

David Rusk
4100 Cathedral Avenue, NW #610
Washington, DC 20016-3584
(202) 364-2455 (phone)
(202) 364-6936 (fax)
drusk@starpower.net
www.davidrusk.com

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MEASURING REGIONAL EQUITY
IN THE NEW ORLEANS AREA:
An Unsentimental Assessment

Summary: High poverty, slow economic growth, and minimal racial progress are the hallmarks of the New Orleans region.

How did the New Orleans region, epicenter (along with the Biloxi-Gulfport-Pascagoula MS region) of the damage caused by Hurricane Katrina, measure up in terms of regional equity? This paper will summarize data based on the measures proposed in the draft paper “Measuring Regional Equity (August 25, 2005: draft IV)” being prepared for the Ford Foundation.

Background: Local Governance

The New Orleans region is a “Big Box” region characterized by relatively few municipal governments that typically annex urbanizing areas and parish (i.e. county) governments that are responsible for large amounts of unincorporated land. However, like Baltimore City and Washington, DC, the City of New Orleans is an anomaly among “Big Box” central cities; its boundaries have been frozen since 1805. (Appendix A lists the local governments and their 2002 populations in the two regions.)

In the New Orleans region, five parishes contain no municipalities: Plaquemines, St. Bernard, St. Charles, St. John the Baptist, and Orleans-New Orleans, the USA’s first city-county consolidation (1805). Even in the most municipalized parishes (Jefferson and St. Tammany) 75% of the residents live in unincorporated areas. In fact, 87% of the New Orleans region’s people live under parish government (treating New Orleans as a parish).

That’s the good news – land use planning and zoning is nominally under the control of a handful of local governments. The bad news is that

oil and chemical firms and land developers are so influential that local “plans” have been slavish reflections of whatever business wanted to do.¹

The Regional Planning Commission (RPC) is the New Orleans region’s MPO. Its membership covers only five of the nine parishes of the New Orleans region. Its board has five members from each jurisdiction (the mayor/parish council president, two councilmembers, and two citizen members); thus, Plaquemines Parish (27,332) has the same voting representation as New Orleans (473,681). Like most MPOs, RPC is weak and, though my report on the New Orleans region recommended major reforms to strengthen RPC, to my knowledge, none were implemented.²

Regional Equity Measures

I will depart from the format of the draft regional equity paper in two ways: 1) eliminating equity measures for Hispanics; in the New Orleans region, the proportion of Hispanics is both small (4.4%) and only grew slowly during the 1990s (reflecting the region’s relative economic stagnation; and 2) eliminating specific listings for the five Ford Foundation Regional Equity Demonstration regions (Atlanta, Baltimore, Detroit, Philadelphia-Camden, and Richmond-Oakland CA) from the tables.

Six regional measures of group disparities (that is, black/white or poor/non-poor), four measures of jurisdictional disparities (city-suburb), and two measures of overall regional economic growth will be presented

Group Regional Equity Measures

The first group measure is black residential segregation, measured by a dissimilarity index on a scale of 0 to 100 (0 = total integration; 100 = total segregation). Though the New Orleans region began the period with a somewhat lower index because of its large rural black population, it remains highly segregated and made virtually no progress, lowering its

¹ The City of New Orleans is the largest American city without a meaningful master plan. As one long-term civic activist says, “Unless there is a sea change in the way New Orleans and Louisiana traditionally approached urban and state land use planning -- and a whole lot of other extraordinarily important areas -- I fear for the worst. Corruption and special interest-driven planning have long been the way of life for the Pelican State.”

² My report, *The New Regionalism: Planning Together To Reshape New Orleans’ Future*, was three dozen local civic, business, and governmental organization. It was published as a 20-page tabloid insert by the *Times-Picayune* on September 8, 1999.

index by only four points over the past three decades – less than any of 17 major Southern regions and only one-sixth of the rate of residential desegregation of Big Box regions. Moreover, among its neighborhoods the city itself is almost as segregated as its region and has seen no progress (having black segregation indices of 65, 63, and 66 in 1980, 1990, and 2000, respectively).

