Appendix H

AEG Special Event Center Market Impacts

MR+E

AEG Special Event Center

Market Impacts

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Section I Introduction

Introduction

The Convention and Event Center Project (the "Project") consists of the following three components: (1) demolition of the current West Hall of the Los Angeles Convention Center (the "Convention Center") to be replaced by the construction of a comparable sized New Hall (the "New Hall") that will be contiguous to the existing South Hall of the Convention Center and improve the functionality of the Convention Center, (2) the construction of a new multi-use entertainment and sports facility on the site of the West Hall (the "Event Center"), and (3) related parking and support facilities. The Project is located within an approximately 68-acre site that includes all of the existing Convention Center property, including the Bond Street Parking Lot and the Cherry Street Parking Garage, STAPLES Center, as well as the air space over Pico Boulevard and LA Live Way (the "Project Site"). The Project Site is generally bounded by the following major roadways: the I-110 Harbor Freeway to the west; Chick Hearn Court to the north; Figueroa Street to the east; and Venice Boulevard to the south.

With the implementation of the Project, the Project Site would function as a unified center for convention, sports and entertainment uses. The Project is proposed to be implemented through adoption of a new Specific Plan and Community Plan Amendment and related approvals. Although the Specific Plan encompasses the entire Project Site, its primary focus would be on the regulation of the proposed buildings and related features, including signage, as well as the regulation of transportation and parking. In addition, notable elements of environmental sustainability would be comprehensively integrated into the Project and would be one of the key elements that would guide the design of the Project. In addition to the above improvements, the Project includes approximately 47,000 square feet of renovations to the existing Concourse Hall and South Hall Food Court. Other changes to the Convention Center's existing South Hall would be limited to its interface with the proposed New Hall. Existing parking under the South Hall and in the Convention Center's Venice Garage would not be affected by the Project.

This study is focused on the market impacts of the project on both the broader Los Angeles economy as well as on conditions in Pico Union itself. One of the primary benefits of the project will be its capacity to generate significant fiscal and economic impacts in Los Angeles. In order to illustrate the capacity of the project to support economic development and employment a fiscal and economic impact analyses are presented.

> *Fiscal impacts*-- fiscal impacts are the tax revenue implications associated with the project's operations. This includes an analysis of both the direct on and off-site expenditures and tax events generated by activities associated with the project.

Economic impacts-- economic impacts are the contributions the project will provide to the regional economy of Los Angeles in terms of jobs, economic output and earnings paid to local households.

Because of its proximity to the Project, stakeholders in Pico Union have expressed particular concerns about the potential effects that the Project might have on the economy of the community. Pico Union is primarily a residential community with local serving retail uses along its principal corridors. This character is distinct from the commercial and industrial land uses that are predominant in the nearby South Park district Residential development in the South Park area has been largely developed in recent years in contrast to Pico Union which is the site of an inventory of historic structures. During community consultations by the Project applicant, questions regarding the potential effects on the land-use economics were raised. Specifically the areas of concern were as follows :

Housing prices-- through the community consultation process, stakeholders have communicated a concern that the Project will lead to a significant escalation of housing costs in Pico Union. While the community has not identified the increase in real estate values in and of itself as a concern, some segments of the community have expressed concern that should prices begin to escalate rapidly as a result of the Project there would be a displacement of the community's existing population and a reduction in the stock of affordable housing.

Retail mix-- at present the Pico Union area has a mix of community-oriented retail establishments that are primarily focused towards meeting the needs of the immediate neighbors. Concern has been expressed by some that the Event Center, along with its entertainment and sports-oriented tenants, would lead to the proliferation of sports themed retail outlets in the community. If this transformation were to occur, some in the community have expressed concern that it would force out existing retail establishments and lead to an imbalanced retail mix in the community.

Urban decay-- In addition to these considerations the California Environmental Quality Act (CEQA) guidelines require that indirect physical changes not immediately related to the project that are caused indirectly by the project must be disclosed. In the context of CEQA, urban decay is considered an indirect physical impact. The focus of this analysis is to determine if the development of new public event hosting capacities in the market has the potential to result in the closure of or, dis-investment in, competing facilities which may, in turn, result in conditions that lead to urban decay.

To address these questions, this analysis considers the experience of other communities that have seen the introduction of a new NFL facility to provide examples of the likely future effect in the Pico Union community of the City of Los Angeles. Key findings of the analysis are summarized in the executive summary that follows.

Section II Executive Summary

Conditions in Pico Union

Pico Union is an older historic part of the urban fabric of central Los Angeles. Adjacent to downtown, Pico Union is heavily urbanized. The community is bounded by two freeways and a major surface arterial. In general, the housing stock in the community is made up of older multifamily units with relatively high rates of renter occupied dwelling units. Consistent with these physical parameters, the community is also home to a large number of low and very low income households, and a population base that is considerably younger than the County average. Pico Union is also characterized by the presence of retail along its main corridors.

Staples Center and LA Live

Since the opening of STAPLES Center in 1999 there has been little evidence of widespread gentrification in the residential or commercial areas west of the 110 freeway. Housing prices in Pico Union have generally co varied with Los Angeles County prices from 1999 to the present and in general the presence of STAPLES Center has not led to a transformation in the available housing stock in the community. In particular, during the period from 1996 through 2002, a period which covers three years prior to the opening of STAPLES Center and three years after its opening, median sales prices in the Pico Union community zip codes trended upward at approximately the same rate as the State and County as a whole.

As a result of initiatives arising from the STAPLES Center and Los Angeles Sports and Entertainment District Specific Plan, a number of stabilizing community benefits programs and projects have been implemented. Through the STAPLES Center Foundation, the arena along with the associated developments at LA Live have made contributions to a wide variety of community and educational organizations that have brought real and tangible benefits to Pico Union. In addition to its philanthropic role in the community STAPLES Center and LA Live have served as a significant source of employment for community residents. The successfully implemented community benefits program associated with AEG's developments have been seen as a model for successful community engagement in Los Angeles and these programs are often used as a standard or benchmark for major development projects city wide. This commitment to creating community benefits will carry forward with the proposed project as well.

Fiscal Impacts

On an ongoing annual operating basis, the Project can be anticipated to contribute over $74.1 million in both on and off-site impacts to all of the relevant jurisdictions with authority over the project. The total amount is comprised of $22.8 million of on-site impacts and $51.3 million of off-site impacts.

The largest recipient of on-site impacts is the City of Los Angeles with an estimated $10.6 million in revenue generated by activities that occur directly at the Project. These revenues are made up of a mix of property, sales and business activity taxes that are detailed in the supporting tables. The City of Los Angeles' primary source of off-site impacts comes from hotel transient occupancy tax that is forecast to occur based on events at the Project. The City of Los Angeles is forecast to be the largest recipient of revenue from the project's total on and off site operations, which are forecast to contribute over $27.3 million per year on an annual recurring basis to the City's general fund.

Economic Impacts

Construction

During the construction period, the project is forecast to directly support 10,785 full time equivalent (FTE) positions with earnings of over $490 million. This activity can be expected to stimulate additional $597 million in output supporting over 3,800 FTE positions with earnings of over $110 million throughout the economy of Los Angeles. In total construction of the project itself can be anticipated to generate over $1.7 billion in output for the local economy supporting 10,785 full-time equivalent positions with earnings of over $490 million.

In addition to the direct on-site construction impacts, the project will also stimulate additional development that will contribute to economic output locally. In total the direct on and off-site economic impact associated with construction of the project is expected to generate over $3.3 billion in output supporting 19,359 FTE positions with earnings of over $960 million over the construction period.

Operations

The combined operational impact of the project, including the impacts of spectator and public events along with operations of parking facilities is anticipated to generate expenditures of over $121 million per year on site. This direct on-site expenditure is anticipated to support 1,897 FTE positions with earnings of over $62 million. This initial spending can be expected to support an additional $61.5 million in output generating just under 1,650 FTE jobs with earnings of $15.3 million throughout the local economy. In total annual operations of the project itself can be forecast to generate over $183 million in output throughout the Los Angeles economy supporting 3,546 FTE positions with earnings of over $77 million per year.

Taking the direct off-site operations into account, including increased retail sales and hotel occupancy, the project can be expected to generate over $485.9 million in annual expenditures. This activity would be able to support nearly 5,080 jobs with earnings of over $128 million per year. This activity can be forecast to support an additional $177.8 million and output generating 2,290 FTE jobs with earnings of over $35 million.

The combined effects of the direct expenditures and their secondary effects are estimated to generate over $603 million in output for the Los Angeles economy on an annual recurring basis. These expenditures are forecast to support approximately 7,370 FTE positions with earnings of over $163.3 million.

Stadiums and Housing Values

An analysis of seven comparable markets did not provide consistent evidence of a sustained increase in housing costs in communities adjacent to new NFL stadiums, either in terms of absolute increases in costs or relative position compared to state and metro area markets. The case studies overall are decidedly mixed in their outcome in terms of effects on housing costs. The stadium adjacent communities on average experienced a 5% increase in community housing values compared to housing values in their greater metro area, but given this sample size and the diversity of factors effecting housing costs, this is not conclusive. Based on the foregoing and as detailed further below, there is therefore insufficient evidence to support the conclusion that the development of the Project in the neighborhood adjacent to Pico Union would bring about large-scale increases in housing costs that would have the effect of undermining housing affordability in the community. The operation of STAPLES Center since its opening in 1999 further suggests that the presence of event space and public assembly facilities does not in and of itself lead to gentrification, although these facilities nevertheless have provided substantial economic and other community benefits to the Pico Union community. Pico Union has not been the site of large scale conversions of rental space or development of gentrifying residential projects after the introduction of STAPLES Center, a facility with over 200 event days a year.

Stadiums and Retail Mix

The analysis of comparable communities suggests that there is likely to be an incremental increase in demand for sporting goods and related memorabilia within one mile of the Project. Currently, sporting goods outlets represent 5.3% of the total retail mix within Pico Union. This level representation can be anticipated to increase by approximately 0.6% to 1.7%, to between nearly 6% and 7% once the Event Center is operational. Based on average

performance in the comparable communities Pico Union can be anticipated to support between 20 and 24 sporting goods stores tied to activities at the Project. This represents a net increase of between two and six new retail outlets. It is likely that the 18 existing sporting good outlets that are presently located within Pico Union will reorient more of their offerings to meet the demand of patrons drawn to the area by the presence of spectator events at the Project.

While these new businesses represent an opportunity for economic development and expanded market opportunities for existing businesses within Pico Union, this is not a level of change that can be anticipated to alter significantly the community-serving nature of retail outlets in Pico Union as a whole. As with housing prices, the experience of STAPLES Center is indicative of the influence that a sports venue can have on the local retail market. Over the 12 years of the arena's operation, the retail mix in Pico Union has not been dramatically altered to meet the demands of STAPLES Center patrons. According to the 2000 economic census, which would represent conditions one year after the opening of STAPLES Center, in the two zip codes that overlap with Pico Union (90005 and 90015) sporting goods stores accounted for 2.91% of the total retail mix. This represents a net increase of 2.39% in the share of retail establishments between the opening of STAPLES Center and the present. The presence of STAPLES Center has not significantly reoriented the retail mix in Pico Union over 12 years of operation. Based on the experience of the community with STAPLES Center it is unlikely that the Project will cause the community orientation of the retail mix in Pico Union to be changed in a significant manner.

Urban Decay

The scale of the Proposed Project would place the Event Center in the market for events generally ranging from 25,000 to 72,000 spectators. Use by an NFL team is severally constrained at both the Los Angeles Memorial Coliseum and the Rose Bowl due to existing lease agreements and operations policies. Although it is possible that an NFL football franchise could occupy either stadium as an interim use, current lease agreements at the Coliseum and polices of the City of Pasadena would impede their use as a permanent home stadium for an NFL team. In the case of the Rose Bowl, the City of Pasadena limits the number of events with attendance over 20,000 to 12 per year

The Los Angeles Memorial Coliseum receives its largest utilization from USC football games, and its lease with the university effectively reserves USC as the only football user of the stadium. Other events that have used the Coliseum stadium include uses that are tied to Exposition Park, such as hosting the charitable Revlon Run, an annual Fourth of July picnic and fireworks display, or public events such as mass citizenship ceremonies .

The Proposed Project does not anticipate relocation of a master tenant from either facility, nor does it require the reallocation of football events. Development of the Proposed Project is unlikely to dramatically alter the competitive balance in the market. In terms of spectator events, the only foreseeable areas of direct competition between the Proposed Project and existing facilities in the market are confined to international soccer events and, to a lesser

degree, concerts and high school football. It is primarily in these categories that existing events already occurring at Los Angeles area facilities could be anticipated to relocate to the Project Site. However, as a whole, the potential loss of this activity would not be in itself enough to lead to significant capital disinvestment.

Section III Conditions in Pico Union

Introduction

Pico Union is the nearest residential area to the proposed Project site. Pico Union is primarily made up of older residential units and contains two districts included in the National Register of Historic Places. Commercial development is concentrated along its arterial corridors. The subject area is bounded by Olympic Boulevard to the north, Normandie Ave. on the west, Washington Blvd. and the Santa Monica Freeway on the south and the 110 freeway to the east. Figure III-1 illustrates the boundaries of the district that have been used as the basis for this analysis.

Pico Union is an older historic part of the urban fabric of Central Los Angeles. Adjacent to downtown, Pico Union is heavily urbanized. In general, the housing stock in Pico Union is older multifamily in nature with relatively high rates of renter occupied dwelling units. Consistent with these physical parameters, Pico Union also includes a relatively large number of low and very low income households, and a population base considerably younger than the County average.

The population living in Pico Union is largely employed in the service industries, as well as construction. These are two sectors that have been heavily impacted by the national, state and local economic downturn. In terms of occupation, the employed population is deployed across a wide array of activities but has a strong concentration in production and related occupations.

In terms of the mix of businesses located in Pico Union, community serving uses such as retail food and beverage sales, and eating and drinking places tend to predominate. This is consistent with its character as a residential urban community.

The data provided in this section provides background and context for analysis of the Project's potential impacts. The existing business mix is relevant to understand what the potential impact of activities related to the Project might be on the retail landscape of the community and the cost of housing.

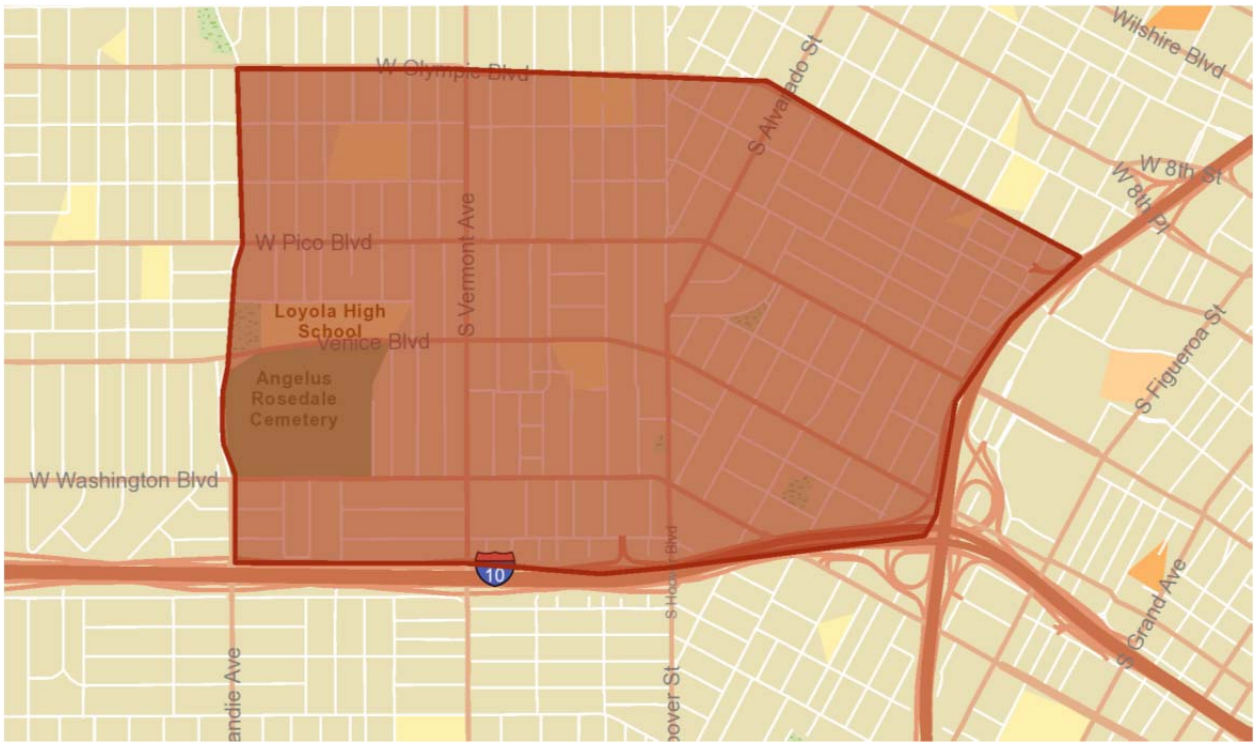
Demographic conditions

The Pico Union area has a population of approximately 45,000 people living in just under 13,000 households. This represents 0.44% of the total population of Los Angeles County. The median age in the area is 28.1 years of age. This is significantly younger than the countywide median age of 32.8. Table III-1 shows the distribution of population

in the community by age, compared to the County as a whole to produce an index. When this index is greater than 100% it implies an overrepresentation of the characteristic or variable examined. An index value of less than 100% shows an underrepresentation of the characteristic within the community when compared to the County as a whole. This index based comparison is used in each of the tables that follow.

Table III-2 provides data on race and ethnicity within Pico Union. The population of the community is heavily Hispanic, which accounts for 87.7% of the total population of the community. This is nearly double the representation of the Hispanic population in the County of Los Angeles as a whole. In terms of racial characteristics, the other race and multiracial categories are strongly represented within the community.

Figure III-1
Pico Union



Source: ESRI and MR+E

Table III-1
Population and Households 2010
Pico Union

		Pico Union	Los Angeles County	Index Plan Area Compared To County
Summary				
	Total Population	45,055	10,240,505	0.44%
	Total Households	12,802	3,292,577	0.39%
	Average Household Size	3.46	3.06	113.1%
	Family Households	9,366	2,242,907	0.42%
Population by Age				
	0 - 4	4,393	807,328	
	5 - 9	3,995	765,274	
	10 - 14	3,122	687,497	
	15 - 19	3,838	793,831	
	20 - 24	4,511	822,544	
	25 - 34	7,873	1,562,908	
	35 - 44	6,094	1,412,013	
	45 - 54	4,826	1,368,483	
	55 - 64	3,361	993,616	
	65 - 74	1,726	536,324	
	75 - 84	936	334,889	
	85+	381	155,798	
	Median Age	28.1	32.8	85.7%
Percentage				
	0 - 4	9.8%	7.9%	123.7%
	5 - 9	8.9%	7.5%	118.6%
	10 - 14	6.9%	6.7%	103.2%
	15 - 19	8.5%	7.8%	109.9%
	20 - 24	10.0%	8.0%	124.6%
	25 - 34	17.5%	15.3%	114.5%
	35 - 44	13.5%	13.8%	98.1%
	45 - 54	10.7%	13.4%	80.2%
	55 - 64	7.5%	9.7%	76.9%
	65 - 74	3.8%	5.2%	73.1%
	75 - 84	2.1%	3.3%	63.5%
	85+	0.8%	1.5%	55.6%

Source: ESRI, US Census and MR+E

Table III-2
Race and Ethnicity 2010
Pico Union

				Index
		Pico Union	Los Angeles County	Plan Area Compared To County
Summary				
	Total Population	45,055	10,240,505	0.4%
	Total Households	12,802	3,292,577	0.4%
	Average Household Size	3.46	3.06	113.1%
	Family Households	9,366	2,242,907	0.4%
Race and Ethnicity				
	White	12,183	4,730,690	
	African American	1,122	884,127	
	American Indian	471	75,707	
	Asian	3,427	1,363,720	
	Pacific Islander	34	28,162	
	Other Race	25,048	2,619,462	
	Two or More Races	2,770	538,637	
	Total	45,055	10,240,505	
	Total Hispanic Population	39,529	4,966,207	
Percentage				
	White	27.0%	46.2%	58.5%
	African American	2.5%	8.6%	28.8%
	American Indian	1.0%	0.7%	141.4%
	Asian	7.6%	13.3%	57.1%
	Pacific Islander	0.1%	0.3%	27.4%
	Other Race	55.6%	25.6%	217.3%
	Two or More Races	6.1%	5.3%	116.9%
	Total	100.0%	100.0%	
	Total Hispanic Population	87.7%	48.5%	180.9%

Source: ESRI, US Census and MR+E

Income and employment

Information on household income within Pico Union and compared Los Angeles County is shown in Table III-3. Median household income in 2010 was reported at slightly over $23,000. This represents just over 40% of the countywide median household income of just over $54,000. Pico Union is home to a large concentration of low and very low income households, with over 30% of all community households reporting an annual income of less than $15,000. These low income households occur at over twice the rate as Los Angeles County as a whole. An additional 20% of the community's population reports household incomes less than $25,000, which is a rate that also occurs at over twice the County average.

Table III-4 provides information on the employed population of Pico Union. At present, the area reports an employed civilian population of just over 19,000 people. In terms of industry of employment, manufacturing, construction and miscellaneous services are the leading sectors of employment of community residents. This means that the population of the community is exposed as changes in these sectors occur. In terms of representation of the labor force when compared to the County as a whole, there is a strong representation of employment in services, construction, food-service, accommodations, and manufacturing. In the current economic downturn, the construction industry has been particularly severely impacted. This is likely to have a long-term effect on the structure of employment within the community.

Occupational information is displayed on Table III-5. Leading occupations held by community residents include grounds cleaning and maintenance, service related employment, production and construction. Each of these classifications is significantly overrepresented in terms of the proportional share of occupations of LA County workers as a whole.

The data above refers to the employment status of community residents and does not reflect the distribution of employment within the neighborhood. Table III-6 shows the mix of businesses located within the study area. This information is provided on the basis of North American Industrial Classification System (NAICS) codes with the major groups broken down into subcategories where appropriate. The largest major group for employment in the community is retail trade, with food and beverage stores making up the largest single category of retail store. Services, wholesale trade and accommodation and food services are leading sectors of businesses located in Pico Union.

Housing market

Pico Union, like the rest of Southern California, has experienced a steep decline in the sales value of housing that began with the onset of the national recession in 2007. For the previous 10 years, housing throughout California and

in Los Angeles County experienced sustained increases in value with a particularly rapid rise beginning in early 2001. Figure III-2 shows the comparative trend of median sale prices for all homes in California, Los Angeles County and Pico Union, as represented by zip codes 90006 and 90015. This figure charts a 15-year trend in the relative median sales price for all dwelling units. From 1996 until 2004 median sales prices in Pico Union were lower than the average for Los Angeles County and the state as a whole. But beginning in 2004 prices began to appreciate in the community at a more rapid rate than was experienced elsewhere in the region. This led to a peak median sales price of just over $640,000 in March of 2007. Median sales price for all units in Pico Union experienced a rapid run-up in value between 2003 and the beginning of the national recession in 2007. Beginning in April 1996, the median value for all dwelling units in these two zip code areas was $130,800. This was considerably lower than the Los Angeles County average of $158,900 and the statewide average of $154,600. From 1996 through 2002, a period which covers three years prior to the opening of STAPLES Center and three years after its opening, median sales prices in the community zip codes trended upward at approximately the same rate as the State and County as a whole. However, as part of the overall run-up in housing values that was experienced from 2002 through 2007 values in the Pico Union area began to accelerate much more rapidly than the State or the County. By March of 2004, values in the Pico Union communities exceeded the statewide and county averages for the first time with a median sales value of $401,800.

From that point forward until the decline in regional real estate values beginning in the spring of 2007, values in Pico Union outpaced growth in the State and the County. However, with the collapse of regional real estate values, median sales value in Pico Union has declined faster than either the State of the County and did not benefit from the effects of the first-time homebuyer tax credit and the federal making home affordable program that arrested the decline in housing values in the County and the State in 2008 and 2009. Since that time values in Pico Union have declined more rapidly than the State and the County as a whole, such that by February 2010 prices in Pico Union were lower than the Los Angeles County median for the first time since early 2004. Presently, values are reverting back towards the State-wide median. As of April 2011, the median sales price in the Pico Union area was slightly over $325,000, whereas the median sales price was just over $314,000 in the State as a whole and over $362,000 for Los Angeles County.

Table III- 3
Income 2010
Pico Union

		Pico Union	Los Angeles County	Index Plan Area Compared To County
Summary				
	Total Population	45,055	10,240,505	0.4%
	Total Households	12,802	3,292,577	0.4%
	Average Household Size	3.46	3.06	113.1%
	Family Households	9,366	2,242,907	0.4%
Household Income				
	<$15,000	4,116	395,594	1.0%
	$15,000 - $24,999	2,591	310,476	0.8%
	$25,000 - $34,999	1,904	332,044	0.6%
	$35,000 - $49,999	1,629	455,395	0.4%
	$50,000 - $74,999	1,461	674,643	0.2%
	$75,000 - $99,999	507	451,803	0.1%
	$100,000 - $149,999	352	372,840	0.1%
	$150,000 - $199,999	82	141,009	0.1%
	$200,000+	160	158,691	0.1%
	Median HH Income	23,210	54,755	42.4%
	Average HH Income	36,841	74,879	49.2%
	Aggregate HH Income	471,638,482	246,544,873,183	0.2%
Percentage				
	<$15,000	32.2%	12.0%	267.6%
	$15,000 - $24,999	20.2%	9.4%	214.6%
	$25,000 - $34,999	14.9%	10.1%	147.5%
	$35,000 - $49,999	12.7%	13.8%	92.0%
	$50,000 - $74,999	11.4%	20.5%	55.7%
	$75,000 - $99,999	4.0%	13.7%	28.9%
	$100,000 - $149,999	2.7%	11.3%	24.3%
	$150,000 - $199,999	0.6%	4.3%	15.0%
	$200,000+	1.2%	4.8%	25.9%

Source: ESRI, US Census and MR+E

Table III-4
Employment By Industry
Pico Union

	Pico Union	Los Angeles County	Index Plan Area Compared To County
Summary			
Total Population	45,055	10,240,505	0.4%
Total Households	12,802	3,292,577	0.4%
Average Household Size	3.46	3.06	113.1%
Family Households	9,366	2,242,907	0.4%
Employment by Industry			
Employed Civilian Pop	19,067	4,522,378	0.4%
Agriculture	292	16,731	1.7%
Mining	-	2,850	0.0%
Construction	2,159	300,901	0.7%
Manufacturing	3,262	533,779	0.6%
Wholesl Trade	899	181,661	0.5%
Retail Trade	1,978	477,613	0.4%
Transportation	1,204	209,827	0.6%
Utilities	-	25,077	0.0%
Information	238	200,129	0.1%
Finance/Insurance	407	206,540	0.2%
Real Estate	370	112,269	0.3%
Prof/Tech Services	473	306,580	0.2%
Management	-	3,607	0.0%
Adminstration	1,159	226,114	0.5%
Eduataional Services	610	368,893	0.2%
Health Care	1,536	500,047	0.3%
Arts/Entertnment	272	135,227	0.2%
Accomdations / Food	1,888	301,819	0.6%
Other Services	2,081	269,706	0.8%
Public Admin	239	143,008.0	0.2%
Percentage			
Agriculture	1.5%	0.4%	413.9%
Mining	0.0%	0.1%	0.0%
Construction	11.3%	6.7%	170.2%
Manufacturing	17.1%	11.8%	144.9%
Wholesl Trade	4.7%	4.0%	117.4%
Retail Trade	10.4%	10.6%	98.2%
Transportation	6.3%	4.6%	136.1%
Utilities	0.0%	0.6%	0.0%
Information	1.2%	4.4%	28.2%
Finance/Insurance	2.1%	4.6%	46.7%
Real Estate	1.9%	2.5%	78.2%
Prof/Tech Services	2.5%	6.8%	36.6%
Management	0.0%	0.1%	0.0%
Adminstration	6.1%	5.0%	121.6%
Eduataional Services	3.2%	8.2%	39.2%
Health Care	8.1%	11.1%	72.9%
Arts/Entertnment	1.4%	3.0%	47.7%
Accomdations / Food	9.9%	6.7%	148.4%
Other Services	10.9%	6.0%	183.0%
Public Admin	1.3%	3.2%	39.6%

