

G R E A T E R
N E W O R L E A N S



**FAIR
HOUSING
ACTION CENTER**

*Celebrating 10 years
of fighting housing
discrimination*

April 17, 2006

Louisiana Recovery Authority
C/o Office of Community Development
1201 North Third Street, Suite 7-270
P.O. Box 94095
Baton Rouge, Louisiana 70804-9095

Via Fax and First Class Mail

Dear Members of the Louisiana Recovery Authority,

Our office has reviewed the Louisiana Recovery Authority (LRA) plan titled *The Road Home Housing Programs Action Plan Amendment for Disaster Recovery Funds* (RHHP) and would like to commend LRA for its hard work in producing the document.

That said, we are concerned because the RHHP never mentions fair housing as a goal, outcome or component. Nor is fair housing implicit in the substance of the plan. This is in spite of the fact that Community Development Block Grant grantees, by statute, must use funds in a manner that will affirmatively further fair housing. As such, we make the following detailed comments to the plan and strongly encourage adoption of fair housing into each of the goal and purpose sections of the RHHP.

1.1 Goals of the Road Home Housing Programs:

A requirement in using Community Development Block Grant funds is that grantees must “affirmatively further fair housing.” It is more likely that states will affirmatively further fair housing when it is included as a goal of a state’s overall program. Unfortunately, the goals section of the RHHP fails to state fair housing, integration or reversing Louisiana’s trend of segregation in housing as a goal. RHHP’s goal section does not address six of the seven protected classes: race, color, religion, sex, national origin or familial status. That said, it is laudable that the goal section does address a need to assist people with disabilities. Even here, though, it is important to note that it is not just a matter of insuring that, “those with disabilities are provided housing opportunities,” rather the opportunities must be in an integrated setting.

Recommendation: *Add language that provides affirmatively furthering fair housing as a goal of the RHHP.*

1.2 Basis for Recommendations:

Because of a lack of surety surrounding the allocation of CDBG funds, the LRA provides budgets for both partially and fully funded

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versions of the program. Of concern is that according to 2000 Census data most minority residents of the state of Louisiana rent, rather than own their homes. Further, in the City of New Orleans, more citizens were renters rather than homeowners. Additionally, according to 2000 Census data, most low-income residents of Louisiana rent, rather than own their homes. In spite of these facts, the RHHP proposes to provide 77% (\$3,551,600,000) of assistance to homeowners in the partially funded program and 79% (\$6,347,400,000) in the fully funded program. The assistance to homeowners is then further funded by \$1.17 billion in Hazard Mitigation funds. The figures are not equitable when one considers the overwhelming housing needs of low-income renters and minority citizens.

Additionally, RHHP's own numbers fail to support the large percentage allocated to homeowners. In Section 1, the Introduction, the RHHP provides that 59% of homes (122,000) were destroyed or damaged. At best, the amount of CDBG money allocated to homeowners should be 59%; and thereby proportional to the number of homes damaged. The over-funding of the homeownership programs provides a likelihood that the RHHP may fail to meet its obligations to affirmatively further fair housing and provide 50% of its assistance to low and moderate-income residents.

Recommendation: *Provide a more equitable percentage of the CDBG assistance to the Workforce and Affordable Housing and Homeless Supports Housing Programs.*

1.3 Solicitation of Public Comment:

Simply put, 10 days including a holiday weekend, is not sufficient time for citizens to fully consider a plan that proposes to determine the future of the state of Louisiana and contemplates the expenditure of as much as \$8,080,000,000.

Recommendation: *Provide an additionally 20-days for plan comment.*

2.1 Overview of the Homeowner Assistance Program (HAP):

As previously stated, the amount of assistance provided to homeowners overlooks the needs of Louisiana's minority and low-income population providing a likelihood that the plan will not meet the requirement of affirmatively furthering fair housing. It may even have a discriminatory effect on the state's minority population. Under the Federal Fair Housing Act of 1968, as amended in 1988, such effects need not be intentional to be illegal. Additionally, most single-family homes are not accessible for people with disabilities. Further, when they are accessible, many people with disabilities rely on fixed incomes and are not able to afford homeownership. As such, RHHP's focus on homeownership has the potential to have a discriminatory effect on people with disabilities as well.

The Overview enumerates a number of laudable concerns in the purposes it provides. However, it does not provide furthering fair housing and causing systemic integration as a purpose.

