NEW ORLEANS: TEN YEARS AFTER THE STORM

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HOUSING AND INSURANCE
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NEW ORLEANS: TEN YEARS AFTER THE STORM

Friday, November 6, 2015

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING
AND INSURANCE,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 12:20 p.m., in the boardroom of the Port of New Orleans Administration Building, 1350 Port of New Orleans Place, New Orleans, LA, Hon. Blaine Luetkemeyer [chairman of the subcommittee] presiding.

Members present: Representatives Luetkemeyer; Cleaver and Green.

Ex officio present: Representative Waters.

Also present: Representative Richmond.

Chairman LUETKEMEYER. The Subcommittee on Housing and Insurance will come to order.

Without objection, the Chair is authorized to declare a recess of the subcommittee at any time.

Today's hearing is entitled, "New Orleans: Ten Years After the Storm." We are excited to have with us today your Congressman who represents this area, Mr. Richmond. Technically, he is not on the committee, so we have just a little housekeeping to take care of to make sure he can participate.

So, without objection, the gentleman from Louisiana, Mr. Richmond, may participate in today's hearing by making a statement and asking questions of the witnesses. Since there is no objection, your voice is now going to be heard.

Before we go on, I would like to thank the witnesses for appearing before the subcommittee today, and the Port Authority of New Orleans for hosting us. We look forward to the testimony of our distinguished panel.

I now recognize myself for 5 minutes to give an opening statement, and before I do I just want to start out by explaining for those in the audience how this all works, if you are not familiar with how we do things in Congress. We don't do things well, but we do have some order sometimes.

I have a statement of a few minutes, and then Ms. Waters and Mr. Cleaver, and then we will have statements from the witnesses in the 5-minute range, and then we will begin questions, and we will try to keep our questions to about 5 minutes apiece and see if we can get through 2 rounds of questions. We have a hard stop at 3:00 because of some flight connections.
The audience is asked to remain quiet. This is a hearing for us to learn from the witnesses whom we have asked to be here. They are very knowledgeable in each of their fields, and we are excited to have them.

The gentleman over here on my left has a little timer. So whenever you see the lights over there, green means it is time to start, yellow means you have about a minute to go—when you see us with a minute left, you know we are going to have to wind up our questions shortly—and red means we have to figure out how to wind things up and move on to the next person. So, just a little housekeeping.

I now recognize myself for 5 minutes to give an opening statement.

Ten years ago, much of this City was underwater. The aftermath of Hurricane Katrina destroyed communities and displaced thousands upon thousands of individuals. The lives that were not claimed were severely disrupted, and housing of any kind went from being a necessity to a luxury.

The Federal Government stepped in and partnered with the State in an attempt to deliver services and fill immediate needs, with the ultimate goal of rebuilding a stronger New Orleans.

The response to Hurricanes Katrina and Rita totaled more than $120 billion in aid. In some cases, that funding was seemingly put to good use. Earlier today, my colleagues and I toured a post-Katrina housing development that has become a cornerstone of a revitalized community. We also saw areas of New Orleans that don't seem to have been touched yet at all.

So here we are more than 10 years later, looking at communities that haven't been redeveloped, aware that there are still people who are unable to return home. It is clear that government at all levels had some failings. Government didn't serve those in need to the best of its ability.

This hearing today is to allow history to guide us by examining what worked and what didn't work, and have an honest discussion about the appropriate roles of the Federal, State, and local governments, the private sector, and the non-profit community and disaster assistance.

Today, we will hear from a diverse set of witnesses who had diverse experiences and played different roles in the days and years after Katrina. We have representatives on today's panel who led groups that were some of the first responders in the post-Katrina housing crisis. In places where the State or Federal Government was slow to help, they were there, working to physically and emotionally rebuild their communities. That they continue their work 10 years later is both a testament to their strength and an indication of the need to examine the process for delivering housing assistance in the wake of disasters.

This subcommittee was the first to have a field hearing in post-Katrina New Orleans. We welcome the opportunity to study the progress or lack thereof made in the last decade and thank the people of this City for having us back.

As someone who has also seen a devastating situation, I empathize with the citizens of New Orleans for what you have gone through. A devastating tornado ripped through Joplin, which is a
town not too far from where I am. I saw the governor call out the
National Guard and work with all the different emergency people
there and address that issue. I have stood in the middle of the dev-
astation, a swath 7 miles long and a mile wide, with literally noth-
ing left but a few stumps of the trees, and all that was left was
the rubble of the homes and the buildings that were there.

As you stand there, your feelings range from awe to sadness,
from disbelief to grief at the lives lost. I have also witnessed what
it did to the community and how the community responded and got
back on its feet.

So I look forward to an affirmative discussion today, and I com-
 mend the panel and the people of the Gulf Coast for their strength
and determination.

With that, I yield 3 minutes to the ranking member of the full
Financial Services Committee, Ms. Waters from California.

Ms. Waters. Thank you, Chairman Luetkemeyer and Ranking
Member Cleaver, and thanks to all of our witnesses who are here
today.

I am reminded that this August was a wonderful time here in
New Orleans. I joined the people of New Orleans to mark the 10-
year anniversary of Hurricane Katrina. Ten years ago, I saw the
devastation of Hurricane Katrina firsthand as then-Chairwoman of
the Housing Subcommittee when I, along with members of the sub-
committee including Mr. Cleaver and Mr. Green, visited public
housing units that were damaged by the storm and witnessed the
difficult conditions victims of the storm faced. In the following
years, we continued to work with public housing tenants and the
Housing Authority to ensure that tenants had the resources they
needed to survive. We worked together with housing advocates to
shine a bright light on problems with recovery efforts, and to hold
officials accountable for improving conditions in the City and get-
ting its residents back to life as it was before the storm.

We held 16 hearings, 6 of which were held in the Gulf. We un-
derstand that stabilizing the housing infrastructure was a critical
part of ensuring that New Orleans reached full recovery. So in
order to ensure that we were meeting the immediate and long-term
housing needs of vulnerable populations, I introduced legislation,
H.R. 1227, the Gulf Coast Hurricane Recovery Act of 2007, to help
reestablish housing options for Gulf Coast families.

Although this bill was never signed into law in its entirety, I am
proud to say that several pieces of the bill were successfully en-
acted, including provisions to authorize vouchers to house the
homeless, as well as disaster vouchers for displaced families to help
smooth the transition into permanent housing after the storm.

The work in the aftermath of Katrina also included identifying
and re-housing victims of the storm, as well as identifying and
seeking to end housing discrimination such as the anti-housing or-
dinance in St. Bernard Parish, and the discriminatory allocation of
grant dollars through the HOME Program, which I am sure will
come up today. Additionally, I stood with several local officials and
advocates to call for the one-for-one replacement of every unit de-
molished in the City’s public housing developments.

I am proud to see that after 10 years, the City has truly turned
the corner and New Orleans has shown the world what resilience
and true grit looks like. Notably, population levels continue to rise, homelessness has fallen by nearly 90 percent, and the City has effectively ended veterans' homelessness.

Nevertheless, our work is not done. First, we must work to expand affordable housing options for low-income New Orleanians. HUD-assisted housing in New Orleans now exceeds pre-storm levels, yet the public housing stock stands at just 26 percent of its pre-Katrina inventory.

Second, I am also concerned about recent studies regarding the impact of Katrina on New Orleans' black middle class. As we confront the wealth gap nationally, we must also confront the policies that have led to the erosion of New Orleans' once-vibrant black middle class.

Third, far too many residents are paying more than their share to rent a home. Prior to the storm, the majority of households in New Orleans spent less than 30 percent of their income on rent. Recent data released by the U.S. Census Bureau indicate that the trend is now moving in the wrong direction, with 58 percent of renters spending more than 30 percent of their income to pay the rent today.

So I hope to explore each of these issues in-depth today, and I look forward to hearing from our witnesses about their work to improve housing opportunities here in New Orleans.

I yield back the balance of my time.

Chairman Luetkemeyer. With that, we go to the gentleman from Missouri, the ranking member of our Housing and Insurance Subcommittee, Mr. Cleaver.

Mr. Cleaver. Ten years after the storm. Thank you, Chairman Luetkemeyer and Ranking Member Waters, and other members of the committee.

I would like to begin by thanking the Chair of this subcommittee to my immediate right, Chairman Luetkemeyer, for his interest in and willingness to bring forth this hearing. I would like to thank Ms. Waters for agreeing to help facilitate the request for this hearing. She and Congressman Green to my left and I were here in the aftermath of Katrina and saw firsthand what it had done in terms of devastation.

I would like to thank Congressman Cedric Richmond of Louisiana's 2nd Congressional District for the leadership he has provided and the direction that he has given on this issue as well.

On August 29, 2005, Hurricane Katrina struck this area. This Category 3 hurricane brought with it winds up to 140 miles an hour, stretching 400 miles across the States of Louisiana, Mississippi, and Alabama. When the levees protecting the City of New Orleans broke, 80 percent of the City was flooded with up to 15 feet of water. I doubt that there is anyone in this room or across the country who does not remember the images of the City underwater. All told, 1,500 people in the State of Louisiana lost their lives, more than a million people in the Gulf were displaced, and over a million homes were damaged. There are many who consider Katrina to have been the single most catastrophic natural disaster in U.S. history.

Sadly, though perhaps not surprisingly, the road to recovery for the City of New Orleans has been bumpy. To assist with the recov-
very, Congress appropriated $120 billion, and the National Flood Insurance Program paid out $16.3 billion in claims. The Financial Services Committee, which is the oversight committee of this sub-committee, held 16 hearings on Katrina and the Gulf Coast recovery. And in the aftermath of the Katrina event, as I mentioned earlier, we had a field hearing here so we could see firsthand the struggles faced by the community.

Eight years later, there have been impressive signs of recovery, and we saw them today. I appreciate all of the work that has gone on, and we will get into details on that later.

I would like to yield back the balance of my time, and I look forward to becoming dialogical with the panel.

Chairman LUETKEMEYER. Thank you.

With that, today we welcome the testimony of Mr. Earl Randall, Field Office Director, U.S. Department of Housing and Urban Development; Ms. Nicole Barnes, Executive Director, Jericho Road Episcopal Housing Initiative; Ms. Cashauna Hill, Executive Director, Greater New Orleans Fair Housing Action Center; Ms. Tracie Washington, President and CEO, Louisiana Justice Institute; Mr. Gregg Fortner, Executive Director, Housing Authority of New Orleans, who did a fantastic job of getting us around today and getting us around on time, so, well done; Ms. Connie Uddo, Executive Director, St. Paul's Homecoming Center; and Ms. Erika McConduit, President and CEO, Urban League of Greater New Orleans.

Each of you will be recognized for 5 minutes to give an oral presentation of your testimony. Everybody has submitted written testimony so you can give us an overview of that. And without objection, your written statements will be made a part of the record.

Mr. Randall, you are now recognized for 5 minutes.

STATEMENT OF EARL RANDALL III, NEW ORLEANS FIELD OFFICE DIRECTOR, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. RANDALL. Thank you, sir. Good afternoon, Chairman Luetkemeyer, Ranking Member Cleaver, and members of the sub-committee. My name is Earl Randall III, and I have been Director of the Department of Housing and Urban Development’s field office here in New Orleans for the past 2 years. We are grateful for the chairman and ranking member’s leadership in calling for this hearing, and especially your interest today on the tour as we viewed some of our recovery projects.

I would also like to give a special acknowledgement to Ranking Member Waters for her presence here today, and the interest she has shown over the past decade for the citizens of New Orleans and the recovery of this area. Thank you for inviting me here today.

Hurricane Katrina and its aftermath created unprecedented destruction along the Gulf Coast and inflicted a human toll of more than 1,800 lives. Over the past 10 years, investments made through HUD programs have had a major impact on the recovery in the Gulf Coast region. The Department has worked closely with State and local leaders and effectively managed nearly $20 billion delivered through the Community Development Block Grant Disaster Recovery Program to help the region recover from Hurricanes Katrina, Rita, and Wilma.
Hurricane Katrina has forever changed New Orleans and the Gulf Coast. The post-recovery chapter of HUD's relationship with New Orleans builds off the substantial recovery of the past 10 years and now focuses on how to make New Orleans and the Gulf Coast communities, and the residents of every neighborhood, successful in the 21st Century.

At the time of Hurricane Katrina, I was HUD's Community Planning and Development representative for Shreveport and Bossier City. Immediately after landfall, I was asked by the field office director to coordinate HUD's on-the-ground responses to the devastation caused by Katrina. One of my first official duties was to coordinate a congressional field hearing that was held here in New Orleans, and I have come full circle to sit on the panel as a witness here today.

In my role with HUD over the past decade, I have had a first-hand opportunity to watch how CDBG-DR funds were the driving force in the recovery that were used to fill funding gaps and provide flexibility that caused communities to carefully think through recovery plans and how best to meet the specific recovery needs. In Alabama, Mississippi, and Louisiana, CDBG-DR dollars were used by States to ensure that they were able to develop holistic recovery plans to ensure recovery across the spectrum of housing, infrastructure, and economic development needs.

The $19.7 billion that was allocated to the Gulf Coast region for Katrina was broken down as such: $11.6 billion for homeowner compensation; $2.7 billion for housing rehab; $1.7 billion for infrastructure and public improvements; $1.3 billion for economic development and tourism; and $2.4 billion for other activities.

To this point, I have discussed HUD's post-Katrina investment in terms of CDBG-DR. The second major aspect of HUD's recovery work in New Orleans has been the redevelopment of the four big public housing developments: C.J. Peete; B.W. Cooper; Lafitte; and St. Bernard. Hurricane Katrina displaced 3,000 families who lived in those buildings. Public housing in New Orleans pre-Katrina was a dense development that was isolated from the community. There was high poverty, high crime, lack of services and amenities, vulnerability to flooding, low education, and lack of opportunity. The Housing Authority of New Orleans, after consulting with and obtaining approval from HUD, decided to demolish and rebuild these developments to be more resilient to future floods, and to create communities of opportunity.

The funding sources for these endeavors included HUD and HANO contributing $200 million for capital investment, Go Zone tax credits of $250 million, and FEMA's $20 million investment. And I am proud to note that CDBG-DR added an additional $115 million at a critical time, when other funding sources became less stable during our financial crisis in 2008 and 2009.

Two of the transactions, Columbia Park and Harmony Oaks, went to final closing in December of 2008. Many of the remaining projects were closed in phases in 2011 and 2013, while others are scheduled to close. Today, 4 new mixed-income developments are a vital part of community life in New Orleans. These are mixed-income developments with both public housing and non-public housing units, and market-rate units, and especially units dedicated to
permanent supportive housing. HUD's investment is having a broader impact on neighborhood revitalization, greater resilience, improved amenities, and offering housing to working families.

HUD is going beyond public housing with the transformation at Iberville. We are not just focused on a building. In fact, we are re-developing the neighborhood with a $30 million HUD Neighborhood Grant. This will be an historic restoration that will meet the needs of the local population, such as expanding access to fresh foods, job opportunities, and quality early childhood education. HUD's investment spurred an additional $53 million in private investment to date, and well over $1 billion in planned neighborhood investment.

I want to reiterate that despite the success stories, our job is not over. There are still miles left on the road to recovery. As a native of New Orleans, I am proud of the work that has been done and the lessons that we have learned about providing quality housing for all, developing mixed-income communities, leveraging private investment, and building resilient communities of opportunity. The remainder of our journey will continue to bolster the City of New Orleans' recovery and can serve as an example of redevelopment across the country in the wake of major disasters.

Thank you again for the opportunity to testify today, and I look forward to your questions.

[The prepared statement of Mr. Randall can be found on page 72 of the appendix.]

Chairman LUETKEMEYER. Thank you.

Ms. Barnes, you are recognized for 5 minutes.

STATEMENT OF NICOLE BARNES, EXECUTIVE DIRECTOR, JERICHO ROAD EPISCOPAL HOUSING INITIATIVE

Ms. BARNES. Good afternoon, Chairman Luetkemeyer, Ranking Member Cleaver, and members of the subcommittee. My name is Nicole Barnes, and I am the executive director of Jericho Road Episcopal Housing Initiative. Jericho Road is a non-profit community development organization established in 2006 in response to the pressing need for affordable housing in the aftermath of Hurricane Katrina. As a lifelong citizen of New Orleans, with a 20-year career as a housing professional, I have witnessed and been a part of the post-Katrina revitalization efforts as a homeowner, a former government employee, and a non-profit executive. I look forward to addressing the current conditions in the market, progress made over the 10 years, and the challenges that still remain regarding housing in post-Katrina New Orleans.

A current snapshot of the housing market conditions in New Orleans is as follows: fair market rent in New Orleans for a one-bedroom apartment is $767 per month, or $9,204 per year; the median income in New Orleans is $37,000 per year; the median rent is $765, and the average home value is $183,000 per unit; homeownership rates in New Orleans are at 45 percent, well below the national average of over 60 percent; African American households disproportionately pay more of their income towards housing costs; more than 60 percent pay over one-third of their monthly income toward housing costs; both rent and home values have increased close to 50 percent since 2000; and approximately 58 percent of all
households pay over one-third or more of their income towards housing, as Congresswoman Waters alluded to earlier.

Housing is typically the highest cost for any household. However, housing is only one of a household’s many expenditures. New Orleanians saw a substantial increase in housing costs from 2000 to 2013, far outpacing the increase in median incomes. Rents have increased by 102 percent or 50 percent when adjusted for inflation, while home values have increased 109 percent or 54 percent when adjusted for inflation. As with income, the most drastic increases in home value have been seen at the high and low ends of the cost spectrum. The percentage of homes valued below $100,000 has been reduced by more than two-thirds, while the percentage of homes valued over $300,000 has more than tripled. While rents and home prices continue to increase, household income has not significantly changed since the year 2000. In fact, when adjusted for inflation, median income in New Orleans has dropped by 15 percent since 2000. Thus, the decrease in income has severely impacted current housing market conditions in the City.

Homeownership: In New Orleans prior to Hurricane Katrina, for many low- to moderate-income working families, the ultimate dream of homeownership was an attainable goal. The average cost of the typical three-bedroom/two-bath home before Hurricane Katrina ranged from between $80,000 to $100,000. In the wake of Hurricane Katrina, the real estate market has changed tremendously, and the average price for that same three-bedroom/two-bath home is now starting at $159,000.

This increase is precipitated and compounded by several factors which serve as very challenging impediments to affordable homeownership in the City of New Orleans. These impediments include a decreased supply of undamaged homes in the market, increased construction costs for both labor and materials, increased insurance premiums and property tax costs, and a lack of resources for increased gap financing needs for families. There were various programs funded by the Federal Government and administered by both the State and the City to mitigate some of these impediments.

Two of the most successful programs were soft second programs that provided gap financing for families who were attempting to purchase homes post-Katrina. The first program was sponsored by the Finance Authority of New Orleans. This program was funded with $27 million of Disaster Community Development Block Grant funds and served 1,140 families from the period of 2005 to 2014. However, this program has exhausted its resources and is no longer accepting applications.

The second program was managed by the City of New Orleans, and the program began in 2012 and has closed 891 homes across the City and was also funded by CDBG funds. The average program participant qualified for a $91,000 first mortgage. They received a second mortgage in the amount of $51,000, and they also needed about $5,000 in closing cost assistance.

The third major program sponsored by the government for homeowners was the Road Home Program, and this was for existing homeowners. The Road Home Program represents the largest single housing recovery program in history. Eligible homeowners received up to $150,000 in compensation for losses and had 3 com-
pensation options. The program has been closed to new recipients since 2007.

As of mid-2013, the Road Home Program has successfully assisted more than 130,000 Louisiana citizens affected by Hurricanes Katrina and Rita. The program has disbursed more than $8.9 billion to residents of Louisiana to rebuild their homes. With regard to New Orleans, 46,884 households received $4.2 billion in grants from the Road Home Program. Of the homeowners who chose Option 1, 94 percent have rebuilt their homes.

Increased insurance premiums and property taxes are now taking a toll on residents of Gulf communities. Annual homeowners’ insurance premiums have tripled, and in some cases, for the newly insured, quadrupled in post-Katrina New Orleans. This is compounded by the fact that many large insurers no longer write policies in the City of New Orleans. New homeowners have had to rely solely on the insurance of last resort, the Louisiana Citizens FAIR Plan.

Homeowners have also seen significant increases in flood insurance premiums. Although homeowners have access to the generally affordable, federally managed National Flood Insurance Program, market conditions reflect an increase in these premiums as well, by as much as 4 times in some areas of the City. Additionally, the new administrative fees that have been added to the National Flood Insurance Program have also impacted affordability to homeowners.

In addition to the increased insurance —

Chairman LUETKEMEYER. Ms. Barnes, we are getting well over 5 minutes. Can you wrap it up in just a few comments?

Ms. BARNES. Yes, sir.

Chairman L UETKEMEYER. I noticed that you have 2 pages to go there.

[laughter]

Ms. BARNES. I know. We have a lot going on.

Chairman L UETKEMEYER. That is great. We will ask a lot of questions and get into that information.

