

THE NEW ORLEANS INDEX

SECOND ANNIVERSARY SPECIAL EDITION



A Review of Key Indicators of Recovery Two Years After Katrina

By Amy Liu & Allison Plyer

SUMMARY OF FINDINGS

A review of dozens of indicators of social and economic health as well as public services and infrastructure for the New Orleans region since Hurricane Katrina finds that:

- **The population of New Orleans and the region continues to rebound, but demographic shifts may be occurring, with fewer black students in the city and larger shares of Hispanic children in the outlying parishes.** U.S. postal statistics on households actively receiving mail indicate that the city has regained 66 percent of its pre-Katrina population number, up from 50 percent last year. But only 40 percent of students have returned to New Orleans public schools, and of these, a smaller share of black students.
- **The region's housing market has stabilized in the past year, especially in the least-damaged suburban parishes.** The homebuying frenzy that took place in the region the first year after Katrina has slowed and home prices and rent levels remain high overall but have leveled off. The exception is in Orleans and St. Bernard parishes, where home sale prices have dropped. Meanwhile, a considerably high number of properties are up for sale in the region, many of which may be in need of repair and not quickly inhabitable.
- **Two years after Katrina, the New Orleans regional economy is strong but has plateaued somewhat in the past year.** Many aspects of the region's economy—sales tax revenue, total employers, jobs and labor force size—have been restored to at least 79 percent of pre-Katrina levels. In the core, the city enjoyed some growth in sales tax revenue, but continued to lose employers, seeing little growth in the labor force size over the past year. And, the region's unemployment rate is higher than one year ago.
- **Housing repairs and construction continued over the last year, but repairs to essential infrastructure have largely stalled and public services are still limited.** The pace of demolitions and new housing construction approvals has increased, while residential repairs have slowed as the Road Home program has awarded checks to only one-quarter of applicants. Basic services—including schools, libraries, public transportation, and childcare—remain at less than half of the original capacity in New Orleans, and only two-thirds of all licensed hospitals are open in the region. Further, lack of repairs to public facilities is undermining police effectiveness.

In sum, two years after Hurricane Katrina and the subsequent levee failures, the city of New Orleans and its metro area has bounced back, recovering most of its population and economic base. Yet, progress in the past year has slowed, basic services and infrastructure remain thin, and stark disparities loom between the recovery of Orleans and St. Bernard parishes and the rest of the region.

NEXT UPDATE

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INTRODUCTION

Two years after Hurricane Katrina, the greater New Orleans area has recovered most of its population and economic base. Yet, progress in the past year has slowed and real challenges remain in the two most-hard hit parishes, Orleans and St. Bernard.

No doubt, there is overall good news in the city and surrounding parishes. Both the city and region have experienced continued population growth, reaching 66 percent and 83 percent of pre-storm levels, respectively. Nearly 84 percent of the sales tax revenues for New Orleans have returned, indicating the strong investments that city residents and visitors are making in the city and bolstering the city's fiscal base. In summer 2007, the share of jobs and workers in the region reached 85 percent and 79 percent of the levels before Katrina, respectively.

Yet, hidden behind these broad trends are clear disparities and areas of concern.

For instance, the gap in recovery between the two most hard-hit parishes, Orleans and St. Bernard, and neighboring Jefferson Parish and St. Tammany across the lake is stark. The housing market and overall economy has shifted to the latter two parishes. Of the four parishes, St. Tammany is the only parish that has registered net gains in population and employers since the storm.

Meanwhile, as the labor force has increased, the share of workers who are unemployed has worsened. Also, student performance on high stakes tests appears to be reversing, perhaps temporarily, as stresses of the hurricane may be affecting school achievement. And the cost of living in the city and region remains high and increasing, albeit more slowly than in the first year.

Further, for many economic indicators, the needle of progress has barely moved or shifted only slightly in the past year. After the initial collapse and rebound of the economy in the first year after the flood, the region's market appears to be stabilizing. If so, then the hard work of improving key aspects of the economy—unemployment, collapsed education and health care sector, high house prices and rent levels—needs targeted focus.

The leveling off of economic progress may be due in part to the thin public service infrastructure in the city. The attraction and retention of families and businesses are highly dependent upon a city that works—with good schools, access to quality health care, and safe streets. The delivery of these basic inputs to quality of life has improved little since the one-year anniversary of the storm and levee failures, contributing to a real and perceived sense of stagnation.

If the region is stabilizing from the initial shock of the catastrophe, then it may be best for efforts around recovery to shift

Aug 2007 Data Tables and Map Gallery in Appendices

For more detailed and additional trend information, including more complete parish- or state-level data and month-to-month or quarterly changes, please see the data tables in Appendix B. And Appendix A includes maps of select indicators to help depict where progress is being made, especially in the city. Both appendices can be downloaded from www.gnocdc.org



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The New Orleans Index will be issued quarterly beginning this fall and can be found at the websites of the Greater New Orleans Community Data Center www.gnocdc.org or at Brookings at www.brookings.edu/metro/

If you would like to receive the Index on an automatic and regular basis, please sign up for e-mail notification at www.brookings.edu/metro/katrina.htm and to be informed of all New Orleans data and map releases (including the Index), sign up for *Numbers Talk* at www.gnocdc.org

away from a focus on speed to one of quality. While the pace of recovery matters, the quality of outcomes and the quality of services matters even more so. There is no sense to have faster results if the results are not of value.

In that spirit, the New Orleans Index, formerly called the Katrina Index, is being modified to not simply report on how a region is rebounding from a disaster but to help assess the future of a great American metropolitan area. Beginning this year, the Index will evolve and improve, with additional indicators, more neighborhood-level data for the city, and new maps to help decisionmakers and the public determine how best to shape the future and quality of the city and region. Some of these improvements can be found in this special report.

This report summarizes the social and economic recovery of the New Orleans metro area two years after Hurricane Katrina, featuring new indicators, with special emphasis on the changes in the past year. The report also reviews the extent to which the services, programs, and other key infrastructure is recovering and thereby providing a foundation for rebuilding.

THE SOCIAL AND ECONOMIC HEALTH OF GREATER NEW ORLEANS

There are a host of indicators that can help decisionmakers, observers, residents, and businesses better understand the social and economic health of the New Orleans region two years after Hurricane Katrina. This section features the most revealing trends about the state of the population recovery, the strength of the housing market, and the overall fiscal and economic condition of the city and region. For the most part, the New

Orleans region as a whole has made notable progress, recapturing the bulk of population and job levels prior to the storm.

Population Recovery

The population of New Orleans and the region continue to grow, but demographic shifts may be occurring, with fewer black students in the city and larger shares of Hispanic children in the outlying parishes.

The population size of the New Orleans region remains one of the most-cited indicators-and symbols-of the region’s recovery. Yet, there is no official, up-to-date population count that officials and observers can use. Instead, there are other proxies, like postal deliveries and school population data, that can provide good estimates as to who and how many people are in the city and region.

U.S. Postal Service counts of the number of households actively receiving mail in New Orleans as of June 2007 is 66 percent of the pre-Katrina number, up from 50 percent one year after the storm. The U.S. Census Bureau’s most recent population estimates for post-Katrina New Orleans indicated that by July 1, 2006, the population of New Orleans had only reached 49 percent of its pre-Katrina population. Statistics from the U.S. Postal Service came to the same conclusion, finding that just half the number of pre-Katrina residences actively receiving

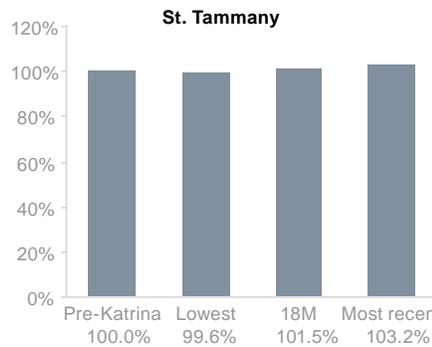
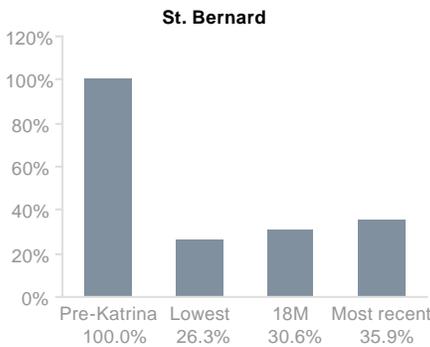
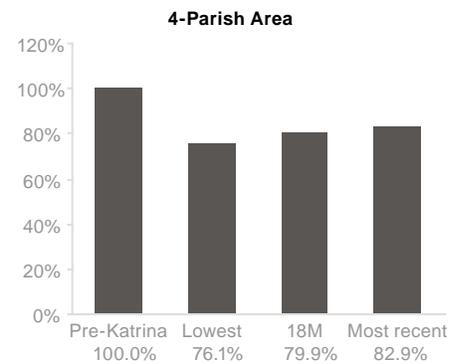
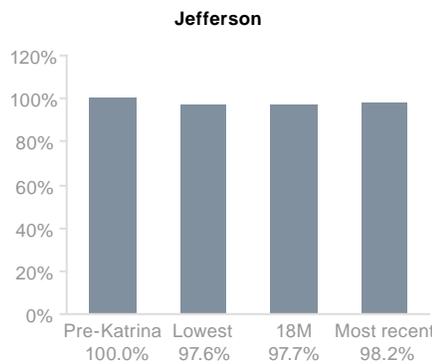
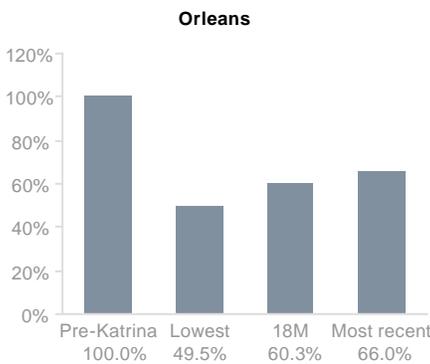
mail were active in the city at the one-year anniversary mark.

Now, at two years following Hurricane Katrina, the monthly postal delivery data suggest that the population of the New Orleans area continues to grow. Households actively receiving mail in Orleans Parish have reached 66 percent of pre-Katrina levels in June 2007, a 16-percentage-point improvement from one year ago. Maps that depict density of active households across New Orleans (see Appendix A: Map Gallery) reveal that many parts of the more heavily flooded neighborhoods are showing notable resurgence.

However, the population recovery is mixed across the region. In St. Bernard Parish, just 36 percent of the pre-Katrina population is living in this hard-hit community nearly two years after the levee failures. On the other hand, St. Tammany has experienced a slight gain in new residents since the hurricane. Overall, households actively receiving mail in the four-parish region (Orleans, Jefferson, St. Bernard, and St. Tammany) have increased from 76 percent to 83 percent over that last 10 months.

