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Shared home ownership by people with disability

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ACRONYMS

ABS	Australian Bureau of Statistics
AHURI	Australian Housing and Urban Research Institute Limited
CLT	Community land trust
CRPD	Convention on Rights of Persons with Disability
CRA	Commonwealth Rent Assistance
DSP	Disability Support Pension
HCA	Housing Choices Australia
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
SDA	Specialist Disability Accommodation
US	United States
UK	United Kingdom

TERMINOLOGY

Table 1: Terms used in this report

Term	Meaning
Shared ownership	Umbrella term for a range of housing models (including shared equity and mixed equity) involving a partnership between the intended occupier/s (‘shared owner’) and a non-person organisation (‘equity partner’).
Shared equity	Shared ownership models (including shared equity, shared equity loans and restricted resale shared equity) where the shared owner is named on title (alone or as tenant in common) and is responsible for outgoings.
Mixed equity	Shared ownership models (including individual and group mixed equity) where the shared owner makes a one-off equity contribution and ongoing rental payments to the equity partner, but is not named on title and is not responsible for outgoings.
Shared owner	A person residing in a dwelling under a shared ownership agreement.
Equity partner	A ‘non-person’—typically a state or community housing provider—involved as a partner in a shared ownership scheme.
Social housing	Low-cost rental housing managed by state housing authorities (public housing) or a not-for-profit non-government community housing provider (community housing).

EXECUTIVE SUMMARY

Risks and benefits of shared ownership

'Shared ownership' is used in this report as an umbrella term for a range of housing models where ownership of a dwelling is divided between a person who lives in the house and a 'non-person' equity partner. Shared ownership models enable consumers to access and sustain home ownership, even though they have lower income and savings than those that are typically required to afford a loan deposit and repayments.

Shared ownership—including shared equity and mixed equity models—is considered to be one of several housing policy options that can help address unmet need in affordable housing and barriers in entry to home ownership for people with disability. The report considers the potential for expansion of shared ownership in Australia, and the particular models that would be most appropriate and beneficial for people with disability. It draws on a review of existing grey and scholarly literature, as well as interviews with housing providers and disability advocacy groups, most selected across five case studies of shared ownership programs in Australia.

Shared ownership has several potential benefits. It can enhance housing choice, security of tenure and sense of ownership. In addition, capital investment by people with disability and their families into shared ownership is expected to reduce the overall cost of housing assistance required by government to overcome the supply gap. At the same time, some models of shared ownership can expose people to the risks of debt in a volatile housing market, and could potentially add to inflationary pressures in an already heated housing market in some Australian cities. Shared ownership models are still considered complex products not well understood by consumers, lenders and policy-makers.

Shared ownership by people with disability

Existing literature on shared ownership in Australia and elsewhere offers little information about the benefits and risks of such models for people with disability. Many people with disability experience circumstances that could affect their capacity to enter, sustain and benefit from shared ownership, including:

- low income and other barriers to finance home purchase (e.g. legal capacity for people with cognitive disability)
- willingness and capacity of families of some people with disability to assist with the capital investment necessary to enter shared ownership
- requirements for accessible housing design
- availability, or lack thereof, of disability support services
- restricted access to National Disability Insurance Scheme (NDIS) funding for Specialist Disability Accommodation (SDA) or home modifications in mainstream housing.

Shared ownership models for people with disability

Recent house price growth—especially in Sydney and Melbourne—has seen home ownership slipping even further away from reach for low- and moderate-income households, including people with disability. This highlights the urgent need for new forms of housing assistance. At the same time, current market conditions potentially undermine the viability of shared ownership in many parts of the eastern states, unless the increased property price is fully absorbed by government or equity partners rather than shared owners. Nevertheless, within appropriate policy settings, a number of specific cohorts of people with disability could still potentially benefit from shared ownership. The report highlights four generalised shared ownership models that could potentially be scaled-up to address distinctive policy objectives and target groups.

- A *shared equity model* targeting people with disability with moderate household incomes, who can afford the combined ongoing costs of mortgage repayments and property ownership outgoings. Such schemes could be appropriate for people with disability with secure moderate incomes currently residing in the private and social rental sectors. The aim of such schemes would be to assist transition from insecure private rental to full or part home ownership and to vacate social housing tenancies for higher need applicants. Compared to other shared ownership models, shared equity exposes shared owners to higher levels of risk, and therefore requires careful targeting and risk mitigation strategies.
- A *restricted-resale shared equity model*, similar to the one described above, but with restrictions on the price and conditions of resale to ensure retention of affordability for future generations of shared owners, as well as social inclusion outcomes for people with disability where such models also involve community development objectives (at the expense of more limited prospects of staircasing[1] into full ownership).
- An *individual mixed equity model*, where shared owners make a capital contribution for the purchase of a property, but are not named on title and reside in the dwellings under lease conditions that resemble those in social housing. Such a model would target people with disability with low income but moderate assets, including their own savings and funds gifted by family members. The individual mixed equity model combines the advantages of social housing with those of home ownership: affordability, choice, security of tenure and sense of ownership.
- A *group mixed equity model*, where relatively small equity contributions from several co-residents are combined with public funding. Group housing models can be problematic for people with disability, regardless of equity mixing or sharing, and new group mixed equity models would require innovations to ensure choice and control for shared owners (e.g. choosing their co-residents; control over their privacy and space; clear rules and pathways for shared owners leaving or joining).

All four models could potentially be applied to SDA funded in part by the NDIS. However, SDA funds would need to be structured accordingly, either as direct payments to shared owners in shared equity models (to enable borrowing for their share), or as payments to equity partners for mixed equity models, where co-owners are not expected to carry any debt.

Ways forward

Prospective shared owners are often not eligible for other forms of housing assistance. This means that shared ownership programs increase the pool of recipients of housing assistance, thus potentially increasing its cost or reducing its effectiveness. To justify public investment in shared ownership models, government and the not-for-profit sector would need a more comprehensive housing policy framework that specifies the discrete role of different housing assistance products within the so-called ‘housing continuum’.

In addition to substantial public funding to be invested in shared ownership schemes, a range of other policy interventions would be needed if shared ownership by people with disability were to be scaled up in Australia.

- Establish government-backed agencies, similar to Keystart (Western Australia) and HomeStart (South Australia), in other states and territories (particularly Victoria and New South Wales), to offer affordable and inclusive finance.

[1] Staircasing refers to the process by which a shared owner purchases additional equity in a shared ownership home, gradually increasing their share.

- Review and clarify shared owners' eligibility for Commonwealth Rent Assistance (CRA), the First Home Owner Grant and NDIS SDA funds to ensure consistency and predictability.
- Review stamp duty, Special Disability Trust and pension eligibility rules to identify and remove potential barriers to unlocking housing wealth and gifting of funds by families of people with disability.
- Fund independent advocacy and asset/financial planning for people with disability and their families.

1 INTRODUCTION

1.1 Overview

People with disability in Australia are under-represented in home ownership, and are more likely than those without a disability to experience housing affordability stress, inadequate housing or homelessness (Wiesel, Laragy et al. 2015). The rollout of the National Disability Insurance Scheme (NDIS) will increase housing opportunities for people with disability by providing individualised funding for disability support services. Yet, many people with disability—including the majority of future NDIS participants—will have low incomes and insufficient capital to enter and sustain home ownership without financial assistance.

Shared ownership models have been flagged in recent housing policy discussions (Bonyhady 2014; DHF 2016; Wiesel, Laragy et al. 2015) as a means to enhance choice of housing, long-term security, affordability and opportunities for accumulation of capital for people with disability. Importantly, such schemes also provide a mechanism by which to leverage finance from families and people with disability who can afford to make only a small capital contribution to home purchase. Doing so could, in theory, reduce the amount of public expenditure that is required to address a significant shortfall in supply of affordable housing for people with disability.

'Shared ownership' is an umbrella term that covers a range of models involving a partnership between the intended occupier/s ('shared owner') and a housing provider ('equity partner') (Pinnegar, Easthope et al. 2009). Shared ownership products represent only a small market in the Australian context but a comparatively larger market in the United Kingdom (UK) and United States (US). Most schemes in Australia operate as individual equity models, as opposed to the community land trust (CLT) models that are more common overseas. Much of the activity has taken place in South Australia and Western Australia with arm's-length agencies established by state governments. In contrast, New South Wales and Victoria are the least active jurisdictions in this field, following the failure of past government-backed loan schemes in the late 1980s and early 1990s (Black and Ralston 2015: 23; Eastgate 2009).

Existing literature on shared ownership in Australia (Pinnegar, Easthope et al. 2009; Black and Ralston 2015; Regional Development Australia 2014; Crabtree, Blunden et al. 2013) is relatively scant, and for the most part does not explicitly address the specific circumstances, preferences and capacities of people with disability (with Alt Beatty and Elizabeth Rowe Consulting, 2006, a notable exception).

The aim of the study was to assess the potential for expansion of shared ownership in Australia, and the particular models that would be most appropriate and beneficial for people with disability. The research questions addressed are as follows.

- What are the key considerations in designing, financing, targeting and delivering shared ownership housing models for people with disability?
- What shared ownership models could be most appropriate for people with disability with different characteristics in terms of income, assets and support needs?
- What level and form of government, community and private investment and support would be necessary to enhance shared ownership models in Australia?

1.2 Research methods

Existing academic and grey literature on shared ownership models and schemes in Australia and elsewhere was reviewed, focusing specifically on schemes involving people with disability.

In-depth face-to-face and telephone interviews were conducted with housing and disability service providers and disability advocacy groups (see Table 2) to obtain information about: the design, financing and management of existing shared ownership schemes; and considerations in delivering different shared ownership models to people with disability.

Interviewees were selected across five case studies of shared ownership programs. The five schemes represent four variants of shared ownership: shared equity, restricted-resale shared equity, individual mixed equity and group mixed equity. Three of the schemes cater specifically for people with disability, while two others target a more general group of moderate income earners (see Table 3). The analysis does not represent a comprehensive evaluation of each of the schemes, but draws on stakeholders' experiences to identify lessons for policy and the delivery of future schemes.

Due to the small number of shared owners with disability in Australia, and the fact that some of them have already participated in previous studies (Wiesel, Laragy et al. 2015; Saugeres 2011), no additional interviews were conducted with shared owners with disability for the current study. However, the analysis draws on the previous research that included such interviews (Wiesel, Laragy et al. 2015; Saugeres 2011), as well as interviews with advocacy organisations to consider their perspectives.

