



# TEN YEARS AFTER HURRICANE KATRINA: STATUS OF HOUSING IN NEW ORLEANS

## DEVASTATION OF KATRINA

According to FEMA, Katrina is “the single most catastrophic natural disaster in U.S. history.”<sup>1</sup>

- **Lives Lost.** More than 1,800 lives were lost, including over 1,500 in Louisiana alone.<sup>2</sup>
- **Persons Displaced.** More than one million people in the Gulf region were displaced as a result of Hurricane Katrina.<sup>3</sup> The population of New Orleans decreased over 50 percent from 484,674 in April 2000 to 230,172 in July 2006.<sup>4</sup>
- **Homes Damaged.** More than 1 million homes were damaged as a result of Hurricanes Katrina, Rita and Wilma combined, including 360,852 renter units, and 836,647 homeowner units. Only 186,134 of the homeowner units had flood insurance at the time.<sup>5</sup>
  - In Louisiana alone, over 500,000 homes were damaged, including 184,179 renter units, and 331,010 homeowner units. Only 118,928 of the homeowner units had flood insurance at the time.<sup>6</sup>
- **Economic Damage.** In Louisiana, Mississippi, and Alabama, salaries and wages fell by an estimated \$1.2 billion in the third quarter of 2005.<sup>7</sup> The storm forced the temporary shutdown of most crude oil and natural gas production in the Gulf of Mexico and caused gasoline prices to rise sharply nationwide.<sup>8</sup> All told, it is estimated that Hurricane Katrina resulted in \$135 billion in economic damage.<sup>9</sup>
- **Environmental Damage.** The storm caused at least ten oil spills, releasing more than 7.4 million gallons of oil into the Gulf Coast region’s waterways.<sup>10</sup> Hurricane Katrina also left 118 million cubic yards of debris.<sup>11</sup>
- **Disproportionate Impact.** The areas damaged by Hurricane Katrina, on average, had higher percentages of black residents, higher percentages of renter households, and higher poverty and unemployment rates, compared to undamaged areas.<sup>12</sup>

## FEDERAL RESPONSE TO KATRINA

### Funding

- Congress provided over \$120 billion in supplemental appropriations in response to the 2005 and 2008 Gulf Coast hurricane seasons,<sup>13</sup> \$75 billion of which went to emergency relief, rather than rebuilding.<sup>14</sup> Most of this funding was allocated to the Department of Housing and Urban Development (HUD), the Department of Homeland Security (DHS), and the Department of Defense (DOD).
  - **DHS:** \$52.7 billion, including \$44.1 billion through the Federal Emergency Management Agency (FEMA).<sup>15</sup>
  - **DOD:** \$24.8 billion<sup>16</sup>
  - **HUD:** \$20.4 billion, including \$19.7 billion in Community Development Block Grant (CDBG) funds directed to the states most affected by Katrina, \$13.4 billion of which went to the state of Louisiana. Louisiana used the majority of its CDBG funds towards the Road Home program (*see side bar for more information on the Road Home program*).<sup>17</sup>

## THE ROAD HOME PROGRAM

*Louisiana directed \$10.5 billion of its CDBG allocation to the Road Home program in order to address housing issues of displaced residents. The program, which was administered by the Louisiana Recovery Authority (LRA), provided eligible Louisiana residents with up to \$150,000 to repair, rebuild, buy or sell damaged properties. The majority of recipients chose to stay in their homes.*

*While the Road Home program had some success in aiding Louisiana residents in distress, it experienced several shortcomings. For example, In November 2008, civil rights and fair housing groups filed a federal lawsuit against HUD and the LRA, alleging that the Road Home program discriminated against African-American homeowners in New Orleans. After a federal judge ruled that there was a “strong inference” of discrimination, HUD and the LRA agreed to a settlement agreement in which HUD would pay \$62 million to Louisiana homeowners.*

*In January 2010, the Government Accountability Office (GAO) released a report, which found that Louisiana disproportionately used CDBG disaster funds to help homeowners rather than renters. The report further found that Road Home applicants faced complex application process, delays in application processing, and that even after receiving grants, homeowners faced funding gaps because the program did not provide sufficient grant amounts to repair the damage caused.*

- Adjusted the funding formula for disaster-affected public housing agencies. (P.L. 110-23)
- Provided funding for permanent incremental vouchers for otherwise-eligible families whose disaster housing assistance program (DHAP) assistance was going to expire. (P.L. 110-329)
- Provided funding for the redevelopment of public housing impacted by Hurricanes Katrina and Rita. (P.L. 110-329)
- Held meetings with displaced public housing residents in Houston in order to try to re-house them with the Housing Authority of New Orleans (HANO).
- Worked with HUD and HANO to resolve portability issues that were impacting the ability of displaced voucher holders to use their vouchers in other cities.
- Attempted to halt the demolition of the “Big Four” public housing developments.
- Worked with the Louisiana Recovery Authority (LRA) to try to identify residents encountering problems with the Road Home program and to refer them to LRA.
- Worked with the Department of Justice (DOJ) and HUD to end Fair Housing Act violations in St. Bernard Parish.

