

## **A KATRINA SUCCESS STORY: LOUISIANA'S 3,000 UNIT PERMANENT SUPPORTIVE HOUSING INITIATIVE**

By Ann O'Hara

The Technical Assistance Collaborative (TAC)

February 26, 2010

### **Introduction**

---

On August 29, 2005, Hurricane Katrina slammed into the Louisiana Gulf Coast taking more than 1,600 lives and displacing more than a million people – including thousands of people with serious and long-term disabilities. Four years later, Louisiana is well on the way to completing the nation's largest and most comprehensive Permanent Supportive Housing Initiative ever undertaken.

Within five months of Katrina's landfall, the Louisiana Recovery Authority formally adopted the goal of creating 3,000 new Permanent Supportive Housing (PSH) opportunities for the hurricane's most vulnerable victims. This decision was not simply a victory for Louisiana's PSH advocates and people with disabilities – but has had national significance as well. Louisiana's comprehensive PSH Initiative – conceived in the aftermath of these devastating storms – has now become a model that is influencing PSH policy at the federal level and in numerous states across the country.

Much has been written, seen and heard about Katrina and its aftermath, including the devastation and human suffering caused by this catastrophe, as well as successful redevelopment initiatives in New Orleans and other localities. However, there is still very little public awareness of this extraordinary effort by Louisiana citizens, including government officials, non-profit groups, PSH advocates and several national partners, to create the nation's first comprehensive Permanent Supportive Housing program in the United States. This success story would not have been possible without the significant role played by philanthropic organizations.

### **Permanent Supportive Housing**

---

The PSH model combines deeply affordable rental housing with voluntary, flexible, and individualized community-based services to assist people with the most severe and complex disabilities to live successfully in the community. PSH is not a new model of housing. Successful efforts to create PSH units in numerous states have been well documented over the years and a significant body of research has proven that successful outcomes for people and cost savings to government are achieved through the PSH approach.

From the beginning, PSH stakeholders in Louisiana were determined to turn the Katrina/Rita disasters into an opportunity to create PSH at a scale that had never before been attempted. This level of effort was necessary to respond to the dire circumstances that the lowest income people with disabilities faced post-Katrina – devastating levels of homelessness, institutionalization, isolation and separation from family and friends, and a lack of even basic community supportive services. Louisiana PSH

stakeholders also recognized that they had a unique opportunity to benefit from what had been learned from numerous PSH initiatives undertaken over the past 20+ years in communities across the nation.

Louisiana's PSH goal was truly ambitious and far reaching. Rather than simply create 3,000 PSH units, Louisiana set out to create the nation's first comprehensive PSH system that would help the State achieve several important policy objectives never before been encompassed within one PSH initiative. Those policy objectives included: (1) addressing chronic homelessness; (2) reducing the unnecessary confinement of people with serious disabilities in nursing homes and other high-cost restrictive settings; and (3) improving the state's fragile behavioral health system through the implementation of evidence-based models of housing and services.

### **Melville Charitable Trust and Robert Wood Johnson Foundation**

---

As early as January of 2006, the Melville Charitable Trust (Melville) recognized that Louisiana intended to break new ground in PSH policy and systems development and that an unparalleled level of collaboration and capacity building across state agencies and among various PSH stakeholder groups would be needed. Louisiana PSH stakeholders also understood that technical assistance and capacity building resources from national PSH advocates as well as philanthropic organizations with an interest in the PSH approach would improve their chances for success. Fortunately, generous grants were provided for Louisiana's PSH Initiative by Melville and the Robert Wood Johnson Foundation (RWJF). This funding – which included multi-year capacity building grants to Louisiana PSH groups – was provided through the Technical Assistance Collaborative (TAC) – a national non-profit with extensive PSH expertise and previous experience in Louisiana.

### **Progress and PSH Profiles**

---

Louisiana is well on the way to completing its 3,000 unit PSH initiative despite the fact that it took more than 2 ½ years to obtain all the federal recovery resources needed to finance the program. According to data compiled by Louisiana's Office of Community Development and TAC, as of February 5, 2010:

- 748 extremely vulnerable households with disabilities displaced by Hurricanes Katrina and Rita have moved into PSH units;
- At least 800 additional PSH units have been identified;
- More than 100 new PSH households are entering the program every month.

