



The Federal Reserve Bank of Richmond

## Specialized Housing for People With Disabilities: Trends in Virginia

News coverage today focuses on the glut in the housing market due to the foreclosure crisis — the number of homes on the market exceeds the number of potential buyers. But in one sector, this situation is reversed and housing is in short supply. More than 38 million people in the United States are classified as having a disability, and many of those require special housing.<sup>1</sup> Since 1999, institutional facilities have gradually been replaced by community-based housing, and by 2010, the vast majority of people with disabilities lived in noninstitutional settings.<sup>2</sup> Despite this sizable market, developing new specialized housing for people with disabilities remains a challenge and has not kept pace with demand.

In Virginia, the state government is also committed to moving more people with disabilities from institutions to community-based care.<sup>3</sup> As part of that commitment, they plan to close four of the state's five large institutional facilities by 2020 and transfer the residents into family or group homes.<sup>4</sup> Serving more people in a community setting increases the demand for affordable, accessible housing and services throughout the state. Currently, the demand for this type of housing still outstrips the supply. As of June 2010, there were 2,250 units in the state designated for the disabled.<sup>5</sup> There are nearly 850,000 people with disabilities living in Virginia.<sup>6</sup> Virginia's waiting list to provide

services to people with disabilities in their homes or other noninstitutional settings includes 5,932 people.<sup>7</sup>

This issue of *MarketWise Community* explores the inherent challenges in meeting the housing needs of people with disabilities and highlights two innovative approaches in Virginia.

### THE CHALLENGES ASSOCIATED WITH DEVELOPING SPECIAL NEEDS HOUSING

The shortage of housing for people with disabilities is partially explained by insufficient and complex state and federal funding for both building and operations. In addition, few qualified developers work in this sector.

According to Bill Fuller, senior community housing officer at the Virginia Housing Development Authority (VHDA), "From a VHDA perspective the great need currently is for

A disability is conventionally defined as a long-lasting physical, mental, or emotional condition. As of 2010, there were over 38 million people with a disability in the United States. Nearly 21 percent live below the poverty line.

Source: U.S. Department of Commerce. Bureau of the Census. American Community Survey, 2010.



partners who are willing to provide construction project financing. VHDA offers long-term takeouts at greatly reduced interest rates and generous terms but cannot provide construction financing. So many good projects go wanting for lack of this resource.”<sup>8</sup>

In a recent presentation, Bill Skeen, former chief credit officer at Virginia Community Capital, stated that one of the main challenges to meeting the demand for the sector is that “banks have a rigid underwriting protocol that is oriented to the general market and are unsure of a project that is narrowly targeted for the disability population.”<sup>9</sup> In Skeen’s view, while some bankers do not understand the complexity of social services and programs for the disabled, social service providers also have a difficult time understanding the requirements of the banks to underwrite a loan.<sup>10</sup>

The financing models for affordable housing projects can be complex, particularly when construction requires specialized build-out features. Housing designed to accommodate people living with disabilities can be expensive to build, quickly becoming unaffordable for people with limited income. To achieve affordability, housing providers have traditionally relied on federal programs to subsidize some of the construction costs. Some of the common sources of funds are low-income housing tax credits (LIHTC), U.S. Department of Housing and Urban Development (HUD) programs, federal housing vouchers and grants from the Federal Home Loan Banks.

A market study commissioned by the Disability Opportunity Fund (DOF) in 2007 found that there is not enough government funding to meet the needs of organizations (for-profit and nonprofit developers, social services agencies and hospitals) interested in developing affordable housing for people with disabilities.<sup>11</sup> The

Disability Opportunity Fund’s market study also found that those who successfully developed affordable housing for the disabled relied on multiple capital sources, usually including local, state and federal government programs, the Federal Home Loan Bank, Community Development Financial Institutions (CDFIs), banks, and occasionally, their own earned income. In Virginia, the DOF was invited by the Department of Behavioral Health and Development Services to show that CDFIs can be used to leverage relatively limited state funds.

CDFIs such as the DOF represent potential financing partners for the Commonwealth of Virginia. Virginia Community Capital, which is also a CDFI, has been a leader in Virginia in developing partnerships with housing development organizations that provide affordable, accessible housing.

