Days Since Katrina Made Landfall: 317 (over 10 months)

On June 15, the president signed an emergency supplemental bill that included $19.8 billion in additional spending for families and communities in the Gulf Coast affected by hurricanes Katrina and Rita. The heart of the new spending is $5.2 billion in new Community Development Block Grant funds, of which $4.2 billion is intended to help the state of Louisiana implement its Road Home program and the remaining $1 billion is to be dedicated to the renovation and construction of affordable rental housing, to be distributed among the affected Gulf states.

With this latest spending package, more than $107 billion has now been allocated by the federal government to provide emergency support and assist in longer-term recovery in the Gulf Coast. Additional federal spending is not likely until more tangible, and documented, recovery progress has been made and further need is illustrated.

Meanwhile, this month’s index finds continued churning in the overall housing market, while all other aspects of recovery remain at a virtual holding pattern. The rise in home sales, permits, and demolitions seems to have been accelerated by the April release of the FEMA housing elevation maps and the concurrent announcement by the federal government that they would invest in improved levee protection for 98 percent of the region’s population. Both were critical pieces of information for homeowners and businesses in making decisions about repairing and building their homes and apartment buildings.

In short, the July index finds that:

Housing

The number of residential permits in the city of New Orleans continued to pick up pace, indicating the ongoing demand for home renovations. Nearly every month since March of this year, the number of new residential permits issued in the city has risen by about 3,000. Between June and July, the city approved 2,531 permits, an increase of 7.5 percent over the previous month. In total, over 36,000 homes have been approved for home renovations since Katrina made landfall in August 2005.

The number of wholesale building demolitions has also steadily increased since March, both in the city of New Orleans and in surrounding parishes. According to the Army Corps of Engineers, the number of demolitions in Orleans Parish has slowly but steadily grown from just 35 in mid-March to a total of 185 demolitions by the end of June. Meanwhile, demolitions in Plaquemines Parish have jumped from merely five to 805 over the same time period. Officials in Jefferson Parish made a recent public commitment to tear down abandoned homes and buildings, explaining the jump from nine demolitions to 110 in just the past month. No data is available on the number of demolitions in St. Bernard Parish.

The total number of homes for sale in Orleans Parish continues to increase, while similar trends are found in the surrounding parishes. The number of homes for sale in Orleans Parish reached 4,164 by the end of June. That is the largest number of homes for sale since we began tracking this trend in fall 2005, and an over 7 percent increase since last month. The growing number of residential properties on the market indicates that the pace of selling is outstripping the pace of buying and/or that properties are sitting on the market longer. This trend is not limited to just Orleans Parish. Jefferson, Plaquemines, and St. Bernard parishes have also seen a steady rise in the total number of homes for sale in their communities since March.
Rents in the New Orleans region have shot up 39 percent in the past year. According to new data released from the U.S. Department of Housing and Urban Development, the average fair market rent for all unit sizes in the New Orleans area have soared to new heights. A one-bedroom apartment now rents for about $803, up from $578 last year. Similarly, a three-bedroom unit rents for $1,206, a 39 percent increase from last year’s rent level of $868. In short, these numbers show the great demand for rental housing and affordable housing in a very tight rental market, as former renters try to find a foothold in the city, new workers try to secure short-term housing, or former homeowners find homeownership no longer a feasible option.

Economy and Essential Services

The availability and use of public services in the city and region has essentially stayed flat over the last few months. The proportion of open public schools (66 percent), operational buses (17 percent), public transportation routes (49 percent), and operational hospitals (55 percent) in the New Orleans region have remained unchanged over the last few months. And, while only 21 percent of public schools are currently open in the city of New Orleans, open registration is now available for the charter schools that will open their doors this fall.

Similarly, the proportion of food establishments, hotels, and bed and breakfasts opened for business in the region has remained the same over the last two months. In general, 64 percent of both hotels and B&Bs and 43 percent of restaurants are in operation, the same proportion since May.

The unemployment rate for the New Orleans region and the state of Louisiana worsened over the past month while it continued to improve in Mississippi. Between May and June, the unemployment rate in greater New Orleans jumped up to 6.4 percent, the highest level since January 2006. For the first time since the New Year, the share of unemployed workers also rose for the state of Louisiana, increasing from 4.8 percent over the last few months to 5.2 percent in June. Meanwhile, the unemployment rate continued to improve in Mississippi, reaching 7.3 percent, the lowest level since Hurricane Katrina.

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With the federal dollars for housing and other areas of longer-term recovery now in place, attention has quickly turned to the quality and pace of implementation. While the burden of results rests primarily with state and local leaders, the federal government continues to play an important role. Dictating the future of public housing in the region, federal spending remains key to the health care and public education reforms that are now underway. In short, the federal-state-local partnership in long-term recovery remains essential.