The number of students enrolled in public schools in New Orleans by the spring of 2007 has increased four-fold since that same semester last year, reaching 40 percent of pre-Katrina levels; for the metro area as a whole, 70 percent of the students are back in school. Seventeen thousand more stu-

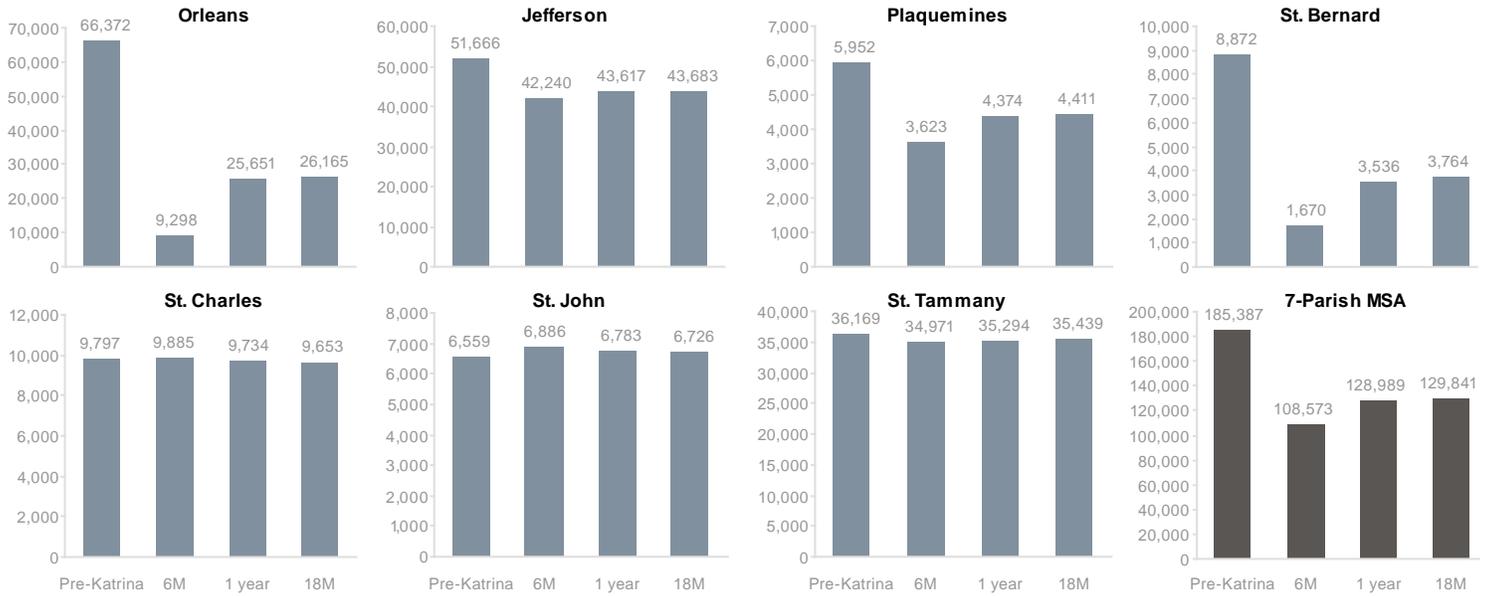
Proportion of Households Actively Receiving Mail, by Parish



Source: Sammamish Data Systems compiled from USPS’s Delivery Statistics Product.

Notes: Numbers represented are as follows: Pre-Katrina (Jul 2005); 18 months (Feb 2007); most recent (Jun 2007). The month in which postal deliveries dropped to their lowest point post-Katrina differs by parish: Orleans (August 2006); Jefferson (Nov 2006); St. Bernard (Oct 2006); St. Tammany (January 2006); 4-Parish Area (Aug 2006). For more information on using U.S. Postal Service Delivery Statistics to track the repopulation of New Orleans and the Metropolitan Area, see www.gnocdc.org/reports/GNOCCDC_research_note_May07.pdf.

Public School Enrollment Totals in New Orleans MSA, by Parish



Source: Louisiana Department of Education.

Notes: Numbers represented are as follows: Pre-Katrina (Oct 2004); 6 months (Feb 2006); 1 year (Oct 2006); 18 months (Feb 2007). See App B: Data Tables for information on what schools were included in the Orleans and Plaquemines counts.

dents returned to public schools in New Orleans between the spring semester of 2006 and spring semester of 2007, up from just 9,000 students last year. Despite this big one-year gain in enrollment, the student population in the public schools in Orleans Parish has only reached 40 percent of pre-Katrina levels.

This disproportionately small student enrollment level in the city, relative to the share of current population, may reflect the fact that just 45 percent of the city’s schools are now open. Low student enrollment may also point to some changing and unique household decisions. Some families may have sent their children to private school, some households may have partially returned leaving children in schools in other states, and some returning families may have not enrolled their children in school at all. These enrollment levels may also indicate larger population trends following the disaster. For instance, the first analysis by the U.S. Census Bureau on the immediate impact of Katrina on the region found that, three months after the storm, only half of the original shares of low-income families with children, including single mothers, were present in the city.¹ That general trend may still be in place two years after the storm.

Across the New Orleans metro area, total enrollment in public schools reached 70 percent of pre-Katrina levels in the spring semester of 2007, up from 59 percent one year ago, largely due to the surge in new students in Orleans Parish.

While the overall socioeconomic composition of the student body in the New Orleans region has not changed dramati-

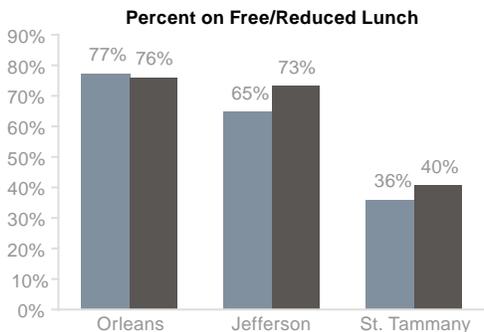
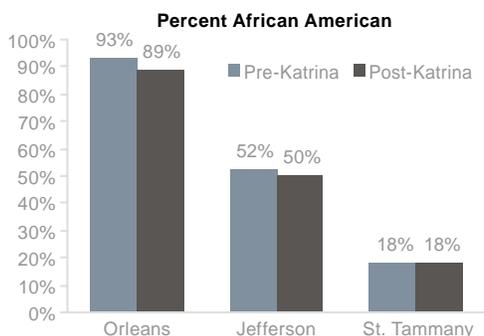
cally since the storm, there are two notable trends—a smaller share of black students are attending public schools in New Orleans while Jefferson and St. Tammany have seen increasing shares and numbers of Hispanic students. The economic and racial/ethnic composition of students in public schools often reflects the larger demographic shifts in the general population. In the New Orleans region, the demographic changes in the student body are small but provide insight into who may be returning or living in the region and where.

To start, the make-up of the student body served by public schools in Orleans has not changed dramatically since the storm suggesting that these children come from returning families rather than newcomers to the area. Like pre-Katrina, the significantly smaller student body is predominantly African American (89 percent) and low income (76 percent free/reduced lunch). However, the share of black students has dropped by 4 percentage points, in part explaining the increasing shares of white (6 percent compared to 4 percent), Hispanic (2 percent compared to 1 percent), and Asian students (3 percent compared to 2 percent). This may indicate that black students have been disproportionately challenged to return to the area and/or to enroll in school.

The public schools in the surrounding parishes are serving a smaller and slightly more diverse student body. In Jefferson Parish, public school enrollment has fallen by almost 8,000 students, yet there has been a slight uptick in the number of His-

panic students in that parish (from 4,685 to 4,979) while the shares and numbers of white and black students have dropped. Accompanying that shift is a nearly 60 percent increase in the share of the student population that has limited English proficiency, and a five percentage point increase in low-income students. And despite a net loss of 730 public school students in St Tammany, public schools there saw an increase of 207 Hispanic students. This confirms an increase in Hispanic families in the New Orleans region and that many newly arrived Hispanic families are settling in outlying areas.

Composition of Public Schools in Select Parishes



Source: Louisiana Department of Education.
Note: Numbers represented are as follows: Pre-Katrina (Oct 2004); Post-Katrina (Feb 2007).

Housing Market

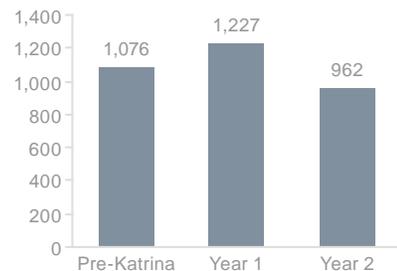
The region’s housing market has stabilized in the past year, especially in the least-damaged suburban parishes; while, the housing market is still churning in Orleans Parish.

In the first year right after Hurricane Katrina, the limited housing supply in the hard-hit parishes led to a flurry of homebuying in surrounding parishes, such as west Jefferson and St. Tammany, boosting home prices there.

Today, two years after the storm, the housing market has stabilized for many outlying parishes. However, the market is more uneven for Orleans and St. Bernard parishes.

The homebuying frenzy that took place the first year after Katrina has slowed down in the region and in most parishes, except in east bank New Orleans. The immediate post-disaster housing scramble drove up the number of single family homes sold in the New Orleans metro area for a full year after the storm. Single family home sales averaged over 1,200 per month across the metro area for the first year after the storm.

Average Monthly Single Family Home Sales in New Orleans Metro Area

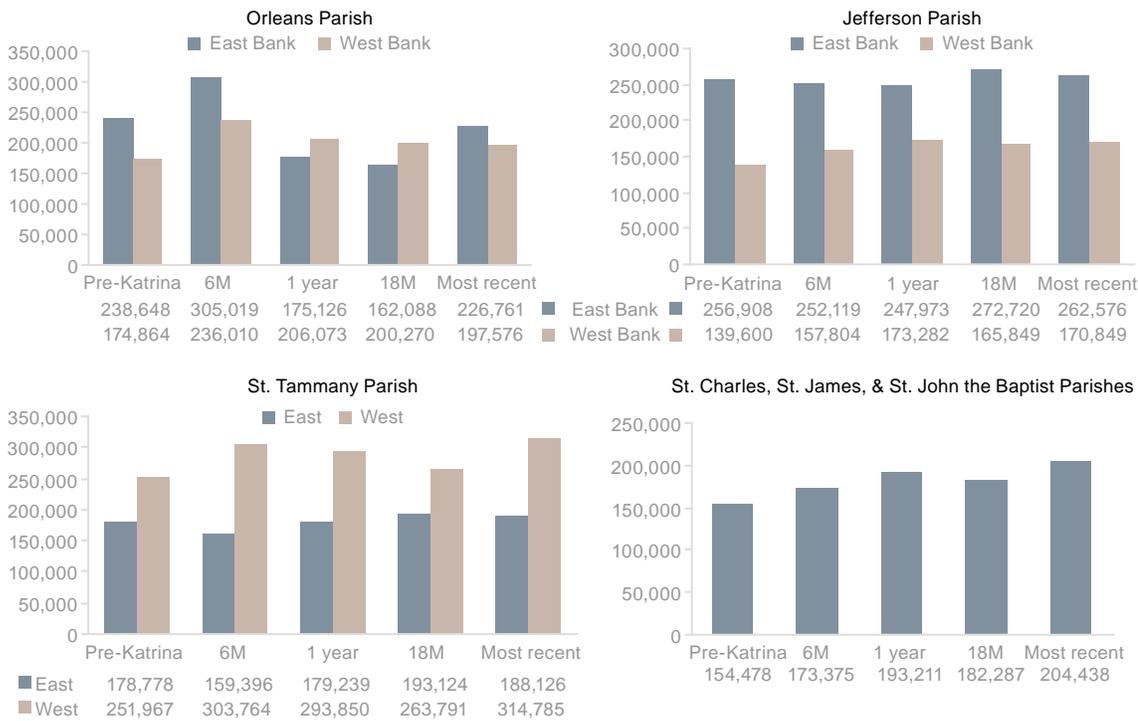


Source: New Orleans Metropolitan Association of Realtors.
Notes: Numbers represented are as follows: Pre-Katrina (Jan-Aug 2005); Year 1 (Oct 2005 - Aug 2006); Year 2 (Sep 2006 - Jun 2007). The month of September was not included in the Year 1 average calculation as the local real estate market was largely inactive.