Source: ESRI, US Census and MR+E

Table III-5
Employment By Occupation
Pico Union

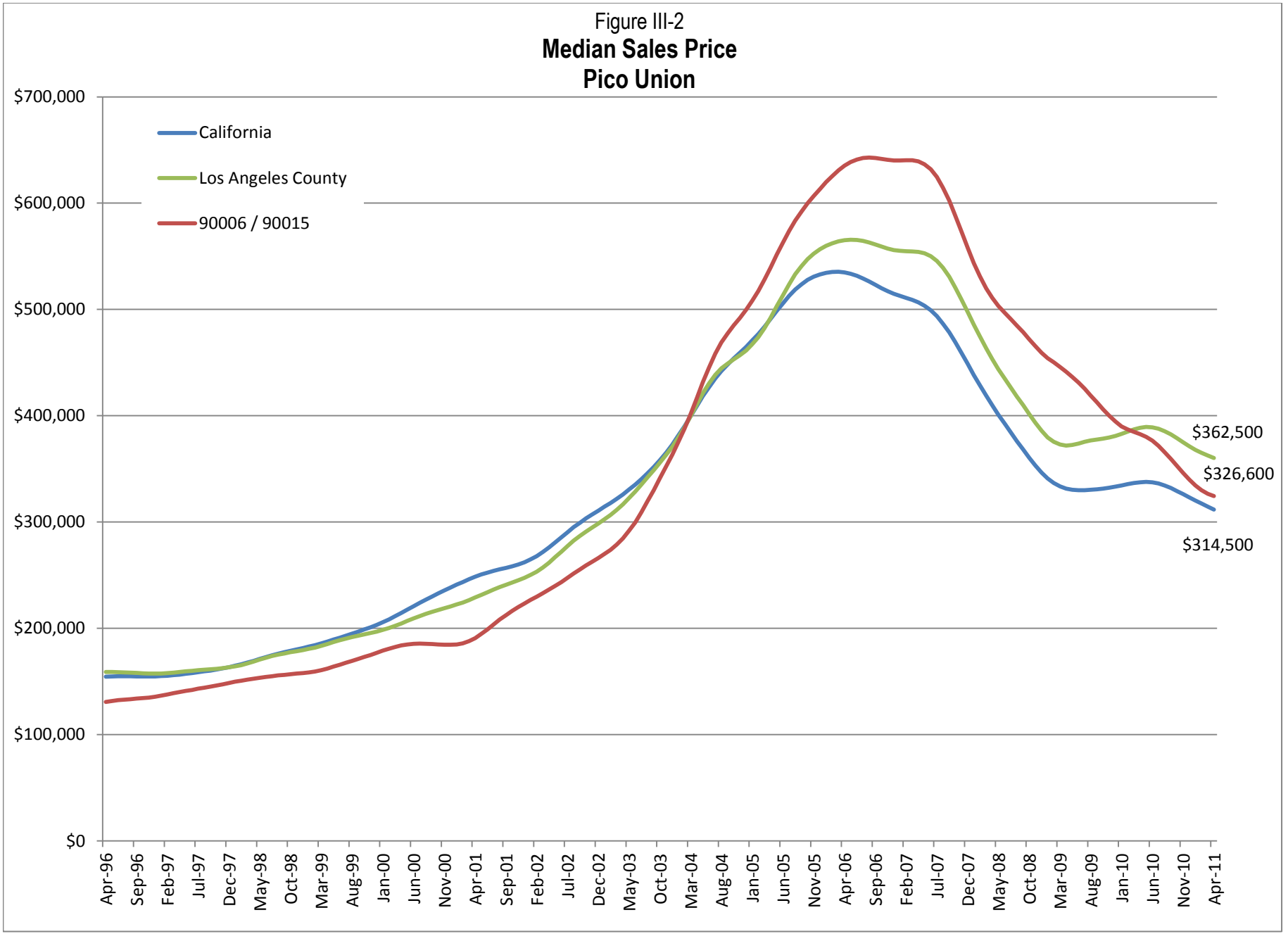
	Pico Union	Los Angeles County	Index Plan Area Compared To County
Summary			
Total Population	45,055	10,240,505	0.4%
Total Households	12,802	3,292,577	0.4%
Average Household Size	3.46	3.06	113.1%
Family Households	9,366	2,242,907	0.4%
Employment by Occupation			
Employed Civilian Pop	19,065	4,522,378	0.4%
Management	767	403,368	0.2%
Business and financial operations	175	204,758	0.1%
Computer and mathematical	51	85,081	0.1%
Architecture and engineering	97	77,424	0.1%
Life, physical, and social science	-	37,338	0.0%
Community and social services	124	65,672	0.2%
Legal	53	64,268	0.1%
Education, training, and library	341	237,359	0.1%
Arts, design, entertainment, sports, and media	268	184,443	0.1%
re practitioner, technologists, and technicians	127	180,268	0.1%
Healthcare support	561	81,476	0.7%
Protective service	297	85,898	0.3%
Food preparation and serving related	1,315	227,930	0.6%
ilding and grounds cleaning and maintenance	2,306	210,632	1.1%
Personal care and service	689	184,700	0.4%
Sales and related	2,178	514,861	0.4%
Office and administrative support	1,681	663,299	0.3%
Farming, fishing, and forestry	191	13,883	1.4%
Construction and extraction	2,089	256,170	0.8%
Installation, maintenance, and repair	507.0	135,431.0	0.4%
Production	3262	326,840.0	1.0%
Transportation and material moving	1,986	281,279	0.7%
Percentage			
Management	4.0%	8.9%	45.1%
Business and financial operations	0.9%	4.5%	20.3%
Computer and mathematical	0.3%	1.9%	14.2%
Architecture and engineering	0.5%	1.7%	29.7%
Life, physical, and social science	0.0%	0.8%	0.0%
Community and social services	0.7%	1.5%	44.8%
Legal	0.3%	1.4%	19.6%
Education, training, and library	1.8%	5.2%	34.1%
Arts, design, entertainment, sports, and media	1.4%	4.1%	34.5%
re practitioner, technologists, and technicians	0.7%	4.0%	16.7%
Healthcare support	2.9%	1.8%	163.3%
Protective service	1.6%	1.9%	82.0%
Food preparation and serving related	6.9%	5.0%	136.9%
ilding and grounds cleaning and maintenance	12.1%	4.7%	259.7%
Personal care and service	3.6%	4.1%	88.5%
Sales and related	11.4%	11.4%	100.3%
Office and administrative support	8.8%	14.7%	60.1%
Farming, fishing, and forestry	1.0%	0.3%	326.3%
Construction and extraction	11.0%	5.7%	193.4%
Installation, maintenance, and repair	2.7%	3.0%	88.8%
Production	17.1%	7.2%	236.7%
Transportation and material moving	10.4%	6.2%	167.5%

Source: ESRI, US Census and MR+E

Table III-6
Busniess Mix
Pico Union

	BUSINESSES	
	Number	Percent
Agriculture, Forestry, Fishing and Hunting	2	0.1%
Mining	0	0.0%
Utilities	1	0.1%
Construction	59	3.8%
Manufacturing	86	5.5%
Wholesale Trade	121	7.8%
Retail Trade	341	21.9%
Motor Vehicle and Parts Dealers	26	1.7%
Furniture and Home Furnishings Stores	17	1.1%
Electronics and Appliance Stores	19	1.2%
Building Material and Garden Equipment and Supplies Dealers	20	1.3%
Food and Beverage Stores	64	4.1%
Health and Personal Care Stores	29	1.9%
Gasoline Stations	8	0.5%
Clothing and Clothing Accessories Stores	58	3.7%
Sporting Goods, Hobby, Book, and Music Stores	18	1.2%
General Merchandise Stores	17	1.1%
Miscellaneous Store Retailers	58	3.7%
Nonstore Retailers	6	0.4%
Transportation and Warehousing	43	2.8%
Information	27	1.7%
Finance and Insurance	78	5.0%
Central Bank; Credit Intermediation and Related Activities	34	2.2%
Securities, Commodity Contracts, and Other Financial Investments and Related Activitie	9	0.6%
Insurance Carriers and Related Activities; Funds, Trusts, and Other Financial Vehicles	35	2.2%
Real Estate and Rental and Leasing	57	3.7%
Professional, Scientific, and Technical Services	96	6.2%
Legal Services	30	1.9%
Management of Companies and Enterprises	1	0.1%
Administrative and Support and Waste Management and Remediation Services	77	4.9%
Educational Services	35	2.2%
Health Care and Social Assistance	103	6.6%
Arts, Entertainment, and Recreation	18	1.2%
Accommodation and Food Services	130	8.3%
Accommodation	8	0.5%
Food Services and Drinking Places	122	7.8%
Other Services (except Public Administration)	248	15.9%
Automotive Repair and Maintenance	40	2.6%
Public Administration	4	0.3%
Unclassified Establishments	33	2.1%
Totals	1,560	100.0%

Figure III-2


Median Sales Price
Pico Union
$700,000
$600,000
$500,000
$400,000
$300,000
$200,000
$100,000
$0
California
Los Angeles County
90006 / 90015
$362,500
$326,600
$314,500
Apr-96
Sep-96
Feb-97
Jul-97
Dec-97
May-98
Oct-98
Mar-99
Aug-99
Jan-00
Jun-00
Nov-00
Apr-01
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May-08
Oct-08
Mar-09
Aug-09
Jan-10
Jun-10
Nov-10
Apr-11

STAPLES Center and LA Live

Since the opening of STAPLES Center in 1999 there has been little evidence of widespread gentrification in residential or commercial areas west of the 110 freeway. As a result of certain initiatives arising from the STAPLES Center and Los Angeles Sports and Entertainment District Specific Plan, a number of stabilizing community benefits programs and projects have been implemented. Such beneficial programs/projects include: job training and local hiring, affordable housing, open space improvements, day care facilities and after school programs, and improvements to the Salvation Army Red Shield Center. LA Live, open since 2008, has also delivered a variety of dining and entertainment facilities that have been enjoyed by nearby residences including the new 14 screen Regal Cinema complex.

Through outreach programs at local job training centers, union halls, community faith based organizations, job fairs, and job training programs at LA Trade Tech, a substantial number (over 5,000) of new, quality, living wages job opportunities have been created at STAPLES Center, Nokia Theatre, LA Live and the Ritz Carlton/JW Marriott Hotels at LA Live. The emphasis on local job hiring has also had a favorable stabilizing effect on the local community despite the challenging nationwide economic downturn.

Youth programs at the Red Shield Center and 10th Street Elementary School have provided after school support for working families as well as special reading, art and recreational programs and activities.

The combination of local jobs, numerous housing and open space projects, new and upgraded community facilities and local youth programs all stimulated by the development of STAPLES Center and LA Live, have resulted in positive impacts in many areas of Pico Union and have contributed to further stability in Project adjacent neighborhoods.

Similar local hiring initiatives and employment opportunities as well as continued and expanded community enhancement programs are anticipated to be implemented by the Project. These efforts are anticipated to further contribute to the quality of life for Pico Union and its residents.

STAPLES Center Foundation has established a number of partnerships in the Los Angeles community to assist charities in raising funds and awareness for their organizations with a special emphasis on the low-income neighborhoods, including Pico Union, surrounding the arena. The Foundation has donated more than $10 million in financial and in-kind support to many community-based organizations, including major partnerships with the following programs:

- A Better LA-- to provide youth services and gang diversion programs

- Eisner Pediatric & Family Medical Center—Non profit community health care
- Inner City Arts—Support for arts education in low income communities
- The Midnight Mission—Primary homeless services in Downtown Los Angeles
- Para Los Niños—Non profit community service and educational organization
- Salvation Army Red Shield Center—Employment and social services for low income and disabled children and adults.
- 10th Street Elementary—The STAPLES Center foundation has a long term relationship with the school. This has included continued engagement with the school community and support of educational programs.
- Community Grant Program—Provides grants to non-profit community organizations located within three miles of STAPLES Center
- Community Partnership Program—Provides in kind donations and use of facilities to support community groups
- Disney Concert Hall –Capital contributions and operations support for the Los Angeles Philharmonic.

Since its opening in 1999, STAPLES Center has hosted an estimated 28 million patrons. Over that time its presence has been an asset to the neighborhoods of greater Downtown Los Angeles, including Pico Union, by being an economic anchor tenant for the community. During this time STAPLES Center activities have contributed to growth in the local economy through direct employment of area residents as well providing business opportunities for a wide variety of local enterprises providing goods and services required both visitors and event patrons as well as by providing inputs to the operations of the facilities themselves.

Section IV Fiscal Impacts

Introduction

This section covers the fiscal impacts of annual operations of the proposed Project. The analysis investigates the revenue implications for jurisdictions affected by activities at the future facility. These include:

- *State of California*-- sales taxes
- *Los Angeles County*-- property taxes
- *Metropolitan transit Authority (MTA)*-- sales taxes
- *City of Los Angeles*-- property and sales taxes along with a set of local option taxes
- *Los Angeles Unified School District*-- property taxes
- *Other special districts*-- property taxes

The analysis considers two locations for impacts:

- *On-site impacts*-- these are fiscal impacts that occur directly as result of activities that take place within the Project.
- *Off-site impacts*---Which are the fiscal impacts of activities that are directly related to events that occur at the new project but take place elsewhere in the City of LA. A key example of this would be hotel room night generation attributable to an event held at the Project.

Another important feature of this analysis is that it only focuses on net new incremental growth in activities at the Los Angeles Convention Center (LACC).

Existing fiscal policy was used as the basis for determining impacts and all estimated values are shown as 2012 dollars.

Project Components

The fiscal analysis is focused on a set of on-site and off-site components. The on-site improvements are composed of the elements of the Project which can be summarized as follows:

1. *The special event center (SEC)*-- this is a 72,000 seat facility with a gross building area of 1.75 million sq. ft.. This facility will be able to host large-scale sporting events including NFL football and is convertible into exhibit space that can be used as part of the overall LACC operations

2. *Parking facilities*-- the project anticipates adding 4,000 parking spaces, representing a net growth of 1,100 spaces, in order to accommodate anticipated increased visitation volumes on site.
3. *New Hall*-- This is an approximately 500,000 square-foot convention and exhibit facility representing an expansion of the LACC.

The off-site development program is made up principally of two components that are directly attributable to AEG's investment in the special event center and the LACC expansion. The project is likely to engender additional off-site private investment throughout Downtown Los Angeles and in the South Park district. However this analysis focuses on two specific categories of development that have been identified by AEG's internal planning and through an analysis of the downtown hotel market. These include the following:

1. *Retail center*-- AEG anticipates an additional development of 500,000 sq. ft. of destination oriented retail to be co-developed off site along with the development program.
2. *Hotels*-- A market study prepared in June 2011 anticipates that the downtown hotel market will be able to absorb 2,414 new rooms as a direct result of activities at the expanded LACC and the SEC this additional room night capacity is based on demand from incremental growth directly attributed to forecast activities at the Project. Fiscal impacts of hotel operations discussed in this study are limited to an analysis of the net incremental growth rather than the total inventory of hotel rooms in Downtown Los Angeles

Table IV- 2 provides a forecast of annual events that are expected to occur at the project after construction of the Project. Events have been divided into two basic categories:

1. *Spectator events*-- these included spectator sports exhibitions and national championship events that would primarily use the Stadium configuration of the SEC.
2. *Public assemblies*-- this is the incremental growth in the number of events and size of anticipated after the development of the project. This does not represent the total amount of activity that would occur at the LACC, but rather represents net new business that otherwise would not be accommodated in Los Angeles.

Within the spectator event category NFL games represent the largest single category of event. The facility is expected to accommodate a variety of spectator sports many of which will have a draw for attendance beyond the Los Angeles market. Of particular importance are the anticipated annual mega-events which will change in nature periodically. These are expected to include events such as the NFL Super Bowl the NCAA men's basketball final four or an international sports event such as a World Cup or similar event

Table IV-1
Development Program

On Site		
Special Events Center		
Gross Building Area	1,925,000	square feet
Floor Area	1,750,000	square feet
Units	72,000	seats
Construction Cost	$829,800,000	
Hard Construction Cost	78%	of total construction cost
Parking Faclities		
Parking	4,928	spaces
	1,100	net new
Construction Cost	75,700,000	
Land Valuation	20,000,000	
Hard Construction Cost	70%	of total construction cost
New Hall		
Floor Area	500,000	square feet
Construction Cost	$215,400,000	
Hard Construction Cost	70%	of total construction cost
Off Site		
Retail Center		
Size	500,000	Sq. Ft.
Average Devlopment Cost	$175	Sq. Ft.
Construction Cost	$87,500,000	
Hard Construction Cost	70%	of total construction cost
Hotels		
Size	2,414	
Full Service Rooms	966	
Luxury Rooms	1,448	
Average Devlopment Cost Full Service	$210,000	per room
Average Devlopment Cost Luxury	$560,000	per room
Construction Cost	$1,013,880,000	
Hard Construction Cost	70%	of total construction cost

Source: AEG, RS Means, HVS, MR+E

Table IV-2

Incremental Growth in Events and Attendance
Special Events Center and LACC Expansion

Event	Annual Events Number of Events (days)	Average Attendance Per Event Day	Total
Spectator Events			
NFL Games	26	72,000	1,872,000
Concerts/Music Festival	2	55,000	110,000
Pac- 12 Championship	1	72,000	72,000
College Bowl Game	1	55,000	55,000
High School Championship	1	20,000	20,000
ESPN X Games	3	40,000	120,000
International Soccer Matches	2	72,000	144,000
Chivas Friendlies	1	55,000	55,000
Galaxy Friendlies	1	55,000	55,000
Boxing	1	50,000	50,000
NFL Pro Bowl	1	72,000	72,000
Motor Sports	6	45,000	270,000
Rodeo/PBR	3	60,000	180,000
Mega-Event[1]	2	76,250	152,500
Subtotal	*51*		*3,227,500*
Public Assemblies			
Citywide Conventions	12	40,000	480,000
Trade Shows/Consumer Shows	18	40,000	720,000
Religious Events	6	50,000	300,000
Community Events	4	20,000	80,000
Mega Events[2]	0.8	60,000	48,000
Subtotal	*40.8*		*1,628,000*
Total	91.8		4,855,500

1 This would be a event such as a Super Bowl, NCAA Men's Basketball Final or international sports event
2 Includes national political conventions

Source: AEG and MR+E

Public assemblies are made up of a variety of activities. This analysis is based on the existing system of categorization of events:

1. *Citywide conventions*--- these are conventions that are booked at least 18 months in advance and consume a significant number of hotel rooms as part of the event. Citywide conventions are typically national and international scale and are focused on bringing in delegates from outside of the region.
2. *Tradeshows and consumer shows* -- Tradeshows are events that are open "to the trade" only. And represent an opportunity for vendors to exhibit services and equipment to potential customers. These are business-to-business events, typically aimed at a regional market, without a public component. Consumer shows are events open to the general public generally with the gated admission. Consumer shows may include a retail component with direct sales.
3. *Religious events* These are large scale public meetings that are religious in nature
4. *Community events* Public meetings and civic functions
5. *Mega event*— Major national meetings such as political conventions which attract participants form outside the region.

In total is anticipated that the SEC will be able to accommodate on an average annual basis 51 spectator events with a total attendance of 3.2 million. This includes home games for two NFL franchises. The LACC expansion is anticipated to generate 40.8 events net new incremental events with an attendance of over 1.6 million. This combined total would yield 91.8 annual events with a total attendance of over 4.8 million.

Fiscal revenues

The activities at the new project will have fiscal implications for a broad variety of jurisdictions for both dedicated and general fund purposes. This analysis looks at the total private flow of funds from all sources to relevant jurisdictions generated from annual operations.

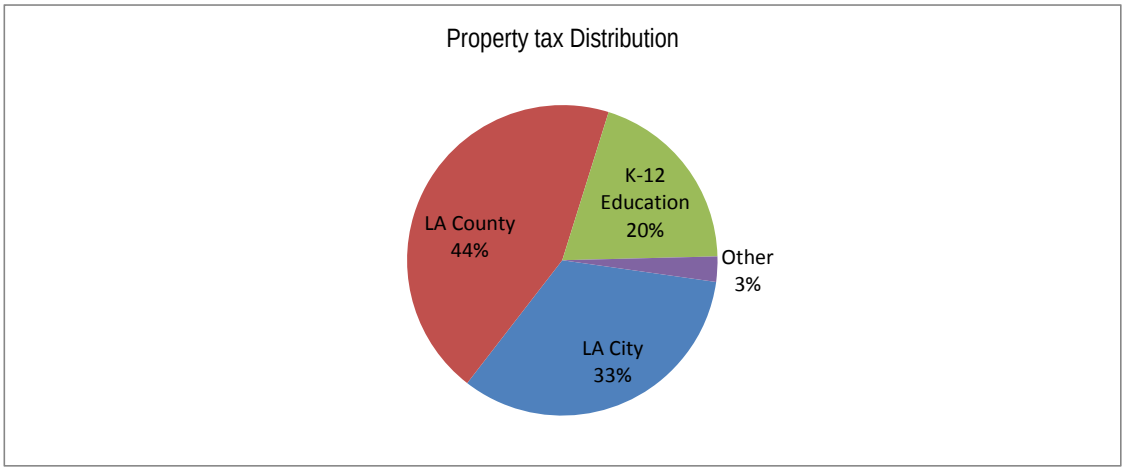
Property tax

Table IV-3 provides the allocation for property taxes from direct on-site investments. This is based on a total value of improvements for the SEC and parking garage at just over $ 700 million. This is a significant capital investment in its own right that will have important contributions in terms of property tax.

Tablel V-3
On-Site Property Tax
Allocation

	Improvements	Possessory Interest	Total AV	Total Assessment
Special events center	$647,244,000	78,750,000	725,994,000	7,259,940
Parking Garage	52,990,000	20,000,000	72,990,000	729,900
New Hall		*Exempt*		
Total	700,234,000	98,750,000	798,984,000	7,989,840

Agency	Rate	Annual receipts
Los Angeles County General Fund	0.427886354	3,418,744
Los Angeles County Capital Outlay	0.000097444	779
LA City Fire-FFW	0.005619738	44,901
LA County Flood Control	0.002292692	18,318
LA County Flood Control--Maintenance	0.012976875	103,683
LA County West Vector Control	0.000319344	2,552
Los Angeles City	0.327053209	2,613,103
County School Services	0.001208559	9,656
Children's Inst. Tuition Fund	0.002398565	19,164
LA Community College	0.025791903	206,073
LA Community College Children's Center	0.000266689	2,131
Los Angeles Unif. School Dist.	0.189891162	1,517,200
LA Co. Scheduled Servs.	0.000010586	85
LA USD Hdcpd Minors	0.001071063	8,558
Los Angeles Children's Center	0.003115817	24,895
Total	1.00	7,989,840



Assumes land valuation at $45 per sq. ft.

Source: MR+E, LA County Assessor

Over and above the capital cost associated with improvements is a possessory interest which accounts for the value of land occupied by private projects where in the city of Los Angeles retains title. This possessory interest assumes a land valuation of $45 per sq. ft. New Hall would remain a public facility as part of LACC and would be exempt from property taxes. The distribution of the annual assessment of over $7.9 million is shown on the table and is based on existing tax rate area (TRA) that is in place for the site. The largest single recipient of funds, at just over $3.4 million, would be Los Angeles County's general fund. The County, including general fund and flood control accounts, make up 44% of the total distribution of property tax generated by the project. The City of Los Angeles would receive 33% of the direct on-site property tax generated by the project estimated at just over $2.6 million per year. K-12 education including LAUSD would receive 20% of the total with LAUSD itself receiving just over $1.5 million per year.

In terms of the estimated off-site property tax stemming from the retail center and the net new in hotel development, the tax rate area including city of Los Angeles TD#1 was used for analyzing the property tax implications. The specific geography of the investment may be spread out over multiple TRA's however TD #1 and its associated rates were used for the purposes of this analysis. Note that this is subject to Educational Revenue Augmentation Fund (ERAF) distributions and as such K-12 education receives a larger proportion of property tax revenues. In terms of the direct offsite investments the total assessed valuation is estimated at just over $899 million. Resulting in over $8.9 million in total tax assessed. The largest recipient of this revenue would be K-12 education due to the presence of the ERAF funding formula. The largest single amount would be the City of Los Angeles general fund at $2.3 million per year followed by Los Angeles County general fund at just over $2.2 million per year.

Sales tax

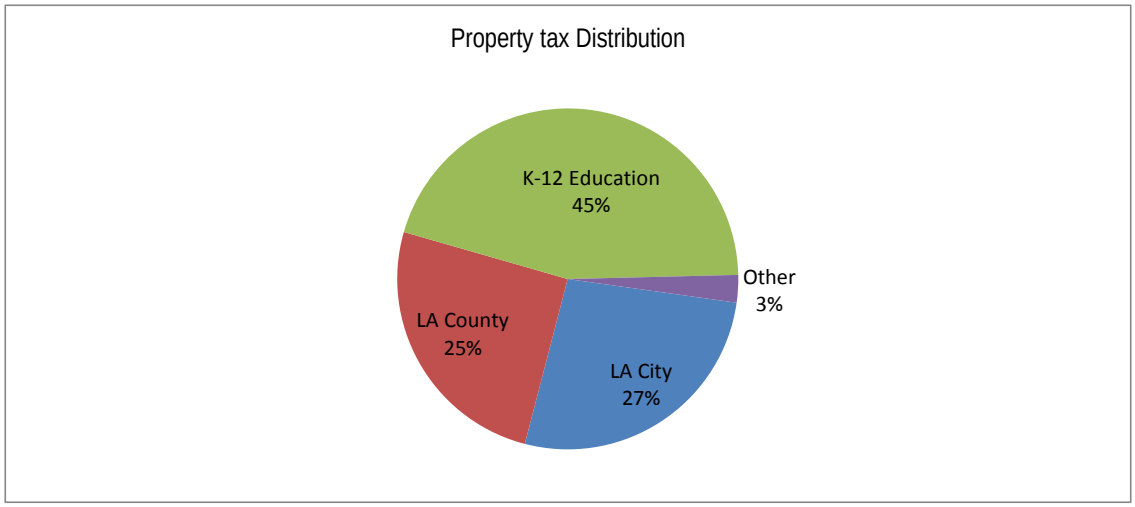
Table IV-5 presents an estimate of direct retail sales that occur on site. This analysis is based on an estimate of per capita sales by event attendees at events that occur within the project. This represents spending on taxable goods such as prepared food and merchandise at the facility. Presently Los Angeles County's sales tax rate is 8.75%. This analysis anticipates that spectator events would generate just over $77.5 million in taxable sales per year yielding total tax receipts of $6.7 million. Net growth in public assemblies is anticipated to generate over $8.2 million in direct taxable sales on-site which would generate over $722,000 in sales tax receipts. In total on annual recurring basis on site retail sales are forecast to generate over $7.5 million in sales tax revenue.

Table IV-6 provides the distribution of the 8.75% rate by fund. The largest single recipient of sales tax is the State of California general fund which would receive 5% of the 8.75% collected. The second largest recipient of sales tax is the MTA which would receive 1.5% of all retail sales. This is a result of measure R and additional assessments within the County. The City of Los Angeles would receive .75%, or an estimated $643,000, per year from direct on-site retail sales.

Table IV- 4
Estimated Off-Site Property Tax
Allocation

	Improvements	Land	Total AV	Total Assessment
Retail Center	$61,250,000	6,750,000	68,000,000	680,000
Hotel	709,716,000	121,665,600	831,381,600	8,313,816
Total	770,966,000	128,415,600	899,381,600	8,993,816

Agency	Rate	Annual receipts
Los Angeles County General Fund	0.24463767	2,200,226
Los Angeles County Capital Outlay	0.000097444	876
LA City Fire-FFW	0.005619738	50,543
LA County Flood Control	0.00134472	12,094
LA County Flood Control--Maintenance	0.007609695	68,440
LA County West Vector Control	0.000190083	1,710
Los Angeles City [1]	0.262842057	2,363,953
ERAF	0.081471093	732,736
ERAF Imp.	0.172433158	1,550,832
County School Services	0.001208559	10,870
Children's Inst. Tuition Fund	0.002398565	21,572
LA Community College	0.025791903	231,968
LA Community College Children's Center	0.000266689	2,399
Los Angeles Unif. School Dist.	0.189891162	1,707,846
LA Co. Scheduled Servs.	0.000010586	95
LA USD Hdcpd Minors	0.001071063	9,633
Los Angeles Children's Center	0.003115817	28,023
Total	1.00	8,993,816



1) LA City TD #1
Assumes land valuation at $45 per sq. ft.

Source: MR+E, LA County Assessor

Table IV-5
On-Site Sales Taxes

LA Couty Rate	8.75%					
	Event	Annual Attendance	Per capita Food and Bev Sales	Per Capita Merchandise Sales	Total Sales	Tax Recipts
Spectator events						
	NFL Games	1,872,000	$17.00	$9.00	$48,672,000	4,258,800
	Concerts/Music Festival	110,000	$15.00	$15.00	$3,300,000	288,750
	Pac- 12 Championship	72,000	$13.60	$15.00	$2,059,200	180,180
	College Bowl Game	55,000	$13.60	$15.00	$1,573,000	137,638
	High School Championship	20,000	$4.50	$2.00	$130,000	11,375
	ESPN X Games	120,000	$9.00	$9.00	$2,160,000	189,000
	International Soccer Matches	144,000	$9.00	$2.00	$1,584,000	138,600
	Chivas Friendlies	55,000	$4.50	$2.00	$357,500	31,281
	Galaxy Friendlies	55,000	$4.50	$2.00	$357,500	31,281
	Boxing	50,000	$20.00	$7.00	$1,350,000	118,125
	NFL Pro Bowl	72,000	$17.00	$9.00	$1,872,000	163,800
	Motor Sports	270,000	$9.00	$2.00	$2,970,000	259,875
	Rodeo/PBR	180,000	$13.60	$9.00	$4,068,000	355,950
	Mega-Event[1]	152,500	$21.25	$25.00	$7,053,125	617,148
Subtotal					77,506,325	6,781,803
Public Assemblies						
	Citywide Conventions	480,000	$6.23	NA	$2,990,400	261,660
	Trade Shows/Consumer Shows	720,000	$3.50	NA	$2,520,000	220,500
	Religious Events	300,000	$3.50	$0.75	$1,275,000	111,563
	Community Events	80,000	$0.25	NA	$20,000	1,750
	Mega Events[2]	48,000	$21.25	$9.00	$1,452,000	127,050
Subtotal					8,257,400	722,523
Total					85,763,725	7,504,326

Source: PKF, MR+E

Table IV-7 provides an estimate for the direct off-site retail sales. Off-site sales include delegate expenditures at citywide conventions and expenditures by attendees at spectator events directly attributable to attendance at an event at either the SEC or the LACC after the development of New Hall. Again note that the public assembly expenditures represent only the net growth in advance attributable to the development program and do not represent the total off-site retail sales tax implications of LACC operations. A sales of value of $515 per square foot is assigned to the destination retail complex off site that is anticipated as part of the development program. It is assumed that this facility would draw a significant amount of its patronage from consumers attending events at the SEC and the expanded LACC. Therefore to avoid double counting the value of off-site expenditures attributable to the development program have been subtracted from the total level of taxable retail sales anticipated at the retail complex.

