

**Testimony of Ellen Lee
Director of Community and Economic Development
for the
City of New Orleans
presented to the
United States House of Representatives
Committee on Oversight and Reform
Subcommittee on Civil Rights and Civil Liberties**

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Chairman Raskin, Ranking Member Roy, and members of the Committee, thank you for the opportunity to testify before you today on the Affirmatively Furthering Fair Housing regulation. My name is Ellen Lee, and I am the Director of Economic and Community Development for the City of New Orleans. On behalf of the City of New Orleans, I commend your Committee's leadership in undertaking this important issue. The issue of Fair Housing is a longstanding and essential part of creating neighborhoods of opportunity and economic mobility for our nation's residents and the generations to come. We appreciate your willingness to hear about the New Orleans experience in the context of the current regulatory environment.

The U.S. Department of Housing and Urban Development (HUD) 2015 regulation provided new and updated guidance as well as data tools for jurisdictions to use in the production of an Assessment of Fair Housing, or AFH. The AFH is a document that complements the Consolidated Plan, a federally required five year plan that all HUD entitlement jurisdictions submit, and which we have always been required to submit.

The 2015 regulation operationalizes Title VIII of the 1968 Civil Rights Act, otherwise known as the Fair Housing Act. Through the 1968 provision that focused on Affirmatively Furthering Fair Housing, Congress directed HUD to make sure that neither the agency itself, nor the cities, counties, states and public housing agencies it funds, discriminate in their programs. Further, Congress intended that HUD programs be used to expand housing choices and help make all neighborhoods places of opportunity, providing their residents with access to the community assets and resources they need to flourish. In other words, while the Fair Housing Act directs jurisdictions like ours not only to refrain from outright discrimination, it also directs us to spend our funds in order to decrease segregation and improve housing access and opportunities for everyone.

In July 2015, HUD issued a new regulation to implement the affirmatively furthering fair housing requirements of the Fair Housing Act. With this new rule, HUD provided its program participants (states, counties, municipalities and public housing

agencies) with more effective means—the data and written guidance-- to further the purposes and policies of the Fair Housing Act. Jurisdictions that receive federal HUD funds have always been required to submit this essential planning document, which was called an Analysis of Impediments to Fair Housing Choice under the previous regulations. However, the 2015 regulation brought an issuance of new tools, new data, and new specific guidance of how HUD wanted entitlement jurisdictions to uphold the law.

New Orleans was one of the first jurisdictions in the country to implement the 2015 regulation. All of the jurisdictions on our five-year cycle were required to submit at the same time, with some exceptions for smaller jurisdictions and those requiring additional time.

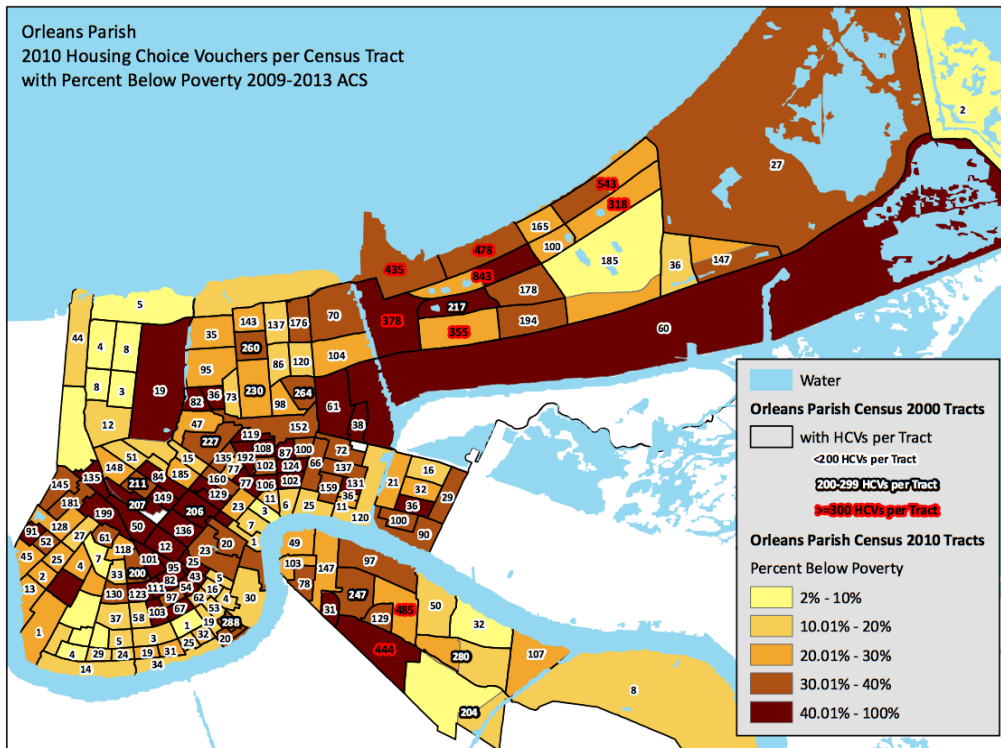
The New Orleans experience implementing this new regulation was overwhelmingly positive. What we were able to achieve is formidable in terms of greater efficiencies, better planning and mapping capabilities, and enhanced local decision-making for our local government.

