

Homeowner Injustice

*African American Struggles to Rebuild
in Post-Katrina New Orleans*



**A Community
Voice**



Housing Surveys conducted by Members of A Community Voice
Research Consultant Professor Daniel Russell Springfield College, Massachusetts
Special thanks to Hill-Snowdon Foundation & Southern United Neighborhoods (501c3)

Homeowner Injustice provides a background synopsis of the housing needs and issues of low to moderate income homeowners in New Orleans in order to come to grips with what is necessary to stabilize the Katrina-flooded and impacted New Orleans families and neighborhoods.

The point of the survey is to clarify the issues that have prevented homeowners from repairing their properties. It is also to identify what is necessary to address those needs. The objectives of the housing study are to:

- Measure the degree to which low income homeowners have rebuilt in the most devastated and flooded neighborhoods of New Orleans;
- Provide a perspective on the recovery process for low income homeowners;
- Promote community discussion about housing issues;
- Enhance the stabilization of housing stock and support for low income homeownership;
- Identify the unmet housing needs of low income homeowners;
- Suggest policy recommendations for how the community and the city can work together to address unmet housing needs.

Background

According to Census reports from 2010, the population of Orleans Parish totaled 343,829 residents residing in 142,158 housing units. This is a reduction of over 140,000 people from 2000, when a population of 484,674 residents occupied 188,251 units (<http://www.gnocdc.org/AverageHouseholdSizeAndGroupQuarters/index.html>). Since 1960, when the population of Orleans Parish was at a peak of 627,525 people, the city has lost 283,696 residents due to “white flight”, loss of jobs, and the decline of the city’s oil industry. As a result, a history of blighted and abandoned properties plagued New Orleans before Hurricane Katrina struck in 2005 (<http://www.gnocdc.org/PopulationLossAndVacantHousing/index.html>). Pre-Katrina housing problems were reflective of larger problems associated with poverty such as unemployment, lack of living wages, crime and limited opportunity for community reinvestment and economic development. These lingering problems coupled with the devastation of Hurricane Katrina and subsequent rebuilding problems have contributed to the estimated 50,000 to 60,000 blighted properties in New Orleans. Mayor Landrieu’s *Blight Strategy* proposal from September 30, 2010 represents an ambitious plan to address longstanding blight by demolishing 10,000 abandoned units over the next three years (<http://www.nola.gov/PRESS/City%20Of%20New%20Orleans/All%20Articles/MAYOR%20UNVEILS%20COMPREHENSIVE%20BLIGHT%20ERADICATION%20STRATEGY>). In 2011, the city demolished or eradicated over 1500 units, making significant progress towards this 10,000 goal (http://www.nola.com/opinions/index.ssf/2012/01/progress_on_blight_in_new_orle.html). However, many residents who are struggling to rebuild or have just bought blighted property

with the hopes of renovating it are trapped within this process of blight eradication, facing daily fines of \$500 and endless attempts by the City to expropriate their property. These homeowners have faced a mired of problems from contractor fraud and blight liens issued by the City with no transparent means to remedy

(http://www.nola.com/opinions/index.ssf/2011/04/city_of_new_orleans_should_for.html) to home revocation loan denials. Such anecdotes indicate that current efforts to eradicate blight through expropriation and demolition will largely fall short and tie up many victims in the process.

In fact, there are few avenues in which residents may purchase a blighted property or vacant lot. The *Lot Next Door* program designed to facilitate residents' purchasing the vacant lot next door from the New Orleans Redevelopment Authority (NORA) to restore neighborhoods

(<http://www.noraworks.org/residents/lot-next-door>) has in reality faced a number of challenges including NORA's practice of "saving" the best properties from auction to sell to developers at below market cost

(http://www.nola.com/politics/index.ssf/2012/04/nora_puts_hold_on_priority_bid.html) and paying thousands of dollars for property up front discouraging and excluding many families from applying for the program.

