REINVESTMENT FUND

New Orleans Market Assessment – Analysis of Trends and Conditions

Prepared by **REINVESTMENT FUND**

Research Assistance provided by **HENRY CONSULTING, LLC**

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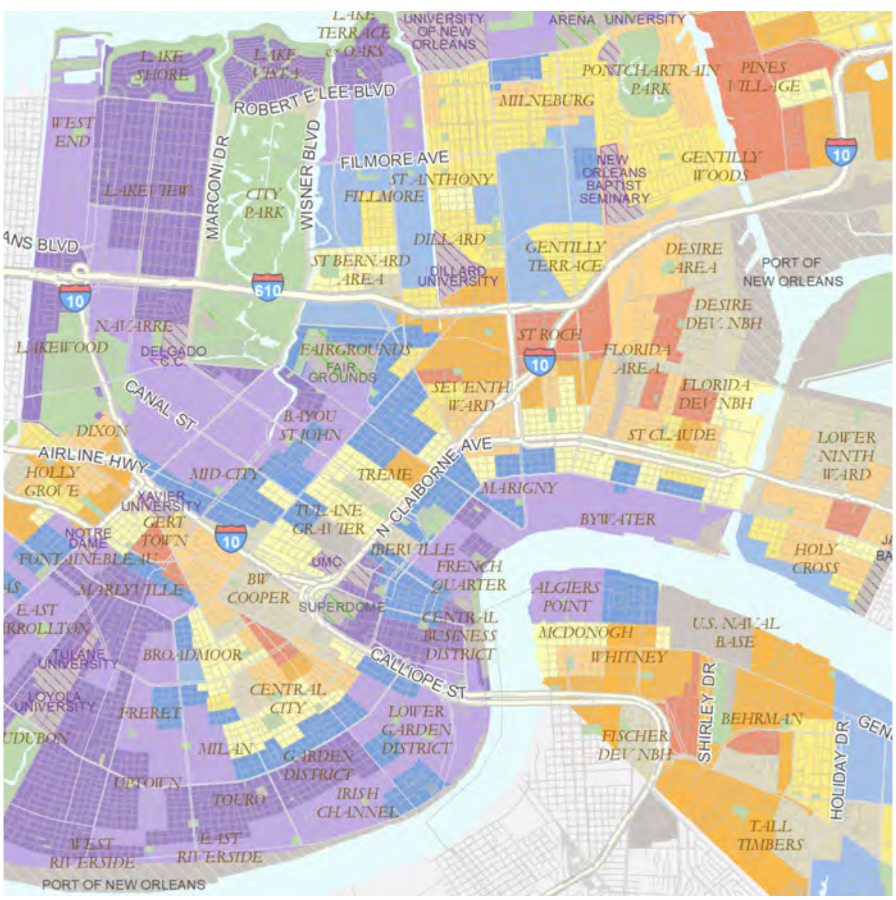

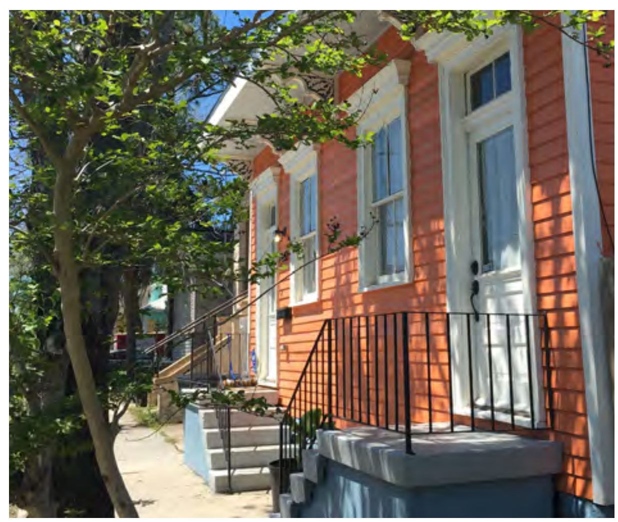

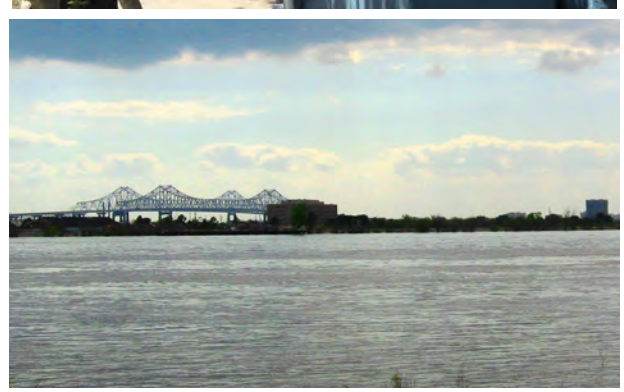

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EXECUTIVE SUMMARY

Executive Summary

This document reviews demographic, economic, and housing market data for the city of New Orleans, the Metropolitan Statistical Area (MSA),[1] and Louisiana, prior to and immediately following the start of the COVID-19 pandemic (hereafter, "the pandemic"). It also draws on interviews with local experts and stakeholders. The data point to growing strength in the city's housing market prior to the onset of the pandemic, and the substantial challenges the city is confronting as a result of the pandemic. New Orleans is poised to receive substantial resources from the federal government's American Rescue Plan (ARP); targeting these new funds to the residents and neighborhoods where they will have the greatest impact will enable the city to recover from the economic and social shocks of the pandemic more quickly while addressing inequities that pre-date the pandemic.

The report is organized into three sections on overall data trends and three detailed sections on housing market affordability. The assessment concludes with a set of policy recommendations based on the data analysis and interviews. An epilogue discusses changes since the timeframe of the analysis and looks at steps for the New Orleans stakeholders going forward.

Conditions and Trends Prior to the Pandemic

In the period immediately leading up to the pandemic New Orleans experienced a number of positive trends. While the median income just about kept pace with inflation, the number and share of New Orleans families in poverty declined, along with the number of single-parent households. The city saw modest population growth.[2] Housing markets across the city showed continued strength, with the most striking changes in what have been the city's weaker housing markets. In the lowest-priced housing markets, sale prices more than tripled and the share of parcels with a permit increased by about 80%. Renovation and new construction activity were stable or increasing and prices had risen substantially across the city. The share of residential parcels with vacant structures declined from nearly 4% to 2% citywide. Home purchase mortgage applications increased across all housing markets, signifying confidence in the market.[3] These trends can increase equity for homeowners, reduce the negative effects of vacancy and unsafe or unsightly property conditions, raise revenue for city services, reduce the amount of public spending needed to spur private investment, and increase the total supply of housing units.

At the same time, affordability remained a challenge for many city residents, with nearly half of all renters and a third of all homeowners spending more than 30% of their income on housing. Rents have risen in recent years and the median rent for a two-bedroom unit would cost almost half (47%) of the income of a typical city renter. Use of the ***area*** median income (AMI) in affordable housing policy, which measures the typical family income across the entire MSA, obscures the deep income disparities between city and suburban residents and between city homeowners and renters. The ***city*** median income ($41,604) was 59% of the AMI for a family of four ($70,400). The median city renter income was just $26,187.

Economic Impacts of the Pandemic

The economic and housing market impacts of the pandemic in New Orleans have been significant. Employment surveys collected by the Bureau of Labor Statistics identify a 25% decline in private employment in New Orleans between March and April 2020. The hardest hit sectors in the city and state include Restaurants and Traveler Accommodations, which comprise two of the top eight industries in the city. Taxable wages in the city's restaurant industry declined 62% between Q2 of 2019 and Q2 of 2020.

A national analysis conducted by the Federal Reserve Bank of Philadelphia estimated that 36% of jobs in New Orleans are at high risk of disruption due to the pandemic. Areas of the city where workers in high

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[1] The seven parishes in the New Orleans-Metairie MSA are Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and St. Tammany. Nearly 30% of the MSA's 1.2M population resides in Orleans Parish.

[2] US Census American Community Survey five-year estimates, 2010-2014 compared to 2015-2019.

[3] Orleans Parish Assessor's Office.

risk industries live, such as Desire and Treme/Lafitte, had the highest proportion of renters and lowest incomes in the city. Areas with the highest and moderate levels of risk were both predominantly home to Black residents, while areas with the lowest risk were predominantly home to White residents. These findings align with the demographics of the Restaurants and Traveler Accommodations industries, which Census estimates show to be less educated, lower income, slightly younger, less likely to own a home and more likely to be Black than other workers in the city.

Economic disruptions are likely to exacerbate the city's housing affordability challenges, particularly for lower income residents. The average annual income of restaurant and hotel workers in New Orleans was only about $25,000 before the pandemic. We estimated the impact of a 10% reduction in income for households earning less than $100,000 and found that it would increase the number of cost burdened households by 3,337, with lower income households facing the most acute affordability challenges.[4]

Identifying Areas with Housing Market Stress, and Areas with Stressed Households

In order to target responses to the economic disruptions described above, Reinvestment Fund analyzed the city's housing market and home price trends to identify neighborhoods with the highest levels of housing stress. We identified 30 census block groups in the city, home to 7% of the city's population, as having elevated *housing market stress* (disinvestment, foreclosures) and 59 block groups with growing *stress on households* via price-based displacement pressure where costs are rising rapidly. This latter group was home to 10% of the population, but not all households in these areas are stressed.

Both areas with market stress and areas with stressed households were home to a disproportionate share of the city's Black and Hispanic residents. Market decline appeared in scattered pockets across the city, including parts of the West Bank and New Orleans East. Displacement pressure was concentrated along the Claiborne Avenue Corridor from the 7th Ward to Tulane/Gravier, in St. Claude and Holy Cross, and in parts of Gentilly and other scattered pockets. While some areas had a sizable stock of affordable market-rate and subsidized housing options, there were clear gaps in the total availability of housing resources.

Stakeholder Identification of Top Challenges and Policy Approaches

As a complement to this analysis, Henry Consulting conducted a series of stakeholder interviews on pressing housing issues and potential policy interventions with mayoral administration and departmental staff, City Councilmembers, advocates and policy advisors, and philanthropic organizations.

A key theme of the interviews was concern about employees in the Leisure and Hospitality industry, which the data also show to be the pandemic's hardest hit sector. Access to housing in neighborhoods accessible to jobs in the French Quarter and Central Business District is seen as critical for hospitality employees. Workers in the Leisure and Hospitality industry face additional transportation challenges. Many are on call and have to arrive at work with limited notice or at odd hours. Downtown parking is expensive and while public transit is convenient for some neighborhoods, it is inconvenient for many others. The cost in time and money of getting to work was seen as part of the total price of housing; investments in housing near bus lines, improvements to bus service, and a low-cost parking lot reserved for French Quarter/CBD employees were proposed.

Gentrification and the proliferation of short-term rentals, particularly in Treme but also in a number of other communities, were cited as an additional challenge to employees—many of whom are renters. The general decline in demand for short-term rentals due to the pandemic was seen as an opportunity to return some of those units to use by local residents.

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[4] The estimate of 10% loss across all households previously earning less than $100,000 is based on analysis of wage loss by sector and the mitigating effect of Pandemic Unemployment Assistance, which for some laid off low wage workers had the effect of temporarily raising their incomes.

There was interest in expanding or better targeting rental assistance, particularly to prevent evictions, and several interviewees noted that small landlords need different types of outreach and support than larger landlords to stay in business, improve the condition of their units, and maintain affordable rents. Stakeholders also saw a need for programs to support “entry-level” homeownership to help residents build equity. Targeted property tax relief could help existing low-income owners. Expediting the process for approving and building subsidized multi-family housing was one recommendation, particularly in neighborhoods that were downzoned in the 2015 Comprehensive Zoning Ordinance.

Traditional New Orleans doubles are a large part of the affordable market-rate housing supply, and there is deep interest in maintaining neighborhood aesthetic character through rehabilitation or production of this housing type. However, meeting the scale of affordable housing need through infill or scattered site development was seen as difficult. The rising cost of construction (e.g., price of lumber, supply of labor) was also a reported challenge. While there was general agreement regarding the need for job training, there were few focused ideas apart from returning the hospitality sector to higher employment and revenue levels.

Focus Areas for Policy Recommendations

Analysis of the data along with the stakeholder interviews inform four sets of policy recommendations that include the use of new ARP funds and other tools: 1) Invest in Systems that Serve Low Wage Workers 2) Support Low- and Moderate-Income Renters, 3) Preserve Affordable Market-Rate Housing, and 4) Stabilize Lagging Markets. Each of these intervention categories can be affirmatively targeted to the neighborhoods and people most adversely affected by the pandemic.

DEMOGRAPHIC TRENDS

Demographic Trends

Race and Ethnicity

The population of New Orleans grew 6% between the 2010-14 and 2015-2019 ACS five-year estimates, while the city's racial and ethnic composition did not change. Orleans Parish remained majority (59%) Black, and residential segregation in the city was relatively high. An index of dissimilarity is widely used in the social sciences to measure the share of an area's non-Hispanic White population that would need to relocate to a different census tract to achieve racial integration matching that area's overall demographic mix. In New Orleans this would mean achieving a mix in each tract of 59% Black, 31% White, and so on. While it is not expected that any place would feature such a consistent distribution of demographic groups, the index is useful for understanding the relative extent of segregation, with higher values corresponding with greater levels of segregation. A recent calculation of the index by the Robert Wood Johnson Foundation identified Orleans Parish as having the fourth highest rate of Black-White segregation in the state.[5]

Racial and Ethnic Composition of Orleans Parish

	2006-10	**2010-14**	**2015-19**
Black	174,037 (59%)	217,983 (59%)	230,066 (59%)
White	87,519 (30%)	113,105 (31%)	119,866 (31%)
Hispanic	15,066 (5%)	19,911 (5%)	21,413 (5%)
Asian	8,817 (3%)	10,737 (3%)	11,287 (3%)
Other Races	9,846 (3%)	6,735 (2%)	8,213 (2%)
Total Population	295,285 (100%)	368,471 (100%)	390,845 (100%)

Source: Reinvestment Fund Analysis of American Community Survey, Five-Year Estimates

The number of households in New Orleans has been stable since 2010-14 but the share that were non-family households grew. Non-family households are defined by the Census as an individual living alone or sharing a home with unrelated people; these now make up a slight majority of the city, and a notably higher share than in the MSA. Non-family households may have different housing preferences, including smaller units. In several peer cities non-family households comprised substantial portions of the populations but in none of these other cities was the share more than half.

[5] Robert Wood Johnson Foundation. "Residential Segregation – Black/White" County Health Rankings. Accessed: 12/22/20. Available: https://www.countyhealthrankings.org/app/louisiana/2020/measure/factors/141/data?sort=desc-2

Household by Type, Orleans Parish and Peer Cities, 2010-14 to 2015-19

Family Type in Peer Cities	New Orleans		Birmingham, AL		Louisville, KY		Memphis, TN		Orlando, FL	
	2010-14	2015-19	2010-14	2015-19	2010-14	2015-19	2010-14	2015-19	2010-14	2015-19
Non-Family Households	49%	53%	46%	49%	40%	41%	41%	43%	48%	46%
Family Households	51%	47%	54%	51%	60%	59%	59%	57%	52%	54%
Married	27%	27%	25%	25%	40%	39%	29%	29%	31%	33%
Married With Children	10%	10%	8%	8%	16%	16%	12%	11%	13%	15%
Married Without Children	17%	17%	17%	17%	24%	24%	17%	18%	18%	18%
Single-Parent w/ Children	15%	12%	18%	15%	14%	13%	19%	18%	14%	13%
Total Households	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Reinvestment Fund Analysis of American Community Survey, Five-Year Estimates

Income and Poverty

The latest Census estimates indicated an increase in household income that just about kept pace with inflation, and an overall decline in the number and share of families in poverty. Still, many city renter households would be cost burdened even at rents pegged to the common subsidized housing income range of 60%-80% of AMI. Additionally, economic disruptions from the pandemic (detailed in the next section, “Citywide Economic and Labor Market Trends”) have impacted lower income households the most.

Median Income and Share of Families in Poverty, Orleans Parish, MSA, and State, 2010-14 to 2015-19

	Parish		MSA		State	
	2010-14	**2015-19**	**2010-14**	**2015-19**	**2010-14**	**2015-19**
Median Household Income	$36,964	$41,604	$47,412	$53,084	$44,991	$49,469
Families in Poverty	17,527 (23%)	12,123 (17%)	42,946 (14%)	37,062 (13%)	171,377 (15%)	161,046 (14%)

Source: Reinvestment Fund Analysis of American Community Survey, Five-Year Estimates

Income levels varied substantially between owners and renters and the vast majority of renters in New Orleans could not afford to become homeowners. In general, practitioners consider the sale price of a home affordable if it is less than three-times a household’s income. Analysis of Assessor’s Office records indicates that 50% of homes sales in 2019-20 were for more than $225,000, which would require an income of $75,000 per year. Only 16% of renters had incomes at that level or higher.

Household Income by Tenure, 2015-19

Household Income	**Owners**	**Renters**
$9,999 or Less	4,581 (6%)	17,549 (22%)
$10,000 - $24,999	9,788 (13%)	20,807 (26%)
$25,000 - $49,999	14,941 (20%)	18,660 (23%)
$50,000 - $74,999	12,004 (16%)	9,882 (12%)
$75,000 - $99,999	7,971 (11%)	5,600 (7%)
$100,000 or More	24,955 (34%)	7,081 (9%)
Total	74,240 (100%)	79,579 (100%)

Source: Reinvestment Fund Analysis of American Community Survey, Five Year Estimates

Area Median Income (AMI) is a commonly used measure for affordability in housing analyses for allocating funding and/or setting rents in units financed with Low-Income Housing Tax Credits or other subsidies. However, New Orleans, like most central cities, has a lower median income than its surrounding suburbs, which makes AMI a problematic standard of affordability. This is compounded by AMI’s use of *family* incomes, which are typically higher than *household* incomes – and as noted earlier, non-family households now make up the majority in New Orleans. The median household income in New Orleans was only 59% of the AMI for a family of four. Thus, housing priced to be affordable at 80% AMI is actually only affordable to households earning 135% of the New Orleans median household income or more. Half of city households would be burdened in a 60% AMI unit.

Percentages of Area Median Income (AMI), Median State and City Income for All Households

	30%	50%	60%	80%	**100%**	120%
New Orleans Median Household Income	$12,481	$20,802	$24,962	$33,283	**$41,604**	$49,925
Region (HUD Area Median Family Income - AMI)	$21,120	$35,200	$42,240	$56,320	**$70,400**	$84,480
State Median Family Income	$14,841	$24,735	$29,681	$39,575	**$49,469**	$59,363

Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates; Department of Housing and Urban Development Area Median Income Calculations, 2020

HOUSING MARKET TRENDS CONDITIONS

Housing Market Trends and Conditions

Challenges Related to Building Stock and Ownership

In general, homes in New Orleans are older than housing in the rest of the state by an average of 20 years and multi-family buildings are more common. Interviewees observed that these and other specific characteristics of the New Orleans housing stock have amplified the pandemic's impact:

- **Older homes can be more expensive to maintain.** Stakeholders were concerned that because some landlords have collected less in rent due to tenant non-payment during the pandemic, they may have been unable or unwilling to pay for needed repairs.
- **Owners have challenges accessing credit.** Interviewees said that many of the smaller-scale landlords in New Orleans own their buildings outright (i.e., no mortgage) and are risk-averse, especially about incurring any new debt. Financing may also be difficult for the many properties that were inherited (also known as "heir property"), sometimes by multiple family members, with unclear title.

Interviewees said that enhanced resources and subsidies from the CARES act were not adequate to cover true costs and some property owners had difficulty accessing CARES resources altogether.

Housing Trends by Market Type

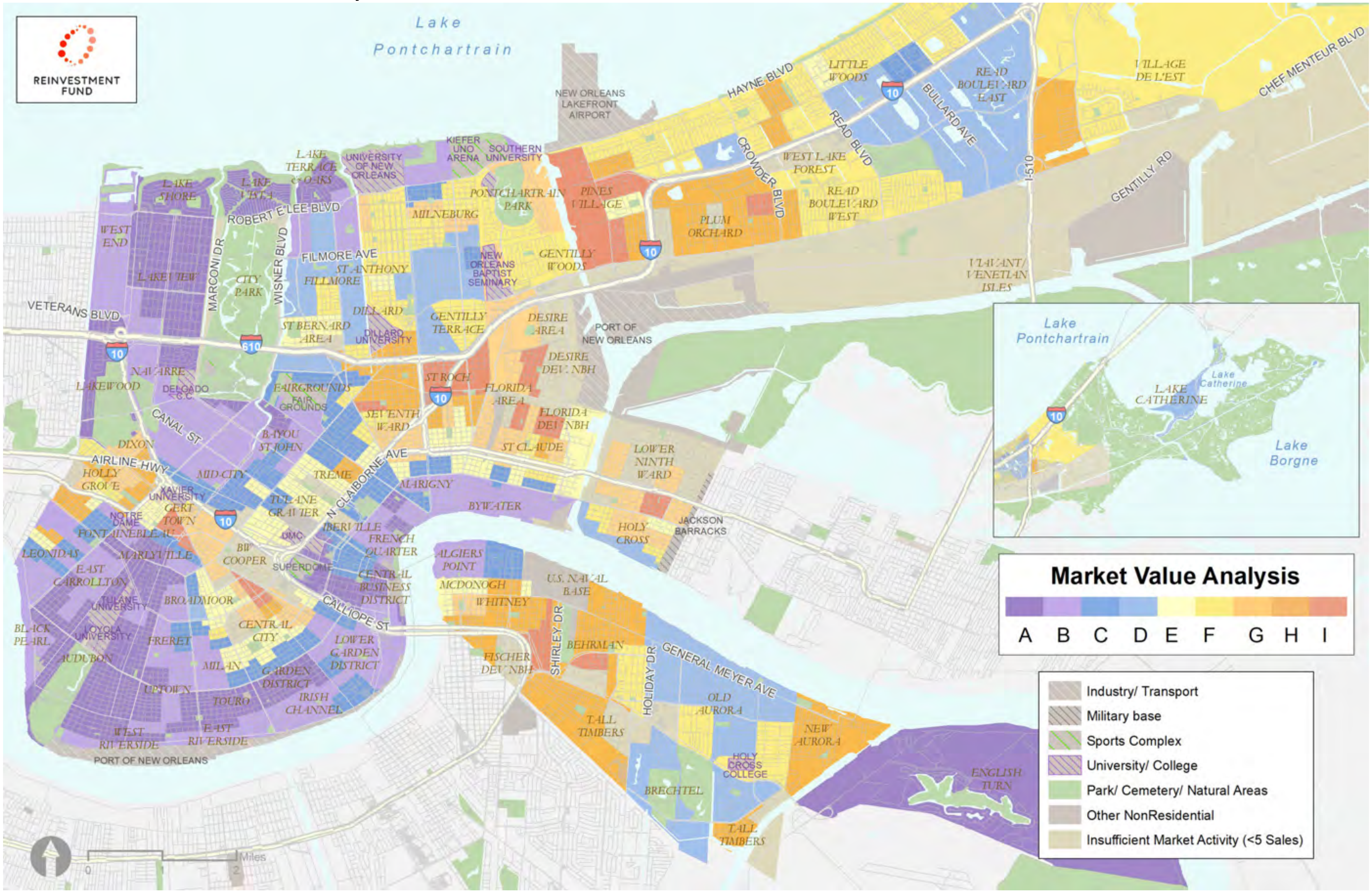
In 2018, Reinvestment Fund developed a Market Value Analysis (MVA) for the city of New Orleans; previous MVAs in New Orleans were completed in 2012 and 2015. The MVA is a tool that identifies distinct housing markets in a city and describes their characteristics. The 2018 New Orleans MVA identified nine types of housing markets, detailed in the table below, and three key themes: 1) the overall strengthening of markets across the MVA spectrum, as evidenced by rising prices in even the weakest markets; 2) the rapid growth of short-term rental licenses (STR) was a change agent in certain neighborhoods; and 3) diverging homeownership trends at the neighborhood level led to a reconfiguration of several MVA categories that had previously been defined largely by tenure.[6]

New Orleans Market Characteristics, 2018 Market Value Analysis

	Block Groups	Median Sales Price	Coeff. of Variance	Foreclosures	Owner Occupancy	Renovation and Construction Permits	Unblighted Vacant Land	Code Violations	Vacant Homes	Subsidized Rentals	Sales of Vacant Land	Short-term Rental Licenses
A	67	$510,584	0.502	0.50%	65.16%	7.60%	1.56%	0.85%	1.65%	1.36%	2.52%	1.56%
B	89	$348,335	0.465	0.96%	43.42%	7.38%	2.04%	2.42%	2.89%	5.98%	1.61%	3.54%
C	53	$215,278	0.587	2.97%	31.84%	8.42%	4.52%	5.34%	4.17%	15.21%	5.69%	4.10%
D	35	$191,765	0.455	2.38%	80.98%	4.96%	3.70%	3.68%	2.36%	33.09%	6.11%	0.92%
E	42	$131,708	0.689	8.37%	26.81%	7.62%	10.61%	11.27%	6.98%	30.00%	17.90%	2.16%
F	64	$124,348	0.506	3.22%	52.74%	5.41%	5.75%	5.11%	2.51%	45.27%	8.53%	0.57%
G	37	$75,830	0.732	5.04%	42.31%	4.66%	18.61%	11.82%	5.36%	40.38%	28.88%	0.93%
H	42	$68,844	0.669	3.83%	45.46%	3.81%	7.96%	6.20%	4.69%	47.09%	7.26%	0.49%
I	17	$26,626	0.966	3.30%	46.46%	3.32%	20.37%	9.90%	3.67%	50.17%	25.41%	0.36%
Unclass.	51	NA	NA	3.58%	36.60%	2.53%	25.20%	6.17%	3.69%	39.57%	45.22%	0.08%
Citywide	**497**	**$230,497**	**0.572**	**3.00%**	**47.22%**	**6.00%**	**8.16%**	**5.36%**	**3.56%**	**26.33%**	**11.25%**	**1.73%**

[6] For more information about the New Orleans Market Value Analysis see: https://data.nola.gov/Real-Estate-Land-Records/Market-Value-Analysis-Final-Report-2018/svze-8ffj

New Orleans 2018 Market Value Analysis



Neighborhood Trends in Market Conditions

The most notable trend since the 2018 Market Value Analysis was completed is the continued strengthening of the city's weakest housing markets, as evidenced by increasing home prices and permitting, and declining vacancy. Though there was a slowdown in permitting activity citywide, markets at either end of the MVA spectrum saw an increase. Home price growth, which averaged 12% citywide, was by far most striking in the middle-to-weaker markets, particularly in I markets, where average home prices nearly tripled and the share of parcels with a permit increased by about 80%.

