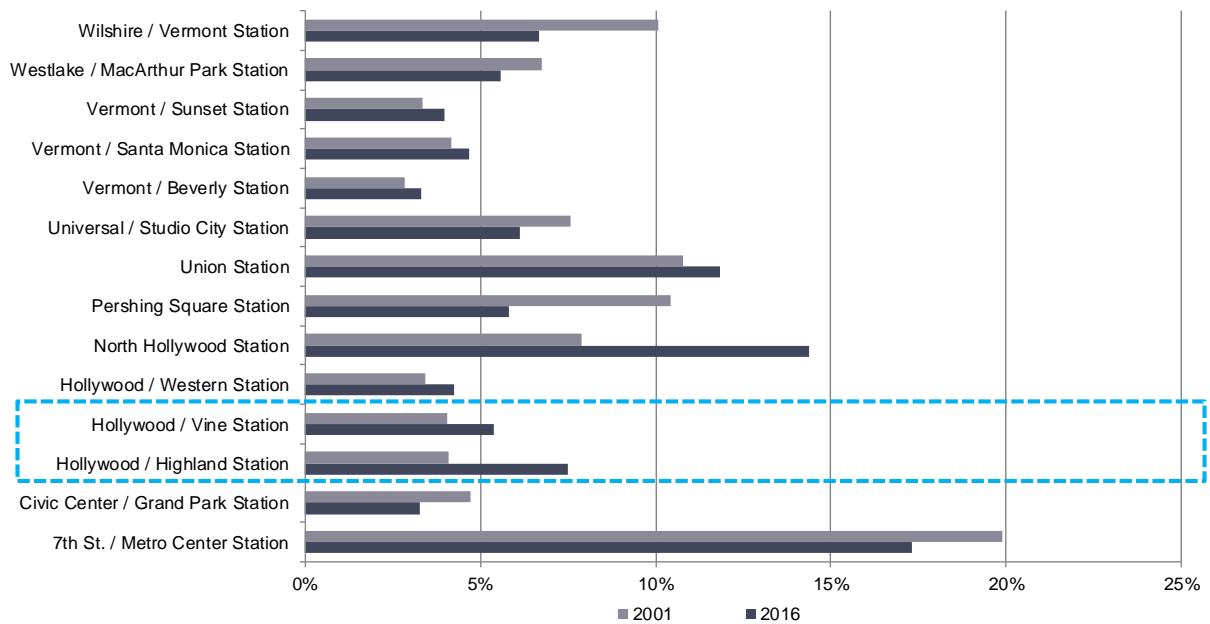
Figure 2 Selected Catalytic Projects and Public Investments in Hollywood, 1996-2016



Transit Investment

According to several brokers and developers interviewed, the Metro Red Line subway played a critical and catalytic role in Hollywood’s evolution. The Red Line, which now connects North Hollywood and Union Station Downtown, first opened in 1993 with the Hollywood/Vine and Hollywood/Highland BID Area stations following in 1999 and 2000. Hollywood stations’ share of transit ridership has increased over time with growth of the employment and residential population. As shown in **Figure 5**, between 2001 and 2016 the share of Red Line off-boardings in Hollywood nearly doubled from 7 to 13 percent of the total. In 2016, Metro estimated an average of 13,200 daily weekday off-boardings at Hollywood/Highland and Hollywood/Vine stations combined.

Figure 3 Share of Metro Red Line Off-Boardings Across All Stations, 2001 and 2016



Source: Metro; Economic & Planning Systems

CRA/LA Contribution

The Community Redevelopment Agency (CRA/LA) before its dissolution³ played a large role in the redevelopment of Hollywood, as Hollywood was a major recipient of CRA/LA attention and investment. As shown in **Table 1**, CRA/LA spearheaded several large projects totaling \$1.2 billion in cost to provide new housing, retail, and office space at Hollywood and Highland and along the Vine Street and Sunset Boulevard corridors. These developments were intended to anchor the commercial core of Hollywood and promote revitalization throughout the area.

³ CRA/LA dissolved in 2012 after statewide Assembly Bill 1X 26 went into effect.

Table 1 Selected Catalytic CRA/LA Projects in BID Area

Project	Year	Type	CRA Investment	Total Project Cost	Details
Rehabilitation of Egyptian Theater	1998	Entertainment	\$3 million	\$12 million	Renovation of historic theater
Hollywood and Highland	2001	Mixed-Use	\$90 million	\$625 million	Mixed Use 1.2 million square feet of development including retail, rehabilitation and expansion of a hotel, a 3,600 seat live-broadcast theater, and a 3,000 space public parking garage.
ArcLight/Cinerama Dome Entertainment Center	2002	Entertainment	\$44 million	\$100 million	172,400 square foot entertainment complex, anchored by a multi-screen movie theater facility which included 14 new screens in the ArcLight format, rehabilitation of the historic Cinerama Dome Theater, retail and restaurant facilities. The development was facilitated by the construction of a 1,725 space public parking structure owned by CRA/LA.
Sunset+Vine	2004	Mixed-Use	N/A	\$125 million	Mixed use project, 750,000-square-foot development includes 300 apartments, 87,000 square feet of shops, and a 833-space parking garage.
Hollywood and Vine	2010	Mixed-Use	\$6.5 million	\$350 million	Mixed Use transit oriented project at the northeastern corner of Hollywood Boulevard and Vine Street. This project consists of a 300 room "W" hotel, 96 condominiums, 262 units of housing including 52 affordable units, and 67,000 square feet of retail space.

Source: CRA/LA

In addition to these major projects, CRA/LA also undertook several smaller projects in the BID Area. These included several loan/conditional grant programs such as the Entertainment Industry Loan Program, the Commercial/Historic Loan Program, the Retail Attraction Program and the Hollywood Façade Improvement Program. CRA/LA was also heavily involved in tenant improvements and related costs to create the Hollywood Farmers Market.

CRA/LA also completed over \$5 million of streetscape improvements, provided funding for approximately 1,500 units of low- and moderate-income housing, expended \$250,000 for graffiti abatement efforts and \$1,685,000 to promote community safety by initiating and implementing the first security foot patrol on Hollywood Boulevard, a forerunner to the formation of the HED's security program.

Population

There are over 7,200 residents in the BID Area, of whom 82 percent are in HED and 18 percent are in SVBID. The BID Area population grew 31 percent between 2000 and 2016 compared to 7 percent in the City of Los Angeles during the same period, as shown in **Table 2**. Most of this growth can be attributed to the development of new residential properties (further discussed in **Chapter 3**). With over 4,000 residential units in the development pipeline, BID Area population could grow another 6,000 to 8,000 in the mid-term.

Table 2 Residential Population, 2000-2016

	Total Population			2000-2016 Change	
	2000	2010	2016	#	%
Hollywood Entertainment District	4,534	4,859	5,917	1,383	31%
Sunset and Vine	<u>995</u>	<u>1,288</u>	<u>1,331</u>	<u>336</u>	<u>34%</u>
Hollywood BID Area Total	5,529	6,147	7,248	1,719	31%
Los Angeles	3,695,170	3,792,621	3,937,901	242,731	7%

Source: U.S. Census; ESRI; Economic & Planning Systems

Employment

Employment in the BID Area stands at over 22,000 jobs in 2016, with 56 percent in HED and 44 percent in SVBID, as shown in **Table 3**. This represents total job growth since 2000 of 45 percent compared with 18 percent in the City over the same period.

Table 3 BID Area Employment, 2000-2016

	Total Jobs			2000-2016 Change	
	2000	2010	2016	#	%
Hollywood Entertainment District	8,212	11,537	12,354	4,142	50%
Sunset and Vine	<u>7,079</u>	<u>7,002</u>	<u>9,749</u>	<u>2,670</u>	<u>38%</u>
Hollywood BID Area Total	15,291	18,539	22,103	6,812	45%
Los Angeles	1,469,595	1,604,925	1,739,637	270,042	18%

Source: U.S. Census; ACS; LEHD; ESRI; Economic & Planning Systems

The largest categories in HED are, in descending order, Accommodation/Food Services, Professional/Scientific/Technical Services, and Retail, which together make up 55 percent of HED jobs as shown in **Table 4**. In SVBID, the largest categories are Information, and Healthcare/Social Assistance, and Accommodation/Food Services, which make up 63 percent of District jobs and indicate SVBID's comparatively more office-oriented nature.

Table 4 BID Area Employment Mix, 2014

Jobs by Industry (2014)	HED	SVBID	Total BID Area
Total Jobs	12,354	9,749	22,103
Goods-Producing Jobs			
Agriculture, Forestry, Fishing and Hunting	0%	0%	0%
Mining, Quarrying, and Oil and Gas Extraction	0%	0%	0%
Utilities	0%	0%	0%
Construction	0%	0%	0%
Manufacturing	<u>1%</u>	<u>0%</u>	<u>1%</u>
Subtotal Goods-Producing	1%	0%	1%
Service-Producing Jobs			
Wholesale Trade	1%	1%	1%
Retail Trade	11%	7%	9%
Transportation and Warehousing	3%	0%	2%
Information	7%	28%	16%
Finance and Insurance	1%	1%	1%
Real Estate and Rental and Leasing	4%	2%	3%
Professional, Scientific, and Technical Services	16%	9%	13%
Management of Companies and Enterprises	0%	3%	1%
Administration & Support, Waste Management and Remediation	2%	3%	3%
Educational Services	4%	5%	5%
Health Care and Social Assistance	9%	17%	13%
Arts, Entertainment, and Recreation	8%	2%	5%
Accommodation and Food Services	28%	18%	23%
Other Services (excluding Public Administration)	3%	3%	3%
Public Administration	<u>1%</u>	<u>0%</u>	<u>0%</u>
Subtotal Service-Producing	99%	100%	99%

