

# For Rent: Unsafe, Overpriced Home for the Holidays



Greater New Orleans Fair Housing Action Center  
404 South Jefferson Davis Parkway  
New Orleans, LA • 70119  
[www.gnofairhousing.org](http://www.gnofairhousing.org) • 504-596-2100

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## **Executive Summary**

New Orleans is a city of renters. Fifty-five percent of the city's housing stock is composed of rentals, but unfortunately thousands of tenants live in homes with physical conditions that are unsafe and unhealthy. The substandard conditions of these units affect the families who live in them but also contribute to neighborhood blight, affecting homeowners' property values and the quality of life overall. The City's code enforcement process rarely offers relief, as all of its efforts are directed at vacant, blighted homes instead.

Because of rising housing costs and the lack of code enforcement, renters often face an impossible choice: When they move, renters run the risk of being unable to find safe, decent housing they can afford. If they stay, they risk their health and the health of their families.

Voters of all stripes support improving the quality of rental housing in New Orleans. A citywide survey revealed that an overwhelming majority- 81%- of voters felt that if a landlord couldn't maintain a working smoke detector or keep the sewage out of a tenant's apartment, they should get out of the landlord business.

This white paper documents conditions that the largest slice of the housing pie in New Orleans- renters- face. It documents housing quality data for the City, including information on thousands of units in need of repairs and the effects these issues can have on tenants and neighborhoods. It paints a picture of who renters in the City are. Lastly, the white paper features real stories from renters who have had to contend with significant problems when it comes to renting a home.

## The Condition of Rental Homes in New Orleans

With few standards enforced, landlords have let thousands of rental buildings across the City fall into disrepair. Those landlords that do try to be good neighbors may face unfair competition from unregulated, negligent landlords who don't play by the rules.

Estimates from the last American Housing Survey in 2011 show that as many as 49,000- roughly 78% of rental units- in New Orleans needed major repairs at some point in the previous year.<sup>1</sup> These repairs included the following:

- **2,350** units lacked a **working bathroom** at some point in the three previous months.
- **1,200** units lacked complete **kitchen facilities**.
- **1,900** units lacked complete **plumbing facilities**.
- **6,850** units experienced **water leakage from the inside** of the structure.
- **5,300** units experienced **water leakage from the outside** of the structure.
- **1,770** units had **mold** in the previous year.
- **5,450** units did not have a working **smoke detector**.
- **7,150** units had signs of **rodents** in the previous year.



## Water Damage

6,850 units experienced water leakage from the inside of the structure.



## Smoke Detectors

5,450 units did not have a working smoke detector



## Rodents

7,150 units had signs of rodents in the previous year

The quality of a home has tangible impacts on educational outcomes, health outcomes, and quality of life. Poor-quality housing can negatively affect children's educational achievement by contributing to physical illness that impairs academic performance. Lead paint exposure can cause developmental and educational deficiencies.<sup>2</sup> Mold and rodent and cockroach infestation, which can require pesticide use, can lead to and exacerbate asthma. The health concerns that originate from poor housing conditions can cause a student to be chronically absent from school, resulting in reduced performance on standardized tests and in the classroom generally.<sup>3</sup>

Low housing quality can have a community wide impact as well. Units with safety and health violations often see high turnover rates as renters leave when they realize landlords and code enforcement won't help. The result is that neighborhoods with substandard rental units tend to have more transient residents. Research shows that crime is often lower in neighborhoods where neighbors say they trust each other and have shared expectations for appropriate behavior.<sup>4</sup> In places where renters cycle through unsafe units, it is all the more of a challenge to build these shared neighborhood values.

The data above also imply that landlords are deferring smaller maintenance issues as well as more expensive ones. For example, ensuring that all rental units have working smoke detectors requires nominal investment on the part of landlords. The high number of New Orleans rental units lacking smoke detectors demonstrates clear negligence that endangers tenant life and property, as well as neighboring properties.