- The National Flood Insurance Program (NFIP) paid out \$16.3 billion in claims, including \$13 billion in Louisiana.<sup>18</sup>

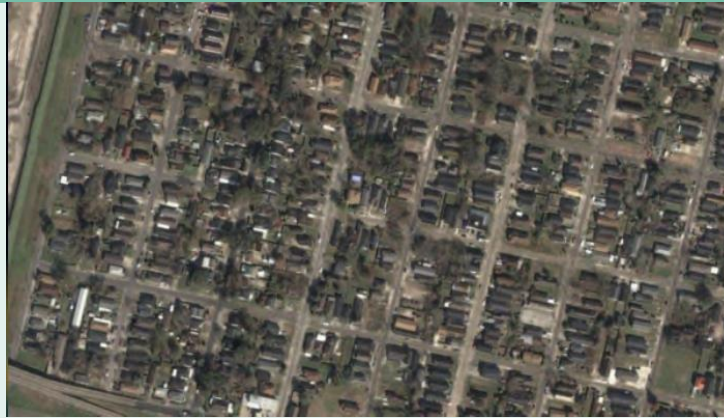
### **Financial Services Committee Activities**

- Held 16 hearings on Katrina and Gulf Coast recovery, including 6 field hearings in New Orleans, LA and Gulfport, MS.
- Passed H.R. 1227, the Gulf Coast Hurricane Recovery Act of 2007, which would have stopped the demolition of public housing developments in New Orleans and guaranteed a right of return for displaced residents. (Passed the House 302-125. Not enacted but some sections became law as noted below.)
  - Secured the authorization of 3,000 new vouchers to house homeless persons in New Orleans. (P.L. 110-252 and P.L. 111-32)
  - Extended the disaster voucher program (DVP) several times, and ultimately provided incremental voucher assistance for DVP families who had not already transitioned to permanent housing and were facing expiration of their DVP. (P.L. 112-55)

## STATUS OF HOUSING RECOVERY IN NEW ORLEANS

- **Population Recovery.** As of July 2014, the U.S. Census Bureau estimated that New Orleans' population was at 384,320, or 79 percent of its 2000 population of 484,674. The New Orleans metro area,<sup>19</sup> with 1,251,849 residents, has 94 percent of its 2000 population of 1,337,726.<sup>20</sup> This represents a growth of 5,314 people in New Orleans between July 2013 and July 2014; and a growth of 9,900 people in the metro area within the same time period.<sup>21</sup>
  - However, some neighborhoods are recovering more quickly than others. For example, the Lower Ninth Ward is still struggling to recover, compared to areas like New Orleans East. The before and after photos of the Lower Ninth Ward below illustrate the differences in residential density before and after Hurricane Katrina.

