

CABL's Framework for Identifying a Trustworthy Plan for Rebuilding Louisiana and New Orleans

A Status Report

Introduction

In the fall of 2005, in the aftermath of Hurricanes Katrina and Rita, CABL brought together a group of experts from a variety of disciplines to help us create a framework to assist in judging the quality of plans that would be put forward for rebuilding. Our particular focus was on New Orleans. At the time, both the governor and the mayor of New Orleans had charged different groups with guiding various aspects of the rebuilding process. Other outside groups also came to Louisiana offering to assist in planning.

Back then, it appeared likely that citizens would be looking at different, competing plans and there ought to be a tool with sound criteria for how citizens and governmental leaders could judge the quality of those plans. From that thinking, CABL, in conjunction with our team of experts, developed a series of questions that we thought public officials and citizens could use as a framework for evaluating and assessing competing ideas.

Of course, a multitude of competing plans never emerged – nor did a single master plan that really encompassed all aspects of rebuilding. Instead, various individual plans were developed for the different areas of recovery. Yet, when pulled together, they can still be seen as parts of what one might consider a “master plan.” The question now, nearly one-year since Hurricane Katrina struck Louisiana, is how these plans measure up against the criteria CABL initially developed back in November?

To assess this, we have modified our questions to some degree to adapt them to our current situation. The intent now is not so much to evaluate a plan based on our criteria, but to see where we are in our planning based on that criteria. Because of the size and complexity of the problems caused by Hurricane Katrina, our primary focus in this assessment is on the situation in New Orleans.

Questions

Does Louisiana have credible projections for the size of a rebuilt New Orleans in increments over the next five years and do we know how these projections were determined?

STATUS: Yes, to a degree.

COMMENT: The Louisiana Recovery Authority, the Department of Health & Hospitals, the Census Bureau and other independent groups have all done various population estimates. In fact, DHH, in conjunction with the Centers for Disease Control, has just begun a new door-to-door survey to get an accurate population count in the most impacted areas. Current estimates from the LRA place the population of New Orleans somewhere around 200,000 with about 340,000 Louisiana residents still displaced outside of the state by Hurricanes Katrina and Rita. The Rand Corporation has done some limited three-year projections, estimating that New Orleans will have a population of 198,019 in September 2006 and 272,000 in September 2008.

Bottom Line:

The mayor of New Orleans has used significantly higher estimates in describing the current population of New Orleans, and it is unclear what the actual source of those numbers is. It is imperative that the best numbers available with sound methodologies behind them are used throughout the planning process. Bad data leads to bad decisions, and all too often, undesirable outcomes.

Rand has also published estimates of the number of people returning to New Orleans based on the damage to their homes. It sees large numbers of those with little or no flooding returning by 2008. By their estimates, high percentages of those with heavy flooding would not return—55% of those with 2-4 feet of water and 70% of those with more than that.

Do we have a timeline for rebuilding in incremental periods?

STATUS: No

COMMENT: Back in November the Urban Land Institute suggested that New Orleans rebuild in increments starting with areas that received the least damage, followed by those with moderate damage and ending with those most severely affected. This met with significant opposition from many in New Orleans. At this point, there are no areas where redevelopment is restricted and no areas specifically targeted to begin redevelopment.

Bottom Line:

There is no sequenced timeline for rebuilding and planners look upon this as a recipe for disastrous redevelopment. It is unfortunate that after a tragedy of this magnitude, with so many areas of New Orleans virtually wiped out, that citizens will have to wait so long to begin getting the information they need to make critical rebuilding decisions.

It should be noted that a comprehensive citywide neighborhood planning process has only recently begun in New Orleans. Some neighborhoods have already engaged in planning, but many have not. It is expected that a complete citywide plan for rebuilding will be completed by the end of the year, with final approval to come in early 2007. At this point, it's difficult to know what this process will produce and how so many different neighborhood plans, perhaps with very different visions, will be integrated into one cohesive citywide plan.

It's critical, however, that it happens sooner rather than later. John McIlwain, the senior fellow for housing at the Urban Land Institute, has been highly critical of the city's lack of planning thus far. He told the *Times Picayune* that without action soon the city will squander its opportunity for a strong recovery. "You still have a

chance to pull it together, but you won't have that chance much longer. Over the next few months, the money is going to go out faster than the planning."

