

Housing for All Action Plan

*Directing investment
to create an equitable, affordable,
and strong New Orleans*

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Introduction

It has been apparent for quite some time that New Orleans is in trouble. Like almost every major city in the country, it struggles with an affordable housing crisis, but New Orleans' crisis is different. Instead of newcomers pouring in and taking up every available space, sky high prices abound with thousands of empty occupiable homes and vacant land for development available in every corner of the city. The unsustainable cost of housing drives some to move to neighboring communities with cheaper rates, but many are forced out by eviction or foreclosure.

Despite having a comprehensive strategy that would end the city's housing crisis, leaders have ignored the needs of citizens and focused on investment strategies that prize development for the sake of development. Despite the connection to New Orleans' culture, Voodoo Economics simply doesn't work. We must intentionally address the long-standing biases around the concept of affordable housing in order to break this cycle. Affordable housing evokes thoughts of programs like Section 8, tax credits and permanent supportive housing, but that's not the only kind of affordable housing we need to create. **We need policies that lower utility bills, increase wages and ensure equitable transportation.** New Orleans' economy continues to be dominated by low-wage jobs. During the pandemic, the Data Center reported that 62% of "essential" retail workers in New Orleans make less than \$30,000 per year.¹ An overwhelming 93% of New Orleans' restaurant workers earn less than \$15 per hour.² The pandemic hit the lowest-paid workers – in New Orleans' hospitality and service industries – the hardest, with substantial job losses for workers in retail, food service, accommodations, and arts and entertainment, many of which have not been fully recovered.³

New Orleans also needs more capital from diverse sources to invest in creating new housing opportunities. When the issue of affordable housing arises, we often look to government to solve such a major problem. The **HousingNOLA 10 Year Strategy and Implementation Plan** recognized that both public and private dollars are necessary to solve New Orleans' housing crisis. We must educate our financial institutions about the variety of investment opportunities needed. There are large funding gaps left that will have to be filled by the private sector through traditional and unconventional means. We also need our leaders to understand the economic impact, so we speak with one voice as we pursue resources that provide an equitable economic boon for the city of New Orleans. If all New Orleanians paid what they could afford on housing, the people of New Orleans would have an extra \$440 million annually to invest in the local economy—\$13,208,400,000.00 available in the New Orleans economy over the next 30 years.

¹ https://www.datacenterresearch.org/reports_analysis/who-are-the-essential-workers-keeping-the-new-orleans-region-going/

² https://www.datacenterresearch.org/reports_analysis/benchmarking-new-orleans-tourism-economy-hotel-and-full-service-restaurant-jobs/

³ https://www.datacenterresearch.org/reports_analysis/coming-into-focus-early-indicators-of-pandemic-job-loss-in-the-new-orleans-metro-area/

Ending housing insecurity will require an approach that is innovative, comprehensive, and sustainable. No one community can do this alone. We need to harness the efforts of the private sector, government, and philanthropy to create robust and sustainable investment and development strategies that produce significant community impact. Over the past 16 years, billions have been invested to rebuild New Orleans' housing market. This investment was catalyzed initially by philanthropy and volunteer labor, but is anchored by billions from insurance proceeds, private financing and federal grants. Using today's construction costs that investment totals approximately \$50 billion. The ***Housing for All Action Plan*** builds on the revolutionary work HousingNOLA has done for the past seven years and seeks to lay claim to the historic investment opportunities. This must be combined with an accountability and citizen engagement strategy that these funds do not follow previous patterns and don't bring stability to the people of New Orleans. The Housing for All Action Plan strives to guarantee housing and ensure that every neighborhood achieves Golden Pearl status—creating an equitable, affordable, and strong city.

The analysis for the Housing for All Action Plan was provided by Asakura Robinson and Urban Focus and supported by the Kresge Foundation. HousingNOLA worked with an Ad Hoc Advisory Group to provide additional market context and analysis.

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HousingNOLA's mission is to provide a road map to maximize the effectiveness of scarce government resources, increasing non-traditional resources, and assisting private sector investors in making strategic choices.

Acknowledgements

HousingNOLA believes our community can provide high-quality, safe, and accessible housing that is affordable to individuals and families of all income levels throughout New Orleans, and this would not be possible without the ardent support of the people of New Orleans, who we have pledged to serve.

HousingNOLA is a 10-year partnership between community leaders, and dozens of public, private, and nonprofit organizations working to solve New Orleans' affordable housing crisis. Our efforts are generously supported by JP Morgan Chase, 2030 Fund, Community Change, Roy and Patricia Disney Family Foundation, Kresge Foundation, Butler Family Fund, National Low Income Housing Coalition (NLIHC), Funders for Housing and Opportunity, Energy Foundation, Greater New Orleans Foundation, Movement Strategy Center, JPB Foundation, Capital One, Ford Foundation, Southern Power Fund, Justice 40 Accelerator, Hancock Whitney Bank, Foundation for Louisiana, Power Coalition for Equity and Justice, Southern Coalition for Justice and Home Bank. Additional support and resources provided by Connecting Capital, and Community (3C) Initiative at the Center for Community Investment (CCI), Action Group Network, Working Films, the Black Freedom Collective and Women's Foundation of the South.

HousingNOLA also partners with the Greater New Orleans Housing Alliance (GNOHA), a collaborative of home builders and community development organizations advocating for the preservation and production of affordable housing. The two organizations work together with HousingNOLA serving as convener and GNOHA advocating together, ensuring that the community-crafted housing plan is put into action by local policymakers.

HousingNOLA/GNOHA represent New Orleans area in the HousingLOUISIANA Network, a statewide alliance of housing practitioners and advocates whose primary goal is to ensure that the housing needs of all Louisianans are met. Through our statewide network of the nine regional housing alliances and working groups in New Orleans, Shreveport, Baton Rouge, Lafayette, Lake Charles, Northshore, Monroe, Alexandria and Houma-Thibodaux, we work to better coordinate advocacy efforts and build better collaborations across the state. Rebranded in 2018, HousingLOUISIANA has been increasing its capacity to build the institutional infrastructure and support alliance members in each region through technical support, sub-granting, advocacy, training and networking.

Executive Summary

New Orleans, like many other American cities, has experienced deep economic struggle in the wake of multiple disasters over the past 20 years. After Hurricane Katrina, the city lost nearly 100,000 mostly African American citizens who have not been able to return to New Orleans; much of this population decrease can be attributed to systemic underinvestment in new affordable homes, a lack of living-wage jobs, and an ongoing series of disasters that have challenged our city's ability to recover. Most recently, COVID-19 and Hurricane Ida have both tested the resilience of our city systems and exposed ongoing challenges to our housing stock, our economy, and our infrastructure.

GOALS OF THIS REPORT

This 2022 update to HousingNOLA's 2018 Community Development Finance Plan **continues to emphasize equitable development that will help our city grow its population and economy, and recover more quickly from disaster.** The *Housing for All Action Plan* identifies solutions that address four overlapping goals.



Eliminate Cost Burden: Over 58,000 households in New Orleans are paying too much for their homes today or are “cost burdened.” A household is cost burdened when they must pay over 30% of their income in housing costs, including costs like rent or mortgage payments; utility bills; and home insurance. This high cost for housing leaves too little left over for critical expenses like food, transportation, education, and health care.



Close the Racial Wealth Gap: A Brookings Institution study in 2020 found that the median wealth of a White family in the U.S. (\$171,000) is approximately ten times that of a Black family (\$17,150). Homeownership and property ownership are extremely important mechanisms for building wealth in the U.S., and they contribute to “generational wealth” -- wealth that can be passed down to the next generation of heirs. However, homeownership and property ownership can be difficult to access for residents with lower incomes, and New Orleans has profound income gaps that run along racial lines. The median White, non-Hispanic household in New Orleans earned \$81,668 per year in New Orleans in 2019, according to the American Community Survey. The median Black household earned \$29,522 per year, and the median Hispanic household earned \$43,929 per year.⁴ Closing the racial wealth gap will require solutions that help lower-income households of color to purchase homes and to maintain ownership of homes and properties they already have. It will also require action on policy solutions such as living wages that can increase incomes of residents who currently hold low-wage jobs.

⁴ U.S. Census Bureau. 2019: ACS 1-Year Estimates Subject Tables, S1903. MEDIAN INCOME IN THE PAST 12 MONTHS (IN 2019 INFLATION-ADJUSTED DOLLARS). Accessed via data.census.gov.



Ensure a More Resilient Housing Stock and System: Disasters have strained New Orleans' people and housing to their limit, again and again. We cannot continue to rely on our people to be "resilient" in the face of disruptive events that damage their lives — we need resilient systems that support our people. Long-lasting power outages experienced during Hurricane Ida, regular street flooding, strains on households' incomes due to COVID, and lasting impacts of Hurricane Katrina on housing affordability are among the challenges that our city must address to create more resilient housing. These strains combine with the natural needs for rehabilitation of aging housing that occur in any city, but that are particularly pronounced in a historic, hot, and humid city like New Orleans. The resilience of our housing stock and system will determine quality of life for our residents and the economic competitiveness of our city in the future.



Combat Displacement: There are more than 58,000 commuters who travel into New Orleans for a job and earn less than \$40,000 per year. While these numbers are calculated on an individual rather than a household basis due to the data source, we estimate that this includes approximately 44,000 low-to-moderate income households who may have been displaced from New Orleans by rising costs, or who might prefer to live closer to their jobs in New Orleans if they could afford to do so.

