
Texas Home of Your Own Coalition

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THE TEXAS HOME OF YOUR OWN COALITION

The road to owning a home can be a challenge for anybody, but it can be especially difficult for people with disabilities, who often have limited incomes and high disability-related expenses. In addition, people with disabilities often face a shortage of affordable, accessible housing and old-fashioned stereotypes about where and how people with disabilities can and should live.

To address these issues, United Cerebral Palsy of Texas and its partners established a collective effort to increase housing and homeownership opportunities for people with disabilities in 1995 – the Texas Home of Your Own Coalition (Texas HOYO). Texas HOYO brings together people and organizations with a broad range of expertise and experience in disability advocacy and in fields associated with homeownership. The coalition comprises several organizations that had worked together informally for several years, including:

- advocacy organizations,
- home and community-based services providers,
- state and local housing development and finance agencies;
- banks, savings and loans, credit unions, and other lenders;
- realtors,
- housing counseling organizations, and
- civic groups.

The Texas effort started as part of the National Home of Your Own Alliance, which started in the early 1990s with funding from the U.S. Department of Health and Human Services, Administration on Developmental Disabilities. The national office in the University of New Hampshire, Institute on Disabilities provided philosophical guidance and technical assistance that helped Texas HOYO establish a solid foundation. Texas HOYO is now one of the most active Home of Your Own coalitions in the country, with strong partnerships in five major metropolitan areas across the state.¹ Over 175 people with disabilities have purchased homes with help from Texas HOYO.

The Texas HOYO model connects people with disabilities to programs and services that serve the general population of first-time homebuyers. Rather than build a separate system for homeowners with disabilities, Texas HOYO adjusts the current system so it can accommodate people with disabilities. The Texas HOYO service model is especially

¹ Austin, El Paso, Fort Worth, Dallas, and Houston

effective because it takes into account challenges that often distinguish prospective first-time homeowners with disabilities from other first-time buyers, such as:

- Financial challenges – compared to the general population, people with disabilities are more likely to have lower income, lower cash reserves, and higher disability-related expenses.
- Accessibility challenges – the vast majority of available, affordable houses are not accessible. Before they can move in, many people need to modify their new homes to function independently and safely. Few can afford the modifications without some financial assistance.
- Experiential challenges – people with disabilities, especially those with significant support needs and those who had not lived independently before, often lack the personal experiences or resources to maneuver the home buying process alone.
- Attitudinal challenges – long-standing myths and stereotypes about people with disabilities can be a barrier to productive relationships with the housing industry.

The Role of Partnerships

UCP Texas’ coalition partners play important roles with each new homeowner. First, each metropolitan area has a local lead agency with experience serving people with disabilities (usually a local chapter of United Cerebral Palsy). The lead agencies receive the initial calls for Texas HOYO assistance and provide case management throughout the homeownership process.

Also, Texas HOYO recruits partners involved in housing and in serving people with disabilities. The partners commit to supporting participants in ways appropriate to the partners’ business. These commitments are crucial to the program’s success. Partners also appoint representatives to attend coalition meetings, lend technical assistance, promote the program’s activities, and refer people to the program. The types of partners, and their specific service commitments, include the following:

Housing counseling organizations:

- pre-purchase homebuyer counseling and education
- budget preparation for certain homebuyers
- early delinquency intervention
- credit repair counseling
- post-purchase follow-up and support

Realtors:

- assistance with locating a home
- locating property inspectors

Lenders:²

- mortgage products
- down payment and closing cost assistance funds
- financial assistance for property rehabilitation when needed
- financial assistance for property maintenance

Disability organizations:³

- home assessments for accessibility
- grant writing and proposal development services
- marketing services

Many partners view participating in Texas HOYO as an opportunity to learn ways to improve their service to people with disabilities and expand their market base. Also, participating in Texas HOYO offers an opportunity to be a good corporate or organizational citizen.

“I was asked to attend a meeting to discuss a Realtor’s role in the homeownership process. I provided information, explaining that Realtors are often the first contact for a typical person interested in becoming a homeowner. I learned so much in that first meeting about the barriers facing people with disabilities and realized this group was committed to breaking down those barriers. Seven years later I’m still involved and have helped several individuals find, purchase and even build a new home” - Ann, Sunset Properties

The Texas HOYO Steps to Homeownership

Most participants in Texas HOYO follow a similar process to homeownership, including the following eight steps. The amount of time necessary to purchase a home varies because many factors determine a participant’s readiness for homeownership. Most people purchase their homes in six to nine months, but some people need only two

² Lenders may include state and local housing development and finance agencies, banks, savings and loans, credit unions, and mortgage companies.