In terms of funding for community-based housing operations, the options are also limited and complicated. Waivers are an option available to states to provide services to people with disabilities under the Medicaid or Medicare programs. Home and Community-Based Waiver programs allow services to be offered in home and community settings instead of in institutions.<sup>12</sup> As of 2008, Vir-

### **A Dedicated CDFI**

The Disability Opportunity Fund (DOF) is a CDFI that was created in 2007 to provide technical and financial services to individuals and organizations serving the disability market throughout the United States, with a focus on affordable housing, schools and vocational training centers. The DOF has the ability to finance projects via co-lending, direct lending, bridge and term loans. It can also play a part in gap, predevelopment, acquisition and rehabilitation financing.

Source: The Disability Opportunity Fund.  
Accessed March 6, 2012. [thedof.org](http://thedof.org)



ginia had an estimated 24,760 Home and Community-Based Waiver participants annually.

In 2011, the governor of Virginia proposed \$30 million in increased funding for behavioral health and development services, including \$9.8 million for 275 additional waivers, with the intention of adding another 4,170 new waiver slots over the next 10 years for individuals with intellectual disabilities.<sup>13</sup> Moving to waivers may also be cost-effective; a 2011 Department of Justice report on intermediate care facilities found that Virginia spends an average of \$194,000 per year per person in an institution, whereas the cost of services in the community through a waiver averages \$76,400 per person.<sup>14</sup>

### The Central Virginia Training Center

Virginia currently operates five state-run training centers for individuals with intellectual and developmental disabilities. They have a combined capacity of 6,000 residents. As of January 2012, there were 1,018 residents in the facilities. The largest of these institutional facilities, the Central Virginia Training Center (CVTC) in rural Madison Heights, was established in 1910 as the Virginia State Epileptic Colony and has undergone several structural and operational changes during the past century. CVTC's resident population peaked at 3,686 in 1972, and according to the institution, has steadily declined due to a discontinuation of all nonemergency admissions, the establishment of additional state-run training centers and an increased focus on community placement alternatives for higher functioning residents. Currently, CVTC houses approximately 380 individuals and is scheduled for closure in 2020.

Source: Central Virginia Training Center. "History." Accessed April 23, 2012  
[www.cvtc.dbhds.virginia.gov/feedback.htm](http://www.cvtc.dbhds.virginia.gov/feedback.htm)

However, there are some limitations with waivers. For example, Medicaid waiver funds cannot be used to support the monthly operating costs of community-based housing. Likewise, federal housing voucher programs, such as the Section 8 Housing Choice Voucher Program, serve the housing needs of low-income and vulnerable populations more broadly and are not exclusively used for people with disabilities.

As a result of the challenges associated with operating in this sector, Virginia lacks qualified developers that can build properties for people with disabilities. While some nonprofit organizations in Virginia undertake this type of development, private for-profit developers have generally not embraced it. According to Fuller at VHDA, qualified nonprofit organizations and developers are concentrated along the coast and in central Virginia, while little is happening in northern Virginia, southwest Virginia or southside Virginia.<sup>15</sup> In 2011, Virginia expanded the Virginia Livable Home Tax Credit — a program aimed at improving accessibility of residential units in Virginia — to spur more developer interest in this sector.<sup>16</sup>

### SUCCESSFUL INITIATIVES

In spite of these challenges, organizations in Virginia are finding a way to provide housing for people with disabilities. Two examples are highlighted in this section.

#### Virginia Supportive Housing

Virginia Supportive Housing is a private, nonprofit community development corporation that has existed since 1988, with operations in central Virginia.