Do we know the land area a rebuilt New Orleans would include?

STATUS: No

COMMENT: As mentioned above, early on there were competing ideas about whether all areas of the city should be rebuilt. To date, there are no plans not to rebuild any part of the city. Presumably, all areas are open for rebuilding, though in practical terms that might not be feasible except in stages. It would seem that at some point decisions would have to be made about whether certain areas of the city can be viable in the near-term and achieve the density of population needed to support and justify the expense of rebuilding damaged infrastructure and providing critical services.

Bottom Line:

"We're going to have towns and communities that fail in this rebuilding process, and they're going to fail because people can't make those tough decisions." – Ben Brown, a planner with the noted Andres Duany planning group, in the *Times-Picayune*.

It is interesting to note that St. Bernard Parish, where virtually every home sustained some degree of flooding, has tried to address this. Recent parish ordinances are pushing homeowners to gut their blighted properties by an August 29th deadline and decide if they plan to demolish their homes or rebuild. The Parish Council has also approved the concept of restricting redevelopment in some areas and converting that property to green space. New Orleans also has an August 29 deadline for clearing blighted properties, but it is uncertain based on statements from city hall whether that deadline will be enforced.

Balancing the desires of citizens, flood protection realities, and the ability to provide adequate infrastructure and public safety within significant fiscal constraints will require tough decisions. Planning sessions in other areas indicate that people can live with and adapt to stark realities about how and where they can rebuild. But they need strong leadership and elected officials who will level with them, be honest and realistic, and explain why certain decisions were made.

Do we know with relative confidence the city will be safe from flooding?

STATUS: To some degree

COMMENT: The U. S. Army Corps of Engineers has declared that the levees damaged by Hurricanes Katrina and Rita are 100% repaired and are stronger than they were before the storms. The Corps is also working to raise undamaged parts of the levee system around New Orleans to higher elevations by September of 2007. In addition, Congress has authorized \$3.7 billion for levee improvements to strengthen levees around New Orleans which would allow FEMA to certify that the region should be protected in the event of a “100-year storm.” This work could be completed by 2010, but it does not include funds to certify the levees in lower Plaquemines Parish.

Bottom Line:

There is some sense about the level of protection the rebuilt levees will provide. Trust in the government entities responsible for building and maintaining those levees is another matter. Citizens need to look at all the available information and make decisions based on the level of risk they are willing to take.

In addition, recent data released by the Corps of Engineers indicates there is a lack of pumping capacity in the temporary pumps at the new floodgates in New Orleans. A tropical storm or hurricane with heavy rains could cause widespread flooding in low-lying areas even without breaches in the levees or overtopping.

It should be noted that state and local officials have said the ultimate goal is to protect the region from a Category 5 hurricane. Congress has mandated an analysis of what it would take to accomplish this, but under any scenario it would take many years to reach this level of protection. An interim

report on this from the Corps of Engineers was heavily criticized by elected officials because it contained no specific flood control projects to submit to Congress for initial authorization. Some scientists say that while the new levee improvements are welcome, the city will still be vulnerable to significant flooding if a strong storm strikes just west of the city.

Do we have a clear plan for wetland restoration?

STATUS: To some degree

COMMENT: The state has had a plan for coastal restoration for some time, *Coast 2050*. The problem is that there is still no plan in place for funding it. The state estimates that plan will cost \$14 billion over a multi-year period. Louisiana’s congressional delegation is currently working to secure a share of new mineral royalties for oil and gas production in deeper waters off the Gulf Coast, though the amounts we might possibly receive from that effort don’t appear to be enough to fund the program. The governor is taking a different approach. She has gone to court seeking to halt new oil and gas leases in the Gulf of Mexico unless the federal government commits revenue from offshore production to coastal restoration. A constitutional amendment on the ballot this fall would require that any revenues the state receives from Outer Continental Shelf drilling be used solely for coastal restoration or hurricane protection projects.

Bottom Line:

Louisiana has a plan for coastal restoration. We don’t have the funding to pay for it.

In July, the Senate passed the Water Resources Development Act, which authorizes \$1.1 billion in coastal restoration projects for Louisiana, though these projects are not specifically funded. If approved by Congress,

they would join a long list of back logged projects awaiting funding.

