

ECONOMIC INCENTIVES



FEDERAL HISTORIC REHABILITATION TAX CREDIT

The program provides a 20% tax credit for rehabilitation expenditures to a certified historic structure.

- The building must be depreciable property—rental or commercial.
- Restoration must be substantial—exceeding the adjusted basis of the property (purchase price less value of the land) or a minimum expenditure of \$5,000 (if the property has been depreciated.)
- Rehabilitation expenditures that qualify include items directly related to the repair of the structure (architectural fees, engineering fees, paint, wiring, plumbing, roof repair, etc.)
- Tax credit can be carried back three years and forward 15 years.
- If a building is not located within an historic district and was constructed prior to 1936, it may qualify for a 10% tax credit if restoration is substantial—exceeding the adjusted basis of the property (purchase price less the value of the land.)

For additional information on rules and regulations contact Nicole Hobson at 225.342.8160.

STATE COMMERCIAL HISTORIC TAX CREDITS

For historic buildings and residences located in a DDD and classified as historically significant by Louisiana Division of Historical Preservation, the state offers a 25% tax credit based on eligible costs or rehabilitation. This includes labor, materials, and related expenses.

Eligible property includes:

- Residential rental property or nonresidential depreciable property in a DDD
- Listed on the National Register of Historic Places
- Classified as historically significant by the state Department of Culture, Recreation and Tourism
- A credit Cap of five million dollars per taxpayer (or related entity) within any one DDD
- Credits may be carried forward for up to five years and may be sold
- A nominal application fee of \$250 is paid to the State Division of Historic Preservation

For more info contact Allison Saunders at 225.342.8160

STATE HISTORIC REHABILITATION TAX CREDITS-RESIDENTIAL

For residences located in a DDD and classified as historically significant by Louisiana Division of Historical Preservation, the state offers a tax credit up to \$25,000 per structure based on eligible costs or rehabilitation.

Eligible property includes:

- Owner occupied residential or owner occupied mixed use structure Listed on the National Register of Historic Places Classified as historically significant by the state Department of Culture, Recreation and Tourism
- Rehabilitation costs must exceed \$20,000
- Credits are calculated using a formula based on a percentage of adjusted gross income of the owner-occupant.

For more info contact Allison Saunders at 225.342.8160

DOWNTOWN CULTURAL DISTRICT

Exemptions of State and local sales tax on the sale of original, one-of-a-kind pieces of artwork

- The local sales tax exemption applies to businesses with an established location within the Cultural Product District.
- This does not apply to businesses with no fixed locations within the district, such as businesses that would sell at festivals, fairs or other events held in the district.
- "Works of art" shall mean visual arts and crafts including but not limited to paintings, photographs, sculpture, pottery, and traditional or fine crafts. (The Department of Culture, Recreation and Tourism may determine whether or not an item meets this definition as well as whether the item is "original, one-of-a-kind")
- The seller must complete a sales tax exemption form (R-1384)

For more info contact the Downtown Development District at 225.389.5520.

5 YEAR PROPERTY TAX ABATEMENT ON IMPROVEMENTS TO STRUCTURES

- When renovation has not yet begun, five-year property tax abatement on improvements to structures is available, with a five-year option for renewal.
- Existing structures in downtown, historic, or economic development districts are eligible. Spanish Town and Beauregard Town are included
- Approval must be obtained from the State Board of Commerce and Industry and the East Baton Rouge Metropolitan Council

For additional information on rules and regulations contact John Jernigan at 225.342.5402.

ECONOMIC INCENTIVES



ECONOMIC DEVELOPMENT ZONE STATUS

To be eligible for the program, prior notification to the Department of Economic Development is required. An applicant must file an advance notification, with the required \$100 processing fee, on the prescribed form prior to starting construction purchasing or installing equipment. In December of 1995, the DDD received designation as an Economic Development Zone (EDZ). The benefits of an Economic Development Zone are as follows:

A \$2,500 tax credit for each certified new job. A minimum of five new certified jobs (filled with Louisiana residents) must be created by the project within two years from the effective date of the contract. If a certified employee has been receiving payments under the Aid to Families with Dependant Children Program, an additional \$2,500 tax credit may be generated if certain criteria are met.

