

Purchasing your home through the RTB/RTA with financial support from family members

If you are in receipt of full Housing Benefit or are unable to get a mortgage due to age or other personal circumstances then you may consider the option of receiving financial support from family members to allow you to purchase your property. This could mean family members give you the money to purchase your property, which is put into your name. Family members should be aware that only you, the tenant, can be listed on any application or legal document.

Whilst receiving money from family members can seem a good way of helping other family members get onto the housing ladder or to provide a legacy for younger generations there are a number of things that you must consider.

If you go into a residential care or a nursing home and have to pay for your care provision, then any property held in your name will be classed as an asset.

As care provision is often means tested the value of your assets including the property you own will be taken into account when the cost of care is assessed. This may mean that you are expected to sell the property to raise funds to pay for your care.

When a Local Authority assessment for payment of care fees is made, if it is established that you have transferred a property to a family member for no payment or at below market value to avoid you having to sell your home to pay for care fees, then the Local Authority can treat you as though you still have the asset. This could mean that the Local Authority could try and have the disposal of the property disregarded so the property is treated as yours again so that the property can be sold to pay for your care fees.

If you sell the property, for whatever reason, in the first 5 years this will trigger repayment of the discount you get on purchase. The discount repayable is based on the open market value when you come to sell the property, not on the price you paid for it. This can mean that if you sell within the first couple of years of purchasing you **may** be required to pay back a larger amount than the amount of discount you were originally awarded.

An example:

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| Valuation now | £100,000 |
| Discount received 70% (maximum based on 40 years tenancy) | £70,000 |
| Your purchase price | £30,000 |

If you decide to sell in 2 years time:

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|---------------------------------------|----------|
| Your open market valuation in 2 years | £120,000 |
| 70% of open market valuation | £84,000 |
| Discount to be repaid is 80% of | £84,000 |
| You will need to repay Karbon Homes | £67,200 |

For more information and advice about the above we would recommend seeking legal advice.