

INFRASTRUCTURE, SAFETY,  
AND ENVIRONMENT

# ***Recovery of the Housing Market Along the Mississippi Gulf Coast***

**Kevin F. McCarthy**

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**Tulane Engineering Forum**

# *Overview*

- Structure of market pre-Katrina
- Damages to housing stock
- Status of recovery
- Key recovery issues

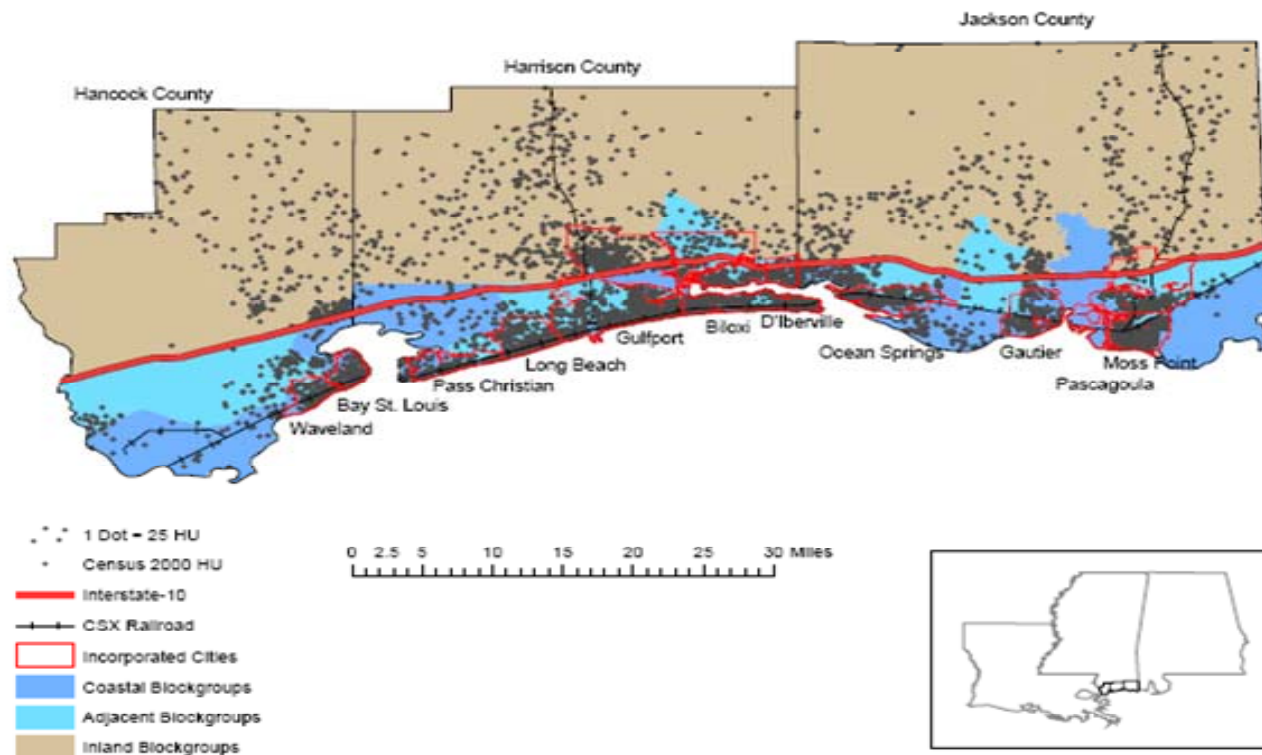
# ***Data Issues***

- Diverse data sources raise comparability issues
- Census data (population and housing)
- Damage data
  - FEMA (flooding, storm surge)
  - Army Corps (wind)
  - FEMA (degree of damage)
- Recovery
  - Building permit by jurisdiction
  - Treen Building reports

# ***Pre-Katrina Market***

- **Population**
  - More affluent, faster growth
- **Housing**
  - More renters and large rental properties
  - Higher Costs
- **Location**
  - Stock concentrated in coastal and adjacent area
  - Rental housing concentrated in 3 largest cities
- **Affordability key issue, esp. for renters**
  - 40 % spending >30% of Income
  - Total demand = 38,000 units

