Entrepreneurs' resilience in New Orleans shined after Hurricane Katrina and the COVID-19 pandemic, but small businesses now require sustained support

by Andre M. Perry
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Overview

Small business ownership and development are crucial for fostering innovation, generating wealth, and ensuring economic sustainability for individuals, neighborhoods, and regions. Since Hurricane Katrina slammed into coastal Louisiana in August 2005, the rate of new business startups has risen significantly, establishing metropolitan New Orleans as a leading hub for new entrepreneurs, as reflected in U.S. Census Bureau data. The increase in new businesses following both Hurricane Katrina and the COVID-19 pandemic demonstrates a resilience seen in residents addressing immediate needs and planning to build family wealth.

Notably, the percentage of Black-owned firms with multiple employees in the Crescent City has increased by 24.5 percent since 2017. These businesses generate nearly five times more revenue per worker compared to Black-owned sole proprietorships. Business ownership is a key indicator of resilience and a significant highlight in metropolitan New Orleans' recoveries in the 21st century.

In this report, I examine the entrepreneurial resilience of metropolitan New Orleanians after Hurricane Katrina and the failure of the federal levees in 2005, and then again after the COVID-19 pandemic of 2020 to 2021. I detail a range of data on sole proprietorships and businesses with multiple employees by race and ethnicity, highlighting the growth of these businesses in the wake of the two disasters, especially among Black-owned and Latino or Hispanic-owned businesses. I then turn to the promise of leveraging commercial real estate and the support of nonprofit startup accelerators to

Photo source: Shutterstock

promote more entrepreneurship, highlighting several individual success stories.

I close this report with several policy recommendations to sustain and accelerate the growth of entrepreneurialism in the New Orleans metropolitan region, among them:

- Establishing a permanent Business Recovery and Resilience Fund
- Expanding and incentivizing commercial real estate ownership
- Revising zoning and land use policies to activate vacant commercial properties
- Promoting community wealth-building and asset ownership

In these ways, metropolitan New Orleans' small businesses can move beyond growth trajectories heavily influenced by the cyclical nature of recovering from disasters, and toward business growth that is steadier and more robust for all regional entrepreneurs.

Entrepreneurial resilience and growth in metropolitan New Orleans since Hurricane Katrina

On a busy stretch of Elysian Fields Avenue in the Marigny neighborhood in New Orleans, where the neighborhood shifts between residential calm and commercial possibility, sits Baldwin & Co.—a bookstore and coffee shop that has become a beacon of entrepreneurial transformation in the city. Once home to Curbside Daiquiris, patrons are now greeted by the rich smell of espresso beans and a carefully curated book selection.

Literary and political conversations can be heard in its intimate interior and the adjacent courtyard. Behind the counter, surrounded by shelves of African American literature, moves D.J. Johnson—a former federal executive whose journey from Washington, D.C. back to his native New Orleans embodies the entrepreneurial spirit driving the city's renaissance after Hurricane Katrina and the failure of the federal levees 20 years ago.

Johnson's journey as a business owner began in New Orleans' Third Ward on MLK Boulevard. As a middle child of seven, he spent weekdays with his Crescent City born-and-raised mother and weekends with his father in rural St. Bernard Parish southeast of the city. When Hurricane Katrina hit, Johnson was midway through a 20-year federal career in Washington D.C., unaware that in 2019 he would provide policymakers with telling reasons for why the rise of small business entrepreneurs in the city is impressive and difficult. I will detail his journey later in this report, but first I need to describe the backdrop to his eventual success and how his journey fits into the experiences of the city's many other entrepreneurs.

Before 2005, entrepreneurship was a less common career pathway for New Orleanians, as reflected by the lower shares of individuals starting businesses. When Hurricane Katrina hit, the startup rate for businesses was below the national average. Then new business startups in metropolitan New Orleans shot up after the disaster, and then again after the COVID-19 pandemic, compared to other metropolitan areas across the country (see Figure 1).

This spike in new business formations indicates a robust response by the private sector to local economic demands, as well as to suddenly shaken workforce conditions. These new businesses addressed immediate needs and filled a void partially due to a sharp downturn in public sector employment and support in the wake of the storm.

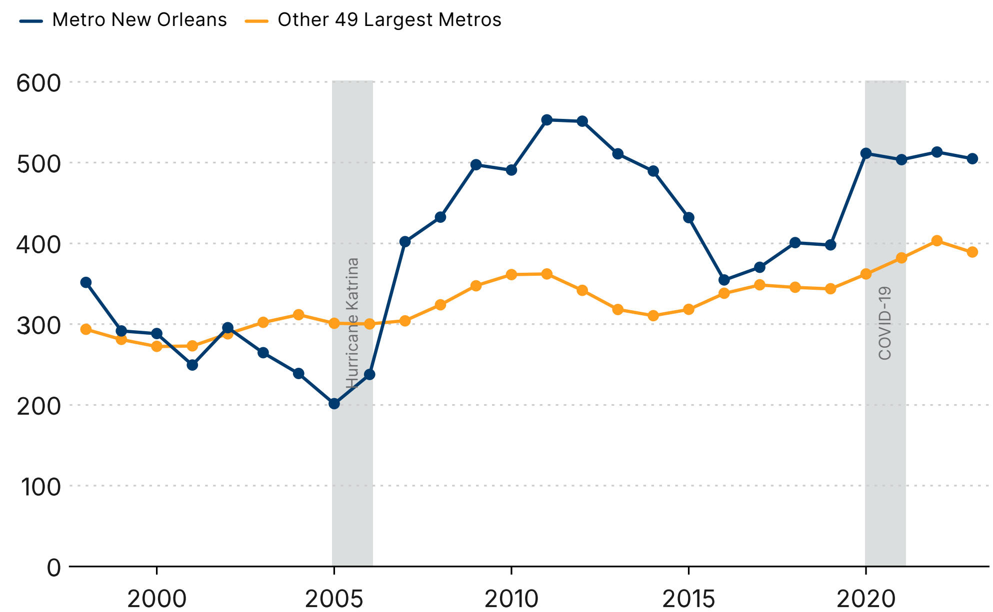
Taxi and limousine services saw the largest increase in new businesses, reflecting the urgent need for local transportation and less regulation in the immediate wake of the hurricane. Truck transportation also saw a significant rise, in line with supply chain demands and reconstruction efforts. Retail outlets and arts and entertainment venues experienced moderate increases as shops and cultural spaces reopened.

FIGURE 1

Metropolitan New Orleans leads other big U.S. metros in startup businesses

Individuals starting up new businesses per 100,000 adult population, 3-year average, 1996 to 2023

Source: CPS microdata; Federal Reserve Bank of Atlanta calculations, the Brookings Institution



Elementary and secondary schools experienced smaller but still positive growth, likely related to changes in population patterns and increased demand for alternative schooling options, such as charter schools and the hiring of a new cohort of educators from the private sector and philanthropic organizations.[1]

As employers in 2005 made efforts to get back on their feet, people took matters into their own hands to earn income by starting businesses. The rate of new business creation doubled after Hurricane Katrina, and by 2007, these rates were markedly higher than before the disaster.

