

June 2016

# WHERE WILL PEOPLE LIVE?

## New Orleans' Growing Rental Housing Challenge

Prepared by Alan Mallach, Center for Community Progress  
For the New Orleans Redevelopment Authority



This report was prepared by the Center for Community Progress. For additional information, please contact the author listed below or Nicole Heyman, Vice President and Director of Louisiana Initiatives, at [nheyman@communityprogress.net](mailto:nheyman@communityprogress.net).

**Author**

Alan Mallach, Senior Fellow  
Center for Community Progress

**Center for Community Progress – National Office:**

1001 Connecticut Avenue N.W. Suite 1235  
Washington, D.C. 20036  
(877) 542-4842  
[www.communityprogress.net](http://www.communityprogress.net)

The author would like to acknowledge the invaluable assistance of Nicole Heyman of the Center for Community Progress; the staff of the New Orleans Redevelopment Authority, including Jeffrey Hebert, Brenda Breaux and particularly David Lessinger and Alexandre Vialou; Ellen Lee, Director of Housing Policy and Community Development, City of New Orleans; and Allison Plyer and Ryan Albright of The Data Center, for their assistance in assembling materials, exploring strategies, and otherwise assisting in the preparation of this report.

**ABOUT CENTER FOR COMMUNITY PROGRESS**

Founded in 2010, the Center for Community Progress is the only national 501(c)(3) nonprofit organization solely dedicated to building a future in which entrenched, systemic blight no longer exists in American communities. The mission of Community Progress is to ensure that communities have the vision, knowledge, and systems to transform blighted, vacant, and other problem properties into assets supporting neighborhood vitality. As a national leader on solutions for blight and vacancy, Community Progress serves as the leading resource for local, state, and federal policies and best practices that address the full cycle of property revitalization. Major support for Community Progress is generously provided by the Charles Stewart Mott Foundation and the Ford Foundation.

# TABLE OF CONTENTS

<b>Executive Summary</b> .....	<b>5</b>
<b>Introduction</b> .....	<b>12</b>
<b>I Rental Housing Conditions in New Orleans</b> .....	<b>13</b>
<b>A Citywide Conditions and Trends</b> .....	<b>13</b>
1 The Rental Housing Stock.....	13
2 Renter Characteristics .....	17
3 Prices and Affordability in the Rental Market .....	20
<b>B Neighborhood-by- Neighborhood Analysis</b> .....	<b>29</b>
1 Rent Levels and Affordability .....	31
2 Rent Trends .....	36
3 Housing Choice Vouchers and Subsidized Housing .....	38
<b>II Potential Roles for Public Sector Intervention in the New Orleans Rental Housing Market</b> .....	<b>45</b>
<b>A Opportunities and Constraints</b> .....	<b>45</b>
<b>B Strategies</b> .....	<b>47</b>
1 Overview .....	47
2 Site Acquisition and Assembly.....	49
3 Subsidy.....	52
4 Financing.....	56
5 Regulation .....	58
6 Putting the Pieces Together .....	62

<b>Appendix 1</b> .....	<b>67</b>
Median Listing Rents by Neighborhood for the First Half of 2015 .....	67
<b>Appendix 2</b> .....	<b>70</b>
Median Listing Rents by Year and Number of Bedrooms by Neighborhood .....	70
<b>Appendix 3</b> .....	<b>80</b>
Affordability of Rental Listings by Neighborhood, Number of Bedrooms and Neighborhood-Level Median Income by Household Size .....	80



# EXECUTIVE SUMMARY

The Center for Community Progress (Community Progress) was asked by the New Orleans Redevelopment Authority (NORA) to assess rental housing conditions in the city of New Orleans; more specifically, to assess the extent to which there is a shortage of rental housing, particularly housing affordable to the city's lower income households, and to identify impediments standing in the way of addressing that shortage and strategies to address it. This report is our response to that request.

The first section of the report contains an analysis of rental conditions and challenges in the city and its neighborhoods, while the second section contains an analysis of potential strategies that the City of New Orleans and NORA may want to consider to address these challenges. We recommend a variety of strategies for consideration, recognizing that the choice of specific actions will depend on many factors that go beyond the scope of this report, including state-level legal frameworks, state and local fiscal constraints, and, of course, the complex nature of local conditions and dynamics.

## RENTAL HOUSING CONDITIONS IN NEW ORLEANS

### THE RENTAL HOUSING STOCK

New Orleans is a city of renters. 55% of all New Orleans households were renters in 2013 compared to 36% nationally. 70% of New Orleans renters live in one- to four-family properties, compared to just over half of all renters nationally. One out of every three single family houses in New Orleans is rented, rather than owner-occupied. While the rental housing stock has rebounded in recent years to pre-Hurricane Katrina levels, this has come from rehabilitation of existing properties, along with many properties moving from owner-occupancy to rental use. New construction accounts for only a small part of the post-Katrina increase in rental housing.

## RENTER CHARACTERISTICS

Renters in New Orleans are disproportionately made up of single persons and non-family households, are much younger than the city’s homeowners, and are disproportionately poor. While the median income of homeowners in New Orleans is \$57,000, that of renters is only \$24,000. While a large percentage of the city’s renters receive some form of rental assistance, most are dependent on the private market.

## PRICE AND AFFORDABILITY

Vacancy rates have gone down sharply and rents have gone up sharply in New Orleans in the last four years. The rental vacancy rate fell below 8% in 2013 for the first time since Katrina – below the national vacancy rate – while rents have increased since 2012 by 20% to 25%, or an average of six to eight percent per year, as seen in Table 1. Rents have been rising faster in New Orleans than in neighboring cities like Kenner or Metairie, or neighboring parishes such as St. Bernard or St. Charles.

**Table 1: Median Rent by Year and Number of Bedrooms 2009-2015 Ytd**

	2009	2010	2011	2012	2013	2014	2015	TOTAL INCREASE 2012-2015	COMPOUNDED ANNUAL RATE OF INCREASE 2012-2015
1 bedroom	800	800	850	825	875	995	1,000	21.21%	6.62%
2 bedrooms	950	975	1,000	1,000	1,100	1,200	1,250	25.00%	7.72%
3 bedrooms	1,200	1,250	1,200	1,100	1,200	1,300	1,350	22.73%	7.06%
4 or more bedrooms	1,663	1,750	1,400	1,400	1,400	1,500	1,675	19.64%	6.16%

SOURCE: Analysis by author based on RentJungle data.

## COST BURDEN

New Orleans’ combination of low household incomes and high rents results in extremely high rent burdens. Three out of five renters spend 30% or more of their income on housing costs, while the majority of these spend 50% or more of their income on housing – or nearly two out of every five renters, far more than in the United States as a whole. **Nearly four out of five low-income, cost-burdened renters in New Orleans are African-American households.**

## HOUSING CONDITIONS

Data from the most recent American Housing Survey for which city-specific data is available found that nearly 20% had water leaking from inside or outside the home or apartment, and overall one out of seven lived in a home with severe or moderate physical problems, a much higher level than nationally. Since low income tenants are more likely to experience these problems, **it is possible that as many as one out of three low income tenants suffer from substandard housing conditions.**

## NEIGHBORHOOD VARIATIONS

The picture varies widely from neighborhood to neighborhood. Rents are rising sharply in some areas, while remaining steady in others. Overall, the trend is upward. It is important to understand, though, that **New Orleans is not a single market, but is made up of multiple different rental submarkets, each operating relatively independently from one another.** Thus, an increase in the supply of rental housing in one neighborhood may relieve market pressures or improve matters for that area's residents, but may have relatively little impact on conditions in other parts of the city.

## HOUSING CHOICE VOUCHERS

With nearly 19,000 Housing Choice Vouchers in use in New Orleans, a much larger share of all households than nationally, they are the most important source of housing assistance to the city's low income households. Despite the city's sharp rent increases in the past three years, the number of vouchers has not increased in five years, while the Fair Market Rents allowed by HUD have not risen, thus placing even greater pressure on the city's housing stock and its low-income renters. **Vouchers, moreover, are heavily concentrated in the city's high-poverty and predominately African-American neighborhoods, exacerbating patterns of segregation and concentration of poverty,** while a large percentage are used to further subsidize the city's Low Income Housing Tax Credit projects.

# POTENTIAL ROLES FOR PUBLIC SECTOR INTERVENTION IN THE NEW ORLEANS RENTAL HOUSING MARKET

## OVERVIEW

Rental housing is a critical arena for public sector involvement. Problems of rental housing affordability, availability, and quality affect the health, safety, economic condition, and quality of life for many thousands of the city's residents. At the same time, large numbers of vacant, dilapidated, or unsound units continue to mar many of the city's neighborhoods. Addressing these issues is an important part of the mission of the City of New Orleans, working through its Office of Community Development and through the New Orleans Redevelopment Authority.

The challenge is to find the resources and tools to change the situation. The problem is both a housing and an economic one. The city needs to focus on creating more affordable housing, creating greater opportunities for the market to provide additional rental housing, and creating mixed-income housing wherever feasible. The city has to be both fully committed to tackling this problem and realistic in its goals, establishing short, medium, and long-term targets, and committing available resources accordingly. Its strategies must be both incremental and multifaceted. There is no one strategy that should be pursued to the exclusion of others, and no one strategy that will in itself have a dramatic impact. By taking many small steps, however, the city may be able to make a major difference over time.

The city should pursue strategies in four distinct areas, as shown in Table 2, which also illustrates the elements that should go into each strategy. Some strategies may be more relevant to certain sectors and challenges than to others. Site acquisition and assembly is likely to be most important for large-scale new production, less significant – but still relevant – for individual unit rehab, and irrelevant to strategies that address the condition of the existing stock. Financing strategies, however, while relevant to all of the different challenges and sectors, must be cast differently depending on the nature of the borrower and the end use.

**Table 2: Strategies and Elements**

STRATEGY	ELEMENTS
Site Acquisition and Assembly	<ul style="list-style-type: none"> <li>• Use of publicly-owned land (NORA, HANO, Orleans Parish School Board)</li> <li>• Acquisition of adjudicated properties</li> <li>• Foreclosure on city code enforcement liens</li> <li>• Property acquisition through the NORA strategic acquisition fund</li> <li>• Allocation of other public resources for site acquisition</li> </ul>
Subsidy	<ul style="list-style-type: none"> <li>• CDBG/HOME funds</li> <li>• Neighborhood Housing Improvement Fund (NHIF)</li> <li>• UDAG repayment funds</li> <li>• Low Income Housing and Historic Preservation Tax Credits</li> <li>• Project or area-wide tax increment financing</li> <li>• Tax abatement/payment in lieu of taxes</li> <li>• Rental affordability buy-in program</li> <li>• Land/building write-down</li> <li>• Project-based housing choice vouchers</li> </ul>
Financing Assistance	<ul style="list-style-type: none"> <li>• Credit enhancements</li> <li>• Loans from the Finance Authority of New Orleans (FANO)</li> <li>• Subordinated second mortgages</li> </ul>
Regulation	<ul style="list-style-type: none"> <li>• Rental Registry</li> <li>• Code enforcement</li> <li>• Linkage fee</li> <li>• Vacant property fee or surtax</li> <li>• Inclusionary zoning</li> </ul>

## SITE ACQUISITION AND ASSEMBLY

One of the critical elements in creating additional rental housing, whether subsidized housing or housing built for the marketplace, is the availability of buildings and sites for rehabilitation or new construction. It is not simply a matter, moreover, of having sites, but having sites *that can be readily developed*; that is, that are suitably zoned, offer clean title, and contain no other serious impediments to reuse, such as the need for environmental remediation. The City can play a role in increasing land and building availability in three distinct ways:

- Targeted use of properties in the public inventory to create rehabilitation and development opportunities for rental housing
- Aggressive acquisition of suitable buildings and sites by utilizing adjudicated properties, lien foreclosure, and acquisition by the City on the open market.
- Use of public funds for strategic assembly of properties



## SUBSIDY

The ability of the City to obtain or provide capital or other forms of subsidy to reduce the extent to which the full cost of rental housing development must be covered by the rent roll is fundamental to the creation of affordable rental housing. It is also relevant in many cases to the creation of market rental housing, since there are still many parts of the city where it may be appropriate to encourage market rental housing, but where market rents cannot sustain the full cost of developing new or substantially rehabilitated housing units. Finally, subsidies may also be used to keep existing private market rental housing affordable, through what we have called the Rental Affordability Buy-in Program.

A major challenge facing the City in use of subsidies for rental housing is the reality that they are limited, and that many programs, such as CDBG, have many competing uses. While the City needs to balance the many competing uses for limited resources, increasing the supply and affordability of rental housing should be seen as a high priority among those uses.

## FINANCING

While subsidies are a critical part of increasing the supply of rental housing – particularly affordable rental housing – increasing access to affordable financing is equally important, and particularly important as a way of facilitating small-scale development of rental housing and preservation of the existing private market stock. Developers and owners of rental housing may need a number of different types of financing:

- Property acquisition and pre-construction loans
- Construction loans, to cover the period from approval to end of construction
- Permanent or “take-out” financing, once the project is completed and income is being generated from rents.
- Subordinated debt to fill the gap between loan and equity availability.

This is an area where public sector intervention can be potentially highly productive, if carefully pursued. The public sector can facilitate access to credit through a number of ways:

- Credit enhancements, such as loan guarantees and other risk-sharing mechanisms
- Subordinated debt, such as “soft seconds”
- Direct lending, generally through a special-purpose entity, such as the Louisiana Housing Corporation or the Finance Authority of New Orleans (FANO).

These can be combined, such as when a general governmental body provides a guarantee to back the lending activities of a special-purpose entity.

## REGULATION

The City can use its regulatory powers in many ways to create more rental housing generally, create more affordable rental housing, and improve the quality of existing rental housing. In addition to the recently enacted inclusionary housing program, the City should explore such areas as linkage fees – charges for affordable housing on non-residential development linked to the impact they have on the need for affordable housing; a vacant property surtax; and a rental registry that requires regular health and safety inspections of the city’s rental housing units.

## BUILDING A STRATEGY

Finally, the City must put the pieces together, making sure that all of the tools that it has potentially available are put in place, and linking them to strategies, projects and outcomes in a way that the City’s limited resources can be leveraged to the greatest extent, and that the strategies and projects can be molded into a comprehensive rental housing strategy with measureable targets and benchmarks for which the City is accountable.

The City of New Orleans, with the legal powers and financial resources available to it, cannot by itself *solve* its rental housing problems. They are economic as much as housing problems, and reflect national conditions, exacerbated but not caused by New Orleans’ specific history, economy, and physical form.

The City *can*, however, make a major difference to reduce the magnitude of the problem, and improve the living conditions of thousands of its residents now suffering from inadequate or overly expensive rental housing. If the City is to do so, however, it must maximize the use and leverage of its limited resources, build strong partnerships, and work with its partners to marshal their collective powers and resources in a systematic, strategic fashion. Given all that New Orleans has accomplished in recent years, we believe that it has both the capacity and the political will to accomplish this task as well.

# INTRODUCTION

The Center for Community Progress (Community Progress) was asked by the New Orleans Redevelopment Authority (NORA) to assess rental housing conditions in the city of New Orleans; more specifically, to assess the extent to which there is a shortage of rental housing, particularly housing affordable to the city’s lower income households, and to identify impediments standing in the way of addressing that shortage and strategies to address it.

This report represents the response to that request. The first section of the report contains an analysis of available data on rental conditions in the city and its neighborhoods, while the second section contains an analysis of potential strategies that the City of New Orleans and the New Orleans Redevelopment Authority may want to consider to address these multiple challenges. We recommend a variety of strategies for consideration, recognizing that the choice of specific actions will depend on many factors that go beyond the scope of this report, including state-level legal frameworks, state and local fiscal constraints, and, of course, the complex nature of local conditions and dynamics.

In addition to data available from public sources, including data provided by the Bureau of the Census, the first section of the report utilizes more detailed and current data obtained from RentJungle, a proprietary data provider, on rental listings by rent level, location, and the number of bedrooms. That data has not only enabled us to provide more up-to-date information than is available from the census, but to provide data broken down by neighborhood. In this section, we first describe citywide rental housing conditions and trends, followed by data for each of the city’s neighborhood areas, as identified by the city planning department.<sup>1</sup>

The data shows that the rental housing challenge in New Orleans is one of quantity, quality, and affordability. Rapidly rising rent levels, coupled with the poor condition of much of the city’s older rental housing stock, and the difficulty producing new affordable rental housing, have created a situation that affects both the city’s economic prospects and its residents’ quality of life.

---

<sup>1</sup> We recognize that these areas do not necessarily correspond to the fluid boundaries of the city’s neighborhoods as perceived by their residents. They represent, however, a useful way of showing the extent to which rental markets vary widely from one part of the city to the next.

# I RENTAL HOUSING CONDITIONS IN NEW ORLEANS

## A CITYWIDE CONDITIONS AND TRENDS

### 1 THE RENTAL HOUSING STOCK

---

New Orleans is a city of renters. 55% of all New Orleans households were renters in 2013 compared to 36% nationally. 70% of New Orleans renters live in one- to four-family properties, compared to just over half of all renters nationally. One out of every three single family houses in New Orleans is rented, rather than owner-occupied.

---

In 2013, 86,000, or 55%, of all New Orleans households were renters. African-American households are more likely to be renters than white households; in 2013, 58% of African-American households in New Orleans were renters, compared to 49% of white households. This breakdown has not changed significantly since before Hurricane Katrina, although the share of white renters among all white households has grown slightly and the share of African-American renters among all African-American households remained largely unchanged from 2000.<sup>2</sup> As we will show, African-American households are much more likely, however, to be *cost-burdened* renters.

The city's rental stock is highly diverse, but much more strongly skewed toward single-family and small multifamily properties than is true nationally. While nationally slightly more than half of renters live in one- to four-family properties, 70% of New Orleans' renters live in one- to four-family properties; 37% live in single family homes, and another one-third live in two- to four-family properties, a much larger percentage than is the case in the nation as a whole.

**Nearly one out of every three single family homes in the city is a rental property, compared to just under 20% nationally.** The streetscape of many New Orleans neighborhoods combines single family homes, duplexes, and the occasional fourplex, with some single family and duplex properties owner-occupied and others owned by investors and rented out. The pattern is illustrated in Figure 1, showing ownership and property type on the 2700 block of Verbena Street in Gentilly.<sup>3</sup>

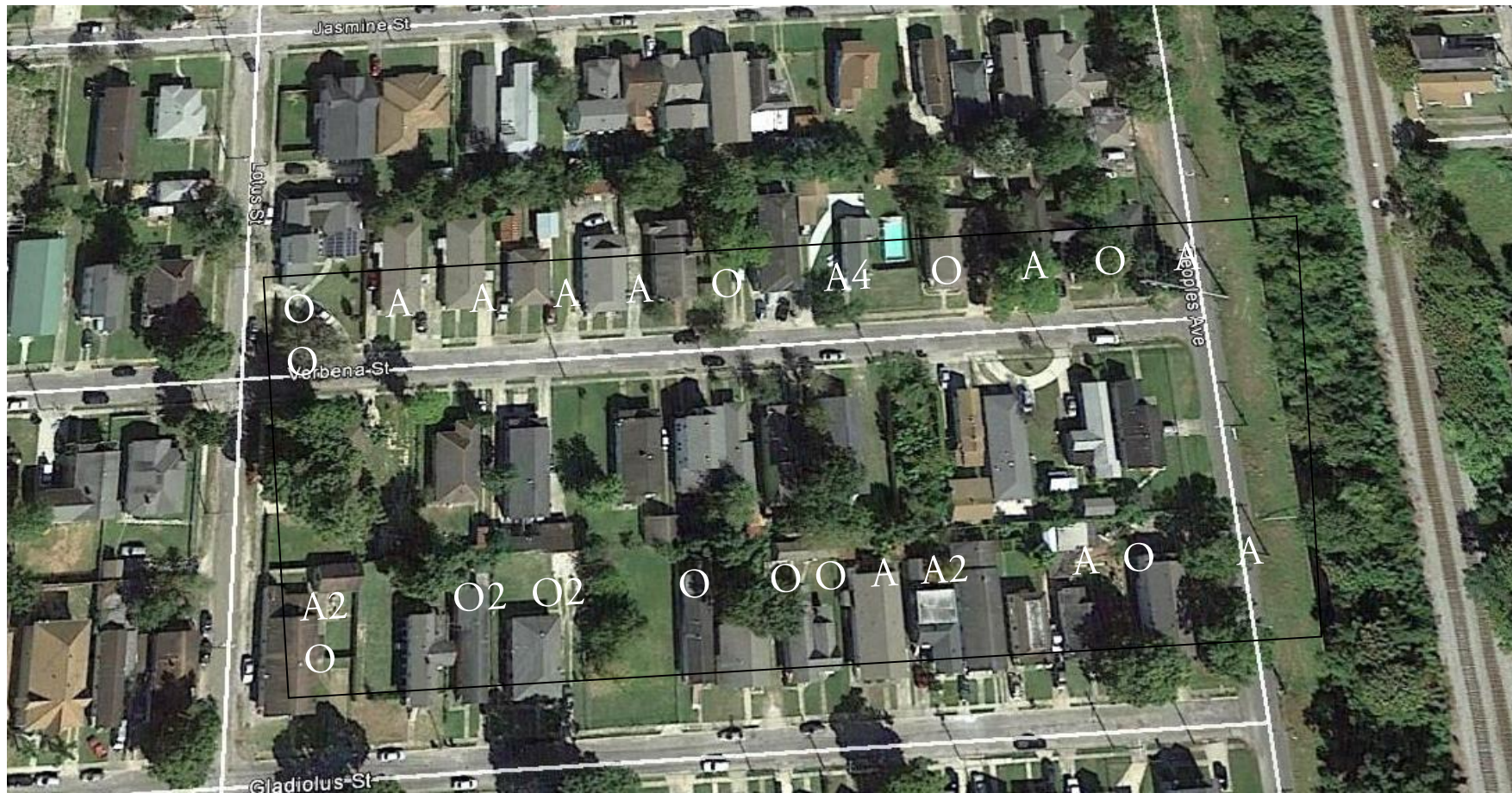
---

<sup>2</sup> Reflecting the overall shift in New Orleans' population, the percentage of the total renter population that is white increased from 31% to 39% between 2000 and 2013.

