

Opening Doors

To housing opportunities for people with disabilities

Opening Doors is published as a joint effort by the Technical Assistance Collaborative, Inc., Boston, Massachusetts and the Consortium for Citizens with Disabilities Housing Task Force, Washington, D.C.

The Technical Assistance Collaborative, Inc. is a non-profit organization that provides state-of-the-art technical assistance and training to housing and human service organizations so that they may achieve positive outcomes in their work on behalf of people who are disadvantaged and/or disabled. For more information, please contact Lexi Turner or Ann O'Hara, Technical Assistance Collaborative Inc., One Center Plaza, Suite 310, Boston, Massachusetts 02108. Phone: 617-742-5657 or Fax: 617-742-0509 or e-mail: info@tacinc.org.



The Consortium for Citizens with Disabilities (CCD) is a national coalition of consumer, advocacy, provider, and professional organizations who advocate on behalf of people of all ages with disabilities and their families. CCD has created the CCD Housing Task Force to focus specifically on housing issues that affect people with disabilities.



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Editorial

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gage loans are available through lenders that are working in partnership with local coalitions that have come together specifically to create homeownership opportunities for people with disabilities. These coalitions include organizations representing people with disabilities and organizations working on affordable housing. Together, the coalition members build the infrastructure and aggregate the resources to make the HomeChoice mortgage program succeed — including identifying funding for down payment assistance and closing costs, selecting agencies to provide homeownership counseling, and working with lenders to ensure that the process of applying for and obtaining a home mortgage goes as smoothly as possible.

Yet it is important to remember that some people with disabilities may prefer to rent their housing, and forgo the headaches and financial implications of home repair and home maintenance. Others may have such low incomes that homeownership may simply not be feasible. For example, qualifying for a home mortgage loan may be impossible for people with disabilities receiving Supplemental Security Income benefits who live in high cost housing market areas. In fact, because of feasibility issues, some homeownership initiatives for people with disabilities have had very limited success. This is unfortunate, given the hard work and long hours expended by many individuals and organizations within the disability community to try and make these initiatives work.

What lessons can we learn from these well intended but less than successful efforts? First, homeownership programs for people with disabilities must be based on a careful evaluation of income targeting goals, housing market costs, and the availability and amount of down payment assistance. Second, in order to ensure that all people with disabilities benefit from housing advocacy and coalition building, these efforts should include both rental and homeownership options.

Finally, as this issue of *Opening Doors* goes to press, disability advocates are trying to assess the impact of new legislation that provides more flexibility to use Section 8 rental assistance for homeownership. *Opening Doors* will have more information on the new Section 8 legislation in a future issue.

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Homeownership

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Maryland. In partnership with the National Home of Your Own Alliance, this effort has expanded to 22 states and the District of Columbia [see case study in highlighted on page 6,] and has been a catalyst for local, state, and national efforts to expand homeownership for people with disabilities.

Through the continued efforts of the National Home of Your Own Alliance, people with disabilities, and their advocacy groups, the Federal National Mortgage Association (Fannie Mae) has adapted its mortgage lending practices and homeownership program guidelines to expand homeownership opportunities to people with disabilities on fixed incomes. Today, as a result of these and other state and local initiatives, growing numbers of people with disabilities are becoming homeowners.

INGREDIENTS FOR SUCCESSFUL HOMEOWNERSHIP EFFORTS

Although homeownership efforts throughout the country each combine their own set of financial, organizational, and advocacy resources, there are key ingredients for success that are common to all. These “principles for success” include: buyer motivation and decision-making; pre and post purchase homeownership education and counseling; down payment assistance and flexible mortgage lending practices; coalition-building and a coordinating agency; and community education and marketing.

Buyer Motivation

When discussing homeownership for people with disabilities, it is important to remember that not all people with disabilities want to own their own home. Buying and maintaining a home is a challenging prospect for any homeowner. These challenges are compounded for people with disabilities, who must often confront and overcome stigma as well as the profound obstacle of having a fixed or very low income. To become homeowners, people with disabilities should be prepared for a long and often arduous process, and be motivated to take an active role in the decisions that must be made.

Home purchase is a serious responsibility involving a long-term financial commitment that should not be entered into lightly. Not only does the cost of homeownership include the mortgage, home insurance, and

tax payments but also the financial obligations of long term maintenance and repair of the home. While homeownership should be an option for all Americans, it is not an option that everyone wants or can afford.

Successful homeownership programs for people with disabilities are specifically designed to maximize the involvement and decision-making control of people with disabilities in all aspects of homeownership program planning, design, and oversight. People with disabilities should be included on program steering committees, hired as staff, and be part of any effort to evaluate program outcomes and customer satisfaction. Both homeownership

advocates and homeownership program staff must be mindful not to substitute their own advocacy and enthusiasm for the motivation of the prospective homebuyer.

Homebuyer and Homeownership Counseling

Homebuyer and homeown-

ership counseling are also key ingredients to successful homeownership for people with disabilities. Counseling helps the individual understand the long-term implications of homeownership and prepares a potential buyer for the long and complicated process of purchasing a home. Effective home buyer and homeownership counseling activities are tailored to meet the specific needs of people with a variety of disabilities, including mental illness, mental retardation and other developmental disabilities, and physical disabilities. For example, people with cognitive disabilities may need shorter homebuyer training sessions spread out over a longer period of time.

