Economic Analysis
Market Assessment
Primary Market Research

New Orleans

Downtown Development District

Report

Creative Class Market Research

February 15, 2010

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Prepared by

With the assistance of

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Background

What is the Creative Class[1]?

Creative Class may be simply described as people who use creativity in their work. This is not limited to workers in traditional "creative industries" such as the arts or advertising. It can include engineers, attorneys, software developers, scientists, materials technicians, policy analysts, and other workers who must use creative and critical thinking skills in their work. In his book, Rise of the Creative Class, Richard Florida explains that this group of workers grew from 10% of the workforce at the turn of the century to 20% in 1980, and today represents roughly 30% of the workforce. Similar to the industrial revolution, in which people transitioned from agricultural occupations to repetitive jobs in factories, Florida describes the evolution of the Creative Class as a transition from repetitive manufacturing and service jobs to jobs that require creativity. Creative Class workers can be found in a variety of industries and occupations. Many possess a university degree and have significantly higher than average earnings. As Florida points out, "Places that succeed in attracting and retaining Creative Class people prosper; those that fail don't."

DDD *Industries of the Mind*

The Downtown Development District of New Orleans (DDD) recognizes that while Hurricane Katrina brought severe damage to the city, it also presented an opportunity to restructure and build a new economy. The DDD seeks to grow "creative industries," a segment the DDD refers to as the *Industries of the Mind*.

The DDD's goal is to attract and retain this group of both young and seasoned professionals to Downtown New Orleans, particularly those whose livelihoods are in the following target *Industries of the Mind*:

(1) Digital media,
(2) Biosciences (Bio Technology and Life Sciences), and
(3) Arts-based businesses.

Given this, the DDD has commissioned this market research to inform a strategic economic development program that will develop Downtown New Orleans into a place that reflects Creative Class preferences. The DDD will also leverage these research findings to create and implement a place branding initiative to effectively communicate Downtown New Orleans' unique assets and position it among the nation's most desirable places for those in the creative industries to work, live and play.

[1] For a short and succinct description of the Creative Class, see the Richard Florida Article in Washington Monthly on Rise of the Creative Class: http://www.washingtonmonthly.com/features/2001/0205.florida.html

Methodology

The market research for this study incorporated primary and secondary research methods. The primary research consisted of three types of interviews:

(1) **Interviews of Creative Class Experts (5 Interviews):** These interviews were conducted by phone with five leading global authorities and researchers on Creative Class workers and Creative Class theory.

(2) **Focus Groups with Creative Class Workers (10 Groups):** These focus groups were conducted with Creative Class workers in five cities: New Orleans, San Francisco, Austin, Houston, and Detroit. In each city, we identified a set of target respondents within the DDD *Industries of the Mind*. This included:
   a. **Bio Technology:** Houston, New Orleans
   b. **Health and Life Sciences:** San Francisco, Detroit
   c. **Digital Media:** San Francisco, Austin
   d. **Arts-Based Businesses:** New Orleans, Austin

(3) **An Online Survey of Creative Class Individuals (400 Online Interviews):** Survey participants were selected from an online panel and recruited to participate in the survey. Screening criteria for the survey required that respondents be currently living in a downtown setting in a metro area in the US. All participants moved to the city where they live now within the last 5 years and possessed a university degree (or are currently university students).

In addition to the primary research, secondary research was conducted using public information sources to provide additional context to the findings of the primary research.

What is it about a place that matters to Creative Class workers?

At the outset of this study, the research team had four key objectives:

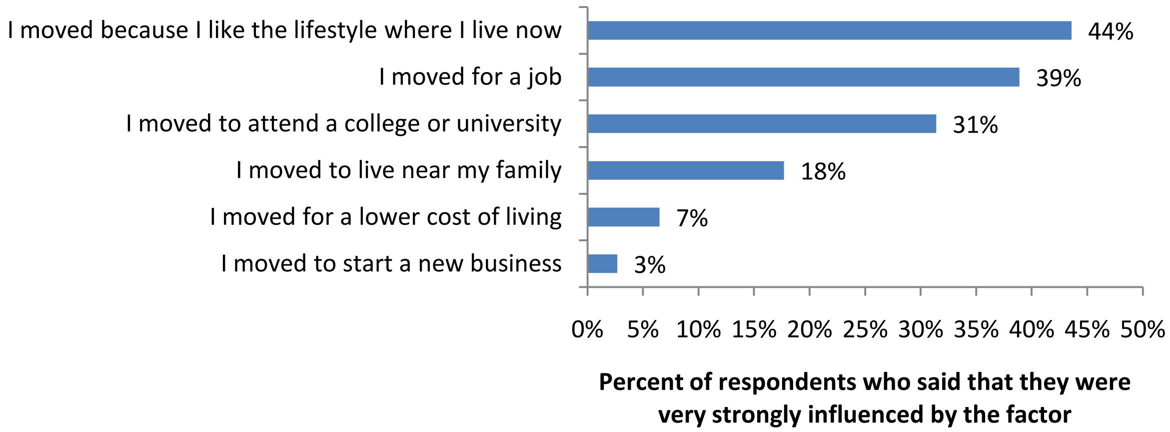
1. Identify the office, residential and key environmental preferences of the Creative Class;
2. Identify and rank the physical and social infrastructure priorities of targeted groups, including but not limited to Internet bandwidth & connectivity, professional & business services, office space needs, housing types, personal services, green space & recreational opportunities, transportation & mobility, retail offerings and social & entertainment options;
3. Identify the Creative Class' perceptions about New Orleans and Downtown New Orleans; and
4. Identify national trends and opinion leader insights into the Creative Class.

In the first two objectives we sought to identify the characteristics of *place* that most appeal to the Creative Class. To explore Creative Class attitudes toward place-based characteristics, we conducted focus groups with target Creative Class audiences that included workers in digital media, social media, biotechnology, life sciences, health sciences, arts-based businesses, and other *Industries of the Mind*. The groups were conducted in three cities that were considered successful Creative Class centers: Austin, San Francisco, and Houston. Focus groups were also conducted in New Orleans (to capture attitudes of local Creative Class residents) and in Detroit (to compare attitudes in growing Creative Class centers with attitudes of similar workers in a city that is currently in decline).

In the focus groups, the research team asked participants to describe what they liked most about the place where they live and work (as well as what they most disliked). We also asked participants to talk with us about why they chose to live where they do—what features of the place most attracted them? We explored the factors that have influenced them to stay where they are. Many of the participants in the groups lived in a different sort of place from where they grew up and so we also explored what factors influenced them to choose to move to the place where they currently live.

In the course of the discussion, we gathered useful information on preferences for residential, office, and other environmental features, which we begin to discuss later in this report. However, we found that the features of a place that matter the most to these workers are connected to environmental characteristics that are broader than simple stylistic preferences. While the Creative Class workers we spoke with expressed a diverse set of preferences for different places and different place-based features, they most often talked about their preferences in the context of two topics: (1) lifestyle-related topics and (2) career-related topics. These topics also emerged as the two most important factors in our online survey of 400 Creative Class workers. When asked which factors most strongly influenced their decision to move where they currently live, 44% of respondents indicated that the lifestyle where they live very strongly influenced their decision and 39% of these respondents indicated that a job opportunity played a major role.

What influenced your decision to move where you live now?



For lifestyle-related issues, participants did not express strong attitudes about preferences for characteristics like the square footage of their living space or the type of living space design or the *type* of public transportation available (such as light rail vs. bus service). Rather the residential features that mattered most are perhaps best described as *experiences*-- such as whether they would be able to do some grocery shopping on their walk home from work or whether it would be easy to walk from work to meet friends (who also live downtown) at a restaurant before heading home—giving them a sense of belonging and community. Often, the participants described interest in mixed-use neighborhoods where they are able to live, work, and do all their shopping in a small compact place or neighborhood without the need for a car. A life sciences researcher living in San Francisco asked about New Orleans:

> *And is there a neighborhood within a neighborhood? Like, when you live where I live-- I live in the Lower Eight-- it's sort of like I don't have to walk if I don't want to more than two blocks away to get anything. Like, I have restaurants, I have bars, I have grocery stores, like I have a dog park, I have coffee, like five coffee shops in two blocks of me. Is it like you have to go to one area in New Orleans to get that, or is it in the neighborhoods that you live in? Are they community based?*

Focus group participants often mentioned their interest in the unique characteristics of their place that made the place *authentic*. The authentic character of the place often reflected a mix of historical significance and beauty in the architecture that reflected the ethnic and cultural history of the place, combined with overlapping modern design characteristics such as eco-friendly design and wireless Internet availability. Participants described a contrasting mix of highly dense and compact living and work space mixed with ample open and common green space and large urban parks. One participant described her interest in Portland in this way:

> *Portland has like--it's more of the introvert city, I guess. So, San Francisco's more of an extrovert city. Like, Portland has awesome bookstores and they also have the food and also have a great art scene and they have a great beer scene.*

But, it's a little bit more compact. And also, the ethnics of the city tend to be really well reflected in terms of the way they've structured it, their architecture, the landscaping--not landscaping--civic planning, I guess, like everything's very eco friendly. Like, they really do love to support families in mixed use neighborhoods. So, they do that here somewhat, but I think San Francisco's just kind of a bigger sprawling area. It's harder to organize it as well.

Lifestyle preferences tended to also focus heavily on the availability of a lot of *diverse options*. This included diverse dining cuisine options, diverse neighborhood options, diverse social community experiences, and diverse "third space"[2] options. The diversity of these options was generally regarded as more important than the preference for any particular option. As one focus group participant in San Francisco described:

"We didn't really move [to San Francisco] for anything other than just the kind of life... Like, you can kind of find something you're interested in.... There's a lot of micro neighborhoods... And then, there are kind of micro cultures, as well... Literally from street to street, it could be a completely different kind of feeling, and the fact that there's so many kind of authentic foods. People are [diverse]--this isn't a tangible example of that, but, when we moved here, it took us months to meet a native."

Diversity of choices also came up in discussion of office and workspace preferences. While most workers don't make choices about the type of office that they go to for work, many of the workers we spoke with did significant work outside of the office while at home, in "third spaces", and while in transit. Convenient availability of pleasant and diverse third spaces that are suitable for work, meeting friends, doing business meetings, and relaxing was seen as seen as essential.

More importantly, availability of diverse options *for work* was regarded as a motivating factor for moving to or away from a place. When we asked workers in Creative Class centers what they most love about working in that place, they often answered that they most love the diversity of job opportunities available in the place. They highly valued having the flexibility to quit a job if they don't like it and walk down the street and get an interesting new job in their field, with little or no difficulty, and with practically no interruption to their living situation or daily experiences. Two digital media developers discussed their job opportunities in San Francisco in this way:

Man: Yeah, it is pretty easy to switch [jobs], and I think it's easy to kind of easy--at least in my case, to kind of jump from one kind of path to another. There's just a lot of blurry in the lines.

Interviewer: And you were saying that you're about to switch.

Woman: Yeah, yeah, there are a lot of options. I actually got two offers on the same day and I've got like three more interviews lined up. But, I already decided

[2] "Third space" options was a term that came up in two of the focus groups to describe areas like parks, coffee shops and other places to spend time when not at their workspace or home. Third space places tended to be regarded as both places for doing work and relaxing.

who I want to work for, so--it's really no problem switching jobs. And if I decided I wanted to go back into like branding and print market instead of web designing, that'd be easy, too.

So--but, having said that, honestly, the only reason--well, the only reason I moved here really is for the jobs. And while I do really like it here now, I'd rather live in Portland--I kind of wish the industry was up there, yeah.

As commonly mentioned in the literature on the Creative Class, these workers don't choose a place because of a job, but rather because there are so many jobs available at any of a wide variety of companies in their industry. This place-based preference will pose certain special challenges for the DDD in making Downtown New Orleans a highly desirable place for Creative Class workers and industries, which we discuss later in this report.

The preference for diverse options among these workers is also related to a sense of belonging. They want to find a neighborhood sub-culture on a particular street in one part of downtown that has the right mix of characteristics to "fit them" while at the same time exploring the different places around them. The value placed on diversity of options was sometimes seen as more important than the unique features a place might offer—or even the features that make the place authentic. For many participants, it was not enough to have a unique or authentic place—it was seen as essential to have a plurality of cultures—where a person could find their niche and belong. After describing some of the unique and authentic characteristics of New Orleans to one focus group, two participants made these comments:

Interviewer: [New Orleans has] some of the best food, dining, live music, jazz, kind of unique Creole culture. You also have the historic French Quarter with all the history... with Mardi Gras, famous places like Café Du Monde. How would you feel about being part of that culture?

Woman: It does seem very ***one****, though. Like, when you say the best food, I'm like the best* ***Cajun*** *food. Like, do you have the best Mexican food, the best like--I mean, we have the California nouveau stuff here, too. So, yeah, it seems a little one.*

Man: It sounds like a total transformation. Like, you've got to transform into that culture there. Like, here's all the things [in New Orleans], like we have this, we have this. And so, you would come to be a part of ***this*** *sort of thing, and so you'd have to kind of change yourself.*

Woman: I think it would matter to me, it's the circle of people you hang out with and what they're into and how you utilize the area that you're in. I mean, San Francisco can mean a whole lot to a whole different amount of people. It's a matter of connecting to people there and finding that. And if you find you can't connect to anyone there because the culture is so overwhelming that it could become a problem.

The strong preference for diverse options for lifestyle and career, obviously complicates our task of identifying the specific office, residential, and environmental preferences of the Creative Class that should guide the DDD in their choices for developing neighborhoods in downtown New Orleans. Therefore in this report, we have taken a broader look at what about a place matters most to Creative Class workers. In the next section, we discuss some of the features of a place that mattered most to the Creative Class participants in our focus groups.

Creative Class Attitudes and Preferences for Environmental Features

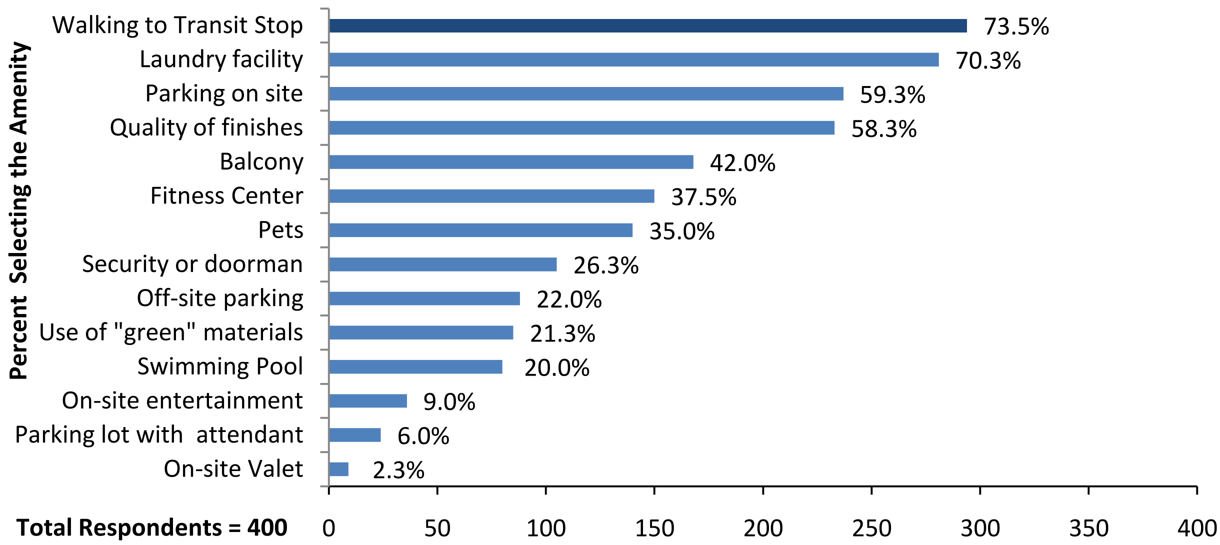
In the focus groups, there were a very broad set of place-based topics that came up where Creative Class participants expressed strong attitudes or preferences. Those which were most often mentioned and discussed are outlined in this chapter.

Transportation & Commutes

Transportation was perhaps the most important environmental feature to the Creative Class workers we interviewed. Consistently, public transportation was mentioned within each focus group across five different cities. This qualitative finding was further supported by the quantitative answerers noted within the online survey.

In the online survey of *residential* features, proximity to public transportation was the single highest rated important feature of a living space, with 74% of respondents stating that it is very important to live in close proximity to a public transit stop.

What types of residential amenities are most important to you when choosing a residence?



In comparison to cities that are considered by experts to be Creative Class centers[3], New Orleans has a relatively low level of use of public transportation for commuting. Approximately 3% of all commutes in New Orleans are made using public transportation. This can be compared with places that have been successful in attracting Creative Class workers such as New York (56% of commutes), San Francisco (32% of commutes), Boston (32% of commutes) and Seattle (18% of commutes by public transit). Even small markets like Austin have nearly three times as many commutes by public

[3] For metro rankings, see Rise of the Creative Class by Richard Florida

transit as New Orleans. That said, compared to other cities, New Orleans has a relatively high level of bike and pedestrian commuters as 27% of New Orleans' households are without a car—roughly the same percentage as San Francisco. 14% of New Orleans' residents use public transportation, at least occasionally; however, in total, public transportation is used for only 3% of all commutes.

