

Fifteen Years of Urban Entrepreneurialism: Lessons from New Orleans

March 19, 2020



It has been fifteen years since Hurricane Katrina descended on the Gulf Coast, leaving mass destruction in its wake. New Orleans, one of the places most severely hit, was left eighty percent under water, the majority of its residents exiled. While most are familiar with the devastating images of physical destruction wrought by Katrina, fewer are aware that the subsequent rebuilding ultimately catalyzed far more significant changes within New Orleans than the storm itself. In a sweeping instance of what Naomi Klein has termed “disaster capitalism,” conservative think tanks and policymakers at the federal, state, and local levels used the chaos and displacement of Katrina to embark on a comprehensive pro-corporate overhaul of the city and its public institutions.

The project was launched only two weeks after the storm in a national address given by then-president George W. Bush. “We will take the side of entrepreneurs,” Bush declared, “as they lead the economic revival of the Gulf region.” This reliance on private enterprise would penetrate nearly every facet of the region’s rebuilding, particularly in New Orleans. Post-Katrina restructuring has led to the creation of the nation’s first fully privatized all-charter school district, the doubling of rent and real estate prices, the rebranding of the city as an “innovation hub,” the contraction of the city’s African-American population by nearly 100,000, and the demolition of New Orleans’s last remaining social housing complex, Iberville.

The Iberville transformation is emblematic. This public housing complex, built in the New Deal era and located just north of the French Quarter, was torn down as part of an effort to revitalize the Tremé and downtown area, and has since been redeveloped as a mixed-income, mixed-use complex with the marketable name “Bienville-Basin.” As of 2017, only 117 of the new Bienville-Basin units were public housing units, replacing 858 former units. This is merely one among a host of examples of low-income residents being systematically pushed aside in favor of higher-income groups and large-scale redevelopments.

None of this was an inevitable byproduct of the storm. The radical changes to the city were both

intended and anticipated as part of the government's approach to rebuilding, which focused less on recovering what had been lost than on reimagining what the city could be. Neither are these changes unique to New Orleans. They follow a familiar pattern of urban restructuring seen in other US cities like Chicago, Detroit, Austin, Denver, and Oakland. Across the country, cities have become policy labs for privatization and deregulation regimes in realms like public education, housing, labor, and infrastructure. But because the storm made possible the acceleration and entrenchment of existing urban policy ideas by providing neoliberal policy makers with a "clean slate," New Orleans offers a crystalized picture of how US cities have been restructured and re-envisioned since the late 1970s, as well as the consequences of this restructuring for low-income and minority residents. Under the current urban policy paradigm, in which profit maximization is given precedence over anything else, New Orleans is a harbinger of where all our cities are headed.

Urban Entrepreneurialism: A New Role for Cities

In recent decades, the management of US cities has changed dramatically. The federal shift towards neoliberalism, alongside corresponding cuts in taxes, social programs, and federal redistribution and funding, has transformed the role of municipal governments and altered the demographics of urban centers. To increase tax revenues and promote economic growth, municipal governments have been taking an increasingly "entrepreneurial" approach to urban governance. Rather than focusing on the provision of public services, this type of governance is strategically designed to encourage investment and maximize the attractiveness of the city for corporations, developers, and middle-class workers—resulting in phenomena like the absurd, protracted inter-urban competition for the new Amazon Headquarters in 2018.

"The entrepreneurial city," as geographer David Harvey has termed it, seeks to improve both the city's business climate and its lifestyle amenities. The strategies employed include the privatization of public institutions and services, the leveling of low-income areas to make room for speculative development, and the expansion of housing voucher schemes. "Urban entrepreneurialism" also involves tax incentives for corporations, prioritizing private sector investment and public-private partnerships, and various gentrification measures that transform urban areas into attractive places for middle-class recreation, consumption, pleasure, and residence.

The months and years following Katrina were shaped by key tenets of urban entrepreneurialism. The city privatized public provisions like education and rebuilding-funds distribution, upended worker-protection laws, and offered tax breaks for corporations investing in the region. Digital media companies, for instance, could obtain a tax credit to cover 25 percent of production expenses and up to 35 percent of payroll costs. The city and state have also funneled millions of dollars into university training programs for prospective tech employees and helped establish an infrastructure of startup incubators and seed-capital opportunities. In tandem with New Orleans's reputation as a "low-cost, high-culture city" (low-cost in terms of real estate and wages, compared to Silicon Valley), municipal efforts to attract businesses have landed the city on a list of the nation's "next great technology hubs."

