

SUMMARY OF FINDINGS: MAY 2007

Months Since Katrina Made Landfall: 20

This month's Jazz Fest was a welcome reminder of what New Orleanians love about their home city. And with estimated attendance hitting its highest mark since 2003, the reason for optimism shared by residents and visitors is clear.

Similar positive strides can be seen in the recovery of New Orleans and her larger metro area.

First, the state recently hired Paul Vallas, a nationally-recognized public school-turnaround chief, to run the Recovery School District starting in July. Like with city recovery chief Ed Blakely, Vallas will bring quality experience and leadership to a central component of the recovery effort.

Second, the pace of application closings for the Road Home program is finally picking up speed, with over 8,000 new closings this month. But the future of the Road Home remains tenuous. At its current rate, another year will elapse before ICF has processed all of the Road Home applications. Further, state officials announced that the \$7.5 billion program will likely face a shortfall of up to \$4 billion due to higher-than-anticipated applicants, skyrocketing construction costs, and less insurance than assumed.

And finally, as this month's index points out, new U.S. postal delivery data suggest the continued gradual repopulation of the city and region.

Overall, this month's index shows improvement in the economic recovery of the New Orleans area. While many of the city's basic services and infrastructure remain unchanged, the housing market is stronger, with increased home sales and home values, housing rehab activity and demolitions have accelerated, and jobs are still being added to the region.

HOUSING

- The average sales price for single family homes in the New Orleans region continues to climb above pre-Katrina values in the outer parishes while generally remaining stable in the core. Specifically, home values in Jefferson Parish, Plaquemines Parish, and St. Tammany Parish are now at or above the values in August 2005. The exceptions are on the east bank of New Orleans and St. Bernard Parish where average home values remain lower than those prior to Katrina.
- The total number of single family homes sold in the metro area has climbed steadily since last December 2006 reaching 941. This growth reflects the resurgence of the spring and summer homebuying season and signals continued consumer confidence in the New Orleans area.
- Demolitions increased this month to 285, a big jump from 150 demolitions per month for the last two months. This may indicate that property owners are taking advantage of free demolitions before FEMA's August 2007 deadline.
- Residential building permits issued by the City of New Orleans increased by 1,426 this month, the highest one-month volume since last October 2006.
- Fully 8,286 Road Home applications were closed in the last four weeks indicating that ICF International has almost reached its targeted goal of closing 500 applications per day. But given rising numbers of applications, these closings represent only 11.4 percent of the demand.

POPULATION

- Newly available delivery statistics from the U.S. Postal Service suggest that the population of New Orleans and the metro area continues to grow. Active residential deliveries in Orleans Parish grew to 61.9 percent of pre-Katrina levels in March 2007 from approximately 49.5 percent since last August. Meanwhile, postal deliveries to residential addresses for the 5-parish region have increased from 76.5 percent to 81.1 percent over that same 7-month period.

INFRASTRUCTURE

- One additional public school opened in Orleans Parish this past month, but 70 schools remain closed.
- Fifteen public libraries remain closed across the five-parish area including in the least affected parishes. Five libraries are still closed in Jefferson Parish and one library is still closed in St. Tammany Parish.
- The New Orleans area continues to struggle with only 64 percent of its health care facilities now open. And no additional state-licensed hospitals have reopened since October 2006.
- This past month, two child care centers have opened in Orleans Parish and one in St. Tammany bringing the total number of open child care centers in the metro area to only 60 percent of the pre-Katrina number..

ECONOMY

- The unemployment rates in the city and metro area of New Orleans have improved by half a percentage point since January 2007 to 4.2 percent and 4.0 percent by March, respectively. Meanwhile, the unemployment rate has remained essentially the same for the nation as a whole at 4.4 percent.
- The labor force in Orleans Parish grew by 3,000 workers over the past month while it grew by approximately 10,000 workers in March for the metro area as a whole.
- Nonfarm employment reached 500,800 in March—more than 80 percent of pre-Katrina nonfarm employment. Construction accounts for a significant amount of the employment recovery in the region.
- With labor markets tight, wages remain high across all sectors—but particularly in construction where average wages have reached more than \$1000 per week in New Orleans.
- One additional hotel opened in New Orleans this month. Now fully 92 percent of the hotels in New Orleans are open.

— *The Brookings Institution Metropolitan Policy Program*