Mitigating Circumstances

Media portrayals of the recovering city have targeted the Lower 9th Ward as the iconic depiction of Katrina devastation. Articles like *Jungleland: The Lower Ninth Ward in New Orleans Gives New Meaning to 'Urban Growth'* in the *New York Times Magazine* that depict historic and iconic African American neighborhoods, like the Lower 9th Ward, as urban jungles

(<http://www.nytimes.com/2012/03/25/magazine/the-lower-ninth-ward-new-orleans.html?pagewanted=all>), have shifted the focus from peoples' struggles to return to devastated neighborhoods beyond hope and failed to capture the spirit of a people who will not be denied their right to return to their long-time homes.

Residents of the flooded neighborhoods of New Orleans, especially African Americans, experienced additional barriers to rebuilding their homes. Mayor Ray Nagin's use of the National Guard to deny the right, until December, 2005, of the Lower 9th Ward residents to return to check on their homes set off a chain of delays in which the neighborhood has yet to recover. Neighboring and harder hit St. Bernard Parish seamlessly allowed their homeowners to return, defying any logic for the denial of Lower 9th Ward residents the same right. This was true across the Gulf Coast.

It was more difficult for absent homeowners to challenge insurance decisions from afar, as many were unable to even meet the field agents who came to their homes to assess their value. Unexplained delays in the process of insurance claims significantly increased home damage from mold growth and retarded restoration of the area. Insurance company's decisions that labeled all damage as flood-related then resulted in the denial of claims related to wind damage and *Total*

Loss claims, despite the fact that Hurricane Katrina was a terrible wind storm at Category 3. In fact, upon purchase of these very houses, many new homeowners were told by insurance agents that they did not need flood insurance as a part of their initial policies, which left many residents high and dry when it came to collecting any damage claims (<http://www.insurance-reform.org/pr/KATRINAREPORT.pdf>).

African Americans also faced discrimination from the Road Home Program, a state plan to compensate homeowners up to \$150,000, for property damaged by Hurricanes Katrina and Rita with Federal disaster assistance funds. So far, the program has given out over \$8.49 billion to 129,769 applicants (<https://www.road2la.org/>). Lawsuits filed against HUD and the State of Louisiana claimed discrimination against African Americans based upon the formulas utilized to award grants. Road Home estimates based on pre-storm home values as opposed to the cost of repairs were said to disproportionately disadvantage African Americans (http://www.gnofairhousing.org/wp-content/uploads/2011/10/7-15-11_RoadHomeSettlementFacts.pdf). This lawsuit ended in Road Home settlements in which HUD and the State of Louisiana agreed to amend over one thousand Road Home awards (http://www.nola.com/politics/index.ssf/2011/07/state_settles_road_home_discri.html)

Many residents were omitted from the settlement process. Residents who moved back into their unfinished homes are ineligible for reevaluation or additional funds (http://www.nola.com/katrina/index.ssf/2011/07/2_lead_plaintiffs_in_road_home.html). Others still await award grants for elevation or small rental program funds. As a result, many African American homeowners within the flooded neighborhoods of New Orleans have experienced a number of deterrents and delays towards rebuilding their homes. Many were flatly denied any funds. If there was a nuance to a report, the Road Home program could not deal with it and the applicant was left floundering. This situation has prevented complete renovation of a number of housing units and simultaneously discouraged other former residents from returning or rebuilding at all. As this study show, that has not prevented expatriated residents from strong desires to return to their former communities.

Other factors have seriously impacted the rebuilding of low to moderate income neighborhoods as well. Nearly seven years after Katrina, much of the critical infrastructure that served low to moderate income neighborhoods has not been rebuilt. Examples include Methodist Hospital in New Orleans East, Mercy Hospital in Mid-City, Baptist Hospital in Uptown, and the mega health operation at Charity Hospital, numerous schools, fire stations and police substations. Families with a frail, elderly or sick member have been forced to reside where they can obtain needed health care outside New Orleans. Those with school-age children were forced to enroll in schools elsewhere and many have had difficulty enrolling anywhere in a New Orleans school after the school system was virtually taken over by the state.

