

AN ADVISORY SERVICES PROGRAM REPORT

# New Orleans Louisiana



Urban Land  
Institute



Library of Congress, Geography and Map Division: Bird's-eye view of New Orleans and the Mississippi River with Lake Pontchartrain in distance. Lithograph published by Currier & Ives, N.Y., ©1885.

# New Orleans, Louisiana

A Strategy for Rebuilding

November 12–18, 2005

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#### ABOUT ULI—THE URBAN LAND INSTITUTE

ULI—the Urban Land Institute is a nonprofit research and education organization that promotes responsible leadership in the use of land in order to enhance the total environment.

The Institute maintains a membership representing a broad spectrum of interests and sponsors a wide variety of educational programs and forums to encourage an open exchange of ideas and sharing of experience. ULI initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has more than 29,000 members from 88 countries, representing the entire spectrum of the land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers,

academics, students, and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of America's most respected and widely quoted sources of objective information on urban planning, growth, and development.

This Advisory Services program report is intended to further the objectives of the Institute and to make authoritative information generally available to those seeking knowledge in the field of urban land use.

Richard M. Rosan, *President*

## ABOUT ULI ADVISORY SERVICES

The goal of ULI's Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI member teams to help sponsors find creative, practical solutions for such issues as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

Each team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the topic and screened to ensure their objectivity. ULI teams are interdisciplinary and are developed based on the specific scope of the assignment. They provide

a holistic look at development problems. A respected ULI member with previous experience chairs each team.

A key strength of the program is ULI's unique ability to draw upon the knowledge and expertise of its members, including land developers and owners, public officials, academics, representatives of financial institutions, and others. In fulfillment of the Urban Land Institute's mission, this Advisory Services report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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# Overview

Hurricane Katrina was the 11th named tropical storm, fourth hurricane, third major hurricane, and first Category 5 hurricane of the 2005 Atlantic hurricane season. It was the third most powerful storm of the season, behind Hurricanes Wilma and Rita, and the sixth-strongest storm ever recorded in the Atlantic basin.

After first making landfall as a Category 1 hurricane just north of Miami, Florida, on August 25, 2005, its second landfall was on August 29 along the central Gulf Coast near Buras-Triumph, Louisiana, as a very strong Category 3 storm. Soon after the hurricane passed through the New Orleans area, a breach occurred in the levee system that protected New Orleans from Lake Pontchartrain and the Mississippi River. Most of the city subsequently flooded, mainly with water from the lake.

Katrina also inflicted heavy wind and storm surge damage along the coast in Mississippi and Alabama, making this the most destructive and costliest natural disaster in U.S. history. The damage was estimated at \$200 billion to \$300 billion, at least double that of Hurricane Andrew, previously the nation's most expensive hurricane. More than 1 million

people were displaced, creating a humanitarian crisis on a scale unseen in the United States since the Great Depression.

When the levees collapsed in New Orleans on August 30, residents who had not left the city before the hurricane struck were forcibly evacuated, first by boat and helicopter from their homes and shelters, then by bus to neighboring cities and states. Federal disaster declarations blanketed 90,000 square miles, an area almost as large as the United Kingdom. The hurricane left an estimated 5 million people without power. On September 3, U.S. Department of Homeland Security Secretary Michael Chertoff described the aftermath of Hurricane Katrina as “probably the worst catastrophe, or set of catastrophes” in the country's history.

New Orleans and the entire Gulf Coast are now beginning to think about rebuilding their homes, their lives, and their futures. Doing this, however, will mean making difficult decisions and addressing harsh realities. When and where rebuilding in New Orleans can occur needs to be determined. Some areas of the city already have begun to rebuild and revitalize. Other areas will take more time.

## The ULI Assignment

New Orleans is at a crossroads. Even as the initial stages of recovery are underway, experience suggests that it is essential to develop a redevelopment plan within the first 90 to 120 days following a disaster. The failure to create an immediate and forward-thinking plan can result in scattered, uncoordinated, dysfunctional redevelopment; an ineffective infrastructure policy; and a greatly impaired urban fabric. To help the city respond to the need to develop a plan now, ULI assembled expert teams and an advisory panel of economic development, financial, design, redevelopment, land use, and urban planning professionals to work with Mayor C. Ray Nagin's Bring New Orleans Back Commission, the city, and its business, community, political, and civic leaders to develop a process for the redevelopment of the city based on sound planning principles, strong economic development ideals, and a practical implementation strategy. ULI was asked to develop an overall framework for the city's rebuilding process so that the city leaders can begin to develop detailed plans and strategies for its future.

## Restoration, Reform and Rebirth

*"I also offer this pledge of the American people: Throughout the area hit by the hurricane, we will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities and their lives. And all who question the future of the Crescent City need to know there is no way to imagine America without New Orleans, and this great city will rise again."*

—President George W. Bush,  
speaking in New Orleans at Jackson Square,  
September 15, 2005

The ULI panel agrees with the words spoken by George W. Bush on September 15, 2005, in the aftermath of Hurricane Katrina and the subsequent flooding. It hopes that the recommendations presented in this report will ensure a stronger, more viable New Orleans.

The panel was asked to make recommendations for the rebuilding of New Orleans in the aftermath of Hurricane Katrina. It also was asked to suggest directions for positive change—recognizing the problems the city faced prior to Katrina—to provide support for local leadership to make a visible difference. To address these issues, the panel focused its recommendations on the premises of restoration, reform, and rebirth.

New Orleans is still going through a recovery phase. People are beginning to rebuild their lives. For some, this will take months; for others, it will take years. Only those who have lived through the disaster can understand the devastation, both physical and spiritual. The ULI panel's role is to help with the physical rebuilding of the city; to help it look to the future. It is imperative to think about the future while dealing with the present.



The panel commends the city for its efforts to date. However, it believes the time has come for the rebuilding effort to be more extensive and move more rapidly. This report is designed to be a guide for realistic goals and next steps.

## The Process

The panel addressed five key areas: government effectiveness, economic development and culture, urban and city planning, infrastructure, and housing. The background and input for this report came from more than 300 interviews with business owners, decision makers, community activists, and citizens. Although ULI could not interview each and every resident or citizen of New Orleans, the Institute reached out to representatives of all facets of the community. ULI senior resident fellows conducted some of these interviews prior to the panel's arrival, and the panel conducted approximately 150 confidential interviews while in New Orleans. ULI reached out both to those within New Orleans and to those currently living outside of the city. In addition, the panel held a town hall meeting attended by more than 200 people. The purpose of this meeting was for the panel to hear from the citizens of New Orleans what they think should be included in a rebuilding plan for the city.

The panel toured the city and saw the devastation firsthand. The damage is more extensive than any of the panel mem-

bers imagined. Touring New Orleans truly helped them gain an understanding of what the city is going through, not just what is reported by the media.

## Key Findings

The panel's key findings include the following:

- New Orleans is a national and international treasure. The culture of the city—including its history, music, art, food, faith, and strong sense of neighborhood—must be retained and enhanced. The urge to homogenize the city must be resisted.
- The heart of the city is its people. Without them, New Orleans would be just another city.
- There must be a sense of urgency to move forward. Basic services such as electricity and health care must be restored immediately. Mold removal is essential.
- Diversity, equity, and cooperation are of critical importance. The recovery must not be held back by the racial issues that have slowed progress in the past.
- Every citizen has the right to return to a *safe* city.
- Planning for the rebuilding of each neighborhood must involve the citizens from that neighborhood.
- The city needs diverse economic development and housing. Jobs and housing will be the backbone of the city's rebirth. Job training and an improved education system are critical. In addition, the panel endorses the concept of a livable wage.
- New Orleans must be protected from future hurricanes. The city must continue to lobby for an improved levee system and enhance natural ecosystem protection.

- An organizational structure that will support the quest for federal funding is mandatory.
- Business leadership must work in partnership with government.
- Many of the city's infrastructure issues are regional in scope and should be addressed as such.

## Key Recommendations

The panel makes the following key recommendations:

- The formation of a redevelopment corporation, which the panel has named the Crescent City Rebuilding Corporation, will help the city move forward in its rebuilding efforts. The focus of this organization should be on the redevelopment of the city. The panel believes the corporation will be instrumental in obtaining the federal assistance the city needs to rebuild.
- The creation of a temporary oversight committee—similar to those that were put in place in New York, Pittsburgh, Washington, D.C., and other U.S. cities—will help the city weather the current financial crisis.



- A diversified economic development strategy that takes into account and builds upon those businesses and industries present prior to Katrina, as well as those that may be appropriate in a renewed city, is critical to the city's redevelopment.
- The city should be rebuilt in a strategic manner. Areas that sustained minimal damage should be encouraged to begin rebuilding immediately, while those with more extensive damage will need to evaluate the feasibility of reinvestment first and then proceed expeditiously in a manner that will ensure the health and safety of the residents of each neighborhood.

- People who cannot rebuild should be given fair compensation for their property.
- A regional approach needs to be taken for some key issues, such as levees, transportation, environmental restoration, emergency response, and economic development. Now is the time for the city to work with its neighbors to ensure a stronger New Orleans region.

This report details the panel's findings and recommendations as presented in New Orleans on November 18, 2005. The panel hopes that it will serve as a basis for the city's rebuilding and rebirth. This report is a beginning, not an end.



CREDIT

# Government Effectiveness

This section focuses on steps that should be taken to ensure that government operates as efficiently and ethically as possible in order to facilitate the rebuilding of New Orleans. The panel recognizes, however, that local government must have the resources necessary to meet the enormous challenges posed by Hurricane Katrina are provided. Only the federal government has the capacity to provide those resources. The panel is concerned that a window of opportunity may be closing soon on the prospects for the appropriation of these desperately needed federal funds. Therefore, the most immediate challenge to local government, working with the state government, is to mobilize businesses and residents, neighboring parishes, other affected states, and gulf-area elected officials at all levels to quickly establish one unified request to Congress for federal support. This is the panel's overarching recommendation.

## Citizens' Rights and Guiding Principles

As part of the rebuilding process, the panel believes that New Orleans's current and future citizens have several basic rights. These include the following:

- Restored public utility service and restored levees that will enable all residents to return to the city;
- Immediate and equitable redevelopment;
- Efficient and effective government;
- Integrity and transparency in government;
- Stronger, empowered neighborhoods; and
- Fair compensation for property on which owners cannot rebuild.

In order to achieve these rights, all levels of government must be mindful of the following guiding principles.

## Cooperation

The federal, state, and local governments must work as partners toward shared objectives. Within this partnership, it is imperative that local government and state government speak with one voice to Washington, and that Washington respond in the spirit of the commitment offered by Presi-

dent Bush, on behalf of the nation, in New Orleans on September 15, 2005.

## Regional Challenges

The region faces many challenges that do not stop at parish boundaries. These include the repair and maintenance of the levees and wetlands systems, the redevelopment and administration of the port, mass transportation, and emergency preparedness. These issues might best be addressed through a regional, multiparish approach. The panel urges the city and the Bring New Orleans Back Commission to collaborate with neighboring parishes to solve regional problems.

## The Federal Role

The federal government must be the principal source of government assistance to ensure that the redevelopment effort proceeds quickly. Neither the local government nor the state government, nor the two together, have the resources to accomplish what must be done. The city must work with the federal government to secure adequate funding.

## Building Local Capacity

New local government entities will be needed to deploy federal funds effectively. Different levels of government must cooperate in ways that inspire the confidence of citizens, businesses, private capital—and, indeed, all Americans—in the future of a rejuvenated New Orleans. Beyond this, city and state government should take this opportunity to make fundamental changes in local and state laws and processes in order to provide more effective government services to the citizens of New Orleans.

## Recommendations

The panel developed six recommendations to improve government effectiveness.

### Restore Utility Services

Large sections of New Orleans are still without electricity in the aftermath of Katrina. The local utility, Entergy, has gone into bankruptcy because of the storm. The panel recommends that the following actions be taken to bring utilities online quickly:

- Congress should appropriate funds immediately to repair and improve the infrastructure necessary to provide power. The city should work with its congressional delegation to secure the necessary funding.
- The rate base, severely reduced from its pre-Katrina level as a result of having fewer customers, should be broadened, perhaps by folding the local power subsidiary into the parent company.
- Additional issues surrounding full restoration of water, sewer, and natural gas service must be further examined, including a comprehensive study of the desirability of privatizing or outsourcing some of these services.



- The city should continue its program to expedite the permitting process to ensure the restoration of utility services. The panel encourages the city to expand its program of precertification based upon what appears to be an excellent start.

### Begin Redevelopment Equitably and without Delay

The panel recognizes that the city is beginning its rebuilding process. A critical part of that process involves ensuring that redevelopment occurs equitably and in a timely manner. The panel provides the following recommendations to facilitate and focus the rebuilding efforts in hope that federal assistance can be obtained.

As has occurred following other natural disasters, federal assistance is needed for several aspects of the rebuilding effort. These include the following:

- Rebuilding the levees and other infrastructure;
- Preparing a comprehensive plan for the rebuilding process;
- Financing and facilitating the rehabilitation of existing housing and the development of new housing;
- Assembling land for redevelopment;
- Repairing or renovating existing structures and building new ones;

- Disposing of land by sales or long-term leases;
- Supporting local businesses—especially small ones—with programs such as loan guarantees, grants, job training, technical assistance, marketing, and tax incentives;
- Providing social programs, including health, education, and other human services;
- Restoring the city's premier medical facilities;
- Restoring and enhancing the port facilities;
- Environmental remediation;
- Grants and tax credits for the renovation of historic buildings and construction in historic neighborhoods; and
- Meeting the city's short-term financial requirements.

Some of the federal approaches that have been used effectively in other cities after natural and other disasters should be applied in response to Katrina. These include infrastructure investments for transit, support for rebuilding utility infrastructure, tax credits for employee retention, housing subsidies for renters, business retention grants, expanded tax-exempt private activity bonds, and similar devices.

### Form the Crescent City Rebuilding Corporation

In order to secure and administer federal funds, the panel believes it is necessary to create—most likely through state legislation—a new government entity, which the panel chose to call the Crescent City Rebuilding Corporation (CCRC). This entity should have the power, resources, and a single-minded mission to plan, oversee, and implement the rebuilding effort. The panel believes the city does not have the capacity within the existing governmental structure to undertake this responsibility.

This new corporation should be responsible for the economic stabilization and redevelopment of areas within New Orleans that were devastated or significantly distressed by Hurricane Katrina. It should be the conduit for all federal rebuilding funds.

The corporation should have no fewer than seven but no more than 15 directors. The president of the United States, the governor of Louisiana, the mayor of New Orleans, and the New Orleans City Council all should appoint these directors, using a formula that does not allow any single authority to appoint a majority of the directors. When selecting the directors, the appointing bodies should consider candidates' professional experience, civic leadership, and familiarity with local conditions and circumstances. The panel believes this governance structure will create a vehicle for all levels of government to work cooperatively; that it will ensure federal authorities that federal funds are being allocated wisely and with federal involvement, but also will ensure that the actual delivery of services takes place at the grass-roots level. This model is similar to the Lower Manhattan

Development Corporation (LMDC), which was created by the New York state and city governments after 9/11 (see sidebar on page 18). Funding for the LMDC comes from the U.S. Department of Housing and Urban Development (HUD) but is administered locally.

The CCRC should have the following powers:

- Receive and dispense public and private redevelopment funds;
- Conduct planning activities and studies;
- Enact and implement a redevelopment plan in consultation with all constituent groups;
- Assemble and dispose of property for redevelopment;
- Land bank property for future use;
- Assist property owners in the revitalization of their properties through loans, grants, and other means;
- Fund public infrastructure essential to the redevelopment effort;

- Issue bonds to finance redevelopment activities, like the Liberty Bond program, which was designed to help New York City rebuild after 9/11;
- Identify and fund appropriate not-for-profit organizations to implement redevelopment plans;
- Use eminent domain to acquire land for public ownership—such as roads, parks, and schools—and for common carriers—such as utilities and public transit—and to acquire properties in blighted areas;
- Fund personnel positions in city government, such as inspectors and planners, who are dedicated exclusively to the rebuilding effort; and
- Provide fair compensation to property owners who cannot rebuild on their land.

One particularly important element of the CCRC would be its power to compensate those who cannot rebuild on their property for environmental or other reasons. Each property owner should be entitled to full and fair compensation for



## Lower Manhattan Development Corporation

After the terrorist attacks of September 11, 2001, New York Governor George Pataki and New York City Mayor Rudolph Giuliani worked together to create the Lower Manhattan Development Corporation (LMDC) to aid in the planning and coordination of the revitalization and rebuilding that were necessary in lower Manhattan. The LMDC is charged with rebuilding the area and revitalizing it while focusing on creating a memorial to honor those lost. It is a city/state entity governed by a 16-member board of directors, half of whom were appointed by the governor and half by the mayor. It works with partners in both the public and private sectors on the long-term job of planning for the redevelopment of the World Trade Center site and surrounding neighborhoods, while also focusing on short-term goals to improve the quality of life in the area throughout the rebuilding process. The corporation's work is grounded in ideals of inclusiveness and transparency, and the planning and rebuilding process has worked to maximize public participation through citizen advisory councils, public hearings, and community board meetings.

The LMDC's activities and programs are funded by the U.S. Department of Housing and Urban Development (HUD) through a community development block grant. Use of funds is transparent. An outline of how funds will be utilized is made public, and the public is given the opportunity to comment. Resources are made available through the LMDC for reconstruction, victim compensation, assistance for survivors, and community development initiatives. ■

his or her unusable property based on its pre-Katrina value. Using the model of the Feinberg Commission, which tailored compensation individually for World Trade Center victims, an administrative mechanism could provide expeditious compensation for those unable to build, without forcing them to wait years to litigate claims in court.

### Provide Efficient and Effective Government to All

The panel heard that even before Katrina, the city's finances were precarious. The hurricane created a perfect fiscal storm. It has placed extraordinary financial burdens on city government while sharply reducing the tax base. The city cannot meet its ongoing responsibilities, much less the new ones it has been forced to absorb. The panel believes the federal government must supplement local revenue sources to provide the funding necessary to meet the city's short-term revenue crisis.

The panel recognizes that this extraordinary request for federal assistance will necessitate the creation of new financial controls. It recommends the creation, through state legisla-

tion, of a temporary financial oversight board. This has been done in several other cities facing financial crises such as New York, Pittsburgh, and Washington, D.C. In each of these cities, the oversight board successfully helped the city recover financially. The board should:

- Receive new federal and other funds, restore and maintain a decent quality of life, and avoid municipal bankruptcy;
- Oversee and approve the city budget;
- Approve major city contracts;
- Withhold or condition new revenue;
- Establish financial procedures and reporting requirements; and
- Recommend and review financing options for redevelopment.

The board should consist of seven members, three of whom should be appointed by the president of the United States, two by the governor of Louisiana, one by the mayor of New Orleans, and one by the New Orleans City Council. Mem-

bers should be exceptionally well qualified in accounting, municipal finance, and/or financial management.

