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Public Goods for a Few:
The Role of Crime Prevention and Security Districts in New Orleans

A Thesis

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Housing and Community Economic Development

by

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ABSTRACT

This study adds to the limited literature on residentially-focused special taxing districts by addressing three questions on crime prevention and security districts in New Orleans. 1) Do the districts share common characteristics? 2) Do they act as a tool to retain residents? 3) Do they represent what A.O. Hirschman would characterize as “exit,” “voice” or neither, and, as such, how do they effect the city’s potential for service improvement?

The findings show that the districts tend to be wealthier and whiter, and to have higher homeownership rates and home values than the city at large. However, exceptionalities in three of the newer districts suggest greater diversification. This could represent a shift in the perceived role of neighborhood organizations in meeting residents’ service needs.

This study also finds that districts act as mechanisms to retain and, in some cases, placate residents who might otherwise be influential constituencies demanding improved municipal services.

Special taxing districts, Crime prevention and security districts, New Orleans, Charles Tiebout, A.O. Hirschman
INTRODUCTION

Cities across the nation are facing dire fiscal conditions. Government costs are rising, thanks in part to the increasing price tag for health care and pension benefits, while local revenues are plummeting. At the same time, the pipeline of dollars from the state and federal governments has dried up in the wake of the recession. As a result, many municipal governments are facing the tough decision of scaling back on the services they provide, raising taxes or both.

In some instances, local governments have had to cut even seemingly basic public services, leaving private citizens and non-profits who still want those services to pick up the slack. In Obion County, Tennessee, for example the County Commission voted to expand subscription-based firefighting services throughout the county (Sisson 2010). Beginning in July 2011, all fire departments in the area will require residents to pay an annual fee for their services. In Colorado Springs, Colorado, severe service cuts have forced the city to turn off one-third of its street lights, stop mowing medians and pull all garbage cans from parks (Patton 2010). Private organizations and citizens have, in many cases, stepped in where government has scaled back. Citizens can “adopt a street light” on their block and have it turned back on by paying a donation. They can also adopt trash cans and medians. While perhaps extreme examples of the private provision of typically public goods, Obion County and Colorado Springs are representative of a larger phenomenon of private citizens choosing to fill local governments’ service gaps.

Creating special taxing districts is one way for groups of citizens to provide themselves with additional or enhanced public services that the government may not be able to afford or care to provide. Special taxing districts are geographically defined districts in which members authorize the local government to levy additional taxes or fees on them for a specified purpose.

Special taxing districts along commercial corridors, often called business improvement districts, are one of the more common and studied types of districts. Business improvement districts became popular in the 1980s and 1990s following a reduction in funding for urban economic development. In these districts, business owners join together to fund services such as promotion and marketing, landscaping and urban design, and enhanced street and sidewalk cleaning. While not as common, special taxing districts can also be created in predominantly residential areas. New Orleans has 15 crime prevention and security districts that are a prime
example of residentially-focused special taxing districts. Residents in these districts agree to tax themselves extra in order to have an increased police presence in their neighborhoods.

Special taxing districts are a useful tool for business owners and residents who are unsatisfied with the amount or quality of services their local government is providing. The districts allow citizens to remain in the municipality despite their dissatisfaction. But special taxing districts are not without pitfalls. When exploring non-traditional options for providing public services and goods, it is important for policy makers and citizens to understand the policy implications and pros and cons of allowing groups of citizens to provide public services at the sub-local level.

There is a substantial body of literature associated with commercially-focused special taxing districts. Much less research has been conducted on special taxing districts in predominantly residential areas, however. This study will add to the relatively limited literature on residentially-focused special taxing districts by reviewing and analyzing crime prevention and security districts in New Orleans. Specifically, it will seek to answer three questions. First, do the districts share common characteristics and, if so, do these characteristics distinguish them from other areas in the city? This question is motivated by Richard Briffault’s (1997) query of whether or not special taxing districts are, in practice, available to all residents who desire a more or higher quality of services, or if only wealthier neighborhoods have the resources to implement them. Second, as Leah Brooks (2007) suggests is possible of special taxing districts, do the crime prevention and security districts break the link between Tiebout sorting on taxes, public goods and municipal boundaries by keeping residents from leaving the city in search of a more favorable package of taxes and services? Third, are crime prevention and security districts an exercise in exit, voice or neither (Hirschman, 1970)? And, if they are neither, do they create what A.O. Hirschman (1970) terms “lazy monopolies”, effectively siphoning off and satisfying those who would otherwise complain about the quality of services and demand improvement?

New Orleans provides an interesting case study on residentially-focused special taxing districts because it has a relatively large number of districts and because several of them have been in existence for more than a decade.

This study will review and analyze the 15 crime prevention and security districts in New Orleans. It will compare characteristics of the districts to each other and to the city at large. Characteristics that will be considered include the amount district residents are charged and the
method of providing policing services, the demographics of district residents, and the
homeownership rates and home values in the districts. Through targeted interviews, this study
will attempt to determine if the option of creating and/or living in a crime prevention and
security district has kept some residents from moving out of New Orleans, and if the option
silenced their “voice” over the need for better or more effective security services.

The study begins with a review of the existing literature in three areas: 1) public choice in
the provision of public goods, 2) possible consumer responses to unsatisfactory service quality,
specifically, the factors affecting the decision to leave an organization or voice concern, and 3) special taxing districts. It then outlines the methodology used to answer the three research questions and details its limitations. Finally, it reviews the findings of the study, discusses the results and provides conclusions based on them.
LITERATURE AND THEORY OF SPECIAL TAXING DISTRICTS

A special taxing district is a geographically defined district that authorizes a city to levy additional taxes or fees on its members in return for a specified purpose. Special taxing districts are known by a number of different names and vary in purpose. Some districts focus on serving businesses; others serve primarily residential areas. Business Improvement Districts, also known as BIDs, are one of the more common types of special taxing district and are business-oriented. Downtown Development Districts are another common commercially-focused special taxing district. This study will analyze a type of residentially-focused special taxing district in New Orleans – crime prevention and security districts.

Janet Rothenberg Pack (1992) defines special taxing districts as having three critical characteristics. First, districts are in one area of one city and all expenditures are restricted to within that area. Second, districts are organized and financed by their members, who can include property owners, merchants or voters in the area. To create the district, a majority of members must agree to pay a tax or parcel fee to support the district. Once the majority of members agree to self-imposed taxes or fees, all members of the district are required to contribute. Third, revenues are used to purchase supplemental services or to undertake capital improvements beyond those provided by the city.

The use and structure of special taxing districts raises a host of theoretical and technical questions on a range of issues, including policy choice, governance, performance measurement and institutional design. Existing literature has explored these and other questions to a degree. Two primary bodies of literature in particular are germane to this study: 1) that on the economic theories on public choice, responses to declines in firms and organizations, collective action, and private government, and 2) that on the advantages and disadvantages of special taxing districts, their growth and effectiveness, as largely explored through case studies of business improvement districts. The first body sheds light on some of the theoretical questions surrounding the creation and use of special taxing districts. The second tends to be more empirical and provides insight into possible approaches for analyzing the effectiveness of residentially-focused special taxing districts and into the advantages and disadvantages of special taxing districts in general.

This study will build on existing literature, generally, and the small cache of literature on residentially-focused special taxing districts, specifically, by providing a case study on crime
prevention and security districts in New Orleans. In reviewing New Orleans’ security districts it seeks to answer two questions. First, do the 15 security districts in New Orleans share certain characteristics and, if so, do these characteristics distinguish them from other areas of the city? In other words, are there characteristics that make certain areas more likely to consider and successfully pursue the implementation of a special taxing district? Second, does the existence of such districts have social and political consequences? This second question will draw heavily from political economy literature.

The following review contains four parts. The first part discusses the history and legal authority for special taxing districts. The middle two review the pertinent literature. The final section discusses areas that could benefit from further research and that will be the focus of this study.

**History**

Jerry Mitchell (2008) identifies the historical antecedents of special taxing districts in the 19th century use of benefit-based special assessments to finance new municipal infrastructure, the City Beautiful movement at the turn of the 20th century, and the trend towards suburbanization and special district governments later in the century. Special taxing districts became popular in the United States in the 1980s. The districts were seen as a means for property and business owners in fiscally strapped cities to join together to maintain a level of services they felt essential, but which the local government could not afford to provide. These services often included commercial district promotion and marketing, landscaping and urban design, more frequent trash pick-up, street and sidewalk cleaning, additional security and/or capital improvements.

Still popular today, the purpose and role of special taxing districts remains much the same – making them a powerful tool in cities once again struggling to make ends meet. Jonathan B. Justice (553) sees the continued use and rise in special taxing districts as part of a larger trend, particularly pronounced in the U.S., toward “functional specialization and spatial decentralization in local as well as metropolitan geography and governance.”
Legal Authority

Enabling statutes for the creation of special taxing districts are typically contained in state law. Statutes often lay out the types of districts allowed and the process for creating them at the local level, including who the members of districts are and by what majority they must approve of the district. Three additional provisions often found in enabling statutes are: sunset provisions requiring special taxing districts to be periodically reauthorized, provisions requiring maintenance of initial city-provided service levels and escape provisions for fiscal emergencies. These provisions protect district members and seek to ensure that the creation of a district does not reduce government investment and services in the area or overall.

Differences in enabling statutes and the flexibility designed into many of them have resulted in considerable variation in the institutional design of special taxing districts and their relationship to local government (Justice 2009). Most commonly, special taxing districts are administered by nonprofit corporations, but with the power to secure a funding stream (Schaller and Modan 2005). They may also be freestanding public authorities, downtown partnerships or property management firms under contract to a voluntary board of district members. Regardless of their design, special taxing districts hover between the public and private domains. They are extra-governmental providers of public goods. As such, Justice (2009) notes that while a long-standing tradition in U.S. local governance, special taxing districts are not readily accommodated within traditional political and managerial theories of public administration.

While provided for in state law, special taxing districts are ultimately created by members of the proposed district. Depending on the type and structure of the proposed district, membership may be defined as property owners, merchants/owners of commercial establishments or voters living in the area. In deciding whether or not to adopt a special taxing district, a member of the proposed district considers the costs and benefits to them of the formation of the district. In other words, they determine whether the increase in property value or quality of life that will result from the creation of the district will be more or less than the cost of the additional taxes or fees to support it. The answer to that question will vary significantly based on the perceived problems with services and infrastructure in the area and with neighborhood characteristics.
Leah Brooks (2007) presents supply-side and demand-side hypotheses for why citizens elect to create special taxing districts. On the demand-side, she says that more heterogeneous cities should be more likely to supplement or opt out of government provision of services. The intuition behind this prediction is that heterogeneous residents may have more difficulty agreeing on public goods of mutual interest, thus creating the need or desire among certain groups to supplement local public goods.