Source: LEHD; Economic & Planning Systems

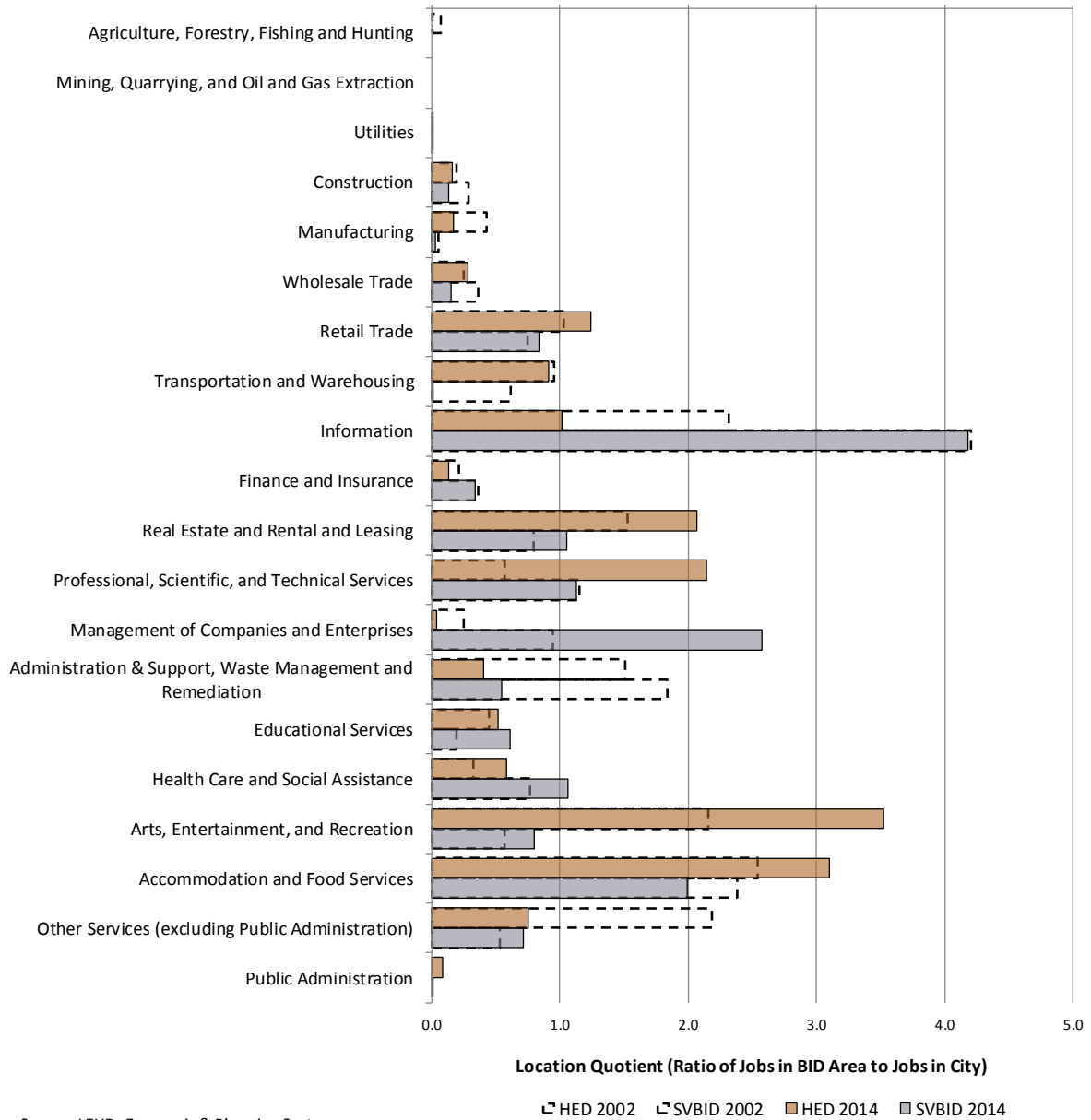
Figure 3 illustrates location quotients that compare job share by category for HED and SVBID to the overall mix in the City. A location quotient (LQ) can be used to indicate the degree to which a given industry sector is concentrated in a specific area relative to a regional average. The gold bars in the figure refer to 2014 HED LQs, the blue bars refer to 2014 SVBID LQs, and the dotted bars show LQs for both gold and blue in 2002. An industry sector LQ greater than one indicates concentration in the BID that is higher than the concentration in the City and implies an advantage to employers to being located there. Likewise, LQ of less than one indicates an underrepresentation of that sector and a possible disadvantage for the sector in that location.

In HED, as indicated, the Accommodation/Food Services, Arts/Entertainment/Recreation, Professional/Scientific/Technical Services, and Real Estate sectors all have quite high LQs, which all have increased significantly since 2002. Of these, Accommodation/Food Services and Professional/Scientific/Technical Services are among the largest employers in the District.

Conversely, the LQs for Information, Admin/Support/Waste Mgmt., and other sectors all declined significantly in HED, indicating overall that the District job mix is shifting towards its historical strengths in entertainment- and leisure-oriented employment.

In SVBID, Information, Management of Companies, and Accommodation/Food Services all have high LQs. Of these, Information and Accommodation/Food Services are two of the largest District employers, although neither has increased LQ meaningfully since 2002. While the concentration and LQ of Management of Companies has grown significantly since 2002, it represents a relatively small contributor (3 percent) to the overall mix and thus does not necessarily reflect a major shift in District employment patterns. In summary, it appears that SVBID, since 2002, has maintained its historical concentration as a center for information jobs and strong secondary position in providing leisure-oriented employment.

Figure 4 Location Quotient (Ratio of BID Area Jobs to City Jobs), 2002-2014



Jobs-to-households ratio is a metric used to compare an area’s employment concentration with a baseline to determine its status as either an employment node (to which workers commute), residential node (from which workers commute), or a balance of both. A useful baseline for the BID Area is the City of Los Angeles, which as shown in **Table 5** has a jobs/household ratio of 1.3 in 2016, meaning that for every household in the City, there are 1.3 jobs. By comparison, the Jobs/HH ratio for the BID Area is 5.3 (composed of 3.6 for HED and 13.4 for SVBID), indicating that relative to the City of Los Angeles, the BID Area is a strong employment node. This level of employment concentration has remained consistent since 2000.

Table 5 Jobs-to-Households Ratio, 2000-2016

	2000	2010	2016	2000 to 2016
Hollywood Entertainment District	3.2	4.1	3.6	12%
Sunset and Vine	13.8	9.8	13.4	-3%
Hollywood BID Area Total	5.0	5.3	5.3	6%
Los Angeles	1.2	1.2	1.3	14%

Source: U.S. Census; ACS; LEHD; ESRI; Economic & Planning Systems

Student Population

Hollywood has long been a center for performing arts education. With the establishment of a West Coast campus for Emerson College in 2014, enrollment in the BID Area at four institutions totals approximately 4,425 students, as shown in **Table 6**.

Table 6 BID Area Performing Arts Student Enrollment

Institution	Est. in Area	Enrollment
Emerson College	2014	200
LA Film School	1999	2,200
Musicians Institute	1977	1,425
AMDA College and Conservatory	1964	600
		<u>4,425</u>

Interviews with school representatives revealed that students typically live near campus in Hollywood or in the general area. Some students have cars, but many use transit or walk or bike to get to and from campus. The Metro Red Line in particular is noted as a popular transportation mode for the student population. Interviewees also pointed out that as Hollywood has evolved, students are more willing to live nearby or spend time before and after classes on or near campus, and this has greatly improved the academic community experience. Of the BID services, the BID patrol is highly valued by students and school administrators.

Tourism and Entertainment

Tourism plays a significant role in the commercial life of Hollywood, particularly for HED, in which many of Hollywood's tourist attractions are located. Even during Hollywood's decline period, tourists were drawn to attractions that celebrate nostalgia for old Hollywood such as the Hollywood Walk of Fame, the Hollywood Wax Museum, the Chinese Theater, and more recently, venues such as Hollywood and Highland and the Dolby Theater.

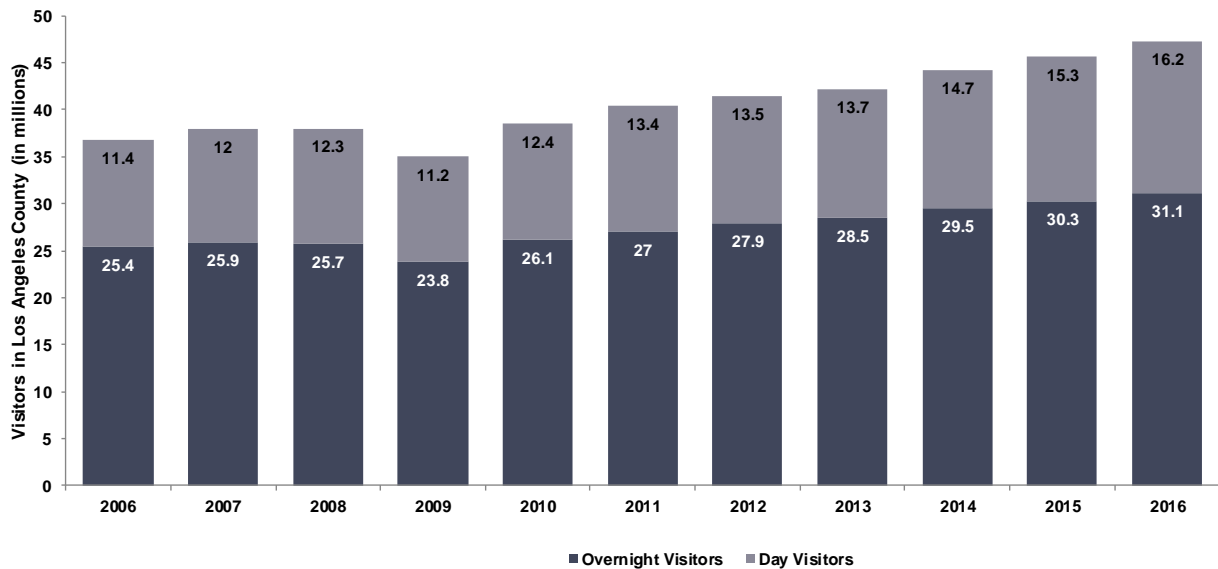
Since 2006, visitation to the County has grown at an average rate of 2.5 percent per year (22.8 percent total), increasing annually except for a Recession-related dip in 2009 (as shown in **Figure 4**). The Los Angeles Tourism and Convention Board (LATCB) notes that several of the largest draws to Los Angeles are in and around the Hollywood area. According to a 2003 survey

by NFO Plog Research (the most recent available study on Hollywood tourist sites), the Walk of Fame in HED draws approximately 10 million annual visitors per year, which is more than the Sunset Strip, the Queen Mary, or the Los Angeles County Museum of Art. According to the commercial real estate developer and operator CIM, owner of the Hollywood and Highland mixed-use project in HED, 25 million tourists visited Hollywood in 2013.

Despite construction of Hollywood and Highland and renovations to numerous historic theaters and playhouses since 1996 (e.g., El Capitan, Cinerama Dome, Egyptian Theatre, and Chinese Theater), some interviewees believe that tourism and entertainment-oriented projects in the BID Area have not kept pace with other changes. The relatively small number of entertainment attractions that could draw visitors for an extended stay causes tour buses to stop only briefly in the BID Area before continuing on to other parts of the City. The static growth of entertainment uses may be due, as one interviewee noted, to the lack of large developable spaces near the entertainment core between Highland and Vine. This, coupled with better development opportunities for other uses, has not provided strong market incentives for developers of entertainment attractions.

In addition, some stakeholders interviewed have expressed the opinion that the heavy concentration of street vendors near Hollywood and Highland interferes with operation of attractions such as the Hollywood Wax Museum and the Chinese Theater. As the BID Area continues to evolve into a high-quality neighborhood for both residents and Class-A office tenants, the contrast between office/residential areas and the carnivalesque quality of the Walk of Fame area may grow, presenting both a challenge and an opportunity for stakeholders to chart a new vision for BID Area entertainment attractions.

Figure 5 Los Angeles County Visitation, 2006-2016



Source: LATCB; LAEDC; Economic & Planning Systems

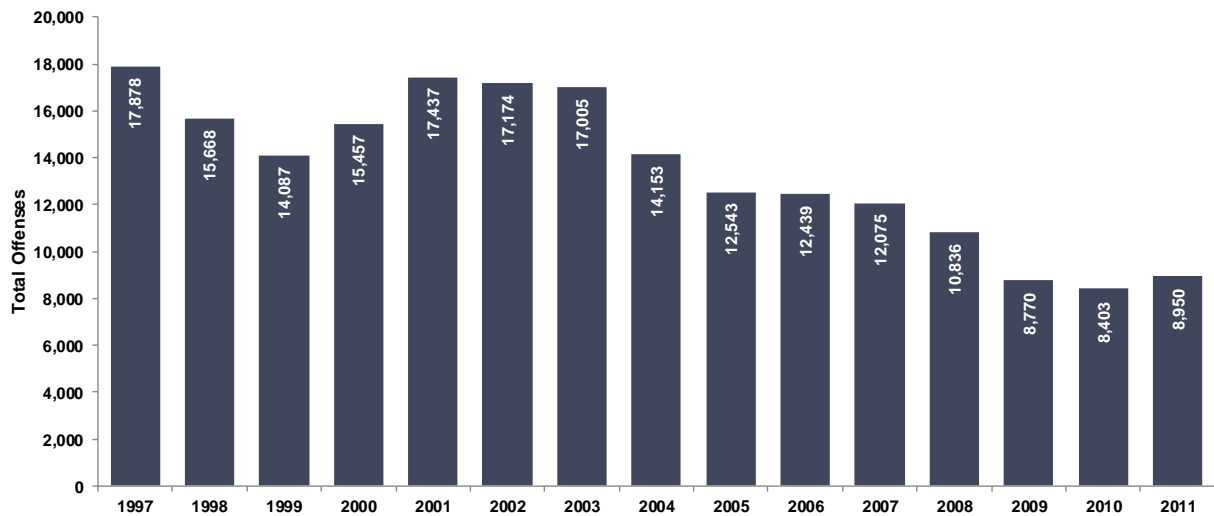
Crime

During its decline phase, crime in Hollywood was high, both in terms of perception and measured incidence. Even today, the reputation of Hollywood as crime-ridden persists in some quarters. However, as shown on **Figure 6**, total crime has declined steadily in Hollywood⁴ since 1997. This trend generally mirrors the decline in measured crime incidences in Los Angeles overall: in 1997, crime in Hollywood comprised six percent of the Los Angeles total, and by 2011 it had fallen slightly to 5 percent.