<sup>3</sup> The classification of properties is based on our analysis of data on the Orleans Parish Assessor web site, differentiating between owner-occupants and absentee owners on the basis of whether the owner's mailing address is or is not the same as the property address. Any errors resulting from mistakes in reading the aerial information or assessor data are the responsibility of the author.



Figure 1: Property Types and Ownership on 2700 Block Verbena Street



KEY

O OWNER OCCUPIED SINGLE FAMILY (10 PROPERTIES)  
 O2 OWNER OCCUPIED DUPLEX (2 PROPERTIES)

A NON-OWNER OCCUPIED SINGLE FAMILY (9 PROPERTIES)  
 A2 NON-OWNER OCCUPIED DUPLEX (2 PROPERTIES)  
 A4 NON-OWNER OCCUPIED FOURPLEX (1 PROPERTY)

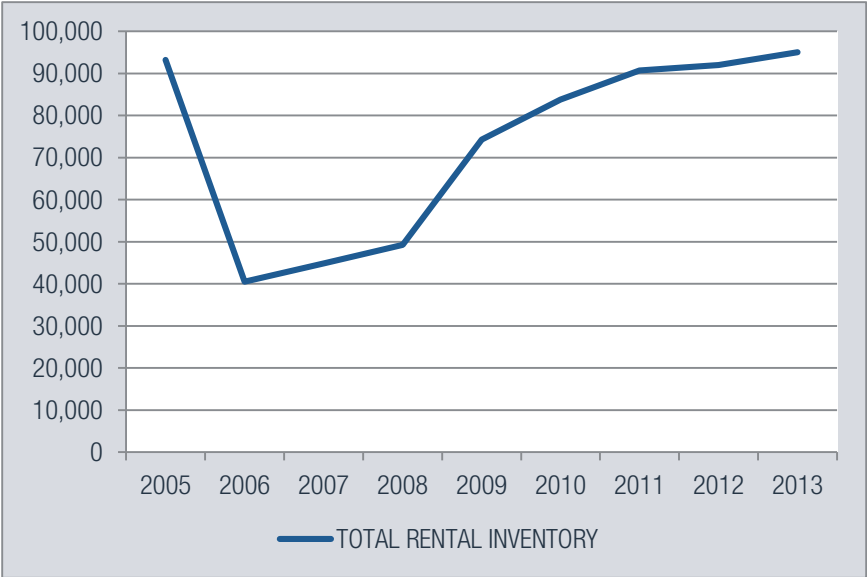


After the sudden decrease of population and occupied housing in the wake of Hurricane Katrina, the rental inventory in New Orleans has been steadily restored, as shown in Figure 2. By 2013, the total inventory, including both vacant and occupied rental units, exceeded the pre-Katrina level for the first time, totaling 95,015 units compared to 93,173 in the spring of 2005. This reflects the extent to which New Orleans' housing stock has shifted toward rental occupancy from home ownership, as well as the smaller average household size for renters today compared to in 2005, despite the fact that the city's overall population is still much lower than before Katrina.

The revival of the rental housing stock has come largely from rehabilitation of existing properties and putting them back into use, along with a shift of a substantial number of single family properties from owner-occupancy to rental tenure. Between 2005 and 2009, the number of *owner-occupied* single family detached houses dropped by 5,000, while the number of *rental* single family detached homes increased by roughly the same amount.

### Housing Construction

New construction, particularly multifamily construction, appears to have played a minor role in the revival of the city's housing stock since 2010. After a spurt of permit issuing in 2007 and 2008, construction, particularly multifamily construction, has dropped off. As Table 1 shows, permits for new multifamily units have barely averaged 100 units per year from 2010 to 2014. Although much of the single family construction may reflect additional subsidized rental housing, the data reflects the limited extent to which the city's aging rental housing stock is being replenished.



**Figure 2: Change in Total Rental Housing Inventory 2005-2013**

SOURCE: 1 year American Community Survey

---

**Table 1: Building Permits for New Construction 2010-2014**

	1 FAMILY	2 TO 4 FAMILY	5+ FAMILY	TOTAL
2010	820	177	83	1,080
2011	717	273	104	1,094
2012	690	228	46	966
2013	736	133	26	895
2014	574	179	273	1,026
Five Year Total	3,537	990	532	5,061
Annual Average	707.4	198	106.4	1,012.2

Source: Bureau of the Census, <http://censtats.census.gov/bldg/bldgprmt.shtml>

---

## Subsidized Housing Units

More of the New Orleans rental stock is made up of subsidized or assisted housing than is true of most communities; while New Orleans contains 8% of the state of Louisiana's population, it contains 20% of the state's Low Income Housing Tax Credit (LIHTC) units. Altogether, based on data provided by the City of New Orleans, the city contains 11,730 unduplicated<sup>4</sup> subsidized low income housing units, as well as 17,597 housing vouchers. A large number of those vouchers, however, are in subsidized, particularly LIHTC, units. Assuming that one in four vouchers is in subsidized housing developments, that would suggest that roughly 25,000 tenants in New Orleans are receiving housing assistance, or 29% of the city's rental households.<sup>5</sup>

---

<sup>4</sup> Since some projects received subsidies from multiple programs, they appear on more than one list; the unduplicated total screens those duplicate appearances out to ensure that projects are counted only once.

<sup>5</sup> Large numbers of tenants in subsidized housing, particularly in LIHTC units, also hold housing vouchers. According to recent HUD data, in the state of Louisiana, of those units reporting (38.2% of the total), 36.3% were reported to be receiving at least some amount of monthly rental assistance. We believe that it is likely, given the higher rents and greater demand pressures in New Orleans than in most of the rest of the state, the percentage is likely to be higher in New Orleans; on that basis, we have assumed that 40% of renters in subsidized units in New Orleans receive rental assistance, which translates into 26 to 27% of all vouchers being in subsidized housing.

## 2 RENTER CHARACTERISTICS

Renters in New Orleans are disproportionately made up of single persons and non-family households, are much younger than the city’s homeowners, and are disproportionately poor. While the median income of homeowners in New Orleans is \$57,000, that of renters is only \$24,000, and roughly 30% of all of the city’s renters receive some form of rental assistance.

### Household Type

New Orleans renter households are disproportionately made up of single individuals and nonfamily households.<sup>6</sup> In light of the predominance of 1 to 4 family buildings, particularly single family homes in the city’s rental housing stock, many of them live in such buildings, although they might prefer apartments in multifamily buildings if more were available.<sup>7</sup> Table 2 shows the distribution of renter households by type for 2000 and for 2013. Today, **60% of all renter households in New Orleans are non-family households, while 49% are single individuals, compared to 47% and 36% of renter households respectively nationwide.** One-third of renter households nationally have children under 18 in the home, compared to roughly one-fifth of New Orleans renter households. As the table shows, there has been a strong trend in the city’s rental market away from both married-couple and female-headed families toward single individuals and other non-family households.

**Table 2: Renter Households by Type and Presence of Own Children 2000 and 2013**

	2000		2013		CHANGE 2000-2013
	number	% of all renters	number	% of all renters	
<b>Married Couples</b>	17,116	17.0%	11,265	13.0%	- 34.2%
with own children <18	8,419	8.4	4,113	4.8	- 51.1
<b>Female-Head Family</b>	30,055	29.8	19,714	22.8	- 34.4
with own children <18	20,464	20.3	11,672	13.5	- 43.0
<b>Other Family</b>	4,652	4.6	3,789	4.5	- 18.6
<b>Non-Family Household</b>	48,893	48.5	51,585	59.7	+ 5.6
Single individual	40,198	39.9	42,046	48.7	+ 4.6
Other non-family household	8,695	8.6	9,539	11.0	+ 9.7
<b>TOTAL</b>	100,716	100%	86,353	100%	- 14.3%

<sup>6</sup> Nonfamily households other than single individuals are two or more unrelated individuals sharing a housing unit. This includes unmarried couples living together.

<sup>7</sup> 59% of the single person renter households in New Orleans live in 1 to 4 family structures, compared to 39% nationally.

## Age

New Orleans tenants are also substantially younger than the city's homeowners. 36% of the city's renters are under 35, roughly the same percentage as nationally, compared to 11% of its homeowners; 28% of homeowners are 65 and older, compared to 11% of renters. 11% of New Orleans renters are over 65, however, compared to 14% nationally. As Table 3 shows, nearly four in five households where the householder<sup>8</sup> is under 35 are rental households; among those where the householder is 65 or over, nearly 70% are homeowners.

**Table 3: Age of Householder by Tenure**

	OWNER	RENTER	TOTAL	% RENTER
Householder 15 to 34 years	8,200	31,138	39,338	79.2%
Householder 35 to 44 years	10,894	16,673	27,567	60.5%
Householder 45 to 54 years	15,168	15,929	31,097	51.2%
Householder 55 to 59 years	8,404	7,061	15,465	45.7%
Householder 60 to 64 years	9,431	6,054	15,485	39.1%
Householder 65+	19,904	9,448	29,402	32.1%
All households	72,001	86,353		

SOURCE: 1 year 2013 American Community Survey

## Income

Another important characteristic of New Orleans' renter population is that they are disproportionately of lower income. The disparity between homeowner and renter incomes is substantially greater than the national level; the median income of tenants is only 42% of the median for homeowners, compared to 48% in the United States as a whole. As Table 4 shows, households earning under \$20,000 are disproportionately likely to be renters, while households earning over \$50,000 are similarly disproportionately likely to be homeowners. **43% of all renters have annual total household incomes of less than \$20,000**, compared to only 17% of homeowners, most of which are likely to be elderly households.

<sup>8</sup> This is the awkward term used by the Census Bureau to replace the earlier term "head of household."

**Table 4: Income Distribution Of Households By Tenure**

	OWNERS	RENTERS	TOTAL	INCOME DISTRIBUTION		% HOUSEHOLDS THAT ARE RENTERS
				Owners	Renters	
0 to \$9,999	4,848	17,946	22,794	6.9%	22.9%	78.7%
\$10,000 to \$19,999	7,020	15,719	22,739	10.0%	20.1%	69.1%
\$20,000 to \$34,999	9,799	15,819	25,618	14.0%	20.2%	61.7%
\$35,000 to \$49,999	9,044	9,827	18,871	12.9%	12.6%	52.1%
\$50,000 to \$74,999	12,340	9,298	21,638	17.6%	11.9%	43.0%
\$75,000 to \$99,999	8,496	4,306	12,802	12.1%	5.5%	33.6%
\$100,000 or more	18,628	5,308	23,936	26.5%	6.8%	22.2%
TOTAL	70,175	78,223	148,398	100%	100%	
MEDIAN	\$57,408	\$24,339	\$37,146			

SOURCE: Five-year 2009-2013 American Community Survey

The fact that tenants in New Orleans are frequently both single person households and of very low income may surprise some who think of young single people, the so-called Millennial generation, as being predominately well-educated and affluent. While there are many such people, and New Orleans (like many other older cities) is drawing a more-than-proportionate share of them, the majority of young single people nationally as well as in New Orleans are neither well-educated nor affluent. This group makes up a large part of the city’s renter population.

These patterns are related, in that single people tend to have much lower incomes than households in which there are multiple wage earners,<sup>9</sup> and young people, in many cases, have yet to reach their peak earning years. All of these factors, however, have significant implications for the city’s rental housing policies.

<sup>9</sup> This is true as well for single female-headed households, which typically have extremely low incomes. In 2013, the median income for female-headed households with children under 18 in New Orleans was \$18,409.



### 3 PRICES AND AFFORDABILITY IN THE RENTAL MARKET

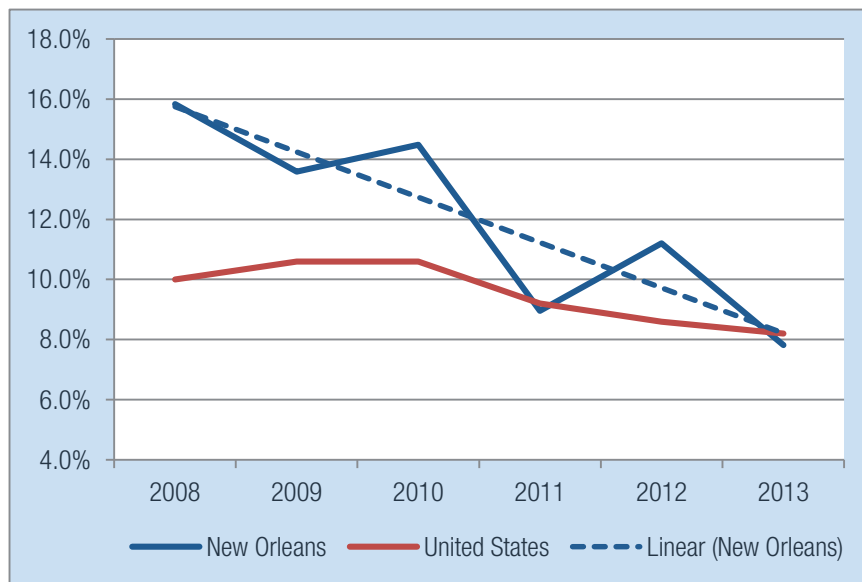
---

Vacancy rates have gone down sharply and rents have gone up sharply in New Orleans in the last four years. The rental vacancy rate fell below 8% in 2013 for the first time since Katrina – below the national vacancy rate – while rents have been rising at an average rate of six to seven percent per year since 2012.

---

#### Vacancy Rates

While the trend data is somewhat irregular, perhaps because of the uncertainty inherent in data from the American Community Survey<sup>10</sup>, it nonetheless indicates that the rental market in New Orleans has been getting significantly tighter, as the superimposed trend line in Figure 3 shows. *After peaking in 2008 at nearly 16%, the rental vacancy rate,*<sup>11</sup> as measured by the one-year American Community Survey, has dropped sharply, falling below 8% in 2013. That year was the first in recent years in which the city’s rental vacancy rate was below the national average, which was 8.2% in the second quarter of 2013



**Figure 3: Rental Vacancy Rate 2008 to 2013 New Orleans and United States**

SOURCE: 1 year American Community Survey; Bureau of the Census, Quarterly Rental and Homeownership Vacancy Rates for the United States 1995-2015.

---

<sup>10</sup> A discussion of the limitations of the various datasets used for this analysis, including the ACS data, is provided in Appendix 1.

<sup>11</sup> The rental vacancy rate refers to those units that were vacant *and being offered for rent*, as a percentage of the total rental stock, which also includes occupied rental units and those rental units that are vacant pending occupancy.

There is no hard and fast rule about what is considered a “healthy” vacancy rate. Although many sources, based on experience from the 1950s through the 1970s, refer to 5% as being an equilibrium or “normal” vacancy rate for rental housing below which the housing market becomes excessively tight and pressures are strong on rents, current research suggests that equilibrium can be reached at much higher rent levels, between 7% and 10%, depending on the characteristics of the local housing market.<sup>12</sup> The national rental vacancy rate during the 1990s, prior to the emergence of the housing bubble, remained consistently between 7% and 8% independent of short-term economic fluctuations. This suggests, however, that the rental market in New Orleans, which may well have seen vacancies go down further since 2013, may be approaching tight market conditions in terms of the city as a whole, although that may not be true of every neighborhood.

## Rent Levels

Evidence to support the proposition that New Orleans’ rental market is becoming tighter comes from RentJungle, which provides data on rental listings through mid-2015. That data, which is presented in Table 5, shows relatively stable rents between 2009 and 2012, but a significant increase since 2012, strongly suggesting that the market has gotten tighter since 2013, the last year for which ACS data is available. In some respects this data is more meaningful than data for the total rental stock, since it includes only units that are currently on the market, and reflects what someone looking for rental housing in today’s market is likely to find.

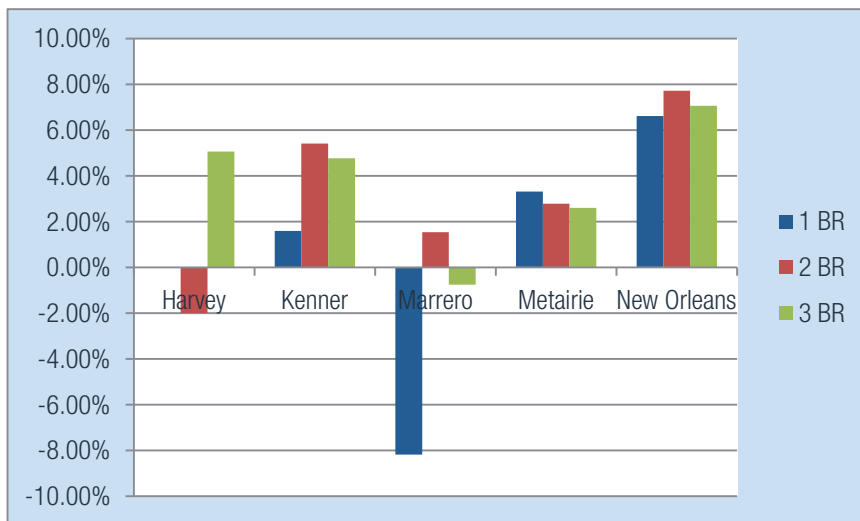
While rents did not move significantly in either direction between 2009 and 2012, they have increased since 2012 by 20% to 25%, or an average annual rate of 6% to 8%, with the greatest increases taking place in two- and three-bedroom units. These increases, which are significantly greater than the rate of inflation, are also significantly greater than increases in household income, especially for the generally lower income renter population. Although the periods are not precisely comparable, between 2009 and 2013, the median income for New Orleans households reported in one-year ACS data increased by a *total* of 2.4%.

**Table 5: Median Rent by Year and Number of Bedrooms 2009-2015 Ytd**

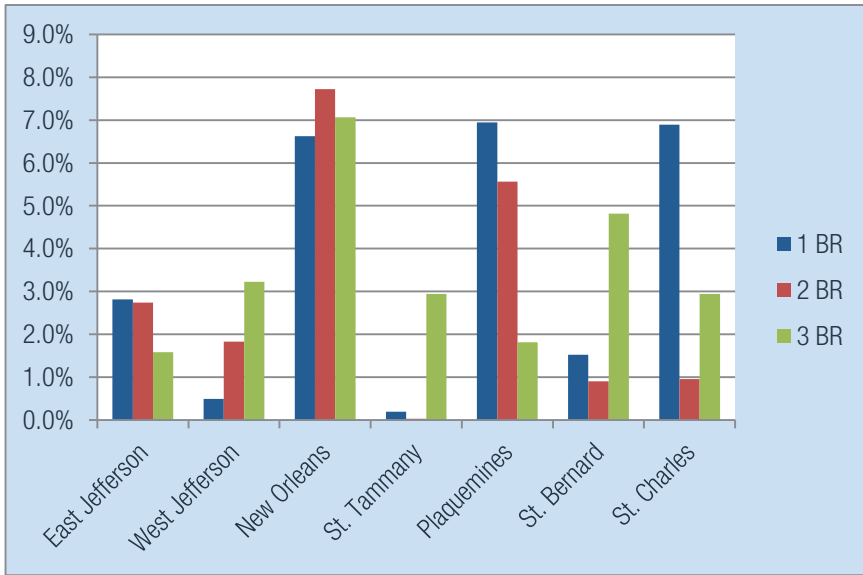
	2009	2010	2011	2012	2013	2014	2015	TOTAL INCREASE 2012-2015	COMPOUNDED ANNUAL RATE OF INCREASE 2012-2015
1 bedroom	800	800	850	825	875	995	1,000	21.21%	6.62%
2 bedrooms	950	975	1,000	1,000	1,100	1,200	1,250	25.00%	7.72%
3 bedrooms	1,200	1,250	1,200	1,100	1,200	1,300	1,350	22.73%	7.06%
4 or more bedrooms	1,662.50	1,750	1,400	1,400	1,400	1,500	1,675	19.64%	6.16%

<sup>12</sup> See in particular, Eric Belsky (1992), “Rental Vacancy Rates: A Policy Primer”, *Housing Policy Debate* 3:3.

Rents are rising significantly faster in New Orleans than in its principal suburban neighbors. Figure 4A compares the average annual increase in rents in New Orleans from Table 5 with that over the same period in the four nearby suburban municipalities with more than 20,000 populations, and 4B with change in surrounding parishes. In contrast to New Orleans, nearby communities are seeing either more modest but consistent increases, as in Metairie or Kenner, or a mix of increases and declines, in Marrero and Harvey. The same pattern is true for the surrounding parishes. While rents for one-bedroom units are rising sharply in Plaquemines and St. Charles parishes, New Orleans is the only parish in the region that is seeing rent increases of 6% or more across all unit sizes. Clearly, not only in absolute terms, but relative to its suburban neighbors, New Orleans is becoming a more competitive rental market. This is good for some, but problematic for others, particularly lower-income tenants.