Several supply-and-demand factors could be related to the spikes in necessity-driven entrepreneurship following such shocks. Federal and state relief-and-recovery programs played a role by reducing startup costs and stimulating local entrepreneurial demand. The U.S. Small Business Administration, for example, offered low-interest disaster recovery loans to small businesses, homeowners, and renters affected by Hurricane Katrina, helping entrepreneurs cover startup expenses, rebuild infrastructure, and restore operations.

Additionally, the Community Development Block Grant Program, administered by the U.S. Department of Housing and Urban Development, provided significant funding for rebuilding efforts by supporting small businesses and economic development projects to boost local economic activity. At the state level, the Louisiana Recovery Authority coordinated initiatives, including loan and grant programs aimed at promoting entrepreneurship and small business development in the affected regions.[2]

Family-level recovery assistance was probably used as startup capital too, effectively giving low-wealth families startup capital to invest in themselves. Additionally, the extensive destruction caused by the hurricane and levee failures may have left gaps in the services provided by municipal, state, or non-local private institutions, prompting local entrepreneurs to address these unmet needs. All these responses by residents underscore New Orleans' strong culture of community resilience and entrepreneurialism, where informal support systems took on the risk of launching new ventures during recovery phases.

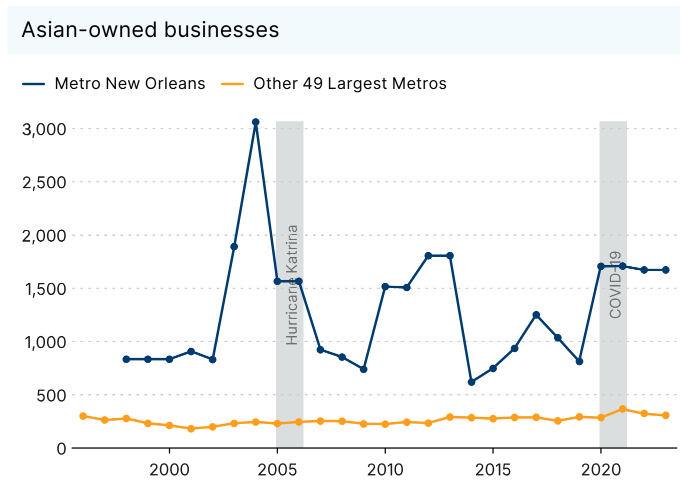
Examining business startups by race and ethnicity, the data reveal distinct trends in the aftermath of Hurricane Katrina and the COVID-19 pandemic. After the hurricane, all racial and ethnic groups experienced a collapse in business activity in 2005, followed by a rebound that exceeded pre-storm levels. While the rate of new businesses increased for all groups, it was particularly pronounced among Asian Americans (see Figure 2).

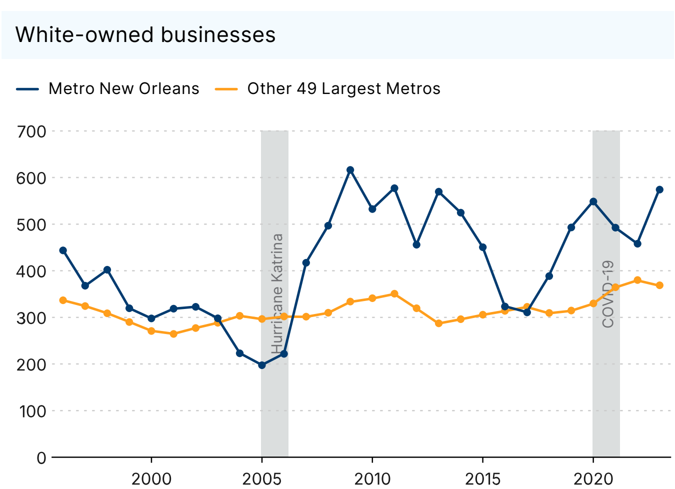
FIGURE 2

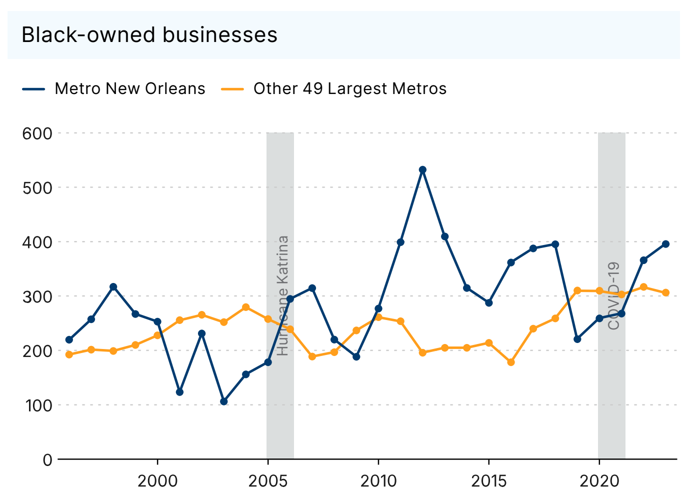
Necessity entrepreneurs across all races and ethnicities stepped up after Hurricane Katrina and the COVID-19 pandemic, but more so among new Asian American business owners

New business starts per 100,000 adults, by race, 3-year average, 1995 to 2025

Source: Brookings analysis of CPS microdata based on Federal Reserve Bank of Atlanta calculations







For Asian American entrepreneurs, the immediate post-hurricane period saw a dramatic drop. But new business startups in this community began to rise after 2009, peaking significantly between 2012 and 2013.

Black-owned business startups saw an increase immediately after Hurricane Katrina, peaking in 2012. This trend was driven by necessity, improved lending opportunities, and community recovery efforts. But following the 2012 peak, the rate began to decline to pre-storm levels as credit markets tightened after the Great Recession of 2007 to 2009, affecting all racial groups, especially lower-capitalized entrepreneurs.

The business response to the COVID-19 pandemic

The COVID-19 pandemic triggered a similar surge in new business creation in metropolitan New Orleans, surpassing the growth rates of other metropolitan areas. Overall, the entrepreneurial rate in the New Orleans region has gradually increased. Specifically, the three-year average rose by 29 percent between 2019 and 2022, compared to a 17 percent increase for other large metropolitan areas elsewhere in the United States (see Figure 1).

