

Options for Parents Using Their Property (*ref 02*)

Three out of four households are now home owners at the time of retirement. Most own outright. This is projected to increase further to four out of five (80%) by 2011. *Valuing People* tells us 60% of people with learning disabilities live at home supported by relatives. It can be a good option to plan around sons/daughters continuing to live in the family home with support - usually through Social Services.

The options are:

- 1.** Inheriting the family home - legal capacity not required as no contract. If Inheritance Tax is Payable (currently at 40% on any value of the estate over £275,000) then the house may have to be sold to pay this tax bill.
- 2.** Put the family home into a discretionary trust - may protect the property better, provides a mechanism for managing and maintaining.
Want to know more about Discretionary Trusts? Go to the *Quick Brief Discretionary Trusts (ref 03)*.
- 3.** Leasing to a Housing Association - an association could purchase a lease but the price offered will be less than vacant possession, open market value since it is occupied.
- 4.** Sale of family home to another organisation (usually charity or Housing Association) on condition the son or daughter can remain as occupier - in practice very difficult as few organisations would buy.
- 5.** Gift of family home to another organisation with similar conditions.
- 6.** Using 'equity release' to fund management, maintenance and possibly support - newer idea. Housing Options has a computer model to calculate what services the equity might pay for over different time periods.
- 7.** Continuing to live in the family home in one of the above ways but sub-letting as well - the issue that arises here is the lack of security of tenure for those who share.
- 8.** Passing on the tenancy of the family home when rented in some way i.e. succession, or granting of new tenancy by landlord. Rights depend on whether local authority, Housing Association or private landlord. One way to secure right to continue to live in the property is to have the son/daughter become a joint tenant.
Want to know more about this? Go to *Quick Brief Handing on a Tenancy (ref 04)*.
- 9.** Building or buying a property for the son or daughter and arranging for them to continue to live there. Note that it may be possible to obtain Housing Benefit to pay rent which could help parents repay a mortgage on a separate, self contained property provided it is let on a commercial basis.
- 10.** Shared Ownership where you buy part of a property and rent the other part, say half, from a Housing Association is an alternative when parents cannot afford to buy a property outright. For more information on this see *Quick Brief Shared Ownership (ref 01)*.
The list is not exhaustive and some can be combined e.g. leaving a discretionary trust or discretionary trust and mortgage.

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

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