Homebuyer education is usually delivered by a community-based homebuyer counseling agency or network of agencies that have affiliated specifically for this purpose. Homeownership counseling programs cover all the aspects of home purchase including:

- Budgeting and credit
- Working with realtors
- Fair housing laws
- The mortgage process
- Accessing down payment assistance
- Legal aspects of the purchase and sale and closing
- Appraisals and home inspections
- Long term responsibilities of maintenance, repair, and record keeping

PRINCIPLES FOR SUCCESS

- Buyer Motivation and Decision Making
- Pre and Post Purchase Counseling: Education and Support
- Down Payment Assistance and Flexible Mortgage Lending Practices
- Coalition-Building and a Coordinating Agency
- Community Education and Marketing

WASHINGTON

BULLETIN BOARD

This past October, Congress passed, and the President signed, legislation that includes FY 1999 funding for the U.S. Department of Housing and Urban Development (HUD). The legislation contains major revisions to important federal housing programs, including federal public housing and the Section 8 rental assistance program.

HUD FY 1999 Budget Highlights

- For the third year in a row, Congress has added new funds to the HUD budget for tenant based rental assistance for non-elderly people with disabilities who have been, or are likely to be, harmed by the designation of public and privately owned HUD assisted housing as “elderly only.” \$40 million in funding from HUD (6,000 Section 8 rental subsidies) will be made available later on this year.
- HUD’s Section 811 program for people with disabilities budget is \$194 million — the same as last year. The Section 811 budget includes a 25% set-aside for tenant based rental assistance (1,700 rental subsidies).
- FY 1999 McKinney Homeless Assistance funding is set at \$975 million (an increase of \$152 million above last year’s level) including a new 30% set-aside requirement for permanent housing and a 25% local match requirement for McKinney funded supportive services.
- Other HUD Programs:
 - ◆ HOME program appropriation of \$1.6 billion (a \$100 million increase);
 - ◆ Community Development Block Grant funding of \$4.750 billion (a \$75 million increase); and
 - ◆ \$283 million for 50,000 new “Welfare to Work” Section 8 rent subsidies.

Changes to Federal Housing Programs

Below are brief highlights of important changes to HUD’s housing programs authorized in the *Quality Housing and Work Responsibility Act of 1998*. More specific information on these changes will soon be posted on our Web-site.

Income Targeting and Deconcentration of Public Housing — The complex provisions of this legislation allow higher income targeting for public housing units and lower income targeting for the Section 8 rental assistance program. For example, PHAs will be required to make not less than 75% of their Section 8 rental subsidies available to households whose incomes are less than 30% of Area Median Income.

Minimum Rents — Under the new law, PHAs will be allowed to impose minimum rents of \$0 to \$50 a month for public and Section 8 assisted residents. Exemptions are permitted under certain circumstances.

Public Housing Agency Plans — HUD will require PHAs to submit a five year and one year action plan covering virtually all aspects of a PHA’s operations, such as tenant selection policies including establishing local preferences for public housing units and Section 8 rental subsidies. These plans must be developed in consultation with a Resident Advisory Board and be consistent with the community’s HUD mandated Consolidated Plan (if there is one).

Merger of Section 8 Certificate and Voucher Programs — The law merges the existing Section 8 certificate and voucher programs into a single voucher program with a “payment standard” of 90% to 110% of the HUD Fair Market Rent. Upon initial occupancy, an individual is prohibited from paying a rent that exceeds 40% of their monthly adjusted income.

Section 8 Homeownership — As noted in the Editorial, these provisions will permit PHAs to use Section 8 tenant based rental assistance to support homeownership for low-income households.

The Massachusetts Home of Your Own Program

Increasing Ownership and Control of Housing among People with Disabilities

By Andrea Shapiro, Program Director *Citizen's Housing and Planning Association (CHAPA)*; (617) 742-0820

It is a familiar story: Mary, who is a 53 year old person with a disability, enjoyed the apartment she rented in Jamaica Plain. However, in the past year, her rent increased by \$100 per month, which was difficult to manage on her limited income of \$1,176 a month. Mary was also concerned that her aging landlady might sell the home to move to a smaller one. Mary was on the waiting list for subsidized rental housing, but there would be a long wait, and she was concerned that she might not be able to remain in the community she loved once she got to the top of the list. In her application, Mary wrote, "Having a home of my own would stabilize my housing costs over the long term as well as give me a choice of where I am able to live. Finding stable housing is very important to me as it will alleviate a tremendous amount of stress."

Mary heard about the Home of Your Own Program (HOYO) through a doctor at Massachusetts Mental Health Center. The Massachusetts Home Of Your Own Program is coordinated by Citizen's Housing and Planning Association (CHAPA), a statewide non-profit in Massachusetts focused on increasing the supply of housing that is affordable to lower income households through research, education, and advocacy. Her application was evaluated favorably by the Selection Subcommittee and she quickly moved forward. Mary took a homeownership education workshop and received individual assistance through Metropolitan Boston Housing Partnership (MBHP). She also began looking for a home that would meet her needs, although there were not very many properties available in her price range. Because of this Mary knew that she would need to move quickly once she found one. Mary said that the assistance and encouragement she received from Tanya Townsend, the home-buyer counselor at MBHP, helped to keep her focused and

positive during her search for an affordable home.

Mary was persistent in her search and finally, with help from a local real estate agent, she found a one-bedroom condominium in Jamaica Plain that was in her price range. She made an offer on the property, requested down payment and closing cost assistance through CHAPA's allocation of HOME funds, and applied for a HomeChoice mortgage through BankBoston. Her offer was accepted and her mortgage and down payment assistance requests approved.

On September 30, Mary closed on her new home. On October 23, after some minor repairs were finished, she moved into her new home.

Mary was fortunate that CHAPA's Home Of Your

Own program is a partnership of over 100 individuals representing public agencies, non-profit organizations, lenders, private corporations, individuals with disabilities, family members, housing and disability advocates, and people interested in increasing individual control and ownership of housing among people with disabilities.

