A Baseline Resilience Assessment to Support Opportunity Zone Investment: New Orleans East

Prepared for the City of New Orleans
New Orleans East Opportunity Zone
Tracts 17.30, 17.36, 17.51

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Preface

Purpose of the Project and Report

The Global Resilience Institute’s Resilience Enhancement System (RES) is designed to provide public, private, and community stakeholders with information, insights, and analysis that can guide the development of resilience-building projects. The RES process is a multi-phase undertaking that may include any or all of three distinct deliverables: a Community Snapshot derived from publicly-available data about the communities being assessed, a Baseline Resilience Assessment informed by the Snapshot findings and robust community engagement, and a Project Resilience Enhancement Profile which can evaluate the most likely resilience impact of a project or type of project. Taken together, these products can provide a better understanding of the physical, social, and economic conditions that currently help or hinder a community’s resilience and considerations for potential investments that would seize the opportunity to bolster resilience. For New Orleans, three Baseline Resilience Assessments have been produced that examine the OpZones contained in three city-identified districts.

The purpose of the Baseline Resilience Assessment is twofold. First, the report describes the current resilience condition of a community in terms of its physical systems, social dynamics, and economic environment. It also includes an analysis of the community’s investment landscape – highlighting factors that make a community ripe for resilience-enhancing investment as well as those that may prove to be hurdles if not considered. The second goal of the Baseline report is to help identify holistic, horizontal resilience approaches to development that are likely opportunities for successful investments.

Evaluating Community Resilience

Opportunity Zones and Communities

Under the laws and regulations governing this federal program, Opportunity Zones are census tracts. The incentives provided only apply to investments made within the qualified census tract. However, no economic, social, or physical infrastructure is bound by the artificial constraints of a census tract. This means that investments in Opportunity Zones will have effects not only in the Opportunity Zone but also in the surrounding community. This is an important and potentially powerful feature of the Opportunity Zone incentive. It gives community leaders an unparalleled ability to meet larger community goals using the Opportunity Zones as a catalyst for community improvement. For instance, jobs created by new businesses located in an Opportunity Zone can create the need for worker housing in the community at large, spur retail development both within and outside of the zone or cause the expansion or renewal of critical physical infrastructure. To leverage the full power of the program, leaders at all levels must understand Opportunity Zones in the context of the larger community’s physical infrastructure requirements, economic development plans, and social improvement needs.

A Functional Expression of Resilience

The Global Resilience Institute’s RES takes a functional approach to evaluating the needs and strengths of a community as they pertain to resilience-building. People and organizations choose to live in communities because they receive benefits and services by locating in a chosen place with a functioning government, cultural attractiveness, and robust social and economic activity. The crux of the functional approach is its focus on how the community’s resilience, or lack thereof, impacts the day-to-day lives of the people who live, play, and work in it, using quantitative data with information and perspective gained from community engagement. It is not a detailed systems, or systems-of-systems, approach. Such approaches, while critical to experts, are not how communities and their leaders and citizens plan, work, and live. In day-to-day life, people are affected by the functions (i.e., services) provided by their community from energy and transportation to arts, education, and recreation. The RES approach provides an understanding of how resilience strengths and needs manifest themselves in the delivery of these functions under normal conditions and suggests how changes to these functions represented by investment and development may positively or negatively affect the community’s resilience.

The RES does this by assessing three core elements of a community: physical infrastructure, social dynamics, and economic conditions. It examines how community function is inter-related and interdependent and how these functional connections impact one another, including key points of convergence where resilience factors are reinforcing one another, thus identifying the largest overall opportunities for impact. The RES functional analysis also provides investors, developers, and the community with a view of the “scale” of resilience opportunities – from those where investment affects the “human” scale to those that can only be affected by mega-investment acting on a city-wide or regional scale.

Too often community and economic development has been addressed as a series of discrete issues that can be solved one at a time through entities who traditionally work only on their “slice of the pie.” In reality, resilience-building depends on identifying the areas where multiple needs converge and investing in the opportunities that those interdependencies present. Such resilience-building also requires solutions at multiple scales, from the individual and family levels to regional levels and beyond. Thus, the RES functional analysis of an Opportunity Zone’s resilience describes for investors and sponsors how to take advantage of the greatest potential of Opportunity Zone investment and development by shaping their projects to align with these points of resilience convergence at each of these scales. This benefits the community’s resilience, reduces investor risk, and increases resilience returns.
Acknowledgements

First and foremost, the Global Resilience Institute would like to thank the people of New Orleans East, Algiers, and the Lower 9th Ward who gave their time and support to this project, and who work tirelessly to create a more vibrant and resilient New Orleans. We thank them for allowing us to learn from them. We hope that this project can play a role in informing successful resilience-building investments within their communities and that others can learn from their efforts and experiences.

