

HOUSING IN THE
NEW ORLEANS
METRO SERIES

OPTIMIZING BLIGHT STRATEGIES

DEPLOYING LIMITED RESOURCES
IN DIFFERENT NEIGHBORHOOD
HOUSING MARKETS

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About the Greater New Orleans Community Data Center

The Greater New Orleans Community Data Center (GNOCDC) gathers, analyzes and disseminates data to help nonprofit and civic leaders work smarter and more strategically. Operating since 1997, we are New Orleans' sustainable data source – before the storm, throughout recovery and for years to come.

A product of Nonprofit Knowledge Works, we are longtime members of National Neighborhood Indicators Partnership – a select group of local data experts dedicated to community change. GNOCDC is recognized across the country for expertise in New Orleans demographics, disaster recovery indicators and actionable data visualization.

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The Urban Institute's Center on Metropolitan Housing and Communities believes that place matters in public policy. We bring local perspectives on economic development, neighborhood revitalization, and housing, to our study of policies and programs. Our research pioneers diverse and innovative methods for assessing community change and program performance and builds the capacity of policymakers and practitioners to make more informed decisions at local, state, and federal levels. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders.

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Many neighborhood organizations, nonprofits, developers, concerned citizens and visiting volunteers have worked tirelessly to revitalize New Orleans' neighborhoods. In this report we describe just a few examples of the work these folks have done in post-Katrina New Orleans. Our undying gratitude and admiration goes to all these heroes who have helped rebuild New Orleans' neighborhoods, whether they were returning New Orleanians, new New Orleanians, or honorary New Orleanians here for just a few days. Many thanks to you all.

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	4
INTRODUCTION	5
Framing the issue	5
Blight is the direct result of population loss	5
ECONOMIC AND HOUSING TRENDS	6
Job and income gains stalled	6
Housing sales slowed	6
Housing costs remain unaffordably high.....	7
Demand for subsidized housing likely still exists.....	8
Without new housing demand, fighting blight will be difficult.....	8
NEIGHBORHOOD HOUSING MARKETS AND BLIGHT POLICIES	9
Trends in blight and vacancy	9
Two-pronged approach to attacking blight	9
Neighborhood housing markets	10
Sale prices and volumes	10
Reduction in blight and vacancy	11
Using market conditions to guide action	16
Low-demand markets	16
Mixed markets	16
High-priced markets.....	17
New Orleans' largest opportunities for remediating and preventing blight	18
Louisiana Land Trust properties	18
Blighted properties with Road Home Option 1 grants	18
City-owned institutional properties and other government-owned properties.....	19
New multi-family developments.....	19
Complying with program rules and regulations	20
Neighborhood organizations are critical in the fight against blight	20
More data is needed	21
The bottom line for New Orleans	21
APPENDICES	22
Appendix I: Methodology and sources for the neighborhood housing market typology.....	23
Appendix II: Methodology and sources for the neighborhood blight trends typology	24
Appendix III: Neighborhood housing data.....	25

EXECUTIVE SUMMARY

Public concern about blighted properties has swelled this year, and New Orleanians are rightfully concerned. Blight reduces property values, attracts crime, and increases fire risks. Although blight has declined substantially since 2008 thanks to billions of federal housing dollars, New Orleans still has 43,755 blighted homes or empty lots according to occupancy data from the United States Postal Service (USPS).

The levee failures in 2005 are not to blame for all of the city's blight. The population of New Orleans fell from 627,525 in 1960 to 484,674 in 2000, leading to the abandonment of thousands of homes and buildings. The recovery of New Orleans' population—and its housing stock—depends on the creation of a vibrant, 21st century economy. Yet currently there are only 519,400 jobs in the New Orleans metro area, a mere 15,200 more than at the lowest point of the oil bust in 1987. The Great Recession has stalled post-Katrina jobs recovery, dampened growth in household income, and weakened the housing market. Nevertheless, the City still has the potential to use its limited resources to make a measurable dent in blight. But to do so the City must work closely with several other entities including the State, the Housing Authority of New Orleans (HANO), and the New Orleans Redevelopment Authority (NORA).

In order to effectively address blight, the City must employ a two-pronged approach. It must 1) minimize the harm to each neighborhood from existing blighted structures, and at the same time, 2) acquire and treat blighted properties, to the extent possible, in order to return them to productive use. The application of either of these two tactics should be informed by the market conditions of each neighborhood.

Because the City lacks publicly available parcel-level data, this report relies on 2009 home sale volumes and prices by census tract to develop a rough typology of current market strengths across New Orleans neighborhoods, as well as trends in USPS data as an indicator of the direction and likely momentum of each neighborhood's housing market. Among the neighborhoods included in our housing market typology, median single-family home sale prices in 2009 ranged from \$23,045 (reflecting low demand and substantial rehabilitation costs) to \$309,901 (reflecting high demand and good housing conditions). Although some neighbor-

hoods currently have low-demand or mixed housing markets, the vast majority have experienced a decline in blight since March 2008, indicating that their housing markets are gaining momentum.

Unlike many other cities burdened with excess land and building, New Orleans is in the unique position of having a very large number of its blighted properties already owned by a governmental entity such as NORA, HANO, the Louisiana Land Trust, the City, the Orleans Parish School Board, or under covenant with the State to be rebuilt through the Road Home program. Among the blighted homes in New Orleans, potentially as many as 10,000 represent properties that received a Road Home Option 1 grant and have not yet rebuilt. Assisting these property owners to move home or to relinquish their property would be a huge step in New Orleans' fight against blight. However, once any such properties are acquired, the State should not uniformly put them up for sale. In weak market neighborhoods, the most likely buyer would be speculators who would simply sit on the properties and do nothing to maintain them. And in strong markets, the glut of available properties would send housing prices spiraling downward.

Finally, neighborhood organizations can help leverage public resources to maximize the results of blight strategies. For years neighborhood organizations have been successfully tracking down owners of blighted property and helping them move home, and as necessary, reporting code violations to the City. In addition, neighborhoods can work cooperatively with the City to prioritize blighted properties that are causing the most harm to the neighborhood.

New Orleanians have many reasons to be optimistic that blight within our city can be greatly reduced. New Orleans has an estimated 14,000 blighted properties already under the State or NORA's control or subject to a legal agreement with the State. In addition, New Orleans largely escaped the ravages of the foreclosure crisis. As NORA and neighborhood organizations seek to expand the footprint of responsible property owners through the Lot Next Door and other programs, the greening of the city will ultimately have the effect of increasing demand in newly beautified neighborhoods.

INTRODUCTION

This report is the second in a series about housing in the New Orleans metropolitan area. It assembles and analyzes the most current data on housing conditions and trends in New Orleans and the surrounding parishes. Each year this report will examine regional economic and demographic trends that influence housing needs, assess regional housing affordability challenges for homeowners and renters, and finally address a pressing question relevant to housing policy decisions.

This year's focus topic is blight in the city of New Orleans, which continues to be a pressing issue five years after Hurricane Katrina. During a series of town hall meetings this past summer, blight emerged as a top concern.¹ New Orleans' blight has been the focus of numerous news reports and editorials — from local television and newspapers to USA Today and the New York Times. New Orleanians are rightfully concerned about blight. It reduces property values, attracts crime, and increases fire risks.²

This report examines how New Orleans' blight reduction strategies can be optimized in the context of neighborhood market conditions. It provides a set of overarching principles for anti-blight initiatives, explains how neighborhood housing market conditions influence the selection of strategies and policies, identifies New Orleans' largest opportunities for remediating and preventing blight, and suggests ways that neighborhood organizations can supplement public efforts. Our examination of neighborhood housing markets and blight policies begins on page 9.

However, looking at neighborhood markets alone is not sufficient to determine the optimal policies to remediate blight in each. In fact, a rigorous study of major U.S. cities found that more than one-third of neighborhood population and housing trends is explained by *regional* trends.³ With that in mind, the first part of this report is an examination of economic and housing trends across the New Orleans metropolitan area.

Framing the issue

Occupancy data from the United States Postal Service (USPS) confirms that blight is a massive problem in the city. As of September 2010, there were 43,755 blighted residential addresses or empty lots in New Orleans, and another 9,356 vacant but habitable housing units. With one in four residential addresses blighted or vacant, New Orleans has a

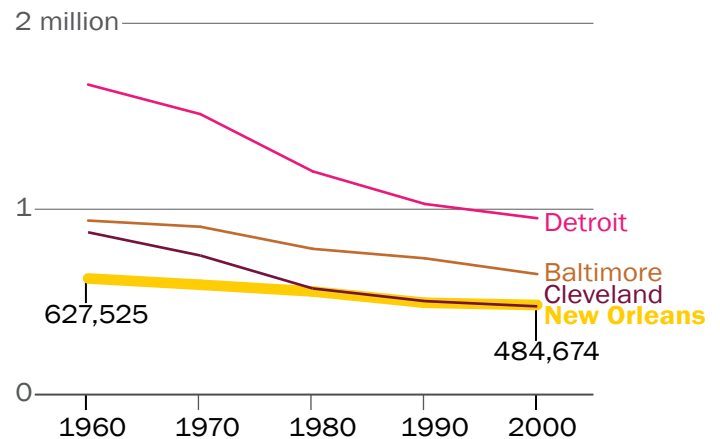
higher unoccupied rate than most cities, including Detroit, Cleveland and Baltimore. In addition, New Orleans has 5,105 addresses that represent blighted commercial or institutional buildings or empty lots.ⁱ

Blight is the direct result of population loss.

The levee failures are not to blame for all the blight in New Orleans. Like other post-industrial cities, such as Detroit, Baltimore and Cleveland, blight was an issue in New Orleans well before 2005. Blight is the direct result of population loss. As cities lose population, excess buildings are left behind. At its peak in 1960, New Orleans had 627,525 residents. By 2000, New Orleans' population had fallen to 484,674, leaving thousands of buildings uninhabited.

Population 1960-2000

for comparable declining cities



Source: GNOCDC compilation of data from the U.S. Census Bureau Population Division.

The relationship between blight and population cannot be overstated. In fact, there is no permanent and sustainable means of addressing all 43,755 blighted homes and empty lots in New Orleans without a massive influx of population. Improved schools and other city services may help to attract some suburban residents back to the city. But New Orleans' only hope of attracting sufficient residents to rehabilitate and inhabit *all* its unoccupied buildings is the creation of a vibrant, 21st century economy that attracts thousands of newcomers from outside the area — just as the region did prior to 1980. Without a robust economy, demand for New Orleans housing will remain weak, and many properties will remain unoccupied.ⁱⁱ

i. Blighted addresses are identified from "No-Stats" in the USPS data. "No-Stats" include addresses identified by the letter carrier as not likely to receive mail for some time (e.g. blighted and abandoned buildings, and empty lots), buildings under construction and not yet occupied, and rural route addresses vacant for 90 days or longer. In cities that have lost population, No-Stat counts most likely indicate blight. Vacant addresses are defined by the USPS as those that have not had mail collected for 90 days or longer.

ii. It should be noted that on the flip side, an extremely robust economy would cause housing prices to skyrocket. Ultimately some level of vacancy is necessary to a healthy housing market.

