

## Pathways to Removing Obstacles to Housing (PRO Housing)

### U.S. Department of Housing and Urban Development Grant Application

The City of New Orleans City Planning Commission (CPC) and Department of Safety and Permit's (DSP) zoning division staffs are in the process of submitting a PRO Housing Grant application to the U.S. Department of Housing and Urban Development (HUD). [Pathways to Removing Obstacles to Housing](#) (PRO Housing Grant) seeks proposals that will result in the removal of barriers to the development and preservation of affordable housing. The funding opportunity requests proposals that identify barriers that may have been caused by land use policies, zoning decisions, and regulations. The grant allows for developing proposals for planning activities that support affordable housing production and preservation, including developing or updating housing plans, community development strategies, updating permitting and process procedures and timelines, creating anti-displacement policies and prevention measures, as well as developing proposals for preserving existing housing stock from threats, such as climate change, natural disasters, and expiring or loss of affordable units.

The grant states regulatory barriers have made it “difficult to produce, preserve, and access affordable housing across the United States.” Historical housing policies, such as Redlining, exclusionary zoning, racial covenants, Urban Renewal, and systemic discrimination, used to exclude and harm communities of color. Though New Orleans is not unique in dealing with the lasting effects of these policies, as they were in effect throughout the United States until passage of the Fair Housing and Civil Rights Act in the 1960s, the racial composition of a majority-minority city means that, through time, most of its residents have been denied an equal opportunity to participate in wealth building opportunities, including homeownership, accessing educational resources, and employment opportunities. Historical housing policies have created segregated neighborhoods and a legacy of disparity. An aging housing stock, several natural disasters, a global pandemic, rising insurance costs, increased interest rates and skyrocketed construction costs have exacerbated this. The end result is a lack of affordable housing for residents at low-, moderate, and even above average incomes, but especially for those who are most vulnerable with low-incomes.

The City of New Orleans has been experiencing an affordability crisis—since and before Hurricane Katrina made landfall in 2005, and there is a racial dimension to this crisis. More than 65% of the City's residents are homeowners, but there is a significant disparity among Black and White residents owning their home with 49% Black residents owning a home while 64% of White residents own their home. The disparity between Black and White residents is also evident when looking at housing cost-burden whether renting or owning a home. The report shows that New Orleans share of severely cost-burdened residents who pay more than 50% of their income toward housing costs has spiked to 37% compared to 26% nationally.

CPC and DSP recognize the ongoing challenges in providing and preserving affordable housing to meet residents' needs. It is also recognized that not all affordable housing issues (decreased

funding, rising development costs, labor shortages, etc.) will be solved through the removal of zoning barriers. However, taking the steps to reduce these barriers while providing opportunities for increased housing production through zoning reform and regulatory improvements are crucial in an overall housing policy strategy. The staffs at CPC and DSP are proposing three focus areas for the development and preservation of affordable housing through this grant opportunity:

1. Completion and community engagement of the ongoing Housing Opportunities Study
2. Creating and implementing the Healthy Homes Program diversion and resources process for tenants and landlords
3. Establishing an Affordable Housing Office of Services within the Department of Safety and Permits

### *Housing Opportunities Study*

On August 21, 2019, Mayor Cantrell sent a letter to the staff of the City Planning Commission tasking them with providing a study that identifies zoning barriers and their removal to the development of affordable housing in the City's Comprehensive Zoning Ordinance. Though the work for this study has been underway pre-pandemic, there is still much work to do bring the study to completion. CPC is seeking funding through this grant for the completion of the Housing Opportunities Study. The funding will be used to support engaging expertise to complete the study, conducting data collection and analysis for providing informed recommendations on zoning and land use policies, and developing a robust community engagement process.

### Identified Grant Eligible Activities

- Planning and policy activities supporting affordable housing. Grantees may use PRO Housing funds to develop proposals for planning and policy activities that support affordable housing production and preservation.
- Developing or updating housing plans, community development strategies, and zoning and land use policies such as overlays to encourage multifamily and mixed-use development or access to affordable housing, floating zones (such as redevelopment, workforce housing, or live/work zones in high opportunity areas) incentive zoning, and transit-oriented development zones.
- Developing new incentive programs for affordable housing development and expanding them to wider geographies, including high-opportunity neighborhoods.