Ms. BARNES. I do want to emphasize that moving forward, we recognize all of the practitioners and persons who are working in housing in the City, the need to work together and to come up with a plan to, if you will, remove the second half of recovery, because I think right now we are probably at half of where we need to be in terms of the City and the housing issues and citizens returning to New Orleans.

So with that being said, we have been working—all of the practitioners, government officials, and stakeholders have been working on a plan called HousingNOLA, and it is a new 10-year plan for the City of New Orleans to look at housing, to figure out the best way to invest the little funding or the shrinking funding that we are seeing coming down with regard to housing and investment projects for rental and homeownership.

[The prepared statement of Ms. Barnes can be found on page 48 of the appendix.]

Chairman LUETKEMEYER. Very good. Thank you.

Ms. Hill, you are recognized for 5 minutes.
Ms. HILL. Thank you. Good afternoon, Chairman Luetkemeyer, Ranking Member Waters, Ranking Member Cleaver, and members of the subcommittee. My name is Cashauna Hill, and I am executive director of the Greater New Orleans Fair Housing Action Center (GNOFHAC). GNOFHAC is a non-profit civil rights organization established in 1995 to eradicate housing discrimination in the greater New Orleans area. Through education, investigation, and enforcement activities, we promote equal opportunity in all housing transactions, including rental, sales, lending, and insurance. We are funded in part by the Fair Housing Initiatives funds from HUD. Our work since Hurricane Katrina has focused on ensuring that all former residents of the City can return to their homes with the guarantee of fair housing choice.

Thank you for hosting this important hearing today, and thank you for inviting me to participate.

August of this year marked a decade since Hurricane Katrina made landfall, and many of you are well aware of the great accomplishments and many persistent challenges that this City and region have faced. I would like to provide you with just a quick sketch of some overall indicators of recovery, both at the City and regional levels.

Of New Orleans' more than 70 neighborhoods, more than half of those neighborhoods have recovered over 90 percent of their population, according to the New Orleans Data Center. In the last 4 years alone, New Orleans has grown an additional 12 percent. However, despite rapid growth and ongoing recovery, approximately 100,000 African Americans have not yet returned to New Orleans.

Regionally, surrounding parishes have also shifted demographically in the decade since Hurricane Katrina. These shifts are consistent with trends nationwide and the suburbanization of poverty as low- and moderate-income people are pushed out of City centers. However, the “Katrina Effect” certainly accelerated trends seen at more gradual rates in other cities nationwide.

In Jefferson Parish, for example, just west of Orleans Parish, the population rebounded far faster than New Orleans, with 95 percent of its pre-storm population back by 2010, while New Orleans had only 71 percent of its pre-storm population back at that time.

To the south of Orleans Parish lies St. Bernard Parish. In 2006, the Fair Housing Center filed suit against St. Bernard for enforcing a “blood relative only” ordinance that prevented St. Bernard homeowners from renting to anyone who wasn't a blood relative. As we know, because 90 percent of homeowners in the Parish were white at that time, most single-family homes would have only been available to white tenants.

The ordinance was passed at a time when New Orleanians forced out of their homes by natural disaster were desperately seeking housing options with reduced housing stock and limited options available. As New Orleanians, who are majority African American, sought stable housing options, surrounding communities unfortunately erected barriers to entry.
Since the 2006 litigation and widespread press coverage, St. Bernard Parish has integrated considerably.

By far, the largest congressionally funded housing recovery program in U.S. history has been the Road Home Program. The program was designed, as we heard, to provide direct cash rebuilding grants at a maximum of $150,000 for storm-impacted homeowners.

In 2008, GNOFHAC filed a lawsuit against the State of Louisiana and HUD because of the design of the Road Home Program. The housing counseling staff at GNOFHAC, working directly with homeowners seeking Road Home funds, noticed that many African American clients received smaller grants than white clients, even when the homes had similar square footage, had sustained comparable damage, and were estimated to cost the same amount to repair. The grant formula was based on the pre-storm value of the home rather than on the actual cost to rebuild. As a result of this formula, homeowners from white neighborhoods received more than homeowners from African American neighborhoods, even when the costs to rebuild were the same. I know that in 2008 and again in 2009, this committee heard extensive testimony from the Fair Housing Center about this program, so I won't go into any more details about that.

The plight of renters in the aftermath of Hurricane Katrina, as Ranking Member Waters stated, is particularly striking, as New Orleans is a City where more than half of the residents are renters, rather than homeowners. Yet, there was never a comprehensive plan to rebuild or repair this largest slice of the housing market. In fact, 50 percent of private market rentals were destroyed or damaged in the aftermath of the storm.

The results of this lack of a comprehensive rental rebuilding program are twofold: first, much of our rental stock is low quality as a result of deferred maintenance, with families living in sub-standard housing that creates a significant public health concern; and second, there is tremendous pressure and competition in our rental market.

The Citywide average rent in New Orleans is up 40 percent since before the storm, yet household income has only gone up 2 percent. As we heard, close to 60 percent of renters in the City are rent-burdened, and they pay more than 30 percent of their income towards rent and utilities. Shockingly, more than one-third of New Orleans renters are severely rent-burdened, which means that they pay more than 50 percent of their income towards rent and utilities. Increased competition for limited remaining rental stock has pushed middle- and lower-income people to the margins of the housing market here in New Orleans. Further, we have not been immune to the effects of gentrification, which is common to other cities.

I do want to briefly wrap up with a note about HUD-assisted clients. As this committee is very well aware, after Hurricane Katrina many thousands of units of public housing were demolished. The vast majority of those former public housing residents received Housing Choice Program vouchers. As portable subsidies, the vouchers are often referred to as a way to provide better housing choice for HUD tenants and increase housing mobility.
However, this transition hit New Orleans at precisely the moment when approximately 50 percent of the rental housing stock had been lost, increasing the demand but reducing the supply, and putting program participants in competition for remaining limited housing stock.

As a result, the voucher program has helped to increase residential segregation in the City in the decade since Katrina. The program includes nearly a quarter of our City’s renters. In 2010, there were about 18,000 families using vouchers to subsidize their rent, up from about 8,400 in 2005, and this reflects the replacement of unit-based assistance with tenant-based vouchers.

We know that in the 10 years post-Katrina, housing options have become limited for HUD-assisted clients, deepening racial segregation and living patterns in neighborhoods of extreme poverty.

With that said, I would like to thank you all for your commitment and interest in our hometown. I look forward to your questions. Thank you.

[The prepared statement of Ms. Hill can be found on page 56 of the appendix.]

Chairman LUETKEMEYER. Thank you, Ms. Hill.

Ms. Washington, you are now recognized for 5 minutes.

And for the remaining witnesses, we have your written testimony. So if you can summarize what you want to talk about, if you have something you want to highlight, we want to give you plenty of time here, but by the same token, be respectful of everybody else's time. So if you could stay close to 5 minutes on this, that would be great. Thank you.

STATEMENT OF TRACIE WASHINGTON, MANAGING DIRECTOR, LOUISIANA JUSTICE INSTITUTE

Ms. WASHINGTON. Thank you, Mr. Chairman. Staying close to within 5 minutes for a trial attorney is a challenge.

Chairman LUETKEMEYER. You understand you are talking to politicians, too, right?

Chairman LUETKEMEYER. We know all about how to take up the time.

Ms. WASHINGTON. I will try to summarize, and not go over my time, because you have heard some of the testimony that I was prepared to give.

So, Chairman Luetkemeyer and Ranking Members Cleaver and Waters, and members of the subcommittee, thank you for this opportunity to provide testimony today about the fundamental importance of rebuilding communities after disasters, and as related to the mission of the Subcommittee on Housing and Insurance, your committee has been crucial to this work, and certainly you must know that the City of New Orleans could not have been rebuilt and redeveloped without the work of Congress and your understanding of the needs of displaced residents.

My name is Tracie Washington, and I serve as President and CEO of the Louisiana Justice Institute, a non-profit civil rights legal advocacy organization and law firm.
Immediately following Hurricanes Katrina and Rita, I located to Beaumont, Texas, and then Austin, Texas, where I began my practice early in my career, in 1989. I returned to New Orleans first in October 2005 to evaluate the state of my home and my father's home and rental properties, and to begin assessing whether I could return home.

In December 2005, after my son had completed his fall semester of 7th grade, we returned to New Orleans solely to celebrate Christmas and to hire contractors. It was not my intent to stay. In fact, I accepted employment in San Antonio, Texas. But my son convinced me otherwise. Even at age 10, he understood the value of home and family, and he convinced me, his jobless mother with a home badly in need of repair, that New Orleans should be our home. So I want to focus there and not go off script with some others.

It is that 12-year-old statement and his plea to remain home that was the plea of so many people in the City of New Orleans, and I want to talk to you today about some of those left behind, particularly individuals who live in public housing.

Now, many individuals accuse advocates like me of providing only bad news, what hasn't occurred in 10 years since Hurricane Katrina in terms of housing recovery. So let me begin there and state unequivocally that the state of housing has improved in New Orleans post-Katrina. That is an undeniable fact.

Look around you. The City has rebuilt in many places, and rebuilt very, very well. But there are troubling facts still remaining, and I will take up where Cashuana left off. I want to talk about who we left behind in public housing, and think about this fact: There were 8,000 families receiving Housing Choice vouchers in 2005, and 18,000 by 2015 receiving those same vouchers in a community that just could not sustain the extra 10,000 people.

The other side of the housing redevelopment story is important for your committee here because it is the story of individuals left out of recovery and for whom the promise of return to rebuild New Orleans, a recovered New Orleans, a New Orleans with streets that had been formerly pockmarked with despair but would be paved with prosperity, has been broken.

We are a nation of values. We are a nation that keeps its promises. I want to tell you there remains a debt to those individuals left behind. The mistrust you heard often during the 10-year commemoration had its impetus from two events: that Dallas meeting of the fab four of business leaders convened to say how the City would be rebuilt and who would be invited back; and that horrible discoloring of our City with these obscene green dots to be designated as green space, never to be rebuilt. Those areas were the predominantly African American communities in the City containing the generational wealth of homes that had been passed from within families that could never be reclaimed.

But it is also the story of the fight, because while African American citizens were displaced and often homeless, they returned en masse in February of 2006 to tell City officials they would rebuild, and they demanded the moratorium on rebuilding permits in their neighborhoods.
But the residents of public housing weren’t as lucky. Even with the Herculean efforts of Professor Bill Quigley and his outstanding attorneys at the Loyola University School of Law Property Law Center, attorney Judith Browne-Dianis, Co-Director of the Advancement Project, and myself, the Louisiana Justice Institute and scores of attorneys led by Ross Bricker from the Chicago law firm of Jenner and Block, who filed a landmark Anderson v. Jackson public housing litigation for the B.W. Cooper, St. Bernard, C.J. Peete, and Lafitte communities.

And I want to tell you, these were communities of residents who were not saying we don’t want our areas to be rebuilt. They were communities that said we want to return to those rebuilt communities.

I said I was a trial attorney, and I guess I am. It didn’t seem like 5 minutes. I want to close by just letting you know that we serve just 9 percent of those public housing residents now. The same promise we owe to the individuals who own their homes, who rented homes, that same promise to return should have been fulfilled by and for those public housing residents.

We still fight. We still fight because we know they have the right to be back, and we have not fulfilled that promise.

So I thank you for allowing me to testify, and I am available for questions.

Chairman Luetkemeyer. Thank you very much.

Do we have a copy of her testimony? I don’t have it in my—do we have a copy of it? If you have a copy—

Ms. Washington. I have been crossing it out, but I can give it—

Chairman Luetkemeyer. All right, very good. We need to have that before we leave today. Thank you. Thank you very much, Ms. Washington.

Mr. Fortner, thank you very much again for the tour you gave us today. It was very informational and you did a good job of keeping us on track.

You are now recognized for 5 minutes.

STATEMENT OF GREGG FORTNER, EXECUTIVE DIRECTOR, HOUSING AUTHORITY OF NEW ORLEANS

Mr. Fortner. Chairman Luetkemeyer, Ranking Member Cleaver, Congresswoman Waters, Congressman Green, and our own New Orleanian, Congressman Cedric Richmond, I am Gregg Fortner, executive director of the Housing Authority of New Orleans, or HANO, and it is my privilege to appear before you today on behalf of HANO, the HANO Board of Commissioners, the City of New Orleans, and most importantly, the nearly 50,000 New Orleanians directly served by the housing programs administered through HANO.

On July 7, 2014, HANO was returned to local control after various forms of HUD receivership since 1996. In partnership with HUD and the City, today’s HANO has continued and improved upon the reform and progress experienced during the 18 years of HUD receivership. Today, HANO administers almost 18,000 Section 8 Housing Choice vouchers and manages over 4,000 housing units on HANO-owned sites throughout the City of New Orleans through direct service or contracts with third-party property man-
agers. As a result, today’s HANO provides affordable housing assistance to more than 25 percent of all renter households in the City of New Orleans.

HANO is crystal clear in its mission to provide affordable housing opportunities for low-income residents of the City of New Orleans. Yet, we realize that HANO has a vital role in the future affordable housing strategies for the entire City of New Orleans.

This year, on August 29th, the entire country remembered the 10-year anniversary and the devastating impact of Hurricane Katrina on the City of New Orleans. As we move forward in a City continuing to rebuild while preserving the rich culture that defines the unique flavor of New Orleans, we must also acknowledge that the affordable housing environment has experienced a dramatic change over the past 10 years since Katrina.

Recent studies report that prior to Katrina, the average renter in New Orleans spent about 19 percent of household income for rent. Today, studies report that almost 40 percent of renters in New Orleans pay more than 50 percent of income towards rent. These numbers further illustrate the need for the comprehensive approach currently being undertaken by the City of New Orleans to ensure that the affordable housing needs of the current and future citizens of New Orleans are met through leveraging of existing and future resources, and partnerships involving the entire New Orleans housing and business communities.

On August 21, 2009, Congresswoman Waters held a congressional field hearing here in New Orleans, through the Subcommittee on Housing and Community Opportunity, to discuss the progress of HANO’s recovery efforts 4 years after Katrina. Today, I have given you written testimony that updates you on the progress of those recovery efforts now 10 years after the storm, including the Choice Neighborhoods Initiative in Iberville and the so-called Big Four, which formerly were known as Calliope, Magnolia/CJ Peete, St. Bernard, and Lafitte. My update contains the original construction date of these properties, the original number of units, the funding sources used for the redevelopment, the current number of units, and the cost of the full redevelopment program.

These are the major projects that make up the majority of the over $1.2 billion in Federal investment to rebuild public housing in New Orleans after Katrina through Federal funding sources. Even with that tremendous commitment from the United States Government, the 2,000 replacement units of pure public housing fall well short of the pre-Katrina numbers of over 5,000 occupied public housing units.

Over the past 2 decades, the reduction in public housing operating subsidies and capital funds have dictated a new dynamic in redevelopment of this Nation’s 1.2 million public housing units. Communities with 100 percent public housing cannot be sustained. As a result, mixed-income communities have become the mandate to produce revenue-generating units that can support the funding challenges faced by the traditional public housing inventory.

Although the public housing inventory for the City of New Orleans has decreased by over 3,000 units since Katrina, the Section 8 Housing Choice Voucher Program has increased by almost 9,000 vouchers allocated to the City of New Orleans. As a result, HANO
is serving over 30 percent more households now than before Hurricane Katrina. HANO operates the 15th largest HCV program in the country, paying out almost $150 million annually to Section 8 property owners on behalf of the nearly 18,000 HCV participant households in the City of New Orleans.

As I conclude, I again want to thank the subcommittee for the continued commitment and interest in the ongoing revitalization efforts by HANO and the City of New Orleans. HANO will continue to effectively and creatively utilize all its assets and resources in the furtherance of providing affordable housing opportunities to the citizens of New Orleans. We further pledge that we will be exemplary stewards of public funds and justify the public trust that HANO is committed to sustain. Thank you.

[The prepared statement of Mr. Fortner can be found on page 52 of the appendix.]

Chairman Luetkemeyer. Thank you, Mr. Fortner. You came in right at 5 minutes. Congratulations. Thank you.

Ms. Uddo, you are recognized for 5 minutes.

STATEMENT OF CONNIE UDDO, DIRECTOR, ST. PAUL’S HOMECOMING/SENIOR CENTER

Ms. Uddo. Thank you. Thank you so much for having me today. My name is Connie Uddo, and I am the director of the St. Paul’s Homecoming Center, which operated as a Hurricane Katrina Recovery Center from 2006 to 2014 in the Lakeview and Gentilly neighborhoods of New Orleans, and we would still be operating today had we not lost our funding in 2014.

In preparation for this testimony, I found previous testimony that I presented in Washington, D.C., on May 24, 2007, to the ad hoc Subcommittee on Disaster Recovery, chaired by Senator Mary Landrieu. As I read through my testimony in preparation for this, I realized that not much has changed in regards to how government addresses disasters in our country.

Thank you for inviting someone like me who is not with a government agency or a private contractor, but someone who has been on the front lines of this recovery for 10 years in New Orleans. Being an everyday citizen was an asset in many ways, as I used commonsense approaches to rebuilding the community, gained the trust of the residents quickly, and knew the geography and demographics of the neighborhood. I will do my best in this testimony to point out what worked and really what didn’t work from a boots-on-the-ground, everyday-citizen perspective.

I appreciate that you all recognize a need to become more expedient, efficient, and humanitarian in your approach to disaster recovery. It is very important that this process changes and that we get this right as disasters are becoming an everyday occurrence in our country.

In January 2006, my family was the first of 10 families to move back to our devastated Lakeview neighborhood of 8,000 flooded homes. While living very much alone and seeing there was very little help coming our way, I realized that the recovery was going to be up to us, and the quicker we got going, the better off we would be. I started a recovery center out of my home, and our mantra in Lakeview became, don’t wait for the government, they will slow
you down and hold you up. If we do, we will wallow in bureaucracy and false promises.

As a result, Lakeview became the model in the City of New Orleans for do-it-yourself recovery. Using organizational skills, volunteers, and connections to the private sector—we were wiped out just like everybody else, we didn’t have a lot of money like people thought we did—the residents united and raised funding for the rebuilding of schools, churches, a firehouse, and our public green spaces, all while waiting for FEMA to get their act together.

People of New Orleans were both physically and emotionally devastated by Katrina. Depression shifted from the storm to the recovery, where hopelessness and stress continued for years due to the failures of government programs such as the Louisiana Road Home Program, the Hazard Mitigation Program, and the Nonprofit Rebuild Pilot Program, NRPP, to name a few.

ICF was awarded a $756 million contract to run two Louisiana Road Home Programs, the Homeowner Effort and the Small Rental Repair Program. Both programs failed so miserably that ICF International is reviled by most Louisianans and is essentially banned from doing new business with the State, but walked away $900 million richer, holding lucrative contracts with governments across the country. The employee who landed the contract for ICF was awarded a $1 million bonus while thousands of people were struggling to rebuild their homes and to return home.

I am going to skip a lot of the failures of the Road Home Program because that is in my testimony, and I think most people know about the cumbersome verification procedures, the pre-storm appraisal. The paperwork was constantly lost, the case managers constantly changed, the lack of caring really for the suffering and unwillingness to find ways to help desperate homeowners is what I really saw. We even gave Road Home free office space at my center for a solid year to meet with residents. When we were running out of funding, I actually reached out to ICF and said would you consider maybe even making a donation to help us keep going, and they said they didn’t do that kind of thing. Yet they put $900 million in their pockets and took free office space from us, and we did this just to try to keep the process going.

Which leads me to when a for-profit company is administering the program, their priority is to make money for their company, and therefore they avoid spending any extra money to assist homeowners in the manner they need.

The Hazard Mitigation Program is another one. This is a State-run program that contracted much of the work out to the for-profit private contractor Shaw. My whole testimony, what I am really pointing out here is that as long as we keep giving the for-profit private contractors these contracts, we will be in these situations today.

At one time, one of our clients was told that this was the reimbursement program, the Hazard Mitigation. This money was given to raze your house. Many homeowners borrowed. Once they were approved, given the green light, they borrowed from family members, took seconds out, whatever, and then razed their houses, and in many cases after they did it, they were told that a mistake had been made, the rules had changed, and they no longer qualified.
One of our cases was—one of our homeowners was middle-class, a white male with three young children. After being turned down, he borrowed $80,000 from his family, his parents’ retirement fund money. After they turned him down, he literally took his life, committing suicide, shooting himself under his carport.

So my point is—and then I will go into the Nonprofit Rebuild Program. It was a program that was given to the non-profits like myself. Now, this was also reimbursement from the State. That failed so miserably that Catholic Charities, and the Episcopal Diocese, to name a few, closed their doors because we waited for years and years to be reimbursed hundreds of thousands of dollars.

I want to close by saying this: My point is that the non-profits are much more well-prepared in this country, and the first people who show up in a disaster, as you probably saw in Joplin, were the faith-based and non-profits. They are there for the long haul. I call them the second responders, but we are there for the long haul. We are never invited to be a part of these contracts, to bid on them or whatever. I would love to see something change that the non-profits and the faith-based are included more in being able to administer these programs, versus the private, for-profit contractors.