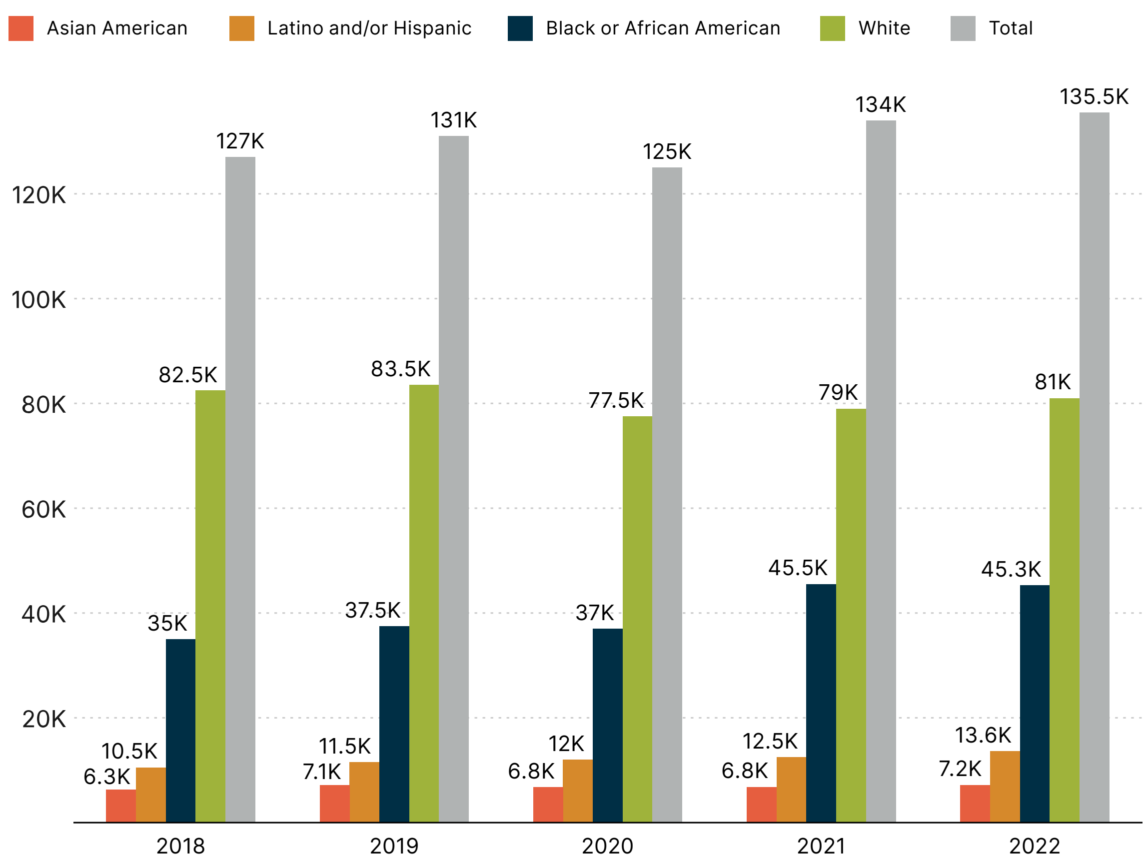
FIGURE 3

Sole proprietorships among all races in New Orleans rose gradually after the COVID-19 pandemic, yet growth was uneven

The number of sole proprietor businesses in metropolitan New Orleans, by race and ethnicity, 2018 to 2022

Source: Brookings analysis of U.S. Census Bureau Nonemployer Statistics

Note: Sole proprietors can be multi-race/ethnicity and can appear in more than one category.



The number of Black sole proprietors (or in Census Bureau terminology, "nonemployer business owners") increased 29 percent from 2018 to 2022, eventually totaling 45,300, or 33 percent of all nonemployer business owners in metropolitan New Orleans (see Figure 3). Indeed, Black businesses both solely owned and with employees were a key part of overall firm growth. From 2018 to 2022, the total number of businesses in the New Orleans metropolitan region grew by 6.2 percent, from roughly 151,000 to just more 160,000 firms, while Black businesses increased 29 percent—more than any other minority racial or ethnic group. These businesses made up roughly a third of the business creation in metropolitan New Orleans during this period.

Black communities were severely impacted by COVID-19, facing a slower economic recovery due to higher death rates and lower levels of wealth. Currently, Latino or Hispanic entrepreneurs represent the fastest-growing owners of new businesses, whereas the rate of Black entrepreneurship is beginning to rise, but at a slower pace.

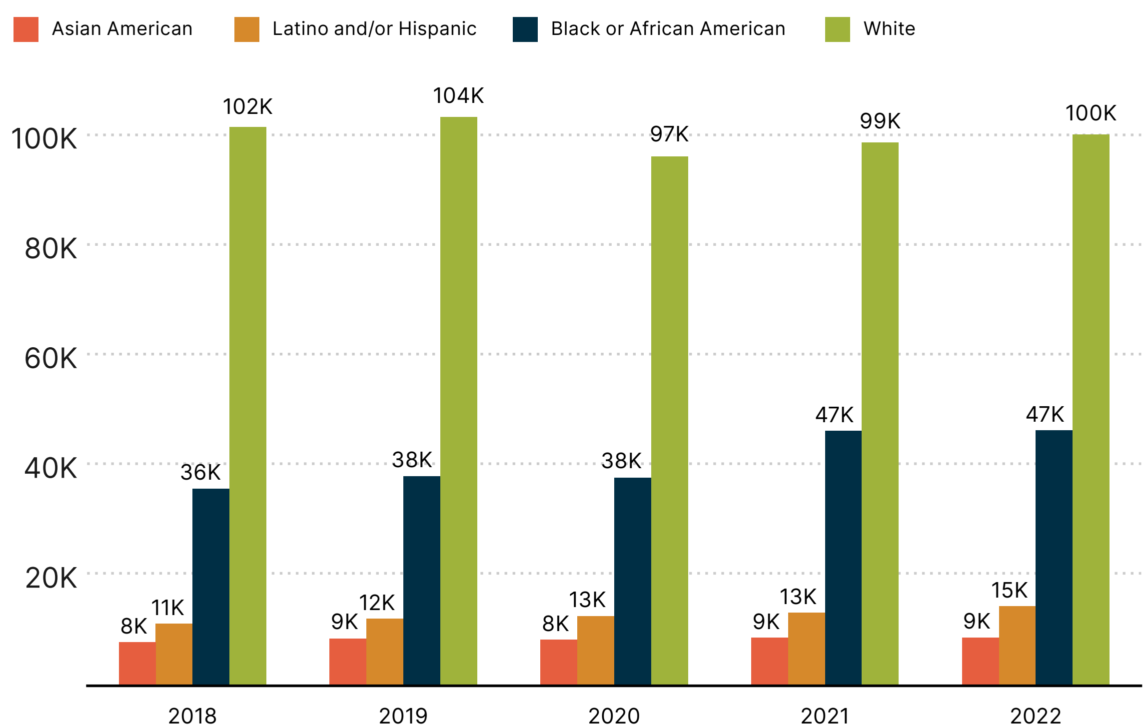
Promoting growth across all segments of the population is crucial, as economic expansion is not a finite resource. In the context of metropolitan New Orleans, increasing the number of Black-owned businesses (particularly firms with at least one employee) can serve as a catalyst for overall economic development within the Black community and the metropolitan region. The growth of Black-owned businesses, alongside other racial and ethnic groups, has contributed to a broader economic recovery, especially in the aftermath of the COVID-19 pandemic, illustrating that inclusive growth benefits the entire New Orleans metropolitan economy (see Figure 4).

FIGURE 4

Inclusive business growth in metropolitan New Orleans benefits business owners of all races and ethnicities

The number of sole proprietor businesses and businesses with employees in metropolitan New Orleans by race and ethnicity, 2018 to 2022

Source: Brookings' analyses of U.S. Census American Business Survey and Nonemployer Statistics



In 2022, the largest number of small businesses were within the professional, scientific, and technical services industry. These businesses include accountants, engineering or architectural firms, payroll and bookkeeping consultants, veterinarian offices, and researchers. Of the top 10 industries in metropolitan New Orleans, most retained a consistent number of firms during this 4-year period. Transportation and warehousing firms stood out with notable growth from 2021 to 2022, while the number of retail firms as well accommodation and food service firms declined (see Figure 5).

