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Case Study

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Coordinating and Leveraging
Long-Term Supports with Affordable
and Accessible Housing for Persons
with Disabilities: Maryland Case Study

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Maryland Case Study

Case Studies Prepared as a Result of the CMS State Leadership Symposium
Coordinating and Leveraging Long Term Supports with Affordable and Accessible Housing

Opening Doors and More Doors to Open – Sponsored by The Arc of Anne Arundel County, Maryland

I. History and Background

This case study describes an approach to public and private sector agencies coordinating and leveraging resources at a state and local level to expand affordable and accessible housing options for persons with developmental disabilities. Homes for America utilized low-income housing tax credits to set aside six units of housing in an affordable multifamily development to be converted to ownership at the end of a fifteen-year lease period for individuals with disabilities who are Medicaid beneficiaries.

In 1984, Maryland received a 1915(c) waiver. The Maryland Department of Health and Mental Health Hygiene's Developmental Disabilities Administration administers the waiver, and began offering home and community-based waiver services as an alternative to institutionalization for persons with disabilities. In 1996, the Maryland Home of Your Own Coalition (HOYO) was formed to develop affordable, accessible home ownership opportunities for people with disabilities. HOYO was one of the first groups in the country to focus on increasing homeownership opportunities by promoting Fannie Mae's HomeChoice mortgage product. HOYO also was instrumental in developing the Maryland Department of Housing and Community Development's (DHCD) Homeownership for Individuals with Disabilities Program, a mortgage product offsetting down payment and closing costs in partnership with private lenders.

The Arc of Anne Arundel County was actively involved in the HOYO Coalition, and in 1999 initiated a pilot project called *Opening Doors – A Home of Your Own Project*. This project received funding from the Joseph P. Kennedy Jr. Foundation to support coalition activities in Anne Arundel County, Montgomery County, and Baltimore City, with additional support from the Fannie Mae Foundation for Baltimore City. The Arc provided counseling and education to individuals with disabilities who were interested in living independently. The Arc worked closely with Homes for America in finding potential residents with disabilities interested in living at Homes at the Glen, a new multi-family housing development making use of a lease-to-own model of homeownership. The Arc of Anne Arundel County assisted Homes for America in identifying four residents who were interested in this lease-to-own model, and two residents interested in renting other apartments in the community. The Arc also assisted individuals in securing both Section 8 vouchers through the Anne Arundel County Housing Commission and Community Supported Living Arrangement (CSLA) supports through the Developmental Disabilities Administration's Medicaid waiver program.

The Opening Doors program also published a guide to Developing Housing Coalitions at the Local and State Level; and a booklet for consumers, parents and advocates titled How to Be a Responsible Tenant. Further, the Opening Doors project developed the "designated representative" role which allows an adult with a disability to identify

an individual to speak and act on his or her behalf in housing-related transactions. In response to the needs of adults with developmental disabilities who preferred to rent, the Arc of Anne Arundel County was also successful in persuading the HOYO Coalition to endorse and include self-determined rental as an additional housing option in the state's plan.

The Arc of Anne Arundel County continued its work in developing supportive affordable home-ownership and rental options through a successor project called *More Doors to Open*, receiving initial funding from the Developmental Disabilities Council and Developmental Disabilities Administration in 2003, with renewal funding received in 2005. In addition to ongoing counseling and education for individuals with developmental disabilities interested in self-determined housing, the organization is developing a financial literacy program, implementing a replication plan to assist other communities in developing housing options, increasing participation of communities of color; and carrying out a divestiture plan that transfers or sells its owned housing stock while maintaining a financially stable balance sheet.

II. Role of Medicaid Program and Other Agencies that Provide Long-Term Supports

Home and Community-Based Services (HCBS) waivers are available for individuals who are certified for the waiver's institutional level of care, choose to enroll in the waiver as an alternative to institutionalization, cost Medicaid no more in the community under the waiver than he or she would have cost Medicaid in an institution, and are financially eligible based on their income and assets. The most common waiver used by individuals with disabilities served by the *More Doors to Open* program is the Medicaid Community Pathways waiver administered by the Developmental Disabilities Administration. In addition, individuals with developmental disabilities may be eligible for waivers such as, the Traumatic Brain Injury waiver, the Autism Spectrum Disorder waiver, and the Living at Home Community Choices waiver for individuals with physical disabilities under age 65.