Group Regional Equity Measure #1: Black Residential Segregation
Black-White Dissimilarity Index

	<u>region</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Big Box worst	Miami FL PMSA	85	80	73	74
	New Orleans MSA	73	72	69	69
Big Box mean	37 metro areas	80*	68	62	57
Big Box best	Raleigh-Durham NC MSA	na	52	49	46
little boxes worst	Detroit MI PMSA	88	88	88	85
	24 metro areas	84**	77	75	70
little boxes best	Oakland CA PMSA	na	74	68	63

*only 20 metro areas in 1970

**only 16 metro areas in 1970

With regard to residential economic segregation, the New Orleans region trended downward during the 1990s (as did 70% of regions) but remained slightly above the Big Box average.

Group Regional Equity Measure #2: Economic Residential Segregation
Poor/Non-poor Dissimilarity Index

	<u>region</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Big Box worst	Baltimore MD PMSA	40	45	47	43
	New Orleans LA MSA	41	41	40	37
Big Box mean	37 metro areas	34*	33	36	35
Big Box best	Portland OR-WA PMSA	25	26	28	27
little boxes worst	Milwaukee WI PMSA	39	46	56	51
	24 metro areas	36**	38	42	40
little boxes best	San Francisco CA PMSA	na	31	33	30

*only 35 metro areas in 1970

**only 22 metro areas in 1970

School segregation generally tracks residential segregation. Where court-ordered school desegregation policies are still in effect within county-wide, Big Box school districts, schools will be less segregated than neighborhoods. However, during the 1990s, now-conservative federal

judges were dismantling school desegregation plans (which occurred, I believe, in the New Orleans region). Thus, the black-white elementary school segregation index jumped from 68 to 73 in the New Orleans regions, respectively. A factor was the steady disappearance of white children from public schools throughout the New Orleans region as the percentage of black pupils rose from 56% to 68% during the 1990s.

Group Regional Equity Measure #3: Black School Segregation
Black-White Dissimilarity Index

	<u>region</u>	<u>1989-91</u>	<u>1997-99</u>
Big Box worst	Memphis TN-AR-MS MSA	70	77
	New Orleans LA MSA	68	73
Big Box mean	37 metro areas	56	58
Big Box best	Raleigh-Durham NC MSA	33	37
little boxes worst	Detroit MI PMSA	89	89
little boxes mean	24 metro areas	74	75
little boxes best	Los Angeles CA PMSA	68	67

The economic school segregation index followed a different trend line, improving markedly from 52 to 45, but that also is somewhat misleading. First, the percentage of pupils qualifying for free meals increased substantially (63% to 71%). Second, with the increase in black pupils overall (and no change in residential desegregation), poor black pupils were increasingly enrolling in schools with non-poor black pupils.

Group Regional Equity Measure #4: Economic School Segregation
Low-income/Middle-class Dissimilarity Index

	<u>region</u>	<u>1989-91</u>	<u>1997-99</u>
Big Box worst	Baltimore MD PMSA	62	59
Big Box mean	34 metro areas	45	47
	New Orleans LA MSA	52	45
Big Box best	Raleigh-Durham NC MSA	33	33
	Biloxi-Gulfport-Pascagoula MS MSA	16	13
little boxes worst	Cleveland OH PMSA	68	71
little boxes mean	20 metro areas	57	58
little boxes best	St Louis MO-IL MSA	41	48

In metro New Orleans the gap between black and white median family incomes closed from 44% of white median family income in 1990 to 49% in 2000 (measure #5). However, in 1990, the New Orleans area had

the second largest black-white income gap (to Milwaukee's 39%) and by 2000 had not quite regained its relative position in 1980 (50%).

Group Regional Equity Measure #5: Black Income Gap
(black median family income as percentage of white median family income)

		<u>1990</u>	<u>2000</u>
Big Box worst	Miami FL PMSA	49%	48%
	New Orleans LA MSA	44%	49%
Big Box mean	37 metro areas	59%	61%
Big Box best	Riverside-San Bernardino CA PMSA	75%	73%
little boxes worst	Milwaukee WI PMSA	39%	42%
little boxes mean	24 metro areas	57%	54%
little boxes best	Detroit MI MSA	52%	56%

Finally, group regional equity measure #6 measures the disparity of income distribution *within the white community*. Such income inequality was high for the New Orleans area and increasing steadily (as it had been for all metro areas for the past two decades).