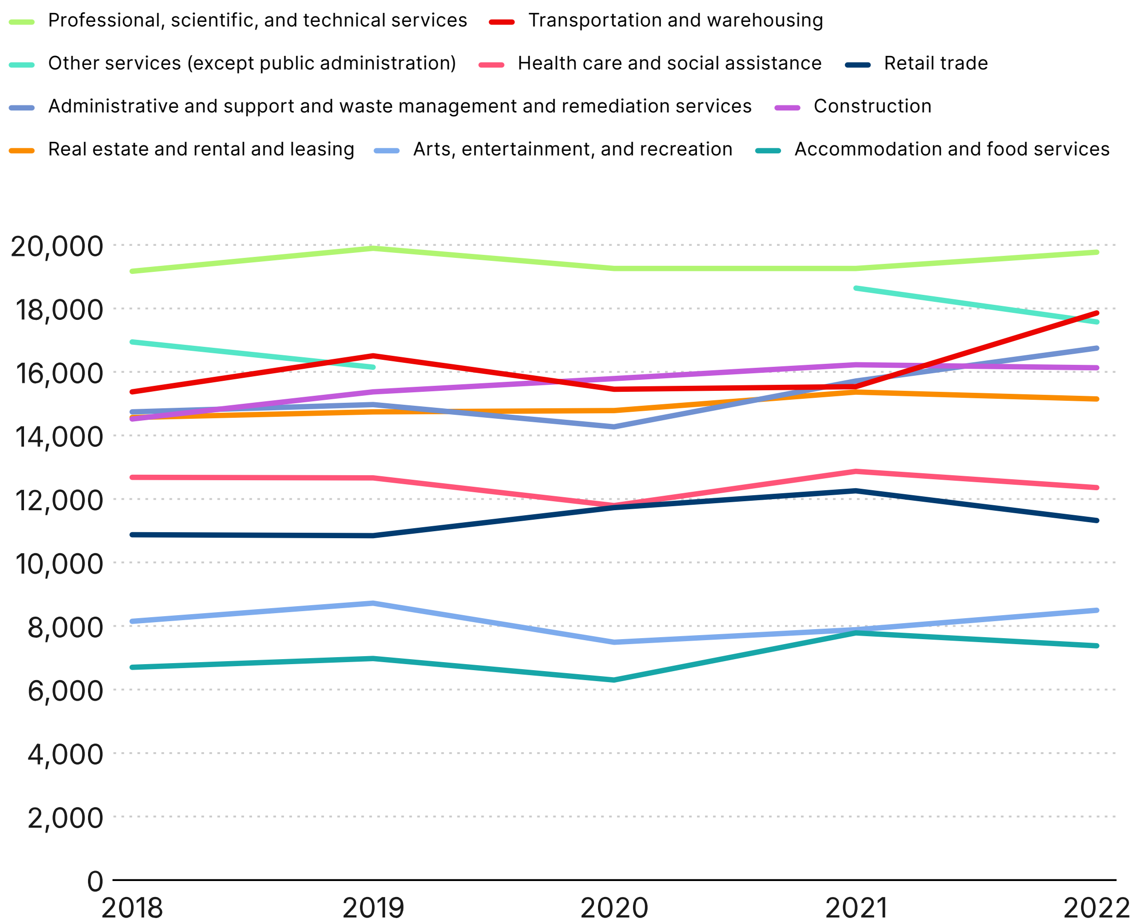
Among Black-owned businesses, transportation and warehousing firms are the most prevalent, with 20 percent of Black-owned businesses in this sector. Among these firms, however, 99 percent are sole proprietorships compared to just 1 percent of employer-

FIGURE 5

Professional services grew after the COVID-19 pandemic while entertainment and food services declined in metropolitan New Orleans

Top 10 industries by number of total firms in key sectors across the New Orleans metropolitan region, 2018 to 2022

Source: Brookings' analysis of U.S. Census American Business Survey and Nonemployer Statistics by Demographics data



based firms, which employed 965 people (an average of nine per firm). An analysis of Black firms with employees provides a more complete understanding of business growth than looking at new business creation alone, which some might dismiss as primarily driven by gig workers such as Uber drivers. While many new businesses are sole proprietorships or gig-based, the growth of Black-owned transportation and warehousing firms—most of which boast a number of employees—indicates that entrepreneurs are building more substantial enterprises beyond the gig economy.

This broader view highlights the resilience and entrepreneurial capacity within Black communities, demonstrating that their business growth extends beyond the informal or gig economy and reflects genuine economic development. The top industry for Black employers is health care and social assistance, with 310 firms and 3,745 employees. Overall, in 2022, Black-owned businesses in metropolitan New Orleans employed more than 11,000 people and earned roughly $3 billion in revenue (see Table 1).

TABLE 1

Top 10 industries for Black business owners in metropolitan New Orleans, 2022

Industry	Total Firms	Total Nonemployer Firms	Total Employer Firms	Number of Employees	Annual Payroll	Revenue and Sales	Revenue and Sales – Nonemployer Only	Revenue and Sales Employers Only
Total	*46.6K*	*45.3K*	*1.3K*	*11.5K*	*$407M*	*$3B*	*$1B*	*$1B*
Transportation and warehousing	9.4K	9.3K	102	965	$46M	$513M	$361M	$152M
Other services (except public administration)	7.5K	7.4K	79	631	$26M	$206M	$137M	$67M
Administrative and support and waste management and remediation services	6.3K	6.3K	98	1.4K	$53M	$193M	$103M	$91M
Health care and social assistance	4.5K	4.2K	310	3.7K	$100M	$336M	$94M	$231M
Professional, scientific, and technical services	3.3K	3.1K	247	755	$48M	$209M	$88M	$121M
Retail trade	2.9K	2.9K	74	340	$13M	$206M	$71M	$136M
Construction	2.9K	3.2K	89	687	$36M	$326M	$183M	$169M
Accommodation and food services	2.8K	2.7K	106	2K	$46M	$217M	$46M	$171M
Arts, entertainment, and recreation	1.9K	1.9K	20	62	$2M	$57M	$50M	$7M

Source: Brookings' analysis of U.S. Census Bureau American Business Survey and Nonemployer Statistics

Note: The New Orleans metropolitan statistical area data in this table includes St. Tammany Parish. Estimates are rounded to the nearest 1,000th.

In 2022, businesses in New Orleans offered 28,000 fewer jobs than five years prior, a decrease of 5.5 percent. The top-employing firms were in health care, retail, and accommodation/food services. The top 10 industries with the largest number of employees registered steep declines across the board during the first year of the COVID-19 pandemic (2020 to 2021), except for professional, scientific, and technical services firms, but the other nine sectors reverted to growth the following year. Most industries experienced growth after the initial pandemic dip in employees, but it is unclear from the data whether these industries have fully recovered. Over the 4-year period, construction firms increased their number of employees the most, by an additional 11,863 jobs (see Figure 6).