Table 1 Commuting Habits, Selected Cities

	Percent of Commutes by Public Transportation	Percent of Population who are Bike Commuters	Percent of Population who are Pedestrian Commuters	Percent of Population who are Public Transit Commuters	Percent of Population Total Non-Car Commuters	Percent of Population Households without a Car
Detroit	3%	0.16%	2.86%	8.81%	11.83%	21.90%
New Orleans	3%	1.19%	5.35%	14.05%	20.59%	27.32%
Chapel Hill, NC	3%	2.51%	15.84%	6.80%	25.15%	11.33%
San Diego	4%	0.76%	3.80%	4.35%	8.91%	9.46%
Houston	5%	0.47%	2.36%	6.01%	8.84%	11.59%
Austin	8%	0.96%	2.64%	4.62%	8.22%	7.84%
Seattle	18%	1.97%	7.72%	18.44%	28.13%	16.32%
San Francisco	32%	2.08%	9.82%	32.64%	44.54%	28.56%
Boston	32%	0.99%	13.36%	33.07%	47.42%	34.91%
New York	56%	0.48%	10.72%	54.35%	65.55%	55.70%

Source: US Census

When we asked our Creative Class focus group participants if they own a car and used it to commute to work, we found that most own a car. However, at least in Austin and San Francisco, it was not typically used for commuting to work. One participant noted:

> ***Janette:*** *"I actually live near one of the UC satellite campuses. So, I take the bus there. It's a short bus ride. And I take one of their shuttles to work. So, getting to work [is easy]--so, I only drive on the weekends."*

Another focus group participant asked us:

> ***Amy:*** *Do you need a car to get around New Orleans? I kind of like that I don't have to use my car the way it is. Yeah, because your car is for the weekend just to play and to run errands. But, you don't need it during the week.*

By comparison, participants in our New Orleans focus group indicated that they were unlikely to use the public transportation available Downtown. We asked participants about their use of streetcars for transportation:

> ***Interviewer:*** *What do you think? Do they run often enough? Are they easy enough to catch?*
>
> ***James:*** *Streetcars? That's on my list of things to do soon. I've always wanted to just park my car somewhere and ride.*

This participant viewed the streetcars as an opportunity for recreation more than for a viable means of transportation around town. This is despite the fact that he commuted to Downtown on a daily basis. We found similar attitudes in our focus group in Detroit and Houston, where people were less likely to use public transit. Some comments we receive included:

> ***Larry:*** *"The transit's no issue because I never take it."*

> ***Carol:*** *"When I went to LA, I didn't like it because I had to drive too much. The smog was too much"*

> ***Mark:*** *"I can tell you, though, the one time I visited Toronto for a couple of days, I was just--I couldn't believe there was cities that had transit systems like that. They can go anywhere in the city for a few coins and always quick. I like that. I like that about Toronto quite a bit."*

In one of the New Orleans focus groups, a biotechnology research associate living Downtown commented on New Orleans' streetcars and bus service in this way:

> ***Fredrick:*** *I think the key difference to this downtown area compared to the others I've lived, in the other major cities, you could get anywhere within downtown at any point of the day, while here, it's very challenging.*
>
> *Even now, they have all these like tons of streetcars. I honestly think if they would just put like one of those digital signs up at each of the stops that tells you how many minutes the streetcar is away, that would actually make me use it, because now, we're like staring--you like look at the schedule and like, okay, there should be one coming. Half an hour later, you're still standing there.*
>
> *Well, other places, they have a ton of these public transports, but their schedule is such that they know [when they will arrive] at any given point. The only thing they tell their like trolley or bus people is like, look, just make sure you stay within 10 minutes from the guy in front of you and the from the guy behind you so that anybody who's waiting within 10 or 15 minutes can catch some kind of public transport. While here [in New Orleans], I mean, that happened to me like twice. And the third time, I was like, well, I'll probably get a cab or walk or do something, man. And then, as you're walking, of course, you see a streetcar pass you by.*
>
> *And they're nice. I mean, if it would just be more efficient, I think I would use it because it's not a bad form of [transportation]--I mean, a lot of the infrastructure and all is there. It's just optimizing it I guess.*

Most New Orleans residents tended to be somewhat critical of the public transit system—however to be fair, the same may be said of practically any city. This came out in some of our discussions in Creative Class centers like Austin and San Francisco. Two focus group participants in San Francisco were sharply critical of the difficulties of taking public transit:

> ***Josh (San Francisco Resident):*** *My commute is eight minutes on my bike. On the [light rail], which is a direct route from like literally door to door, it like takes 45 minutes if I was to get on it.*

Jamie (Austin Resident): *I've used public transportation for almost the entire time I've lived here and it just is incredible how much time you spend. Like, I would spend two hours a day on a bus, which is just ridiculous.*

Even in places where public transportation is not heavily used, such as in Detroit, it is important to note that it is something that Creative Class workers highly value and seek out. One Detroit resident who attended school at Xavier University in New Orleans mentioned:

Nancy: *[When I lived in New Orleans] you kind of had to have a car to kind of get around a little bit because they have this side of the bridge, and then they have the other side. So, for me to live Downtown, I would need to have everything that I need, I want in a same radius... That's a real important thing. That's one of the things that's hard about Detroit is that you've got to have a car. So, it's hard to get around if you don't have a car. So, that's one of the things that I think would be helpful in a city for me to make up my mind to live there if I knew that, hey, I could get around that day without having to drive. That's so nice to not have to drive.*

Everything I Want in the Same Radius

Creative Class workers we spoke with tended to strongly dislike long commutes (although *short* walking, biking, or public transit commutes where generally viewed positively). In every single focus group we heard some version of the same message: Creative Class workers—especially those living downtown-- want to be able to access their work, their home, and everything else in their lives within a short and easy commute radius. Being required to leave this radius *for anything* was seen as a frustration. This covered essentially every part of life, from schools, to grocery stores, to recreation. Furthermore, the availability of a shopping option or a school or a park was not enough—workers strongly preferred places that offered a diverse set of choices within a short walkable radius. Some of the comments we heard included:

Nancy: *And for me to live in a downtown area, they have to have health food stores I like, they'd have to have different type restaurants, vegetarian restaurants, things like that for me to think about seriously moving downtown, and somewhere to park. And then, I wouldn't have to drive to the health club.*

Roger: *I think you need like everyday life stuff, too. You need to be able to walk down to a grocery store and get your food... go down to a Home Depot... I mean, you need to be able to walk to the hardware store and pick up whatever you need instead of having to drive out to the suburbs and get it.*

Being able to *find* specialty stores within the area is essential, and has implications for how commercial and retail space is designed. Some comments we received in the focus groups seemed to suggest that retail stores that are accessible directly from street sidewalks may be important to Creative Class workers. Mall-style retail space --where stores open within buildings—can make finding speciality stores difficult. This was described as a problem in Downtown New Orleans in one of our focus groups, where participants noted:

Mark: For example... a fine men's shoe store, they have one in this building. I think it's Bass or something like that. They have different ones, but looking at [the building], it's hidden away. Like, if you don't come inside--You wouldn't know that.

Micah: There's a Bass in here?

Creative Class workers expressed a preference for street-level shopping options that can be accessed during a walking commute. Two Downtown New Orleans residents working in the Biotechnology field envisioned this ideal in this way:

Fredrick: *I think what a lot of the [downtown] areas that I've seen, what they had going for them is that they had office buildings where they had professional environments with really a lot of, I think, shopping and dining and other opportunities very close by. And it was very conducive to people-- like after work, are like, oh, let's do some shopping, and then we'll meet at seven and we'll all have drinks after work or we'll do something, which I think here [in New Orleans] logistically is just [impossible].*

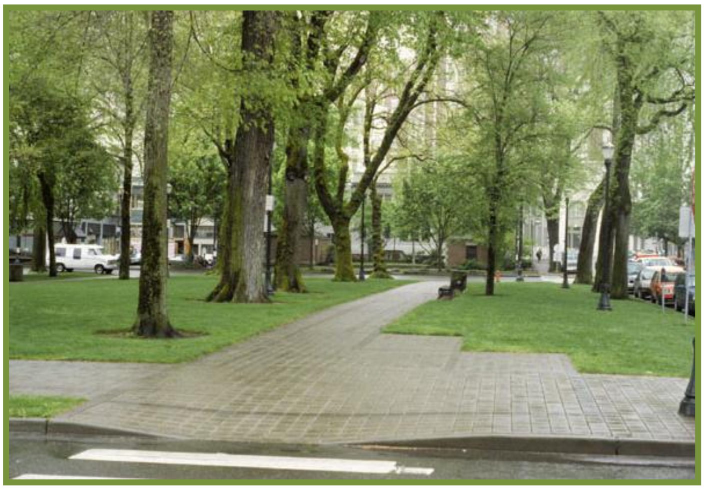
Mike: *--You have to get in the car and go somewhere--and there's plenty of places to go-- but there's no walking distance places where everyone feels comfortable, where you can leave the medical school and go somewhere close by. So--that would be--if someone would think about that, that would be helpful.*

As an aside, it should be noted that participants in the New Orleans focus groups felt there are spaces within the DDD footprint that are ideal for shopping. However, they felt that the shopping options available were primarily meeting demand from tourists, some of which were seen as inadequate for meeting everyday living needs or raising a family. Many of the recommendations we received were residents suggesting that Canal Street and other areas retain their current layout and public accessibility, while simply increasing the variety of shopping options available in the area. One long-term New Orleans resident who was interested in relocating to Downtown reminisced of what once existed Downtown for shopping:

Rose: *"There was the Rubenstein Brothers and of course Maison Blanche was there. There was fashion-- shopping for people of all ages. Nothing against those businesses [referring to tee-shirt shops], but I would like to see a variety. I'd like to see back the way it was, some of those stores. But, I understand, obviously, it's a business decision to not be there... [My Father] loved --what is it--Florsheim's and Stay Adams and all those. But, it just would be good if we had a mixture because--really, the city is comprised of [residents]. I wonder where they shop?"*

Green Space and Water

Figure 1: Top Scoring Image in Images Survey Segment



Green space and availability of substantial urban parks was generally regarded as one of the most desirable features of a place by our Creative Class focus group participants. In our online survey of 400 Creative Class workers who are currently living in downtown areas, we presented respondents with a series of images and asked them to rate each based on how much they would like to see the setting depicted in the photo in the place where they live. The image above in Figure 1 received the highest score of any image with 81% of respondents indicating that they strongly desire this type of setting in the place where they live.

The desire for green space extended beyond parks to urban mixed-use settings that are integrated with a natural, green environment, green landscaping at transit stops, and availability of green space as a work environment (on a lap-top). One focus group participant described the business park where she worked in this way:

> ***Carol:*** *You go out there and you don't feel like you're in a business park. It feels like you're in school. They have trees, just the weather, and it's just more... lovely.*

In most of the cities we visited, some comment was made about the natural environment that was developed in their area. Researchers in Houston enjoyed the setting offered by the Woodlands area, where building codes require that all commercial development be shielded from road traffic by dense wooded space, giving the appearance of driving through a forest while commuting through town. Residents in Detroit and San Francisco both mentioned waterside development as some of their favourite areas of town. The natural water setting and was connected to natural foods markets and other green shopping options. One San Francisco resident mentioned:

> ***Holly:*** *There have been a lot of partnerships in place to redevelop the land all along the waterfront. And so, the old Ferry Building has been--I mean, there are still ferries that come up to the Ferry Building. But, it has been repurposed as a farmers market, a sustainable food and agriculture thing, with bookstores and wine shops. And restaurants... Yeah-very vibrant.*

Another focus group participant described the green setting as an important part of work-life balance:

> ***Sarah:*** *I love the work balance here. Like, everyone was saying, like there's so much opportunity. I go backpacking, I go road-biking. You have that here.*

When deciding between several cities he might like to live in, one software developer compared his choice of San Francisco over New York as being mainly influenced by green space:

> ***Josh:*** *Yeah, we traveled [to New York] and all that, but just--having a family and all that, we felt like we wanted more than the urban setting. [We would] rather be in San Francisco where there's a little more space, a little more green, a little better weather to be around.*

It is interesting to note that green spaces were generally seen as both a recreation destination and as part of a journey through daily activities. Similar to preferences that shopping options be available as part of a commute, Creative Class workers prefer for the green space to be accessible as a third space that can be used in between other daily activities. Green space is even seen as a venue for getting out of the office to continue working in a natural, outdoor setting. One focus group participant described her work schedule in this way:

> ***Amy:*** *We usually start later, like 10 or 11 in the morning. Then, I'll work through till like early evening. Then, I'll take a break and go for a ride outside or to go to the gym or something like that and some downtime, family time. And then, I'll start working again like 11 at night. And sometimes, if you are working for a long period of time, you can't [be inside]--I mean, it's San Francisco. You can take your laptop, you know what I mean, and you can go anywhere and get your wireless and that sort of stuff. So, I mean, it's only the times that I have to be there and that sort of thing and you're there at your desk for a long period of time.*

"Third Spaces"

The notion of "third space" came up in several of the focus groups. After "first spaces" and "second spaces" (home and work), third spaces are places that can be used for a variety of purposes including working on a laptop, meeting friends, relaxing, shopping, or having business/work meetings. Third spaces are essentially public spaces where work and relaxation can, to a degree, occur simultaneously. They include coffee shops, green spaces and parks, and even public transit, where workers sometimes catch up on email while in transit. Green space (described in the previous section) is seen as one of the most desirable third spaces. Participants in this study described a variety of innovative third spaces that they regularly visit. As with many of the other features discussed in this report, a wide variety of diverse third spaces to explore was seen as highly attractive.

Most discussion of third spaces came up in the context of preferences for workspace or in discussion of work schedule. These workers see third spaces as some of their most important work spaces. This was true of every segment of Creative Class workers we spoke with—from those who work in a lab as a life science researcher (and want to "get out" to do their paperwork) to social media and game developers, to artists and musicians. Many of these workers make their living through contract work or do contract work in addition to their day job—and thus third spaces where they perform this work are essential. Development of these third spaces in Downtown New Orleans is essential for attracting Creative Class workers.

Some of the third space comments we heard included:

> ***Justine:*** *I work usually about 11 to seven or eight in the office, and then I go home and--I usually work on contract work if I have contracts that are--and occasionally, I'll do some work for my day job...*
>
> ***Interviewer:*** *Do you have a one bedroom or a two--how big is your space?*
>
> ***Justine:*** *About 650 square feet, one bedroom. So, [my boyfriend and I] basically are on our computers all the time. So, we'll just put like whatever on in the background and then just work, and it's pretty sedentary actually. But, we both ride our bikes to and from work, so that's a little bit**...** Sometimes, I work from the Coffee Barn over on 18th and whatever. Anyway, you should tell New Orleans that they need to have coffee shops with WiFi because that's one of the things San Francisco is really sucky about... In San Francisco, they're like the coffee shops who are like waging war against the third space people. Like 'we don't want you here.'"*

The participant went on to note that these coffee shops have placed plates over their electrical outlets, or discontinued offering free wi-fi, in order to force "third space" people out. When it was inquired why "coffee shops are waging war on third space people," participants commented that it was a mix of business reasons (i.e. keeping people from taking up their seating) and idealist social reasons (i.e. coffee shops should be used for meeting friends, not doing work!).

Beyond coffee shops, there are other types of third spaces that are used by these workers, some of which facilitate collaboration among workers and foster community for freelance workers who sometimes feel isolated compared to workers who have regular social interactions in an office space setting. One San Francisco participant described one of her third spaces in this way:

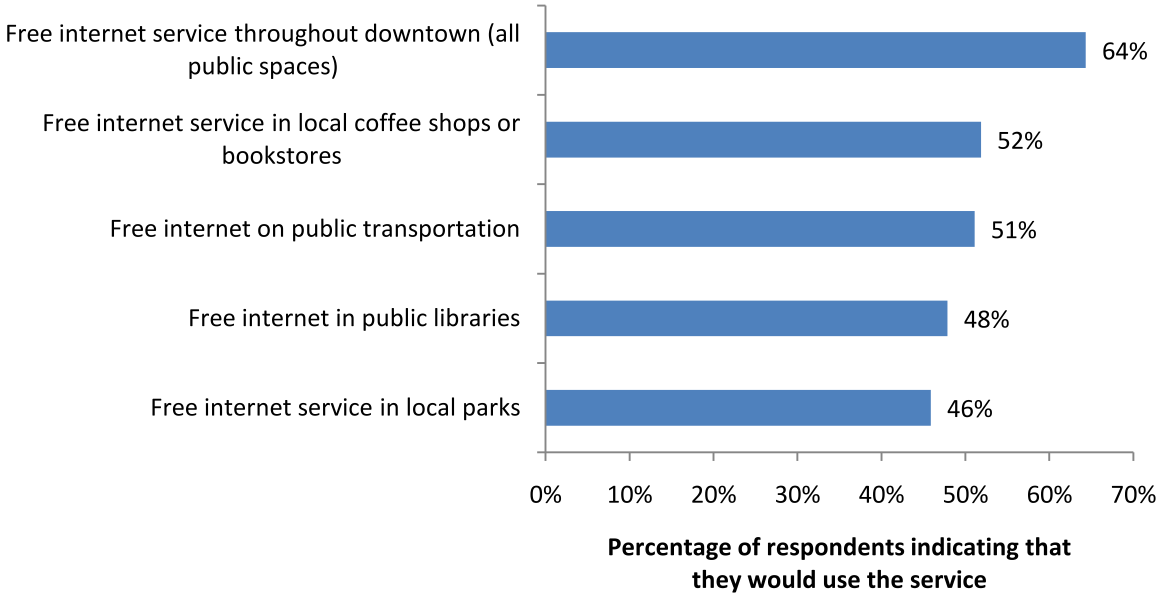
> ***Holly:*** *The city is wired and wireless. And so, as a digital media, new media worker, I can go anywhere in the city basically and work... And there are a significant number of co-working shops. One of them is called Citizen Space, and its people take over part of all of the building and offer space in it to whoever wants it. And it goes from free first come, first served to "Yes, I want that desk next to that window every day." And it's $400 a month for me to have that desk by that window. And that enables you to work in a collaborative environment with people, if you're either tired of working at home or you can't work at home. And that's a whole attraction. That's part of the infrastructure here.*

Wireless/Mobile Internet Access

When discussing the importance of wireless and mobile Internet access, participants regarded availability of wireless and mobile Internet access as sort of a basic service that was expected to be provided. As mentioned in the previous section, when coffee shops in San Francisco began to discontinue offering wireless Internet access, it was described as "waging war" on their customers.

In our survey of 400 Creative Class workers, about half of respondents indicated that they would use free public Internet services very often. When we asked if they would be likely to use free Internet available throughout downtown, only 4% of respondents indicated that they would not use it very often or at all and about 64% indicated that they would use it very often.

Which of the following would you be likely to use, if available?



In the focus groups, we asked workers about how they obtain their Internet access. One respondent in San Francisco mentioned:

> ***Holly:*** *"There is a formalized network that's available throughout the city. It's not as good as Portland has. Portland has a better one. And this one keeps running into trouble. And so, right now it doesn't blanket the whole city, and I think the mayor is trying to restart it."*

This appears to be the case for several cities that have offered free public wireless Internet. Costs and lack of uniform coverage appear to have been significant problems for cities that offered free Internet access.

It is also noteworthy that high tech wireless access in a historical setting came up in the focus groups. One participant discussed his impressions of Boston as a high tech centre that maintained its authenticity and history:

> ***Sarah:*** *"I like Boston because I like the mixture they have. They have their historic stuff. So, you have the historic buildings and stuff like that. And it's all kind of close together. But then, they still have like this modern twist to it... Boston has this kind of new and old feel. I mean, it had historic, but yet it still had its modern side to it."*

By contrast, in a separate focus group, New Orleans and Downtown New Orleans were viewed as places that did not offer this mix. A branding expert working in San Francisco participated in one of our focus groups and mentioned:

__Holly:__ [New Orleans] needs to make sure that they have in place and then promote the infrastructure that digital workers want. I don't think of New Orleans as being high tech. I think of New Orleans as being historical. I do think of the Creole and Cajun. I don't know if they overlap there. I think of the music. I think of the food. I think of the arts... And you know what part of this is? In the past, New Orleans has been successful as branding themselves as a tourist destination. And so, it's hard to switch gears and suddenly think about them as a high tech center of industry-- and partially because they were successful with the tourist part.

Authenticity

When we asked focus group participants to describe what keeps them in a place, participants in Austin and San Francisco often described activities or features that made the place unique and authentic. Authentic features of a place were often the first thing mentioned when describing what people love most about the place. History of place —often embodied in the architecture-- came up in several discussions as an important component of the sense of place. However, the authenticity of a place was not merely a product of the built environment or natural setting. The place was seen as authentic because of the myths, the people, a higher purpose or point of view that the place embodied.

In an Austin focus group where we were interviewing digital media workers, we asked participants what keeps them in Austin. The first topic that came up was a local celebrity, Leslie Cochran (aka "Leslie") who is an American peace activist and cross-dresser, who the Austin American Statesman describes as the most famous street person in Austin: "He is an outspoken critic of police treatment of the homeless, and many consider him to be the epitome of the 'Keep Austin Weird' campaign, as demonstrated by his two time run for mayor as well as numerous articles in The Austin Chronicle and local news stations." In one Austin Focus group, the research team asked:

Interviewer: *What keeps you in Austin?*

Jack: *Leslie.*

Group: *[Laughter, nods]*

Jack: *I mean, seriously, like, things like that. It's like it--Austin's such a special place where the community can really rally around one specific thing like that. As ridiculous as he is, everyone's willing to give him a ride on their scooter to get downtown, or things like specific clubs, like--or specific restaurants. There's a level of community cohesion for specific items like that, like funky little items that would probably not matter as much. I haven't lived many other places, but it seems like there's a real esprit de corps about living in Austin that people are proud to call their home and involve themselves with.*

Similar comments came up in our focus groups in San Francisco where one participant described the city in this way:

Holly: *I love the ethos and culture of the city, the civic engagement, even though there are a lot of sort of screaming--there are some screaming sections of the city that get really upset about something like plastic pens. You know, people get a cause and they just go crazy about it. "No more plastic pens!" And although sometimes it's annoying, sometimes it's just great because sometimes--I agreed I didn't want any plastic pens. I mean, I have nothing against plastic pens. I'm just using it as an example.*

The comments about the environmental features that make a place authentic often have a connection to the history of a place, as mentioned by one Detroit focus group participant who described a favourite city—Boston-- in this way:

Nancy: *"They have new architecture that complements the old architecture and it's just--it's eclectic and it's nice the way that they've thought about it and said we're gonna keep what's really good, and then what's not good, we're gonna tear that down. But, what we put next to it is gonna fit into the--as you were saying, it's gonna fit into what everything looks like."*

It seems Boston may be a particularly good case study for integration of history into the downtown branding and environmental experience, as Boston also came up in our discussions in San Francisco and Houston. In particular, the unique features appealed to one participant, who commented:

Amy: *Boston I like because, like I said, the history. There's a lot of things. It's very different, and I--it's just totally different. So, maybe that's why I'm attracted to it, even though I haven't lived here.*

This is obviously one area in which New Orleans has particular strengths. One New Orleans musician joining in our focus group described an authentic New Orleans experience:

Joel: *Well honestly, I go up on Magazine Street. Up in that area, when I left there last Wednesday night, I sat in there with a little guitar player, played some saxophone--we were sitting in a restaurant just playing on the corner, right? When I left, I went down the street, just two blocks down. They must have had 100 people at this--I don't remember what place it was. They were all sitting around like he was talking about, outside. They were having drinks. The lights--the little lanterns were lit. The whole thing.*

Several participants mentioned the development in the Warehouse District as particularly attractive. One participant described it in this way:

James: *All of a sudden, we can walk around. We know people. People are out after six o'clock, okay?... So, there's activity. There's things to do, people to talk to. There's events. There's little things you can go to all in that area that you don't have to travel or drive around and you go have a few drinks, you don't have to worry about getting a DWI and you can enjoy life very simply, purely and it's easy to have. That's that New Orleans lifestyle. You can sit out at a little café. You can go down to Lucy's or whatever and you can have some fun.*

He went on to contrast the Warehouse District with the Central Business District (both within the DDD footprint) in this way:

> ***Mark:*** *I mean, business district, [after work] there is nothing else. It just shuts down....You lose [the feeling of community] in the business district. There's not those places.... I think to live in a business district, value becomes huge because of the price of living there. So, you really have to add--if we're gonna have people move in here-- we've got to deliver lifestyle and value to them or it's not gonna happen.*

Although many people felt that they could find an authentic New Orleans experience within the areas in the DDD footprint, generally speaking, New Orleans residents felt that some of the tourism-related businesses detracted from the authenticity of the place and made it generally less attractive. Several participants expressed nostalgia for the way Downtown New Orleans existed 30 years earlier and longed for the unique specialty stores and family recreation that once existed there.

