
Without substantial financial assistance many NDIS participants would struggle to find affordable housing to move into.shutterstock

The National Disability Insurance Scheme (NDIS) is expected to help more people with disability access the support services they need to live independently in the community. But the majority of NDIS participants have low incomes. So, without substantial financial assistance, they struggle to find affordable housing to move into.

In recent years there has been much public policy discussion about shared ownership housing models – also known as shared equity – as part of the solution for this problem.

What is shared ownership housing?

Australia has shared ownership housing schemes, although these are uncommon . Most are not specifically tailored for people with disability.

Hundreds of schemes operate overseas. One particular model, Community Land Trusts, is common in the UK and US . In these models, the property is split between a person and an "equity partner".

The equity partner is typically the state, or a private or not-for-profit company. The person has the right to occupy the property for as long as they want. The equity partner has no occupancy rights in the property.

There are several variants of shared ownership. The specific rules for each scheme are detailed in a deed between the person, the equity partner and, in some cases, a third party such as a mortgage lender. Differences between schemes can include:

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who is registered on the property title and how;

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responsibility for maintenance, insurance, rates and other costs; and

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the procedure for terminating the partnership.

In some schemes, when a person chooses to “exit” shared ownership the property is sold on the open market. The proceeds are then split between the person and equity partner. The person could also choose to buy out the equity partner’s share and enter full home ownership.

In other schemes, the property is never resold on the market. Instead, when a person chooses to terminate the agreement, the equity partner buys out their share. The equity partner then enters a new shared ownership arrangement for this property with another eligible person.

Benefits of shared ownership

Shared ownership offers many of the advantages of full home ownership to people who otherwise would not be able to afford it.

Compared to private rental, its main advantage is security of tenure. Secure tenure can help reduce homelessness, which is prevalent among people with disability .

People can participate in more meaningful ways in their local communities when they know their housing is secure. Secure tenure is also important for people who require expensive home modifications to make their homes more accessible.

Compared to social housing, shared ownership offers an improved sense of ownership and more choices. In social housing, for example, a person with disability might only be offered a tenancy that is located far from their family. In contrast, in shared ownership the person can often choose their preferred property on the open market.

In shared ownership, people with disability make an upfront financial contribution to the purchase of a property. In many cases their family contributes to that cost to make it financially possible for the person to participate in this option. This co-contribution reduces the cost for government, so more people in need can be assisted.

If the property value rises, both the person and the equity partner benefit financially.

Risks

The major risk in shared ownership is the exposure to mortgage debt. In the case of a property market downturn, shared owners could find themselves locked into a mortgage that is bigger than their asset's value.

Another risk is that people can be contractually obliged to pay for major repairs they cannot afford.

Also, compared to rental leases that can be terminated at relatively short notice, moving out of a shared ownership arrangement can be more difficult.

Shared ownership models are also complex, diverse and not well understood by consumers, lenders and policymakers. There is a risk people will receive poor advice about the suitability of shared ownership for their specific circumstances.

Can it help close the gap?

Shared ownership is by no means a panacea for the shortage of affordable housing. Like other housing options, it too remains out of reach for most people with low incomes. But expanding supply in Australia could help some people with disability who can make a financial contribution enter secure, affordable housing.

Some shared ownership models – such as Housing Choices Australia's mixed equity program – would be viable for low-income people with disability who cannot service a mortgage, but whose families can assist with the upfront contribution. Other models would be viable for people with moderate but secure incomes who can manage a small mortgage.

For those who enter shared ownership, there are many benefits but also substantial risks. Alternative solutions are still necessary for those who could not afford shared ownership, or have other preferences.

Ilan Wiesel is presenting his research findings at the 10th Australasian Housing Researchers Conference (AHRC) hosted by RMIT University's Centre for Urban Research (CUR), with the University of Melbourne and Swinburne University, from February 15-17 at RMIT University in the Melbourne CBD.

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Read more http://theconversation.com/shared-ownership-can-help-make-housing-affordable-for-people-with-disability-71549