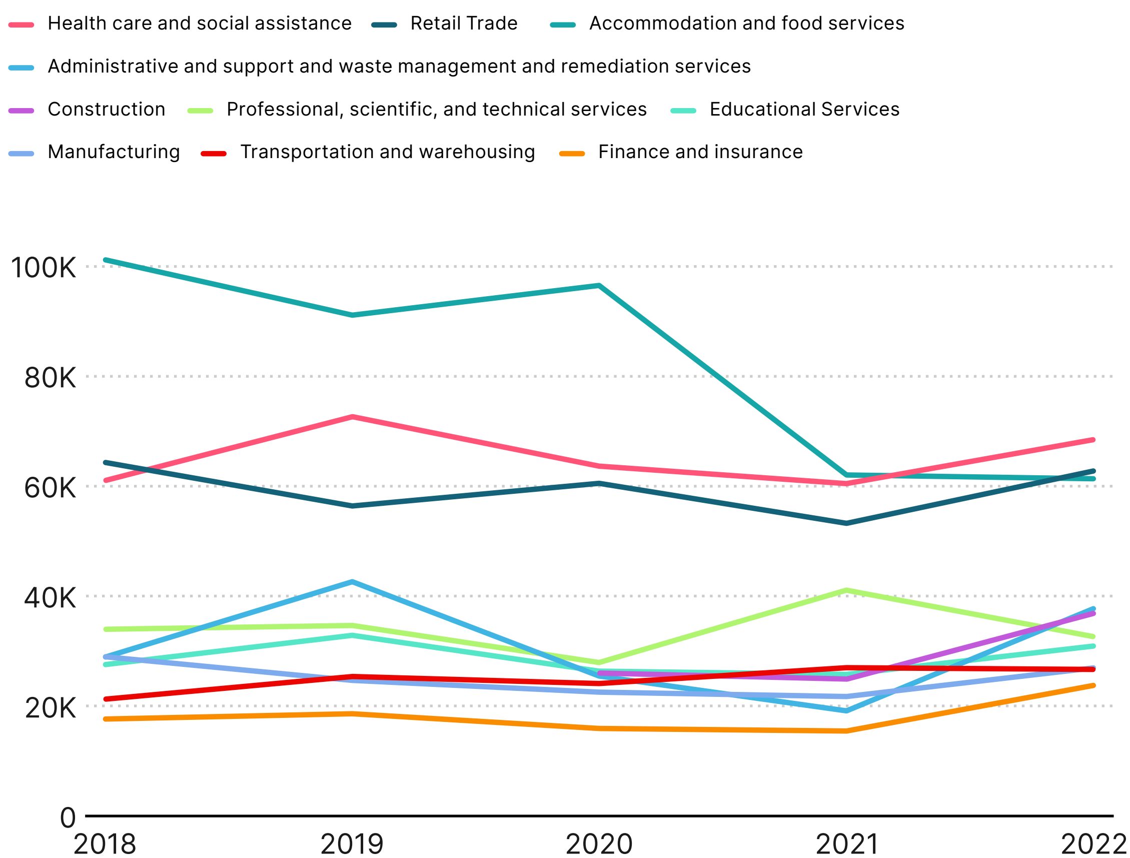
FIGURE 6

Most major industries registered employee growth after the COVID-19 pandemic

Top 10 industries by number of employees in metropolitan New Orleans, 2018 to 2022*

Source: Brookings analysis of the U.S. Census Bureau's Annual Business Survey and Nonemployer Statistics

**Note: This analysis is based on 2-digit NAICS codes and therefore differs from other analyses in this report series.*



The growth of Black employers is a bright spot and opportunity for overall future business growth in metropolitan New Orleans

One of the bright lines over the past five years has been the rise of Black employers in metropolitan New Orleans. The number of Black-owned businesses with multiple employees increased from 2017 to 2022, more than any other major race or ethnic group. Revenue and annual payroll increased, though the number of employees at these firms declined (see Figures 7 and 8).

FIGURE 7

Latino or Hispanic-owned businesses and Black-owned businesses increased after the COVID-19 pandemic in metropolitan New Orleans

Percentage change in businesses with multiple employees by race and ethnicity, 2017 to 2022

Source: Brookings' analysis of U.S. Census American Business Survey data

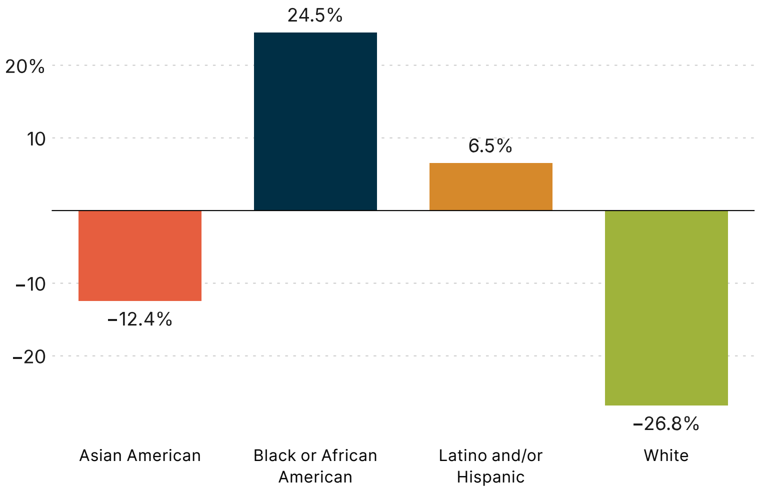
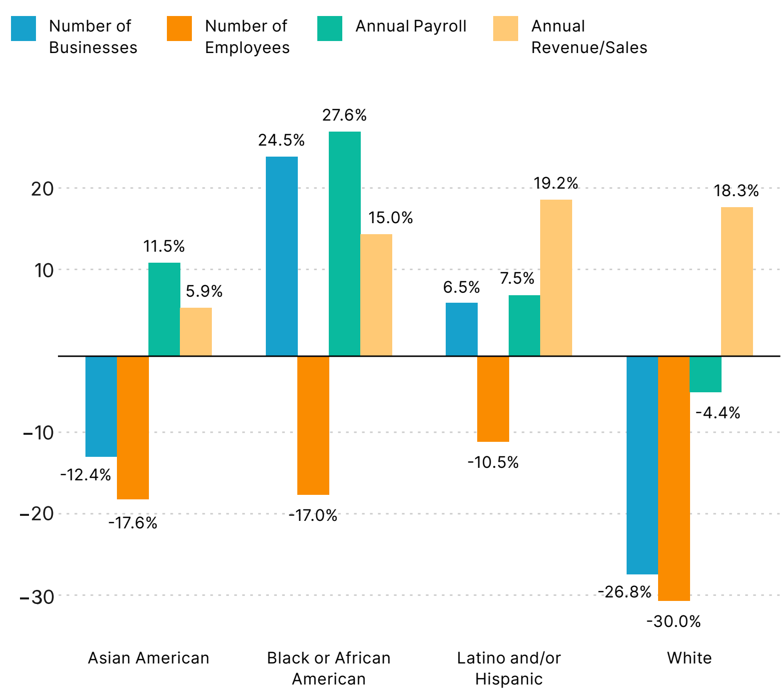


FIGURE 8

Key characteristics of employers in metropolitan New Orleans

Percentage change in the number of employer firms, number of employees, annual payrolls, and annual revenues, 2017 to 2022

Source: Brookings' analysis of U.S. Census American Business Survey data



Leveraging commercial real estate to increase business development

Across the United States, Black individuals make up approximately 14 percent of the overall population but account for only about 3.3 percent of owners of firms with multiple employees.[3] If the proportion of firms with multiple employees owned by Black entrepreneurs matched their share of the population, then it would translate into more than 757,000 additional businesses.[4] Achieving this would be significantly more feasible if Black households had greater ownership of commercial real estate to house these enterprises.

