Engels in the Crescent City: 
Revisiting the Housing Question in 
post-Katrina New Orleans

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Abstract

Before Hurricane Katrina, renters comprised the majority of New Orleans’ population. The disaster destroyed a disproportionate amount of rental housing, particularly in the affordable and public sectors. Yet the vast majority of reconstruction funding and volunteer labor has gone to homeowners and initiatives to increase homeownership. We explore the legitimation of the bias toward propertied interests through the lens of Friedrich Engels’ (1872) critical assessment of Proudhonist and bourgeois socialist ‘solutions’ to the housing question of 19th century Europe. We consider three aspects of Engels’ critique that have also undergirded the post-storm policy regime in New Orleans: homeownership framed as a solution to social problems; the reframing of housing shortages as legal, moral, and urban growth problems; and housing ‘solutions’ enacted by the state that

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ultimately benefit the propertied and moneyed classes. In examining the contemporary housing question of post-Katrina New Orleans, we extend Engels’ evaluation of the legal and moral spheres that come to veil and reproduce urban economic and racial inequalities, while distinguishing the expanded role of the contemporary state in supporting the tenets of an ‘ownership society.’ Our argument explores how neoliberalism disguises state actions that protect and expand property ownership in contemporary disaster capitalism.

**Keywords**

housing; disaster reconstruction; New Orleans; Engels; urban inequality

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When the houses are rebuilt, more families should own, not rent, those houses.

-George W. Bush-

Jackson Square, New Orleans, September 15, 2005

From the day when the redemption of rented dwellings is proclaimed...Society ...transforms itself into a totality of independent and free owners of dwellings.

- Pierre Joseph Proudhon-

quoted in Engels’ *The Housing Question* (1872, 27)

**Introduction**

Two weeks after Hurricane Katrina and the levee failures on the Mississippi Delta, as the United States was reeling from its most devastating urban disaster in recent history, President George W. Bush made his first public address on the storm’s impact. In a city still occupied by military forces and saturated with toxic floodwaters, the president laid out an ambitious policy vision for New Orleans’ redevelopment: tax cuts in a new enterprise zone, a federal clearinghouse to support the charitable efforts of volunteers, and an “urban homesteading” act designed to give former low-income renters free land if they built their own homes. Bush (2005) asserted that “homeownership is one of the great strengths of any community, and it must be a central part of our vision for the revival of this region.” Bush’s speech resonated with the historically-longstanding aspiration to turn poor renters into “independent and free owners” (Engels, 1872, 32), but the U.S. Congress never even held a hearing on the Urban Homesteading Act. Instead, homeowners whose property had been damaged received billions of dollars in government emergency aid, while people who had rented before the storm – the majority of New Orleans’ citizens at the time – faced doubled rents, displacement to faraway cities, and assignment to trailer parks in the urban hinterland. Bush’s
vision of a ‘new’ New Orleans with more homeowners than ever before was realized (Plyer et. al., 2009). But it was not achieved by turning renters into homeowners. Instead, New Orleans’ rebuilding subsidized the propertied classes at the expense of the propertyless through the nation’s largest subsidized housing scheme since the rise of public housing in the 1960s (Green and Olshansky, 2013).

The post-Katrina effort to convert New Orleans into a city of homeowners reflects a long history of what Engels identified as “bourgeois” policy solutions and ideologies in The Housing Question (1872). In this article we draw a series of parallels between Engels’ critique of the “bourgeois socialist” solutions of the mid-19th century and the housing policies in post-hurricane New Orleans. This comparison allows us to explore how the latter have been legitimated and have served the interest of the propertied class. As we argue below, the contemporary elite interests that parallel Engels’ bourgeoisie – wealthy property owners, developers, and complicit policy elites – rely on many of the same arguments to justify housing ‘solutions’ that exacerbate social and economic inequality. There is a large body of empirical literature noting the inequalities in post-hurricane New Orleans (Finch, et al., 2010; Hartman and Squires, 2006; Quigley, 2007), post-disaster aid more generally (Chang, 2010; Marcuse, 2009), and the presence of widespread discrimination within the public housing and homeowner recovery grant programs (Arena, 2012; Bullard and Wright, 2012; Fox Gotham, 2014). However, little has been written on how stark inequalities in policy treatments of the propertied and propertyless – or more specifically, homeowners and renters – have been justified as practical state-led solutions to the destruction of the majority of New Orleans’ housing stock.

To illustrate the processes through which these inequalities have unfolded we analyze the ideological and discursive justifications for state policies proposed and enacted to solve New Orleans’ housing question of disaster reconstruction. From the very beginning, political leaders and powerful property owners worked to define New Orleans’ destruction as a problem of economic recovery, not housing reconstruction. In reading New Orleans through Engels (1872), we argue that an analysis of housing in the post-disaster city must recognize not only the underlying logics of capital, but also the ideologies beneath these logics. Exploring the contradictions between the ideological foundations and real-world actions of the neoliberalization of post-Katrina New Orleans’ housing market both challenges the narrative that the city’s rebuilding was led by the market and adds to the existing scholarship on disaster capitalism, which has largely focused on the privatization and roll-back of state functions at the expense of acknowledging how the urban crisis wrought by Katrina also led to expansion of state intervention in the housing market. Our research also reveals how neoliberalism disguises the state actions necessary to protect and expand property ownership in the contemporary capitalist system.
Revisiting Engels’ Housing Question in New Orleans

