



**No Home for the Holidays:  
Report on Housing Discrimination Against  
Hurricane Katrina Survivors**



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**National Fair Housing Alliance  
1212 New York Avenue, NW  
Suite 525  
Washington, DC 20005  
(202) 898-1661  
[www.nationalfairhousing.org](http://www.nationalfairhousing.org)**

## **REPORT ON HOUSING DISCRIMINATION AGAINST HURRICANE KATRINA SURVIVORS**

### **EXECUTIVE SUMMARY**

The National Fair Housing Alliance (NFHA) is the only national civil rights organization focused solely on eliminating housing discrimination and promoting residential integration. Based in Washington, D.C., NFHA was founded in 1988 and is a consortium of more than 220 private, non-profit fair housing organizations, state and local civil rights agencies, and individuals from throughout the United States. NFHA works to educate the public and the housing industry about their rights and obligations under fair housing laws, and it conducts investigations into discriminatory rental, real estate, mortgage lending and homeowners insurance practices throughout the nation.

In response to concerns of housing discrimination against persons forced to evacuate because of Hurricane Katrina, NFHA conducted an investigation of rental housing practices in five states to determine whether victims of Hurricane Katrina would be treated unfairly based on their race. We conducted tests over the telephone to determine what both African-American and White home seekers were told about unit availability, rent, discounts, and other terms and conditions of apartment leasing. In 66 percent of these tests – 43 of 65 instances – White callers were favored over African-American callers. We also conducted five matched pair tests in which persons visited apartment complexes. In those five tests, Whites were favored over African-Americans three times.

Several of these tests revealed egregious types of discrimination, and NFHA has filed administrative complaints with the United States Department of Housing and Urban Development (HUD) against five apartment complexes. NFHA's first goal in taking this action is to remind both apartment seekers and housing providers that housing discrimination is illegal. NFHA's second goal is to hold accountable the housing providers who have discriminated on the basis of race and national origin.

### **OVERVIEW OF THE INVESTIGATION**

The waters have receded from the Gulf Coast in the aftermath of Hurricane Katrina. The images of those fleeing New Orleans and those left behind during the hurricane reflected a significant and struggling African-American community. The media images provided graphic evidence of the destructive effects of residential segregation in the United States.

Illegal housing discrimination and residential steering based on race created the segregation in New Orleans, the Gulf Coast and most other communities

throughout the United States. In order to ascertain whether or not even those forced to relocate because of the hurricanes would experience discrimination, NFHA conducted testing of rental housing providers in several communities. Although housing discrimination based upon race, color, religion, sex, national origin, disability or familial status is illegal,<sup>1</sup> NFHA's investigation into housing practices following the hurricanes documented violations of the federal Fair Housing Act in several states to which many hurricane victims fled: Alabama, Georgia, Florida, Tennessee and Texas. Out of 65 tests of rental housing providers, African-Americans experienced discrimination in 43, or 66 percent, of the transactions. NFHA will conduct further testing in 2006 to ascertain treatment of displaced people based on national origin, disability and family status.

To counteract these widespread findings of race discrimination against Hurricane Katrina survivors, NFHA has filed complaints alleging violations of the federal Fair Housing Act with the U.S. Department of Housing and Urban Development against five apartment complexes. These are the complexes at which the most egregious instances of differential treatment occurred.

