

**Testimony of Cashauna Hill, Executive Director  
Greater New Orleans Fair Housing Action Center  
Presented to the  
United States House of Representatives Committee on Financial Services  
Subcommittee on Housing and Insurance  
November 6<sup>th</sup>, 2015**

Good afternoon, Chairman Hensarling, Ranking Member Waters and Members of the Committee. My name is Cashauna Hill, and I am Executive Director of the Greater New Orleans Fair Housing Action Center. GNOFHAC is a private, non-profit civil rights organization established in 1995 to eradicate housing discrimination in the greater New Orleans area. Through education, investigation, and enforcement activities, GNOFHAC promotes equal opportunity in all housing transactions, including rental, sales, lending, and insurance. We are funded in part by federal Fair Housing Initiatives Program (FHIP) funds from HUD. Our work since Hurricane Katrina first made landfall in August of 2005 has focused on ensuring members of classes protected under the Fair Housing Act have been able to return to the City they call home, and with guarantees to fair housing choice. I wanted to thank you for hosting this important hearing today.

**I. Indicators of Recovery**

August of this year marked a decade since the storm made landfall, and many of you are well aware of the great accomplishments and many persistent challenges that this city and region have faced. I would like to provide you with just a quick sketch of some overall indicators of recovery, both at the city and regional levels.

Of New Orleans 72 neighborhoods, more than half (40) of those neighborhoods have recovered over 90 percent of their population, according to the New Orleans Data Center. In the last four years, New Orleans has grown an additional 12 percent, ranking 28<sup>th</sup> in population growth out of U.S cities with populations of 50,000 or more. However, as you probably heard during the August media coverage of Hurricane Katrina, despite rapid growth and ongoing recovery, approximately 100,000 African Americans have not returned to New Orleans.

Regionally, surrounding parishes have also shifted demographically in the decade since Hurricane Katrina. These shifts are consistent with trends nationwide and the suburbanization of poverty as low and moderate-income people are pushed out of city centers. However, the “Katrina Effect” certainly accelerated trends seen at more gradual rates in other cities nationwide.

For example, in Jefferson Parish, the county just to the west of Orleans, the population rebounded far faster than New Orleans -with 95 percent of its pre-storm population back by 2010, while New Orleans only had 71 percent. The African American population grew in Jefferson Parish after the storm, but at a rate far slower (8 percent) than previous decades. Consistent with national trends, however, between 1999 and 2010, the share of the region's poor living in suburbs increased from 56 percent to 67 percent, with roughly 61,500 people living below the poverty line in Jefferson Parish.

To the south of Orleans Parish lies St. Bernard Parish. In 2006, the Fair Housing Center filed suit against St. Bernard for enforcing a "blood relative only ordinance" that prevented St. Bernard homeowners from renting to any person that wasn't a blood relative. Because 90 percent of homeowners in the Parish were white at the time the ordinance was passed, most single-family homes would have only been available to white tenants.

The ordinance was passed at a moment when New Orleanians, forced out of their homes, were desperately seeking housing with reduced housing stock and limited options available. As New Orleanians, who are majority African American, sought stable housing options, surrounding communities quickly erected barriers to entry.