On the supply-side, she notes that even groups with common goals face collective action problems in the provision of public goods. One way to overcome collective action problems is by creating an institution that coerces membership. Special taxing districts provide a vehicle for coercing participation while allowing members more control over how revenues are spent than general taxation. Brooks also notes that the age of a city has an impact on the adoption of special taxing districts, with older cities more likely to use them. She suggests that older commercial neighborhoods (and therefore older cities) are more likely to experience larger positive externalities from and greater economies of scale in local public goods provision than newer commercial neighborhoods and are therefore more likely to benefit from special taxing districts. This is because older commercial neighborhoods have a larger number of stores in a small geographic area, and diverse ownership of the buildings housing the stores. In newer commercial neighborhoods, on the other hand, stores are typically located in shopping malls, strip malls or big box centers where a single developer writes a contract with the tenants to provide public goods.

Although authorized at the state level and adopted by citizens, local government also has a role in the implementation of special taxing districts. The taxes and fees which finance the districts are often collected by a local taxing authority and then, depending on the terms of the district, used to provide additional services or given to the district for use in acquiring services. Special taxing districts represent a small cession of power for local government. However, in return, they offer a mechanism for near-free funding of municipal improvement. Special taxing districts also provide an alternative to government-sponsored and directed revitalization initiatives – such as Tax Increment Financing districts, Enterprise Communities, Empowerment Zones and local redevelopment zones (Brooks 2008).
Security Districts and Economic Theory

There are a number of economic theories that shed light on the theoretical questions surrounding the creation and use of special taxing districts in general and security districts in particular. Theories of public choice, possible consumer responses to declines in organizations, collective action, and private governments are worth exploring in some depth.

Public Choice

Public choice theory assumes that people make decisions based on their own self-interest. Thus, they decide where to work and live, or what public goods to demand based on calculations of personal cost and benefit. Charles Tiebout (1956) took public choice theory a step further and said that people would move from one community to another in order to maximize their personal utility. In other words, they would move to the community that offered the level and quality of services they desired at the best price. Tiebout’s model states that through the choices of individuals, jurisdictions and residents will find equilibrium in the provision of local public goods in accordance to the tastes of residents, and will thereby sort themselves into those communities whose bundle of goods maximize utility.

The positive potential in public choice theory and the Tiebout model is the idea that cities can proactively compete with suburban districts to attract businesses and consumers by offering an optimal set of tax burden, services and business conditions (Schaller and Modan 2005). Special taxing districts allow property and business owners even greater choice by allowing them to exercise Tiebout-like flexibility without the expense of voting with their feet (Briffault 1997, Brooks 2008).

However, critics note that people’s ability to exercise choice is limited by imperfect information and mobility. Historical, cultural, social and political modes of inclusion and exclusion impede access to information, while local real estate markets force mobility through displacement (Schaller and Modan 2005). Since special taxing districts have the potential to collect revenues and to reallocate these resources within their geographical jurisdiction, it is important to consider the micropolitics of neighborhood boundaries – such as how they are constructed and institutionalized – when establishing the boundaries of special taxing districts.
(Schaller and Modan 2005). Otherwise, districts may end up reinforcing political configurations that exclude traditionally marginalized residents and small businesses.

Responses to Unsatisfactory Service Quality

In his seminal work, *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organization, and States*, A.O. Hirschman explores mechanisms – in addition to competition – that prompt recuperation in firms whose performance has deteriorated. Hirschman says that there are two ways for a firm to learn of its failings: 1) consumers stop purchasing its products, causing a dip in revenues and 2) consumers express their dissatisfaction to the management, causing them to seek possible cures to the complaints. The first mode is called exit; the second is called voice. Hirschman places exit in the realm of economics and voice in politics (1970, 15).

The exit option falls within public choice theory. The Tiebout model is a form of exit: a person is dissatisfied with the bundle of services and taxes in a municipality so he moves elsewhere. Revenues dip as a result. It is the dip in revenues, Hirschman says, that provides the potential for recuperation in the firm or, in the case of the Tiebout model, the state. For recuperation to occur, however, the dip in revenues cannot be too small or too large. If it is too small, it will not be sufficiently bothersome to cause the firm to act. If it is too large, it will weaken the firm to the point of bankruptcy and make recovery impossible.

The voice option is when consumers or members attempt to change the practices, policies and outputs of the firm, rather than simply leaving. Hirschman notes that in comparison to the exit option, voice is costly and conditioned on the influence and bargaining power consumers and members can bring to bear, or think they can bring to bear, within the firm or organization (1970, 40). He says that the presence of an exit alternative can therefore tend to atrophy the development of the art of voice. The presence of an exit option can also diminish the potential for recuperation by creating what Hirschman calls “lazy monopolies” (1970, 59). The most quality-conscious consumers, who would also likely be the most vocal about deterioration, will leave first. Their exit may result in revenue losses too small to alert management to its failings while also weakening voice decisively by drawing away the most vocal consumers. Those who remain are therefore left with an inefficient firm. Hirschman (1970) notes, however, that loyalty to a firm or organization can postpone the exit of the most quality-conscious consumers.
Hirschman’s insights are relevant to the case of special taxing districts. However, it is not immediately clear which option – exit or voice – they represent. On the one hand, they allow residents to procure services from an entity other than the municipal government and, in doing so, satisfy and potentially silence quality-conscious consumers. Looking at the phenomenon this way, special taxing districts appear to be an example of exit. On the other hand, they do not cause the dip in revenue associated with exit, and residents living within the boundaries of a special taxing district build a constituency that may exert political influence on the larger municipality. In this view, special taxing districts more closely resemble an example of voice. This thesis will further explicate this tension.

Collective Action

Collective action is the pursuit of a goal or set of goals by more than one person. Collective action can create problems in the provision of public services, particularly in heterogeneous groups. Theory suggests that the more heterogeneous the group, the less efficient the provision of goods, because there is less likely to be common agreement on which bundle of goods to provide. One solution to this problem is to decentralize the provision of public goods to smaller, more homogenous populations. The use of local government, rather than state or federal governments, to provide core public services, is an incidence of a decentralized approach to public administration. It is also a foundational theory for special taxing districts since it implies that decentralized decision-making about public goods and the private provision of them is more efficient than provision by local government.

Another problem of collective action is that when large groups do find common purpose, they uniformly find it difficult to provide public goods for themselves because of the free rider problem. Free riders benefit from public goods and services without contributing to their provision. Two ways to overcome the free rider problem are to 1) exclude non-members from the benefits of the good, making the good no longer a public good, and 2) coerce all group members in to contributing to the provision of the good. The second mechanism is the essence of special taxing districts (Brooks 2008).

With his economic theory of clubs, James M. Buchanan (1965) advanced the idea that a good can exist between the extremes of purely private and purely public and thus overcome
some of the problems associated with collective action. Buchanan posited that there are some goods and services, the consumption of which involves some “publicness,” where the optimal sharing group is more than one person but smaller than the infinitely large number that characterizes public goods. In other words, he writes, “the theory of clubs is, in one sense, a theory of optimal exclusion, as well as one of inclusion” (Buchanan 1965, 13). For these goods there is a benefit in both sharing it and limiting access to it. If there is benefit in a good existing in this in-between space, the quantity of the good, the size of the club sharing in its consumption, and the cost-sharing arrangements must be determined.

Special taxing districts are, in many ways, a real-life execution – on a geographic plane – of Buchanan’s theory. They represent a negotiated space in which interested consumers can reap the benefits of both the collective and exclusive consumption of certain goods. The question then arises of what goods it makes sense to consume in such a way. For example, for purely public goods, congestion does not occur and thus there is not a benefit to limiting access to them. In terms of this study, the pertinent question is whether or not a benefit is or can be realized by consuming police services from within a club and, if so, if those benefits can be attained without a corresponding loss elsewhere.

_Private Governments_

Robert Helsley and William Strange (1998) define private governments as voluntary organizations that provide supplemental services to members who have paid for them. Private governments interact strategically with local governments, relieving the fiscal pressures on them while providing for improved services.

Helsley and Strange relate their model of private governments to the literature begun by Tiebout (1956) and Buchanan (1965). Like Tiebout, they believe private governments allow for agent choice among competing expenditures and tax bundles (283). But rather than exerting their preferences through their choice of a community, in the private government model, agents reveal their preferences by choosing whether or not to join a private government and, therefore, receive supplemental provisions. The private government model links to Buchanan’s (1965) theory of clubs in the belief that exclusion can lead to an efficient allocation of public goods. Unlike with
Tiebout and Buchanan’s models, Helsley and Strange maintain that with private governments, agents always remain involved with the public sector.

Helsley and Strange offer two examples of private governments: residential community associations and business improvement districts. While similar in concept to special taxing districts that are residentially-focused, residential community associations are often created upfront by developers as part of a planned development or condominium building. This differs from special taxing districts, which are collectively created by parties interested in selectively enhanced provisions. The authority for and enforcement powers of residential community association and residentially-focused special taxing districts also differ.

Helsley and Strange (1998, 286) use a two stage game model to compare resource allocation with private government to resource allocation without private government. In the first stage, the public sector chooses whether or not a private government will be allowed to form, and it collects a membership price to cover the fixed costs of forming the government. In the second stage, the public sector and the private government choose levels of the collective good, and consumers choose whether or not to join the private government to maximize utility (286). Based on their analysis, Helsley and Strange draw two main conclusions. First, private government causes the public sector to reduce its provision of the collective good. Second, the welfare effects of private government are ambiguous and complex. In some cases, a private government increases aggregate welfare of members and nonmembers alike. In other cases, it can decrease welfare for the majority of the population, including its members. The introduction of private government is therefore not a Pareto improvement. To be a Pareto improvement the introduction of private government would have to allocate goods in such a way as to make at least one individual better off without making any other individuals worse off.

Susan E. Baer (2000, 2008) analyzes Helsley and Strange’s model of private governments from a polycentric perspective. In doing so she applies the model to what she calls community benefit districts (CBDs). She defines a community benefit district as a private governance organization whose property owners, both residential and commercial, pay property taxes in addition to what the city levies to receive supplemental services such as safety, sanitation and economic development (2008, 52). She notes that CBDs are distinct from BIDs because BIDs traditionally have assessed or charged a fee only to commercial property owners. Baer’s CBDs are essentially residentially-focused special taxing districts.
Baer posits that private governments fall into the central debate between metropolitan reformers and polycentrists. Metropolitan reformers, she says, claim overlapping units of government, like CBDs, are a problem because they confuse consumers. Instead, they recommend that there be only one local government. The concept of polycentrism, in contrast, suggests that a system of ordered relationships underlies the fragmentation of authority and overlapping jurisdictions in the government of metropolitan areas. While reformers see this as creating an inefficient duplication of services, polycentrists argue that agencies offer similar but differentiated services. For example, private governments might offer safety services that are differentiated from what a city government offers as police services (53). Finally, reformers find small local governments to be undemocratic and discriminatory, a claim that may be extended to private governments. The polycentric model of governance, however, sees advantages in the homogeneity of small government. Namely, such units of government may be more beneficial in meeting service preferences and allowing individual users to voice their demands for their preferred bundle of services.

