

Shared ownership without a mortgage for people with disabilities

Introduction

As you may already know since 1997 people who are unable to work in paid employment because of a profound or complex disability have had the life changing opportunity to buy a home of their own using a unique shared ownership model known as HOLD (Home Ownership for people with Long-term Disabilities). In this model we help them secure an interest only mortgage (paid for through their benefit entitlement) that they can use to buy their share of a property with the rest of it being purchased by a Housing Association. Rent is due on the Housing Association's share and again this is met by the buyer's benefits.

Of course interest only mortgages can be hard to secure, especially after a tightening up of the market in 2014, so some buyers and/or their families have started to fill the gap themselves. This modified version of the HOLD model replaces a mortgage with money from the buyer or their family whilst the Housing Association element remains the same as before.

Buyer Profile

This document focuses specifically on buyers who have sufficient savings or equity in their current home, or money from their family, to purchase a share of a property outright (obviously the sums required to do this will vary across the Country). In these cases, as highlighted above, they won't generally need a mortgage for their share. They will, however, still require the right combination of benefits (including Disability Living Allowance) to pay the rent and service charges on the portion of their new home that's owned by a Housing Association.

It's important to note that if the buyer has access to sufficient funds to be able to buy a property outright then they will be expected to use them and they won't be eligible for this particular shared ownership model.

Affordability

At the time of writing (February 2015) everyone with a disability is undergoing a Work Capability Assessment. If they're found to be 'fit' for work they'll be encouraged to find a job and may no longer qualify for the benefits that they need to pay the rent and service charges on the portion of their home owned by the Housing Association. This could have potentially devastating consequences if either their wages were insufficient to make up for the loss of benefits or they're unable to cope with their new role and are forced to give it up.

For this reason the processes and procedures involved in assessing and supporting potential buyers throughout their home purchase (and beyond) must be carefully planned and implemented with the issue of long-term affordability (even in the face of ongoing changes to the benefits system) being a key focus.

Supporting Buyers

Our processes and procedures are already tried and tested and we have considerable experience in supporting buyers with a wide range of different disabilities. This even includes individuals with severe disabilities who may need to apply to the Court of Protection to appoint a Deputy to act on their behalf. This can take several months. Again we've already helped a significant number of families negotiate their way through this process.

Process Overview

Below is an overview of the process we've developed over a number of years to support someone with a disability throughout their journey towards buying their new home...and beyond. We recognise that every single person we're privileged to help is totally unique, that's why we don't have a 'one size fits all' solution. We really take the time to get to know our clients, this doesn't just mean helping them buy a home of their own, that's just part of what we do. We'll also help them make plans to protect their new home so that it's safe, secure and sustainable and put everything in place to ensure that they're able to live their life, their way. This is known as 'life planning' and in an increasingly uncertain world it's an essential part of our service.

Remember, we'll tailor the final solution to meet each client's specific needs:

Stage One - Preparing For The Purchase

- Meeting with the family and buyer/s to fully explain the details of the model.
- Fully assessing the affordability of a property purchase
- Confirming the eligibility of the buyer/s to receive welfare benefits from Department for Work and Pensions (DWP) and their Local Authority.
- Ensuring the buyer/s will receive an appropriate care and support package
- Introducing a suitably experienced conveyancing solicitor who understands the model well enough to safely carry out the purchase for the buyers' share.

Stage Two - The Completion Of The Property Purchase

- Supporting the completion and submission of the housing benefit forms.
- Supporting the completion and submission of the DWP package for benefits.
- Liaising with all relevant stakeholders involved in the HOLD purchase and chasing those involved to ensure a timely completion.
- Representing the buyer **AT NO ADDITIONAL COST** at a Tribunal if their benefit application is refused.
- Ensuring that the buyer doesn't fall foul of the Deprivation of Capital rules that could, potentially, see the DWP reduce or completely stop benefit payments. The likely repercussions of this is that the buyer would have to sell their home immediately which could mean that both they and their Housing Association partner lose some of the capital they've invested in the property.

Ongoing Support

- Helping to resolve benefit queries with DWP so that payments continue to be paid. This includes any work we'll need to do if these payments ever stop including fighting the homeowner's case, in Tribunal if necessary, at no additional cost. To date 19 cases have gone to Tribunal and we've won every single one.
- Holding an annual family review/meeting to assess the buyer's situation.
- Protecting the entire HOLD model. For someone with an enduring disability buying and sustaining a home isn't a simple process. We're very proud of the fact that all of the buyers we've helped so far are still living safely and securely in their own homes, even after changes to benefits, and we simply cannot risk this not being the case. The monthly fee therefore enables us to remain 'hands on' in terms of each and every applicant that we've ever supported.

Summary of what we'll help our clients achieve:

- A safe, secure and sustainable home of their own for life
- A happy, more fulfilling and financially certain future
- Better outcomes from their care and support package
- Greater opportunities for self development

Risks and Challenges

The rules surrounding benefit entitlement can be complex and we're constantly seeking expert advice to ensure that individuals qualify for and continue to receive the right level of income to provide a fulfilling and sustainable way of life. The entire benefits system is currently being reviewed so we're actively putting in place safeguards to protect against the risks to income that this engenders. Naturally we also have Professional Indemnity Insurance in place to safeguard the best interests of ourselves and buyers.

Summary and Next Steps

As this document has clarified, two distinct groups of buyers with a disability can be helped, those who require a mortgage via the 'traditional' HOLD model and those who DON'T require a mortgage. This second group needs enough money to purchase a share of their home plus pay the associated fees of around £3000.

**Please refer buyers from either category to MySafeHome Limited
on 08000 121333 or email enquiries@mysafehome.info**