As shown on **Figure 7**, crime on a per-capita basis generally declined in Hollywood since 1997 and has tracked the City-wide trend (although there was a divergence during the recessionary years between 2008 and 2011 when per-capita crime in Hollywood increased slightly while declining in the City). Hollywood per-capita crime rates are consistently higher than the City's, which is typical for an entertainment district that attracts a high volume of visitors. Most of the reported crimes in the BID Area—the majority of which are theft, vehicle break-in/theft, and burglary—occur along the major corridors including Hollywood Boulevard, Sunset Boulevard, and Vine Avenue.

The perception of crime may be strongly tied to the visibility of the homeless population. According to the Los Angeles Homeless Services Authority (LAHSA) count of 2016, 6.2 percent of the City's homeless population is in Hollywood, making it the second-most concentrated area after Skid Row. Approximately 1,700 homeless people are estimated to spend much of their time in Hollywood, about one-quarter of whom were in a shelter in Hollywood at the time of the count.

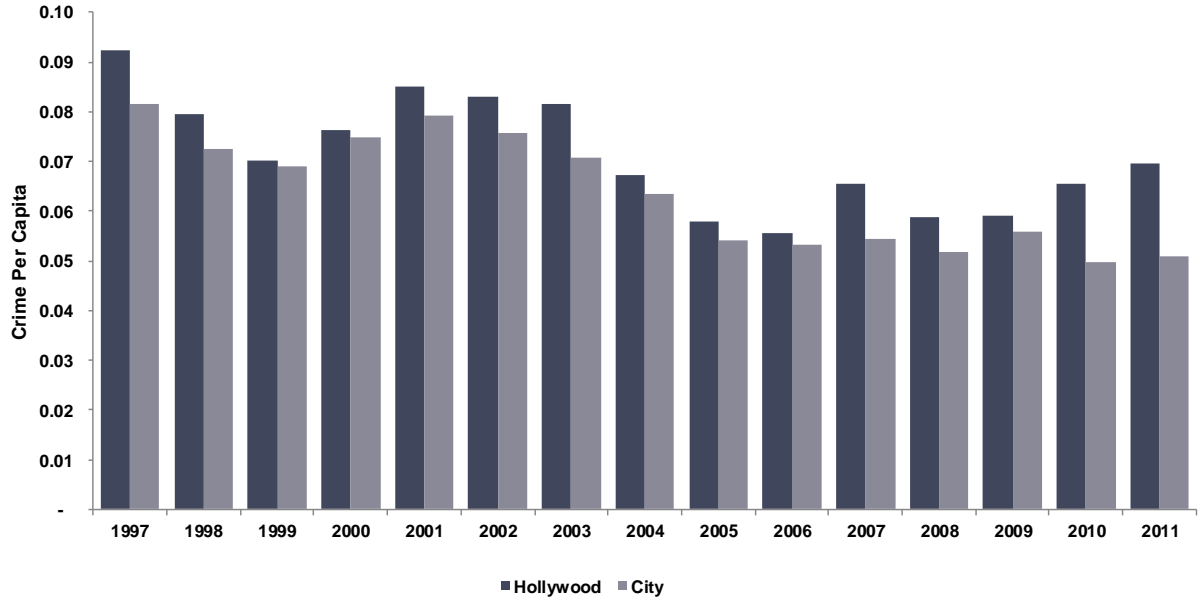
Figure 6 Total Crime in Hollywood, 1997-2011



Source: LAPD

⁴ "Hollywood" here is a geography defined by the LAPD and comprising an area that is larger than and fully encloses the BID Area.

Figure 7 Per-Capita Crime in Hollywood, 1997-2011



Source: LAPD; Economic & Planning Systems

3. REAL ESTATE PERFORMANCE

This chapter describes how several categories of BID Area real estate have fared since the inception of the BIDs in measures such as transaction value, land value, inventory growth, rents, and vacancies. In addition, BID Area performance is compared to a baseline area (Los Angeles City or County) to identify where and to what extent the BID Area has outperformed the area average.

Transaction Values

Change in real estate transaction value over time can reflect general market trends and provide a useful basis for comparing the performance of different areas. As illustrated in **Figure 8**, which shows 250 real estate transactions that took place in the BID Area between 2000 and 2017, transaction value (measured as transaction price including improvements divided by land area) and transaction volume grew steadily to 2008, dropped off during the Recession, and picked up again to exceed earlier peaks. The median price per transacted land square foot in the BID Area, as shown by **Figure 9**, increased from approximately \$40 per land square foot in 2000 to \$164 in 2005, followed by a drop to approximately \$85 during 2010. Since 2010, the value growth appears to have accelerated, reaching a median value of \$395 per land square foot in 2016. In general, BID Area transaction values have outpaced those in the City of Los Angeles, and the gap appears to have expanded since 2013. Overall, since 2000, average price per land square foot in the BID Area has increased by 884 percent, compared to 286 percent in the City.

Figure 8 BID Area Real Estate Transactions, 2000-2017

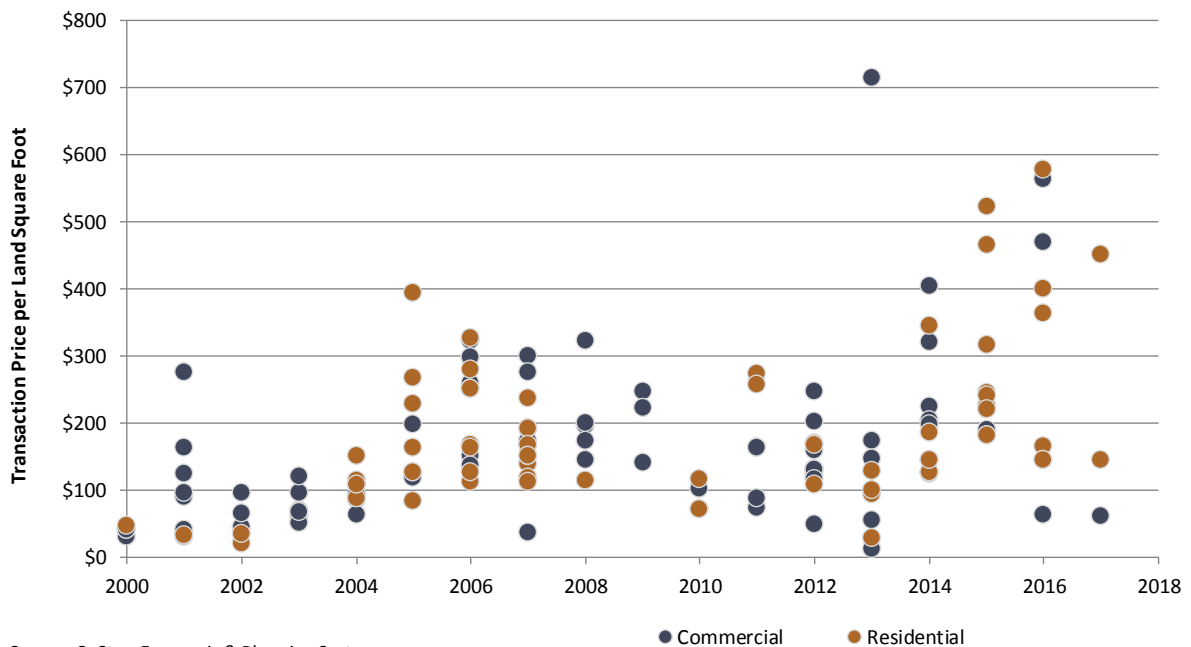
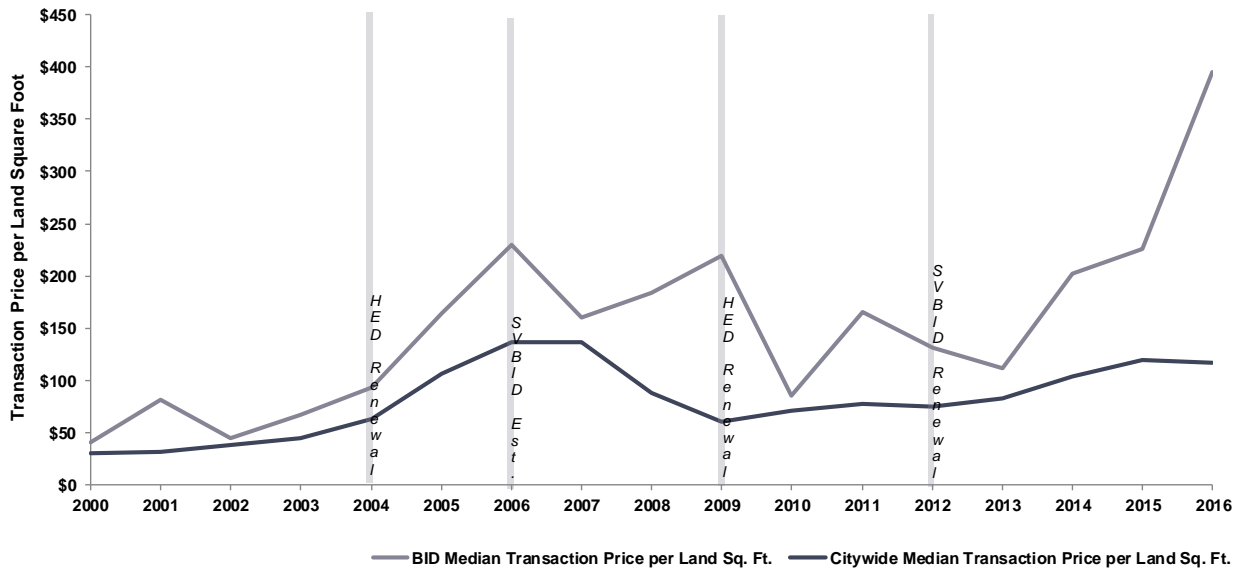


Figure 9 BID Area Median Price Per Transacted Land Square Foot, 2000-2016



Source: CoStar, LA County Assessor, Economic & Planning Systems

Retail

A number of significant retail projects were developed in the BID Area in the 2000s. Most prominently, the 640,000-square foot visitor-serving Hollywood and Highland retail-entertainment complex in 2001 consolidated a number of under-performing parcels at a key intersection in HED, bringing national brands and a new focal point for the area. In SVBID, the ArLight Cinema complex in 2002 added 34,000 square feet of retail at another key intersection and helped catalyze several nearby projects such as Amoeba records in 2001 and Space 15 Twenty in 2008. During this period, some smaller-scale retail transitioned as well, with a decline in the number of tourist-oriented mom-and-pop entities and an increase in the number of restaurants and resident-oriented retail.

Despite these projects, retail inventory has fallen by 141,000 square feet (28,000 square feet in HED and 113,000 square feet in SVBID) since 2006, a decline of 4 percent. This decline is inconsistent with retail in Los Angeles City, which increased by 2 percent during the period.

As shown in **Figure 10**, BID Area retail rents increased by 14 percent from \$2.43 (NNN) in 2006 to \$3.01 in 2016 and generally outperformed the Los Angeles average. BID Area vacancy, as shown in **Figure 11**, remained near the market equilibrium of 5 percent or less (with occasional fluctuations) between 2006 and 2016.