Tiebout’s public choice theory is a major component of the polycentric model. So too is the idea that local government in metropolitan areas can be organized and reorganized to meet service preferences (Baer and Marando 2000, Ostrom et al 1961). The model further posits that the greater the number of governments, the more likely residents and businesses’ public good preferences will be realized. The growth of the suburbs has been taken as evidence of the efficiency of polycentric model (Baer and Marando 2000, Stein 1987, Dowling et al 1994). Baer and Marando (2000) apply the polycentric model to intra-city decentralization. Ultimately, Baer contends that the creation of private governments formalizes service level differences among residents and businesses within cities, because to receive supplemental services, property owners must join private governments, like CBDs or BIDs, and pay taxes or fees that are not paid by non-district property owners (56). Private governments allow residents who cannot or do not wish to move to another jurisdiction to stay in place and receive particularized goods and services. Baer writes that private government is, in effect, “an exercise of ‘voice’ rather than exit” (57).

In exploring the formation of the Charles Village Community Benefits District in Baltimore, Baer (2008) notes a number of concerns with implementing the polycentric model. One, expressed by some Baltimore city council members, is that CBDs would balkanize the city,
allowing white middle-income neighborhoods to engage in an elitist movement to obtain services and to exclude lower-income neighborhoods. Specifically, the council members feared that the creation of CBDs would be a subtle form of “gating.” This and concerns similar to it, derive in part from the difficulties low-income communities often have in forming and operating private governments and the belief that larger provision units will ensure that the wealthy pay for services for the poor.

However, large provision units are not a panacea; they too can create inequities. Residents of poor neighborhoods may have even less voice about the type of services they desire than they do in small provision units. Baer posits that if all areas of a city, including low-income communities, are able to form their own private governments, while also receiving intergovernmental aid from overlapping large provision units, then a CBD’s benefits may outweigh its potential abuses. The question then is where exactly the threshold lies for benefits to outweigh abuses. In New Orleans any group of citizens can approach their state and local representatives about creating a private government. But is simply allowing all residents the option of creating a private government enough? Or are some groups of citizens more equipped politically and financially to actually form such governments and, therefore better able to access the benefits? Residents in 15 areas in New Orleans have approved a private government in the form of a crime prevention and security district. This study will examine whether the members of those districts are representative of the population of the city at large.

Research Studies on Special Taxing Districts

Special taxing districts have been popular for 20 years, yet there is still limited agreement on their usefulness and limited research on their outcomes. Some scholars see special taxing districts as a good sign of civic engagement and as a way to efficiently provide public services, offer choice on the level of services and the cost of living within a city, and generate additional investment in urban places (Mitchell, 2008; Hochleutner, 2008; Justice and Goldsmith, 2008). Others fear that hyper-localism in service provision exacerbates existing social and geographic divisions and weakens local government (Justice, 2009; Justice and Goldsmith, 2008; Pack 1992).
Much of the empirical work on special taxing districts consists of case studies of business improvement districts and downtown development districts. These have provided a fairly extensive accounting of the advantages and disadvantages of such districts.

Potential Advantages and Disadvantages

While not a panacea for urban ills, special taxing districts can potentially provide a number of benefits. One potential benefit is an increase in property values in the area. A district with enhanced services may look better and appear to provide a better quality of life for its members. This, in turn, may make it a desirable place to live or work – increasing the value of property within the district and increasing revenues for the city. Another advantage of special taxing districts is the creation of a direct link between the funds collected for services and the provision of them. Members of a district pay an agreed upon amount for provision of a service. Revenues collected go directly towards funding that service. This makes costs transparent and adds a new efficiency to service provision.

As discussed above, special taxing districts may also help solve the free rider problem that groups face in trying to voluntarily provide services in an area (Brooks, 2007; Pack, 1992). For example, everyone in a neighborhood benefits from neighborhood watch programs, but because such programs are voluntary, not everyone must contribute time or resources to them. The free rider problem results in some residents receive a disproportionate benefit and others paying a disproportionate cost. Special taxing districts solve this by requiring mandatory participation by all members following majority adoption of the district.

Finally, while the existence of economies of scale is an important consideration in public finance theory, the services typically provided by special taxing districts are those that do not need or benefit from economies of scale, or are able to tap into existing networks (Pack, 1992). For example, enhanced security can be provided through the police department, which has already achieved economies of scale, or through a private security company. A private security company need not have the facilities, laboratories and diversity of staff required for municipal police departments.
Yet, for all of their potential benefits, research has shown special taxing districts to have some serious disadvantages and has raised concerns about their equity (Schaller and Modan, 2005; Justice 2009). Schaller and Modan (2005) point out two fairly straightforward disadvantages of special taxing districts related to their mandatory participation requirement: 1) in some cases, the cost of the district may cause people who do not want to pay for it to leave, and 2) the cost may reduce profits and increase rents for business and property owners in the district, driving them out.

Special taxing districts also raise a number of concerns about equity. Justice (2009) notes several of these, including the concern that ratepayers are paying twice for services – or, conversely, that they gain additional attention from local government at other taxpayers’ expense. Another concern is that special taxing districts may enhance perceptions of or exacerbate existing social divisions within a city by allowing higher income neighborhoods that can afford better services to opt into them, while leaving lower income services with basic or sub-par services (Pack 1992). This study will look at the possibility of this in New Orleans by comparing the household incomes in areas with crime prevention and security districts to those without them. Stratification from special taxing districts could erode a broader sense of community, lead to an every-man-for-himself feeling in the city, and increase resistance to general tax increases. If citizens are more willing to pay taxes that support their neighborhoods rather than the functioning of the city as a whole, the city could experience a reduction of revenues, hindering its ability to provide services, and creating a cycle that ends with wealthy areas paying for and having services and other areas not.

In addition, special taxing districts may shift problems and resources within a city, increasing problems in areas that cannot afford to or choose not to finance a special taxing district. For example, a security district may lower crime in the district by pushing it into adjoining areas. Understanding what drives the development of security districts – crime, the perception of crime or both – is important to understanding the possible effects of the district. Finally in the category of equity concerns, in some states voting power for special taxing districts is only given to property owners, even though renters indirectly pay the cost and reap the benefits of the district. Even in districts that offer non-property owners voting power, decision-making power on the board is often weighted toward property owners.
In addition to concerns about equity, critics of special taxing districts raise concerns about the privatization of public space and public services (Justice 2009). Concerns about the privatization of public space include issues of governance as well as physical access to and control of space. For example, Justice (2009) notes that in some cases special taxing districts enable businesses to turn civic spaces into purely commercial ones.

Two final disadvantages of special taxing districts are that they are insulated from public accountability and could increase resistance to general tax increases. Special taxing districts are removed from public democratic channels and accountability, and their decision-making processes are removed from public deliberation and challenge. They are structured as a means of managing space and providing services, rather than as democratic models of governance (Schaller and Modan 2009).

In short, despite their benefits, special taxing districts can become problematic entities. Schaller and Modan (2005) note that they avail themselves of the public power to levy self-imposed taxes and/or fees and to reinvest these exclusively in narrowly identified community endeavors for aims that benefit a narrow constituency.

Room for Further Study

Despite the prevalence of special taxing districts around the country they are not yet fully documented or understood in the literature. Briffault (1997), writing 15 years ago, questioned whether special taxing districts would spread to residential areas and, if they did, if the potential benefits of them could be extended to areas unable to finance supplemental services or improvements out of their own resources. In other words, if only neighborhoods with concentrations of wealthier residents would benefit from the option of special taxing districts, or if they would be universally applied. Since then, special taxing districts have cropped up in residential areas. The spread of crime prevention and security districts in New Orleans over the last 15 years is an example of the growing phenomenon of residentially-focused special taxing districts. But the question still remains of whether or not the districts are, in practice, available to all residents who desire more or a higher quality of services, or if only wealthier neighborhoods have the resources to implement them. This study will attempt to answer the question by comparing characteristics of areas with security districts to the city at large to see if the areas
with districts stand out. It will not, however, delve into the whys of any differences that do exist between the areas with districts and those without. Answering that question would require a survey of residents citywide.

With the use of special taxing districts spreading, Brooks (2007) suggests that the districts may be plentiful enough to break the link between Tiebout sorting on taxes and public goods, and municipal boundaries by providing a tax and public goods choice not available from the city but within the city. This raises questions about the future role of local government in service provision and the distribution of what previously have been considered public goods and services. Through interviews with residents who approved crime prevention and security districts in the areas in which they live, this study will shed light on the rationale for the special taxing districts in residential areas. Did the option of creating a district keep residents from leaving the city in search of a more favorable package of taxes and services? If residents could provide themselves with all their services on a sublocal level – effectively replacing the city as the provider of public goods – would they?

Finally, ostensibly groups of citizens participate in special taxing districts because they are unsatisfied with the level or quality of services the municipal government is providing. Hirschman (1970) presents two possibilities for consumers – in this case, citizens – facing declines in a firm or organization: exit or voice. Participation in special taxing districts, however, is not clearly one or the other. Brooks’ (2007) claim that special taxing districts allow for Tiebout sorting within municipal boundaries suggests that the districts provide some element of exit. However, they do not result in a reduction in revenues as would a total exit to a rival municipality, and could be seen as a means for voicing displeasure with the quality or level of services the government is providing. Special taxing districts existence in a space in between exit and voice raises questions about their effect on an inefficient government. Do they create what Hirschman (2007, 59) calls “lazy monopolies,” effectively siphoning off and satisfying those who would otherwise complain about the quality of services and demand improvement? If so, what does this mean for residents who do not live in special taxing districts? Are they left with subpar services or do they use voice to demand improvement? This study will begin to explore these questions through targeted interviews with city officials and residents living in some of the crime prevention and security districts in New Orleans.
METHODOLOGY

This study uses two approaches to answer the question of whether crime prevention and security districts in New Orleans share common characteristics and, if they do, whether these characteristics distinguish them from other areas in the city. First, it compares the structure of the individual districts – the amount district residents are charged, the amount districts spend on security and the method of providing policing services – using information gathered from public sources, such as Louisiana laws, annual required audits of the districts, media reports, and district and neighborhood websites. It also uses information provided by the Orleans Parish Assessor’s Office in response to a Freedom of Information request submitted on September 25, 2012.