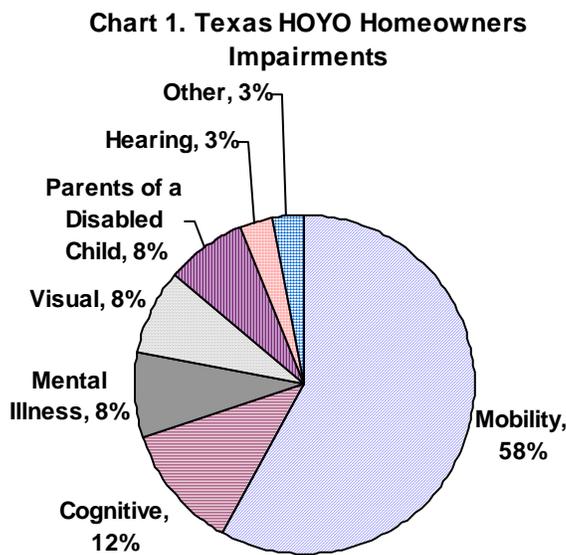
³ Disability organizations may include state and local government agencies, private service providers, and family, advocacy, and consumer groups.

months and a few needed two or three years. Appendix A displays this process through a flow chart. When working with participants, a particular challenge for Texas HOYO is not to work ahead of a prospective homeowner – to help a person while allowing him or her to make decisions, rather than doing a task for a person.

Step 1: Outreach

Texas HOYO promotes their programs using a mixture of marketing tools such as newsletter articles; presentations at meetings and conferences; news and feature stories via the local news media; and targeted mailings. The coalition partners have access to a number of important networks that can help spread the word in the disability, financial, and housing industries. Organizations that serve people with disabilities – centers for independent living, advocacy organizations, consumer support groups, and service providers – are key marketing opportunities. Texas HOYO also promotes itself to the general public using radio and television public service announcements and newspaper articles and feature stories. Program staff have found that housing is often such an important issue that the local press is usually glad to report a new opportunity for people.

While a majority of people who have purchased homes through Texas HOYO have mobility impairments, the program attracts participants with a variety of disabilities (see Chart 1). Twelve percent of the new homeowners served thus far have cognitive impairments such as mental retardation. People with mental illness, people with seriously impaired vision, and parents of children with disabilities each comprise eight percent of Texas HOYO participants.



Step 2: HOYO Application Process

The first contact with Texas HOYO is usually a telephone call to the local or 800 number. The lead agency in that city conducts an initial screening, discusses the potential participant's interest in housing, collects the person's contact information, and invites him or her to the next Texas HOYO orientation. Interested persons attend an orientation to learn about the home buying process, identify any barriers they may face in the process (poor credit, too much debt, etc.), and learn about the next steps they need to take, such as saving money for a down payment.

After the orientation, participants fill out an initial application form that Texas HOYO uses to determine if they meet preliminary financial eligibility requirements. People who meet these requirements then submit more detailed financial information, disability and income verification forms, and other documentation. Program staff invite eligible participants to discuss their current situation and readiness for homeownership. The person and staff then develop a plan for the next steps toward owning a home. People whose income or resources are too high to meet the Texas HOYO eligibility criteria can still purchase homes but do not qualify for additional counseling and other assistance.

Step 3: Pre-Purchase Borrower Education and Counseling

Texas HOYO requires participants to attend first-time home buyer training, which is also a requirement of the mortgage programs most participants utilize, such as FannieMae's Home Choice.SM The training covers such topics as:

- homeowner responsibilities;
- mortgage lending terms, forms and procedures;
- budget management,
- credit counseling,
- pre-purchase property inspection and selection,
- move-in preparation,
- homeowner maintenance and repair issues; and
- sources of assistance in post-purchase emergencies.