Louisiana's PSH tenant profile includes 310 PSH households who were homeless or chronically homeless and are now living in rental apartments funded by the U.S. Department of Housing and Urban Development (HUD) Shelter Plus Care program. An additional 438 households are receiving assistance through HUD's Section 8 Project-Based Housing Choice Voucher program including people with serious mental illness and/or co-occurring disabilities with histories of long term homelessness and/or incarceration, people with intellectual disabilities at risk of institutionalization, and households with multiple disabilities and chronic health conditions.

The three profiles of PSH households highlighted below help illustrate the value and effectiveness of Louisiana's PSH policy – which emphasizes vulnerability, risk and cost to public systems regardless of the type of disability, or the length of time that someone has been homeless or institutionalized:

**Lisa and her son John**– At the time Lisa R. entered the PSH program in September 2008, she and her five year old son had been homeless for five consecutive years due to her addictive disorder. Her son had never had a place to call home, and had only lived on the streets and in emergency shelters since his birth. Lisa and her son moved into their own PSH unit just outside New Orleans in September of 2008. Since that time, she has obtained full-time employment with health benefits for herself and her son, maintained her sobriety, received counseling, enrolled her son in school, started her own housekeeping business, and has successfully maintained housing for the first time in over five years.

**Sandy and her children** – At the time Sandy W. entered the PSH program, she was living in a homeless shelter and had a long history of homelessness. She was a victim of domestic violence and also has a mental illness, and, while homeless, had lost custody of some of her children. Her young adult son John has a developmental disability and needed services in order to remain in the community. Sandy has now been in the PSH program for a year, and her four children – who were previously living in state-funded foster care – have been reunited with their mother. John is now receiving the help he needs, and Sandy has gone back to Junior College and is also seeking employment.

**Andrew and Stephen** – Andrew and Stephen are brothers in their early 30s. Both have developmental and severe physical disabilities and Stephen uses a wheelchair. They spent their entire childhood in Louisiana's foster care system. Before moving into PSH, they were living in a small rented trailer that was in terrible condition and not wheelchair accessible. Their health and safety were seriously compromised as a result of their living situation, and they were both at-risk of being placed in a nursing home. Andrew and Stephen now each have their own accessible PSH unit in a new rental housing development, are receiving daily community-based supports, and are thriving in their new homes.

### **PSH Supportive Services**

---

All PSH households receive services from mobile Housing Support Teams or intensive Assertive Community Treatment (ACT) services for people with the most serious mental illnesses. Many also receive additional services through community-based agencies. The ACT services are an integral component of Louisiana's efforts to transform the state's public mental health system – which currently spends 57 percent of its mental health budget on institutional care. Louisiana plans to transition over 100 people out of mental health facilities into new PSH units and new ACT services during the coming year.

Louisiana's PSH program is the first cross-disability scattered site effort of this scale in the nation. More than 30 percent of PSH units leased thus far have been provided by affordable housing developers who received federal GO Zone Low Income Housing Tax Credits to help rebuild the state's shattered rental housing stock. Under a provision of the state's Qualified Allocation Plan, all GO Zone developers were required to set-aside at least 5 percent of the units in every property for PSH tenants, and some developers opted to go above this minimum requirement. The state anticipates that at least 600 of the

3,000 units will be created through this innovative PSH approach which – because of the lower rents achieved through the Go Zone credits – costs less than the average Housing Choice Voucher subsidy.

### **Implications for National PSH Policy**

---

The creation of these PSH opportunities in a post-disaster environment is a noteworthy achievement that extends far beyond the boundaries of Louisiana. Four core elements of Louisiana’s PSH approach are now influencing PSH efforts underway in other states and as well as federal PSH policy:

- Targeting the most vulnerable populations with disabilities within one PSH initiative including people who are homeless or at-risk of homelessness, as well as people living unnecessarily in institutions or at-risk of institutionalization;
- Utilizing a highly replicable rental housing production approach that creates small set-asides of PSH units in every new federal Low Income Housing Tax Credit property;
- Creating a Local Lead Agency (LLA) regional system that moves PSH beyond the provider driven model. The LLA approach ensures referrals to owners of available PSH units and coordinates the delivery of all PSH services;
- Developing a cross-disability Housing Support Team service model that focuses on the housing-related service needs of PSH tenants through a coordinated approach that also encompasses the clinical and medical needs of people with the most intractable disabilities.

Several states have already adopted or are seriously evaluating Louisiana’s cross-disability and integrated PSH approach and/or LLA model. Louisiana officials and national PSH experts are indebted to State of North Carolina housing and human services officials, who were bold enough to first envision this approach and have demonstrated its feasibility and effectiveness across their state over the past eight years through the creation of more than 2,000 PSH units.

