

HOUSING CHOICE IN CRISIS

AN AUDIT REPORT ON DISCRIMINATION AGAINST
HOUSING CHOICE VOUCHER HOLDERS IN THE
GREATER NEW ORLEANS RENTAL HOUSING MARKET

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Greater New Orleans Fair Housing Action Center

Mission

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. GNOFHAC is dedicated to fighting housing discrimination not only because it is illegal, but also because it is a divisive force that perpetuates poverty, segregation, ignorance, fear, and hatred.

History

The Greater New Orleans Fair Housing Action Center (GNOFHAC) was established in the summer of 1995. Since its inception, GNOFHAC has built an impressive record of advocating for the fair housing rights of New Orleans' housing consumers. GNOFHAC has filed over 20 lawsuits in state and federal court and assisted complainants in filing over 120 administrative complaints. GNOFHAC has assisted in the recovery of millions of dollars in monetary relief as a result of its enforcement actions. GNOFHAC has negotiated numerous consent decrees requiring housing providers to comply with fair housing laws, attend educational seminars, market their properties to protected classes, and engage in other proactive measures to ensure that housing opportunities are provided on an equal basis.

In April 2006, GNOFHAC launched the Hurricane Relief Project, since renamed the Homeownership Protection Project (HOP), in collaboration with the National Fair Housing Alliance (NFHA). HOP was designed to provide assistance to homeowners affected by Hurricanes Katrina and Rita. Since its inception, the HOP staff has worked to protect homeownership and help residents recover and rebuild in hurricane-impacted areas of South Louisiana and Mississippi by providing counseling, guidance, and technical assistance with recovery programs and rebuilding concerns. HOP efforts have saved hundreds of homes from foreclosure, and helped many more receive fair compensation from insurance companies and government recovery programs for hurricane losses. Nearing the fourth anniversary of Hurricane Katrina and in the face of economic recession, the work of HOP has now shifted primarily to foreclosure prevention.

Finally, GNOFHAC has engaged in aggressive policy and media advocacy for open housing since Hurricane Katrina. The organization has also increased staff capacity to engage in education and outreach initiatives to various groups. GNOFHAC trained more than 1,000 students, housing professionals, consumers, and first-time homebuyers in 2008. The Center has conducted statewide and local media campaigns to inform consumers and housing professionals of their fair housing rights and responsibilities. Executive Director James Perry has testified before Congress six times about Gulf Coast housing and recovery.

Overview of Voucher Programs in New Orleans

The Housing and Community Development Act of 1974 created Section 8 Voucher Programs. In 1998, the Quality Housing and Work Responsibility Act consolidated the Section 8 Voucher Programs under the Housing Choice Voucher Program (HCVP). Under the HCVP, voucher holders secure rental housing from private housing providers and contribute up to thirty (30) percent of their income to cover the cost of rent. Local Public Housing Authorities (PHAs) manage the HCVP and pay the difference between thirty (30) percent of a voucher holder's income and the Fair Market Rent (FMR). Eligible households generally must have incomes that fall below fifty (50) percent of the Area Median Income (AMI). The HCVP relies on the private market to meet the housing needs of low-income residents. The program is designed to provide low-income residents with more housing choices, that might ultimately help to de-concentrate poverty and better integrate neighborhoods.

Starting in the mid-1990s, the Housing Authority of New Orleans (HANO), like many other PHAs around the country, launched a redevelopment effort in its public housing developments that coupled a reduction in the number of public housing units with an increase in the number of housing vouchers issued. Due to persistent mismanagement, HANO has been in federal receivership under HUD's management since 2002. In the wake of Hurricane Katrina, HANO and the U.S. Department of Housing and Urban Development (HUD) are aggressively furthering a campaign that involves an increased reliance on tenant-based vouchers in the New Orleans area with the demolition of the B.W. Cooper, C.J. Peete, Lafitte, and St. Bernard housing developments, and the planned redevelopment of mixed-income communities with significantly fewer public housing units. In April 2009, the Office of Inspector General released an audit report that found decisively that HUD could not demonstrate that its receivership had improved HANO's performance.

Currently, 8,975 households in the New Orleans Metropolitan Statistical Area (MSA) participate in the HCVP. Ninety-nine percent (99%) of voucher holders in Orleans Parish are African American. A breakdown of HCVP data by Parish is available in the HUD Resident Characteristics Report in the Appendix.

After Hurricane Katrina, the Federal Emergency Management Agency (FEMA) launched a voucher program to assist displaced families in need of housing, and in 2007, HUD assumed management of the program called the Disaster Housing Assistance Program (DHAP). HUD has been working with local housing authorities since early 2008 to transition families off of the DHAP program, and although the Obama administration has issued a limited two-month extension for voucher-holders that have applied for the transition, the DHAP program is set to end August 31, 2009. Income eligible families are to receive traditional Housing Choice Vouchers, however many families in need of ongoing assistance are not eligible for the transition or have not been able to complete the transition process due to administrative delays at PHAs. Additionally, some families eligible for the transition have not engaged in the process.