ECONOMIC & HOUSING TRENDS

The national recession stalled post-Katrina jobs recovery, and post-Katrina income gains may have been lost.

At the bottom of the oil bust in 1987, the New Orleans metro had 504,300 jobs. From 1987 to 2004, job growth was sluggish, averaging only 1.2 percent per year. By the second quarter of 2005, the New Orleans metro had gained only 106,400 jobs in 18 years. The devastation of Hurricane Katrina resulted in the loss of 174,800 jobs across the metro area between the second and fourth quarter of 2005. Recovery began almost immediately, and by the third quarter of 2008 the metro had regained 91,100 jobs. But in September of that same quarter, the effects of the Great Recession began to be felt in New Orleans and over the next two years the metro area lost 1.4 percent of all jobs. While the local job loss rate is not as severe as the national job loss rate of 4.7 percent since the third quarter of 2008, the New Orleans metro economy now has only 519,400 jobs — only 15,200 more than at the lowest point of the oil bust in 1987.

The Recession also flattened income growth in the New Orleans metro. After initial post-Katrina increases in household income, the median household income across the metro area fell to \$46,219 in 2009, statistically unchanged from 1999. The recession threw a wet blanket on the New Orleans economy, making it more difficult for even well-intentioned homeowners to finish fixing up their homes, and for sellers to find buyers of dilapidated homes and empty lots.

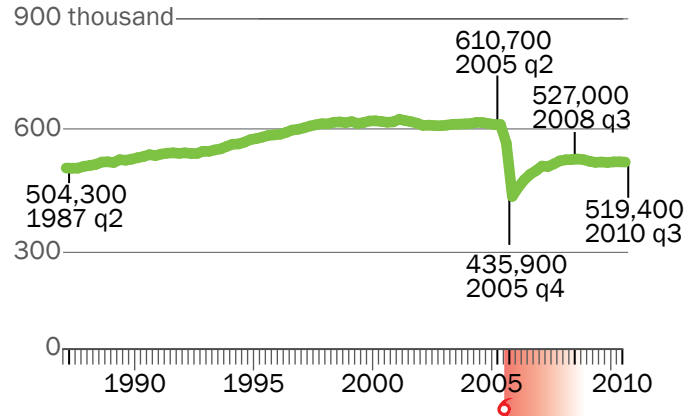
In 2010, the regional economy sustained another blow. The impact of the oil spill in the Gulf is anticipated to be felt in the next year or two as temporary BP employment opportunities end and diminished fish populations affect fishermen, seafood processors and the recreational fishing industry.⁴ A weak economy with job losses and falling incomes does not bode well for housing demand.

Housing sales have slowed and are now lower than in 2005 due to the credit crunch and the weakened New Orleans economy.

Single-family home sales in the metro area increased in the first year after Katrina as returning residents and recovery workers scrambled to find housing. But monthly home sales volumes have fallen every year since 2006 — and this despite substantial federal, state and local home sales incentives. Average monthly sales for the first eight months of 2010 are 16 percent lower than in 2008, and 41 percent lower than in 2005.

Jobs 1987-2010

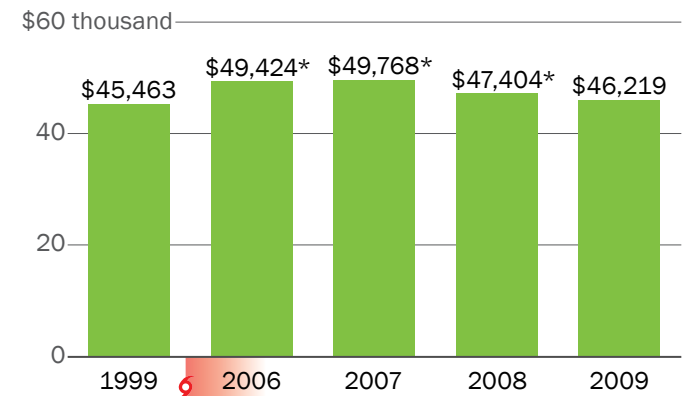
nonfarm, seasonally adjusted, New Orleans Metro



Sources: GNOCDC data compilation from the Bureau of Labor Statistics and Moody's Economy.com Database (U.S. Bureau of Labor Statistics: CES, QCEW).

Household income 1999-2009

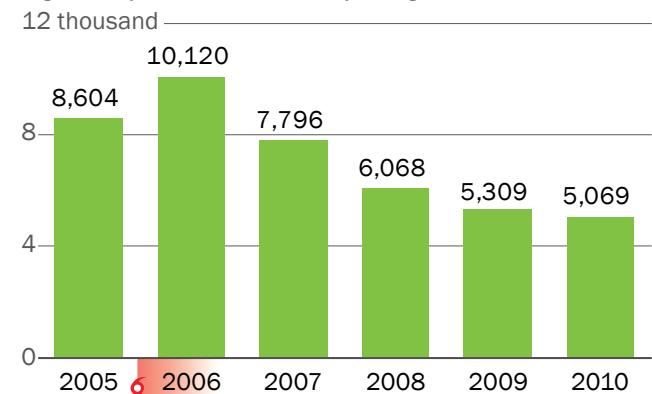
in 2009 inflation-adjusted dollars, New Orleans Metro



Sources: GNOCDC analysis of U.S. Census Bureau data from Census 2000 and American Community Survey single-year estimates for 2006, 2007, 2008, and 2009. Note: Reference dates for ACS estimates are the previous 12-month period, collected over a two-year period. Data are in 2009 inflation-adjusted dollars using the CPI-U-RS. Census 2000 income for the metro area reflects the U.S. Office of Management and Budget definition for the New Orleans MSA at the time of Census 2000, which includes St. James Parish. *Significantly different from Census 2000 at 95% confidence interval.

Home sales

single-family home sales, January – August, New Orleans Metro



Source: GNOCDC data compilation from New Orleans Metropolitan Association of Realtors. Note: Data captured monthly and numbers finalized a year later.

Despite decreasing demand, housing costs remain unaffordably high.

In 2009, median homeowner costs in New Orleans (including mortgage payments, taxes, insurance and utilities) were \$1,072 per month, 19 percent higher than in 2004. Costs for homeowners with a mortgage have increased 22 percent to \$1,550 per month. And for homeowners without a mortgage, costs have increased by 18 percent to \$456 per month due to higher utility and insurance bills.

With housing costs at \$12,864 annually, New Orleans homeowners bear costs close to the national average but with significantly less income. The median household income in the city was \$52,339 in 2009, compared to \$63,306 nationally. As a result, 39 percent of New Orleans homeowners are cost-burdened—that is, they pay more than 30 percent of their pre-tax household income on housing costs (the federal standard for affordable housing costs). This is higher than the 31 percent of homeowners nationally who are cost-burdened.

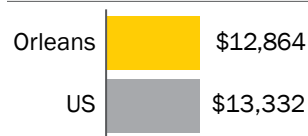
New Orleans renters saw their housing costs (rent plus utilities) skyrocket 37 percent between 2004 and 2009. Pre-Katrina median rental costs were \$643 — indicating that thousands of rentals were available for \$300, \$400, or \$500. But these non-subsidized, inexpensive rentals were destroyed by the floods, and high reconstruction costs plus higher insurance have led to higher rents. At \$881 per month, rents in New Orleans are now higher than the national average and many comparable cities — despite an increasing supply of available rentals and high vacancy rates among new and rehabbed market rate rentals.⁵

The affordability problem in the New Orleans area is not the housing costs per se, it's the wages. The pervasiveness of low-wage jobs produces a large share of severely cost-burdened renters. In 2009, 38 percent of New Orleans renters paid at least half of their income on housing, a higher share than renters in even high priced cities like New York.

New Orleans wages are low for many of our most prevalent occupations. For example, there are more than 17,500 full-time year-round food preparation and service workers in the metro area who earn \$19,000 per year. These workers can afford to pay only \$475 per month for housing costs based on federal standards of housing affordability. And another 7,700 health care support workers earn about \$20,000 per year, and can afford only \$497 per month. All told, about 45 percent of full-time year-round workers in the metro area earned less than \$35,000 annually in 2009.

Annual housing costs vs income for homeowners in 2009

Housing costs



Median household income

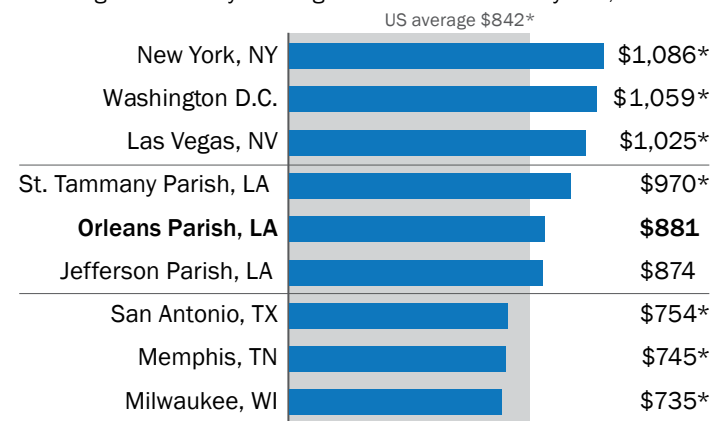


Sources: GNOCDC analysis of U.S. Census Bureau data from the American Community Survey 2009.

*Significantly different from Orleans Parish at 95% confidence interval.

Rent comparison across cities

median gross monthly housing costs for rentals of any size, 2009

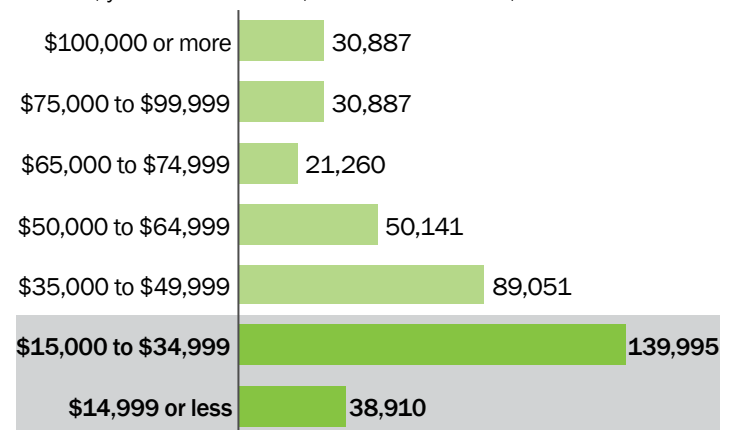


Source: GNOCDC analysis of U.S. Census Bureau data from the American Community Survey 2009.

* Statistically different from Orleans Parish at 95% confidence interval.

Workers by income range

full-time, year-round workers, New Orleans Metro, 2009



Source: GNOCDC analysis of U.S. Census Bureau data from the American Community Survey 2009.

