

**REPORT OF THE
VIRGINIA HOUSING AND DEVELOPMENT AUTHORITY**

**STUDY OF FUNDING FOR
HOUSING SERVING PEOPLE
WITH DISABILITIES**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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Responsibility for SJR 159

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Preface

Two Legislative Groups Have Found a Need to Increase Affordable Housing Opportunities for People with Disabilities

The Joint Subcommittee Studying the Future Delivery of Publicly Funded Mental Health, Mental Retardation and Substance Abuse Services and the Disability Commission have both identified adequate affordable housing and residential services to be critical components of the community services system. Both legislative groups have further found that the current provision of affordable community-based housing for people with disabilities is inadequate and that there exists a need to increase affordable housing opportunities for these populations. The outcome of their findings and recommendations was the two Senate Joint Resolutions which are addressed in this study report.

SJR 159

Feasibility of a Capital Fund for Housing for People with Mental Disabilities

SJR 159 Study Mandate. In 1998, the General Assembly enacted Senate Joint Resolution No. 159 requesting the Secretaries of Administration, Commerce and Trade, and Human Resources to study the feasibility of establishing a capital fund for housing for people with mental disabilities. The Secretaries have assigned responsibility for this study to VHDA, DHCD and DMHMRSAS.

SJR 159 Background and Issues. SJR 159 grew out of a finding of the Joint Subcommittee Studying the Future Delivery of Publicly Funded Mental Health, Mental Retardation and Substance Abuse Services that there is a need for additional affordable capital to fund the development of community-based housing with support services for people with mental disabilities. Conclusions regarding the inadequacy of existing sources of capital resulted from the reduced availability of federal capital grants, discontinuation of the VHDA/DMHMRSAS joint program for funding housing for people with mental disabilities and substance abuse problems, and the decline in low-interest capital available through the Virginia Housing Partnership Fund.

SJR 159 Study Process and Initial Findings. During the summer and fall of 1998, the study team, composed of staff of DMHMRSAS, VHDA and DHCD, reviewed the available data on unmet needs and experience in funding community based housing through the VDHA/DMHMRSAS joint loan program, the Virginia Housing Partnership Fund congregate loan program and other public programs. That analysis identified a number of significant obstacles to the development of affordable community-based housing in addition to the availability of low-cost capital. Chief among those was the lack of necessary subsidy funds to ensure affordability for disabled people whose income is typically very low. In addition, the available data on unmet housing needs did not provide reliable information on either the level of consumer need/demand for specialized group housing with on-site services or the likely demand by housing sponsors for funding should additional capital resources be made available.

Carryover of SJR 159 Study to 1999. In October 1998, Senator Wampler requested that the SJR 159 study be carried over to 1999 in order for consideration to be given to additional data on housing needs being collected through the *Community and Facility Master Plan for the Delivery of Mental Health, Mental Retardation and Substance Abuse Services* that was being prepared for DMHMRSAS under a consultant contract. An interim SJR 159 report was completed in late 1998 that identified key issues related to funding affordable community-based

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SJR 159

**Feasibility of a
Capital Fund for
Housing for
People with
Mental Disabilities**
(continued)

housing for people with mental disabilities. It was agreed that recommendations would be made in the final report based on needs data to be provided by DMHMRSAS from the *Community and Facilities Master Plan*.

Subsequent to the completion of the interim report, DMHMRSAS decided to put aside the *Community and Facilities Master Plan* and rely instead on the agency's comprehensive plan—which was in the process of being updated—to guide future actions. The updated comprehensive plan is scheduled to be published in the late fall of 1999. Updated analyses of the need for housing and support services by DMHMRSAS clients have been undertaken as part of the comprehensive planning process. There has not been time for the SJR 159 study group to fully review the data that has been collected from community services boards. Nevertheless, initial tabulations of needs data from those assessments are included in Appendix B.

SJR 159 Findings. All three agencies involved in the study agree that there are capital resources now available that either are being, or could be devoted to financing community-based housing for people with mental disabilities. However, there are three relevant and unanswered questions that are beyond the scope of the SJR 159 mandate:

- Whether available capital resources are sufficient to provide the amount and type of mortgage financing needed to meet actual demand by housing providers in light of currently available housing subsidies and funding for services
- What level and types of subsidy funding will be needed to cover project operating and supportive service costs
- What level of capital resources will be needed in the future as funding levels for community-based services are increased and subsidy issues are addressed

The need for a capital fund cannot be specifically defined and quantified until that wider array of issues is addressed.

SJR 456

**Housing for People
with Disabilities**

SJR 456 Study Mandate. SJR 456 requests VHDA and DHCD, in consultation with the Disabilities Commission, to identify the unmet housing needs of people with disabilities and to jointly develop a plan for increasing efforts to acquire and creatively use funds in order to increase the stock of accessible and affordable housing and community-based supports for people with disabilities.

Study Process. The SJR 456 study team was composed of staff of VHDA and DHCD. Their activities focused on: (1) collection and review of data and information on housing needs and the availability and use of resources; and (2) consideration of opportunities for improved interagency coordination and leverage of resources.

Data and Information Collection: This year, major client needs assessments and evaluations have been undertaken on behalf of the Disabilities Commission and DMHMRSAS. The study team reviewed the findings of those analyses and relied on them to serve as the primary determinant of client needs. The study team supplemented that information with surveys of local public housing agencies (per the

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SJR 456

Housing for People with Disabilities

(continued)

specific directive of SJR 456), centers for independent living, local Section 8 program administrators, and rental property managers, in order to gather additional information on: (1) the housing barriers facing people with disabilities; (2) the unmet demand for Section 8 assistance; (3) the use of resources by local public housing agencies to serve the needs of disabled people; and (4) the current housing activities of centers for independent living, and their willingness to become involved in specific capacities in interagency partnerships to address the housing needs of disabled people.

Coordination with Other Entities. Members of the study team coordinated their work with the Disability Commission's SJR 170 study team, the HJR 225 Joint Subcommittee, the Client Services Subcommittee of the Anderson Commission, DMHMRSAS, and the SJR 159 study team in order to minimize duplicative work and ensure consistency with other related studies in process. Study team members also contacted staff of ATLFA and the chairperson of the State Disabilities Services Council in order to review the resources available through their programs and consider opportunities to coordinate and leverage those funds.

Consolidation of SJR 159 and SJR 456 Reports

The SJR 456 study mandate includes a review of the housing needs of people with mental disabilities and substance abuse problems. In addition, its mandate to review the availability and use of resources subsumes the capital funding issue to be addressed under SJR 159. Finally, in reviewing the needs data assembled through SJR 456, it became clear the specific housing issue that is the focus of SJR 159 is common to all disability groups. Therefore, the findings of the two studies have been consolidated into a single report which is intended to give a clear overall focus on housing needs and issues facing people with disabilities, while addressing the specific issues raised in SJR 159.

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Executive Summary

Summary of Findings

There is Considerable Unmet Need for Affordable Community-Based Housing for People with Disabilities

The lack of adequate housing that is affordable to people with disabilities has moved to the forefront of identified barriers to independent living, and is now recognized as a major obstacle to attempts to move people from costly and restrictive institutional settings into more independent community-based housing. Needs analyses for all disability groups point to a severe shortage of affordable housing facing most disabled people, particularly housing that is appropriately designed to fully meet their needs and that is linked to necessary residential support services.

- DMHMRSAS's newly updated comprehensive plan identifies over 7,700 MH/MR/SA clients on CSB waiting lists who need community-based housing and residential services (**Appendix B**).
 - Statewide needs assessments conducted in 1999 for the Disability Commission and DSBs found that, based on survey results, 29% of persons with physical and sensory disabilities have experienced problems in finding a satisfactory place to live, and half of students with disabilities exiting public schools are expected to need assistance with living arrangements (**Appendix C**).
-

Most Disabled People Need "Supported" Housing

A large majority of people with disabilities need "supportive" housing. They do not require in-home intensive or supervised residential services. They are able to live fully independently in existing community housing, provided that they are able to access an adequate array of community-based services.

Dependence on SSI and Other Limited Income Sources is the Main Barrier to Accessing Adequate Housing

The main reason for lack of access to adequate existing community housing is the very low income of people with disabilities, a majority of whom are unemployed. Most rely mainly on limited Supplemental Security Income (SSI) payments, private disability insurance, family support and intermittent wage income to meet their living needs. SSI provides recipients \$494 per month which is less than 23% of median income. The portion of monthly SSI available to meet housing costs (based on 30% of income) is \$148, which represents only 20%-40% of prevailing market rents for one-bedroom units. Most significantly, the \$148 available to SSI recipients for housing expenses represents only 60% of typical monthly operating costs (including utilities) for a one-bedroom rental unit. Thus, even if debt service costs are eliminated entirely, there still remains a significant gap between the cost of housing and the contribution that SSI recipients can afford to make (**Appendix D**).

Surveys of Centers for Independent Living, public housing agencies, local administrative agents for VHDA's Section 8 tenant-based program, and private rental property managers, confirm that the cost of housing meeting the needs of people with physical and sensory disabilities, relative to their income, is a chief barrier to their obtaining satisfactory housing (**Appendix F**).

Consequently, any broad-based effort to assist people with disabilities in obtaining adequate affordable housing must address the need for operating subsidies and/or client income supports in addition to the need for subsidized housing capital.

Executive Summary

Summary Findings

There is Also a Need to Address Issues of Housing Supply

While issues related to income are paramount, there are also key unmet needs that must be addressed through additions to the housing supply. There is still a shortage of affordable barrier-free and accessible units for rent and for sale (**Appendix F**). There is also a need for additional congregate housing (**Appendices B and G**).

State and Local Efforts Are Being Made to Provide Affordable Housing for People with Disabilities...

VHDA, DHCD, DMHMRSAS and local public housing authorities (PHAs), are providing a variety of programs and resources that are helping to address the housing needs of people with disabilities.

- 40% of participants in VHDA's Section 8 tenant-based program have disabilities, as do 25% of the participants in the programs of local PHAs (**Appendix H**)
- High levels of production of new affordable rental units through the Low-Income Housing Tax Credit Program are resulting in significant numbers of new barrier-free and accessible rental housing units in all areas of the state (**Appendix I**)
- Over 2,400 congregate beds serving all disability groups have been financed by VHDA, DHCD and local PHAs (**Appendix I**)
- DMHMRSAS and CSBs are using newly appropriated state funds to address their clients' need for affordable housing and residential services (**Appendix E**)

...but are Insufficient to Resolve Unmet Need

Nevertheless, large CSB and Section 8 waiting lists, and continuing barriers to optimum use of newly developed barrier-free and accessible units by people with physical and sensory disabilities, demonstrate that more must be done in order to resolve a substantial level of unmet need.

Summary of Conclusions

Feasibility of a Special Capital Fund

There are a number of unmet needs for subsidized mortgage capital. For example, subsidized mortgage capital is needed to: (1) fund "supervised," "intensive" and "highly intensive" rental housing for people with mental, physical and sensory disabilities; (2) support the expansion of home modification loan programs; and (3) support special home purchase initiatives serving people with disabilities.

Nevertheless, the need for specific types of subsidized mortgage capital are diverse, and the level of demand for each has not yet been quantified. Furthermore, each of the differing needs requires the development of programs involving partnerships—either between VHDA/DHCD and the agencies providing and/or funding support services (rental and home purchase programs) or between VHDA/DHCD and local administering entities (home modification loan programs). Therefore, it is premature to recommend the creation of a special capital fund(s) until: (1) differing needs are prioritized; and (2) program structures/partnerships are defined with sufficient specificity that funding/resource gaps can be identified and quantified. The recommendations of this report are intended to create a structure through which further needed analysis and planning can occur and specific recommendations can be brought to the Governor and the General Assembly for review and action.

Executive Summary

Summary of Conclusions

Development of Formal Interagency Commitments

The housing needs of people with disabilities are complex and cannot be addressed without the commitment of substantial resources in addition to mortgage capital. State-level control and management of the array of required resources is fragmented among multiple disability agencies (DMHMRSAS, DRS, DVH and DDHH) and housing agencies (VHDA and DHCD). Therefore, a formal interagency commitment to addressing the unmet housing needs of people with disabilities is needed in order for workable housing initiatives to be structured, the full array of required resources to be allocated/appropriated, and program implementation coordinated in a manner that can achieve success.

The past experience of DMHMRSAS and VHDA has shown that formal partnerships and agreements between state-level agencies are not fully effective unless local agencies are involved as full partners. A structure and process need to be developed to include CSBs, DSBs, CILs, local governments and housing authorities as full partners in program planning and implementation.

Summary of Recommendations

Recommendation #1 *Create an Ongoing Interagency Council to Develop and Coordinate Housing Initiatives for MH/MR/SA Clients*

DMHMRSAS, VHDA and DHCD concur with the recommendation of the HJR 225 Joint Subcommittee that the formation of an ongoing interagency council is an appropriate vehicle for securing the commitment of state-level agencies to design and implement initiatives that address the housing needs of people with mental disabilities and substance abuse problems. DMHMRSAS, VHDA and DHCD also believe that such a council should be comprised of representatives of CSBs, local governments and housing authorities in order to build a strong partnership between state and local organizations with a responsibility for addressing this need.

Recommendation #2 *Further Analyze the Level of Demand for Specific Types of Subsidized Mortgage Capital*

The SJR 159 study group found that further analysis should be made of the demand for specific types of subsidized mortgage capital. A key part of the analysis needs to be a review of the housing program and funding priorities of CSBs and the structure and capacity of the current system for delivering housing services in each CSB area. Timely completion of such an analysis by the SJR 159 study team would enable a new interagency council on MH/MR/SA housing (Recommendation #1) to move forward more quickly in developing specific program and funding recommendations.

Recommendation #3 *Create an Ongoing Interagency Council to Develop and Coordinate Housing Initiatives for People with Physical and Sensory Disabilities*

VHDA and DHCD concur that an ongoing interagency council is also the appropriate vehicle for securing the commitment of state-level agencies to design and implement initiatives that address the housing needs of people with physical and sensory disabilities. The council should be comprised of representatives of VHDA, DHCD, DRS, DVH, DDHH, VBPD, the Disability Services Council, ATLFA, DSBs, CILs, local governments, and housing authorities in order to build a strong partnership between state and local organizations with a responsibility for addressing this need.

Part I – Affordable Housing and Supports

Need for Affordable Housing and Supports

Independent Living Requires Access to Affordable Housing with Support Services

For people with disabilities, stable and secure community-based housing is paramount in the array of services and supports which promote independence and reduce reliance on more costly and restrictive care settings. In order to provide stability and security, community-based housing must be affordable and linked to the other services and supports that the disabled individuals require in order to maintain an independent household.

Very Low Income is the Main Barrier to Accessing Housing with Supports

The very low income of people with disabilities is a major barrier to accessing the housing and services they need. Severe disabilities restrict their ability to obtain and retain employment income. Therefore, for many, reliance on public assistance—usually Supplement Security Income (SSI)—may be a permanent condition.

Mortgage Debt Service Subsidies Alone Cannot Overcome this Barrier

Mortgage debt service subsidies cannot—by themselves—reduce housing costs to a low enough level to be affordable to people relying primarily on SSI. Therefore, to be feasible, any housing strategy must include the provision of additional subsidies (either capital grants or rent subsidies) in order to further reduce housing costs to an affordable level. In addition, parallel funding commitments are necessary for the provision of community-based support services for the residents in order to ensure successful occupancy and the willingness of private rental housing developers and landlords to participate in programs to address the needs of disabled people.

Overall Levels of Housing Subsidies and Service Funding are Insufficient

Public funding—both for subsidies to support the development of affordable housing for people with disabilities and for needed community support services—has failed to keep pace with need. Consequently, local waiting lists for subsidized housing have increased, growing burdens are placed on family members who must continue to provide shelter and services for disabled dependents even as the caregivers reach retirement age, and institutional recidivism rates remain unacceptably high.

There are Four Broad Levels of Housing and Supports Each Involving Different Approaches to Development and Funding

The taxonomy of residential services identifies four broad levels of housing need:

1. **“Supported” housing**—independent living arrangements where all support services are brought to the consumer’s home or provided at community facilities
2. **“Supervised” housing**—controlled residential settings such as apartments where limited in-home support services are provided by on- or off-site “supervisory” staff
3. **“Intensive” housing**—controlled residential settings such as group homes, where treatment and training services are provided by on-site staff, usually in traditional single-family structures
4. **“Highly Intensive housing”**—controlled residential settings such as intermediate care facilities, where in-home treatment and training services are provided by 24-hour on-site staff, usually in special-purpose congregate structures

These four levels of residential service differ in regard to one or more of the following: type of housing structure, ownership, management, and operating costs. Therefore, they involve different approaches to development and funding.

Part I – Affordable Housing and Supports

Addressing “Supportive” Housing Needs

Most Disabled People Need “Supportive” Housing

A large majority of people with disabilities need “supportive” housing. They do not require in-home intensive or supervised residential services. They are able to live fully independently in existing community housing, provided that they are able to access an adequate array of community-based services. It is expected that the proportion of the disabled population that is able to live independently in “supported” housing will grow as there are further advances in the development of new drug treatments for mental illnesses, new assistive technologies for physical and sensory disabilities, and as the system of community-based services continues to expand.

They are Able and Prefer to Live in Non-Segregated Housing

Most people needing “supportive” housing are able and prefer to reside in affordable community housing serving the general population—not in special housing set aside for disabled people. The barriers that limit their ability to access existing community housing include: an inability to afford local housing costs; long local waiting lists for assisted housing and rent subsidies; housing discrimination; shortages of accessible and adaptable housing units; and an inability to access the full array of support services that they need in order to maintain stable occupancy.

Rent Subsidies Best Promote Housing Choice

The creation of a capital fund to finance “supportive” housing for people with mental disabilities (SJR 159 study mandate) and/or physical/sensory disabilities, would not create access to existing community housing. Instead, it would foster development of housing intended primarily or exclusively for disabled people. Such a fund could help provide new affordable housing, but it would create limited, segregated housing opportunities, which is not what most disabled clients want or need.

A more effective way to create affordability and choice in rental housing is to provide assistance in the form of rent subsidies that enable access by very low income disabled people to a broader array of non-segregated housing opportunities throughout local communities. This is now recognized at the federal level, where Section 8 tenant-based assistance has become the preferred vehicle for addressing the “supportive” housing needs of people with disabilities. VHDA is striving to maximize access by people with disabilities to limited Section 8 tenant-based subsidies by contracting, where feasible, with local community service boards and centers for independent living to serve as local Section 8 administrative agents.