Many of those home purchases took place in Jefferson Parish and parts of St. Tammany, where home buying levels exceeded those of 2005. Starting in November 2006, the number of homes sold in the region dropped notably. In the second year after the storm, the overall average fell to 960 homes sold per month. This represented a 22 percent decrease compared to the prior year, but only an 11 percent decrease from a comparable period pre-Katrina. By 2007, the number of home sales slowed appreciably in nearly all parishes. The notable exception: Home purchases continued apace in the east bank of New Orleans, indicating continued consumer confidence and low purchase prices (see below) in that area.

With homebuying slowing in the past year, home prices and rent levels in the New Orleans region have remained high between 2006 and 2007, but have leveled off; meanwhile, home prices have dropped in Orleans and St. Bernard parishes. In response to the steady demand for housing in a constrained market, home prices and rent levels spiked in the first year in the New Orleans region, especially in most of the outlying parishes. By the second year after the storm, those home sale values and rent levels have remained high, staying the same or increasing only slightly between 2006 and 2007. Overall, however, in west St. Tammany, the typical home purchase price

Average Sale Price of Single Family Homes in Select Parishes



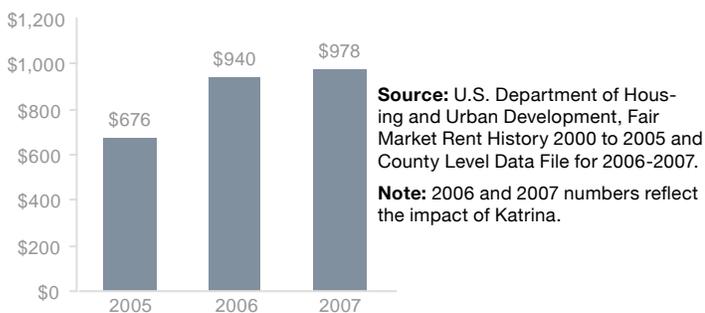
Source: New Orleans Metropolitan Association of Realtors.

Notes: Numbers represented are as follows: Pre-Katrina (Jul 2005); 6 months (Feb 2006); 1 year (Aug 2006); 18 months (Feb 2007); Most recent (Jun 2007). Data is captured monthly and then numbers are finalized a year later to reflect final inputs into the database.

increased by 25 percent over the last two years. In west Jefferson, the jump was 22 percent. In contrast, average home sales prices in St. Bernard have dropped 40 percent from pre-Katrina levels (although they did improve slightly from one year ago), and in the east bank of New Orleans, the drop was 20 percent in value—likely reflecting the large number of flooded homes sold as-is in recent months.

Fair market rents rose an astounding 39 percent from 2005 to 2006 as renters and displaced homeowners scrambled for the little available rental housing in the New Orleans area. By 2007, rents began to stabilize at these higher levels, increasing just 4 percent from 2006 to 2007. A two-bedroom apartment in the region now rents for \$978 per month, up from \$676 in 2005.

Fair Market Rent for 2-Bedroom Apt in New Orleans MSA



Source: U.S. Department of Housing and Urban Development, Fair Market Rent History 2000 to 2005 and County Level Data File for 2006-2007.
Note: 2006 and 2007 numbers reflect the impact of Katrina.

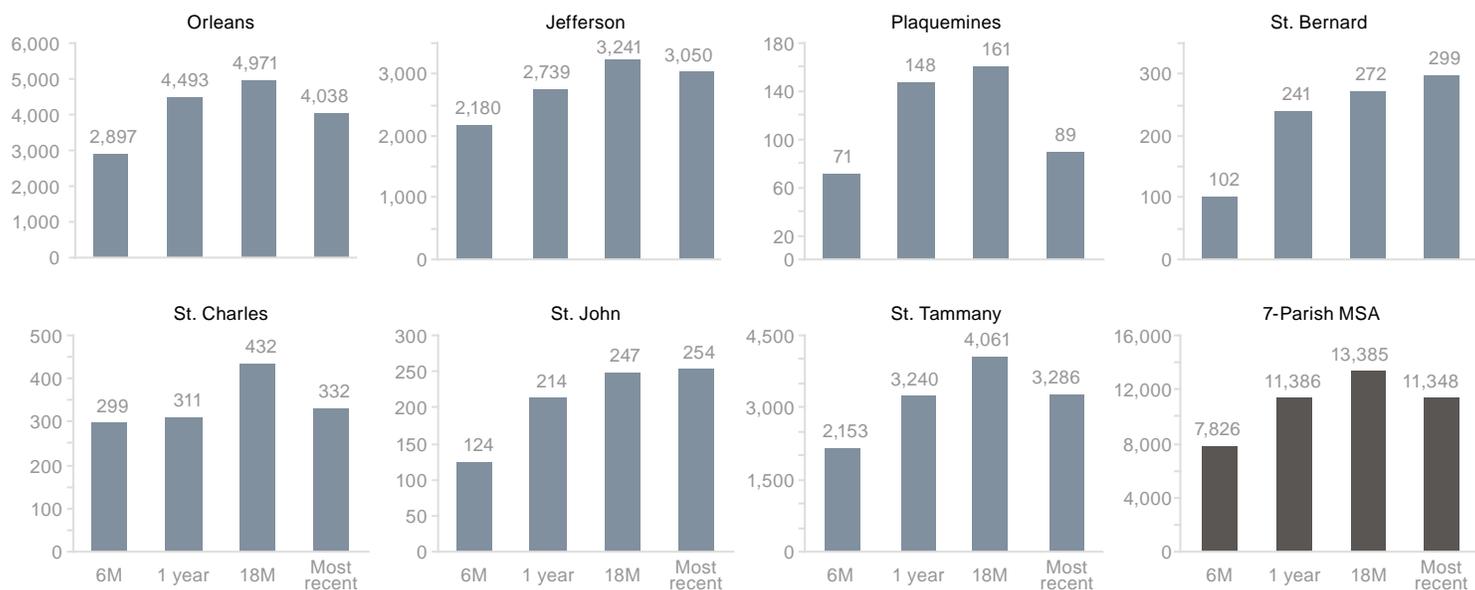
Meanwhile, two years after Katrina, there are over 11,300 homes for sale in the region, far surpassing the 1,029 homes purchased last month. While the housing market may be tight in some respects, a parallel reality is that a high number of property owners are selling their homes. The number of residential properties for sale in the metro area rose from approximately 8,000 in the months after the storm to a high of over 14,000 by April 2007, but has fallen again to 11,000 in recent months, matching the level one year ago. The temporary spike may have reflected the attempt by some homeowners to test the housing market in winter 2007 prior to applying for Road Home grants - and finding the market to be soft, they may have subsequently withdrawn their properties from the market and proceeded to apply for Road Home “buy out” grants.

While most parishes in the region experienced a temporary spike in homes for sale in the past six months, two parishes—St. Bernard and St. John—were the only two that had a steady two-year rise in the number of homes on the market.

Of the 11,300 properties currently on the market, approximately 4,000 are in Orleans Parish, 3,000 in Jefferson and 3,200 in St. Tammany.

These homes for sale also far surpass the pace of homebuying in the region. In June 2007, 1,029 homes were purchased, representing just ten percent of the homes on the market.

Number of Residential Properties for Sale in New Orleans MSA, by Parish



Source: National Association of Realtors.

Note: Numbers represented are as follows: 6 months (02/01/06); 1 year (08/02/06); 18 months (02/09/07); Most recent (07/10/07).

With home values and rents increasing, these homes are not adding to the housing supply in the region in ways that would ease the growth in prices. That implies that a good portion of these homes on the market may be in serious need of repair and thus not quickly inhabitable, or they may come with high insurance rates, discouraging their purchase.

Fiscal and Economic Conditions

Two years after Katrina, the New Orleans regional economy is strong, with many aspects of the economy—sales tax revenues, total employers, and labor force size—restored to at least 79 percent of pre-Katrina levels; but progress is plateauing.

The economy in the New Orleans metro area took a major hit after Hurricane Katrina. Two years later, many aspects of the economy are nearly restored to pre-Katrina levels. Interestingly, as home repairs pick up steam and the population has slowly recovered, the economy has appeared to plateau in the past year, with very little progress made since August 2006.

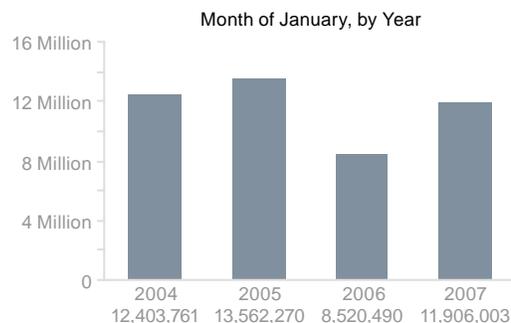
The city of New Orleans' fiscal base is stronger today, with revenues from sales taxes reaching 84 percent of pre-Katrina levels. The strength of the tax base in Orleans Parish provides one indicator of the fiscal and economic health of the city, and in part, the capacity of the city to invest in recovery.² In 2002, the city's total revenues were based on a variety of sources, but primarily tax receipts (45 percent of total), intergovernmental revenues (25

percent), and revenues from licenses and fees.³ Of the tax receipts, the vast majority—nearly 64 percent—were generated from sales tax.

In the month after Hurricane Katrina struck the region, the city of New Orleans' sales tax revenue dropped from \$11.5 million in August 2005 to just \$1.1 million in September. And average sales tax receipts remained at approximately \$6.1 million for the remaining three months of 2005. But as some stores and businesses in New Orleans reopened in 2006, residents' need for basic goods—such as the massive replacements of household and personal items and for supplies and materials to gut and rehab homes—began to fuel the economy. From January 2006 through August 2006, sales tax collections climbed to an average of \$10 million per month.

Sales tax revenues have essentially stayed, on average, at \$11.2 million from January through May of 2007. This represents 84

City of New Orleans Sales Tax Collections for Select Months, by Year (in US Dollars)



Source: City of New Orleans, Finance Department.

percent of the average sales tax revenue of \$13.3 million that the city collected for the same time period in 2005, despite having less than 2/3 of the pre-Katrina population.

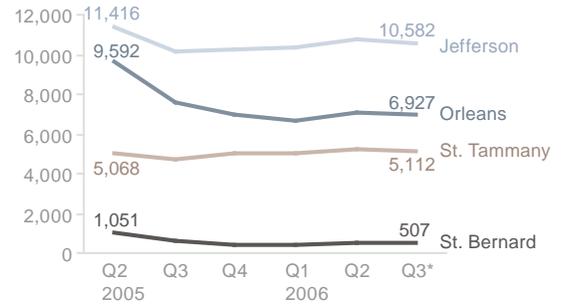
No doubt, visitors to the city are critical to bolstering the sales tax revenue for the city. The portion of the sales tax that comes from hotels and motels, especially for the months between February and May of 2007, representing the major visitor draws of Mardi Gras and Jazz Fest, have also rebounded to near pre-Katrina levels. Specifically, taxes from hotel and motel stays generated a total of \$3.4 million in revenue for the city between February and May of 2007, representing 74.2 percent of the total revenues during that period in 2005.

