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Community Development: Partnerships in Progress

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President's Committee on Mental Retardation

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by

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"Quality is never an accident. It is always the result of intelligent effort. There must be the will to produce a superior thing". - John Ruskin

Introduction

For over 20 years, the major thrust of residential services has been to increase the availability of community housing for persons with developmental disabilities. Unfortunately, this process has not assured that persons with developmental disabilities are afforded control over or even a voice in the most basic decisions regarding their homes, such as, where they live, with whom they live, and how they spend their time. Despite major accomplishments in community housing and services for persons with developmental disabilities, most individuals remain guests or, perhaps worse, boarders in their own homes, subject to the rules, schedules, dictates, tastes, and prejudices of others.

Like most adults, people with developmental disabilities typically want and need a home of their own where they can be themselves and make choices about what they do, with whom, and when. Choosing and controlling one's home is a basic act of personal autonomy. The reality, however, is that most people with developmental disabilities who are recipients of residential services live in institutions, group homes, or community-based settings.

Person-owned/controlled housing and personalized supports have become part of this nation's agenda as grassroots efforts have challenged the standard way of providing services for people with developmental and other disabilities. Throughout the nation, individuals, advocates, and innovative service providers have made significant moves from institutions and group homes to the creation of housing and support that permit all people, including those with the most intensive support needs, to live in homes of their own choosing. This trend is part of a broader shift away from traditional, agency-controlled services toward a focus on support resources that encourage personal control and full community inclusion.

Barriers to Homeownership/Control

A lack of personal financial resources and systemic dependence on programs, which by design limit personal choice, are two major barriers that deny basic opportunities and civil rights. The finite capacity to create innovative housing and support options and the limited involvement of people in these efforts are also barriers to person-owned/controlled housing and support.

As of 1992, 346,619 people received services in out-of-home placements. Less than fifteen thousand, or 4.3%, of those people received supported living services. This translates to 95.7% of people living in out-of-home placements that are owned and controlled by someone else. Unfortunately, the administrative structures supporting community services typically promote congregate and agency or provider controlled approaches to community residential and related services. Housing and residential supports are dictated far more often by government and provider agency preferences than by the needs and desires of persons with developmental disabilities.

Most often, people who live in congregate situations obtain a package of services in which housing and support are linked. Even in so-called community-based settings, such as adult foster care or supervised apartments, a service provider is compensated for delivering both housing and support as one service. For people who live in these settings, their associatio and the daily pattern of their lives are dictated by their address. People must buy the package whether or not they like all of its components. Because people are often congregated based on their support needs, a person's address determines the level and type of support received. If support needs change or if the person is unable to adapt or conform to the rhythm of the household, the person is moved to another residence. This linkage between support and housing is one factor that has made it difficult, if not impossible, for individuals to decide where to live and to develop roots within their communities.

An additional barrier is the criteria used by most lenders in the United States to underwrit mortgage loans. This criteria disqualifies the majority of people with disabilities fr owning a home:

- Individuals who receive SSI and Medicaid dollars cannot accumulate savings without jeopardizing the benefits that would fund their mortgage payments. Because of these resource restrictions, recipients of public benefits do not hav the ability to accumulate enough money for down payment and closing costs. For example, people who receive SSI benefits may not have more than $2,000 in cash resources in their possession at any time. Individuals who receive Medicaid funds have resource limitations ranging from $1,000 to $2000, depending on the laws of the state in which they live.

- Many individuals who receive SSI and Medicaid benefits also have wages from employment. For these people, a standard formula is used to determine the amount of reduction in benefits resulting from earning wages. Since both of these public benefits are means tested, benefits would be discontinued if an individual's income were more than the amount determined by that particular state. Therefore, anyone who receives public benefits has a very limited ability to contribute toward down payment and closing costs.

- In cases where individuals have funds from grants, secondary loans, or gifts, many lenders have been unwilling to accept them in lieu of a borrower's contribution.

- In establishing a borrower's credit status, a lender requires established good credit as well as information regarding how any past credit problems may have been resolved. An individual who has lived in their family's home, in foster care, a group home, or nursing home is not likely to have established a credit history. Since the utilities, lease or mortgage, and perhaps even the mail were in someone else's name, the individual has little opportunity or experience to demonstrate credit reliability.

Community Development: New Hampshire's Story

In order to meet the challenges posed by the barriers previously described, coalitions which include people with disabilities, lenders, affordable housing agencies, and disability organizations must be formed. The focus must shift to creating a shared vision of opportunities for homeownership and control for people with disabilities.