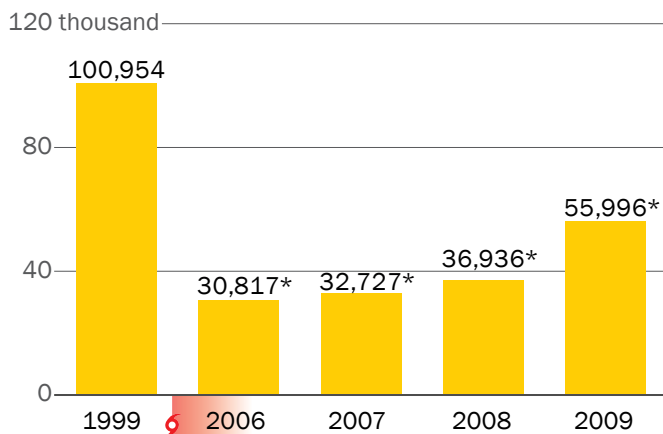
Although demand for housing may be generally weak in New Orleans, demand for additional subsidized housing opportunities likely still exists.

Vast sums of federal housing dollars have subsidized the return of homeowners through the Road Home program. On the other hand, renters and lower-income pre-Katrina residents have faced steeper obstacles returning to the city due to relatively fewer subsidies for repairing rental properties. As a result, the share of renters in the city has fallen from 54 percent of all households in 2000 to 49 percent in 2009, and the share of households earning less than \$30,000 has declined from 54 percent in 1999 to 44 percent in 2009.

But these numbers are slightly misleading in that the *number* of households earning less than \$30,000 has grown every year since 2006. This suggests that there may be continued demand for housing in New Orleans among low-income households that are still displaced. Until jobs—particularly higher income jobs—begin to grow, additional housing demand will come primarily (although not exclusively) from lower-income pre-Katrina residents.

Low-income households

earning less than \$30,000 per year, Orleans Parish



Sources: GNOCDC analysis of U.S. Census Bureau data from Census 2000 and ACS single-year estimates for 2006, 2007, 2008, and 2009. Note: The reference dates for the ACS estimates are the previous 12-month period, and are collected over a two-year time period. Data is not adjusted for inflation. *Significantly different from Census 2000 at 95% confidence interval.

Without new housing demand from middle- and higher-income workers, finding new occupants for blighted homes will be challenging in many parts of the city.

Since March 2008, blight has decreased substantially in the city,⁶ but not because of high demand from eager new homeowners. Rather, billions of federal housing dollars (via the Road Home program, Low-Income Housing Tax Credits, etc.) have helped pre-Katrina residents return to the city.

Neighborhood leaders must not be lulled into thinking that blighted properties will be rehabilitated if they are simply “put back into commerce.” In neighborhoods with weak

Cheap and easy

Did you know you can purchase a property in Detroit via the internet for less than \$1,000?

If you paid so little for a house, would you be willing to devote the time and resources to rehabbing and maintaining it to the level that residents on your block would think you were a “good neighbor?”

12627 Moran Detroit, MI 48212
\$1,000
3 Bed, 2 Bath | 720 Sq Ft
Single Family Home
Owned By: 3 Ter Real Estate LLC
SELLER IS LOOKING TO LIQUIDATE ENTIRE PORTFOLIO OF INVESTMENT PROPERTIES. THIS PROPERTY MAY BE SOLD INDIVIDUALLY. O... more
Save Listing

17415 Mitchell Detroit, MI 48212
\$1,000
3 Bed, 1 Bath | 900 Sq Ft
Single Family Home
Owned By: 3 Ter Real Estate LLC
SELLER IS LOOKING TO LIQUIDATE ENTIRE PORTFOLIO OF INVESTMENT PROPERTIES. THIS PROPERTY MAY BE SOLD INDIVIDUALLY. O... more
Save Listing

11670 Saint Louis Detroit, MI 48212
\$1,000
3 Bed, 1 Bath | 866 Sq Ft
Single Family Home
Owned By: 3 Ter Real Estate LLC
SELLER IS LOOKING TO LIQUIDATE ENTIRE PORTFOLIO OF INVESTMENT PROPERTIES. THIS PROPERTY MAY BE SOLD INDIVIDUALLY. O... more
Save Listing

4588 Roosevelt Detroit, MI 48208
\$1,000
3 Bed, 2 Bath | 1,368 Sq Ft
Single Family Home
Owned By: Valley Village RE, Del Mar Real Estate
SOLD AS IS, ALL OFFERS PRESENTED MUST INCLUDE A COPY OF THE BUYER END AND PROOF OF FUNDS IN ORDER TO BE SUBMITTED T... more
Save Listing

12752 Janet Detroit, MI 48208
\$1,000
3 Bed, 1 Bath | 1,179 Sq Ft | 6,000 Sq Ft Lot
Single Family Home
Owned By: REBOLD RECONSTRUCT
FIRE DAMAGE. MUST COMPLY TO CITY ORDINANCES AND OBTAIN ANY CITY PERMITS BEFORE CLOSE... more
Save Listing

Source: Realtor.com

demand, the most likely buyers will be speculators who will sit on the property and do nothing to remediate blight. An examination by the Bureau of Governmental Research (BGR) of the 219 properties seized and sold by NORA in 2002 found that less than half had been rehabilitated five years later and 53 percent remained blighted.⁷

Nor can City Hall simply demolish all the blighted properties. The financial costs of doing so (not to mention social, cultural, historic and economic costs) would be prohibitive. For example, the Mayor has proposed \$9 million in special one-time disaster federal funds for demolitions this year. This total amount will demolish only 1,800 properties assuming the City’s estimated minimum cost of \$5,000 per demolition. If the cost per demolition rises to \$10,000, only 900 properties will be demolished.

Nevertheless, the City still has the potential to use its limited resources to make a measurable dent in blight. But to do

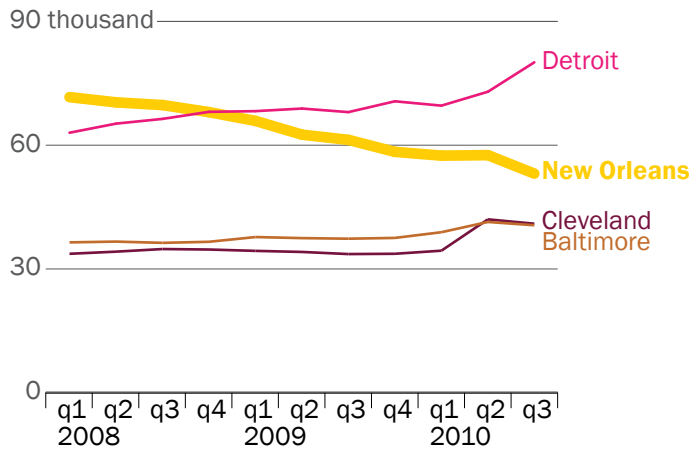
so the City must work closely with several other entities including the State, the Housing Authority of New Orleans (HANO), and the New Orleans Redevelopment Authority (NORA). The next section examines how all New Orleans stakeholders can leverage existing resources to maximize the results of blight strategies with the aid of private markets

NEIGHBORHOOD HOUSING MARKETS & BLIGHT POLICIES

In and of itself, making a measurable dent in blight is an ambitious goal for any city that has experienced decades of population loss. The Great Recession only makes this challenge more daunting. Detroit, Cleveland and Baltimore have all experienced rising levels of blight and vacancy over the last two and one-half years (despite receiving millions of dollars in Neighborhood Stabilization grants, and employing at least three times more code enforcement officers than New Orleans). In stark contrast, New Orleans has experienced a dramatic reduction in overall blight and vacancy over the same time frame, from 71,657 unoccupied residential addresses in March 2008 to 53,111 in September 2010.⁸

Unoccupied residential addresses

blighted addresses or empty lots plus vacant but habitable homes, select cities



Source: GNO Community Data Center analysis of HUD Aggregated USPS Administrative Data on Address Vacancies.

There is no doubt that the driving force behind the reduction in blight in New Orleans has been the billions of federal dollars distributed to New Orleans homeowners through the Road Home program as well as to small and large rental property redevelopments. More than 40,000 homeowners in New Orleans have received Road Home Option 1 grants (intended to rebuild and reoccupy their storm-damaged homes). Additionally, a few thousand rental homes have been redeveloped using Low-Income Housing Tax Credits or support from the Small Rental Property program.

Though the community has been frustrated with the slow pace of recovery, the fact that these special post-Katrina federal resources have not all been fully deployed provides

an opportunity. If carefully deployed, these resources can be used to stimulate private market action, thereby, multiplying their beneficial effect in the fight against blight. This section of the report describes the extent of blight across the city and optimal blight-fighting strategies that leverage housing markets as they change and develop.

Trends in blight and vacancy

While the total number of blighted homes has decreased from 65,428 to 43,755 over two and one-half years, the number of vacant but habitable homes has increased from 6,229 to 9,356 over the same time frame, increasing the city's vacancy rate (among habitable units) from four to six percent. Although some level of vacancy is important for a healthy housing market, an overabundance of vacant units can depress home values and eventually lead to abandonment and blight. In fact, most U.S. cities that are experiencing a growing number of vacancies are also experiencing a growing number of blighted homes.⁸

Not surprisingly, the largest neighborhoods have the highest number of blighted addresses. Seventh Ward, Central City, and Little Woods have 2,200, 2,300, and 3,400 blighted residential addresses, respectively. Together they represent about 18 percent of all of the blighted homes, slightly more than their 16 percent share of all homes in the city. At the other end of the spectrum, 14 neighborhoods have fewer than 100 blighted residential addresses (and are not undergoing major redevelopment). All 14 of these neighborhoods experienced little or no flooding after Hurricane Katrina because they are on the west bank of New Orleans, in the "sliver by the river," or along the lake front.

Two-pronged approach to attacking blight

In order to effectively address blight, communities must employ a two-pronged approach. They must 1) minimize the harm to the neighborhood from existing blighted structures, and at the same time, 2) acquire and treat blighted properties, to the extent possible, in order to return them to productive use.

1) Minimize harm to neighborhood. Reducing the harm to the neighborhood includes proactive code enforcement, securing vacant homes, and maintaining the surrounding property by mowing, removing dangerous debris, etc. These actions can improve the quality of life and safety for the current residents, send signals to potential buyers that the neighborhood is cared for, and reduce the chance of the property attracting disorder and crime.

2) Acquire and return properties to productive use. In order to acquire and dispose of blighted properties, a jurisdiction must have a legal and regulatory system conducive to orderly transfer of property ownership. Once properties are acquired, disposing of them includes a variety of options: rehabilitating the home and selling it to a responsible owner;

Broad Principles for Most Effectively Reducing Blight

Several broad principles have been developed from the experiences of other cities that have been working to reduce blight over many years. Along with thoughts on how to implement them in New Orleans, they are:

Start with information. Having a shared system of reliable property-level information is obviously critical for City agencies to implement the mayor's ambitious blight plan. Without it, a property slotted for turnover to a nonprofit developer could easily be demolished in the meantime by another department. And being able to know if a property NORA controls is next to one owned by the City enables more strategic thinking. But beyond internal systems for public agencies, having a common set of information allows the community as a whole to better contribute to blight-fighting efforts. Understanding the status of each property will allow neighbors to contact property owners and suggest feasible solutions and resources for addressing the blight. In addition, downloadable property data can be used to attract retailers and fundraise for community amenities.

Hold agencies accountable. Timely information about ongoing decision-making processes and public investments should be available to the public in an accessible form. The City's bi-weekly BlightStat meetings that began in November 2010 are designed to monitor progress in eliminating blight. In addition, these meetings should aim to uncover emerging issues and gather input for mid-course corrections.

