

GulfGov Reports:

A Year and a Half after Katrina and Rita, an Uneven Recovery



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A Year and a Half after Katrina and Rita, an Uneven Recovery



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Executive Summary

More than 18 months after Hurricanes Katrina and Rita devastated a swath of the Gulf Coast from the Texas-Louisiana border to Mobile, Alabama, recovery and rebuilding efforts in the affected communities are best described as uneven. While some of the hardest hit areas have developed rebuilding plans that are guiding their efforts to piece their communities back together, residents and government officials in other devastated areas have yet to find the formula that will spur the recovery forward.

In this second summary report examining the impact of Hurricanes Katrina and Rita, *GulfGov Reports* researchers studied the local governments in these communities to see how they are helping or hindering the rebuilding process and to see where these areas stand in their recoveries. In addition, the study looked at how local economies in these communities are faring, the situation with housing and labor, and the state of the states. The first *GulfGov Report*, which was released on August 22, 2006, found that the communities under study could be separated into three distinct categories: areas that are struggling, areas that are rebounding, and areas that are growing.

Eight months later, these distinctions no longer provide accurate descriptions. A few of the communities originally labeled as struggling have made significant progress, while others continue to lag. In addition, some of the areas that initially were described as rebounding have recovered beyond that. As a result, three new categories were developed:

- **Areas where severe problems remain** — New Orleans and St. Bernard Parish in Louisiana, and Hancock County (Bay St. Louis and Waveland) in Mississippi
- **Areas where recovery is well underway** — Cameron and Jefferson parishes, Kenner, and Lake Charles in Louisiana, Harrison County (Biloxi and Gulfport) and Jackson County (Pascagoula) in Mississippi, and Bayou La Batre in Alabama
- **Areas where expansion is occurring** — East Baton Rouge and St. Tammany parishes in Louisiana, Hattiesburg, Jackson, and Laurel in Mississippi, and Mobile and Gulf Shores in Alabama

By far, the one issue that dominates the recovery effort is housing — that is, the lack of it. In all of the hard-hit areas — even those where economies seem to be mending — the problem of affordable housing continues to defy resolution. Many efforts now underway are the result of nonprofit and volunteer groups, and some developers willing to take a risk. But what is under construction or in the planning stages now is not nearly enough to meet the demand. Thousands remain in FEMA trailers across Louisiana and Mississippi, while thousands more are on the streets.

Demand for labor continues to outstrip supply, in large part because there is not enough available or affordable housing. Without enough workers, in turn, the economic recovery of these areas is slower than it might otherwise be.

Still, there is progress — painstakingly slow in some communities, noticeably swift in others — but it is there nonetheless. Even in the hardest hit communities, overall conditions are markedly better than they were in the months immediately after Katrina and Rita. Sales tax revenues are up, either exceeding pre-storm levels or approaching them. The construction industry is booming as the damaged communities rebuild and areas that took in large numbers of evacuees adjust to their increased populations. The casinos have returned to the Mississippi Gulf Coast, most of the hotels and restaurants are open in the New Orleans metro area, and both Mississippi and Louisiana have seen their budgets increase as a result of higher revenue collections.

But the recovery is uneven across the affected areas and the progress each community has made seems to be dependent on:

- How effective its local leaders have been in making decisions about what direction the recovery should take.
- How badly its business and economic infrastructure was damaged.
- How quickly it has been able to tap into state and federal aid flows.

The data in this report demonstrate that it is the combination of these factors that determines the speed with which a community recovers from a disaster of this scale. All three are necessary for the damaged areas to make any sort of substantive progress. When one element is missing — for instance, the lack of specific direction from New Orleans’ officials about which sections of the city they will focus on first — the recovery stalls. When a community has to rebuild its economic and business infrastructure from scratch — as is the case in Bay St. Louis and Waveland — the recovery falters. When an area simply does not have the financial means to carry out day-to-day operations and the flow of state and federal aid resembles more of a trickle than a torrent — as St. Bernard Parish officials have discovered — recovery slows to a crawl.

The first *GulfGov Report* cited a number of lessons to be learned from the aftermath of Hurricanes Katrina and Rita, and the response to the disaster. Among them were:

- The longer a community waits to develop a specific recovery plan, the more likely residents will be to take matters into their own hands, and the rebuilding will be haphazard.
- Recovery efforts have advanced the most in those communities where officials have provided clear, specific direction and encouraged public input and participation.
- Before a devastated community can make any substantive progress, it must meet its housing needs.

More than a year and a half after the storms, these lessons remain as relevant as ever. What this study makes clear is how closely housing availability and a functioning economic infrastructure are intertwined. This means that local officials have to focus on both elements at the same time in order to keep things moving forward, and that is difficult to do.

Yet, seeking outside help in the form of federal and/or state aid has brought its own set of problems, as this study shows. State and federal policy decisions made without community input have had a tremendous impact on local residents and in many cases have contributed more to delays in the recovery rather than progress. It is clear that a disaster of this magnitude is beyond the ability of local governments to handle alone, but it is also clear that state and federal policy decisions need to involve local governments if they are to help speed recovery.

GulfGov Reports: A Year and a Half after Katrina and Rita, an Uneven Recovery

Introduction

More than 18 months after Hurricanes Katrina and Rita devastated a swath of the Gulf Coast from the Texas-Louisiana border to Mobile, Alabama, recovery and rebuilding efforts run the gamut from full-speed ahead to just trying to survive. While some of the hardest hit areas have developed rebuilding plans that are guiding their efforts to piece their communities back together, residents and government officials in other devastated areas have yet to find the formula that will spur the recovery forward. Instead, the recovery in these communities seems to be moving in fits and starts, driven in large part by individual initiatives and the flow of time, people, and resources from numerous volunteer organizations.

Eight months ago, *GulfGov Reports* released the first of a series of studies examining the impact of Hurricanes Katrina and Rita across 22 communities in Louisiana, Mississippi, and Alabama. Out of the myriad studies, books, and television special programming about the storms and their aftermath, *GulfGov Reports* was the only one to take a comparative, multistate approach.

The first study in the project, *GulfGov Reports: Study of the Recovery, Role, and Capacity of States and Localities Damaged by the 2005 Hurricanes*, focused on five primary topics: the economics of hurricanes, the planning and rebuilding process, the housing and labor shortages, the role of nonprofit organizations, and the state of the states. It concluded that in the end, Hurricanes Katrina and Rita produced two disasters. The first was the immediate crisis created when the hurricanes made landfall. The second was the difficulty the various levels of government had working together to respond to the crisis. What the data showed was that the latter was — and remained — the more dangerous of the two disasters because the inability to work well together spilled over into the long-term recovery efforts. The consequences of this included the potential haphazard rebuilding of the devastated communities, the repetition of mistakes, the exclusion of some segments of the population, and the loss of a rare opportunity to reshape a region for the better.

Since then, some of those concerns have been realized. In New Orleans, for instance, the length of time it has taken to craft a rebuilding plan has led to a widely scattered pattern of repopulation. Other areas, such as Biloxi and St. Bernard Parish, waited until the last possible moment before enacting new FEMA elevation standards. As a result, many homes are being rebuilt in the same manner as they were pre-Katrina, leaving them vulnerable to the next storm that comes along. Including all segments of the population in the rebuilding efforts also has proved to be problematic for many of the affected communities, most noticeably in places like New Orleans where large numbers of residents still have not returned.

The Rockefeller Institute of Government and the Public Affairs Research Council of Louisiana developed this project to provide a broad look at how the storms have changed these communities across a wide spectrum of areas. This is a long-term project that will track the progress these communities make — or do not make — over time. The jurisdictions chosen for the project are representative of the areas that were devastated by the storms or that have benefitted from them. They cover three of the four states affected by

Hurricanes Katrina and Rita — Louisiana, Mississippi, and Alabama. The areas under study are: Cameron Parish, East Baton Rouge Parish, Jefferson Parish, Kenner, Lake Charles, New Orleans, St. Bernard Parish, and St. Tammany Parish in Louisiana; Hancock County (Bay St. Louis and Waveland), Harrison County (Biloxi and Gulfport), Hattiesburg, Jackson, Jackson County (Pascagoula), and Laurel in Mississippi; and Bayou La Batre, Gulf Shores, and Mobile in Alabama.

This study has both qualitative and quantitative elements and the 15 field researchers involved all used the same questionnaire in gathering their information. For three months, the researchers fanned out across these communities and collected data through interviews, official reports, Internet databases, and media accounts. This report is a compilation of their efforts.

This second report takes a close look at the local governments of these communities and how they are helping or hindering the rebuilding process, as well as where these communities are in their recoveries. In addition, the study examines the status of the local economies, the situation with housing and labor, and the state of the states.

The first *GulfGov Report*, which was released in August 2006, found that the communities under study could be separated easily into three distinct categories:

- Areas that are struggling — New Orleans and Cameron and St. Bernard parishes in Louisiana, Hancock (Bay St. Louis and Waveland) and Harrison (Biloxi and Gulfport) counties in Mississippi, and Bayou La Batre in Alabama
- Areas that are rebounding — Jefferson Parish, Kenner, and Lake Charles in Louisiana, Jackson County (Pascagoula) in Mississippi, and Mobile in Alabama
- Areas that are growing — East Baton Rouge and St. Tammany parishes in Louisiana, Jackson, Hattiesburg, and Laurel in Mississippi, and Gulf Shores in Alabama

Eight months later, the distinctions are not as clear-cut, and the original categories no longer provide accurate descriptions. A few of the communities originally categorized as struggling have made significant progress, while others continue to lag. In addition, some of the areas that initially were described as rebounding have recovered beyond that. Given the changes, it seemed more accurate to develop categories based on the stages of recovery. Three were developed:

- **Areas where severe problems remain** — New Orleans and St. Bernard Parish in Louisiana, and Hancock County (Bay St. Louis and Waveland) in Mississippi
- **Areas where recovery is well underway** — Cameron and Jefferson parishes, Kenner, and Lake Charles in Louisiana, Harrison County (Biloxi and Gulfport) and Jackson County (Pascagoula) in Mississippi, and Bayou La Batre in Alabama
- **Areas where expansion is occurring** — East Baton Rouge and St. Tammany parishes in Louisiana, Hattiesburg, Jackson, and Laurel in Mississippi, and Mobile and Gulf Shores in Alabama

Overview

The hardest point to make clear to those outside of the Gulf Coast region is the magnitude of the damage and the amount of time and resources that will be needed to recover. Hurricanes Katrina and Rita did not just flood a few streets and beaches and damage a few houses; they leveled — literally — an area the size of Great Britain. Homes, businesses, infrastructure, municipal services — virtually everything that enables a community to function was badly damaged, destroyed, or simply washed away in the fury of the storms. Leaving aside for a moment the politics, the economics, and the baggage that comes with any community's social and cultural history, just the sheer size of the devastated areas means the recovery will take years.

When the inevitable community disagreements, governmental missteps, resident indecision, and financial aid obstacles are factored in, the recovery process slows even further and suddenly the time frame becomes a decade or more in some areas. That is the situation now facing residents and community leaders from southwest Louisiana to Mobile, Alabama. In the worst hit areas like Cameron Parish, St. Bernard Parish, New Orleans, Hancock County, and Bayou La Batre, the recovery has moved into a long-term, step-by-step process, where progress is measured in small increments. Some of the inertia is due to ineffective or overwhelmed leadership; some of it is due to the problems of restarting economies that were shut down by the hurricanes; and some of it has to do with the lumbering federal and state bureaucracies, which are holding up timely distribution of funds. Local leaders are struggling to minimize community disagreements, governmental missteps, and resident indecision while pressing forward with efforts to rebuild neighborhoods, commercial districts, and infrastructure. How well they are able to juggle all of these elements will determine, in turn, how swiftly recovery occurs.

Other hard hit areas — like Lake Charles, Jefferson Parish, and Harrison and Jackson counties — are recovering more quickly. These communities have benefitted from commercial districts that suffered comparatively little damage, clear directions from local officials, and the rapid return of the casinos in the case of Harrison County. For officials in areas that suffered relatively minimal damage — East Baton Rouge Parish, St. Tammany Parish, Hattiesburg, Jackson, Laurel, Mobile, and Gulf Shores — the situation is not about recovery, but about the sudden expansion of people, businesses, and money, and how to plan for the future.

By far, the one issue that dominates the recovery effort is housing — that is, the lack of it. In all of the hard-hit areas — even those whose economies seem to be mending — the problem of affordable housing continues to defy resolution. Many efforts now under way are the result of nonprofit and volunteer groups, and some developers willing to take a risk. But what is under construction or in the planning stages now is not nearly enough to meet the demand. Thousands remain in FEMA trailers, while thousands more are on the streets or in other cities and states. As numerous scholars, economists, and recovery experts have pointed out: Without adequate housing, workers and their families cannot return. Without workers, businesses cannot reopen in any great number. Without the businesses and their employees, these communities will continue to struggle financially and will remain dependent on the largesse of the state and federal governments to keep running.

Still, there is progress — painstakingly slow in some communities, rapid in others — but it is there nonetheless. Even in the hardest hit communities, overall conditions are markedly better than they were more than 18 months ago. This study examines that progress.

The State of the States

Both Louisiana and Mississippi are thriving economically in this post-Katrina era. Sales tax revenues remain higher than before the storms; construction is booming; global exports have set records for both states; and tourists are returning in increasing numbers.

Louisiana ended its 2006 budget year with a surplus of \$827 million, and revenue estimates in December predicted an additional \$1.6 billion for the current fiscal year. As news of this extra money began to spread, the governor and several legislators floated a variety of ways to spend it. Topping the list for many were pay raises for public employees and property insurance rebates. Paying down debt, offering new tax breaks, and establishing a funding pool for economic development incentives also were proposed.

The Legislature was called into a special session in mid-December essentially to spend the newly recognized revenues. It was apparent from the moment it was announced that the session was poorly timed and failed to allow for sufficient planning and debate. Fortunately, the possibility of using most of the state's recovery-related windfall revenues to improve its long-term prospects remained intact upon adjournment. The entire \$827 million was preserved and most of the additional \$1.6 billion believed available for the current budget year remained unspent. The best outcome of the session was an early start to the spending debates that will shape Louisiana's future.

In Mississippi, growth in the employment, tourism, construction, and local government sectors yielded an increase in general fund revenues of 12.8 percent in the 2006 budget year. For the first six months of the 2007 budget year, general fund revenues were up by 12.7 percent. The Mississippi Legislative Budget Committee and the governor recently increased the estimate for the 2007 budget from \$4.5 billion to nearly \$4.7 billion, which means the state has an additional \$192.7 million to spend. The extra money came from tax collections that were significantly higher than expected over the last quarter of 2006 and was attributed almost entirely to Katrina spending. While many legislative leaders are cautiously optimistic about Mississippi's strong economy, they warn that the economic growth from the recovery phase will begin to dwindle as the Gulf Coast counties come back online and federal assistance begins to fade.

Overall, Mississippi's economic fortunes are bright. In February, Toyota announced that it would build its newest manufacturing facility in Mississippi, further enhancing Alabama and Mississippi's status as the new hub for the automobile manufacturing industry. In addition, the casino industry is expanding rapidly in the wake of the Legislature's decision to allow land-based casinos. And, Mississippi has thrown its support to Alabama as that state competes with Louisiana for a German steel plant because the potential location near Mobile, Alabama, means many Mississippians would be able to find jobs.

That is the good news.

What is not-so-good are the issues still confounding both states — housing, insurance, infrastructure, and the 10 percent FEMA match requirement. Thousands of Louisianans and Mississippians remain stranded in FEMA travel trailers. The much-vaunted Katrina cottages have yet to materialize in any appreciable numbers, and housing rebuilding efforts have become mired in the morass that is skyrocketing

insurance premiums, minimal insurance payouts, FEMA elevation standards, rising construction costs, and indecision on the part of residents about how to move forward.

Further, neither state's federal homeowner aid program has provided the hoped-for spark to rebuilding efforts. In Mississippi's case, one could argue that the number of people helped by the Homeowners Assistance Grant Program was simply too small to make much difference. By design, the grants were designated only for people who lived outside of the federal flood plain. Thus, many of those most in need were not eligible to apply.

Mississippi divided its program into two parts. The first phase, which offered grants of up to \$150,000, is finished, and state officials are preparing to start Phase II. In Phase I, 17,467 homeowners applied for assistance, 10,439 closings were completed, and 8,232 homeowners actually received a check. In the second phase, low- to moderate-income homeowners whose primary residence was damaged by the storm surge will be eligible to apply for up to \$100,000. Applicants will be considered whether or not they had insurance and whether or not their homes were inside the flood plain. State officials expect that an additional 10,000 homeowners will be covered under Phase II of the program.

In Louisiana, Gov. Kathleen Blanco's Road Home Program has been a public relations nightmare for her administration. Its ineffectiveness up to now is widely believed to have been responsible for her decision in March not to run for re-election this fall. By mid-January the program was 29 weeks under way. Just over 100,000 applications had been recorded, 90,796 invitations to make appointments had been mailed, 63,412 first appointments had been completed, 29,212 benefit award letters had been mailed, and 215 closings had been held. By the middle of March, about 117,000 homeowners had filled out applications, 89,101 appointments had been held, and 3,804 closings had been completed. The difference between total applicants and the number of completed closings has been a closely watched number and is the source of much anger and frustration with the pace of recovery. It shows that nearly every applicant is stuck somewhere in the pipeline.

In total, the state has set aside nearly \$7.9 billion for its housing programs, of which \$6.4 billion is specifically for the homeowner grant program. Of the final awards calculated, the average award is around \$78,000, with the maximum allowable being \$150,000. By mid-January, \$11.8 million had been paid in grants to homeowners, but \$2.23 billion in awards had been calculated and were awaiting closing. That figure had risen to \$4.2 billion in calculated benefits by mid-March.

Another source of anger has been the program's insistence that the money awarded be put in an escrow account and disbursed to the homeowner as work was completed. In March, officials with the U.S. Department of Housing and Urban Development (HUD) told Louisiana that it was violating federal guidelines by requiring the escrow accounts. HUD and the state since have reached a compromise agreement that will allow homeowners to receive lump-sum payments. While state officials have been sharply criticized for establishing the initial reimbursement system, those in the banking and mortgage industries say there was sound reasoning behind the decision. The concern with a lump sum payment plan is that many homeowners simply will take the money and leave, in essence abandoning their property and creating increased blight. Such an outcome is a real concern in an area like New Orleans, experts say, because it had a significant blight problem even before Katrina. Supporters of the reimbursement system also say that the

lump-sum payments will increase the risk of homeowners being defrauded by dishonest contractors. With a reimbursement system, there are more checks and balances to guard against such fraud.

Several major issues with the flow of federal aid remain. The governor, congressional delegation, and others have asked the federal government to forgive the community disaster loans granted to local governments to cover operating expenses in the wake of the disasters. The federal government forgave these loans for Florida following Hurricane Andrew and for New York following the September 11 attacks.

They also are requesting forgiveness of the 10 percent local match requirement for FEMA Public Assistance (PA), which is used for recovery and rebuilding costs. Currently, Louisiana plans to use around \$775 million of its community development block grant funding to cover the match requirement, but it is being argued that this money could be better spent elsewhere. Another major argument for waiving the match is that to manage the program that would spend the Community Development Block Grant (CDBG) funds as a match for PA projects would be a huge administrative burden. Short of waiving the match, Louisiana has requested permission to use a “global match,” which would essentially allow the state to pay a single lump sum for 10 percent of all projects, rather than handle each 10 percent match on its own. This request has been repeatedly denied by FEMA.

On another front, image has become a major challenge for Louisiana, especially compared to Mississippi. Between the crime and the fact that many still think much of New Orleans is underwater, Louisiana’s critical tourism industry has suffered greatly. To rebuild the state’s image, officials have dedicated \$29 million of Louisiana’s Community Development Block Grant aid to a tourism marketing program. The Office of Culture, Recreation and Tourism’s ongoing initiative “Louisiana Rebirth” is tracking tourism indicators as the industry recovers. Some of its survey results show that prior to the storms, 21 percent of the nation’s travelers and 53 percent of Louisiana’s regional market expressed intent to travel to Louisiana in the following 24 months. Immediately after the storms, the national number dropped to 13 percent and the regional number dropped to 37 percent. As of August 2006, the national number was 15 percent and the regional number had increased to 50 percent. The state suffered a decline of approximately 22 percent in visitors and 35 percent in visitor spending from 2004 to 2006. Welcome center visits dropped 16 percent during the same period.