To interrogate the justifications for New Orleans’ housing fix we revisit Engels’ critique of the housing ‘solutions’ of his day. Though more frequently referenced for their criticism of capitalist urbanization and displacement, the three articles that comprise The Housing Question are in fact direct responses to what Engels deemed “socialist” and “bourgeois” solutions to early industrial capitalism’s horrid housing conditions and crises of supply. The first and third articles are aimed at the legalist arguments of Dr. A. Mulberger, who framed the housing question as one of “rights” and “justice.” Mulberger had written a flurry of articles to expose German workers to Pierre-Joseph Proudhon’s proposal to ‘solve’ the housing question through mandated installment plans, which would convert rent into payments towards ownership. Engels’ second article takes aim at Dr. Emil Sax, who conceived the housing problem as a product of moral failing on the parts of workers and capitalists. Sax prescribed self-help and state assistance to increase homeownership through discounted lending, the creation of mutual building societies, and company-provided housing like that of Robert Owen’s factory towns.

Engels, on the other hand, understood the housing question as rooted in the workings of capitalist production. According to Engels, the only way to truly solve the housing question was to solve the broader social question of capitalist production, which repressed wages to the barest means of subsistence. Otherwise, he argued, increased homeownership would merely result in a reduction of the wage, create a wedge in the unity of the proletariat, and further the profits of developers. Therefore Engels criticized Proudhon and the bourgeoisie’s seemingly progressive proposals, arguing that these ‘solutions’ actually displaced the economic question of housing provision into legal and moral realms: “Just as Proudhon takes us from the sphere of economics into the sphere of legal phrases, so our bourgeois socialist takes us here from the economic sphere into the moral sphere” (Engels, 1872, 47).

In post-Katrina New Orleans we observe an analogous use of pro-homeownership recovery strategies based on legal, moral, and market-first justifications. And just as Engels declared, the results have benefited developers, homeowners,¹ and bourgeois interests while doing little to address the housing crisis, let alone the deeper social inequalities upon which it rests. Federal housing assistance filtered upwards of $10 billion USD to affected homeowners in the gulf coast region (Green and Olshansky, 2013). Self-help models of home rebuilding, organized by local NGOs, became the modus operandi of neighborhood redevelopment as thousands of out-of-state volunteers poured into the gulf coast to help (Hackworth and Akers, 2011; Wooten, 2012). Conversely, the two state-

¹ Although these benefits accrued disproportionately to White homeowners (Housing Authority of New Orleans, 2016).
sponsored mechanisms for replacing rental housing – affordable units built by subsidized private developers and mixed-income developments that replaced public housing demolished after the storm – have failed to replenish the pre-storm volume of rental stock and are restrictive or inaccessible to many poor people (Arena, 2012; Quigley, 2007). How is such a vast inequality in policy treatment and disaster aid, premised on the property status of flood victims, legitimated?

To answer this question we analyzed hundreds of policy and media documents surrounding post-Katrina housing policy. The authors of this study also conducted extensive field observations of the post-Katrina policy environment. This included attending city council hearings; observing various district meetings of the Unified New Orleans Plan, the Louisiana Recovery Authority, and the US Army Corps of Engineers; and working as a staff member at two community organizations between 2006-2008. Placing this collective empirical work alongside a close reading of Engels, we examine how New Orleanians’ housing question has been framed as a legal, moral, and urban growth problem, which has privileged and enabled solutions that have ultimately benefited the propertied class, just as Engels observed in Europe.

This rest of this article unfolds in three parts. We begin by providing an overview of the Katrina disaster’s effect on New Orleans’ housing stock and the post-storm housing policies that disproportionately benefited homeowners. The subsequent sections analyze how this homeownership bias was legitimized and implemented; we demonstrate how Engels’ critiques apply to both ‘conservative’ and ‘liberal’ solutions to post-disaster housing reconstruction. In extending Engels to the contemporary moment, we conclude by arguing that the sort of “bourgeois socialist” arguments Engels critiqued have come to play an additional ideological function in the legitimation of New Orleans’ post-storm propertied bias. Rather than simply eschewing capitalism’s exploitation at the point of production, which was Engels’ focus, we argue that the framing of the housing question as a legal, moral, and urban growth question functions to veil the instrumental role of the state in privileging the propertied at the expense of the propertyless. Our critique refutes the ideologically-dominant model of property as a purely private category that functions without the intervening role of the public sphere (see Blomley, 2005); to counter this narrative, we reveal how the U.S.’s largest and most costly federal intervention into an urban housing market became popularly (mis)portrayed as a “bottom-up,” “grassroots,” and “market driven” recovery.

The destruction of New Orleans’ housing and the uneven geography of reconstruction

Similar to other recent urban disasters in the U.S., the greatest Katrina losses in both infrastructure and dollar value were housing-related (Zhang & Peacock, 2009). That the social impacts of Katrina were disproportionately borne by racial minorities (particularly African Americans), people living in poverty, and the unemployed is well documented (Brunsma, et al., 2007; Finch, et al., 2007...
Masozera, et al., 2007). However, most analyses of the uneven geography of Katrina’s impact focus on race and class inequalities in terms of wealth and income, overlooking disparities in housing tenure (but see Quigley, 2007). New Orleans’ pre-storm housing geography was majority-renter – 45% of housing was owner-occupied and 55% was renter-occupied (U.S. Census Bureau 2000). 70% of the city’s low-cost rental units were damaged after the levee breaches (Carr, et al., 2008) and 90% of public housing units were damaged or destroyed (Clark & Rose, 2007). Average rents rose by 44% after the storm (Plyer et al., 2009), fuelled by demand for the drastically reduced number of apartments. This was the housing disaster after the flooding disaster, which led to a wave of evictions and a second exodus of low-waged renters. The 133% increase in construction costs, and up to a 400% increase in insurance costs, also disproportionately stifled rental housing construction (Plyer et al., 2009; Louisiana Housing Finance Agency, 2010).

