

Expanding the Capacity of CDFIs to Serve People with Disabilities



The CDFI Fund's Capacity Building Initiative

Access for All: Expanding CDFI Capacity in the Disability Community

December 4-5, 2019

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Disclaimer:

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Module 1 – The Role of CDFIs in the Disability Market

Community Development Financial Institutions (CDFIs) have existed for several decades; however, it is only now that the industry is making a serious attempt to serve the disability market. One might ask, “Why weren’t CDFIs more active before now?”

This Training Presents:

- Description of community-based organizations serving the poor versus people with disabilities
- Demographic characteristics of the disability market
- Demand for opportunity
- Performance metrics
- Case studies

The Disability Market

CDFIs' NEW FRONTIER:

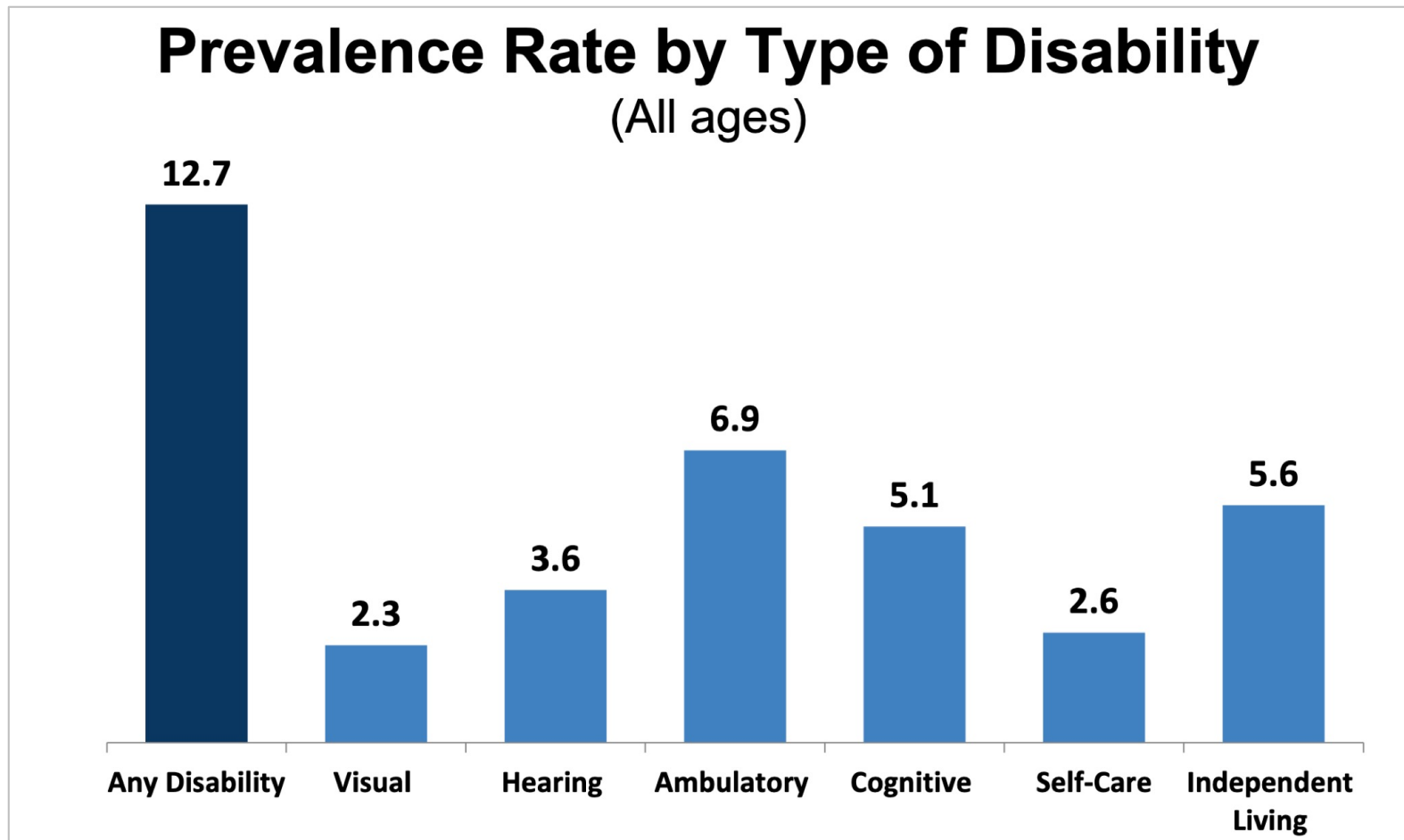


Why Not CDFIs?

Some reasons include the following:

- Different organizations serve different people
- Agencies & policies supporting the poor focus on financial independence
- Agencies that support people with disabilities (PWD) provide vital services clients depend on
- The policies and programs, historically, don't interact
- Different people, different programs

Characteristics of the Disability Market



Source: http://www.disabilitystatistics.org/resources/2017_Disability_Status_Report_Rollout.pdf

Autism

Autism

A close-up photograph of a young child with blonde hair and blue eyes, looking directly at the camera. The child is wearing a yellow shirt with pink trim. The background is a blurred outdoor setting with green grass and trees.

1 in 59

Growing Market

Autism

Early Detection - Tools for Success – Independence

1/59

Approximately 1 in 59 children is diagnosed with an autism spectrum disorder (ASD).

4x

Boys are four times more likely to be diagnosed with autism than girls.

2+

Most children were still being diagnosed after age 4, though autism can be reliably diagnosed as early as age 2.

Source: Autism Speaks

A photograph of a group of veterans sitting in a waiting area. They are mostly men, some in military uniforms, some in civilian clothes. Some are in wheelchairs, and one is using crutches. They are all looking towards the right side of the frame. The background is a brightly lit hallway with blue walls and white doors.

Veterans

VETERANS

Service-Connected Disability

Veterans

3.8 Million

The number of veterans with a service-connected disability rating in 2014.

1.1 Million

Of this number, 1.1 Million had a rating of 70 percent or higher.

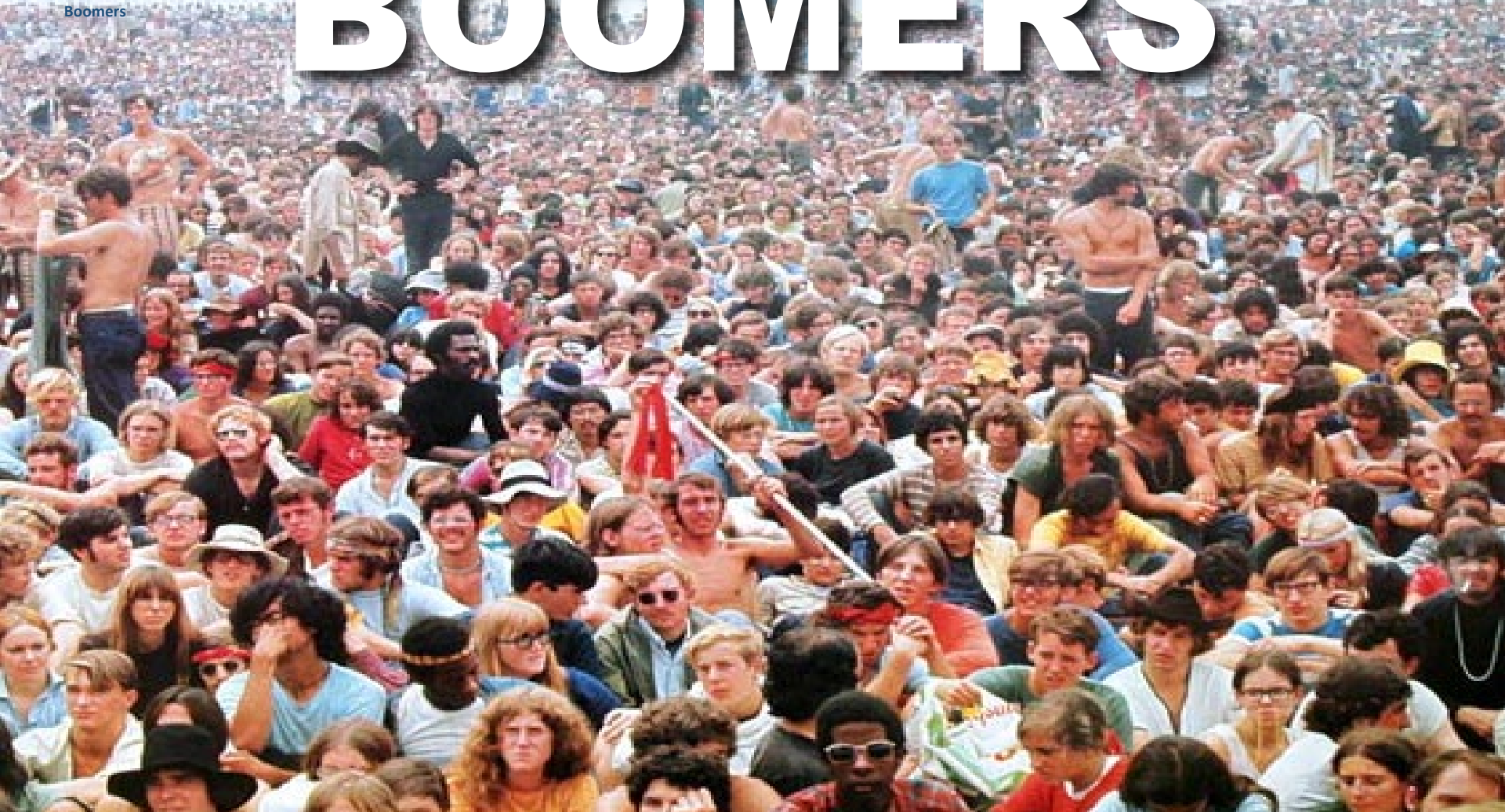
A “service-connected” disability is one that was a result of a disease or injury incurred or aggravated during active military service. Severity of one’s disability is scaled from 0 to 100 percent, and eligibility for compensation depends on one’s rating.

Source: 2014 American Community Survey

(Source: U.S. Census November 2015)

BOOMERS

Boomers



Statistics

72,000,000 by 2030

Statistics

**25% of Americans
between 65-74 years old
have one or more disabilities**

**50% of Americans
over 75 years old
have one or more disabilities**



For the Disabled, Age 18 Brings Difficult Choices

The New York Times

Media



Marketing



Financial Prowess

2017 Disability Mentoring
Day with Capital One



MetLife's Division of Estate
Planning for Special Kids

MetDESK®



MetLife®

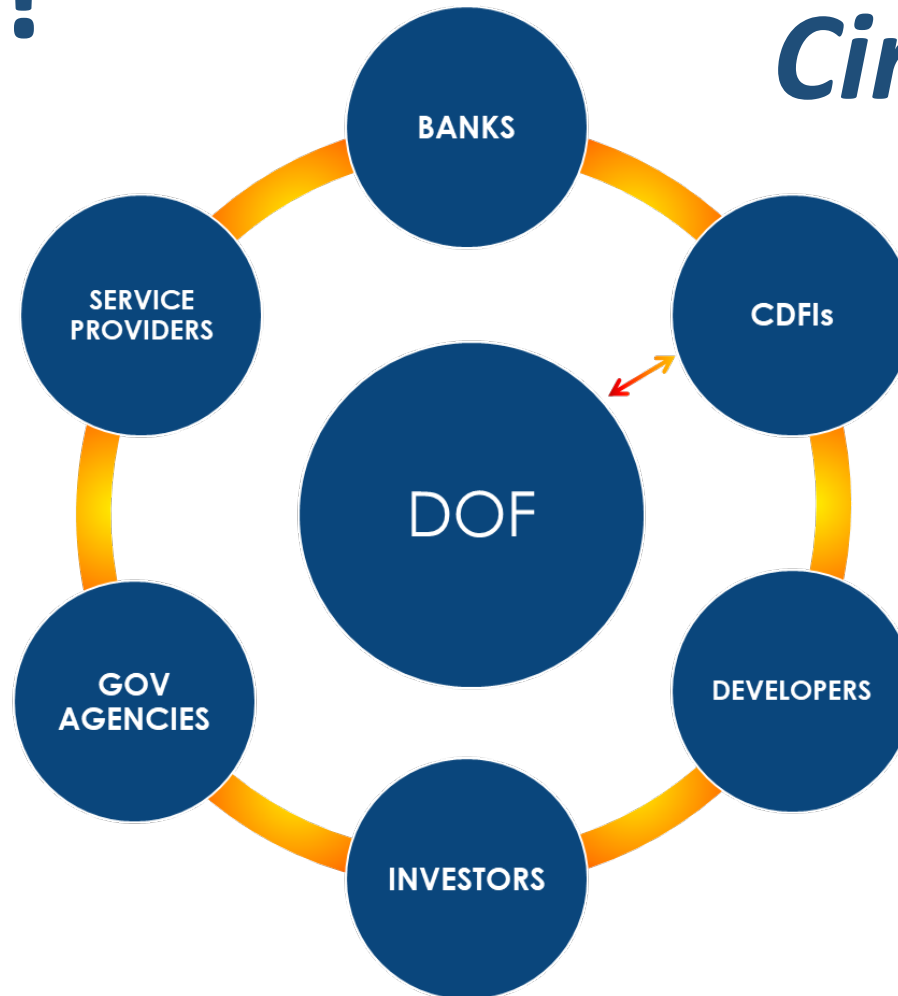


Presented by:
Bank of America 



How???

Circa 2006



Entering the Fray – How??