Interestingly, the some of the same views were held by participants in our focus groups, who had previously visited New Orleans. Some of the comments we received included comments on the French Quarter appealing primarily to college students. Some tourists mentioned that it did not deliver on some of their expectations to find the great jazz music they sought and didn't offer the type of authentic experience they were expecting. A participant from our Houston focus group shared the blunt comment:

> ***Emmit:*** *I went to New Orleans a couple years ago and I'd not been for like 15 or 20 years. And what struck me was--what I remember 15 or 20 years ago was a little bit of sleaze and a lot of focus around music. Now, it's a lot of sleaze and very little focus on music.*

Community, Population Density, and Belonging

As mentioned earlier, most Creative Class workers we spoke with expressed a strong desire to have everything they wanted—shopping, schools, work, etc—all within a walkable radius. As mentioned in the previous section, one of our New Orleans focus group participants described his affinity for the Warehouse District: "We can walk around. We know people."

The sense of belonging to the community also appeared to be connected to the opportunity to explore and get to know a different part of the city any day, typically within walking distance. One of our focus group participants was a teleworker whose company did not have offices in San Francisco. However, she chose to move to San Francisco, in part for the dense urban neighborhoods. She described her interest in this way:

> ***Holly:*** *I love the café culture. The city that reminds me most of San Francisco is Paris... Lots of little neighborhoods that have their own culture. And it's very pedestrian friendly, pedestrian oriented. And so, that follows up on something I love about San Francisco is that there are micro neighborhoods and that you can go down half--.*

__Sarah__: --We have all different ones.

__Holly__: Right.

__Sarah__: There's many different ones, that each part of the city is--belong to like different groups.

__Holly__: It's interesting and it's fun. And you can have a different experience every day by going to a slightly different neighborhood. But, you can get what you need in all of them, in all these little neighborhoods with tiny, tiny Main Streets. And there are maybe 60 of them in San Francisco. And so, that kind of community and identity is really cool.

It is important to note that we never encountered a comment about overcrowding or lack of space as a problem in any of our focus groups. The population density of the neighborhoods for some of our focus group participants is among the highest in the nation—but this was not seen as a negative characteristic. For most of these workers, the density of population and diverse neighborhoods appeared to facilitate a feeling of belonging and community.   The research team thought it was particularly interesting that Holly felt that although each neighborhood is authentic and different, "you can get what you need in all of them." With essentially all the necessities of life available in every neighborhood, finding a place to live became a matter of finding the neighborhood with the right character to fit her style – with perhaps 60 options to choose from.

Even in cities where the participants did not live in dense urban neighborhoods, "knowing the neighbours" and belonging to an extended neighborhood family was seen as part of the dense urban appeal. One Detroit participant mentioned what she might most enjoy in downtown living:

__Roger:__ I guess I could say it's more close knit-- as far as neighbours. When you live [in] a building, you can kind of look out after and look out for each other... that's my biggest, just being kind of a little more close knit in a close environment.

One of the New Orleans focus group participants felt that the density also contributed to a sense of belonging because it afforded the opportunity to run into work colleagues and friends at bars and restaurants.   He expressed:

__Fredrick:__ Even though New Orleans has a very vibrant social scene, it's not like everybody from the medical--from the hospital-- after work goes and shops Downtown and then goes to the same restaurants... [not as though] if you're in IT, you can go run into all the IT people in one bar and if you're medical in another--Which other cities really have-- When you're Downtown at the medical school, there's no place to go for anyone that works in the medical school other than outside [the area].

"Bio-Innovation in the Projects"

It is worth mentioning that the topic of safety came up in several of our discussions as a vital aspect of downtown life, and as a particularly important environmental concern.   Without a de facto presumption of guaranteed personal safety, most Creative Class workers will not consider relocating to a place. As mentioned earlier, lifestyle and work are the two most important factors in choosing to live in a place. Those who choose a place primarily for lifestyle will not do so without a good sense of safety.

One participant in the New Orleans focus groups expressed strong concern for safety, given the crime occurring in some of the public housing units currently in Downtown.

> ***Mark:*** *And one thing that they do here is that the projects are butted up against right where they're gonna build the Bio Innovation Center. And it's ridiculous. I mean, you're gonna try to bring in top notch people from around the country to come to work in a place that is--when you go out the back door, you're in the projects, I mean literally right in the housing projects. And it's insane. I understand all of the different social things. But, it seems like they could do a better job in placement and move the projects somewhere from where it is to somewhere else or come up with a better idea, because I don't think it's helpful to the Downtown Development District.*

The DDD has addressed the crime issues within its footprint through several safety programs, however, despite these efforts more action is needed to change both the perceptions of safety and the reality of safety in Downtown.

Cleanliness

Although the point may be obvious, the cleanliness of an area was also seen as an attractive environmental characteristic. The research team thought that it was interesting to note that New Orleans residents took notice of the cleanliness of the French Quarter due to the enhanced sanitation service. One participant, in mentioning some changes he was happy to see, commented:

> ***James:*** *Who thought they could have cleaned up the French Quarter, though? I would have in a million years never thought you could actually have a clean French Quarter, and lo and behold, they did.*

Cleanliness came up in some other focus groups as well—with comments connecting the idea of a "clean environment" with a natural, green one.

Climate

Climate in Austin and San Francisco came up in each of the focus groups as one of the most attractive features of those cities. One participant in San Francisco, when asked what she most likes about life in San Francisco, shared these thoughts:

> ***Nicole:*** *Another thing that I like is the climate. And having lived in Houston for a number of years, having visited New Orleans, gosh, maybe 10 times in my life, New Orleans and Houston share a climate that is--I mean, they're a little different, but they share a basic climate that's a lot hotter and a lot wetter. It's a lot more humid. A lot more humid.*

The weather is a characteristic that cannot be changed, but should be recognized. Hurricane Katrina has permanently changed the perceptions that many people have of New Orleans. It came up in every focus group as a drawback to living in New Orleans. However, when asked if the climate would keep them from moving to Downtown New Orleans, no one said that it would.

Participants in our New Orleans group seemed to view the local climate positively. Some of the comments we heard included:

> ***Mark:*** *I meet a lot of people from all over the world who come to Tulane, and people who really like it here who are from different places like it because of the weather, oddly enough. I think it's hot and muggy and the weather kind of sucks to me, but people like it.*

> ***Fredrick:*** *There's not very many places where you can play golf in a t-shirt in December. The worst months out of the year are the summer here, but that's three months. The other nine are excellent, I think.*

Ease of Travel

Many of the participants in Houston and San Francisco felt that availability of direct flights to a lot of cities is an important feature of the place where they live. Several mentioned this for work reasons but opportunity for travel for a quick get-away was also important. One San Francisco focus group participant commented:

> ***Amy:*** *Travel, I mean, that's another thing like we're really into. And it's so nice here. You can just pop on a plane and go places for reasonable prices.*

Residential Features

Exterior Design

Figure 2: Highest Rated Exterior Residential Image

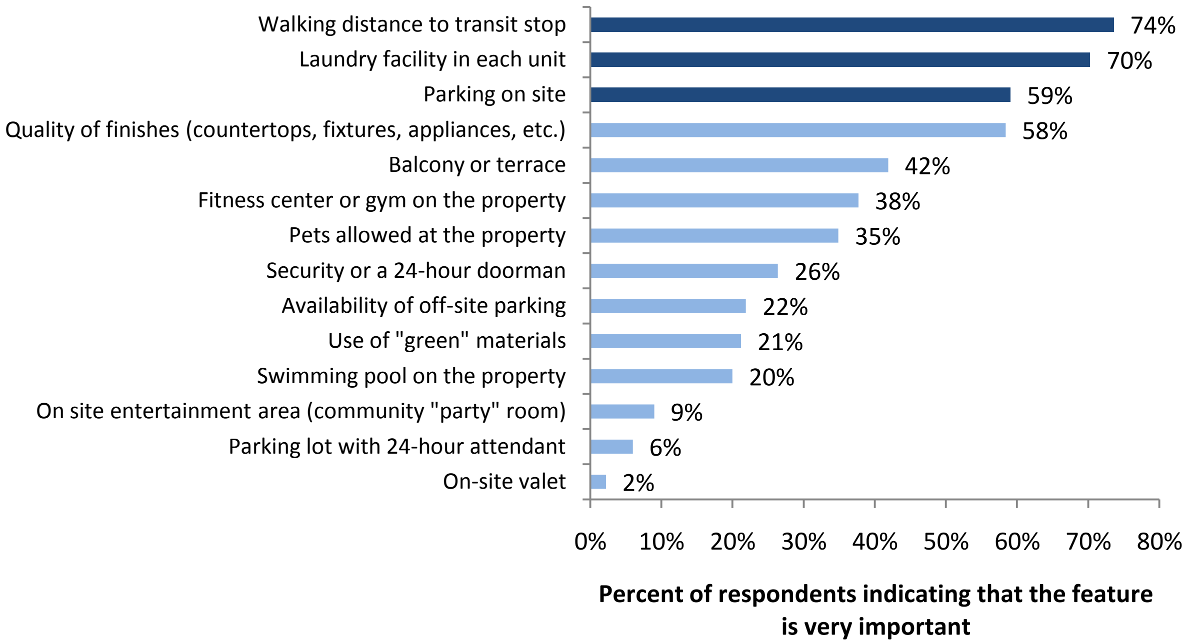
In the online survey of 400 Creative Class workers, we presented four alternative exterior designs and asked respondents to rate each according to how much they would like to live in this sort of place. The image in Figure 2 had the highest overall score. The residential design highlights several features that promote some of the values discussed earlier: Street-level shopping along the ground-level. Clean pedestrian pathways appear well-lit at night and are flanked with green space on one side. The balconies offer outdoor access and may possibly promote awareness of neighbors and community. The materials choice include a mix of stone and brick and the awnings combined with intermittent lamplights give the look of a small shopping village. Further in the background there appears to be outdoor table and chair seating for meeting friends, obviously in close proximity to living space.

Interestingly, the place looks new, not historical. This may suggest that for living space, modern conveniences are more important to the Creative Class than a connection to an authentic or unique experience. Convenience-related features were rated as highly important by participants in the online survey. When asked which features they desired to live near, the top three features considered to be very important to the Creative Class, included:

(1) Walking distance to transit,
(2) Laundry facilities in each unit, and
(3) Onsite parking

All of these features have something to do with convenience rather than style or authenticity. The quality of finishes ranks fourth among the features. Quality finishings still matter to the Creative Class though; nearly 60% of respondents indicated that finishes are very important.

Please check the types of residential amenities that are most important to you when choosing a residence.



Interior Space

In the focus groups, participants did not express strong views on their preferences for interior spaces. Generally, people preferred more space to less, but were unwilling to give up convenience and proximity to "everything they want" in order to have more space. The research team had the impression that focus group participants who lived in the downtown areas view themselves as "takers" in the sense that they basically settled for what was available and within budget.

In the visual survey, we presented four options of interior spaces, all of which received high scores, suggesting that participants would be interested in any of the four. All four interiors appear to be new or newly renovated. The highest rated image displays characteristics like exposed brick walls--clearly in an urban setting; perhaps a renovated warehouse. The furniture is new and fixtures are newly renovated—possibly suggesting that the mix of old and new is appealing. However, it should also be noted that the room depicted is more spacious than the other three options. The second-highest-rated space is a picture from a double shot-gun home in New Orleans. The furnishings look comfortable and traditional, suggesting that modern or contemporary design features are not necessarily preferable to these workers. Notably, the distribution of scores on each image was weighted toward the most positive end of the spectrum—no image had more than 8% of respondents that indicated that they strongly disliked the space.

Figure 3 Four Interior Spaces (Scores represent percent of respondents indicating a strong preference for the space)

Image 1: Score=65%

Image 2: Score= 59%

Image 3: Score=57%

Image 4: Score=50%

One focus group participant observed what is apparent in many areas of the nation where there is an urban renewal and development of residential lofts:

> ***Carol**: I was thinking if they can build like nice loft and condominiums in the nicer setting, then maybe that [will] attract a lot of younger people.*

Schools

There was not a lot of information collected in the study on schools; However, the information that we did collect suggested that schools are important to creative class parents. Most respondents to our online survey did not have children. The focus group comments we received about schools tended to be from people who have children but don't currently live in Downtown. When the topic of good K-12 schools came up in the New Orleans focus groups, participants stressed the importance of having good school choices in the area. One participant mentioned that the lack of education options for his children contributed to his decision to relocate out of downtown to the North Shore. Participants in the New Orleans focus group were sharply critical of the lack of good schools in Downtown:

> ***Sharon:** I think another thing is the school systems. They're awful. Everybody's trying to put their kids in charter school, and then you have the public schools that people that can't get their kids in the charter schools, that's--they have to send them there and that's pretty rough. That's pretty rough, pretty rough environment, and you feel bad for these kids. And you feel bad for the teachers, too, because it's just a rough environment.*

> ***Joel:** I mean, there are no schools Downtown that I know of. Well, There's a Catholic school in the French Quarter, but--.*

> ***Sharon:** No one wants to--typically want to bring their children into those schools.*

> ***Joel:** I mean, it couldn't hurt if there was an excellent school because that's a big piece in a parent's mind for children - where are the kids gonna go to school, are they gonna get a good education, are they gonna be safe, all those issues.*

Outside of New Orleans, schools were not a significant topic in the discussion groups. This suggested to the research team that good schools were not perhaps a feature that is highly attractive to the Creative Class—however the absence of good school options is an important factor that pushes people out of downtown as they move into a parenting life-stage.

Cost of Living

Interestingly, cost of living was not seen by most participants as an important factor when choosing place to live. Participants in our San Francisco focus group acknowledged that the cost of living in the city is one of the highest in the nation. However it was not seen as a push factor driving them to look for options to move out of San Francisco. A telecommuter in one group, who can choose anywhere in the world to live, indicated that she chose San Francisco for its lifestyle, regardless of the cost of living.

In the New Orleans focus groups, we spoke with two artists, each with a second job to augment his and her income. When we asked if they would be more likely to live Downtown if less costly housing options were available, their reaction was the opposite of what we expected. We expected that they would be interested in this type of opportunity because of proximity to their work at venues near Downtown—however, they instead viewed less expensive housing options as a negative attribute because they felt that this type of housing would attract crime.

In a particularly pointed comment, one New Orleans focus group participant expressed his opposition to lower-cost living options:

> ***James:*** *There's enough low rent places around the city. Why can't one group say "I want to build wealth and style" and "I want people to enjoy living here."*

Many of the focus group participants in other cities also appeared to associate a downtown lifestyle with wealth. However, the less well-paid participants still managed to find a way to make life in downtown work, albeit not without difficulty. One San Francisco participant mentioned:

> ***Ricardo:*** *One of the major downfalls [of living in San Francisco] is the cost of living. It's probably the biggest challenge we face.*

When asked whether they might eventually leave in search of more affordable living, focus group participants indicated it was not really a factor that would push them out of the area. Their thoughts on a less costly option typically extended to a different neighborhood, not another city.

New Orleans has an advantage over places like New York or San Francisco in offering a lower cost of living; however, given the feedback from the focus groups, this may not be the best New Orleans Advantage to promote. There are other creative class centers in the US with lower costs of living than New Orleans. Rather, New Orleans' cultural assets, quality of life, and diverse Downtown districts and neighborhoods perhaps offer one of the best advantages for attracting Creative Class workers in the *Industries of the Mind.*

Downtown New Orleans

Downtown New Orleans possesses several of the key assets that offer an advantage to become a successful creative class center; however changes to some characteristics can make Downtown New Orleans more competitive.

The rich history of the area within the Downtown Development Cultural District (and adjacent cultural districts) offers the area a tremendous advantage for increasing revitalization of Downtown as a hub of cultural activity. The presence of diverse Downtown cultural neighborhoods and districts is a key advantage. The diversity of these neighborhoods can be further accentuated through development of architectural design features that reflect the history of each area overlapped with modern features. The DDD currently promotes the differences in the neighborhoods in the DDD footprint on its website. These should be aggressively promoted through tourism partners and should be incorporated into all communications and branding. In addition, future policies can encourage development of diverse high-end housing options that reflect the history of each neighborhood while increasing the population density in the area. This can, in turn, increase demand for high-end retail space while promoting a greater sense of community and belonging. Safety in Downtown neighborhoods has been a top priority for the DDD and ongoing improvements must continue. Redevelopment of some parts of Downtown that have been known for crime may be necessary for Downtown to reach full potential.

The public trolley and bus system is also an advantage, however New Orleans residents indicated that better coordination is needed to make the system more accessible and convenient for people living and working in Downtown. Any changes to the public transportation system can be made in a manner that incorporates Creative Class preferences, such as preferences for accessible shopping, integrated green space, and connectivity between the New Orleans Medical District and other adjacent districts and neighborhoods.

The DDD has made efforts to increase the availability of diverse retail space in downtown and this should continue. Some New Orleans residents felt that they could not find everything that they wanted in the Downtown area; however there was a desire expressed to see the Downtown area become a center for shopping as it has been in the past.

The Reinventing the Crescent project to redevelop the waterway adjacent to Downtown neighborhoods is a significant advantage. Downtown also offers green space at three public parks - Lafayette Square, Duncan Plaza and the Mississippi River Heritage Park. Currently, Downtown residents are never more than a five minute walk from a public green space. Future public space design can build on these advantages, incorporating green space design into new developments. Third spaces abound in Downtown New Orleans offering residents diverse settings to enjoy work and play. Increasing access to wireless Internet and continuing to promote ongoing increases in new and different third space experiences will further strengthen this advantage.

These advantages present Downtown with a strong and compelling opportunity to become a premier Creative Class center. If exploited in a comprehensive economic development strategy that bring businesses into downtown, Downtown New Orleans may experience the type of transformation that has been seen in New York and Boston over the past few decades, as these cities moved from dangerous and declining urban centers to thriving centers of creativity and wealth. Effective coordination is needed between developers, economic development organizations, businesses, and public policy makers to realize this change. The DDD has a unique opportunity to play a role in attracting creative talent, facilitating strategic planning, and enacting changes to move Downtown New Orleans to its full creative potential.

Office + Work and the Creative Class

Interviewer: *Would you consider ever moving to New Orleans?*

Holly*: Not unless there was a job that just blew my socks off.*

This comment came from a teleworker who could chose to live anywhere in the USA. She described herself as someone who loves New Orleans, having visited the city over 10 times. She fondly described many of her favorite cultural assets that New Orleans offers, yet, without a strong opportunity for work, she was not interested in relocating to the city.