Expansion of the Overall Stock of Affordable Housing Reduces the Cost of Rental Assistance

In order to maintain the lowest possible public cost for rental assistance programs, base rent levels must be reduced as much as possible. Expanding the overall stock of affordable rental housing is the most effective way to contain market rents and create broad-based local housing choice and opportunities for all segments of the population. VHDA and DHCD are committed to using all available rental housing development resources—e.g., tax-exempt bonds, taxable bonds, federal Low-Income Housing Tax Credits, federal HOME funds, the Virginia Housing Fund, and the Virginia Housing Partnership Fund—in order to maximize the expansion of affordable rental housing opportunities in all areas of the Commonwealth.

Part I – Affordable Housing and Supports

Addressing “Supervised” Housing Needs

A Significant Group Disabled People Needs “Supervised” Housing

A smaller, but significant, group of people with disabilities can reside in an independent residence such as an apartment, but need some level of in-home “supervisory” services. The numbers of people needing “supervised” housing is expected to grow as disabled people shift from more intensive and restricted residential environments to more independent ones.

Provision of “Supervised” Housing Occurs in Two Ways

Addressing “supervised” housing needs does not require the development of specialized types of housing. Nevertheless, the need to provide at least limited on-site residential supervisory services in an efficient and cost-effective manner has caused community services boards and other local providers of supervisory services to enter into contractual relationships with housing providers, which set aside specific housing projects or units for people with disabilities.

Provision of supervised housing generally occurs in one of two ways

- Master leasing of existing rental units
 - Construction, rehabilitation and/or acquisition of housing to provide a “supervised” residence
-

Master Leasing of “Supervised” Units Does Not Require Special Capital Funds...

Some community services boards and disability service providers choose to enter into master leases with landlords for all or some of the housing units in a rental project in order to provide “supervised” housing for their clients. The funding needs of this type of “supervised” housing are analogous to those of “supported” housing. No special capital fund is needed. However, there is a need for both rental subsidies and support services funding. There is also a need to ensure an adequate local supply of rental housing units with reasonable base rents and landlords willing to enter into master lease agreements.

...but Development of “Supervised” Units Generally Does Require Special Capital Funds

In other cases, community services boards and other disability service providers may choose to contract with a housing sponsor to develop “supervised” housing units for its clients. In these instances, housing sponsors will generally need access to specialized lending programs because: (1) the very low income of residents will not support market rents; (2) the ongoing provision of at least limited support services is necessary for project viability; and (3) “supervised” housing is generally developed and operated by small special-purpose nonprofit housing providers who have adequate support service capacity but who lack the capital resources to secure project financing on the private market and who may also need technical assistance to complete loan packages that provide lower interest rates or mortgage subsidies.

The Preference of Disability Services Providers Among These Options is Not Known

The likely balance between master lease arrangements and development of “supervised” housing is dependent on changing market conditions and the preferences and choices of community services boards. Information regarding these factors is not presently available. Therefore, the level of need/demand for special capital funds for “supervised” housing is not yet known.

Part I – Affordable Housing and Supports

Addressing “Intensive” and “Highly Intensive” Housing Needs

Only a Small Share of the Units Needed for Disabled People are “Intensive” or “Highly Intensive” Housing

The smallest number of units needed to serve disabled people are in “intensive” and “highly intensive” residential training and treatment settings. There are two reasons for the relatively small number of units needed. First, only a small share of the disabled population needs this level of housing service if provided appropriate access to community-based services. Second, for some groups, such housing is temporary or transitional. Therefore, multiple residential program participants can occupy the same bed space during the course of a year. In particular, treatment programs for recovering substance abusers have a high annual bed usage rate which reduces considerably the total number of substance abuse beds needed.

In spite of their relatively smaller numbers, people needing “intensive” and “highly intensive” housing are expected to increase in absolute (though not proportional) terms as a large number of disabled people who are presently residing with aging family members begin to face the need to find alternative residential arrangements. Many of these people are now in middle age and may experience greater difficulty transitioning to more independent settings than their younger disabled counterparts.

Development of “Intensive” and “Highly Intensive” Housing Requires Specialized Lending Programs

Addressing their needs requires the development of a variety of specialized types of housing providing on-site supportive services. “Intensive” and “highly intensive” housing require specialized lending programs because: (1) residents have very low incomes; (2) the ongoing provision of support services is necessary for project viability; (3) the provision of on-site support services represents a substantial portion of operating costs; (4) the housing may involve unique physical design features that require special underwriting considerations; and (5) such housing is generally developed and operated by small special-purpose nonprofit housing providers who have adequate support service capacity but who lack the capital resources to secure project financing on the private market and who need technical assistance to complete loan packages that provide lower interest rates or mortgage subsidies.

Barriers to “Supervised,” “Intensive,” and “Highly Intensive Housing

Loan Capital—by itself—will not Generate Production of “Supervised” and “Intensive” Housing

There is a recognized and growing need for “supervised” and “intensive” housing that cannot be readily developed without access to specialized lending programs. Nevertheless, the past experience of VHDA and DHCD has been that loan programs designed to serve these needs have been under-subscribed. This was not due to insufficient need, but rather to one or more other major barriers to program success.

Other Barriers to Housing Production

Lack of sufficient housing subsidies: As stated previously, mortgage debt service subsidies alone cannot achieve affordability for the targeted population due to their extremely low incomes. The chronic shortage of other subsidies from federal, state and local sources—either in the form of capital grants or rent subsidies—has severely restricted the number of “supervised” and “intensive” housing projects that have been feasible for financing—even at low rates of interest.

Part I – Affordable Housing and Supports

Barriers to “Supervised,” “Intensive,” and “Highly Intensive” Housing

**Other Barriers to
Housing Production**
(continued)

Inability to obtain long-term commitments for services funding: “Supervised” and “intensive” housing projects cannot remain viable over time without the ongoing provision of needed support services. In the past, VHDA has relied on formal memoranda of understandings with DMHMRSAS and community services boards to ensure long-term service commitments. However, future budgetary uncertainties have made it increasingly difficult to obtain the types of assurances of ongoing funding for services that are needed in order for VHDA to enter into long-term mortgage lending agreements.

Inadequate delivery system: The traditional rental housing industry has not, by and large, been interested in developing and operating “supervised” or “intensive” housing. In many areas of the state there is an inadequate supply of experienced housing providers able and willing to develop these types of housing facilities. Even if the funding resources are put in place to develop “supervised” and “intensive” housing, it will take time and technical assistance to develop a delivery system capable of significant levels of production.

Local “NIMBYism”: A final barrier to the financing of “supervised” and “intensive” housing is the level of “NIMBY” (“not in my back yard”) feelings prevalent in communities throughout the Commonwealth, which frequently stymie efforts of sponsoring groups to obtain necessary local regulatory approvals. The impediments and frustrations experienced by housing sponsors reinforce the reluctance of most segments of the housing development industry to become involved in addressing the need for “supervised” and “intensive” housing for people with disabilities.

Part II – Barrier-Free and Accessible Housing

Barrier-Free and Accessible Rental Housing

Barrier-Free and Accessible Housing is a Pre-Condition to Independent Living for Many Disabled People

The ability to obtain barrier-free or accessible housing is a precondition to independent living for many people with physical disabilities. Therefore, Virginia has placed regulatory requirements on multifamily housing construction under the Uniform Statewide Building Code in order to provide for an adequate supply of barrier-free and accessible rental units. Initially in 1975, the Uniform Code required reasonable accommodations for accessibility in apartment buildings of more than 20 units. Beginning in 1981, specific percentages of units in multifamily developments have been required to be accessible. In 1990, the Uniform Code set two separate requirements: (1) a small percentage of units must be barrier-free; and (2) a much larger share of units (mainly ground floor units) must meet minimum accessibility/adaptability standards.

There Continues to be an Effective Shortage of Barrier-Free and Accessible Rental Units

Virtually all of the barrier-free and accessible rental housing units developed in Virginia over the past two decades have been created as a result of the regulatory requirements in the Uniform Statewide Building Code and, to a lesser extent, additional requirements of federal housing subsidy programs intended to specifically serve disabled people. Analysis of data on local residential building permit issuance shows that most of the barrier-free and accessible units are concentrated in the three large metropolitan areas of the state (i.e., Northern Virginia, Richmond-Petersburg, and Hampton Roads). Only a relatively small number of barrier-free and accessible units have been developed in smaller urban areas and non-metropolitan areas where a larger share of rental housing is comprised of single-family homes that are not subject to building code accessibility requirements.

In metropolitan housing markets, a majority of new and rehabilitated units have been developed conventionally at rents that, generally, are not affordable to people with disabilities. Many of those units are likewise unavailable to Section 8 rent subsidy recipients either because their rents exceed the HUD Fair Market Rent (FMR) or because the landlord has chosen not to participate in the Section 8 tenant-based subsidy program.* In addition, many of those rental units are located in newly developing areas on the fringe of metropolitan markets in locations that lack public transportation and ready access to the services that disabled people require. Therefore, even in metropolitan housing markets where there are a significant and growing number of barrier-free and accessible units, those units frequently do not meet the location and cost requirements of disabled people.

The 1990 changes to the Uniform Statewide Building Code considerably increased the number of minimally accessible units being developed in all geographic areas. However, as with barrier-free and more fully accessible units, the cost of those units remains a major obstacle for disabled people.

*In most housing markets, units available for rent to Section 8 tenant-based program participants are disproportionately found in the older stock of moderate-priced rental housing.

Part II – Barrier-Free and Accessible Housing

Barrier-Free and Accessible Rental Housing

Changes in the Building Code do not Appear Warranted...

It is unlikely that further changes to the Uniform Statewide Building Code would change this reality. Over time, the effective shortage of barrier-free and accessible rental units will gradually change as: (1) more rental housing is built in small urban areas and non-metropolitan areas; (2) developing suburbs continue to mature and increase in density; and (3) recently constructed rental housing filters downward in price relative to newer housing, thereby becoming more affordable and likely to be available to Section 8 tenant-based program participants.

...but, Incentives or Requirements in State Multifamily Housing Programs Should be Explored

Nevertheless, today, the location and cost of barrier-free and accessible rental housing units continues to inhibit ready access by much of Virginia's physically disabled population. Therefore, VHDA and DHCD need to explore whether further accessibility incentives or requirements are warranted in the Low-Income Housing Tax Credit program, and Virginia Housing Fund and Virginia Housing Partnership Fund multifamily loan programs in order to accelerate the production of affordable barrier-free and accessible rental units.

Home Modification

Home Modifications Enable Disabled People to Maintain Homeownership

The ability of disabled homeowners to make necessary home modifications to remove barriers or install assistive technologies is an essential factor in maintaining their independence. This need exists within all age groups, but is most pressing among the growing elderly population who frequently own their homes free and clear of any debt and prefer to continue "aging in place" rather than being forced into alternative residential settings which they do not want and frequently cannot afford.

Reverse Mortgages Enable Low Income Elderly Homeowners to Make Needed Home Modifications

Until recently, VHDA offered reverse mortgage loans which can be used by very low-income disabled elderly homeowners to make home modifications without any loan repayment being due until the borrower dies or chooses to sell their home. VHDA was a national pioneer in reverse mortgage lending having developed a pilot loan program in 1989 in partnership with the Department for the Aging and area agencies on aging that became one of the models for HUD's current national program.

Following the initiation by HUD of the Home Equity Conversion Mortgage (HECM) program, VHDA reconsidered its appropriate role in reverse mortgage lending and concluded that there was a need to stimulate the involvement of private lenders in originating HECM loans. VHDA initially offered HECM loans using private lenders as originating agents, with the idea that as the market for HECM loans grew, and through VHDA-sponsored lender training and program outreach, those lenders would ultimately choose to originate HECM loans directly. At the end of 1998, VHDA concluded that success had been achieved in that private lenders now appeared to be adequately serving the need and demand for reverse mortgages in Virginia. Therefore, VHDA has withdrawn from reverse mortgage lending.

Part II – Barrier-Free and Accessible Housing

Home Modification

At Present, Limited DHCD and VHDA Resources are Available for Home Modification

It is DHCD's and VHDA's experience that traditional amortizing home improvement loan programs serving low-income people are difficult to adequately fund and administer at the state level. The primary resources available for this purpose are the Virginia Housing Partnership Fund, the Virginia Housing Fund and federal HOME program funds, all of which are limited in size and are relied on to fund a variety of competing priorities. VHDA and DHCD have found it costly and inefficient to directly administer home improvement programs due to the need for a local entity to conduct marketing/outreach activities, accept loan applications, carry out site inspections, and monitor construction work. The relatively low volume of funds available for such programs has limited the interest of private lenders in serving as lending agents. The most successful and cost-effective state-level programs have used local nonprofit or governmental entities to carry out program administration with funds allocated or loaned to them through a line-of-credit by VHDA or DHCD. Such programs require strong local administering organizations and sufficient funding levels to enable each local administrator to achieve minimum economies of scale.

At present, DHCD has chosen to prioritize Virginia Housing Partnership Fund and federal HOME funds for use in addressing home repair needs related to the installation of indoor plumbing facilities, which continues to be a high state priority. Currently, VHDA has prioritized Virginia Housing Fund monies for use in home purchase assistance and rental housing development programs. VHDA directly administers a very small HUD-insured home improvement loan program funded with agency reserve monies. That program has been used by people with physical disabilities to finance home modifications, but the aggregate number of such loans has been small.

ATLFA Lacks Sufficient Capital to Address Home Modification Needs

The Assistive Technology Loan Fund Authority has made home modifications an eligible use of its funds and is developing a statewide loan distribution and marketing system in partnership with Crestar Bank. However, at present, it lacks sufficient capital to make a significant volume of loans, particularly loans for home modifications which have a higher average balance than other ATLFA loans.

DHCD, VHDA and ATLFA Should Cooperatively Seek Ways to Efficiently Expand Lending for Home Modifications

The experience of DHCD, VHDA and ATLFA has been that, due to the low income of disabled homeowners, home modification loan programs must carry a low interest rate in order to reach more than a small number of disabled borrowers. Therefore, expansion of lending programs providing home modification loans will have to rely on the identification of new sources of loan subsidy or the reconsideration of current priorities for use of existing state agency subsidized lending resources. DHCD, VHDA and ATLFA should cooperatively seek ways of efficiently leveraging existing program capital with non-state resources in order to jointly expand assistance for home modification. To this end, VHDA has initiated discussions with ATLFA staff regarding alternative means for gaining increased capital to fund ATLFA's home modification loans.

Part III – Home Purchase

Overcoming Unique Barriers to Homeownership

People with Disabilities Face Unique Barriers to Homeownership

While very low income is the primary barrier facing people with disabilities in achieving homeownership, there are a number of unique barriers they face that may not be experienced by other people of low income. These include, but are not limited to, the following.

Ongoing reliance on non-traditional sources of income. Many disabled people rely heavily on non-wage income. The types of non-traditional income sources on which they depend to supplement limited wage earnings—e.g., SSI, private disability insurance payments and family support—can create many unique underwriting issues that make qualification for home mortgage financing very difficult. For many, overcoming these barriers may depend on access to special home purchase loan programs with underwriting criteria that are sufficiently flexible to fairly measure a disabled borrower's ability to repay a loan.

Affordable financing for needed home modifications. Frequently, would-be disabled homebuyers discover that the cost of needed home modifications, when added to the asking price for the home, exceed the home's appraised value. Therefore, finding an affordable means for financing needed home modifications can become a major barrier to home purchase.

Dependence on support services to maintain an independent household. Some disabled persons require ongoing supportive services without which they are unable to maintain an independent household. Ensuring ongoing access to and provision of such services is critical to their being able to qualify for and repay a home mortgage loan.

Competency issues for people with mental developmental disabilities. There are a number of unique competency issues which must be dealt with and overcome before some people with mental or developmental disabilities are able to incur mortgage debt.

In a Number of States, "Home of Your Own" Partnerships are Overcoming These Barriers

In a number of states, state and local mental health and/or physical disability service agencies and state housing finance agencies are working in partnership with the national "Home of Your Own Alliance" to develop special home purchase programs designed specifically to assist low-income people with disabilities overcome unique barriers to homeownership. The programs being developed require a substantial commitment and effort on the part of human service agencies and state housing finance agencies in order to develop feasible underwriting guidelines, resolve a variety of legal issues and ensure the ongoing provision of necessary support services to disabled homebuyers.

To date, only limited consideration has been given to the opportunity to create these kinds of partnership programs in Virginia. The primary barrier to pursuing these options appears to have been other conflicting priorities of the various organizations and entities needing to commit to a partnership, and the lack of a structure for bringing various potential partners together.

Part IV – SJR 159/456 Conclusions and Recommendations

Feasibility of a Special Capital Fund

There is a Need for Subsidized Mortgage Capital

A number of unmet needs for subsidized mortgage capital have been identified in this report. Subsidized mortgage capital is needed to:

- fund “supervised,” “intensive” and “highly intensive” rental housing for people with mental, physical and sensory disabilities
 - support the expansion of home modification loan programs
 - support special home purchase initiatives serving people with disabilities
-

Further Analysis Should be Made of the Demand for Specific Types of Subsidized Mortgage Capital

There are diverse needs for specific types of subsidized mortgage capital, and the level of demand for each has not yet been quantified. In addition, each of the differing needs requires the development of programs involving partnerships—either between VHDA/DHCD and the agencies providing and/or funding support services (rental and home purchase programs) or between VHDA/DHCD and local administering entities (home modification loan programs). Therefore, it is premature to recommend the creation of a special capital fund(s) until: (1) differing needs are prioritized; and (2) program structures/partnerships are defined with sufficient specificity that funding/resource gaps can be identified and quantified.

Addressing Unmet Need for Subsidized Mortgage Capital

Some unmet needs could be served by redirecting a portion of existing VHDA and DHCD resources. This would require a broad review of current funding priorities and the concurrence and buy-in of other impacted resource users. The development of a new Consolidated Housing and Economic Development Plan for Virginia in 2000 provides the opportunity for such a review to occur. There may also be opportunities for VHDA and DHCD to help leverage the resources of ATLFA and the Rehabilitative Services Incentive Fund in order to maximize the use of non-state funds. For other unmet needs, it may become necessary to recommend new state appropriations.

The recommendations of the SJR 159 and SJR 456 study groups are intended to create a structure through which further needed analysis and planning can occur and specific recommendations can be brought to the Governor and the General Assembly for review and action.

Development of Formal Interagency Commitments

There Should be a Formal Interagency Commitment to Addressing Unmet Housing Needs of People with Disabilities

The housing needs of people with disabilities are complex and cannot be addressed without the commitment of substantial resources in addition to mortgage capital. State-level control and management of the array of required resources is fragmented among multiple disability agencies (DMHMRSAS, DRS, DVH and DDHH) and housing agencies (VHDA and DHCD). Therefore, a formal interagency commitment to addressing the unmet housing needs of people with disabilities is needed in order for workable housing initiatives to be structured, the full array of required resources to be allocated/appropriated, and program implementation coordinated in a manner that can achieve success.