These economic incentives were accompanied by rebuilding plans that sought to dramatically alter the city's built environment and demographic makeup. Some of the areas least impacted by Katrina, such as the Central Business District and areas in and around the French Quarter, have seen immense city- and state-subsidized investment in infrastructure, luxury housing, retail, and office buildings, with corresponding disinvestment in and razing of low-income areas. Much of New Orleans's public housing, predominantly inhabited by African-Americans, was damaged by Katrina and subsequently never rebuilt. Policymakers welcomed this development, with one Louisiana member of the US House of Representatives, Republican Richard Baker, announcing: "We finally cleaned up public housing in New Orleans. We couldn't do it, but God did." The lots previously

dedicated to public housing are now occupied by new middle-class homes and condominiums—like Bienville-Basin—pushing former public housing residents further to the periphery or out of the city altogether.

Again, this follows a familiar pattern: at the behest of developers, investors, and developer-friendly city governments, low-income and public housing units are sacrificed to clear room for speculative development projects under the guise of terms like “urban renewal” or “revitalization.” As wealthier and whiter Americans seek to repopulate the increasingly economically vital urban spaces they abandoned in the 1960s and 1970s, long-time residents, often low-income minorities, are being priced out or displaced.

But the fact that entire neighborhoods were wiped out by Katrina, their residents scattered across the country, gave an added spur to gentrification efforts, as they could be more easily excluded from rebuilding plans and repurposed to increase the city’s attractiveness for tourists and new arrivals. More disturbingly, excluding areas, and thus also residents, from rebuilding plans facilitated another key aspect of the vision for the “New New Orleans”: it served to alter the city’s racial dynamics. One of the intended consequences of the rebuilding efforts was to drastically minimize access to affordable housing and prevent the African-American population from rebuilding their homes.

The Green Dot Plan

On January 11, 2006, just four months after the storm, the city of New Orleans released the first official rebuilding plan, a section of which would come to be known as the “Green Dot Plan.” This document is one of the clearest distillations of how planners saw Katrina as an opportunity to reimagine the city and its racial makeup. Accompanied by an Economic Development Plan that aimed at creating a “friendly business climate,” the Green Dot Plan contained a series of recommendations toward creating “the new American city.” The plans were drawn up by the Bring New Orleans Back Commission (BNOB), which was appointed by then-Mayor Ray Nagin (currently imprisoned for corruption) and included both city officials and several members of the local business elite, underlining the emphasis on public-private partnerships in the rebuilding efforts.

When the report was released, one of the appointees—local shipping and real estate mogul Jimmy Reiss, who also served as chair of the New Orleans Business Council—stated: “Those who want to see this city rebuilt want to see it done in a completely different way: demographically, politically, and economically.” Reiss made clear that the project of rebuilding was not about restoring the city but about creating a new version of it—a clear echo of what Naomi Klein calls the “clean-slate approach.” Or in the words of the BNOB report itself: “The Commission did not consider rebuilding as a way to replace what was damaged, but as an opportunity to create the best city New Orleans could be—not just for people to return, but also to attract people from around the world to visit and live.”

Based on recommendations from the private Urban Land Institute, the BNOB Commission published a map of the city with a significantly smaller footprint. A handful of green dots covered entire flood-prone neighborhoods that were slated to be demolished and converted into parkland. Set in the middle of former residential neighborhoods devastated by Katrina, these new parks, in addition to functioning as a flood-safety measure, would make the city a more attractive destination for people *choosing* to live there. “If the city is not also a beautiful and inspiring place,” the report questioned, “why would someone choose to live there? All citizens should have access to beautiful park and open space. Every neighborhood should have a park.”

To grasp the implications of where the green dots were located, it’s necessary to understand the racial and class-based topography of New Orleans. Landscape architect George Lipsitz writes that

space is not neutral in New Orleans; rather, as is often the case in American cities, space is deeply racialized. Because of the city's precarious location in a river delta where only a few areas lie above sea level and thus are relatively safe from flooding, higher-lying areas have always been settled by people with more resources. In the 1800s, wealthier white residents settled on the city's highest-lying stretches along the river (now "Uptown"), while free people of color and recent white immigrants, who could not afford to build on higher ground, settled in the more vulnerable, swampy areas downriver. Centuries of systemic segregation and discriminatory housing and lending practices have continued to confine New Orleans's majority African-American population to these areas. Meanwhile, desegregation in the 1960s spurred white flight from low-lying areas occupied by middle-class and poor white residents to the suburbs of New Orleans, creating what historian Juliette Landphair calls a form of "masked post-Jim Crow 'spatial apartheid' based on race and class." Understanding this topography is crucial to understanding which low-lying, flood-prone areas were selectively excluded from rebuilding plans. Those neighborhoods designated with "green dots"—which were disproportionately devastated by Katrina due to the man-made disaster that caused the levee failure, and were discriminated against in the distribution of rebuilding funds—were also the city's majority working-class and poor, African-American neighborhoods.