Finally, in the 2005 Special Session the Legislature created the Coastal Protection and Restoration Authority. The goal is to integrate planning for the complementary but sometimes competing interests of hurricane protection and flood protection into one entity responsible for looking at the complete picture. This is a positive move as it makes clear that coastal restoration is a critical component of hurricane protection.

Do we know that the rebuilding effort will be coordinated with flood protection milestones?

STATUS: No

COMMENT: Since there is basically no rebuilding plan at this time, and rebuilding is already underway in parts of some neighborhoods, this could become a critical issue for many homeowners. Basically, the Corps of Engineers is working to strengthen levees so that they will be able to withstand a “100-year storm” by 2010. But they also note that Katrina was larger than a 100-year storm and the area remains potentially vulnerable to even more powerful storms.

Bottom Line:

Flood protection milestones and rebuilding are not really linked in any tangible way. In the absence of a citywide plan, people are already making decisions about where and how to rebuild. As for safety, the Corps of Engineers has said concerns about the levees are “a risk each individual must decide whether or not to live with.”
(Washington Post)

City officials have said they will continue to allow people to rebuild in all sections of the city, though they are advising them that they might be at risk if they do so in low-lying areas. One restriction on wholesale rebuilding will trigger later this month when the *Road Home* program officially gets underway. The Louisiana Recovery Authority will require homeowners applying for a grant through the program to elevate their home in accordance with the newest, safest base-flood elevation advisories issued by FEMA – if their homes sustained damage of 50% or greater. Mayor Ray Nagin has announced he will ask

the city council to adopt the FEMA flood advisories, except in the French Quarter and other historic districts. This is a positive move.

For New Orleans, that means many residents would generally have to elevate their homes three feet above the ground. This wouldn’t necessarily protect homeowners in the event of another levee breach, but would provide additional protection in the event of overtopping or extremely heavy tropical rains.

Do we have a credible assessment of the housing stock and infrastructure in New Orleans?

STATUS: Yes

COMMENT: FEMA has completed more than one million housing inspections in Louisiana to record structural damage to homes. They conclude that 204,700 housing units were destroyed or received major damage and approximately 123,000 were owner occupied.

Today there is clearly significant activity underway in the region with regard to damaged properties. The Brookings Institution reports that demolitions of severely damaged homes are on the rise in Orleans, Jefferson and Plaquemines Parishes. The number of permits for renovations is also increasing – they now total more than 38,000 since Katrina – and the number of houses on the market for sale is also rising rapidly.

Bottom Line:

Officials seem to have a handle on the damage to housing and infrastructure. The real issue is what kind of rebuilding will occur in severely damaged neighborhoods and will there be the infrastructure and services available to support it?

As far as infrastructure, there are numerous surveys of damage to public facilities, schools, roads, utilities,

etc. The dollar amounts for reconstruction are huge. The LRA has set aside nearly \$1.2 billion in Community Development Block Grant funds to leverage some \$10 billion for state and local government infrastructure needs.

Has a plan been developed to explain rebuilding options to the public and get their comments?

STATUS: Yes

COMMENT: The Louisiana Recovery Authority developed the *Road Home* housing program and did seek public comment. As a result, some changes were made before the program was finally approved. It has also developed a program to assist homeowners registered for the *Road Home* in understanding how the program works, how it affects them, and what they will need to receive assistance. It is hoped that this program will also include a significant counseling component to help protect homeowners who might be lacking in financial literacy from predatory or unscrupulous businesses. The program is currently being piloted in an effort to fine tune policies and procedures before it is opened to the general public. The full program should be in place by late August with at least 10 Housing Assistance Centers planned in affected parishes.

Bottom Line:
The state is spending more than \$80 million to hire a company to manage the *Road Home* program, inform homeowners about their options and offer financial counseling. Communicating effectively with all homeowners is a critical component of the rebuilding process – not just explaining their options, but also educating them about how to protect themselves from fraud.

Do we have a plan with a strategy to retain the cultural diversity of New Orleans and encourage people of all socio-economic backgrounds to return?

