



Officers

Lynes R. Sloss
Chairman

Hans B. Jonassen
Vice Chairman

Robert W. Brown
Secretary

Sterling Scott Willis
Treasurer

President

Janet R. Howard

Board Members

Conrad A. Appel III
Robert C. Baird, Jr.

Virginia Besthoff
J. Herbert Boydstun

Kim M. Boyle

Ralph O. Brennan

Christian T. Brown

Pamela M. Bryan

LaToya W. Cantrell

Joan Coulter

J. Kelly Duncan

Hardy B. Fowler

Aimee Adatto Freeman

Roy A. Glapion

Diedria B. Joseph

Maurice L. Lagarde III

Matthew P. LeCorgne

Mark A. Mayer

Carolyn W. M^cLellan

Henry O'Connor, Jr.

William A. Oliver

Thomas A. Oreck

Gregory St. Etienne

Andrew B. Wisdom

Honorary Board

Bryan Bell

Harry J. Blumenthal, Jr.

Edgar L. Chase III

Louis M. Freeman

Richard W. Freeman, Jr.

Ronald J. French

David Guidry

Paul M. Haygood

Diana M. Lewis

Anne M. Milling

R. King Milling

George H. Porter III

Edward F. Stauss, Jr.

**BUREAU OF
GOVERNMENTAL
RESEARCH**

938 Lafayette St., Suite 200

New Orleans, LA 70113

Phone 504-525-4152

Fax 504-525-4153

www.bgr.org

December 3, 2007

Mr. Joseph Williams
Executive Director, New Orleans
Redevelopment Authority
1340 Poydras St., Suite 600
New Orleans, LA 70112

Re: NORA Draft Plan for Louisiana Land Trust Properties

Dear Mr. Williams:

We appreciate the opportunity to comment on the draft Parish Redevelopment and Disposition Plan (the Draft Plan) circulated by the New Orleans Redevelopment Authority (NORA) for management and disposition of properties that NORA expects to receive from the Louisiana Land Trust (the LLT). The following are BGR's comments regarding the Draft Plan.

Maintenance and Funding. We applaud NORA's careful consideration of maintenance issues and its desire to see that all LLT properties are appropriately maintained. Without proper maintenance of properties, neighborhoods will be unable to attract and retain residents and businesses.

We are concerned, however, about NORA's ability to generate or attract adequate funding for this important function. NORA estimates that it will cost approximately \$150 million over nine years just to maintain the LLT properties and perform demolitions where appropriate. It is not clear where these funds will come from.

It is crucial that NORA formulate a workable funding plan before accepting any of the LLT properties. We agree that it may make sense for the State and the LLT to pick up some share of this maintenance expense.

Strategy. The primary strategy articulated in the Draft Plan is the redevelopment of targeted zones, consisting of both the 17 ORM target zones and additional zones defined by NORA. NORA intends to use an RFP process to redevelop properties in the zones.

It is unclear what criteria NORA is using to identify the targeted areas. We ask that it publish the criteria that guided its selection of the target zones identified in the Draft Plan and those that it will apply in choosing additional target areas.

It is important that zones be chosen and defined very carefully, using clear and limited criteria. Criteria that have been used successfully in other cities include:

- proximity to “up and coming” areas
- the potential to encourage other development
- an already-present nucleus of redevelopment

In New Orleans, flood and storm protection should also be taken into account in choosing targeted zones. The process for choosing such zones should allow for adequate public notice and input.

Simultaneous redevelopment of a critical mass of properties is often necessary to revive troubled areas with significant pockets of blight. Targeted approaches have been used successfully to develop such areas in other cities, most notably Richmond, Va. A targeted development approach will not be appropriate, however, for all neighborhoods with LLT properties. Where neighborhoods have or develop active real estate markets, positive redevelopment can best be achieved simply by putting properties back into commerce. In these areas, NORA should strive to actively market individual LLT properties to individuals and developers with the means and the desire to rehabilitate them.

One of the risks of targeted development initiatives is that they can disproportionately consume the energy and funding of an organization, leaving inadequate resources to deal with more viable neighborhoods. It would be unfortunate if redevelopment of scattered blighted properties in the more viable neighborhoods were sidelined in favor of larger-scale redevelopment plans that may take many years to come to fruition.

Property Disposition. The Draft Plan contemplates that NORA will use a criteria-based approach to sell property. That is, NORA will define criteria and then judge applicants based on how well they fit the criteria. The Draft Plan, as well as NORA’s most recent RFQ for property disposition, contemplates a wide array of criteria such as promotion of affordable housing, “creating vibrant communities,” workforce training, and use of environmentally sustainable and low cost building techniques.

In particular, the Draft Plan states that “NORA intends to balance its disposition of properties across the economic spectrum and is committed to exceeding the LRA’s goal that 25% of developed properties be redeveloped for affordable housing.” It also indicates that NORA will favor affordable housing developments by, among other things, selling land at reduced rates and “channel[ing] subsidies and public investments.” We ask that NORA identify these subsidies, and the types of entities that are eligible to receive them.