Table 2: Participants by sector

Sector	Participants
Community housing	10
People with disability and family advocacy	3
State housing authorities	3
Finance	2
Other	4

Table 3: Case studies

Scheme	Model	Target group
HomeStart	Shared equity loan	Moderate income earners
Keystart	Shared equity loan	Moderate income earners
Housing Choices Australia Mixed Equity Program	Individual mixed equity	People with disability with low income and moderate assets
Singleton Equity Housing Limited	Group mixed equity	People with disability with high support needs
Project Independence	Group mixed equity	People with disability with low support needs

1.3 Report structure

Chapter 2 reviews variants of housing shared ownership, and their advantages and disadvantages from three perspectives: a policy perspective, a general consumer perspective (i.e. not disability specific) and a housing provider perspective. The chapter is based primarily on a review of existing literature. It is also complemented by general insights from the case studies and interview data.

Chapter 3 examines key considerations in shared ownership specifically for people with disability. It examines major policy drivers to enhance shared ownership for people with disability, and some of the particular opportunities, barriers and risks in delivering the model for this cohort and specific sub-groups within it. The discussion examines the financial barriers facing people with disability, potential sources of capital, and other design and management considerations. The chapter draws on interviews as well as analysis of secondary data. It incorporates insights from the case studies, but is presented in a thematic structure.

Chapter 4 describes each of the case study shared ownership schemes in more detail.

Chapter 5 concludes the report with a summary of the various shared ownership models that could be targeted at distinctive cohorts of people with disability as defined by income, assets and support needs. The discussion considers a range of policy adjustments that would be required to facilitate government, not-for-profit and private investment in shared ownership schemes.

2 SHARED OWNERSHIP MODELS

This chapter describes variants of shared ownership, and discusses their relative advantages and disadvantages from the perspectives of shared owners, equity partners and policy-makers. The chapter is structured thematically and based primarily on a review of existing literature, complemented by general insights from the case studies and interview data, not specific to people with disability.

2.1 Variants of shared ownership

Governments can offer a variety of programs to assist low- and moderate-income households to enter home ownership, including: grants or tax concessions for purchase of homes in the open market[2]; 'rent to buy' or 'right to buy' schemes to assist social renters to purchase the homes in which they live, often with subsidised rent; subsidised mortgages; and shared ownership (Eastgate 2009).

'Shared ownership' is used in this report as an umbrella term for a range of products, schemes and initiatives which 'enable the division of the value of a dwelling between more than one legal entity' (Whitehead and Yates 2007: 16). The partnership typically involves the person who lives in the house and a 'non-person' equity partner (typically the state or a non-government organisation). Shared ownership models enable consumers to access and sustain home ownership, even though they have lower income and savings than those that are typically required to afford a loan deposit and repayments. This helps consumers to gain a foothold in property ownership, in some cases for the purpose of later transitioning into full ownership (Pinnegar, Easthope et al. 2009: 16).

Shared ownership arrangements vary in terms of: the allocation of legal title and rights, responsibilities, equity, risk, expenditure and returns between the shared owner and equity partner; the degree of public subsidy provided, the policy objectives and expectations regarding preservation or recoupment; and opportunities or expectations for 'staircasing' from shared to full ownership (Pinnegar, Easthope et al. 2009: 16). Shared ownership programs also vary in the contractual mechanisms used to establish the relationship between the property, the shared owner and the equity partner, including deed covenants, mortgage instruments, occupancy agreements, ground leases, share certificates and others.

Existing or planned shared ownership models involving people with disability in Australia include the following variants.

2.1.1 Shared equity

Both the owner and the non-person equity partner are registered on title as tenants in common. The resident's share can vary from 25 per cent to 75 per cent of the property value, but some schemes require a minimum share of 50 per cent (Regional Development Australia 2014). The property remains on the equity partner's balance sheet and the equity interest appreciates or depreciates over time in line with the broader housing market.

The owner needs to have a deposit of at least 10 per cent of their share of the property, and borrows the additional 90 per cent of their share from an external lender, typically with interest charged to the loan in line with current market standards. In some schemes, the loan can be guaranteed by the non-person equity partner but this is not always the case. To ensure affordability for purchasers and sustainability of the scheme, the shared equity model typically requires moderate levels of income.

[2] In Australia, the First Home Owner Grant is not means tested and therefore is not restricted to low- and moderate-income households.

The owner has all the rights and responsibilities of full home ownership. They are fully responsible for any repayments on their home loan. They are also fully responsible for the costs of all outgoings associated with home ownership, including repairs and maintenance, rates, insurance, body corporate and utility charges. In addition, the purchaser may be required to pay ongoing administration fees to the non-person equity partner. These responsibilities are set out in a shared ownership deed between the owner and the non-equity partner.

The shared owner is typically eligible to staircase into full ownership over time, in which case the shared ownership deed would lapse. The shared owner is also eligible to initiate a sale of the property at current market value—in agreement with the equity partner—and has a right to a proportion of the proceedings based on their share. If they do not sell, the shared owner’s interest in the dwelling can be passed on to inheritors.

Restricted resale shared equity (community land trusts)

Community land trusts (CLTs) are a common model of shared ownership in the US and Europe (Thaden 2011). A ‘classic’ CLT involves a single not-for-profit organisation (or trust) holding title to multiple parcels of land, on which buildings are owned by individual home owners (or other organisations). The shared interests of the building owners and the land owners are defined in ground leases, typically for 99 years. The ground lease can be inherited, although CLTs employ restrictive covenants on its sale on the open market. Holding land in trust, removed permanently from the market, enables the CLT to assist successive generations with affordable housing. Not only is direct public investment in the property retained, but also indirect subsidies, such as investment in surrounding public infrastructure (Davis 2010).

Crabtree, Blunden et al. (2013) note that Australian law does not allow separation of building title from land title (except in unique cases like residential villages). CLTs would thus fall within residential tenancy laws, which in some jurisdictions are incompatible with the model since they prevent charging up-front premiums or require residents to pay rates and repairs. Shared equity—with restrictions on the price of resale by the shared owner—is proposed as one Australian alternative to the classic CLT model (see Table 4), representing ‘a split “down the middle” of the entire package, rather than a split “across” the package, between the land and the home’ (Crabtree, Blunden et al. 2013: 127).

Table 4: Community land trust and restricted resale shared equity

	Classic CLT	**Restricted resale shared equity**
Equity partner’s share	Land (exc. dwelling)	25%–50% of property (including land & dwelling)
Shared owner’s share	Dwelling (exc. land)	75%–50% of property (including land & dwelling)

Source: authors.

Another Australian alternative to the classic CLT model involves a long-term leasehold, where the title for the property is owned by the CLT, and a tenant pays an up-front premium to obtain a long-term lease of typically 99 years. The tenant is responsible for repairs and maintenance, outgoings including administration fees and ongoing upkeep. The CLT is responsible for land taxes and buying the lease back at an agreed price when the tenancy ends. Since tenants do not gain title of the property, finance for their contribution can be difficult to secure (Crabtree, Blunden et al. 2013).

In restricted resale schemes, the shared owner cannot sell their share on the open market; the sale is typically made back to the equity partner at the end of the occupancy period. The sale price reflects the price initially paid by the shared owner when entering the scheme, adjusted for inflation but not to changes in the value of the property in order to maintain the affordability of the dwelling for the next buyer. The equity partner then enters a new shared ownership agreement for that property with another shared owner.

In Australia, SharedStart (Western Australia) designates a proportion of its properties as ‘fixed’ arrangements that involve resale restrictions to preserve affordable housing in key locations (see Section 4.1.2).

Shared equity loan

A sub-variant of the shared equity model is the shared equity loan, where equity is shared between the shared owner and the lender from which they borrow (unlike other shared equity variants where the equity partner and the lender are separate entities). The logic of a shared equity loan is that the ‘broad financial markets would value shares in individual housing returns more highly than prospective home owners who are hard-pressed for cash’ (Caplin, Carr et al. 2007: 210). The shared owner takes out two loans: a regular home-loan (with interest and regular repayments); and a shared-equity loan which is interest-free (or discounted) for a defined period, in some cases for the full period in which the shared owner occupies the home. However, when the home is sold or refinanced, the lender of the equity loan is repaid a share of the proceedings from the sale. If the property declines or increases in value, the lender shares the loss or gain. Prior to the sale, the shared owner bears full responsibilities and rights as an owner-purchaser.

In Australia, a range of shared equity loans are provided by Keystart (Western Australia) and HomeStart (South Australia), both arm’s-length government owned lenders (discussed in Section 4.1).

2.1.2 Individual mixed equity

The equity partner (non-person) purchases and retains title over the property. The shared owner (person) pays the equity partner a proportion of the value of the property (e.g. 25%) in order to secure the shared owner’s financial interest in the property. The shared owner is expected to be able to pay for their share in full, without taking a loan. An agreement between the shared owner and the equity partner guarantees a secure tenancy for the shared owner’s occupation of the property, and provides a rental agreement covered under the relevant jurisdiction’s rental tenancies regulations. Rent is affordable (typically similar to that in social housing, calculated as 25–30% of the resident’s income). Maintenance and outgoings (e.g. taxes and insurance) are paid by the equity partner.

Like with shared equity (non-restricted resale), the shared owner is typically eligible to buy out the equity partner’s share in order to enter full home ownership. The shared owner is also eligible to initiate a sale of the property at current market value—in agreement with the equity partner—and has a right to a proportion of the proceedings based on their share.

An example of the individual mixed equity model is the Housing Choices Australia (HCA) Mixed Equity Program (see Section 4.2.1).

2.1.3 Group mixed equity

The group mixed equity model involves a shared living arrangement with two or more shared owners, as well as integrated support services (e.g. a roster of disability support workers or a live-in coordinator). As with individual mixed equity, title for the property is purchased and retained by the non-person equity partner. Shared owners purchase a financial interest in the property through an agreement, which includes secure tenancy for an affordable rent. The individual contribution required from each shared owner (5–10% of the property value) is much smaller than that which is required in the individual mixed equity model. However, the combined contributions by all shared owners can add up to a significant proportion of the capital cost of the project. By making such a contribution, shared owners guarantee their tenancy and also earn rights as shareholders in a company. The non-person equity partner, however, retains a majority share in the company.

