

# SUMMARY OF FINDINGS: JUNE 2007

## *Months Since Katrina Made Landfall: 21*

With the beginning of hurricane season, the entire New Orleans region is bracing for the potential of upcoming storms. Residents are anxiously reviewing evacuation plans, while local authorities put the final touches on new regional emergency response plans.

In the meantime, the state is making headway to restore long-term hurricane protection for the region. Last month, the Louisiana state legislature approved Louisiana's Comprehensive Master Plan for a Sustainable Coast. The plan offers a multi-faceted effort to protect the southern Louisiana coastline and restore wetlands, beyond strengthening the levee system. The plan will be funded by a dedicated stream of revenues from off-shore oil leases approved by the federal government and mandated for coastal restoration by Louisiana voters.

To help accelerate infrastructure repairs, Congress just approved a provision to waive Louisiana's 10 percent match to FEMA's infrastructure aid, finally triggering federal repayment for critical repairs of roads, school buildings, and other public facilities.

Despite this progress, many other obstacles to recovery remain.

- The Road Home program will stop accepting applications after July 31, largely due to the estimated \$5 billion shortfall in the program. Neither Congress nor the Louisiana legislature have committed to providing additional funding for Road Home.
- Funding for the city's plan to redevelop 17 targeted neighborhoods has yet to be secured, stalling recovery czar Ed Blakely's plans to have "cranes up in the skyline" by September.
- Skyrocketing insurance rates continue to place a tremendous burden on residents and small businesses alike, leading to the termination of several plans to develop high rises and multi-family dwellings already approved by the state and city.

Nonetheless, New Orleans continues to repopulate, as long displaced residents return and newcomers arrive to fill multiple job vacancies at schools, hospitals, and in the construction trades. In sum, this month's index suggests continued repopulation of the New Orleans area, with a moderately healthy housing market, and a local economy that continues to benefit from significant construction activity.

## HOUSING

- There were a total of 937 single family homes sold in the metro area in April. This is slightly lower than spring period pre-Katrina, but home purchases are robust in the east bank of New Orleans, where 243 home sales match pre-Katrina levels.
- Home values in the outlying parishes of St. Tammany, St. John, St. James and St. Charles remain strong relative to pre-Katrina averages. While average home sales prices on the east bank of New Orleans are approximately \$50,000 lower than this time in 2005, likely reflecting the large number of flooded homes sold as-is in recent months.
- There were 243 free home demolitions in April in the metro area, with nearly all of these demolitions taking place in Orleans Parish. This continued pace may reflect home owners taking advantage of the final months in which FEMA will pay for this service.

- Permits for new housing construction jumped to 687 for the metro area and 337 for New Orleans, surpassing pre-Katrina levels. The bulk of the new activity is in the approval of multifamily housing units, which grew from 70 approvals in March to 285 for the metro area this month.
- ICF International closed 9,655 Road Home applications in the last four weeks, moving closer to their goal of 500 closings per day (or 11,000 per month). For the first month since January, new applications slowed to fewer than 9,000. However, even at this accelerated rate, it will be May of 2008 before all of the currently open applications have been processed.

## POPULATION

- April delivery statistics from the U.S. Postal Service suggest that New Orleans and the metro area continue to repopulate. Active residential deliveries in Orleans Parish grew to 63.8 percent of pre-Katrina levels in April 2007, up slightly from 61.9 percent last month and from 49.5 percent at the one-year anniversary of Katrina. In St. Bernard, this indicator grew to 33.2 percent of pre-Katrina levels from 26.3 percent in October 2006. Overall, postal deliveries to residential addresses for the five-parish region have increased from 76.5 percent to 82 percent over since last August.
- Spring enrollment numbers for the six largest colleges in New Orleans fell to approximately three-quarters of pre-Katrina numbers, with 76 percent of original enrollment at Tulane, 50 percent at Dillard, and 63 percent at UNO. However, these colleges report dramatic increases in the number of students who have made deposits to attend school in New Orleans in the fall of 2007.

## INFRASTRUCTURE

- One child care center opened in Orleans Parish, along with two in Jefferson Parish. However, one child care center closed in St. Tammany parish. St. Bernard has only two child care centers open, representing 8 percent of the twenty-six child care centers that were open there pre-Katrina. And Orleans has only 93 child care centers open, roughly one-third of the pre-Katrina centers in that parish.
- All other infrastructure indicators remain stalled this month. Thirty-six percent of the state-licensed hospitals in the region remain shuttered. Fourteen libraries remain closed across the five parishes. And only 58 out of 128 public schools have opened in New Orleans to date. However, at least a dozen more public schools are projected to open in New Orleans by fall.

## ECONOMY

- Unemployment in New Orleans and the metro area has fallen by more than half a percentage point since January—to 4 percent and 3.8 percent respectively. And for the third month, it remains below the national rate of 4.5 percent in April.
- The labor force in New Orleans and the metro area gained a small number of workers from March to April, reaching 157,836 in Orleans and 502,588 in the RMLA. While at the same time, the labor force nationwide lost 392,000 workers from March to April.
- Arriving and departing passengers through Louis Armstrong International airport jumped to over 320,000 each in March, reaching their highest level since Katrina.

— *The Brookings Institution Metropolitan Policy Program*