Post-disaster housing interventions by the federal government took a variety of forms, including grants to homeowners with damaged homes, funding for demolition of damaged public housing buildings, subsidies for residential developers, reimbursements to small-scale rental owners, and the declaration of a special economic zone of tax-exempt bonds and federal tax incentives. By far the largest federal program was the Road Home Program, administered by the U.S. Department of Housing and Urban Development (HUD). Between 2005 and 2007, the U.S. Congress allotted $15 billion to Road Home, largely under the umbrella of HUD’s existing Community Development Block Grant program (Green & Olshansky, 2013). Despite New Orleans’ majority-renter housing tenure, 80% of the Road Home funds went to homeowners in the form of cash grants (Louisiana Housing Finance Agency, 2010). Homeowners also benefitted from the extension of the federal First-Time Buyer’s Tax Credit to people who rebuilt a home after Katrina. The use of federal disaster assistance to supplement private property insurance, rather than to address post-disaster housing shortages directly, privileged ownership as a criterion of federal support for displaced people who sought to return to New Orleans (Herring, 2013).

The federal legislation did include funding for small rental owners, who provided over 80% of the city’s rental housing stock before Katrina and whose properties were often underinsured, but only 20% of the total Road Home funds went to small rental property (Carr, et al., 2008). The privileging of homeownership in the federal response was administrative as well as financial: unlike grants dispersed directly to homeowners, small rental owners received a letter of eligibility to receive Road Home funds only after rebuilding, automatically disqualifying those that could not front or borrow the entire cost. Furthermore, HUD, in an effort to ensure that federal money was not being used to create substandard rental housing, required that all rebuilt units be equipped with certain amenities and improvements. Unlike the blank slate given to homeowners to re-design their homes, this stipulation, while well-intentioned, resulted in additional costs, delays, and deterrents to the rebuilding of New Orleans’ affordable rental
housing (Quigley, 2007; Rosenman, 2011). Road Home’s treatment of small rental properties reflects the paradoxical situation that Roy (2003, 474) identifies in her analysis of US homelessness, in which “the American right to safe and sanitary shelter paradoxically supersedes the right to shelter” – three years after the storm, Road Home funds had resulted in only 13 re-built affordable rental units (Carr, et al., 2008).

Public housing fared even worse after the hurricane. Before the storm, more than 5,000 families, nearly all African American, lived in public housing and 17,000 families were on the waiting list (Quigley, 2007). When 46% of the city’s public housing stock was destroyed or damaged by Katrina and all public housing residents were evacuated, HUD and the Housing Authority of New Orleans (HANO) implemented a large-scale public housing demolition program funded through the federal Homeownership and Opportunity for People Everywhere (HOPE) VI initiative, which since 1993 has provided grants to destroy public housing projects and replace them with privately developed mixed-income housing or vouchers that residents can use on the private market. Before Katrina, only one HOPE VI demolition project was planned in New Orleans and the Bush administration was seeking to cancel HOPE VI entirely (Nelson, 2003). After the hurricane, however, the program proceeded with zeal and the New Orleans City Council approved the demolition of the rest of the city’s large projects; the last, Iberville was approved for demolition in May 2013 (Jarvie, 2007; Webster, 2013). As of 2013, the post-Katrina redevelopment of New Orleans’ public housing had replaced 6,171 pre-storm public housing units with 2,114 new housing units; only half of the new units are subsidized or public housing (Housing Authority of New Orleans, 2013). Public housing units in New Orleans by 2013 comprised one sixth of their former numbers.

These policies have dramatically altered New Orleans’ social and housing geographies. The post-Katrina demographic transitions in the city are illustrated in 2012 U.S. Census data and surveys of homelessness. 36% of renters in Orleans Parish, compared with 24% before the storm, now pay 50% or more of their pre-tax income for housing. The African American population of New Orleans has decreased by 8% since Katrina (Housing Authority of New Orleans, 2016); the poverty rate has risen 8% since 2007. Homeownership, which spiked in proportion to renters after the hurricane, still remains above pre-storm levels, despite a dramatic rise in foreclosures since the 2007-2008 housing crisis (Mack & Ortiz, 2013). The homeless rate in New Orleans is now 2.4 times what it was before the storm (UNITY of Greater New Orleans, 2012). Gentrification of formerly-affordable residential areas led to gains for property-owners and investors while further decreasing the supply of affordable rental housing (Lees, et al., 2008). In sum, the state flooded a city of renters with subsidies to homeowners, exacerbating the polarizations of wealth and race that correspond with property ownership, while doing little to affect rental affordability, poverty, and homelessness. The ‘right’ of displaced residents to return was inextricably linked to housing tenure and property
rights; without private property, the majority of citizens had no legal claim of return or to the political institutions of the city (Herring, 2013). In the following section we unpack the legitimation of this unequal recovery regime through a close reading of Engels (1872), using his critiques to bolster our understanding of how the privileging of homeownership in post-Katrina New Orleans was legitimated through the language of legal rights, moral hierarchies, and theories of urban development.