A GENERATIONAL INVESTMENT IN NEW ORLEANS' PEOPLE AND HOMES

To truly address these four issues in a holistic manner will require a generational investment. Our cost estimate, which is detailed further in the full report, estimates that the total cost of remedying these issues will be approximately \$37 billion. Yet a generational investment is what is required to establish a sustainable future for our community, and it will bring significant returns. With this investment, New Orleans will see benefits including:

- Over \$13 billion in new spending that can support New Orleans businesses and generate economic growth over the next 30 years, due to decreases in the share of household income that must go to housing.
- Over 45,000 new, affordable, energy-efficient single-family and multi-family homes constructed, generating more than \$10 billion in new household wealth for New Orleans families, as well as returns for developers and investors.
- Over 32,000 new homeowners in New Orleans, all of whom will own homes that are highly energy-efficient and resilient, including solar power and battery installation. More than 26,000 of these owner-occupied households are expected to be households of color, primarily Black households due to New Orleans' demographics.
- Over 58,700 fully weatherized and rehabilitated homes, including investments in solar panels and batteries for every home, to create a resilient housing stock that can withstand disasters and eliminate energy-related cost burdens for low-to-moderate-income (LMI) residents. About 49,000 of these interventions will benefit households of color and reduce the racial wealth gap, and the work will assist New Orleans to build and export its expertise in green building to other communities across the country.
- 13,000 currently-affordable housing units preserved as affordable for the next 15-30 years
- Over \$600 million in investment to help households recover from the immediate impacts of Hurricane Ida

MAKING THE INVESTMENT: OPPORTUNITIES, PARTNERS, AND POLICY CHOICES

\$37 billion in required investment to reach these benefits may seem like a staggering number. **However, reaching this number is eminently possible over time with the help of public and private partners.** Some immediate investment opportunities include:

- Funding from the March 2021 American Rescue Plan Act (ARPA) to provide rental assistance, emergency housing vouchers, and supportive services. **New Orleans is slated to receive \$377 million in total, of which half has already been provided and half will be provided in 2022.**
- Funding from the November 2021 Infrastructure Investment and Jobs Act to upgrade power grids and focus on resilient investments to mitigate climate change. **This funding can assist with deploying weatherization, solar, and battery investments to households in New Orleans.**
- A renewed community development millage from the City of New Orleans with a clear programmatic emphasis on items enumerated in this plan. The renewal of the Neighborhood Housing Improvement Fund failed by a 2% margin in December 2021. **A renewed millage should increase in total annual proceeds and should be accompanied by a clear program to convince the voters that increased annual dollars invested in housing will be spent strategically and will improve lives for everyone in New Orleans.**
- FEMA funding and private insurance funding provided for household recovery from Hurricanes Ida and Zeta.

HousingNOLA is working with financial institutions, real estate experts, government agencies, developers (non-profit and for profit), and advocates to help secure additional financial investments necessary to address the affordability crisis.

In addition, HousingNOLA is working with partners on policy interventions that could help ensure that New Orleans' residents are more financially equipped to invest in their homes and city. **For example, one of the greatest obstacles to housing affordability in New Orleans is low wages and the low income that traps many of our households and sustains economic inequity.** The New Orleans average wage is \$24.05 per hour, which seems substantial, but is lower than both the living wage for a two-adult, two-child family (\$33.42)⁵ and the average national hourly income (\$27.07). Many households, and particularly households of color, earn far less than this average -- and for a household where the adult(s) make just the minimum wage of \$7.25 per hour, maintaining housing and paying for other expenses is essentially impossible. **The 2022 HousingNOLA Action Plan, which is referenced in this document, reviews many policy interventions such as increasing the minimum wage that could help decrease the \$37 billion in external financial support needed for New Orleanians to lead dignified, healthy lives.**

The time is now for both public and private partners to begin making investments and developing equitable policies in order to support New Orleans' future. As the 2018 Community Development Finance Plan noted, **"Without a diverse pool of investment funds targeted at the appropriate level of need, the city will stagnate, and opportunities will diminish for developers, investors and more importantly, the citizens."** We have seen this prediction borne out: Census estimates indicate that New Orleans' growth has plateaued, and may even have begun to fall, since 2018. To change this trajectory, our city needs all partners to contribute to a visionary strategy that builds economic growth, reduces inequality, and furthers a just approach to housing.

Defining the Housing Gaps: Methods and Data

Four overlapping goals define the need for investment in equitable community development in New Orleans. These goals are: 1) eliminate cost burden; 2) close the racial wealth gap; 3) create a more resilient housing stock and system, and 4) combat displacement. The data in this section provides a more granular definition of each gap, including how each one affects households in New Orleans.

The 2022 *Housing for All Action Plan* uses the latest available data to estimate the supply and demand for housing units in the City of New Orleans and identify gaps in the housing market. **To identify these gaps, the city's housing market was analyzed by income levels, tenure (renter vs. owner), and unit type (bedroom count).** The analysis compares the supply and demand for housing units with housing cost burdens to examine the housing-income mismatch in the city, wherein households occupy units with costs that do not match their income. The distribution of households by income is also broken down by race to understand the racial equity implications of the housing gap. Data from Hurricane Ida recovery also provides a picture of the impact of the hurricane on the housing market. Finally, the model considers the population that commutes into New Orleans, viewing this population as an indicator of a gap in housing availability, as well.



Priority 1: **Eliminate Cost Burden by Decreasing the Housing Affordability Gap**

The 2022 demand model reveals that there is enough housing stock to adequately house all households living in New Orleans today, if it were offered at appropriate prices.

This is not the case, however, and instead the price of housing far exceeds affordability levels for many residents, especially those in the lowest income levels. While this pattern plays out across the market, affecting home owning and renting households alike, the gap is most severe for renters earning between 0-50% AMI. A combination of many different forces - such as inadequate wages, macroeconomic inequality, short term rentals and antipathy toward lower income families - keep existing and available housing units unaffordable to this population group.

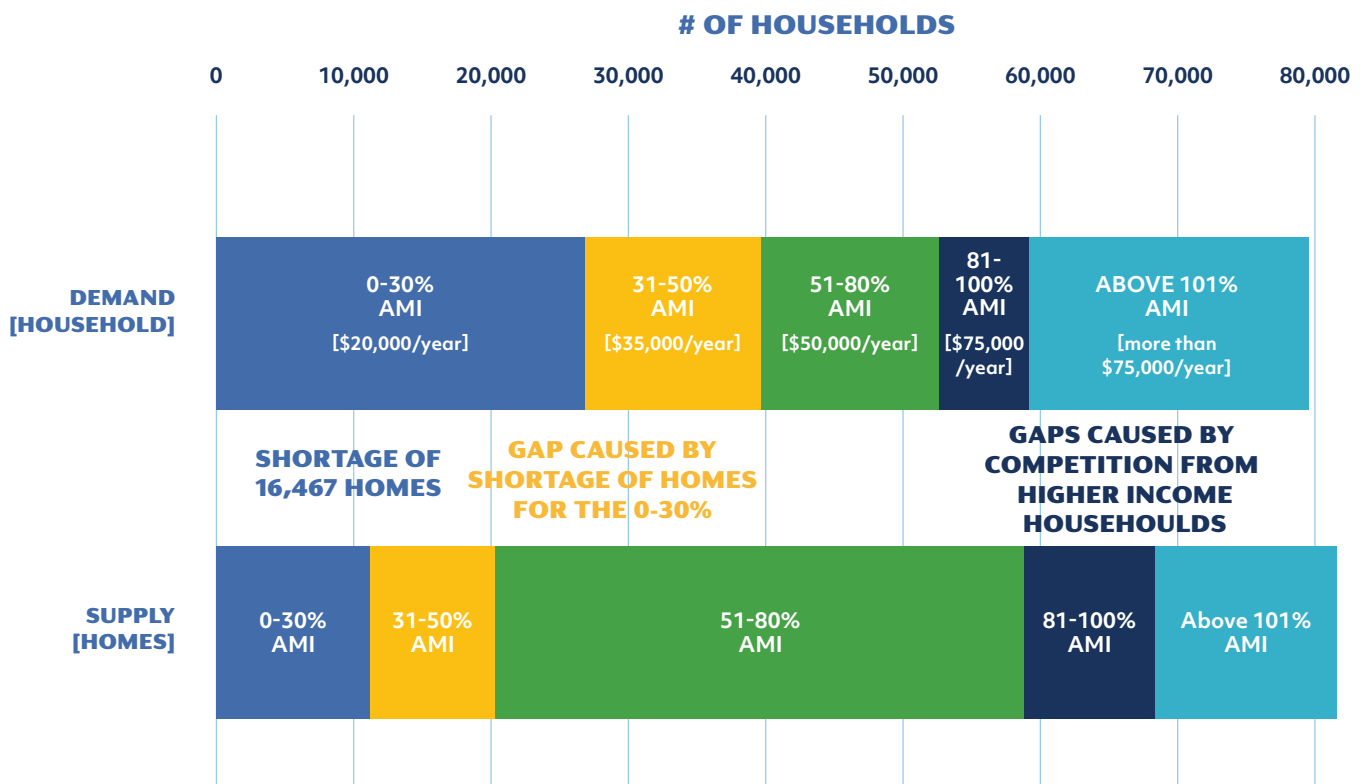




The Housing Affordability Gap for Renters in New Orleans

Figure 1 shows the distribution of housing demand and supply for renters in New Orleans. **One clear conclusion is that the demand for affordable rentals** at 0-30% AMI, who can afford a maximum of \$500/month in affordable rent, **far exceeds the supply of housing at this income level:** demand outstrips supply by over 16,000 homes. These households therefore end up competing with households at 31-50% AMI (maximum of \$875/month affordable rent) and 51-80% AMI (maximum of \$1,250/month affordable rent) for housing. Households at 31-50% AMI, or about \$20,000-\$35,000 per year, are also under-supplied with affordable rental homes. The result of this price mismatch is that nearly 30,000 renter households earning between 0-50% AMI, or up to \$35,000 per year, are cost-burdened.

Figure 1: Distribution of Housing Demand and Supply for Renters in New Orleans





The Housing Affordability Gap for Homeowners in New Orleans

For homeowners, housing payments enumerated in Census data appear to be more affordable than renters' payments, but this does not account for potentially high maintenance costs and increased burdens such as energy bills, insurance, and property taxes that may prevent low-income owners from sustaining their housing in the long term. **In total, over 21,000 homeowner households are cost-burdened in New Orleans, and approximately 15,600 of these are homeowners with a mortgage.** ACS data allows us to compare the monthly housing costs as a percentage of household income between households with a mortgage and those without. 37% of households with a mortgage pay more than 30% of their household income on their monthly ownership costs. This is double the 18% of households without a mortgage that are cost burdened and pay more than 30% of their household income towards housing.