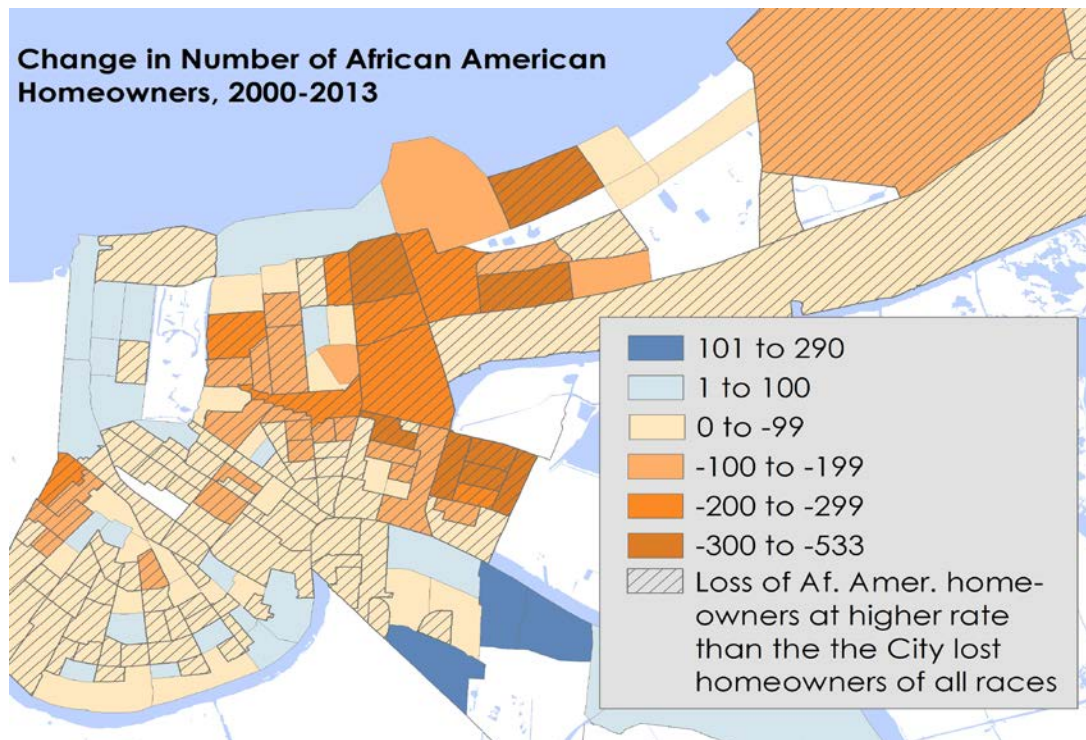
Since the 2006 litigation and widespread press coverage, St. Bernard Parish has integrated considerably. With a pre-storm percentage of 7.5% African American residents, St. Bernard is now close to a quarter (22%) African American. Notably, the Hispanic population has also doubled since the days before Hurricane Katrina as well.

## **II. The Road Home**

By far the largest Congressionally funded housing recovery program in U.S. history has been the Road Home, the disaster Community Development Block Grant (CDBG) funded rebuilding program for Louisiana homeowners. The program was intended to provide direct cash rebuilding grants at a maximum of \$150,000 for storm-impacted homeowners, with awards calculated to exclude insurance proceeds or other existing benefits.

In 2008, GNOFHAC filed a lawsuit against the State of Louisiana and HUD because of the design of the Road Home program. Our housing counseling staff had noticed that many African American clients received smaller grants than white clients—even when the homes had similar square footage, had sustained comparable damage, and were estimated to cost the same amount to repair. That's because the grant formula was based on the pre-storm value, rather than the cost to rebuild. As result of this formula, homeowners from neighborhoods where homes were appraised at a higher value received more— even if the costs to rebuild were the same. The formula benefited white homeowners over African Americans due to high home values in white neighborhoods, and played a major role in displacing black residents. In 2008 and again in 2009 this committee heard extensive testimony from the fair housing center about this program, so I won't go into any more details.

In 2011, the case settled and made additional funds available to eligible homeowners. The settlement was a step in the right direction toward getting more hurricane-affected homeowners back into their homes and making good on the promise to rebuild a better New Orleans, but the truth is that the settlement in 2011 was a tremendously late recovery start for primarily African American households that had been left behind. While the formula was ruled discriminatory by a federal judge, in the meantime many people had made homes elsewhere or were overwhelmed by the costs of prolonged displacement. To date, the settlement has resulted in \$16 million to hundreds of homeowners.

