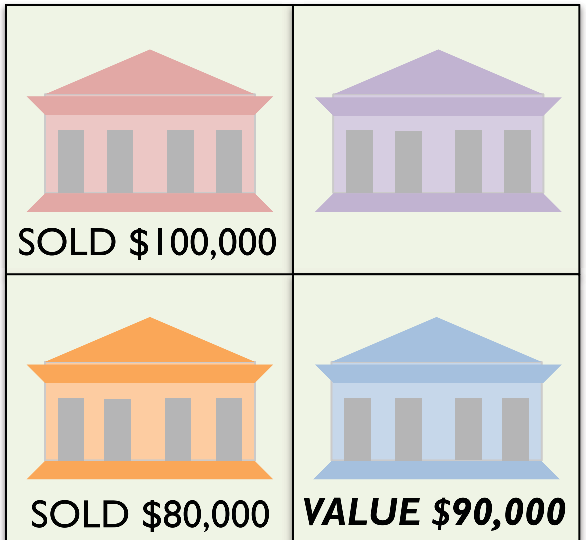
SECTION 3:

KNOW YOUR REAL ESTATE MARKET TO FIND YOUR BEST BLIGHT SOLUTIONS

How Does the Real Estate Market Work?



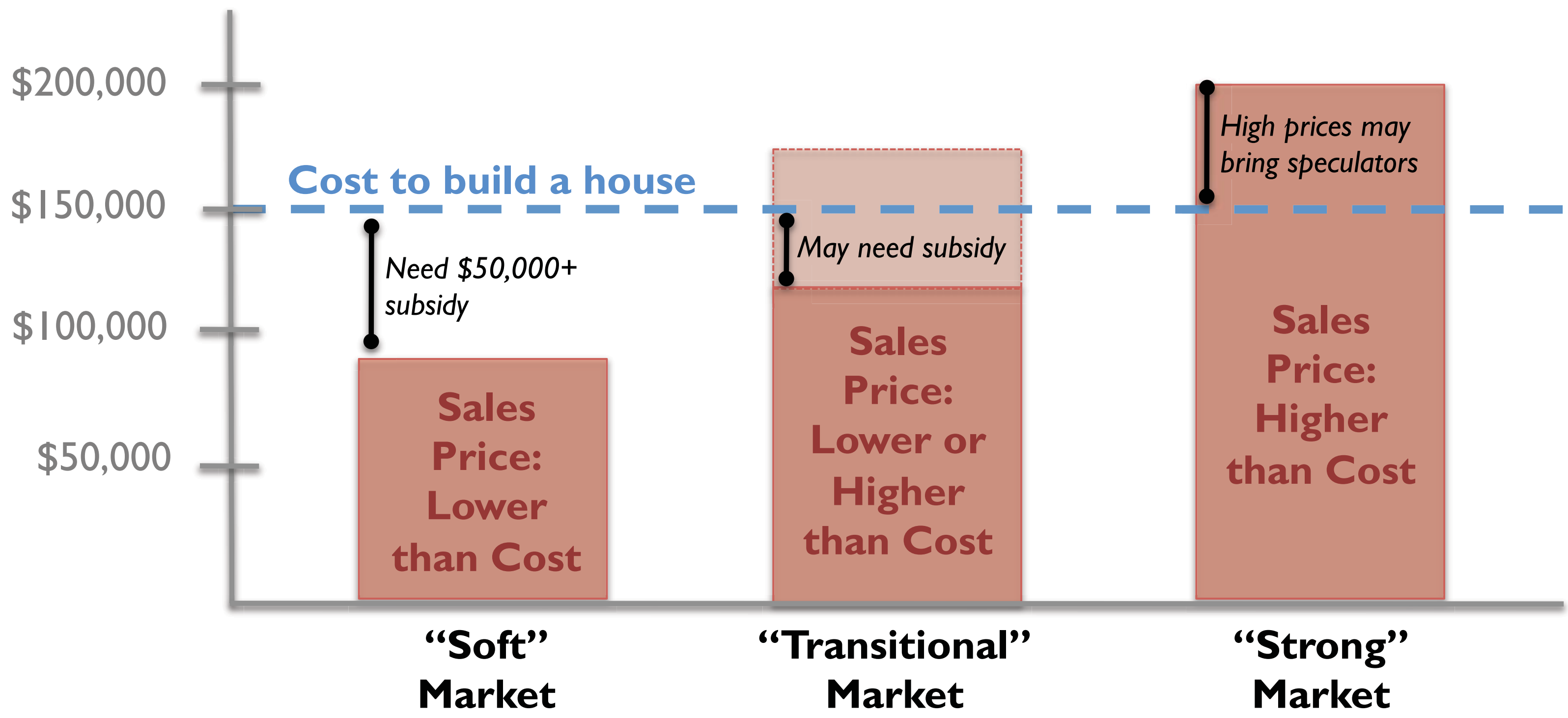
- The real estate "market" is based on how much people are buying and selling property for in a particular area.
- Your property will have an assessed value that is calculated by the assessor to determine your property taxes.
- A more accurate measure is your property's appraised value – a real estate "appraiser" will estimate the value of your property based on similar properties that have been sold recently.

Key Point: The real estate market is based on property values – which are determined by how much properties are being bought and sold for in a particular area.

What are the Types of Real Estate Markets?