Second, it uses maps of the districts and the city overlaid with social and demographic indicators available from public sources, like the Census, and from third party data providers. The author used the online mapping tool Policy Map to draw maps of the districts. District boundaries were collected from Louisiana laws. The social and demographic indicators used in the study include household incomes of people residing in the districts, race of people residing in the districts, homeownership rates and home values. These indicators were chosen because information on them was available and because they provide a common demographic profile of the population of the districts. Policy Map was used to generate reports on the districts for the chosen indicators using Census data. To facilitate comparison of the districts, the author input the results for each indicator into Excel along with the citywide result.

The second and third research questions this study addresses – whether security districts keep residents from leaving the city and whether their existence affects the city’s potential for improving its police services – are more qualitative in nature. To answer these questions, this study draws, in part, from interviews of six individuals associated with or knowledgeable about crime prevention and security districts in New Orleans. Interviewees were selected because of former or current leadership roles within crime prevention and security districts, past professional work with security districts, and on the recommendations of others involved with security districts in New Orleans. The author contacted the leadership of districts that provide

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1 The Louisiana Legislative Auditor requires the security districts, as quasi-public enterprises, to submit annual financial audits. These audits are available on the Legislative Auditor’s website, http://www.lla.state.la.us/
2 Maps and community reports on the districts were generated using the online mapping tool Policy Map, www.policymap.com
contact information on their websites. Initial contact was generally made via email and occasionally by phone. Only a handful of leaders responded to the author’s request for an interview. Two interviewees are currently presidents of their security districts – the Lakeview Crime Prevention District and the Mid-City Security District – and one is president of her neighborhood association, the Lake Vista Property Owners Association. One is a city official; another is a former state representative and was the sponsor of the legislation creating the first crime prevention and security district in the state. Interviews were conducted both face-to-face and via the phone, and typically lasted one hour.

Interviews were semi-structured. Interviewees were asked pre-generated questions as well as questions tailored to them and their unique responses. The pre-generated questions can be divided into three general categories or themes: 1) information about the district(s), 2) process and legal questions, and 3) theoretical questions, including interviewee’s opinions on the effect of the districts on people’s views on taxes and the role of local government, and on their general satisfaction with life in the city. Table 1 provides examples of the types of questions in each category. A full list of questions can be found in the Appendix.

Table 1: Examples of Pre-Generated Interview Questions

<table>
<thead>
<tr>
<th>Information about the District(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impetus for creating the district?</td>
</tr>
<tr>
<td>History of the district?</td>
</tr>
<tr>
<td>Purpose of the district?</td>
</tr>
<tr>
<td>Crime rates before and after the district was created?</td>
</tr>
<tr>
<td>Is the district effective?</td>
</tr>
<tr>
<td>Process and Legal Questions</td>
</tr>
<tr>
<td>Process for creating the district?</td>
</tr>
<tr>
<td>Rationale for placement of enabling legislation within the La. Revised Statutes?</td>
</tr>
<tr>
<td>Differences between the types of residential special taxing districts?</td>
</tr>
<tr>
<td>City Council’s role in the process?</td>
</tr>
<tr>
<td>Theoretical Questions</td>
</tr>
<tr>
<td>If unhappy with services, why not move? Why go the district route?</td>
</tr>
<tr>
<td>Does the district satisfy concerns?</td>
</tr>
<tr>
<td>Does paying for a district change view of general tax increases? City government?</td>
</tr>
<tr>
<td>Does living in a district affect likelihood of pushing for/supporting citywide improvements?</td>
</tr>
<tr>
<td>Do districts create inequities between areas with them and those without?</td>
</tr>
</tbody>
</table>
In addition to interviews, the study also draws from a public meeting held to discuss the possible creation of a new special taxing district in Eastern New Orleans.
LIMITATIONS

As crafted, this study has a number of limitations. First, the study uses annual audits required by the Office of the Louisiana Legislative Auditor as the source for budgetary information on the security districts. However, 2011 audits are not yet available for three of the security districts. For one of the districts without a 2011 audit, the study uses the 2010 audit. The other two districts without 2011 audits are new districts.

Second, the study uses census data for the demographic profiles of district residents, the homeownership rate and home values in the districts. Census data are aggregated by block group; security districts may contain all or parts of a number of groups. As a result, even though a security district may contain only a portion of a block group, the demographic information, homeownership rates and home values from the whole group are included in the profile of district residents. Additionally, because security districts may contain a number of block groups, the median household incomes of residents in the security districts are presented as a range. The study uses 2005-2009 census data for some of the indicators. This time window includes population fluctuations that occurred in New Orleans as a result of Hurricane Katrina and the failure of the levees and flood walls in 2005.

Third, in looking at whether security districts keep residents from leaving the city and if they affect the city’s potential for improvement, this study relies on qualitative sources. Interview subjects were drawn from primarily three districts: the Lakeview Crime Prevention District, the Mid-City Security District and the newly approved Lake Vista Crime Prevention District. These districts were highlighted because the leadership responded to requests for information and interviews. Requests for information were sent to all districts with websites providing contact information for commissioners or district personnel. The experiences of residents and security district officials in these security districts are not necessarily representative of all the security districts in New Orleans or of special taxing districts in general. A more definitive answer to the question of whether security districts, in particular, and special taxing districts, in general, have political and social consequences such as those examined in this study would require a more thorough approach. This could include interviews with representatives from a greater range of districts as well as a survey of board members and residents in all of the security districts in New Orleans. The study would also be strengthened by interviews with
residents in areas where security districts were considered but not approved and in areas where security districts have never been considered.
LEGAL BACKGROUND

Louisiana has been a leader in the creation and use of special taxing districts. In 1974, the legislature created the nation’s first assessment-based business improvement district to provide enhanced services in economic development, cleaning and safety. Located in New Orleans, the Downtown Development District is still operational today. In 1997, the legislature created the first crime prevention and security district in the state. Also located in New Orleans, the Lakeview Crime Prevention District is a residentially-focused special taxing district that provides supplemental police patrol services.

The Louisiana Constitution gives the state legislature the authority to create special districts, to define their powers, and to grant them such rights, powers and authorities as it deems proper, including the power of taxation. The legislature has used this power to authorize a variety of special taxing districts, including business improvement districts, economic development districts, neighborhood improvement districts, and crime prevention and security districts. This study will focus on crime prevention and security districts.

Legislation to authorize a crime prevention and security district lays out the boundaries of the district, its purpose and governance, and the method of funding the district. All of the security districts in New Orleans are governed by boards comprised of residents of the district. Districts may be funded by either a parcel fee or an ad valorem tax levied on taxable real property in the districts.

Once created by the legislature, a crime prevention and security district must be approved by the majority of registered voters in the district. The City Council of New Orleans must pass a resolution to place consideration of the district on the ballot. When considering the district, voters are presented with a timeframe for its existence and a maximum parcel fee or ad valorem tax. Voters must reapprove the district in order for it to continue to operate beyond the stated timeframe.

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4 La Constitution Article VI, Part I, Section 19.
5 La R.S. Title 33, Chapter 29.
5 La R.S. Title 33, Chapter 29, Art II.
FINDINGS

There are currently 15 districts in operation in Orleans Parish. Two new districts – the North Kenilworth Improvement and Security District and Lake Vista Crime Prevention District – were approved during the November 6, 2012 election, but are not yet operational. Table 1 lists the districts and the year they were approved by the state legislature; Map 1 shows their locations.

Table 2: Crime Prevention and Security Districts by Year of Enabling Legislation

<table>
<thead>
<tr>
<th>Crime Prevention and Security District</th>
<th>Year Approved by Legislature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lakeview Crime Prevention District</td>
<td>1997</td>
</tr>
<tr>
<td>The Garden District’s Security District</td>
<td>1998</td>
</tr>
<tr>
<td>The Audubon Area Security District</td>
<td>2002</td>
</tr>
<tr>
<td>Lake Terrace Crime Prevention District</td>
<td>2002</td>
</tr>
<tr>
<td>Upper Hurstville Security District</td>
<td>2003</td>
</tr>
<tr>
<td>Lakeshore Crime Prevention District</td>
<td>2004</td>
</tr>
<tr>
<td>Lakewood Crime Prevention and Improvement District</td>
<td>2004</td>
</tr>
<tr>
<td>Twinbrook Security District</td>
<td>2005</td>
</tr>
<tr>
<td>Touro Bouligny Security District</td>
<td>2005</td>
</tr>
<tr>
<td>Hurstville Security and Neighborhood Improvement District</td>
<td>2007</td>
</tr>
<tr>
<td>Upper Audubon Security District</td>
<td>2008</td>
</tr>
<tr>
<td>Mid-City Security District</td>
<td>2008</td>
</tr>
<tr>
<td>Oak Island Neighborhood Improvement District</td>
<td>2010</td>
</tr>
<tr>
<td>Seabrook Neighborhood Improvement and Security District</td>
<td>2010</td>
</tr>
<tr>
<td>Broadmoor Neighborhood Improvement District</td>
<td>2010</td>
</tr>
<tr>
<td>North Kenilworth Improvement and Security District</td>
<td>2012</td>
</tr>
<tr>
<td>Lake Vista Crime Prevention District</td>
<td>2012</td>
</tr>
</tbody>
</table>
It is worth noting that the Broadmoor Neighborhood Improvement District is an outlier among the crime prevention and security districts in New Orleans. Unlike the other districts, the Broadmoor district does not include promoting and enhancing security in its purpose, nor does its budget include expenditures on additional police patrols or other security related expenses. The reason for its placement in the Louisiana Revised Statutes with crime prevention and security districts is unclear. It would be more appropriately placed in the subpart on improvement districts. Because its purpose does not include enhancing security, the Broadmoor Neighborhood Improvement District will be excluded from sections of this study discussing policing services.

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6 La. R.S. Title 33, Part II, Subpart C.
7 La. R.S. Title 33, Part II, Subpart A.
The following section will describe the structures of the 15 districts that are currently operational, explore the socio-economic characteristics of the districts and lay out five themes that emerged from interviews with city officials and district stakeholders.

**District Structure**

Approved by 54 percent of voters in February 1998, the Lakeview Crime Prevention District was the first crime prevention and security district in New Orleans and in Louisiana. It has served as a template for the other districts in the city. As a result, there are many similarities in the structure of the 15 districts in New Orleans. The districts share similar purposes – to aid in the security of the area.\(^8\) The vast majority of their annual budgets are dedicated to patrols and promoting security.\(^9\) All are governed by a board of volunteers appointed by neighborhood groups and public officials. The boards in the various districts have the same powers and duties. Finally, all the districts have a sunset provision requiring residents to reapprove it. The districts are not identical, however. They differ in two main areas: how they are funded and the type of security services they provide.