The Massachusetts Home of Your Own Alliance provides people with disabilities access to flexible mortgages from BankBoston, the local Fannie Mae HomeChoice lender, down payment and closing cost assistance from the Federal Home Loan Bank and the state's HOME program, flexible supports from independent living centers

and other state disability agencies, pro bono legal services, and pre-purchase and post-purchase homeownership counseling.

Since February 1997, twenty participants in the Massachusetts Home of Your Own Program have purchased homes, and, before Summer 1999, sixteen additional people are expected to purchase homes of their own with direct assistance from the program. ■

Financial Details of Mary S. Purchase

COSTS	
Acquisition price	\$78,000
Closing Costs (approximately)	\$3,200
TOTAL COST (approximately)	\$81,200
SOURCES	
Mortgage amount (30-year, 6.625% fixed-rate HomeChoice loan from BankBoston and Fannie Mae)	\$50,000
Down payment and closing cost assistance (10-year, zero payment, zero interest, forgivable second mortgage from Mass. HOYO/DHCD HOMES)	\$7,650
Personal contribution from savings while working (approximately)	\$23,000
EXPENSES AND INCOME	
Monthly mortgage payment	\$320
Condo fees	\$138
Taxes, insurance, etc.	\$59
TOTAL HOUSING EXPENSE (does not include credit for mortgage interest deduction)	\$517
Prior housing expense (rent)	\$600
Total monthly income	\$1,176

Heidi and Mariah Goehring are now happy in their new home. Contacted for this article, Heidi said, "I'm happy to speak out about this program any time. Without it, buying our home would not

have been possible."

For more information on these efforts in Wisconsin, contact David Porterfield by phone at (608) 258-5560 or e-mail at davidp@terracom.net. ■

[Endnote: The authors would like to thankfully acknowledge the use of material from the following sources: John O'Brien, Down Stairs That Are Never Your Own: Supporting People with Developmental Disabilities in Their Own Homes, Responsive Systems Associates (1991); AHP at its Best--Helping Disabled Families Find Housing, The Balance Sheet, a newsletter of the Federal Home Loan Bank of Chicago, Winter No. 98-1; and Affordable Housing....Just in Time for the Holidays, The Chicago Bank Account, January 1998.]

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When working with homebuyer counseling agencies and lenders, it is important that people with disabilities address up-front: (1) how much they can realistically afford for housing costs; (2) how much down payment assistance is available; and (3) the condition and location of homes on the market that they can afford.

Poor or Non-Existent Credit Histories

Unfortunately, having a limited income may have adversely affected a person's credit history or prohibited them from establishing any credit history at all. Since financial institutions are now relying more heavily on credit scoring than in the past, the lack of credit may pose a serious impediment to people with disabilities. Fortunately, many new mortgage programs designed for people with disabilities consider non-traditional credit histories. Service providers, advocates and state homeownership programs are also working with people with disabilities to clear up bad credit histories and to help establish traditional credit, while also cautioning against the accumulation of debt.

Overall, it is important to remember that the traditional mortgage process has not worked well for people with disabilities, and that reasonable accommodations should be made when appropriate. People with disabilities may require more time between the mortgage approval and the actual "closing" — when the mortgage payments become their responsibility. In some instances, personal care assistance or more flexible support services must be arranged before they move into their new homes, or the home may require modifica-

tions that must be approved and funded by another agency. Despite these and other challenges, the benefits of homeownership for people with disabilities who can afford it are worth the planning and "bureaucratic" steps required to achieve it.

CONCLUSION

The September 1998 National Home of Your Own Alliance newsletter reported that over 500 people with disabilities have recently become homeowners. For these individuals, the benefits of homeownership — increased quality of life, control, and housing stability — have become realities. In addition, these recent homeowners help in the ongoing battle against stigma. As homeowners, these households are now neighbors and stakeholders in a community and neighborhood. Community members are able to see that people with disabilities are productive members of the community: they maintain their properties, pay taxes, vote, and patronize local businesses.

Increasing all housing options for people with disabilities is critical as more and more resources, such as rental assistance and affordable housing development resources, grow scarce, exacerbating the acute shortage of affordable housing available for low and very low income people with disabilities. While people with disabilities continue to lose access to affordable units due to "elderly only" housing designation, it is important to look toward all affordable housing options that promote choice and independence. Although there will continue to be challenges, the concerted efforts of people with disabilities, family members, and advocates is making homeownership become a reality for growing numbers of people with disabilities across the country. ■

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Loan Bank funds, HOME and Community Development Block Grant funds, and foundation grants) that are needed for down payment assistance and other program costs.

Community Education and Marketing

Successful homeownership initiatives usually involve an organized outreach, marketing and community education effort. These efforts target financial institutions, state human service agencies, service providers, realtors, families, housing specialists, and people with disabilities who may not think of themselves as future homeowners. Educating the public on the option of homeownership for people with disabilities is an important component of many of the existing homeownership programs around the nation. This education can occur in a variety of ways, including:

- Workshops, training and conferences on homeownership
- Newsletters detailing successful examples of home purchases by people with disabilities
- Meetings with legislators and policy makers on the option of homeownership
- Articles in local newspapers
- Informing case managers of homeownership and soliciting their support in presenting it as an option to people with disabilities
- Educating people with disabilities about their housing options and promoting their hopes and expectations

ON-GOING CHALLENGES TO HOMEOWNERSHIP FOR PEOPLE WITH DISABILITIES

Despite the growing success of homeownership initiatives throughout the country, there continue to be real obstacles to the goal of homeownership for people with disabilities. Outlined below are some of these on-going challenges and current strategies for overcoming them.

