

Lawsuit filed against Road Home with allegations of discrimination against blacks

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The Road Home is not a fair or equal one according to a federal class-action lawsuit filed today against the U.S. Department of Housing & Urban Development and the Louisiana Recovery Authority on behalf of more than 20,000 black homeowners in New Orleans. The suit alleges that a formula that takes into account the pre-storm value of a home to determine the size of its Road Home rebuilding grant favors homeowners in majority white neighborhoods where property values are higher. The suit seeks to end the use of the pre-storm value formula and as a result eliminate the disparity in grant allocations between black and white homeowners, said Joseph Sellers, a Washington, D.C., civil rights attorney acting as head counsel in the case. "(The Road Home program) falls far short of its noble promise by linking (the size of rebuilding grants) to the depressed values of their pre-storm segregated housing rather than to the cost of reconstruction," said Sellers, head of civil rights and employment practice with the firm Cohen, Milstein, Hausfield and Toll. The attorney estimated it would cost \$1 billion to eliminate the disparity through recomputing grants for a class estimated to include more than 20,000 black homeowners. Sellers filed the suit in U.S. District Court for the District of Columbia on behalf of five individuals representing the class of more than 20,000 and two fair housing organizations, the National Fair Housing Alliance and the Greater New Orleans Fair Housing Action Center. "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." The Road Home determines the amount of a homeowner's grant using the lower of two-values: the pre-storm value of the home, or the cost of damage. But because of a pattern of lower home values in black neighborhoods that the suit argues is linked to segregation and racism, the grants for black homeowners are more likely to be based upon the pre-storm value of homes, leaving them short on rebuilding funds. The charge is not a new one. It echoes complaints made consistently by homeowners and fair housing advocates since the federally-funded program was implemented in the wake of Hurricane Katrina. A report issued in August by the California-based research institute PolicyLink found that blacks had on average lower home values and higher gaps in rebuilding than whites. The researchers determined that average estimated gap in rebuilding funds was \$39,000 for black homeowners compared with \$30,000 for white homeowners. The Louisiana Recovery Authority, which oversees the Road Home program, could not be reached immediately for comment.

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