

**Tapping a market,
meeting a need.**

2018–2022
Strategic Plan

Choice.
Control.
Community.

The Mission of the Disability Opportunity Fund is to provide technical and financial services to individuals and organizations serving the disability market throughout the United States, with a focus on affordable housing, education, vocational training and employment.

[Ian is very handy and loves working with tools at the Community Tool Bank](#)
(itineris success story on inside back cover)

Letter from the President

To Our Friends and Supporters:

At the founding of the Disability Opportunity Fund ten years ago, our vision was to identify creative ways to provide reasonable-cost financing to address the urgent and growing needs of the disability community for housing, training and employment.

In the nearly 30 years since Congress passed the Americans with Disabilities Act, the U.S. has made great strides as a nation to ensure that people with disabilities have the opportunities they deserve, allowing them to live dignified, productive lives and to pursue their hopes and dreams. Today, people living with disabilities are celebrated members of society who own homes, run businesses, hold elective office, and appear in television and film.

But while public understanding, acceptance, and inclusion have leapt forward in recent years, many of the public programs that serve people with disabilities are significantly under-resourced. The service and support sector remains unorganized and inefficient. And, despite the huge size of the disability market (see adjacent sidebar), traditional financial institutions have not approached the market in a consistent and focused manner, making it difficult for developers and others to obtain financing for affordable housing, intentional communities, schools and training centers, and health and community facilities.

As a result, people with disabilities often cannot access housing that accommodates their needs, attend public schools that are equipped to educate them, gain fulfilling long-term employment, or take ownership of their financial future.

Our solution was to leverage an existing and recognized financing structure—the nonprofit Community Development Financial Institution, or CDFI—and to use that structure in a new and innovative way.

Whereas most CDFIs define their market in geographic terms, we identified ours as the disability community irrespective of geography. We articulated the mission “to provide technical and financial services to individuals and organizations serving the disability market throughout the United States, with a focus on affordable housing, education, vocational training and employment.”

To the extent that the following pages in this report demonstrate that we have been successful, it is due in large part to the vision and generosity of our supporters and investors—religious organizations, financial institutions, the CDFI Fund, philanthropically minded corporations, and committed individuals—who have generously donated or lent their capital in support of our mission.

This report summarizes the accomplishments of DOF’s first decade and lays out our strategic goals for the next five years. We have a proven business model that creates lasting change for people with disabilities. While pleased with how far we have come, we have undiminished passion and enthusiasm to continue the journey. We welcome the engagement and support of those eager to join us.

Sincerely,

Charles D. Hammerman
President and CEO
June 2018

What is a CDFI?

Community Development Financial Institutions are financial institutions certified by the U.S. Department of the Treasury. There are several types, including deposit-taking banks and venture capital funds. The Disability Opportunity Fund is a CDFI Loan Fund, which raises capital through contributions, grants and debt to support its lending activities. For more information, see www.cdfifund.gov.

How we define the “Disability Market?”

The American Community Survey (ACS) estimates that the overall rate of people with disabilities in the U.S. population in 2016 was 12.8%. As the U.S. population ages, the percentage of people with disabilities will increase. In the U.S. in 2016, less than 1.0% of the under 5 years old population had

a disability. For those ages 5-17, the rate was 5.6%. For ages 18-64, the rate was 10.6%. For people ages 65 and older, 35.2% had a disability.

At DOF, we understand that “disability does not discriminate”: the market includes all geographies within the U.S. (urban/suburban/rural), all races, genders, religious beliefs and socio-economic conditions. Despite the wide range of disabilities (physical, mental and substance abuse), there is a consistent need for appropriate housing, education and training, employment, and specialized health and community facilities. Addressing these needs requires capital, thereby constituting a financial-services market.

What is “Technical Assistance?”

We provide institutional, technical expertise to governments, developers, and family groups to improve public programs, create affordable housing, and strengthen and streamline the delivery of essential services to people with disabilities. We continuously advocate for policies and create partnerships that unlock additional resources and opportunities for people with disabilities.

Ten Years of Progress

[Millie in her new home with Andy and Len from Terebinth \(story on opposite page\)](#)

It was clear to us as we began to build the Disability Opportunity Fund in 2008 that there was a critical need to identify the disability community as a financial market, one that had particular needs and, like any market, one that required a strategic approach and a carefully designed business plan to service. We sought to do exactly that by creating a nonprofit CDFI that identified its market in those terms, rather than in geographic terms.