Part IV – SJR 159/456 Conclusions and Recommendations

Development of Formal Interagency Commitments

Interagency Partnerships Should Include Local Agencies

The past experience of DMHMRSAS and VHDA has shown that formal partnerships and agreements between state-level agencies are not fully effective unless local agencies are involved as full partners. Funding for MH/MR/SA residential support services—a significant portion of which is provided from local sources—is administered by local community services boards. Likewise, local centers for independent living play an important role in the delivery of residential support services for persons with physical and sensory disabilities, and DSBs have an important role to play in defining their needs. In urban localities, a substantial portion of the federal subsidies available for addressing the housing needs of people with disabilities are administered by local government departments and housing authorities. A structure and process need to be developed to include these agencies as full partners in program planning and implementation.

Study Recommendations

Recommendation #1 *Create an Ongoing Interagency Council to Develop and Coordinate Housing Initiatives for People with Mental Disabilities and Substance Abuse Problems*

DMHMRSAS, VHDA and DHCD concur with the recommendation of the HJR 225 Joint Subcommittee that the formation of an ongoing interagency council is an appropriate vehicle for securing the commitment of state-level agencies to design and implement initiatives that address the housing needs of people with mental disabilities and substance abuse problems. DMHMRSAS, VHDA and DHCD also believe that such a council should be comprised of representatives of CSBs, local governments and housing authorities in order to build a strong partnership between state and local organizations with a responsibility for addressing this need.

Recommendation #1: *The Secretaries of Health and Human Resources and Commerce and Trade should establish an ongoing interagency council comprised of representatives of DMHMRSAS, VHDA, DHCD, CSBs, local governments and housing authorities. The council should be given the following specific charge.*

- *Develop specific recommendations for new program initiatives to address the housing needs of persons with mental disabilities and substance abuse problems including an identification of existing capital funds, subsidies and other resources available to be allocated to such initiatives, and a review of the need for new funding requiring state appropriation, such as a supplement to SSI*
 - *Design and implement specific programs and initiatives, and coordinate and oversee their implementation*
 - *Seek ways to: coordinate the use of Section 8 tenant-based assistance to increase service to mentally disabled persons and increase the involvement of community services boards in the administration of subsidies and coordination of services to mentally disabled program participants*
 - *Prepare an annual report to the Governor and the General Assembly on progress made and legislative actions required*
-

Part IV – SJR 159/456 Conclusions and Recommendations

Study Recommendations

Recommendation #2 The SJR 159 study group found that further analysis should be made of the demand for specific types of subsidized mortgage capital. A key part of the analysis needs to be a review of the housing program and funding priorities of CSBs and the structure and capacity of the current system for delivering housing services in each CSB area. Timely completion of such an analysis by the SJR 159 study team would enable a new interagency council on MH/MR/SA housing (Recommendation #1) to move forward more quickly in developing specific program and funding recommendations.

Analyze the Housing Program & Funding Priorities of CSBs, and the Structure and Capacity of the Housing Services Delivery System in Each CSB Area

Recommendation #2: *The SJR 159 study group, as part of its unfinished business, should conduct an analysis of CSB housing program and funding priorities and the structure and capacity of the current system for delivering housing services in each CSB area. Upon completion, the study group should summarize its findings and submit them to the interagency council on MH/MR/SA housing for review and action.*

Recommendation #3 VHDA and DHCD concur that an ongoing interagency council is also the appropriate vehicle for securing the commitment of state-level agencies to design and implement initiatives that address the housing needs of people with physical and sensory disabilities. The council should be comprised of representatives of VHDA, DHCD, DRS, DVH, DDHH, VBPD, the Disability Services Council, ATLFA, DSBs, CILs, local governments, and housing authorities in order to build a strong partnership between state and local organizations with a responsibility for addressing this need.

Create an Ongoing Interagency Council to Develop and Coordinate Housing Initiatives for People with Physical and Sensory Disabilities

Recommendation #3: *The Secretaries of Health and Human Resources and Commerce and Trade should establish an ongoing interagency council comprised of representatives of VHDA, DHCD, DRS, DVH, DDHH, VBPD, the Disability Services Council, ATLFA, DSBs, CILs, local governments, and housing authorities. The council should be given the following specific charge.*

- *Develop specific recommendations for new initiatives to address the housing needs of people with physical and sensory disabilities including an identification of existing capital funds, subsidies and other resources available to be allocated to such initiatives, and a review of the need for new funding requiring state appropriation, such as a supplement to SSI*
 - *Seek means for leveraging the resources of ATLFA and the Rehabilitative Services Incentive Fund to address housing needs*
 - *Design and implement specific housing programs and initiatives, and coordinate and oversee their implementation*
 - *Seek ways to: coordinate the use of Section 8 tenant-based assistance to increase service to physically/sensory disabled persons and increase the involvement of centers for independent living in the administration of subsidies and coordination of services to physically/sensory disabled program participants*
 - *Prepare an annual report to the Governor and the General Assembly on progress made and legislative actions required*
-

Appendix A — SJR 159 and SJR 456 Study Resolutions

SENATE JOINT RESOLUTION NO. 159

Requesting the Secretaries of Administration, Commerce and Trade, and Health and Human Resources to study the feasibility of creating a residential alternatives capital fund to address the housing needs of persons with mental disabilities and substance abuse problems.

Agreed to by the Senate, February 13, 1998

Agreed to by the House of Delegates, March 12, 1998

WHEREAS, the Comprehensive State Plan for 1998-2004, as developed by the Department of Mental Health, Mental Retardation and Substance Abuse Services and the community services boards (CSB), indicates that over 11,700 individuals are on CSB waiting lists for residential services or are known by name as people who need housing; and

WHEREAS, there may be others who need housing who are not currently receiving CSB services or who have not attempted to access those services; and

WHEREAS, housing is critical to the current plans and goals to release from institutions those individuals who are identified as ready and willing to go to community programs, as well as to maintain those who are eligible for community programs; and

WHEREAS, in addition to adult care residences, Virginia has relied in large part on federal HUD resources to develop special-needs housing; and

WHEREAS, renewals of existing Section 8 (rental assistance) projects will consume most of HUD's budget over the next five years and the HUD 811 (housing for people with disabilities) program is dwindling; and

WHEREAS, Virginia needs to address these immediate housing shortage problems, as well as plan for housing thousands of people who currently need housing, are now living with aging caregivers, or will be discharged as state facilities are downsized; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Secretaries of Administration, Commerce and Trade, and Health and Human Resources be requested to study the feasibility of creating a residential alternatives capital fund to address the housing needs of persons with mental disabilities and substance abuse problems.

The Secretaries shall complete their study and make their recommendations to the Senate Finance and House Appropriations Committees prior to the 1999 Session of the General Assembly. The Secretaries shall complete their work in time to submit their findings and recommendations to the Governor and the 1999 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Appendix A — SJR 159 and SJR 456 Study Resolutions

SENATE JOINT RESOLUTION NO. 456

Requesting the Virginia Housing Development Authority and the Department of Housing and Community Development, in consultation with the Disability Commission, to develop a plan to increase their efforts to acquire and creatively use available funds in order to increase Virginia's accessible and affordable housing stock and community-based supports for all Virginians with disabilities.

Agreed to by the Senate, February 9, 1999

Agreed to by the House of Delegates, February 23, 1999

WHEREAS, according to recent statistics from the Virginia Board for People with Disabilities, there are approximately 1.5 million Virginians who have some type of disabling condition; and

WHEREAS, the Joint Subcommittee Evaluating the Future Delivery of Publicly Funded Mental Health, Mental Retardation and Substance Abuse Services pursuant to House Joint Resolution No. 240 (1996) found that the lack of community-based housing is one of the major barriers to independence and increased quality of life for persons with mental illness, mental retardation and substance abuse problems; and

WHEREAS, disability services boards across the Commonwealth cite affordable housing as one of the greatest needs for persons with mobility and sensory disabilities; and

WHEREAS, the federal government, through the Department of Housing and Urban Development, has recently made available to the states significant new funds for vouchers and other housing supports; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Virginia Housing Development Authority and the Department of Housing and Community Development, in consultation with the Disability Commission, be requested to develop a plan to increase their efforts to acquire and creatively use available funds in order to increase Virginia's accessible and affordable housing stock and community-based supports for all Virginians with disabilities. The plan shall include an analysis of current efforts on the part of the Virginia Housing Development Authority, the Department of Housing and Community Development and local housing authorities to acquire and use funds to house Virginians with disabilities.

All agencies of the Commonwealth shall provide assistance to the Virginia Housing Development Authority and the Department of Housing and Community Development for this study, upon request.

The Virginia Housing Development Authority and the Department of Housing and Community Development shall complete their work by December 1, 1999, and submit their findings and recommendations to the Governor and the 2000 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Appendix B — Housing Needs of People with Mental Disabilities and Substance Abuse Problems

Comprehensive State Plan Data on Housing Needs

There were almost 25,000 people on CSB waiting lists as of June 1, 1999. A majority of these people are in living situations that, at least for the time being, are generally stable. However, many are living in unstable or inappropriate arrangements that require housing assistance. These include people who are:

- homeless
- currently living in an institution
- living alone (without CSB residential services)
- living with non-relatives in what is considered to be an unstable living arrangement
- living with aged caregivers

People Waiting for CSB Residential Services Only

As of June 1, 1999, there are 3,113 people on CSB waiting lists just for residential services, who need a highly intensive, intensive, or supervised level of residential service.

People Waiting for Beds in Congregate Programs				
Level of Residential Service	MH	MR	SA	Total
• Highly Intensive	170	167	263	600
• Intensive	307	488	621	1,416
• Supervised	396	565	136	1,097
• All Congregate Programs	873	1,220	1,020	3,113

There are another 1,758 people on CSB waiting lists who need just supportive residential services. Supportive residential services are provided to consumers in regular housing of their choice.

People Waiting for Supportive Residential Services Only				
Level of Residential Service	MH	MR	SA	Total
• Supportive	1,067	559	132	1,758

In total, as of June 1, 1999, 4,871 people are waiting for residential services only.

Total People Waiting for Residential Services Only				
Level of Residential Service	MH	MR	SA	Total
• All Levels of Residential Service	1,940	1,779	1,152	4,871

Appendix B — Housing Needs of People with Mental Disabilities and Substance Abuse Problems

Comprehensive State Plan Data on Housing Needs

People Needing a Full Range of CSB Services

People in Unstable Living Situations and Waiting for a Full Range of CSB Services				
Current Living Situation	MH	MR	SA	Total
• Are Homeless or In an Institution	831	98	1,184	2,113
• Are in a Private Residence, Alone or with Non-Relatives in an Unstable Living Arrangement	361	9	104	474
• Are in a Private Residence with a Related Caregiver Age 70 or Older	136	168	0	304
• Total Needing a Full Range of Services	1,328	275	1,288	2,891

Total Needing Housing and Residential Services

When these additional people are taken into account, the total in need exceeds 7,700.

Type of Housing and Residential Service Need	MH	MR	SA	Total
• All Types of Need	3,268	2,054	2,440	7,762

Need for Additional Congregate Beds

The number of additional housing units needed by persons waiting for Supportive or Full-Array Services is unknown, but the number of beds needed to serve people waiting for congregate-type residential services can be estimated from historical utilization rates per CSB.¹

Estimated Number of Congregate Program Beds Required				
Level of Residential Service	MH	MR	SA	Total
• Highly Intensive	17	163	26	206
• Intensive	174	547	119	841
• Supervised	244	434	68	746
• All Congregate Programs	436	1,145	213	1,794

¹Utilization rates per CSB from FY 1998. In those cases where a CSB has a current waiting list for a residential service that was not in operation in FY 98, the statewide average rate was applied. Some numbers may not sum to totals due to rounding error.

Appendix B — Housing Needs of People with Mental Disabilities and Substance Abuse Problems

Comprehensive State Plan Data on Housing Needs

MH Residential Waiting List

Community Services Board	Highly intensive	Intensive	Supervised	Supportive	Total
Harrisonburg-Rockingham Community Services Board	2	2	3	2	9
Northwestern Community Services	1	5	13	15	34
Rappahannock Area Community Services Board	3	2	7	18	30
Rappahannock-Rapidan Community Services Board	3	10	6	30	49
Region Ten Community Services Board	2	8	25	45	80
Rockbridge Area Community Services Board	2	4	7	32	45
Valley Community Services Board	4	10	1	4	19
Total Region I	17	41	62	146	266
Alexandria Community Services Board			2	4	6
Arlington County Community Services Board	10	6	21	56	93
Fairfax-Falls Church Community Services Board	16	50	54	115	235
Loudoun County Community Services Board	3		5	17	25
Prince William County Community Services Board	13	13	14	13	53
Total Region II	42	69	96	205	412
Alleghany-Highland Community Services Board	2	2		9	13
Blue Ridge Community Services		2		1	3
Central Virginia Community Services	14	13	5	5	37
Cumberland Mountain Community Services	7	9	2	5	23
Danville-Pittsylvania Mental Health Services Board	4	2	3	8	17
Dickenson County Community Services Board	1	1	2	5	9
Highlands Community Services Board	1	3		37	41
Mount Rogers Community MH & MR Services Board		2	2	6	10
New River Valley Community Services Board	2	19	36	109	166
Piedmont Community Services		1	4		5
Planning District 1 Community Services Board		8	13	29	50
Total Region III	31	62	67	214	374
Chesterfield Community Services Board	8	15		28	51
Crossroads Services Board	1				1
District 19 Community Services Board	2	9	15	40	66
Goochland-Powhatan Community Services Board		3	3	3	9
Hanover County Community Services Board			1	1	2
Henrico Area MH & R Services Board	23	22	43	209	297
Richmond Behavioral Health Authority	6	1	4		11
Southside Community Service Board					
Total Region IV	40	50	66	281	437
Chesapeake Community Services Board	5	1	8	4	18
Colonial MH & MR Services	1	1	2	7	11
Eastern Shore Community Services Board	4	8	13	5	30
Hampton-Newport News Community Services Board	1	10	5	43	59
Middle Peninsula-Northern Neck Community Services Board	5				5
Norfolk Community Services Board	9	14	36	48	107
Portsmouth Community Services Board	2	2	8	16	28
Virginia Beach Community Services Board	10	46	23	74	153
Western Tidewater Community Services Board	3	3	10	24	40
Total Region V	40	85	105	221	451
Statewide Total	170	307	396	1,067	1,940

Appendix B — Housing Needs of People with Mental Disabilities and Substance Abuse Problems

Comprehensive State Plan Data on Housing Needs

MR Residential Waiting List

Community Services Board	Highly intensive	Intensive	Supervised	Supportive	Total
Harrisonburg-Rockingham Community Services Board	1	9	6	10	26
Northwestern Community Services	7	12	5	7	31
Rappahannock Area Community Services Board	2	16	9	11	38
Rappahannock-Rapidan Community Services Board	3	16	17	10	46
Region Ten Community Services Board	9	18	11	12	50
Rockbridge Area Community Services Board		4	6	2	12
Valley Community Services Board	19	15	23	9	66
Total Region I	41	90	77	61	269
Alexandria Community Services Board	3	3	2	4	12
Arlington County Community Services Board		6	24	14	44
Fairfax-Falls Church Community Services Board	1	150	190	140	481
Loudoun County Community Services Board		8	11	39	58
Prince William County Community Services Board	2	28	17	1	48
Total Region II	6	195	244	198	643
Alleghany-Highland Community Services Board	2	5		2	9
Blue Ridge Community Services	10	9	21	17	57
Central Virginia Community Services	3	7	4	33	47
Cumberland Mountain Community Services	1	7	8	8	24
Danville-Pittsylvania Mental Health Services Board	2	5	23	7	37
Dickenson County Community Services Board					
Highlands Community Services Board	1	2	2	3	8
Mount Rogers Community MH & MR Services Board		4	2	4	10
New River Valley Community Services Board	1	7	5	10	23
Piedmont Community Services			2	2	4
Planning District 1 Community Services Board	5	17	5	1	28
Total Region III	25	63	72	87	247
Chesterfield Community Services Board	6	10	28		44
Crossroads Services Board		1	2	13	16
District 19 Community Services Board	5	6	7	1	19
Goochland-Powhatan Community Services Board	9	5		2	16
Hanover County Community Services Board	7	8	10	37	62
Henrico Area MH & R Services Board	6	12	16	16	50
Richmond Behavioral Health Authority	26	27	14	20	87
Southside Community Service Board			1		1
Total Region IV	59	69	78	89	295
Chesapeake Community Services Board		11	22	16	49
Colonial MH & MR Services	1				1
Eastern Shore Community Services Board	1	1	2		4
Hampton-Newport News Community Services Board	4	22	12	7	45
Middle Peninsula-Northern Neck Community Services Board	2	7	7	6	22
Norfolk Community Services Board	12	13	1	5	31
Portsmouth Community Services Board			5	6	11
Virginia Beach Community Services Board	11	10	28	66	115
Western Tidewater Community Services Board	5	7	17	18	47
Total Region V	36	71	94	124	325
Statewide Total	167	488	565	559	1,779

Appendix B — Housing Needs of People with Mental Disabilities and Substance Abuse Problems

Comprehensive State Plan Data on Housing Needs

SA Residential Waiting List

Community Services Board	Highly intensive	Intensive	Supervised	Supportive	Total
Harrisonburg-Rockingham Community Services Board		1			1
Northwestern Community Services	1	10	3	1	15
Rappahannock Area Community Services Board	2	9	2	1	14
Rappahannock-Rapidan Community Services Board	1	4	2	2	9
Region Ten Community Services Board	25	21	11	8	65
Rockbridge Area Community Services Board	1	3	2		6
Valley Community Services Board	3	2	2	8	15
Total Region I	33	50	22	20	125
Alexandria Community Services Board		3	7		10
Arlington County Community Services Board	3	1	4	2	10
Fairfax-Falls Church Community Services Board	87	191	23	8	309
Loudoun County Community Services Board	3	8	5		16
Prince William County Community Services Board	1	2	4	7	14
Total Region II	94	205	43	17	359
Alleghany-Highland Community Services Board		2			2
Blue Ridge Community Services	5	73	1	5	84
Central Virginia Community Services	24	11			35
Cumberland Mountain Community Services					
Danville-Pittsylvania Mental Health Services Board	5	3	2	1	11
Dickenson County Community Services Board		3			3
Highlands Community Services Board	1	2			3
Mount Rogers Community MH & MR Services Board			2		2
New River Valley Community Services Board	2	23	8	1	34
Piedmont Community Services					
Planning District 1 Community Services Board					
Total Region III	37	117	13	7	174
Chesterfield Community Services Board	13	32	11	17	73
Crossroads Services Board	1			2	3
District 19 Community Services Board	27	4	2	1	34
Goochland-Powhatan Community Services Board			1		1
Hanover County Community Services Board					
Henrico Area MH & R Services Board	23	9	12	47	91
Richmond Behavioral Health Authority	17	21	12	2	52
Southside Community Service Board					
Total Region IV	81	66	38	69	254
Chesapeake Community Services Board					
Colonial MH & MR Services					
Eastern Shore Community Services Board	5	7		1	13
Hampton-Newport News Community Services Board		106	3	5	114
Middle Peninsula-Northern Neck Community Services Board	2	4	3	1	10
Norfolk Community Services Board	1		7	1	9
Portsmouth Community Services Board	2		1	1	4
Virginia Beach Community Services Board	2	60	3	10	75
Western Tidewater Community Services Board	6	6	3		15
Total Region V	18	183	20	19	240
Statewide Total	263	621	136	132	1,152

