

## **Ownership Options – making a difference: January – April 2008**

### **Raising awareness and knowledge**

#### ***Presentations***

As a very small organisation whose reputation is largely built on successful casework and the case-specific relationships that develop from assisting individuals into homeownership, Ownership Options is very conscious of the need to raise awareness – ‘spread the word’ – about its activities but also to create skilled referrers from professionals who deal with disabled clients everyday.

We regularly visit Occupational Therapy Departments and Social Work Departments to discuss individual cases but have also given presentations about our work, with the specific aim of raising awareness and knowledge to the following organisations within the last year:

- Falkirk Occupational Therapy Department
- Aberdeen City Occupational Therapy Department
- Renfrewshire Independent Living Services
- Edinburgh Housing Advice Network
- North Lanarkshire – Care Management (Social Work)
- North Lanarkshire – Welfare Rights Team
- North Lanarkshire - OTs
- Perth & Kinross OT Department
- Edinburgh – Craigentenny OT Department

We have invitations to present to Argyll and Bute Occupational Therapy Department, East Ayrshire’s Multidisciplinary Care Team and an OT team in Kilmarnock in the coming months.

We have been seeking to avoid the most problematic consequence of raising awareness of our work – a stream of inappropriate referrals from professionals seeking a last ditch solution or ‘get out clause’ with clients for whom homeownership is not a viable option. The principle aim of these presentations has therefore been to give interested professionals a framework to realistically assess clients’ likely housing options and their potential to consider buying.

We are particularly keen to develop links with Welfare Rights Teams because of their level of familiarity with and understanding of the ‘housing cost’ regulations within welfare benefit that permit both benefits-based borrowing and assistance with other costs of homeownership.

Following a very successful talk in North Lanarkshire we see that Welfare Rights staff already have an advisory role within community care teams and may be best placed to lead staff and their clients through a more streamlined procedure of confirming ISMI assistance before approaching a mortgage lender.

## ***Optional Extra***

We are aware that our bi-monthly newsletter is an ideal medium for passing on knowledge and raising awareness of legislation, regulations and practice that may benefit disabled people looking to improve their housing.

Our most recent Optional Extra contained links to detailed advice about Housing Benefit regulations for clients wishing to set up a commercial tenancy with a disabled relative and the benefits assistance with paying rent on a temporary let that may be available to a disabled homeowner wishing but unable to sell their unsuitable home.

## **Improving access to suitable housing**

### ***Lothian Physical Disability Strategy***

We are currently involved in developing the Lothian Physical Disability Strategy which in its support for independent living places explicit importance on increasing the supply of accessible housing. We are an integral part of the discussions on how best to achieve this within Edinburgh and the Lothian's and have suggested the adoption of Lifetime Homes design standards in preference to Housing to Varying Needs standards and the formal expansion of local access panels to inspect planning applications for social housing.

### ***Draft guidance on the Scheme of Assistance for home owners***

Following on from our previous Director's successful involvement with the Scottish Government's Private Sector Policy Delivery team we are involved with the consultation on the Draft Guidance and Regulations within the Housing (Scotland) Act 2006. We are delighted to see that mandatory grant for disabled people needing to adapt their homes will be paid at 80% for those with income other than benefit and at 100% for recipients of income replacement benefits. The test of resources in these cases has been abolished as has the maximum grant level of £20,000. Mandatory grant no longer just applies to the provision of standard amenities but has been expanded to include all other adaptations other than the provision of additional living space. We are pleased to see that Local Authorities in their Statement of Assistance must now make clear to disabled people who have been assessed as requiring additional living space what type and level of assistance they will provide as we are aware of massive inconsistencies at present in the way adaptations cases (particularly those for larger works) are treated from one Local Authority to another.

We are also very encouraged to see the acknowledgment that local authorities have a responsibility to help disabled people live more independently in their own homes and that assistance with adaptations should reflect the wider duties to disabled people that are within Community Care legislation.

Our concerns lie with the need to safeguard local authority funding for adaptations in the context of the concordat and after the ring fencing of funding for private sector housing grant ends in 2010/11.