Overview of Source of Income Discrimination

The federal Fair Housing Act (FHA) prohibits housing discrimination on the basis of race, color, religion, sex, familial status, national origin, and disability. See 42 U.S.C. § 3604(a), (f). Despite broad protections offered to the seven protected classes, courts have not expanded the reading of the FHA to cover discrimination based on economic status. However, consistent with the purpose of the Housing Choice Voucher Program (HCVP), the FHA's ultimate purpose was not only to provide a fair opportunity for individuals to settle in areas of their choosing, but to foster integration, "so that members of minority races would not be condemned to remain in urban ghettos in dense concentrations where employment and educational opportunities were minimal." *Otero v. New York City Housing Authority*, 484 F.2d 1122(C.A.2, 1973) (referring to remarks of Senator Mondale, the chief sponsor of the fair housing portion of the Civil Rights Act of 1968, and others, set forth at 114 Cong.Rec. 2270-2284, and 3421-3426).

The FHA prohibits both intentional housing discrimination and discrimination caused by disparate impact upon a protected class. Consistent with illegal disparate impact discrimination case law, discrimination against HCVP participants may have a racially discriminatory intent or impact in violation of the FHA. Source of income discrimination is often coupled with discrimination based on race, and in many regions, a majority of voucher recipients are members of racial minority groups. This basis for establishing a FHA violation merits attention in New Orleans because ninety-nine percent (99%) of the Housing Choice Voucher holders are African American.

Since the mid-1990s, many states and municipalities have passed legislation to include "source of income" in their fair housing laws, restricting a housing provider from discrimination on the basis of a prospective tenant's status as a voucher holder. Currently, twelve states and the District of Columbia have adopted such laws. Furthermore, the City of Chicago, New York City, San Francisco, Los Angeles, and other municipalities have passed their own statutes banning forms of income-based discrimination. For example, the California Fair Employment and Fair Housing Act was amended to include "source of income" as a protected class, and it defines "source of income" as "lawful, verifiable income paid directly to a tenant or paid to a representative of a tenant." See Cal.Gov.Code §12955(a), (p).

In addition, federal law bans income-based discrimination within its own programs. For example, housing providers taking advantage of the Low-Income Housing Tax Credit (LIHTC) Program must demonstrate an extended "long-term commitment to low-income housing," which "prohibits the refusal to lease to a holder of a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder." 26 U.S.C. § 42(h)(6)(b)(iv).

Foreword

Across the United States, mixed-income communities have been lauded as an effective way to de-concentrate poverty, spur job opportunity, promulgate integration and decrease crime. New Orleans has sought to do the same by demolishing traditional public housing and constructing new mixed income housing. It was the model used to transform the one hundred percent (100%) low-income St. Thomas Public Housing Development into the mixed-income River Gardens apartment complex.

However, a core question surrounding the mixed income model's success lies far outside the walls of River Gardens or any other mixed-income development in New Orleans because most residents do not have the opportunity to return to the new developments. For example, about 1,500 low-income families resided at St. Thomas. But River Gardens, the reincarnation of St. Thomas, only houses about 246 low-income families. Many of the remaining families received Housing Choice Vouchers and were encouraged to rent apartments across New Orleans. The idea was that low-income residents would be integrated across the community solidly establishing New Orleans as a mixed-income community. By subsidizing the amount that a low-income renter can afford, the Housing Choice Voucher Program (HCVP) professes to afford low-income residents the opportunity to live in middle and upper-middle income communities.

In a purely academic sense, this may sound ideal. But its real world applicability falls woefully short. The reason? Landlords are not accepting Housing Choice Vouchers. This study found that eighty-two percent (82%) of landlords either outright refused to accept vouchers or added insurmountable requirements for voucher holders making it impossible for voucher holders to rent units. The Housing Authority of New Orleans (HANO) has not released much data on the utilization rate of vouchers post-Katrina but it did double the 60-day term that HANO clients usually have to use the vouchers due to tenants' inability to locate landlords willing to accept the vouchers.

The relative success of the New Orleans metropolitan economy relies on having a diverse population with diverse incomes. For example, many employees of the New Orleans hospitality industry have incomes at or below the poverty level and must rely on government housing assistance as a result. Most schoolteachers have incomes low enough to qualify as tenants of low-income housing tax credit developments. Without housing for workers in the hospitality industry or teachers, it will be difficult for our economy to be successful. In 2007, GNO inc., an economic development incubator in New Orleans, estimated that there were approximately 20,000 unfilled hospitality and tourism jobs in the city. When they surveyed likely employees, they found overwhelmingly that prospective employees could not accept the jobs because they could not find and/or afford housing in New Orleans.

New Orleans cannot be successful if all residents cannot find decent, safe, affordable housing. This study clearly indicates that a large cross-section of residents is having significant trouble doing so. Hopefully the presentation of these facts is a step in the important path towards insuring fair housing choice for all New Orleans residents.

