

UNITY
of Greater New Orleans

*A Collaborative of 60 Agencies
Working to End Homelessness
Bringing New Orleans Home*

**2475 Canal Street, Suite 300
New Orleans LA 70119
(504) 821-4496 Phone
(504) 821-4704 Fax
www.unitygno.org**

**Testimony of
MARTHA J. KEGEL
Executive Director
UNITY of Greater New Orleans**

**Before the Committee on Financial Services
U.S. House of Representatives**

**Hearing on the “Federal Housing Response to Hurricane Katrina”
February 6, 2007**

TESTIMONY

Thank you for inviting me to testify today on behalf of UNITY of Greater New Orleans, an award-winning collaborative of 60 non-profit and governmental agencies providing housing and services to end and prevent homelessness in New Orleans and neighboring Jefferson Parish.

Since Katrina and the catastrophic levee failures, the agencies in the UNITY collaborative are struggling mightily every day to meet even a fraction of the housing needs that we see. We estimate, based on data from our agencies and the counts of outreach agencies, that there are a minimum of 12,000 persons who are literally homeless on any given day in New Orleans and Jefferson Parish – twice the number of persons who were homeless pre-Katrina. These are persons who are living on the streets, in cars, in abandoned buildings, and in housing designated for the homeless. Untold thousands more are at grave risk – paying unaffordable rents that have skyrocketed in a market in which so much housing was destroyed, or living in severely overcrowded conditions, or living in housing which lacks utilities or essential facilities. These numbers are in addition to those living in FEMA trailers, or as some call them, FUMA trailers, since physicians have linked them to adverse health conditions such as asthma and allergies. These numbers are in addition to all those who yearn to come home but cannot because of the lack of decent affordable housing in New Orleans.

Many of the people experiencing literal homelessness in New Orleans are elderly and people with disabilities. Prior to Katrina, we did not typically see persons over 65 years of age living on the street or in abandoned buildings. But since Katrina, our street outreach workers have found people as old as 88 years of age living in abandoned buildings. As is typical across the country, people with disabilities are disproportionately at risk for homelessness. In the extremely stressful and uncertain post-Katrina environment, mental illness and substance abuse are sharply on the rise in New Orleans in the general non-homeless population, so it makes sense that we are also seeing large increases in serious mental illness and substance addiction among the homeless, in addition to persons with chronic physical illness, HIV/AIDS, and physical disabilities.

The housing situation for the poorest, most vulnerable people in New Orleans is bleak and, indeed, desperate. Yet we are optimistic as we look to the future, because we are absolutely committed to rebuilding New Orleans in a better, more inclusive way. We are dedicated to working with government and the private sector to ensure that New Orleans provides a home for all of its people, including the poorest and most vulnerable – those who are already home and those who yearn to come home.

When the levees failed, the whole world watched in horror as New Orleanians struggled for survival. As the waters rose, people spent days trapped in attics and on rooftops in broiling heat. Thousands languished without food and water at the Superdome and Convention Center. More than 1500 people in southeast Louisiana died.

Many of those who stayed behind were elderly or disabled. Many were poor, living in substandard housing and lacking sufficient supports in the community that could have enabled them to evacuate.

The tragedy of Katrina highlights the need to systematically improve the way people with mental or physical disabilities and elderly people with special needs are housed in our community. A proven strategy known as Supportive Housing, which has the capacity to transform the lives of our most vulnerable citizens, is part of the Louisiana Recovery Authority's plan. The Supportive Housing model provides affordable apartments linked to supportive services that are designed to enable residents to live independently while preventing homelessness or costly institutionalization. Case management services ensure that people receive needed mental and physical health care, are able to be good tenants, and are assisted to find employment if possible.

Around the nation, Supportive Housing has been proven in research studies to be a cost-effective alternative to institutionalized settings for people with a variety of disabilities. It also has been proven effective in preventing and ending homelessness. Moreover, it has been shown to have a positive stabilizing effect on neighborhoods, proving to be a catalyst for redevelopment.

