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Jay Klein
National Home of Your Own Alliance



Early Examples of Home Ownership

I. INTRODUCTION

Since the early 1990s, interest in promoting home ownership for people with disabilities has heightened dramatically across the nation. From its early beginnings in a few federally-funded model demonstration projects to committed initiatives in over 23 states, home ownership has become a reality for hundreds of people typically excluded from this aspect of the American dream. Through the efforts of many individuals and organizations throughout the country, a great deal has been learned about overcoming obstacles, capitalizing on opportunities, and navigating the process of purchasing a home.

Nationwide, the home ownership initiative for people with disabilities includes a range of diverse programs all seeking to create homes and supports for people with disabilities but pursuing different paths to achieve this end. While the *National Home of Your Own Alliance* emphasizes a person centered approach and defines home ownership as person-owned/controlled housing and personalized support, many home ownership programs apply a systems driven approach to service delivery which limits the control and equity ownership their home buyers achieve. Within the systems driven approach, most (if not all) major decisions about an individual's life rest with people other than the person affected. Services are driven by administrative convenience and convention, rather than by the needs and preferences of the individual. Thus, people with disabilities have little control over their homes and their lives. Despite the stated goal of assisting people to own a home, the systems-driven approach to home ownership means that someone other than the person with a disability: (a) has his or her name on the title, (b) accrues equity in the home, (c) determines who lives in the house, (d) chooses the house and the location, and (e) makes all decisions around personal assistance services. Relative to control, little has changed for the person with a disability except his or her address. Unfortunately, there are early examples of home ownership programs across the country that have demonstrated they are following the systems-driven path.

An alternative and more desirable path, chosen by some of the early home ownership programs profiled in this report, is called a person-centered approach. Like its name implies, "person-centered" means that people with disabilities receive assistance to own their own homes and control their own lives. This approach breaks dramatically with tradition in that the roles of others involved are to serve as resources, brainstormers, joint problem solvers, and moral supporters, as well as assistants to carry out specific tasks as requested by the home buyer. When home ownership programs adopt a person-centered approach, the result for people with disabilities is far different than a simple change of address. Home buyers: (a) have sole ownership with their names on the title (with the exception of married couples or live-in "significant others"), (b) accrue equity from the home, (c) determine where and with whom they will live, and (d) make the decisions about their houses and personal assistance services.



This report was written by the *National Home of Your Own Alliance (NHOYOA)* in response to the demand for information on creative strategies to promote home ownership for people with disabilities. Its purpose is to highlight the experiences of 14 early home ownership initiatives in 12 states throughout the country, including Arkansas, Colorado, Connecticut, Illinois, Indiana, Maine, Massachusetts, Michigan, Montana, New Hampshire, New Mexico and Pennsylvania. A snapshot in time (dates range from 1991 to 1995) is presented for each program that met three criteria: (a) they were readily identifiable by the *NHOYOA* who conducted the study; (b) they could offer sufficient information on various aspects of the program to create a profile; and (c) they applied a person-centered approach to home ownership for at least some, if not all, of their constituents.

Information in this report may be useful for people with disabilities or others with low income who wish to become home owners, as well as for family members and service providers who offer assistance with this process. The report may also be helpful for industry professionals, such as lenders, realtors, builders, and individuals with an interest in taking part in the home ownership initiative. Following the introduction (Section I), Section II provides a description of the “Early Examples of Home Ownership” study. The section describes how programs were identified, information was gathered, and organizations were selected for participation. Section III contains an overview of the participating organizations, their approaches to home ownership, and sources of funding for their home ownership efforts. Key partners in the process and the nature of their contributions are discussed in Section IV, followed by a description of the home buyers in Section V. Section VI presents an overview of outcomes from the 14 initiatives, including number of closings/purchases, types of homes purchased, mortgage amounts, and financing. Finally, the Summary and Conclusion section (VII) is followed by a series of appendices that contain a list of survey questions (Appendix A), a list of participating programs (Appendix B), and a form requesting information on home ownership initiatives (Appendix C).



II. EARLY EXAMPLES OF HOME OWNERSHIP STUDY

In 1994, the *National Home of Your Own Alliance (NHOYOA)* conducted a survey of home ownership efforts nationwide that began in the early 1990s. Data collection took place between 1994-1996 and included the time consuming process of locating programs, conducting the survey, and summarizing the volume of information in a way that would be useful to others. Therefore, it is not surprising that currently there are many excellent examples of home ownership programs and activities across the country that are not reflected here. In addition, this report does not reflect the present-day stories and evolving experiences of the programs that participated in this study. However, the report does present an overview of 14 programs that the project was able to identify at the time the information was gathered.