Individuals receiving services through the Community Pathways waiver may choose to do so through a Community Supported Living Arrangement (CSLA). CSLAs provide individuals with the support necessary to enable them to live in their own homes, apartments, family homes, or rental units. CSLAs provide a full range of community based support through a network of licensed community service providers and/or through friends and neighbors. These supports may include employment services, personal care, services coordination, environmental modifications, assistive technology, and adaptive equipment.

In July 2005, the DDA initiated New Directions, a pilot Medicaid waiver program in which 100 eligible individuals per year for 3 years may self-direct their services. The individual will develop his or her own Individual Plan with assistance from a Resource Coordinator. In addition, everyone in New Directions will have an Individual Budget. With assistance from a Fiscal Management Service (FMS) and a Support Broker, the individual will manage their budget, hire and supervise their own staff and make decisions about how their services are provided. The FMS will pay bills, take care of tax paperwork, and provide monthly budget statements. The Support Broker will be someone the person trusts to help them navigate the system, help them with staff and act as an advocate. Persons such as friends and family members may provide

approved services based on the Individual Plan. The DDA has identified New Directions Waiver contacts in each of its four regional offices. The Arc of Anne Arundel County and MedSource have been selected as the two statewide Fiscal Management Services.

III. Role of Housing Organizations and Agencies

Homes at the Glen is a fifty-six unit development with a unique component: each resident is sincerely committed to homeownership and makes a monthly rent payment that includes a \$15 contribution to an escrow account to be used for purchase and settlement costs at the end of the fifteen year lease period. Residents also agree to maintain their homes, volunteer in the community, and participate in self-governance activities through the Homeowners Association. Homes for America provides a community center and offers “supportive property management” services to all residents, funded through rents and subsidies.

In addition to the mandatory homeownership preparation classes offered by Homes for America, 4-H offers computer training and Boys and Girls Clubs hold their programs onsite. Movie nights, after-school homework help, and drop-in recreational activities are offered. Off-site services such as family counseling, parenting classes, and employment services are used by many residents.

The incomes of individuals who live at Homes at the Glen are restricted to 50% of Area Median Income, which ranges from \$23,250 for one person to \$38,500 for a family of six, based on the Baltimore SMSA. Rents range from \$490 to \$560 for one and two bedroom units, and from \$630 to \$950 for townhomes, at least \$400-600 below prevailing market rents for new townhomes in the area.

Financing for Homes at the Glen totaled \$8 million in the form of a \$1.853 million first mortgage from Sun Trust structured with an interest rate swap (the lenders’ cost of funds were 3.5% and Homes for America is paying 8%, and Sun Trust credited the project with the spread to accumulate a credit toward paying off the loan).

The Maryland Department of Housing and Community Development provided a second mortgage of \$1.3 million structured under two notes: the first note for \$100,000 at 4% has an 18 year term and 30 year amortization; the second note for the remaining \$1.2 million is structured as a soft second payable at 4% out of available surplus cash. DHCD also awarded Homes at the Glen an annual allocation of \$501,447 in 9% credits, which generated \$4.038 million in equity, or slightly more than 80 cents per tax credit dollar. The tax credits were syndicated by the Enterprise Social Investment Corporation, and provided by Banc of America Housing Fund.

The Maryland DHDC requires tax credit applicants to document local support and contribution, and this project was generously supported: the Anne Arundel County Housing Commission made a \$700,000 HOME loan at 2% for 18 years, amortized over 30 years; and both the City of Annapolis and the County governments approved very low payments in lieu of real estate taxes (\$100 per unit for 15 years to the City,

\$150 per unit for 15 years to County), making rents more affordable. Overall, 75% of the surplus cash will provide a deferred development fee of \$104,000.

Homes for America partnered with Humphrey Development as co-developer and property manager. Homes at the Glen made use of a valuable but underused feature of the Tax Credit program: homeownership conversion. At the end of fifteen years, Homes for America will sell units at market prices to avoid depressing the local housing market. Buyers will receive thirty-year mortgages with monthly payments set at an amount they can afford at the time of purchase. Homes for American will provide a soft second mortgage between the affordable price and the purchase price, which will be forgiven after five years.