- James Perry

Executive Summary

Housing Choice in Crisis is an investigation of bias against Housing Choice Voucher holders in the greater New Orleans rental housing market. Though discrimination on the basis of a renter's source of income is not currently illegal, it is important to understand the rate at which voucher holders encounter discrimination in evaluating the functionality of the Housing Choice Voucher Program (HCVP).

Housing Choice in Crisis examined one hundred (100) rental properties in the greater New Orleans area to determine whether available rental units would be offered to voucher holders relying on the HCVP. Rental properties investigated advertised rental rates of \$1250 or under for a two-bedroom unit and did not advertise any preference in favor of or against renting to voucher holders. In addition to the audit of rental units for source of income discrimination, *Housing Choice in Crisis* includes results from a series of interviews with landlords, housing advocates, tenants and administrators to assess the administration of HCVP.

Landlords denied voucher holders the opportunity to rent units **eighty-two percent (82%)** of the time, either by outright refusal to accept vouchers or by the addition of insurmountable requirements for voucher holders making it impossible for voucher holders to rent units. Landlords refused to accept housing vouchers seventy-five percent (75%) of the time, and of the twenty-five percent (25%) of the landlords that purported to accept Housing Choice Vouchers, seven percent (7%) imposed additional conditions that would have made it nearly impossible for a voucher holder to rent the property. Therefore, housing providers said they would accept vouchers as a rental payment without any obstacles or additional terms or conditions only eighteen percent (18%) of the time.

The data demonstrates that the alarming rate of discrimination against voucher holders is driven by two primary causes: discrimination against and stereotypes of low-income, African Americans and dysfunctional administration of the HCVP. The Greater New Orleans Fair Housing Action Center (GNOFHAC) has proposed several recommendations that would reduce the alarming rate of source of income discrimination in the region.

As federal and regional housing policy increasingly relies upon the voucher program as a solution to our affordable housing needs, it is critical that we confront prejudice harbored against voucher holders and rectify the dysfunctional administration of the program. Confronting the problem of extensive discrimination against voucher holders will require a coordinated effort among public and private actors.

Methodology

Testing and Investigation

One hundred (100) phone-tests were conducted during the three-month period of May to August 2009 across the New Orleans metropolitan area to determine whether available rental units would be offered to voucher holders relying on the Housing Choice Voucher Program (HCVP). Testers (persons trained to pose as apartment-seekers) were given substantially similar profiles that demonstrated they were qualified to rent the apartments in question. Testers made inquiries about matters such as the availability of the advertised unit and the rental terms and conditions.

Phone tests were performed in three stages. The first stage was conducted using a white tester without a housing voucher. In the second stage, a white female tester posing as a voucher holder contacted the landlord. The tester in the third stage was an African American female voucher holder.

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.

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.

Selection of Sites

Rental property advertisements selected for testing were identified in four (4) regional publications: *Nola.com*, *Gambit*, *Craigslist.org*, and *Renter's Guide*. Rental properties were selected at random subject to two criteria. First, testing was limited to units with an advertised rental rate of \$1250 or below for a two-bedroom unit, such that the properties would be affordable to voucher-holding households. Second, selection was limited to properties that did not advertise any preference in favor of or against renting to voucher holders. The sites were then selected at random, sampling from parishes within the greater New Orleans metropolitan area.

Interviews with Landlord, Housing Advocates, Administrators and Tenants

A set of interviews was carried out with housing providers that advertised in the four regional publications listed above, who explicitly indicated whether they engage in or refrain from participating in the HCVP. Landlords were asked to rate their experiences with and perceptions of the HCVP. Eighteen (18) landlords were contacted. Interviews with landlords were conducted by telephone in a one-week period in August 2009. This report was also informed by eight (8) interviews of housing advocates and administrators from June to August 2009, including the Housing Authority of New Orleans, Louisiana Recovery Authority, Louisiana Housing Finance Agency, Southeast Louisiana Legal Services, Tulane Civil Litigation Clinic, GNO Community Data Center, Urban Institute, and Policylink. Information on tenant experiences with the HCVP was assembled using a questionnaire that was distributed to legal aid and social service agencies, and from documentary film footage of four (4) years of interviews with voucher holders by JoLu Productions.