Off-site direct retail sales are estimated to generate over $30.6 million in recurring annual revenues. Table IV-8 provides a distribution of the sales tax based on existing splits of the county's 8.75% sales tax rate. The State of California can anticipate receiving $17 million per year which would be the largest portion, the MTA is forecast to receive over $5.2 million per year and the City of Los Angeles general fund would be anticipated to receive approximately $2.6 per year from direct off-site retail sales associated with the development program.

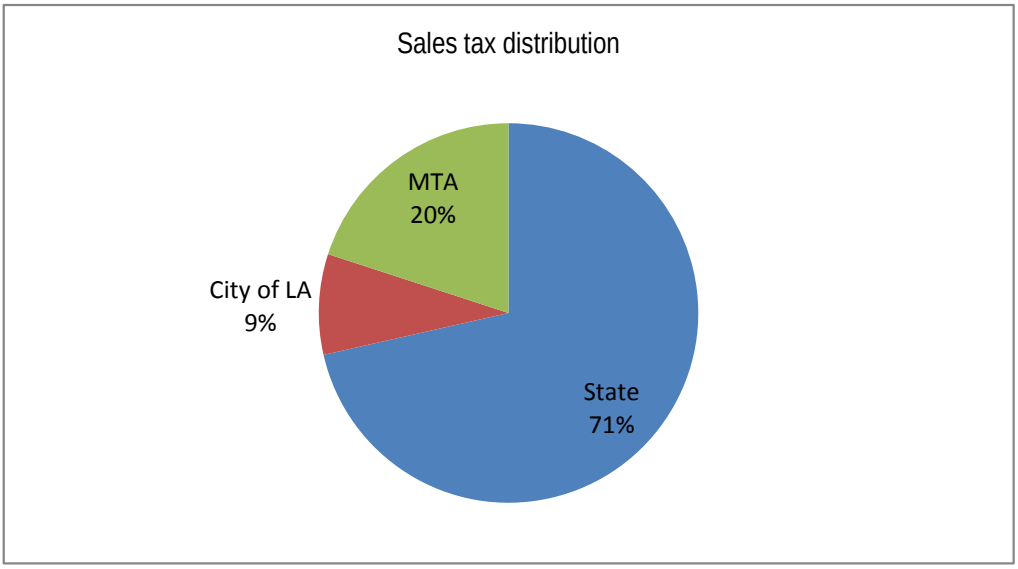
Transient occupancy tax

The city of Los Angeles charges a 14% levy on hotel space occupied for less than 30 days. This transient occupancy tax (TOT) is an important part of the fiscal rationale for the maintenance and operation of the LACC and the city's tourism-based economic development programs. Table IV-9 provides an attendance-based analysis of rooms night generation associated with activities at the project. According to LA Inc., the average daily rate for Los Angeles hotels was $114.39 for January 2012. This is used as the basis for the valuation of the aggregate average daily rate (ADR) associated with the project.

Spectator events are anticipated to support over 364,000 occupied room nights per year, based on an April 2011 market study, with the bulk of these rooms being generated by mega-events and college championships which draw national and non-local attendance. In terms of public assemblies, citywide conventions are the largest single driver of occupied room nights estimated at 160,000. In total this yields an aggregate revenue of $77.5 million per year yielding a total of $10.8 million in TOT available to the City of Los Angeles general fund as a result of that new activities at the Project. These estimates are based on existing fiscal policy and do not account for future changes to TOT that may be associated with future projects.

Table IV-6
On-Site Sales Tax Distribution

Fund	Rate	Amout
State General Fund	5.00%	$4,288,186
State Recovery Bond	0.25%	$214,409
State Public Safety	0.5%	$428,819
State Health	0.5%	$428,819
City of LA	0.75%	$643,228
County Transportation	0.25%	$214,409
MTA	1.50%	$1,286,456
Total	8.75%	$7,504,326



Source: BoE MR+E

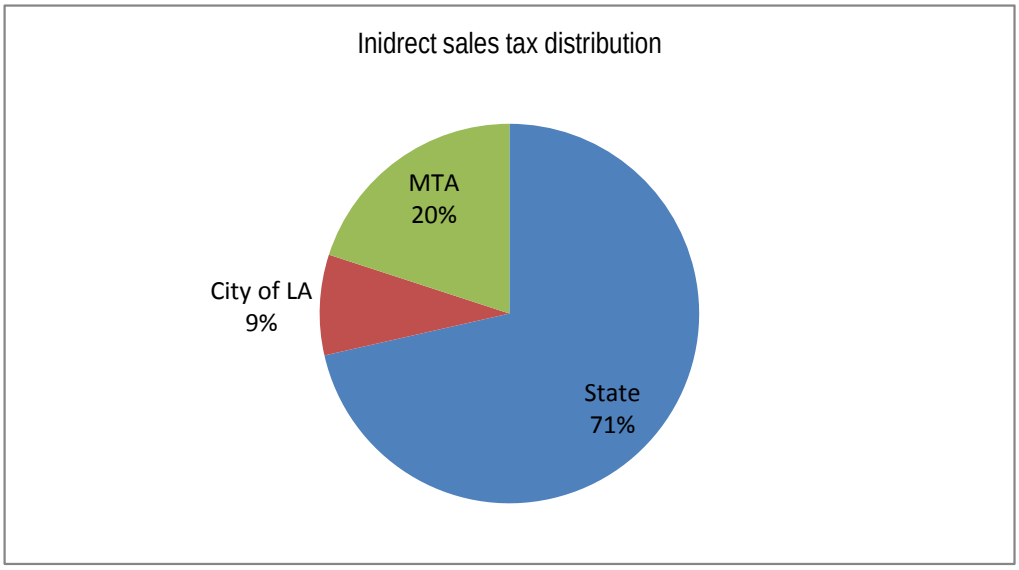
Table IV-7
Off-Site Sales Taxes

LA Couty Rate	8.75%					
	Event	Annual Attendance	Off Site Per capita sales per day	Number of Vistor Days	Total Sales	Tax Recipts
Spectator events						
	NFL Games	1,872,000	$2.50	1.00	$4,680,000	409,500
	Concerts/Music Festival	110,000	$1.75	1.00	$192,500	16,844
	Pac- 12 Championship	72,000	$45.00	3.00	$9,720,000	850,500
	College Bowl Game	55,000	$45.00	3.00	$7,425,000	649,688
	High School Championship	20,000	$1.75	1.00	$35,000	3,063
	ESPN X Games	120,000	$1.75	1.00	$210,000	18,375
	International Soccer Matches	144,000	$1.75	1.00	$252,000	22,050
	Chivas Friendlies	55,000	$1.75	1.00	$96,250	8,422
	Galaxy Friendlies	55,000	$1.75	1.00	$96,250	8,422
	Boxing	50,000	$45.00	2.00	$4,500,000	393,750
	NFL Pro Bowl	72,000	$45.00	2.00	$6,480,000	567,000
	Motor Sports	270,000	$2.50	1.00	$675,000	59,063
	Rodeo/PBR	180,000	$1.75	1.00	$315,000	27,563
	Mega-Event1	152,500	$45.00	5.00	$34,312,500	3,002,344
Subtotal					68,989,500	6,036,581
Public Assemblies						
	Citywide Conventions	480,000	$14.92	2.30	$16,469,280	1,441,062
	Trade Shows/Consumer Show	720,000	$4.48	1.50	$4,833,376	422,920
	Religious Events	300,000	$1.75	1.00	$525,000	45,938
	Community Events	80,000	$0.00	1.00	$0	-
	Mega Events2	48,000	$45.00	1.00	$2,160,000	189,000
Subtotal					23,987,656	2,098,920
Reatil Complex	@$515/ Sq. Ft. net of event spending				257,500,000	22,531,250
Total					350,477,156	30,666,751

Source: DAMI, PKF, MR+E

Table IV- 8
Off -Site Sales Tax Distribution

Fund	Rate	Amout
State General Fund	5.0%	$17,523,858
State Recovery Bond	0.25%	$876,193
State Public Safety	0.5%	$1,752,386
State Health	0.5%	$1,752,386
City of LA	0.75%	$2,628,579
County Transportation	0.25%	$876,193
MTA	1.50%	$5,257,157
Total	8.75%	$30,666,751



Source: BoE , MR+E

Table IV- 9
Transient Occupancy Tax

Average Daily Rate[1]	$114.39			
LA Transient Occupancy Tax rate	14%			
	Attendance	Room Generation Rate Attendees	Number of Vistor Days	Total Occupied Rooms
Spectator Events				
NFL Games	1,872,000	1 per 74	1.00	25,297
Concerts/Music Festival	110,000	1 per 50	1.00	2,200
Pac- 12 Championship	72,000	1 per 10	3.00	21,600
College Bowl Game	55,000	1 per 4	3.00	41,250
High School Championship	20,000	1 per 25	1.00	800
ESPN X Games	120,000	1 per 15	1.00	8,000
International Soccer Matches	144,000	1 per 75	1.00	1,920
Chivas Friendlies	55,000	1 per 25	1.00	2,200
Galaxy Friendlies	55,000	1 per 25	1.00	2,200
Boxing	50,000	1 per 10	2.00	10,000
NFL Pro Bowl	72,000	1 per 5	2.00	28,800
Motor Sports	270,000	1 per 250	1.00	1,080
Rodeo/PBR	180,000	1 per 200	1.00	900
Mega-Event1	152,500	1 per 3.5	5.00	217,857
Subtotal	3,227,500			364,104
Public Assemblies				
Citywide Conventions	480,000	1 per 6.9	2.30	160,000
Trade Shows/Consumer Shows	720,000	1 per 8	1.50	135,000
Religious Events	300,000	1 per 65	1.00	4,615
Community Events	80,000	1 Per 135	1.00	593
Mega Events2	48,000	1 per 3.5	1.00	13,714
Subtotal	1,628,000			313,922
Total				678,027
Aggregate ADR				$77,559,475
TOT Collected				$10,858,326

1) LA INC. Travel Pulse 1/12
Source: JW Marriott, MR+E and PKF

Parking tax

The City of Los Angeles levies a 10% parking tax on all automobile parking facilities. Based on the trip generation rates supplied by the project DEIR shown on Table IV-10. the project is anticipated to generate $47.4 million in aggregate parking expenditures. This would yield over $4.7 million per year to the general fund accounts of the City of Los Angeles.

Utility user tax

The City of Los Angeles levies a utility user tax (UUT) on electricity gas and telephone use at all addresses in LA. On-site generation of UUT will come primarily from the consumption of electricity at the special events center as well as utilities by exhibitors and attendees at New Hall. Using an average annual rate of utility consumption of $1.90 per sq. ft. the SEC can be anticipated to generate over $415,000 worth of annual UUT revenue for the City of Los Angeles. Off-site consumption of utilities at the retail center and the incremental additional hotel rooms is estimated at just over $693,000 per year yielding a total estimated UUT levy of $1.3 million in net new revenue to the city's general fund accounts. Table IV-11 shows the generation rates aggregate cost and total yield for this category of revenue.

Business license tax

Los Angeles municipal code provides for a gross receipts tax on business operations located within the city. The primary source of business license assessments from on-site activities would stem from operations of the two NFL teams and other event operations. The internal financial operations of an NFL franchise are notoriously difficult for outsiders to gain access to. However, in their preliminary planning AEG estimates gross receipts of $262 million on team and stadium operations for each team. The sum of the value of the other event operators is based on 40% of the NFL operating gross receipts. Gross receipts of retail sales are based on estimates of on-site retail sales by category of user. Direct off-site business license tax is based on the aggregate ADR of the hotels and sales per square foot of the retail center combined on and off-site direct activities are estimated to generate over $2.1 million per year to general fund revenues the City of Los Angeles. This assumes that the new business exemption will expire on 12/31/12 as currently scheduled. The derivation of this estimate is shown on Table IV-12.

Table IV-10
Parking Tax

Average Parking Rate	$18		
Total on Site Spaces	10,238		
LA Parking Occupancy Tax Rate	10%		
			Total Occupied Spaces
Annual Parking Generation	5,276,188	Vehicles[1]	
	2,638,094	Occupied Spaces	
Aggregate Parking			$47,485,692
Parking Tax Collected			$4,748,569

1) Per EIR transportation demand estimates

Source:The Mobility Group and MR+E

Table IV-11
Utility User Tax
City of Los Angeles

		Quantity	Unit	Rate	Aggregate Cost	UUT Collected
On-Site						
	Special Events Center	1,925,000	Sq. Ft.	$1.90	$3,657,500	$457,188
	Parking Faclities	4,928	Spaces	$75	$369,600	$46,200
	New Hall (tenant costs)	500,000	Sq. Ft.	$1.75	$875,000	$109,375
Subtotal						*$612,763*
Off-Site						
	Retail Center	500,000	Sq. Ft.	$2.40	$1,200,000	$150,000
	Hotels	2,414	Rooms	$1,800	$4,345,200	$543,150
Subtotal						*$693,150*
Total						$1,305,913

Source: MR+E

Table IV-12
City of Los Angeles
Business License Tax

		Gross Receipts	Rate	Tax Receipts
Onsite				
	NFL and Stadium Operations	$524,000,000	0.002550	$1,336,200
	Other Event Operations	$209,600,000	0.002550	$534,480
	Retail Sales	$85,763,725	0.001270	$108,920
Subtotal				*$1,979,600*
Off Site				
	Retail Center	$30,666,751	0.001270	$38,947
	Hotels	$77,559,475	0.001270	$98,501
Subtotal				*$137,447*
Total				$2,117,047

Source: MR+E

Summary and implications

Table IV-13 summarizes the revenue impacts from all sources for activities at Project for a stable operating year. This includes both direct on-site impacts as well as off-site impacts that are directly attributable to activities at the Project. It is important to note that these off-site impacts are direct primary impacts (that is to say they are not forecast based on economic multipliers representing secondary rounds of expenditure), but are referred to as off-site due to the location where the taxable event would take place.

On an ongoing annual operating basis, the project can be anticipated to contribute over $74.1 million in both on and off-site impacts to all of the relevant jurisdictions with authority over the project. The total amount is comprised of $22.8 million of on-site impacts and $51.3 million of off-site impacts.

The largest recipient of on-site impacts is the City of Los Angeles with an estimated $10.6 million in revenue generated by activities that occur directly at the Project. These revenues are made up of a mix of property, sales and business activity taxes that are detailed in the supporting tables. The City of Los Angeles' primary source of off-site impacts comes from hotel transient occupancy tax that is forecast to occur based on events at the Project. The City of Los Angeles is forecast to be the largest recipient of revenue from the project's total on and off site operations, which are forecast to contribute over $27.3 million per year on an annual recurring basis to the city's general fund.

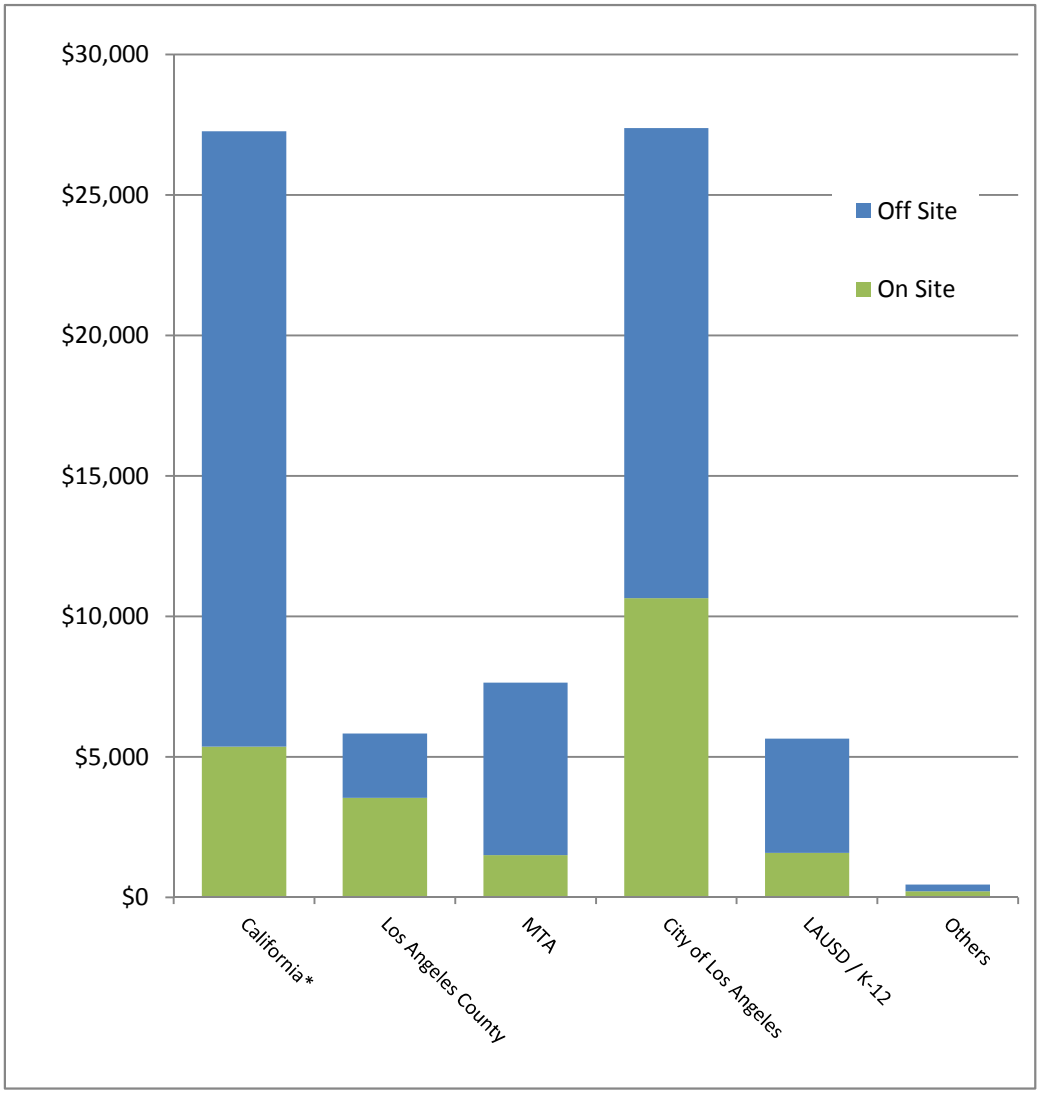
Table IV-13
Revenue Impacts
Annual Operations

		On-Site	Off-Site	Total
California				
	Sales Taxes	5,360,233	21,904,822	27,265,055
Subtotal		*5,360,233*	*21,904,822*	*27,265,055*
Los Angeles County				
	Property tax	3,541,523	2,281,732	5,823,256
Subtotal		*3,541,523*	*2,281,732*	*5,823,256*
MTA				
	Sales tax	1,500,865	6,133,350	7,634,215
Subtotal		*1,500,865*	*6,133,350*	*7,634,215*
City of Los Angeles				
	Property tax	2,658,004	2,414,496	5,072,500
	Sales tax	643,228	2,628,579	3,271,807
	TOT	-	10,858,326	10,858,326
	Parking Tax	4,748,569	-	4,748,569
	UUT	612,763	693,150	1,305,913
	Business License Tax	1,979,600	137,447	2,117,047
Subtotal		*10,642,163*	*16,731,998*	*27,374,162*
LAUSD / K-12				
	Property Tax	1,579,473	4,063,911	5,643,384
Subtotal		*1,579,473*	*4,063,911*	*5,643,384*
Others				
	Property Tax	210,840	233,677	444,517
Subtotal		*210,840*	*233,677*	*444,517*
TOTAL		22,835,098	51,349,491	74,184,588

Source: MR+E

Table IV-14
Revenue Impacts--All sources
Special Events Center and LACC Expansion
In thousands (x 1,000)

Jurisdiction	On Site	Off Site	Total
California*	$5,360	$21,905	$27,265
Los Angeles County	$3,542	$2,282	$5,823
MTA	$1,501	$6,133	$7,634
City of Los Angeles	$10,642	$16,732	$27,374
LAUSD / K-12	$1,579	$4,064	$5,643
Others	$211	$234	$445
Total	$22,835	$51,349	$74,185



*Sales tax only

Source MR+E

Section V Economic Impacts

Introduction

This section considers the effects of construction and operations of the project on the regional economy of Los Angeles. Economic impacts are distinct from fiscal impacts in that they measure the likely future effects of the project on the general economy in terms of output, earnings by households and supportable employment positions. The forecasts discussed in this section include both consideration of on-site activities, as well as the anticipated off-site effects generated by attendance at spectator and public events at the project. Details on the derivation of levels of economic activity have been held consistent between the economic and fiscal impact analyses.

Economic Impact Approach

In examining the economic impacts of the Project, a regional input-output (I/O) analysis approach can be seen as the most effective method for understanding the impacts of new economic activities. In this approach, new activities are treated as exogenous shocks to the regional economy. In other words, changes to the local economy are taken as gross impacts that have an effect on the existing industrial structure of the County.

Input-Output Models

The basic principle behind a regional input-output analysis is to identify and disaggregate all of the absolute flows of expenditures between final demand and the industries which supply intermediate inputs. This is represented in terms of technical coefficients which represent the requirements of a particular activity to deliver a unit of final demand to the market.

Examining these technical relationships of production has a long lineage in economic thinking and is a valid method in approaching regional impacts of specific projects. Pioneering work done in operationalizing these relationships was undertaken by Wassilly Leontief and the development of the input-output model which began in the late 1930s, which would eventually be recognized with a Nobel Prize in Economics in 1973. Essentially, the input-output model allows for analysis of relationships between sectors in the economy by exposing the sectoral interdependence of commodity production. The coefficients in an input-output matrix serve as a "snapshot" of the state of technology that is being deployed for commodity production, by showing the amounts and types of inputs that are required to produce a given output. A regional industry-by-industry total requirements table is prepared by calculating a Leontief of inverse from the regional direct requirements. In input-output methodology, the multipliers account for the sum of the direct and indirect and induced effects of a change in final demand.

Input-output analysis is chosen in this type of analysis because it is considered to be more precise and flexible than the economic impacts analysis approaches including the economic base approach, which measures how changes in final demand influence a region's exports of goods and services, or a regional income account approach, which is a scaled-down version of the Keynesian macro-economic analysis approach, which measures economic growth as stemming primarily from increases in personal income. In general, input-output analysis is a preferred method for analyzing local-scale or region-wide changes in large and complex economies such as Los Angeles. The advantages of this approach include the following:

- *Equal comparison between policy options*. By using input-output analysis, it is possible to measure the effects in equal terms between one project and another, or between the project and a no-build option.
- *The approach accounts for the specific project that is being analyzed*. The input-output analysis takes into account the specificity of the type of projects and the goods and services that are being produced, and it provides specific estimates related to the qualitative differences between different types of investments. This allows for an analysis of the specific economic activities being undertaken and their regional effects.
- Captures macro-economic changes. The input-output analysis is effective in a large and mature regional economy where even large-scale investments may only represent a very small marginal growth in the context of the overall regional economy. Despite the fact that the investments may be limited, they will still have economic impacts. They can be determined through an approach that focuses on the specific qualities of the investment rather than treating it in an aggregate form.

RIMS II

This analysis is based in an input output (I/O) method of forecasting indirect, induced and total effects of both the construction period and annual ongoing operations of the Project. This accounts for the economic impacts of both the initial investment and the additional rounds of economic activities that are caused by the first round expenditure (this is the "multiplier" effect). The US Dept of Commerce, Bureau of Economic Analysis (USBEA) RIMS II model was used as the basis of these forecasts. RIMS II produces a distinctive and specific set of multipliers for each economic region being investigated. That is to say, the multipliers produced by the model are tied to the economic base of the region, and given the diversity of industrial sectors that are existent in any one geographic area, will yield different, and in some cases dramatically different, multiplier numbers.

It is important to recognize that there is no one single multiplier number for an industry that can be applied broadly in any geographic area. But rather, each multiplier is specific to the economy of the region which is being investigated. The multipliers are reflective of the indigenous capacity of the local economy to serve final demand in the industry

(i.e., provide all of the inputs) less any net leakages from outside the economy (i.e., goods or services that must be imported into Los Angeles County wherein the production and value added takes place elsewhere).

Using RIMS II for economic impact analysis has several advantages. RIMS II multipliers can be estimated for any region composed of one or more counties, and for any industry or group of industries in the national I/O table. RIMS II is widely used in both the public and private sectors and is in many respects an industry standard model for the estimation of economic impacts. According to empirical tests, the estimates based on RIMS II are similar in magnitude to the estimates based upon custom-made and user-specific surveys.[1]

Economic impacts are reported as follows:

Direct expenditures This represents the direct costs for goods and services required for a unit of final demand. In this case it includes capital construction cost, professional services included in soft costs and the costs for goods and services during the operations of the building. Not included are economic rents such as fees and profits.

Indirect output Based on multipliers specific to Los Angeles County provided by RIMS II, the tables report the secondary and induced increases in economic activity (output) generated by the direct expenditures in each sector. This is the multiplier effect.

Total Output This is the combined value of the initial direct expenditure along with the indirect effects

Earnings This represents the total wages received by households in the County based on both the direct and indirect effects

Employment This represents the fulltime equivalent annual employment supported by the total output requirements. For the construction period these jobs occur only during the construction phase for operations these are annual recurring positions.

[1] See Sharon M. Brucker, Steven E. Hastings, and William Lathan, III, the "Variation of Estimated Impacts from Five Regional Input/Output Models," *International Regional Science Review*, 13 (1990: 119-139.)

Assumptions in the Model

It is important to recognize the following broad assumptions that are at the basis of this economic impact analysis. Specific assumptions will be detailed in the appendix to this report which includes a summary table of project assumptions, but the broad methodological issues include the following:

- All impacts discussed in this analysis represent gross economic impacts rather than marginal impacts.
- All investments are treated as exogenous inputs the regional economy.
- The monetary amounts shown here are in constant dollars based on projected performance of the project.
- One primary region of influence is used in this analysis-- Los Angeles County. Because there is a free movement of goods and labor throughout the entire metropolitan area, these impacts may be felt throughout the broader metropolitan region.
- Operation impacts are treated as annually recurring impacts.
- Construction impacts are treated as one-time impacts which take place over the course of the construction of the entire project

Economic Impacts

Economic impacts associated with each element of the project are described in this section. For each component of the project, both the on-site program elements such as the special event center, parking structures and LACC expansion, and the direct off-site components including new hotel and retail development, are presented for both a one-time construction period impact and the annual recurring operations impact.

Special events center

With an anticipated capital budget of $829.8 million, the construction impacts of the special event center will represent a significant investment in the local economy, and will support increases in output and employment based on the scale of the capital construction itself. Table V-1 provides an overview of the forecasted economic impacts for the SEC. During construction this portion of the project can be expected to support over 5,200 direct FTE positions with an average annual wage of $55,000. The secondary impacts of this activity will yield an additional $428.9 million in added output the local economy and support an additional 2,700 FTE positions throughout Los Angeles during the construction. In total the physical development of the SEC can be expected to generate over $1.2 billion in output for the Los Angeles economy that would support over $362 million in earnings and more than 7,900 FTE positions.

In terms of operations the SEC will generate economic activity based on attendance at spectator events as well as the costs associated with NFL and spectator event operations. An important source of FTE employment will be contingent labor that's employed over the course of an event day.

