Recovery of the Housing Market Along the Mississippi Gulf Coast

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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

Source of damage:
- Surge
- Flood
- Both
- Wind

# of units damaged:
- Limited
- Moderate
- Major
Location of Storm Surge and Flooding

- 1 Dot = 25 HU
- Census 2000 HU
- Interstate-10
- CSX Railroad
- Coastal Blockgroups
- Adjacent Blockgroups
- Inland Blockgroups
- Surge Inundation Limit
- 100-yr Floodplain

Map showing locations and areas affected by storm surge and flooding.
Damage by County

Hancock

Harrison

Jackson

Limited

Moderate

Severe
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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 1st and 2nd 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\textsuperscript{nd} 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