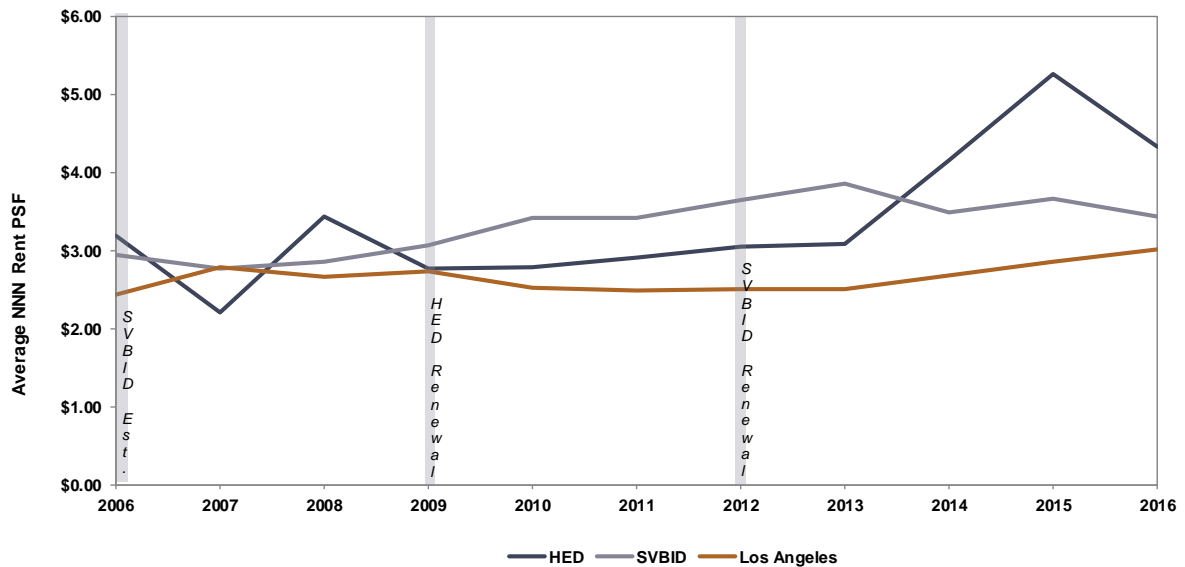
Brokers report several consistently soft sub-areas including a stretch of “mid-BID” between Highland and Vine on Hollywood Boulevard. Much mid-BID retail is situated away from the major retail, residential, and office nodes and the associated high concentration of residents and workers. As the BID Area transformation continues, however, future demand from the increased residential and day population should benefit mid-BID retail as well as drive new development.

Brokers interviewed also report that after initially strong leasing when it opened, Hollywood and Highland retail is also underperforming. This can be attributed to a number of causes.

Historically, incomes of BID Area residents and day visitors have been lower than those at competing retail-entertainment projects such as the Grove, although this should improve as the pipeline of residential and office development arrives in the BID Area. More persistent are problems with the design, circulation, access, and visibility of the project itself, which does not represent current best practices in retail design.

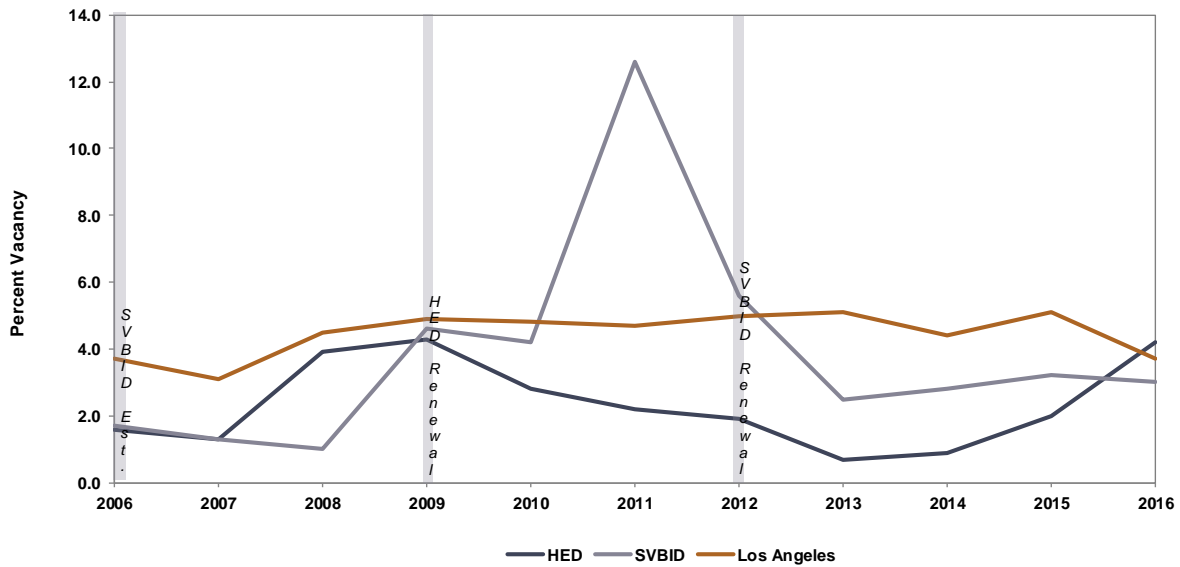
As e-commerce captures an increasing share of retail sales, offering convenience and value that cannot be matched by brick-and-mortar stores, traditional shopping center operators and tenants have begun to downsize or go out of business. Successful retail operators in the BID Area—as elsewhere in the country—compete with e-commerce providers by providing experiences that cannot be duplicated online and that encourage repeat visits. In-store programming and promotions, convenient and walkable location, and highly differentiated merchandise, such as provided at the Space 15Twenty development, are proving attractive to BID Area office workers and residents.

Figure 10 BID Area Average Retail Rents, 2006-2016



Source: CoStar; Economic & Planning Systems

Figure 11 BID Area Average Retail Vacancy, 2006-2016



Source: CoStar; Economic & Planning Systems

Hotel

The Hollywood Area, and the BID Area in particular, is undergoing an explosion of new hotel development. The renovation of the Holiday Inn/Renaissance Hotel in 2001 into what’s now the Loews Hollywood Hotel kicked off a hotel boom that saw a net addition of approximately 1,266 hotel rooms by 2016, an increase of 99 percent, as shown in **Table 7**. Furthermore, there are another 2,331 rooms in the development pipeline that, if built, would increase BID Area room inventory by another 91 percent.

The Hollywood hotel boom can be attributed to several factors. As noted above, support from the CRA/LA helped subsidize development (mainly through land assembly) at key nodes including those with the Loews and W hotels. Strong demand in the Los Angeles area overall has led to a large amount of hotel construction City-wide, and Hollywood’s central location for leisure and business travelers alike makes it an efficient location to absorb this demand. The “Hollywood” brand is closely associated with Los Angeles by both domestic and international travelers in the same way that “Times Square” is with New York, which helps with promotion. Hotels benefit from clustering, and construction of the W hotel in 2010 in particular sent a strong market signal that a tipping point had been reached for upscale hotels in Hollywood. And finally, the boutique and specialty hotel categories, which are among the hottest in the hotel industry, frequently locate in revitalizing urban areas with a unique sense of place such as Hollywood, leading to BID Area projects such as Mama Shelter, Kimpton, Dream, Redbury, and Selma hotels.

According the stakeholders interviewed, as hotel chains have become less brand-conscious and more locally-focused, a location’s safety, cleanliness, and vibrancy are increasingly critical components of success. For this, the interviewees value highly the BIDs’ contributions in providing District security, streetscape improvements, and marketing.

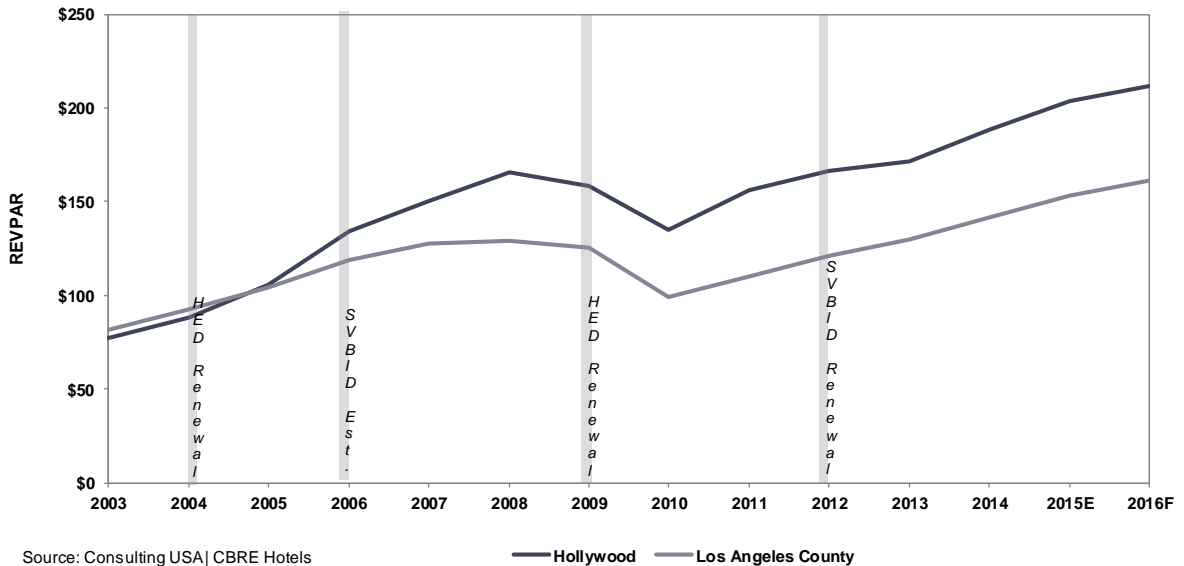
Table 7 Hotels by Year Built and Rooms

Hotel	Class	Year Built	Rooms
Existing			
Dream Hollywood	Upscale Class	2017	179
Mama Shelter Los Angeles	Upper Midscale Class	2015	70
W Hotel Hollywood	Luxury Class	2010	305
The Redbury @ Hollywood & Vine	Luxury Class	2010	57
Rodeway Inn Hollywood (Ren.)	Economy Class	2002	27
Loews Hollywood Hotel	Luxury Class	2001	628
Motel 6 Los Angeles Hollywood	Economy Class	1997	129
Comfort Inn Near Hollywood Walk Of Fame	Upper Midscale Class	1991	44
La Mirage Inn	Economy Class	1990	20
Budget Inn Hollywood	Economy Class	1988	20
Hollywood Celebrity Hotel	Economy Class	1985	38
Orchid Suites Hotel	Upper Midscale Class	1985	40
Highland Gardens Hotel	Midscale Class	1976	70
Quality Inn Near Hollywood Walk Of Fame	Midscale Class	1975	52
Dunes Inn Sunset	Economy Class	1973	54
Best Western Plus Hollywood Hills Hotel	Upper Midscale Class	1971	86
Hollywood Guest Inn	Midscale Class	1965	30
Days Inn Los Angeles Hollywood	Economy Class	1963	72
Hollywood Downtowner Inn	Economy Class	1960	30
Las Palmas Hotel	Economy Class	1958	60
Magic Castle Hotel	Upper Midscale Class	1957	40
Hollywood Best Inn	Economy Class	1953	23
Sunset 8 Motel	Economy Class	1949	26
Westside Rentals Hollywood	Economy Class	1941	34
Liberty Hotel	Economy Class	1941	22
Retan Hotel	Economy Class	1934	60
The Hollywood Roosevelt	Luxury Class	1927	300
Hollywood Center Motel	Economy Class	1920	<u>30</u>
Total Existing			2,546
Pipeline			
1600 Schrader			168
1717 Wilcox			134
1719 Whitley Ave.			156
6220 Yucca			260
Citizen M			216
Godfrey Hotel			200
Ivar Gardens			275
Kimpton Everly Hotel			225
Millennium Hollywood			200
Old Non-Stop Printers			102
Thompson Hotel			220
Tommie Hotel			<u>175</u>
Total Pipeline			2,331

Source: STR; HPOA and CHC; Economic & Planning Systems

The influx of upscale hotel rooms in the BID Area has improved average room rates significantly. Between 2003 and 2016, the average revenue per available room (REVPAR) for hotels in the Hollywood submarket increased from \$78 to \$211, a growth of 172 percent. County REVPAR, by comparison, grew at a slower 97 percent for the term, and at an average of \$161 in 2016 is 31 percent lower than Hollywood rates. In interviews, hotel operators indicated that while domestic overnight visitation has not changed significantly in Hollywood over time, international overnight visitation jumped, which is consistent with Countywide trends as well.