Appendix B — Housing Needs of People with Mental Disabilities and Substance Abuse Problems

Comprehensive State Plan Data on Housing Needs

Persons on Waiting Lists Who are Homeless or At Risk of Becoming Homeless

Community Services Board	Homeless	In an Institution (Hospital, Jail, Other)	Alone or with Non-Relatives in an Unstable Private Living Arrangement	In Private Residence with Related Caregiver Age 70+	Total Homeless or at Imminent Risk of Becoming Homeless
Harrisonburg-Rockingham Community Services Board	14	19	13	32	78
Northwestern Community Services	8	7	29	12	56
Rappahannock Area Community Services Board	3	11	13	15	42
Rappahannock-Rapidan Community Services Board	9	27	25	18	79
Region Ten Community Services Board	21	57	51	51	180
Rockbridge Area Community Services Board	1	12	8	7	28
Valley Community Services Board	16	67	0	0	83
Total Region I	72	200	139	135	546
Alexandria Community Services Board	28	44	15	3	90
Arlington County Community Services Board	33	50	60	41	184
Fairfax-Falls Church Community Services Board	280	342	56	103	781
Loudoun County Community Services Board	3	13	4	7	27
Prince William County Community Services Board	22	20	15	10	67
Total Region II	366	469	150	164	1,149
Alleghany-Highland Community Services Board	0	0	2	7	9
Blue Ridge Community Services	19	79	63	27	188
Central Virginia Community Services	4	19	24	12	59
Cumberland Mountain Community Services	1	40	44	14	99
Danville-Pittsylvania Mental Health Services Board	2	29	28	20	79
Dickenson County Community Services Board	0	0	37	0	37
Highlands Community Services Board	4	1	13	9	27
Mount Rogers Community MH & MR Services Board	10	55	93	31	189
New River Valley Community Services Board	6	58	29	25	118
Planning District 1 Community Services Board	4	26	6	12	48
Total Region III	50	307	339	157	853
Chesterfield Community Services Board	5	25	26	18	74
Crossroads Services Board	2	9	19	16	46
District 19 Community Services Board	17	108	84	38	247
Goochland-Powhatan Community Services Board	0	6	1	10	17
Hanover County Community Services Board	4	6	18	18	46
Henrico Area MH & R Services Board	10	62	60	29	161
Richmond Behavioral Health Authority	26	149	25	16	216
Southside Community Services Board	0	0	0	11	11
Total Region IV	64	365	233	156	818
Chesapeake Community Services Board	2	8	0	0	10
Colonial MH & MR Services	1	11	8	10	30
Eastern Shore Community Services Board	6	9	12	6	33
Hampton-Newport News Community Services Board	22	163	18	31	234
Middle Peninsula-Northern Neck Community Services Board	4	3	10	17	34
Norfolk Community Services Board	18	24	10	24	76
Portsmouth Community Services Board	7	5	10	5	27
Virginia Beach Community Services Board	132	96	0	0	228
Tidewater Community Services Board	9	81	0	0	90
Total Region V	201	400	68	93	762
Statewide Total	753	1,741	929	705	4,128
Needing Residential or a Full Range of Services	50%	81%	82%	33%	

Appendix B — Housing Needs of People with Mental Disabilities and Substance Abuse Problems

Comprehensive State Plan Data on Housing Needs

Estimated Need for Additional MH Congregate Beds

Community Services Board	Highly Intensive	Intensive	Supervised	Total Beds
Harrisonburg-Rockingham Community Services Board	0.2	1.1	2.5	4
Northwestern Community Services	0.1	0.5	13.0	14
Rappahannock Area Community Services Board	0.3	1.1	4.4	6
Rappahannock-Rapidan Community Services Board	0.3	5.6	1.8	8
Region Ten Community Services Board	0.2	4.4	10.7	15
Rockbridge Area Community Services Board	0.2	2.2	3.5	6
Valley Community Services Board	0.4	5.6	0.3	6
Total Region I	2	21	36	59
Alexandria Community Services Board	0.0	0.0	1.0	1
Arlington County Community Services Board	0.4	9.4	13.3	23
Fairfax-Falls Church Community Services Board	1.8	27.2	13.2	42
Loudoun County Community Services Board	0.3	0.0	3.8	4
Prince William County Community Services Board	1.4	7.2	11.1	20
Total Region II	4	44	42	90
Alleghany-Highland Community Services Board	0.2	1.1	0.0	1
Blue Ridge Community Services	0.0	1.1	0.0	1
Central Virginia Community Services	1.5	7.2	4.3	13
Cumberland Mountain Community Services	0.8	5.0	0.6	6
Danville-Pittsylvania Mental Health Services Board	0.4	1.1	0.9	2
Dickenson County Community Services Board	0.1	0.6	1.1	2
Highlands Community Services Board	0.1	1.7	0.0	2
Mount Rogers Community MH & MR Services Board	0.0	1.1	2.0	3
New River Valley Community Services Board	0.2	10.6	28.0	39
Piedmont Community Services	0.0	0.7	1.2	2
Planning District 1 Community Services Board	0.0	4.4	0.1	5
Total Region III	3	35	38	76
Chesterfield Community Services Board	0.9	8.3	0.0	9
Crossroads Services Board	0.1	0.0	0.0	0
District 19 Community Services Board	0.2	5.0	4.4	10
Goochland-Powhatan Community Services Board	0.0	1.7	0.9	3
Hanover County Community Services Board	0.0	0.0	0.8	1
Henrico Area MH & R Services Board	2.5	12.2	32.3	47
Richmond Behavioral Health Authority	0.2	0.7	3.0	4
Southside Community Service Board	0.0	0.0	0.0	0
Total Region IV	4	28	41	73
Chesapeake Community Services Board	0.5	0.8	6.0	7
Colonial MH & MR Services	0.1	0.6	0.7	1
Eastern Shore Community Services Board	0.4	4.4	3.8	9
Hampton-Newport News Community Services Board	0.2	5.7	2.4	8
Middle Peninsula-Northern Neck Community Services Board	0.5	0.0	0.0	1
Norfolk Community Services Board	1.0	7.8	29.2	38
Portsmouth Community Services Board	0.2	1.1	5.1	6
Virginia Beach Community Services Board	1.1	25.6	23.0	50
Western Tidewater Community Services Board	0.3	1.7	16.0	18
Total Region V	4	48	86	138
Statewide Total	17	174	244	436

Appendix B — Housing Needs of People with Mental Disabilities and Substance Abuse Problems

Comprehensive State Plan Data on Housing Needs

Estimated Need for Additional MR Congregate Beds

Community Services Board	Highly Intensive	Intensive	Supervised	Total Beds
Harrisonburg-Rockingham Community Services Board	1.0	1.6	4.3	7
Northwestern Community Services	7.0	17.3	4.4	29
Rappahannock Area Community Services Board	2.0	14.4	6.5	23
Rappahannock-Rapidan Community Services Board	3.0	15.2	34.0	52
Region Ten Community Services Board	9.0	14.4	9.5	33
Rockbridge Area Community Services Board	0.0	4.2	4.3	9
Valley Community Services Board	19.0	13.9	16.4	49
Total Region I	41	81	79	201
Alexandria Community Services Board	3.0	2.9	2.0	8
Arlington County Community Services Board	0.0	6.8	25.5	32
Fairfax-Falls Church Community Services Board	1.0	222.9	123.9	348
Loudoun County Community Services Board	0.0	8.0	12.8	21
Prince William County Community Services Board	2.0	33.2	13.2	48
Total Region II	6	274	177	457
Alleghany-Highland Community Services Board	2.0	5.0	0.0	7
Blue Ridge Community Services	8.9	9.0	15.0	33
Central Virginia Community Services	2.6	4.9	2.9	10
Cumberland Mountain Community Services	1.0	6.7	9.3	17
Danville-Pittsylvania Mental Health Services Board	2.0	5.0	16.4	23
Dickenson County Community Services Board	0.0	0.0	0.0	0
Highlands Community Services Board	0.5	1.7	1.6	4
Mount Rogers Community MH & MR Services Board	0.0	4.0	1.4	5
New River Valley Community Services Board	1.0	6.8	3.6	11
Piedmont Community Services	0.0	0.0	1.4	1
Planning District 1 Community Services Board	3.8	14.2	0.4	18
Total Region III	22	57	52	131
Chesterfield Community Services Board	6.0	10.0	9.9	26
Crossroads Services Board	0.0	0.9	0.2	1
District 19 Community Services Board	5.0	6.0	5.0	16
Goochland-Powhatan Community Services Board	8.4	5.0	0.0	13
Hanover County Community Services Board	7.0	8.0	7.1	22
Henrico Area MH & R Services Board	6.0	12.0	4.4	22
Richmond Behavioral Health Authority	26.0	22.1	14.0	62
Southside Community Service Board	0.0	0.0	0.6	1
Total Region IV	58	64	41	164
Chesapeake Community Services Board	0.0	11.0	22.9	34
Colonial MH & MR Services	1.0	0.0	0.0	1
Eastern Shore Community Services Board	2.8	1.2	2.0	6
Hampton-Newport News Community Services Board	4.0	22.0	8.6	35
Middle Peninsula-Northern Neck Community Services Board	2.0	7.0	6.1	15
Norfolk Community Services Board	12.0	13.0	1.2	26
Portsmouth Community Services Board	0.0	0.0	4.6	5
Virginia Beach Community Services Board	9.5	8.6	25.2	43
Western Tidewater Community Services Board	5.0	8.4	13.6	27
Total Region V	36	71	84	192
Statewide Total	163	547	434	1,145

Appendix B — Housing Needs of People with Mental Disabilities and Substance Abuse Problems

Comprehensive State Plan Data on Housing Needs

Estimated Need for Additional SA Congregate Beds

Community Services Board	Highly Intensive	Intensive	Supervised	Total Beds
Harrisonburg-Rockingham Community Services Board	0.0	0.1	0.0	0
Northwestern Community Services	0.0	0.3	1.3	2
Rappahannock Area Community Services Board	0.1	0.8	0.9	2
Rappahannock-Rapidan Community Services Board	0.0	0.3	0.9	1
Region Ten Community Services Board	0.4	2.4	4.8	8
Rockbridge Area Community Services Board	0.0	0.4	0.9	1
Valley Community Services Board	0.1	0.6	0.9	2
Total Region I	1	5	10	15
Alexandria Community Services Board	0.0	0.6	3.1	4
Arlington County Community Services Board	0.1	0.2	1.6	2
Fairfax-Falls Church Community Services Board	1.7	59.5	10.0	71
Loudoun County Community Services Board	0.1	0.6	0.6	1
Prince William County Community Services Board	0.0	0.2	1.7	2
Total Region II	3	66	27	96
Alleghany-Highland Community Services Board	0.0	0.3	0.0	0
Blue Ridge Community Services	0.0	8.1	0.4	9
Central Virginia Community Services	0.3	0.7	0.0	1
Cumberland Mountain Community Services	0.0	0.0	0.0	0
Danville-Pittsylvania Mental Health Services Board	0.1	0.6	0.9	2
Dickenson County Community Services Board	0.0	0.7	0.0	1
Highlands Community Services Board	0.0	0.3	0.0	0
Mount Rogers Community MH & MR Services Board	0.0	0.0	0.9	1
New River Valley Community Services Board	0.1	2.5	3.5	6
Piedmont Community Services	0.0	0.0	0.0	0
Planning District 1 Community Services Board	0.0	0.0	0.0	0
Total Region III	1	13	6	19
Chesterfield Community Services Board	19.5	4.5	4.8	29
Crossroads Services Board	0.0	0.0	0.0	0
District 19 Community Services Board	0.7	0.2	0.9	2
Goochland-Powhatan Community Services Board	0.0	0.0	0.4	0
Hanover County Community Services Board	0.0	0.0	0.0	0
Henrico Area MH & R Services Board	0.8	2.7	4.6	8
Richmond Behavioral Health Authority	0.3	3.0	5.2	8
Southside Community Service Board	0.0	0.0	0.0	0
Total Region IV	21	10	16	48
Chesapeake Community Services Board	0.0	0.0	0.0	0
Colonial MH & MR Services	0.0	0.0	0.0	0
Eastern Shore Community Services Board	0.1	1.2	0.0	1
Hampton-Newport News Community Services Board	0.0	14.1	2.3	16
Middle Peninsula-Northern Neck Community Services Board	0.0	0.2	1.4	2
Norfolk Community Services Board	0.0	0.0	3.0	3
Portsmouth Community Services Board	0.1	0.0	0.4	0
Virginia Beach Community Services Board	0.0	8.1	1.8	10
Western Tidewater Community Services Board	0.2	0.7	1.3	2
Total Region V	0	24	10	35
Statewide Total	26	119	68	213

Appendix C — Housing Needs of People with Physical and Sensory Disabilities

The Disability Commission, as part of its comprehensive evaluation under SJR 170 of the needs of people with disabilities and the adequacy of state services to address those needs, has carried out a wide number of studies and activities that provide measures of the unmet needs of people with physical and sensory disabilities for affordable and accessible housing and residential support services. These included:

- Town meetings across the Commonwealth to receive direct input from people with disabilities
- A statewide survey of future needs of students with disabilities exiting public schools
- A needs assessment survey carried out with Disability Services Boards

Each of these studies and activities was comprehensive in scope and involved direct input from people with disabilities, their families and caregivers. Therefore, the SJR 456 study group, rather than attempting to duplicate these efforts, chose to rely on the Commission's finding related to unmet housing needs and to supplement that information with the perspective of persons and organizations involved in the delivery or coordination of housing and residential support services (see Appendices F and G). Following is a very brief summary of key findings resulting from the two needs surveys listed above. Additional findings are included in Appendix D.

1999 Disability Services Board Needs Assessment Survey Data

Housing Needs/ Problems	DRS Region						Statewide
	Central	Eastern	Northern	Southern	S.W.	Western	
Overall Level of Need							
Problems in finding a satisfactory place to live	31%	19%	38%	36%	16%	17%	29%
Specific Problems							
• Housing not available in desired location	57%	31%	12%	23%	0%	40%	16%
• Waiting list for housing assistance too long	14%	23%	13%	19%	33%	20%	18%
• Available housing too expensive	0%	15%	29%	31%	25%		24%
• Need for housing modifications	0%	0%	11%	8%	17%	20%	12%
• Need help taking care of residence	0%	8%	10%	15%	17%	20%	12%
• Need help taking care of self	14%	0%	9%	4%	0%	0%	8%

Note: Findings are based on information received from 572 completed surveys from people with disabilities across Virginia.

Appendix C — Housing Needs of People with Physical and Sensory Disabilities

Survey of Future Needs of Students with Disabilities Exiting Public Schools

Housing Needs	% Expressing Need
Overall Level of Need	
Expect student to need assistance with living arrangements	50%
Specific Anticipated Needs	
• Supervised Living	63%
• Subsidized Housing	54%
• Accessible Housing	34%
Student's Anticipated Living Arrangement in Five Years	
In a supervised living arrangement	
• At home with parents	41%
• Outside home in supervised living	15%
• Total supervised living	56%
In an independent living arrangement	
• Independent—No support services	28%
• Independent—Directing their own services	15%
• Total independent living	43%

Note: Findings are based on information received from 522 completed surveys from family members across Virginia.

Appendix D — Income and Employment Status of People with Disabilities

A recent joint report of the Technical Assistance Collaborative and the Consortium for Citizens with Disabilities Task Force¹ documents the income and employment challenges faced by people with disabilities.

- People with disabilities are among the lowest income households in the nation. In Virginia, SSI income is equivalent to 22.6% of the state one-person median income for 1998. The national average is 24.4%
- The Washington, D.C. Metropolitan Statistical Area, a metropolitan area that includes a large portion of Northern Virginia, is one of 44 national urban areas where the typical cost of renting a one-bedroom efficiency apartment exceeds 100% of SSI income.
- In terms of available income for housing, people with disabilities receiving SSI income are at a greater disadvantage than persons earning full-time minimum wage income. In Virginia, SSI income equates to an hourly wage rate of \$3.09.

Needs analyses by state human service agencies in Virginia have further documented the scope of the income and employment problems facing people with disabilities.

Income and Employment of People with Mental Disabilities

High unemployment rates and a lack of jobs for people with mental disabilities are major barriers to successful recovery, community integration, and financial independence. A recent report by DMHMRSAS outlines the employment challenges facing persons with disabilities.²

- In Virginia, adults with mental health disabilities experience high unemployment rates:
 - Adults with mental illness—85% unemployment
 - Adults with mental retardation—62% unemployment
 - Adults with substance abuse—55% unemployment
- In FY 1997, fewer than 2% of adults with serious mental illness served by Virginia CBSs received employment services.

Individualized supported employment services for persons with mental disabilities can be cost effective for taxpayers. Coordinated employment programs appear to result in greater employability for adults with serious mental illness and those with substance abuse problems. Nevertheless, significant barriers exist which impede the development and expansion of employment options for people with disabilities.

¹ Priced Out in 1998: The Housing Crisis for Persons with Disabilities. Technical Assistance Collaborative & Consortium for Citizens with Disabilities Task Force, Boston, MA & Washington, D.C., 2nd Edition, March 1999.

² Employability Needs of Persons with Serious Mental Illness, Mental Retardation, and Substance Abuse Problems. Senate Document No. 14. December, 1999. Commonwealth of Virginia.

Appendix D — Income and Employment Status of People with Disabilities

Federal regulations governing individual work incentives and health care benefits, time limits on supported employment services, Medicaid regulations that exclude reimbursement for vocational services, and a community services system that is more oriented toward transitional than supported employment are issues that must be addressed in order to maximize employment opportunities for people with disabilities.