Change in Market Conditions by Market Value Analysis Category, 2016-17 to 2019-20

Market Value Analysis	Home Sale Prices			Reno and Constr. Permits		
	16-17	19-20	Pct Change	16-17	19-20	Pct Point Change
A	$510,052	$549,045	8%	10.9%	12.4%	+1.5%
B	$347,382	$377,370	9%	10.4%	9.3%	-1.1%
C	$211,578	$252,694	19%	10.9%	9.4%	-1.5%
D	$188,020	$202,792	8%	5.6%	4.6%	-1.0%
E	$124,861	$177,720	42%	9.5%	9.2%	-0.3%
F	$119,948	$148,094	23%	6.5%	4.4%	-2.1%
G	$67,649	$114,465	69%	5.9%	6.1%	+0.2%
H	$67,219	$98,032	46%	4.6%	4.6%	+0.1%
I	$24,418	$90,949	272%	4.7%	8.5%	+3.7%
Citywide	$200,000	$224,950	12%	8.4%	7.9%	-0.4%

Source: Reinvestment Fund Analysis of Orleans Parish Sales Records 2016 to 2017, 2019 to Sept. 2020; Orleans Parish Department of Safety and Permits, 2016 to 2017, 2019 to Dec. 2020

Somewhat counterintuitively, code violations increased the most in the same markets where prices and permitting climbed; increasing market activity can actually spur code enforcement attention, and owners in appreciating markets may be more likely to address violations. Residential vacancy and the presence of vacant land declined citywide. The largest declines in home vacancy were in E markets—areas that had shown signs of market churn and gentrification pressure, whereas the greatest declines in vacant land were observed in I markets, which also had the largest sales price and permitting increases.

Change in Market Conditions by Market Value Analysis Category, 2016-17 to 2018-19

Market Value Analysis	Code Violations			Vacant Homes			Vacant Land		
	16-17	18-19	Pct Point Change	2018	2020	Pct Point Change	2018	2020	Pct Point Change
A	0.4%	0.4%	-0.1%	1.6%	0.8%	-0.8%	1.6%	1.2%	-0.3%
B	1.2%	0.9%	-0.3%	2.9%	1.5%	-1.4%	2.0%	1.8%	-0.2%
C	2.4%	2.1%	-0.3%	4.2%	2.3%	-1.9%	4.5%	4.0%	-0.6%
D	1.9%	1.6%	-0.2%	2.4%	1.3%	-1.0%	3.7%	3.5%	-0.2%
E	5.7%	5.3%	-0.5%	7.0%	3.6%	-3.4%	10.6%	10.6%	0.0%
F	2.7%	3.2%	+0.5%	2.5%	1.6%	-0.9%	5.7%	4.6%	-1.1%
G	6.3%	8.3%	+2.0%	5.4%	2.8%	-2.5%	18.6%	16.7%	-1.9%
H	3.3%	4.7%	+1.3%	4.7%	2.8%	-1.9%	8.0%	7.5%	-0.5%
I	4.7%	9.9%	+5.1%	3.7%	1.8%	-1.8%	20.4%	17.3%	-3.1%
Citywide	2.8%	3.8%	+1.0%	3.6%	1.8%	-1.7%	8.2%	6.9%	-2.3%

Source: Reinvestment Fund Analysis of Data from Orleans Parish Department of Safety and Permits 2016 to 2017, 2018 to 2019, Communication District, 2020; Vacant Homes Data Provided by Loveland Technologies, Oct. 2020.

The number of issued STR licenses declined sharply across all market types since the 2018 Market Value Analysis, which was completed just before new regulations of these operations went into effect. Their influence on market conditions thus likely has waned, although many of the stakeholders interviewed raised STR as a continuing concern in traditionally Black neighborhoods close to hospitality jobs. Notably, there were many more licenses pending than issued, and the total number of licenses in either status fell by half. The biggest numerical declines in issued licenses were in A, B and C markets, followed by E markets where concerns about gentrification had been most acute. C also had the biggest percentage drop.

Change in Short Term Rental Licenses by Market Value Analysis Category, 2018 to 2020

Market Value Analysis	2018			2020			Total Change Issued & Pending	
	Pending	Issued	Total	Pending	Issued	Total	Number	Percent
A	41	448	489	171	80	251	-238	-49%
B	97	1,401	1,498	501	225	726	-772	-52%
C	68	1,084	1,152	340	161	501	-651	-57%
D	7	109	116	34	28	62	-54	-47%
E	29	291	320	128	55	183	-137	-43%
F	20	108	128	59	16	75	-53	-41%
G	8	105	113	55	21	76	-37	-33%
H	7	84	91	24	17	41	-50	-55%
I	3	12	15	8	4	12	-3	-20%
Unclassified	3	5	8	6	0	6	-2	-25%
Total	283	3,647	3,930	1,326	607	1,933		-51%

Source: Reinvestment Fund Analysis of Department of Safety and Permits Data (Accessed March 26, 2021)

Trends in Residential Property Assessments

As previously observed with home sale prices, average assessed values also increased across the city. The increased assessments bring in much needed revenue, but can also increase housing cost burdens, especially for lower income owners who do not qualify for the age-based tax freeze program. The number of homestead exemptions increased citywide between 2016 and 2021, with the largest increases occurring in E and C markets. This may reflect an increase in homeownership not yet observable in Census data, motivation to file due to rising tax bills, and new homestead exemption requirements for certain STR licenses.[7] The number of homestead exemptions and share of residential parcels with a homestead actually declined in H and I markets, suggesting a possible decline in homeownership. In interviews, a few stakeholders said that recent substantial assessment increases had come as a surprise to many property owners and developers, and some suggested property tax relief in exchange for maintaining a property's affordable status.

[7] https://www.nola.gov/short-term-rentals/str-permitting/homestead-exemptions/

Residential Property Assessments by Market Value Analysis Category

Market Value Analysis	Change in Average Residential Assessment			Homes with Homestead Exemption			Share of Residential Parcels with Homestead Exemption		
	2016	**2021**	**Chg.**	**2016**	**2021**	**Chg.**	**2016**	**2021**	**Chg.**
A	$371,198	$490,721	+32.2%	12,079	12,041	-0.3%	58%	55%	-2%
B	$248,884	$345,207	+38.7%	12,032	12,461	+3.6%	50%	51%	+1%
C	$178,474	$235,700	+32.1%	4,513	4,974	+10.2%	41%	44%	+3%
D	$152,841	$175,699	+15.0%	9,613	9,752	+1.4%	66%	66%	+1%
E	$97,674	$144,253	+47.7%	2,433	2,784	+14.4%	30%	34%	+4%
F	$105,754	$118,460	+12.0%	11,585	12,119	+4.6%	54%	55%	+2%
G	$62,259	$77,380	+24.3%	2,822	3,030	+7.4%	29%	30%	+2%
H	$84,855	$87,174	+2.7%	6,603	6,442	-2.4%	43%	42%	-1%
I	$54,125	$60,822	+12.4%	1,265	1,242	-1.8%	28%	27%	-1%
Citywide	**$169,741**	**$220,152**	**+29.7%**	**64,493**	**65,886**	**+2.2%**	**44%**	**45%**	**+1%**

Source: Reinvestment Fund analysis of Property Assessor's data. Note: Totals include homes located in areas that were not classified in the Market Value Analysis

Because the proportionate rises in sale prices did not exactly match rises in assessed values, we undertook a very high-level examination of equity in assessments across New Orleans. One way to test for equity is to compare a property's assessed value to its most recent sales price. Among homes sold in the last three years (2018 to 2020, inclusive) the average ratio between each home's assessed value and its sale price was 0.92, meaning the average home had an assessed value that was 8% lower than its market value (i.e., it is underassessed). If all markets are uniformly underassessed, there would not be a concern about equity; unfairness results when the degree to which properties are under or over-assessed varies by market type.

Overall, assessment ratios across block groups did not differ substantially from the mean. A, B, C, and E markets appeared most consistent with the citywide average ratio. However, properties in weaker markets (F, G, H, I) were, on average, over-assessed compared to what is typical for New Orleans. D markets were something of an exception to the pattern, with relative overassessment for a strong middle market. Factors such as the timing of sales and re-assessments might help explain some of the variance. A more detailed analysis of property values, sales, and other market factors could determine if there is systematic non-uniformity or assessment regressivity (i.e., owners of lower value properties more likely to over-pay taxes compared to owners of higher-value properties).

Measuring Assessment Equity by Market Value Analysis Market Type

Market Value Analysis	Sales Analyzed (2018 – 2020)	Average Sale Price (2018 – 2020)	Average Assessed Value (2020)	Ratio of Average Assessment to Average Price	Difference from City Average
A	1,789	$584,641	$524,328	0.90	-0.02
B	2,383	$414,348	$369,578	0.89	-0.03
C	1,056	$294,361	$273,328	0.93	+0.01
D	1,038	$217,480	$214,051	0.98	+0.06
E	772	$221,166	$204,214	0.92	+0.00
F	1,334	$142,526	$142,699	1.00	+0.08
G	649	$125,249	$124,789	1.00	+0.08
H	944	$104,342	$107,330	1.03	+0.11
I	232	$89,129	$89,668	1.01	+0.08
Citywide	**10,365**	**$303,728**	**$279,812**	**0.92**	

Note: 168 sales in areas not classified in the 2018 Market Value Analysis are included in citywide totals. Analysis only included residential parcels with an assessed value for both the parcel's building and land and excluded sales of vacant land.

Trends in Mortgage Originations

Mortgage application and origination activity was stable in the city's strongest markets (Purple and Blue) and accelerated in weaker markets (Yellow, Orange, and Red) over the five years preceding the pandemic. The tables below show the number of home purchase mortgage applications and number of originated loans per 100 owner occupied households by Market Value Analysis market between 2014 and 2019. Yellow, Orange, and Red markets experienced the largest increase in incidence of mortgage originations, signaling an improvement in the flow of credit to these middle and stressed markets, although the rate of each remained lower than in stronger markets. Rising housing values and greater sales volume in distressed markets can create a positive investment cycle, making mortgages easier to underwrite because there are more comparable sales to consider in conducting appraisals. However, the fact that application rates rose at a greater rate than originations suggests that a significant differential in denial rates remains. Additionally, as the pandemic has inhibited the ability of many homeowners to pay their mortgages, new owners could be at increased risk of foreclosure, and applications from first-time buyers may be more limited for some time.

Home Purchase Mortgage Applications per 100 Owner Occupied Households, 2014 to 2019

	2014	2015	2016	2017	2018	2019	6-Yr Change
Purple Market (A, B)	6.5	6.6	6.3	6.1	6.3	6.6	+0.1
Blue Market (C, D)	5.2	5.6	5.5	6.0	6.0	5.8	+0.6
Yellow Market (E, F)	4.6	4.9	5.6	5.9	6.5	6.5	+1.9
Orange Market (G, H)	2.6	3.0	3.1	4.0	4.1	5.3	+2.7
Red Market (I)	1.5	2.0	1.9	2.3	2.3	3.6	+2.1
Unclassified Market	0.7	1.6	1.3	0.2	0.4	0.6	-0.1
Total	5.1	5.3	5.4	5.6	5.8	6.1	+1.0

Source: Home Mortgage Disclosure Act, 2014 to 2019, Only includes complete first-lien owner occupied, home purchase mortgage applications, for 1-4-unit properties.

Originated Home Purchase Mortgages per 100 Owner Occupied Households, 2014 to 2019

Market Value Analysis	2014	2015	2016	2017	2018	2019	6-Yr Change
Purple Market (A, B)	4.6	4.8	4.6	4.4	4.5	4.6	-0.1
Blue Market (C, D)	3.4	3.7	3.8	4.1	4.2	4.1	0.7
Yellow Market (E, F)	2.8	3.2	3.7	3.8	4.4	4.6	1.8
Orange Market (G, H)	1.5	1.9	1.8	2.4	2.6	3.5	2.1
Red Market (I)	0.9	0.8	1.1	1.6	1.4	2.2	1.3
Unclassified Market	0.1	0.4	0.0	0.1	0.2	0.4	0.3
Total	3.4	3.6	3.7	3.8	4.0	4.2	0.8

Source: Home Mortgage Disclosure Act, 2014 to 2019; only includes complete first-lien owner occupied, home purchase mortgage applications, for 1-4-unit properties.

Improving conditions in weaker markets can also be observed in rates of all-cash sales, which declined in Yellow, Orange, and Red markets – a pattern consistent with a rise in mortgage applications and originations in those areas. The table below estimates the share of sales in cash occurring in different Market Value Analysis market types between 2015-16 and 2018-19 (the last years for which mortgage data are available). Citywide, the percentage of cash sales was constant over the period. However, there was a rise in Purple markets, stability in Blue markets, and reasonably substantial drops in Yellow, Orange, and Red markets. Notwithstanding the noted declines, the Orange and Red markets still had substantially higher shares of cash sales than the strongest markets in New Orleans. In weaker markets, high proportions of sales without a mortgage may indicate investor interest or speculation, or that residents interested in buying homes face difficulty accessing traditional credit, or both. Cash sales in strong markets may also indicate tight competition for homes.

Estimated Share of Non-Mortgage Home Sales, 2015-16 to 2018-19

Market Value Analysis	Estimated Share Cash Sales, 2015-16	Estimated Share Cash Sales, 2018-19	Change in Share Cash Sales
Purple Market (A, B)	<1%	9%	9%
Blue Market (C, D)	9%	9%	0%
Yellow Market (E, F)	16%	<1%	-16%
Orange Market (G, H)	53%	32%	-21%
Red Market (I)	67%	58%	-9%
Total	12%	12%	0%

Source: Home Mortgage Disclosure Act, 2014 to 2019; only includes complete first-lien owner occupied, home purchase mortgage applications, for 1-4-unit properties.

CITYWIDE ECONOMIC AND LABOR MARKET TRENDS

Citywide Economic and Labor Market Trends

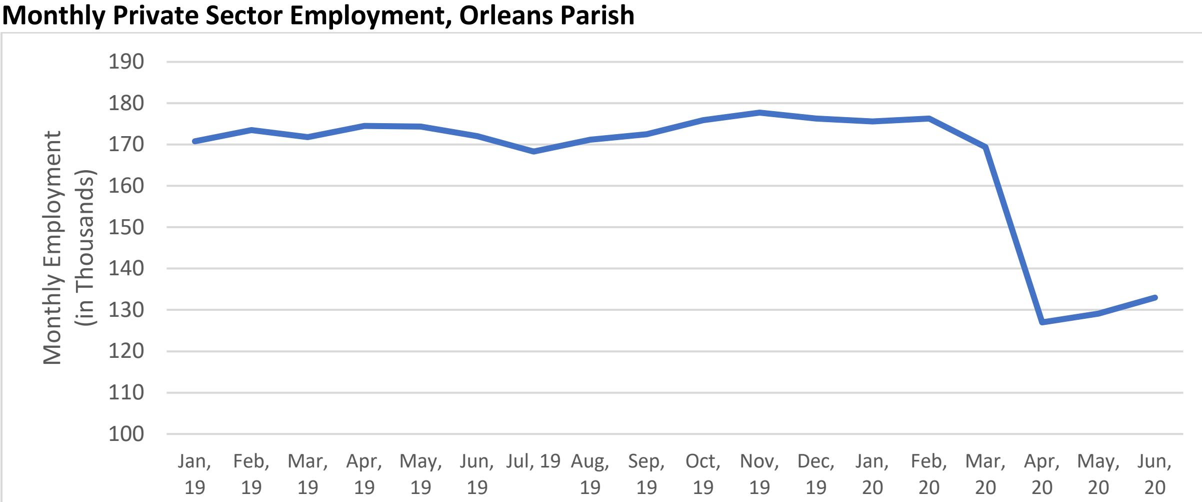
Private Sector Trends in Employment, Wages, and Firms

Since the onset of the pandemic, Orleans Parish, the MSA, and State have experienced substantial employment and economic disruptions. In New Orleans, the disruptions have been highly concentrated in Restaurants and Travel Accommodation – industries that also had some of the lowest average wages in the city before the pandemic. In contrast, there were minor changes in employment in higher education and medicine.

Interviewees universally cited the struggle of Leisure and Accommodation firms and their employees as the biggest challenge facing the city. In general, workers in the city's Leisure and Accommodation industries (of which Restaurant and Travel Accommodation is a part) are more vulnerable to financial disruption than other workers in the city. These workers were less likely to own homes, less likely to be married, and more likely to live in poverty prior to the pandemic. They were also notably less educated than other workers. Employees of bar/drinking establishments were youngest on average and were more likely White and more educated than workers in restaurants and hotels. For slightly different reasons, both bar workers and restaurant/hotel workers may be more likely than other industry employees to leave the city in response to the pandemic; the first group may have fewer local ties and means to seek employment elsewhere; the second group may leave in search of opportunities for workers with less education elsewhere. (See Appendix B for more information about workers in the Leisure and Accommodation sector.)

The figure below illustrates the early and significant impact of the pandemic on private employment in New Orleans. Between March and April 2020 total employment in Orleans Parish fell nearly 25%. Employment numbers have improved slightly thereafter, increasing 5% between April and June, but were still far below pre-COVID levels (most recent available data).

Monthly Private Sector Employment, Orleans Parish



Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Figures Only include Private Employment

The table below shows the twelve-month change in monthly employment for the eight largest industries in New Orleans. As expected, the city's two largest industries (Restaurants and Travel Accommodation) have been hit especially hard, with employment down nearly 50% from June 2019.

Employment in Top Eight Industries by Employment in New Orleans

	New Orleans			New Orleans-Metairie MSA			Louisiana		
	June, 2019	**June, 2020**	**12-Mo Change**	**June, 2019**	**June, 2020**	**12-Mo Change**	**June, 2019**	**June, 2020**	**12-Mo Change**
NAICS 7225 Restaurants and other eating places	24,164	12,300	-49%	55,688	36,561	-34%	160,231	124,158	-23%
NAICS 7211 Traveler Accommodation	11,783	6,038	-49%	14,621	7,709	-47%	33,222	18,606	-44%
NAICS 6113 Colleges and universities	9,380	9,215	-2%	9,506	9,345	-2%	10,501	10,367	-1%
NAICS 6111 Elementary and secondary schools	6,563	6,608	+1%	8,202	8,222	+0%	13,182	13,049	-1%
NAICS 6221 General med. and surgical hospitals	6,095	5,976	-2%	18,253	18,410	+1%	64,196	64,402	+0%
NAICS 5411 Legal services	5,413	5,317	-2%	NA	8,265	NA	18,665	18,116	-3%
NAICS 6211 Offices of physicians	4,995	5,101	+2%	14,546	14,402	-1%	41,105	39,719	-3%
NAICS 5613 Employment Services	3,770	2,244	-40%	NA	7,560	NA	31,354	24,545	-22%
Total (All Industries)	**171,999**	**132,979**	**-23%**	**478,166**	**405,222**	**-15%**	**1,615,439**	**1,421,443**	**-12%**

Note: "NA" Indicates data suppressed

Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Figures only include Private Employment

Total taxable wages (in thousands of dollars) in the top eight industries in New Orleans show that the city's wage base has been particularly hard hit by the pandemic, with aggregate taxable wages in the city's top two industries down 62% and 72% since 2019, respectively. Declines in Restaurant and Accommodation wages in New Orleans are much greater than wage declines seen statewide.

Aggregate Taxable Wages (in Thousands) in the Top Eight Industries by Employment in New Orleans

	New Orleans			Louisiana		
	2019, Q2	**2020, Q2**	**12-Mo Change**	**2019, Q2**	**2020, Q2**	**12-Mo Change**
NAICS 7225 Restaurants and other eating places	$55,001	$20,906	-62%	$359,528	$235,954	-34%
NAICS 7211 Traveler Accommodation	$19,162	$5,356	-72%	$65,634	$28,812	-56%
NAICS 6113 Colleges and universities	$277	$236	-15%	$959	$995	4%
NAICS 6111 Elementary and secondary schools	$3,057	$2,095	-31%	$7,695	$5,589	-27%
NAICS 6221 General med. and surgical hospitals	$1,364	$942	-31%	$15,644	$10,527	-33%
NAICS 5411 Legal services	$4,243	$3,122	-26%	$18,196	$16,350	-10%
NAICS 6211 Offices of physicians	$2,154	$1,986	-8%	$39,103	$34,115	-13%
NAICS 5613 Employment Services	$10,747	$8,580	-20%	$94,208	$69,786	-26%
Total (All Industries)	**$2,126,148**	**$1,885,215**	**-11.3%**	**$19,469,821**	**$17,753,592**	**-9%**

Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Figures only include Private Employment

Although aggregate wages have declined substantially, the average wage of many employed workers has not changed in the same way. The table below shows the annualized average wage of employed workers in the city's top eight industries in 2019 and 2020. While workers in Traveler Accommodation have suffered a 27% decline in income, others have seen incomes increase. The Employment Services industry, which includes placement and temp agencies, saw average wages double, suggesting that the substantial job losses in this sector were disproportionally borne by lower wage employees. Combined with trends in employment rates and aggregate wages, these findings suggest that workers who have been able to keep their jobs through the pandemic have been insulated from some economic pain.

Annualized Average Wages for Workers in the Top Eight Industries by Employment in New Orleans

	2019, Q2	**2020, Q2**	**12-Mo Change**
NAICS 7225 Restaurants and other eating places	$24,804	$23,608	-5%
NAICS 7211 Traveler Accommodation	$36,192	$26,468	-27%
NAICS 6113 Colleges and universities	$57,564	$61,828	+7%
NAICS 6111 Elementary and secondary schools	$49,868	$52,260	+5%
NAICS 6221 General med. and surgical hospitals	$63,336	$68,900	+9%
NAICS 5411 Legal services	$92,144	$100,048	+9%
NAICS 6211 Offices of physicians	$77,532	$81,172	+5%
NAICS 5613 Employment Services	$42,432	$86,112	+103%
Total (All Industries)	**$48,984**	**$58,136**	**+19%**

Note: Annual wages were calculated from average weekly wages in each industry. Weekly wages were annualized by multiplying weekly figures by 52 (assuming workers were employed the entire year).
Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Figures only include Private Employment

Despite declines in employment, the number of firms in the city's top sectors has been stable or slightly increased since 2019. The muted impact of the pandemic on the count of firms could be a result of federal aid to businesses, such as the Paycheck Protection Program, or simply a lag in data collection (i.e., not detecting establishments that went out of business).[8] In interviews, local stakeholders all expected that the city would lose businesses to the pandemic, including ancillary businesses such as hospitality sector suppliers and booth-builders for conventions. Some predicted a tourism boom following the pandemic, but others were concerned the convention business in particular may never return to previous earnings, as remote meetings replace business travel more permanently.