The shuttered hospitals and closed school systems also caused significant job losses. Surveys conducted in the Lower 9th Ward by the Lower Ninth Ward Community Wellness Consortium

identified concerns such as a lack of economic development, the rebuilding of neighborhood schools and the bussing of children into other neighborhoods to attend school, as well as the lack of mental health care as top concerns for residents (*Lower Ninth Ward Community Wellness Consortium: Strategic Plan for Community Wellness*). The slow efforts to rebuild flooded New Orleans neighborhoods and the failure of the City, State and Federal government to restore vital neighborhood infrastructure represent significant barriers to residents' return.

Methodology

This housing study applied the following methods of research:

- A Housing Needs Survey conducted within low income neighborhoods to gather resident perspectives;
- A review of existing housing recovery policies;
- An examination of population trends of targeted neighborhoods; and
- An analysis of Home Mortgage Disclosure Act (HMDA) data trends in home improvement loans.

Housing Needs Survey

From August 2011 through March 2012, A Community Voice conducted a survey of 410 residents from the low to moderate income, predominately African American, neighborhoods that were devastated by Hurricane Katrina to measure the progress and challenges faced by residents in these neighborhoods in their efforts to restore their housing.

Residents were surveyed by A Community Voice members through door to door outreach, community meetings, as well as through their churches and word of mouth using a Snowball Research Sampling technique. The A Community Voice members who conducted the study are lifelong residents of New Orleans largely who are over-50 years old and African American women. Most of them have worked since Katrina on advocating for the right of return for all residents, and they have struggled themselves to rebuild their own housing or to find affordable housing. These women remain active in their churches and neighborhood associations. As a result, the residents who were surveyed generally match the characteristics of those who conducted the survey. Those residents surveyed were from neighborhoods of 50% + damage by hurricane Katrina and with annual incomes below \$35,000. The targeted communities: Lower 9th Ward (including Holy Cross and bounded by the Mississippi River, Florida Avenue, the Industrial Canal and the St. Bernard Parish Line), New Orleans East (including the neighborhoods of Pines Village, Plum Orchard, Read Blvd. West, West Lake Forest, Little Woods, Read Blvd East, and Village de L'est), Upper 9th Ward (bounded by St. Claude, Almonaster, Florida Ave, and the Industrial Canal but excluded Desire Parkway), and Gentilly

and the 8th Ward neighborhoods (Gentilly Woods and Gentilly Terrace and the St Roch neighborhoods).

According to the United States Census, the population changes of the following African American neighborhoods devastated by hurricane Katrina and its aftermath are as follows:

Population Losses by Community

Neighborhood	2000 population	2010 population	% LOSS
Lower 9 th Ward	19,515	5,556	71.5%
New Orleans East	92,720	62,578	32.5%
Upper 9 th Ward	16,817	10,157	39.7%
Gentilly/8 th Ward	22,517	14,842	34.1%
ORLEANS PARISH	484,674	343,829	29.1%

A Community Voice studied a snowball sample from the most devastated neighborhoods outlined above which included:

Neighborhood	Residents (N)
Lower 9 th Ward	118
New Orleans East	66
Upper 9 th Ward	76
Gentilly/8 th Ward	93

Additional respondents included: 19 who had indefinitely moved out of New Orleans for a variety of reasons and 23 who were displaced from their homes and live in other areas of New Orleans - having to rent other accommodations as they attempt to fix their homes. Two residents had sold their homes to relocate elsewhere in New Orleans and another 13 residents live outside the targeted neighborhoods in other flooded or partially flooded zones such as Uptown and Treme.