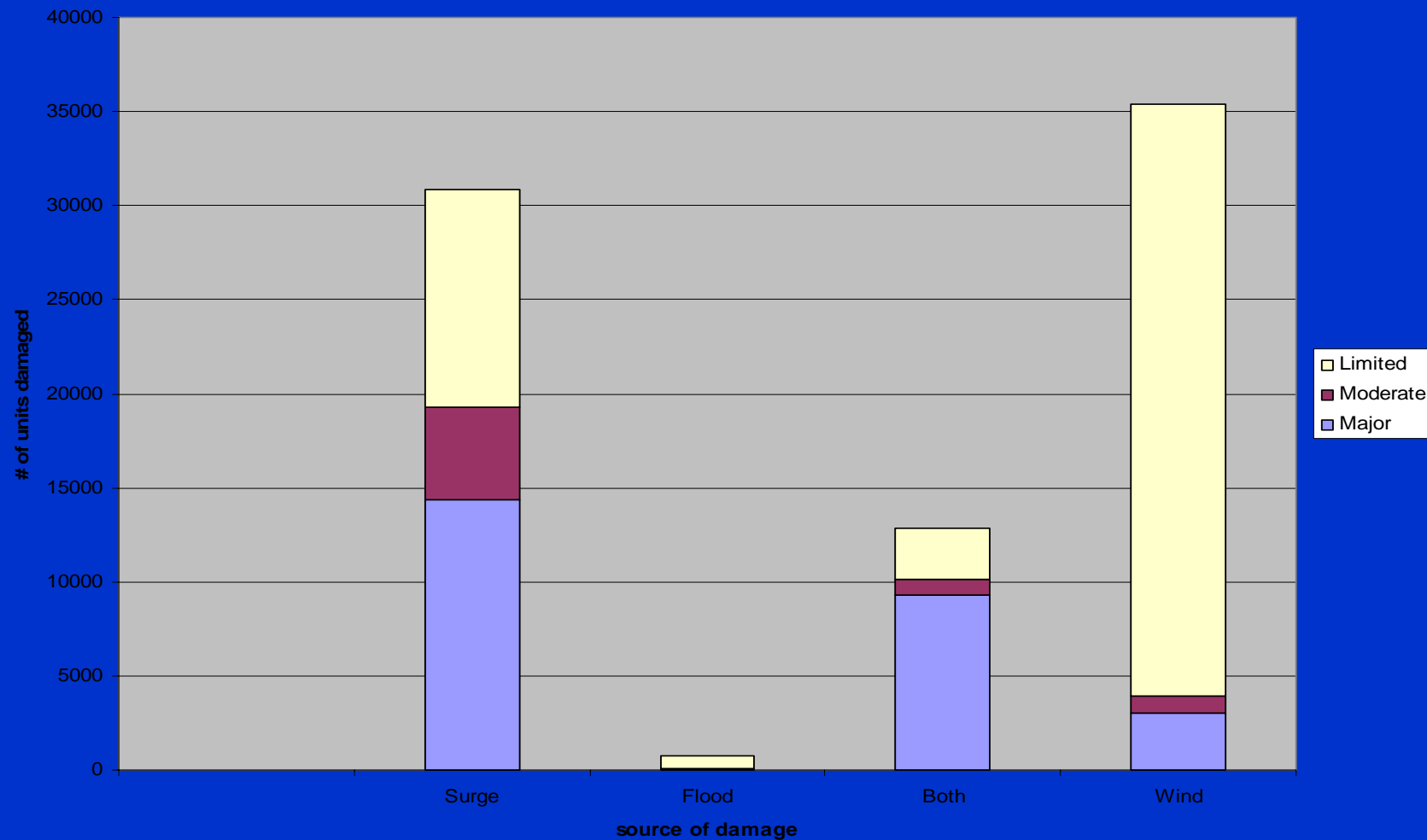
# Location of Stock by Coastal Zone



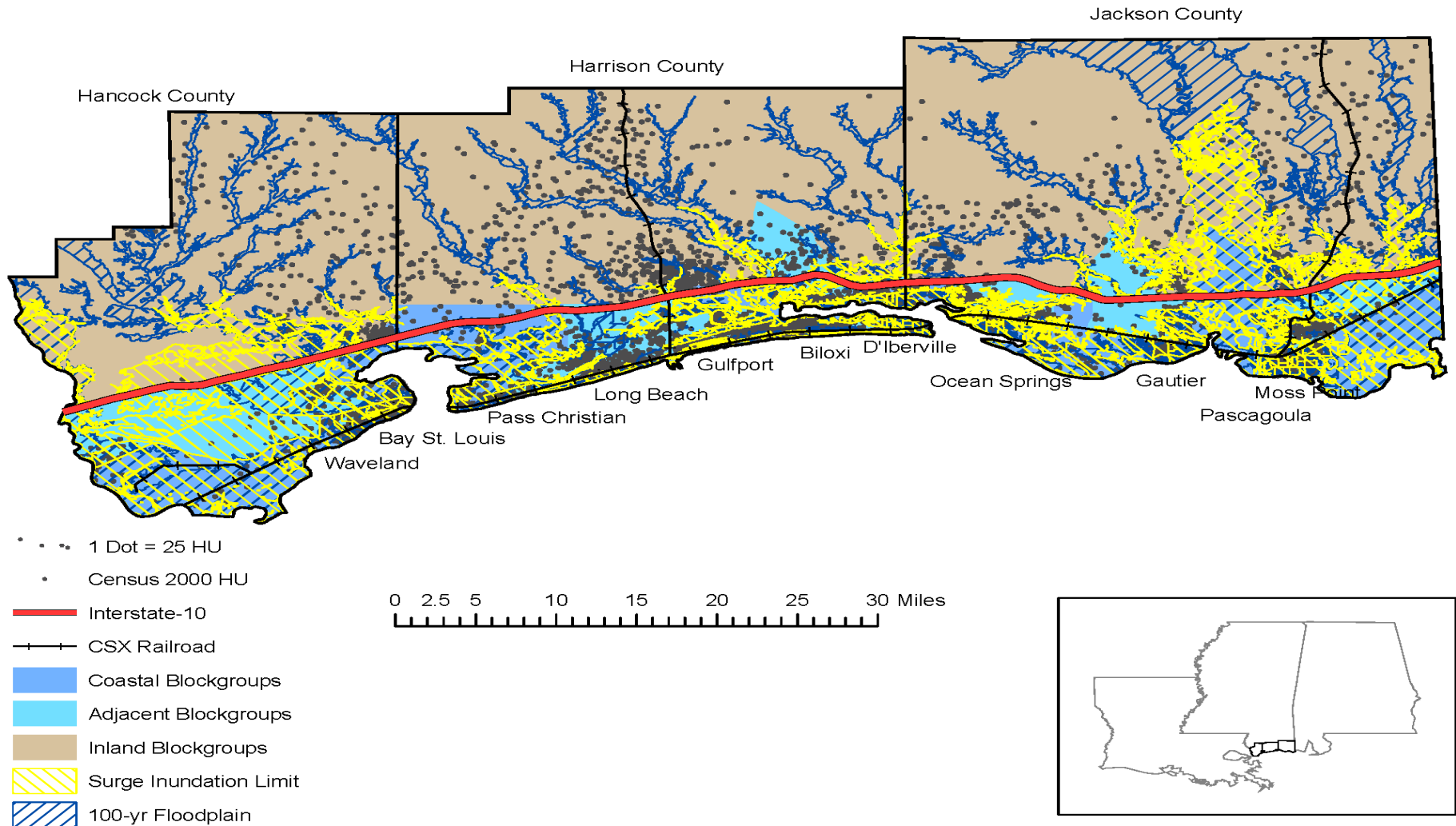
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# *Extent of Damages by Source*