Recommendation: *Provide a more equitable percentage of the CDBG assistance to the Workforce and Affordable Housing and Homeless Supports Housing Programs. State furthering fair housing as a purpose of HAP.*

2.2 Eligibility for Homeowner Assistance:

FEMA has consistently failed Louisiana residents in their recovery efforts. As such, it is not wise to rely on FEMA's registration standard in determining who will qualify for assistance under the state program. Further, FEMA has refused would be registrants who are not American citizens. There are two concerns here. First, in neighborhoods dominated by immigrants and non-citizens, many homeowners will not qualify, likely leaving the neighborhoods to become blighted and abandoned. Second, not assisting non-citizens will likely have a discriminatory effect on Latino and Vietnamese communities in Louisiana. The result may be a violation of the Fair Housing Act and a failure to affirmatively further fair housing under CDBG requirements.

The RHHP does provide that applicants can appeal a denial to participate in the program through www.louisianarebuilds.info, however, neither the website, nor the RHHP provides any description of the appeal process. Citizens should be able to consider and comment on the process prior to the final approval of the plan.

***Recommendation:** LRA should not rely on FEMA for any aspect of determining who qualifies for any state assistance. Further, qualification rules should be broadened so that, non-citizen property owners can also qualify for the homeowner assistance program. Last, the appeal process portion of the plan should be released for comment by citizens in advance of the plan's approval.*

2.4 Amounts and Forms of Homeowner Assistance:

Financial Incentives to Repair/Rebuild - The program seeks to lessen, by 30%, the amount of assistance to homeowners who lived in flood planes but did not have insurance. This would unduly penalize low and moderate-income buyers who did not have insurance because they simply could not afford it. The penalty will do more to keep housing unaffordable rather than make such individuals whole.

***Recommendation:** Remove the 30% recovery limitation for homeowners whose income is 80% or lower than the area median income.*

2.7 Homeowner Assistance Centers (HAC) – Process for Receiving Assistance:

The “storefronts” established to provide advisory assistance to homeowners has the potential to be an invaluable opportunity to assist homeowners by providing a wealth of information. As such, it is of concern that informing residents of their right to fair housing is not listed as goal of the HAC.

***Recommendation:** Provide fair housing information to people who call the Hurricane Assistance Center “Storefronts.”*

3.0 Workforce and Affordable Rental Housing Programs (WARH):

This section states four goals, all of which or important to Louisiana's recovery. That said,

missing from the goals are two things: racial and ethnic integration of Louisiana rental communities and the provision of housing accessible for people with physical disabilities.

Recommendation: *Make racial and ethnic integration, and integrated housing for people with disabilities a fundamental goal of the WARH.*

3.1 Low-Income Housing Tax Credit (LIHTC) “Piggyback” Program:

The RHHP provides that 84,000 rental properties were damaged by Hurricanes Katrina and Rita. Yet, the “Piggyback” program provides that leveraging LIHTC, Section 8 vouchers and the CDBG program will provide only 25,000 units. This is not even 1/3 of the total number of units damaged. If such a small number of rental properties are brought back into commerce, there will be two negative effects: 1) minority Louisianans (who are more likely to rent than own according to 2000 Census data) will have fewer housing opportunities; and 2) people with disabilities (who are more likely to rent than own due to apartment housing being more physically accessible than single family housing) will have fewer housing opportunities. The potential result is a discriminatory effect on protected class members.

Regarding, low-income residents, pre-Katrina, 2000 Census data provides that Orleans Parish, one of the hardest hit areas, had 39,556 households that made less than \$10,000 per year. The LIHTC “Piggyback” Program will only provide 6,000 units for the entire state. The number of units pales in comparison to the need.

Recommendation: *Increase the overall CDBG allocation to the rental programs so that it can better addresses the need. Then make a larger percentage of the rental allocation available to families with low and extremely low incomes.*

3.5 Renters’ Registry:

The language constructing the Renters’ Registry doesn’t clearly indicate the process for renters to register. It would appear that renters must call the homeownership line to be referred to a web database and provide LRA with information regarding their intent to return to Louisiana. The process seems cumbersome. Further, the lurking question is why would a renter call a line established for homeowners? It is likely that renters would not call. Further, many low-income renters may not have internet access. So referring renters to a web database may be ineffective.

Recommendation: *Provide a clear rental registration process and make the process available for public comment.*

The comments above provide a general perspective of our concerns. That said, the shortness of the comment period, combined with the non-specific nature of the plan, leaves many decisions up in the air. We would strongly recommend an additional or extended comment period where citizens would be able to review a more detailed plan.

Further, we can not adequately emphasize the opportunity that Louisiana has to better integrate its housing along lines of race, color national origin, familial status, religion and disability. To the extent that the RHHP neglects its obligation to affirmatively further fair housing, it cheats

Louisianans of an historic opportunity to achieve true integration.

Please feel free to contact us with any questions or concerns.

Best Regards,

A handwritten signature in black ink, appearing to read 'James Perry', with a large, sweeping flourish extending to the right.

James Perry
Executive Director
Greater New Orleans Fair Housing Action Center

Shanna Smith
President and CEO
National Fair Housing Alliance