A closer look at Survey results from the targeted flooded zones:

- 3.4% of residents own a vacant lot
- 4% of residents own unrepaired rental units having been turned down for Road Home funds
- 5.6% of residents are paying rent elsewhere because they cannot fix their home
- 9% of residents are waiting for money to elevate their home
- 10.5% of residents could not fix up their home because of a lack of Road Home funds
- 13% of residents own a home that they cannot live in
- 14% of residents claim to be victims of contractor fraud as an obstacle to rebuilding

- 23% of residents indicate not having enough Road Home funds as an obstacle to their rebuilding
- 7% cite not enough insurance as a problem
- 28% of residents are willing to buy blighted properties if there were programs in place to help with repairs
- 43.4% of residents live in homes that still need minor repairs*

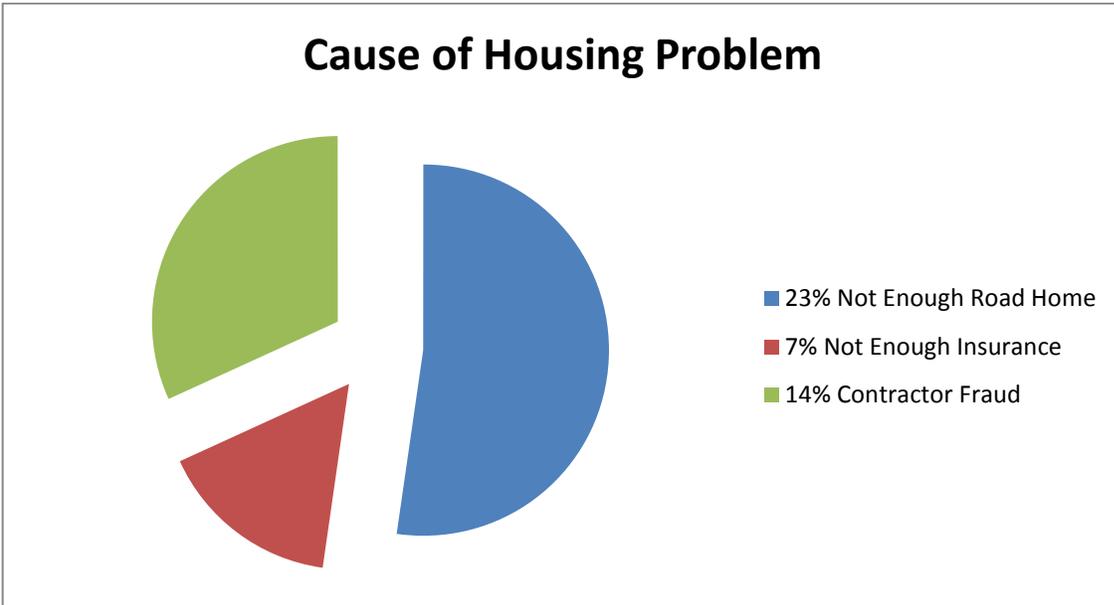
*Minor repairs included everything from plumbing problems, electrical issues, roof damage, and opened walls without insulation or sheetrock.

A Community Voice has heard a variety of anecdotal accounts from homeowners about their rebuilding struggles:

- An elderly gentleman in the Lower 9th Ward struggles to rebuild after being awarded only \$20,000 in Road Home funds due to the home being considered a “commercial” property. Most of this \$20,000 was spent dealing with contractor fraud. Now, he struggles to rebuild on a fixed income doing what little he can each month. (See first photo on cover)
- An elderly gentleman in the Lower 9th Ward struggles to repair his family property, a rental unit that additional family members lived in prior to Katrina. Denied Road Home funds for this rental unit, he has been trying on his own to repair his home. Each time he has purchased supplies for his home such as pipes and wiring, his house is broken into and the rebuilding materials are stolen. This scenario has occurred 15 times as the city neglects this neighborhood and fails to put adequate resources into police protection and neighborhood safety.
- A low income working mother in New Orleans East lives in a home still in need of repairs. There is a water leak coming from the second floor. Her ceiling and walls are damaged. Her health and those of her children are in danger from the growing mold. Her funds are exhausted, and she has no money to repair the leak.
- An elderly woman living in New Orleans East owns a home in the Carrollton-Hollygrove neighborhood. She applied to the Road Home too late. Struggling to save her home, she tries to fight off city expropriation as she tries to find money to fix the roof and stabilize the house. She wants to take out a loan but knows that her age and bad credit are working against that likelihood, and worries about how she will be able keep her home.
- An elderly woman in Gentilly is struggling to find funds to repair a crumbling porch that is a hazard for her when she enters and exits her house.

