



Equitable Gulf Coast Renewal: Creating Housing Opportunity Through Inclusionary Zoning

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Hurricane Katrina laid bare the devastating consequences of racial and economic inequality in the United States. Despite decades of tireless work by civil rights leaders, progressive policymakers, and community advocates, poverty has endured—fueled by public policy choices and metropolitan development patterns that have further isolated low-income communities and communities of color from jobs, transit, decent affordable housing, and educational opportunities. Katrina left behind not only a changed city, but a changed nation. The television coverage of the hurricane's impact on New Orleans starkly illustrated—to many Americans, for the first time—the reality of black poverty in this country: children, families, and the elderly suffering because of decades of neglect, not just days of neglect.

In the ongoing and overwhelming aftermath of Hurricane Katrina (and now Hurricane Rita), government, business, and philanthropic leaders are making promises for the rebirth of New Orleans and the Gulf Coast region, pledging political reform, and dispensing rebuilding funds at a dizzying pace. The people of the United States responded to the storm's devastation by dedicating their dollars and volunteer time to the disaster relief effort. Now, as the focus shifts from immediate rescue and assistance needs to the long-term task of rebuilding the physical, economic, and social infrastructure of New Orleans—and the lives of the families and individuals displaced by Katrina—what is critically needed is a vehicle for the American people to send their political will to Washington to demand that the country do something about persistent poverty.

An essential first step to reversing this trend of disparity in metropolitan areas like New Orleans is to heed the lessons of the public and private policy failures that have perpetuated economic and social inequity. Based on the principles of equitable development—the integration of people and place strategies; reduction of local and regional disparities; promotion of "double bottom line" investments; and inclusion of meaningful community voice, participation, and leadership—PolicyLink has crafted Ten Points to Guide Rebuilding in the Gulf Coast Region:

- 1. Rebuild New Orleans, and other devastated areas, so that all communities are mixed-income communities.** Everyone who was evacuated from the region should be able to return and to have a decent living. Focus on rezoning the city to allow a mix of housing types; targeting low-income housing tax credits to spread affordable housing broadly across the city and surrounding region; and setting up a guiding entity to help families find housing in economically integrated neighborhoods.
- 2. Equitably distribute the amenities and infrastructure investments that make all communities livable.** For example, parks should be spread throughout the city; attractive, modern school buildings should be placed to serve every neighborhood; and a transit system should be built or enhanced to serve all the residents of New Orleans. Equitable investment in infrastructure can attract and sustain mixed-income communities.
- 3. Prioritize health and safety concerns.** Rebuilding efforts should not expose residents to potential hazards like residual toxins, air and groundwater pollution, or future flooding.
- 4. Ensure responsible resettlement or relocation for displaced Gulf Coast residents.** Adequate relocation support must be provided for New Orleans residents who wish to return to the city (but cannot and should not return to their former neighborhoods), as well as evacuees who choose not to return or cannot return to the Gulf Coast for an extended period of time. Make sure that residents are not relocated multiple times; whenever possible, provide families with choices; provide counseling for those being relocated; ensure appropriate support and transition assistance; and safeguard against exploitation by predatory lenders.
- 5. Restore and build the capacity of community-based organizations in the Gulf Coast region and beyond.** Federal, state, and local government – in partnership with the philanthropic community – must dedicate resources to enable New Orleans and Gulf Coast community-based organizations to reestablish operations, actively participate in rebuilding efforts, and connect with returning residents in need of critical support. Additionally, in Houston, Baton Rouge, and other areas welcoming substantial numbers of evacuees, government resources must enhance the capacity of local community and social service organizations to provide assistance to newcomers, so that already underfunded support networks for the poor are not further diminished.
- 6. Create wealth-building opportunities to effectively address poverty.** In addition to not concentrating poverty, the rebuilding effort should increase the wealth and assets of residents through jobs that pay wages sufficient to lift people out of poverty, home ownership opportunities, personal savings, and small business development.
- 7. Strengthen the political voice of dispersed residents.** Specifically, every effort should be made to ensure that everyone can continue to engage in the voting process. Residents of color, whether returning to the Gulf Coast or settling permanently in other regions, must continue to have representation that serves their interests and needs.

8. Create a system for meaningful, sustained resident oversight of the \$200 billion investment that will be implemented by private development corporations.

Community benefits agreements and local oversight policies can ensure “double bottom line” investments that offer financial return to investors while also building social capital and healthy, vibrant, mixed-income communities.

9. Leverage rebuilding expenditures to create jobs with livable wages that go first to local residents. Make investment in massive job training for those who need such assistance to qualify for jobs. Rebuilding efforts should also build assets for residents and small businesses—not simply siphon opportunities to non-local corporate interests.