As with individual mixed equity housing, the shared owner only sells their share to the equity partner, or to a third party nominated by the equity partner, with ability to recoup their initial investment but limited prospects for capital gain or loss associated with property value appreciation or depreciation.

Examples of the group mixed equity model in Australia include Singleton Equity Housing (see Section 4.3.2) and Project Independence (see Section 4.3.1).

2.2 Policy benefits and risks

Shared ownership models improve access of low- and moderate-income households to home ownership. Home ownership has traditionally been seen as a tenure that provides opportunities for wealth generation, as well as security of tenure and a sense of ownership. Reducing inequalities in access to home ownership is seen as a crucial strategy to overcome wealth inequalities (Jacobus and Abromowitz 2010). In Australia, the benefits of home ownership are underpinned by significant government support (in the form of taxation benefits) and can be contrasted with a range of problems associated with other housing tenures, including the stigma associated with social housing (Jacobs, Arthurson et al. 2011) and the insecurity of tenure in private rental (Hulse and Milligan 2014).

In the US, interventions addressing credit barriers—such as mortgage subsidies—were highly effective in assisting the majority of households into home ownership during the post-war era, but have been far less effective since 1965. Addressing wealth barriers, as opposed to credit barriers, through shared ownership programs is considered by some to be a more effective policy lever to assist low- and moderate-income households into home ownership (Jacobus and Abromowitz 2010), and to ensure the sustainability of their tenure by reducing foreclosure risks (Jacobus and Davis 2010).

Shared ownership models can be considered a cost-effective form of housing assistance, requiring lower subsidies compared to conventional social renting (Bramley and Dunmore 1996). While such programs involve significant upfront public funding, these funds are structured as an investment, rather than a grant, and in some models (e.g. CLT) can be recycled to preserve affordable housing from one generation to another (Jacobus and Abromowitz 2010). By leveraging consumers' own capital, transferring management and maintenance costs to consumers (in some variations of shared ownership), and reducing demand for other more expensive forms of housing assistance, available funding for housing assistance can be stretched further to assist a greater number of households (Pinnegar, Easthope et al. 2009). Compared to social housing, some models of shared ownership (e.g. shared equity) require a less intensive ongoing management role for state or community housing providers, thus reducing operational costs and risks—but in effect transferring those to shared owners who are already financially disadvantaged.

The potential benefits of shared ownership, when applied successfully, were highlighted by an evaluation of the West Australian Keystart shared equity program (AHURI with PriceWaterhouseCoopers 2013), which identified the cost-benefit ratio for their scheme for different parties, as follows:

- households received $1.60 in benefits for every $1 spent
- government received $1.40 in benefits for every $1 spent, based on the growth in value of the government's equity shares over the life of the scheme, as well as cost savings from diverting households from social housing programs into shared ownership with lower ongoing costs.

Shared owners who staircase by purchasing additional equity from their equity partner provide opportunities for recycling funds invested by government to assist a new generation of buyers. If 10 per cent of shared owners staircase into full ownership each year, the proceeds could by recycled to fund a 3 per cent addition to housing stock (Bramley and Dunmore 1996).

Shared equity can also assist by diverting demand from other, more expensive, models of housing assistance, such as social housing. One estimate in the UK suggested approximately 5,000 existing social tenancies were vacated when tenants moved to shared ownership, and an additional 17,350 applications were removed from the social housing waitlist (MacDonald 2013: 405). However, in Australia, shared ownership programs often target recipients who are not eligible for other forms of housing assistance, because higher levels of income and assets are required for shared ownership, thus arguably enlarging the pool of recipients of housing assistance. However, when low-income households rent privately, their assets are likely to erode over time. Therefore, assisting them into shared ownership while they still have savings to contribute is a form of 'early intervention' that could prevent future entry into social housing (Interview, community housing worker).

Beyond the shelter outcomes associated with shared ownership, existing literature highlights other indirect social policy benefits, as the assets accumulated through shared ownership can be drawn upon as a supplement to income support, 'delivering self-reliance and economic wellbeing at lower public cost' (Wallace 2012: 206). By widening access to home ownership, shared ownership models could also potentially catalyse development of new housing supply, generating labour and other economic benefits associated with construction industry activity (Bramley and Dunmore 1996).

However, there are also substantive risks associated with the various shared ownership models. In a broad sense, it can be questioned whether a push for widening access into home ownership will accentuate declining housing affordability by adding to inflationary pressures (Pinnegar, Easthope et al. 2009). Furthermore, compared to one-off grants or mortgage subsidies, shared ownership represents a more hands-on strategy, requiring ongoing involvement and therefore risks for governments. In the event of a property market downturn, while shared ownership provides some degree of insulation against house price declines (Sherriff 2010: 280), it nevertheless exposes financially disadvantaged groups to high levels of debt and capital depreciation risk (Pinnegar, Easthope et al. 2009: 79). Such risks eventuated in New South Wales and Victoria in the late 1980s and early 1990s, when low-income borrowers from government-backed loan schemes were forced to sell properties with negative equity (Black and Ralston 2015: 23; Eastgate 2009).

Shared ownership schemes expose low-income households to other risks associated with home ownership, especially the risk of becoming trapped with insufficient equity to move elsewhere, for example to follow employment and educational opportunities (Hulse, Burke et al. 2010: 4). Shared owners can become trapped also when markets rise, since their capital gains are confined to a small share of the property (and in some cases by other restrictions on sale), while the market has moved further out of their reach (Wallace 2008). Under some models (e.g. shared equity), shared owners are also exposed to risks associated with their contractual obligations towards both lenders and equity partners, for example being obliged to undertake, and pay for, repairs required by the equity partner (unlike a full home owner, who can choose to defer such repairs).

2.3 Benefits and risks to community housing providers

For community housing providers, shared ownership models provide an opportunity to diversify the range of housing assistance products they offer to lower and moderate-income households. The capital leveraged through shared ownership reduces the capital contribution required from community housing providers, making new developments more viable. The financial risk to which community housing providers are exposed is reduced compared to other models of housing assistance (Regional Development Australia 2014).

The shared equity model requires less ongoing management than the mixed equity model and other housing assistance products, since the home owner accepts responsibility for many of the functions usually carried out by the community housing provider. However, shared equity schemes (and to a lesser extent also mixed equity) require substantial management effort at the setup phase due to their legal and financial complexities. Additional marketing effort may also be required since consumers are often unfamiliar with such models (Bramley and Dunmore 1996: 127). Mixed equity schemes are overall more labour-intensive for housing providers at both the setup and ongoing operational phase in comparison with social housing (Interview, community housing worker).

Participants in the community housing sector noted reputational benefits of shared ownership schemes to their organisations, since it was perceived as an innovative model of housing. At the same time, these participants noted reputational risks associated with eviction of tenants if it became necessary. While evicting a tenant—especially one with a disability—can always involve a reputational risk for a public or community housing provider, doing so where the tenant has an equity share increases the legal complexities and reputational risk.

Shared ownership models have different capital and recurrent costs and revenue structures to other models of social and affordable housing. Shared equity schemes, for example, typically do not provide ongoing rental revenue; however, this is offset in part or full by reduced costs on outgoings. Mixed equity models incur similar recurrent costs and revenues as social housing, but are structured differently at the upfront capital investment phase. Engagement in such schemes thus diversifies the portfolio of housing providers.

The benefits and risks to housing providers depend on the specific model, as well as the share of the property that they own. For example, when the shared owner's equity is larger, they are considered more likely to invest effort and money in improving or maintaining their property. In contrast, if the equity partner has a much bigger stake in the property, that can create challenges (Interview, finance industry worker).

Another risk noted by the community housing participants is lack of clarity about the division of responsibilities between the shared owner, equity partner and lender, which can lead to management difficulties. One participant mentioned by way of example, instances where owners continued to contact the state housing authority with maintenance requests after buying their public housing property.

2.4 Shared owner outcomes and perspectives

Existing research has identified an overall positive but cautious view of shared ownership arrangements among both current and prospective shared owners. As noted by Cowan, Wallace et al. (2015: 92) in a UK study, shared ownership 'was seen as a welcome product but was simultaneously a frequent source of frustration and annoyance'. Indeed, shared ownership involves risks and inconveniences for consumers arising from having government or non-government agencies as equity partners in their homes.

Shared ownership is usually considered better aligned with the housing aspirations of consumers than private rental, which is associated with unaffordable rents that are perceived as 'dead money', and insecure leases (de Santos 2013). Shared ownership is also often seen as preferable to social rental, which in Australia is considered a stigmatised tenure and one where housing choices are restricted (Wiesel, Laragy et al. 2015).

Outcomes for shared owners vary across different types of shared ownership models and different profiles of consumers. Among moderate-income households, shared equity is often considered a pathway to full ownership. One important outcome for consumers in a shared equity model is the reduced time required to save for a deposit, which can save substantial costs if house price inflation is faster than their ability to save. A hypothetical scenario, for example, is a household saving $5,000 a year (with annual interest of 3% on their savings) for a 10 per cent deposit on a $500,000 unit, in a market where house prices increase on average by 3 per cent a year. It would take the household 12 years to save the 10 per cent deposit, during which time the full price of the unit would have increased by $190,000. In contrast, in a shared equity scheme (50% share for shared owner) with similar market conditions and household circumstances, it would take that household only six years to save the deposit, during which time the price of the unit would have increased by only $80,000. Their savings from that point onwards could be directed to staircasing towards full home ownership. As the shared equity model is targeted at moderate income earners, there is an expectation that career progression and wage increase will enable accumulation of savings for staircasing into full home ownership.

Between the point of purchase to the point of selling on, shared equity arrangements are perceived as feeling 'little different to being "full" home owners' (Pinnegar, Easthope et al. 2009: 39). However, shared owners may face additional restrictions, such as: the equity partner potentially not approving, or conversely requiring, major alterations; restrictions on renting out the property when travelling (e.g. for work or extended holidays); and uncertainty associated with an equity partner and potential limitations on selling the property, or being obliged to purchase additional equity (Pinnegar, Easthope et al. 2009: 23). Incentives or penalties may be applied by the equity partner to ensure maintenance standards are upheld (Davis 2010).