## **SUMMARY OF FINDINGS**

From mid-September through mid-December, 2005, NFHA conducted telephone tests of rental housing providers in seventeen cities in five states, as follows:

Alabama: Birmingham, Mobile, Huntsville and Montgomery  
Florida: Gainesville, Tallahassee and Pensacola  
Georgia: Atlanta, Columbus, Macon and Savannah  
Tennessee: Nashville, Chattanooga and Memphis  
Texas: Houston, Dallas and Waco

NFHA conducted 65 tests in five states, all with two White callers and one African-American caller. In 43 of these tests, White testers were favored over African-American testers. With limited resources and a short time-frame, NFHA was able to conduct five in-person tests at apartment complexes for which we had identified differential treatment on the initial phone test. These in-person tests were matched pair tests with one White tester and one African-American

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<sup>1</sup> Title VIII of the Civil Rights Act of 1968 (the Fair Housing Act), as amended by the Fair Housing Amendments Act of 1988, (42 U.S.C. § 3601 et. seq) prohibits discrimination in housing and housing related transactions based on race, color, religion, sex, national origin, disability or familial status. Its legislative history is entwined with the national experience of urban riots and civil unrest, and its passage was expedited in response to the assassination of Dr. Martin Luther King, Jr. and the release of the Kerner Commission Report that concluded that America was "moving toward two societies, one black, one white — separate and unequal." In enacting the Fair Housing Act, Congress' purpose was "to provide, within constitutional limitations, for fair housing throughout the United States." 42 U.S.C. § 3601 (2004). The ultimate purpose of the FHA was to create "truly integrated and balanced living patterns." 114 Cong. Rec. 3422 (1968).

tester. In these site visit tests, differential treatment that favored White testers was detected in three of the five tests, or 60 percent.

### Types of Differential Treatment

In many tests, White testers were given truthful information about the availability of units or the terms and conditions for securing an apartment, while that information was withheld from or provided differently to their African-American counterparts. Many types of differential treatment were detected in the tests, but most fell into the following categories:

***Failure to tell African-Americans about available apartments.*** White callers were told that one or more apartments were available while African-American callers were told that nothing was available. For example: in Gainesville, two white callers to one complex were told that two apartments were available, while an African-American caller was told that all apartments were currently taken and that management was only taking names for a waiting list. In Pensacola, two white testers were told that one or more apartments were available, while the African American caller was told there was nothing available

***Failure to return telephone messages left by African Americans.*** Testers were instructed to leave voice mail messages when no one answered the phone. In several tests, rental agents failed to return messages left by African-American testers. At a complex in Waco, both white testers spoke with an agent and were given information about available apartments. The African-American tester left three phone messages but never received a return phone call. A third White tester who left a message after office hours had her call returned within 12 hours.

***Failure to provide information to African-American testers.*** Managers volunteered more information to White callers about the number of units available, dates of availability, rental price ranges and security deposit requirements. For example, at one apartment complex on the same day, both White callers were given a range of rental prices and unit availability. In contrast, the African-American was told that the computer was down and the agent would have to call her back with rental price information. The agent never called the tester back.

***Quoting higher rent prices or security deposits to African-American testers.*** In many tests in several locations, African-American callers were told the rent or security deposit for a unit would be higher than the rate quoted to White callers for the same or a similar unit. In Birmingham, a White tester was told that a \$150 security deposit and \$25 per adult application fee would be waived for her as a Hurricane Katrina victim. She

was also told that she needed to make 2.5 times the rent to qualify for the apartment. The African-American tester was told that she would have to pay \$150 for the security deposit and a \$25 application fee for each applicant. The African-American hurricane survivor was also told that she would have to make 3 times the rent to qualify for the apartment.

***Offering special inducements or discounts to White renters.*** White testers were provided with a number of discounts or special inducements, while their African-American counterparts were not. For example, in Dallas, both White testers were told that if they rented at a particular complex, they would receive a free 26 inch LCD television. The African-American tester was not told about the free television but was told that she would have to pay a \$500 security deposit plus a \$500 administration fee (non-refundable). One White tester was told that the administration fee was \$400, plus a \$100 refundable security deposit. A second White tester was told that, if she leased within 48 hours, the security deposit would be \$500 with \$100 refundable. The agent offered to fax or overnight an application to the White tester and asked if he should take the apartment off the market for her.

