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HUD to pay \$62 million to La. homeowners to settle Road Home lawsuit

By Michael A. Fletcher, Published: July 6

The U.S. Department of Housing and Urban Development said Wednesday that it will pay as much as \$62 million to 1,300 Louisiana homeowners to settle a lawsuit alleging that a program that awarded federal grants to rebuild after hurricanes Katrina and Rita discriminated against African Americans.

The lawsuit was filed by two civil rights groups and five homeowners, who maintained that the \$9.8 billion [Road Home program](#) — called the largest housing recovery program in the nation's history — relied on a formula that discriminated against thousands of African American homeowners.

The formula for the federally funded Louisiana program [awarded rebuilding grants up to \\$150,000](#) based on a home's pre-storm value, rather than the cost of rebuilding from the storm damage. The suit argued that those rules hurt black homeowners, whose properties typically had lower values than whites.

The settlement builds on changes the Obama administration and state of Louisiana made in the program nearly two years ago that allowed more than 13,300 low- and moderate-income homeowners to receive \$470 million in grants to supplement the initial rewards they received from the rebuilding program.

The vast majority of the money contemplated in the settlement will be awarded to homeowners who are rebuilding in Orleans Parish. Homeowners in Cameron, Plaquemines and St. Bernard parishes also will be eligible for the grants.

"Regrettably, the Road Home became a roadblock for many," said James Perry, executive director of the Greater New Orleans Fair Housing Action Center, which brought the suit along with the National Fair Housing Alliance. "This settlement is a step in the right direction toward getting more hurricane-affected homeowners back into their homes and making good on America's promise to rebuild a better New Orleans."

Nearly six years after Hurricane Katrina leveled the Gulf Coast and overwhelmed the levies protecting New Orleans, causing catastrophic flooding, the rebuilding job remains a work in progress.

While some New Orleans neighborhoods are mostly recovered, others — particularly low-income parts of the city — still appear battered by the devastation. Advocates say that is at least in part because homeowners there did not get enough money to rebuild after the storm.

The agreement announced Wednesday will allow additional grant money to flow to homeowners who have been unable to rebuild because their original Road Home grants fell far below the average for their parishes.

“This agreement is a huge help to families who clearly want to get back into their homes but continue to struggle to make the needed repairs to their properties,” said HUD Secretary Shaun Donovan. “While this additional compensation goes a long way to helping folks complete their recovery, we’re also going to make sure that those who left their blighted properties behind are held accountable.”

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