

**Statement of Seth Weingart,  
Greater New Orleans Fair Housing Action Center**

**To the Select Committee on Hurricane Recovery  
August 17, 2010**

There are many remaining unmet needs facing homeowners as a result of Hurricane Katrina. Estimates are that over 10,000 homes in New Orleans have not been rebuilt because homeowners did not receive enough money from the Road Home Program, and thousands more have been injured by the manner in which the state has implemented this program. We continue to believe that the biggest obstacle to full recovery is the discriminatory manner in which the Road Home Program continues to calculate homeowner grants.

In November 2008, the Greater New Orleans Fair Housing Action Center, National Fair Housing Alliance, and 5 New Orleans homeowners filed a federal civil rights lawsuit against the LRA and HUD, alleging that the grant calculation formula used by the Road Home had a disparate, discriminatory impact on African-American homeowners. Because grants are based on the lower of pre-storm value and cost of damage, grants have been severely limited to homeowners who live in neighborhoods with predominantly African-American populations because they have lower property values. This is a legacy of continued racial discrimination in the housing market that undervalues comparable homes in areas with large minority populations. With damage costs far higher than property values, homeowners in predominantly African-American neighborhoods have not had a full opportunity to rebuild.

Just yesterday, the presiding judge in the case, Judge Kennedy, issued an order granting a preliminary injunction to the plaintiffs, forbidding the state from issuing any further Road Home grants that use the discriminatory formula. In his order, Judge Kennedy stated, "plaintiffs will likely be able to show after discovery that the Option 1 formula is unlawful," and the state has not provided "an explanation of the reason for taking pre-storm home values into account." Judge Kennedy stated as well that the plaintiffs have a "likelihood of prevailing on the merits of their Fair Housing Act claim."

Therefore, we believe the only lawful and equitable use of the remaining CDBG funds dedicated to the Road Home Program, is to provide all Road Home Option 1 recipients with grants on a non-discriminatory basis that does not use the pre-storm value in calculations. If the state finds that sufficient funds are unavailable, we would ask that the Additional

Compensation Grant (ACG) be expanded to homeowners who earn up to 160% of area median income, to include more middle income homeowners who were especially impacted by the discriminatory formula. The state of Louisiana and city of New Orleans will not fully recover from Hurricane Katrina until this grave injustice is corrected.

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