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## \$29 Billion Package Buys Hopes for Rebuilding Effort

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NEW ORLEANS, Dec. 23 - With a sober Christmas settling in on this still-battered region, the \$29 billion relief package Congress sent the Gulf Coast this week provided some moderate holiday cheer, regional leaders agreed on Friday.

The bill, approved in the final hours of the Congressional session on Thursday, includes money for damaged schools, for roadways that disappeared, for levees that burst and for the tens of thousands of people left homeless by Hurricane Katrina.

[Louisiana](#) and [Mississippi](#) politicians said it was a first step in helping rebuild an area in which neighborhoods and whole towns remain wiped out, though the money is largely a reshuffling of the \$62 billion that Congress set aside shortly after the hurricane.

Most critically, the package gives the two states wide latitude to spend an \$11.5 billion community development block grant on a variety of projects, including help for people whose houses were destroyed.

On Friday, Mississippi made plans to use the money for \$150,000 outlays to 30,000 homeowners whose houses were flooded but who lacked flood insurance because they lived outside the flood plain.

Louisiana has 70,000 homeowners in the same situation, and many more ruined houses over all than Mississippi. Its share of the block grant will not go nearly as far in compensating homeowners.

Louisiana officials had counted on a different bill that did not pass, one intended specifically to deal with its most pressing problem, 205,000 homes heavily damaged or destroyed by Hurricanes Katrina and Rita. That plan, by Representative Richard H. Baker, Republican of Baton Rouge, had won unusually broad support from Louisiana's fractious political class, as well as top business leaders and newspaper editorial boards, and its fortunes were closely followed.

Mr. Baker's plan would have created a federal corporation to compensate homeowners and lenders, buying damaged houses and guaranteeing owners no less than 60 percent of the equity they had built up and banks no more than 60 percent of their investment.

But the White House did not support his proposed Louisiana Recovery Corporation, and it failed. Although on Friday leaders here said it remained a priority for the spring. The bill would have probably cost up to \$80 billion over 10 years, and conservative lawmakers protested that it would represent an unending obligation for the federal treasury.

In the end, the potential aid to Louisiana homeowners in the bill passed on Thursday would cover a tiny fraction of actual losses, Mr. Baker said.

"A \$6 billion Band-Aid can't cover a \$60 billion wound," he said, promising to try again on the bill.

Mississippi has decided not to give money to homeowners who had no property insurance or to residents who knew that they lived in a flood plain, but chose not to buy flood insurance.

"We're not going to be compensating people who had no insurance, who were irresponsible," said Representative Roger Wicker, a Mississippi Republican on the House Appropriations Committee.

In Louisiana, the plans are not as far along, and the state has not made such decisions. Mr. Baker said the state should be cautious about spending the block grant on housing, because it will not begin to meet actual needs. He suggested that the grant be used to begin re-establishing public services like police and fire protection while an all-out effort is made to achieve a more "systematic solution" like the one in his bill.

Another analyst saw more potential problems with the new package.

"There's no obligation on the part of the states to target the money to poor people, despite the fact that 25 percent of the population of New Orleans had incomes below the poverty level," said Barbara Sard, director of housing policy for the Center on Budget and Policy Priorities, a liberal research group in Washington. "It reinforces the focus on better-off people."

One top state official proposed using the \$6 billion to spur business reinvestment and housing development.

"Our goal is to try to identify the ways this money can be used to have the most leverage, in terms of providing private sector investment," said the official, Andy Kopplin, executive director of the Louisiana Recovery Authority, established by Gov. Kathleen Babineaux Blanco to guide reconstruction.

Mr. Kopplin said Mr. Baker's bill remained an important goal.

"The point is that we're going to have to come back and work in the spring to get Congressman Baker's bill passed," he said. "The Baker bill is very important in helping homeowners get back on their feet."

Still, Mr. Kopplin called the package this week "a great first step."

It included \$2.9 billion for levee repairs and other flood protection, \$2.8 billion for roads, bridges and other public works and \$1.6 billion for education, including \$750 million for schools affected by the hurricanes, \$645 million for public and private schools that took in students, and \$5 million to educate homeless children.

"These are very important steps to Louisiana," Mr. Kopplin said

Representative Wicker also expressed satisfaction.

As they have been throughout the post-storm struggle, tensions between the two states were evident in reaching the agreement on the bill, in this instance in the final apportioning of credit. Louisianians bristled at suggestions that Mississippi, with its greater Congressional power and influential Republican governor, Haley Barbour, deserved more credit.

But even Mr. Kopplin acknowledged that the influence of Senator Thad Cochran, the long-serving Mississippi Republican, was invaluable in prying loose the huge chunk of money.

Mr. Wicker said of the progress: "Mississippi and Louisiana greatly benefited from fact that Thad Cochran is chairman of Appropriations, and that Gov. Haley Barbour knows his way around Washington, and was willing to come up and camp out."

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