### **Important PSH Legislation Now Pending in Congress**

---

Bi-partisan federal housing legislation (H.R. 1675 and S. 1481, the Frank Melville Supportive Housing Investment Act) modeled from the Louisiana and North Carolina PSH set-aside approach is now moving through Congress and could soon reform and re-invigorate an important HUD PSH program – the Section 811 Supportive Housing for Persons with Disabilities program. The Section 811 program is the only HUD program that is solely dedicated to the creation of PSH, and is critically important to national efforts to “scale up” PSH production. H.R. 1675 passed the House in July of 2009 by a bipartisan vote of 357-51 and is now pending in the Senate. This legislation could initiate PSH Demonstration programs in 15-20 or more states interested in significantly expanding PSH through the tax credit approach successfully pioneered in Louisiana and North Carolina.

Despite a crowded legislative calendar, national disability advocates are urging the Senate to pass S. 1481 as soon as possible. Unfortunately, HUD’s FY 2011 Section 811 budget proposal to Congress proposes to eliminate all funding for new Section 811 PSH units until Section 811 reforms are in place – which could take a year or more unless Congress acts expeditiously. The legislation creates a new paradigm and models for emerging PSH policy at both the state and federal level – and comes at a time

when HUD Secretary Shaun Donovan and U.S. Department of Health and Human Services (HHS) Secretary Kathleen Sebelius are actively seeking new ideas and new partnerships to take PSH to scale nationally.

At the state level, pressure is high to reduce the growth in Medicaid, particularly the high cost of unnecessary nursing home placements and sub-standard Adult Care Homes/Board and Care facilities. States are under enormous pressure to comply with the 1999 U.S. Supreme Court's *Olmstead* decision which has triggered successful class action lawsuits in a number of states. In an important *Olmstead* case recently decided, a federal District Court Judge ruled that New York City's Adult Homes – large for-profit residential care facilities licensed and funded by the state and Medicaid – are “segregated institutional settings that impede integration in the community and foster learned helplessness.” The Court held that virtually all 4,300 residents of these adult homes could benefit from the PSH approach at no additional cost to the state. Several other states (Illinois, New Jersey) have similar cases pending or have negotiated settlement agreements that will require thousands of new PSH units to be created in the next few years.

This demand for ‘scaling up’ *Olmstead*-related PSH activities must be merged with efforts to end the national disgrace of chronic homelessness among the most vulnerable people with disabilities. As has been tested successfully in Louisiana, merging these two policy goals at the state level can incentivize states to adopt more uniform housing and support services policies and funding mechanisms that not only represent evidence-based and promising practices but also make sense financially.

### **A PSH Vision for the Future**

---

Louisiana's PSH initiative arose from the Katrina/Rita disasters at a time when – with the notable exception of expanded funding for chronically homeless people – federal policies were constraining rather than expanding opportunities for innovative approaches to PSH. We are now at a more opportunistic moment when HUD and HHS's partnership is focusing on important PSH issues and when states – under increasing pressure from *Olmstead*-related lawsuits and the burden of high-cost facility-based care – have more political will to explore and adopt new approaches and models.

Federal housing and Medicaid imperatives are likely to encourage and incentivize new strategies, at both the federal and state level, which will require policy and program development efforts very similar to the work underway in Louisiana. Some of this activity will emerge from the broader federal policy agenda on health care reform as well as more immediately from several HUD-HHS initiatives. While it is not yet clear the extent to which the new HUD-HHS partnership can provide a policy framework for taking PSH to scale, key lessons learned from Louisiana's PSH initiative are already being successfully applied in other states that have recognized the importance of this innovative PSH model. What is now clear is that ‘taking PSH to scale’ is not just about more money but instead is about creating the policy and systems framework that allows government to achieve a number of critically important policy goals. At the end of the day, it's also not about doing PSH one project at a time or with only one model. It is about a variety of different housing approaches – including PSH projects, set-asides of units, Housing Choice Vouchers, etc. – that can all be linked systematically to sustainable best-practice community

supports and services for vulnerable people with significant and long term disabilities living in the community.

*For more information on Louisiana's PSH program, please contact Nicole Sweazy, Louisiana Office of Communities and Development at 225-219-8778, or Francine Williams, Technical Assistance Collaborative Inc., at 617-266-5657 Ext. 111. This report can be downloaded at [www.tacinc.org/downloads/LouisianaPSHReportFebruary262010.pdf](http://www.tacinc.org/downloads/LouisianaPSHReportFebruary262010.pdf).*