Even worse for Louisiana, the state has lost roughly 5 percent of its population since Hurricanes Katrina and Rita, which means the state almost certainly will lose a congressional seat in the next Census. The ramifications of that are tremendous, particularly with a fairly junior congressional delegation that has not yet had time to build up its political clout.

Mississippi, in contrast, is riding the positive wake associated with its governor. A recent article in *Governing* magazine, for instance, described how Gov. Haley Barbour’s strong ties to the politically powerful in Washington, D.C., paid off for Mississippi after Katrina. One former Mississippi Speaker of the House noted that Barbour used his Republican connections and friendships to help secure billions in federal relief funds.

Still, the state has not been immune to criticism. In particular, a \$1.2 million contract given to three state legislators to help finalize grants to homeowners under Mississippi’s Homeowners Assistance Grant

Program has drawn the ire of the U.S. Department of Housing and Urban Development. HUD has been publicly critical of the Mississippi Development Authority's (MDA) handling of the contract, arguing that the MDA should follow its own Procurement Procedures and Standards of Conduct, which include basic safeguards to prevent potential problems with ethics. HUD also noted an Ethics Commission report regarding another legislator looking for a similar contract dealing with federal funds. In that case, the Ethics Commission said the legislator could not contract with a state agency to expend federal funds because the Legislature authorizes state agencies to use those funds. HUD is continuing to investigate the situation.

Areas Where Severe Problems Remain

Recovery has been halting and uneven in the communities listed here. In New Orleans, the lack of a rebuilding plan, an ongoing crime problem, and the continuing shortage of affordable housing have prevented many residents from making a decision on whether to return. In St. Bernard and Cameron parishes and Hancock County, the recovery is lagging because these small communities were overwhelmed by the sheer magnitude of the damage. Officials and residents in these communities have had to start rebuilding from scratch — not only in a financial sense, but also in terms of human resources. The will to rebuild is there, and the local governments are pressing forward, but the recovery efforts are painstakingly slow.

New Orleans, Louisiana

Prior to Katrina, Orleans Parish — which is coterminous with New Orleans — was home to 452,170 residents. As of July 1, 2006, barely half of the parish's population had returned, according to the Census Bureau. Nearly a year after Katrina struck, 223,388 people were living in the parish. The 2006 Louisiana Health & Population Survey, which was conducted after the Census Bureau survey, estimated the parish's population at 191,139.

Local Government

New Orleans' recovery continues to lag behind that of other hard hit areas, and everything from the size of the population to the soaring crime problem to where the city should focus its rebuilding efforts first remains fodder for fierce, often acrimonious debate. Recent public meetings have more often than not turned into verbal free-for-alls with activists and advocates for various groups trying to shout down policy proposals they disagree with, and city officials seemingly helpless to maintain any semblance of civil discourse.

More than 18 months after Katrina and Rita, New Orleans officials still have not adopted a formal recovery plan. The latest effort was unveiled in late March as the city's recovery czar, Edward Blakely, finally announced a \$1.1 billion rebuilding plan that targets 17 areas of the city. While the plan provides residents with some much-needed specifics about where and how the city is going to focus its rebuilding efforts, it is less clear where the money is going to come from. City officials say they have immediate access to nearly \$400 million. Officials figure they can find another \$624 million by combining "blight bonds" and the federal waiver of local matching funds, although that is by no means assured. The final \$324 million is supposed to come from a portion of the money the Louisiana Recovery Authority has set aside to help local governments pay their federal match shares. Yet, thus far, President Bush has refused to allow a waiver. The bottom line right now is that the funding for this latest rebuilding plan is far from stable and there is every chance the plan will end up on a shelf like so many others before it.

Indeed, the long-anticipated Unified New Orleans Plan, which was released in late January, had been touted as the answer to the city's need for a clear, comprehensive rebuilding plan. The estimated \$14 billion plan has not been adopted and critics point out that it suffers from the same flaws as previous attempts to

create a rebuilding plan — it is vague, offers no clear-cut guidelines, and fails to set out the priorities for recovery.

The Bureau of Governmental Research (BGR), in particular, described the plan as offering “a continuation of the indecisive and confusing approach that has characterized New Orleans’ recovery for a year and a half.” BGR is a private, nonprofit, independent research organization that focuses on policy issues affecting the metropolitan New Orleans area.

The Unified New Orleans Plan (UNOP) was developed through a public-private partnership that sought out citizen participation in trying to determine the best way to rebuild the city. As part of that process, teams of planners worked with residents to develop 13 district plans, seeking input on which areas and projects the city should focus on and in what order. Another group of planners then consolidated the individual plans into an overall Citywide Plan. The plan was supposed to be a blueprint for how the Louisiana Recovery Authority (LRA) and other state and federal agencies should spend future funds dedicated to New Orleans’ recovery.

BGR undertook an analysis of the Citywide Plan after it was released and published its findings in early March. Among other problems, BGR said, the plan:

- Pledges its allegiance to abstract, unexplained principles
- Employs a vague and bewildering system for scoring projects
- Offers programmatic ideas without critical implementation information in some areas and fails to connect findings with policies in others
- Envisions and ranks projects without taking into account realistic levels of funding
- Makes several premature recommendations

As evidence of this confusion and indecisiveness, BGR cited the plan’s priority order. This plan lists a new Louisiana State University/Veterans Affairs hospital complex and housing for displaced public housing residents as top priorities, and relegates such critical issues as a deteriorating water and sewer system, increasingly impassable roads, and crumbling schools to the middle of the 91-project wish list. Certainly the hospital and public housing are key parts of the city’s recovery, but so are adequate roads, schools, and water and sewer services.

Further, the Citywide Plan fails to address the critical issue of what to do about rebuilding in the most flood-prone areas of city, thereby leaving residents once more without the crucial information they need to make a decision about how to rebuild or even whether to return. As a result, pockets of rebuilding are springing up in a scattered fashion, further straining sharply limited city services.

In addition, thousands of blighted and tax-delinquent properties in the city are languishing while the New Orleans Recovery Authority, which is charged with overseeing the sale of these tracts to developers, waits for City Hall to provide it with a list and with funding that already has been approved.

Among other problems the city is still grappling with are areas without fully functioning traffic lights and an only partially operational mass transit system. The street car lines continue to function at a reduced level, as does the city's bus service. The streets remain in disrepair with numerous potholes making driving treacherous, and storm debris still litters some parts of the city. Water and sewer services are problematic as water pressure is inconsistent, and power outages still occur with frustrating frequency.

An accurate population count continues to elude officials. The most recent authoritative survey was conducted by the Louisiana Public Health Institute (LPHI) on behalf of the Louisiana Department of Health and Hospitals and the Louisiana Recovery Authority. With assistance from the U.S. Centers for Disease Control and Prevention and the U.S. Census Bureau, the LPHI sent people out to conduct a door-to-door survey in the 18 hardest-hit Louisiana parishes. Known as the Louisiana Health and Population Survey, the initiative was an effort to answer as definitively as possible the question of how many people actually are living in New Orleans and the other affected areas. The count took place over December 2006 and January 2007, and the LPHI is now releasing its analysis of the data, one parish at a time.

Given the intense interest in New Orleans, that report was one of the first released, and it estimated the city's population at 191,139, or less than half of the pre-storm population. Not surprisingly, many in the city — particularly the mayor — have disputed the findings, insisting the actual population is closer to 230,000. The latest U.S. Census Bureau estimate put the city's population at 223,388.

There is no question that people are returning. As evidence, one need look no further than the ongoing registration of children in the Recovery School District (RSD), which has taken over the bulk of the public school system in Orleans Parish. RSD authorities say new enrollment runs from 15 to 75 students a day. At the same time, mounting evidence suggests that there is a significant outmigration of people who initially came back to rebuild and have grown frustrated with the slow pace of the recovery, the lack of reliable services, and the crime.

Crime is emerging as a serious hurdle to recovery for New Orleans in spite of increased police-to-resident ratios. The ratio of police officers to residents is currently 1:141 whereas before Katrina it was 1:289. There are presently 1,421 police officers in New Orleans. Before the storm that number was 1,680.

But this higher police-to-resident ratio has not led to diminished violence. Indeed, violent crime in New Orleans is up significantly. The Orleans Parish Coroner's Office reported that in 2006 there were 161 murders in New Orleans. The Associated Press put that figure in context in one of its stories, noting that was "a murder rate higher than it was before Katrina and more than 4½ times the national average for cities its size."

A beginning-of-the-year crime wave in New Orleans — including two high-profile murders — led to large public protests and a march on City Hall in January in a rare show of unanimity among residents. Despite promises by the mayor, the police chief, and the district attorney, as well as help from the federal government, the violence persists. And the New Orleans criminal justice system, which had been barely functional long before Katrina and Rita, has been ineffective thus far in stopping or even slowing the crime. The situation, in turn, has been further exacerbated by the very public animosity between the police chief

and the district attorney, with each department blaming the other for the inability to get a handle on the crime problem.

Still, there is some positive news. The New Orleans Police Department just graduated 27 new officers from its police academy, and a new class of 30 is set to begin. Further, New Orleans officials have found a dynamo in recovery czar Edward Blakely. Blakely, who has considerable experience in overseeing the type of recovery efforts that are needed in the wake of catastrophic events, is enthusiastic, decisive, and not shy about stating what he thinks the city's best course of action is. Officials are counting on him to jump-start the recovery process in New Orleans. In addition, the city has created an Inspector General's Office and an Ethics Review Board to look for and expose waste, fraud, corruption, and inefficiency in New Orleans government.

And, in a rare display of regional cooperation, the leaders of Orleans, Jefferson, Plaquemines, and St. Bernard parishes have set up a digital radio system that will allow the first responders in each parish to talk to each other. In addition, Orleans and Jefferson parish officials have reached an agreement regarding the exchange of information from a pump station that drains portions of both parishes. The pump station is owned and controlled by the New Orleans Sewerage & Water Board, which had refused to allow anyone from Jefferson Parish inside, saying it did not have the staff to chaperone that person.

Economic and Fiscal Effects

New Orleans' finances — while still not back to pre-Katrina levels — continue to improve. In the last three months of 2006, sales tax revenue increased each month, compared with the same time period in 2005. In October, revenues were 65 percent higher than the preceding October; in November, revenues were up 72 percent over November 2005; and in December, collections rose 84 percent, compared to December 2005. The city collected a total of \$24.6 million in sales tax revenue for the last quarter of 2006, a 73 percent increase over the last quarter of 2005.

The city's 2007 budget totals \$773.3 million, including all state and federal grants and \$7.2 million in surplus money from 2006. About \$411.6 million of that is for the general fund, and city officials were able to add money to several departmental budgets, as well as fund the newly operational Inspector General's Office and create a criminal justice reserve fund. In sharp contrast, the capital budget for 2007 is just \$150,000 because the city's poor credit rating makes it impossible to sell bonds. Despite this, the city is still working to repair and/or rebuild damaged buildings with the help of FEMA money.

In stark contrast to the safety issues with which New Orleans is grappling, Zagat released its first post-Katrina review of dining options in the Big Easy in January 2007. The survey questioned 3,637 New Orleans area residents and reviewed 390 restaurants, 94 night clubs and bars, 29 other tourist attractions, and 18 major hotels. Of the people surveyed, 80 percent noted that their favorite establishments had reopened.

Meanwhile, the Louisiana Restaurant Association reports that more than 700 restaurants are open in the New Orleans area. The hotel industry also has recovered, with 140 hotels now open in the metro area, 90 of them in downtown New Orleans. Roughly 30,000 of the 38,000 hotel rooms that were available in the area pre-Katrina are available now. While the sluggish convention traffic in 2006 and the diminished population

suggested there were fewer people to patronize the city's hotels, restaurants, and other businesses than before the storm, tourist and convention officials were heartened by the 2007 Mardi Gras season, which saw the number of visitors and the money they spent return to nearly pre-Katrina levels. In addition, both the Sugar Bowl and the Bayou Classic football games returned to New Orleans earlier this year after a one-year absence, and the Essence Festival will return in July 2007.

As noted above, convention business in New Orleans was slow last year. The city hosted only one major convention in the fall of 2006 when the National Association of Realtors Meeting & Expo brought about 24,000 attendees to the city in November. On the other hand, the city hosted the Healthcare Information & Management Systems Society Conference and Exhibition just after Mardi Gras this year. The convention, which brought in 24,000 visitors and exhibitors, ran from February 25 to March 1. It was, by all accounts, a success, with visitors generally complimentary of the city, its hotels and restaurants, and its service sector workers. Buoyed by that success, city tourism and convention officials are optimistic that 2007 could be the year the all-important industry rebounds. Although the optimism appears to be well-founded, tourism officials received some disheartening news in late March when one mid-size group—the Specialty Tools and Fasteners Distributors Association—canceled a convention it had booked for 2009. Still, the Louisiana Recovery Authority says that the city has retained 70 percent of its conventions and meetings for 2007 and more than 90 percent for 2008. In addition, the city has begun an initiative called the Fleur-de-Lis Ambassadors Program that will send local business and community leaders around the country to spread positive news about New Orleans' recovery.

Louis Armstrong International Airport also is recovering slowly. Airport authorities reported roughly 6.2 million passengers came through the facility in 2006, or 64 percent of their pre-Katrina traffic. In addition, the airport handled 101.5 million pounds of mail and freight traffic last year, which is about 57 percent of the 2004 total. Officials are optimistic that traffic through the airport will continue to grow, particularly with the announcement that ExpressJet Airlines of Houston is planning to add 12 flights a day out of New Orleans, beginning in May. The flights will go to six cities. The expansion of ExpressJet's service will, in turn, bump the airport up to 90 percent of its pre-Katrina destinations and 75 percent of its pre-Katrina flights.

Traffic at the Port of New Orleans has returned to normal. Cargo handled at the port increased 13 percent in the first three quarters of 2006, compared to 2005, climbing from 6.2 million tons to 7.2 million tons. In addition, in the nine-month period between January and September 2006, steel and iron shipments increased 59 percent, while the amount of logs and lumber imported rose 72 percent. Imports of other items like auto parts, electronic products, fencing, and saws increased 101 percent, 520 percent, 2,252 percent, and 4,185 percent, respectively.

The cruise ship industry also returned to the port in the fall of 2006 as three of the ships based in New Orleans started sailing from the city again. In fact, December 2006 was reportedly the busiest month for cruise ships in New Orleans since they started using the port. On the down side, Carnival Cruise Lines opted not to return its second ship to New Orleans, saying the volume of traffic did not yet make it workable.

Tax revenue may be steady or improving as discussed previously, air traffic may be moving toward pre-Katrina levels, and cruise ships may be using the port at the highest rate ever, but the business

environment in New Orleans is far from stable. Numerous companies have moved their headquarters out of the city, heading for such places as Baton Rouge, the North Shore of Lake Pontchartrain, Houston, Mobile, and other spots.

Among the companies that have moved since Hurricane Katrina are:

- Chevron — to St. Tammany Parish
- McDermott, Inc. — to Houston
- Trico Marine Service — to Houston
- Murphy Oil — to Houston
- Ruth's Chris Steakhouse — to Orlando
- International Shipbuilding Corp. — to Mobile
- Freeport-McMoRan Copper & Gold — to Phoenix

Housing and Labor

The labor and housing problem can be summarized in two sentences: Right now, there is little affordable housing in New Orleans. Businesses cannot operate without the employees who cannot afford to live in New Orleans. In other words, the situation in New Orleans is essentially the same as it was with the first *GulfGov Report* six months ago. Progress has been painstaking and halting.

Until New Orleans' crime problem spiraled out of control, affordable housing was widely viewed as the biggest obstacle to the city's recovery. It remains one of the biggest obstacles, but now city leaders must grapple with the crime that has many residents wondering whether they should leave and potential visitors and companies wondering whether they should come.

Compounding the problem are the high cost of insurance and building materials, which are forcing many prospective developers to postpone their projects until the situation settles down. The result is no housing, few employees, and fewer businesses.

At the same time, the Brookings Institution reports that the unemployment rate for Orleans Parish was 4.7 percent in December 2006, confirming the difficulty employers are having in finding an adequate number of workers. On a related note, a report about the slow return of national chains like McDonald's, Wendy's, Burger King, Rite Aid, and Walgreens noted that many chains are waiting for signs of recovery before reopening. An article in *New Orleans City Business* quoted a Walgreens spokesman as saying, "We don't have any indication that there's going to be a recovery in those areas to reopen those stores."

Additional statistics help illustrate conditions in the service industry:

- McDonald's managed to retain 35 percent of its pre-Katrina employees and raised wages to \$10 per hour. Meanwhile, Wendy's paid its employees for six weeks after Katrina. Wendy's is now at 53 percent of pre-Katrina staffing levels.

- Overall, 42 of McDonald's 52 locations have reopened. Five of the remaining 10 are currently under construction and decisions about the other five are pending.
- Of Wendy's 15 still-closed stores, six are expected to be open by the second quarter of 2007.
- Walgreens says 90 percent of its pre-Katrina stores will reopen eventually.
- Rite Aid plans to have four of its stores open by mid-2007 and is evaluating five others.

Numbers from the Brookings Institution's Katrina Index help illustrate the housing situation. The number of residential housing permits issued in Orleans Parish was zero from September 2005 through March 2006. In April 2006, 12 permits were issued, and the number slowly began to increase before spiking in October 2006 when 220 residential building permits were issued. That number dropped off sharply in November (126) and December (92).

At the same time, the number of homes on the market began to increase steadily beginning in June 2006 when 3,028 properties were for sale through December 2006 when 5,051 were listed. The number has declined in the first two months of 2007. The average sale price for a home in Orleans Parish has fluctuated wildly since the storm, but in January 2007, homes on the east bank were selling for an average of \$174,179 and homes on the west bank averaged \$211,742.

In terms of affordable housing, the need is acute. The Louisiana Hurricane Housing Task Force estimated in December 2006, that New Orleans needs roughly 30,000 affordable housing units — 10,000 of them for low-income families — to even begin to address the demand. The problem is compounded by the fact that approximately 20 percent of rental households were receiving some type of housing subsidy prior to the storm. Post-Katrina, rents in the city have skyrocketed and now range from \$755 per month for an efficiency to \$1,298 per month for a four-bedroom apartment.

St. Bernard Parish, Louisiana

One of the hardest hit parishes, St. Bernard lies to the east of New Orleans. Virtually every structure in the parish was damaged by Katrina's floodwaters and it took longer for the water to drain from St. Bernard than from any other parish in the state. Pre-Katrina, its population was 65,147. By July 1, 2006, roughly 15,514 people had returned, according to the Census Bureau. The 2006 Louisiana Health & Population Survey, which was conducted after the Census Bureau survey, estimated the parish's population at 25,296.

Local Government

As one of the areas hit hardest by Katrina, St. Bernard Parish has endured a recovery process that is moving agonizingly slowly. Just over a third of the parish's residents have returned, according to data gathered by the Louisiana Health and Population Survey. The survey was conducted over December 2006 and January 2007. In 2000, the U.S. Census Bureau put St. Bernard's population at 66,441. Today, the LPHI says the parish has 25,296 residents, while the Census Bureau puts the number at 15,514.

As noted in the previous *GulfGov Report*, virtually every structure in St. Bernard Parish flooded during Katrina and those floodwaters, in turn, took longer to drain from this parish than elsewhere. As a result, demolition and debris removal continue to occupy much of local officials' time. In an effort to jump-start the rebuilding effort, parish officials last year enacted several measures requiring residents to indicate whether they intended to return and to clean up or clean out their property. Residents also had the option of signing up for a free demolition program if they wanted.

The deadline for residents to gut and secure their property was August 29, 2006. After that, the St. Bernard Parish Metro Council began condemning those structures whose owners had failed to clean them up or to contact authorities. The owners have 10 days to appeal the condemnation notices. Those who fail to respond run the risk of having to pay 10 percent of the demolition costs if the structure is not razed before December 31, 2007, when FEMA's reimbursement of the demolition costs goes from 100 percent to 90 percent. Thus far, the parish has demolished more than 4,100 structures since the middle of last year and roughly 4,300 more are slated for demolition. If those numbers hold, then St. Bernard could end up with more than 30 percent of its pre-Katrina structures demolished. The council also recently started levying \$100 per day fines against property owners who fail to keep their grass mowed or their property secured.