STATUS: Not specifically

COMMENT: The Urban Land Institute recommendations and the statements of various public officials and entities do acknowledge that culture and equity should be among the building blocks of recovery. An example of one project currently underway to address part of this issue is Habitat for Humanity’s “musicians’ village” being developed in the Upper 9th Ward. But, outside of individual efforts like this it is hard to point to a specific plan or strategy to achieve these goals.

Bottom Line:
The plans approved thus far clearly have the intent of helping citizens from all socio-economic groups return. But those with low to moderate incomes will no doubt face many more difficult challenges. One of the biggest might be whether all who want to return and rebuild will be able to do so in a city that could be a more expensive place to live.

One could argue that the notions of retaining cultural diversity and encouraging all citizens to return are embedded in existing recovery plans. For instance, bridge loan programs and various tax incentive programs are targeted to assist local businesses, but that assistance also helps create or preserve jobs for people of all socio-economic backgrounds. Likewise, the *Road Home* housing program seeks to assist homeowners of all economic groups, and specifically allocates more than \$1.5 billion for the development of affordable rental housing. Additionally, the mayor recently announced a new program to

rehabilitate about 2,000 homes that had been seized by the city for failure to pay taxes, and use them for low and moderate-income housing.

Still, there are concerns about whether many families who want to return will be able to do so. Low to moderate-income housing is extremely scarce and it appears it may be some time before the market is able to adequately respond to that shortage. The affordable housing programs that have been created do target a significant amount of money toward this type of housing. But these programs are somewhat complex and some seriously question whether they will produce an adequate supply of affordable housing, particularly for those at the lower income levels.

Finally, at least four other issues could present significant obstacles for people with low to moderate incomes to return: 1) higher construction costs for rebuilding, 2) the possibility of high energy costs, 3) the availability and cost of insurance, and 4) the availability of adequate public transportation, particularly in areas that were heavily impacted by the storm.

Do we have a statewide building code that is appropriate for New Orleans and the rest of the state?

STATUS: Yes

COMMENT: A statewide building code passed during the 2005 Special Session and was signed into law by the governor.

Bottom Line:
Louisiana has a statewide building code which will ensure that rebuilt homes will be constructed to a standard that's more structurally secure and insurable.

Do we know that damaged structures in New Orleans will be insurable?

STATUS: No

COMMENT: Insurance is a serious issue, and it is unclear how it will be resolved. State officials say it is currently very difficult, though not impossible, to get insurance in much of coastal south Louisiana. Generally speaking, major insurers are not writing new policies in areas of the state deemed vulnerable to hurricanes. Some are providing certain coverages such as fire and liability, but not wind and hail. This has forced some homeowners to seek more costly coverage from the Louisiana Citizens Property Insurance Corporation, the state-sponsored insurer of last resort. Premiums with Citizens, however, can easily run twice the cost of regular insurance.

Bottom Line:
The availability and affordability of insurance are serious obstacles to rebuilding in south Louisiana. At this point, there are no easy ways to alter this market-driven circumstance. At the very least, the Legislature should resist passing new laws that might deter insurance companies from doing business in Louisiana.

There are serious concerns that these higher insurance prices could discourage some people from rebuilding, or reduce the amount they would be eligible to borrow to repair or replace their home. Some companies that do not have high exposure in vulnerable areas have continued to write insurance in south Louisiana, but they usually cease once they reach their risk capacities. The problem is much the same for commercial insurance and that has slowed redevelopment in some areas of the market.

Do we have a sound strategy for temporary housing and a strategy for removing and converting temporary housing?

STATUS: Not really

COMMENT: Currently, there is still a limited amount of temporary housing available and it is hard to discern any type of comprehensive strategy when it comes to this issue. At the end of June, just over 70,000 FEMA trailers were occupied, though the LRA estimates tens of thousands more are needed in and around New Orleans. One obstacle has been that a number of communities objected to FEMA trailer villages. Yet in other cases, trailers sit unused, either because they aren't in convenient locations or a bureaucratic lack of communication. Getting rid of temporary housing is another

Bottom Line:
A comprehensive strategy for dealing with temporary housing does not seem to exist. For the communities that have taken on significant amounts of temporary housing, strategies should be developed now to ensure that housing of this type is indeed temporary.

issue. Though FEMA provides free temporary housing in trailers for 18 months, the deadline can be extended.