Identifying Home Ownership Programs

The study began by contacting several hundred persons throughout the country, including an extensive list of individuals working on disability issues and representatives from Developmental Disabilities Councils in all fifty states and US territories. Contact persons were asked to make recommendations of programs engaged in home ownership activities. The result was a list of 50 programs to be investigated. A survey was mailed to each of the 50 programs containing an array of questions on the organization, approach, funding sources, number of people who purchased homes, types of homes purchased, financing, personal assistance, barriers and strategies. (See Appendix A). Thirty programs responded to the survey. Follow-up telephone calls were made to each respondent to acquire any missing information and to ascertain if the program met the *NHOYOA* criteria for inclusion in this study as described previously. Interestingly, many programs did not collect detailed data on their home ownership activities. Often, the *NHOYOA* study was the first occasion that many programs had been queried about the financing of home purchases or the personal assistance arrangements of home buyers. Some programs dealt with only one aspect of the process, either financing or assistance issues, but not with both aspects of the home ownership process. This presented research challenges by necessitating follow-up interviews with as many as six collaborating organizations to collect adequate data.

Some programs were eliminated from the study because they did not meet the specified criteria. Programs whose definitions of “home ownership” were inconsistent with the mission of *NHOYOA* were excluded from the study. *NHOYOA*'s definition of home ownership does not include: (1) three, four, or five people purchasing a home together, (2) an individual living in a home owned by another person or family who is considered the “home provider”, or (3) two people who are not in a long term, committed relationship purchasing a home. Further reasons programs were not included in the study were: (1) they chose not to participate (due to time constraints); (2) they failed to return multiple telephone calls from the interviewer; (3) at the time, they were contending with educational activities, technical assistance, or system change issues and not actually assisting individuals to own their own homes; and (4) they had insufficient information to report.



All programs mentioned the hard work involved in overcoming the numerous barriers they encountered. They also reported the immense satisfaction that resulted when people were successful in purchasing a home. One individual suggested that the project should be called “A Life of Your Own,” rather than “A Home of Your Own” because of the generalized empowerment that resulted from home ownership and the buying process. Ultimately, it was decided to include the information about 14 programs in 12 states.



III. PARTICIPATING ORGANIZATIONS AND THEIR HOME OWNERSHIP INITIATIVES

Overview of Programs

The home ownership initiatives or programs operated under the auspices of a wide variety of organizations. Six of the fourteen programs were administered by non-profit organizations serving people with developmental disabilities and/or mental health needs. Two others were administered by private firms or consultants, and four were operated by a Community Housing Development Organization (CHDO) serving people with low incomes. In three cases, the CHDO was also either a non-profit housing developer or a direct service provider. One program was a model demonstration operated by a University Affiliated Program, and one was administered by a state mental health/developmental disabilities office.

At the time of the home ownership study, the area targeted by the various programs ranged from a single city or town (in three instances) to state-wide (also in three instances). Six programs served people in multiple counties, while one program operated in a single county. The remaining program targeted two communities.

Three major categories of programs emerged from the study according to their overall goals: (a) those designed to facilitate home ownership by developing and demonstrating successful models (8 programs); (b) those associated with direct service organizations whose home ownership initiatives simply represented an expansion of their current residential assistance activities and programs (3 programs); and (c) those like the Community Housing Development Organizations that were designed to promote affordable housing for people with low incomes, including people with disabilities (3 programs).

Funding for Program Administration

External funding to conduct the home ownership program within the various organizations was obtained largely from Developmental Disabilities Councils (5 programs) or federal grants (3 programs). Four organizations primarily utilized their own funds to cover the operational/administrative costs associated with their home ownership programs. Two other programs were already engaged in home ownership for people with disabilities through their associations with Community Housing Development Organizations. With both programs, they simply expanded their activities. Developmental Disabilities Council grants to organizations ranged from a high of \$250,000 per year in Illinois to a low of \$35,000 per year for three years in Michigan. The New Mexico program received a one-year award of \$50,000. The amount allocated to a Pennsylvania program was not specified. Two programs (New Hampshire and Massachusetts) were among the few nationwide to receive \$100,000 a year in model demonstration funds from the Administration on Developmental Disabilities. Maine, a third state utilizing federal funds, took \$50,000 originally targeted to build group homes and reallocated the money to support a home ownership initiative.



Approach to Home Ownership

As anyone who has ever purchased a home can attest, there are many ways to go about this process. The 14 programs included in the home ownership study clearly approached this complex task in a variety of ways, yet had at least two key features in common:

- 🏠 All relied heavily on *collaboration with key partners* such as service providers, realtors, lenders, families, people with disabilities, and neighbors to accomplish their goals.
- 🏠 All worked diligently to *arrange the necessary financing* for individuals, and in so doing, most of the programs promoted change in the housing and lending industry to ease some of the barriers that prevent people with disabilities from becoming home owners. However, a few programs chose to circumvent the financial challenges by using co-signers and other strategies, rather than to facilitate change in the system.

Key areas in which programs differed:

- 🏠 *Guiding principles.* Several programs were developed in full accordance with the guiding principles promoted by the *NHOYOA* (i.e., people with disabilities own their homes, control their assistance, have their names on the titles, and accrue equity). A few programs promoted full ownership and control for *some* people, while relying on strategies for individuals that did not promote full ownership and control (e.g., unrelated or multiple co-signers, multiple owners with disabilities on one title).
- 🏠 *Sources of financing.* Some used standard loans from commercial banks, while others used below market loans from public agencies such as Rural Community Development and housing finance agencies.
- 🏠 *Ownership styles* ranged from one owner single-family houses, to condominiums, to co-operatives.
- 🏠 *Type of housing.* While a few programs relied mainly on existing single family homes, others assisted people to build new homes, remodel, or purchase units in multi-developments.