It provides permanent housing and support services to very low-income individuals and families who are homeless or have disabilities and helps them become independent.<sup>17</sup> In 2007, it created A Place to Start in partnership with the Greater Richmond Community Service



Boards. A Place to Start is a regional housing program that specifically addresses chronic homelessness and mental illness by providing housing and comprehensive mental health services.<sup>18</sup>

The program embraces a “housing first” approach that provides immediate, permanent housing in an attempt to create stability and maximize the ways in which participants can benefit from support services.<sup>19</sup> Virginia Supportive Housing provides the housing services for this program and employs the Intensive Community Treatment Team, which is composed of a licensed clinician, nurse, peer counselor, part-time psychiatrist and administrative assistant.<sup>20</sup> An analysis from 2010 showed A Place to Start had 58 participants in the City of Richmond and the counties of Chesterfield and Henrico, a 98 percent rate of success in keeping participants in housing, and had saved the community an estimated \$320,000 by reducing the cycle of chronic homelessness and its associated costs.<sup>21</sup>

Several of Virginia Supportive Housing’s residences are also reserved exclusively for individuals with disabilities. James River Apartments provides 14 accessible housing units for individuals with disabilities, while the Veterans Apartments, also in Richmond, currently provides housing and support services for eight formerly homeless and disabled veterans. Tenants in these permanent housing residences pay 30 percent of their income with a minimum of \$50 per month. The remaining rent is subsidized by HUD.<sup>22</sup> Virginia Supportive Housing also receives some funds from the state, such as the general funds administered by the Department of Rehabilitation to support their Independence House, the first community home for low-income survivors of traumatic brain and spinal cord injuries in Richmond.<sup>23</sup>

Virginia Supportive Housing is a certified mental

health service provider and bills directly to the federal government to cover operations. Besides reimbursements from Medicaid, it raises funds from local governments, businesses, foundations and faith-based organizations. Lines of credit with local CDFIs, such as Virginia Community Capital, help Virginia Supportive Housing to continue providing critical community services.<sup>24</sup>

### **The Virginia Livable Home Tax Credit**

The Livable Home Tax Credit (LHTC) provides tax credits for the purchase of newly constructed residences with accessible features integrated into the construction, or up to 50 percent of the cost of retrofitting an existing home, not to exceed a certain amount. Tax credit exceeding the eligible individual’s tax liability may be carried forward for up to five years. The 2011 General Assembly also opened up the tax credit to builders. If a builder constructs a home that meets the guidelines, that builder is now able to use this tax credit. The credit is administered by the Virginia Department of Housing and Community Development. The 2011 General Assembly increased the LHTC from \$2,000 to \$5,000.

Source: Virginia Acts of Assembly — 2011 session, Chapter 365. Accessed May 1, 2012.  
[www.scribd.com/doc/51521952/HB-1950-Governor-Acts-of-Assembly-Chapter-text-CHAP0365-Virginia-General-Assembly-via-MyGov365-com](http://www.scribd.com/doc/51521952/HB-1950-Governor-Acts-of-Assembly-Chapter-text-CHAP0365-Virginia-General-Assembly-via-MyGov365-com)



### Spotlight on AccessVA.org and the Virginia Housing Development Authority

AccessVA.org is an online resource center sponsored by the Virginia Board for People with Disabilities and the Virginia Housing Development Authority (VHDA). It provides detailed information on housing options and community resources for the disabled. It includes a housing directory that allows users to search and list accessible rental apartments and properties throughout the state. Renter tools, such as a renter's checklist, are available to assist during the search for adequate housing. Tools to calculate moving costs and affordable rental options based on income are also readily available. A resources page provides information on numerous statewide departments, organizations and resources that assist the disabled, with a particular emphasis on community and housing resources.

AccessVA.org also provides an interactive map and comprehensive directory of Centers for Independent Living (CILs), which provide services and advocacy for people with disabilities. The map and directory of CILs throughout the state allow users to easily locate one in their region. These resources are focused on furthering the equality and independence of the disabled within their own communities.

Outside of its sponsorship of AccessVA.org, VHDA provides several additional programs to assist disabled Virginians who are facing significant challenges associated with finding affordable and accessible housing. While fair housing laws require landlords to allow modifications to make apartments accessible, many disabled tenants have to pay for the modification expenses. VHDA's Rental Unit Accessibility Modification program assists individuals by supplying accessibility grants for these modifications. The eligibility requirements and application process for this program, along with other accessible housing resources, can be found on VHDA's website: [www.vhda.com](http://www.vhda.com).