According to the most recent estimates, the New Orleans region lost more than 4,000 firms in the one year following the disaster; by fall of 2006, the city and the metro area region had reached 72 percent and 85 percent of its pre-Katrina employer base. The New Orleans region has lost 14.7 percent of its total employers since Hurricane Katrina, but that trend varies dramatically by parish.

According to preliminary estimates from the state and Louisiana State University, the total number of employers in the five-parish area of Orleans, Jefferson, St. Bernard, St. Tammany and Plaquemines has dropped by over 4,000 firms, from 27,845 pre-Katrina to 23,755 in the fall of 2006 (the most recent period for which we have data).

All parishes across the five-parish area have lost a net number

Total Employers, by Parish



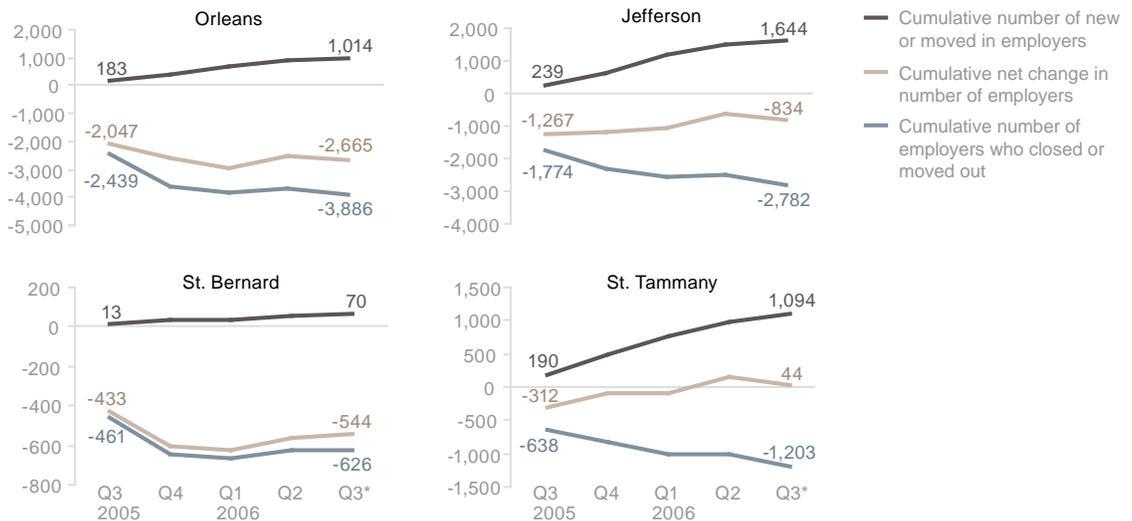
Source: Louisiana State University, Louisiana Recovery Authority, LA Economic Development, LA Department of Labor.

Note: *Quarter 3, 2006 numbers are preliminary.

of employers since the storm, with the exception of St. Tammany which has seen a net gain of 44 employers in this time period. The net number of employers includes the movement of firms in and out of the jurisdiction, those that have closed up shop or opened new ones, and those that have re-opened after a temporary closing. As of fall 2006, Orleans Parish was home to 72 percent of its pre-Katrina employer level, St. Bernard less than half at 48 percent, and Jefferson has nearly recovered its firm numbers, retaining nearly 93 percent of pre-Katrina numbers.

One bright spot: All parishes saw new business start-ups. New Orleans has had 1,014 employers move in or open new businesses; St. Tammany, 1,094; Jefferson, 1,644. Even St. Bernard Parish welcomed 70 new employers that moved in or began new businesses since Katrina.

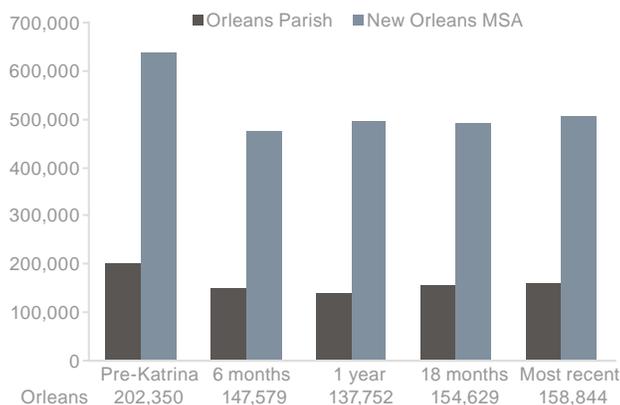
Explanation of Cumulative Net Change in Total Employers, by Parish



Source: Louisiana State University, Louisiana Recovery Authority, LA Economic Development, LA Department of Labor.

Note: *Quarter 3, 2006 numbers are preliminary.

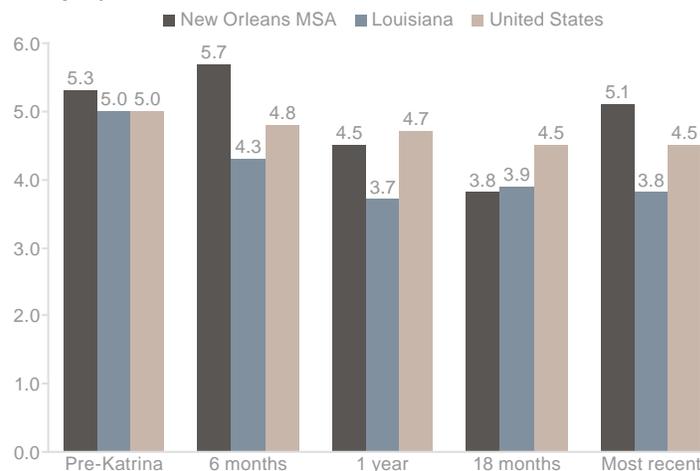
Labor Force Size



Sources: Louisiana Department of Labor, Bureau of Labor Statistics.

Notes: Numbers represented are as follows: Pre-Katrina (Jul 2005); 6 months (Feb 2006); 1 year (Aug 2006); 18 months (Feb 2007); Most recent (Jun 2007). All numbers are not seasonally adjusted with the exception of the Pre-Katrina MSA number. The 1 year, 18 month and most recent data for Orleans Parish is preliminary. The 18 month and most recent data for the MSA is preliminary. Orleans Parish numbers are from the Louisiana Department of Labor and are not approved by the Bureau of Labor Statistics. Please see App B: Data Tables, Page 11 for more information.

Unemployment Rate



Source: Bureau of Labor Statistics.

Notes: Numbers represented are as follows: Pre-Katrina (Jul 2005); 6 months (Feb 2006); 1 year (Aug 2006); 18 months (Feb 2007); Most recent (Jun 2007). LA and US numbers are all seasonally adjusted. The 18 month and most recent data for the MSA and LA is preliminary. Pre-Katrina data for the MSA is seasonally adjusted; the other data points are not seasonally adjusted.

The New Orleans region has recovered 79 percent of its labor force since Hurricane Katrina, making minimal gains in the past year; but, the unemployment rate has worsened since August 2006. In the first year after the levee failures, the City of New Orleans lost 32 percent of its labor force between July 2005 and August 2006, while the metro area lost 22 percent or approximately 142,300 workers.

In the second year of the recovery, the city’s workforce has bounced back faster than the region as a whole. Specifically, the size of New Orleans’ labor force has reached 78 percent of pre-Katrina levels, an 10 percentage point improvement from one year ago. The size of the labor force in the metro area increased by 2 percentage point since last August to 79 percent of pre-Katrina level.

However, as the labor force continued to grow the second year following Katrina, the unemployment rate has worsened.

One year after the storm, the unemployment rate in the New Orleans metro area fell from 5.3 percent pre-Katrina to 4.5 percent in August 2006. Since then, the metro area unemployment rate has dipped as low as 3.8 percent in April 2007, far below the national average, but has climbed back up to 5.1 percent in June 2007, above the state and national rates. This may be the first sign that the recovery-fueled economy is slowing.

Since Hurricane Katrina, the region has lost 118,500 jobs, primarily in health, education, and leisure and hospitality; since the one-year anniversary, the region has recovered

another 17,000 jobs. In the first year after the storm, the New Orleans metro area lost 118,500 jobs representing 20 percent of all pre-Katrina jobs. In the last 10 months, 17,000 jobs have been regained, such that the metro area now has 80 percent of its pre-Katrina job base.

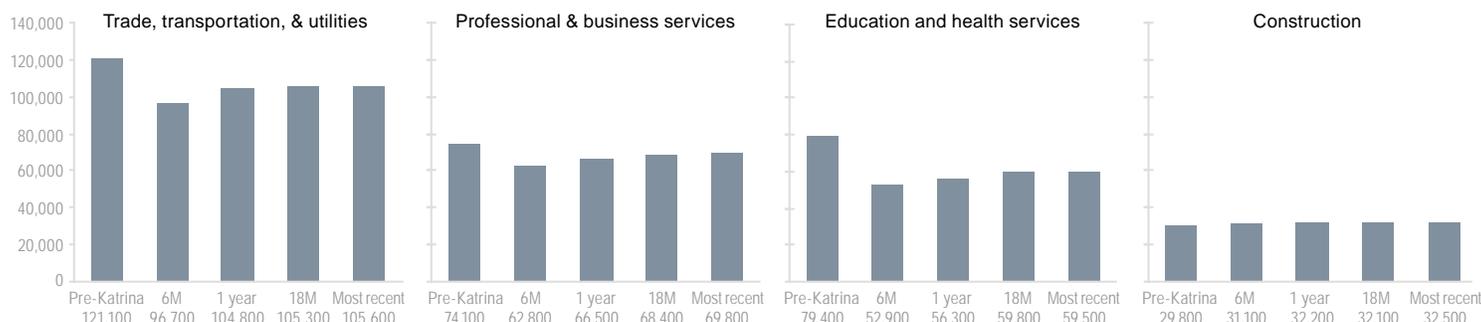
The vast majority of the jobs lost in the metro area over the last two years were in the services sector, which made up 87 percent of all jobs in the region. The number of goods producing jobs has stayed roughly the same pre- and post-Katrina. However, given the loss of 101,600 jobs in the services sector between July 2005 and June 2007, the goods producing sector has naturally increased its share of employment in the region to 15.3 percent.

Within the services sector, the biggest absolute and percentage job losses remain in two subsectors: education and health services and leisure and hospitality.

One year after Katrina, the region had lost 23,100 out of 79,400 jobs in the education and health services industries. By year two, 3,200 of those 23,100 lost jobs have been recovered, in part due to the reopening of the public schools. As of June 2007, nearly 60,000 people are now employed in these sectors, an improvement but that still represents less than three-quarters of the workforce needed to provide basic education and health care services to families and workers.

Similar trend lines can be seen in leisure and hospitality, which is critical to bolstering the tourism industry in the region. This industry, which employed 85,800 workers prior

Non-farm Employment in New Orleans MSA, by Select Industries



Source: Bureau of Labor Statistics.

Notes: Numbers represented are as follows: Pre-Katrina (Jul 2005); 6 months (Feb 2006); 1 year (Aug 2006); 18 months (Feb 2007); Most recent (Jun 2007). Numbers are not seasonally adjusted. The most recent data is preliminary.

to Katrina, is supported by 75 percent of its prior employment capacity as of June 2007.