To illustrate how a coalition succeeded in overcoming these formidable roadblocks, the story of the New Hampshire Home of Your Own Project will be shared. New Hampshire is a largely rural state whose motto is "Live Free or Die." In the 1980's, the state experienced a radical boom and bust cycle that resulted in the highest number of bank closings in the nation, high unemployment, escalating property taxes, low vacancy rates due to rising rent costs, and a surplus of high-priced real estate. Even before the recession, New Hampshire communities had developed a locally-based approach to "taking care of our own." In the absence of a state income or sales tax, public education is funded through local property tax, receiving its only supplemental funding from the state lottery. Allocating resources through town meetings and having the largest state legislature in the United States, the state firmly believes in local control and local government.

Support services for individuals with developmental disabilities who live in New Hampshire are provided through twelve local, private non-profit area agencies. These regional agencies are governed by citizen boards primarily composed of people with disabilities and their family members. The area agency system was developed in the 1980's as a means of returning people who had been living in institutions to their communities of origin. This community-based service system facilitated the closing of the Laconia State

School in 1991, making New Hampshire the first state in the country without a public institution for people with developmental disabilities. The state is also unique in its conscious commitment at all levels to support people in individualized ways. This commitment is expressed in state government, by professionals in local communities, and through the efforts of families and advocacy groups.

Developments in the banking industry, housing market, and the developmental service system in the 1980's motivated New Hampshire to identify the housing needs of people with developmental disabilities as a top priority in the state's first Comprehensive Housing Affordability Strategy (CHAS) created in 1991. The CHAS was a policy and planning document that the United States Office of Housing and Urban Development (HUD) required states to draft (with extensive public input) in order to receive specific federal housing and community development resources. The CHAS listed federal, state, and other private funds available for state investment in housing and it provided a comprehensive set of priorities, goals, and objectives to ensure that housing needs identified in the state are addressed in a coordinated manner.

In July 1991, the Administration of Developmental Disabilities (ADD) released a request for proposals for a demonstration project which would seek to foster new and expanded approaches to community housing which would be more consistent with having a home of one's own. At a minimum, ADD wanted the project to generate approaches that would: (1) separate where one lives from the services and supports one receives; and (2) tailor supports to the individual's preferred residence, whether it be a purchased home, rented apartment, or some form of shared housing. They asked that support and technical assistance be offered to people with disabilities and their families in securing a home of their own, including developing, buying, renting, or otherwise securing economically and personally appropriate housing; accessing rental subsidies, rehabilitation funds, community block grants, tax certificates, tax credits, housing trust funds, and expert legal assistance; and securing services and supports desired by the individual which would ensure his/her health and safety, and promote social and family relationships and community participation. The project was to be funded by ADD at $100,000 a year for three years ($300,000); this represented 75% of the total required. The grant recipient would provide an additional $100,000 in matching funds.

The Institute on Disability, a University Affiliated Program at the University of New Hampshire (funded by ADD), decided to apply for the grant and began putting together a proposal to meet ADD's guidelines. The directors of the Disability Rights Center (New Hampshire's designated Protection and Advocacy Agency) and the Developmental Disabilities Council agreed to collaborate on the project. During the initial planning meetings, discussion centered around how the requirement for the matching dollars would be met.

The Institute on Disability agreed to serve as the lead agency in this endeavor, which included the management of all aspects of the three year demonstration project. Thus, the New Hampshire Home of Your Own project was created. In addition, the Institute would contribute staff time, travel costs, office space, equipment, and supplies. The Developmental Disabilities Council contributed $10,000 per year to offset the cost of ongoing project research. Staff and board members of the council agreed to attend all meetings and events coordinated by the project. The Disability Rights Center pledged to provide a blend of legal research on issues of guardianship, trusts, futures planning, and labor law related to personal assistance services. In addition, the Disability Rights Center agreed to supervise a summer law student who, during years two and three, would work on legal issues associated with the project. Staff of the Disabilities Rights Center also agreed to attend meetings and other events coordinated by the project.

The New Hampshire Housing Finance Authority (HFA), the state agency that spearheaded the CHAS process, was approached next. The HFA was asked to consider the proposed Home of Your Own project as a vehicle by which it could affirmatively address its identified priority of affordable housing for people with developmental disabilities. In approaching the HFA, the Institute needed to understand its mission. We learned that the New Hampshire Housing Finance Authority is a state-mandated agency which finances single and multi-family housing for low and moderate income people. The HFA uses the proceeds from bond issues to make loans directly or to purchase mortgages from the state's lending institutions. Eventually, the board of the New Hampshire Housing Finance Authority acted on a recommendation from the Authority's executive director to reserve up to 1.8 million dollars over the three years of the project on behalf of 25 eligible households. In addition, they promised to contribute $100,000 to be used by twenty-five participants over three years in no-interest forgivable loans for closing costs, renovations and down payments up to 2% of the purchase price. The funds were provided with the stipulation that they be matched by an additional $100,000 to be used for the same purposes. New Hampshire Housing Finance Authority staff agreed to meet monthly with project staff and offer extensive technical assistance. They also agreed to participate in numerous meetings and in formal presentations about the project throughout the state and the country.