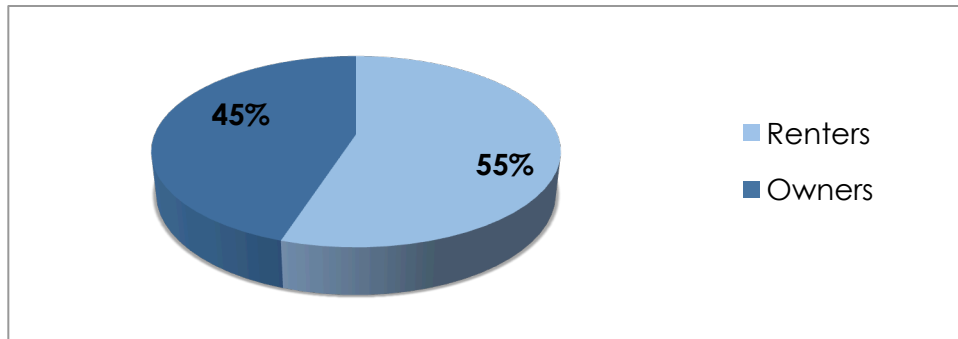
### **New Orleans Renters**

The most noteworthy trend over the last several years in the New Orleans rental housing market is that renting has become significantly more expensive. While quality has not gone up, housing costs for renters have. According to the U.S. Department of Housing and Urban Development (HUD), a household is cost-burdened if they pay more than 30% of their income in rent and utilities. That's because when housing costs are high, families may have difficulty affording other necessities like food, tuition, transportation, or medical care.

In New Orleans, even middle-income families now exceed this threshold. At the end of 2013, the typical New Orleans household earned \$36,631, but spent 35% of that on rent alone (not including utilities).<sup>5</sup> Before Hurricane Katrina that percentage was only 19%; in 2000 it was 13%.<sup>6</sup> A number of other statistics that characterize the New Orleans renting population are included below.

#### Number of Units

The City is gaining renters and now has more than 86,300 occupied rentals, up from 80,000 a year ago.<sup>7</sup> According to the Housing Authority of New Orleans (HANO), there are 17,500 public housing and Housing Choice Voucher (HCV) units, leaving approximately 68,800 private renter-occupied units.<sup>8</sup>



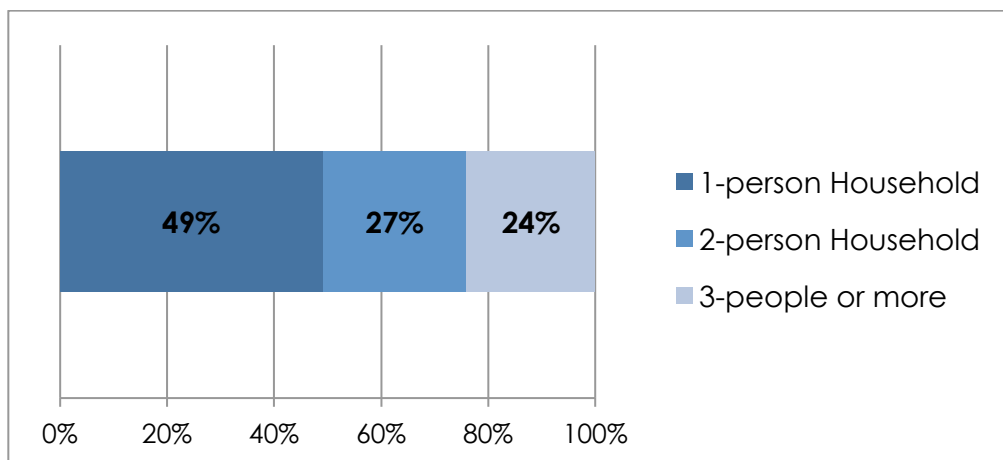
Building Size

Nearly 58% of New Orleans tenants rent single-family homes or halves of shotgun doubles. A full 70% rent units in structures with less than five units.<sup>9</sup> Still, large apartment buildings make up more than a quarter of the City’s rental housing stock, although most rentals fit into neighborhoods at the same scale as owner-occupied homes.

