

**DRAFT REPORT FOR REVIEW
SUBJECT TO TECHNICAL EDITING**

**A STRATEGY FOR REBUILDING
NEW ORLEANS, LOUISIANA
NOVEMBER 12 – 18, 2005**

ULI – THE URBAN LAND INSTITUTE
1025 Thomas Jefferson Street, NW
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December 10, 2005

ABOUT ULI

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 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 this 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 28,000 members and associates from more than 80 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, academicians, 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 panel 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.

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ABOUT THE ADVISORY SERVICES PROGRAM

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 200 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 panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the topic of the panel and screened to ensure their objectivity. ULI panel teams are interdisciplinary and are developed based on the specific scope of the assignment. ULI teams provide a holistic look at development problems. Each panel is chaired by a respected ULI member who has previous panel experience.

The agenda for a panel assignment is intensive. It includes an in-depth briefing composed of a tour of the site and meetings with sponsor representatives, interviews of key people within the community, and a day of formulating recommendations. Long nights of discussion precede the panel's conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. At the request of the sponsor, a written report is prepared and published.

Because of the extensive briefing materials prepared for each panel member and the panel's meeting with local community members and stakeholders, participants in ULI's panel assignments are able to make accurate assessments of the issues and provide recommendations in a compressed amount of time.

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 mission of the Urban Land Institute, this Advisory Services report is intended to provide objective advice that will promote the responsible use of land to enhance our environment.

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OVERVIEW

Hurricane Katrina was the eleventh 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 Hurricane Wilma and Hurricane Rita, and the sixth-strongest storm ever recorded in the Atlantic basin. It first made landfall as a Category 1 hurricane just north of Miami, Florida on August 25, 2005, then again on August 29 along the central Gulf Coast near Buras-Triumph, Louisiana as a Category 4 storm. Soon after the hurricane passed through, there was a breach in the levee system that protected New Orleans from Lake Pontchartrain and the Mississippi River. Most of the city was subsequently flooded mainly by water from the lake. Heavy wind and storm surge damage was also inflicted onto the coasts of Mississippi and Alabama, causing Katrina to become the most destructive and costliest natural disaster in the history of the United States. The damage is estimated to be from \$200 to \$300 billion, at least double that of the previously most expensive Hurricane Andrew making Katrina the most expensive natural disaster in U.S. history. Over a million people were displaced — a humanitarian crisis on a scale unseen in the U.S. since the Great Depression.

When the levees collapsed in New Orleans on August 30th, people were being forcibly evacuated first by boat and helicopter from their homes and shelters, then by bus to neighboring states. Federal disaster declarations blanketed 90,000 square miles of the United States, an area almost as large as the United Kingdom. The hurricane left an estimated five million people without power. On September 3, 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, referring to the hurricane itself plus the flooding of New Orleans.

New Orleans, and the entire Gulf Coast, are now beginning to think about rebuilding – rebuilding their homes, their lives, their futures. However, this means that there are difficult decisions to be made and harsh realities to address. When and where rebuilding in New Orleans can occur needs to be determined. There are areas of the city that have begun to rebuild and revitalize. Other areas will take time.

The ULI Assignment

New Orleans is at a crossroads. Even while the initial stages of recovery are still underway, experience suggests that it is essential to develop a plan of redevelopment within the first 90 to 120 days following a disaster. The failure to create an immediate and forward-thinking plan can result in a scattered, uncoordinated, dysfunctional redevelopment, infrastructure policy, and result in 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, 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 for rebuilding New Orleans.

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 was also asked to suggest directions for positive change, recognizing the problems facing the city 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 some this will take years. Only people who 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 – helping to 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 involved more than 300 interviews with business owners, decision makers, community activists, and citizens. While each and every resident or citizen of New Orleans could not be interviewed, ULI reached out to representatives of all facets of the community. Some of these interviews were conducted by ULI senior resident fellows prior to the arrival of the panel, and the panel conducted approximately 150 confidential interviews while in New Orleans. ULI reached out within New Orleans and to those living outside of New Orleans. In addition, the panel held a town hall meeting attended by more than 200 people. The purpose of this meeting was 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 first-hand. The damage is more extensive than any of the panel members imagined. It truly helped them gain an understanding of what the city is going through – not just what is reported on the news.

Key Findings

- New Orleans is a national and international treasure. The culture of the city must be retained and enhanced, including history, music, art, food, faith and the strong sense of neighborhood. The urge to homogenize the city must be resisted.
- The heart of the city is the 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 healthcare -- must be restored immediately. Mold removal is essential.
- Diversity, equity, and cooperation are of critical importance. The recovery cannot be held back by racial issues that have slowed progress in the past.
- Every citizen has a right to return to a **safe** city. The panel recommends criteria to for rebuilding that have safety as a priority.
- Planning for the rebuilding of each neighborhood must involve the citizens from that neighborhood.
- There is a need for diverse economic development and for housing. Jobs and housing are the backbone of the 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 the levee system and enhance natural protection for ecosystems.
- 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 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 will be on the redevelopment of the city and the panel believes will be instrumental in obtaining the federal assistance the city needs to rebuild.

- The creation of a temporary oversight committee, similar to what was put in place in New York City, Washington, DC, Pittsburgh, and other cities around the country, will help the city weather the current financial crisis.
- A diversified economic development strategy that takes into account and build 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.
- Rebuilding should happen in a strategic manner, encouraging those areas that sustained minimal damage to begin rebuilding immediately and those areas that have more extensive damage to evaluate the feasibility for reinvestment and proceed in a manner that will ensure the health and safety of the residents of each neighborhood and proceed expeditiously.
- 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 to work with neighbors in ensuring a stronger New Orleans region.

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

GOVERNMENT EFFECTIVENESS

This section of the report focuses on steps that can be taken to ensure that government operates as efficiently and ethically as possible in order to facilitate the rebuilding of New Orleans. However, the panel recognizes that local government cannot act effectively, efficiently, or even meaningfully unless the resources necessary to meet the enormous challenges posed by Hurricane Katrina are provided. Only the federal government has the capacity to provide these 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 its 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

The panel believes that, in the rebuilding, current and future citizens of New Orleans must have several basic rights. These include the following.

- Restored public utility service and restored levees so that all residents can return to their city
- Redevelopment that must begin immediately and equitably
- Efficient and effective government
- Integrity and transparency in government
- Stronger, empowered neighborhoods
- Fair compensation for property that cannot be rebuilt on.

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

Cooperation

The federal government, state government, and local government must work as partners toward shared objectives. In 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 President Bush, on behalf of the nation, in New Orleans on September 15, 2005.

Regional Opportunities

There are many regional challenges such as the repair and maintenance of the levees and wetlands systems, the administration and development of the port, mass transportation, and

emergency preparedness that do not stop at the parish boundary. These issues might best be addressed through a multi-parish regional approach. The panel urges the city and the Bring New Orleans Back Commission to collaborate with neighboring parishes to solve regional problems.

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.

Building Local Capacity

New local government entities are necessary so that federal government funds will be deployed effectively, with cooperation among different levels of government, and in a fashion that inspires the confidence of citizens, businesses, private capital – and, indeed, all Americans – in the future of a rejuvenated New Orleans.

Beyond this, city and state governments should take this opportunity to make fundamental changes in local and state law and processes in order to provide more effective government services to New Orleans citizens.

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 on line quickly.

- Congress should appropriate funds immediately to repair and improve the infrastructure necessary to provide power. The city should work with its delegation to secure the necessary funding.
- The rate base, severely reduced from its pre-Katrina level due to fewer customers, should be broadened, perhaps by folding the local power subsidiary into the parent company.
- The 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 assure utility service restoration. The panel encourages the city to expand its program of pre-certification 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 is ensuring that redevelopment occurs equitably and in a timely manner. The following recommendations are provided to facilitate and focus the rebuilding efforts so that federal assistance hopefully can be obtained.

As occurred with other natural disaster, federal assistance is needed for several aspects of the rebuilding. These include the following.

- Rebuilding the levees and other infrastructure
- Preparing a comprehensive plan for the rebuilding
- Financing and facilitating the rehabilitation of housing and the development of new housing
- Assembling land for redevelopment
- Repairing or renovating existing structured and building new structures
- Disposing land by sale, or long-term lease
- Supporting local (especially small) businesses, including 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
- Returning and enhancing the port facilities
- Environmental remediation
- Grants and tax credits for renovation of historic buildings and construction in historic neighborhoods
- Meeting the city's short-term financial requirements

Some of the federal approaches effectively used in other cities after natural and man made 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 to renters, business retention grants, expanded tax-exempt private activity bonds, and similar devices.

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). The CCRC will 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 consist of no fewer than seven but more than 15 directors appointed by the President of the United States, Governor of Louisiana, Mayor of New Orleans, and the New Orleans City Council, so that no single appointing authority appoints a majority of the directors. The directors of the corporation should be appointed with due regard for their professional experience, civic leadership, and familiarity with local conditions and circumstances. The panel believes this governance structure would create a vehicle for all levels of government to work cooperatively, provide comfort to federal authorities, that federal funds are being allocated wisely and with federal involvement, but would assure that actual delivery of services would take place at the grass roots level. This model is similar to the Lower Manhattan Development Corporation (LMDC) created by New York state and city governments after 9/11. The funding for the LMDC comes from the U.S. Department of Housing and Urban Development but is administered locally.

The corporation 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 revitalization of their properties through loans, grants, etc.
- Issue bonds to finance redevelopment activities (such as the Liberty Bond program)
- Fund public infrastructure essential to the redevelopment effort
- Identify and fund appropriate not-for-profit organizations to implement redevelopment plans

- Use of eminent domain to acquire land for public ownership (such as roads, parks and schools) and common carriers (such as utilities, public transit), and to acquire properties in blighted areas
- Funding of personnel positions in city government, such as inspectors and planners, who are exclusively dedicated to the rebuilding effort.
- Provide fair compensation to property owners who cannot rebuild on their land

One particularly important element of the new 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 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 waiting years to litigate claims in court. (side bar on Feinberg Commission)

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 the tax base has been sharply reduced. The city cannot meet its on going responsibilities, much less the new ones it has been forced to absorb. The panel believes the federal government must provide necessary funding to meet the city's short-term revenue crisis by supplementing local revenue sources.

The panel recognizes that this extraordinary request for federal assistance will necessitate the creation of new financial controls. It recommends the creation, through state legislation, of a Temporary Financial Oversight Board. This has been done in several other cities facing financial crises such as Washington, DC, Pittsburgh, and New York. In each of these cases, the oversight board successfully helped the city recover financially. The board shall have the following duties.

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

The board should consist of seven members, three 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. Members should be exceptionally well qualified in accounting, municipal finance and/or financial management.

There is a widespread, almost universal, perception – revealed through the panel’s interview process and elsewhere – that government can be arbitrary, lacks transparency, doesn’t provide a level playing field and is frequently inefficient. This perception crosses virtually every race, income level, and interest group. 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 capital. Areas that must be addressed include the following.

Create a new tax structure that is equitably administered, in accordance with the best practices of other major cities in America. 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 tax.

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 such means as requiring a super-majority 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 public review. The process must be depoliticized.

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

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 state statutory and constitutional changes to assure modern government.

Changes in the cultural and operational aspects of city government can also change public attitudes and improve citizen’s perception of government. The panel recommends that measurable performance standards for city administration and services (citistats), including best practices and benchmarking, be instituted. Clear and objective performance data for public review and consideration should be produced.

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 actions and leadership of government officials. The city should establish effective audit mechanisms, including an Inspector-General and a Board of Ethics, which are currently authorized in the existing city charter.

Better communications and cooperation among elected officials are essential, as are communications between elected officials and the citizens of New Orleans, including evacuees. The city should continue to maintain, improve, and publicize its toll-free number that provides information on jobs, property condition, status of service restoration and the like. The city should also institute a more participatory and open citizen engagement process for planning and decision making.

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

Strengthen and Empower Neighborhoods

Through funding provided by either the federal government or the private sector (e.g. the Bush-Clinton Fund), a nationally recognized intermediary should provide and administer planning grants and technical assistance to the city's 73 neighborhoods so that each can work effectively with the rebuilding corporation and the city to better plan their neighborhoods. The CCRC should empower the neighborhood groups and associations to provide substantive input into the rebuilding strategy.

ECONOMIC DEVELOPMENT AND CULTURE

This section of the report addresses the profound economic challenge facing the City of New Orleans. It presents some recommendations for economic development in the context of both the immediate rebuilding challenge as well as the longer-term restructuring of the local economy. Importantly, many of our recommendations are founded in the belief that New Orleans' 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.

- 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 showing significant strength prior to Katrina.
- 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.

Workforce

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

Leadership

Successful cities are those in which government and business leaders are closely aligned with respect to 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 the goals, the tension between their 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 longstanding 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 a problematic aspect of the city: a risk-averse, insular environment that permeates all sectors and is sometimes suspicious of outsiders, and 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, 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 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, to information, to political leaders, to job opportunities and training, and to 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 opportunity. New Orleans has long been unable to attract its fair share of investment capital. This is a reflection of 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's and state's tax codes and fiscal structure 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 Louisiana's neighbors in Texas, Mississippi, and Florida, in part based on their far more attractive climates for business investment. In the short term, federal sources should provide a stream of investment capital. But in the longer term, 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 concentrated 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, everyone knows the restaurants, the bars, the music. What few realize, however, is that behind the cheerful and colorful surface lies an economy that was, and now for sure is, in poor condition. The city has become increasingly less diversified through the years as the oil and gas business has consolidated to Houston, and other employment and income generating sectors have not taken its place.