Possessing commercial real estate could play a key role in addressing the racial wealth gap that underpins disparities in ownership across various sectors of the U.S. economy. Conversely, reliance on renting property tends to deepen this inequality, as tenants are more vulnerable to economic fluctuations, which often manifest as sudden rent increases and unpredictable changes in property ownership.

Unfortunately, commercial real estate ownership is highly concentrated among a small elite. A staggering 81 percent of nonresidential commercial properties—including retail spaces, office buildings, and waterfront warehouses—are owned by the top 1 percent of U.S. households that own commercial real estate.[5] Among Black households, only 3 percent own nonresidential commercial real estate, compared to 8 percent of White households.

Among those who do own commercial property, the average net asset value held by White households is approximately $34,000, whereas the typical Black household owns assets valued around $3,600. Expanding the ownership of commercial real estate among Black communities across all socioeconomic levels could help address structural disparities.

Twenty years after Hurricane Katrina, the opportunity for local business owners to grow and thrive is ripe once again. Commercial rents in metropolitan New Orleans are relatively low, at an average of $96 per square foot—down 7 percent from last year and down 33 percent from the past 18-year average. Retail space rent is even more affordable, at $21 per square foot—historically low compared to $29 in 2007. The rate of vacant commercial properties is also down to roughly the same as it was after Hurricane Katrina, at 7.3 percent. This vacancy rate is a positive indicator of business activity compared to the average vacancy rate of 8.5 percent from 2007 to 2025.[6]

Which brings me back to D.J. Johnson, the federal government employee who had no idea he would become emblematic of the rise in Black entrepreneurship after the COVID-19 pandemic. After graduating from Clark University in Atlanta in 2002, Johnson interned at the Federal Deposit Insurance Corporation, eventually rising to become the Chief of Infrastructure Management Services at the banking regulator in Washington, D.C. Encouraged by a demanding executive who also was preparing his mentee for life after government work, Johnson invested early himself, building a portfolio of more than 20 Atlanta properties that generated more income than his salary.

In 2018, Johnson's mother fell seriously ill, prompting his decision to quit his federal career. "I can always get another job, but I can't get another mom," he reasoned.[7] He returned to New Orleans to begin a new life for himself and his mother. He nursed his mother through strict dietary regimens, chair yoga, and gradual physical therapy, and she progressed from being wheelchair-bound to walking three miles daily. Given months to live in 2018, she's alive and thriving today. As his mother began to get back on her feet, Johnson sought a new career: entrepreneurialism.

Using his capital, in August 2019, he purchased the former Curbside Daiquiris building in the Marigny neighborhood as a real estate investment. "I had no plans on opening up a business. I'm a buy and hold type of guy," he explains, referring to holding real estate. But the building's potential and his growing commitment to his beloved New Orleans transformed his vision.

During the COVID-19 pandemic, Johnson spent months writing a detailed business plan, applying his corporate experience to retail despite never having worked in the industry. With his own startup capital and a building that he owned, Johnson overcame a significant hurdle that others face, particularly Black people, in becoming a small business employer.

Most people start their firms using their personal wealth. Based on data from the Federal Reserve's Survey of Consumer Finances, across the U.S., the median wealth of Black households between 2019 and 2022 was $44,890. For Latino or Hispanic households, it was $62,000; for White households, it was $285,000; and for Asian American households, it was $536,000 (Asian American wealth data is only available for 2022).[8]

But according to analysis by The Data Center, the median wealth of Black households in metropolitan New Orleans in 2018 was much lower prior to the COVID-19 pandemic, at $18,000. This was in comparison to $29,000 for Latino or Hispanic households and $181,000 for White households (see Figure 9).

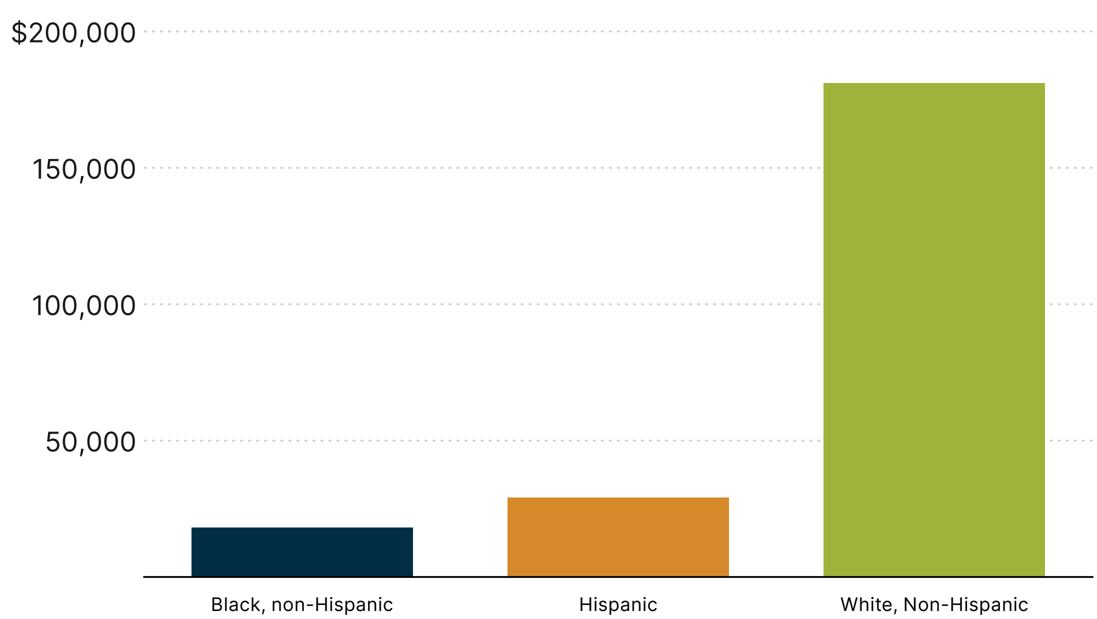
When financing a business, generally speaking, an entrepreneur is either using equity or debt capital. Black and Latino or Hispanic entrepreneurs are more likely to have to take on debt, a move Johnson also was able to avoid given his sizable property assets in Atlanta. But Johnson's story underscores the value of wealth and entrepreneurship beyond its financial implications, instead emphasizing what it enables in people's lives. His wealth enabled a desired lifestyle, and gave him the choice to pursue personalized, life-extending care for his mother. Wealth data by race point to populations for whom low wealth reduces both their personal agency and resilience from disasters, whether weather-related regional disasters or personal ones.

