

GREATER
NEW ORLEANS



FAIR
HOUSING
ACTION CENTER

PRESS RELEASE

For Immediate Release: November 12, 2008

Media Contacts: Mel Gagarin (646)825-9335 or (212) 965-2783
Lucia Blacksher (504) 596-2100

Fair Housing and Civil Rights Groups File Federal Lawsuit in Post-Katrina Housing Discrimination Case

Washington, DC and New Orleans, LA (November 12, 2008)
Today civil rights and fair housing groups filed a federal lawsuit against the U.S. Department of Housing & Urban Development and the Louisiana Recovery Authority. The suit alleges that the Road Home, Louisiana's Hurricane Katrina recovery program, discriminates against African-American homeowners in New Orleans.

The Road Home, an \$11 billion federally-funded program, is the largest housing redevelopment program in U.S. history. The suit is being filed in the U.S. District Court for the District of Columbia on behalf of five individuals representing a class of more than 20,000 African-American homeowners and two fair housing organizations, the Greater New Orleans Fair Housing Action Center and the National Fair Housing Alliance.

"Forty years after the passage of the federal Fair Housing Act, residential segregation still permeates New Orleans," said James Perry, executive director of the Greater New Orleans Fair Housing Action Center. "Homes in communities of color still have lower values than those in white communities even when the condition, style and quality of the homes are comparable. Louisiana's program builds on this history of discrimination. Only when housing opportunities are created for all residents of New Orleans will our recovery truly be successful."

HUD is responsible for overseeing Louisiana's use of federal disaster recovery funding and assuring that the funds are used to promote equal housing opportunity.

"HUD has the duty, authority, and ability to make sure Louisiana distributes funds for the Road Home program fairly," said Shanna L. Smith, President and CEO of the National Fair Housing Alliance. "Instead, HUD allowed a formula that is biased and threatens to undermine the recovery efforts of African-American homeowners. As such, it failed to take into account the legacy of racial discrimination in the housing market, which has resulted in

BOARD OF DIRECTORS

Dr. Cynthia Collins
Board President

Scott Day
Ramona Fernandez
Lucinda Flowers
Tony Keck
Bay Love
Shelia Matute
Andre M. Perry
Nathan D. Shroyer
Clayton Williams
Gary Williams

EXECUTIVE DIRECTOR

James Perry

systematically lower values for homes in communities of color."

The plaintiffs in the case are represented by the NAACP Legal Defense and Educational Fund, the Washington D.C. plaintiff's law firm, Cohen Milstein, and the Greater New Orleans Fair Housing Action Center.

"African American homeowners in New Orleans are being unfairly prevented from reclaiming their homes by the discriminatory design and implementation of the Road Home program. African Americans are facing huge gaps between the amount of their Road Home grant awards versus the cost to rebuild their homes when compared to their white counterparts," said John Payton, LDF President and Director-Counsel.

According to Cohen Milstein's Joseph M. Sellers, head of the firm's Civil Rights and Employment Practice, "HUD and Louisiana have perpetrated a cruel hoax on African-American victims of the Katrina and Rita hurricanes by offering assistance that Congress intended would permit them to rebuild their destroyed homes but which falls far short of its noble promise by linking it to the depressed values of their pre-storm segregated housing rather than to the cost of reconstruction."

The discrimination, in this case, is the result of the formula used to determine Road Home grants. Grant awards are based on the lower of two-values: the pre-storm value of the home, or the cost of damage. Home values in most predominantly African-American neighborhoods are lower than the values of similar homes in white neighborhoods. As a result, the grants for African-American homeowners are more likely to be based upon the pre-storm value of their homes, leaving them without enough money to rebuild. In contrast, white homeowners are more likely to receive grants based on the actual cost of repairs. The lawsuit filed today seeks to eliminate this disparity.

Copies of the case complaint and related materials are available on the following websites:

Cohen Milstein, www.CMHT.com

Greater New Orleans Fair Housing Action Center, www.gnofairhousing.org

NAACP Legal Defense and Educational Fund, www.naacpldf.org

National Fair Housing Alliance, www.nationalfairhousing.org

#

The Greater New Orleans Fair Housing Action Center (GNOFHAC) is a private non-profit organization. The Center was established by a group of concerned New Orleanians in 1995 with the help of the National Fair Housing Alliance and a grant from the United States Department of Housing and Urban Development. GNOFHAC is dedicated to eliminating housing discrimination and furthering equal housing opportunities through education, outreach, advocacy, and enforcement of fair housing laws across the metro New Orleans and Baton Rouge areas. The activities described in this release were pursued exclusively using private funds. Activities were not funded with Fair Housing Initiatives Program (FHIP) funds or sponsored/authorized by the Office of Fair Housing and Equal Opportunity.