

Katrina Index Monthly Summary of Findings: October 2006

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Days Since Katrina Made Landfall: One year and 43 days

It has been nearly two months since the nation paused to commemorate the one-year anniversary of Hurricane Katrina and the story of tragedy, human resilience, and progress that has unfolded on the Gulf Coast over the past 14 months.

Since August, the people of greater New Orleans have continued to face highs and lows as they strive to rebuild their homes and their community. The debut of the reconstructed Louisiana Superdome in September, with the New Orleans Saints' Sept. 26 trouncing the Atlanta Falcons, reignited pride and optimism to a city and state exhausted by doom and gloom. Building on that good news, the state released data confirming that most applicants of the Road Home program expressed a desire to stay and rebuild existing homes while less than 20 percent were undecided or planned to move out of the state. And yet, the daily struggles of long-term recovery are hard to ignore. The *Times Picayune* has reported on the slow spending and laborious progress of the Road Home grant, with few households seeing any real dollars or hearing from the program's officials. Insurance rates are reaching astronomical rates for business owners. And just last week, the state of Louisiana, with assistance from the U.S. Census Bureau, released preliminary population counts for the New Orleans region that were lower than expected.

This month's Katrina Index continues to report on the ups-and-downs of recovery 14 months after the impact of an unprecedented storm. In that vein, this report finds that:

Population

According to new "household" population estimates released by the state, approximately 187,525 people lived in Orleans Parish in August 2006, down from 467,013 in 2000 and 437,186 in 2005. In early October, the Louisiana Department of Health and Hospitals (DHH) and the Louisiana Recovery Authority released the results of a sample survey of residents in four parishes in the New Orleans area. The survey, which began in June, was used to estimate the total number of people in all homes, including trailers and mobile homes located in trailer parks or on residential lots, but did not include persons living in group quarters, such as hotels, prisons, or dormitories. This narrower "household" population estimate can only be compared against similar figures released for the Census 2000 or for the census estimates in 2005, prior to the storm. The margins of error in the parish estimates are also relatively high. While these figures are up from the January DHH estimates of 156,140, they are still sobering. In short, the city of New Orleans is approximately 60 percent smaller than it was in 2000 and 57 percent smaller than in July 2005.

Housing

The pace of home renovations and demolitions continues to escalate, especially in Orleans Parish. Some 10,000 new residential permits were issued in the city of New Orleans between August and September 2006, good for the biggest one-month increase in new permits issued since the storm. Similarly, home demolition accelerated from merely 185 in June to 1,249 in September. This quickening of renovation and tear downs in Orleans Parish may reflect the city's August 29 deadline for homeowners to gut and clean up their homes by then to minimize the negative effects of blight. While these housing activities generally indicate progress, they have also sparked heightened concern about the status of historic properties. Meanwhile, home demolitions have only modestly picked up in Plaquemines, Jefferson, and St. Tammany parishes.

There are 426 additional homes on the market in Orleans Parish since early August, representing an increase of 9.5 percent over the last two months. The number of homes for sale in surrounding parishes grew more slowly or stayed the same. As more homeowners put their homes on the market, the number of home purchases has slowed. In Orleans Parish, the number of home sales have declined since last June (the last reporting), from 335 home sold then to 291 homes sold in August. This slowdown in home buying, however, mirrors the overall trend for the region, except for in West Jefferson Parish, where the number of home purchases increased in the last two months.

Home values continue to plummet in Orleans Parish while home values in St. Bernard and Plaquemines are slightly rebounding. The average home sale price in Orleans Parish (except for Algiers) dropped 29 percent between June and August 2006 to \$175,126. This value is down sharply from one year ago when the typical home sold last August for \$244,793. Zip-code level data by Wade Ragas of Real Property Associates show that these parish-wide values in New Orleans mask stark disparities between strong home prices in unflooded areas and weaker home values in flooded neighborhoods. Meanwhile, the price of homes sold recently in the two other hard-hit parishes—St. Bernard and Plaquemines—rebounded slightly, even though the number of homes sold remain small. Home values in Jefferson and St. Tammany parishes, which are generally enjoying steady home sales, have seen little change in their home values.

Economy

Student enrollment in all of the major public and private universities in the New Orleans region is smaller this fall semester than in 2005. The six major higher education institutions in the area—Tulane, University of New Orleans (UNO), Loyola, Dillard, Xavier, and Southern—all saw total student enrollment decline for the 2006 school year, thanks mostly to the arrival of a smaller freshman class. Among the schools, UNO experienced the largest absolute reduction in student enrollment, having seen enrollment decline by 5,000 students this year. Dillard, however, experienced the largest *percentage* reduction, with less than half of last year's student body attending the university this fall.

The provision of many essential public or nonprofit services remains unchanged, although a few additional schools, child care centers, and one hospital have opened in the last few months. Due to funding hurdles, the Regional Transit Authority and Entergy will continue to operate bus and transit lines and utility service, respectively, at existing low levels. Meanwhile, a number of additional public schools have opened up this fall in Orleans and the surrounding parishes (with a doubling in number in Plaquemines). Since July, 10 new child care centers and one more hospital—Memorial Medical Center on Napoleon Ave—have opened their doors for service.

Meanwhile, after months of increase, the size of the labor force in the New Orleans metro area shrank between June and August 2006, although unemployment levels improved, hitting an all-time low. At the time of the anniversary, the most recent data showed that 15,000 new workers were added to the greater New Orleans economy between the six- and 12-month mark after Katrina. Since then, the most recent data shows that the number of workers in the region have contracted by over 12,000, a reduction of 2.8 percent over two months. Yet, with fewer workers, the region saw an improvement in unemployment levels over the same period. Unemployment rates in the New Orleans region hit a high of 7.2 percent in June but dropped down to 4.5 percent by August, the lowest rate since pre-Katrina. The size of the labor force similarly shrank for Louisiana as a whole (of 1.3 percent) but stayed essentially the same in Mississippi and the nation as a whole during that same time period.

Status of Evacuees

According to the latest BLS figures, 55.1 percent of the estimated 1.1 million evacuees were in the labor force in September, down from 63 percent in August. However, the number and share of labor force evacuees who remain displaced and unemployed have improved. Just as the numbers of evacuees who are

actively job hunting or working varies every month, so does the number of labor force evacuees who have returned home or remain displaced. On this front, between August and September, the number of evacuees who are in the labor market but remain displaced from their home declined by 98,000 evacuees, the largest decline in displaced workers since Katrina. In September, 235,000 evacuees remain displaced but in the workforce. Of these, 14.5 were unemployed, a significant drop since August and the lowest unemployment figure since Katrina.