So I just would like to say in closing that I have experienced firsthand what happens when government and the non-profit and faith-based can come together and meet in the middle. I have worked very closely with the mayor’s office here and many other City agencies, and I can tell you that when we can meet in the middle and we can come together and the funding could be given to us rather than the for-profit, private contractor, we could be an unstoppable force. You would see much more impact made and communities restored much more quickly and efficiently.

[The prepared statement of Ms. Uddo can be found on page 77 of the appendix.]

Chairman LUETKEMEYER. Thank you, Ms. Uddo.

Ms. McConduit-Diggs, thank you for being here. You are recognized for 5 minutes.

STATEMENT OF ERIKA MCCONDUIT-DIGGS, PRESIDENT AND CHIEF EXECUTIVE OFFICER, URBAN LEAGUE OF GREATER NEW ORLEANS

Ms. McConduit-Diggs. Thank you again for inviting me to appear before you. My name is Erika McConduit-Diggs. I am the president and CEO of the Urban League of Greater New Orleans. We are one of 94 affiliates of the National Urban League, an historic civil rights organization whose mission is to enable communities of color to secure economic parity, power, civil rights, and self-reliance.

The housing empowerment goal for the National Urban League is to ensure that every American has access to decent, safe, and affordable housing on fair terms. I am here today to discuss the current and historic practices and policies that contribute to housing inequities and the broad disparities that exist between African American and white communities; and finally, the efforts the government can make to address and eradicate the problem.

For greater context, I urge you to read the Urban League of Greater New Orleans’ publication released at the 10th anniversary

As the 10th anniversary of Hurricane Katrina has come and gone, many people have been amazed at the level of progress New Orleans has made. However, the road to recovery has been paved with many inequities. The post-Katrina New Orleans recovery is really a tale of two cities. African Americans and communities of color in New Orleans have had a markedly different experience with the recovery than white residents. This is clear from the varying responses from a recent survey conducted by the Public Policy Lab at the LSU Reilly Center, where nearly 80 percent of white New Orleanians feel the City has mostly recovered, but less than 60 percent of African Americans feel this way, and over 60 percent of white residents feel the economy is better now than pre-Katrina, but only 10 percent of African Americans feel this way.

As a native New Orleanian, I am intimately aware of the inequities that have contributed to the disparate perspectives of African American and white residents regarding post-Katrina New Orleans recovery. Historically, African Americans have encountered discriminatory practices that pushed them into low-lying neighborhoods of the City, practices such as redlining and, later, green dots. The residual effect is that some of these issues remain a barrier to housing equity in New Orleans.

Additionally, accessing insurance enough to fully insure a home was and continues to be out of reach for many African American families in New Orleans because the cost to do so is beyond the financial means of the working class. This has made it significantly more difficult for many families to return to the City, resulting in a sharp decline in the number of African Americans post-Katrina.

Before Katrina, more than two-thirds of the City’s residents were African American, and now only approximately 60 percent of the population is; that is more than 100,000 African Americans who have not returned since the storm, compared to a loss of only about 11,000 whites.

Approximately 70 percent of white residents were able to access their homes within a year, compared to only 42 percent of African Americans. And only 54 percent of African American residents returned to their pre-Katrina communities, compared to over 80 percent of whites.

Additionally, policies and practices in post-Katrina New Orleans have resulted in a slower recovery in African American neighborhoods, particularly New Orleans East and the Lower Ninth Ward. Increased insurance costs, low-wage jobs and poor economic prospects, flawed Road Home policies and other related challenges have worked against the goal to thoughtfully de-concentrate poverty instead of having limited options available for African Americans to repopulate and re-resource neighborhoods. In many instances, the recovery process has been implemented unfairly on its face and in application, and has exacerbated many of the inequities that existed prior to Katrina.

According to the National Urban League’s 2015 State of Black America Equality Index, African Americans have only 6 cents of wealth for every dollar of wealth that whites have nationwide. Unfortunately, most of this wealth, approximately 90 percent, is tied
up in African Americans' homes. Locally, the wealth gap between African American and white New Orleanians can be explained by highlighting several key economic inequities.

At approximately 27 percent, New Orleans' poverty rate is more than double that of the national rate. More than half of African American children in New Orleans live in poverty. More than half of African American men in New Orleans are not connected to the workforce. Only 14 percent of African American men and 21 percent of African American women had Bachelor's degrees or higher in 2014, compared to 63 percent of white men and 64 percent of white women in New Orleans. Minority businesses represent nearly 27 percent of businesses in New Orleans, but only account for 2 percent of gross receipts. The median income for African American residents is just over $25,000, compared to whites who earn nearly $61,000.

When directly compared to the current average cost of homeownership and insurance rates, African American New Orleanians are at a severe disadvantage compared to their white counterparts. And I would be remiss if I did not mention the high rates of incarceration of African Americans in this City and its economic impact on the African American community. One in seven African American males in New Orleans is under the supervision of the criminal justice system, and African Americans represent only 60 percent of the population but make up more than 90 percent of the local prison population. High rates of incarceration in New Orleans are almost exclusively impacting African American communities.

Individuals with criminal convictions have greater difficulty accessing economic opportunities and even more challenges acquiring housing for themselves and their families. The impact of the criminal justice system on economic and housing security for African Americans in New Orleans must be underscored. The wealth gap, which has been exacerbated by issues of the criminal justice system and educational attainment, must be considered when developing policies aimed at improving housing equity in New Orleans and nationwide.

And I know my time is up, so I will stop there.

[The prepared statement of Ms. McConduit-Diggs can be found on page 64 of the appendix.]

Chairman Luetkemeyer. Thank you. Thank you, Ms. McConduit-Diggs.

Let me begin by recognizing myself for 5 minutes and start the questions with Mr. Fortner.

In going through our tour today, it was obvious to me that the activities that you are engaged in to try to build basically a new community here are such that you are not necessarily trying to build a place where people live, you are trying to build a place where people can have a life. I think that it was very encouraging to see what you have done.

I guess my question would be, what can we do as a legislative body representing the Federal Government to enhance your ability to be able to do more with what you have the opportunity to qualify for here?

Mr. Fortner. Thank you, Mr. Chairman. As you know, everything comes down to the almighty dollar—$1.2 billion was invested
in New Orleans to rebuild public housing. It can be used as a model across the country as what the proper investment in public housing and in these communities are filled with comprehensive services, not just living facilities but, as you saw today, child care facilities, pre-school, after-school. All this is a comprehensive life, because it is not just about decent, safe, and sanitary. Decent, safe, and sanitary now talks about not just bricks and mortar but uplifting the human condition, empowering our residents, and giving them a better future as they move along.

Easing of regulations can always help us toward flexibility. But when it comes down to building communities, there needs to be the proper investment from not only the Federal Government but from the State and local, and our business community also.

Chairman LUETKEMEYER. I was talking to the gentleman this morning whenever we were walking along, and I asked him, I said, you have done a good job of coordinating all the different State, Federal, local funds, non-profit and profit, and getting everybody together to try to help in this. I said, what is the one thing that could really help to make this work, and he said flexibility, if we can find ways to make the rules and regulations more flexible.

Obviously, we are accountable for the taxpayer dollars. We have to make sure they are used wisely and that they are accounted for. But at the same time, if there are ways that you see—I know right now we have a bill in Congress we are working on to try to do that very thing with HUD, to enable them to be more flexible to be able to address problems without going through a laundry list of boxes to check to make sure they do things.

Is that something that you can point to a particular situation where if we had this flexibility, we could move these things around, we could respond more quickly or be able to do more things? Do you have anything like that in mind off the top of your head?

Mr. FORTNER. I have been in public housing since 1986. That is almost 30 years. And during that whole time, the word “deregulation” has popped up every other year.

Chairman LUETKEMEYER. And they take one rule off and add two, right?

Mr. FORTNER. Exactly. The more flexibility we have with the dollars, because you can’t take a cookie-cutter approach from D.C. and design programs that are going to fit every community across the country. So the flexibility that we can have—the New Orleans environment is that dynamic after Katrina and moving forward is going to be different from a Los Angeles or a St. Louis, or even another city or the country.

The flexibility to have local programs, designed for local needs, will be of vital importance and will facilitate housing programs being more successful.

Chairman LUETKEMEYER. Very good.

Ms. Barnes, you mentioned something about some soft grants, soft second mortgage grants, and the program is no longer there. Was it successful, or was it a failure? Was it just so-so? Can you give me an opinion on that?

Ms. BARNES. The programs were extremely successful.

Chairman LUETKEMEYER. Extremely successful.
Ms. BARNES. And they provided the only opportunities for working families in New Orleans to be able to cover the gap between what they make in income and what they can qualify for first mortgages and what housing prices are post-Katrina. These programs are funded through various funding sources that come to the City through the HOME program, through the National Housing Trust Fund, which have been decimated, if you will, in the years subsequent to the disaster recovery funds that we have received. Without that, the people who work in the backbone of our economy, which is tourism in the City of New Orleans, will not be able to afford to live here.

The persons working in that industry make, on average, about $23,000 a year. If they are lucky, they make up to $37,000 a year. Without those gap financing resources to help them to be able to become homeowners, to be able to pass on wealth to their children, to be able to live in the City that they maintain the entire economy for, we will see a City that has pushed out the people who are responsible for all of the income that comes into the City.

Chairman LUETKEMEYER. Very good. Thank you.

Mr. Randall, you talked a while ago about mixed-income neighborhoods, how important it was. Can you expand on that just a little bit, why it is important? And I think it is important to get on the record the reason that—and Mr. Fortner was talking about this on our trip today, why it is important to sort of shift in that direction and, quite frankly, why it helps build more of a community rather than just a place where people live?

Mr. RANDALL. Definitely. Thank you very much for that question, and it is a good question, really a great question.

When you look at the fact that we have mixed-income communities, it moves to the discussion of quality of life. A lot of the issues that we face, whether it be NIMBYism, whether it be affordable housing, it all hinges on the source of having a better quality of life.

For individuals who live in public housing, they should have the same quality of life as individuals who pay rent. So when you see a community like a Columbia Park and you go through it and you see the same standards, the same quality of life being really engaged with that community. We saw early childhood education. We saw McDonald 35. We saw a community that was actually raise a child from cradle to college. So that promotes the same quality of life across-the-board. And if we can do that across this City, that would speak volumes about rebuilding a community or recovering a community.

Chairman LUETKEMEYER. Thank you.

My time has expired. We will go to the ranking member of the subcommittee, my fellow colleague from Missouri, Mr. Cleaver.

Mr. CLEAVER. Thank you, Mr. Chairman.

I thank all of you for your testimony.

I would like to start with you, Ms. Hill. You mentioned 100,000 African Americans have not returned to New Orleans. I think we all know the reason for the exodus, but I am concerned about the right of return and what you think is needed for New Orleans to serve as a magnet to bring back those individuals who are now, a
large number of them are in Congressman Green's district and that City. So what do you think we need to do?

Ms. HILL. Thank you. That is an excellent question. We know that the data show that there are many contributing factors to the reason why African American residents in particular were unable to return to New Orleans after Hurricane Katrina. Certainly, the implementation of the Road Home Program and the way in which the rebuilding grants were calculated played some role in the inability of African American homeowners to be able to rebuild their homes and return.

Also, with voucher holders and low-income folks, the very difficult process in terms of importing vouchers from State to State has caused some lack of ability to return.

The lack of a right to return for former public housing residents, as we heard from Ms. Washington, the folks who were living in public housing didn't necessarily have a right to return to public housing units. So we know that of the 5,000 or so units that we lost with the demolition of the Big Four, only about 600 of those units have actually been replaced. So if folks didn't have a unit to return to, then they weren't able to return home.

Also, there are ongoing issues of affordability that contribute to people's inability to come home. As we heard, over 50 percent of the housing stock, the private rental housing stock, was destroyed in Hurricane Katrina, or severely damaged. So folks were really competing for fewer units. Maybe some of those people who were displaced didn't have the ability to come in and compete in a highly competitive and very tight market.

Also, displacement has become a very big problem in New Orle- ans with neighborhoods rapidly gentrifying. African American neighborhoods, particularly those that are along the river, known as the “sliver by the river,” many of those neighborhoods are higher and less prone to flooding and damage as a result of storms, and some of those communities had been traditionally African American, but they have become porous, which means that white folks have moved into those neighborhoods and gentrified them, but African Americans haven't had the ability to move into traditionally white, higher-opportunity neighborhoods.

So there are many contributing factors that are at play when we talk about the lack of ability to return for African American resi-

dents.

Mr. CLEAVER. In 1950, the Israeli Knesset passed a law called the Right of Return for Jewish residents anywhere in the world. They could come, and the right to return was based on some very real-life requirements, if you were born there, and they expanded a few of them. I can't remember the date, but they wrote it to grandparents. If your grandparents were Jewish and left Israel, they have a right to return if they meet these qualifications. Maybe you want to think about that.

Your testimony was a little chilling. The Road Home Program you were saying was blocked with people who were ripping off and taking pieces of the road. Is that a mild characterization of what you —

Ms. UDDO. What I am really trying to say is that I just think— and I would love to give you all this book. This is what really
opened my eyes. In the midst of rebuilding and running the St. Paul’s Homecoming Recovery Center in Gentilly, I met those anthropologists who wrote the book from Cal State San Francisco, and I was part of the interview process. Many of our homeowners’ stories are in this book.

She shed light on the private, for-profit contractor. When those Federal dollars are given to the State and the State has to administer them, they hire the for-profit, private contractor. What we experienced and saw was that the money did not get down to the people, and that is why the faith-based and the non-profit had to step up to fill the void.

Our City is socially and economically where it is today not because these programs worked. It is really because the non-profit and the faith-based really rebuilt most of the homeowners’ houses in the City—many, many, many, thousands and thousands—because these programs so failed the people. As they said, the people who couldn’t get enough money because their houses weren’t appraised. It should have been like an insurance claim. It should have been based on loss and how much it costs to build a 1,200-square-foot house, no matter where you lived.

That didn’t happen. As I said, in many neighborhoods—and this wasn’t just poor African American neighborhoods but in Gentilly, very mixed. This happened everywhere, that this disparity in the appraisal process was just horrible. There were 43 steps homeowners had to go through before they got an award letter with ICF. It was so handcuffed and cumbersome.

I talked about one suicide. Our center has dealt with three suicides because of the failures and injustices of the programs run by private contractors. That is the bottom line. That may be chilling, but it is really the truth, and that is why I am so adamant about advocating that the non-profit and faith-based become more a partner with government and included and not just think, oh, they raise their money, and they do this and they do that. Meanwhile, ICF pockets $900 million, and we have people dying in the process and taking New Orleans. That is what I meant. I hope that answered your question.

Mr. Cleaver. Yes. Thank you, Ms. Uddo.

Chairman Luetkemeyer. The time of the gentleman has expired.

With that, we go to the ranking member of the full Financial Services Committee, Ms. Waters from California, for 5 minutes.

Ms. Waters. Thank you very much to all of the witnesses.

Let me just say about the Road Home Program that it is a prime example of what should not happen when we have a disaster like this. It is not so much private contractors; it was your governor, it was your State that did not trust the citizens and the administrators of these cities to be able to implement a program that was being paid for.

Anyhow, I guess that is kind of behind us.

I want to talk about the chronic under-funding of public and assisted housing. Mr. Fortner, Federal funding for public housing and tenant-based Section 8 Housing Choice voucher program has been constrained in recent years, leaving many housing authorities to adopt policies to reduce costs. How has HANO responded to recent Federal funding constraints, particularly following sequestration?
What have been the impacts and the public policy changes HANO has adopted?

I hear a lot about flexibility, and I hear a lot about flexibility in the Move to Work Program. And what I am saying about the Move to Work Program now is demonstrate to me exactly what you have been able to accomplish. Tell me about all public housing programs, because I am not so sure that it is simply flexibility.

We cannot get around the fact that we need dollars, we need money in public housing. All of this wonderful housing that you are building, if you can't maintain it, it is going to fall into disrepair, just like so much public housing is around the country. So, what have been the impacts of the policy changes HANO has adopted?

By the way, I was out at Magnolia earlier today, and the housing was wonderful, but there are no programs there. There is no support there. The citizens don't have anything, the children don't have anything. So how much flexibility can you have in order to replace the dollars that are needed? Is that possible?

Mr. FORTNER. That is a very complex question. Thank you for asking it, Congresswoman Waters.

As you know, New Orleans is not a moving to work agency, because I have been affiliated with a few in my career. The success is based on the individual contract that is written with HUD that usually says that you have to serve as many people before as after you get this flexibility with the individual contracts, and the MTW program, as you know, basically waives the housing—the original 1937 Housing Act.

As far as HANO, because we are not an MTW, we can only opt and do reform within the context of the Federal regulations that they have.

Ms. WATERS. How much of that can replace actual dollars?

Mr. FORTNER. Not much. You can have local programs designed and have better use of dollars. But New Orleans is a primary example of the fact that other public housing jurisdictions across the country look at New Orleans and say, if I had $1.2 billion, I could replace all my units.

There are 1.2 million public housing units across the country. Just to give you an example of the funding challenges that we have, as far as the operating subsidy we receive for our public housing units, we get less than $400 per month regardless of the size of the unit. Compare that to the Section 8 subsidy that we pay in New Orleans that is based on bedroom size. The average payment that we pay to Section 8 owners is over $700 per month. So public housing is expected to do the programs that you are talking about, enhance supplement security on half the money that the private sector gets to serve the same population.

Ms. WATERS. The question was, do we need more money?

Mr. FORTNER. Absolutely.

[laughter]

Mr. FORTNER. If you have your checkbook on you, we will take $100 million right now.

[laughter]

Ms. WATERS. Let me move on, Mr. Fortner.

I have spoken with some of the residents who currently live in revitalized public housing in New Orleans who are happy with
their new homes. While this is certainly a positive outcome, I do have concerns that only 26 percent of the public housing units have been replaced with public housing, which is where HANO’s initial plans were. In replacing the units, this means that there are families who have been, in effect, permanently displaced from the communities where they once lived, and testimony from the Fair Housing Action Center and others shows that many of these families are worse off than before Katrina. Over 3,000 households were displaced from public housing, and maybe more, and only a lucky few have been able to benefit from the revitalization efforts thus far.

We are a long way from replacing public housing in New Orleans, which is what I so staunchly advocated for post-Katrina. I understand that HANO has a strategy for rehabilitating some of its scattered site public housing units that have remained undeveloped since Katrina. Does this plan include one-for-one replacement? Please outline for us any remaining plans you have to bring back some of the public housing demolished, and do you need money to do it?

Mr. FORTNER. Okay. I will just make a blanket statement: We need money.

Mr. FORTNER. Just a back-of-the-envelope formula says that you need two revenue-generating units to support one unit of public housing. So a strategy that moves forward says that we have to develop communities that provide two units for every unit of public housing. Of course, all of our plans are driven by whatever funding environment we are in at the time.

As I go back, the $1.2 billion was a lot of money that was invested in New Orleans, and you see what was done with that. The fact is that if the proper investment is put in for public housing, then yes, you can do a one-for-one replacement. But because of the funding situation with operating subsidies, one-to-one replacement on pure, 100 percent public housing units cannot be sustained.

Ms. WATERS. Thank you very much.

Mr. Chairman, I yield back the balance of my time, and I would like to thank Cedric Richmond for all of the information that he continues to bring to us about HANO and what is going on in the City. That information coming to us on the Housing Subcommittee where these members serve and I sit in has been very helpful to us. I yield back.

Chairman LUETKEMEYER. Thank you.

Mr. Green, for 5 minutes.

Mr. GREEN. Thank you, Mr. Chairman.

Mr. Chairman, we all have, if we live long enough, a “but for the grace of God go I” moment. Hurricane Katrina was my “but for the grace of God go I.” I was right down the road in Houston, Texas. And had Katrina moved a little bit more to the west, I could easily have been one of the many people who found their way into my congressional district.

It has an impact on you, and the impact continues when you hear people talk about blood covenants, you have to be in the bloodline before you can live here.
It has an impact when you hear people talk about, as Congressman Richmond has called to my attention, replacement value versus repair value versus the value that the home actually had at the time it was built.

All of these things have an impact on you, and I am still being impacted to this day by Katrina, notwithstanding where I lived.

One brief vignette. A family got into contact with my office. They were out on the causeway, among the multitudes that were on the causeway, by the way, and they had an appeal for help. Fortunately, they were able to get help, and came to Houston. They have had to start a new life.

These were not poor people. If you assume that it only happened to the poor, you are sadly mistaken. Many people of means found themselves relocated with only the clothing on their backs. That was it.

So I feel a sense of duty and obligation to do what I can to be of assistance. And I believe in this approach of being holistic because we sleep in houses and live in neighborhoods. We live in communities. You need schools. You need all of the support systems to help the whole person recover and move forward in life.

I also understand the need for more actual facilities and the need to make sure you accommodate people who are without homes. So you have to kind of balance it, and I want to do that balancing test accurately.