The population of the city proper prior to Katrina was approximately 465,000, contained within a larger MSA with a population of 1.3 million. Like many other cities in the United States, New Orleans' population declined from 1990 to 2000 by 2.5 percent even while the regional population was increasing by 4.1 percent. While at first this MSA level growth seems impressive, it pales when compared with the growth of the US population at 13.2 percent over the 10-year period. New Orleans' population has been looking for a better economic environment by migrating out of the area.

The city population is overwhelmingly non-Hispanic black at 67 percent, versus the US at 12 percent. The percentage of foreign born population was a low 4 percent versus the nation at 11 percent. As a result, there was only a small population of other minorities and the black and white populations were increasingly dwelling in racially homogeneous neighborhoods. Unfortunately, poverty, too, was of significant proportion, with 27 percent of households in poverty versus the U.S. at 12 percent.

Some good demographic news for the future is that the age distribution and the average age were tilted towards a younger cohort. As the nation ages and some markets literally run out of workers, it is good to be a place where there will be young workers to fuel future growth.

According to the Brookings Institution, in terms of employment, 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—166,000 (157 percent) in Jefferson Parish, 69,000 (431 percent) in St. Tammany, and 14,000 (148 percent) in St. Charles.

The local economy was concentrated in services employment -- there was a 1.5 times greater share of service sector workers in the New Orleans metro area than in the US as a whole. Another large employment category is sales and office workers, with an emphasis on sales. The city was better endowed than the nation in transportation workers, wholesale trade, natural resources, education and health services and, of course, in leisure and hospitality. The high concentration in the education and health area is caused by the presence of 10 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 wide population but also the greater regional area, including Louisiana as a whole and Mississippi. Interestingly, this concentration of total workers does not translate into solid

numbers of physicians per 100,000 populations. The New Orleans metropolitan area had only 24.5 per 100,000, versus the US at 33 per 100,000. Furthermore, the strong showing of higher education facilities is not reflected in the educational environment faced by the kindergarten through 12th grade set, where the educational quotient ranking (out of a possible score of 100) is reported to be 1 – 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. As well, there were 10 million visitors to the Crescent City each year in the pre-Katrina years, generating over \$5 billion in sales, about a fifth of which is generated by Mardi Gras alone. . The presence of the Superdome and a 1.1 million square foot convention center has allowed for the attraction of some very large national events such as several Super Bowls. The cost of living was below the national average, as was the cost of housing.

But, when all is said and done, the tilted employment picture and the high poverty rates translated into low per capita incomes at \$19,000, versus the US at \$24,000.

There were 207,000 housing units in Orleans Parish before the storm and very little new construction had occurred over the prior years. In fact there were 3.3 percent fewer building permits in 2004 than in 2003. This is especially meaningful given a strong overall US 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 small businesses get back on their feet and also to support the launch of new businesses. Small businesses often do not have significant cash reserves, are often underinsured and are at significant risk of failure if they do not receive financial support. Those businesses in need must be quickly identified 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 are providing incentives to help attract and retain businesses as well as providing technical assistance.

The panel heard that pre-Katrina, there were over 18,000 small businesses in the metropolitan area with less than 50 employees, and they employed approximately 250,000 persons. Unlike other disasters that create temporary disruption, many of these small businesses may be closed for several months, and it is unclear when their customer base will return. As a result, many businesses will be faced with a permanent loss of customers and will need not just to replace “lost sales”, but will also need to attract and rebuild their customer base. This rebuilding typically requires an upfront investment in marketing, sales personnel, new equipment and product development. Therefore, programs targeted to support the small business community will need to include patient, equity-like capital, such as loans (with low interest rates) and grants, as well as technical assistance.

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

Near Term Actions

Access to Capital

Capital is urgently needed by most small businesses in New Orleans. If small businesses are going to survive, then it is critical to provide financial assistance quickly because they typically do not have significant cash reserves. Also, this assistance will allow management to focus on rebuilding their business rather than crisis management. While the panel assumes that the federal government will provide the majority of 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 base by investing in marketing and sales personnel, which may not generate cash flow immediately 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 (zero percent interest, non-amortizing with a bullet payment in five or ten years. If a business cannot repay the recoverable grant at maturity, then it is written off).

Partial government guarantees of small business loans to private sector lenders. Additional private sector capital could be made available if the government provided partial guarantees (50 to 75 percent) on loans made to affected businesses by local banks, credit unions, etc.

Flexible use of proceeds. Businesses will require capital not only 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 also evolve over time. Initially capital may be required to replace damaged property, but over time management may need marketing dollars.

Use of existing infrastructure to expedite delivery of these dollars. The Crescent City Rebuilding Corporation could partner with local financial institutions (banks, credit unions, non-profit 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 outreach ability to the small business community, financial expertise and reputation. Allocation of dollars should be based on a group's processing capacity. The government can then focus on oversight and quality control through regular reporting requirements.

Streamlined application. Organizations providing relief funds must develop responsible guidelines for making loans and recoverable grants, but they cannot be so cumbersome that it takes weeks to approve applications. They must include accountability and transparency.

Make any government grants non-taxable. Currently grants from non-profits to small businesses affected by a disaster 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 non-monetary assistance are also important to support the rebuilding of existing businesses and the launch of new businesses. The panel recommends that programs include the following.

- Access to technical assistance and effective distribution of information and services is critical to small businesses. The city, state, university or another organization should provide one-stop business centers that provide a host of services. These business centers could be housed at the “One-Stop Restoration Centers” that are proposed in the City and Urban Planning section of this report.

Businesses should be able to obtain technical assistance, including expertise on developing strategies to re-launch a business, setting priorities, creating new marketing strategies and identifying the appropriate capital for growth. Another important role of these centers is to provide information, including a comprehensive list of available loan and grant programs, as well as tax incentives available to small businesses. This information should also be available on the city and state websites, as well as to other intermediaries that are working with small businesses.

- Business owners should have access to a business advocate who will help identify resources and ensure the owner’s needs are met.
- To the extent there are donations of good and services for small businesses, there should be a central clearinghouse that connects businesses in need with these donations.
- Government and large corporations can also help small businesses by buying from them and expediting payment.
- The panel agreed that new tax incentives that would encourage investment and growth of small businesses should be provided and could include the following.
 - Employee credits for businesses with less than 200 employees
 - Tax write-off on new office equipment
 - Depreciation credit for property, including office equipment, new technology and other property (excluding tenant improvements)
 - Accelerated depreciation for leasehold improvements – accelerated to 5 years
 - Real estate tax abatements
 - Permanent elimination of the commercial rent tax
 - Sales tax exemptions for office furniture and equipment

Longer 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.

Creation of an investment fund that will mobilize the business community to help rebuild the local economy: This fund would invest in local businesses, with a particular focus on minority-owned businesses, and other economic development projects. The fund would provide debt (either at market rates or below) and equity. It would also 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 to support its portfolio companies. While it would be privately funded, it would work closely with the city’s and state’s economic development groups and local academic institutions to stimulate growth and job creation. Investors could include financial institutions (that would receive Community Reinvestment Act credit), oil companies, real estate firms and other major corporations. The most likely investors would be local companies and companies that have left the region—perhaps in the wake of Katrina—but still have a fondness for New Orleans. Examples of where 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 the business leaders.

Launch an organization, such as a business incubator, that fosters an increase in company formation: Small business owners and entrepreneurs could benefit from an entity that is focused on helping them develop a strong business plan, connect to sources of capital, and engage an experienced business mentor 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 resident business expertise of faculty and students. The panel understands that at least one local university was already working on such a project prior to Katrina. An example of such an organization is Innovation Philadelphia, which was founded by the president of University of Pennsylvania and the CEO of Comcast, which works closely with the public sector. Another example is UCSD CONNECT, which helped drive the development of the biotech sector in San Diego. UCSD 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 sectors to leverage economic incentives.

Reform of the state tax code. As is generally true for 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 and they also provide entry-level jobs for 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 cost and allowing more affordable rents, will also have to be provided. Another creative incentive to encourage retailers to locate in underserved neighborhoods would be to have tenants pay a percentage of profits for the first year of operations versus a flat fee. The national Main Street program is a proven way of increasing the vitality of neighborhood retail streets and the city should investigate participating if it does not do so already. Another example was the ANCHOR/Partnership Plaza Program in New York City.

Physical Rebuilding

The process of rebuilding New Orleans will be a major source of economic activity and growth for the city. This has been experienced after many natural disasters in other parts of the country.

Achieving a high level of economic activity will not require much public intervention. However, if specific steps are not taken, much of this planning and physical construction is likely to be carried out by national and regional companies that do not have much, if any, local presence. In addition, many of the jobs are likely to be filled by temporary workers from outside of the city, ranging from migrant laborers to skilled craftsman coming to the area for a relatively short period of time to take advantage of job opportunities. Furthermore, without intervention, low-income city residents, to the extent they 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 good jobs in the future. One benefit of employing local residents is that the money they earn is much more likely to be spent locally, so that the “multiplier effect” of these jobs would be much greater than if the jobs are filled by temporary outsiders, who are likely to send much of their incomes to their home areas, or by suburbanites who are more likely to spend money close to their homes than in the city.

It is important that rapid rebuilding not be interfered with. 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 is also 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, landscaping, etc.) will be particularly valuable because there is a great scarcity of skilled workers in this industry in the United States, it is not an industry that is 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.
- In order to increase the participation of local and smaller contractors in the rebuilding of New Orleans, a neighborhood builders program should be created. This program would match small builders with veteran builders who are long-term successful developers. They 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 non-profit) must also 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 often need additional equity to be able to secure larger contracts. They also need help in developing relationship 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 “living wages.” Living wages are most often defined as equivalent to the wage required to support a family of four with one worker while staying above the poverty limit (approximately \$9.00-\$10.00 per hour currently depending upon hours worked annually). Other requirements, such as health benefits and a certain number of vacations days, might also be included. 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 they make it difficult for smaller businesses to compete for construction contracts due to the Act’s job classification requirements (small businesses typically have less specialized workforces).
- Designate and support community colleges to offer an extensive program in construction trades, as well as planning and design. The programs and courses offered 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 be included in the design of the programs
 - There be a specific provision for students to be called to work on relevant rebuilding projects as a form of on-the-job training while they are the midst of their coursework
 - Some of the training actually be conducted on work sites
 - Students who satisfactorily complete the training for a trade be guaranteed job placement
 - Financial support be provided for students (including payments in lieu of wages in addition to the cost of the training itself) and the institution(s) providing the training

- Trainees in construction trades programs receive priority for available housing, along with other workers critical to the rebuilding efforts
- To the extent necessary, include training in life skills such as money management and health.
- Consider 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 the trades.
- Create a high school magnet program oriented to the construction trades and related fields, and create linkages with the community college program so 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 provide preference for existing and displaced city residents.
- 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 be important to achieve this result. In addition and specifically, the panel recommends the following for new and other small businesses in these industries.
 - Capacity-building services for small businesses, such as accounting and legal
 - Assistance in compliance with federal contracting requirements (to the extent applicable), as well as the living wage requirements that the panel is recommending
 - Administrative support
 - Provision of access to capital for the company as a whole and for specific construction and renovation projects
 - As a backup to this source, establishment of a program that provides access to a pool of capital generated for this purpose by issuing bonds

Culture and Tourism

In the words of Wynton Marsalis, world-renowned jazz musician,

“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 complexity 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.”

New Orleans’ 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 culture experience generate over \$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’ current competitive edge. Results from the 2004 visitor intercept study indicate that the visitors that frequent New Orleans the most are regional coming primarily from for the state of Louisiana (15.9 percent), Texas (15.5 percent), Mississippi (8.8 percent), as well as other southern states . The panel believes that it is important to build on this existing strength by growing the elements of tourism that particularly relish the city’s culture, music, food, and architecture, at the same time as efforts are underway to diversify the city’s economy into the other targeted industries recommended in this report.

One overarching theme 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, in preference to mass market tourism. In order to accomplish this, an expanded menu of venues and topics should be created, including museums, concerts, tours, eco tourism (birds, migration, bayous), lectures, education, performances, architecture, art galleries, antiques, and crafts.

Near Term Actions

To help revitalize this industry, and more importantly rebuild the economy of the city of New Orleans, several immediate steps can be taken.