### The Ramifications of Housing Discrimination on Katrina Survivors

Under normal market conditions, studies have documented high levels of discrimination against African-Americans, Latinos, and Asian-Americans. Given the devastating images of New Orleans and the Gulf Coast, NFHA is concerned that hurricane survivors face even higher levels of discrimination.

What is happening now in the face of the current crisis? What would be the impact of almost one million displaced households on the housing market nationwide? How many people of color, families with children, single female-headed households, and individuals with disabilities will experience discrimination as they search for new housing in the rental and real estate sales markets? How many renters and homeowners will experience discrimination when filing a claim with their insurance company? How many people will become victims of predatory lenders as they seek to obtain financing to repair or replace their homes? How much worse is the level of discrimination in housing markets inundated with those forced to evacuate the Gulf Coast areas?

There are an estimated 125,000 evacuees still located in hotel rooms paid for by the Federal Emergency Management Agency (FEMA). Of these, approximately 85,000 applications for FEMA rental assistance are as yet undecided.<sup>2</sup> In addition to evacuees known to be in hotel rooms, an untold number of people are

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<sup>2</sup> Hsu, Spencer S, "FEMA Ordered to Extend Hotel Stays," *The Washington Post*, December 13, 2005, p. A1.

staying with friends and family or living in cars, tents or damaged homes.<sup>3</sup> All are in need of housing, and a large number of them are African-American. As this population seeks a more permanent housing solution and contacts any number of housing providers, a sixty-six percent rate of discrimination could translate into hundreds of thousands of acts of discrimination against Katrina survivors. Fair housing must become a component of all housing programs, and FEMA must make particular efforts to ensure the persons it assists do not experience housing discrimination.

One of NFHA's staff members has attempted to contact the Washington, DC, office of FEMA on three occasions in order to ascertain what FEMA's policy is on housing discrimination as it relates to persons evacuated because of the hurricanes. She explained that she was calling on behalf of NFHA and that NFHA had concerns regarding the potential for discrimination by housing providers who might be contacted by displaced persons. The first time she called, she was told by a woman who answered the phone that her call would be returned; it was not. She second time she called, she was asked what fair housing was and was told that she had called the wrong agency. The third time she called, she was told that FEMA doesn't deal with "fringe organizations" and the person with whom she was speaking hung up the phone.

HUD's Office of Fair Housing and Equal Opportunity has a role to play as well. While brochures and media campaigns are underway to alert displaced persons about their fair housing rights, FHEO needs to channel funds directly to private non-profit fair housing agencies to help people combat housing discrimination and to open all neighborhoods to displaced families.

## **HOUSING DISCRIMINATION IN THE LARGER CONTEXT**

Recent research by the United States Department of Housing and Urban Development (Housing Discrimination Study 2000, Phases One, Two, and Three) has documented significant levels of discrimination against African-Americans, Latinos, Native Americans, Asian Americans, and Pacific Islanders.<sup>4</sup> There is no comparable national data for persons with disabilities, yet this group files the highest number of complaints with HUD each year and a recent small scale study of housing discrimination based on disability documented significant levels of unfair treatment.<sup>5</sup> Whether or not the discrimination is blatant, done

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<sup>3</sup> Sanders, Kerry, "Thousands Still Waiting for FEMA Trailers," *NBC Nightly News*, December 10, 2005, available at <http://www.msnbc.msn.com/id/10399646/>.

<sup>4</sup> *Discrimination in Metropolitan Housing Markets, National Results from Phase 1, Phase 2, and Phase 3 of the Housing Discrimination Study*, Urban Institute 2002-2003) available at <http://www.huduser.org/publications>.