There is a widespread, almost universal, perception—which was revealed through the panel's interview process and elsewhere—that the city government can be arbitrary, lacks transparency, does not provide a level playing field, and frequently is inefficient. This perception is held among virtually all races, income levels, and interest groups. Fundamental reform is required in New Orleans governance in order to provide equitable, efficient, and effective municipal services that will inspire public confidence among residents, businesses, and sources of capital. The city must:

- *Create a new tax structure that is equitably administered, in accordance with the best practices of other major U.S. cities.* The current assessment system, with its seven elected assessors, its dedicated revenue stream, and its large percentage of exempt property, has been broadly cited for its inability to meet the needs of the current New Orleans, much less a modern, growing city of the future. The tax structure issues go well beyond the property tax and include restructuring of the corporate and sales taxes.
- *Change the current city council process for reviewing and approving city planning commission decisions.* Currently, every decision by the city planning commission can be overruled or modified by a simple majority of the seven-member city council. This, in effect, makes the city council the de facto planning commission and leads to a lack of certainty and regularity in the land use process. The council's review function should be modified, perhaps by requiring a supermajority to overturn planning commission decisions.
- *Depoliticize government contracting.* There is a widespread impression that government contracting with private firms is not subject to a rigorous competitive process or clear

## Pittsburgh's Oversight Board

In March 2004, Pennsylvania Governor Ed Rendell formed Pittsburgh's oversight board, the Intergovernmental Cooperation Authority, which is tasked with finding solutions to the city's financial problems. The authority has five voting members: one appointed by the governor, one by the state's majority legislative leaders, one by the minority legislative leaders, and two nonvoting members, the city's finance director and the state's secretary of the budget. The authority is responsible for approving the city's budget and five-year fiscal plan and for making recommendations. If it does not approve the city's budget, the oversight board has the authority to withhold state funding and prevent the city from collecting other revenues. The authority issued its preliminary report in April 2004. ■

public review. The government contracting process must be depoliticized.

- *Provide greater predictability, consistency, and fairness in the enforcement of regulations and government decision making.* This includes zoning, building codes, and historic preservation requirements.

The panel understands the political difficulty of changing these outmoded and unproductive governmental practices. Nevertheless, it urges the city to implement necessary charter changes and the state to undertake the necessary statutory and constitutional changes to ensure modern governance for New Orleans.

Changes in the cultural and operational aspects of city government also can change public attitudes and improve citizens'

objective performance data should be produced for public review and consideration.

### Improve Integrity and Transparency in Government

The panel believes that transparency in government decisions and clarity in government procedures must be enhanced. Improvements will inspire public confidence in the actions and leadership of government officials. The city should establish effective audit mechanisms, including an inspector general and a board of ethics, both of which are authorized in the existing city charter.

Better communications and cooperation among elected officials are essential, as are improved communications between elected officials and the citizens of New Orleans, including

perception of government. The panel recommends that measurable performance standards—like Baltimore's CitiStats program—be instituted for city administration and services, including best practices and benchmarking. Clear and

evacuees. The city should continue to maintain, improve, and publicize its toll-free number, which provides information on jobs, property conditions, the status of service restoration, and the like. The city also should institute a more open and participatory citizen engagement process for planning and decision making.

There must be full financial disclosure of government decisions and practices. If it does not do so already, the city should provide annual financial disclosure forms that are in the public record. It also should create an open bidding and contract disclosure process.

### Strengthen and Empower Neighborhoods

A nationally recognized intermediary—using funding from either the federal government or the private sector (such as the Bush-Clinton Katrina Fund)—should provide and administer planning grants and technical assistance to the city's 73 neighborhoods, so that each can work effectively with the Crescent City Rebuilding Corporation and the city to better plan these neighborhoods. The CCRC should empower neighborhood groups and associations to provide substantive input into the rebuilding strategy.



# Economic Development and Culture

This section addresses the profound economic challenges facing the city of New Orleans. It presents recommendations for economic development in the context of both the immediate rebuilding effort as well as the longer-term restructuring of the local economy. Importantly, many of the panel's recommendations are founded in the belief that New Orleans's distinctive culture is integral to its economic recovery and growth.

The panel has identified a series of initiatives and recommendations designed to accomplish the following goals:

- Maximize the beneficial impact of the short-term reconstruction effort, which will be driven mainly by federal funding;
- Revive, as soon as possible, the economic sectors that showed significant strength prior to Hurricane Katrina; and
- Support stronger long-term growth and economic performance through diversification and strategic investment in order to reposition the city's economy.

## Dimensions of Capacity

The challenge is to build the city's capacity for economic recovery and growth. By capacity, the panel means the fundamental building blocks of the local economy, each of which requires significant improvement to support the recovery of the city's population.

### The Workforce

The starting point of any local economy is its workforce. New Orleans has well-documented issues that adversely affect its workforce: a failing public education system, concentrated poverty, and low levels of educational achievement. It is the perception of the business community that extensive job training and job readiness programs are needed in order to tap the city's grossly underutilized working-age population. It is a well-known fact that the jobs available in New Orleans before Katrina were not adequate to retain many graduates of the city's colleges and universities.

### Leadership

Successful cities are those in which government and business leaders are closely aligned with respect to their priorities,

principles, and strategies, and where new leaders can emerge and grow. They seek common ground and work together constructively toward a collective vision. In the context of basic agreement on goals, the tension between the motivations and interests of business and government produces an outcome that values results. From what the panel learned in its interviews, this appears not to be the case in New Orleans, where business and government are too often at odds, and where results seem secondary to issues of power, social status, race, and class. One senses in New Orleans a long-standing division between the public and private sectors, based perhaps on obsolete ideas regarding their respective roles. For New Orleans to recover, a new attitude is required. Many of those interviewed commented on one problematic aspect of the city: a risk-averse, insular environment that permeates all sectors and is sometimes suspicious of outsiders, as well as a lack of openness to new ideas that would enable the city to diversify its economy.

## Culture and Heritage

Strong cities are differentiated economically and often have a clear cultural identity. Think of San Francisco, Miami, Nashville, or Florence. In each of these cities, a strong and

distinct culture is a foundation of the economy. No city in America has a richer cultural heritage than New Orleans. Many dimensions of this distinctive environment are positively reflected in the economy. Music, architecture, art, language, food, history, religion, and a laid-back, tolerant approach to life are all aspects that New Orleanians value. This strong culture can be the foundation for expansion of the tourism industry in ways that are more likely to create higher value and higher-end jobs than the city's current dependence on mass tourism.

## Equity

Given the highly uneven distribution of income, concentration of poverty, and high proportion of African Americans in New Orleans, a fundamental component of a thriving economy must be equity. Access to capital, information, political leaders, job opportunities and training, and other fundamental economic resources must reflect universal opportunity and fairly applied policies, rather than connections or family history.

## Capital

Investment is the fuel that creates jobs and opportunities. New Orleans has long been unable to attract its fair share of investment capital. This reflects perceptions of high risk relative to potential returns, which can be traced back to the issues noted above and in the discussion below on economic conditions before Katrina. In addition, the city and state tax codes and fiscal structures are widely seen as uncompetitive. The legacy of Louisiana's distinctive legal structure, despite the state's adoption of the Uniform Commercial Code some years ago, is another example of lingering barriers to capital formation. Capital flows easily to the neighboring states of Texas, Mississippi, and Florida, partly because they offer far more attractive climates for business investment. In the

short term, federal sources should provide a stream of investment capital. In the longer term, however, New Orleans and Louisiana will need to find a way to become competitive in a global capital market.

## Strategy

A central issue related to economic development is the ad hoc nature of economic development decision making and public investment. The city needs the capacity to identify and execute a strategic plan for economic development. Investment decisions, whether for infrastructure or incentives, should be based on rational assessments of costs and benefits and should be focused on initiatives that advance the city's and the region's strategic objectives. This means making informed and transparent choices, setting clear and rational priorities, and staying on course.

## Demographic and Economic Conditions before Katrina

New Orleans is a city with a brand. Everyone knows the surface of the city, its restaurants, bars, and music. What few realize, however, is that behind the cheerful and colorful surface lies an economy that was, and certainly now is, in poor condition. The city has become increasingly less diversified through the years, as the oil and gas industry has consolidated in Houston and other employment and income-generating sectors have not taken its place.

The population of the city proper before Katrina was approximately 465,000, while the New Orleans metropolitan statistical area (MSA) had a population of 1.3 million. Like many other U.S. cities, New Orleans's population declined from 1990 to 2000—by 2.5 percent—even as the regional population increased by 4.1 percent. While at first this level

of MSA growth seems impressive, it pales when compared with the growth of the U.S. population at 13.2 percent over the same ten-year period. New Orleans's population has been looking for a better economic environment by migrating out of the area.

The city population is overwhelmingly (67 percent) non-Hispanic black, while non-Hispanic blacks make up only 12 percent of the nation as a whole. The percentage of foreign-born residents (4 percent) is much lower than the nation's 11 percent. As a result, before Katrina New Orleans had only a small population of other minorities, and its black and white populations increasingly dwelled in racially homogeneous neighborhoods. Unfortunately, poverty, too, was significant, with 27 percent of the city's households living in poverty versus 12 percent of the nation as a whole.

One demographic statistic offers some hope for the future. Before Katrina, the city's age distribution and average age both were tilted toward a younger cohort. As the nation ages and some markets literally run out of workers, cities with younger residents who can fuel future growth will have a competitive advantage.

According to the Brookings Institution, New Orleans experienced a 3 percent loss of jobs (11,000) between 1970 and 2000, a period when the surrounding parishes were enjoying dramatic job increases: 157 percent (166,000) in Jefferson Parish, 431 percent (69,000) in St. Tammany, and 148 percent (14,000) in St. Charles.

The local economy was concentrated in service employment; the New Orleans metropolitan area's share of service sector workers was 1.5 times greater than that of the United States as a whole. Another large employment category was sales and office workers, with an emphasis on sales. The city was better endowed than the nation in transportation work-

ers, wholesale trade, natural resources, education and health services and, of course, in leisure and hospitality. The high concentration of workers in the education and health area is caused by the presence of ten four-year colleges, two two-year colleges, two medical schools, two law schools, and eight vocational schools. This is complemented by the fact that New Orleans medical complexes serve not only the 1.3 million metro area population but also the greater regional area, including all of Louisiana and parts of Mississippi. Interestingly, this concentration does not translate into a high proportion of physicians per residents. The New Orleans metro area had only 24.5 physicians per 100,000 residents, compared with the U.S. ratio of 33 per 100,000. Furthermore, the strong showing of higher education facilities is not reflected in the educational environment faced by the K–12 grade set, where the city’s educational quotient ranking is reported to be 1 (out of a possible score of 100), the lowest in the country.

On the bright side, state tax credits have fueled the creation of an almost \$1 billion film industry, surely a good sign for the future. And 10 million people visited the Crescent City each year before Katrina, generating more than \$5 billion in sales, about a fifth of which was generated by Mardi Gras alone. The presence of the Superdome and a 1.1 million-square-foot convention center enabled the city to attract some very large national events, including several Super Bowls. The city’s cost of living was below the national average, as was the cost of housing. When all is said and done, however, the tilted employment picture and high poverty rates translated into a low per capita income of \$19,000, compared with the U.S. average of \$24,000.

Before the storm, there were 207,000 housing units in Orleans Parish, and very little new construction had occurred in recent years. In fact, 3.3 percent fewer building permits



were issued in 2004 than in 2003. This is especially meaningful, given a strong overall U.S. housing market in which permits grew by 7.1 percent over the same time period.

## Small Business: The Backbone of the Economy

Small businesses were devastated by Hurricane Katrina and require immediate assistance. This section includes key recommendations to help existing businesses get back on their feet as well as to support the launch of new businesses. Small businesses often do not have significant cash reserves, are underinsured, and are at significant risk of failure if they do not receive financial support. Those businesses in need must be identified quickly and provided with assistance, including fast access to capital in the form of loans, equity, and/or grants. Also critical to the support of small businesses is the provision of incentives to help attract and retain businesses, as well as the provision of technical assistance.

The panel heard that before Katrina, the metro area was home to more than 18,000 small businesses—those with less than 50 employees—and that these small businesses employed approximately 250,000 people. Unlike other disasters, which typically disrupt businesses temporarily, Katrina already has resulted in many of these small businesses being closed for several months, and it is unclear when their customer base

will return. As a result, many businesses face a permanent loss of customers and will need not just to replace “lost sales,” but also will have to attract new customers and rebuild their customer bases. This rebuilding typically requires an upfront investment in marketing, sales personnel, new equipment, and product development. Programs targeted to support the small business community therefore will need to include patient, equity-like capital, such as grants and low-interest rate loans, as well as technical assistance.

The panel developed the following short- and long-term recommendations for bringing small businesses back to New Orleans, as well as for increasing the strength of this sector of the economy.

### Short-Term Actions

The panel recommends the following short-term actions, which it divides into two categories: access to capital, and technical assistance and other support.

**Access to Capital.** Most small businesses in New Orleans urgently need capital. If these businesses are going to survive, they must receive financial assistance quickly because they typically do not have significant cash reserves. This assistance also will allow management to focus on rebuilding rather than on crisis management. While the panel assumes that the federal government will provide the majority of this capital, charitable dollars from private philanthropic and corporate sources could be raised as well. The panel recommends that small business programs offering financial assistance should include the following:

- *Loan and grant funding.* Certain businesses will need to rebuild their customer bases by investing in marketing and sales personnel, which may not immediately generate cash flow that can be used to service a loan. Therefore, more

patient, equity-like capital is required to help these businesses rebuild. Loans should have long terms, low interest rates, and either be unsecured or have limited collateral requirements, given the uncertainty of how long it will take to rebuild a business. Many businesses will require grant funding, which could be structured as recoverable grants, with zero percent interest, nonamortizing, with a bullet payment in five or ten years. If a business cannot repay the recoverable grant at maturity, then it would be written off.

- *Partial government guarantees of small business loans to private sector lenders.* Additional private sector capital could be made available if the government provides partial guarantees of 50 to 75 percent on loans made to affected businesses by local banks, credit unions, and other financial institutions.
- *Flexible use of proceeds.* Businesses not only will require capital to replace destroyed assets and lost revenues, but may require additional capital for loss of intangible assets, such as client relationships and intellectual property. Their needs will evolve over time. Initially, capital may be required to replace damaged property, but later management may need marketing dollars.
- *Use of existing infrastructure to expedite delivery of these dollars.* The proposed Crescent City Rebuilding Corporation could partner with local financial institutions—banks, credit unions, and nonprofit and community financial groups—to leverage their existing distribution capabilities and evaluation expertise to ensure that these funds are distributed quickly, effectively, and equitably. These private sector partners should be selected based on their ability to reach out to the small business community, their financial expertise, and their reputations. Dollars should be allocated based on a group's processing capacity. Government then can



focus on oversight and quality control through regular reporting requirements.

- *Streamlined applications.* Organizations providing relief funds must develop responsible guidelines for making loans and recoverable grants, but these guidelines cannot be so cumbersome that it will take weeks to approve applications. They must include accountability and transparency.
- *Nontaxable government grants.* Grants from nonprofit organizations to small businesses affected by a disaster currently are likely to be exempt from federal tax, whereas grants from the government are subject to federal tax. This should be changed.

**Technical Assistance and Other Support.** Programs that provide nonmonetary assistance also are needed to support the rebuilding of existing businesses and the launching of new businesses. The panel recommends that these programs include the following:

- *Access and distribution.* Access to technical assistance and the effective distribution of information and services is critical to small businesses. The city, the state, a university, or another organization should create one-stop business centers that provide a host of services. These business centers could be housed at the one-stop restoration centers proposed in the City and Urban Planning section of this report. Businesses should be able to obtain techni-

cal assistance, including expertise on developing strategies to relaunch a business, setting priorities, creating new marketing strategies, and identifying the appropriate capital for growth. Another important role of these centers will be to provide information, including a comprehensive list of available loan and grant programs as well as tax incentives available to small businesses. This information also should be available on the city and state Web sites, as well as to other intermediaries that are working with small businesses.

- *A business advocate.* Business owners should have access to a business advocate who will help them identify resources and ensure that their needs are met.
- *A clearinghouse.* A central clearinghouse should be set up to connect businesses in need with any goods and services that might be donated for small businesses.
- *Contracts and expedited payment.* Government and large corporations also can help small businesses by buying from them and expediting payment to them.
- *Tax incentives.* The panel agreed that new tax incentives that would encourage investment in and growth of small businesses should be provided and could include the following:
  - Employee credits for businesses with fewer than 200 employees;
  - Tax write-offs on new office equipment;
  - Depreciation credits for property, including office equipment, new technology, and other property (but excluding tenant improvements);
  - Accelerated depreciation (to five years) for leasehold improvements;
  - Real estate tax abatements;

- Permanent elimination of the commercial rent tax; and
- Sales tax exemptions for office furniture and equipment.

## Long-Term Actions

Longer-term initiatives to support small businesses should include further improvement of access to capital and technical assistance, changing the tax codes to encourage business growth, and increasing minority ownership of small businesses. The panel recommends the following:

**Create an Investment Fund.** This fund would mobilize the business community to help rebuild the local economy. It would invest in local businesses, with a particular focus on minority-owned companies, and in other economic development projects. The fund would provide debt, either at market rates or below-market rates, and equity. It also would be an “evergreen fund” whose returns are reinvested in other businesses. This organization would leverage the business and industry expertise of its investor network to help develop investment strategies and support its portfolio companies. While it would be privately funded, it would work closely with the city and state’s economic development groups and local academic institutions to stimulate growth and job creation. Investors could include financial institutions—which would receive Community Reinvestment Act credit—as well as oil companies, real estate firms, and other major corporations. The most likely investors would be local companies and those that have left the region—perhaps in the wake of Katrina—but still have a fondness for New Orleans. Examples of how this has worked in other cities include Cleveland Tomorrow and the New York City Investment Fund. The fund’s goal should not be to make venture capital returns, but to stimulate economic activity in New Orleans and to mobilize business leaders.

**Launch an Organization that Fosters an Increase in Company Formation.** Small business owners and entrepreneurs could benefit from an entity such as a business incubator that is focused on helping them develop strong business plans, connect to sources of capital, and engage experienced business mentors to provide guidance and expertise. This organization could be housed at one of the local universities, which would enhance a company’s ability to access the resident business expertise of faculty and students. The panel understands that at least one local university already was working on such a project prior to Katrina. An example of such an organization is Innovation Philadelphia, which was founded by the president of the University of Pennsylvania and the CEO of Comcast and works closely with the public sector. Another example is UCSD CONNECT, which helped drive the development of the biotech sector in San Diego. CONNECT is a globally recognized public benefits organization that fosters entrepreneurship in the San Diego region by catalyzing, accelerating, and supporting the growth of the most promising technology and life sciences businesses. Successful business entrepreneurs ran both organizations.

Both an investment fund and a business incubator should focus on supporting businesses that will help diversify the city’s economy. They should work closely with the private sector to understand market trends and growth opportunities, as well as with the public sector to leverage economic incentives.

**Reform the State Tax Code.** As is generally true in the New Orleans economy, small business development and growth are hindered by an archaic state tax code. This tax code needs to be reviewed and restructured to ensure the long-term survivability of business innovation in the city and state.

**Provide Incentives to Encourage the Development of Neighborhood Retail Strips.** Neighborhood retail and services are critical components of vibrant neighborhoods. They also provide entry-level jobs for neighborhood residents. In order to drive retail development in underserved neighborhoods, tax incentives such as tax increment financing will have to be provided. Capital incentives—such as lowering equity requirements for developers or providing grant funding to reduce construction costs and allowing more affordable rents—also will be needed. Another creative incentive to encourage retailers to locate in underserved neighborhoods would involve having tenants pay a percentage of their profits for the first year of operations versus a flat fee. The National Trust for Historic Preservation’s Main Street programs are a proven way of increasing the vitality of neighborhood retail streets, and the city should investigate participating if it does not do so already. New York City’s Alliance for Neighborhood Commerce, Home Ownership and Revitalization (ANCHOR)/Partnership Plaza Program is another example of such a program.