Think strategically. While progress has been made, the level of blight is still daunting and the monetary and staff resources available are limited. We will not see the improvements we need if our efforts are thinly spread through ad hoc decisions. The City has identified neighborhoods near major commercial corridors and schools as priority areas. In addition, interventions planned with an understanding of neighborhood housing market conditions can greatly increase the impact of limited resources on the elimination of blight.

Craft sustainable solutions. Decision-makers should think about long-term outcomes. For example, selling a City-owned property to an investor looking to flip homes or to an inexperienced developer will only erode the progress we have made so far. At the same time, City revenues are not sufficient to acquire, hold and maintain all abandoned properties in New Orleans. Instead, the City and NORA must look for ways to get properties into the hands of private owners who can and will care for them responsibly.

Coordinate efforts. NORA, the City, and nonprofits are doing heroic work in addressing blight. In addition, HANO and the State currently have control or influence over a very large number of properties in New Orleans. Ongoing communication (both through informal and formal channels) among the actors can help identify duplicative or contradictory efforts and reveal opportunities for active collaboration. More active collaboration could include larger land assembly in select neighborhoods or efforts to enhance federal funding streams with funding through state and local channels, such as Low-Income Housing Tax Credits (LIHTC), the Community Development Block Grant (CDBG), or state elevation assistance.

holding the property until the market recovers; or demolishing the property and re-purposing the land (to serve as a park, side lot, water retention area, or other function). Unlike many other cities burdened with excess land and building, New Orleans is in the unique position of having a very large number of its blighted properties already owned by a governmental entity such as NORA, the Louisiana Land Trust, the City, the Orleans Parish School Board, the Housing Authority of New Orleans (HANO), or under covenant with the State to be rebuilt through the Road Home program.

The application of either of these two tactics should be informed by the market conditions of each neighborhood.

Neighborhood housing markets

Optimal blight-fighting strategies are grounded in market realities. In neighborhoods with strong markets, less intervention is needed. Where markets are weaker, scarce resources can help build demand to some extent. A typology is one technique to help portray the strength of neighborhood housing markets, and guide decision-makers to actions appropriate for the conditions of each market group. Any typology is an oversimplified representation of reality, and should be viewed as a tool rather than a set of hard rules. Nonetheless, a typology can help policymakers, program planners, and residents understand the market strength of the city's neighborhoods and the policies that may be most effective in addressing blight in each area. With this context, neighborhood strategies can then be refined based on on-the-ground knowledge and priorities.

Researchers have developed rigorous and very refined analyses of block-by-block housing markets across cities such as Cleveland, Philadelphia, Chicago, and Dallas using parcel-level data on home sale prices, owner-occupancy, property characteristics, and code violations, combined with Census 2000 demographic data.⁹ Unfortunately, most of these data are currently unavailable in New Orleans. The exception is Census 2000 data, which became largely obsolete following the massive population displacement of 2005. For this reason, this report relies on 2009 home sale volumes and prices by neighborhood to develop a rough typology of current market strengths across New Orleans neighborhoods, as well as March 2008 through September 2010 USPS data as an indicator of the direction and likely momentum of each neighborhood's housing market.

Sale prices and volumes

Information about home sale volumes and prices indicate the level of private market interest in purchasing homes

in each neighborhood. This report utilizes 2009 Boxwood Means Inc data on single-family homes and condominiums courtesy of PolicyMap. We standardized the sale volumes by the number of housing units to be able to compare across neighborhoods of different sizes. Median home sale prices include homes in any condition (habitable, gutted, blighted, etc.). Looking at the distributions across neighborhoods, we created three ranges for each indicator and grouped each neighborhood into a category (see figure and map below). Neighborhoods with low blight, undergoing major redevelopment, or with insufficient sales were not classified. See the Appendix for further details on the Boxwood Means data and a neighborhood-level data table.

High sale prices usually reflect high demand, good housing conditions, quality amenities, and low vacancy rates. Low prices reflect low demand, disinvestment, high vacancy rates, and substantial costs to rehabilitate homes.¹⁰ Neighborhoods with low prices and high volumes are more difficult to interpret. The high volume may indicate large nonprofit development work underway or a large number of speculator purchases that will not result in improvements in the neighborhood. As such, the neighborhood market typology in this report should be interpreted with solid on-the-ground knowledge of sales activities in each neighborhood in 2009.

Reduction in blight and vacancy

Housing markets are not static. In fact, neighborhoods are essentially in a constant state of change.¹⁰ In post-Katrina New Orleans, one of the most telling indicators of the change is the reduction in blight and vacancy in many neighborhoods over the last few years. Improvements are quite apparent to visitors who saw these neighborhoods in the year after Katrina and again more recently. Markets look for upward trends and New Orleans neighborhoods are bound to benefit from the psychology associated with increasing momentum. USPS data indicating occupancy by residential address helps to quantify these trends.

Among the 50 neighborhoods with more than 100 blighted residential addresses (and excluding those under major redevelopment), the vast majority (42) experienced a decrease in blight from March 2008 to September 2010 suggesting that these neighborhoods may be gaining momentum and future prospects for each may be improving. However, some of these neighborhoods also have a large number of vacant but habitable units. Although some level of vacancy is important for a healthy housing market, an overabundance of vacant units can depress home values and eventually lead to abandonment and blight. If these are not filled, the momentum in the neighborhood could be threatened. Specifically, nine of the neighborhoods with decreasing blight also have vacancy rates in excess of 5 percent. Only in the French Quarter is a high level of vacancy expected given seasonal home use there. See the Appendix for further details on the USPS data and a neighborhood-level data table.

In contrast, seven neighborhoods of the 50 experienced an increase in blight. In many cases the increases were small and may indicate infill redevelopment in progress. However, neighborhoods with mixed markets that have experienced a large increase in blight, such as Leonidas, may be losing momentum. Blight in these neighborhoods should be watched carefully.

The 14 low-blight neighborhoods (those with fewer than 100 blighted residential addresses and not under major redevelopment) have seen increases in either blighted addresses or vacant addresses or both, likely because residents fled to these neighborhoods after the storm and now are returning to rebuilt homes or new buildings. Most of these neighborhoods have median housing prices over \$75,000. But Behrman and Whitney have a median home sale price of less than \$75,000 *and* increasing blight, which suggests they may be susceptible to greater decline in the future.

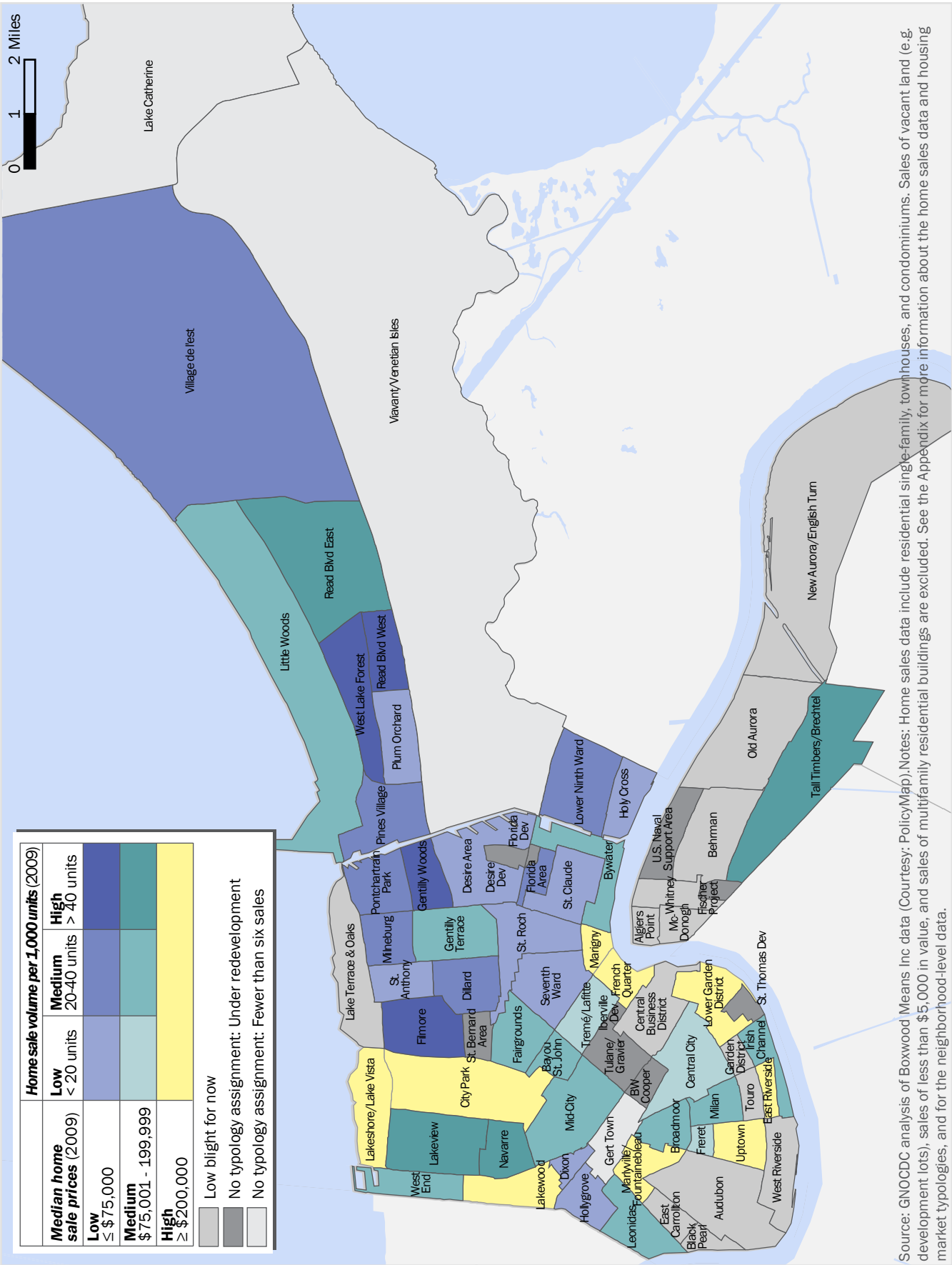
Neighborhood Market Typology Matrix

	Home sale volumes per 1,000 housing units (2009)		
Median home sale prices (2009)	Low < 20 units per 1,000	Medium 20 – 40 units per 1,000	High > 40 units per 1,000
Low ≤ \$75,000	Desire Area Dixon Hollygrove Holy Cross Plum Orchard St. Anthony St. Claude St. Roch Seventh Ward	Dillard Florida Area Lower Ninth Ward Milneburg Pines Village Pontchartrain Park Village de l'est	Filmore Gentilly Woods Read Blvd West West Lake Forest
Medium \$75,001 - 199,999	Central City Freret Treme'/Lafitte	Bayou St. John Broadmoor Bywater Fairgrounds Gentilly Terrace Irish Channel Leonidas Little Woods Mid-City Milan West End	Lakeview Navarre Read Blvd East Tall Timbers/Brechtel
High ≥ \$200,000		City Park East Riverside Marigny Uptown	French Quarter Lakeshore/Lake Vista Lakewood Lower Garden District Marlyville/Fountainebleau

Source: GNOCDC analysis of Boxwood Means Inc data (Courtesy: PolicyMap).