[8] Reinvestment Fund requested but did not receive sales tax data from the City of New Orleans, and therefore could not be complete a planned analysis of changes in that revenue.

Total Firms in the Top Eight Industries by Employment in New Orleans

	New Orleans			New Orleans-Metairie MSA			Louisiana		
	2019, Q2	2020, Q2	12-Mo Change	2019, Q2	2020, Q2	12-Mo Change	2019, Q2	2020, Q2	12-Mo Change
NAICS 7225 Restaurants and other eating places	1,161	1,216	5%	2,946	3,052	4%	8,281	8,470	2%
NAICS 7211 Traveler Accommodation	201	217	8%	377	387	3%	1,105	1,116	1%
NAICS 6113 Colleges and universities	15	14	-7%	38	38	0%	100	108	8%
NAICS 6111 Elementary and secondary schools	75	75	0%	107	107	0%	255	263	3%
NAICS 6221 General med. and surgical hospitals	16	16	0%	61	57	-7%	197	213	8%
NAICS 5411 Legal services	719	756	5%	1,494	1,550	4%	3,965	4,064	2%
NAICS 6211 Offices of physicians	290	304	5%	1,117	1,154	3%	3,663	3,755	3%
NAICS 5613 Employment Services	185	187	1%	475	487	3%	1,567	1,654	6%
Total (All Industries)	**12,882**	**13,579**	**5%**	**39,206**	**40,731**	**4%**	**126,617**	**130,445**	**3%**

Source: US Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Figures only include Private Employment

Commercial Real Estate

The data currently available on the city's commercial real estate market do not reflect the substantial and long-lasting impact of the pandemic expected by many stakeholders and observers. Local interviewees observed that causes for this disjuncture include the multi-year nature of many commercial leases, the availability of PPP loans and other short-term supports, informal negotiations between landlords and commercial tenants, low interest rates, the relative health of the finance sector comparted to 2008 which has allowed for forbearance and other temporary assistance, and aggressive cutting of overhead costs including staff reductions.

Local commercial real estate professions said that the longer impact will be determined by changes in how consumers shop, entertain, travel, and work. While the fact that so much remains unknown has reduced investor activity, the lifting of the mask mandate, the re-scheduling of Jazz Fest and other signs of a "return to normal" are lifting confidence. There are expectations that companies will retain office space in the CBD, but likely within smaller footprints (possibly reduced by 10-30%) to accommodate hybrid work from home/in-office schedules, and that companies will seek shorter term leases due to continuing uncertainty. In terms of neighborhood commercial corridors, their success appears tightly linked to financial wellbeing of surrounding residents, as Magazine and Freret Streets have seen increased activity while Claiborne and St. Claude Avenues have struggled. Interviewees projected that the "new normal" will not be evident until mid or late 2022.

The higher education, life sciences and health care, and logistics sectors were seen as bright spots both in terms of jobs and real estate -and sectors that are more resilient than hospitality in a post-pandemic world and also in the face of hurricanes. Some universities have begun offering more degrees and/or training related to these growth industries and interviewees expressed hope that higher education institutions could do more to support job training and upskilling.

Commercial Property Sales

RF analyzed commercial property sale records. To account for seasonality and the data limitations (2020 data available only through the third quarter), the analysis presents Q1 – Q3 property transactions in

2016 through 2020. A large number of commercial property transactions were flagged as non-arms-length transactions because their sale prices were less than $1,000 or the grantee and grantor were the same. Analysis of only arms-length transactions shows a decline in sales volume and price between Q1 – Q3 in 2019 and 2020, but both volume and price have varied widely from year to year.

	2016, Q1 – Q3	2017, Q1 – Q3	2018, Q1 – Q3	2019, Q1 – Q3	2020, Q1 – Q3
Count of Arms-Length Transactions	228	173	213	179	153
Median Price of Arms-Length Transactions	$255,000	$200,000	$192,500	$325,000	$280,000

Source: Reinvestment Fund analysis of Property Assessor's data. Note: Data exclude sales where grantee and grantor shared the same name and transaction price was below $1,000

The best available data for distinct commercial rents for warehouse, retail, and office space was at the metro level, and showed little change over the last twelve months measured.

Commercial Real Estate Effective Rents in New Orleans Metro Area (Per Square Foot)

	2019, Q2	**2019, Q4**	**2020, Q2**	**12-Month Change**
Warehouse	$5.12	$5.12	$5.11	-0.20%
Office	$15.90	$15.92	$15.82	-0.50%
Retail	$14.02	$13.99	$13.97	-0.36%

Source: Moody's Analytics. "Effective Commercial Rents for New Orleans Metro Area" Effective Commercial rent levels account for rental concessions included in tenant leases.

Office Market

Within the city's office market, the data so far show only a limited impact of the pandemic on rental prices and occupancy. Citywide, office occupancy fell by 1.0% and prices fell $0.15 per square foot between 2019 and 2020. There was an observable, though small, effect on Class-A office space in the Central Business District (CBD), with declining rent and occupancy. Space outside the CBD showed slight strengthening, which may reflect a confluence of trends including firms' preferences for smaller spaces and "hot desking" options, the suspension of intra- and inter-company face-to-face meetings, the shift in consumer demand for retail from the CBD to neighborhoods as people work from home, and less expensive parking options.

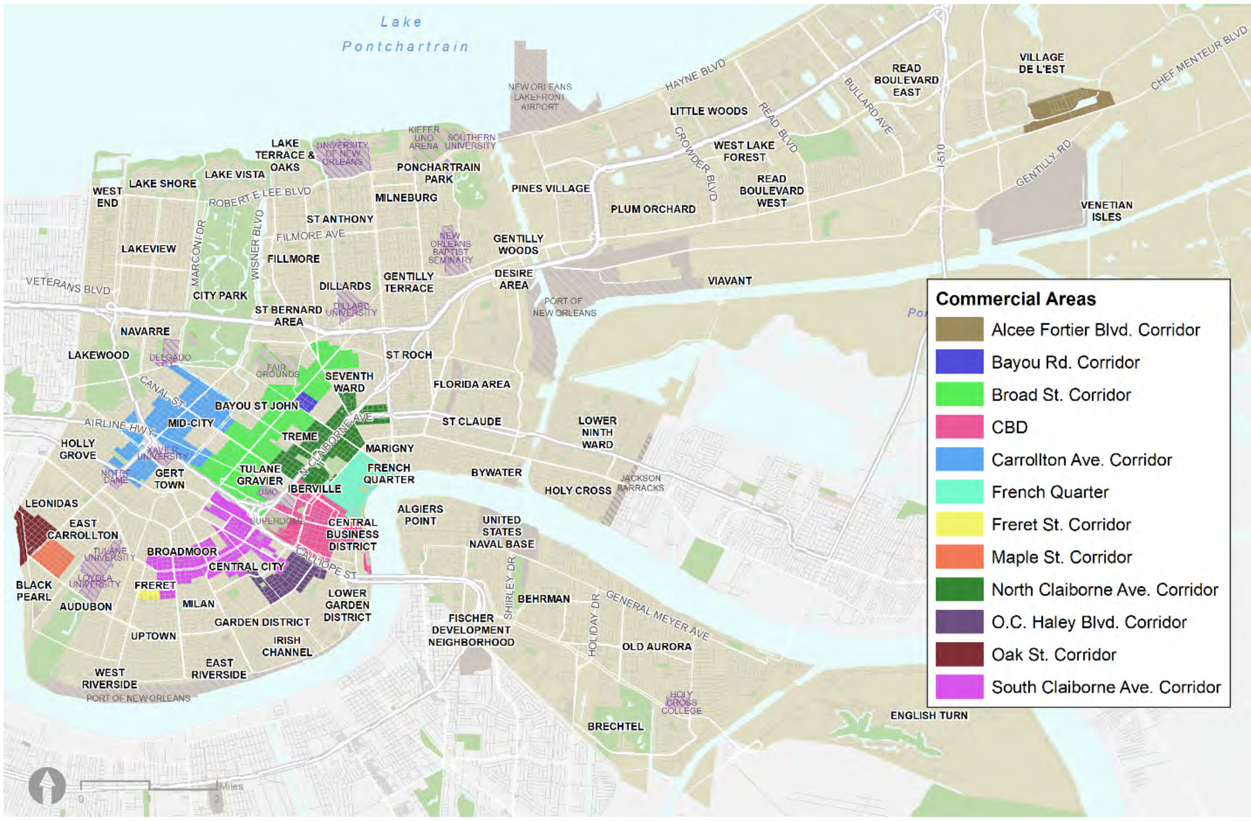
	Percent Leased			Average Rental Rate		
	2019	2020	Change	2019	2020	Change
CBD – Class-A Space	87.1%	85.8%	-1.3%	$19.78	$19.55	-$0.23
CBD – Class-B/C Space	72.7%	71.9%	-0.8%	$16.44	$16.34	-$0.10
Outside of CBD – Class-B/C Space	84.8%	85.7%	+1.0%	$18.61	$19.07	+$0.46
City Average	85.1%	84.1%	-1.0%	$19.25	$19.10	-$0.15

Source: Corporate Reality, "Greater New Orleans Annual Office Market Report." Available: https://corp-realty.com/reports/.

Commercial Corridors

Interviewees identified ten critical commercial corridors for investment and other support: Alcee Fortier Boulevard, Bayou Road, Broad Street, South Claiborne Avenue, North Claiborne Avenue, Freret Street, Maple Street, Oak Street, O.C. Haley Boulevard, and Carrollton Avenue. Reinvestment Fund collected available data for the block groups which contain these corridors (see map).

Location of Targeted Commercial Corridors



The table shows the one-year change in commercial address vacancy for the block groups containing the priority corridors. Most corridors experienced flat or declining business vacancy rates. The largest increase was on the North Claiborne Avenue corridor, where business vacancy increased by 1.8 percentage points.

	Total Business Addresses			Percentage Vacant		
	2019, Q3	2020, Q3	12-Mo Change	2019, Q3	2020, Q3	12-Mo Change
Alcee Fortier Blvd. Corridor (Alcee Fortier between Dwyer Blvd and Chef Menteur Highway)	81	81	0.0%	0.0%	0.0%	0.0%
Bayou Rd. Corridor (Bayou between N. Broad and Esplanade Ave.)	88	88	0.0%	2.3%	2.3%	0.0%
Broad St Corridor (Broad between Pontchartrain and A.P. Tureaud)	864	870	0.7%	3.0%	3.0%	0.0%
South Claiborne Ave Corridor (Claiborne between Cadiz and Toledano)	179	181	1.1%	8.9%	8.3%	-0.6%
North Claiborne Ave Corridor (Claiborne between Canal and Saint Bernard)	377	385	1.9%	3.2%	4.9%	1.8%
Freret St Corridor (Freret between Jefferson and Napoleon)	158	159	0.5%	7.6%	8.2%	0.6%
Maple Street Corridor (Maple between S. Carrollton and Lowerline)	129	130	0.8%	7.8%	6.9%	-0.8%

Oak Street Corridor (Oak between General Ogden and S. Carrollton)	245	244	-0.6%	1.6%	1.6%	0.0%
O.C. Haley Blvd Corridor (O.C. Haley between Philip and Pontchartrain)	447	445	-0.5%	10.3%	9.9%	-0.4%
Carrollton Ave Corridor (S. Carrollton between Fig and Orleans)	724	724	0.0%	1.5%	1.5%	0.0%
New Orleans (Citywide)	17,896	17,662	-1.3%	6.6%	6.6%	0.1%
Louisiana (Statewide)	172,981	172,396	-0.3%	10.2%	10.4%	0.1%

Source: Policy Map, Valassis Lists

NORU's Commercial Corridor Organization Assistance Program evaluates and addresses the disparities in access to resources between corridors and between business owners within corridors. Grant reports highlight a divergence in owners' ability or willingness to access assistance programs and an enduring digital divide. MQVN CDC identified that Vietnamese business owners along the Alcee Fortier corridor were hesitant to engage with federal relief programs such as PPP due to paperwork requirements. MQVN and others highlighted the role of digital literacy as an important factor in how businesses responded to COVID-19 disruptions. Ujamaa's survey of Claiborne Avenue businesses found owners felt "left behind" as support programs moved online and, while many were comfortable using social media platforms to connect with customers, many were not using online platforms or official websites for transactions. While some business owners' digital familiarity allowed them to pivot to e-commerce, others struggled to build a web presence from scratch.

Commercial Property Assessments

To understand trends in commercial property assessments Reinvestment Fund analyzed parcel-level records provided by the New Orleans Assessor's office. Data below includes all parcels with a Property Class of "C-Commercial." Values in the table represent assessed values as reported in the assessor's data (i.e., land value represents 10% of fair market land value and building value represents 15% of fair market building value).

Citywide and within each corridor assessed values fell substantially between 2020 and 2021.

The table below shows the aggregate assessed value of commercial property (building and land values) along the twelve commercial areas and citywide between 2016 and 2021. Compound Annual Growth Rate (CAGR) represents the average annual percentage change in assessed values for each year between 2016 and 2020. 1-Year Change represents the single year percent change in values between 2020 and 2021.

Although the decline experienced in most commercial areas was smaller than the citywide decline in assessed commercial values, the loss of value was substantial. Along the Alcee Fortier corridor, for example, assessed values had increased by an average of 6.1% per year between 2016 and 2020, but declined 16.9% between 2020 and 2021, erasing nearly 3 years of property value growth. Along the Maple Street corridor, where assessed property values had increased by less than 1% per year, values declined 18% between 2020 and 2021.

The decline in assessed values in the French Quarter and the Central Business district both exceeded the decline in values citywide. In the Central Business District, for example, assessed values fell 39% between 2020 and 2021, erasing nearly 4 years of increasing values.

Aggregate Assessed Values (Building + Land Value) for Commercial Parcels, 2016 to 2021

	Aggregate Build + Land Value (2016)	Aggregate Build + Land Value (2017)	Aggregate Build + Land Value (2018)	Aggregate Build + Land Value (2019)	Aggregate Build + Land Value (2020)	Aggregate Build + Land Value (2021)	Compound Annual Growth Rate ('16 - '20)	1-Year Change ('20 to '21)
Alcee Fortier Blvd. Corridor	$1,138,990	$1,138,990	$1,130,470	$1,130,470	$1,441,490	$1,198,540	6.1%	-16.9%
Bayou Rd. Corridor	$789,860	$941,330	$768,340	$763,060	$1,512,380	$975,960	17.6%	-35.5%
Broad St. Corridor	$18,051,630	$19,080,610	$18,411,180	$17,981,980	$23,376,120	$21,254,630	6.7%	-9.1%
Carrollton Ave. Corridor	$28,323,650	$31,945,980	$33,506,270	$34,761,680	$37,175,410	$31,893,500	7.0%	-14.2%
Central Business District	$306,327,510	$305,173,420	$342,644,640	$346,868,450	$462,859,760	$282,555,250	10.9%	-39.0%
French Quarter	$110,201,660	$105,410,040	$112,686,150	$112,296,530	$124,024,570	$90,217,430	3.0%	-27.3%
Freret St. Corridor	$2,355,530	$2,514,270	$3,427,230	$4,315,190	$4,751,540	$3,823,650	19.2%	-19.5%
Maple St. Corridor	$3,180,540	$2,994,580	$2,996,760	$3,071,690	$3,242,340	$2,659,240	0.5%	-18.0%
North Claiborne Ave. Corridor	$7,069,390	$7,198,670	$7,222,530	$7,521,140	$8,973,530	$7,547,870	6.1%	-15.9%
O.C. Haley Blvd. Corridor	$17,699,860	$17,728,460	$18,007,870	$18,860,980	$23,127,690	$17,898,090	6.9%	-22.6%
Oak St. Corridor	$5,772,900	$6,212,990	$6,331,000	$6,445,070	$7,042,070	$5,544,370	5.1%	-21.3%
South Claiborne Ave. Corridor	$13,206,740	$13,227,640	$14,276,180	$15,036,100	$16,661,130	$14,092,270	6.0%	-15.4%
Citywide Aggregate Assessed Values	**$978,456,420**	**$967,156,460**	**$980,193,020**	**$985,003,020**	**$1,216,502,380**	**$896,040,410**	**5.6%**	**-26.3%**

Paycheck Protection Program

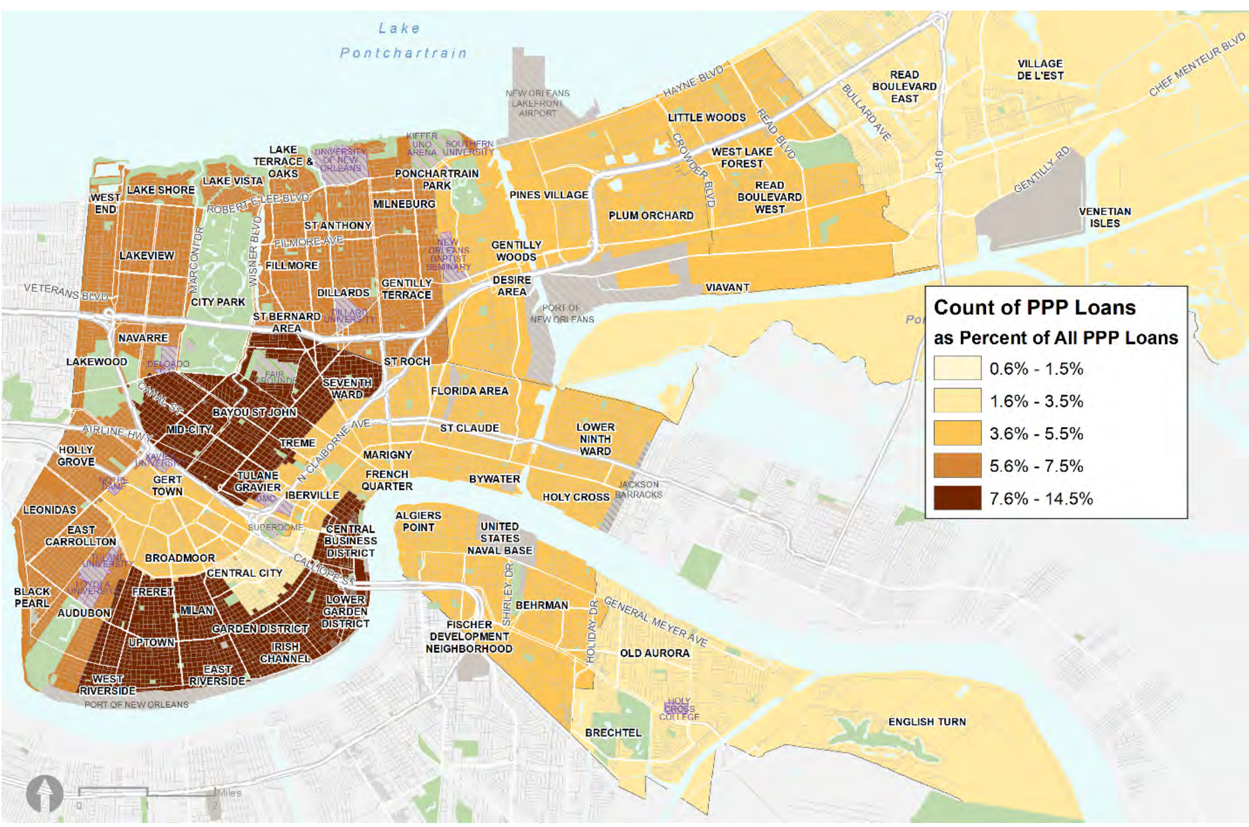
The federal Paycheck Protection Program (PPP) has been an important lifeline for businesses during the pandemic. Over 9,000 PPP loans were originated in New Orleans zip codes. Most PPP loans in the city were small, under $50,000. The professional, scientific, and technical services industry, which includes lawyer's offices, accountants, and design/engineering firms (NAICS Code 54), received the largest number of PPP loans, followed by accommodation and food service businesses (NAICS Code 72), and other service businesses, which includes car repair shops, salons/barber shops, and other personal services (NAICS Code 81).

	Count of Loans	Percent of All Loans
Loans Over $1M	160	2%
Loans $350k to $999k	312	3%
Loans $150k to $349k	589	6%
Loans $50k to $149k	1,371	15%
Loans Under $50k	6,844	74%
Total Loans	9,276	100%

Source: RF Analysis of Small Business Administration, PPP Lending Activity, Accessed: 5/1/21.
Only includes loans in New Orleans Zip codes.

The following maps show the share of all business addresses located in each zip code and the share of all PPP loans disbursed located in each zip code. The business and PPP Loan concentrations were similar in some areas (the CBD, Garden District, Mid-City) but zip codes covering Central City and along the North Claiborne corridor were noticeably under-served by the PPP loan program relative to other areas with large numbers of businesses.

PPP Loans by Zip Code as a Share of all PPP Loans Citywide



SBA Lending

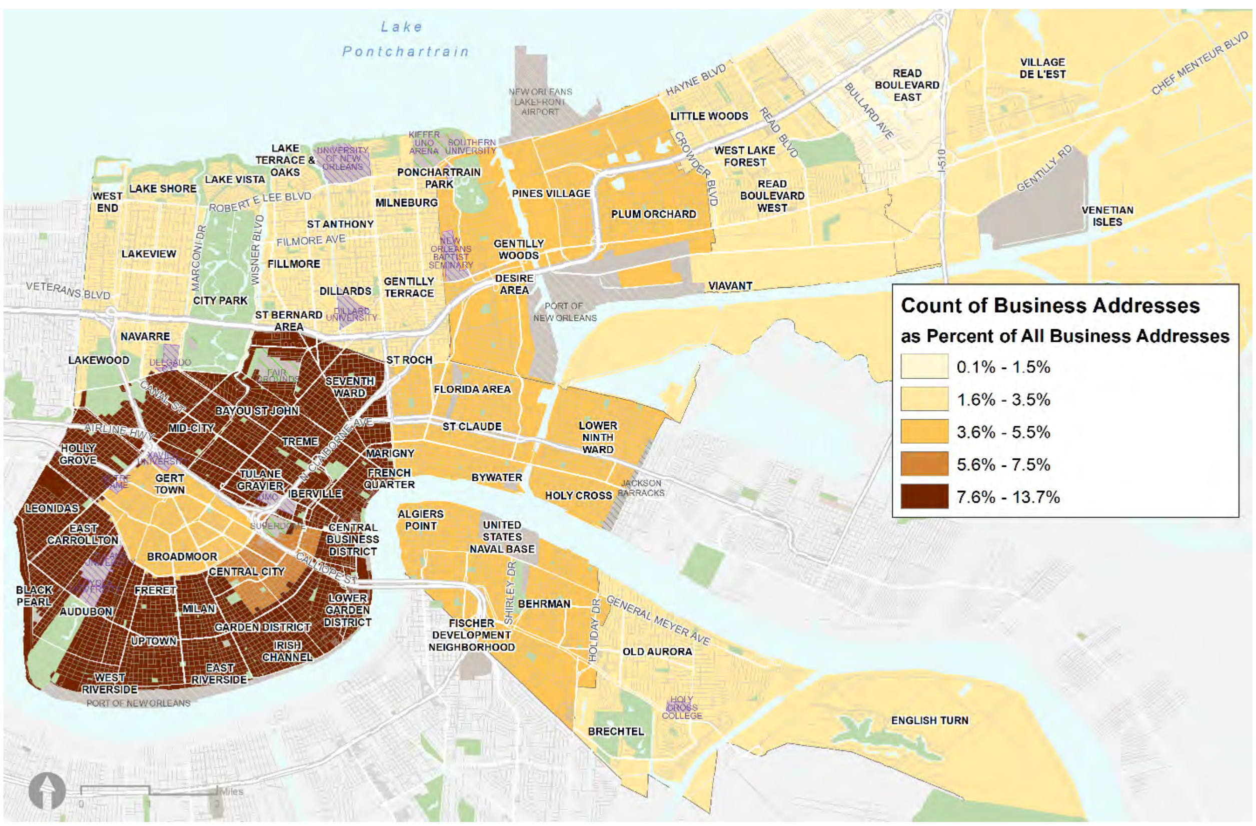
The Small Business Administration's 7a and 504 lending programs can provide critical support to small businesses although a relatively small number have been disbursed to businesses located in New Orleans each year, totaling just 253 from 2015 through 2020. Firms that received SBA loans were somewhat more concentrated in and around the CBD than PPP recipients and the loans were also typically larger than PPP loans. The table below shows the distribution of loan amounts among New Orleans businesses that received an SBA loan between 2015 and 2020.