The tax credits can be used to satisfy state income tax and state franchise tax obligations.

The tax credits may be used in the year that they are generated or rolled over for up to 10 years if a business does not have enough Louisiana state tax liability to use all the credits generated in any one year. A rebate of state sales tax on material used to construct or expand a business as well as machinery and equipment used exclusively on the site is also available.

For additional information on rules and regulations contact Marylyn Friedkin at (225) 342-9228.

DEVELOPMENT IMPACT FEE WAIVERS

Traffic and sewer impact fees can be waived for eligible downtown development projects. Some restrictions apply.

For more info contact the Downtown Development District at 225.389.5520.

Addition Information

In addition to the aforementioned incentives, the Downtown Development District is currently working with the City of Baton Rouge, East Baton Rouge Redevelopment Authority, and private sector partners to design new incentives for downtown development. As new resources such as *tax increment financing*, *New Markets Tax Credits*, *mezzanine financing equity*, and more become available, the DDD will be even better equipped to meet the needs of serious investors in our marketplace. Stay tuned for new updates and announcements regarding economic incentives for Downtown.



**DOWNTOWN
DEVELOPMENT
DISTRICT**

A Passion for Progress

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MARKET ANALYSIS



DOWNTOWN BATON ROUGE

Downtown Baton Rouge has an increasingly important role as a regional economic and cultural center; a series of recently completed projects have fueled growth by generating excitement and activity and bringing more people downtown. The Shaw Center, cultural and gaming attractions and a growing population of government workers serve as a base for private developments, including the OneEleven and Kress projects. There is also a new courthouse close to completion, and plans for an amphitheater within Capitol Park, a new government office building, the convention center expansion, and the development of Plan Baton Rouge II. Workers, residents, and visitors are all vital to the revitalization of downtown, supporting a variety of businesses and creating round-the-clock activity. Baton Rouge's role as the center of Parish and State government creates a regular influx of daytime office workers. There is also a notable residential presence concentrated in two historic neighborhoods. Major cultural attractions, casinos and hotels serve as anchors for downtown by attracting visitors and supporting an emerging entertainment district. Together these three groups, workers, residents, and tourists, provide the basis of demand for a vibrant downtown core.

est employer, followed by the service sector, consisting primarily of entertainment and legal/business services to support the public sector. Overall job growth has been steady, approximately 1.2% per year since 2004 (2), and is concentrated in several sectors. While the total number of public jobs has remained fairly consistent, professional and technical service jobs have shown strong growth, as have accommodation and food, arts and entertainment, and transportation and warehousing. By contrast, the retail and construction sectors remain stagnant, with low employment and minimal growth since 2004.

Residents. A demographic analysis of the downtown population compared to the City of Baton Rouge and Louisiana State reveals several key differences. While the downtown population has been declining, the population in the MSA has been increasing, with 40,000 new residents projected to settle permanently by 2016 (after a predicted outflux of 15,000 hurricane-displaced people returning to their homes (3)) The population in the MSA is younger, more likely to have an advanced degree and has a significantly higher household income than the population in the downtown. In order to maximize the success of specialty retail and cultural and entertainment destinations downtown, the greater Baton Rouge population must be encouraged to visit the downtown regularly.

The downtown residents constitute an active workforce, with both lower unemployment and a higher percentage of its population in labor force than the city overall. Downtown residents also have a shorter commute and are more likely to walk; 11% of people walk to work downtown, compared to 3% and 1% in the city and state.

Visitors. The event and convention center markets are small but growing in Baton Rouge. Traditionally Baton Rouge has been a secondary destination for visitors who were also visiting New Orleans. Recently Baton Rouge has become a destination in its own right, attracting 1.7 million visitors a year. Baton Rouge is now positioned to enhance its profile and capture a greater share of the convention and event market, and to play a bigger role in attracting visitors to the region in general. The hotel market in Baton Rouge is booming, with up to 2,000 rooms planned in new developments. Despite the fact that Baton Rouge has a lower Average Daily Rate (ADR) and only 40% of the total demand of New Orleans, the hotels have higher occupancy, indicating potential unmet demand.