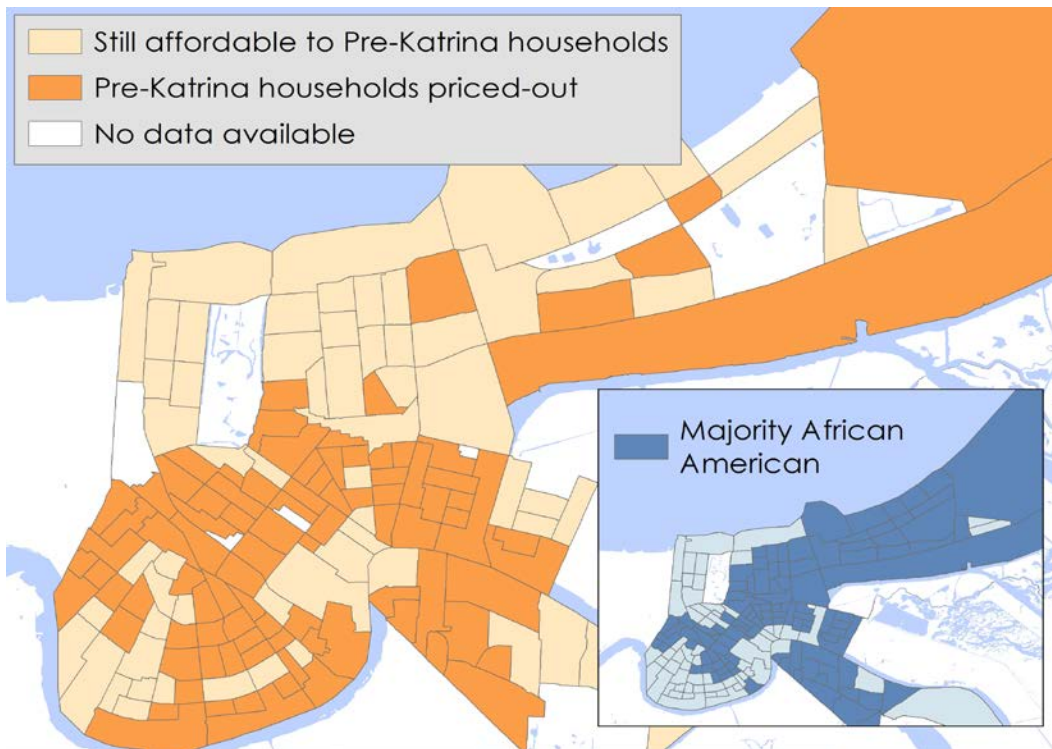


The map shows areas with the greatest losses of African American homeowners in dark orange. While the City lost homeowners of all races after Katrina, the hatched areas show where the loss of African American homeowners out-paced the loss of homeowners in the City as a whole. Source: Greater New Orleans Fair Housing Action Center.

### III. Renting in New Orleans

The plight of renters in the aftermath of Hurricane Katrina is particularly striking, as New Orleans is a city where more than half of the residents are renters, rather than homeowners. Yet, there was never a comprehensive plan to rebuild or repair this largest slice of the housing market. The results of this lack of a comprehensive rental-rebuilding program are twofold: For one, much of our rental stock is low quality and suffers deferred maintenance, with families living in substandard housing that creates a significant public health concern. Second, there is tremendous pressure and competition on our rental housing market.

As a result, citywide average rent in New Orleans is up 40 percent since before Katrina, yet household income is only up 2 percent. Close to 60 percent of renters are rent-burdened and pay 30 percent or more of their income toward rent and utilities. Shockingly, more than a third of New Orleans renters are severely rent-burdened and pay 50 percent of their income towards rent and utilities, leaving little else for education, transportation, groceries or other necessities. Increased competition for limited remaining rental stock has pushed middle and lower income people to the margins of the market.



Source: Greater New Orleans Fair Housing Action Center.

Further, New Orleans has not been immune to the effects of gentrification common to other cities. These trends have most severely impacted service industry workers, culture bearers, musicians and others in the cash tourist economy. It has also more severely impacted African Americans over whites, as the borders of historically African American neighborhoods became porous to whites moving into the city center. We do not see the same trends in historically white neighborhoods.

At the same time that the city is facing a massive affordability crisis that pushes low and moderate income renters to the periphery of the market, both geographically and into substandard units, discrimination also has worked to keep people of color out of New Orleans' highest opportunity neighborhoods.

In 2014, the Greater New Orleans Fair Housing Action Center investigated fifty properties to determine whether landlords and housing providers discriminate on the

basis of race in neighborhoods that social science research would indicate offer significant opportunity for healthier and more successful life outcomes. The sites tested included apartment complexes, single-family homes, and apartments located in multi-family buildings that advertised availability in local publications and online.

Paired sets of testers, or persons trained to pose as apartment-seekers, contacted the rental agent for each of the fifty properties investigated to express interest, elicit information about the terms and conditions, arrange a viewing, and ask for an application. The testers in each paired set had substantially similar profiles and were equally qualified to rent the advertised apartments.

All testers received standardized training from the Greater New Orleans Fair Housing Action Center. The training included both classroom and field training. Testers are taught to be objective fact-finders and to report, but not interpret, the results of their test.

The United States Supreme Court has upheld the use of the testing process as a legal and effective tool to investigate claims of housing discrimination. Both the U.S. Department of Justice (USDOJ) and Department of Housing and Urban Development (HUD) use testing to conduct investigations.

The tests revealed that equal access to housing opportunity does not exist in the highest opportunity neighborhoods of the city. Of the fifty tests conducted, African-Americans who were otherwise fully qualified, were either outright denied the opportunity to rent or received less favorable treatment 44% of the time.

Similarly situated white testers, on the other hand, were given the opportunity to rent or otherwise experienced favorable treatment in a stark demonstration of racial preference and discrimination. Unfortunately in New Orleans, not only does the place where a person lives contribute to one's life outcomes, but race plays a significant part in determining whether one can find a home in neighborhoods that offer the greatest opportunity for positive life outcomes.