Profit with Purpose

✓ Real estate projects

✓ Companies

Owned, Employ & Serve PWD

✓ Opportunity Zones

✓ Philanthropy

Disability Case Study: Real Estate



Cardinal Capital:
National Pipeline

Housing
Community Centers

Disability Case Study: Companies



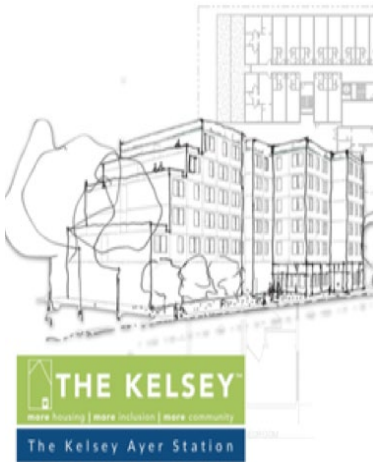
Ultra Testing
NY-Based
National Operations

Disability Case Study: Opportunity Zone



Washington, D.C.

DOF Cares: Philanthropic Opportunities



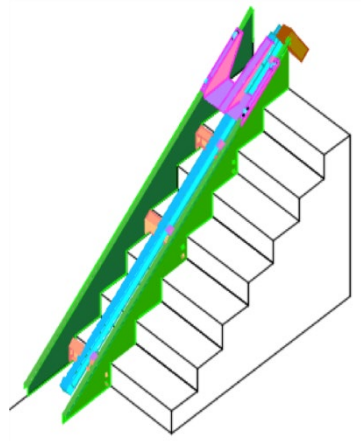
Housing



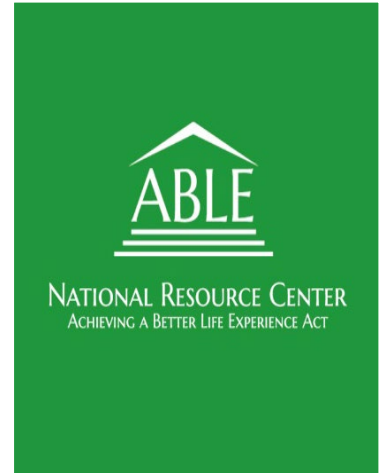
In Partnership With



Employment



Assistive
Technology



Asset
Development

DOF Cares is a grant program that awards organizations in the categories of housing, employment, assistive technology and asset development

People with Disabilities = Consumers & Advocates

Housing

Education

Jobs

Care

Medical Devices

Assistive Technology



Social Impact Metrics

Aeris Metrics which Relate to DOF

Affordable Mortgage or Home Improvement Loans Disbursed #	10
Affordable Mortgage or Home Improvement Loans Disbursed \$	\$1,140,800
Affordable Housing Loans to Developers Disbursed #	26
Affordable Housing Loans to Developers Disbursed \$	\$18,248,230
DOF Borrowers Receiving Financial Counseling and Other Services	62
Business Loans Disbursed #	19
Business Loans Disbursed \$	\$16,178,500
Student Seats at Loan Closing #	1,011
Student Seats at Project Completion #	1,186
Unduplicated Patients Served #	24,325
Loans for Health Care Projects #	5
Loans for Health Care Projects \$	\$3,050,000
Very Low Income Households Benefited by DOF Loans	4,501
Low Income Households Benefited by DOF Loans	16,249
Moderate Income Households Benefited by DOF Loans	5,788
Number of Serve People of Color Benefited by DOF Loans	3,588
Number of Women/Girls Benefited by DOF Loans	1,608
Number of Children and Youth Benefited by DOF Loans	1,199
Loans in a Rural Place #	2
Number of Veterans Benefited by DOF Loans	100
Number of People with Disabilities Benefited by DOF Loans	19,525
Number of Affordable Housing Units Created through DOF Loans	874
Number of Affordable Housing Units Preserved through DOF Loans	286
Number of Housing Units with Other Services Provided Created through DOF Loans	1,082
Number of Jobs Created by DOF Borrower at Loan Closing	1,699
Number of Jobs Created by DOF Borrower at End of DOF Fiscal Year or End of Loan	1,795
Percentage of these Jobs which have a Living Wage	94%
Square Feet of Health Care Facilities Created through DOF Loans	4,000
Square Feet of Health Care Facilities Preserved through DOF Loans	73,250

Social Impact Metrics

Additional Metrics Tracked By DOF

Participation - DOF as Lead Originator	7 Loans
Participation - DOF as Participant	9 Loans
Leveraged \$ @ Loan Closing from CDFI	\$11,299,000
Leveraged \$ @ Loan Closing from Financial Institution	\$15,012,000
Leveraged \$ @ Loan Closing from Government Sources	\$16,133,565
Leveraged \$ @ Loan Closing from Individuals	\$2,375,000
Leveraged \$ @ Loan Closing from Investors	\$8,800,000
Take Out Source of DOF \$ = CDFI	\$2,710,800
Take Out Source of DOF \$ = Financial Institution	\$20,347,480
Take Out Source of DOF \$ = Government Sources	\$3,519,750
Take Out Source of DOF \$ = Individuals	\$815,000
Take Out Source of DOF \$ = Investors	-
Total Project Value When DOF \$ Taken Out	\$80,161,811

Celebrate the children





Car Wash



Proud Employees of Rising Tide Car Wash

The CDFI Fund's Capacity Building Initiative // Access for All: Expanding CDFI Capacity in the Disability Community

Module 2 – Disability History and Policy

This session will provide an overview of important historical events in the disability civil rights movement. The overview will shed light on some of the causes and consequences that help explain the socio-economic status of people with disabilities. It will also introduce CDFIs to key provisions in disability policy that can be leveraged for new CDFI products and services.

This Training Presents:

- Historical treatment and segregation of people with disabilities (PWDs)
- Historical events and social movements that shaped disability policy
- Laws and regulations as well as supports and services designed to promote freedom and equality of opportunity

The Medical Model and Institutionalization

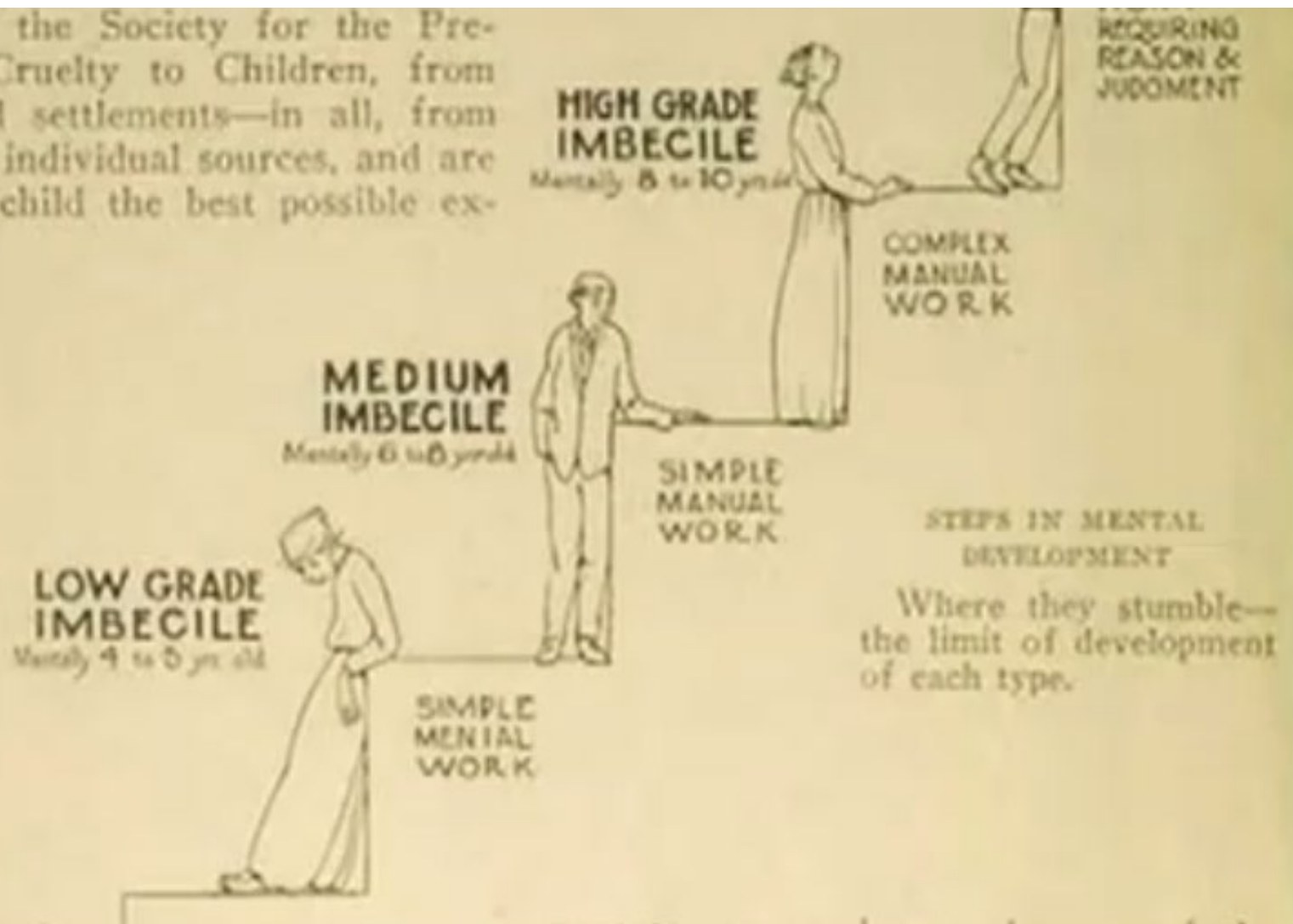
- Disability occurs due to a variety of factors
- Often a cause of the environment
- Social determinants predict a higher prevalence of disability
- Historically, disability has been defined as “defective” in contrast to what is “normal” and socially expected
- Numerous social experiments over the course of history attempted to “fix” people under the guise of “helping” but caused vast individual and social harm

19th century



- 19th Century
- Grew out of the Almshouses/poor houses
- Social stigmatization of “flawed” parents and social myths
- Thought best for the person, family and society
- Education and rehabilitation fluctuated based on leadership and resources
- Over time led to social warehousing
- Adverse events for individuals and families

courts, from the Society for the Prevention of Cruelty to Children, from churches and settlements—in all, from 147 different individual sources, and are giving each child the best possible examination.



Institutionalization

People became inmates and “criminals” and were held against their will

Medical procedures including lobotomies; electric shock treatment; overuse of psychotropic medications; physical and sexual abuse; and neglect

Wards of the state, absent human rights protections.

Institution was their “community”





- WWII war heroes with disabilities garnered much national support and gratitude
- The self-sacrifice involved in serving the country helped to garner political support and investment for rehabilitation
- In 1920, Congress passed a bill providing funding for job counseling and vocational training to disabled veterans

The Effect of War Veterans

Social Security Act of 1935


What will you or your family do?

- WHEN YOU'RE TOO OLD TO WORK
- IF YOU BECOME DISABLED
- IF YOU DIE

SOCIAL SECURITY PAYS CASH IN THESE CASES

BUT KEEP THESE TWO THINGS IN MIND

1. YOU DON'T GET PAYMENTS UNLESS YOU HAVE WORKED LONG ENOUGH
2. THE AMOUNT OF YOUR PAYMENT DEPENDS ON HOW MUCH WAGES HAVE BEEN REPORTED TO YOUR SOCIAL SECURITY ACCOUNT

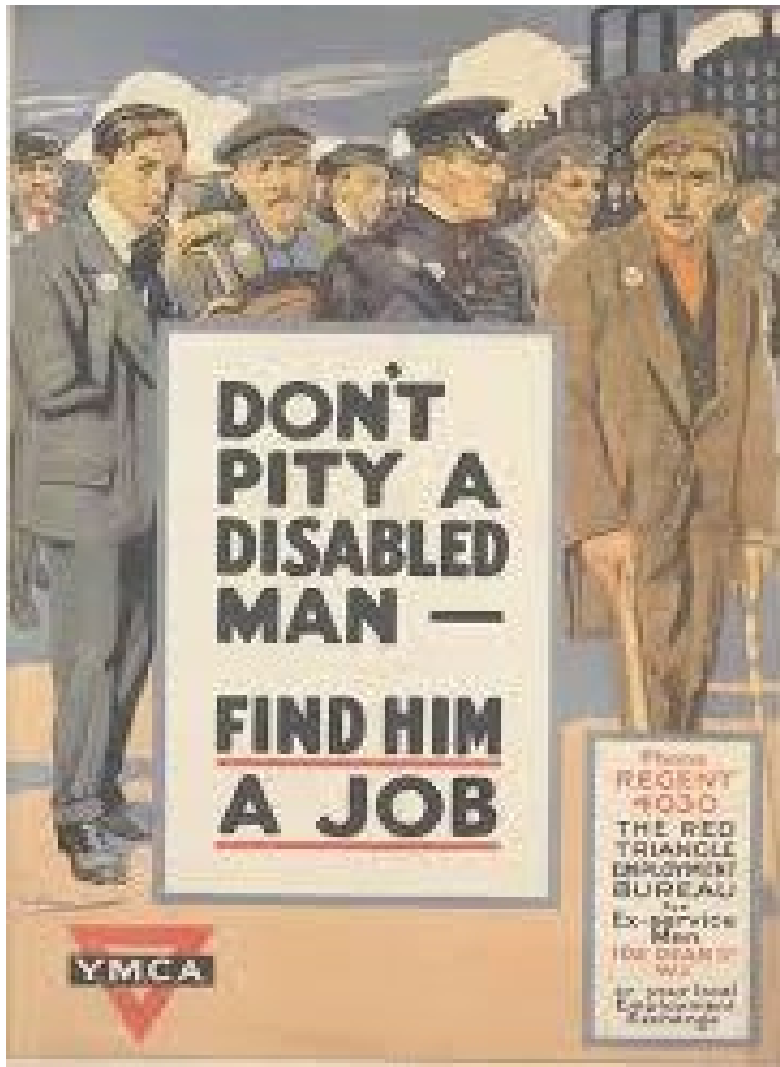


REMEMBER

- SHOW YOUR SOCIAL SECURITY CARD TO YOUR BOSS
- MAKE SURE HE TAKES SOCIAL SECURITY OUT OF YOUR PAY
- CHECK WITH THE SOCIAL SECURITY OFFICE TO SEE IF YOU'RE GETTING CREDIT