The city should expand its cultural ambassador program to include additional individuals who can promote and advocate on behalf of the industry. This will serve to spotlight the city’s efforts to rebuild its cultural heritage. Well-known figures such as Wynton Marsalis, Harry Connick, Jr., the Neville Brothers or sports figures like the Manning family would all be good candidates for an expanded 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 help to encourage visitors to return, or convention planners to bring their conventions back to the city

quickly. It will also be critical that visitors and convention planners be satisfied 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 incentivizing, the owners and managers of those facilities to quickly restore their facilities 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.
- Jazz and Heritage Festival, which brings nearly 400,000 visitors to New Orleans in late April and early May.
- Bayou Classic, the annual football game between Southern University and Grambling. The greatest and most distinguished sporting event in the African American Community, this year it will be held in Houston. Steps need to be taken to return this event to New Orleans.
- Essence Music Festival, known as the "party with a purpose," draws over 200,000. The event combines nightly hip-hop, rhythm and blues and soul concerts in the Superdome with daytime "empowerment seminars" with motivational speakers, 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 is also considering an event in New Orleans in late July, a sort of mini-Essence Festival, possibly at New Orleans Arena, to benefit the producer's various recovery initiatives.
- The Jazz Funeral is a unique and culturally significant event in New Orleans. Specifically, when jazz musicians die, on the way to the funeral a cadre of musicians in procession plays sad songs. However afterwards, songs of celebration are played. This is an African American tradition in New Orleans that could be institutionalized as a marketing vehicle. Specifically, other well-known artists who die can be similarly commemorated. The Jazz Funeral is a unique way to say goodbye and is a concept that could be expanded as a marketing vehicle to commemorate the lives of musicians and artists general.

Artist Housing and Incentives

The wrath of Katrina has dispersed one of New Orleans' 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. Such opportunities 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 the tools of the cultural trade including such

items as musical instruments, sheet music, and art supplies so that they can be donated to the artists.

Recently, city officials and artists who call New Orleans home announced that they would team with Habitat for Humanity to build a village for musicians displaced by the storm. The effort is 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 Pontaba 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 an artists WPA. Similar to the Public Works of Art Project (P.W.A.P.) in the 1930s, created under Federal Project One, the state and the city should begin to develop and seek approval for legislation to provide employment for artists.

Longer Term Actions

The ULI panel supports the development of the New Orleans Jazz Orchestra and its facilities. In the spirit of celebrating and rebuilding its culture, The New Orleans Jazz Orchestra has conceptualized a facility that will house three performance halls, various education spaces (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 provide for 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, will play a central role in the revitalization efforts for the City of New Orleans. Prior to Hurricane Katrina, no such center primarily dedicated to jazz existed, and now as the city focuses on re-establishing the great city of New Orleans, such a center will be urgently needed.

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

Similar to Jazz at Lincoln Center's Frederick P. Rose Hall, the NOJO will ensure that the proposed facility presents and showcases the highest quality programs that promote New Orleans culture and jazz. Truly a multi-disciplinary center in concept, the facility will offer a variety of spaces that will enable the presentation of theater, small ensembles, ballet, big band, and more, around 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. Canal Street is the front door and gateway for the French quarter. Revitalizing the commercial corridor, including retail and streetscape, will help make it safe, clean and spectacular and will help rebuild both the city image and the economy. In keeping with the 1998 ULI panel report recommendations, the creation of a Canal Street business improvement district (BID) is recommended to improve the streetscape and storefronts, provide coordinated marketing, and keep the streets and sidewalks clean. These improvements will also make it more likely that Canal Street could attract more upscale retailers, such as women's apparel stores.

While music has been a critical part of the unique cultural scene in New Orleans, and a strong contributor to its appeal to visitors, the music industry in general, and the New Orleans brand of music in particular, represent 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. In addition, other musical artists such as Mahalia Jackson, Harry Connick, Jr., Dr. John, Antoine 'Fats' Domino, and the Neville Brothers rose to fame from this musical incubator.

In order to further this history of the incubation of musical artists, the following steps should be taken in light of Katrina (some of which are also discussed in the Culture and Tourism section):

- Develop short-term support initiatives for displaced musicians, which could include a directed sponsorship program to channel philanthropic funds to sponsor specific affected musicians;
- Support the numerous emerging efforts to establish national tours of displaced NO musicians, analogous to Ry Cooder's Buena Vista Social Club project. This could yield a documentary film, CD, related merchandise, and other ancillary benefits;

Longer Term Actions

Once a musical arts incubation process has been put in motion, consideration should be directed to the feasibility of developing various musical-based facilities, 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, develop a curriculum to train young music technicians, especially in the area of digital music.

Food

New Orleans' culture of cuisine and hospitality is world famous, and offers two important categories of economic opportunity. Most obviously, the diverse array of restaurants in the city help support the tourism industry and provide an important amenity for residents. They 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 those restaurants 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”, with heavily promoted fixed price menus at a selection of the city’s top restaurants, could be one example of such a promotion. This will likely 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 for broader economic impact. Several chefs and food entrepreneurs have successfully marketed a New Orleans identity nationally and internationally. Paul Prudhomme and Emeril LaGasse are well-known examples. It is essential that this process continue and expand, but importantly these growing companies must be retained within New Orleans and Louisiana. At their strongest, such companies support employment in a wide range of sectors beyond restaurant service workers: 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 in the area, and encourage the creation of new ones.

The food and restaurant industry can also 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. Johnson and Wales of Rhode Island is actively replicating their culinary institute model building a number of campuses across the country. The campuses have attracted up to 4,000 students on each site swelling the total Johnson and Wales enrollment to more than 16,000 students. While culinary arts is the major area of educational concentration of Johnson and Wales attracting more than 50 percent of all students, hotel management is also a curriculum. Unlike the Culinary Institute of America, which seems to want to protect its brand and limit its domestic expansion, Johnson and Wales is a very viable institution to pursue to promote and expand and strengthen the food industry as a part of New Orleans culture because of its apparent nimble entrepreneurial approach.

Other Events and Sports Marketing

New Orleans’ reputation as a year-round destination and entertainment city gives it competitive advantages it may be able to leverage and enhance. The City’s extensive sports and event facilities present assets which can be capitalized upon to generate revenues to the economy in both the near and long terms.

Short Term Actions

Specifically, the utility of the Superdome and the city's other events venues should be examined immediately. When can the facilities be put back in service? The Superdome Management Group should reach out and explore opportunities to redirect scheduled or create special events that can be re-directed to the Superdome to help re-invigorate the city. A determination should also be made to establish if there are other uses for which it can be used.

Although a "small market" city by professional sports team standards, the city should work with the state, the NFL and the NBA to examine the efficacy of 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. This may be able to be accomplished without asking taxpayers to pay the burden of building new facilities because the facilities are already constructed, although they may require material additional capital investments. Although not annual, revenue from major international events, such as the Super Bowl is very meaningful to the local and state economy and gives the city international recognition.

Also for the near term, every effort should be made to maximize the use of the convention center. It is critical that the city maintain as many bookings as possible. There may also be opportunities to create "special events". 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.

More generally, as discussed in some other sections of this report, it is critical that every effort 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 ULI panel's deliberations to assess the viability of the city as a host. These events need strong support by local leaders.

Longer Term Actions

Once the initial efforts have been undertaken, for the longer term it makes sense to design additional incentives that can be offered to attract regional and national scale events. The panel also recommends exploration of the opportunities for "not for profit" conferences, and building a campaign around appropriate slogans and establish media relation campaigns, such as "We Are Coming Back and so should you"!

It may also be appropriate to create an exhibit/memorial for the Hurricane and its victims. Such an interpretive museum may provide a hands-on way to help the ongoing, long term recovery. It may also present a history of land use in New Orleans. There may also be a market for a New Orleans Heritage Center.

Also longer term, the panel believes there may be an opportunity to leverage New Orleans' reputation as a leading venue for sports activities beyond football and basketball. Other comparatively small athletic market cities have established a real niche through the creation of a

world-class amateur sports facility. These facilities could include numerous venues including the following.

- Natatorium
- Velodrome
- Track and Field
- Basketball
- Volleyball
- Fencing
- Ice skating rink

This kind of facility would provide greater diversity of annual revenues and generate a great “multiplier effect” to 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.

There are nine colleges and universities in New Orleans, each serving a different clientele.

- Delgado Community College
- Dillard University
- Louisiana State University Health Sciences Center
- Loyola University New Orleans
- Our Lady of the Holy Cross College
- Southern University New Orleans
- Tulane University
- University of New Orleans
- Xavier University of Louisiana

Together they employed approximately 8,000 people and served over 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 less damage, while Southern, Dillard and Xavier suffered extensive damage. In order to accommodate most of the students, Tulane and Loyola are teaming up with Xavier and Dillard to share classroom space in January and allow all four schools to re-open. While the schools will reopen in January, it is not known how many students will return in January, nor the potential fall-off in enrollment for Fall 2006. There has been some loss of faculty and researchers as well. Clearly, housing for students and employees will be 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 due to devastation. Dillard is a liberal arts college with previous enrollment of 2,200 students. Unlike Xavier University, the other

historically black college in New Orleans, which is known for its health sciences and a strong pre-med program for African-American doctors, pharmacists and other medical professionals, it specializes in liberal arts.

As a major part of the university programs, LSU and Tulane offer medical training. The Health Science Center provides five professional schools and graduate schools in medical, dental, nursing, allied health and public health. In addition to directly educating students, these services provided health care to New Orleans patients at Charity Hospital and University Hospital. Charity Hospital is considered too badly damaged to re-open; University Hospital is still under assessment. 70 percent of health care professionals in Louisiana trained at LSU. Studies show that physicians tend to practice within 150 miles of where they train. Thus, if LSU and Tulane are in jeopardy relative to their future, the entire health care of the state might be diminished.

In addition to the academic component of the university sector, research plays a significant role. The National Institutes of Health has estimated that about 300 federally funded projects suffered serious damage due to 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 with the prospect for major economic benefits were underway before Katrina. The New Orleans Bioinnovation center, proposed for a site on Canal Street, is a joint initiative of LSU and Tulane and is dependent on state funding. So far, funding remains intact, 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.

Near Term Actions

Since funding for faculty and administration for teaching hospitals is tied to the hospital, when the hospital closes, funding for medical teaching staff and support disappears. At present, LSU lost five teaching facilities post-Katrina. With this loss, \$79 million in budget floated away. Currently, LSU is paying physicians and top faculty through other funds, but cannot continue for long. As it is, faculty and scientists are being approached by other institutions and offered positions, often at higher salaries. Securing funding for the universities to retain this important component is necessary. In addition, the city should immediately fund operating budgets to retain priority faculty, scientists and administrators and commit to rebuilding the Medical District in New Orleans. By erasing the uncertainty, faculty, administrators and students can all make plans for the future.

In addition, the combined 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 indicate 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 if the city can indeed compete in this highly competitive sector, particularly coming out of its current devastated state. Two areas working against New Orleans in the biosciences sector are the lack of a venture capital community attuned to this sector and a workforce lacking the skills and education necessary for this industry.

The panel believes that Delgado needs to continue to be actively involved in training health service workers and enhancing career opportunities. Currently, 1 in 9 employees in the New Orleans area work in health care. Improving training and educational opportunities will benefit the entire community.

On the non-medical university 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 plant, assurance to parents that New Orleans is safe, providing scholarships if necessary to retain the best students, and approaching alumni/ae for resources. Many of these efforts are already underway.

Longer 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 there are any opportunities to be a national or international center of excellence in one or more specialties. If so, it should do all it can do to maximize this potential. It may also be possible to create a boutique destination for high quality diagnostic or treatment services, such as the Mayo Clinic has done generally.

Consistent with the invigoration of the New Orleans Regional Medical Center, that consortium should consider the feasibility of creating a jointly sponsored technology incubator for entrepreneurs in that field. This consortium can attract and nurture, and understand the needs, of venture capital for entrepreneurial small businesses. To encourage the development of entrepreneurial businesses, an improved tax environment would greatly enhance the likelihood of success.

Port of New Orleans

As a landlord port, The Port of News Orleans has two main components—cruise ships and cargo handling. The port is a significant component of the New Orleans economy as 735,000 passengers pass through, with 80 percent spending two days additionally in the city for pre and post-cruise vacations. It is estimated that the city receives \$190 million in benefits from the cruise business annually.

In 2004, cargo handling was predominantly break bulk, rather than container shipping. It is an inter-modal port with most goods passing through the city on their way elsewhere. Approximately 70 percent of cargo that arrives is bound for points 250 miles away or more. This

is distinguished from the Port of Houston where the city consumes most of the goods that are delivered. The major imported goods are coffee, steel from Japan, rubber, and carbon black. These factors somewhat limit the potential for cargo handling, as commodities head upriver for handling and distribution to local markets.

Near-Term Actions

In the near-term it is recommended that the port be brought back to its pre-Katrina capacity for both cruise ship and freight businesses. The port is presently at 45 percent capacity and there is an urgent need for the port to resume its pre-hurricane capacity.

There are several tenants in the port that were damaged in the hurricane and it is understood 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 MRGO. With the port operational, and with its key customers requirements more clearly understood, the industrial justification for the outlet and canal can be clarified and determined.

Prior to Katrina, the port was to expand its cruise ship terminal capacity at Poland Avenue. Funding for the terminal was suspended due to the hurricane crisis. It is recommended that the bond funding be reinstated to enable the construction to begin. Expansion of the cruise ship business will not only bring increased revenues to the port, its multiplier effect is substantial for the city. Expansion of the cruise business could bring the total up to 1 million annual passengers to the port.

