

## **Statement on The Road Home**

Seth Weingart

2-16-2007

Louisiana's Road Home program is using billions in federal CDBG funds to compensate homeowners for uninsured losses due to Hurricane Katrina. As of last week, only 632 of over 107,000 applicants had gone to closing on the rebuilding grants. Thousands of Louisiana homeowners, many of them of low and moderate income, and African-American, are still waiting for assistance so they can rebuild their homes. And those who have been notified of the awards they are to receive are being victimized by systematic discrimination as a result of real estate industry policies that consistently undervalue homes in African-American neighborhoods. Dating back to the Home Owners Loan Corporation and up to the Federal Housing Administration of today, homes in minority neighborhoods are valued lower than those in predominantly white neighborhoods. Why is this important? Because the Road Home uses industry standard pre-Katrina property appraisals to determine grant awards. The Greater New Orleans Fair Housing Action Center has been providing assistance to homeowners affected by the hurricane, and we have assisted many in trying to understand Road Home policies. What is hard to fathom is why the Road Home is using these discriminatory appraisals as the basis for their decisions. In one particularly egregious case we are working on, a single African-American female homeowner in the Lower 9<sup>th</sup> Ward was told by the Road Home that even though her home sustained \$190,576.80 worth of damage, because they valued her house at only \$74,399, she was eligible for no money to rebuild. She is being punished for maintaining adequate flood insurance that does not provide enough compensation to rebuild. Her home was newly renovated before Katrina, but for her it had the unfortunate luck of being in a neighborhood shunned by the real estate industry. Now she continues to face hurdles as FEMA has refused to give her a trailer to live in and she doesn't have the money to fix her house.

Contrast this with a white homeowner in a predominantly white neighborhood. If his home was valued at \$250,000 before the storm, sustained over \$300,000 worth of damage, and received \$100,000 from insurance for moderate flooding. According to Road Home policies he would still be eligible for the maximum grant of \$150,000. This is terribly unfair and is contributing to the unceasingly slow pace of the recovery in New Orleans.

People who need help the most are going to be the ones who get the least. We need the Road Home to reverse these policies and base compensation on the amount of damage and the cost to repair, not an appraisal that has been tainted by a history of racial discrimination.