Figure 2: Cost Burden for Homeowners by Mortgage Status

Cost burden for homeowners with and without a mortgage	Homeowners with a Mortgage	Homeowners without a Mortgage
Cost Burdened (>30% of income)	37%	18%
Not Cost Burdened (<30% of income)	63%	82%

Source: U.S. Census Bureau, 2019 ACS 1-year Data Estimates

This discrepancy is demonstrated in the actual dollar amount paid by these households. For households with a mortgage, the median monthly payment is \$1,683. About 50% of these households pay between \$1,000 - \$2,000 in monthly costs, and 15% pay \$3,000 or more. Households without a mortgage have a median monthly payment of \$515, with about 50% of these households paying between \$250 - \$599 a month.





COVID-19's Impact on Affordability

At the time of analysis of cost burden data, the latest publicly accessible data was from 2019, forming the basis of the supply and demand analysis. **However, our COVID update suggests that both owners and renters experienced increased housing strain in 2020 and 2021.** Results from the U.S. Census Week 39 Household Pulse Survey: September 29 – October 11, 2021 reveal that extremely low (0-30%) income renters and owners are still experiencing impacts on their housing costs during the COVID-19 pandemic. Compared to the same data from 2020, there has been about a 3% increase (25% to 28%) in extremely low income Louisiana renters that are not currently caught up on rent payments. However, the rate for very low (31-50%) income renters not caught up on rent decreased from 36% to about 13%. Similarly, the rate for moderate (81%-100%) income renters in Louisiana decreased by about 23% (28% to 5%). These decreases in Louisiana renters who missed rent payments at the start of the pandemic in 2020 compared to now, may reflect renters who were able to return to work or find new jobs. However, the uncertainty that the pandemic has burdened households with is reflected in how likely renters feel they may get evicted in the next two months. For example:

- ▶ **47% of extremely low income renters (0-30%) MHI** in Louisiana reported it is likely they will get evicted in the next two months
- ▶ **85% of very low income renters (31-50%) MHI** in Louisiana reported it is likely they will get evicted in the next two months
- ▶ **30% of low income renters (51-80%) MHI** in Louisiana reported it is likely they will get evicted in the next two months
- ▶ **46% of moderate income renters (81-100%) MHI** in Louisiana reported it is likely they will get evicted in the next two months





Figure 3: Status of Rent Payments by Income Level, Orleans Parish, October 2021

Household Income	Household currently caught up on rent payments (October 2021)			%Yes (June 2020)	%No
	Yes	No	Total		
Extremely Low (0-30%) MHI	125,995	48,486	174,481	25%	27.79%
Very Low (31-50%) MHI	6,595	11,273	87,798	36%	12.84%
Low (51-80%) MHI	35,531	3,358	38,889	12%	8.63%
Moderate (81-100%) MHI	143,408	8,187	151,595	28%	5.4%
101%+ MHI	36,446	0	36,446	20%	0%

Source: U.S. Census Bureau Household Pulse Survey, Week 39.

Figure 4: Self-Assessment of Eviction Likelihood, Orleans Parish, October 2021

Household Income	Likelihood of leaving this home due to eviction in next two months (October 2021)					%Likely
	Very Likely	Somewhat Likely	Not Very Likely	Not Likely At All	Total	
Extremely Low (0-30%) MHI	10,816	12,086	9,680	15,904	48,486	47.23%
Very Low (31-50%) MHI	9,627	0	1,646	0	11,273	85.4%
Low (51-80%) MHI	0	994	2,365	0	3,359	29.59%
Moderate (81-100%) MHI	3,792	0	4,395	0	8,187	46.32%
101%+ MHI	0	0	0	0	0	0%

Source: U.S. Census Bureau Household Pulse Survey, Week 39.





The COVID-19 pandemic also continues to impact extremely low, very low, and low income

homeowners and their ability to keep up with mortgage payments. For example, we see that almost 59% of extremely low income homeowners were not able to pay their mortgages in September. These data indicate that extremely low, very low, and low income homeowners may be experiencing difficulty recovering from income shocks because of the pandemic. This is also reflected in the 92% of extremely low income homeowners who reported it is “likely” they will have to leave their home due to foreclosure in the next two months.

Figure 5: Status of Mortgage Payments by Income Level, Orleans Parish, October 2021

Household Income	Household currently caught up on mortgage payments (October 2021)			%No
	Yes	No	Total	
Extremely Low (0-30%)MHI	14,602	20,815	35,417	58.77%
Very Low (31-50%) MHI	87,514	38,146	125,660	30.36%
Low (51-80%) MHI	35,625	23,654	59,279	39.9%
Moderate (81-100%) MHI	182,096	26,574	208,670	12.73%
101%+ MHI	517,370	12,298	529,668	2.32%

Source: U.S. Census Bureau Household Pulse Survey, Week 39.

Figure 6: Self-Assessment of Foreclosure Likelihood, Orleans Parish, October 2021

Household Income	Likelihood of leaving this home due to foreclosure in next two months (October 2021)					%Likely
	Very Likely	Somewhat Likely	Not Very Likely	Not Likely At All	Total	
Extremely Low (0-30%)MHI	13,285	5,843	1,686	0	20,814	91.9%
Very Low (31-50%) MHI	0	9,315	10,535	0	19,850	46.93%
Low (51-80%) MHI	0	0	13,767	9,887	23,654	0%
Moderate (81-100%) MHI	2,528	0	13,285	10,761	26,574	9.51%
100%+ MHI	0	7,160	0	5,138	12,298	58.22%

Source: U.S. Census Bureau Household Pulse Survey, Week 39.



Priority 2: *Close the Racial Wealth Gap*

For both renters and homeowners, the cost burden that results from the mismatch in housing supply and demand disproportionately impacts households of color. The renter population in the 0-50% income category is majority households of color - 87% of renters in the 0-30% AMI income category and 83% of renters in the 31%-50% AMI income category are Black, Asian, Hispanic and Indigenous households. Similarly, 80% of homeowners in the 0-30% AMI income category and 80% of homeowners in the 31-50% AMI income category are households of color. Black households account for the vast majority of these households in lower income brackets.

Strategies that intentionally aim to reduce cost burden will therefore assist in closing the racial wealth gap as well. Key goals discussed in the Community Development Finance Plan and the 2022 HousingNOLA Action Plan will include preserving generational property ownership and increasing homeownership among Black households and other low-to-moderate-income households of color.



Priority 3: *Ensure a More Resilient Housing Stock and System*

The resilience of New Orleans' housing stock and systems that support resilient housing (e.g. reliable infrastructure) are of critical importance to New Orleans' future, as we face an increasing variety of disasters. In 2021, in addition to the COVID-19 pandemic, New Orleans households experienced a major hurricane with further impacts on housing supply in the city. In total, 31,534 homeowners and 25,350 renters experienced damage to their home from Hurricane Ida, ranging from minor damage to destroyed homes.

Our estimates based on FEMA data on inspections, as well as homes that were not inspected due to insurance, indicate that the majority of the FEMA claims in Orleans Parish for both owners (61%) and renters (94%) fell into the "moderate" damage level. The damage assessments indicate the level of resiliency in the existing housing stock - we should aim to support housing opportunities that can withstand major hurricanes with as little damage as possible with the goal to minimize the numbers of homes that are destroyed or have major and moderate damage.



Figure 7: Damage Levels from Hurricane Ida, 2021

Damage Level	Owners - Eligible and Ineligible because Insured		Renters - Eligible Only	
	#	%	#	%
Minor	10,722	34%	254	1%
Moderate	19,236	61%	23,829	94%
Major	1,261	4%	1,014	4%
Destroyed	315	1%	254	1%
Total	31,534	0	25,351	0

Source: FEMA, data interpreted by Asakura Robinson

Another ongoing challenge to the resilience of New Orleans' housing stock and households is “energy burden,” or high costs for electricity and gas utilities. Home energy bills averaged \$2,100 per year in Orleans Parish in 2018, with similar values in surrounding parishes and around the state. When energy bills become a significant percentage of income, they can threaten the ability of residents to pay rent or their mortgage, leading to housing insecurity. Unlike other expenses, utility bills can be highly variable, with an especially hot summer or cold winter leading to unpleasant surprises and pressure on the family budget. An ‘energy burden’ of home energy spending exceeding 6% of income is the generally accepted as the threshold above which energy bills can lead to housing insecurity.