It can therefore be seen that New Orleans' affordability crisis, coupled with ongoing racial discrimination, continues to skew the rental housing market and push African American renters to the margins. A number of citywide interventions may help to increase supply in high opportunity neighborhoods, including enhanced neighborhood zoning and small local dedicated funding sources. However, it will take a number of local interventions and leveraging of local and federal assets in order to adequately address this crisis.

#### **IV. HUD Assisted Clients**

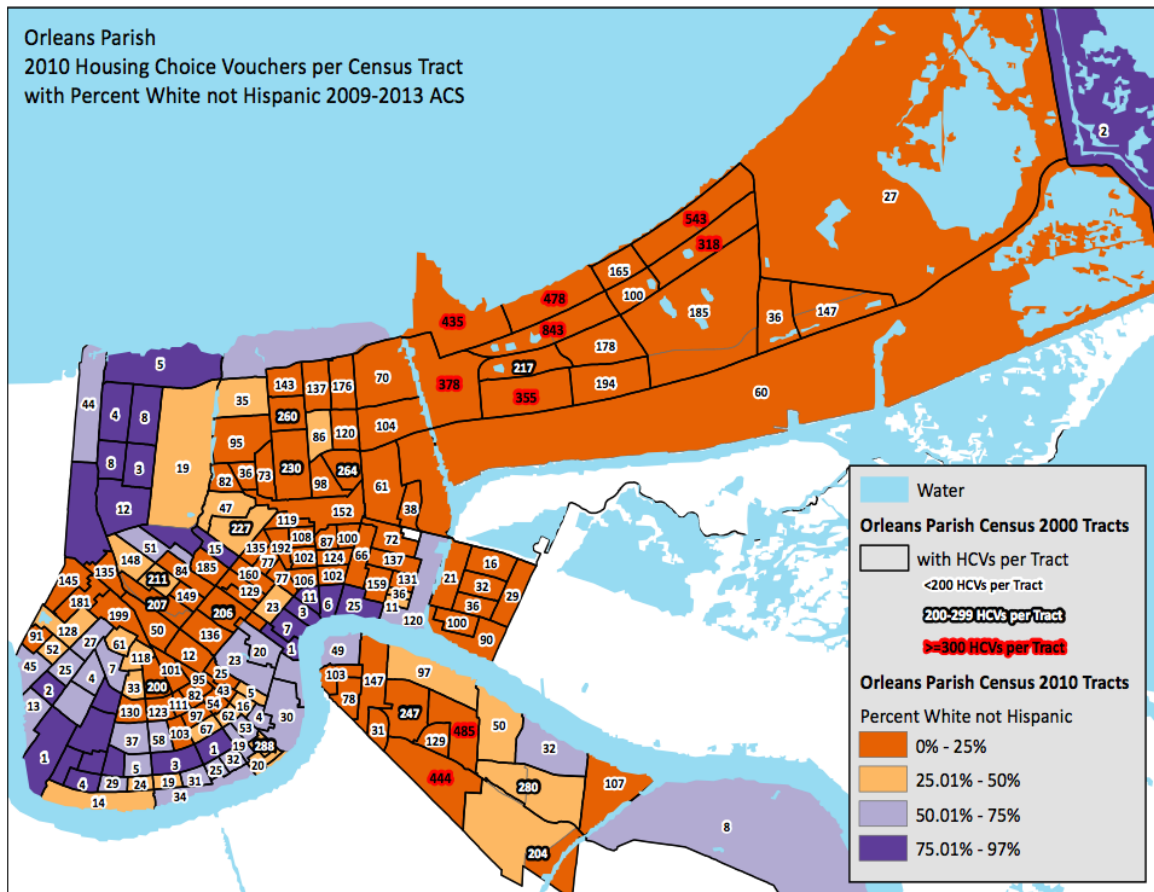
As this committee is aware, after Hurricane Katrina the Housing Authority of New Orleans (HANO) demolished over 5,000 units of public housing. While Congress funded the Gulf Opportunity Zone (Go Zone) for low-income housing tax credits to rebuild or replace affordable and deeply affordable housing, only 13 percent (or 670 units) in the

original Big Four housing developments have been replaced more than a decade since the storm. The demolition of public housing developments began even before the storm. At the time, the demolitions were justified based on high poverty concentrations and local trends, consistent with national ones, to move from project-based (supply-side) rental assistance to tenant-based (demand-side) assistance.

The vast majority of former public housing residents received Housing Choice Program vouchers. As portable subsidies, the vouchers are often referred to as a way to provide better housing choice for HUD tenants and increase housing mobility.