Sources:  
Access VA. Accessed April 23, 2012.  
[www.accessva.org](http://www.accessva.org)

VHDA. Accessed April 24, 2012. [www.vhda.com/Renters/Pages/AccessibleRentalHousing.aspx](http://www.vhda.com/Renters/Pages/AccessibleRentalHousing.aspx)

### Project Faith

Project Faith Inc. was created in 2000 with a mission to facilitate access to independent housing for persons with disabilities and older, low-income individuals. It is a nondenominational, nonprofit housing group located in King George County that uses state and federal grants, tax credits and loans from housing agencies to build affordable housing. The housing group has built more than 100 homes for low-income elderly and disabled residents.<sup>25</sup>

Angelwood and Angel Court homes and apartments for elderly and disabled residents of King George are Project Faith's largest developments. They serve as examples of how public funds, grants and private donations all contribute to project financing. Project Faith received \$460,000 in grant funds from the Federal Home Loan Bank of Atlanta.<sup>26</sup> Local banks are participating in these projects as well. Union First Market Bank, headquartered in Richmond, played an important financing role in both the construction and permanent financing of Angelwood. In its 10 year existence, Project Faith has raised over \$20 million and developed 63 units for low-income, elderly and disabled residents, with an additional 30 units under construction.<sup>27</sup>



Angelwood Community I, Project Faith  
[www.project-faith.com/angelwood1.html](http://www.project-faith.com/angelwood1.html)



## CONCLUSION

Many states, including Virginia, are committed to moving people with disabilities out of institutions and into community-based housing. The Commonwealth of Virginia has worked to meet the significant growth in demand for housing among people with disabilities, but still finds that gaps in capital and building capacity must be addressed before full success can be realized in this market. While waivers and voucher programs assist in this effort, providing housing for people with disabilities is still a complicated process in a community setting. Success will require creating more financing partnerships, including leveraging CDFIs, educating and providing incentives for the private sector, and enabling more nonprofit organizations to serve this market.

## ACKNOWLEDGEMENTS

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## Resources

For additional information on the organizations mentioned in the article, please visit their websites:

Virginia Housing Development Authority  
[www.vhda.com](http://www.vhda.com)

Virginia Department of Housing and Community Development  
[www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)

Project Faith  
[project-faith.com](http://project-faith.com)

The Disability Opportunity Fund  
[thedof.org](http://thedof.org)

Virginia Supportive Housing  
[www.virginiassupportivehousing.org](http://www.virginiassupportivehousing.org)

Virginia Community Capital  
[www.vacommunitycapital.org](http://www.vacommunitycapital.org)