In shared equity, maintenance and outgoings are the responsibility of shared owners, exposing them to various risks. In a study of low- to moderate-income home purchasers (not shared-equity), Burke and Pinnegar (2007) found that 22 per cent had failed to budget for non-mortgage expenditures. Affordability can be stretched in such models and one-off large expenses for major works (e.g. fixing a broken hot water system), can put at risk the capacity of a shared owner to service their loan and keep the property. Capacity to redraw equity from the property through refinance rather than sale could potentially assist in relieving financial and affordability stress and improving the security of tenancies (Interview, finance industry worker).

Little data is available on the circumstances of people after they have sold their stake in a shared equity scheme. Although some models allow capital gain, once the household reinvests in a new home—that has also increased in price—their 'profit' disappears (Interview, finance industry worker). A US study by Jacobus and Davis (2010: 18) found that in 197 out of 205 resales in a shared equity scheme, shared owners gained equity through amortizing their mortgages. The average shared owner resold after living in the home for close to five and a half years, and pocketed a net increase of $13,530 in personal wealth. The study found that:

> Far from being 'trapped' in their price-restricted home … [shared owners] moved with similar frequency and for similar reasons as home owners who buy and sell homes on the open market. When they decided to relocate, moreover … [shared owners] resold their homes with relative ease (with the [scheme's] assistance) and obtained housing that was comparable to the housing they had left behind. (p. 19)

The study found that foreclosure rates in the scheme were comparable to the national foreclosure rate (prior to the 2008 foreclosures crisis), and significantly lower than foreclosure rates for highly leveraged households (p. 23). Indeed, equity partners can play a critical role in preventing foreclosures by resolving the shared owner's defaults or buying the property out of foreclosure (Davis 2010: 269).

Subsidy retention models for low-income households, including mixed equity schemes, can be perceived less as home ownership and more as ‘a “new form of public housing”, associated with similar problems such as lack of choice and limited prospects of progressing to outright ownership’ (Pinnegar, Easthope et al. 2009: 36–38). However, shared owners themselves still tend to perceive themselves as owners rather than renters (Saugeres 2011; Cowan, Wallace et al. 2015), although it is possible that they become more aware of the restrictions that apply only when they choose to move out.

Black and Ralston’s (2015) study of shared equity for older women in Australia found that security of tenure was the primary attraction of the model among older women, although most of them only became familiar with the model for the first time when introduced to it by the researchers. The older women reported that the reputation and integrity of any partner organisation involved as an equity partner would be a critical factor determining their willingness to invest in such a scheme.

Outcomes for owners in an Australian mixed equity scheme were documented in an evaluation study commissioned by HCA (Saugeres 2011). Owners in HCA’s Mixed Equity Program reported overall positive outcomes, including the following.

- Choice: ability to choose their preferred dwelling in the open market (as opposed to inflexible allocation in social housing).
- Security: security of tenure in mixed equity translated into stability in the lives of owners. Knowing that they can access their initial investment—with potential capital gain—if they choose to move out added to their sense of stability and security.
- Sense of ownership: although still required to ask permission from the equity partner to make changes in their home, shared owners in the scheme felt as if they were full owners and were more motivated to invest labour and money in improving and maintaining their home.

The rents that shared owners paid in the mixed equity scheme (25% of income) were more affordable than private rental or full home ownership. However, some shared owners questioned whether the rent they paid was too high given their significant equity investment in the scheme[3] (Saugeres 2011).

[3] Despite their significant initial capital investment, mixed equity shared owners paid the same rent as they would have paid in social housing without any capital investment.

3 SHARED OWNERSHIP BY PEOPLE WITH DISABILITY

This chapter examines policy drivers to enhance shared home ownership options for people with disability, and discusses particular considerations in the design, financing and management of shared ownership schemes for this cohort and specific sub-groups within it. The chapter draws on interviews, as well as secondary data. It incorporates insights from the various case studies, structured thematically.

3.1 Unmet need for affordable housing for people with disability

Housing affordability is an acute issue for many people with disability in Australia, due to low incomes associated with low rates of participation in paid employment. Between 1993 and 2009, the labour force participation rate for working-age (15–64 years) people with disability was relatively stable (55% in 1993 to 54% in 2009). Conversely, over the same period, the participation rate for working-age people with no disability increased from 77 per cent in 1993 to 83 per cent in 2009 (ABS 2012).[4] Among people with a profound or severe core activity limitation aged 25–64 years, around one third earn gross personal incomes of less than $320 per week, another third between $321 and $580 per week, while just under one fifth earned incomes over $581 per week (Wiesel, Laragy et al. 2015).

Home ownership among people with disability is overall higher than that of people without disability, due to an older age profile. At the same time, people with disability are seven times more likely to be living in public housing, reflecting lower incomes and the need for housing assistance (ABS 2011).

The NDIS, one of the most significant social policy reforms in Australian history, is expected to have a major impact on demand for affordable housing among people with disability. A large number of people with disability will receive, for the first time, funding for the ongoing support they need to live independently. The Disability Housing Futures (DHF) Working Group (DHF 2016) estimated that of approximately 460,000 people likely to receive NDIS packages, approximately 110,000 are expected to seek to move from their current housing over the first 10 years of the scheme. These figures are consistent with the National Disability Insurance Agency (NDIA) estimation of unmet need in affordable housing for between 83,000–122,000 NDIS participants (Bonyhady 2014). DHF (2016) estimated that this group includes people seeking to move out of their parents' home (50,000); out of institutions, nursing homes, aged-care facilities and boarding houses (20,000); out of homelessness (5,000); and out of affordability stress in private rental (35,000).

DHF (2016) has estimated that some of this demand will be addressed by the social housing system, as specialist housing funded by the NDIS, as well as by low-value submarkets in the private sector. Yet, this leaves a gap of unmet need in affordable housing for an estimated 35,000–55,000 NDIS participants. Failing to address this gap will limit the capacity of the NDIS to meet its independent living and community participation objectives. It will also potentially incur additional costs for the NDIS and other social services, as they will have to continue supporting people living in housing that is inappropriately designed or distant from their support networks.

3.2 Policy motivations to expand shared ownership options for people with disability

Shared home ownership is seen to be one of a range of housing policy options that can help to address unmet need in affordable housing. The capital contribution by people with disability and their families to shared ownership could reduce the overall cost of housing

[4] For people with profound or severe disability, labour force participation rate for 15–64 year olds was 31 per cent (ABS 2012).

assistance required by government to overcome the remainder of the supply gap (Bonyhady 2014).

An additional motivation to expand shared ownership options specifically for people with disability, is the view that this group is particularly disadvantaged by the insecurity of tenure in private rental, as evident in high incidence of homelessness (Beer, Baker et al. 2012). Furthermore, the high level of social exclusion among people with disability highlights the need for more stable housing, which can assist in development of social networks in their local communities (Wiesel, Laragy et al. 2015). Lack of security of tenure in private rental also limits opportunities for home modifications for people with access needs (Franz, Adkins et al. 2014).

While social housing offers people with disability more secure and affordable housing than private rental, it is also a more expensive form of housing assistance compared to shared ownership, where substantial capital and ongoing costs are passed on to consumers. Furthermore, social housing offers highly constrained choices for applicants about the location of their home, and for people with disability this can significantly reduce access to informal support networks, with critical negative outcomes in terms of both wellbeing and the costs of paid services required (Wiesel, Laragy et al. 2015). Shared ownership can provide significantly improved outcomes in terms of location choice compared to both social housing and private housing options, where a person may only be able to afford to rent or buy in a location that is distant to their family (Cowan, Wallace et al. 2015: 89).

As noted by some interviewees in our study, shared ownership is also considered to be a strategy that can empower people with disability in their relationships with housing and support providers. People with disability in Australia often live in housing owned by the same organisation providing their support. This compromises their rights as tenants and their self-determination as users of support services. People are sometimes forced to stay with unsuitable support providers in order to remain in their home, and vice versa. Their residences are sometimes designed and managed primarily as their support workers' workplace, rather than as their own home (Bleasdale 2006). Individualised funding provided by the NDIS promotes the separation of housing ownership from support provision. It is also hoped that a stake as a shared owner will empower people with disability to have a greater say on issues relating to their home, such as its design and who they live with. However, due to the scarcity of literature on this topic, the evidence of such outcomes in practice is at best anecdotal (Wiesel, Laragy et al. 2015; Saugeres 2011).

In addition to affordability, shared ownership could also reduce other barriers to home ownership for people with disability. Mixed equity models involve the equity provider taking responsibility for insurance, rates and maintenance, which could be easier for people who struggle with these tasks due to a disability. For people who are unable to secure a home loan because of their disability (discussed below), an equity partner can assist as an intermediary facilitating access to finance.

3.3 People with disability as shared owners

People with disability experience a distinctive set of barriers, opportunities and issues in shared ownership, as elaborated below.

3.3.1 Low income, finance and affordability barriers

Many people with disability have low income, including many of the approximately 80 per cent of people aged 25–64 years with a severe or profound disability who are likely to be eligible for NDIS packages. Many in this group rely on the Disability Support Pension (DSP) as their primary source of income (Wiesel, Laragy et al. 2015). With affordable finance options—such as South Australia's HomeStart—a person with DSP income could still borrow 30–40 per cent of the cost of a low-value house in Adelaide (Interview, finance industry worker). However, the outgoings associated with shared equity alone can exceed a third of a person's pension income.[5] If outgoings were fully covered by the equity partner—as in the mixed equity model—the tenant would still need to pay rent. Therefore, most people with disability on low incomes would only be able to enter shared ownership if they could do so without carrying any debt on a home loan.

Despite low income, some people with disability have accumulated savings. Many have lived numerous years as adults in institutions or with their parents, in some cases rent-free and board-free, allowing them to save much of their DSP income. While these savings are insufficient for property purchase on the open market and are likely to erode quickly in private rental, they could potentially disqualify a person from eligibility or priority in accessing social housing. Schemes such as HCA's Mixed Equity Program target this particular group (Interview, community housing worker).

Approximately 20 per cent of people aged 25–64 years with a severe or profound disability have a moderate or high income (over $580 per week). Some people within this group could potentially enter shared equity schemes by taking out a home loan for their share of the property. This includes approximately 23,000 people who were renting privately in 2012 (Wiesel, Laragy et al. 2015: 24) and who could be targeted as potential buyers into shared equity. Social housing tenants in stable employment could also be targeted (Interview, government employee).