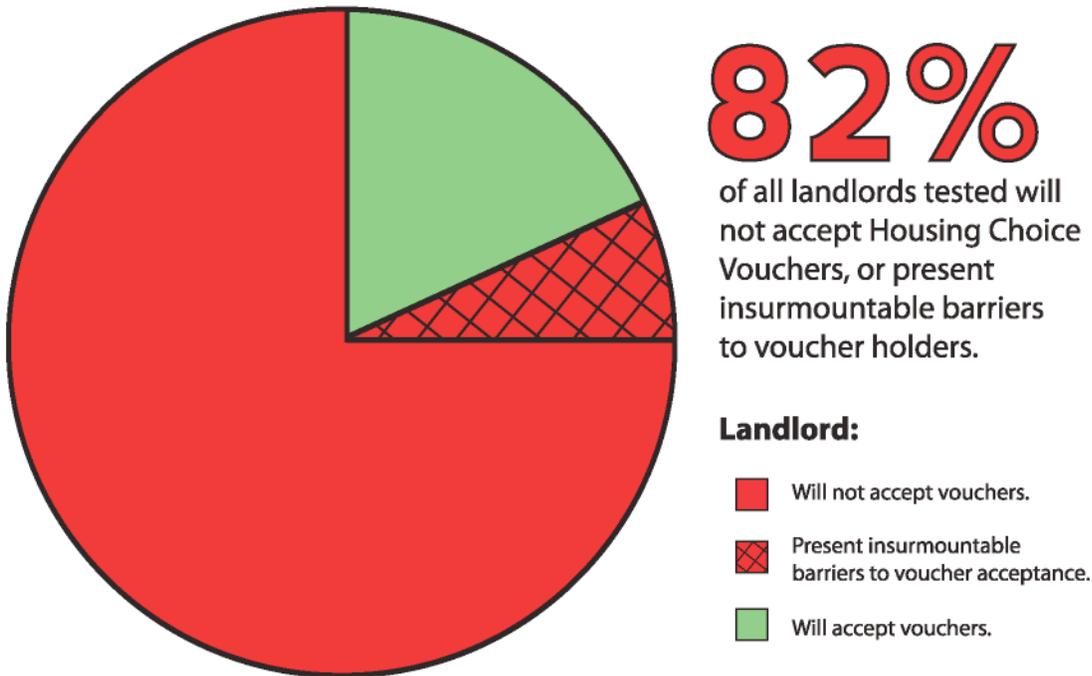
Findings

Testing Results

In the one hundred (100) phone tests performed, landlords outright refused to accept vouchers or added insurmountable requirements for voucher holders eighty-two percent (82%) of the time.

Landlords provided varying reasons for their refusal to rent to voucher holders. Explanations that commonly arose among respondents included fear of not receiving rental payments or security deposits, and past experiences or problems working with the Housing Authority of New Orleans (HANO) office. The statements housing providers expressly made to prospective tenants are not exhaustive of the possible reasons that voucher holders were denied. Specifically, since a vast majority of voucher holders are African American, it is unlikely that prejudice imbued in the rental unit denial was expressed to the prospective tenants. As ninety-nine percent (99%) of Housing Choice Voucher holders in Orleans Parish are African American, an eighty-two percent (82%) rate of discrimination has a clear discriminatory impact on race, a protected class under the Fair Housing Act.

Housing providers said they would accept vouchers as a rental payment without any obstacles or additional terms or conditions *only* eighteen percent (18%) of the time.



Additional Terms and Conditions for Voucher Holders

Of the twenty-five (25) landlords that accepted Housing Choice Vouchers, seven (7) imposed additional conditions. Additional conditions included fees or rental deposits, or a more rigorous rental-screening process that were not required of non-voucher holders. In most cases, the effects of an additional security deposit would make it nearly impossible for a voucher holder to rent the property, making such additional requirements tantamount to a denial of the unit.

Testers were informed by four (4) landlords that they would only accept voucher holders if their voucher amount was more than the advertised rent, which would enable the landlord to collect additional rental monies above their asking price. Contrary to Department of Housing and Urban Development (HUD) policy, one landlord stated that the rental amount advertised was for “cash paying tenants” and that if a voucher holder rented the unit, the price would increase to be equal to the voucher amount of \$1030. The landlord also asserted that the tester should not worry about the higher price because “no money would be coming out of [the voucher holder’s] pocket.”

Heightened Discretion

Housing providers used additional discretionary measures with housing voucher holders during this study. Landlords stated that they would allow a voucher holder to live on their property only after having met them or that it would “depend on the person.” Two landlords indicated to white voucher holders that although they did not normally accept housing vouchers, the tester sounded “nice” and therefore they would consider renting to them.

Statements like this, when they indicate a preference based on race, are illegal under the federal Fair Housing Act and enforceable in federal court. These discretionary tactics often serve as a pretext for discrimination against marginalized groups. This is especially true for families with children and African American female heads of households, who are the primary users of housing vouchers in the New Orleans area.

Racial Discrimination

In nine percent (9%) of tests in which a tenant was denied a voucher, landlords denied African American testers on the basis of their voucher after having previously told a white tester that rental vouchers were taken at the property. As evidenced by the pervasive source of income discrimination highlighted in this audit, voucher holders face extreme challenges when locating housing providers that accept rental voucher payments. In addition, the challenge voucher holders face when securing housing increases when the home seeker is African American. Such additional discriminatory practices further shrink the number of available rental properties, further removing the “choice” in the HCVP. This has broad implications for the HCVP in New Orleans, since ninety-nine percent (99%) of voucher holders are African American.