## Physical Rebuilding

The process of rebuilding New Orleans will be a major source of economic activity and growth for the city. Many other parts of the country have experienced this process after natural disasters.

Achieving a high level of economic activity will not require much public intervention. If specific steps are not taken, however, much of this planning and physical construction likely will be carried out by national and regional companies that do not have much—if any—local presence. In addition, many jobs likely will be filled by temporary workers from outside of the city. These workers will range from migrant

laborers to skilled craftsman coming to the area for a relatively short period of time to take advantage of the job opportunities there. Furthermore, without intervention, low-income city residents who do get jobs in planning and construction may be relegated to low-wage positions that offer little opportunity to learn skills that can lead to better jobs in the future. One benefit of employing local residents is that the money they earn is likely to be spent locally, so that the “multiplier effect” of these jobs is much greater than if the jobs are filled by temporary workers from outside the area, who are likely to send much of their incomes to their homes elsewhere, or by suburbanites, who are more likely to spend money close to their homes than in the city.

It is important not to interfere with rapid rebuilding. However, a great opportunity will be lost if steps are not taken immediately to ensure that as much of the new economic activity as possible directly benefits city residents as well as existing and new businesses located in the city. It also is critical that economic opportunities, even if they arise from a need to rebuild over the next few years, generate long-term benefits. Capacity building in construction trades—carpenters, electricians, plumbers, mold remediation workers, landscapers, and so forth—will be particularly valuable because there is a great scarcity of skilled workers in this industry in the United States, the industry is not very susceptible to outsourcing to other countries, and it is one of the few remaining well-paid industries that is growing but does not require a college degree. The panel recommends the following actions to maximize these opportunities:

- All entities disbursing public funds for rebuilding activities—or benefiting from public actions in other ways, such as site assembly—should be strongly encouraged to contract with local companies and to expect companies, local or otherwise, to hire city residents.
- Priority should be given to contracting with minority-owned and women-owned business enterprises.
- A neighborhood builders program should be created to increase the participation of local and smaller contractors in the rebuilding effort. This program would match small builders with veteran builders who are successful long-term developers. The veteran builders would serve as mentors and advocates, not as partners. They would provide high-level guidance on various aspects of the development process, including financing, legal issues, and marketing. Another entity—perhaps a nonprofit organization—also should provide local neighborhood builders with technical and financial assistance. Neighborhood builders must be able to access additional debt and equity to allow them to grow. For example, they will need additional equity to be able to secure larger contracts. They also will need help developing relationships with private lenders in order to develop a credit or borrowing history. The Partnership for New York City (formerly the New York City Housing Partnership) established a successful neighborhood builders program several years ago.
- All contractors benefiting from government funding or other public actions should be required to pay at least a living wage. A living wage typically is defined as that required to support a family of four above the poverty level by one worker, which today is approximately \$9 to \$10 per hour, depending upon the number of hours worked annually. Other requirements, such as health benefits and a certain number of vacation days, also might be included in this definition. Another alternative would be to require wage levels that conform with the Davis-Bacon Act, although the panel does not recommend the widespread application of Davis-Bacon requirements more generally, because the act’s job classification requirements make it difficult for smaller businesses to compete for construction contracts, since small businesses typically have less specialized workforces.
- One or more community colleges should be designated to offer extensive programs in construction trades, as well as planning and design, and to support these programs. The programs and courses should be tied to the specific construction needs of contractors active in rebuilding New Orleans, particularly trades required for historic preservation and building restoration. To do this, the panel recommends the following:
  - Employers should be included in the program design process;
  - Students should be required to work on relevant rebuilding projects as a form of on-the-job training during their coursework;
  - Some training should be conducted on actual work sites;
  - Students who satisfactorily complete the training for a trade should be guaranteed job placement;
  - Financial support should be provided for students, including payments in lieu of wages in addition to the cost of the training itself, and to the institution or institutions providing the training;
  - Trainees in construction trades programs should receive priority for available housing, along with other workers critical to the rebuilding effort; and
  - To the extent necessary, programs should include training in life skills such as money management and health.
- Consider the use of other training programs for high school students and young adults, including the Youth-

Build Program and the Urban League's Labor Education Advancement Program to prepare minority youth for apprenticeship programs leading to trades.

- Develop a high school magnet program oriented to the construction trades and related fields, and create linkages with the community college program so that there is a clear continuum between the two.
- Conduct an aggressive, targeted outreach effort to make displaced residents aware of the training and employment opportunities that are available, and give existing and displaced city residents preference when filling these positions.
- Promote and sponsor the development of local business capacity and capability in the planning and construction trades. Many of the small business incentives and programs discussed above will provide important means to achieve this result. In addition, the panel specifically recommends that the following services be provided for new and other small businesses in these industries:
  - Capacity-building services, such as accounting and legal services;
  - Assistance in compliance with federal contracting requirements, to the extent applicable, as well as with the living wage requirements recommended by the panel;
  - Administrative support;
  - Access to capital, both for the company as a whole and for specific construction and renovation projects; and
  - As a backup to this capital, establishment of a program that provides access to a pool of capital generated for this purpose by issuing bonds.



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## Culture and Tourism

New Orleans's culture and tourism are critical to the rebuilding effort. In the words of the world-renowned jazz musician Wynton Marsalis,

"Culture is the metamorphosis of a community's personality into a way of life. It unites us and distinguishes us. The soul and spirit of a people speak through the arts, and the arts testify across epochs to the quality and vitality of a community. Culture provides solutions to problems of living in a specific time and place, and those solutions are distilled over generations to develop and maintain a unique vision of a civilized way of life. Furthermore, cultures borrow from all over because a way of life is more concerned with what works than where or whom it comes from. Culture is the greatest thing we can share with others. It provides the barometer of who we are and gives us the self-confidence to embrace things that are new or different.

"New Orleans culture is the collective expression of the varied background of our people. For all of its complex-

ity it has evolved so naturally as to seem pre-ordained. Our way of life was and is so rich in fantasy and realism, so full of striving and tension, elegance and ugliness—such a rare combination of highest and lowest—that a flowering of the arts occurred here, an explosion of creative excellence the likes of which has visited very few places in the history of the world. People from everywhere—France and Senegal and Spain, Angola and Sicily and Ireland, Nova Scotia and Haiti and all of Asia and more—have forged our identity in a symphony of integration."

Culture and tourism are critical to the rebuilding effort because they are the city's primary economic driver and catalyst, as reported by the New Orleans Metropolitan Convention and Visitors Bureau in a November 7, 2005, report. Visitors and conventioners seeking to enjoy and revel in the New Orleans cultural experience generate more than \$8 billion in total revenues annually. Furthermore, the industry supports a workforce of 85,000 employees and 2,500 companies in eight parishes. Undoubtedly, culture and tourism create New Orleans's current competitive edge. Results from the 2004 visitor intercept study indicate that the city's most frequent visitors are residents of the region, who come primarily from Louisiana (15.9 percent), Texas (15.5 percent), and Mississippi (8.8 percent), as well as from other southern states. The panel believes that it is important to build on this existing strength by appealing to those who particularly relish the city's culture, music, food, and architecture, while concurrent efforts are underway to diversify the city's economy into the other targeted industries recommended in this report.

One overarching theme of the panel's recommendations is to broaden and elevate the nature of the culture available to tourists. The panel recommends that tourism development emphasize sustainable or heritage and cultural tourism

rather than mass-market tourism. In order to accomplish this, an expanded menu of tourist venues and topics should be created, featuring museums, concerts, tours, eco-tourism—including birds and bayous—lectures, educational programs, performances, architecture, art galleries, antiques, and crafts.

### Short-Term Actions

To help revitalize this industry and, more importantly, rebuild the economy of the city of New Orleans, several steps can be taken immediately. The city should expand its cultural ambassador program to include additional individuals who can promote and advocate on behalf of the industry. This will spotlight the city's efforts to rebuild its cultural heritage. Well-known musicians such as Wynton Marsalis, Harry Connick, Jr., and the Neville Brothers, or sports figures like the Manning family all would be good candidates for this program.

The areas that visitors are most likely to see, such as the route from the airport to downtown, Canal Street, the French Quarter, the CBD, and the Warehouse District, should be cleaned up as soon and as much as possible. Garbage piled on the sidewalks and destroyed cars will not encourage visitors to return or convention planners to bring their conventions back to the city quickly. It also will be critically important to assure visitors and convention planners that they will be safe while in the city.

Longstanding cultural events that have branded the city's unique experience should be convinced to return to New Orleans as soon as the venues that accommodate them are ready to reopen. Encouraging and, if necessary, providing incentives to the owners and managers of those facilities to restore them quickly must be a priority for the city. Events



that the city should work hard to sustain and/or get back include the following:

- Mardi Gras, the largest and best-known single event in the city, which has a huge economic impact.
- The New Orleans Jazz & Heritage Festival, which brings nearly 400,000 visitors to New Orleans in late April and early May.
- The Bayou Classic, the annual football game between Southern and Grambling State universities, is the greatest and most distinguished sporting event in the African American community. This year, it will be held in Houston, and steps need to be taken to return it to New Orleans.
- The Essence Music Festival, known as the “party with a purpose,” draws more than 200,000 visitors annually. The event combines nightly hip-hop, rhythm and blues, and soul concerts in the Superdome with daytime “empowerment seminars” featuring motivational speakers and a crafts marketplace and trade show at the Ernest N. Morial Convention Center. During the past 11 years, Essence has grown into the main event of the summer tourism calendar. While the traditional event has moved to Houston for the 2006 calendar year, Essence also is considering an event in New Orleans in late July, a sort of mini-Essence Festival, possibly at the New Orleans Arena, to benefit the producer's various recovery initiatives.

- The jazz funeral is a unique and culturally significant event in New Orleans. When a jazz musician dies, a cadre of musicians plays sad songs on the way to the funeral. Afterwards, however, the group plays songs of celebration. This New Orleans African American tradition could be expanded. Specifically, other well-known artists who die could be similarly commemorated. The jazz funeral is a unique way to say goodbye and a concept that could be used to commemorate the lives of musicians and artists in general.

The wrath of Katrina has dispersed one of New Orleans's most valuable resources, its artistic and creative talent. Providing temporary housing for artists who want to return must become a priority for the city so that it does not experience a permanent talent drain. Opportunities to provide such housing may exist in vacant spaces above retail and commercial establishments in the French Quarter and on Canal Street. To encourage artists to return to their creative mecca, the proponents of New Orleans culture should conduct a drive to collect tools of the cultural trade—including items such as musical instruments, sheet music, and art supplies—that can be donated to local artists.

City officials and artists who call New Orleans home recently announced that they will team with Habitat for Humanity to build a village for musicians displaced by the storm, in an effort that is being supported by the Marsalis family and Harry Connick, Jr. Plans call for up to 200 units surrounding a cultural center to be named for jazz patriarch Ellis Marsalis. The Pontalba Towers project, which involves the redevelopment of historic properties as housing and studio space for artists and musicians, is another appropriate step in the right direction.

Another recommendation is a sort of WPA (Works Progress Administration) for artists, similar to the Public Works of

Art Project (PWAP) created by the federal government in the 1930s. The state and city should begin to develop and seek approval for legislation to provide employment for artists through such a project.

### Medium-Term Actions

The panel supports the development of the New Orleans Jazz Orchestra (NOJO) and its facilities. In the spirit of celebrating and rebuilding the city's culture, the NOJO has developed a concept for a facility that will house three performance halls; various education spaces, including large classrooms for student bands; a professional recording studio; and rehearsal and office spaces. Each performance hall will offer the ability to alter the space for multiple purposes. The combined performance spaces and education and recording spaces will enable ongoing, daily, multiple uses within a single centralized, downtown location, and will generate continuous day and evening local and tourist traffic into the area. This center, similar to the New Jersey Performing Arts Center in Newark, would play a central role in the city's revitalization efforts. Prior to Katrina, New Orleans had no center primarily dedicated to jazz. Now, as the city focuses on reestablishing itself, such a center will be urgently needed.

This recommendation is consistent with the recently announced Ellis Marsalis Cultural Center mentioned above, which would include a performance hall, rehearsal space, and rooms where musicians could give lessons to children. This planned development is expected to cost about \$18 million, of which \$1 million in seed money already has been raised from two concerts in New York City. Organizers expect to pick a site for the village soon.

Similar to Jazz at Lincoln Center's Frederick P. Rose Hall, the NOJO would ensure that the proposed facility presents



and showcases high-quality programs that promote New Orleans culture and jazz. Truly a multidisciplinary center in concept, the facility would offer a variety of spaces that would enable the presentation of theater, small ensemble, ballet, big band, and other presentations, as well as a year-round, world-class jazz performance and education program. Funding for development of the facility should be obtainable through private philanthropy, and could grow out of the funding and planning process already evident with the proposed village and cultural center.

Another, longer-term activity is the revitalization of Canal Street, the front door and gateway to the French Quarter. Revitalizing the commercial corridor, including its retail space and streetscape, will help make it safe, clean, and spectacular and will help rebuild both the city's image and its economy. In keeping with the recommendations of a 1998 ULI panel report, this panel recommends the creation of a Canal Street business improvement district (BID) to improve the corridor's streetscape and storefronts, provide coordinated marketing, and keep the streets and sidewalks clean. These improvements also could enable Canal Street to attract more upscale retailers, such as women's apparel stores.

While music has been a critical part of the city's unique cultural scene and a strong contributor to its appeal to visitors,

the music industry in general, and the New Orleans brand of music in particular, represents a strong business in and of itself. Jazz has its origin in the city, incubating such greats as Buddy Bolden, Jelly Roll Morton, Louis Armstrong and, more recently, Wynton Marsalis and his family. Other musical artists such as Mahalia Jackson, Harry Connick, Jr., Dr. John, Antoine "Fats" Domino, and the Neville Brothers also rose to fame from this musical incubator. In order to continue this history of nurturing musical artists, the following steps—some of which also are discussed in the Culture and Tourism section—should be taken:

- Develop short-term support initiatives for displaced musicians, which could include a directed sponsorship program to channel philanthropic funds to sponsor specific affected musicians; and
- Support the numerous emerging efforts to establish national tours of displaced New Orleans musicians, analogous to Ry Cooder's Buena Vista Social Club project. This could yield a documentary film, CD, related merchandise, and other ancillary benefits.

### Long-Term Actions

Once a musical arts incubation process has been put in motion, the feasibility of developing various music-based facilities should be considered, taking advantage of the three-year-old Louisiana Motion Picture Investment Act, which was amended in June 2005 to include music production and related infrastructure. In concert with New Orleans secondary schools and community colleges, the school district and other relevant organizations should develop a curriculum to train young music technicians, especially in the area of digital music.

## Food

New Orleans's culture of cuisine and hospitality is world famous, and offers two important categories of economic opportunity. Most obviously, the city's diverse array of restaurants helps support the tourism industry and provides an important amenity for residents. These restaurants attract visitors from around the world and help magnify the economic impact of tourism.

### Short-Term Actions

In the near term, restaurants need capital and operating assistance to rebuild, to retain their skilled workers, and to provide short-term bridge financing until their customer base rebounds. This is especially true for restaurants located outside the major tourist areas.

A cooperative promotion and marketing campaign, coupled with broader efforts to stimulate the tourism industry, could help to accelerate this recovery. "Restaurant weeks" that heavily promote fixed-price menus at a selection of the city's top restaurants are one example of such a promotion. This campaign likely will require interim funding channeled through the chamber of commerce or the local restaurant association.

### Long-Term Actions

Restaurants—and the culinary arts that support them—also have the potential to make a broader economic impact. Several chefs and food entrepreneurs, including Paul Prudhomme and Emeril Lagasse, have successfully marketed a New Orleans identity nationally and internationally. It is essential that this process continue and expand, and that these growing companies be retained within New Orleans and Louisiana. At their strongest, such companies support em-



ployment in a wide range of sectors beyond restaurant service workers, such as manufacturing, distribution, printing and publishing, and others. Tax code revisions, targeted incentives, and a more supportive overall business climate can help retain these important businesses and encourage the creation of new ones.

The food and restaurant industry also can help forge linkages to the secondary education, vocational training, and higher education sectors. A school of culinary arts, with links to a hospitality-centered charter high school, for example, could help develop new generations of culinary workers and innovators in the food industry. Rhode Island-based Johnson & Wales University is actively replicating its culinary institute model, building a number of campuses across the country. These campuses have attracted up to 4,000 students each, swelling the university's total enrollment to more than 16,000 students. While culinary arts is the university's major area of educational concentration, attracting more than 50 percent of all students, the school also offers a curriculum in hotel management. Unlike the Culinary Institute of America, which seems to want to protect its brand and limit its domestic expansion, Johnson & Wales is a viable institution for New Orleans to pursue to promote, expand, and strengthen the food industry as a

part of its culture because of the school's apparently nimble entrepreneurial approach.

## Other Events and Sports Marketing

New Orleans's reputation as a year-round destination and entertainment city gives it competitive advantages that it may be able to leverage and enhance. The city's extensive sports and event facilities present assets upon which it can capitalize to generate revenue in both the short and long terms.

### Short-Term Actions

The utility of the Superdome and the city's other events venues should be examined immediately. When can these facilities be put back in service? The Superdome Management Group should reach out and explore opportunities to redirect scheduled events or create special events that can be held at the Superdome to help reinvigorate the city. It also should determine whether the facility could be used for additional purposes.

Although New Orleans is considered a "small market" city by professional sports team standards, the city should work with the state, the National Football League (NFL), and the National Basketball Association (NBA) to examine the efficacy of providing financial support to keep the Saints and the Hornets in New Orleans. These teams provide a sense of identity and spirit to the local market and give the city national recognition. It may be possible to accomplish this without asking taxpayers to bear the burden of building new facilities because the facilities are already there, although they may require additional capital investment. Although major events like the Superbowl do not recur annually, they provide meaningful revenue for the local and state economy as well as international recognition for the city.

Every effort also should be made to maximize the use of the convention center. It is critical that the city maintain as many bookings as possible. Opportunities to create special events throughout New Orleans also may arise. The city needs to be as aggressive as possible and use all the incentives available to it—including exploring the opportunity to bundle promotions and cross-market rooms, food, and entertainment—to retain and attract sports and other special events.

More generally, as discussed in several other sections of this report, every effort must be made to stem the attrition of special events from the city. For example, sponsors of a major volleyball tournament scheduled for late May 2006 visited New Orleans during the panel's deliberations to assess the viability of the city as a host. Such events need strong support by local leaders.

### Long-Term Actions

Once initial efforts have been undertaken, over the longer term additional incentives should be designed that can be offered to attract regional and national-scale events. The panel also recommends that the city explore the opportunities offered by not-for-profit conferences, and that it consider building a media relations campaign around appropriate slogans, such as “We are coming back and so should you!”

It also may be appropriate to create an exhibit about Hurricane Katrina and/or a memorial to its victims. Such an interpretive museum could provide a hands-on way to help the ongoing, long-term recovery effort. It also could present a history of land use in New Orleans. In addition, a market may exist for a New Orleans heritage center.