Household Types

The City’s renters skew toward single people under 35. Only one-quarter of all households citywide are headed by someone under 35, while for renter households it is 36%.<sup>10</sup> The City has over 31,000 renter households headed by younger people, including many of the young professionals that the City’s Master Plan implores us to plan for in its “Enhancing Prosperity and Opportunity” chapter.<sup>11</sup>

For all renter households, 29% are headed by people who have a bachelors degree or higher. An additional 27% are currently in college or have attended some college, meaning that the majority of renters (56%) have pursued or are currently pursuing higher education.<sup>12</sup> Most renters are also single or unmarried (87%) and nearly half of all renters (49%) live by themselves. Another 27% live in 2-person households.<sup>13</sup>



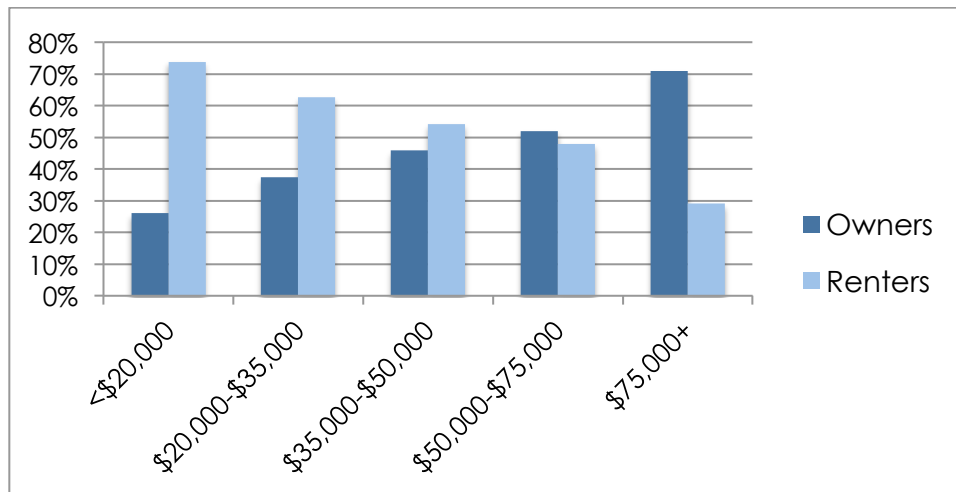
Families with Children

Roughly one-quarter of renter households include children, accounting for more than 20,000 children living in rentals citywide.<sup>14</sup> This is particularly relevant with regard to health and safety issues, which may have a disproportionate effect on children. As an example, children living in the nearly 2,000 New Orleans rental units with mold or more

than 7,000 units with signs of rodents are at higher risk of asthma, which is the third leading cause of hospitalization for children in the state.<sup>15</sup>

### Household Income

Renters in New Orleans are represented across the income spectrum. Renters make up more than half of New Orleans' middle class, making \$35-75,000 annually. And while lower-income households are still more likely to be renters than homeowners, the percentage of renting middle-class households jumped up from 22% to 25% in just one year.<sup>16</sup>



### Barriers to High Quality Housing

Data suggest that even middle class renters are cost-burdened, even if housing quality is low. The percentage of cost-burdened renters rose to 58% in 2013 from 54% the year before.<sup>17</sup> Even for middle-income renters—making \$35-\$75,000—the percentage who are cost-burdened has increased from 41% to 44%.<sup>18</sup> And for upper-middle-income households—making \$50-\$74,999—the percentage whom are cost-burdened jumped from 12% to 17%.<sup>19</sup>

### Renter Stories: Indifference and Disrepair

Absentee or negligent landlords, poor enforcement on the part of the City, and the resulting poor conditions in so many rental units affects real people every day. Below are stories of three New Orleans residents who attempted with little success to navigate the City's code enforcement system.<sup>20</sup>

#### Trisha

Trisha was excited to move into a new apartment near the Garden District. Unfortunately, within a month of living in her apartment, she discovered that the roof leaked and the moisture from the leak had caused mold. Moreover, her home was infested with insects. Trisha alerted the property management office and repeatedly requested repairs, but none were made. She also contacted the Office of Code Enforcement but was told that it would only address blighted unoccupied units. Finally, Trisha concluded that she had to move out. To add insult to injury, the landlord kept Trisha's security deposit and sued her for \$5,000 for moving out before the end of the lease.



### **Amanda**

Amanda lived in her Mid-City apartment for just three months when conditions drove her to leave. There was no heat or hot water, and the water heater was in another unit. The foundation had a major crack in it, and a friend who was a professional builder told Amanda it was unsafe. She smelled gas, her kitchen sink was leaking, and the windows were not properly sealed. Her landlord did little to fix the situation but continued to collect rent. Amanda called the Office of Code Enforcement and left a message. The Office never returned her call.