Table V-1

EVENT CENTER BUILDING

ONE-TIME CONSTRUCTION IMPACT	
Economic Impact - Construction	
Direct Impact	
Construction Value	$829,800,000
Earnings	$290,430,000
Employment	5,281
Multipliers	
Output	1.5169
Earnings	0.4374
Employment	9.6
Indirect and Induced Impact	
Output	$428,923,620
Earnings	$72,524,520
Employment	2,704
Total Impact	
Output	$1,258,723,620
Earnings	$362,954,520
Employment	7,984

ANNUAL OPERATIONS IMPACT	
Economic Impact - Operations	
Direct Impact	
Expenditures	$106,400,000
Earnings	$55,336,745
Employment	576
Multipliers	
Output	1.5032
Earnings	0.6375
Employment	20.1
Indirect and Induced Impact	
Output	$53,540,480
Earnings	12,493,255
Employment	1,557
Total Impact	
Output	$159,940,480
Earnings	$67,830,000
Employment	2,134

Source: AEG and MR+E

EVENT CENTER BUILDING

ASSUMPTIONS SUMMARY

Gross Building Area	1,750,000	square feet	
Units	68,000	seats	
Construction Cost	$1,300,000,000		
Hard Construction Cost	78%	of total construction cost	
Gross Retail Sales	$77,506,325	see Supporting Schedule	
NFL Operations	$76,000,000	Excludes player and team salaries	
Other Event Operations	$30,400,000	Excludes fees for talent and athletes	
Total Expenditures	$106,400,000		
Earnings			
Construction	$55,000	average annual wage construction	
Operations	$17,680	average annual wage per contingent FTE	
Corporate	$35,000	Average annual wage per job	
Employment			
Spectator FTE	576	0.053	Per attendee
Exhibit FTE	1,290	0.206	Per attendee
Multipliers			
Construction			
Output	1.5169	total dollar change per $1 change in output	
Earnings	0.4374	total dollar change per $1 change in output	
Employment	9.6217	total change in jobs per $1 million change in output	
Operations			
Output	1.5032	total dollar change per $1 change in output	
Earnings	0.6375	total dollar change per $1 change in output	
Employment	20.05	total change in jobs per $1 million change in output	

Source: AEG and MR+E

Using a factor of one contingent worker per 19 attendees (a factor based on analysis by the NFL Players Association on economic activity at NFL venues) and assuming 260 days of work equivalent to one FTE position, spectator events at the SEC can be anticipated to support 576 direct FTE positions based on anticipated attendance levels. Economic impact will also be supported by the direct requirements of NFL and event operations. Excluding player and team salaries each NFL team is anticipated to generate expenditures of $38 million for a total of $76 million per year in direct team spending. Other event operations are estimated at $30.4 million exclusive of performer and athlete fees. These operations expenditures are further supported by an on-site retail sales of $77.5 million as was discussed in the fiscal impact section. In total annual operations at the SEC can be anticipated to support over $106 million in annual expenditures on a recurring operating basis. These direct expenditures can be anticipated to support an additional $53.5 million in additional output and support an additional 1,557 FTE positions.

In total the annual operations impact of the SEC is estimated at $159.9 million in output supporting 2,134 FTE positions with earnings of over $67.8 million per year.

Parking

The project anticipates construction of over 4,000 parking spaces on site. This represents a construction value of $75.7 million. The effect of this construction will be to directly support for 421 FTE positions with earnings of over $23 million during the construction period. This activity can in turn be anticipated to induce an additional $39 million with output throughout the regional economy supporting 307 FTE positions with earnings of over $9.9 million. The total forecast construction impact of parking construction is an increase in output of $114.8 million supporting 728 FTE positions with earnings of $33.1 million.

Operations impacts will also occur from the parking facilities. Assuming a fixed operating cost of $200 per space per year the parking facility will require over $1.2 million in annual expenditures for maintenance and operations and the facility will require 31 FTE positions per year. This in turn can be anticipated to support an additional $685,000 in increased output and an additional eight FTE positions with earnings of just under $240,000.

In total the parking program associated with the project can be anticipated to generate $1.9 million in output supporting 38 FTE positions with earnings of $791,000 in annual recurring basis. This is summarized on table V-2

Table V-2

PARKING

ONE-TIME CONSTRUCTION IMPACT	
Economic Impact - Construction	
Direct Impact	
Construction Value	$75,700,000
Earnings	$23,177,826
Employment	421
Multipliers	
Output	1.5169
Earnings	0.4374
Employment	9.6
Indirect and Induced Impact	
Output	$39,129,330
Earnings	$9,933,354
Employment	307
Total Impact	
Output	$114,829,330
Earnings	$33,111,180
Employment	728

ANNUAL OPERATIONS IMPACT	
Economic Impact - Operations	
Direct Impact	
Expenditures	$1,224,900
Earnings	$551,205
Employment	31
Multipliers	
Output	1.5596
Earnings	0.4642
Employment	21.2
Indirect and Induced Impact	
Output	$685,454
Earnings	$239,909
Employment	8
Total Impact	
Output	$1,910,354
Earnings	$791,114
Employment	38

Source: AEG and MR+E

PARKING

ASSUMPTIONS SUMMARY

Parking	4,083	spaces
Construction Cost	75,700,000	
Hard Construction Cost	70%	of total construction cost
Operations Expenditures		
Fixed	$300	per space per year
Variable	10%	of revenue
Earnings		
Construction	35%	of spending
Operations	45%	of operating expenditures
Employment		
Construction	$55,000	average annual wage per FTE
Operations	$18,000	average annual wage per FTE
Multipliers		
Construction		
Output	1.5169	total dollar change per $1 change in output
Earnings	0.4374	total dollar change per $1 change in output
Employment	9.6	total change in jobs per $1 million change in output
Operations		
Output	1.5596	total dollar change per $1 change in output
Earnings	0.4642	total dollar change per $1 change in output
Employment	21.2	total change in jobs per $1 million change in output

Source: AEG and MR+E

New Hall

As with the other components of the project, New Hall will generate economic activity from both construction and operations. With an estimated construction value of $215.4 million, the facility can be anticipated to directly support 1,199 FTE positions of the course of the construction periods with earnings of $65.9 million. This direct economic activity can be anticipated to support an additional 873 FTE positions with earnings of over $28.2 million and contribution of $113.7 million in output to the regional economy. In total, construction of the facility can be anticipated to support 2,073 FTE positions with earnings of over $94.2 million generating an output of over $326.7 million over the course of the construction period.

In terms of annual operations, increased activity the LACC will generate economic impacts based on the facilities operations expenditures and on-site expenditures by event participants. Direct on-site expenditures are forecast at $8.5 million per year as described in the fiscal impact section. This is supplemented by an estimate of $5.7 million increased operations expenditures for the LACC based on its current operating budget with an increase of 28% to reflect the increased capacity of the facility. In total this would produce an estimated $13.9 million in direct economic activity per year at New Hall. This in turn can be anticipated to support 1,290 FTE positions with earnings over $6.2 million. The direct expenditures can be anticipated to indirectly support an additional $7.3 million in output 84 FTE positions with earnings of over $2.5 million. As shown on table V-3 the total annual contribution to the regional economy of New Hall operations are estimated to be $21.3 million and output which would support 1,374 FTE positions with earnings over $8.8 million per year.

Off-site hotels

As with the fiscal impacts, economic impacts have been divided into two categories; direct on-site expenditures tied to the project and direct off-site expenditures tied to project activities. The stimulation of new hotel development is a key benefit of the project. Previous market analysis along with ongoing development proposals in downtown Los Angeles which have been tied to project implementation lead to an estimate of the project yielding the development of 2,414 new hotel rooms in the City of Los Angeles. These projects are anticipated to have the total capital cost of just over $1 billion. Construction of these facilities will support over 4,500 FTE positions with earnings of over $248 million over the construction time span of the projects. This will in turn support an additional 3,235 FTE positions with earnings of over $183 million. In total hotel construction can be anticipated to contribute $1.5 billion regional output and support over 7,800 FTE positions through the completion of the development of the 2,414 rooms anticipated to be stimulated by the project.

TABLE V- 3

NEW HALL

ONE-TIME CONSTRUCTION IMPACT	
Economic Impact - Construction	
Direct Impact	
Construction Value	$215,400,000
Earnings	$65,951,172
Employment	1,199
Multipliers	
Output	1.5169
Earnings	0.4374
Employment	9.6
Indirect and Induced Impact	
Output	$111,340,260
Earnings	$28,264,788
Employment	873
Total Impact	
Output	$326,740,260
Earnings	$94,215,960
Employment	2,073

ANNUAL OPERATIONS IMPACT	
Economic Impact - Operations	
Direct Impact	
Expenditures	$13,983,400
Earnings	$6,292,530
Employment	1,290
Multipliers	
Output	1.5253
Earnings	0.3449
Employment	12.8
Indirect and Induced Impact	
Output	$7,345,480
Earnings	$2,570,918
Employment	84
Total Impact	
Output	$21,328,880
Earnings	$8,863,448
Employment	1,374

Source: AEG and MR+E

NEW HALL

ASSUMPTIONS SUMMARY

Size	867,000	Sq. Ft.	
Net growth	68,545	Sq. Ft.	Pico Hall
Net new convention space	293,545	Sq. Ft.	Pico Hall Plus Event Cneter
Total new convention space	28%	Net Growth	
Construction Cost	$215,400,000		
Hard Construction Cost	70%	of total construction cost	
Earnings			
Construction	35%	of spending	
Operations	45%	of operating expenditures	
Employment			
Construction	$55,000	average annual wage per FTE	
Operations	$18,000	average annual wage per FTE	
Multipliers			
Construction			
Output	1.5169	total dollar change per $1 change in output	
Earnings	0.4374	total dollar change per $1 change in output	
Employment	9.6	total change in jobs per $1 million change in output	
Operations			
Output	1.5253	total dollar change per $1 change in output	
Earnings	0.3449	total dollar change per $1 change in output	
Employment	12.8	total change in jobs per $1 million change in output	
Events			
On Site Expenditures	$8,257,400		
Oppertaions Expeditures	$5,726,000		

Table V-4 shows the derivation of these estimates along with a forecast of annual operations impacts based on hotel occupancy expenditures. These activities are expected to total over $101 million per year should be able to support 1,931 FTE positions with earnings of over $38 million. This in turn is anticipated to generate an additional $44.2 million and output $15.4 million in earnings supporting 504 FTE positions. In total the off-site hotels can be anticipated to generate an increase of $145 million in output supporting 2,435 FTE positions with earnings of over $54 million per year.

Off-site Retail

The economic impacts associated with off-site retail expenditures based on the estimated volume of retail sales generated by the project as described and fiscal impacts is shown on table V-5. Construction of these facilities is estimated at $87.5 million an amount that would support 435 FTE positions with earnings of over $23.9 million. This would in turn support an additional $45.2 million in output generating 288 additional FTE positions with earnings of $15.8 million. The total impact of construction required retail facilities would be $132.7 million in output supporting 723 FTE positions with earnings of $39.7 million.

Annual operations of the retail facilities that would result from the project would be $262.8 million per year. This would directly support 1,250 FTE positions with earnings of $27.5 million. This direct expenditure would support an additional $12 million in output supporting 137 positions with earnings of $4.2 million. In total direct off-site retail expenditures can be expected to account for $275.8 million in output $31.7 million in earnings to households and creating 1,387 FTE positions.

Summary and conclusions

The project can be anticipated to have significant positive impacts on the Los Angeles economy. With the direct capital construction cost estimated at $1.1 billion, the project represents one of the largest private construction projects that has been undertaken in the region in decades. In addition, the project represents a significant upgrade to the hosting capacity of the LACC and through its operations has the opportunity to attract significant levels of new visitation to Los Angeles. These benefits can be anticipated to occur as a result of on-site activities, associated with spectator and public events as well as off-site by generating new hotel and retail development.

Construction

During the construction period, the project is forecast to directly support 6,901 FTE positions with earnings of over $379 million. This activity can be expected to stimulate additional $110 million in output supporting over 3,800 FTE positions with earnings of over $110 million throughout the economy of Los Angeles.

Table V-4

OFF-SITE HOTEL

ONE-TIME CONSTRUCTION IMPACT	
Economic Impact - Construction	
Direct Impact	
Construction Value	$1,013,880,000
Earnings	$248,400,600
Employment	4,516
Multipliers	
Output	1.5169
Earnings	0.4374
Employment	9.6
Indirect and Induced Impact	
Output	$524,074,572
Earnings	$183,426,100
Employment	3,335
Total Impact	
Output	$1,537,954,572
Earnings	$431,826,700
Employment	7,851

ANNUAL OPERATIONS IMPACT	
Economic Impact - Operations	
Direct Impact	
Expenditures	$101,472,340
Earnings	$38,624,000
Employment	1,931
Multipliers	
Output	1.4361
Earnings	0.4021
Employment	12.1
Indirect and Induced Impact	
Output	$44,252,087
Earnings	$15,488,231
Employment	504
Total Impact	
Output	$145,724,427
Earnings	$54,112,231
Employment	2,435

OFF-SITE HOTEL

ASSUMPTIONS SUMMARY		
Units	2,414	rooms
Construction Cost	$1,013,880,000	
Hard Construction Cost	70%	of total construction cost
Operations Expenditures	85.0%	of total revenue
Earnings		
Construction	35%	of spending
Operations	$20,000	average annual wage per FTE
Employment		
Construction	$55,000	average annual wage per FTE
Operations	0.8	employees per room
Multipliers		
Construction		
Output	1.5169	total dollar change per $1 change in output
Earnings	0.4374	total dollar change per $1 change in output
Employment	9.6	total change in jobs per $1 million change in output
Operations		
Output	1.4361	total dollar change per $1 change in output
Earnings	0.4021	total dollar change per $1 change in output
Employment	12.1	total change in jobs per $1 million change in output
Room Revenue		
Annual Occupancy	70%	
Average Daily Rate	$114.39	

Construction of the project itself can be anticipated to generate over $1.7 billion in output for the local economy supporting 10,785 full-time equivalent positions with earnings of over $490.2 million.

In addition to this direct on-site construction impacts, the project will also stimulate additional development that will contribute to economic output locally. In total the direct on and off-site economic impact associated with construction of the project is expected to generate over $3.3 billion in output supporting over 19,000 FTE positions with earnings of over $961 million over the construction period.

Operations

The combined operational impact of the project, including the impacts of spectator and public events along with operations of parking facilities is anticipated to generate expenditures of over $121 million per year on site. This direct on-site expenditure is anticipated to support 1,897 FTE positions with earnings of over $62 million. This initial spending can be expected to support an additional $61.5 million in output generating just under 1,650 FTE jobs with earnings of $15.3 million throughout the local economy. In total annual operations of the project itself can be forecast to generate over $183 million in output throughout the Los Angeles economy supporting 3,546 FTE positions with earnings of over $77 million per year.

Taking the direct off-site operations into account, including increased retail sales and hotel occupancy, the project can be expected to generate over $485.9 million in annual expenditures. This activity would be able to support nearly 5,080 jobs with earnings of over $128 million per year. This activity can be forecast to support $177.8 million and output generating 2,290 FTE jobs with earnings of over $35 million.

In total, annual recurring operations of the project can be expected to generate over $485 million in direct expenditures in Los Angeles. This activity will directly support nearly 5,080 jobs in the city with earnings of over $128 million. This activity will induce an additional hundred and $17.8 million in annual output supporting nearly 2,300 FTE positions in the local economy providing over $35 million in earnings to area households. The combined effects of the direct expenditures and their secondary effects are estimated to generate over $603 million in output for the Los Angeles economy on an annual recurring basis. These expenditures are forecast to support approximately 7,370 FTE positions with earnings of over $163.3 million.

Table V-5

OFF-SITE RETAIL

ONE-TIME CONSTRUCTION IMPACT	
Economic Impact - Construction	
Direct Impact	
Construction Value	$87,500,000
Earnings	$23,925,788
Employment	435
Multipliers	
Output	1.5169
Earnings	0.4374
Employment	9.6
Indirect and Induced Impact	
Output	$45,228,750
Earnings	$15,830,063
Employment	288
Total Impact	
Output	$132,728,750
Earnings	$39,755,850
Employment	723

ANNUAL OPERATIONS IMPACT	
Economic Impact - Operations	
Direct Impact	
Expenditures	$262,857,867
Earnings	$27,500,000
Employment	1,250
Multipliers	
Output	1.0458
Earnings	0.4070
Employment	14.4
Indirect and Induced Impact	
Output	$12,038,890
Earnings	$4,213,612
Employment	137
Total Impact	
Output	$274,896,757
Earnings	$31,713,612
Employment	1,387

OFF-SITE RETAIL

ASSUMPTIONS SUMMARY

Gross Building Area	500,000	square feet
Gross Leasable Area	425,000	square feet
Construction Cost	$87,500,000	$170 per sq. ft
Hard Construction Cost	78%	of total construction cost
Gross Sales Retail Center	$257,500,000	$515 sales per s.f.
Gross Sales by Attendees	$92,977,156	
Expenditures	75%	of gross sales
Earnings		
Construction	35%	of hard construction spending
Operations	$22,000	average annual wage per FTE
Employment		
Construction	$55,000	average annual wage per FTE
Operations	400	square feet GBA per employee
Multipliers		
Construction		
Output	1.5169	total dollar change per $1 change in output
Earnings	0.4374	total dollar change per $1 change in output
Employment	9.6	total change in jobs per $1 million change in output
Operations		
Output	1.0458	total dollar change per $1 change in output
Earnings	0.4070	total dollar change per $1 change in output
Employment	14.36	total change in jobs per $1 million change in output

Table V-6
Summary of Impacts

On-site ONE-TIME CONSTRUCTION IMPACT	
Economic Impact - Construction	
Direct Impact	
Construction Value	1,120,900,000
Earnings	379,558,998
Employment	6,901
Indirect and Induced Impact	
Output	579,393,210
Earnings	110,722,662
Employment	3,884
Total Impact	
Output	1,700,293,210
Earnings	490,281,660
Employment	10,785

Total ONE-TIME CONSTRUCTION IMPACT	
Economic Impact - Construction	
Direct Impact	
Construction Value	$2,222,280,000
Earnings	$651,885,386
Employment	11,852
Indirect and Induced Impact	
Output	$1,148,696,532
Earnings	$309,978,825
Employment	7,507
Total Impact	
Output	$3,370,976,532
Earnings	$961,864,210
Employment	19,359

On-site ANNUAL OPERATIONS IMPACT	
Economic Impact - Operations	
Direct Impact	
Expenditures	$121,608,300
Earnings	$62,180,480
Employment	1,897
Indirect and Induced Impact	
Output	$61,571,414
Earnings	$15,304,082
Employment	1,649
Total Impact	
Output	$183,179,714
Earnings	$77,484,562
Employment	3,546

Total ANNUAL OPERATIONS IMPACT	
Economic Impact - Operations	
Direct Impact	
Expenditures	$485,938,507
Earnings	$128,304,480
Employment	5,078
Indirect and Induced Impact	
Output	$117,862,392
Earnings	$35,005,924
Employment	2,290
Total Impact	
Output	$603,800,898
Earnings	$163,310,404
Employment	7,368

Source: AEG and MR+E

Section VI Housing Effects

Introduction

Housing markets are very complicated. Generally speaking, it is very difficult to link changes in market values over time to a specific event or development. That being said, the value of housing in a community is strongly tied to the available amenities, quality of life and the physical condition of the housing stock itself. Stakeholders in the Pico Union area have expressed concern that the Project has the potential to significantly impact the availability of affordable housing. This is of concern in light of the fact that so many of the residents of Pico Union depend on the availability of attainably priced rental units to remain housed in the community. As conditions have improved throughout downtown Los Angeles by the provision of community amenities, new cultural facilities, and housing opportunities brought about by the City's adaptive reuse ordinance, Downtown Los Angeles has seen increased levels of development for market rate and luxury housing units over the last 5 to 7 years. This section is primarily concerned with addressing issues related to the potential effects that the Project could have on the availability of lower cost attainably priced units within Pico Union. This analysis is based on a review of the trends in housing values and comparable communities throughout the United States where a new NFL stadium has been developed. The neighborhood effects in these comparable cases are compared to changes in housing value at the state and metropolitan level to identify any potential changes in the overall direction of housing values that may have occurred after the opening of a new stadium facility.

While this analysis focuses on the value of for sale units in the community is important to recognize that rents are strongly associated with the sales value of residential real estate. Generally speaking investor-owned units (those that are not occupied by an on-site owner) are appraised and financed on the basis of a capitalized value for income stream (the “cap rate”). As a result, as sales costs increase, cash flows from rents will also tend to rise. While housing values and rents are not uniformly correlated, as long-term investors may trade occupancy for income by stabilizing reducing rents, typically rental rates are closely to the implied cap rate driven by the sales price.

Conditions in Pico Union

At present, Pico Union, as defined by the study area described in Section III, is the site of just over 13,000 total dwelling units. The vast majority of these are renter occupied, with owner occupied housing comprising just under 10% of the total available housing stock. This compares to the countywide average of approximately 46%. Table VI-1 shows the distribution of owner occupied housing by value.

Table VI-1
Housing Value
Pico Union

	Pico Union	Los Angeles County	Index Plan Area Compared To County
Summary			
Total Population	45,055	10,240,505	0.4%
Total Households	12,802	3,292,577	0.4%
Average Household Size	3.46	3.06	113.1%
Family Households	9,366	2,242,907	0.4%
Total Units	13,125	3,370,108	0.4%
Owner Occupied Units	1,292	1,544,182	0.1%
Renter Occupied	11,833	1,825,926	0.6%
Percent Owner Occupied	9.8%	45.8%	21.5%
Housing Value--Owner Occupied			
Less than $10,000	-	5,931	0.00%
$10,000 to $14,999	-	3,205	0.00%
$15,000 to $19,999	-	2,463	0.00%
$20,000 to $24,999	10	2,895	0.35%
$25,000 to $29,999	24	3,318	0.72%
$30,000 to $34,999	10	3,829	0.26%
$35,000 to $39,999	-	3,985	0.00%
$40,000 to $49,999	-	7,695	0.00%
$50,000 to $59,999	-	7,156	0.00%
$60,000 to $69,999	-	5,508	0.00%
$70,000 to $79,999	-	5,335	0.00%
$80,000 to $89,999	10	5,399	0.19%
$90,000 to $99,999	21	4,069	0.52%
$100,000 to $124,999	18	13,038	0.14%
$125,000 to $149,999	18	9,627	0.19%
$150,000 to $174,999	21	16,370	0.13%
$175,000 to $199,999	18	15,520	0.12%
$200,000 to $249,999	45	59,611	0.08%
$250,000 to $299,999	22	60,289	0.04%
$300,000 to $399,999	145	218,794	0.07%
$400,000 to $499,999	275	277,195	0.10%
$500,000 to $749,999	515	465,442.0	0.11%
$750,000 to $999,999	103	175,496.0	0.06%
$1,000,000 or more	38	172,012	0.02%
Percentage			
$15,000 to $19,999	0.0%	0.4%	0.0%
$20,000 to $24,999	0.0%	0.2%	0.0%
$25,000 to $29,999	0.0%	0.2%	0.0%
$30,000 to $34,999	0.8%	0.2%	412.8%
$35,000 to $39,999	1.9%	0.2%	864.5%
$40,000 to $49,999	0.8%	0.2%	312.1%
$50,000 to $59,999	0.0%	0.3%	0.0%
$60,000 to $69,999	0.0%	0.5%	0.0%
$70,000 to $79,999	0.0%	0.5%	0.0%
$80,000 to $89,999	0.0%	0.4%	0.0%
$90,000 to $99,999	0.0%	0.3%	0.0%
$100,000 to $124,999	0.8%	0.3%	221.4%
$125,000 to $149,999	1.6%	0.3%	616.8%
$150,000 to $174,999	1.4%	0.8%	165.0%
$175,000 to $199,999	1.4%	0.6%	223.5%
$200,000 to $249,999	1.6%	1.1%	153.3%
$250,000 to $299,999	1.4%	1.0%	138.6%
$300,000 to $399,999	3.5%	3.9%	90.2%
$400,000 to $499,999	1.7%	3.9%	43.6%
$500,000 to $749,999	11.2%	14.2%	79.2%
$750,000 to $999,999	21.3%	18.0%	118.6%
$1,000,000 or more	39.9%	30.1%	132.2%

Source: ESRI, US Census and MR+E

Table VI-1
Housing Value
Pico Union

	Pico Union	Los Angeles County	Index Plan Area Compared To County
Summary			
Total Population	45,055	10,240,505	0.4%
Total Households	12,802	3,292,577	0.4%
Average Household Size	3.46	3.06	113.1%
Family Households	9,366	2,242,907	0.4%
Total Units	13,125	3,370,108	0.4%
Owner Occupied Units	1,292	1,544,182	0.1%
Renter Occupied	11,833	1,825,926	0.6%
Percent Owner Occupied	9.8%	45.8%	21.5%
Housing Value--Owner Occupied			
Less than $10,000	-	5,931	0.00%
$10,000 to $14,999	-	3,205	0.00%
$15,000 to $19,999	-	2,463	0.00%
$20,000 to $24,999	10	2,895	0.35%
$25,000 to $29,999	24	3,318	0.72%
$30,000 to $34,999	10	3,829	0.26%
$35,000 to $39,999	-	3,985	0.00%
$40,000 to $49,999	-	7,695	0.00%
$50,000 to $59,999	-	7,156	0.00%
$60,000 to $69,999	-	5,508	0.00%
$70,000 to $79,999	-	5,335	0.00%
$80,000 to $89,999	10	5,399	0.19%
$90,000 to $99,999	21	4,069	0.52%
$100,000 to $124,999	18	13,038	0.14%
$125,000 to $149,999	18	9,627	0.19%
$150,000 to $174,999	21	16,370	0.13%
$175,000 to $199,999	18	15,520	0.12%
$200,000 to $249,999	45	59,611	0.08%
$250,000 to $299,999	22	60,289	0.04%
$300,000 to $399,999	145	218,794	0.07%
$400,000 to $499,999	275	277,195	0.10%
$500,000 to $749,999	515	465,442.0	0.11%
$750,000 to $999,999	103	175,496.0	0.06%
$1,000,000 or more	38	172,012	0.02%
Percentage			
$15,000 to $19,999	0.0%	0.4%	0.0%
$20,000 to $24,999	0.0%	0.2%	0.0%
$25,000 to $29,999	0.0%	0.2%	0.0%
$30,000 to $34,999	0.8%	0.2%	412.8%
$35,000 to $39,999	1.9%	0.2%	864.5%
$40,000 to $49,999	0.8%	0.2%	312.1%
$50,000 to $59,999	0.0%	0.3%	0.0%
$60,000 to $69,999	0.0%	0.5%	0.0%
$70,000 to $79,999	0.0%	0.5%	0.0%
$80,000 to $89,999	0.0%	0.4%	0.0%
$90,000 to $99,999	0.0%	0.3%	0.0%
$100,000 to $124,999	0.8%	0.3%	221.4%
$125,000 to $149,999	1.6%	0.3%	616.8%
$150,000 to $174,999	1.4%	0.8%	165.0%
$175,000 to $199,999	1.4%	0.6%	223.5%
$200,000 to $249,999	1.6%	1.1%	153.3%
$250,000 to $299,999	1.4%	1.0%	138.6%
$300,000 to $399,999	3.5%	3.9%	90.2%
$400,000 to $499,999	1.7%	3.9%	43.6%
$500,000 to $749,999	11.2%	14.2%	79.2%
$750,000 to $999,999	21.3%	18.0%	118.6%
$1,000,000 or more	39.9%	30.1%	132.2%

Source: ESRI, US Census and MR+E

The median home value for owner occupied dwelling units in Pico Union in 2010 was estimated at just over $476,000 by the US Census American Community Survey (ACS). This figure only relates to the value of owner occupied dwelling units. This compares to a comparable figure of just under $522,000 for LA County as a whole. This figure is somewhat influenced by the fact that there are a fair number of large historic and well maintained single-family houses within the historic districts of Pico Union, most of which are owner occupied. This has a tendency to push the value owner occupied housing towards the higher end of the market. In fact, the ACS reports more than 600 owner occupied dwelling units with values over $500,000. However, as was discussed in the previous section, the majority of households in Pico Union do not have incomes to support housing values at that level.