While the parish does have a rebuilding blueprint that council members approved several months ago, it does not yet have the funding to implement it. In addition, residents and authorities have been stymied by the sluggish pace of the Road Home Program, Louisiana's homeowner assistance plan. In December 2006, parish council members blasted ICF International, the company in charge of the Road Home Program, and demanded to know why no St. Bernard residents had received checks, despite the fact that more than 2,000 had received letters telling them they were eligible for an award. As has been the case with every other state and local official who has sought answers from the company — including the governor — ICF cited the administrative challenges it faced in getting the program off the ground and promised to do better.

Local officials also have struggled with the parish's badly damaged wastewater treatment system. FEMA has obligated nearly \$400 million for infrastructure improvement in St. Bernard Parish, including for the wastewater treatment system, but the money has been slow to arrive. At this point the parish faces the possibility of having to take over hauling sewage because the company it contracted with still is owed \$100 million for its work and faces financial problems.

Flood protection and elevation standards comprise another aspect of the recovery that parish officials are contending with. Local leaders want the Mississippi River-Gulf Outlet (MR GO) — a shipping channel to the Gulf of Mexico — closed. The storm surge driven up through the channel during Katrina flooded the parish, and officials are worried about the potential for future flooding. Authorities have balked at adopting new FEMA elevation standards, questioning the science used in establishing them. Nevertheless, council members finally adopted the standards rather than risk the loss of state and federal money.

Business recovery also has been slow in the parish, and officials have decided to apply for up to \$150 million in tax credits from the U.S. Treasury Department in an effort to encourage business owners to return to the parish and to repair their buildings.

Still, there has been progress. In December, the state reopened St. Bernard State Park after renovating the site's flooded buildings and upgrading electrical hookups for the park's campsites. Pre-Katrina, some 46,000 people visited the park each year, which created an estimated \$2 million annual impact, according to state officials. The parish also will be receiving \$200,000 in federal grants for tourism marketing and advertising. In addition, the St. Bernard Library is expected to reopen by May, thanks to donations of land, equipment, a building, and staff financing from two charitable foundations.

Economic and Fiscal Effects

St. Bernard continues to struggle financially as evidenced by the nearly \$20 million in unpaid bills it faces. With the debt mounting and disagreements with FEMA over reimbursement requests, parish officials are working to streamline government while maintaining basic services. One parish council member noted in a *New Orleans Times-Picayune* story from December 2006 that St. Bernard already had spent a \$24 million federal emergency loan and the \$9 million it had in cash reserves. To keep operating, officials have borrowed another \$8.9 million and shifted \$13.3 million in a water and sewerage bond account.

Parish council members ultimately approved a \$27.6 million budget for 2007, nearly 45 percent less than their pre-Katrina budget. While the parish will be able to continue paying for lighting, recreation, and twice-a-week garbage pickup, council members opted to eliminate funding for the emergency preparedness department. The director of that department had incurred the wrath of some council members for making spending decisions without any authorization. The parish president has taken over the duties of director, and this year's budget wraps the money set aside for the department into the parish president's administrative budget. Currently, the parish has about 350 employees, down from 580 pre-Katrina.

On the plus side, parish officials expect to take in about \$29 million in revenues in 2007, thanks to better-than-anticipated sales tax collections. While sales tax revenue has grown, it is still about 15 percent shy of pre-Katrina amounts.

Businesses have slowly returned to St. Bernard Parish, with some 370 now open, according to a *Times-Picayune* report. That's down from about 1,400 prior to Katrina. The number is also lower than the 485 businesses open as of June 2006, according to a recently released study. The study, which was prepared by Louisiana State University's E.J. Ourso College of Business for the Louisiana Recovery Authority, Louisiana Economic Development, and the Louisiana Department of Labor, examined the number of businesses open from the second quarter of 2005 through the second quarter of 2006. It found that by the second quarter of 2006, St. Bernard had 485 businesses open, compared to 1,051 in the second quarter of 2005.

The open businesses are a mix of returning stores and new businesses, and they are predominantly small businesses. New Orleans-based Breaux Mart supermarket has opened a store in St. Bernard, and Winn-Dixie reopened its store in October 2006. Other national chains that have returned include Walgreens and Home Depot. However, Wal-Mart has not yet reopened, nor has Kmart or Sears.

Housing and Labor

Given the extent of the damage in St. Bernard Parish, it is not surprising that the housing market is minimal at best. In 2006, a total of 182 homes were sold in St. Bernard, with the bulk of sales occurring between June and December. The average sales price for a home in St. Bernard has dropped from \$115,741 in August 2005 — prior to Katrina — to \$54,419 in January 2007 — a decline of 53 percent.

Hancock County, Mississippi

Hancock County is at the western end of the Mississippi Gulf Coast and suffered the worst damage of any of the Gulf Coast communities. Among its cities are Bay St. Louis and Waveland. Prior to Katrina, the county's population was 46,546. As of July 1, 2006, 40,421 people were living there, meaning the bulk of the county's population had returned after Katrina.

Local Government

Hurricane Katrina flooded more than 40 percent of Hancock County — home to Bay St. Louis and Waveland — and left more than half of its homes and businesses damaged or destroyed. Eighteen months later, the recovery is still dragging as city and county officials struggle to find the necessary resources and people. For example, Bay St. Louis' longtime building official resigned amid controversy, while its acting building official left to take a higher-paying job in Pascagoula. Bay St. Louis' building department had lost eight people as of early February 2007. The question for city officials is what impact the losses will have on residents and business owners who are trying to rebuild. On average, the department receives 15 permit applications a day. When fully staffed, the building department has 12 employees; early this year there were only eight, and the review time for permit applications has lengthened as a result.

When revenues for Bay St. Louis and Waveland slowed to a trickle after the hurricane, city officials were left to find money to rebuild their infrastructure — water and sewer, roads, and public building — and to pay competitive salaries to their employees. Although Waveland had a \$3 million cash reserve, its budget was more than double that reserve and the money ran out quickly. Most of Waveland's \$6.5 million budget was supported through sales taxes, which still are staggering back to their pre-storm levels. From July 2005 to July 2006, Waveland saw a 30 percent drop in sales tax revenues, losing \$678,281. In Bay St. Louis, sales tax revenue dropped from \$1.5 million to about \$400,000. Property tax revenue was cut in half, and the city's annual budget was slashed by nearly 80 percent of its pre-storm level.

In Waveland, the city workforce numbered 124 prior to Katrina. It is now down to 67, and the city is working to fill vacancies. The city's payroll has increased, and officials have instituted substantial pay raises in order to compete with area businesses. Waveland does have an overall building plan in place with specific guidelines for rebuilding, and progress has been slow because of insufficient funding. Essentially, the city is using the plan developed by the Mississippi Governor's Commission on Recovery, Rebuilding, and Renewal and FEMA standards as the source of its rebuilding plan, which is not surprising in a community as small as Waveland.

In Hancock County, leaders formed the Governor's Commission for Hancock County to centralize, focus, and put in motion the county's overall recovery effort. Phase II of the commission's plan provides for a unified voice for countywide, long-term recovery, for funding needs, and for coordination of decision-making and implementation. The commission's initial work resulted in several recommendations that are the focus of this long-term management effort, and county officials estimate the recovery effort likely will take at least a decade. Over the past year, 200 volunteers served on 13 committees focused on community rebuilding efforts. A key accomplishment was the work to support governmental partners in preparing a countywide analysis of expected budget deficits that helped officials win a \$3 million grant to supplement their badly damaged revenue bases. In addition, a \$1 million grant was acquired to expand the county's building department to meet the more stringent requirements of the International Building Code.

Economic and Fiscal Effects

Waveland and Bay St. Louis still are struggling to survive. A lot of the financial bleeding on the coast has been slowed by state and federal grants, private donations, and loans. Bay St. Louis has borrowed nearly \$8 million since the storm and has applied for an additional \$10 million to cover operating and recovery costs. When Waveland leaders mapped out the 2006-2007 budget, they saw a couple of encouraging signs. First, they noticed a sudden surge in sales tax revenue from Wal-Mart, Lowe's, and Home Depot. Then, they received a \$3 million grant from the state to cover the city's operating costs. That provided Waveland with enough of a financial security blanket to increase employee salaries. In late September 2006, city council members approved the 2006-2007 budget. Although still reeling from Katrina, the city found a way to fund employee pay raises. The city's 75 remaining employees will make about \$2 an hour more per paycheck. Officials feel that keeping employee salaries competitive is essential for recovery because so many of them are trying to rebuild their homes and because new businesses coming into the area have raised the bar for base pay.

In late August 2006, Hollywood Casino Bay St. Louis opened its doors on 600 waterfront acres in Bay St. Louis. The first to reopen, Hollywood's land-based premiere meant jobs for many area residents. This was especially good news for Hancock County, where jobs have been at a premium for more than a year. Almost 75 percent of the people who worked at Casino Magic before the hurricane returned to the Bay St. Louis casino to work at Hollywood. The casino has about 200 fewer employees than it did in 2005.

While the gaming industry is a significant partner in the Mississippi coastal economy, other businesses also contribute, including Pascagoula's shipbuilding industry. In addition, Northrop Grumman has opened its Unmanned Systems Center production facility in Moss Point. The facility will produce the MQ-8B Fire Scout and portions of the RQ-4B Global Hawk unmanned aerial vehicles. In June 2006, United Kingdom-based Rolls-Royce broke ground on a \$42 million jet engine testing facility in Hancock County, and in March 2006, NASA opened its Shared Services Center on the grounds of Stennis Space Center. The center houses selected activities from all NASA Centers in the areas of financial management, human resources, information technology, and procurement.

Areas Where Recovery Is Well Underway

The communities in this category have made significant strides in their recovery efforts, thanks to a combination of effective leadership and the vagaries of nature. Although these areas suffered extensive damage in the hurricanes, their commercial centers survived relatively intact and provided a base on which to rebuild. An example is Biloxi, whose commercial center was built around the casino industry. While Katrina initially shut down all of the Gulf Coast casinos, they had the means to rebuild and reopen quickly.

Jefferson Parish & Kenner, Louisiana

Jefferson Parish is just to the west of New Orleans and is one of the six suburban parishes that make up the New Orleans metro area. The largest city in the parish is Kenner, which had a population of 69,911 prior to Katrina. As of July 1, 2005, Jefferson's overall population was 451,049. One year later, the Census Bureau reported the population was 431,361. The 2006 Louisiana Health & Population Survey, which was conducted after the Census Bureau survey, estimated the parish's population at 434,666. A post-storm population estimate for Kenner was not available.

Local Government

Jefferson Parish has modified its population projections slightly (approximately 471,880) from the numbers cited in the initial *GulfGov Reports* project (approximately 434,660). This new population estimate is derived from an analysis of population estimates from several sources, including the Rapid Population Survey overseen by the Louisiana Department of Health and Hospitals, Louisiana Public Health Institute, the Louisiana Recovery Authority, and the U.S. Census Bureau. The robust number of residents in Jefferson Parish is due in part to the influx of former residents of Orleans, St. Bernard, and Plaquemines parishes. Additionally, seasonal construction workers have increased the population.

Jefferson Parish continues to serve as a staging area — both for human resources and building materials — for the recovery effort in the greater New Orleans area. Whether these temporary workers stay after the rebuilding efforts are completed is a question Jefferson Parish authorities are grappling with. Many of these workers are of Hispanic origin, which may have implications for the parish's social services providers and its school system.

Along with the population increase has come an increase in the number of crimes reported. Overall, crime rose 10 percent between 2005 and 2006. Both the city of Kenner and Jefferson Parish indicated they were actively recruiting law enforcement officers to replace those who retired, were fired, or resigned after Katrina.

Both Kenner and Jefferson Parish employ the same number of workers today as they did before the storm, but vacancies are a problem. Jefferson Parish officials reported 77 vacancies, while Kenner had 40. The problem, officials with both governments said, is that they are competing for workers with private companies that can pay up to 50 percent more.

Jefferson Parish's 2006-2007 budget is projected to be substantially higher than in 2005-2006 as a result of increased sales tax revenue. While Kenner's budget is up only minimally, officials there expect more of a rebound as traffic at the Louis Armstrong International Airport recovers from its post-Katrina shutdown. The parish's ability to handle the increasing stress on its transportation infrastructure is sound. Prior to Katrina, officials had begun a Road Bond Program that redirected a portion of a 1-cent tax to fund improvement projects. The program has gained increased importance post-Katrina.

Because of the parish's relatively limited damage, there has not been an extensive revision of its land-use plans. Instead, emphasis has been placed on addressing the parish's role as the primary area of stability in the metro New Orleans area and all the responsibilities that role entails, namely housing and human services. As mentioned earlier, the parish has enormous strains on its infrastructure and services. Responsibility for providing health care services to the metro area, in particular, has been disproportionately borne by Jefferson Parish facilities, which are operating at 93 percent capacity. New Orleans, by comparison, only has a 50 percent operating capacity.

Economic and Fiscal Effects

Jefferson Parish's budget declined from \$334.6 million in 2005 to \$331.8 million in 2006. For 2007, however, officials are projecting an increase of 71 percent to \$566.2 million. This increase was due primarily to the influx of additional sales tax revenue as rebuilding got underway and to additional grants and loans from state and federal agencies. Kenner's budget increased from \$56.1 million in 2006 to \$59.9 million in 2007, and city officials expect more of a rebound as traffic at Louis Armstrong International Airport continues to recover.

The increase in airport traffic is significant to the Kenner economy. The airport provides the foundation for the economy of the city. In 2003, the total direct spending in the Kenner economy caused by the airport and the business it generated was \$145.85 million. That direct spending creates secondary spending in the city's economy. In 2003, the \$145.85 million in direct spending created secondary spending of \$181.97 million, for a total economic impact upon the Kenner economy of \$327.82 million. Prior to hurricane Katrina, approximately 4,189 Kenner residents and employees owed their livelihood to the airport and related activities. The airport generated more than \$130.35 million in income for Kenner residents and \$8.71 million annually in revenue for the city.

Jefferson Parish has \$415.2 million in outstanding municipal bonds, \$5.5 million of which have been called. The parish also has a \$4.5 million outstanding loan from the Louisiana Community Development Authority that was initiated during the early stages of the parish's relief efforts to help with any lapses in revenue due to low commerce activity. The parish's bonds continue to be rated high by Moody's (Aa rating) and Fitch's (AA-) rating services. The parish continues to meet all its debt service agreements and has been removed from the Credit Watch list where it had been placed when Orleans Parish defaulted on several loan payments in 2006. Though the parish's outstanding debt has remained constant, parish council members have been discussing whether to float more bonds in the next fiscal year to meet capital improvement needs (i.e., bridges, roads, and sewage infrastructure).

Overall, the parish's economy is good and operating better than many other communities in the areas affected by Katrina. Unemployment for Jefferson Parish is significantly less than other affected areas. Building permits have not rebounded to pre-Katrina levels, although the number of permits issued continues to increase. New businesses continue to grow in Jefferson Parish, with 351 being registered as of July 2006. The construction industry accounted for almost 100 new businesses, probably as a direct result of rebuilding efforts. The parish government expects a continued increase in commercial activity and budget forecasts show an increase of approximately 10 percent in revenue as a result.

Housing and Labor

Future housing continues to be a point of contention within the parish. Some home sites that have been demolished have been replaced by prefabricated homes that may not reflect the architecture of the neighborhood. As a result, some neighborhood associations have filed for restrictions on prefabricated homes being placed in their neighborhoods and restrictions on future homes that are built from the ground up.

But a more controversial issue related to housing in the parish has been whether to allow low-income housing to be built. Two areas have been noticeably resistant to building low-income housing: Gretna and Terrytown. These two areas are represented by Parish Councilman Chris Roberts, who has opposed the placement of low-income housing in these areas.

Under new federal regulations, companies wishing to build homes in the areas affected by Hurricane Katrina would qualify for certain tax breaks and other economic incentives. Volunteers of America (VOA), working in conjunction with a construction company, applied for and received the federal tax breaks and incentives to build several multi-story apartment buildings aimed at meeting the need for low-income elderly housing. At a public hearing to discuss the project, members of VOA were met with vehement disdain from local residents who voiced opposition to the projects, citing everything from the buildings blocking the sunshine to the eventual devolution of the structure into a high-rise project building. The citizens were backed up by Roberts, who stated that he was adamantly opposed to building any low-income multi-family housing in his district. Eventually, VOA withdrew from the project, and the shortage of affordable housing continues to be critical in the parish.

Members of the Louisiana congressional delegation have been successful in getting additional funds to assist the parish with programs aimed at improving home ownership and the overall quality of life. The parish also has secured funding from the federal government in the amount of \$6.3 million to help increase home ownership with the parish. Additionally, the city of Kenner was added to the U.S. Department of Agriculture Loan and Grant Program for very low-income owner occupants of single-family homes. The program is called the Section 504 Rural Housing Loan and Grant Program and is intended to assist homeowner occupants in rural areas pay for repairs and improvements that will remove identified health and safety hazards or repair or remodel dwellings to make them accessible and usable for household members with disabilities. The loans have a low fixed rate of 1 percent interest. Maximum loan assistance under the program is \$20,000 and will be granted for terms up to 20 years.

Rents in Jefferson Parish have seen an almost 39 percent increase across the board since Hurricane Katrina. This is a result of supply and demand related to limited housing stock and the needs of temporary workers in the area as well as displaced residents in the Jefferson Parish-Greater New Orleans area. Home prices have increased significantly in both the East and West banks of Jefferson Parish. Between October 2005 and October 2006 the number of homes sold on the East Bank increased by 52 percent and by 310 percent on the West Bank. This is due probably to the greater availability of undamaged housing in the West Bank. The cost of homes on the West Bank has risen by 14 percent since the storm while the prices for homes on the East Bank have decreased by 8 percent.

Lake Charles, Louisiana

Calcasieu Parish is in southwestern Louisiana, bounded on the west by Texas and on the south by Cameron Parish. The largest city in the parish is Lake Charles, which had a pre-Rita population of 70,555. Overall, the parish had 184,708 residents as of July 1, 2005, according to the Census Bureau. By July 1, 2006 — almost a year after Hurricane Rita struck — it had 184,524 residents. The 2006 Louisiana Health & Population Survey, which was conducted after the Census Bureau survey, estimated the parish's population at 189,768. A post-storm population estimate for Lake Charles was not available.

Local Government

The Louisiana Health and Population Survey estimates that there are 9,000 more people living in Calcasieu Parish now than before Hurricane Rita. The data do not reveal where these people came from, but local officials believe approximately 2,000 former residents of Cameron Parish are now living in Calcasieu Parish, and the rest likely consist of displaced Katrina residents, as well as workers who have arrived to clean up and work on repairs.

School enrollment is down slightly, while traffic counts are up significantly, suggesting that many of the new residents are single or here temporarily and their families are elsewhere. Public officials in both Calcasieu Parish and the city of Lake Charles report an increased demand for trash collection. They believe some of this is due to hurricane debris that people are just now getting around to cleaning up, but they also attribute it to people becoming accustomed to clean-up crews picking up everything they put on the curb after the storm, and expecting the same level of service now. City officials report having increased problems with water and sewer lines, which they attribute to storm damage that was not immediately evident. There has also been an increased demand for property assessment, which the parish tax assessor has dealt with by offering on-demand assessment.

While the rural areas of Calcasieu Parish are not showing a pattern of increased crime since the storm, the city of Lake Charles has experienced an increase in violent and drug-related crime, which authorities said could be related to gangs moving in, or to the increased availability of cash due to insurance settlements and government aid programs.

Hurricane Rita brought state and federal agencies to Southwest Louisiana that had not been here before, such as FEMA and the LRA, while other agencies, such as the Army Corps of Engineers, found their roles expanded or redefined. Relations among these various entities and between these entities and local governments have not always been coordinated and harmonious. In addition, there are some longstanding political divisions in Southwest Louisiana. For example, many public issues in Calcasieu Parish have pitted industrial “West Calcasieu,” which hosts more than 20 petrochemical plants, against the city of Lake Charles and its suburbs, or the rural portions of the parish that are governed by the police jury against Lake Charles.

Moreover, many residents of Cameron Parish, which is the largest parish in Louisiana in square miles but the smallest terms of population, often feel neglected by Calcasieu Parish — both east and west — and believe that their parish has been exploited to further the economic development of Calcasieu Parish. For example, the Calcasieu Ship Channel that allows supertankers to reach the refineries in Lake Charles, cuts Cameron Parish in half and has contributed to the saltwater intrusion that has ruined much of its marshlands.

There is an intense rivalry between Southwest Louisiana and the “Acadiana” region centered on the city of Lafayette to the east. Part of this rivalry stems from the two areas sharing the same congressional district, which is dominated by the more populous Acadiana region. Also, Lake Charles has lost many of its affluent residents to suburbs located in unincorporated areas governed by the police jury, heightening tensions between those two bodies.