We focused on the primary needs of this market: affordable and adaptive housing, schools and training centers, employment opportunities, health facilities, and community centers. We set out to provide financing, such as pre-development loans, site acquisition loans, construction financing, mini-perm mortgages, tuition bridge loans and financing of businesses that employ people with disabilities. Moreover, we committed to do so at below-market rates where possible and with terms and conditions that accommodated the needs of low-income people and affordable housing developers.

We also added two critical pieces to our mission, providing technical assistance to our borrowers and others and becoming a leading advocate in the public arena for better solutions for people with disabilities and their families.

With rather modest initial goals, DOF has far exceeded our expectations.

Our ten-year track record includes:

- Starting with a single \$100,000 loan to a group of families building a home in 2009, DOF has closed over 70 loans totaling more than \$50 million, helping to fund 2,242 units of new or renovated housing, helping to create nearly 3,500 jobs and helping to build dozens of facilities to enhance services to people with disabilities.
- We have funded projects in 17 states, from California to Massachusetts, from Florida to Wisconsin.
- From less than \$400,000 in assets in 2008, DOF now has \$33 million in total assets and \$7.6 million in net assets.
- Careful underwriting standards and due diligence have led to an enviable track record: to date, we have incurred no losses or write-downs on our loan portfolio.
- We have provided technical assistance to 64 of our borrowers and scores of additional individuals and organizations seeking our guidance on how to pursue their goals most effectively.
- We have made significant progress toward our goal of self-sufficiency, with revenue from our lending activity and technical assistance now covering more than 80% of our operating costs.

In our most important metric, we calculate that the projects we have funded over this decade have benefited approximately 19,500 people with disabilities.

Technical Assistance

DOF's technical assistance function is critical to who we are. To the extent possible, we have provided our expertise to every individual, family or organization who asks. The requests have included:

- individuals and families seeking advice on the best housing solution, property location, available governmental assistance programs, and approaches to financing;
- fledgling nonprofits requiring consultation on issues like board recruitment, financial reporting and fundraising;
- affordable housing developers interested in design solutions for accessibility;
- disability service providers eager to coordinate on policy advocacy; and
- government agencies seeking to design programs and regulations that meet particular needs in the disability market.

Public Policy

One of our most important long-range goals in establishing DOF was to highlight the critical need for a more coordinated and effective approach to creating housing for people with disabilities, including

encouraging and accelerating the trend away from institutional settings. Our lending activity has been consistently focused on non-institutional approaches, from individual dwellings in residential neighborhoods to innovative intentional communities that provide employment, social life and cultural activities in a residential setting specifically for people with disabilities.

We have also been advocates to encourage other CDFIs and traditional financial institutions to focus on financing housing for people with disabilities. We have addressed numerous conferences on housing issues and brought together advocates and financiers in a series of roundtables in collaboration with Federal Reserve Banks. In many of our projects, we have invited traditional banks and others to partner with us in providing financing and have worked to educate them on the disability market.

Ten years later, construction of affordable housing for people with disabilities is no longer a series of one-off special projects. It has been mainstreamed and is being built all over the country in record numbers. We are proud to have played a part.

A second public policy priority has been to raise awareness of and work toward solutions for the long-term financial challenges facing many people with disabilities and their families. Working with numerous other partners and advocates, DOF played a critical role in the adoption of the ABLE Act, perhaps the most important piece of disability legislation since the Americans with Disabilities Act of 1990. The Act allows people with disabilities to accumulate savings without losing eligibility for Medicaid and Social Security benefits. DOF also has assisted in the drafting of ABLE guidelines by the IRS, and in 2016, we provided the seed funding for the ABLE National Resource Center and partnered with the National Down Syndrome Society and others to create the ABLE Alliance for Financial Empowerment to continue advocacy on this important issue.

To advance these public policy efforts, we incubated the Disability CDFI Coalition as a network of CDFIs, financial institutions, disability service providers and advocacy organizations. Today, membership in the DCC includes more than 300 individuals and organizations. The DCC now has its own staff and Board of Directors and is becoming an increasingly influential voice in policy debates on issues relating to the disability community. The Coalition's first major success was securing \$6,000,000 in available Financial and Technical Assistance Awards for the CDFI Industry during the FY2018 Application Round. We have also joined and played a leadership role in other organizations: the Opportunity Finance Network, the CDFI Coalition, the Native CDFI Network and the New York CDFI Coalition.

The DOF Difference:

“People with disabilities constitute a market to be addressed, not a group of people to be patronized.”

