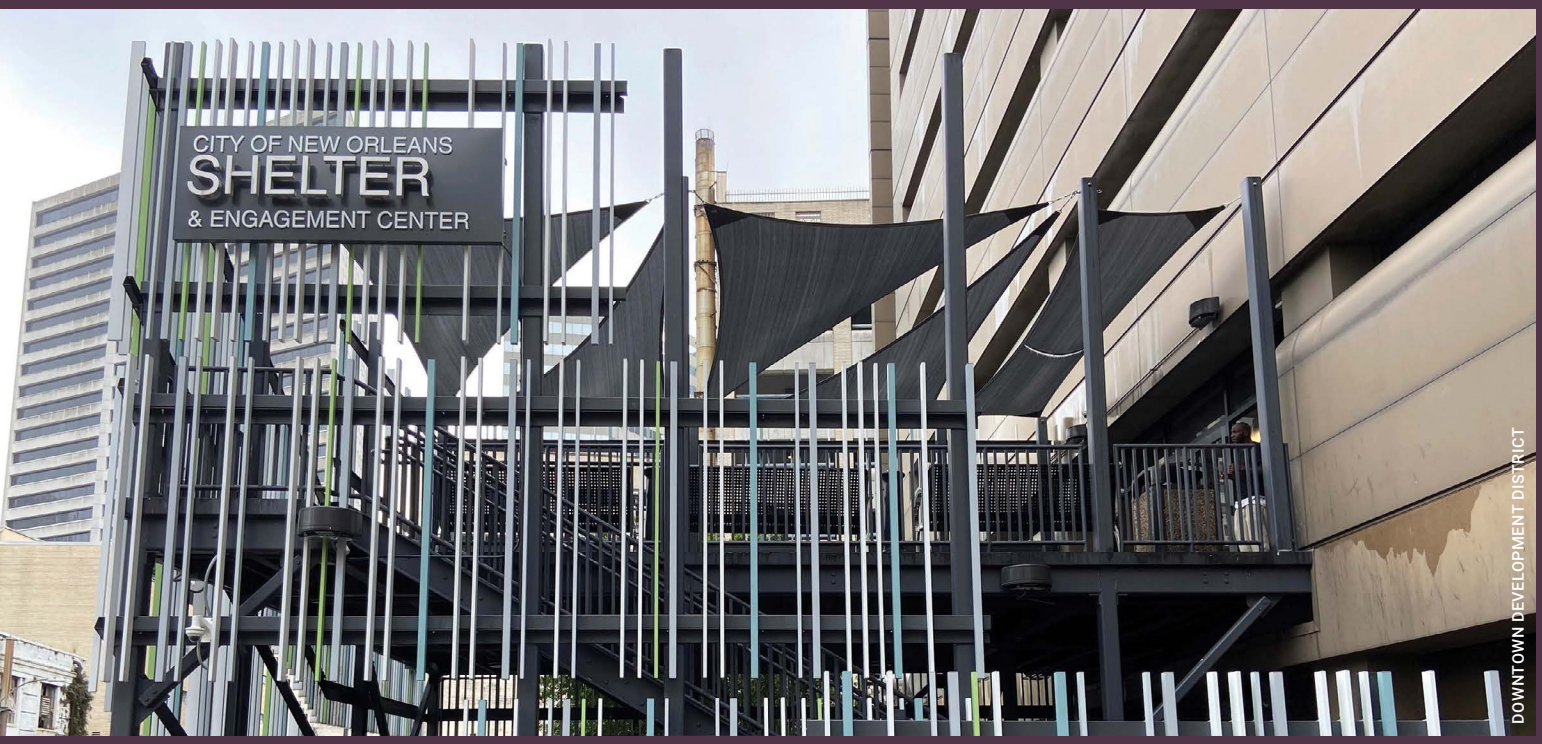
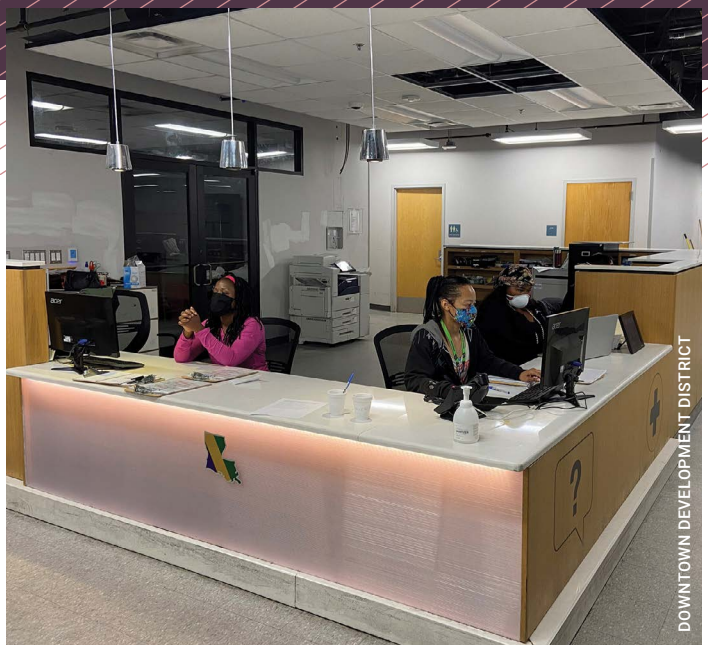
# HOMELESS TO HOUSED