Figure 12 Hollywood and LA County Hotel REVPAR, 2003-2016



Residential

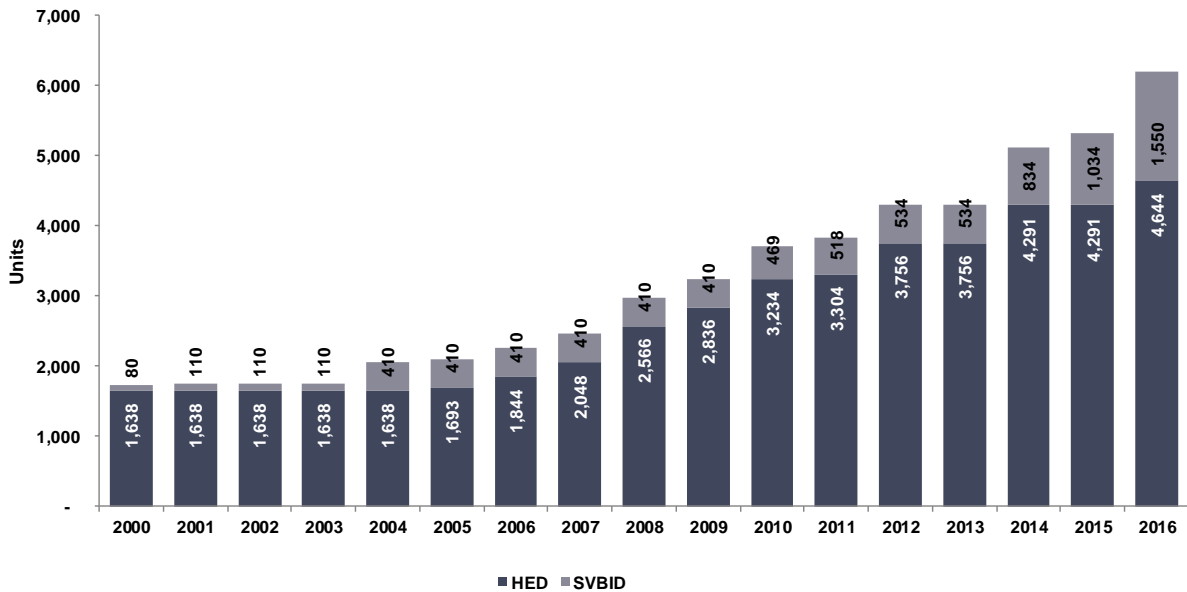
As noted in **Chapter 2**, while significant residential development in the BID Area is a more recent phenomenon than the mixed-use and hotel projects that preceded it, it has become an increasingly large portion of the City’s residential inventory. Between 2006 and 2016, new residential development in the BID Area contributed 8.8 percent of all new Los Angeles residential growth. Major national developers such as Related and Kilroy are constructing luxury high-rise residential towers featuring extensive on-site amenities and ground-floor neighborhood retail and services targeted to an affluent base of new residents. This residential growth represents an important contribution by the BID Area to alleviating the housing demand pressure that has helped cause the housing affordability crisis in Los Angeles.⁵

⁵ Numerous recent studies have explored the significant mismatch between housing supply and demand in California, and the impact that a lack of housing production has had on affordability and the economy. Examples of such studies have included the Legislative Analyst’s Office’s “[California’s High Housing Costs: Cause and Consequences](#)” (March 2015), McKinsey Global Institute’s “[A Tool Kit to Close California’s Housing Gap: 3.5 Million Homes by 2025](#)” (October 2016), and the California Housing and Community Development Department’s Draft “[California’s Housing Future: Challenges and Opportunities](#)” (January 2017).

In interviews, residential developers are bullish about Hollywood for a number of reasons. Hollywood’s central location allows fairly convenient access to and from all parts of the City, including Downtown, West Los Angeles, North Hollywood, and the San Fernando Valley. Hollywood’s urban fabric is increasingly attractive as residents—Millennials in particular—continue to re-embrace city living and use transit. At the same time, Hollywood’s lower density relative to Downtown is appealing because, as one interviewee noted, “Downtown isn’t for everyone.”

Between 2000 and 2016 multifamily residential unit inventory increased by 261 percent in the BID Area compared to 9 percent in the City. As of early 2017, the BID Area share of multifamily inventory in the City was 1.5 percent, up from 0.5 percent in 2000. According to HPOA and CHC, there are 4,048 units in the development pipeline as of March 2017, of which 2,816 units (70 percent) are in HED and 1,232 units (30 percent) are in SVBID⁶. If built, these projects will increase BID Area inventory by 65 percent. BID Area vacancy on average, as in the City overall, is between 4 and 5 percent and essentially reflects full occupancy, although the introduction of so much new inventory has caused several temporary spikes in vacancy in recent years.

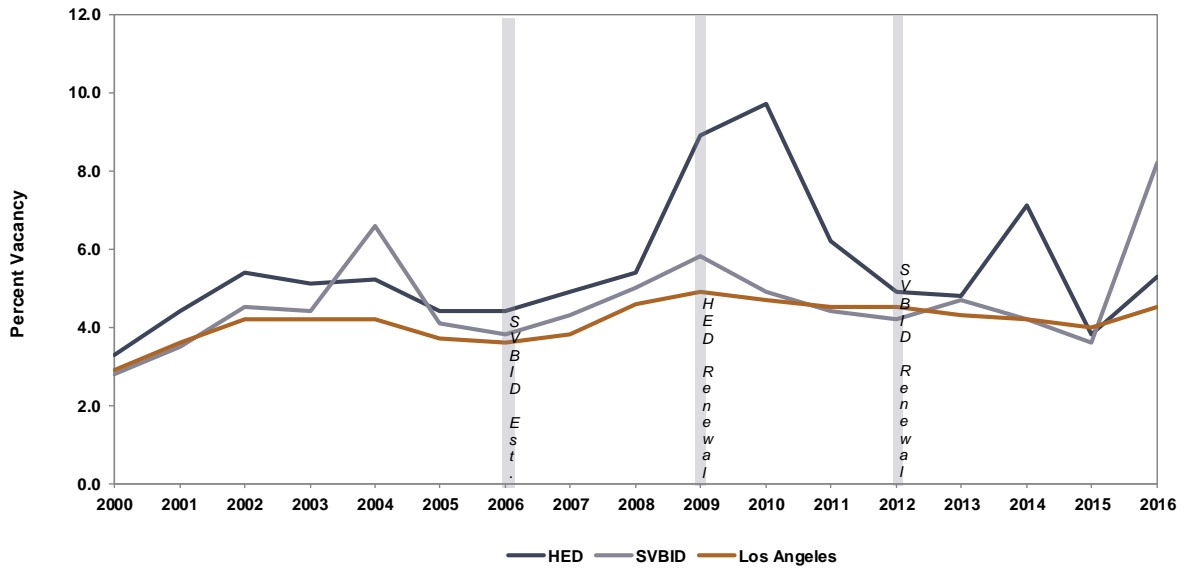
Figure 13 BID Area Multifamily Residential Unit Inventory, 2000-2016



Source: CoStar; HPOA and CHC; Economic & Planning Systems

⁶ The most prominent residential projects include Kimpton Everly, Eastown (South Block), Crossroads, Hollywood Cherokee, and Millennium in HED, and Academy, Essex, Modera Argyle, and Palladium in SVBID.

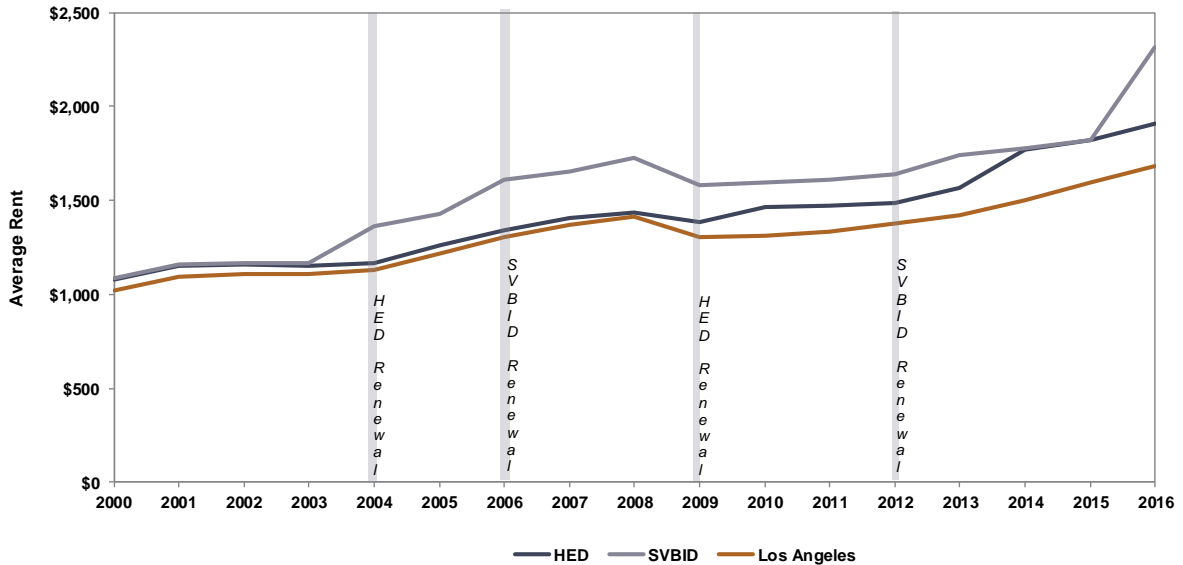
Figure 14 BID Area Multifamily Residential Unit Vacancy, 2000-2016



Source: CoStar; Economic & Planning Systems

Average BID Area multifamily rents increased 48 percent between 2000 and 2016, compared to 26 percent in the City. An average unit in the BID Area leases for \$2,009 (\$2.83 per square foot) compared to \$1,687 citywide (\$2.35 per square foot). However, for newer and pipeline projects, developers interviewed are betting that considerably higher rents—close to the highest commanded elsewhere in the City—are achievable.

Figure 15 BID Area Average Apartment Rents, 2000-2016



Source: CoStar; Economic & Planning Systems

The residential developers interviewed for this study have noted the effectiveness and importance of the BID in improving the image of the area for both developers and residents. In particular, services that enhance the safety and upkeep of the pedestrian environment have a meaningful impact on the daily quality of life for residents.