At this point, an additional $100,000 to match the pool of funds provided by the Housing Finance Authority for closing costs, renovations and down payments was still needed. The state Division of Mental Health and Developmental Services demonstrated their commitment to the project's objectives by matching the $100,000. The Division contracts with the twelve area agencies to oversee community services and to provide case management and family support. With the Division's encouragement and support, all twelve area agency directors agreed to participate in the project. After selecting two individuals to participate in the project, each agency was given $8000 from the Division's $100,000 match pool, to be used as unrestricted grants for down payments, closing costs, renovation, and long term maintenance. The Division assigned a staff person to work specifically with the project to assist in the homeownership process for participants. The contribution of this staff person's time was used to cover a portion of the project's match required by the Administration on Developmental Disabilities. In addition, other Division staff agreed to meet frequently with project staff to assist individuals to achieve homeownership and receive personalized assistance.

In a short period of time, the Institute organized a steering committee of chief collaborators who met, at a minimum on a quarterly basis, setting the direction of the project and making policy decisions. These collaborators included the directors of the New Hampshire Housing Finance Authority, the Division of Mental Health and Developmental Services, the

Developmental Disabilities Council, the Disabilities Rights Center, and the Institute on Disability. In addition to the steering committee and staff of their agencies, both housing and legal consultants agreed to be involved in project activities. Many other individuals, including area agency staff, family members, friends, neighbors, real estate agents, lenders, affordable housing agency staff, the state's community loan fund, and community leaders agreed to assist individuals in every region of the state to own their own homes.

At the project's end, twenty Home of Your Own participants had purchased their own homes. Focusing on individual's needs, desires, and preferences, the project demonstrated that service funds and disability-related entitlements, if used imaginatively, can allow people to own homes.

What Changed?

Homeownership gave participants an opportunity to make housing and support choices that reflected their individual needs and preferences. For some individuals, it was the first time they had a voice in where the furniture went, what pictures and decorations went on their walls, who came through their door, and, most importantly, who shared their space and their lives.

Support became more personalized when it was not dictated by the rigid protocols required when numerous people live together in one facility. With homeownership, the agency responsible for providing support no longer owned or leased the house; the individual did. As needs change, support can be modified accordingly in the person's home. People are not moved when the need for a new service or support arises and, therefore, are able to sustain stable and typical connections to their communities. Ownership can serve as the platform for community membership.

Lenders recognized most forms of public benefits as borrower income. Traditional underwriting criteria looks at income to debt ratios around 30%. Accepting that many borrowers did not have an employment history, lenders allowed the use of a budget-based approach rather than an income to debt ratio in determining the borrower's ability to pay the mortgage. Individuals' prior living histories were considered by lenders in determining credit status. The fact that a perspective borrower had not had an opportunity to establish credit did not automatically prevent them from qualifying for a mortgage.

Budgets were personalized and restructured such that the agency committed the line item for housing to mortgage payments (principle, interest, taxes and insurance). In making this commitment, agencies found that in addition to the stabilizing effect homeownership had on people's lives, it also offered a constancy in housing costs not always available on the speculative rental market. In dedicating the housing budget line to homeownership versus other forms of housing, individuals, lenders, and service providers locked into a cost and a source of payment that remains more constant over time.

Participants used agency budgets to verify their income and to demonstrate an ongoing commitment of support in order to obtain their mortgages. In some cases, agencies, families, and friends contributed money toward down payment, closing costs, and long term maintenance. Agency staff, family members, and friends were closely involved in assisting people to choose and purchase homes, and in planning for and ensuring personalized support. Through this process a greater respect and understanding of the person was gained by all individuals providing support.

Lenders acknowledged that people on public benefits did not have funds from savings because resource limitations prevent them from accumulating significant moneys. Downpayments and closing costs were allowed from sources other than the borrower. A mix of private, local, state and federal funds, made available through grants, low or no interest loans, or funds with provisions for recapture on resale was available. Funds for down payment, closing costs, renovations, and long term maintenance were secured and made available to borrowers.

New Hampshire lenders became familiar with non-traditional income streams, different procedures, and new forms of documentation and, by doing so, tapped a new market of highly motivated home buyers. What these new borrowers bring to the mortgage process are stable income streams in the form of benefits and ongoing support. This support, provided by social service agencies, can include monitoring of home maintenance, help with paying bills, as well as guidance and intervention before problems arise. In New Hampshire, this partnership between the banking industry and the human service system has proved mutually beneficial.