### Endnotes:

- <sup>1</sup> U.S. Department of Commerce. Bureau of the Census. American Community Survey, 2010.
- <sup>2</sup> The Supreme Court's Olmstead Decision in 1999 became an important legal challenge to the idea that unjustified institutionalization is discrimination that is forbidden by the Americans with Disabilities Act (Olmstead v. L. C. 527 U.S. 581 (1999)). As a result, states began to shift public resources away from institutional care and toward consumer or self-directed long-term care services. An expansion of federal funding for Home and Community Based Waivers from \$7.6 billion in 1999 to \$14.8 billion in 2009 enabled Medicaid assistance to be used in noninstitutional settings. (See Hammerman, Charles D. "The Disability Housing Market in New England." Communities & Banking. Winter 2012. Accessed February 17, 2012. [www.bos.frb.org](http://www.bos.frb.org))
- <sup>3</sup> See Department of Behavioral Health and Development Services. "Report on Investment Models and Best Practices for the Development of Affordable and Accessible Community-Based Housing for Persons with Intellectual and Related Developmental Disabilities (Item 315 Z)." November 15, 2009. [www.dbhds.virginia.gov/documents/reports/omr-HousingReport-2009.pdf](http://www.dbhds.virginia.gov/documents/reports/omr-HousingReport-2009.pdf)
- <sup>4</sup> Kunkle, F. "Va officials grapple with decision to close institutions for people with disabilities." The Washington Post. February 10, 2012. [www.washingtonpost.com](http://www.washingtonpost.com)
- <sup>5</sup> "Multifamily Inventory of Units for the Elderly and Persons with Disabilities." US Department of Housing and Urban Development. Accessed February 16, 2012. [portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/hto/inventorysurvey](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/hto/inventorysurvey)
- <sup>6</sup> U. S. Census Bureau. "Disability Characteristics American Communities Survey 1-Year Estimates." Accessed May 14, 2012. [factfinder2.census.gov](http://factfinder2.census.gov)
- <sup>7</sup> Kunkle, F. "Va. officials grapple with decision to close institutions for people with disabilities."
- <sup>8</sup> Bill Fuller, Ph.D, MBA, senior community housing officer at Virginia Housing Development Authority, email message to editor on June 7, 2011.
- <sup>9</sup> Bill Skeen, former chief credit officer of Virginia Community Capital. "Framing the Problem: Challenges and Opportunities in Disability Housing and Social Services" (presentation, Federal Reserve Bank of Richmond and The Disability Opportunity Fund, Richmond, VA, September 28, 2010).
- <sup>10</sup> Ibid.
- <sup>11</sup> Hammerman, C.D. and S. Bennet. "The Disability Housing Market: Opportunity for Community Development Finance as the Americans with Disabilities Act Turns 20." Federal Reserve Bank of San Francisco Community Development Investment Review. 2009. vol. 5, no. 2. pp. 88-93. Accessed March 1, 2012. [www.frbsf.org](http://www.frbsf.org)
- <sup>12</sup> "Medicaid & CHIP Program Information: Waivers." Medicaid. Accessed February 16, 2012. [www.medicaid.gov](http://www.medicaid.gov)
- <sup>13</sup> The Henry J. Kaiser Family Foundation. Accessed May 14, 2012. [www.statehealthfacts.org](http://www.statehealthfacts.org); Chufo, V. "State pledges to fix mental health system." The Daily Press. February 17, 2011. [articles.dailypress.com](http://articles.dailypress.com); Caldwell, Jeff. "Governor McDonnell Announces Settlement Agreement With the U.S. Department of Justice on Virginia's Intellectual and Developmental Disability System." Office of the Governor Robert F. McDonnell. Accessed May 14, 2012. [www.governor.virginia.gov](http://www.governor.virginia.gov)
- <sup>14</sup> "Commonwealth of Virginia Receives Letter from Department of Justice Regarding Central Virginia Training Center," Virginia Department of Health and Human Resources. 2011. Accessed February 17, 2012. [www.hhr.virginia.gov](http://www.hhr.virginia.gov)
- <sup>15</sup> Bill Fuller, Ph.D., MBA, senior community housing officer at Virginia Housing Development Authority, email message to editor on June 7, 2011.
- <sup>16</sup> "Livable Home Tax Credit Program," Virginia Department of Housing and Community Development. Accessed March 5, 2012. [www.dhcd.virginia.gov](http://www.dhcd.virginia.gov)
- <sup>17</sup> Virginia Community Capital. "Let's Do More, Together." Accessed March 6, 2012. [www.vacommunitycapital.org](http://www.vacommunitycapital.org)
- <sup>18</sup> Ibid.
- <sup>19</sup> Virginia Supportive Housing. "A Place to Start Cost Savings and Client Outcomes." Accessed May 4, 2012. [www.virginiassupportivehousing.org](http://www.virginiassupportivehousing.org)
- <sup>20</sup> Ibid.
- <sup>21</sup> Ibid.
- <sup>22</sup> Ibid.
- <sup>23</sup> Ibid.



<sup>24</sup> Alice Tousignant, executive director of Virginia Supportive Housing, in discussion with the editor, February 24, 2012.

<sup>25</sup> Dyson, Cathy. "She uses Faith to create housing." Fredericksburg.com. February 21, 2010.

[fredericksburg.com/News/FLS/2010/022010/02212010/526542](http://fredericksburg.com/News/FLS/2010/022010/02212010/526542)

<sup>26</sup> Fronces Wardlaw, executive director of Project Faith, in discussion with the editor, March 6, 2012.

<sup>27</sup> Ibid.