Success Story

Terebinth

Already the largest provider of single-family homes to people with disabilities in Indiana, Terebinth needed additional funding to fill an ever-growing need for affordable, scattered-site housing. In partnership with The Finance Fund, a CDFI in Columbus, Ohio, DOF created an innovative, \$5.5 million revolving loan fund allowing Terebinth to acquire and renovate hundreds of additional homes. The company's name refers to the trees near the tent where Abraham took in the three weary travelers. “It illustrated the themes of what we wanted to do,” says co-founder Andy Rosenthal.

17 Number of states with DOF-funded projects

73 Number of loans funded by DOF since inception, representing more than \$50 million in DOF financing and \$55 million leveraged by DOF from other sources

19,500 Number of people with disabilities who have benefited from DOF-funded projects

Success Story

The Cottage in Darien

In our first financing DOF partnered with the Leviticus Fund in 2009 to fund the renovation of The Cottage in Darien (Conn.) into a permanent home for six residents with developmental disabilities. The residents engage in both independent and group activities and, with the assistance of professional staff, are able to make choices, articulate and achieve goals and live with dignity. “By financing this development, DOF has helped our daughter to live an independent life in a safe and supportive environment,” said one of the resident’s fathers.

[Residents and staff of The Cottage in Darien in front of their renovated residence](#)

Our Timeline

2008

- Board organized
- First grants and funding received
- \$397,000 in assets at year-end
- Co-hosted Roundtable Discussions with Federal Reserve Banks (SF and Chicago) and NYSE

2009

- CDFI certification received
- First loan extended to build a home for six young adults with disabilities
- First grant (Technical Assistance Award) received from CDFI Fund, U.S. Treasury Department

2010

- Hired first Director of Lending
- New loans approved
- Attracted new investment and operating funds: First Religious Investor: Adrian Dominican Sisters
- Accepted as a member of the Opportunity Finance Network
- Co-hosted Roundtable Discussions with Federal Reserve Banks (Boston, Richmond and D.C.)

2011

- \$2.5 million in lending activity
- Major investments from Bank of America, Rockefeller Foundation and Prudential
- \$2.99 million in assets at year-end

2012

- "Breakout Year"
- \$600,000 grant received from CDFI Fund, U.S. Treasury Department under the Small and/or Emerging CDFI Award Program
- 20th loan extended
- Multiple loan participations with other CDFIs
- 5th Anniversary celebration at the Rockefeller Foundation
- Led Superstorm Sandy recovery effort for people with disabilities on Long Island

2013

- Wells Fargo and Capital One added as investors
- \$8.1 million in assets at year-end

2014

- 40th loan extended, bringing total to \$13.5 million in 12 states
- Closed first "Tuition Bridge Loan" for school serving children with developmental disabilities
- Received \$1.25 million Financial Assistance grant from CDFI Fund, U.S. Treasury Department
- ABLE Act passed by Congress and signed into law by the President

2015

- \$250,000 grant received from Bank of America
- Won \$100,000 Wells Fargo NEXT Seed Capital Award for Innovation in Opportunity Finance
- Launched Disability CDFI Coalition (DCC)
- \$12 million in assets at year-end

2016

- \$1.8 million Capital Magnet Fund Award from CDFI Fund, U.S. Treasury Department
- Closed first Business Loan to Rising Tide Car Wash: a company employing young adults with Autism
- Deployed \$8 million in 12 projects in 12-month period

2017

- Doubled Total Assets from \$16 to \$32 million
- Deployed \$16 million in 12 projects
- Increased Average Loan Size to \$1.3 million
- Completed "10-Year DOF Social Impact Metrics Report"

Financial and Social Impact Metrics: 2008–2017

[Residents of DOF-financed, mixed-use housing complex in Oxnard, California \(story on opposite page\)](#)

Affordable Housing

- Mortgage/home improvement loans to families: 10
- Construction loans to developers: 26
- Number of housing units created: 874
- Number of units preserved: 286

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Employment

- Number of jobs created: 1,795
- Percentage of jobs paying living wage: 94%

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Health Care

- Number of patients served: 24,325
- Square feet of facilities created: 4,000
- Square feet of facilities preserved: 73,250

Education

- Number of loans for education projects: 13
- Number of student seats created/preserved: 1,186
- Individuals Served by DOF Borrowers
- Number of people with disabilities benefited: 19,525

The DOF Difference:

Headquartered in New York, DOF is truly national in scope, funding projects across the country. Also, it helped create the national Disability CDFI Coalition, plays a leadership role in local, state and national disability organizations, and effectively encourages Congress to adopt important policies to improve the lives of people with disabilities.