New Orleans was able to achieve greater efficiencies by working closely with local housing related agencies. While these partnerships may have been perfunctory under the previous system from a planning perspective, under the new regulation, the City developed a true partnership in terms of information and data sharing with its housing related agencies, including the housing authority, the finance authority and the redevelopment authority. Using the Assessment of Fair Housing (AFH) tool and locally produced data created greater efficiencies. For example, by partnering with the Housing Authority, we were able to incorporate real-time data for the tens of thousand of tenants served by that agency. Additionally, the housing authority is also federally required under separate regulations to submit an Annual Plan, so we reduced redundancies there by collaborating on a single document that could be used for multiple purposes.

The data provided through the new tool also improved local control and decision-making capabilities. Through the assessment process, we actually discovered that we were more, not less segregated, than years previous. Through the data and mapping capabilities provided, and our ability to examine not just our entitlement funding but take a larger look at all federal housing funding—including Low Income Housing Tax Credits, FHA financing, housing authority investments, our own HUD funding and even private capital—we could see the ways in which we could be better leveraging HUD funding to be investing smarter for greater outcomes. The regulatory tools improved and significantly informed our local decision making capacity.

As mentioned, the Housing Authority of New Orleans joined the City in the Assessment. One of the particularly troubling findings was the post-Katrina impact on our Housing Choice Voucher Program participants, which is a population of almost 20,000 households, including many of those served with temporary disaster housing assistance after Hurricane Katrina. Vouchers were a primary means to

assist households displaced by the storm, especially following the demolition of 5,000 public housing units citywide. Globally, the voucher program is designed to provide the potential for greater housing choice and socioeconomic mobility for low-income families. Yet, what we found is that voucher assisted families were concentrated in racially segregated census tracts with high percentages of populations of people below the poverty line, where only 8% of households lived within reasonable access of transit.¹



Sources: HUD Picture of Subsidized Households, 2010 Housing Choice Voucher Data by Census 2000 Tracts; American Community Survey 2009-2013 5-year Estimates by Census 2010 Tracts, Table B17001.

I have included a snapshot from the assessment as well as the Market Value Analysis² commissioned by the City. It shows job density as an example of the range of indicators we are able to consider when reviewing current and prospective HUD and other housing investments. From these two maps taken together, we can arrive at the troubling conclusion that after Hurricane Katrina we had relocated rental assisted households further from jobs and economic activity.

This leads me to two very important points. The first is that affordable housing cannot be conflated with fair housing. The map of households in poverty stricken and overwhelmingly racially segregated census tracts is still a map of affordable housing. Simply adding more affordable housing--- as the recently released draft regulation proposes to do--- does nothing to connect HUD clients to the ladders of

¹ Expanding Choice and Opportunity in the Housing Choice Voucher Program. *Seicshnaydre, Stacy.*

² New Orleans Market Value Analysis, June 11, 2018. Commissioned by the City of New Orleans.

opportunity out of poverty. Nor does it make our cities more data driven, equitable, integrated or just.

The second point is that the assessment revealed we had room to improve from an urban planning perspective: clearly, we had not been meeting our goals to connect housing to transit, economic activity, and other opportunity³. I want to be clear that while the current 2015 regulation did help us to use this data to better understand the connection between neighborhood assets such as transit or school choice and our portfolio of housing investments, it is in no way prescriptive or require housing agencies such as ours to make transportation or other related agency decisions. The AFH provided us with data and information, so that we can be better informed about our own decision-making processes.