According to the US Department of Energy's [Low-Income Energy Affordability Data \(LEAD\) Tool](#), home energy bills for Louisiana and New Orleans residents, and the associated energy bills, can be sorted according to income ranges—expressed as a percentage of Area Median Income [AMI]—as charted below:

Figure 8: Average Annual Energy Cost for Louisiana vs. New Orleans

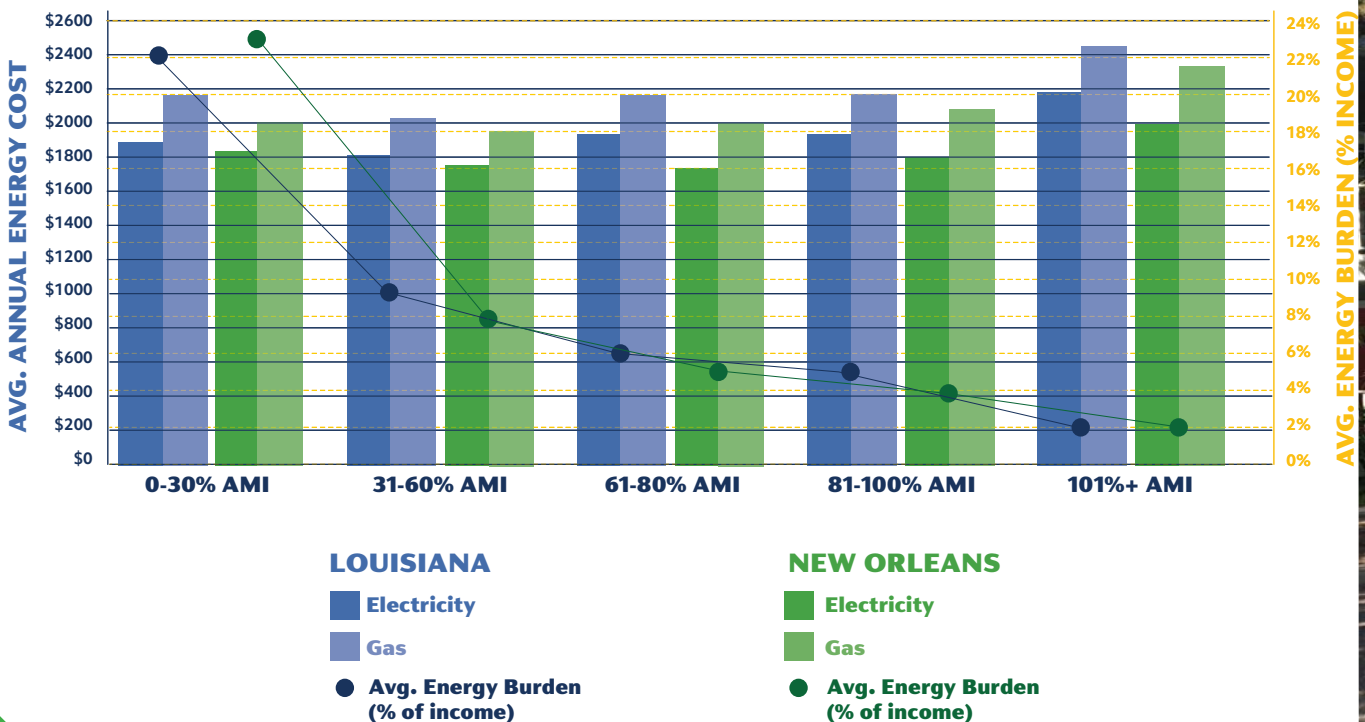




Figure 9 provides key statistics that focus on the those New Orleans households with the highest energy burden, those at 0-60% AMI.

Figure 9: Quantifying Energy Burden for 0-60% AMI Households in New Orleans

	0-30% AMI	31-60% AMI	All Incomes
Number of homeowner households	8,476	7,068	
Number of renter households	27,158	12,667	23,829
Total households in income bracket	35,634	19,735	151,753
Percent of total households in New Orleans	23%	13%	100%
Annual Energy Cost	\$1,834	\$1,742	\$2,119
Avg Energy Burden (% of income)	23%	8%	3%

The LEAD tool also allows us to slice-and-dice the data by building type (single-family, duplex, and multi-family building), building age, etc. Unsurprisingly, single-family homes in each income category spend more per household on energy than those in multifamily buildings (well above \$2,500/year being common for single-family homes while those in apartment buildings of 50 units or larger average closer to \$1,000/year). **Other key observations are that 75% of New Orleans households live in single-family homes or duplexes, and over half of all households live in buildings constructed before 1960.**





Priority 4: Combat Displacement

In addition to a supply-demand analysis that looks exclusively at populations and units within New Orleans city limits, the 2021 model also used the 2019 OnTheMap data from the U.S. Census to examine households that live outside of the city but commute to and work in New Orleans as another source of potential housing demand.⁶ **Commuters who live outside of New Orleans but work within Orleans Parish are assumed to be indicative of households who would live in the city if the right housing opportunity was present.** These commuting households can represent both displacement from Orleans parish because of the housing affordability gap and also a growth opportunity if dwelling units become available in the city.

The 2021 model found that there are 58,191 individual commuters who earn less than \$40,000 per year, who we estimate to be part of low-to-moderate-income households (between 0-80% AMI). Some of these commuters may live in multi-commuter households, while others may be the only commuter in their families. We divide these commuters into estimated households by dividing the total number of individuals by a factor of 1.3. The model then assumes that 23,142 (51.2%) of these households would be low-to-moderate income renters, and 21,620 (48.2%) of these would be low-to-moderate income homeowners. **About 80% of both of these groups in New Orleans are people of color, and we estimate similar demographics for the commuter population.**

Accommodating these commuters would require an increase in newly developed rental and homeowner units, or in rehabilitation or re-use of existing vacant units that are already in New Orleans. While the cost estimate in the following section primarily assumes that these households will be served through new construction, there is also a significant amount of vacant housing in New Orleans that could be leveraged to close the existing housing gap. The two most common causes of vacancy are:

- 20,670 “other vacancies”, as defined in the American Community Survey (ACS) data. ACS defines these vacancies as units that do not fall into any of the other categories specified, such as vacant units that are for rent or for sale. ACS definitions provides examples of this housing as, “this category includes units held for occupancy by a caretaker or janitor, and units held for personal reasons of the owner”.⁷
- 10,403 homes “for seasonal, recreational, or occasional use,” which includes short-term rentals and second homes.

⁶ Census Bureau, “Longitudinal Employer-Household Dynamics,” OnTheMap, 2019 New Orleans data, <https://onthemap.ces.census.gov/>

⁷ https://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2020_ACSSubjectDefinitions.pdf

Housing for All Action Plan: **How to Close These Gaps**

The four housing gaps discussed are significant; all of them affect tens of thousands of households in New Orleans, and they have come about over a lengthy period of time.

Creating a just, equitable, and resilient housing landscape in New Orleans will therefore come at a significant cost -- but will offer incredible benefits to the people of New Orleans and to our economy in return. By making the investments described in this section, New Orleans could:

- **Eliminate energy-related cost burdens** for all households;
- Eliminate cost burden for all households earning less than \$35,000 per year;
- **Create over 44,000 new resilient, affordable homes** to bring population back to New Orleans, with a particular focus on New Orleanians who have been pushed out of the city by rising prices or disasters;
- **Put over 3,000 vacant properties back on the tax rolls;**
- **Provide supportive services** to help put homeless families with children and homeless adults back in homes;
- **Preserve over 13,000 expiring affordable housing units;**
- **Generate over \$13 billion in increased spending in New Orleans over the next 30 years;** this factors in only direct household spending, and additional spending and returns will come from direct investments in development and construction.

Figure 10, on the following page, shows a summary of the estimated costs to address the four housing gaps. **The cost estimate is divided into five categories: resilient housing interventions, preservation of existing affordable rental homes, new construction of affordable homes, direct financial assistance to households, and Hurricane Ida recovery for households that need repairs.** The total estimated cost of all the interventions together comes to approximately \$37 billion.

Following Figure 10, the report provides more detailed considerations on how the interventions in the cost estimate were chosen, and how they assist in addressing HousingNOLA's four priorities. For detailed information on how the costs in the cost estimate were developed, please see the separate Methodology Appendix.

Figure 10: Summary Cost Estimate to Address Four HousingNOLA Goals

Intervention	Number of households for intervention	Racial equity impacts (est. HHs of color served)	Average cost of intervention	Total cost
Category 1: Resilient Housing Interventions				
Weatherization, solar/battery installation, and resilient home rehabilitation for all households between 0-60% AMI	55,369	46,399	\$60,000	\$2,484,930,900
Substantial rehabilitation of dilapidated properties	3,340	2,694	\$520,000	\$1,736,800,000
Category 2: Preservation of Existing Affordable Rental Homes				
Preservation of expiring SRPP (small landlord) affordable rental homes	1,377	1,111	\$26,550	\$36,559,350
Preservation of expiring LIHTC affordable rental homes	8,933	7,486	\$345,000	\$1,590,680,000
Acquisition-rehab of larger naturally occurring affordable housing (NOAH) properties	3,059	2,563	\$520,000	\$1,590,680,000
Category 3: New Construction of Affordable Homes				
Reconstruction of destroyed homes from Hurricane Ida	569	Unknown	Varies	\$164,314,500
New multifamily construction of energy-efficient affordable homes	23,142	18,667	\$463,000	\$10,714,888,462
New single-family construction of energy-efficient affordable homes	21,620	17,440	\$468,000	\$10,118,160,000
Category 4: Direct Financial Assistance to Households				
Assistance to low-income renters that eliminates cost burden	29,830	24,997	\$158,902	\$4,740,046,660
Supportive services to prevent homelessness	3,517	2,989	\$12,800	\$10,714,888,462
New homeownership assistance to households	32,738	26,408	\$67,500	\$2,209,835,769
Category 5: Hurricane Ida Recovery - Repairs to Homes				
Hurricane Ida recovery assistance for home repairs	45,909	Unknown	Varies	\$454,622,230
Grand Total				\$37,377,740,471

Category 1: Resilient Housing Interventions

Priorities Addressed: Eliminate Cost Burden; Close the Racial Wealth Gap; Ensure a More Resilient Housing Stock and System

This category of interventions includes three important steps to create a more resilient housing stock in New Orleans. **The first step is to ensure that no household in New Orleans suffers from “energy burden,” or energy bills that cause their housing costs to exceed 30% of their income.** The American Council for an Energy-Efficient Economy (ACEEE) defines energy burden as energy costs that exceed 6% of a household’s income.⁸ In New Orleans, households earning 0-30% of Area Median Income and 30-60% of Area Median Income have energy burdens that, on average, exceed this acceptable limit of 6%.⁹ In order to reduce these energy burdens for all households earning 0-60% AMI (over 55,000 households), the cost estimate includes energy-efficiency upgrades, solar and storage, and necessary home rehabilitation, including upgrades of roofs, building envelopes, and building systems to reduce energy costs. Rehabilitation could also include other essential items to ensure a home is resilient, such as upgrades to plumbing, or green infrastructure interventions on the home exterior to help reduce local flooding.

The second step is to ensure that households are not affected by the types of lasting power outages that happened after Hurricane Ida, and that homes can actually provide energy back to the grid in an extended outage situation. Installing solar and battery systems on all the homes that receive weatherization and rehabilitation can create local neighborhood “microgrids” that continue to function in the event of a disaster.

