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BGR MEDIA RELEASE

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BGR Report Projects Dramatic Increase in City's Supply of Subsidized Rental Housing

The Bureau of Governmental Research today releases *The House that Uncle Sam Built: The Continued Expansion of Subsidized Housing in New Orleans*. In the report, BGR looks at a rapidly growing – and controversial – segment of the local housing market. The report is available on BGR's web site, www.bgr.org.

Building on prior BGR research, the report provides numbers on the existing and projected subsidized rental housing supply in the city. It also provides projections at the metropolitan level. BGR is publishing the report at this time to help inform master plan discussions.

Since the Katrina disaster in 2005, an influx of federal aid has propelled a radical transformation of the city's subsidized rental housing market. From accelerated public housing redevelopments to new mixed-income complexes to increased housing vouchers, federal aid has reshaped and expanded the supply. The number of subsidized units in New Orleans is approximately 21% higher than pre-Katrina and growing.

BGR projects that, by 2012:

- The number of subsidized rental units in New Orleans will more than double, rising from approximately 15,800 units pre-Katrina to approximately 35,700 units. The increase will occur on a population base significantly below pre-Katrina levels.
- Subsidized rental units as a percentage of all housing will rise from 10% pre-Katrina to 25%.
- Subsidized rental housing will assist more of the poorest households than before the storm, and a far greater number of low- and moderate income households with incomes between 40% and 80% of the area median. BGR estimates that units for very low income households will increase by 3,600 (22%) over pre-Katrina levels.

- Although it will have only 27% of the region's population, New Orleans will have 70% of the subsidized housing in the region.

Across the United States, government subsidized housing programs have played a critical role in filling unmet housing needs. But the housing programs have also had a downside. In a number of places, such programs have contributed to the concentration of poverty and low-income residents in the core city. The associated problems include a negative impact on the quality of life in cities, greater burdens and a declining tax base for core city governments, limited opportunities for economic advancement by the poor, and a mismatch between jobs and affordable housing at the regional level.

The extent to which subsidized housing benefits or hurts a city depends on many factors including location, concentration, the income level of tenants and the quality of management. The dramatic projected increase in the volume and market share of subsidized housing in New Orleans underscores the importance of carefully analyzing this segment of the market and its potential impacts on the city as a whole.

“Subsidized rental housing can be an asset or a liability,” BGR Chairman Hans B. Jonassen said. “Particularly now that the Master Plan process is under way, policymakers need to get a handle on the data and work toward ensuring the subsidized housing supply is sized appropriately to the overall market.”

BGR is a private, nonprofit, independent research organization. Since its founding in 1932, it has been dedicated to informed public policy-making and the effective use of public resources in the Greater New Orleans area. For more information call 525-4152 or visit BGR's web site, www.bgr.org.