

Katrina Index Monthly Summary of Findings: May 3, 2006

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Days Since Katrina Made Landfall: 247

Between mayoral elections and the opening of the Jazz and Heritage Festival, New Orleans was bustling with both returning residents and tourists in April, reflected by increased demand for utilities, along with new openings in schools, food establishments, and in the hospitality industry. Contrary to these hopeful trends, though, there are now more homes for sale in the city than at any other time since we began tracking this indicator in October, and Louisiana's labor force continues to shrink. Meanwhile, the unemployment rate of workers still displaced by Katrina jumped to nearly 35 percent, a 54 percent increase over the preceding month.

Overall, this month's index finds that:

While the first few months of 2006 was marked by a recovery effort that was at a virtual standstill, the New Orleans area now appears to be regaining traction in the provision of key public services and in the hospitality industry:

- **Demand for utility service substantially increased in April.** In particular, the proportion of pre-Katrina customers who are using service again increased from about 50 percent in March to 60 percent in April, indicating that both homeowners and businesses are back.
- **Three more public schools opened in New Orleans over the past thirty days, increasing the student capacity by 1,300.** Although just one in five of public schools have re-opened, the opening of Joseph A. Craig Elementary School, Benjamin Banneker Elementary School, and Joseph S. Clark High School reflect the steady return of families to the city.
- **Including everything from a Pizza Hut to a local soul food catering business, over 30 food establishments re-opened their doors in New Orleans during April.** Since Katrina hit, 41 percent of the metro's food establishments have re-opened, including 30 percent in Orleans Parish and 61 percent in Jefferson Parish.
- **Hotels, motels, and bed and breakfasts continue to re-open in the New Orleans metro, marking the steady return of the tourism and hospitality industry, a fundamental back-bone to the metropolitan economy.** In particular, about 64 percent of the B&B's have re-opened, a big jump from two months ago when only half of such inns were re-opened. Meanwhile, hotels have opened at a slower rate in the metro area, with 60 percent opened today, compared to 56 percent in February.

Despite this new momentum in the recovery effort, several trends remain troubling.

- **Over 3,400 private homes are now for sale in New Orleans—more than at any other time since we started tracking this indicator six weeks after Katrina made landfall.** This figure is up from approximately 2,800 homes for sale in February and is the highest number since the 3,153 homes for sale recorded in Orleans Parish on October 12, 2005. Across the entire metropolitan area, there were increases in the number of homes for sale in every parish except for St. James. This steady increase in home sales since February may signal a desire for families to leave the area.
- **Louisiana's labor force has shrunk every month since November, and now is twelve percent smaller since the month Katrina made landfall. Meantime, Mississippi's labor force is nearly**

back to its pre-Katrina size. In particular, Louisiana now has 1,871,974 people in its workforce, compared to 1,319,887 in Mississippi.

- **The unemployment rate of those that remain displaced jumped to nearly 35 percent in March, a 54 percent increase from the preceding month.** Displaced families continue to wrestle with substantial obstacles to finding jobs and restarting their lives now nearly eight months since Katrina made landfall. Meanwhile, those who have returned to New Orleans are likely to be employed, with their overall unemployment rates better than pre-Katrina.

With the start of the hurricane season less than a month away, there are plenty of reasons to feel hopeful about the state of progress in New Orleans, even while there is a substantial amount of work still to complete. The Bush Administration released the FEMA elevation advisories and made a commitment to rebuild the levees to pre-Katrina protection levels for nearly all parts of the region, providing important information to guide the decisions of homeowners, businesses, and state and local leadership. Meanwhile, the U.S. Congress is in the final deliberations of the emergency supplemental package that could include at least \$4.2 billion in critical housing dollars to further accelerate the rebuilding effort. In all, these policy decisions—and an effective public education of available resources for homeowners and renters—will be key to ensuring that recovery progress continues.

Yet, the well-being of the hundreds of thousands of people still displaced by Katrina continues to be in doubt and cannot be forgotten. Among other troubling findings, nearly one in three of the working age adults still displaced by Katrina are out of a job. More than ever, the federal government needs to shine a spotlight on the needs of these families, and work harder to help these families regain their footing.