YOUR NEAREST SOCIAL SECURITY OFFICE

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION
BUREAU OF OLD-AGE AND SURVIVORS INSURANCE
OASI-68-45



Members of the League for the Physically Handicapped protested in NYC in 1935 about employment discrimination in Works in Progress Administration (WPA)

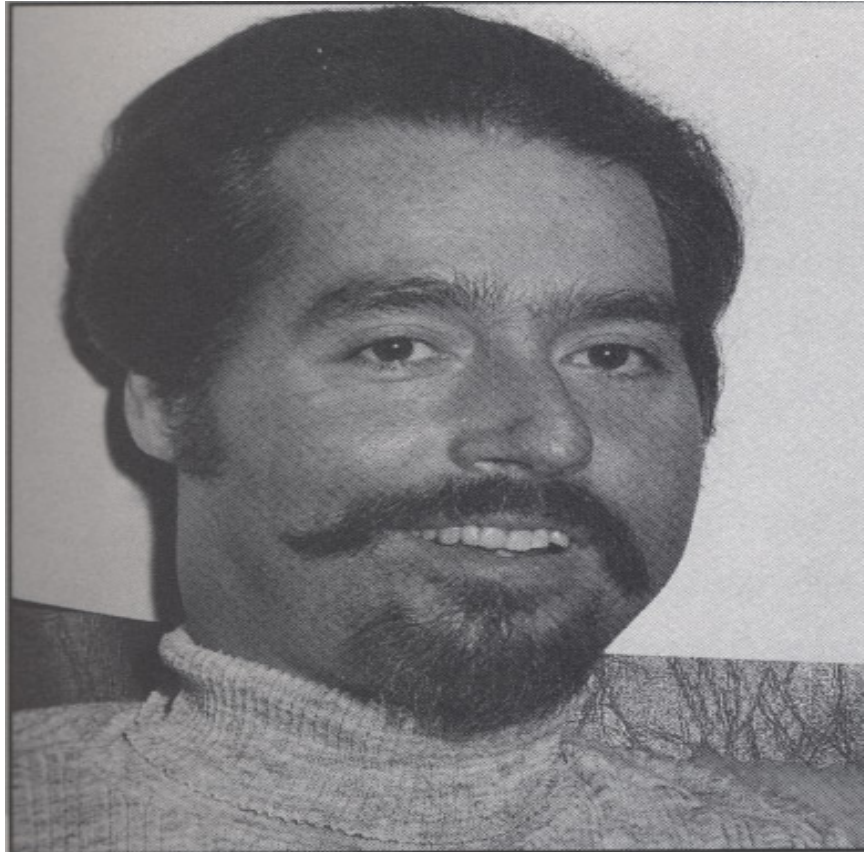
Educational Discrimination



- Ed Roberts contracted polio in 1953 at age 14
- He became paralyzed from the neck down and required an iron lung to breathe
- He attended high school by phone
- His high school refused to let him graduate because he could not participate in physical education or drivers' education
- His mother petitioned the school board to reverse the school's decision

The Ed Roberts Case

- 1962 Ed was accepted to UC Berkeley
- Unaware of his iron lung, UC Berkeley accepted him and later tried to refuse his acceptance due to what they perceived to be his medical frailties
- He founded the Physically Disabled Students Program



Deinstitutionalization

- Effectiveness varied by place and state policy and still does
- In 1965, the Medical Assistance, Title XIX of the Social Security Act passed
- In 1991, the State of New Hampshire was the first in the country to close its institution, Laconia State School
- Services became community-based
- However, institutions and group-segregated settings still exist today

The Developmental Disabilities Act

The act reads in part:

“assure that individuals with developmental disabilities and their families participate in the design of and have access to needed community services, individualized supports, and other forms of assistance that promote self-determination, independence, productivity, and integration and inclusion in all facets of community life ...”

Developmental Disabilities Act

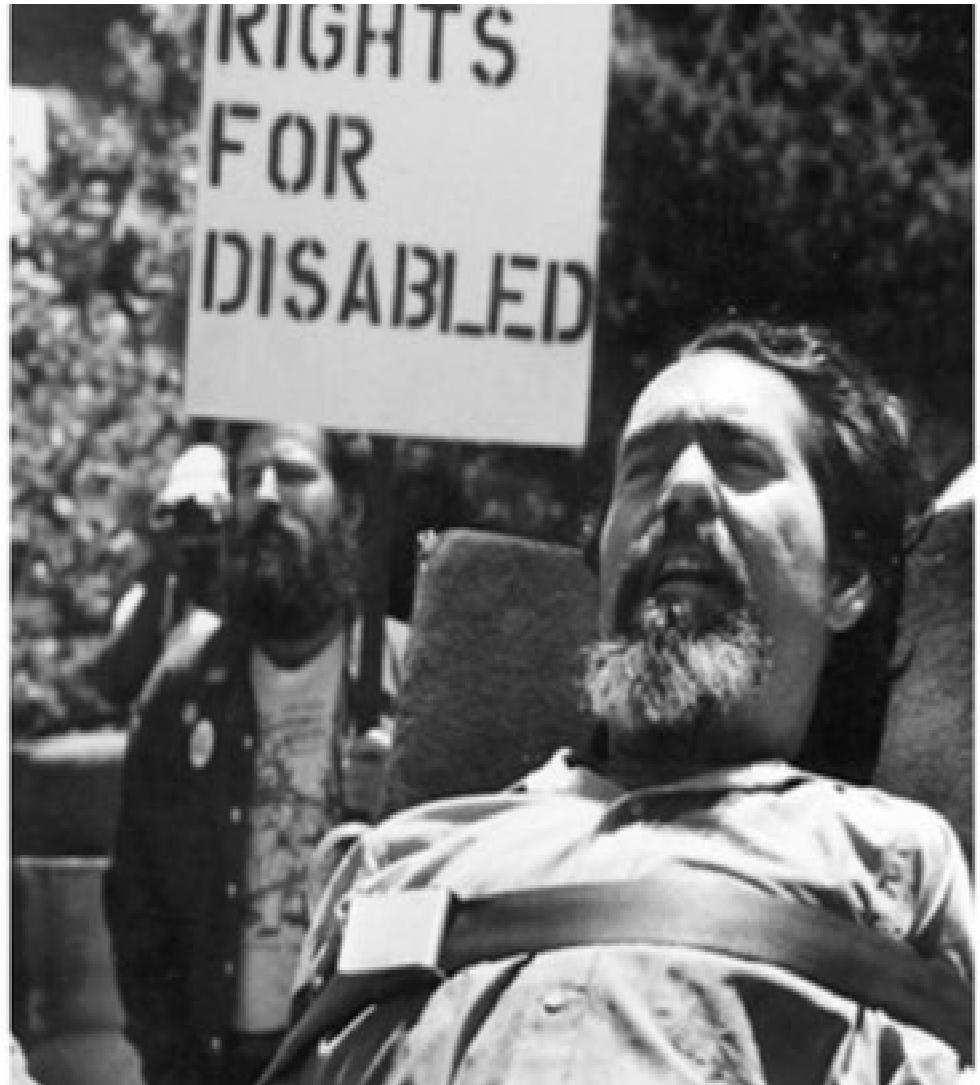
- Focused on independence, productivity, and integration in the least restrictive settings
- Key systems change agents:
 - State Councils on Developmental Disabilities
 - Protection and Advocacy Systems
 - University Centers for Excellence in Developmental Disabilities

Public Education

- 1975- PL 94-142 Education for All Handicapped Children Act passed
- The law mandated free and appropriate education in a public school instead of a segregated facility.
- Institutions cost more and divert resources away from the home communities
- States gradually reduced placements in facility settings

Ed Roberts

- Independent Living (IL) philosophy is a result of the social model of disability
- Ed Roberts helped create the concept and Independent Living Centers
- ***“We share a common history of oppression and a common bond of resilience.” – Ed Roberts***



The 504 Sit-In

- April 5, 1977 in San Francisco
- Longest non-violent occupation of a Federal building
- Several protests held in other cities across the country at Departments of Health, Education, and Welfare
- Protested for Section 504 of the 1973 Rehabilitation Act based on the Civil Rights Act mandating integration of people with disabilities into mainstream institutions
- States in part: *“no qualified individual with a disability should, only by reason of his or her disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.”*

The 504 Sit-In

- Architectural barriers at that time were exclusive – barring access to education, transportation, library, city hall, and courtrooms
- There were no federally mandated social services or agencies for individuals with disabilities – any support provided was informal and through means of individuals and families
- Access began to change space – and led to the Americans with Disabilities Act (ADA)

We Will Ride – ADAPT in Denver



Deaf President Now Protests



Fair Housing Act

- Included protections for persons with disabilities as amended
- Amended Title VIII of the Civil Rights Act which prohibits discrimination on the basis of race, color, religion, sex or national origin in housing sales, rentals or financing

Fair Housing Act of 1968

- This amendment extended this protection to persons with disabilities, families and children with disabilities
- Includes persons with a physical or mental disability that substantially limits one or more major life activities such as hearing, seeing, speaking, breathing, performing manual tasks, walking, caring for oneself, learning or working

Americans with Disabilities Act

- National Council on Disability published “Toward Independence” in 1986 which examined incentives and disincentives in federal laws toward facilitating independence of persons with disabilities
- Called for the adoption of cross-cutting public policy measures to remove barriers to integration of people with disabilities into society in the United States

Americans with Disabilities Act

- ADA is a bipartisan collaborative and first comprehensive declaration of equality and civil rights for people with disabilities
- *“Let the shameful wall of exclusion finally come tumbling down”*
 - President George H. W. Bush, 1990

The Fight for the ADA



Americans with Disabilities Act

- The ADA bans discrimination on the basis of disability in employment, public accommodation, public services, transportation and telecommunications
- Title I – Employment
- Title II – Public Services
- Title III-Public Accommodations
- 2008 – broadened definition of disability to include individuals with cancer, diabetes, and epilepsy and required the U.S. Equal Employment Opportunity Commission (EEOC) to amend its ADA regulations
- Focuses on whether discrimination occurred, not on exhaustive analysis of disability determination

The Olmstead Decision

The U.S. Supreme Court held that people with disabilities have a right to access state funded supports and services in the community rather than in institutions when a three-part test is met:

1. The person's treatment professionals determine that the community supports are appropriate;
2. The person does not object to living in the community; and
3. The provision of services in the community would be a reasonable accommodation when balanced with other similarly situated individuals with disabilities

Ticket to Work and Work Incentive Improvement Act of 1999

- Income caps and asset limits were a real problem for people with disabilities who wanted to work; this allowed a Medicaid Buy-In option for people who worked
- Increased asset limits and healthcare protections for people who sought employment
- Expanded access to Work Incentive Counseling
- Expanded personal care assistance in the workplace
- Created alternatives to traditional Vocational Rehabilitation

Higher Education Opportunity Act

- Comprehensive higher education law providing student assistance, financial aid, work study, and international programs
- Key provision in 2008 amendment was establishing higher education for students with intellectual disabilities
- Specifically targets students who accessed special education services through the Individuals with Disabilities Education Act (IDEA) in high school and may not have graduated with a high school diploma
- Provides income eligible financial aid from institutions of higher education registered as a Comprehensive Transition Program by the U.S. Office of Postsecondary Education

Healthcare Policy

- Healthcare policy incrementally advanced over the course of history
- Medicare and Medicaid policies established
- Later to provide community-based services
- More recently “Settings Rules” help to ensure community integrated settings

Employment and Business Development

- Supports and regulations that promote employment and business development opportunity that CDFIs can leverage in financing relationships
 - Vocational Rehabilitation – Title I and Title II; self employment-stocks, inventory and business consultation
 - Workforce Innovation and Opportunity Act (WIOA)
 - Ticket-to-Work and Work Incentives Improvement Act
 - Fair Labor Standards Act & Employment First initiatives

Employment and Business Development (Cont'd)

- Business Enterprise Program and services for the blind and visually impaired
- Disabled Access Credit, Barrier Removal Tax Deduction and Work Opportunity Tax Credit
- Second Injury Fund-mitigates fear by employers re: insurance impact
- Implications of public transportation and lack thereof

Key Distinctions

Medical Model of Disability

versus

Social Model of Disability

Medical Model

- Impairments or differences should be 'fixed'
- The emphasis is on dependence
- Focus is on the impairment, rather than the needs of the person
- Often, institution is the norm where basic needs can be met
- Environmental and design barriers make it difficult to have a successful future

Social Model

- Disability is caused by the way society is organized, rather than by a person's impairment or difference
- Disability is socially created
- Barrier Removal
- Traditional medical model did not explain their personal experience of disability or help to develop more inclusive ways of living

Importance of Belonging

Maslow's Hierarchy of Human Needs



Maslow, A. (1970). *Motivation and Personality* (2nd ed.) Harper & Row in Villa, R. et al (1992). *Restructuring for Caring & Effective Education*. Baltimore: Paul Brooks.