## ***Citywide Adaptations Panel***

We sit on Edinburgh City Council's citywide adaptations panel with 9 Senior Occupational Therapists and staff from the council's Homeworks team. This panel assesses the grant eligibility of complex adaptations cases. We are able to provide a fresh outlook on cases and can also offer advice about the potential for moving house when an adaptation is not going to be possible.

## **Removing barriers**

### ***Buying to let to a relative – clearing the way***

We have been involved recently with three separate cases where buying to let to a disabled relative was considered to be the best option for meeting long-term housing need. The level of misinformation that these clients received from Housing Benefit staff when enquiring about a disabled person's eligibility for Local Housing allowance when renting a from a relative caused us to contact the Benefits Manager at Edinburgh City Council's Revenues and Benefits office. He confirmed that this would be brought up as a training issue and that he would make sure that these applications would be dealt with by sector team managers and would not be unduly delayed by incorrect assumptions or prejudicial investigations by front-line staff.

### ***ISMI mortgages – surviving the credit crunch***

The recent problems in the US sub-prime mortgage market are likely to have a profound and lasting impact on the UK mortgage market. Despite the promised injection of £50bn into the British banking system some lenders in the UK have already withdrawn from the market or are no longer serving specific segments, notably 'sub-prime' borrowers with a high level of adverse credit. Some lenders have reduced the maximum loan-to-value ratios at which they are prepared to lend and tightened other lending criteria. We were initially concerned that this would make it even more difficult and in practice more expensive for our clients to obtain mortgages. We have found so far that because our clients are generally looking for 50%-70% mortgages repaid through a secure benefit-claim and may have significant equity that they have not been refused loans.

## **New Approaches and Initiatives**

### ***New Lending Initiatives***

With its new responsibility agenda around improving the quality of private sector housing the Scottish Government hopes to replace grants for repairs and improvement with improved access to the commercial loan market for homeowners and to new financial products for those unable to obtain commercial loans.

At present the government proposes setting up a National Lending Unit which would make standard lending products available to owners deemed by the local authority to be a priority for financial assistance but who are unable to access a sufficient loan on fair terms from a commercial lender (for example because of their age or poor credit history).

The government is also seeking to commission research into development and delivery of a new loan product - the Home Appreciation Equity Loan - which would be a capital sum advanced to cover the cost of eligible repair works and repaid through equity when the property is sold.

Ownership Options may choose to become involved with the discussions over new lending initiatives in this area. Disabled homeowners needing to repair are largely ignored at present as it is assumed they will only need to adapt. Ownership Options may seek to offer advice about ISMI assistance with loans used to repair or indeed to encourage the use of interest only loans to disabled people needing to buy rather than adapt.

### ***Flexible approaches to Homeownership***

It is clear that in the current financial climate more flexible approaches to homeownership are also required, with outright ownership being seen as just one of many options. We may well see the expansion of the LIFT Shared Equity schemes, particularly the Open Market Scheme but perhaps as importantly a wider appreciation of the logic of shared equity by the general population with purchases being arranged within individual families or communities.

Within this climate the limited access to mortgage finance for disabled people on benefit may finally be appropriately addressed.

The LIFT shared equity schemes make explicit reference to ISMI mortgages being used to purchase a shared equity stake and the LIFT literature provides a list of lenders who will lend towards a shared equity purchase. However to our knowledge only two lenders out of a list of 11 have ever lent mortgages to borrowers repaying through benefit.

As the LIFT shared equity schemes expand across Scotland the Council of Mortgage Lenders should be approached by the larger Housing Associations about lending to applicants on ISMI benefits. This could be presented as a condition of being part of the LIFT schemes.

As mortgages for shared equity are by their nature lower risk in terms of loan to value this method of achieving sustainable access to ISMI loans may stand a better chance of success. Ownership Options simply does not have the capacity for taking on this issue but can provide advice and assistance where necessary.

We also hope to see local authorities using their powers within the 2006 Housing Act to use adaptations grants towards the construction or acquisition of houses suitable for disabled people for whom adaptation is not an option.

Ownership Options is uniquely placed to provide casework assistance to Local Authorities considering granting towards acquisition and may seek to develop this area of work in the future.