Despite their various approaches, programs engaged in surprisingly similar activities, particularly in the area of education/public awareness. For example:







- 🏠 Illinois, Maine, Michigan, New Hampshire, and Pennsylvania (Marian) all held large conferences to educate lenders, home buyers, family members, realtors, and the media about home ownership for people with disabilities; and
- 🏠 Arkansas, Colorado, Indiana, Massachusetts, Michigan (MOKA), Montana, New Hampshire, New Mexico, and Pennsylvania co-sponsored workshops, training sessions, counseling, or classes on home ownership-related topics, typically in collaboration with individuals in the housing and lending industries.
- 🏠 All programs directed a great deal of time and energy in assisting people to obtain financing, as noted previously. Most programs also spent a considerable amount of time helping people to acquire the personal assistance they needed in their new homes.



Selection of Participants

There was wide variation among programs concerning the process to identify prospective home buyers, as well as in the criteria for selecting participants. Some programs sponsored or co-sponsored state-wide conferences on home ownership as a means to educate and identify potential buyers. Others relied on direct service providers to nominate people for participation in the program. One program advertised through newspapers. In some instances, the response was overwhelming. For example, Venture, Inc., selected 19 out of 300 applicants; South Shore Arc selected 25 of 255 would-be home owners. To contend with the large numbers of applicants, several programs held lotteries, conducted personal interviews (one program reportedly interviewed 80 people), operated on a “first come, first served” basis, or utilized selection committees to finalize the choices. The latter process was adopted by Co-op Initiatives in its housing developments for *all* applicants, including those with and without disabilities.

Not surprisingly, criteria for participation in the home ownership initiative varied among programs. Requirements common to two or more programs included:

-  The person must have a disability (14 programs). A few programs required that the disability be developmental, while others did not. A few programs selected families having a child with a disability.
-  Interest/desire to own a home (9 programs). Many programs considered this criterion to be one of the most critical.
-  Income/debt or expense ratio were within specified guidelines (4 programs).
-  To qualify for financial assistance from certain programs, applicants must meet the low income guidelines (e.g., income at or below 80% of median income for that area). There were no reports of people being excluded due to high income.
-  Assistance to live in their own home must already be in place (3 programs). One program had staff “determine the extent to which the person could live independently” prior to acceptance into the program.
-  Stable employment was a requirement of two programs.

Many programs developed their criteria on a de facto basis after experiencing problems or delays due to such challenges as insufficient financial assistance, inability to qualify for a mortgage, or waning interest on the part of potential home buyers, their families, and personal assistants during the lengthy purchase process.







IV. KEY PARTNERS IN THE PROCESS

Success for any home ownership initiative requires committed participation by key partners. The *NHOYOA* recommends a broad array of collaborators to facilitate home ownership, including: people with disabilities, disability organizations, housing organizations, Independent Living Centers, Protection and Advocacy organizations, Developmental Disabilities Councils, developmental services agencies, housing finance agencies, neighborhood organizations, university affiliated programs, lenders, social justice organizations, family organizations, realtors, builders, and community service organizations. To achieve their goals, the participating home ownership programs formed partnerships with public and private organizations, various programs, and individuals. A few of these key partnerships are described below.

Lenders

Among the most critical partners in the home ownership process are lenders. Sources utilized by participating programs included state housing organizations (primarily housing finance authorities), mortgage corporations, and commercial banks. Most programs (11 programs) obtained financing for individual home owners via multiple (two-three) lending sources as follows:

-  Over three-fourths (11 programs) collaborated with state housing organizations.
-  Secondary mortgage corporations worked with six of the programs, with FannieMae as collaborator in five of the six.
-  All 14 programs utilized commercial banks. Rural Community Development (formerly known as the Farmer's Home Administration) was named as a collaborator by five of the programs.
-  Three programs exclusively used commercial banks.

Lenders provided primary mortgages, assistance with down payments, closing costs, renovations and (in some cases) program administration. With support from the various participating programs, many were willing to rewrite their underwriting criteria, offer below market mortgage rates, offer second mortgages, and accept alternative sources of income and credit history in lieu of traditional requirements. In at least one instance, staff from a commercial bank took over from project staff the home buyer's training program that was required of buyers prior to mortgage approval. Table 1 shows the financial contribution of various lending sources for nine early home ownership programs for which this information was available. Grants from private foundations and sources other than lenders are not included, with the exception of New Hampshire, which was required to provide matching funds to receive New Hampshire Housing Finance Authority financing.