The two sectors that have seen slight job gains over the two year period since Hurricane Katrina are the construction industry (2,700 new jobs) and mining and natural resources (approximately new 400 jobs). The former experienced the bulk of the job gains in the first year since the storm, holding steady in the second 10 months. The growth in mining and natural resources jobs mirrors the trend in the nation as a whole.

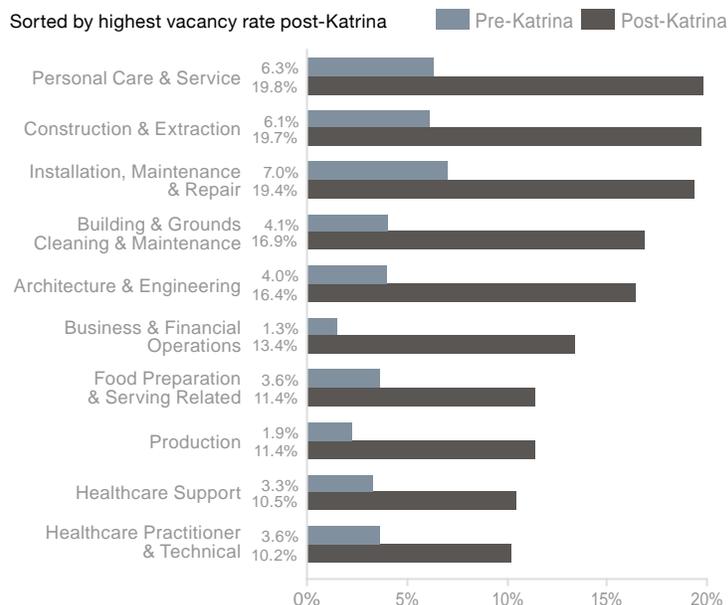
According to the most recent data, job shortages in key occupations such as construction and hospitality had spiked up as of summer 2006, resulting in increased wages one year after the disaster. The shortage of workers increased job vacancies in a number of key occupations in the New Orleans region approximately one year after the storm.

According to the most recent data, job vacancies had jumped from 7.3 percent in the second quarter of 2005 to 9.8 percent of all occupations in the region in the second quarter of 2006. The share of vacancies was most pronounced in those occupations related to real estate and construction. Specifically, vacancies quadrupled in architecture & engineering (from 4 percent to 16 percent) and building & grounds (4 to 17 percent), and more than doubled in construction & extraction (6 to 20 percent) and maintenance & repair (7 to 19 percent).

Job vacancies were also high in those occupations related to health care and leisure/hospitality, as mentioned above, as well as other services sectors. Here, they include big jumps in the share of job shortages for healthcare practitioners (4 to 10 percent), food preparation & serving (4 to 11 percent) and business and financial operations (1 to 13 percent).

The shortages of workers have helped push wages upward since the storm in almost all categories. According to the most

Vacancy Rate in New Orleans RLMA1, by Occupational Group



Source: Louisiana Department of Labor.

Note: RLMA 1 = Regional Labor Market Area 1, includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist and St. Tammany.

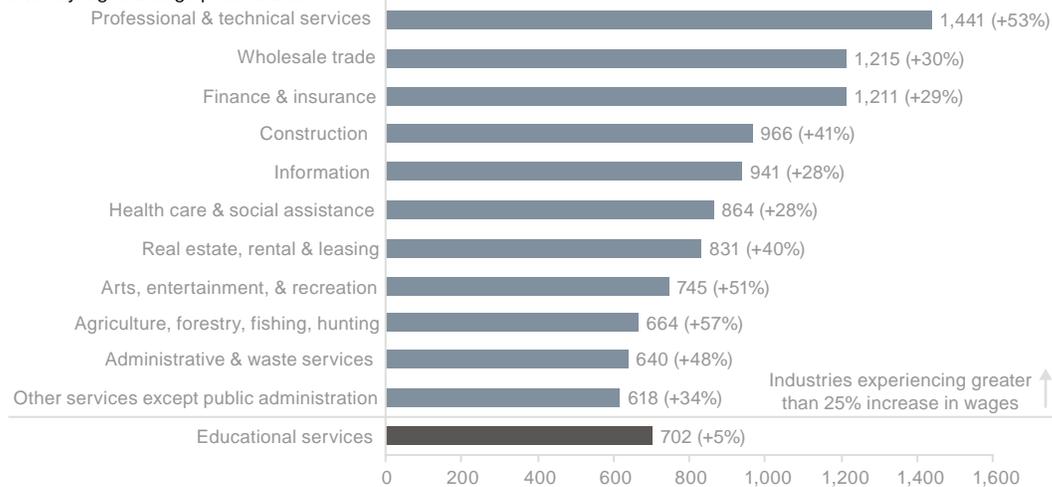
recent average wage data (Q4 2006), metro area wages in professional and technical services have increased a whopping 53 percent in the one year since before the storm, construction wages have skyrocketed by 41 percent, accommodation and food have increased 23 percent, and healthcare 28 percent.

AVAILABILITY OF KEY PUBLIC SERVICES, PROGRAMS OR INFRASTRUCTURE

The previous section provided an overall picture of the population and economic health of the New Orleans metro area two years after Hurricane Katrina. Equally important is to examine the extent to which key public services, programs, and infrastructure are being rebuilt, thereby providing a foundation for the social and economic trends noted above.

Average Weekly Wage for Select Industries in New Orleans RLMA1

Sorted by highest wage post-Katrina



Source: Louisiana Department of Labor.

Notes: Change in average weekly wage was calculated by taking the difference between Quarter 2, 2005 and Quarter 4, 2006 data. The 2006 numbers are preliminary. Numbers reflect average weekly wages in the private sector only. RLMA 1 = Regional Labor Market Area 1 (New Orleans Region) and includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist and St. Tammany Parishes.

Indeed, the attraction and retention of families, workers, and businesses in post-Katrina New Orleans are dependent upon two fundamental factors—the quality and availability of housing and a strong quality of life. The first should include measures of the extent to which both rental and homeownership housing are being renovated or rebuilt, where such units are located, and their level of affordability. Concerns about quality of life include the quality and availability of basic public services, the level of safety in the community, and the overall cost of living (and cost of doing business) relative to the quality of services received.

Over time, this Index will try to include more of these variables. Meanwhile, the following summarizes how well local and state governments, and their partners, are rebuilding the damaged housing stock and delivering key services and programs, based on the latest available data, two years after Hurricane Katrina.

Rebuilding Damaged Housing Stock

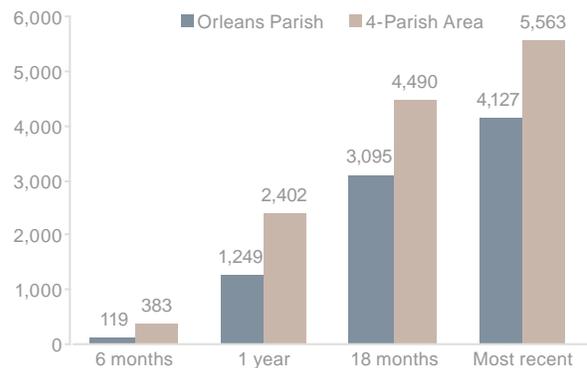
The housing response to recovery has been uneven, with the pace of demolitions and new housing construction approvals increasing in the past year, but the overall rate of Road Home closings, and level of benefits, remaining small.

With the unprecedented level of housing damage in the New Orleans area, the need for the housing stock to be repaired and made livable and market-ready again is fundamental to the repopulation and recovery of the regional economy. Here, the Army Corp demolitions of severely damaged property has

picked up pace in the past year, as well as the governmental approvals of many new housing units to be constructed. Yet, residential repairs have slowed as the Road Home program has awarded checks to only one-quarter of applicants. And those checks appear to be shrinking in average value.

Overall, the demolition and authorizations for new housing unit constructions have accelerated in the second year following Hurricane Katrina, especially in Orleans Parish, while permits for residential repairs have slowed in that period. In the first year after the levee failures, there were 2,402 housing demolitions across the four-parish area. In the eleven months following August 2006, there have been an additional 3,161 demolitions, 91 percent of which took place in Orleans Parish.

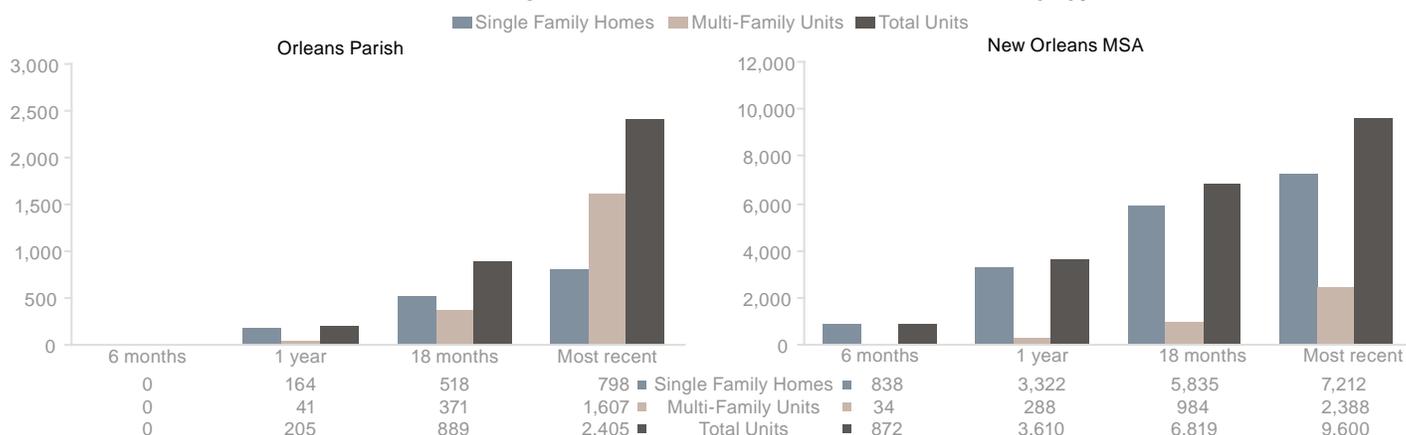
Cumulative Number of Army Corps Demolitions in Orleans



Source: U.S. Army Corps of Engineers.

Note: Numbers represented are as follows: 6 months (February 2006); 1 year (August 2006); 18 months (February 2007); Most recent (June 2007).

Cumulative Number of New Residential Housing Units Authorized since Hurricane Katrina, by Type of Unit



Source: U.S. Census Bureau.

Note: Numbers represented are as follows: 6 months (February 2006); 1 year (August 2006); 18 months (February 2007); Most recent (June 2007).

And the pace of authorizations to build new housing units has also picked up pace over the last year. By August 2006, only 205 new housing units had been authorized for new construction in New Orleans. But by June 2007 an additional 2,200 new housing units had been approved.⁴

In the metro area as a whole, approvals in the second year to build new housing units also exceeded those in the first year. For instance, between August 2006 and June 2007, there were 5,990 new housing units authorized, compared with 3,610 units the first year after Katrina.