The third step is to bring vacant and dilapidated properties back online, with appropriate interventions that make them part of our city’s resilient housing stock. Based on the 2018 New Orleans Market Value Analysis data on code violations, we estimate that there are over 3,000 dilapidated properties that could be re-activated as energy-efficient affordable housing, thereby improving neighborhoods and bringing properties back onto the tax rolls.

While New Orleans is in many ways unique, **the work described here can serve as a very specific model for larger initiatives addressing the nexus of energy burden, climate action, and housing insecurity.** Members of the team have been sharing their findings with the Louisiana Governor’s Climate Initiatives Task Force through their Buildings, Land Use, and Housing working group.

The team producing this report are also collaborating with those selected by the American Institute of Architects to produce a new Building Reuse Practice Guide for Climate Action. Transforming existing buildings to provide greater energy efficiency and lower carbon footprint while making accommodations to adapt to a changing climate of warmer temperatures and increasingly intense storms is seen by the AIA as central to the mission of architects in the next decade, and the participation of our team members in this effort will help center equity, health, and housing.

⁸ American Council for an Energy-Efficient Economy, 2019. *Understanding Energy Affordability*. Online at <https://www.aceee.org/sites/default/files/energy-affordability.pdf>.

⁹ American Council for an Energy-Efficient Economy, 2019. *Understanding Energy Affordability*. Online at <https://www.aceee.org/sites/default/files/energy-affordability.pdf>.



Category 2: *Preservation of Existing Affordable Rental Homes*

Priorities Addressed: Eliminate Cost Burden

Rental properties can come to be affordable in two ways. **One way is for a development to be intentionally affordable, which usually happens through the provision of subsidy funding from the government.** These subsidies come with “affordability restrictions” on some or all of the homes within the development, meaning that these homes must be rented to low-income or moderate-income households. These restrictions eventually expire, and properties can then become “market-rate,” which often means that they become more expensive and harder to afford for the people living there. In New Orleans, the cost estimate examines preservation of subsidies for properties in the Small Rental Property Program, which provides subsidies to small landlords in return for their provision of affordable rental rates for residents under 80% AMI; and preservation of all Low-Income Housing Tax Credit (LIHTC) developments with affordability periods expiring before 2030.

Some other rental properties are called “naturally-occurring affordable housing” or NOAH; **these homes are rented at rates that are affordable to low-income or moderate-income households without any affordability restrictions.** In New Orleans, these properties tend to be older and often have some challenges with maintenance and housing quality, as well as being located in areas that are further from jobs and services. For these properties, preserving affordability often means a need to acquire and rehabilitate each property in order to bring it up to quality standards before continuing to rent the units at rates affordable to low-to-moderate-income households. Based on past research from the Center for Community Progress, the cost estimate assumes that approximately 4% of the rental housing stock in New Orleans needs this type of intervention.

In general, preserving existing affordable housing is less expensive than constructing new affordable homes, so it's important to preserve as many affordable rental units as possible to avoid having to construct more new homes. Our cost estimates show that, on average, preservation of each affordable rental unit in New Orleans is approximately 25% less expensive than constructing a new affordable unit.

Category 3: New Construction of Affordable Homes

Priorities Addressed: Eliminate Cost Burden; Close the Racial Wealth Gap; Ensure a More Resilient Housing Stock and System; Combat Displacement

While preservation of affordable homes is important, it doesn't grow the affordable housing inventory in New Orleans — it simply assists in keeping us where we are today. **We estimate that over \$20 billion in new construction of affordable, resilient ownership and rental homes is needed to help bring back New Orleanians who have been displaced from the city by rising housing costs, as well as reducing the cost burdens of those who are still in the city.**

Based on the estimates of the commuter population described in the Defining the Housing Gaps section, as well as the 562 homes destroyed by Hurricane Ida, we estimate a need for 23,142 new affordable multi-family homes and 21,620 new affordable single-family homes in New Orleans. Some of these new homes could be occupied by current commuters, others by current residents of New Orleans; overall, this is the number of homes needed to add to the housing stock to ensure that current New Orleanians and displaced New Orleanians have adequate affordable housing opportunities.

New construction and soft cost calculations are based on several recently priced projects including single family home development and multi-family development in the New Orleans region. Costs for both single family and multifamily construction have escalated due to supply chain concerns and the current demand in Hurricane Ida related repairs. Single family home costs are based on the expenses related to traditional financing and financing requirements of additional subsidies.



Category 4: Direct Financial Assistance to Households

Priorities Addressed: Eliminate Cost Burden; Close the Racial Wealth Gap; Ensure a More Resilient Housing Stock and System; Combat Displacement

The interventions in Categories 1, 2, and 3 are a good start, but they still don't fully address the issues of cost burden and homeownership opportunity for all low-to-moderate income New Orleanians and commuters. **Additional direct financial assistance to renters, homebuyers, and homeowners is needed to fully meet the four HousingNOLA goals.**

The first intervention included in this category is direct financial assistance to renters, meaning subsidies that assist renters to pay their rent. These subsidies may be Housing Choice Vouchers, or another form of rental assistance similar to that provided through the recent CARES Act and ARPA funding. **Based on the statistics on rental housing gaps shown in Figure 1, all renters from 0-50% AMI in New Orleans currently need some form of subsidy to eliminate cost burden, and this situation will persist even if we are able to remove energy burden for these households by increasing energy efficiency in homes.** Our budget per household for these subsidies will cover all 29,830 households earning 0-50% AMI for 15 years.

The second intervention included in this category is supportive services to stabilize homeless residents and prevent chronic homelessness. Current estimates from the 2021 Point-in-Time count indicate that there are 1,042 houseless adults living in street settings, and school records show 2,475 homeless children (majority living with family members or friends). **Services to assist these families, children, and individuals include case management, legal services, counseling, health care, and other measures that can assist homeless families and individuals to maintain their housing over time.**

The third intervention included in this category is **new homeownership assistance that will allow low-to-moderate-income families to purchase homes, thereby decreasing the city's substantial racial wealth gap.** HousingNOLA recommends a per-household total subsidy of up to \$67,500 for this assistance, including up to \$60,000 for down payment and closing cost assistance and a soft-second mortgage, and \$7,500 in funding for housing and credit counseling. This per-household subsidy would require a change to existing City of New Orleans policies that are limited to \$40,000 in assistance per household.

Category 5: Hurricane Ida Recovery - Repairs to Homes

Priorities Addressed: Ensure a More Resilient Housing Stock and System

We estimate approximately \$465 million in funding will be required from FEMA and private insurance companies to compensate New Orleans residents for damage to their homes due to Hurricane Ida. (Note that this funding does not incorporate homes classified as “destroyed,” which we classify as new construction homes under Category 3 of this cost estimate.)

Based on the FEMA data reviewed in the previous section, **nearly 46,000 households in New Orleans likely experienced either moderate or major damage from Hurricane Ida, with the vast majority of homes in the “moderate” category.** These are the “likely” numbers because FEMA does not inspect owner-occupied homes covered by insurance to verify their level of damage, so we estimate similar damages for homes covered by insurance to those which FEMA inspected directly. Given FEMA’s stated cost categories for moderate and major damage, we estimate an average of \$9,500 in expenses per home with moderate damage and an average of \$20,000 in expenses for homes with major damage.



HousingNOLA 2022 Action Plan

The *HousingNOLA 10 Year Strategy and Implementation Plan* calls for regular updates and adjustments. While we made significant adjustments at the five-year anniversary in 2020, the severity of the continued affordable housing crisis and the opportunities available demand another change. The priorities outlined in the *Housing for All Action Plan* are not intended to supplant the seven goals that serve as the HousingNOLA Plan's foundation but allow for the strategic of resources in order to finally address need. The HousingNOLA 2022 Action Plan has been designed to use the data in this investment strategy and advocate that policy makers and the private market **#PutHousingFirst**.

HousingNOLA 10 Year Strategy and Implementation Plan Goals:

- **Goal #1:** Preserve existing and expand the total supply of affordable rental and homeownership opportunities throughout the City of New Orleans.
- **Goal #2:** Prevent future displacement through development activities and continued study and policy review.
- **Goal #3:** Enforce and promote fair housing policies throughout New Orleans.
- **Goal #4:** Encourage sustainable design & infrastructure for all New Orleanians.
- **Goal #5:** Increase accessibility for all walks of life, including special needs residents.
- **Goal #7:** Improving Quality of Life in New Orleans Neighborhoods

It is imperative that housing be addressed a part of our response to Climate Change, Hurricane Ida, Infrastructure, Economic Redevelopment, Crime and Ending Racial Inequity.

Instead of focusing solely on the “cost-burden” factor relative to housing accessibility, the HousingNOLA 10 Year Plan also addresses displacement which has spiraled out of control because of the pandemic. Renters and homeowners, alike, need policy interventions that stabilizes their housing security with financial subsidies for housing costs and utilities and protects their dwellings by displacement created by loss of employment/wages.

Soon after the fifteenth anniversary of Hurricane Katrina in 2020, the COVID-19 pandemic not only created multiple health and economic challenges in the New Orleans region and the nation, but also exposed the cracks in the infrastructure that holds our economy together. Our most vulnerable people ended up being the most essential workers for maintaining and uplifting our economy. Pre-existing conditions of financial and racial inequality have been revealed in the disparate impact of COVID-19 in communities of color as well as levels of unemployment and financial distress. While housing insecurity—the lack of stable housing or shelter due to challenges—was a severe problem before the pandemic—it is poised to devastate communities long after the COVID-19 pandemic is brought under control. Mitigating this devastating risk requires a multi-pronged approach.

There is also a need for comprehensive reform that also ensures that entities like the Louisiana Housing Corporation, Louisiana Bond Commission and Louisiana Tax Commission can enforce outcome-based policies to help preserve and create more affordable housing. State legislators should also work with community members, advocates, policy makers and the insurance industry to design comprehensive reform initiatives that will afford all Louisianians the opportunity to purchase and maintain affordable insurance policies that allow people to recover equitably.