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 expand its capacity for handling container shipping. Container handling capacity will enable the possibility of handling other and increased cargo.

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

The closure of the F. Edward Hebert Memorial Center Naval Support Activity East Bank, immediately adjacent to the proposed Poland Avenue terminal, will provide an opportunity to develop housing and commercial development, particularly in the warehouses on the site. This BRAC site could also present an opportunity for shared parking with the cruise ship passengers. Passengers on the cruise ships most typically arrive by car.

The port 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 were a traditional pillar of 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 is obviously 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 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—and especially those related to building technologies and systems – research, development, and manufacturing jobs could be created in a more diverse energy sector.

Film and TV 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 passage of this act, there was approximately \$15 million to \$20 million of film and TV production activity in Louisiana.

By the end of 2003, this Act was responsible for over \$250 million in production in Louisiana, with 85 percent in New Orleans. In 2004, this figure exceeded \$580 million in Louisiana, again 85 percent of this activity in the New Orleans metropolitan area.

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

All films in New Orleans at the time of, and scheduled for New Orleans after the storm, either relocated or shut down. Several were high profile projects, including two major motion pictures with production budgets in the \$100 million range. In addition, several television series slated for Louisiana and New Orleans were relocated.

This Incentive Act in concert with 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 2005, prior to Katrina the film and TV production investment was on track in the city to exceed the 2004 level of \$580 million, with New Orleans continuing to receive the lion's share. In June 2005 the Incentive Act was amended to include tax incentives for infrastructure development and music production. In July 2005, 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 is to develop their facilities on the West Bank. LIFT Productions is to develop their facilities in downtown New Orleans. In addition, two independent producers planned to redevelop New Orleans's Independent Studios in the 9th Ward as a 'teaching' studio. This deal was to close on September 2005.

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 9th Ward. This parcel to parcel linkage strategy has proven successful with projects such as the 36 story, One Lincoln Office, tower in downtown Boston and the nine story office building at Renaissance Park in the needy Roxbury neighborhood of Boston. These exciting initiatives have been slowed by Katrina, but remain important elements in the rebuilding process for the city.

The emerging era of digital media also represents a promising direction. Content coming out of the growing film and TV industry in Louisiana and New Orleans can help 'feed' this newly emerging entertainment sector.

As with the proposed training studio in the 9th Ward, digital media offers educational opportunities both at the university and community levels.

Military

The military has had a presence in New Orleans for many years and does have an economic impact on the city in terms of employment. Federal City entails the proposal to 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 8th District headquarters and the Army Reserve's 377th Theater Support Command, both in New Orleans, could be tenants. The proposal came out of the BRAC process to realign military operations in New Orleans. The state of Louisiana committed to fund \$100 million towards the creation of the Federal City. Essentially the marines and navy would leave the East Bank and move onto 200 acres that is currently the navy base in Algiers.

Retirement Housing

The age wave is now at a point where it can prove to be beneficial to the New Orleans economy. People born in the post World War II time period, 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 5 to 10 years they will retire, in droves. This is a huge amount of activity, and so the question is what do these boomers want and how do these boomers behave? Could a rising population of boomers be a boon to an economy?

As is evident in figure 1 below, as people age their spending patterns change. In prior generations the older one got, the less one spent, especially once retired. It appears that this pattern may be changing with the arrival of the baby boomers. The rate of spending growth in the age cohorts that used to slow down is now accelerating. These are consumers with excellent discretionary incomes and net wealth from which to draw. The very population that is growing and which has the most leisure time is spending at a higher rate than ever before.

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

As is shown in Figure 2 below, this older cohort also has the highest level of home ownership. So both retail sales and home ownership levels are extremely high among this group. Consumption and ownership spells commitment to an area and a wonderful source of economic growth.

New Orleans is in a good position to capitalize on this market. With its walkable urban areas, water amenities, striking architecture, excellent cultural amenities, great food, excellent health infrastructure and a solid higher educational infrastructure would be an ideal retirement mecca. The implications are tremendous – condo development suitable to the ambiance of the market, retail geared towards an older consumer, recreation and eco-tourism, adult and life-long education, support for theater, dance, art. This is a perfect constituency for the New Orleans area.

There is 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 that of Florida, Texas and Mississippi at least.

Figure 1

Where Is Spending Growing Fastest?

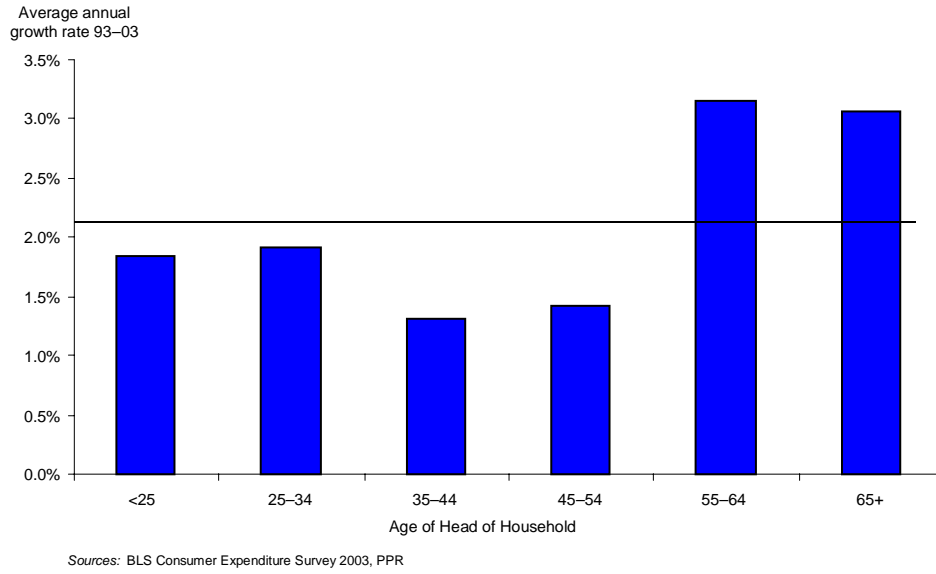
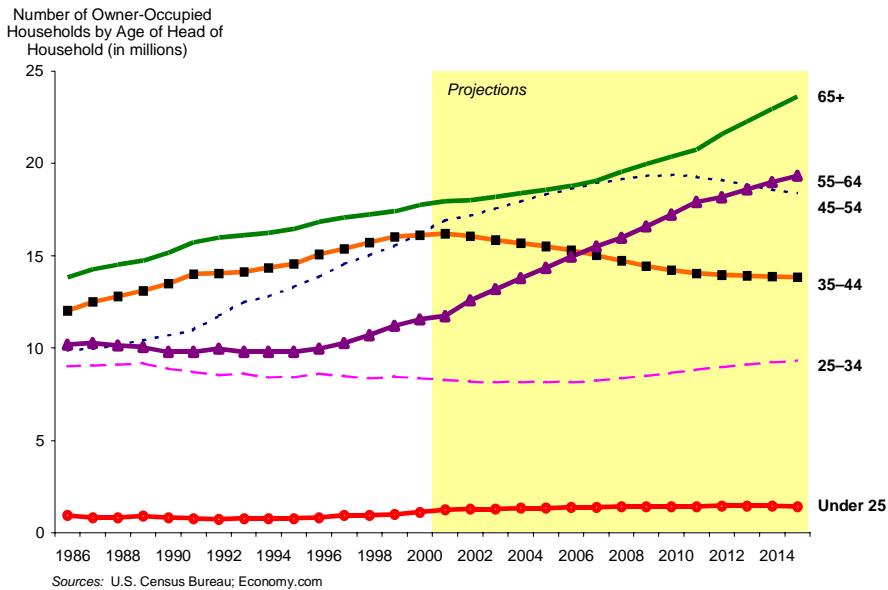


Figure 2

Huge Growth in Owner-Occupied Homes!



CITY AND URBAN PLANNING

New Orleans is an extraordinary American city and has the opportunity of emerging from its post-Katrina reconstruction as a healthier, more livable, and more beautiful city while retaining its authentic character. Its remarkable urban pattern is the foundation for the future New Orleans reflected by strong neighborhoods, historic architecture, parks, boulevards, “neutral grounds,” and a close-knit pattern of housing, institutions, shops and workplaces. These urban features and New Orleans’ unique environmental context make this city exceptional 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 city council, must be reconsidered in light of the destruction that has occurred, particularly in its land use regulations and capital program components. Massive investments will be required to assure safety from storms and flood events, to reconstruct schools, medical facilities and other essential public services, as well as to restore or replace damaged housing, and to repair streets and infrastructure. Guided by a thoughtful and intentional plan, these investments can be leveraged to create a true 21st Century City – an opportunity that few cities ever have over their lifetimes.

Principles for Recovery

As the city charts its future course, several principles should be uppermost in framing its decisions on rebuilding.

Plans should be faithful to what makes New Orleans unique. The city has a soul, 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 few American 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 each other. While its French Quarter and Garden District are world renowned, the true heart of the city beats in all its neighborhoods, and each display a character that is home-grown, authentic and without an ounce of artifice.

Neighborhoods are the essential building block of New Orleans and 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 man-made systems. The total reliance on engineered solutions – levees, sea walls, drainage canals, pumping stations and other installed devices left no margin for failure, resulting in the unimaginable consequences recently experienced. As New Orleans designs, rebuilds and strengthens its flood protection, 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 can also serve as recreation and leisure amenities, improving the overall quality of life in the city, particularly in areas that have historically been under-served by parks, green space, and recreational venues. In order for any application of this natural and engineered approach to be effective, it must be applied to the coastal region as well as within the boundaries of Orleans Parish. The relationship between coastal and urban sustainability is immutable and any long-term solution will need to address both scales of intervention.

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 are safe and offer the best opportunities for restoration and improvement. Tens of thousands of New Orleans residents are willing and able to begin to improving 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 take responsibility, individually and collectively, for their environs. However, for some areas of the city that have been severely impacted by flooding and exacerbated environmental conditions, more time will be required for conclusive decisions. Plans and determinations on the future of all areas must be transparent, fair, and equitable recognizing the real conditions of each area, and the commitment to bring them back on line. Each part of the city must become a livable and sustainable component of its neighborhood 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 urban character pre-Katrina 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 to this day in positing an overall post-Katrina recovery strategy and which informs The panel's recommendation for strategic re-investment in the city. When New Orleans was initially 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 was wetland where the elevated portions of the Mississippi River's bank 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 eastward downriver along the same elevation, protecting the settlements from flooding by either the Mississippi River or Lake Pontchartrain. With the construction of drainage canals and levees in the late 19th and more substantially in the early 20th centuries, 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 further development along the eastern edge of Lake Pontchartrain. At present, much of the city is between 1 and 10 feet below sea level and a complex system of levees, canals, floodwalls, and pumps are still necessary to remove stormwater from these low-lying areas. Hurricane Katrina's pattern of flooding followed many of these low areas inhabited after 1940. This pattern suggests that any recovery plan must incorporate a more effective and integrated system of stormwater management and infrastructure that 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. In this city, every square inch, whether residential, commercial, institutional, or industrial, falls within a neighborhood boundary. These designations correspond not only to limits on a map, but also embody neighborhood history, demography, environment, architecture, and infrastructure. In a city of such diverse population, culture, location, and condition, the appreciation of the neighborhood is fundamental to the 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.

One remarkable aspect of New Orleans's neighborhoods is that they house some of the most continuous occupancy by families in the nation. That is, more families have lived in New Orleans from generation-to-generation than in most major cities in America. This continuity has important implications in understanding the city and in fashioning any strategy for its recovery. In some cases it may mean that property that was lost to Katrina has a history of ownership in one family that spans decades; in other cases, it may mean that generational association with the entire city is strong whether or not the family lived in different residences or neighborhoods over time.

The pattern of home ownership across the city is also instructive where the significant majority of New Orleans shows an ownership rate of 25 percent and higher. Even in those areas where home ownership is less than 25 percent, the land use is largely commercial or institutional, implying that home ownership is still significant in these areas. This information reinforces the care with which any recovery plan must address the collective character of neighborhoods and the individual prospect for families to reclaim property.

The rental market has also been strong in the city with students attending major educational institutions, artists of various media, and other transitional dwellers complementing the fabric of long-term ownership in the city. This renting segment must also be considered in the strategy for housing development and investment in the public realm to ensure a viable diversity across demography in the city.

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 Districts are emblematic of unique chapters in the history of North America. However, the city's authentic spirit courses through lesser known neighborhoods like Irish Channel, Mid-City, Tremé, Bywater, and Holy Cross. The array of Creole cottages, shotgun houses, corner stores, craftsman cottages and townhouses form an architectural ensemble unique in American cities, and in world cities for that matter. New Orleans contains 20 districts listed on the National Register of Historic Places, approaching half of the city's land area. It boasts thirteen National Historic Landmarks. The Vieux Carré and thirteen additional historic districts are designated and protected by the city government of New Orleans through local commissions that oversee exterior changed, demolition, and infill design through their authority in the issuance of building permit.