Stigma

Stigma against people with disabilities is a persistent barrier to advocates and providers in their efforts to develop and access affordable housing for people with disabilities, despite the fair housing laws and community education efforts. Additionally, many housing agencies, service providers, and family members do not consider homeownership a realistic option for people with disabilities. Stigma continues to be a major impediment to promoting homeownership as a choice for people with disabilities and in accessing the resources to fund homeownership efforts.

Stigma is also a psychological impediment internalized by people with disabilities and their families. Some applicants to homeownership programs state that they never thought that they would own a home. When first approached about homeownership, many people with

Fannie Mae - HomeChoice: Homeowne

An Underwriting Pilot Initiative

Since Donna and George Gleason's son Rory was born with cerebral palsy eight years ago, life has been a series of hurdles. The cost of Rory's care has grown each year and the need to accommodate a wheelchair made finding a home a challenge. After moving 13 times in 11 years, the Gleasons felt they had finally found the perfect place to rent — a roomy, level, three-bedroom home with a big yard near downtown Seattle.

So when the owners announced they would be selling the house, the Gleasons anticipated yet another move. Although they desperately wanted to stay in their home, they didn't think they could qualify for a mortgage. However, a cousin mentioned hearing about a loan with special terms for families who had a member with a disability. Donna called around and found an agency participating in Fannie Mae's HomeChoice coalition.

Fannie Mae (FNM/NYSE), the nation's largest source of mortgage funds, has committed \$50 million to finance the HomeChoice initiative which provides loans through approved lenders and coalitions in 16 states and the District of Columbia. Specifically designed for low, and moderate, income people with disabilities, or those who have a family member with a disability living with them, the HomeChoice loan has more flexible underwriting than its conventional mortgage counterpart. Features include low down payment,

the acceptance of no credit histories, and financial counseling support through partner organizations.

The Washington Finance Commission for the HomeChoice United Cerebral Palsy service provider, talked whether she was ready for the responsibility of homeownership. They provided information about HomeChoice and the responsibilities of homeownership. The Washington Finance Commission resolved credit issues for the Gleasons to a lender who would purchase price they needed.

"In Washington, affordable. To me, HomeChoice is an amazing product," said Helsten, program administrator for the Washington State HomeChoice Commission. "The lines really give people hope that one day they can own a home."

The Gleasons' lender of Continental Mortgage worked them on budgeting, the importance of owning a home, and how to be a good homeowner. "They thought they couldn't afford that home because they couldn't afford a down payment," said one of the Gleasons.

After counseling and working out the financial details at closing, the Gleasons were able to come up with \$2,

disabilities feel overwhelmed by the concept and do not think they can succeed. Flexible supporters and a committed network of friends and family to assist in the process have happily proven them wrong.

Homeownership for People with Disabilities

nontraditional credit assistance and from nonprofit

State Housing, the lead organization, and HomeChoice coalition, and Shari Wear, a coalition secretary, met with Donna about the program for homeownership. She shared her experience with informally arranged home ownership, discussed the HomeChoice program, and referred her to determine what she could afford.

Homeownership is so unaffordable. HomeChoice is an alternative. As said Brigitte, the program administrator for the State Housing Finance Corporation underwriting guide for people with disabilities, they can own a

homeowner, Shari Wear, who, through HomeChoice, counseled her on home maintenance, down payment, and good neighbor. She said they could never buy a home if they could never get a loan. Wear said

for the family, Wear provided financing details. At the time, they would only have \$15,000 in down

payment, just 2 percent of the \$135,000 purchase price. They received nearly \$15,000 in assistance from the Commission's private investment fund and now hold a 30-year fixed rate loan with an interest rate of 6.25 percent.

Wear said this was one of the most rewarding loans she has ever closed because the Gleasons wanted the home and the sellers also wanted them to have it. "She did everything but scream when she found out everything was okay with the financing," Wear reflected on Donna's response.

When asked about becoming a homeowner, Donna Gleason commented, "[HomeChoice] was such a godsend. They gave us down payment help, and what we couldn't believe, if we stayed in the house for nine years, there was no interest due on the \$15,000. It was too good to be true. It was very cool."

"People with disabilities often face many obstacles in buying a home — lack of knowledge about the home-buying process, high living expenses, and unestablished credit, for starters," said Fannie Mae's Steve Allen, senior business manager for special needs housing. "HomeChoice was designed to address these barriers and help more families like the Gleasons achieve the American dream of homeownership."

For more information on the availability of HomeChoice in your area, please contact Fannie Mae's Consumer Resource Center at 1-800-7-FANNIE. ■

Fixed or Very Low Incomes

People with disabilities living on Supplemental Security Income (SSI) or other benefits have very limited incomes. Even though some states supplement SSI, this policy still does not necessarily result in a monthly income that can cover the costs of a mortgage, long-term maintenance and repair costs for a moderately priced home. In some high cost areas, SSI benefits are less than the HUD fair market rent for a one-bedroom apartment. For many individuals living on SSI, additional resources, such as proceeds from a special needs trust or gifts, are necessary in order to purchase and maintain a home.

Recent changes in mortgage lending practices and more flexible mortgage "products" such as Fannie Mae's HomeChoice mortgage are beginning to remedy this situation by minimizing down payment requirements and closing costs. Many state and local housing and community development agencies offer first time home buyer programs that allow low and very low income individuals the ability to purchase homes below market interest rates with less than standard down payment contributions.

It is important to note that government-funded homeownership assistance (such as reduced interest rates on loans or grants for down payment assistance) usually includes "recapture" provisions. These provisions may require the repayment of the down payment assistance upon resale and/or limit how much the homeowner can benefit from any increase in the value of the property, although these requirements are often phased out after the home has been owned for a specified period of time. If building equity is a primary goal for the homebuyer, then other non-traditional sources of down payment assistance may be preferred. Non-traditional sources include gifts or loans from family or friends, money from a special needs trust, and grants from foundations.