Stories such as the ones listed above characterize the rebuilding struggles of African American homeowners in the neighborhoods hardest hit by Katrina. Despite the billions of federal dollars given to Louisiana and for the Road Home Program, the majority of residents have struggled and continue to struggle rebuilding their homes on their own and with limited resources. Many are living in substandard housing because they have run out of money.

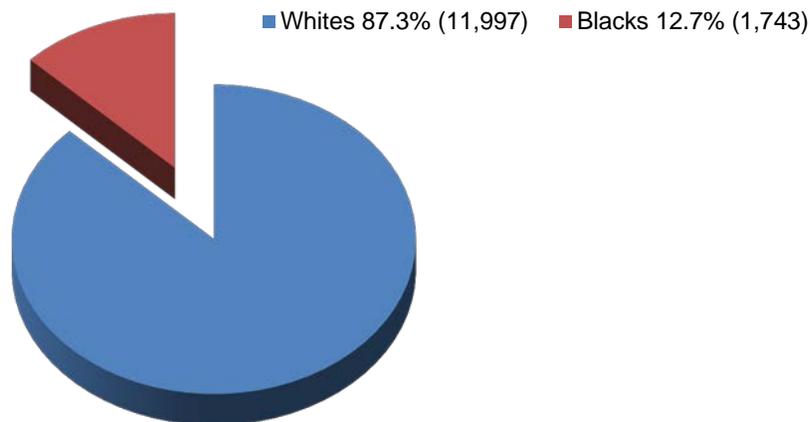
As indicated by the chart below, the reasons for blight in these neighborhoods are not as clear cut as they would seem to an outside observer. Despite the fact that these stories are numerous and situations complex with points of struggle that offer no easy solutions, they all contain the common theme of residents who want desperately to get rid of their own blight, fix their homes and maintain their homes for years to come.



Despite the significant need that African American homeowners have for home improvement loans, the number of home improvement loans originated for African Americans in the New Orleans Metropolitan Statistical Area (MSA) which includes New Orleans, Metairie, and Kenner is strikingly low:

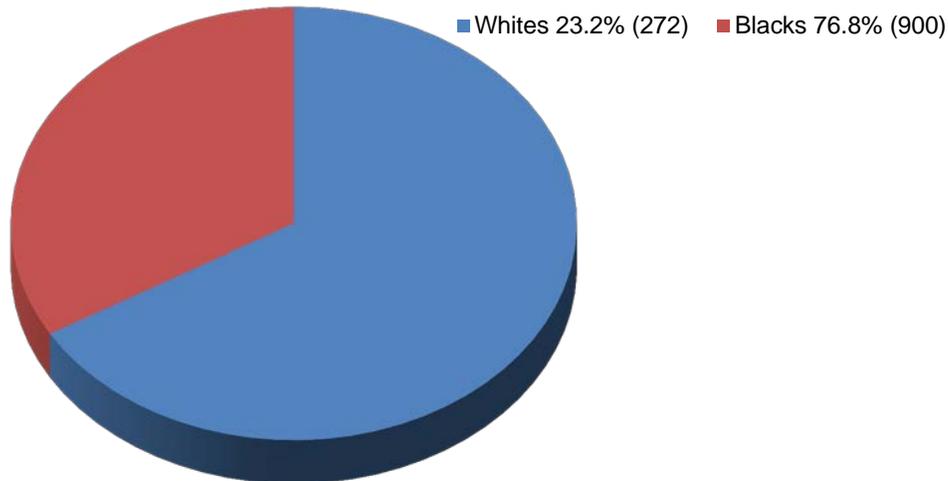
WHITES v. BLACKS INABILITY TO OBTAIN HOME IMPROVEMENT LOANS

Only 272 African American homeowners obtained home improvement loans in 2010 compared to 900 Whites (http://www.ffiec.gov/hmdaadwebreport/pdf/2010/Hmda/temp/2010HA4-4_35380.PDF).