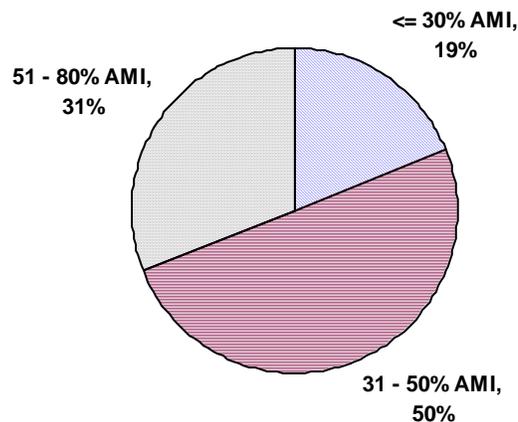
This training is not specifically for people with disabilities. Texas HOYO consumers participate in classes designed for all first-time home buyers by partner agencies. Local lead agency staff and volunteers provide sensitivity training and other values-based training to assist the homebuyer counseling staff.

Usually the homebuyer education class includes participants' creation of an individual plan. This plan outlines specific goals necessary to locate, finance, and move into a home. Getting approved for a mortgage loan is, obviously, a critical step in the home buying process. Texas HOYO assists people in determining the most appropriate financing package, selecting a lender, preparing the mortgage application forms, and related activities. Some participants need individual counseling and assistance to repair credit problems or establish a positive credit history. Some people with disabilities have never used credit and don't have any credit history.

Step 4: Mortgage Financing

There are many different kinds of loans, each with its own special requirements. Homebuyer education helps the participant understand the special language of the financial and housing industries and know where to begin. Participants often can rule out many loan products because they require a down payment or monthly payments that the individuals cannot afford. Approximately 70 percent of Texas HOYO homeowners had incomes at or below 50 percent of the area median income (AMI) including 20 percent who had incomes at or below 30 percent AMI (see Chart 2).

Chart 2. Texas HOYO: Homeowner Income Levels



Most people receive affordable, low-interest mortgage financing through loan products from one of three sources.

- Fannie Mae loans targeted to low and middle-income families and individuals, including HomeChoiceSM, a product developed specifically for first-time home buyers with disabilities;

- Federal mortgage programs including Federal Housing Authority (FHA) and Veterans Administration (VA) loans; and
- Community lending mortgage loans (also known as “portfolio” loans) that individual banks and mortgage companies offer to comply with the Community Reinvestment Act.

Step 5: Role of Realtor/Builder

Participants select their own realtor among Texas HOYO partners. The program provides guidelines for agents working with participants. The “Realtors’ Fact Sheet” covers eligibility requirements, available financial assistance and loan products, property inspection requirements, necessary language for the sales contract, and a program assistance timeline. The Realtor plays a critical role in the process, as they do with anyone interested in buying their first home. They assist with contract negotiations to request that the one-year home warranty Texas HOYO recommends people include in the sales contract, and explain timelines to the participants.

When someone chooses to build a new home, rather than purchase an existing home, the realtor works with the builder to ensure house plans address the person’s accessibility needs and meet Texas HOYO requirements for financial assistance. The program developed additional guidelines for custom homes to assist builders in meeting program requirements. The realtor also helps the person make sure any modifications to the house plan are made early enough to prevent costly fees.

Step 6: Down Payment and Closing Cost Assistance

Financial assistance for the up-front costs of purchasing a home is vital for Texas HOYO participants. Many participants, some of whom rely entirely on Supplemental Security Income (SSI), do not have enough money on their own for the down payment and closing costs. Participants must contribute a certain amount of their own funds, depending on their individual financial situation. Texas HOYO can supply the difference – in the form of a five-year, forgivable loan – using:

- Home Investment Partnership Program (HOME)⁴ funds,

⁴ The HOME Program, established in 1990, provides flexible funds to implement multi-year housing strategies that strengthen public-private partnerships and increase affordable housing stock. The U.S. Department of Housing and Urban Development (HUD) provides funds directly to large cities and counties. States receive a block grant of HOME funds for areas not receiving a separate allocation. HOME funds are reserved for people at or below 80 percent of an area’s Average Median Family Income (AMFI).

- Community Development Block Grant (CDBG)⁵ funds, and
- affordable housing grants awarded by the Federal Home Loan Bank (FHLB).

Home buyers may also receive monetary gifts from friends or family at closing that can go towards their down payment costs. These gifts are not counted toward the participant's Medicaid eligibility as long as the gifts contribute to the down payment. In addition, some people have used a lump sum of back payments from the U.S. Social Security Administration. These participants had recently started receiving benefits and the back payments compensated for an initial delay in payment.