As a result of the social and economic conditions found in Pico Union, the preponderance of dwelling units are renter occupied. The median rent reported by the ACS for 2010 within Pico Union was just under $630 per month, compared to countywide median of $970. The distribution of rental costs in Pico Union compared to LA County is displayed on Table VI-2. Consistent with the high rates of renter occupied housing and the fact that it is an older inner-city community, the majority of the housing stock in Pico Union is made up of multifamily units. Single-family detached units account for just under 19% of the total number of dwelling units in the community. This compares to almost 50% single-family detached housing in the County as a whole. Table VI-3 shows the distribution of dwelling units by unit type for Pico Union and LA County. In addition, the table shows the date of construction for these dwelling units with the median year of the structure built in Pico Union in 1945, as compared to 1961 for the County. 41% of the dwelling units built in Pico Union were constructed prior to 1939. While the data in this trend analysis focuses on the sale value of all units, rental values in a real estate market closely track sales values and represent a proxy indicator of the overall affordability of housing in the community

Table VI-3
Housing Conditions
Pico Union

	Pico Union	Los Angeles County	Index Plan Area Compared To County
Summary			
Total Population	45,055	10,240,505	0.4%
Total Households	12,802	3,292,577	0.4%
Average Household Size	3.46	3.06	113.1%
Family Households	9,366	2,242,907	0.4%
Total Units	13,125	3,370,108	0.4%
Owner Occupied Units	1,292	1,544,182	0.1%
Renter Occupied	11,833	1,825,926	0.6%
Percent Owner Occupied	9.8%	45.8%	21.5%
Median Rent	$629	$970	64.8%
Date of Construction			
Built 2005 or later	87	36,843	0.24%
Built 2000 to 2004	106	103,020	0.10%
Built 1990 to 1999	544	205,809	0.26%
Built 1980 to 1989	1,076	402,086	0.27%
Built 1970 to 1979	1,331	494,007	0.27%
Built 1960 to 1969	1,712	511,379	0.33%
Built 1950 to 1959	1,601	717,521	0.22%
Built 1940 to 1949	1,885	389,618	0.48%
Built 1939 or earlier	4,784	509,825	0.94%
Median Year Structure Built	1945	1961	
Unit Types			
1, detached	2,036	1,681,476	0.12%
1, attached	767	221,439	0.35%
2	664	82,229	0.81%
3 or 4	1,630	198,850	0.82%
5 to 9	2,180	270,713	0.81%
10 to 19	2,090	266,113	0.79%
20 to 49	2,853	301,652	0.95%
50 or more	864	288,807	0.30%
Mobile home	43	56,005.0	0.08%
Boat, RV, van, etc.	-	2,824	0.00%
Date of Construction			
Built 2005 or later	0.7%	1.1%	60.6%
Built 2000 to 2004	0.8%	3.1%	26.4%
Built 1990 to 1999	4.1%	6.1%	67.9%
Built 1980 to 1989	8.2%	11.9%	68.7%
Built 1970 to 1979	10.1%	14.7%	69.2%
Built 1960 to 1969	13.0%	15.2%	86.0%
Built 1950 to 1959	12.2%	21.3%	57.3%
Built 1940 to 1949	14.4%	11.6%	124.2%
Built 1939 or earlier	36.4%	15.1%	240.9%
Median Year Structure Built			
Unit Types			
1, detached	15.5%	49.9%	31.1%
1, attached	5.8%	6.6%	88.9%
2	5.1%	2.4%	207.3%
3 or 4	12.4%	5.9%	210.5%
5 to 9	16.6%	8.0%	206.8%
10 to 19	15.9%	7.9%	201.7%
20 to 49	21.7%	9.0%	242.9%
50 or more	6.6%	8.6%	76.8%
Mobile home	0.3%	1.7%	19.7%
Boat, RV, van, etc.	0.0%	0.1%	0.0%

Source: ESRI, US Census and MR+E

STAPLES Center and LA Live

Pico Union has had experience with the presence of a major sports venue and entertainment destination nearby since the opening of STAPLES Center in 1999. This is instructive in that during its time of operations the facility has been the site of over 200 annual events. Over this period, Pico Union has not experienced destabilizing changes in its residential real estate market. The community remains a reserve of attainably priced housing within the Los Angeles market and continues to be the site of a large number of rental units. The presence of STAPLES Center and LA Live have not resulted in wholesale changes to the composition of the community's housing stock nor has it led to the development of gentrifying projects despite an expansion of the housing market in greater Downtown Los Angeles that has occurred over the last decade. The ACS data for the Pico Union community indicates that the area's housing stock grew by 7 units from 2000 to the present. This represented a 0.11% increase in the total number of available units in the community, and compares to a County wide rate of 4.15% over the same period. The basic mix of unit types and tenure have remained stable since the introduction of STAPLES Center and the community has not experienced significant changes in its demographic composition over this time. In terms of housing values, from 1996 through 2002, a period which covers three years prior to the opening of STAPLES Center and three years after its opening, median sales prices in the community zip codes trended upward at approximately the same rate as the State and County as a whole. Pico Union did experience faster rates of growth from 2002 through the collapse of the housing bubble in 2007 but this run up is independent of either the operations of STAPLES Center or development of LA Live, which opened in 2008. In general the experience of STAPLES Center, which has accommodated approximately 48 million patrons since its opening, has not been transformative to the structure of the housing market or available housing stock in Pico Union.

Comparable communities

Since 1998, 16 new NFL venues have been built .This time period was selected because it included two expansionary and recessionary periods in the US national economy. This is a long enough time frame to allow for a review of changes in prices within each of the local markets without being distorted by any particular portion of the economic cycle in terms of expansion or recession. The time period also matched available housing cost data that ran from 1996 to 2011. This time period covered a significant number of new stadium developments well at the same time a consistent level of data was available in each of the markets examined over this time. These facilities were examined to establish their long-term effect on neighborhood housing values. Zip Code level housing price data was used as a basis for establishing long term trends in local housing markets. This was then compared to the

performance of state and metro area housing markets over the same time. This was done with the goal of determining any relative differentiation that occurs before or after the development of a new facility.

The following criteria were used in determining which stadiums to use for the comparable analysis:

- Length of time series-- The two most recently developed stadiums, Cowboy Stadium in Arlington Texas and Met Life Stadium in East Rutherford New Jersey, were excluded due to the short amount of time that they have been in operation as housing costs tend to be affected over time. Facilities developed at the beginning of the time period, Bank of America Stadium in Charlotte North Carolina and FedEx Field in Landover Maryland, were also excluded because there was not enough historic data available to allow for meaningful comparisons.
- Number of dwelling units-- the comparables analysis is based on housing sales values at the zip code level. In a number of instances, the facilities are not located in a zip code with a significant number of dwelling units of any kind that can be used to determine trends and effects. The stadiums with limited to no dwelling units nearby included those developed in Detroit, Nashville, Seattle, Cleveland, Cincinnati, Houston, Indianapolis and Chicago.

Under these criteria the following new Stadium facilities were used in this comparable analysis:

- Heinz Field-- Pittsburgh, Pennsylvania
- Sports Authority Field—Denver, Colorado
- Gillette Stadium – Foxboro, Massachusetts
- Lincoln Financial Field –Philadelphia, Pennsylvania
- University of Phoenix Stadium -- Glendale, Arizona
- M & T Bank Stadium—Baltimore, Maryland
- Raymond James Stadium—Tampa, Florida.

Heinz Field—Pittsburgh

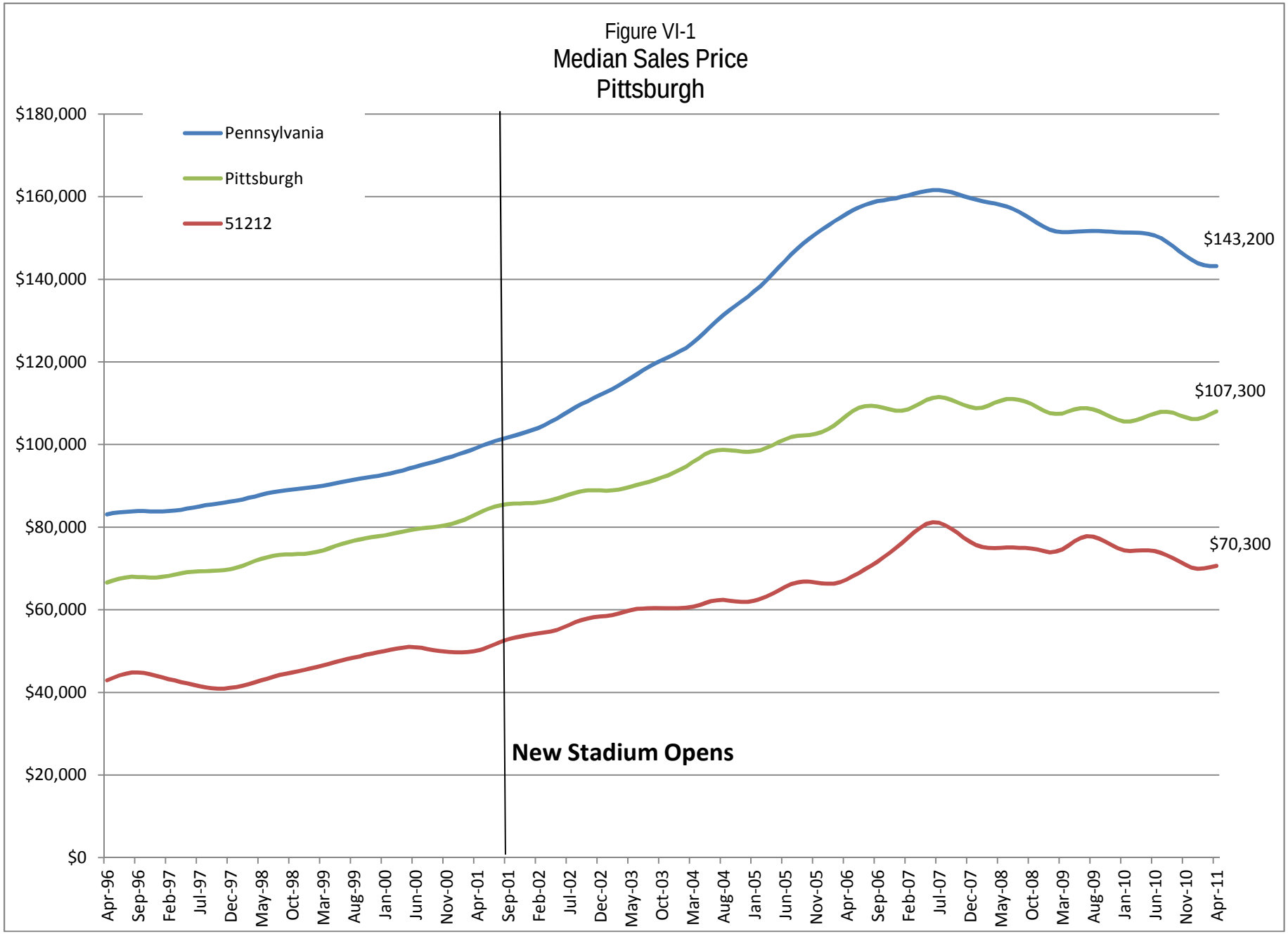
Opened in 2001, Heinz field is the home of the Pittsburgh Steelers NFL franchise. The stadium is located along the banks of the Ohio River in the North Shore neighborhood of Pittsburgh. Heinz Field was developed at a cost of $281 million as part of a comprehensive public assembly facility development program undertaken by the City of Pittsburgh. This included the development of nearby PNC Park, which is the home of the Pittsburgh Pirates major league baseball franchise, and an expansion to the Lawrence Convention Center which is located across the river in downtown Pittsburgh.

In addition to serving as the home field for an NFL franchise, the stadium also accommodates the University of Pittsburgh's intercollegiate football games and hosts a number of special events including major concerts and the 2011 NHL winter classic outdoor ice hockey game. The stadium has a seating capacity of just over 65,000 and includes a series of tiered club and box seats.

The surrounding neighborhood includes a number of historic districts including Allegheny West, the so-called Mexican war streets and the district of Allegheny Center. The 15-year housing price trend for this district is displayed on Figure VI-1. This covers the Zip code in which the stadium is located. As of April 2011, the median sales price for all homes in the zip code that includes Heinz Field was $70,300. This compares to a metro area median of $107,300 and the statewide value of $143,200. Housing in the immediate neighborhood has been significantly less expensive from the beginning of the time period in April 1996 through the study period. A comparison of the changes in the value of housing in the zip code that includes Heinz Field to that in the metro and statewide areas through the study period is summarized in the table below.

	April 2006	April 2011	Difference	% growth	Variance
Pennsylvania	$83,100	$143,200	$60,100	72.3%	-7.8%
Pittsburgh	$66,600	$108,000	$41,400	62.2%	2.4%
51212	$42,900	$70,600	$27,700	64.6%	

Figure VI-1


Median Sales Price
Pittsburgh
Pennsylvania
Pittsburgh
51212
$180,000
$160,000
$140,000
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
$143,200
$107,300
$70,300
New Stadium Opens
Apr-96
Sep-96
Feb-97
Jul-97
Dec-97
May-98
Oct-98
Mar-99
Aug-99
Jan-00
Jun-00
Nov-00
Apr-01
Sep-01
Feb-02
Jul-02
Dec-02
May-03
Oct-03
Mar-04
Aug-04
Jan-05
Jun-05
Nov-05
Apr-06
Sep-06
Feb-07
Jul-07
Dec-07
May-08
Oct-08
Mar-09
Aug-09
Jan-10
Jun-10
Nov-10
Apr-11

Sports Authority Field—Denver

Opened in September 2001 to replace the commercially obsolete Mile High Stadium, Sports Authority Field (originally named Invesco Field) is located adjacent to downtown Denver in the Sun Valley neighborhood. The Stadium has a dedicated light rail station and is located along Interstate 25 near the Colfax Avenue exit. Federal Boulevard, which is a major north-south thoroughfare through Denver, borders the Stadium site along the west side.

The Stadium has a capacity of just over 76,000 for football. It has been primarily used as the home field for the Denver Broncos NFL franchise. Other uses include concerts, soccer games, minor-league sports and special events such as University of Colorado football games. The facility was built with the total development cost of just under $365 million. The facility is publicly owned by the Denver metropolitan football stadium district.

The Sun Valley district of Denver is an historically low income community with relatively low rates of homeownership. Sun Valley and the surrounding neighborhoods of Lincoln Park and Jefferson Park are the primary location of the city of Denver's public housing units. Sales values for the zip code that include Sports Authority Field are shown on Figure VI-2. As of April 2011, median sales price for all dwelling units in the community was $143,524. This compares to a median value for the City of Denver of $195,300 and $191,400 for the State of Colorado as a whole.

A comparison of the changes in the value of housing in the zip code that includes Sports Authority Field to that in the metro and statewide areas through the study period is summarized in the table below.

	April 1996	April 2011	Difference	% growth	Variance
Colorado	$116,300	$191,700	$75,400	64.8%	31.5%
Denver	$118,900	$195,700	$76,800	64.6%	31.8%
80204	$73,189	$143,728	$70,539	96.4%	

Gillette Stadium—Foxboro Massachusetts.

Foxboro is a suburban community located in Norfolk County, Massachusetts. It is approximately 20 miles southwest of Boston and 18 miles northeast of Providence, Rhode Island. Norfolk County is part of the greater Boston Combined Statistical Area (CSA). Gillette Stadium, which opened in 2002, is the home field for the New England Patriots NFL football franchise. This team has a long association with Foxboro, having played in an earlier stadium located in the community from 1971 to 2001. Gillette Stadium has a seating capacity of 68,000 for football. In

addition to NFL games, Gillette Stadium is used by major league soccer, as well as NCAA and high school football games.

Beginning in 2007, the owners of Gillette Stadium developed a lifestyle and destination retail center named Patriot Place on the site adjacent to the Stadium. Key tenants include Bass Pro Shops, Bed Bath and Beyond and other national retail tenants. The project also includes a multiplex theater and a full-service hotel.

Housing values in the Foxboro zip code that includes Gillette Stadium have been closely parallel to median sales prices for all homes in the Boston metropolitan area, which has consistently outpaced values in the state as a whole. Figure VI-3 displays the relationship. A comparison of the changes in the value of housing in the zip code that includes Gillette Stadium to that in the metro and statewide areas through the study period is summarized in the table below.

	April 1996	April 2011	Difference	% growth	Variance
Massachusetts	$ 137,700	$ 282,800	$ 145,100	105.4%	-14.3%
Boston	$ 152,900	$ 314,100	$ 161,200	105.4%	-14.4%
02035	$ 163,500	$ 312,400	$ 148,900	91.1%	

Lincoln Financial Field—Philadelphia

Lincoln Financial Field, which opened in 2003 to replace the former Veterans Stadium, is the home of the National Football League's Philadelphia Eagles franchise. The stadium had a total construction budget of approximately $512 million and has a seating capacity of over 68,000 spectators for football. In addition to serving as a NFL home field, the Stadium also accommodates NCAA football, major league and international soccer matches, as well as concerts and special events. The Stadium is part of a larger sports complex in South Philadelphia that includes an arena for Philadelphia's NHL and NBA franchises, as well as the baseball stadium for the Philadelphia Phillies.

Figure VI-2

Median Sales Price, All Homes
Denver

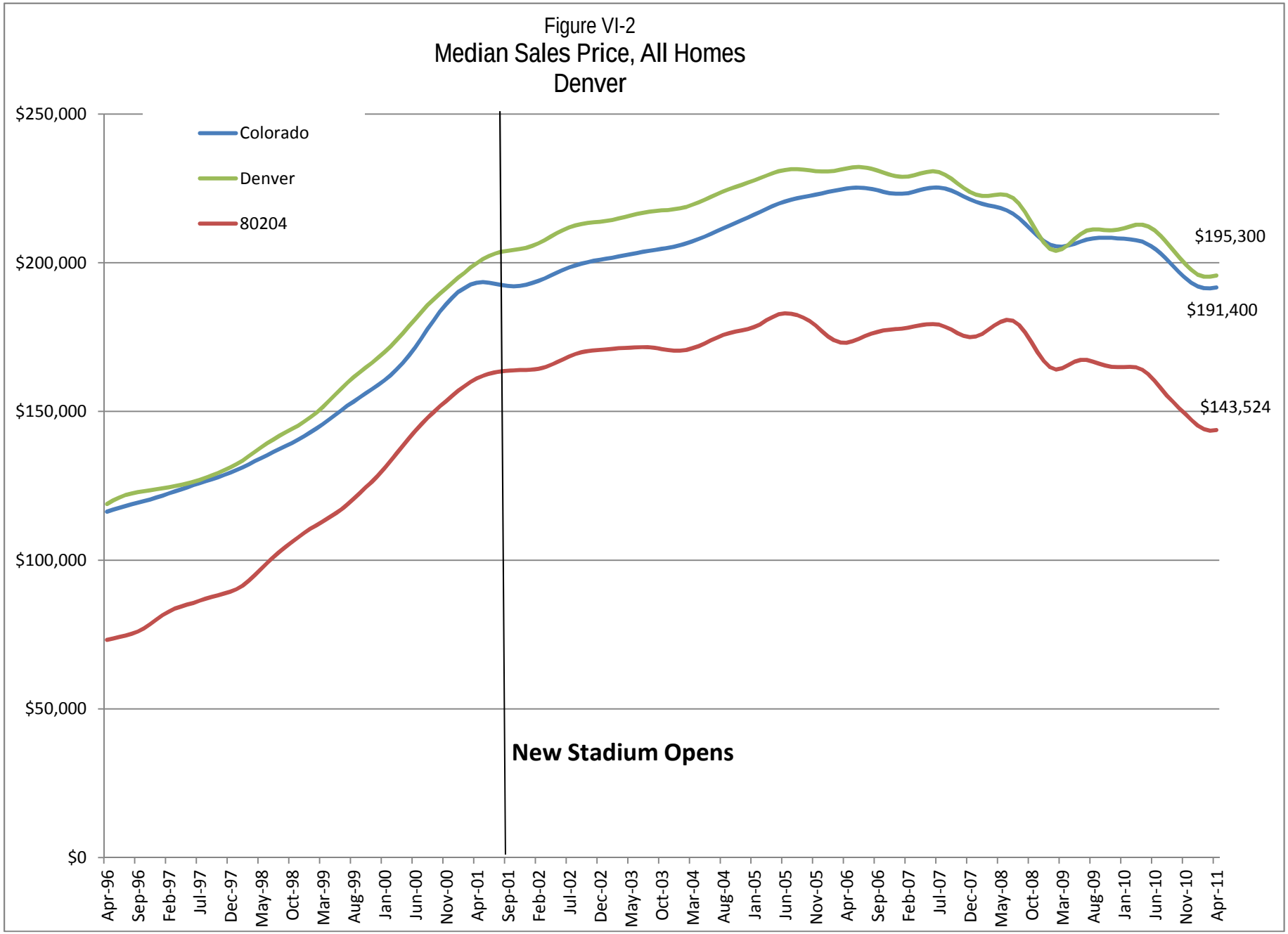
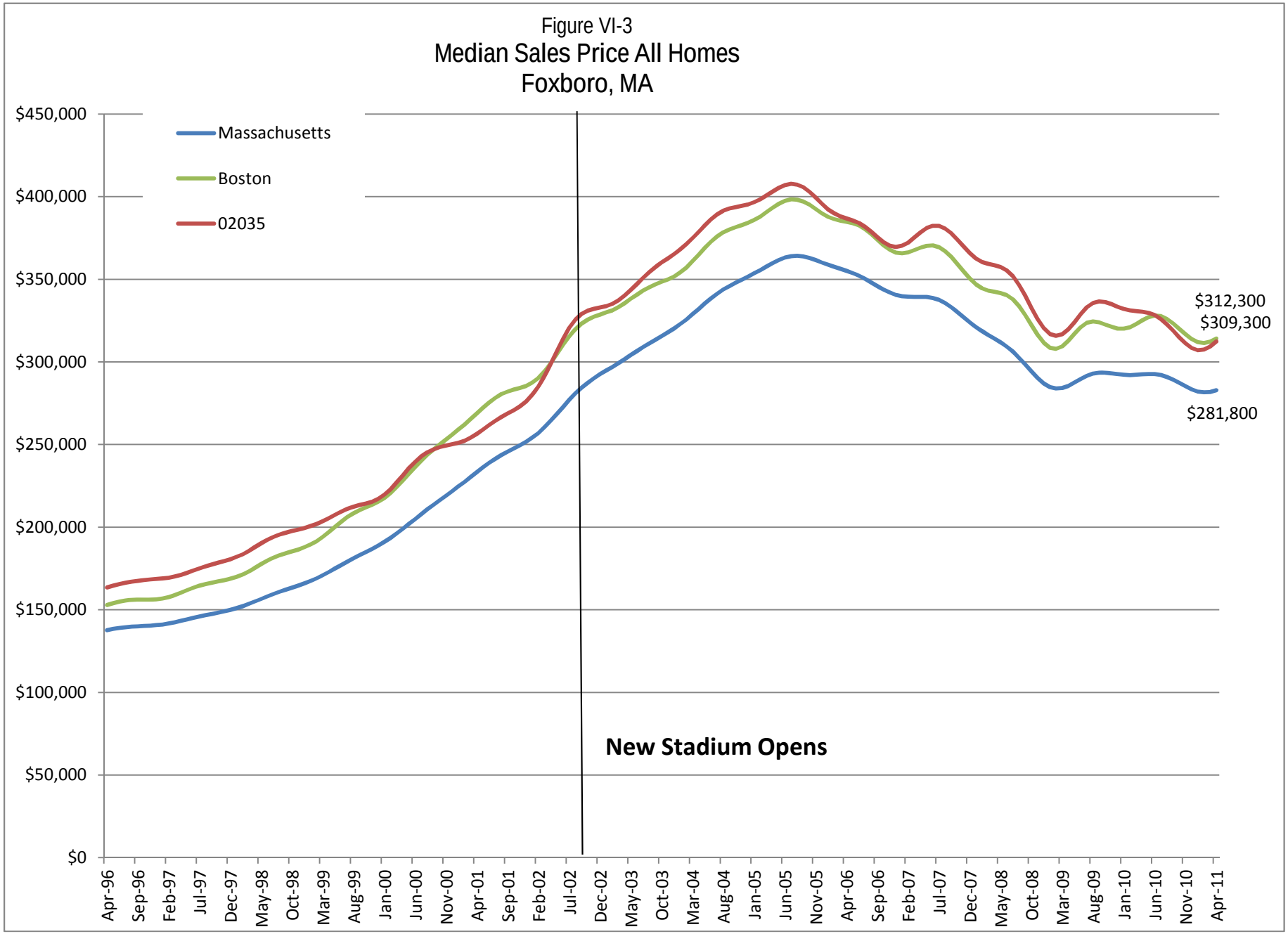


Figure VI-3

Median Sales Price All Homes
Foxboro, MA



The Philadelphia sports complex is accessible from Interstate 95 and is located along Patterson Avenue in South Philadelphia. The Philadelphia neighborhood surrounding Lincoln Financial Field witnessed a significant run-up in housing values between the opening of the Stadium in 2003 and the present. Prior to early 2002, the zip code containing Lincoln Financial Field had a median sales price below the metro Philadelphia average. However, beginning in June of 2002, the area eclipsed the city median for the first time and grew in each successive month until the summer of 2007. As shown in Figure VI-4, present housing values are at $126,600, which compares to a City of Philadelphia median of $107,400 and the statewide median of $143,200. The very low initial price of housing in the community has the effect of amplifying its appreciation relative to growth in the market as a whole. Housing in the zip code containing Lincoln Financial Field began the study period at $40,600. This was the lowest value in any of the case study communities. The large percentage growth between 1996 and 2011 is largely an artifact of changes from a low base. This run up in value on a percentage basis is likely to be more attributable to the effects of loosened lending standards and low interest rates that were experienced from 2001 to 2008, which resulted in significant value increases in housing economy wide. These circumstances had the effect of allowing for escalating sales prices with leveraged capital on housing that had a very low initial price.

These conditions are unlikely to be repeated and as a result this level of appreciation is not likely to occur in Pico Union in the future for two main reasons. Firstly Pico Union has significantly higher values that are closer to the market median and secondly, the community is less likely to experience mortgage based arbitrage due to changes in credit markets.

A comparison of the changes in the value of housing in the zip code that includes Lincoln Financial Field to that in the metro and statewide areas through the study period is summarized in the table below.

	April 1996	April 2011	Difference	% growth	Variance
Pennsylvania	$ 83,100	$ 143,200	$ 60,100	72.3%	137.8%
Philadelphia	$ 45,900	$ 107,700	$ 61,800	134.6%	75.5%
19148	$ 40,600	$ 125,900	$ 85,300	210.1%	

University of Phoenix Stadium-- Glendale Arizona

Developed jointly by the Arizona Sports and Tourism Authority, the City of Glendale and the Arizona Cardinals football team, University of Phoenix Stadium is the home of the annual BCS Fiesta Bowl game as well as serving as the home Stadium for the Cardinals NFL franchise. Glendale Arizona is located in Maricopa County as part of the

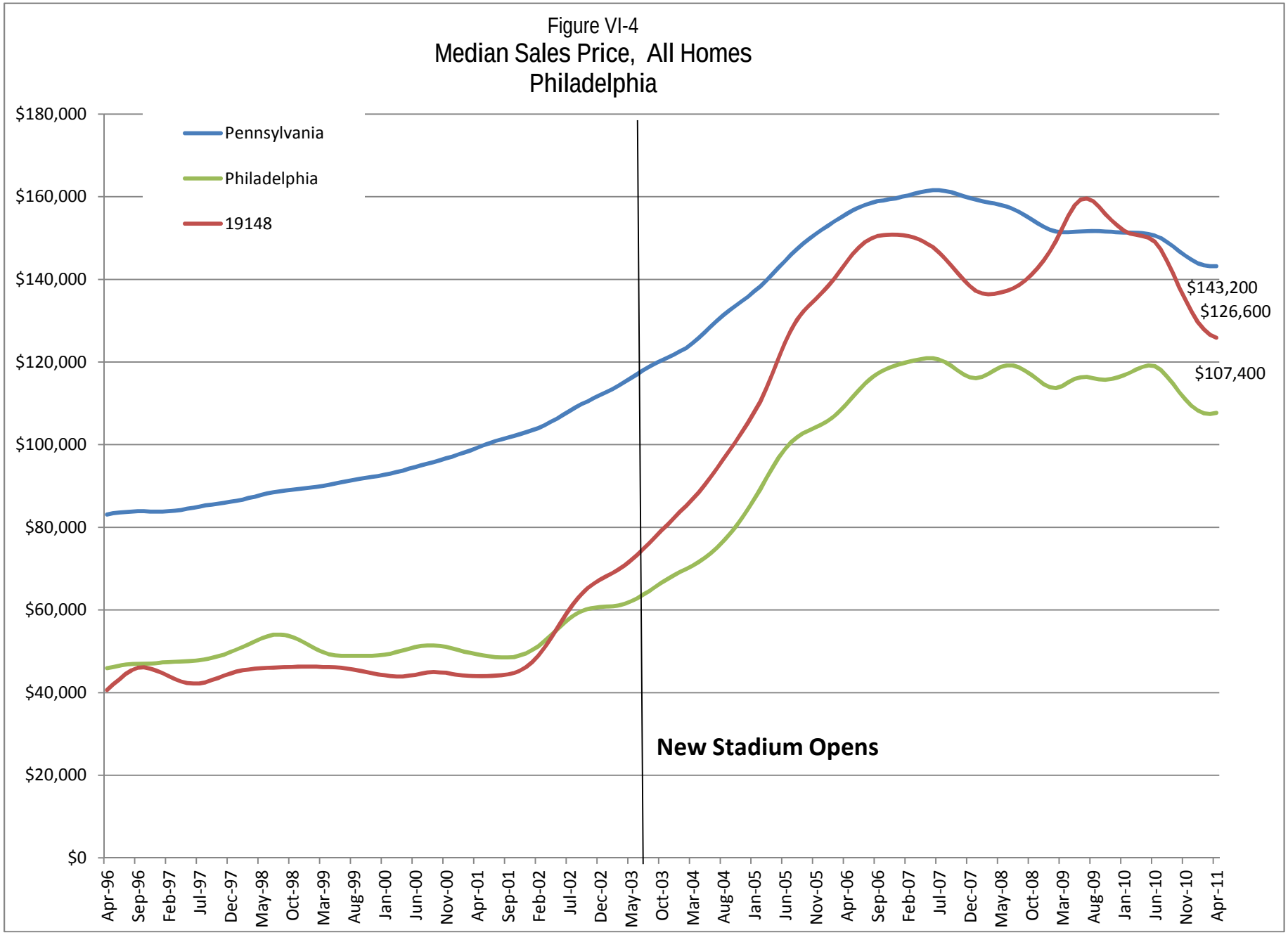
greater Phoenix Metropolitan area. It is located about 10 miles northwest from downtown Phoenix. In addition to serving as a sports venue, University of Phoenix Stadium was designed to be able to accommodate public assembly events in addition to spectator events. Total development cost for the project was approximately $455 million. The facility opened in August of 2006. University of Phoenix Stadium has hosted NCAA men's basketball regional finals as well as the Super Bowl in 2008. Other major events have included Wrestlemania and a number of high-profile concerts. In its basic configuration, the Stadium has a capacity of just over 63,000 seats but is expandable to over 78,000 for special events.