WHITES' v. BLACKS' ABILITY TO OBTAIN REFINANCE LOANS

Rates for refinance loans also indicate wide racial disparities, 11,997 whites to 1,743 African Americans obtain refinance loans.



For detailed breakdowns on racial disparities in lending within the New Orleans MSA among the top lending institutions (as determined by bank deposits) and Home Mortgage Disclosure Act (HMDA) data collected by the Federal Financial Institution Examination Council (FFIC), please see *Attachment A*.

Given the current lending trends for the New Orleans MSA, few African Americans are able to receive money from banks in terms of either home improvement loans or refinance loans to fix their homes.

Findings

This study verifies that low to moderate income residents view proposed blight reduction measures with mixed feelings. On the one hand, returning residents want to see the blighted and abandoned homes in their neighborhoods cleaned up to improve neighborhood safety and to bring a sense of normalcy to the community. On the other hand, residents still in the process of rebuilding worry that their homes will be expropriated, torn down and sold to developers. Many residents have seen properties languish that are already owned by the State and City and have worked to cut the grass and maintain the lots themselves to combat the neglect. Other residents lament the loss of housing units that could have been repaired and would prefer to see their old neighbors back in these houses. These mixed feelings around blight reflect the complex and multifaceted issues that face low to moderate income neighborhoods within New Orleans that a blanket demolition strategy fails to address.

Policy Recommendations

The avenues for obtaining additional money for home repairs are limited for African American homeowners in New Orleans. A Community Voice proposes the following policy recommendations to stabilize housing in the African American neighborhoods of New Orleans:

- New Orleans Mayor should develop a loan guarantee pool with CDBG funds to insure home improvement loans for the first year after the loan is made, in order to encourage lending institutions to provide increased opportunity for home improvement loans;
- The City of New Orleans should design and implement a hardship rehab grant program for elderly and disabled residents to bring their homes up to housing code*;
- The City should streamline programs such as the Lot Next Door program with payment plans to support low income residents' purchase and maintenance of the vacant lots in their own neighborhoods;
- Congress should reduce racial disparities in lending by strengthening federal enforcement of Community Reinvestment Act (CRA) policies that have been substantially weakened in recent years, and they should end bank and lending discrimination practices that have caused a national decline in African American and minority homeownership;
- The Louisiana Legislature should develop laws to require stronger bonds and insurance for contractors within disaster zones to lessen the likelihood of and provide a remedy for contractor fraud;
- Congress, the State and City should promote the use of local contractors with Disadvantaged Enterprise Businesses (DEB) certification and minority contractors as primary choice for reconstruction to limit the numbers of outside contractors profiting off disaster victims.

* At present, A Community Voice is working with the non-profit SUN and the City of New Orleans to implement a small repairs hardship rehab grant program for elderly and disabled residents to bring their homes up to housing code. However, this program is very small and more are needed to address the condition of housing stock in the impacted neighborhoods.

References

Federal Financial Institutions Examination Council (FFIEC) Home Mortgage Disclosure Act (<http://www.ffiec.gov/hmda/>).

Greater New Orleans Data Center (<http://www.gnocdc.org/>).

Lower Ninth Ward Community Wellness Consortium: Strategic Plan for Community Wellness (2011), Minority Health & Health Disparities Research Center Dillard University & Louisiana State University Health Science Center.

First Photo: Home unjustly deemed Commercial and then denied Road Home funds.

Second Photo: A Community Voice volunteers clean vacant lot, next to renovated and vandalized house they boarded-up of deceased resident, across from Bonart Park.