Income and Employment of People with Physical and Sensory Disabilities

The following data on the employment and income status of people with physical and sensory disabilities was derived from comprehensive needs assessments conducted on behalf of the Disability Commission pursuant to SJR 170 (see Appendix C).

1999 Disability Services Board Needs Assessment Survey Data

Employment Status	DRS Region						
	Central	Eastern	Northern	Southern	S.W.	Western	Statewide
Working	37%	40%	34%	26%	16%	25%	30%
Not working	60%	47%	54%	69%	75%	61%	60%
Other	3%	13%	12%	5%	9%	14%	10%

Note: Findings are based on information received from 572 completed surveys from people with disabilities across Virginia.

Survey of Future Needs of Students with Disabilities Exiting Public Schools

Financial Needs	% Expressing Need
Overall Level of Need	
Expect student to need financial assistance as transitional support	50%
Specific Anticipated Needs	
• SSI/SSDI	90%
• General Public Assistance/Food Stamps	35%
Student's Anticipated Employment Situation in Five Years	
• Working Full-time	53%
• Working in Supported Employment	27%
• Working in Sheltered Employment	14%
• Working Part-time	14%
• Other Employment Situation	2%

Note: Findings are based on information received from 522 completed surveys from family members across Virginia

Appendix D — Income and Employment Status of People with Disabilities

The Magnitude of the Housing Cost / Income Gap

SSI Income Relative to Fair Market Rents

Disabled Virginians who receive only SSI are virtually excluded from the regular rental market of decent, safe housing because of cost. Supplemental Security Income (SSI) provides recipients \$494 per month, which, as noted earlier, is less than 23% of median income.

HUD annually establishes Fair Market Rents (FMRs) by unit bedroom size for local housing markets. FMRs are intended to represent the actual current level of rents charged for modest rental units. Currently, FMRs are set at a level that HUD estimates to represent the 40th percentile of local market rents.

The 2000 HUD FMR for a one-bedroom unit ranges from a high of \$716 per month in northern Virginia to a low of \$362 in the southern and western portions of the state. The statewide average monthly FMR per CSB service area is \$466, which is 94% of an SSI recipient's monthly income. Affordable housing is generally defined as housing costs that are at or below 30% of gross household income. Above that level people must forgo other necessary expenditures in order to meet their housing costs. For people in Virginia on SSI, a modest one-bedroom unit will cost between 73% and 145% of their monthly income.

1999 HUD FMRs in Virginia	1-bedroom Units	FMR Share of SSI Income	Annual FMR Housing Cost	30% of Annual SSI	Annual Rental Gap
Lowest FMR	\$362	73%	\$4,344	\$1,778	\$2,566
Highest FMR	\$716	145%	\$8,592	\$1,778	\$6,814

An affordability gap between what a disabled person can afford and prevailing rental costs for modest housing available in the general rental market can be expressed as an annual per-person cost of between \$2,566 and \$6,814, or between \$214 and \$568 per month.

SSI Income Relative to Rental Unit Debt Service and Operating Costs

A typical SSI recipient can only afford to make a monthly gross rental payment¹ of \$148 (30% of \$494 monthly SSI payment). This amount is insufficient to cover total operating costs plus utilities for a modest one-bedroom rental unit, even if the cost of debt service was eliminated altogether.² Therefore, a capital fund—of any type—cannot address the housing needs of SSI recipients unless it is linked with other rental/operating subsidies. This has been HUD's experience with the Section 811 and 202 programs where full capital grants have had to be linked to additional rental assistance subsidies in order to ensure coverage of project operating costs.

¹ Base rent plus a monthly allowance for basic utilities.

² Total per unit **minimal** operating costs plus utilities for a modest one-bedroom unit generally represent at least \$250 per month. This includes all landlord real estate related costs over and above debt service, including contributions to replacement reserves.

Appendix D — Income and Employment Status of People with Disabilities

Bridging the Housing Cost / Income Gap

Virginia's Auxiliary Grants Program

Most states (41) provide a variety of monetary supplements to the \$494 monthly SSI check that are tied to the type of residential setting in which a disabled person lives.¹ They include supplements for living independently (particularly in high-cost areas) and for varying levels of supported and supervised housing. Virginia provides two of these types of supplements. One is for Adult Family Care (a foster care type arrangement), but only a handful of people in the state receive this type of residential service. The other is for Adult Care Residences; over 4,000 people receive this type of supplement called the Auxiliary Grant (AG). By default, this is the only guaranteed housing assistance available in Virginia for people with disabilities, but it does not provide as much assistance as is needed:

- **Virginia's AG program does not benefit a significant portion of the population:** Of the states (31) that report enough information to the Social Security Administration to determine the percent of total population receiving SSI supplements, Virginia ranks 25th, covering 0.06% of the total population as compared to the national average 0.71%. Although Virginia's total population is 32% above the average among these states, its penetration rate into the disabled population is less than 10% of the average.
- **Monthly expenditures under the AG program are relatively small by comparison:** Of the states (26) that report enough information to approximate annual total per capita payments in SSI supplements, Virginia ranks 18th, providing \$2.04; less than one fifth of the average payment of \$11.76 per capita.
- **The AG program is effectively restricted to the ACR model of special-needs housing:** Virginia's average individual AG, reportedly \$283 per month (SSA, 1998), is 10% above the national average. It does not, however, provide a supplement that would support disabled people in the different types of non-ACR housing they need and want.
- **Many states provide SSI supplements to help meet other housing needs of disabled people:**
 - 25 states provide an average of \$85 per month for living alone
 - 21 states provide an average of \$68 per month for living with others
 - 23 states provide an average of \$224 per month for in-home and supervised housing
 - 11 states provide an average of \$432 per month for intensive levels of residential care

¹ State Assistance programs for SSI Recipients. Social Security Administration, Office of Research, Evaluation, and Statistics, January 1998.

Appendix D — Income and Employment Status of People with Disabilities

Bridging the Housing Cost / Income Gap

SSI Supplement for Other Community Based Housing

The average per-unit monthly operating costs (less fees) for CSBs residential programs in FY 1998 were subsidized in part by State and Federal MH, MR, and SA services funding. The remaining balance was covered by local funds:

FY 98 Monthly Program Costs	MH	MR	SA
Highly Intensive	\$3,904	\$90	\$2,982
Intensive	\$2,458	\$1,277	\$1,747
Supervised	\$914	\$819	\$505
Supportive	\$152	\$216	\$53
Average Per-Unit Net Costs	\$424	\$541	\$922
State & Federal MH/MR/SA	\$196	\$197	\$628
Local Funds (Avg. = \$289)	\$228	\$344	\$294

A state SSI supplement program targeted to SSI recipients living in these or similar residential programs, could help underwrite debt service and operating costs and offer choice among residential programs. As shown in the examples below, a State SSI supplement averaging around \$300 per month would expand access to existing community rental housing for participants in supportive housing programs and could be used to stimulate the expansion of housing resources for intensive and supervised housing programs.

	1-Bedroom/ 1 Person	2-Bedrooms/ 2 Persons	3-Bedrooms/ 3 Persons
• Estimated Richmond-Petersburg area average monthly gross rent*	\$483	\$563	\$783
• Amount of income available for gross rent**	<u>-\$148</u>	<u>-\$296</u>	<u>-\$444</u>
• Monthly rental gap	(\$335)	(\$267)	(\$339)

*90% of HUD's Fair Market Rent (FMR) is used as an estimate of average rent levels that would be experienced in an SSI supplement program that established a rent cap equal to the FMR for participants seeking to access existing community rental housing. The above example uses the FY 2000 FMRs for the Richmond-Petersburg metropolitan area as rough proxies for weighted averages of rent levels statewide. New and rehabilitated housing can be produced at comparable statewide average rents using subsidized mortgage capital.

**30% of each recipient's \$494 monthly SSI payment

Alternatively, an expanded AG program could help cover the SSI recipient's average monthly rental gap. In any case, an income supplement of some kind will be necessary for any capital fund to be feasible.

Appendix E — Housing Resources for People with Mental Disabilities and Substance Abuse Problems

Current Array of Housing for People with Mental Disabilities and Substance Abuse Problems

CSB Sponsored Housing

Community services boards provide four levels of residential care. The first, known as “highly Intensive” residential services, is currently provided in approximately 500 units. It includes short-term residential treatment, alternatives to hospitalization and substance abuse detoxification. The other three levels, “intensive,” “supervised,” and “supportive” residential services, are provided in approximately 8,900 housing units distinguished by the level of care and supervision provided. They include almost 2,800 beds in CSB controlled facilities with daily on-site supervision and individualized, varying levels of staff contact and support, to more than 6,000 clients residing in regular community housing.

CSB Residential Bed Capacity in FY 98				
Level of Residential Service	MH	MR	SA	Total
• Highly Intensive	68	206	212	486
• Intensive	180	734	721	1,635
• Supervised	563	463	114	1,140
• All Congregate Programs	811	1,403	1,047	3,261

Housing Serving CSB Supportive Clients in FY 98				
Level of Residential Service	MH	MR	SA	Total
• Supportive (clients living in community housing)	3,229	1,768	1,133	6,130

Total Housing Serving CSB Clients in FY 98				
Level of Residential Service	MH	MR	SA	Total
• All Levels of Residential Services	4,040	3,171	2,180	9,391

Residential Program beds are utilized at different rates. Generally, just one client fills each Mental Retardation bed year-round, while over three clients use each Mental Health bed. Substance Abuse Residential programs on the other hand, average 13 clients per bed, and Highly Intensive SA (detox) beds are used by almost 38 clients each year.

Appendix E — Housing Resources for People with Mental Disabilities and Substance Abuse Problems

Current Array of Housing for People with Mental Disabilities and Substance Abuse Problems

CSB Residential Client Capacity in FY 98								
Level of Residential Service	MH		MR		SA		Total	
	Clients	Per Bed	Clients	Per Bed	Clients	Per Bed	Clients	Per Bed
• Highly Intensive	635	9.3	215	1.0	8,251	38.9	9,101	18.7
• Intensive	323	1.8	728	1.0	5,129	7.1	6,180	3.8
• Supervised	1,896	3.4	642	1.4	267	2.3	2,805	2.5
• Total Congregate	2,854	3.5	1,585	1.1	13,647	13.0	18,086	5.5

Adult Care Residences

The array of residential program types available to Virginians with MH, MR, and SA disabilities is affected by the parallel system of Adult Care Residences. The actual housing options for people with mental disabilities in Virginia is heavily skewed towards congregate, supervised residential settings. Over 3,200 ACR beds are occupied by public-pay residents who have diagnoses of mental disorders.¹ There has been a proliferation of ACRs in Virginia. Since 1979, the number of homes has doubled, and total beds have increased by 264%. This growth has been encouraged and supported by Virginia's policy regarding State Auxiliary Grant payments for residents who receive SSI, as referenced in Appendix D. When combined, the CSB/ACR array of housing is as follows.

Total Housing Serving MH/MR/SA Population in FY 98			
Level of Residential Service	CSB Beds/Units	ACR Beds	Total
• Highly Intensive	486	0	486
• Intensive	1,635	0	1,635
• Supervised	1,140	3,290	4,430
• All Congregate Beds	3,261	3,290	6,551
• Supportive	6,130	0	6,130
• All Residential Service Levels	9,391	3,290	12,681

¹ House Document No. 4, *Services for Mentally Disabled Residents of Adult Care Residences*, Report of the Joint Legislative Audit and Review Commission, 1998.

Appendix E — Housing Resources for People with Mental Disabilities and Substance Abuse Problems

The MH/MR/SA Residential Services Philosophy

Consumer Choice in Housing

When given the choice, people with mental illness overwhelmingly choose living on their own, or with a loved one, in conventional housing (with supports available when needed) instead of group home living. The DMHMRSAS *Status and Needs Report* documented that 22% of MH clients reject supervised congregate residential services, but only 6% reject permanent supported housing. This confirms the findings of a previous report, *Housing and Support Service Preferences of Individuals with Severe Mental Illness in Virginia* (1992), that only 19% wanted to live with staff, and only 23% wanted to live with other mental health consumers.

The types of staff support required by residents need not, and should not, define the type of housing offered to MH, MR, and SA consumers. Most consumers are capable of living on their own if adequate and sufficient support services are provided to them, and most consumers prefer to live alone or with a friend or relative of their choice. Congregate housing, therefore, has evolved into much smaller units (e.g., three-bedroom homes), and supported housing has been developed in a wide array of settings, from Single Room Occupancy (SRO) and single bedroom apartment units to shared-living arrangements among friends. Even people with severely disabling mental disabilities can successfully maintain independent, stable housing when services like Programs for Assertive Community Treatment (PACT) Teams are available to support them.

Residential Services Production Rate

To determine the rate at which production of new housing units might occur in the MH/MR/SA system, existing data were reviewed as follows.

Mental Health

In the 1998 Session of the General Assembly, substantial new funding was approved for expanded Mental Health Residential Services. CSBs matched the \$3.25 million annual allocation with \$846,180 in local and other funds and proposed to serve a total of 796 consumers; 574 (72%) in supported housing settings and 222 (27%) in 168 beds in Intensive and Supervised congregate care homes. In addition, 284 were planned to be served with short-term respite care and crisis residential services.

In the 1999 Session, the General Assembly approved an additional \$6.5 million for Mental Health Community Residential and Support Services. DMHMRSAS prioritized the use of these funds to meet consumers housing needs and, in State Fiscal Year 2000, the CSBs have submitted approved plans to serve 1,981 consumers as follows:

Appendix E — Housing Resources for People with Mental Disabilities and Substance Abuse Problems

Residential Services Production Rate

- 6 CSBs budgeted \$706,816 (11%) to serve 171 PACT consumers in regular housing
- 1 budgeted \$26,666 as match for a HUD Homeless Grant to serve 25 consumers
- 26 budgeted \$2,085,483 (32%) to serve 687 discharged State Hospital patients
- 24 budgeted \$1,407,294 (22%) to serve 512 consumers with rental assistance
- 11 budgeted \$700,957 (11%) to use for residential services in projects that will leverage over \$1 million in other sources of funding for housing assistance
- 21 budgeted \$1,528,784 (24%) to serve 393 consumers with other residential services

Mental Retardation

The Mental Retardation Medicaid Waiver has been the funding mechanism for most of the MR residential services development over the last few years. In FY 97, 154 congregate care beds (88%) and 20 supportive housing units (12%) were developed. The following year, 213 congregate care beds (82%) and 48 supportive housing units (18%) were added. Community services (including residential) have been developed for 48 patients with mental retardation residing in State Mental Health Facilities, 20 residents of State Training Centers million, and 675 community-based consumers with new Residential Services funding appropriated in the 1998 and 1999 General Assembly Sessions.

Substance Abuse

New highly intensive residential facilities were recently developed to help successfully reduce hospitalization in state facilities for people with severe substance abuse problems in addition to the almost 15,000 consumers served in other Substance Abuse Residential Services in FY 98. In FY 2000, approximately \$1.25 million in state and federal funds will continue to support these programs. Almost 500 beds are also operated each year in the Oxford House revolving loan program for adults recovering from substance abuse problems.

Appendix F — Difficulty of People with Physical and Sensory Disabilities in Accessing Adequate Housing

Four Surveys of Housing Impediments

The SJR 456 study group developed surveys to collect information from the following four groups of persons/organizations providing housing services to people with physical and sensory disabilities:

1. Centers for independent living (CILs)
2. Public housing agencies (PHAs)¹
3. VHDA's Section 8 tenant-based program local administrative agents
4. Private rental property managers

These surveys were designed to collect a variety of information needed in order to address the SJR 456 study mandate, including information on specific housing impediments.

Survey forms were sent to the directors of all CILs and PHAs. Surveys were also sent to all of VHDA's Section 8 tenant-based program local administrative agents with the exception of CILs (which received separate surveys), administrators for special residences for mentally retarded persons, and community services boards (for whom separate surveys will be designed and implemented). The purpose of the surveys was to collect information summarizing the views of these three groups of local organizations on the difficulties faced by people with physical and sensory disabilities in obtaining affordable and accessible/adaptable rental and ownership housing.

A survey was also sent to a large sample of private rental property managers of VHDA-financed multifamily housing. The purpose of the survey was to collect information on their views of the impediments they experience in leasing accessible/adaptable units to people with physical and sensory disabilities.

Survey Response

Survey forms were mailed with a cover letter from VHDA's executive director explaining the SJR 456 mandate and the importance of the information requested. Follow-up reminder cards were sent to all organizations/persons that did not return completed surveys by the initial response deadline. Following is a summary of the number of surveys distributed and the number of responses received.

Organizations/Persons Surveyed	Number Surveyed	Responses	Response Rate
Centers for independent living	15	11	73%
Public housing agencies	38	20	53%
VHDA local Section 8 agents	50	36	72%
Rental property managers	56	35	63%

¹ Includes local housing authorities, other local HUD-designated public housing agencies, and VHDA. For purposes of this study report, references to "PHAs" also include DHCD even though it is not designated by HUD as a "public housing agency."

Appendix F — Difficulty of People with Physical and Sensory Disabilities in Accessing Adequate Housing

Use of Survey Data

The information obtained from these four surveys, while impressionistic, provides a broad local perspective on various barriers to addressing the housing needs facing people with physical and sensory disabilities. As such, it has been used to help frame the conclusions and findings of the study report.

Nevertheless, much of the survey data was received too late to enable thorough review and consideration. Therefore, it is the recommendation of the SJR 456 study team that the information collected through these surveys and summarized below, be used—together with the client needs assessment data collected by the disability service boards, the Disability Commission and others—as the starting point for the analysis and planning work of a newly established interagency housing council for physical and sensory disabilities (study recommendation #3).