Although not shown the table, the accommodation and food services industry (NAICS Code 72), received the largest number of SBA loans, followed by manufacturing (NAICS Code 31), and professional, scientific, and technical services industry, which includes lawyer's offices, accountants, and design/engineering firms (NAICS Code 54).

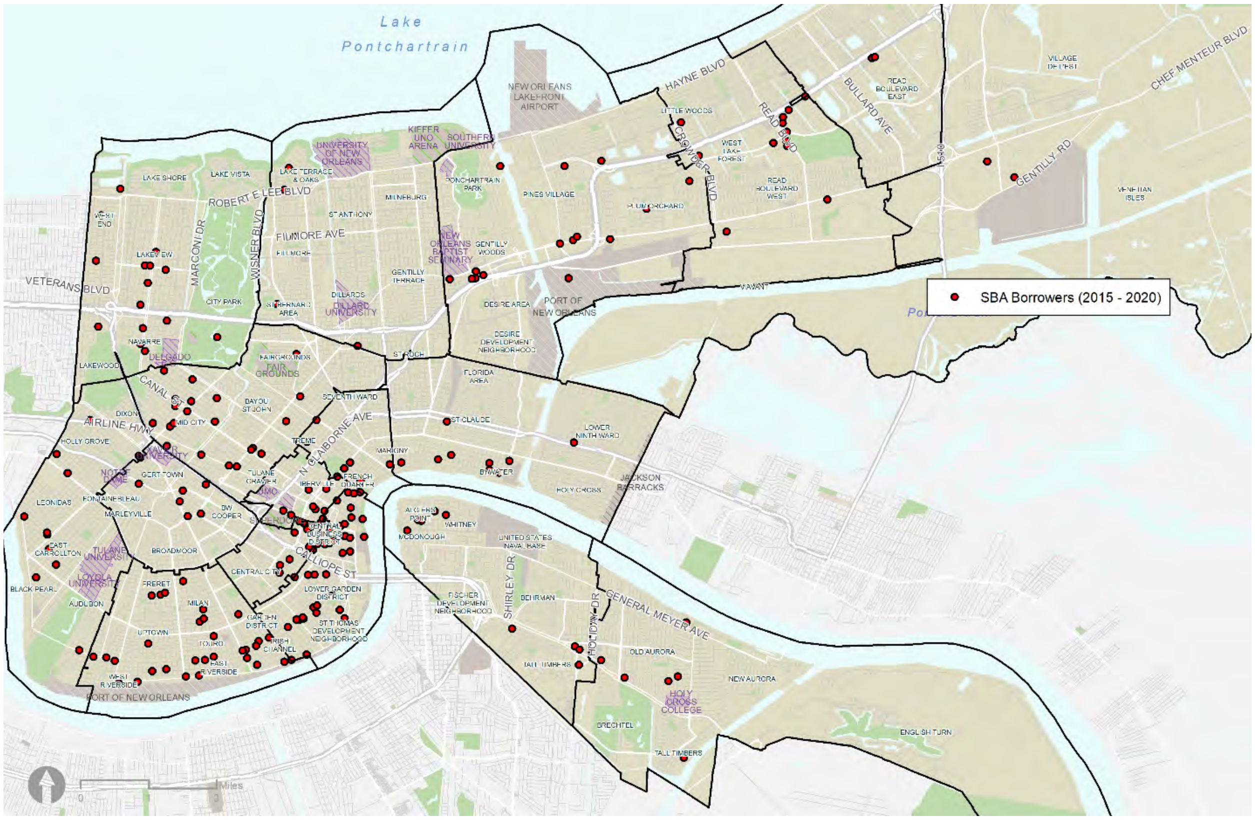
	Count of Loans	Percent of All Loans
Loans Over $1M	30	17%
Loans $350k to $999k	52	28%
Loans $150k to $349k	57	23%
Loans $50k to $149k	71	21%
Loans Under $50k	43	12%
Total Loans	253	100%

Source: RF Analysis of Small Business Administration 7a and 504 Lending Data. Only includes firms located in New Orleans, and loans made between 2015 and 2020.

Business Addresses by Zip Code as a Share of all Business Addresses Citywide



Location of SBA Loans



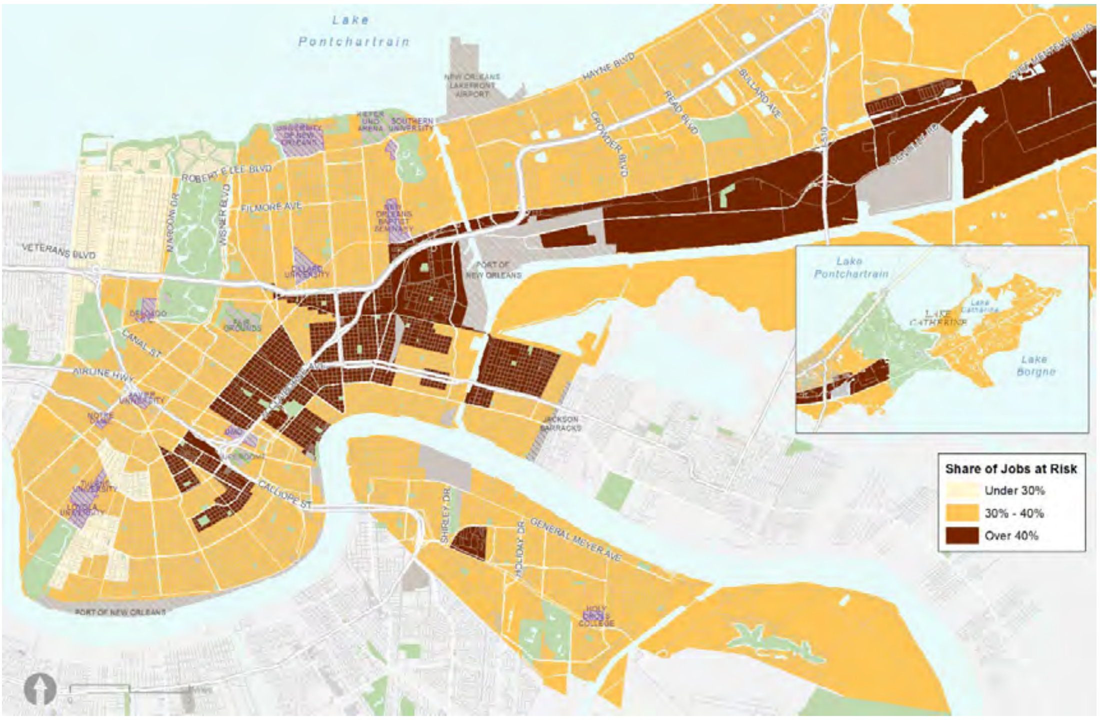
Estimating Local Impacts of the Pandemic on Wages and Labor Market Participation

An analysis from the Federal Reserve Bank of Philadelphia examined the sector composition of employment patterns to estimate the share of jobs at risk due to COVID in every census tract across the country.[9] The Federal Reserve analysis estimates that 36% of all jobs held by New Orleans residents are at high risk due to the pandemic, however, the distribution of risk varies across the city.

The map below shows the share of workers whose jobs are at risk due to the pandemic in each census tract. Darker areas have higher concentrations of workers living in them with jobs at high risk of disruption.

[9] See: Eileen Divringi, Davin Reed. "Which Neighborhoods and Households Will be Most Impacted by the Pandemic?" Federal Reserve Bank of Philadelphia. 2020. Available: https://www.philadelphiafed.org/-/media/frbp/assets/community-development/reports/covid-neighborhoods-and-households-impacted/which-neighborhoods-and-households-will-be-most-impacted-by-the pandemic.pdf

Share of Resident Employment at Risk Due to the Pandemic Disruptions



Source: Reinvestment Fund Analysis of Divringi and Reed (2020)

Areas with the highest employment risk are also home to the city's most vulnerable residents, even before the pandemic struck. The table below shows the characteristics of tracts at different levels of employment risk. Areas with the highest risk had the highest proportion of renters and lowest household incomes in the city. Areas with high and moderate levels of risk were both predominantly home to Black residents, while areas with the lowest risk were predominantly home to White residents. This in part reflects that the hard-hit Restaurants and Accommodation sector had a somewhat higher share of workers who were Black (57%) than the average across other industries in New Orleans (51%). Many of the high employment risk areas were identified through data[10] and confirmed in interviews as experiencing rising housing costs and stakeholders were concerned the pandemic could accelerate displacement of lower income residents from the neighborhoods most accessible to the bulk of hospitality jobs.

Characteristics of Communities by Pandemic Employment Risk

	Number of Tracts	Median Household Income	Share Renters	Black	White	Hispanic	Asian	Other
Tracts with Greatest Risk (Over 40% of Employment at Risk)	34	$23,036	67%	70%	18%	6%	3%	2%
Tracts with Medium Risk (Between 30% and 39.9% at Risk)	130	$49,629	51%	62%	28%	5%	3%	2%
Tracts with Lowest Risk (Under 30% of Employment at Risk)	12	$107,281	29%	7%	82%	7%	3%	2%

Source: Reinvestment Fund Analysis of Divringi & Reed (2020); American Community Survey, 2015-2019 Five-Year Estimates

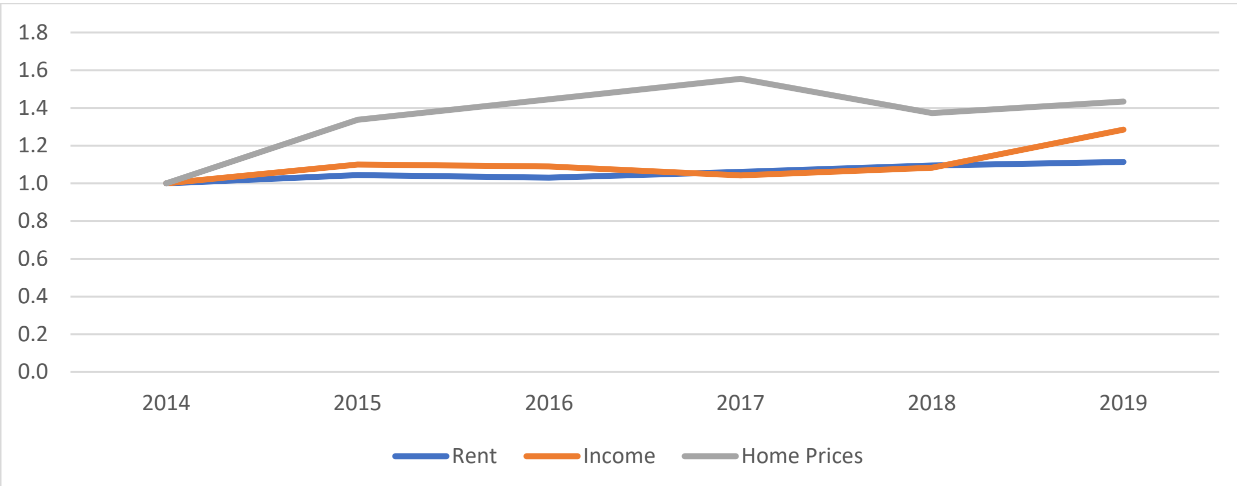
[10] See report section "Identifying Areas with Elevated Housing Stress or Stressed Households" for Reinvestment Fund's the Displacement Risk Ratio analysis.

HOUSING AFFORDABILITY

Housing Affordability

Even prior to the onset of the pandemic, housing affordability was a challenge for many New Orleans residents, and recent rises in home prices previously reported generally outstripped growth in household income. The graph below shows the change in median household income, rent, and home prices for Orleans Parish between 2014 and 2019 indexed to their values in 2014. Changes in home sales prices have outstripped both rents and household incomes since 2014; incomes actually grew faster than rents in the most recent annual estimates (pre-pandemic) and rents citywide were stable despite concerns about rising prices in certain neighborhoods.

Median Household Income, Rent, and Home Sales Price, Indexed to 2014 Values



Source: American Community Survey, 1-Year Estimates, 2014 – 2019; Reinvestment Fund Analysis of New Orleans Homes Sales Records, 2014 to 2020

While unemployment subsidies, PPP loans to local businesses that keep their employees, rental assistance, and eviction and foreclosure moratoria have temporarily blunted the impact of job losses and other economic shocks, it seems likely that the number of households experiencing housing insecurity will grow. This section reviews pre-pandemic trends in housing costs for renters and homeowners; levels of housing cost burden; and estimates the likely impact of the pandemic on citywide cost burdens.

Housing Costs for Renters

Households in New Orleans continue to be primarily renters. In 2015-19, 53% of households rented their homes, compared with only 38% of households in the MSA. Rents in New Orleans rose by eight percent between 2010-14 and 2015-19 (unadjusted for inflation).

Median Gross Rent, Orleans Parish, MSA, and State, 2010-14 to 2015-19

	2010-14	2015-19	Change
Parish	$927	$998	8%
MSA	$921	$991	8%
State	$786	$866	10%

Source: Reinvestment Fund Analysis of American Community Survey, 2010-2014 & 2015-2019 Five-Year Estimates. Unadjusted for inflation.

The table below illustrates the affordability of different apartment sizes for renters earning 80% of the Area Median Income (AMI). AMI thresholds include residents in New Orleans and the surrounding metro area and are indexed to household size, so that larger households are assumed to have higher incomes. As the table below illustrates, median rents represent an estimated 22% to 30% of a household's monthly budget for those earning 80% of AMI.

Typical Rental Unit Costs as Share of Area Median Income in Orleans Parish

Apartment Size	Median Gross Rent, 2015-19	Assumed Family Size	80% Area Median Income, 2020	Rent as Share of 80% of AMI
0 Bedroom	$727	1	$39,450	22%
1 Bedroom	$869	2	$45,050	23%
2 Bedrooms	$1,031	3	$50,700	24%
3 Bedrooms	$1,182	3	$50,700	28%
4 Bedroom	$1,400	4	$56,300	30%
5+ Bedroom	$1,205	5	$60,850	24%
Median Rent	$998	3	$50,700	24%

Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates; Family size assumptions assume 1.5 residents per bedroom.

The table below shows median rents compared with *city* median income and the median income for renters. Median rents exceed 30% of the city's median income for renters at all apartment sizes, with the typical rent for a 2-bedroom unit costing 47% of the city's median renter income. The contrast between the table below and the table above underscores the extent to which an AMI threshold misrepresents access to affordable choices for renters in New Orleans.

Typical Rental Unit Costs as a Share of Citywide Median Income and Citywide Median Income for Renters

Apartment Size	Median Gross Rent, 2015-19	Rent as Share of Citywide Median Income for All Households ($41,604)	Rent as Share of Citywide Median Income for Renter Households ($26,187)
0 Bedroom	$727	21%	33%
1 Bedroom	$869	25%	40%
2 Bedrooms	$1,031	30%	47%
3 Bedrooms	$1,182	34%	54%
4 Bedroom	$1,400	40%	64%
5+ Bedroom	$1,205	35%	55%
Median Rent	$998	29%	46%

Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates

HUD's Fair Market Rent (FMR) is used to determine payments for Housing Choice Vouchers used in the city. The table below compares FMR rates with median ACS rents. It is notable that the city's FMR rates generally exceed median gross rents estimated in the ACS, which would suggest rent prices should not be a major barrier for residents with vouchers. However, other issues such as the availability of vacant units, housing quality, a landlord's choice not to accept a Housing Choice Voucher, rent levels in specific areas, or discrimination may present additional barriers for renters. The table below presents the standard fair market rents set by the Housing Authority of New Orleans (HANO). In eight city zip codes HANO uses small-area fair market rents (SAFMR) which are intended to account for market variation and open access to more opportune neighborhoods. SAFMRs range substantially from one zip code to another. For example, SAFMRs for a one bedroom in the city range from a low of $998 to a high of $1,496 in the 70112 zip code.

Comparison of Fair Market Rents and Median Gross Rents

Apartment Size	Median Gross Rent, 2015-19	HANO Fair Market Rent, 2020	Example of Small-Area Fair Market Rents (Zip Code 70112)
0 Bedroom	$727	$856	$1,276
1 Bedroom	$869	$998	$1,496
2 Bedrooms	$1,031	$1,185	$1,771
3 Bedrooms	$1,182	$1,535	$2,288
4 Bedroom	$1,400	$1,756	$2,618

Source: American Community Survey, 2015-2019 Five-Year Estimates and Housing Authority of New Orleans, 2020.

Housing Costs for Homeowners

Between 2015-16 and 2019-20, median home prices rose 22% across the city, outpacing changes in median household income. Home prices remain largely unaffordable for typical households in the city. Home prices are generally considered affordable if they are less than 300% of annual income. The table below shows the ratio of median home prices to AMI, city median income, and the median income for the city's renters. At all three income levels, the median home price would be considered unaffordable, but home prices are farthest out of reach for city renters, suggesting that a transition to homeownership would be a great challenge.

Typical Home Price as a Share of Median Income in Orleans Parish

Median Home Price, 2019-20	As Share of Area Median Income for Family of Four ($70,375)	As Share of City Median Income ($41,604)	As Share of City Median Income of Renter ($26,187)
$224,950	320%	541%	859%

Source: Reinvestment Fund analysis of Property Assessors data.

Levels of Cost Burden

Despite a decline in household poverty since 2010-14, the proportion of New Orleans residents that struggle with housing costs remains high. Over half of renters in the Parish were cost burdened, meaning they spent over 30% of their income on housing costs.[11] One-third were identified as severely cost burdened, meaning they spent over 50% of their income on housing. Rates of cost burden among renters in Orleans Parish were similar to those in the MSA and State, which also showed high proportions of renters with housing cost burden.

Typical of many cities across the US, rates of cost burden among homeowners in Orleans Parish were lower than citywide rates for renters, but much higher than rates for other homeowners in the MSA or State.

Resident Tenure and Housing Cost Burden, 2010-14 to 2015-19

	Parish		**MSA**		**State**	
	2010-14	**2015-19**	**2010-14**	**2015-19**	**2010-14**	**2015-19**
Renters	79,931 (53%)	79,579 (52%)	178,116 (38%)	181,670 (38%)	579,120 (34%)	598,292 (34%)
Cost Burdened	55%	55%	51%	52%	46%	47%
Severely Cost Burdened	34%	32%	29%	28%	25%	24%
Owners	70,478 (47%)	74,240 (48%)	292,721 (62%)	300,688 (62%)	1,139,756 (66%)	1,141,205 (66%)
Cost Burdened	32%	31%	26%	23%	21%	18%
Severely Cost Burdened	17%	15%	11%	10%	9%	8%

Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates

When housing costs are high compared to incomes, over-crowding may be a concern. The table below shows the number and share of households with over 1.5 people per bedroom, a common definition of over-crowding. Despite high cost burdens, the number of households living in over-crowded conditions remained small and declined substantially. Between 2010-14 and 2015-19 the number of Orleans Parish households in over-crowded conditions declined by half, to a rate slightly below the MSA and State average.

Number and Share of Households in Over-Crowded Conditions, 2010-14 to 2015-19

	Parish		**MSA**		**State**	
	2010-14	**2015-19**	**2010-14**	**2015-19**	**2010-14**	**2015-19**
Households in Over-Crowded Conditions	1,186 (0.8%)	538 (0.3%)	2,690 (0.6%)	2,335 (0.5%)	10,924 (0.6%)	9,982 (0.6%)

Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates

[11] Throughout this document housing costs are calculated as "gross costs," which include rent or mortgage payments as well as estimated monthly utility costs (if they are paid by the tenant in a rental property). In the case of owners, those costs also include real estate taxes, insurance, and as relevant, condo fees or mobile home park fees.

Estimated Impact of the Pandemic on Housing Affordability

This section describes the likely impact of the pandemic on housing insecurity in New Orleans. The analysis, developed by Reinvestment Fund, quantifies the impact of different degrees of income loss on residents' ability to pay their rent or mortgage and the number of cost burdened and severely cost burdened households in New Orleans.

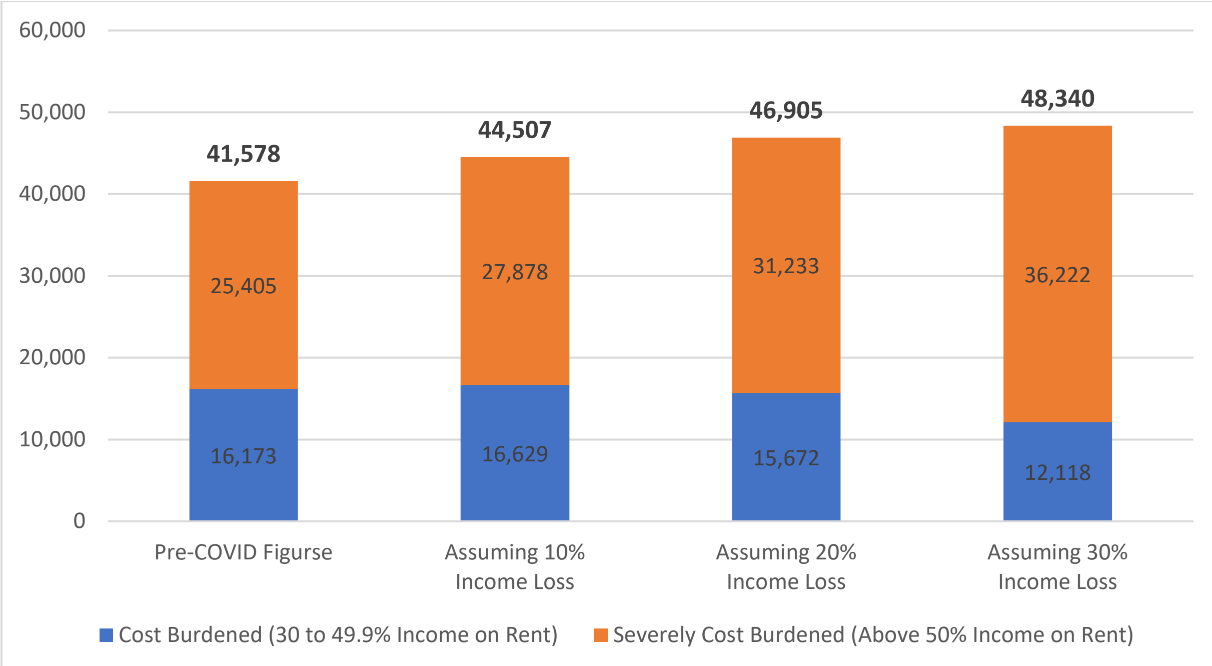
As the previous section on employment and wages makes clear, Parish residents are facing diverging trends. Residents, particularly those in the city's tourism and service industries, are facing substantial job and income losses. Total employment in the city fell 24% from June 2019 to June 2020. While those who have remained employed have seen their wages increase (103% for workers in Employment Services) or decline as hours have been cut (27% for Traveler Accommodation).

With state unemployment benefits capped at $247 per week, even workers who qualify for Unemployment Insurance (UI), will likely face a substantial loss of income. We estimate that in 2019, the average New Orleans worker earned $942 per week. The state's maximum UI benefit for this average worker would represent a 74% reduction in income. Even with the temporary $600 UI supplement, the average unemployed New Orleans worker faced a 10% reduction in income in 2020. The most recent federal the pandemic relief package signed into law includes a reduced unemployment supplement of up to $300, which would result in a 42% loss of income for the average New Orleans worker. For households ineligible for UI, the loss of income is likely more severe. And these are figures based on base wages only; industries where workers rely on gratuities likely experienced greater loss.

To understand how the loss of household income from job loss (or other changes that impact wages, such as overtime or gratuities) will impact the demand for affordable housing, we used the estimates above to model the impact of changes in income on housing cost burden. The graphs below shows the estimated number of cost burdened households in the city under a scenario where residents lose 10% of their income (the average income loss for those receiving UI and the $600 supplement in 2020), a 20% loss of income, and a 30% loss of income (most of the average income loss for those receiving UI and a $300 supplement). These estimates focus only on workers with incomes below $50,000 per year, since higher income households are more likely to have savings that they could draw on through temporary job disruptions.

The figure below estimates the impact of wage loss on renters earning less than $50,000 per year. Even prior to the pandemic 41,578 renters in the city were cost burdened, of whom more half (25,405) were severely cost burdened, spending over half of their income on rent. We estimate that a 10% reduction in income for renters earning below $50,000 per year would increase the number of cost burdened renters by nearly 3,000, most of whom would be severely cost burdened. A 30% loss of income would result in an additional 6,762 cost burdened households and an increase the number of severely cost burdened renters by nearly 11,000.