DOWNTOWN EMPLOYMENT BY SECTOR		
SECTOR	EMPLOYMENT	%
Public Administration	10,179	49%
Arts, Entertainment and Recreation	1,766	9%
Professional and Technical services	1,726	8%
Finance and Insurance	1,417	7%
Transportation and Warehousing	1,094	5%
Accommodation and Food Services	905	4%
Health Care and Social Assistance	848	4%
All others	2,770	13%
TOTAL	20,705	100%

WORKERS, RESIDENTS, AND VISITORS

Downtown Baton Rouge is first and foremost a government center, with over 10,000 public employees that create demand for additional products and services. Approximately 2,000 people also live downtown. While the Baton Rouge MSA has recently benefited from an influx of people displaced by Hurricane-Katrina, the downtown population has remained fairly steady, due in part to a lack of housing. The tourism and convention businesses in Baton Rouge, however, have experienced a boom in recent years.

2007 HOTEL MARKET (JANUARY-JULY)		
	BATON ROUGE	NEW ORLEANS
Monthly Room Demand	200,000	500,000
Arts, Entmnt. Recreation	\$80	\$110
Avg Occupancy	68%	58%

Workers. The downtown study area is home to 1,300 businesses and 35,000 employees. As the state capital, public administration is by far the largest employ-

3 Baton Rouge Visitor Market, ERA, 2007
 A Claritas, 2008, B American Community Survey, 2006
 4 Intercept Interview of the American Bowling Congress, S.C.I. Research, 2005
 5 2005 Annual Report, Baton Rouge Area Convention & Visitors Bureau

1 Claritas, 2008 (based on SIC codes, data not shown).
 2 DDD Employment Data, 2004-2007 (based on NAICS codes, data shown in chart)

POPULATION KEY INDICATORS		DOWNTOWN ^A	BATON ROUGE ^B	LOUISIANA ^B
DEMOGRAPHICS	Total Population	2,000	225,000	4,288,000
	Median Age	38	32	36
	% High School Educated	83%	84%	79%
	% Higher Degree	17%	31%	20%
EMPLOYMENT	Population in Labor Force	70%	64%	61%
	Unemployment	6%	10%	8%
	Travel Time to Work	20	22	25
	Walking to Work	11%	3%	1%
	Median HH Income	\$27,000	\$36,000	\$39,000
	Population below the Poverty Line	24%	27%	19%



Visitors (cont.). In 2005, Baton Rouge confirmed 93,000 room nights and hosted 135,000 delegates – contributing \$107M to the economy. This visitation was fueled by 233 conventions, 44 sporting events/meetings, 11 national conferences, 16 regional meetings, and 4 military reunions. Notably, the American Bowling Congress brought approximately 70,000 bowlers and an additional 70,000 of their friends and family to Baton Rouge, generating a \$75M economic impact (4). The convention will be returning in 2012 and is expected to create 60,000 room nights annually (4). Downtown Baton Rouge is also home to ten major churches, which draw over 3,000 people downtown on Sundays. If churchgoers could be encouraged to stay downtown to visit cultural attractions, eat out or shop, the city could enjoy significant economic impacts.



HOUSING MARKET ANALYSIS

A critical mass of residents is needed to create demand for retail and energize the downtown. However, residential development is very challenging under current market conditions. Currently the downtown is dominated by surface parking lots which generate significant cash flows for the land owners and represent little if any financial risk (1). Accordingly, residential development has been constrained, resulting in a lack of housing downtown. There are significant market and logistical factors limiting the potential development sites, therefore supporting infill development and strengthening connections with developments in the greater downtown will be essential to supporting an active downtown.

The single-family home market is stronger outside of downtown, particularly along interstates 10 and 12 and east of downtown. However, the condo market is growing. Conversations with stakeholders indicated that despite the demand for rental units, condos are the most financially feasible product in this market. Several rental properties have been converted to condominiums, with prices ranging from \$113 to \$173 PSF. Prices for newly constructed condos are in a similar range, with prices ranging from \$121 to \$144 PSF. Notable new developments downtown include River Park, Kress at 3rd and Main, One Eleven and River Place.