Notes: Home sales data include residential single-family, townhouses, and condominiums. Sales of vacant land (e.g. development lots), sales of less than \$5,000 in value, and sales of multifamily residential buildings are excluded. See the Appendix for more information about the home sales data and housing market typologies, and for the neighborhood-level data.

Neighborhood Market Typology Map



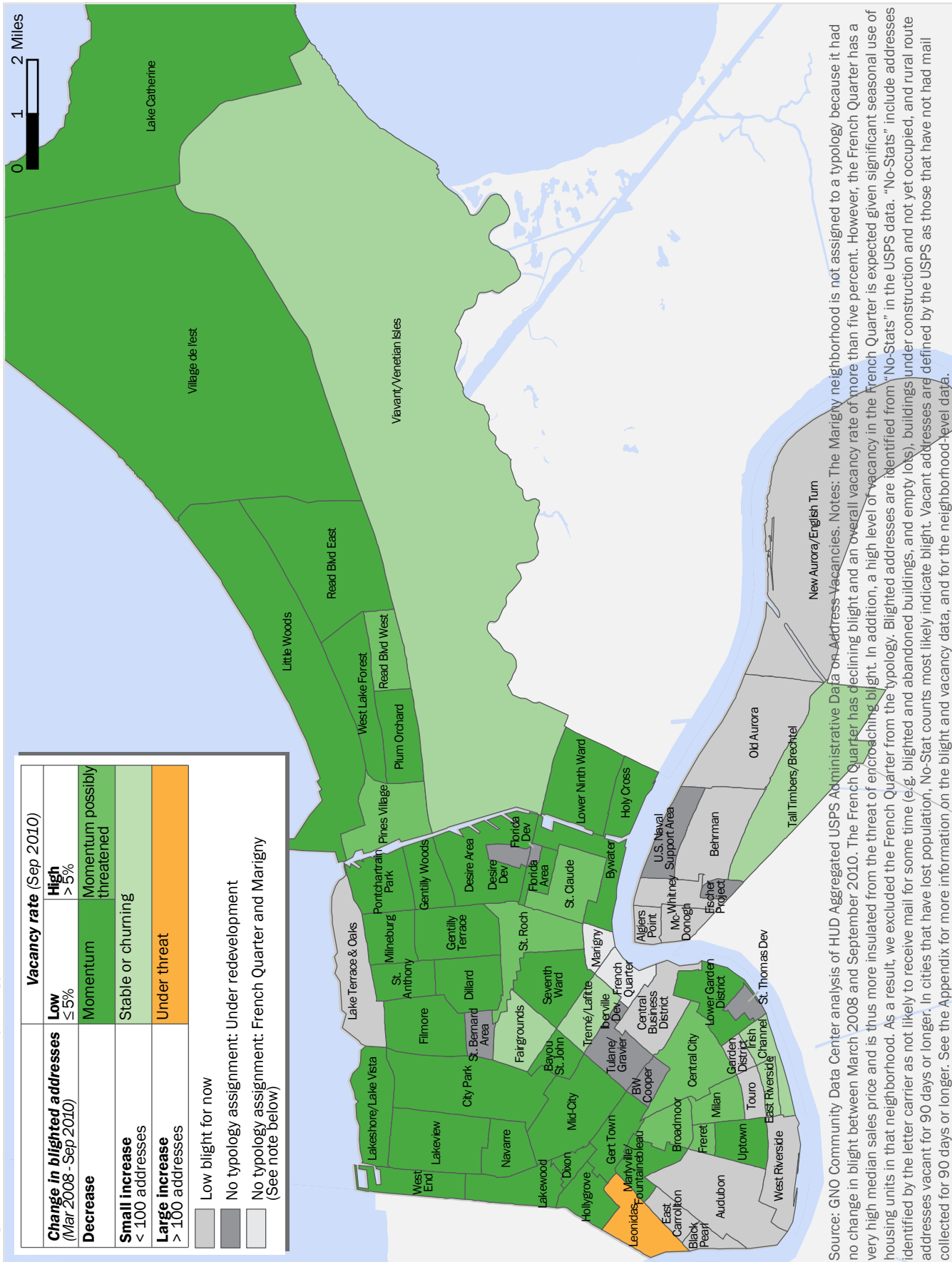
Neighborhood Momentum Typology Matrix

	Vacancy rate (Sep 2010)	
Change in blighted addresses (Mar 2008 - Sep 2010)	Low ≤ 5%	High > 5%
Decrease	Momentum Bayou St. John Bywater City Park Desire Area Dillard Dixon Filmore Florida Area Gentilly Terrace Gentilly Woods Gert Town Hollygrove Holy Cross Lake Catherine Lakeshore/Lake Vista Lakeview Lakewood Little Woods Lower Garden District Lower Ninth Ward Marlyville/Fountainebleau Mid-City Milneburg Navarre Plum Orchard Pontchartrain Park Read Blvd East Seventh Ward St. Anthony Uptown Village de l'est West End West Lake Forest	Momentum possibly threatened Broadmoor Central City Freret Milan Pines Village Read Blvd West St. Claude St. Roch
Small increase < 100 addresses	Stable or churning East Riverside Fairgrounds Irish Channel Tall Timbers/Brechtel Viavant/Venetian Isles Tremé/Lafitte	
Large increase > 100 addresses	Under threat Leonidas	

Source: GNO Community Data Center analysis of HUD Aggregated USPS Administrative Data on Address Vacancies.

Notes: The Marigny neighborhood is not assigned to a typology because it had no change in blight between March 2008 and September 2010. The French Quarter has declining blight and an overall vacancy rate of more than five percent. However, the French Quarter has a very high median sales price and is thus more insulated from the threat of encroaching blight. In addition, a high level of vacancy in the French Quarter is expected given significant seasonal use of housing units in that neighborhood. As a result, we excluded the French Quarter from the typology. Blighted addresses are identified from "No-Stats" in the USPS data. See the Appendix for more information on the blight and vacancy data, and for the neighborhood-level data.

Neighborhood Momentum Typology Map



Using market conditions to guide action

The results of our housing market typologies illustrate the range of housing market conditions in New Orleans. While the Lakeview neighborhood and the St. Roch neighborhood might currently have a similar number of blighted properties, their very different housing markets, and the momentum in each, shape what approaches should be emphasized. The sections below suggest some issues to be considered and promising strategies for three broad housing market groups.

Low-demand markets

Neighborhoods falling into this category have low median prices and sluggish sales activity. These kinds of markets also account for a disproportionate share of the blighted housing, so reducing the harm to the neighborhoods should be a priority. Currently, property owners have few incentives to maintain their vacant property. Stepped up code enforcement can create incentives for property owners to comply with basic standards of safety and appearance. Ideally, this would result in more responsible behavior, but, at minimum, the resulting fines should defer the cost of City maintenance. Additional costs and legal actions could make absentee owners more amenable to offers through public or non-profit programs to sell the property.

In addition to minimizing the harm of privately-owned blighted properties, agencies need to carefully manage the disposition of publicly-acquired homes. The public aim should be to constrain supply and not add blighted properties to the inventory already on the market. One way to accomplish this is to demolish the structure and convert the property immediately to a productive, non-residential use. Publicly-held slab on grade homes damaged during post

What to do with New Orleans excess historic buildings?

There is no doubt that New Orleans' historic buildings are a national (if not global) treasure. But with a population that is hundreds of thousands of people fewer than in 1960, it is not realistic to expect that all of New Orleans' historic homes will find new owners who will rehab, inhabit and maintain them in the near future. Yet, the loss of these buildings would be a blow to New Orleans on many levels.

The development of effective code enforcement policies and procedures can force their owners to bring their buildings into compliance. Still many historic homes will remain uninhabited and as such may continue to feel like a thorn in the side of the surrounding neighborhood. Precisely because of its historic housing stock, the City of New Orleans could consider developing clear standards for "mothballing" historic properties. The objective would be to determine a standard of repair and maintenance that would eliminate neighbors' concerns about unoccupied buildings and, at the same time, be cost effective and sustainable for property owners who cannot sell their properties to someone who will inhabit them. This might include gutting, treating for termites, facade improvements, and securing roofs. Historic homes that are beyond repair can be deconstructed and the parts salvaged for repair of other homes.

Katrina flooding and located in a flood zone that do not meet base flood elevation should be demolished. The high cost of elevating such structures in most cases makes renovation cost prohibitive relative to the value of such homes.

As an overarching strategy for sustainably eliminating blight, the aim of the City and NORA should be to expand the footprint of each responsible property owner. Transferring the property at low- or no-cost to an adjacent owner for a side lot will benefit the individual owner, eliminate the cost of public maintenance, and reduce the excess housing stock. The Lot Next Door program is designed exactly for this purpose. NORA allows homeowners to purchase neighboring lots to expand their home or yard and has helped to reduce blight by approximately 350 properties with 300 more lots about to be sold through this program.

Nonprofits can assist by actively tracking down the owners of the most egregious properties, purchasing the properties, and then either transferring ownership to the adjacent homeowner who can maintain them, or converting them to community gardens, small parks, or water retentions areas. In some cases, it makes sense to hold properties for a few years with high standards of maintenance. Currently the Louisiana Land Trust is "land banking" some 4,000 residential properties in New Orleans. Nonprofits can choose to land bank properties in the neighborhoods where they work as well.

Typically weak market neighborhoods have a history of disinvestment and require a focus in other policy areas, including public safety and economic development. By investing in essential neighborhood amenities such as police stations and schools, the City and other stakeholders can contribute to the longer-term goals of improving these neighborhoods for the current residents and of attracting new households. And neighborhood groups can assist by providing police with a list of properties that are known to attract illegal activity so that they can direct increased vigilance to those specific properties.

Mixed markets

These are areas that have some level of blight, but also have moderate sales activity or prices. These neighborhoods often have significant community assets or current investment efforts that can be leveraged. For example, in many cases new schools will be built in these neighborhoods with the recent approval of \$1.8 billion in FEMA funds for New Orleans public schools.

Some of the approaches in the low-demand group also fit for mixed market neighborhoods, such as stricter code enforcement with real penalties. Having homeowners living next to blighted properties take over those lots also makes sense in these markets.

Because more private buyers are interested in purchasing properties in these neighborhoods than in low-demand neighborhoods, transferring publicly-acquired blighted properties to private owners becomes a reasonable option here.

Where there is growing demand, short-term investors may be interested in these properties – not to redevelop but to leave as is with the hope of selling in a few months for a quick profit. The City and NORA should be certain that they only sell to responsible individuals or groups – ones that will keep the property well-maintained (mothballed if necessary) with the intention of eventually moving the property back into productive residential or non-residential use. When releasing properties to the market, public and nonprofit agencies should be careful to do so in stages so as not to flood the market. A sharp increase in supply could have the unintended consequence of not only depressing home values, but also hampering the recovery of the neighborhood by lowering appraisals and, thus, the amount home buyers could borrow for rehab. Holding properties at high standards of maintenance until the market is ready to absorb them at current appraised prices is essential for not destroying these markets.

