

Virginia Housing Development Authority Microboard Financing Program

“For the first time in 47 years, Kim has stability. There’s no threat of her being kicked out or moved about. She doesn’t have to live with people she’s not compatible with, and she has good staff to take care of her. As a Mom and Dad, it’s the first time we can feel somewhat content in her future if we were unable to be here for her.”

Linda Ritter, parent
Virginia Beach, Virginia

Brief Description

It’s tough for anyone to find just the right living situation when mom and dad’s house is no longer an option. But throw in a serious developmental disability and the answer to what’s next becomes even more uncertain and intimidating. People with disabilities have challenges above and beyond what others encounter when trying to identify appropriate housing and secure affordable financing. Many have limitations that dictate the physical layout of the property and most struggle with having reliable resources to fund a home loan, as well as finance a home’s related expenses such as utilities, insurance and maintenance.

For a nominal fee, an individual or a family can create a micro-board (corporation). Titling the home in the name of the micro-board relieves families of financial or liability concerns. Furthermore, this structure provides stability even in the event of the death of the individual’s parents. It also protects the person with a disability from possibly losing government Medicare dollars to provide support services in the future. VHDA’s Microboard Financing Program is specifically designed to give low-interest home loans to Virginians with disabilities. It’s just one of several home-based options VHDA is working to develop in communities as state institutions are downsized to comply with Olmstead.

Why It Was Undertaken

Of disabled Virginians, about 663,000 (based on the Virginia Census 2004 population estimate) suffer from developmental disabilities. These Virginians receive assistance through programs provided by the state with support from the federal government. Since the 1960s, the goal of these programs has been to integrate developmentally disabled individuals into communities through small community-based programs. When the Supreme Court decided Olmstead, it held that unnecessary institutionalization is discrimination forbidden by Title II of the Americans with Disabilities Act. In light of the decision, states are under an obligation to provide developmentally disabled individuals with treatment programs in the least restrictive setting possible.

VHDA recognized that living in the community posed some specific challenges, since many Virginians with serious disabilities lack the resources, and often the capacity, for homeownership. Since 2004, VHDA had taken meaningful steps to expand rental units, such as a set aside pool of tax credits in the federal Low-Income Housing Tax Credit program with the requirement that those units be subsidized and use Universal Design features in their construction.

But the ability to own a home seemed beyond the reach of many Virginians with disabilities.

What VHDA Has Accomplished

The Microboard at the root of this financing program delivers affordable, specialized housing that provides permanency. When parents or primary caregivers are no longer able to assist the person with disabilities, a plan will be in place now. They have choices in life (where to live, with whom to live and which provider agency to oversee any services needed), financial security (Medicaid funds protected and income stream identified to offset costs) and community integration.

Why VHDA's Microboard Financing Program is Meritorious and Meets NCSHA Judging Criteria

Innovative

VHDA is the first state finance agency in the nation to start a Microboard Financing Program for first-time homebuyers with serious disabilities. More often than with any other group, these individuals have insurmountable obstacles to owning a home. This program helps level the playing field and makes it possible for Virginians with developmental disabilities to enjoy the many tangible benefits of homeownership.

Replicable

Although this type of real estate transaction does require special attention, VHDA's Microboard Financing Program can easily be replicated. In most states, a nominal fee allows an individual/family to create a non-profit micro-board (corporation). A real estate agent helps explain this unique home buying transaction to the seller. An attorney incorporates the micro-board. A suitable property (one-story, near public transportation, wide doors/halls, etc.) is found and then a single family loan application is made with the HFA.

Responds to an important state housing need

The thousands of Virginians with disabilities have challenges above and beyond what others encounter when trying to find appropriate housing and secure affordable financing. Most struggle with having reliable resources to fund the purchase of a home including related expenses such as utilities, insurance and maintenance. VHDA's Microboard Financing Program gives disabled Virginians a real opportunity to become a meaningful participant in their life and their community.

Demonstrates measurable benefits to HFA targeted customers

Melanie had lived out of state for most of her adult life in an institution that specialized in caring for people needing a full-time feeding tube. Her father heard about the program and contacted VHDA. He formed a microboard, applied for a loan, and had a home built to meet Melanie's needs. Medicaid provided a live-in caretaker using a Developmental Disabilities Waiver. The average cost of care was reduced from \$194,000 in the institution to \$60,000 for the in-home supports. The cost of the house was \$145,000 and expenses are shared by Melanie and her live-in caregiver.

This is just one small example of this program's potential to improve the quality of a person's life while saving substantial amounts of money and meeting the Supreme Court's mandate to end decades of civil rights violations against people with disabilities. The program is also an example of what can be accomplished when government agencies work together in concert with the needs of people with serious disabilities.

Has a proven track record of success in the marketplace

To date, **VHDA has made 12 loans through our Microboard Financing Program.** The loans have produced real opportunities for the people living in the homes. Interest in the program is very high, and new applications are coming in every week. While every person and every housing need is different, they all have two major things in common: their loans are current and their parents feel secure in knowing their adult child now has a secure future and a real life.