Lower Ninth Ward – February 2003



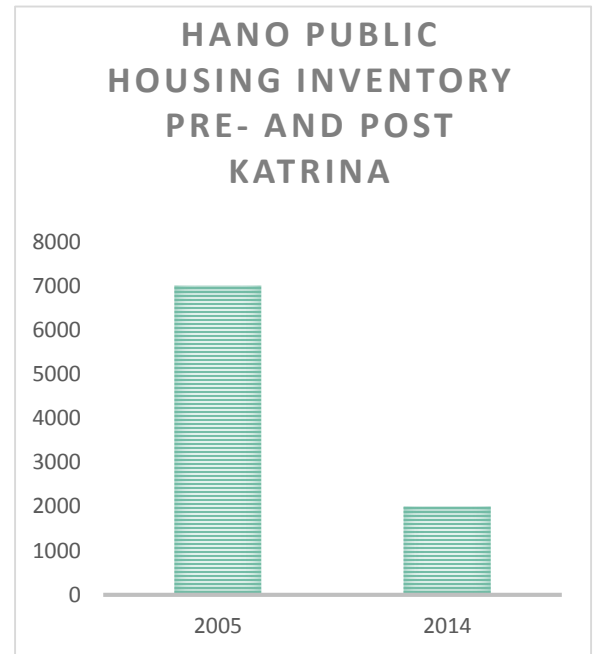
Lower Ninth Ward – October 2014



- **Housing Cost Burden.** Before Hurricane Katrina (in 2000), the majority of households in New Orleans spent less than 30 percent of their income on rent.<sup>22</sup> According to the U.S. Census Bureau's latest data, 58 percent of renters spent more than 30 percent of their income on rent in 2013, including 37 percent who spent more than 50 percent of their income on rent.
- **Public Housing.** When Hurricane Katrina struck in August 2005, the Housing Authority of New Orleans (HANO) had an inventory of over 7,000 public housing units.<sup>23</sup> While it is unclear how many of the units suffered damage as a result of the storms, HUD subsequently developed and approved a plan to demolish 4,500 of the agency's public housing units, with plans to rebuild just 3,300 of those units.<sup>24</sup> The rest of the units included in the redevelopment plan would be market-rate or intended for voucher holders.<sup>25</sup> Today, HANO has approximately 2,000 units of public housing, representing approximately 26 percent of its pre-Katrina inventory.<sup>26</sup> In terms of the Big Four specifically, only about 13 percent of public housing units have been replaced.<sup>27</sup>
  - \$585 million in total public investment went towards redeveloping "The Big Four" public housing developments in New Orleans: Lafitte, St. Bernard, B.W. Cooper and C.J. Peete.<sup>28</sup>

Residential development is complete at C.J. Peete and St. Bernard, and residential construction is partially complete at B.W. Cooper and Lafitte.<sup>29</sup>

- **HUD-Assisted Housing.** According to HUD, 407 HUD-assisted, privately-owned multifamily housing properties were impacted by Hurricane Katrina; today, 387 of those properties have been fully restored.<sup>30</sup> HANO administers 17,800 Housing Choice Vouchers today, which represents nearly twice the number the agency had before Katrina.<sup>31</sup> With this increase in vouchers, HANO is effectively assisting more families than it was pre-Katrina despite the decrease in public housing.<sup>32</sup> However, voucher holders are often subject to discrimination in the private market, which limits their ability to live in certain neighborhoods. For example, research has shown that voucher holders in New Orleans, in particular, continue to have less access to low-poverty neighborhoods than their national counterparts in part due to discrimination against voucher holders.<sup>33</sup>



- **Homelessness.** According to the New Orleans/Jefferson Parish COC's 2014 Point in Time (PIT) count, the total number of people experiencing homelessness was 1,981, which represents a substantial decrease of 77.3 percent from the 2009 count.<sup>34</sup> The 2014 PIT count also revealed that the New Orleans/Jefferson Parish had 472 chronically homeless individuals in 2014, which represents a substantial decrease of 89.7 percent since 2009.<sup>35</sup> New Orleans was also the first major city to effectively end veteran homelessness.<sup>36</sup>
- **Poverty.** According to the most recent U.S. Census data, the poverty rate was 27 percent in New Orleans in 2013 and 19 percent in the metro area. These represent the same levels of poverty that existed in New Orleans and the metro area in 1999.<sup>37</sup>
- **Demographic Changes.** According to the U.S. Census Bureau's 2014 population estimates, there are now 97,385 fewer African Americans and 9,006 fewer whites living in the city of New Orleans compared to the population in 2000; meanwhile, the number of Hispanics grew by 6,474 during the same period of time.<sup>38</sup> African Americans continue to represent the majority of city residents at 59.8 percent, compared to 66.7 percent in 2000.<sup>39</sup> The metro area, however, lost more white residents than black residents, and suburban parishes in particular have gained more than 30,000 blacks. The metro area overall has become increasingly diverse, with gains in minority residents and losses of white residents in nearly every parish.<sup>40</sup>

<sup>1</sup> FEMA, "By the Numbers – One Year Later," August 22, 2006, available at: <https://www.fema.gov/news-release/2006/08/22/numbers-one-year-later>

<sup>2</sup> CNN, "Hurricane Katrina Statistics Fast Facts," August 19, 2015, available at: <http://www.cnn.com/2013/08/23/us/hurricane-katrina-statistics-fast-facts/>

<sup>3</sup> The Data Center, "Facts for Features: Katrina Impact," August 12, 2015, available at: <http://www.datacenterresearch.org/data-resources/katrina/facts-for-impact/>

<sup>4</sup> *Id.*

<sup>5</sup> HUD PD&R, “Current Housing Unit Damage Estimates: Hurricanes Katrina, Rita, and Wilma,” February 12, 2006 (Revised April 7, 2006)

<sup>6</sup> *Id.*

<sup>7</sup> The White House, “The Federal Response to Hurricane Katrina: Lessons Learned,” February 2006, available at: [http://www.floods.org/PDF/Katrina\\_Lessons\\_Learned\\_0206.pdf](http://www.floods.org/PDF/Katrina_Lessons_Learned_0206.pdf)

