

NOLA's First Movie Studio Features Green Design, Historic Buildings

By Jennifer Dockery, Marketing Staff Writer, Novogradac & Company LLP

Each year, New Orleans provides the backdrop for numerous films, television programs and commercials. More than 80 films were shot in Louisiana last year. Although the city's historic neighborhoods feature many picturesque locations, the city lacks quality production facilities. That will change in January 2010 when Second Line Stages opens in the Lower Garden district. Second Line, the first "green" film production facility in the country, will also be the first purpose-built sound stage in New Orleans.

"What really sets us apart is being green. We're in an urban area. We have experienced crews around. It's not just a retrofit warehouse. We're building a new facility," said Susan Brennan, owner and developer of Second Line.

Second Line Stages will consist of 90,000 square feet of production and office space. The state-of-the-art facility will incorporate two existing warehouses and a new 18,000-square-foot building. The facility will be able to house an entire production, with office space for crew, actors' dressing rooms and soundstages and will contain a 49-seat digital screening theater. Additionally, an adjoining parcel of land can be used for storage and parking.

"We can be set up for movies, videos, commercials. Just about anything that needs a controlled environment," Brennan said. She added that although New Orleans is often used as a location, it is not really a production center; when a production company wants to film on a soundstage in New Orleans, the team finds an empty warehouse or converts space in the Nims Center.

As with much of the new construction in the Gulf Opportunity (GO) Zone, Second Line will incorporate

environmentally friendly features into its design. The studio plans to apply for LEED Silver certification after construction. Before construction began, the developer removed three underground storage tanks and mitigated other environmental hazards on the former brownfield site. During construction, contractors are recycling all leftover material and scraps. The studio will also use green practices in its daily operations, including printing as little as possible and using soy ink on its business cards.

"We found it very impressive that the team had already taken the lead to consider sustainability," said Kyle Walton, vice president of Strategic Development Solutions, partner of Economic Innovation International in the National New Markets Fund LLC (NNMF). NNMF is one of three community development entities (CDEs) that invested tax credits in Second Line.

To finance the \$32 million project, the developer used a number of funding sources, including tax credits, risk equity and leveraged loans. The three CDEs invested a total of \$24 million in new markets tax credits (NMTCs). NNMF invested \$6 million and Valued Advisor Fund (VAF) invested \$8 million. CCG Community Partners LLC (CCG) invested \$10 million in NMTCs and historic tax credit (HTC) equity. The studio also received film infrastructure tax credits through a program sponsored by the Louisiana Department of Economic Development and the Division of Administration. US Bancorp Community Development Corporation purchased the NMTCs and HTCs, and Whitney National Bank provided loans to the developer.

"This is truly a remarkable effort to bring the first really 'green' film studio to New Orleans, offering jobs within a highly distressed corridor, bringing apprenticeship

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opportunities to the youth in the area, restoring a historic property and energizing the local economy with the direct and indirect effects of the productions housed at Second Line. It was a unique and valued opportunity for our fund to be a part of making this vision happen," said Terri Preston-Koenig, executive director of VAF.

In addition to providing the only Hollywood-quality soundstage in the greater New Orleans area, the studio will offer community outreach to the surrounding area through Kingsley House, a community service provider. The surrounding community will benefit from educational programming for at-risk youth, apprenticeship programs, and neighborhood security and safety initiatives.

"Our advisory board particularly liked the LEED and green aspects of this historic transaction, as well as its link to Kingsley House, providing opportunities for local youth to find apprenticeships in the film industry," Preston-Koenig said.

"The creation of a substantial number of high-paying new jobs through a project that is a community catalyst attracted CCG to Second Line," said Paul Hoffman, managing director of CCG. The studio development is expected to provide as many as 200 construction jobs and as many as 1,200 direct and indirect permanent jobs associated with film production activities in an area that has an unemployment rate of 11.8 percent and a poverty rate of 24 percent. Permanent hiring should start in the fourth quarter of 2009, Hoffman said.

"I'm thrilled to be putting something in that's going to stimulate the economy there," Brennan said. Steve MacDonald, managing director of SDS, added that the jobs would be in the growing field of "green" employment.

Construction is expected to be complete in January 2010. Because production companies secure facilities about six to eight months before shooting begins, Brennan expects to enter into talks with production companies in the next few months.

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“New Orleans is a natural with the entertainment business. [Second Line is] another way to showcase that,” Brennan said. ❖

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