Geographically, New Orleans is in the path of literal and figurative storms-- we are constantly recovering from disaster and yet never seem to reach full recovery before the next crisis hits. Resources pour in but are all too often distributed to the people and businesses who need them least. This pattern of behavior has left us with a weakened infrastructure and little capacity to become resilient. Instead, the people of New Orleans exist in a forced reality of living with less, simply because state and local governments refuse to center its recovery around the needs of people.

HousingNOLA's community partners have agreed that the following are populations that experience unique challenges in our community.

- ▶ Formerly Incarcerated
- ▶ Seniors
- ▶ Minority Populations with Language Access Barriers
- ▶ Veterans
- ▶ People with Disabilities
- ▶ Opportunity Youth
- ▶ Domestic Violence Victims
- ▶ Culture Bearers
- ▶ LGBTQ+ Populations
- ▶ People Living with HIV/AIDS



Despite this pattern, the unprecedented influx of investment in our state via the American Rescue Plan and the American Jobs Plan affords us an opportunity to make this recovery different. A disaster provides an opportunity for traditionally marginalized participants to gain access to policymakers and advocate for policy proposals. We can deepen the impact of this recovery by implementing a people-centered approach that lifts up the people who have been left behind by past efforts. By ensuring resources go to the people who need them most, we can move from a state of constant crisis to a state full of thriving communities where people are actually centered and given what they need. We know how to help our communities, and we know what needs to change.

One of the greatest obstacles to housing affordability in New Orleans/Orleans Parish is low wages and the low income that traps many of our households and sustains economic inequity. Until our wage rates increase, especially for those in lower-income occupations, the majority of New Orleanians will struggle to meet necessary expenses. Wages in Orleans Parish remain low by national standards and much too low to meet the basic needs of households in the city and parish. According to the Bureau of Labor Statistics New Orleans Area Summary, across all occupations, New Orleans-area average weekly wages are \$3.00 per hour lower than the national average (\$24.05 to \$27.07.)¹⁰

Louisiana is one of five states with no state minimum wage, so the minimum pay rate remains the federal minimum hourly wage of \$7.25, which has been the rate since 2009.¹¹ Moreover, state law preempts local government from enacting higher minimum wage rates, so the power of local government is limited in this area. In 2015 New Orleans enacted a Living Wage Ordinance (LWO) which requires that businesses that contract with the city pay a higher wage (\$11.19 in 2021) to workers employed on those contracts. While the City has amended the LWO to increase that wage rate to \$15.00/hour by 2023, and has extended the LWO to include the same minimum wage for city employees, it is woefully inadequate to meet the cost of living in New Orleans.

The United Way's ALICE report¹² found that the hourly wage needed to meet a "household survival budget" (including housing, transportation, food, communications, and where appropriate, childcare, and receiving available public and private assistance) ranges from \$13.74 for a single adult with no dependents to just under \$40.00 for a household with two adults and two children. Applying data from 2019, MIT's living wage calculator finds that for the New Orleans-Metairie metropolitan area, the living wage for a family with two adults and two children is \$33.42 per hour.¹³ Thus the city's recognition of a \$15 living wage, while laudatory, is already wholly insufficient.

¹⁰ https://www.bls.gov/regions/southwest/summary/blssummary_neworleans.pdf

¹¹ The federal minimum wage includes a "subminimum" wage payable to workers who receive at least \$30.00 per month in tips. That rate has remained at \$2.13 per hour since 1990. While employers are legally required to insure that workers take home at least \$7.25 per hour, tipped workers' wages remain largely dependent on the generosity of customers, and are particularly vulnerable to wage fluctuation and uncertainty.

¹² ALICE is the acronym for households that are Asset-Limited Income Restrained Employed, aka "working poor" and is a category that includes 57% of Orleans Parish households. The latest version of United Way's regional report on the ALICE population can be found at <https://www.unitedwaysela.org/sites/unitedwaysela.org/files/2020%20Regional%20Report.pdf>

¹³ <https://livingwage.mit.edu/metros/35380>

HousingNOLA 2022 Action Plan Highlights

- Insurance advocacy / Community Rating System improvements
- Abating property taxes on energy efficiency / solar / battery improvements
- Increased wages for workers
- Appraisal gap / fair housing
- Housing for vulnerable populations - all populations mentioned in Romy's email
- Public land / purchase of land by public entities



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Angela O'Byrne, *Chair Emeritus*

Public Funding Appendix

Public Funding Sources Currently Available for Affordable Housing

Louisiana Housing Corporation

LIHTC – The most critical resource for affordable housing development. Due to the more rural centric criteria in the Qualified Allocation Plan (QAP), New Orleans projects had not been awarded 9% LIHTC for 2018 and 2019. The 2020 allocation was used to fill gaps in already funded projects and fund the waitlist from 2019. In 2021, two acquisition rehabilitation projects obtained awards. Affordable housing developers have turned to 4% LIHTC and several developers have been successful however there is typically a financing gap remaining.

HOME Funds

- The Spring 2021 NOFA directed at least \$10,000,000 (Ten million dollars) of HOME Investment Partnership Program Entitlement and/or Program Income funds (HOME Funds) to small towns and rural parishes. Orleans Parish did not qualify.

Louisiana Neighborhood Landlord Rental Repair Program Phase 2

- (NLRP2) was issued in December 2019 and again in November of 2020 to serve eligible parishes. This was directed to the west side of the state in response to flooding and storm damage. Orleans Parish did not qualify.
- Piggyback Resilience Initiative – Mixed-Income (PRIME) was issued in January of 2020. Orleans Parish was not eligible.
- CHAAP - The LHC offers the CHDO Annual Awards Program (CHAAP) for awarding funds for CHDO set-aside activities and Operating Cost Assistance. Under this program, the LHC will reserve 25% (but not less than \$2,000,000) of its HOME allocation for use in funding eligible projects proposed by state-certified CHDOs on an annual basis.
- New Orleans has three state-certified CHDOs working in Orleans Parish currently

Project-Based Voucher Program – Permanent Supportive Housing

- In 2019, Louisiana Housing Authority issued a NOFA for Permanent Supportive vouchers. Eligible parishes included Orleans, Jefferson and Baton Rouge.

City of New Orleans

Notice of Funding Availability – Affordable Housing 2021

- The City hereby released this NOFA for the awarding of approximately \$7,000,000 in HOME Investment Partnerships Program (HOME), Community Development Block Grant (CDBG) and Neighborhood Housing Improvement Fund (NHIF) funds, and General Obligation Bond Proceeds for the development of affordable rental housing in the city of New Orleans. There will be approximately \$3,000,000 available for new construction projects and \$4,000,000 available for rehabilitation projects. The maximum award for any project under this NOFA is

\$1,500,000 (\$2,500,000 for greater than 100 units) and no more than 50% of the cost to develop or rehab the assisted unit. Funds to be awarded in no-interest cash flow payment loans. The NOFA was released on October 21, 2021 and responses were due on November 4, 2021.

Neighborhood Housing Improvement Fund (NHIF)

- The NHIF was established in 1991 by New Orleans voters to improve neighborhood housing and combat blight. The NHIF is replenished annually with a .91 mill tax. In 2017, the New Orleans City Council voted unanimously to add specificity to the existing Neighborhood Housing Improvement Fund (NHIF) ordinance, directing that the funding will be applied more clearly toward its original mission of providing affordable housing. In November 2021, the millage was not approved.

2019-2020 Owner Occupied Rehabilitation Program

- The City of New Orleans, through the Office of Community Development (OCD), awarded funds to Not-for-Profits and For Profits to implement programs and/or projects addressing Owner-Occupied Rehabilitation (OOR) programs.

Housing Authority of New Orleans (HANO)

- The Housing Authority of New Orleans has property and from time to time, issues an RFP to develop this property for affordable housing where the agency will make Project Based Vouchers available. There are currently several projects in various stages of negotiations with the Housing Authority based on prior RFP's for development. These sites include single family lots as well as larger multifamily lots.
- Project Based Vouchers (PBVs) allows the HANO to provide financial support, without committing capital. Housing authorities can only allocate 20% of their vouchers for PBVs and HANO currently has 18,084 vouchers which limits their PBV allocation to 3,617—as of August 2021, HANO has allocated 3,375 PBVs.

Finance Authority of New Orleans (FNO)

- The Green Mortgages Program - Receive first mortgage and down payment assistance for 1-4 unit homes
- Sustainable Developer Program – FNO provides PILOT's, Bonds, and/or Tax Credits to fund affordable housing projects in Orleans Parish.

New Orleans Redevelopment Authority (NORA)

- The Redevelopment Authority has property and from time to time, issues an RFP to develop this property for affordable housing. There are currently several projects in various stages of negotiations with NORA based on prior RFP's for development. These sites include single family lots as well as larger multifamily lots.

Golden Pearl Appendix

Golden Pearl Neighborhood Typology

The process towards a more equitable New Orleans hinges on the bedrock of the community-**families living in safe, healthy, stable housing**. In the pursuit of quality guaranteed housing, HousingNOLA developed the Golden Pearl Neighborhood Typology to **rank neighborhoods in terms of socioeconomic vulnerability**. We define socioeconomic vulnerability broadly as a combination of social and economic factors that decrease the ability to withstand added stressors.

The Golden Pearl Neighborhood Typology map uses U.S. Census Bureau American Community Survey 2019 1-Year Estimates to determine the vulnerability of residents in neighborhoods across New Orleans. **This typology looks at 11 factors including access to transportation, information, and housing, shown in the table below.** Census tract data was aggregated to the neighborhood level and analyzed in order to compare socioeconomic vulnerability across neighborhoods compared to the city median.

The Golden Pearl Neighborhood Typology serves as an analysis of racial equity which will be used to assess the nuances in community needs and inform housing policy decisions and allocate funds for rental and homeownership programs.