Table 1: Amount and Source of Financial Assistance by Program

Program	Source	Amount (\$)	Allocated For
Venture, Inc. (MI)	<ul style="list-style-type: none"> ◆ Fannie Mae ◆ Commercial Bank ◆ HFA/HUD HOME 	<ul style="list-style-type: none"> ◆ 2.5 million ◆ 20,000 ◆ 200,000 	<ul style="list-style-type: none"> ◆ purchase commercial loans ◆ administrative costs ◆ dp, cc, soft 2nd mortgages
NH Home of Your Own Project	<ul style="list-style-type: none"> ◆ HFA ◆ HFA ◆ DMHDS 	<ul style="list-style-type: none"> ◆ 1.8 million ◆ 100,000 ◆ 100,000 match 	<ul style="list-style-type: none"> ◆ loans ◆ no interest, forgivable loans for cc, dp up to 2% of purchase ◆ dp, cc, renovation, other fees, long-term maintenance
Maine Dept. of Mental Health/ Mental Retardation	<ul style="list-style-type: none"> ◆ HFA ◆ HFA/HUD HOME 	<ul style="list-style-type: none"> ◆ 50,000 ◆ 25,000 	<ul style="list-style-type: none"> ◆ reallocated federal funds for dp, cc, debt reduction, foundation for mobile home ◆ renovations
Illinois Planning Council for Developmental Disabilities (IPCDD)	<ul style="list-style-type: none"> ◆ IPCDD ◆ HFA HUD HOME ◆ HFA Trust Fund ◆ Federal Home Loan Bank ◆ City DOH/HUD HOME ◆ County Comm. Dev. ◆ City DOH/HUD HOME 	<ul style="list-style-type: none"> ◆ 450,000 ◆ 880,000 ◆ 78,000 ◆ 100,000 ◆ 50% cc and 2% dp ◆ 23,000 ◆ 250,000 	<ul style="list-style-type: none"> ◆ total administrative costs ◆ dp, cc, forgivable 2nd or 3rd mortgage ◆ dp, forgivable 2nd mortgage ◆ dp, forgivable 3rd mortgage ◆ dp, cc for homes in city ◆ renovation, forgivable 3rd mortgage ◆ dp, forgivable 2nd mortgage
Co-op Initiatives (CT) (48 units, including 13 occupied by people with disabilities)	<ul style="list-style-type: none"> ◆ DOH Trust ◆ DOH Co-op Program ◆ Commercial Banks ◆ Institute for Community Economics ◆ Foundations ◆ Sweat Equity 	<ul style="list-style-type: none"> ◆ 297,062 ◆ 3,815,897 ◆ 744,934 ◆ 150,000 ◆ 405,000 ◆ 70,000 	<ul style="list-style-type: none"> ◆ land grant ◆ grants for 2 developments ◆ low interest loans for 2 developments ◆ low interest loans ◆ short term loan to purchase land ◆ grants for two developments ◆ construction
Atlantis Community, Inc. (CO)	<ul style="list-style-type: none"> ◆ Commercial Bank ◆ Commercial Bank ◆ Housing Assistance Corp HOME, HOPE 3, Comm. Dev. Block Grants 	<ul style="list-style-type: none"> ◆ 5,000/year; per applicant fees ◆ 10,000/year; per applicant fees ◆ not available 	<ul style="list-style-type: none"> ◆ operating costs ◆ operating costs ◆ dp, cc; deferred payment 2nd mortgages
Anthony Wayne Services (IN)	<ul style="list-style-type: none"> ◆ Home Loan Bank ◆ Fannie Mae Foundation 	<ul style="list-style-type: none"> ◆ 72,000 ◆ 5,000 	<ul style="list-style-type: none"> ◆ cc, renovations ◆ participant education
Marian Homes (PA)	<ul style="list-style-type: none"> ◆ City ◆ City 	<ul style="list-style-type: none"> ◆ 3-year tax abatement; ◆ 4,700 	<ul style="list-style-type: none"> ◆ grant for cc
MOKA (MI)	<ul style="list-style-type: none"> ◆ HFA 	<ul style="list-style-type: none"> ◆ 30,000 First Time Home Buyer's Prog. 	<ul style="list-style-type: none"> ◆ grant for dp, cc, mortgage buy-downs

KEY dp - down payments, cc - closing costs,
 DOH - Department of Housing
 HFA - Housing Finance Authority
 DMHDS - Dept. of Mental Health and Development Services







Realtors

Seven of the 14 programs named realtors among their key collaborators. Realtors worked with home seekers to locate their homes, and some collaborated with program staff, conducting workshops and training sessions on home ownership. In one situation, a realtor even approached a relative to sell land, at a significantly reduced price, to a buyer seeking to build a home.

Service Provider Organizations

Among the 14 programs, more than half (8 programs) collaborated with a variety of service provider organizations that offered personal assistance and services to people with disabilities and their families. Examples of how these organizations assisted with the process included:

-  Providing needed personal assistance for people to live in their own homes;
-  Identifying and pre-qualifying home seekers;
-  Helping with renovations and furnishings; and
-  Engaging in public awareness and advocacy activities (e.g., educating lenders, service providers, family members, potential home owners, and realtors regarding home ownership for people with disabilities).

