

Property valuation trends essay [5]  
“City Losses Offset Parish Gains in Tax Base”

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. (Table 4 on the previous page compared metro New Orleans to its peers over a more limited, 35-year period.)

Table 5 summarizes official reports from the Louisiana Tax Commission. Total property valuation includes all real property (residential, commercial, and industrial), personal property, and state assessed public utility property. All valuations are tabulated *before* special tax exemptions (like the \$75,000 homestead exclusion) are applied.

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%).

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.

[379 words]