Office

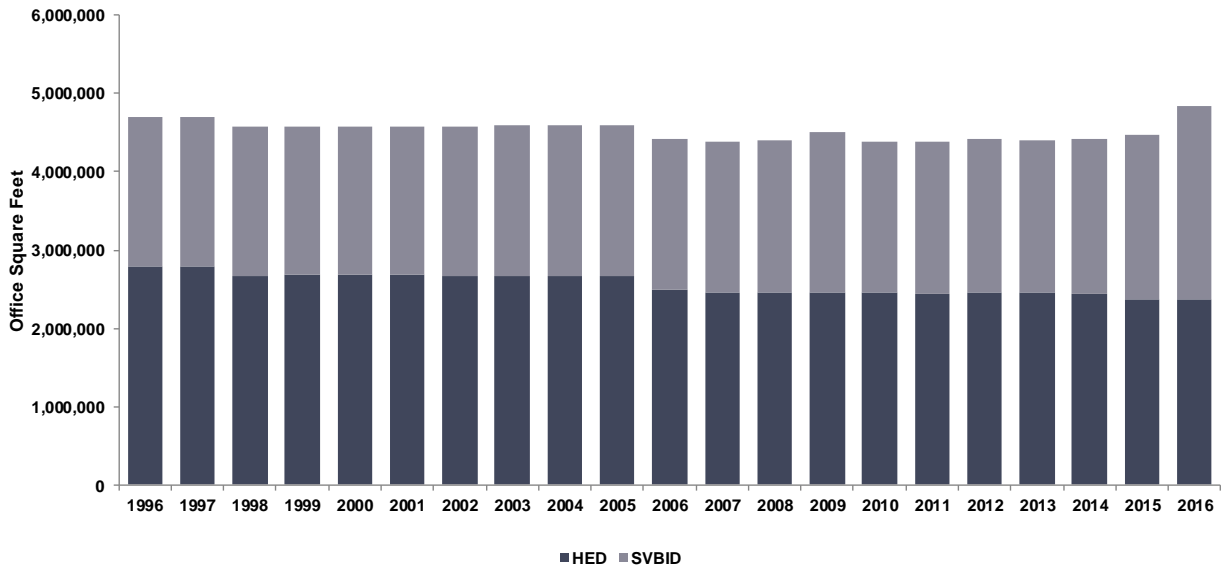
As major retail, residential, and hotel projects sprung up in the BID Area since the early 2000s and BID Area employment grew, office inventory remained stable, as indicated by **Figure 17**. The current BID Area office inventory of 4.8 million square feet, representing 3.1 percent of the Los Angeles total, is essentially unchanged from the 3.0 percent share in 1996. This relatively static growth pattern can be attributed to two major factors: oversupply dating back to the 1990s during the last wave of office construction, and workplace trends towards office hoteling and tele-commuting that have shrunk per-worker office space allocations in the City of Los Angeles and elsewhere.

However, beginning with projects such as the renovation of the 192,000-square foot office tower at 6922 Hollywood Blvd in 2005 and ground-up construction like the 115,000-square foot Technicolor Building in 2008, a number of new office projects in the BID Area have been completed with several more in the development pipeline. The most prominent future projects include the 323,000-square foot Icon (fully pre-leased by Netflix), the 300,000-square foot EPIC, and 92,000-square foot CUE. If all pipeline projects are completed, office inventory in the BID Area will have grown 67 percent between 2015 and 2021. Most of this new inventory will occur in the SVBID area, which is becoming increasingly differentiated from HED as an office node. Notably, key tenants such as Netflix, Viacom, Live Nation, and Fender have come from outside the Hollywood market, indicating a surge of interest in Hollywood as an office location.

Several factors are driving this growth, perhaps the most important of which is Hollywood's central location. A commute from the San Fernando Valley to Downtown, for example, is twice as long as to Hollywood. Likewise, Downtown to Hollywood is half the distance of Downtown to the West Side. With Los Angeles traffic congestion increasing unabated, central location is becoming more important. In addition, the two Red Line stations in the BID Area connecting to Metro's fast expanding transit network offer employees and business partners alternate modes of transportation that other office nodes in West Los Angeles, the South Bay, and the San Fernando Valley cannot (yet) equal.

For today's workers, and for the Millennial cohort in particular, area amenities and atmosphere are an important component of job satisfaction, and now that investments in the BID Area have begun to yield a critical mass of bars, restaurants, and other amenities, office developers have become enthusiastic about Hollywood's long-term potential. Finally, the Hollywood brand adds allure, especially for entertainment companies. Indeed, with the recent re-location of Netflix, Viacom, and Live Nation to the BID Area, several brokers and developers interviewed believe Hollywood is on its way to once again becoming the pre-eminent Los Angeles office location for entertainment companies.

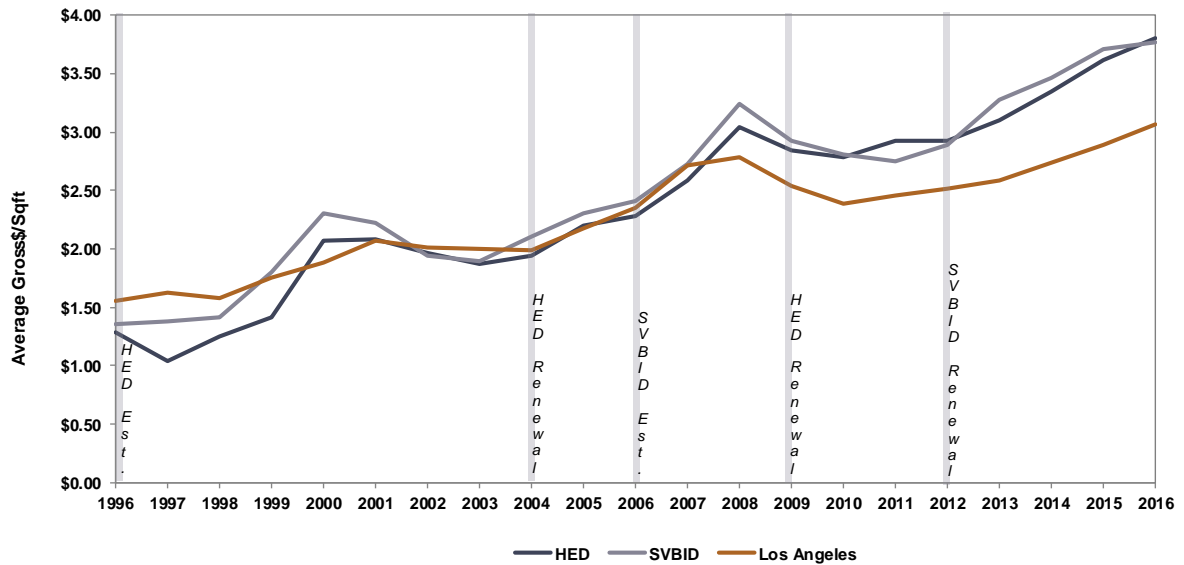
Figure 16 Office Inventory, 1996-2016



Source: CoStar; Economic & Planning Systems

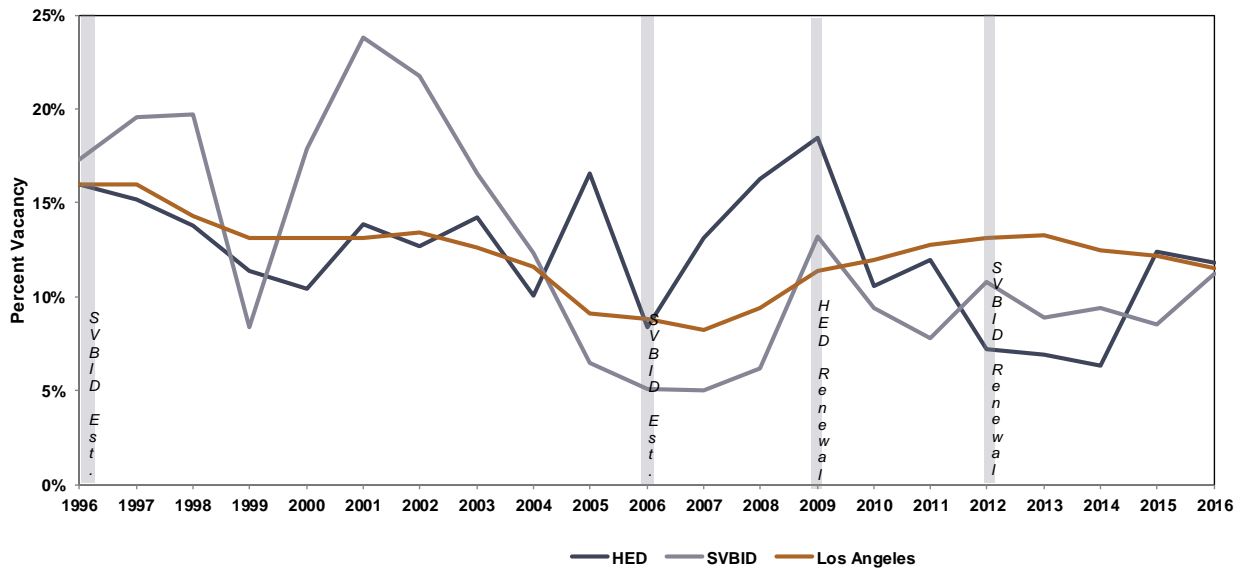
Between 1996 and 2016, office lease rates increased 187 percent from an average of \$1.32 per square foot of gross rentable building area to \$3.78 per square foot. By comparison, Citywide office rates increased by 96 percent over this period to an average of \$3.07, which is 23 percent lower than the BID Area average. Office vacancy rates for the BID Area over the period generally tracked those for the City of Los Angeles, declining from 16-17 percent in 1996 to approximately 12 percent today. (The greater volatility of BID Area vacancy compared to the the City average is because with a smaller data set, the short-term impact of lease terminations and new project inventory hitting the market manifest as big spikes.)

Figure 17 Average Office Rents, 1996-2016



Source: CoStar; Economic & Planning Systems

Figure 18 Office Vacancy, 1996-2016



Source: CoStar; Economic & Planning Systems

As for the residential developers interviewed for this study, office developers interviewed place a high value on the role the BID has played in providing security services. In addition, interviewees cite the importance of the BID’s marketing services in promoting the Hollywood brand to a new generation of workers, residents, and visitors.

4. FISCAL CONTRIBUTIONS TO THE CITY OF LOS ANGELES

This chapter estimates the fiscal revenues the BID Area contributes to the City of Los Angeles General Fund. The fiscal revenue categories considered are those directly impacted by the BID Area and include Property Tax, Sales Tax, Transient Occupancy Tax (TOT), Business Tax, and Parking Occupancy Tax (POT). Together, these categories represent approximately 79 percent of the Los Angeles General Fund budget.

(Note: the analysis of property and sales tax is based on the actual BID Area boundaries. The TOT, Business Tax, and POT analysis is based on zip code areas 90028, 90038, 90068, and 90069, which describe a geography that is slightly bigger than the BID Area but still represents a reasonably close proxy. The subject area throughout this chapter is referred to as the BID Area.)

In Fiscal Year 2015-2016, the BID Area contributed an estimated \$150 million in fiscal revenue to the City of Los Angeles General Fund, as shown in **Table 8**, representing approximately 3.1 percent of the City's total budget.

Table 8 Estimated BID Area Contribution to City of LA General Fund (FY 2015-16)

Item	#
Property Tax	\$104,100,000
Sales Tax	\$4,100,000
Transient Occupancy Tax	\$22,900,000
Business Tax	\$12,800,000
Parking Occupancy Tax	<u>\$6,200,000</u>
Total	\$150,100,000
<i>Share of City General Fund FY 2016</i>	<i>3.1%</i>

Economic & Planning Systems, Inc.

Property Tax

The BID Area generates property tax from assessments on property imposed and collected by the County of Los Angeles and transferred to the City of Los Angeles. The estimated BID Area contribution to the 2015-16 Los Angeles General Fund of \$104 million is derived by applying the proportion of BID Area to City area assessed value to the total collected City of LA property taxes, as shown in **Table 9**. The future increase in residential, office, and hotel development can be expected to yield further increases in BID Area property tax generation.