Success Story

Paseo De Luz Apartments

A \$125,000 pre-construction loan from DOF in 2010 enabled Cabrillo Economic Development Corp. in Oxford, Calif. to kick-start Paseo De Luz Apartments, a 24-unit supportive housing development for very low-income people with psychiatric disorders. The nearly \$10 million project was completed and opened for tenants in 2012. Cabrillo thanked DOF “with sincere appreciation for your dedication and contribution to providing affordable homes.”

5-Year Strategic Plan and Initiatives

[Customer's car gets final polish at Rising Tide Car Wash \(story on opposite page\)](#)

Goal One

DOF will keep pace with the needs of the growing disability market by gradually and organically increasing lending activity while maintaining rigorous underwriting standards and risk management.

- Over the next five years, DOF plans to grow assets from our year-end 2017 level of \$32 million to at least \$45 million and to support that growth by growing equity from \$7.6 million to \$12.5 million, thereby increasing our net asset ratio from the current 24% to 28% or above.
- We will also seek out opportunities to reduce our cost of capital from our current 2.49% by expanding our relationships with funders and, when possible, swapping out higher cost debt for lower cost debt.
- To raise new equity, we will continue to aggressively pursue federal grants, which are highly cost effective but are both highly competitive and subject to appropriation risk as Congress and the Administration look to cut spending. We will also develop the capability to identify and recruit individuals with an interest in impact investing and a commitment to the support of people with disabilities.
- As we organically grow the scale of our activities and the size of our portfolio, we will ensure we have the capital, the staffing expertise and the operational infrastructure to manage a higher volume of activity without unduly increasing our risk profile.

Goal Two

DOF will launch its new product "DOF Equity Plus" to explore the potential for positive financial returns and significant social impact in a program of equity investments, both with for-profit companies and in real estate.

- In 2017, DOF invested \$100,000 in the purchase of convertible debt from Factory Four (formerly Fusiform), an orthotics and prosthetic software company in Baltimore. This was our first deal involving an equity-like financing structure and was a test case in whether equity investments would be an appropriate use of our capital. The success of this deal leads us to consider an equity investing initiative.
- We plan to commit as much as \$1 million in current capital and are contemplating two types of investments: 1) investing in established companies or start-up ventures that either employ people with disabilities or provide products and services to the disability community, and 2) investing in real estate, which could include both direct DOF ownership of homes or buildings and/or taking an equity stake in, for example, an affordable-housing developer.
- Carefully selected investments will enable us to assess the risk-reward ratio of equity investing, as well as to ensure we have the required staff expertise, necessary Board oversight and other infrastructure requirements.
- Over time, if this initiative is successful, DOF may consider creating a Community Development Venture Capital Fund focused on the disability market.

Goal Three

Maintain consistent metrics and robust processes for measuring the social impact of DOF-funded projects and initiatives.

- DOF achieved Platinum status on Guidestar in mid-2017. In early 2018 Aeris, an independent company that rates CDFIs, awarded DOF three stars for its "Impact Rating," which measures the social impact of a CDFI's program activity, and an A+ for its "Financial Rating," which assesses an organization's capitalization, asset quality, management, earnings and liquidity.
- Aeris also awarded DOF its "Policy Plus" designation, saying: "The organization has a demonstrable track record of leadership and collaboration resulting in policy successes."

- We will maintain consistent criteria across our various types of projects to measure social impact and will make clear to borrowers our expectations for timely and accurate impact reporting.
- Most major investors expect reliable data on social impact, and many of them rely on Aeris Ratings as one source of information. Thus, we expect to see significant benefits in terms of donor and investor recruitment from the new Aeris rating.

Goal Four

Develop a more structured and ultimately effective approach to providing technical assistance.

- Recognizing the tremendous value in providing technical assistance, DOF will continue to give it a high priority. However, technical assistance often does not produce direct revenue and places a significant burden on staff.
- Over the next five years, we will explore the establishment of a formal Disability Technical Assistance Center (DTAC), which will be supported by a dedicated staff, budget and sources of revenue.

Goal Five

Continue DOF's leadership on public policy issues of concern to the disability community and to the continued health and vibrancy of CDFIs.