To this end, I will look forward to working with Congressman Richmond through his good offices to do what I can to be of assistance to you.

I will pose just a question or two. The first has to do with the CRA. Have we had any banks move forward because of CRA, getting some assistance so that they can get those credits under CRA? Any banks? Anybody know of anything related to CRA?

Mr. Randall?

Mr. RANDALL. Thank you, Congressman. We do have an active partnership with Treasury and the FDIC that we are promoting locally here at HUD that we are actually bringing banks to the table to really take part in a lot of our initiatives that we have on the ground here, namely our homeless initiative. They have stepped up to help us tremendously in the homeless initiative.

As you know, New Orleans was the first major city to eradicate veteran homelessness. They played a part in that regard. But we definitely need our banks to step up more as it relates to the recovery aspect.

As I mentioned before in talking about promoting that quality of life, everyone plays a part in promoting that quality of life. I have been involved in the recovery for the past 10 years. I have seen the best, and I have seen the worst. So that is one of the things that we need to bring all of those active partners, and CRA is one of those that we definitely need to really hit the crux of revitalizing our community, and that is something that we are committed to doing as the Federal agency on the ground.

Mr. GREEN. Thank you. I mentioned that because, as you know, financial institutions come under the jurisdiction of the Financial Services Committee.
One final question, and this one has to do with those who are arrested, those who are convicted and can’t come home and live with the parents, the children. They are evicted. Or if they are arrested and the family is living in public accommodations, they can’t come in.

How do you propose, or have you proposed, or have you done any studies, do you have any empirical evidence to show the extent of this problem as it relates to some of what you are trying to accomplish here? Because I would dearly like to see us change the law. I don’t want to see families separated because someone made a mistake. I really do not. But for the grace of God, I have not always been in Congress, and I could have been a lot of other places. I just got lucky. Nobody was there to see me.

So what can we do to try to alleviate this concern?

Mr. Fortner?

Mr. Fortner. Thank you, Congressman, for that question. Mr. Randall wasn’t asked this question, but HUD recently, following the President’s lead, has actually talked about making more regulations, giving housing authorities the local control to develop policies that can give opportunities to those people who are reentering from whatever is going on. The housing authority in New Orleans right now is having working groups and stakeholder meetings with our stakeholders to talk about what we can do to get Section 8 owners and property managers to embrace this more liberal admission and adding members to the households as we move forward.

We have had very successful engagement and sometimes very controversial meetings, but we are moving towards initiating a policy that will give opportunity to those people reentering, from whatever facilities, back to their families and back into apartments to qualify for our programs, and we hope to have probably the most liberal admissions policy in public housing across the country, and hopefully we will do that by the end of the year.

Mr. Green. Thank you very much.

I am going to yield back, because the Honorable Cedric Richmond has his share of time.

Chairman Luetkemeyer. Thank you. The gentleman’s time has expired.

With that, we go to Mr. Richmond from Louisiana, who is the resident Congressman.

Welcome, and you are recognized for 5 minutes.

Mr. Richmond. Thank you, Mr. Chairman.

I will just tell you that although Joplin was after Katrina, it certainly helps when Members have a perspective of a natural disaster and how the government responds. It makes it easier to understand what other communities are doing.

Let me just publicly thank the ranking member of the full committee, Maxine Waters, for her assistance.

Maxine, we talked at the field hearing, but if you remember the first time after Katrina, you and I and your husband Sidney were on a bus from Baton Rouge to pick up people out of New Orleans when the Red Cross and the National Guard were on the side of the interstate because it was too dangerous. Then you had the field committee hearing, and then just this past year we worked together to reform Biggert-Waters to make sure that our flood insur-
ance remained reasonable and that people could stay in their homes, although we still have work to do. And then now with the subcommittee today.

And thank you, Al, for Houston’s hospitality after the storm. When people were looking for shelter, you all provided it.

I do have questions. Mr. Fortner, I will just pick up from Mr. Green’s last question about stable housing for people reentering. I am sure you got our letter that my office sent you, talking about how important it is. One of the factors in recidivism is the ability to find stable housing afterwards, and we support you in your efforts to reform those rules and make them a little bit more liberal so that people can have housing.

But, Mr. Randall, Ms. Barnes, or Mr. Fortner, you all mentioned the median rent, which was somewhere around $767, and then you mentioned the median income of residents. I think in order to look at it fairly, you have to take the median rent, but then you have to take the median income of renters, not everybody. So does anybody have that number, the median income of people who rent? And if we don’t, then it would be helpful to provide it, because I believe that the median income of people who rent puts us far above that 40 percent to 50 percent of their income in terms of rent.

Let me just comment on what Ms. Uddo said in terms of having the community have input in non-profits. After the storm, one of the big frustrations, and it is still a frustration, is that people coming in, they want to help you in spite of yourself, as opposed to including you in terms of how to help build it. If we would have included the people in the community as we developed policies, we would have used replacement value or rebuilding cost instead of appraised value, which we fought for—I was Chair of the Legislative Black Caucus at the time—in the legislature, but we were overruled. We would have said that clear title in the Lower Ninth Ward would be a significant challenge in terms of them being able to come back, and we would have said the first thing you do to homeowners, the most responsible people in society, when they lose their home due to a manmade/natural disaster, is you don’t fingerprint them. In the Road Home Program, the first order of business was to fingerprint homeowners in the process.

So when you put that in total context, I think that you see that the cultural sensitivity and cultural experience makes a big, big difference.

Mr. Fortner and Ms. Washington, I will ask you a question in terms of where we are moving as a City. Is it sustainable? If you look at the rising real estate values, and then you look at the rising rents, and then you look at the lack of rising wages, and then factor in the shortage of affordable housing, and now I would say that Airbnb is going to play a role because you are taking out units that otherwise could be rented and they are not in that rental market, how do we make sure that working families, ordinary people, still have the ability to live in this great City? Because we want to be an elite City, we just don’t want to be a City of the elite. I think that is a big difference.
So, what is your vision? Tell me how we make sure that regular working families in New Orleans can continue to live in New Orleans?

Mr. FORTNER. Thank you, Congressman Richmond. I don't have numbers for the average income of renters. I have numbers for the average income of people in public housing and Section 8.

On the public housing side, the average annual income of a public housing resident is $14,500. The average income—and this is annual income—for people on the Section 8 program is $11,400. That puts the population that we serve at around 20 percent of area median income.

If not for the subsidies provided by the Section 8 program and the services provided by public housing, you are absolutely right. With the income rate at 2 percent, and rents raised to about 50 percent over the past 10 years, those persons at that income level could not possibly have afforded rental housing—decent, safe, and sanitary rental housing, affordable housing in New Orleans today.

As we move forward, there must be some sort of serious discussion as far as how we increase our inventory for those affordable units. The housing authority can do what we can. Congresswoman Waters mentioned our scattered sites program. We had an opportunity with vacant land that we can put not only public housing but help alleviate that public housing crisis that is in New Orleans right now. But we have to get together and have confidence, like we are doing with the City of New Orleans. We have to engage the public and private entities in New Orleans, business here, to make sure that we can look out for the affordable housing needs well into the future, because we are losing ground.

Mr. RICHMOND. Thank you, and I see that my time has expired.

Thank you, Mr. Chairman.

Chairman LUETKEMEYER. Thank you, Mr. Richmond.

We will go to round 2 here.

A quick question for—let me follow up with Mr. Richmond’s point here. He was getting to the heart of a real question that I think is important from the standpoint of affordability. In order for people to be able to afford the house, to me, what I would like to see—and I asked Mr. Fortner this question this afternoon, as to what percentage of your public housing is elderly and disabled, and then the rest is—and I think you said 50 percent. So 50 percent of the folks have the opportunity at some point to work or be able to afford in some way, to be able down the road, hopefully, I think the goal would be to own their own home.

We had a very passionate, very effervescent lady this morning we talked to who had that dream. She had the American Dream like everybody has. They want to own their home. I think that if we can design a program at some point where we could allow that to happen, I think that would be—recently, I had the opportunity to talk to some folks from Great Britain. They have 17 percent public housing over there, and they want to try to get people off the public housing rolls and own their own home or condo or whatever, and they are trying to come up with a program to be able to do that. I was hopeful that we could work together on something among ourselves here that we could do that, and with your help to be able to design something that would allow people to do that.
But in order to do that, they are going to have to have the ability to make a payment, to have a job. So my concern is, are you working with the local economic development people to see if you can bring industry in, bring jobs in, to have opportunities? It is pretty hard to bring people in and plop them down with no hope of being able to own that home if they don’t have a job to be able to, at some point, have that dream fulfilled and being able to afford that home.

It was interesting this morning that Mrs. McMillan made a comment that her son makes a house payment that is less than what her rent payment is. If he can do that, she should be able to own a home as well, I think.

So I guess my question is, where are we from the standpoint of economic—I know that you guys here in New Orleans have taken quite a hit. But where are we with regards to economic redevelopment of the communities to be able to allow people to be able to afford to own a home again?

Mr. Fortner. Thank you for that question, Mr. Chairman. As you all witnessed, our mayor jumped on the bus this morning, and you could tell by his presentation that he has a comprehensive approach to government working together to utilize resources to get the best result to serve the people.

As you articulated, it is not just housing. It has to be economic opportunities so that people have jobs, have access to the empowerment and being able to better their quality of life. Here in New Orleans, the housing authority is engaged with the economic development, the affordable housing community, and all aspects of City government as we try to move forward to build, as the mayor would say, the City how it should be, as opposed to how it was.

So you are absolutely correct and on point in that the housing authority doesn’t work in silence. The housing authority is a part of the City’s affordable housing plan and economic prosperity plan.

Chairman Luetkemeyer. Ms. Diggs, would you like to comment?

Ms. McConduit-Diggs. Thank you. Of course, that is certainly something that the Urban League focuses heavily on.

I will start by saying that we do provide job assistance training to residents in Columbia Park. So that is one example where we are working to provide additional job training —

Chairman Luetkemeyer. Let me interrupt. Job training is important. But when they are trained, they have to have a job to go to.

Ms. McConduit-Diggs. Absolutely.

Chairman Luetkemeyer. And my question is, is the economic development there to produce and track the jobs in the community to be able to have people have that opportunity?

Ms. McConduit-Diggs. So, we have a long way to go, is the short answer to that question. Certainly, the business sector has been engaged and been brought to the table. But when you think about policies relative to criminal justice, that still excludes a lot of people from being able to access particularly high-paying, demand-sector job opportunities.

The City has done its part with Ban the Box, but certainly we need to push on the private sector to do its part.
The other thing I will say in terms of what certainly HANO and others who have contracting opportunities can do is make sure that opportunities are available for small and minority business contractors because they often employ the individuals that we are talking about, and making sure that if there are any non-compliance issues with the DBE policies and maintaining a setting and adhering to the DBE goals that are set, if there are any problems with that, they need to hold them accountable, and we know that is happening in this City.

Chairman LUETKEMEYER. Quickly, though, I want to follow up on Mr. Green’s comment also about CRA.

Do you work with the financial institutions —

Ms. McConduit-Diggs. Absolutely.

Chairman LUETKEMEYER. —to help them look for opportunities to develop businesses so that they can fulfill their CRA?

Ms. McConduit-Diggs. Absolutely.

Chairman LUETKEMEYER. And produce the opportunities for people to have a job and be able to afford those homes?

Ms. McConduit-Diggs. Absolutely. Several of the financial institutions here have leveraged their CRA credits to support the assistance, technical assistance being provided to small and minority-owned businesses.

Chairman LUETKEMEYER. Very good. Thank you.

My time is up.

With that, Mr. Cleaver is recognized for 5 minutes.

Mr. CLEAVER. Thank you. I would like to follow up with where you left off, I guess with Ms. McConduit-Diggs, although any of you can respond.

I think one of the things that we quite often fail to connect is the fact that Katrina hit just before the beginning of the Great Recession, where we lost 8.7 million jobs. The GDP contracted by 5.1 percent, and our committee is the Financial Services Committee. It used to be the Banking Committee. They call it the Banking Committee over on the less significant Senate side.

[laughter]

Mr. CLEAVER. But my great concern is given the fact that New Orleans has somewhat of a service-based economy, how are we going to create the jobs that would be available to folks who need those jobs to purchase the homes?

I associate myself with comments from the chairman of our subcommittee. Everything is okay, except we have to figure out how to get jobs. What can we do? What is going to be done? We can’t alter the economy—I don’t think we can—of this community.

Ms. Washington? Or Ms. Diggs?

Ms. McConduit-Diggs. Sure, and I will be brief. We have to certainly do our part with looking at how we better integrate career opportunities in high schools. We have a significant number, and that is where we see the fall-off start to occur, that when we don’t properly connect to college opportunities or career opportunities, then we see this huge number contributing to our opportunity and beyond for joblessness. So certainly building greater and stronger, and funding stronger career programs within high schools. We have moved away from that nationally. We really need to consider that as a viable opportunity.
And I know that Tracie wants to respond.

Ms. Washington. Thank you, Congressman Cleaver. You have hit at the heart of the matter. New Orleans pre-Katrina was a New Orleans that was subsidized in our private sector by poor workers. We worked people poor, but we subsidized their lives by having public transportation even though they couldn't afford cars, by having public housing even if it was bad public housing, because they couldn't afford housing otherwise. They were still working.

We subsidized the private sector with bad public schools, and they sent their kids to those schools because we were subsidizing the private sector and not paying these individuals—who are all working—living wages and wages where they could afford a car, a house, better education.

Now, when we came back post-Hurricane Katrina, while we had to sue and I had to sue, unfortunately, to get a lot of that stuff moving, to get people back into their houses, to get public housing moving so even the minor advances we had in public housing we have gotten, to get people back in schools and to get schools open, we have rebuilt a private sector off of those same poor people, we have just not enriched them.

If we could pay that hotel worker not $9 an hour, because we are still going to need hotel workers in this service community, but if we could pay that person a living wage —

Mr. Cleaver. Does New Orleans have a different minimum wage? Is it $7.25?

Ms. Washington. Yes, and that is why we are still having the public housing issues. It is not that the folks aren't working. We are not paying them enough. We have an economy growing here, but you have to pay people to be involved in that economy.

I don't want us to leave today without acknowledging that our economy—look around. We are growing. But we are leaving a lot of people behind.

Mr. Cleaver. Mr. Fortner said earlier that the median income for the residents of public housing is $14,000, which is about the same as what you would earn in a year working every day for minimum wage. We have a problem.

Ms. Washington. And they work. You don't live in public housing and not work.

Mr. Cleaver. Yes, I used to live there. My father got up every morning and went to work.

Ms. Washington. Thank you.

Mr. Randall. Congressman, just to add that the number that Mr. Richmond asked for about the median income of renters is $24,399. That is the median income of renters in the City.

Chairman Luetkemeyer. Very good. Thank you.

Next, we will go back to Ms. Waters, the ranking member of the full committee, for 5 minutes.

Ms. Waters. Thank you very much, Mr. Chairman.

You asked a lot about economic development, and I was looking at Mr. Fortner because I know what he was thinking, that I have enough trouble trying to manage public housing and provide all the services that are needed, and economic development is not necessarily part of my mission. But certainly, that is the mission of the mayor and the City council members.
They have land use authority, and that is extremely important in economic development, what you are able to do with that land and how you are able to make it available.

On the other kind of development opportunities, if you remember, I asked about Iberville. I wanted to know who the contractors were, who the developers were, because I want to close the wealth gap, and I have come to understand very clearly that it is not simply through wages. You can't close the wealth gap there.

We have to increase minimum wage. Everybody is talking about getting to $15, et cetera. But to close this wealth gap, what we have to do is make sure that contracting opportunities are available to contractors who happen to be people of color, that joint ventures are available to our community, and that government, first the Federal Government, has to do its job to get rid of discrimination in contracting, respond to Requests for Proposals.

We are looking at everything now from what is known as our TSP plan. That is who has all of our investments that we put all of our money into for retirement. We have none of our minorities who are asset managers and people in that community who are really involved, and these are some of the smartest people we have in our communities. If given an opportunity, not only will they provide those services but they will create jobs, and many jobs.

The other thing is we have been fighting really hard about this transportation bill. Don't you know if we would fund transportation by the Federal Government in a reasonable way, we could rebuild our roads and our streets and our highways and our water system, create contracts that create jobs, et cetera, et cetera.

So I don't want you to start thinking about what can I do about economic development. We all have a responsibility to be about the business of economic development, opening up contracting opportunities and making sure that people have the possibility to enjoy the wealth of this country.

Even though this is a little bit different than the conversation we had before, flexibility—as I understand it, the HUD Secretary has talked about flexibility in this policy of allowing those who have been kicked out of public housing to return based on a criminal offense. That is so important, that if there is real flexibility—and I told someone earlier I have started to put together a piece of legislation called Second Chance, for public housing tenants who have been kicked out. But if you have the flexibility, we have to stop putting these grandmothers out of these units, and these mothers who just happen to have children or grandchildren who just visit them, who get in trouble, et cetera, because many of these people have nowhere else to go.

That 50 percent that you told me about, Mr. Chairman, that is disabled or senior or what-have-you, these are some of the people who are being harmed with these policies.

So if you have some flexibility, please use it. I am going to be looking with Mr. Richmond to see what we can do to make sure that in addition to the Secretary sending that message out, that maybe we have to try to get something in law that will help to undo that no-tolerance policy.

So thank you very much, Mr. Chairman.

Chairman Luetkemeyer. Ms. Waters, you have time left.
Ms. WATERS. Oh, excuse me.
[laughter]
Ms. WATERS. I never have time left.
[laughter]
Ms. WATERS. In the final analysis, let me just ask this. What do you think the Members of Congress can do to help with policies that would create more opportunities right here in New Orleans? What would you talk to your Congressman about that he will talk to us about that we need to be doing yesterday?
Mr. FORTNER. Is that for me?
Ms. WATERS. Yes.
Mr. FORTNER. Thank you, Congresswoman. We have a blueprint. We have had successes, and we have had failures. Let’s build on those successes and gear our legislation and funding towards building on those successes. We know what the problems are, and we have a lot of smart people in Congress who can build solutions to get to where we need to be.
Ms. WATERS. Okay. Do I still have any more time? No, the red light is flashing.
Thank you very much. Thank you, Mr. Chairman.
Chairman LUETKEMEYER. I would be more than happy to give you another minute or two, Ms. Waters, if you have another question.
Ms. WATERS. Please don’t do that.
[laughter]
Ms. WATERS. You know I will take that and go over time, too.
Chairman LUETKEMEYER. We are here to find the facts. But, okay.
Mr. Richmond, you are recognized for 5 minutes.
Mr. RICHMOND. Thank you, Mr. Chairman.
Chairman LUETKEMEYER. I’m sorry. Mr. Green.
Mr. GREEN. No, continue.
Chairman LUETKEMEYER. My apologies.
Mr. RICHMOND. Let me just start off where Maxine left off. We talk about economic development and all those things, and they can’t be in a vacuum. Let me just give you some of the things that we find that we are working on.
Transportation is a big problem. If you look between New Orleans and Baton Rouge, Lake Charles, Lafayette, we are very special in terms of we have between $80 billion and $150 billion worth of new development going on. But if you look at how industry or government responds in terms of TWIC cards to work on the river and to do those things you need a TWIC card, but you can’t get a TWIC card if you have had a conviction in certain areas. So we have to look at how everything runs together.
Our government turned down the money for high-speed rail from the stimulus, which would have given us the chance to connect New Orleans to Baton Rouge almost like one city, up and down the river, where you have billions and billions of dollars of new construction. They would be able to participate, and that would go a long way towards full employment, livable wages, and all of those things. So those are things that we are working on.
Mr. Fortner, let’s take a trip down some HANO stuff in terms of what we are talking about in terms of community benefit. I
know that you have a whole bunch of land which was subject to controversy that people wanted you to sell so that people could develop it. You made the decision not to sell it because you wanted to keep it, and I agree with your decision. As articulated to me, you said you didn't want to sell it because you could see HANO finding developers to develop that land that would be future income, consistent income for HANO to fulfill its mission of providing housing, affordable housing, and also develop unused land, and I love that idea.

Now, when we talk about employment, I want to take it as you develop the RFPs for those developments of all the vacant land and scatter sites, some of them in very affluent neighborhoods, some of them in other areas, but when you develop that RFP, can you put in the RFP grading for community benefit?

For example, if you are using a company out of the community or a local Louisiana or New Orleans company, then that money is going to have a bigger multiplier than if you use somebody else.

So the question is, as you go and start to develop these and find developers whom you are going to partner with so that you have recurring revenue to fulfill your mission, they will provide the housing and they will provide the benefit, do you have the ability to modify an RFP so that you could select a company that you feel brings the best benefit to the community as a whole?

Mr. FORTNER. Thank you for the question, Congressman. Absolutely. The good thing about our scattered sites inventory is that it is not going to be restricted by the rules of sale or CNI, because this is a program that we developed ourselves and as much local opportunity as we can—because we can't say in New Orleans that you can't find minorities to work on projects. You can't say that you don't have disadvantaged business enterprises in New Orleans.