Step 7: Property Rehabilitation/Accessibility Modifications Assistance

After closing, the new homeowner may get financial assistance to remove architectural barriers or make other accessibility-related changes to their new homes. In some circumstances, new homeowners can receive payment for property inspection and to resolve issues identified during the inspection. The amount of rehabilitation and modification assistance varies from one community to the next, depending on local Texas HOYO funding resources. Funding sources include:

- The HOME-funded Owner Occupied Rehabilitation Assistance Program,
- Medicaid HCBS waivers,
- County and city housing departments that utilize HOME or CDBG funds to administer a home repair program that may or may not be specific to people with disabilities, and
- Other housing organizations, such as Habitat for Humanity, Community Action Agencies, Area Urban Leagues, and Youth Works.

Step 8: Post-Purchase Follow-up and Support

Texas HOYO is proactive in helping new homeowners avoid the risk of missing mortgage payments by providing counseling and financial assistance (if necessary) after they have purchased and moved into their homes. Yet emergencies can happen even with the most careful planning and preparation. Texas HOYO provides financial counseling, information about other programs that provide housing assistance, and a limited amount of financial assistance after purchase. Homeowners can contact Texas HOYO with

⁵ The CDBG Program is a HUD-funded program authorized by Title I of the Housing and Community Development Act of 1974. CDBG comprises an "Entitlement Program" which provides formula-allocated funding to metropolitan cities with populations over 50,000 and to qualified urban counties with non-metropolitan populations over 200,000; and a "Nonentitlement" or "States and Small Cities Program" which provides funds directly to states which, in turn, provide funds on a competitive and as-needed basis to areas not eligible for entitlement status.

questions related to their home or requests for assistance at any time, even several years after closing. Texas HOYO also contacts the homeowners occasionally to conduct surveys, to offer volunteer opportunities, and to send information about available assistance. The services to prevent defaults and foreclosures are a strong selling point to lenders and have been effective thus far. None of the over 175 homeowners assisted through the program has defaulted on their mortgage

JT and Karen do not waste words when it comes to describing what they like best about homeownership. With Texas HOYO's assistance, they moved into their very own home in 1997. They are quick to point out the features that accommodate their two-wheelchair family: automatic doors, a huge roll-in shower, and a deck and ramp leading to their back yard. They appreciate these things and show them off with great pride.



But what they like most about their home is the independence, freedom, and privacy it allows. "We can change things around the way we want to without having to ask permission," Karen exclaims with enthusiasm. "We get to decide who comes and goes," JT adds. These are important issues to JT and Karen, both of whom have personal experience with life in institutions. JT spent more than 30 years as a resident of a state school. Karen lived in a nursing home for a dozen years. In those days, neither imagined they would ever live independently, much less join the ranks of homeowners.

"HOYO made it all happen for us," JT says, "from helping with the money to showing us how to be responsible and take care of things." Says Karen, "HOYO is a real blessing to us. We're so happy here!"

Homeowner Profile:

Monthly income: \$1,120

Source of income: Disability Benefits

Property type: New construction – single family

Purchase price: \$76,000

Mortgage amount: \$32,000

Mortgage Program: HomeChoiceSM

Program assistance: \$44,000 in down payment assistance from Texas HOYO; Funds for barrier removal from the HOME program and a Medicaid HCBS Waiver

In addition to follow-up regarding financial matters, the program provides home safety training and a manual to help new homeowners identify and prevent hazards that might jeopardize their personal safety and/or property. This assistance prepares people for living in their own home and assures family members and others who may be uneasy about people with disabilities as first-time homeowners.

Program Resources

The money necessary to fund a local HOYO program can vary greatly because many local variables affect program cost, including the partners' duties and the in-kind resources partners commit to HOYO (e.g., staff time and materials). Most Texas HOYO funds provide financial assistance with participants' down payments, closing costs, and home modifications. For administration, UCP Texas recommends that HOYO programs have at least one full-time staff person to develop and administer a local program. Programs should also budget sufficiently for staff travel, volunteer expenses (such as accessible transportation to meetings), and converting materials to alternative formats for accessibility.

The Texas Home of Your Own effort has received funding support for its operations from the Texas Council for Developmental Disabilities, Texas Department of Housing and Community Affairs, private foundations, Fannie Mae and lender partners. Texas HOYO also charges an administrative fee that covers application intake and processing, credit reports, construction standards inspection, bridge financing, and second lien document preparation. Fees are usually collected at closing and are often rolled into the financing package so they do not come out of the participant's pocket.