The Phoenix metropolitan market saw some of the most rapid increases in housing values during the economic expansion and housing market inflation of the first half of the decade. From 1996 until April of 2005, values in the zip code that includes the University of Phoenix Stadium tracked closely with increases in value experienced in the Phoenix metropolitan area and the State of Arizona as a whole. From spring 1995 until the market's peak in April 2006, values surrounding the stadium accelerated more rapidly than the State and metropolitan area. Shortly thereafter, University of Phoenix Stadium opened. Prices in the Phoenix area have declined precipitously since that peak and values in the Glendale area have reverted back towards their long-term values. Figure IV-5 illustrates the trends in housing prices over the 15-year time period analyzed. A comparison of the changes in the value of housing in the zip code that includes University of Phoenix Stadium to that in the metro and statewide areas through the study period is summarized in the table below.

	April 1996	April 2011	Difference	% growth	Variance
Arizona	$93,700	$130,700	$37,000	39.5%	-16.6%
Phoenix	$93,400	$125,000	$31,600	33.8%	-10.9%
85305	$100,900	$124,000	$23,100	22.9%	

Figure VI-4

Median Sales Price, All Homes
Philadelphia



M & T Bank Stadium—Baltimore

Opened in 1998, M & T Bank Stadium is located adjacent to the Hamburg Street station in the Baltimore light rail system in central Baltimore. M & T Bank Stadium is the home of the Baltimore Ravens NFL franchise and is part of a larger sports and entertainment complex that includes the Camden Yards baseball stadium. M & T Bank Stadium is primarily used for football games, however several large scale concerts have been held at the facility over the years. In addition, the stadium has served as the site of the NCAA men's lacrosse championship. The facility has a capacity of approximately 71,000.

Figure VI-6 shows the distribution of housing prices in the market over a 15 year time period, which includes the opening of the stadium in 1998. For the most part, price increases and decreases in the zip code that includes M & T Bank Stadium have co varied with overall trends in the state and metropolitan region since development of the stadium. Currently, prices in the area are at $167,500, compared to the citywide average of $221,600 and the statewide value of $236,300. A comparison of the changes in the value of housing in the zip code that includes M&T Bank Stadium to that in the metro and statewide areas through the study period is summarized in the table below.

	April 1996	April 2011	Difference	% growth	Variance
Maryland	$124,000	$235,800	$111,800	90.2%	98.9%
Baltimore	$113,100	$221,900	$108,800	96.2%	92.9%
21230	$58,500	$169,100	$110,600	189.1%	

Raymond James Stadium—Tampa

Opened in 1998, Raymond James Stadium serves as the home to the Tampa Bay Buccaneers NFL franchise and the South Florida University NCAA football team. In addition, the facility houses the annual Outback Bowl. The stadium was also the site of the 2001 and 2009 Super Bowls. Construction cost for the facility is estimated at just under $170 million. The stadium has a capacity of over 65,000 seats, expandable to 75,000 depending on the configuration. The stadium is located adjacent to the Tampa International Airport in North West Tampa. Historically, the area has been the site of lower cost housing when compared to the Tampa market as a whole. From 1996 through 2011, the community has had housing prices significantly below the statewide or metropolitan average. Growth in values in the community is tracked closely to changes in the broader markets. At present, the median value for housing located in the zip code with the Stadium is $73,800, and it is $108,400Statewide and $124,200 in

the metropolitan area. Figure VI-7 shows the distribution of the time series investigated. A comparison of the changes in the value of housing in the zip code that includes Raymond James Stadium to that in the metro and statewide areas through the study period is summarized in the table below.

	April 1996	April 2011	Difference	% growth	Variance
Florida	$80,400	$124,000	$43,600	54.2%	-15.1%
Tampa	$70,600	$108,400	$37,800	53.5%	-14.4%
33607	$52,400	$72,900	$20,500	39.1%	

Figure VI-5

Median Sales Price, All Homes
Phoenix / Glendale

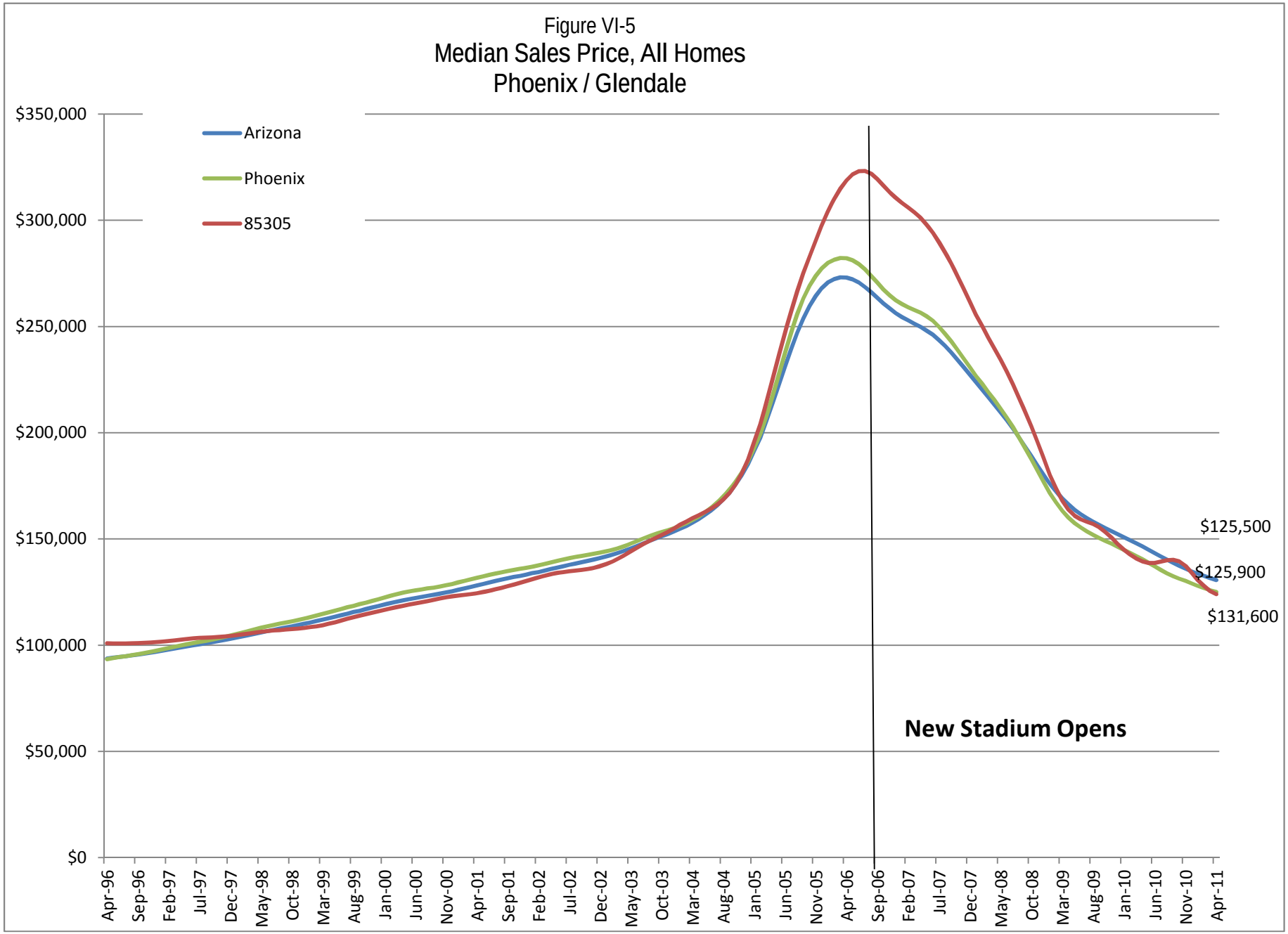


Figure VI-6

Median Sales Price, All Homes
Baltimore

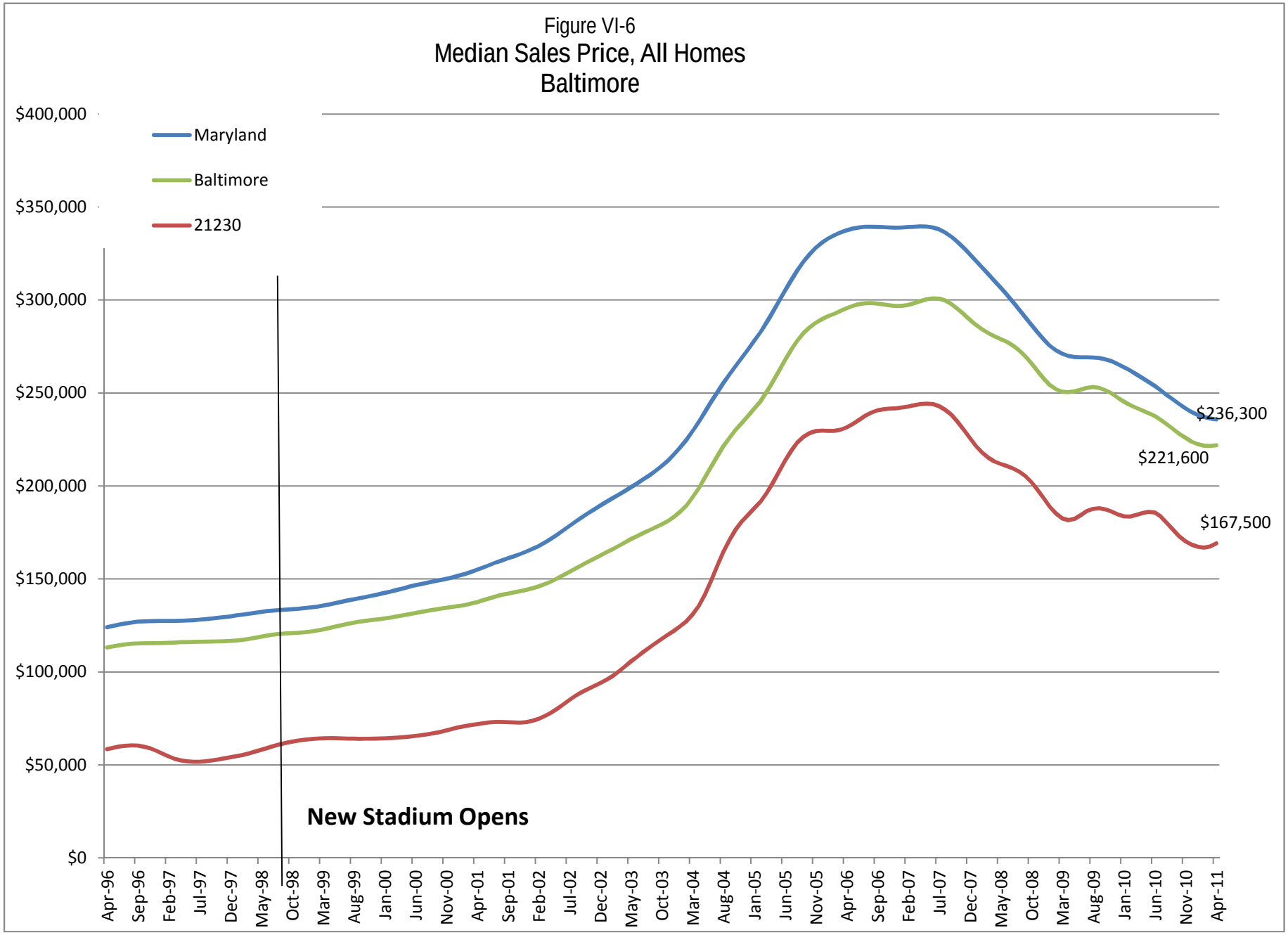
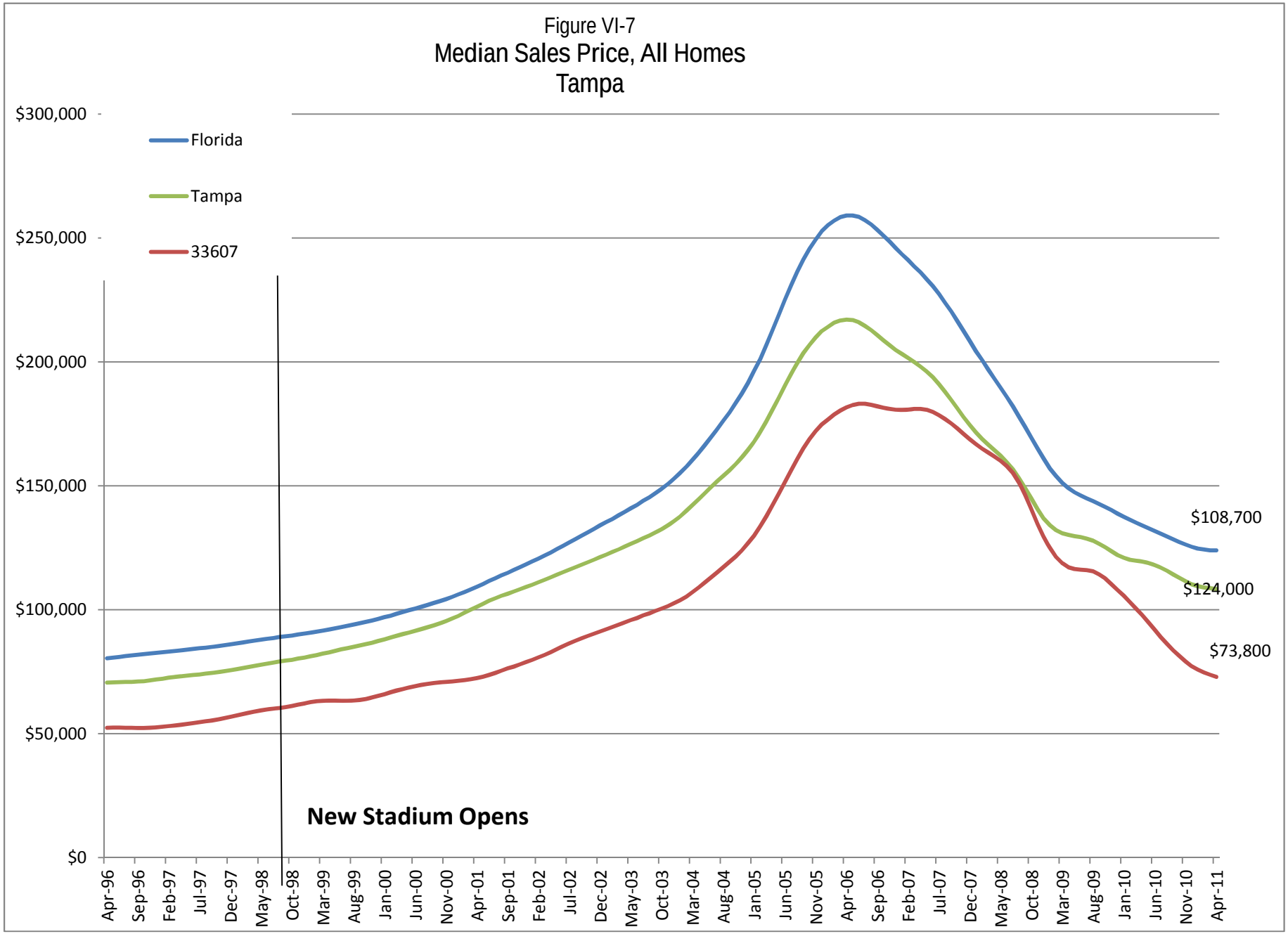


Figure VI-7

Median Sales Price, All Homes
Tampa



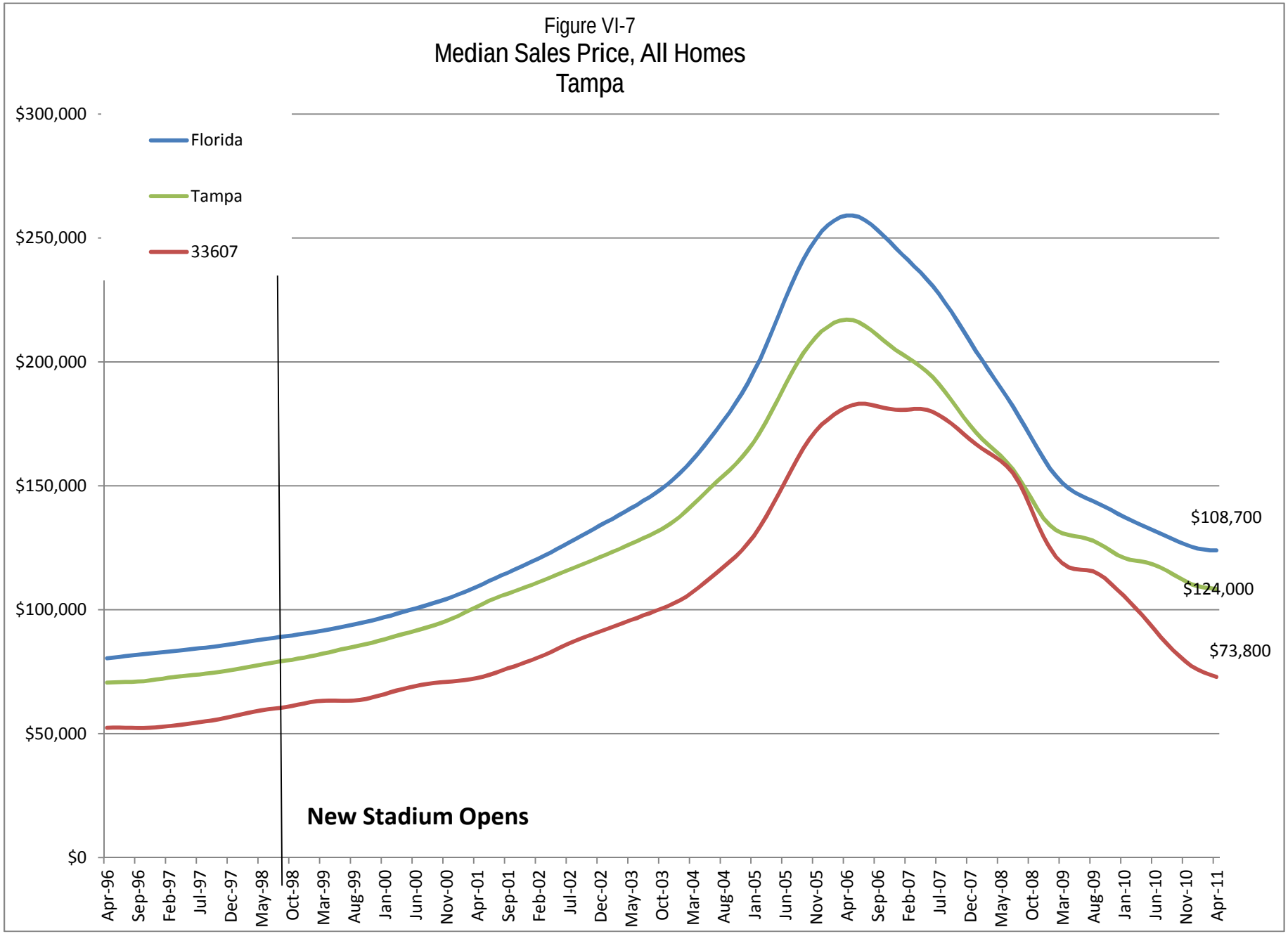
Market Effects

Table VI-4shows the change in value for housing in the zip codes associated with each of the new stadium discussed above. In terms of value, the Boston /Foxboro market recorded the largest absolute change of $148,900 over the 15-year time span. The market that experienced the lowest increase in absolute value was the neighborhood surrounding Raymond James Stadium in Tampa, which saw a $20,500 increase in the median housing value during the time period investigated. In terms of percentage growth, the community in South Philadelphia associated with Lincoln Financial Field experienced the greatest increase-- more than doubling in value over the 15 years examined. The Glendale/Phoenix market associated with University of Phoenix Stadium saw the most modest percentage increase at 22.9%. Taken together, all of the project comparables on average saw nearly a doubling of home values over the entire time period, with an average growth of approximately $70,000.

These absolute values can be normalized to the state and metro area trends. The goal of this is to determine whether or not over time these communities have in general outperformed or underperformed their market context. Three of the market areas (Baltimore, Philadelphia and Denver) experienced rates of growth significantly greater than the metro area in which they are located. This is an indication that market conditions in the community were significantly transformed between 1996 and 2011. The Pittsburgh market registered a slight improvement in the rate of change when compared to the metro area, but failed to keep up with the rate of growth experienced in Pennsylvania as a whole. Three other local markets, Phoenix, Boston and Tampa, underperformed both the state and metro markets over this time. The average improvement in growth rates for markets that experienced positive growth when compared to the metro area was 23% . This is substantially larger than the median variance of 2% among all of the comparables showing the influence of large changes in the rate of growth experienced in Baltimore and Philadelphia and to an extent Denver. Taken as a whole the same outperformed the metro areas in which the stadiums were located. . A similar effect is seen with the state data, with an average growth rate in the local markets exceeding the rate of growth in the total state markets by 31%, with the median loss of 8% over time across the sample. The effect of the development of a stadium on the local housing market is illustrated by examining the variance between the growth rate that occurred in the local market before and after the development of the stadium compared to the growth rates in each metro area over the same time period. This is a process which allows for cross comparison of the effects before and after the development of the stadium in local real estate market.

Figure VI-7

Median Sales Price, All Homes
Tampa



Note that this is not necessarily a statement of causality, but rather a reflection of measured effects. Housing markets are enormously complicated and can be influenced by a wide variety of external effects that go beyond the presence of the stadium in the community. That being said, each of these stadiums represents a significant capital investment and are of the scale that allows them to be potentially transformative. The data for each of the case study communities is summarized on table VI-5.

Table VI-6 provides data on this relationship in percentage terms before and after the construction of the stadium in each of the comparable communities examined. Two of the communities, Philadelphia and Pittsburgh, saw growth rates that outperformed the metro area after the construction of a new NFL venue. Two other communities, Baltimore and Foxboro/Boston, stayed essentially even with the metro area after the development of the stadium and in both cases each of these communities improved their relative variance to prices in the metro area from before the opening of the new stadium facility. Three of the case study examples, Phoenix/Glendale, Denver and Tampa, produced rates of growth lower than the metro area in which they are located after the development of the new stadium facility. The average increase in housing values in the communities immediately proximate to a stadium after development was 5%. .

Summary and conclusions

The analysis of comparable facilities does not provide evidence of a consistent sustained run-up in housing values either in terms of absolute increases in costs or relative position compared to state and metro markets in communities adjacent to new NFL stadiums. The case study of Philadelphia represents an outlier among the sample set, as the low initial value of the neighborhood housing market led to values that moved from underperforming the state and metro to approaching median values in the market due to the nominal increase in value. The conditions in Philadelphia are unlikely to be repeated due to the higher baseline value of housing in Pico Union. As a result this level of appreciation is not likely to occur in Pico Union after the operation of the Project. In each of the other cases values in the stadium adjacent zip code seem to have largely covaried with local market conditions

Table VI-4
Change in Value Zip Code Data
New Stadium

City	Value 4/1/1996	Value 5/1/2011	Change	Percent Growth
Boston	163,500	312,400	148,900	91.1%
Baltimore	58,500	169,100	110,600	189.1%
Philadelphia	40,600	125,900	85,300	210.1%
Denver	73,189	143,728	70,539	96.4%
Pittsburgh	42,900	70,600	27,700	64.6%
Phoenix	100,900	124,000	23,100	22.9%
Tampa	52,400	72,900	20,500	39.1%
Average	75,998	145,518	69,520	101.9%
Median	58,500	125,900	70,539	91.1%

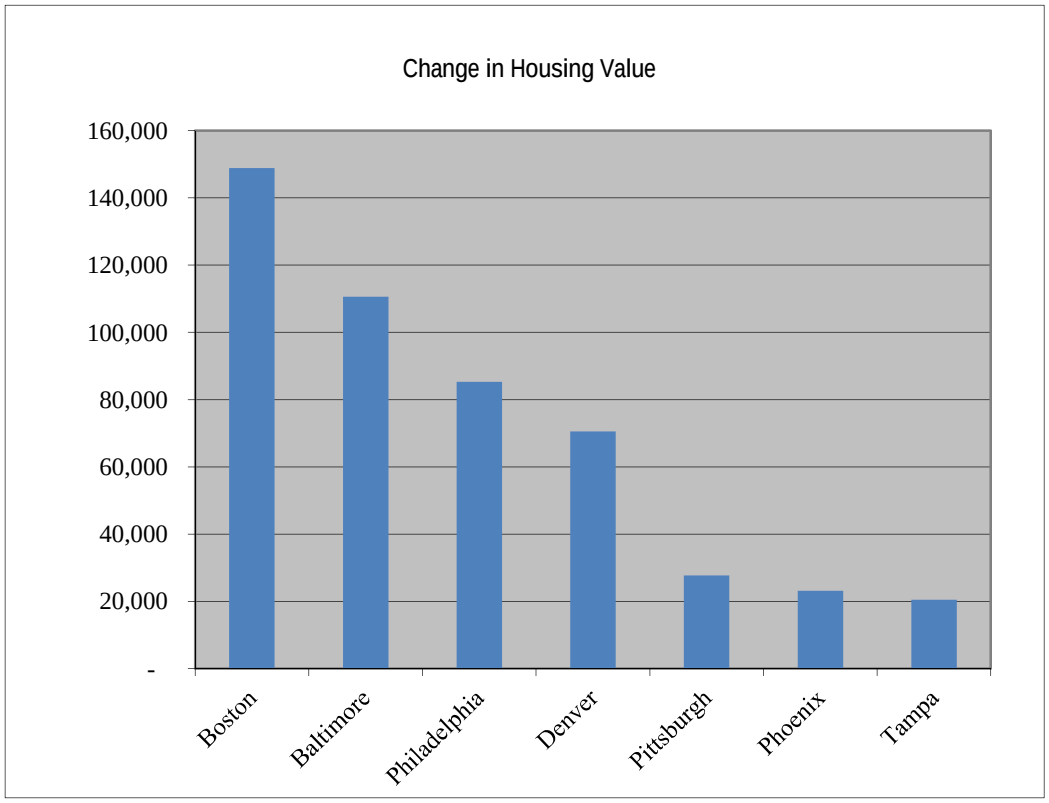


Table VI-5
Change in Value compared to State and Metro, Zip Code Data
New Stadium

City	Local Change 1996-2011	Metro Change 1996-2011	State Change 1996-2011	Variance To Metro	Variance To State
Baltimore	189.1%	96.2%	90.2%	92.9%	98.9%
Philadelphia	210.1%	134.6%	72.3%	75.5%	137.8%
Denver	96.4%	64.6%	64.8%	31.8%	31.5%
Pittsburgh	64.6%	62.2%	72.3%	2.4%	-7.8%
Phoenix	22.9%	33.8%	39.5%	-10.9%	-16.6%
Boston	91.1%	105.4%	105.4%	-14.4%	-14.3%
Tampa	39.1%	53.5%	54.2%	-14.4%	-15.1%
Average	102%	79%	71%	23%	31%
Median	91%	65%	72%	2%	-8%

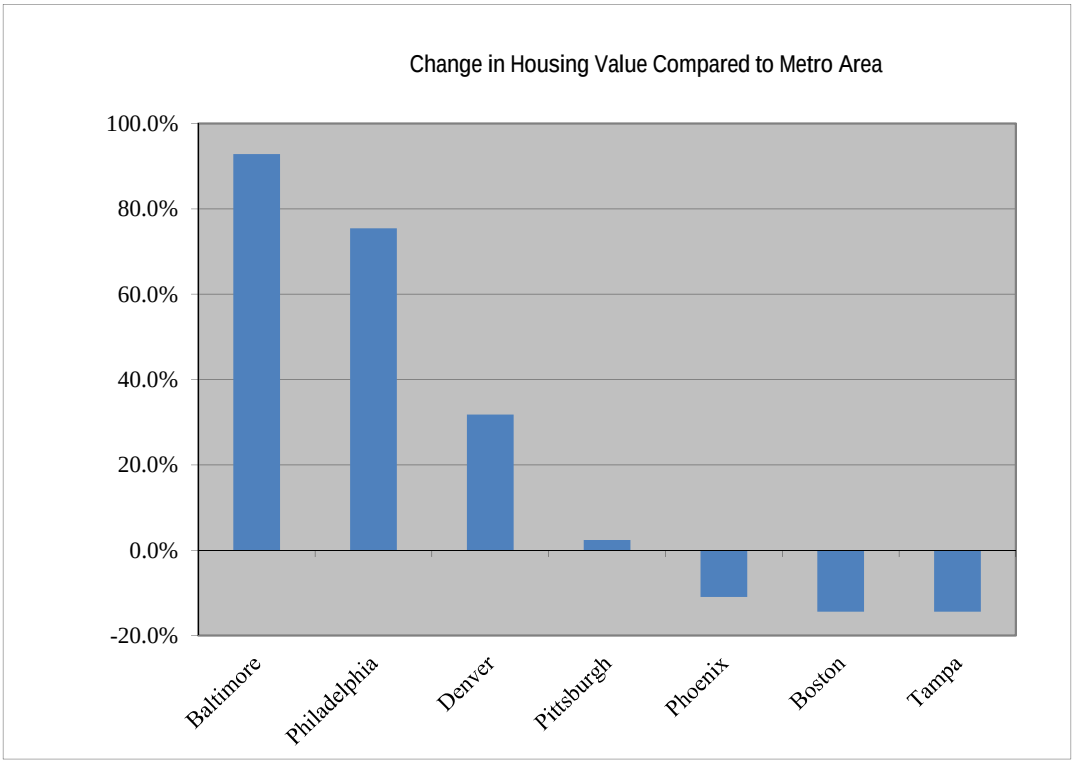
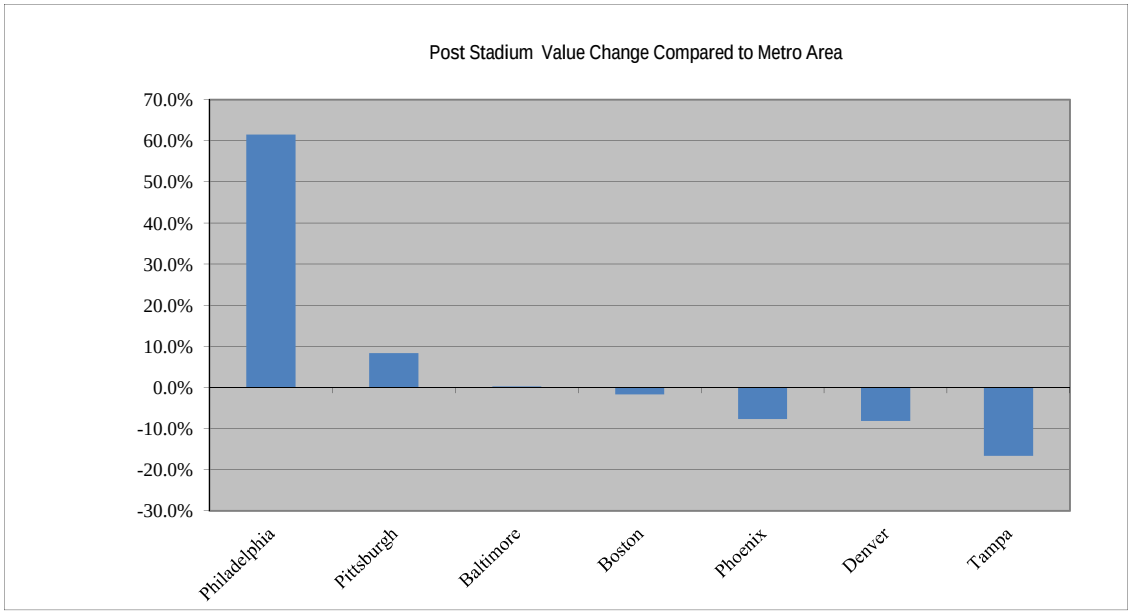


Table VI-6
Change in Value Before and After a
New Stadium

City	Local Change Prior to Stadium	Local Change After Stadium	Metro Change Prior to Stadium	Metro Change After Stadium	Variance To Metro Before	Variance To Metro After
Philadelphia	8.9%	183.6%	5.7%	122.1%	3.2%	61.5%
Pittsburgh	21.9%	33.7%	28.1%	25.4%	-6.2%	8.4%
Baltimore	2.7%	15.3%	6.2%	15.1%	-3.5%	0.3%
Boston	99.1%	-5.0%	109.2%	-3.3%	-10.0%	-1.7%
Phoenix	219.0%	-61.2%	193.1%	-53.5%	25.9%	-7.7%
Denver	123.4%	-12.2%	71.3%	-4.1%	52.1%	-8.1%
Tampa	15.3%	20.1%	12.0%	36.7%	3.2%	-16.6%
Average	70%	25%	61%	20%	9%	5%
Median	22%	15%	28%	15%	3%	-2%



Based on these case studies, it is possible to anticipate that Pico Union may experience only a marginal increase in the value housing relative to the Los Angeles market as a whole. Applying the average experience of this case study communities, Pico Union can anticipate a 5% increase in community housing values compared to the Los Angeles market as a whole, over the long run after the introduction the stadium. The extent to which this change in housing value is translated into rents would be determined by a variety of factors including vacancy rates and the addition of new rental inventory in the community. In any event, there is not evidence to support the expectation that the development of the Project adjacent to Pico Union will bring about large-scale increases in housing costs that will have the effect of undermining housing affordability in the community nor are they anticipated to lead to a structural transformation of the local housing market.