Disability is Natural

Disability is a natural part of the human experience and in no way diminishes the right of individuals to:

- A. Live independently;
- B. Enjoy self-determination and make choices;
- C. Benefit from education;
- D. Pursue meaningful careers; and
- E. Enjoy full inclusion and integration in the economic, political, social, cultural, and educational mainstream of society in the U.S. - Public Law 108-364

Summary

The disability civil rights movement:

- Rejected the medical model of disability and called for acceptance and enforcement of the social model
- Underscored that people with disabilities don't need or want to be fixed and can voice their own needs
- Brings voice to social problems and solutions, hence "Nothing About Us Without Us"

Small Group Exercises on Policy Interactions

- In small groups, please review the case study provided and attempt to develop sources and uses of the resources reviewed in answer to the case study question
- You may refer to resource guides and references for more information

Module 3 – Core Issues

This training will address core issues that affect persons with disabilities and the CDFIs that serve them.

This Training Presents:

- Specific, research-based evidence about the core issues impacting the disability community and ways CDFIs can help improve outcomes for persons with disabilities

People with Disabilities Want the Same Things As Everyone Else



Example



The Landscape, a Quick Review

From National Disability Institute (NDI):

Population size is significant

- Americans with disabilities comprise an estimated 20 percent of the U.S. population (40-57 million people)
- One in four families have a family member with a disability
- 22 million working-age adults have disabilities
- Over one million wounded warriors have service-connected disabilities from conflicts in the Middle East

The Landscape, Continued

Many people with disabilities are living in or near poverty

- Working-age adults with disabilities are twice as likely to live in poverty than those without disabilities (28 percent versus 13 percent)
- Despite significant reductions in poverty for women and people of color over the past five years, individuals with disabilities have seen no such reductions

Employment: People with Disabilities

U.S. Bureau of Labor Statistics, 2018
employment-population ratio:

- The proportion of the population that is employed – was 19.1 percent among those with a disability
- In contrast, the employment-population ratio for those without a disability was 65.9 percent

Labor Force: People with Disabilities

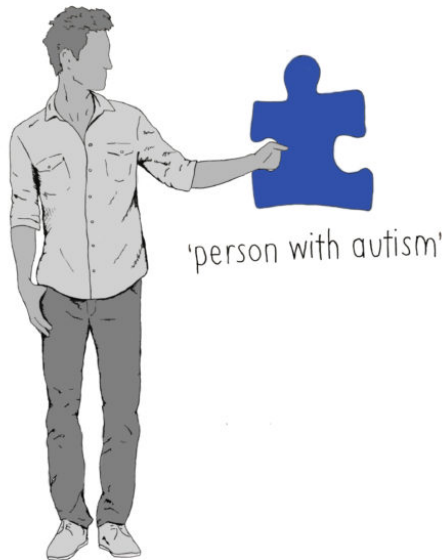
Not in the Labor Force: Persons who are neither employed nor unemployed are not in the labor force.

A large proportion of persons with a disability (about 8 in 10) were not in the labor force in 2018, compared with about 3 in 10 of those with no disability.

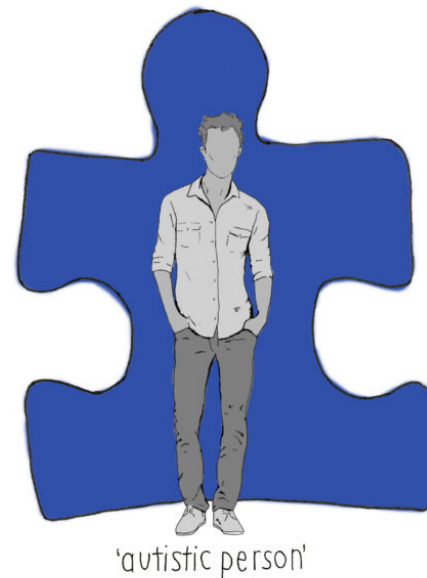
Across all age groups, persons with a disability were more likely to be out of the labor force than those with no disability.

Core Issue #1: Language Matters

PERSON-FIRST



IDENTITY-FIRST



Example



DISABILITY ETIQUETTE

Tips On Interacting With People With Disabilities

Core Issue #2: Adult Decision-Making and Effects on Financial Independence

- Representative Payee
- Powers of Attorney
- Guardianship
- Supported Decision-making

Adult Decision-Making and Effects on Financial Independence-Resource Links

- Representative Payee (<https://www.ssa.gov/payee/>)
- Powers of Attorney (<https://patf.us/what-we-do/financial-education/>) <https://www.disabilityrightspa.org/wp-content/uploads/2018/03/CCSDM-11E.pdf>)
- Guardianship (<https://patf.us/what-we-do/financial-education/>)
- Supported Decision-making (Center for Public Representation) <https://centerforpublicrep.org/initiative/supported-decision-making/>

Core Issue #3: Asset Limitations Affect Financial Planning

More people with disabilities are unemployed or under-employed than people without disabilities therefore, many individuals with disabilities rely on government benefits for support.

These benefits are subject to asset limitations.

Core Issue #3: Asset Limitations Affect Financial Planning

- Supplemental Security Income (SSI)
- Medicaid (including Medicaid Assistance for Workers with Disabilities)
- Vocational Rehabilitation Services
- Home and Community-Based Services (HCBS) waiver programs

Core Issue #4: Disability-Related Expenses

People with disabilities face numerous disability related expenses that people without disabilities do not. The exact expenses will vary by type of disability, individuals' existing living situations (e.g. housing cost and accessibility), health insurance access, transportation needs, and the like.

(Note, these expenses effect a person's debt-to-income ratio.)

Examples of Disability-Related Expenses

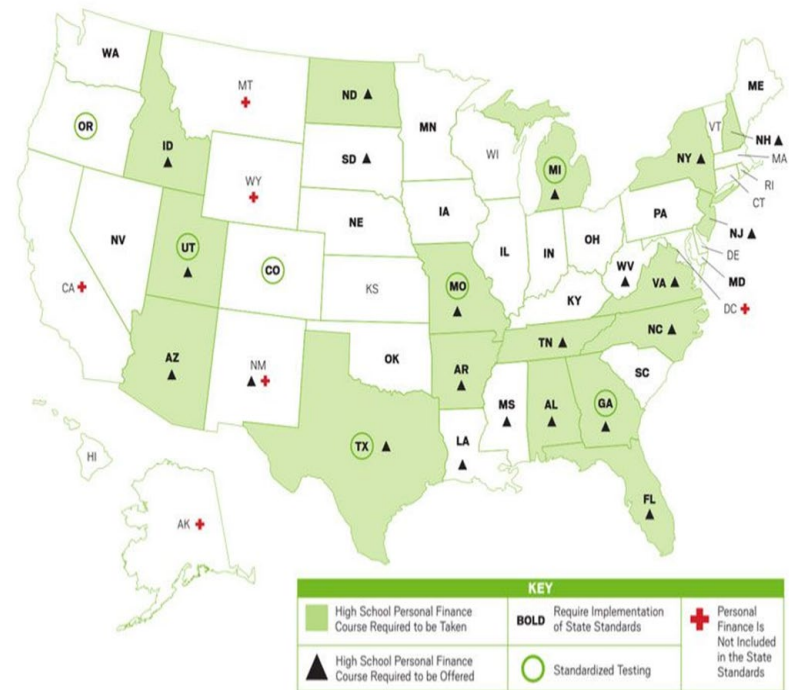
The following are a few examples of extra disability-related expenses:

- Durable Medical Equipment (DME)
- Disposable medical supplies
- Equipment to improve sensory awareness
- Adaptive software
- Expenses for service animals
- Home modifications
- Personal attendant care
- Extra costs for accessible transportation

Core Issue #5: Limited or No Financial Education

Many people with disabilities have received little or no financial education. Only 17 states require a course in personal finance prior to graduating from high school. Additionally, more people with disabilities are unemployed or under-employed than people without disabilities.

CURRENT STATUS OF PERSONAL FINANCE EDUCATION ACROSS THE NATION



Core Issue #6: Poor or No Credit

- More people with disabilities are unemployed or under-employed than people without disabilities.
- Many people with disabilities rely on government benefits for support (the monthly payment amount for the SSI program is approximately \$771 for individuals).
- People with disabilities have extraordinary expenses (e.g. hearing aids, wheelchairs/scooters, adapted vehicles).

Therefore, people with disabilities may not have the income and assets needed to pay all of their bills on time (or the minimum), they may be unbanked (receive a debit card for their SSI payments), and their debt-to-income ratios may be higher than someone who doesn't have a disability.

Core Issue #7: Limited Targeted Marketing and Outreach

CDFIs provide:

- Information about community resources (e.g. disability organizations)
- Financial educational opportunities
- Flexible, more affordable financing

To do so, CDFIs must conduct effective marketing and outreach to the disability community.

Marketing to the Disability Community

Digital Marketing

- Website
- E-Newsletter
- Social Media



Social Media

- Top priority sites for individuals with disabilities and family members:
 - Facebook
 - Instagram
 - Twitter
- Top priority sites for professionals
 - LinkedIn
 - Twitter

*Note: Sprout Social: Analytics from Facebook, Twitter, Instagram, LinkedIn, Pinterest. Saves time, costs \$90/month if you pay for the year upfront.

Outreach Opportunities

- Disability organizations
- Disability support groups (e.g., Multiple Sclerosis (MS) support groups)
- Families
- Equipment vendors
- Service provider organizations

Core Issue #8: Accessibility

- Website accessibility (Web Content Accessibility Guidelines (WCAG))
- Print material (e.g., font size, contrast, Braille, descriptors for pictures, accessible PDFs)
- Interpreters (certified American Sign Language (ASL) and Communication Access Realtime Translation (CART))
- Technology (e.g. video relay services, iChat, FaceTime)

Additional Readings

- CDFIs & Impact Investing: An Industry Review http://www.lisc.org/media/filer_public/5c/07/5c07e651-c74a-4510-bcb3-1a98cac8fc71/121417_resource_report_cdfi_impact_investing_final.pdf
- CDFI Industry Analysis Summary Report (Michael Swack, Jack Northrup, and Eric Hangen, 2012)
- FIELD at the Aspen Institute's study on quality jobs: <http://www.gainfuljobs.org/>
- Reducing Income Inequality: How CDFIs Promote Job Quality (Opportunity Finance Network, September 2016)
- Impact Measurement for CDFI Small Business Lenders (Opportunity Finance Network, April 2013)
- Moving Beyond Job Creation, Defining and Measuring the Creation of Quality Jobs (Insight at Pacific Community Ventures - https://www.pacificcommunityventures.org/wp-content/uploads/sites/6/2016/04/Quality-Jobs_Moving-Beyond-Job-Creation.pdf)
- Opportunities and Challenges in Online Marketplace Lending (US Department of Treasury, May 2016)
- The Potential Role for CDFIs in the Opportunity Zones of the Investing in Opportunities Act (IIIO) (Charles Tansey and Michael Swack, March 2019)
- Practices in Jobs Data Collection and Tracking: Lessons Learned from Create Jobs for USA (Opportunity Finance Network, October 2014)

Module 4 – CDFI Involvement – Products and Services

- Formation of the Disability CDFI Coalition (DCC)
- Key Accomplishments of the Coalition
- Core Product Offerings for CDFIs
- CDFI Fund Involvement in the Effort

CDFIs serving the Disability Community

- 2015 Disability CDFI Coalition (DCC) established
- 2018 – DCC renamed to National Disability CDFI Coalition (NDCC) and became a 501(c)4 as a policy and advocacy organization
- 2019 – National Disability Finance Coalition created as a 501(c)3 as the membership organization

CDFIs serving the Disability Community

The mission of NDCC and NDFC are to bridge the CDFI industry and the disability community, to ensure that CDFIs can respond effectively to address the needs of individuals with disabilities and their families, and to offer technical assistance and support to CDFIs developing financing products and services to address the needs of people with disabilities.



DISABILITY CDFI COALITION

Disability CDFI Coalition

- ✓ Membership consists of 60+ CDFIs in all 50 states
- ✓ Maintains presence within key coalitions and trade organizations, including:
 - New York State CDFI Coalition,
 - CapNexus,
 - Opportunity Finance Network (OFN),
 - CDFI Coalition,
 - ABLE Alliance for Financial Empowerment
- ✓ Participates with (NDFC) members in financing projects
- ✓ Conducts quarterly webinars for NDFC members

CDFI Fund Initiatives

- The CDFI Fund's fiscal year (FY) 2017, FY 2018, and FY 2019 appropriations provided up to \$9 million for financial assistance, technical assistance, training, and outreach to CDFIs to expand investments that benefit individuals with disabilities
- The CDFI Fund has allocated funding to benefit individuals with disabilities for:
 - Disability Funds-Financial Assistance (DF-FA) Awards for CDFIs that have a demonstrated track record of serving individuals with disabilities, and
 - "Access for All" training and technical assistance series

Examples of CDFI Product and Services

- **Asset Building Strategies** – Supporting asset building/development including 529A (ABLE) accounts
- **Assistive Technology Lending** – Lending to help people with disabilities obtain assistive technology
- **Business Lending** – Expanding business development and employment opportunities
- **Housing Lending** – Financing affordable, accessible housing
- **Community Facilities** – Financing community centers and other community facilities
- **Non-Profit Loans** – Loans to non-profit organizations that serve people with disabilities.

Module 5 – Asset Building

This session will orient CDFIs on a variety of mechanisms designed to increase opportunities for saving and financial security, which are positive compliments to CDFI lending strategies.