Thus planning and redevelopment of the Crescent City must utilize its own unique authenticity and protect the soul of New Orleans, which permeates through residences and draws visitors from around the globe to districts of all scale, demography, and location. While so many other American 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 designations. Moreover, many cornerstones of urban design in this historic city, such as context, scale, and contribution to the streetscape, can be instructive for new infill development.

A City of the Delta - A City of the Coast

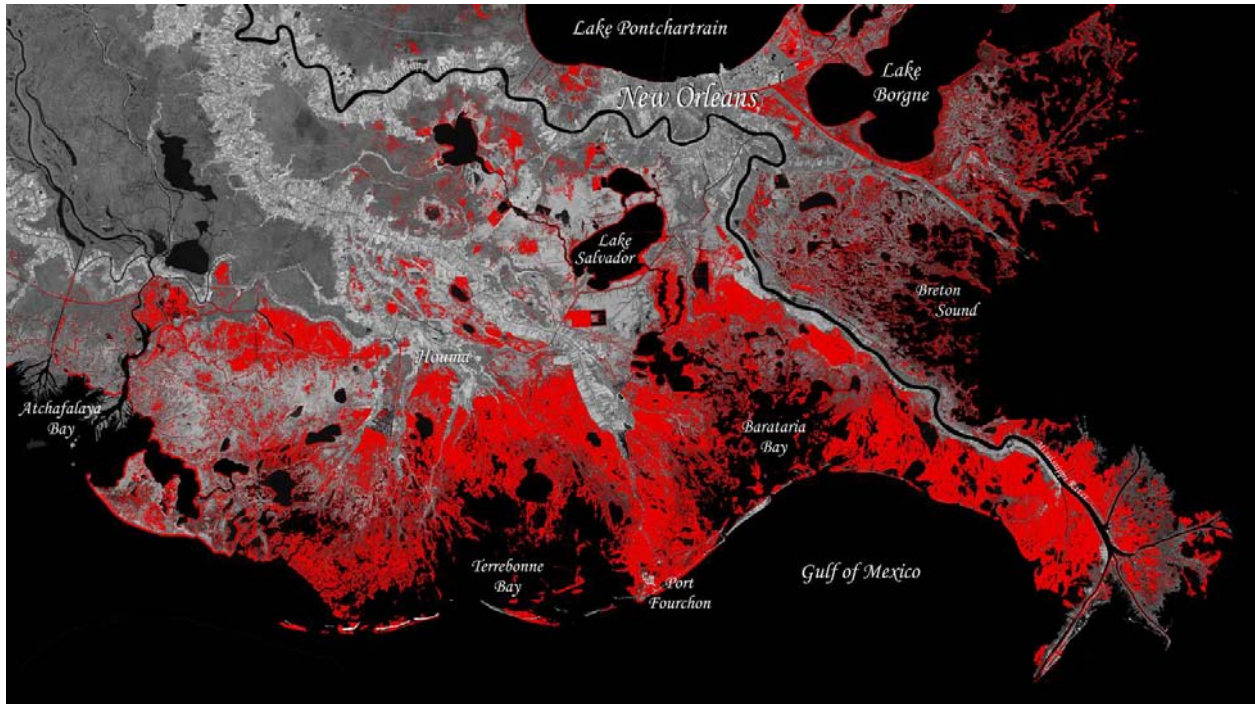
In addition to New Orleans' location at the Mississippi delta, the city is also integral to the Gulf Intracoastal Waterway. Therefore, a robust urban drainage system within Orleans Parish may not be sufficient if the broader regional context of the city's hydrology is not understood and accounted for in a comprehensive approach. The city's position in a "dual-network" of waterways, coupled with the Gulf's coastal erosion, calls with greater urgency for a long-range approach to a sustainable balance that benefits both city and region. In other words, "The Water is at the City's Gate".

Coastal Louisiana encompasses 40 percent of the nation's coastal marshes. This complex landscape was formed by sediment deposited over the last 5,000 years by the Mississippi River, which drains 41 percent of the nation. Over time, those sediments created an intricate wetland and barrier islands system that stretched over 4 million acres. The region's coastal wetlands have experienced accelerated land loss; the reasons are complex and vary across the areas of disturbance. Natural factors such as relative sea level rise, coastal storms and hurricanes, wave action, land subsidence, and tidal exchange affect wetland form and stability. In recent decades, human activities and development within the Mississippi River watershed have altered the historic hydrology and function of Louisiana's coastal marshes.

Changes in hydrology have limited sediment and nutrient flows to coastal areas, resulting in a net loss of land affecting wetlands, bays, estuaries, and barrier islands. Barrier islands serve as important storm protective buffer. By retarding wave energy, barrier islands reduce storm surges, erosion of coastal wetlands, and saltwater intrusion. Land loss in coastal Louisiana has reached catastrophic proportions, accounting for 90 percent of the total coastal marsh loss in the nation. According to the Louisiana Coastal Area Study (LCA Study) Louisiana– Ecosystem Restoration Study 2004, since 1930 coastal Louisiana has lost over 1.2 million acres of land. While land-loss rates have varied through the years, it is estimated that coastal Louisiana would continue to lose land at a rate of approximately 6,600 acres per year. This information is relevant to the post-Katrina repopulation of New Orleans because land loss has directly affected the city's vulnerability to large-storm events. The natural protective barriers surrounding New Orleans have been lost leaving the city its most vulnerable since its founding. Every 3 miles of marshland can stop up to one foot of storm surge during a category 3 hurricane. It was estimated pre-Katrina that coastal Louisiana will have lost almost 1.5 million acres by 2050, according to the U.S. Army Corps of Engineers LCA Ecosystem Restoration Study. In Figure 3, the areas shown in red indicate the extent of land lost and that coastal erosion predicted for 2050.

However, initial reconnaissance by the USGS indicates that east of the Mississippi River, Hurricane Katrina's intensity may have already 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 has reached the city proper.

Figure 3. Expected land loss by 2050.



Source: USGS. Areas in red indicate anticipated land loss by 2050.

The goal of the LCA study is to identify how to reverse the current trend of degradation of the coastal ecosystem. This study details \$1.9 billion worth of ecosystem restoration projects over the next 10 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 the benchmarks for successful restoration.
- Coastal wetland restoration can only be successfully achieved through the comprehensive partnership of federal and state agencies and local parishes.

- In order 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 system-wide or regional approach.
- Individual projects must be evaluated on 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 without considering the impacts of the 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.
- 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 wetland restoration is an integral component of flood protection and safety within the city of New Orleans. Reducing or reversing land loss along Louisiana’s coast must be completed 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 are yet to be fully measured. Certainly, this event will qualify as one of the greatest natural disasters in U.S. history. What has also 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 many cities across the U.S. 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 similar crossroad 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 the goals” for post-Katrina New Orleans.

Cross Town Connections

New Orleans is a city of distinct neighborhoods and districts. It is also clear that improved connection across New Orleans for transportation and land-use enhancements must be included in the city's recovery plan. Many projects were already underway in the city's transportation plan for extended streetcar or light rail. These projects should still be explored for feasibility with an added focus on developing transit-oriented development along these transit corridors, which can address needs for consolidated uses that allow for more efficient investment for returning housing and businesses.

In addition to the transit related enhancements, the panel suggests a prioritization of streetscape and corridor improvements for all modes: vehicular, bicycle, and pedestrian. Linked with an extensive network of linear trails and civic destinations, New Orleans could improve its citizens' city-wide access through a better organized, more enjoyable and value-enhancing system irrespective of origin, destination or the modes in which the citizens travel. New Orleans streets are as celebrated as its neighborhoods; the hierarchy of road enhancements should leverage the unique character that complements the neighborhoods that the roads connect. The panel suggests that some of the initial streets for consideration for improvement include but are not be limited to: St. Claude Avenue, Esplanade Avenue, Magazine Street, Claiborne Avenue (north and south), Elysian Fields Avenue, among others. There may also be an opportunity to rethink larger transportation projects like the interstate 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 work at or buy from these businesses, the location for these initial investments is critical. The plan suggests that many of these commercial investments occur along existing business corridors be rebuilt in a manner that is consistent with the better urban character of the neighborhood. Moreover, new developments that are location-sensitive must also be accounted for in the plan at this stage to ensure the best opportunity for synergy and economic contribution.

In the Economic Development section of this report, there is greater detail on the market strategy for each of the following developments. However, their general locations are recommended at the clusters shown in Figure 6. These investments include the following.

- The medical district
- Amateur sports complex
- Canal Street initiative
- Cruise ship terminal expansion
- Mixed development at East Bank Naval Facility
- Port at riverfront
- Federal City
- Various housing and mixed use development

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

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 public alleyways, this public realm has potential 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 enhancements 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 canopy that adorned many streets and parks of New Orleans has been severely diminished by tree-loss due to hurricane winds and root contamination from brackish water that flooded much of the city. The depletion of oak trees alone promises to radically change 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 material are reintroduced to establish healthier microclimates and beautify the 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 impacts from 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' configuration will always require engineered flood protection, the city must strive for a balance between natural and man-made systems to improve safety and create value within its urban setting.

The Bayou Sauvage National Wildlife Refuge is 23,000 acres of fresh and brackish marshes located within the city limits of New Orleans. Located adjacent to New Orleans East, this expansive wetland area is the nation's last urban wildlife refuge. The New Orleans East area experienced some of the most severe flooding within the city, with flood depths ranging from 5 feet to greater than 12 feet. The deepest flood elevations were located in the most eastern region of the neighborhood and directly adjacent to the wildlife refuge. Additional studies are needed; however, 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. Through the creation of a combined marsh and open water system this section of the city, which is currently underserved by parks, will be provided with flood protection, open space recreation, wildlife habitat enhancement, and on-site education. 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. Through the creation of stormwater wetland parks, the city can introduce water as an amenity in the urban landscape. The panel seeks to introduce a parkway system through New Orleans that will combine open water, wetland restoration, recreation, and flood management. Further study should be completed to develop specific locations and plans for additional parkland concerning hydrologic and geomorphic safety concerns, soil contamination or toxicity, predicted flood elevations and existing infrastructure.

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 specifically designed 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 list below highlights some of the benefits of using LID techniques.

- 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 of the 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
- Help build communities based on environmental stewardship

The panel suggests the city prepare a comprehensive water resource management plan to develop goals and objective for surface water and groundwater management, water supply, wetland restoration, and flood protection. Simply stated, the panel recommends 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 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 sections 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 this panel advisory was: "How do we begin?" Applying the Principles for Recovery described earlier to create a better city to New Orleans, as stated earlier, 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 is to be made through practical and measurable criteria applied equally across all impacted areas of New Orleans.

It is also worth noting that the impact should not be perceived as water damage alone. The collateral consequences to buildings, utilities, and infrastructure in many cases exceed simple water damage and reflect a combination of structural collapse (buildings and infrastructure), 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 would include, but not be limited to the following.

- Topography (figure 4)
- Flood extents and depths from levee breaches and storm surge (figure 5)
- Flood extents and depths from repeated storm incidents pre-Katrina
- Historic district designation or eligibility
- Canals/levee pumping system capacity
- Open space proximity
- Owner/renter housing occupancy
- Current building condition
- Storm sewer system capacity and plans for improvement
- Repeated incidents of damage

The criteria should be studied carefully and other valid measures may be added to assess existing conditions to project the best land use 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 instances where property damage 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. **It must be understood that the zone boundaries implied by the map are 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 reader is asked 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.**