**Legitimating New Orleans’ Housing Fix**

Just as Proudhon takes us from the sphere of economics into the sphere of legal phrases, so our bourgeois socialist takes us here from the economic sphere into the moral sphere.

- Engels (1872, 47)

According to Engels, a central problem with bourgeois socialist solutions is how they render shortages in adequate housing as a legal or moral problem rather than a problem of economic production and distribution. In this way, legal and moral solutions come to dominate political discourse surrounding housing, displacing attention from the inherent inequalities of capitalist urbanization. Engels’ argument is not simply that this framing limits solutions to alleviating broader social problems under capitalism, but that it *actively reproduces* these problems through powerful ideologies that increase social polarization and uneven development. Furthermore, Engels recognized the ways in which housing solutions designed by philanthropic and state institutions ultimately served the propertied class in forms of speculative interest, construction profits, and gentrification. In what follows we analyze the construction of the legal, moral, and urban growth arguments that similarly underlie the housing solutions of post-disaster urban policy in New Orleans.

**The Housing Question as Legal Question**

Engels was concerned that basing housing solutions on the grounds of “rights” and “justice” was not secure enough since “justice is but the ideologized, glorified expression of the existing economic relations, now from their conservative, and now from their revolutionary angle” (Engels, 1872, 92). Engels, building from his and Karl Marx’s earlier distinction between economic base and ideological and legal superstructure, criticized Mulberger and the Proudhonists for targeting the “legal expression under which the ruling class sanctions property” rather than inquiring “how the house becomes a legal title” in the first place. This latter, foundational question, Engels (1872, 86) insisted, could be answered only by understanding the economic relations and interests of the bourgeoisie. This line of critique is useful for understanding both the legitimation of public spending on reimbursements to homeowners and the equation of residents’ right to return to the city after the storm with their status as property owners.
The Road Home Program’s coverage for homeowners’ property losses was a barely-debated congressional policy response based on legislative precedent. While scholars have portrayed the market-led response to New Orleans’ recovery as a type of “urban shock doctrine” (Klein, 2007) or a “Bush Hurricane” (Peck, 2006) – representing a radical departure from previous post-disaster protocol – the federal provision of supplementary insurance to affected homeowners is in fact an extension of earlier legal entitlements (Collier, 2013; Comerio, 1998). Therefore, one of the primary ways the homeowner bias in New Orleans was legitimized was through the assumed and historically granted “right” of homeowners to federal aid for private property losses. As Engels notes, it is crucial to understand the historical and ideological roots of this “rights-based” solution to the housing crisis.

In the course of the 20th century, U.S. federal disaster aid both increased in volume and gradually shifted from public to private infrastructure, particularly towards subsidizing reconstruction and repair for homeowners (Comerio, 1998). Early on in this time period, limited federal assistance was allocated to local governments on a case-by-case basis, exclusively for the repair of public infrastructure following disasters. The government took on the additional role of providing supplementary assistance to citizens for emergency relief and home repairs as early as the 1930s, mostly for floods, tornadoes, and small-scale rural disasters (Comerio, 1998). It was only after two high-cost disasters, the 1964 Alaska earthquake and 1968’s Hurricane Camille, that assistance programs for private losses were formalized and further expanded (Kunreuther, 1968). Yet even in these cases, the primary commitment of federal disaster recovery funding was to public infrastructure and public buildings.

Since 1989, the US has experienced a continuous series of high-cost urban disasters that greatly outstripped the cost of historical trends in property damages. However, the old model of recovery, which was never designed to provide hundreds of thousands of homeowners with funds to rebuild, has nonetheless been expanded upon its historical roots of supplemental payments for rural private property losses. The contemporary outcome is that more aid now goes to individual private property than towards public goods. Federal disaster relief for private property losses has become legitimized largely through historical precedent – a policy doxa premised on the legal rights of property, which no longer requires legislative deliberation or political justification.

More immediate in effecting disparities between renters and homeowners after Katrina, however, were residents’ functionally unequal rights to return. Property rights immediately set the terms of uneven development between homeowners and renters through the spatial discrimination of trailer location. The U.S. Federal Emergency Management Agency’s (FEMA) standard disaster response is to provide displaced households – both homeowners and renters – with a rent-free trailer for up to 18 months. Although renters needed trailers within the city limits to maintain employment, gain new jobs in the rebuilding industries, and participate in the reconstruction planning process of their neighborhoods,
homeowners and businesses opposed turning public spaces “into trailer parks” (Davis and Bali, 2006). Many politicians and homeowners framed temporary rental housing as a magnet for crime, loitering, drug use, increased foot and vehicle traffic, and lower property values (MacTavish, 2006). In the end, city council members voted to allow trailers within the city limits only on the property of homeowners as they rebuilt their homes. This gave homeowners priority in returning to work and taking control of reconstruction decisions; renters were relegated to trailer camps scattered across the state, often isolated from jobs and transportation or in precarious hotel and rental accommodations (Aldrich and Cook, 2008).