## Terwilliger Center for Housing



DOWNTOWN DEVELOPMENT DISTRICT

# CASE STUDY: THE CITY OF NEW ORLEANS SHELTER AND ENGAGEMENT CENTER


DOWNTOWN DEVELOPMENT DISTRICT

## NEW ORLEANS, LOUISIANA

**LOCATION:**
1530 Gravier Street
2nd Floor
New Orleans, Louisiana

**PROJECT TYPE:**
Low-Barrier Shelter

**SIZE:**
13,120 square feet

**OWNER:**
City of New Orleans

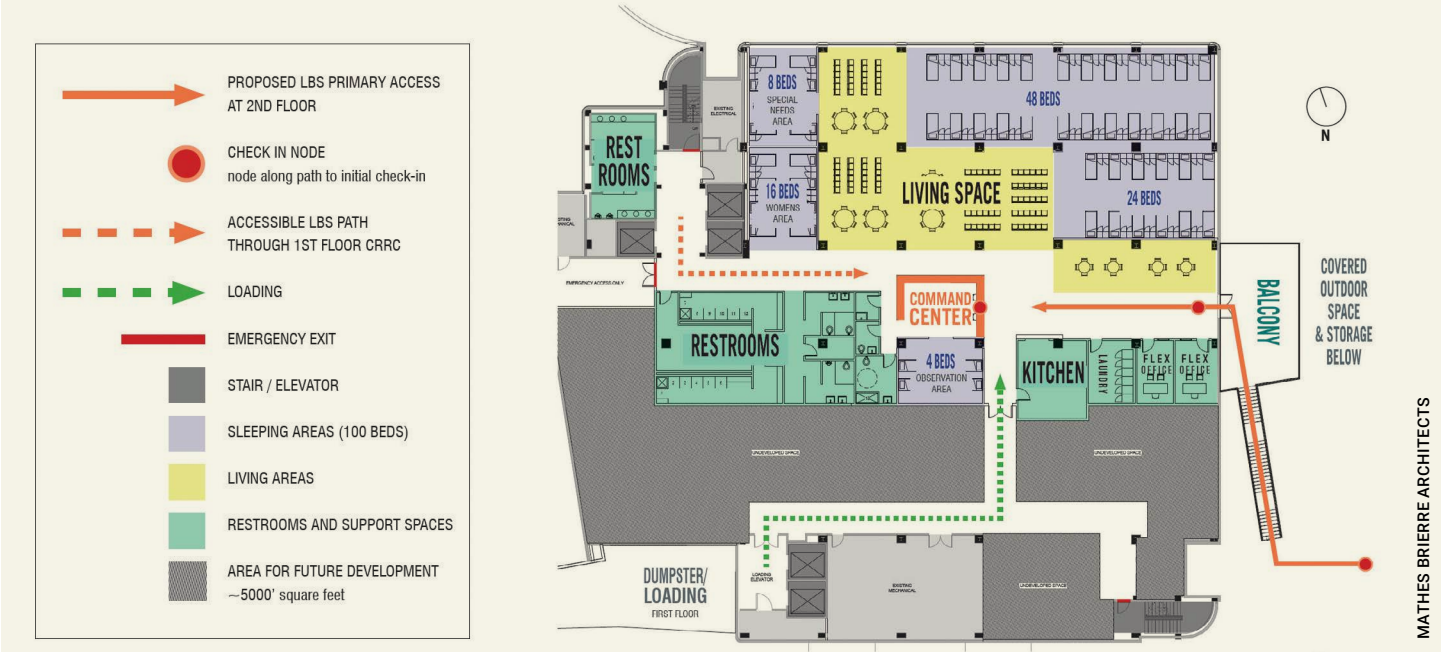
**OPERATOR:**
Start Corporation

**COST:**
Initial development, $2.6 million; expansion, $5.27 million

**COMPLETION:**
2018 (phase one)
2022 (phase two)

**PARTNERS:**
City of New Orleans, Downtown Development District, Mathes Brierre Architects, Ernest M. Morial Convention Center, U.S. Department of Housing and Urban Development, Louisiana Housing Corporation, Southeast Louisiana Veterans Health Care System, UNITY of Greater New Orleans, and over 60 service provider partners

## SECOND FLOOR: PROPOSED LOW-BARRIER SHELTER SPACE PLAN




The shelter's layout invites connection and support.

The City of New Orleans Shelter and Engagement Center (Low-Barrier Shelter) is located in the city's central business district, occupying two floors of the former Veterans Affairs (VA) hospital building. The center opened on August 1, 2018, and provides 24-hour shelter and services to 100 homeless individuals at a given time, following low-barrier concepts and techniques. The idea for the center was launched as part of the City of New Orleans's Ten-Year Plan to End Homelessness (2011–2021), under former mayor Mitch Landrieu, and gained political support in 2014, when current mayor LaToya Cantrell was a City Council member and toured Haven for Hope, a San Antonio, Texas–based low-barrier shelter operating since 2010.