<sup>5</sup> *Discrimination Against Persons With Disabilities: Barriers at Every Step*, Urban Institute, 2005, available at <http://www.huduser.org/publications>.

with a “we don’t want you people here” attitude, or done politely through more subtle differences in treatment, housing discrimination is a fact of life for large numbers of people in our society. A recent study commissioned by NFHA found that race and national origin discrimination in the rental/real estate sales housing market occurs more than an estimated 3.7 million times a year. These results are based on data produced by HUD’s Housing Discrimination Study 2000 (HDS 2000).<sup>6</sup>

Studies by social scientists and others echo these findings. A 1995 study by John Yinger found that the cumulative likelihood of experiencing some form of racial discrimination in U.S. rental markets was 53 percent.<sup>7</sup> The HDS 2000, which NFHA believes significantly undercounted the incidence of housing discrimination, found that whites were favored over African Americans in rental housing transactions 20.6 percent of the time.<sup>8</sup> A study of the general public found that 14 percent of adults, the equivalent of more than 28 million people, said that they had experienced housing discrimination at some point in their lifetime.<sup>9</sup>

Even as a growing U.S. population becomes more diverse, our communities remain highly racially segregated, and segregation continues to extract a high price in economic and societal terms.

A recent study of 2000 U.S. census data indicates that of 69 metropolitan areas in which African Americans are a dominant minority, 64.8 percent of Whites live in neighborhoods that are exclusively White and 52.3 percent of Blacks live in neighborhoods that are majority Black. That is, in 69 key urban areas, more than two-thirds of Whites live in areas that have less than a 5 percent Black

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<sup>6</sup> Simonson, John, *Report for the National Fair Housing Alliance on the Incidence of Housing Discrimination Based on HDS 2000*, Center for Applied Public Policy at the University of Wisconsin-Platteville. The HDS reported on the probability (using percentages) that discrimination would occur; NFHA’s commissioned study reports instead on the number of instances of discrimination.

<sup>7</sup> Yinger, John, *Closed Doors, Opportunities Lost: The Continuing Costs of Housing Discrimination*. New York: Russell Sage Foundation (1995).

<sup>8</sup> NFHA believes that the Housing Discrimination Study significantly under counts housing discrimination. For example, this study:

- Excludes many smaller owner-occupied housing units which comprise a significant portion of the rental market;
- Fails to capture housing discrimination that occurs at the preliminary telephone contact stage (an increasingly frequent phenomenon in today’s housing markets); and
- Fails to capture discrimination that occurs after an applicant submits an application for housing.

See also: Massey and Lundy, *Use of Black English and Racial Discrimination in Urban Housing Markets: New Methods and Findings*, Population Studies Center, University of Pennsylvania, June, 1998, available at <http://www.ksg.harvard.edu/inequality/Seminar/Papers/Massey.PDF>.

<sup>9</sup> *How Much Do We Know?*, United States Department of Housing and Urban Development, Office of Policy Research and Development, 2002, available at <http://www.huduser.org/Publications/pdf/hmwk.pdf>

population. In these same communities, more than half of Blacks live in neighborhoods that are more than 50 percent Black.

A similar examination of suburban neighborhoods indicates that these neighborhoods are also likely to be exclusively White: 58 percent of the suburban neighborhoods examined were exclusively White, while only 21 percent of the urban neighborhoods were exclusively White. Only about one-third of the neighborhoods studied were considered to be mixed neighborhoods — those with significant populations of both Blacks and Whites.<sup>10</sup>

Douglas Massey, who has conducted extensive research on patterns of racial segregation, has noted that *America's large urban areas remain only slightly less segregated than South Africa during apartheid*. Today, 41 percent of Black Americans live in neighborhoods that are described as hyper-segregated, that is, in all Black high-density neighborhoods near other all-Black neighborhoods. Another 18 percent of African Americans also live in conditions of high segregation.