- Over our first decade, DOF's public policy priorities included playing a significant role in encouraging the mainstreaming of construction of housing for people with disabilities, helping to build momentum for the ABLE Act and its implementation, and helping bring the disability community and the CDFI sector together through creation of the Disability CDFI coalition.
- As we look forward, we have identified employment as a new priority. The potential for people with disabilities to have fulfilling and financially successful careers is only beginning to be recognized. Recent research has found that well-designed intensive job training programs for young people on the autism spectrum can lead to employment lasting at least a year for upwards of 85 percent of students.
- DOF is working with borrowers, including for-profit companies, on job-creation initiatives. Our first such project came in 2017 with our \$2,000,000 loan to Rising Tide Car Wash, a Parkland, Florida, for-profit business. More than 80% of its employees are people with disabilities. Our financing helped Rising Tide get off the ground, and we are now providing funding for a second and third location.
- Consistent with this business focus, we plan, as we have in the past, to use our public policy platform to press government, corporations and the service sector to adopt policies and take action to help realize the employment potential for people with disabilities.

Success Story

Rising Tide

Rising Tide delivers a first-rate car wash experience to its Margate, Fla. customers and demonstrates that private-sector employers can hire and train people with disabilities in ways that make good business sense. DOF provided financing that enabled Rising Tide to build a second location and provide additional opportunities for individuals with autism to have stable, fulfilling careers. Rising Tide boasts a 100% customer satisfaction rating and was named "Employer of the Year" by the Autism Society of America and by the South Florida Business Connection.

[Proud employees of Rising Tide](#)

Success Story

Clarkin House

The six adult siblings living in the Clarkin House—all with mild developmental disabilities—faced being forced out of their Mineola, N.Y., home after major damage from a burst pipe. Rather than see them split up into multiple group homes, DOF provided technical assistance and funding with Habitat for Humanity to renovate the home, and the Clarkins were able to move back in together. In a cover story on the

project, *Newsday* described DOF's CEO as a "problem solver for the disabled" who delivers housing solutions "with empathy and creative financing."

[Residents and family celebrate the opening of their renovated home](#)

The DOF Difference:

"Private-sector thinking for public-sector problems"

At the opening of the renovated Clarkin House (see opposite page), the local County Executive said: "Thanks to cooperative efforts of government, nonprofits, the private sector, and our local communities, the Clarkin family will have the safe and comfortable home they deserve."

DOF has announced the launch of a major new initiative, "DOF Equity Plus," to explore the potential for positive financial returns and significant social impact in a program of equity investments, both with for-profit companies that hire people with disabilities and in real estate.

Success Story

Homesteads for Hope

After seeing her autistic brother thrive while living and working on a farm, Jenny Brongo founded Homesteads for Hope to provide a farm-based vocational training program for her brother and other adults with developmental disabilities. With a \$1.2 million loan from DOF, H4H was able to buy and renovate a farm near Rochester, N.Y., to provide the program with a permanent home. Their vision is “a unique Community Farm creating effortless inclusion for people with intellectual and developmental disabilities offering an extraordinary place to learn, work, live and grow!”

[Chucky in the greenhouse—he’s the best “Seeder”](#)

Success Story

Celebrate the Children

Celebrate the Children is a 20-year-old school that works closely with New Jersey public schools to provide K-12 education to 110 special-needs students. \$1.25 million in funding from DOF enabled CTC to renovate and convert a recently acquired site into a state-of-the-art educational campus, consolidating separate locations and expanding enrollment capacity. After the expansion, CTC was featured on the cover page of *Time* magazine under the headline: “New Insights into the Hidden World of Autism.”

[Learning to navigate the classroom and the world](#)

Success Story

Itineris

Baltimore-based Itineris is an innovative vocational training and employment center for individuals on the autism spectrum. Serious space constraints limited their capacity, and a growing waiting list highlighted the need to expand. With a \$2.6 million loan from DOF, Itineris bought and renovated a building that will more than double their capacity. A March 2018 *Washington Post* article described Itineris as a place where enrollees can “socialize, learn life skills, interact with the broader community and, best of all, get help finding—and keeping—a job.”

[Abby working with her pre-vocational training coach to improve her fine motor skills, expanding her range of employment opportunities](#)

Front cover images

(left) Residents of The Cottage in Darien preparing dinner

(middle) Volunteer day at Homesteads for Hope

(right) A proud grandmother and her grandchildren at Paseo de Luz Apartments

Back cover images

(left) Young farmers at Homesteads for Hope

(middle) A couple in their new Paseo De Luz home

(right) A proud “winner” at Celebrate the Children

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