The New Orleans Low-Barrier Shelter is staffed 24 hours a day, 365 days per year and works primarily with guests who have been homeless and chronically homeless and are in urgent need of coordination of care to achieve permanent housing outcomes. The center, operated by Start Corporation through a contract with the city of New Orleans, provides 24/7 access and beds as well as access to the VA-sponsored Community Resource and Referral Center (CRRC), a partnership between the Southeast Louisiana Veterans Health Care System and the city. CRRC is home to service providers for the unhoused, such as the VA, Travelers' Aid, Healthcare for the Homeless, and Harry Tompson Center, who work with homeless residents during daytime hours with services related to medical evaluation, case management, and pathways to housing programs.

To date, 962 guests have been sheltered and 488 have been successfully housed, with only 26 guests who were successfully housed from the shelter having to return to the shelter because of reentering homelessness. The Low-Barrier Shelter supports adults who are chronically homeless, most with a mental illness and some with co-occurring physical health conditions or chronic diseases as well as adults with a substance abuse disorder.

## The Partnership

The Low-Barrier Shelter is supported by a diverse partnership of local, state, and federal public and private organizations. In 2013, the city of New Orleans partnered with the Southeast Louisiana Veterans Health Care System to open the Community Resource and Referral Center. In preparation for development of the Low-Barrier Shelter, the city worked with the Downtown Development District (DDD) on the concept plan, defining operational objectives and identifying funding sources, with Mathes Brierre Architects producing the project design and leading the renovation project. In addition, HUD, the Louisiana Housing Corporation, UNITY of Greater New Orleans and its over 60 service providers partnered to support this project as well as Start Corporation, as the city's contracted operator. The Ernest M. Morial Convention Center has continued to partner with the city by providing ongoing support for the Low-Barrier Shelter's operations. The facility opened in 2018, and an expansion is expected to open in early 2022.