The hurricanes did not create these divisions, but they did heighten them. For example, many residents of Southwest Louisiana resent the attention focused on New Orleans after Hurricane Katrina and believe it has caused the victims of Hurricane Rita to be overlooked. They call it “Rita-nesia.” There is also considerable resentment in West Calcasieu over the state’s emphasis on long-term planning, which they see as an attempt to impose a single vision for Southwest Louisiana, focused on redeveloping downtown Lake Charles and its lakefront. Meanwhile, Cameron Parish has the prospect of significant economic development with the construction of five major liquefied natural gas facilities, and its residents resent any meddling in their plans by Calcasieu Parish.

These divisions and rivalries are difficult to quantify and measure, although one indication was the vote in July 2005 on a \$200 million tax and bond proposition known as the Calcasieu 2025 plan. The plan would have leveraged federal money to upgrade the infrastructure of the parish, such as roads, sewers, drainage, vocational education, and the Lake Charles Regional Airport. The proposition passed in Lake Charles but failed nearly everywhere else in the parish, possibly because rural residents resented that about \$25 million of the funds would have been used to redevelop downtown Lake Charles and the lakefront based on an elaborate plan developed by urban planners hired by the Louisiana Recovery Authority. In the wake of that defeat, Lake Charles officials regrouped and scaled back the plan to apply only to the city. City voters approved that measure in a subsequent election.

Economic and Fiscal Effects

Budgeted revenues from gaming declined in 2005-2006 from \$10.2 million to just over \$3.4 million after Harrah’s Casino was destroyed by Rita. Harrah’s paid its entire head tax to the city. In 2007, the city is projecting \$5.2 million in head tax with the expansion and increased activity of L’Auberge du Lac Casino.

The city splits the tax revenue from this casino with the other jurisdictions in Calcasieu Parish. Lake Charles' budget was \$55.3 million in 2004-2005, \$55.4 million in 2005-2006, and \$56.1 million for 2006-2007.

In Calcasieu Parish, spending by the police jury has increased more than 20 percent since Rita. Some of this increased spending was made possible by state and federal grants-in-aid, but sales tax collections and gaming revenues also increased sharply post-Rita. However, there is considerable concern among parish officials about how long these increased tax revenues will remain. The Rita spending boom appears to be winding down, and much of the increase in gaming revenue can be attributed to the closure of the Mississippi Gulf Coast casinos immediately after Hurricane Katrina struck. Seven of the 12 Gulf Coast casinos have since reopened and Louisiana casinos, as a whole, have seen a drop in revenue. Calcasieu Parish's budget was \$154 million in 2005, \$167.2 million in 2006, and \$190 million in 2007.

Housing and Labor

Immediately following Hurricanes Katrina and Rita, housing prices soared and homes on the market sold quickly. Few new homes were built as all available carpenters were busy repairing damaged homes, and the wages of carpenters soared to \$50 per hour or more. Carpenters from other parts of the country were drawn to Southwest Louisiana by the high wages, some of them with only minimal carpentry skills. But by the fall of 2006, the housing market was returning to normal: with most major repairs completed, there was a glut of carpenters in the market, carpentry wages quickly returned to normal, and new home construction resumed.

The average sales price of a home in Calcasieu has risen from \$116,447 in 2004 to \$131,249 in 2005 to \$145,570 in 2007. In addition, there has been a decline in the percentage of new homes on the market and a significant decrease in the number of days homes remain on the market before being sold. While there has been some concern nationwide about a housing "bust," there is little evidence of such a bust occurring in Southwest Louisiana.

The number of residential building permits issued in Lake Charles and in the unincorporated areas of Calcasieu Parish declined sharply from 2005 to 2006. However, it may be wise not to read too much into these numbers because permits reflect builders' intentions rather than their actual activity, and there is normally a lag between when a permit is issued and when construction actually takes place. Thus, there was no need to apply for new building permits, as the permits issued in the months prior to the hurricane were only beginning to be used to build new homes in late 2006.

Affordable housing is currently not available in Calcasieu Parish; however there are plans to use Fannie Mae low-interest loans and the HERO (Homeowners Equity Recovery Incentives) initiative for this phase of recovery. This planning approach has been identified by the Shaw Group, the Louisiana Recovery Authority, and other affiliated agencies as a model program for coastal recovery.

Cameron Parish, Louisiana

Cameron Parish, which is in the extreme southwestern corner of Louisiana, is bordered on the south by the Gulf of Mexico, on the west by Texas, and on the north by Calcasieu Parish. It is the largest parish in Louisiana in terms of land mass, but has the smallest population. It had 9,611 residents as of July 1, 2005, according to the Census Bureau. By July 1, 2006, the population was 7,792. The 2006 Louisiana Health & Population Survey, which was conducted after the Census Bureau survey, estimated the parish's population at 7,403.

Local Government

Cameron Parish is the state's largest parish in terms of land, but its smallest in terms of population. Pre-Rita, the parish's population was just under 10,000, according to the U.S. Census Bureau. The Louisiana Health and Population Survey puts the parish's population at 7,403 today, which fits with officials' belief that roughly 2,000 former Cameron Parish residents are now living just north in Calcasieu Parish. Interestingly, the Census Bureau estimates Cameron Parish's current population to be 7,792, which is higher than the survey.

Considering the extent of the devastation in Cameron Parish, essential public services were restored fairly quickly: law enforcement, fire protection, and ambulance service were operational within days of the storm, and the water department was up and running by the end of 2005, albeit with isolated problems in some areas. The Cameron Parish Police Jury successfully held elections as scheduled and even passed a property tax in the lower Cameron Hospital District to fund hospital operations. The parish tax assessor has conducted numerous reassessments of property and has not experienced difficulties resuming operations. No government employees were laid off due to the storm; in fact, several new positions were created, although some of those are yet to be filled. Payroll increased due to overtime immediately after the hurricane, but has returned to normal levels while insurance and benefits are unchanged.

Government employment in Cameron Parish has not changed since the storm. The police jury reports stable employment, although it did create a new position, executive director of planning and development, to lead the parish's recovery efforts. The funds for this position and department were made available by a guaranteed three-year disbursement from Chenier Energy, which is building an \$800 million liquefied natural gas facility at Sabine Pass and plans to break ground in the near future on a \$1 billion process plant along the Calcasieu Ship Channel.

Several community town hall meetings were held in the spring of 2006 and a plan for rebuilding was developed that includes new land use and building code requirements, rebuilding the coastal town of Holly Beach, constructing a government complex in Cameron, and developing multi-layered port facilities along the Monkey Island and Cameron Loop corridor. Various projects aimed at strengthening the tourism, maritime, and commercial fishing sectors are now being considered so that conventional and nontraditional funding sources can be pursued.

The parish recently contracted with the Shaw Group to provide planning, engineering, and project management services, and parish officials are exploring the feasibility of issuing a \$30 million bond issue guaranteed by Chenier Energy through the advance payment of property taxes. Projects under consideration are an internal capacity building, Cameron Square, a sheriff substation, water and sewer improvements, health care, and other recreational and emergency preparedness projects. Also included in the recovery agenda are a multitude of coastal restoration and environmental projects aimed at preserving the overall environmental integrity of the parish.

The rebuilding plan is more than 90 percent complete with final funding initiatives under way to begin full implementation in 2007. Proposed funding of \$300 million to fully implement the plan will be provided by FEMA, the Louisiana Recovery Authority, EDA, Rural Development, Chenier Energy, and a parish bond issue. Currently, several projects have been completed. Those include an icehouse for commercial fishermen, the courthouse and annex building, and the energizing of several water systems.

Economic and Fiscal Effects

Cameron Parish's budget has increased in the wake of Hurricane Rita. Since the parish does not have a sales tax, the police jury relies on severance taxes from oil and gas operations and on property taxes to fund its budget. The parish-wide property assessment total actually rose slightly in 2005 because of several liquefied natural gas facilities that were under construction. One could say that the problem in Cameron Parish is not how to obtain tax revenue to meet the needs of the people, but how to get people to locate to the parish to meet the needs of the expanding oil and gas industry. Cameron Parish's budget was \$8.7 million in 2005, \$12.7 million in 2006, and \$27.8 million in 2007.

The economy is booming and there is a strong demand for workers in the southern part of the parish. Because the population has not been able to return in any significant numbers, however, normal business activity such as restaurants, grocery stores, and retail stores have not been re-established. Virtually all businesses were closed for two or three weeks following Hurricane Rita due to lack of basic services such as electricity, water, and police protection. But once businesses were able to reopen, they faced another problem: a huge demand for goods as residents had to repair their damaged property and replace food, vehicles, and household possessions destroyed by the storm. At the same time there was a labor shortage as many former employees were busy repairing their own property, had taken higher-paying jobs with disaster relief agencies such as FEMA, or simply did not need the money because they were receiving government aid or insurance payments. Those businesses that were able to reopen often had to operate abbreviated hours, while customers stood in long lines waiting for service.

But the difficulties immediately following the storm soon gave way to what became known locally as "the Rita boom." Initially people had to replace the contents of their freezers, and often the freezer itself, replace furniture damaged by flooding, and repair their roofs. Then, as insurance checks began to arrive and workers began receiving larger paychecks from their new, higher paying jobs, the spending boom expanded to new cars, clothing, restaurants, and entertainment. Local sales collections reflect only part of the magnitude of this boom, as many residents of Southwest Louisiana traveled to Houston, Lafayette, or other areas unaffected by the storm to make their purchases. It is too soon to say for sure, but the most recent sales

tax data suggest that the Rita boom is winding down and business in Southwest Louisiana is returning to more normal levels.

Biloxi, Mississippi

Biloxi is located in Harrison County. Harrison sits in the middle of the Mississippi Gulf Coast between Hancock and Jackson counties and is the most populous of the coastal counties. Prior to Katrina, Biloxi's population was 50,209, while Harrison County's overall population was 193,187. By July 1, 2006, the county's population had rebounded to 171,875, according to the Census Bureau. A post-storm population estimate for Biloxi was not available.

Local Government

Biloxi suffered a decrease in the size of government immediately following the storm primarily due to the displacement of employees. While staff vacancies still exist, the city is attempting to fill them and expects to return to pre-storm personnel levels soon. Last year, Biloxi completed 21 capital projects, in addition to overlaying more than 30 miles of city streets. The city's population continues to return and officials report that more and more visitors are coming to the area. In addition, reported crime dropped significantly in 2006; burglaries, robberies, and auto theft decreased by as much as 30 percent over 2005.

Fire insurance rates have been maintained and a new fire station is soon to open. Biloxi's bond ratings have improved, which has enabled the city to save almost \$400,000 through lower interest rates and has made additional capital for long-term funding and growth more readily available and cheaper. In 2006, Biloxi issued more than \$70 million in construction permits, and more developers are arriving daily. In 2007, development is expected to exceed \$500 million. Biloxi is demanding tight controls and attempting to ensure that the explosive growth occurs in an orderly and planned fashion.

Biloxi is only three-quarters complete with its Comprehensive City Plan, called "Vision 2020," which has been two years in the making. Vision 2020 covers streets and drainage, transportation, public safety, and population shifts and trends for the entire city. Prior to Katrina, Biloxi was enjoying the most prosperous and productive time in its 300-plus year history. Katrina brought all of that to a halt, and as officials and residents sought to pick up the pieces, a group emerged to spearhead a citywide planning effort. This group, called "Reviving the Renaissance," aimed to create a blueprint for what the future city should look like. Much like the process for the Unified New Orleans Plan, organizers in Biloxi brought in planners and held a series of public meetings seeking citizen input. Since being presented with the Reviving the Renaissance group's recommendations, the City Council has wrestled with which suggestions to implement.

The city administration and city council have disagreed considerably over growth-related issues, the two most notable occurring over building height and FEMA elevation standards. For instance, a proposal to build the 198-foot-high, 33-story Tower at Edgewater along Biloxi's beachfront sparked much discussion and debate. As proposed, the building would have been the tallest in the city. The proposal also was symptomatic of a larger debate taking place in Biloxi — namely, what shape should the character of the rebuilt beachfront take. Eventually, the project was approved, but only for 29 stories.

The council also clashed with the city administration over the proposed FEMA elevation standards. Ultimately, with the threat of lost federal funds hanging over their heads, council members resigned themselves to passing the standards, although several were adamant in pointing out that in doing so, they were making it too expensive for many people to rebuild.

Economic and Fiscal Effects

While the number of open retail businesses in Biloxi is still below pre-Katrina levels, it has risen significantly since Katrina shut down restaurants, casinos, and hotel rooms. The increase correlates with the increase in building permit applications for repairs and new development, including numerous condominium projects. Although tourism and gaming decreased noticeably immediately following Katrina, it is now picking up considerably. Figures from the Gaming Commission also show that business is picking up. In addition, the amount of federal aid has spiked upward, and all city budget categories have benefitted from it. Although Biloxi experienced an initial gap in city revenues, all economic indicators now appear on the upswing, which should allow the debt figures to return to pre-storm percentages against revenues. Katrina-related cleanup costs were extraordinary expenses that were covered through disaster assistance funds. All debt payments have been made.

Biloxi is projected to be home to 18 to 22 casino resorts in the next five to 10 years, further strengthening the economic picture. The projections are based on the intense interest and developer investment in Biloxi and the potential created by new laws that allow onshore gaming. In May 2006, three of the reopened Biloxi casinos generated 78 percent of the revenue that nine were generating pre-Katrina. In June 2006 that figure rose to 83 percent, and in July 2006 the figure was 99 percent of the pre-Katrina revenue with only five of nine casinos operating. In September, seven of the nine pre-Katrina Biloxi casinos generated \$95 million gross in gaming revenue, the largest amount in the history of legalized gaming in Biloxi.

Housing and Labor

Some 18 months after Katrina hit, thousands of residents still live in FEMA trailers, while others continue relocation efforts. Many residents are now working overtime to pay off old mortgages on ruined homes so they can rebuild. FEMA trailer parks, viewed by some as safe havens and others as asylums, still offer housing alternatives for residents who are in the process of rebuilding destroyed homes. For others who lost jobs to business closings wrought by Katrina, FEMA trailers provide the only semblance of affordable housing.

Prior to Katrina, Biloxi had 3,100 condominium units on the drawing boards. Today, those 3,100 rooms have ballooned to more than 12,000 proposed condo units. On the residential construction front, activity is expected to pick up as more and more homeowner grants are distributed through the Mississippi Homeowners Assistance Grant Program, and as issues are resolved with insurance companies (i.e., the wind vs. water debate). The return of affordable housing — something that is almost nonexistent at the present time — is critical, especially to workers who formerly occupied rental housing. While slightly more than 10,000 homeowners have received cash assistance from the homeowner grant program, there has been little to no help for renters.

Homeowners who did not have flood insurance often are working themselves to complete repairs, some on their own and others supported by church and other relief volunteers. The cost of building supplies and labor has skyrocketed, driven by diminished supply and heavy demand, and the rebuilding process is expected to take years.

Gulfport, Mississippi

Gulfport also is located in Harrison County. Before Katrina, the city's population was 72,464, while the overall county population was 193,187. Post-storm, the county's population had rebounded to 171,875. A post-storm population estimate for Gulfport was not available.

Local Government

The city sustained some \$150 million in damages to its vehicles, equipment, and infrastructure in the wake of Katrina. Gulfport's water and sewer system was particularly hard hit, especially in the beachfront area, and its harbor was destroyed. Operations at the port — which handled a thriving frozen-chicken export business, banana trade, and container business prior to Katrina — have been slow to recover, and Mississippi legislators have begun to question the delays.

The city has replaced most of the water and sewer system along the beach, building a larger system that has more capacity, which goes along with its anticipated growth. After several months of planning sessions and public meetings, the Gulfport City Council adopted a new Comprehensive City Plan that incorporates a SmartCodes framework. The framework will not replace the city's existing zoning laws, but designers and builders will be able to choose which set of standards to follow with their projects.

Although the devastation in the city was extreme, the mayor and city council envision a thriving retail center in the northern areas, a growing downtown, and an expanding seaport in 2007. In an effort to make it easier to build in Gulfport, the council has reduced building permit fees and eliminated plan review fees. In the summer of 2006, the city began offering refunds to residents and contractors who had paid permit fees to begin repairing hurricane damage. The reduction in fees is aimed at providing more incentives to homeowners and contractors trying to build in Gulfport, whether the project is remodeling or building an entirely new home or business.

Economic and Fiscal Effects

Gulfport remains in good shape financially despite more than \$150 million in damages and the destruction of beachfront, harbor, homes, and businesses, as well as the loss of gaming revenues. Sales tax revenue, which accounts for approximately 36 percent of the city's annual revenue, has remained consistently strong with the expectation of offsetting losses in gaming and property tax revenue. On average, Gulfport's sales tax numbers have been about 50 percent higher month to month than they were in 2005 and in January 2006, the city experienced a 116 percent increase in sales tax revenues, cashing in the largest sales tax check ever in history. Property tax collections, which represent approximately 35 percent of the city's annual revenue, also have been stronger than expected.

As Gulfport residents rebuild, and the city continues to expand retail, gaming, and commercial opportunities, officials believe that the city's finances will remain steady. Although somewhat inflated due to storm-related expenditures and FEMA reimbursements, the Gulfport City Council recently adopted a \$253 million budget, the largest in the city's history. The 2007 budget, which includes significant funding for street paving, ongoing infrastructure improvements, and equipment upgrades, also includes more than \$16 million for new projects. Because of a significant boost in sales tax revenues and a multi-million dollar community disaster loan secured from the federal government, Gulfport will be able to fund a variety of one-time capital projects in this year's budget. In addition, officials announced in October 2006 that Moody's Investors Service affirmed the city's maintenance of its pre-Katrina general obligation rating of A2.

Housing and Labor

The city desperately needs affordable housing, especially in the \$80,000 to \$100,000 range. There is an abundance of \$150,000 to \$180,000 residential property, but that price range is beyond the means of most service industry workers. There is also a tremendous need for temporary/efficiency housing for temporary workers. The high cost of construction exceeds the average coastal resident's ability to acquire affordable housing. Also, the city has not yet revised its land use plan, although some areas have changed from residential to mixed use residential and commercial. New development is favoring zero-lot line construction.

The entire Gulf Coast region is experiencing a serious labor shortage. One of the biggest obstacles to recovery has been a lack of employees because of the shortage of adequate and affordable housing as well as the inability of many displaced residents to return to their former communities. The Mississippi Department of Employment Security (MDES) is working now to provide skills and workforce training opportunities to meet the labor demand, especially in the construction and health care industries. MDES has received almost \$170 million in new, special workforce development funds through the U.S. Department of Labor.

According to recent reports from MDES, more than 1,000 people have had temporary recovery jobs and need to find permanent employment when the temporary assignments end. More than 5,000 have entered training programs. Short-term flexible training is being offered by area community colleges in construction and health care related fields with support services such as transportation and child care assistance available. Reintegration counselors have provided employment counseling services in areas with high concentrations of people displaced by Hurricane Katrina.

Unemployment rates are steadily declining in the Mississippi counties most affected by Katrina. Consultations with three temporary employment services in Biloxi and Gulfport indicated that the average wage for unskilled labor was between \$6.50 and \$10 per hour depending upon the position.

Pascagoula, Mississippi

Pascagoula is in Jackson County, on the eastern end of the Mississippi Gulf Coast. Jackson County suffered the least damage of the coastal counties. Its largest city is Pascagoula, which had a pre-Katrina population of 25,173. The county's overall population before the storm was 135,571, according to the Census Bureau. As of July 1, 2006, the population was 130,577. A post-storm population estimate for Pascagoula was not available.

Local Government

Before Katrina struck, Pascagoula's payroll covered 214 city employees. Post-Katrina, that number is down to 105, with most of the vacancies occurring in the police and fire departments. For 2006, however, the city's payroll was up, primarily because of overtime. In addition, the city's employee benefit costs increased about 20 percent.

City officials report that residents are returning on a daily basis and rebuilding is happening at a rapid pace. However, many residents have expressed frustration at the cost of the building upgrades they must put into place, particularly when it comes to FEMA standards. The city also has instituted some zoning changes, especially in the industrial areas along the waterfront. Those areas were rezoned to commercial/residential mixed use and the flooded portions of the city are to be rebuilt to FEMA elevation standards.

