

DEVELOPMENT IN NEW ORLEANS: INVESTING IN THE FUTURE



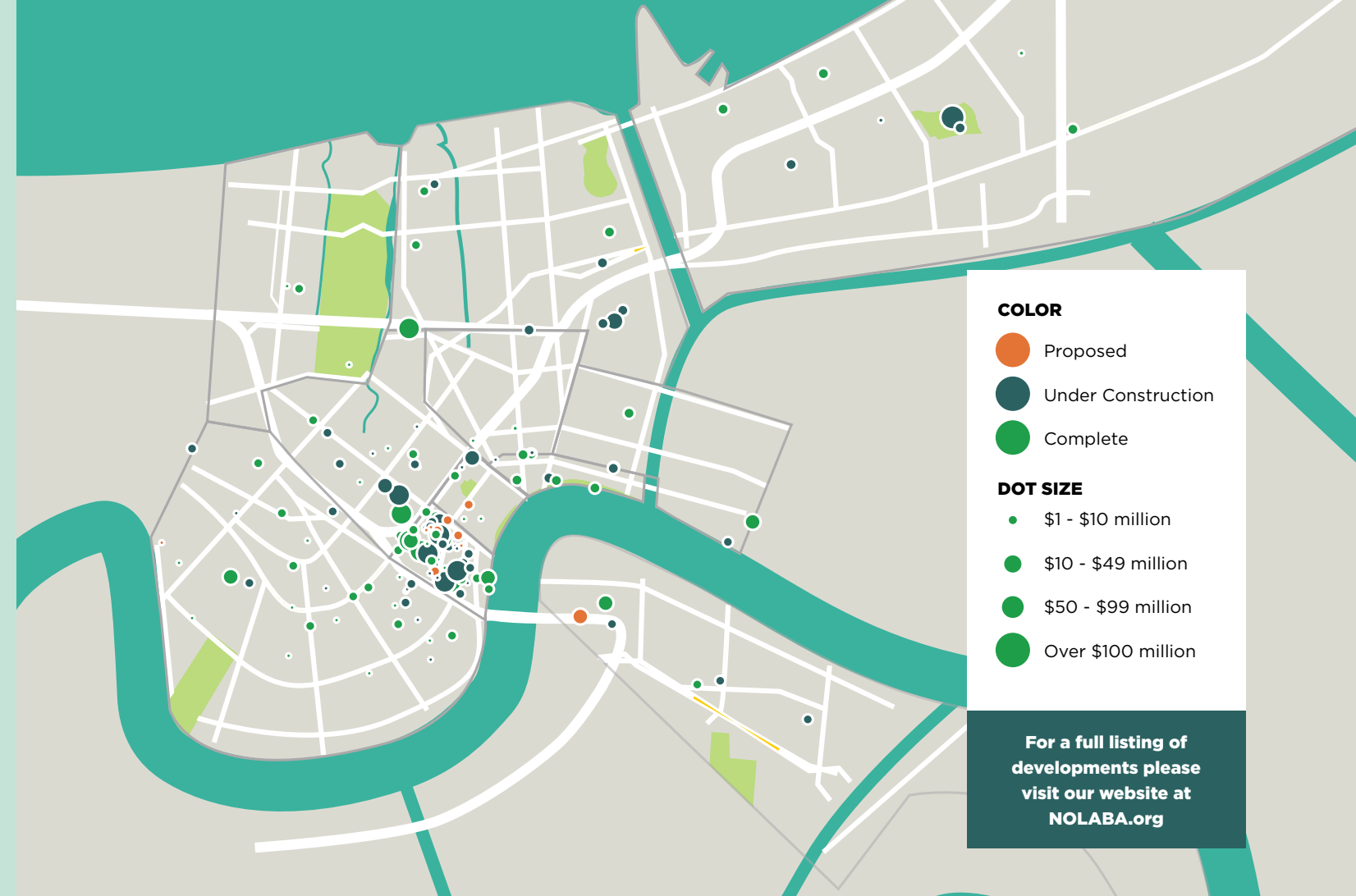
NEW ORLEANS
BUSINESS ALLIANCE

2014



Introduction

SINCE 2010, NEW ORLEANS HAS EXPERIENCED \$7.04 BILLION IN PUBLIC & PRIVATE DEVELOPMENT



MAP 1 - PRIVATE & SELECT PUBLIC SECTOR PROJECTS

As anyone who drives around New Orleans is aware, the sheer number of projects - both public and private - currently under construction is overwhelming.