While these changes have enabled more people with disabilities on limited incomes to purchase homes, there are other long-term costs associated with homeownership that need to be considered before purchase. A home is an "asset" that will age over time and require periodic repairs, some of which may be costly. The long-term costs that need to be factored into the decision to purchase beyond the standard monthly mortgage payment, private mortgage insurance, and taxes include:

- Homeowners insurance
- Furniture and appliances
- Maintenance (lawn, paint, snow removal, weatherization)
- Repairs (new roof, boiler, siding)

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The Wisconsin Supported Housing Partnership

by David Porterfield and Sue Fieber, Wisconsin Partnership for Housing Development, Inc.

Heidi Goehring of Madison, Wisconsin, whose daughter Mariah was born with Down's Syndrome, knows first hand how difficult the home buying process can be. Not too long ago, Heidi and Mariah lived in a small, second floor apartment in a troubled neighborhood. Crime and drug use had increased to the point where Heidi could no longer allow Mariah to go outside to play. One day Mariah, gazing out the window at some children playing outdoors, turned to her mother with pleading eyes and said, "Play, mommy, play." Heidi knew then that it was time to make a change. She resolved to find and purchase a home in a new neighborhood where she and Mariah could be safe and secure.

But as a single mother, Heidi had limited financial resources and finding a house to meet her needs began to seem impossible. "Everything in our price range that was in move-in condition was located in questionable neighborhoods," she said. And because of her limited income and lack of time for home repairs, she was unable to consider more affordable "fixer-uppers."

Heidi kept looking, spurred on by the memory of "those terribly distressed and sad eyes looking at me and then out the window again." Then Heidi met Cathy Lenahan, a housing counselor for Movin' Out, a Madison area nonprofit corporation, and her luck changed. Through Cathy and Movin' Out, Heidi was connected with the Wisconsin Supported Housing Network.

The Wisconsin Supported Housing Network is a cooperative and collaborative effort to promote homeownership by people with disabilities and their families. Through a unique combination of resources, the network supplies three critical elements necessary to making homeownership possible for people with disabilities.

The first is access to financial resources, which might include down payment assistance, special underwriting procedures for debt financing, and assistance with loan closing costs. The Wisconsin network's program is unique in its resolve to make creative use of the personal resources of the disabled individual to leverage other funding sources.

The second critical element is access to comprehensive housing counseling that covers both traditional homeownership concerns and the special issues that arise for disabled individuals and their families. (i.e. How to use personal resources for home purchase without jeopardizing the right to SSI or MA, or how to provide for necessary home maintenance when financial resources and/or physical abilities are limited.)

The third element to homeownership by disabled individuals and their families is a local support organization such as Movin' Out. In addition to providing the comprehensive housing counseling described above, Movin' Out coordinates the activities of the many participants necessary to making homeownership possible. Those participants include the following:

- The Wisconsin Department of Health and Family Services (DHFS) and the Wisconsin Council on Developmental Disabilities (WCCD). These agencies have comprehensive knowledge of the needs of people with disabilities. They provide access to the human services networks and offer other specialized assistance. For example, WCCD publishes the Community Supported Living Series, a set of guides designed to address the concerns of people with disabilities who seek community living arrangements.
- The Wisconsin Partnership for Housing Development, Inc. Through its expertise in low income housing development and finance, the Partnership provides access to an array of housing resources. The corporation works with financial agencies and institutions to devise effective strategies for making housing affordable to people with disabilities and their families.
- The Federal Home Loan Bank of Chicago, Wisconsin Division of Housing, and local lenders. These participants provide access to grants to assist with down payment or closing costs.
- The Wisconsin Housing and Economic Development Authority (WHEDA) and local lenders. These participants provide access to debt financing and can develop creative underwriting techniques to make home purchase affordable to people with disabilities.

Not all of the participants in the Wisconsin Supported Housing Network are involved in every home purchase. As Cathy Lenahan and Heidi Goehring worked together, they concluded that down payment assistance would allow Heidi to buy a house in move-in condition, within a neighborhood of her choice. Through Mutual Savings Bank of Madison, Cathy helped Heidi apply to the Federal Home Loan Bank of Chicago for a \$5,000 grant under the Affordable Housing Program.

The application was approved. With the grant in hand, Cathy continued to work with Heidi and at last they found her home—a 50-year-old Cape Cod in a safe neighborhood close to good schools and parks. "Our house still needs a lot of work," Heidi says, "painting, woodwork, repairing plaster, but it's ours!"

Homeownership

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Coalition-Building and a Coordinating Entity

Most successful homeownership initiatives involve a formal coalition or collaboration that pulls key stakeholders together to coordinate and simplify the homeownership process for people with disabilities. A homebuyer coalition organized for people with disabilities should include organizations and stakeholders from both the disability community and the housing industry. This approach helps identify and overcome potential barriers, such as stigma and institutional and regulatory barriers, and helps leverage the public and private resources for down payment assistance and other program costs.

Coalitions also foster the education of the housing industry (i.e. lenders, local housing officials, and so on) and disability community alike. Housing organizations have the opportunity to learn about needed reasonable accommodations and make adjustments in their practices. Service providers have a chance to meet important members of the housing community and learn about other affordable housing resources.