10. Develop a communications and technology infrastructure that provides residents with the means to receive and share information related to community building, support services, and access to jobs, transportation, and temporary and permanent housing, and that strengthens public will for the changes that will be required for short-term and long-term efforts to rebuild Gulf communities and lives. Online communications systems can supplement and fill gaps in mainstream media coverage of the equity implications of rebuilding New Orleans and serve simultaneously to inform and engage by providing evacuees and advocacy networks dispersed across the country, as well as the general public, opportunities to organize and take action online.

New Orleans needs widely-distributed affordable housing and equitable infrastructure investment; parks spread throughout the city; attractive, modern school buildings successfully serving every neighborhood; and an enhanced transit system. Where one lives has become a proxy for opportunity, all too often determining access to jobs, availability of quality education—even health, as researchers and practitioners are increasingly turning attention to low-income neighborhoods’ disproportionately high asthma and obesity rates, aggravated by environmental hazards, scarcity of full-service supermarkets offering fresh, healthy food, and lack of opportunities for recreation and physical activity.

Housing, therefore, is the linchpin in the equitable rebuilding of New Orleans and the Gulf Coast region—and inclusionary zoning is an essential policy strategy to avoid the re-concentration of poverty in New Orleans and ensure the fair distribution of affordable housing across the city and surrounding region. Housing development—and the public policies that guide it—can be a central mechanism for reversing existing patterns of income and racial segregation, and rebuilding New Orleans into a vibrant mixed-income community where all residents have the opportunity to thrive and prosper in quality neighborhoods. Nationally, millions of households pay too much for housing. Harvard’s Joint Center for Housing Studies reports in *The State of the Nation’s Housing* (2003) that more than 14 million households were found to be severely cost-burdened (defined as spending more than half of one’s income on housing), and another 17.3 million are moderately cost-burdened (paying between 30 and 50 percent of income). Households in the lowest income quintile suffer the most. Even prior to Hurricane Katrina, New Orleans endured concentration of poverty and housing affordability constraints. A Brookings Institution compilation of New Orleans census data reveals a poverty rate of 31.3 percent for African American families in New Orleans, compared with 4.7 percent for white families, and

nearly all public housing residents in New Orleans were African American. The National Low Income Housing Coalition's *Out of Reach 2004* report estimated that metropolitan region's fair market rents of \$578 for a one-bedroom unit and \$676 for a two-bedroom unit far exceed the means of low-income residents; a worker earning the federal minimum wage of \$5.15 (Louisiana has no state minimum wage law) would need to work 100 hours a week to afford a two-bedroom unit at fair market rent. (With lost opportunities for more sustainable-wage reconstruction work resulting from the federal government's rollback of prevailing wage laws, affordable housing provisions for low-income residents returning to New Orleans have become even more critical.) Historically, housing policies in New Orleans have isolated and concentrated poor people in distressed neighborhoods. In the 1990s, for example, New Orleans was second in the nation out of large metropolitan areas in citing affordable housing projects supported by the Low Income Housing Tax Credit program in extremely poor neighborhoods.¹

Inclusionary zoning (IZ) is an important tool to guide more balanced and equitable housing development patterns in New Orleans. Successfully being used by hundreds of communities across the country, IZ mandates that a percentage of all new construction—and in some cases substantial rehabilitation—is affordable to low- and moderate-income families. Since inclusionary zoning was first implemented in Montgomery County, Maryland over 30 years ago, jurisdictions across the United States—from suburban bedroom communities to large central cities—have utilized inclusionary zoning to create tens of thousands of housing units in quality neighborhoods that are affordable to low- and moderate-income families.

The wide appeal of inclusionary zoning stems from its flexibility, which allows jurisdictions to tailor the program to the development patterns and affordable housing needs of a community. Housing development in New Orleans is likely to be comprised of a range of building types and densities (e.g., single family homes, duplexes, multifamily). Inclusionary zoning has been successfully applied in a range of development contexts and is particularly effective in communities experiencing rapid amounts of housing development—as will be the case in New Orleans. Public subsidies and private investments in reconstruction can and should be leveraged to provide benefits for low-income residents in need of affordable housing. As rebuilding occurs in New Orleans, inclusionary zoning can contribute to a housing climate that is attractive to new residents and supportive to existing residents by:

- Creating mixed-income communities;
- Producing affordable housing that attracts a diverse labor force;
- Moving residents in high-poverty neighborhoods to neighborhoods of opportunity; and
- Designing consistent regulatory guidelines for guiding balanced housing development.