**A. The Discrimination Against Voucher Holders Reflects:
Discrimination Against Low-income African Americans in Both Intent and Impact**

The findings from the present study indicate that the alarming rate of discrimination against voucher holders in the greater New Orleans housing market is generated in part by intentional housing discrimination against African Americans, and results in discrimination in the form of disparate impact upon African Americans. One of the primary reasons voucher holders experience a high rate of discrimination in the New Orleans area is because of prejudice harbored by housing providers against low-income, African American voucher holders.

The discriminatory *intent* behind the denial of voucher holders is clear from surveys conducted with housing providers in the greater New Orleans area, which revealed prominent stereotypes in the perceptions of Housing Choice Voucher Program (HCVP) participants. A majority of the landlords surveyed identified voucher holders in a racially coded fashion, such as wearing “dreadlocks,” a hairstyle common in the African American community. When one housing provider was asked whether there were any changes that could be made to the voucher program that would make him reconsider his decision to refrain from program participation, he responded, “[not] until Black ministers...start teaching morals and ethics to their own, so they don't have litters of pups like animals, and they're not milking the system.” In spite of the fact that voucher holders must contribute thirty percent (30%) or more of their income towards rent, the use of racially explicit and coded language was coupled with the perception that voucher holders “don't want to work” and are “fraudulent.”

A component of the high rate of discrimination found against voucher holders was derived in part from discrimination purely on the basis of race. In other words, in nine percent (9%) of instances housing providers agreed to offer housing to a white voucher holder while denying housing to an African American voucher holder.

Racial and class stereotypes hold that low-income African Americans import social problems, including unemployment, crime, drugs, and unstable families, and that these problems will ultimately disrupt life in a neighborhood and lower property values. See Beck, Gina Kline, “Thompson v. HUD: Groundbreaking Housing Desegregation Litigation, and the Significant Task Ahead of Achieving an Effective Desegregation Remedy Without Engendering New Social Harms,” 7 University of Maryland Law Journal of Race, Religion, Gender and Class (2007). The prejudice that links African Americans and the social ills of the inner city can cause a landlords to believe they are exposing their property to an increased risk from those harms when considering a tenant in the voucher program. George C. Galster, The Evolving Challenges of Fair Housing Since 1968, 4 CITYSCAPE 123, 130 (1999).

In addition, the fact that landlords denied voucher holders from renting units at the alarming rate of eighty-two percent (82%) results in a discriminatory disparate *impact* upon African Americans. Since ninety-nine percent (99%) of Orleans Parish voucher holders are African American, discrimination against voucher holders in general results in a discriminatory impact on African Americans.

**B. The Discrimination Against Voucher Holders Reflects:
The Dysfunctional Administration of the Housing Choice Voucher Program**

A second reason voucher holders experience a high rate of discrimination in the New Orleans area is because dysfunctional administration of the Housing Choice Voucher Program (HCVP) deters housing providers from engaging in the program. Both small and large-scale housing providers interviewed reported extreme delays and failures of Housing Authority of New Orleans (HANO) to make rent payments. They reported HANO staff is often hard to reach, discourteous, slow and unhelpful.

The general sentiment of housing providers surveyed was summarized in one small-landlord's description of HANO as "very unorganized, very arrogant, very slow, and not helpful." Another small-landlord stated, "applying is easy, dealing with HANO is not." A central problem identified is the extreme difficulty in communicating with HANO staff. One small-landlord stated, "I faxed HANO the needed information 12 times for the rent I was never paid," and another small-landlord stated that he "never could get anyone on the phone at HANO." In a common sentiment, a housing provider explained, "I called everyday for a month and never once got a call back." Larger housing providers echoed similar sentiments.

Housing providers described HANO's payment process as "very slow" and "extremely slow." Landlords must ensure their units meet certain Department of Housing and Urban Development (HUD)-mandated habitability standards, and the housing authority is required to make a yearly inspection. See 24 C.F.R. § 982.404(a). Small and large-scale landlords stated that it takes HANO one (1) to two (2) weeks to have an initial habitability inspection conducted. After the landlord and tenant negotiate the rent, the housing authority must give final approval of the contract. See 24 C.F.R. §§ 982.308, 982.305. Housing providers commonly stated that it takes as much as two (2) to three (3) months before HANO signs a lease, and that it consistently takes 6-8 weeks to sign a contract. One small-landlord stated, "I passed an inspection on June 9th and didn't get paid till August 11th."

In some instances, housing providers reported HANO simply did not tender payment that was due on a voucher contract. One small-landlord interviewed complained, "HANO owes me \$3,000 for the last tenant I accepted. I did not get paid for a day of their lease, and the hassle of getting the money is not worth the effort." A large-scale housing provider indicated that, in part as a result of the backlog from the Disaster Housing Assistance Program (DHAP) transition, HANO owes his management company upwards of \$25,000 in rent associated with vouchers. A landlord cannot take action against a tenant for non-payment if the housing authority has failed to pay the subsidized portion of the rent but the tenant has paid his contribution on schedule. Therefore, in instances where HANO fails to pay its portion of the rent in a timely fashion, there is no clear recourse for demanding payment from HANO by the landlord. Thus, in many reported instances, when voucher holders were able to secure a unit (18% of the time), landlords were left with no recourse but to evict the low-income tenant, who had been paying his or her portion of the rent.