In contrast, the pace of residential building permits in New Orleans has slowed in the past year, despite the number of applicants who have received funds from the Road Home program. The city issued almost 46,000 residential building permits by August 2006. And in the following 10 months, only an additional 14,000 permits were issued. The high number of permits issued in the first year after Katrina likely reflects the number of

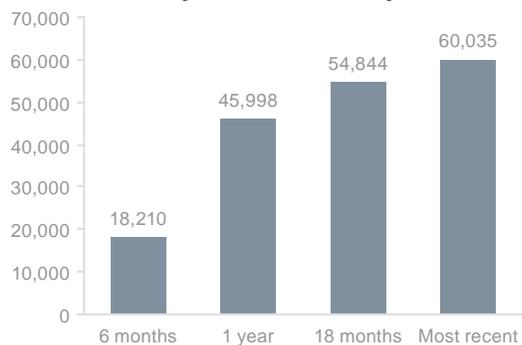
homeowners who rushed to meet an August 29, 2006 deadline to receive free permits, and to ensure that their properties could be repaired without being subject to new elevation standards. However, the relatively smaller number of building permits this calendar year may indicate that many households may have already begun the largest renovations that require permits and now are using remaining resources to complete renovations and internal repairs such as installing floors and cabinets. Further, just 40,000 households have received checks from Road Home, and many of those may live outside Orleans Parish.

As of August 6, 2007, only 22 percent of total applicants to the Road Home program had gone to closing, and the average benefit per applicant has fallen by more than \$12,000 to about \$68,700. The number of applications to the Road Home program accelerated in recent weeks, as the application deadline of July 31, 2007 approached. As of August 6, 2007, 180,424 Road Home applications had been received—far higher than the 123,000 the program was originally designed for. And the final number is expected to be even higher once all applications postmarked by July 31 are received.

The program got off to a very slow start, with only 177 closings by January 15, 2007 some six months after the program was initiated. The number of closings per month increased to more than 10,000 by June; but by August 2007, a full year into the program, only 22 percent of applications had gone to closing. According to the most current data, by August 6, 2007 the average benefit calculated had fallen to \$68,734 from a high of \$81,000.

The largest share—nearly one-third—of the Road Home applicants live in Orleans Parish, and of those, 74 percent have expressed their intent to stay in their current home. Applicants from Jefferson and St. Tammany are even more likely to keep

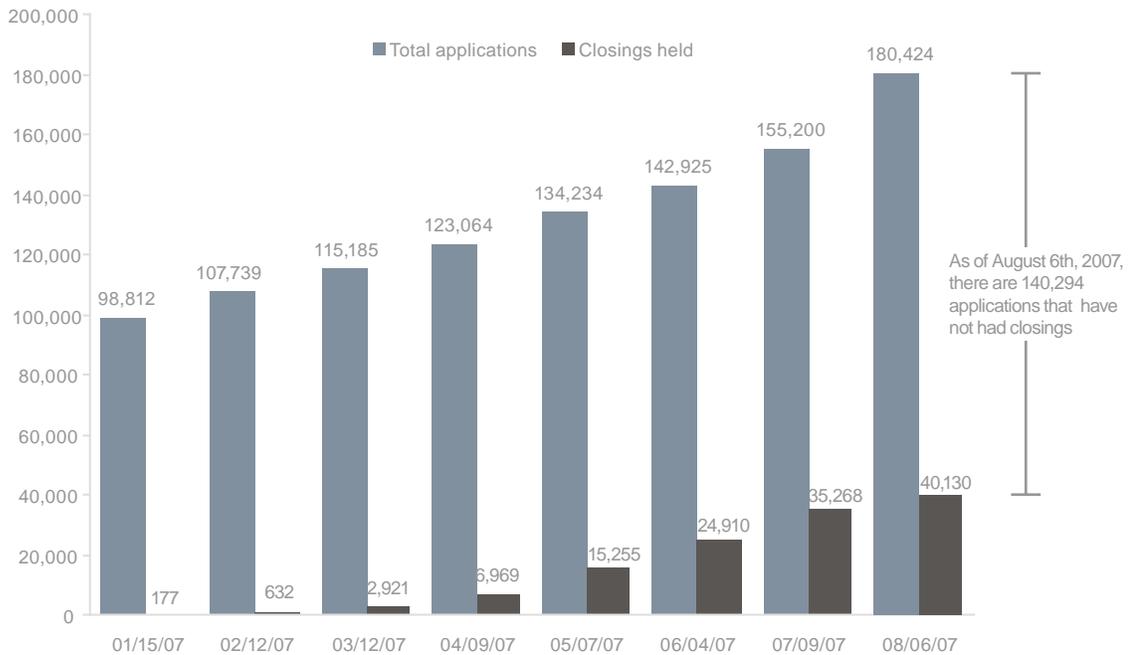
Cumulative Number of Residential Building Permits Issued by New Orleans City Hall



Source: City of New Orleans.

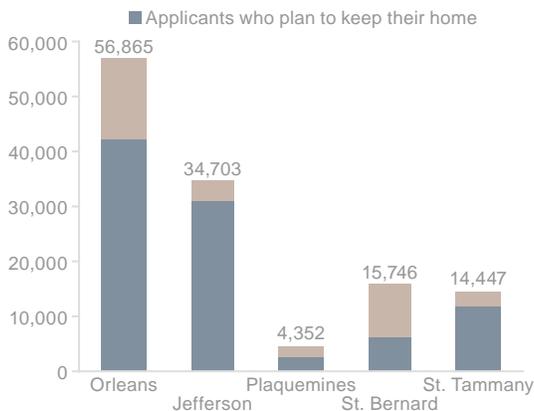
Note: Numbers represented are as follows: 6 months (Feb 2006); 1 year (Aug 2006); 18 months (Feb 2007); Most recent (Jun 2007).

Road Home Applications Versus Closings



Source: The Road Home Program.

Number of Road Home Applicants and Declared Intent to Keep Their Home, by Parish (as of Aug 2, 2007)



Source: The Road Home Program.

Note: Parish information is as reported on applications received from homeowners and may differ once validated by The Road Home Program.

their homes, at 90 percent and 82 percent, respectively. On the other end, just 39 percent of the 15,700 applicants from St. Bernard Parish plan to use their Road Home funds to stay in their home.

Quality and Availability of Basic Public Services

The level of basic services—like schools, libraries, public transportation, and childcare—remain at less than half of the original capacity in New Orleans; less than two-thirds of all hospitals and acute care facilities are now open in the city.

Families and business owners will judge recovery on what they experience daily in their personal lives or business operations. If essential services and infrastructure are not in place, with inadequate schools, few pediatricians or other critical health care workers, or continued looting of newly rebuilt homes and businesses, frustration and anxiety will abound.

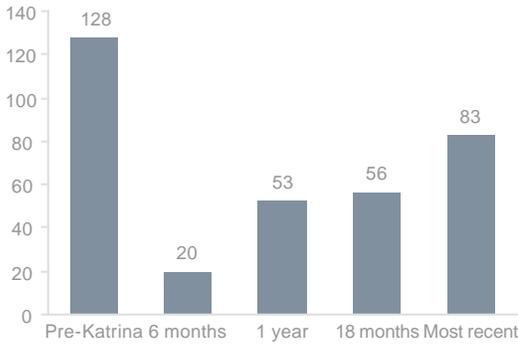
At the two year anniversary of Katrina, these basic essential services and infrastructure have not been significantly restored and the level of services has barely improved in the past year.

Less than half of the original public and private schools have re-opened in New Orleans; and, student achievement has declined across the region, likely reflecting stresses and learning interruptions related to the disaster. St. Tammany, Jefferson, and Plaquemines parishes have succeeded in re-opening all or almost all of their public schools since Katrina, while St. Bernard still has only three of 15 schools in operation. The most troubling of all, however, is Orleans Parish where only 58 out of 128 schools, or 45 percent, had reopened by May 2007.

Currently, 25 additional public schools are scheduled to be opened in New Orleans for the fall of 2007. However, many essential repairs to these school buildings have not been completed and it is likely that a smaller number of schools will actually open on time for the fall semester.

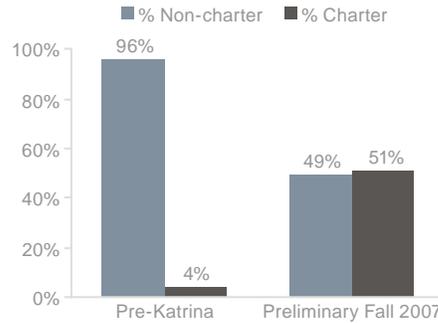
Public school officials in New Orleans are expecting a surge in the student population in the fall. If so, the influx of stu-

Open Public Schools in Orleans Parish



Source: Louisiana Department of Education.
Note: Numbers represented are as follows: Pre-Katrina (Oct 2004); 6 months (Feb 2006); 1 year (Aug 2006); 18 months (Feb 2007); Most recent (Aug 2007–Preliminary).

Open Public Schools in Orleans Parish, by Management Type



Source: Louisiana Department of Education.
Note: Pre-Katrina are from October 2004.

dents may stress the limited capacity of available classrooms and teachers, particularly if many of these students may have missed many months of school and need additional attention.

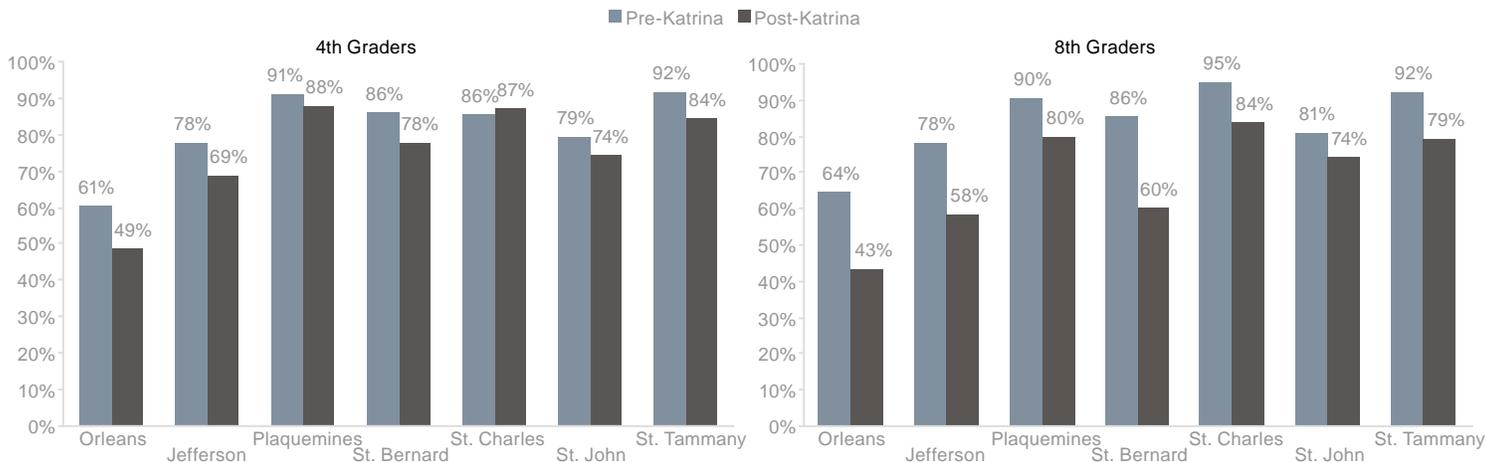
Since Katrina, New Orleans public schools have experienced dramatic reforms. Some 25 new charter schools have opened in Orleans Parish, making Orleans Parish the only city in the country with majority chartered public schools.⁵ And an additional 11 charter schools are scheduled to open in the fall. These reforms are in their infancy, however, and cannot be expected to produce dramatic improvements for quite some time. In fact, the number of fourth graders in New Orleans passing the high-stakes LEAP exam fell from 61 percent pre-Katrina to 49 percent in the spring/summer of 2006. The number of eighth graders passing the LEAP exam fell from 64 percent pre-Katrina to 43 percent.