The panel believes that there may be a long-term opportunity to leverage New Orleans's reputation as a leading venue for sports activities beyond football and basketball. Other



comparatively small athletic market cities have established real niches by creating world-class amateur sports facilities. In New Orleans, such facilities could consist of numerous venues, including the following:

- A natatorium;
- A velodrome;
- Track and field facilities;
- Basketball courts;
- Volleyball courts;
- Fencing facilities; and/or
- An ice-skating rink.

These types of facilities would provide a greater variety of annual revenues and generate a great multiplier effect for the local and regional economy.

### Universities, Health Care, and Medical Sciences

This important cluster has three interrelated components: higher education, health care delivery, and research. The following colleges and universities, each of which serves a different clientele, are located in New Orleans:

- Delgado Community College;
- Dillard University;
- Louisiana State University (LSU) Health Sciences Center;
- Loyola University New Orleans;
- Our Lady of the Holy Cross College;
- Southern University New Orleans;
- Tulane University;
- The University of New Orleans; and
- Xavier University of Louisiana.

Together, these schools employed approximately 8,000 people and served more than 40,000 students in community college, undergraduate, and graduate education. Only two of the nine schools were able to hold classes in fall 2005. All of the schools expect to reopen for at least some classes by January 2006. The University of New Orleans, which had emerged as an important economic driver, has partially reopened. Tulane and Loyola suffered relatively little damage, while Southern, Dillard, and Xavier suffered extensive damage. In order to accommodate most of their students, Tulane and Loyola are teaming up with Xavier and Dillard to share classroom space. (Southern also is registering students for the spring semester.) The potential falloff in enrollment for fall 2006 also remains unclear. Some faculty and researchers have left the area, and housing for students and employees will be a major issue.

Positioning Dillard as the theatrical Julliard of the south is the best hope for rebuilding a university that some expected never to open again because of the devastating damage inflicted by the hurricane. Dillard is a liberal arts college with a pre-Katrina enrollment of 2,200 students. Unlike Xavier—

the city's other historically black college, which is known for its health sciences and a strong pre-med program for African American doctors, pharmacists, and other medical professionals—Dillard specializes in liberal arts.

Tulane and LSU offer medical training as a major element of their university programs. The LSU Health Sciences Center includes professional and graduate schools in medical, dental, nursing, allied health, and public health. In addition to directly educating students, these programs provided health care to New Orleans residents at Charity Hospital and University Hospital. Charity Hospital is considered too badly damaged to reopen; University Hospital is still under assessment. Seventy percent of the health care professionals in Louisiana trained at LSU. Studies show that physicians tend to practice within 150 miles of where they train. Thus, if the future of LSU and Tulane is in jeopardy, health care services throughout the state could be seriously diminished.

Research also plays a significant role in many of the city's universities. The National Institutes of Health (NIH) has estimated that about 300 federally funded projects suffered serious damage as a result of Katrina. These projects represent approximately \$150 million in research funds. Tulane receives about \$150 million in funded research annually, including a portion of the NIH dollars.

Important research initiatives that offered the prospect of major economic benefits were underway before Katrina. The New Orleans BioInnovation Center, an incubator for emerging biotechnology companies planned for a site on Canal Street, is a joint initiative of LSU and Tulane that is dependent on state funding. This funding remains intact so far, but may be threatened by other short-term state needs. The Louisiana Cancer Research Consortium, also funded by the state—through a cigarette tax—poses great potential to

continue the growth in federal research dollars flowing to New Orleans. Both the city and the state should fully commit to these projects

### Short-Term Actions

Funding for faculty and administrative positions in teaching hospitals disappears when the hospitals close. LSU lost five teaching facilities as a result of Katrina. With this loss, \$79 million in funding floated away. The university currently is paying physicians and top faculty with other funds, but cannot continue to do so for long. These faculty members and scientists are being approached by other institutions and offered positions, often at higher salaries. Securing funding for the universities to retain this important asset is essential. In addition, the city should immediately fund operating budgets to retain high-priority faculty, scientists, and administrators and commit to rebuilding the New Orleans Medical District. Only when uncertainty is erased can faculty, administrators, and students make plans for the future.

In addition, the medical community should once again invigorate the New Orleans Regional Medical Center (NORMC), the primary management organization for the medical district. This type of coordinator and convener is essential for a competitive medical district and has many prototypes across the country.

The combination of research universities, health centers, and the BioInnovation Center is evidence of the potential to develop an emerging biomedical sciences sector in New Orleans. This is an industry of the 21st century and—like many other cities with similar assets—New Orleans should determine whether it can indeed compete in this highly competitive sector, particularly as it emerges from the devastation caused by Katrina. Two factors working against New Or-

leans in the biosciences sector are the city's lack of a venture capital community attuned to this sector and a workforce lacking the skills and education that this industry requires.

The panel believes that Delgado Community College needs to continue to be actively involved in training health service workers and enhancing career opportunities. Currently, one in nine employees in the New Orleans area works in health care. Improving training and educational opportunities will benefit the entire community.

On the nonmedical front, colleges and universities should be a high-priority target for assistance because they play such an important role in the local economy. This should include assistance for rebuilding damaged physical plants, assurance to parents that New Orleans is a safe place for their children to study, providing scholarships as needed to retain the best students, and approaching alumni for resources. Many of these efforts already are underway.

### Long-Term Actions

In the longer term, the panel believes that New Orleans can build upon its strong position in health care and medical research to become a clear regional leader in health care. In addition, the local medical community should carefully determine whether any opportunities exist for New Orleans to become a national or international center of excellence in one or more specialties. If so, it should do all it can to maximize this potential. It also may be possible to create a boutique destination for high-quality diagnostic or treatment services, as the Mayo Clinic has done elsewhere.

Consistent with the reinvigoration of the NORMC, that consortium should consider the feasibility of creating a jointly sponsored technology incubator for entrepreneurs in the medical field. This consortium could attract and

nurture—and understand the needs of—venture capital for entrepreneurial small businesses. An improved tax environment would encourage the development of such businesses and would greatly enhance the likelihood of their success.

## The Port of New Orleans

The Port of New Orleans serves two main tenants, cruise ships and cargo ships. Each year, 735,000 passengers pass through the port, and 80 percent of them spend an additional two days in the city for pre- and post-cruise vacations, making the port a significant component of the New Orleans economy. The city receives an estimated \$190 million in benefits from the cruise business annually.

In 2004, cargo handling at the Port of New Orleans consisted of predominantly break bulk rather than container shipping. It is an intermodal port, with most goods passing through the city on their way elsewhere. Approximately 70 percent of the cargo that arrives in the port is bound for points 250 miles away or more. (This distinguishes it from the Port of Houston, since most of the goods delivered there are consumed by the city of Houston.) The major goods imported through the port are coffee, steel from Japan, rubber, and carbon black. This somewhat limits the potential for cargo handling, as commodities head upriver for handling and distribution to local markets.

### Short-Term Actions

For the near term, the panel recommends that the port be brought back to its pre-Katrina capacity for both cruise ship and freight business. During the panel's visit, the port was at 45 percent of capacity, and there is an urgent need for it to return to its pre-hurricane capacity.



Several of the port's tenants were damaged by the hurricane, and the panel understands that they would like to move from their present location on the industrial canal to the Mississippi River. Supporting their move will make it easier to make a balanced decision about the future uses of the Industrial Canal and the state of the Mississippi River Gulf Outlet (MRGO). With the port operational, and with its key customers' requirements more clearly understood, the industrial justification for the outlet and the canal can be clarified and determined.

Prior to Katrina, the port was planning to expand its cruise ship terminal capacity at Poland Avenue. Funding for the terminal was suspended as a result of the hurricane crisis. The panel recommends that the bond funding be reinstated to enable construction to begin. Expansion of the cruise ship business would not only bring increased revenues to the port; its multiplier effect would have a substantial impact on the city. Expansion of the cruise business could increase the total number of passengers traveling through the port to 1 million annually.

### Long-Term Actions

In the long term, the port needs to explore the potential for expanded freight and value-added services. To enable this expansion, the port must increase its capacity for handling container shipping. Container handling capacity will enable the possibility of handling more—and other types of—cargo.

The region reportedly has 11 independent port authorities. This fragmentation limits collaboration. The panel recommends that a regional collaborative effort be established to coordinate efforts and enable regional marketing. In addition, the development of a team effort among the state's economic development office, Economic Development New Orleans, and the ports is needed to overcome fragmentation.

The closure of the F. Edward Hebert Memorial Center Naval Support Activity East Bank facility, immediately adjacent to the proposed Poland Avenue terminal, will provide an opportunity for housing and commercial development, particularly in the warehouses on the site. This Base Realignment and Closure (BRAC) Commission-identified site also presents an opportunity to provide parking that could be shared by cruise ship passengers, who typically arrive by car.

The port also should explore the potential for value-added services. For example, the importation of rubber to the city suggests the possibility of a tire manufacturing plant in the region.

## Energy

Oil and gas exploration, transmission, refining, and energy-related services have been a traditional pillar of the New Orleans economy. Since the crash in energy prices in the 1980s, the industry has continued to consolidate in Houston and elsewhere. Because of the offshore drilling in the Gulf of Mexico and the remaining refining and pipeline operations, some 4,000 jobs in this sector remain in the region, only about half as many as in 1995.

The nation obviously is interested in recovering and expanding refining capacity and the performance of the transmission system for oil and gas. This may create an opportunity

to upgrade the energy sector's infrastructure, to expand some key facilities, and to provide better protection from the elements.

Over the long run, the magnitude of the rebuilding process in New Orleans could create another important opportunity. To the extent that the nation invests in alternative energy technologies—especially those related to building technologies and systems—R&D and manufacturing jobs could be created in a more diverse energy sector.

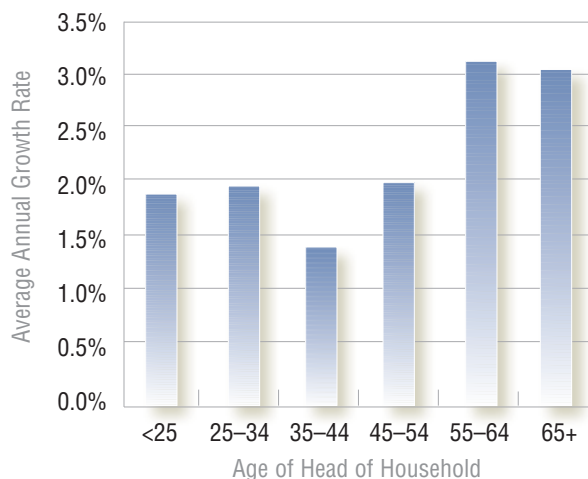
## The Film and Television Industry

In 2002, the state of Louisiana passed the Louisiana Motion Picture Incentive Act. Its purpose is to spur an increase in investment in Louisiana-based film and television projects. At the time of the act's passage, there was approximately \$15 million to \$20 million of film and television production activity in Louisiana. By the end of 2003, the Incentive Act was responsible for more than \$250 million in production in Louisiana, 85 percent of it in New Orleans. In 2004, the state figure exceeded \$580 million, with 85 percent of the activity continuing to take place in the New Orleans metro area.

Since 2002, more than 70 films and television productions have used the Incentive Act each year, averaging \$6 million and employing 120 to 140 Louisiana residents per project. More than \$67 million was spent by the film and television industry on Louisiana labor in 2004, with 80 percent of that amount being paid to New Orleans area residents.

All films that were in production in New Orleans at the time of the storm—or scheduled for production thereafter—either relocated or shut down. Several of these were high-profile projects, including two major motion pictures with production budgets in the \$100 million range. In addition,

## Where Is Spending Growing Fastest?



Source: U.S. Department of Labor, Bureau of Labor Statistics Consumer Expenditure Survey 2003; Property & Portfolio Research, Inc.

several television series slated for production in New Orleans and elsewhere in Louisiana were relocated.

In 2005, prior to Katrina, film and television production investment in the city was on track to exceed the 2004 level of \$580 million, with New Orleans continuing to receive the lion's share. An aggressive sales and marketing campaign needs to be mounted, under the auspices of the Governor's Office of Film and TV Development, as part of the rebuilding efforts to restore this investment to at least the 2003 level by 2007.

In June 2005, the Incentive Act was amended to include tax incentives for infrastructure development and music production. In July, two large independent film studios announced plans to create permanent film studios in New Orleans, based upon these amendments to the act. Columbia/Gower Studios planned to develop facilities on the west bank of the Mississippi, while LIFT Productions planned to develop studios in downtown New Orleans. In addition, two independent producers planned to redevelop New Orleans's Independent

Studios in the Ninth Ward as a teaching studio. This deal was to close in September 2005. These exciting initiatives have been slowed by Katrina, but remain important elements in the rebuilding process for the city.

One possible development strategy for this sector is to economically connect either the west bank studio facility or the CBD studio facility with the teaching studio in the Ninth Ward. This type of parcel-to-parcel linkage strategy has proven successful for projects such as the 36-story One Lincoln office tower in downtown Boston and the nine-story office building at Renaissance Park in Boston's needy Roxbury neighborhood.

The emerging era of digital media also represents a promising direction. Content coming out of the growing film and television industry in Louisiana and New Orleans can help feed this newly emerging entertainment sector. As with the proposed training studio in the Ninth Ward, digital media offer educational opportunities both at the university and community levels.

## The Military

The military has had a presence in New Orleans for many years and has an economic impact on employment in the city. The proposed Federal City project would close the Naval Support Activity's Bywater site and move the Naval and Marine Corps Reserve headquarters into new buildings in Algiers. The Coast Guard's Eighth District headquarters and the Army Reserve's 377th Theater Support Command, both currently located in New Orleans, also could be tenants. The proposal came out of the BRAC process to realign military operations in New Orleans, and the state of Louisiana committed to fund \$100 million toward the creation of the Federal City. Essentially, the Marines and the Navy

would leave the east bank of the Mississippi and move onto 200 acres that is currently the Navy base in Algiers.

## Retirement Housing

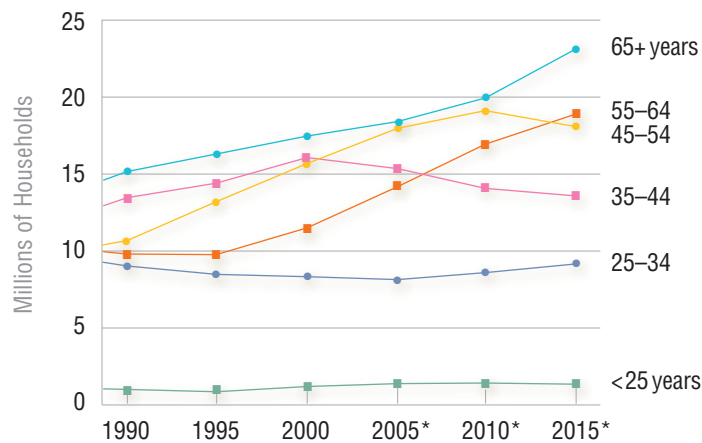
The current “age wave” can be beneficial to the New Orleans economy. People born in the post–World War II era, known as baby boomers, are finally reaching retirement age. Starting on January 1, 2006, a boomer will reach age 60 every 24 minutes. Within another five to ten years, they will be retiring in droves. What will these retiring boomers want, and how will they behave? Could a rising population of boomers be a boon to the New Orleans economy?

As shown in the graph on page 34, as people age, their previous spending patterns change. In previous generations, the older people got, the less they spent—especially after they retired. This pattern appears to be changing with the arrival of the baby boomers at retirement age. The rate of spending growth in the age cohorts that used to slow down is now accelerating. These consumers have excellent discretionary incomes and net wealth from which to draw. The very population that is growing and that has the most leisure time is spending at a higher rate than ever before.

Since retail sales and other forms of spending—such as the purchase of homes and second homes—are comprised of the simple math of bodies times dollars, and as both the number of older consumers is growing as the boomers age and the rate of spending among older consumers grows, it is easy to see that this population is a force to be reckoned with.

As shown in the graph on this page, this older cohort also has the highest level of homeownership. Consumption and homeownership spell commitment to an area and can be a wonderful source of economic growth.

## Growth in Owner-Occupied Homes



\*Projections.

Sources: U.S. Census Bureau; Economy.com.

New Orleans is in a good position to capitalize on this market. With its walkable urban areas, water amenities, striking architecture, superb cultural amenities, great food, excellent health infrastructure, and a solid higher education infrastructure, it could be an ideal retirement mecca. The implications are tremendous, and could result in the development of condominiums suitable to the ambiance of the market, retail geared toward older consumers, recreation and eco-tourism facilities, adult and lifelong education programs, and support for theater, dance, and art. Retirees are a perfect constituency for the New Orleans area.

There is, however, one big impediment to the idea that New Orleans should get its fair share of this pending economic sector. Relatively high income taxes make Louisiana uncompetitive with Florida and Texas, states that do not tax income. In order for this opportunity to be developed, the state tax code must be revised to be competitive with those of Florida, Texas, and Mississippi.



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# City and Urban Planning

New Orleans is an extraordinary American city. It has the opportunity to emerge from its post-Katrina reconstruction as a healthier, more livable, and more beautiful city while retaining its authentic character. Its remarkable urban pattern—reflected in its strong neighborhoods, historic architecture, parks, boulevards, “neutral grounds,” and a close-knit pattern of housing, institutions, shops, and workplaces—is the foundation for the future New Orleans. These urban features and the city’s unique environmental context make it an exceptional place and provide the cues for its renewal.

New Orleans needs a plan to guide its reconstruction and development after the ravages of Hurricane Katrina. Its official comprehensive plan, redrafted in 1999 but not completely adopted by the city council, must be reconsidered in light of the destruction that has occurred. The plan’s land use regulations and capital program components, in particular, must be reexamined.

Massive investments will be required to ensure safety from future storms and flood events; to reconstruct schools, medical facilities, and other essential public services; to restore or replace damaged housing; and to repair streets and infra-

structure. Guided by a thoughtful and intentional plan, these investments can be leveraged to create a true 21st-century city. This is an opportunity that few cities ever have.

## Principles for Recovery

As the city charts its future course, it should keep several principles uppermost as it frames its decisions on rebuilding.

### Keep New Orleans Unique

Plans should be faithful to what makes New Orleans unique. The city has a soul, which is expressed through its cultural traditions and events, historical structures and places, and urban pattern of small blocks and streets. It is a walkable city, one of very few U.S. cities where it is possible to live without owning an automobile. The city varies from block to block in a manner that allows people of all incomes and races to live near one another. While its French Quarter and Garden District are world renowned, the true heart of the city beats in all its neighborhoods, and each displays a character that is home grown, authentic, and without an ounce of artifice.

### Nurture Neighborhoods and Natural Areas

Neighborhoods are the essential building blocks of New Orleans. They must continue to be nurtured as the setting for its social life. Natural and engineered solutions must be balanced to meet infrastructure needs. New Orleans must be safe from natural hazards, and nature can be enlisted to protect the city in concert with complementary built systems. The total reliance on engineered solutions—levees, sea walls, drainage canals, pumping stations, and other installed devices—left no margin for error, resulting in the unimaginable consequences recently experienced.

As New Orleans designs, rebuilds, and strengthens its flood protection systems, the performance of these constructed systems should be augmented by restoring natural areas within and around the city, and by building in accord with the city’s topography. Natural areas also can serve as recreational and leisure amenities, improving the overall quality of life in the city, particularly in neighborhoods that historically have been underserved by parks, green space, and recreational venues. If this natural and engineered approach is to be effective, it must be applied to the entire coastal region as well as within the boundaries of Orleans Parish. The



Source: City Planning Commission of New Orleans.

relationship between coastal and urban sustainability is immutable, and any long-term solution will need to address both scales of intervention.