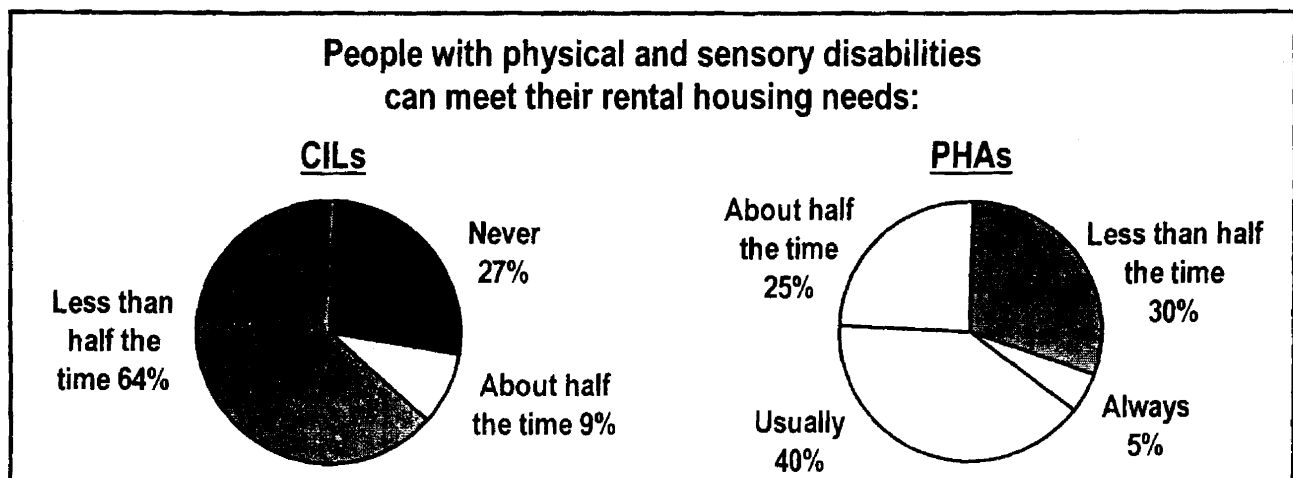
Summary of Survey Findings

The surveys resulted in four broad areas of findings regarding impediments to addressing the housing needs of people with physical and sensory disabilities.

1. Difficulties of disabled people in renting accessible or adaptable units
2. Impediments to landlords renting accessible or adaptable units to disabled people
3. Difficulties of disabled people in purchasing accessible or adaptable homes
4. Difficulties of disabled people in making home accessibility/adaptability modifications

Difficulties of Disabled People in Renting Accessible or Adaptable Units

CILs and PHAs were asked to rate, for their service area, the degree of difficulty that households with a physically or sensory disabled member have in obtaining affordable rental housing that meets their needs.

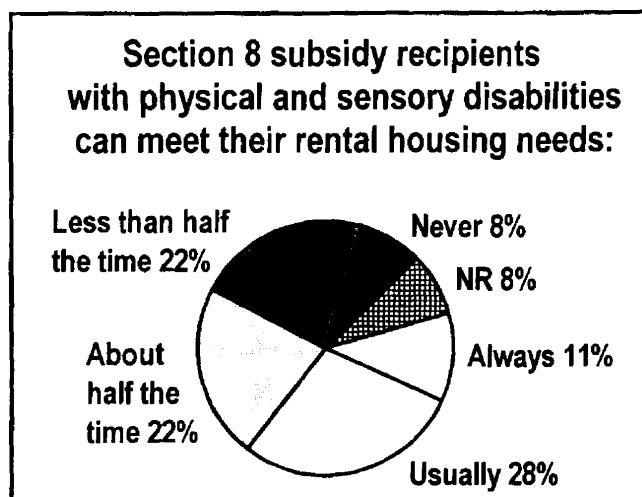


Appendix F — Difficulty of People with Physical and Sensory Disabilities in Accessing Adequate Housing

Difficulties of Disabled People in Renting Accessible or Adaptable Units

In light of the impact of low income and housing costs on disabled people, and the importance of rental subsidies, additional information was collected regarding difficulties experienced by Section 8 recipients.

VHDA's local Section 8 tenant-based program administrative agents were asked, for their area, to rank the ability of subsidy recipients with a physically or sensory disability to rent an accessible or adaptable unit.



CILs, PHAs and VHDA's local Section 8 tenant-based program administrative agents were then asked to rank the magnitude of a number of rental problems for their clients. Following is a list of the problems that at least half of the CIL, PHA or local Section 8 administrative agent respondents indicated to be of "high" magnitude.

Highest Ranked Rental Housing Problems Facing Agency Clients with Physical and Sensory Disabilities	Share Reporting Problem to be of High Magnitude			Share Reporting Problem to be Most Significant		
	CILs	PHAs	Sec. 8 Agents	CILs	PHAs	Sec. 8 Agents
• Inadequate supply of accessible/adaptable units	91%	40%	56%	55%	25%	56%
• Cost of units that are accessible or adaptable	91%	25%	25%	27%	5%	6%
• Accessible/adaptable units not in locations close to public transportation and/or support services	73%	30%	50%	18%	10%	8%
• Limited number of Section 8 participating landlords with accessible/adaptable units	na*	45%	61%	na*	20%	17%
• Lack of consumer information on the availability of affordable and accessible/adaptable units	55%	30%	25%	0%	5%	0%

*CILs were not asked to rank this problem.

Appendix F — Difficulty of People with Physical and Sensory Disabilities in Accessing Adequate Housing

Difficulties of Disabled People in Renting Accessible or Adaptable Units

CILs, PHAs and VHDA local Section 8 program administrators, responding that the overall supply of accessible/adaptable rental units is a problem of “high” or “medium” magnitude, were also asked to rank more specific problems related to the supply of accessible/adaptable rental units. Following is a list of the specific problems that at least half of CIL, PHA or VHDA local Section 8 program administrator respondents indicated to be of “high” magnitude.

Highest Ranked Specific Problems Related to the Overall Supply of Accessible/ Adaptable Rental Units	Share Reporting Problem to be of High Magnitude			Share Reporting Problem to be Most Significant		
	CILs	PHAs	Sec. 8 Agents	CILs	PHAs	Sec. 8 Agents
• Households cannot afford the cost of unit alterations that landlords could make	82%	79%	65%	27%	29%	13%
• Limited number of fully wheel-chair accessible rental units	82%	57%	81%	18%	29%	45%
• Lack of adaptable units that can be readily altered for a variety disabilities	73%	43%	32%	18%	14%	26%

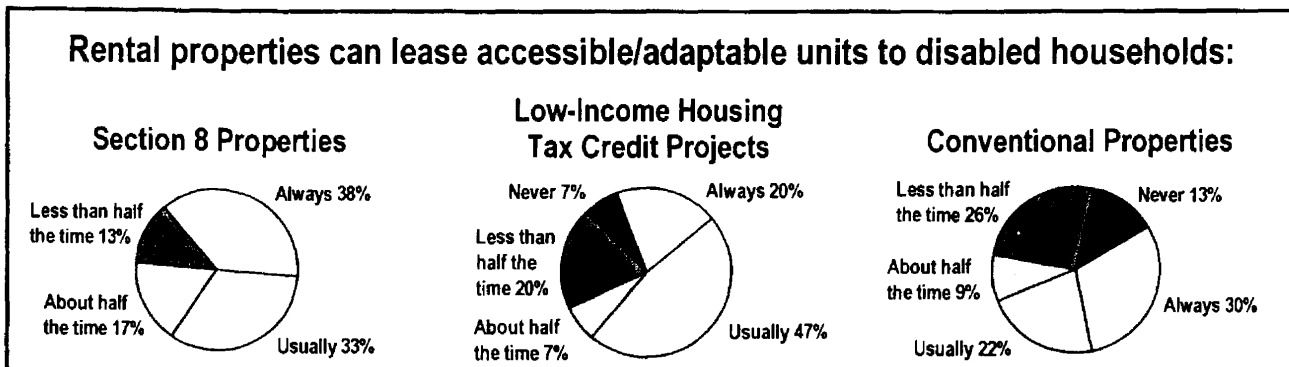
Finally, PHAs and VHDA local Section 8 program administrators, responding that lack of information on the availability of accessible/adaptable units for rent is a problem of “high” or “medium” magnitude, were asked to rank problems related to the availability of such information. Following is a list of the specific problems that at least half indicated to be of “high” magnitude.

Highest Ranked Specific Problems Related to the Availability of Information on Accessible/ Adaptable Rental Units	Share Reporting Problem to be of High Magnitude		Share Reporting Problem to be Most Significant	
	PHAs	Sec. 8 Agents	PHAs	Sec. 8 Agents
• Lack of knowledge by landlords on effective means of marketing to disabled persons	50%	19%	33%	14%
• Lack of effective marketing channels for getting information to disabled people	50%	24%	33%	24%
• Lack of effort by landlords to market accessible/ adaptable units to disabled people	25%	52%	25%	57%

Appendix F — Difficulty of People with Physical and Sensory Disabilities in Accessing Adequate Housing

Difficulties of Landlords in Renting Accessible or Adaptable Units to Disabled People

Rental property managers were surveyed to determine whether they are currently experiencing difficulties in leasing accessible or adaptable units to people with physical or sensory disabilities. Rental property managers were asked to rate—for three types of properties: (1) Section 8; (2) Low-Income Housing Tax Credit; and (3) conventional—their ability to lease accessible/adaptable units to households with a physically or sensory disabled member.



A majority of rental property managers responded that they could rent all three types of accessible/adaptable units to disabled people “usually” or “always.” However, separating the data by housing market area shows a clear relationship between: (1) the size of the housing market; and (2) the level of housing subsidy, and the degree of difficulty in renting accessible/adaptable units to disabled people. Landlord difficulties increase as the size of the housing market and the amount of housing subsidy decrease.

Housing Market Area in Which Some or All of the Manager’s Virginia Properties are Located	Share of Property Managers Reporting They Can Rent Accessible/Adaptable Units to Disabled People “About Half the Time” or Less		
	Sec. 8 Propt.	LIHTC Propt.	Conv. Propt.
• Northern Virginia portion of Washington metro area	38%	33%	44%
• Hampton Roads metro area	33%	40%	45%
• Richmond-Petersburg metro area	38%	57%	50%
• Small Metro Areas*	33%	50%	67%
• Non-Metro Urban Areas**	33%	50%	60%
• Rural Areas	17%	0%	75%
STATEWIDE	30%	33%	48%

*Roanoke, Lynchburg, Charlottesville, Danville, and Bristol metropolitan areas

**Blacksburg/Christiansburg/Radford area, Staunton/Waynesboro area, Harrisonburg area, Winchester area, and Martinsville area.

Appendix F — Difficulty of People with Physical and Sensory Disabilities in Accessing Adequate Housing

Difficulties of Landlords in Renting Accessible or Adaptable Units to Disabled People

Rental property managers were then asked to rank the impact of a number of potential factors related to leasing accessible/adaptable units to people with physical or sensory disabilities. Overall, there were none of the identified factors which a majority of property managers believed to be of “high” impact. However, when the data was separated by type of housing market, several factors emerged as being of “high” impact in those market areas where a majority of property managers indicated that they were able to lease accessible/adaptable units to disabled people only “about half the time” or less. Following is a list of the factors that at least half of the property managers indicated to be of “high” impact in at least one of the housing market areas.

Factor	Housing Market Area in Which Some or All of the Manager’s Virginia Properties are Located	Share Reporting Problem to be of High Magnitude		Share Reporting Problem to be Most Significant	
		LIHTC Propt.	Conv. Propt.	LIHTC Propt.	Conv. Propt.
<ul style="list-style-type: none"> Limited size of market for accessible/adaptable units 	<ul style="list-style-type: none"> Richmond-Petersburg metro area 	71%	57%	43%	38%
	<ul style="list-style-type: none"> Small Metro Areas* 	50%	50%	50%	71%
	<ul style="list-style-type: none"> Non-Metro Urban Areas** 	50%	50%	50%	80%
	<ul style="list-style-type: none"> Rural Areas 	0%	75%	50%	75%
<ul style="list-style-type: none"> Difficulty in effectively marketing available accessible/adaptable units to qualified households 	<ul style="list-style-type: none"> Rural Areas 	0%	50%	0%	0%

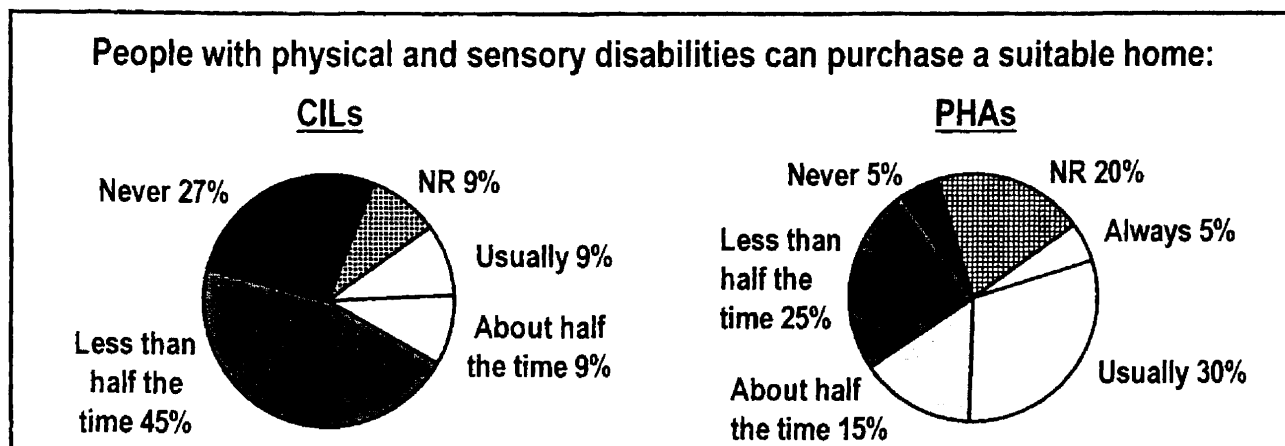
*Roanoke, Lynchburg, Charlottesville, Danville, and Bristol metropolitan areas

**Blacksburg/Christiansburg/Radford area, Staunton/Waynesboro area, Harrisonburg area, Winchester area, and Martinsville area

Appendix F — Difficulty of People with Physical and Sensory Disabilities in Accessing Adequate Housing

Difficulties of Disabled People in Purchasing Accessible or Adaptable Homes

CILs and PHAs were asked to rate, for their service area, the degree of difficulty that households with a physically or sensory disabled member have in purchasing a single-family home that meets their needs.



CILs and PHAs were then asked to rank the magnitude of a number of home purchase problems. Following is a list of the problems that at least half of the CIL or PHA respondents indicated to be of "high" magnitude.

Highest Ranked Home Purchase Problems Facing People with Physical and Sensory Disabilities	Share Reporting Problem to be of High Magnitude		Share Reporting Problem to be Most Significant	
	CILs	PHAs	CILs	PHAs
• General high cost of homes for sale	91%	55%	18%	15%
• Cost of accessible/adaptable homes	82%	60%	0%	20%
• Lack of affordable financing for home purchase and modification	73%	40%	27%	5%
• Accessible/adaptable homes are not in locations close to public transportation and/or support services	64%	40%	9%	15%
• Inadequate supply of accessible/adaptable homes for sale	64%	50%	18%	10%
• Lack of information on the availability of affordable and accessible/adaptable homes	64%	20%	9%	5%

Appendix F — Difficulty of People with Physical and Sensory Disabilities in Accessing Adequate Housing

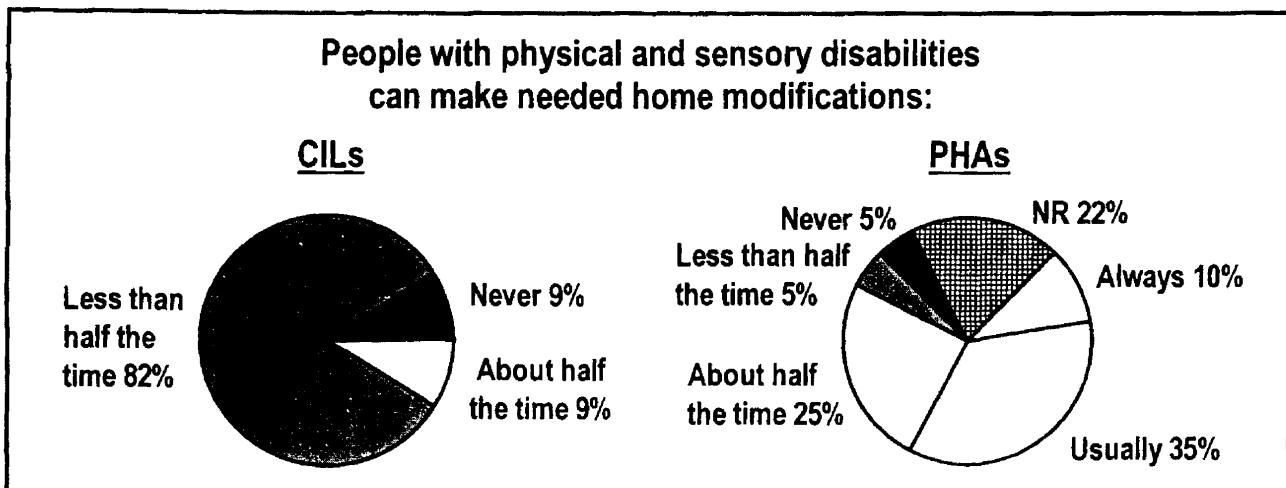
Difficulties of Disabled People in Purchasing Accessible or Adaptable Homes

CILs and PHAs responding that the supply of accessible/adaptable homes is a problem of "high" magnitude, were asked to rank specific problems related to the supply of accessible/adaptable homes. Following is a list of the specific problems that at least half of CIL or PHA respondents indicated to be of "high" magnitude.

Highest Ranked Specific Problems Related to the Supply of Accessible/Adaptable Rental Homes	Share Reporting Problem to be of High Magnitude		Share Reporting Problem to be Most Significant	
	CILs	PHAs	CILs	PHAs
<ul style="list-style-type: none"> Limited number of fully wheel-chair accessible homes 	73%	86%	18%	43%
<ul style="list-style-type: none"> Households cannot afford the cost of design alterations that builders could make 	64%	64%	18%	14%
<ul style="list-style-type: none"> Lack of information by builders/contractors on cost-effective home design/modification 	55%	21%	0%	0%

Difficulties of Disabled People in Making Home Accessibility/Adaptability Modifications

CILs and PHAs were asked to rate, for their service area, the degree of difficulty that households with a physically or sensory disabled member have in modifying their home to meet their needs.



Appendix F — Difficulty of People with Physical and Sensory Disabilities in Accessing Adequate Housing

Difficulties of Disabled People in Making Home Accessibility/Adaptability Modifications

CILs and PHAs were then asked to rank the magnitude of a number of home modification problems. Following is a list of the problems that at least half of the CIL or PHA respondents indicated to be of "high" magnitude.

Highest Ranked Home Modification Problems Facing People with Physical and Sensory Disabilities	Share Reporting Problem to be of High Magnitude		Share Reporting Problem to be Most Significant	
	CILs	PHAs	CILs	PHAs
• Cost of physical alterations	100%	55%	73%	45%
• Lack of affordable financing for home modification	82%	40%	18%	15%
• Lack of information by consumers on cost-effective home modification	55%	15%	0%	10%
• Lack of information by builders/contractors on cost-effective home modification	55%	10%	0%	0%

Appendix G — Difficulty of People with Mental Disabilities and Substance Abuse Problems in Accessing Adequate Housing

Two Surveys of Housing Impediments

Survey of Public Housing Agencies¹

The SJR 456 study group developed a survey to collect information from the public housing agencies (PHAs). This survey was designed to collect a variety of information needed in order to address the SJR 456 study mandate, including information on specific housing impediments.