**Funding**

When voting to approve a crime prevention and security district, residents agree to a maximum per parcel charge for funding the district. The charge can take the form of either a parcel fee or an *ad valorem* tax. A district’s board can choose to charge residents less than the maximum fee or number of mills approved by voters. The charge appears on property owners’ property tax bills and is collected by the City of New Orleans at the same time as all other property taxes. The City retains a portion of the amount collected as an administrative fee.\(^10\)

The City either remits the monies collected directly to a district’s board or pays them over to the Board of Liquidation, City Debt. The Board of Liquidation holds the funds for a

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\(^8\) Not including the Broadmoor Neighborhood Improvement District.

\(^9\) With the exception of the Broadmoor Neighborhood Improvement District, all of the districts dedicate the majority of their annual budgets to providing security. The percentage of 2011 expenditures spent on security range from 77 to 98 percent.

\(^10\) For districts that are funded through an *ad valorem* tax, the City retains two percent of the amount collected as a collection fee and two percent of the amount assessed as an assessor fee. For districts that are funded through a parcel fee, the City retains one percent of the amount collected as a collection fee.
district until it needs them. A district’s board creates a budget for spending for the money collected from residents. Most funds are used for police patrols and related security costs.

One of the biggest variables in structuring a crime prevention and security districts is whether to fund the district through a parcel fee or an *ad valorem* tax. In districts funded by parcel fees all property owners of eligible taxable properties pay the same amount, regardless of the size or value of their property. In districts funded by an *ad valorem* tax the amount each property owner pays is dependent on the assessed value of their property. Thus, property owners with larger or more valuable properties pay more to the district than owners of less valuable properties.

When considering how to fund a district, the issue of fairness often arises. The argument in favor of parcel fees is that all residents benefit equally from the additional security the district provides and therefore should pay the same amount for it. The argument in favor of an *ad valorem* tax is that it is a more progressive form of funding than a parcel fee. By linking property value to the amount a resident pays to fund the district, those that are arguably more able to afford the additional cost of the district pay more for it. Two crime prevention and security districts in New Orleans – the Garden District’s Security District and the Touro Bouligny Security District – are funded through an *ad valorem* tax.

The amount districts charge residents also varies. The Broadmoor Neighborhood Improvement District charges the least at $100 per parcel. At the other end of the spectrum, three districts charge $500 per parcel. Table 2 lists the fee or millages for each district and the number of taxable parcels in each district.

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11 Two districts have two tiers of fees. The Mid-City Security District has a higher fee for properties with three or more family units. The Twinbrook Security District charges residential properties more than commercial properties.
Table 3: Charges for and Taxable Parcels in Crime Prevention and Security Districts, 2011.

<table>
<thead>
<tr>
<th>District</th>
<th>Fee/Mill</th>
<th>Taxable Parcels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadmoor Neighborhood Improvement District</td>
<td>$100</td>
<td>2,133</td>
</tr>
<tr>
<td>Lakeview Crime Prevention District</td>
<td>$110</td>
<td>4,806</td>
</tr>
<tr>
<td>Mid-City Security District</td>
<td>$200</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>$700 if 3/+ family units</td>
<td></td>
</tr>
<tr>
<td>Seabrook Neighborhood Improvement and Security District</td>
<td>$200</td>
<td>1,237</td>
</tr>
<tr>
<td>Lake Terrace Crime Prevention District</td>
<td>$300</td>
<td>439</td>
</tr>
<tr>
<td>Lakeshore Crime Prevention District</td>
<td>$360</td>
<td>654</td>
</tr>
<tr>
<td>Twinbrook Security District</td>
<td>$440</td>
<td>436</td>
</tr>
<tr>
<td></td>
<td>$300 if commercial</td>
<td></td>
</tr>
<tr>
<td>Lakewood Crime Prevention and Improvement District</td>
<td>$450</td>
<td>395</td>
</tr>
<tr>
<td>Hurstville Security and Neighborhood Improvement District</td>
<td>$455</td>
<td>820</td>
</tr>
<tr>
<td>Upper Hurstville Security District</td>
<td>$485</td>
<td>467</td>
</tr>
<tr>
<td>Oak Island Neighborhood Improvement District</td>
<td>$500</td>
<td>413</td>
</tr>
<tr>
<td>The Audubon Area Security District</td>
<td>$500</td>
<td>374</td>
</tr>
<tr>
<td>Upper Audubon Security District</td>
<td>$500</td>
<td>360</td>
</tr>
<tr>
<td>The Garden District's Security District</td>
<td>16 mills</td>
<td>1,607</td>
</tr>
<tr>
<td>Touro Bouligny Security District</td>
<td>7.8 mills</td>
<td>943</td>
</tr>
</tbody>
</table>

Source: Orleans Parish Assessor’s Office

As seen in Table 3, the larger districts tend to have the smaller fees. With more households in the district they are able to spread the cost. However, they may require more patrols to cover the larger area or have less concentrated services than the smaller districts.

The 15 crime prevention and security districts in New Orleans contained 20,084 taxable parcels in 2011 – 13.3 percent of the city’s total taxable parcels. While a small minority of the city’s taxable parcels is located within security districts, the percentage is not insignificant.

Security Services

The main way crime prevention and security districts promote security is by hiring security officers to patrol the areas they serve. These patrols are intended to supplement the

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12 According to the Orleans Parish Assessor’s Office, there were 151,474 taxable parcels in Orleans Parish in 2011.
13 The Broadmoor Neighborhood Improvement District is the exception. Promoting security is not a part of its purpose and it does not provide patrols. According to its audit, the Oak Island Neighborhood Improvement District did not provide patrols in 2011. Staff from the New Orleans Office of the Inspector General stated that leadership of
services provided by the New Orleans Police Department (NOPD). Districts can hire patrols from either a police entity, such as the NOPD or Levee District Police, or from a private security company. There are several private security companies that work with the crime prevention and security districts in New Orleans, including Metro Security, Inc, Weiser Security Services, and New Orleans Private Patrol. Table 4 lists the districts and the source of their security services.

Table 4: Types of Patrols for Crime Prevention and Security Districts, 2011.

<table>
<thead>
<tr>
<th>District</th>
<th>Patrolling Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hurstville Security and Neighborhood Improvement District</td>
<td>NOPD</td>
</tr>
<tr>
<td>Lake Terrace Crime Prevention District</td>
<td>Orleans Levee District Police</td>
</tr>
<tr>
<td>Lakeshore Crime Prevention District</td>
<td>Private Company</td>
</tr>
<tr>
<td>Lakeview Crime Prevention District</td>
<td>NOPD</td>
</tr>
<tr>
<td>Lakewood Crime Prevention and Improvement District</td>
<td>Private Company</td>
</tr>
<tr>
<td>Mid-City Security District</td>
<td>NOPD</td>
</tr>
<tr>
<td>Seabrook Neighborhood Improvement and Security District</td>
<td>Private Company</td>
</tr>
<tr>
<td>The Audubon Area Security District</td>
<td>Private Company</td>
</tr>
<tr>
<td>The Garden District's Security District</td>
<td>Private Company &amp; NOPD</td>
</tr>
<tr>
<td>Touro Bouligny Security District</td>
<td>Private Company</td>
</tr>
<tr>
<td>Twinbrook Security District</td>
<td>Private Company</td>
</tr>
<tr>
<td>Upper Audubon Security District</td>
<td>Private Company</td>
</tr>
<tr>
<td>Upper Hurstville Security District</td>
<td>Private Company &amp; NOPD</td>
</tr>
</tbody>
</table>

Sources: Louisiana Legislative Auditor, 2011 district audits; district websites; interviews with district personnel; Aaron Malone, New Orleans Office of the Inspector General.

As can be seen in the table, a minority of crime prevention and security districts hires patrols from a police entity. Of the crime prevention and security districts that have chosen to work with the NOPD in some capacity, three have opted to hire off-duty NOPD officers to patrol as part of a detail assignment. The Lakeview Crime Prevention District and the Mid-City Security District, on the other hand, have entered into cooperative endeavor agreements with the City of New Orleans to pay for on-duty police officers to patrol their districts.

The cooperative endeavor agreements for the Lakeview Crime Prevention District and Mid-City Security District are very similar. Under them, the city agrees to deploy additional patrol cars in the districts and to assign a full-time coordinator from within the ranks of the Oak Island Neighborhood Improvement District indicated a desire to provide patrols in the future once the district has accumulated enough funds to pay for it.
NOPD to the districts. The coordinator is responsible for scheduling and supervising the officers performing the additional patrols, being accessible to the district board, attending district board meetings, and providing information to the board as needed. Each district is responsible for purchasing the additional patrol cars that are used in it, for reimbursing the city for the salary of the full-time coordinator and for reimbursing the city for the actual hourly rate of the officers who perform the additional patrols in the district. The city, however, pays for the gas and maintenance on the cars the district purchases. It also pays for the labor costs, labor burdens and benefits associated with the hours NOPD officers spend working exclusively for the district. This means, for example, that if an officer is injured while patrolling for a district his worker’s compensation is paid by the city.

The sharing of costs for on-duty police officers to provide additional patrols in a district can be tricky. For example, as part of its cost cutting measures the city recently cut the budget for police car maintenance. This means that the cars the districts have purchased may not hold up as well or may not be repaired in a timely fashion.

District stakeholders in the Lakeview Crime Prevention District and the Mid-City Security District cited three main reasons for contracting with the NOPD rather than a private security company. First, even off-duty, NOPD officers have arrest authority. If a private security officer witnesses a crime while patrolling a neighborhood, he or she has to call the police to make an arrest. Police officers, on the other hand, are armed and are able to make an arrest on the spot. Second, contracting with the NOPD allows for a continuity of security services. Residents may already know the NOPD officers hired to patrol the security district, and vice versa. Off-duty NOPD officers may be more familiar with areas in the security district that may be trouble spots, or may be more current on trends or topics of concern since they are privy to such information in their capacity as police officers. Third, creating a secondary relationship with the NOPD – through the security district – opens communication lines between the community and the police that may otherwise not have existed or have been as strong. As a result, contracting with the NOPD for additional security services gives the community better access to the NOPD in general.

One reason cited by district stakeholders for contracting with a private security company or the Levee District Police, rather than the NOPD, is that they did not want to pay the same people twice for the same service. Residents create crime prevention and security districts
because they are dissatisfied with the quality or level of security services provided by the local government. If they associate that dissatisfaction with the NOPD, they may not want to then turn around and hire them again. Contracting with a private security company gives them diversity in security services.

District Characteristics

This study asks the question of whether crime prevention and security districts in New Orleans share common characteristics and, if so, if these characteristics distinguish them from other areas in the city. The following section compares the 15 security districts to each other and to the city at large in four areas: household income, race, homeownership rates and home values. In doing so, it shows that, in general, the crime prevention and security districts are wealthier, whiter, and have higher homeownership rates and home values than the city at large. There are a few exceptions – most notably, the Mid-City Security District and the Broadmoor Neighborhood Improvement District.