The experience of the community with STAPLES Center is further evidence of the role that a major sports and entertainment venue plays in the value of residential real estate in neighboring communities. Since the opening of STAPLES Center in 1999, Pico Union has not been the site of significant new residential development that has led to gentrification, nor has it experienced a large scale conversion of units from rental to owner occupancy or a run up in housing costs that have transformed the character of the community. STAPLES Center, along with LA Live have served as a stabilizing influence on the community by providing nearby employment opportunities and community benefits for the residents of Pico Union.

Section VII Retail Mix

Introduction

The Project has the potential for substantial benefits to the local economy of Los Angeles. The expanded Convention Center is anticipated to become more competitive for large-scale citywide events that drive visitor spending and the consumption of hotel room nights. The Event Center would host a significant number of large-scale spectator events, including NFL football games that will create demand for goods and services by spectators. Some residents in Pico Union, however, have expressed concern that new spending by visitors and the additional economic activity generated by the Project would distort the local retail market in such a manner that demand for sports apparel and related items would overwhelm community serving retail.

The type of retail establishments that provide sporting goods and related memorabilia are included in the North American Industrial Classification System (NAICS) as a subgroup of all retail establishments. This group, which is coded 4511, includes Sporting Goods, Hobby, Book, and Music Stores. In the analysis which follows, the distribution of retail stores in this classification will be examined in comparison to a number of comparable NFL venues to determine the size of this component in the overall local retail market and to determine any relationships between the presence of these retail establishments and levels of patronage at NFL venues. Stadiums that were developed within the last 15 years were chosen as comparable venues. The 15 year time period was selected because it provided several new stadiums and covered two economic expansions and recessions.

Conditions in Pico Union

At present, Pico Union has a retail mix oriented towards serving the local community. With the exception of some notable region-serving retailers such as La Curacao, the retail outlets in Pico Union are primarily geared towards meeting the day-to-day needs of the neighborhood's residents. At present, there are 340 retail stores reported within the boundaries of the study area. The largest single category of retail store is food and beverage outlets, which account for 64 outlets or approximately 19% of all retail outlets in the community. Table VII-1 shows the distribution of retail outlets by major NAICS group for the plan area. Other significant categories include clothing and clothing accessory stores, as well as miscellaneous retail stores.

Table VII-1
Retail Stores by Type
Pico Union

Retail Trade	Stores	Percent
Motor Vehicle and Parts Dealers	26	7.6%
Furniture and Home Furnishings Stores	17	5.0%
Electronics and Appliance Stores	19	5.6%
Building Material and Garden Equipment and Supplies Dealers	20	5.9%
Food and Beverage Stores	64	18.8%
Health and Personal Care Stores	29	8.5%
Gasoline Stations	8	2.4%
Clothing and Clothing Accessories Stores	58	17.1%
Sporting Goods, Hobby, Book, and Music Stores	18	5.3%
General Merchandise Stores	17	5.0%
Miscellaneous Store Retailers	58	17.1%
Nonstore Retailers	6	1.8%
Total	340	

Table VII-2 shows the ratio between the retail sector as a whole and the sporting goods hobby category in comparison to total population and employment. At present, there are approximately 132 people in the community per retail establishment. The retail sector accounts for approximately 22% of all business establishments within Pico Union. The sporting goods subsector includes 18 stores, accounting for 1.2% of the total mix of businesses in the community. This results in a ratio of 2,503 residents per sporting goods store.

According to the 2000 economic census, which would represent conditions one year after the opening of STAPLES Center, in the two zip codes that overlap with Pico Union (90005 and 90015), the comparable categories accounted for 2.91% of the total retail mix. This represents an increase of 2.39% in the share of retail establishments between the opening of STAPLES Center and the present.

Comparable communities

In order to determine the effect of NFL stadiums on the retail mix of the surrounding area, this analysis examines the distribution of retail stores located within a mile of comparable venues. Data is provided for the number and percentage of sporting goods stores compared to the total retail trade category in each community. Data is provided at four levels of geography as follows:

- 0 to 0.25 miles
- 0.25 to 0.5 miles
- 0.5 to 1.0 miles
- Total from 0 to 1.0 miles

Data is provided for the number of establishments, employees as well as the residential population. In addition, annual attendance for each stadium is provided.

Atlanta

The Georgia Dome, which is located near downtown Atlanta in the Vine City district, is in many ways similar to the proposed Event Center in terms of its neighbors and location. The Stadium is located adjacent to the Georgia World Congress Center, one of the nation's largest convention center facilities, and the Philips Arena, which is home to the Atlanta Hawks NBA franchise. Several major visitor attractions are located within walking distance of the Georgia Dome, including the Georgia aquarium and the World of Coca-Cola attraction.

Table VII-2
Pico Union
Existing Conditions

Total Businesses:	1,560			
Total Employees:	13,921			
Total Residential Population:	45,055			
	BUSINESSES		EMPLOYEES	
	Number	Percent	Number	Percent
Retail Trade	340	21.8%	2,683	19.3%
Sporting Goods, Hobby, Etc.	18	5.3%	28	1.0%
Population per Retail Store				133
Population per Sporting Goods, Hobby, Etc.				2,503

Table VII-3 shows the distribution of employment and establishments at three ranges of geography up to 1 mile distant from the Stadium and tracks the entire retail trade sector and the sporting goods hobby etc. subsector. The Stadium has an annual NFL attendance of just under 543,000 which yields an attendance per store of approximately 16,450. (this represents the NFL attendance per sporting goods store in the market area) As of 2011, there were 33 sporting goods stores representing 6.8% the total retail establishments located within a mile of the Stadium.

Cincinnati

Table VII-4 provides comparable information for Paul Brown Stadium in Cincinnati Ohio. The Stadium is located along the banks of the Ohio River in Cincinnati's central business district. The Stadium is located approximately a half mile south of the city's convention center and is adjacent to the Great American ballpark, which is the home field of the Cincinnati Reds. The fact that a baseball stadium is nearby may serve to increase levels of patronage at sporting goods stores in the area. Paul Brown Stadium has an annual NFL attendance of just under 483,000. This yields an annual attendance per sporting goods store of 17,247. There are 28 sporting goods stores located within 1 mile of the Stadium, which accounts for 7.7% of the local retail mix.

Arlington Texas (Dallas)

Cowboy Stadium located in the Dallas suburb of Arlington is part of a larger sports and entertainment complex that includes the Rangers ballpark, a major league baseball stadium, and two amusement parks – Six Flags over Texas and Six Flags Hurricane Harbor. There are nine sporting goods stores located within a mile the stadium which represent 5.2% of the total retail mix in the area. This is the newest facility in the sample and as such, the number of sporting goods stores in the area may increase over time. The Stadium has an annual NFL attendance of just under 670,000, which yields an attendance ratio of its 77,375 attendees per store. Table VII-5 illustrates the distribution for this facility.

Table VII-3

Atlanta

Georgia Dome

	0 to 0.25 Miles		0.25 to 0.5 Miles		0.5 to 1.0 Miles		Total	
Total Businesses:	17		483		4,803		5,303	
Total Employees:	223		10,592		87,219		98,034	
Total Residential Population:	648		3,663		15,965		20,276	
	BUSINESSES		BUSINESSES		BUSINESSES		BUSINESSES	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Retail Trade	2	11.8%	41	8.5%	444	9.2%	487	9.2%
Sporting Goods, Hobby, Etc.	0	0.0%	4	9.8%	29	6.5%	33	6.8%
Population per Retail Store	324.0		89.3		36.0		41.6	
Population per Sporting Goods, Hobby, Etc.	0		915.8		550.5		614.4	

Annual Attendance	542,800
Attendance per Store	16,448

Source: Dunn and Bradstreet, NFL and MR+E

Table VII-4

Cincinnati

Paul Brown Stadium

	0 to 0.25 Miles		0.25 to 0.5 Miles		0.5 to 1.0 Miles		Total	
Total Businesses:	132		1,073		2,632		3,837	
Total Employees:	5,152		38,364		66,831		110,347	
Total Residential Population:	3		890		12,321		13,214	
	BUSINESSES		BUSINESSES		BUSINESSES		BUSINESSES	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Retail Trade	11	8.3%	95	8.9%	260	9.9%	366	9.5%
Sporting Goods, Hobby, Etc.	1	9.1%	7	7.4%	20	7.7%	28	7.7%
Population per Retail Store	0.3		9.4		47.4		36.1	
Population per Sporting Goods, Hobby, Etc.	3		127.1		616.1		471.9	

Annual Attendance	482,917
Attendance per Store	17,247

Source: Dunn and Bradstreet, NFL and MR+E

Table VII-5
Dallas / Arlington TX
Cowboy Stadium

	0 to 0.25 Miles		0.25 to 0.5 Miles		0.5 to 1.0 Miles		Total	
Total Businesses:	63		97		776		936	
Total Employees:	914		1,412		13,038		15,364	
Total Residential Population:	1,277		5,945		9,715		16,937	
	BUSINESSES		BUSINESSES		BUSINESSES		BUSINESSES	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Retail Trade	12	19.0%	21	21.6%	140	18.0%	173	18.5%
Sporting Goods, Hobby, Etc.	1	8.3%	1	4.8%	7	5.0%	9	5.2%
Population per Retail Store	106.4		283.1		69.4		97.9	
Population per Sporting Goods, Hobby, Etc.	1,277		5,945		1,388		1,882	

Annual Attendance	696,377
Attendance per Store	77,375

Source: Dunn and Bradstreet, NFL and MR+E

Denver

Located in the Sun Valley community of Denver, Sports Authority Field at Mile High is the home of the Denver Broncos NFL franchise. The stadium is located on the west side of downtown Denver and is separated from the central business district by I-25. Annual attendance for NFL events of the Stadium was just under 600,000 in 2011, which yielded an annual average attendance of just under 75,000 per store for the eight stores in the sporting goods category located within a mile of the stadium. As shown on Table VII-6, these stores represented a 5.2% share of the retail business mix in the area.

Detroit

Ford Field in Detroit Michigan is the home field of the Lions NFL franchise. The Stadium is located adjacent to Comerica Park, which is the home stadium for the Detroit Tigers major league baseball team. For 2011, there were reported 24 sporting goods located within a mile of Ford Field. Based on an annual football attendance of just over 450,000, this yielded an annual attendance per store of 18,762. Details on the business mix and relationship between attendance and stores is displayed on Table VII-7. The presence of a nearby baseball stadium in the area may lead to more market support for sporting goods retailers from non-NFL generated patrons than in the football only comparables

Indianapolis

Home to the Indianapolis Colts of the NFL, Lucas Oil Stadium is located in downtown Indianapolis adjacent to the Indiana convention center in the southwest quadrant of the city's downtown district. Table VII-8 provides data on the distribution of sporting goods stores within a mile of the stadium. This category represents 8.1% of the total business mix in the area. Indianapolis reported a NFL attendance of just under 536,000, which resulted in an attendance per store of approximately 33,500.

Table VII-6
Denver
Sports Authority Field

	0 to 0.25 Miles		0.25 to 0.5 Miles		0.5 to 1.0 Miles		Total	
Total Businesses:	52		86		634		772	
Total Employees:	802		1,048		14,471		16,321	
Total Residential Population:	799		3,261		15,386		19,446	
	BUSINESSES		BUSINESSES		BUSINESSES		BUSINESSES	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Retail Trade	10	19.2%	14	16.3%	85	13.4%	109	14.1%
Sporting Goods, Hobby, Etc.	0	0.0%	3	21.4%	5	5.9%	8	7.3%
Population per Retail Store	79.9		232.9		181.0		178.4	
Population per Sporting Goods, Hobby, Etc.	0.0		1087.0		3077.2		2430.8	

Annual Attendance	599,264
Attendance per Store	74,908

Source: Dunn and Bradstreet, NFL and MR+E

Table VII-7
Detroit
Ford Field

	0 to 0.25 Miles		0.25 to 0.5 Miles		0.5 to 1.0 Miles		Total	
Total Businesses:	156		670		2,129		2,955	
Total Employees:	5,111		22,288		96,592		123,991	
Total Residential Population:	59		5,088		12,968		18,115	
	BUSINESSES		BUSINESSES		BUSINESSES		BUSINESSES	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Retail Trade	11	7.1%	63	9.4%	175	8.2%	249	8.4%
Sporting Goods, Hobby, Etc.	1	9.1%	5	7.9%	18	10.3%	24	9.6%
Population per Retail Store	5.4		80.8		74.1		72.8	
Population per Sporting Goods, Hobby, Etc.	59.0		1017.6		720.4		754.8	

Annual Attendance	450,286
Attendance per Store	18,762

Source: Dunn and Bradstreet, NFL and MR+E

Table VII-8
Indianapolis
Lucas Oil Stadium

	0 to 0.25 Miles		0.25 to 0.5 Miles		0.5 to 1.0 Miles		Total	
Total Businesses:	100		506		2,107		2,713	
Total Employees:	2,192		15,251		84,758		102,201	
Total Residential Population:	196		520		8,793		9,509	
	BUSINESSES		BUSINESSES		BUSINESSES		BUSINESSES	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Retail Trade	11	11.0%	78	15.4%	109	5.2%	198	7.3%
Sporting Goods, Hobby, Etc.	1	9.1%	5	6.4%	10	9.2%	16	8.1%
Population per Retail Store	17.8		6.7		80.7		48.0	
Population per Sporting Goods, Hobby, Etc.	196.0		104.0		879.3		594.3	

Annual Attendance	535,802
Attendance per Store	33,488

Source: Dunn and Bradstreet, NFL and MR+E

Glendale AZ (Phoenix)

Located in the Phoenix suburb of Glendale Arizona, University of Phoenix Stadium is home to the Arizona Cardinals NFL franchise. The Stadium is located directly adjacent to the Westgate City Center Mall, which also includes the Jobbing.com arena, which is home to the Phoenix Coyotes NHL franchise. At present, the area supports one standalone independent sporting goods store within the mall. There is no other free standing retail within a mile of the stadium. Details on the business mix and attendance ratios are provided on table VII-9

Seattle

The city's NFL Stadium, Century Link Field, is located in an infrastructure dense area south west of the city's international district adjacent to the port of Seattle. It is directly adjacent to Safeco Field, which is the home of the Seattle Mariners major league baseball franchise. Table VII-10 provides information on the distribution of sporting goods stores in relation to the stadium. At present there are 57 stores in this category located within a mile of the facility representing 8.5% of the retail business mix in the area.

St. Louis

The Edward Jones Dome located in downtown St. Louis is integrated into the city's convention center (known as the America's Center). Since 1995, the Stadium has been the home of the St. Louis Rams NFL football club. The Stadium is located near Bush Stadium, which is the home to the St. Louis Cardinals. At present, there are 13 sporting goods shops within a mile of the Stadium representing 7.6% of the retail business mix and the area. As with some of the other case studies the presence of a baseball stadium nearby would suggest that some of the support for these outlets comes from non-NFL patrons. With an NFL attendance of just over 423,00,0 this resulted in an attendance per store of 32,500 patrons. Detailed data on the distribution is provided on table VII-10.

Table VII-9
Phoenix / Glendale
University of Phoenix Stadium

	0 to 0.25 Miles		0.25 to 0.5 Miles		0.5 to 1.0 Miles		Total	
Total Businesses:	84		7		40		131	
Total Employees:	1,020		53		653		1,726	
Total Residential Population:	926		1,014		2,494		4,434	
	BUSINESSES		BUSINESSES		BUSINESSES		BUSINESSES	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Retail Trade	19	22.6%	1	14.3%	4	10.0%	24	18.3%
Sporting Goods, Hobby, Etc.	0	0.0%	0	0.0%	1	25.0%	1	4.2%
Population per Retail Store	48.7		1014.0		623.5		184.8	
Population per Sporting Goods, Hobby, Etc.	0.0		0.0		2494.0		4434.0	

Annual Attendance	502,197
Attendance per Store	502,197

Source: Dunn and Bradstreet, NFL and MR+E

Table VII-10
Seattle
Century Link Field

	0 to 0.25 Miles		0.25 to 0.5 Miles		0.5 to 1.0 Miles		Total	
Total Businesses:	216		1,089		3,618		4,923	
Total Employees:	6,020		13,694		68,265		87,979	
Total Residential Population:	254		4,932		15,958		21,144	
	BUSINESSES		BUSINESSES		BUSINESSES		BUSINESSES	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Retail Trade	30	13.9%	188	17.2%	455	12.6%	673	13.7%
Sporting Goods, Hobby, Etc.	1	3.3%	21	1.9%	35	7.7%	57	8.5%
Population per Retail Store	8.5		26.2		35.1		31.4	
Population per Sporting Goods, Hobby, Etc.	254.0		234.9		455.9		370.9	

Annual Attendance	535,942
Attendance per Store	9,402

Source: Dunn and Bradstreet, NFL and MR+E

Table VII-11
St. Louis
A.G. Edwards Dome

	0 to 0.25 Miles		0.25 to 0.5 Miles		0.5 to 1.0 Miles		Total	
Total Businesses:	271		1,072		778		2,121	
Total Employees:	6,995		26,279		24,407		57,681	
Total Residential Population:	167		3,447		5,657		9,271	
	BUSINESSES		BUSINESSES		BUSINESSES		BUSINESSES	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Retail Trade	18	6.6%	74	6.9%	80	10.3%	172	8.1%
Sporting Goods, Hobby, Etc.	2	11.1%	6	8.1%	5	6.3%	13	7.6%
Population per Retail Store	9.3		46.6		70.7		53.9	
Population per Sporting Goods, Hobby, Etc.	83.50		574.5		1131.4		713.2	

Annual Attendance	423,383
Attendance per Store	32,568

Source: Dunn and Bradstreet, NFL and MR+E

Market Effects

Table VII-11 shows the total number of sporting goods and hobby stores by distance from the stadium for each of the case study communities. Within a mile from the stadium, the average number of retail outlets in this category was 21 stores and the median value was 16; within a half mile, the average and median number of retail outlets was seven; and within a quarter-mile the average and median number of retail stores was one. .

In terms of the retail mix, the distribution of sporting goods stores ranges from a high of 9.6% of all retail stores in Detroit to a low of 4.2% in Phoenix. The average share of the total retail establishments across the comparative cities was 7%, with the median slightly higher of 7.6% of the retail mix. The average number of stores in this category was 21 with a median of 16. Table VII-13 illustrates the distribution.

An additional measure of the relationship between sporting goods stores and stadium activity is a relationship between NFL attendance and the total numbers of stores. Table VII-14 shows this relationship for each of the comparable communities. The attendance figures for each stadium were based on information provided by the NFL and cover the 2010-2011 season. On average, just under 87,000 attendees support one sporting goods store within a mile of the venue. This average is somewhat positively skewed with a median of just over 32,500 attendees per store. Local patronage is shown on the table, as well as values for resident population within a mile per store, which range from a high of 4,434 in Phoenix to a low of 371 in Seattle.

Table VII-12
Number of Sporting Goods and Hobby Stores
Distance from Stadium

City	Total Within 1 Mile	Number Within 0.25 M	Number Within 0.5 M
Seattle	57	1	23
Atlanta	33	0	4
Cincinnati	28	1	9
Detroit	24	1	7
Indianapolis	16	1	7
St. Louis	13	2	10
Dallas	9	1	3
Denver	8	0	3
Phoenix	1	0	-
Average	21	1	7
Median	16	1	7

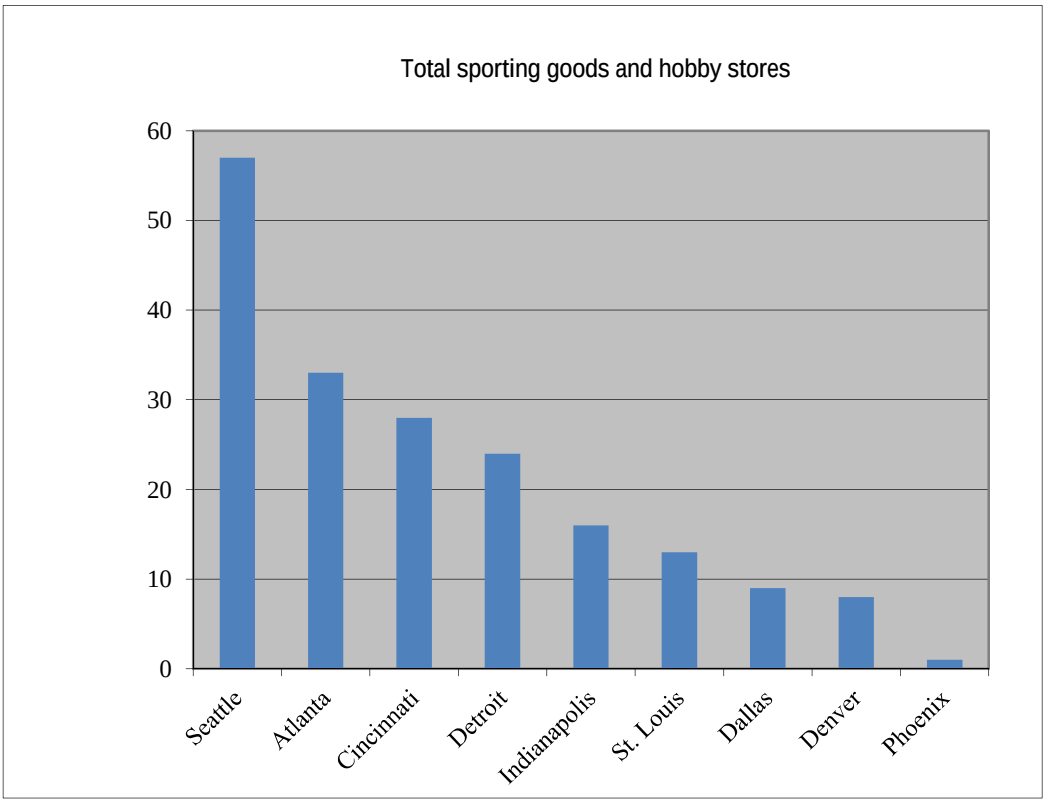


Table VII-13
Number of Retail Stores
Retail Mix

City	Total Retail Stores	Total Sporting Goods	Percent Sporting Goods
Detroit	249	24	9.6%
Seattle	673	57	8.5%
Indianapolis	198	16	8.1%
Cincinnati	366	28	7.7%
St. Louis	172	13	7.6%
Atlanta	487	33	6.8%
Dallas	173	9	5.2%
Denver	109	8	5.2%
Phoenix	24	1	4.2%
Average	272	21	7.0%
Median	198	16	7.6%

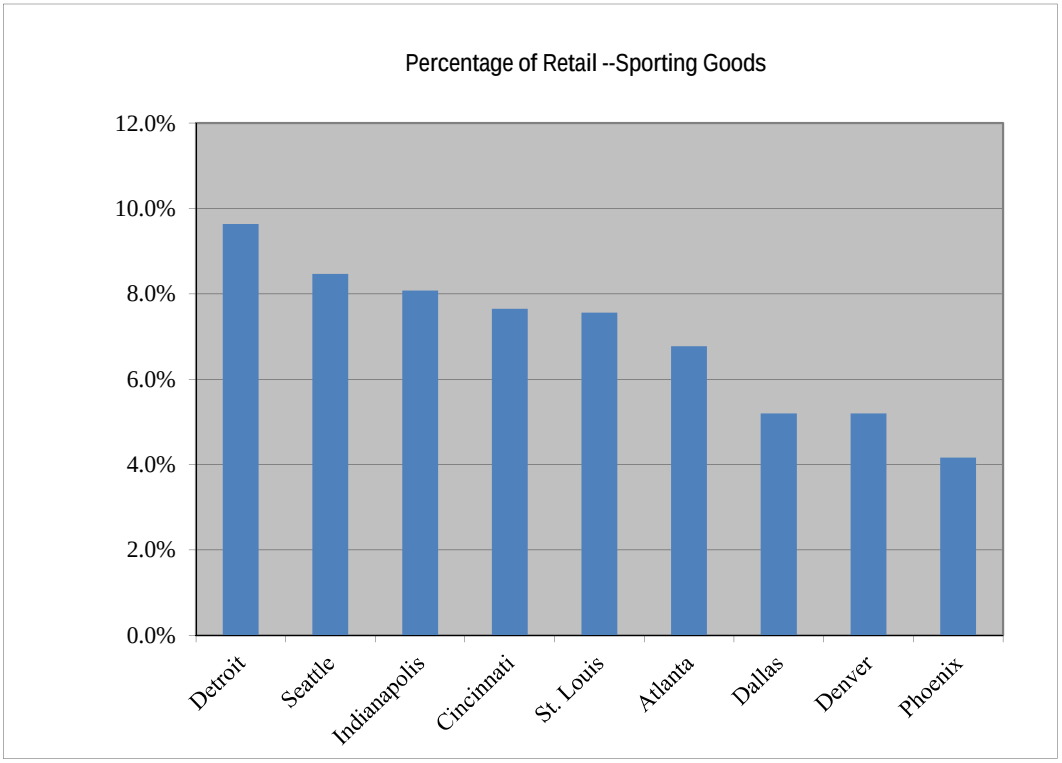
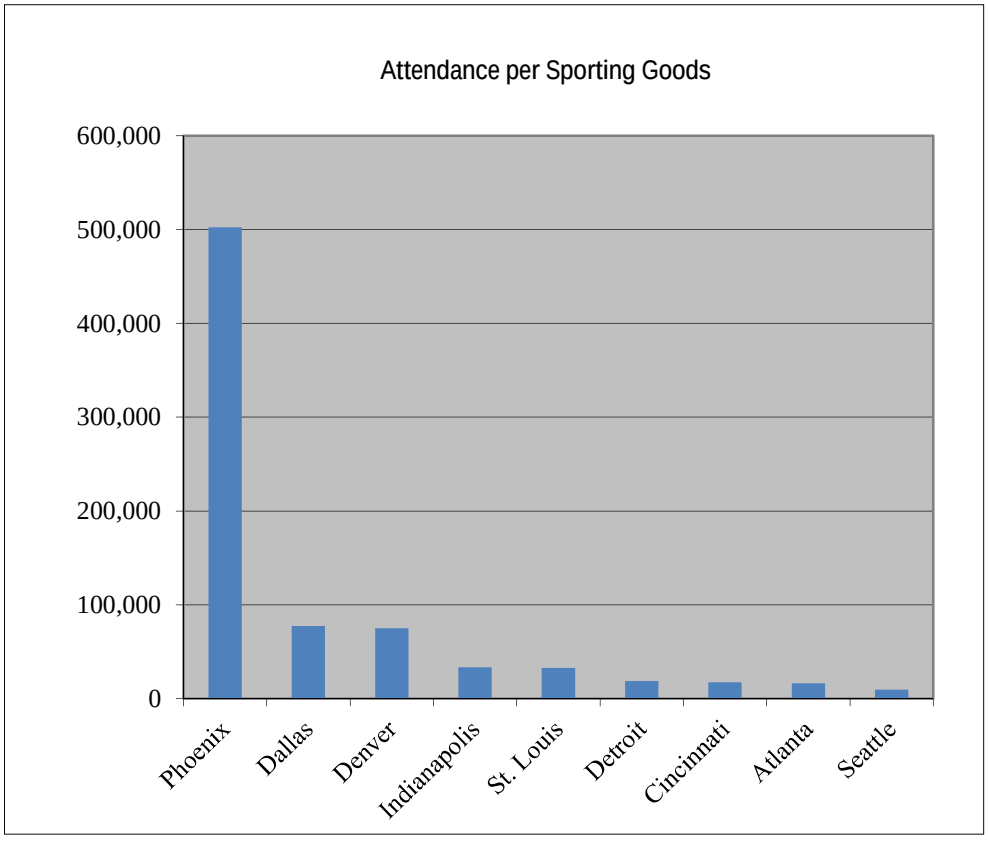


Table VII-14
Sporting Goods Stores
and Attendance

City	Attendance per Store	Population Per Store
Phoenix	502,197	4,434
Dallas	77,375	1,882
Denver	74,908	2,431
Indianapolis	33,488	594
St. Louis	32,568	713
Detroit	18,762	755
Cincinnati	17,247	472
Atlanta	16,448	614
Seattle	9,402	371
Average	86,933	1,363
Median	32,568	713



Based on the foregoing, the following three measures are used to forecast the likely future presence of sporting goods retailers in the Pico Union area based on the observed frequency in the comparable communities:

1. Average number of retail stores
2. Average percentage distribution of sporting goods stores
3. Ratio of sporting goods stores to NFL attendance (assumes two NFL tenants at the Event Center with a total football attendance of 1,740,000)

Given these factors, the following range of frequency for sporting goods stores in Pico Union can be anticipated as follows

Forecast for Pico Union

Factor	Number		Percent of Retail	
	Stores	Net growth	Percent	Net growth
1) Average number of stores	24	6	7.0%	1.7%
2) Percent distribution	21	3	6.2%	0.9%
3) NFL attendance	20.0	2	5.9%	0.6%

1. Based on analysis of the average number of stores within a mile of the Event Center, Pico Union can anticipate being the site of 24 sporting good outlets in this category, representing a net increase of six net new stores in the community. This would translate to sporting goods stores comprising approximately 7% of all retail stores in the Pico Union area, or an increase of 1.7% over the existing levels.
2. Using the average percent distribution as a baseline, Pico Union can anticipate the addition of three net new sporting goods stores within one mile of the Event Center. This would result in three net new outlets in the community and an increase in the composition of sporting goods stores in the retail mix of just under 1%.
3. A forecast based on anticipated NFL attendance produces market support for a total of 20 sporting goods stores within a mile of the venue. This would represent a net growth of two new outlets or an increase of just over 0.5% in the retail mix.