## Costs and Financing

The city of New Orleans acquired the former VA hospital building through a land swap with the federal government. The city and DDD provided over $2.5 million toward development costs, and construction and implementation costs were supported by HUD Community Development Block Grant funding, the Neighborhood Improvement Fund, the Louisiana Housing Corporation through its Emergency Solutions Grant, and the Ernest N. Morial Convention Center Currently, the city, DDD, and the Morial Convention Center contribute toward Start Corporation's annual operating expenses, which are about $1.5 million to $1.9 million.

## Innovations: What Worked

### THE PROJECT

Multiple public- and private-sector partners championed this project from start to finish, and their commitment was further bolstered by political will and support over two mayoral administrations (Landrieu and Cantrell). The former VA hospital site was selected strategically, based on its central location to an already large homeless resident population, transportation access, and need for the building's rehabilitation after a 10-year vacancy of its largest tenant. The capital costs were covered by a diverse pool of support funds, and dedicated revenue from the city and Morial Convention Center cover year-to-year operations, in partnership with the U.S. Department of Veterans Affairs CRRC program.

### THE PROGRAM

Start Corporation, the operator, recognizes that guests with behavioral health concerns have complex needs; therefore, successful housing outcomes for this population depend on a safe, stable, and comfortable environment coupled with harm reduction and wraparound support and care coordination services. The low-barrier shelter approach includes accommodating guests' pets, allowing couples to stay together, providing easy access to possessions, and allowing guests all-day access to the facility.

With an embedded network of committed community partners and ready access to permanent supportive housing and rapid rehousing resources, the Low-Barrier Shelter is uniquely situated to quickly transition guests, after they have been stabilized, from temporary shelter to community-based, independent living arrangements. The combination of housing initiatives focused on the unique needs of guests with behavioral health disorders and the understanding of the low-barrier vision, model, and goals has provided holistic care and support that is ultimately successful in transitioning guests from sheltering to housed.

## Challenges

Several challenges face the Low-Barrier Shelter's operations, including securing broad-based and consistent annual funding to support operating and capital budgets as well as having to best accommodate the diverse needs of a wide range of individuals.

Though this project has been supported through a diverse funding pool, the greatest challenge for its ongoing success in program delivery and facility is its ongoing ability to attract and retain diverse public- and private-sector funding. To operate a shelter with no barriers requires unrestricted dollars, and the current annual operating cost for the shelter is $1.5 million to $1.9 million. Without its current funding from the city, DDD, and the Morial Convention Center, the shelter could not maintain the building or support operations.

Moreover, Low-Barrier Shelter guests have diverse and often changing needs. Some are trying to maintain sobriety while others are in active addiction. Some guests have consistent employment and need to secure adequate rest while sleeping next to guests who are in active psychosis with auditory and visual hallucinations.

Low-Barrier Shelter staff members spend time de-escalating incidents and providing education on low-barrier concepts to help increase awareness of the shelter environment. They overcome the differences by educating guests on low-barrier and housing first along with the other evidence-based principles practiced at the shelter. Staff explain that everyone is worthy of housing and discuss the challenges that arise when trying to achieve sobriety without a stable home or to receive mental or physical health treatment without a stable place to live. The shelter staff often explore with guests what other community resources may benefit them in providing the support system necessary to overcome the concerns.

## Outcomes

A total of 962 individuals have been sheltered and 488 have been successfully housed. Currently, 81 of the 100 guests have been referred to and are actively working with shelter staff and community partners on stable, permanent housing goals.

Because the Low-Barrier Shelter is routinely filled to capacity, the city is funding a $5.27 million expansion to the facility, adding 246 additional beds and expanded services. The expansion will include 30,000 square feet of space on the second and third floors of its current building.