One objective of the current research assignment is to identify the office space preferences for Creative Class workers. In the research we found that the office space requirements for workers are highly diverse—ranging from labs to cubicles to "third spaces" to offices with inspiring views. No common office space characteristics emerged as strong preferences that were common to Creative Class workers. Participants had difficulty describing the type of office space they desired—perhaps in part because they do not have much experience in choosing their office environment—rather they just work in the space provided. In some cases, Creative Class workers had suboptimal workspace in their current jobs—however it did not seem to be a major concern. For instance, one worker was employed in a newly built lab where the architects forgot to include separate office space for workers. As a result, workers were forced to share a small and cramped area where each person had a small desk. The solution for this worker was to take her laptop to do more of her desk work in a coffee shop. The total lack of personal office space was not really seen as a problem.

Although definitive office space preferences did not emerge in the focus groups, a number of work-related preferences did emerge. These attitudes are particularly noteworthy because they strongly affect the success that the DDD will have in making downtown a place of choice for Creative Class workers. These attitudes are discussed in this section.

Job Options and Start-Ups

As mentioned previously, one of the most attractive features of Creative Class centers such as San Francisco, Houston, and Austin is the availability of jobs, the ease of switching jobs, and the flexibility that workers have in choosing the firm for which they wish to work. There is not currently a large concentration of businesses in Downtown New Orleans in any of the identified *Industries of the Mind*—at least compared to other cities. **The research team views this as the single greatest challenge that the DDD faces in attracting Creative Class workers.**

In the focus groups, we spoke with workers in several segments of the *Industries of the Mind* — including biotechnology, life and health sciences, digital media, game development, social media, and arts-based businesses. In every single industry segment, we heard the same concern: Workers were reluctant to consider living in any place without a large number of job opportunities that could facilitate easy job changes.

Experience Matters

Biotech workers in our Houston focus groups emphasized that the most important feature affecting growth of the biotech industry was experienced workers. One Houston participant described the need in this way:

> ***Simon:*** *And so, you don't see [in Houston], for example, some of the leading edge innovation in cutting edge minimally invasive devices or some of the work that's being done on obesity, some of these other areas that are really pushing the edge of the envelope because we just don't have as much experienced talent here that you can get.*

They made a point to note that talented or well-educated workers are insufficient to facilitate growth of the industry--only individuals with 20+ years of experience-- in particular with experience in getting pharmaceuticals and therapeutic devices through the FDA regulatory process-- were able to affect substantial growth of the sector. They noted that the major centers for biotechnology—San Diego, San Francisco, Boston, and New Jersey—were home to the major pharmaceutical & biotech firms. As start-up firms in metro areas across the US move through clinical trials, at some point, if successful, they are purchased by a large firm and often at that point the firm's operations are moved to one of these centers. This was seen as particularly frustrating because start-up firms typically are bought and relocate at the point in the development process in which they begin to generate significantly higher levels of employment. In this way, a "home-grown" biotech industry is difficult to maintain or retain in the area. This concern was also shared by biotech researchers in our New Orleans focus groups, one of which commented:

> ***Fredrick:*** *The BioInnovation Center [that] is going up definitely helps. And then, the next question is probably going to be, well, entrepreneurial talent, ability to recruit people here… if I get unemployed here in a startup company, it's not like I can pick up my briefcase and just go to the company next door and ask, well, look, we just ran out of venture capital, do you guys have a job for me. It just doesn't--it's not really like that here. There are no real like resident entrepreneurship programs where you can take a risk, and even if things fail, move on and try something else within the same community.*

A Variety of Opportunities

Workers in digital media and related industries cited a similar concern—they felt that if they wanted to move forward in their careers, they needed to move to a place where they had a variety of opportunities. Similar to biotech, they emphasized the importance of large employers in the ecosystem of the local digital media industry. One San Francisco participant described it in this way:

> ***Justine:*** *Everybody is here. Google's here. Yahoo's here. Apple's here. Like, once everyone goes through the big companies then they kind of funnel out and start their own companies and stuff like that. Google can finance flying out developers from anywhere, right, like flying them in. I only worked there four years with some other guys who started their own companies. So, it just sort of channels people [into the area].*

The major digital media firms in the bay area are essential to the ecosystem of start-ups in this industry. These major anchor firms that recruit top talent into the area serve a dual benefit through spin-off new business start-ups.

A Network of Friendships

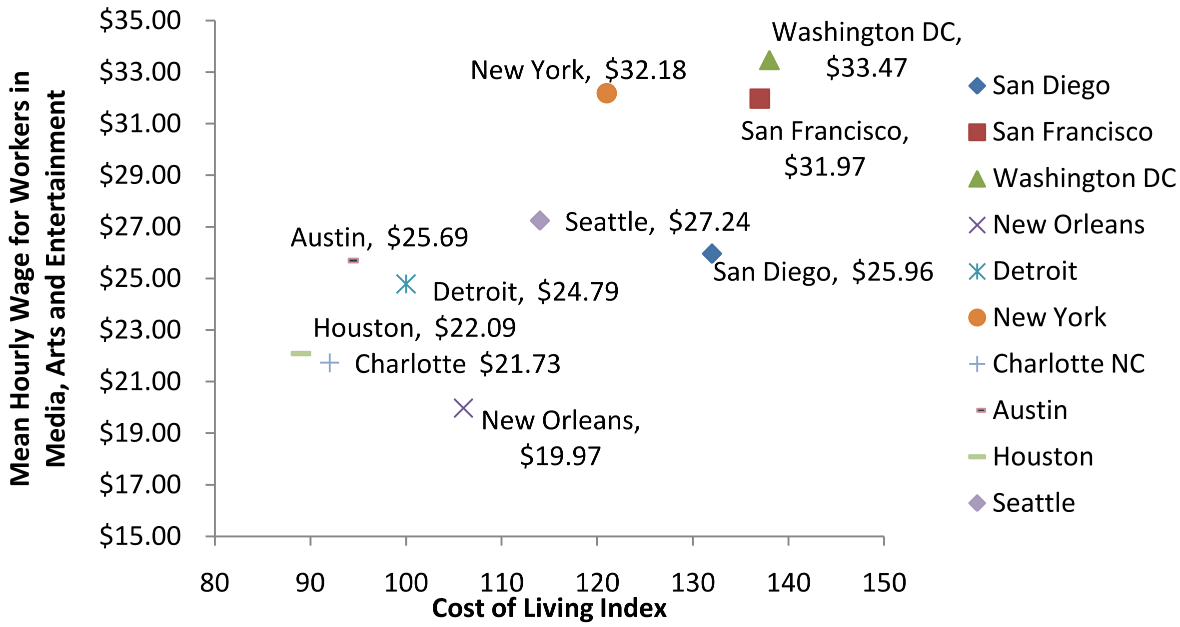
Arts-based business owners we spoke with in Austin had a similar concern, with a slightly different twist: they were hesitant to consider relocating to Downtown New Orleans because they do not have an established personal network in the area. Their networks of friendships were seen as essential to finding gigs. Several of the arts-based business owners we spoke with were also media developers or had some other form of contract work that augmented their income. Without a professional network, they were uncertain whether they would be able to establish and continue to grow their businesses.

Wages & Costs of Living

Wages in New Orleans are lower than that of other Creative Class centers. While this is a disadvantage from the viewpoint of workers, it is a key advantage for attracting Digital Media businesses throughout the US that are being pressured to reduce costs. So long as the supply of qualified and highly-skilled workers is maintained, New Orleans has a natural advantage for businesses looking to relocate, and this advantage can be exploited to attract employers.

Using the Martin Prosperity Index for Cost of Living and the Bureau of Labour Statistics data on wages in media, arts and entertainment occupations, Figure 3 highlights key differences in Creative Class cities. For Digital Media occupations, New Orleans has the lowest wages of the cities we compared, at a mean hourly rate of $19.97 per hour. Similar workers in Austin earn 28% more at an average of $25.69 per hour and workers in San Francisco earn 60% more at $31.97 per hour on average.

Figure 3 Digital Media Wages vs. Costs of Living in Selected Cities



Sources: Bureau of Labour Statistics, Median Hourly Wage for Occupations in Arts, Media, and Entertainment (Digital Media), Martin Prosperity Institute Cost of Living Index, Census Bureau

It is important to make a distinction between an advantage in low labor costs and an advantage in low cost of living. The cost of living in New Orleans is lower than some of the premier Creative Class centers in the US such as New York, San Fancisco and Washington DC; however compared to some competing cities, like Austin, Charlotte, and Houston, costs of living in New Orleans are, on average, higher.

Communication of low-cost labour advantages should be performed in a discerning way. Efforts to attract talented Creative Class workers to New Orleans can highlight cultural experiences and diversity while acknowledging lower costs of living than major centers. Communication and promotion strategies with employers can emphasize statistics and case studies that illustrate how businesses can save costs by relocating to New Orleans, drawing upon the existing base of talent, and attracting workers nationally through New Orleans' cultural assets.

Almost by definition, Creative Class workers are the highest earning demographic. This group of workers includes researchers, attorneys, engineers, computer engineers and other occupations that require advanced degrees and offer high earning potential. Several research studies have demonstrated that workers with Creative Class occupations earn significantly higher wages than average.[4] With this additional disposable income, Creative Class workers look for unique living experiences to enrich their lives. The combination of low labor costs, strong talent, and unique cultural experiences gives New Orleans a natural advantage in attracting *Industries of the Mind*. If these businesses are effectively recruited to the area, the wealth levels in Downtown New Orleans will naturally increase.

Upward Job Mobility

Although the ability to switch jobs with ease came up often in the focus groups, many Creative Class workers we spoke with felt that practically all easy job changes where lateral and that upward mobility was more difficult. Workers who had experienced several lateral moves without the ability to progress to higher levels of responsibility expressed frustration in their jobs and showed a sincere interest in relocation to anyplace offering a significant promotion in position. One participant commented:

> ***Amy:*** *For my type of job at the university, it's like you could throw out a resume and get like 10 calls tomorrow. Yeah, like you just like click, click, click, click, and that's just it--like you choose where you want to work. So, if you wanted to move to a major university, you could. But, if you wanted to do something different-- Like, if I can get the results, then there's upward mobility. Because a lot of times, within health sciences, life sciences, you can work as hard as you want, but like [career development is] limited-- by like even degree. And I'm past the point where I want to go back and spend six years going to grad school, another four years going to post-doc. So, I'd like a job without having to go spend 15 years and start over essentially.*

[4] See "Ontario in the Creative Age" (2009)

The opportunity for career development for workers who have reached a “ceiling” may be a significant factor to pull talented Creative Class workers to New Orleans, if the opportunity exists. When asked about their attitude toward relocating to New Orleans, one participant said:

> ***Amy:*** *I'd be inclined to give it a chance. And I think at this point in my life that career advancement's the number one thing. So, if those factors played into me getting a really nice offer, maybe a work move would be enough.*
>
> ***Interviewer:*** *I saw everybody's head nod. You guys all agree with that?*
>
> ***Group:*** *“Yeah”, [nods]*

Creative Class Attitudes toward New Orleans and Downtown New Orleans

> ***Justine:*** *"When I think of New Orleans, I think of like an old, stuffy, French lady--or not French, but like Southern--Creole ladies and--yeah, or like college kids that are drunk and wearing a lot of beads."*

A variety of attitudes toward New Orleans were expressed in the focus groups. The humorous one quoted above illustrates how a variety of branding messages have made it difficult for many people to envision all that New Orleans has to offer. This worker went on to acknowledge that her mental image is likely incorrect but wondered aloud what the city offers her:

> ***Justine:*** *[In San Francisco, I'm] surrounded by other people who are also interested in the Internet. Almost all of my friends do Internet stuff or art stuff or design stuff --so, if there was a growing community of people like that in New Orleans, then that would probably be the biggest draw by far if I thought there was like a large opportunity there or a community of people like me."*

Generally speaking, most focus group participants held positive views of New Orleans. In particular, those who had previously lived in the city were particularly fond of New Orleans and enjoyed entertaining the thought of returning. Top-of-mind comments on "what comes to mind when you think of New Orleans" included:

- Music/Jazz (11 mentions)
- Partying/Fun/Like Las Vegas (7 mentions)
- Food/Dining (6 mentions)
- Katrina/ "Lots of water" (5 mentions)
- Bourbon Street (4 mentions)
- Humidity (4 mentions)
- Distinct Culture (3 mentions)
- Mardi Gras (2 mentions)
- Open-Mindedness (1 mention)
- "Roaming visual arts" (1 mention)

Younger workers tended to view the city as an intriguing place to explore, however, they were uncertain about the industry opportunities. One participant commented:

> ***Ricardo:*** *It's a cool city. I mean, I went to visit there once like a day there, just tooling around as a tourist basically. It was a really cool city and thought this would be an interesting place to live but never really thought about it after that or anything. And there's [no jobs] really in design or on the web or anything of that kind--that I know about-- that would draw me there. But, it seemed like a cool place.*

Another participant compared New Orleans to Las Vegas noting "You go there for fun and then you go home."

Katrina is a significant feature of the identity of New Orleans in the minds of most of the participants we spoke with. When asked what they think of when they think of New Orleans, one participant answered:

> ***Amy:*** *It's been a city that's always intrigued me and I meant to visit like before Katrina... And I would still be interested to visit. But, in light of everything that has gone on there, I more see it through documentaries or specials or that sort of stuff.*

For older focus group participants, New Orleans often brings up thoughts of crime, corruption and violence. One 38 year old participant commented on the crime:

> ***Holly:*** *I don't dwell on the bad, but crime used to be a big part of how I pictured New Orleans, because I knew it had a pretty high crime rate for its population. But, that's not the first thing that popped to mind. It's kind of low on the list, but it's there.*

Another older participant, age 41, reluctantly shared a candid view (and hoped not to offend the research team):

> ***Harris:*** *But, the corruption plays into a mindset I have. Whether this is true or not, I think of New Orleans government as being incompetent. And it may not be, but the corruption sort of plays into a pre-existing mindset that it's a fun city to go as a tourist but you don't want to live there. Sorry for that prejudicial mindset. I'm sorry about that.*

A recent visitor to the city mentioned:

> ***Nancy:*** *I wanted to--when dark came, I wanted to go back home. I wanted to be in my hotel. I didn't feel real comfortable. But, as far as like the shops and the different restaurants, I enjoyed that.*

New Orleans residents in our focus group were more critical of the crime—which these workers viewed as a particularly big problem for Downtown.

> ***Carrie:*** *I love the city, love to live in it. But, as a woman--I don't know about from a man's perspective, but from a woman's perspective, I would be afraid to live in the Downtown area. The violent crime--it's not so much crime, but it's violent crime. I mean, every day you hear about people were shot and people getting caught in the crossfire that weren't even involved in it. And so, not so much crime as far as burglaries - violent crime. As a woman, it's very scary.*

Local residents in the New Orleans focus groups had difficulty differentiating the DDD from the City of New Orleans. For these residents, "Downtown" is synonymous with City Hall. When soliciting recommendations to improve Downtown, essentially all recommendations were ones that were directed at the City:

> ***Joel:*** *One of the things, other than the crime, is the streets, the absolute worst streets and they're horrible at fixing the streets. So, tell the Downtown Development District to fix the streets.*

Outside of these observations, responses were sort of mixed. Some participants viewed New Orleans as a place that has a very strong or dominant culture and that finding a place to belong in this culture would be difficult or impossible. One participant commented:

> ***Ricardo:*** *Yeah, it doesn't strike me as like--and I could be totally wrong, or have like an inaccurate perception. It doesn't seem like a very diverse kind of place. Like it has--it seems like a very strong kind of culture to it. It definitely has a different kind of--a special accent from being there and the language and the food and all that. But, it seemed like it has its own specific culture instead of like a place where there's, I guess, diversity.*

On the other hand, a participant in our Austin focus group commented on how he viewed New Orleans as open-minded:

> ***Jack:*** *I definitely feel like New Orleans shares, in some way, the open-mindedness that Austin has. I would feel like people I've known from New Orleans seem to gel well with people from Austin because they share that kind of--not only the southern hospitality thing, which I think you find in Texas and Louisiana, but also the--just general open-mindedness to social issues and things like that.*

Reasons to Relocate

To further explore attitudes toward New Orleans, in each focus group we presented participants with a set of "Reasons to Relocate" to New Orleans. In this section of the focus groups, we presented information about New Orleans on a set of topics and asked whether any of these reasons strongly appealed. Topics included strengths of the local economy, New Orleans' unique culture, Arts/Entertainment venues, lifestyle characteristics, altruistic reasons to relocate and other topics. Generally speaking, none of our "Reasons to Relocate", with the exception of altruistic reasons, were strongly appealing.

Among the digital media and arts-based business owners, the interviewer suggested that New Orleans needs their help to rebuild - not just the physical structure, but the creative core of the city, to help save what could be lost from Katrina and help us re-invent and resurrect New Orleans. The interviewer asked if these workers would be interested to help rebuild—interested enough to move to New Orleans. This opportunity very strongly appealed to these workers. Some comments we received included:

> ***Jack:*** *I like the community involved in that idea. I mean, Austin definitely has a community, but, because it's existed and the community here is already so strong, some people seem to be set in their ways. But, I feel like, in a situation like that, it may be people would feel even more, since it is rebuilding the cultural and artistic core, like you were saying, it may even feel a bit more like a*

team effort. And that's a really cool idea, to relocate there and then become part of something instead of just being a part of something because it's always been here.

Scott: *And there's a feeling of responsibility, too, as an American, having something like this that you can help rebuild, and as an artist, too, having an artistic center like this to be able to help rebuild, it's a really attractive idea.*

Ricardo: *That's interesting. Of everything you've mentioned, that's the one that is most attractive to me because I like having a cause I can invest in in my life. And so, frankly, if I were to move to New Orleans, it would be more to help rebuild it than it would anything else, because that would seem to me to be a worthwhile use of my time.*

It should be noted though, that the idea to help rebuild New Orleans had sort of a polarizing effect on the participants. While some were intrigued or even energized by the idea, others whose relocation choices might be more informed by career considerations often responded (with some level of embarrassment) by stating that the altruistic reasons are not enough. It seemed to the research team that these participants felt somewhat self-conscious about saying that they were not willing to make move to New Orleans to help out, unless it was combined with financial benefits. When we asked participants in one group if they would move to New Orleans to help rebuild the city’s creative core, one person responded: “Will they pay me?”

Others were intrigued by the idea of living in New Orleans as sort of a short term experience, for a mix of altruistic reasons and the opportunity to explore the place. One person commented:

Ricardo: *I'm like, yeah, I can move and try it out for a year. If I don't like it, I can always come back or go somewhere else.*

Sources of Information

As might be expected, online resources were seen as the main places to obtain information about Downtown New Orleans. When the research team asked participants where they would go to get more information about Downtown New Orleans we receive responses such as:

Amy: *I'll Google it.*

Holly: *Well, I mean, if I were seriously thinking about living there or getting a job there, I would go to Craigslist and see if New Orleans has a community on Craigslist.*

Justine: *Twitter, Face Book, Bebo- my big three.*

The information that was most commonly sought was information on jobs and employers. Information on specific employers was seen as the most beneficial, followed by community and professional networking sites where workers outside of New Orleans could connect personally with workers in New Orleans. Industry networking sites were top considerations for digital media workers and arts-based business owners, in particular. They looked to these resources to help them identify networks to find contract work or performance venues.

Generally speaking, workers in digital media and arts did not find government-sponsored information websites as helpful. One participant commented:

> ***Ricardo:*** *I distrust 'city guide' kind of sites that are usually all kind of sponsor based kind of things. But sometimes, I come in contact with a non kind of sponsored space with information and resources that are helping companies to get the word out about what they're doing.*
>
> *So, like creating [a website that shows] "Here's the city of New Orleans. We're a great city to live in. Here's why. We've got a lot of great businesses."-- that's nice, but what about those actual businesses and organizations that are in New Orleans?*

Like the comments of the digital media worker above, workers in other industries are interested in high-quality and detailed information that helps them to find jobs at specific employers. A participant in our Houston biotechnology focus group asked:

> ***Nathan:*** *I mean, how many biotech companies are there in New Orleans? You've got a directory of them. I'd like to see it.*

Clearly, connections into the local industry are a top interest for these workers and resources about Downtown as a place should make learning about the Downtown job market easy and personal. It is the connection with specific businesses that these workers are looking for—both with hiring managers and with potential fellow employees.