The real issue is how soon suitable permanent housing can become available and that could be a major problem for south Louisiana. In Escambia County, Florida 42% of the families placed in trailers following Hurricane Ivan were still in them as the 18-month deadline approached in February. FEMA extended the deadline into September because adequate permanent housing still wasn't available.

Do we know what the plans are for improving New Orleans and the state's infrastructure?

STATUS: In some cases

COMMENT: One of the hopes following the storms was that, not only would Louisiana repair damaged infrastructure, but we would look to make forward-thinking improvements. First, the infrastructure repair in New Orleans alone is daunting. When you combine pre- and post-Katrina road problems in New Orleans, city officials say the estimated cost of repair is \$1.7 billion. Utility infrastructure is another issue. Damage to electricity generating and delivery equipment could cost more than \$700 million dollars. There have also been frequent problems with water pressure as millions of gallons of water leak from damaged pipes, as well as disruptions of natural gas service.

Bottom Line:

Louisiana must repair what was damaged, but we must not miss the opportunity to make real improvements to our deteriorating infrastructure in strategic ways that will make the state more competitive in the future.

Public transportation is another issue. Currently just over half of the city's public transportation routes are shut down, and the Regional Transit Authority is facing serious financial problems and looking at more service reductions. While various plans envision a greater degree of public transportation connectivity in the future, there are serious concerns about the public transportation infrastructure in the short-term recovery phase.

All of these are critical issues, but as the state tries to address these problems, we shouldn't miss the opportunity to think about infrastructure improvements that would position us for the future and make Louisiana more competitive. Some things are already happening like the reconstruction of the I-10 Twin Span Bridge between New Orleans and Slidell. Plans are to elevate it to make it safer in the event of major storms and widen it to handle additional traffic. But a number of other ideas have been put forward involving infrastructure improvement such as state-of-the-art intermodal transportation, greater capacity for hurricane evacuation and enhanced technology infrastructure. Through this all, keep in mind, Louisiana faces a \$12 billion road construction and repair backlog.

At this point there is no clear plan or adopted vision for these types of improvements, but hopefully, that will change. The *Louisiana Speaks* planning process currently underway is yielding some discussion of these kinds of ideas.

Do we have a strong education component to ensure that existing schools in New Orleans won't simply be recreated?

STATUS: Yes

COMMENT: During the 2005 Special Session the Legislature approved a plan to allow the state to take over all of New Orleans' underperforming schools and place them in the relatively new Recovery School District. The Orleans Parish School Board will continue to operate some schools, but the vast majority will be charter schools within the RSD. Officials expect 57 public schools with a capacity of about 34,000 students to reopen in the fall. That's about half the number of students pre-Katrina. Many of these new RSD schools will be using new and innovative techniques to help children that the old school system failed.

Bottom Line:

The Recovery School District holds tremendous potential to improve education in New Orleans and give parents the choices they never had about where to send their children to school.

Have we done anything to improve the fragmented governmental structure responsible for flood protection?

STATUS: Yes

COMMENT: During the 2006 Special Session, the Legislature passed a constitutional amendment to consolidate multiple levee boards in southeast Louisiana to just two – one for the East Bank and another for the West Bank of the Mississippi River. The measure also includes significantly higher professional and ethical standards for serving on these levee boards.

Bottom Line:
A constitutional amendment must still be approved by voters. CABL preferred a single levee board for the region, but if passed, this will represent a significant improvement over the current system.

Have we done anything to streamline other governmental structures in order to provide more efficient and cost effective delivery of services?

STATUS: Yes

COMMENT: Two major things occurred during the 2006 Regular Session of the Legislature. Lawmakers approved a constitutional amendment to consolidate the seven tax assessors in Orleans Parish into one. That amendment must be approved by voters in the fall. They also approved a statutory change to consolidate the two sheriffs, two district court systems, and multiple clerks of court.

Bottom Line:
The governor and the Legislature did the right thing in supporting these reforms. But if the assessor amendment does not pass in Orleans Parish, voters in other parts of Louisiana will likely lose confidence in New Orleans, question its commitment to reform and possibly be less sportive of the city as future issues arise.

