

## What Progress Is Mississippi Making in Rebuilding Its Affordable Housing Stock After Katrina?

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In August 2005, Hurricane Katrina devastated the coastal regions of Louisiana, Mississippi, and Alabama, inflicting major damage to commercial property, infrastructure, and housing. However, the hurricane's effects were most pronounced in Mississippi, in the coastal counties of Hancock, Harrison, and Jackson.

Immediately after the storm, Mississippi's governor, Haley Barbour, appointed the Commission on Recovery, Rebuilding, and Renewal to determine the extent of the damage and recommend policies to aid the recovery. Following the commission's report, because there remained a need to understand the full extent of the damage and the specific effects on the U.S. Gulf Coast housing market, the RAND Gulf States Policy Institute—a partnership between the RAND Corporation, a nonprofit research organization, and seven Gulf States universities—continued the effort by developing a comprehensive quantitative assessment of both the extent and nature of the damage to the housing stock and the progress that has been made toward recovery.

Key findings include the following:

- Although recovery is proceeding (with building permits issued for 60 percent of storm-damaged units), it has been uneven, being slower in the affordable-housing market sector, slower for un- and underinsured properties, and varying significantly in different communities.
- At the current pace, recovery will take at least another three years, with a total estimated cost of more than \$4 billion.
- The damage wrought by Katrina compounded a preexisting affordable-housing shortage. Efforts have been made to expand the affordable-housing supply, but the full effects of these measures have yet to be felt. In the meantime, the available supply remains limited—which has likely slowed the overall pace of economic recovery.
- Access to financing appears to be the single most important obstacle to recovery. Many sources of financing exist; however, there are gaps in the funding they provide. Such gaps are most pronounced for the un- and underinsured, households that have suffered major damage to their units, and landlords. Filling these gaps would probably do more to expedite recovery than any other policy action.
- In the short term, there is considerable evidence that the growth in construction capacity has not matched the recovery need. However, over the long term, construction capacity does not appear to be the major constraint on recovery.
- Understandably, the immediate pressures of restoring the housing stock have taken precedence in recovery efforts, but such pressures can conflict with the need to recognize the importance of longer-term mitigation actions. Katrina is not the first devastating hurricane to hit the U.S. Gulf Coast, nor is it likely to be the last.
- Although local officials recognize this tension, they must avoid succumbing to immediate pressures and ensure that they take actions to limit damages from future storms via planning and zoning; enact regulations to encourage mitigation of damages to individuals and their housing through building codes and other measures; and, regionally, take steps to ensure better and faster reconstruction after the next major hurricane.

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