While the market demand is building in these neighborhoods the public sector can help bolster the market. Recognizing that commercial recovery can help spur residential recovery, the mayor's proposed efforts to target blight around commercial corridors will reinforce the private interest in these neighborhoods. In addition, the City, NORA, and nonprofit organizations should watch for opportunities to assemble adjacent parcels for larger-scale commercial or residential development suited to the neighborhood context. Because NORA has control over a large number of properties, land swaps (when executed in accordance with all applicable U.S. Department of Housing and Urban Development (HUD) rules and regulations) can be helpful in assembling the targeted properties. The acquisition and remediation of blighted properties that are a specific impediment to a healthier market can make a large impact.

In Cleveland, a “Neighborhood Stabilization” team consisting of community developers and data analysts focused in a few neighborhoods meet regularly to identify problem properties and potential properties for new development. Property-level information is critical to the team's decisions. At each meeting, they review parcel-level data on vacancy status, existing development plans, and various problem indicators.

High-priced markets

In this category, the demand is moderate or strong, the prices are high, and the blight problem is less extensive. As in the mixed market neighborhoods, public agencies should take care not to damper the market by placing too many properties on the market at once. While property maintenance standards should still be enforced, private owners have more incentive to fix up their properties to sell without government sticks or carrots.

Nonprofit Land Banking

Jericho Road operates in 16 square blocks of Central City that experienced little flooding but has suffered from decades of disinvestment. The housing market in Central City is currently mixed with medium sale prices but low volumes. In addition, the neighborhood has experienced decreasing blight since March 2008, but increasing vacancy rates among habitable units such that vacancy is now over 5 percent. As such, Jericho Road recognized that there would be some demand for low-income subsidized homeownership opportunities in their target area, and that they could further decrease blight by acquiring properties and land banking them. Jericho Road decided to go a step further and maintain these empty lots at a standard higher than code based on a model from Philadelphia where doing so increased the value of all the properties in the neighborhood. Jericho Road acquires lots, clears them of foundations and rotted trees, fences them and, of course, provides regular mowing and maintenance. Where they anticipate that the lot may be vacant for a decade or more they look for more permanent non-housing uses. Currently, they are planting an orchard in one area.

Public or nonprofit buyers may find the properties too expensive to purchase on the open market, but the properties already owned by the public sector represent an important opportunity to encourage greater economic diversity within these neighborhoods. The City can facilitate the low-cost purchase of properties in strong-market neighborhoods by nonprofits able to operate them as long-term affordable housing. These could be sold to families in a shared-equity arrangement. The new residents could be low- to moderate-income families or elderly who have not been able to return to their neighborhoods since the storm. And training should be provided to ensure that the homeowners have the ability to maintain the mortgage and ongoing costs. A program like this would need to be run by an organization with solid management capacity and designed carefully so as to not weaken the neighborhood housing market.

The nonprofit Oakland Community Land Trust (OakCLT) offers one model. The trust acquires and rehabilitates single-family vacant homes to sell to new homebuyers earning 50 to 80% of the area median income. The OakCLT retains ownership of the land under the homes, while leasing the land back to the new homeowner (for a 99-year, renewable term). By retaining ownership of the land and selling the improvements on the land, the OakCLT ensures permanent affordability. Subsequent homebuyers will benefit from the same affordable home prices. While this type of program would further opportunities for low- and moderate-income households in high-priced markets, it could also be used to build community and shared ownership in low-demand and mixed markets, as the Neighborhood Empowerment Network Association (NENA) is doing in the Lower 9th Ward.ⁱⁱⁱ

iii. NENA is the largest neighborhood based nonprofit in the Lower 9th Ward and is focused on helping families return to the devastated neighborhood. NENA's approach to housing development encourages the clustering of widespread home redevelopment around the rebuilding of schools, libraries, and community space in the Lower 9th Ward. NENA's Lower 9th Ward Community Land Trust (CLT) is an affiliate entity founded to protect housing affordability, build equity for low-income homeowners, and maintain local control of property. See <http://www.9thwardnena.org/home>

New Orleans' largest opportunities for remediating and preventing blight

In New Orleans a large number of blighted buildings are already under the direct control or influence of a governmental entity. With these properties, authorities do not have to expend resources acquiring them. But they do still have to determine how to dispose of the property in a manner that most effectively reduces blight while at the same time preserves the cherished historic character of the city and does not diminish home values. The specific types of property over which governmental entities have control or influence are outlined below along with strategies for each.

Louisiana Land Trust Properties

The State of Louisiana acquired approximately 5,000 homes in New Orleans from Road Home recipients who chose not to return and rebuild their homes, but to sell them to the State for a lesser amount of money. These properties are being held and maintained by the Louisiana Land Trust (LLT) until NORA has a designated buyer or other use for them. NORA has already disposed of approximately 1,000 of these properties, primarily through the Lot Next Door program and to a lesser extent through sales to developers and through the open market. The remaining 4,000 properties represent a sizable number of properties and the LLT and NORA must continue to strategically dispose of these properties in stages keeping in mind neighborhood market conditions as outlined above. Currently, the LLT is maintaining these properties. That is, they have boarded the windows and doors, secured swimming pools and are regularly mowing the lawns. The LLT must be cautious not to expedite the disposal of these properties. If the LLT wishes to move all these properties into NORA's control, they must provide sufficient resources such that NORA can build its organizational capacity for large-scale land-banking and also support ongoing costs of maintaining the properties. If NORA does take on additional land banking responsibilities, it could gather inspiration from the promising practices of land bank authorities in other locations like Genesee County, MI and Cuyahoga County, OH.

Blighted properties with Road Home Option 1 grants

Properties for which the owners received a Road Home Option 1 grant and have not rebuilt represent another unique opportunity in New Orleans' fight against blight. The State should work aggressively to determine the status of all property owners who received Road Home Option 1 funding. The State makes available to nonprofit organizations the addresses for all properties for which Road Home Option

Strategically Releasing Properties in Stages

In Planning District 5, which includes Lakeview, Lakewood, Navarre and West End, housing markets are relatively strong with markets gaining momentum. In addition, the appraisal value of properties is substantially greater than the cost of new construction or rehabilitation. As such there is demand for properties for sale at reasonable prices and typical buyers will have sufficient incentive to redevelop these properties. In short, here, the market can lead redevelopment without additional incentives or assistance. Nonetheless, NORA recognized that it was important not to flood these markets with available properties, because doing so would have drastically lowered sale prices and in turn lowered appraisal values for all surrounding property owners. This would not only create material harm to neighboring owners but also diminish their potential borrowing capacity, making it harder to secure financing to redevelop their own properties. Maintaining appraisal values above construction costs is a critical balancing point for market led development to take place. NORA decided to release its 600 LLT properties in these neighborhoods in stages and accept only bids at or above current appraised value. In 2009, they released 200 properties and sold 100 of them at or above appraised value. In 2010, they released 200 properties again and sold 140 of them, this time for approximately 15-20% above their list price. In 2011, they plan to release the remaining properties and anticipate all of them will sell given the momentum these neighborhoods have gained over the last two years.

1 funding was granted and the close date on their grant. The State should step up efforts to partner with nonprofit organizations to create a standardized condition sheet that neighborhood organizations would fill out on each property. Neighborhoods could then report to the state any Road Home Option 1 property that is not rebuilt within three years of the close date. The State is the only governmental entity that likely has a current address for still displaced Road Home Option 1 owners and, therefore, is in the best position to contact these property owners.

If a property owner is working toward returning to their home, it is in everyone's best interest to help them complete the job because that person may be the only likely inhabitant of the property, particularly in weak or mixed market neighborhoods. In these cases, the State should pair the property owners with the assistance they need to finish rebuilding their homes (i.e. construction management, counseling, etc) or offer to swap their blighted home for homes built on LLT properties, such as those available through Project Home Again.^{iv}

Recently, the State devised a mechanism whereby Road Home Option 1 owners who have not rebuilt can switch from Option 1 to Option 2 or 3. Owners who have resettled elsewhere should be encouraged to take this option--that is relinquish their property in exchange for being released from

iv. Project Home Again is a nonprofit, housing development organization created by The Leonard and Louise Riggio Foundation shortly after Hurricane Katrina to build high-quality, energy-efficient homes for low and moderate-income, New Orleanians who have been unable to rebuild and return to their homes. Project Home Again has created a unique program in which families who are saddled with damaged homes that they are unable to repair may exchange their old house or vacant lot for a new Project Home Again home. Applicants must meet family size and income requirements. See <http://www.projecthomeagain.net/>

the liability attached to the Road Home Option 1 covenant. It is important to recognize that many such owners have very little incentive to remediate their properties. They may have used their Road Home proceeds to pay off their mortgage, stopped paying insurance on the property, and, with recently extended homestead exceptions, may owe no property taxes for two more years. As such, their holding costs are very small and their incentive to sell the property is minimal. In addition, with potentially as many as 10,000 properties in this category citywide,¹¹ this group of properties may represent the largest single source of blight in the city. Failing to address these property owners proactively will leave the State and City in the position of having to spend precious limited resources in legal action and code enforcement for many years before these properties can be acquired and remediated.

Once any such properties are acquired, the State should *not* uniformly put them up for sale. In strong market neighborhoods, the glut of available properties would lower property values. In mixed and weak market neighborhoods, the most likely buyer would be speculators who would simply sit on the properties and do nothing to maintain them. Instead, the State must maintain any properties it acquires from Road Home Option 1 recipients or provide NORA with the resources necessary to maintain them until they can be put back into commerce strategically or converted to non-residential uses.

City-owned institutional properties and other government-owned properties

When blighted government buildings are key impediments to the revitalization of neighborhoods, they should be prioritized for remediation. The City must lead by example by addressing those blighted institutional properties that are under its direct control. At the time of this writing no clear accounting of City-owned institutional properties exists, reflecting the outdated and fractured record-keeping that has festered within City Hall.

The City is currently working on a comprehensive identification of all its properties and details on their status. Such a data set would ideally include not only current status, but also deadlines for remediation or disposition of each blighted property, to increase predictability and government accountability. First and foremost, the City should build systems to keep this data complete, up-to-date, and automatically feeding into a data portal for download. Credible data is foundational to building trust with the public. Ease of downloading current data will allow neighborhood groups with GIS volunteers to incorporate this data into their own neighborhood-specific maps, and will also serve to build market confidence among private developers, who can incorporate the data into their own market analyses.

This data set could serve as the basis for a prototype of a more comprehensive property viewer and would go a long way toward instilling public faith in the City's blight strategy.

Blighted properties owned by the Housing Authority of New Orleans (HANO), the Orleans Parish School Board, and other public entities should also receive priority attention. In higher demand neighborhoods, larger buildings may be redeveloped into apartments and condos. In weaker and mixed market neighborhoods any such buildings that are not historic nor slated for near term repair should be demolished. Historic structures may be best suited for artists' lofts and live-work spaces. Blighted non-historic scatter sites owned by HANO in weak market neighborhoods should be demolished and land banked by the agency. In addition, with an estimated 16,000 Housing Choice Vouchers in use in rental units around the city, HANO has authority over a large share of rental properties in New Orleans and must work closely with the City to ensure all of these properties are well maintained and up to code.