Survey forms were sent to the directors of all PHAs. The purpose of the survey was to collect information summarizing the views of local housing agencies on the difficulties faced by people with mental disabilities and substance abuse problems in accessing adequate rental housing.

Survey of Community Service Boards (CSBs)

As part of its remaining unfinished business, the SJR 159 study team intends to carry out a comparable survey of the views of community service boards on the difficulties faced by people with mental disabilities and substance abuse problems in accessing adequate rental housing. That survey will be conducted as part of a larger project of the SJR 159 study team to collect information on: (1) the current structure and capacity of the system for delivering housing services to persons with mental disabilities and substance abuse problems within each CSB service area; and (2) the housing services program and funding priorities of each CSB.

Survey Response

Survey forms were mailed to PHAs with a cover letter from VHDA's executive director explaining the SJR 456 mandate and the importance of the information requested. Follow-up reminder cards were sent to all PHAs that did not return completed surveys by the initial response deadline. Following is a summary of the number of surveys distributed and the number of responses received.

Organizations/ Persons Surveyed	Surveys Distributed	Responses Received	Response Rate
Public housing agencies	38	18	47%

¹ Includes local housing authorities, other local HUD-designated public housing agencies, and VHDA. For purposes of this study report, references to "PHAs" also include DHCD even though it is not designated by HUD as a "public housing agency."

Appendix G — Difficulty of People with Mental Disabilities and Substance Abuse Problems in Accessing Adequate Housing

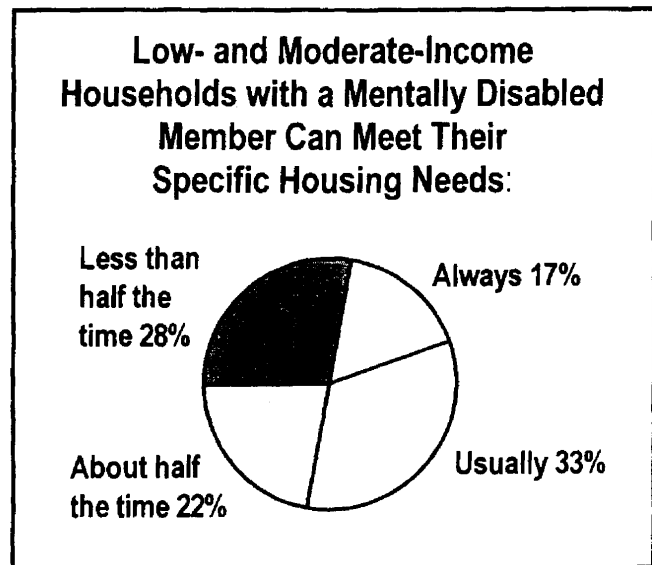
Use of Survey Data

The information obtained from the survey of PHAs, while impressionistic, provides a local housing agency perspective on various barriers to addressing the housing needs facing people with mental disabilities and substance abuse problems. As such, it has been used to help frame the conclusions and findings of the study report. Nevertheless, much of the survey data was received too late to enable thorough review and consideration. In addition, the views of PHAs, in isolation from the views of other service providers, give a limited perspective on this issue. Therefore, it is the recommendation of the SJR 456 study team that the information collected through these surveys and summarized below—together with the client needs assessment data to be collected from community services boards by the SJR 159 study team as part of its unfinished business—be used as the starting point for the analysis and planning work of a newly established interagency housing council for mental health, mental retardation and substance abuse populations (study recommendation #1).

Summary of Survey Findings

In light of the impact of low income and housing costs on people with mental disabilities and substance abuse problems, information was collected from PHAs regarding housing difficulties experienced by households with a mentally disabled member.

PHAs were first asked to indicate the ability of low- and moderate-income households with a mentally disabled member to access adequate rental housing. PHAs were then asked to rank the magnitude of a number of rental problems facing their clients. Below is the one problem that at least half of PHA respondents indicated to be of "high" magnitude.



Highest Ranked Rental Housing Problems Facing People with Mental Disabilities and Substance Abuse Problems	Share Reporting Problem to be of High Magnitude	Share Reporting Problem to be Most Significant
Lack of special types of housing providing on-site support services	56%	28%

Appendix H — Use of Federal Section 8 Funds to Address the Housing Needs of People with Disabilities

SJR 456 directs VHDA and DHCD to analyze their efforts and the efforts of local housing authorities to acquire and use funds to address the housing needs of disabled people. At present, there are four principal federal housing resources available to VHDA, DHCD and local housing authorities for that purpose: (1) the Section 8 tenant-based rental assistance program; (2) federally authorized tax-exempt bonds; (3) the Low-Income Housing Tax Credit Program; and (4) federal HOME funds. Acquisition and use of Section 8 tenant-based program funds are discussed below. Acquisition and use of Low-Income Housing Tax Credits, tax-exempt bonds and HOME program funds are discussed in Appendix I.

Acquisition and Use of Section 8 Tenant-Based Subsidies

Section 8 Tenant-Based Program Structure

HUD's Section 8 tenant-based rental assistance programs are intended to increase affordable housing choices for very low-income households by providing a subsidy to make up the difference between the amount of rent the household can afford to pay (generally 30% of income) and the rent charged by a private landlord. The program is "tenant-based" because qualifying households may use the subsidy assistance in any rental unit where the landlord agrees to participate in the program.

HUD contracts with HUD-designated "public housing agencies" (PHAs) to administer Section 8 tenant-based subsidies in local communities. In Virginia, the vast majority of HUD-designated PHAs are local housing authorities. VHDA operates as a statewide PHA, primarily serving those areas of Virginia without a local HUD-designated PHA. VHDA relies on local administrative agents (generally units of local government) to assess local assistance needs, recruit participating landlords, solicit and qualify very low-income program participants, maintain waiting lists for assistance and carry-out other locally based administrative activities under the oversight of VHDA.

Increasing Demand for Section 8 Tenant-Based Assistance

Over the past decade, the Section 8 tenant-based program has become the principal federal assistance available to incrementally address the housing needs of very low-income households. Demand for the program has grown significantly as the result of the extremely limited numbers of new housing units being developed with deep "project-based" subsidies—i.e., subsidies which are tied to specific housing units.

In particular, the Section 8 tenant-based program has become a critical housing resource for people with disabilities because of the following specific factors:

- There continues to be a broad-based shift from institution-based to community-based systems for providing services and residential supports to people with disabilities
- There has been a parallel shift in philosophy at the community level to encourage and promote residential arrangements that are the least restrictive and which provide the greatest opportunities for residential choice for people with disabilities within their local communities

Appendix H — Use of Federal Section 8 Funds to Address the Housing Needs of People with Disabilities

- Public and private housing providers have been unable—in the absence of deep federal project-based subsidies—to develop rental housing affordable to people principally dependent on SSI
- There has been continued erosion of funding under the HUD Section 811 program for new congregate housing that serves very low-income people with disabilities
- In recent years, Congress has made a significant policy decision to allow owners of federally subsidized housing intended primarily for occupancy by elderly people—but available to serve disabled people as well—to convert to “elderly only” occupancy

Together, these factors have swelled the number of people on local Section 8 waiting lists, particularly people with disabilities.

Current Size of Program and Local Waiting Lists for Assistance

The SJR 456 study group reviewed data collected by survey from PHAs and VHDA’s local Section 8 program administrative agents in order to gauge the extent to which people with disabilities are being served through local Section 8 programs and the size of waiting lists for assistance. Survey responses were received from just over half of PHAs (53%) and nearly three quarters of VHDA’s Section 8 agents (72%). The responses, while incomplete, are sufficiently distributed by region, type of housing market, and size and type of locality, to be considered generally representative of current levels of program service and need. Following is a summary of the survey data.

Survey Data on Local Section 8 Tenant-Based Programs by Region

Local Agency Responses		People Served			Waiting List Characteristics			
Housing Market Area	# of Surveys Returned	Total Units Leased	Units Leased w/ a Disabled Occupant		Total on Waiting Lists	Waiting Lists Tracking Disabled		
			#	%		# of Lists	#	%
Northern Virginia	5	3,048	970	32%	5,917	4	1,238	22%
Hampton Roads	8	7,161	1,509	21%	4,234	4	509	16%
Richmond-Petersbg.	4	558	134	24%	401	2	30	10%
Small Metro Areas*	9	1,664	330	20%	1,093	4	193	36%
Non-Metro Urban**	7	2,151	971	45%	1,649	2	30	14%
Rural Areas	18	2,685	930	35%	2,175	7	95	15%
All Areas	51	17,267	4,844	28%	15,469	23	2,095	20%

*Roanoke, Lynchburg, Charlottesville, Danville, and Bristol metropolitan areas

**Blacksburg/Christiansburg/Radford area, Staunton/Waynesboro area, Harrisonburg area, Winchester area, and Martinsville area

Appendix H — Use of Federal Section 8 Funds to Address the Housing Needs of People with Disabilities

Survey Data on Local Section 8 Tenant-Based Programs by Type of Local Administering Agency

Local Agency Responses		People Served			Waiting List Characteristics			
Type of Local Agency	# of Surveys Returned	Total Units Leased	Units Leased w/ a Disabled Occupant		Total on Waiting Lists	Waiting Lists Tracking Disabled		
			#	%		# of Lists	# Disabled on Lists	%
Local PHAs*	14	11,692	2,889	25%	10,015	6	1,650	20%
VHDA Local Agents	38	5,575	1,955	35%	5,454	17	445	18%
All Local Agencies	51	17,267	4,844	28%	15,469	23	2,095	20%
VHDA Program Total**		13,600	5,439	40%	NA	NA	NA	NA

*Those PHAs administering Section 8 tenant-based programs directly for HUD.

**Includes data for local agents that did not respond to the survey as well as data for local VHDA programs administered by Community Services Boards and Centers for Independent Living that were (or will be) surveyed separately. The CSB and CIL programs serve exclusively people with disabilities. Therefore, the proportion of disabled people served in VHDA's entire program is greater than the proportion of disabled people in the local programs included in the survey data reported above.

Availability of New Program Funding to PHAs

Prior to the mid 1990's, most Section 8 tenant-based assistance was made available annually through the regular broad-based certificate and voucher programs. PHAs were able to respond annually to HUD "Notices of Funds Availability" (NOFAs) for incremental allocations of funding to increase the number of households served through their local Section 8 programs. Funds were allocated by formula to HUD field offices and made available to eligible PHAs within each Field Office's jurisdiction.

By FY 95, federal budget constraints had ended annual program authorizations for new incremental units under the regular certificate and voucher programs. Instead, HUD began making new Section 8 funds available primarily through highly targeted special-purpose programs serving specific populations and housing needs. Many of these programs require PHAs to assist in coordinating the provision of human services in connection with HUD rental assistance in order to address the needs of special populations such as disabled people (Mainstream Housing Program), families in crisis (Family Unification Program), and people transitioning off welfare (Welfare-to-Work Program). Many PHAs with smaller Section 8 programs have lacked the staff resources to take on the additional responsibilities that these targeted programs have required. As a result, there has been less willingness and interest on the part of PHAs and VHDA local administrative agents to request new program assistance than was previously true when funding was available for broader based Section 8 programs. HUD, recognizing this reality, has begun to expand the group of eligible local administering agencies for some targeted Section 8 programs. For example, nonprofit housing organizations, in addition to PHAs, can now apply for funding under the Mainstream Housing for People with Disabilities program.

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Mainstream Housing for People with Disabilities

The Section 8 Mainstream Housing for People with Disabilities program is—in addition to the Section 811 capital grant program for development of congregate housing—the federal government's primary means for assisting very low-income people with disabilities to obtain affordable rental housing that meets their needs. As in the Section 811 program, the Mainstream Program coordinates the provision of residential support services with the provision of housing subsidies.

While the Mainstream Housing has been the principal Section 8 program through which additional people with disabilities have received assistance in recent fiscal years, the following review of the response of PHAs to Section 8 NOFAs also looks at PHA involvement in other Section 8 programs in order to provide an overall context and basis for comparison.

The Response of Virginia PHAs to HUD Section 8 NOFAs

Following is a summary of: (1) the HUD NOFAs through which PHAs have applied for funding over the past five federal fiscal years (FYs 95 through 99); (2) the response of Virginia PHAs to those NOFAs; and (3) their success in obtaining assistance from HUD. This information was collected primarily through a survey of local PHAs conducted by the SJR 456 study group (see Appendices F and G for additional information about that survey). The response rate to the survey was 53%; therefore, additional information was sought from HUD in order to increase the completeness of the information provided. Generally, HUD was able to provide information on the number of units awarded to PHAs; however, it was unable to provide information on the number of units for which unsuccessful applications were filed. Therefore, the data is reasonably complete in regard to the number of Section 8 units awarded to PHAs in Virginia from each NOFA, but is less complete in regard to PHA efforts to acquire the funds made available.

Identified Applicants for HUD Section 8 Tenant-Based Program NOFAs, FYs 95-99						
HUD Section 8 NOFA Programs	Federal FYs	Local PHAs			VHDA	
		# of Local Applicants	# of Units Requested	# of Units Received	# of Units Requested	# of Units Received
Mainstream Housing	95, 97, 98 & 99	9*	860*	190	456	166
Family Unification	95 through 99	7*	422*	410	202	5
Welfare-to-Work	99	7*	750*	350	860	860
Homeless Assistance	95 & 98	2*	140*	100	0	0
Fair Share Portability	95	3*	364*	20	0	0
Other Assistance	97	3*	210*	10	0	0
All NOFA Programs	95 through 99	16*	2,746*	1,080	1,518	1,031

*Data on the number of local PHA applicants and the number of units requested by local PHAs is incomplete.

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Funds under each of the NOFAs were awarded nationally. For each NOFA, HUD set limits on the number of units that an applicant could request. Those limits were as follows for the three major NOFA programs:

Mainstream Housing	Family Unification	Welfare-to-Work
<ul style="list-style-type: none"> • FY 95—150 units • FY 97—100 units • FY 98—100 units (local PHAs) or 200 units (statewide PHAs) • FY 99—75 units 	<ul style="list-style-type: none"> • FYs 95 & 96—50 units • FYs 97, 98 & 99—100 units (PHAs with 500+ unit programs) OR 50 units (PHAs with programs of less than 500 units) 	<ul style="list-style-type: none"> • FY 99—2,000 units (statewide PHAs) or 700 units (local PHAs)

For the Mainstream Housing and Family Unification Programs, HUD awarded funds by lottery from among all applications that were determined to qualify. For the Welfare-to-Work Program, HUD ranked all applications in accordance with specific selection criteria.

Funding Received by Agencies in Virginia Compared to Agencies in Other States						
HUD Section 8 NOFA Programs	Units Awarded in FY 98			Units Awarded in FY 99		
	U.S.*	Virginia	VA Rank**	U.S.*	Virginia	VA Rank**
• Mainstream Housing***	17,884	346	21	6,956	85	25
• Family Unification	6,943	100	19	6,726	60	26
• Welfare-to-Work	NA	NA	NA	50,000	1,210	17

*Program units funded by HUD in 50 states and the District of Columbia.

**Virginia's rank among 50 states and the District of Columbia in the number of units awarded.

***100 units were awarded to a nonprofit organization in FY 98 and 75 units were awarded to a nonprofit organization in FY 99 under expanded program eligibility criteria. Those units are not reflected in the previous table.

Basis for Local PHA NOFA Decisions

The SJR 456 study group's survey of PHAs, sought information on factors impacting the decision of PHAs to apply for Section 8 funding under specific HUD NOFAs. PHAs that indicated that they had not submitted an application under a particular NOFA were asked to rank the impact of specific factors on their decision not to apply for funds. However, the vast majority of respondents to the survey were either unaware of their agency's reason for not applying or chose not to provide the information requested. Therefore, the SJR 456 study team was unable to analyze the specific reasons underlying local PHA decisions.

Basis for VHDA NOFA Decisions

VHDA acts on behalf of its local administrative agents (generally units of local government) in applying to HUD for Section 8 funds. The Authority's general practice is to notify local program agents of current HUD NOFAs and the administrative requirements associated with them, and to seek requests from local agents

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for specific numbers of units. VHDA then aggregates those requests in making application to HUD. Therefore, VHDA's response to HUD NOFAs is a reflection of local interest in and demand for additional subsidy funding.

Historically, VHDA has promoted greater program opportunities for disabled populations by providing the opportunity for community services boards and centers for independent living to serve as local program administrative agents. VHDA believes that the participation of these organizations in local Section 8 administration enhances the level of local interest and capacity to participate in special targeted Section 8 programs such as Mainstream Housing for People with Disabilities. Currently, five community services boards, two centers for independent living, and one satellite CIL serve as VHDA local Section 8 administrative agents.

Appendix I — Use of Capital Resources to Fund Housing for People with Disabilities

SJR 456 directs VHDA and DHCD to analyze their efforts and the efforts of local housing authorities to acquire and use funds to address the housing needs of disabled people. At present, there are four principal federal housing resources available to VHDA, DHCD and local housing authorities for that purpose: (1) the Section 8 tenant-based rental assistance program; (2) federally authorized tax-exempt bonds; (3) the Low-Income Housing Tax Credit Program; and (4) federal HOME funds. Acquisition and use of tax-exempt bonds, Low-Income Housing Tax Credits and federal HOME funds are discussed below. Acquisition and use of Section 8 tenant-based rental assistance funds are discussed in Appendix H.

Acquisition and Use of Tax-Exempt Bonds

Historically, tax-exempt bonds have been the primary source of capital for VHDA's multifamily and single-family lending programs. VHDA was specifically organized and structured by the General Assembly to make use of that resource in addressing the housing needs of low- and moderate-income Virginians. The exemption from taxation authorized by the IRS on interest income earned by bond holders, enables VHDA to issue bonds in the private market at below-market rates of interest. That cost savings is passed on to VHDA's borrowers in the form of a below-market interest rate on multifamily and single-family loans. Local housing authorities are also organized and structured to issue tax-exempt revenue bonds for low- and moderate-income housing purposes.