## TESTING APPROACH AND METHODOLOGY

In order to understand and document the experiences of those seeking housing due to displacement by the hurricanes, NFHA conducted telephone tests of housing providers located in states to which we knew many people had fled. NFHA utilized “paired” and “sandwich” testing approaches to measure and document the types of discrimination occurring in these markets. Testing is a widely-accepted methodology that has been utilized for both enforcement and research purposes for decades.<sup>11</sup>

Fair housing testing is a controlled method for measuring and documenting differences in the quality, quantity and content of information and services offered or given to various home seekers by housing or housing service providers. For example, a paired test for racial discrimination in the rental context might involve sending both an African-American tester and a White tester to an apartment building, in the same general time frame, to inquire about the availability of the same or similar apartments for rent. The two testers are generally matched on their personal and home seeking characteristics so that the only significant difference is their race. A sandwich test is an expansion of a paired test. It involves the same general principles as a paired test, but adds a third tester. The third tester is matched with both the first two testers, differing only in race,

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<sup>10</sup> Rawlings, L., Harris, L., and Turner, Margery Austin, “Race and Residence: Prospects for Stable Neighborhood Integration,” *Neighborhood Change in Urban America*, Urban Institute, March 2004.

<sup>11</sup> The use of fair housing testing evidence has uniformly been accepted by the courts, including the Supreme Court. See e.g. *Havens Realty Corp v. Coleman*, 455 U.S. 363, 373-374 (1982).

national origin or other protected characteristic from one of the first two testers. Sandwich tests are particularly useful in situations in which the availability of a specific apartment or house is in question. For example, a White tester calls to inquire about an apartment and is told that there is a specific apartment available on a particular date. An African-American tester calls to inquire about the same apartment and is told the apartment is no longer available. A second White tester calls to inquire about the same apartment as the first two testers and is told that there is a specific apartment available on a particular date. Testers are generally matched on the type of housing sought, income, employment qualifications and credit standing, with the minority tester usually slightly more qualified than her white counterpart. Testers provide detailed reports and narratives of their contacts with the housing provider. Discrimination in the quality and quantity of information and services provided to testers can be evident in a comparison of the reports.

Almost all housing transactions these days begin with a phone call. Many people never even have an opportunity to see an apartment or house because some housing providers identify persons by race or ethnicity over the phone and refuse to do business with the callers. The methodology used in these tests incorporates this behavior of “linguistic profiling” and utilizes the research of linguistics expert John Baugh.<sup>12</sup> In this specific project, NFHA also utilized a number of testers from the south. Several of the testers are originally from New Orleans and have linguistic characteristics that are both racially and geographically identifiable.

## **RECOMMENDATIONS**

In order to address and combat the high levels of discrimination against African-Americans attempting to find housing in the wake of the hurricanes, NFHA makes the following recommendations.

1. As all Gulf Coast cities and counties rebuild and create housing opportunities, they should make fair housing a basic component of each program. The redevelopment of communities that are integrated in terms of race, national origin, and economic class must be a priority.
2. Local fair housing organizations in Louisiana and Mississippi should receive additional funding from HUD and other entities for their education and enforcement programs.
3. Federal, state and local government officials must strongly and publicly condemn housing discrimination and make fair housing a priority in appropriate program activities.

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<sup>12</sup> See e.g. Baugh, John, "Perceptual and Phonetic Experiments on American English Dialect Identification," (with Thomas Purnell and William Idsardi). *Journal of Language and Social Psychology*, Vol. 18 No. 1, pp. 10-30 (1999).

4. FEMA must make fair housing a component of the relief it is offering. Its trailer parks must not perpetuate residential segregation. FEMA is not exempt from federal, state or local fair housing laws.
5. Municipalities that receive Community Development Block Grant funds are required to affirmatively further fair housing. They should utilize a portion of these funds to fund the education and enforcement programs of local fair housing organizations.
6. A fair housing education campaign, specific to victims of Katrina, should be developed and run in print and electronic media outlets. Resources should be allocated to address the needs of those who respond to the campaign.
7. HUD should be actively involved in funding local fair housing efforts and addressing fair housing concerns.
8. The Red Cross, United Way, and other charitable organizations must ensure that their programs are administered without regard to race, religion, national origin, etc. These charities are not exempt from federal and local fair housing laws. The housing placement offered must not perpetuate segregation.
9. HUD should fund a national enforcement testing project to uncover the nature and extent of housing discrimination against people displaced by the recent hurricanes and people rebuilding in the Gulf Coast region and to identify predatory lending and home repair schemes.