Figure 4. Ground Elevations in the City of New Orleans

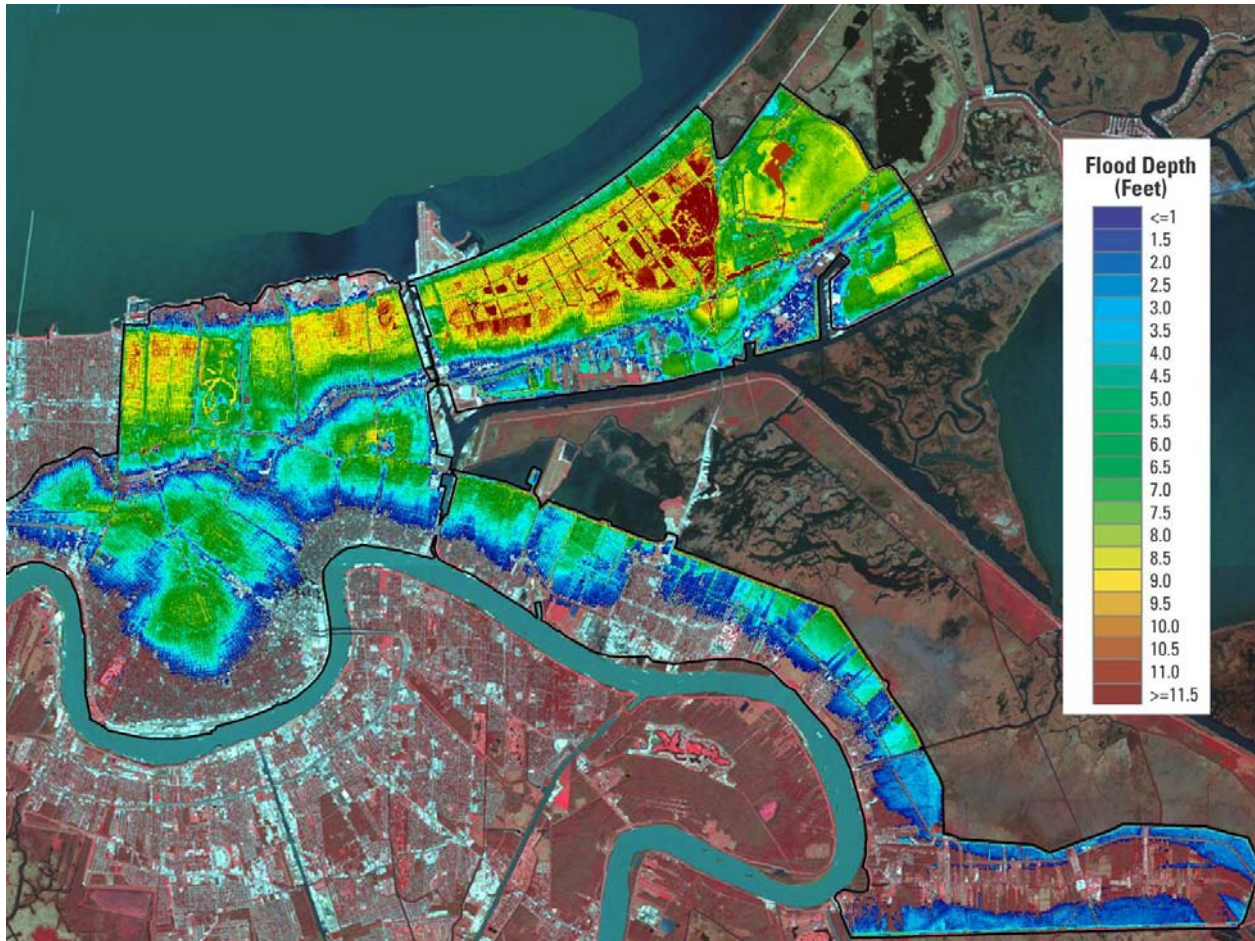


Figure 5. Water depths after Hurricane Katrina

Investment Zone A

These areas have been most severely impacted through any combination of damage or other recovery constraint, such as environmental contamination or repair cost, and will likely require the greatest commitment of collective (local, state, and federal) and individual effort to recover. It is probable under a block-by-block, parcel-by-parcel analysis that these areas will also require the greatest parcel reconfiguration for residential, industrial, or commercial use. In these areas, great care must be taken to work with the residents closely to determine the exact patterns of reinvestment to restore and create a functional and aesthetic neighborhood.

In keeping with the principle of combining both natural and engineered solutions, it is important that open space be programmed towards its greatest capacity to manage storm water retention, treatment, and flow. This approach in 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 plan cannot speak to specific open space allocation for wetlands, recreational parks, or open retention systems, all of these options should be explored in a manner that improves safety and

adds needed park and open space to an area of town that is severely underserved by such a basic public amenity.

Investment Zone B

This zone has borne the most varied impact ranging from individual parcels, calling either for repair or infill, up to sections of entire blocks that may call for more collective intervention. These areas will in all likelihood not necessitate the broader conversion of blocks but will call for repair within established patterns of block size and adjoining building scale. In Zone B a strategy may entail rehabilitating or developing an array of housing types for a varied market whose residents would like to return to New Orleans while Zone A is being evaluated and rebuilt.

Even though this area is not as severely impacted as Zone A, it is still contemplated that some reprogramming of open space must occur to mitigate the impact of flooding and account for space that may not be rebuilt for any number of circumstances. These open spaces can also serve as recreational spaces and add to the neighborhood identity. Moreover, the open-space systems should connect to enhance the walkable nature of New Orleans spanning from neighborhood to neighborhood.

Investment Zone C

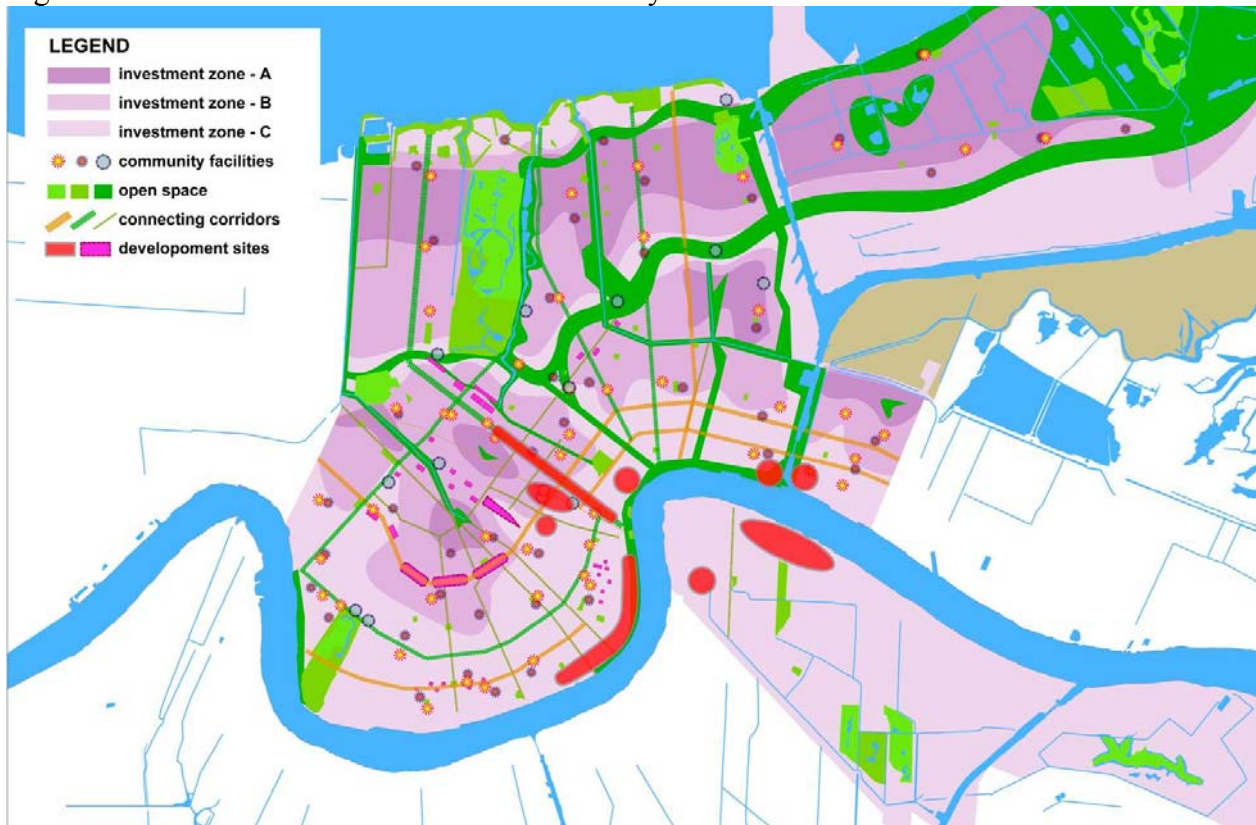
This zone represents the areas that were least impacted by damage from Hurricane Katrina. For the most part, these responses will call for individual action on a parcel-by parcel basis. The range of damage may not be flood related but stem from other consequences of temporary abandonment, which occurred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

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

Finally, while open space in Zone C may not need to achieve the same storm water management goals in Zones A and B, open space amenities are still insufficient in Zone C 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 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, this complete evaluation process should take approximately three to five months. In the meantime, there is much activity that can, and should, move forward in the city.

The panel recognizes that there are major economic drivers in some of the most heavily damaged areas of the city, such as the University of New Orleans in the eastern part of the city. As redevelopment and rebuilding are contemplated in these areas, it needs to take into account these facilities and ensure that there is adequate infrastructure (utilities, housing, etc.) to support them. While this may seem contradictory to the zones discussed above, it is supported by the fact that these zones and their descriptions are guidelines, not definitive boundaries.

Figure 6: Investment Zones and Other Community Assets



Right of Access

Each property owner has the right, at the owner's own risk, to enter, clean up, renovate, and otherwise work on his own property. In taking such action, the owner must comply with local laws and ordinances including compliance with appropriate building permits and inspections. The only exception to this right of access to repair property would apply where the appropriate public authority has determined that there are conditions that pose an imminent threat to the health or safety of persons entering a particular area to perform any work. The Crescent City Rebuilding Corporation, proposed in this report, will 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 will 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
-
- National Register listing or eligibility, or other designation

During this period, it is recognized that each property owner has the right, at the owner's own investment risk, to work on property during the evaluation of the zones, as long as the owner is compliant with all applicable building codes and with any safety-related restriction to property access.

Partners in Implementation

Equity is Key

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, statistically New Orleans's African-American neighborhoods suffered disproportionately. The African American homes, churches, schools, and family networks were devastated in the areas such as of New Orleans East and the Lower Ninth Ward. Certain areas where communities had become physically isolated were also extreme pockets of poverty, symptomatic of these communities' non-inclusion in New Orleans pre-Katrina economy. In creating its future, New Orleans must address this past situation. The panel strongly recommends an economic strategy that yields opportunity across all segments in the community that will benefit both individuals with employment and neighborhoods with new investment.

More urgently, diversity of 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 of New Orleans must be treated fairly with no group relegated as second-class citizens because of race, class, or degree of impact. The critical theme of unity of purpose across traditional divisions will be scrutinized every step towards recovery; the plan's economic benchmarks will be among the first measured for credibility.

Neighborhood Planning Units

The successful implementation of any plan to re-invest in the city, to develop a sustainable infrastructure, and to enhance the public realm must begin with New Orleans' neighborhoods, which clearly form the city's cultural, political, and geographic framework. In order to ensure neighborhood input and acceptance of the recovery plan, the creation of a network of inclusive, neighborhood-based planning units is essential. These neighborhood planning units should

correspond with the existing neighborhood designations; however, these planning units may consolidate multiple neighborhoods into larger planning units based upon clear, common objectives and more efficient execution.

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

For the long-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 pick-up, or youth services programs. In this capacity, the neighborhood planning units can become centers for greater prioritization of needs and cultivating entrepreneurial leadership for the community on the whole.

Finally, it should be noted that even under a system of multi-neighborhood planning units, individual neighborhoods can retain their traditional designation for most purposes and thereby maintain their unique identity. Irrespective of the final composition of the neighborhood-based planning units, it is envisioned 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 over its history with a strong network of churches that are landmarks physically, socially, and spiritually across the city's diverse neighborhoods. In many instances, the churches have been serving post-Katrina as a primary clearing house of information for displaced citizens keeping in touch with family and friends scattered throughout the nation and to learn what is happening in New Orleans.

During this time of recovery, New Orleans' churches are also filling 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 look to improve their current condition, churches may play a central role in implementing the neighborhood-based planning approach that the panel advocates. In many cities across the country churches have taken on neighborhood redevelopment building on their traditional position as community convener to 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 community development corporations targeted on specific support services. The extent to which the churches can leverage broader revitalization initiatives in the neighborhoods, they also position themselves for consideration of their own operational or capital needs for recovery.

Universities/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 and faculty. Many of these institutions are just beginning to project dates when they will resume any activity resembling normalcy, several citing January 2006 as their target.

As identified in this report's economic development discussion, the medical centers also have been unique and important economic engines in this city as they serve the public, bring research dollars, and train a significant portion of America'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 the developing 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 made major strides in planning areas of their cities in tandem with vital universities and medical centers.

From an urban design perspective New Orleans, too, should commit to creating public realm enhancements that establish a stronger sense of identity, context, and synergy between the university or institutional campuses and their urban settings. This is a critical time and chance for innovative use of land, both as part of recovery efforts and for long-term community investment, where the city of New Orleans can help rebuild greater institutions and institutions can help rebuild a greater New Orleans.

One Stop Centers

In order to facilitate reinvestment in the neighborhoods, it is recommended that the city look at creating "One-Stop Restoration Centers" throughout the community where citizens may go for post-Katrina support services, to receive information related to official recovery efforts, and to connect with volunteer efforts across the community. City services such as building permits and electrical, plumbing, and mechanical inspections could be housed out of these decentralized locations as well, even temporarily until a targeted number of buildings are brought back on line in the neighborhoods. These "one stop" centers can, and where possible should, be coordinated with the "one stop" centers recommended for small businesses in the Economic Development section of this report.

These one-stop centers may also be 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 might also use these centers as clearing houses for connecting their service to the local need. Neighborhood-based public facilities, such as schools that are not yet fully operational, can house this service if on a temporary basis. This one-stop service may also be operated out of church property in cases where convenient public facilities are unavailable or simply non-existent in neighborhoods. 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 will clearly set the degree to which this plan can be implemented, but given the extent of the damage recovery, a decentralized approach can bring much benefit operationally and inspirationally.

Planning Conclusions

The panel has proposed an aggressive response for New Orleans' 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 to their beneficial short- and long-term outcomes. In addition, this plan affords the chance to invest in public spaces, facilities, infrastructure, natural and engineered stormwater management systems, and coastal stabilization in ways that add value and safety for Orleans Parish and the region. In the upcoming sections of this report, two basic components of implementation – infrastructure and housing – will expound on the scope and extent of the panel's recommendations for their successful application in the execution of this plan.