As a result of this session, you will:

- Have greater insight into asset development strategies and supports that are unique to people with disabilities
- Gain increased insight into possible programs and partnerships to explore with subject matter experts and disability organizations in your community

This Training Presents

- Research evidence
- Real and perceived barriers to asset building
- Asset building strategies within current policy
- A framework for braiding inputs and resources to maximize asset building potential
- Themes from prior applied research studies
- Case studies that illustrate the power of leveraging sources and uses for asset building

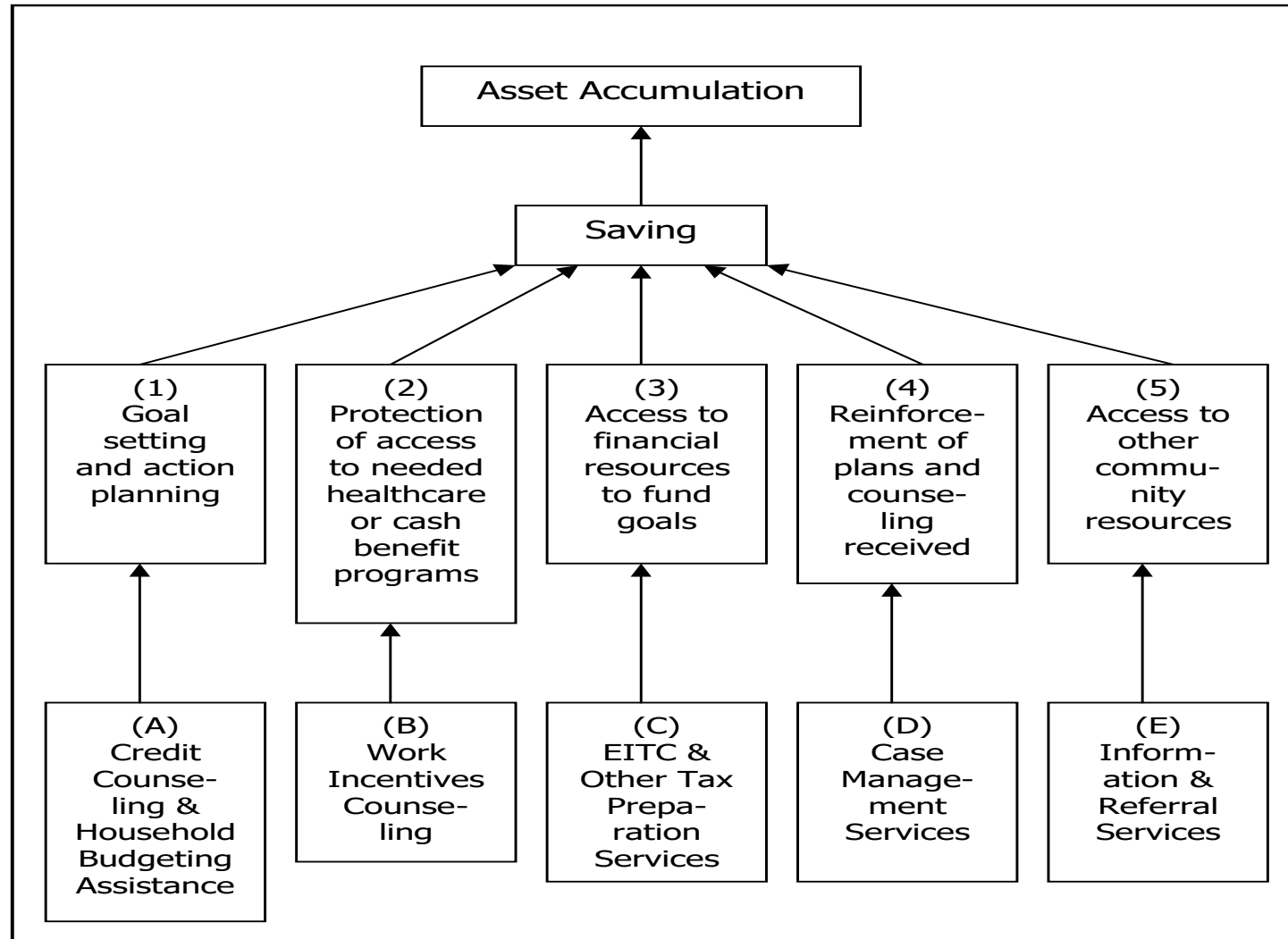
Asset Building Evidence

- Persons With Disabilities (PWDs) save \$5-\$6 less per month in the IDAs than people without disabilities (Lombe, 2010)
- Individual Development Accounts (IDAs) are effective at addressing home ownership and banking needs (Huang et al., 2010)
- Families who have a member with a disability experience lower incomes and higher out of pocket expenses related to caregiving needs (AARP, 2015)
- PWD with increased assets have better health outcomes and quality of life (Hall et al., 2016)
- Access to financial products facilitates financial well-being and impact (McGarity et al., 2019)

Real and Perceived Barriers to Asset Building

- Asset limits in public benefit programs
- Fear of loss of Medicaid and SSI, SSDI, and services
- Lack of awareness and technical incompetence of service delivery systems
- Reporting and documentation hassles, burdening individuals and families
- Look-back provisions and Medicaid payback mechanisms making asset transfers more challenging

Asset Accumulation



Financial Education

- Navigating public benefits and work incentives
- Requesting a Benefits Planning Query (BPQY)
- Interacting with all systems involved
 - Housing authorities, Medicaid, Social Security, others
- Household budgeting – income/expenses
- Goal setting
- Determining leverage strategies within and across systems

Financial Education Cont'd.

- Reducing the cost of financial services
- Increasing earnings while reducing countable income (SSA and Medicaid work incentives)
- Establishing, improving, maintaining credit
- Reporting credit reporting errors/public records
- Identity theft protection

Work Incentives

- Supplemental Security Income
- Social Security Disability Insurance
- Medicaid-maintaining supports while working
- Medicare

2018 Red Book: A summary guide to employment supports for persons with disabilities under the social security disability insurance (SSDI) and supplemental security income (SSI) programs. Obtained August 8, 2019 at: <https://www.ssa.gov/redbook/documents/TheRedBook2018.pdf>

Work Incentives Cont'd.

- Supplemental Security Income (SSI):
 - Earned Income Exclusion
 - Student Earned Income Exclusion
 - 1619a – Payments
 - 1619b – Medicaid while working

2018 Red Book: A summary guide to employment supports for persons with disabilities under the social security disability insurance (SSDI) and supplemental security income (SSI) programs. Obtained August 8, 2019 at: <https://www.ssa.gov/redbook/documents/TheRedBook2018.pdf>

Work Incentives Cont'd.

- SSI and Social Security Disability Insurance (SSDI):
 - Work-related Subsidies
 - Impairment Related Work Expenses (IRWE)
 - Plan to Achieve Self-Support (PASS)
 - Ticket-to-Work
 - Expedited Reinstatement

Work Incentives Cont'd.

- SSDI Only:
 - Trial Work Period
 - Extended Period of Eligibility
 - Un-incurred Business Expenses (Self-employment)
 - Medicare
- Medicaid:
 - 1619a
 - 1619b
 - Medicaid Buy-In Program (varies by state)
 - Affordable Care Act

2018 Red Book: A summary guide to employment supports for persons with disabilities under the social security disability insurance (SSDI) and supplemental security income (SSI) programs. Obtained August 8, 2019 at: <https://www.ssa.gov/redbook/documents/TheRedBook2018.pdf>

Employment and Business Development

- Most people who receive SSI or SSDI are better off working
- Expanded asset limits and health care protections
- Ability to utilize work incentives – more income and more financial exclusions to reward work and earning
- Access to other resources and benefits from work
 - Employee Assistance Programs
 - Gym memberships
 - Private health insurance
 - Retirement and tuition assistance resources

Business Development

- Plans for Achieving Self-Support (PASS) Plans
- Un-incurred business expenses
- Property Essential for Self Support (PESS)
- Impairment Related Work Expenses (IRWE)
- Ticket to Work & Partnership Plus
- Medicaid Buy-In

2018 Red Book: A summary guide to employment supports for persons with disabilities under the social security disability insurance (SSDI) and supplemental security income (SSI) programs. Obtained August 8, 2019 at: <https://www.ssa.gov/redbook/documents/TheRedBook2018.pdf>

Employment

- General rules of thumb:
 - SSI unearned income is variable based on earnings
 - SSDI unearned income is fixed
 - Use of work incentives improves income and potential for savings
 - Failure to report earned income and assets in SSI and Medicaid programs may require a pay-back
 - If eligible, Medicaid stays intact with Medicaid Buy-In or 1619 a&b provisions and covers acute and long-term care

Other Savings

- ABLE Accounts
- Special Needs Trusts
- Pooled Trusts
- Individual Development Accounts
- Section 8 Financial Self Sufficiency Program
- Permitted savings provisions in Medicaid Buy-In programs (varies by state)

ABLE Accounts

- Achieving a Better Life Experience (ABLE) Act of 2014
- Beneficiary of the account is the owner
- Income earned is not taxed
- Contributions made are federally tax deductible
- Contributions allowed from:
 - Beneficiaries
 - Family members
 - Friends, etc.

ABLE Accounts Cont'd.

- Up to \$15,000 per tax year; and, a limit of \$100,000 per plan without suspending an SSI cash benefit (if applicable)
- Contributions are subject to state law and limitations to 529 savings accounts
- Legislative intent is to “supplement” benefits but not replace public benefit
- Funds used from ABLE accounts must be a “qualified disability expense”

ABLE Accounts Cont'd.

- Onset of disability or blindness occurs prior to age 26
- If already eligible for SSI, SSDI or Medicaid, person can automatically enroll
- A physician verifying significant functional limitations consistent with Social Security's definition may qualify the person for ABLE
- Only one ABLE account is allowed per beneficiary
- CDFIs are encouraged in federal law to serve as administrator for ABLE accounts

Special Needs Trusts

- Special Needs Trusts (SNT) supplement but do not replace public benefit programs
- Legal assistance of a qualified Special Needs Trust attorney
- Funds can be applied toward variety of expenditures
- *Restricted to benefit* but not owned by individual; managed by a third-party trustee

Pooled Trusts

- A Pooled Trust works similarly to that of an SNT
- Less expensive to create and pay to have administered
- Trusts are pooled for multiple individuals to facilitate increased earnings
- Funds remaining in the account upon a beneficiary's death must “pay-back” the funds to Medicaid unless retained by the trust
- Funds established with private resources from family are not subject to pay-back provisions

SNT & Pooled Trusts

- Funds transferred directly to the individual account as “unearned” income and may affect SSI/Medicaid eligibility
- Food and shelter related expenses are considered in-kind support and maintenance, and reduce SSI cash payments

Individual Development Accounts

- Enabled by Assets for Independence (AFI) Act:
- Matched Savings Accounts from earned income
- Required financial education components
- Savings goals include:
 - AFI approved savings are excluded from asset tests
 - Home ownership
 - Post-secondary education
 - Business development
- Private IDAs are not excluded

Family Self-Sufficiency

- Section 8 Financial Self-Sufficiency Program:
 - Allows HUD-assisted families to increase earned income and reduce dependency on rental subsidies
 - 5-year program, possible extensions
 - Builds in Individual Training and Services Plan (ITSP):
 - Includes short- and long-term goals for self-sufficiency
 - Increases in family's rent due to earned income is credited to an escrow account
 - Escrow account is available to family once graduated

Medicaid Buy-In

- Medicaid Buy-Ins are for people whose work programs vary by state Medicaid policy
- Buy-Ins are a work incentive because they allow workers to save more money from earned income
- Buy-Ins have a broader definition of eligibility than ABLE accounts but working status is a requirement

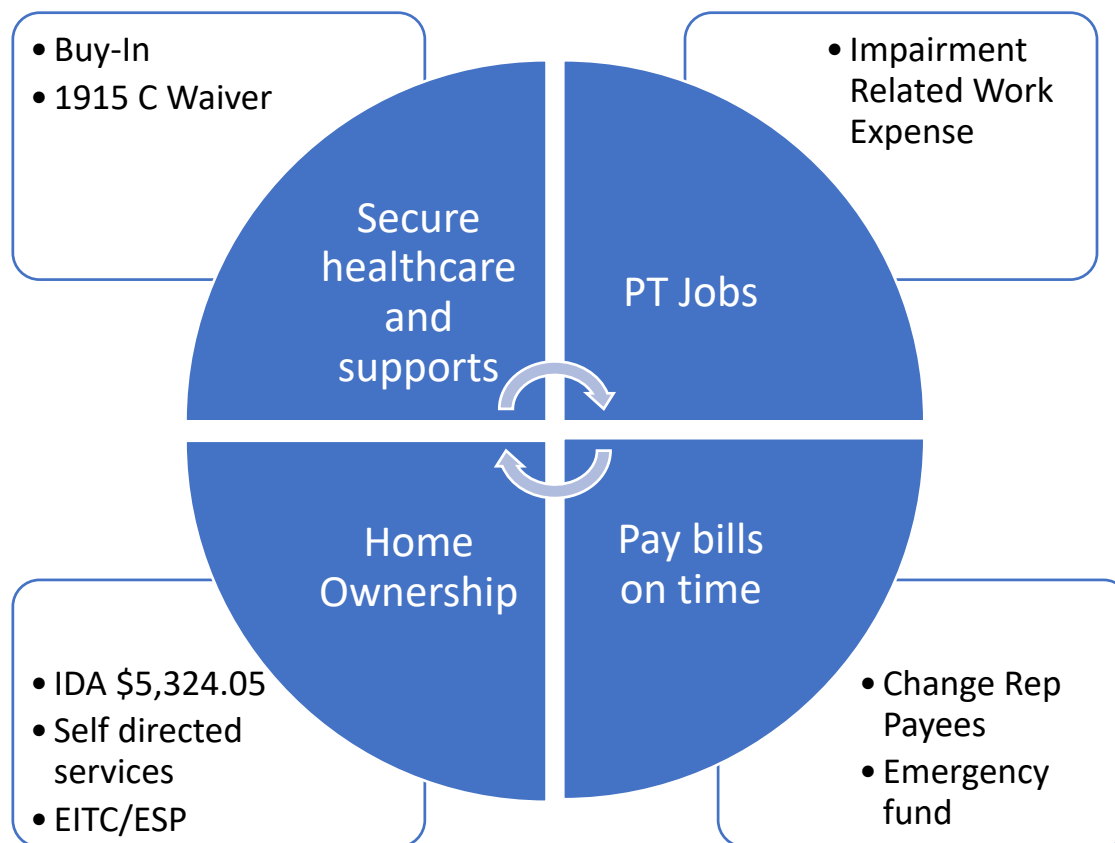
Tax Benefits

- Earned Income Tax Credit (EITC)
- Saver's Credit
- College Credit
- Child Tax Credit – reference new tax law dependent children older than 17 years of age

Tax Preparation Services

- Discuss tax filing status and beneficiary status-refer to IRS guidelines
- VITA Program
- AARP Tax Aide Program

Case Study: Gerard and Monica



Module 6 – Assistive Technology (AT)

Assistive Technology (AT) solutions dramatically improve the quality of life and function in every day living for people with disabilities. However, these supports and services come at a cost and often require financing. As a potential core product area, CDFIs are interested in knowing what AT is and how to go about designing products tailored to meet market demand.