Income

In general, the median income of households in crime prevention and security districts in New Orleans is higher than the median income of all households in the city. Between 2005 and 2009, the median household income in New Orleans was $36,258. The median income of households in the crime prevention and security districts ranged from a high of $249,375 in the Upper Audubon Security District to a low of $15,341 in the Mid-City Security District. Map 2 shows the estimated median income of households in crime prevention and security districts. The two lighter shades in the map are census tracts in which the median income of households is at or below the median income of all households in the city. The two darker shades are higher than the median income of all households in the city. As can be seen in

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15 The American Community Survey provides data on income at the block group level. Because the boundaries of the security districts do not neatly align with those of the block groups, security districts may contain portions of census tracts and/or multiple census tracts. Because of this discrepancy, this study presents the median income of households in the security districts as a range of median incomes.
the map, in 10 of the 15 crime prevention and security districts in New Orleans the median income of households is higher than the citywide median income.


Drilling down further, Table 4 lists the median income of households for all of the districts. It provides high and low median incomes for districts containing more than one block group.

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16 Estimated median household income in the past 12 months, as reported between 2005-2009. A household includes all people who occupy a housing unit as their usual place of residence. Medians were suppressed in cases where the sample of the average was less than 10 of the unit that is being described. Such areas are represented as having “Insufficient Data” in the map. ACS employs values to indicate top and bottom ranges of income. A value of 250,001 indicates a value of 250,000 or greater, whereas a value of 2,499 indicates a value of 2,500 or less.

<table>
<thead>
<tr>
<th>Crime Prevention and Security District</th>
<th>Median Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td>Upper Audubon Security District</td>
<td>$249,375</td>
</tr>
<tr>
<td>Lakeshore Crime Prevention District</td>
<td>$185,294</td>
</tr>
<tr>
<td>Lakewood Crime Prevention and Improvement District</td>
<td>$169,122</td>
</tr>
<tr>
<td>The Garden District's Security District</td>
<td>$167,875</td>
</tr>
<tr>
<td>Lake Terrace Crime Prevention District</td>
<td>$131,650</td>
</tr>
<tr>
<td>Hurstville Security and Neighborhood Improvement District</td>
<td>$110,000</td>
</tr>
<tr>
<td>The Audubon Area Security District</td>
<td>$107,361</td>
</tr>
<tr>
<td>Lakeview Crime Prevention District</td>
<td>$103,409</td>
</tr>
<tr>
<td>Upper Hurstville Security District</td>
<td>$100,764</td>
</tr>
<tr>
<td>Broadmoor Neighborhood Improvement District</td>
<td>$89,436</td>
</tr>
<tr>
<td>Twinbrook Security District</td>
<td>$74,643</td>
</tr>
<tr>
<td>Mid-City Security District</td>
<td>$70,425</td>
</tr>
<tr>
<td>Touro Bouligny Security District</td>
<td>$63,958</td>
</tr>
<tr>
<td>Seabrook Neighborhood Improvement and Security District</td>
<td>$40,179</td>
</tr>
<tr>
<td>Oak Island Neighborhood Improvement District</td>
<td>$37,813</td>
</tr>
</tbody>
</table>

Source: 2005-2009 U.S. Census American Community Survey

As can be seen in the table, five of the security districts contain at least one block group where the median income of households is lower than the citywide median income. These districts are indicated in red in the table.

The Upper Audubon Security District is primarily composed of a block group with a median household income of $249,375. However, because the security district encompasses both sides of Broadway Street, it just barely touches a neighboring block group with a significantly lower median income. At $219,000, the spread between the median incomes of the two block groups within the Upper Audubon Security District is the largest of all the districts. The Garden District’s Security District is similarly situated. The security district continues for one block lakeside of St. Charles Avenue and, in doing so, picks up a block group with a lower median income than is found in the bulk of the security district.

The Broadmoor Neighborhood Improvement District, the Mid-City Security District and the Seabrook Neighborhood Improvement and Security District contain significant areas in
which the median income of households is below the citywide median. The Mid-City Security District has the most diversity of incomes.

*Race*

New Orleans is a predominately African-American city. In 2010, 60.2 percent of the city’s population was African-American.\(^\text{17}\) However, only four of the 15 crime prevention and security districts contain block groups in which 60.2 percent or more residents are African-American. In other words, in general, residents of crime prevention and security districts in New Orleans are whiter than the city at large. Map 3 shows the percentage of African-American residents in the crime prevention and security districts.

\(^{17}\) U.S. Census Bureau, 2010 Census, Profile of General Population and Housing Characteristics, Demographic Profile Data.
Four security districts contain block groups that have a similar or greater percentage of African-American residents as can be found citywide. These are the Oak Island Neighborhood Improvement District, the Seabrook Neighborhood Improvement and Security District, the Broadmoor Neighborhood Improvement District, and the Mid-City Security District. Interestingly, three of these are newer districts. The Oak Island, Seabrook and Broadmoor districts were all approved in 2010. In addition, these districts all have broader purposes than just promoting security; they also promote beautification and general improvement of the neighborhood.
The percentage of African-American residents varies the greatest in the block groups within the Broadmoor Neighborhood Improvement District and the Mid-City Security District.

**Home Ownership**

In 2010, 47.8 percent of households in New Orleans owned their homes. In 10 of the 15 crime prevention and security districts in New Orleans, a greater percentage of all households owned their homes than did citywide. Map 4 shows the percentage of households in crime prevention and security districts that own their homes.

**Map 4: Percentage of Households in Crime Prevention and Security Districts that Own a Home, 2010.**

As can be seen in the map, five crime prevention and security districts contain part or all of block groups in which a smaller percentage of households own their homes than do citywide. These districts are: the Mid-City Security District, the Broadmoor Neighborhood Improvement District, the Garden District’s Security District, the Touro Bouligny Security District, and the Upper Audubon Security District.

All of the block groups in the Touro Bouligny and Mid-City security districts have lower homeownership rates than the city at large. This is the first indicator for which the Touro Bouligny Security District has deviated from the majority of the other crime prevention and security districts. Of all the security districts, the Mid-City Security District contains the block group with the smallest percentage of homeowners.

Home Values

The estimated median value of an owner-occupied housing unit in New Orleans between 2005 and 2009 was $174,800. In 11 of the 15 crime prevention and security districts, the median home value exceeded the citywide median. Map 5 shows the estimated median values of housing units in the 15 security districts.

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18 2005-2009 American Community Survey 5-year estimates, Median Value (Dollars), Owner-occupied housing units.
As can be seen in Map 5, the median home values in all but four of the security districts exceed the citywide median. In one of these four districts – the Broadmoor Neighborhood Improvement District – only a very small portion of the district has a median home value below the citywide median. Table 6 provides the high and low median home values for the security districts.
Table 6: Estimated Median Values of Owner-Occupied Housing Units in Crime Prevention and Security Districts, 2005-2009.\(^{19}\)

<table>
<thead>
<tr>
<th>Crime Prevention and Security District</th>
<th>Median Home Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
</tr>
<tr>
<td>Mid-City Security District</td>
<td>$1,000,001</td>
</tr>
<tr>
<td>Hurstville Security and Neighborhood Improvement District</td>
<td>$881,600</td>
</tr>
<tr>
<td>The Audubon Area Security District</td>
<td>$744,800</td>
</tr>
<tr>
<td>The Garden District's Security District</td>
<td>$678,000</td>
</tr>
<tr>
<td>Upper Audubon Security District</td>
<td>$643,500</td>
</tr>
<tr>
<td>Touro Bouligny Security District</td>
<td>$641,000</td>
</tr>
<tr>
<td>Upper Hurstville Security District</td>
<td>$589,800</td>
</tr>
<tr>
<td>Lakewood Crime Prevention and Improvement District</td>
<td>$517,000</td>
</tr>
<tr>
<td>Twinbrook Security District</td>
<td>$507,100</td>
</tr>
<tr>
<td>Lakeshore Crime Prevention District</td>
<td>$437,100</td>
</tr>
<tr>
<td>Lake Terrace Crime Prevention District</td>
<td>$392,400</td>
</tr>
<tr>
<td>Lakeview Crime Prevention District</td>
<td>$309,300</td>
</tr>
<tr>
<td>Broadmoor Neighborhood Improvement District</td>
<td>$289,900</td>
</tr>
<tr>
<td>Seabrook Neighborhood Improvement and Security District</td>
<td>$178,900</td>
</tr>
<tr>
<td>Oak Island Neighborhood Improvement District</td>
<td>$126,100</td>
</tr>
</tbody>
</table>

Source: 2005-2009 U.S. Census American Community Survey

In eight of the eleven crime prevention and security districts where median home values exceed the citywide median they did so by more than $100,000.

Median home values that fall below the citywide median are indicated in red in the table. The Oak Island Neighborhood Improvement District is the only security district that does not contain any block groups that exceed the citywide median home value. The Mid-City Security District is noteworthy for containing the block groups with both the highest and lowest median home value for all of the security districts.

It is worth noting that the four crime prevention and security districts with at least some median home values below the citywide median are the same four districts that have a similar or greater percentage of African-American residents as can be found citywide. Three of the four districts – the Broadmoor Neighborhood Improvement District, the Seabrook Neighborhood Improvement and Security District, and the Mid-City Security District – are also among the five

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\(^{19}\) The American Community Survey provides data on income at the block group level. Because the boundaries of the security districts do not neatly align with those of the block groups, security districts may contain portions of census tracts and/or multiple census tracts. Because of this discrepancy, this study presents the median income of households in the security districts as a range of median incomes.
districts containing at least one block where the median income of households is lower than the citywide median income.

**Stakeholder Interviews**

In interviews with stakeholders in some of the crime prevention and security districts, several themes came up repeatedly. They are presented in this section not as broad generalizations or as findings, as such, but as interesting points worth exploring and as clues to understanding some of the political and social consequences of crime prevention and security districts – namely, if the districts keep people from leaving the city in search of more desirable tax and goods bundles, if they represent exit, voice or neither, and what that means for the city’s potential for improving its police services.

**A Sense of Control**

The issue of control came up in a number of discussions with stakeholders. Interviewees said that crime prevention and security districts offered residents a sense of control. But control over what varied. For some, it was specific: control over their own safety; control over crime in a city with record-breaking levels of it. But for others, it was much broader than just crime. It was about control over a wedge of their political environment. People expressed a lack of confidence, in general, in the city government. Creating a crime prevention and security district was one way of weighing in, or of taking control of one area where government was letting them down.

Freddy Yoeder, a longtime Lakeview resident, who was involved in starting the Lakeview Crime Prevention District, said that, years ago, Lakeview residents were discouraged with the services they were getting from the city. Police protection, the condition of the streets and garbage collection were all sore points. In general, people felt like they were not getting their fair share. The idea of secession came up, but was not politically viable. But people wanted to do something to ease their general dissatisfaction with the state of affairs in the city and the quality of services in their neighborhood. It was then that they pursued the idea of creating a special taxing district just for crime. While the district was created specifically to deal with crime, it was
also about taking action, about having the ability to tackle and fix a problem in their neighborhood.