New multi-family developments

New Orleans is arguably undergoing more redevelopment simultaneously than any other U.S. city. The total number of residential addresses in New Orleans has fluctuated from 213,780 in March 2008 to 216,026 in March 2010 to 212,986 in September 2010, reflective of these massive changes. Much of this redevelopment is concentrated in approximately nine neighborhoods. The neighborhoods that gained the most residential addresses are the Central Business District where warehouses are being rehabbed into condos and apartments, and Mid-City and Tulane/Gravier where several new multi-family buildings have sprung up along Tulane Avenue. Public officials should

Suggested Reading on Blight

Three recent reports have described the issues and challenges of the legal and regulatory systems in New Orleans and Louisiana that are relevant to blight reduction. Mending the Urban Fabric by BGR presented concrete ideas about code enforcement and management. The Blight Task Force of the Mayor's Transition Team detailed the code enforcement process, the legal challenges of acquisition, and covered a wide range of other issues. More recently, the mayors' blight plan outlined the system changes and information needed to take on the blight problem. These reports have a wealth of solid information about specific policies and programs:

- "Mending the Urban Fabric" Bureau of Governmental Research, February 2008. <http://www.bgr.org/reports/category/blight/>
- "Blight Transition New Orleans Task Force" April 2010. <http://transitionneworleans.com/SiteContent/Static/Documents/Blight.pdf>
- "Blight Strategy, City of New Orleans" September 2010. <http://www.cityofno.com/Portals/Intelliport/Resources/BlightStrategyPowerpoint.093010.pdf>

This report builds on previous reports by providing a broad set of principles to help guide various efforts to eliminate blight in New Orleans, an analysis of neighborhood housing markets, and recommendations for maximizing the potential of available resources for eliminating blight.

The cost of land banking

If the City of New Orleans were to invest its entire general budget of \$493.4 million into acquiring and land banking properties at an estimated cost of \$40,000 each, the city's coffers would be drained after the remediation of only 12,335 properties — well short of all blighted properties currently in the New Orleans.

think now about how to ensure these new properties are cared for in the long term. One way to do this would be to institute a proactive multi-family rental property monitoring program. This program would systematically inspect properties and catch deteriorating conditions before they begin to erode the progress made in these neighborhoods.

In addition, it is important to recognize these developments' possible impact on the overall level of blight in the city. These brand new condo and apartment buildings are contributing to the total supply of housing units in the city. They are likely attracting young professionals to the city who tend to prefer this type of downtown, apartment-style living. They may also be attracting some residents from other parts of the city, leaving those neighborhoods more vulnerable to blight. As such, the City's strategy for blight reduction must take into account that new housing developments may contribute to weakening of historic neighborhoods. This is not to suggest that these new downtown housing developments are not welcome. They are likely drawing residents who would otherwise not choose to live in New Orleans at all, thereby increasing the city's tax base. But the City should recognize that new housing development proposals are not a direct solution to deal with blight and in some cases may exacerbate the problem.

At the same time other major redevelopment efforts may contribute to an overall *reduction* in blight citywide. Notably, the neighborhoods that have lost the most residential addresses include the St. Bernard Area, B.W. Cooper, and Central City where former public housing sites have been demolished and new housing is or will be built in a less dense fashion. In many cases developers are acquiring blighted properties in the immediate area, rehabbing them and creating opportunities for former residents to rent or own them. The redevelopment of public housing sites — especially where the developer is acquiring and rehabbing properties in the target neighborhoods for former residents — expands the footprint of responsible property owners and thereby contributes to a decrease in the city's overall level of blight.

Complying with program rules and regulations

Overall it is essential that whatever strategy governmental entities undertake in the fight against blight, they take great care to comply with the rules and regulations of the funding source. If properties were acquired using HUD funding, that acquisition and any subsequent disposition must not violate

HUD rules and regulations or the consequences can be severe. HUD conducts audits that could yield negative findings, resulting in the “recapture” of HUD dollars for which the City would have to pay from the general fund. All parties involved should gain sufficient competency with CDBG rules and regulations to avoid these kinds of negative and potentially costly consequences.

Neighborhood organizations are critical in the fight against blight

New Orleanians must recognize that City Hall has limited resources and tools with which to fight blight. Neighborhood organizations can extend those resources in several ways. Engaging actively with the City to help in the fight against blight will ensure that the maximum amount of blight is eliminated, thus, beautifying neighborhoods, attracting residents, and improving the economic base of the city as a whole. Below are some ideas for how neighborhoods can build on the City's and NORA's efforts to fight blight:

- Neighborhood organizations can track down owners of blighted properties and alert them of the need to remediate their property as well as the resources available to help them do so.
- Where succession issues are impeding a property owners' ability to sell the property or collect insurance to rehab the property, neighborhood organizations can help connect property owners to (pro-bono) lawyers who will guide the owner through recently simplified steps to clearing up succession.^v
- For those property owners who no longer can afford to maintain a property but cannot find a suitable buyer, the property can be given as a tax deductible donation to a non-profit organization that is working actively in the neighborhood to rehab or land bank properties. Neighborhood organizations can alert property owners of this option.
- Neighborhood organizations can testify at code enforcement hearings.
- Neighborhood organizations can go door-to-door gathering data about the occupancy of each property and supply this to the City.
- Neighborhood organizations can alert the State about any Road Home Option 1 properties that remain blighted.
- Neighborhood organizations should prioritize the properties that pose the largest obstacle to the health and well being of the community and alert City Hall as to these priorities for code enforcement expatriation. City Hall likely does not have the resources to address all the blighted properties in a neighborhood, but a clear set of priorities agreed upon by the neighborhood organization will ensure that limited resources are most effectively deployed.

v. See “Drafting Affidavits for Louisiana Small Successions Containing Immovable Property” <http://louisiana.appleseednetwork.org/Portals/6/drafting%20affidavits.pdf>

Neighborhood-Led Property Campaign in Freret and Milan

The residents of the Freret and Milan neighborhoods identified blight as their most pressing concern in 2008. These neighborhoods experienced only partial flooding in 2005, but have suffered from decades of disinvestment. Working with Neighborhood Housing Services (NHS) they surveyed every property in their area and determined the status of each. Fully 400 properties were identified as blighted and neglected. The residents sent letters to owners offering assistance but at the same time threatening to report the owner to code enforcement. The address on record with the assessor's office was not always accurate and many letters were returned. But about 25 percent of the owners did respond. Using their moral authority as neighbors who were suffering the ill effects of the abandoned properties, the residents got a better response from targeted property owners than city officials might have. The circumstances surrounding each property varied from succession issues, and contractor fraud, to owners who had resettled elsewhere. Each presented a unique set of problems, and the residents and NHS worked to find a unique solution for each. Owners who did not respond were referred to code enforcement. Then residents attended code enforcement hearings, not only to testify, but in hopes of talking to the owner to determine their circumstances. For owners who could not be contacted via letters or at code enforcement hearings, residents asked neighbors if they had cell phone numbers for the owners and conducted google searches to find them. In many cases it was the neighbor most directly affected by the blight who took the lead in these activities, with NHS providing guidance and support.

More data is needed

Although all neighborhood typologies are an oversimplification of reality, access to more granular data can greatly increase the accuracy and usefulness of small area market analyses. For example, in cities like Cleveland where parcel-level data is gathered from all city departments (including assessors, code enforcement, sheriff's office, etc.) and then made available in a downloadable spreadsheet to the public, analysts have been able to identify specific blocks within neighborhoods that are benefiting from stronger or weaker demand. If high quality parcel-level data were made available by the Orleans Parish Assessor's Office and City of New Orleans, a more rigorous analysis of block level market strength would be possible. Such an analysis would be much more useful to the City, NORA, and nonprofit developers who are trying to decide where public investments can most effectively be deployed in New Orleans. Moreover, housing market typologies should be updated over time. With this in the mind the City should be cautious about expending limited resources on one-time market analyses based on non-public data. Instead the City can get more benefit per dollar spent by investing in its own data systems and designing those to be useful to the public at large.

Publicly available parcel data can help stimulate private market investment. Many neighborhoods from New Orleans East to Gentilly to Treme complain of the lack of retail in

their neighborhoods. Access to a downloadable spreadsheet of assessor data on home values would help retailers better understand the buying potential of these neighborhoods — which may not be evident from simply driving down underutilized commercial corridors. Easy access to code enforcement data could help potential homebuyers understand the likelihood that nearby blighted properties will be remediated in the near future, thereby, building buyer confidence. And neighborhood groups could use this data to fundraise for parks and other community amenities.

Many of New Orleans' storm-damaged neighborhoods may appear unattractive to the naked eye but may represent an untapped source of retail buying power and/or a treasure trove of historic properties. In this sense, the levee failures brought to many New Orleans neighborhoods the same woes that are common in inner-city neighborhoods nationwide. Due to outward appearances, the real estate industry concludes that these neighborhoods are not investment worthy and they fail to actively market these areas to homebuyers and retailers. The City can help to reverse this neglect by collecting and making available for public consumption high quality, parcel-level data.

The bottom line for New Orleans

New Orleanians have many reasons to be optimistic that blight within our city can be greatly reduced. New Orleans has an estimated 14,000 blighted properties already under the state or NORA's control or subject to a legal agreement with the state. This gives New Orleans a big leg up in the fight against blight, which can be boosted even further by strategies tailored to neighborhood housing conditions. In addition, New Orleans largely escaped the ravages of the foreclosure crisis, which will increase the number of blighted properties in many cities for the next couple of years. Markets look for upward trends and New Orleans neighborhoods are bound to benefit from the psychology associated with increasing momentum. Lastly, as NORA and neighborhood organizations seek to expand the footprint of responsible property owners through the Lot Next Door and other programs, the greening of the city will have the dual effects of decreasing supply of available properties and increasing demand for land and buildings in beautified neighborhoods.

END NOTES

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APPENDIX I: METHODOLOGY AND SOURCES FOR THE NEIGHBORHOOD HOUSING MARKET TYPOLOGY

The 2009 home sales data used for the neighborhood housing market typologies was acquired courtesy of PolicyMap. Boxwood Means Inc, a national real estate research firm, provided Policy Map with the home sale prices and home sale volumes by census tract for Orleans Parish. Types of home sales included are residential single-family, townhouses, and condominiums. In addition, the Boxwood Means data includes only “arm’s length” transactions. This means that the parties to the transaction are acting independently and the sale price reflects the true value of the property. Sales of vacant land (e.g. development lots), sales of less than \$5,000 in value, and sales of multi-family residential buildings are excluded. Based on the author’s comparison of parish and census tract data available on the PolicyMap.com website, Boxwood Means excluded about 4.4 percent of single-family sales from the census tract-level data due to problems locating the address within a census tract.

Using the PolicyMap.com website, GNOCDC aggregated 2009 home sales by census tract to New Orleans’ 73 neighborhoods, and imputed 2009 neighborhood median sale prices using a weighted average based on the number of sales. In order to compare sale volumes across neighborhoods of different sizes, GNOCDC calculated home sale volumes per 1,000 housing units using Census 2000 data to estimate the universe of housing units (blighted and habitable) within each neighborhood that approximates the Boxwood Means sales universe. Census 2000 owner-occupied housing units as well as vacant and renter-occupied housing units with one unit per structure (detached or attached) were summed to create the normalization factor.