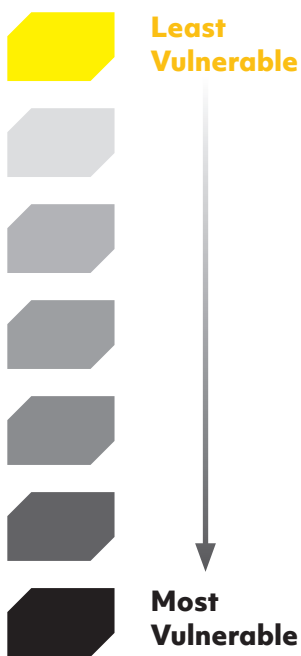
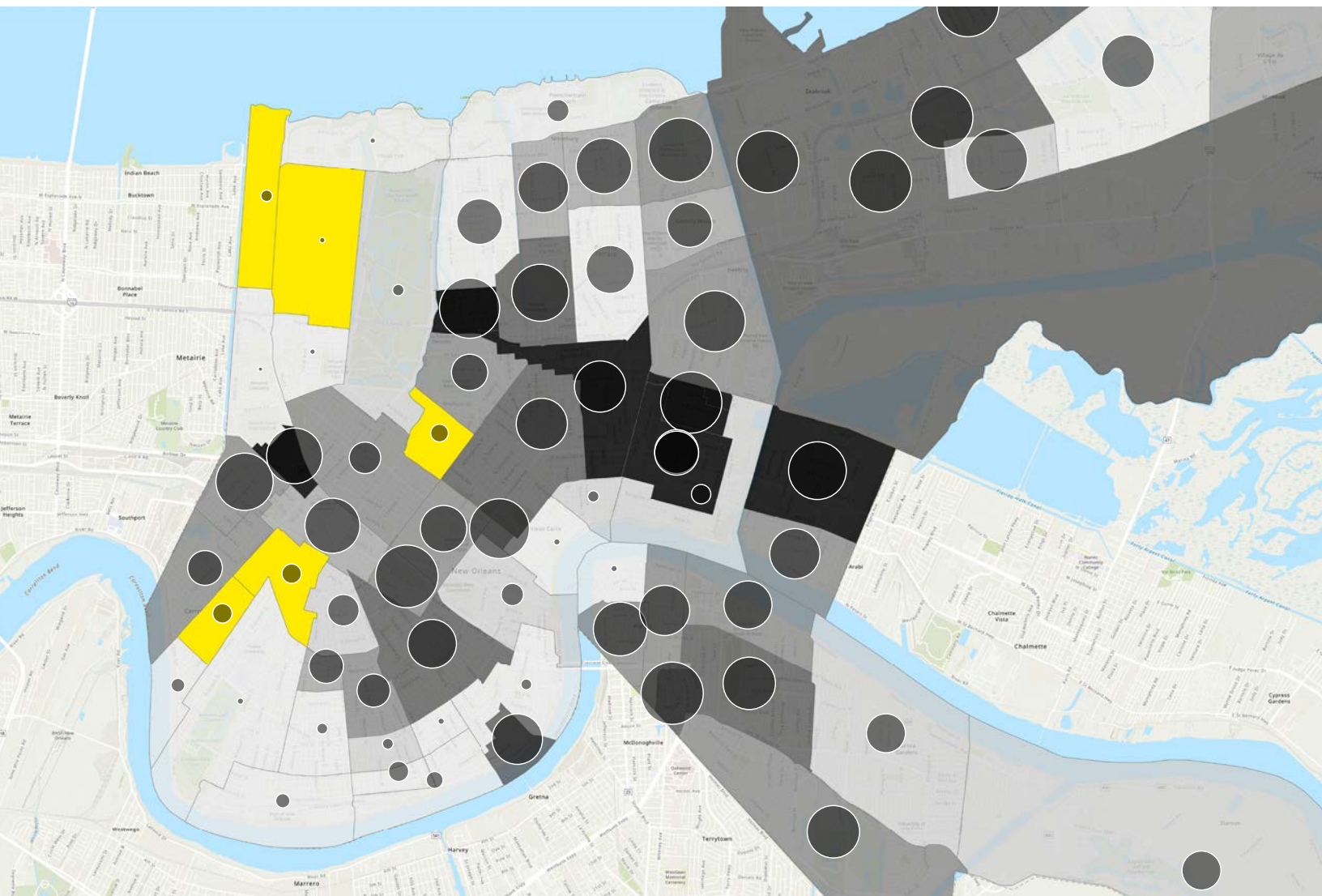
In order for the city of New Orleans and all of its inhabitants to thrive, black people must thrive. The Golden Pearl Typology and its underlying indicators are a reference point for informing housing policy in order to allocate funds for rental and homeownership programs and to develop other forms of public infrastructure such as public transport and programs that strengthen communities' access to jobs and information. In this way, we will use the Golden Pearl Neighborhood Typology as part of a strategy to make each neighborhood a Golden Pearl.

Total Population	390,845
Median Household Income	\$40,692
Persons With A Disability	14%
Seniors	15%
Unemployed	8%
Owner-Occupied Home	49%
Housing Cost Burdened	41%
No Telephone Service	2%
No Internet Access	25%
No Vehicles Available	16%
Travel Time To Work < 30 mins	71%
Persons Working From Home	5%

To explore by neighborhood visit:

bit.ly/NOLAGoldenPearl





Size of circle in proportion to number of black residents in each neighborhood

The shades in the map indicate comparative socioeconomic vulnerability, where gold areas are least vulnerable and black neighborhoods most vulnerable. We've mapped it so that you can visually interpret the disparity in vulnerability by neighborhood, where Gold neighborhoods are the least vulnerable and where vulnerability increases as shades of grey darken, all in reference to the city median. **Through this lens we can see that not only are neighborhoods grossly unequal in these terms** but, as shown by the circles indicating the proportion of black residents in each neighborhood, the high concentration of black residents in neighborhoods with high vulnerability indicates gross inequity.

Methodology Appendix

This Methodology Appendix for the **Housing for All Action Plan** discusses:

- The development of the 2021 HousingNOLA Demand Model, which provides the basis for estimating the numbers of households in New Orleans and the number of low-to-moderate-income commuters at each income level
- The basis for costs used in the **Housing for All Action Plan** cost estimate

Estimating Demand

CHAS data was used to estimate the proportion of households in each income bracket for renters and owners, which was then used to distribute the total renter households and owner households for 2020 to estimate the count of households by income. This distribution of households by income, which represents the demand for housing by affordability level, was then further disaggregated into demand for housing by affordability and by bedroom counts. This was done by once again using CHAS data to estimate percentages of households by income and by types—elderly family, small family, large family, elderly non-family, and non-elderly family.¹⁴ Each household was assumed to have unique sets of demand for different unit counts--for example, for renter households classified as small families of 2 to 4 people, it was assumed that 20% would need a 0- to 1-bedroom unit, 55% would need a 2-bedroom, and 25% would need 3-bedrooms or more. These assumptions were consistent with the 2015 model.

The 2021 Demand Model assumes that the household count is steady, growing slower than it has between 2010 and 2015. Household growth in New Orleans has stagnated in recent years, with a decline between 2017 and 2018. Acknowledging the changing growth pattern of the city, we took the the average of the annual growth in household counts from the ACS 5-year estimates¹⁵ for the last three years of available data (2017 through 2019) and applied that change to the 2019 figure to estimate population growth between 2019 and 2020. This is a departure from the 2015 HousingNOLA Demand model, which used Esri Business Analyst's 2019 estimates of household counts, but is consistent with our approach from last year's 2020 model.¹⁶

In addition to a supply-demand analysis that looks exclusively at populations and units within New Orleans city limits, the 2020 model looked at 2019 OnTheMap data from the U.S. Census to examine commuters who live outside of the city but commute to and work in New Orleans.¹⁷

The OnTheMap data offers three income brackets for the individual commuters, corresponding to earnings of \$15,000 per year or less; \$15,000-\$39,996; and more than \$39,996 per year. This analysis counted all commuters earning \$39,996 or less per year as likely residents of low-to-moderate-income households. Because these commuters are individuals, some of whom may live in households with multiple residents who commute to New Orleans, we divided the total number of these commuters by 1.3 in order to estimate total commuter households who could potentially desire to live in New Orleans, nearer to their jobs.

¹⁴ CHAS 2006-2016 data, New Orleans city data, https://www.huduser.gov/portal/datasets/cp.html#2006-2016_data

¹⁵ Census Bureau, ACS 5-Year Estimates, S1101 Households and Families. Estimates for 2016, 2017, and 2018.

¹⁶ Esri Business Analyst, "Demographic and Income Comparison Profile," 2019 estimates based on U.S. Census Bureau, Census 2010 Summary File.