Feeling a sense of control seems to go hand-in-hand with having a tighter rein over how money is spent. Several interviewees shared the idea that security districts could more effectively spend money than the NOPD. Either because the districts are closer to the people, or because they are not hindered by administrative burdens and decades of political baggage. It is interesting though that some districts would choose to spend money to hire the NOPD – the very institution they seem to find lacking in some way – to do extra patrols.

**NOLA versus the Suburbs**

In discussions about levels of crime and the need for additional security services, a number of interviewees noted that crime rates in their neighborhood were relatively low compared to the rest of the city. For instance, Peppi Bruneau, the former state Representative for the Lakeview district and the sponsor of the legislation for the Lakeview Crime Prevention District, called Lakeview “the Mayberry of Sodom and Gomorrah.” But he said that while the level of crime in Lakeview is low compared to the rest of the city, it is high when compared to Old Metairie and Metairie – and that those are the comparisons that matter.

Susan Garcia, the President of the Lake Vista Property Owners Association, made a similar point. She said that when people have had enough with the crime and dysfunction of New Orleans they move to Jefferson and St. Tammany parishes. Crime prevention and security districts help level the playing field in comparisons with the suburban parishes rather than to other parts of the city. Ms. Garcia called the districts “lipstick on the pig” – the districts help dress up neighborhoods to make them more like suburbia but still within city boundaries.

**Establishing Lines of Communication**

Interviewees noted that, in addition to potential security benefits, crime prevention and security districts also establish formalized lines of communication between neighborhoods and the city government. As political entities, security districts may have more caché in negotiating and dealing with the government than would lone residents approaching city officials. Security
districts that enter into cooperative endeavor agreements with the NOPD have the added benefit of having their own coordinator, whom they pay, within the police department. Districts that hire off-duty NOPD and Levee District officers also have a connection to the departments through those officers. These connections give the districts greater access to the police department and the city government than residents in areas that are not part of a security district.

For example, when the Third Police District was expanded to include a larger area – effectively spreading NOPD patrols in the police district thinner – the Lakeview Crime Prevention District was able to ensure that the expansion would not result in a reduced NOPD presence in the neighborhood. They could do this because 1) their formalized relationship with the NOPD keeps them attuned to such shifts and changes and 2) they already have an entrée for airing their concerns. Through the crime prevention and security district, and its formal relationship to government, residents within districts seem able to engage politically more easily and quickly than residents living outside of a security district.

While noting the advantages of having crime prevention and security districts, interviewees did not, in general, find the advantages unfair. This is because, as Jim Olsen, President of the Mid-City Security District, pointed out, any neighborhood can create a crime prevention and security district if they so desire. It just takes motivation to do it.

Interviewees differed in their opinions of whether the existence of crime prevention and security districts hinders efforts at citywide improvements in policing services. Mr. Olsen noted, for example, that while there would perhaps be more dissatisfaction with and concern for the quality of policing services citywide if the security districts did not exist, there would not necessarily be greater involvement in effecting change. This could be due, in part, to a lack of faith in the city’s ability to make systematic changes. Mr. Olsen said that he did not think giving the NOPD more money would necessarily lead to enhanced security services, whereas security districts allow residents a significant say in how and where money is spent on security. Ms. Garcia, on the other hand, thought that security districts did distract from the core problems facing the city. She said that creating a security district allows people to put money towards a problem that is concerning them and, in doing so, to feel like they are in control of the situation. However, she said that this does not actually fix the root problems, which include a lack of confidence in the NOPD and the city government, and decades of mistrust between the have and have-nots.
Seceding from New Orleans

Several members of neighborhoods near Lake Pontchartrain, which are situated at the edge of the city, noted that they, and other residents in their neighborhoods, had at various points discussed the possibility of seceding from New Orleans and establishing their own municipality. The idea was said to have never gained traction for a number of reasons. One, it would hurt the city. If Lakeview, for example, had seceded rather than create a crime prevention and security district, it would have significantly reduced the tax base of the city and seriously handicapped it financially. Two, residents do not have a firm understanding of how expensive it is to run a city and how broad the responsibilities of local government are. Ms. Garcia pointed out that in Lake Vista only half of the people pay the Property Owners Association fee. She asked how would they maintain the streets or pay for garbage collection if they were their own municipality. Three, it’s a political long shot. The consent of the whole city is required for an area of the city to secede. Mr. Bruneau noted that if Lakeview could have voted on its own to leave, it would now be the Parish of Lakeview, but that it could never get citywide support for such an idea.

Knowing that actually seceding is highly improbable, if not impossible, may be why it so often comes up, however. Because it is unlikely to ever happen, it can be discussed safely in moments of disappointment or dissatisfaction with city services or operations. It can be used as a political bargaining chip without the threat of actually having to cash it in.

Even if secession were a possibility politically, it seems unlikely that people would be willing to bear the personal cost and responsibility of potentially permanently harming the city in order to establish a new municipality. Mr. Yoder’s response to the question of why, given his dissatisfaction with city services, he has chosen to stay in New Orleans rather than move to the suburbs or elsewhere in the country, seems to support this. He said New Orleans is his home. It’s where he raised his family. So he will take the inconvenience and extra cost of living within a crime prevention and security district rather than move somewhere with better city services.

Hyper-Localism

For some, crime prevention and security districts seem to represent a more surefire way of getting what they want out of government. Voting for general millage increases could provide
the city government with more money to hire more police to provide more patrols. But voting for a crime prevention and security district ensures that one’s money is benefiting one’s own neighborhood rather than being used elsewhere in the city. As one interviewee put it – “it’s every man for himself.”

But this hyper-localism does not seem to come into play uniformly for all types of services. For example, in 2010, Lakeview residents voted down a ballot measure to create a street maintenance district. The district would have charged residents a parcel fee to fix the streets in Lakeview. Interviewees speculated that the district failed in an area that has consistently supported a crime prevention and security district because street conditions are not as universal a concern or as high-profile as crime. Mr. Bruneau noted that his fellow state legislators were shocked when Lakeview, a conservative stronghold, passed what amounted to a tax on themselves to create the first security district. He said he told them that they should not have been surprised – that nothing is more important than safety of self and family.

Streets, however, did not seem to rank as high. Some of those opposed to the streets district commented that they were already paying extra for the security district and that their general tax dollars should be buying something for them. They did not want to have to pay extra to cover basic government services.
DISCUSSION

This study seeks to answer three questions about crime prevention and security districts in New Orleans:

1. Do the security districts share common characteristics and, if so, do these characteristics distinguish them from other areas in the city?
2. Do the security districts break the link between Tiebout sorting on taxes, public goods and municipal boundaries by keeping residents from leaving the city in search of a more favorable package of taxes and services?
3. Are security districts an exercise in exit, voice or neither? And, if they are neither, do they hinder the city’s potential for improving security services?

Taking into account the findings presented in the preceding section, this section will discuss the answers to these questions and their relevance to the existing body of literature on special taxing districts.

Do the Districts Share Common Characteristics?

The majority of the 15 crime prevention and security districts in New Orleans have similar socio-economic characteristics. Residents in the districts tend to be wealthier and whiter than the city’s population as a whole. Homeownership rates and home values also tend to be higher in the security districts than across the city.

These findings seem to support equity concerns about special taxing districts expressed in the literature. Specifically, that they may exacerbate existing social divisions within a city by allowing higher-income neighborhoods to opt into better services while leaving lower-income neighborhoods with basic or subpar services (Pack 1992, Baer 2008). By and large, the findings also seem to answer Briffault’s (1997) question in the affirmative: that only wealthy neighborhoods have the resources to implement special taxing districts, despite the fact that the districts are available to all residents who desire more or a higher quality of services. Although, a more nuanced look at the findings hints at a story still unfolding. While most of the crime
prevention and security districts in New Orleans are similar to each other and, at the same time, distinctly different than the city at large, not all of the districts are. And it is those exceptions that are worth discussing in more detail.

The Mid-City Security District and the Broadmoor Neighborhood Improvement District come up repeatedly in the findings as being different from the other crime prevention and security districts – and often more like the city as a whole. Both districts are less wealthy and less white than the other security districts. They have lower homeownership rates and lower home values. The Seabrook Neighborhood Improvement and Security District also differs in several indicators from its fellow districts. Interestingly, these three districts are newer districts: the Mid-City Security District was approved in 2008, and the Broadmoor and Seabrook districts were approved in 2010.

The recent addition of crime prevention and security districts that are less elite in their characteristics raises the possibility that while such districts may have started as a phenomenon unique to wealthier and whiter neighborhoods, they are spreading to different types of neighborhoods. A quick look at the two crime prevention and security districts approved in November 2012, adds additional evidence in support of this. The North Kenilworth Improvement and Security District contains block groups that are less wealthy, have a higher percentage of African-Americans, lower homeownership rates and lower home values than the city at large. In other words, like the Mid-City Security District and the Broadmoor Neighborhood Improvement District, the North Kenilworth Improvement and Security District looks a lot more like the city as a whole and less like the other crime prevention and security districts.

All this is simply to say that it may be too soon to draw conclusions. The phenomenon of crime prevention and security districts is still relatively new. The early districts certainly shared characteristics that distinguished them from the city and, in doing, seemed to confirm fears of elitism. But time may tell a different story as more and more neighborhoods approve and consider creating crime prevention and security districts.

The trend towards more types of neighborhoods approving crime prevention and security districts could represent a shift in how the public views the districts and/or the role of neighborhood organizations vis-à-vis local government in meeting residents’ needs. First, it is possible that the city has reached a tipping point in the number of security districts. The model is prevalent; as such, it is easy to replicate and to sell to the public. Having a security district could
even be seen as a symbol of a community unity and involvedness. As the number of neighborhoods with security districts grows, other neighborhoods may feel the need to follow suit in order to compete with them, or may see them as a sign of legitimacy as a neighborhood organization. This sentiment was certainly present at an East New Orleans Neighborhood Advisory Commission (ENONAC) meeting to discuss the creation of a new special taxing district in New Orleans East. While the new district under discussion was not intended purely as a security district, those speaking in favor of creating it listed neighborhoods with crime prevention and security districts and said that if they had them so too should New Orleans East.

Second, the spread of security districts could represent growing or increased neighborhood cohesion and the feeling that neighborhoods must look out for themselves rather than rely on local government. Recovering from Hurricane Katrina and the failure of the levees brought some neighborhoods closer together. This was certainly the case with Broadmoor, which coalesced around the issue of bringing all neighborhoods back post-Katrina. The experience of uniting around a common cause and getting things done as a neighborhood could make the creation of a crime prevention and security district seem more attainable to more neighborhoods.

