

Pathway to Homebuy and Home Ownership for People With Long-Term Disabilities - HOLD (*ref 10*)

A Flow Chart for Local Authority Staff

Stage Notes

Related Factsheets

A Flow Chart for Local Authority Staff

This note outlines the key steps to become a home owner with a Registered Social Landlord (RSL). It is intended to give guidance to Local Authority Social Services and other staff involved in providing care and support to people with learning disabilities on the steps to follow in order to access some of the low cost home ownership programmes offered by RSLs.

This *factsheet* does not explain the mechanics of Shared Ownership, Homebuy or other low cost home ownership programmes but details can be found in other *factsheets*.

Note:

- some steps in practice can proceed in parallel
- RSL's can provide help and guidance - they may also have their own special policies or procedures in addition to those explained
- it is assumed the disabled person desires independent living
- these are the principle steps only - additional consultation may be required
- Homebuy is a version of low cost home ownership whereby you can acquire a fixed 75% of equity getting an interest free loan on the rest - no rent is payable.

Stage Notes

Develop and cost care package for independent living and check that funding is available



Identify if any RSLs are providing HOLD or Homebuy and see if they are prepared to assist.



If no local association offering Shared Ownership try Shared Ownership HOMES



If person moving from residential care or from parental home:

- They will become entitled to a range of benefits in their own right
- Check if eligible for ILF

Even if total cost of care rises the actual cost falling on LA budget may fall because of cost shifting to Central Government funding



If the authority has a Housing Association Liaison Officer or similar post this may be the quick route. Check if any RSLs offering "HOLD" are prepared to work in your area. For details, check our factsheet "HOLD and Homebuy". Check with the Housing Corporation for the RSL doing Homebuy in your area.



This is a national organisation - it keeps a register of second hand Shared Ownership property.

www.homes.org.uk

Phone: 020 7963 0200



Check if your authority has nomination rights and if necessary consider nominating



Make formal application to RSL



Consider funding and mortgage



Consider funding and mortgage



Consider an advocate



Begin work to identify property if not already done



LA's support for funding a development may be conditional on the authority having the right to propose purchasers. Funding is sometimes promised as what is called a 'pre-allocation' ahead of a property being developed because it is recognised cases can take a considerable time.



This will involve completing an application satisfying the association on individual's finances and needs. What you are looking for is acceptance of the applicant for the shared ownership programme or in the case of new-build shared ownership agreement to purchase a specific property.



There are three main ways of financing the share to be bought:

1. by relatives (or a trust set up by parents) buying a share
2. through an interest only mortgage serviced through special provisions for disabled people in the Income Support regulations
3. in the case of someone with limited disabilities with an income from work a small conventional mortgage may be possible

Obtaining a mortgage can be difficult - take advice from the RSL on possible lenders and/or use the authorities established relationship with lenders or contact a specialist mortgage broker.



To enter into a mortgage legal competence is necessary. Does the individual understand the broad nature of the obligation they are entering into and that if they don't repay the mortgage they may be re-possessed. If legal capacity is insufficient consider how this will be dealt with - the Court of Protection may need to appoint a receiver. This process will change in April 2007. For more information see the *Quick Brief The Mental Capacity Act and Housing (ref 38)* -

www.housingoptions.org.uk/general_information/gi_quickbriefs/qb_38.pdf



If the disabled person does not have close relatives it would be good practice to involve an advocate at this stage.



Under HOLD or Homebuy any property on the open market is potentially available if within the value limits the RSL will give you.



Approach Benefits Agency on Income Support for interest only mortgage

If Income Support is the means of repaying a mortgage now would be a suitable time to have an initial discussion with an adjudication officer on eligibility for Income Support on an interest only mortgage. Note:

- staff may be unfamiliar with the specific regulations (*Schedule 3, paragraph 4, sub-paragraph 9*)
- the key requirements are that the person is disabled and that they need alternative accommodation more suited to their special needs
- if mortgage interest will be less than any housing benefit paid prior to purchase, the mortgage interest will be paid in any event



Discuss with Housing Benefit section of Local Authority

Housing Benefit is payable on the rented part of a Shared Ownership property if the individual qualifies in just the same way as any other tenant - because only part is rented there is less likelihood of rent ceilings being a problem. There is no rent in Homebuy so in this case this stage will be omitted.



Survey and valuation

The RSL may require an intermediate survey unless it is a new property with an NHBC (or similar) guarantee. The lender will require a valuation. Consider professional fees, how these can be paid for or carried out free/cheaply.



Engage solicitor for conveyance

It helps to have a conveyancing solicitor familiar with this sort of Shared Ownership or Homebuy. The RSL probably has a list.



Scrutinise the lease and amend if necessary

A shared owner will be buying a leasehold interest. Check that the terms are satisfactory. Some terms are obligatory e.g. mortgagee protection clause, other terms, for example covering the keeping of pets may be negotiable. If the property will be shared, or support tenant arrangements are envisaged ensure this is permissible - is sub-letting allowed. It may be possible to make the landlord responsible for repairs and maintenance. The advantage of this is that it helps to ensure that maintenance is actually carried out. If the individual is eligible for Housing Benefit this should meet most of the additional charge.



Exchange contracts

Assuming survey satisfactory and mortgage arranged. A 10% deposit may be required now. This is refundable on completion. Ensure that the Income Support Mortgage Interest form is completed and forwarded to the lender for them to process. Start completing Housing Benefit forms in readiness for completion of the purchase.



Complete purchase



Move in

Completion follows three to four weeks later.



For someone moving from residential care with little or no possessions and no relatives to help a means must be found for furnishing and equipping the home. Tips:

- in the case of Shared Ownership, it may be possible to build in wardrobes, cupboards and some furnishings
- new properties might be sold with 'white goods' - fridge, washing machine etc
- if identified at an early stage of construction, where someone has a physical disability, it may be possible to equip/design the property appropriately - in particular kitchen and bathroom layout
- some RSLs and voluntary agencies operate furniture schemes
- people receiving Income Support can claim a discretionary "Community Care Grant" from the Social Fund



Complete Income Support arrangements and Housing Benefit arrangements



Implement support arrangements and check they are satisfactory



CELEBRATE!

Make sure that the relevant forms have been completed and sent to the lender to forward to the DWP for Mortgage Interest payments and to the local council for Housing Benefit payments.

Related Factsheets

Shared Ownership, Homebuy and HOLD (ref 07)

www.housingoptions.org.uk/general_information/gi_factsheets/fs_07.pdf

Shared Ownership Explained Simply - Homebuy (ref 09)

www.housingoptions.org.uk/general_information/gi_factsheets/fs_09.pdf

Income Support to Meet Mortgage Interest Payments, the Cost of Large Repairs or Adaptations (ref 18)

www.housingoptions.org.uk/general_information/gi_factsheets/fs_18.pdf

If you require further information or have other queries contact Housing Options.

Housing Options, Stanelaw House, Sutton Lane, Sutton, Witney, Oxfordshire, OX29 5RY, United Kingdom
Telephone: +44 (0)845 4561497 E-mail: enquiries@housingoptions.org.uk

Although we try to ensure that statements as to the law and other facts are accurate this report gives general guidance and does not aim to cater for individual cases. Housing Options and our sponsors cannot accept responsibility for any loss incurred as a result of relying on such statements, specific advice should always be obtained on individual cases.

© All rights reserved. No reproduction is permitted without written permission from Housing Options.