These changes won't take place immediately, and passage of the constitutional amendment to reduce the number of assessors in the parish could be a challenge. But if they do go into effect, these consolidations, along with the levee board consolidation, represent major, positive governmental reorganization for New Orleans.

Have we done anything to de-institutionalize public health care delivery in the region and disperse preventive and primary health care throughout the community?

STATUS: Not yet

COMMENT: The answer to this one will become much clearer in October when the state is expected to finalize its proposal to the federal government for redesigning health care delivery in New Orleans. Recent studies by PricewaterhouseCoopers and PAR have validated the approach of reducing Louisiana's overemphasis on institutional care and partnering more with the private sector. Historically, sentiment in the Legislature has supported the status quo and garnering legislative support for a new approach will no doubt be a major challenge. But with U.S. Health & Human Services Secretary Michael Leavitt taking a keen interest in this issue, significant reform might actually be within reach this time if the political leaders are willing to act boldly.

Bottom Line:
The issue of health care reform is a huge test for Louisiana, in terms of determining if we have the political will to achieve long overdue health care reform.

Do we have a plan that takes into account the needs of the state as a whole, recognizing that every region must contribute to the rebuilding effort?

STATUS: No

COMMENT: To date there is really no “state plan.” A major planning process is underway in south Louisiana parishes impacted by the storms. Much of this is being paid for with federal dollars to aid the areas most affected by the storms. This is understandable. But Louisiana is one state. It is imperative that as we rebuild, our leaders are operating from a strategic plan that looks at the state’s needs as a whole, as well as the regions. As a state that still has huge rebuilding expenses that will continue to absorb many of our resources, we need to fund the initiatives that will fuel our overall recovery and growth.

Bottom Line:

The entire state has been impacted by these storms. All taxpayers are contributing to the recovery of the most devastated areas. We should have a state economic renewal plan, not just regional ones.

Do we have a plan that creates incentives to attract foreign and new businesses to Louisiana and New Orleans, and ultimately gives them a compelling reason to invest?

STATUS: To some degree

COMMENT: The federal Gulf Opportunity Zone program is probably the strongest incentive from a financial standpoint to encourage new investment in Louisiana, though other Gulf Coast states participate in this program, too. And the state is working to market itself more aggressively to encourage economic development. But what Louisiana must truly focus on is part two of this equation – giving outside businesses a compelling reason to invest in our state.

Bottom Line:

This is a top-of-mind question that should be a part of everything we do, and not limited to recovery. It’s a question state leaders should ask and answer every day: Does this action, whatever it is, give businesses inside and outside the state a compelling reason to invest in Louisiana?

Conclusion

In reviewing CABL’s framework, it’s clear that at least from a planning standpoint a number of issues have or are in the process of being addressed.

- * There are groups connected with the state and working independently to make rational population estimates and projections to facilitate the planning process.
- * There is some sense about the level of protection provided by the levees. Strong, Category 5 protection may be years away if it ever happens, but clearly improvements are being made and homeowners have some information to help them make decisions about the level of risk they are willing to take.
- * The congressional delegation and the governor are working to secure a stable permanent source of funding to help pay for coastal restoration efforts – though that issue is still far from resolved and the revenues available might not be adequate.
- * The *Road Home* program will provide billions of dollars to help residents from all socio-economic groups rebuild, plus another \$1.5 billion and other incentives to encourage development of rental properties and affordable housing.
- * Planning efforts are underway throughout south Louisiana.
- * Education in New Orleans clearly faces many difficult challenges, but the state takeover of underperforming schools through the Recovery School District offers real promise of improving educational opportunities for children in the city.
- * New Orleans has made tremendous steps toward governmental reorganization through the consolidation

of levee boards, assessors, sheriffs and courts – though the assessors and the levee boards consolidation must still be approved by voters.

- * And, while health care remains in crisis in New Orleans, there are efforts to relieve some of the most immediate problems and planning is underway for long-term reform, though it's not clear what that will look like. Either way, Louisiana is positioned with its best – and perhaps last – opportunity to achieve positive, systemic change in the health care system.