We are going to make a focus to make sure that the people who—especially those who are represented by the public housing community, the Section 8 community, also that is an untapped resource that we have failed to fully exploit. We want to make sure that opportunities are afforded to people who benefit from public housing, who live in public housing, who moved on from public housing, who actually make a contribution to successful—absolutely.

The short answer to your question is “yes.”

Mr. RICHMOND. Well, I just want a commitment from you that if you run into some roadblock that prevents you from being able to factor those in as you award the development contract in partnership, that you would let our office know it so we make sure that they don't exist.

Part of the thing we talk about in keeping economic development and all those things is part of it is not giving $900 million to a company that leaves right after the storm.

I am looking at the light because I don't want to go over, and the chairman has been gracious enough to allow me to participate today.

Ms. Washington, as we talk about factors and other things, 52 percent unemployment among African American males is not sustainable for any community in the country, probably in the world.
So what do you see at your organization, and how are you all trying to address that targeted unemployment?

Ms. Washington. Thank you, Congressman Richmond. It is not only not sustainable in any other place in the world, but because of our large population of African American males, and because I don't know what it is about biology but that would make a New Orleanian percentage-wise, this community won't be able to be sustained much longer because we are unemployed.

All the things that we talked about today as far as banning the box, as far as ensuring that individuals who are coming out of our jails are able to find housing, as far as ensuring that there is education and training for them are important. But the most important thing we have to do is ensure that they are either employed and employed at a wage where they can support and sustain themselves and their families, or that we allow them to contribute to this economy with their own businesses.

What I hear a lot of, particularly at LGI or in my other job when I am wearing my hat at the Sheriff's Office, is I want to start a business, I want to get out there and be a part of bidding on these projects, but I have stuff in my past.

Congressman Richmond, you have worked so hard in Louisiana, and I know Ms. Waters has worked so hard to ensure that these individuals don't carry that burden with them forever. They work hard at reentry. I work with these guys at reentry. Just give them that opportunity.

I can assure you, I was here right after Hurricane Katrina, and if I may just for a moment tell you—right after Hurricane Katrina, the one thing I loved here was from these brothers who were saying, man, I am making $25 an hour cleaning up, $30 an hour, and they were proud of being able to support their families and send money out of this community. Those jobs left, or at least those wages left.

But what we saw was a resurgence in that community in that amount of time. I am telling you, I am sitting here telling you it can work. I have seen it work.

Chairman Luetkemeier. Very good.

My apologies to the gentleman from Texas. I skipped over him a moment ago.

The distinguished gentleman, who is always very insightful, is recognized for 5 minutes, Mr. Green.

Mr. Green. Thank you, Mr. Chairman. I would like to thank you for not being sick such that we couldn't have this hearing. There were many things that could have occurred in your life such that I won't be able to be there on that Friday, but you chose to come, and I am grateful, and I thank you, I thank you for coming.

I thank Congressman Cleaver as well for working so well with you. The two of you don't always agree. I know that you don't know this and that I am letting a secret out now, but —

[laughter]

Chairman Luetkemeier. It is no secret.

[laughter]

Mr. Green. But you found a way to allow your disagreements to develop positive legislation. I think you are doing that with H.R. 3700.
Of course, the Honorable Maxine Waters, I just thank her for allowing me to serve on the committee with her. I am there because she brought me to Congress. It is a long story, but I didn't get there by myself.

And to my good friend, Mr. Richmond, you and I will continue to work together. I appreciate you so much for all that you do.

And I thank all of the witnesses for appearing today as well.

On the question of jobs, let me make this statement as a sort of a predicate. It does one little good to have a Ph.D. if you cannot acquire a j-o-b so that you can e-a-t.

[laughter]

Mr. GREEN. Jobs are pretty important for everybody, not just those who happen to be born in the sweets of life. Those who live in the streets of life need work, too.

And I concur with the Honorable Maxine Waters that a good transportation bill would help this whole country. But I was just in the Lower Ninth Ward. A good transportation bill would help us with a lot of streets over there and put a lot of people to work who live in the Lower Ninth Ward. It would just be a great thing.

And because I don’t want you to think we do nothing in Congress, I want to mention the Honorable Jim Clyburn, who has legislation that would target areas that have been left behind, very well-thought-out and very well done. It targets—I don’t like the term “pockets of poverty.” I like “areas that are emerging.” So areas that are emerging, that are trying to help themselves. It is a great piece of legislation, and hopefully we will be successful with that. I think all of the members of the CBC have signed on to it.

And my final comment, with the time that I have left, has to do with something that is a little bit off script but important. The mayor said something today that left an indelible impression. He said that around 2008, for some reason, there was an uptick in young black males killing each other. Does anybody remember him saying that other than me? He said that around 2008, he said it was inexplicable as to why. I don’t know why, either. But I do know this: We have a duty, those of us who look like me, we have a duty to do a little bit more in this area.

Now, there are all kinds of external forces, exigent circumstances, but this has to be dealt with. Jobs are a component of it, but it is not the end of it. There is something that we have to do in our own communities among ourselves to stop this killing of each other, and I am just curious as to what happened in 2008. I don’t know. I know about the Great Recession. We have been in a recession since I was born, so that was nothing new for black folk to be in a recession. Our unemployment has always been twice that of white unemployment.

This is empirical evidence. It is there. So what happened? What happened in 2008?

Ms. Washington, or Attorney Washington who works at the Sheriff’s Department —

Ms. Washington. Works everywhere. I don’t know that there is any one particular thing, Congressman, that we could say happened in 2005 or 2006 or 2007 or 2008, or all the way up to 2015, but I know a couple of facts that may help people along the way.
We never, Congressman Richmond, fully dealt with some of the lingering mental health issues for so many of our young African American males who were affected by Hurricane Katrina. I will tell you personally I am a single mom of an African American male. I am one of the strong moms who was able to say “no way,” and my son got through college this year.

Mr. GREEN. Is this the same son who brought you back?

Ms. WASHINGTON. It’s the same son who brought me back.

Mr. GREEN. Good job.

Ms. WASHINGTON. But I represent some school districts here, and just this morning I will share with you the story of a young man who had gangs following him yesterday to a school. The police got there and he said, look, I am going to leave this school. He and his mom made a decision, I am not going to come back here because I know none of the other students will be safe in my high school if I am here.

But we also know that child had lingering mental health issues that weren’t dealt with post-Hurricane Katrina. And I don’t know where that money will come from, but I don’t think it is sustainable to keep putting them at my other place of employment, the Orleans Parish Sheriff’s Office and knowing that they still have those mental health issues. It is just perpetuating —

Mr. GREEN. If I may just intercede and say this. I think you hit upon something. I talk to people now who were displaced, and they start to—many of them will have tears well in their eyes when they talk about Katrina. There are people who are still having issues, internal issues. We have dealt with the external forces and factors to a certain extent, not completely, totally and absolutely, but housing, better schools. But the mental side of this is something that we have neglected, and I thank you for calling it to my attention.

My time has expired and the chairman has been more than generous. Thank you, Mr. Chairman.

Chairman Luetkemeyer. Thank you.

We have some time left, and we could go to a round 3, although I don’t have any questions.

Mr. CLEAVER. You don’t have any questions?

Ms. WATERS. Do you have any questions you would like to ask?

I know I opened the door, so —

[laughter]

Mr. GREEN. You did. You opened the door.

Mr. Green just talked about, and Ms. Washington talked about Katrina and the impact that it had on children and families. I am still shaken by what I saw on television that brought me here a day or two after, the people standing outside that dome with signs saying somebody help us, please. I will never forget that picture.

So if I am in California watching TV and feeling absolutely stunned and upset, what must it have felt like to be in the middle of it, not only as a family, as adults, but as children, not knowing what to do, and families and children who have friends who died in it all?

So, you talk about the mental health problems that are not attended to, which we don’t pay for services for folks with mental
health problems. When we take a look at the homeless, a large percentage of them have problems that need to be dealt with.

But the thing that I think is most misunderstood as we talk about violence in our communities is this. Somehow, people don’t understand or refuse to accept what poverty does to children and families. What happens when a child ends up with parents who may be on drugs, one parent may have gone to prison? I know from experience, having worked in communities, many of them in public housing in South Los Angeles, that gangs were formed where they said this is our family.

When you pull the safety net out from young people and boys who are capable of doing things that even they didn’t know they were capable of, this kind of stuff is not really dealt with, not really understood. It is simply, “There is a bad boy.”

It is not really, “There is a bad boy,” but “Who is this child? What has happened to him? Where did he come from?”

So I think that we need a lot more resources to begin to staff families and to provide support services and to understand the role that we can play in healing people, making people whole and, of course, basically providing assistance in ways that some people don’t think is very important.

People say you are either good or you are bad. No, you are not. You are both good and bad. It all depends on what experiences you have that will take you in one direction or the other.

So, I guess I would be considered a tax-and-spend liberal. But I do know this, because I serve on the Financial Services Committee, and I understand the tax breaks that we give to some of the richest people in this country. I understand the strong lobbying efforts of special interests who get a lot.

But what I understand and what upsets people is the lack of opportunity and the utility for the average citizen to be able to have access to the resources of this country and the representation that they need in order to break up some of the traditions that lock people out. So that motivates me to be on the side of the least of these. When we talk about the violence and we talk about the disruption and we talk about what can we do, it is not simply by saying, “Be like me, I am your role model, you don’t know what I have been through.” But it is up to us to find out what can we do and what are we willing to support, and what are we willing to ask our government to do to help the least of these.

But I think we are going to have to get out in front of it, and this is some hard political stuff. But I think that is what we all need to do in order to get—it is not simply lock them up and throw the key away. It is not simply just pointing your finger and talking at them. It is about understanding, a deep understanding and support, and in the final analysis a lot of love.

So I won’t preach anymore, Mr. Chairman. Thank you for allowing me to have that opportunity.

Chairman LUETKEMEYER. I was wondering if you had a question in there somewhere.

[laughter]

Chairman LUETKEMEYER. Thank you, Ms. Waters.

The gentleman from Texas, Mr. Green.
Mr. GREEN. Thank you. I promise to be pithy and concise, terse and laconic.

Thirty million dollars remaining in Road Home funds, unobligated. Who knows how we plan to utilize it?

You were waiting on that question.

Ms. UDDO. Yes, I was. I have been waiting on a couple of things.

I was just at a homeowner's house yesterday in New Orleans East. I had invited them to come because I wanted you to meet them. They are still living with no floor, no kitchen, a bathroom that the shower is still—garbage bags to keep the water off the walls, a wrench to turn on the shower, no sink. This is a middle-class African American couple who did great before the storm.

And I said they came to my center. Now, my center, as I said, closed down. We transitioned in 2014 as a senior social services center, and this was a strategy for me just to try to stay alive so that I could continue to help people, and we are serving now 300 senior citizens a month and struggle to stay open, keep our doors open, all African American, low-income senior citizens in the Gentilly neighborhood.

But what that strategy allowed me to do is people still show up on my doorstep all the time trying to get their houses back, trying to still come home. I feel so—you have no idea the pain and the sleep I lose at night. I can't help them. There is nothing out there. And the other programs, the lists are so long, and there are so few of us now who are doing it. We can't help them.

So I said, did you go back to Road Home? There is still $30 million in Road Home. Did you go back? Oh, yes, we did. Well, what happened? The case manager—and she got her on the phone with me, because I wanted to talk to this case manager, and I believe Franklin now has the contract for this, the Road Home Program. There are two private contractors.

Anyway, she said she couldn't give her the money, and the case manager even went to her house, could not give her the money because some of the money she had lost was to a fraudulent contractor. Because this homeowner didn't report and didn't file suit because she had no money to do that, the fraudulent contractor, that disqualified her from getting more funds.

So again, there is $30 million, but these roadblocks, these ridiculous roadblocks, it is just a deep dark hole that continues and continues, and this proves my point. If I had that money to distribute and administer, our case managers would go out, we would say we clearly see you have the need, we are going to make sure this money is spent properly, you are going to get the right contractor and you are going to get the money.

So, that is my case. There will always be money because people cannot qualify because they just keep putting up ridiculous rules and policies. That is why I am so mad about this program.

Mr. GREEN. Thank you.

Let me yield now to Mr. Randall.

Mr. RANDALL. Thank you, Mr. Green. The $30 million that was mentioned that is left over, the State has committed to a rehab program to help the 6,000 applicants who have not yet returned to their homes. The State just admitted APA Amendment 65. That is Amendment 65 to the Road Home Program, which will allow for in-
terim housing to be taken into consideration, fraudulent contractors to be taken into consideration, and the use of inspections to go out and inspect homes that are subsequently rehabbed to make sure those individuals’ work is done and they can obtain a Certificate of Occupancy to return home.

So there is a significant amount of money that is remaining, but the State has committed that funding to get those 6,000 people, those Option 1 applicants who have not met compliance to comply.

Mr. GREEN. Ms. Barnes?

Ms. BARNES. Additionally, the State is working with an advocacy group called the Greater New Orleans Housing Alliance to provide case management to those persons who have unmet needs resulting from Hurricane Katrina, and that was done by a great deal of lobbying by the advocates. We have been working with boots on the ground, with families who have not been able to return.

Mr. GREEN. Thank you.

My time is up, but thank you, Mr. Chairman.

Mr. RANDALL. Mr. Chairman, may I add one more thing?

Chairman LUETKEMEYER. Sure.

Mr. RANDALL. As we work with Mr. Fortner and HANO, I just wanted to let the committee know that HUD recently joined with the Department of Justice in the Juvenile Reentry Assistance Program (JRAP) which works with Justice to expunge records of youth that have served their time. So we are going to work closely with the Housing Authority, and I believe to date that the President announced $1.7 million to help in that effort with the Public Housing Authority. So we will continue to work closely with the Housing Authority as we work on reentry policies and procedures to help eradicate some of those problems here in the New Orleans area.

Chairman LUETKEMEYER. Thank you.

Mr. RANDALL. Thank you very much.

Mr. RANDALL. As we work with Mr. Fortner and HANO, I just wanted to let the committee know that HUD recently joined with the Department of Justice in the Juvenile Reentry Assistance Program (JRAP) which works with Justice to expunge records of youth that have served their time. So we are going to work closely with the Housing Authority, and I believe to date that the President announced $1.7 million to help in that effort with the Public Housing Authority. So we will continue to work closely with the Housing Authority as we work on reentry policies and procedures to help eradicate some of those problems here in the New Orleans area.

Chairman LUETKEMEYER. Thank you.

Mr. RANDALL. Thank you very much.

Mr. RANDALL. Thank you very much.

Chairman LUETKEMEYER. Mr. Richmond?

Mr. RICHMOND. Thank you, Mr. Chairman.

Let me just start off with criminal justice reform, which is good. I just left a conference this morning, speaking at the Charles Koch Foundation and the Charles Koch Institute, who are in New Orleans having a criminal justice conference. I think there is tremendous synergy in Congress and across the country to get something done, because we have reached the point of the law of diminishing returns. Every dollar we spend on incarceration makes the country less safe, so we need to figure it out.

Let me just say, because we touched on it right at the end, contractor fraud in this entire process was a tremendous problem. If you look at the demand when you are talking about thousands and thousands of homes being almost completely destroyed, and you look at the demand for contractors, you get contractors who came in from all over the country, all over the world who had shiny business cards and could talk real good and showed you a whole bunch of stuff, and when the homeowners gave them an initial deposit or
something else, they would start work, shabby work, and never come back.

If you look at the magnitude of the construction that had to happen, it was understandable that people took chances because they were the only contractors available, and we did not adequately figure out a way to compensate people who were victims of contract fraud. We held some contractors accountable. We did that. But to make the homeowners whole, we fell short, especially elderly homeowners and other people who were not as sophisticated in terms of navigating this Road Home process and managing contractors. It was just that bad.

People who weren’t victims of contractor fraud were lucky. Some of us were unlucky, like myself. We decided to play our own contractor, and that was just a disaster in its own right.

Chairman LUETKEMEYER. No multi-tasking.

Chairman LUETKEMEYER. No multi-tasking.

Mr. RICHMOND. Now, I am on my third house, and I have learned from the error of my ways and I can do just about anything at home.

Mr. Fortner, let me just go back to one thing that is critically important, and Ms. McConduit-Diggs touched on the DBE part of it.

Watching my parents who had a small business and the fact that they employed everyone and they didn’t do background checks, they just looked at you and if they thought you were a good person after they talked to you, they gave you a chance, and it made a difference in a bunch of lives. And the fact that my parents’ small electrical business did a lot of work at the Hilton, it was what put my brother and I through Morehouse. It was what changed our life forever, because the Hilton took a chance on this little bitty company, and we did most of the outside electrical work. And because of that, not only myself and my brother but a bunch of other people were able to go to college.

So as you do your developments, do you do a post-development report of the DBE participation? Was it meaningful? Was it real? And I say that because now it has come to our office through complaints about Iberville that the subcontractor was subbing to DBEs that the subcontractor had a substantial ownership in, and it fulfills the DBE goals.

And I am not saying it is true, but it would be great if we had post-development reports that outlined every company that participated, what they did, and the ownership make-up. We just ought not have a prime-time subcontractor owning 49 percent of a disadvantaged DBE that is subbing to himself.

So we just have to make sure that the spirit of the law and the goals are what we reach, because they could be employing or contracting with that small business that allowed at least my brother and I to get to Morehouse, and that, I think, would have a domino effect in urban areas, and rural areas, in terms of spreading out economic development and giving young men and young women a chance to really achieve their dreams just because of the nature of their circumstances, and you have the power to do that.

So, I will turn it over to you.
Mr. FORTNER. That is an excellent point you make, Congressman Richmond. New Orleans just received—HANO was just returned to local control just over a year ago, July 7th of 2014. A very dynamic board was appointed by the mayor, which actually consists of a few DBE ownership. We are still in the growing stages of getting back local control because now we are going to commission this, engage, and this is a passionate issue for that board.

As they move forward and grow, they are holding us accountable because we have not only reports, we have reports during the ongoing contract, and they are making sure now that staff in the Housing Authority are looking at those reports, looking for compliance issues and, as you stated so eloquently, making sure that not only contractors honor the letter of the law but the spirit of the policies that were put in place to make sure that we have the opportunities, the DBE, MBE, and WBE in our contracts.

Mr. RICHMOND. Mr. Chairman, let me just thank you for taking the time to come down to New Orleans and have a subcommittee hearing. I know that many of the people in the audience probably know this, but for those who don’t know, usually on Thursday when we have a week of voting, Members really take the time to get back to their districts so they can see their constituents and be with their family whom they didn’t see all week, and for these Members to forego going home yesterday and to come to New Orleans and have a hearing today on issues that are very important to us, Katrina didn’t hit in their area but their commitment is very, very special.

So, Mr. Chairman, I want to thank you for that commitment and working with the ranking member of the subcommittee, Mr. Cleaver, in making sure that this issue of housing, and especially post-Katrina housing, is not one that we forget.

And to the witnesses who have really been on the front lines of our recovery, thank you. Mr. Fortner, I know you have been here for a year, but what you are doing at HANO is a breath of fresh air, and continue the good work.

[applause]

Ms. WATERS. We trained you in California.

[laughter]

Chairman LUETKEMEYER. Thank you.

I would like to sincerely thank all the witnesses today for participating and for your testimony, and also for your passion for the people of New Orleans and their housing needs.

And I thank Congressman Richmond for inviting us here. I appreciate the opportunity with he and his fellow New Orleans citizens.

For my colleagues who made the trip and continue to be with us, and for our staffs, it is a little bit of a job to put this event together, and I know our staffs and the different Members on the dais here as well were able to help us out, and I sincerely thank them.

The Chair notes that some Members may have additional questions for this panel, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without ob-
jection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.
With that, the hearing is adjourned.
[Whereupon, at 2:48 p.m., the hearing was adjourned.]
APPENDIX

November 6, 2015
Introduction
Good afternoon Chairman Luetkemeyer, Ranking Member Cleaver and members of the Committee. My name is Nicole Barnes and I am the Executive Director of Jericho Road Episcopal Housing Initiative. Jericho Road is a nonprofit, community development organization established in 2006 in response to the pressing need for affordable housing in the aftermath of Hurricane Katrina. As a lifelong citizen of New Orleans, with a twenty year career as a housing professional, I have witnessed and been a part of the Post-Katrina revitalization efforts as a homeowner, a former government employee and non-profit executive. I look forward to addressing the current conditions, progress made over the past ten years and the challenges that remain regarding housing in Post-Katrina New Orleans.

Current Housing Market Conditions

- Fair market rent* in New Orleans for a one bedroom apartment is $767 monthly, or $9,204 yearly on rent.
- Median income in New Orleans is $37,146.
- Median Rent is $765; average Home Value is $183,700.
- Homeownership rates in New Orleans are 45%, well below the national average of over 60%.
- African American households disproportionately pay more of their income towards housing costs - more than 60% pay over one-third or more of their income towards housing costs.
- Both rent and home values have increased close to 50% since 2000.
- Approximately, 58% of all households pay over one-third or more of their income towards housing costs.