Group Regional Equity Measure #6: White Income Inequality
as measured by Gini indices (0 = uniform distribution)

	<u>region</u>	<u>1980</u> (20)	<u>1990</u> (31)	<u>2000</u> (61)
Big Box worst	Miami FL PMSA	na	na	58.6
	New Orleans LA MSA	38.7	44.6	47.3
Big Box mean	37 metro areas	37.6	39.9	43.1
Big Box best	Norfolk-VA Beach VA-NC MSA	na	33.7	37.9
little boxes worst	New York NY PMSA	na	na	60.0
little boxes mean	24 metro areas	36.8	39.4	44.9
little boxes best	Grand Rapids MI MSA	na	36.6	38.3
United States	(both metro and non-metro areas)	na	na	46.7

Jurisdictional Regional Equity Measures

Shifting from measures of group inequality on a metropolitan basis to measures of central city to suburban inequality, #7 measures the disparity between the central city's poverty rate and the regional poverty rate. (An index value of 100 means the two rates are the same; an index value of 200 means that the city has twice the poverty rate of the region as a whole – in other words, twice its “fair share.”)

Jurisdiction Regional Equity Measure #7: Fair Share of Poverty Index
(city poverty rate compared to regional poverty rate)

	<u>region</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Big Box worst	Washington DC	227	264	273
Big Box mean	37 metro areas	na	150	152
	New Orleans LA	150	149	152
Big Box best	Riverside CA	na	98	105
little boxes worst	Hartford CT	na	387	364
little boxes mean	24 metro areas	na	217	219
little boxes best	Los Angeles CA	na	125	123

The City of New Orleans appeared to have a quite favorable index (152), but that was not a function of the city’s doing so well as the region’s being so poor. Measure #8 shows that in 2000 the New Orleans region (18.4%) had the highest poverty rate among 37 Big Box metro areas and was second only to New York NY region (19.5%) among all 61 metro areas of over 1,000,000 residents. (The Census Bureau, however, does not adjust income and poverty figures to regional cost-of-living differences.)

Jurisdiction Regional Equity Measure #8: Metro Poverty Rates)

	<u>region</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Big Box worst	New Orleans LA MSA	17.4%	21.3%	18.4%
Big Box mean	37 metro areas	11.2%	11.7%	11.0%
Big Box best	Washington DC-MD-VA-WV PMSA	8.2%	6.6%	8.8%
little boxes worst	New York NY PMSA	18.1%	17.5%	19.5%
little boxes mean	24 metro areas	9.6%	9.9%	10.0%
little boxes best	Minneapolis-St Paul MN-WI PMSA	6.8%	8.1%	6.7%

As Measure #9 shows, the City of New Orleans has a very high poverty rate. At 27.9% poor in 2000, New Orleans was the fifth poorest city behind Hartford, Providence (29.0% - but widely promoted as a “comeback city”), Miami, and Newark (28.4%).

Jurisdiction Regional Equity Measure #9: City Poverty Rates

	<u>region</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Big Box worst	Miami FL	na	30.6%	28.5%
	New Orleans LA	26.4%	31.6%	27.9%
Big Box mean	37 metro areas	na	16.6%	16.6%
Big Box best	San Jose CA	na	9.3%	8.8%
little boxes worst	Hartford CT	25.8%	27.5%	30.6%
little boxes mean	24 metro areas	na	22.0%	22.5%
little boxes best	San Francisco CA	na	12.7%	11.3%

Measure #10 captures a different phenomenon – the gap between the average incomes of city dwellers compared with the average incomes of *suburban* dwellers (in other words, unlike the “fair share of poverty index,” the city itself is not part of the denominator). Led by Charlotte (122), one-third of the highly “elastic” central cities have average incomes higher than suburban residents. Per capita income measures give disproportionate weight to high-income residents (that helps account for New Orleans relatively favorable index of 88; the other factor affecting New Orleans’ index, however, is that many suburbanites are low-income).

Jurisdiction Regional Equity Measure #10: City-Suburb Income Index
(city per capita income compared to suburban per capita income)

	<u>region</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>
Big Box worst	Baltimore MD	68	64	63
	New Orleans LA	87	91	88
Big Box mean	37 metro areas	95	91	92
Big Box best	Charlotte NC	118	122	122
little boxes worst	Newark NJ	48	42	42
	24 metro areas	77	70	70
little boxes best	Los Angeles CA PMSA	102	102	100

Regional Economic Progress

The final two tables measure growth of overall economic opportunity. Measure #11 summarizes the growth of *real* median family income (that is, adjusted for inflation) over the past five decades. During that period, real median family income more than doubled (119%) in metro New Orleans, but that was one of the slowest improvements in the nation.