# HOMELESS TO HOUSED: PROJECT PRO FORMA

| | |
|---|---|
| **NAME:** The City of New Orleans Shelter and Engagement Center (Low-Barrier Shelter) | **SPONSOR:** City of New Orleans, Downtown Development District, Ernest M. Morial Convention Center |
| **LOCATION:** New Orleans, Louisiana | **NUMBER OF UNITS/RESIDENTS SERVED:** 100 |

**BRIEF DESCRIPTION OF TYPE:** Low-barrier, congregate, 24-hour shelter facility providing significant wraparound services to homeless individuals including housing placement and other services through partnership with other agencies and nonprofit providers.

## Development Pro Forma

| | TOTAL ($) | PER RES./UNIT |
|---|---|---|
| **USES OF FUNDS** | | |
| Acquisition of land and/or building | n/a | n/a |
| Architectural, engineering, and entitlement costs | 226,432 | 2,264 |
| Construction costs | 2,092,375 | 20,924 |
| Legal and professional costs | 100,000 | 1,000 |
| Additional equipment and related costs | 200,000 | 2,000 |
| Development fees | n/a | n/a |
| Interest during construction | n/a | n/a |
| Real estate taxes during construction | n/a | n/a |
| Other costs | 0 | 0 |
| **Total uses, all-inclusive except, land and shell building (city owned)** | **2,618,807** | **26,188** |
| **SOURCES OF FUNDS** | | |
| Downtown Development District | 1,000,000 | 10,000 |
| City of New Orleans (various sources, including CDBG, etc.) | 1,618,807 | 16,188 |
| **Total sources** | **2,618,807** | **26,188** |

## Operating Pro Forma

| | TOTAL ($) | PER RES./UNIT |
|---|---|---|
| **ANNUAL REVENUE (budgeted and committed)** | | |
| City of New Orleans (from various sources) | 625,000 | 6,250 |
| Downtown Development District (business improvement district) | 625,000 | 6,250 |
| Ernest N. Morial Exhibition Hall Authority (convention center) | 250,000 | 2,500 |
| **Total revenue** | **1,500,000** | **15,000** |
| **ANNUAL EXPENSES (budgeted)** | | |
| Staff | 680,000 | 6,800 |
| Security | 375,000 | 3,750 |
| Food service | 150,000 | 1,500 |
| Janitorial | 194,000 | 1,940 |
| Telephone and internet | 3,000 | 30 |
| Staff parking | 11,000 | 110 |
| Indirect cost | 81,000 | 810 |
| Repairs and maintenance (by city) | 0 | 0 |
| Utilities (electricity, water, sewer, etc. by city) | 0 | 0 |
| Taxes (city owned property) | 0 | 0 |
| Insurance | 0 | 0 |
| Office supplies | 6,000 | 60 |
| **TOTAL EXPENSES** | **1,500,000** | **15,000** |
| **NET REVENUE (DEFICIT)** | **0** | **0** |

n/a = not applicable.

## About the Urban Land Institute

ULI is a nonprofit education and research institute supported by its members. Its mission is to shape the future of the built environment for transformative impact in communities worldwide. Established in 1936, the Institute has more than 45,000 members worldwide representing all aspects of land use and development disciplines.

## About ULI Homeless to Housed

Homeless to Housed (H2H) recognizes that ULI members are well positioned to help address homelessness. With generous support from a growing number of ULI members, the initiative works to explore real estate solutions to the growing crisis affecting communities everywhere. Core elements of this work include conducting research, promoting cross-sector collaboration, providing local technical assistance through ULI's network of district councils, and sharing knowledge and expertise for addressing housing challenges for individuals and families.

This Case Study was originally published in the 2022 research report Homeless to Housed: The ULI Perspective Based on Actual Case Studies. Driven by the generosity and guidance of Preston Butcher, the report explores the role the real estate community can play in addressing the issue of homelessness. It includes a summary of lessons learned, a blueprint for how to replicate best practices in U.S. communities, and a series of case studies that demonstrate how the development community can be an active partner in addressing the critical shortage of housing in the United States. See the full report: https://knowledge.uli.org/en/reports/research-reports/2022/homeless-to-housed

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