### **Kelly**

Kelly and her five children live in a home in New Orleans East that has become “unlivable.” The bathroom in a unit above hers has been leaking into her apartment, and her kitchen has mold as a result. Despite complaints to her landlord, the leak has persisted for more than two months.

Finally, Kelly stopped paying rent and is now being evicted for nonpayment. When she called Code Enforcement, she was told that she should call a legal aid attorney. There was no inspection and no help from the City.

Tenants have little recourse under the current system. In the absence of a functioning system for complaints and inspections, many tenants have begun online sites to vent their frustration and report negligent landlords. To date, there are pages dedicated to New Orleans landlords on Reddit, Facebook, Yelp, RateMyLandlord, and [www.RentingInNewOrleans.com](http://www.RentingInNewOrleans.com).

### **Conclusion:**

Renting in New Orleans has become much more expensive, but housing quality has not kept pace with prices. Increasing numbers of renters are cost-burdened and risking their health and safety simply to have a roof over their head. The dilapidated buildings they lease are also a mark on neighborhoods and the City as a whole.

There is currently no functional city system to process complaints from tenants or inspect rental properties. Unregulated, negligent landlords compete with good neighbors who do invest in the safety and upkeep of their properties.

The more than 68,000 households and more than 184,000 individual renters of New Orleans deserve safe and healthy homes. Neighboring homeowners deserve to live next to responsible property owners who maintain their buildings.

City leaders must work together to find solutions and address the problem of poor rental conditions in New Orleans- the City's future depends on it.

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<sup>1</sup> 2011 AHS data shows that 124,800 rental units in the area were in need of major repairs at some point, out of a total of 159,100 rental units in the New Orleans-Metairie-Kenner area. In other words, about 78% of the rental units needed major repairs. Assuming this percentage is equal across the area, 78% of the private rental units in New Orleans in 2011 (62,500) yields an estimate of approximately 49,000 rental units in need of

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major repairs. The same methodology is used for subsequent estimates. Because New Orleans likely has a disproportionate share of housing problems, these estimates are likely lower than the actual figures.

<sup>2</sup> Maya Brennan, "The Impacts of Affordable Housing on Education: A Research Summary," in *Insights from Housing Policy Research*, Center for Housing Policy, May 2011, available at [http://www.nhc.org/media/files/Insights\\_HousingAndEducationBrief.pdf](http://www.nhc.org/media/files/Insights_HousingAndEducationBrief.pdf).

<sup>3</sup> Ibid.

<sup>4</sup> Robert J. Sampson and Stephen Raudernbush, "Disorder in Urban Neighborhoods—Does it Lead to Crime?" *National Institute of Justice Research in Brief*, U.S. Department of Justice, February 2001, available at: <https://www.ncjrs.gov/pdffiles1/nij/186049.pdf>

<sup>5</sup> Median household income, 2013 American Community Survey (ACS), 1 year estimates.

<sup>6</sup> Shalia Dewan, "In Many Cities, Rent is Rising Out of Reach of Middle Class," *The New York Times*, 4/14/2014, available at: [http://www.nytimes.com/2014/04/15/business/more-renters-find-30-affordability-ratio-unattainable.html?\\_r=0](http://www.nytimes.com/2014/04/15/business/more-renters-find-30-affordability-ratio-unattainable.html?_r=0)

<sup>7</sup> 2012 & 2013 ACS, 1 year estimates.

<sup>8</sup> Interview with HANO staff, 2013.

<sup>9</sup> 2013 ACS, 1 year estimates.

<sup>10</sup> Ibid.

<sup>11</sup> Plan for the 21<sup>st</sup> Century, Chapter 9, available at: <http://www.nola.gov/city-planning/master-plan/>

<sup>12</sup> 2013 ACS, 1 year estimates.

<sup>13</sup> Ibid.

<sup>14</sup> 2013 ACS, 1 year estimates.

<sup>15</sup> Estimates based on the 2011 American Housing Survey; "Students with Asthma in Orleans Parish School District Can Now Breathe Easier," Louisiana Office of Public Health, 10/8/2012, available at: <http://new.dhh.louisiana.gov/index.cfm/newsroom/detail/2659>

<sup>16</sup> 2012 & 2013 ACS, 1 year estimates.

<sup>17</sup> 2012 & 2013 ACS, 1 year estimates.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Real names have been changed to protect renters' privacy and avoid retaliation from property owners.