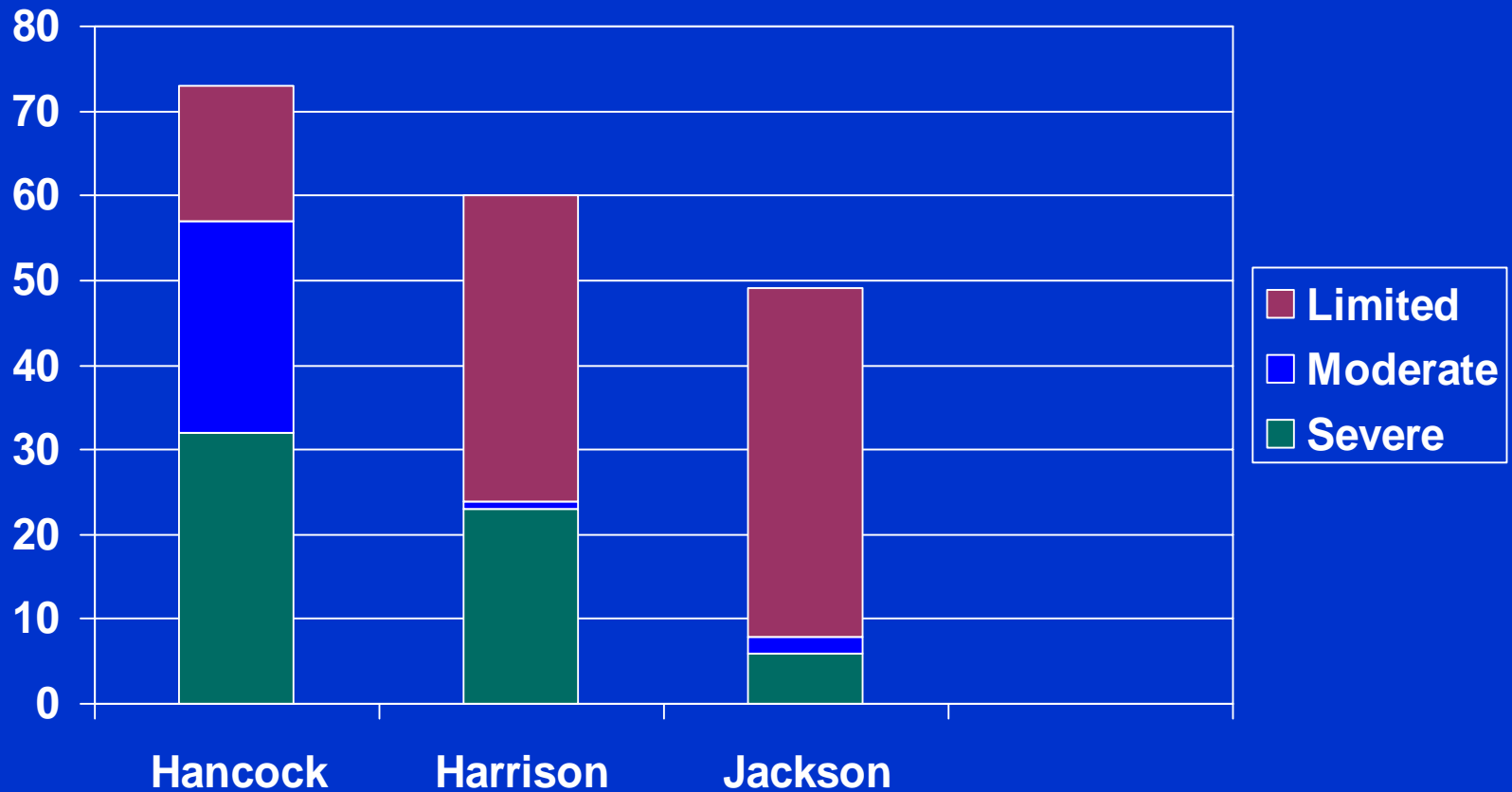


# Location of Storm Surge and Flooding

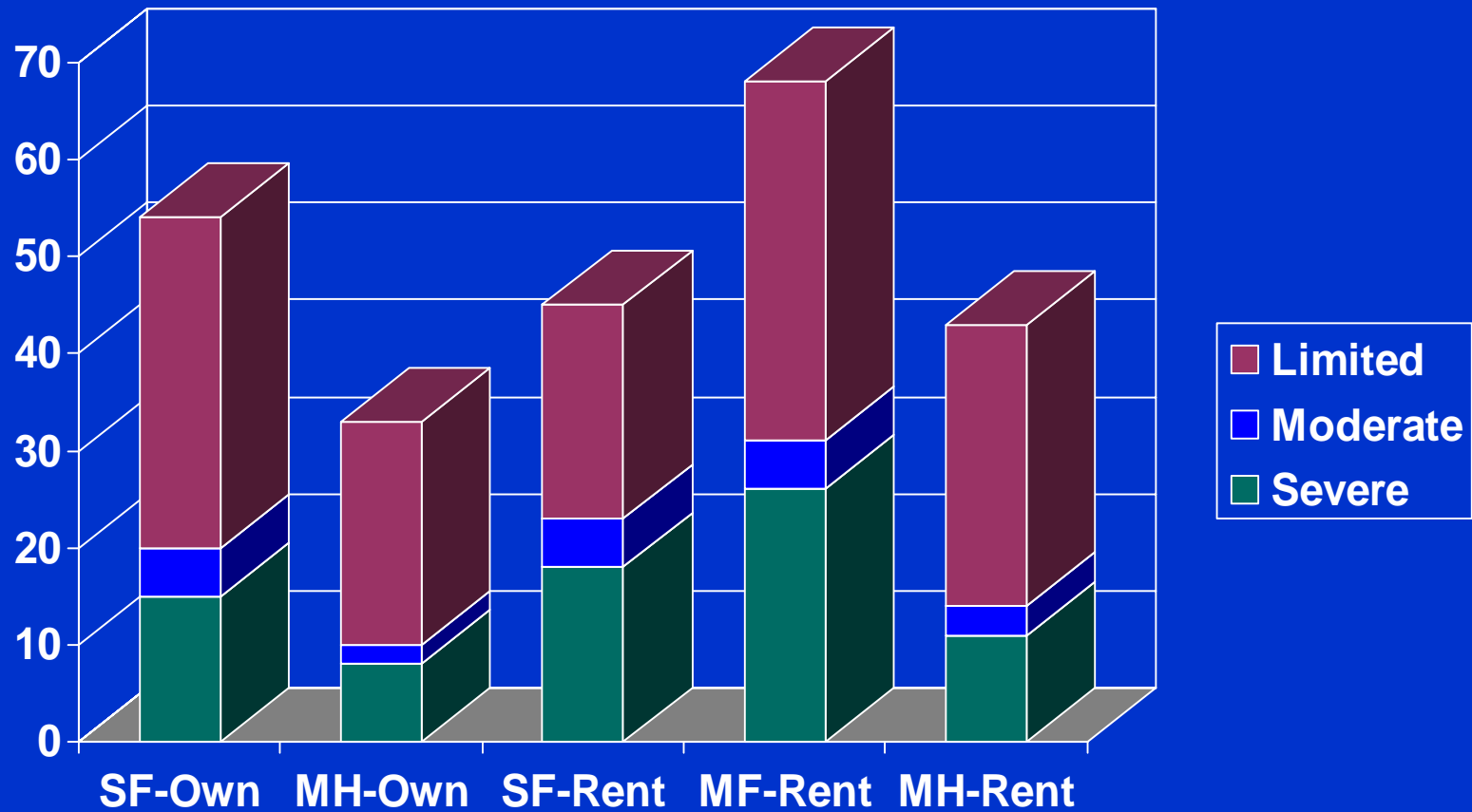




# *Damage by County*



# *Damage By Submarket*



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# ***Progress Toward Recovery***

- **Two sources of permit data**
  - **Jurisdictional data (11 jurisdictions)**
  - **Treen building reports**
- **Limitations of data**
  - **Sources differ in timing**
  - **Coverage**
  - **Identification of property type**
  - **Description of repairs**

# *Status of Repair Efforts*

- 19,350 permits issued; 76,900 damaged units (ratio=.25)
- Wide range across jurisdiction (.05 to .81)
- Higher ratios for single-family than multi-family units
- Higher ratios for moderately (.35) than severely (.15) damaged units
- Concentrated in 1<sup>st</sup> and 2<sup>nd</sup> quarters of '06, slows down thereafter
- Average value of permits by property type
  - Single family = \$128,621
  - Multi-family= \$889,000

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# ***Key Recovery Issues***

- **General Considerations**
- **Short-term Issues**
- **Longer-term Issues**

# ***General Considerations***

- **Balance short-term and long-term goals**
- **Scale of Damage**
  - **Demands on resources**
  - **Interdependence of repairs across dimensions**
  - **Gaps between perceptions of progress, expectations for recovery, reality of situation**



# *Short-term Issues (1)*

- Capacity of construction sector
  - Employment peaked in 2<sup>nd</sup> quarter '06
  - Sales taxes on building materials have dropped
  - Limitations of housing for workers
- Financing
  - Insurance
    - 25% of properties uninsured
    - Average payout = \$35,000
    - Disputes about coverage
  - Grants
    - Focused on owner-occupied properties
    - Phase I program: 11,640 claims paid, average grant = \$69,325
    - Expanded Phase II program
  - Loans
    - Caps on SBA loans favor owner-occupied and small rental properties
    - USDOA loans limited to smaller cities

## ***Short-term Issues (2)***

- Other
  - Bonding authority expanded but delays in new units coming on line
- Availability of substitute housing
  - ¼ of affordable housing severely or moderately damaged
  - Average rents have increased 21%
  - Recovery in employment needed to spur demand
  - Extended deadlines for replacement of FEMA trailers

# ***Longer-Term Issues***

- **What can be done to reduce damage from future storms**
  - **How to strengthen building codes**
  - **Zoning and planning limitations on rebuilding and future development**