Impact of Annual Volume Caps on VHDA and Local Issuance of Tax-Exempt Housing Bonds

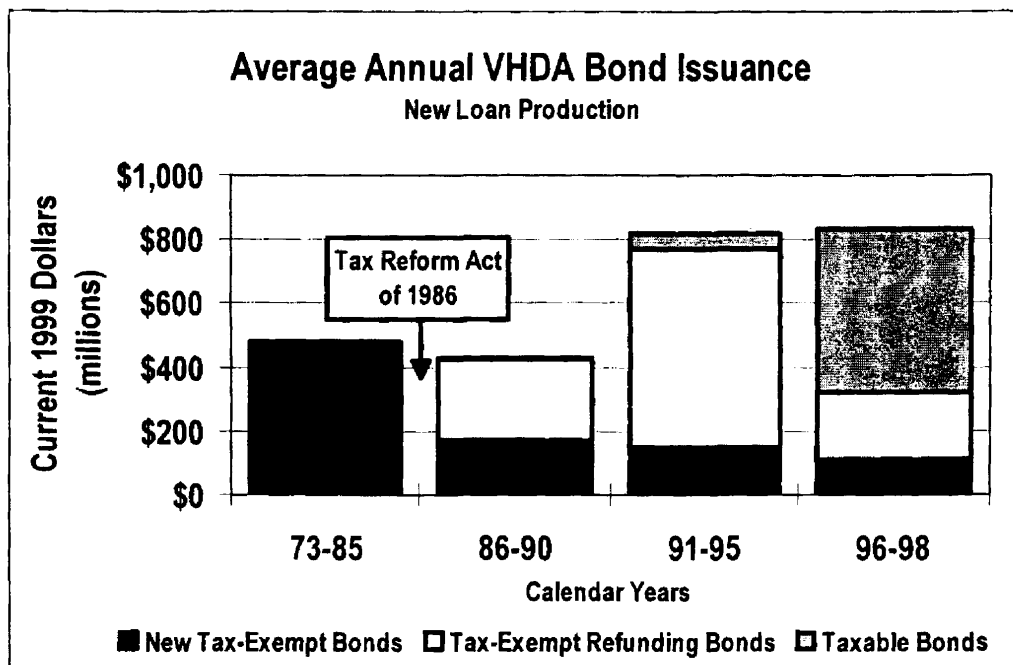
Since the enactment of the federal Tax Reform Act of 1986, VHDA and other issuers of tax-exempt private-activity bonds (such as industrial development bonds and student loan bonds), have been limited in the aggregate annual amount of such bonds they can issue by a federally imposed state volume cap of \$50 per capita. That annual volume cap is distributed by the Governor to all qualified state and local issuers in accordance with an adopted state bond allocation plan. The 1999 state ceiling in Virginia for tax-exempt private activity bonds is \$339,550,000. Virginia law allocates 27% of the state ceiling to VHDA (\$91,678,500 in 1999). Local housing authorities receive 14 % of the state ceiling (\$47,537,000 in 1999), and on December 1st of each year VHDA receives any of the allocation not used by the local housing authorities. The Governor receives an allocation of 8% (\$27,164,000 in 1999). In some years in the past, VHDA has received a portion of that allocation. The balance of the state ceiling has been principally allocated for student loans and industrial development, and VHDA has never received any unused portion of that allocation.

The volume cap under which VHDA and local housing authorities must issue tax-exempt bonds has not been adjusted for inflation since 1986. In spite of increases to the cap related to annual growth of the Commonwealth's population, there has nonetheless been erosion in the value of the annual bond ceiling in real dollars as a result of inflation. VHDA has adjusted to this reality by aggressively seeking new sources of capital. Since 1986, the Authority has annually raised funds for its affordable lending programs well in excess of its annual tax-exempt bond allocation by issuing the following types of bonds that do not require the use of any type of state volume allocation:

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- Taxable bonds
- Bonds issued to refund outstanding bonds
- Bonds issued to replace bonds to be refunded by principal repayments on mortgage loans (federal regulations no longer permit these types of bonds to be issued for multifamily developments without use of an allocation of the state ceiling)
- Bonds issued to finance multifamily housing owned by VHDA or a 501(c)(3) non-profit entity

During the decade immediately following the passage of the 1986 Tax Reform Act, VHDA was able to increase levels of lending activity—in spite of the federal bond ceiling restriction—by raising substantial amounts of mortgage capital through the issuance of refunding and replacement bonds. However, in recent years, federal restrictions on tax-exempt refunding and replacement bond activity have begun to significantly curtail the aggregate amount of tax-exempt bonds that VHDA is able to issue to provide capital for its programs. Consequently, the issuance of taxable bonds has now become the largest source of capital for funding the Authority's lending programs.



The unified statewide ceiling on tax-exempt bond issuance has also had a substantial impact on local housing authorities. Until 1986, a majority of the moderate and larger sized local housing authorities were issuers of tax-exempt bonds to finance multifamily affordable housing projects. This was particularly true during the middle 1980's when local housing authorities and industrial development authorities issued over \$1 billion in tax-exempt bonds to fund new affordable multifamily rental properties. The restrictions imposed by the Tax Reform Act resulted in a dramatic fall-off in tax-exempt lending by local bond issuers. While a few of the larger and stronger local housing authorities are still active issuers of multifamily bonds—albeit on a reduced scale—most local authorities are now primarily dependent on federal funds—especially the HOME and CDBG programs—to fund development of affordable housing.

Appendix I — Use of Capital Resources to Fund Housing for People with Disabilities

Use Subsidies to Provide Affordability

As documented in Appendix D, a large share of disabled people have very low incomes and, therefore, can afford to contribute only limited amounts to housing costs. The interest rate subsidy on tax-exempt bond loans is not sufficiently large, by itself, to reduce housing costs to a level that is affordable to most disabled people. As VHDA becomes more dependent on the issuance of taxable mortgage bonds, which carry a full market rate of interest, then the necessity to identify sources of subsidies becomes even greater. Presently, those subsidies come from three principal sources:

- **Federal Low-Income Housing Tax Credits**—The federal government authorizes states to allocate federal income tax credits to developers of multifamily rental projects serving low-income households (households with income less than or equal to 60% of area median income with adjustments for family size). Housing sponsors generally “syndicate” (i.e., sell) the credits to investors and use the proceeds of the syndication as equity to invest in the project thereby substantially reducing the amount of project debt service costs and, in turn, the rents charged to tenants.

There are two types of federal Low-Income Housing Tax Credits: (1) 9% tax credits which **cannot** be combined with certain other federal development subsidies, including tax-exempt bonds; and (2) 4% tax credits for which developers of qualifying low-income rental housing projects financed with tax-exempt bonds are automatically eligible to receive.

At present, VHDA is the state-level agency designated by the governor to competitively allocate Virginia's annual allotment of 9% tax credits. The 9% credits are the principal subsidy which VHDA has available to combine with taxable bond financing in order to produce rental housing affordable to low-income households. The annual 9% tax credit volume cap (set at \$1.25 per capita), like the annual tax-exempt bond ceiling, has not been adjusted since 1986. Therefore, its value has been significantly eroded by inflation. This has been partially offset by higher prices investors have been willing to pay in recent years for 9% credits. Nevertheless, the demand for 9% credits has continued to grow and now greatly exceeds supply.

For the last several years, VHDA has taken several steps to maximize the availability of 4% tax credits. First, VHDA has allocated all of its limited annual allocation of tax-exempt bond issuance authority to the Authority's multifamily lending programs in order to fund projects that will use 4% tax credits. Second, VHDA has taken advantage of the current low interest rate environment to blend tax-exempt and taxable bond funds in order to leverage the use of limited tax-exempt bond funds and maximize the number of units eligible to receive 4% tax credits. (Projects automatically qualify for 4% tax credits so long as majority of loan funds come from tax-exempt bonds.) To date, those efforts have increased the use of 4% tax credits by 25%-30% and produced sufficient resources relative to demand to enable VHDA to offer tax-exempt multifamily bond financing to qualifying projects on a first-come, first-served basis. Nevertheless, demand for this type of financing continues to grow. VHDA has now effectively

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reached the limits of its ability to further leverage the 4% tax credits through the blending of tax-exempt and taxable bond funds. Therefore, it is increasingly likely that VHDA will have to develop a formal allocation plan for tax-exempt multifamily financing and 4% tax credits.

- **Virginia Housing Fund**—The Virginia Housing Fund provides loans funded with monies from VHDA's reserves which the Authority is able to lend at more favorable terms and conditions than loans made with bond funds, which must meet more stringent investor requirements. Loans made from the Virginia Housing Fund are made on a stand-alone basis, or are combined with other capital resources, to fund multifamily and single-family housing affordable to low-income households.

The Virginia Housing Fund is a finite source of subsidized mortgage capital. While the total current capitalization of the Fund is over \$150 million, approximately \$20 million in new funds are expected to be available annually for the next five years to fund new low-income housing. Currently, annual allocations of new capital are being divided between targeted rental housing programs and allocations of mortgage funds to the Commonwealth's Regional Loan Fund home purchase initiative.

- **Virginia Housing Partnership Fund / Federal HOME monies**—The Virginia Housing Partnership Fund (VHPF), provides loans funded from a pool capitalized through appropriations of monies from the state's General Fund. The VHPF, like VHDA's Virginia Housing Fund, provides a source of subsidized loan capital that can be made available under more favorable terms and conditions than bond proceeds. The VHPF is the most flexible and deeply subsidized state source of loan capital, because it in no way secures bondholder investments. (The Virginia Housing Fund, along with other VHDA reserve funds, helps to secure the Authority's General Obligation bond ratings). Currently, in the absence of additional state appropriations, the VHPF relies on annual interest earnings and principal repayments. An increase in VHPF funding would require new General Fund appropriations by the General Assembly or monies from another source. In contrast, the Commonwealth's current annual allocation of funding under the federal HOME block grant program (\$2.6 million) is expected to remain stable.

DHCD uses the state's HOME program allocation to fund certain programs that address current high ranking state priorities (e.g., provision of indoor plumbing), and to leverage and further subsidize VHPF lending programs. All HOME funds are restricted to projects sponsored by HUD-designated community housing development organizations (CHDOs). Currently, combined VHPF/HOME funds are being provided to fund the development of housing for low-income households through the Affordable Housing Production and Preservation program and to create affordable single-family home purchase opportunities for low-income first-time homebuyers through the Regional Loan Fund Program. The Affordable Housing Production and Preservation program currently receives approximately \$6.3 million annually from combined federal HOME and VHPF monies. Funds can be used to provide permanent financing for multifamily rental units (both for rehabilitation of existing units and new

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construction) and financing for the construction of single-family homes for sale to first-time homebuyers by certified CHDOs. Multifamily rental properties may also include congregate facilities

Current Use of Capital and Subsidy Resources to Address the Rental Housing Needs of People with Disabilities

Presently, VHDA's, DHCD's and local PHAs' multifamily housing resources are not—in general—being specifically targeted toward serving the housing needs of people with disabilities. The primary strategy of VHDA and DHCD has been to use limited subsidy resources most efficiently in order to maximize the amount of affordable rental housing that can be produced for all low-income and very low-income people in need of housing assistance irrespective of disability. Nevertheless, more broadly based housing assistance programs are being and can be used to address the specific housing needs of disabled people, particularly when needed subsidies can be accessed in order to make intensive, supervised or supportive housing projects feasible.

Likewise, VHDA and DHCD have generally relied on the requirements of the Uniform Statewide Building Code to govern the number of barrier-free and accessible/adaptable units that are developed with agency financing. This policy has helped to ensure ongoing high levels of participation on the part of the developers in the agencies' affordable lending programs. That in turn helps promote geographic diversity and choice in the location of rental housing financed through agency programs. Affordability and transportation remain serious barriers for some disabled people in accessing housing financed by VHDA and DHCD (for example, even rents charged for units in Low-Income Housing Tax Credit projects are unaffordable for people depending primarily on SSI income). Nevertheless, the ongoing expansion of the stock of moderately priced rental housing as a result of financing provided by VHDA and DHCD will continue to expand residential choices for disabled people currently assisted through the Section 8 tenant-based rent subsidy program, and will enhance the feasibility of any federal or state efforts to expand the availability of rent supplements to very low-income households.

Due to the complexity of building code requirements regarding the provision of barrier-free and accessible/adaptable units, and the change in requirements over time, it proved to be extremely difficult to accurately estimate the aggregate number of such rental units that have been produced through VHDA and DHCD financing programs. Likewise, local PHAs responding to the SJR 456 study group's survey did not provide complete or consistent responses to questions regarding the numbers of accessible units that have been provided in projects funded through their agencies. Therefore, no attempt has been made to tabulate and report such data in this report. Nevertheless, a review of multifamily building permit issuance by market area over time does give a very broad look at the impact of building code requirements on the production of accessible/adaptable housing across the Commonwealth. It was such a review, together with the survey results reported in Appendix F, that served as the basis for the general conclusions regarding the adequacy of the stock of accessible/adaptable housing units contained in the main body of this report.

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The following charts provide a summary of multifamily lending activity by VHDA during the past five fiscal years (FYs 95 through 99) for affordable housing serving a variety of different disability needs.

VHDA Financing of Affordable Rental Housing Designed to Meet the Accessibility Needs of Low-Income Seniors—FYs 95 through 99

Housing Market Area	Elderly Projects	Elderly Units	Federal Subsidies	Total Loan Amount	Tax-Exempt Bonds	Taxable Bonds	Virginia Hsg. Fund
Northern Virginia	8	971	LIHTC	\$48.5 mil	\$35.7 mil	\$12.8 mil	
Hampton Roads	3	452	LIHTC	\$11.4 mil		\$11.4 mil	
Richmond-Petersburg	5	477	LIHTC	\$14.5 mil	\$3.7 mil	\$7.3 mil	\$3.5 mil
Small Metro Areas*	1	72		\$0.8 mil			\$0.8 mil
Non-Metro Urban**	1	38	LIHTC	\$0.8 mil			\$0.8 mil
Rural Areas	4	127	RHS Sec 515	\$2.2 mil			\$2.2 mil
Total	22	2,137		\$78.2	\$39.4 mil	\$31.5	\$7.3 mil

*Roanoke, Lynchburg, Charlottesville, Danville, and Bristol metropolitan areas

**Blacksburg/Christiansburg/Radford area, Staunton/Waynesboro area, Harrisonburg area, Winchester area, and Martinsville area

VHDA Financing of Intensive and Supervisory Housing for People with Mental Disabilities and Substance Abuse Problems—FYs 95 through 99

Housing Market Area	MH/MR/SA Projects	MH/MR/SA Units	Federal Housing Subsidies	Residential Service Program Subsidies	VA Housing Fund Loan Amount
Northern Virginia	3	42	McKinney Act	MH & SA Prog. Funds	\$0.7 mil
Hampton Roads	1	35		SA Program Funds	\$0.4 mil
Richmond-Petersburg	1	53		SA Program Funds	\$0.1 mil
Rural Areas	1	6		MR Program Funds	\$0.1 mil
Total	6	126			\$1.2 mil

Development of Supportive Housing for People with Physical Disabilities—FYs 95 through 99

Housing Market Area	Accessible Projects	Accessible Units	Federal Subsidies	State/Local Subsidies	VA Housing Fund Loan Amount
Northern Virginia	2	15			\$1.0 mil

Cumulative funding by VHDA, DHCD and local PHAs of highly intensive, intensive and supervised housing for people with disabilities is summarized on the following page.

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Cumulative Number of Permanent and Transitional Units Financed by VHDA, DHCD and Local PHAs*

Highly Intensive, Intensive and Supervised Housing for People with Disabilities				
Type of Disability	VHDA	DHCD	Local PHAs	Total
• Mental Disabilities and Substance Abuse Problems	821	105	320*	1,246*
• Physical and Sensory Disabilities	87	653	115*	855*
• Other Disabilities (e.g., AIDs)	0	300	12*	312*
• All Disabilities	908	1,058	447*	2,413*

*Data is incomplete. Data for local PHAs only includes information provided by the 53% of PHAs that responded to the SJR 456 study group's survey (see Appendices F and G for information about that survey)

Provision of Home Purchase and Home Modification Assistance

As is true for multifamily housing, VHDA's, DHCD's and local PHAs' single-family housing resources are not being specifically targeted toward serving the housing needs of people with disabilities. The primary strategy of VHDA and DHCD has been to use limited subsidy resources most efficiently in order to maximize the number of low-income and very low-income homebuyers who can be provided home purchase and home modification assistance irrespective of disability. Nevertheless, as is true for multifamily programs, more broadly based housing assistance programs are being and can be used to address the specific home purchase and home modification needs of disabled people, particularly when needed subsidies can be accessed in order to make financing more affordable.

In addition to home purchase financing, VHDA offers free homebuyer education courses on a statewide basis. Classes are taught by VHDA staff and a network of VHDA private lending agents, and include information about loan programs, lending terms, credit, budgeting, home inspections and the loan closing process. Classes are always offered in wheel-chair accessible facilities. Classes are offered for people with visual and hearing impairments.

Presently, VHDA's and DHCD's homeownership assistance that is targeted to very low-income groups, is being jointly provided through the Regional Loan Fund Program. Under that initiative, VHDA and DHCD allocate mortgage capital and subsidy funds to regional public/private homeownership partnerships. These partnerships, which are composed of local nonprofit housing organizations, local governments and others, carry out a wide range of program administrative responsibilities including the identification of target populations to be served, design of homeownership initiatives and provision of marketing, outreach and homebuyer education services. The program is intended to provide flexible ongoing state support for regional programs. Whenever possible, DHCD and VHDA have delegated priority setting to regional partnership groups. Where there is regional interest and support, this program could become a means for demonstrating models for successfully providing home purchase assistance to disabled populations.

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VHDA and DHCD also offer small programs which fund home improvements/repairs. DHCD's Emergency Home Repair Program is funded with state general funds. Therefore, it provides deeply subsidized assistance for very low-income homeowners. The program can be used to fund accessibility improvements (particularly if they are of an emergency nature). VHDA's Title I home repair loan program serves a higher, but still low-income population. Loans are made at a below-market rate of interest with expanded qualifying ratios. This program is not targeted to people with disabilities but has been used by borrowers in many instances to retrofit their homes.

Many local PHAs are also providing homeownership assistance to low-income households. Most of that assistance is being provided with federal HOME program funds, although some local PHAs report local funding as well. Most PHAs report that they are providing very low-interest loans and/or grants (often in the form of forgivable loans). While few local PHA home purchase programs involve any specific targeting of or outreach to disabled populations, they generally provide help with down payment and closing costs that are essential for many disabled homebuyers.

Likewise, a majority of local PHAs are providing some type of home rehab/repair assistance that, while not targeted to people with disabilities, can be used by them to make needed home modifications. Those local programs are most often being funded with federal Community Development Block Grant (CDBG) funds or federal HOME program funds, and are providing very low-interest loans and/or grants (often in the form of forgivable loans).

