

Maryland Department of Housing and Community Development (DHCD)
Special Needs Housing: Housing for Persons with Special Needs
Housing for Individuals with Disabilities – Retooling Existing Resources for Choice

Snapshot

In its efforts to serve all with housing concerns, DHCD identified a need to help transition low income Marylanders with disabilities from structured service settings to housing choices in mainstream settings. DHCD began by launching a comprehensive marketing initiative to find appropriate housing opportunities in the marketplace. The result of this targeted initiative is increased availability of independent housing units – 663 units in 76 projects – dispersed throughout the State and offering individuals with disabilities quality housing of choice at tax credit rents. The available units include both newly rehabilitated and newly constructed units. All of this is accomplished as an integral part of the affordable housing development process without the need for additional financial resources or by imposing additional mandates on the development community.

Problem

Individuals with disabilities at the Supplemental Security Income (SSI) level receive under \$7,000 annually for housing, medical attention, food and other essentials. There is a need to transition individuals with disabilities from structured service settings to housing choices in mainstream settings that offer a greater potential for independence and self-sufficiency. In fact, the 1999 Supreme Court Olmstead decision requires states to place individuals with disabilities in community settings whenever appropriate. The State of Maryland, in its effort to remain in compliance with the Olmstead decision, has identified the lack of accessible and affordable housing as a primary concern. While traditional permanent housing assistance is still a viable option for these individuals, long waiting lists at most local housing agencies in Maryland make the process of securing one of these housing units difficult to say the least.

Solution

DHCD has collaborated with other state agencies that serve individuals with disabilities and advocacy groups to devise an innovative three-pronged approach that builds on existing programs and resources to help individuals with disabilities find quality affordable housing. The approach offers incentives for developers to market tax credit units to individuals with disabilities, State-funded deferred loans to reduce construction costs of the targeted units, and State-funded “bridge” rental assistance for use while the disabled individual awaits permanent housing assistance.

I. Incentives under the Qualified Allocation Plan (QAP) for Tax Credits

The Department added bonus points in the competition for federal Low Income Housing Tax Credits (LIHTC) and Department-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 10 percent of a project’s units to individuals with disabilities for at least 30 days, commencing at 80 percent construction completion. Additionally, upon vacancy the unit must again be marketed for 30 days solely to individuals with disabilities. The application must document that the applicant has made contact with care providers or advocacy groups and that these groups have agreed to refer clients to the targeted units. A marketing strategy is required and the obligation is memorialized in the property’s regulatory agreement. Failure to comply with the terms of the regulatory agreement can constitute default and subject the owner to disincentives in future LIHTC competitions. In the 2007 Qualified Allocation Plan, providing more time to market for individuals with disabilities to identify our available units was allocated.

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choice at tax credit rents. Units include newly rehabilitated and newly constructed units. All of this is accomplished as an integral part of the affordable housing development process without the need for additional financial resources or by imposing additional mandates on the development community. The decision to target units to individuals with disabilities remains with the developer. They can choose whether or not to seek the bonus points.

Most importantly, due to collaboration and education, the change to the QAP was accomplished with little angst or opposition. The high demand for credits provides the necessary incentive for developers to seek bonus points, and the result is that essentially all successful proposals include targeted marketing to individuals with disabilities.

II. Bridge Subsidy Demonstration Program

Building on the success of its efforts to encourage developers to market units to individuals with disabilities, the Department partnered with the advocacy community and other State agencies to address the affordability issue for many individuals who rely on Supplemental Security Income (SSI) or social Security Disability Income (SSDI) as their sole source of income. Even tax credit rents are unaffordable for this population. While traditional permanent housing solutions such as the Section 8 Housing Choice Voucher and the Public Housing Program are viable options, waiting lists are long. Implementing a December 2005 recommendation of the Governor's Commission on Housing Policy, the Department opened its Bridge Subsidy Demonstration Program in January 2006 under a Memorandum of Understanding (MOU) signed by 13 participating entities including State agencies overseeing Housing, Health, Disability and Aging; private nonprofit disability advocacy and service agencies; and public housing authorities located throughout the State.