In recent years, Supportive Housing is the only type of affordable housing to receive increased annual support from Congress. There is strong support from Republicans and

Democrats alike. Why? Because Supportive Housing works. And because it helps the people who truly need our help.

“People with disabilities want to go back home, just like everybody else,” says Nell Hahn of the Advocacy Center, a Louisiana disability rights group. In the 2000 census, almost 250,000 residents of the New Orleans metropolitan area were disabled. Of these, almost 25,000 people were blind or deaf, over 100,000 people had significant mobility impairments, and almost 65,000 people reported mental disabilities. The size of New Orleans’ disability community is not unique for an urban area, according to Daniel Sutherland of the U.S. Department of Homeland Security.

The Louisiana Supportive Housing Initiative

UNITY of Greater New Orleans, the National Alliance to End Homelessness, and other local, state and national advocates for the homeless, the frail elderly, and people with disabilities persuaded the State of Louisiana to include a Permanent Supportive Housing initiative in the Louisiana Road Home Plan. As approved by HUD and Congress, the Plan calls for creating 3000 units of Permanent Supportive Housing in the hurricane-impacted areas using hurricane recovery funds, including GO Zone Low Income Housing Tax Credits for capital, and CDBG funds in the Supplemental Appropriation for supportive services, rental subsidy, and capital gap financing. In August 2006, we persuaded the Louisiana Housing Finance Agency to require all GO-Zone tax credit developments to set aside at least 5 percent of their units as Permanent Supportive Housing and to create incentives to do more than 5 percent.

To make this Supportive Housing initiative a reality for the most vulnerable of our residents, however, we will need additional help from Congress. Because construction and insurance costs in the GO-Zone have escalated as a result of Katrina and Rita, the GO-Zone credits and the Supplemental Appropriation CDBG funds will not create the number of housing units originally anticipated. The projects funded by the GO-Zone tax credits will create an estimated 800 Permanent Supportive Housing apartment units, leaving us about 2,200 units short of the 3000-unit Permanent Supportive Housing goal. Moreover, the high costs of construction and insurance meant that CDBG funds were tapped for gap financing at a far higher rate than anticipated, leaving little for the rental subsidies that are so vitally needed to make Permanent Supportive Housing affordable for the extremely low income people for whom it is intended.

In addition, the December 2008 placed-in-service deadline for the GO-Zone tax credit developments made it necessary for state housing officials to create a very short timetable for the tax credit applications. This in turn made it difficult if not impossible for nonprofits, who tend to be the most committed to providing housing for extremely vulnerable people, to participate in the GO-Zone tax credit program because they did not have time to get site control of appropriate properties and draw up plans.

During the coming months, we hope to work with you and other Members of Congress so that we can obtain:

- (1) at least 2,200 Project-Based rent subsidies for the GO Zone, which are essential to make our Supportive Housing affordable for those for whom it was intended,
- (2) additional GO-Zone tax credits so that we can reach the 3,000-unit Permanent Supportive Housing goal for the GO-Zone and so that nonprofits can participate in the program to create Supportive Housing for the chronically homeless and other extremely vulnerable persons;
- (3) additional funds for property acquisition and gap financing so that nonprofit Permanent Supportive Housing projects for the most vulnerable populations are financially feasible; and
- (4) an extension of the placed-in-service deadline so that we do not lose any of the 800 units of Permanent Supportive Housing in the GO-Zone tax credit projects already funded.

As a New Orleanian, I thank the Members of this Committee for your commitment to rebuild New Orleans, one of our oldest American cities which has given so much to our nation, not only our energy resources, but also our unique cultural resources. The great culture of New Orleans, which gave the world the gift of jazz and so much more, is a grassroots culture, coming up from our neighborhoods, coming up from our people, often our very poorest people. Our people cannot come home, our culture cannot survive, without affordable housing. We thank you for your commitment to our Permanent Supportive Housing initiative, in which Congress is a vital partner, in order to ensure that New Orleans will be rebuilt in an inclusive way, so that the most vulnerable people have both the housing and services they need, at home at last.

As President Bush stated eloquently in his speech from Jackson Square last September, “We want people to come home for the best of reasons – because they have a real chance at a better life in a place they love.”