Successful collaborations and homeownership coalitions have advocated for the following benefits:

- Funding for down payment and closing cost assistance from federal, state and local housing programs (see the list on page 14 of possible sources of assistance)
- “Pro bono” (free) legal services for closings
- Access to rehabilitation programs to make necessary home modifications
- “In kind” or donated appraisals and home inspection services
- New government funding for loans or grants to make homes accessible
- Flexible mortgage financing aimed at increasing participation and access by people with disabilities
- Specialized home buyer counseling programs
- New federal legislation allowing Section 8 assistance to be used for home purchase

CHALLENGES TO HOMEOWNERSHIP	STRATEGIES TO OVERCOME CHALLENGES
<ul style="list-style-type: none"> > Stigma > Affordability 	<ul style="list-style-type: none"> > Community education > Flexible mortgage application and approval criteria > Establish a savings account up front to allowable limits > Look at low cost housing areas for purchase
<ul style="list-style-type: none"> > Down Payment and Closing Cost 	<ul style="list-style-type: none"> > Lower down payment requirements > Set asides in traditional homeownership programs for people with disabilities > Family gifts or loans
<ul style="list-style-type: none"> > Poor or No Credit History 	<ul style="list-style-type: none"> > Establish credit > Request credit report and begin to clean up credit history > Acceptance by lenders of non-traditional credit histories, such as consistent payment of rent and utilities
<ul style="list-style-type: none"> > Property Maintenance Escrow account 	<ul style="list-style-type: none"> > Escrow account > Relationship with neighbor or non-profit to provide maintenance such as lawn service, painting
<ul style="list-style-type: none"> > Long Term Repairs 	<ul style="list-style-type: none"> > Escrow account held by non profit (continue to explore using the PASS plan for savings) > State and city funds > Service agency funds
<ul style="list-style-type: none"> > Limited Post Purchase Support 	<ul style="list-style-type: none"> > Up front training for homebuyer on possible problems and where to go for assistance

In most cases, successful collaborations or homeownership coalitions are coordinated by a lead agency. Lead agencies can provide a “single point of contact” and the administrative capacity that is critical to reaching the goal of homeownership for the greatest number of households. Lead agencies can be non-profits working on affordable housing or disability issues, or local, county, or state housing or human service agencies.

Ideally, lead agencies identify and incorporate all the interested and necessary parties (e.g. lenders, realtors, housing developers, service providers, advocates, people with disabilities, appraisers, state housing and human service agencies, and home buying counseling agencies) into the program’s design and implementation strategies. Lead agencies play a key role in aggregating the government and private funding (i.e. Federal Home

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Trusts and Homeownership

Trusts are legal mechanisms that allow people with disabilities and their family members to plan and contribute to the long-term housing and support services needs of the family member with a disability. Increasingly, families of people with disabilities are exploring the use of trusts to facilitate homeownership for people with disabilities.

Trusts do not replace government benefits such as Medicaid and Social Security Income (SSI) but rather are intended to enhance these benefits. If properly structured, the money received from a trust is not counted as personal income for the person with a disability and therefore does not jeopardize that person's eligibility for government benefits. This is because the money is paid at the discretion of the trustee, and because payments are made through a third party who assumes responsibility for the expenditure of the funds. Generally speaking, any money paid directly by the trust to the person with a disability will be counted toward their income and therefore should not exceed the amount allowed by SSI.

Types of Trusts

There are several different types of trusts. The two standard trusts are Special Needs Trusts and Pooled Trusts. Trusts will also differ based upon the various state laws that regulate them. When setting up a trust, it is important to work with a lawyer who knows your state trust laws and the federal SSI and Medicaid regulations.

A Special Needs Trust must be created before the person with the disability turns 65. A special needs trust is usually created by a parent or family member with their personal financial resources. However, it can also be set up with money from an inheritance, a medical malpractice award or a personal injury award to the person with a disability. Upon the death of the beneficiary, the state may require repayment from the trust for any medical assistance that was provided during the term of the trust.

A Pooled Trust can be created for someone of any age. Pooled trusts are usually set up through a non-profit agency with individual accounts established by families for their disabled family member. Families who may be unable to administer the trust directly or who are considering a smaller trust frequently use a pooled trust. Similar to the special needs trust, upon the death of the

beneficiary, the state may require repayment from the remainder of the trust for any medical assistance. In addition, the non-profit administering a pooled trust may charge a fee for assuming this responsibility.

Benefits of Trusts

Trusts provide a resource that can ensure the long term care of a family member. Through a life care plan or a letter of intent, family members and the person with the disability can create a framework to ensure that the values, needs and desires of the person with the disability are clearly identified for long term care providers and trustees alike. A letter of intent does not have to be complicated, and may simply outline where the person with the disability wants to live, with whom they want to live (if anyone), and what services and supports they need and want.

Trusts are no longer solely an option for wealthy families. If a trust is set up early, small annual contributions can grow into a trust fund that will greatly enhance access to housing and related supports. In order to ensure that the funds are well managed, families can identify co-trustees, usually a bank or a financial planner. A co-trustee can make the monthly disbursements, oversee investments, pay the taxes, and assume the legal responsibilities while the other trustee, usually the parent or family member, can focus on ensuring the quality of life of the beneficiary.

Trusts can also provide a way to gift a family home to a family member with a disability, provide resources for residential supports and services, or expand the financial resources available for homeownership. For example, trust provisions may allow a family member with a disability to stay in the family home after the death of both parents. (If necessary, a non-profit management company could be identified by the trustees to manage the property. In some instances, upon the beneficiary's death, the house can be made available to provide housing for other people with disabilities.) Trust proceeds can also be used for down payment assistance or can be paid directly to a third party to offset the costs of residential services and supports. However, it is very important to consult with a lawyer when outlining housing benefits in a trust because any money paid directly for housing may significantly reduce an individual's SSI benefits. ■

Too often, the emphasis of homeownership programs is focused exclusively on getting the person into the home, rather than helping the homeowner with problems that may come up after purchase as well. Unfortunately, post-purchase programs are not as common or readily available as those designed to help with the home buying process. Post purchase programs can provide essential support for people with disabilities who need help with preventive maintenance, unanticipated home repairs, or unexpected financial issues such as a large increase in property taxes. When post purchase support programs are not available, family and friends often fill this gap, but are frequently unaware of resources (i.e. home repair programs, property tax abatements, and so on) that can help address the needs of the homeowner. Hopefully as homeownership initiatives for people with disabilities expand, more post purchase support programs will be developed to insure that foreclosures do not occur.