Recommendations

This study examines the rate of acceptance of Housing Choice Vouchers by landlords in the New Orleans metropolitan area. An alarming eighty-two percent (82%) of landlords refused to accept the vouchers or added insurmountable requirements for voucher holders. In order to better serve the low-income rental housing needs in the New Orleans Metropolitan Statistical Area (MSA), the Greater New Orleans Fair Housing Action Center (GNOFHAC) makes the following recommendations.

- 1) Housing analysts should implement a study of whether the Housing Choice Voucher Program (HCVP) in New Orleans is meeting its stated goals of increasing integration and enhancing access to opportunity.
- 2) The federal government should immediately intervene to rectify problems with the administration of voucher programs in New Orleans and throughout southeast Louisiana.
- 3) The Department of Housing and Urban Development (HUD) should work in partnership with local officials and HCVP participants to develop the Housing Authority of New Orleans (HANO) Board of Directors to enhance oversight of HANO administration.
- 4) The federal government, the State of Louisiana and local municipalities should adopt legislation that prohibits Source of Income discrimination.
- 5) Local and national foundations should fund public education campaigns to address prejudice against voucher holders.
- 6) HUD should institute a moratorium on the demolition of additional hard units of public housing in the New Orleans region until it is sure that the HCVP is performing properly.
- 7) HUD should analyze the possibility of taking a regional approach to voucher administration, rather than segmentation by individual Public Housing Authorities.
- 8) HUD needs to address Disaster Housing Assistance Program (DHAP) families facing housing crisis, and the federal government should commission a study of the operation of DHAP and how it could be better designed for future disasters.
- 9) HANO and other area Public Housing Authorities (PHAs) should implement services to support voucher holders in their efforts to locate housing and attract quality landlords to the HCVP.
- 10) HANO and other area PHAs should implement services to proactively and reactively resolve housing authority administration disputes and frustrations.

1) Housing analysts should implement a study of whether the HCVP in New Orleans is meeting its stated goals of increasing integration and enhancing access to opportunity.

The stated goals of the HCVP are to de-concentrate poverty and promote racial integration. 42 U.S.C. § 5301 (1988). However, due to the extremely high levels of discrimination faced by voucher holders highlighted in this report, HCVP participants are more likely driven to locate housing in high-poverty areas with few opportunities, thereby fundamentally thwarting the goals of the voucher program.

Further analysis should be conducted into whether the HCVP is meeting its stated goals of de-concentrating poverty and promoting integration in the region, or whether it is further perpetuating the systems of concentrated poverty that it is meant to address. An interviewed voucher holder stated, that they “cannot find affordable housing in a nice neighborhood.” As a result of extensive discrimination and limited choice, there is the possibility that the voucher program is disrupting existing support networks, while forcing voucher holders to reside in high-poverty areas.

Researchers should further examine formal and informal resource opportunities and networks available to low-income residents. Analysts should consider sociological factors like the reluctance of voucher holders to move from areas where they have family or social ties. One voucher holder describes her former experience living in public housing: “Despite the problems we had, we still got together, social events as families, as a community. I would prefer to be here than on a voucher.” Policymakers should then consider these support networks in designing the structure and administration of housing policy.

2) The federal government should immediately intervene to rectify problems with the administration of voucher programs in New Orleans.

HANO’s administration of the HCVP and of the transition from DHAP to HCVP is excessively dysfunctional. This finding stands in direct contrast to public statements made by HANO and HUD officials, who tend to blame processing delays and errors on tenants and property owners for not correctly engaging in the process. See Katy Reckdahl, “Rents rise as HANO trudges through transition,” Times-Picayune, July 13, 2009.

The federal government should immediately commission an independent investigation into the alleged dysfunction of the HCVP in the greater New Orleans region. Housing experts and local housing providers interviewed in this investigation stated that HANO’s ineffectiveness and dysfunction related to its limited capacity, especially in regards to the massive DHAP transition it is helping to manage. Tenants cited a consistent inability to reach HANO representatives on the phone, and many felt mistreated or neglected. One voucher holder described, “Some of the workers back there do not do their jobs... and gives the clients a hard time.” Therefore, this investigation should specifically examine issues of capacity, especially in terms of staff and training, and measures should be implemented to ensure that HANO has the staff and training needed complete an acceptable DHAP to HCVP transfer by the end of October 2009.

3) HUD should work in partnership with local officials and HCVP participants to develop the HANO Board of Directors to enhance oversight of HANO administration.