**Figure 4A: Average Rent Increase 2012-2015 by Number of Bedrooms in New Orleans and Nearby Suburban Municipalities**



**Figure 4B: Average Rent Increase 2012-2015 by Number of Bedrooms in New Orleans and Surrounding Parishes**

SOURCE: RentJungle.  
 NOTE: East Jefferson is that part of Jefferson Parish located east of the Mississippi River, while West Jefferson is that part located west of the Mississippi River.

## Cost burden

New Orleans' combination of low incomes and high rents results in extremely high rent burdens. Three out of five renters spend 30% or more of their income on housing costs, while the majority of these spend 50% or more of their income on housing – or nearly two out of every five renters, far more than in the United States as a whole. Nearly four out of five low-income, cost-burdened renters in New Orleans are African-American households.

What the prices reflected in these listings mean to renters in the New Orleans market today is shown in the following analysis.<sup>13</sup> Table 6 shows the percentage of income that the median renter household would need to afford the median listing as shown in Table 5, broken down by unit size and household size. Even though it is likely that the listings compiled by RentJungle are skewed somewhat upward relative to the total rental stock,<sup>14</sup> the table provides a compelling thumbnail picture of the challenge facing the city's renters and policymakers as they seek to address this issue. Since Table 6 shows listings rather than all units in the rental stock, the actual percentage of tenants spending disproportionate amounts of their income for housing costs may be somewhat less than what might follow from that table, but still goes well beyond what is considered reasonable.

**Table 6: Percentage of Income Required by Median Renter Household to Afford Median Listing, by Household Size and Number of Bedrooms 2015**

Number of Bedrooms	Annual Rent for Median Listing	HOUSEHOLD SIZE						
		1	2	3	4	5	6	7
1	\$12,000	78.6%	36.8%					
2	\$15,000		46.0%	47.5%	38.7%			
3	\$16,200				41.8%	49.2%	47.1%	
4+	\$20,100						58.5%	71.4%

SOURCE: Analysis by author based on RentJungle data and five-year 2009-2013 ACS

<sup>13</sup> For purposes of this analysis, we have assumed that the relationship between the citywide median income and the median income of renters, which is 65.5% of the median for all households, is constant by household size, and increasing the median income by 2% to reflect possible income growth between 2013 and 2015,

<sup>14</sup> There are two reasons for this. Since their data is obtained by mining and aggregating internet listing data, it does not include rental units offered through word of mouth or more informal advertising venues, which are more likely to be lower priced units. In addition, it is likely to be weighted somewhat toward new units coming on the market, which are also likely to be more expensive on average than existing units.



As Table 7 shows, *61% of New Orleans renter households spend 30% or more of their income for housing, while 38% spend 50% or more of their income for housing costs, a much higher level than the national percentage of 27%*. Although cost burden was already a serious problem in 2000, the percentage of cost-burdened households has risen sharply since 2000, when 47% of renter households spent 30% or more of their income for housing costs.

**Table 7: Distribution of Renters by Percentage of Income Devoted to Housing Costs**

	2000		2009-2013	
	number	%	number	%
Less than 10.0 percent	6,690	7.4%	2,237	3.2%
10.0 to 14.9 percent	10,080	11.1%	4,927	6.9%
15.0 to 19.9 percent	11,251	12.4%	6,339	8.9%
20.0 to 24.9 percent	10,945	12.1%	6,907	9.7%
25.0 to 29.9 percent	8,723	9.6%	7,047	9.9%
30.0 to 34.9 percent	6,618	7.3%	5,959	8.4%
35.0 to 39.9 percent	4,592	5.1%	4,250	6.0%
40.0 to 49.9 percent	7,212	8.0%	6,584	9.3%
50.0 percent or more	24,464	27.0%	26,748	37.7%
Not computed	9,753		7,225	
Total	100,328	100%	78,223	100%
Total for which percentages calculated	90,575		70,998	

SOURCE: 2000 Census; five-year 2009-2013 American Community Survey

Table 8 shows how the cost burden is distributed by income. Not only the overwhelming majority of tenants earning under \$20,000, but a substantial majority of those earning between \$20,000 and \$34,999, are spending 35% or more in housing costs. As Table 4 showed, this group makes up the majority of renter households citywide.

**Table 8: Percentage of Renters Spending 35% or More in Housing Costs by Income Range**

Income Range	% Spending 35% or More in Housing Costs
Under \$10,000	88.0%
\$10,000-\$19,999	85.4%
\$20,000-\$34,999	66.0%
\$35,000-\$49,999	24.9%
\$50,000 or more	4.0%

SOURCE: Five-year 2009-2013 American Community Survey

While data to measure cost burden by income and race is not available directly, we have used available data to estimate the number of renter households spending 30% or more of their income on housing costs by income range and race, shown in Table 9. *These data suggest that almost four out of five low-income and cost-burdened renters in New Orleans are African-American households.*<sup>15</sup>

**Table 9: Estimated Number and Percentage of Renters Spending 30% or More in Housing Costs by Income and Race**

	Household Income Range					
	<\$20,000	\$20,000-\$34,999	\$35,000-\$49,999	\$50,000-\$74,999	\$100,000+	TOTAL
Cost-burdened African-American renters	22,415	8,294	2,502	718	124	34,053
Cost-burdened white non-Latino renters	5,871	3,217	1,464	594	247	11,392
% African-American	79.2%	72.1%	63.1%	55.0%	33.4%	76.6%

SOURCE: Estimate by author, based on five-year 2009-2013 American Community Survey data

<sup>15</sup> The estimate, in our judgment, almost certainly *underestimates*, perhaps significantly, the extent of the racial disparity in cost burden. We have assumed, first, that the percentage of owners and renters within the same income group is the same for both races, while it is more likely that a larger percentage of low income white households are owners; and, second, that the cost burden by race within each income group is the same. Again, it is more likely that within each income group, the percentage of cost-burdened African-American renters will be higher. Since, however, we lack the data to make reliable adjustments to reflect these factors, we are constrained to make those assumptions. Even with those assumptions, however, the disparities are severe, and deeply problematic.

As elsewhere, the magnitude of the cost burden affecting lower income renters is partly a product of the high cost of housing overall, but partly a product of more affluent renters “under-consuming,” in the sense that they occupy units for which they pay a much smaller share of their income for rent than they could, at least in theory, afford.<sup>16</sup> Those units, if not occupied by affluent renters, might be available, again at least in theory, to lower income tenants. Table 10 shows the distribution of renter housing costs by income range; while median rents rise with rising income, they do not rise proportionately; a typical renter with an income of \$35,000 to \$50,000 spends only slightly more than 20% more in rent than a renter earning less than \$10,000, even though their income is roughly four times as much. Table 10 shows the average share of income spent for rent by income range, and the number of households “under-consuming,” defined as spending 20% or less of their income for rent. Nearly 15,000 rental units fall into this category.<sup>17</sup>

**Table 10: Rental “Under-Consumption” by Income Range**

INCOME CATEGORY	AVERAGE PERCENT OF INCOME FOR RENT	NUMBER OF ‘UNDER-CONSUMING’ HOUSEHOLDS
\$0-\$9,999	> 100%	0
\$10,000-\$19,999	65.5%	0
\$20,000-\$34,999	38.3%	1,103
\$35,000-\$49,999	28.0%	1,643
\$50,000-\$74,999	20.8%	4,037
\$75,000-\$99,999	15.7%	3,115
\$100,000+	14.1%	4,924
<b>TOTAL</b>		<b>14,822</b>

SOURCE: five-year 2009-2013 American Community Survey

<sup>16</sup> Why affluent renters ‘under-consume’ rental housing to such an extent is a complex matter. While to some extent it may reflect a relatively shortage of high-end, expensive rental units, it is generally considered to be more a function of the fact that for many affluent renters, their unit is not seen either as a financial investment or long-term housing choice, so that they have a greater tendency to economize than they do when it comes to home buying decisions.

<sup>17</sup> Since both rents and incomes are provided in the form of ranges, we calculated under-consumption on the basis of a household at the midpoint of their income range in a unit at the midpoint of the rent range, and assumed that units were distributed evenly within each range. For the highest income category, we assumed an average income of \$125,000, for which the under-consumption rent would be \$2,083/month or less, and assumed that 90% of the units in the highest category (\$1,500 and higher) were within that range.

## Housing Conditions

Although statistical data is severely limited, a substantial body of information strongly indicates that large numbers of these households live in substandard, and even deplorable, rental housing conditions. Data for the city of New Orleans from the 2009 American Housing Survey (AHS), the most recent AHS<sup>18</sup> for which city-specific data is available, found significant incidence of problems, of which those with the greatest incidence are shown in Table 11.<sup>19</sup> As the table shows, in most cases, the incidence of these problems is significantly greater in New Orleans than nationally. Given the small sample in the AHS, however, and the fact that this data is now six years old, it should be seen as no more than suggestive of the scope of the potential problem.

**Table 11: Problems Reported by Renters in 2009 American Housing Survey**

PROBLEM OR DEFICIENCY	% OF RENTERS REPORTING	
	NEW ORLEANS	UNITED STATES
Signs of mice or other rodents	12.2%	7.3%
Open cracks or holes	8.8%	6.8%
Water leakage from inside	9.8%	10.8%
Water leakage from outside	9.3%	8.8%
Broken plaster or peeling paint	4.6%	3.2%
Severe physical problems	2.5%	2.8%
Moderate physical problems	11.8%	6.4%

SOURCE: 2009 American Housing Survey

<sup>18</sup> The American Housing Survey, a joint project of the Census Bureau and HUD, surveys housing conditions in detail for metropolitan areas, but based on a sample much smaller than the American Community Survey. While AHS reports through 2009 broke out data for the central city in each metro, the most recent AHS for the New Orleans-Kenner Metropolitan Area does not provide separate tabulations for the city of New Orleans, so that we were constrained to use the earlier data.

<sup>19</sup> The Greater New Orleans Fair Housing Action Center has published a profile of substandard rental housing conditions in the city in their 2015 report "For Rent: Unsafe, Overpriced Home for the Holidays", available at <http://www.gnofairhousing.org/wp-content/uploads/2014/12/Unsafe-Overpriced-Home-for-the-Holidays-FINAL.pdf>

## B NEIGHBORHOOD-BY-NEIGHBORHOOD ANALYSIS

The preceding section has painted a picture of New Orleans as a city strongly oriented toward rental tenure, where tenants tend to be disproportionately low income, and disproportionately cost burdened compared to the national picture. It is also a city where rents are rising at a pace substantially greater than incomes, and vacancy rates are declining. In that light, since our data on cost burden only goes up to 2013, the picture today may be even more problematic. As we showed, lower-income households seeking decent rental housing in New Orleans today, unless they are fortunate enough to obtain a housing choice voucher or an apartment in a subsidized development, are likely to find themselves paying far too much of their income in housing costs. As we discuss later, while vouchers relieve tenants of a substantial part of the cost pressure they would otherwise experience, housing units with vouchers are disproportionately concentrated in low-income, predominately African-American neighborhoods for a variety of reasons, including the extent to which market rents in opportunity areas exceed the Fair Market Rent allowed for vouchers.

This picture varies widely, however, from one neighborhood to the next. Fortunately, the RentJungle data, along with other data, such as the distribution of vouchers by neighborhood, is available to give us some sense of the variation in rental housing conditions between neighborhoods. In looking at “neighborhoods,” we have used the semi-official breakdown used by the city for planning purposes.<sup>20</sup> The map is shown as Map 1 on the next page.

---

<sup>20</sup> The map was specifically drawn to reflect census tract boundaries so that neighborhood-level data could be assembled for purposes of meeting HUD planning and reporting requirements. Because of the need to follow census tract boundaries, these neighborhoods may not always reflect how residents and others perceive their neighborhoods, but are nonetheless widely used by both the City and non-governmental entities. An informative article explaining the background of this map appeared in the Times-Picayune on April 23, 2015, “The 73 ‘official’ New Orleans neighborhoods: Why they exist, and why they shouldn’t” available at [http://www.nola.com/neighborhoods/2015/04/new\\_orleans\\_neighborhoods\\_73.html](http://www.nola.com/neighborhoods/2015/04/new_orleans_neighborhoods_73.html)



Map 1: New Orleans Neighborhoods Base Map



# 1 RENT LEVELS AND AFFORDABILITY

Rents vary greatly by neighborhood. For example, the median listing rent for a one-bedroom unit in the least expensive area, Read Boulevard West (in New Orleans East), for the first half of 2015 was \$560/month, while in the most expensive, Lakeshore/Lake Vista in the western part of the city along Lake Pontchartrain, it was \$2050/month. For two-bedroom units, the least expensive area was Viavant/Venetian Isles (again, in New Orleans East) at \$700/month, while the most expensive was the French Quarter, at \$2400/month.

Appendix 1 shows the median listing rent for one-, two-, and three-bedroom units by neighborhood for the first half of 2015. Not all neighborhoods appear in the table, because medians were calculated only where there were 10 or more listings for that unit size in the neighborhood. Appendix 2 provides data on median listing rents by neighborhood and number of bedrooms where 10 or more listings were available for each year from 2009 through 2015.

We then looked at affordability by neighborhood; specifically, we looked at how affordable the median 2013 rental listing would be for *the median renter household living in that neighborhood in 2013*, broken down by household size and the number of bedrooms in the dwelling unit being offered. We used 2013 rather than 2014, because that is the most recent period for which household income data is available. Based on incomes and listing rents, we calculated what percentage of income the median renter household in the neighborhood would have to spend to afford the median rental unit listed. It should be stressed that this is based on listings, not on the total rental stock in the neighborhood; therefore, *the table does not show what people in the neighborhood are currently paying in rent, but what a typical renter in the neighborhood would have to pay to afford the typical apartment currently being listed for rent in her neighborhood.*

Since we did not have data on renter incomes by neighborhood, but only for the city as a whole, we assumed that the ratio between renter median income and overall median income (as shown earlier in Table 4) would apply to each neighborhood and to each household size. We did not calculate the affordability level for every possible combination of household and unit size, but only for those that were plausible alternatives,<sup>21</sup> as follows:

- One bedroom: one- or two-person household
- Two bedrooms: two-, three-, or four-person household
- Three bedrooms: four- or five- person household
- Four bedrooms: five- or six-person household.

---

<sup>21</sup> For example, a two person household made up of a married couple might find that a one bedroom apartment met their needs, but one made up of two unrelated people sharing a house or apartment might look for a unit with two separate bedrooms.



The data for each neighborhood is given in Appendix 3, and illustrated in the Marlyville/Fontainebleau neighborhood in Table 12.<sup>22</sup> For example, a typical one-person renter household in the Marlyville/Fontainebleau area in 2013, as shown in the tables in Appendix 3, would have to pay 41.5% of their income to afford the typical one-bedroom apartment being offered for rent in that neighborhood. A typical *two*-person renter household, however, would only have to pay 20% of their income for the same one-bedroom apartment, because the median incomes for two-person households in Marlyville/Fontainebleau, as well as in most neighborhoods in New Orleans, are substantially higher than those for one-person households. It should be stressed, however, that there are almost twice as many single-person households than there are two-person households in the New Orleans rental market.

**Table 12: Affordability of Rental Listings by Household and Dwelling Unit Size for Marlyville/Fontainebleau Neighborhood In 2013**

		HOUSEHOLD SIZE					
BRs		1	2	3	4	5	6
Marlyville/ Fontainebleau	1	41.5%	20.0%				
	2		27.4%	27.6%	24.6%		
	3				31.2%	48.2%	
	4						

Tables 13A and B show the number and the percentage of neighborhoods by affordability broken down by number of bedrooms and household size. As the tables show, in *most* neighborhoods in *most* cases, the median renter household would have to spend over 30% of their income to afford the median rental listing in their neighborhood. The picture is particularly dire for single-person renters, who generally have low incomes: in two out of three neighborhoods, the median single person renter would have to spend 50% or more of their income to afford the median rental listing. The picture is very different, however, for two-person households, reflecting the frequent presence of multiple-earner households, where the median renter household can afford the median one-bedroom listing while spending 30% or less of their income in almost half of the city’s neighborhoods.<sup>23</sup> The geographic distribution of affordability for one- and two-person households is shown in Maps 2A and 2B. Neighborhoods can be affordable in this analysis for either or both of two reasons: either the rents in the area are modest, or the incomes of their tenant residents are high relative to the rents. Most neighborhoods in New Orleans, however, are not affordable by either measure.

<sup>22</sup> As is the case for most neighborhoods in New Orleans, there were not enough four bedroom listings to permit meaningful calculations to be made.

<sup>23</sup> Marlyville/Fontainebleau, the neighborhood shown as an illustration in Table 13, tends to be more affordable than most; that is not, however, because it is an inexpensive area, but because its rents are *modest relative to the incomes of renters in the neighborhood*.

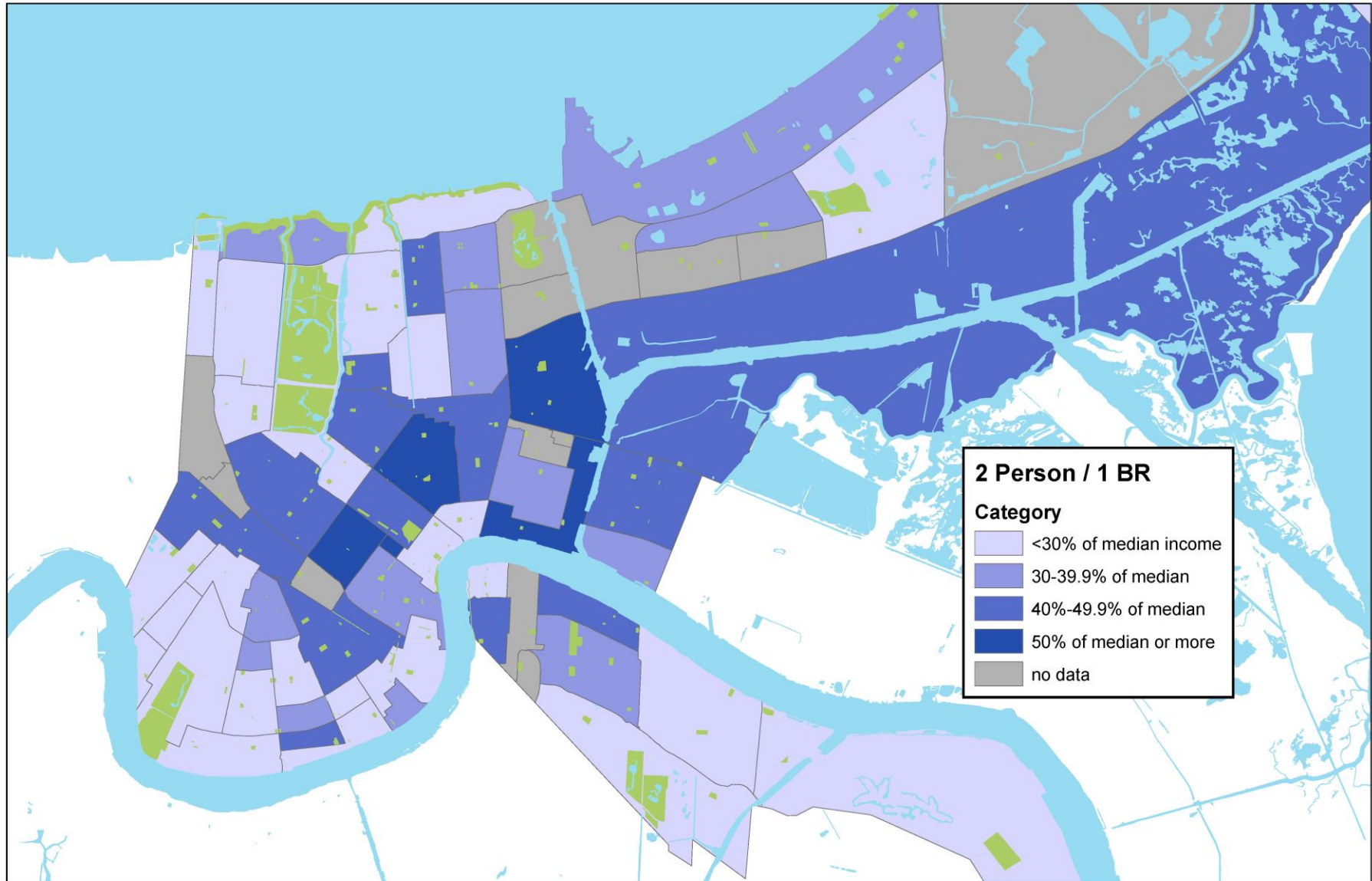
**Table 13A: Numerical Distribution of Neighborhoods by Affordability Level in 2013 by Number of Bedrooms and Household Size**

		NUMBER OF NEIGHBORHOODS BY MEDIAN AFFORDABILITY LEVEL				
Number of bedrooms	House-hold Size	<30% of median income	30-39.9% of median	40%-49.9% of median	50% of median or more	no data
1	1	2	6	11	40	7
1	2	27	13	14	5	7
2	2	15	12	16	18	5
2	3	14	16	12	15	9
2	4	23	10	4	16	13
3	4	16	12	8	23	7
3	5	4	7	7	17	31
4	5	3	0	2	6	55
4	6	0	0	0	2	64