Down Payment Assistance

Many people with disabilities have low incomes, and their ability to accumulate savings is often limited. To overcome this barrier, low down payment requirements are usually incorporated into homeownership programs for people with disabilities. For example, Fannie Mae's HomeChoice mortgage assistance program for people with disabilities provides a fixed rate mortgage and requires a reduced down payment (\$250 or 2% of the sales price) to accommodate the often limited means of people with disabilities. [See highlight on page 8 regarding HomeChoice]. Fannie Mae's program also factors in the costs of rehabilitation of the home, if necessary, in order to make the property accessible.

Banks throughout the country are slowly adopting more flexible down-payment requirements to address the particular circumstances of people with disabilities and allow them greater access to mortgage financing. For example, some lenders now allow the down payment for

a home to come from a gift, a trust or the value of work contributed by or on behalf of the homebuyer (so-called "sweat equity"). Lenders have also increased the maximum amount that can be borrowed through a mortgage by taking into consideration the "non-traditional" sources of income (i.e. food stamps, Home and Community Based waiver dollars, and so on) a homeowner uses in order to cover their monthly living expenses.

While these changes have allowed greater access to homeownership, it is still necessary for most people with disabilities to access significant down payment assistance in order to qualify for mortgages and successfully manage the responsibilities of homeownership over the long term. A higher down payment results in smaller monthly mortgage payments, leaving more disposable income for emergency repairs and ongoing maintenance. Without planning for these expenses up front, people may be putting their long term housing stability at risk. Many homeownership coalitions encourage buyers to establish savings accounts or escrow accounts to be used for emergency repairs and maintenance. However, any plans to accumulate savings must take into consideration government SSI and Medicaid limits on the accumulation of assets.

Sources of Down Payment and Closing Cost Assistance*	
TYPE	SOURCE
Gifts	Family
	Friends
	Special Needs Trust
	Religious Organizations
	Community Groups
	Fraternal Organizations
	Local Businesses
Grants and Soft Second Loans**	Independent Living Centers
	Developmental Disability Councils
	State Human Service Agencies
	Federal Home Loan Bank
	State and Local HOME funds
	State and Local Community Development
	Block Grant (CDBG) Funds
	State and Local Affordable Housing Trust Funds
	State Housing Finance Agencies
	Community Housing Development Organizations (CHDOs)
	Rural Community Development Programs
	Sweat Equity
	Contribution from the Seller
	Private Foundations
	Local Housing Funds Corporations

* This presentation format is adapted from a National Home of Your Alliance publication

** Loans may be 0% loans that are forgiven at the end of the loan term

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Location of Home of Your Own and HomeChoice Homeownership Initiatives

STATE HOME OF YOUR OWN FANNIE MAE / HOME CHOICE

Alabama

Kimberly Guin Boswell
Department of Rehab Services
2129 East South Blvd.
PO Box 11586
Montgomery, AL 36111-0586

Glenda Lee, Sr. Vice President
Regions Mortgage, Inc.
4111 Wall Street
Montgomery, AL 36106

Arizona

Miriam Podrazik
Governor's Council on DD
3049 North 60th St.
Phoenix, AZ 85018

Arkansas

Olivia Harrison
Family Support Services Inc.
PO Box 697
1103 SE 15th St.
Bentonville, AR 72712

California

Renee Bizer, Credit Manager
American Savings Bank
17877 Von Karman, 4h Floor
Irvine, CA 92614

Terry Strawn, Director
Countrywide Home Loans
Affordable Housing &
Education
155 North Lake Ave. MS4 99
Pasadena, CA 91101

Connecticut

Beth McArthur
Dept. of Mental Retardation
460 Capital Ave.
Hartford, CT 06040

Georgia

Carolyn Munsell
Center for Housing
Alternatives
PO Box 52003
Atlanta, GA 30355

Idaho

Amy Johnson
Community Partnerships of Idaho Inc.
1076 N. Cole Rd.
Boise, ID 83704

Illinois

Malia Arnett
Il. Planning Council on DD
100 W Randolph St. # 10-600
Chicago, IL 60601

STATE HOME OF YOUR OWN FANNIE MAE / HOME CHOICE

Indiana

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School of Education Rm 2114
902 W New York St
Indianapolis, IN 46202

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Human Development Ctr/UAP
1100 Florida Ave. #119
New Orleans, LA 70119

Maryland

Shavaugn Bonds
Maryland Center for Community
Development
1714 St. Paul
Baltimore, MD 21202

Janice Williams
VP for Community Lending
Provident Bank of Maryland
114 E. Lexington St.
Baltimore, MD 21202

Massachusetts

Andrea Shapiro
CHAPA
18 Tremont Street, Suite 401
Boston, MA 02108

Cheryl Roberts
BankBoston
420 Provident Highway
Mail Code MA-ES-42-02-02
Westwood, MA 02090

Michigan

Bob Liston
Association for Community
Advocacy
1100 N. Main Suite. 205
Ann Arbor, MI 48104

Maureen Szutarski
First Chicago NBD Mortgage
900 Tower Dr. Ste.500
Troy, MI 48098

Keith Wendt, CRA Analyst
D&N Bank
400 Quincy Street
Hancock, MI 49930

Brian Zinser
363 W. Big Beaver
Troy, MI 48084

Minnesota

Mary Ann Sudeith
VP Community Reinvestment
Firststar Home Mortgage
Corporation
101E.5thSt.
St.Paul,MN55101

Homeownership

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against people with disabilities, have precluded many financial institutions and government housing officials from viewing homeownership as a viable option for people with disabilities. However, after years of advocacy by people with disabilities, their advocates, and family members, there are increasing efforts underway across the country that are beginning to make homeownership a reality for more and more people with disabilities.

