

You be the Judge...French Quarter Valuations

There are many factors that go into valuing property: size, age, depreciation schedules, construction costs, sales prices of homes and properties within a neighborhood. If commercial, the income generated by the property will be considered. You can explore these reasons in greater detail at the Assessor's website, www.nolaassessor.com, but put very simply, a variety of tools and methodologies are used.

Since eliminating the seven separate assessment districts in 2010, and upon eliminating seven very different systems of appraisal, the Orleans Parish Assessor's Office has utilized a computer-assisted mass appraisal system for maintaining property data and values to achieve greater tax equity through a uniform, transparent automated system.

As of December, 2012, nearly two-thirds of the city's 166,000 properties have been revalued. The remainder will be completed by August, 2013.

Throughout the process of applying a more fair, uniform and updated system to all city properties, naturally, there will be questions. **In applying a more accurate rate of property valuation, it is also important to phase in increases, so the resulting tax payment levied by the City of New Orleans or appropriate taxing authority can be borne by property owners.**

In 2012, the area which was most impacted by these types of changes as it concerns property re-evaluation was the French Quarter, an area comprised of 70 city blocks, bounded by N. Rampart Street (N), the Mississippi River (S), Esplanade Avenue (E), and Iberville Street (W).

As outlined in detail at our website, www.nolaassessor.com, **the various property valuation techniques utilized by the Assessor's Office established that French Quarter properties could be valued between \$94.84 and \$265.04 a square foot (SF).**

However, properties in the neighborhood were undervalued between -75 to -100 percent, so to make the revaluation increases affordable for all property owners, an across the board revaluation amount of \$60/SF was offered by the Assessor. The City Council, the Board of Review and the Louisiana Tax Commission have subsequently certified this rate of \$60/SF.

Because the properties within the French Quarter are essentially 100 percent developed with virtually no vacant sites available for future development, multiple valuation techniques were used to arrive at a fair and equitable land rate for the French Quarter.

Members of the Assessor's Office Appraisal Unit examined properties in the French Quarter in 2011 and 2012 for revaluation. Recognized approaches to land valuation were employed in developing the final land rate for the French Quarter, including:

- **The Historical Trend**, which set the land value rate at approximately \$180.00/SF.

- **The Comparable Area Method**, which set a median price per sqft of \$94.84/SF.
- **The Allocation Method** of land valuation, which yielded an average land value of \$265/SF.
- **The Abstraction Method**, which yielded a land value between \$179.36/SF and \$220/SF.

The Assessor's office also retained the services of Tyler Technologies-CLT Division to provide supplemental information in the attempt to obtain fair and equitable values for the 2012 Quadrennial Reappraisal and resulted in an indicated average unit value of \$136/sf and a median unit value of \$120/sf for land in the French Quarter. Assessments of other historic districts around the United States as well as parking space sales in the French Quarter were also analyzed to evaluate square foot land values. Independent appraisal reports submitted by taxpayers, such as those by The McEnery Company, were taken into consideration as third party documentation to support the final recommended land value.

The Assessor's Office understands that the French Quarter is a very unique market area/neighborhood and therefore can be difficult to value. Other factors need to be considered when determining market values for the French Quarter such as the economic value component as it relates to tourism and the historical undervaluing of the market area. **With these factors in mind, the Assessor's Office has determined that the best course of action is to phase in a fair and equitable land value for the French Quarter.**

The Orleans Parish Assessor's office has determined the French Quarter land value to be a uniformed \$60.00 per square foot for the 2012 Quadrennial Reappraisal. This indicated unit value is supported by the information gathered by the Office and the methodologies employed in arriving at the indicated land rate.