Community-based information sources were also seen as the best resource for learning about quality of life in New Orleans. Internet chatter on blogs and connections with individuals living in New Orleans were seen as the best places to learn about the real New Orleans lifestyle.

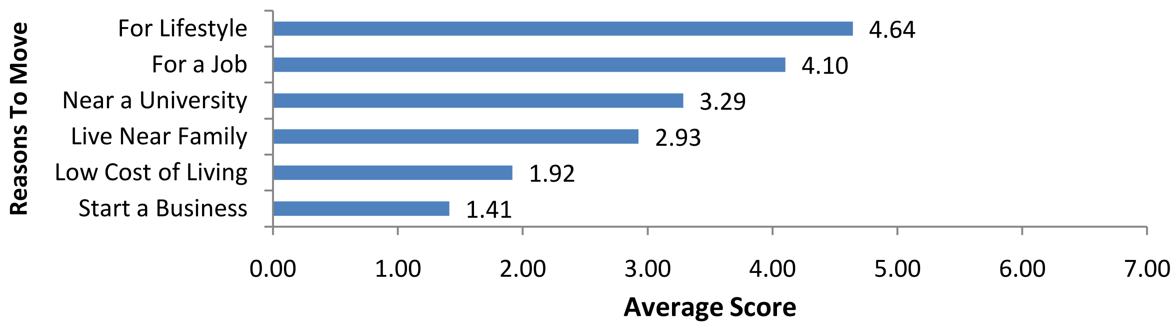
Visits to New Orleans, for vacation or for a conference, were also mentioned as ways to gather information about Downtown New Orleans. The DDD works closely with the New Orleans Convention and Visitors Bureau to promote Downtown. Messaging and branding of Downtown can position Downtown as a centre for business and also promote New Orleans' neighborhoods beyond the French Quarter as places to explore.

On-Line Survey Results

Reasons to Move

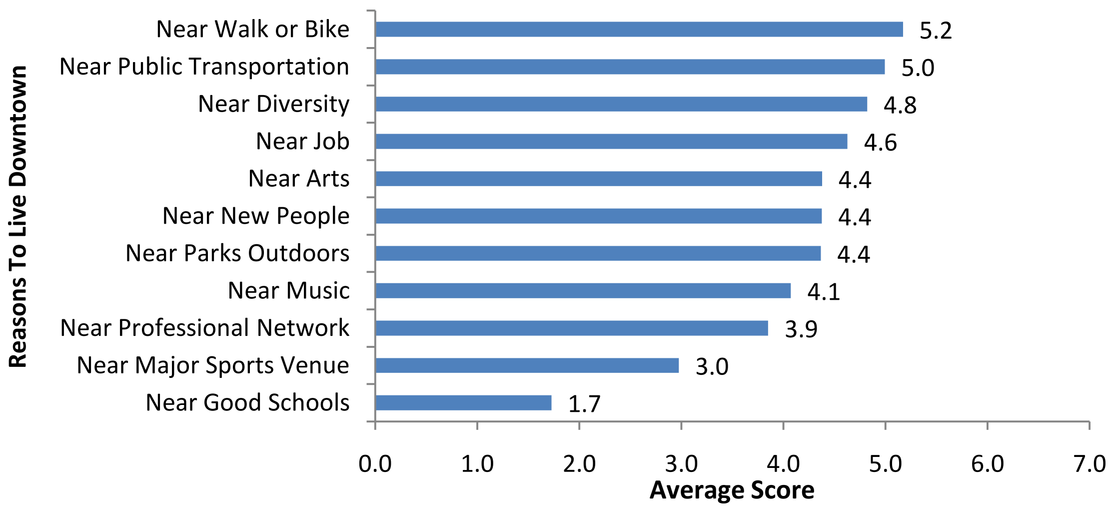
Most Creative Class workers moved to their current location for lifestyle reasons. Jobs were also very important decision factors. A smaller portion of respondents indicated that they moved where they live to attend a university or live near family. Most workers indicated that low cost of living did not have much impact on their relocation. Only a very small percentage of workers (1%) indicated that starting a business strongly influenced their decision to move.

How much did each of the following influence you to move where you live now?



Most workers indicated that the availability of walking and bike paths and proximity to public transportation strongly influenced their decision to move specifically to downtown. Diversity was the third highest rated factor influencing workers to relocate to downtown, followed by living in proximity to work. The availability of arts, outdoor parks, and live music all received higher than average scores. Proximity to sports venues and good schools did not much influence their decisions to live downtown.

How much did each of the following influence you to live downtown?

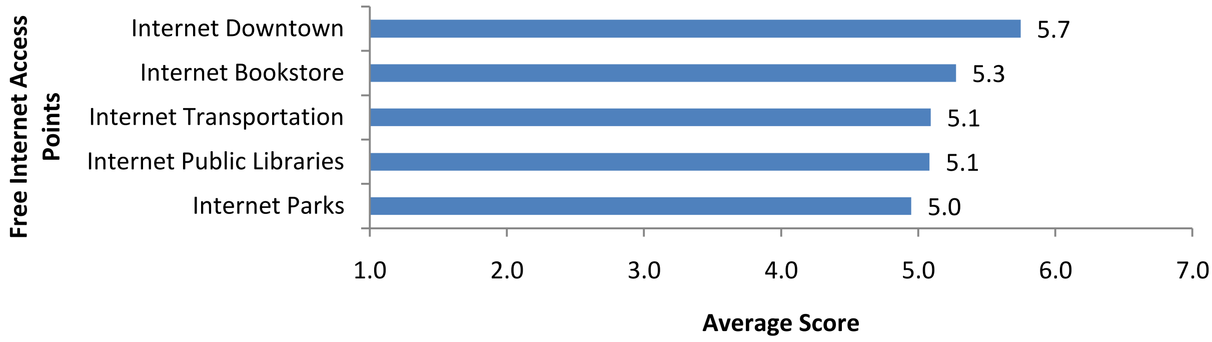


Free Internet Access Points

Response to the survey shows that Creative Class workers would use free Internet at all of the proposed access points. "Throughout Downtown" elicited the greatest response, with over 60% of the respondents ranking it as a service they would use very often.

The four occupations that were most likely to utilize free access to the Internet were: Education, Law, Healthcare, and Digital Media. Several of the Digital Media participants in the Austin, TX focus group indicated a high propensity for working on a freelance basis. Since freelancing typically does not tie a digital media employee to an office or specific desk, they could often work within various downtown areas such as parks, restaurants or local coffee shops.

Which of the following (free Internet access points) would you be likely to use, if available?

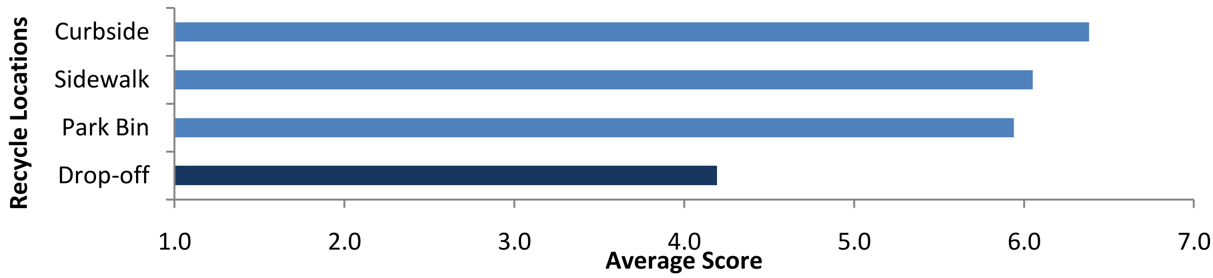


Recycling Bin Locations

Most workers indicated that they would support each of the recycling choices which were presented during the questionnaire. Curbside, Sidewalk, and Park Bins were the highest rated choices made by the 400 respondents.

Drop-off recycling centers were not as popular as the other three options. By definition, the survey population was restricted to workers that live in a five mile radius from the center of a major US city. Since these areas are often congested with automobiles, trucks, buses, and pedestrians, it may be an inconvenience for the workers to transport recycled goods from their residence to a drop off center.

How likely is it that you would use a recycling bin at the following locations?



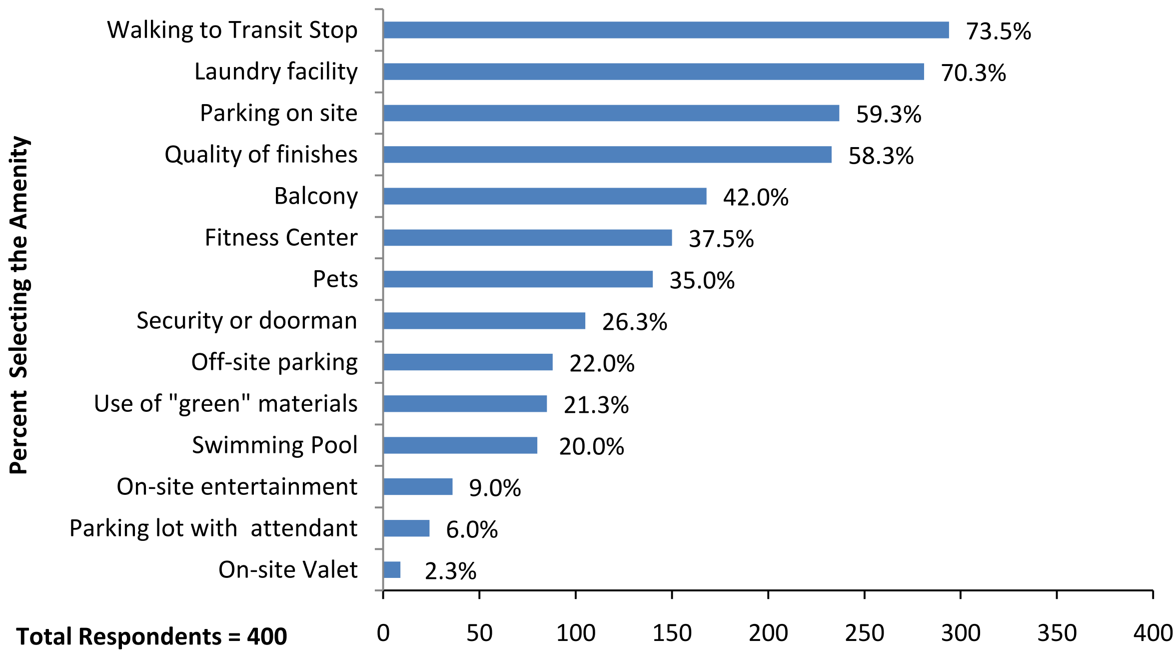
Residential Amenities

The highest-rated residential amenities included:

- Ability to walk to a transit stop,
- Laundry facilities,
- Parking on-site, and
- Quality finishings.

High income earners earning $150,000 or more also indicated that fitness centers and balconies were important amenities (they preferred these amenities 20% more often than those who earned $50,000 or less annually). Amenities such as on-site entertainment, parking lot attendants, and on-site valets were consistently ranked low across all demographics.

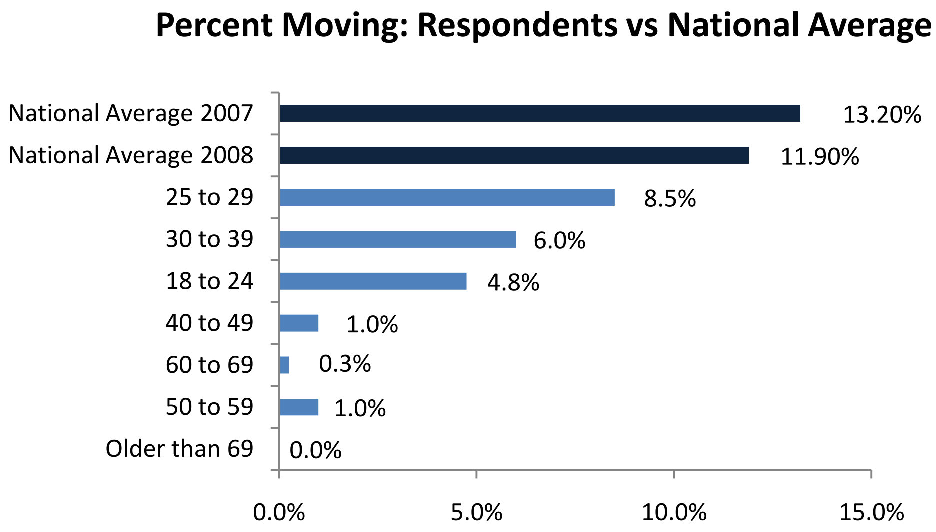
What types of residential amenities are most important to you when choosing a residence?



Planning to Move

The majority of the Creative Class workers were not planning to move (79%). This finding parallels the 2008 Census Bureau national mover rate. In 2008, the move rate, which represents the percentage of Americans 1-year old and older who moved within the past year, hit its lowest since 1948. Our survey of Creative Class workers was performed in December of 2009 through January 2010 and found that intentions to move in the near term are lower than the 2008 mover rate for the nation.

Are you currently planning to move from your downtown or urban residence?



Visual Images Survey

In the visual images survey, respondents were presented with four images depicting places in downtown. The places included transit shelters, urban plazas, modes of transportation, residential exteriors, and residential interiors. The images depict differences in design. Some depict designs that have incorporated green space or landscaping. Others represent modern and contemporary design features. Some of the images are pictures of places in New Orleans while others depict places that could be anywhere in the US. Our goal in the visual preferences survey was to evoke responses from Creative Class workers that can be used to guide civic planning design decisions that make Downtown an attractive place for Creative Class workers. As noted throughout this report, the diversity of places and design features are perhaps more important to Creative Class workers than a preference for one particular style. Nevertheless, it is helpful to have a sense of the types of spaces that Creative Class workers generally prefer.

Visual Image – Transit Shelters

In the visual images survey, 53% of respondents gave a score of 6 or 7 on a 7-point scale to Image 1 in the upper left. The image features a modern design in an enclosed area protected from weather. The image contains green features in the background. The second-highest scoring image is Image 2, which 45% of respondents scored with a score of 6 or 7. This image also contains green features and a contemporary design. Image 3 depicts a artistic design in the transit shelter and it scored slightly lower with 41% of respondents indicating a strong desire to see this shelter in the place where they live. Image 4 was one of the lowest-rated images in the survey. The functional but plain design offers protection from weather but lacks appeal to Creative Class workers.

Figure 5: Four Transit Shelter Options (Scores represent % of respondents indicating a strong preference- score of 6 or 7)

Image 1: Score=53%

Image 2: Score= 45%

Image 3: Score=41%

Image 4: Score=23%

Visual Image – Urban Plazas

Among urban plazas, response was overwhelmingly positive for Image 2 that depicts a tranquil natural park in an urban setting. This image was the highest rated in the entire visual images survey. It leads us to believe that the presence of urban parks similar to the one depicted is a key preference for the Creative Class. The second highest rated image is Image 4 which depicts people relaxing around a fountain in an urban setting. Focus group participants described waterfront settings as attractive and it appears from the scores that the same may be true of plazas that incorporate water into a green space design. An image from the French Quarter scored well with 55% of respondents giving the image a score of 6 or 7. The lowest scoring image depicted a modern art installation. The installation is interesting, but lacks broad appeal to Creative Class respondents.

Figure 6: Four Urban Plaza Options (Scores represent percent of respondents indicating a strong preference)

Image 1: Score=41%

Image 2: Score= 81%

Image 3: Score=55%

Image 4: Score=71%

Visual Image – Modes of Transportation

In the survey, the question we asked respondents was “Would you like to see this where you live?” Judging from the responses, people want to have public transit available where they live. Image 1 received the second highest score in the entire survey. The image depicts a new and modern electric-powered light rail in an urban setting. People entering the rail line appear to be commuters and the entrance appears elevated and safe. The image of the bicyclist had the second highest score. The cyclist is on a designated bicycle lane with active traffic in the background. 53% of respondents have a high score to Image 3 of the New Orleans streetcar in a green setting. The image of automotive traffic received the lowest score in the survey.

Figure 7: Four Modes of Transportation Options (Scores represent percent of respondents indicating a strong preference)

Image 1: Score=81%

Image 2: Score= 56%

Image 3: Score=53%

Image 4: Score=24%

Visual Image – Residential Options

Image 2 received the highest score of the residential exteriors. As mentioned earlier in the report, the image depicts a mixed-use setting with street-level retail space on the ground floor, residential space above, wide sidewalks, and adjacent green space that is well-lit. In the background there are tables that might offer places for friends to relax. Image 3 depicts architecture common to New Orleans. 60% of respondents gave the image a high score suggesting that modern high-rise or mid-rise design is not necessarily preferable to urbanites living in downtown areas. Images 1 and 4 received lower scores. Image 1 depicts a contemporary design that is chic and appears luxurious, but these features in this image did not appeal as strongly to Creative Class respondents. Perhaps this is because the image does not seen to promote a sense of community. Image 2 and 3 both portray living space that gives a neighborhood feel with balconies and a front porch.

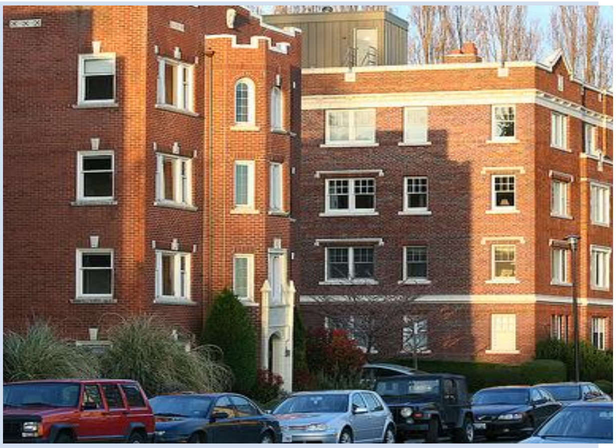
Figure 8: Four Urban Residential Options (Scores represent percent of respondents indicating a strong preference)

Image 1: Score=38%

Image 2: Score= 62%

Image 3: Score=60%

Image 4: Score=46%



Visual Image – Residential Interiors

All of the residential interiors we presented received high scores from respondents. Image 4 received the highest scores. The image depicts a living room with exposed brick walls that is reminiscent of a remodeled warehouse. This may suggest that the connection with a historical setting is preferable. However, the space depicted is also the largest space of any of the residential interiors we presented. Image 3 was the second-highest rated image and depicts a New Orleans style living room with traditional furniture that appears to be comfortable. Images 1 and 2 both depict modern small spaces that are well-designed and functional.

Figure 9: Four Urban Residential Interiors (Scores represent percent of respondents indicating a strong preference)

Image 1: Score=57%

Image 2: Score= 50%

Image 3: Score=59%

Image 4: Score=65%

Visual Image – Key Observations

On the next page, all of the visual images are presented along a scoring scale that ranks images from lowest scores (on the left) to highest scores (on the right). The images furthest to the left with the lowest scores depict automobile traffic and a plain and functional transit shelter. Clearly, these images are the least preferable to Creative Class workers living in downtown areas and these sorts of scenes should be minimized in Downtown New Orleans. Street traffic is an essential part of any urban area, however, workers clearly wish to avoid it where possible.

Some of the "artsy" images such as the art installation in an urban plaza and the colorful transit shelter also had relatively low scores. This was somewhat surprising to the research team. Perhaps there is a distinction that should be made between smart creative design and "art for art's sake." The presence of art installations alone does not appear to be so important to the Creative Class, whereas a creative design that is functional and green does appeal to them.

A number of images depicting residential interiors and exteriors are clustered in the middle of the image scale. This may confirm findings in the qualitative research that workers are less likely to express strong preferences for different residential design features and view themselves as "takers" when it comes to residential space. It should be noted however, that we did not present images of residential spaces that appeared run-down or dangerous. It is likely that these sorts of places would evoke negative responses. But generally any remodeled, new or modern space is appealing, regardless of design style.