Finally, the spread of security districts could represent growing public exhaustion with the state of policing services in the city. It could be that residents are becoming more quality-conscious as consumers, or that the quality of services has dropped so much that even those who were once unwilling to trade increased cost for quality are now willing to do so. It remains to be seen though, if more and more diverse neighborhoods creating districts equals a louder voice for improvement that cannot be ignored. Or, if the presence of more districts and their availability to a wider range of residents makes it easier for the city to not make improvements and instead just wait for all, or the majority, of neighborhoods to provide themselves with their desired level of services.

In addition to perhaps being harbingers of growing access to and interest in crime prevention and security districts, the Mid-City Security District and Broadmoor Neighborhood Improvement District are also interesting in their heterogeneity. Both districts are fairly large and include diverse populations. Collective action theory – a foundational theory for special taxing districts – posits that the provision of public goods to smaller, more homogeneous populations is more efficient because there is more likely to be agreement on the bundle of goods to provide. Larger, more heterogeneous crime prevention and security districts would seem to miss out on
these efficiencies. Yet, somehow the Mid-City and Broadmoor districts were able to gain consensus from diverse populations. This consensus – paired with the growing number of crime prevention and security districts in the city – hints at widespread agreement on the need for better security services and a willingness to pay for them. If this is the case, it may be an opportune time to consider a general tax in support of more or higher quality policing services. Although people may be unwilling to pay more if the monies are going to be used citywide rather than specifically for their neighborhood or if they have a lack of confidence in the government to effectively spend the money.

Do the Districts Keep Residents from Leaving the City?

Looking back to the literature on special taxing districts, Brooks (2007) suggests that if special taxing districts are plentiful enough they may be able to provide residents with a tax and public goods choice within municipal boundaries, effectively breaking the link between Tiebout sorting and municipal boundaries. The findings presented above suggest that this may be the case with crime prevention and security districts in New Orleans. It is clear from the interviews that Tiebout sorting is a concern. Several interviewees expressed the belief that the city, and more specifically their neighborhoods, are competing with the suburbs to keep residents. In discussing the rationale for creating a crime prevention and security district, they compared crime rates in their neighborhoods not to other parts of New Orleans, but to suburban neighborhoods, such as Old Metairie. Interviewees suggested that security districts were one way to keep in the city people who might otherwise be tempted to move to the suburbs. Security districts seem to delay or halt exit by giving people a sense of control over their environments and their tax-and-services bundle. This implies that the presence of crime prevention and security districts do effectively offer residents a tax and public goods choice within municipal boundaries.

Do the Districts Hinder the City’s Potential for Improvement?

Using Hirschman’s exit-voice dichotomy, if crime prevention and security districts serve to delay or halt exit, it would follow that they are a form of voice. Voice is when consumers attempt to change the practices, policies and outputs of the firm rather than simply leaving
(Hirschman, 1970). But if crime prevention and security districts are a form of voice, they seem to be a self-interested one. Interviewees noted that the existence of security districts establish formalized lines of communication between neighborhoods and the city government. This suggests the potential for them to serve as vehicles for voice. But the every-man-for-himself – or perhaps more aptly every-neighborhood-for-itself – mentality of the districts may nullify their positive potential. If they are willing to pay for it, quality-conscious consumers can acquire the level of services they want without having to demand systematic governmental change to get it. And as they are satisfied on a neighborhood-by-neighborhood basis there is less noise for improving the quality and level of services citywide. In this way, crime prevention and security districts may actually hinder the recuperation process by both quieting potential agents of voice and removing their threat of exit. This creates the perfect environment for what Hirschman (1970) terms a “lazy monopoly” and may reduce the potential for solving the underlying problems that led to inadequate service provision in the first place. This, in turn, could exacerbate existing social divisions in the city by creating unequal access to services.
CONCLUSION

This study asked whether crime prevention and security districts in New Orleans share common characteristics and if these characteristics distinguish them from the city at large. As demonstrated above, the answer to this question is yes. The people living in the majority of crime prevention and security districts in New Orleans are wealthier and whiter than the citywide population. In addition, homeownership rates and home values are higher in the majority of the security districts than in the city at large.

A few of the security districts do not conform as neatly to these characteristics. Most notably, the Mid-City Security District and the Broadmoor Neighborhood Improvement District more closely mirror the socio-economic characteristics of the city at large than do the rest of the districts. In general, the characteristics of the people and properties in crime prevention and security districts approved in the last four years seem to be more representative of citywide medians than do districts with longer histories. This could be an early sign that security districts are catching on as a tool for all types of neighborhoods. Further study could confirm this supposition. If this is indeed the case, security districts could provide Tiebout-like flexibility within the city. Residents who desire a greater level or quality of policing services will have more options. No longer will competition be limited to the city and the suburbs. Instead residents will be able to choose their preferred tax-and-services bundle from a variety of locations within municipal boundaries.

Through interviews with people living in and working with crime prevention and security districts, this study explored the effect of security districts on residents’ decisions to remain in the city and on the City’s potential for improving its policing services. Maintaining the city’s tax base could have numerous positive effects, including allowing for improved service provision. However, crime prevention and security districts may muffle calls for systematic improvement by allowing the most quality-conscious consumers to pay to “fix” their service problems at the neighborhood level. By simultaneously reducing the threat of exit and quieting the potentially loudest voices, crime prevention and security districts increase the risk for a lazy monopoly. This, in turn, increases the risk for continued slack in the government and in unequal access to services.
The topic of crime prevention and security districts in New Orleans is ripe for further study. Three avenues of research, in particular, would provide interesting follow-up on this project. First, a survey of all of the crime prevention and security districts in New Orleans as well as in-depth case studies of several of them could add to the understanding of residents’ rationale for creating a district and of what exactly residents see as the benefits and outcomes of the district. Is the main reason for creating the district to prevent crime, or is it about something more general and less tactile than crime, such as feelings of control? Has the rationale for the district changed over time? Was the reasoning for creating districts 10 years ago the same as it is for districts created last year?

Second, additional study could further develop the idea that security districts provide Tiebout-like flexibility within municipal boundaries. A study exploring this idea could include a survey of residents moving to and from areas with security districts asking how, if at all, the presence of a district played into their decisions to relocate. It could also include interviews with real estate professionals to see if the presence of a security district and the additional cost associated with it often figure into buyer decisions.

Third, at least two studies could be crafted to explore potential political consequences of crime prevention and security districts in addition to the increased risk of a lazy monopoly. One such study could look into the issue of displacement. An analysis of crime statistics over time could shed light on whether the districts push crime into areas of the city that do not have districts. Similarly, an analysis of home values over time could show whether home values rise in areas with districts and correspondingly drop in areas without them. Another study could explore the fiscal impact of crime prevention and security districts on the city. Even if, as this study suggests, security districts serve as a mechanism for keeping residents in the city – and, according to Hirschman’s exit/voice theory, thereby forestall a loss in revenue for the city – do they nonetheless have a cost that could hurt the city’s bottom line and hinder its ability to improve services? Or, alternatively, do they triply help the city’s bottom line by forestalling a loss in revenue from residents relocating to other municipalities, increasing property values and increasing the amount of money flowing to security services citywide? This study could be approached from a number of angles, including by analyzing the cost to the New Orleans Police Department for providing security services to districts through cooperative endeavor agreements and detail assignments. It could also analyze how much money in manpower hours security
districts provide and how much of a boost that provides citywide, if at all. Finally, it could look at voter habits over time, to see if residents living in security districts are more or less willing than other residents to support general tax increases.
BIBLIOGRAPHY


APPENDIX

This study was informed by interviews with the following people:

- Courtney Bagneris, Assistant Chief Administrative Officer, City of New Orleans (10/14/11)
- Rita Legrand, Lakeview Resident (9/12/12)
- Freddy Yoeder, President, Lakeview Crime Prevention District (9/14/12)
- Susan Garcia, President, Lake Vista Property Owners Association (9/18/12)
- Peppi Bruneau, former state legislator, Lakeview resident (9/24/12)
- Jim Olsen, Commissioner, Mid-City Security District (10/5/12)

As appropriate, interview questions were drawn from the following lists:

Questions for Crime Prevention and Security District Leaders and Residents
- What was the impetus for creating the district?
- Was crime a problem before the district was created? What was the need for a district?
- Did you approach the city about providing enhanced policing services before creating the district?
- What was the process for establishing the district?
- Provide a brief history of the district.
- Do you think the district has been effective?
- What were crime rates before and after the district was put in place?
- What do you see as the purpose of the district today?
- Do you think being in a district means an actual increase in security services? Or do you think the NOPD takes the presences of a district into account when making patrol decisions, i.e., does it reduce patrols accordingly?
- Does taxing yourself extra for public services the city typically provides give you a different view of city government? Do you feel more or less loyal? Would you be more or less willing to approve a general millage increase?
- If secession were possible, would you consider it?
- Why stay in the city if you are unhappy with the level of services you are receiving?
- Do you think living in a security district has made you more or less likely to push for general improvements in crime and safety in New Orleans?
- Why create a security district rather than advocate for more money in general for the NOPD?
- For Lakeview residents: What was the rationale behind the street maintenance district? Why do you think it didn’t pass?
- For Lake Vista residents: Why did the district fail previously? Why is it being considered again? Do you think it will pass?

Questions for Peppi Bruneau
- What was the impetus for the Lakeview Crime Prevention District?
Where did the idea for creating a crime prevention and security district come from?
Would Lakeview really have seceded if it couldn’t have created the district?
Were there any other residential special assessment districts anywhere in the state at the time?
Why were crime prevention and security districts placed where they are in the La. Revised Statutes?
Were there any neighborhood improvement districts at the time? The development district would have existed, yes?
What do you see as the difference between the three types of districts? How does the legislature decide where to put new districts?
What is City Council’s role in creating crime prevention and security districts?
Do you think being in a district means an actual increase in security services? Or do you think the NOPD takes the presences of a district into account when making patrol decisions, i.e., does it reduce patrols accordingly?
When you created the Lakeview Crime Prevention District did you foresee how many other neighborhoods would follow suit? Do you think they are all effective?
Do you think security districts have social or political consequences? Do districts have more “voice” such that area without are getting less than their fair share of services? Do you think the existence of security districts means residents in those areas push less for general improvement in crime and safety in New Orleans?
Thoughts on the proposed street maintenance district?
Do you think residential special assessment districts are somehow undermining local government? Or are they democracy at its finest?
Do you think people would leave city without ability to have districts?

Questions for Courtney Bagneris
What’s your take on crime prevention and security districts? Good/bad?
What do you think is their effect on NOPD service levels? Increase/decrease?
Do you think the same people who voted for security districts would have voted for a citywide millage increase?
What do you think is the effect of security districts on crime in the area?
Did the areas with districts have higher crime rates compared to the rest of the city before approving the districts?
VITA

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