FIGURE 9

White households held far more wealth than Black and Latino or Hispanic households in New Orleans prior to the COVID-19 pandemic

Median wealth in metropolitan New Orleans, by race and ethnicity, 2018

Source: Based on analysis by The Data Center. Available at: https://www.datacenterresearch.org/reports_analysis/a-profile-of-wealth-in-the-new-orleans-metro/



Analysis by my Brookings colleagues and me of 2024 Gallup survey data indicates that limited access to external credit is a significant barrier to the growth of Black-owned businesses with multiple employees. The data reveal that Black Americans are more likely than others to encounter difficulties and lack success when applying for business financing.[9] While part of this challenge can be attributed to credit history issues, there is further evidence that Black entrepreneurs experience disproportionately high rejection rates for business loans.

Additionally, they are often discouraged from seeking financing due to fears of rejection. Supporting this, the Gallup data shows that Black business owners are 4.5 times more likely than their White counterparts to report unfair treatment during the loan or financing process.[10]

Johnson had the capital through his real estate holdings to not only support the growth of his business venture but also to own the building in which it operates. Baldwin & Co. opened in February 2021, eventually hosting roughly 200 author talks annually—making it a destination for locals and tourists alike.[11]

New Orleans business development surged after Hurricane Katrina too: Insights from Jessica Allen

The rise of small business development and entrepreneurship is illustrative of New Orleans' recovery after 2005 as well. Jessica Allen, now CEO of Propeller, a nonprofit dedicated to supporting social and environmental entrepreneurs in New Orleans, shared her story in a July 2025 Zoom interview.[12] Since 2009, she had been visiting her siblings who had moved to the city. "I grew up coming here every summer," she said, highlighting her long-standing connection to the city.

Originally from Reading, Penn., she followed her siblings and moved to the city in 2012 to attend Tulane University's public health program. After graduation, Allen served in a support role in Propeller starting in 2017 and has been at the forefront of fostering this entrepreneurial ecosystem ever since, becoming its CEO in 2025.[13] During our interview, Allen shared her insights into the growth of business development in the city, highlighting the roles of various organizations and offering recommendations for continued progress.

Founded following the surge of entrepreneurial energy in New Orleans after the 2005 storm, Propeller was established with a clear mission. "We support entrepreneurs to tackle social and environmental disparities here in New Orleans," Allen explained. The organization's vision is to create a thriving entrepreneurial ecosystem where businesses can access essential resources and support. Propeller's cornerstone initiative, the Impact Accelerator program, began in 2011. This program provides business coaching, technical assistance, and funding to social impact entrepreneurs. Allen emphasized the program's evolution to include these focus areas.

Propeller is not alone in its mission. Organizations such as Go.Be. (formerly the Good Work Network) and Fund 17 work with Propeller to address key financial hurdles, such as accessing capital. "We have partners on both the debt and equity sides," Allen said. Together, these organizations have formed the Financial Wellness Collaborative to help entrepreneurs become financially ready to secure loans.

Reflecting on the city's entrepreneurial growth, Allen attributes it to the strong spirit of innovation inherent in New Orleans. "There's always been a strong entrepreneurial spirit here," she said. This spirit, combined with technical support from organizations such as hers and her partners in the Financial Wellness Collaborative and other nonprofits—among them Thrive New Orleans, Idea Village, and Launchpad—has fueled the rise of new businesses.

Allen pointed out the significant role of Black-owned businesses in this growth, particularly from 2017 onward. She highlighted that external factors, such as increased access to capital, have provided opportunities for these businesses to expand. She noted that Black people who may not have had access to mainstream banking services leveraged new resources that were made available after the shocks related to the storm and pandemic to invest in their businesses, expanding operations and employment.

The collaborative model has been successful, with positive outcomes and feedback from philanthropic partners. For instance, Propeller's 2024 annual report cited that 18 ventures participating over a 5-month period in the Impact Accelerator reported a total earned and committed revenue of $2,173,775. These ventures received 331 hours of strategy and subject matter consulting, resulting in the creation and retention of 34 jobs.[14] The 21 entrepreneurs who participated in Propeller's Inclusive Procurement and Technical Assistance Program created 42 jobs and sustained 57. And through Propeller's newly launched $3 million Impact Fund II, $100,000 in equity investments were deployed to two Black-owned Louisiana adaptogenic beverage companies, which helped create or sustain seven jobs in 2024. Additionally, 15 entrepreneurs received technical assistance to apply for seed funding through the same fund.

"Our funders and partners appreciate supporting a collaborative effort that's effective on the ground," Allen said.

Looking to the future, Allen is hopeful about increasing the number of firms with multiple employees, especially Black-owned ones. "We believe that moving the needle on this will create more wealth for the Black community," she asserted. Propeller's commitment to centering the needs of Black native New Orleanians is a strategic focus that aims to uplift all businesses in the city. Allen believes that by uplifting Black firms with multiple employees the regional economy will realize untapped growth from its majority population.

Allen emphasized the importance of homegrown talent and resources. "We differ from other development approaches by spurring entrepreneurship with local talent," she said. This focus on internal growth rather than attracting external businesses sets New Orleans apart from other economic development work happening in the state and other metropolitan regions.

"There's a lot of good news," she concluded, expressing confidence in the city's entrepreneurial future. Her work with Propeller and its partners is a testament to the resilience and innovation that characterize New Orleans, ensuring that the city's business ecosystem continues to thrive.

Policy recommendations

In metropolitan New Orleans, the trajectory of new businesses has been heavily influenced by the cyclical nature of disaster relief-and-recovery funding, rather than a steady increase year over year. New Orleans entrepreneurs continue to demonstrate resilience amid shocks through business formation rates that remain elevated compared to pre-shock levels, but these rates could be improved with more sustained policies and programs.

As of 2023, the rate of new business formation in metropolitan New Orleans has stabilized at approximately 500 annually, while the other largest metropolitan areas continue on a gradual upward trend.

Nonprofit organizations such as Propeller have certainly added value to the business ecosystem. But to sustain and accelerate growth, the New Orleans metropolitan region should mimic some of the conditions, resources, and policies after crises that provided fuel to the entrepreneurial spirit and resilience of communities. To do so, state and city policymakers and community leaders should:

- Establish a permanent Business Recovery and Resilience Fund
- Expand and incentivize commercial real estate ownership
- Revise zoning and land use policies to activate vacant commercial properties
- Promote community wealth-building and asset ownership

I close out this report with a more detailed look at each of these policy recommendations in turn.

Establish a permanent Business Recovery and Resilience Fund

To promote sustainable economic growth, the city of New Orleans and its surrounding parishes should create a dedicated, ongoing fund that provides low-interest loans, grants, and technical assistance to entrepreneurs, with a particular focus on underserved communities. This fund would serve as a permanent resource, modeled after disaster recovery programs such as the U.S. Small Business Administration's disaster loans, but embedded into region's long-term economic development strategies.

By institutionalizing this support system, entrepreneurs would have access to capital and resources not just during times of crisis but as part of everyday economic development efforts. Such a fund would help reduce reliance on emergency aid and foster a culture of resilience and self-sufficiency, enabling entrepreneurs to invest in their businesses, acquire real estate, and expand sustainably.