People with Disabilities

Although most of the participating programs offered home seekers a choice of homes, housemates, and/or personal assistance services, only three discussed the involvement of people with disabilities in policy roles. Both the New Hampshire Home of Your Own Project and MOKA Corporation in Michigan compensated people with disabilities to serve on program steering committees.

Other Partners

A host of others contributed to the home ownership initiatives in each of the 14 programs. These included: housing specialists, church groups, scouts, private foundations, community service organizations, neighborhood associations, friends, family members, neighbors, consumer credit counselors, retailers, state disability programs, and legal aid representatives. Contributions included time and energy for such undertakings as landscaping, renovations and repairs; goods and services such as furniture, credit counseling, home inspections, and building a concrete walkway; and advocacy activities.



V. HOME PURCHASERS

Among the 14 home ownership programs that participated in this study, 415 pioneers (with 250 in one program alone) persevered through a long and arduous process and joined the ranks of American home owners across the country. This section provides an overall description of the individuals whose home buying experiences have paved the way for home seekers everywhere. In most cases, little or no descriptive information of a personal nature was available on the individuals themselves (i.e., age, marital status, sex, income, likes/dislikes). However, most programs were able to provide general information regarding the people in their home ownership programs in three areas considered pertinent to the process. These areas included prior residences, sources of income, and amounts of income. For some people, information on personal assistance services was also reported.

Prior Residences

Among the 415 people who ultimately purchased their own homes, specific information on their previous residence was available for only 30% (123 home owners). The largest number (47 home owners) had resided in apartments; while the next largest number (44 home owners) lived in a community residence (congregate housing such as group home or intermediate care facility). Twenty-four people had lived with parents or other family members, and four had resided in institutions. Four individuals lived in a nursing home, an adult foster care home, a motel, and a senior housing complex, respectively. Programs that did not keep data on prior residences offered anecdotal reports indicating that people had lived in apartments, their family's home, community residences, or state institutions.

Sources and Amounts of Income

Most people who became home owners via personal assistance from the 14 programs had qualified for low income assistance and had multiple sources of income. Sources frequently included full or part-time employment, Supplemental Security Income (SSI), Social Security Disability Income (SSDI), food stamps, "rent" or other contributions from household members, and Medicaid. Social Security Benefit (SSB) was available to Michigan residents with disabilities. Also counted as income for some was Medicaid-funded home health aides and personal assistance expenses covered by state agencies.

Annual income for home purchasers ranged from a low of \$5,200 in Arkansas to a high of \$29,000 in Massachusetts. The highest average annual income was reported by the Marian program in Pennsylvania, where many participants were employed. For this program, annual household income ranged from \$18,000 to \$23,000. At the low end of the range, 10 of the 14 programs reported an annual income of \$8,000 or less.



VI. OUTCOMES

Number of Closings

The early home ownership initiatives reported that 415 people in 12 states purchased approximately 392 homes between 1991 and 1995. The numbers of closings ranged from one in Pennsylvania (Residential Supports East, in a two-year period) to 250 for the Atlantis program in Denver, Colorado (also in a two-year period). Excluding the huge Atlantis program, an average of six people per year per program were assisted to purchase homes.

Atlantis reportedly was able to serve so many people for several reasons: (a) the program included individuals with any type of disability, not limited to developmental disabilities; (b) the program operated in a large metropolitan area; (c) the program focused on people's qualifications for mortgages, spending less time and energy on personal assistance needs; and (d) the program collaborated with two large banks, who made it possible to access low interest 30 year fixed rate loans, required low or no downpayment, charged a maximum of \$250 in closing costs, and used no or high loan to value ratios.

Homes Purchased

The vast majority of homes purchased were existing single-family houses (87%). Approximately 6% were condominiums, 3% were co-ops, 3% were newly constructed homes, and 1% were mobile homes. Homes were purchased in both urban and rural locations, ranging in price from a low of \$13,000 in Arkansas and Michigan, to a high of \$147,000 in Illinois. Purchase prices were not available for all homes.

Mortgages, Monthly Payments, and Ownership

For the majority of programs, mortgage amounts, monthly payments, and interest rates were reported as ranges and/or averages. Mortgage amounts ranged from a low of \$8,000 in Maine to a high of \$101,000 in New Hampshire. Three programs provided mean mortgage amounts: \$36,500 for Indiana, \$50,000 for New Hampshire, and \$75,000 in Illinois. Monthly payments ranged from a low of \$100 in Maine to a high of \$963 in New Hampshire. The majority of mortgages had fixed rate, 30-year terms, though a few were for shorter or longer periods (20 - 33 years) or had variable interest rates. Interest rates varied from 1% to 9.75%.

From the information provided by the programs, it was possible to determine who actually owned the homes for only 369 of the 415 participants. Approximately 76% of these people had sole ownership of their houses. Some houses were co-owned by married couples. The remainder of the homes were owned by individuals with multiple names or co-signers on the title.