¹⁷ Census Bureau, "Longitudinal Employer-Household Dynamics," OnTheMap, 2019 New Orleans data, <https://onthemap.census.gov/>

The estimates were made using the latest available data, which may not account for shifts since the data was released. Qualifications to the data are listed below:

- Population change between 2019 and 2020 was estimated by taking the average of the annual growth in household counts from the ACS 1-year estimates for 2017 through 2019.
- 2020 proportions of owners and renters assumed no change from 2019 proportions (52.60% renters and 47.40% owners) based on ACS 5-year estimates, which, like the population change estimate, is based on the most reliable available data but has the potential to be outdated.
- Proportions of households by income level were estimated using 2014-2018 CHAS data, which averaged the count of households in each income category for the years 2014 through 2018. This may not accurately reflect the proportion of households at each income category for 2020. However, CHAS data was preferred over 2019 estimates from ACS due to the ability of CHAS data to estimate income levels exactly at or below certain percentages of HUD Area Median Family Income (HAMFI or MFI).
- Consistent with the 2015 model, the vacancy adjustment assumed that the national vacancy rate was the “natural vacancy rate” in New Orleans and treated the excess vacancy as additional supply. However, this assumes that the natural vacancy rate applies to New Orleans and that the excess demand for units would lead to the lowering of the local vacancy rate to the national rate. This may not be true, especially if there is a mismatch between units and demand and units available.
- The national obsolescence rate of 0.3% may not accurately reflect 2020 obsolescence rates specific to New Orleans.
- The new supply of housing units built between 2019 and 2020 were distributed by levels of affordability using the population proportion of income levels. In other words, because 34% of all renters in New Orleans had an income of 0-30% of MFI, we assumed that 34% of new rental units built between 2019 and 2020 were affordable to that income group. While this assumption allowed the model to account for newly built units as part of the 2019 unit supply, the distribution of units by levels of affordability may not be accurate. The same assumption was used to distribute the vacant units by affordability.
- Cost burden data from ACS did not have the same income brackets as CHAS data. Although an attempt was made to use income brackets from ACS data that were as close to the CHAS data as possible, there were discrepancies, notably for incomes at 81-100% AMI and above.
- Commuter data from OnTheMap counts individual data rather than household data, which may lead to an overestimation of households as multiple individuals may represent a single household.
- OnTheMap provides data for employees by three income levels which do not match the income brackets used by CHAS or ACS data. The lowest income bracket for OnTheMap data (\$0-15,000) was categorized as “extremely low income”; half of the middle income bracket for OnTheMap data (\$15,001-39,996) was categorized as “very low income”; and the other half of the middle income bracket was categorized “low income,” as this income bracket overlapped with both.

Energy Efficiency, Solar, and Battery Costs

Energy efficiency upgrades

It is well-established that a focused set of energy-efficiency improvements in existing homes can result in a substantial reduction in energy use, with 'deep-energy retrofits' able to routinely achieve energy savings in excess of 50% in our region. The particular measures appropriate depend on the age and characteristics of each house or apartment building, but the most common and cost-effective interventions are:

- Insulation and air-sealing of walls, attics, and (for houses raised on pier footings) the underside of raised floors. These interventions typically cost \$1 - \$3 per square foot of treated area
- Improved air sealing through caulking and weatherstripping of windows, or, in the case of severely damaged units, replacement of window units. Caulking and weatherstripping of existing windows is carried at an average of \$50 per window while window replacement can range from \$300 to \$600 per window.
- Replacement of existing air-conditioning units with modern, high-efficiency units that deliver the same amount of cooling at half the energy cost of typical existing systems at least 15 years old. Where appropriate, AC systems can be replaced with heat pumps, which provide both cooling and heating in a single system fed by electricity, and allow household carbon emissions to be lowered as the electric grid continues to transition to lower-carbon sources. System replacement costs vary widely but we carry an average of \$10,000 per household.
- Replacement of electric resistance or gas tank-style domestic hot water heaters with heat pump water heaters, which cut water heating energy costs by more than half while providing free dehumidification. Such units currently cost around \$2,000 installed, and pay back their installation cost in 5 years or less.

The package of energy-efficiency interventions selected could range from as little as \$5,000 to as much as \$20,000 per dwelling, depending on the conditions and circumstances of each dwelling. The goal would be to cut energy consumption by at least half. The above numbers apply to existing homes and apartments. For new construction, one case study in New Orleans (SBP St Peter Residential) found that energy consumption in multifamily construction could be cut in half from even the aggressive 'EnergyStar' standard through an investment of \$7,000 per apartment.

Solar

Once we have energy consumption reduced to half of normal dwellings—down from an average of ~\$2,000/yr to \$1,000/yr, the next investment in reducing energy burden would be to add rooftop or community solar. A rooftop system with a module nameplate DC capacity of 7kW (covering 350 to 500 square feet) in New Orleans is projected (using the PVWatts tool from the National Renewable Energy Labs) to save about \$1,000/yr in electric charges. The installed cost of these systems depends on the scale of the installation and the ability to use or re-sell tax credits and other incentives, ranging from \$1 - \$3 per Watt. These installations can be implemented on individual rooftops or through community solar installations on underutilized land. The solar installation in a newly-constructed 50-unit affordable housing complex in New Orleans designed for net-zero energy completed in 2019 cost about \$7,000 per apartment. In our model, we carry a net cost per dwelling of \$12,500 to add solar sufficient to offset annual consumption for single-family & duplex dwellings.

Storage

Battery systems are an emerging area of technology—currently expensive but evolving rapidly. Used in combination with rooftop solar, these systems can improve resilience by allowing dwellings to go off-grid during power outages, providing power for key appliances (such as refrigerators or window air conditioners) or the whole residence, depending on the size of the installation. For example, a single home battery such as a Powerwall provides up to 7kW peak charging or discharging rate and an overall capacity of 13.5 kWh. Single-family homes with two Powerwalls were able to provide whole-house air conditioning, cooking, and refrigeration throughout the 9 day blackout after Hurricane Ida. Single Powerwall installations are reported to currently cost around \$14,000 before incentives, \$10,000 after. The SBP St Peter Residential 50-unit affordable housing project deployed a single 125 kW / 371 kWh battery at an installed cost of \$8,000 per unit; this system performed well in the aftermath of Hurricane Ida.

Under the electric utility rate structures currently in place in New Orleans and in Louisiana, having a battery system does not impact one's utility bills. Because such systems allow residences to reduce their peak electric demand, to shift demand in time, and even to push power onto the grid upon request, it has been proposed that these systems be compensated by utilities for the value they bring in adding to grid stability, and the ability to avoid construction spending and operating costs for expensive 'peaker' plants. Surprising recent studies of the national grid has indicated that combining decentralized 'Distributed Energy Resources' (DER) in roughly equal amounts with centralized utility-scale solar, wind, and storage results in not only the cheapest pathway to a decarbonized electric grid—it's actually cheaper in total spending than the 'Business As Usual' case of continuing to spend on electric grid based on fossil fuels—saving nearly \$1 trillion dollars nationally between now and 2050, while lowering utility rates.

Solar + Storage installations are being increasingly common around the country, and any climate-aware and equity-focused plan for New Orleans housing needs to anticipate moving in this direction.

Land Acquisition Costs

Market Rate Land Acquisition

Using the Neighborhood Typologies, we selected the three housing typologies located near mass transit and accessible to the central core of New Orleans, which includes the three neighborhood typologies of Amber, Diamond and Topaz. We researched current land prices and broke these prices down by those neighborhood typologies to determine an average sale price in each neighborhood group (typology). This leaves us with an average market rate land value on a per square foot basis. We then assumed a standard single family lot size and a standard multifamily lot size (4-10 units) to determine a per unit cost of land.

This per unit number was then added to the per unit new construction cost for single and multi family unit development.

Public Land Acquisition

This study maintains that public land can be contributed for the purposes of building affordable housing in the City and therefore should not require additional cost to the project.

Market Rate Acquisition/Rehab

Using the Neighborhood Typologies, we selected the three housing typologies located near mass transit and accessible to the central core of New Orleans, which includes the three neighborhood typologies of Amber, Diamond and Topaz. We researched current sale prices for existing unrenovated multifamily properties and broke these prices down by those neighborhood typologies to determine an average sale price in each neighborhood group (typology). This leaves us with an average market rate property value on a per square foot basis. We then assumed a standard single family lot size and a standard multifamily lot size (4-10 units) to determine a per unit cost of property.

This per unit number was then added to the per unit substantial rehabilitation cost for single and multi family unit development.

Public Land Acquisition

This study maintains that publicly owned property can be contributed for the purposes of building affordable housing in the City and therefore should not require additional cost to the project.

Hard and Soft Cost Estimates for Affordable Housing Development

New Construction Cost to Build

New construction and soft cost calculations are based on several recently priced projects including single family home development and multi-family development in the New Orleans region. Costs for both single family and multifamily construction have escalated due to supply chain concerns and the current demand in Hurricane Ida related repairs. Single family home costs are based on the expenses related to traditional financing and financing requirements of additional subsidies. It is unlikely that 4-10 unit affordable housing projects are being built from the ground up due to the cost of being too high and subsidies are not really designed for this currently therefore the new construction cost per unit for multi-family development is based on a larger multi-family building of around 30+ units.

Unit sizes are averaged at 1000 square feet per unit to determine a per unit cost of construction.

Substantial Rehabilitation Costs

Substantial rehabilitation costs assume more than 50% of the building is in need of renovation. These numbers are based on several recently priced projects for single and multifamily development.

Unit sizes are averaged at 1000 square feet per unit to determine a per unit cost of construction.

Limited Rehabilitation Costs

Limited rehabilitation costs assume less than 50% of the building is in need of renovation. These numbers are estimated based only some system replacement or repair.

Unit sizes are averaged at 1000 square feet per unit to determine a per unit cost of construction.

Cost Burden Economic Impact Analysis

Gross Rent as a Percentage of Household Income (GRAPI)

Occupied units paying rent (excluding units where GRAPI cannot be computed)	65,830
Less than 15%	7,209
15% - 19.9%	8159
20% - 24.9%	6496
25% - 29.9%	6646
30% - 34.9%	4588
35% or more	37,732
Not computed	10666

Total Disposable Income if All Renters Paid What They Could Afford
\$279,900,000 per year, or \$8,397,000,000 over 30 years

Selected Monthly Owner Costs as a Percentage of Household Income (SMOCAPI)

Housing units with a mortgage <i>(excluding units where SMOCAPI cannot be computed)</i>	42,237
Less than 20%	17,302
20% - 24.9%	5,547
25% - 29.9%	3,749
30% - 34.9%	3,161
35% or more	12,478
Not computed	299
Housing units without a mortgage <i>(excluding units where SMOCAPI cannot be computed)</i>	31,399
Less than 10%	12,307
10% - 14.9%	5,124
15% - 19.9%	3,825
20% - 24.9%	2,649
25% - 29.9%	1,749
30% - 34.9%	815
35% or more	4,930
Not computed	1,322

Total Disposable Income if All Owners Paid What They Could Afford

\$160,380,000, or \$4,811,400,000 over 30 years

Total Disposable Income if All Renters and Owners Paid What They Could Afford

\$440,280,000, or \$13,208,400,000 over 30 years



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