As noted in the Old South Baton Rouge Plan, there is a significant lack of new affordable housing in the downtown. The median household income downtown, \$27,000, makes it apparent that existing residents need very moderately priced housing. New developments downtown are priced far above the market value of the existing housing stock, which primarily consists of multifamily rental units built before 1980. The median home value in Baton Rouge is \$117,000, whereas recently constructed two bedroom condos in the same area start at \$450,000. The same is true in the 1 Stakeholder interviews rental market where median rent is \$670 but newly constructed two bedroom rental units start at \$2,350. Unfortunately, the market realities make the development of affordable housing in the core downtown area extraordinarily challenging and may require significant public investment to resolve.

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Historic Structures. Downtown Baton Rouge also has many historic structures, and Spanish Town and Beauregard Town are designated historic neighborhoods. The Old South Baton Rouge Plan (2006) found that building conditions are declining in many older neighborhoods and small investment in renovation could make a significant impact on home values. The study also recommended that contiguous areas of vacant and blighted properties be used for multifamily infill development or small parks.

It is also worth noting that a small housing preservation industry is growing in Baton Rouge, and creates jobs at a range of skill levels.

HOUSING STOCK			
	DOWNTOWN	BATON ROUGE	LOUISIANA
Total Housing Units	1,100	100,000	1,838,000
% Built after 1980	7%	25%	42%
% Units in Multifamily Structures	65%	36%	17%
Owner-Occupied	20%	53%	68%
Vacancy Rate	-	0.5%	1.5%
Median Home Value	\$117,000	\$132,000	\$115,000
Renter-Occupied	80%	47%	32%
Vacancy Rate	-	5.7%	6.4%
Median Rent	-	\$667	\$618
Renters paying >35% of Income	-	27%	36%

MARKET ANALYSIS



RETAIL MARKET ANALYSIS

The presence of a variety of retail is an essential factor in lively streets, the hallmark of a successful downtown. There are currently many empty spaces and underutilized storefronts along 3rd Street, such as a design business occupying a first floor prime retail space. While downtown will never be a major retail hub that competes with regional malls, there should be enough specialty retail to support office workers, residents, and tourists alike.

Commercial Challenges. Downtown has a growing office market; there are three existing and one planned office building with rents ranging from \$22.50/SF to \$27/SF depending on building age. Retail rents are, however, prohibitively high. Retail businesses also suffer from a parking system that makes it difficult to access downtown. Office and retail businesses find parking issues to be a major impediment to locating in the downtown. A majority of the surface parking downtown is not open to the public. The parking that is available is felt to be expensive to Baton Rouge residents who are unaccustomed to paying for parking. Many companies in the downtown subsidize their employee parking. Numerous business owners explicitly cite the cost of parking as a reason for locating in the office parks outside downtown Baton Rouge. Downtown loses businesses, and the employees who would shop in downtown during the workday, because of parking considerations. Other shoppers may similarly be put off by the price of parking, which they are not accustomed to paying for at shopping malls and other retail destinations. Retail businesses suffer as their customer base, both daytime office workers and other shoppers, declines due to parking constraints.

Retail Supply. Retail and merchandising analysis shows a significant oversupply of stores and goods in almost all submarkets of Baton Rouge. In fact, there is a \$45 M surplus in the study area and a \$2B surplus in a 10-mile radius. A surplus (in parentheses below) indicates that the total sales are greater than the total spending power in the same area, meaning people are actually traveling into Baton Rouge to shop, primarily for eating and drinking, motor vehicle sales and repairs, electronics and appliances, building material, and specialty retail. It is a positive trend that more money is spent downtown than the spending power of downtown residents, who do not currently generate the minimum level of demand.

Unmet Demand. Because the downtown population is small, there is not significant unmet demand within the downtown study area. The data suggests some opportunity exists for general merchandise stores such as department stores, and grocery and wine/liquor stores.

Commercial Opportunities. In conversations with Baton Rouge stakeholders, many people indicated the need for small niche retail to support the office workers, such as a drycleaners, drug store, small grocery store, and a clothing store with professional attire. A men's and a women's clothing store are planned in the Kress development. It was also suggested that childcare for downtown workers and support staff would be an excellent amenity that could attract new business downtown. For their part, existing local business owners said that they would benefit from cultural attractions staying open later at night (for after work activities), improved bike paths, additional walking paths, better connections to the levee, and free parking. The Live after Five programming on Thursdays provides a good model for this type of activity.