HANO has been under HUD receivership since 2002, and while under receivership, HANO's board of commissioners has consisted of one HUD-appointed official from Washington, DC, rather than a local board of directors.

In a December 2007 letter to HUD, Mayor C. Ray Nagin stipulated that demolition permits for two of the largest public housing complexes in the city would only be granted after the "expansion of the HANO Board from one member to three members, to include the Mayor or his designee and a public housing resident." However, the stipulation that HUD reorganize HANO oversight to include a three-member panel was not instituted even as demolition proceeded.

In an April 2009 report, the Office of Inspector General recommended that HUD "appoint a monitoring team, independent of the receiver, to ensure that [HANO] progresses toward local control."

HUD and HANO should undergo a process to establish a three-member board of directors or a full local board in order to create greater accountability for the shortcomings of HANO's administration.

4) The federal government, the State of Louisiana and local municipalities should adopt legislation that prohibits Source of Income discrimination.

The present study finds that landlords deny housing to applicants because they are voucher-holders in eighty-two percent (82%) of the cases investigated. This figure indicates that significant portions of the private housing market remain unavailable to voucher holders in need of quality housing in high opportunity areas. One tenant attested that he "cannot find affordable housing in a nice neighborhood, or comfortable homes" that will accept his Housing Choice Voucher. Another tenant confirmed that, "HANO didn't do nothing for me yet. They gave me [a voucher] but everywhere I went I couldn't use it."

The federal government, the State of Louisiana and municipal leaders in the New Orleans metropolitan area should establish task-forces to investigate the impact of source of income discrimination on the operation of the HCVP, and federal, state and municipal officials should adopt legislation that establishes "source of income" as a protected class in federal, state and municipal fair housing laws in order to ensure that the HCVP operates effectively in the region.

5) Local and national foundations should fund a public education campaign to address the prejudice surrounding voucher holders.

Research conducted during the course of the present study indicates that many people have strong prejudices against voucher holders, which severely limits the effective operation of the HCVP in the New Orleans metro area. Many of these prejudices are based in and relate to stereotypes about low-income African Americans. The observed animosity toward voucher holders is also fueled by misinformation about HCVP participant requirements and the widespread need for housing assistance

throughout the New Orleans area.

The New Orleans regional economy relies upon many low-wage jobs in order to function. Much of the housing that low-wage workers occupied before Katrina was lost in the storm, and rents have since escalated by an average of forty percent (40%). See the GNO Community Data Center August 2009 New Orleans Index. All able-bodied HCVP participants must meet income requirements, which require that families pay thirty percent (30%) their household income in rent. Voucher holders are necessary to the operation of the regional economy, but they could not afford to live in the region without a housing subsidy. Voucher holders whose testimony appears in this report include a school security guard, a cook at a local restaurant, and a construction worker. As one tenant put it, “Even though you’re working, you’re not making really enough to really help pay bills, take care of your family. And once your expenses starts taking practically everything you make [to pay for rent, utilities, security deposit, and moving expenses], you have nothing to live on.”

Funding should be provided for a media and public education campaign that informs the public of these dynamics, and confronts the prejudice against voucher holders.

6) HUD should institute a moratorium on the demolition of additional hard units of public housing in the New Orleans region until it is sure that the HCVP is performing properly.

Interviews with housing advocates, analysts, and tenants in the present study indicated that the structure of the HCVP fails to consider tenant burdens, such as the need to pay for security deposits, utility expenses, moving costs, and the modification of units in the private market for people with physical disabilities. An interviewed voucher holder stated, “Some of the landlords are not giving you a stove [or] refrigerator... when you were staying at HANO they supplied all that for you.” Another voucher holder stated, “My utilities run like \$445. That’s just for electric. I have water bill and then it costs \$50 to cut my yard... It’s too much... I don’t know how I’m going to pay it... My light bill exceeds my income.” These expenses are generally covered for public housing residents, however they are difficult for voucher holders who are extremely low-income, elderly, or have disabilities, and in some cases preclude their participation in the program. Generally similar needs would be better attended to in hard units of public housing. However, with 4000 units of public housing demolished, there are few opportunities for people who are extremely low-income, elderly, and/or have disabilities.

Additional analysis is needed to further understand how these expenses impede the delivery of appropriate housing options for all groups eligible for assistance. There is a significant need for affordable housing throughout the region due to the tremendous loss of rental housing during Hurricane Katrina, and until there is a full assessment of the operation of the HCVP and the need for appropriate housing options in the region, HUD should impose a moratorium on the demolition of hard units of public housing in the greater New Orleans area.

7) HUD should analyze the possibility of taking a regional approach to voucher administration, rather than segmentation by individual Public Housing Authorities.

HCVP vouchers are “portable,” meaning that they can be transferred from one jurisdiction to another in accordance with the policies of Public Housing Authorities (PHA). However, management of

voucher program enrollment among area-PHAs and voucher transfer between area-PHAs is not coordinated, thus limiting and complicating housing choice for voucher holders in the region.

