SUMMARY OF FINDINGS

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The State of New Orleans Three and One Half Years after Hurricane Katrina: An Overview

Much has changed in the nation since last August, when Hurricane Gustav hit the Gulf Coast two days after Katrina's anniversary. In the last three months, the country has plunged into a deep recession losing 1.5 million jobs. The new Obama administration's most urgent task now is to stabilize and reverse the troubled U.S. economy. Congress and the administration are crafting an unprecedented economic recovery package, replete with infrastructure investments, incentives for green tech jobs, and tax cuts.

In contrast to the nation, the greater New Orleans economy has grown, boosted by the large-scale rebuilding effort that is underway. In the last six months, two public housing redevelopments broke ground to make way for new mixed-income communities. Dozens of roads across the city are being repaved. Repairs are being made to fire stations, police stations, and other criminal justice facilities.[1] No doubt, the housing market has cooled and the national credit crunch has stalled the financing of some multifamily housing developments. But on balance, as this Index points out, the New Orleans economy is adding jobs and relatively few homes have entered foreclosure.

Still, the massive destruction from Hurricane Katrina remains widespread, dwarfing the rebuilding that is underway. Hundreds of streets are still in disrepair. Tens of thousands of residential, commercial, and institutional buildings remain damaged and unoccupied.

Much work remains to secure a successful long-term recovery for greater New Orleans and other communities in the Gulf Coast. To that end, a federal partnership between the new Obama administration and Congress with the people of Louisiana remains critical. In the short-term, there are two primary opportunities:

- New Orleans should work closely with Governor Jindal and the state to ensure that the federal stimulus package fills the gaps in recovery projects already underway and finances strategic new infrastructure projects. For instance, there are ample high quality infrastructure investments that can create jobs in the short-term while promoting safety and sustainability (e.g., coastal restoration), providing the foundation for growth in key industries (e.g., port and logistics, health care, tourism), and connecting low-income workers and communities to jobs and opportunity (e.g., transit, affordable housing).
- The Obama administration must act soon to continue the Office of Gulf Coast Recovery, which expires at the end of February. So much of what remains at stake to the future of New Orleans and other impacted communities is dependent upon a strong federal partner, such as the need to streamline the flow of infrastructure and Community Development Block Grant dollars, ensure the swift but quality repair of the levee system, and stimulate the supply of affordable rental

housing, especially among small rental properties. By continuing the office, either in the White House or in a federal agency that can build cross-agency collaboration, the administration would send a strong signal that the health and vitality of the Gulf Coast is a priority.

In brief, this edition of the New Orleans Index reveals that:

- **The New Orleans economy, although affected by the national downturn, is strong relative to the rest of the country.** From May to November 2008, the New Orleans metro area added 5,900 jobs – nearly three times the number added in the prior six months. In November, unemployment in the metro area rose to 4.9 percent, far below the national rate of 6.8 that month. And by December 2008, the metro area reached 88.1 percent of its pre-storm population. Meanwhile, single family home sales fell 28 percent comparing June through November 2008 to the same months in 2007.

- **Construction work is shifting from home building to infrastructure repairs.** From June through November 2008, permits for home repairs dropped 33 percent and permits for new home construction fell 10 percent in New Orleans. Meanwhile, the five-parish area has received $2.4 billion in FEMA public assistance grants for debris removal and infrastructure repairs—approximately half of the total amount obligated for the area. With help from these funds, in fall 2008, two private schools, twelve public schools and three libraries opened in the metro area, repairs were completed to one New Orleans police station, and one police station moved out of FEMA trailers and into a new facility.

- **Massive blight and significant flood risk remain the area's major challenges.** In Orleans and St. Bernard parishes, 69,727 and 15,188 residential addresses respectively were unoccupied as of September 2008. Louisiana's wetlands, an essential line of defense against hurricane storm surge, were reduced by 1,875 square miles in the last century and are projected to lose an additional 673 square miles by 2050.[2] The Army Corps flood risk maps suggest that many parts of the city remain at risk of six to eight feet of flooding from a "1 percent" storm.

With a labor force and state and local governments already oriented toward large public infrastructure projects, New Orleans is poised to rapidly execute additional funding that may arrive through the national economic recovery package. But leadership at the federal level remains critical to ensure that disaster recovery funding is streamlined, and that stimulus funding bolsters the impact of those recovery dollars to meet the region's long term goals of safety and prosperity.

1 *City of New Orleans: Monthly Progress Report, Recovery Projects, November 2008* at neworleans.iprojweb.com/doc/monthlyreport_november.pdf

2 *CWPPRA: A Response to Louisiana's Land Loss* at www.lacoast.gov