Table 9 Derivation of 2015-2016 Property Tax Contribution to LA General Fund

Item	#
City of LA Assessed Value ¹	\$497,896,275,000
Bid Area Assessed Value ²	<u>\$30,343,911,549</u>
BID Area Share	6.1%
City of LA Property Taxes ¹	<u>\$1,708,138,000</u>
Derived BID Area Property Taxes	\$104,101,177

(1) City of LA 2016 CAFR

(2) LA County Assessor Data 2015

Sales Tax

The BID Area generates sales tax from taxable transactions that take place within the BID Area. Taxable transactions typically apply to tangible goods with exceptions made for items such as groceries, some medicine, and sales to the U.S. government. In the City of Los Angeles, the sales tax rate is 8.75 percent⁷ of which 1 percent out of the 8.75 is remitted back to the City's General Fund. The estimated BID Area contribution to the 2015-16 Los Angeles General Fund of approximately \$4.1 million is derived by applying the proportion of BID Area retail sales to total City of Los Angeles retail sales to the total sales tax collected in the City, as shown in **Table 10**. This estimate is possibly conservative, as the BID Area likely has a higher proportion of taxable retail sales than the City. The future increase in residential, office, and hotel development can be expected to yield further increases in BID Area sales tax generation.

⁷ The 8.75 percent rate does not yet include future increases due to Measures M and H, which will raise the total rate to 9.5 percent. However, the future rate will not impact the amount of sales tax revenue remitted to the General Fund.

Table 10 Derivation of 2015-2016 Sales Tax Contribution to LA General Fund

Item	#
City of LA Retail Sales ¹	\$424,144,257,000
HED Retail Sales ¹	\$2,758,235,000
SVBID Retail Sales ¹	<u>\$1,190,048,000</u>
Total Bid Area Retail Sales	\$3,948,283,000
Bid Area Share	0.9%
City of LA Sales Taxes Collected ²	<u>\$437,775,000</u>
Derived BID Area Sales Taxes	\$4,075,169

(1) ESRI; includes non-taxable items

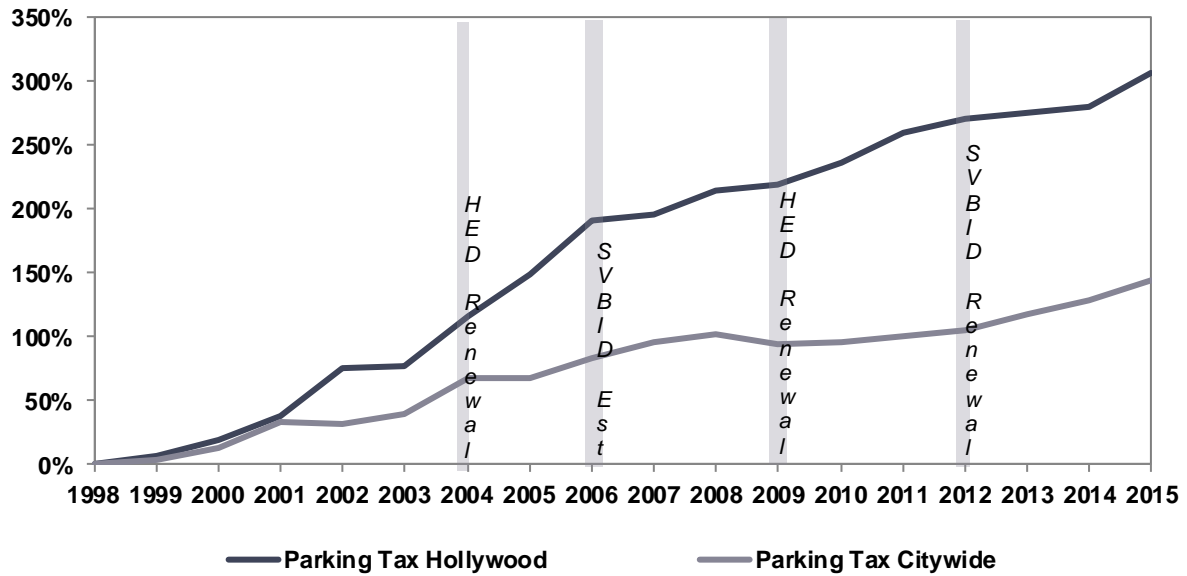
(2) City of LA 2016 CAFR

Parking Occupancy Tax

In 1990, the City of Los Angeles enacted Parking Occupancy Tax (POT) on all pay-parking facilities in the City. The POT is currently set at 10 percent of all parking fees and is charged to the occupant and paid through the operator to the City. A 2011 CRA/LA parking study for the Hollywood Mobility Strategy Plan estimated there were 20,500 off-street parking spaces in the BID Area (out of the 23,750 spaces in the Hollywood CRA district overall). Of these, 14,800 (72 percent) were commercial spaces and subject to POT.

The BID Area share of total POT grew from 4.5 percent in 1996 to 6.0 percent in 2015. According to the Mobility Study, the faster growth of Hollywood POT is attributable to increase in both parking supply and demand. From an index tracking the period from 1998 to 2015, as shown in **Figure 20**, Hollywood's revenue increased by 306 percent while the City's revenue grew by 144 percent. More recently, BID Area POT increased from approximately \$4.5 million in 2006 to \$6.2 million in 2015, a growth of 38 percent compared to 33 percent City growth over the same period.

Figure 19 Parking Occupancy Tax Revenue Growth from 1998, 1998-2015

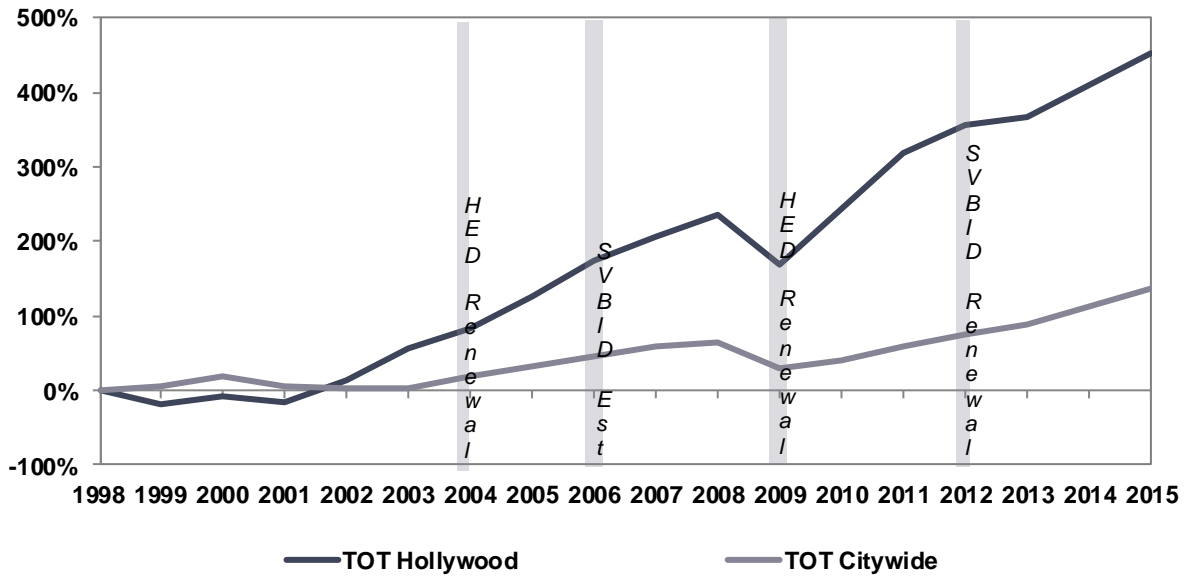


Source: LA Department of Finance; Economic & Planning Systems

Transient Occupancy Tax

Transient Occupancy Tax is a 14 percent levy applied to room rent charged to guests in hotels/motels and vacation/short-term rentals of any kind. It was established in Los Angeles in 1964. TOT in Hollywood, as shown in **Figure 21**, has grown much more quickly than City TOT: between 1998 and 2015, the BID Area revenue grew by 451 percent compared to 135 percent in the City. Between 2006 and 2015, Hollywood TOT increased by 73 percent compared to 39 percent in the Los Angeles. This amounted to a 2015 Hollywood TOT contribution of \$22.9 million, reflecting a 9.9 percent share of the City total up from a 1.6 percent share in 2006. This large increase can be explained by Hollywood’s inventory and REVPAR growth relative to the rest of the City, as described in the Hotels section above. With another 2,300 hotel rooms currently in the development pipeline for Hollywood, it can be expected that BID Area TOT revenues will continue to grow significantly in the coming years.

Figure 20 Transient Occupancy Tax Revenue Growth from 1998, 1998-2015



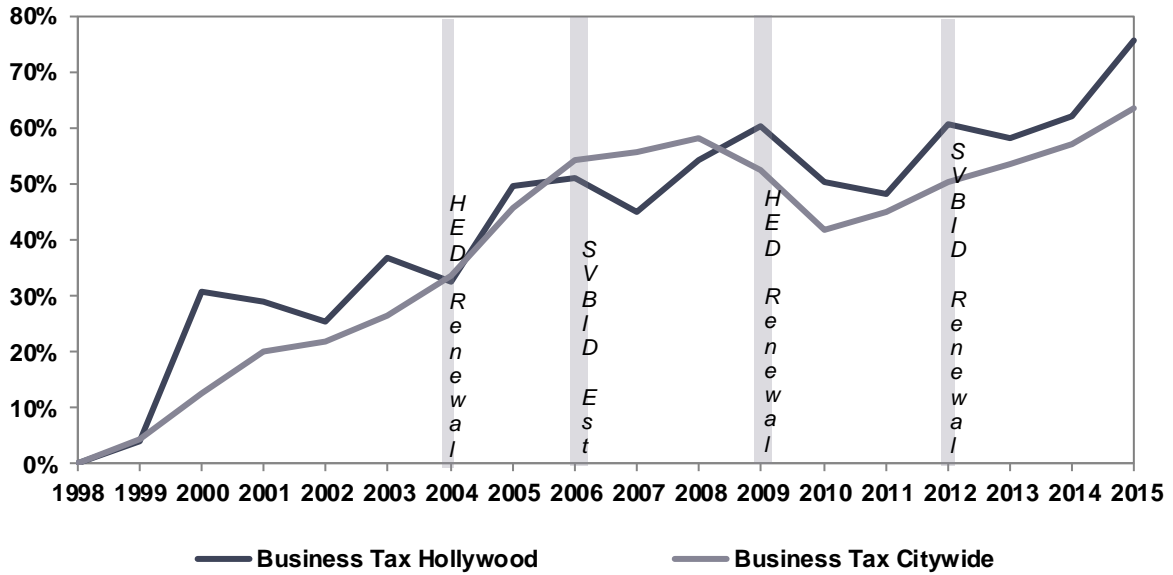
Source: LA Department of Finance; Economic & Planning Systems

Business Tax

Since 1960, the City of Los Angeles has collected a business tax. The business tax is a gross receipts tax imposed on most businesses operating within the City. Generally, the tax separates business activities into a number of tax classifications, each with its own tax rate. For 2017, tax rates for the various tax classifications range from \$1.01 (for wholesalers and retailers) to \$4.50 (for professions and occupations) per \$1,000 of gross receipts. Tax exemptions are currently in place for qualifying small businesses and qualifying creative artists.

In contrast to Parking and Transient Occupancy Taxes, Business Tax revenue growth in the Hollywood area is much closer to the City’s growth. Using an index from 1998, by 2015, BID Area revenue increased by 76 percent compared to 64 percent in the City. Since 2006, as the City overall experienced a 9 percent decline in Business Tax, Hollywood increased marginally by about 0.1 percent. In 2006, the BID Area generated approximately \$11 million in revenue, representing 2.4 percent of the City total, which grew to \$12.8 million and a 2.7 percent share in 2015. In the future, if the Hollywood office and hotel development currently in the pipeline comes to fruition, it can be expected that locally generated Business Tax revenue will increase significantly.