We recognize that Louisiana Recovery Authority (LRA), LLT, and CDBG requirements impose some restrictions on disposition. We believe that NORA’s disposition efforts should focus, to the extent possible within those parameters, on the basic goal of remediating blight. It will be hard enough to accomplish this basic goal without adding restrictions that could hamper redevelop-

ment. Indeed, New Orleans has failed to successfully address even the more limited pre-Katrina blight despite almost 40 years of effort.

The criteria should address characteristics needed to effectively redevelop blighted property, such as a developer's financial capacity, development skills and track record. NORA should also require a viable, self-sustaining development consistent with the City's master plan and zoning. Unnecessarily restrictive or additional criteria will artificially limit the field of applicants and the development potential of property.

Finally, we note that a criteria-based approach is not desirable for areas with market demand. BGR's research indicates that, in such areas, a blighted property program should focus on putting blighted properties back on the market, where market forces can ensure redevelopment.

Vague Terms. The text states in several places that it is NORA's intent to promote "equitable development," "equity," "affordable housing," "working class" housing and "mixed income housing." These undefined concepts mean different things to different people, and should be more clearly defined in the future.

Flooding the Real Estate Market. The Draft Plan asserts in several places that it would not be advisable for NORA to sell a large number of LLT properties en masse, since "many of the properties will tend to end up in the hands of speculators and ineffective developers." We share NORA's concern that properties not end up in the hands of speculators. However, it does not appear that immediate sales would necessarily lead to this result in neighborhoods with significant market demand. We submit that NORA must take the characteristics of the neighborhood into account when deciding whether to withhold properties from the market.

The Draft Plan omits mentioning one negative effect of withholding properties from the market. Properties that NORA withholds are also off the tax rolls, depriving the City of much-needed tax revenue and shifting the tax burden to other homeowners and business owners. NORA should recognize this effect and weigh this disadvantage against any perceived benefit from keeping a property off the market.

Demolition. We agree that *some* demolitions will aid eventual redevelopment, by clearing lots of structures that cannot be rehabilitated. However, in other cases, demolitions may weaken the integrity of already struggling neighborhoods by replacing distinguished structures with vacant lots prone to trash and weeds. It may also impede redevelopment by increasing costs. The Draft Plan itself notes that rehabilitation costs for are generally much less than for new construction — \$60-\$80 per square foot versus \$105+.

The Draft Plan states that NORA intends to demolish properties "that are in need of extensive renovation or hazard mitigation." This standard is too broad and would cover virtually all blighted properties. As NORA's own history shows, enterprising renovators will rehabilitate many properties that are "in need of extensive renovation."

We are encouraged to see NORA's commitment to submit to Historic District Landmark Commission review. We suggest that NORA should also submit to review by the Housing

December 3, 2007

Page 4

Conservation District Review Committee (HCDRC) as well, where properties fall within the jurisdiction of that separate committee.

The Parish Recovery Plan. The Draft Plan refers to the City's overall recovery plans by a few different labels, including the "Long Term Strategic Recovery Plan"; the "Orleans Parish Recovery and Redevelopment Plan"; the "Orleans Parish Long Term Recovery Plan"; and simply the "Plans." The City has been through several rounds of planning, and it is not clear which plans are being invoked. This language should be clarified to state exactly which plans are being referred to, and directing the public to the web site or other locations where such plans can be inspected.

Neighborhood Redevelopment Compacts. The Draft Plan mentions that NORA intends to execute redevelopment compacts with neighborhood and community groups in order to "ensure equitable participation." We do not have enough information regarding the content and scope of such agreements to comment on them.

Green Space. The Draft Plan asserts that "[d]ue to their geographically scattered locations, most LLT properties will not be suitable to provide significant contiguous green space." It is difficult for the public to evaluate this statement without knowing the distribution of LLT properties. The public has not yet been provided with a map or address list that shows that distribution.

In general, the Draft Plan gives scant attention to areas of the city that may remain sparsely populated for many years due to a lack of demand. In Homestead, Fla., where Hurricane Andrew caused the previous record for hurricane damage in 1992, some neighborhoods that were leveled by the storm remain undeveloped to this very day. NORA and the City should seriously confront this issue and commence a process to determine what shall be done with vacant areas.

Thank you for the opportunity to comment on the Draft Plan. As you know, BGR is finalizing a study on blighted property redevelopment issues, which includes the issues discussed above as well as many other issues not addressed in the Draft Plan. We reserve our comments on these other issues to a later time.

Please let me know if we can be of further assistance.

Sincerely yours,

Janet R. Howard
President

cc: James Nelson Brown
Karl Connor
Robert E. Couhig, Jr.
Scott S. Cowan
James Gray III

Maurice L. Lagarde III
Barbara Major
James Singleton
Paul T. West
Wayne E. Woods