This Training Presents:

- An introduction to Assistive Technology
- A description of the market
- An introduction to AT loan funds
- A description of loan products and services offered by CDFIs
- Examples of loans made to borrowers

Empowering People with Disabilities through Access to Assistive Technology (AT)



Description of AT Products

AT is defined as “any item, piece of equipment or product system, whether acquired commercially, modified or customized, that is used to increase, maintain or improve the functional capabilities of individuals with disabilities.”

Examples of AT



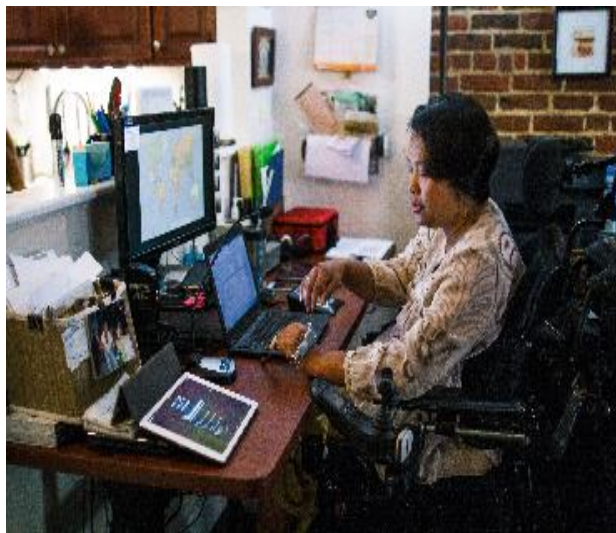
Examples of AT



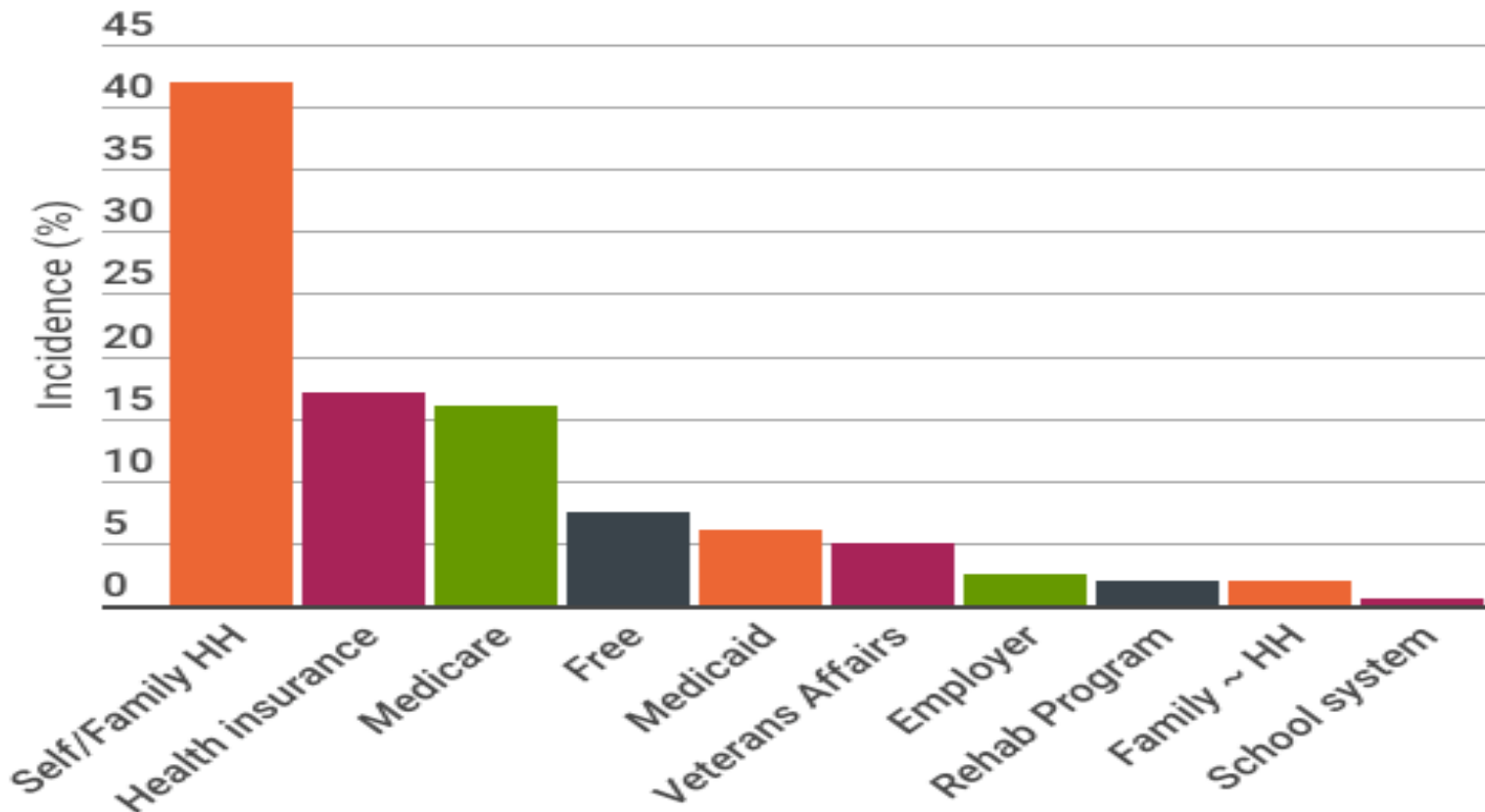
Examples of AT



Examples of AT



Who Pays for AT?



<http://www.resna.org> (Highlights from University of Michigan Survey of Assistive Technology Users)

AT Act: Alternative Financing Programs (AFPs)

- There are approximately 43 Alternative Financing Programs in the U.S. and territories
 - Programs that provide consumer loans to people with disabilities and their families for the purchase of AT devices and services.
 - <https://patf.us/afplist>

AFP Financing Models

- AFPs have developed loan models that incorporate a variety of financing options, including:
 - Consumer AT Loans, including Credit Builder Loans
 - Microenterprise Loans
 - Development Services

CDFIs Meeting the Need for AT Financing and Other Services

- AFPs have developed loan models that incorporate a variety of financing options, including:
 - ✓ Direct Lending
 - ✓ Credit-Building Loans (microloans)
 - ✓ Low-Interest and No-Interest Loans
 - ✓ Loan Guarantees
 - ✓ Interest Buy-Down Loans
 - ✓ Unsecured Loans
 - ✓ Secured Loans
 - ✓ Home Equity Loans

PA's Alternative Financing Program: PA Assistive Technology Foundation (PATF)

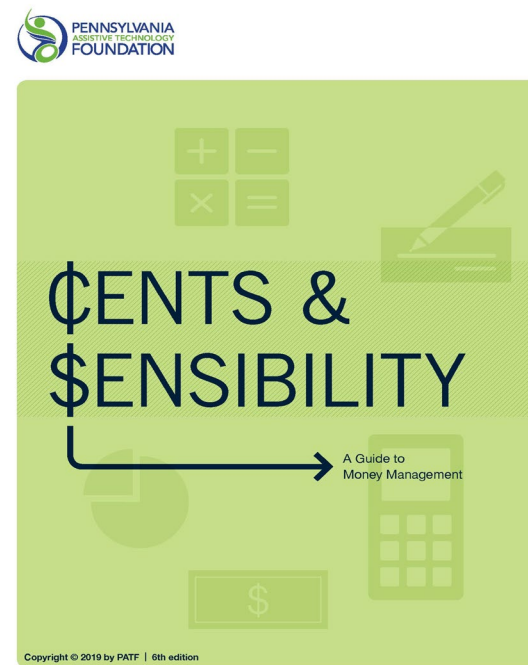
PATF helps Pennsylvanians of all:

- + AGES
- + INCOME LEVELS
- + DISABILITIES
- + HEALTH CONDITIONS

PATF makes every effort to ensure that materials are accessible, including for non-English speakers.

Events

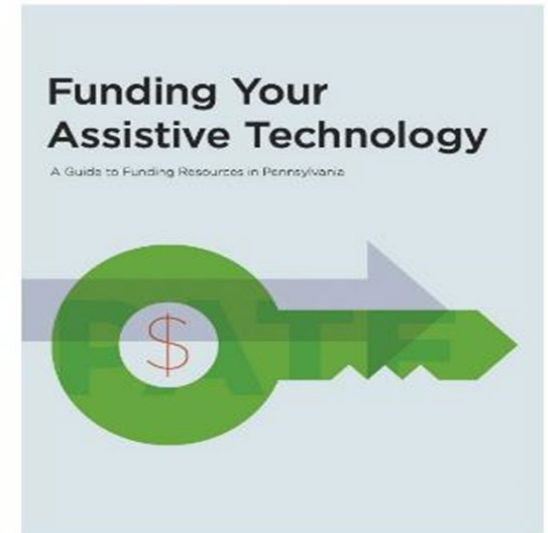
Programs conduct outreach and training events in the community specific with information that is of particular interest to individuals with disabilities and their families.



PATF

PATF's programs include:

- Information and Assistance (funding resources, vendor
- Financial Education (www.studymoney.us)
- Loan Programs
 1. Mini-Loan (\$100 to \$2,000 at 0% interest. No fees. \$20/month minimum payment.
 2. Low-Interest Loan Program (\$2,001 and above) no fees. Non-Guaranteed (up to \$60,000 at 3.75%)
Guaranteed (up to \$35,000 at 3.75%)



Mini-Loan Example

John was diagnosed with Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's disease, three years ago. He recently became a wheelchair user. He has a new tablet, a birthday present from his children. John's wife works part-time, and John is alone in the house during these times and when she runs errands. John came to PATF just before Thanksgiving to get a mini-loan so that he could purchase an Echo Show (with a bonus of a smart light bulb) and a Nest during cyber weekend.

The Results: Mini-Loan (0% interest):

Echo Show: \$179.99

Nest: \$249.99

Service (Install and Training): \$150.00

Total Loan Amount: \$580

Monthly Payments: \$30

Repayment Terms: 20 months

Interest: 0%, 0 fees

Low-Interest Loan Example

William has Muscular Dystrophy and is a wheelchair user. He came to PATF for a low-interest loan for home adaptations. William lives in his own home.

Result

- The barrier-free shower and ramp leading into and out of William's home was paid for by his waiver services (government program)
- Medical Assistance (Medicaid) paid for the hospital bed and Hoyer lift
- William received a low-interest loan for \$4,500 for a stair glide to the second floor (William's bedroom and bathroom are on the first floor of his home)

Monthly Loan Payments: \$101.10

Repayment Terms: 4 years

Interest Rate: 3.75%, 0 fees

Low-Interest, Guaranteed Loan Example

Mrs. Davis and her daughter, Nancy, who has cerebral palsy and is a wheelchair user, came to PATF for a low-interest loan so that Nancy could purchase an adapted vehicle. Nancy works part-time at an affiliate of the Arc as an advocate and writer. Nancy doesn't have a credit score, but she does have a few open trade lines.

Result

- The vehicle adaptations (lowered floor, ramp, tie-downs) were paid for by the Office of Vocational Rehabilitation
- Nancy and her mother received a low-interest, guaranteed loan for \$25,000 for the chassis (body of the vehicle)

Monthly Loan Payments: \$338.86

Repayment Terms: 7 years

Interest Rate" 3.75%, 0 fees

Loan Terms Make a Difference

\$25,000 84 months
3.75% \$338.85/mo
\$28,463 total payments

\$25,000 120 months
4.00% \$253.11/mo
\$30,373 total payments

\$25,000 120 months
10.00% \$330.37/mo
\$39,644.40 total payments

Difference between 3.75% for 7 years
and 10% for 10 years is \$11,1814

Northwest Access Fund – Loan Example

- Burt is 56 and has lived with his brother and sister-in-law in a manufactured home in Pierce County, WA for 18 years. Burt has cerebral palsy.
- Burt loves the outdoors, but the wheelchair he uses has limited his ability to go exploring on his own or hiking with his family. He recently found out about the Action Trackchair, an all-terrain powerchair that can handle the rugged Washington terrain. At more than \$12,000, however, Burt could not afford this technology.
- Burt receives SSDI and was eligible for a \$10,000 loan. Today, Burt's independence and quality of life have dramatically increased.