Provides benefits that outweigh costs

The average cost of supporting a severely disabled person in a state institution is over \$190,000 a year and growing fast. The cost of supporting that same person in an integrated community home is less than \$60,000 a year. As Medicaid budgets spiral out of control and parents demand greater choice in the care and keeping of their disabled adult children, Microboards are viable solutions. State finance agencies like VHDA can bring these innovative products to the market place and play an important role in a network of state resources brought to bear on the federally mandated transition from institutional care to community living.

Demonstrates effective use of resources

To date, VHDA's total investment in the program has been approximately \$4 million in mortgages, with loan amounts following VHDA single family guidelines. The average interest rate hovers around 5%. The savings for state government in the decreased cost of care is quickly approaching \$2 million and will grow rapidly as the program grows. Loans that are rock solid, a dramatically decreased cost of care to the state, increased security and a better quality of life for those with disabilities make VHDA's Microboard Financing Program a win-win for everyone.

Effectively employs partnerships

Virginia's Olmstead Implementation team (a group of 21 state agencies representing three secretariats) in close consultation with the Governor's Olmstead Advisory Commission, decided to implement a support model that organized friends and family of the person with a disability to provide meaningful activities aimed at fully integrating the person into the everyday events of community living.

However, resources—especially those providing on-going supports—were a challenge. As a result, VHDA worked closely with the Department of Behavioral Health and Developmental Services to coordinate Medicaid waivers for such support. Often, the waiver provides a live-in attendant who can also share the cost of the mortgage and living expenses.

In every way and at every step, VHDA's Microboard Financing Program has been a part of a much larger state collaboration to envision new opportunities for people with serious disabilities. No one group of agencies or parent advocates could have made these opportunities possible. Only the close collaboration and coordination of the Olmstead Team under the direction of the Governor made this opportunity real.

In addition, since the sequence of events are different and more complex than that of a "typical" home purchase, VHDA's strong partnerships with Virginia's real estate agents have played an important role in this innovative home financing. "As a Realtor®, I have been involved in several of these transactions, which have given me a great deal of personal, as well as professional satisfaction. I know I have helped the families and parents of adult disabled children find the peace of mind that owning their own home gives," said Realtor Patty Wright.

Achieves strategic objectives

VHDA has a goal to serve Virginians with disabilities and our Microboard Financing Program is providing real opportunity for people traditionally unable to be homeowners. VHDA is committed to being a solid contributing partner to the state's many objectives. While the MicroBoard financing program is only one example of how those strategies play out, it is an especially creative solution to a problem effecting both government and the community of people with serious disabilities.

Conclusion

For Virginians with disabilities, VHDA's Microboard Financing Program can mean true control and freedom. **VHDA is the first state finance agency in the nation to start a Microboard Financing Program for first-time homebuyers with serious disabilities, and our total investment in the program is approximately \$4 million in mortgages. For the Medicaid program, the cost savings approaches \$2 million, making this person-centered approach a cost effective model.** It cuts administrative cost and at the same time presents an opportunity for the person with the disability to control their destiny and present true accountability to the state and federal governments. A microboard financed living arrangement is not necessarily the right option for every Virginian with a disability, but it does provide a viable option for the families and parents of adult disabled children seeking an affordable living arrangement.

VHDA's Micro-board Program: Improving the Quality of Life for People with Serious Disabilities

Homeownership has always been a challenge for people with serious intellectual disabilities. In addition to financial resource problems, people with intellectual disabilities all too often are unable to execute the financial documents necessary to obtain a mortgage.

Through involvement with Virginia's Olmstead Implementation Team, VHDA has found a way to help families plan a secure future for their adult child with a serious disability by financing homes through our Micro-board Program.

Micro-boards are small, family centered non-profit corporations that buy and hold property to provide a safe and secure place where their disabled family member can live as though the home were owned by the person with a disability.

Typically a micro-board is comprised of three or four family members and close friends. These members oversee all aspects of acquisition, financial management and day-to-day operation of the home.

From VHDA's perspective, the corporation (micro-board) owns the house and rents it to the person with a disability. The home often includes a live-in caretaker (funded by a Medicaid waiver). From the parents' perspective it means a lifetime of safe, secure and independent living for their child.

One example of how much the Micro-board means to families is expressed by Harvey C. of Bedford who formed a micro-board for his daughter Melanie.

"This has been the answer to so many prayers," he said. "We constantly worried about how we would take care of Melanie as we grew older, and what would happen to her when we died. Now we know she will be able to live an independent life in the community where she grew up."

Harvey purchased a lot a few blocks from his house. He then bought a modular home to put on the lot. Next he formed a micro-board that included him and his wife, an older son and a few close friends of the family. (Melanie's brother will become chair of the board when her parents are no longer able to serve.)

Using part of Melanie's Medicaid disability income, and rent income from a live-in caretaker, the micro-board is able to cover the mortgage and the utilities.

With more than 5,000 people living in Virginia institutions, VHDA's Micro-board Program is one small step in the transition of Medicaid from a set of institutional supports to a home and community-based program. But perhaps most importantly, it's a real and long lasting answer to improving the quality of life for people with serious disabilities.

For additional information contact Bill Fuller. ■

VHDA's Micro-board Program made it possible for a Bedford family to buy and install a modular home on a vacant lot within their neighborhood and provide an independent life for their disabled adult daughter.