The Global Resilience Institute is grateful for the extraordinary support of Mayor Cantrell and her staff throughout this project as we continue to pursue new, innovative ways to build a more resilient New Orleans. We would especially like to thank Col. Terry Ebbert (USMC, ret) and the members of the Mayor’s Tiger Team assembled to provide their time, insight, and guidance throughout the project: Joshua Cox; Chad Dyer; Ashleigh Gardere; Ramsey Green; Ellen Lee; Ryan Mast; and David Morris. In addition, our community engagement and meetings, and the insights derived from them, owe much of their success to the efforts of Norman Barnum of the New Orleans Business Alliance and Robin Barnes of GNO, Inc.

We are also grateful for the substantive contributions from the community members, City Councilors, public servants, members of non-profits, and stakeholders from the private sector who have been invaluable resources and partners. Their experiences and perspectives, generously shared over hours of interviews, meetings, and tours enabled this project to be a model for similar resilience-building endeavors in communities across the nation.

Further, this report would not have been accomplished without the dedication, wisdom, and tireless efforts provided by the Global Resilience Institute’s Founding Director, Dr. Stephen Flynn, Executive Director, Dr. Robin White; Director for Research and Innovation, Dr. Phil Anderson; Dr. John Plodinec of the Community and Regional Resilience Institute (CARRI); Distinguished Senior Fellow at the Global Resilience Institute, Warren Edwards, (MAJ GEN USA, Ret.) of the Meridian Institute; and Angie Valencia, Scott Pickens, Alexis Palmer, Christopher Grassio, Carlisle Dockery, Blair St. Onge, Laura Shrago, and Caroline Crawford of the Global Resilience Institute.

Importantly, we also want to note and heartily thank our team of student researchers who enthusiastically supported this project and without whom its success would not have been possible: Elna Marutsa, Kendall Avenia, Lydia Bird, Sofia Cardamone, Amar Fernald, Madelin Harmelink, Jade Lin, Garrett Morrow, Maria Robson, Lauren Rothschild, and Delanie Smither.
A Baseline Resilience Assessment to Support Opportunity Zone Investment in New Orleans East

Executive Summary

New Orleans East: Past and Present

New Orleans East is one of the largest areas in Orleans Parish and contains three of the city’s 25 Opportunity Zones. Predominantly low-density and residential, the area also contains the Michoud Assembly Facility, parts of the Port of New Orleans, and the former site of a Six Flags amusement park. Despite the availability of developable land and anchor assets, economic development in the area has stagnated relative to the rest of the city. Underpinning many of New Orleans East’s challenges is the decline of economic and residential desirability following the 1980’s oil bust and consequent disinvestment into the 1990’s, causing a decline of the area’s middle class. These challenges were exacerbated by Hurricane Katrina’s destruction and contributed to the fragility the community faces today. Despite this shift, there are noteworthy pockets of social capital among the predominantly African-American and Vietnamese residents, existing plans that can be leveraged, and significant assets in the district’s proximity to the Port, space-related industries at Michoud, and developable land at the former Six Flags location that can be the foundation for restoring the previous vitality of the community.

The Resilience Landscape

Physical Environment

Like much of New Orleans, resilience in the New Orleans East Opportunity Zones is affected by conditions of its built environment – age and efficiency, reliability, sustainability, and access. Water, in particular, has been described as New Orleans’ existential crisis, both in terms of flooding and the reliability of its drinking water supply. Likewise, fragile energy distribution systems and aging housing stock bring additional problems of unreliability and cost-burden for residents and businesses. All of these are exacerbated by poor transit options which reinforce the gap between New Orleans East and economic opportunities that could exist with better access to and from downtown.

Economic Environment

The economic conditions of New Orleans East have drastically declined over the past four decades. The oil bust in the 1980’s removed the neighborhood’s economic anchor and many of its middle-class jobs. The remaining residents, with significantly lower income, were left to deal with follow-on disinvestment and further reduced local opportunities. Today, many of the residents are employed in the hospitality industry and other service jobs and must commute downtown.

Social Environment

The New Orleans East social environment is, in many ways, a product of the perception of distance, the barrier of the river, and the legacy of historical racism which continues to affect the relationship with downtown neighborhoods, such as the Central Business District. While there are pockets of high social cohesion, such as in the Vietnamese community and the middle-class African American community, there is poor connectedness with the rest of the city. Compounded by higher crime rates and difficulty accessing education and other civic functions, the barriers, tangible and intangible, have dissuaded significant investment from being made in New Orleans East.

The Investment Landscape

Politically, New Orleans’ landscape is a mix of optimism for change and continued frustrations with bureaucratic gridlock. Governmental power exists in multiple places in New Orleans, with some agencies reporting independently to the state, some to the city council, some to the mayor, and some, such as the Sewerage and Water Board, to both. The fractured responsibility has presented a challenge to economic and community developers, becoming a disincentive for investment. New Orleans East in particular has an average permit approval time of a month, illustrating one of the hurdles to investment in the East. However, Mayor LaToya Cantrell enjoys high approval ratings and an interest in transformative change in areas such as New Orleans East. Further, the City has a number of plans which could be integrated into successful strategies to shape Opportunity Zone investments, and the district has existing assets which a careful Opportunity Zone investment strategy could successfully leverage.