An indication of the levels of income required to enter a shared equity ownership arrangement is provided by Regional Development Australia (see Table 5).

Table 5: Minimum annual household income required to enter shared equity ownership

Dwelling cost	Shared owner's percentage of ownership		
	25%	50%	75%
$300,000	$58,861	$77,390	$95,918
$400,000	$74,250	$77,390	-
$500,000	$90,067	-	-

Note: Six per cent interest rate assumed.

Source: Regional Development Australia (2014: 20).

3.3.2 Legal capacity

People with cognitive disability are often considered as lacking the legal capacity to sign a home loan contract (ALRC 2014). Legal capacity could also be a barrier to entering a shared ownership deed with an equity partner even if a third-party lender is not involved. While family members can apply for administration rights to be able to sign such documents on behalf of a relative with a disability, it is a complicated process for families and one that can be at odds with the human rights and freedoms of people with disability. Lenders are also often hesitant to recognise supported decision-making if the supporters of a person with disability do not have some formal status such as guardianship. These barriers reflect a tension between the rights of people with disability, the risk of financial abuse and exploitation of these people, and the risks for banks in relation to voidable transactions and privacy of customers (ALRC 2014: 184–189).

[5] A standard assessment of annual outgoings as 2 per cent of the total cost of a dwelling suggests a cost of $8,000 per annum for a $400,000 dwelling (approximately 40% of an annual DSP income). In shared equity schemes designed to maintain the purchaser's eligibility for CRA (mixed equity, CLT or trust ownership) approximately 22 per cent of income is paid on outgoings.

Article 12(5) of the United Nations 2006 Convention on Rights of Persons with Disability (CRPD)—ratified by Australia—requires all signatory states to 'take all appropriate and effective measures to ensure the equal right of persons with disabilities … to have equal access to bank loans, mortgages and other forms of financial credit' (UNHROHC n.d.). Despite these obligations, people with intellectual and cognitive disability continue to face significant challenges in accessing home loans. The Australian Law Reform Commission's view that 'there may be room to encourage a more flexible approach on the part of banks, without being prescriptive' (ALRC 2014: 187) suggests a reluctance to enforce the CRPD obligations through regulation of the financial sector.

A more pro-active approach, within the constraints of credit legislation, is evident in South Australia, where the state government arm's-length lender HomeStart offers home loans to people with intellectual or cognitive disability who are excluded from the private finance market. One interviewee from the finance industry explained:

> Whilst we know underlying this are our responsibilities under consumer credit legislation, we are more relaxed in terms of those people with cognitive dysfunction provided that we would be satisfied that they understand their obligations and responsibilities, and/or that there's somebody sitting behind it, for example a parent who can ultimately provide a support mechanism for this person. The last thing we want to see is somebody enter home ownership that doesn't understand obligations and the long-term commitment, but we are very supportive in terms of trying to find ways to create an environment where people actually have the opportunity to enter home ownership.

3.3.3 Financial support from families

To date, even if families are financially capable and motivated to invest in housing for a relative with disability, uncertainty about ongoing disability support funding for independent living is a major barrier preventing such investment. The NDIS could potentially reduce this barrier by ensuring ongoing funding for 'reasonable and necessary' supports towards independent living. Interviewees reported proactive and organised advocacy by some groups of families seeking to assist their relatives to enter shared ownership, such as the Harrow Trust and Place for Me in South Australia (Interview, government employee).

Shared ownership is viewed by many families as an attractive person-centred and secure housing option compared to other housing options in Australia. While many families assist a relative with disability to sustain private rental, insecurity of tenure is a major concern. Social housing is a housing tenure that is viewed by many people with disability and their families as an affordable, secure housing option, but very difficult to access and with very limited choice, in some cases requiring successful applicants to move to a home far from their family. Some families are also concerned about the safety of a relative with disability and opportunities for community inclusion if they were housed in social housing. Shared ownership can be an attractive proposition to some of these families, as a model that is more secure than private rental, more person-centred than social housing, and less expensive than full home ownership (Interview, family advocacy worker).

Detailed data on the income and wealth of families of people with disability is not available; however, a number of general assumptions can be made about their capacity to contribute capital to shared equity schemes. The analysis below relates primarily to parents of people with disability, while acknowledging that other relatives, such as siblings, can also play an important role.

Income—Family carers of people with disability often experience relative socio-economic disadvantage. The families of people with disability are more likely to experience lower income because parents, particularly mothers, are less likely to be employed due to caring responsibilities (Qu, Edwards et al. 2012: 6). The household income of 68 per cent of primary carers is in the lowest and second lowest income quintiles in Australia (ABS 2013: Table 37).[6] Financial hardship—such as difficulty paying electricity, gas or telephone bills on time—is twice as high for carers of people with disability compared to the general population (AIFS 2008). Low income is also associated with the older age profile of family carers.

Superannuation funds—No data is available on the superannuation balances of parents of people with disability. In the wider population, the superannuation balance at 2011–12 for a person in the 60–64 age group (pre-retirement) was $42,000 (median) or $150,321 (mean) (Clare 2014: 3, 7–8).[7] Family carers of people with disability are more likely to have superannuation balances below the mean or even median, suggesting most will have only modest, if any, capital available in these funds to contribute to a relative's shared ownership scheme. For parents who have not yet reached the 'preservation age', there are restrictions and costly tax implications regarding withdrawing superannuation funds.

Home equity—Largely reflecting the age profile of this cohort of parents, and the fact that most purchased their first homes at a time when housing was more affordable, many parents of adults with disability have accumulated significant equity in their homes: over a third of all carers of a person aged 15 years and over are outright owners of their homes (SDAC 2012: Table 37); among carers over 65 years old, 81 per cent own their homes outright (Qu, Edwards et al. 2012, Section 4.2). The mean value of owner-occupied dwellings for all Australians aged 65–74 years in 2013–14 was $477,600 (ABS 2015: Table 12.2), yet it can be assumed that the average housing wealth of long-time carers of people with disability is lower due to the financial hardships discussed above.

Families with outright ownership of housing and sufficient income to allow comfortable retirement are potentially able to contribute finance to a family member with disability by releasing some of the equity in their homes—for example, by downsizing, reverse mortgaging[8] or refinancing their home. However, these are relatively expensive forms of finance. Downsizing involves significant transaction costs and taxes, including stamp duty, agent and legal fees, and moving expenses. Reverse mortgages expose borrowers to the compounding effect of an interest rate that is typically higher than that of an average home loan. A major risk for borrowers is being left with insufficient funds for aged care or other future needs (MoneySmart 2017). Refinancing the home typically involves interest rates that are lower than those of a reverse mortgage, but it is only an option for those with sufficient income to service ongoing repayments of the loan.

In existing Australian shared ownership schemes, people with disability have typically purchased their share using a mix of their own savings and their parents' savings. In most cases, parents did not withdraw equity from their homes or superannuation, but rather used other more liquid savings (Interview, community housing worker).

Importantly, most ageing parents cannot commit all or even some of their savings to assist a relative with disability, because of their own financial needs during retirement and because they often also intend to distribute their assets to other family members (Wiesel, Laragy et al. 2015). Some shared or mixed equity providers undertake an assessment of families' financial plans, to ensure that they are not put in financial stress when assisting a relative. As expressed by one community housing worker, 'The last thing we want as a community

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[6] Excluding those whose income is not known or not applicable.

[7] ABS (2015: Table 12.2) reports mean balances of $243,900 in the superannuation accounts of those in the 65–74 age group, significantly higher than the mean reported by the Association of Superannuation Funds Australia (ASFA) (Clare 2014).

[8] A reverse mortgage is a loan made to a person using their home as security. Compounding interest is charged to the loan (up to the total value of the home), yet the borrower is not required to make ongoing repayments and can typically stay in their home as long as they wish. They must repay the full loan—including interest and fees—when they sell their home, die or move into aged care.

housing provider is to put anyone in financial hardship; the first principle is to cause no harm'.

Gifting funds to a relative with a disability may have both tax and pension eligibility implications for families. Centrelink pension eligibility rules place restrictions on the amount of funds that can be gifted to another person.[9] In addition to cash contributions, families can assist a relative purchasing into shared equity by offering their own property as security for a loan, or by purchasing a property for the relative in their name or through a family trust. The form of assistance can have tax implications (e.g. tax treatment as an investment property, including application of capital gains tax) and may also affect the shared owner's CRA eligibility.

Even when the capital is gifted by a family member, ensuring that title (for shared equity) or the shared ownership deed (for mixed equity) is registered in the name of the shared owner (or a dedicated trust on their behalf) is crucial to protect their security and rights as shared owners and to minimise the potential for exploitation (Interview, disability advocacy worker). Where a gift is made to a Special Disability Trust, some of the pension, tax and also legal capacity barriers can be averted. However, Special Disability Trusts are narrowly targeted, with strict eligibility criteria (e.g. only people with severe or profound disability are eligible) and involve restrictive conditions over the use of the trust funds.

3.3.4 Design and modifications

Some people with disability require accessible housing design to be able to move freely into and within their home, and to be capable of relatively easy and affordable adaptation of housing design should their needs change over time. Design requirements may include, for example: elimination of steps and barriers to movement; size and design of bathrooms; handrails, hand-held showers or space to sit in the shower; gradient of surfaces for wheelchair users; and fittings for installation of special equipment.

Given the difficulties that exist in modifying private rental stock (Franz, Adkins et al. 2014; Wiesel, Laragy et al. 2015), shared ownership can be a means to enter or sustain a suitably designed home for a person with disability who cannot afford full home ownership. One participant mentioned the risk for a person with disability living in a suitably designed social housing unit when entering paid employment. The increase in their income could potentially jeopardise the sustainability of their tenancy, while they may struggle to find a suitable home elsewhere. Gaining an equity share in their existing home (e.g. through a 'rent to buy' scheme) would secure their tenancy (Interview, disability advocacy worker).