Estimated Number of Cost Burdened and Severely Cost Burdened Renters with Household Income Below $50,00 Under Three Income Loss Scenarios

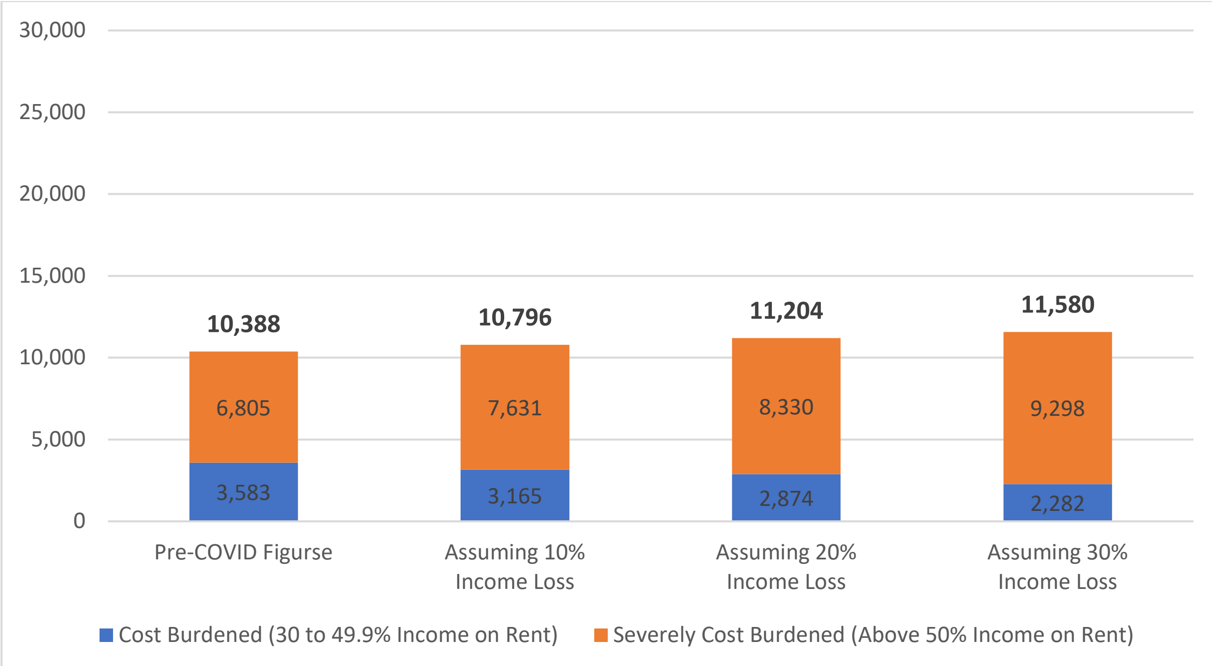


Source: Reinvestment Fund Analysis of ACS, 2015-2019 Five-Year Estimates

Homeowners, particularly those still paying a mortgage, may also be at risk of cost burden after the loss of income. The figure below estimates the impact of wage loss on homeowners with mortgages earning less than $50,000 per year.

Prior to the pandemic, 10,388 homeowners with mortgages in the city were cost burdened, most of whom (6,805) were severely cost burdened, spending over half of their income on housing. Income loss has a smaller but still substantial impact on homeowner cost burdens. We estimate that a 10% reduction in income for owners with a mortgage earning below $50,000 per year would increase the number of cost burdened owners by nearly 400. A 30% loss of income would result in an additional 1,192 cost burdened households.

Estimated Number of Cost Burdened and Severely Cost Burdened Homeowners with a Mortgage and Household Income Below $50,00 Under Three Income Loss Scenarios



Source: Reinvestment Fund Analysis of ACS, Five-Year Estimates, 2015-2019

The table below illustrates the impact of COVID-related income disruptions on housing cost shortfalls — the difference between what a household would pay if they spent only 30% of their income on housing and what they actually pay. In other words, it is the additional income or subsidy households would need to make their housing costs affordable. For example, among households (owners with mortgages and renters) earning below $50,000, there was already a $29.7 million monthly shortfall in funds available for housing costs before the pandemic. Stated differently, that is the amount of subsidy that would be required to ensure all (i.e., owners with mortgages and renter) households with incomes below $50,00 spent no more on housing than 30% of income. This pre-existing gap between incomes and costs had contributed to housing insecurity and the need for households to make hard choices among essential expenses. A 10% reduction in incomes would increase the citywide shortfall by $2.5 million per month to $32 million – just to return New Orleans residents to their previous level of cost burden.

The Estimated Pandemic Impact of Income Reductions on Housing Cost Shortfall by Household Income and Tenure

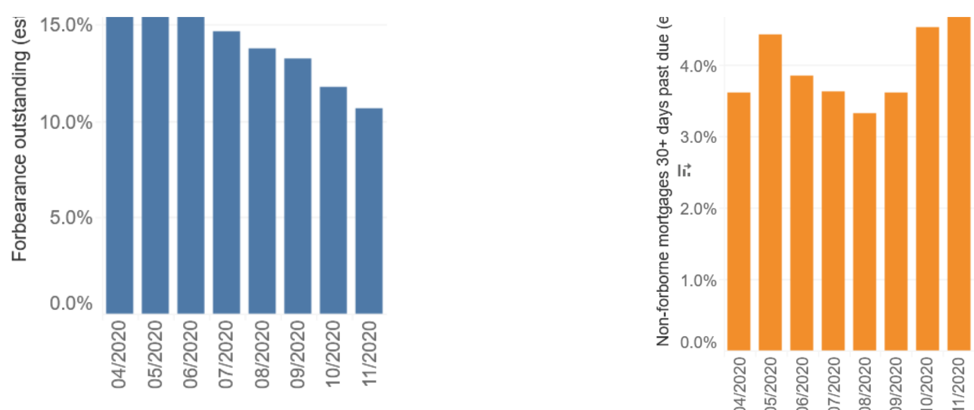
	Pre-Pandemic Housing Cost Shortfall	***Effect of 10% Income Reduction***	***Effect of 20% Income Reduction***	***Effect of 30% Income Reduction***
All Households (Excluding Homeowners Without Mortgages)				
Under $20k	$18,059,079	$18,811,040	$19,563,003	$20,314,964
$20k-$49k	$11,610,216	$13,434,749	$15,259,285	$17,083,819
All Incomes Under $50k	$29,669,295	$32,245,789	$34,822,288	$37,398,783
Renters				
Under $20k	$14,464,329	$15,115,427	$15,766,526	$16,417,624
$20k-$49k	$6,284,966	$7,531,159	$8,777,354	$10,023,548
All Incomes Under $50k	$20,749,295	$22,646,586	$24,543,880	$26,441,172
Homeowners (with Mortgages)				
Under $20k	$3,594,750	$3,695,613	$3,796,477	$3,897,340
$20k-$49k	$5,325,250	$5,903,590	$6,481,931	$7,060,271
All Incomes Under $50k	$8,920,000	$9,599,203	$10,278,408	$10,957,611

Source: Reinvestment Fund Analysis of ACS, 2015-2019 Five-Year Estimates

Foreclosure Risk

Several indicators show a rising share of owner occupied homes at risk of foreclosure in New Orleans even though the number of filings remains below pre-pandemic levels.[12] The proportion of mortgage loans in forbearance declined from a high of about 18% in June, at the height of assistance offered in response to the pandemic, to 10.6% in November 2020. During that same period, the share of loans not in forbearance that were 30+ days overdue rose from 3.8% to 4.9%. The zip codes with the highest shares of loans 30+ days past due in the metro areas were 70129 (11.8%) and 70127 (11.0%), both in New Orleans East. These zip codes were 90% and 98% non-White respectively. There was widespread concern in stakeholder interviews about a potential sharp increase in foreclosures as remaining moratoria and forbearance programs come to an end.

Share of Mortgages in Forbearance, and share of Non-Forborne Mortgages, 30+ Days Past Due
April – November 2020



Source: Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data

[12] Federal Reserve Bank of Atlanta, 2020: https://www.frbatlanta.org/center-for-housing-and-policy/data-and-tools/mortgage-analytics-and-performance-dashboard.aspx

Inventory of Affordable Housing

Subsidized affordable housing for New Orleans renters takes several forms: units financed with federal Low-Income Housing Tax Credits administered by the Louisiana Housing Corporation, tenant and project-based vouchers, and public housing developments managed by the Housing Authority of New Orleans (HANO). The City of New Orleans Office of Community Development also administers subsidies. Additionally, the city also has a stock of market-rate units that are unsubsidized but are nonetheless priced at levels affordable to most households in the city (affordable market-rate housing is sometimes called Naturally Occurring Affordable Housing, or NOAH).

Subsidized Housing Units

Subsidized units are those with prices (i.e., rents) adjusted by federal resources or incentive programs to remain affordable for low to moderate-income residents. The table below shows the number of subsidized units identified in the city. In total we identified 25,053 of these subsidized units. With an estimated 38,356 renters in New Orleans with incomes below $25,000, the city's existing supply of subsidized units is sufficient to house 65% of the city's low-income renters.[13]

Count of Unduplicated Subsidized Rental Units, 2020

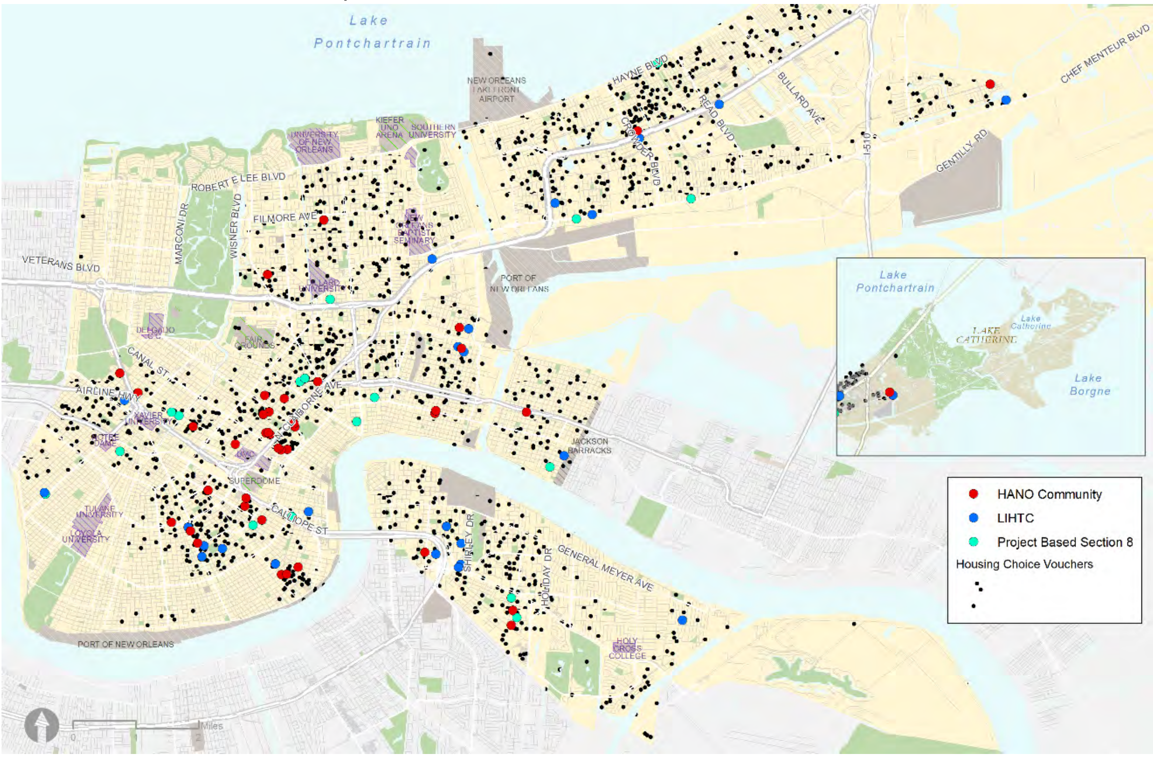
	Estimated Units	Share of All Subsidized Units
Units in HANO Communities	3,685	14.7%
Units in HANO Scattered Sites Developments	86	0.3%
Units in HANO Project-Based Voucher Developments	1,263	5.0%
Units in Other Project-Based Section 8 Developments	1,983	7.9%
Units Low-Income Housing Tax Credit Developments	1,776	7.1%
Other Housing Choice Voucher Users	16,260	64.9%
All Subsidized Units	25,053	100.0%

Source: Reinvestment Fund Analysis of Housing Authority of New Orleans Data, 2020; HUD Portrait of Subsidized Housing, 2019

The map below shows the location of units in HANO communities, LIHTC, Project-Based Voucher sites, and individuals using Housing Choice Vouchers in each block group. Black dots, which each represent approximately 10 Housing Choice Voucher users, are placed randomly within each block group to illustrate where residents are using their vouchers. Both site-based and voucher-based subsidies are used throughout the city, with the notable exception of Lakeview.

[13] Please note, these figures do not include units supported by Community Development Disaster Recovery funding. For a comprehensive inventory of all types of affordable and subsidized housing in the city see: https://fluxconsole.com/files/item/87/91652/HousingNOLA2020ReportCardv2.pdf

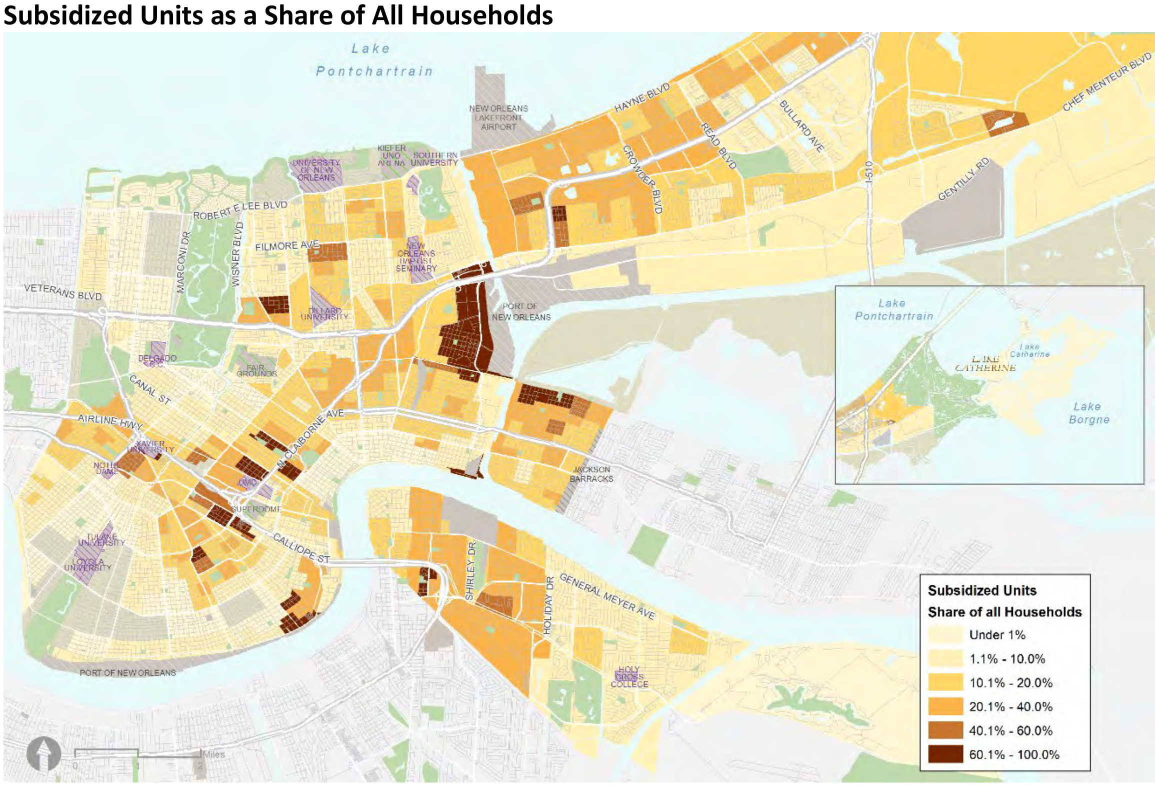
Location of Subsidized Units, 2020



Source: Reinvestment Fund Analysis of Housing Authority of New Orleans Data, 2020; HUD Portrait of Subsidized Housing, 2019

While subsidized units are spread throughout the city, they comprise the majority of households in some block groups and only a small fraction in others.

Subsidized Units as a Share of All Households



Source: Reinvestment Fund Analysis of Housing Authority of New Orleans Data, 2020; HUD Portrait of Subsidized Housing, 2019

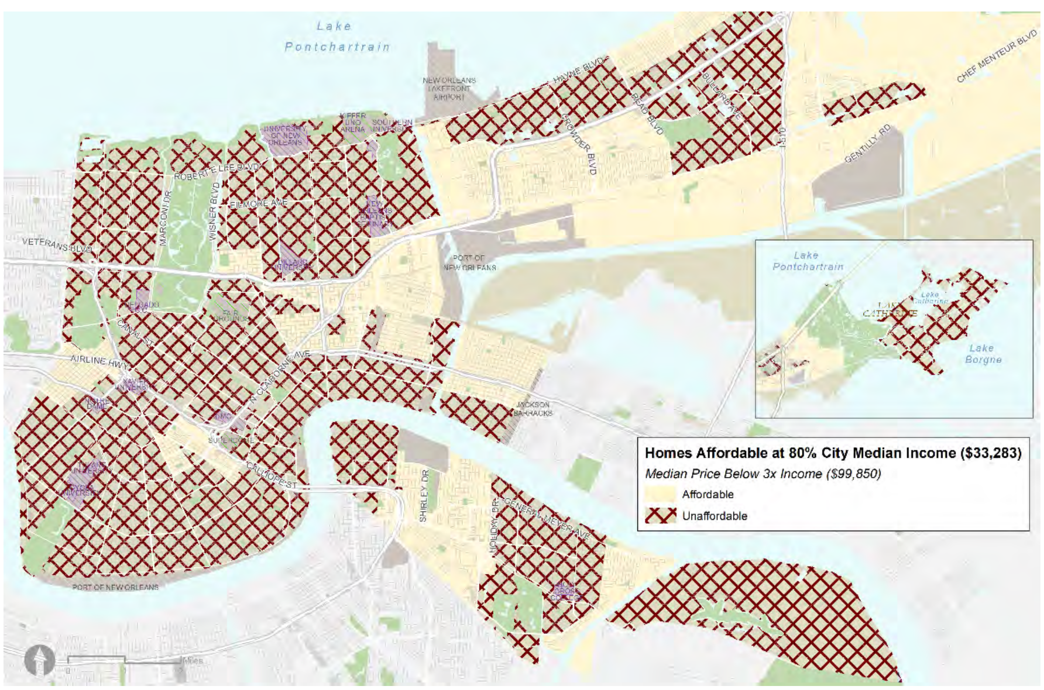
Location of Affordable Market-Rate Units

Neighborhoods with median market rents affordable at 80% of citywide median income ($33,283) include Desire, parts of New Orleans East and the West Bank, and also areas adjacent to Claiborne Avenue that are seeing price increases. Despite rising home prices, there were more tracts with affordable median home prices, including the Lower Ninth Ward and Plum Orchard.

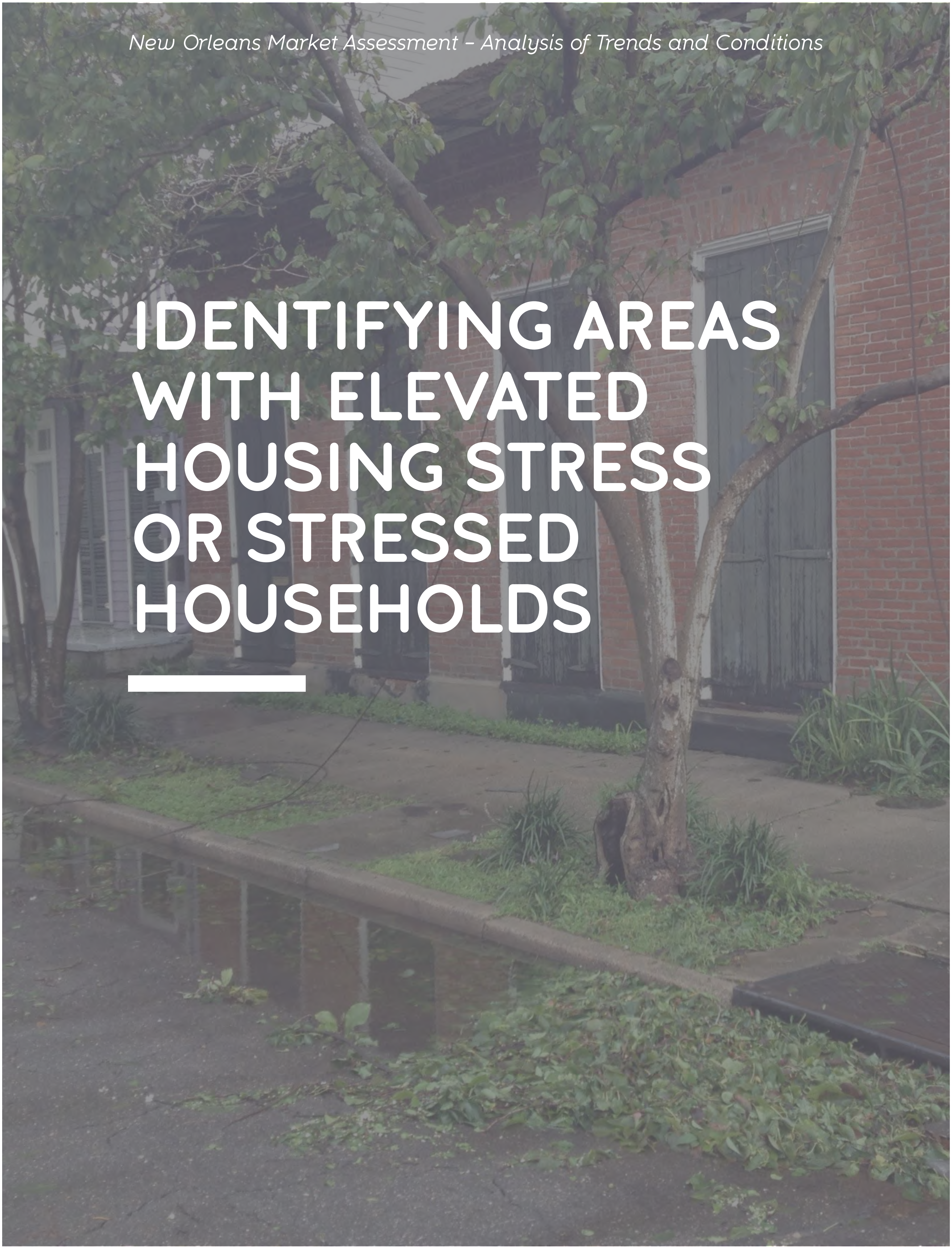
Census Tracts Where Median Rents are Affordable for Renters at 80% of City Median Income

Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates

Areas Where For-Sale Homes are Affordable at 80% of City Median Income



Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates



IDENTIFYING AREAS WITH ELEVATED HOUSING STRESS OR STRESSED HOUSEHOLDS

Identifying Areas with Elevated Housing Stress or Stressed Households

Stress in housing markets may occur for two opposing reasons. On the one hand, households may experience stress when rapidly rising prices lead to their displacement from a neighborhood they have long called home. On the other hand, neighborhoods (and many of their residents) also experience housing stress when home prices fall and rising vacancy and deferred maintenance contribute to negative feedback cycles that lead to the loss of high-quality affordable housing, which can also displace residents.

Housing Displacement Risk

Reinvestment Fund's Displacement Risk Ratio (DRR) is a measure of residential displacement pressure that examines the ratio between median sales prices over time and median family incomes at a fixed point in time (adjusted only to account for changes in the Consumer Price Index) to identify places where the economic profile of households that can afford to live in an area has changed. The concern driving this approach to measurement is the *involuntary* aspect of displacement: Households that are forced to leave their homes and neighborhoods due to circumstances beyond their control (e.g., rapidly rising taxes, insurance, rent, the conversion of rental property into owner occupied stock).

In areas with high and rising Displacement Risk Ratio values, longtime residents may be experiencing displacement pressure and households with incomes like those of legacy residents may find it difficult to find housing in the area. Negative or declining DRR values indicate that housing prices are not keeping pace with larger market trends, which in weak or fragile markets may signal housing market decline.

The table below shows the change in DRR values by Market Value Analysis market type. While B, C, and E markets have on average experienced substantial increases in DRR values since 2010/11, since 2016/17 the largest increases in DRR have occurred in E and I markets, indicating substantial displacement risk.