Prior to Katrina, Pascagoula's strategic plan was handled by the Pascagoula Steering Committee; after the hurricane, the Pascagoula Renaissance Committee took on the planning efforts. The committee has partnered with Main Street U.S.A. in working on downtown revitalization initiatives. The city also has passed a resolution of its intent to adopt a comprehensive plan and has sought bids for city planning and consulting services. In addition, the Jackson County Board of Supervisors has supported the formation of a citizen-based planning group in the unincorporated area of Saucier and is working with it in planning for future population and economic growth.

Economic and Fiscal Effects

Sales tax revenues for Pascagoula increased from \$4.6 million in 2005 to \$7.6 million in 2006. The total assessed value for property in Jackson County rose from \$1.03 billion in 2006 to \$1.05 billion in 2007. Per mill this should generate \$1.05 million in 2007, compared to \$1.03 million in 2006. The county's 2007 total budget is estimated to be \$115.3 million, while in 2006 it was \$120.2 million. The 2006 budget received a boost with the addition of federal and state aid funds and ultimately totaled \$149 million.

Total tonnage through the public and private port terminals exceeded \$36 million in 2006, with total tonnage through the public terminal up 7 percent over 2005. A 26,000-square-foot expansion to the freezer was completed at Terminal A in October 2006, and the Jackson Board of Supervisors signed a 30-year lease with Gulf LNG on October 30, 2006, for a terminal on Bayou Casotte Channel. Gulf LNG expects to secure all federal, state, and local permits to begin construction in the first quarter of 2007. During construction, the county will receive lease payments of at least \$233,000 a year.

In October 2006, the board purchased the former unemployment office in Pascagoula for \$495,000, and in November, county crews began remodeling the 11,500-square-foot building to accommodate six departments. The departments began moving into their new offices in January 2007. The county also has a number of capital improvement projects planned for 2007.

Bayou La Batre, Alabama

Bayou La Batre is a small coastal community in Mobile County. The county, itself, is bounded by Mississippi on the west, the Gulf of Mexico on the south, and Mobile Bay and Baldwin County on the east. As of July 1, 2005, Bayou La Batre's population was 2,725. The overall population of Mobile County prior to Katrina was 399,851. Post-Katrina, the county's population has grown to 404,157. A post-storm population estimate for Bayou La Batre was not available.

Local Government

The city's short-run planning efforts have largely involved replacing damaged infrastructure and housing and taking advantage of the grant funds that have been awarded. The city also has been considering longer-term planning regarding the nature of the future development of the bayou. In several ways, Katrina was a pivotal point in this planning and may have led to a major departure from the direction the city was headed in prior to the storm.

Six months before Katrina, a developer proposed a grand, \$200 million project to develop the city-owned land dock area at the mouth of the bayou into a high-rise condominium complex with an upscale remake of the downtown area into a French coastal village. The developer had promised a \$15 million contribution to rebuild the city's sewage system and had begun obtaining land options. Not only did Katrina put a hold on these development plans, but it also resulted in Community Development Block Grant funding to rebuild the sewerage system, thus giving the city some financial flexibility. The city also was spared the cost of a new jail, thanks to money it received from FEMA as rent for the use of a park as a temporary mobile home site. Construction of the 2,400-square-foot facility will be covered with the \$200,000 in rental money FEMA paid. FEMA subsequently agreed to pay for restoring the park, thus freeing money that the city would have had to use for that purpose.

Early in 2006, city officials invited the Urban Land Institute (ULI) to send a team of experts to evaluate the city's development options. The ULI panel's report suggested a smaller-scale development along the lines of Fairhope, Alabama — a quaint village with shops, artist's studios, restaurants, and a marina. The report suggested that the area be kept open to the public rather than allowing high-rise condominiums to monopolize the waterfront. It further recommended that the development be designed to retain the seafood industry as an economic base and to capitalize on its potential as a tourist attraction.

The ULI report caused a sea change in the city's thinking. By October 2006, the mayor and city council had decided not to sell the city's waterfront property. Instead, they were considering leasing the land for a smaller development and limiting building heights to as few as three stories. Other efforts are under way to redesign the zoning laws and land-use plan to make development easier.

Of the \$70.6 million in community development block grant funding that Alabama was given to allocate for hurricane recovery, \$37 million was committed to a list of projects in Bayou La Batre. The projects made up most of the \$42 million in work the city originally proposed as part of the Mobile County Recovery Plan. One of the more controversial projects is the new city water and sewer plant. The proposed location in the neighboring area of Coden drew opposition from some Coden residents who rejected it because of environmental concerns. They argued that the plant would add pollutants to the bay in their area. These residents turned down a subsequent offer to be hooked up to the city sewer system. Now many of them find themselves in a bind because they do not have documented septic tanks, which are required for federal assistance.

The sewer plant controversy is one example of the friction caused by the concentration of CDBG money in Bayou La Batre. While the city has fewer than 2,000 residents at present, the greater Mobile Bay area has thousands more residents who, because they live in unincorporated areas, had no institutional mechanism for applying for grants. The Coden community, which has no formal boundaries, consists of 3,600 people in several hamlets lying south of Bayou La Batre: Alabama Port, Bayou Shores, Fowl River, Heron Bay, Portersville, Sans Souci, and Coden. These unincorporated areas were ineligible for FEMA public assistance grants or CDBG money, although their residents did receive FEMA individual assistance money.

These rural residents in the southernmost part of Mobile County also believe that the structure of the county governing body — a three-member commission elected from districts — had worked against their receiving adequate attention from the county following Katrina. The Bayou La Batre City Council joined in the sentiment by adopting a resolution calling for the expansion of the county commission to five members. The intention was to have each commissioner responsible to fewer voters and thus improve their representation.

Economic and Fiscal Effects

The city's 2006 budget, adopted the month after Katrina hit, was not amended during the year and a comparison with prior year revenues and expenditures will have to await completion of the fiscal audit, which is underway now. The \$3.6 million budget adopted for fiscal year 2007 is well above the \$2.8 million in actual city expenditures shown in the audit for fiscal year 2005. The reason for this large increase in spending is not readily apparent because the budget and audit data do not clearly distinguish between operating and capital expenditures. Capital expenditures, fueled by intergovernmental revenues, are clearly responsible for most of the spending growth. City operations appear to have continued at much the same levels over the past two years. The number of city employees (49) has not changed since Katrina, and the city council approved a 5 percent pay raise for all workers for 2007. In addition, a Community Development Block Grant is paying for two more building inspectors and two clerks to help meet the demands of the recovery work.

The sales tax is the city's largest single source of revenue. The sales tax collections in the first full fiscal year — 2006 — after Katrina were up 26 percent over fiscal year 2005. Sales tax collections obviously have benefitted from spending on repairs, construction, and the refitting of boats; the reopening of most of the city's retail businesses; and the influx of volunteer workers and private contractors.

The property tax accounts for 3 percent or less of the city's budget and is not a very accurate measure of the changes of actual property values because of delays and inaccuracies in the appraisal process. However, the 12.5 percent decline in the city's total assessed valuation from 2005 to 2006 reflects reappraisals to adjust for storm damage. A 4.6 percent reduction was made in 2005 following Hurricane Ivan. The appraisal adjustments were not automatic; rather, individual property owners had to petition to have their assessment lowered.

Bayou La Batre has just begun spending its Community Development Block Grant allocation, which should provide a continuing boost to the local economy and the city's revenues. This spending also is seen as a potential economic boost for the larger Mobile region as local contractors become involved.

The city's only long-term debt consists of a capital lease for two police cars and a 1997 bond refunding with a balance of \$1.6 million in general obligation warrants remaining at the end of fiscal year 2005. By the end of fiscal year 2007, the outstanding balance on these warrants is scheduled to fall below \$1.4 million. The total long-term debt was \$1.8 million at the end of 2005, which was \$2.4 million short of the city's legal debt limit.

Bayou La Batre unsuccessfully requested GO Zone authority to re-fund this debt a second time. The city has not issued any additional debt and has no plans to do so. The major capital outlay projects contemplated for the near future will be financed by FEMA reimbursement money or Community Development Block Grant funds.

Housing and Labor

About 500 homes were damaged by Katrina; however, a definitive assessment of the housing stock in the city and its status is not available as of yet. It remains unclear exactly how many homes have been rehabilitated, how many may still be, and how many must be replaced. According to a city spokesperson, some of the houses repaired by volunteers were not properly elevated, and the city will have to see that the elevations are done, perhaps using some of its community development block grant money.

With its decision to use most of its CDBG housing award for new construction, the city would be able to elevate a maximum of 50 houses (at a cost of \$120,000 per house) with the \$6 million available. However, the actual cost of a house will depend on the needs of the family, any payments from FEMA or the insurance companies, and the construction bid. The mayor has indicated that he would like to do about 150 houses.

A process for selecting the recipient families has been established. The Volunteers of America chapter works up the cases and recommends eligible recipients without providing names. A housing review committee made up of three city council members, two members of the planning commission, and a representative of the Asian community review and recommend to the full city council for final approval. The council approved the first five recipients and released their names at its January 8, 2006, meeting.

The U.S. Department of Housing and Urban Development has awarded \$300,000 to the Volunteers of America to acquire 41 acres of land to develop 40 units of single-family housing for purchase by

homeowners in Bayou La Batre. The VOA will build some of the housing, and the families selected to receive the new homes will be encouraged to locate those homes in this subdivision.

In December 2006, the city won a \$15.6 million FEMA-HUD housing grant to provide affordable housing for Katrina victims. The city will partner with a nonprofit home builder, DASH for the Gulf Coast (Dependable, Affordable, Sustainable Housing). The proposal calls for developing two subdivisions over two years with a total 194 modular homes at a cost of about \$50,000 each. Most of the units will be 714 square feet in size; however, the builder will provide an extra bedroom and bathroom for larger families, bringing the total size to 966 square feet. Qualified families will be able to purchase or rent at a reasonable prices. The city currently is trying to acquire land for the first subdivision, which must be on higher ground and located within city limits.

DASH also now has a \$3 million project underway to redevelop 244 units in a rundown subdivision of Mobile. Other developments underway include two private low- to moderate-income rental projects and a 20-unit housing project for the elderly that the VOA will construct this summer using HUD Section 202 funding.

Areas Where Expansion Is Occurring

The communities here have benefitted the most from Hurricanes Katrina and Rita. East Baton Rouge and St. Tammany parishes, and Hattiesburg and Laurel, all have seen their populations, revenues, and business activity increase. In Jackson, Mobile, and Gulf Shores, the primary impact has been the expansion of the business sector. In the space of a few months, many of these communities experienced some 10 to 20 years worth of growth. While that is a positive effect of the storms, it also has brought some challenges — particularly with traffic, housing, and demand for services.

East Baton Rouge Parish, Louisiana

Home to the state capital, East Baton Rouge Parish is roughly 80 miles northwest of New Orleans and is bordered on its western side by the Mississippi River. Pre-Katrina and Rita, 409,809 people lived in the parish. As of July 1, 2006, the parish's population had grown to 429,073, according to the Census Bureau. Results from the 2006 Louisiana Health & Population Survey for East Baton Rouge Parish were not available.

Local Government

An accurate population count continues to be problematic for East Baton Rouge Parish officials. Estimates of the current population range from 435,000 to 500,000, with the number of new residents believed to be anywhere from 25,000 to upward of 50,000. Though the numbers are a far cry from the nearly 250,000 people who sought refuge in the parish in the days immediately after Hurricane Katrina struck, they still represent approximately 25 years of growth, based on pre-Katrina projections. The latest Census Bureau figures estimate East Baton Rouge Parish's population at 429,073 — a number local officials believe is too low.

Late last year, the Louisiana Public Health Institute conducted an exhaustive health and population survey of the 18 hardest hit parishes in Louisiana. The survey was conducted on behalf of the Louisiana Department of Health and Hospitals and the Louisiana Recovery Authority, with the help of the federal Centers for Disease Control and Prevention and the U.S. Census Bureau. The data were collected in December 2005 and January 2006, and the LPHI is in the process of assessing the information and releasing reports for each parish.

Thus far, survey results have been released for Jefferson, Plaquemines, St. Bernard, Orleans, St. Tammany, Calcasieu, Cameron, Vermilion, Washington, Tangipahoa, and St. Helena parishes. Still being prepared are reports for Ascension, Livingston, East Baton Rouge, Iberia, Terrebonne, Lafourche, and St. Charles parishes. Eventually, East Baton Rouge Parish officials will have a more precise population number around which to plan, but for now, the information they have to work with is based on such things as traffic counts, school enrollment, sales tax revenue, and new construction.

For 2007, the parish has developed a budget of \$621.3 million, which is a 4.49 percent increase over the 2006 \$594.6 million budget. Among the new expenses the parish is incurring are salaries and benefits for 90 new staff positions. Seventy-four percent of them (67) are to be divided among the Police Department, the Fire Department, the Department of Public Works, and the Emergency Medical Services division.

Crime in East Baton Rouge Parish was up 3.48 percent in 2006 compared to 2005. Both the Baton Rouge police chief and the East Baton Rouge Parish sheriff said the increase was in line with a national trend showing a slight rise in reported crimes and said that while they would have preferred not to see any increase at all, they were not particularly alarmed about the rise. At the same time, neither law enforcement official would attribute the increase solely to the number of displaced residents living in East Baton Rouge Parish. As the police chief said, “It’s unfair to compare us with New Orleans. We do have a criminal element here, but we can’t really pinpoint it to New Orleans evacuees. We’re bigger, we have more people, the community is growing....”

One of the explanations offered for the relative lack of disorder in the parish in the wake of the storms was the fact that 50 percent of the households in East Baton Rouge Parish took people in after Katrina — people who were family, friends, and business colleagues. In other words, a significant number of evacuees who sought refuge here were not strangers. They had ties to the community so East Baton Rouge did not see the same type of disorganizational effect as other communities that took in large numbers of evacuees.

In terms of city services, the two biggest challenges continue to be traffic congestion and garbage collection, both of which fall under the Department of Public Works. As noted in the previous *GulfGov Report*, parish voters in October 2005 approved an extension of the so-called “pothole tax” called the Green Light Plan to help pay for a long list of road improvements. Some of those projects have been completed and others are scheduled for 2007 and beyond. All are aimed at making traffic flow more easily throughout the parish. In addition, the mayor has proposed implementation of a Traffic Calming Initiative designed to slow down cars traveling through residential neighborhoods in an effort to avoid the congestion usually present on the parish’s main roads. The plan would entail putting speed bumps along some streets, closing others off, and adding medians in an effort to make drivers slow down.

The city-parish also is moving toward Light-Emitting Diode (LED) traffic signals to improve safety and efficiency, as well as installing video cameras at 20 of the most problematic intersections. The Metro Council also has approved spending \$2 million to begin looking at routes for a loop around the city of Baton Rouge. Such a plan has been talked about and studied for years, but this is the first concrete step taken toward making all of the talk a reality.

With garbage collection, the city-parish is continuing to make organizational changes in the Department of Public Works to improve service. Among the latest changes is the switch to trucks that use automated robot arms to pick up specially designed garbage cans. The rollout of the service has not been entirely smooth, however, as some residents protested having to use the new containers, and the company in charge of their distribution has failed to maintain an accurate database indicating which residents have received them.

Another innovation on the part of the city-parish is the creation of the 311 Call Center that is staffed through the Department of Public Works. Residents are encouraged to call to report road, drainage, and garbage collection problems. The complaints are logged and passed along to the appropriate division. The goal is to have some sort of resolution or answer for the resident within 72 hours. As a result of the changes and the added services, the city-parish is adding 22 positions to the Department of Public Works in 2007.

Change is also evident in the decidedly more regional approach local officials and business leaders are taking to problems, policies, and planning. Chief among them are the Baton Rouge Area Chamber and the Baton Rouge Area Foundation, which are part of a newly initiated effort to create a regional economic corridor that would extend from Slidell, Louisiana, in St. Tammany Parish west along Interstate 10 through Baton Rouge to Lafayette, Louisiana. The impetus for this discussion appears to be the shift of many New Orleans area residents and business to St. Tammany and Tangipahoa parishes along the North Shore of Lake Pontchartrain, as well as to East Baton Rouge Parish, home of the state capital.

Economic and Fiscal Effects

The year 2006 was exceptionally good for the East Baton Rouge metro area, which encompasses nine parishes: East Baton Rouge, Ascension, Livingston, Iberville, West Baton Rouge, West Feliciana, Pointe Coupee, East Feliciana, and St. Helena parishes. According to the Baton Rouge Area Chamber, 11,000 new jobs were created in the region, unemployment rates hovered around 3 percent, and state and regional tax revenues were well above pre-Katrina levels.

The growth is reflected in East Baton Rouge Parish's 2007 budget, which rose 4.49 percent from \$594.6 million to \$621.3 million. The 2007 budget projects a 4 percent increase in sales tax revenue, a 3 percent increase in property tax revenue, and a 4.5 percent increase in gross receipts business tax revenue. In addition, the city-parish expects to gain just over \$1 million from a reduction in debt service for sales tax bonds that have matured. The city-parish received more good financial news at the beginning of March when two bond rating agencies upgraded the local government's bond ratings. Fitch raised the city-parish's bond rating from AA- to AA, while Moody's increased its rating from A1 to AA3. Standard and Poor's had already upgraded the city-parish's bond rating at the end of last year.

New expenses in the city-parish's 2007 budget include an average 4 percent raise for all city-parish employees, salaries and benefits for 90 additional staff positions, and an 8 percent increase in health insurance premiums.

Overall sales tax revenue at the end of 2006 was up 9.4 percent from 2005, meaning the double digit monthly increases the parish enjoyed in the months after Katrina have come to an end. In 2004, overall sales tax revenue was up 1.7 percent, while in 2005 it was up 13 percent. As noted above, officials are projecting an overall 4 percent increase for 2007. Gaming revenues, which come from the per-head fee the two riverboats operating in East Baton Rouge Parish must pay, dropped 8.5 percent from the end of 2005 to the end of 2006. While the parish initially saw a spike in those revenues with the destruction of all 12 casinos operating on the Mississippi Gulf Coast, that increase was short-lived as the Mississippi casinos reopened.

Another source of city-parish revenue — the hotel occupancy tax — also began to drop off at the end of 2006. In January 2006, when area hotels were still full of evacuees and recovery workers, occupancy tax revenues were 101.3 percent higher than in January 2005. By December 2006, occupancy tax revenues were 42.1 percent lower than they were in December 2005. Overall, however, occupancy tax revenue for 2006 was up 29.3 percent over 2005.

East Baton Rouge Parish's economy continues to grow in the wake of Hurricanes Katrina and Rita, albeit at a more sedate pace than in the months immediately after the storm. At the same time, the mayor's office has set up a four-part program to spur economic development in the parish. The components of the plan include:

- Creation of a partnership with the Baton Rouge Area Chamber to set up an Economic Development Office. The city-parish is providing \$500,000 in funding.
- The opening of Minority Business Development Centers in Baton Rouge and New Orleans aimed at helping minority businesses take part in the recovery efforts.
- Creation of a micro-loan program through the local Bankers Roundtable to provide support for small businesses.
- Development of a small business loan program through the Bankers Roundtable to offer more support to companies.

In addition, the city-parish has established the Baton Rouge Film Commission to attract television and movie production and post-production companies to the area. Work also will begin soon on the initial construction drawings for the first phase of the Riverfront Masterplan. Downtown Baton Rouge is undergoing an economic renaissance, as well, with the reopening of the historic Capitol House Hotel as the Hilton Capitol Center, the addition of some new restaurants and bars, and the construction of several condominium projects. A move to create an entertainment district in the downtown area also is in the works.

At the Baton Rouge Metropolitan Airport, the boom triggered by Katrina and the temporary shutdown of Louis Armstrong International Airport near New Orleans continued throughout 2006. Through the end of November 2006, the Baton Rouge airport reported 460,000 passengers — an almost 7 percent increase over the same period in 2005. Airport officials projected an overall 3 percent increase in passenger traffic in 2006, compared to 2005. The airport also is planning several expansion projects, including lengthening its main runway and building another runway.

The commercial real estate market continued its post-Katrina acceleration with 1,108 commercial building permits being issued in 2006 — a 26.6 percent increase over 2005. Projects included everything from major mixed developments like Perkins Rowe to several restaurants to a new digital movie theater to numerous businesses. The Baton Rouge Area Chamber reported that \$10 billion in new projects were underway or announced in the parish.

