

Katrina Index Monthly Summary of Findings: June 7, 2006

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Days Since Katrina Made Landfall: 282 (over 9 months)

This month marks the start of hurricane season, and one that is forecasted by experts to be one of the most active seasons in history. Across the Gulf Coast, and in Washington, officials are preparing their emergency response teams, supplies, and procedures, and encouraging families to develop their own disaster plans.

Meanwhile, the re-election of Mayor Ray Nagin in New Orleans has brought clarity and renewed energy to the rebuilding process there. The city is now poised to move forward – with her state and federal partners – to articulate a vision for the future, create a unified plan for the city, and forge an implementation process on all parts of the plan, particularly as housing funds are ready to be spent down.

With the dueling focuses of both evacuation and rebuilding as the backdrop, this month's Katrina Index uncovers some valuable trends for emergency planning and positive economic signs across the Gulf Coast. But, there are also conflicting signals about the state of rebuilding in New Orleans.

In particular, this June index finds that:

Emergency Planning

As of the end of May, there were more than 100,000 evacuated households still living in FEMA trailers. In particular, there are over 68,000 operating travel trailers in Louisiana, 34,000 in Mississippi, and approximately 1,800 in Alabama. The high number of households in these temporary situations raises two concerns. First, emergency preparation officials need to ensure that any emergency communications or announcements reach these households, many of whom live in isolated situations, without easy access to TV or internet. Second, there is the potential that, in the case of an evacuation, tens of thousands of households may hitch up their travel trailers and tie up evacuation routes or even slow down evacuation efforts. Leaders need to know the magnitude of these numbers.

Economy

The unemployment rate in greater New Orleans and the state of Mississippi continues to improve while it remains unchanged in Louisiana. The most recent data available indicate that the unemployment rate in the New Orleans metro area dropped to 5.7 percent in April 2006, the lowest level since the storm hit and now matching the pre-Katrina unemployment rate there. Meanwhile, the overall unemployment rate in Louisiana has remained unchanged at 4.8 percent since January 2006, though that is an improvement from the pre-storm unemployment level (5.5 percent). Next door, the number of workers in Mississippi who are unemployed has dropped steadily since last September, now at 7.7 percent.

High employment in Louisiana may result from the overall smaller size of the workforce; in Mississippi it reflects real job gains in the state since Katrina and Rita struck. For instance, between August 2005 and April 2006, the labor force shrank in Louisiana by 11.8 percent, while the number of workers in Mississippi only dropped slightly by 3.2 percent. Similarly, the New Orleans metro area lost a sizeable number of its workforce across all industries, including leisure/hospitality (down 34.7 percent), education and health services (down 42.5 percent) and trade and transportation (28.4 percent).

In the past month, there were few or no new schools, public transportation routes, hospitals, and restaurants that opened. Overall, the level of public services and hospitality industry has remained the same

in the past month, after a big jump in new activity in May. The exception is among hotels, where the number of those in operation increased by another four percentage points over the past month.

Housing and Reconstruction

The number of residential permits in the city of New Orleans continued to pick up pace, indicating the rise in home renovations. Since January 2006, the number of housing permits issued by the city has increased every month. Between May and June in particular, the number of permits jumped by 17.2 percent, reaching 33,778 approved permits by early June.

Yet, at the same time, the number of homes for sale in the city continue to escalate, reaching an all-time high since October 2005. As of June, 3,884 homes were on the market, up from 3,434 homes one month earlier. This represents a 38.8 percent jump in home sales since mid-February, when the number of homes on the market was at the tightest. This may signal the decisions made by families to leave Orleans Parish.

Even with the now imminent threat of future hurricanes, public and private leaders are clearly newly energized and refocused on rebuilding. To build on that momentum, Congress needs to pass the federal emergency supplemental bill that is still waiting on House and Senate conferees. This is a critical component of state and local rebuilding plans that everyone focused on rebuilding the lives of the millions of people affected by Katrina is depending on. Meanwhile, FEMA's plans to end housing aid for displaced families needs to be re-evaluated in light of the stalled rebuilding appropriations in Congress. These are the two key policy goals that need to be addressed in June.