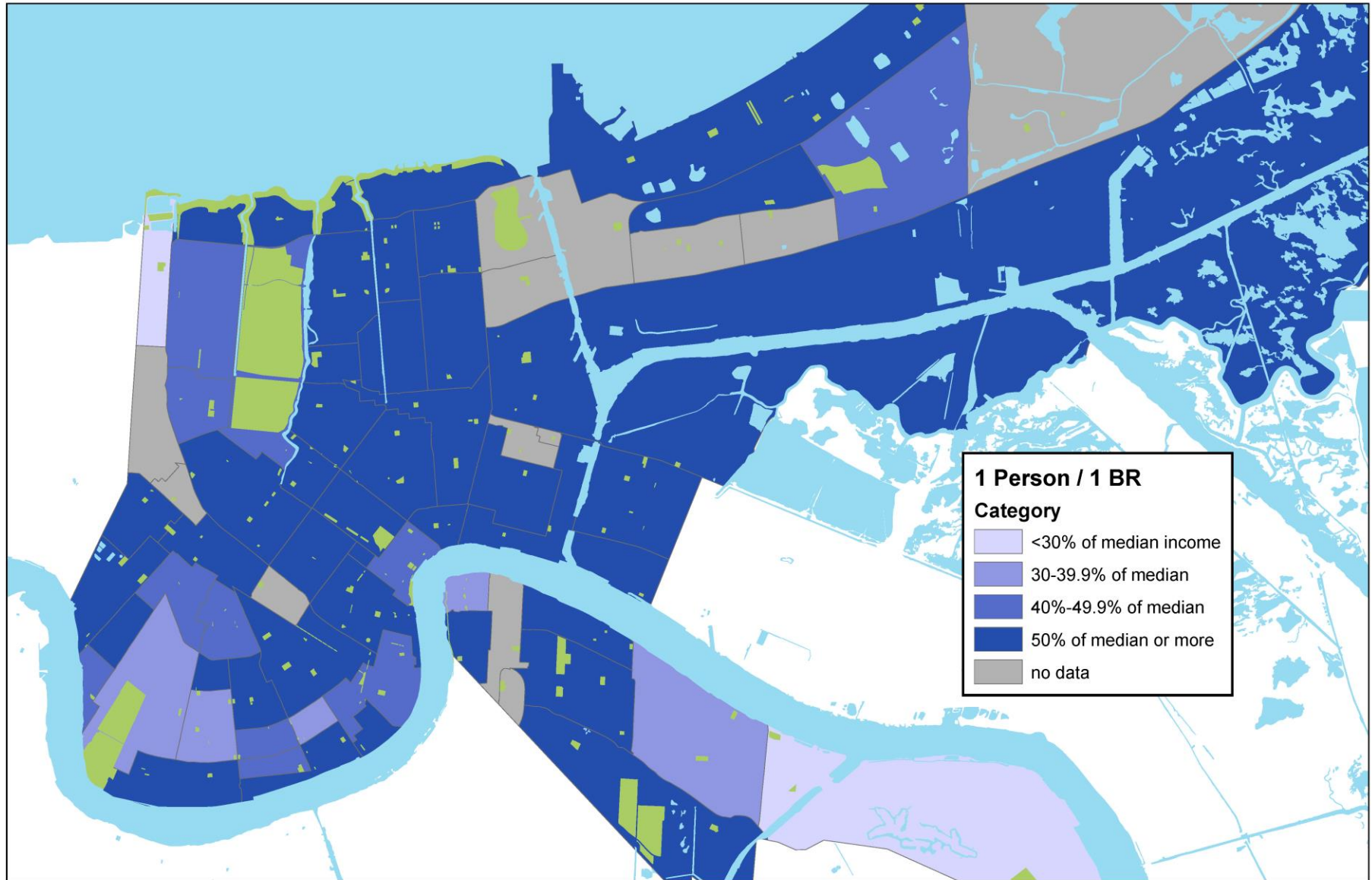
**Table 13B: Percentage Distribution of Neighborhoods by Affordability Level in 2013 by Number of Bedrooms and Household Size**

		% OF NEIGHBORHOODS BY MEDIAN AFFORDABILITY LEVEL				
Number of bedrooms	House-hold Size	<30% of median income	30-39.9% of median	40%-49.9% of median	50% of median or more	% over 30% of median
1	1	3.4%	10.7%	18.6%	67.8%	96.6%
1	2	45.8%	22.0%	23.7%	8.5%	54.2%
2	2	24.6%	19.7%	26.2%	29.5%	75.4%
2	3	24.6%	28.1%	21.1%	26.3%	75.4%
2	4	43.4%	18.9%	7.5%	30.1%	56.6%
3	4	27.1%	20.3%	13.6%	39.0%	72.9%
3	5	11.4%	20.0%	20.0%	48.6%	88.6%
4	5	27.3%	0%	18.2%	54.5%	72.7%
4	6	0%	0%	0%	100%	100%

Map 2A: Affordability by Neighborhood: One Bedroom Unit for Two Person Household



Map 2B: Affordability by Neighborhood: One Bedroom Unit for One Person Household



## 2 RENT TRENDS

As with the distribution of rents, New Orleans' neighborhoods vary widely in terms of their rent trends. While rents in some neighborhoods are rising quickly, even astronomically, in other areas rents are increasing modestly if at all. Table 14 shows the distribution of neighborhoods by the total decrease or increase in the median listing rent between 2012 and 2015 by number of bedrooms.<sup>24</sup> While the median listing rent for two-bedroom units went up 25% over that period citywide, in seven neighborhoods it actually went down, while in seven it went up by 40% or more.

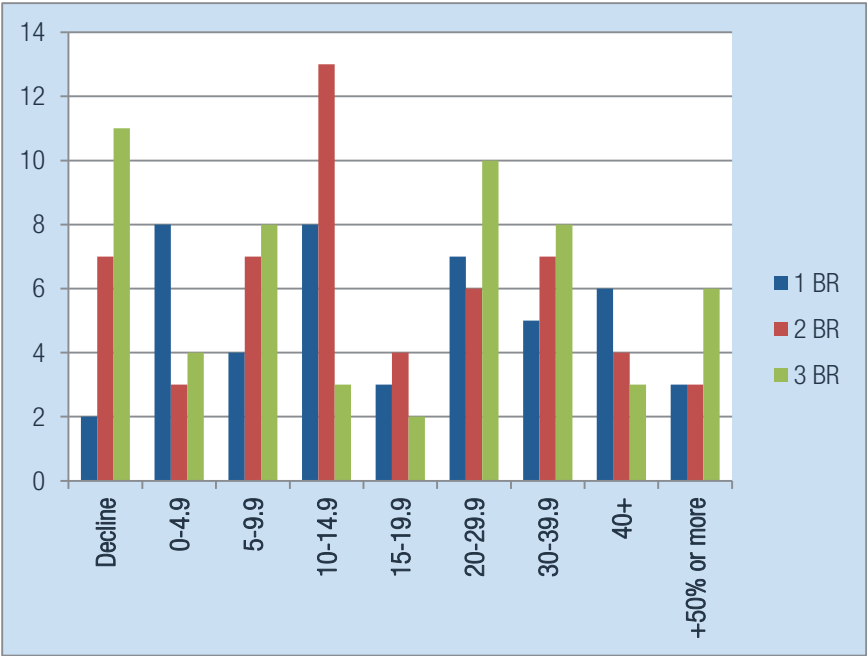
**Table 14: Distribution by Neighborhood of Rate of Change in Median Listing Rent by Number of Bedrooms 2012 to 2015**

RATE OF CHANGE	1BR	2BR	3BR
decline	2	7	11
+0-4.99%	8	3	4
+5-9.99%	4	7	8
+10-14.99%	8	13	3
+15-19.99%	3	4	2
+20-29.99%	7	6	10
+30-39.99%	5	7	8
+40-49.99%	6	4	3
+50% or more	3	3	6
no data	20	12	11
Median	21.21%	25.00%	22.73%

<sup>24</sup> The table does not show the data for units with four or more bedrooms, because fewer than one-fifth of the city's neighborhoods have enough such listings for both years to calculate the rate of increase.



This data is summarized in Figure 6. The figure shows that rather than following the so-called normal distribution known as the bell-shaped curve, where the cases cluster around the median, the distribution of rent trends in the different neighborhoods is spread almost randomly across the full range of possibilities, from declining rents in a few neighborhoods to increases of 50% or more in others.



**Figure 6: Distribution by Neighborhood of Rate of Change in Median Listing Rent by Number of Bedrooms 2012 to 2015**

This distribution, seen in conjunction with the extreme variation in median listing rents from one area to the next that we presented above, strongly indicates that **New Orleans is not a single market, but is made up of multiple different rental submarkets, each operating relatively independently from one another.** Thus, an increase in the supply of rental housing in one neighborhood may relieve market pressures or improve matters for that area’s residents, but may have relatively little impact on conditions in other parts of the city.

### 3 HOUSING CHOICE VOUCHERS AND SUBSIDIZED HOUSING

---

With nearly 19,000 Housing Choice Vouchers and other forms of tenant-based assistance in use in New Orleans, a much larger share of all households than nationally, they are the most important source of housing assistance to the city's low income households. However, they are heavily concentrated in the city's high-poverty and predominately African-American neighborhoods, while a large percentage are used to further subsidize the city's Low Income Housing Tax Credit projects. Despite the city's sharp rent increases in the past three years, the Fair Market Rents allowed by HUD have not risen.

---

Housing Choice Vouchers along with subsidized housing developments make up a large part of New Orleans' rental housing supply, much more so than in most parts of the United States. We are not able at this point to document the precise size of the combined subsidized housing inventory (vouchers and developments), but information provided by the city of New Orleans provides a preliminary count of 11,730 unduplicated<sup>25</sup> low-income units in developments of subsidized rental housing in the city. In addition, the city offers 1,421 project-based vouchers sited within one or another of the subsidized housing developments, 16,176 tenant-based vouchers, which are located wherever the tenant or voucher holder finds a unit meeting the requirements of the program, and 2,591 additional rental assistance vouchers or certificates, such as supportive housing, veterans' supportive housing, and the like, some of which are used in conventional rental housing, and some in various supportive facilities. A substantial percentage of those in the last two categories (tenant-based vouchers and other rental assistance) live in subsidized housing, particularly Low Income Housing Tax Credit (LIHTC) projects.<sup>26</sup> All in all, if we make conservative assumptions about vacancies and about the overlap between vouchers, rental assistance and the subsidized housing inventory, we estimate that approximately 25,000 renter households in New Orleans receive public-sector assistance to subsidize their housing costs, or roughly 29% of all renter households.<sup>27</sup> Of this total, the overwhelming majority of units fall into two categories: housing choice vouchers, making up roughly 60% of that total, and LIHTC projects, making up the great majority of the remainder. The overlap between these two categories is substantial, but cannot be measured with precision.

---

<sup>25</sup> Many subsidized housing developments receive subsidies from multiple sources; e.g., a low income tax credit project may also receive HOME funds from the city, or other assistance from NORA, as a result of which the same project appears on multiple lists of subsidized housing. The city of New Orleans has gone through the lists and come up with this unduplicated count. The unduplicated count does *not* take into account the number of vouchers being used in subsidized housing developments, however.

<sup>26</sup> Although it may seem counter-intuitive, it is actually quite common to 'layer' subsidized housing and voucher assistance in the same units. Most subsidized housing, including Low Income Tax Credit (LIHTC) housing (which makes up the majority of the city's subsidized units), provides only a limited or 'shallow' subsidy and requires that tenants pay a minimum rent to cover their share of project costs, which is often well beyond the means of extremely low income tenants. As a result, the only way such a tenant can afford to live in a LIHTC home or apartment is by having a voucher to make up the difference between the minimum rent and what they can afford. Nationally, we estimate that 25-35% of all vouchers are being used in LIHTC projects.

<sup>27</sup> This raises a vexing question; namely, if such a large percentage of renters (and, clearly, an even larger percentage of low-income renters) receive assistance, why is this not better reflected in the housing cost burden data presented earlier? If one accepts the ACS data on cost burden summarized in the first part of this report, it suggests that of roughly 34,000 *low-income* (earning under \$20,000/year) renters, only 5,000-6,000 *pay less* than 35% of their income in housing costs, something which seems patently inconsistent with the presence of the large numbers of vouchers and other forms of rental assistance that are reaching low-income households. It is possible that much of the problem comes from the way the ACS question is phrased, which is "What is the monthly rent for this house, apartment, or mobile home?" rather than "how much *do you pay* toward the rent?" and that tenants are reporting the total rent for the unit, rather than their share. This is speculative, of course, but the question calls for further investigation.

While vouchers are a critical element of the city’s social safety net, and enable thousands of low-income families to survive in New Orleans despite their low incomes and the high rents in the market, the program suffers from a number of serious problems:

1. Despite the increase in the city’s population, and increases in the number of low-income households, the number of vouchers has not changed in the past five years. This is not a reflection on local practices, but the painful reality that Congressional appropriations to the program in recent years have barely been adequate to maintain the existing pool of vouchers, and little more.
2. Despite the evidence, as we have shown, that market rents have increased dramatically in New Orleans between 2012 and 2015, the Fair Market Rents used by HUD and the Housing Authority of New Orleans (HANO) to determine whether a particular unit is eligible to house a tenant with a voucher have not increased, but rather gone down, as shown in Table 15. We believe that the HUD Fair Market Rents do not realistically reflect market conditions in New Orleans today.

**Table 15: HUD Fair Market Rents in New Orleans-Metairie-Kenner MSA 2012 and 2015**

	FY2012 FAIR MARKET RENT	FY2015 FAIR MARKET RENT	CHANGE
1 bedroom	\$881	\$767	- 5.4%
2 bedroom	\$948	\$950	+ 0.2%
3 bedroom	\$1217	\$1192	- 2.1%

SOURCE: HUD User

3. Although a goal of the voucher program, in addition to making housing more affordable to low income households, has been to try to reduce the concentration of poverty that characterizes many subsidized housing programs, particularly the public housing program, there is strong evidence in New Orleans that it has not done so, and that vouchers are disproportionately located in high-poverty areas, particularly areas that are predominately African-American.



We were able to conduct this analysis thanks to a special analysis of the location of vouchers conducted by HUD in 2010, and made available by The Data Center.<sup>28</sup> While the data is five years old, that gives it a particular advantage; namely, it can be accurately compared to the tabulation of total occupied housing units and occupied rental units from the 2010 census. Even if we had more recent data on the location of vouchers, we would not have a comparable count of occupied housing to which we could compare it. Furthermore, as noted earlier, the number of vouchers has not changed in the past five years. For that reason, we consider it a reasonable, although most probably conservative, reflection of today's conditions.<sup>29</sup>

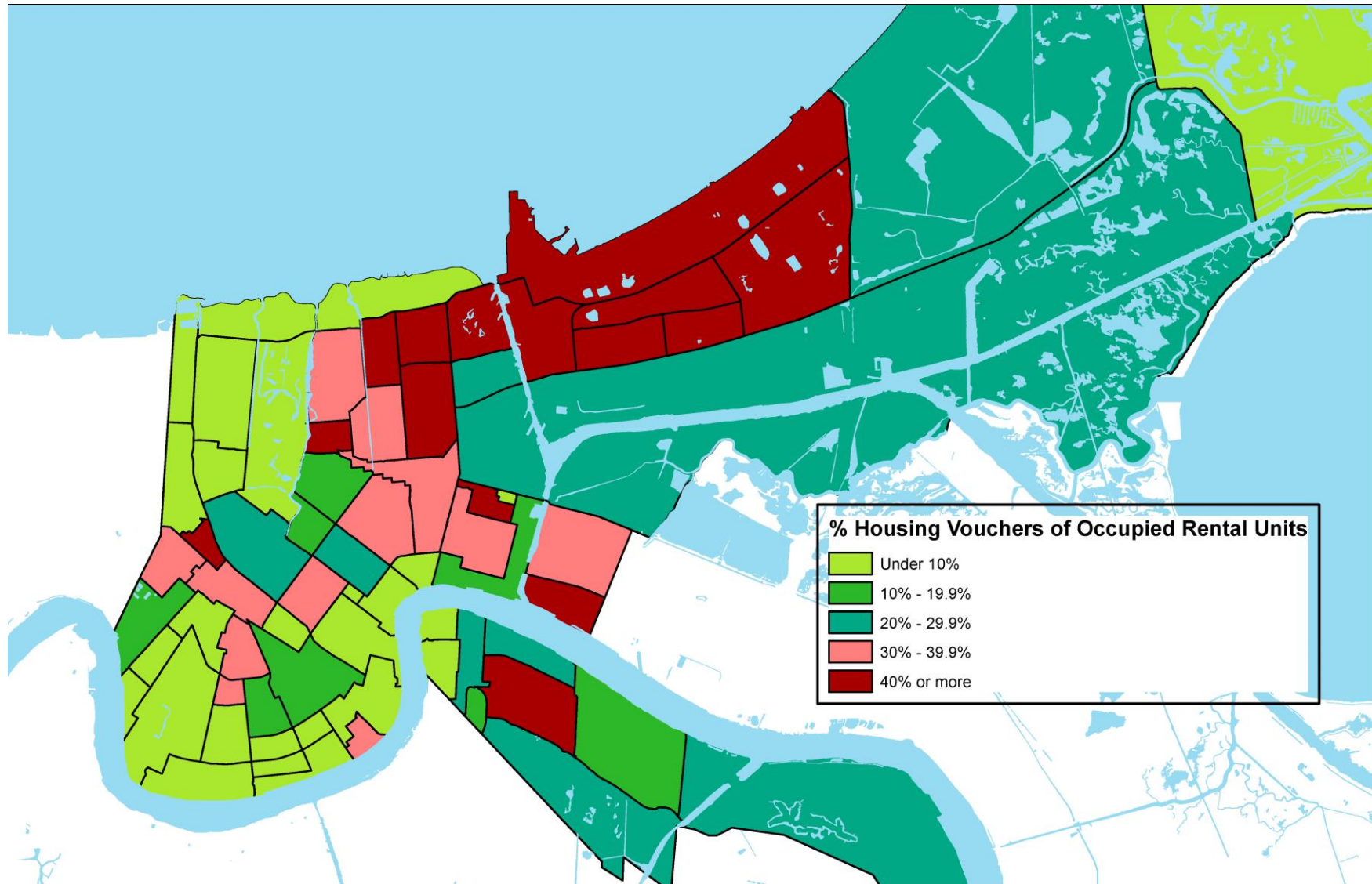
Maps 4A and 4B show what percentage vouchers make up of occupied rental housing, and of all occupied housing, by neighborhood. The maps show a markedly skewed picture. While 23% of all occupied rental units were occupied by voucher holders in 2010, in one-third of the city's 72 neighborhoods, voucher holders occupied less than one in ten of the neighborhood's rentals, and less than 5% or one out of twenty in 16 neighborhoods. Conversely, in another one-third of the city's neighborhoods, they made up one-third or more of the neighborhood's rentals, in 10 of which they made up over half of all the rentals in the neighborhood. In other words, it is clear that vouchers are disproportionately concentrated in some areas, and few and far between in others.