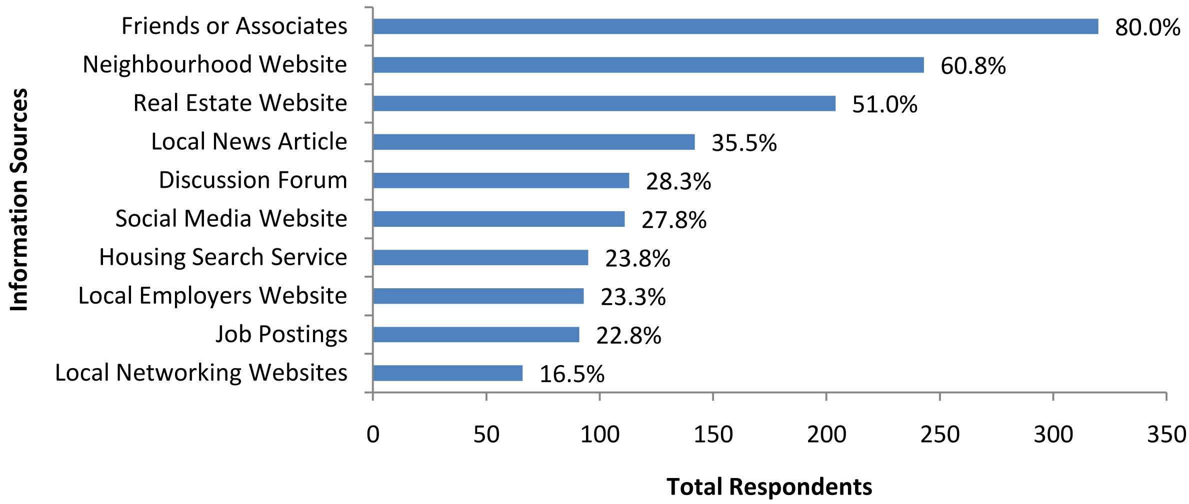
The images that evoked the strongest positive scores were images that contained green space, the image with a fountain, and the image of modern, new public transportation. Clearly green space and natural/semi-natural settings are a priority for Creative Class workers as is access to convenient public transportation. Focusing efforts on these two areas will be essential to successfully attracting and retaining Creative Class workers in Downtown New Orleans.

Least Desirable
Most Desirable
Residential Options A: 4.58
Shelter B: 5.03
Modes of Transit B: 5.47
Residential Options B: 5.64
Shelter D: 4.04
Shelter C: 4.73
Interiors B: 5.20
Interiors C: 5.51
Residential Options C: 5.58
4
5
6
Residential Interiors A: 5.37
Urban Plaza A: 4.58
Residential Options D: 5.09
Interiors D: 5.65
Modes of Transit A: 6.24
Urban Plaza C: 5.38
Shelter A: 5.00
Modes of Transit D: 4.04
Urban Plaza D: 5.94
Modes of Transit C: 5.39

Information Sources Used to Inform a Move

The last topic covered in the survey was a question on the sources of information that Creative Class workers used to inform their most recent move. A majority of Creative Class workers reported consulting friends or associates when gathering information about the best places to live. Neighborhood and real estate web sites were the most widely utilized information sources involving the Internet. Technology-based information sources, involving real estate web sites, appealed equally to all age groups, including older age groups; however, websites established by local neighborhoods were accessed less frequently by participants over age 40.

When you moved to where you live now, what types of information sources did you use to inform your move?



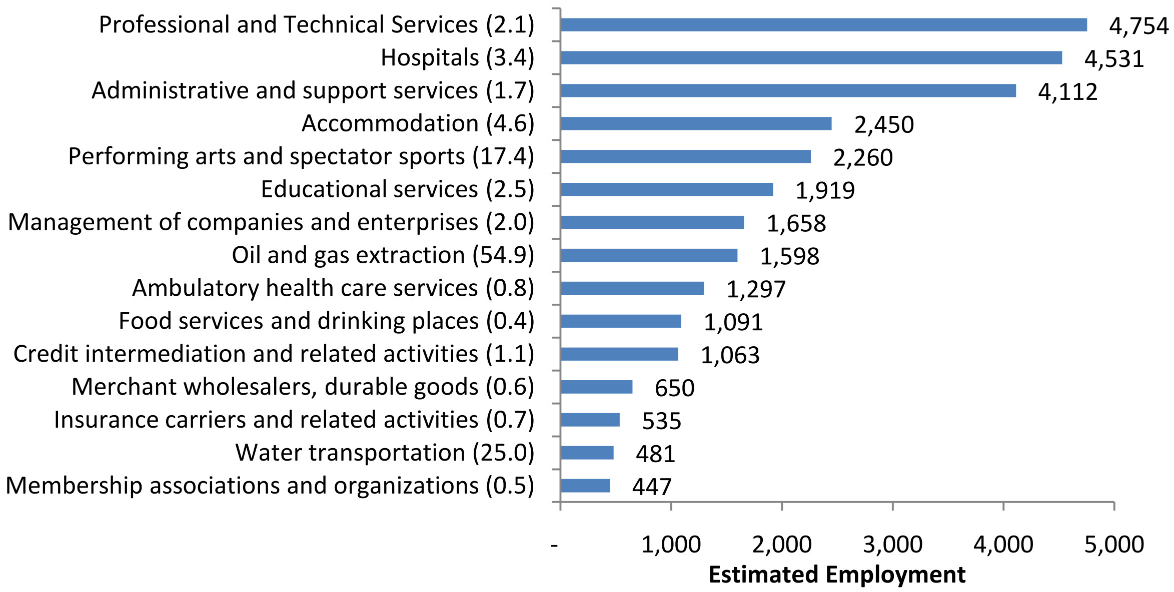
Economic Development Recommendations

Comparisons with Creative Industries Centers

As a point of departure for evaluating economic development alternatives, the research team performed an evaluation of the industries that are heavily concentrated in the downtown areas of cities that have high Creative Class index scores in Rise of the Creative Class in addition to Downtown New Orleans. We began by calculating the location quotient[5] of industries in the downtown portion of these cities. Industries within a city with a location quotient greater than one (1) have a competitive advantage. This gave us a clear picture of the industries that are heavily concentrated in downtown areas for successful Creative Class cities.

In evaluating the economic base of New Orleans, we selected zip codes that included the DDD footprint, as well as zip codes that are immediately adjacent to Downtown. This included some areas of the French Quarter and the Greater New Orleans Biosciences Economic Development District (GNOBEDD), which are important to the Downtown area. Industries that contribute to the Downtown New Orleans economic base include healthcare, professional and technical services, hospitality, performing arts, sports, administrative services, banking, oil and gas and education.

Figure 4 Downtown New Orleans' Employment Estimate in Top 15 Industries (Location Quotient in Parentheses)



Source: Zip Code Business Patterns (2007); Analysis and estimates by RDA Global

[5] The Location Quotient Analysis Technique is perhaps the most commonly utilized method for analyzing the industries comprising the economic base of a geographic area. This technique compares the local economy (in this case a downtown area) to the total US economy. In our analysis, the industries in each downtown area that have high location quotient scores represent *specializations* in the local economy—these are industries that are highly concentrated in the downtown area. The location quotient technique is based upon a calculated ratio between the local economy and the total economy of the US. For more information see: http://www.answers.com/topic/location-coefficient

The industries in Downtown that have high location quotients may be considered as target industries for growth and retention. At the same time, special attention should be given to the industries that are the largest employment centers. The existing clusters of these businesses are essential to attracting new business into the area.

In most of the downtowns we evaluated, the *Professional and Technical Services Industry* had the highest location quotient. Businesses in this industry segment include firms specializing in software development, scientific services, law, accounting, engineering and other professional services—many of which are major employers of Creative Class workers. Downtown New Orleans has high location quotient for professional and technical services at 2.05. This means that there are about 2.05 times as many professional services workers per capita working in Downtown New Orleans than there are in other areas of the US. Generally speaking, a location quotient greater than one indicates that the industry is a strong component of the local economic base, and at 2.05 this is the case for professional services in Downtown New Orleans.

Although Downtown New Orleans has a high location quotient for professional and technical service industries, the location quotient of the downtown areas of other Creative Class cities are higher--ranging from 2.40 in Boston to 5.17 in Houston. For businesses that are planning to relocate, New Orleans will face significant competition from these cities which have better developed clusters of professional services firms. As with any downtown area, retention and attraction of the professional and technical services businesses in the DDD is critical.

Other industries that are concentrated in Creative Class downtowns include banking, corporate headquarters, real estate firms, and publishing industries, among others. Downtown New Orleans has a slightly higher than average location quotient for banking industries: 1.14 for commercial credit banking and 1.61 for securities and investments. Downtown New Orleans has a location quotient of 2.0 for corporate headquarters.

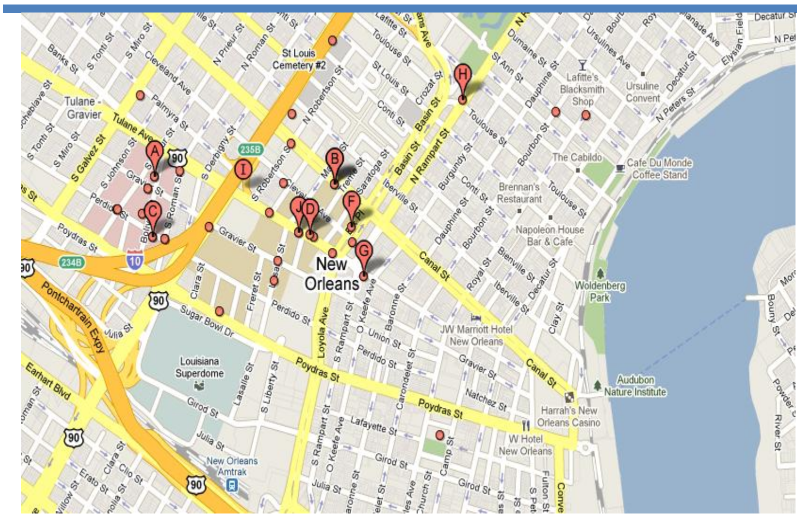
New Orleans has a low location quotient of 0.18 for publishing industries. Digital media and publishing industries are obviously related, although not all digital media work is performed by publishing firms. Nevertheless, publishing industries are an important component of the *Industries of the Mind*.

Tourism and entertainment industries are highly concentrated in both Downtown New Orleans and other Creative Class downtowns; this includes hotels, performing arts, sports centers, museums, and restaurants. New Orleans has obvious strengths in entertainment and hospitality, with strong positive location quotients for hotels (4.63) and performing arts/sports venues (17.37). With a large number of conventions and sports events, as well as revitalization of the theatre district and museum district, the DDD is encouraging growth of restaurants and bars throughout the area.

Among peer cities, Downtown New Orleans had the highest location quotient for Educational Services (LQ=2.48). This reflects the presence of the University of New Orleans, LSU Health Sciences Center, Tulane University Hospital, Tulane School of Public Health, Tulane University Health Sciences, and Louisiana State University Medical School, all of which are in or near Downtown New Orleans.

Downtown New Orleans also has a strong position in Oil and Gas. Retention of these businesses will be important because they create a significant number of high-paying jobs in Downtown.

Universities In and Near Downtown



Source: Google Maps

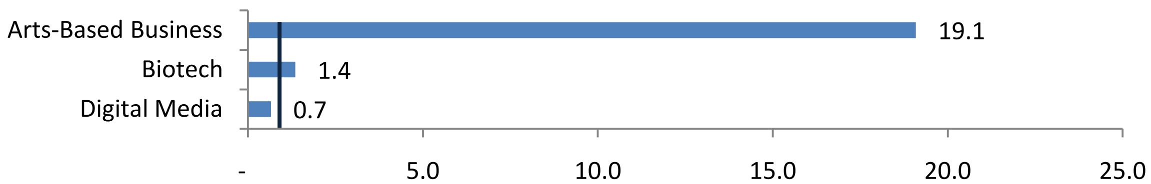
Three Target *Industries of the Mind*

There are three target *Industries of the Mind* that have been evaluated in this study:

(1) Digital Media
(2) Biotech & Life Sciences
(3) Arts-Based Businesses

Looking specifically at these three sectors individually, Downtown New Orleans has a strong advantage in arts-based businesses and a slight advantage in biotech. Downtown New Orleans is at a disadvantage in digital media.

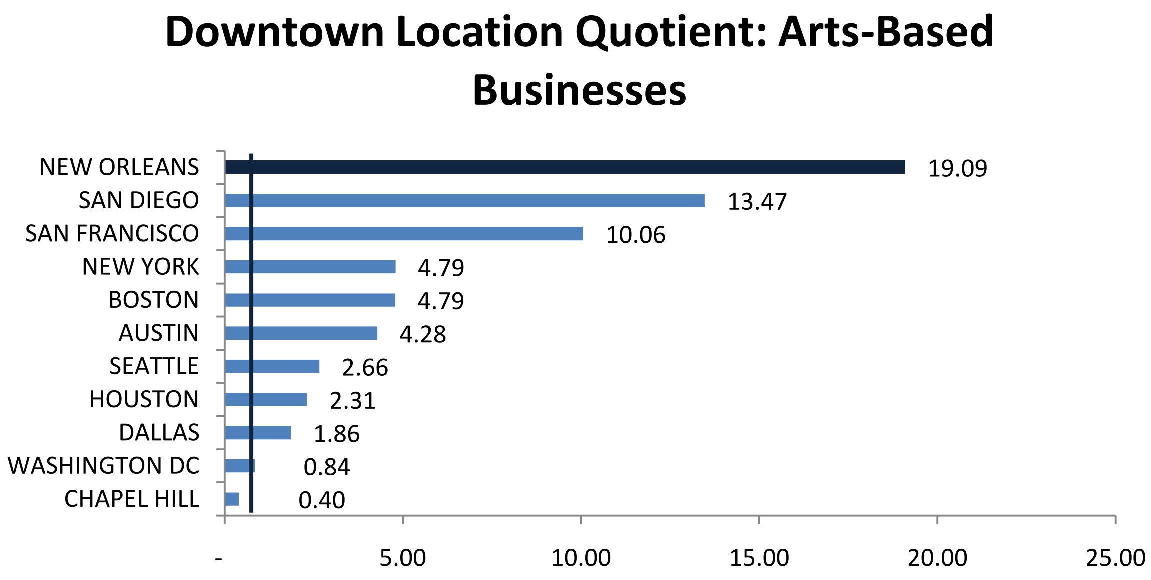
Downtown New Orleans Location Quotient for *Industries of the Mind*



Source: US Census Zip Code Business Patters, RDA Global; Notes: **Digital Media** includes NAICS 511 Publishing, 512 Motion Picture and Video, 515 Broadcasting, 516 Internet Broadcasting, 5414 Specialized Design (incl. graphic design), 5419 Market Research, Photography, and Related Services, 541612 Marketing Consulting, 5418 Marketing and Advertising, and 541511 Programming Services. **Biotech** includes 54171 Research and Development in the Physical, Engineering, and Life Sciences. **Arts-Based Businesses** includes NAICS 7111 Performing Arts Companies, 712 Museums and Cultural

Establishments, 453920 Art Dealers, 711310 Promoters of Live Performing Arts Productions (e.g., concerts), and 711320 Arts and Events Managers.

Compared to other downtown areas we studied, Downtown New Orleans has the highest location quotient for arts-based businesses. It is important to note that the location quotients we calculated include *only* the downtown areas of each city. For instance, Austin has a strong arts-based business sector, however it is not concentrated in Downtown Austin. New York obviously has a large arts-based business sector, however, arts-based businesses represent a relatively small share of the NYC economy in Midtown and Lower Manhattan. Arts-based businesses contribute significantly to Downtown New Orleans' economy.



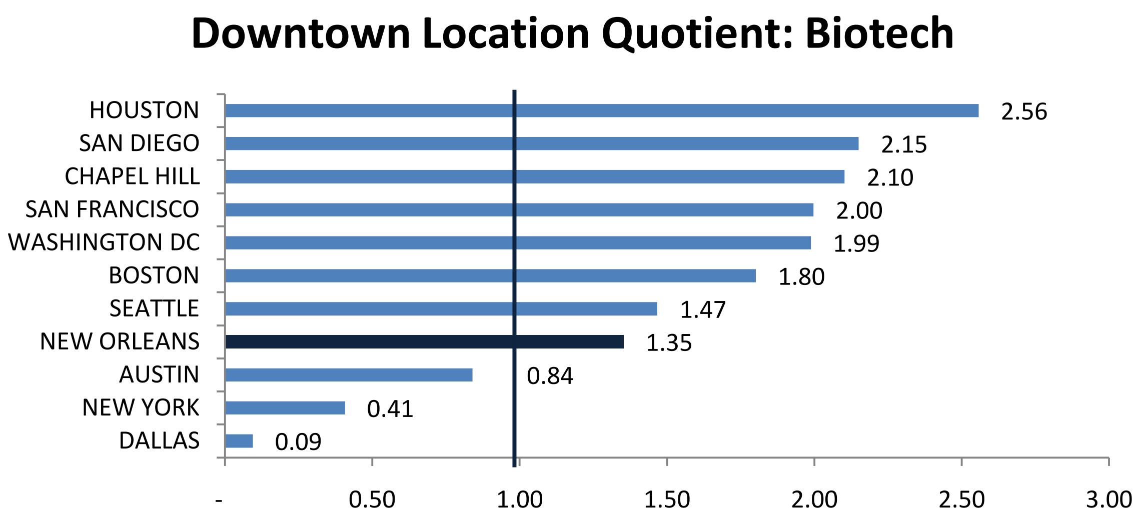
Source: US Census Zip Code Business Patters, RDA Global ; Notes: **Arts-Based Businesses** includes NAICS 7111 Performing Arts Companies, 712 Museums and Cultural Establishments, 453920 Art Dealers, 711310 Promoters of Live Performing Arts Productions (e.g., concerts), and 711320 Arts and Events Managers.

Biotech

Most of the peer cities that are Creative Class centers do not have highly developed biotechnology sectors located in their downtown areas. Greater Boston, Greater San Diego, the San Francisco Bay Area and New Jersey (across the river from New York City) do have highly developed biotechnology research sectors, but these sectors are not located in the downtown areas of these cities. All the cities evaluated have biotechnology location quotients of less than one.

The biotech sector in Downtown New Orleans is growing. According to the New Orleans Regional Biosciences Initiative, the LSU & VA hospitals presently account for approximately 6,000 jobs and $1.3 billion in annual economic impacts. Additionally, Tulane University Health Science Center will account for approximately 13,000 jobs and $1.2 billion in annual economic impacts. Both LSU and Tulane are included within the region's 2.4 square mile Medical District which is adjoining to the DDD footprint. This significant development for the City of New Orleans should be supported, where possible, with viable transportation, shopping, and dining options to form natural walkable connections between all of Downtown and the Medical District.

Since most cities do not have a biotech center in close proximity to downtown, the proximity of the New Orleans Medical District and GNOBEDD to Downtown New Orleans offers a unique advantage for Downtown New Orleans. With the proper connections into Downtown, professionals in New Orleans' biotech sector can take advantage of Downtown's rich cultural neighborhoods. Since this advantage is relatively unique to Downtown New Orleans, preferences of biotech workers should be particularly reflected in the environmental features of Downtown—in particular convenient transportation, high-end shopping, safety, and diversity of cultural experiences. While lifestyle options alone are unlikely to attract biotech professionals from other cities to New Orleans, a diverse array of living, dining, shopping, and entertainment options in nearby Downtown will complement efforts to grow New Orleans' biotech sector.



Source: US Census Zip Code Business Patters, RDA Global; Notes: **Biotech** includes NAICS 54171 Research and Development in the Physical, Engineering, and Life Sciences

Digital Media

In the digital media sector, New York has the highest location quotient, due primarily to the publishing industry. Media and broadcast-related activities contribute greatly to digital media industry in Washington DC. Downtown San Francisco and downtown Austin both have high location quotients for digital media, led by high-tech digital media. New Orleans has the lowest location quotient for digital media of the cities we compared with a location quotient of 0.66.