Housing is typically the highest cost for any household. However, housing is only one of a household’s expenditures. New Orleans saw a substantial increase in housing costs from 2000 to 2013, far outpacing the increase in median incomes. Rents have increased by 102% (50% when adjusted for inflation), while home values have increased 109% (54% when adjusted for inflation). As with income, the most drastic increases in home value have been seen at the high and low ends of the cost spectrum. The percentage of homes valued below $100,000 has been reduced by more than two-thirds, while the percentage of homes valued over $300,000 has more than tripled. While rents and home prices continue to increase, household income has not significantly changed since 2000. In fact, when adjusted for inflation, median income in New Orleans has dropped by 15% since 2000, thus the decrease in income has severely impacted current housing market conditions.

Homeownership

In New Orleans, prior to Hurricane Katrina, for many low-to-moderate income working families, the ultimate American dream of homeownership was an attainable goal. The average cost of the typical three bedroom/two bath home, before Hurricane Katrina, ranged between $80,000 and $100,000. In the wake of Hurricane Katrina, the real estate market has changed tremendously with the average price for that same three bedroom/two bath home, now starting at $159,000.00. This increase is precipitated and compounded by several factors which serve as very challenging impediments to affordable homeownership in post-Katrina New Orleans. These impediments include: decreased supply of undamaged homes in the market; increased construction costs for both labor and materials; increased insurance premiums and property tax costs and a lack of resources for increased gap financing needs. There were various programs funded by the federal government and administered by both the State and City to mitigate some of these impediments.

Soft Second Mortgage Programs

In an effort to help spur homeownership and meet the post-Katrina market demands for higher home prices, two programs were launched to assist first-time homebuyers. Both programs featured an increase in the AMI (Area Median Income) limits for homebuyers from 80% to 120%.

- **Finance Authority of New Orleans (FANO)** - This program was funded with $27 million of Disaster Community Development Block Grant funds through FANO and served 1,140 families from 2005 to 2014. The program has exhausted its resources and is no longer accepting applications.

- **City of New Orleans Soft Second Mortgage Program** - The program began in 2012, and has closed 891 homes across the city and was funded by Community Development Block Grant Disaster Recovery funds. Program participants, on average qualified for approximately $91,000 in first mortgage loans, $51,000 in soft
second mortgages and $5,000 in closing costs assistance. The program has exhausted its resources and is no longer in existence.

Road Home (Homeowners Assistance Program)

The Road Home program represents the largest single housing recovery program in U.S. history. Eligible homeowners received up to $150,000 in compensation for losses and had three compensation options. The program has been closed to new recipients since 2007. As of mid-2013, the Road Home program had successfully assisted more than 130,000 Louisiana citizens affected by Hurricanes Katrina and Rita. The program has disbursed more than $8.9 billion to the residents of Louisiana to rebuild their homes. The Road Home program provided funding for 46,884 households in New Orleans, a total of $4.2 billion. Of those homeowners who chose Option 1 (Rebuilding Option), 94% have rebuilt their homes.

In August 2015, HUD and the State of Louisiana have announced an Action Plan Amendment to the current Road Home Program—creating a category of unmet needs for interim housing costs and the proposed shared equity plan will both provide much needed relief for Road Home grantees who are still struggling to recover from Hurricanes Katrina and Rita.

Increased Construction Costs

New construction in the post-Katrina environment of New Orleans has seen a 20% increase in costs, pre-Katrina. The increased costs in both materials and labor have pushed the prices of new construction and rehabilitated homes even higher.

Increased Insurance Premiums and Property Taxes

Annual homeowner’s insurance premiums have tripled and, in some cases for the newly insured, quadrupled in post-Katrina New Orleans. This is compounded by the fact that many large insurers are no longer writing new policies in New Orleans. New homeowners have had to rely solely on the “insurance of last resort”, the Louisiana Citizens FAIR Plan. Homeowners have also seen significant increases in flood insurance premiums. Although homeowners have access to the generally affordable, federally managed flood insurance program, market conditions reflect an increase in these premiums as well, by as much as four times, in some areas of the city. Additionally, the new administrative fees that have been added to the National Flood Insurance Program have also impacted affordability for homeowners.

In addition to increased insurance premiums, since 2005 New Orleans homeowners have experienced increased property tax assessments in areas of the city that were not flooded. Homeowners in these neighborhoods have seen an average 42% increase in their assessed home values. The aforementioned increases have resulted in many homeowners paying almost the equivalent amount to their escrow accounts as they pay toward principal and interest for their mortgages. This poses a serious impediment in real affordability for families, and in some instances can determine if they qualify for a mortgage.

Rental Housing

Housing is typically the highest cost for any household. However, housing is only one of a household’s expenditures. New Orleans renters disproportionately pay more of their income on housing. The city ranks second in the nation for the percentage of renters paying over half of their income on housing.

- As of 2013, 46,433 households (58%) in New Orleans paid more than one-third of their income towards housing costs, 29,271 (37%) households paid over half of their income towards housing costs.
- Nationally, 20.2 million households (52%) pay more than one-third of their household income towards housing costs, and 13.3 million (36%) of those households spend over half of their income on housing costs.

While it is clear that New Orleanians are paying too much for rent across the city, the percentage that renters pay toward housing costs is a relationship between household income and the cost of housing. A limited supply of rental housing and an increase in lower-income households both impact the percentage of cost-burdened
households (paying more than 30% of their income). Additionally, the increased Post-Katrina rental rates by landlords have also been due largely to the significant increases in both property insurance rates and tax assessments that are in turn, passed on to renters. Reducing the percentage of household income paid for housing costs requires either cheaper housing costs or more income. Low-income renters who are cost burdened are extremely limited in where they are able to live, which impacts safety and access to essential services such as transportation options, healthcare, green space, grocery stores and jobs.

Current Economic Conditions: Occupations and Wages
The city’s poverty rate remains incredibly high at 28% (100,605 residents living in poverty), an overall increase of 2% since 2000. The median household income remains unchanged since 2000, at approximately $37,000. Examining what New Orleans workers earn in relation to their housing costs shows that many key industries pay wages that make housing unaffordable to their employees. Many workers in New Orleans earn far less than the median annual income. As of 2014:

- Extremely low-income households earned under $23,549, per year.
- Very low-income households earned between $23,000 and $37,000, per year.
- Low-income households earned $37,000 to $58,000, per year.
- Moderate income households earned over $58,000, per year.

New Orleans’ primary economic industry is service and tourism. This industry employs the majority of low-to-moderate income workers. For example, 33,801 employees work in the Accommodation and Food Services industry, and these housekeepers, bartenders, fast food employees and hotel desk clerks all earn under $23,000 a year. With so many residents working in these industries, it is critical that we create housing that is affordable for the workers who support the backbone of the New Orleans economy.

Displacement
Housing displacement occurs when residents are unable to continue living in their homes and must move to another location. Displacement can happen for a variety of reasons, but housing cost is a major contributor to the displacement of residents. The following factors play a role in the displacement of residents in New Orleans:

- Increasing real estate values due to major public or private investments may cause rents and property taxes in a particular area to rise, thus increasing homeowners’ and renters’ monthly costs.
- Other monthly costs of housing, such as utility bills (water, electric and gas) or flood insurance costs, cause increases.

Since 2005, an estimate based upon census tract data, reflects the demographic and economic transition where all but seven of the City’s 72 neighborhoods saw an increase in their average contract rent from 2000 – 2013. In 42 neighborhoods, that increase was at least over 35% -- the cumulative rate of inflation for that same time period.

HousingNOLA – A 10 Year Plan
For the past 10 years, passionate residents have been working with non-profit, community-based organizations to rebuild their homes and create a more equitable and resilient New Orleans. In early 2014, the Foundation for Louisiana’s TOGETHER Initiative convened a group of residents and non-profits to develop strategies for improving housing policies and increasing equity in New Orleans. The Greater New Orleans Housing Alliance (GNOHA) was chosen by the group to manage the HousingNOLA process, assisted by fair housing advocates, developers, and City and State officials – in partnership with civic, neighborhood, business, and philanthropic leaders.

As a 10-year plan, HousingNOLA is designed to provide a road map for future housing development in the city, and a process to benchmark this progress. The housing demand model follows a standard approach to measuring housing demand: considering existing data sets, and using assumptions about how New Orleans will grow to project housing demand for the future. The demand model has clear limitations, but uses current data sources including growth trends, income levels, household types, vacancy rates, household tenure and anticipated new construction for the City of New Orleans. Based on these assumptions, over the next five years, the projected demand for homes in New Orleans over the next 10 years will be 8,593 homes by 2025 (rental and homeownership). This includes 10,952 rental units for low- and moderate-income households; 5,720 market rate rental units; 5,028 low- and moderate-income homeownership units; and 11,293 market rate homeownership units. Housing demand is essentially what the growth of households will be minus the housing likely to become available, and the demand that can be met through new construction, rehabilitation of existing homes, and conversion of non-residential building to housing units.
Conclusion and Next Steps
The HousingNOLA process has continued to engage New Orleans residents and key stakeholders in a community-led planning process that will create a road map for addressing housing needs over the next ten years. The Plan is divided into two distinct reports: the release of the preliminary report in August 2015, and the final HousingNOLA Plan scheduled for release in November 2015.

Since 2005, 21,622 subsidized units have been created in New Orleans of the overall 148,398 housing units in the city. These opportunities have been created largely through the use of public funds that were leveraged by private sector and philanthropic capital. Public sector agencies have received billions in recovery funds to address the damage wrought following the series of disasters beginning in 2005. This influx of federal funds continues to play a critical role in the state and New Orleans economies, but the funding pool continues to shrink while the housing needs remain pressing. Housing supply in the city occurs in the context of long-term abandonment and vacancy issues. The damage caused by Hurricane Katrina and the subsequent levee breaches damaged 70% of households in the City of New Orleans, and half of all rental units. This large-scale displacement, the challenges faced by homeowners who did not have adequate assistance to rebuild and the choice made by many landlords not to rebuild rental units, exacerbated vacancy and affordability issues across the city. It is crucially important, that Congress continue to fund programs like HOME and the National Housing Trust Fund, which provide the greatest opportunity for affordable housing options.

While much progress has been made with regard to recovery in the region, there is still significant work to be done to ensure that all residents who want to return home have both the resources and opportunity to do so.

I would like to thank the members of the committee for your time and consideration of this testimony.

All statistical data included was compiled and published in the HousingNOLA Preliminary Report, August 21, 2015.
Gregg Fortner, Executive Director  
Housing Authority of New Orleans  
U.S. House of Representatives Committee on Financial Services  
Subcommittee on Housing and Insurance  
“New Orleans: Ten Years After the Storm”  
New Orleans, Louisiana  

November 6, 2015

Chairman Blaine Luetkemeyer, Ranking Member Emanuel Cleaver, Congresswoman Maxine Waters, Congressman Al Green, Congressman Garret Graves and New Orleans own Member of Congress, the Honorable Cedric Richmond. I am Gregg Fortner, Executive Director of the Housing Authority of New Orleans (HANO) and it is my privilege to appear before you today on behalf of HANO, the HANO Board of Commissioners, the City of New Orleans and, most importantly, the nearly 50,000 New Orleanians directly served by the housing programs administered through HANO.

On July 7, 2014, HANO was returned to local control after various forms of Housing and Urban Development (HUD) receivership since 1996. In partnership with HUD and the City, today’s HANO has continued and improved upon the reform and progress experienced during the 18 years of HUD receivership. Today’s HANO administers almost 18,000 Section 8 Housing Choice Vouchers and manages over 4,000 housing units on HANO owned sites throughout the City of New Orleans through direct service or contracts with 3rd party property managers from the private sector. As a result, today’s HANO provides affordable housing assistance to more than 10% of the total population of the City and 25% of all renter households in the City of New Orleans.

HANO is crystal clear in its mission to provide affordable housing opportunities for low-income residents of the City of New Orleans. Yet we realize that HANO has a vital role in the future affordable housing strategies for the entire City of New Orleans. This year on August 29th, the entire country remembered the 10 year anniversary and the devastating impact of Hurricane Katrina on the City of New Orleans. As we move forward in a City continuing to rebuild while preserving the rich culture that defines the unique flavor of New Orleans, we must also acknowledge that the affordable housing environment has experienced a dramatic change over the past 10 years since Katrina.

Recent studies report that, prior to Katrina, the average renter in New Orleans spent about 19% of household income for rent. Today, studies report that almost 40% of renters in New Orleans pay more than 50% of income towards rent. This is an especially tough burden for those households at 50% or below the area median income who live and work in our City, particularly those on fixed incomes. These numbers further illustrate the need for the comprehensive approach currently being undertaken by the City of New Orleans to ensure that the affordable housing needs of the current and future citizens of New Orleans are met through leveraging of existing and future resources, and partnerships involving the entire New Orleans housing and business communities.
On August 21, 2009, Congresswoman Waters held a Congressional Field Hearing here in New Orleans through the Subcommittee on Housing and Community Opportunity, to discuss the progress of HANO’s recovery efforts four years after Katrina. Today, I will share with you the on-going progress of those recovery efforts now 10 years after the storm.

Iberville Choice Neighborhoods Initiative (CNI)

In August 2011, HANO and the City of New Orleans as co-applicant were awarded a Choice Neighborhoods Initiatives (CNI) Implementation Grant of $30.5 million for the redevelopment of the Iberville Public Housing Development. The initiative includes both an on-site and off-site component that expands well beyond the property’s original footprint. The Iberville Plan is the most aggressive Public Housing redevelopment initiative in the history of the City with a total project cost estimated at over $225 million for the on-site component alone. The initiative includes 821 replacement Public Housing/project-based voucher units integrated into hundreds of additional affordable and market rate units. The many funding sources involved in this aggressive endeavor include: City of New Orleans HOME Investment Funds; City of New Orleans Community Development Block Grant (CDBG); State of Louisiana CDBG; HANO Capital Fund Program (including Replacement Housing Factor [RHF] Funds); CNI; HANO program income; private bank loans; low income housing tax credit equity; tax exempt bonds; state historic tax credit equity; and federal historic tax credit equity.

The CNI on-site housing component consists of several phases. Phase I and II included 227 mixed-income units completed this fall 2015. 212 units are currently occupied as of November 2015. Phase III construction began in December 2014. Construction is almost 50% complete as of November 2015. Estimated completion date is April 2016. This phase includes 105 mixed-income units. Phase IV construction is scheduled to start by the end of 2015 and will include 164 mixed-income units.

The off-site housing component has several projects completed or in development, including the Marais Apartments with 112 replacement project-based voucher units completed last summer 2014 and an additional 64 replacement project-based voucher units completed throughout the CNI boundaries. An additional 164 units are in development and scheduled to be completed over the next 12 months.

Marrero Commons

Formerly Calliope/BW Cooper was originally constructed in 1942. The original number of units was 1,546. Redevelopment began in 2008. Funding included HANO RHF, CFP, HANO program income, HOPE VI, low income housing tax credit equity, State of Louisiana CDBG Piggyback and City of New Orleans CDBG. Phase IA and IB was completed in 2014 and included 410 units of which 143 are Public Housing. Cost of full redevelopment was $158 million.

Harmony Oaks

Formerly Magnolia /CJ Peete was originally constructed in 1941. The original number of units was 1,403. Major redevelopment began in 2007 with a $20 million HOPE VI revitalization
grants. Construction was completed in 2011. The current number of units is 460 of which 193 are Public Housing. Cost of full redevelopment was $177 million.

**Columbia Parc**

Formerly St. Bernard was originally constructed in 1942. The original number of units was 1,464. Redevelopment began in 2007. Funding sources included HANO RHF, CFP, Section 8 program income, State of Louisiana CDBG Piggyback, low income housing tax credit equity, FEMA, New Market Tax Credits, and private bank mortgage. Phases I and II were completed in 2012 and Phase III Heritage Senior Residences was completed in 2013. The current number of units is 683 of which 258 are Public Housing. Cost of full redevelopment program was $190 million.

**Faubourg Lafitte**

Formerly Lafitte was originally constructed in 1941. The original number of units was 896. Redevelopment began in 2008. Funding sources included HANO RHF, CFP, HANO program income, State of Louisiana CDBG Piggyback, low income housing tax credit equity and FEMA. Phases I and II were completed in 2011 and Phases III and IV began in 2014/2015. The current number of units is 365 of which 141 are Public Housing. Cost of full redevelopment program was $162 million.

**Florida**

Initial redevelopment began in 2002, however, Katrina destroyed construction that was in progress at the time in 2005. The original number of units was 734. Redevelopment re-start began in 2013 through Capital Funds and FEMA totaling $14 million. 52 units are about 90% complete and scheduled for occupancy within the next few months.

**Guste**

The original number of units was 993 including a 385 unit high-rise complex housing the elderly and disabled. Modernization of the high-rise complex totaling $7 million was completed in 2012 through the Capital Fund Program. Redevelopment of Guste I and II was completed in 2007 and 2012 respectively. Guste III began construction in 2013 with delivery of completed units scheduled within the next several months. Funding includes HANO RHF, CFP, FEMA, low income housing tax credit equity and tax-exempt bond financing. Upon completion, the current number of units will be 638 of which 577 are Public Housing. Cost of redevelopment is $81 million.

These are the major projects that make up the majority of the over $1.2 billion in federal investment to rebuild Public Housing in New Orleans after Hurricane Katrina through BUD funding, FEMA, CDBG and other federal funding sources. Even with that tremendous commitment from the United States government, the 2,000 replacement units of pure Public Housing fall well short of the pre-Katrina numbers of over 5,000 occupied Public Housing units. Over the past 2 decades, the reduction in Public Housing operating subsidies and capital funds have dictated a new dynamic in redevelopment of this nation’s 1.2 million Public Housing units. Communities with 100% Public Housing cannot be sustained. As a result, mixed income communities have become the mandate to produce revenue generating units that can support the funding challenges faced by the traditional Public Housing inventory.
Although the Public Housing inventory for the City of New Orleans has decreased by over 3,000 units since Katrina, the Section 8 Housing Choice Voucher (HCV) Program has increased by almost 9,000 vouchers allocated to the City of New Orleans. As a result, HANO is serving over 30% more households than before Hurricane Katrina. HANO operates the 15\textsuperscript{th} largest HCV program in the country paying out almost $150 million annually to Section 8 property owners on behalf of the nearly 18,000 HCV participant households in the City of New Orleans.

I would like to leave you with two innovative initiatives that HANO is undertaking to further its overarching mission to expand affordable housing opportunities for the people of New Orleans.

In the past year, HANO has developed and launched its Scattered Site Redevelopment Plan. Over the years, HANO acquired and developed properties on over 200 sites across the City of New Orleans. Katrina destroyed the structures on practically all of these properties. These lots ranged in size from 1,300 to over 400,000 square feet. Using the best practices learned from Public Housing redevelopment across the country and expanding the housing footprint across several properties in designated neighborhoods, HANO’s implementation of this robust strategy will augment the City’s affordable housing stock through a mix of Public Housing, other affordable and market rate rental and homeownership units. It will also build sustainable revenue streams for affordable housing reinvestment, promote economic opportunity, facilitate resident self-sufficiency, and serve as a platform for continued neighborhood stabilization.

Also, HANO is developing a plan to bring homeownership opportunities to one of the 1\textsuperscript{st} Public Housing developments to receive HOPE VI funding in the early 1990s. The Desire Public Housing Development (currently called the Estates) originally consisted of 1,860 units in the upper 9\textsuperscript{th} ward of the City. Through a series of misfortunes before and after Katrina, including inadequate funding, the community now consists of 425 units of which 283 are Public Housing. During the infrastructure construction phases over the years, 100 lots were planned for homeownership but those lots remain vacant today. HANO will seek out public and private partners to design a plan that will help this neighborhood realize the promise of homeownership from the original HOPE VI grant while adding a key revitalization component to the rebirth of one of the City’s most historic communities. This initiative will add to the successful homeownership programs operated by HANO that has produced 363 homeowners since 2001.

As I conclude, I again want to thank the subcommittee for the continued commitment and interest in the on-going revitalization efforts by HANO and the City of New Orleans. HANO will continue to effectively and creatively utilize all its assets and resources in the furtherance of providing affordable housing opportunities to the citizens of New Orleans. We further pledge that we will be exemplary stewards of public funds and justify the public trust that HANO is committed to sustain.
Testimony of Cashauna Hill, Executive Director
Greater New Orleans Fair Housing Action Center
Presented to the
United States House of Representatives Committee on Financial Services
Subcommittee on Housing and Insurance
November 6th, 2015

Good afternoon, Chairman Hensarling, Ranking Member Waters and Members of the Committee. My name is Cashauna Hill, and I am Executive Director of the Greater New Orleans Fair Housing Action Center. GNOFHAC is a private, non-profit civil rights organization established in 1995 to eradicate housing discrimination in the greater New Orleans area. Through education, investigation, and enforcement activities, GNOFHAC promotes equal opportunity in all housing transactions, including rental, sales, lending, and insurance. We are funded in part by federal Fair Housing Initiatives Program (FHIP) funds from HUD. Our work since Hurricane Katrina first made landfall in August of 2005 has focused on ensuring members of classes protected under the Fair Housing Act have been able to return to the City they call home, and with guarantees to fair housing choice. I wanted to thank you for hosting this important hearing today.