Financing for Down Payments and Closing Costs

As reflected in Table 1, nearly all programs utilized multiple sources for financing down payments and closing costs. In addition to special programs associated with lenders, private donations, foundations, family members, state developmental disabilities offices, and Developmental Disabilities Councils, the buyers themselves contributed to down payments and closing costs. In some instances, down payments and closing costs were waived. In other instances, programs were quite creative in working with lenders around this issue (see barriers and strategies section).

Renovations, Maintenance and Repair

Of the eight programs that made a reference to renovations in their reports, three (New Hampshire, Maine, and Indiana) noted that lenders and state departments of developmental services had financed these efforts. New Hampshire noted that some renovations were financed by the state department of developmental services, by increasing the buyer's mortgage amount, or through gifts and secondary loans through HUD's HOPE program. In two instances, state Housing Finance Authorities had provided the funds, while in another situation (Anthony Wayne Services in Indiana), a grant from the Federal Home Loan Bank was accessed. Three programs (Illinois, Marian, and Residential Supports East (RSE) in Pennsylvania) noted that participants either had purchased accessible homes or that renovations for accessibility had been completed prior to purchase. Finally, two programs (Venture, Inc., in Michigan and HOME-New Mexico) reported that volunteers had completed the renovations for home buyers. In one case, the volunteer was the seller.

Many programs mentioned home and yard maintenance and repair among their topics of concern. The approach to this issue varied from formal arrangements for six programs (Connecticut, Illinois, New Hampshire, HOME_New Mexico, and Marian and RSE in Pennsylvania) to informal arrangements for five programs (Maine, Indiana, MOKA and Venture, Inc., in Michigan, and Ravalli in Montana). Formal arrangements included required escrow accounts or accounts arranged with providers that were to be held by third parties. Home owners deposited from \$30 to \$100 per month into these accounts. In New Hampshire, three sources were accessed to escrow from \$1500 to \$7000 for each purchaser at the time of closing, including the Division of Mental Health and Developmental Services, HOPE funds, and family gifts. Purchasers contributed \$50 to \$100 per month to this account. For participants residing in co-ops (Connecticut) or condominiums, yard and building maintenance services were included in their fees. To reside at a co-op developed by Co-op Initiatives, Inc., people were required to serve on committees and share responsibilities, including maintenance and repair, administration, child care, etc.

Typically, programs relying on informal arrangements to address maintenance and repair needs offered information/counseling on this issue to home buyers. They also referred home buyers to various sources of personal assistance (e.g., volunteers, community action programs), as well as contractors. In one instance (RSE), home owners contracted with United Cerebral Palsy's yard and maintenance service.

The Arkansas, Colorado, and Massachusetts programs did not address the home maintenance/repair issue at the time of the study. However, Atlantis now counsels home buyers to set aside \$50 per month for maintenance.



VII. BARRIERS TO HOME OWNERSHIP AND CREATIVE STRATEGIES

Given the relative newness of the home ownership initiative, it is not surprising that programs encountered a number of challenges as they attempted to assist people with disabilities through the process. Neither is it surprising that the barriers they encountered were remarkably similar, despite geographic and organizational differences among programs. Most commonly cited were: (a) issues with financing (high cost of housing, obtaining mortgages, funding for down payments, closing costs, renovations, lending criteria); (b) buyer income (low income, nontraditional sources, lack of incentives to save due to public benefit restrictions); (c) credit (lack of history, poor history); (d) attitudes/lack of awareness (lenders, buyers, providers, family members, and community members); (e) maintenance and repair; and (f) personal assistance services. Table 2 provides an overview of barriers experienced by participants in one or more programs and examples of successful approaches to overcome these challenges.



Table 2: Barriers to Home Ownership and Examples of Creative Strategies

Barrier	Examples of Strategies
<ul style="list-style-type: none"> ◆ High cost of housing 	<ul style="list-style-type: none"> ◆ Purchased foreclosed homes ◆ Purchased homes needing renovation ◆ Accessed soft second mortgages with flexible conditions, such as low or no interest, or deferred payments ◆ Obtained broad community assistance (Habitat for Humanity model)
<ul style="list-style-type: none"> ◆ Obtaining mortgages 	<ul style="list-style-type: none"> ◆ Assisted lenders to meet their Community Reinvestment Act (CRA) obligations ◆ Educated lenders about people with disabilities as potential home buyers ◆ Obtained a long-term lease on one mobile home lot that exceeded term of loan (helped with eligibility for fixed-term, non-mortgage loan) ◆ Persuaded Fannie Mae to purchase loans originated through commercial banks ◆ Obtained below-market mortgages ◆ Programs pre-qualified buyers to expedite the process ◆ Blending funding streams (e.g., housing project funds with bank mortgage funds with special interest rates) ◆ Capped variable interest rates at time of loan
<ul style="list-style-type: none"> ◆ Down payments and closing costs 	<ul style="list-style-type: none"> ◆ Received as gifts ◆ Lenders waived or reduced fees or changed criteria for down payments/closing costs ◆ Lenders provided grants to programs ◆ Accessed soft second mortgages ◆ Lenders offered low interest loans ◆ Lenders accepted nontraditional sources for down payments/closing costs ◆ Utilized sweat equity (co-ops)
<ul style="list-style-type: none"> ◆ Credit (no credit history, poor credit) 	<ul style="list-style-type: none"> ◆ Educated lenders to accept steady sources of income and bill paying history in lieu of credit history ◆ Worked with potential buyer to clear up credit problems prior to approaching lenders
<ul style="list-style-type: none"> ◆ Buyer's income (low/unusual sources) 	<ul style="list-style-type: none"> ◆ Educate lenders to accept various sources, including public benefits (SSI, SSDI, food stamps, rent assistance vouchers, Medicaid) ◆ Utilized equity in previous residence in lieu of up front cash payments (on one mobile home) ◆ Added on 20% to buyer's gross income due to no income taxes ◆ Educated lenders to accept trust fund as security for loan ◆ Established agreements whereby agency would pay overdue monthly mortgage and bill the home buyer



