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## **BGR Reports .....**

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### **Unfair Assessments Become More Unfair and Arbitrary**

Some New Orleans neighborhoods have been twice blessed. First they escaped the widespread flooding that followed Hurricane Katrina. Now the assessments on improvements in those neighborhoods have been reduced across the board by significant amounts, irrespective of whether a property suffered hurricane-related damaged.

The assessor for the Sixth District, which covers much of Uptown, cut assessments on improvements located between St. Charles Avenue and Freret Street by 50%. He reduced assessments on improvements located on the river side of St. Charles by 15%. Meanwhile, on the other side of the imaginary line that divides the Sixth and Fourth Districts, the Fourth District's assessor did not provide across-the-board assessment cuts in the Irish Channel, Garden District, and Central City. Nor did the assessors for the First, Second, and Fifth Districts reduce assessments in the Lower Garden District, the French Quarter, or Algiers.

The Sixth District's assessor was not the only one to give across-the-board cuts for undamaged improvements on the high ground along the river. Further Uptown, the assessor for the Seventh District reduced assessments for improvements in the unflooded parts of the Riverbend area by 25%. The assessor for the Third District reduced assessments on improvements in the unflooded parts of the Marigny and Bywater by 15%.

While reasonable minds can differ as to the current fair market value of properties, it is clear that general market changes caused by Hurricane Katrina would impact the value of similarly situated properties to the same degree. It simply is not possible that undamaged property on one side of a street in an unflooded, intact neighborhood has given up 50 or 15% of its value, while undamaged property on the other side has held steady.

The end result of the different approaches to valuation of post-Katrina properties is that owners of undamaged properties in some parts of the city have received a tax cut, while similarly situated property owners in other dry parts of the city have not. Property owners in those areas

continue to pay taxes on pre-Katrina property values, unless their property suffered physical damage or was reassessed for other reasons.

Prior to Hurricane Katrina, assessments in Orleans Parish were inequitable and in many cases low. While some owners of recently acquired properties had seen astronomical increases in their tax bills, others continued to pay on assessments that seem to belong to a by-gone era. *The Times-Picayune* estimated that 2003 residential assessments were on average 41% below fair market value; the Louisiana Tax Commission estimated that they were 25%.

The assessors' different approaches to valuation have exacerbated the existing inequities and caused the tax bills of other taxpayers to increase more than they otherwise would. Preliminary estimates from the Board of Liquidation, City Debt, indicate that its millage rate, which must be set at an amount sufficient to cover debt service for the City's general obligation bonds, will rise from 28.4 to a rate between 36.76 and 63.97 mills (depending on the collection rate) for 2006. This will cause the total millage rate to increase from the 2005 level of approximately 171 mills to somewhere in the range of 180 to 207 mills. The increase would be smaller if the total assessed value of properties were higher.

Last week, the Government Efficiency Committee of the Bring New Orleans Back Commission called for fair and equitable assessments as a first step in addressing the financial distress of local government bodies. For assessors to treat similarly situated properties differently in the wake of Hurricane Katrina is a move in the wrong direction. It's also a good argument for one professional assessor in Orleans Parish.

BGR urges our city officials and our legislative delegation to push for one assessor and fair assessments based on best practices. We urge the local tax recipient bodies to join forces in bringing a suit challenging obvious under-assessments.

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BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information call 588-2052 or visit BGR's website, [www.bgr.org](http://www.bgr.org).