This issue of *Opening Doors* is devoted to a discussion of homeownership for people with disabilities, including:

- The key ingredients of successful homeownership efforts for people with disabilities;
- A candid discussion of the on-going challenges confronting people with disabilities who want to become homeowners; and
- Case studies of successful homeownership initiatives that are helping people with disabilities own homes of their own in communities across the country.

WHY HOMEOWNERSHIP FOR PEOPLE WITH DISABILITIES?

Homeownership for people with disabilities has evolved from home purchases by parents on behalf of their children with disabilities to local, state, and national homeownership initiatives that are helping people buy their own homes in communities across the country.

GOALS AND BENEFITS OF HOMEOWNERSHIP

- Personal control over housing decisions
- Separation of housing from decisions regarding level of services and supports
- Long term housing stability
- Community integration
- Long term financial stability and an opportunity to build equity
- Empowerment
- Institutional change and cost savings to state systems

The homeownership movement for people with disabilities is an outgrowth of the desire of people with disabilities to have a say in where and how they live, and to enjoy the long-term security that homeownership can provide. Many people with disabilities report that they like owning their own homes because it gives them greater freedom and control over many aspects of their lives, including their living environments. Equally important, homeownership may offer people with disabilities their greatest chance for long term housing stability.

For people with disabilities receiving residential services, owning their homes also fosters a person-centered and consumer-driven approach to the provision of support services. Like Section 8 rental assistance and other models of rental housing that do not have a service requirement, homeownership gives people with disabilities more choice and control over support relationships, such as case managers, live-in personal assistants, or support staff.

Homeownership also promotes the goal of community integration for people with disabilities. The increased visibility of people with disabilities as homeowners and good neighbors is helping to change public attitudes about people with disabilities. Expanding the number of people with disabilities who become homeowners in neighborhoods across the country helps break down the stereotypes and stigma that frequently prevent people with disabilities from accessing rental housing and homeownership options in communities of their choice.

In the early 1990s, after years of advocacy by people with disabilities, their family members, and advocacy organizations, the U.S. Department of Health and Human Services (HHS) initiated federally funded homeownership demonstration projects in New Hampshire, Massachusetts, and

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FOR MORE
INFORMATION OR
LIMITED TECHNICAL
ASSISTANCE ON
HOUSING FOR PEOPLE WITH
DISABILITIES
PLEASE CONTACT:
TAC OR YOUR
CCD HOUSING
TASK FORCE MEMBER
ORGANIZATION LISTED
ON PAGE 2.

H O M E O W N E R S H I P

for People with Disabilities:



A Movement
in the Making



Opening Doors

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Opening Doors

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FROM THE EDITORS

In our housing advocacy work on behalf of people with disabilities, we are often asked: "What about homeownership programs for people with disabilities? Is homeownership really feasible for people with disabilities who have very limited incomes? How do I find out more about successful efforts to expand homeownership for people with disabilities?" In this issue of *Opening Doors*, we have provided answers to some of these questions.

In the 1990s, there has been an increasing emphasis on homeownership opportunities for low and moderate income households at the federal, state and local level. Thanks to the efforts of disability advocacy organizations and the success of the Home of Your Own Alliance, these efforts have recently included homeownership initiatives for

people with disabilities. Perhaps the best known of these efforts is Fannie Mae's HomeChoice mortgage program, which has set-aside \$50 million in mortgage financing for people with disabilities.

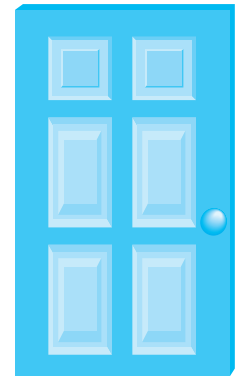
Fannie Mae's effort to extend homeownership opportunities to people with disabilities is noteworthy for several reasons. First, it demonstrates leadership at the national level on the important issue of expanding mainstream housing opportunities for people with disabilities. Without this kind of federal leadership, people with disabilities and their advocates will continue to struggle to engage the affordable housing delivery system.

Second, it demonstrates the importance of building coalitions around the issue of housing for people with disabilities. Fannie Mae's HomeChoice mort-

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*A publication of the
Technical Assistance
Collaborative, Inc.
and the Consortium for
Citizens with Disabilities
(CCD) Housing Task
Force*



Homeownership for People with Disabilities: A Movement in the Making

INTRODUCTION

The 1998 State of the Nation's Housing Report, prepared by the Joint Center for Housing Studies at Harvard University, describes not only an increase in homeownership rates for all Americans, but a prosperous economy which has propelled homeownership rates to an all time high. In 1997, 65.7% of all Americans owned their own home. As a result of the stable economy, consumer confidence, flexible mortgage products, and low interest rates, this increase in homeownership rates is expected to continue over the next ten years.

While the report paints an optimistic picture, what does it mean for people with disabilities? The National Home of Your Own Alliance (HOYA) estimates that only one percent (1%) of all people with developmental

disabilities are homeowners and less than five percent (5%) of the 6.5 million people with disabilities living on Social Security Incomes (SSI)/Social Security Disability Income (SSDI) are homeowners.

Unfortunately, many people with disabilities live on limited or fixed incomes, and are prohibited from accumulating enough savings to enable them to afford the down payment, closing costs and long term repair expenses associated with homeownership due to restrictive SSI and Medicaid regulations. These restrictions, along with institutional barriers and long term stigma

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