---

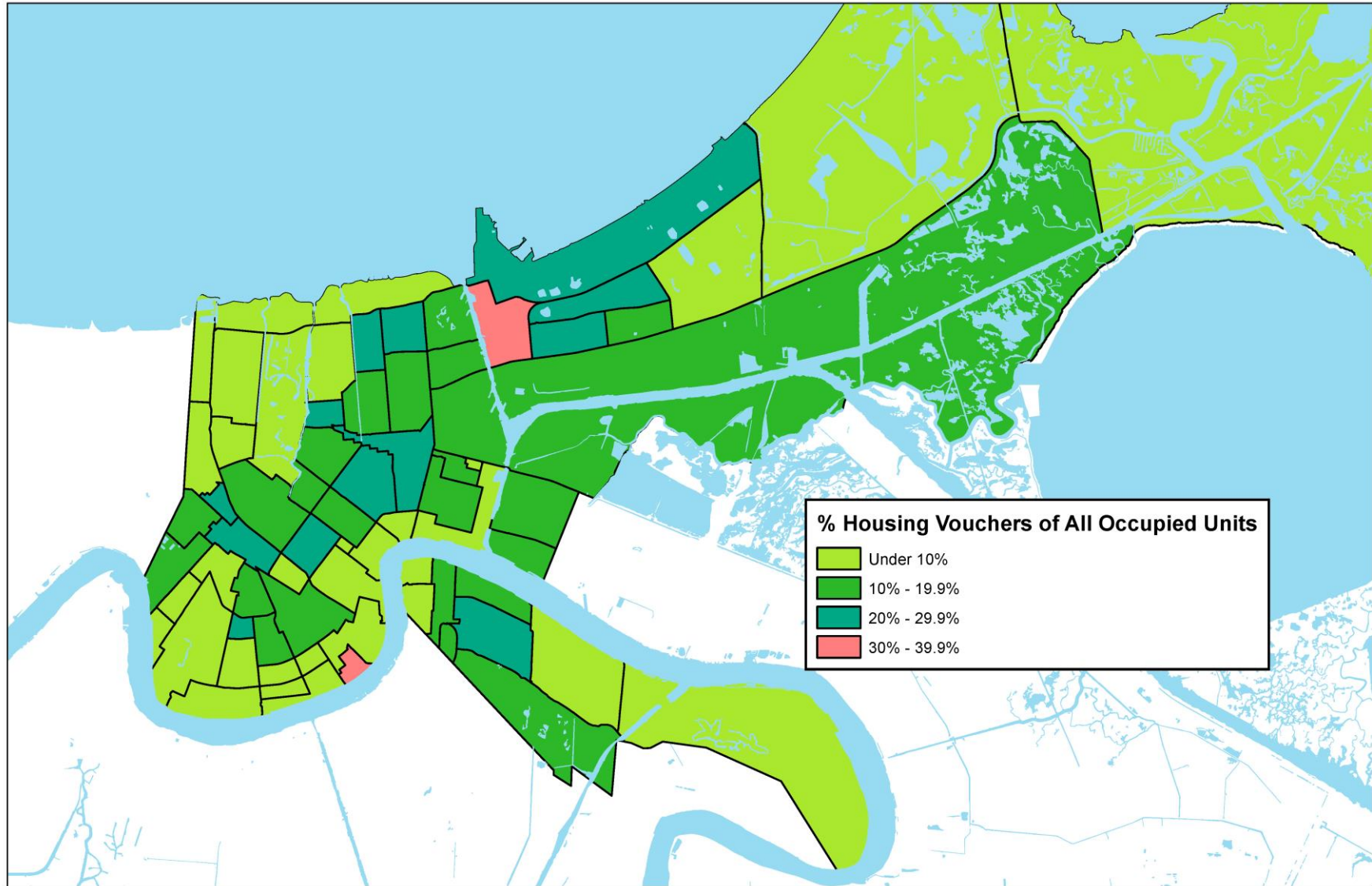
<sup>28</sup> The tabulation of numbers of vouchers by neighborhood has been published by The Data Center in their recent report "Expanding Choice and Opportunity in the Housing Choice Voucher Program" available at [http://www.datacenterresearch.org/reports\\_analysis/expanding-choice-and-opportunity-in-the-housing-choice-voucher-program/](http://www.datacenterresearch.org/reports_analysis/expanding-choice-and-opportunity-in-the-housing-choice-voucher-program/). We are particularly grateful to Ryan Albright of The Data Center, who provided us with the underlying data that we could use for the analysis presented in this report.

<sup>29</sup> Since market rents have increased so much, particularly in the city's neighborhoods of opportunity, since 2010, the concentration of voucher households in low-income neighborhoods may well be even greater today.

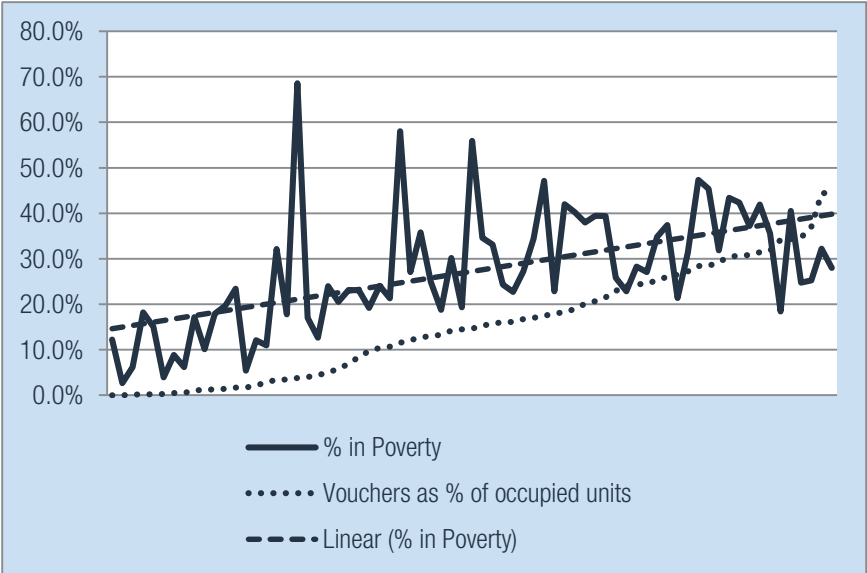
Map 4A: Distribution of Housing Choice Vouchers by Neighborhood as a Percentage of Total Rental Housing



MAP 4B: Distribution of Housing Choice Vouchers by Neighborhood as a Percentage of All Occupied Housing



We then compared the distribution of vouchers by neighborhood with two demographic features: the poverty rate in the neighborhood, and the African-American percentage of the neighborhood's population. Figure 7 shows the relationship between the neighborhood's share of vouchers (as a percentage of its occupied housing stock), and the neighborhood's poverty rate. While there are some outliers,<sup>30</sup> the overall pattern is clear: the higher the poverty rate, the larger the share of vouchers in the neighborhood.



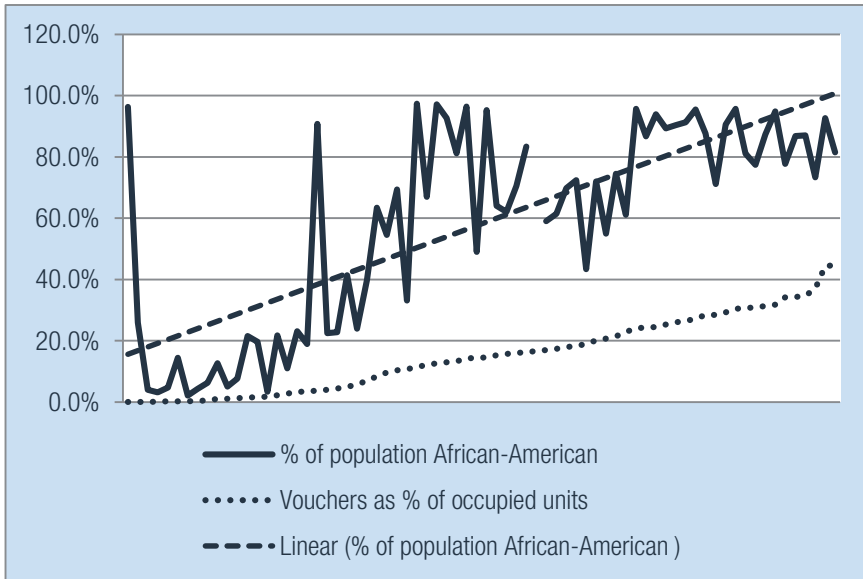
**Figure 7: Distribution of Vouchers and Poverty Rate by Neighborhood 2010**

SOURCE: HUD and ACS data courtesy of The Data Center

The same is true to an even more pronounced degree with respect to the relationship between the location of vouchers and the racial composition of the neighborhood. As Figure 8 shows, the greater the African-American percentage in a neighborhood, the larger its share of vouchers. The stronger correlation between voucher share and race than between voucher share and poverty suggests that the voucher share of a low-poverty but predominately African-American neighborhood is likely to be significantly greater than that of a similarly low-poverty but predominately non-Latino white neighborhood.<sup>31</sup>

<sup>30</sup> The most pronounced outlier is Iberville, which in 2010 was still principally a public housing project, with very high poverty, but few vouchers.

<sup>31</sup> For those who are statistically minded, the correlations between voucher share and poverty rate (.5267), and voucher share and African-American population (.7521) are both significant at the .0001 level.



**Figure 8: Distribution of Vouchers and African-American Population Share by Neighborhood 2010**

SOURCE: HUD and Census data courtesy of The Data Center

While much of the pattern by which vouchers are distributed by neighborhood is affected by the location of LIHTC projects as well as the availability of private market units renting at or below the Fair Market Rents – which more or less dictates that few vouchers will end up in the Garden District or the French Quarter – it is not solely driven by that factor. Race and poverty play an important role, in addition to the level of rents in the neighborhood



# II POTENTIAL ROLES FOR PUBLIC SECTOR INTERVENTION IN THE NEW ORLEANS RENTAL HOUSING MARKET

## A OPPORTUNITIES AND CONSTRAINTS

Before presenting our discussion of strategies and our recommendations for action, it is important to provide a framework for that discussion. As the foregoing analysis has made clear, New Orleans is facing serious challenges with respect to both the availability and affordability of rental housing, particularly for the city's lower income residents. As demand for rental housing has increased, the size of the rental stock is not growing to meet the demand, while rising prices have pushed available rentals out of reach for a large part of the city's tenant pool. Moreover, much of the housing that is still relatively affordable, other than the pool of subsidized units, is in poor condition.<sup>32</sup>

---

We feel strongly that rental housing is an appropriate and necessary arena for the public sector to become involved in. Problems of rental housing affordability, availability, and quality affect the health, safety, economic condition, and quality of life for many thousands of the city's residents. At the same time, large numbers of vacant, dilapidated, or unsound units continue to mar many of the city's neighborhoods. Addressing both of these issues is an important part of the mission of the City of New Orleans, working through its Office of Community Development and through the New Orleans Redevelopment Authority (NORA).

---

The challenge will be to find the resources and tools to change the situation. It is widely recognized that the problem is not only a housing problem, but an income, or economic one.<sup>33</sup> The New Orleans economy is a low-wage economy, heavily oriented toward hospitality and other services.<sup>34</sup> In the past decade and more, incomes in New Orleans have grown, but only slightly, relative to the national picture; the median household income in New Orleans, as a

---

<sup>32</sup> It is hard to pin down precisely what share of low-priced rental units are in poor condition, but it is likely to be substantial. Generalizing from Table 11, it is likely that 15-20% of all rental units in New Orleans have at least moderate physical problems or other deficiencies; since those deficiencies are likely to be more prevalent among low-priced units, it is likely that the incidence of at least moderate physical or other deficiencies in the low-price sector could easily be 30-40%.

<sup>33</sup> The City of New Orleans is well aware of this issue, and has framed a number of strategies to address it.

<sup>34</sup> The 22% share of total employment in hospitality and leisure in New Orleans is more than double the national average.

percentage of the national median, has increased from 73% in 2000 to 79% in 2013.<sup>35</sup> At the same time, however, rents have increased far faster. The median rent, as a percentage of the national median, has increased over the same period from 81% to 102%. In other words, while household incomes in New Orleans are still well *below* the national median, rents have risen to where they are now *above* the national median rent.

43% of all New Orleans renters have household incomes under \$20,000. Assuming a family should spend no more than 30% of their income for shelter, an affordable rent for these households would have to be under \$500 per month. Creating decent units that rent at that level can only come about through deep housing subsidies. The problem is that such subsidies are in short supply. The funds that the New Orleans area received to help rebuild after Katrina are largely exhausted, while there are few prospects for additional federal funding. The likelihood of additional vouchers is poor,<sup>36</sup> while even the current administration's proposal for next year's federal budget would result in a small net decrease in combined CDBG and HOME funding. The only significant federal source available to expand the affordable housing stock is the LIHTC program. As of the spring of 2015, there were 13,000 families on the waiting list for housing choice vouchers, and another 4,400 on the waiting list for the slightly fewer than 3,000 public housing units.

Although steps to encourage increased production of market rate rental housing are also desirable, the City's ability to do so is also limited. While this does not mean that no more development can take place, it does mean that any significant volume of new development is likely to require extensive land assembly, site preparation, and in many cases demolition, all of which increase the cost of development. Moreover, as the city's zoning ordinance recognizes, the substantial increases in height or density that would be needed to add large numbers of new rental units to the city's stock are inappropriate in many parts of the city, where those increases would clash with the existing and rightly prized character of the city's older neighborhoods. At the same time, as we note below, there may be some locations, even within historic districts, where greater density may be appropriate if projects are carefully designed and sensitively sited.

It is important to be realistic both about how much production could be increased through public sector intervention<sup>37</sup> and what effect increased production would have on the affordability problem. As we noted earlier, New Orleans appears to be made up of many relatively independent sub-markets. A modest number of additional multifamily buildings in the Central Business District may not have much effect on rent levels in St. Roch or Bywater; on the other hand, it could address the growing tightness in the market, foster redevelopment of

---

<sup>35</sup> This is the figure from the five-year 2009-2013 American Community Survey, adjusted to measure 2013 dollars.

<sup>36</sup> The FY 2016 budget submitted by the Obama Administration calls for reinstatement of vouchers lost through sequestration and an increase of 37,000 vouchers or roughly 1.5%. The likelihood that even this modest increase will be retained through the budget process is generally considered extremely small.

<sup>37</sup> The constraints imposed by the Comprehensive Zoning Ordinance on intensification of density in historic areas, while justified by those areas' character, are nonetheless likely to discourage reuse of many parcels that may be in need of redevelopment in those areas, because the permitted densities may not support the additional cost of land assembly and demolition at current market levels.

vacant or underutilized parcels, and help build stronger residential areas, particularly where greater density is a desirable goal.

At the same time, creating additional mixed-income housing should be seen as both an opportunity and a priority. Conventional LIHTC development, contrary to what is widely believed, does little to reduce concentrations of poverty. In the state of Louisiana as a whole, nearly 70% of all LIHTC tenant households earn less than \$20,000 per year,<sup>38</sup> and as noted earlier, large numbers of LIHTC tenants also have Housing Choice Vouchers. The city has initiated an inclusionary housing program, which is a good but small step toward mixed-income development. The city should strongly encourage future LIHTC development to be mixed-income housing as well. Indeed, we would go further and suggest that except where compelling reasons to the contrary exist, all future LIHTC development should be mixed-income housing. The corollary to that recommendation, which we strongly believe, is that future LIHTC projects should to the extent feasible be targeted to areas of opportunity, as well as areas that are likely to see demand pressures during the coming five to ten years.

All of this is not to suggest that the city should not address its rental housing challenges. On the contrary, it can and should do so. What it does suggest, however, is that the city has to be both fully committed to tackling this problem and realistic in its goals, establishing short, medium, and long-term targets, and committing available resources accordingly. Its strategies must be both incremental and multifaceted. There is no one strategy that should be pursued to the exclusion of others, and no one strategy that will in itself have a dramatic impact. By taking many small steps, however, the city may be able to make a major difference over time.

## B STRATEGIES

### 1 OVERVIEW

There are many different ways in which city government, including NORA, can potentially intervene to address the city's rental housing challenges, ranging from regulation to site assembly to a direct role in the development process. Moreover, there are a number of different elements to the larger rental housing challenge, as well as market sectors. We have classified the principal strategies that can be pursued by city government as follows:

- Site acquisition and assembly
- Subsidy
- Financing assistance
- Regulation

---

<sup>38</sup> This data comes from a recent HUD report summarizing data obtained on LIHTC tenant households required under 2008 program amendments. The data, which has only been published at the state level, is available in a 2014 report written by Michael K. Hollar, entitled *Understanding Whom the LIHTC Program Serves: Tenants in LIHTC Units as of December 31, 2012*, and available at <http://www.huduser.gov/publications/pdf/2012-LIHTC-Tenant-Data-Report-508.pdf>. Unfortunately, reporting by LIHTC property owners has been spotty, and the data may contain a substantial margin of error.



Table 17 below describes some of the elements that we recommend be considered for each strategy.

**Table 17: Strategies and Elements**

STRATEGY	ELEMENTS
Site Acquisition and Assembly	<ul style="list-style-type: none"> <li>• Use of publicly-owned land (NORA, HANO, Orleans Parish School Board)</li> <li>• Acquisition of adjudicated properties</li> <li>• Foreclosure on City code enforcement liens</li> <li>• Property acquisition through the NORA strategic acquisition fund</li> <li>• Allocation of other public resources for site acquisition</li> </ul>
Subsidy	<ul style="list-style-type: none"> <li>• CDBG/HOME funds</li> <li>• Neighborhood Housing Improvement Fund (NHIF)</li> <li>• UDAG repayment funds</li> <li>• Low Income Housing and Historic Preservation Tax Credits</li> <li>• Project or area-wide tax increment financing</li> <li>• Tax abatement/payment in lieu of taxes</li> <li>• Rental affordability buy-in program</li> <li>• Land/building write-down</li> <li>• Project-based housing choice vouchers</li> </ul>
Financing Assistance	<ul style="list-style-type: none"> <li>• Credit enhancements</li> <li>• Loans from the Finance Authority of New Orleans (FANO)</li> <li>• Subordinated second mortgages</li> </ul>
Regulation	<ul style="list-style-type: none"> <li>• Rental Registry</li> <li>• Code enforcement</li> <li>• Linkage fee</li> <li>• Vacant property fee or surtax</li> <li>• Inclusionary zoning</li> </ul>

Various strategies can be applied to one or more of three distinct sectors where public sector intervention may be appropriate, as shown in Table 18.

**Table 18: Sectors for Rental Housing Intervention**

SECTOR	RATIONALE
Large-scale new construction and substantial rehabilitation	This represents the principal means by which the total and affordable rental housing stock can be increased, as well as the means by which the city can utilize LIHTC allocations and pursue inclusionary strategies.
Small-scale rehabilitation of vacant properties and infill development	This represents the intersection between the creation of rental housing and blight elimination, and strengthening neighborhoods by reusing vacant properties either through rehabilitation or demolition and infill new construction.
Increasing quality and affordability in the existing private rental market	Existing units in the private market and one- to four-family units in particular will continue to be the principal source of rental housing for the majority of New Orleans tenants. Many of these units are substandard, while rent increases are pushing many others out of reach of low- and moderate-income families.

Some strategies may be more relevant to certain sectors and challenges than to others. Site acquisition and assembly is likely to be most important for large-scale new production, less significant – but still relevant – for individual unit rehab, and irrelevant to strategies that address the condition of the existing stock. Financing strategies, however, while relevant to all of the different challenges and sectors, must be cast differently depending on the nature of the borrower and the end use. In the next sections we will discuss each of the principal strategy areas, while indicating where each may be most relevant or productive.

We refer in the discussion to the “City of New Orleans” or the “City” to refer to the role of city government generally, rather than specifying which *arm* of city government, again including NORA, would play any particular role. The City has many agencies, including both those directly inside city government engaged in spatial planning, housing, and community development, as well as linked entities such as NORA, the Housing Authority of New Orleans (HANO) and the Finance Authority of New Orleans (FANO), all of which may have important parts to play.

## 2 SITE ACQUISITION AND ASSEMBLY

One of the critical elements in creating additional rental housing, whether subsidized housing or housing built for the marketplace, is the availability of buildings and sites for rehabilitation or new construction. It is not simply a matter, moreover, of having sites, but having sites *that*

*can be readily developed*; that is, that are suitably zoned, offer clean title, and contain no other serious impediments to reuse, such as the need for environmental remediation.

Based on a limited review of the Comprehensive Zoning Ordinance, we do not believe that on the whole it imposes unreasonable barriers to appropriate property reuse. We would suggest, however, that the city look more closely, particularly with respect to those areas within the older parts of the city that may be more appropriate for higher density reuse, to see whether potential amendments should be considered, such as creating a rental housing overlay zone, which could increase the economic feasibility of new rental housing construction.<sup>39</sup>

Putting that issue aside, the City can play a role in increasing land and building availability in three distinct ways:

- Targeted use of properties in the public inventory to create rehabilitation and development opportunities for rental housing
- Aggressive acquisition of suitable buildings and sites through acquisition of adjudicated properties, lien foreclosure, and acquisition by the City on the open market.
- Use of public funds for strategic assembly of properties

Over the past few years, NORA has done an excellent job of reducing its inventory from the more than 5,500 properties that it held only a few years ago, obtained from the Road Home Program. As a result, as of April 2015, its inventory of vacant properties has been reduced to 1,882 Road Home properties, and an additional 303 properties acquired through donation or expropriation.<sup>40</sup> These properties are largely clustered in a few parts of the city, most notably the Lower Ninth Ward but also Milneburg, St. Anthony, and Gentilly, areas of relatively low market demand. HANO has an inventory of an additional 270 properties which, however, are currently in some stage of disposition. Changes to the configuration of public education in New Orleans, moreover, have led to major changes in the Orleans Parish School Board's use of its land and building inventory. Reuse of these properties for potential rental housing should be carefully considered.

In addition to properties that are already in public ownership, the city has the opportunity to obtain properties through two methods:

- Purchase of adjudicated property
- Lien foreclosure

Since both activities impose certain costs as well as procedural steps, they are not likely to be suitable for wholesale property acquisition. Both offer significant opportunities, however, to

---

<sup>39</sup> The zoning ordinance significantly limits redevelopment in the interest of protecting the character of the city's historic neighborhoods. We believe that on the whole this is a legitimate trade-off, and our analysis does not go into the details of the regulations. Experience elsewhere has shown, however, that even within areas of generally historic or distinct character that should be preserved through zoning regulation there may be particular sites or corridors that lend themselves to higher density development without impairing the overall character of the area. We also recognize that this is a debatable matter, and that reasonable people may disagree on this point.

<sup>40</sup> Communication from Alexandre Vialou and City of New Orleans, Office of Community Development Draft 2015 Annual Action Plan, <http://www.nola.gov/getattachment/Community-Development/DRAFT-2015-Annual-Action-Plan.pdf/>

acquire key properties in strategic locations, as well as to further the assembly of clusters of individual properties in targeted areas that can be packaged for rehabilitation or reuse; or, in some cases, larger sites for redevelopment.

Finally, the city can seek and use public funds for additional land assembly through open market transactions, in order to complement the properties that it currently owns, or those that can be made available through adjudicated property sales and lien foreclosure. This is particularly appropriate for acquisition of properties for affordable housing in areas showing significant market transitions, where no public inventory is available in those areas and where few properties are likely to become available through tax adjudication and lien foreclosure.