Future of the New Hampshire Partnerships

Encouraged by the success of the New Hampshire Home of Your Own demonstration project, the original funders continued the initiative for an additional three years. They set aside funds for up to 20 new individuals each year to have the resources and support needed to become homeowners. Specifically, the New Hampshire Housing Finance Authority committed $4.2 million in mortgage funds over three years, an average of $70,000 per individual. In addition, they committed $100,000 annually for down payment and closing costs over three years. The Division of Mental Health and Developmental Services and the area agencies have matched this amount, making $200,000 a year for three years available for down payment, closing costs, renovation, and long-term maintenance. This commitment of funds make it possible for up to 60 individuals to obtain mortgages from the New Hampshire Housing Finance Authority and to access approximately $10,000 per mortgage for down payment, closing costs, renovation, and long term maintenance. The New Hampshire Housing Finance Authority uses underwriting standards similar to those discussed above.

Recognizing the need to have a person to facilitate the initiative and continue the work with individuals and agencies, the New Hampshire Housing Finance Authority, Division of Mental Health and Developmental Services, and the New Hampshire Developmental Disabilities Council each committed $20,000 a year for three years to fund a program coordinator position. The program coordinator works out of a statewide affordable housing organization, the New Hampshire Community Loan Fund. In addition, the Division of Mental Health and Developmental Services committed $25,000 to match $25,000 made available by the National Home of Your Own Alliance. This $50,000 was used to support training and technical assistance activities for individuals with disabilities, families, agency support people and lenders.

Home of Your Own: A National Initiative

The Administration on Developmental Disabilities, continued its commitment to homeownership in funding a five-year cooperative agreement with the Institute on Disability/UAP at the University of New Hampshire to create a national technical assistance center, called the National Home of Your Own Alliance. The Alliance is currently working in thirteen states to develop local demonstrations of homeownership. The Alliance intends to negotiate agreements in an additional ten states over the next year; building coalitions of housing and disability organizations, lenders, individuals with disabilities, their families, friends, and advocates. Each state receiving technical assistance from the Alliance agrees to institute a pilot project to assist a specified number of people to own or lease their own homes. In addition, the Alliance is building a national information clearinghouse, performing policy research, and conducting research related to people, with disabilities owning and controlling their homes.

Although the experience with the New Hampshire project has greatly influenced the National Home of Your Own Alliance, it is not believed that any one approach can or should be prescribed. The Alliance works with each state through a steering committee composed of representatives of the coalition with strong participation from people with developmental disabilities. Alliance members assist states to develop a technical assistance plan which represents the unique culture of each region. The hope is that states will allocate technical assistance resources toward certain parameters which are believed key for successful initiatives: intensive planning with individuals and agencies, collaboration of th organizations and individuals in the housing arena, flexibility in underwriting loans and accessing funds for down payment, closing, renovation, and long term maintenance costs.

The work of the National Home of Your Own Alliance has spurred the creation of initiatives on homeownership and control throughout the country. The locus of control is centered on the person with a disability, who directs what goes on within their home. The state initiatives offer an unprecedented opportunity to understand more about the impact homeownership and control can have on the lives of people with disabilities and the systems that support them.

In addition, the National Home of Your Own Alliance has influenced national housing policy in avenues that create opportunities for individuals with developmental disabilities to own and control their homes. In particular, the Alliance has had major success in its work with Fannie Mae, the nation's largest secondary mortgage lender. The Alliance was instrumental in helping Fannie Mae shape the first national secondary market mortgage product targeted exclusively to the needs of borrowers with disabilities. This 50 million dollar single-family underwriting experiment is designed to accommodate the needs of individuals with disabilities and families who have a child with a disability. The experiment will initially be piloted in eleven states and the District of Columbia. The underwriting criteria used combines underwriting flexibility never seen before in the lending industry. During every stage of the product's development, the Alliance offered on-going consultation, linkages with state coalitions, and the technical expertise of housing experts.

In translating the lessons learned to a national scope, the New Hampshire Home of Your Own demonstration project continues to fulfill its mission. The initiative was created to develop, implement, evaluate, and disseminate an approach to assist individuals with disabilities buy their own homes and be included in their communities. As Bob Williams, commissioner of ADD said when referring to this initiative, "We have the opportunity and responsibility to use what we do here to reinvigorate the American dream we all call homeownership. People with disabilities for far too long have been denied the right and opportunity to chart and control their lives and futures. The Home of Your Own initiative is about changing the power dynamic."