In fact, in just the past five years, more than 200 public & private development projects have been completed or are underway. These projects include nearly \$1 billion investment in our public & charter school system, and \$423.7 million in capital investment throughout New Orleans by the City of New Orleans. In total, these projects represent \$7.04 billion in major public & private investment, an average of \$1.41 billion per year.¹ (Map 1)

As we enter the tenth year of recovery since the devastating effects of Hurricane Katrina's floodwaters, we should not only take stock of the largest and most transformative projects remaking New Orleans, but acknowledge the impact that public investment has had in attracting residents and businesses to neighborhoods across the city. This report presents a bird's eye view of development across the city since Katrina. It also highlights the strategies utilizing limited resources appropriately, responsibly, and in a focused and cost-effective manner to drive future development.

¹ NOLABA collects data on all developments in excess of \$1 million and 10 residential units. For a full list of developments, please visit our website, NOLABA.org

Downtown Renaissance



MAP 2 - DOWNTOWN RESIDENTIAL DEVELOPMENTS

It may be argued that the biggest change to post-Katrina New Orleans is the explosion of residential properties throughout downtown New Orleans. This follows a much larger nationwide migration of young residents and empty nesters to the amenities found in dense, walkable urban neighborhoods. In fact, at 49,003, the population of 55-64 year olds in the city has exceeded the 2000 total of 37,726. And 20-34 year olds have regained 92 percent of their 2000 population (Table 1).

CURRENTLY, 1,752 RESIDENTIAL UNITS ARE UNDER CONSTRUCTION IN THE CENTRAL BUSINESS DISTRICT

Table 1: Population by Age: New Orleans. 2000,2010,2013

| | 2000 | 2010 | 2013 |
|-----------------------|---------|--------|--------|
| Under 20 years | 145,710 | 84,517 | 88,305 |
| 20 to 34 years | 109,398 | 89,004 | 99,879 |
| 35 to 44 years | 71,497 | 42,478 | 47,177 |
| 45 to 54 years | 63,690 | 48,807 | 50,030 |
| 55 to 64 years | 37,726 | 41,384 | 49,003 |
| 65 and older | 56,653 | 37,369 | 44,321 |

The current shortage of available units for those wishing to live downtown may soon change. The 1,752 units of residential housing under construction in the Central Business District represent \$617 million in investment. The vast majority of these are concentrated in the upper CBD, above St. Charles Avenue between Poydras and Canal streets. (Map 2)

Large scale developments such as the closely proximate Oil & Gas Building, the California Building, 210 and 255 Baronne, and

144 Elk – 833 units in all – are all under construction. These projects follow in the footsteps of similar office-to-apartment conversions in the area such as Hibernia Tower, The Maritime, and Saratoga, which all told, brought 440 units to the market.

This influx of new residents has the potential to remake the CBD into a 24-hour destination, as new services and retail establishments move in to cater to residents' needs.

New Orleans BioDistrict



**EASILY THE LARGEST DEVELOPMENT
IN THE LAST DECADE, THE
POTENTIAL IMPACT OF THE NEW
ORLEANS BIODISTRICT CANNOT BE
UNDERSTATED**

Easily the largest development in the last decade, the potential impact of the New Orleans BioDistrict cannot be understated. The 1,500 acre district will house two state-of-the-art hospitals, the \$1.2 billion University Medical Center (UMC)—a collaborative effort between LSU, Tulane University, Xavier, and LCMC Health—and the new \$1.1 billion Southeast Louisiana Veterans Health Service (VA).

In addition to these anchor developments, additional activity is underway. The \$100 million, 10-story Louisiana Cancer Research Center began operations in 2011. Earlier this year, Cobalt Medical Development broke ground on a \$22 million healthcare rehabilitation facility. Although a site has not been announced for Delgado Community College's new \$35 million School of Nursing and Allied Health, officials have stated publicly that its likely home is the BioDistrict. Future plans for the district call for biomedical offices and research laboratories, as well as retail and residential development.

Aside from the physical manifestations, the biomedical corridor presents opportunities to train and employ New Orleanians in numerous life science-based industries. Many of the jobs in the New Orleans Health Services cluster do not even require a Bachelor's Degree. In fact, the average hourly wage of jobs in this sector requiring at most an Associate's Degree is \$16.16. In addition, connecting local businesses to procurement opportunities at the anchor institutions within this cluster keeps more dollars local and propels local business expansion.

