

FACT SHEET

Fair Housing and Civil Rights Groups File Federal Lawsuit in Post-Katrina Housing Discrimination Case

November 12, 2008

Greater New Orleans Fair Housing Action Center, National Fair Housing Alliance, and Gloria Burns, Rhonda Dents, Almarie Ford, Daphne Jones, and Edward Randolph, on behalf of themselves and all others similarly situated

v.

United States Department of Housing and Urban Development and Paul Rainwater, Executive Director of the Louisiana Recovery Authority

Case summary: Local and national civil rights groups and five African-American homeowners in New Orleans are filing a class action lawsuit against the U.S. Department of Housing and Urban Development (HUD) and the Louisiana Recovery Authority (LRA). The suit alleges that the LRA's Road Home program discriminates against African-American homeowners in New Orleans.

Venue: The lawsuit will be filed in the United States District Court for the District of Columbia.

Plaintiffs in the case:

Greater New Orleans Fair Housing Action Center

New Orleans, LA
504-596-2100
Executive Director: James Perry

National Fair Housing Alliance

Washington, DC
202-898-1661
President and CEO: Shanna L. Smith

Five African-American homeowners on behalf of a class of more than 20,000 African-American homeowners in New Orleans

Legal team:

NAACP Legal Defense and Educational Fund

Washington, DC/New York, NY
(212) 965-2783
President and Director-Counsel: John Payton

Cohen, Milstein, Sellers & Toll, P.L.L.C.

Washington, DC

(202) 408-4600

Head, Civil Rights and Employment Practice: Joseph M. Sellers

Greater New Orleans Fair Housing Action Center

New Orleans, LA

504-596-2100

Executive Director: James Perry

What is the Road Home program? The state of Louisiana created the Road Home program after Hurricanes Katrina and Rita to restore communities by helping families rebuild and return to their homes. The largest component of the program is grants to homeowners whose homes were damaged in the storms.

With an \$11 billion budget, the Road Home program is the single largest housing recovery program in U.S. history. These are federal funds that come through the Community Development Block Grant (CDBG) program administered by HUD.

How are Road Home grants calculated? The formula used to determine grant awards is based on the lower of two values: the pre-storm value of the home, or the cost of damage. The maximum grant is \$150,000.

Why is the grant formula discriminatory? Grant awards are based on the lower of two-values: the pre-storm value of the home, or the cost of damage. Home values in most predominantly African-American neighborhoods are lower than the values of similar homes in white neighborhoods. As a result, the grants for African-American homeowners are more likely to be based upon the pre-storm value of their homes, leaving them without enough money to rebuild. In contrast, white homeowners are more likely to receive grants based on the actual cost of repairs.

What is the Fair Housing Act? The Fair Housing Act (Title VIII of the Civil Rights Act of 1968) was signed into law on April 11, 1968, just days after the assassination of Dr. Martin Luther King, Jr. Amended in 1988, the Act prohibits discrimination in housing and housing related transactions based on race, color, national origin, religion, sex, disability or familial status.

How did HUD and the Louisiana Recovery Authority violate the law? HUD and the LRA have violated the Fair Housing Act of 1968 and the Housing and Community Development Act of 1974 by creating a formula that discriminates against African-Americans.

What remedy are the plaintiffs seeking? The plaintiffs are asking the court to certify this case as a class action lawsuit, to order HUD and LRA to cease violating the plaintiffs' rights, and to order the defendants to recalculate homeowner grants in a non-discriminatory manner.

What is the Greater New Orleans Fair Housing Action Center? The Greater New Orleans Fair Housing Action Center is a private, non-profit civil rights organization dedicated to eradicating housing discrimination throughout the greater New Orleans area through education, investigation and enforcement activities.

What is the National Fair Housing Alliance? Founded in 1988 and headquartered in Washington, DC, the National Fair Housing Alliance is a consortium of more than 220 private, non-profit fair housing organizations, state and local civil rights agencies, and individuals from throughout the United States. Through comprehensive education, advocacy and enforcement programs, NFHA protects and promotes residential integration and equal access to apartments, houses, mortgage loans and insurance policies for all residents of the nation.

What is the NAACP Legal Defense Fund? The NAACP Legal Defense and Educational Fund (LDF) is America's legal counsel on issues of race. Through advocacy and litigation, LDF focuses on issues of education, voter protection, economic justice and criminal justice. We encourage students to embark on careers in the public interest through scholarships and internship programs. LDF pursues racial justice to move our nation toward a society that fulfills the promise of equality for all.

What is Cohen, Milstein, Sellers & Toll, P.L.L.C.? For over 37 years, Cohen Milstein has been a pioneer in plaintiff class action lawsuits. By creating a group or class, individuals join to fight companies in court and enhance their ability to fight corporations who often have larger resources. As one of the premier firms in the country handling major complex class actions, Cohen Milstein, with more than 45 attorneys and offices in Washington, D.C., New York, Philadelphia, Chicago, San Francisco and London.