### *Healthy Homes Program Diversion Action Plan*

The Healthy Homes Program ordinance was adopted on November 2, 2022, and amended in May 2023 to provide an effective date. The purpose of the program is to protect the health, safety, and welfare of the public by ensuring persons who reside in Orleans Parish occupy safe and habitable dwellings. Rental property must be registered with the City and receive a Certificate of Compliance. Dwellings must meet basic requirements for habitability and there are measures in place securing the rights of lessees to report violations without fear of retaliation.

The Healthy Homes Program will be implemented in tiers. Each respective tier is required to register and receive a Certificate of Compliance within 45 days of its effective date; the program goes into effect January 1, 2024 and will be rolled out with the following timeline:

- January 1, 2024: Rental properties with 50 or more units
- July 1, 2024: Rental properties between 4 and 49 units
- January 1, 2025: Rental properties with 1-3 units

The City is in the process of hiring the Director of the Healthy Homes Program and setting up the systems for registering and reporting issues on non-compliance with the ordinance.

The Healthy Homes Program is an extremely important policy tool needed to ensure individuals and families have safe secure housing. However, there are concerns that when implemented, residents may be displaced when units are deemed non-compliant and uninhabitable despite the tenant protections. There also may be some landlords who are good actors and who want to adhere to the regulations but lack the resources to bring their properties into compliance. According to U.S. Census data released in 2022 (2017-2021) there are approximately 191,000 housing units in the City of New Orleans. Of these, approximately 56% are occupied by renter households. Data is severely lacking to show how many of these units are in need some sort of remediation to be in compliance with the ordinance, but it is anticipated there will be a significant number of units that will fall into this category given the age of the housing stock in New Orleans. This funding opportunity provides DSP with the resources to obtain this data and set up a Healthy Homes Diversion Action Plan.

DSP will use the funding to compile data, set up tracking systems, work with partner agencies and stakeholders to create a list of resources for property owners, while also providing tenants with protections and guidance. Once we have an idea of the need, we will use the data to coordinate with partner agencies to create pathways to compliance focusing on weatherization of units to reduce utility costs and eliminate health hazards.

#### Identified Grant Eligible Activities

- Creating anti-displacement policies and prevention measures
- Preserving affordable housing in segregated, high poverty neighborhoods as part of a larger revitalization plan which improves conditions and eliminates disparities in access to opportunity between residents
- Creating associated resources for tenants at risk of displacement
- Providing technical assistance to community land trusts or other entities which leads to the preservation of affordable housing

#### *Office of Affordable Housing Services*

Established in March 2021, the Inclusionary Zoning Office located in the Department of Safety and Permits has focused on creating the processes and systems for monitoring and compliance of the City's income restricted affordable housing units. Recognizing the need for making permitting

more efficient, DSP will use funding from this grant to create an Office of Affordable Housing Services within the zoning division of the Department of Safety and Permits. Streamlined permitting and review policies will help shorten development time and increase the supply of affordable housing units. DSP will work with partner agencies in the Office of Business and External Services (OBES) and public/private partners to develop review and processing systems for streamlined review and permitting of projects.

The Office of Affordable Housing Services will be a resource for developers, large and small. However, there is a great need for building development capacity for New Orleans property owners, particularly those located in the City's older neighborhoods where decades of disinvestment is evident. Many property owners, face hurdles in rehabbing or developing their properties while navigating the complicated permitting system. This office intends to address this with a targeted approach to prioritize our "Mom and Pop" property owners with technical assistance in overcoming these hurdles and by providing an office where questions can be answered and capacity building resources are provided.

#### Identified Grant Eligible Activities

- Providing large-scale technical assistance to affordable or non-profit developers, community land trusts, or other entities which leads to the development of affordable housing
- Developing proposals to streamline and modernize local permit processing, such as by enabling one-stop or parallel-process permitting
- Developing proposals to streamline or eliminate requirements that unduly delay the permitting process or establish unreasonable thresholds for approvals.