<sup>8</sup> *Id.*

<sup>9</sup> The Data Center, “Facts for Features: Katrina Impact,” August 12, 2015

<sup>10</sup> The White House, “The Federal Response to Hurricane Katrina: Lessons Learned,” February 2006

<sup>11</sup> *Id.*

<sup>12</sup> John R. Logan, Brown University, “The Impact of Katrina: Race and Class in Storm-Damaged Neighborhoods,” available at: <http://www.s4.brown.edu/Katrina/report.pdf>

<sup>13</sup> CRS database of appropriations (*estimated supplemental appropriations for Hurricanes Katrina, Rita, Wilma, Gustav and Ike*)

<sup>14</sup> <http://www.datacenterresearch.org/data-resources/katrina/facts-for-impact/>

<sup>15</sup> CRS database of appropriations (*estimated supplemental appropriations for Hurricanes Katrina, Rita, Wilma, Gustav and Ike*)

<sup>16</sup> *Id.*

<sup>17</sup> CRS database of appropriations

<sup>18</sup> CNN, “Hurricane Katrina Statistics Fast Facts,” August 19, 2015

<sup>19</sup> Metro New Orleans is defined according to the 2013 delineations of the Office of Management and Budget, which is the 8-parish area including Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John, St. James, and St. Tammany parishes.

<sup>20</sup> The Data Center, “Facts for Features: Katrina Recovery,” August 12, 2015

<sup>21</sup> *Id.*

<sup>22</sup> Greater New Orleans Fair Housing Action Center, City of New Orleans Rental Housing Profile, available at: [http://www.gnofairhousing.org/wp-content/uploads/2015/07/NOLA\\_Housing\\_Profile\\_FINAL.pdf](http://www.gnofairhousing.org/wp-content/uploads/2015/07/NOLA_Housing_Profile_FINAL.pdf)

<sup>23</sup> HANO FY2016 PHA annual plan, version 06/2015, available at: [https://www.hano.org/home/agency\\_plans/Full%20Plan.pdf](https://www.hano.org/home/agency_plans/Full%20Plan.pdf)

<sup>24</sup> Times-Picayune, “HANO Plan to Demolish 4,500 units Approved by HUD,” Gwen Filosa (New Orleans), September 22, 2007

<sup>25</sup> *Id.*

<sup>26</sup> HANO Agency Overview, Winter 2015, available at: [http://www.hano.org/our\\_story/Agency%20Fact%20Sheet%20-%20Winter%202015.pdf](http://www.hano.org/our_story/Agency%20Fact%20Sheet%20-%20Winter%202015.pdf)

<sup>27</sup> HANO FY2016 PHA annual plan, version 06/2015, available at: [https://www.hano.org/home/agency\\_plans/Full%20Plan.pdf](https://www.hano.org/home/agency_plans/Full%20Plan.pdf)

<sup>28</sup> HUD, Katrina Anniversary Fact Sheet, available at: <http://portal.hud.gov/hudportal/images/hudimg?id=KatrinaAnnivFctsheet.JPG>

<sup>29</sup> HANO FY2016 PHA Annual Plan, version 06/2015, available at: [https://www.hano.org/home/agency\\_plans/Full%20Plan.pdf](https://www.hano.org/home/agency_plans/Full%20Plan.pdf)

<sup>30</sup> HUD Media Briefing, “Recovery Ten Years After Hurricane Katrina,” August 18, 2015, video available at: <http://www.c-span.org/video/?327672-1/hud-secretary-julin-castro-news-conference-10th-anniversary-hurricane-katrina>

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

<sup>33</sup> The Data Center, “Expanding Choice and Opportunity in the Housing Choice Voucher Program,” July 2015, available at: <https://s3.amazonaws.com/gnocdc/reports/The+Data+Center-Expanding+Housing+Choice+in+New+Orleans.pdf>

<sup>34</sup> There is no HUD-verified data on pre-Katrina homelessness in New Orleans because HUD only began to mandate Point in Time counts in 2007. Further, because New Orleans adapted their PIT count methodology in 2009, this is the earliest year from which to make reliable comparisons.

<sup>35</sup> See Endnote 31.

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<sup>36</sup> USICH Blog, “The New Orleans Model for Ending Veteran Homelessness,” March 30, 2015, available at: <http://usich.gov/blog/the-new-orleans-model-for-ending-veteran-homelessness>

<sup>37</sup> The Data Center, “Facts for Features: Katrina Recovery,” August 12, 2015

<sup>38</sup> *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*