SUMMARY OF FINDINGS
SUMMARY OF FINDINGS: MARCH 2007

Months Since Katrina Made Landfall: 18

Thousands of college students and families on Spring Break this month are coming to the Gulf Coast to volunteer their time to help with rebuilding, buoying residents’ spirits. Yet, eighteen months after the storm, residents across the region are frustrated that so many schools are still closed, police and fire stations are not repaired, and streetlights don’t work, despite the large amount of committed federal assistance and significant charitable giving to the area.

Unfortunately, red tape remains an enormous obstacle to the flow of federal funds to the area. The release of billions of federal dollars for basic repairs to essential infrastructure has stalled, in large part because complying with federal regulations for the required 10 percent local match is prohibitively complex—especially when applied to 20,000 separate projects. And, the $3.5 billion in charitable giving post-Katrina (while greater than for any other American disaster, including 9/11) cannot make a visible impact on recovery needs estimated at $135 billion.

Meanwhile, waterways and drainage arteries are still clogged with hurricane debris from St. Bernard to St. Tammany. And police and firemen still work out of FEMA trailers. The lack of progress on such critical projects leaves the New Orleans area vulnerable, with hurricane season less than three months away.

President Bush can hasten the recovery by waiving the need for the 10 percent match as he did after the 9/11 attacks. The new Congress can also exercise this authority, but their legislation will take some months to complete.

In short, the March Index finds that infrastructure repair indicators remain basically stalled. Recent housing indicators are mixed. Somewhat more promising is that economic indicators suggest that the New Orleans area may be showing the first signs of increasing employment expected in a major rebuilding setting.

HOUSING

- The number of residential properties for sale continues to inch upward from 13,385 in February to 13,609 in March, primarily in the most flooded parts of the metro area.
- There has been a notable slowing in the number of Army Corps building demolitions with only 151 demolitions this month.
- Residential building permits in Orleans Parish have gradually slowed since the anniversary of Katrina—down to only 1,000 building permits in the month of February.
- New residential housing permits reached a new record of 725 for the metro area in January—notably higher than the 500 per month average pre-Katrina.
- The Road Home contractor has still only closed on a small fraction (2.5 percent) of the 115,000 applications they have received. Despite a slight acceleration in the number of closings completed, the number of new applications received each week continues to exceed the number of closings completed in that same week.

POPULATION

Enrollment at all reporting universities has fallen since the spring semester following Katrina, as school officials struggle to convince parents to send their freshmen to New Orleans for college.
INFRASTRUCTURE

• The number of operational buses and open public transportation routes has remained virtually stagnant for a year.
• Only one additional public school was opened last month in Orleans Parish. Despite pressing demand, 76 school facilities remain closed.
• No additional hospitals have opened in Orleans, St. Bernard, or Jefferson in the last four months despite pressing need.
• Although four child care centers opened in Orleans Parish, and two opened in St. Tammany Parish, two child care centers closed in Jefferson Parish this past month. This may be the first signal that child care centers that charge low fees are financially unsustainable given demand for higher wages among child care workers due to increased housing costs.

ECONOMY

• The New Orleans metropolitan area gained more than 50,000 workers from November to January. Simultaneously the unemployment rate dropped from 5 percent to 4.5 percent and remained just below the national average of 4.6 percent.
• One additional hotel opened in New Orleans this month. Now fully 91 percent of hotels are open in the city.
• Louis Armstrong International airport continued to handle a healthy volume of arriving and departing passengers in January -- approximately 65 percent of pre-Katrina levels.

In sum, with hurricane season less than three months away, officials must take quick action to eliminate excessive red tape at the federal, state and local levels to ensure the flow of federal recovery dollars allocated to date to the Gulf Coast.

— The Brookings Institution Metropolitan Policy Program