Loan amount: \$10,000

Interest Rate: 5%

Monthly payments: \$230

Repayment terms: 48 Months (4 years)

145

Self-Help Credit Union

An auto accident in 2016 left Hogan Van Sickle of Charlotte, NC completely paralyzed from a badly damaged spine.

She now relies on a wheelchair for mobility and a high-tech bed for around-the-clock comfort.

A Self-Help Credit Union Assistive Technology Loan enabled Hogan and her mother to purchase the voice-activated bed, allowing her to live at home rather than in an assisted living facility.

Loan amount: \$34,475

Interest Rate: 4%

Monthly payments: \$633

Repayment terms: 48 Months (4 years)

Georgia Credit Able

VJ, a consumer living in rural Central Georgia had become isolated and depressed because they were unable to leave their home.

VJ applied for a Credit-Able loan to help cover the cost of their co-pay for a power chair.

After getting the device VJ was active in the community, becoming a board member of their local Center for Independent Living and volunteering in the community.

Their health and well-being were improved by being able to get to doctor's appointments and participate in recreational activities.

Loan amount: \$8,000

Interest Rate: 5%

Monthly payments: \$150.97/month

Repayment terms: 60 months (5 years)

Module 7 – Housing

People with disabilities experience unique challenges in the housing market. This population not only requires quality, affordable, and accessible housing, but additional supports and services that make it possible to live, work and play in the community.

Objective

- To understand the housing needs and challenges of people with disabilities
- To show CDFIs how to finance and measure impact of housing projects that benefit people with disabilities

This Training Presents:

- Housing market for people with disabilities
- Housing loan products
- Loan underwriting, approval, closing, and servicing/monitoring
- Case studies

Housing Market for People with Disabilities



Priced Out in 2016

WWW.TACINC.ORG/KNOWLEDGE-RESOURCES/PRICED-OUT-FINDINGS/ Access for All: Expanding CDFI Capacity in the Disability Community

Loan Products: Disability Housing

(Typical CDFI loan fund financial products)

Specific Eligibility Requirements	Pre-Development Loans	Land/Property Acquisition Loans
Loan Size	Varies per CDFI, but typically between \$500,000 to \$2,000,000.	Varies per CDFI, but typically greater than \$500,000. Loan size limit varies per CDFI.
Use of Proceeds	Market studies, planning processes, architecture, engineering, permitting, soft costs such as legal and accounting, and site development.	Purchase or refinance raw land, land and building(s) to develop affordable housing, community facility, health facility, schools, vocational training centers or a jobs-creating business.
Application	Loan application, project business plan, three-years historical financial statements (for Borrower), three-years projected cash flows for the Project.	Loan application, project business plan, executed purchase and sale agreement, three-years historical financial statements (for Borrower), three-years projected cash flows for the Project.
Preferred Minimum Project Equity	5% of project value/cost	10% of project value/cost
No Previous Defaults	Borrowers and/or Principals with delinquent loans are not eligible for a new loan unless it is part of a restructuring package.	
Past Bankruptcy	Borrowers and/or Principals with a past bankruptcy are not eligible for a loan. Exceptions to this policy may be permitted with approval from the Loan Committee.	

Loan Products: Disability Housing (continued)

(Typical CDFI loan fund financial products)

Specific Eligibility Requirements	Construction Loans	Mini-Perm Loans
Loan Size	Varies per CDFI; Most construction loans are greater than \$1,000,000	Varies per CDFI
Use of Proceeds	Construction, rehabilitation or tenant improvements.	Property purchase or refinance
Application Requirements	Loan application, construction budget, three years historical financial statements (for Borrower and Principals), marketing plan with lease- up or gross sellout projections.	Loan application, project business plan, three years historical financial statements (for Borrower and Principals), three years projected cash flows for the Project.
Pre-Sale/Rental Agreements	Borrower must submit a satisfactory Marketing Plan and/or evidence of a Commitment for Permanent Financing if applicable.	Borrower must either have pre-sale commitments; a prequalified list of tenants; executed leases or service contracts which show a level that creates a satisfactory debt service coverage ratios.
Preferred Minimum Project Equity	10% of loan amount	10% of loan amount
No Previous Defaults	Borrowers and/or Principals with delinquent loans are not eligible for a new loan unless it is part of a restructuring plan.	
Past Bankruptcy	Borrowers and/or Principals with a past bankruptcy are not eligible for a loan. Exceptions to this policy may be permitted with approval from the Loan Committee.	

Other Loan Products: Disability Housing

- Bridge loans for Low Income Housing Tax Credits (LIHTC)
- Leverage lending for New Markets Tax Credits (NMTC)
- Fully amortizing permanent loan
- Others?

Loan Underwriting

- Application Package
- Initial Screening
- Due Diligence
- Loan Rating
- Draft Term Sheet
- Credit Memorandum



Loan Approval and Closing

- Staff Recommendation
- Lending Authority
- Loan Committee – Loan Approval
- Executed Term Sheet
- Loan Documentation
- Disbursement



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Loan Servicing and Monitoring

- Annual Review of Financials, Documents and Files
- Invoicing and Follow-Up for Past Due Payments
- Receipt of Loan Payments
- Annual Impact Surveys
- Periodic Disclosure from Borrowers
- Loan Loss Reserves
- Loss Reserve Reporting
- Portfolio Summary Report
- Escrow Accounts
- Paid Loans

Sources of Financing - Government Entities

U.S. Department of Housing and Urban Development (HUD) programs that seek to increase affordable housing for people with disabilities include:

- [Section 811 Supportive Housing for Persons with Disabilities Program](#) – Program dedicated to producing affordable, accessible housing in the community for non-elderly, very low-income people with significant disabilities.
- [Section 8 Housing Choice Vouchers](#) – Program helps very low-income families, the elderly, and people with disabilities afford rental housing in the private market.
- [National Housing Trust Fund \(NHTF\)](#) – Fund that provides grants to states to build, preserve, and rehabilitate housing for people with the lowest incomes.

Social Security Administration (SSA) program established and maintained by a State (or agency or instrumentality thereof):

- [Achieving a Better Life Experience \(ABLE\) Accounts](#) – A type of tax-advantaged savings account that an eligible individual can use to pay for qualified disability expenses.

Other Sources of Financing Available

- Local Subsidies
- Family Contributions
- Others?



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Affordable Housing Financing Case Studies

Loan Participation

Borrower: The Cotton in Darien, Inc.

Lending Partners:

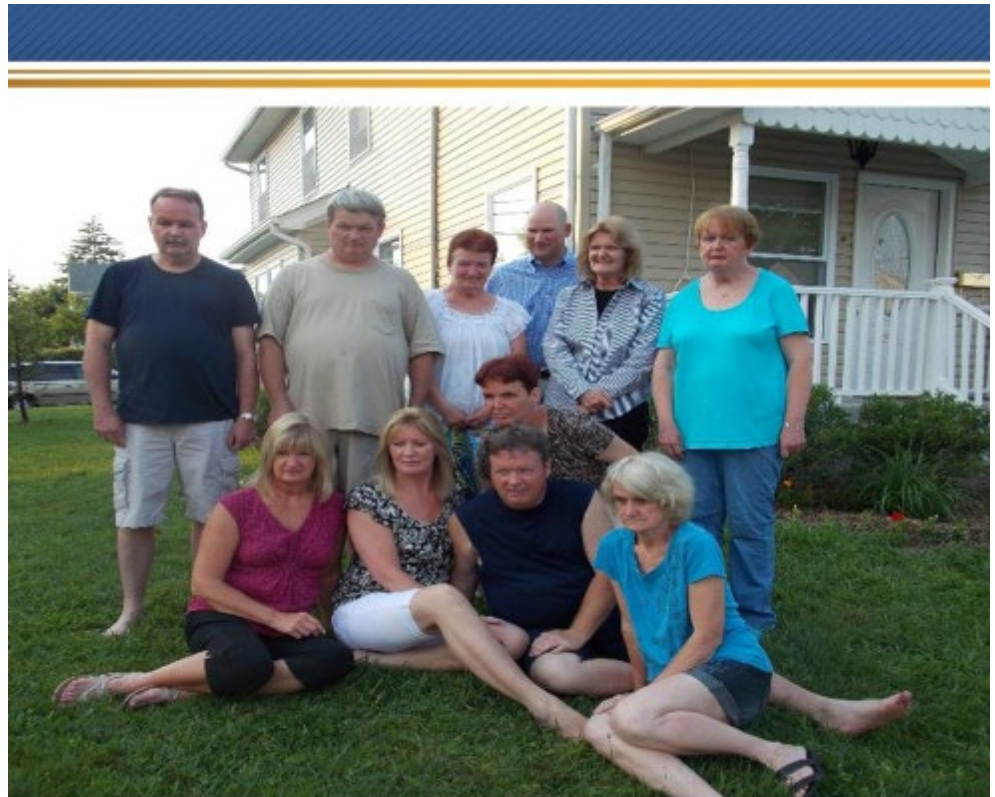
Lead lender: Leviticus Fund	\$685,000
Participating Lending: Disability Opportunity Fund	<u>\$100,000</u>
Total Loan Amount	\$785,000



- A participation agreement with all sources (one or more financing partners) that establishes the type of loan originated; roles of each lender in the relationship; defines how loans will be co-funded, fee structure and shared risk.
- The organizations hold an interest in the loan on their balance sheets and are legally classified as direct co-lenders.
- Typically, the borrower receives a single loan from an originating lending partner.
- That lending partner retains the primary role as underwriter, monitor, technical assistance provider, and borrower relationship manager.

Rehabilitation of Single-Family Home

- **Project Name:** Clarkin House
- **Loan Amount:** \$45,000
- **Borrower:** Clarkin Family Revocable Trust
- **Purpose:** The DOF signed a joint-venture agreement whereby Habitat for Humanity, DOF and the Clarkin family would cause the gut rehabilitation of the property for the long-term use and occupancy of the Clarkin siblings with disabilities and, upon their relocation or demise, for others with physical and/or mental disabilities.



The CDFI Fund's Capacity Building Initiative // Housing

Pre-Development Lending

- **Project Name:** Paseo de Luz and Camino Esperanza
- **Loan Amount:** \$125,000 and \$500,000
- **Borrower:** Cabrillo Economic Development
- **Purpose:** Pre-development loans to finance project designs, engineering, filing fees, and other pre-construction soft costs associated with the development of two separate housing projects to serve very low-income people with psychiatric disorders and developmental disabilities.



The CDFI Fund's Capacity Building Initiative // Housing 17

Renovation Lending


- **Project Name:** Gaudenzia Claymont Transitional Housing
- **Loan Amount:** \$1,100,000
- **Borrower:** Gaudenzia Foundation
- **Purpose:** Renovation of 20,000 square foot building into 16 units of recovery transitional housing for low-income individuals and 10 units of transitional housing for women and their children, all recovering from addiction and substance abuse issues. All tenants are expected to be up to 50% AMI.



Luna Azul “Pocket Neighborhood” in Phoenix, AZ




Innovative Approach to Housing Development for People with Disabilities




First of its kind Pocket Neighborhood for adults with disabilities

Designed intentionally for community, these cottage neighborhoods promote inclusion, interaction and equity.


Benefits of the Luna Azul model:




Safety
A gated, traffic-free neighborhood with 24/7 onsite staffing and where neighbors see and look out for each other.



Permanence
A Luna Azul home is owned, so families build financial equity and peace of mind.











Inclusive
Here a disability won't make anyone stand out, but rather help them fit in.





Independence & Choice
Residents can choose their own roommates and caregivers, and come and go as they please.


Nationally, group living options for adults with disabilities typically cost \$3,000/month or more.¹


Rental	LONG-TERM COMPARISON	Luna Azul Ownership
 <p>\$1,620,000 Total rent (if no increases) over 45 years</p>		 <p>\$325,000 Estimated cost of 2-bdrm cottage. Homes prices will range from \$300,000 to \$500,000.</p>

Rental	MONTHLY COMPARISON	Luna Azul Ownership
 1 BEDROOM  1 BATH  750 SQ. FT.		 2 BEDROOM  2 BATH  1,100 SQ. FT.
Home price	n/a	\$325,000
Monthly payment	\$3,000	\$1,795 ²
HOA dues	n/a	\$1,000 ³
Total monthly cost (alone)	\$3,000	\$2,795
Total monthly cost (with roommate)	n/a	\$1,295 (roommate @ \$1,500/month)

	ASSET COMPARISON
Liquidation Value after 45 years	<div>  \$0 </div> <div>  \$1,299,019⁴ </div>

Value & Equity?

 **No.**

 **Yes!**

¹Rentals may include meals, transportation and/or other services. ²30 year mortgage at 4%, 20% down payment, \$554 monthly taxes + insurance. ³Estimate. ⁴Assumes 3% annual appreciation. No representation or guarantee is being made by the seller or its agents as to the long-term or short-term appreciation or value of the property.

www.lunaPHX.com

Construction Lending

- **Borrower:** Luna Azul Development Fund, LLC
- **Total Loan Amount:** \$6,725,000
- **Purpose:** To finance the development of a “pocket neighborhood”; 30 houses suitable for, but not exclusive to, adults with intellectual, developmental and acquired disabilities.
- **Terms:** \$4,150,000 horizontal component and a \$2,575,000 vertical component.
- **Interest Rate:** 8.50%

CDFI will require Borrower to escrow 3% of each disbursement into an interest reserve which shall in no event be less than 3% of the then outstanding loan balance.