Average Displacement Risk Ratio Scores, 2010-11 to 2019-20, by Market Value Analysis Market Type

Market Value Analysis	2010-11	2013-14	2016-17	2019-20	Change 2010-11 to 2019-20	Change 2016-17 to 2019-20
A	0.40	0.44	0.47	-0.27	-0.66	-0.74
B	1.47	2.32	3.70	3.30	+1.83	-0.40
C	0.50	1.00	2.05	2.52	+2.02	+0.47
D	-0.55	-1.25	-1.34	-1.99	-1.44	-0.65
E	-0.24	-0.54	0.02	1.66	+1.90	+1.64
F	-0.88	-1.58	-1.77	-1.97	-1.09	-0.20
G	-1.17	-1.31	-2.40	-1.52	-0.35	+0.88
H	-0.90	-1.91	-2.25	-2.34	-1.43	-0.09
I	-1.04	-1.89	-3.30	-2.12	-1.08	+1.18

Source: Reinvestment Fund Analysis of New Orleans Home Sales, 2010 to 2020

While the tables above show the average change in Displacement Risk Ratio values, it is also important to understand the variation within market types, which we categorize as high displacement pressure (DRR increase over 1.5 since 2016-17), declining pressure (a DRR decline over 1.5 since 2016-17), and relatively stable. Citywide, 62% of block groups were stable, 14% experienced high displacement pressure and 12% saw declining pressure. In stronger markets, declining housing pressure may indicate a market plateau. However, in middle and weaker markets, declining pressure may indicate markets that are lagging behind citywide trends. These areas should be monitored for signals of disinvestment and instability, which could exacerbate existing housing distress and lead to the loss of units through disrepair or abandonment.

Distribution of Change in Displacement Risk Ratio Scores by Market Value Analysis Market Types, 2016-17 to 2019-20

	Rising Pressure	Stable	Declining Pressure	Insufficient Data
A	1%	85%	12%	1%
B	11%	63%	24%	2%
C	21%	55%	21%	4%
D	3%	80%	17%	0%
E	48%	40%	10%	2%
F	6%	86%	5%	3%
G	32%	54%	5%	8%
H	14%	71%	10%	5%
I	29%	65%	0%	6%
Citywide	14%	62%	12%	11%

Source: Reinvestment Fund Analysis

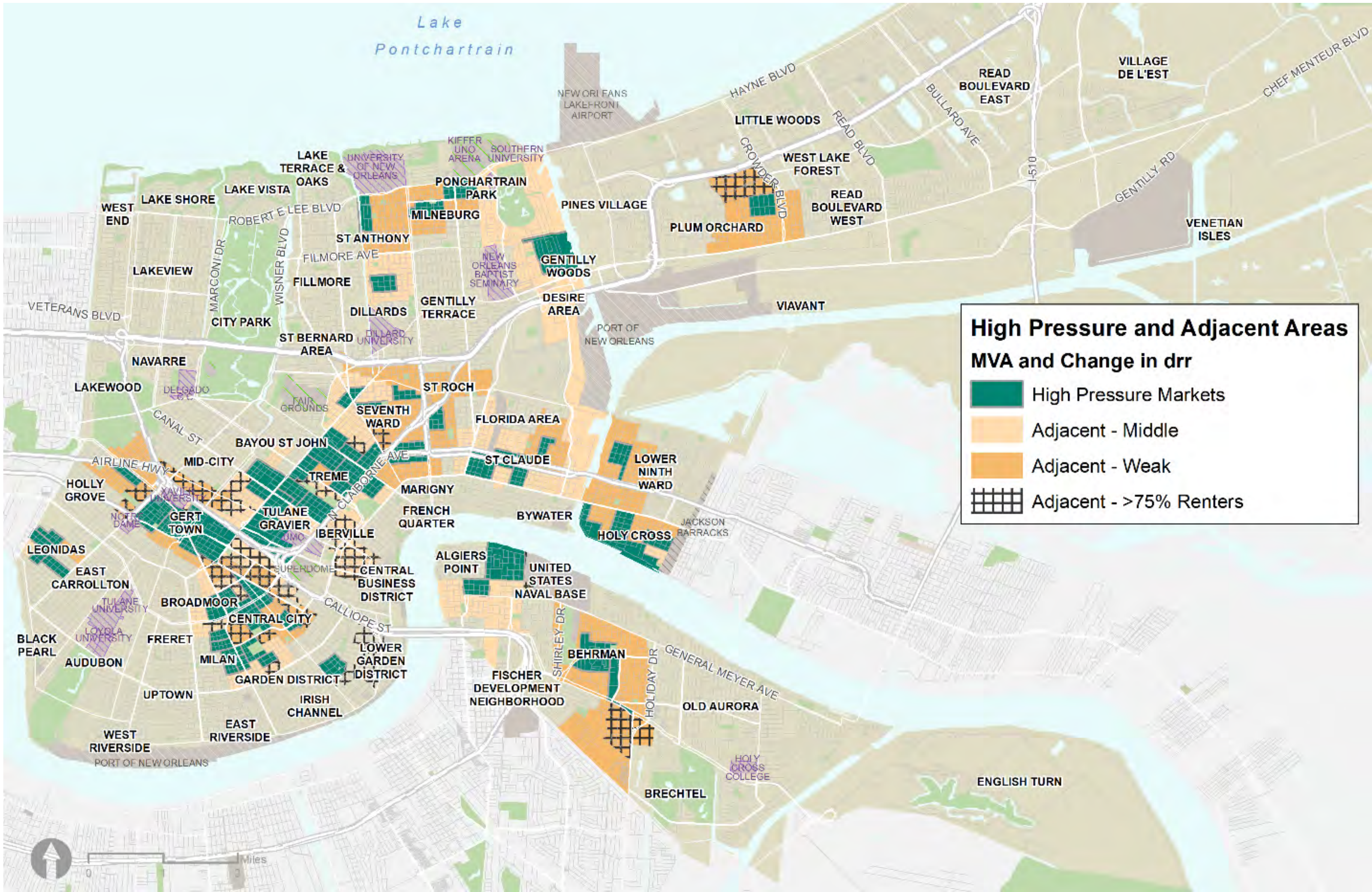
Anticipating Price-Based Displacement Risk

Analyzing Displacement Risk Ratio values together with the Market Value Analysis can provide insight into where price-based displacement is most likely to occur next. Gentrification tends to spread "endogenously," which means that as households seek to locate near relatively wealthier households, they locate in lower cost adjacent areas, which bids up prices in those communities.[14] Areas with high levels of renter-occupied homes are likely to see prices and demographic makeup change more rapidly than predominately owner-occupied neighborhoods that begin with similar income levels.[15] As a result, areas most susceptible to future price appreciation and displacement are weaker housing markets with high shares of renters adjacent to neighborhoods already experiencing pressure. The cross-hatched areas on the map below are block groups that meet both of these criteria, representing opportunities to preserve and/or create lasting affordable housing resources ahead of market change that would make intervention cost prohibitive.

[14] Veronica Guerrieri, Daniel Hartley, and Erik Hurst, "Endogenous Gentrification and Housing Price Dynamics," NBER Working Paper No. 16237 July 2010, Revised October 2012. https://www.nber.org/papers/w16237

[15] Pew Charitable Trusts, Gentrification and Neighborhood Change in Philadelphia, 2016. https://www.pewtrusts.org/en/research-and-analysis/articles/2016/05/gentrification-and-neighborhood-change-in-philadelphia

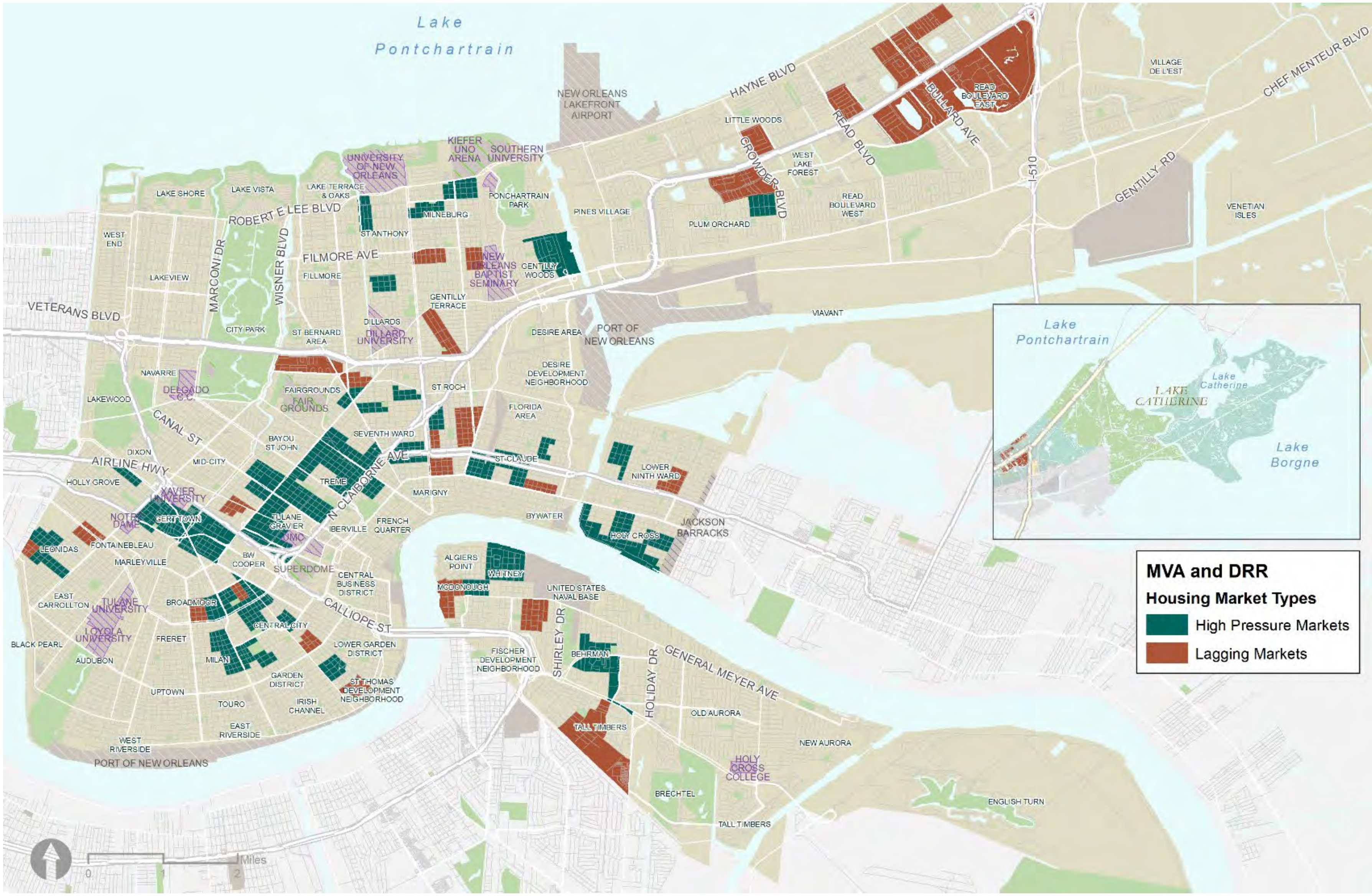
Using the Displacement Risk Ratio and Market Value Analysis to Identify Areas of Anticipated Change: High Renter Rates and Adjacency to High Price Pressure Markets



Identifying Areas with Elevated Housing Stress/Stressed Households

By combining the Market Value Analysis, which provides a snapshot of relative market strength at a fixed point in time (2018) and the Displacement Risk Ratio, which identifies trends in housing pressure through 2020, we can spotlight areas with the greatest levels of housing stress and stressed households – the two types of housing markets that merit the most attention from the public sector and other stakeholders. The deep brown markets on the following map represent middle and weaker markets with declining price pressure that are lagging the city's overall home price appreciation, which may indicate market distress or decline (market stress). The deep green markets are middle and weaker MVA markets experiencing high and rising displacement risk for longtime and/or lower income residents (stressed households).

Map of Areas with Elevated Housing Stress (Lagging Markets) and Stressed Households (High Pressure)



Resident Characteristics by Level of Housing Stress

The table below describes the characteristics of residents living in each housing market type described above. The racial and ethnic composition of the city's housing markets highlight substantial equity concerns. White residents in the city are highly concentrated in Strong Markets. While 70% of White New Orleanians live in Strong Markets only 9% of the city's Black residents live in Strong Markets. Black New Orleanians are most likely to be found in the city's Stable Middle Markets and Stable Weak Markets, but also live disproportionately in High-Pressure and Lagging Markets, which means they are feeling pressure from both ends of the housing spectrum.

Summary of Resident Characteristics by Market Type

Market Types	Block Groups	Population	Race and Ethnicity				
			Black	White	Hispanic	Asian	Other
Strong Markets	156 (31%)	120,594 (31%)	21,194 (9%)	84,228 (70%)	8,527 (40%)	3,278 (29%)	3,367 (41%)
High-Pressure Middle and Weak Markets	59 (12%)	36,529 (9%)	27,076 (12%)	6,285 (5%)	2,178 (10%)	433 (4%)	557 (7%)
Stable Middle Markets	129 (26%)	122,228 (31%)	88,760 (39%)	20,547 (17%)	5,735 (27%)	4,531 (40%)	2,655 (32%)
Stable Weak Markets	61 (12%)	51,739 (13%)	46,154 (20%)	2,386 (2%)	1,612 (8%)	1,099 (10%)	488 (6%)
Lagging Markets	30 (6%)	27,745 (7%)	21,687 (9%)	3,164 (3%)	1,516 (7%)	774 (7%)	604 (7%)
Insufficient Data	62 (12%)	32,010 (8%)	25,195 (11%)	3,256 (3%)	1,845 (9%)	1,172 (10%)	542 (7%)
Total	497 (100%)	390,845 (100%)	230,066 (100%)	119,866 (100%)	21,413 (100%)	11,287 (100%)	8,213 (100%)

Source: American Community Survey, Five-year Estimates, 2015-2019

Economic Characteristics by Level of Housing Stress

The table below describes the employment characteristics within each housing market category. While residents in High-Pressure and Stable Markets have the highest rate of employment risk, rates are similar across market types with over a third of employment at risk on average in all markets. Where markets varied substantially was in typical household incomes, which varied from a low of $27,616 in Stable Weak Markets to a high of $82,610 in Strong Markets. Low household incomes in High-Pressure Markets are concerning because households in these areas have less cushion to absorb employment shocks or rising home costs. There are also places where landlords with subsidized tenants may find the financial return of selling their property increasingly desirable (resulting in the loss of the affordable unit).

Summary of Employment Characteristics by Market Type

	Block Groups	Workers with Job Risk Due to the Pandemic	Count of Workers	Share of Employment at Risk from the Pandemic	Median Household Income
Strong Markets	156	43,981	134,633	33%	$82,610
High-Pressure Middle and Weak Markets	59	15,851	40,595	39%	$29,209
Stable Middle Markets	129	47,035	128,781	37%	$42,285
Stable Weak Markets	61	20,464	52,900	39%	$27,616
Lagging Markets	30	9,245	24,627	38%	$40,100
Insufficient Data	62	13,701	35,111	39%	$24,190
Total	497	150,277	416,647	36%	$46,005

Source: Reinvestment Fund Analysis of Federal Reserve Data, American Community Survey, 2015-19

Housing Affordability by Market Characteristics

The next tables illustrate the availability of affordable housing for renters and potential homebuyers in each of the market types. The highest number of subsidized rental properties is found in Stable Markets, particularly Stable Middle Markets, where subsidized rentals comprise 34% to 40% of all rental units. (Subsidized units include units in HANO communities, NORA scattered site units, Project-Based Voucher sites, and individuals using Housing Choice Vouchers.) There were fewer subsidized units in High-Pressure Markets and Lagging Markets, where subsidized rentals comprised 28% and 34% of rental units, respectively. Yet it is important to note that approximately 11% of the city's subsidized rental stock is in High-Pressure Markets, and loss of those units to affordability would represent a significant impact on the city's modest and lower income households.

Summary of Rental Housing Affordability by Market Characteristics

	Block Groups	Subsidized Rental Units	Total Renters	Subsidized Units as a Share of Rental Households
Strong Markets	156	1,739	23,097	8%
High-Pressure Middle and Weak Markets	59	2,567	9,068	28%
Stable Middle Markets	129	7,541	22,172	34%
Stable Weak Markets	61	4,096	10,156	40%
Lagging Markets	30	1,834	5,317	34%
Insufficient Data	62	7,276	9,769	74%
Total	497	25,053	79,579	31%

Source: Reinvestment Fund Analysis of HANO and HUD POSH Data

We estimate that of the 5,893 homeowner purchases between 2019 and 2020, 1,610 (27%) were priced at levels that would be affordable at 80% of AMI (prices below $168,900). Just 13% of sales would be affordable to the 45% of city households with incomes at or below 80% of the city median (prices below about $99,000). Stable Middle and Stable Weak Markets each accounted for about two-thirds of all affordably priced sales.

Summary of For-Sale Homes Affordable at 80% of City Median Income by Market Type

	Block Groups	Affordable Home Sales, 2019-20	Total Home Sales, 2019-20	Share of All Affordable Home Sales
Strong Markets	156	34	2,449	5%
High-Pressure Middle and Weak Markets	59	75	675	10%
Stable Middle Markets	129	263	1,821	35%
Stable Weak Markets	61	257	587	34%
Lagging Markets	30	63	257	8%
Insufficient Data	62	57	103	8%
Total	497	749	5,892	100%

Source: Reinvestment Fund Analysis of New Orleans Sales Records

Access to Amenities by Level of Housing Stress/Household Stress

The table below illustrates access to amenities within each market type: the average distance to the closest park (in feet) and the average distance to one of the city's downtown job clusters (in miles). Residents in Strong Markets had the easiest access to both parks and job clusters. High-Pressure Markets were also close to job clusters, but not as close to parks. Residents in Lagging Markets had the second farthest to travel to reach both parks and job clusters.

Summary of Amenity Access by Market Type

	Block Groups	Average Distance to Closest Park	Distance to Closest Job Cluster
Strong Markets	156	270 feet	0.9 miles
High-Pressure Middle and Weak Markets	59	414 feet	1.0 miles
Stable Middle Markets	129	587 feet	1.6 miles
Stable Weak Markets	61	313 feet	2.0 miles
Lagging Markets	30	494 feet	1.6 miles
Insufficient Data	62	309 feet	1.6 miles
Total	497	393 feet	1.4 miles

Source: Reinvestment Fund Analysis of Longitudinal Employer Household Dynamics Survey, 2017

POLICY RECOMMENDATIONS

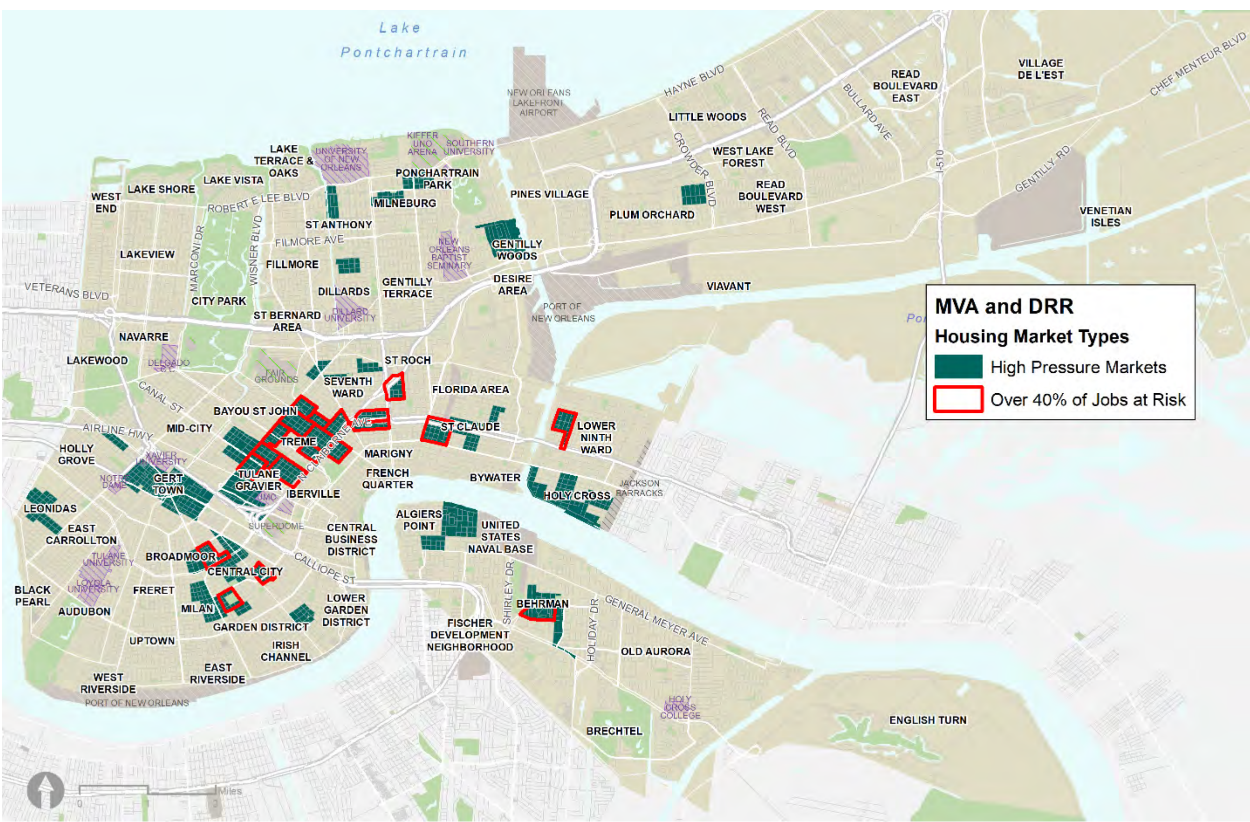
Policy Recommendations

The following policy recommendations are based on the documented assets, challenges, and trends within the city's housing and jobs markets, Reinvestment Fund's knowledge of programs in use nationally, and perspectives shared by stakeholders interviewed in New Orleans. A substantial amount of new funding is coming into New Orleans as part of the federal American Rescue Plan, and much of it is designated for issues addressed in this report: rental assistance, homeowner programs, transit, and grants for restaurants and other small businesses. These federal funds, though tied to specific policy areas, are a benefit that is essentially universal so long as funds are available; putting effective delivery mechanisms in place along with ongoing monitoring will help to ensure equitable distribution of resources reflecting the pattern of impact. Geographic targeting and expedited processing can address the spatially concentrated nature of the city's greatest challenges.

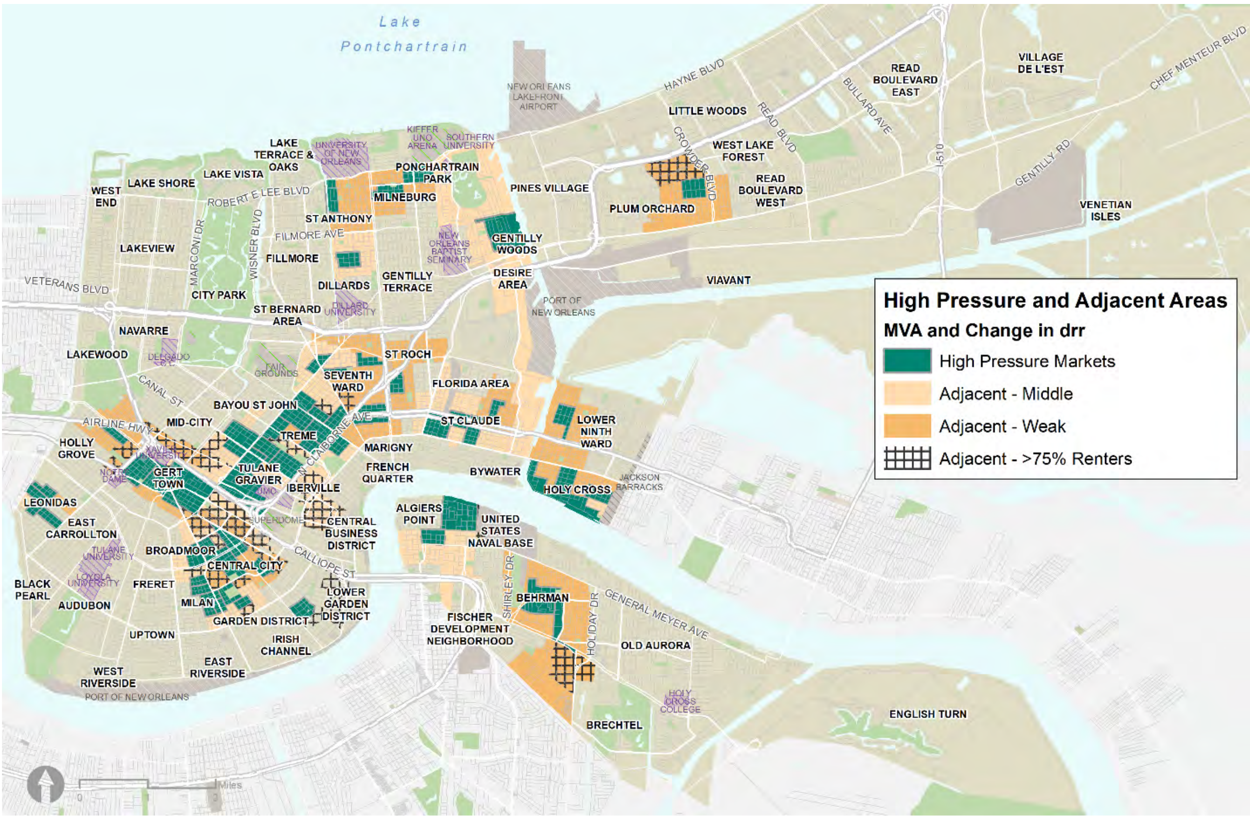
We recommend ***geographic targeting*** across ***four action categories***, illustrated in the maps that follow.

