

# Cultural Daily

Independent Voices, New Perspectives

## Homesteading the Performing Arts

Adam Leipzig · Wednesday, June 8th, 2011

“I don’t think I can support myself as a playwright at this point,” Tony Kushner recently told a reporter.

Tony Kushner has written more than 20 plays, including *Angels in America*, and *Homebody/Kabul*. He’s won two Tony awards and the Pulitzer. If he can’t support himself in theatre, no one can.

What is it about American theatre that makes it so economically awful, for theatre artists and theatre companies alike?

Two words: Real estate.

Theatre buildings – indeed, all performing arts spaces – are expensive. Arts organizations spend enormous staff time and resources on capital campaigns to build or rehab their venues. Huge amounts of donation and foundation support also is directed towards real estate.

Then, when the building is built and the box office is open, it operates with economic inefficiency. A performing arts venue only makes money two hours a day (maybe four hours on matinee days). The other hours, it loses money. So the cost of all that real estate must be amortized across only 16 hours a week, or 832 hours a year.

Compare this to a typical retail venue, which can make money all day long. If a typical retail establishment is open for business and can make sales 10 hours a day, that’s 70 hours a week; its cost of real estate is amortized across 3,640 hours a year. That’s more than four times the efficiency of a theatre.

Theatre and other performing arts organizations would be economically viable, if only they could solve the real estate problem. From my experience at the Los Angeles Theatre Center, I learned that we would have been profitable if we did not have to pay for facilities costs. Without the real estate sinkhole, all of our unearned income would have gone to support artists, instead of debt service and property taxes. I’ve seen the same at other performing arts companies. (Indeed, the most economically viable performing arts companies have massive real estate subsidies. A case in point is Los Angeles’s Music Center, which benefits from below-market facilities from LA Country plus a share of the parking revenues – both defray real estate expenses.)

We live in America, where we must make do without massive state subsidies available in many other countries. I don’t see a massive shift in government budget priorities in the near future,

especially at a time when deficits are climbing and local governments are literally selling off their assets. But the crisis creates an opportunity.

Cities across America are selling off buildings they own. Newark sold 16 buildings last year. Los Angeles presently has 14 for sale. New York City is considering selling the transit authority headquarters! These sales make only short-term sense, because the real estate market is lousy, so the cities won't get that much income benefit, while moneyed speculators will be able to scoop up the properties for a song. It is be a redistribution of the wealth upwards.

Instead, drawing on a longstanding American tradition, I'd like to see Performing Arts Homesteading. Under this proposal, cities would make unused buildings available to non-profit performing arts organizations, who would agree to improve the facility and use it for performances.

Theatre, dance, music and other performing companies could then take root and grow, unencumbered by the real estate sinkhole. In fact, by taking over a space that was not originally designed for performance, these companies would have to think inventively – even, I hope, exploring ways to generate income during non-performance times, through various activities such as food service, retail, workshops, training programs, or subletting space to outside vendors.

Within the first 10 years of occupancy, the company could file for a deed to the property, and if they met the requirements (simple requirements, like they're doing shows and their non-profit status is in good order), they would get full title. After 10 years, enough time for the companies to mature and develop income streams, the companies would start to pay property taxes. In that way the cities would start to get income again, in addition to the benefits all citizens would see from a new expansion of the performing arts.

I'll add that homesteading is a fundamentally different idea than giving organizations facilities for free or reduced rent. Homesteading confers ownership. This would fundamentally shift non-profit economics. It is one thing to have a space for cheap rent — quite a different thing to hold title to a piece of real estate that may be worth millions of dollars one day.

We could solve a theatre problem and a civic problem with this single, bold step.

*Photo by Monique Carboni – FELA! on Broadway.*

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