The two primary federal programs for disaster relief, in the forms of temporary and permanent housing, were legitimized on grounds of property ‘rights.’ Without private property, renters, the majority of New Orleanians, had no legal claim of return or to the political institutions of the city. This conflation of victims’ rights with property rights in times of disaster results in a tacit property-based definition of urban citizenship. Rather than being recognized for what it was – a legal construct formalized under a decades-old, largely defunct approach to disaster recovery – legal titles to housing were unquestionably equated with the right to post-Katrina disaster aid and the right to return, appearing “as an independent element which derives the justification for its existence and the substantiation of its further development not from the economic relations but from its own inner foundations” (Engels, 1872, 92). Basing the post-Katrina housing solution solely on the premise of property rights (as Mulberger proposed in Engels’ time) supplanted a broader discussion of inequality by marginalizing the openly political responses and rebuilding proposals of various community groups in New Orleans – such as the Association of Community Organizations for Reform Now (ACORN), whose largest national chapter and international headquarters was based in the city. Instead, the housing question of disaster reconstruction centered on the legal classification of property ownership, through which the state, not simply the market, kept the poorest renters out and filtered homeowners back in.

**The Housing Question as Moral Question**

> Whoever is fortunate enough to call a piece of land his own has reached the highest conceivable stage of economic independence;
> he has a territory on which he can rule with sovereign power;
> he is his own master; he has a certain power and sure support in time of need; his self-confidence develops and with this his moral strength.
> - Sax, quoted in Engels (1872, 49)

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2 From 1970 until its dissolution 2010, ACORN was the country’s largest community organization of low-income people.
In his second essay, Engels took aim at Dr. Emil Sax’s arguments that increasing homeownership amongst the laboring class is the solution to the housing question. Sax presented the housing shortage as stemming from moral “wickedness” on the part of both workers – framed as uneducated, unhygienic, and slothful – and capitalists – who Sax declared did not understand that providing worker housing was in their own interest. First, Engels attacked Sax’s assumption that housing assistance would attract ‘deserving’ workers who were already of some means: “there is no mention of workers, but there is [of] people of limited income, clerks, and shop assistances, etc., and in addition it is assumed that, as a rule, the applicants already possess a piano” (Engels, 1872, 66; emphasis in original). Sax’s implication was that workers deserving of homeownership had some savings, were employed, and were endowed with culturally mainstream, hard-working characteristics despite their low incomes. This, Engels argued, excluded a whole class of people from homeownership programs because they failed to meet a minimum level of socioeconomic attainment, which Sax discussed in highly moralized terms. Sax’s other central proposal was cheap-build construction, financed with the state funds and bourgeois “philanthropic” speculators, and executed through self-help on the part of the working class. Engels attacked these solutions as ignoring the capitalist roots of the housing problem and displacing, rather than solving, the problem. Using Engels’ critiques of Sax to explore the discursive and political links between homeownership and morality in New Orleans reveals how an entrenched discourse of the deserving versus undeserving poor, and the neoliberal ethics of self-care and ‘grassroots’ recovery, helped to legitimate the post-Katrina homeownership bias.

First, historically longstanding associations between race, poverty, and poor people’s lack of ‘investment’ in their own neighborhoods played out in media and political discourse surrounding the redevelopment of post-Katrina New Orleans. Fears of the return of an already impoverished population drew on rhetoric of welfare drainage and public chaos. Post-storm policy prescriptions made employability and middle-class behavioral standards into prerequisites for non-property owners to return. In an influential editorial, New York Times columnist David Brooks advised “the only chance we have to break the cycle of poverty is to integrate people who lack middle-class skills into neighborhoods with people who possess these skills and who insist on certain standards of behavior” (Brooks, 2005). Meanwhile, the New Orleans City Council president asserted that public housing should be “reserved for those willing to work” and should not welcome back “soap opera watchers” (Savidge, 2006). Policy leaders and many nonprofits claimed that increasing homeownership in post-Katrina New Orleans would produce citizens who were self-sufficient and, due to their access to home equity or

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3 This comment references Sax’s comparison of a mortgage and a payment plan for a piano, with which, Sax assumes, workers – at least those workers he wants to convert into homeowners – will already be familiar.
credit, would not be dependent upon state financial support in times of personal difficulties or disaster. Like Sax, policy leaders and the majority of housing nonprofits pushed the agenda of increasing homeownership. The former painted property-for-citizenship as a form of moral and cultural uplifting for the rental class, while the latter framed it as a means of empowerment for the poor.

Political economic analyses of race and neoliberalism in the U.S. south show how negative racial associations have been “essential for justifying redevelopment strategies that made possible the further entrenchment of neoliberal forms of accumulation” (Derickson, 2014, 896; see also MacLean, 2008). This line of research explores how social formations and cultural politics enable neoliberal accumulation strategies in specific contexts. In New Orleans, these took the form of negative associations with categories of race and class, which in New Orleans and other US cities often overlap with housing tenure as a social division. Politicians and city residents often revert to this politically-‘neutral’ category of housing tenure, rather than race or class, to express exclusionary neighborhood preferences (Goetz, 2007). In the post-Katrina gulf coast, language about income operated as a code for latent race- and class-based biases (Derickson, 2014; Louisiana State Bond Commission, 2009) – displaced people’s relative ‘deservingness’ to return to the post-disaster city was couched in terms of housing tenure, which was discursively linked to people’s varying levels of ‘investment’ in their neighborhoods. Discourse surrounding people with no financial investment (i.e., a mortgage) in the post-storm city suggested that these people had little to contribute to the city’s recovery. In 2009 hearings about providing additional state subsidies for affordable housing, policymakers discussed New Orleans’ housing stock disparities solely in terms of housing tenure, expressing preferences for homeownership and asking that people awarded spots in subsidized rental units be made to provide documentation that they were looking for work if they were unemployed (Louisiana State Bond Commission, 2009). In short, burying race- and class-associations in ostensibly economic, race-neutral categories facilitated the demonization of people who failed to thrive in the context of homeownership-centric policies (MacLean, 2008); race and class became unstated categories within discussions of who deserved to return – political discourse portrayed people with a financial ‘stake’ as most likely to be invested in the city’s economic recovery.