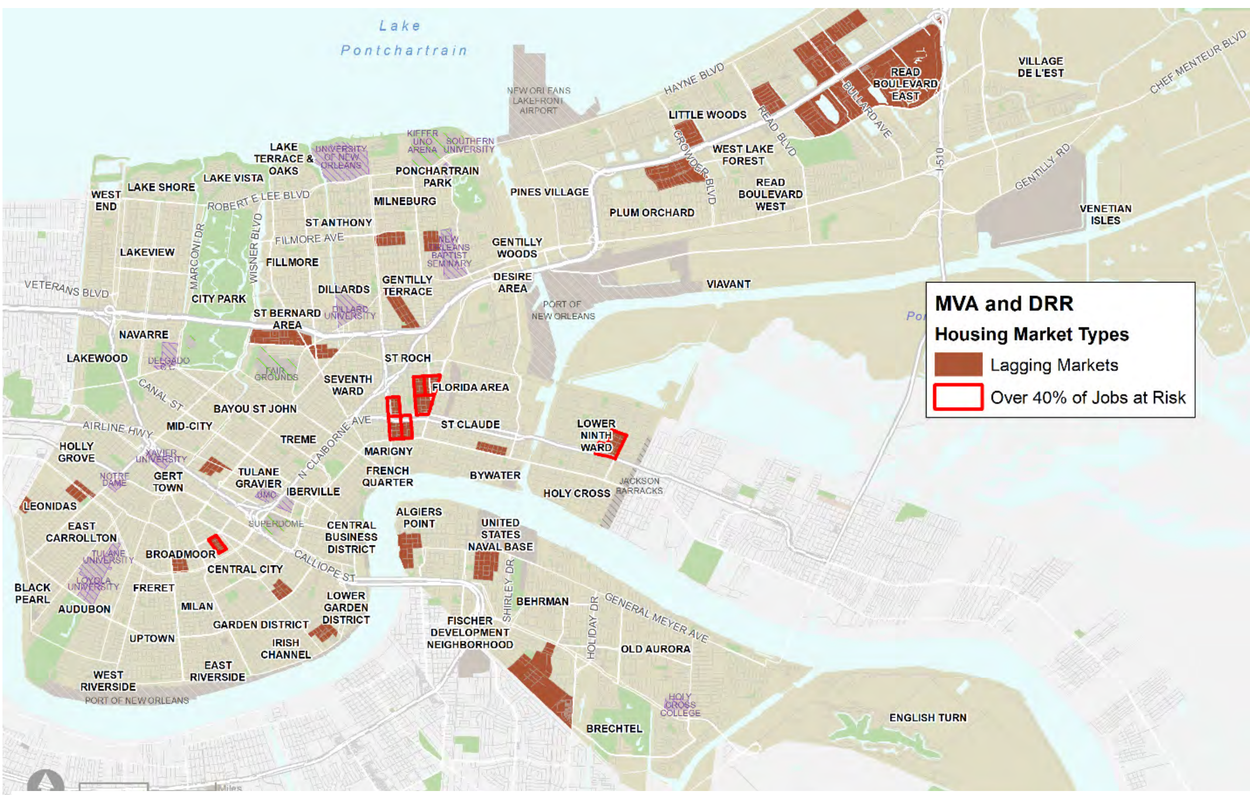
Action Category	Geography
Invest in Systems that Serve Low Wage Workers	Areas with Elevated Pandemic-Related Job Risk
Support Low- and Moderate-Income Renters	Areas with High Price Pressure or Anticipated Displacement Risk (pressure-adjacent and predominantly renter-occupied)
Preserve Affordable Market-Rate Housing	Areas with High Price Pressure or Anticipated Displacement Risk
Stabilize Homeowners and Landlords	Lagging Markets

Areas with Elevated Job Risk and High Price Pressure



Areas with Anticipated Displacement Risk (pressure-adjacent and predominantly renter-occupied)



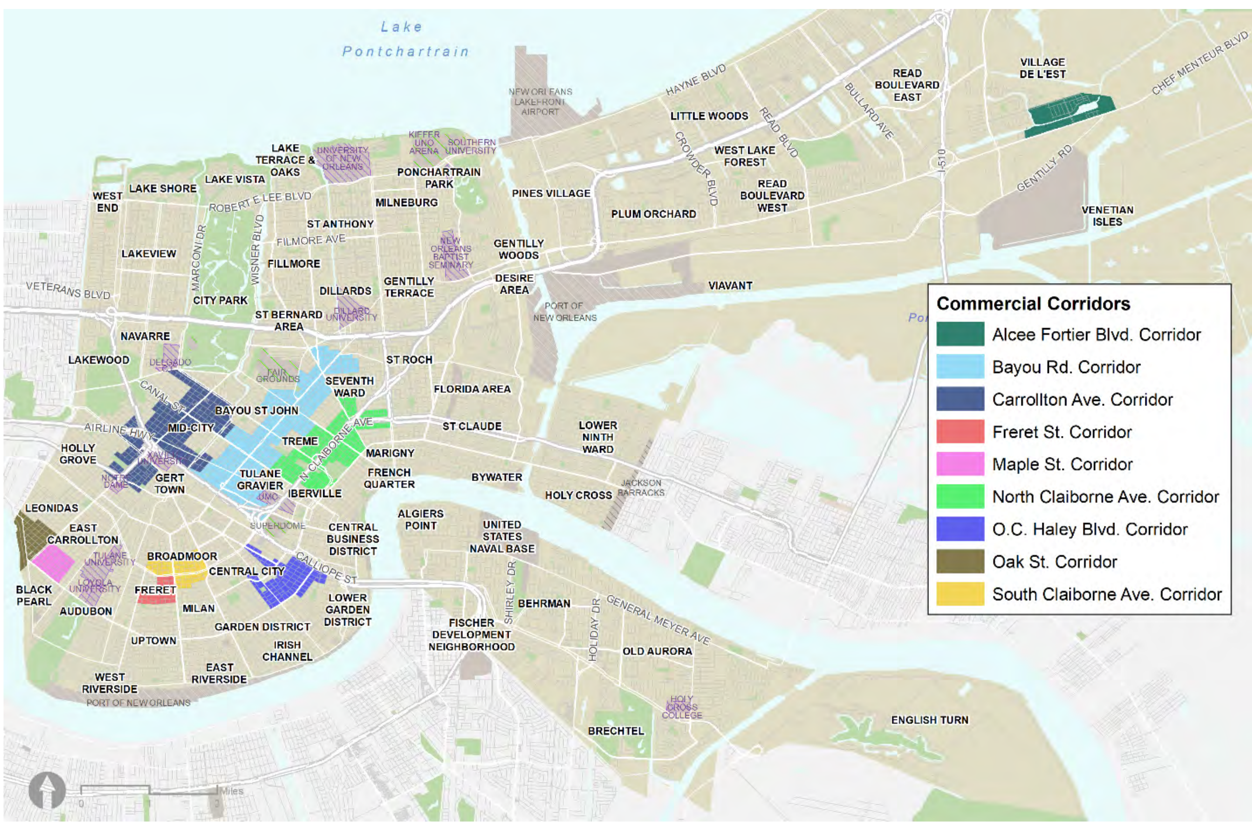


Lagging Markets and Elevated Job Risk

Invest in Systems that Serve Low Wage Workers

Local programs can leverage federal recovery funds for systems that enable low wage workers, particularly with elevated job risk in the Leisure and Hospitality sector, to secure and maintain employment and alleviate household financial stress. Essential systems for low wage workers include transit, retail amenities, public benefits, and child care.

- **Invest in Transit Corridors and Improve Service where Low Wage Workers Live.** Stakeholder interviews revealed a widely shared view that affordable housing in neighborhoods accessible to jobs in the French Quarter and Central Business District is critical for hospitality employees. Stakeholders encouraged the City of New Orleans to continue to invest in and support housing on transit corridors through efforts such as the city's Mandatory Inclusionary Zoning regulations. Given that new units on transit corridors will not meet total demand for affordable homes, there is also a need for ongoing coordination with RTA to improve services to lower-cost neighborhoods in New Orleans East and other parts of the city as workers relocate in search of more affordable options. Zoning changes and financial incentives for creating affordable housing along bus and streetcar lines would supplement efforts to preserve affordable units in areas more proximate to jobs. Enhancements to bus service – more frequent service at hours required for service work shifts – can be paired with housing development.
- **Invest in Neighborhood Commercial Corridors** to create jobs, provide needed goods to residents, and support entrepreneurs, especially in areas with high pandemic-related job loss. Stakeholders identified the following corridors as priorities: OC Haley Boulevard, Broad Street, Claiborne Avenue, Freret Street, Maple Street, Oak Street, Bayou Road, Carrollton Avenue, and Alcee Fortier Boulevard. Interviewees suggested using incentives, zoning, and publicly owned land to



encourage new affordable housing near these corridors, which they believe will provide mutual benefit to businesses (local customers) and residents (access to retail amenities). Community Based Organizations and other interviewees recommended technical assistance and/or funds to connect small businesses to broadband if they are not already and help to: 1. Create a web presence to reach customers who have become more likely to make purchases online during the pandemic, even when they are purchasing from a local business and not a large company such as Amazon and 2. Become proficient in navigating online applications for small business grants and loans to address patterns like those observed on Claiborne Avenue and Alcee Fortier Boulevard where entities were less likely to obtain PPP loans. It was noted that the city has made efforts to strengthen several of these corridors; ARP funds designated for small business could bolster existing efforts to stabilize existing businesses and reactivate vacant storefronts.

- **Improve Benefit Program Participation** in neighborhoods with elevated pandemic-related job loss (both high pressure and lagging markets). In 2019, for example, less than 75% of eligible workers in Louisiana received the SNAP benefits to which they were entitled. Although figures were not available for New Orleans, many cities have numerous residents who do not receive all the benefits for which they are eligible. Connecting residents to existing federal entitlement programs as wells as short term CARES/ARP resources can be a low-cost way to get more dollars into people's pockets – which are in turn often spent on local businesses.

Program: BenePhilly
Start Year: 2008
Operator: Benefits Data Trust (BDT)

BDT is a national non-profit that provides technical assistance to states and local governments around the country to help streamline public benefit systems and implement outreach strategies that connect eligible individuals and families to programs that help pay for food, health care, and housing. In Philadelphia, BDT partnered with the city and other funders to develop, a digital platform where community organizations, case workers, and others can access a one-stop-shop for enrollment and application referrals for local, state, and federal resources. Since, the platform has served over 125,000 residents, bringing over $1.5 billion to households throughout the city. (For more information see: https://bdtrust.org/benephilly/)

- **Preserve and Expand Quality Childcare Options** in neighborhoods with elevated pandemic-related job loss. Across the nation, disruptions from the pandemic have highlighted the important role of child care as a support infrastructure for the nation's workforce[16] especially during non-traditional hours on nights and weekends. ARP provides an unprecedented amount of related resources including Child Care and Development Block Grant dollars and changes to the childcare tax credit program. A number of cities partner with local philanthropy to target dollars to priority neighborhoods. For example, local Washington D.C. officials worked closely with the Bainum Family Foundation in the creation of the Early Learning Quality Fund (ELQF), a program that provides technical assistance and financing to help providers in the city's Wards 7 and 8 improve their facilities to provide safe, high-quality early environments for infants and toddlers.

[16] https://www.urban.org/urban-wire/make-child-care-system-more-equitable-expand-options-parents-working-nontraditional-hours

Support Low- and Moderate-Income Renters in Areas with High Price Pressure or Anticipated Displacement Risk

- **Target publicly owned land** for new LIHTC development including smaller scattered site properties that may require technical assistance with architecture and engineering.
- Pilot **an eviction diversion program** to connect landlords and tenants to access housing counseling and possibly ARP rental assistance in conjunction with mediated discussion. Some stakeholders noted the importance of legal assistance for tenants in eviction court, but diversion programs can be a cost-effective method to improve outcomes when legal help is not available. Diversion and mediation can help tenants avoid an eviction and help landlords avoid vacancies and unit turnover costs. There are multiple models across the country, some led by nonprofits using federal dollars (Pinellas County, FL), some housed in court (Ramsey County, MN), some administered by local government (Philadelphia).

Program: Kalamazoo County Eviction Diversion Program (ED)
Start Year: 2010
Operator: Kalamazoo Department of Human Services, City of Kalamazoo 8th District Court, Fair Housing Center, Legal Aid of Western Michigan and Housing Resources, Inc

When Kalamazoo's ED pilot launched the district court, which handled landlord-tenant cases, actively encouraged landlords, their attorneys, and tenants to participate although participation was not mandatory. Judges offered settlement agreements that would not appear on a credit report in lieu of judgments as part of the program. Initially funded by local philanthropy and the Department of Human Services ED, the program paid up to 3 months of back rent using a combination of DHS funds and HUD funds administered by Housing Resources, Inc. Tenants must be no more than three months behind in rent, and be able to demonstrate that they can sustain rent payments after assistance. The model was subsequently adopted by other Michigan counties, and with recent funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, it has expanded to the entire state.

Preserve Affordable Market-Rate Housing in Areas with High-Pressure or Anticipated Displacement Risk

- Consider **targeted tax relief** or other incentives to developers who rehab affordable units. Stakeholders believed that many residents were struggling with recently increased property tax bills. Targeting tax relief to property owners who agree to affordability requirements could help stabilize or increase the city's stock of affordable units in High-Pressure areas.
- **Conduct outreach to eligible residents** when federal ARP programs get off the ground, including those, like the Homeowner Assistance Fund, which are administered statewide.
- Offer **low-cost repair loans or grant**s for small-scale landlords who comply with affordability restrictions for a certain period (e.g., minimum of 10 years). Although several stakeholders noted that many small-scale landlords were wary of debt, a targeted program could be successful.
- **Work with Community Development Financial Institutions** to encourage them to responsibly loosen underwriting criteria in their lending to developers or reduce transaction costs or processing times in exchange for commitments around the depth or duration of affordability.

Lending staff at Reinvestment Fund reported two strategies they use are increasing flexibility around appraisals—not requiring them at all or not relying on them exclusively—and allowing higher loan-to-value (LTV) or lower debt service coverage ratios (DSCR). RF typically lends at a higher LTV (80%) than traditional banks (65%-70%), and sometimes goes as high as 85%-90%. This allows borrowers to bring less equity, which lowers the barrier to entry and/or allows borrower to use "saved" equity for deeper and or longer affordability. There are also opportunities to structure perm lending for market-rate affordable units based on cash flow (DSCR of 1.2), not property value. RF has approved reducing the interest rate by 25 basis points if a borrower commits to not raising the rent beyond a certain percentage of AMI.

Program: Workforce Housing Credit Enhancement
Start Year: 2019
Operator: Philadelphia Housing Development Corporation

Workforce Housing (WFH) Credit Enhancement was designed to promote the development of middle-income housing in rapidly appreciating neighborhoods. PHDC offers partial loan guarantees on a project's construction financing for any workforce housing project built on land acquired through a public agency in Philadelphia, including land made available by PHDC through a request for proposal and Land Bank properties. The developer must sell homes to income eligible households (earning up to 120% AMI), at no greater than $230,000 each. Homes must be owner occupied and owners have to wait 10 years to sell at market rate.

Reinvestment Fund (RF) used the credit enhancement to provide $2-3 million in construction financing for projects in two rapidly gentrifying neighborhoods in Philadelphia. RF used the limited guaranty of up to $250,000 to lend over 80% LTV, effectively reducing borrower equity required. At the time, only a dozen homes had been sold with these same deed restrictions on public land, so the limited guaranty helped to enhance the overall credit profile. Across the two projects 43 homes were produced and quickly sold to qualified applicants.

Stabilize Homeowners and Landlords in Lagging Markets

In Lagging Markets, where prices have not kept pace with the city, there is a risk of disinvestment and decline but also opportunities to invest in affordable market-rate housing at a lower cost.

- **Provide technical assistance** to small-scale owners of affordable market-rate rental homes on issues of property management and finance. Stakeholders identified small-scale landlords as being especially vulnerable during the pandemic. Many of these landlords own only a few properties, are debt averse, and may not have sufficient capital to sustain a prolonged period without rental income. At the same time, stakeholders believed that these landlords were the source of much of the city's market-rate affordable units.
- **Work with legal service providers to help owners clear property titles** on inherited properties; interviewees said tangled titles are a factor that limit access to capital for many owners.
- **Support non-traditional entrepreneurs**. Would-be developers of unsubsidized, low-cost units may have limited experience in property management or other aspects of running a development business. Many do not have established credit histories (or may have impaired histories), which may limit their access to the financing necessary to execute NOAH transactions. The Jumpstart program in Philadelphia trains new developers, many of them women of color, and provides

access to a line of credit for the creation or rehabilitation of affordable market-rate units. Since 2018, the program has led to the development of 111 new units of new or rehabilitated housing.[17]

- **Address appraisal gap.** Developers producing affordable stock through rehabilitation of single-family rental units may have difficulty accessing capital because there is a gap between the appraised value of the unimproved property and its income-producing potential post-rehab, especially in lagging markets where nearby properties used for appraisal comps have low values. Loans underwritten on a cost or cash-flow basis would address the appraisal gap, as would a loan guarantee fund (potential mix of public, philanthropic, and/or CDFI dollars).
- **Geographically Target use of the City of New Orleans Direct Homebuyer Soft Second Mortgage Assistance Program** to lagging markets through outreach and partnerships with community-based organizations.
- **Conduct Targeted Code Enforcement.** Studies show that proactive code enforcement can trigger new investment, raise surrounding values, and reduce crime, particularly in neighborhoods that are struggling with non-compliance and nascent disinvestment but strong enough that enforcement is likely to either motivate owners of properties to restore or sell them.

Program: Streamlined Code Enforcement (SCE)
Start Year: 2010
Operator: Baltimore City Department of Housing and Community Development

Baltimore launched the program targeted at vacant buildings and lots in 88 middle market block groups, as defined by Reinvestment Fund's Market Value Analysis. The first step in the process was for an inspector to issue a Vacant Building Notice that requires the owner to restore the property. The inspector would attempt to contact the owner using the City's registration database and return in 30 days to post the vacant building notice and confirm that the violations remain unabated. The City issues successive $900 citations. The goal of the program is compliance but if the owner fails to pay the citation and address code violations, the city may sell the property at auction with a clean title to an eligible bidder with the capacity to reactivate the property. Reinvestment Fund's recent analysis of the program found observable improvement and relatively more stability in middle market block groups that were treated by the program than similar block groups that were not. The contrasts between SCE and non-SCE block groups were most notable in weaker middle markets, compared to areas identified as stable or strong middle markets.

- Offer **loan products for inexpensive homes**: Securing a mortgage for a lower priced home can be challenging, as reflected in the larger share of home purchases without a mortgage in the weakest markets of New Orleans, and the lag in homestead exemption filings there. Out of the more than 4,100 purchase mortgages originated in 2019, only 27 (0.6%) were for loans under $50,000 and 208 (5%) were loans between $50,000 and $99,999). Further, lower value mortgage applications are denied at a much higher rate than larger mortgages. This may be due to tighter underwriting standards, the credit profile of borrowers, discrimination, or other reasons (e.g., lenders may not be highly financially motivated to make small loans). The City can work with community banks

[17] See: https://www.gojumpstart.org/why-jumpstart

and CDFIs that engage in direct consumer lending to help first-time owners obtain mortgages in weaker markets.

- **Foreclosure diversion counseling**: The City can work with HUD-funded housing counseling agencies to target outreach for services in lagging neighborhoods to encourage homeowners to seek help before debt becomes insurmountable.

EPILOGUE

Epilogue

At the time of this analysis, the most recent economic data available reflected the conditions in the Parish at the city's economic nadir (roughly April through June 2020). As the COVID-19 infection rate declines and the number and percent of vaccinated New Orleanians approaches nearly 50% (with at least one vaccine dose), more recent data point to a substantial, but uneven, economic recovery.

The employment situation in Orleans Parish has greatly improved since the spring of 2020 but still lags pre-pandemic levels. The Parish's unemployment rate fell from a high of 22.2% in April 2020 to 11.1% in April 2021 but was still far above the pre-pandemic rate of 5%.[18] Employment in the region's Leisure and Hospitality industry increased nearly 60% since April 2020 but remains 20% below pre-pandemic levels.[19]

Orleans Parish's labor force in April 2021 was 3.7% larger than the June 2020 low, indicating that people are returning to work or actively searching for work. The number of people with jobs in April was 10.8% above the pandemic low and the number unemployed, at 20,070 in April 2021, was 44.7% below the pandemic high of 36,313. With Leisure and Hospitality being so important to New Orleans, it is also positive to note that employment in the region's Leisure and Hospitality industry in May 2021 was 48% above the pandemic low, although about 28% below the pre-pandemic norm.

For those fortunate to be employed, wages have not been greatly impacted (although tips and other forms of income may not have recovered). Statewide, data show that among employed workers, per-capita income from wages and salary are down 1% since 2019 Q3, but total income over the same period has increased 8%. For workers, the drop in wage income has largely been made up for by increases in income classified as personal current transfers. This category of income includes payments from government and business for which no services are performed (e.g., UI, SSI, business liability payments, corporate gifts).[20] In Orleans Parish, average 4th quarter 2020 weekly wages for people working in Leisure and Hospitality rose 5% to $604 from $575 in Q4 2019.

These data of course, only capture the economic impact of the pandemic on workers still earning work-related income. Missing from these data are workers who are unemployed or have left the labor force to protect their health and safety or to care for themselves or family members. Understanding the full economic impact on households will take more time.

Trends in the city's housing markets also point to continued recovery, particularly in those areas that historically have lagged behind the rest of the city. Through September 2020, home prices and permitting activity (a measure of housing investment) increased at the highest rates in the city's weakest housing markets. Home prices in "I" housing markets, for example, increased from $24 thousand in 2016-17 to just over $90 thousand in 2019-20.

Indicators of housing stability are also less bleak than they appeared in the midst of the pandemic, likely owing to improvements in employment coupled with various subsidies assisting owners and renters to meet their financial obligations. The Census's Household Pulse Survey from January 6-18, 2021 showed that across the state 26,950 households expressed that it was somewhat or very likely that they would have to leave their home within two months due to foreclosure; 216,385 renters were similarly concerned about eviction. In the most recent survey representing May 26 – June 7, 2021, the number of owners concerned about foreclosure was down to 14,947 and the number of renters concerned about eviction declined to 68,799.

[18] Bureau of Labor Statistics, See: https://beta.bls.gov/dataViewer/view/timeseries/LAUCN220710000000003

[19] Bureau of Labor Statistics, See: https://data.bls.gov/timeseries/SMU22353807000000001

[20] Bureau of Economic Analysis, See: https://bit.ly/3kMEs99

This growing recovery presents an opportunity, but also a challenge, for city officials as they look for strategic ways to reinvest and rebuild. The challenges are that: (a) markets are changing quickly and limiting opportunities to capture and preserve affordable housing; and (b) economic pressure on existing residents – especially renters – is mounting. The opportunity is that burgeoning market strength in these formerly distressed areas presents an opportunity to leverage private investment to make meaningful improvements in neighborhoods that enhance quality of life and opportunity.