Since receiving these findings, we have implemented a special pilot program for voucher-assisted families to move to neighborhoods of opportunity. We have streamlined our housing authority's business practices, in collaboration with and with feedback from our landlord community. We have examined City policies and procedures to make programs more accessible to all—especially in terms of language access and the needs of differently abled people, which helped pave the way for new housing for wounded warriors. We revised criminal background check policies to align with citywide goals to reduce recidivism and promote reintegration. We have also prioritized high opportunity neighborhoods with our HUD entitlement funds, bringing new rental housing opportunities to some neighborhoods while incentivizing homeownership in others.

The adjustments we have made are consistent with what the research tells us about how place matters. As many of you know, economists such as Harvard University's Raj Chetty have done significant primary source statistical analysis of the effect of place on interrupting intergenerational poverty⁴. That is, that the infrastructure and fabric of a neighborhood can have a profound and lasting impact on multiple generations. By tracking the social security numbers of HUD tenants that were able⁵ to live in resource rich neighborhoods, Chetty's team were able to track these families over time to look at tax returns, marital status, fertility and other demographic measures. It is the first study that has been able to look back over the course of twenty years, to take a longer look at how place matters. What the data clearly demonstrates is that children from low income families who are able to live in resource rich neighborhoods tend to earn more as adults, are more likely to be college educated, are less likely to be single parents and more likely to live in a higher income neighborhoods as adults themselves⁶. In other words, access to a

⁴ The Effects of Exposure to Better Neighborhoods on Children. Chetty, Raj with Nathaniel Hendren and Lawrence Katz), *American Economic Review* 106(4): 855-902, 2016

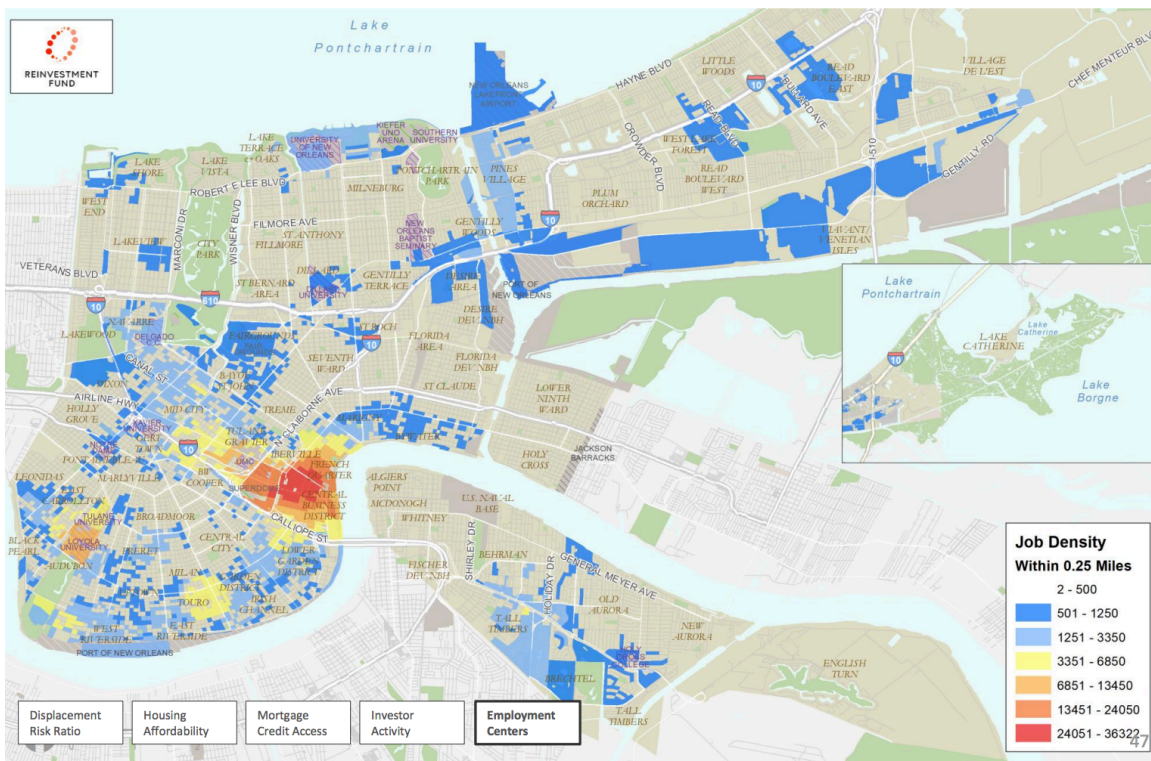
⁵ [Creating Moves to Opportunity: Experimental Evidence on Barriers to Neighborhood Choice](#) (with Peter Bergman, Stefanie DeLuca, Nathaniel Hendren, Lawrence F. Katz, and Christopher Palmer), NBER Working Paper No. 26164 (August 2019)