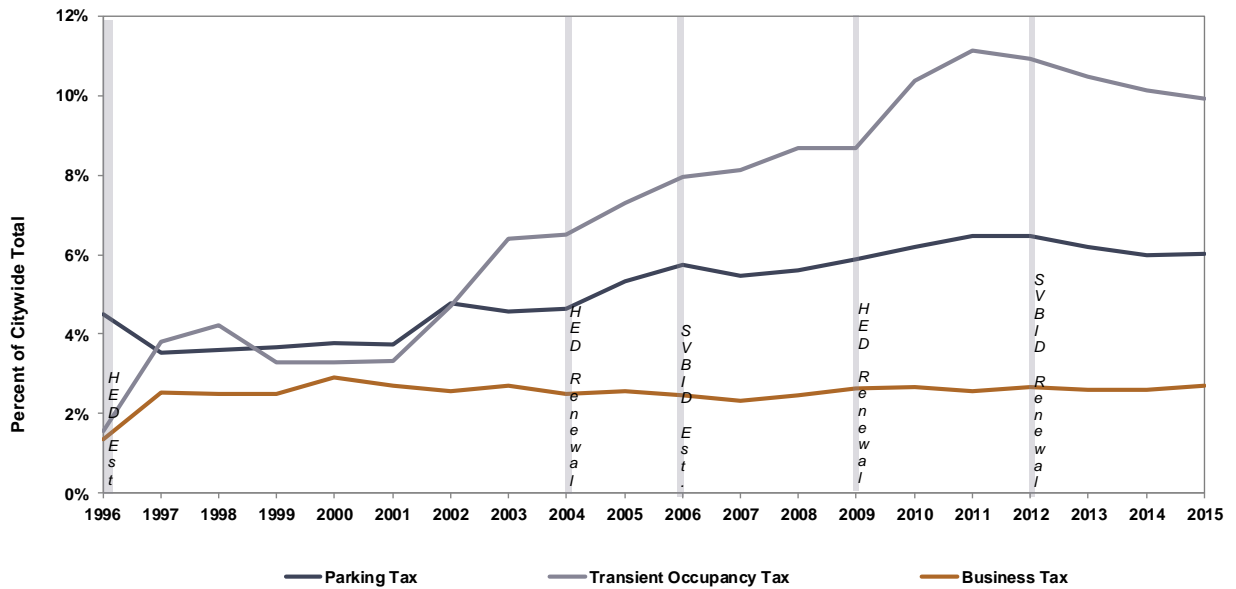
Figure 21 Business Tax Revenue Growth from 1998, 1998-2015



Source: LA Department of Finance; Economic & Planning Systems

Figure 23 summarizes how POT, TOT, and Business Tax changed as a share of City tax revenue between 1996 and 2015. Again, while POT and TOT grew significantly, driven by strong growth in residential and hotel development, Business Tax remained consistent, due mainly to the stable retail and office inventory growth.

Figure 22 BID Area POT, TOT, and Business Tax Share of LA City, 1996-2015



Source: LA Department of Finance; Economic & Planning Systems

5. *BID CONTRIBUTIONS*

The changes that have occurred in the BID Area since 1996 owe much to public transit investments, redevelopment efforts and subsidies from CRA/LA, a convenient central location, and market trends that have seen Hollywood reap benefits from a shift in development patterns to favor urban infill locations. At the same time, there is broad consensus among interviewed stakeholders that services provided by HED and SVBID have been very important in supporting and sustaining these changes.

EPS interviewed 24 key stakeholders representing a range of BID Area interests. (See the **Appendix** for a list of all interviewees.) The interviewees believe unanimously that renewal of the BIDs is important to the continued success of the BID Area. In addition, the interviewees commented on the value of various BID services, as follows.

Security is the most frequently noted benefit of the BIDs for interviewees. The quick response time and the ubiquity of BID security personnel make a real impact on perceived safety, respondents note. Over the last 15-to-20 years since the BIDs were established, the image of the safety of the area has changed greatly, and the BIDs have played an important role in bringing this about. Several interviewees also say that without the BIDs, they would have to pay for security services independently, which they believe would be both more costly and less effective.

Crime data corroborates interviewees' concerns about security, particularly along the highly-trafficked corridors on Hollywood Boulevard between Highland and Vine and Sunset Boulevard east of Vine, where larcenies and vehicle break-ins are concentrated. While total offenses have not increased in the last 5 years, per-capita crime increased slightly during this time.

Concurrent with the increased per-capita rate of crime has been an increase in the homeless population over the last 3 years, which is a City-wide phenomenon from which Hollywood is not exempt. Several interviewees noted this problem as one that merited additional focus for the BIDs in the future.⁸

⁸ HPOA and CHC have worked closely with other partners in Hollywood to tackle the problem of BID area homelessness. BID staff was instrumental in forming a coalition called Hollywood 4WRD (for four walls, a roof and a door) in 2008 with the goal of ending homelessness in Hollywood. The organization includes members of non-profits, government, faith organizations, businesses and local community groups. Since its inception, Hollywood 4WRD has helped to move hundreds off the street into permanent housing, and also advocates for service delivery and resources for the Hollywood area. BID staff and board members are also involved in civic activities, including serving on commissions, official committees, local boards, and volunteering for homeless counts and similar activities.

Maintenance and streetscape improvements are also noted by interviewees as an important BID contribution, necessitated by the fact that Hollywood public spaces receive a large amount of visitor, worker, and resident traffic. Interviewees who have been in Hollywood since the 1980s and 1990s note drastic differences in street cleanliness, graffiti removal, and streetscape amenities such as trees and outdoor furniture, some of which can be attributed to the BIDs.⁹ Some interviewees suggested even more dramatic streetscape adjustments were needed, including road diets on key corridors and even conversion of Hollywood Boulevard into a pedestrian district on the block fronted by the Dolby Theater.

Marketing and district-wide management efforts such as the annual All Property Owners Meeting were cited by several interviewees as particularly valuable in engaging property owners with the neighborhood and with each other. BID membership provides a “platform” one interviewee noted for gathering key stakeholders, owners, developers, and operators in the District for coordinating both BID services and—perhaps more significantly—development initiatives such as for land assembly.

Marketing collateral like infographics and other promotional materials has been important for some interviewees, who use it in conjunction with their marketing efforts. A minority of interviewees expressed the view that marketing is an area for potential improvement. In particular, as noted in **Chapter 2**, a coherent vision for Hollywood as an entertainment destination would be beneficial in coordinating redevelopment efforts.

⁹ In 2015, the BIDs conducted an on-site assessment of streetscape opportunities and identified opportunities for longer-term special projects, including several sites for special beautification projects to increase greenspace in both BIDs, public art, new street furniture, gateway landscaping, and public gathering spaces.

6. APPENDIX

Services Provided by the BIDs¹⁰

1. **Safety and Security:** The purpose of this service is to address illegal vending, homelessness and loitering, public urination, drinking in public, vandalism and graffiti, and quality of life issues. The intent is to provide a level of security service and visibility above and beyond what the City is able to provide through its police services. The security program funds three primary services: security patrols, video surveillance cameras, and homeless services outreach. The program works in conjunction with LAPD and with local homelessness assistance organizations and covers deployment of officers, office space, training, overtime, court pay, vehicles and homeless services outreach.
2. **Maintenance and Streetscape:** The purpose of maintenance and streetscape is to keep the commercial area attractive and pleasant for businesses and visitors. A clean, well-maintained and attractive business District promotes safety, enhances the pedestrian experience for those patronizing businesses located within the District, and contributes to an improved business climate. It is the intent of the District assessment payers to contribute to programs, services, initiatives, equipment and organizations which promote the cleanliness, attractiveness and aesthetic character only for those individual parcels within the boundaries of the District. Services include street and gutter sweeping, sidewalk pressure washing and sweeping, trash removal, waste removal, graffiti removal, routine furniture washing and painting, and Walk of Fame upkeep. Properties along alleyways in HED are charged an additional assessment for alley maintenance.
3. **Special Projects - District-wide Improvements, Marketing and Consulting:** This category serves as a discretionary fund for image, marketing, branding, and training events and projects. To capitalize on the identity of the District in the heart of Hollywood, to optimize public awareness of the District, and to communicate information to district stakeholders, it is important to undertake activities to promote the District as a whole and to support organizations which promote the District as a place to live, visit, shop, work, invest and be entertained. The types of services contemplated include marketing, media relations, web design and hosting, event planning, public relations guidance, economic development, retail recruitment, grant writing, and business improvement district renewal. The intent is to provide marketing and communications services that the City is unable to provide to this specific group of parcels. Funds may be also utilized to match grant proceeds, or for district branding opportunities, such as pole banners, logos, and maps; promotional materials, including advertising, maps, visitors' guides, press releases; maintenance of District website; economic benchmarking research; and similar projects.

¹⁰ Service descriptions drawn primarily from the 2009 Management District Plan

4. **District Management, Policy Development, and Administration:** These services encompass HPOA and CHC staffing and office overhead. In addition, the BIDs serve to represent the business community in Hollywood on policy issues. For example, in 2016, the BIDs made efforts to support the City GO Bond issue, push for County revenue for homeless services and housing Measure H on the March 2017 ballot, and participate in discussions regarding the allocation of \$2B Prop 63 funds for mental health services and permanent housing.
5. **Contingency/City Fees/Reserve for Non-pay:** A non-earmarked reserve category has been designated to meet special needs arising each year related to security, maintenance, streetscape, special projects or marketing needs designed to benefit the individual parcels within the District. The special needs will be determined by the Owners Association, but, for example, might involve the placement of a new surveillance camera, the scheduling of additional pressure washing, or the one-time purchase of trash receptacles or planters. The City levies one to two percent of the BIDs' gross assessments each year for assessment handling and administrative purposes.

Stakeholder Interviews

The Consultant Team interviewed representatives from 24 business-owners, brokers, developers, entertainment operators, schools, residents, LA City Council, and BID Staff. (For the full list, see **Table 11.**)

The interviews focused on how Hollywood has changed over time, how the BIDs may have influenced this change, and what value the BIDs provide. The 45-minute interviews took place in April 2017 and followed a consistent format in which the following general questions were posed:

- How has the performance of your business or entity changed since 2006? Since 1996? To what do you attribute this change?
- How have the BIDs' efforts impacted your business or entity and the district as a whole? Which BID services have been most influential?
- What impediments, if any, could prevent the District Area from reaching its potential?
- Would you like to see the BID renewed for another term? What impact could this have on the Hollywood area? On your business or entity? How do you think non-renewal could impact the area and your business or entity?
- How do you see Hollywood evolving as an entertainment destination, employment node, place to shop, residential community, and/or academic center? How could this impact your business or entity?

Table 11 Interviewees

Name	Affiliation
Brokers	
John Tronson and Chase Gordon	Avison Young
Marty Shelton	NAI Capital
Nicole Mihalka	JLL
Rob Waller	CBRE
Entertainment	
Ed Collins	EI Capitan
Gil Smith	Ricardo Montalban Theatre
Margot Gerber	Egyptian Theatre
Tej Sundher	Hollywood Wax Museum/Guinness Museum
Education	
Beth Marlis	Musician's Institute
Brian Mitchell	LA Film School
Jan Martin and Tony Zimbardi	Academy of Music and Dramatic Arts/Conservatory of the Performing Arts
Joyce Williams	Emerson College
Developers	
Bill Humphrey	Hudson Pacific Properties
David Simon	Kilroy
Frank Stephan	Clarett West Development
Larry Wilkes	Related Companies
Hotel	
Brian Johnson	Loew's Hollywood
Retail	
Joel Wall	Urban Outfitters
Mark Echeverria	Musso & Frank Grill
Trey Beffa	K&L Wines
Other	
Councilmember Mitch O'Farrell	Council District 13
Li Wen	Resident
BID Staff	
Kerry Morrison	HED (HPOA)
Joe Mariani	SVBID (CHC)

Source: Economic & Planning Systems

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