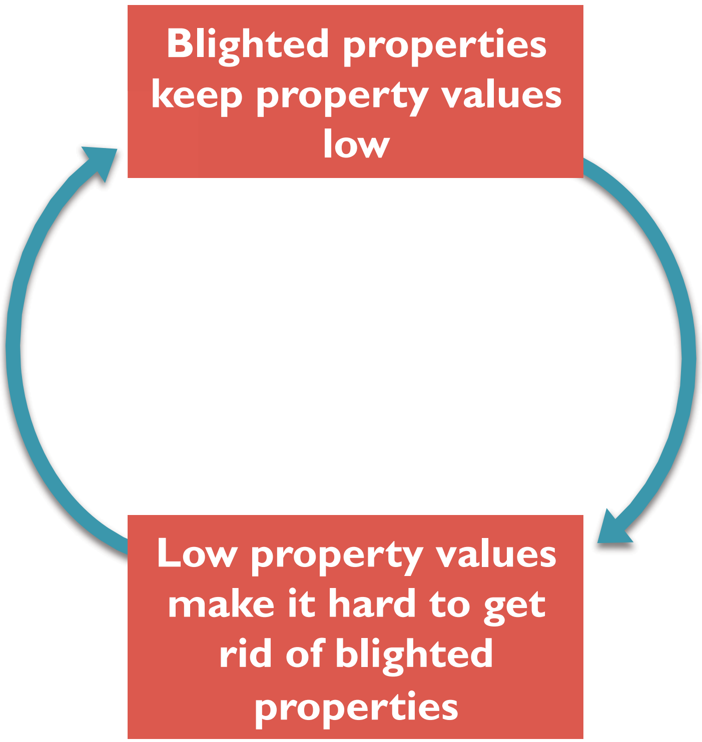
Key Point: Real estate market "types" are based on property values. Blighted properties look the same in any area – but your local market type affects how you deal with them.

Why Does the Market Affect Blighted Properties?



Key Point: In soft markets, low prices mean less building and more blight. In strong markets, speculators may hold onto vacant properties without maintaining them.

Soft Markets: Breaking the Cycle of Blight



- Low property values caused by blighted properties make building new homes & businesses difficult
- Often, properties have been vacant for a long time and have back taxes, clouded titles, or other issues
- Need: policies that can help "break the cycle" by getting properties maintained or returned to productive use for low cost

Key Point: In soft markets, "break the cycle" of blight by finding policies that allow neighbors, farmers, gardeners, or the City to maintain or use properties at low cost.

Strong Markets: Stopping Speculation

Vacant lots can be "missing teeth" in a mostly recovered neighborhood.

- In strong markets, speculators may hold on to blighted properties in the hope of selling them for more money as property values increase
- <u>Need</u>: to fine owners who don't maintain property, and hold auctions to return properties to commerce
- Once returned to commerce, high property values mean new homes and businesses will come in

Key Point: In strong markets, focus on policies that fine speculators who don't maintain property, and on auctions that can return properties to commerce.

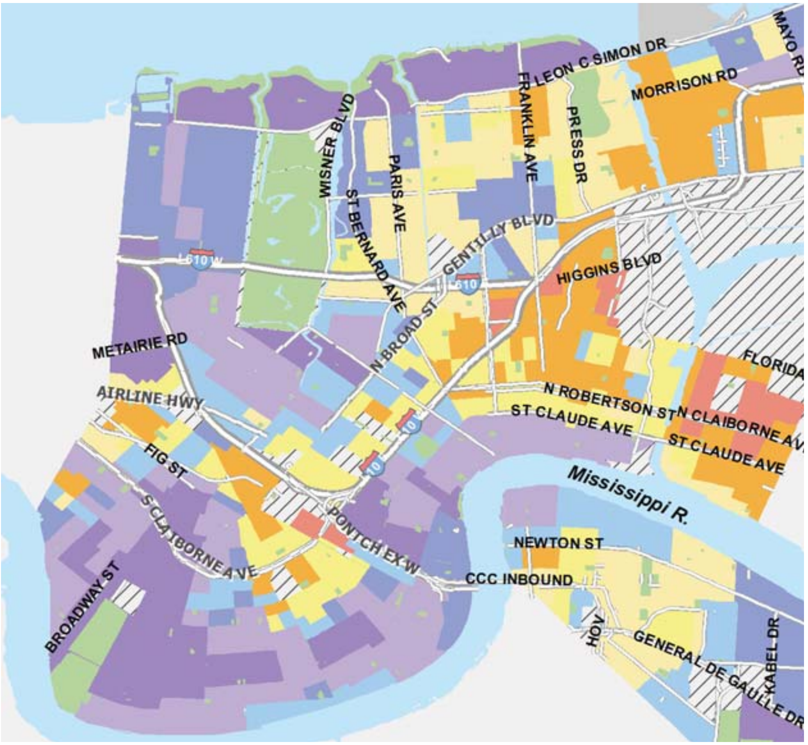
Transitional Markets: Combo of Soft and Strong

A blighted home sits next to a newly constructed affordable home – this situation can often be seen in transitional markets.

- "Transitional" markets have soft-market areas and strong-market areas
- Need: Code enforcement fines, *and* more chances for neighbors to use land productively
- *Example:* In St. Roch, property values are increasing; but much vacant land has high back taxes or clouded title, making it hard to access and driving prices up.

Key Point: Transitional markets need a combination approach – they have both soft-market areas and strong-market areas.

How Can I Find Out About My Local Market?



Source: data.nola.gov, The Reinvestment Fund

- There is a new tool called the New Orleans Market Value Analysis (MVA).
- Roughly, orange and red areas are "soft" markets, yellow and blue areas are "transitional," and purple areas are "strong" markets.
- Make sure to check what the MVA says against your local experience.

Key Point: You can use the MVA to start to understand your area's real estate market. Public MVA maps and documents are in this toolkit and on the website *data.nola.gov.*

Toolkit Activities and Information

For more information and activities related to this section, see:

The New Orleans Market Value Analysis

Worksheet 3: Identifying Your Market Type

These resources will help you identify your real estate market type or types, and will examine community assets that can be used to improve your local market.