## **CONCLUSION**

The aftermath of Hurricane Katrina demonstrated the devastating impact of social, racial and economic segregation on communities of color. The legacy of segregated neighborhoods continues to this day, where neighborhoods are redlined into zones bereft of economic activity, city and government services are nominal, businesses and grocery stores are few, and property values are stagnant. Segregation exacerbates economic disparities between Whites and people of color, reinforces institutionalized racism within the housing industry and entrenches attitudes about where people of certain races and ethnicities should live.

Professor Craig Colten of Louisiana State University attributes New Orleans' segregated communities, and the subsequent disproportionate suffering of impoverished African Americans, to the legacy of racial inequality and its parallel economic class divisions. Because only those with the highest incomes could afford to live in safer, more attractive areas, the neighborhoods with the fewest services were left to those with the least means. The resulting drain on the tax

base left an overall infrastructure weakened and city administrators unable to plan effectively for their citizens.<sup>13</sup>

The destruction wrought by Hurricane Katrina illuminated the hazards of both racial and economic segregation in our communities and the crucial responsibility that the housing industry has in ensuring equal treatment and promoting integrated neighborhoods. Not only do integrated neighborhoods create a more diverse community and reduce the concentration of poverty in a city, they also sustain better schools, more amenities, a healthy infrastructure, a stronger tax base and a broader mix of businesses. Neighborhood integration provides everyone with the opportunity to have multi-cultural and multi-racial associations.

In September, FEMA estimated that 300,000 families were homeless and that 200,000 of them would require government housing as a result of Hurricane Katrina. In addition, surveys of evacuees in Houston indicated that two-thirds did not have available credit or insurance, most family incomes were less than \$20,000 and half had children under 18. Despite housing units being made available in hotels, motels, cruise ships, rental units and military bases, of six hundred manufactured housing sites proposed at the time, only five percent had ready access to water, sewer, power and other essential services.<sup>14</sup>

In areas affected by Katrina and throughout the country, it is crucial for federal, state and local agencies to ensure that the federal Fair Housing Act is upheld for all residents in the process of securing safe and decent housing. Additional funding must be made available to promote compliance with fair housing laws and educate consumers about their right to secure housing, homeowners insurance and mortgage loans free from discrimination. It also falls upon the housing and real estate industries to support and advance integration in our neighborhoods so that all citizens can gain equal access to wealth, stability and reliance on our country's social safety net.

**Acknowledgements:** NFHA is deeply grateful to the testers who participated in this project. While it is impossible to individually name the testers in a public document, this project and its important findings and enforcement actions would not be possible without the professionalism exhibited by individual testers around the country. Testers provided detailed and objective accounts of encounters with housing providers for minimal reimbursement. Many of these testers were from New Orleans and the Gulf Coast area and were themselves displaced by Hurricane Katrina. In the midst of their own personal relocations and rebuilding, their time for this project is profoundly appreciated.

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<sup>13</sup> National Public Radio, *Professor Craig Colten on Race, Poverty and Katrina*, September 2, 2005.

<sup>14</sup> "Housing the Displaced is Rife with Delays," *The Washington Post*, September 23, 2005.

### About The National Fair Housing Alliance

The National Fair Housing Alliance is the voice of fair housing. NFHA works to eliminate housing discrimination and to ensure equal housing opportunity for all people through leadership, education, outreach, membership services, public policy initiatives, advocacy and enforcement.

Through these programs, NFHA provides equal access to apartments, houses, mortgage loans and homeowners insurance policies for millions of people across the United States and in all neighborhoods throughout the nation.