Secondly, like Sax, post-Katrina political leaders argued that recovery should be spearheaded by “grassroots efforts” led by nonprofit and philanthropic actors. This was justified through market-based recovery plans and the state’s pronouncement that charity and “individual choice” would do a better job of rebuilding than government ever could (Olshansky & Johnson, 2010). After firing a large portion of the city’s planning department and disregarding the federally sponsored planning process, Mayor Ray Nagin (currently serving time in federal prison for corruption related to post-Katrina rebuilding contracts) orchestrated a master planning process funded entirely through philanthropic funds. The Unified New Orleans Plan (UNOP) rescaled planning from the city to the neighborhood
level, putting local Community Development Corporations (CDCs) in charge of organizing volunteers, contracting private design firms, and submitting individual neighborhood reconstruction plans to compete for state grants. Steven Bingler, UNOP’s director claimed “the commitment is that individual decisions made by individual citizens will determine which neighborhoods come back and which neighborhoods don’t come back – and if they do, how they come back” (Warner 2006).

The moralized rhetoric of homeowner and neighborhood empowerment undergirded the justification for rescaling planning and reconstruction into a fractured and competitive framework of neighborhood-based, rather than citywide, reconstruction. This led to an uneven geography of volunteer labor, philanthropic funding, and competitive government grants. Neighborhood groups with greater political capital and wealth – most often those comprised predominantly of White homeowners – were able to capture the most resources and organize them most efficiently (Herring, 2013). Meanwhile, the majority of nonprofit housing organizations in post-Katrina New Orleans directed resources to homeowners, not renters (Policylink, 2008). Even the most traditionally progressive nonprofits often embraced urban revitalization logics of poverty “deconcentration” through mixed-income housing and increases in homeownership (Arena 2012; Graham, 2012). This stance reflected a neoliberal tactic of placing NGOs, not government, on the front lines of social service provision, in such a way that simultaneously depoliticizes and perpetuates the state’s market-first priorities by compelling local non-profits to fend for themselves in a competitive funding environment (Wolch, 1990).

Premised on the moral tenets of charity and the goodwill of volunteers, such civic-driven, participatory practices only deepened the pre-existing inequalities of New Orleans. Reliance on neighborhood entrepreneurialism resulted in a patchwork recovery that obscured an uneven distribution of disaster assistance: it is far more difficult to question the unequal distribution of gifts by foundations, universities, corporations, and volunteers compared to an uneven distribution of state funding. Furthermore, New Orleans’ planning agency justified uneven funding for infrastructure, schools, and improvements on the basis that state funding was merely following the majority of “individuals” who had made the “choice” to return (Olshansky & Johnson, 2010).

In sum, ‘values’-centric framings of the housing problem of New Orleans legitimated an unequal recovery funding regime. The public discourse surrounding displaced poor people and state-subsidized renters conflated Blackness, poverty, and housing subsidies with laziness and drainage of fragile economic resources (Inniss, 2007; Robertson, 2011; Settles & Lindsay, 2010). The push for a ‘grassroots’ recovery – to be led by NGOs, philanthropists, and neighborhood organizations – also masked systematic inequalities in the distribution of recovery resources. Just as Engels argued, calls for self-help by workers and reliance on
philanthropists (as articulated by Dr. Emil Sax) deflected attention from the structural housing injustices of capitalist urbanization.

The Housing Question as Urban Development Question

The solution of the housing question …being carried out today… does not spring from ‘the womb of the revolutionary idea,’ but from the big bourgeois himself.

-Engels (1872, 34)

In his second essay, Engels critiqued Sax’s property-ownership proposals for being rhetorically philanthropic and inclusive but exclusive in practice, entrenching class-based economic polarization. Specifically, Engels argued that Sax’s calls for philanthropic and state-funded solutions – in the name of building “model barracks” and modernized housing – belie the gains that flow to capitalist interests when housing for the working class is upgraded. Reading post-Katrina New Orleans’ ‘redevelopment’ through Engels’ critique suggests the utility of examining planners’ and policymakers’ use of an urban redevelopment or growth discourse to plan the recovery effort. While ample evidence now exists of the unequal nature of New Orleans’ recovery and the financial benefits accrued by property-holders and developers, the means by which this process was legitimated have received less attention. Following Engels, we argue in this section that a post-Katrina discourse of redevelopment and housing modernization, ostensibly to be led by the market (Engels “capitalists”), subsumed public discussion of who would be able to access the new housing.