Nine Homes at the Glen residents in total have Section 8 subsidies, including the six residents with disabilities identified by *More Doors to Open*. The Anne Arundel County Housing Commission was willing to make Mainstream Section 8 vouchers available for use in homeownership by individuals with disabilities living at Homes at the Glen.

IV. Resources to Develop and Implement the Model

The Arc of Anne Arundel County created the coalition that supported this successful model with grant funding from foundations and the state Developmental Disabilities Council.

Another important resource for this project was DHCD's amendment of the Qualified Allocation Plan beginning in 2002 to provide bonus points in the competition for federal Low Income Housing Tax Credits and agency-controlled gap financing to applicants committing to target and market units to individuals with disabilities. To receive the bonus points, applicants must commit to set aside and market up to ten percent of the project's units to individuals with disabilities for at least thirty days commencing at eighty percent construction completion. Additionally, upon vacancy the unit must again be solely marketed for thirty days solely to individuals with disabilities. The result is increased availability of independent housing units dispersed throughout the state offering individuals with disabilities quality housing of choice at affordable rents.

To make a project like this affordable, a developer may also need assistance from their local public housing authority to receive project based Section 8 rental assistance vouchers. This type of rental subsidy, in addition to the low income housing tax credits, may bring the cost of the project down to a level that makes it affordable, even for individuals with disabilities whose major income is derived from Social Security benefits.

V. Coordination of Services and Housing

In total, twenty-one individuals have participated in Opening Doors or More Doors to Open to date. All received service coordination from an organization called Service Coordination, Inc., an organization independent of Arc of Anne Arundel County. Service Coordination, Inc. is also funded by the Developmental Disabilities Administration and has responsibility for providing case management and quality assurance.

The Arc of Anne Arundel County has been the direct service provider for most individuals living at the Homes at the Glen. This role will shift, however, if individuals served by Arc of Anne Arundel decide to participate in the New Directions Waiver. To avoid a conflict of interest situation, individuals participating in the New Directions Waiver program will identify another direct services provider because the Arc of Anne Arundel has been identified as one of the two Fiscal Management Services for this program.

Though there has not been a formal outcome study conducted with the participants of Opening Doors or More Doors to Open, informal results are very positive. Participants are hopeful about the future and pleased to be living independently in settings of their own choosing. Individuals volunteer in the community and participate in church and neighborhood activities. Employment and health stability appear to be improved.

VI. Replication and Success Factors

Participants in More Doors to Open believe that their success is due to collaborative planning among all the entities: the Arc, Homes for America, the Anne Arundel County Housing Commission, and the Development Disabilities Administration. Trudy McFall of Homes for America noted how valuable it was to have the Arc identifying, counseling, and pre-qualifying individuals with disabilities interested in the new housing project. Kate Rollason of The Arc spoke very positively about the Anne Arundel County Housing Commission's use of HUD Community Development Block Grant funds for bridge funding until Section 8 subsidies become available for individuals with disabilities with Social Security income.

The availability of Section 8 vouchers is essential to every effort aimed at helping low income people with disabilities move into self-determined housing. The Maryland Governor's Commission on Housing Policy recently recommended creating a Bridge Subsidy Demonstration Project (similar to the Anne Arundel County's Housing Commission's project) which will provide up to three years of rental assistance to individuals with disabilities at SSI and SSDI level of income. This rental assistance will "bridge the gap" until Section 8 vouchers or other long term rental assistance funds are available. Funding will be made available by reallocating a portion of existing resources from the Maryland Department of Housing and Community Development and other State agencies. This demonstration project is planned to open enrollment in 2006.

Every member of the Coalition recognized the significance of the *More Doors to Open* project funding made available by the Maryland Developmental Disabilities Council and the Maryland Developmental Disabilities Administration. Also, funding for services for individuals living in Homes at the Glen is provided through the Medicaid Community Supported Living Arrangement waiver, *Community Pathways*.

There are currently 443 units in Maryland that need to be marketed to the disability community. It is important to direct the developer to those that can assist with marketing. An active housing registry is definitely needed.

Another recommendation for replication involves modification of the Qualified Allocation Plan for low income housing tax credits. The coalition involved in More Doors to Open recommend giving extra points for projects that produce more units for

adults with disabilities as a target population, with preferences given for integrated housing opportunities.

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