⁶ [The Effects of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects](#) (with Nathaniel Hendren), *Quarterly Journal of Economics*, 133(3): 1107-1162, 2018.

resource rich neighborhood impacts not just parents and their children, but also their children’s children. Astoundingly, the research also found that every single extra year of exposure to a low-poverty environment during childhood is beneficial into adulthood⁷.

Consistent with this research, the second finding that I want to highlight relates to the infrastructure of our neighborhoods themselves. In zip code 70124, where 93% of the residents are white, the average life expectancy is 80 years⁸. In a zip code directly nearby, where 87% of the residents are black, the life expectancy drops by almost 30 years to 54.5 years average life expectancy. What we found is that place still matters, but the Assessment of Fair Housing also gave us the data and resources to begin to delve into what components of neighborhood infrastructure existed in some zip codes but not in others. While all of our New Orleans neighborhoods are great, the places where people really thrive are also those places that are connected to infrastructure, high performing schools, transportation, economic activity and other means of access to success.

Identifying Employment Centers in New Orleans



To that end, we have begun to do a much better job of holistically measuring and examining whole infrastructure—to synchronize our HUD and other housing investments with City investments more broadly. It may not even always be the

⁷ Ibid.

⁸ Place Matters: Ensuring Opportunities for Good Health for All, Joint Center for Political and Economic Studies. September, 2012.

visible work: in New Orleans, a great portion of our infrastructure investment isn't the vertical, it's subsurface focus on drainage and other pieces that are vital but may not be visible to residents. However, we are also focusing on being more intentional about clustering and leveraging to prevent displacement in transitioning neighborhoods, improve access to neighborhoods of opportunity, and to bring investments to neighborhoods that still haven't fully recovered from Hurricane Katrina.

The 2015 regulation hasn't therefore presented a dramatic shift in what has been required of us as a jurisdiction, but it has provided us with the data and tools to make better use of our public resources via enhanced planning capacity and improved local decision-making.

The last thing I want to highlight as it relates to the current regulation and our Assessment of Fair Housing is people with disabilities and how we've been able to modify City policies to ensure we meet people where they are. For example, some local business owners recently developed housing for wounded veterans, which later proposed a wellness center with a neurological rehabilitation clinic and an "adaptable gym," or a gym that can be used by disabled people. Per the City's Comprehensive Zoning Ordinance, the project requires a zoning modification. Because of the citywide Fair Housing analysis we've done, we have robust policies in place to ensure there is a zoning process for projects like this, which can serve our wounded veterans. Similarly, we find that homes that treat opioid addiction and other substance abuse issues face challenges from a zoning perspective, and our Assessment for Fair Housing is able to provide us with a robust analysis of the City policies and procedures that made it more difficult for the business community to serve people with disabilities and help us resolve some of those issues. Again, the regulation itself is not prescriptive in what we ought to do, but it gives us the tools to be able to approach our local rules with rigor, and develop local solutions to local problems.

I also wanted to say a little about another primary focus of Mayor Cantrell's Administration, and that is our next generation and the ways in which the decisions we make today impact today's children and who they will become as tomorrow's adults.

Roughly one-quarter of New Orleans renter households include children, accounting for more than 40,000 children living in rental housing citywide⁹. Studies clearly demonstrate that the quality of that housing can significantly impact children's health and school performance. Substandard housing conditions like leaks, mold, and insect or rodent infestations are often correlated with respiratory conditions in children. American Housing Survey (AHS) data indicates there are nearly 2,000 New Orleans rental units with mold and more than 7,000 units with signs of

⁹ American Communities Survey Data, 1 year estimates

rodents. All of these kids are at higher risk of asthma¹⁰, which is the third leading cause of hospitalization for children in our home state of Louisiana¹¹. The AHS reports data directly related to asthma. One-quarter of all New Orleans renter families with children have an asthmatic child in the home: a total of 5,500 families. Children with asthma in these families accounted for 1,107 emergency room visits in the past year and 5,533 asthma medicine prescriptions in the past three months¹².