Example



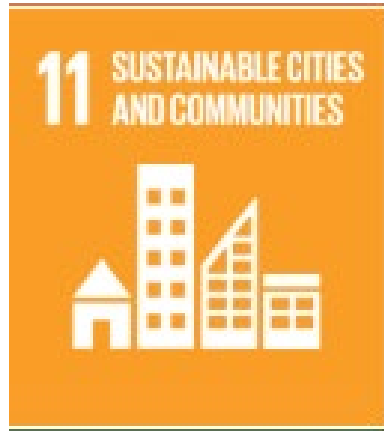
Example



Aeris – Housing and Supportive Services Social Impact Measurements

- Borrowers Receiving Financial Counseling and Other Services
- Business Loans Disbursed – # of loans and dollar amount
- Unduplicated Patients Served
- Very low income; low income; and moderate- income households benefited
- # of People of Color Served Benefited
- # of Women/Girls Benefited
- # of Veterans Benefited
- # of People with Disabilities

United Nations Sustainable Development Goals



Make cities inclusive, safe, resilient and sustainable

- **2 of 11 Goals**

- By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
- By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

Module 8 – Business Lending

Just as entrepreneurs with disabilities seek to understand how to access capital and related technical assistance, CDFIs may need tools on how to effectively provide development and financing solutions to serve them.

This training aims to help CDFIs access tools to better serve entrepreneurs with disabilities.

This Training Presents:

- Business Lending Backstory
- Challenges and Opportunities
- Small Business Development
- Small Business Loan Products
- Case Studies
- Questions & Answers
- Resources

Business Lending Backstory

- People with disabilities are much more likely to run their own businesses
- According to 2018 Bureau of Labor statistics, among employed individuals, those with disabilities were self-employed at a rate almost 70% higher than individuals without disabilities
- People with disabilities are more likely to be unemployed – and businesses worry about costs associated with employing people with disabilities



Challenges and Opportunities

- Entrepreneurs with disabilities often face unique challenges and expenses beyond the usual hurdles to starting a business
- Assistive technology is often necessary to overcome communication barriers and is an expense that non-disabled entrepreneurs do not face



Challenges and Opportunities (continued)

- CDFIs can support entrepreneurs with disabilities and PWDs interested in self-employment by adapting existing business programs to be disability-inclusive



What differentiates people with disabilities with respect to business lending?

- People with disabilities that receive disability benefits may face financial barriers to business ownership due to the income and asset limitations of benefit programs
- CDFIs serving entrepreneurs with disabilities will want to collaborate with benefit counselors to take advantage of available supports and avoid inadvertently jeopardizing benefits

CDFIs Developing Lending and TA Programs for Persons with Disabilities

CDFIs developing lending and TA programs for entrepreneurs with disabilities can identify prospective clients by reaching out to:

- Federally-funded workforce agencies and vocational rehabilitation offices – they have responsibilities to serve people with disabilities and can help identify those that CDFIs might serve
 - Under WIOA those interested in self-employment are to be offered entrepreneurial training
- Other state commissions or agencies serving people with disabilities
- Disability advocacy groups

START-UP Initiative

Self-Employment Technical Assistance, Resources, & Training (START-UP/USA) was a national technical assistance center that provided information and guidance about promoting self-employment for disabilities to three START-UP state grantees (Alaska, Florida, and New York) and served as a national resource for individuals and agencies wanting to pursue self-employment goals for people with disabilities.

Self-Employment for People with Disabilities (2013)

For full report: <https://www.dol.gov/odep/pdf/2014StartUp.pdf>

Disability Inclusion Strategic Alliance Opportunity



- Disability: IN is the leading nonprofit resource for business disability inclusion worldwide.
- The agency has a network of more than 185 corporations expands opportunities for people with disabilities across enterprises.
- Its central office and 30 Affiliates serve as the collective voice to effect change for people with disabilities in business
- Disability: IN certifies disability-owned business enterprises and link them to entities looking to diversify their supply chains

Small Business Administration Centers



Small Business Accessible Loan Products

CDFIs can customize small business programs to specifically benefit people with disabilities:

Pros

- Gain deeper understanding of the applicant's overall disability conditions
- Align loan structures to accommodate the impact of disabilities
 - Medical Debt
- Web Accessibility

Cons

- More time consuming
- More expensive to underwrite due to relationship building

CDFI Microloan Programs

SBA Microloan Program

<https://fas.org/sgp/crs/misc/R41057.pdf>

- Microloan Intermediaries provide training and technical assistance and make small loans of from \$500-\$50,000 to eligible microloan borrowers facing traditional access to capital barriers.
- In FY2019, Microloan intermediaries provided 5,533 microloans totaling \$81.5 million. The average Microloan was \$14,735 and had a 7.5% interest rate.
- CDFI customized microloan programs may offer more flexibility and can be marketed directly to persons with disabilities

CDFI Collaborative Partnership Opportunities

Business and entrepreneurship programs for veterans with disabilities:

- [Dog Tag Inc.](https://www.dogtaginc.org/our-mission) – empowers service-disabled veterans, military spouses, and caregivers to discover personal and professional fulfillment in the civilian world through an innovative business and entrepreneurship fellowship program. <https://www.dogtaginc.org/our-mission>
- [Bunker Labs](https://bunkerlabs.org/our-impact/) – national network of veteran entrepreneurs dedicated to helping new veteran entrepreneurs start their own business. <https://bunkerlabs.org/our-impact/>
- [Boots to Business](https://www.sba.gov/offices/headquarters/ovbd/resources/160511) – entrepreneurial education and training program offered by the U.S. Small Business Administration (SBA) as part of the Department of Defense's Transition Assistance Program. <https://www.sba.gov/offices/headquarters/ovbd/resources/160511>
- [100 Microloans to Disabled Veteran Entrepreneurs](https://www.clintonfoundation.org/clinton-global-initiative/commitments/100-microloans-disabled-veteran-entrepreneurs) – the first not-for-profit microfinance program for service-disabled veteran owned businesses. <https://www.clintonfoundation.org/clinton-global-initiative/commitments/100-microloans-disabled-veteran-entrepreneurs>

Case Studies

Northwest Access Fund Business Loans

Loan Details

- Loans up to \$10,000 with maximum of \$25,000 for well established businesses
- The interest rate is 5.0%
- Loan terms typically range up to five years depending on the business equipment purchased and the borrower's ability to pay
- Washington and Oregon residents of all ages with disabilities of all types, including seniors with age-related functional limitations, are eligible
- The loan must be used for business equipment needed for starting or running a business (or related education/training) on a full- or part-time basis
- A business plan must be submitted with a loan application

Northwest Access Fund – Loan Example

Chocolate Dreams

- Julia Balassa-Myracle's illness forced her to leave her work . She began collecting SSDI benefits and explored the prospect of opening up her own business.
- She started her specialty chocolate business after getting certification as a Master Chocolatier and developing a business plan.
- Chocolate Myracles needed state-of-the-art equipment and she got financing from a mainstream bank for her home- based kitchen at a very high interest rate.
- With high monthly loan payments, Chocolate Myracles was struggling. Then she found Northwest Access Fund. The Access Fund refinanced the business equipment loan and Julia was able to free up cash to re-invest in Chocolate Myracles.

Loan amount: \$25,000

Interest Rate: 5%

Monthly payments: \$472

Repayment terms: 60 Months (5 years)



Northwest Access Fund – Loan Example

A transition to private practice

- Artonyon Ingram is a Veteran. He had spent 21 years in the counseling profession when diagnosed with his disability, a nerve disorder.
- He had to reduce the amount of hours he worked. He wanted to open his own private practice and he needed some basic office items, like a desk and printer.
- After being turned down by traditional lending institutions he found the Northwest Access Fund.
- "What I like about the Access Fund is that they didn't just look at my disability or my income status... they looked at the whole picture ... Through the loans, I was able to get the items needed to process paperwork and do graduate coursework".



Loan Amount: 5 loans from \$165 to \$706

Interest Rate: 5%

Repayment Terms: 6 Months to 24 Months

Northwest Access Fund – Loan Example

As a Film Studies student in college, Michael Duffy always had a passion for film. But diagnosed with bipolar and high anxiety disorder, his employment opportunities were limited.

Michael received small business training from NWAFF and was able to qualify for a microenterprise loan to purchase a high-quality digital video camera.

He converted a room in his house to a small studio to be able to run his film company, Toonsmith Studios, within the safety and comfort of his home.

Loan amount for camera: \$2,184

Interest Rate: 5%

Monthly payments: \$66

Repayment terms: 36 Months (3 years)



Sampling of Self-Employment and Entrepreneurship Resources

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- [Why a Mentor is Key to Small Business Growth and Survival](#) — Blog from the Small Business Administration on mentorship for small businesses.

Questions



Module 9 – Market and Strategy

Just as entrepreneurs with disabilities seek to understand how to access capital and related technical assistance, CDFIs may need tools on how to effectively provide development and financing solutions to serve them.

This training aims to help CDFIs access tools to better serve entrepreneurs with disabilities.

This Training Presents:

- Business Lending Backstory
- Challenges and Opportunities
- Small Business Development
- Small Business Loan Products
- Case Studies
- Questions & Answers
- Resources

Business Lending Backstory

- People with disabilities are much more likely to run their own businesses
- According to 2018 Bureau of Labor statistics, among employed individuals, those with disabilities were self-employed at a rate almost 70% higher than individuals without disabilities
- People with disabilities are more likely to be unemployed – and businesses worry about costs associated with employing people with disabilities



Challenges and Opportunities

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Challenges and Opportunities (continued)

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Small Business Administration Centers



SBDCs are sponsored by the U.S. Small Business Administration (SBA) and provide management assistance to small business owners in the form of one-on-one counseling, training seminars, assistance with SBA loans, and technical assistance.



VBOCs, funded in part by the SBA, provide free business counseling and assistance to veterans and military spouses to help them identify funding sources; develop marketing and customer acquisition strategies to grow your business; and assist with government contracting and veteran-owned small business status in procurement at all levels.

Women's Business Centers (WBCs)



WBCs help women succeed in business by providing training, mentoring, business development and financing opportunities to more than 140,000 women entrepreneurs nationwide each year. They provide free business counseling and assistance to women to help them:

- Test the feasibility and potential profitability of their start-up idea or expansion of an existing business
- Write a solid business plan
- Take the right steps to start and successfully manage a small business
- Identify funding sources (CDFI's, banks, credit unions,) and SBA loan programs
- Develop marketing and customer acquisition strategies to grow your business.

Small Business Accessible Loan Products

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Pros

- Gain deeper understanding of the applicant's overall disability conditions
- Alignment loan structures to accommodate the impact of disabilities
- Web Accessibility

Cons

- More time consuming
- More expensive to underwrite

SBA Microloan Program

The [SBA Microloan Program](#) provides direct loans to Microloan Intermediaries to assist women, low income, veteran, and minority entrepreneurs, and other small businesses in need of small amounts of financial assistance. Microloan Intermediaries provide training and technical assistance and make small loans of from \$500-\$50,000 to eligible microloan borrowers. Businesses can use SBA Microloans for a range of purposes, including working capital or buying equipment, machinery, or supplies.

Typical Borrower Qualifications

- Primarily character-based loans (average minimum credit score of 575)
- Business Plan
- Loan Packaging Fees 2-3% of loan amount
- 12-72 months loan amortization
- Interest rate ranges 6.5%-9%
- 6 months interest only option with technical assistance requirement

CDFI Loan Referral Partnership Opportunities

Business and entrepreneurship programs for veterans:

- [Dog Tag Inc.](#) – empowers service-disabled veterans, military spouses, and caregivers to discover personal and professional fulfillment in the civilian world through an innovative business and entrepreneurship fellowship program
- [Bunker Labs](#) – national network of veteran entrepreneurs dedicated to helping new veteran entrepreneurs start their own business
- [Boots to Business](#) – entrepreneurial education and training program offered by the U.S. Small Business Administration (SBA) as part of the Department of Defense's Transition Assistance Program
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Case Study

Veteran LLC: Setting Up Veteran Entrepreneurs for Success

- **Food Truck Vendor** – John is a service-disabled veteran who saw a need for a food truck vendor at kids' baseball games, local flea markets, and other community events. He wanted to offer a delicious but healthier alternative to French fries and cotton candy. After visiting his local Veterans Business Outreach Center (VBOC) for a one-day orientation session, he signed up for a 16-week small business development curriculum designed to provide technical assistance and training in every aspect of starting and operating a sustainable business. Upon graduation, John required financing to acquire and adapt a commercial food truck. He was referred by the VBOC to a local microloan intermediary for financing.
- **Financing Terms:**
 - Purpose: Purchase customized accessible food truck
 - Term: 60 months
 - Loan Origination: Waived
 - 6 months Interest Only
 - Loan-To-Value: 90%
 - Collateral: Vehicle title and Uniform Commercial Code (UCC)



Chocolate Dreams

- Refinance of loan for food processing equipment
- Amount: \$25,000
- Rate: 5%
- Term: 60 months
- Collateral: business equipment
- Functioning business; also had SSDI income

Private Practice Counseling Business

- Office equipment
- Amount: 5 loans from \$165 to \$706
- Rate: 5%
- Term: 6 months to 24 months
- Collateral: office equipment (basically unsecured)
- Also had SSDI income

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