In their report, the BNOB Commission stated that their main concerns in proposing to demolish certain areas were residents' safety and access to green space. In other contexts, however, Commission appointees described additional motivations behind the plan. Local developer Joe Canizaro, for instance, stated: "We want to make sure that we don't create slums. So at that point, we need to take a hard look and be aggressive about cleaning up the community so it is safe and good for everybody." Given the locations of the areas slated for demolition, Canizaro seemed to be suggesting that an area being "safe" and "good" is incompatible with being "black" and "low-income."

These statements from BNOB appointees and the plan itself demonstrate a complete devaluation of the city's African-American residents in the vision for the New New Orleans, a vision where profit accumulation outweighs consideration of need. Instead, the Commission, in its attempts to "improve" the city, deliberately tried to depopulate low-income areas and replace them with parkland to make the city more attractive for tourists, entrepreneurs, and potential middle-class residents.

The Ramifications

The Green Dot Plan sparked immediate resistance from residents within the city and displaced residents trying to return. Neighbors in the affected areas organized their communities to fight for the right to rebuild. The Green Dot Plan went on to become a central theme in the mayoral election of 2006, and ultimately led Mayor Nagin to reject the recommendations of his own commission—that is, to jettison the entire Green Dot Plan—in order to achieve reelection. However, the story didn't end there.

Although activists were able to overthrow the Green Dot Plan, its core ambitions have been accomplished under different guises and retained in future rebuilding and master plans for the city. To receive city services, residents of low-lying areas were compelled to demonstrate "viability," and areas slated for demolition have had the slowest recovery times. By 2015, one of these areas, the Lower Ninth Ward, had seen only 37 percent of households return, whereas most areas not slated for demolition had regained 90 percent of their pre-Katrina households. Similarly, the demographic shifts anticipated by the BNOB Commission have come to fruition. The city's African-American population has contracted severely, while an influx of white tech workers and Teach For America teachers populate the expanding startup scene and privatized all-charter school system. (4,300 predominantly African-American unionized teachers, who constituted a core part of the African-

American middle-class, were fired after Katrina to facilitate education privatization).

Already in 2011, a study demonstrated that around 10 percent of the city's population had arrived since the storm. This inflow has contributed significantly to the gentrification of certain neighborhoods. Bywater, for example, formerly a majority African-American neighborhood, saw a home price increase of 60 percent from 2013–2015 alone, and is now majority white. Post-Katrina transplants have been a determining factor in the city's affordable housing crisis—a crisis only exacerbated by the systemic eradication of public housing. 37 percent of residents are spending more than 50 percent of their income on housing, and, to address the affordability crisis, the city needs 33,593 affordable housing units by 2025. While the tech sector has created new higher-paying jobs for predominantly transplanted highly-skilled workers, the city's African-American population has mostly been confined to low-paying service-sector jobs with salaries that hardly cover the rent in the increasingly expensive real estate market. African-American New Orleanians are less likely to be employed now than before the storm, and the income gap between black and white residents has grown.

In other words, the city's economy and demography has shifted substantially since Katrina, in line with the ambitions articulated by the BNOB Commission. The Green Dot Plan is an audacious outline of how the business elite and some city officials view urban space and urban populations with the fewest resources: as something to be supplanted, replaced, and optimized by other groups and developments that promise higher returns on investment. US urban history is defined by segregation, redlining, and white flight—phenomena that have confined people of color to certain parts of cities. Now, a key feature of urban development is the displacement of those same populations in the name of profit maximization.

A Different Approach

Though more pronounced in New Orleans, these trends are not unique. Austin, Texas provides another example. By marketing itself as a creative, culinary, and music hub, and offering substantial economic incentives, Austin has attracted tech giants like Apple, Facebook, and Google. Meanwhile, the municipal government has privatized public transit and allowed charterization of 100 public schools. Like New Orleans, Austin is in the throes of an affordable housing crisis and has seen a steady decline in its African-American population. Over the past ten years, rent has increased by over 50 percent, and half of renters struggle to afford housing. Yet, as in New Orleans, affordable housing is being torn down in favor of recreational and residential projects for the middle class. Recently, Austin's City Council approved zoning for a large-scale development called "Domain on Riverside" that will raze 1,300 centrally located affordable units (approximately 3,700 bedrooms, many of which are leased on an individual basis) to build an upscale residential, retail, and hotel complex.

While the national affordability crisis stems in part from wage stagnation and the hyper-commodification of housing, city governments compound the issue through "entrepreneurial policies" that treat the needs of existing residents as an afterthought, at best. Without a fundamental shift in how cities approach governance—which should include an acknowledgement that the market won't solve the affordability crisis, a commitment to building public housing and implementing universal rent control, and a moratorium on the privatization of public assets like education, infrastructure, and natural resources—these trends will only continue. Until then, we will continue to repeat the nightmarish lessons of New Orleans.