INFRASTRUCTURE

The hurricane and flooding devastated more than levees, homes and businesses, the storm saturated the city's basic infrastructure such as fire stations, emergency networks, roads, transit modals, water and waste systems, energy, and communication systems. Typically hidden from view these networks underpin the community's economic, social and environmental survival. Much has been written and discussed about the city's levee, pump and drainage systems, on its form, structure and failures. Little has been revealed about the existing status of the city's infrastructure systems that prior to the flooding serviced a city of almost a half million. At that time, the city was dealing with an increasing number of urgent infrastructure systems upgrades. One report stated that the city's water system needed \$1.2 billion in maintenance and system upgrades to meet federal standards.

Based on various estimates, seventy-five to one hundred thousand residents and business owners currently operate from a patchwork of systems that survived Katrina's winds and the following saturating effects of standing flood waters. Like many American cities, New Orleans was facing an ongoing fiscal and structure question of maintaining existing systems as they sought to enrich and expand their systems capacity to meet new global and regional demands. This was a challenge for an active city of one half million rate customers.

Today, the city faces an even more daunting set of challenges as it operates from a smaller customer base, suffers from damaged infrastructure systems, has fewer service employees, and has a bankrupt power company all operating within the dynamics of a radically changing local, regional, national and global economy and ecology. The city rebuilds not from the economic, social or environmental context that existed before August 29th, but from a geography whose economic form is more similar to the city's past (several report that economic structure is similar to that of 1963), and an ecological context where the delta's protective ecology has deteriorated to a state predicted in computer models for 2050.

Therefore a key infrastructure question is how does the city capture the assets of its existing systems, utilizing the economic capacity of a smaller and slowly growing population, as it turns towards 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. 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 and redevelopment have short term and long term milestones.

Stages, Themes, and Principles

The panel believes there are three critical stages that must be completed in sequence for rebuilding the infrastructure required to support a vital city.

Stage 1 - Recovering Stage: Things that have to be completed before the emergency is declared over and the federal emergency response agencies leave town.

Stage 2 - Rebuilding Stage: 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 Stage: The city is well on its way to creating a safe, connected, and sustainable infrastructure for New Orleans' fourth century.

Infrastructure Themes and Design Principles

The recovering stage should continue at least through August 2006. The rebuilding stage would extend between year 1 and year 5 following the recovering stage, and the growing stage would continue beyond the rebuilding stage with major completions and the redirection and transformation of this infrastructure system by 2018, the city's tricentennial. Infrastructure redevelopment themes entail designing and implementing improvements in a manner that respect New Orleans' architecture, cultural heritage, human scale, and sense of community. These 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 by geographic areas that are most environmentally capable for 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, and expands transportation choices and facilitates evacuation.
- Establish a regional infrastructure planning process.
- Coordinate decision-making for land use and infrastructure planning.

For New Orleans to be globally competitive and to serve basic citizen needs for the future, three design principles should be incorporated into infrastructure redevelopment: safety, connectedness, and sustainability

The infrastructure 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 the pre-Katrina level and prepare for improvements. In the long term, it requires a complete rethinking of the system for an urban setting with links to development.

Critical services. Restore now, but manage to assure reliability and 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 the natural systems into the overall infrastructure planning.

Specific Infrastructure Recommendations

Considering the design principles of safety, connectedness, and sustainability, the panel developed specific recommendations for each stage of development (recovering stage, rebuilding stage, and growing stage).

Safety

The following are the safety benchmarks and goals that the panel believes should be reached during each of the three stages as they relate to infrastructure.

Recovering Stage

The following are critical benchmarks the panel believes should be reached in the next year.

- By January 1, 2006, Entergy should reestablish electrical service to all of the city's neighborhoods. Entergy should assign priority to those neighborhoods where structural and environmental conditions would support immediate occupancy.
- By January 1, 2006, the city should publish safety information for returning citizens to advise them on the stability, risks, and future viability of the infrastructure systems throughout the city.
- By January 1, 2006, FEMA should publish updated floodplain maps for the city to determine occupancy suitability, including public housing, as well as manufactured housing and trailers that might be located on public property.
- By March 1, 2006, the City of New Orleans, 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. Moreover, FEMA 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 of New Orleans, the Regional Planning Commission, 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 levee board for the region. This is necessary to ensure that the myriad of flood protection policies and procedures presented under the current decentralized system are unified under a single regional entity. This will mitigate the possibility of inconsistent, if not competing, policies and practices that may result from various levels of government currently represented on the various levee boards. It is the panel's believe that having a consolidated regional levee board will ensure a unified and consistent approach to flood protection in the southeastern Louisiana region.

Growing Stage

By 2018, when New Orleans will celebrate its 300th anniversary, the Corps of Engineers should reconstruct the levees as a multi-layered flood protection system that conforms to urban rather than agricultural design standards, and should do so in a manner that provides the maximum feasible protection. The current levee system is a result of incremental improvements to a levee system that was originally intended to protect agricultural lands and interests along the navigable waterways of the Mississippi River. The panel recommends 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 multiple layers would include the levees, canals, utilities, greenways, and other linear systems.

Connectedness

Connectedness means providing physical means for linking the neighborhoods of the city as well as the city with the surrounding region. The following are the panel's recommendations as they relate to connecting New Orleans both within and to the neighboring communities.

Recovering Stage

The following are critical benchmarks the panel believes should be reached in the next year.

- The Regional Transit Authority (RTA) should reconfigure bus routes to adapt to population and activity shifts resulting from Katrina.
- The LaDOTD, in cooperation with the city and the RTA, should reconcile the current construction program with local priorities to assure that major new infrastructure projects align with reconstruction priorities.
- The city should evaluate and initiate, if feasible, a “wireless” communications WiFi system throughout the city. This will be critical for the economic viability of the city as well.
- The port authority should stabilize port and water management facilities to enable 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, the panel believes there are several actions that need to be addressed.

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

Growing Stage

As part of 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 state-of-the-art intermodal transportation system, including port facilities..

- Establish a regional transit system, including local and intercity 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 is not only about environmental sustainability but economic sustainability as well.

Recovering Stage

In order to fully recover from the impacts of Hurricane Katrina, the city should take the following steps in the next year.

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

Rebuilding Stage

Sustainability should be part of the rebuilding strategy for the city to help ensure that impacts from adverse environmental conditions can be mitigated in the future.

- Realign infrastructure systems to serve a repopulating city from an existing population of 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 generation of renewable sources, link with Crescent City Rebuilding Corporation, linking development with sustainable infrastructure.

Growing Stage

As the city celebrates its 300th anniversary, the panel believes the following benchmarks should be accomplished.

- By 2018, replant 300,000 trees to reestablish the urban forest.
- Develop bigger, wider and multi-layered urban protection systems against annual Mississippi flooding, frequent flooding from rainstorms, and infrequent hurricanes.

- Establish neighborhood level infrastructure systems in new or restored neighborhoods with much higher level of protection against annual Mississippi flooding, frequent flooding from rainstorms, and infrequent hurricanes.

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 under utilized structures and the on-going 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 its self act as an economic force that can stimulate the markets and create jobs for those residents wishing to reoccupy the City.

The process of going from emergency shelter to long-term permanent housing will take years and a coordinated effort from a partnership that includes all levels of government, the private sector, community groups and property owners. Such efforts will be unprecedented, but if accomplished correctly the city will sustain its character and its residents will be housed in decent quality housing that is with in their means.

Urgent Recommendations

The city, through its Housing Authority (HANO), is presently working with FEMA to locate sites within the city for some 6,700 FEMA trailers to provide temporary housing for returning New Orleanians, and looking at other ways of temporarily housing people returning and coming to work. The panel developed a series of additional recommendations to facilitate supplying 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.

General Needs

Work with the federal government to make national flood insurance available to all families who move back to New Orleans and renovate their home or build a new home, regardless of whether their homes are on a flood plain.

Accelerate the restoration of all single and multifamily housing in appropriate areas that is in sufficiently good condition to be made habitable within the next few months, regardless of the ability of the owners to afford the repairs. Funds can be made available through the CCRC.

Establish a Housing Ombudsman to help ensure homeowners are aware of their rights and to represent homeowners with insurance companies and contractors when needed. The Ombudsman should also advocate for renters who are at risk of eviction due to landlords desire to significantly raise rents.

Obtain guidebooks on repairing and rehabbing homes and make them available to all who wish them, including putting them on the City's website. The guidebooks must provide

sufficient information to enable homeowners to fully rehab their homes. This is similar to what is being implemented in Mississippi.

Quality Contracting and Restoration

Pre-qualify local contractors, as well as other contractors, to work in specified neighborhoods. Property owners in these neighborhoods would not be required to use these pre-certified contractors, but would know that they have been screened and that their fees would be at or below market. The contractors would have the expectation of significant work in a particular neighborhood, which would enable them to reduce costs and purchase materials in bulk.

Contract with companies experienced in the remediation of mold to go into homes in appropriate areas that can be more easily renovated in the next few months and remove all mold where the property owners cannot afford the remediation. Funds can be made available through the CCRC.

Facilitate the use of local contractors wherever feasible. In addition, the panel recommends the city establish training facilities to train people to become skilled craftsmen and contractors. This is consistent with the recommendations in the Economic Development section of this report.

Provide Temporary Housing

Waive any requirements limiting access to trailers only to former homeowners. Everyone who lived in New Orleans prior to Katrina has the same right of return, and 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 placement of FEMA trailers in appropriate parts of the city. The prompt return of New Orleans residents is essential to the revival of the City's economy. For this reason, it is essential that the Mayor work with the Council to ensure 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 (to be later moved and sold to families with lower incomes). FEMA and the city have a common goal of providing the maximum amount of temporary housing as expeditiously as possible. This can be best accomplished through a flexible program of trailers and other forms of emergency housing including the shallow rehab of marginal units for temporary occupancy.

The panel recommends that all utilities and infrastructure repairs in the areas of these sites be expedited to allow for prompt site development in accordance with the ULI Principles for Temporary Communities.

ULI has developed principles for the development of temporary communities. These encourage, among other matters, that these communities provide a full range of services and amenities, either by being located near them or 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 the other services and amenities of life in New Orleans. In other words, the residents of temporary communities should not be isolated from the city around them.

Remove Barriers to Affordable and Workforce Housing

All the public housing units in appropriate areas be quickly repaired and reopened as soon as possible. HANO is in the process of determining which of its developments to reopen and which of those under reconstruction prior to Katrina to continue building. The panel heard that Iberville will be reopening soon, which is a positive sign.

HANO should seek approval from 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 the Fair Market Rents in order to offset the impact of the rapid increase of rents caused by the extreme shortage of rental housing in New Orleans, and to stimulate production of new rental housing to ease the shortage.

Ordinances and Policies

Enact an inclusionary housing ordinance that will require 10 to 15 percent of all new housing (both for homeownership or rental) built in the city be affordable to families with incomes of no more than 80 percent of the city's median income.

Upgrade the building code, modeling it on the best codes nationally, including higher standards of energy savings. The city should adopt a smart rehabilitation code, along the lines of the HUD model code, to facilitate rehabilitation in the city.

Amend the building and zoning ordinances to allow accessory units to promote mixes of use as well as provide much needed housing as the city is rebuilt.

Mortgage Assistance

Work with Fannie Mae, Freddie Mac and the major mortgage lenders to develop a uniform policy of extended forbearance, and to ultimately facilitate the transfer of all delinquent single-family mortgages to the Crescent City Trust (a subsidiary of the CCRC). As the initial 90-day period of forbearance provided by Fannie Mae and Freddie Mac will end December 1, this needs to be done shortly to avoid massive foreclosures and uncertainty.

Work with local lenders and mortgage brokers to find ways 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 largest employers in the city to expand employer assisted housing programs, including construction of new housing by employers financed by the city.

Stabilize and Promote Rental Housing

Impose an emergency rent stabilization program that prohibits rent increases in excess of increases in the cost of operations, maintenance, and repairs. This program should sunset in three year.

Establish a rental assistance program to supplement HANO's housing voucher program. Families with modest incomes returning to New Orleans, whether they formerly owned homes or rented in the city, would have priority.

Releasing Foreclosed Properties

Release city-owned foreclosed properties in appropriate areas making them available to returning families, for rehabilitation, and in time sold to families that will occupy them. Property not rehabbed immediately should be transferred to CCRC.

Take title to or place in receivership all vacant lots and, in appropriate areas, cause housing to be built on them by contracting with builders on a turn-key basis, or selling them to pre-qualified developers as is done in Washington, DC's Home Again program. Vacant lots not used immediately should be transferred to CCRC.

The Crescent City Rebuilding Corporation

As discussed in the government effectiveness section of this report, the panel is strongly recommending the creation, through state legislation if necessary, the Crescent City Rebuilding Corporation (CCRC) with power and resources to plan, oversee and implement the rebuilding effort. This new corporation shall 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 to draw on.