Regional Progress Measure 11: Real Growth in Median Family Income

		<u>1950-2000</u>	<u>1990-2000</u>
Big Box worst	Miami FL PMSA	80%	-4%
	New Orleans LA MSA	119%	8%
Big Box mean	37 metro areas	149%	6%
Big Box best	West Palm Beach FL PMSA	223%	4%
little boxes worst	Los Angeles-Long Beach CA PMSA	77%	-12%
	24 metro areas	130%	4%
little boxes best	Boston MA-NH PMSA	172%	5%

Measure #12 charts the growth in total job supply, and is ranked by results of the most recent decade (1989-99) when the USA’s economy

rebounded at a record pace from a decade-beginning recession. The New Orleans regional economy did experience healthy job growth (15%), but at less than half the rate of its Big Box peer regions

Regional Progress Measure #12: Job Growth

		<u>1969-99</u>	<u>1989-99</u>
Big Box worst	Baltimore MD PMSA	53%	8%
	New Orleans LA MSA	54%	15%
Big Box mean	37 metro areas	174%	31%
Big Box best	Las Vegas NV MSA	511%	89%
little boxes worst	Hartford CT MSA	47%	-2%
little boxes mean	24 metro areas	56%	10%
little boxes best	Grand Rapids-Holland-Muskegon MI MSA	117%	30%

In effect, since Big Box regions are located in the South and West, New Orleans really isn't a Sun Belt economy, but more akin to the Northeast and Middle West. Indeed, the state of Louisiana is the “no-growth” state of the Sun Belt.

Property Wealth: Stagnation and Loss

Property valuation methodologies vary so much from state to state than meaningful inter-regional comparisons cannot be made. However, for my 1999 report I studied long-term trends in assessed valuation from official reports from the Louisiana Tax Commission.³

Over the last five decades, the New Orleans region's property wealth has barely grown faster than the national inflation rate. **Between 1950 and 1998, when adjusted for inflation, the real value of the region's property wealth has increased only 16% in 48 years.**

In effect, since the early 1960s every dollar of new property wealth created in the suburban parishes was offset by constant loss of older property wealth in the city of New Orleans. (Only in the 1950s, when the city was expanding into New Orleans East, was the city's real wealth increasing.) By 1998, though the city's nominal assessed valuation has grown from under \$700 million in 1950 to almost \$2 billion, that is far short of keeping up with the rate of inflation. **The city has lost over half its property wealth (-56%).**

³ Total property valuation included all real property (residential, commercial, and industrial), personal property, and state assessed public utility property. All valuations were tabulated *before* special tax exemptions (like the \$75,000 homestead exclusion) were applied.

Declining wealth is not uncommon among boundary-constrained central cities in an age of suburban sprawl. Between 1961 and 1998 the city of Detroit lost 71 percent of its real property value. However, the entire six-county Detroit region gained 113% in real property wealth despite major changes in the auto industry. Greater New Orleans' no net growth (almost) is truly shocking.

Another startling trend emerges in the 1990s. During earlier decades all suburban parishes registered sizable growth rates in property wealth. During the 1950s, for example, Jefferson Parish's property wealth doubled (101%). Over the next three decades Jefferson Parish's strong growth continued (163%).

However, during the 1990s, Jefferson Parish's property tax base has been stagnant, growing only 1% after inflation adjustment, as St. Charles and St. Tammany have emerged as the newest "hot" markets. Similar stagnation has hit St. Bernard and St. John the Baptist Parishes (only 6% and 2% real growth, respectively). In the next decade new investment and property appreciation in Jefferson and St. Bernard may begin to fall behind even the relatively low national inflation rate.

Orleans, Jefferson, and St. Bernard parishes bore the brunt of Katrina's fury and subsequent flooding. St. Bernard Parish was totally devastated by massive flooding magnified by a major oil spill (probably from the very refinery where I spoke to a community meeting hosted by the parish council in 1999). The current assessment is that every one of 27,000 homes in the parish will be uninhabitable; the parish is so environmentally hazardous that it may be three months before residents are even permitted back in the area to salvage personal items.

But suppose Katrina were a 300-mph tornado (such as hit Oklahoma City suburbs on October 7, 2000 (I was in the area that day) and cut a swath just through New Orleans, causing equal devastation just to the city. Would it conceivably have destroyed 56% of the city's property wealth as five decades of suburban sprawl and urban disinvestment have done?