## Make Recovery Equitable and Sustainable

Recovery must be equitable, sustainable, and mobilize as many citizens as possible. The reconstruction process will

take many years and needs to be strategic, beginning with the areas of the city that already are safe and offer the best opportunities for restoration and improvement. Tens of thousands of New Orleans residents are willing and able to begin returning to and working on their homes and neighborhoods, and impediments need to be removed immediately in order to capture this energy to rebuild and reoccupy. Churches, institutions, and volunteer groups are ready to

New Orleans is a city of more than 50 distinct neighborhoods.

take responsibility, individually and collectively, for their environs. In some areas of the city that have been severely affected by flooding and exacerbating environmental conditions, however, more time will be required for conclusive decisions. Plans and determinations for the future of all areas must be transparent, fair, and equitable. They must recognize the real conditions of each area and the commitment to bring them back online. Each part of the city must become a livable and sustainable component of its neighborhoods and contribute to making all of New Orleans a safer, more welcoming home for its citizens.

## Urban Character and Coastal Context

In order to evaluate an appropriate rebuilding strategy, the panel looked at the city's pre-Katrina urban character as well as its relationship to the Gulf of Mexico and its wetlands: the coastal context.

## Growth Patterns

Many authoritative works have been written about New Orleans's growth since its founding in 1718. To understand the panel's recommendations, it is important to understand the city's historic, incremental expansion, which is instructive in positing an overall post-Katrina recovery strategy and which informs the panel's recommendation for strategic reinvestment in the city. When New Orleans initially was settled, it was built in the Pontchartrain Basin along the Mississippi River alluvial plain. Bordered by the Mississippi River to the south and cypress swamps and Lake Pontchartrain to the north, much of this low-lying area consisted of wetlands, while the elevated portions of the Mississippi riverbank formed a drier natural levee. The city's growth occurred westward upriver, along the crescent defined by this natural

levee from the French Quarter, and eventually extended eastward downriver along the same elevation. Settlements thus were protected from flooding by either the Mississippi River or Lake Pontchartrain.

With the construction of drainage canals and levees in the late 19th century and, more substantially, in the early 20th century, the city's expansion began its northward trek into the cypress swamps on land that became habitable as it was drained. By 1940, considerable residential and commercial growth occurred in these low-lying areas bordering Lake Pontchartrain. The construction of Interstate 10 promoted even more development along the eastern edge of Lake Pontchartrain. At present, much of the city sits one to ten feet below sea level, and a complex system of levees, canals, floodwalls, and pumps is still necessary to remove stormwater from these low-lying areas. Many of the low-lying areas inhabited after 1940 were flooded following Katrina. The pattern of flooding suggests that any recovery plan must incorporate a more effective and integrated system of stormwater management and infrastructure that will account for the city's fundamental topography and hydrology.

## A City of Neighborhoods

New Orleans is a city of neighborhoods, but that only begins to tell the story. Every square inch—whether residential, commercial, institutional, or industrial—falls within a neighborhood. These designations correspond not only to boundaries on a map, but also embody neighborhood history, demography, environment, architecture, and infrastructure. In a city with such a diverse population, culture, location, and condition, an appreciation of the neighborhood is fundamental to one's total comprehension of the city. Each of New Orleans's neighborhoods can claim its unique identity and its own contribution to the overall character that makes this city unique in the American landscape.



Source: Campanella, Richard, *Time and Place in New Orleans: Past Geographies in the Present Day* (Gretna, Louisiana: Pelican Publishing Company, 2002).

One remarkable aspect of New Orleans's neighborhoods is that they feature some of the most continuous occupancy by families in the nation. That is, multiple generations of more families have lived in New Orleans over many years than in most major U.S. cities. This continuity has important implications for understanding the city and fashioning a strategy for its recovery. In some cases, it may mean that the property lost to Katrina has a history of ownership by one family that spans decades; in other cases, it may mean that a family's generational association with the city as a whole is strong, even if family members lived in different residences or neighborhoods over the years.

The pattern of homeownership across the city also is instructive. A significant majority of New Orleans has an ownership rate of 25 percent or higher. Land uses in those areas where homeownership is less than 25 percent are largely commercial or institutional, implying that homeownership is still significant there. This information reinforces the care with which any recovery plan must address the collective character of neighborhoods and the prospects for individual families to reclaim property.

The city's rental market also has been strong, with students attending major educational institutions, artists of various

Historical development patterns.

media, and other transitional dwellers complementing the trend of long-term ownership. The renting segment also must be considered in the strategy for housing development and investment in the public realm to ensure that New Orleans remains a city of viable and diverse neighborhoods.

## A City of History

New Orleans is a national treasure in terms of its heritage and cultural contributions, which span music, food, architecture, and historical celebrations. Its French Quarter and Garden District are emblematic of unique chapters in the history of North America. However, the city's authentic spirit also courses through lesser-known neighborhoods like Irish Channel, Mid-City, Tremé, Bywater, and Holy Cross. The array of Creole and craftsman cottages, shotgun houses, corner stores, and townhouses forms an architectural ensemble unique among U.S. cities and in the world. New Orleans contains 20 districts listed on the National Register of Historic Places, and these districts contain almost half of the city's land area. The city boasts 13 National Historic Landmarks. The Vieux Carré and 13 additional historic districts are designated and protected by the city government through local commissions that oversee exterior changes, demolition, and infill design through their authority to issue building permits.

Thus, planning and redevelopment of the Crescent City must utilize its own unique authenticity and protect the soul of New Orleans, which permeates its residences and draws visitors from around the globe to districts of all scales, demographics, and locations. While so many other U.S. cities have been homogenized almost to the point of anonymity, New Orleans has the opportunity to maintain itself as unique and special among its fellow metropolises. In New Orleans, authenticity is not restricted to a few areas or des-



River, Katrina's intensity already may have eroded the barrier islands with such force that they have been diminished to the condition projected for 2050. If this is true, erosion and land loss have reached the city proper.

The goal of the LCA study was to identify how to reverse the current trend of coastal system degradation. The study details \$1.9 billion worth of ecosystem restoration projects over the next ten years. In addition to evaluation, the report outlines recommendations for restoration goals, objectives, and long-term planning. Most of the recommendations outlined below were adapted from this report. Given the critical relationship between an effective recovery strategy for New Orleans and regional stabilization, these recommendations bear restating:

- Efforts to rebuild the Gulf Coast and reduce coastal hazards must be an integral component of the strategy to restore and protect coastal Louisiana's wetlands.
- In addition to scientific determinations, early and active input from stakeholders is a key element to establishing benchmarks for successful restoration.
- Coastal wetland restoration can be successfully achieved only through a comprehensive partnership of federal and state agencies and local parishes.
- To ensure maximum benefit from individual restoration projects, an explicit map of the expected future landscape of coastal Louisiana must be a priority.
- All water resource and environmental restoration projects must be undertaken within the context of a systemwide or regional approach.
- Individual projects must be evaluated on the basis of their ability to reduce or reverse future land loss.

- Efforts must be undertaken to restore barrier islands and their function as storm surge protectors.
- Coastal Louisiana lies between the Gulf of Mexico and the nation's largest watershed, the Mississippi River basin. No comprehensive restoration effort will be successful unless it considers the impacts of land loss in the upper part of the watershed and runoff from activities throughout the Mississippi River basin, which means a considerable study of the largest basin in the country for its runoff impacts is needed.
- Coastal Louisiana is a dynamic environment requiring continual adaptation of restoration plans and management. It is important that all restoration projects have a robust and comprehensive adaptive-management program.

Extensive and continued land loss along Louisiana's coast threatens the productivity of this unique and beautiful ecosystem, the economic viability of its industries, and the safety of its residents. Coastal wetlands restoration is an integral component of flood protection and safety within the city of New Orleans. Land losses along Louisiana's coast must be reduced or reversed in conjunction with the installation of internal systems to rebuild New Orleans. Indeed, the performance criteria of individual systems should be informed by the regional flood protection strategy.

### **“Givens and Goals” of Post-Katrina New Orleans**

The breadth and depth of Katrina's impact on the lives, buildings, and infrastructure of New Orleans have yet to be fully measured. Certainly, this event will qualify as one of the greatest natural disasters in U.S. history. What also has been revealed in the city's initial damage assessment is that

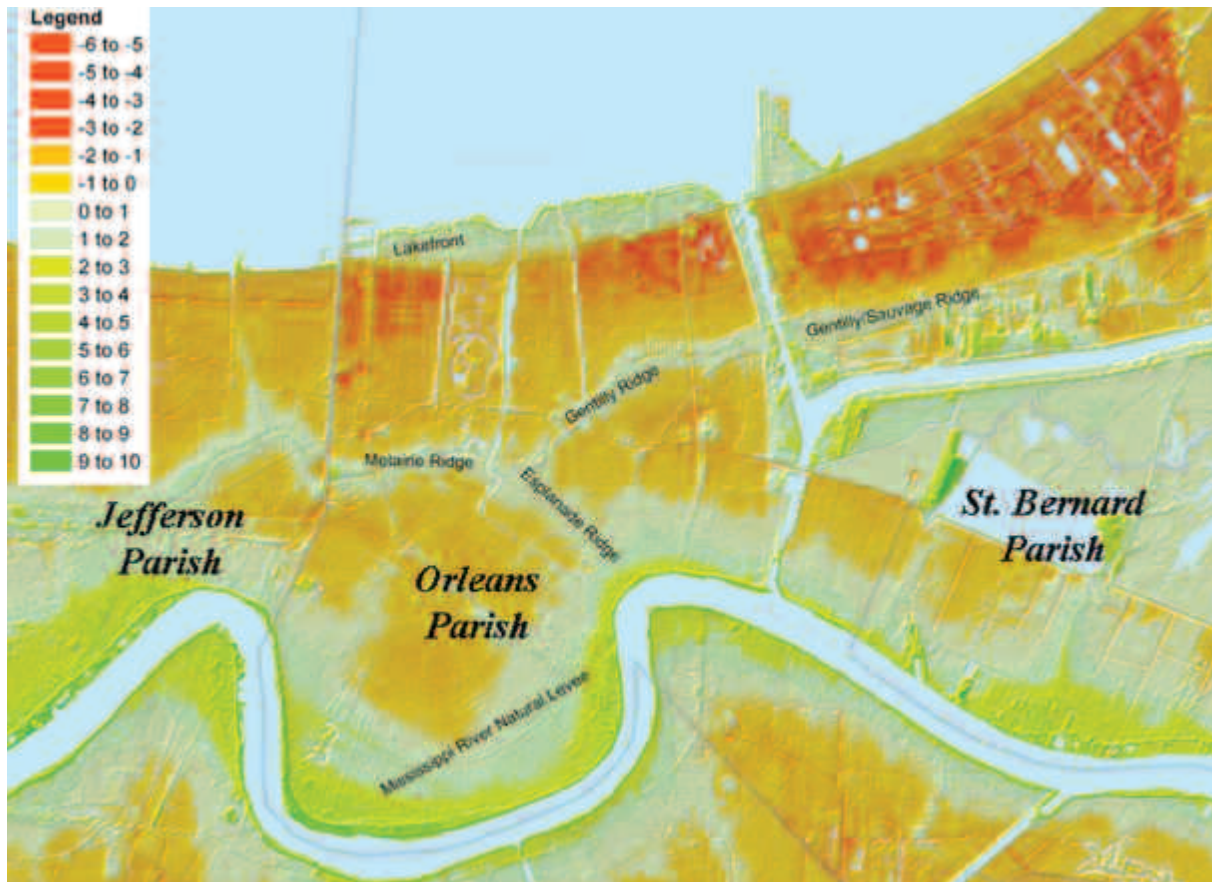
the extent of the destruction is not uniform in degree or distribution. This critical observation underpins the panel's recovery plan, inasmuch as the impacts vary block by block and neighborhood by neighborhood.

It is important to remember that cities across the United States and throughout the world have recovered from major disasters. For many cities, these recoveries elevated the standard for local development and set higher professional thresholds in urban design and planning. The panel sees post-Katrina New Orleans at a crossroads similar to those that cities such as Chicago, San Francisco, London, and Charleston passed with vision and success as they reconstituted after their respective devastation. The following sections present the panel's recommendations, based on “the givens and goals” for post-Katrina New Orleans.

### **Cross-Town Connections**

New Orleans is a city of distinct neighborhoods and districts. It is clear that improved connections across New Orleans for transportation and land use enhancements must be included in the city's recovery plan. Before Katrina, many such projects already were included in the city's transportation plan, which called for extended streetcar or light-rail service. The feasibility of these projects should still be explored, with an added focus on transit-oriented development along these transit corridors, which can address the need for consolidated uses that allow for more efficient investment by returning households and businesses.

In addition to transit-related enhancements, the panel suggests a prioritization of streetscape and corridor improvements for all modes of transportation, including vehicular, bicycle, and pedestrian movements. Linked by an extensive network of linear trails and civic destinations, New Orleans could improve its citizens' citywide access through a better



Source: U.S. Geological Survey.

organized, more enjoyable, and value-enhancing system irrespective of their origin, destination, or the modes by which they travel.

New Orleans streets are as celebrated as the city's neighborhoods; the hierarchy of road enhancements should leverage the unique character that complements the neighborhoods that these roads connect. The panel suggests that some of the initial streets considered for improvements should include, but are not limited to, St. Claude Avenue, Esplanade Avenue, Magazine Street, Claiborne Avenue (north and south), and Elysian Fields Avenue. An opportunity also may

exist to rethink larger transportation projects, like the interstate highway and how it might be altered in a way that is effective for population movement and also reconnects neighborhoods like Tremé that it previously dissected.

### Economic and Housing Development Sites

Given the overall economic strategy to bring enough businesses back to provide a catalytic start for reinvestment and the need to house the people who will work at or buy from these businesses, the location of these initial investments is critical. The proposed redevelopment plan suggests that

Land elevations, in feet.

many of these commercial investments should take place along existing business corridors, which should be rebuilt in a manner that is consistent with the better urban character of the neighborhood. Moreover, new developments that are location sensitive also must be accounted for in the plan at this stage to ensure the best opportunities for synergy and economic contributions.

The Economic Development and Culture section of this report discusses the market strategy for each of the following developments in greater detail. The panel recommends, however, that they be located at the general clusters shown in the graphic on page 45. These investments include the following:

- The medical district;
- An amateur sports complex;
- A Canal Street initiative;
- The cruise ship terminal expansion;
- Mixed-use redevelopment at the Navy's East Bank facility;
- The port at the riverfront;
- The proposed Federal City project; and
- Various housing and mixed-use developments.

These areas depict only approximate boundaries, but they do indicate the areas that the panel feels are best suited for significant development opportunities.

### The Public Realm

The post-Katrina environment affords New Orleans an unprecedented chance to redefine the relationship between the public realm and private land to create a better city. Ranging from major parks to alleyways, this public realm has the po-

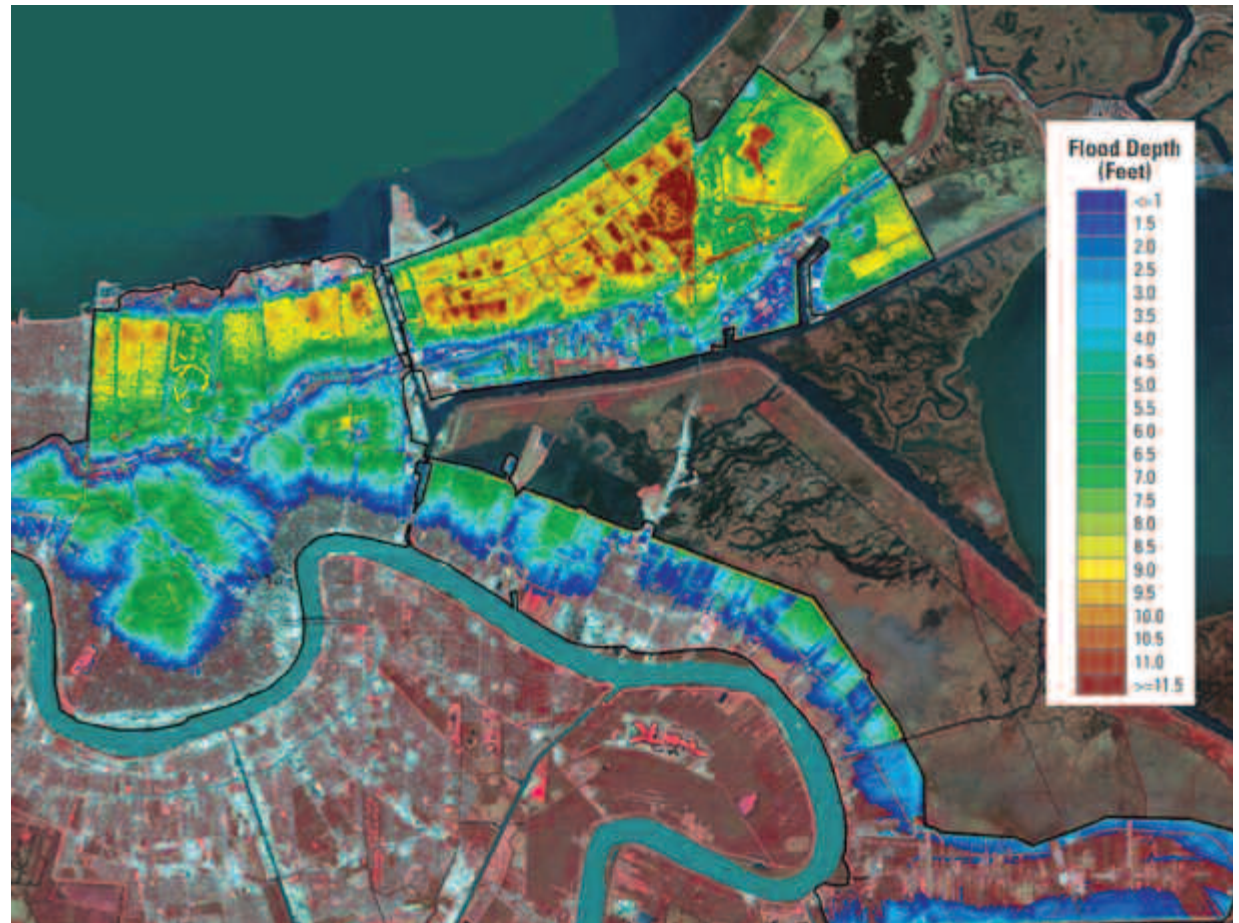
Flood depths in  
New Orleans after  
Hurricane Katrina.

tential to serve the citizens of New Orleans in a variety of ways that enhance safety and recreation. Moreover, the strategic commitment of funds in this arena can enhance private investment at key locations in the city.

The panel proposes the enhancement of public open space with landscaping, lighting, and improved sidewalks connecting multiple modes of movement into neighborhoods and across town. Through a deliberate and thoughtful application of these urban design elements, a clear hierarchy of public spaces can be established, complementing adjacent land uses, enhancing neighborhood identity, and beautifying major corridors for development and transportation.

The rich tree canopy that adorned many of the city's streets and parks has been severely diminished by tree loss due to hurricane winds and root contamination from the brackish water that flooded much of the city. The depletion of oak trees alone promises to radically alter the sense of place across town. The recovery of this urban forest is critical to the health and vitality of the neighborhoods, and the recovery plan must explore ways in which trees and other planted materials can be reintroduced to establish healthier microclimates and beautify the city's streets, parks, and waterways.