Causes for Concern: While all of these are positive developments, it must also be stated that few of them have had a tangible impact on the landscape of New Orleans yet. Many businesses are barely hanging on, homeowners in the most heavily damaged neighborhoods still face an uncertain future, rent has skyrocketed and affordable housing is at a premium. In so many cases, the issues New Orleans faces are difficult and complex, with no textbook to turn to for answers. Yet in other cases, government and bureaucracy simply haven't moved fast enough. Whatever the reason, major issues remain.

- * The planning process in New Orleans is far behind where it should be. Whether because of politics, elections, lack of consensus – it doesn't matter – real neighborhood planning has only recently gotten underway and a final citywide plan isn't expected to be ratified until early 2007. In many cases homeowners will be receiving checks from the *Road Home* program well before planning has been completed and they have any idea of what their neighborhood might look like.
- * It appears no one will know what the "footprint" of New Orleans will look like. Or stated another way, it looks like the footprint will be the same as it was prior to the storm – at least to start with. The question is whether this type of redevelopment is sustainable. The fear is that it won't be and that it will lead to vacant homes, blighted neighborhoods and inadequate infrastructure to meet the needs of returning residents. Perhaps the current planning process will ultimately deal with this issue in a way that makes good sense for New Orleans. But citizens need answers soon or they will start moving forward without a plan. That's not a recipe for "smart growth."
- * Those hoping to rebuild face other obstacles. Entergy New Orleans has taken huge financial losses which could lead to significant increases in energy costs for residents and businesses. Will the state or federal government step in to assist the company and, if so, how much will it cost taxpayers? No one knows right now.
- * Insurance in New Orleans and other parts of south Louisiana has become difficult to come by and can be extremely expensive. People need insurance to rebuild with confidence, but if the only kind available costs twice as much, returning home becomes less affordable. This lack of insurance is also helping push more homeowners into the state-sponsored Citizens Property Insurance Corporation, essentially putting the state at risk for greater numbers of policy holders in the most vulnerable areas. Commercial insurance costs and availability are another major issue, and one that has slowed the private sector's redevelopment plans.
- * The shortage of affordable housing remains a serious problem one year after the storm. The Brookings Institution says this shortage has sent rents in the New Orleans area soaring by 39% to an average of \$940 a month. Many owners of large rental properties have delayed their redevelopment plans because of staggering costs and uncertainty about the resolution of various issues.
- * Infrastructure continues to be another problem. Electricity is largely restored to homes that want it in New Orleans, but there have been issues with water pressure in some areas because of leaking pipelines as well as problems with water in natural gas lines.

It should be noted that there are no easy solutions to a lot of these issues. Even those that might seem simple on the surface, all too often turn out to be incredibly complex. And while everyone wants every aspect of recovery to move quickly, there is also a need for thorough planning and strong accountability. This is a process that will take many years.

Finally, as we look forward, we still need to develop a clear vision of how we want to transform all of Louisiana in the aftermath of these storms. Amid all the devastation, something positive emerged early on – a sense of possibility that a catastrophe of unprecedented magnitude might also be a catalyst for positive change. We have seen some of that change – and it's been good – but much of it has also been hard fought. After a long and painful year of expending so much energy simply trying to recover, having to fight so hard

for reform is a discouraging sign for our future.

Now, a year after Hurricane Katrina hit Louisiana we must rekindle that sense of possibility that we can do big things. We must refuse to allow the opportunity that was presented to us in such an awful way elude us. Because we have been through so much, we must jump even higher hurdles to make Louisiana competitive in areas other than rebuilding after a disaster. And we can't do it as a state divided. If we pit one region against another, we will surely fail.

Our task in the year ahead must be to give individuals and businesses compelling reasons to come here, return here and invest here. We can do that by:

- * Redesigning our health care system in a way that makes sense for all citizens.
- * Doing whatever it takes to give employers the trained workforce they need.
- * Staying focused on our long-term goals to improve education at all levels.
- * Showing that we will rebuild heavily damaged areas in smart and safer ways.
- * Having our political leaders work together despite their differences or past issues.
- * And committing to doing meaningful, substantive things to improve our image.

But ultimately, the most compelling reason we could give for investing in our state is to continually demonstrate that Louisiana is changing. We're not backwards. We're progressive. We're looking forward. We embrace reform. Our reputation for corruption is behind us. And we will build a diverse, thriving economy that will create a real return on investment for those who choose to come here, and all who want to stay.