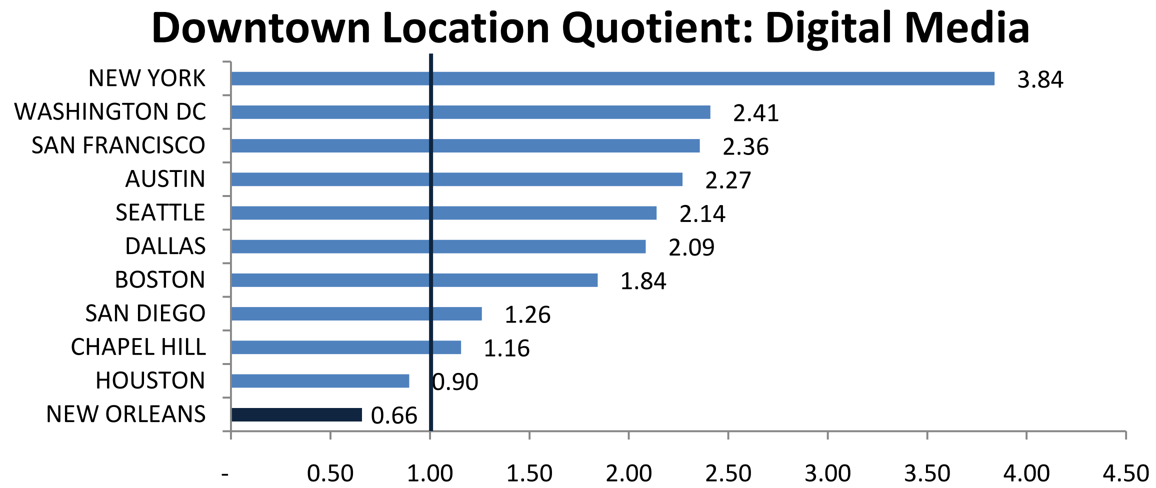
Attracting, expanding, retaining, and starting digital media business in Downtown New Orleans will require a targeted strategy that builds on available tax credits and New Orleans' creative environment. As mentioned by one of the focus group participants in San Francisco, the presence of major multi-national media firms like Google, Apple, and others is one of the most important drivers of growth of the industry locally. This is because these large firms attract smart, innovative workers who later branch out to form new businesses, creating more digital media jobs and expanding the industry. Local "organic" growth of this industry is an alternative, however, it is not likely that locally-grown business start-ups will grow quickly.

Tax credits made available by the Louisiana Legislature are some of the most important tools available for growing the sector. The State of Louisiana Digital Interactive Media Incentive provides a sellable tax credit of 25% of qualified production expenditures for state-certified digital interactive productions in Louisiana and 35% tax credit for payroll expenditures for Louisiana residents. Louisiana's Digital Media Incentive is available to businesses in the digital media industry that develop products including video games, simulation/training software and social media applications and is also available for motion picture and sound recording businesses. Other incentives include the Motion Picture Investor Tax Credit which provides a transferable credit of 25% for motion picture production and an additional 10% on Louisiana labor, plus a 40% credit for infrastructure development. The Sound Recording and Infrastructure Investor Tax Credit provides a 25% tax credit designed to boost record production development by reducing the cost of making new master music recordings, whether distributed by CD, digital download or as part of a soundtrack. The credit also provides a 25% tax credit on sound recording infrastructure development. The "Broadway South" Tax Credit provides a 25% state tax credit on base investment in live, Broadway-bound productions, including theater, opera, ballet, jazz, comedy revues and variety entertainment. It also provides a tax credit for construction costs and a 10% tax credit on payroll for Louisiana residents. Beyond these incentives, the Tax Equalization Program equalizes the overall taxes between a Louisiana site and a competing site in another state if an advanced manufacturing company is planning an expansion.[6]

Other cities have attempted to grow their digital media industries through high subsidies to attract a very large anchor firm. One example is Toronto's recent announcement[7] that Ubisoft will open a game design studio in Toronto creating 800 new digital media jobs and investing over $500 million in the new studio. The province committed to invest over $260 million over 10 years in order to attract Ubisoft to Toronto, in hopes that its size will help establish Toronto as a hub for digital media development. The very high level of incentive investment required to attract major firms will be challenging, however New Orleans does have opportunity to attract and retain these firms. A targeted strategy may be more successful within digital media (such as a focus on game development, interactive marketing, or other sub-specialty). More research is needed to determine the sub-segments of digital media that may be best suited for major public investments.

[6] Source: For more information, see http://gnoinc.org/industry-sectors/creative-media

[7] See http://www.ontariocanada.com/ontcan/1medt/en/about_spotlight_en.jsp



Source: US Census Zip Code Business Patters, RDA Global; Notes: **Digital Media** includes NAICS 511 Publishing, 512 Motion Picture and Video, 515 Broadcasting, 516 Internet Broadcasting, 5414 Specialized Design (incl. graphic design), 5419 Market Research, Photography, and Related Services, 541612 Marketing Consulting, 5418 Marketing and Advertising, and 541511 Programming Services

Strategies

Growing the *Industries of the Mind* in Downtown New Orleans will require a mix of strategies. These include:

Place-based strategies: This includes enacting policies that create the type of place, lifestyle, and convenience that is highly attractive to Creative Class workers, as described in this report. The DDD should, in particular, consider ways to enhance development of green spaces throughout Downtown. High-density mixed use commercial and residential space should be developed with street-level retail and a wide variety of specialty stores and third spaces. A diverse set of micro-neighborhoods should be encouraged and promoted, with each neighborhood offering unique experiences to explore. Reliable, convenient public transportation must be a top priority for Downtown, in addition to safe, walkable connections between work and home. The cultural history of Downtown New Orleans' neighborhoods should be integrated with modern services including curbside recycling, public wireless, and other conveniences.

Talent development strategies: For most professional services, competition for talent is high. These target businesses, when relocating, consider whether there are highly-skilled and highly-educated workers available in the area. Wages in New Orleans are lower than the national average presenting cost saving opportunities for firms wishing to tap this talent. Professional degree programs at Tulane and other universities should be engaged as part of the overall strategy to grow Creative Class talent Downtown. In addition to relationships between employers and university professional programs, the DDD might explore opportunities for universities to operate professional programs in business, law, architecture, and other fields physically in Downtown.

Targeted Industry Strategies: It is not likely that place-based strategies to make Downtown New Orleans attractive will be adequate to attract businesses in the target segments of *Industries of the Mind*. Strategies to develop the biotechnology sector will be different from those needed to attract digital media firms. A specific strategy should be developed for each of the target segments and this should be done in coordination with existing organizations focused on these sectors, such as the

New Orleans BioInnovation Center, Louisiana Economic Development (LED), and the GNO, Inc. digital media team.

Business Start-Ups: Independent contractors are an important component of the Creative Class and these workers are likely to choose where they live based on lifestyle considerations. In this regard, following place-based attraction strategies will contribute to the growth of these workers Downtown. This may be complemented with efforts to foster community connections between these workers and their buyers and suppliers, assist with obtaining access to capital, and similar business growth strategies in partnerships with entities such as Idea Village.

Growth in this group of workers will be helped through attraction of large firms in the digital media sector. The presence of large firms that attract talent at a national level has a strong impact on growth in start-ups in creative industries; however attraction of these large businesses is difficult and costly. LED, GNO, Inc. and other partners may assist with identifying attraction opportunities and resources to successfully compete for firms looking to move or expand.

New start-ups in the biotechnology sector hold promise for growth; however as biotech firms progress in stages of development, they often relocate to different cities when they are acquired by larger firms. The director of the Texas Emerging Technologies Fund was a participant in our Houston biotechnology focus group. Commenting on biotech economic development, he mentioned:

> *We've lost many, many technologies over the years to the highest bidder. And there are things coming out of Texas A&M Institute for Biosciences. Their biggest investor put in $1.5 million and the company moved to Alpharetta, Georgia. Had there been money in Houston, the technology would have stayed here. So traditionally, Houston was a net exporter of technology and that's what everybody's trying to stop. The state's putting in research dollars, the federal government's putting in research dollars, but then if it gets commercialized out of the state, there's no return to the state here.*

Clearly, retention of biotechnology firms through access to capital, tax incentives, and other means will be essential to benefiting from biotechnology investment.

Generation-Y

It was asked at the beginning of this assignment if younger Generation-Y workers are likely to move to New Orleans to start businesses. There is little evidence to show that these workers will have a significant impact in growth in employment in *Industries of the Mind* through start-ups. In the biotechnology and life sciences sectors, participants in our Houston biotechnology focus group emphasized that *experience* of workers is the single most important factor driving growth. The director of BioHouston emphasized to the research team that it is not the talent or training of workers that matters, but their level and years of experience. She emphasized that only workers with 20+ years of experience in the field can successfully navigate the stages of growth in the industry.

There is perhaps promise that Generation-Y workers could contribute to growth in employment in digital media and arts-based business sectors through new business start-ups. However, it is difficult determine how much this strategy could contribute to growth in the sector. Generation-Y workers that we spoke with in our focus groups often had multiple jobs—a main job and then contract work that they also perform. None of the workers we spoke with expressed an interest in starting a business out of their contract work; however, we spoke with only a limited number of workers. In the online survey it was found that only a very small number of workers relocated to where they live to start a business. Research on Generation-Y attitudes toward work have shown that most workers view their work as a short-term “gig” rather than a life-long career. Although Generation-Y is likely to have multiple jobs, the research team did not identify any evidence to demonstrate that Generation-Y is significantly more likely to start businesses (with employees) than other generations.

Appendix A: Biotechnology, Digital Media, and Arts Incentives

The incentives discussed in this section are collected from the promotional agencies of cities and states that compete with New Orleans to develop biotechnology, digital media and arts sectors. For the biotechnology sector, selections were recommended to us by Bio Houston as model programs that might serve as a guide for New Orleans in development of incentives. Digital media incentives listed in this section were based on a online literature review. Louisiana Economic Development recognizes states that are key competitors for Louisiana, which formed the list of digital media incentives reviewed. In the performing arts and cultural sector, a few selected resources are mentioned. The majority of states offer incentives for arts in combination with digital and interactive media incentives.

The list included should be viewed as a point of departure for investigation of incentives offered for attracting *Industries of the Mind*. A comprehensive assessment of incentives used in US jurisdictions is beyond the scope of this study. Additional research may be needed to identify the universe of incentives and evaluate those which have been most successful in attraction and development of *Industries of the Mind*.

The source information contained in this section are gathered directly from online resources available. Descriptions of organizations and some incentives are presented verbatim as presented in the online Resource. Additional information on each initiative can be gathered using the references provided.

Incentives Used to Promote Biotechnology

CPRIT Information

The Cancer Prevention and Research Institute of Texas (CPRIT) is the state agency established to create and expedite innovation in the area of cancer research and to enhance the potential for a medical or scientific breakthrough in the prevention of cancer and cures for cancer; attract, create, or expand research capabilities of public or private institutions of higher education and other public or private entities that will promote a substantial increase in cancer research and in the creation of high-quality new jobs in this state; and develop and implement the Texas Cancer Plan.

This committee is charged to:

- Create and expedite innovation in the area of cancer research and in enhancing the potential for a medical or scientific breakthrough in the prevention of cancer and cures for cancer;
- Attract, create, or expand research capabilities of public or private institutions of higher education and other public or private entities that will promote a substantial increase in cancer research and in the creation of high-quality new jobs in this state; and
- Develop and implement the Texas Cancer Plan.

To review more detail on CPRIT: http://www.cprit.state.tx.us/pdfs/cpritstratplan2009-2013.pdf

Texas Initiatives

In November 2007, Texas voters overwhelmingly approved $3 billion in general obligation bonds to finance a 10-year research fund to be administered by the Cancer Prevention (CPRIT) and Research Institute. Grants will become available in 2010 and continue through 2020.

The Texas Emerging Technology Fund (TETF) (funded at $100 million per year over multiple fields for facility development, faculty recruitment, and commercialization initiatives) reported its first "liquidity event" in the bioscience cluster, upon acquisition of CardioSpectra by Volcano Corporation. The TETF reported a return of 46 percent on its investment of $1.25 million. CardioSpectra is a diagnostics company with collaborations at the University of Texas (UT) at Austin and UT Health Science Center at San Antonio.

The University of Houston (UH) developed a new biotechnology Bachelor of Science degree with tracks in bioprocessing and bioinformatics. UH also created the Center for Life Sciences Technology, a clearinghouse for life science and STEM (science, technology, engineering, and mathematics) education at the K-12 and community-college levels, and an outreach program aimed at improving public knowledge of life science career and educational options. The Texas Bioscience Institute, a collaborative based at Scott and White Hospital in Temple, likewise serves as a clearinghouse for community college degrees, pathways to university degrees, apprenticeships, and other career paths for students in STEM tracks with interest in the life sciences.

Full report: http://bio.org/local/battelle2008/TX_BIO_08.pdf

Michigan Initiatives

During the 6 years ending in 2006, employment in the research, testing, and medical laboratories subsector in Michigan grew faster than the national average. Growth in research funding from the National Institutes of Health also exceeded the national average over the past 6 years. Total academic bioscience research expenditures were $910 million in 2006, mainly in medical and biological sciences.

Michigan ranks eighth in the number of bioscience-related degrees produced in 2006. In the past 6 years, bioscience venture capital investments rose steadily to a peak of $74 million in 2007, and a 6-year total of $269 million. The largest share of venture capital investments was in pharmaceuticals, followed by human biotechnology. The 2,225 bioscience patents issued in State in the past 6 years were predominantly in drugs and pharmaceuticals, followed by surgical and medical instruments and biochemistry.

Life science programming through the Michigan Economic Development Corporation's (MEDC's) 21st Century Jobs Fund increased from $3.5 million in 2007 to $18.2 million in 2008, targeted at a series of academic-industrial Centers of Excellence.

Among the recent bioscience projects approved by MEDC was $3.4 million to re-use a former Pfizer facility in Holland as a bioscience incubator/commercialization center.

Since the last BIO report, the $109 million 21st Century Investment Fund created as part of the 21st Century Jobs Fund joined the earlier $95 million Venture Michigan Fund in making investments in venture-capital funds active in Michigan. In addition to functioning as a second fund of funds, the 21st Century Investment Fund may also make direct investments in venture capital deals.

At an earlier stage of investment, the State's 12 "SmartZones"—tax-advantaged districts each equipped with university-affiliated incubation or commercialization programs—jointly launched a return-oriented

Michigan Pre-Seed Capital Fund, which by March 2008 had invested $5 million in 22 companies, many in the biosciences. Michigan State University in Lansing was a collaborator with the University of Wisconsin in Madison in the Great Lakes Bioenergy Research Center awarded $125 million by the U.S. Department of Energy in 2007. The Center also involves Pacific Northwest National Laboratory; Oak Ridge National Laboratory; and three universities in Florida, Illinois, and Iowa.

The full report can be found at: http://bio.org/local/battelle2008/MI_BIO_08.pdf

California Initiatives

The Institute of Regenerative Medicine has funded 156 grants totaling $260 million for investigator-initiated research and training in human embryonic stem cell science at 22 California nonprofit and academic institutions.

Some of these awards, issued under an Independent Citizens Oversight Committee, were funded by a $150 million loan provided by the State pending outcome of litigation over the $3 billion bond issue authorized in 2004. Award categories included fellowships (169 totalling $37.5 million), seed grants for new ideas (74 awards totalling $45 million), shared-laboratory grants (17 awards totalling $50 million), comprehensive research grants for mature projects (29 awards totalling $74 million), and new faculty awards (22 awards totalling $54 million).

Since the last BIO report, the University of California (UC) System's California Institute for Quantitative Biosciences at Mission Bay opened Stanley Hall, a 285,000-square-foot interdisciplinary research building with space for collaboration among researchers with faculty appointments at UC San Francisco (UCSF) and UC Berkeley.

In bio-fuels, it was announced that UC Berkeley and Lawrence Berkeley National Laboratory will take leading roles in two major initiatives—a $125 million Joint BioEnergy Institute funded by the U.S. Department of Energy and also involving UC Davis, the Carnegie Institution for Science at Stanford University, and Sandia and Lawrence Livermore National Laboratories; and a $500 million Energy Biosciences Institute awarded by BP, shared with the University of Illinois at Urbana-Champaign.

Biosciences Institute awarded by BP, shared with the University of Illinois at Urbana-Champaign. California also continued to support existing programs relevant to bioscience companies, such as the industry-university matching grant programs at UC (the Discovery Grants in biotechnology and information technology for the life sciences) and California State University (the CSUPERB grants) and the Employment Training Panel programs offered through the Labor and Workforce Development Agency.

The full report can be found at: http://bio.org/local/battelle2008/CA_BIO_08.pdf

Louisiana Initiatives

The State of Louisiana continues to invest in building the State's bioscience research infrastructure. The Legislature approved $102 million for planning and construction of a 175,000-square-foot facility for the Louisiana Cancer Research Consortium (LCRC) in 2007. The LCRC is a collaboration of Tulane

University Health Sciences Center and the Louisiana State University (LSU) Health Sciences Center. The facility will be located in Downtown New Orleans adjacent to the planned University Medical Center and VA Hospital. The State also invested $71 million in clinical research infrastructure at the Pennington BioMedical Research Center (PBRC). PBRC is a campus of the LSU System that conducts basic, clinical, and population research in nutrition and preventive medicine.

To ensure that Louisiana has a supply of workers with bioscience skills, the Biomedical Research Foundation of Northwest Louisiana and LSU Health Sciences Center in Shreveport partnered with the Caddo Parish School Board to create a Biotechnology Magnet Academy at Southwood High School in Shreveport. The Academy opened in the fall of 2006 and serves 120 students in grades 9 through 12.

The full report can be found at: http://bio.org/local/battelle2008/LA_BIO_08.pdf

Incentives Used to Promote Digital Media

Initiatives in Louisiana

Louisiana's Digital Media Incentive is available to businesses in the digital media industry that develop products including video games, simulation/training software and social media applications. The Digital Media Incentive provides a tax credit of 25% of qualified production expenditures for state-certified digital interactive productions in Louisiana and an additional 10% tax credit for payroll expenditures for Louisiana residents (35% total).

The tax credit does not apply to software developed for institutional, private or internal purposes, or largely static Internet sites designed to provide information about a person, business, company or firm. The tax credit does not apply to products regulated under the Louisiana Gaming Control Law.

State certified production activities involved in the production of electronic media, most notably video games, can receive tax credits of 20 percent of the base investment in the first two years, 15 percent in the third and fourth years, and 10 percent in the fifth and sixth years. Tax credits could be carried forward for up to 10 years or sold to another taxpayer.

Film and television production tax credits usually fall into the following categories: production expenses tax credit, payroll tax credit, and investment tax credit. According to an October 2006 policy brief by the New England Center for Public Policy at the Federal Reserve Bank of Boston, tax credits “generally relieve taxpayers of the obligation to pay all or part of a tax liability. Typically, state film tax credits are applied toward the individual or corporate liability of qualified producers, investors, or – in states where the credits are transferable – the purchaser of earned, unused credits.”

Ontario Media Development Corporation

The Ontario Media Development Corporation is an agency of the Ontario Ministry of Culture. It was created in December 2000 under the Development Corporations Act to re-brand the Ontario Film Development Corporation entity under a new name and with a new mandate to expand it to other cultural industries and to stimulate employment and investment.

The government's focus is to build the capacity and competitiveness of Ontario's cultural media industries individually and across sectors. A chief executive officer oversees OMDC's activities in conjunction with the agency's board of directors to achieve the agency's mandate. OMDC services and programs are delivered through three divisions: (1) Business Affairs and Research, (2) Industry Development, and (3) Tax Credits and Financing.

The Business Affairs and Research Division coordinates strategic and business planning, agency operations, and industry research and data collection; the Industry Development Division provides opportunities for cultural entrepreneurs to create and market new products, develop existing markets, access new markets and grow their business.

The Tax Credits and Financing Division of OMDC administers, processes, and assesses eligibility for the Ontario government's comprehensive book publishing, film, television, digital media, and sound recording tax credit programs. In conjunction with the Ministry of Finance, this division evaluates tax credit applications according to government legislation and regulations. Information referral services are provided for applicants and potential applicants as are tax credit information sessions. The division also promotes the program to national and international producers.