Following the critique of Sax’s moralizing manifesto of self-help solutions, Engels tackled Sax’s proposals of state assistance. First, Sax proposed revising building codes and tax rates to make construction cheaper. After Katrina, the initial federal response was the same: the implementation of an unprecedented supply-side policy that created the nation’s largest free-enterprise zone in history. Importantly to the housing question, the Gulf Opportunity Act offered tax exempt financing and allowed businesses to depreciate 50% of the costs of new property investments, including everything from real estate and construction materials to software (US House of Representatives, 2005). These federal tax giveaways, further enhanced by municipal tax abatements, increased production of luxury condos and apartments, resulting in a two-fold increase in expensive downtown high-rise rental units (Miestchovich, et al., 2011). While direct disaster aid grants for luxury dwellings during a dire housing crisis would have likely faced a political and public legitimation crisis, tax cuts masked the hand of the state. In New Orleans, the housing solution of disaster reconstruction was framed not as a task of renewing the destroyed stock, but rather as necessitating a surge in urban development as usual – which in contemporary cities ties the development of luxury housing to urban economic growth (Lees, et al., 2008).
Second, Sax proposed the construction of “barracks” for the working classes. Engels wryly characterizes this proposal as “‘truly model buildings for [the capitalist class’s] subordinate officials and servants’ (but these are certainly not workers), and ‘grant loans to municipalities, societies and also private persons with a view of improving the housing conditions of the working classes’” (Engels, 1872, 70). These solutions parallel contemporary New Orleans’ (limited) public housing reconstruction and its state-financed affordable rentals, which were developed through Low Income Housing Tax Credits (LIHTC) awarded to private and non-profit developers. As detailed above, these state programs have failed to serve the most vulnerable of New Orleans renters (Policylink, 2007). The total number of units produced was drastically under the pre-storm level. The benchmark of affordability has also shifted: public housing units for households making 30% or less of the area median income have been replaced with units now affordable to households making anywhere between 40%-100% of area median income (Housing Authority of New Orleans, 2013). While politicians and philanthropists praised the newly renovated homes on account of their architectural beauty, racial integration, and mixed-income population, former public housing residents have faced extreme barriers to accessing this new housing (Henrici, et al., 2015; Housing Authority of New Orleans, 2016). Meanwhile, thousands of evicted public housing residents and disenfranchised renters were “merely shifted elsewhere” (Engels, 1872, 24). Framed in terms of self-help and market-mimicking techniques of governance – tax credits, private-public partnerships, competitive grants, and linking aid to property assessments, these claims masked and depoliticized the decisive role of the state’s unprecedented assistance to homeowners in the wake of disaster, and, as we have shown above, primarily benefited the propertied minority of the city’s pre-storm population.

Further evidence that state-assisted construction only occurred when it benefited the contemporary bourgeoisie can be found in the actions of the Louisiana State Bond Commission. In 2009 the Commission, which issues state bonds from which housing subsidies are drawn, reached the paradoxical conclusion that New Orleans was in danger of building “too much” affordable housing after the hurricane (Louisiana State Bond Commission, 2009). Affordable housing, the commissioners feared, would detract from demand for market-rate units, which was thought necessary to maintain developer interest in New Orleans’ rental market. This decision stalled tax credits and other subsidies to affordable housing for over a year at a time when the need for affordable housing was much greater than before the storm, a fact supported by data showing elevated rents, increased poverty and unemployment, and increased homelessness and housing affordability problems (Louisiana Housing Finance Agency, 2010). Based on testimony from landlords and real estate professionals, however, commissioners determined that the fact that New Orleans was on track to have more state-supported affordable

4 The LIHTC were also funded through the GO Zone legislation.
housing than before Katrina meant the post-storm market was “overbuilt.” Commissioners’ concerns about housing centered on how to ensure that growth of market-rate rental housing would be supported; they were skeptical of affordable housing advocates’ claims that increases in post-storm housing costs meant that more affordable units were required. This case reflects how the state’s market-first agenda was prioritized over addressing housing needs. Landlords and politicians testifying at the hearing dismissed elevated demand for affordable rental housing as demonstrative of renters who wanted “someone else” to cover their costs – multiple testimonies raised concerns that people receiving housing subsidies would have no incentive to work (Louisiana State Bond Commission, 2009, 34, 71, 99, 100) and many suggested that subsidies be directed to homeownership programs rather than renter assistance (ibid., 32, 61, 162, 169, 181). Anxieties regarding affordable housing’s impact on New Orleans’ “quality of life” were another point of questioning. The Speaker of the Louisiana House of Representatives noted that:

If the market rate component of these mixed income developments is not successful, you will all but be displacing the concentration of low and moderate income people from what was, prior to Katrina, in basically [sic] HANO’s [The Housing Authority of New Orleans] control to spots and pockets all over the City that could cause tremendous problems for the community as a whole. Now poor and low-income people are not necessarily bad people. In fact, I know they're not. But we don't want to have that concentration now moved all over the City and making the City itself the hub, the center of low to moderate income housing because…it has such a major impact on employment and lifestyle (Louisiana State Bond Commission, 2009, 134).