Significant opportunities also exist for wetland restoration within the city, as open space and parks can be integrated with wetland and pond areas. These wetland parks could provide opportunities for recreation, education, and wildlife habitat enhancement. In addition, these open-water features should be designed to detain and attenuate stormwater flows, mitigate the impacts of floods, and provide water quality treatment. Such natural and constructed wetlands have been utilized for decades to store and treat water around the world. While New Orleans's unique configuration will always require engineered flood protection, the city must strive for a



Source: U.S. Geological Survey.

balance between natural and built systems to improve safety and create value within its urban setting.

The Bayou Sauvage National Wildlife Refuge consists of 23,000 acres of fresh and brackish marshes within the city limits of New Orleans. Located adjacent to New Orleans East, this expansive wetland area is the nation's largest urban wildlife refuge. The New Orleans East area experienced some of the city's most severe flooding, with flood depths ranging from five to more than 12 feet. The deepest flood

elevations were located in the easternmost part of the neighborhood, directly adjacent to the wildlife refuge. Although additional studies are needed, evidence suggests that some eastern portions of New Orleans flooded not from the levee breaches but from the storm surge that came from the east. These extremely low-lying areas' adjacency to the wildlife refuge provides an opportunity for habitat enhancement. The creation of a combined marsh and open-water system will provide this section of the city, which currently is underserved by parks, with flood protection, open-space recre-

ation, wildlife habitat enhancement, and on-site educational facilities. Further analysis is needed and warranted to determine the feasibility of habitat restoration and stormwater management in this area.

Smaller stormwater management and habitat restoration opportunities exist throughout the city. By creating stormwater wetland parks, the city can introduce water as an amenity in the urban landscape. The panel seeks to introduce a parkway system throughout New Orleans that will combine open water, wetlands restoration, recreation, and flood management. Further study of hydrologic and geomorphic safety concerns, soil contamination or toxicity, predicted flood elevations, and existing infrastructure should be completed before specific locations and plans for additional parkland are determined.

## Stormwater Management

As restoration and new development ensue, the panel also recommends that the city develop guidelines for low-impact development (LID) and enhanced stormwater management in keeping with a better environmental policy. LID methods seek to mimic the predevelopment hydrology by using specific stormwater management techniques that store, infiltrate, evaporate, and detain runoff. Use of these techniques helps to reduce off-site runoff and increase groundwater infiltration. The following list highlights some of the benefits of LID techniques. They can:

- Introduce new concepts and technologies for stormwater management, such as bioretention areas, vegetated swales, stormwater wetlands, green roofs, permeable pavement, and conservation areas;
- Reduce construction and maintenance costs for stormwater infrastructure;

- Provide guidelines that encourage environmentally sensitive development;
- Develop the full potential of environmentally sensitive site planning and design;
- Encourage public education and participation in environmental protection; and
- Help build communities that are based on environmental stewardship.

The panel suggests the city prepare a comprehensive water resource management plan to develop goals and objectives for surface water and groundwater management, water supplies, wetland restoration, and flood protection. Simply stated, the panel recommends that a new relationship be chartered between the city's waterways and the built environment.

The plan must accept and embrace the city's surrounding hydrology, establishing every opportunity for canals, rivers, lakes, ponds, and wetlands to become urban amenities from the scale of the neighborhood to the entire city. Mutual respect and the basic accommodation of the city to its environment should form the foundation of innovative redevelopment with improved safety.

## Investment Zones: A Strategic Approach to Recovery

The previous section reported the panel's understanding of the "goals and the givens" for rebuilding New Orleans. However, the most critical question facing the city at the time of the panel's visit was "how do we begin?" Applying the principles for recovery described earlier to create a better city, the panel recommends a planning approach that will

determine the city's best land use patterns, initially as part of the immediate recovery, but ultimately to enhance the city's long-term sustainability. This determination should be made through practical and measurable criteria applied equally across all areas of the city affected by Hurricane Katrina.

It also is worth noting that the impact of the hurricane should not be perceived as water damage alone. In many cases, the collateral consequences for buildings, utilities, and infrastructure exceed simple water damage and reflect a combination of structural collapse, mold, water-borne contaminants, utility failure, and wind shear. Given this array of damage, the plan requires a sophisticated analysis of each area of the city and subsequent linkage to appropriate individual or collective actions. The assessment criteria for future land use policy should include, but not be limited to, the following:

- Topography;
- The extent and depth of flooding from levee breeches and storm surge;
- The extent and depth of flooding from repeated pre-Katrina storm incidents;
- Historic district designation or eligibility;
- Canals and/or levee pumping system capacity;
- Proximity to open space;
- Housing occupancy by owners and/or renters;
- Current building conditions;
- Storm sewer system capacity and plans for improvement; and
- Repeated incidents of damage.

The panel's proposed rebuilding framework.

These criteria should be studied carefully, and other valid measures may be added to assess existing conditions to project the best land uses for a safe and viable city. Even with such amendments, this methodology is founded on the premise that—even in the unprecedented case of Katrina—all damage was not consistent and therefore any detailed assessment will encounter property damage that ranges from marginal to complete.

Applying these criteria for property evaluation, the panel proposes the establishment of three zones that reflect the probable range of post-Katrina damage and the application of three corresponding strategies for individual and collective actions for investment respectively. The panel stresses that the zone boundaries implied by the graphic on this page are only diagrammatic. The precise edges of the respective zones and their transitions cannot be established without detailed on-the-ground surveys, which have yet to occur. Therefore, the panel asks readers to view the map as illustrative of the panel's investment strategy and not as a fixed boundary defining the actual limits of building and property conditions.

### Investment Zone A

This zone has been most severely affected through a combination of damage and other recovery constraints, such as environmental contamination or high repair costs, and likely will require the greatest commitment of collective—local, state, and federal—and individual efforts to recover. It is probable that a block-by-block, parcel-by-parcel analysis will reveal that these areas also will require the greatest amount of parcel reconfigurations for residential, industrial, and/or commercial uses. In these areas, great care must be taken to work closely with residents to determine the exact patterns



of reinvestment necessary to restore and create a functional and aesthetically pleasing neighborhood.

In keeping with the principle of combining natural and engineered solutions, it is important that open space be programmed to reach its greatest capacity to manage stormwater retention, treatment, and flow. This approach to the use of open space has been successful in other cities, where repeated flooding has led to neighborhood parks, greenways, and flood-neutral land uses. While this report cannot speak to specific open-space allocations for wetlands, recreational parks, or open-water retention systems, all of these options should be explored in a manner that improves safety and adds needed parks and open space to areas that are severely underserved by such basic public amenities.

### Investment Zone B

This zone has borne the most varied impact, ranging from individual parcels that require either repair or infill development to sections of entire blocks that may need more collective intervention. In all likelihood, these areas will not necessitate the broader conversion of entire blocks, but will require repairs that should be made within established block patterns and at the scale of adjoining buildings. The most appropriate strategy for Zone B may entail rehabilitating or developing an array of housing types for a varied market of residents who would like to return to New Orleans while Zone A is being evaluated and rebuilt.

Although this zone has not been as severely affected as Zone A, some reprogramming of open space probably will be

needed to mitigate the impact of flooding and account for space that may not be rebuilt for any number of reasons. These open spaces also can serve as recreational facilities and add to neighborhood identity. Moreover, open-space systems should connect and span from one neighborhood to another, to enhance the walkable nature of New Orleans.

### Investment Zone C

This zone represents the areas that were least affected by damage from Hurricane Katrina. For the most part, responses in these areas will call for individual action on a parcel-by-parcel basis. Much of the damage here may not be flood related, but could stem from other consequences of the temporary abandonment that occurred throughout the city. In these areas, which largely coincide with the city's historic settlements along the natural levee of the Mississippi River, repairs already may be underway in many instances. These areas also constitute much of the city's tourism base and can help its preliminary economic recovery as well as provide housing.

In this zone, many unoccupied structures remain, despite their relatively intact condition. These unoccupied areas can serve as temporary housing for permanent residents of Zones A and B who are awaiting the recovery of those areas. Whether for initial economic recovery, historic preservation, temporary housing, or other short-term benefits, activity in this zone should move forward—and in some cases continue—with all haste. Nonetheless, some accommodation for temporary housing in this zone could be critical to the overall success of the entire city's incremental repopulation.

Finally, while open space in Zone C may not need to achieve the same stormwater management goals as that in Zones A and B, open-space amenities in Zone C still are insufficient for the area's density and potential repopulation. Therefore,



additional open space would be appropriate as a continuum from the linear systems suggested in the other zones. Moreover, opportunities exist within this zone to enhance existing open-space conditions, such as the natural levee, allowing citizens to enjoy the proximity of the Mississippi River to the downtown and historic districts. Depending on the resources applied to this effort, a complete evaluation process should take approximately three to five months. In the meantime, much activity can, and should, move forward in the city.

The panel recognizes that even the most heavily damaged areas of the city contain major economic drivers, such as the University of New Orleans in the eastern part of the city. As redevelopment and rebuilding efforts are contemplated in these areas, they need to take into account these facilities and ensure that there is adequate infrastructure—utilities, housing, and so forth—to support them. While this may seem contradictory to the discussion of the zones described above, it is supported by the fact that these zones and their descriptions are only guidelines, not definitive boundaries.

### Right of Access

All property owners have the right to enter, clean up, renovate, and otherwise work on their property, at their own risk. In taking such action, an owner must comply with local

laws and ordinances, including obtaining appropriate building permits and inspections. The only exception to this right of access to repair property applies when the appropriate public authority has determined that existing conditions pose an imminent threat to the health or safety of persons entering a particular area. The Crescent City Rebuilding Corporation proposed in this report should determine whether or not its loan funds, grants, land purchases, and other assistance are available to owners in particular investment zones. The factors that the corporation should apply, with respect to each investment zone, include the following:

- The damage to properties caused by the 2005 flooding;
- The extent of flooding in the past 50 years, to the extent knowable;
- The possibility of future flooding, given the level of flood protection projected to be in place by June 30, 2006; and
- A property's listing—or eligibility to be listed—on the National Register of Historic Places, or some other such designation.

As these determinations are made, each property owner should have the right, at his or her own investment risk, to work on property as the zones are being evaluated, as long as the owner complies with all applicable building codes and with any safety-related restriction to property access.

### Partners in Implementation

The emotional and physical impact from Katrina's devastation spanned demographic segments of New Orleans's diverse community, sparing no segment of race or class completely. Even as the loss was horrendous for all affected citizens, however, statistically the city's African American



neighborhoods suffered disproportionately. African American homes, churches, schools, and family networks were devastated in areas such as New Orleans East and the Lower Ninth Ward. Certain physically isolated communities also were extreme pockets of poverty, symptomatic of these communities' noninclusion in the city's pre-Katrina economy.

### **Equity Is Key**

In creating its future, New Orleans must address the inequities of the past. The panel strongly recommends an economic strategy that yields opportunity across all segments of

the community, one that will benefit individuals with employment and neighborhoods with new investment.

More urgently, diverse business and government opportunities must be made available at all levels in the near-term rebuilding process. The number of successful opportunities for African American businesses to share in New Orleans's economic rebound will be a bellwether to the nation of the city's commitment to rebuilding a diverse city. All citizens must be treated fairly; no group should be treated as second-class citizens because of its race, class, or the degree of Katrina's impact on it. The critical theme of unity of purpose

across traditional divisions will be scrutinized at every step toward recovery; the recovery plan's economic benchmarks will be among the first measured for credibility.

### **Neighborhood Planning Units**

The successful implementation of any plan to reinvest in New Orleans, develop a sustainable infrastructure, and enhance the public realm must begin with the city's neighborhoods, which clearly form New Orleans's cultural, political, and geographic framework. A network of inclusive, neighborhood-based planning units therefore must be created to

ensure neighborhood input and acceptance of the recovery plan. Although these planning units should correspond to existing neighborhood designations, multiple neighborhoods may be consolidated into larger planning units, based upon clear, common objectives and to increase the efficiency of execution.

Such consolidations also could help identify, engage, and resolve common issues with large institutions or public agencies. In any case, a structure that formally brings neighborhoods into the planning process will offer both short- and long-term advantages. Addressing immediate needs born of Katrina's impact certainly will be better accomplished when neighborhoods can apply the adage "strength in numbers."

For the longer term, beyond the Katrina-related recovery, the same collective neighborhood leverage can be used through formal planning units to request action for future needs, whether they be park dedications, trash pickup, or youth services programs. In this way, neighborhood planning units can become centers for greater prioritization of needs and cultivating entrepreneurial leadership for the community as a whole.

Finally, the panel notes that, even in a system of multineighborhood planning units, individual neighborhoods can retain their traditional designations for most purposes and thereby maintain their unique identities. Irrespective of the final composition of the neighborhood planning units, the panel envisions that they will work closely with city government and other public agencies in articulating, advocating, and advancing neighborhood services and plan implementation.

## Churches

New Orleans has been fortunate to grow throughout its history with a strong network of churches that are physical, social, and spiritual landmarks spread across the city's diverse



neighborhoods. In many instances, the churches have been serving as a primary clearinghouse of post-Katrina information for displaced citizens, helping them to keep in touch with family and friends scattered throughout the nation and to learn what is happening in New Orleans.

During this time of recovery, the city's churches continue to fill their traditional role of assisting the needy, as their resources allow. In many cases, the churches themselves are struggling to recover from diminished staff and damaged property. As they seek to improve their current conditions, churches may play a central role in implementing the neighborhood-based planning approach that the panel advocates. In many cities across the United States, churches have taken on neighborhood redevelopment projects, building on their traditional position as community conveners and expanding into more entrepreneurial roles, such as sponsoring community development corporations (CDCs). As churches in New Orleans rebuild, they can be creative partners in "win/win" projects for neighborhood revitalization. In the short term, they may even be eligible for charitable foundation support as sponsors of CDCs that are targeted to provide specific support services.

## Universities and Medical Centers

New Orleans is home to some of the nation's finest institutions of higher learning. These universities and colleges

have been major economic engines, drawing students, faculty, and resources from across the country into the city. As with so many New Orleans institutions, Katrina left many universities and hospitals either damaged or depleted of students, faculty, and staff. Many of these institutions are just beginning to project when they will resume anything like normal activity.

As discussed in this report's Economic Development and Culture section, the city's medical centers also have been unique and important economic engines as they serve the public, bring in research dollars, and train a significant portion of the nation's future physicians and medical workers. The New Orleans recovery plan should connect the development of these universities and educational institutions with enhanced opportunities for developing the surrounding neighborhoods and districts in ways that leverage mutual benefits for as many stakeholders as possible. Cities like Philadelphia, Cambridge, and Washington, D.C., have taken major strides in planning areas of their cities in tandem with vital universities and medical centers, and New Orleans should do so as well.

From an urban design perspective, New Orleans also should commit to enhancing the public realm in ways that establish a stronger sense of identity, context, and synergy between the university or other institutional campuses and their urban settings. This critical time offers a chance for innovative land uses, both as part of the post-Katrina recovery efforts and for long-term community investment, through which the city of New Orleans can help rebuild greater institutions, and, in turn, institutions can help rebuild a greater New Orleans.

## One-Stop Restoration Centers

In order to facilitate reinvestment in the neighborhoods, the panel recommends that the city consider creating one-stop restoration centers throughout the community, where citizens can go for post-Katrina support services, to receive information related to official recovery efforts, and to connect with volunteer efforts across the community. These centers, in decentralized locations, also could house city services such as building permits and electrical, plumbing, and mechanical inspections—at least temporarily—until a targeted number of buildings are brought back online in the neighborhoods. These one-stop centers can—and, wherever possible, should—be coordinated with the one-stop centers recommended for small businesses in the Economic Development and Culture section of this report.

The one-stop restoration centers also may become the coordinating point for block captains who are designated by their neighborhoods as the official eyes and ears for public safety and other neighborhood requirements. Volunteer efforts also might use these centers as clearinghouses for connecting their services to local needs. Neighborhood-based public



facilities such as schools that are not yet fully operational could house these centers on a temporary basis. If convenient public facilities are unavailable or simply nonexistent, the centers could be operated out of church properties. In any case, given the city's short-term financial constraints, these centers should be structured as public/private partnerships, where some operating costs can be offset through neighborhood-based institutions that can receive private donations from foundations for this purpose. Resource allocation clearly will determine to what extent these centers can be implemented but, given the extent of the damage and recovery effort, a decentralized approach can bring many benefits, both operationally and inspirationally.

## Planning Conclusion

The panel has proposed an aggressive response for New Orleans's recovery, applying criteria to assess current damage and to align resources for investment through a range of individual and collective actions. The investment zones outlined in this report set up three working categories to focus analysis and activities for beneficial short- and long-term outcomes. In addition, this plan offers the city a chance to invest in public spaces, facilities, infrastructure, natural and engineered stormwater management systems, and coastal stabilization in ways that will add value and safety for Orleans Parish and the region. The next two sections of this report discuss two basic components of implementation—infrastructure and housing—and expound on the scope and extent of the panel's recommendations for their successful application in the execution of this plan.



# Infrastructure

Hurricane Katrina and the flooding that followed it devastated more than levees, homes, and businesses. The storm saturated the city's basic infrastructure, including its fire stations, emergency networks, roads, transit facilities, water and waste management systems, communications networks, and energy systems. Typically hidden from view, these networks underpin the community's economic, social, and environmental survival. Much has been written and discussed about the form, structure, and failures of the city's levee, pump, and drainage systems. Little has been revealed about the existing status of the city's infrastructure systems.

Before Katrina, the city was faced with an increasing number of urgently needed infrastructure system upgrades. One report stated that the city's water system needed \$1.2 billion in maintenance and system upgrades to meet federal standards. Like many U.S. cities, pre-Katrina New Orleans was facing the ongoing fiscal and structural question of how to maintain existing systems as it sought to enrich and expand these systems' capacity to meet new regional and global demands. This was a challenge for an active city of half a million rate customers.

Today, the city faces an even more daunting set of challenges as it operates from a much smaller customer base, suffers from damaged infrastructure systems, and has fewer service employees and a bankrupt power company. All of these systems now are operating within the dynamics of a radically changing local, regional, national, and global economy and ecology. Various estimates indicate that between 75,000 and 100,000 residents and business owners currently operate from within a patchwork of systems that survived Katrina's winds and the following saturating effects of standing floodwaters.

The city will rebuild not from the economic, social, or environmental context that existed before August 29, 2005, but from a geography whose economic form is more similar to the city's past—several people report that the current economic structure resembles that of 1963—and an ecological context in which the delta's protective ecology has deteriorated to a state that computer models predicted would not occur until 2050.

Therefore, a key infrastructure question for the city is as follows: How does it capture the assets of its existing systems,

utilizing the economic capacity of a smaller and slowly growing population, as it turns toward the opportunities of incorporating new and more sustainable urban infrastructure that supports daily economic vitality and functions during annual hurricane events? The panel considered infrastructure redevelopment in a continuum categorized by short-term (immediate), interim, and long-term (permanent) stages. The development and maintenance of state-of-the-art infrastructure should be a top priority for New Orleans and is essential for the city's survival. As such, the infrastructure redevelopment effort has both short- and long-term milestones.

## Stages, Themes, and Principles

The panel believes that the following three critical stages must be completed in sequence to rebuild the infrastructure required to support a vital city:

- *Stage 1: Recovering.* This stage consists of actions that have to be completed before the emergency is declared over and federal emergency response agencies leave town.