GNOCDC restricted our housing market typology to neighborhoods with more than 100 blighted residential addresses. We also excluded nine neighborhoods that are the site of major public housing or commercial redevelopment activities. Finally, GNOCDC was forced to exclude three more neighborhoods from the analysis because they had fewer than six sales during 2009.

Looking at the distributions for the remaining 47 (out of 73) New Orleans neighborhoods, we identified three breaks in the sales price data and three breaks in the sales volume data. Each neighborhood was thus placed into one of seven categories based on a combination of their sale volumes and sale prices. (See Appendix III for the neighborhood-level data.)

APPENDIX II: METHODOLOGY AND SOURCES FOR THE NEIGHBORHOOD BLIGHT TRENDS TYPOLOGY

In 2006 the U.S. Department of Housing and Urban Development (HUD) began acquiring quarterly extracts of U.S. Postal Service data and publishing this data at the census tract level. Vacant addresses are defined by the USPS as those that have not had mail collected for 90 days or longer. No-Stat addresses include addresses identified by the letter carrier as not likely to receive mail for some time (e.g. blighted and abandoned buildings, and empty lots), buildings under construction and not yet occupied, and rural route addresses vacant for 90 days or longer. In cities that have lost population, No-Stat counts most likely indicate blight.

GNOCDC aggregated HUD's census tract-level counts of March 2008 and September 2010 residential No-Stats and vacancies to New Orleans' 73 neighborhoods, and computed a current (September 2010) vacancy rate by dividing the number of vacant addresses by the number of active and vacant addresses (also called possible addresses, which is arrived at by subtracting No-Stat addresses from total addresses).

Among 50 neighborhoods with more than 100 blighted residential addresses and not undergoing redevelopment, GNOCDC identified four typologies based on momentum toward reducing blight and the current vacancy rate: 1) neighborhoods with decreasing blight and a current vacancy rate of less than or equal to five percent, 2) neighborhoods with decreasing blight and a vacancy rate greater than five percent, 3) neighborhoods with increases in blight of fewer than 100 residential addresses, and 4) neighborhoods with increases in blight greater than 100 residential addresses. The Marigny neighborhood is not assigned a typology because it had no change in blight between March 2008 and September 2010. The French Quarter has declining blight and an overall vacancy rate of more than five percent. However, the French Quarter has a very high median sales price and is thus more insulated from the threat of encroaching blight. In addition, a high level of vacancy in the French Quarter is expected given significant seasonal use of housing units in that neighborhood. As a result, we decided to exclude the French Quarter from the typology as well. (See Appendix III for the neighborhood-level data.)

APPENDIX III: NEIGHBORHOOD HOUSING DATA

Neighborhood	Median home sales price (2009)	Home sales per 1000 housing units (2009)	"No-Stat" blighted residential addresses or empty lots (Mar 2008)	"No-Stat" blighted residential addresses or empty lots (Sep 2010)	Vacant but habitable residential addresses (Mar 2008)	Vacant but habitable residential addresses (Sep 2010)	Residential vacancy rate (Sep 2010)	Road Home 1 closings (Nov 2010)	Road Home 2 & 3 closings (Nov 2010)
Algiers Point	\$200,000	29	0	4	139	90	6%	34	0
Audubon	\$438,771	46	88	78	154	187	3%	252	1
B.W. Cooper	na	9	892	198	54	18	6%	20	4
Bayou St. John	\$134,798	22	312	284	73	79	4%	271	6
Behrman	\$52,329	27	11	73	438	625	15%	604	8
Black Pearl	\$201,500	39	13	64	44	59	5%	41	0
Broadmoor	\$152,101	30	628	392	91	421	15%	795	37
Bywater	\$134,411	24	647	596	38	80	4%	215	20
Central Business District	\$364,791	194	11	32	144	71	3%	7	0
Central City	\$110,661	15	3,271	2,297	634	833	11%	594	28
City Park	\$211,835	26	163	130	8	58	4%	154	1
Desire Area	\$27,500	15	1,075	1,001	2	29	5%	465	75
Desire Development	na	0	113	38	0	1	0%	6	6
Dillard	\$50,719	23	955	546	6	6	0%	1,058	90
Dixon	\$59,207	18	319	218	1	2	0%	197	14
East Carrollton	\$228,021	38	25	32	74	108	5%	117	0
East Riverside	\$208,385	36	39	133	49	55	4%	113	0
Fairgrounds	\$91,579	28	218	230	116	58	2%	714	31
Filmore	\$71,901	54	1,568	1,192	3	36	2%	1,325	331
Fischer Project	na	23	180	259	20	2	1%	19	2
Florida Area	\$75,000	23	1,026	854	1	9	1%	431	103
Florida Development	na	0	7	7	0	0	0%	3	1
French Quarter	\$260,531	88	307	266	166	336	10%	10	0
Freret	\$83,334	18	386	245	66	57	6%	183	4
Garden District	\$529,500	35	6	23	46	34	3%	17	0
Gentilly Terrace	\$82,924	33	1,189	765	2	75	2%	1,741	170
Gentilly Woods	\$41,667	46	900	540	0	25	2%	758	146
Gert Town	na	6	757	608	25	68	5%	251	21
Hollygrove	\$56,480	13	1,246	972	29	66	3%	1,012	99
Holy Cross	\$23,045	18	1,702	1,220	6	13	1%	615	89
Iberville Development	na	45	1	15	0	150	19%		
Irish Channel	\$136,436	37	81	117	86	107	5%	173	1
Lake Catherine	na	3	434	432	0	0	0%	333	28
Lake Terrace & Oaks	\$260,000	44	43	16	0	3	0%	142	0
Lakeshore/Lake Vista	\$225,000	60	248	114	0	25	2%	285	3
Lakeview	\$170,091	49	3,039	1,947	0	27	1%	1,652	321
Lakewood	\$217,500	96	236	168	0	4	1%	222	15
Leonidas	\$123,923	29	183	290	472	589	15%	571	13
Little Woods	\$85,316	39	7,577	3,396	33	535	4%	5,264	437
Lower Garden District	\$202,257	84	583	303	143	184	4%	74	0

Table continued on next page.

APPENDIX III: NEIGHBORHOOD HOUSING DATA (CONTINUED)

Neighborhood	Median home sales price (2009)	Home sales per 1000 housing units (2009)	"No-Stat" blighted residential addresses or empty lots (Mar 2008)	"No-Stat" blighted residential addresses or empty lots (Sep 2010)	Vacant but habitable residential addresses (Mar 2008)	Vacant but habitable residential addresses (Sep 2010)	Residential vacancy rate (Sep 2010)	Road Home 1 closings (Nov 2010)	Road Home 2 & 3 closings (Nov 2010)
Lower Ninth Ward	\$43,828	24	5,252	1,431	6	19	1%	1,410	741
Marigny	\$210,784	39	181	181	21	42	2%	51	0
Marlyville/Fountainebleau	\$257,339	49	550	223	103	120	4%	439	15
McDonogh	\$95,593	15	0	60	185	206	14%	150	5
Mid-City	\$135,713	21	2,046	1,555	81	184	3%	810	53
Milan	\$176,432	21	900	595	129	234	8%	464	20
Milneburg	\$50,727	31	1,481	922	2	24	2%	970	217
Navarre	\$169,000	73	641	347	0	47	4%	433	62
New Aurora/English Turn	\$425,112	92	18	71	43	192	8%	507	1
Old Aurora	\$111,508	42	34	46	102	338	5%	646	1
Pines Village	\$33,334	36	1,027	705	28	78	6%	723	121
Plum Orchard	\$34,834	18	1,588	1,207	0	35	2%	962	136
Pontchartrain Park	\$44,167	36	673	467	0	15	3%	598	146
Read Blvd East	\$131,000	96	1,154	692	5	64	2%	1,542	100
Read Blvd West	\$43,000	63	1,049	591	0	112	7%	1,163	171
Seventh Ward	\$48,028	14	2,528	2,222	19	223	4%	1,314	115
St. Anthony	\$36,731	17	1,213	917	11	20	1%	721	243
St. Bernard Area	\$66,250	18	1,598	722	92	21	3%	197	23
St. Claude	\$59,048	16	2,003	1,548	296	378	10%	1,162	115
St. Roch	\$36,310	17	2,259	1,870	203	398	11%	1,243	185
St. Thomas Development	na	14	150	58	35	42	4%	53	0
Tall Timbers/Brechtel	\$189,685	54	100	114	846	264	5%	411	4
Touro	\$371,250	64	34	47	56	66	4%	23	0
Treme'/Lafitte	\$115,215	15	1,610	1,638	15	140	6%	387	16
Tulane/Gravier	\$41,000	14	902	784	6	62	3%	167	12
U.S. Naval Support Area	\$60,000	14	152	108	424	325	25%	148	1
Uptown	\$309,901	38	226	204	77	122	4%	175	0
Viavant/Venetian Isles	na	4	390	438	1	6	1%	57	6
Village de l'est	\$51,871	25	1,720	1,427	83	109	4%	1,419	53
West End	\$189,500	35	1,676	1,072	0	37	2%	590	220
West Lake Forest	\$65,709	49	1,711	1,250	2	58	4%	559	61
West Riverside	\$278,917	41	77	74	71	157	5%	122	0

Sources: GNOCDC analysis of HUD Aggregated USPS Administrative Data on Address Vacancies, Boxwood Means Inc (Courtesy: PolicyMap), and The Road Home Program.

Notes: na= not available. Blighted addresses are identified from "No-Stats" in the USPS data. "No-Stats" include addresses identified by the letter carrier as not likely to receive mail for some time (e.g. blighted and abandoned buildings, and empty lots), buildings under construction and not yet occupied, and rural route addresses vacant for 90 days or longer. In cities that have lost population, No-Stat counts most likely indicate blight. Vacant addresses are defined by the USPS as those that have not had mail collected for 90 days or longer. See Appendix I for a full description of the blight and vacancy data, and how the vacancy rate was calculated. Home sales data includes residential single-family, townhouses, and condominiums. Sales of vacant land (e.g. development lots), sales of less than \$5,000 in value, and sales of multi-family residential buildings are excluded. Home sale volumes are normalized using a consistent universe (of blighted and habitable homes) from the Census 2000. See Appendix II for a full description of the home sales data. "Road Home 1" data represents the number of New Orleans homeowners who have received Road Home grants to rebuild their home. "Road Home 2 & 3" data represents the number of damaged properties that have been sold to the state of Louisiana.

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ABOUT HOUSING IN THE NEW ORLEANS METRO

The Housing in the New Orleans Metro series creates a common base of reliable information around housing and the recovery that is easy to use to support decision making at many levels as the New Orleans area moves from recovery to large-scale community development. Housing policy development must be informed by a solid understanding of neighborhood housing markets, housing affordability challenges, economic and demographic trends, and regional commuter patterns. The Housing in the New Orleans Metro annual report quantifies housing issues and raises promising policy options that can address current and future housing problems. In addition to the annual report, periodic Housing in the New Orleans Metro briefs highlight new data as they are acquired and analyzed to provide timely support to local, state, and federal decision-making. The complete collection of briefs and reports can be found on the Data Center's website: www.gnocdc.org