ARTS, ENTERTAINMENT, & EVENTS MARKET ANALYSIS

Current Market. Baton Rouge is positioning itself to be a regional entertainment hub. The Louisiana Art & Science Museum and the Baton Rouge Zoo are currently the top attractions. A \$5.25 M renovation of the Zoo and the new \$65M Shaw Center for the Arts were recently completed, and new cultural attractions planned include the Knock Knock Children's Museum in City Park (\$15M), an amphitheater in Capitol Park (\$2M), and renovations to the River Center (\$16M).

Unmet Demand. ERA's attractions study found that 30% of the Baton Rouge population, or ~82,000 households are likely to visit a museum at least once a year. As of 2007, there is unmet demand for nature, art, historical and children's attractions. There is also demand for an event space within a future project/museum. Alternative cultural anchors are also possible, such as a niche movie theater.

Opportunities. Studies and stakeholder interviews identified several key issues that present opportunities to bolster the cultural and entertainment market downtown. First, a better parking strategy could encourage multi-site visitation, rather than one-stop visits. Second, attractions should better market to LSU students and government workers answering a growing demand for drinking and dining out, and live theater and concerts. Lastly, casino visitors should be encouraged to stay the night and attend other attractions in Baton Rouge.

RETAIL DEMAND		
Gap/Surplus by Type of Establishment	Study Area	10 Mile radius
General Merchandise, Apparel, Furniture and other	(\$2,719,000)	(\$675,072,000)
Motor Vehicles and Parts Dealers	(\$16,328,000)	(\$546,652,000)
Gasoline Stations	(\$603,000)	(\$415,684,000)
Food service and Drinking Places	(\$16,411,000)	(\$410,164,000)
Electronics and Appliance Stores	(\$2,574,000)	(\$229,591,000)
Clothing and Clothing Accessories Stores	(\$722,000)	(\$168,394,000)
Furniture and Home Furnishings Stores	(\$533,000)	(\$159,993,000)
Sporting Goods, Hobby, Book, Music Stores	(\$877,000)	(\$132,632,000)
Food and Beverage Stores	\$840,000	(\$85,055,000)
Miscellaneous Store Retailers	(\$4,785,000)	(\$83,352,000)
Health and Personal Care Stores	(\$429,000)	(\$53,181,000)
Building Material, Garden Equip Stores	\$3,216,000	(\$41,816,000)
General Merchandise Stores	\$3,216,000	\$40,553,000
Electronic and Mail Order	(\$2,402,000)	\$222,516,000
TOTAL	(\$48,463,000)	(\$2,738,517,000)



DOWNTOWN BATON ROUGE

Parking and Points of Interest Guide

Downtown Baton Rouge offers a wide variety of leisure and business destinations. You'll find this guide helpful when planning your next visit to the Downtown area.



DOWNTOWN
DEVELOPMENT DISTRICT
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(225) 389-5520
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www.downtownbatonrouge.org



0 MILES 1/4 1/2



P DOWNTOWN PARKING AND TROLLEY MAP

- P** Parking garage
- P** Customer & Tenant Parking
- T** Trolley stop
- B** Bike & Jogging path
- I** Information kiosk