NORA has already taken a significant step in that direction by securing \$5 million for strategic acquisition from the Louisiana Office of Community Development.<sup>41</sup> NORA will target these funds for acquisition in three geographic areas:

- Livable Claiborne Communities
- Lower Ninth Ward
- Desire

Map 5 shows the boundaries of the strategic acquisition target areas.



**Map 5: Target Areas for NORA Strategic Acquisition Fund**

SOURCE: New Orleans Redevelopment Authority

<sup>41</sup> The funds are derived from program income associated with use of the Disaster Community Development funds provided after Katrina.

While the acquisition funds are not earmarked solely for rental housing, rental housing – particularly but not exclusively subsidized rental housing – is one of the uses for which properties acquired with these funds will be put. At least some parts of the target areas, particularly neighborhoods in the larger Claiborne corridor such as Treme, are likely to be highly suitable for additional rental housing development. While \$5 million sounds like a large sum, NORA anticipates that it will make possible acquisition of 75 dilapidated buildings or vacant lots, which are only a small part of the potential number of properties suitable for acquisition in these target areas, let alone citywide. The City should earmark additional funds, potentially from CDBG or UDAG repayments, for strategic property acquisition. At the same time, the lack of adequate acquisition funds highlights how important it is to leverage acquisition resources with acquisition through taking of adjudicated properties and lien foreclosure. As discussed below, acquisition with public funds is not only a tool to make property available for appropriate reuse, but can also be used as a means of providing a subsidy where needed to create the type of redevelopment sought by the city. Where the city provides land or buildings at written-down prices to developers, however, it must be clear – and explicit – about the public benefit to be derived from that action. It should be clearly conditioned on commitments by the developer to provide affordable housing or foster redevelopment sought by the City where market conditions do not make development without subsidy feasible.

Over and above these steps, the City should consider conducting an analysis of key target areas, to see in which locations it can most effectively layer existing properties in public ownership, properties potentially available through adjudicated property purchase and lien foreclosure, and the presence of dilapidated properties and vacant or significantly underutilized lots, for development of either or both subsidized or market rental housing. This analysis, which should engage all of the relevant public agencies, would provide a framework for:

- Decisions about disposition or holding of remaining public holdings
- Prioritizing lien foreclosure and acquisition of adjudicated properties
- Prioritizing use of strategic acquisition funds.

Such an analysis may also serve as a guide to possible amendments to the Comprehensive Zoning Ordinance to facilitate rental housing development in appropriate locations.

### **3 SUBSIDY**

The ability of the City to obtain or provide capital or other forms of subsidy to reduce the extent to which the full cost of rental housing development must be covered by the rent roll is fundamental to the creation of affordable rental housing. It is also relevant in many cases to the creation of market rental housing, since there are still many parts of the city where it may be appropriate to encourage market rental housing, but where market rents cannot sustain the full cost of developing new or substantially rehabilitated housing units. As

discussed below, subsidies may also be relevant to the goal of keeping existing private market rental housing affordable.

There are few outside sources to which the City can turn to find housing subsidy funds. The largest is the Low Income Housing Tax Credit (LIHTC) program. It is worth exploring whether a targeted strategy by the City to maximize the number and quality of LIHTC applications from qualified nonprofit and for-profit developers would potentially increase the number of LIHTC units that could be created in New Orleans over the coming years. To the extent that such a strategy appears to be potentially productive, it should focus on projects that are:

- Located in economically diverse areas, strong-market or market-transition areas, or areas of potential future market pressure; and
- Provide for mixed-income development.

Both of these categories, it should be noted, yield substantial points under the 2016 Qualified Allocation Plan adopted by the Louisiana Housing Corporation.<sup>42</sup> The City should also explore where Historic Preservation Tax Credits can be used to support rental housing development. By using the State Commercial Tax Credit to leverage the federal Historic Preservation Tax Credit, developers can generate significant equity investment in restoration of buildings in historic districts for rental housing; these credits can also further be leveraged with the LIHTC program, not only furthering project feasibility, but potentially making LIHTC units affordable to families at incomes well below the statutory level of 50% of AMI.<sup>43</sup>

This should be only one part of a larger strategy to increase housing production. In addition to treating rental housing as a priority for CDBG and HOME funds, the City should explore targeting a significant percentage of both the Neighborhood Housing Improvement Fund (NHIF) and available UDAG repayment funds to subsidize provision and/or preservation of rental housing. We would suggest the City consider the following approach to using those funds:

- Recognizing the strong competition for funds from what represent a shrinking resource, a substantial share of CDBG, HOME, and NHIF funds should nonetheless be earmarked to support *affordable* rental housing
- A share of UDAG repayment funds should be targeted to support *market* rental housing subject to two conditions:
  - Developments should contain a minimum percentage of affordable units subject to long-term affordability controls; and

---

<sup>42</sup> See [http://www.lhc.la.gov/assets/Programs/Low\\_Income\\_Housing\\_Tax\\_Credit/QAP/2016/FinalQAPSeptember9.pdf](http://www.lhc.la.gov/assets/Programs/Low_Income_Housing_Tax_Credit/QAP/2016/FinalQAPSeptember9.pdf)

<sup>43</sup> The city also offers a Cultural Products District tax credit, which under some circumstances may be a desirable additional area of leverage.



- The funds should be structured as a subordinated mortgage to be repaid from cash flow over the subsequent 10 to 15 years.<sup>44</sup>

The purpose of providing the subordinated mortgage assistance described under the second bullet is to reduce the amount of debt that rental housing developments need to carry. This improves the feasibility of building additional rental housing in two important respects: it allows the rents to be reduced, which is critical in areas where market rents are not adequate otherwise to support the full cost of development and operations; and it improves the ability of the developer to obtain primary financing from conventional sources. Thus, it can make possible desirable mixed-income development in areas where it is currently not feasible, both expanding the overall rental stock as well as the affordable rental inventory.

Closely related to this is the use of the City's site acquisition program as a form of land or building write-down subsidy, by reducing (writing down) the cost of the land and buildings to the developer, either as a means of making a particular development feasible, as a means of facilitating the creation of affordable units under the inclusionary housing ordinance, or providing some other important housing benefit to the community. As with the discussion of UDAG repayment funds above, the difference between the cost to the city (or market value) and the price the developer pays the city should be structured as a subordinated cash flow mortgage.

In addition to direct capital subsidy, the City should also use tax increment financing (TIF) to help reduce the amount of debt that rental housing developments need to carry. There are two basic TIF models that should be explored:

- Project TIF, where the projected incremental tax revenues from the project are pledged to support debt service, or reduce operating costs, for the project; and
- Neighborhood or areawide TIF, where the projected incremental tax revenues from all development in a designated geographic area are pooled and used for a variety of rental development projects or activities in that area.

One benefit of an areawide TIF is that it can be used not only to increase affordability or feasibility in relatively large-scale developments, but by pooling the tax increment to create a single capital fund, it can be used to support small-scale scattered-site rental housing production or to preserve affordability in existing private market rental housing in the TIF district.

A closely related form of municipal subsidy is tax abatement, or payments in lieu of taxes (PILOT). In essence, they have the same effect as a TIF, in that they represent a willingness by the City to forego all or part of their ad valorem tax revenues on a project in order to make the project feasible.<sup>45</sup> The principal difference is that a TIF is generally capitalized, while a PILOT

---

<sup>44</sup> Given that the growth in market rents over time is likely to substantially outstrip the extent to which increased operating costs will absorb increased rental income, a well-situated and well-maintained market rental development should be able to start generating enough revenue to begin repayment of subordinated debt by the fifth year of operation or not long thereafter.

<sup>45</sup> For that reason, advocates of PILOTS and TIFS argue that the city is not actually foregoing anything, because the project would not take place without the TIF or PILOT, so that the 'lost' revenues are purely hypothetical. While this is undoubtedly often the case, it is also often the case that a developer will seek a TIF or PILOT if

acts to reduce non-capital operating costs, and thus increase the amount of project income available for debt service.

Using some or all of the above tools, the City should consider creating a **Rental Affordability Buy-In Program** in order to preserve affordability in private market rental housing. Under such a program, the city would offer landlords a combination of tax abatements and direct grants in return for his or her freezing the rent (or agreeing to increase it by no more than X% per year) for an extended period.<sup>46</sup>

Looking at a hypothetical example, we can make a ballpark estimate of what it might cost to convince a landlord to freeze the rent for a unit for some period of time. Ultimately, one can assume that the cost should be expected to bear a reasonable relationship to the amount of income that the landlord would expect to forego over the period of the rent freeze. Table 19 illustrates the extent of the potential income that a landlord might forgo during a 10 year rent freeze. The example assumes a base rent of \$750 per month, and a hypothetical annual increase of 5% in market rents.

**Table 19: Effect Of Rent Freeze on Income of Hypothetical Rental Unit**

YEAR	MONTHLY MARKET RENT	MONTHLY CONTROLLED RENT	MONTHLY DIFFERENCE	ANNUAL DIFFERENCE
1	750	750	0	0
2	787.5	750	-37.5	-450
3	826.88	750	-76.88	-922.5
4	868.22	750	-118.22	-1,418.63
5	911.63	750	-161.63	-1,939.56
6	957.21	750	-207.21	-2,486.53
7	1,005.07	750	-255.07	-3,060.86
8	1,055.33	750	-305.33	-3,663.90
9	1,108.09	750	-358.09	-4,297.10
10	1,163.50	750	-413.5	-4,961.95
<b>CUMULATIVE TOTAL (Years 1 through 10)</b>				<b>-23,201.03</b>

Over the 10 years of the rent freeze, the landlord in the hypothetical example shown in the table will lose a total of \$23,200 in projected rental income. It is likely, however, that the up-front

it is available even though the project might work without it. This reality points out the importance of the city conducting a rigorous financial analysis of projects requesting assistance before making the final decision.

<sup>46</sup> While such programs have been discussed elsewhere, we are not aware of any city that has actually implemented such a program.

capital subsidy cost to get a typical landlord to accept a 10-year rent freeze is likely to be in the area of \$15,000 to \$20,000, but that that cost is likely to vary from one neighborhood to the next. This recognizes that the total loss shown above should be discounted to reflect its present value. Moreover, since it may be unrealistic to expect that rents would increase by 5% per year indefinitely, as in the hypothetical, many landlords may be willing to accept a “bird in the hand.” In some neighborhoods where the market is moving rapidly, however, the cost might be substantially higher, because in those areas the landlord’s expectations of market rent growth would be greater than shown in the example. Tax abatement may be substitutable for some of the capital subsidy, but since it would be realized over time rather than up front, it would not have a dollar for dollar effect on the amount of capital subsidy needed.

It is important to stress that this approach is designed solely to offset the income foregone by the landlord in years two through ten, and not to cover the cost of any improvements to the unit. The two are not fungible. It is unrealistic to expect a landlord to agree to both accept a rent freeze *and* make improvements unless the amount of funds being offered substantially exceeds the cost of one or the other.

While the cost and impact of the Rental Affordability Buy-in Program should be carefully evaluated in light of the possible alternative uses of limited resources, the numbers shown above suggest that it might be appropriate and desirable in some parts of the city, particularly if an areawide TIF were available to help defray the cost. Unless additional funds were made available to cover the cost of improvements, however, any unit that should be considered for the program should already be at a minimum fully code-compliant.

## 4 FINANCING

While subsidies are a critical part of increasing the supply of rental housing – particularly affordable rental housing – increasing access to affordable financing is equally important, and particularly important as a way of facilitating small-scale development of rental housing and preservation of the existing private market stock. Developers and owners of rental housing may need a number of different types of financing:

- Property acquisition and pre-construction loans
- Construction loans, to cover the period from approval<sup>47</sup> to end of construction
- Permanent or ‘take-out’ financing, once the project is completed and income is being generated from rents.<sup>48</sup>
- Subordinated debt to fill the gap between loan and equity availability.

While homebuyers often have difficulty obtaining mortgages in today’s risk-averse lending climate, developers of market rental properties often find that the environment is equally

---

<sup>47</sup> Approval means that all financial pieces (loans, subsidies, contracts) as well as regulatory approvals (land use approval, building permits) are in place.

<sup>48</sup> Some projects also need ‘bridge’ financing, to cover the period between completion of construction and stable rental income.

challenging, with lenders imposing punishingly high equity requirements when they are willing to lend at all. This is particularly the case in emerging markets without a long history of stable high market rents. Financing difficulties in some cases can keep developments from taking place at all, and in other cases – where development may be feasible if less expensive financing with lower debt service requirements were available – by increasing the cost of carrying debt or generating equity returns, can render developments infeasible. “Mom and pop” landlords of small rental properties face similar obstacles, including difficulty obtaining purchase financing,<sup>49</sup> and difficulty obtaining financing to make improvements. These obstacles both discourage property improvement as well as long-term responsible ownership.

This is an area where public sector intervention can be potentially highly productive, if carefully pursued. The public sector can facilitate access to credit through a number of ways:

- Credit enhancements, such as loan guarantees and other risk-sharing mechanisms;
- Subordinated debt, such as “soft seconds”
- Direct lending, generally through a special-purpose entity, such as the Louisiana Housing Corporation or the Finance Authority of New Orleans (FANO).

These can be combined, such as when a general governmental body provides a guarantee to back the lending activities of a special-purpose entity.

Since the public sector is providing or guaranteeing debt to be repaid, rather than providing a subsidy, it has the advantage of both being a low-cost way of intervening in the market as well as one in which a modest but not insignificant amount of fee income can be generated. The downside is, first, that it is not a *substitute* for subsidy, since the projects financed as a result must still cover the debt service, and second, there is risk associated with project failure. Although a loan guarantee may involve no direct fund outlay, the public agency providing the guarantee is on the hook in the event of a default by the project owners. The presence of this risk defines the key threshold conditions of any responsible public sector financing intervention – the public agency must *set clear and responsible underwriting standards, must have the expertise to underwrite loans responsibly, and must be sufficiently insulated from political or other pressures to make loans or loan guarantees that do not meet its standards*. While the goal of the program is to facilitate development, many proposed projects will not meet reasonable standards, while many would-be developers will lack the track record or capability needed to succeed. The agencies involved must be able and willing to say no.

The City, working through NORA and FANO, should explore the feasibility of any or all of the following steps:

- Working with area lenders to develop a public sector loan guarantee program to increase the availability of loan products, including:

---

<sup>49</sup> According to a 2011 analysis by Campbell/Inside Mortgage Finance, 77% of investor purchases were all-cash transactions. FHA, Fannie/Freddie and VA mortgages *in total* amounted to only 7% of investor purchases, while 16% of transactions used some other type of financing, such as hard money lenders.

- Long-term take-out financing for small and large rental housing new construction or rehabilitation projects;
- Financing for qualified buyers to acquire properties for rental operation;
- Improvement financing for small rental property owners<sup>50</sup>
- Providing similar loan products through direct lending, using FANO and/or NORA as the lending vehicles
- Creating a pre-development loan program to cover property acquisition and other pre-development activities,<sup>51</sup> perhaps in conjunction with local lenders or the LHC.

The City must also determine to what extent Louisiana law may impose conditions or constraints which may affect any of these activities. Such an analysis is beyond the scope of this report.

This is a weighty undertaking, and should not be initiated lightly. In addition to the need to underwrite loans, the City may need to find the capacity to service loans and take action in the event of default or pre-default conditions. Rather than add in-house capacity, however, the City should address these issues through partnerships with entities with existing capacity. These may include area lenders, credit unions, the LHC, or community development financial institutions. We believe, however, that providing a reliable flow of financing for acquisition, development, and property improvement for rental housing will both have a significant impact on the production of additional rental housing as well as the quality of the existing stock.

## 5 REGULATION

There are a number of important regulatory strategies that the City can pursue to create more rental housing generally, create more affordable rental housing, and improve the quality of existing rental housing.

### Inclusionary Zoning

The city recently enacted an amendment to the CZO to provide for a density bonus for the provision of affordable housing.<sup>52</sup> The program is a voluntary one, so its effectiveness hinges on the extent to which the bonus will be seen by developers as making the development more financially attractive with than without the affordable housing units.<sup>53</sup>

---

<sup>50</sup> Where the owner of the property already has a mortgage, it is preferable to structure the financing to roll the existing mortgage debt and the additional amount for improvements into a single loan. Generally speaking, the city should avoid making subordinated loans, except where they are being used as a form of subsidy, as discussed earlier.

<sup>51</sup> These may include site testing, architectural and engineering costs, legal costs, mortgage commitment fees, permitting fees, and the like.

<sup>52</sup> New Orleans City Council Calendar 30,891, signed by Mayor Landrieu on September 9, 2015. The ordinance full text is available at [http://cityofno.granicus.com/MapView.php?view\\_id=3&clip\\_id=2146&meta\\_id=297533](http://cityofno.granicus.com/MapView.php?view_id=3&clip_id=2146&meta_id=297533)

<sup>53</sup> It appears to be the consensus that a mandatory inclusionary ordinance would have a difficult time passing legal muster under Louisiana law.

Table 20A shows what the rent would be for a typical 2 bedroom unit based on HUD 2015 income figures and assuming rent would be 30% of gross income. A developer can combine any of the three categories to receive up to a total 30% increase in permitted floor area ratio (FAR).

**Table 20A: Incomes and Rents Under New Orleans Density Bonus Ordinance**

AFFORDABILITY AS % OF AMI	% AFFORDABLE UNITS	% FAR INCREASE	MAXIMUM INCOME (3 PERSON FAMILY)	MAXIMUM RENT
30% of AMI	5%	15%	\$20300	\$522.50
50% of AMI	5%	10%	\$27000	\$675.00
80% of AMI	5%	5%	\$43100	\$1080.00

By making certain assumptions with respect to operating and debt service costs, we can calculate the amount that the rent levels shown above are able to generate in terms of their ability to carry debt. Specifically, as shown in Table 20B, we calculate debt service capacity under two assumptions: (1) that the developer obtains conventional financing at 6% with a 20-year amortization<sup>54</sup> and 25% debt service coverage;<sup>55</sup> (2) 30-year debt obtained through a special-purpose entity, possibly with a city guarantee, at 4.5% with 15% debt service coverage.

**Table 20B: Debt Service Carrying Capacity of Affordable Units Under New Orleans Density Bonus Ordinance (All Figures Rounded to Nearest \$100)**

AFFORDABILITY	ASSUMPTION 1: OPERATING COSTS AT \$300/month		ASSUMPTION 2: OPERATING COSTS AT \$450/month	
	CONVENTIONAL FINANCING	ASSISTED FINANCING	CONVENTIONAL FINANCING	ASSISTED FINANCING
30% of AMI	\$24800	\$38200	\$8100	\$12400
50% of AMI	\$41900	\$64400	\$25100	\$38600
80% of AMI	\$87100	\$133870	\$70400	\$108100

We look at two cases, one where monthly operating costs and taxes will be \$300 and another where they are \$450. Assuming taxes are between \$100 and \$150 per month, net operating

<sup>54</sup> The debt service payment would be based on a 20 year amortization schedule, but this would be unlikely to be a 20 year mortgage; the mortgage would probably actually be a balloon mortgage with a term of no more than 10 years.

<sup>55</sup> Coverage refers to the amount over and above the actual debt service payment that the developer will be required to show in the pro forma as a cushion against operating cost overages or revenue shortfall, represented as a percentage of the debt service payment.



costs of \$150-\$200 are typical of “mom and pop” rentals, while costs in the \$300+ range are more typical of professionally-managed or CDC properties.

The incremental market rate units need to generate enough additional revenue to support the gap between the debt service capacity shown in Table 20B and the cost of the unit, including the developer’s profit and, in all likelihood, some additional amount to compensate for the greater complexity of the transaction. We are not in a position to conduct a detailed financial analysis of the impact of the affordable units and the density bonus on the feasibility of development, but it is possible that the value of the bonus will not fully offset the cost of providing the affordable units. This problem is not unique to New Orleans, and reflects the fact that a density bonus ordinance has a built-in set of constraints: if the bonus is too small, it may not generate development interest, but if it is too large, it risks undermining the underlying zoning scheme for the area. The table shows, however, the significant effect of leveraging financing facilitated by the public sector, which increases the debt service carrying capacity of the affordable units by more than 50%.

Rather than suggest increasing the bonus, at least at this time, we would suggest that the City explore what additional incentives that are not made available routinely to market rental developers can be offered to developers who would be willing to take advantage of the density bonus. These can include such things as writing down the cost of land or buildings, access to financing assistance, tax abatement, waiver of fees, and municipal assistance in infrastructure or streetscape improvements.

## Linkage Fees

A related area which may be worth exploring is whether to consider enacting a development fee for affordable housing; that is, a charge or exaction on *non-residential* development linked to the impact that such projects have on the need for affordable housing in the community. Such fees, often referred to as “linkage fees” are widely used in many parts of the country, and have made significant contributions to the provision of affordable housing in cities like Boston and San Francisco.<sup>56</sup> Typically, these fees are justified under the legal standards for developer exactions, which vary widely from state to state. While such a fee may be reasonable, it must be determined whether the City has the authority to enact such a fee, or whether it will require state enabling legislation.