These same declines in student performance on the LEAP exam are not limited to New Orleans but are found across all

the parishes in the metro area. For example, in St. Tammany, fourth graders' LEAP scores fell from 92 percent to 84 percent and eighth graders from 92 percent to 79 percent since before the storm and the spring of 2006. These region-wide drops are likely attributable to the displacement of many students, some of whom may have missed some school time, or who were shuffled among various schools during that school year. In addition, the trauma associated with the disaster likely affected school children across the region and may have impacted their ability to learn—at least temporarily.

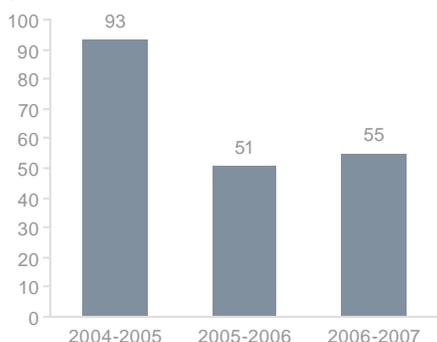
Private schools, too, were severely affected by the disaster. Before Katrina a large percentage of the school-age children in the metro area attended private schools. Twenty-eight percent of all school-age children in Orleans Parish attended private schools, 32 percent in Jefferson, 20 percent in St. Bernard, and 15 percent in St. Tammany. Although most of the private schools in Jefferson and St. Tammany have reopened since the storm, 38

Percent of Students Who Passed High-stakes Tests in New Orleans MSA, by Parish



Source: Louisiana Department of Education.
Note: Numbers represented are as follows: Pre-Katrina (Spring/Summer 2005); Post-Katrina (Spring/Summer 2006).

Open Private Schools in Orleans Parish

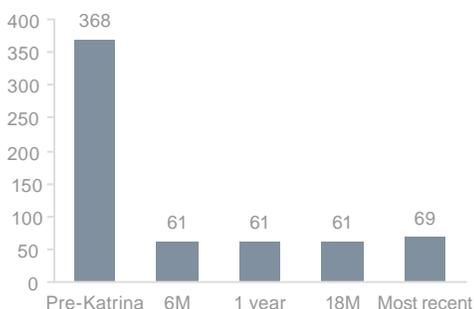


Sources: Louisiana Department of Education, Archdiocese of New Orleans.

(or 41 percent) of the private schools in Orleans Parish have still not reopened.⁶ (See *Appendix A: Map Gallery* for maps of public schools and private schools across New Orleans neighborhoods.)

A large portion of the other key public services, like public transportation and health care facilities, remain closed two years after Katrina and the subsequent levee failures—with very little capacity added in the past year; meanwhile, the lack of repairs on public facilities is undermining the effectiveness of policing. The level of public transportation services in New Orleans has remained virtually stagnant since August 2006 when only 17 percent of buses were back in operation on 45 percent of pre-Katrina routes. As of July 2007, only 19 percent of buses are running on 50 percent of the pre-Katrina routes.

Operational Buses in Orleans Parish



Source: New Orleans Regional Transit Authority.

Note: Numbers represented are as follows: Pre-Katrina (Jul 2005); 6 months (Feb 2006); 1 year (Aug 2006); 18 months (Feb 2007); Most recent (Jul 2007).

As of July 2007, 10 acute care hospitals, psychiatric hospitals, long-term disability and rehabilitation facilities remain shuttered, out of the original 23 in New Orleans. For the region as a whole, only four more such facilities have opened since August 2006, as the New Orleans area struggles with increased prevalence of mental illness, acute conditions, and deaths. St. Bernard Parish remains without a hospital. (See *Appendix A: Map Gallery* for a display of open acute care hospitals in the region.)

Operational Hospitals in Orleans & the 3-Parish Area

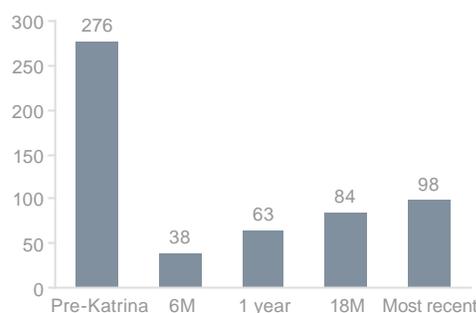


Source: Louisiana Hospital Association.

Note: Numbers represented are as follows: Pre-Katrina (Jul 2005); 6 months (Feb 2006); 1 year (Aug 2006); 18 months (Feb 2007); Most recent (Jul 2007).

Shortage of childcare services continues to serve as an obstacle for recovering families. Only 98 out of 276 childcare facilities in New Orleans are open as of August 2007, approximately 36 percent of the original capacity. Since the one-year anniversary of the levee failures, 35 more childcare centers have opened, but that rate is far slower than that of the first year, when 63 childcare centers had reopened. (See *Appendix A: Map Gallery* for a display of open childcare centers across New Orleans neighborhoods.) Jefferson Parish also faces childcare shortages with 170 out of 197 childcare centers open in August 2007—an increase of only 19 childcare centers from August 2006 when 151 facilities were open in that parish.

Open Childcare Centers in Orleans Parish



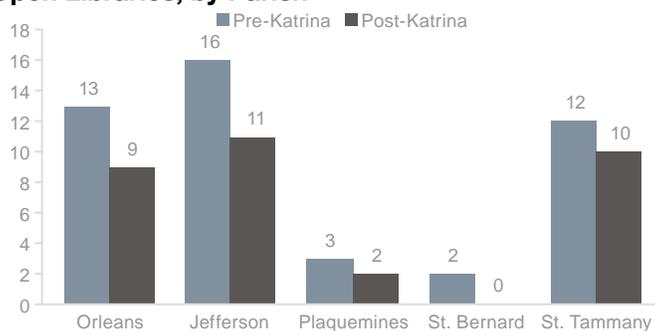
Sources: Agenda for Children, Louisiana Department of Social Services Bureau of Licensing.

Note: Numbers represented are as follows: Pre-Katrina (Jul 2005); 6 months (Feb 2006); 1 year (Aug 2006); 18 months (Feb 2007); Most recent (Aug 2007).

Library repairs lag other educational building repairs—particularly in those parishes that experienced less damage. Two out of 12 libraries remain closed in St. Tammany. There are no libraries open in St. Bernard. Two out of three libraries are still closed in Plaquemines Parish. Five out of 16 libraries remain closed in Jefferson Parish. And four out of 13 libraries are still

shuttered in Orleans Parish. Of the nine libraries in operation in Orleans Parish, two are operating out of FEMA trailers. (See *Appendix A: Map Gallery* for a display of open libraries in Orleans Parish and their status.) Overall, of the 46 libraries that existed in those five parishes prior to Katrina, 70 percent are now re-opened.

Open Libraries, by Parish



Sources: Individual parish libraries.

Note: Pre-Katrina (Jul 2005); Post-Katrina (Jul 2007).

Finally, crime remains unacceptably high in the city, eliciting real and legitimate concerns from residents and business owners. The solutions to increase safety are broad and multi-faceted, not just limited to the level of policing. But, one critical aspect: The lack of repairs to essential criminal justice buildings in New Orleans is hampering law enforcement's ability to provide for public safety. As of July 2007, no repairs have been completed on damaged police stations, and two police stations plus police headquarters continue to operate out of FEMA trailers. The use of trailers by police undermines the quality of their work because such space is not adequate to interrogate

suspects and interview witnesses and victims in privacy, meet and plan strategies, nor provide the desks for writing reports. In addition, Central Evidence and Property continues to operate out of FEMA trailers that will not protect evidence in the event of a significant wind event. Further, the police have only a partially functional crime lab, and Special Operations, Traffic, Recruiting, Juvenile, Compliance and Auto Theft Divisions continue to work out of FEMA trailers.⁷ (See *Appendix A: Map Gallery* for a map of open police stations and their repair status.)

CONCLUSION

Hurricane Katrina and the subsequent levee failures took an enormous toll on greater New Orleans, wiping out the housing, infrastructure, and employment base of the region. Two years later, the New Orleans area is on the mend, with many residents back and the economy humming at near pre-Katrina levels. But behind those regional trends are stark disparities between the recovery of the Orleans and St. Bernard parishes and the rest of the region. While there are notable signs of progress there, progress appears to be slowing and many challenges remain.

In short, this nation stands at the beginning of a long-term recovery of New Orleans and the Gulf Coast. A strong federal, state, and local partnership is still needed. But efforts must go beyond the simple focus on speed of recovery to one of quality outcomes. Greater New Orleans must rebound from Katrina as a better version of itself: safe, economically robust, with opportunities for all.

IMPLICATIONS FOR THE COMING YEAR

by Amy Liu, The Brookings Institution Metropolitan Policy Program

At this second anniversary of Hurricane Katrina, the New Orleans metro area has emerged from the storm and subsequent levee failures with a majority of its former population and economic base in place. This is a strong testament to the commitment of residents, businesses, and visitors to the Crescent City and region, and the resilience of the community as a whole. In short, the New Orleans metro area will be entering year three of recovery from an overall position of strength.

However, clear challenges remain. And with the shock of the disaster now past, and most of the initial market responses settling down, real progress will now require deliberate, targeted interventions to meet critical outstanding needs and move the region toward a more sustained and prosperous future. To that end, the following are broad priorities for citizens and federal, state, and local leaders to consider as they enter the next year of rebuilding:

1. The federal-state-local partnership must be retained to sustain the recovery of the region and ensure its prosperous future. In a mega-catastrophe like Hurricane Katrina, where the damage is so deep and comprehensive, no one single level of government has the capacity or financial wherewithal to take on recovery without assistance and partnerships with other levels of governments, the private sector, philanthropy, and other nonprofit

actors. These multiple contributions, large and small, are all valuable in building a foundation for long-term recovery.

In that spirit, the federal, state, and local partnership remains essential to the future of the Gulf Coast and southern Louisiana in particular. Each has a different, complementary role in the recovery process. And while their roles and levels of engagement may be constantly evolving as the circumstances and needs on the ground change, the three levels of governments must continue to work together in the years ahead.