One critical next step is to use these data and interview reports to fashion an investment framework for the city; a framework that sets forth the principles and priorities for bringing the city back to a better condition for more people than existed prior to the onset of the pandemic. Commenters have noted that the pandemic has laid bare some of the fundamental racial inequities that exist in our country. The analyses presented herein point to some of those inequities and form a foundation for understanding the state of the city when the pandemic hit. What areas were thriving? Which were stable or lagging? Who and where are the residents most likely impacted by the pandemic, and what is the impact on them and their communities? These are the critical baselining data points for a *citywide investment framework.* As New Orleans' share of the recently passed $1.9 trillion American Rescue Plan begins flowing to the city – and with the prospect of a similarly sized infrastructure plan also, perhaps, on the way – it is imperative that New Orleans have an investment framework through which those resources flow. And as much as those federal funds offer, we know that those resources alone will not address all of New Orleans' issues. Harnessing the power of the private market to create public goods requires a careful understanding of market conditions and forces. It will require a careful balancing act of harnessing the market without reifying existing inequities.

Already, diverging trajectories in the recovery of those that held jobs through 2020 and those that lost employment are becoming apparent. Our analysis of job insecurity found that areas of the city where residents worked in industries most likely to be impacted by the pandemic had a disproportionate share of Black residents, while areas where workers held jobs in industries with the lowest risk of disruption were disproportionately White. A data-informed investment framework based on the principles and priorities of the city and its residents will support a vital and equitable pathway out of the pandemic.

In the past, strategic housing investment in the city has been guided in part by a Market Value Analysis, that identifies and describes housing conditions and levels of market strength throughout the Parish.[21] Last updated in 2018 (reflecting conditions in New Orleans between 2016 and 2018), refreshing the MVA would provide a useful tool to implement the investment framework in a focused and targeted way. Because the MVA is so geographically precise, it can help advise where the deployment of public resources would be consistent with the investment framework, and ultimately, achieve its goals.

[21] See: https://data.nola.gov/Real-Estate-Land-Records/Market-Value-Analysis-Final-Report-2018/svze-8ffj

APPENDIX A: ADDITIONAL DATA

Appendix A: Additional Data

Racial and Ethnic Composition of Orleans Parish, MSA, and State, 2010-14 to 2015-19

	Parish		MSA		State	
	2010-14	**2015-19**	**2010-14**	**2015-19**	**2010-14**	**2015-19**
Black	217,983 (59%)	230,066 (59%)	420,356 (34%)	439,281 (35%)	1,468,208 (32%)	1,492,386 (32%)
White	113,105 (31%)	119,866 (31%)	648,427 (53%)	652,490 (51%)	2,748,538 (60%)	2,735,887 (59%)
Hispanic	19,911 (5%)	21,413 (5%)	100,011 (8%)	111,434 (9%)	210,524 (5%)	239,164 (5%)
Asian	10,737 (3%)	11,287 (3%)	34,247 (3%)	36,368 (3%)	74,878 (2%)	80,014 (2%)
Other Races	6,735 (2%)	8,213 (2%)	23,399 (2%)	28,204 (2%)	98,901 (2%)	116,911 (3%)
Total Population	368,471 (100%)	390,845 (100%)	1,226,440 (100%)	1,267,777 (100%)	4,601,049 (100%)	4,664,362 (100%)

Source: Reinvestment Fund Analysis of American Community Survey, Five-Year Estimates

Household by Type, Orleans Parish, MSA, and State, 2010-14 to 2015-19

	Parish		MSA		State	
	2010-14	**2015-19**	**2010-14**	**2015-19**	**2010-14**	**2015-19**
Non-Family Households	73,148 (49%)	81,572 (53%)	174,425 (37%)	189,337 (39%)	585,536 (34%)	626,376 (36%)
Family Households	77,261 (51%)	72,247 (47%)	296,412 (63%)	293,021 (61%)	1,133,340 (66%)	1,113,121 (64%)
Married	40,634 (27%)	41,412 (27%)	192,406 (41%)	194,891 (40%)	755,143 (44%)	751,014 (43%)
Married with Children	15,568 (10%)	14,714 (10%)	79,825 (17%)	78,105 (16%)	319,946 (19%)	308,501 (18%)
Married without Children	25,066 (17%)	26,698 (17%)	112,581 (24%)	116,786 (24%)	435,197 (25%)	442,513 (25%)
Single-Parent with Children	22,880 (15%)	18,285 (12%)	64,947 (14%)	58,828 (12%)	247,632 (14%)	230,276 (13%)
Total Households	**150,409 (100%)**	**153,819 (100%)**	**470,837 (100%)**	**482,358 (100%)**	**1,718,876 (100%)**	**1,739,497 (100%)**

Source: Reinvestment Fund Analysis of American Community Survey, Five-Year Estimates

Household Income by Tenure: Orleans Parish, MSA, and State, 2015-19

Household Income	Parish		MSA		State	
	Owners	**Renters**	**Owners**	**Renters**	**Owners**	**Renters**
$9,999 or Less	4,581 (6%)	17,549 (22%)	14,989 (5%)	29,220 (16%)	62,121 (5%)	104,362 (17%)
$10,000 - $24,999	9,788 (13%)	20,807 (26%)	33,959 (11%)	45,495 (25%)	149,506 (13%)	163,228 (27%)
$25,000 - $49,999	14,941 (20%)	18,660 (23%)	56,459 (19%)	48,871 (27%)	236,763 (21%)	160,850 (27%)
$50,000 - $74,999	12,004 (16%)	9,882 (12%)	51,932 (17%)	27,267 (15%)	196,005 (17%)	84,265 (14%)
$75,000 - $99,999	7,971 (11%)	5,600 (7%)	41,375 (14%)	14,566 (8%)	153,783 (13%)	40,987 (7%)
$100,000 or More	24,955 (34%)	7,081 (9%)	101,974 (34%)	16,251 (9%)	343,027 (30%)	44,600 (7%)
Total	74,240 (100%)	79,579 (100%)	300,688 (100%)	181,670 (100%)	1,141,205 (100%)	598,292 (100%)

Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates

Age of Homes in Orleans Parish, MSA, and State, 2015-19

	Parish	**MSA**	**State**
Median Year Built	1957	1974	1979
2010 or Later	6,479 (3%)	20,993 (4%)	138,340 (7%)
2000 – 2009	13,709 (7%)	66,345 (12%)	301,688 (15%)
1990 – 1999	6,719 (4%)	54,831 (10%)	263,250 (13%)
1980 – 1989	13,985 (7%)	74,128 (13%)	301,197 (15%)
1979 or Earlier	150,916 (79%)	341,547 (61%)	1,055,443 (51%)

Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates

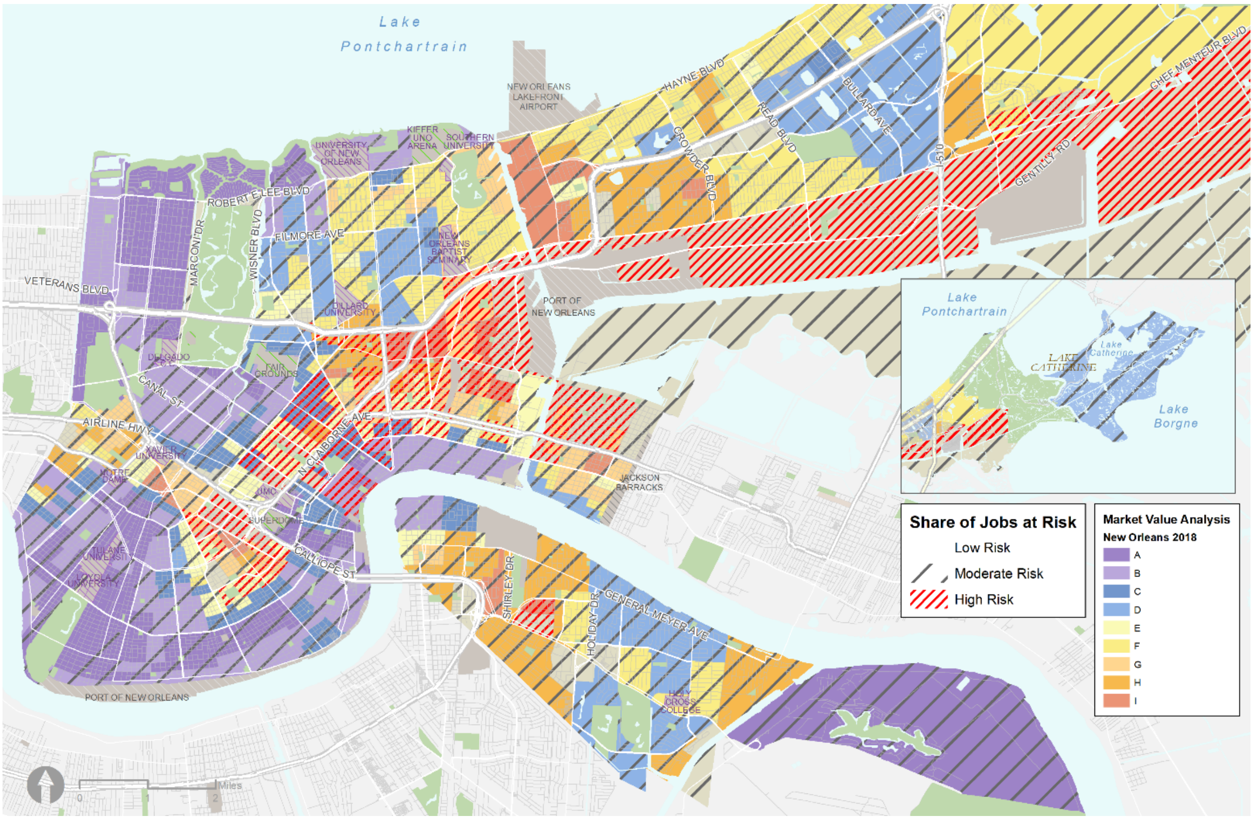
The types of homes built in New Orleans also differ from those built in other parts of the MSA and state, as shown in the table below. While the single-family detached home is the dominant housing type in the MSA and statewide, single detached homes comprise only 45% of all housing in New Orleans.

Housing Types in Orleans Parish, MSA, and State, 2015-19

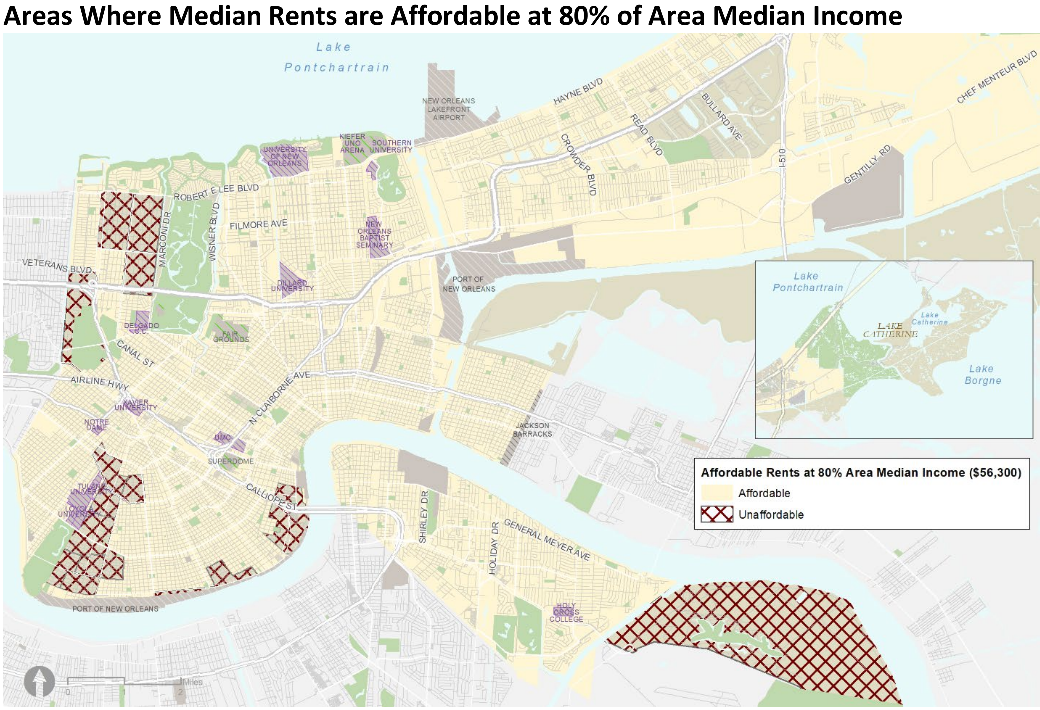
	Parish	**MSA**	**State**
Single-Family Attached	17,941 (9%)	29,886 (5%)	54,966 (3%)
Single-Family Detached	85,749 (45%)	344,231 (62%)	1,345,661 (65%)
Duplexes/Doubles (2 Units)	33,362 (17%)	45,948 (8%)	85,751 (4%)
Small Multi-Family Buildings (3-19 Units)	32,030 (17%)	74,010 (13%)	207,519 (10%)
Medium Multi-Family Buildings (20-49 Units)	7,261 (4%)	18,001 (3%)	39,765 (2%)
Large Multi-Family Buildings (50 or More Units)	14,428 (8%)	24,486 (4%)	53,782 (3%)

Source: Reinvestment Fund Analysis of American Community Survey, 2015-2019 Five-Year Estimates

Job Risk and Market Value Analysis Classifications

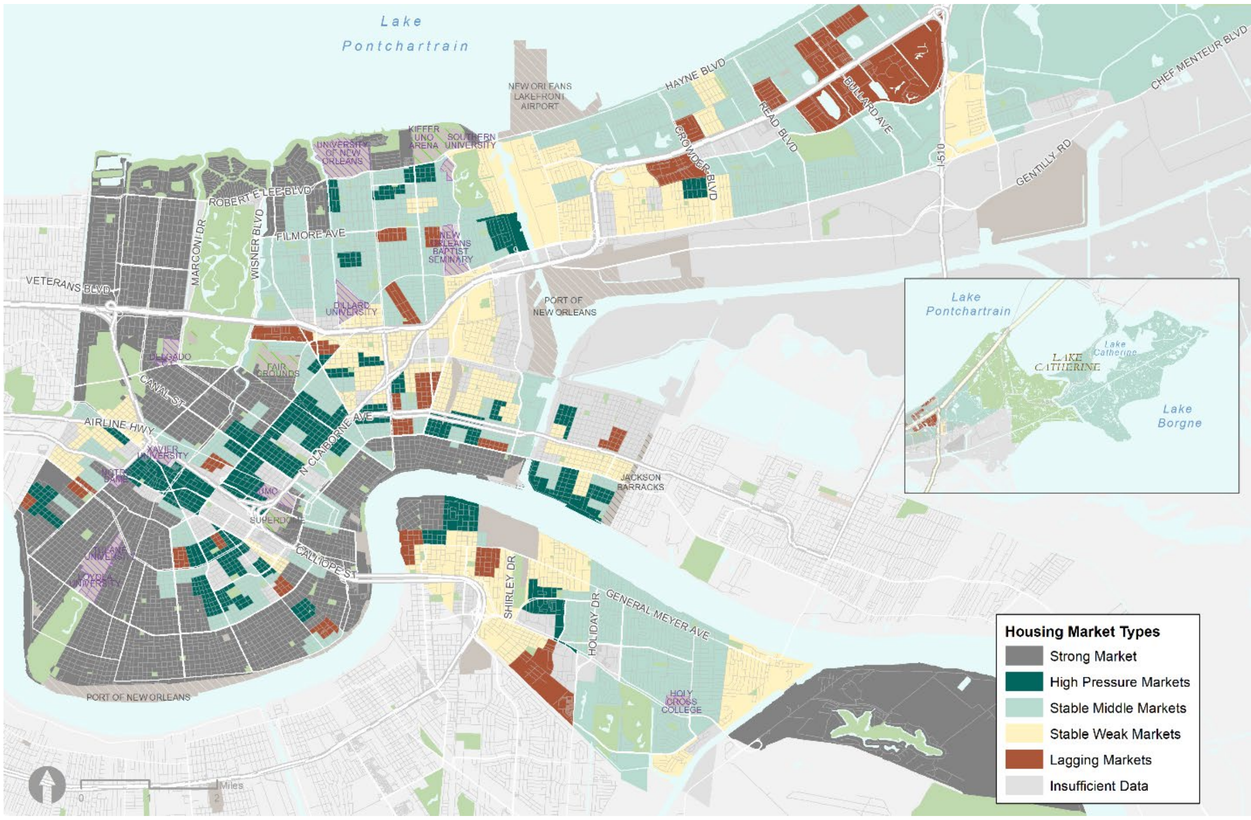


Areas Where Median Rents are Affordable at 80% of Area Median Income

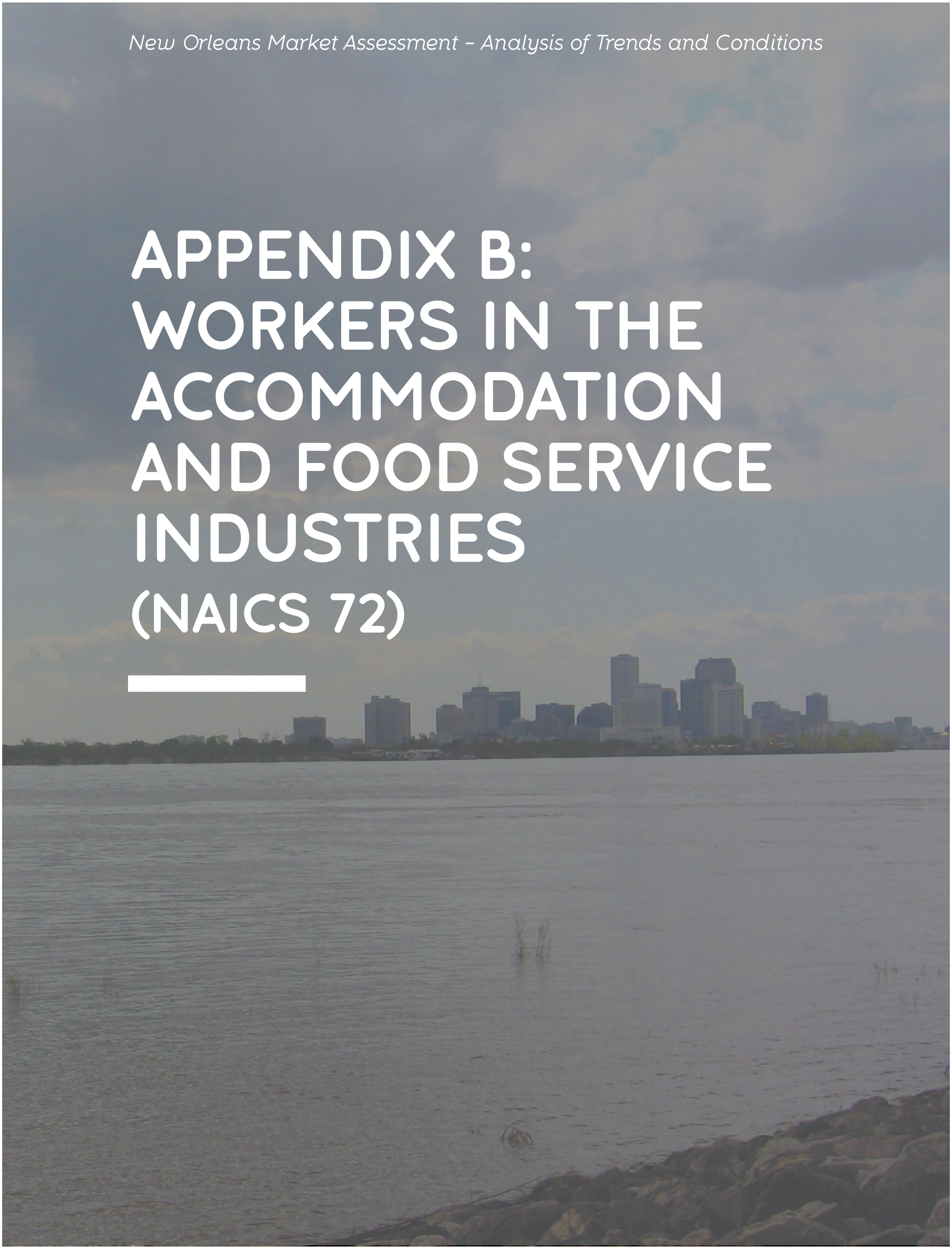


Source: Reinvestment Fund Analysis of Area Median Incomes and Median Rents, American Community Survey, 2015-2019 Five-Year Estimates

Map of Housing Market Types: Displacement Pressure and Market Value



APPENDIX B: WORKERS IN THE ACCOMMODATION AND FOOD SERVICE INDUSTRIES (NAICS 72)



Appendix B: Workers in the Accommodation and Food Service Industries (NAICS 72)

To understand more about workers in the city's Accommodation and Food Service industries, Reinvestment Fund gathered and analyzed the Census Bureaus' latest Public Use Microdata Sample (covering 2015 to 2019), which contains anonymized individual census records for a representative sample of New Orleans residents.[22] The data describe the racial, ethnic, and socio-economic characteristics of New Orleans residents who, at the time this Census was completed, were in the labor force (whether or not they were employed at that time).

Note that data contained in this section may not correspond completely with BLS data described elsewhere in the report. BLS figures reflect a different time-period (June 2019 vs a five-year summary) and population (all workers with jobs in the city vs city residents with a primary job in the sector).

In general, workers in the city's Accommodation and Food Service industries had lower levels of education, and were more economically disadvantaged, slightly younger, and more likely to be Black than other workers in the city.

Residents in the city's Leisure and Accommodation industry were on average, four years younger than other workers, more likely to rent, and much more likely to be single or never married. Compared with other workers in the city, slightly fewer Leisure and Accommodation industry workers lived with children. Educational attainment in the sector lagged other industries, with half as many Leisure and Accommodation workers having completed a four-year college degree.

Income from wages in the sector were much lower than other New Orleans industries, with the average worker earning just over $24,000 per year, compared with $45,000 in other industries. Nearly twice as many Leisure and Accommodation workers earned below 100% of the poverty threshold. Health insurance coverage in the sector was also lower than in other industries.

[22] Data gathered from IPUMS USA, University of Minnesota, www.ipums.org.

Characteristics of New Orleans Residents by Primary Industry

		Leisure and Accommodation Workers	All Other Workers
Age	Average	36	40
Race	White	37%	42%
	Black	57%	51%
	Other	6%	7%
Wage/Salary Income	Average	$24,307	$45,290
Tenure	Homeowners	33%	56%
	Renters	67%	44%
Family Status	Ever Married	32%	53%
	Single/Never Married	68%	47%
Presence of Children	Lives with 1+ Child	24%	30%
	Does Not Live with Children	76%	70%
Education Level	Less than High School Diploma	12%	5%
	High School Diploma	34%	25%
	Some College/Associates Degree	32%	24%
	Bachelor's Degree or Higher	21%	45%
Income to Poverty Ratio	Less than 100% of Poverty	21%	11%
	100% to 250% of Poverty	40%	24%
	Over 250% of Poverty	40%	65%
Access to Health Insurance	Has Health Insurance	78%	89%
	Does not Have Health Insurance	22%	11%

Within the Leisure and Accommodation industry, PUMS data provide information about three sub-industries: Traveler Accommodation, Restaurants and Other Food Services, and Drinking Establishments. Data on the sub-industries presented below should be interpreted with caution, due to high variability in their estimates.

While workers in each of the three identified sub-industries were similar in many ways, they differed by racial, and economic status. Workers in the city's Travel Accommodation sector were older, and more likely to have health insurance than other Leisure and Accommodation workers. Workers in Drinking Establishments were much more likely to be White and much less likely to live with children than other Leisure and Accommodation workers. The difference between Drinking Establishment workers' average and median wage suggests a high degree of income inequality in the sector, with a small number of workers earning much more than others.

Characteristics of New Orleans Residents Workers in the Leisure and Accommodation Industries

		Travel Accommodation	Restaurants and Food Service	Drinking Establishments
Age	Average	40	35	38
	Median	36	32	34
Wage/Salary Income	Average	$29,143	$22,005	$34,301
	Median	$23,800	$17,600	$19,200
Race	White	29%	36%	70%
	Black	65%	57%	24%
	Other	6%	6%	4%
Presence of Children	Lives with 1+ Child	25%	24%	13%
	Does Not Live with Children	75%	76%	87%
Access to Health Insurance	Has Health Insurance	85%	77%	71%
	Does not Have Health Insurance	15%	23%	29%

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