Parking Garage Information

State Garage Convention and Third	Days	Time	Hour Rates	One American Place North Street and Third	Days	Time	Hour Rates
	M-W	6am - 12am	0-1 \$1.00		M-F	7:30am - 8pm	0-1 \$2.00
	Th-F	6am - 3am	1-2 \$2.00		Sat-Sun	Closed	1-2 \$3.00
	Sat	8am - 3am	2-3 \$3.00				2-3 \$4.00
	Sun	8am - 12am	2-24 \$6.00				3-5 \$7.00
	M-F	After 4:30pm	\$3.00				5-24 \$10.00
	Sat-Sun	All Day	\$3.00				
Galvez State Garage Main and Fifth	Days	Time	Hour Rates	LaSalle State Garage North Street and Third	Days	Time	Hour Rates
	M-F	5am - 9pm	0-1 \$2.00		M-F	5am - 9pm	0-1 \$2.00
	Sat	5:30am - 3pm	1-2 \$3.00		Sat-Sun	Closed	1-2 \$3.00
	Sun	Closed	2-3 \$4.00				2-3 \$4.00
			3-24 \$10.00				3-24 \$10.00
	SAT	5:30am - 3pm	FREE				
River Center Garages St. Louis and Government	Days	Time	Hour Rates	State Welcome Center North Street and Third	Days	Time	Hour Rates
	M-F	6:30am - 6pm	0-1 \$1.00		M-F	5am - 9pm	0-1 \$2.00
	Sat-Sun	Closed	1-3 \$2.00		Sat-Sun	Closed	1-2 \$3.00
			3-24 \$3.00				2-3 \$4.00
	M-F	Events	\$4.00				3-24 \$10.00
	Sat-Sun	Events	\$4.00				
Chase Towers Florida and Fourth	Days	Time	Hour Rates				
	M-Th	6am - 11pm	0-1 \$2.00				
	F	Times Vary	1-2 \$4.00				
	Sat-Sun	Closed	2-3 \$6.00				
			3-8 \$8.00				

Parking Lot / Garage Contact

Bob Dean Classic Properties - Janet Rhodus	225.343.9152
City Parish River Center - Hope Leger	225.389.3306
B.B. Taylor - Ben Taylor	225.383.3211
Allright Baton Rouge, Inc. - Terri Agee	225.344.4142
Baton Rouge Parking, LLC - John O. Hearin	225.344.PARK (7275)
One American Place - Sylvia Akers	225.387.0083
Chase Towers - Gary Black	225.383.0424
State of Louisiana - Travis Lemaire	225.389.9377
Republic Parking System	



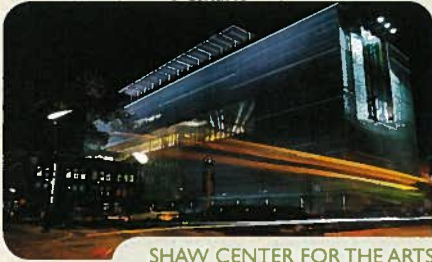
OLD GOVERNOR'S MANSION



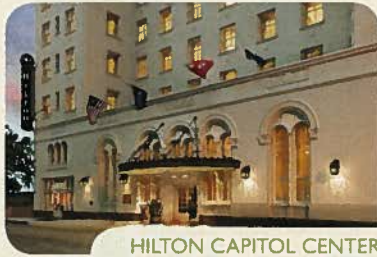
OLD STATE CAPITOL



BIKE PATH



SHAW CENTER FOR THE ARTS



HILTON CAPITOL CENTER



LOUISIANA ART AND SCIENCE MUSEUM



LOUISIANA STATE CAPITOL



MAIN STREET MARKET



USS KIDD

DOWNTOWN POINTS OF INTEREST

More than just the seat of our state government, Downtown Baton Rouge offers a unique mix of history and adventure. Young and old will find a world of discovery at the Louisiana Art and Science Museum. Step aboard an authentic WWII battleship at the USS KIDD Museum. The recently restored Old State Capitol and Old Governor's Mansion are both architectural treasures filled with Louisiana's rich history. The consolidation of the State of Louisiana Government Downtown has brought

over one million square feet of new office buildings that emulate the art deco style of the State Capitol building.

The Downtown Baton Rouge Arts & Entertainment District was formed in 2008 to provide a means for growth and development through arts and entertainment related activities. The goal is to create a district that has a balance of arts and entertainment and a positive reflection of Baton Rouge.

Found in the heart of Downtown and highlighted by Third Street, the Arts and Entertainment District has galleries, shops, restaurants, nightlife, festivals, and free concert series, all within walking distance, contributing to an enjoyable downtown experience!

All of these attractions are within walking distance and nestled against the banks of one of nature's greatest attractions- the majestic Mississippi River.

The Downtown Development District is committed to the promotion and enhancement of Downtown Baton Rouge. The agency directs public improvements, facilities and services aimed at benefiting the entire community.

Among such activities spearheaded by the DDD are the promotion of Downtown residential, recreational and business development, the consolidation of State Government and a multitude of

cultural events like the Restoration Renaissance, North Boulevard Festival of Lights, and outdoor concert series such as Live After Five and Sunday in the Park.



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