## Vacant Property Surtax

Despite the revitalization that New Orleans has seen in recent years, large numbers of both land and buildings remain vacant, not maintained, and not used for any productive purpose. While some of these properties have been abandoned by their owners, and are likely to end up (if they are not already) on adjudicated property lists, many owners are holding them for speculation or

---

<sup>56</sup> For a description of these and other linkage programs, see a report prepared by the Boston Redevelopment Authority “Survey of Linkage Programs in other U.S. Cities with Comparisons to Boston”, available at <http://www.bostonredevelopmentauthority.org/getattachment/8440bf23-afa7-40b0-a274-4aca16359252/>

other purposes, and continuing to pay property taxes when due. Even though they are paying their taxes, they are harming the community in two ways: first, they are holding units off the market that could be used to relieve the city’s housing needs, and second, they are contributing to blighting the city’s neighborhoods.

One way to address this issue is through imposing a higher property tax rate on vacant properties, as has been done in a number of cities, most notably Washington, D.C. An alternative approach is to enact a Vacant Property Registration Ordinance (VPRO), which provides for a registration fee structure that would increase annually for every year that the property continued to be vacant and unproductive.<sup>57</sup>

Whether structured as a surtax or a fee, such a proposal has a downside, in that it may lead some property owners in weaker market neighborhoods who are currently paying their taxes to decide to abandon their properties, and allow them to go into the tax adjudication process.<sup>58</sup> Before enacting any surtax or fee, the City should evaluate this risk, in order to determine whether it would offset the benefits of the initiative. As with a linkage fee, the City must determine whether it has the authority to enact such a fee or surtax, or whether it will require state enabling legislation.

## Rental Registry

A second and very different regulatory arena is that of the City’s role with respect to the existing rental housing inventory, particularly the vast number of scattered units largely owned by “mom and pop” landlords. The City is considering developing an ordinance to establish a registry of all rental properties in New Orleans, as well as require regular inspections to ensure that all rental units met minimum standards of safety and habitability.<sup>59</sup> As envisaged, the program would also include incentives for responsible landlords, such as a reduced frequency of inspections as well as other benefits.<sup>60</sup>

If housing in the private rental sector, particularly that at the lower end of the rent scale, is to provide decent, safe housing for its tenants, a systematic approach such as this is needed. *A code enforcement program designed to respond to tenant complaints is important, but only a system that provides for regular inspections can lead to systemic change in the quality of the stock as a whole.* Incentives are an important part of the strategy, as the goal of any form of rental regulation should not be so much to “crack down” on problem landlords, as to motivate more

---

<sup>57</sup> VPROs with sliding scale fees of this sort have been enacted in many cities around the United States since being pioneered in Wilmington, Delaware over 10 years ago. The cost of vacant properties to the municipality, both in terms of direct costs and the indirect impact of reducing property values (and thus tax revenues) of adjacent properties, provides a strong legal basis for such ordinances.

<sup>58</sup> Ideally, one could impose a differential surtax or fee based on the market conditions in the area. This may not be realistic, however, either legally or technically.

<sup>59</sup> The ordinance proposal would exempt from the inspection requirement properties that are subject to federally-mandated inspection, such as units containing Housing Choice Voucher holders; properties which are subject to separate registration requirements by virtue of their status as educational, health care or other regulated facilities; and transient facilities such as hotels and motels.

<sup>60</sup> A discussion of landlord incentives appears in the Center for Community Progress publication *Raising the Bar: Linking Landlord Incentives and Regulation through Rental Licensing*.

landlords to become responsible stewards of their properties. Helping landlords get better access to financing for improvements and upgrades is an important part of that process.

The challenge facing the City in introducing such a regulatory strategy is that some landlords, faced with increased costs for maintenance and repairs, may increase their rents to recover their higher costs; or, alternatively, faced with the need to make improvements, may decide to upgrade their properties well beyond the requirements of the ordinance in order to be able to raise their rents significantly. Since New Orleans is barred from adopting rent control, the City has no direct means to prevent this. How likely a landlord is to pursue that option is likely to hinge on the location of the property. A property in an up-and-coming area like Bywater or St. Roch that has remained affordable because of its poor or unsafe condition is more likely to see rent increases as a byproduct of a licensing program than a property in Hollygrove or the Lower Ninth Ward. In all likelihood, however, such properties – because of their ability to command higher rents – are more likely to be upgraded *with or without* a rental registry ordinance. Thus, the risk of a regulatory strategy triggering higher rents, while not nonexistent, is likely to be much smaller than has been suggested.

In the final analysis, however, we would argue that the goal of ensuring life safety and habitability for the city’s lower-income residents should be paramount. Assertions that it is necessary to allow families to continue to live in unsafe or unhealthy conditions in order to preserve affordability are not acceptable. Should the proposed ordinance be enacted, however, the City should explore the possibility of some form of hardship assistance for tenants adversely affected by landlord improvements.<sup>61</sup> Such assistance would have to be carefully designed to prevent landlords from taking advantage of it to game the City’s regulatory system.

## 6 PUTTING THE PIECES TOGETHER

It is not likely that the tools we have outlined in the preceding sections will enable New Orleans to solve its rental housing challenges, but we believe that they are adequate to accomplish a great deal in that direction. The greatest problem, however, in generating the greatest impact from these tools is that each one is limited, either in terms of its potential effect or the dollars that are available. Administered separately, without being leveraged through a coordinated strategy, they are likely to accomplish far less than they otherwise could.

---

**In order to use these tools strategically, the City must meet two basic conditions: First, does the City, including NORA, have the political will to make addressing rental housing needs a priority and focus on it the energy and resources that are potentially available? Second, does the City, again including NORA, have the technical capacity to design and implement an effective strategy to mold these tools to greatest advantage? We believe that**

---

<sup>61</sup> We are not familiar with any similar program elsewhere. Two options might be to set aside a small part of the city’s HOME funds, or to have HANO set aside a number of Housing Choice Vouchers, for this purpose.

the answer to both questions is clearly in the affirmative. The question is how to get started.

---

The central task facing the City is to link the disparate tools to a series of coherent strategies based on outcomes. At this point, however, not all of the tools that we have described are in place; or if in place, are ready to be applied to strategies in timely fashion. This, the initial task facing the city is to ensure that all of the tools that it potentially has available are indeed available, and ready to use. We would characterize the current situation as one in which these tools fit into one of three categories:

- Tools that exist, and for which reasonable procedures for implementation exist, such as HOME and CDBG;
- Tools that exist, but for which policies and/or procedures for implementation have not yet been established, such as tax increment financing districts; and
- Tools that still need to be created, such as some of the financing tools described above.

While it is certainly not necessary to stop using those tools that can be used currently while developing the additional tools that are needed, building the complete toolkit should be seen as a high priority.

Once the tools are in place,<sup>62</sup> the process of linking the tools to strategies and outcomes should be initiated. The text box on the following page offers a hypothetical case describing how this might take place.

---

<sup>62</sup> The timing of the two parallel processes, of adding tools to the effective toolkit, and using tools to implement strategies, needs to be carefully thought through. Certain strategies may be effectively pursued with existing tools, but others may not be able to be properly implemented until or unless certain additional tools become available.

## Linking Tools to Strategies: A Hypothetical Example

New Orleans contains a number of areas where it would be desirable to add to the supply of affordably priced rental housing and in which a substantial number of single family or duplex properties are vacant and potentially obtainable through taking of adjudicated properties or lien foreclosure. Based on the number of suitable properties that the City considers realistic to acquire in one such neighborhood within a reasonable period,<sup>63</sup> the City could set a target, for example, to “add 200 rental single family or duplex units in X neighborhood within 3 years.” The next step would be to determine what procedures would need to be followed, and what other tools would be needed to build into the process in order to reach that target.

If the City determined that it should issue a request for proposals (RFP) for this initiative, it should then determine:

- How many different RFP packages of how many units should be issued, over what time period?
- What qualifications from developers will be established?
- What performance standards, including affordability levels, should be established?

The City would then conduct a financial analysis to determine likely project costs and revenues, in order to determine what gap, if any, existed between the costs and the market and/or the City’s affordability targets. That, in turn, would determine what other tools would have to be brought to bear. These might include

- Tax abatement
- Tax increment financing
- Mortgage financing
- Subordinated debt
- CDBG, HOME, or NHIF assistance
- Land or building acquisition write-down

The City would also have to determine if any regulatory relief, such as changes to the zoning of the properties, or waiver of any requirements, might be necessary to achieve the City’s targets. The availability of the tools and/or regulatory relief identified by the City would be indicated in the RFP(s) that the City would issue.

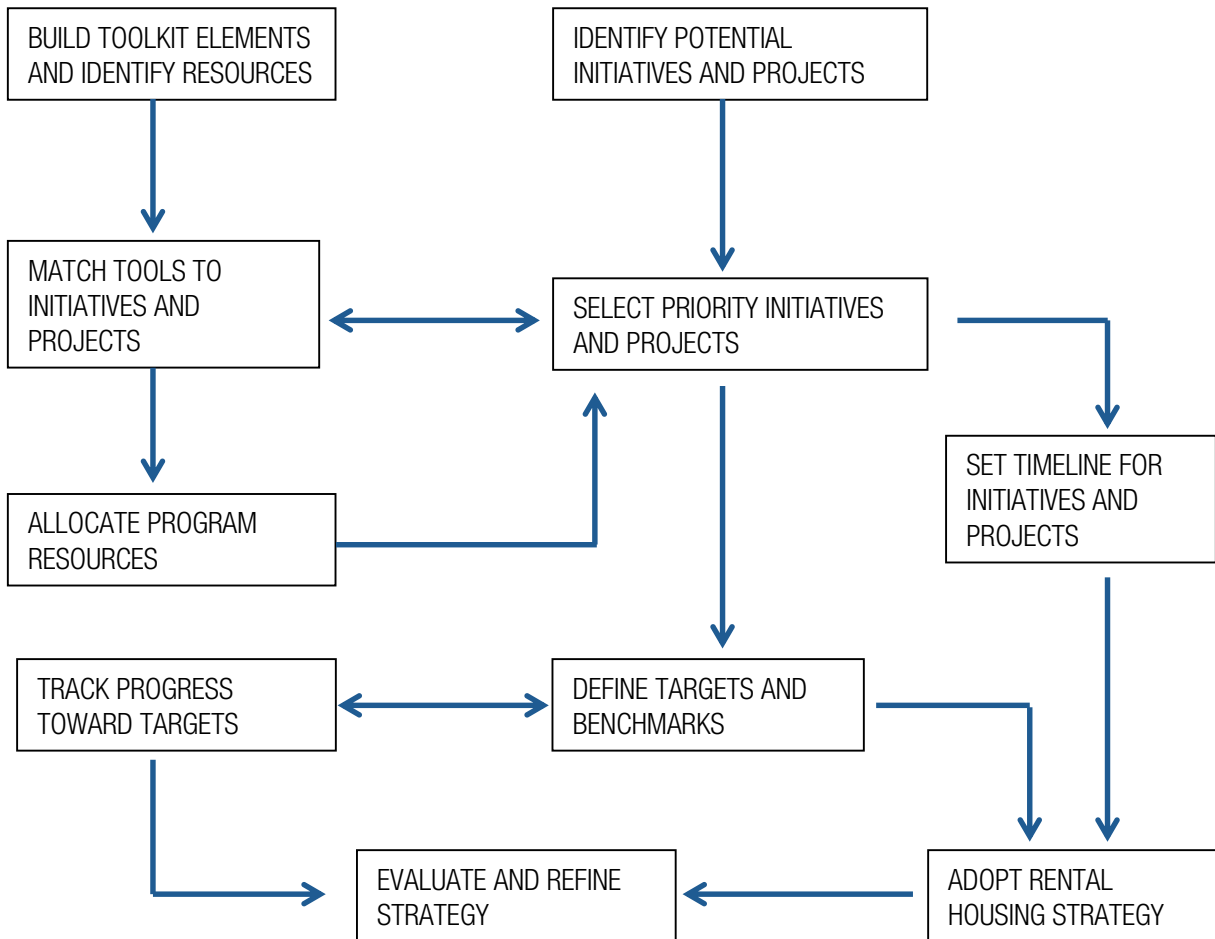
An initiative of the sort described above is only one of many possible activities that the City might seek to pursue. A planning process should be used to brainstorm the full range of potential initiatives, activities, and projects, and then set priorities. For example, the city might determine that use of CDBG or HOME funds to facilitate increasing the number of LIHTC submissions to the Louisiana Housing Corporation might be a higher priority than using those funds to reduce costs of scattered site rental rehab as described above. In any event, the goal would be to have an overall rental housing production and improvement strategy which would identify tools, strategies and priorities with a timetable for action and specific targets.

The process of developing the rental housing strategy along these lines is shown in Figure 9.

---

<sup>63</sup> This could include properties acquired with the strategic acquisition fund over and above those obtained by taking adjudicated properties and lien foreclosure.

Figure 9: Schematic Representation of Rental Housing Strategy Development Process



While much of what is shown in Figure 9 may appear intuitively apparent, there are a number of features to this approach which are worth noting:

- The process of building the toolkit and allocating the resources available under the different tools, and the process of identifying the priority initiatives, should be an iterative one, rather than tools driving projects, or projects driving use of tools.
- Rather than determine the strategy *a priori*, as is often the case, we recommend that the strategy be the sum of the decisions made about tools, priorities, and resource allocation. This is a bottom-up, rather than a top-down process, following from the fact that in large part both the goals and the nature of the strategy need to reflect the mix of available tools and feasible projects.

Such a process should ensure not only that the strategy is realistic, but that the city is ready and able to implement it, and achieve its targets and benchmarks.



## Closing Note

The city of New Orleans is facing a growing rental housing crisis. Increasing numbers of families and individuals are facing severe cost burdens renting housing in the city, while many are also constrained to live in inadequate, substandard housing. With less new rental housing being created than is needed to meet the demand, the rental market is getting steadily tighter. Thus, the city is facing a threefold rental housing problem: affordability, quality and availability.

The City of New Orleans, with the legal powers and financial resources available to it, cannot by itself *solve* these problems. They are economic as much as housing problems, and reflect national conditions, exacerbated but not caused by New Orleans' specific history, economy and physical form. In some respects, they are a by-product of the economic growth that the city has experienced in recent years.

The City of New Orleans *can*, however, make a major difference to reduce the magnitude of the problem, and improve the living conditions of thousands of its residents now suffering from inadequate or overly expensive rental housing. If the City is to do so, however, it must maximize the use and leverage of its limited resources, build strong partnerships, and work with its partners to marshal their collective powers and resources in a systematic, strategic fashion. Given all that New Orleans has accomplished in recent years, we believe that it has both the capacity and the political will to accomplish this task as well.

# APPENDIX 1

## MEDIAN LISTING RENTS BY NEIGHBORHOOD FOR THE FIRST HALF OF 2015

### One Bedroom Units

FIRST (LOWEST) QUINTILE		SECOND QUINTILE		THIRD QUINTILE		FOURTH QUINTILE		FIFTH QUINTILE	
Read Blvd West	560	St Anthony	700	Leonidas	895	St Thomas Dev	995	Black Pearl	1225
New Aurora/Eng Turn	572.50	St Roch	700	Bayou St. John	900	Algiers Point	1000	West Riverside	1250
Read Blvd East	575	Gert Town	725	Lakeview	900	Audubon	1000	Irish Channel	1340
W Lake Forest	599	Behrman	755	Holy Cross	925	Bywater	1000	East Riverside	1350
Little Woods	600	Dillard	775	Tulane/Gravier	943.50	Gentilly Terrace	1000	CBD	1370
Viavant	615	Milan	775	East Carrollton	950	Broadmoor	1050	Garden District	1375
Tall Timbers/Brechtel	660	Treme/Lafitte	800	Fairgrounds	950	Uptown	1100	Lower Garden District	1467.50
St Claude	683.50	Seventh Ward	850	Central City	960	West End	1150	French Quarter	1500
Marlyville/Font	695	McDonogh	875	Touro	972.50	Marigny	1200	Lakeshore/Lake Vista	2050
Old Aurora	700	Lake Terrace & Oaks	885	Mid-City	991	City Park	1212.50		

## Two Bedroom Units

FIRST (LOWEST) QUINTILE		SECOND QUINTILE		THIRD QUINTILE		FOURTH QUINTILE		FIFTH QUINTILE	
Viavant	700	McDonogh	862.50	Seventh Ward	1000	Mid-City	1315	Uptown	1625
Little Woods	755	St Roch	875	Tulane/Gravier	1000	Lake Terrace & Oaks	1350	Lakeshore/Lake Vista	1675
Holy Cross	762.50	Behrman	900	Touro	1195	Lakeview	1350	Audubon	1695
New Aurora/Eng Turn	795	St Anthony	900	Bayou St. John	1200	Freret	1375	Lower Garden District	1700
Read Blvd West	799	Dillard	902.50	Central City	1220.5	Algiers Point	1400	Irish Channel	1747.50
Dixon	800	Tall Timbers/Brechtel	904.50	Milan	1272.5	Black Pearl	1400	Navarre	1750
Hollygrove	800	Treme/Lafitte	925	East Carrolton	1295	Marlyville/Font	1400	Bywater	1975
W Lake Forest	800	Gert Town	950	Leonidas	1295	West Riverside	1475	CBD	2000
Lower Ninth Ward	850	St Claude	950	Broadmoor	1300	Garden District	1585	City Park	2000
St Bernard Area	850	Whitney	975	Fairgrounds	1300	East Riverside	1600	St Thomas Dev	2115
Old Aurora	860	Gentilly Terrace	1000	West End	1300	Marigny	1600	French Quarter	2400

### Three Bedroom Units

FIRST (LOWEST) QUINTILE		SECOND QUINTILE		THIRD QUINTILE		FOURTH QUINTILE		FIFTH QUINTILE	
St Claude	925	W Lake Forest	1100	Tulane/Gravier	1200	Freret	1500	East Carrollton	2200
Hollygrove	950	Little Woods	1125	Viavant	1200	Mid-City	1550	Lower Garden District	2225
Tall Timbers/Brechtel	950	Lake Terrace & Oaks	1148.50	Gentilly Terrace	1250	Lakeview	1699	Audubon	2250
Holy Cross	955	Old Aurora	1175	Milan	1284	Broadmoor	1700	Black Pearl	2250
Read Blvd West	975	Behrman	1200	Village De L'Est	1295	City Park	1750	Uptown	2300
Whitney	997.50	Gert Town	1200	Central City	1300	West End	1750	Lakeshore/Lake Vista	2500
Lower Ninth Ward	1000	Mcdonogh	1200	Fairgrounds	1300	Lakewood	1795	Bywater	2850
Seventh Ward	1000	New Aurora/Eng Turn	1200	Bayou St. John	1347.50	Marlyville/Font	1800	French Quarter	2900
Treme/Lafitte	1015	St Anthony	1200	CBD	1400	West Riverside	1950	Garden District	3200
Milneburg	1100	St Roch	1200	Leonidas	1450	Navarre	1975	Marigny	3500
Plum Orchard	1100	Touro	1200	Algiers Point	1500	Irish Channel	2000		

# APPENDIX 2

## MEDIAN LISTING RENTS BY YEAR AND NUMBER OF BEDROOMS BY NEIGHBORHOOD

(Excludes cells where fewer than 10 listings were reported for any one year and unit size)

	BRs	2009	2010	2011	2012	2013	2014	2015 YTD
Algiers Point	1	750	850	775	800	910	900	1000
	2	987.5	962.5	950	1000	1100	1150	1400
	3	1000	1150	1200	1187.5	1650	1300	1500
	4+		1150		2000			1900
Audubon	1	875	925	972.5	935	900	995	1000
	2	1250	1200	1300	1375	1400	1500	1695
	3	1300	1875	1350	1875	2000	2150	2250
	4+	2375	2600	2400	2600	2947.5	2995	2900
Bayou St. John	1	712.5	750	800	875	900	880	900
	2	872.5	895	1025	1250	1200	1200	1200
	3	775	850	900	995	1195	1350	1348
	4+						3250	
Behrman	1	592.5	510	659	645	669	700	755
	2		900	1000	809	835	935	900
	3	1200	1050	1200	1100	1175	1200	1200
	4+		1300	1572	938	1337.5	1400	
Black Pearl	1	750	785	745	750	800	1200	1225
	2	975	1075	1400	1450	1500	1500	1400
	3		1375	2800	2300	2250	2150	2250
	4+							

	BRs	2009	2010	2011	2012	2013	2014	2015 YTD
Broadmoor	1	750	700	700	775	875	925	1050
	2	1030	975	1100	1000	1150	1200	1300
	3	1495	1295	1100	1300	1300	1600	1700
	4+		1500		1600	1900	1847.5	1795
Bywater	1	725	800	725	900	1250	950	1000
	2	925	895	1025	1050	1950	1250	1975
	3	800	1100	1400	2250	2150	2000	2850
	4+							
CBD	1	720	750	995	1201	1200	1235	1370
	2	900	949	1350	1850	1870	1774.5	2000
	3	1165	1200	1137.5	2050	1995	1795	1400
	4+	1500	1750	1275	650	1200	1795	1600
Central City	1	900	1000	950	815	950	950	960
	2	1100	950	918	925	918	1100	1221
	3	1000	1500	1325	1950	1305	1305	1300
	4+	1221.5	1100	1197.5	1295	1300	1320	1300
City Park	1	750	775	800	825	850	1212.5	1213
	2	950	975	1200	1500	1500	2000	2000
	3	2100	1500	1800	2150	1600	1750	1750
	4+							
Desire	1		969	775	700	750		
	2						925	
	3				1150	1200	1000	
	4+							
Dillard	1		460	620	620	620	695	775
	2		865	797.5	800	850	820	902.5
	3			1295	1295	912.5	1000	1143
	4+			1800	790	1500		
Dixon	1						576	800
	2		1175	855	717.5	797.5	681	800
	3	751	900	750	1750	1714	902.5	975