Table 2: Barriers to Home Ownership and Examples of Creative Strategies (cont.)

Barrier	Examples of Strategies
<ul style="list-style-type: none"> ◆ Underwriting/ lending criteria (e.g., low front/ back end ratios) 	<ul style="list-style-type: none"> ◆ Worked with/educated lenders to develop flexible underwriting criteria ◆ Lenders originated own loans and held in their portfolios, freeing themselves of underwriting constraints if sold to secondary market
<ul style="list-style-type: none"> ◆ Maintenance/ repair/renovation costs 	<ul style="list-style-type: none"> ◆ Escrowed \$30 - \$100/month (buyer contributed) ◆ Obtained grants from commercial lenders; state agencies ◆ Utilized HOME and other funds ◆ Recruited/referred buyer to volunteers, community action programs, other agencies
<ul style="list-style-type: none"> ◆ Restrictions on public benefits (lack of ability and incentive to save for downpayment and closing costs) 	<ul style="list-style-type: none"> ◆ Lenders allowed grants, gifts, and soft second loans to be used for a portion of the down payment and closing cost requirement. These funds were transferred directly to the seller, lender, or title company at closing
<ul style="list-style-type: none"> ◆ Attitudes (lenders, family, home buyers, providers, neighbors) 	<ul style="list-style-type: none"> ◆ Program staff educated various audiences (series of personal meetings and workshops) ◆ Demonstrated success one person at a time
<ul style="list-style-type: none"> ◆ Personal assistance services 	<ul style="list-style-type: none"> ◆ Collaborated with a variety of service provider organizations ◆ One co-op received a waiver from state housing agency policy that a single person could occupy only one or two-bedroom units, thus permitting an individual who needed a personal assistant to acquire a 3-bedroom unit ◆ Wrote mortgage payment into PASS Plan (Plan for Achieving Self Support) for person with home-based business; wrote vehicle or equipment into PASS plan
<ul style="list-style-type: none"> ◆ Legal (competency questions, payee, guardians) 	<ul style="list-style-type: none"> ◆ Worked with legal aid programs, county supervisors, Rural Community Development

A few programs noted that community issues such as transportation or personal assistance services were problematic. In these instances, programs educated the community, accessed local resources, and assisted buyers to choose homes with convenient locations to avoid transportation problems. Finally, when having a home inspected posed a problem for buyers, programs obtained grants from various sources, paid for the inspection themselves, or solicited personal assistance from family members. One program used a specific home inspection firm to conduct inspections for the buyers in their program at reduced rates.



VIII. CONTINUATION AND EXPANSION OF HOME OWNERSHIP EFFORTS

What began as experimental or model demonstration efforts for most of the home ownership programs became standard procedure. All 14 efforts were able to sustain their home ownership activities beyond the start-up/demonstration year(s). Three programs even expanded throughout the state (Arkansas, Illinois, and Pennsylvania). At the time of the study, one program (Massachusetts) had discontinued its home ownership activities, while continuing to assist people with rentals. However, Massachusetts has since launched a statewide home ownership initiative. A second program (Maine) continues to seek funding to sustain its initiative.

Programs that were able to expand their efforts typically did so with backing from state agencies and organizations. For example, the Pennsylvania Developmental Disabilities Council contributes \$65,000 per year to support 11 demonstration projects statewide under the auspices of the Marian program. Nine of the states (Arkansas, Connecticut, Illinois, Indiana, Massachusetts, Michigan, New Hampshire, New Mexico, and Pennsylvania) have since joined the *National Home of Your Own Alliance*.

On September 1, 1993, the Administration on Developmental Disabilities (ADD) entered into a cooperative agreement with the Institute on Disability, a University Affiliated Program at the University of New Hampshire, to create a national information and technical assistance center on home ownership/control and personalized assistance. This agreement was a natural progression from the Home of Your Own demonstration projects funded by ADD to promote the development of creative strategies for achieving home ownership. The *National Home of Your Own Alliance* is a partnership between the federal government and nationally recognized advocates and leaders whose goal is to create housing and personal assistance opportunities that individuals choose and control.