An analysis of an auditor's report from the Office of the Provincial Auditor of Ontario and the OMDP's 2005 Annual Report show that a vast majority of the tax credits are being used for film- and television-related productions. Animation and special effects, while small, has been a growing component of the tax credits, representing about one-third of the total allocations in 2004/2005.

While small in dollar amounts of tax credits, a relatively large proportion of the number of certificates issued went to corporations involved in book publishing and sound recording. In the 2004/2005 period, 23 percent of the certificates issued were for sound recording companies and 20 percent for book publishing. This data provides evidence that the credits are being used by relatively small companies for smaller size production activities, not just for very large motion picture projects.

Hawaii's 100% High Technology Business Investment Tax Credit

In addition to its credits for the film industry and the income tax exclusion for royalties, Hawaii has a tax credit for investors (including individuals, partnerships, companies, or corporations) in "performing arts" companies. Act 221 ("100% High Technology Business Investment Tax Credit") passed in 2001 and amended in 2004, awards non-refundable income tax credits capped at $2 million per each investor's qualified investment in a Qualified High Tech Business (QHTB). To qualify as an QHTB, companies must pass an activity test: 50 percent of total business activities must be "qualified research," and business must conduct more than 75 percent of its research in Hawaii or 75 percent of gross income must be derived from qualified research from products sold from or manufactured in Hawaii.

Texas Initiatives

Gov. Rick Perry recently signed House Bill (HB) 873 by Rep. Dawnna Dukes and Sen. Robert Deuell, which promotes the media industry in Texas by providing incentives for the film, television, video and digital interactive media production industries.

The passage of House Bill 873 is intended to represent an important step in helping Texas regain its footing in the moving image business.

Texas has lost approximately 7,000 crew positions and $500 million in production spending to states with more competitive film incentives, such as New Mexico, whose feature film and television productions contributed $242 million to its state economy in 2008, and Louisiana, which earned $350 million in production in 2007. Currently, about 25 percent of Texas-based film professionals are working in these states, some starting to relocate permanently.

The following is an outline of the Texas Media Incentive Program

- In order to qualify, 70% of the cast members and extras must be Texas residents
- Option A: Calculated based on total in state spending
- Option B: Calculated based on wages paid
- Possible bonus of 2.5% if 25% of production completed in underutilized area for Option A
- Possible bonus of 4.25% if 25% of production completed in underutilized area for Option B

Texas spending can include eligible pre-production, production and post-production expenditures.

Table 4: Incentive Payment Matrix

Total Qualifying In-State Spending	Option A (Total TX Spend)	Option A + Underutilized Area	Option B (TX Wages)	Option B + Underutilized Area
$ 250K - $ 1M	**5 %**	**7.5 %**	**8 %**	**12.25 %**
$ 1M - $ 5M	**10 %**	**12.5 %**	**17 %**	**21.25 %**
$ 5M +	**15 %**	**17.5 %**	**25 %**	**29.25 %**

Texas has no cap on incentive amounts presented within Table 4.

Michigan Initiatives

The Michigan film incentive has been noted as being the most aggressive incentive program in the nation. Not only is it designed to increase the number of productions filmed on location in Michigan, it is designed to attract production facilities, grow industry activities that support film production, create jobs, and train workers for those jobs. The following is intended to provide a brief outline of Michigan's incentive program:

Production Incentives

- 40% Tax Rebate (refundable tax credit) for Michigan Production
- 40% refundable tax credit against Michigan Business Tax (MBT) liability for qualified film or digital media pre production, production, and post-production costs incurred in Michigan
- Alternatively could be claimed against Michigan income tax withholding tax liability.
- Refundable and assignable (transferable) This is a refund or tax rebate equal to 40% of qualified production expenditures, not a credit against taxes owed
- Rebate reduced to 30% for non-resident crew
- Wages capped at $2 million per person per production $50,000 minimum spend. No prject cap. No annual cap.

Infrastructure Development Incentives

- Film and Digital Media Infrastructure Investment Tax Credit
- Investment of $250,000 or more in Michigan film or digital media production infrastructure (such as studios, equipment or other facilities) eligible at 25% tax credit against MBT liability.
- Credit is assignable or may be carried forward
- Total credits allowed limited to $20 million annually
- Credit reduced for Brownfield credits claimed for same investments

MEGA Eligibility for Film & Digital Media Production Companies

- Authorize film and digital media production companies to apply for and receive job creation tax credits issued by the Michigan
- Economic Growth Authority (MEGA) against MBT liability
- Designate films and digital media as a high-technology activity eligible to receive tax credits issued by MEGA against MBT liability for high-technology job creation

Financing Incentives

- Film and Digital Media Investment Loans
- Authorize the Michigan Strategic Fund to offer loans from the Jobs for Michigan Investment Fund (part of the 21st Century Jobs Fund Program) for up to $15 million per qualifying film and digital media productions in Michigan
- Loans can be 0% with backend participation by the Jobs for Michigan Investment Fund in lieu of interest
- Terms of loans are negotiated and production budget must be at least $2 million
- A guarantor for the loan must be in place. Production must be wholly or substantially shot in Michigan
- Qualified production company eligible for both loan and 40% production tax credit

Choose Michigan Film and Digital Media Production Loan Program

- Authorize a qualified production company to receive all or a portion of the value of discounted tax credits the company is eligible to receive in the form of a loan from the Jobs for Michigan Investment Fund approved by the Michigan Strategic Fund. Credits would be pledged for the repayment of the loan.

- Loans would be provided an interest rate of up to 2%

- Minimum loan amount would be $500,000

- No loan would be greater than the discounted value of the tax incentives pledged

- Production company would be responsible for loan repayment regardless of performance of primary tax incentive

Capital Access Program for Film and Digital Media Producers

- Authorize film and digital media production companies to participate in the capital access program established by the Michigan Strategic Fund under the 21st Century Jobs Program
- Participating banks throughout Michigan would offer CAP loans directly to production companies that need credit
- Similar to a loan loss reserve fund, the bank, the production company, and the Michigan Strategic Fund pay a small premium to into a reserve that makes it possible for the company to receive fixed asset and working capital financing in the form of a private loan from the bank

Workforce Development Incentives

- Film & Digital Media Worker Job Training Tax Credit 50% MBT tax credit for expenditures incurred by an eligible production company to provide on-the-job training for
- Michigan residents in advanced below-the-line crew positions on qualified productions
- Expenditures eligible for job training tax credit could also be claimed for the 40% production credit

Other Incentives

- Free use of State property for Film and Digital Media Production
- Allow local governments to provide free use of local government property for film and digital media production

California Incentives

In an effort to boost California's economic woes and film industry, Governor Arnold Schwarzenegger recently signed legislation that will provide tax credits for digital media efforts conducted with the state. The governor announced that the current tax credit program will bring the financially strapped state $710 million before the fiscal year ends June 30, 2010.

The new legislation will allow the California Film Commission to allocate $100 million annually beginning in the 2009/2010 fiscal year through the 2013/2014 fiscal year. The Commission will provide these tax credits to feature films, miniseries, movies of the week, television series and independent films within certain budget parameters. These tax credits will be up to 25%.

The California Film Commission (CFC) is administering the tax credit program and has provided detailed guidelines and other helpful information available through its website.

Qualified taxpayers are allowed a credit against income and/or sales and use taxes, based on qualified expenditures, for taxable years beginning on or after January 1, 2011. Credits applied to income tax liability are not refundable. Only tax credits issued to an "independent film" may be transferred or sold to an unrelated party. Other qualified taxpayers may carryover tax credits for 5 years and transfer tax credits to an affiliate.

To apply for the California Film and Television Incentive Program, a "qualified motion picture" must be one of the following:

Eligible for 20% Tax Credit:

- Feature Films ($1 million minimum - $75 million maximum production budget)
- Movies of the Week or Miniseries ($500,000 minimum production budget)
- New television series licensed for original distribution on basic cable ($1 million minimum budget; one-half hour shows and other exclusions apply)

Eligible for 25% Tax Credit:

- A television series, without regard to episode length, that filmed all of its prior seasons outside of California.
- An "independent film" ($1 million - $10 million budget that is produced by a company that is not publicly traded and that publicly traded companies do not own more that 25% of the producing company.)

Qualified motion pictures must also meet the following conditions:

- 75% test (production days or total production budget) in California
- Application must be submitted at least 30 days prior to commencement of principal photography
- Once an application is approved, principal photography must begin within 180 days

Fund allocations:

- $100 million annually beginning fiscal year 2009/2010 through fiscal year 2013/2014
- A minimum of $10 million of the annual funding is available for independent films each year

Incentives Used to Promote Performing Arts and Cultural Districts

Most incentives in the U.S. are tax breaks for artists which are tied to revitalization of specific neighborhoods. The breaks are contingent on the artist living and working in designated arts and cultural districts. In a scan of national and international models there were three examples of universal tax credits for creative occupations which may prove relevant to an approach for Downtown New Orleans.

Irish Artists' Tax Exemption

The Irish Artists' Tax Exemption provides an exemption from income tax and surtax for earnings (royalties, sales of bodies of works) of up to 250,000 pounds each tax year from original and creative work that has "cultural merit or artistic merit." For those qualified artists whose income is greater than 250,000 pounds, tax exemption relief is limited to 50 percent of income. Original and creative work is defined as any unique work that is brought into existence for the first time as an independent entity by the use of its creator's imagination. Interpretive artists are not eligible for the tax exemption, e.g., dancers, actors, and performers. In addition, works created for advertising do not qualify. In order to qualify for the tax exemption, the artist must be a resident or ordinarily reside in Ireland. Certain exemptions are granted on a case-by-case basis for residents living abroad.

Eligible Categories for Artist Tax Exemption (Ireland):

- Books or other forms of writing (including certain categories of non-fiction);
- Plays
- Musical compositions
- Painting or other like pictures
- Sculpture

Province of Quebec Artist Exemption

Quebec has had a longstanding provision in its tax code that provides writers, artists, filmmakers, musicians, performers, and anyone who produces copyrights materials, with a tax exemption. The justification for the Quebec exemption was that artists, creators, and producers provided the equivalent of the research and development that the province supports in other industries. Targeted artists receive a $15,000 tax exemption for all copyright income up to $20,000. The exemption for every dollar over $20,000 is reduced by $1.50. The total exemption is for up to $30,000. Both Saskatchewan and Ontario are in the process of considering similar tax exemptions.

Income Averaging by Artists

While not a tax credit, there are also tax measures in other countries that “smooth out” the often variable income of artists. For example, in Sweden, artists are able to create special bank accounts and only pay taxes as they withdraw money from these accounts. Other countries including Australia, Germany, the Netherlands, and the UK allow artists to average there income to compensate for the big fluctuations in salary from year to year.

Texas Incentives

The scope of the arts industry in Texas has greatly assisted with museums like the Houston Museum of Fine Arts, nationally-acclaimed performing arts centers like Bass Performance Hall in Fort Worth and cutting-edge film and music festivals like South by Southwest in Austin.

In part, the proliferation of the arts has been credited to Texas Commission on the Arts (TCA), which ensures the quality and advancement of art-centric organizations throughout the state. Through the commission’s financial support of rising artistic talent and provision for arts education, Texas can guarantee that development of this industry continues.

In 2005, the Texas Legislature gave the TCA authority to designate “Cultural Districts” in towns and cities across Texas that display a high concentration of cultural facilities, to serve as an anchor of attraction to the community. As the authority on arts standards across the state, the commission’s designation provides legitimacy and exclusivity that helps generate corporate and retail growth, attract tourists, enhance property value and improve a community’s standard of living.

Michigan Incentives

The Michigan Cultural Redevelopment District Act has been given a special authority to incent the development of Arts and Culture through the use of Redevelopment Districts throughout the state.

This stakeholder group would include private developers, arts and culture organizations, the Michigan Economic Development Corporation, the Michigan Council for Arts and Cultural Affairs, the Michigan State Housing Development.

The districts are designated through a competitive application process. To apply, local governments, nonprofit organizations, and other entities would have to create an arts and culture-centered economic redevelopment plan for a specific area that had the support of the local municipality.

The economic redevelopment plan would have to show how arts and cultural activities would be leveraged to create long-term economic revitalization. This might be through the rehabilitation of some vacant buildings into housing for artists or new gallery space, or collaboration with a nonprofit arts organization to relocate and expand their activities in the district.

Local teams vying for Cultural Redevelopment District designation would have several tools at their disposal created by the legislative package. These tools are incentives to redevelop abandoned, blighted or underutilized structures and incentives to attract artists and other cultural entrepreneurs to live, work and retail in these districts.

The tools Michigan has created to enhance the Cultural Districts include:

- Tax incentives for properties in the district that rent to artists, galleries, and cultural institutions in order to encourage redevelopment of properties and the attraction of artists and cultural uses
- Property owners would receive a income tax credit (or MBT) based on the amount of property taxes paid for property used for arts and cultural uses, including artists housing

District incentives currently in place

- An MBT credit for a community revitalization projects happening in the cultural development district regardless of its intended use.
- This credit would give cultural redevelopment districts an edge in attracting redevelopment projects of any type, regardless of whether they were arts and culture oriented.
- The amount of the credit would be determined on a project-by-project basis with no project able to receive more than $250,000.
- This bonus credit could be coupled with other incentives, like Low Income Housing tax credits, brownfield credits, federal New Markets Tax Credit, or the state historic preservation tax credit, to make projects within a Cultural Development District more attractive.
- State tax credit for philanthropic contributions from individuals and businesses to nonprofit arts and cultural organizations located within the cultural development district.
- While these contributions are deductible on federal income tax returns, they cannot be counted on the Michigan tax return.
- The credit would mirror the existing credits for donations to Michigan public institutions like public libraries, public broadcast stations, colleges and universities, and museums of up to $100.00 for a single filer, $200.00 for joint filers, or a maximum of $5000 for a resident estate or trust.

Based on a similar proposal made in the New York Culture Zone legislation

- A personal income tax exemption for artists for all or portion of income generated while living and working in the cultural development district.
- Artists of all types, including writers, composers, and musicians, who live in a Cultural Redevelopment District, would be eligible to exempt up to $25,000 of their income from the sale or exhibition of their artistic "work" from their state income return.
- This would mean a $1000 tax savings for each artist living in a Cultural Redevelopment District.
- State sales tax exemption on art or artists' materials sold in the Cultural Development District.
- Any artistic work sold within a Cultural Redevelopment District would be exempt from
- Michigan sales tax, as would artist's materials sold within Cultural Development Districts.
- Sales of artwork made outside the districts, such as at art festivals throughout the state, would still be subject to sales tax.
- To be eligible for these sales tax exemptions, artist, galleries, and stores selling artist materials would have to be certified as being exempt from sales tax.
- These exemptions are based on similar incentives in Rhode Island, where all artwork sold within the arts and entertainment districts are exempt from sales tax, and in Maryland, where all tickets sold in Arts and Entertainment

California Incentives

Since 1994, the impact of nonprofit arts and culture on California's economy increased by 152 percent to $5.4 billion. A 2004 study demonstrates that arts and culture generate billions of dollars annually, support a workforce of more than 160,000 and produce nearly $300 million in state and local taxes. It also shows that education, cultural tourism, and California's creative industries are all nurtured by the nonprofit arts sector, and substantiate the significant role of the nonprofit arts to California's economic well-being and status as the world's fifth largest economy.

After a review of California incentives, it appears that may of the incentives for development of Arts and Culture within California are the same incentives used to attract and retain digital media firms. The film industry is a big part of the California economy and has recently undergone a significant decline in business levels.

As an example, on-location filming days declined 19 percent in 2009 from the previous year—the largest year-to-year decline since they were first tracked in 1993. Feature film productions alone dropped 30 percent. The decline was blamed on the recession, lingering effects of an actors contract dispute, and a continuing exodus of production to cheaper locales. Last year, California began a tax incentive program to keep filming in the state. Even though California has significant economic activity within the arts and digital media, it appears that the state is behind the initiatives which has been created within Texas and Michigan.

Cultural Districts and the Arts

Arts and cultural districts have become a popular economic development strategy for many cities in recent years. According to the American Center for the Arts (ACA), more than 100 cities in the United States have planned or implemented such districts, positioning the arts as the center of their urban revitalization strategies. In Cultural Districts: The Arts as a Strategy for Revitalizing Our Cities, ACA defines a district as a well-recognized, labeled, mixed-use area of a city in which a high concentration of cultural facilities serves as the anchor attraction. Today, designated arts and cultural districts exist or are in formation in a broad array of cities ranging from Tucson, Minneapolis, and Kansas City, to Pittsburg, Baltimore, and Miami.

Historic structures are often concentrated in designated arts districts, and a handful of cities and states have made an explicit connection between the state historic tax credit and affordable live/work space for artists. Rehabilitation of historic structures, particularly the old mill buildings and warehouses that artists covet for live/work space, is an expensive and complex undertaking. State historic tax credits provide an incentive to property owners and developers that can help make these projects financially feasible. State credits are typically combined with federal historic tax credits to bring down the costs of rehabilitation.

According to the National Trust for Historic Preservation, roughly half the states in the country have adopted laws creating credits against state taxes to provide incentives for the appropriate rehabilitation of historic buildings. The report notes that some state programs have been extraordinarily productive at stimulating rehabilitation activity while others have had mixed or minimal results. Factors limiting success include placing a cap on the amount of the credit as well as lack transferability, i.e., ability of the owner that earned the credit to sell the credit outright to a third party. The report notes that "good" state programs have clear eligibility and rehabilitation standards, make credits available for owner-occupied residences as well as commercial properties, and provide a credit level that is high enough to constitute a meaningful incentive, typically in the range of 20-30 percent of qualified rehabilitation expenditures.

Louisiana's Historic Tax Credit Program

Louisiana has a State Historic Tax Credit Program and provides a 25 percent credit for income producing properties in "downtown development districts" as well as a 25 percent credit for owner-occupied residential and owner-occupied mixed-use qualified properties. The program for owner occupied structures is capped at $1 million making it one of the smaller state programs in the country.

Louisiana's Cultural Districts program allows a local government to designate a Cultural District for the purpose of revitalizing a community by creating a hub of cultural activity. This allows income and corporate franchise tax credits for eligible expenses for rehabilitation of owner-occupied or revenue generating historic structures in a Cultural District. It provides an exemption from sales and use taxes for proceeds received from the sale of original, one-of-a-kind works of art from locations established within the Cultural District. **Downtown New Orleans is home to one of the state's 42 Cultural Districts.** For more information, see http://www.crt.state.la.us/CulturalDistricts/

Louisiana has been a national leader in the development of tax incentives for creative industries. Since 2002, the state has passed numerous pieces of legislation that grant tax credits to the film, performing arts music, and digital media industries. Collectively, this tax legislation creates an infrastructure that stimulates investment, industrial development, and job creation in Louisiana's cultural industry sectors. Louisiana's tax credit initiatives, particularly the motion picture incentive package, have garnered national media attention and helped catapult the state to a major position nationally in terms of money spent on movie production.

The State of Louisiana Digital Interactive Media Incentive provides a sellable tax credit of 25% of qualified production expenditures for state-certified digital interactive productions in Louisiana and 35% tax credit for payroll expenditures for Louisiana residents. Louisiana's Digital Media Incentive is available to businesses in the digital media industry that develop products including video games, simulation/training software and social media applications and is also available for motion picture and sound recording businesses. Other incentives include the Motion Picture Investor Tax Credit which provides a transferable credit of 25% for motion picture production and an additional 10% on Louisiana labor, plus a 40% credit for infrastructure development. The Sound Recording and Infrastructure Investor Tax Credit provides a 25% tax credit designed to boost record production development by reducing the cost of making new master music recordings, whether distributed by CD, digital download or as part of a soundtrack. The credit also provides a 25% tax credit on sound recording infrastructure development. The “Broadway South” Tax Credit provides a 25% state tax credit on base investment in live, Broadway-bound productions, including theater, opera, ballet, jazz, comedy revues and variety entertainment. It also provides a tax credit for construction costs and a 10% tax credit on payroll for Louisiana residents. Beyond these incentives, the Tax Equalization Program equalizes the overall taxes between a Louisiana site and a competing site in another state if an advanced manufacturing company is planning an expansion.[8]

[8] Source: For more information, see http://gnoinc.org/industry-sectors/creative-media