

## II. Summary of Findings: February 2007

### FINDINGS

*Days Since Katrina Made Landfall: One year and 170 days*

On the eve of its second Mardi Gras since Katrina, New Orleans stands poised to gain a larger economic benefit from the event than in did in 2006. Twenty additional hotels have opened since last year's Mardi Gras, and the New Orleans airport is now accommodating 100,000 more arriving passengers each month.

Despite the observable progress from one year ago, many indicators suggest the recovery has been largely stagnant in more recent months. Housing indicators are mixed at best, and newly available data demonstrate that less than 1% of homeowners who have applied for assistance through the Road Home program have received their home repair grants.

Demand for essential services continues to overwhelm supply as hospitals report saturated emergency rooms, and the public school system had to put returning students on a waiting list due to lack of facilities and teachers. These and other essential infrastructure repairs continue to be stalled due to bureaucratic hurdles at the local, state and federal levels. However, the newly-elected Democratic Congress has signaled it may make a significant move to reduce red tape and speed the recovery by eliminating the requirement that state and local governments pay a portion of recovery costs on individually estimated infrastructure repair projects.

Meanwhile, some significant strides have been made that will support further recovery in the future. Louisiana hastened to complete a coastal restoration plan which is to be financed by new federal offshore oil revenues. The two consolidated levee boards that were formed by voter referendum are now in place and actively scrutinizing the quality of the Army Corps' levee construction plans. Funding has been acquired and staff chosen to operate New Orleans' new Office of Recovery Management. And the city received much needed additional federal resources to help combat the recent increase in crime and bolster the decimated criminal justice system.

In short, the February Index finds that:

### Housing

- The Army Corps tore down only 80 homes over the last month – significantly less than the average 387 demolitions that have taken place each month since the storm.
- Home rebuilding assistance continues to trickle out of Baton Rouge with only 632 Road Home closings out of 107,739 applications for assistance as of February 12<sup>th</sup>.
- The local construction industry is showing early signs of increased capacity as new residential housing permits reached 638 in December, slightly surpassing the pre-Katrina average of 600 housing permits per month.
- The number of residential properties for sale reached 13,385 – the highest number since the storm.

## **Population**

- New household population estimates released by the state indicate that approximately 220,656 people lived in St. Tammany Parish in the later half of 2006. The margin of error is relatively high at +/-11.9%, nonetheless, this represents only a small increase from the Census' pre-storm population estimates for this suburban community.

## **Infrastructure**

- Public transportation has remained essential unchanged for an entire year with only 17 percent of pre-Katrina buses in operation and only one new route added this month – the partial streetcar route from the French Quarter to Lee Circle.
- Only one new school opened in Orleans Parish in January. Despite the obvious need for additional public schools, 56% remain closed in New Orleans.
- In Orleans Parish only two new child care centers and in Jefferson Parish only one new child care center opened this last month. A full 69% of all child care centers in New Orleans remain closed nearly 18 months after the storm.

## **Economy**

- Unemployment claims dropped to 275 in the metro area in December, likely due to seasonal employment opportunities. And the unemployment rate in Orleans and the metro area dropped below 5% for only the second time since the storm.
- December employment figures indicate that the New Orleans area has lost 163,100 --or 27% -- of its non-farm employees since Katrina. The vast majority of these were service-providing employees working in the private sector. The largest number of losses was in the trade, transportation and utilities; education and health services; leisure and hospitality; and professional and business service industries.
- Recently released average wage data for the second quarter of 2006 point to a leap in construction wages post-Katrina – supporting the need for revised cost estimates and additional funding for construction of essential infrastructure as well as housing.

In sum, the most recent indicators suggest that the recovery effort is only inching along. Some important policies have been put in place that will accelerate the recovery in the medium or long term. But in order to put momentum back into the recovery in the short term, decision-makers at local, state and federal levels need to focus on removing excessive red tape that hinders essential housing and infrastructure repairs.

—*The Brookings Institution Metropolitan Policy Program*