For example, under the New Orleans Works (NOW) pilot program, the Greater New Orleans Foundation led a consortium of philanthropic

fundors to connect Delgado, Ochsner Health System and the City's JOB1 program to design and implement medical assistant training for under- or unemployed New Orleans residents. At the conclusion of the four-month program, all students were afforded interviews for Ochsner posts. At the conclusion of the program, the graduates had a 100 percent employment rate, and all remain employed today. NOLABA is working with the NOW consortium to expand and replicate this program for other occupations among other anchor institutions.

NOLABA's Anchor Institution Strategy focuses, in part, on connecting local small businesses to procurement opportunities at the city's largest organizations. A soon-to-be-completed small business gap analysis is assessing current and future procurement needs of local hospitals, the ability of technical assistance providers to build capacity of local small businesses, and the best ways to connect local small businesses with procurement contracts. The goal: a stable of local small businesses ready to take advantage of procurement opportunities prior to UMC and the VA opening their doors and able to support regular attrition at existing institutions.

It is worth noting that our work aligns with the Mayor's recently announced Economic Opportunity Strategy. This strategy seeks to introduce a new way of connecting all New Orleanians to the city's economic growth through partnerships with local training providers, social service agencies, and community advocates.

While long-time tenants on Oretha Castle Haley Boulevard such as Ashe Cultural Arts Center have long touted the boulevard's strengths as the once and future commercial hub of a revitalized Central City, the public sector has also been eager to see the boulevard succeed. The New Orleans Redevelopment Authority (NORA) opted to relocate its offices to OC Haley, developing an \$18.5 million, four-story, 84,000 square foot mixed use property with senior living apartments and commercial spaces.

Good Work Network, a local small business development organization, leveraged a \$250,000 NORA grant to develop the Franz Building, a 6,900 square foot, small business incubator with additional commercial space at a cost of \$1.6

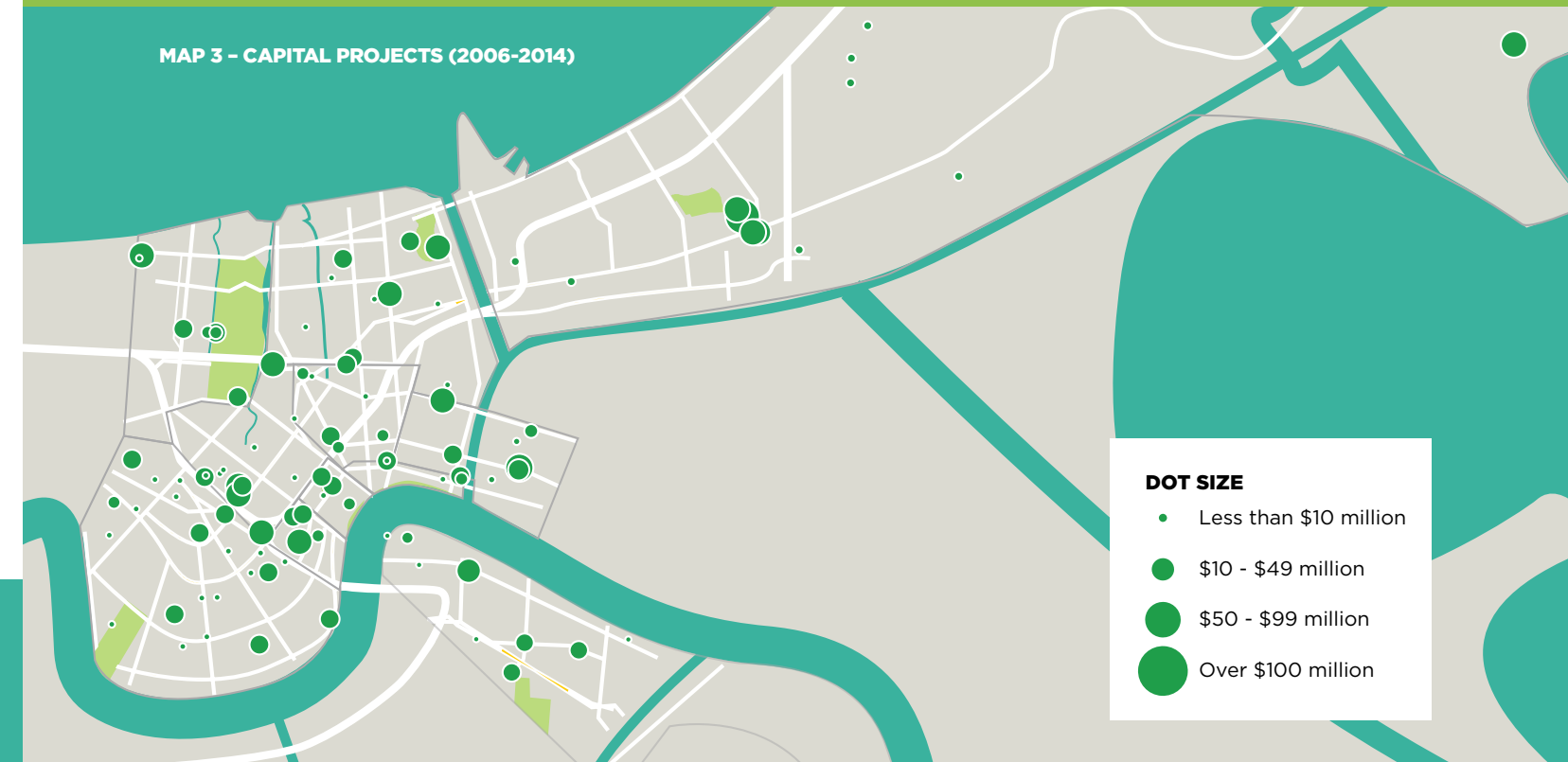
million. NORA also contributed to the \$5 million expansion of Café Reconcile, allowing enrollment to increase from 75 students to more than 200 each year. The nonprofit restaurant teaches life skills to students throughout New Orleans.