In contemporary New Orleans, the results look much like what Engels called the method of “Haussman”: “of making breaches in the working class quarters of our big towns, and particularly in those which are centrally situated” (Engels, 1872, 74-75) in the interest of the bourgeoisie. The three housing policy interventions analyzed here – tax breaks for developers, mixed-income ‘replacements’ for public housing, and state-orchestrated delays to affordable rental housing construction – are manifestations of what other authors have identified as state-led gentrification (Lees, et al., 2008), prioritizing the property values of the homeowners and attempts to ‘deconcentrate’ poverty in areas marked by territorial stigma (Wacquant, 2007) to open up new spaces of investment (Arena, 2012). Unlike Engels’ context, however, where Haussmann’s programs of urban redevelopment were visible to poor and elite alike, framing housing redevelopment as a market-driven process in New Orleans has served to mask the state’s central role in reconstructing New Orleans’ housing and social geography.
Conclusion: the state beneath ‘market-led’ recovery

In 1872 Engels observed how legal, moral, and urban growth justifications for increased homeownership masked the perpetuation of class inequalities within the capitalist system. 144 years later, in post-hurricane New Orleans, we have identified similar discursive legitimations that frame housing recovery as an inclusive, market-based process while masking the creation of deeper inequalities between the propertied and the propertyless. However, diverging from Engels’ critique and historical context, we have shown how the legal, moral, and urban growth framings of the post-Katrina housing question serve a further politico-ideological function: masking the intrusive and primary role of the state in structuring housing reconstruction and perpetuating the uneven development of post-Katrina New Orleans.

How is it that the narrative of New Orleans’ reconstruction as a free-market and grassroots process persists when the most basic unit of reconstruction – the repair and reconstruction of damaged housing – was bankrolled through one of the largest federal housing programs in US history? Furthermore, how did this government-subsidized housing program, designated as “disaster relief” and funded through Community Development Block Grants earmarked explicitly for the production of “affordable housing,” come to be handed to a minority of residents (the property owners) with relatively little resistance or media attention? And while scholars have focused on how disasters have been used to roll out new market-oriented reforms through outsourcing recovery tasks (Fox Gotham, 2014), privatization (Klein, 2007), tax reductions (Fox Gotham and Greenberg, 2014) and withdrawal of the state in what has been widely characterized as “disaster capitalism” (Klein, 2007), how should we register the expansion of a state assistance program that predates the “neoliberal turn” and contradicts the “pure market” logic of neoliberal ideology by enlarging the scope of government interference in the housing market amidst the broader “neoliberalization of New Orleans,” (Davis and Bali, 2006; Peck, 2006; Smith, 2006)?

Although the federal subsidy of post-disaster reconstruction is a Keynesian program that predates the “neoliberal turn” and is premised on deeply entrenched moralizing narratives surrounding homeownership and the sanctity of private property, the political possibility of its persistence and expansion after Hurricane Katrina relied on the state incorporating the appearance of neoliberal-style policy, occluding the centrality of federal intervention in post-disaster reconstruction. The Road Home Program and other state subsidies to individual homeowners took on many surface characteristics of neoliberal policy, including outsourcing the program’s operations to a private company (ICF International), awarding individual rather than community-based grants, and basing grants on the pre-storm exchange value of homes rather than homeowners’ reconstruction costs. At the program’s base was a $13 billion transfer of federal funds to homeowners in a city of renters – the definition of Big Government interfering in the free market. However, the dispersal of these funds through a private company, to individual
claimants, according to a formula derived from real estate valuations, gave this intervention the appearance of being indirect and market-based. The extension of this Keynesian-era program, which persisted in neoliberal-era rhetorical and ideological garb, relied on the circumscription of housing policy around the legal, moral, and urban growth frameworks of the housing question.

Although the classic illustration of neoliberalism is that of curtailed state action intended to facilitate ‘market-led’ solutions to socioeconomic problems, Peck and Tickell (2002), followed by numerous other authors, have specified how processes of neoliberalization also hinge on targeted market interventions that in fact increase the state’s involvement in the market. While U.S. mainstream political discourse surrounding these interventions maintains that the state acts only so far as to facilitate ‘proper’ market functioning, critical analyses reveal how the neoliberal state selectively expands its interventions in the market much less visibly than the welfare state – in ways selective and contingent upon specific political, historical, and social contexts (Harvey, 2005). While contemporary scholarship on neoliberalization has tended to focus on strategies of accumulation at the expense of the cultural and social formations that enable these strategies (see Derickson’s 2014 critique along these lines), we have outlined several discursive and political logics that legitimated the solutions to New Orleans’ Housing Question.

Our analysis of the legitimation of the U.S.’s largest federal housing program in history reveals several ways that state interventions become masked through the same rationales as Engels identified. In illuminating how political elites and developers traded on homeownership’s cultural associations with citizenship and financial responsibility – as well as stigmatized and racialized characterizations of poor renters – to direct massive subsidies to New Orleans homeowners at the expense of renters, we have argued that housing tenure is an important category for critical inquiry in the context of contemporary neoliberalized disaster reconstruction. As Cindi Katz (2008, 22) reflected several years after the storm, “if renters are excluded from compensation when their homes have been destroyed or damaged, tenants of public housing have been shut out, and private market renters are facing steep rent increases if not outright rent gouging, while there has been virtual inaction around the production of ‘affordable housing,’ how are people of ‘mixed income,’ one of HUD’s favorite terms, supposed to come back and remake New Orleans?” While ample research has documented the unequal race- and class-based results of New Orleans’ ‘recovery,’ a similar ownership-based subsidy regime emerged in post-Hurricane Sandy New York and New Jersey, while displaced renters struggle to find affordable housing (Greenberg, 2014). As we have argued, the subsidy of the propertied class at the expense of the propertyless remains politically palatable, as both conservatives and liberals reify the social ‘benefits’ of homeownership and ignore the entrenched historical relationship between housing tenure and race- and class-based marginalization in cities like New Orleans and New York. Engels’ critiques of the moral and ideological foundations of such policies remain timely and useful for challenging the
foundations, rather than just the results, of these federally-subsidized, post-disaster transfers of wealth.

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