Housing and Labor

As noted previously, the nine-parish Baton Rouge metro area saw the creation of approximately 11,000 new jobs in 2006. That good news, however, is tempered with the ongoing difficulty businesses are having in finding qualified workers. The labor shortage, which reached crisis proportions immediately after Katrina hit, has eased somewhat, but business owners and managers still report problems. In its recent “Baton Rouge Area Economic Outlook Survey,” the Baton Rouge Area Chamber found that business leaders named finding qualified employees as their top concern for 2007. That contrasts with the 2006 survey results when business leaders indicated that traffic congestion was their biggest concern.

The Baton Rouge housing market, which exploded in the weeks and months after Katrina, has slowed somewhat — primarily because of a lack of inventory — but numerous projects are under construction or in the planning stages. The number of residential building permits issued in East Baton Rouge Parish in 2006 fell 11 percent compared to 2005 — from 2,803 to 2,496.

The data show that the number of home sales in East Baton Rouge Parish in 2006 declined by almost 7 percent compared to 2005 due in large part to a lack of inventory. At the same time, the average sales price for a home continued to rise — from \$143,976 in 2004 to \$164,579 in 2005 to \$185,987 in 2006 — so sales volume for 2006 actually was up 3.6 percent over 2005. Demand for apartments also remained high in 2006. Several large complexes were sold, and plans for the construction of more apartment projects were announced.

St. Tammany Parish, Louisiana

Located on the north shore of Lake Pontchartrain opposite New Orleans, St. Tammany had been one of Louisiana's fastest growing parishes for several years before Katrina hit. Since the storm, the growth has continued, as the Census Bureau numbers show. Between July 1, 2005, and July 1, 2006, the parish's population grew from 219,814 to 230,605. The 2006 Louisiana Health & Population Survey, which was conducted after the Census Bureau survey, estimated the parish's population at 220,256.

Local Government

While uncertainty over precise population numbers continues to frustrate all of the local governments examined in this study, nowhere is that frustration more visible than in St. Tammany Parish. Officials conducted their own post-Katrina population survey based on the 2000 U.S. Census figures and the number of residential utility customers in the parish. They estimated St. Tammany's population ranged between 251,186 and 271,361.

Shortly afterward, the Louisiana Health and Population Survey released its results, putting the parish's population at 220,656 — or 30,000 to 50,000 fewer people than St. Tammany officials estimated. Parish officials were furious, arguing that the LHPS woefully undercounted the number of people living in St. Tammany and pointing out that the U.S. Census Bureau, which estimated the parish's population at 188,922

in 2000, revised that number upward in July 2005 to 220,295 — a month before Katrina struck. The most recent Census Bureau estimate shows the population at 230,605 as of July 2006. Bolstering the LHPS number, however, is the fact that enrollment in the St. Tammany Parish public school district actually has declined somewhat rather than increasing in a manner commensurate with the addition of 50,000 residents. Parish officials counter that most of St. Tammany's new residents have enrolled their children in private schools, so public school enrollment would not reflect the increase in population. At stake, of course, is thousands of dollars of state and federal aid based on population numbers.

If the LHPS number is correct, that would mean that St. Tammany has seen a population increase of only 361 since post-Katrina. Parish officials say the evidence around them simply doesn't support the LHPS' conclusion, citing problems with traffic congestion, housing and labor shortages, and demand for services. In fact, as noted in the previous *GulfGov Report*, St. Tammany officials are fast-tracking their 10-Year Capital Infrastructure Plan and beginning work on a number of road projects in an effort to ease congestion. Officials estimate that car counts on parish streets today are nearly 90 percent higher than the same period last year. The traffic increase, in turn, has affected the ability of first responders, utility companies, and others to provide services.

One of the parish's highest priorities for 2007 is to work with the U.S. Army Corps of Engineers to develop and build hurricane protection at the Rigolets. Surge protection at the Rigolets will provide valuable protection not only to St. Tammany, but also to neighboring parishes along Lake Pontchartrain. In addition, the parish is developing regional wastewater treatment facilities to keep its bayous, rivers, and lakes clean. Two major facilities should be constructed within the next few years. These regional treatment facilities will consolidate and expand the wastewater treatment infrastructure in the parish, thereby creating additional capacity to handle the post-Katrina growth.

St. Tammany had 343 parish employees immediately before the storm. Afterward, officials implemented a hiring freeze for six months. As of the middle of 2006, there were 325 employees on the parish payroll.

Economic and Fiscal Effects

Like other communities that became destinations for those displaced by Katrina, St. Tammany has enjoyed an economic boom. Sales tax revenue between 2004 and 2006 rose from \$151.2 million to \$231.4 million — an increase of 53 percent. While parish officials are grateful for the windfall, they do not expect it to last indefinitely and have taken a conservative approach to this year's budget. Whatever money is left over is being put into the capital improvements budget and designated for recovery work.

For 2007, St. Tammany's operating budget increased 6.7 percent, rising from \$66.7 million in 2006 to \$71.2 million. Among the new expenses are salaries and benefits for 39 new positions in the public works department, as well two additional positions in each of the parish's regulatory departments — permits, engineering, and code enforcement. The parish's capital improvements budget also has grown from \$14.3 million in 2006 to \$36.6 million this year.

Housing and Labor

The average sales price for a single-family home in East St. Tammany Parish, which was hit hard by Katrina, has fluctuated since the storm, ranging from a low of \$159,849 in February 2006 to a high of \$217,202 in September 2005, immediately after the storm. By January 2007, the average sales price was \$186,224, a 14.5 percent increase over January 2006. In West St. Tammany, which was relatively undamaged, the average sales price has ranged from a low of \$242,372 in August 2005 to a high of \$313,857 in May 2006. In January 2007, the average sales price was \$296,910, a 17.7 percent increase over the same month in 2006.

Between September 2005 and December 2005, 1,754 homes were sold in the parish, 63 percent of them in West St. Tammany Parish. For the same time period in 2006, 1,217 homes were sold, 54 percent of them in West St. Tammany. The decline can almost certainly be attributed to a lack of inventory, as virtually all of the available housing stock was snapped up in the weeks and months following Katrina.

The parish issued 2,238 residential building permits in 2006, a slight decrease over the 2005 total of 2,255. In 2004, the parish issued 2,920 residential permits; in 2003, the number was 2003. Had Katrina not hit the area, it is entirely possible that the 2005 total would have exceeded that of 2004, given that the growth in the area had been going on for some time before the storm. In terms of commercial building permits, the parish issued 454 in 2004, 561 in 2005, and 558 in 2006.

St. Tammany also has a number of residents still living in FEMA trailers. In February of this year, parish officials notified more than 2,200 families living in trailers that their permits were being extended between one and three months. Authorities said the extensions were granted because the residents still are waiting for insurance claims to be settled or Road Home money to arrive or other rebuilding delays to be resolved.

One of the parish's major initiatives since Katrina was the creation of the St. Tammany Parish Finance Authority. Although it is still a work in progress, the authority's ultimate goal is to fund loans to help home buyers finance the purchase of homes. The loans will be funded by the sale of bonds.

Jackson, Mississippi

Jackson, the capital of Mississippi, is located about 150 miles north of the Gulf Coast in Hinds County. Before Katrina, the city's population was 177,977, while the overall county population was 248,124. Between July 1, 2005, and July 1, 2006, the county's population grew slightly to 249,012. A post-storm population estimate for Jackson was not available.

Local Government

Jackson experienced a population increase of approximately 2,000 to 3,000 after Katrina, but the city lost population between 2005 and 2006; in 2005, the city had a population of approximately 184,977, while in 2006, the count dropped to 177,977. The current population is 180,491.

Long-range plans for the city include a major street resurfacing project, road repair, housing development, increasing the police and fire department workforce, and crime prevention. Since one of the city's pressing priorities is reducing crime, it has established a crime commission that meets monthly.

The size of city government staff has not been significantly affected by the hurricane. Although no specific numbers were provided, city administrators said some staff vacancies were filled by hiring individuals from the storm areas. The total number of employees in September 2004 was 2,348; in September 2005, it was 2,320, and in September 2006, it was 2,400.

Police, fire, public works, engineering, and labor are the service areas most in demand. Some of the challenges facing the city in recruiting personnel for these areas include the inability of prospective employees to meet employment requirements, such as passing drug screenings. Factors affecting retention include low pay, the nature of the work, and long hours. Competition from nearby cities also has affected Jackson's ability to retain qualified personnel.

City administrators indicated that their ability to deliver services such as garbage collection, building inspections, building permits, planning and zoning, property assessments, tax collection, water and sewer, and library, fire, and ambulance services has not been adversely affected. The city is in the process of compiling a project list for long-range capital improvement.

The number of reported crimes in Jackson is rising, although the increase is in line with a general trend across the country. Police department officials, while expressing concern about the rise, said they did not have any reason to attribute the increase to residents who had relocated to the city.

The city has tried to maintain an adequate number of police officers and firefighters, but the current police force is below 450; a study commissioned by city officials recommended that the number of officers be increased to more than 600. The police chief also has developed a plan to reduce crime, according to a February 2006 story in the *Jackson Clarion-Ledger*. Among other things, the plan calls for crime sweeps and undercover operations, tracking complaints and forwarding them to precinct commanders, and using directed patrols in problem areas.

Economic and Fiscal Effects

Jackson saw a decrease in the number of businesses opening up between 2004 and 2005. In 2004, 171 businesses opened, compared to 155 in 2005. Figures for 2006 were not yet available. It is interesting to note that although retail businesses experienced a decrease, there was an increase in the number of restaurants that opened in 2005 — 39, compared to 14 opened in 2004.

According to the Jackson Convention and Visitors Bureau, the hotel occupancy rate was 59.1 percent in 2004. In 2005 the occupancy rate increased to 94.1 percent. This increase is most likely due to the large numbers of Gulf Coast residents seeking shelter from the storm. During the first few months following the storm, it was difficult to find a vacant hotel in the Jackson area. In 2006 the occupancy rate was 56.3 percent, a decline of 2.8 percentage points from the rate in 2004.

Commercial construction is up in the city. There were 22 commercial building permits issued from 2004 to 2005 and 32 issued from September 2005 to October 2006. Downtown Jackson continues to grow. The city has 3 million square feet of office space, and occupancy exceeds 90 percent. In addition, there are more than 40 restaurants and bars downtown. The city also has more than 6,000 hotel rooms, 500 of which are downtown, and there are four museums and more than 10 historic sites.

In 2005, 12,835 commercial flights traveled through Jackson-Evers Airport while 12,157 commercial flights traveled to Jackson during the same period in 2006. This was a 5 percent decrease.

On June 12, 2006, ground was broken on the Capital City Convention Center, a meeting and convention facility approved by Jackson voters in a November 2004 referendum. The facility is expected to open in late 2008 or early 2009. The convention center will be built adjacent to the Mississippi Telecommunications Conference & Training Center (TelCom Center) located in the heart of downtown Jackson. The TelCom Center — a high-tech venue geared specifically for meetings — opened in January 2006 and its first year's booking goal surpassed projections by 8 percent. During the 2004 calendar year, 3.4 million people visited Jackson, spending \$346 million, which supported some 25,000 tourism jobs in Hinds County and a payroll of \$478 million. In 2005, 3.1 million people visited Jackson, spending approximately \$297 million, which supported the same number of jobs and payroll as in 2004.

Housing and Labor

Jackson suffered from a shortage of affordable housing even before Katrina hit, and the problem has been exacerbated as a result of families being displaced by the storm. Two projects are currently under way that will help ease the situation:

- **Bon Air Housing Development Project** — This city-sponsored initiative was originally conceived in 2002, well before the aftermath of Katrina, as a means of offering a combination of newly constructed and rehabbed single-family dwellings that will encompass a seven-street area along West Capitol Street. The plan is to build 35 houses and make them available to low- and moderate-income families at a price of approximately \$95,000 to \$120,000.
- **Chambers Subdivision** — The West Jackson Community Development Corp. recently assumed control of this project and will build at least 10 single-family housing units on the site of the old Tanglewood Apartments in the West Park Neighborhood of West Jackson. The price range of these houses also will be within \$95,000 to \$120,000.

Hattiesburg, Mississippi

Hattiesburg, which is roughly 60 miles north of the Mississippi Gulf Coast, lies primarily in Forrest County. A small portion of the city also extends into Lamar County. Pre-Katrina, Hattiesburg's population was 47,176, while the overall number of people living in Forrest County was 74,915. As of July 1, 2006, the county's population was 76,372. A post-storm population estimate for Hattiesburg was not available.

Local government

Local officials believe the city's population has increased by 7,000 to 8,000 people as a result of Hurricane Katrina. That belief is based primarily on the data generated by Claritas, a national demographic research firm. Earlier Claritas estimates indicated that the two counties (Forrest and Lamar) in which Hattiesburg is located experienced significant population increases due to Hurricane Katrina, and basically supported the contention that the city's population had increased by 7,000 to 8,000 people. However, the most recent Claritas estimates do not indicate such a large increase. Current, updated estimates indicate an increase in population in Forrest County of 3,566 (down from 4,467) and in Lamar County of 4,300 (down from 7,363) due to Katrina. Nevertheless, officials are using an estimate of 50,000 to 54,000 for the current population.

Unfortunately, the city has to rely on unofficial population estimates, since it does not have the resources to conduct a special census or population count. Additionally, one of the difficulties it faces in trying to substantiate a population increase is the transient nature of those who are part of the increase. Apparently, a number of people who moved to Hattiesburg are now going back and forth to the Gulf Coast or to New Orleans to check on property, see about family members, and/or look for a job. In fact, the latest Claritas data indicate that about two-thirds of the people who initially moved to Hattiesburg because of Katrina have left.

Although the size of the population increase caused by Katrina is being debated, the resulting increase in demand for certain services is not. For instance, an increase in public transit ridership caused the city to reassign a transit driver from part-time to full-time. A rise in construction-related activities in the storm's aftermath also has increased the need for inspection services, which has resulted in the addition of one code enforcement officer to the city's payroll.

There has also been an increase in demand for law enforcement services since Katrina. In fact, the homicide rate doubled between 2005 and 2006. Overall, the city saw a 20 percent increase in major crimes in 2006 when compared to 2005. This is noteworthy, since there was an 11 percent reduction in major crime in the city between 2004 and 2005. Out of curiosity, the mayor asked the chief of police to look at the incidents of crime over a weekend in October 2006. This examination revealed that out of 21 crimes, 14 were committed by people who were not residents of Hattiesburg.

With an escalating crime rate, the police department is developing measures to combat the problem. The chief indicated that the department is refocusing its resources, while engaging in such tactics as surveillance type investigations; engaging the community to help in fighting crime; publicizing high crime areas; and

brainstorming with command staff on possible solutions. Perhaps most importantly, the police department is aggressively recruiting new officers, and a new class of 30 recruits started in January. The department's authorized strength is 128, but it currently has only 99 positions filled, including 15 officers who are deployed to Iraq.

As pointed out in the previous report, the population increase resulting from Hurricane Katrina has placed a great deal of stress on the city transportation system. In order to address this situation, the city will seek a 1 percent sales tax increase from the 2007 session of the Mississippi Legislature. The resulting \$13 million in annual revenue will be used to pay for a new \$130 million loop road around the outer perimeter of Hattiesburg, and will make \$20 million available for major thoroughfare upgrades. Katrina accelerated the need to design and construct the transportation facilities that will be paid for with the sales tax increase. Instead of these improvements being needed in about 20 years, they are now needed in the next five years.

In an effort to better regulate the flow of traffic, the city has installed an intelligent transportation system that allows it to monitor traffic at various intersections and adjust the signals accordingly. Additionally, the city will be installing an intelligent landing system at the municipal airport at a cost of \$2 million to \$3 million to accommodate instrument landings and large military planes.

Although there has been an increase in demand for municipal services, the number of city employees has not increased appreciably. The exception is that 12 temporary employees hired in the aftermath of Katrina have ended their tenure with the city. The city payroll increased from \$26.1 million in fiscal year 2005 to \$26.5 million in fiscal year 2006, due primarily to midyear raises and upward adjustments to the salaries of police officers and firefighters. This increase, however, would have been much greater if the city had been able to fill the fairly significant number of vacancies that it experienced in 2006. Out of 750 employees, there are currently about 40 to 45 vacancies, as compared to the number of pre-Katrina vacancies of about 15. City officials attribute the high rate to the number of employees being deployed on military duty, as well as increased wages in the Hattiesburg area for nonmunicipal jobs.

Hurricane Katrina has generated a certain degree of regional cooperation that is currently under way in an ad hoc group called the Hurricane Recovery Strategic Task Force. This group was funded by the city of Hattiesburg, Lamar County, Forrest County, and the Area Development Partnership, which each contributed \$20,000, and the Asbury Foundation, which donated \$150,000 for its operation. The group hopes to develop a master plan for metropolitan Hattiesburg that will address transportation and housing needs that have arisen as a result of Hurricane Katrina.

Economic and Fiscal Effects

The economic and fiscal effects of Hurricane Katrina on Hattiesburg have been positive. According to the annual reports issued by the Mississippi State Tax Commission, there were 1,845 retail businesses paying sales tax in June 2005, and 1,938 sales tax payers in June 2006 in Hattiesburg, a 5 percent increase. Additionally, the head of the Hattiesburg Tourism/Convention Commissions estimated that as of September 2005 there were 100 restaurants open in the city, while there were about 118 restaurants open in September 2006, representing an 18 percent increase.

The number of available hotel rooms also increased from September 2005, when 2,215 rooms were available, to September 2006, when 2,327 rooms were available. This represents a 3 percent increase in available hotel rooms within this one-year period. Moreover, approximately 235 hotel rooms (an additional 10 percent) are currently under construction. Although during this same period the hotel occupancy rate went from 100 percent in September 2005 to 88.7 percent in September 2006, the hotel/motel tax collected between October 2005 and September 2006 increased 41 percent over the previous 12 months, going from \$417,073 to \$588,196.

Another indicator of the economic impact of Katrina can be found in the number of commercial and industrial building permits issued. During the 12-month period that ended in September 2005, the city issued 294 building permits for commercial and industrial operations. For the 12-month period ending in September 2006, the city issued 543 of these permits. This represents an 85 percent increase. A tremendous amount of building obviously was taking place from October 2005 through September 2006. But what is more interesting is that the percentage of permits issued for new construction was the same (18 percent) during both periods. This shows that during the 12-month period ending in September 2006, an extraordinary amount of repair work was being done by commercial and industrial operations as they went through recovery and rebuilding.

The Hattiesburg and Laurel Regional Airport continues to be served by two commercial flights per day. Immediately after Hurricane Katrina there was a drop in the number of passengers. In September 2005, 676 boardings occurred; however, in September 2006, there were 1,167 boardings. While this represents a 72 percent increase, a more realistic means of determining the impact of Katrina is to compare 2005 and 2006. As was reported in the first *GulfGov Report*, there was a 30 percent increase in boardings in 2005 over 2004. This increase was attributed to the mobilization at Camp Shelby as well as a significant surge in traffic after Katrina. Boardings for 2005 totaled 14,475; total boardings for 2006 were 13,108. This represents a decrease of about 9 percent.

Overall revenue collected by the city increased 42 percent from 2005 to 2006, going from \$81.4 million to \$115.8 million. However, these numbers do not present a true picture of revenue growth, since the 2006 figure represents the inclusion of proceeds from a \$17 million water and sewer revenue bond issue issued in August 2006. Additionally, a sizeable amount of revenue came from reimbursements for Katrina-related expenses and is included in the 2006 revenue figure. Although there is some distortion in the comparison of the fiscal year 2005 and fiscal year 2006 revenue, it is safe to say that there was a significant increase.

From September 2005 to September 2006 there was a 35 percent increase in sales tax revenue. This is consistent with the 36.6 percent increase that was indicated in the first *GulfGov Report* for the 12-month period ending in May 2006. However, the city's chief financial officer is still cautiously optimistic and feels that monthly sales tax revenue will level off at about \$1.8 million, instead of the \$2 million per month that the city has experienced post-Katrina.

Property tax revenue was up by 9 percent and income from fees was up by 10 percent from 2005 to 2006. Also, the head of the Hattiesburg Tourism/Convention Commissions estimated that income from tourism and conventions went from \$160 million in fiscal year 2005 to \$178 million in fiscal year 2006, which

represents a 12 percent increase. Additionally, the city has experienced a 22 percent increase in food and beverage tax from 2005 to 2006.

Housing and Labor

Although still fairly strong, the labor situation in Hattiesburg is not as robust now as it was immediately after Katrina and the start of the rebuilding and recovery efforts. The unemployment rate in Forrest County for December 2006 was 5.6 percent, while in Lamar County, the December 2006 unemployment rate was 4.3 percent (which ranked Lamar County as having the second lowest unemployment rate among counties in the state). The unemployment rate for the state of Mississippi in December 2006 was 7 percent. Additionally, both Forrest and Lamar counties experienced an increase in the number of jobs between October 2005 and September 2006. The Mississippi Department of Employment Security estimates that approximately 910 jobs were created in these two counties in that time period, with 680 in Forrest County and 230 in Lamar County.