Further down the corridor, the \$17 million Myrtle Banks redevelopment is nearing completion and will house Jack & Jake's, a regional retail food hub and recipient of a grant from the City's Fresh Food Initiative Program, as well as offices and cultural spaces. Other projects currently under construction include the \$1.9 million Southern Food & Beverage Museum and the \$8 million New Orleans Jazz Orchestra, both of which were supported by NORA.

Oretha Castle Haley

OVER THE PAST THREE YEARS, \$53 MILLION WORTH OF INVESTMENT HAS BEEN LEVERAGED THROUGH PUBLIC-PRIVATE PARTNERSHIPS TO FACILITATE THE REDEVELOPMENT OF ORETHA CASTLE HALEY BOULEVARD

Neighborhood Development



While the larger anchor projects profiled above often command the lion's share of attention from the media and the public, smaller projects, when taken together, have equal if not more impact on neighborhoods citywide. Our research reveals that these smaller projects have had significant impact on the recovery of over 80 percent of the city's population, as compared to 2004. The vast majority of these residents are moving into neighborhoods outside of downtown where these smaller projects are being developed.

Families and individuals are rebuilding single family homes across the city, while simultaneously local public agencies, with the help of the federal government, are heavily investing in housing, schools, police and fire stations, libraries, playgrounds, community centers and roads. For example,

NORA has leveraged \$29.7 million in federal funds to attract over \$117 million in affordable housing development in conjunction with their Neighborhood Stabilization Program 2. Since Katrina, the City has managed \$468 million in capital projects and \$648 million in infrastructure projects.

Our research found that the City's strategy was twofold: invest where the private sector was already returning, to ensure public amenities would be leveraged, and invest in targeted neighborhoods that did not rebound as quickly in order to spur private sector development. (Map 3) The map below identifies key corridors where this public investment has either already translated to private development or primed the area for such development to occur.

LAKEVIEW - HARRISON AVENUE

In March of 2013, a \$4 million City-funded enhancement project was initiated for Harrison Avenue, the commercial hub of the Lakeview neighborhood. This project follows the \$4.3 million Robert E Smith Library construction and comes during a booming time for the retail corridor. According to data collected by the New Orleans Business Alliance, the Harrison Avenue corridor is 100 percent occupied. A plethora of restaurants, shops and other businesses have either returned or moved in to cater to the surrounding residents. These include restaurants Mondo, The Velvet Cactus, Cava, Reginelli's as well as Lakeview Grocery.

LOWER 9TH WARD - NORTH CLAIBORNE & CAFFIN AVENUES

In the neighborhood most devastated by Hurricane Katrina floodwaters, the City has made more than \$18 million of investment in capital projects near the intersection of North Claiborne & Caffin avenues including the Sanchez Community Center, Sam Bonart Playground and Pool, and a new fire station on nearby Forstall Street. This investment undoubtedly contributed to CVS/Pharmacy's decision to develop a new 13,000 square foot store in the 5000 block of North Claiborne. As in cases across New Orleans, this stake in the ground by a national retailer is expected to spur additional investment to follow.

