

SUMMARY OF FINDINGS: APRIL 2007

Months Since Katrina Made Landfall: 19

This month Governor Kathleen Blanco announced she will not run for reelection. This decision could be seen as a critique of state leadership on recovery or a blessing that the governor will not be distracted by a tough re-election campaign and can focus on recovery issues for the remainder of her term.

But New Orleans may have turned a corner. Under the leadership of newly hired recovery czar Ed Blakely, a \$1.1 billion recovery plan was unveiled to widespread approval. The plan emphasizes the redevelopment of commercial corridors in seventeen areas of the city in order to attract homeowners and stabilize neighborhoods. The timeline calls for construction to begin as early as September 2007.

It is anticipated that this plan will add momentum to the recovery as interested investors finally have the guidance they need for where to invest in the city. Additionally, Blakely's Office of Recovery Management has pulled together a specific list of infrastructure repairs and upgrades for which it is seeking funding from the state.

But other infrastructure repairs, which by law are to be funded by federal sources, continue to be mired in red tape. For example, 298 essential public buildings in New Orleans, such as the Criminal District Court, remain unusable as onerous bureaucratic hurdles impede the dispersal of allocated federal funds.

As a whole, indicators suggest that the rebuilding of essential infrastructure is basically stalled, housing indicators remain mixed at best, but economic indices suggest a notable strengthening of the economy in New Orleans and in the metro area as a whole.

HOUSING

- The number of residential properties on the market reached more than 14,000 this month. But consumer confidence in the area remains high as evidenced by single family home sales which at 848 in February continue at pre-Katrina levels.
- Monthly demolitions by the Army Corps of Engineers seem to have stabilized at only 150 per month—less than half of the 360 averaged in 2006.
- There were only 290 new residential housing permits across the metro area this past month—less than half of recent months.
- Still only 5.7 percent of Road Home applications have gone to closing. At its current pace, the contractor won't finish distributing the \$7.5 billion in federal homeowner assistance funds until June 2009.

POPULATION

- Recently released Census estimates from July 1, 2006 indicate that almost half of the New Orleans population had returned to the city less than one year after the storm. And at that point, the metro area as a whole had regained 78 percent of its pre-storm population.
- But Orleans Parish public school enrollment figures for the spring 2007 semester were up only 514 students from fall 2006 figures—a smaller increase than expected. The other hurricane affected parishes experienced similarly modest growth in enrollment between the fall 2006 and spring 2007.

INFRASTRUCTURE

- Public transportation recovery remains stalled with less than half of all routes open in New Orleans and only 17 percent of pre-Katrina buses running.
- One more public school opened in New Orleans this month, but 75 public schools remain closed in that parish.
- The number of open hospitals in New Orleans remains at 52 percent of pre-Katrina levels and has not changed in five months. There are still no hospitals open in St. Bernard Parish.
- Orleans, Plaquemines, and St. Tammany Parishes each gained one child care center this past month. But still 191 child care facilities remain closed in Orleans Parish. One more child care center closed this month in Jefferson Parish.

ECONOMY

- The number of unemployment claims reached very low levels this past month—46 in New Orleans, 204 across the metro area. And unemployment rates in New Orleans (4 percent) and the metro (3.8 percent) remain well below the national level (4.5 percent) in February.
- Labor force numbers remained high this past month—at approximately 75 percent of pre-Katrina levels in both New Orleans itself and the metro area as a whole.
- Personal income in Louisiana rebounded in 2006 resulting in total growth of 19.4 percent compared to 2005—as rental incomes increased and earnings continued to grow in the oil, natural gas, and construction industries.

— *The Brookings Institution Metropolitan Policy Program*