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

The Crescent City Rebuilding Corporation will function as a "conduit" for land. Other than appropriate improvements, consistent with a master plan or hold to resell strategy, it will not develop unilaterally. It will acquire, hold as needed, plan, entitle and resell to others for development. CCRC will also acquire, from lenders, via a "Bad Bank" subsidiary, debt obligations on such parcels.

The goal should be that the CCRC will have accomplished its mission and be closed down coincident with the 300th anniversary (2018) of the Crescent City.

Powers and Duties of CCRC

The CCRC will have several specific responsibilities related to the rebuilding. The following is a discussion on the anticipated powers and duties of the CCRC.

Land Acquisition

CCRC will acquire land for redevelopment. Most of the land and structures in New Orleans are not benefiting from 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 the 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. CCRC will 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. It is expected that each planning process would involve the participation of its stakeholders, including residents, small business owners, retail operators, churches, schools, public safety and neighborhood organizations.

Upon their completion, each plan would be submitted to the city for approval. Such plans will be used as the basis to foster developments, 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 would also have the ability to acquire land with its own funds and in the cases of blight or the necessity for public infrastructure, through eminent domain. It is expected 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 over time to fulfill the economic development and housing goals according in the approved community plans.

CCRC would also 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 city wide or regional initiatives. CCRC will assemble land appropriate for commercial and mixed use development,

recruit private investment and foster partnerships that include local, neighborhood and minority businesses.

Note purchase (Real Estate Opportunity Corporation)

Much of the real estate secured debt in Katrina impacted areas is presently in default or forbearance. CCRC would establish a wholly owned subsidiary to buy such notes and hold them for future disposition. Such a structure would allow for unabated forbearance. It would also provide a direct link to acquisition of the parcels. In addition to forbearance, CCRC will establish “pre Katrina” values, negotiate with owners to purchase and assist with credit reconstruction as appropriate. See equity transfer side bar.

SIDEBAR: Real Estate Opportunity Corporation, Equity transfer

The program will provide, for homeowners or investors whose properties have been deemed uninhabitable the following incentives. (graphic from PowerPoint to be included)

For Homeowners

In the event of a homeowner opting to relocate within the developable area, in return for deeding over their property, the homeowner would be entitled to receive the equity value and transfer the value of their outstanding mortgage. In the event the acquisition cost for a comparable house exceeds the pre-Katrina value of the initial house, a soft second mortgage equal to the value of the excess will be provided for acquisition of the new home.

In the event that the homeowner has no debt, they will be entitled to the total pre-Katrina value of their property.

In the event a homeowner chooses to relocate away from New Orleans, the homeowner will be entitled to receive the pre-Katrina equity value of the home.

In the event a homeowner chooses to retain property not in a developable area, they would not be entitled to compensation.

For Investors

When an investor opts to deed over their property in favor of a relocation to a developable area, the investor, to receive compensation, will agree to provide housing at a rental rate comparable to pre-Katrina rates. In return, the investor will be entitled to the equity value and be allowed to transfer the remaining mortgage to a replacement property. In the event the acquisition cost for a comparable property exceeds the pre-Katrina value of the former property, the owner shall receive a soft second mortgage equal to the difference adjusted by any insurance collected on the former property.

In the event that the homeowner has no debt, they will be entitled to the total pre-Katrina value of their property. In the event an investor chooses not to reinvest in New Orleans, they will be entitled to the pre-Katrina value of the original property, minus any outstanding mortgage.

In the event the homeowner chooses to retain their property not in a developable area, they would not be entitled to compensation through REOC.

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

Financing

CCRC would also 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 providing "gap" financing to enable the transaction.

Bond Issuance

CCRC would be capable of issuing bonds (see Liberty Bonds for a possible model) and employing other capital raising strategies in capitalizing itself and funding transactions.

Fostering not for profit development entities

CCRC would be responsible for encouraging the development of not for profit development entities to take advantage of its offerings. This will include providing technical assistance or causing same to be available to advance the capacity of local not for profit developers. It will also include the recruiting of regional not for profit developers and national intermediaries to assist in mission execution.

In addition the CCRC would establish the New Orleans Housing Partnership (NOHP) a 501 c (3) entity. Its mission would be to ensure that the city's low- and moderate-income individuals and families have choice and mobility in obtaining and retaining decent affordable housing . NOHP will work with the CCRC to create housing opportunities throughout the city for families earning between \$25,000 and \$45,000 a year. This organization is discussed later in this section.

Fund supporting city positions

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

New Orleans Housing Partnership

The New Orleans Housing Partnership's (NOHP) mission is to ensure that the city's low- and moderate-income individuals and families have choice and mobility in obtaining and retaining decent affordable and workforce housing; all of the panel's programs and initiatives are designed to encourage housing stability, increased economic self-sufficiency, and the enhanced quality of the lives.

The NOHP will 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 the mission and to promote efficient service delivery, NOHP will work collaboratively with a broad array of service providers and neighborhood-based organizations.

Structure

NOHP is 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 are selected to provide governance and vision in executing the mission of NOHP. The Board should consist of 9 to 15 members.

NOHP works 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 produces condominiums, single-family houses and two- and three-family homes (with owner occupied with rental units(s)).

Developers are selected through a Request for Qualifications (RFQ) issued and advertised by NOHP. To ensure affordability, the CCRC provides a soft second mortgage / grant, in the form of a loan that evaporates over a designated period of time – typically 5 years. The NOHP may also provide land from the CCRC land bank to qualified developers. Additionally, the homeowners may receive a partial Real Property Tax exemption. The marketing of the homes to purchasers is carried out by local not-for-profit organizations which advertise the availability of the homes and review applications.

Under a neighborhood builder program, small, locally based enterprises are provided with assistance to develop capacity to develop, manage and market these housing developments. Depending on the builder's requirements, the NOHP provides financial, marketing, cost estimating, legal and/or other technical assistance services. Seed loans for pre-development costs may also be made available.

Operating Initiatives

NOHP will solicit outside funding from philanthropy, the state and federal agencies in order to conduct its development activities. NOHP operations shall be staffed with effective personnel who have a proven track record of fund and project development either in the private sector or

public sector. The board of NOHP will further develop the mission and vision as well as the operating policies for daily operations.

Development Initiatives

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

- Community housing development organization funding to provide technical assistance to community-based organizations to build their capacity to develop and manage affordable housing
- Public funds to build the capacity of small and minority 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 for funding the development of single-room occupancy housing for the homeless
- Using HOME funds to provide homebuyer counseling and homeowner training.
- Using Section 8 vouchers to provide single family homeownership
- Exploring the conversion of Section 8 vouchers to project-based vouchers

Housing Design Guidelines for Rebuilding New Orleans Neighborhoods

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 were spared, however. Rebuilding these neighborhoods will involve both rehabilitation of existing houses and the production of new housing on infill sites.

In city-designated historic districts design review boards insure that appropriate designs and materials are used for exterior rehabilitation and for new infill housing. However, outside the city historic districts, even in National Register Historic Districts, 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 whose homes were damaged beyond repair, may wish to return home and locate 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 historic urban design and architectural heritage of New Orleans.

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

Two Sources of Housing Production

Housing will be rehabilitated or produced new by individual homeowners or private and not-for-profit developers doing multiple units. Each will need to meet the goal of respecting New Orleans traditions. The individual homeowner will require design guidelines for individual house rehabilitation and/or new construction. The developers will require not only housing design guidelines but also urban design principles and guidelines for aggregated scattered sites or for larger cleared sites.

Urban Design Principles of Urban Infill Housing

The following are the principles that should be used when developing guidelines for infill housing.

- Involve the existing residents. They are the experts on their neighborhoods and must be consulted in an open and public process.
- Design with the context. The historic inheritance of housing and streets of the neighborhood are the keys to design.
- The street is the focus. 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. Insure 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 sensitive rehabilitation of existing housing.
- Provide housing variety. Single family houses, townhouses, and small apartments, both owner occupied and rental, provide housing choices for residents of all incomes, family sizes, and ages.
- Develop design guidelines. Architectural and community design guidelines with facade and porch details as well as lot standards, are useful in insuring that rehabilitation and new construction are contextual 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 within walking distance of all residents.

New Orleans Design Guidelines Book

With the urgent need to restore and rebuild New Orleans neighborhoods, it is essential to find the most appropriate and cost effective means for providing housing. However, there is also the danger that essential qualities of the neighborhoods will be lost by the introduction of mass produced housing, temporary housing that becomes permanent, modular units, and 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 Design Guidelines Book for New Orleans houses and neighborhoods will be an essential tool for the rebuilding effort. The Design Guidelines Book should be prepared by a third party architectural consultant to both the planning and historic commissions,

The New Orleans Design Guidelines Book will include the following.

- Neighborhood Patterns: illustrating New Orleans street, block, precinct, and public realm configurations
- Architectural Patterns: illustrating New Orleans building types (shotgun, cottage, townhouse, ranch, etc.); architectural styles (Acadian-Creole, classical, modern, etc.); and architectural details (porches, eaves, windows, doors, etc.)
- Landscape Patterns: illustrating New Orleans streetscape traditions, front yard planting, foundation planting, etc.
- Sustainable and Green Design: illustrating site planning and architectural design for energy efficiency and conservation
- Materials: illustrating appropriate building materials and manufacturers

The New Orleans Design Guidelines Book will be essentially a □kit of parts□ that allows an individual homeowner or a developer to select and tailor a variety of appropriate house designs for a particular neighborhood.

On-going Development

As the housing programs and strategies initiated during the emergency phase are being implemented the city must transition to a longer housing term 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 will create a housing demand model. This model will identify the need for new

production of both rental and ownership housing for the full range of housing needs from deep affordable to full market product. The expectation is that this need can be addressed by infill housing in safe neighborhoods and be of various product types including single family, attached, multifamily, and mixed use. Infill sites will initially 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 extend beyond three years. This will be followed by continued production to address the needs created by a recovering and growing economy. Additional supply should also be available from a continuation of the Hope VI or other programs that facilitate a reuse of HANO property. A priority of the CCRC will be to return property from the Land Bank to the open market while instituting mechanisms to insure that inclusionary (affordable) housing needs are met. The development of a significant amount of rental housing can be accomplished by an expanded 80/20 program that will include a workforce component. This could be modeled on New York City’s 50/30/20 program. The development of a significant amount of rental housing can be accomplished by an expanded 80/20 bond program (80 percent of the units are market-rate and 20 percent of the units are affordable) that will include a workforce component. This could be modeled on New York City’s 50/30/20 program (50 percent market-rate, 30 percent between 80 percent and 120 percent of area median income (AMI) and 20 percent of the units at less than 80 percent of AMI).

Manufactured housing could play a real 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 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 need housing. Housing is now in shorter supply than jobs. The Crescent City Rebuilding Corporation is committed to producing affordable housing as a central tenet of its mission to increase the housing inventory. Every development facilitated or funded by the Corporation should be required to include a stated 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 will be inclusive. In order to achieve this goal, three design principles must be followed. Affordable housing units must be:

- Dispersed: affordable and workforce housing will be dispersed throughout a neighborhood and not compartmentalized in one or two large sites

- Indistinguishable: affordable and workforce housing will be designed in accordance with the New Orleans Pattern Book and will be indistinguishable in design quality and materials from market-rate units
- Connected: affordable and workforce housing will be connected to the amenities of the neighborhood, such as schools, churches, parks, retail centers, and civic uses, and to 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 identification of available sites, quality of design, and community acceptance.

- Site locations for temporary housing: city parks, under-used parking lots, vacant lots, church and school sites, and employer provided sites (hospitals, manufacturers, offices, etc.)
- Design issues: trailer clusters should be designed as small villages with central gathering spaces or parks, and include utilities, landscaping, paved sidewalks and roads, parking, and access to neighborhood amenities (schools, churches, parks, retail, and transit)
- Community acceptance: neighborhood residents should be consulted in the siting and design of temporary housing, including a schedule for the eventual dismantling of the units and the restoration or development of the remaining empty site.

Conclusions

This report presents many ideas and recommendations. While the panel believes they are all important, the following are the four key messages.

Form the Temporary Financial Oversight Board. A temporary oversight board will help the city get through the current financial crisis that was beginning before Katrina and was exasperated by the storm and subsequent floods. The board, like has 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. Therefore, it is unreasonable to think that the city leadership can manage the day-to-day operations of the city as well as the rebuilding of New Orleans. With a strong board and extremely qualified staff, the panel believes the CCRC is the vehicle to return New Orleans to an even greater city.

Begin evaluating the potential for rebuilding immediately. The city needs to identify, through 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. This should be refined by the city as it develops 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 socioeconomic lines and practices – real or perceived – of the past.

Hurricane Katrina devastated New Orleans, but the storm also crystallized a chance to write a new chapter in the book of this city's history. This new chapter must be written by the people of New Orleans. Their resilient spirit will prevail.

The new chapter will have several pages dealing with a more diverse economy and culture; a more solid infrastructure as the basis for more livable neighborhoods, more quality housing, healthcare and education; and more government transparency and efficiency. 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 – arduous, difficult, and somewhat messy. The city will need patience, mutual respect and forbearance, courage, vision and perseverance. While 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 Grand Forks, North Dakota, after their floods. The panel believes that New Orleans is up to the task.