¹ Freeman, Lance. *Siting Affordable Housing: Location and Neighborhood Trends of Low-income Housing Tax Credit Development in the 1990s*. Brookings Institution Center on Urban & Metropolitan Policy. 2004.

Key principles that should guide the development of an inclusionary zoning policy for New Orleans include:

Apply the inclusionary zoning requirement to the majority of residential development. Inclusionary zoning policies that cover the majority of residential construction and reflect the development patterns and trends in the community are most effective in generating affordable housing units. Policies that are inconsistently applied and/or have exemptions or loopholes are seriously compromised. There will be a range of development that will occur in New Orleans—new housing development, substantial rehabilitation and reuse, as well as projects that mix residential and commercial uses. Inclusionary zoning should be applied in all of these contexts.

- ***New Housing Development.*** As new housing development proceeds in New Orleans, the city can and should require that all developers create some affordable housing units. No building permits for new construction should be approved until a mandatory inclusionary requirement is established.
- ***Substantial rehabilitation and reuse projects.*** In situations where existing residents are not returning to a property undergoing substantial rehabilitation and/or commercial properties are being rehabbed for housing, a percentage of the units created should be affordable to low- and moderate-income families.

Establish income targets for the policy that reflect the affordable housing needs of current and future New Orleans residents. Inclusionary zoning can be structured to meet affordable housing needs at various income levels. Since New Orleans has affordable housing needs across a range of income levels, tiered income targets (e.g., one-third of all units at 30 percent of Area Median Income (AMI), one-third of all units at 50 percent AMI, and one-third of units at 80 percent AMI) would help meet these various needs. Combining inclusionary zoning with existing and future housing subsidy programs such as housing choice vouchers could extend the reach of the program.

Require long-term affordability. IZ programs that mandate long-term affordability agreements—30 years is common—ensure that housing opportunities are sustained into the future. New Orleans should maximize rebuilding efforts to stabilize low-income and working class families by mandating long-term affordability provisions on all affordable housing units.

Adopt a mandatory requirement. Inclusionary zoning policies can be mandatory—requiring developers to build affordable units in exchange for development rights—or voluntary—relying on incentives to encourage developers to “opt-in.” Evidence from cities coast to coast makes it clear that mandatory IZ programs produce more affordable housing than voluntary ones. Given the superior delivery power of mandatory inclusionary zoning—and the scale of new construction and redevelopment that is about to occur—New Orleans should adopt a mandatory program.

Prioritize on-site development of inclusionary units to encourage mixed-income communities. Achieve more equitable distribution of affordable housing by limiting the use of alternatives. While some jurisdictions may offer developers alternatives such as fees in lieu of development or off-site construction, on-site development best develops mixed-income communities and minimizes race and income segregation. Given the high level of concentrated poverty in New Orleans, strategies that promote the equitable distribution of affordable housing choices across neighborhoods are critically important. Therefore, New Orleans should seriously limit the use of alternatives to building affordable housing that is integrated with market-rate development.

Draft clear legislation and authorize consistent administrative oversight to manage the IZ program. In order to maximize the impact of inclusionary zoning, New Orleans should create a program that is clear about the obligations of developers, appoint (and resource) a public agency to administer IZ, and establish clear and transparent monitoring and enforcement mechanisms.

Without a doubt, the storm recovery effort represents one of the greatest expenditures of financial, political, and human capital in the history of our nation. The post-hurricane reconstruction looms large as a watershed moment for the United States, fraught with challenges and opportunities: How will New Orleans and the Gulf Coast be rebuilt? Who will benefit from massive public and private investments in reconstruction? How will reconstruction funds be allocated? After news coverage exposed the American audience to poverty that has for far too long been, in effect, hidden in plain sight, will we as a nation seize the chance to frankly and substantively address this corrosive economic and social inequity? Will this extraordinary opportunity to learn from the mistakes of history and forge a more equitable path dissolve in the face of cynicism, political blame-shifting, and opportunism? Or will government and the private sector collaborate with community leaders and residents to craft and advocate a new generation of housing policy solutions to assist those displaced Gulf Coast residents living at or near the intersection of race, class, and poverty?

The city—and indeed, the entire United States—has an extraordinary opportunity with the rebuilding of the Gulf Coast to model an equitable development approach, learning from the mistakes of history and shaping a new New Orleans. Incorporating inclusionary zoning provisions into post-hurricane reconstruction plans can help broaden access to well-funded schools, essential municipal services, and emerging job centers—and offer low-income residents the opportunity to participate and prosper in the rebuilding of their communities.

For more information about inclusionary zoning, visit <http://www.policylink.org>. To join an online discussion on regional equity and the Gulf Coast reconstruction, visit <http://forums.policylink.org>.