The *Alliance* has developed a national information clearinghouse, performed policy research, collaborated with national mortgage lenders, and conducted an evaluation related to people with disabilities owning and controlling their own homes. The *Alliance* works in collaboration with the Center for Universal Design at North Carolina State University, United Cerebral Palsy Associations in Washington, DC, Co-op Initiatives in Connecticut, the Institute on Disabilities at Temple University in Pennsylvania, and the Human Services Research Institute in Massachusetts.



IX. SUMMARY AND CONCLUSIONS

This report has presented a snapshot of 14 home ownership programs that existed from 1991-1995 in 12 states throughout the country. Through various approaches and with a variety of goals in mind, these programs and the people they assisted wrestled with numerous financial and attitudinal barriers to achieve the ultimate American dream for 415 people with disabilities: owning a home of their own. Much has been learned from the successes and failures of these early efforts, including strategies to convince reluctant lenders, creative ways to address financial challenges, the importance of collaborating with key partners, and the importance of adhering to a set of principles or values in which people with disabilities are the owners of their homes and the controllers of their personal assistance services.

Since the completion of the “Early Examples of Home Ownership” survey, much has transpired within the states whose programs were profiled, as well as elsewhere in the country. For example, the states of Alabama, Arizona, Arkansas, Connecticut, Georgia, Idaho, Illinois, Indiana, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Texas, Washington, West Virginia, and Washington, DC, all have active coalitions that are developing local demonstrations of home ownership. Since 1993, these twenty-three states have been building coalitions of housing and disability organizations led by individuals with disabilities, their families, friends, and advocates. Each state has initiated a pilot project that assists a specified number of people to own or lease their own homes.

These pilot projects offer an unprecedented opportunity to understand more about the impact home ownership and control have on the lives of people with disabilities, the systems that provide personal assistance, and the collaborations that are critical for success. State coalitions are maximizing their unique opportunities to overcome distinct challenges in creating home ownership and control. The collaboration between the public and private sector and the lending, housing, and social service industries has led to the commitment of millions of dollars toward home ownership initiatives across the country. In addition, Fannie Mae, the largest secondary mortgage corporation in the world, has developed HomeChoice, the first national mortgage product, tailored exclusively to the needs of borrowers with disabilities. This 50 million dollar, single-family underwriting experiment is designed to accommodate the mortgage underwriting needs of individuals with disabilities and families who have a child with a disability. HomeChoice is being piloted in fifteen states during the first two years. For a complete discussion of activities in the 23 *Alliance* states, the reader is encouraged to review the *National Home of Your Own Alliance* newsletter that is published three times a year. This newsletter and a complete publications list of other relevant materials may be ordered by calling 1-800-220-8770. Also, readers are encouraged to view the *Alliance's* website at <http://alliance.unh.edu>

The *NHOYOA* is in the process of planning a study of home ownership programs and activities in the U.S. If you are involved with such activities or know of other organizations that may be willing to participate in the study, please complete the form in Appendix C and send it to the *Alliance*.



APPENDIX A

Survey Questions

- 1) Nature of organization/nature of project
- 2) Funding amount and source for project administration. Time frame for project. Geographic coverage.
- 3) Total # of home owners
- 4) Total number of homes
- 5) # of people owning each home
of single owners
- 6) What type of ownership did you facilitate?
- 7) Building types
- 8) New construction or the purchase of existing homes?
- 9) Living situation prior
- 10) Use of Guardianships and Trusts
- 11) With what other agencies/organizations did you work ?
- 12) How long does it take to assist a person to become a home owner?

What affects this timing?
- 13) How were the people selected, what was the criteria?
- 14) How were the homes selected?
- 15) How were personal assistance services selected?
- 16) Please list income sources
- 17) Please list annual household income levels



18) For each home in your program, please list the following data:

Appraised Value, Selling Price, Renovations Costs, Loan Amount, Loan to Value Ratio, Underwriting Ratio, Principal and Interest, Taxes, PMI, Total Monthly Payments

19) Financing - Gifts, Grants, Loans

Sources of funds for home inspections

Sources of funds for down payments

Sources of funds for closing cost

Sources of market rate mortgages

Sources of below market rate mortgages

Sources of funds for second mortgages

20) Who holds the title to the home?

21) To whom does equity accrue?

22) What has been done about short, medium, and long term home and yard maintenance?

23) What barriers have you encountered/overcome in your home ownership efforts?

24) What have the problems been in maintaining people in home ownership?



APPENDIX B

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APPENDIX C

National Home of Your Own Alliance



The *NHOYOA* is in the process of planning a study of home ownership programs and activities in the U.S. If you are involved with such activities or know of other organizations that may be willing to participate in the study, please complete the form and send it to the *Alliance* at the address below.

First Name _____ Middle Initial _____ Last Name _____

Title _____ Degree/Rating _____

Affiliation _____ Division _____

Street 1 _____

Street 2 _____

City _____ State _____ Zip _____

Phone/Extension () _____ Home Phone () _____

Fax Number () _____ E-mail Address _____

Best times to contact _____

Want to be on the Alliance mailing list? Yes No

COMPLETE AND SEND TO:

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