

# Bring New Orleans Back: Economic Redevelopment Plan

## Executive Summary

New Orleans faces an unprecedented challenge in rebuilding its economy in the wake of Hurricane Katrina. Rarely, if ever, has a major American city faced such a massive disruption: more than 1,000 people died, basic services and infrastructure were disabled, businesses were obliterated, the workforce was displaced, housing stock was destroyed, tourism halted, and the consumer base was forced out and uncertain of return. Any one of these events would have constituted a great economic trauma; their confluence threatens the viability of New Orleans as we know it. This situation demands an incredible set of actions, which are outlined on an industry-by-industry basis in this report. The aftermath of Katrina undoubtedly presents a monumental challenge, but it also provides a valuable opportunity to implement a comprehensive and coordinated plan for economic development. The industries addressed in this plan represent the greatest opportunity to achieve this goal. It is a plan not only to reopen New Orleans, but to restart its economy, and to make it a model for revitalization.

## **OVERARCHING NEEDS**

Four overarching elements are essential to economic recovery in New Orleans:

- 1) **Secure the Infrastructure** – Without a secure infrastructure, the city's operations will be hamstrung and the confidence of investors will be lost.
- 2) **Jumpstart the Economy**– Immediate action must be taken to restart the economy, so industries can get running and return to steady state business as usual.
- 3) **Business Friendly Environment** – Katrina imposed a significant competitive disadvantage to New Orleans – this must be considered as a part of the city's overall business climate, and adjustments to taxation and regulation must be made accordingly.
- 4) **Administration of Funds** – With aid dollars central to recovery, New Orleans must maintain sound fiscal management structures to maximize the impact of these funds.

Without these vital pieces in place, businesses will not return, and industries will break down.

## **Secure the Infrastructure**

Quickly restoring the city's infrastructure is vital to any economic redevelopment agenda. Hurricane Katrina significantly damaged everything from the levees to Armstrong International Airport. These issues are beyond the scope of the Economic Redevelopment Plan, but they are central to economic recovery. The infrastructure of the city must be sound for business to flourish. These actions include:

- Repair the levee system to provide Category 3 storm protection by June 1, 2006.

- Design and implement a higher level of protection throughout Southern Louisiana, including Category 5 storm protection where appropriate.
- Consolidate flood protection into a single board with professional qualification requirements and stringent ethics/conflict of interest provisions.
- Consolidate the multiple parish levee districts into a single unified levee district.
- Improve disaster evacuation and emergency planning and procedures.
- Repair all city transportation systems, e.g., air, rail, waterways, streets, and sidewalks.
- Restore all public utilities and delivery systems.
- Restore the primary and secondary education system.
- Help higher education institutions meet critical needs to re-open by early 2006.

### **Jumpstart the Economy**

The New Orleans economy can not run without immediate outside assistance. Once the economy is jumpstarted, it will recharge on its own. Temporary housing, government guaranteed loans and grants, and business incentives are essential to getting the economy up and running, to bridge the gap between now and business as usual. These actions include:

- Provide temporary housing for workers, including employer incentives for the provision of temporary housing.
- Develop a comprehensive employee bussing system to allow displaced workers scattered across the region to return to their jobs.
- Enact tax incentives which could include:
  - Tax-exempt bond financing for rehabilitation of business properties in the disaster zone, combining parts of the Liberty Bond and Enterprise Zone Bond programs.
  - Expand Work Opportunity Tax Credits to include Katrina-affected individuals.
  - Lease improvements – Shorten lease depreciation timeframe to five years for disaster affected region.
  - Tax credit for qualified Historic Preservation/Rehabilitation to encourage the retention of the unique character of the disaster zone properties.
  - Bonus Depreciation – Allow 50% deduction for new capital investment.
  - Increase small business expensing from \$100K to \$200K for new equipment.
  - Tax credits for wages paid by loyal disaster-zone employers who provided wages and health benefits while businesses were not operational.
  - Provide tax incentives, loan repayments, forgiveness of debt, and healthcare services in exchange for the will to be employed in the disaster area.
- Conduct a targeted and aggressive outreach to make displaced residents aware of the housing, training, and employment opportunities available back in New Orleans.
- Expand on existing “Open for Business” marketing campaign targeted at tourists and conventions to increase visitor traffic and spending in New Orleans.

## **Create Business Friendly Environment**

City and state tax codes give New Orleans the reputation of being a difficult place to do business. The damage caused by Katrina, and the perceived risk that is now associated with the city, have added yet two more costs to doing business here. In this new landscape, businesses are less likely to operate in New Orleans, and displaced businesses less likely to return. With elevated costs and risks, an unfriendly business climate will only exacerbate the situation and drive business out of the city. Litigation legislation and tax codes should be reformed, with an eye toward making Louisiana and New Orleans more competitive places to do business; these factors must be significantly more favorable than comparable cities and states so businesses considering New Orleans will come to the city despite the economic disruption caused by Katrina. Moreover, city, state, and federal governments should align to minimize conflicting messages toward business.

## **Accountable & Credible Administration of Funds**

With the massive new flow of funding and resources into the New Orleans rebuilding effort, it is of utmost importance that money into the city is administered efficiently. A lack of assurance that funds are appropriately and efficiently spent will undermine the cause. One proven approach to addressing this concern, which has worked in cities throughout the country, would be an economic development corporation with the express mission of administering funds and programs related to economic redevelopment.