As we enter year three of the recovery, this means:

- Federal, state, and local leaders need to continue to identify and remove barriers to existing dollars while exploring and committing more targeted federal investments.** While federal decisionmakers, and the taxpayer, may be wary of putting more money into the Gulf Coast, the reality is that relatively few dollars have been dedicated to the actual rebuilding effort and few estimated dollars have reached state and local communities. On the former, the Bush administration estimates that \$116 billion has been spent on Gulf Coast recovery.¹ Of that \$116 billion, approximately \$75 billion has been spent on emergency relief. In other words, only 35 percent of federally allocated dollars to date have been set-aside for such activities as long-term housing needs, infrastructure, levee repairs, and coastal restoration. And, as this report has identified, a number of challenges remain in housing, workforce, and infrastructure that require targeted attention. Secondly, a large portion of the federal resources committed for rebuilding have not yet reached local communities. For example, to date, FEMA has allocated \$6.3 billion to Louisiana for the rebuilding of essential infrastructure. But as of July 20, 2007, only 41 percent of this amount (\$2.6 billion) had reached Louisiana communities.² Of all the Louisiana localities, Orleans Parish lags the most in receipt of FEMA infrastructure rebuilding reimbursements, having received only 25 percent of the amount allocated to the city and its administrative entities.³ Congress and the administration are actively working with the state to facilitate the spend-down of critical FEMA infrastructure dollars. These efforts must be continued across the board to ensure that no unnecessary red-tape or burdensome regulations are holding up state and local plans, while retaining the need for public accountability.
- State and federal leaders must identify the right model for establishing a formal, continued federal presence in the Gulf Coast.** As the 2008 presidential election season heats up, there are concerns that the federal attention on the gulf coast recovery will dissipate with the departure of the Bush administration and Chairman Donald Powell. While Congress plays an important legislative role in the recovery, there must also be a top federal official or entity that marshals public and private resources, facilitates and coordinates agency attention, and provides additional guidance, expertise, and capacity to the implementation of the overall recovery plans. At minimum, the Office of the Federal Coordinator for Gulf Coast Rebuilding plans to work with Congress and the new Administration to transfer lessons, observations, and recommendations to support the transition to new leadership on post-Katrina recovery. But there must be additional efforts to help formalize or institutionalize a longer-term federal role in the Gulf Coast. There are a number of proposals emerging in Congress for how to sustain such a federal role and several presidential aspirants have noted their desire to make Gulf Coast recovery a priority. This topic and debate must remain top of mind as we look toward the fall 2008 election.



Amy Liu
Deputy Director
The Brookings Institution
Metropolitan Policy Program

- **The new governor of Louisiana must continue and strengthen the federal and local relationship to support the comprehensive recovery of southern Louisiana.** Louisianans will elect a new governor this fall. When the new governor takes office in January 2008, he or she will need to immediately step in and establish strong relationships between federal and local leaders in southern Louisiana. Because Katrina impacted multiple jurisdictions, the new governor must forge common goals and priorities when dealing with the federal government while ensuring that the state's investments and taxing and regulatory authorities support the recovery needs of local municipalities.

First, the new governor must build upon and learn from the Blanco administration and the team at the Louisiana Recovery Authority. Second, he or she must work with federal and local leaders to identify priorities for how to amass and spend limited resources. Given the many competing needs in the Gulf Coast, they must pay special attention to the most-impacted jurisdictions but also make sure all of southern Louisiana is a desirable, prosperous place, as families and businesses continue to relocate. Further, the state should support a logical sequencing of activities for rebuilding essential infrastructure, supporting regional economic development, and restoring affordable housing. In addition, the governor must work with New Orleans and the private sector to facilitate residential and commercial development, addressing the prohibitive rising cost and limited availability of insurance. Finally, the governor must be diligent in spending its existing federal resources quickly yet wisely. This is essential to not only gain the confidence of local constituents but especially of Washington decisionmakers so they will be more enthusiastic partners in the next phase of recovery.

2. Affordable housing and overlooked essential services and infrastructure must be restored to attract and retain families and businesses. The indicators in this index along with other organizations' reports attest to the real need for affordable housing in the region. Home and rent prices are up, apartments are few, property assessments are increasing, and insurance premiums are nearly doubling. Increasing the supply of affordable housing and ameliorating the overall cost of living in the region for teachers and nurses, waiters and child care workers remains paramount to the social and economic recovery of the region.

Much attention this past year has been paid to the design and effectiveness of the Road Home program. No doubt, that program's success is critical to helping homeowners rebuild their homes. But, greater visibility and earnest efforts need to be made to finding other solutions to the housing crisis that go beyond the capacity of the Road Home program. This includes creating the right financial incentives, regulatory flexibilities, and insurance relief for financial institutions and developers so that they in turn can provide additional sources of capital to homeowners and serve as true partners in building mixed-income rental housing in the region. Just as critical is the need for the city, with the New Orleans Redevelopment Authority, to facilitate the title transfer, clean up, and assembly of vacant land and abandoned property to make room for new homes and affordable housing.

But families and businesses also need to have access to quality essential services and infrastructure in order to thrive. Although homeowners may be particularly cognizant of the need for resources to rebuild their own homes, failure to address New Orleans' leaking water system, for instance, could make these newly rebuilt homes particularly vulnerable to house fires. Inadequate facilities for all aspects of the criminal justice system—from public defenders, to prosecutors, to courts, to jails, to police—are hindering crime fighting efforts and creating anxiety for families and businesses. And the limited number and quality of schools, the limited access to health care, and few public trans-

portation options are frustrating many residents. Paramount to all of this, of course, is the need for restored levees, wetlands, and flood control. The city of New Orleans, with its state and federal partners, must continue to restore its basic government functions and city services to facilitate market and public confidence.

3. Current and future recovery efforts should be informed by a clear set of quantifiable benchmarks for the future of the New Orleans region to guide—and evaluate—rebuilding efforts.

One major area of policy progress since the one-year anniversary of Hurricane Katrina is the development of specific plans for the recovery of New Orleans. The plans include the Unified New Orleans Plan (UNOP), a comprehensive summary of the results and future scenarios from the city’s citizen participation process; and the city’s official “Citywide Strategic Recovery and Redevelopment Plan,” which attempts to make the UNOP plan actionable and includes the 17 neighborhoods targeted for various levels of infrastructure repair and redevelopment. These plans are absolutely crucial to have in place. Now an effort must begin to measure progress of these plans based on a set of benchmarks that reflect the future vision for the city and region. While New Orleans had a number of distinct assets prior to the storm, the city and region faced a number of challenges—high concentrations of poverty, a stagnant economy, a workforce unprepared for the demands of the new economy, and a neglected coastal protection system.

As the region enters year three of its recovery effort, the public and decisionmakers should be judging and evaluating recovery on whether these many investments and new initiatives are helping to reverse—or not replicate—those former challenges.

As a first step, UNOP articulates the city’s vision as the following:⁴

- That every citizen, regardless of current residence, has the right to return to New Orleans
- All citizens, businesses, and investors in our great city have a right to a safer, smarter, stronger city that enables a substantially higher quality of life, greater economic opportunity, and greater security against hurricanes than New Orleans had prior to the storm.

Now, we need to go further. What does this vision mean in more concrete terms? How do we know if the programs and policies in place are moving the city toward that vision? And how do we engage the entire region, where demographic and economic change is introducing new challenges, and the decisions and progress in one jurisdiction clearly affect others? For example, does the region want job growth in specific priority sectors? What level of coastal protection is desirable and feasible? What are achievable rates of student educational performance and workforce preparation and by when?

Local leaders have an opportunity to use the indicators in the New Orleans Index and elsewhere not simply as a measure of how far we’ve come year to year from a pre-Katrina baseline, but instead to demonstrate, in forward-looking terms, whether the city and region are moving in the direction that is desired.

In short, leaders in greater New Orleans can use the moment of Katrina and the levee failures to ensure that recovery results in an inclusive, sustainable, and prosperous region, stronger than it was before.

1. For more on federal spending for the Gulf Coast, see Testimony of Donald E. Powell, Federal Coordinator for Gulf Coast Rebuilding, before the United States House Committee on the Budget, August 2, 2007, at http://budget.house.gov/hearings/2007/8.02DHS_testimony.pdf.

2. *Ibid.*

3. For a breakdown of State-Wide Public Assistance funding for all parishes see <http://www.fema.gov/hazard/hurricane/2005katrina/statistics.shtml>

4. For the full Unified New Orleans Plan, see <http://unifiedneworleansplan.com>

ENDNOTES

1. For Brookings' full analysis of the 2005 U.S. Census Bureau data regarding the demographic impacts of Hurricanes Katrina and Rita on the population of the Gulf Coast, see http://www.brookings.edu/metro/pubs/20060607_hurricanes.htm.
2. For a more complete picture of the fiscal capacity of the city, both pre- and post-Katrina, in terms of revenues and spending, see the local budget page and fact sheets at the Bureau of Governmental Research website or http://www.bgr.org/budgets/neworleans/2007/Expenditure_Budget_BGR_Tabulation_120106.pdf
3. For revenue tables for the City of New Orleans, see http://www.bgr.org/budgets/neworleans/2002/operating_revenues.htm.
4. To be clear, the high pace of new housing unit construction approvals may not necessarily mean that actual construction has begun. There are many reports of developers who have permits but are running into financing problems, either with the increasing cost of materials or the escalation of insurance rates.
5. New Schools for New Orleans, and Charter School Policy Institute
6. The New Orleans Index will include data on post-Katrina private school enrollment in future editions.
7. New Orleans Police and Justice Foundation, Inc.

ABOUT THE NEW ORLEANS INDEX

Beginning in December 2005, the Brookings Institution Metropolitan Policy Program began monitoring the social and economic recovery of the Gulf Coast region through the publication of The Katrina Index. Relying on nearly 40 indicators, the Index provided members of the media, key decision makers, nonprofit and private sector groups, and researchers with an independent, fact-based, one-stop resource to monitor and evaluate the progress of on-the-ground recovery in Louisiana and Mississippi.

In 2007, The Katrina Index was released as a joint collaboration between the Greater New Orleans Community Data Center and the Brookings Institution in order to bring an even better, more tailored assessment of recovery of the New Orleans region.

In our quest to keep the Index timely and relevant, we have made several changes to this Index. First, and most notably, beginning with this special edition for the second anniversary of Hurricane Katrina, we are changing the name of the Index to "The New Orleans Index." The goal is to shift the emphasis of recovery away from a named disaster to a great American urban center. Second, we have added a wide array of new indices (and eliminated others) to provide a more comprehensive picture of the economic, social, and fiscal health of the greater New Orleans region. Third, we have created a new section that will track the more programmatic response to rebuilding effort, by reviewing the availability of key public services, programs, or infrastructure. And finally, over time, this Index will include neighborhood-level indicators to assess the recovery progress of key neighborhoods and commercial corridors targeted for redevelopment by the Office of Recovery Management for New Orleans. The New Orleans Index will now be issued quarterly, rather than monthly, to reflect the availability of most data.

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Finally, both the Data Center and Brookings would like to thank the many individuals from federal, state, and local agencies and organizations who have provided us with the most robust and up-to-date information available. Their tireless efforts to collect and make public these data have been invaluable to the large audience of users of this Index.

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THE BROOKINGS INSTITUTION
METROPOLITAN POLICY PROGRAM

www.brookings.edu/metro

The Brookings Institution Metropolitan Policy Program provides decision makers with cutting-edge research and policy ideas for improving the health and prosperity of cities and metropolitan areas. Created in 1996, the program is based on a simple premise: The United States is a metropolitan nation. These regions are the hubs of research and innovation, the centers of human capital, and the gateways of trade and immigration. They are, in short, the drivers of the U.S. economy, and American competitiveness depends on their ability to prosper in innovative, inclusive, and sustainable ways.

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GREATER NEW ORLEANS
COMMUNITY DATA CENTER
A product of Nonprofit Knowledge Works

www.gnocdc.org

The Greater New Orleans Community Data Center builds sustainable sources of data and information to support planning and decision-making in a rapidly changing environment. By publishing the most reliable data in a highly usable format, www.gnocdc.org has become the definitive source for information about New Orleans and its neighborhoods. The Data Center was founded in 1997 and is currently used by federal agencies, national media, elected officials, neighborhoods organizations, and local nonprofits. The Community Data Center is a product of Greater New Orleans Nonprofit Knowledge Works.

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