

# **STILL SEPARATE AND UNEQUAL:**

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## **THE STATE OF FAIR HOUSING IN AMERICA**

PRESENTED BY...

*The National Commission on Fair Housing  
and  
Equal Opportunity  
Houston Hearing, July 31, 2008*

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“Hurricane Katrina was an equal opportunity destroyer” is the pet phrase used to deflect attention from the influence of racism upon the disparities in loss and recovery in the Gulf Region. While the winds, rain, and storm surge from Hurricanes Katrina and Rita may have attacked with random and blind fury, they struck a region where for generations whites attacked the housing and economic opportunities of blacks through open and legally-sanctioned racism. If Hurricane Katrina was an equal opportunity destroyer, then we must ask ourselves whether our government has been an equal opportunity restorer? In the case of Mississippi, the answer is no.

Some history is required to appreciate the point. Coastal Mississippi followed the classic Southern pattern of settlement. A 19th century railway connecting New Orleans to Mobile laid down a racial dividing line. To the south, white beach-front residential areas were established, while black communities arose to the north. At the end of the Civil War in what later became Gulfport, freed slaves settled along the marshy banks of Turkey Creek and Bayou Bernard. Beginning in the 1930’s, whites took over black areas in North Gulfport for an Air National Guard base and converted a black neighborhood into a white suburb. (See Figure 1).



Figure 1: Railroad as Racial Dividing Line (Map adapted from [Dataplace.org](http://Dataplace.org))

Hurricane Katrina's tidal surge was held back by the rail bed, which functioned like a levee. Black communities north of the railroad were spared surge damage, except in peninsular areas such as East Biloxi, or swampy backwaters like Turkey Creek and North Gulfport.

When Mississippi designed its disaster assistance programs, it put insured homeowners with storm surge damage at the front of the line for the most generous grants. The criteria discriminated against black storm victims, who more likely than not were renters, or, if homeowners, more likely than not lacked insurance. Over \$1.2 billion in Phase I homeowners grants were paid to insured homeowners, but only \$255 million went to low and moderate income households. Next in line for less generous grants were surge-damaged lower-income homeowners who received about \$313 million. No funds were available for homeowners in segregated enclaves north of the railroad who received heavy wind damage but no storm surge.

Mississippi, one of the poorest states in the nation, sought exemptions from Congressional requirements to spend at least 50 percent of disaster recovery funds on persons of low and moderate income. Federal officials refused a wholesale exemption but permitted a series of piecemeal waivers, through which Mississippi ultimately passed \$4 billion out of its \$5.4 billion in disaster relief. As a result, by the end of 2007, Mississippi had spent only 13 percent of disaster funds on programs that primarily benefit lower income persons. This falls well short of the 37 percent proportion of lower income households to the population as a whole in the lower six coastal counties. Furthermore, not a dollar in federal block grant funds had been spent to restore affordable rental housing as June, 2008.

Assessing the affordable rental housing losses in coastal Mississippi is currently impossible because Mississippi has published no damage estimates by income level, despite having been urged to accomplish this task first, and despite having ample resources to fund it. A HUD study of damaged rental units by income level was later withdrawn by officials due to alleged over-counting of units. After Mississippi's diversion of \$600 million in housing funds to finance the expansion of a state port provoked Congressional protests and oversight, Mississippi announced it would assess unmet affordable housing needs, but this report has not been published. Subject to these qualifications, the table below identifies some unmet rental housing needs based on currently available information.

Table 1: Some Unmet Rental Housing Needs

<b>type</b>	<b>number of damaged units</b>	<b>estimated units rebuilt from MS programs</b>	<b>unmet need</b>
public housing damaged units	2,534	2,000-3,200	0 to 534
public housing waiting list	3,054	666	2,388
HUD assisted rental	4,702	9,168	0
VLI market rate rental	29,869	4,466	25,403
total			27,791

As shown in the table, Hurricane Katrina damaged 2,534 out of 2,695 public housing units in South Mississippi, but there were 3,054 households on a Section 8 voucher waiting list prior to the storm. According to the now-withdrawn HUD survey, the storm damaged 4,702 HUD assisted rental units and 29,869 very low income market rate rentals. Mississippi's tax-credit programs are estimated to restore 9,168 subsidized rental units, only 5,900 of which will be in the 6 coastal county area. After subtracting the estimated units rebuilt from the damaged units, it appears that Mississippi will fall short of unmet housing needs by nearly 28,000 units. While this

figure may later prove to be on the high side, it is unlikely that the current rental housing programs will cover the unmet needs of the region. One indication of the imbalance in the rental market is that FEMA currently is moving hundreds of temporary trailer occupants into hotel rooms, because there are no available apartments to rent.

The “not-in-my-back-yard” (NIMBY) phenomenon stymied the placement of temporary housing (trailers and Katrina cottages) and reconstruction of affordable rental housing. In Pascagoula, city officials refused to extend exemptions for FEMA trailer group sites on the basis that emergency housing conditions had ended, while extending a state of emergency in other municipal areas to ensure access to disaster recovery dollars. In Gulfport, a long series of tax credit-financed apartment complexes were blocked on pretextual zoning grounds. So far, the only complexes to win approval are reconstructions in sites previously occupied by subsidized housing, a trend which reproduces a long-standing discriminatory housing structure.

In addition to being the state with the greatest poverty rate in the nation, Mississippi has the largest per capita population of people with disabilities, the majority of whose incomes fall below the 80% area median income category. Persons with disabilities tend to have less income because many are on fixed income, but most also have substantial disability-related expenses not borne by the non-disabled population on fixed income. Only 413 of the LIHTC-funded rental units in the 6 coastal counties are elderly-disabled compatible.

Mississippi’s decision to redirect \$600 million from housing to a massive expansion of the State Port at Gulfport removes any hope for thousands of low-income homeowners and renters displaced by Hurricane Katrina of return to safe and affordable housing.

Between 6,300 and 7,500 households who occupied small rental sites that suffered major to severe damage from Katrina no longer may expect that their landlord will repair or rebuild the residences they occupied. The cost to cover this unmet need is \$250 million.

Very-low-income households whose market rate or voucher-subsidized rental housing had major to severe damage from Katrina will face an even longer wait for the return of deeply affordable rental housing without CDBG support for LIHTC-financed apartment complexes. Additional resources, \$300 million or more in piggyback CDBG funds, would help to deepen the affordability of tax credit financed apartments, or to bridge the gap in the eroding value of tax credits in the current economic climate

Lower-income wind-damaged homeowners, who might otherwise benefit from an extension of the Homeowners Assistance Grant Phase II, will have to seek charitable assistance to repair or rebuild their dwellings. Long term recovery organizations have thousands of pending and closed files with wind damage that will not be serviced due to the lack of resources to cover the cost of materials or labor. More funding to these organizations would be a meaningful step towards restoring an equitable recovery for persons who lived on the wrong side of the tracks. Additional funds are needed to assist vulnerable minority and disabled populations in East Biloxi, who face nearly impossible-to-meet elevation and insurance requirements.

Mississippi's policy choices at the state level and zoning choices at the local level so far have reinforced pre-existing economic and racial disparities in the area of housing and community opportunity. Our work to reverse these trends will require a fundamental shift of priorities and reallocation of resources to meet the goal of fair housing and equal opportunity.