NEW ORLEANS EAST - READ BOULEVARD

The confluence of services provided by the East New Orleans Regional Library, the New Orleans East Hospital, the new Daughters of Charity health clinic, and Joe Brown Park make the intersection of Read & Lake Forest boulevards the epicenter of social services and public amenities in New Orleans East. The City has also invested \$8.3 million in new fire and police stations along this corridor, bringing the total public investment there to more than \$42.6 million. Coupled with the newly constructed Super Walmart on

Bullard Avenue, New Orleans East is definitely poised for future growth.

FEDERAL CITY

On the West Bank, what was once home to nearly 3,900 active-duty and 2,700 civilian personnel, Federal City is now being reimagined as a 156 acre mixed-use development in the heart of Algiers with a mix of administrative, commercial, research and development, residential, and recreational opportunities. The property has approximately 800,000 square feet of existing structures available for adaptive reuse as well as numerous opportunities for new construction.

Already, Federal City has welcomed a 128 room hotel and a 32,000 square foot retail facility to serve the 1,500 full-time military personnel with the 4th Marine Aircraft Wing as well as various small businesses located on the site. The site boasts a wealth of educational resources with the New Orleans Military and Maritime Academy high school recently completing construction of its new campus, and Delgado Community College purchasing 2.5 acres from Federal City to expand its West Bank campus.

Additional neighborhood services include a bank, police station, YMCA, and child development center. Future development plans include attracting a grocery store, residential, and additional commercial and office space.

ALGIERS - GENERAL DE GAULLE

Even though Algiers emerged from the post-Katrina devastation relatively unscathed, the City has directed more than \$37 million in redevelopment funds to nine projects throughout this vibrant area. Among these projects are the restoration of the historic Algiers Courthouse, improvements to Behrman and Brechtel parks, playground renovations and two new libraries. These investments position Algiers as a collection of amenity-rich, convenient neighborhoods attractive to residents from all walks of life.

Conclusion

While there are numerous small sites scattered throughout New Orleans for possible housing or commercial redevelopment, the city has very few large sites with transformative potential. These physical realities, coupled with the fact of the public sector's restricted means, force the focus of limited resources on projects that will achieve the deepest impact for the broadest segment of our population.

Cities must always balance the world of possibility against the parameters of resources. For every municipality, the desire to attract and invest in worthy projects competes with the need to spend within one's means. To inform that balancing act, NOLABA, in partnership with the City and NORA, is engaged in a commercial corridor market value analysis (MVA). This study will examine the health of major commercial corridors throughout the city in an effort to understand how best to target city incentives and invest in our neighborhoods.

We only have to look at the success of the revitalized and bustling Central Business District to understand the impact incentives can have on development. The Hibernia Building, the Hyatt, 930 Poydras, and 1026 Constance all received Payments-in-

Lieu-of-Taxes (PILOTs) whereby a portion of the property tax is abated for a period of time. These projects had catalytic effects, spurring the creation of over a thousand additional residential units as well as new restaurants and retail shops throughout the CBD, and demonstrate the impact of targeted and tailored public sector investment.

The new commercial corridor MVA study will pinpoint areas of need and opportunity and allow the City to be more innovative with incentives such as PILOTs to bring needed retail and revitalization to neighborhoods across the city.

A simultaneous understanding of both the needs of our neighborhoods and communities, and the availability of existing buildings and vacant parcels for development, will aid the City and NOLABA to craft an overall development strategy informed by data and sound analysis. We must consider the impact future development will have on these neighborhoods, and then strategize ways to minimize the negative impact and maximize the quality of life for all citizens across the city. This nexus of assessment, data analysis and strategy is where the public sector plays an important role.

Finally, early and continuous coordination across agencies, both horizontally and vertically, strengthens the City's overall efficiency. Our experience since Katrina, and the evidence from best practices across the nation, demonstrates the imperative for continuing open communication at all stages of public projects. Intergovernmental communication guarantees that projects are consistent and allows public entities to leverage investments. Coordination of local, state and federal government agencies ensures that the future growth and development of the city will benefit all residents of Orleans Parish.

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LEAD INVESTORS



CITY OF NEW ORLEANS
Mitchell J. Landrieu, Mayor