Where a shared ownership scheme for people with disability involves development of new properties, it seems only logical to follow universal design principles, which are significantly cheaper to incorporate prior to the construction of a dwelling (Alt Beatty and Elizabeth Rowe Consulting 2006). However, some shared ownership schemes (e.g. the HCA Mixed Equity Program) involve procurement of existing dwellings on the market, the majority of which are not designed to universal or even adaptable standards (Franz, Adkins et al. 2014). This may require costly adaptation, and shared equity schemes need a clear division of responsibilities between shared owners in relation to the costs of modifications. This could be complicated by uncertainty about eligibility of shared owners for NDIS funding for home modifications.[10]

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[9] As of February 2017, the 'gifting free area' threshold is $30,000 over five financial years, or $10,000 over a single financial year. The threshold increases substantially to $500,000 if the gift is made to a Special Disability Trust for a person with disability, albeit with strict conditions over the use of the trust funds (DHS 2017).

[10] The NDIS would fund home modifications for private dwellings but not necessarily for social housing: the National Disability Insurance Scheme (Supports for Participants) Rules 2013 specify that the NDIS will be responsible for 'home modifications for accessibility for a person in legacy public and community housing

Providers and financiers' willingness to offer shared equity on new-build properties depends on market conditions. As noted by one participant in South Australia, in certain market conditions, new-build properties are estimated by providers and financiers to be valued less than their cost, and hence deemed unsuitable for shared equity (Interview, finance industry worker).

In shared equity schemes where it is expected that units should be subsequently sellable in the open market, modifications should be done in a way that maintains the attractiveness of the dwelling to the private market, while acknowledging that the private market may not fully value the additional cost of creating accessible housing (Winkler, Bo'sher et al. 2016: 1).

3.3.5 Coordination with formal and informal providers of support

Some people with disability require support to sustain independent living in the community. Such support could be provided informally (unpaid support, typically by family members), formally (paid support services) or as a combination of both. By enabling people to live in a home of their choice, shared equity could potentially improve access to informal support, compared for example with social housing, where applicants are often offered housing in unsuitable locations (Productivity Commission 2011).

In the NDIS policy context, it is expected that the housing equity partner (the state or a community housing organisation) will be a separate entity to the disability service provider (Bonyhady 2014). Yet, in certain circumstances, liaison and coordination between the shared owner, equity partner, lender and support provider are needed to collaboratively address problems arising in either housing or support arrangements, placing the tenancy at risk. On the one hand, for community housing organisations and state housing providers, the involvement of a disability support agency provides an important resource to assist in issues such as disruptive behaviour or rent/mortgage arrears before turning to eviction procedures. On the other hand, this involves a three- or four-way relationship that can be complex to manage.

Complications can arise due to conflicting views about the shared ownership model. For example, some participants reported situations where a disability support provider either did not understand the shared ownership model, or did not agree with the concept of requiring a capital contribution in order to enter a tenancy. Such conflicts and miscommunications could potentially negatively affect shared owners.

Furthermore, the quality of support provided could affect the sustainability of shared equity arrangements. In one of the programs reviewed, declining availability of informal support resulted in the termination of one mixed equity tenancy, as it had become no longer sustainable (Saugeres 2011). Individualised NDIS funding is intended to increase the level of certainty and control that people with disability have over the support they receive, and could potentially help overcome some of these coordination and information problems, depending on how effectively the scheme is implemented.

3.3.6 Specialist Disability Accommodation

Approximately 30,000 people with disability in Australia will be eligible for NDIS funding for Specialist Disability Accommodation (SDA). SDA is defined by the NDIA as housing that includes 'special designs for people with very high needs or may have a location or features that make it feasible to provide complex or costly supports for independent living' (NDIA 2016: 3). Existing group homes for people with disability are included within the category of SDA, however not all SDA funding will be for group housing.

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dwellings on a case-by-case basis but not to the extent that it would compromise the responsibility of housing authorities to develop, maintain and refurbish stock that meets the needs of people with disability' (7.19).

The NDIA will provide recurrent annual funding for each eligible person in an SDA unit—the precise pricing depending on the dwelling size, design, location and household composition. The NDIA has indicated its willingness to fund properties owned or shared owned by people with disability, as long as the property meets all criteria to receive SDA funding (NDIA 2016: 31).

Some existing group homes also involve a shared ownership arrangement, as in the case of Victoria's Singletons (see Section 4.3.2). In a mixed equity arrangement, sharing involves both opportunities (additional capital and income sources) and risks (primarily associated with choice of, and incompatibility between, co-residents and changes to household formation and financing if one or more choose to move out and sell their share). Group housing for people with disability also involves a range of design considerations, to maximise privacy while providing inclusion spaces for shared activities and for support workers.

4 CASE STUDIES

This chapter describes a small number of case studies, including three shared equity schemes (Keystart's Access Disability and SharedStart, and HomeStart), one individual mixed equity scheme (HCA Mixed Equity Program) and two group mixed equity schemes (Singletons in Victoria and Project Independence in the Australian Capital Territory). While two of the shared equity schemes, SharedStart and HomeStart, cater for people both with and without disability, all other schemes were designed specifically to cater for people with disability.

The case studies are not a comprehensive independent evaluation of these schemes. Rather, these are brief descriptions, drawing primarily on information gathered from public written resources (organisations' websites, scholarly and grey literature), interviews with community housing providers involved in these projects and documents supplied by them.

4.1 Shared equity

4.1.1 Keystart—Access Disability Home Loan

Since 1995, the West Australian lender Keystart—a non-listed public company wholly owned by the West Australian Housing Authority—has offered a range of shared equity loans targeted at specific demographics. One of Keystart's loans, the Access Disability Home Loan is available to both first and subsequent home buyers, and aims to assist people with permanent disabilities, or those who care for a dependant with a permanent disability, to buy an affordable home or make modifications to a home. Other shared equity loans offered by Keystart are targeted to Aboriginal and Torres Strait Islanders, sole parents and social housing tenants. Keystart also offers low-deposit loans to assist low- and moderate-income Western Australians to purchase an affordable home. Keystart's shared equity home loans are funded by the Housing Authority.

When borrowing from an Access Disability Home Loan, the shared owner enters into a co-ownership agreement with the Housing Authority as an equity partner, with the shared owner claiming up to a 40 per cent share in the property. This is higher than the 30 per cent restriction that is applied by Keystart to their other shared equity loans. The shared owner borrows funds for their equity share through the Access Disability Home Loan. The minimum deposit required is 2 per cent. Restrictions include a maximum annual income threshold of $60,000 for singles, $70,000 for couples and $80,000 for families (Keystart 2016). The maximum property value is $412,000, or $500,000 in the Kimberley region and above the 26th parallel south latitude. The shared owner can buy an existing home of their choice (subject to the equity partner's approval) or a new home only if it is required to meet their specific needs (e.g. universal design).

Interest rates on the shared owner's loan are based on those of the four major banks, and can be higher than other loans available on the market. In current housing market conditions, there are no homes in Western Australia that could be purchased through a shared equity loan serviced with the DSP alone, unless there was a substantial deposit drawn from the shared owner's existing savings or a lump sum contribution from a parent.

During the tenancy, the Housing Authority is a silent equity partner. The shared owner is responsible for outgoings, but pays no rent or interest on the equity partner's share. Shared owners are eligible to buy-out the Housing Authority's share at any time. They may also choose to sell the property on the open market. When the house is sold, the market value is divided between the parties so that they each receive the same proportion of their equity share. Capital improvements made by the equity partner are taken into account in calculating their share of the sale price, but improvements made by the shared owner are not.

Keystart advises that in 2013–14, 2014–15 and 2015–16, the numbers of Access Disability Home Loans approved were modest, at 87, 85 and 65 respectively. Interviewees suggested that some people with disability in Western Australia utilise alternative shared equity loan types provided by Keystart, although the numbers are not available.

4.1.2 Keystart—SharedStart Home Loan

Since 2010, as part of an affordable housing strategy, the Western Australia Housing Authority and its subsidiary lender Keystart have also offered the SharedStart shared equity product. The Housing Authority's equity share in SharedStart properties is financed through the economies of scale achieved through bulk purchasing of properties from developers at a discount, on land provided by the government's affordable housing strategy body. The Housing Authority retains an equity share in each property that is equivalent to the difference between the market value of the property and the discounted price the Housing Authority paid for it. Thus, there is no net cost for government in financing the scheme, while it retains significant equity.

Shared owners finance their share of the property using Keystart's SharedStart Home Loan. SharedStart comprises a 'flexible' or a 'fixed' loan product. In the flexible loan, borrowers are encouraged to buy out the equity partner's share through Early Exit discounts. In the fixed loan, the Housing Authority retains its equity share in properties to maintain supply of affordable housing in key locations. In a fixed loan, the equity partner guarantees to buy out the shared owner's share at market value if they wish to sell. SharedStart is less targeted than other Keystart shared equity schemes, and is open to a wider group of low- to moderate-income households.

Shared ownership arrangements under SharedStart are specified in a co-ownership deed between the Housing Authority, Keystart and the shared owner. The Housing Authority is a silent partner, so does not charge rent or any other fees from the shared owner. The shared owner is responsible for all outgoings.

SharedStart properties are built by private developers using mainstream standard 'off-the-shelf' designs, which are typically unsuitable for people with mobility restrictions. It has been reported, however, that of the 1,005 dwellings supplied through the expressions of interest initiative to 30 June 2013, six purchasers with a disability and nine purchasers living with a person with a disability entered into SharedStart shared equity loans (AHURI with PricewaterhouseCoopers 2013: 3).

4.1.3 HomeStart

In South Australia, shared equity loans are available through HomeStart, a statutory corporation that operates under the Housing and Urban Development (Administrative Arrangements) (HomeStart Finance) Regulations 2007. HomeStart aims to facilitate home ownership, and operates low-deposit loans for people with low to moderate incomes. Since its establishment in 1989, HomeStart has assisted 66,000 households (36,000 of which were first home buyers) into home ownership; and during 2014–15 it assisted 1,360 households (HomeStart Finance 2015: 4–5). Of those assisted in 2014–15, 48 per cent were first homebuyers, 53 per cent were leaving private rental and more than 87 per cent would not have been able to secure finance from a mainstream lender at the time of their application (HomeStart Finance 2015: 10).

HomeStart is a commercially oriented government agency and returns a profit to the South Australian government (Pinnegar, Easthope et al. 2009). In 2014–15, HomeStart contributed $40.7 million to the government (HomeStart Finance 2015: 4).