- *Stage 2: Rebuilding.* Action in this stage should redirect and transform the existing infrastructure systems of a city of 500,000 to support and sustain the rebuilding of the city in the next five years.
- *Stage 3: Growing.* By this stage, the city should be well on its way to creating a safe, connected, and sustainable infrastructure for New Orleans's fourth century.

The recovering stage should continue at least through August 2006. The rebuilding stage would extend one to five years following the recovering stage, and the growing stage would continue beyond the rebuilding stage, with the goal of major completions and the redirection and transformation of the infrastructure system by 2018, the city's tricentennial. Infrastructure redevelopment themes entail designing and implementing improvements in a manner that respects the city's architecture, cultural heritage, human scale, and sense of community. The following themes are consistent with the statewide smart growth principles that have been endorsed by the Louisiana Recovery Authority:

- Guide infrastructure planning, design, and construction, with the goal of achieving sustainability;
- Allocate environmental risk equitably with respect to socioeconomic diversity;
- Phase infrastructure improvements, beginning with improvements to geographic areas that are most environmentally capable of redevelopment;
- Rebuild a reliable and safe regional flood control system and restore coastal wetlands;
- Develop and improve local and regional transportation systems that connect neighborhoods, expand transportation choices, and facilitate evacuation;
- Establish a regional infrastructure planning process; and



- Coordinate decision making for land use and infrastructure planning.

To make New Orleans globally competitive and to serve basic citizen needs for the future, infrastructure redevelopment efforts should incorporate three design principles: safety, connectedness, and sustainability. The infrastructure redevelopment stages, when implemented in their recommended sequence, will support recovery efforts and lead to lasting infrastructure solutions for New Orleans. Key messages that should be underscored include the following:

- *Flood protection.* In the near term, the highest priority is to repair the levee system to its pre-Katrina level and prepare for improvements. In the long term, this effort will require a complete rethinking of the system for an urban setting with links to development.
- *Critical services.* Restore now, but manage to assure reliability, sustainability, and future growth.
- *Transit.* Use redevelopment to support expanded and adaptable transit services.
- *Transportation.* Open the roads, restore traffic signals, and properly manage the system.
- *Natural systems.* Begin to incorporate natural systems into overall infrastructure planning.

## Specific Infrastructure Recommendations

Considering the design principles of safety, connectedness, and sustainability, the panel developed specific recommendations for each of the three critical stages of infrastructure redevelopment.

### Safety

The panel believes that the following safety benchmarks and goals should be reached during each of the three infrastructure redevelopment stages:

**Recovering Stage.** The panel believes that the following critical benchmarks should be reached within the next year:

- By January 1, 2006, Entergy should reestablish electrical service to all of the city's neighborhoods. Entergy should assign the highest priority to those neighborhoods in which structural and environmental conditions support immediate occupancy.
- By January 1, 2006, the city should publish safety information that advises returning citizens on the stability, risks, and future viability of the city's infrastructure systems.
- By January 1, 2006, the Federal Emergency Management Agency (FEMA) should publish updated floodplain maps for the city to determine the suitability of various areas for occupancy, including public housing as well as manufactured housing and trailers that might be located on public property.
- By March 1, 2006, the city, in cooperation with other environmental regulatory agencies, should establish benchmarks for air, water, and soil toxicity levels that might be applicable to the revitalization of neighborhoods.

- By April 1, 2006, FEMA should complete an assessment of air, water, soil, and mold pollution throughout the city. FEMA also should complete an assessment of basic public services, including water, sewerage, communication, roads, levees, and canals.
- By June 1, 2006, the U.S. Army Corps of Engineers should reconstruct the city's levee system to pre-Katrina protection levels.
- By June 1, 2006, the city, the Regional Planning Commission (RPC), the Louisiana Department of Transportation and Development (LaDOTD), and other appropriate agencies should cooperatively revise and implement the regional evacuation plan.

**Rebuilding Stage.** The state of Louisiana should consolidate the multiple levee boards in southeastern Louisiana into a single, regional levee board. This is necessary to ensure that the myriad of flood protection policies and procedures presented by the current, decentralized system are unified under a single regional entity. Doing so will mitigate the possibility of inconsistent—if not competing—policies and practices that may result from the various levels of government currently represented on the various levee boards. The panel believes that a consolidated regional levee board will ensure a unified and consistent approach to flood protection in southeastern Louisiana.

**Growing Stage.** By 2018, when New Orleans will celebrate its 300th anniversary, the U.S. Army Corps of Engineers should have reconstructed the levees as a multilayered flood protection system that conforms to urban rather than agricultural design standards. It should do so in a manner that provides the maximum protection feasible. The current levee system is a result of incremental improvements to a system that originally was intended to protect agricultural



lands and interests along the navigable waterways of the Mississippi River. The panel suggests a departure from this incremental, ad hoc approach and recommends the development of a full-scale urban protection system that safeguards urbanized lands as well as the communities and the natural, built, and social systems that function on them. The system's multiple layers would include the levees, canals, utilities, greenways, and other linear systems.

### Connectedness

Connectedness means creating physical means that link the city's neighborhoods with each other as well as the city with the surrounding region. The panel makes the following recommendations for connecting New Orleans, both within the city and to neighboring communities.

**Recovering Stage.** The panel believes the following critical benchmarks should be reached within the next year:

- The Regional Transit Authority (RTA) should reconfigure bus routes to adapt to and accommodate post-Katrina population and activity shifts.
- The LaDOTD, in cooperation with the city and the RTA, should reconcile the current construction program with local priorities to ensure that major new infrastructure projects align with reconstruction priorities.

- The city should evaluate and, if feasible, initiate a citywide wireless fidelity (WiFi) communications system. This will be critical for the economic viability of the city.
- The Board of Commissioners of the Port of New Orleans should stabilize port and water management facilities to enable the return of port operations.
- The city should develop a temporary citizen information system, including information nodes in key recovery activity areas, to ensure universal access to critical information by residents, business owners, and recovery workers in New Orleans as well as by displaced residents dispersed nationwide.

**Rebuilding Stage.** As part of the city's rebuilding process, the panel believes the following actions need to taken:

- Consolidate triparish transit systems into a regional agency/transit provider.
- Reconstruct at least one major artery per year.
- Implement the Rampart Street streetcar line to facilitate and expand public transportation, extend the streetcar system, and provide a psychological lift to residents.
- The city, in cooperation with the RTA and the RPC, should update the transportation element of the city's master plan to align the transit and mobility network and facilities with the city's redevelopment strategies.

**Growing Stage.** To ensure the city's growth and prosperity, the panel believes the following actions will be necessary:

- Reestablish human-scale transportation systems of interconnected neighborhood open spaces, trails, bikeways, sidewalks, and streetcars.
- Develop a state-of-the-art intermodal transportation system, including port facilities.

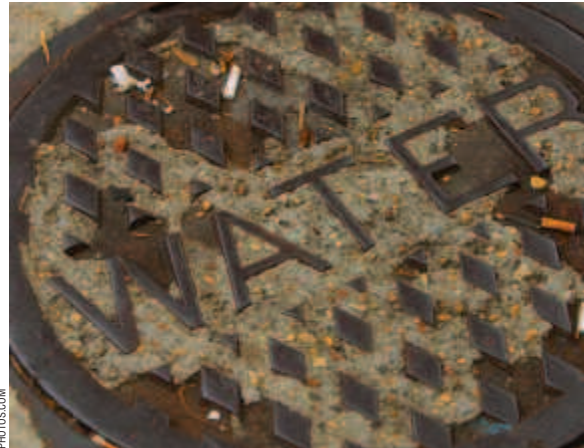
- Establish a regional transit system with local and inter-city connections that may include, but would not be limited to, rail connection between New Orleans and Baton Rouge.

## Sustainability

For cities to prosper, they must be sustainable. This refers to economic as well as environmental sustainability.

**Recovering Stage.** In order to fully recover from the impacts of Hurricane Katrina, the panel believes that the following steps should be taken within the next year:

- By June 2006, the city should assess the existing condition and operational capacity of its urban infrastructure for the city of 500,000 in the post-Katrina era through mapping overlays.
- By June 2006, the appropriate entities, in cooperation with other appropriate state and regional agencies, should develop and implement a protection system for pumps and water treatment facilities.



**Rebuilding Stage.** Sustainability should be part of the city's rebuilding strategy, to help ensure that impacts from adverse environmental conditions are mitigated in the future. The panel therefore proposes the following actions:

- Realign infrastructure systems to serve a repopulating city, which will grow from an existing population of around 100,000 living in new community clusters and in remote locations across town to a larger resident population.
- Begin sustainable building design and enforcement procedures to reduce infrastructure demands and increase the generation of renewable sources, and work with the Cres-

cent City Rebuilding Corporation to link development with sustainable infrastructure.

**Growing Stage.** As the city celebrates its 300th anniversary in 2018, the panel believes the following benchmarks should be accomplished:

- Replant 300,000 trees to reestablish the urban forest.
- Develop bigger, wider, and multilayered systems to protect the urban area from annual Mississippi River flooding, frequent flooding from rainstorms, and infrequent flooding from hurricanes.
- Establish neighborhood-level infrastructure systems in new or restored neighborhoods, with a much higher level of protection against all three types of flooding.



# Housing

The panel believes that immediate and emergency shelter is a right for every New Orleanian, regardless of race or income. Current circumstances require an adequate supply of temporary housing units, renovation of existing units, conversion of underutilized structures, and the ongoing development of new for-sale and rental structures. These activities can and should happen in ways that strengthen both the neighborhoods and the city. In addition, the production of such housing will, in itself, act as an economic force that can stimulate the markets and create jobs for residents wishing to reoccupy the city.

The process of moving from emergency shelter to long-term, permanent housing will take years, as well as a coordinated effort from a partnership that must include all levels of government, the private sector, community groups, and property owners. Such efforts will be unprecedented, but if they are accomplished correctly, the city will sustain its character and its residents will be housed in decent-quality housing that they can afford. This section of the report provides guidance on how to achieve these goals.

## Urgent Recommendations

The city, through the Housing Authority of New Orleans (HANO), presently is working with FEMA to locate sites within the city for some 6,700 FEMA trailers to provide temporary housing for returning New Orleanians. HANO also is exploring other ways of temporarily housing returning residents and people coming to work on the recovery effort. The panel developed a series of additional recommendations to facilitate the supply of temporary housing. Many of these actions and activities should be the responsibility of the recommended Crescent City Rebuilding Corporation (CCRC), as discussed in the Government Effectiveness section and in more detail later in this section.

## Meet General Needs

The panel suggests that the city, through HANO and/or the CCRC, should undertake the following actions to ensure that residents' basic needs are met.

**Work with the Federal Government to Make National Flood Insurance Available.** This insurance should be made available to all families who move back to New Orleans and

renovate their homes or build new ones, regardless of whether the homes are located on a floodplain.

**Accelerate the Restoration of All Housing in Appropriate Areas.** All single- and multifamily housing in appropriate areas that is in sufficiently good condition to be made habitable within the next few months should be restored, regardless of the ability of the owners to afford the repairs. Funds for this purpose can be made available through the CCRC.

**Establish a Housing Ombudsman.** This person would help ensure that homeowners are aware of their rights and could represent homeowners with insurance companies and contractors when needed. The ombudsman also should advocate for renters who are at risk of eviction by landlords who want to raise rents significantly.

**Obtain Guidebooks on Repairing and Rehabilitating Homes.** These guidebooks should be made available to all who want them, including by posting them on the city's Web site. The guidebooks must provide sufficient information to enable homeowners to fully rehabilitate their homes. A similar program is being implemented in Mississippi.

## Ensure the Quality of Contracting and Restoration

The panel suggests that the following actions be undertaken to ensure the quality of all contracting and restoration efforts in New Orleans.

**Prequalify Contractors to Work in Specified Neighborhoods.** Both local and outside contractors should be prequalified to work in specified neighborhoods. Property owners in these neighborhoods would not be required to use these precertified contractors, but would know that they have been screened and that their fees would be at or below market rates. The contractors could expect to get significant work in a particular neighborhood, which would enable them to reduce costs and purchase materials in bulk.

**Contract with Experienced Mold Remediation Firms.** In the next few months, these firms should be hired to go into homes in appropriate areas that can be more easily renovated and remove all mold, regardless of the property owners' ability to afford the remediation. Funds for this purpose can be made available through the CCRC.

**Facilitate the Use of Local Contractors Wherever Feasible.** The panel also recommends that the city establish training facilities to teach people to become skilled crafters and contractors. This is consistent with the recommendations in the Economic Development and Culture section of this report.

## Provide Temporary Housing

The panel recommends that all utilities and infrastructure repairs in areas identified as appropriate for temporary housing be expedited to allow for the prompt development of sites in these areas in accordance with ULI's principles for temporary communities. These principles call for such com-



munities to be provided with a full range of services and amenities, either by being located near them or by providing them on site. Where this is not possible, public transportation needs to be provided to allow residents to access jobs, schools, health care, parks, playgrounds, and all other necessary services and amenities. In other words, the residents of temporary communities should not be isolated from the city around them. To further encourage the provision of temporary housing, the panel recommends the following.

**Waive any Requirements that Limit Access to Trailers to Former Homeowners.** Everyone who lived in New Orleans prior to Katrina has the same right of return. Given the extreme shortage of rental housing in the city, FEMA trailers are one of the only ways families who formerly rented in New Orleans can return to work and live in New Orleans while the rental housing stock is gradually rebuilt.

**End All Opposition to the Placement of FEMA Trailers in Appropriate Locations.** The prompt return of New Orleans residents is essential to the revival of the city's economy. For this reason, the mayor must work with the city council to ensure the availability of temporary housing so people can return to work and live in New Orleans. Habitat for Humanity is proposing to build temporary communities of small, "portable" homes, which could be used on a temporary basis by any returning family. (Later, these houses would be moved and sold to low-income families.) FEMA and the city have a common goal of providing the maximum amount of temporary housing as expeditiously as possible. This can best be accomplished through a flexible program of trailers and other forms of emergency housing, including the shallow rehabilitation of marginal units for temporary occupancy.

## Remove Barriers to Affordable and Workforce Housing

The panel recommends that the following actions be taken to provide affordable and workforce housing.

**Repair and Reopen All Public Housing Units in Appropriate Areas.** HANO is in the process of determining which of its properties to reopen and which of those that were under reconstruction prior to Katrina should continue to rebuild. The panel heard that Iberville will reopen soon, which is a positive sign.

**Expand the Use of Section 8 Vouchers.** HANO should seek approval from the U.S. Department of Housing and Urban Development (HUD) to allow its Section 8 vouchers to be used for families with incomes up to 120 percent of area median income, and to raise the rent limits to 150 percent of fair market rent in order to offset the impact of the rapid increase in rents caused by the extreme shortage of rental housing in New Orleans and to stimulate the production of new rental housing to ease the shortage.

## Enact Ordinances and Revise Policies

The panel recommends that the following ordinances and policies be put in place.

**Enact an Inclusionary Housing Ordinance.** This ordinance should require 10 to 15 percent of all new housing—both for-sale and rental units—built in the city to be affordable to families with incomes of no more than 80 percent of the city's median income.

**Upgrade the Building Code.** The upgraded code should be modeled on the best codes nationally and should include higher standards of energy savings. The city should adopt a smart rehabilitation code, along the lines of the U.S. De-

partment of Housing and Urban Development (HUD) model code, to facilitate rehabilitation.

**Amend Building and Zoning Ordinances to Allow Accessory Units.** This will promote a mix of uses as well as provide much-needed housing as the city is rebuilt.

## Provide Mortgage Assistance

The panel recommends that the city use the following means to provide mortgage assistance.

**Work with Fannie Mae, Freddie Mac, and Other Major Mortgage Lenders.** The city should work with major national lenders to develop a uniform policy of extended forbearance and, ultimately, to facilitate the transfer of all delinquent single-family mortgages to the Crescent City Trust, a subsidiary of the CCRC. This must be done soon to avoid massive foreclosures and uncertainties, since the initial 90-day period of forbearance provided by Fannie Mae and Freddie Mac ended on December 1, 2005.

**Work with Local Lenders and Mortgage Brokers.** The city should work with these lenders to find ways to make lending for rehabilitation an attractive business, including providing possible tax incentives and other financial benefits to offset the greater costs involved.

**Continue to Work with the City's Largest Employers.** Together, the city and employers should work to expand employer-assisted housing programs, including the construction of new housing by employers that is financed by the city.

## Stabilize and Promote Rental Housing

The panel proposes the following actions to stabilize and promote rental housing.

**Impose an Emergency Rent Stabilization Program.** This program should prohibit rent increases in excess of increases in the cost of operations, maintenance, and repairs. The program should end in three years.

**Establish a Rental Assistance Program.** This program should supplement HANO's housing voucher program. Families with modest incomes returning to New Orleans, whether they formerly owned homes or rented, would have priority.

## Release Foreclosed Properties

The panel recommends the following actions to make additional property available for redevelopment.

**Release City-Owned Foreclosed Properties in Appropriate Areas.** Doing so would make these properties available to returning families for rehabilitation and, in time, the properties could be sold to the families that will occupy them. Property not rehabbed immediately should be transferred to the CCRC.

**Take Title to or Place in Receivership All Vacant Lots in Appropriate Areas.** Doing so will make it possible to build housing on these lots by contracting with builders on a turnkey basis or by selling them to prequalified developers, as is done in Washington, D.C.'s Home Again program. Vacant lots not used immediately should be transferred to the CCRC.

## The Crescent City Rebuilding Corporation

As discussed in the Government Effectiveness section of this report, the panel strongly recommends the creation—through state legislation, if necessary—of the Crescent City

Rebuilding Corporation (CCRC). This new corporation should have the power and resources to plan, oversee, and implement the rebuilding effort. It should be responsible for the economic stabilization and redevelopment of all areas within New Orleans. Redevelopment has occurred in cities all over the country, and there are many models from which New Orleans can draw upon.

Thousands of dwellings and commercial facilities are—and will remain for some time—uninhabitable as a result of Hurricane Katrina and related flooding. In addition, many land parcels and structures were unoccupied, blighted, or otherwise vacant before the storm. Such land parcels must be “collected” for effective post-storm redevelopment. The CCRC should be the intake point for all such parcels, dealing directly with the owners and serving as a “receiver” of land from the city.

The CCRC should function as a conduit for land. Other than appropriate improvements, consistent with a master plan or a hold-to-resell strategy, it should not develop unilaterally. It should acquire, hold as needed, plan, entitle, and resell land to others for development. The CCRC also should acquire debt obligations on such parcels from lenders, via a “bad bank” subsidiary.

The CCRC’s goal should be to accomplish its mission and be closed down coincident with the Crescent City’s 300th anniversary in 2018.

### Powers and Duties

The CCRC should have several specific responsibilities related to the rebuilding effort. The panel anticipates that it will have the following powers and duties.

**Land Acquisition.** The CCRC should acquire land for redevelopment. Most of the land and structures in New Or-



leans are not experiencing a normal real estate market. Liquidity is questionable, values are suspect, supply and demand are not in harmony, and speculation is present. In addition, questions about landowners’ ability to insure, finance, and rebuild abound. In such a market, property owners would benefit from the CCRC’s ability to bring balance and provide liquidity. The CCRC should be established on the principal of providing fair compensation for all land parcels so purchased.