Typical wages for unskilled workers are beginning to level off. A few months after the storm, for instance, fast-food workers were starting above \$6 per hour, compared to the pre-Katrina starting wage for such workers of \$5.15 per hour. The current wage rate for unskilled workers is somewhere between those two points. The research manager of the area-wide economic development agency indicated that wages, including unskilled labor wages, saw a spike right after the storm but have now leveled off, and the overall pay scale has decreased. His assessment is that wages are higher than pre-Katrina and lower than they were right after the storm.

There is still a need for workers. Skilled labor is needed across the board — in service industries, manufacturing, and construction. However, according to the local branch director of the WIN Jobs Center, the need appears to be greatest in the service/retail industry, since a number of new businesses, including restaurants and fast-food establishments, are opening and creating jobs. This also means that a large number of these newly created jobs are located at the lower end of the wage scale. The individuals filling these newly created jobs are likely to be residents.

Hurricane Katrina has affected the housing situation in Hattiesburg in two major ways. First, the value of housing units sold increased after Katrina, while the average number of days the units were on the market decreased significantly. During the 11-month period from January 2005 through November 2005, a total of 1,598 housing units were sold at an average price of \$135,519. During the same period in 2006, 1,611 units were sold at an average price of \$161,545. This represents a 16 percent increase in the average home sales price in 2006 compared to 2005. In addition, the average number of days that a house stayed on the market between January and November 2005 was 111; during the same period in 2006, it was 58. In short, houses in Hattiesburg sold almost twice as fast and for a higher price in 2006 than in 2005.

The second significant impact is more definitively tied to the storm than the first, and it is the increase in the number of building permits issued for residential (single-family) and multi-family units post-Katrina. During the period July 2004 through June 2005, the city issued 616 residential building permits, with 84, or about 13 percent, for new construction. During the period of October 2005 through September 2006, the city issued 2,098 residential building permits — more than three times the number it issued from July 2004 to

June 2005, with 162 of those (or about 7 percent) for new construction. Similarly, the city issued 41 permits for apartment, or multi-family, building activity, with 24 (or about 58 percent) for new construction during the period July 2004 through June 2005. From October 2005 through September 2006, there were 96 building permits issued for apartments or multi-family units, with 17, or about 17 percent, for new construction.

This apparent surge in residential housing building activities has not helped the availability of affordable housing, according to the city's director of urban development. He characterized affordable housing as fast becoming unavailable. Apparently, this is especially true of rental housing. The city has a down payment assistance program; provides funding to community housing development organizations for new construction; and funds rehabilitation efforts, all using federal dollars. However, it does not provide any assistance to rental property owners or to rental properties.

Rents in the city have increased due to the rising prices of building materials and the pressure created by the payment of premium rental fees by federal agencies and insurance companies right after Katrina. Although a market analysis of rental rates was not available, the local apartment owners association president believes that rental prices for conventional, upper scale properties have gone up about 12 percent to 13 percent, while lower priced, nonsubsidized properties probably have increased at a higher rate.

The occupancy rate for mid- to upper-range properties has been at or about 100 percent since Katrina. However, he estimates the occupancy rate probably will be about 92 percent in about two years because approximately 6,000 units (both conventional and subsidized) could come on line in that period of time. For instance, his company is looking to break ground on a 240-unit luxury complex within the next two months. He concluded that Katrina likely will be a contributing factor to the overbuilding of the local rental housing market in the long term.

In addition, eight to 10 multi-family developments in the city have submitted applications to the Mississippi Home Corp. for Low-Income Housing Tax Credit funding. Most, if not all, of these applications are likely to be funded, and this will result in about 1,200 to 1,500 affordable rental housing units coming on line. One nonsubsidized project containing 250 units is already underway and is being developed near the University of Southern Mississippi campus.

Most of the single-family project activity is outside of the city limits. However, one developer is looking at a project in a historic neighborhood that has 3- to 4-acre lots. He is running into resistance from the neighborhood association at the moment since he wants to develop 60 to 70 units on a 10-acre site. This same developer has done some in-fill development in the city in recent months totaling between 10 and 12 units.

Laurel, Mississippi

Located north of Hattiesburg in Jones County, Laurel's pre-storm population was 18,298 and the county had 66,103 residents. After the storm, the Census Bureau reported the county's population had increased to 66,715. A post-storm population estimate for Laurel was not available.

Local Government

A reliable population count for Laurel is difficult to ascertain, although city officials believe that the increase resulting from the influx of Hurricane Katrina evacuees is still more than 3,000 people. The mayor feels that the increase in traffic, the lack of rental housing, and the crowded shopping areas all point to a sustained population increase. Adding the city's 2000 Census population of 18,393 to the increase estimated by local officials results in a total estimated population of between 21,000 and 22,000. Laurel's chief administrative officer estimates the city will see a 3 percent to 4 percent annual growth in its population. However, even when an estimated population increase of 3,000 is taken into consideration, it appears that the initial increase experienced by the city due to Katrina has been reduced by about 50 percent.

No matter the size of the additional population, local officials believe that it has had some impact on the demand for services. For instance, there has been an increase in garbage collection and the use of water and sewer service. Additionally, there has been an increase in the wear and tear on city streets as evidenced by the rising number of potholes. And there are more building inspections requests than staff can handle presently.

The police chief believes that the increase in population has had an impact on crime. Although major crime is the lowest that it has been in several years, misdemeanor crime is up. In fact, misdemeanors have increased by about 50 percent post-Katrina over what they were pre-Katrina. These crimes consist primarily of traffic violations and domestic disturbances. The chief estimates that between 15 percent and 20 percent of the misdemeanor crimes are committed by people who moved into the area after Katrina.

The police department is still looking to hire enough police officers to have a full complement of 61; it currently has 58 officers. The chief intends to request three additional police officers in next year's budget, and the department has not yet hired a full-time Spanish interpreter or a Spanish-speaking police officer, although there is a need for that skill in the department.

Although local government operations are basically back to normal, there have been some noteworthy changes. The payroll increased by about \$750,000, due to overtime payments to the police department; a normal 5 percent pay raise for city workers; and the addition of four or five new positions. Additionally, the city's health insurance costs have increased by about 14 percent.

Economic and Fiscal Effects

The economic and fiscal effects of Katrina on Laurel continue to be positive. City records indicate that in the 12-month period ending October 2005, 77 commercial and industrial building permits were issued for

new construction and repairs, and during the 12-month period ending October 2006, 96 such permits were issued. Of those, 12 were for new construction, which represented a 33 percent increase over new construction permits issued during the previous 12-month period; and 84 were for repairs, representing an 18 percent increase. This indicates that local commercial and industrial operations increased their building activities after Katrina, when compared with pre-Katrina activity. Additionally, it is apparent that the emphasis in this sector was on new construction and on moving aggressively toward recovery. Overall, 20 percent more commercial and industrial building permits were issued in fiscal year 2005 than in fiscal year 2006.

Another indicator of positive economic growth in Laurel is the number of businesses operating in the city. As a means of gauging the number of business establishments pre- and post-Katrina, the numbers of businesses paying sales tax was examined. According to the annual reports issued by the Mississippi State Tax Commission, there were 803 retail businesses paying sales tax in June 2005 and 834 sales tax payers in June 2006 Laurel. This represents an approximate 4 percent increase, indicating a healthy growth pattern.

Overall city revenue also provided evidence of the growing economy. The overall revenue collected increased by 22 percent from fiscal year 2005 to fiscal year 2006, going from \$33.2 million to \$42.3 million. Judging from an examination of individual revenue streams into the city treasury, it is apparent that the initial fiscal impact of Katrina on overall city revenue has continued. For instance, it was reported in the last *GulfGov Report* that sales tax revenue had increased by about 20.8 percent when compared with tax collections over the previous 12 months; by comparison, there was about a 20 percent increase in sales tax revenue between fiscal year 2005 and fiscal year 2006. This would indicate that sales tax collections in Laurel have been consistently high, around 20 percent, since Katrina. Moreover, income from fees and fines increased by 20 percent from the end of fiscal year 2005 to the end of fiscal year 2006, and property tax revenue increased by 8 percent. The property tax increase is particularly significant in light of the devastation caused by Katrina. However, the impact on property taxes in 2005 will not be realized until after the tax collections that start in January 2007.

Also, of particular note is the 22 percent increase in the tourism tax from September 2005 to September 2006. This increase, while consistent with the increase reported in the first *GulfGov Report*, indicates how the local tourism and convention business has been positively affected. The head of the local economic development agency pointed out that the city had seen an increase in motel occupancy, and there have been some conventions that have moved to Laurel from the Gulf Coast. For example, the South Mississippi Catholic Diocese Youth Convention is being held outside of the Gulf Coast area for the first time, and was held in Laurel in March.

Overall, the city fiscal affairs are in good shape. General fund revenue and expenditures have increased; and the city has used the 20 percent increase in sales tax revenue to help pay for police overtime, police cars, and some Katrina-related demolition and clearance activities. The city has received \$4.2 million in federal aid to date, although it only budgeted for \$1.1 million. On the other hand, it received \$293,100 in insurance proceeds while it expected \$1.8 million. A significant increase in federal aid offset the less than expected amount that was received in insurance proceeds.

Laurel's main industries are back on track and are moving along at pre-storm growth, according to the head of the local economic development agency. At least three industrial expansions are planned for 2007, and one of them is already underway.

Housing and Labor

The local labor market in Laurel is not as strong as it was during the peak period immediately after Hurricane Katrina, resulting in a slight increase in the unemployment rate. In 2005, the 12-month average unemployment rate was 6.1 percent in Jones County, where Laurel is located. In 2006, the average unemployment rate for the area was 5.3 percent. Although that number is lower than 2005, it masks a month-to-month upward trend. In April 2006, for instance, the unemployment rate was 4.8 percent; by December 2006, it was 5.2 percent. However, the numbers are still relatively good. The unemployment rate for the state of Mississippi in December 2006 was 7 percent. When compared to all of Mississippi's 82 counties, the unemployment rate in Jones County in December 2006 was the sixth lowest.

Moreover, Jones County experienced a significant increase in the number of jobs created between October 2005 and September 2006. The Mississippi Department of Employment Security estimates that approximately 2,020 jobs were created in the county in that period. There is still a labor shortage in Laurel. This is particularly true in manufacturing and processing plants, as well as in some the service-related industries, according the head of the local economic development agency. Estimates are that some 200 to 400 positions remain open across the labor market.

It is difficult to ascertain the impact of Hurricane Katrina on the housing situation in Laurel by comparing home sales prices before and after the storm. For instance, during 2005, 330 residential units were sold at an average price of \$87,059 and stayed on the market an average of 137 days. In 2006, 384 residential units were sold (a 14 percent increase) at an average price of \$98,039, representing an 11 percent increase in the average price of houses sold. However, the units sold in 2006 stayed on the market an average of 150 days, which was longer than in 2005.

The impact of Katrina on the local housing situation is more detectable by examining residential building permits. During the period of July 2004 through June 2005, 154 residential building permits were issued, with 26 for new construction and 128 for repairs. During October 2005 through September 2006, 210 residential building permits were issued, with 26 for new construction and 184 for repairs. These numbers represent an overall increase of 27 percent in the number of residential building permits issued when comparing 12-month period pre- and post-Katrina. They also indicate that building activity involving residential repair increased by 30 percent after Katrina, while new construction remained at the same level as pre-Katrina. Finally, these numbers are indicative of a community aggressively pursuing the rebuilding of a housing stock significantly damaged by the storm.

It also appears that Katrina affected the rental housing market. Although data were not available for all rental housing, information was obtained on a 96-unit, unsubsidized complex that is representative of the conventional rental housing market in the city. In July 2005, the occupancy rate in this complex was 94 percent, and by January 2007 it had increased to 98 percent. During this same period, the rental price for a one-bedroom apartment went from \$380 to \$415 (an 8 percent increase), for a two-bedroom unit from \$430

to \$510 (a 16 percent increase), and for a two-bedroom townhouse from \$480 to \$550 (a 13 percent increase). The average rent for all units in this particular apartment complex, and likely in other nonsubsidized apartment complexes in the city, increased about 12 percent after Katrina.

Affordable housing continues to be a need in Laurel. However, the city is working to address this particular issue and the local housing authority has recently been funded for 70 tax credit single-family units. The housing authority's occupancy rate for rental units is around 98 percent, the same as for nonsubsidized units in the city.

There is some new housing construction in Laurel. In addition to the units mentioned previously, an existing subdivision in the northwest part of the city recently opened its Phase 3 development and plans to have several lots for sale. Also plans are underway for a new 3,000-acre, multi-use recreational lakefront community outside of Laurel. Additionally, at least one other upscale residential community is being planned for the western edge of the city.

Gulf Shores, Alabama

Gulf Shores is located along the beach in Baldwin County. Baldwin County is bounded on the west by Mobile Bay and Mobile County, on the south by the Gulf of Mexico, and on the east by Florida. Before Katrina, Gulf Shores' population was 7,263, and Baldwin County's overall population was 162,749. As of July 1, 2006, Baldwin County's population had grown to 169,162. A post-storm population estimate for Gulf Shores was not available.

Local Government

Current planning efforts in Gulf Shores go well beyond recovery per se. The damages inflicted by Hurricane Ivan in 2004 and Hurricanes Dennis and Katrina in 2005 on the city's infrastructure have been repaired although some hazard mitigation work may remain. The hurricanes, and a simultaneous change in administration, catalyzed planning efforts that envisioned significant development along the city's beachfront centerpiece where Highway 59 dead-ends into the beach highway.

In fact, the hurricanes hastened the development by clearing the older, low-quality, and low-capacity structures in that location. Work on the city's Envision Gulf Shores plan began shortly after Ivan and before Katrina. The newly elected mayor and city council placed a temporary moratorium on beach development and initiated a planning process to guide further development.

An Atlanta consulting firm was hired and public meetings were held to allow residents to voice their preferences for future development and to select the options they favored. The resulting development plan, titled "Envision Gulf Shores," called for rebuilding the beachfront area in the heart of the city that was cleared by Ivan a year before Katrina. In the words of the consultant, the proposed development was to "transform this central beach area from an intersection of two four-lane highways into a dense, pedestrian-friendly downtown of high-rises, sidewalk cafes, ground-floor retailers, hidden parking lots, and wide public spaces.

The plan calls for a diversion of through traffic around the central area and the building of high-rise hotels, rather than condominiums. While the state has shown interest in the highway detours, particularly the one running west from the beach, there has been no action on this as yet. The diversion to the east may prove more difficult because it would require the acquisition of some private land and dealing with wetlands. Progress on the overall project has been slow, in part because of a downturn in the waterfront property market.

In December 2006, the city council approved a planned unit development for a portion of a project known as Park Place. An effort to update the city's comprehensive plan also is underway, and public meetings are being held to discuss options and hear the community's input.

Economic and Fiscal Effects

Having weathered Hurricane Ivan in 2004, Gulf Shores took Katrina and the resulting cleanup in stride. The retail area appears to be surging. Permits for the "stores and other mercantile" category rose from \$2 million to more than \$15 million in fiscal year 2006. Whereas the town of Foley's Tanger Outlet Mall was once the big draw for the area, new retail centers have sprung up all along Alabama Highway 59.

Sales tax collections, a strong indicator of retail activity, rose only 7.7 percent between fiscal year 2005 and fiscal year 2006. That was in sharp contrast to the 28 percent increase between 2004 and 2005, which was driven by all of the post-Ivan construction work. Gulf Shores is projecting a 23 percent increase in sales taxes for 2007. Property tax assessments are another rough indicator of an economy's health. Despite the hurricanes, Gulf Shores' assessment totals rose 44 percent for the 2005 tax year and 29 percent for 2006.

Tourism is the heart of the Gulf Shores economy. Lodging taxes fell from \$3.7 million in 2004 to \$2.8 million in 2005 after Ivan and rebounded to \$3.4 million in 2006 after Katrina. City officials reported after the 2006 summer that tourism levels appeared to have returned to 90 percent of what they were pre-Ivan.

An accurate comparison of the city's spending in fiscal year 2005 and fiscal year 2006 will not be possible until the city's financial audit for 2006 is released. Comparing Gulf Shores' general fund expenditures from the 2005 audit with budgeted expenditures for 2006 shows a 51.4 percent increase — from \$16.6 million to \$25.1 million. However, more than half this increase was in non-operating spending — capital outlay and transfers to other funds. This still leaves an apparent 20.8 percent increase in operating expenditures, which is largely explained by the 15 percent rise in the number of city employees between 2005 and 2006.

While a complete analysis of the growth in spending must await release of the 2006 audit, the trend in general fund revenues is more straightforward. The major components of the Gulf Shores' tax base are growing significantly. Barring another devastating storm, the prospects for continued growth appear good. The city, itself, is projecting an 11.3 percent rise in general fund revenue for 2007.

The city's June 2006 report on Hurricane Katrina showed \$10.8 million in Katrina project expenditures, of which \$8.2 million was eligible for FEMA public assistance. Most of this spending went to beach restoration. At that point, FEMA had paid nearly \$6 million of its share and had another \$1 million to pay.

With the recent retroactive change in the reimbursement formula, the local share will drop from 15 percent to 10 percent. This will save the city one-third of the \$2 million it budgeted for its Katrina share in 2006 and 2007.

Housing and Labor

The beachfront town has rebuilt twice in the past three years — after Hurricane Ivan in 2004 and after Hurricane Katrina in 2005. There were 1,281 residential repair permits after Ivan totaling \$45 million and 88 commercial repair permits totaling \$44 million. By contrast, 245 residential repair permits at \$8 million and nine commercial permits at less than \$1 million were issued after Katrina.

Building permits show a 57 percent drop in new, single-family home starts from fiscal year 2005 to fiscal year 2006 and a 78.5 percent decline in the construction value of the multi-family structures permitted. These declines are the result of a general softening in the housing market and a significant slowdown in condominium sales along the coast. This is part of a national trend; however the series of recent storms has had a chilling effect. While permits were issued for 2,500 new condo units in 2005, construction reportedly has not begun on any of these developments because of the lack of demand.

Mobile, Alabama

Mobile is the largest city in Mobile County and on the Alabama coast. Its population before Katrina struck was 191,544, while Mobile County's overall population was 399,851. Between Katrina and July 1, 2006, the county's population grew to 404,157, according to the Census Bureau. A post-storm population estimate for Mobile was not available.

Local Government

Mobile's economy is sharing in the positive development in the area as whole. However, the city's population still seems to be in decline. The latest U.S. Census Bureau estimates show a decline of 0.5 percent a year, while Mobile County as a whole has shown a slight growth. At the same time, the number of employed residents in the county grew 7.4 percent between 2004 and 2006, and unemployment rates have reached historic lows.

The city suffered damage to some 67 public structures as a result of Katrina. FEMA was obligated to reimburse the city \$4.4 million for the damages and other storm-related costs. By the middle of 2006, only about \$1 million remained to be paid. In addition, the Mobile Area Water and Sewer System (MAWSS) received \$7 million in Community Development Block Grant funding to repair sewerage damaged by Katrina in several neighborhoods north of downtown Mobile. The damage affected about 1,500 homes, approximately 1,200 of them in very low- to moderate-income areas. The flooding infiltrated the aging sewer lines beneath those neighborhoods, clogging the lines with silt. The federal money comes through the Alabama Department of Economic and Community Affairs, and MAWSS, which operates independently of the city, will put up a dollar-for-dollar local match.

The city's crime rate was essentially unchanged from 2005 to 2006, with violent crime up only 2.8 percent and property crimes down 0.7 percent. On the other hand, robberies increased 14.6 percent and auto thefts rose 50 percent.

Economic and Fiscal Effects

City revenues rose more than 8.1 percent between fiscal year 2005 and fiscal year 2006, in large part due to Katrina-related spending. However, a 3.2 percent decline is predicted for fiscal year 2007. Spending by city officials rose 7.9 percent in the year after the storm. Because of a \$10.7 million carryover from the windfall revenues of 2006, spending for fiscal year 2007 is projected to grow by 3.8 percent.

The city's personnel expenditures rose only 2.3 percent in 2006 to cover the costs of its 2,400 employees. That cost, however, will grow another 5.6 percent in 2007. The budget for 2007 includes a 5 percent merit incentive for city employees and adds a number of new positions: four litter patrol officers, 19 public works department maintenance employees, eight traffic officers, and six trash crews.