I. Indicators of Recovery

August of this year marked a decade since the storm made landfall, and many of you are well aware of the great accomplishments and many persistent challenges that this city and region have faced. I would like to provide you with just a quick sketch of some overall indicators of recovery, both at the city and regional levels.

Of New Orleans 72 neighborhoods, more than half (40) of those neighborhoods have recovered over 90 percent of their population, according to the New Orleans Data Center. In the last four years, New Orleans has grown an additional 12 percent, ranking 28th in population growth out of U.S cities with populations of 50,000 or more. However, as you probably heard during the August media coverage of Hurricane Katrina, despite rapid growth and ongoing recovery, approximately 100,000 African Americans have not returned to New Orleans.

Regionally, surrounding parishes have also shifted demographically in the decade since Hurricane Katrina. These shifts are consistent with trends nationwide and the suburbanization of poverty as low and moderate-income people are pushed out of city centers. However, the “Katrina Effect” certainly accelerated trends seen at more gradual rates in other cities nationwide.
For example, in Jefferson Parish, the county just to the west of Orleans, the population rebounded far faster than New Orleans—with 95 percent of its pre-storm population back by 2010, while New Orleans only had 71 percent. The African American population grew in Jefferson Parish after the storm, but at a rate far slower (8 percent) than previous decades. Consistent with national trends, however, between 1999 and 2010, the share of the region’s poor living in suburbs increased from 56 percent to 67 percent, with roughly 61,500 people living below the poverty line in Jefferson Parish.

To the south of Orleans Parish lies St. Bernard Parish. In 2006, the Fair Housing Center filed suit against St. Bernard for enforcing a “blood relative only ordinance” that prevented St. Bernard homeowners from renting to any person that wasn’t a blood relative. Because 90 percent of homeowners in the Parish were white at the time the ordinance was passed, most single-family homes would have only been available to white tenants.

The ordinance was passed at a moment when New Orleanians, forced out of their homes, were desperately seeking housing with reduced housing stock and limited options available. As New Orleanians, who are majority African American, sought stable housing options, surrounding communities quickly erected barriers to entry.

Since the 2006 litigation and widespread press coverage, St. Bernard Parish has integrated considerably. With a pre-storm percentage of 7.5% African American residents, St. Bernard is now close to a quarter (22%) African American. Notably, the Hispanic population has also doubled since the days before Hurricane Katrina as well.

II. The Road Home

By far the largest Congressionally funded housing recovery program in U.S. history has been the Road Home, the disaster Community Development Block Grant (CDBG) funded rebuilding program for Louisiana homeowners. The program was intended to provide direct cash rebuilding grants at a maximum of $150,000 for storm-impacted homeowners, with awards calculated to exclude insurance proceeds or other existing benefits.

In 2008, GNOFHAC filed a lawsuit against the State of Louisiana and HUD because of the design of the Road Home program. Our housing counseling staff had noticed that many African American clients received smaller grants than white clients—even when the homes had similar square footage, had sustained comparable damage, and were estimated to cost the same amount to repair. That’s because the grant formula was based on the pre-storm value, rather than the cost to rebuild. As result of this formula, homeowners from neighborhoods where homes were appraised at a higher value received more—even if the costs to rebuild were the same. The formula benefited white homeowners over African Americans due to high home values in white neighborhoods, and played a major role in displacing black residents. In 2008 and again in 2009 this committee heard extensive testimony from the fair housing center about this program, so I won’t go into any more details.
In 2011, the case settled and made additional funds available to eligible homeowners. The settlement was a step in the right direction toward getting more hurricane-affected homeowners back into their homes and making good on the promise to rebuild a better New Orleans, but the truth is that the settlement in 2011 was a tremendously late recovery start for primarily African American households that had been left behind. While the formula was ruled discriminatory by a federal judge, in the meantime many people had made homes elsewhere or were overwhelmed by the costs of prolonged displacement. To date, the settlement has resulted in $16 million to hundreds of homeowners.

The map shows areas with the greatest losses of African American homeowners in dark orange. While the City lost homeowners of all races after Katrina, the hatched areas show where the loss of African American homeowners out-paced the loss of homeowners in the City as a whole. Source: Greater New Orleans Fair Housing Action Center.

III. Renting in New Orleans

The plight of renters in the aftermath of Hurricane Katrina is particularly striking, as New Orleans is a city where more than half of the residents are renters, rather than homeowners. Yet, there was never a comprehensive plan to rebuild or repair this largest slice of the housing market. The results of this lack of a comprehensive rental-rebuilding program are twofold: For one, much of our rental stock is low quality and suffers deferred maintenance, with families living in substandard housing that creates a significant public health concern. Second, there is tremendous pressure and competition on our rental housing market.
As a result, citywide average rent in New Orleans is up 40 percent since before Katrina, yet household income is only up 2 percent. Close to 60 percent of renters are rent-burdened and pay 30 percent or more of their income toward rent and utilities. Shockingly, more than a third of New Orleans renters are severely rent-burdened and pay 50 percent of their income towards rent and utilities, leaving little else for education, transportation, groceries or other necessities. Increased competition for limited remaining rental stock has pushed middle and lower income people to the margins of the market.

Further, New Orleans has not been immune to the effects of gentrification common to other cities. These trends have most severely impacted service industry workers, culture bearers, musicians and others in the cash tourist economy. It has also more severely impacted African Americans over whites, as the borders of historically African American neighborhoods became porous to whites moving into the city center. We do not see the same trends in historically white neighborhoods.

At the same time that the city is facing a massive affordability crisis that pushes low and moderate income renters to the periphery of the market, both geographically and into substandard units, discrimination also has worked to keep people of color out of New Orleans’ highest opportunity neighborhoods.

In 2014, the Greater New Orleans Fair Housing Action Center investigated fifty properties to determine whether landlords and housing providers discriminate on the
basis of race in neighborhoods that social science research would indicate offer significant opportunity for healthier and more successful life outcomes. The sites tested included apartment complexes, single-family homes, and apartments located in multi-family buildings that advertised availability in local publications and online.

Paired sets of testers, or persons trained to pose as apartment-seekers, contacted the rental agent for each of the fifty properties investigated to express interest, elicit information about the terms and conditions, arrange a viewing, and ask for an application. The testers in each paired set had substantially similar profiles and were equally qualified to rent the advertised apartments.

All testers received standardized training from the Greater New Orleans Fair Housing Action Center. The training included both classroom and field training. Testers are taught to be objective fact-finders and to report, but not interpret, the results of their test.

The United States Supreme Court has upheld the use of the testing process as a legal and effective tool to investigate claims of housing discrimination. Both the U.S. Department of Justice (USDOJ) and Department of Housing and Urban Development (HUD) use testing to conduct investigations.

The tests revealed that equal access to housing opportunity does not exist in the highest opportunity neighborhoods of the city. Of the fifty tests conducted, African-Americans who were otherwise fully qualified, were either outright denied the opportunity to rent or received less favorable treatment 44% of the time.

Similarly situated white testers, on the other hand, were given the opportunity to rent or otherwise experienced favorable treatment in a stark demonstration of racial preference and discrimination. Unfortunately in New Orleans, not only does the place where a person lives contribute to one’s life outcomes, but race plays a significant part in determining whether one can find a home in neighborhoods that offer the greatest opportunity for positive life outcomes.

It can therefore be seen that New Orleans’ affordability crisis, coupled with ongoing racial discrimination, continues to skew the rental housing market and push African American renters to the margins. A number of citywide interventions may help to increase supply in high opportunity neighborhoods, including enhanced neighborhood zoning and small local dedicated funding sources. However, it will take a number of local interventions and leveraging of local and federal assets in order to adequately address this crisis.

IV. HUD Assisted Clients

As this committee is aware, after Hurricane Katrina the Housing Authority of New Orleans (HANO) demolished over 5,000 units of public housing. While Congress funded the Gulf Opportunity Zone (Go Zone) for low-income housing tax credits to rebuild or replace affordable and deeply affordable housing, only 13 percent (or 670 units) in the
original Big Four housing developments have been replaced more than a decade since the storm. The demolition of public housing developments began even before the storm. At the time, the demolitions were justified based on high poverty concentrations and local trends, consistent with national ones, to move from project-based (supply-side) rental assistance to tenant-based (demand-side) assistance.

The vast majority of former public housing residents received Housing Choice Program vouchers. As portable subsidies, the vouchers are often referred to as a way to provide better housing choice for HUD tenants and increase housing mobility.

However, this transition hit New Orleans at precisely the moment when approximately 50 percent of the rental housing stock had been lost, increasing the demand but reducing the supply, and putting program participants in competition for remaining limited housing stock.

As a result, the voucher program has increased residential segregation in even further flung and isolated areas of the city in the decade since Katrina. The program includes nearly a quarter of our city’s renters: In 2010, there were 17,347 families using vouchers to subsidize their rent, up from about 8,400 in 2005—reflecting the replacement of unit-based assistance with tenant-based vouchers.
Even before the storm, a 2003 HUD study found that twice as many metro New Orleans voucher households (21 percent) lived in neighborhoods of extreme poverty compared with a national average of 10 percent.

The 2000 dissimilarity index for New Orleans was .68 (68% of African Americans or whites would have to move to in order to create neighborhood distributions that look like the city as a whole), in 2015 the dissimilarity index had gone even further up to .71. According to HUD, dissimilarity indices below .40 are considered indicative of low levels of segregation. Indices between .40 and .55 indicate moderate levels of segregation; above .55 indicate high levels of segregation.

Yet housing options since the storm have only become more limited for HUD clients, deepening racial segregation and living patterns in neighborhoods of extreme poverty. According to a report issued by the New Orleans Data Center,

“An examination of voucher households reported by HUD in 2010 reveals that 25 percent of the vouchers were used in 5 percent of the census tracts (4,279 total vouchers used in nine tracts). In each of these nine tracts, more than 300 vouchers were used, which is triple the amount that would be present if vouchers were evenly distributed across all tracts. The number of vouchers appearing in these tracts ranged from 318 to 843. Seven of the nine census tracts are located in New Orleans East; six of the nine tracts in this group are in high-poverty areas; and all of them are in neighborhoods with fewer than 25 percent white residents.”

With the exception of a lucky few, evidence suggests that people who were displaced from public housing after Katrina and subsequent demolitions are worse, not better, off, potentially condemning a Katrina generation to poverty.

Yet, the benefits of living in a high opportunity, low poverty neighborhood are well documented. More than a decade after HUD’s Moving to Opportunity pilot program, where voucher holders were randomly selected to move to lower poverty neighborhoods, the children of parents who participated in the program were found to:

- Have an annual income 30 percent higher than their non-moving counterparts
- Have increased rates of college attendance
- Be more likely to live in high opportunity neighborhoods themselves
- Be less likely to be single parents

Programs like Moving to Opportunity have been found to remove the generational persistence of poverty and ultimately generate better returns for taxpayers and decreased future reliance on HUD programs, yet program design heavily influenced outcomes. Successful demand side programs all included mobility counseling and supports for tenants, as well as landlord recruitment.
If the next generation of New Orleanians is to succeed, we must do more to expand housing choice and opportunity. This includes efficient administration of the voucher program and an effective counseling program with landlord recruitment and retention, pre-move counseling, search assistance, and post-move counseling. HUD should also set fair market rents (FMRs) at the neighborhood or zip code level, rather than metrowide. HUD could also incentivize administration of vouchers at the metro or regional level, which could improve access to a wider range of neighborhoods. Finally, as mentioned during the overall market discussion, New Orleans must do more to increase the supply of affordable and deeply affordable housing in high opportunity neighborhoods and use every asset to do so, including redevelopment of HUD scatter sites and even better use of adjudicated or other city owned properties.

The last thing I’ll mention related to barriers to housing opportunity for HUD clients is criminal background policies, again which I believe mirrors nationwide trends and research that demonstrates reduced recidivism with family reunification and housing stability. While Secretary Donovan issued guidance to public housing authorities (PHAs) explicitly allowing them to adopt more flexible admissions and continued occupancy criteria, Secretary Castro should take the next step and direct PHAs to increase housing choice for individuals that have paid their debt to society, or who may have faced possible arrest but without conviction. In New Orleans, where 60 percent of African American males have faced arrest, the impact on families is considerable.

V. Conclusion

Swift and thoughtful policy interventions are needed to ensure that the next generation of New Orleanians—the Katrina generation—is not permanently set back. With over 39 percent of children living in poverty in New Orleans in 2013 and over half of voucher households including children, it is time we reset long term recovery patterns and promote equity for those who have been left out of the recovery.

Thank you for all of your time and the opportunity to present, and I’m happy to answer any questions you might have.
By: Erika McConduit-Diggs  
President & CEO  
Urban League of Greater New Orleans

First, I would like to thank the Chair and the Ranking Member of the Housing and Insurance Subcommittee for inviting me to appear before you to discuss the important issue of the state of housing in New Orleans in the aftermath of Katrina.

I am Erika McConduit-Diggs, President & CEO of the Urban League of Greater New Orleans. We are one of the 94 affiliates that make up the National Urban League, a historic civil rights organization, whose mission is to enable communities of color to secure economic parity, power, self-reliance and civil rights. The Urban League embraces advocacy, research, community organization, collaboration and direct service to advance our mission.

The Urban League of Greater New Orleans strives toward its mission through work in three Centers of Excellence: the Center for Education and Youth Development; the Center for Economic and Community Development and the Center for Policy and Social Justice. The housing empowerment goal for the National Urban League is to ensure that every American has access to decent, safe and affordable housing on fair terms.

I am here today to discuss: (1) the problem of the lack of affordable housing and rentals in New Orleans, 10 years post-Katrina; (2) how the problem came about, including a discussion of the Road Home program, and of the current and historic practices and policies that contribute to housing inequities and the broad disparities that exist between African American and White communities; and (3) efforts the government can make to address and eradicate the problem – for the greater good.

I urge you to read the Urban League of Greater New Orleans' publication the State of Black New Orleans: Ten Years Post Katrina: [link], released this summer, for more information and a broader discussion of the topic.

BACKGROUND

As the 10th anniversary of Hurricane Katrina has come and gone, many people have been amazed at the level of progress New Orleans has made. We have come back from the brink and proven our resilience. However, in my view, the road to recovery has been paved with inequities. The post-Katrina New Orleans recovery is really a “tale of two cities”; African Americans and communities of
color in New Orleans are having a markedly different experience with the recovery than White residents.

This is clear from the varying responses from a recent survey conducted by the Public Policy Lab at the LSU Reilly Center for Media and Public Affairs, where:

- Nearly 80 percent of White New Orleanians feel the city has mostly recovered, but less than 60 percent of African Americans feel this way;
- Over 60 percent of White residents feel the economy is better now, than pre-Katrina, but only 10 percent of African Americans feel this way.

As a Native New Orleanian, I am intimately aware of the inequities that have contributed to the disparate perspectives of African American and White residents regarding post-Katrina New Orleans recovery. For instance, most poor and working class families lived at or below sea level in New Orleans — one of the primary reasons they were so heavily impacted by the floods resulting from Hurricanes Katrina and Rita.

Historically, African Americans have encountered discriminatory practices that pushed them into low-lying neighborhoods of the city. Practices such as Redlining prevented African Americans from securing mortgages for homes in desirable neighborhoods, while veterans returning after World War II found their VA Housing Loans and GI Bills delayed or denied. Many families that were able to access these benefits did so after properties in the safest neighborhoods in the city were full. African American families also encountered blatant racial discrimination in the sale of homes. Some of these issues remain a barrier to housing equity in New Orleans, such as housing discrimination in the rental market in high opportunity neighborhoods in the city.

Additionally, accessing insurance enough to fully insure a home was and continues to be out of reach for many African American families in New Orleans because the cost to do so is beyond the financial means of working class families. This has made it significantly more difficult for many families to return to the city resulting in a sharp decline in the number of African Americans in post-Katrina New Orleans. Similarly, policies and practices in post-Katrina New Orleans have also resulted in slower recovery in African American neighborhoods, particularly New Orleans East and the Lower Ninth Ward. Increased insurance costs, low wage jobs and poor economic prospects, flawed Road Home policies, and other related challenges have worked against the goal to deconcentrate poverty and instead have limited options for African Americans to repopulate in well-resourced neighborhoods.

In general:

- Ten percent of New Orleans Metro residents have not returned to their pre-Katrina homes;
- Approximately 70 percent of White residents were able to access their homes within a year, compared to only 42 percent of African American residents;
• Only 54 percent of African American residents returned to their pre-Katrina communities, compared to over 80 percent of White residents;

• Before Katrina, more than two-thirds of the city’s residents were African American, however African Americans currently make up approximately 60 percent of the population;

• Nearly 100,000 African Americans have not returned since the storm compared to a loss of roughly 11,000 whites;

• Now, over 30 percent of New Orleans’ residents are White;

• More than 10 percent of the city’s residents arrived after Katrina - most of whom are White - totaling between 25,000 and 30,000 people;

• Approximately 90 percent of the pre-Katrina New Orleans’ population-count is back and 88 percent of the housing inventory is restored;

• It is estimated there are 28,000 blighted properties in New Orleans, down from approximately 150,000, immediately following Katrina;

By all estimates, the city is reducing blight, recovering its housing inventory and regaining strength in numbers within its population. But the city’s African American population has experienced major losses including lower rates of return, significant population decline, and slower recovery overall.

In most cases, the successes and failures of the recovery can be directly attributed to government policies that were implemented in the immediate aftermath of Katrina. We acknowledge the progress made through the Community Development Block Grant, Low Income Housing Tax Credits and the City’s BlightStat program. We congratulate the Greater New Orleans Housing Alliance and its partners on the HousingNOLA plan and their work to improve housing policies and to increase equity in New Orleans. We also commend the efforts of local and national organizations, corporations, developers, families, friends, neighbors, volunteers and colleagues who used private and government funding, sweat equity and sheer determination to affect positive change for the city and its residents. We have come a long way from discussions about “shrinking the footprint” and starting off with a “blank slate,” and we have pressed forward. But there is a lot more work to do.

Many people agree the recovery process has been implemented unfairly, on its face and in-application, and that it has exacerbated many of the inequities that existed before Katrina. Only approximately 25 percent of New Orleanians believe the government did all it could to ensure an equitable recovery. Failures such as: (1) inadequate housing code enforcement to prevent poor rental conditions and crime and blight in vulnerable neighborhoods; (2) the razing of public housing structures when affordable housing was needed the most; (3) the dearth of necessary Housing Choice Vouchers to address the overwhelming number of people in need of affordable housing; and (4) myriad fair housing concerns including housing discrimination against African Americans in “high opportunity neighborhoods” and exclusionary housing policies that prevent individuals with criminal convictions and their families from accessing public housing, all help to
confirm this view. In my opinion, however, none of the failures were more egregious than the failures associated with the Road Home program.

ROAD HOME

Road Home was designed to "help Louisiana residents get back into their homes or apartments as quickly and fairly as possible." The program provided grants to help homeowners cover uninsured losses after the storm – mainly due to the refusal of insurance companies to cover damages deemed to have been caused by flooding; rather than wind – to help them repair their homes or relocate.

While the overwhelming majority of residents who applied for the program received funding, several glitches limited its effectiveness, and according to many experts, helped to encourage displaced and dislocated African Americans from returning back to the city. For example, the program was delayed. It did not officially launch until one year after Katrina.

Approximately 130,000 homeowners received funding through the program, averaging $64,000 per recipient. However, many homeowners faced major funding gaps – making it nearly impossible to make the requisite repairs to their homes.

According to the *State of Black New Orleans, Ten Years Post Katrina Report*, "The shortfall of funding was a direct result of Road Home's policy in determining how much funding homeowners could receive. The formula was based on the pre-Katrina assessed value of the home or the actual cost to repair the home – whichever amount was less. For example, a home valued at $70,000 with $90,000 of home rebuilding costs would only receive $70,000 thus creating a $20,000 shortage. This policy created an even more deleterious effect for African American communities dealing with the nationwide trend of depressed market value attributed to homes located in predominantly Black neighborhoods.

PolicyLink (2007) found that African American households had an almost 35 [percent] higher shortfall than White households. A neighborhood-by-neighborhood analysis showed that in predominantly Black areas such as New Orleans East and the Lower 9th ward, 60 [percent] of homeowners ended up with average gaps of $65,000 and $68,000 respectively."

As a result, a class action lawsuit was filed against HUD and the Louisiana Recovery Authority, the federal and state agencies operating the program, for the disparate treatment of African American homeowners. The suit was settled in 2011.

In addition to Road Home’s funding shortfalls, inadequate oversight and policy changes to the program helped lead to contractor fraud. According to a recent study, approximately 9,000 households were affected. “In 40 percent of the cases, the homeowner was unable to finish rebuilding. More than half of the incidents were reported, but in 41 percent of the cases no action was taken by the authorities. Only 1 percent of victimized homeowners [were made whole].”