Summary and conclusions

The analysis of comparable communities suggests that there is likely to be an increase demand for sporting goods and related memorabilia within one mile of the Project. Based on average performance, Pico Union can be anticipated to support between 20 and 24 stores tied to activities at the stadium. This represents a net increase of between two and six new sporting good outlets. It is likely that the 18 existing outlets located within the community will reorient more of their offerings to meet the demand of patrons drawn to the area by the presence of spectator events at the Event Center. Currently sporting goods outlets represent 5.3% of the total retail mix within Pico Union. This level representation can be anticipated to increase to between nearly 6% and 7% once the Event Center is operational.

A net increase of approximately 0.6% to 1.7% of sporting goods stores in the retail mix can be anticipated to occur in the community. The Project will represent an opportunity for economic development and new expenditures in Pico Union. At the same time the demand for sporting goods and related items does not represent a level of change that can be anticipated to significantly alter the community serving nature of retail outlets in Pico Union as a whole.

The experience of STAPLES Center is indicative of the relative effect that a major sporting venue has had on the community. Since its opening in 1999 STAPLES Center has been the home of two National Basketball Association and one National Hockey League franchises in addition to several other sports teams and public events. During this time the retail mix in Pico Union has largely been oriented towards the community and its needs rather than meeting the demands of facility patrons. This market orientation in the overall retail mix of Pico Union is likely to remain after the development of the Project.

MR+E

Section VIII Urban Decay

Introduction

This section describes the potential effects from Project implementation on the physical condition of comparable public assembly facilities in the Los Angeles market and the potential for the Project to result in urban decay at these facilities. The California Environmental Quality Act ("CEQA") requires that significant effects on the environment be analyzed, disclosed, and mitigated, if feasible; prior to the approval of discretionary land use approvals. The CEQA Guidelines require that indirect physical changes not immediately related to the project that are caused indirectly by the project must be disclosed. In the context of CEQA, urban decay is considered an indirect physical impact. The focus of this analysis is to determine if the development of new public event hosting capacities in the market has the potential to result in the closure of or, dis-investment in, competing facilities which may, in turn, result in conditions that lead to urban decay.

The evaluation of potential urban decay impacts has traditionally been outside the realm of CEQA. However, key court decisions such as *Bakersfield Citizens for Local Control v. City of Bakersfield,* 124 Cal. App. 4th 1184 (Cal. App. 5th Dist. 2004), as well as *Anderson First Coalition. v. City of Anderson* , 130 Cal. App. 4th 1173 (Cal. App. 3d Dist. 2005)e, have suggested that this type of analysis should be undertaken to assess the possibility of urban decay and indirect physical impacts on the environment as part of significant projects that are commercial in nature.

For the purpose of this analysis, urban decay is defined as physical deterioration that is so prevalent and substantial that it impairs the proper utilization of affected real estate or the health, safety, and welfare of the surrounding community. Physical deterioration includes, but is not limited to: abnormally high vacancies, abandoned buildings, and social dislocation resulting from decreased utilization at competing sites. Note that these are different criteria than the findings of blight as defined by the Community Redevelopment Law.

Using the standard of decay, the Project could be said to have an influence on the physical conditions of the competitive facilities if its presence in the market place leads to a cycle of dis-use and dis-investment that is consistent with urban decay. In order to establish the potential for urban decay the following factors will be analyzed:

- Identification of comparable competitive facilities in the Los Angeles market;
- Planned and recent capital investments that affect the physical condition of the competitive facilities; and
- Potential for displacement of existing event activity from Los Angeles area facilities to the Project.

In assessing the potential for displacement two separate types of public events will be analyzed:

- Spectator events, defined as mass public events that are anticipated to utilize the Project's proposed 72,000 seat Event Center; and
- Public assemblies, defined as events that would primarily use the upgraded Convention Center facilities included in the Project.

For urban decay to occur, the physical condition of the effected facility must be degraded significantly. The loss of market share and a more competitive environment are not sufficient conditions for findings of urban decay.

Market Definition

The market for the spectator events and public assemblies can overlap but each is affected by different dynamics and program requirements. Generally speaking, the spectator events require a stadium configuration with a seating bowl whereas the public assemblies principally require flat floor exhibit space and meeting rooms. There is potential overlap in a joint use facility such as the one that is been proposed in this Project, however the specific program requirements of each of these activities limits the number of potential competitive sites that could be affected by development of the Project.

Spectator events

The Project is intended to take advantage of the fact that currently the Los Angeles area is unable to attract a National Football League ("NFL" or the "League") franchise to any of the existing stadiums in the market. Since the departure of the Los Angeles Raiders and Los Angeles Rams NFL franchises from the Los Angeles market prior to the start of the 1995 NFL season, the NFL has entertained several detailed proposals to locate a professional football franchise in Los Angeles County. Through this process, the League has analyzed the potential for operating at an existing stadium facility in the County. The two existing facilities that would be able to accommodate the NFL are the Los Angeles Memorial Coliseum located in Exposition Park in the City of Los Angeles, and the Rose Bowl located in Pasadena. In addition to the existing facilities, there have been a broad variety of speculative proposals to build new stadium facilities that could accommodate an NFL franchise in the Los Angeles market. However, to date none of these proposals have moved beyond a planning stage nor have any of these proposals been able to secure an NFL tenant.

The scale of the Project would place the Event Center in the market for events ranging from greater than 20,000 to 72,000 spectators. The upper range is far larger than what could be accommodated by any of the existing indoor arenas in Los Angeles County. As a result, the facilities that could potentially face a displacement of their existing levels of utilization would be limited to large scale stadium facilities. The key competitive facilities that could potentially be affected by the Project include:

The Los Angeles County Memorial Coliseum— Operated by the Coliseum Commission (a joint powers agency that includes the City of Los Angeles, Los Angeles County and the State of California), the Coliseum is a 93,000-seat stadium. Completed in 1923, the Coliseum has been the site of two Olympic Games and has in the past served as a home stadium for two NFL franchises (the Los Angeles Rams from 1946 to 1979 and the Los Angeles Raiders from 1982 to 1994). The Coliseum is also a registered National Historic Landmark that both recognizes its importance to the region and at the same time requires preservation of its key architectural features. In 2008, the Coliseum Commission entered into a master tenant relationship with the University of Southern California ("USC") that effectively reserves USC as the only football user of the stadium. The agreement calls for revenue sharing between the parties and capital improvements by the Commission in exchange for USC assuming operations and management responsibilities.

The Rose Bowl—Completed in 1922, the Rose Bowl, which is listed as a National Historic Landmark, is owned by the City of Pasadena and operated by the non-profit Rose Bowl Operating Company. The stadium is the site of the annual Tournament of Roses college football championship game. Since 1982, the Rose Bowl has been the home stadium for the University of California – Los Angeles ("UCLA") football team. In addition, the Rose Bowl has been used as a venue for special events including the FIFA Men's World Cup in 1994, the FIFA Woman's World Cup in 1999 and five NFL Super Bowls. The stadium has a capacity of just over 93,000 seats, which can change based on differing configurations.

In addition to these two major outdoor stadiums, there are other facilities that due to their seating capacity or configuration are unlikely to see their utilization for spectator events affected by the Project. The Event Center is generally not expected to attract spectator events with an anticipated attendance of fewer than 20,000 attendees. The other local facilities that are not anticipated to be directly impacted by the Project include:

- ***Dodger Stadium, Los Angeles***—Home to the Los Angeles Dodgers, this baseball-only stadium has limited capacity to accommodate non-baseball sporting events. Concerts and religious services have been conducted at the stadium in the past on an irregular basis. Constructed in 1962, Dodger Stadium was not intended to be a multi-purpose facility and this has limited its ability to be used as a venue for non-baseball events. The stadium has a capacity of approximately 56,000. The owner occupied facility underwent major renovations in 2006. Capital investments undertaken at the time included a replacement of the stadium's seats, repair and maintenance on the structure within the seating bowl area and construction of club seats along the baseline seating area. These changes have reinforced the baseball orientation of the stadium.
- ***The Home Depot Center, Carson***— Operated by AEG, this stadium has a maximum capacity of 27,000. The Home Depot Center is a relatively new facility which was completed in 2003 with a capital cost of approximately $150 million. The stadium currently has two Major League Soccer ("MLS") teams as tenants

and has hosted special events such as concerts and tournaments for a variety of amateur and professional sports such as rugby and lacrosse. Other features at the Home Depot Center include, a tennis venue, a cycling velodrome and track and field complex.

Public assembly

At approximately 720,000 sq. ft., the Convention Center is the Los Angeles market's leading public assembly facility. The Convention Center has the capacity to host the largest city-wide events in the market and is the site of several significant trade and consumer shows each year. One of the goals of the Project is to upgrade the Convention Center and increase its competiveness in the national market. The set of facilities competing with the project on a national level include large scale convention centers located in markets outside of Los Angeles County. The success of these facilities is dependent upon numerous factors, ranging from local conditions, geographic preferences and national trends. As such, it is not anticipated that improvements to one competing facility would present the potential for reduced business volume at the level that could result in urban decay. In the local market, Los Angeles County, the public assembly market is characterized by a set of regional and community serving facilities that could potentially be directly affected by the project through the addition of new available space within the immediate area. Facilities in the market include:

The Long Beach Convention Center-- This is the 2nd largest public assembly facility in Los Angeles County with a total size of just over 381,000 sq. ft. Originally built in 1962, the center underwent a major upgrade and expansion in 1994. The publicly owned facility is privately operated by SMG. The facility's largest events include an annual meeting of the Jehovah's Witnesses, and a variety of consumer shows and events. The center also includes a 13,000 seat arena as part of the complex and an adjacent 528 room Hyatt Hotel.

The Los Angeles County Fair Association (Fairplex)—Pomona. Home to the LA County Fair, Fairplex currently hosts a wide variety of trade and consumer shows, in addition to its annual fair, horse racing and motor sports programing. Fairplex has approximately 300,000 sq. ft. of indoor exhibit space available on its 540 acre campus. It is also the site of a 300-room Sheraton Suites Hotel. Fairplex is operated by the Los Angeles County Fair Association, a self-supporting nonprofit organization charged with operating the facility in the public interest on behalf of the County of Los Angeles.

The Pasadena Center-- Located in downtown Pasadena, the complex is home to the historic 3,000 seat Pasadena civic auditorium. The Pasadena Center provides 120,000 sq. ft. of meeting and exhibition space and is also the site of the 300 room Pasadena Sheraton Hotel. The market focus of the Pasadena Center has been on state and regional meetings and exhibitions as well as consumer shows.

In addition to these stand-alone public assembly facilities, there are several hotels in the Los Angeles market with significant meeting space. In general they are used as adjunct space for city wide conventions or as meeting space for smaller events. Typically, hotels do not directly compete with major convention facilities for trade and consumer shows.

Capital Projects

One important cause of urban decay is the lack of reinvestment in the fixed capital stock in existing facilities. Urban decay comes about as a result of existing facilities in the market becoming so economically disadvantaged that they are unable to keep up with basic maintenance and repairs, let alone expand and improve their capital stock. Urban decay is not simply the loss of market share or relative business volumes, but rather the creation of a circumstance that results in the physical deterioration of a facility that has been accelerated by the presence of the proposed project under review.

One proxy indicator of the relative strength of existing facilities in the market is their current levels of capital investment. Ongoing investment is a contraindication of future decay. This section discusses ongoing and recent capital projects at competitive spectator and public assembly facilities in the Los Angeles market.

Spectator events

Los Angeles Memorial Coliseum -- Beginning in 2008, the Los Angeles Memorial Coliseum began a series of improvements that included a replacement of football field and turf, upgrading of the field drainage system; the replacement of the main video boards, upgrades to the sound system and cosmetic improvements to the peristyle. In addition, these investments added 1,607 new seats and expanded the concession services to include a new grilled food concession program.

The Coliseum Commission's long term leasing agreement with USC requires the following investments in the facility:

- Replacement of the seating in the stadium bowl;
- An upgrade of elevators and escalators;
- Additional public restroom facilities;
- Locker room upgrades; and
- Life safety improvements to the stadium itself.

The total cost of these required improvements is estimated at over $60 Million. Under the terms of USC's lease with the Coliseum Commission, USC has the right to make these investments in lieu of rent amortized over the term of the lease. The Coliseum Commission has indicated that they do not have the capacity to make these investments

directly and as a result USC has been reported to be considering triggering its option to undertake these improvements directly, with construction anticipated to begin in 2012.

Rose Bowl-- Calling the project, "The Next 100 Years," the City of Pasadena and the Rose Bowl Operating Company broke ground in January 2011 on a $152 million capital improvement program for the stadium. Key features of the re-investment program include:

- Improvements to the entrance and egress for the stadium and grounds;
- Increased concourse capacity;
- Restroom improvements;
- Increased concessions;
- New video board;
- Renovation of the historic scoreboard;
- Reestablishment of the historic field hedge; and
- Press box renovation.

The project is anticipated to be completed over a three-year time period. The financing plan includes lease extensions that call for UCLA to remain as the football tenant at the Rose Bowl Stadium through 2042, and for the stadium to serve as home to the Rose Bowl Game through at least 2043.

Public Assembly

The Los Angeles County Fair Association (Fairplex)-- Construction began in 2010 on a new Trade and Conference Center ("TCC") on the Fairplex campus. Scheduled to open by January 2012, the facility will provide 85,000 sq. ft. of new meeting and exhibition space. The total capital cost of the development of the TCC is estimated at over $30 million. The project was funded via a combination of private loans, federal grants, assistance from the Pomona Redevelopment Agency and Recovery Zone Facility Bonds allocated to Los Angeles County as part of the American Recovery and Reinvestment Act. With access to the nearby Sheraton Suites Hotel, the TCC is aimed at accommodating trade shows, corporate meetings and regional associations. Key features of the facility include:

- 9,000 sq. ft. of pre-function space;
- High-speed Internet access in all meeting and public spaces;
- Multiple residential seating areas for impromptu gatherings;
- On site conference management services; and

- Audio visual equipment and on-site technicians.

The TCC is anticipated to support existing programs and users of Fairplex and will allow it to accommodate association business and events that would require on site hotel space as part of a multi-day event.

The Pasadena Center -- In 2009, the Pasadena Center underwent a major renovation and expansion with a total capital cost of over $150 million. The project was financed by the City of Pasadena using, in part, general obligation bonds to fund construction. The main features of the project included:

- A new 55,000 sq. ft. exhibit hall;
- A 25,000-sq. ft. ballroom;
- 25,000 sq. ft. of pre-function space;
- A new 22,000-sq. ft. outdoor plaza; and
- The existing 28,000-sq. ft. Conference Center building was also renovated and received a new façade.

In 2010, the first full year of operations, the expanded center hosted over 500 events and exceeded previous records for attendance occupancy and room night generation from events booked at the center.

Of the facilities in the direct competitive set for the Project, four of the five facilities have undergone or committed to a major capital investment over the last three years. Additionally, all of these facilities are owned by public agencies, three are operated by nonprofit public benefit corporations or a university and one is managed by a private operator under contract with a city. This is significant in that the public agencies that own these spectator event and public assembly facilities have a fiduciary responsibility to maintain the facilities in a manner consistent with the public interest. Towards this end, the responsible agencies have been aggressive in finding partners who can contribute capital for maintenance and upkeep or have made significant direct public investments in their facilities. This is an indication that each of the competitive facilities are in a financial position to maintain and upgrade their properties.

Potential Displacement

The effect of the Project on the market area has the potential to add net new spectator event and public assembly activity to the area. This is particularly true of NFL football, which has not been present in the Los Angeles market since 1995. In other instances, the Event Center and improvements to the Convention Center will represent a potential source of competition for existing facilities in selected categories of activities. The extent to which there is a potential for overlap between the Project and existing facilities is based on the types of events that currently occur within the competitive set. This section summarizes by type of event where there is potential for market share

competition between the Project and existing facilities. The categories of spectator events are based on Project applicant AEG's business plan for operations of the Event Center in terms of the type of spectator events that are anticipated to occur.

Key aspects of the competitive environment for each category of use are described below.

Spectator Events

NFL Football-- From 1982 to 1994, the Los Angeles Memorial Coliseum was the home stadium for the Los Angeles Raiders NFL franchise. Prior to this time, the Coliseum had also been the home stadium for the Los Angeles Rams from 1946 until 1979, at which point the team moved to Orange County, where it played its home games until 1994 when it moved to St. Louis. From the departure of the Raiders until the establishment of the master lease between the Coliseum Commission and USC in 2009, the City of Los Angeles' official policy was geared towards returning NFL football to the Coliseum. However, the terms of the lease between the Coliseum Commission and USC gave USC the authority to accept or reject any proposal for a second amateur or professional football team at the Coliseum. The current agreement for capital improvements between USC and the Commission are not designed to accommodate the program requirements of an NFL franchise.

The Rose Bowl in Pasadena has been the site of five NFL Super Bowls in the past; however it has never been a regular season home for an NFL franchise. The Rose Bowl's location in a park surrounded by single-family residential neighborhoods has led to severe constraints on the facility's use as a sporting venue. In 2006 Pasadena voters rejected a ballot initiative that would have permitted an NFL franchise to operate at the Rose Bowl. After the community's opposition to NFL operations at the facility, the City and the Rose Bowl operating company sought to secure UCLA football as a long-term tenant at the facility. During this process the University and the City agreed on a set of physical improvements that would be required at the Rose Bowl in order to meet the University's requirements at the site. The current Rose Bowl Operating Company's lease with UCLA does not anticipate the presence of NFL football at the Rose Bowl nor are the capital improvements currently being undertaken designed to accommodate an NFL tenant on a permanent basis.

Elected officials from the City of Pasadena have indicated as recently as August of 2011 that under carefully negotiated conditions, the Rose Bowl might be made available as an interim site for NFL games. These conditions include agreement by its master tenant, UCLA, and a requirement that the City of Pasadena and the Rose Bowl Operating Company retain full operational control. Any future modifications to the existing Rose Bowl operating agreements would also require approval from the Pasadena City Council.

Concerts/ music festivals— In previous years, both the Rose Bowl and Los Angeles Memorial Coliseum have been the site of large-scale concerts and music festivals. Because of the Rose Bowl's location in a residential neighborhood, it has been increasingly difficult for the facility to find suitable dates for concert events that would not be disruptive to the community. As a result, the Rose Bowl Operating Company has deemphasized this use in recent years. Concerts are occasionally accommodated at Dodger Stadium as well. The Coliseum has successfully hosted a major concerts and music events without incident. Notable events include concerts by U2, the Rolling Stones and the largest attended Latin music event, a concert by RBD in 2006 with an attendance of over 67,000. Music festivals have had a more controversial recent track record that has brought into question the suitability of the Coliseum as a venue for this type of event.

PAC-12 Football Championship-- With the reorganization of the NCAA's Pac-12 Conference for the 2011 NCAA football season, the conference transitioned to a 12- team two division format. This allowed for one additional intercollegiate football game matching the two division champions for a final championship game. Presently, the conference has conceived this as occurring at the home stadium of one of the participating teams, as it did in 2011. This would not represent a net loss of activity at the competing stadiums as neither UCLA or USC can be depended upon to qualify for the championship game every year.

High school football championships—in recent years, the CIF/City Section Football Championship has occurred at the Los Angeles Memorial Coliseum. The Project applicant is interested in hosting this event or a similar CIF high school football championship at the Event Center.

ESPN X games-- ESPN X games have a long-standing relationship with Staples Center, which is owned and operated by AEG, as the site for this event. In 2003 and 2010, portions of this event were held at the Coliseum.

International soccer matches-- Los Angeles Memorial Coliseum has been the site of several important international soccer matches in recent years. In addition, the Rose Bowl was used as the site for the championship finals for both the men's and women's FIFA World Cups.

MLS friendlies and exhibition games-- The Home Depot Center in Carson, which is owned and operated by AEG and is the home stadium for both Los Angeles MLS teams, hosts several matches each year between these teams and international soccer teams, known as “friendlies.” Some of these events which would be anticipated to draw crowds in excess of the capacity of Home Depot Center would likely shift between the present and future AEG venues. The Coliseum and the Rose Bowl have hosted MLS friendlies in the past. In the future the Project may host the MLS All-Star and MLS Cup games.

Boxing-- Neither the Rose Bowl nor the Los Angeles Memorial Coliseum has hosted a major boxing event in the modern era.

NFL Pro Bowl-- From 1950 to 1971, the NFL Pro bowl was played at the Los Angeles Coliseum. Since the 1971 season, the event has been held at Aloha Stadium in Honolulu, Hawaii most years. In recent years, the NFL has been looking to play this exhibition game in other locations within the continental United States. The 2010 Pro Bowl was played in Miami.

In terms of spectator events, the only foreseeable areas of direct competition between the Project and existing facilities in the market are confined to international soccer events and to a lesser degree concerts and high school football. It is primarily in these categories that existing events already occurring at Los Angeles area facilities could be anticipated to relocate to the Project. Use by an NFL team is severally constrained at both the Los Angeles Memorial Coliseum and the Rose Bowl due to existing lease agreements and operations policies. Although it is possible that an NFL football franchise could occupy either stadium as an interim use, current lease agreements at the Coliseum and polices of the City of Pasadena would impede their use as a permanent home stadium for an NFL team.

Public Assemblies

City wide conventions— These events are multi-day events that occupy space in the Los Angeles Convention Center and generate more than 1,200 room nights on the peak night of activity. Typically, city wide conventions are associational in nature and tied to specific communities of interest or profession and occupation.

Tradeshows--These events are business-to-business events that are open only "to the trade". Attendance is generally free for qualified delegates and the primary revenue source for the show are fees paid by the exhibitors seeking to demonstrate their products and services to a qualified audience.

Consumer shows-- These events are business to consumer events that are open to the general public. Most consumer shows have an admission entry fee and are open to the public at large. Often times, consumer shows will include a retail component where vendors sell items directly to consumers.

The capacities of the proposed Project do not fundamentally alter the market dynamics for public assembly events in Los Angeles County. At present, the Convention Center is the largest public assembly facility in the market and the proposed replacement and improvements associated with this Project will reinforce the Convention Center's position as the primary convention site in the Los Angeles market. It can be anticipated

that the Convention Center will become more effective in areas where it is already seeking market position vis-à-vis regional and national competitors.

Findings

In determining the potential of the Project to create conditions that will result in urban decay, the following factors have been observed:

- Capital Investment
- Ownership
- Tenants
- Competitive Balance
- Displacement

Each of these factors was considered for both the Event Center and the Convention Center.

Event Center

Capital Investment— Both the Rose Bowl and the Coliseum have been engaged in an ongoing program of investment and recapitalization of their assets. The expected total value of these improvements is anticipated to be over $212 Million. This represents a significant commitment by both the facility owners and their master tenants to retain the physical capital stock of both stadiums.

Ownership—Both the Rose Bowl and Coliseum are publicly owned. This is significant in that the public institutions have a fiduciary responsibility to maintain and preserve public capital assets.

Tenants— Each of the spectator venues has a contract in place with one or more tenants. This has the effect of providing sources of utilization over the long term that will provide for continued economic use of the facilities.

Competitive Balance— Development of the project is unlikely to dramatically alter the competitive balance in the market. Presently, the number of annual events held at the Rose Bowl is limited by municipal policies. The main categories of spectator events where the project anticipates competing directly with existing facilities are primarily limited to amateur sports and international soccer. The project does not anticipate relocation of a master tenant from either facility, nor does it require the reallocation of football events.

Displacement—NFL football is not presently accommodated in the market. Some classes of events such as international soccer, high school football and concerts may shift from the existing facilities, but as a whole the potential loss of this activity would not be in itself enough to lead to significant capital disinvestment. In each case the existing facilities would retain their anchor tenants. It is important to recognize that both the Los Angeles Memorial Coliseum and the Rose Bowl currently have long term lease agreements with master tenants that secure revenue streams for each facility. Neither of these master tenant arrangements would be affected by the development of the project, nor would they lead to abandonment by the master tenants of either the Coliseum or the Rose Bowl. It is unlikely that the loss of business volumes related to secondary users would be sufficient to undermine the basic financial security of the facilities over the long term.

In the case of the Rose Bowl the city of Pasadena limits the number of events with attendance over 20,000 to 12 per year. This includes the six regularly scheduled UCLA home football games and the Rose Bowl game on New Year's Day. The remaining five major events that are permitted do not necessarily occur every year.

The Los Angeles Memorial Coliseum receives its largest utilization from USC football. Other events that have used the Stadium include uses that are tied to Exposition Park such as hosting the charitable Revlon Run, an annual Fourth of July picnic and fireworks display or public events such as mass citizenship ceremonies. Use of the facility for these secondary events would not be affected by the project.

Convention Center

Capital Investment-- The expansion of the Pasadena center and the construction of the new TCC at Fairplex represent over $180 million in recapitalization of competitive public assembly venues. These investments will help to preserve the long-term viability and physical infrastructure of two major facilities in the local market to have the potential to be competitive with the Los Angeles Convention Center

Ownership-- All of the identified competitive facilities that could potentially be affected by the project are public assets. In the case of the Long Beach Convention Center and Fairplex, the facilities are operated by private entities however the underlying asset in both cases remains with the City of Long Beach and Los Angeles County. For these facilities, as well as for the Pasadena Center, successful operations of the public assembly facilities is an important part of each community's long-term economic development strategy through the promotion of on-site sales and room night generation. The economic performance of these facilities reinforces the public sector's interest in their long-term vitality.