Opportunities for Resilience Building

The Qualified Opportunity Zones (QOZ) located in and adjacent to the New Orleans East district represent unparalleled potential as catalysts for reimagining the once energetic New Orleans East community and spurring long-term transformational change that creates a vibrant, urban area based on strong economic growth, excellent quality of life, and proven social equity. To attract the quality and quantity of investment required to implement transformational change in the New Orleans East community, the city needs a focused, comprehensive vision and plan to guide Opportunity Zone projects based on a thorough analysis of the interrelationships of functional requirements and their resilience impacts. This vision and implementation plan will reduce risk and increase investor returns while achieving the social impact envisioned by the Opportunity Zone legislation.

Transformational change in New Orleans East must be anchored on job creating enterprises that are integrally connected to but not wholly dependent on the Central Business District or the port. This transformative future, using Opportunity Zones, judicious public investment and incentives, and the area’s existing assets, can be accomplished through investment that addresses four resilience-building themes:

1. Executive Summary
1. Investing in supporting physical infrastructure – energy, transit, water -- in order to enable job creating enterprises within the district thereby improving education, job, and business opportunities while simultaneously increasing efficiency and connectivity to other areas of the City for work and play.

2. Creating livable places with urban village “feel,” services, and businesses in New Orleans East, better serving current residents while simultaneously making the East neighborhoods attractive to millennial and young professional families (demographics which are almost totally absent in the area today).

3. Building affordable and workforce housing that is more energy efficient while also including solar energy sourcing and improved transmission, reducing cost burden of existing residents and increasing attractiveness to millennial and professionals.

4. Using Opportunity Zones to catalyze large scale public-private investments required to address city-wide water issues that can be existential in impact and game-changing in scale.

**A Way Ahead in New Orleans East**

Based on the insights from this baseline analysis of the New Orleans East district, the city should convene a city-directed, stakeholder-involved task force focused on New Orleans East. This task force will use appropriate input from existing city and regional plans to create a QOZ investment plan that:

- Creates an economic growth and societal resilience-based, long-term investment plan for New Orleans East.
- Moves past a stove-piped, sectoral planning approach to a functional-based set of QOZ projects that advances community recovery capacity, enhances quality of life, and ensures economic prosperity.
- Provides a framework for ensuring community participation and investor input that allows all parties to embrace a common set of resilience solutions.
- Marnes public and private funding to achieve the capital stack required to complete the suite of interconnected projects.

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**The Leading Edge of Transformational Change**

In order to leverage Opportunity Zones in New Orleans East as the leading edge of transformational change, the City should work with investors to prioritize projects that:

- Leverage existing RTA plans for increased mobility to and from New Orleans East by creating a dedicated bus lane along the Chef Menteur corridor and locating improved bus transfer station in the Tract 17.51 Opportunity Zone. If fully enacted as the RTA plan envisions with similar transfer stations downtown and in Algiers, the resulting improvement in transit to and from these neighborhoods as well as for cross-town transit will transform the City’s capacity to support growing business and industry across the metro area. Resilience projects at this scale will require public private investment and will be most attractive to large, institutional investors.

- Build on the power and attractiveness of the Port of New Orleans and Michoud Assembly Facility to reimagine New Orleans East as a regional economic hub designed around: 1) processing, manufacturing, warehousing, or distribution business and industry related to goods which currently flow through the Port; and 2) business and industry related to or benefiting from the NASA Space program and the assembly work.

- Utilize properties properly zoned for business, commercial, and industrial development for investment in urban services needed by existing residents and new comers who will seek jobs created by the new regional hub economy.
About The Global Resilience Institute

Based at Northeastern University in Boston, MA, the Global Resilience Institute’s (GRI) research and educational mission is to develop and deploy practical and innovative tools, applications, and skills that drive social and technical changes, which strengthen the capacity of individuals, communities, systems, and networks to adapt to an increasingly turbulent world. Launched in 2017, GRI is the world’s first university-wide institute to respond to the resilience imperative. Today, GRI undertakes multi-disciplinary resilience research and education efforts that draw on the latest findings from network science, health sciences, coastal and urban sustainability, engineering, cybersecurity and privacy, social and behavioral sciences, public policy, urban affairs, business, law, game design, architecture, and geospatial analysis. GRI works in close partnership with industry, government, communities, and non-governmental organizations, as well as engages in external outreach to inform, empower, and scale bottom-up efforts that contribute to individual and collective resilience.

About Northeastern University

Founded in 1898, Northeastern is a global research university and the recognized leader in experience-driven lifelong learning. Our world-renowned experiential approach empowers our students, faculty, alumni, and partners to create impact far beyond the confines of discipline, degree, and campus. Our locations—In Boston, Charlotte, North Carolina; the San Francisco Bay Area; Seattle; Toronto; and the Massachusetts communities of Burlington and Nahant—are nodes in our growing global university system. Through this network, we expand opportunities for flexible, student-centered learning and collaborative, solutions-focused research. Northeastern’s comprehensive array of undergraduate and graduate programs—on-campus, online, and in hybrid formats—lead to degrees through the doctorate in nine colleges and schools. Among these, we offer more than 140 multi-discipline majors and degrees designed to prepare students for purposeful lives and careers.
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