A model the municipal governments in metropolitan New Orleans could mimic is New York City's NYC Small Business Opportunity Fund, which is a dedicated resource designed to support small businesses across all five of the city's boroughs, including those located in low- and moderate-income communities. Importantly, the fund serves woman-owned businesses, those owned by people of color, immigrant entrepreneurs, and early-stage startups with less than two years of revenue. It also aims to assist businesses rebuilding and recovering from recent challenges.

Whether a business is a new startup, in growth mode, or seeking a boost to finance further expansion, the NYC Small Business Opportunity Fund offers a trusted, affordable way for owners to invest in their small businesses. The program features no minimum credit score requirement, loans of up to $250,000 at a fixed 4 percent interest rate, free business support, and an easy application process with no application fee. It's designed to help entrepreneurs expand, stabilize, and thrive in New York City.[15] This is an apt model for metropolitan New Orleans to replicate.

Expand and incentivize commercial real estate ownership

Increasing Black and low-income households' ownership of commercial properties is a key strategy for addressing economic disparities and promoting local business stability. To achieve this in metropolitan New Orleans, the city government and surrounding parishes should implement programs that offer down payment assistance, property tax incentives, and technical support to prospective buyers.

Simplifying the process of acquiring and managing commercial real estate—such as streamlining transfer procedures and providing favorable financing—can lower barriers to entry. An initiative focused on promoting commercial property ownership would not only help close racial wealth gaps, but also provide entrepreneurs with stable, affordable spaces to operate their businesses, reducing vulnerabilities associated with rent dependence.

Although the program is now closed, the Commercial Property Acquisition Fund in Washington, D.C. could serve as an example of a city actively encouraging the acquisition of commercial property.[16] Mayor Muriel Bowser and the Office of the Deputy Mayor for Planning and Economic Development, in partnership with the Council of the District of Columbia, strategically invested up to $2.5 million in 2022 to launch its Commercial Property Acquisition Fund. The funds were designed to support eligible District-based businesses by providing down payment assistance through grants of up to $500,000 or 25 percent of the sale price, whichever was less.

The program aimed to help businesses maintain and expand their operations by acquiring commercial property within the District of Columbia, with a requirement that recipients own and occupy the property for at least seven years. The municipal governments in metropolitan New Orleans could use this model as a template for their own commercial property acquisition financing.

Revise zoning and land use policies to activate vacant commercial properties

Making it easier to reuse or occupy vacant commercial spaces is key to stimulating local economic activity. New Orleans and the surrounding parishes should review zoning and land use policies to streamline permitting processes, reduce associated fees for small businesses, and incentivize landlords to lease or sell vacant properties to local entrepreneurs.

Establishing a "Vacant Property Reuse Program" that offers tax incentives and technical assistance would encourage owners to fill these spaces with productive, locally owned businesses. Accelerating the circulation of commercial real estate in this way would invigorate neighborhoods, create jobs, and foster a more dynamic local business environment.

The Detroit Land Reuse Program through the Detroit Land Bank Authority is a useful model for metropolitan New Orleans, as it encompasses a range of strategies to address vacant properties, including zoning reforms, incentives, and technical assistance aimed at activating vacant commercial spaces.[17] Additionally, Detroit has implemented various incentive programs, including the Vacant Commercial Property Incentive Program, which offers tax abatements and support to encourage the reuse and redevelopment of vacant commercial properties.

Promote community wealth-building and asset ownership

To address racial and economic disparities in business ownership, New Orleans and the surrounding parishes should support initiatives that expand access to assets such as home ownership, as well as commercial real estate and business ownership for marginalized communities. Supporting models such as community land trusts, cooperative ownership, and shared equity programs would help Black entrepreneurs and low-income households build wealth and secure assets that generate income.

City and parish policymakers could develop a "Community Asset Fund," in partnership with local, regional, and national nonprofit organizations and financial institutions, to invest in local business ownership and real estate, fostering economic inclusion and resilience. These efforts would contribute to more equitable wealth development and help ensure that economic growth benefits all residents.

There are a number of models city and regional leaders could tap. In Baltimore, for example, Lyneir Richardson purchased a moribund strip mall through a shared equity model that established a community investment vehicle allowing both project finance sponsors and community investors to hold equity stakes in commercial real estate projects. After years of neglect, Richardson's company, Chicago Trend, acquired Edmundson Shopping Center[18] in the West Baltimore neighborhood for $17 million in August 2023. He went door to door to recruit local residents to invest with as little as $1,000 to have an equity stake in the development.

Shared equity models and community investment vehicles vary in structure around the nation, with each balancing goals such as building wealth, preserving affordability, and empowering local control. Some models are more mature and easier to replicate than others. Richardson's efforts demonstrate how these models can shift commercial real estate ownership from external investors to active community participants, fostering neighborhood growth, economic empowerment, and shared prosperity.

Of course, asset-building and wealth creation for budding entrepreneurs often starts with home equity. Metropolitan New Orleans is already helping expand homeownership through the New Orleans Redevelopment Authority, which has played a key role in the recovery and rebuilding process since Hurricane Katrina, and "tailored its interventions to the specific needs and market conditions of each neighborhood" in and around metropolitan New Orleans, according to the housing report published as part of this series by Brookings Metro and The Data Center.[19] This and other home-asset-building programs in metropolitan New Orleans will help homeowners become first-time entrepreneurs, launching their own sole proprietorship businesses.

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About The Data Center

The Data Center, a project of Nonprofit Knowledge Works, is the most trusted resource for data about Southeast Louisiana. Founded in 1997, we provide fully independent research and analysis to offer a comprehensive look at issues that matter most to our region. With a mission of democratizing data, The Data Center has, and continues to be, an objective partner in bringing reliable, thoroughly researched data to conversations about building a more prosperous, inclusive, and sustainable region.

About Brookings Metro

Brookings Metro is the nation's leading source of ideas and action to create more prosperous, just, and resilient communities.

About The Center for Community Uplift

The Center for Community Uplift at Brookings (CCU) seeks to increase economic security and well-being for people across racial and geographic lines.

About The New Orleans Index at Twenty Collection

The New Orleans Index at Twenty collection includes contributions from The Data Center, the Brookings Institution, and a dozen local scholars. The aim of this collection is to advance discussion and action among residents and leaders in greater New Orleans and maximize opportunities provided by the 20-year anniversary of Hurricane Katrina.

The New Orleans Index at Twenty: Measuring Progress toward Resilience analyzes more than 20 indicators to track the region's progress toward metropolitan resiliency, organized by housing and infrastructure, economy and workforce, wealth and people. Essays contributed by leading local scholars and Brookings scholars systematically document major post-Katrina reforms, and hold up new policy opportunities. Together these reports provide New Orleanians with facts to form a common understanding of our progress and future possibilities.

The New Orleans Index series, developed in collaboration with the Brookings Institution, and published since shortly after Hurricane Katrina, has proven to be a widely used and cited publication. The Index's value as a regularly updated, one-stop shop of metrics made it the go-to resource for national and local media, decisionmakers across all levels of government, and leaders in the private and non-profit sectors.

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