WEALTH/ INCOME AND POVERTY GAPS

According to the *National Urban League's 2015 State of Black America Equality Index*, African Americans have only six cents of wealth for every dollar of wealth that Whites have, nationwide.
Unfortunately, most of this wealth, approximately 90 percent, is tied up in African Americans’ homes. The wealth gap between African American and White New Orleanians can be explained by highlighting several key economic inequities.

African American New Orleanians have: (1) higher unemployment; (2) lower educational attainment; (3) earn less income; (4) face skyrocketing rents; (5) suffer high levels of discrimination; and (6) have a higher poverty rate. Add to that: (7) the uneven housing policies implemented after Katrina; (8) the slow appreciation of homes in African American neighborhoods; and (9) the financial crisis, resulting in a disproportionate number of foreclosures and homes with negative equity in the community.

Taken together, economic conditions of African Americans must be considered in any retrospective and current analysis of the housing conditions in New Orleans.

In particular:

- The current homeownership rate in New Orleans is approximately 46%, 17% lower than the national homeownership rate;
- Nearly 60 percent of the city’s tenants are “cost-burdened” by their rent — meaning they spend at least 30 percent or more of their income on housing and housing related expenses;
- At approximately 27 percent, New Orleans’ poverty rate is more than double that of the national rate;
- More than half of African American children in New Orleans live in poverty;
- More than half of African American men in New Orleans were jobless in 2011;
- Only 14 percent of African American men and 21 percent of African American women had bachelor’s degrees or higher in 2014 as compared to 63 percent of White men and 64 percent of White women in New Orleans;
- Minority businesses represent nearly 27 percent of the businesses in New Orleans, but only account for 2 percent of gross receipts;
- The median income for African American residents is just over $25,000, compared to Whites who earn nearly $61,000 (more than 2.4 times higher than African Americans);
- Nearly 45 percent of African American families in New Orleans earn less than $20,900, annually; and
- Only 7 percent of African Americans in New Orleans earn $105,000 or more.

When directly compared to the current average costs of home ownership and insurance rates, African American New Orleanians are at a severe disadvantage compared to their White counterparts.
In 2010, 90 percent of the families that received HUD Housing Choice Voucher were African American.

While the number of families that received HUD Housing Choice Voucher tripled between 2000 and 2010, there are still currently 20,000 families on the waiting list.

And I would be remiss if I did not mention the high rates of incarceration of African Americans in this city and state and its economic impact on the African American community.

• One in seven African American males in New Orleans are under the supervision of the criminal justice system;
• African Americans represent approximately 60 percent of the population in New Orleans yet make up 90 percent of the local prison population; and
• African Americans make up 32 percent of the state population yet represent 67 percent of the prison population.

High rates of incarceration in New Orleans are almost exclusively impacting the African American community. Individuals with criminal convictions have greater difficulty accessing economic opportunities and even more challenges acquiring housing for themselves and their families. The impact of the criminal justice system on economic and housing security for African Americans in New Orleans must be underscored. The wealth gap, which is exacerbated by issues with the criminal justice system and educational attainment, must be considered when developing policies aimed at improving housing equity in New Orleans and nationwide.

POLICY RECOMMENDATIONS

We can add to the progress that we have made over the last 10 years, by committing to several key improvements, including the following:

• The U.S. Congress should increase funding levels for the CDBG and HOME Investment Partnerships Programs to help with home purchases and rental assistance, and to build additional affordable housing units, especially in high opportunity areas;
• The U.S. Congress should permanently extend the Low Income Housing Tax Credit to help build additional affordable housing units, especially in high opportunity areas;
• The U.S. Congress and/or the City of New Orleans should increase small business contracting procurement goals and accountability measures to keep up with the demand of qualified disadvantaged business enterprises;
• Relevant stakeholders should continue to support Mayor Landrieu's ProsperityNOLA five-year development plan and the BuildNOLA program to ensure African American small businesses have the opportunity to compete for City contracts;
• The U.S. Congress and/or the City of New Orleans should provide additional job training programs to decrease the unemployment rate and help increase the average income;
The U.S. Congress, the State of Louisiana, and/or the City of New Orleans should pass an increase in the minimum wage to address residents’ below average income;

The City of New Orleans’ Office of Code Enforcement should be held accountable to investigate and enforce claims against “slum” landlords of both occupied and unoccupied units to ensure tenants live in safe and decent housing;

The City of New Orleans should seek to deepen the inclusionary zoning incentives in its 2014 New Orleans Comprehensive Zoning Ordinance to ensure more affordable housing units are built;

The City of New Orleans should improve the quality of its rental stock to ensure all New Orleanians have access to safe, decent and affordable rentals;

The City of New Orleans should use its Neighborhood Housing Improvement Fund to help expand housing choices to low and moderate income families;

The City of New Orleans, HUD and other appropriate parties should provide incentives for investments in poverty-stricken neighborhoods;

New Orleans City Council should strengthen the New Orleans Human Relations Commission to effectively combat housing discrimination;

New Orleans City Council should seek to strengthen its fair housing laws to ensure people of color are not discriminated against when seeking to rent or buy a home;

HUD should increase the availability of its Housing Choice Vouchers to meet the demand of the residents who need more affordable housing options;

HUD should help incentivize landlords to accept housing vouchers in high opportunity neighborhoods to ensure voucher holders are not forced to live in low income and very-low income neighborhoods;

HUD and LRA should continue to advertise the Road Home program to encourage native New Orleanians to move back to the city, in addition to creating more innovative ways to incentivize them to move back;

HUD and LRA should identify strategies to expedite claims of contractor fraud to help get homeowners who qualified for Road Home back into their homes;

Relevant stakeholders should continue to zealously pursue fair housing violations to ensure people of color are not unfairly discriminated against;

Relevant stakeholders should continue to support the HousingNOLA plan that improves housing policies and forwards the goal of eliminating inequities in New Orleans.
The Housing Authority of New Orleans should accelerate their development of a housing policy that eliminates the exclusion of individuals with criminal convictions and their families from accessing public housing.

In closing, I believe that New Orleans still has the opportunity to actualize its promise to fully recover, allowing all of its former and new residents access to quality, fair and affordable housing options. Thank you for the opportunity to address the Committee today.
U.S. Department of Housing and Urban Development
Washington, DC 20410

Written Testimony of Earl Randall, III
New Orleans Field Office Director
U.S. Department of Housing and Urban Development

Hearing before the Committee on Financial Services, Subcommittee on Housing and Insurance

on

“New Orleans: Ten Years After the Storm”

Friday, November 6, 2015
Good morning, Chairman Luetkemeyer, Ranking Member Cleaver, and Members of the Committee. My name is Earl Randall, III, and I have been Director of the Department of Housing and Urban Development’s (HUD) Field Office here in New Orleans for the past two years. We are grateful for the Chairman and Ranking Member’s leadership in calling for this hearing and your interest in seeing our recovery progress this morning during the tour. If I may, I would also like to give a special acknowledgement to Ranking Member Waters for her presence here as she maintained her interest in New Orleans’ recovery effort over the past decade. Thank you for inviting me to be here today.

Community Development Block Grant – Disaster Recovery

Hurricane Katrina and its aftermath created unprecedented destruction along the Gulf Coast and inflicted a human toll of more than 1,800 lives. Over the last 10 years, investments made through HUD’s programs have had a major impact on the recovery in the Gulf region. The Department has worked closely with state and local leaders, and effectively managed nearly $20 billion delivered through the Community Development Block Grant Disaster Recovery (CDBG-DR) Program to help the region recover from Hurricanes Katrina, Rita and Wilma. Hurricane Katrina has forever changed New Orleans and the Gulf Coast. The post-recovery chapter of HUD’s relationship with New Orleans builds off the substantial recovery of the past 10 years, and now focuses on how to make New Orleans and the Gulf Coast communities - and the residents of every neighborhood - successful in the 21st Century.

At the time of Hurricane Katrina, I was HUD’s Community Planning and Development (CPD) representative for Shreveport and Bossier City. Immediately after Katrina made landfall,
I was asked by the Field Office Director to coordinate HUD’s on-the-ground responses to the devastation caused by Katrina. One of my first official duties was to coordinate a Congressional field hearing here in New Orleans, so I have come full circle to be on the witness panel today to discuss HUD’s role in the recovery.

In my role with HUD over the past decade, I have had a first-hand opportunity to watch how CDBG-DR funds were the driving force in the recovery, filling funding gaps and providing flexibility that caused the community to carefully think through recovery plans and how best to meet its specific recovery needs. In Alabama, Mississippi and Louisiana, CDBG-DR dollars were used by states to ensure that they were able to develop holistic recovery plans to ensure recovery across the spectrum of housing, infrastructure, and economic development needs.

The $19.7 billion CDBG-DR contribution to the recovery in the Gulf from Katrina, Rita, and Wilma included:

- $11.6 billion in compensation to homeowners;
- $2.7 billion for other housing rehabilitation;
- $1.7 billion for infrastructure and public improvements;
- $1.3 billion for economic development and tourism; and
- $2.4 billion for other activities.

Public Housing

To this point I have discussed HUD’s post-Katrina investment in terms of CDBG-DR funding. The second major aspect of HUD’s recovery work in New Orleans has been the redevelopment of the four big public housing developments: C.J. Peete, B.W. Cooper, Lafitte,
and St. Bernard. Hurricane Katrina displaced 3,000 families who lived in those buildings. Public housing in New Orleans pre-Katrina was a dense development that was isolated from the community. There was high poverty, high crime, lack of services and amenities, vulnerability to flooding, low education and lack of opportunity. The Housing Authority of New Orleans (HANO), after consulting with and obtaining approval from HUD, decided to demolish and rebuild these developments to be more resilient to future floods, and to create communities of opportunity.

The funding sources for this endeavor included HUD's and HANO's $200 million investment, Go Zone tax credits of $250 million and FEMA's investment of $20 million. I am also proud to note that CDBG-DR provided an additional $115 million at a critical time, when other funding sources became less stable as the financial crisis unfolded in 2008 and 2009. Two of the transactions, Columbia Parc and Harmony Oaks, went to final closing in December of 2008. Many of the remaining projects were closed in phases in 2011 and 2013 while others are scheduled to close. Today, four new mixed-income developments are a vital part of community life in New Orleans. These are mixed-income developments with both public housing and non-public housing units that include market-rate units and units dedicated to permanent supportive housing. They are an example of public-private partnerships, and include a mix of uses, including retail recreation, education, and technology. The new buildings are safer from floods and attractively designed; they are built with green building requirements, and are built with accessible units for all. HUD's investment is having a broader impact on neighborhood revitalization, greater resilience, improved amenities and housing for working families.

HUD is going beyond public housing with the Iberville/Treme Transformation. We are not just focused on buildings – in fact, we are redeveloping the neighborhood with a $30 million
HUD Choice Neighborhoods Grant. This will be a historic restoration that will meet the needs of the local population, such as expanding access to fresh foods, job opportunities, and quality early childhood education. HUD’s investment spurred an additional $53 million in private investment to date, and there is over $1 billion in private neighborhood investment planned.

I want to reiterate that, despite the success stories, the job is not over. There are still miles left on the road to recovery. As a New Orleans native, I am proud of the work that has been done and the lessons that we have learned about providing quality housing for all, developing mixed income communities, leveraging private investment, and building resilient communities of opportunity. The remainder of this journey will continue to bolster the City of New Orleans’ recovery, and can serve an example of redevelopment across the country in the wake of major disasters.

Thank you again for the opportunity to testify at this hearing today. I look forward to your questions.
TESTIMONY OF CONNIE UDDO

DIRECTOR OF THE ST. PAUL'S HOMECOMING/SENIOR CENTER

NEW ORLEANS, LOUISIANA

Before

The COMMITTEE ON FINANCIAL SERVICES

SUBCOMMITTEE ON HOUSING AND INSURANCE

“New Orleans: Ten Years after the Storm”

NOVEMBER 6, 2015
My name is Connie Uddo, Director of the St. Paul’s Homecoming Center, which operated as a Hurricane Katrina Recovery Center from 2006-2014 in the Lakeview and Gentilly Neighborhoods of New Orleans and would still be operating today had we not lost funding in 2014. In preparation for this testimony, I found previous testimony that I presented in Washington D.C. on May 24, 2007 to the AD Hoc Subcommittee on Disaster Recovery, Committee on Homeland Security and Governmental Affairs - U.S. Senate – chaired by Senator Mary Landrieu. As I read through my testimony, I realized that not much has changed in regards to how government addresses disasters in our country.

I thank you for inviting someone like me that is not with a government agency nor a private contractor, but someone that has been on the front lines of this recovery for ten years in New Orleans. Being an everyday citizen was an asset in many ways as I used common sense approaches to rebuilding the community, gained trust of the residents quickly, and knew the geography and demographics of the neighborhood. I will do my best in this testimony to point out what worked and what didn’t work from a “boots from the ground” perspective.

I appreciate that you all recognize a need to become more expedient, efficient, and humanitarian in your approach to disaster recovery. It’s very important that this process changes and that we get this right as disasters are becoming an everyday occurrence in our country.

In January 2006, my family was the first of ten families to move back to our devastated Lakeview neighborhood of eight thousand flooded homes. While living very much alone and seeing there was very little help coming our way, I realized that the recovery was going to be up to us and the quicker we got going the better off we would be. I started a recovery center out of my home and our mantra in Lakeview became – “Don’t wait for the government” - they will slow you down and hold you up. If we do, we will in wallow in bureaucracy and false promises. As a result, Lakeview became the model in the City of New Orleans for “Do It Yourself Recovery.” Using organizational skills, volunteers and connections
to the private sector, the residents united and raised funding for the rebuilding of schools, churches, a firehouse and our public green spaces all while waiting for FEMA to get their act together.

People of New Orleans were devastated both physically and emotionally by Hurricane Katrina. Depression shifted from the storm to the recovery where hopelessness and stress continued for years due to the failures of government programs such as the Louisiana Road Home Program, the Hazard Mitigation Program, and the Non-profit Rebuild Pilot Program (NRPP), to name a few.

LA Road Home – ICF International was awarded a $756 million contract to run 2 Louisiana Road Home Programs: The Homeowner Effort and the Small Rental Repair Program. Both programs failed so miserably, that ICF International is reviled by most Louisianans and is essentially banned from doing new business with the state, but walked away $900 million richer, holding lucrative contracts with governments across the country. The employee that landed the contract for ICF was awarded a $1 million bonus while thousands of people were struggling to rebuild their homes and to return home.

Failures:

- The program’s cumbersome verification procedures and constantly changing rules dragged out the process for years.
- Appraisal process total failure – appraisers were from out of state and didn’t know the market. The awards should have been based on loss and bricks and mortar cost to rebuild.
- Paperwork was constantly lost.
- Case managers constantly changed along with the rules.
- Lack of caring for the suffering and unwillingness to find ways to help desperate homeowners.
• When a for-profit company is administering the program, their priority is to make money for their company, therefore they avoid spending extra money to assist homeowners in the manner they need.

Hazard Mitigation Program – a State Run Program that contracted with the Shaw Group, a private, for-profit company.

• Reimbursement program – homeowners had to come up with the money to raise their homes first and then would be reimbursed.
• Many homeowners borrowed money to elevate their home after being approved, only to be told that a mistake had been made or the rules had changed and they wouldn’t be reimbursed the $30,000-$80,000 or more that they had already spent. One of our homeowners, a middle class, white male with three young children shot himself by committing suicide after he was told he wasn’t going to be reimbursed the $80,000 he had borrowed from his parents retirement account to raise his home.
• Much of the work for this program was administered by the Shaw Group – a Baton Rouge based company that had very little understanding about the issues and demographics that made up New Orleans.
• The Shaw Group did a very poor job in regards to recommending credible shoring companies. Many contractors were fraudulent in their practices and faced legal consequences – these contractors were on the Shaw Group’s list of recommended contractors.
• The Shaw Group was also hired to oversee the case management part of this program which failed homeowners miserably.

If for-profit contractors such as ICF International, Shaw, etc. continue to receive the multi-million dollar contracts to run the humanitarian and public safety piece of recovery, disaster-hit areas will look much like New Orleans does today with areas not rebuilt and over 30,000 blighted homes in the city.
For-profit contractors may not have the experience, or the desire to spend the money to address the humanitarian and public safety issues because they are out to make profits. Had it not been for the non-profits and faith-based organizations, New Orleans clearly would not be economically and socially where it is today.

The Non-profit Rebuild Pilot Program — A State run program that was supposed to fund local Non-profit and Faith-based groups, allowing them to rebuild homes for low income families. They were on the right track with this, but failed because they made it a reimbursement grant, constantly changed the rules, and made the application and verification process so cumbersome that it took years to get approval. These were some of the problems with the NRPP Program:

- This was a reimbursement grant which made it extremely difficult for non-profit and faith-based organizations to utilize it.
- Rebuilding programs such as Catholic Charities and the Episcopal Rebuilding Program were forced to close as it took over two years to get reimbursed for hundreds of thousands of dollars. They had no funds to continue the work and the churches totally lost faith and were exhausted from fighting the system to continue their much needed work in the community.
- Many non-profits “staffed up” to deliver this grant, only to sit for years with no funds.
- The application and verification process was so restrictive and cumbersome it could take years to get a homeowner approved. One to two years after non-profits had been told that were approved for this grant, not a single homeowner had been approved.
- Paperwork was lost
- The rules of the grant changed over and over. They were constantly moving the goal posts, with desperate homeowner’s hopes dashed time and time again.

In response to the failures of all of these programs, both non-profit and faith-based organizations stepped up to fill the void. Non-profit and faith-based organizations recognized that the recovery money was not going to make it to the
people who really needed it the most. Despite all of the roadblocks and
difficulties, non-profit and faith-based organizations rebuilt thousands of homes,
advocated for thousands of homeowners, and played a critical role in the social
and economic recovery of the city. This is why I advocate for the non-profit and
faith-based organizations to be included in disaster relief and recovery funding.

Non-Profits & Faith-based Organization:

- Non-profits are well prepared to expedite with great efficiency the
distribution of federal funding while not losing their main focus which is to
love and care for people who have lost everything.
- Non-profits have gained and become more experienced, more fiscally
responsible and organized in the past ten years due to the many disasters
that have hit our country.
- A critical part of the non-profit and faith-based model is utilizing
volunteers. Literally millions of volunteers came from all over the world to
help with our recovery. This greatly increased the impact that non-profits
and faith-based organizations were able to have on the recovery. The dollar
value of these volunteer hours is well over $100 million.
- Had the non-profits and faith-based organizations been given a small
portion of the $900 million that ICF International profited, a much larger
portion of the city including the 9th Ward could have been rebuilt by now,
with lives and homes restored. You would not see the over 30,000 blighted
properties in our city today.
- Government needs to understand that non-profits stretch dollars every
day. Better progress would be made in recovery work if they weren’t
having to fund raise constantly to keep their doors open. Funds need to be
given to non-profits upfront absolutely no reimbursement programs.
- Government also needs to understand that any money that non-profits
receive goes back into the communities and the sustainability of the
organization, rather than the stock portfolios or pockets of CEO’s making
multi-million dollar salaries.
• If Government could identify non-profit and faith-based organizations with proven track records and strong ties in the community to partner with immediately after a disaster to administer humanitarian assistance, many more people could be helped in a timely manner. The longer it takes for assistance to be received, the greater the damage both physically and emotionally. We had many houses that were salvageable directly after the storm, but were a complete loss by the time funding was made available years later.

For-profit contractors do play a vital role in recovery, but their role should be more in the heavy lifting work such as debris clean-up and infrastructure repairs, not humanitarian, housing, and case management administration.

In the aftermath of a devastating event, victims need hope and energy, yet these two things are quickly depleted. Hope and energy are restored when the non-profit and faith-based organizations are involved because of the personal, on-the-ground presence, trust, and relationships that they build.

Contrarily, the for-profit contractor does exactly the opposite. The dysfunctions, bureaucracy, prolonged time lapses and lack of personal caring increases the stress of victims, and robs them of the hope and energy they need to recover.

The money that was received from the government was greatly appreciated and needed, but it could have been spent more efficiently and effectively had it had been given to the local stakeholders who are invested in the community.

I cannot emphasize enough the importance of having a strong partnership between local non-profit and faith-based organizations (boots on the ground) and the government to address humanitarian and public safety issues. Recovery cannot be a profit-driven enterprise. It has to be focused on getting the money to the people who need it most, ensuring that the resources are available to rebuild destroyed lives and homes, and that this is done in a timely manner. People
cannot be expected to wait years for assistance. We had homeowners dying or even committing suicide while waiting for assistance that never came.

In closing, I have experienced first-hand what happens when government which works top down and non-profits which work from the bottom up can meet in the middle and work together. Government needs the non-profit to do what they can’t do and that is to be the boots on-the-ground everyday doing the work with disaster victims. On the other hand, non-profits need government to enforce laws and policies and to get the money to the devastated communities as quickly as possible. When government and non-profits come together – visible progress is made, and communities are restored. **Together we can be an unstoppable force!**