However, this transition hit New Orleans at precisely the moment when approximately 50 percent of the rental housing stock had been lost, increasing the demand but reducing the supply, and putting program participants in competition for remaining limited housing stock.

As a result, the voucher program has increased residential segregation in even further flung and isolated areas of the city in the decade since Katrina. The program includes nearly a quarter of our city’s renters: In 2010, there were 17,347 families using vouchers to subsidize their rent, up from about 8,400 in 2005—reflecting the replacement of unit-based assistance with tenant-based vouchers.



Sources: HUD Picture of Subsidized Households, 2010 Housing Choice Voucher Data by Census 2000 Tracts; American Community Survey 2009-2013 5-year Estimates by Census 2010 Tracts, Table B03002.



From: The Data Center.

Even before the storm, a 2003 HUD study found that twice as many metro New Orleans voucher households (21 percent) lived in neighborhoods of extreme poverty compared with a national average of 10 percent.

The 2000 dissimilarity index for New Orleans was .68 (68% of African Americans or whites would have to move to in order to create neighborhood distributions that look like the city as a whole), in 2015 the dissimilarity index had gone even further up to .71. According to HUD, dissimilarity indices below .40 are considered indicative of low levels of segregation. Indices between .40 and .55 indicate moderate levels of segregation; above .55 indicate high levels of segregation.

Yet housing options since the storm have only become more limited for HUD clients, deepening racial segregation and living patterns in neighborhoods of extreme poverty. According to a report issued by the New Orleans Data Center,

“An examination of voucher households reported by HUD in 2010 reveals that 25 percent of the vouchers were used in 5 percent of the census tracts (4,279 total vouchers used in nine tracts). In each of these nine tracts, more than 300 vouchers were used, which is triple the amount that would be present if vouchers were evenly distributed across all tracts. The number of vouchers appearing in these tracts ranged from 318 to 843. Seven of the nine census tracts are located in New Orleans East; six of the nine tracts in this group are in high-poverty areas; and all of them are in neighborhoods with fewer than 25 percent white residents.”

With the exception of a lucky few, evidence suggests that people who were displaced from public housing after Katrina and subsequent demolitions are worse, not better, off, potentially condemning a Katrina generation to poverty.

Yet, the benefits of living in a high opportunity, low poverty neighborhood are well documented. More than a decade after HUD's Moving to Opportunity pilot program, where voucher holders were randomly selected to move to lower poverty neighborhoods, the children of parents who participated in the program were found to:

- Have an annual income 30 percent higher than their non-moving counterparts
- Have increased rates of college attendance
- Be more likely to live in high opportunity neighborhoods themselves
- Be less likely to be single parents

Programs like Moving to Opportunity have been found to remove the generational persistence of poverty and ultimately generate better returns for taxpayers and decreased future reliance on HUD programs, yet program design heavily influenced outcomes. Successful demand side programs all included mobility counseling and supports for tenants, as well as landlord recruitment.

If the next generation of New Orleanians is to succeed, we must do more to expand housing choice and opportunity. This includes efficient administration of the voucher program and an effective counseling program with landlord recruitment and retention, pre-move counseling, search assistance, and post-move counseling. HUD should also set fair market rents (FMRs) at the neighborhood or zip code level, rather than metrowide. HUD could also incentivize administration of vouchers at the metro or regional level, which could improve access to a wider range of neighborhoods. Finally, as mentioned during the overall market discussion, New Orleans must do more to increase the supply of affordable and deeply affordable housing in high opportunity neighborhoods and use every asset to do so, including redevelopment of HUD scatter sites and even better use of adjudicated or other city owned properties.

The last thing I'll mention related to barriers to housing opportunity for HUD clients is criminal background policies, again which I believe mirrors nationwide trends and research that demonstrates reduced recidivism with family reunification and housing stability. While Secretary Donovan issued guidance to public housing authorities (PHAs) explicitly allowing them to adopt more flexible admissions and continued occupancy criteria, Secretary Castro should take the next step and direct PHAs to increase housing choice for individuals that have paid their debt to society, or who may have faced possible arrest but without conviction. In New Orleans, where 60 percent of African American males have faced arrest, the impact on families is considerable.

## **V. Conclusion**

Swift and thoughtful policy interventions are needed to ensure that the next generation of New Orleanians—the Katrina generation—is not permanently set back. With over 39 percent of children living in poverty in New Orleans in 2013 and over half of voucher households including children, it is time we reset long term recovery patterns and promote equity for those who have been left out of the recovery.

Thank you for all of your time and the opportunity to present, and I'm happy to answer any questions you might have.