Especially in lower-income neighborhoods, housing quality remains a concern. Thousands of families may be living in unsafe and unhealthy homes, with young children most at risk. According to the AHS, a little over 7% of all rental households in the New Orleans-Metairie-Kenner metro area reported major problems with the plumbing, heating, electricity, or upkeep of their apartment, while potentially thousands of others reporting more specific issues¹³. It's very likely that New Orleans has a disproportionate share of the region's housing problems, but a conservative estimate based on percentage of the city's roughly 84,000 renter-occupied units suggests that at least 6,020 of these units reported major problems.

Studies have shown that lower housing quality is associated with poorer psychological health and lower kindergarten readiness scores. However, housing problems also play a role in the high level of residential instability: these housing quality crises lead to frequent emergency moves, rather than families making strategic choices to relocate to better neighborhoods or employment opportunities¹⁴. Besides the physiological effect of hazards on health that lead directly to lower literacy rates, increased respiratory and other health problems, learning outcomes for children are also negatively impacted by disruptions associated with frequent moves. These effects are also cumulative.¹⁵

This is again where the Affirmatively Furthering Fair Housing regulation can help us to improve outcomes for children, both in terms of their physical health and reducing the number of hospital stays or doctor visits, as well as improving literacy

¹⁰ The Relationship between Housing and Asthma among School-Age Children, Analysis of the 2015 American Housing Survey. Ganesh, Bhargavi; Payton Scally, Corianna; Skopec, Laura; and Zhu, Jun. Urban Institute Research Report. October, 2017.

¹¹ Estimates based on the 2011 American Housing Survey; "Students with Asthma in Orleans Parish School District Can Now Breathe Easier," Louisiana Office of Public Health, 10/8/2012, available at: <http://new.dhh.louisiana.gov/index.cfm/newsroom/detail/2659>

¹² Ibid.

¹³ 1 2011 AHS data shows that 124,800 rental units in the area were in need of major repairs at some point, out of a total of 159,100 rental units in the New Orleans-Metairie-Kenner area. In other words, about 78% of the rental units needed major repairs. Assuming this percentage is equal across the area, 78% of the private rental units in New Orleans in 2011 (62,500) yields an estimate of approximately 49,000 rental units in need of major repairs. The same methodology is used for subsequent estimates. Because New Orleans likely has a disproportionate share of housing problems, these estimates are likely lower than the actual figures.

¹⁴ Temporal effects of distressed housing on early childhood risk factors and kindergarten readiness. *Children and Youth Services Review*. Coulton, Claudia J.; Richter, Francisca; Kim, Seok-Joo, Fischer, Robert. June, 2016.

¹⁵ Ibid.

and kindergarten or school readiness. Because the regulation helps us to map the City and see the places where we need to improve. It provides us with the data to be able to correlate HUD occupied housing with rates of illness, or blight and neighborhood disinvestment with early childhood outcomes.

By looking holistically at a range of neighborhood level indicators, we are able to see the ways in which the infrastructure of the neighborhood itself is able to help children thrive and succeed. This is what the data tells us, and what the regulation currently in place has been able help us reckon with: that we should be investing smarter to ensure lower income families have equal access to high opportunity neighborhoods, while also improving chronically poor neighborhoods to bring opportunity to them. It allows us to approach city investments with a scalpel rather than a machete, understanding that not all solutions work for the entire city, because each of our neighborhoods are different with different needs.

I want to share one more Louisiana data point that is qualitative rather than quantitative. And that is of a now young-ish woman who owes her success to access to a neighborhood of opportunity. Growing up in a smaller Louisiana town, her mom had received a housing voucher for rental assistance to keep their family going. The mom had looked really hard, and managed to find a rental they could afford in a high quality, residential neighborhood. That house was close to the homes of the teachers and school administrators, who then took notice of this young neighborhood child and offered her after school help. With this assistance, she was able to academically thrive and go to college and beyond. She is now CEO of a leading citywide community organization, and if you ask her she attributes it all to her early chance to move to a neighborhood of opportunity.

I think I've shared a fair amount about how the 2015 regulation has created a more effective process. From our perspective, these regulations are essential to holding jurisdictions accountable in their use of taxpayer dollars, as well as ensuring funds serve the intended population. There is a keen understanding that the decisions we make today are the tomorrow we build for our children. We look forward to working with our state and federal partners to build towards a shared vision of our future.