The Bridge Subsidy Demonstration Program provides State-funded short-term rental assistance (up to three years) for individuals with disabilities while they await permanent housing assistance. The goal is to serve 75-100 individuals by reallocating a portion of existing resources from the State agencies. This Department has committed \$1.4 million of the total \$2.1 million Program budget, which will enable the Program to assist approximately 50 individuals. Participants are selected based on specified criteria by the State's Developmental Disabilities Administration, Mental Hygiene Administration and private nonprofit signatories to the MOU. All Public Housing Authorities (PHAs) received an invitation to participate in the Demonstration and those who elected to sign the MOU agreed to administer the bridge subsidy payments to the landlords, accept a participant on their waiting list, and provide a preference for a participant under their Annual Plan if the participant did not otherwise reach the top of the waiting list within their three-year term on the Demonstration Program. Participants are required to abide by certain standards to remain in the Program, including receiving rental training, credit counseling, and complying with a service plan.

The first subsidy payment was made in May 2006. To date, 37 participants have identified housing of choice, signed leases, and received a subsidy payment. The average monthly subsidy amount is \$780 and the participants live in 7 jurisdictions throughout the State. Others are in the process of locating housing or completing the required training. A major highlight was the first participant moved into her first apartment after ten years of living in a nursing home following a motorcycle accident.

III. Partnership Rental Housing Program – Occupancy Restrictions for Individuals with Special Needs

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The Partnership Rental Housing Program is a State-funded program created in 1990 to provide capital funds for the construction of income-restricted housing owned in whole or in part by local governments. Repayment of a loan under the Program is required only if the local government ceases to operate the property as affordable housing in accordance with Program requirements. (loans are essentially deferred in perpetuity). A valuable tool for developing housing for very low-income tenants, the Program's usefulness in many parts of the State was limited because it required local government ownership. At the same time, it held a proprietary interest for those few local governments willing to assume the ownership role to access funds.

Working in partnership with disability advocates and local governments, the Department was successful in streamlining the Program while expanding the types of housing eligible for funding. Passed unanimously in both houses of the State legislature and signed by the Governor, Senate Bill 126 allows the Program to provide loans to private developers to construct, acquire, or renovate rental housing units as part of a larger undertaking, as long as the units financed using Partnership funds are occupied by a lower-income household that includes one or more individuals with disabilities or special needs. The legislative changes became effective in October 2006, and this Department committed its first funds under the new initiative in June 2007. Fourteen units dispersed in four tax credit projects received \$75,000 per unit in exchange for a long-term restriction on occupancy of the units to individuals with disabilities. All fourteen units are restricted at 30% of area median income and comprise no more than 5% of the total units at any property.

Measurable Results

Individually, each of these initiatives improves access to affordable and accessible housing of choice for individuals with disabilities. Administered collectively, they reach more of those most in need. The ability to access the favorable financing terms of the Partnership Program – deferred repayment in perpetuity – coupled with the targeted marketing incentive under the QAP will enable the Department to provide additional housing opportunities for individuals with disabilities over the long-term at lower rents than otherwise available in tax credit properties. Used in conjunction with the Bridge Subsidy Program these units would become an affordable option for individuals with disabilities at SSI or SSDI income levels.

The extra “push” from the Department via its marketing strategy under the QAP gives developers the necessary incentive to reach out to a unique constituency desperately in need of quality affordable housing. The support of the advocacy community and service providers for the changes to the Partnership Program and the Bridge Subsidy Demonstration Program enables tenants with disabilities to afford housing choices previously not available to them. Affordable housing for very low-income individuals with disabilities using existing State programs and resources is proving to be a win-win situation.

Another important benefit of this initiative has been improved communication and cooperation among housing developers, officials, service providers, and disability advocates. The Department's website provides key information. Public and private agencies working with individuals with disabilities have been educated about these new units and can call the Department or check the website. Service providers have learned to call the developers to determine time frames for lease-up and get their clients on waiting lists. Increased informal networking among all parties has enhanced understanding and exchange of ideas and information across disciplines and has created sound solutions to the lack of affordable and accessible housing for individuals with disabilities.