A voucher holder looking at several neighborhoods in the New Orleans metro area may find themselves under the jurisdiction of a number of different PHAs. HANO currently accepts voucher transfers from other jurisdictions in the region, however neighboring jurisdictions do not as readily accept transfers. Therefore, voucher holders face limited regional choice, hampering economic and racial integration on a regional level.

Analysis should be done to better understand the impact that metro-area PHA policies have on housing choice and to consider the possibility of establishing a “single point of access” for voucher applicants in a metro area with a joint waiting list and set of resources. Recommendations should be identified to institute the HCVP on a regional level in a manner that promotes regional integration and undermines the discriminatory actions of neighboring parishes.

8) HUD needs to address DHAP families facing housing crisis, and the federal government should commission a study of the operation of DHAP and how it could be better designed for future disasters.

HUD recently announced that it plans to assist eligible families in the DHAP program through October 2009. Service providers and public administrators indicated that greater communication is needed between local, federal, and state officials to ensure that families facing housing insecurity at the end of the DHAP program, including families that are both eligible and ineligible for transition to the HCVP, receive the support they need to transition out of the program successfully.

This will have to involve effective case management, better communication between involved agencies, and supporting local PHAs with an increase in staff and training to ensure that the housing authorities are able to complete the DHAP to HCVP transition.

Additionally, the federal government should commission a study of the post-Katrina voucher assistance programs – including Katrina Disaster Housing Assistance Payment Program, Disaster Voucher Program, and Disaster Housing Assistance Program – and issue a set of proposals that will yield a more effective program in the event of future disasters.

9) HANO and other area PHAs should implement services to support voucher holders in their efforts to locate housing and attract quality landlords to the HCVP.

Families who receive a voucher under the HCVP are independently responsible for locating an acceptable rental unit. See 24 C.F.R. § 982.302. For residents leaving traditional public housing, using a voucher may be their first interaction with the private housing market. While the PHA may provide guidance – HANO’s only support is a listing of units whose owners wish to participate in the program. Voucher holders must make contact with the landlords and initiate the rental process. Voucher holders are left to identify housing through their own means, often without reliable

transportation, sufficient time away from work, or full knowledge of available residential communities or opportunities.

The challenge of locating housing is even more of a burden in a post-Katrina context as low-income residents still displaced may have a difficult time traveling back and forth from wherever they currently reside to locate habitable housing with a voucher in New Orleans. This is particularly true, given the limited supply of post-Katrina rental housing, the number of visits to the HANO office that are often required, and the fact that inspections and paperwork expire after a period of time.

Area PHAs should implement services to support voucher holders in their efforts to locate housing and attract quality landlords to the HCVP. Early programs like the Gatreux initiative in Chicago, which partially inspired the HCVP, relied on providing intensive case management and education to program participants. Later manifestations of voucher programs omitted these programmatic supports. However, if the HCVP is to provide adequate housing choices, voucher holders must be empowered to navigate the private housing market.

10) HANO and other area Public Housing Authorities should implement services to proactively and reactively resolve housing authority administration disputes and frustrations.

HANO and other area-PHAs must also implement outreach techniques and service delivery that attract quality landlords to participate in the HCVP. Audit results indicate that, among housing providers, HANO has a bad reputation due to poor customer service and untimely rent payment.

HANO and other area-PHA should establish a meaningful structure for initiating input from the stakeholders involved in the HCVP. The high rate of discrimination is a symptom of distrust among the various actors within the program—housing authorities, housing providers, and tenants.

HANO and other area PHAs should also consider creating an ombudsman office so that both voucher holders and property owners can resolve issues with housing authority administration in meaningful ways on an individual, case-by-case basis. A process for effectively resolving disputes and frustrations is critical to the proper functioning of the HCVP.

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Appendix

	LA	New Orleans MSA	Orleans Parish	Jefferson Parish	Plaquemines Parish **	St. Charles Parish	St. Tammany Parish	St. Bernard Parish
Participating Households	31,006	8,975	6,072	2,086	23	182	282	99
Income								
Yearly income (avg.)	\$12,684	\$12,684	\$12,370	\$13,506	\$11,102	\$12,298	\$14,331	\$11,678
Non-voucher income paid as rent (avg.)	\$259	\$291	\$287	\$304	\$246	\$279	\$325	\$266
Very low income households*	20%	25%	23%	28%	13%	28%	31%	22%
Extremely low income households*	50%	67%	69%	65%	78%	67%	60%	74%
Race								
African American	84%	96%	99%	92%	17%	84%	79%	73%
White	12%	4%	---	---	83%	15%	21%	26%
Latino (any race)	4%	8%	11%	1%	---	1%	1%	5%

Department of Housing and Urban Development, Resident Characteristics Report – Tenant Based Voucher, 31 May 2009, at: <https://pic.hud.gov/pic/RCRPublic/rcrmetroarea.asp>. Note that economic data was not available for 25% of LA voucher holders.