The products available through HomeStart are low-deposit loans (HomeStart Loan), shared equity loans (Breakthrough Loan), and other subsidised low-interest loans, indexed to Consumer Price Index to boost borrowing capacity (Advantage Loan and EquityStart Loan).

None of these loans are specifically targeted to people with disability, but all could potentially address the needs of people with disability by lowering the ongoing cost of home ownership. They are used by people on low incomes, including people on pensions such as the DSP. In addition, if modifications were required to the home to make it accessible, these costs could be included in the total loan cost (Interview, finance industry worker).

With the Breakthrough shared equity loan, up to 35 per cent of the property value is shared with HomeStart, and the remainder is vested in a normal HomeStart loan. Breakthrough loans require a minimum deposit of 3 per cent and charge a 3 per cent facility fee, which is paid instead of interest. A total of 43 Breakthrough loans were settled in 2014–15 (HomeStart Finance 2015: 11). The following example shows how the Breakthrough loan works (Interview, finance industry worker).

Buying:

- For a $200,000 property, the deposit would be $6,000 and the total loans would be $194,000.
- Thirty-five per cent of that $194,000 (i.e. up to $67,900) could be a shared equity loan; there is also a 3 per cent facility fee on the shared portion.
- The balance would be a normal loan.

Selling:

- The $67,900 shared equity loan equates to 33.95 per cent of the property value. HomeStart applies a factor of 1.4, which means that its share of appreciation gains would be 47.53 per cent.
- When the property is sold, HomeStart takes the face value of the shared equity loan ($67,900), plus 47.53 per cent of the capital gains.
- If the property value hasn't increased at all, HomeStart takes only the face value of the shared equity loan. If the property has increased $100,000, HomeStart will receive $67,900, plus 47.53 per cent of the capital gains ($47,530), making a total of $115,430.
- If the property loses value, the depreciation factor is 1.0, so HomeStart accepts 33.94 per cent of the loss and the purchaser is responsible for the remainder.

Breakthrough shared equity loans have become less attractive to consumers in recent years, since interest rates offered by mainstream lenders have become lower (Interview, finance industry worker). The 3 per cent facility fee, which is paid instead of interest, was predicated on a long-term average interest rate of about 7.5 per cent, which is well above the current rates (e.g. HomeStart's interest rates are currently about 5% and commercial lenders offer even lower interest loans). Using the example of the purchase of a $200,000 dwelling, with the shared equity Breakthrough loan the total repayments (including repayments on the HomeStart Loan and the facility fee for the Breakthrough Loan) would be $833 per month, whereas the total repayment load for a combined HomeStart loan with an Advantage loan, would be cheaper at $784 per month.

4.2 Individual mixed equity

4.2.1 Housing Choices Australia—Mixed Equity Program

HCA's Mixed Equity Program evolved out of a mixed equity scheme initiated by Supported Housing Ltd when the latter merged into HCA. A total of 59 homes are managed within the program, most in Melbourne but some in other parts of Victoria.

The program targets people with disability who need support to live independently, with low income but moderate assets that can be contributed towards participation in the scheme—and which disqualify tenants from priority access to social housing. Participants in the scheme are required to make an equity contribution of minimum 25 per cent of the property price, up to $142,000 (the upper limit imposed by Centrelink's CRA eligibility rules).

A new participant in the scheme can choose the property they wish to live in from the open market, within the agreed budget and in accordance with HCA's property standards. The property is purchased using funds provided by the applicant, the Office of Housing and HCA. HCA retains title and the owner has secure tenure under a *Residential Tenancies Act* lease, paying rent equivalent to those in community housing (25% of income plus CRA). The applicant signs a Mixed Equity Partnership Agreement securing their financial interest in the property.

The shared owner is released from responsibilities for outgoings such as maintenance, council rates, body corporate fees and building insurance, which are all undertaken by HCA. There is no option of gradual staircasing, but a shared owner can buy out HCA's share in full. If the shared owner wishes to move on, HCA will sell the property on the open market and will share the proceedings from the sale with the shared owner in accordance with their initial project contribution (i.e. 25% of proceeds, less selling costs, for a 25% share).

Shared owners in the program include a mix of people with different types of disability (cognitive, physical and mental health). Some owners in the program moved from their own home under mortgage stress or at risk of foreclosure (while in one case, a person stayed in the dwelling they once fully owned). Others have moved from unaffordable private rental, from group homes or from living with ageing carers.

The program is considered successful, and an evaluation by HCA found that all owners viewed their mixed equity housing as having improved the quality of their lives.

> It had given them what they had not been able to find or maintain in their previous housing such as a feeling that they have housing security, stability in their lives, freedom and a sense of ownership, housing affordability and financial stability, independence and social and family connectedness. All of these elements were very important to the tenants and had contributed significantly to improving their well-being and mental health. (Saugeres 2011: 3)

The strength of the model was offering most of the benefits of home ownership, without the financial pressures associated with it. Allocating responsibility for outgoings to the community housing provider—rather than to the owner, as in the shared equity model—was more efficient because of the economies of scale in community housing management, as well as GST concessions (Interview, community housing worker).

Several of the shared owners bought out HCA's share, in some cases following inheritance or using savings from paid work. The proceeds from each sale were 'recycled' and triggered a new mixed equity project.

Notwithstanding its many advantages, it was noted that managing the project—especially during the initiation and procurement phase for each new participant—was a resource-intensive operation. The opportunity cost associated with locking the community housing provider's capital in a mixed equity arrangement was also noted as a consideration.

There is high demand for the scheme and HCA reports receiving between three to six calls a week from interested people with disability and families wishing to participate. However, state government funding for the project has all but dried up. There is currently no growth in the program, apart from new projects drawing on the proceeds from sales when existing owners move out. In the last few years, new properties were purchased in the Barwon area, as demonstration projects for the NDIS. House price growth in the metropolitan area was also noted by several participants as a prohibitive factor.

4.3 Group mixed equity

4.3.1 Project independence

Project Independence provides housing for people with mild intellectual disability in the Australian Capital Territory. It is currently developing on two sites: Harrison and Latham (both in Canberra). A third site is also planned in Phillip, and the long-term aim is to develop 10 established sites for 100 people with intellectual disability. Project Independence has been conceived and initiated by local business person Glenn Keys, who has also contributed to the funding of the project. Land and funding have been provided by the Australian Capital Territory Government, which has committed $3 million for development costs. In addition, Project Independence is financed through low-interest loans from two social enterprise lenders and one bank.

The model is based on up to 10 residents living in three separate homes on the one site (two such sites have so far been built). The project attempts a balance between independent and communal group living, and is conceived as a transitional rather than permanent living arrangement. Each resident has their own bedsitter, a private bathroom and a kitchenette. In addition, there is a communal kitchen and shared living space for all residents in each home. The two existing sites have very different designs—reflecting different blocks of land—despite a similar brief and use of the same architect.

Each house has a live-in coordinator, who is not a day-to-day support provider but assists in the management of the household. Evening meals are prepared by the live-in coordinator five nights a week. The other two nights, residents can either take pre-cooked food from the fridge or cook their own. Household expenses are shared, and all residents participate in domestic duties, including meal preparation, cleaning and tidying up of private and communal areas. The first live-in coordinator is selected through a tender by Project Independence, but once houses are settled, residents' committees have more say in choosing their coordinator.

The scheme is targeted at people with a mild intellectual disability, aged between 18 and 60 years (when entering the project). Independent living skills (e.g. no requirement for assistance with self-care) are essential; however, the project targets those 'who can demonstrate that a project independence environment (which is supported and transitional) is more suited to their needs than an independent, permanent living arrangement' (Project Independence 2016). Compatibility with other residents is a primary consideration.

Eligibility for the scheme does not include income limits (upper or lower); however, all residents are required to purchase an equity in the company holding the property: initially a 10 per cent deposit of between $20,000 and $25,000. The rent and lodging fee is fixed at 75 per cent of a DSP income (regardless of a resident's income). In addition to outgoings, food and the live-in coordinator, approximately 22 per cent of the rent covers repayment of a low-interest loan (provided by the project), increasing residents' equity in the company over time. Residents are encouraged to pay off their loan if they can (e.g. if they receive an inheritance). They can sell off their share if and when they wish to leave—for example, when moving to an aged-care facility. When moving on, the owner gives notice to Project Independence that they want to sell, and both Project Independence and the owner will seek a new eligible buyer. Project Independence has the final say in accepting or refusing a buyer.

The properties are owned under a company title, and residents purchase an 11th share in the company title (Class A) as well as one management share (Class B). These shares provide shared owners the right to occupy the dwelling and participate in the residents' committee, which is involved in making decisions such as appointment of a live-in coordinator and day-to-day management of the house. Project Independence is the 'head company', while each of the sites is owned by a separate site management company affiliated to Project Independence.

As with other non-residential commercial companies, company title constitution typically grants wide powers to the chairperson and board of directors to run the company, including approval or denial of shareholders' right to sell or transfer their shares or to lease their units. The constitutions of company title home unit buildings often allow the forfeiture or forced sale of shares due to non-payment of corporate levies or breaches of the constitution.

Project Independence estimates that after a certain time period, when a sufficient proportion of the loans taken by shared owners has been repaid, capital will be available for development in new sites, without the need to borrow additional finance (an 11th site can be built without additional finance once the previous 10 sites have been fully occupied, with 10% deposits from all shared owners).

Demand for housing in Project Independence was strong, with more than 70 expressions of interest (including from interstate) for places in the first two sites. Identifying compatible shared owners to share homes was one of the main challenges. Project Independence held a morning tea for prospective shared owners, and brought in an expert in home sharing to help identify compatibility. Nevertheless, maintaining harmony in each house is likely to remain the key challenge and risk in the project. An extensive dispute resolution process has been formalised, including an internal appeals process and the engagement of an external mediator. If disputes are not resolved, the 'worst case scenario' involves execution of Project Independence's right for a forced sale; however, it was acknowledged that such a move, which involves forced relocation of a person with intellectual disability out of their own home, is highly problematic and undesirable (Interview, community housing worker).

The financial viability of the model is vulnerable to a variety of risks, such as unexpected changes in the rate of the DSP, property prices in Canberra, the costs of food, property rates and insurance.