	BRs	2009	2010	2011	2012	2013	2014	2015 YTD
	4+							
East Carrolton	1	797	750	795	800	875	950	950
	2	975	1090	1250	1250	1300	1350	1295
	3	1800	1550	1800	1697.5	1800	1750	2200
	4+	2700	2000		1600	2375	1700	
East Riverside	1	700	850	800	850	975	1075	1350
	2	975	950	1150	1000	975	1400	1600
	3	1500	1250	1975	2025	1350	2000	
	4+							
Fairgrounds	1	850	850	875	900	1015	925	950
	2	800	885	1000	1200	1350	1225	1300
	3	1200	1800	1900	1875	1197.5	1262.5	1300
	4+					2800	1750	
Fillmore	1			775	785	820	825	
	2			900	1012.5	1000	1050	
	3	1475	1525	1350	1550	1400	1299	
	4+				1550			2100
French Quarter	1	1200	1050	1100	1200	1250	1297.5	1500
	2	1650	1750	1700	1800	2000	2348	2400
	3	2600	2560	2450	1930	2140	2850	2900
	4+			1250	1200		4900	
Freret	1	650	825	635	715	750	1050	
	2	850	850	982.5	1000	1145	1250	1375
	3	1000	1250	1387.5	1150	1467.5	1562.5	1500
	4+			825	2600		2100	
Garden District	1	925	950	1125	1000	1000	1350	1375
	2	1450	1474	1650	1650	1800	2050	1585
	3	3900	2495	3900	2000	1950	3000	3200
	4+		6697.5				8500	6250
Gentilly Terrace	1	795	711	682.5	700	800	750	1000
	2	950	850	800	850	875	950	1000

	BRs	2009	2010	2011	2012	2013	2014	2015 YTD
	3	950	1000	1250	1200	1075	1200	1250
	4+		1275		1000		1300	
Gert Town	1	650	650	700	700	725	700	725
	2	795	800	850	850	850	875	950
	3	1275	1225	1100	1200	1200	1200	1200
	4+	1600					1050	
Hollygrove	1		595	600	600	695	700	
	2	800	975	725	700	800	800	800
	3	950	925	1200	900	1000	900	950
	4+				1150	1200	1200	
Holy Cross	1		560	495	625	595	525	925
	2		650	650	675	750	700	762.50
	3	850	695	700	825	985	895	955
	4+							
Iberville	1				725	875	700	
	2			1650	950	1075	1512.50	
	3					1350	1125	
	4+							
Irish Channel	1	900	900	800	900	950	1100	1340
	2	900	1000	1200	1350	1500	1800	1747.50
	3	1000	1300	1000	1272.50	1300	2000	2000
	4+						5000	
Lake Catherine	1				600	575	575	
	2					775		
	3				1300		1200	
	4+				1800			
Lake Terrace & Oaks	1					648	900	885
	2				925	950	1250	1350
	3			3000	1297.5	1425	1200	1149
	4+		1850		590	1200	799	1100
Lakeshore/Lake Vista	1	800	2050	2050	2050	2050	2050	2050

	BRs	2009	2010	2011	2012	2013	2014	2015 YTD
	2	1250	1350	1800	1900	1800	1550	1675
	3	2400	2300	2500	1100	1200	2150	2500
	4+					1300	1925	
Lakeview	1	800	900	750	875	900	900	900
	2	1075	1100	1400	1250	1200	1250	1350
	3	1400	1350	1500	1550	1650	1700	1699
	4+	2300	3000	2950	2300	2250	2200	
Lakewood	1		675	1000			1350	
	2		807.5				1012.5	
	3		1250	2300	1250	1550	1350	1795
	4+		2700				3650	
Leonidas	1	680	737.5	695	720	725	800	895
	2	850	995	925	912.5	925	1100	1295
	3	985	1000	1200	1200	1450	1500	1450
	4+	1286.5	1300	1250		1700	2300	
Little Woods	1	667.5	630	625	600	625	624.5	600
	2	900	900	795	750	775	775	755
	3	1137.5	1100	1050	860	860	950	1125
	4+	1500	1250	1300	970	909	975	1450
Lower Garden District	1	1000	950	1150	1100	1175	1400	1468
	2	1650	1600	1575	1500	1700	1800	1700
	3	1450	2050	1800	1700	1625	2145	2225
	4+	4500	2130	2800	2450	1600	5500	3800
Lower Ninth Ward	1					650	640	
	2	750	600	775	760	795	700	850
	3	900	754	875	895	1000	1000	1000
	4+							
Marigny	1	825	895	900	825	900	1150	1200
	2	1000	1200	1250	1400	1650	1650	1600
	3	1400			900	2750	2975	3500
	4+							

	BRs	2009	2010	2011	2012	2013	2014	2015 YTD
Marlyville/Fontainbleau	1	812.5	825	750	850	950	875	695
	2	1000	1100	1250	1225	1300	1350	1400
	3	1300	1500	1450	1500	1650	1800	1800
	4+	2200	2400	1800	2175	1500	2550	2825
McDonogh	1		752.5	595	675	700	950	875
	2	800	800	790	925	900	800	862.5
	3	1200	1000	900	895	1000	900	1200
	4+		1350				975	
Mid-City	1	850	825	895	800	850	897.5	991
	2	947.5	925	925	950	1075	1100	1315
	3	1125	1250	1000	950	1000	1150	1550
	4+		950	1300	1550	1237.5	2200	2200
Milan	1	800	850	825	795	800	825	775
	2	987.5	1200	1025	1100	1250	1374	1273
	3	1100	1200	1400	1150	1350	1100	1284
	4+	1323	1725	1200	1200	1150	1150	1421
Milneburg	1					725		
	2	895	895	975	875	900	950	
	3		930	900	862.5	1250	1150	1100
	4+							
Navarre	1	800	650	675	795	849.5	935	
	2	1050	995	1200	1185	1400	1400	1750
	3	1250	1195	1300	1350	1500	1500	1975
	4+		1650			1900	2100	
New Aurora/Eng Turn	1		600			600	815	572.5
	2			500	825	875	800	795
	3		850	1200	1100	1175	1125	1200
	4+	3900	3900	1500	1182.5	1200	3700	
Old Aurora	1		550	600	621	695	700	700
	2			800	690	800	825	860
	3	1095	1247.5	1110	1175	1145	1125	1175

	BRs	2009	2010	2011	2012	2013	2014	2015 YTD
	4+	1650	1500	1250	1250	1250	1275	1475
Pines Village	1						800	
	2				900		750	
	3		900	1000	1175	1050	995	
	4+						1100	
Plum Orchard	1			595	600			
	2			900	775.5	850	775	
	3			1100	1100	1100	1100	1100
	4+				1295		1500	
Read Blvd East	1			498.5	550	595	678.5	575
	2				650	675	867.5	
	3	1300		1350	1150	1100	1409.5	
	4+		2800				2547.5	
Read Blvd West	1						600	560
	2			725			750	799
	3			1350	1250	1200	1050	975
	4+						1300	1500
Seventh Ward	1	685	650	675	650	700	750	850
	2	700	750	800	750	850	825	1000
	3	950	800	1100	925	950	1000	1000
	4+	900	912.5	1300	1475	1275	1042	
St Anthony	1				625	700	750	700
	2	936	877.5	875	850	850	900	900
	3	1200	1100	1187.5	1000	1200	1200	1200
	4+			1800			1350	
St Bernard Area	1		775	775	600	700	600	
	2		750	850	716	716	850	850
	3			1200	821	821	821	
	4+							
St Claude	1	1050	625	600	650	765	725	683.5
	2	750	750	700	750	895	850	950

	BRs	2009	2010	2011	2012	2013	2014	2015 YTD
	3	1000	750	975	975	995	950	925
	4+				1300	1200	1400	
St Roch	1	700	750	650	625	700	700	700
	2	650	700	700	697.5	795	800	875
	3	950	875	987.5	950	1000	950	1200
	4+	1200		1300	1300	1200	1295	
St Thomas Dev	1		875	875	875	950	995	995
	2		1240	875	895	1250	1800	2115
	3			1925	2150	2075	2300	
	4+							
Tall Timbers/Brechtel	1	582	582	600	598	625	625	660
	2	922.5	900	870	860	884	895	904.5
	3	1100	995	850	864	1100	1000	950
	4+	1700	1700			1400	1375	
Touro	1	850	925	900	850	1000	1050	972.5
	2	1200	1290	1700	1525	1550	1500	1195
	3	1600	2395	3950	1500	1887.5	1895	1200
	4+			15000	8750			
Treme/Lafitte	1	775	850	1014.5	750	775	800	800
	2	850	850	800	850	855	895	925
	3	751	1025	1000	925	900	1015	1015
	4+		1529	975		1380	1895	
Tulane/Gravier	1	675	800	750	618	850	850	943.5
	2	990	1020	800	825	850	925	1000
	3	1187.5	1350	950	823	1000	1137.5	1200
	4+		1550	1395	1500	1500	1400	1750
US Naval Base	1							
	2		850	850	977.5	1265	1000	
	3		1100	1100	1250	1445	1325	
	4+				1595	1695		
Uptown	1	825	850	825	850	900	1000	1100



	BRs	2009	2010	2011	2012	2013	2014	2015 YTD
	2	1200	1225	1472.5	1375	1500	1575	1625
	3	1200	1525	1525	1795	1995	2000	2300
	4+		2197.5	2000	2600	2500	2800	
Viavant	1		600		600	560	615	615
	2		974.5	1030	687.5	685	675	700
	3				900	980	990	1200
	4+							
Village de L'Est	1						737.5	
	2		900				850	
	3		1175	1250	1200	1250	1190	1295
	4+						1400	
West End	1	850	800	975	850	850	1350	1150
	2	1062.5	1099	1450	1200	1200	1250	1300
	3	1475	1550	1350	1500	1595	1600	1750
	4+			3930		2350	2195	
W Lake Forest	1	700	630	560	575	595	599	599
	2		900	775	712.5	725	765	800
	3		1075	895	1000	1078	950	1100
	4+							
West Riverside	1	975	1000	895	875	1150	1200	1250
	2	1150	1200	1250	1300	1595	1687.5	1475
	3	1775	2400	1950	1500	1950	2500	1950
	4+						3800	
Whitney	1							
	2	800	800	825	850	1050	1100	975
	3	1358	1200	1300	1000	1000	1450	997.5
	4+						785	
Citywide	1	800	800	850	825	875	995	1000
	2	950	975	1000	1000	1100	1200	1250
	3	1200	1250	1200	1100	1200	1300	1350
	4+	1662.5	1750	1400	1400	1400	1500	1675



# APPENDIX 3

## AFFORDABILITY OF RENTAL LISTINGS BY NEIGHBORHOOD, NUMBER OF BEDROOMS AND NEIGHBORHOOD-LEVEL MEDIAN INCOME BY HOUSEHOLD SIZE

The appendix presents data for each of the city’s neighborhoods with respect to the relative affordability of rental listings in 2013 compared to 2013 estimated median renter incomes *for that neighborhood*, broken down by household size and the number of bedrooms in the dwelling unit being offered. It should be stressed that the values are based on listings, not on the total rental stock in the neighborhood; therefore, *the table does not tell one what people in the neighborhood are paying currently in rent, but what a typical resident would have to pay to afford the typical apartment currently being listed for rent in her neighborhood.*

Many of the cells in the tables are empty, because in many neighborhoods we either did not have median income data for all household sizes, or enough listings for all bedroom sizes (we only calculated affordability where we had 10 or more listings for units of a particular size in the neighborhood). Percentages are provided only where we had *both* median income data and listing data for that particular income/unit size combination. Since there is no data that breaks down renter and homeowner income by household size for neighborhoods, we have assumed that the ratio between renter median income and total median income is the same across neighborhoods and household sizes, and calculated renter medians accordingly.

As the table shows, depending on the configuration of the household, a unit of a particular size might be appropriate for households of different sizes, and vice versa. For example, a one bedroom household might work for a single person and for some two person households, but some two person households might need a two bedroom unit.

For easier reading, the tables have been color-coded as follows.

	Median household would have to spend less than 30% of income to afford unit
	Median household would have to spend 30-39.9% of income to afford unit
	Median household would have to spend 40-49.9% of income to afford unit
	Median household would have to spend 50% or more of income to afford unit

		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
Algiers Point	1	38.0%	21.6%				
	2		26.1%	14.7%	14.8%		
	3				22.1%		
	4						
Audubon	1	34.1%	16.5%				
	2		25.7%	25.6%	34.9%		
	3				49.8%		
	4						
Bayou St John	1	59.3%	24.6%				
	2		32.8%	40.0%	44.3%		
	3				44.1%		
	4						
Behrman	1	60.3%	36.5%				
	2		45.5%	42.3%	36.7%		
	3				51.6%	42.6%	
	4					48.4%	
Black Pearl	1	46.6%	27.5%				
	2		51.6%	31.2%	48.6%		
	3				73.0%		
	4						
Broadmoor	1	48.0%	30.6%				
	2		40.2%	39.4%			
	3			38.7%	65.5%		
	4				78.8%	67.4%	

		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
Bywater	1	73.8%	53.4%				
	2		83.3%	71.2%	61.3%		
	3				67.6%	80.4%	
	4						
CBD	1	54.5%	32.6%				
	2		50.9%	25.8%			
	3						
	4						
Central City	1	89.7%	47.3%				
	2		47.3%	57.3%	84.8%		
	3				120.6%	164.1%	
	4					163.5%	
City Park	1	40.2%	16.5%				
	2		29.1%	39.5%	16.2%		
	3				17.2%	13.0%	
	4						
Desire	1	81.1%	82.4%				
	2						
	3				123.0%	239.8%	
	4						
Dillard	1	67.4%	25.1%				
	2		34.4%	37.6%	33.3%		
	3				35.7%		
	4						

		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
Dixon	1						
	2		79.7%	158.9%			
	3					136.4%	
	4						
East Carrolton	1	60.7%	22.9%				
	2		34.0%	39.7%	27.2%		
	3				37.7%		
	4						
East Riverside	1	44.8%	41.8%				
	2		41.8%	28.3%	37.0%		
	3				51.2%	38.1%	
	4						
Fairgrounds	1	81.7%	43.6%				
	2		58.0%	113.2%	133.2%		
	3				118.1%	38.1%	
	4						
Fillmore	1	65.8%	24.2%				
	2		29.5%	30.0%	37.1%		
	3				51.9%	45.6%	
	4						
French Quarter	1	47.3%	27.6%				
	2		44.2%	20.4%			
	3						
	4						



		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
Freret	1	92.4%	39.3%				
	2		59.9%	34.9%			
	3						
	4						
Garden District	1	31.6%	12.9%				
	2		23.1%	40.0%	19.5%		
	3				21.1%		
	4						
Gentilly Terrace	1	61.3%	32.9%				
	2		36.0%	38.7%	26.4%		
	3				32.4%		
	4						
Gert Town	1	76.1%	47.1%				
	2		55.2%	134.6%	268.1%		
	3				378.5%	127.7%	
	4						
Hollygrove	1	84.3%	46.8%				
	2		53.8%	72.1%	52.8%		
	3				66.0%	66.0%	
	4						
Holy Cross	1	60.9%	30.9%				
	2		39.0%	39.8%	29.1%		
	3				38.2%		
	4						

		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
Iberville	1	190.6%	175.6%				
	2		215.7%	93.6%	93.6%		
	3				253.1%	157.1%	
	4						
Irish Channel	1	63.5%	22.4%				
	2		35.4%	42.7%	25.8%		
	3				22.4%		
	4						
Lake Catherine	1	32.0%	13.1%				
	2		17.7%	21.9%	12.6%		
	3						
	4						
Lake Terrace & Oaks	1	87.0%	17.3%				
	2		25.4%	11.1%	9.9%		
	3				14.8%		
	4						
Lakeshore/Lake Vista	1	71.5%	33.2%				
	2		29.2%	25.3%	21.3%		
	3				14.2%	14.6%	
	4					15.8%	
Lakeview	1	40.9%	20.1%				
	2		26.8%	23.8%	19.2%		
	3				26.4%	18.2%	
	4					24.8%	

		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
Lakewood	1						
	2						
	3				18.1%	16.6%	
	4						
Leonidas	1	59.9%	28.6%				
	2		36.4%	49.7%	17.6%		
	3				27.5%		
	4						
Little Woods	1	61.0%	31.5%				
	2		39.0%	34.1%	39.0%		
	3				43.3%	30.1%	
	4					31.8%	
Lower Garden District	1	49.0%	27.0%				
	2		39.0%	39.7%	35.9%		
	3				34.3%	70.4%	
	4					69.4%	
Lower Ninth Ward	1	96.0%	44.6%				
	2		54.5%	56.6%	27.2%		
	3				27.2%		
	4						
Marigny	1	54.0%	24.4%				
	2		44.7%		22.7%		
	3				37.8%		
	4						

		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
Marlyville/Fontainbleau	1	41.5%	20.0%				
	2		27.4%	27.6%	24.6%		
	3				31.2%	48.2%	
	4						
McDonogh	1	82.9%	42.9%				
	2		55.1%	49.4%	61.8%		
	3				68.7%	90.0%	
	4						
Mid-City	1	72.2%	43.4%				
	2		54.9%	44.7%	51.2%		
	3				47.7%	79.7%	
	4						
Milan	1	56.4%	19.1%				
	2		29.9%	36.7%	81.8%		
	3				88.4%	49.1%	
	4						
Milneburg	1	66.5%	33.3%				
	2		41.3%	58.1%	35.7%		
	3				49.6%	51.1%	
	4						
Navarre	1	40.0%	28.6%				
	2		47.1%	27.5%	15.4%		
	3				16.5%	19.5%	
	4						

		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
New Aurora	1	23.5%	13.0%				
	2		19.0%	27.8%	15.4%		
	3				20.7%	34.0%	
	4						
Old Aurora	1	34.6%	22.7%				
	2		26.2%	27.7%	18.7%		
	3				26.7%	44.2%	
	4						
Pines Village	1						
	2						
	3				66.3%	52.1%	
	4						
Plum Orchard	1						
	2		57.0%	46.1%	51.5%		
	3				66.7%		
	4						
Read Blvd E	1	45.7%	18.2%				
	2		20.6%	14.8%	16.1%		
	3				26.3%	36.4%	
	4						
Read Blvd W	1						
	2						
	3				45.7%	38.1%	
	4						

		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
St. Anthony	1	75.0%	40.4%				
	2		49.0%	40.3%	60.4%		
	3				85.2%	59.1%	
	4						
St. Bernard Area	1	105.5%	42.7%				
	2		43.7%	76.5%	28.2%		
	3				32.3%		
	4						
St. Claude	1	117.0%	39.2%				
	2		45.8%	45.0%	33.1%		
	3				36.8%	44.2%	
	4					53.4%	
St. Roch	1	101.2%	48.9%				
	2		55.5%	43.8%	60.3%		
	3				75.9%		
	4						
St. Thomas Development	1	117.3%	36.4%				
	2		47.8%	59.9%	237.5%		
	3				394.2%	180.0%	
	4						
Tall Timbers / Brechtel	1	50.3%	21.1%				
	2		29.9%	22.7%	26.9%		
	3				33.4%	37.9%	
	4						



		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
Touro	1	45.3%	30.7%				
	2		47.6%	38.3%	17.0%		
	3				20.7%		
	4						
Treme / Lafitte	1	86.9%	41.7%				
	2		46.0%	34.3%	75.5%		
	3				79.5%	96.9%	
	4						
Tulane / Gravier	1	140.9%	83.7%				
	2		83.7%	76.8%	29.6%		
	3				34.8%		
	4						95.2%
US Naval Base	1	59.8%	41.1%				
	2		46.9%	81.8%	91.4%		
	3				107.3%		
	4						
Uptown	1	37.1%	22.1%				
	2		36.8%	30.2%	52.1%		
	3				69.2%	46.7%	
	4					58.5%	
Viavant	1	73.8%	42.8%				
	2		52.4%				
	3					64.4%	
	4						

		HOUSEHOLD SIZE					
	BRs	1	2	3	4	5	6
Village de L'Est	1						
	2						
	3						
	4					42.0%	95.3%
West End	1	29.2%	22.7%				
	2		32.0%	50.7%	23.7%		
	3				31.6%		
	4						
West Lake Forest	1	55.7%	33.6%				
	2		40.9%	41.0%	32.8%		
	3				48.8%	113.9%	
	4						
West Riverside	1	58.4%	27.7%				
	2		38.4%	30.3%			
	3			50.3%	25.1%		
	4						
Whitney	1						
	2		63.1%	52.6%	42.3%		
	3				40.3%	58.6%	54.3%
	4						



## HEADQUARTERS

111 E. Court St.  
Suite 2C-1  
Flint, MI 48502

## NATIONAL OFFICE

1001 Connecticut Ave. NW  
Suite 1235  
Washington, DC 20036

(877) 542-4842

 <http://www.communityprogress.net/>

 @CProgressNews

 [facebook.com/CenterForCommunityProgress](https://www.facebook.com/CenterForCommunityProgress)