Following Hurricane Ivan in 2004, the tourism numbers plunged, but there was a recovery — albeit an incomplete one — in 2006 after Katrina. The number of air passengers coming through the Mobile airport, for example, declined 28 percent in 2005 and then regained all but 6 percent of the pre-Ivan volume in 2006. Another telling measure is the number of visitors to the USS Alabama, Mobile's star tourist attraction, in its biggest month of the year. In July 2004, the number of visitors totaled 48,299. That number dropped to 31,501 in 2005 and then fell off only slightly in July 2006 to 30,884.

Revenue from the city's hotel/motel tax rose in 2006 as a direct result of Katrina-related activity. However, the city is projecting a 21.5 percent drop in hotel/motel tax revenue in 2007, which would put collections slightly below the 2005 level. At the same time, a new 150-room Hampton Inn & Suites planned for downtown Mobile is expected to help boost convention traffic to the area. In a story in the *Mobile Press-Register*, the head of the Mobile Bay Convention & Visitors Bureau said that right now the area is suffering because of a lack of quality rooms. That situation should change over the next few years with the completion of several hotel construction and renovation projects. Another hotel is scheduled to open in May, and at least two others are undergoing major renovations. By spring of 2008, he anticipates there will be more than 1,000 rooms in downtown Mobile and that should help the city capture high-quality conventions.

Housing and Labor

A comparison of building permits issued by the city in the fiscal year that ended a month after Katrina hit with the following fiscal year shows that the storm had little impact on building plans. The number of resident permits for repairs rose substantially after the storm, totaling 4,497 for 2006 compared to 3,552 for 2005, although the total value of those repairs rose only about \$12 million.

All other additions and repairs rose another \$30 million. If all of these repairs were related to Katrina, they would have accounted for less than half of the \$88 million increase in the total value of permits from \$258 million in 2005 to \$347 million in 2006. Even new homes showed a significant increase from 278 permits in 2005 to 387 the following year.

Conclusion

More than a year and a half after Katrina and Rita devastated much of the Gulf Coast region, signs of recovery abound. Sales tax revenues across the affected area are up, either exceeding pre-storm levels or approaching them. The construction industry is booming as the damaged communities rebuild and areas that took in large numbers of evacuees adjust to their increased populations. The casinos have returned to the Mississippi Gulf Coast, most of the hotels and restaurants are open in the New Orleans metro area, and both Mississippi and Louisiana have seen their budgets increase as a result of higher revenue collections.

But the recovery is uneven across the affected areas and how much progress a community has made seems to be dependent on:

- How badly its business and economic infrastructure was damaged.
- How quickly it has been able to tap into state and federal aid flows.
- How effective its local leaders have been in making decisions about what direction the recovery should take.

What this report demonstrates is that it is the combination of these factors that determine how rapidly a community recovers from a disaster of this scale. All three are necessary for the damaged areas to make any sort of substantive progress. When one element is missing — for instance, the lack of specific direction from New Orleans officials about how the rebuilding process will go forward — the recovery stalls. When a community has to rebuild its economic and business infrastructure from scratch — as is the case in Bay St. Louis and Waveland — the recovery falters. When an area simply does not have the financial means to carry out day-to-day operations and the flow of state and federal aid resembles more of a trickle than a torrent — as St. Bernard Parish officials have discovered — recovery slows to a crawl.

In New Orleans, the long delay in developing a definitive rebuilding plan has prevented many residents from making a decision on whether to return. Instead, they remain in a kind of limbo, wanting to return, but reluctant to be among the first on their block to rebuild and worried about the ongoing crime problem. Outside of such areas as the French Quarter, the Garden District, and Uptown New Orleans, rebuilding efforts are largely scattered throughout the city, creating pockets of redevelopment surrounded by blocks of vacant housing.

The stalled recovery also has hampered developers seeking to renovate and rebuild affordable housing in New Orleans, leading to an estimated doubling of the city's homeless population and making it difficult for business owners to hire an adequate number of employees. At the moment, the driving force for the recovery is being led by individuals, business owners, and neighborhood groups, rather than local government.

In St. Bernard Parish in Louisiana and Hancock County in Mississippi, the primary obstacle to recovery is financial. The will to rebuild is there, but these are small communities, and they just do not have the financial resources to move forward in a timely manner. Not only were their economies devastated by the

storm, but the monetary aid has been slow in arriving, making it difficult for these communities to maintain basic services, let alone begin the lengthy and expensive rebuilding process.

In other devastated communities like Cameron Parish in Louisiana, Biloxi and Gulfport in Mississippi, and Bayou La Batre in Alabama, the recovery is moving along more quickly because local leaders had more resources to work with. Their business sectors were badly damaged but not destroyed, meaning they could be rebuilt relatively quickly and begin generating revenue.

Communities like East Baton Rouge and St. Tammany parishes in Louisiana, Jackson, Hattiesburg, and Laurel in Mississippi, and Mobile and Gulf Shores in Alabama face a different type of problem. The hurricane damage was minimal in these areas, but the resulting business and population influx has made plans built around future growth projections irrelevant. In essence, these communities are dealing with growth that officials did not expect to see for another 10 to 20 years. While on balance the growth is good, officials also are seeing an increase in such problems as crime, traffic congestion, and demand for social services. As a result, long-term planning has taken on a new urgency, and officials are scrambling to catch up.

The first *GulfGov Report* in August 2006 listed a number of lessons to be learned from the aftermath of Hurricanes Katrina and Rita, and the response to the disaster. Among them were:

- The longer a community waits to develop a specific recovery plan, the more likely residents will be to take matters into their own hands, and the rebuilding will be haphazard.
- Recovery efforts have advanced the most in those communities where officials have provided clear, specific direction and encouraged public input and participation.
- Before a devastated community can make any substantive progress, it must meet its housing needs.

More than a year and a half later, these lessons remain as relevant as ever. What this study makes clear is how closely housing availability and a functioning economic infrastructure are intertwined. This means local officials have to focus on both elements at the same time in order to keep things moving forward, and that is difficult to do.

Yet, seeking outside help in the form of federal and/or state aid has brought its own set of problems, as this study shows. State and federal policy decisions made without community input have had a tremendous impact on local residents and in many cases have contributed more to delays in the recovery rather than progress. It is clear that a disaster of this magnitude is beyond the ability of local governments to handle alone, but it is also clear that state and federal policy decisions need to involve local governments if they are to help speed recovery.

Advisory Committee

- Chair: William F. Winter, former Governor of Mississippi, Attorney, Watkins Ludlam Winter and Stennis, P.A.
- Brenda Birkett, Dean and Professor of Accounting, College of Business, McNeese State University, Lake Charles, Louisiana
- Donald M. Blinken, former Chair, Board of Trustees, State University of New York, Vice Chair of Council of American Ambassadors
- G. Porter Brock, President, Community Foundation of South Alabama
- Ronald Mason, President, Jackson State University
- George Penick, Director, Gulf States Policy Institute, Rand Corporation
- James Richardson, Director, Public Administration Institute, E.J. Ourso College of Business, Louisiana State University
- Oliver M. Thomas, Jr., President, New Orleans City Council

Methodology

GulfGov Reports is a longitudinal field network study of a representative sample of state and local governments damaged by the Katrina and Rita hurricanes of 2005. The 22 sites in Louisiana, Mississippi, and Alabama covered in this report are cities and counties (parishes) that experienced varied levels of destruction and economic effects following the twin disasters. The sample includes communities that experienced severe damage and concomitant population decline and others that experienced population and economic growth because of the influx of household and business evacuees. The research is based on uniformly structured field research reports by professional experts from a range of backgrounds and social science disciplines. Over the course of this research program, the field researchers will collect and analyze data and reports and interview public officials, leaders of nonprofit organizations and community organizations, and businesses. Field researchers do their own analysis of conditions and issues in the communities studied; their reports are guided by a standard format of open- and closed-ended research questions. Reports submitted by field researchers to the central study staff are reviewed and compiled into summary reports.

RESEARCH STAFF

The **Public Affairs Research Council of Louisiana** (PAR) is an independent voice, offering solutions to critical public issues in Louisiana through accurate, objective research and focusing public attention on those solutions. As a private, nonprofit research organization, PAR is supported through the tax-deductible membership contributions of thousands of Louisiana citizens who want better, more efficient, and more responsive government. Although PAR does not lobby, PAR's research gets results. Many governmental reforms can be traced to PAR recommendations. In addition to serving as a catalyst for governmental reform, PAR has an extensive program of citizen education, believing that the soundest way to achieve political progress is through deep-rooted public understanding and support rather than political pressure.

The **Nelson A. Rockefeller Institute of Government** is the public policy research arm of the State University of New York. The Institute conducts studies and special projects to assist government and enhance the capacity of states and localities to meet critical challenges. Through its research, publications, and conferences, the Institute works with the best policy experts in the country and with top officials at all levels of government to forge creative solutions to public problems. The work of the Institute focuses on the role of state governments in the American federal system. Many of the Institute's projects are comparative and multistate in nature.

CO-PRINCIPAL INVESTIGATORS

James C. Brandt

President, Public Affairs Research Council of Louisiana

Jim Brandt was appointed president of PAR in May 1999. He has more than 30 years of experience in government administration, public policy research, and nonprofit management. He is the author of more than 75 studies or reports in the areas of governmental finance, state and local tax issues, public administration, and governmental structure and organization. In addition, he has received numerous national, state, and local awards for his work. Prior to joining PAR, Mr. Brandt served for 12 years as president and CEO of the Bureau of Governmental Research in New Orleans. His previous professional experience also includes his affiliation with the Institute for Governmental Studies at Loyola University in New Orleans, where he was the assistant director and senior associate. Mr. Brandt is an honors graduate of the University of Colorado where he earned a bachelor of arts degree in history and political science and was elected Phi Beta Kappa. He received his master's degree in community organization and planning from Tulane University.

Richard P. Nathan

Co-Director, Rockefeller Institute of Government

Richard Nathan is co-director of the Rockefeller Institute and the Distinguished Professor of Political Science and Public Policy at the State University of New York at Albany. Dr. Nathan has written and edited books on the implementation of domestic public programs in the United States and on American federalism. Prior to coming to Albany, he was a professor at Princeton University. He served in the federal government as assistant director of the U.S. Office of Management and Budget, deputy undersecretary for welfare reform of the U.S. Department of Health Education and Welfare, and director of domestic policy for the National Advisory Commission on Civil Disorders (The Kerner Commission).

FIELD RESEARCH ASSOCIATES

Louisiana**Daryl V. Burckel** — Lake Charles & Cameron Parish

Professor, Department of Accounting, Finance and Economics, McNeese State University

Daryl Burckel is a professor of accounting, past department head of the Accounting, Finance and Economics Department, and the First National Bank Endowed Professor of Business Research in the McNeese State University College of Business. He earned his doctorate at Mississippi State University and specializes in the areas of financial analysis, business valuation of closely held business interests, and taxation. In addition, he is a Certified Public Accountant and a Certified Valuation Analyst. He has held faculty positions at the University of New Orleans and Mississippi State University, as well as McNeese State University. He has published more than 50 refereed articles in journals such as the *Journal of Accountancy*, *Applied Economics*, *North American Journal of Economics and Finance*, *Tax Notes*, *Taxes: The Tax Magazine*, *Journal of Taxation*, *The CPA Journal*, and *Akron Business and Economic Review*. He has received the Powell Group Business Faculty Excellence Award for more than five consecutive years and has been the recipient of numerous other university and professional organization awards. He has performed consulting work for local and state governmental agencies, small businesses, and publicly traded companies and serves as a member of numerous boards and professional organizations.

Rachel L. Emanuel — St. Bernard Parish & St. Tammany Parish

Director of Publications and Electronic Media, Southern University Law Center

Rachel Emanuel has been director of publications and electronic media for the Southern University Law Center since 1998. Prior to that, she held the same position for Southern University. In addition, she served as an adjunct professor at the Manship School of Mass Communication at Louisiana State University from 1999 to 2003. She also worked as a senior editor for the LSU Office of Public Relations and as a departmental information representative for the Louisiana Department of Urban and Community Affairs. She earned her bachelor's and master's degrees in journalism from Louisiana State University and a Ph.D. in journalism from the University of Texas at Austin. Her research projects include a forthcoming biography of Alexander Pierre Tureaud Sr., a documentary about the civil rights sit-ins in Baton Rouge, and a documentary about A.P. Tureaud's life.

Michael M. Kurth — Lake Charles & Cameron Parish

Head, Department of Accounting, Finance and Economics, McNeese State University

Michael Kurth grew up in Saginaw, Mich., and served in the U.S. Army as a Russian linguist and intelligence analyst. He received his bachelor's degree in international economics from the Monterey Institute for International Studies and his master's degree and Ph.D. in economics from Virginia Tech, where he studied under Nobel laureate James Buchanan. He taught at Emory and Henry College in Virginia and California State University-East Bay before coming to McNeese State University in

1984. He has published numerous articles in academic journals and in 1988 received the Duncan Black Award for the best article in *Public Choice* that year. He also has written many studies on the gaming industry, the petrochemical industry and other issues affecting Southwest Louisiana and for 15 years wrote a biweekly column in *Lagniappe* commenting on economic and political issues. He is presently head of the Department of Accounting, Finance and Economics at McNeese and the BankOne Professor of Economics.

Emily Metzgar — New Orleans

Independent Contractor/Doctoral Student/Adjunct Instructor, Manship School of Mass Communication, Louisiana State University

Emily Metzgar is a doctoral student in media and public media affairs at Louisiana State University's Manship School of Mass Communication in Baton Rouge. Her research focuses on the impact of alternative online news and commentary on state politics around the country. She has a bachelor's degree from the University of Michigan and a master's degree from The George Washington University. She is a former U.S. diplomat with additional professional experience at the National Defense University and the U. S. Institute of Peace. Metzgar has extensive research, writing, and editing experience, and her work has appeared in *The Christian Science Monitor*, *the International Herald Tribune*, and the *Los Angeles Times*. She maintains a Web site at www.emilymetzgar.com.

Jennifer Pike — State of Louisiana

Research Director, Public Affairs Research Council of Louisiana

Jennifer Pike joined the PAR staff in 2005. Her research focuses on state finance issues. Ms. Pike previously served PAR as a research intern in 2002-03. She worked primarily on the "White Paper on Higher Education," which won the Governmental Research Association award of Most Distinguished Research in 2003. Ms. Pike is an alumnus of Louisiana State University, where she earned bachelor of arts degrees in mass communication and Spanish literature in 1996 and a master of arts in political science in 2004. Her primary graduate research focus was on public opinion analysis and political preference formation. As an undergraduate student, Ms. Pike was editor of *The Daily Reveille*, the student-run LSU newspaper. She studied Arabic in the U.S. Army and previously worked in various editorial capacities for newspapers and nonprofit organizations. She also served as an AmeriCorps member for Volunteer Baton Rouge.

Karen Rowley — East Baton Rouge Parish

Special Projects Manager, Public Affairs Research Council of Louisiana

Karen Rowley joined the PAR staff in 2006 as special projects manager. Her professional experience is in journalism, including jobs with daily newspapers in Florida and North Carolina and serving as managing editor for *The Greater Baton Rouge Business Report* in Baton Rouge, Louisiana, for eight years. She earned her bachelor of arts degree in journalism from the University of North Carolina at Chapel Hill and her master's degree in mass communication from Louisiana State University. More recently, she earned a Ph.D. in mass communication from Louisiana State University. Her research focuses on media and public affairs — specifically on statewide public affairs television and its role in the institution of state government — and she has been the lead author on articles published in such academic journals as *Journalism & Mass Communication Quarterly*, *American Journalism* and *The Howard Journal of Communications*.

Carlos A. Thomas — Jefferson Parish & Kenner

Research Manager, Louisiana Family Recovery Corps

Carlos Thomas has earned a bachelor of science degree in human and organizational development from Vanderbilt University, a master of arts degree in sociology from the University of Memphis, a master of science degree in information systems and decision sciences from Louisiana State University, a Ph.D. in public administration from

Tennessee State University, and a Ph.D. in business administration from Louisiana State University. His research interests include e-government, IT strategic management, global IT outsourcing, public policy and technology, and technology and health care, and he has taught classes in those areas as well as on the digital divide, economic development, African-American studies, IT auditing, and systems development. Earlier this year, he joined the Louisiana Family Recovery Corps, a nonprofit agency whose goal is to help displaced residents find the resources they need to return home.

Mississippi

Harvey Johnson, Jr. — Hattiesburg & Laurel

Visiting Professor, College of Business, Center for Urban Planning and Policy Assessment, Jackson State University

Harvey Johnson is the former mayor of Jackson, Mississippi, and the first African-American mayor of the city. He served two terms from 1997 to 2005 and then returned to teaching when he joined the faculty of Jackson State University in July 2005. A native of Vicksburg, Mississippi, Mr. Johnson earned a bachelor's degree in political science from Tennessee State University and a master's degree in political science from the University of Cincinnati. He has also done additional study toward a doctoral degree in public administration at the University of Southern California's Public Affairs Center in Washington, D.C. Before winning the mayor's seat, Mr. Johnson was the founder and executive director of the Mississippi Institute for Small Towns, a nonprofit agency designed to help small economically depressed towns with minority leadership with housing, community development, and infrastructure needs. He has some 25 years of experience in planning and community development and was an assistant professor previously at Jackson State University, where he taught graduate-level courses in public administration and directed the Center for Technology Transfer.

LaNell Kellum — Mississippi Gulf Coast

Senior Research Associate, Stennis Institute of Government, Mississippi State University

LaNell Kellum is a Senior Research Associate at the John C. Stennis Institute of Government, Mississippi State University. She is currently pursuing a Ph.D. in community college leadership at MSU, where she also received her master's and bachelor's degrees in education. Ms. Kellum has more than 20 years of experience in project and grant development, administration, teaching, and business management in Mississippi and Oklahoma. While serving as a research specialist for the Mississippi State University Research and Curriculum Unit, she developed state curriculum frameworks, designed and conducted professional development for teachers and administrators, and chaired state work teams to acquire \$22 million in federal education and workforce development funds for the Mississippi Department of Education. As grant specialist for the Columbus (Mississippi) School District, she acquired and managed \$4.5 million in reading and technology state grants; directed the McKellar Technology Center, the Mississippi Tech Prep Exemplary Site Award for 2004; and was principal of Columbus High School, directing the educational programming for 1,400 students.

L. Frances P. Liddell — Jackson

Interim Chair, Department of Public Policy and Administration, Center for Urban Planning and Policy Assessment, Jackson State University

In addition to being interim chair of the Department of Public Policy and Administration, Frances Liddell is associate professor and acting coordinator for the MPPA Program at Jackson State University. She earned her bachelor of science degree from Grambling State University, her master of science degree at the former Northeast Louisiana University — now the University of Louisiana at Monroe — and her Ed.Sp. and Ed.D. at Mississippi State University. Her research interests include policy, workplace issues, and welfare reform, and her teaching areas include management of information systems, professional development, and research.

Donna Mabus — State of Mississippi

Owner, Plato Associates, Jackson, Mississippi

Donna Mabus opened her lobbying and consulting firm in 1992, after working as a research assistant for the Stennis Institute of Government at Mississippi State University and then as the program director for the Stennis Center for Public Service. She earned her bachelor's degree in educational psychology and her master's degree in public policy administration from Mississippi State University, and is working on a doctorate in public policy administration from MSU. From 1994 to 1996, Ms. Mabus was an Environmental Protection Agency fellow.

Alabama

Ty Keller — Bayou La Batre, Gulf Shores & Mobile

Senior Research Associate Emeritus, Public Affairs Research Council of Louisiana

With nearly 40 years' experience in public policy research, Ty Keller holds the position of senior research associate at PAR. Since joining PAR in 1971, he has written or directed research on dozens of publications dealing with a wide variety of Louisiana state and local government issues. His studies on economic development, comparative taxes, and community colleges have received awards for distinguished research and special achievement from the national Governmental Research Association. Mr. Keller has done extensive research on tax and fiscal policy, property tax issues, vo-tech education, and education management. He has also conducted numerous management studies of state agencies and undertaken contract studies for local governments throughout the state. Mr. Keller graduated cum laude from Brigham Young University in 1962 and did postgraduate work at BYU and the New York University Graduate School of Public Administration. Prior to joining PAR, he was an assistant professor at California State University at Fullerton and worked for the National Municipal League.