Lessons Learned

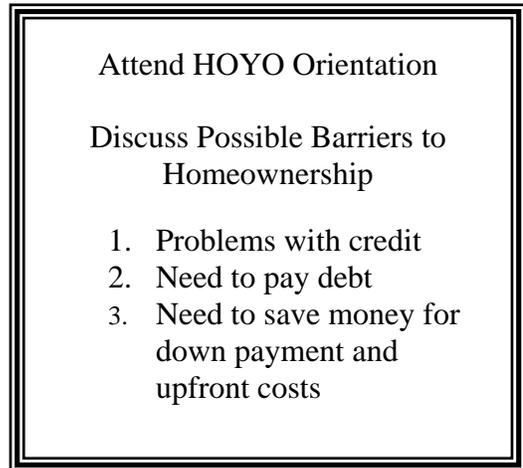
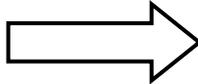
Texas HOYO identified several lessons learned from its experience that may help organizations develop or enhance similar Home of Your Own programs in other communities.

- The idea of a person with a disability owning a home might be a brand new concept for some of the prospective funding sources. Awareness raising and education is often part of fundraising efforts.
- Developing multiple, sustainable funding sources is important because relying on any one source for all funding can be risky. Collecting even a small fee can help sustain the project after startup grants and other temporary funding sources expire.
- When selecting the services your program will provide, consider the process from the perspective of people with disabilities who may be taking their first steps toward more independence and control over their own lives. Think about what they will need to know and do to realize their dream of owning a home, what kind of support will they need, and what coalition partners can best provide particular services.
- Recruit more than one partner for each activity to prepare for the inevitable time that somebody has to leave the coalition or a partner is not doing the job.

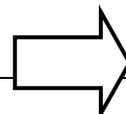
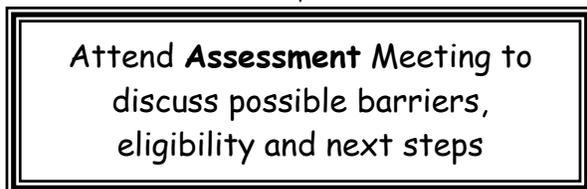
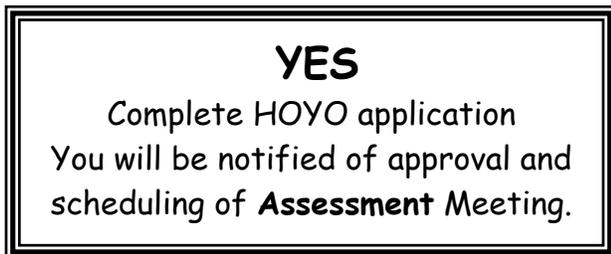
- People working directly with participants should take a homebuyer education and mortgage underwriting class to become educated on mortgage loans and the processes associated with them.
- HOYO partners, community leaders and others associated with your program will be genuinely excited about your effort and see it as good public relations for their businesses, agencies and organizations. They may want to help promote the project and help get the message out. Maintain control of publicity to ensure the message is consistent with image you want the HOYO program to have.
- When expanding a HOYO program to new areas, remember that no two communities are alike. For example, one town may have a surplus of property inspectors while the next may have none. What services partners can offer may vary in each location.

Appendix A: Texas Home of Your Own – The Path to Homeownership

Call HOYO 1.800.988.4696



Are you ready to continue in the home buying process?





If necessary, continue working on credit and/or saving money!



Submit mortgage loan application along with HOYO commitment for down payment



When you have qualified for a loan, contact the Realtor of your choice and begin looking for a house



Locate a home. Make an offer with the stipulation of HOYO approval



When your offer has been accepted and the home meets HOYO guidelines, set up your closing date.



**Close on your new house!
Start home repairs and modifications after closing, if necessary.**



Appendix B: Web Resources

Texas Home of Your Own: www.onr.com/user/texashoyo

Center for Housing and New Community Economics (CHANCE) – includes National HOYO Alliance information: <http://chance.unh.edu>

Fannie Mae: www.fanniemae.com

U. S. Department of Housing and Urban Development (HUD): www.hud.gov

Consortium for Citizens with Disabilities (CCD): www.c-c-d.org/tf-housing.htm

National Association of Housing and Redevelopment Officials : www.nahro.org

American Bankers Association: www.aba.com

National Association of Realtors: www.realtor.com

Disability Right Rights Action Coalition for Housing: www.drach.org

Homeownership Alliance: www.homeownershipalliance.com

National Low Income Housing Coalition: www.nlihc.org