**Neighborhood Planning.** The CCRC would be responsible for re-creating and/or refining plans for every neighborhood in New Orleans. The panel expects that each planning process will involve the participation of stakeholders, including residents, small business owners, retail operators, churches, schools, public safety officials, and neighborhood organizations. Upon its completion, each plan would be submitted to the city for approval. Such plans should be used as the basis to foster development, approve projects, and channel loan and grant funds.

**Land Assembly and Banking.** The CCRC would bank land for future development. It could be the recipient of land from either the city and/or the private sector. It also would have the ability to acquire land with its own funds and—in cases of blight or the necessity for public infrastructure—through eminent domain. The panel expects that this entity could be the depository of all the city’s adjudicated

and blighted properties. All land would be held in trust and would be disposed of over time to fulfill economic development and housing goals according to the approved community plans.

The CCRC also would be able to receive donated land from other entities such as banks, insurance companies, and property owners. Similarly, such land could be made available to initiate development according to approved plans.

The CCRC would serve as the primary vehicle for land assembly for public/private partnerships for commercial development in neighborhoods as well as in larger, citywide or regional initiatives. The CCRC would assemble land appropriate for commercial and mixed-use development, recruit private investment, and foster partnerships that include local, neighborhood, and minority-owned businesses.

**Note Purchase.** Much of the real estate secured debt in Katrina-affected areas presently is in default or forbearance. The CCRC would establish a wholly owned subsidiary—to be known as the Real Estate Opportunity Corporation—to buy such notes and hold them for future disposition. Such a structure would allow for unabated forbearance. It also would provide a direct link to the acquisition of the parcels. In addition to forbearance, the CCRC would establish “pre-Katrina” land values, negotiate with owners to purchase property, and assist with credit reconstruction as appropriate. For more details, see the sidebar on page 61.

**Financing.** The CCRC also would serve as a financing entity for the redevelopment of New Orleans. It would receive and disburse public and private redevelopment funds in the form of both loans and grants. Such financing is not intended to replace traditional forms of primary capitalization. Rather, it is intended to augment them by providing gap financing to enable such transactions.

## Real Estate Opportunity Corporation

**Bond Issuance.** The CCRC would be capable of issuing bonds—Liberty Bonds are one possible model—and employing other capital-raising strategies in capitalizing itself and funding transactions.

**Fostering Not-for-Profit Development Entities.** The CCRC would be responsible for encouraging the formation of not-for-profit development entities that could take advantage of its offerings. This would include providing technical assistance—or ensuring that it is available—to advance the capacity of local not-for-profit developers. It also would include the recruiting of regional not-for-profit developers and national intermediaries to assist in executing its mission.

In addition, the CCRC would establish the New Orleans Housing Partnership (NOHP), a tax-exempt 501(c)(3) entity. Its mission would be to ensure that the city's low- and moderate-income individuals and families are able to obtain and retain decent, affordable housing with choice and mobility. The NOHP would work with the CCRC to create housing opportunities throughout the city for families earning between \$25,000 and \$45,000 a year.

**Funding Supporting City Positions.** The CCRC also would be able to provide funds and otherwise assist the city in procuring municipal personnel to support redevelopment activity. Such positions would include but not be limited to construction inspectors, planners, and zoning and entitlement personnel.

### The New Orleans Housing Partnership

The mission of the New Orleans Housing Partnership (NOHP) should be to ensure that the city's low- and moderate-income households are able to obtain and retain decent affordable and workforce housing with choice and mobility. All of the

The Real Estate Opportunity Corporation (REOC) should provide the following incentives for homeowners or investors whose properties have been deemed uninhabitable.

#### For Homeowners

In the event that a homeowner opts to relocate within the developable area, in return for deeding over his or her property, the homeowner would be entitled to receive the equity value of this property and to transfer the value of the outstanding mortgage. In the event that the acquisition cost for a comparable house exceeds the pre-Katrina value of the owner's original house, a soft second mortgage equal to the value of the excess would be provided by the appropriate entity for acquisition of the new home.

Homeowners who have no debt would be entitled to the total pre-Katrina value of their property. Those who choose to relocate away from New Orleans would be entitled to receive the pre-Katrina equity value of their homes. Homeowners who choose to retain property not in a developable area would not be entitled to compensation through the REOC.

programs and initiatives proposed by the panel are designed to encourage housing stability, increased economic self sufficiency, and an enhanced quality of life.

The NOHP would build the capacity of neighborhood businesses to develop single-family housing and manage rental housing, and to reduce the city's inventory of substandard properties. To achieve its mission and to promote efficient service delivery, NOHP would work collaboratively with a broad array of service providers and neighborhood-based organizations.

#### For Investors

When an investor opts to deed over his or her property in favor of relocation to a developable area, the investor, to receive compensation, would agree to provide housing at a rental rate comparable to pre-Katrina rates. In return, the investor would be entitled to the equity value and be allowed to transfer the remaining mortgage to a replacement property. In the event the acquisition cost of a comparable property exceeds the pre-Katrina value of the former property, the owner would receive a soft second mortgage equal to the difference, adjusted by any insurance collected on the original property. Investors who have no debt would be entitled to the total pre-Katrina value of their property. Those who choose not to reinvest in New Orleans would be entitled to the pre-Katrina value of the original property, minus any outstanding mortgage. Investors who choose to retain property not in a developable area would not be entitled to compensation through the REOC.

Participation in this equity transfer program also should address the property owner's tax position. Ad valorem tax values should transfer from the original property to the new property, and thus the owner's obligation would remain at the pre-Katrina amount. ■

#### Structure

The NOHP should be a tax-exempt 501(c)(3) organization governed by a board of directors consisting of representatives of community, private/corporate, and public constituencies. Board members would be selected to provide governance and vision in executing the NOHP's mission. The board should have nine to 15 members.

The NOHP should work with the Crescent City Rebuilding Corporation to create housing opportunities throughout the city for families earning between \$25,000 and \$45,000 a

year. The program should produce condominiums, single-family houses, and two- and three-family homes with both owner-occupied and rental units.

Developers should be selected through a request for qualifications (RFQ) issued and advertised by the NOHP. To ensure affordability, the CCRC would provide a soft second mortgage/grant, in the form of a loan that will evaporate over a designated period of time, typically five years. The NOHP also may provide land from the CCRC land bank to qualified developers. In addition, homeowners may receive a partial real property tax exemption. Homes should be marketed to prospective homebuyers by local not-for-profit organizations, which would advertise the availability of the homes and review applications.

Under a neighborhood builder program, small, locally based enterprises would be provided with assistance to develop the capacity to build, manage, and market these housing developments. Depending on the builder's requirements, the NOHP could provide financial, marketing, cost estimating, legal, and/or other types of technical assistance. The NOHP also may be able to make seed loans available for predevelopment costs.

## Operating Initiatives

The NOHP should solicit outside funding from philanthropic groups, the state, and federal agencies in order to conduct its development activities. NOHP operations should be staffed by effective personnel who have a proven track record of fund and project development, in either the private or the public sector. The board would further



develop the partnership's mission and vision as well as its operating policies.

## Development Initiatives

The NOHP should work with CDCs and other developers to oversee investment in and production of affordable housing. Some potential initiatives include the following:

- Soliciting community housing development organization funding to provide technical assistance to community-based organizations to build their capacity to develop and manage affordable housing;
- Seeking out public funds to build the capacity of small and minority-owned firms to construct housing units and infrastructure and to facilitate the inclusion of minority-owned firms in public contracting;
- Serving as an administrative conduit agency to fund the development of single-room occupancy housing for the homeless;
- Using HOME funds to provide homebuyer counseling and homeowner training;
- Using Section 8 vouchers; and
- Exploring the conversion of Section 8 vouchers to project-based vouchers.

## Housing Design Guidelines

The panel started with the premise that New Orleans neighborhoods are priceless examples of the best traditional American urban neighborhoods. Hurricane Katrina dealt severe blows to some neighborhoods and inflicted lesser damage on others. None, however, were spared. Rebuilding these neighborhoods will involve both the rehabilitation of existing houses and the production of new housing on infill sites.

In city-designated historic districts, design review boards ensure that appropriate designs and materials are used for exterior rehabilitation and for new infill housing. Outside the city's historic districts—even in districts listed in the National Register of Historic Places—design review board approvals are not required, and no design standards are in place to regulate scale or exterior design.

Displaced New Orleans residents from severely damaged neighborhoods or those whose homes were damaged beyond repair may wish to return to the city and relocate in less vulnerable neighborhoods. Production of housing to meet that demand will require a coordinated development strategy in the receiving neighborhoods that will respect the city's historic urban design and architectural heritage.

The following guidelines provide a starting point for new regulations that initially would apply to housing produced through the auspices of the Crescent City Rebuilding Corporation but could eventually be adopted citywide.

## Two Sources of Housing Production

Existing housing will be rehabilitated and new housing will be produced by individual homeowners as well as by private and not-for-profit developers working on multiple units. Each will need to meet the goal of respecting New Orleans

traditions. Individual homeowners will require design guidelines for individual house rehabilitation and/or new construction projects. Developers will require the same design guidelines as well as urban design principles and guidelines for developing aggregated scattered sites or larger cleared sites.

## Design Principles of Urban Infill Housing

The appendix of this report demonstrates some concepts that can be incorporated into the design guidelines for redevelopment. They are conceptual but are included to show how the true spirit of New Orleans architecture can be reinstated into the revitalized neighborhoods.

The following principles should be used to develop design guidelines for infill housing:

- *Involve existing residents.* They are the experts on their neighborhoods and must be consulted in an open and public process.
- *Design in context.* The historic inheritance of a neighborhood's housing and streets are the keys to design.
- *Focus on the street.* Houses with porches should face the street, with uniform setbacks on each block based on historic patterns.
- *Provide linkages.* The urban neighborhood is part of the larger city. Guidelines should ensure that streets connect to other neighborhoods and city amenities and that public transit is available.
- *Supplement rehabilitation with infill.* Artfully combine new infill housing with the sensitive rehabilitation of existing housing.
- *Provide housing variety.* A combination of single-family houses, townhouses, and small apartments, including both

owner-occupied and rental units, will provide housing choices for residents of all incomes, family sizes, and ages.

- *Develop design guidelines.* Architectural and community design guidelines that contain facade and porch details as well as lot standards are useful tools in ensuring that rehabilitation and new construction are in context with the neighborhood.
- *Construct or enhance amenities.* Streets should be tree lined. Parks, recreation centers, churches, social service agencies, and schools create essential services and gathering places for community life. Neighborhood retail and service stores should be located within walking distance of all residents.

## The New Orleans Design Guidelines Book

With the urgent need to restore and rebuild New Orleans neighborhoods, finding the most appropriate and cost-effective means for providing housing will be essential. There is also, however, a danger that neighborhoods could lose many of their essential qualities through the introduction of mass-produced housing, temporary housing that becomes permanent, modular units, and/or buildings of inappropriate scale and design. In addition, new standards to meet FEMA and accessibility requirements will require sensitive examination of their impact on the historic legacy of traditional New Orleans houses. A book of design guidelines for New Orleans houses and neighborhoods will be an essential tool in the rebuilding effort. This book should be prepared by a third-party architectural consultant to both the planning and historic commissions.

The *New Orleans Design Guidelines* book should include the following:

- Neighborhood patterns illustrating New Orleans street, block, precinct, and public realm configurations;

- Architectural patterns illustrating New Orleans building types—shotgun houses, cottages, townhouses, ranch houses, and so forth; architectural styles—Acadian-Creole, classical, modern, and so forth; and architectural details—for porches, eaves, windows, doors, and other elements.
- Landscape patterns illustrating New Orleans streetscape traditions, front-yard plantings, foundation plantings, and so forth;
- Sustainable and green design principles, illustrating site planning and architectural design for energy efficiency and conservation; and
- Materials illustrating appropriate building materials and manufacturers.

The *New Orleans Design Guidelines* book should be essentially a “kit of parts” that will allow individual homeowners or developers to select and tailor a variety of appropriate house designs for a particular neighborhood.

## Ongoing Development

As the housing programs and strategies initiated during the emergency phase are being implemented, the city must make the transition to a longer-term housing strategy that includes significant additional solutions. Based on a realistic analysis of the actual condition and quantity of the post-Katrina housing stock and the population trends evidenced during the emergency period, the CCRC should create a housing demand model. This model should identify the need for new production of both rental and ownership housing for the full range of housing needs, from deeply subsidized affordable products to those that can be sold or rented at full market value. The panel expects that this need can be addressed by infill housing in safe neighborhoods and that the housing will be of various product types, including single-

family, attached, multifamily, and mixed-use housing. Infill sites initially will be drawn from vacant land in the CCRC land bank and from underutilized properties. Later production will occur on remediated “new brownfields” created by the flooding and drawn from the land bank. All new housing should follow the design guidelines.

The first priority for new construction will be to replace all temporary units within a predetermined period that should not exceed three years. This will be followed by continued production to address the needs created by a recovering and growing economy.

Additional supply also should be available from a continuation of the HOPE VI program or other programs that facilitate the reuse of HANO property. One priority of the CCRC will be to return property from the land bank to the open market while instituting mechanisms to ensure that inclusionary (affordable) housing needs are met. A significant amount of rental housing could be developed through an expanded 80/20 program—in which 80 percent of the units are market rate and 20 percent are affordable—that will include a workforce component and could be modeled on New York City’s 50/30/20 program, in which 50 percent of the units are market rate, 30 percent are rented to households earning between 80 and 120 percent of area median income (AMI), and 20 percent of the units are rented to households earning less than 80 percent of AMI.

Manufactured housing could play a role in addressing both the emergency and longer-term housing need, and an assessment of the quality, suitability, and economics of this production method should be an immediate priority. The most compelling aspects of manufactured housing are its speed to market and predictability of cost and quality.



### Design Principles for Workforce and Affordable Housing

The need for the immediate production of workforce and affordable housing is large and is tied to the economic recovery of New Orleans businesses. Employers need workers, who in turn need housing, which now is in shorter supply than jobs. The CCRC should be committed to producing affordable housing as a central tenet of its mission to increase the housing inventory. Every development facilitated or funded by the CCRC should be required to include a specific percentage of affordable units.

In contrast to the past practice of isolating, concentrating, and stigmatizing poor and modest-income families in public housing or other rent-subsidized enclaves, New Orleans neighborhoods should become more inclusive. In order to achieve this goal, three design principles must be followed. Affordable housing units must be:

- *Dispersed.* Affordable and workforce housing should be dispersed throughout a neighborhood, not compartmentalized on one or two large sites.
- *Indistinguishable.* Affordable and workforce housing should be designed in accordance with the *New Orleans Design Guidelines* book so that it is indistinguishable in design quality and materials from market-rate units.

- *Connected.* Affordable and workforce housing should be connected to neighborhood amenities such as schools, churches, parks, and retail centers, as well as to civic uses, public transit, and jobs.

### Design Principles for Interim and Temporary Housing

Because the need for housing for returning residents is so great and immediate, temporary housing, such as trailers or modular houses, will be required. Critical issues relating to temporary housing include the identification of available sites, design quality, and community acceptance.

- *Site locations.* City parks, underused parking lots, vacant lots, church and school sites, and employer-provided sites at hospitals, factories, offices, and elsewhere should be used for temporary housing.
- *Design quality.* Trailer clusters should be designed as small villages with central gathering spaces or parks, and should include utilities, landscaping, paved sidewalks and roads, parking, and access to neighborhood amenities such as schools, churches, parks, shops, and transit.
- *Community acceptance.* Neighborhood residents should be consulted and involved in the siting and design of temporary housing, including the schedule for the eventual dismantling of the units and the restoration or development of the remaining empty site.



# Conclusion

This report presents many ideas and recommendations. While the panel believes that all of these are important, its four key messages are the following:

## **Form the Temporary Financial Oversight Board**

A temporary oversight board will help the city get through the current financial crisis, which began before Hurricane Katrina and was exacerbated by the storm and subsequent floods. The board, like those that have been implemented in many other cities, will help the city overcome the current financial issues and allow city leaders to focus on rebuilding.

## **Form the Crescent City Rebuilding Corporation**

Any major development or redevelopment project needs an entity that is focused on the efforts at hand. The panel believes that this is a redevelopment project of a scale probably never seen before anywhere in the world. It is therefore unreasonable to think that city leadership can manage both the day-to-day operations of the city and the rebuilding of New

Orleans. The panel believes that the CCRC, with a strong board and an extremely qualified staff, will be the right vehicle to transform New Orleans into an even greater city.

## **Begin Evaluating the Potential for Rebuilding Immediately**

The city needs to identify, through the evaluation of facts and any necessary additional study, those areas where rebuilding can occur safely. To do otherwise is, in the panel's opinion, irresponsible. The panel has presented one scenario and methodology, based on facts and data, for evaluating the rebuilding effort. The city should refine this scenario and methodology as it creates its redevelopment plan. Where appropriate, rebuilding should begin immediately.

## **Have One Plan that Is Fair and Equitable**

While the panel has presented a strategy for rebuilding, it recognizes that the city and its residents must refine and own the plan if New Orleans is to be rebuilt. It is only through people working together that this will occur. The

plan must ignore the socioeconomic lines and practices—both real and perceived—of the past.

Hurricane Katrina devastated New Orleans, but the storm also crystallized a chance for the city to write a new chapter in the book of its history. This new chapter must be written by the people of New Orleans. Their resilient spirit will prevail. The chapter will contain several pages dealing with a more diverse economy and culture; a more solid infrastructure as the basis for more livable neighborhoods, better-quality housing, healthcare, and education; and a more transparent and efficient government—and, not incidentally, more racial harmony.

Writing this new chapter will require extraordinary effort and leadership. The city faces a huge challenge. The road will be a long one; it will be arduous, difficult, and somewhat messy. The city will need patience, mutual respect and forbearance, courage, vision, and perseverance. While Hurricane Katrina caused major destruction in a short period of time, rebuilding will take a long time. This was true in San Francisco after the earthquake and in Grand Forks, North Dakota, after the floods. The panel believes that New Orleans is up to the task.



# Appendix: Looking to the Future, Building on the Past

These illustrations show how the regenerated New Orleans can build on its past culture and architecture to once again become a vibrant city for its residents and visitors. The illustrations do not depict a re-created New Orleans, but rather a revitalized New Orleans.

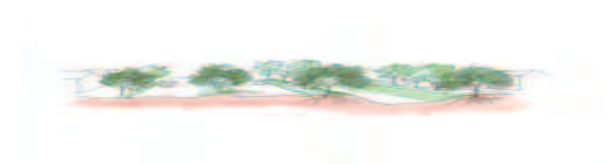
Vibrant commercial development has been and can continue to be a hallmark of New Orleans. Accessible and walkable commercial areas with retail and restaurants for both residents and visitors will be a critical component in the city's redevelopment. Areas for learning and enjoying the arts should be incorporated into neighborhood commercial developments.



ALL APPENDIX DRAWINGS: PETER HASSELMAN



New Orleans is all about neighborhoods. Prior to Hurricane Katrina, vibrant neighborhoods with civic uses and active streets were the mainstay of the city. As part of the redevelopment, these neighborhoods will return in some form. In addition, thought needs to be given to areas of higher-density development that incorporates the look and feel of New Orleans.



The future development of New Orleans will need to respect its relationship with the water that surrounds the city. The city can improve that relationship by redeveloping in a way that allows for neighborhoods to be re-created in

harmony with the natural environment. Green space for water retention will mitigate impacts during normal flood events as well as provide areas for both passive and active recreation.