4.3.2 Singleton Equity Housing Limited

Singleton Equity Housing Limited (SEHL) was founded as a private shareholder company in 1989 by the Victorian Government. SEHL was established on the basis of an equity sharing concept whereby residents (or in some cases, families or other charitable or service organisations) purchased shares in the company as a condition of being offered accommodation in a group home.

Many of the company's early residents relocated from institutions. Since they paid no board and lodgings in institutions, they had accumulated trust funds that enabled them to purchase a share in SEHL. Entry requirement into the scheme was a contribution of $10,000 on average. Shared owners were required to pay rent, which was initially set at a lower level than public housing rents, yet the capture of CRA provided additional revenue for the company. Most of the company's operating costs—rates, insurance, tenancy management and maintenance—are met by the rent paid by shared owners for their accommodation.

Shared owners' capital contribution assisted with the cost of acquisition and/or construction of homes. Loans and grants from the Victorian Government (and in some cases mortgage debt) comprised the majority of the funding for these acquisitions. These funds aggregated to allow purchase of 50 dwellings, run as shared supported accommodation managed by the Department of Human Services (DHS).

In addition to their residency rights, shared owners in SEHL have the usual rights of a shareholder in a public company. This includes the right to have notice of, attend and vote at general meetings of the company. It was originally intended that shared owners who left a SEHL property could ask for their shares to be re-valued based on any increase in value of the property over the time of the shareholding. In practice, however, this was rare and in most cases where shared owners sold, they saw no profit on their original investments. Since 2006, the company has operated as a non-profit entity, meaning that shareholders can no longer profit from selling their shares. This decision has left some of the owners ‘disgruntled’ (Interview, community housing worker), as they had expected to see a dividend on their investment and felt misinformed.

SEHL has been subject to criticism over the years—primarily by the Community Visitors Scheme—over problems related primarily to the housing stock that was substandard and not fit for the purpose of shared supported accommodation. Participants in our study did not think that this problem was influenced by the ownership model, noting that it was a common problem in other shared supported accommodation facilities; however, it was acknowledged that shared ownership could potentially complicate housing renewal, and strategies need to be designed upfront to mitigate against such risks (Interview, community housing worker).

Over the years, SEHL faced some challenges in dealing with conflicts between shared owners as co-residents, and between shared owners and the company. In one instance that received some media attention in the mid-1990s, a shared owner in a Singleton house was forced by the company to move out due to behaviours adversely affecting other shared owners. The shared owner took SEHL to court over that decision, but the court accepted the company’s right of possession and right to take proceedings to remove the shared owner as a trespasser.

As the model fell out of favour in policy and property prices rose, additional growth of the program became difficult to finance (Milligan, Phibbs et al. 2004). Most of the original stock was retrofitted into non-specialised housing.

Participants argued that despite its problems, the group mixed equity model delivered several benefits. The first benefit was the finance available to develop housing, enabling people to relocate from institutions. The model was also seen as pivotal in introducing in Australia the concept of separating tenancy rights from support entitlements.

Equity sharing made little difference to the day-to-day management of units as shared supported accommodation, especially because many of the staff followed shared owners who relocated from institutions. One participant noted that share owners rarely exercise their right to participate in annual general meetings. However, another participant (a former SEHL staff member) noted that in the past some families of shared owners experienced a stronger sense of ownership than is common in shared supported accommodation:

> ‘Proud’ is too strong, but they had more of a personal identification with Singleton than with other houses.

SEHL merged with other disability housing organisations to become HCA in 2008. Forty Singletons houses still operate across Victoria.

5 IMPLICATIONS FOR POLICY AND PRACTICE

5.1 Shared ownership models for people with disability

Shared ownership has been a hopeful, recurrent theme in recent housing and disability policy discussions (Bonyhady 2014; DHF 2016; Wiesel, Laragy et al. 2015). It is viewed as a means to leverage private finance, and as a housing model that protects not only affordability but also offers improved choice compared to social housing and improved security of tenure compared to private rental. At the same time, some models of shared ownership (e.g. shared equity) can expose financially disadvantaged people to the risks of debt in a volatile housing market, and could potentially add to inflationary pressures in an already heated housing market in some Australian cities. Furthermore, shared ownership models are still considered complex products not well understood by consumers, lenders and policy-makers. Involvement of the NDIS and disability support providers could potentially add another layer of complexity to such schemes.

Recent house price growth—especially in Sydney and Melbourne—has seen home ownership slipping even further away from reach for low- and moderate-income households, including people with disability. This highlights the urgent need for new forms of housing assistance. At the same time, current market conditions potentially undermine the viability of shared ownership in many parts of the eastern states, since the level of capital investment required is significantly higher than that recorded in past schemes reviewed in this report. In some markets, people with low or even moderate income are no longer able to enter shared ownership on the basis of contributing a minimum of 25 per cent of the capital investment. This means existing shared ownership models will not be viable in such markets, unless the price increase is fully absorbed by government or equity partners rather than shared owners. Nevertheless, within appropriate policy settings, a number of specific cohorts of people with disability could still potentially benefit from shared ownership.

Indeed, a simplified, standardised mix of shared ownership products could be more readily regulated, subsidised and scaled up (Whitehead 2010). Shared ownership products are more effective when targeted at distinctive population segments, rather than assumed to be a broad-based solution to the housing affordability problem (Black and Ralston 2015: 36). The four variants of shared ownership discussed below—each with distinct features, policy objectives and target groups—could serve as the basis for development of more detailed practice and regulatory frameworks (see Table 6).

Table 6: Shared ownership models for people with disability

	Targeting			Outcomes for owner		Policy	
	Assets	**Income**	**Target group**	**Ongoing costs**	**Resale**	**Objectives**	**Adjustments required**
Shared equity	2–5% of property value for deposit	Moderate and secure	Moderate income private or social renters with disability	Mortgage repayments, outgoings and fees	Market	Pathway from private or social rental to home ownership	Affordable finance; SDA funds structured as individual income
Restricted resale shared equity	2–5% of property value for deposit	Moderate and secure	Moderate income private or social renters with disability	Mortgage repayments, outgoings and fees	Restricted	Secure affordable housing; subsidy retention; community inclusion	Affordable finance; SDA funds structured as individual income
Individual mixed equity	25% of property value for deposit	Low	People with disability on low income, but able to raise capital contribution without taking debt	25% of income	Market	Affordability, choice, security of tenure and sense of ownership without the financial pressures of home ownership	Incentivise and enable investment by families through concessions on stamp duty and pension eligibility; SDA funds structured as grants for providers
Group mixed equity	2–10% of property value	Low	People who prefer group housing	25% of income	Restricted	Engage shared owners in the management of their home	SDA funds structured as grants for providers

5.1.1 Shared equity

A sustainable shared equity scheme would target people with secure moderate income, who can afford the combined ongoing costs of mortgage repayments, outgoings and other program-related fees. Such a scheme could provide a pathway from insecure private rental to either full or shared home ownership.

A potential target group to consider is the approximately 23,000 people with severe or profound disability who will be eligible for the NDIS and are currently renting privately, with personal incomes of over $580 per week (Wiesel, Laragy et al. 2015). Social housing tenants with disability whose income has increased since entering social housing can also be targeted for such a scheme, as a means to both assist these tenants into home ownership and generate a social housing vacancy for higher need applicants.[11] Where the person lives in a social housing unit that is suitably designed for their needs, it would be appropriate for the relevant social housing provider to offer a shared equity arrangement in their existing tenancy (so long as proceeds from the equity sell are reinvested in new affordable housing supply elsewhere to prevent attrition of stock). People with disability eligible for NDIS SDA funds could potentially enter shared equity if funds were structured as direct payments to individuals, thus increasing their income to the level required for borrowing.

Existing shared equity schemes in Australia are considered successful, although to date they have not targeted people with disability (AHURI with PriceWaterhouseCoopers 2013).The major risk in this model is the exposure of financially disadvantaged people to high levels of debt, especially in the case of a property market downturn, which would make it difficult to repay the loan by selling the house. There is a need for careful targeting (considering not only level of income but also its stability) and additional safeguards to minimise such risks.

To enable expansion of the shared equity model, it would be necessary to address the barriers facing people with disability in securing a home loan. Access to affordable finance can be eased by arm's-length government lenders such as Western Australia's Keystart and South Australia's HomeStart. There is a need for further research on barriers and opportunities to establishment of such bodies in other jurisdictions. Eligibility requirements for first home owner grants may also need to be adjusted in some regions to ensure buyers into shared equity schemes are eligible.

5.1.2 Restricted resale shared equity

A possible variation within the shared equity model involves resale restrictions, including on capital gain. This limits opportunities for staircasing into full home ownership, since the value of the shared owner's share is not allowed to grow at the same pace as the market. However, the resale restriction is more effective in preserving the affordability subsidy, similar to the Australian CLT model proposed by Crabtree, Blunden et al. (2013).

Whereas in a 'classic' CLT model the land owned by a trust is permanently removed from the market (thus preserving its affordability), a resale-restricted shared equity model offers more flexibility in selling a property in one place in order to procure another property elsewhere, whilst still preserving affordability. This can enhance locational choice, which is critical for people with disability to access to informal support networks.

At the same time, one of the purposes of a CLT is community development (Crabtree, Blunden et al. 2013), and for people with disability—who experience higher levels of social exclusion—there are both risks and opportunities in this approach. Becoming part of a

[11] Melbourne City Mission's recent MAP project is one example of a shared equity scheme that targets moderate income social housing tenants, albeit without a focus on people with disability (personal communication).

close-knit community in a CLT can facilitate greater community presence and participation by a person with disability. However, there is a risk that a CLT approach would be used to develop segregated communities of people with disability, which would only exacerbate their social exclusion. This could be avoided, for example: through CLTs with a mix of shared owners with and without a disability; or through a KeyRing CLT, where homes for people with disability are at a short distance from one another, but not clustered on a single segregated site[12].

5.1.3 Individual mixed equity

The individual mixed equity model could deliver a housing assistance product that combines the advantages of social housing with those of home ownership: affordability, choice, security of tenure and sense of ownership. It could assist in increasing the supply of affordable housing for low-income people with disability, with at least 25 per cent of finance leveraged from owners/families.

Individual mixed equity would optimally be targeted to support people with disability on low income, but with sufficient savings or capacity to raise capital from their families. While most families do not have sufficient funds to assist a relative enter such a scheme, there is still a substantial group of families who do and are highly motivated to provide such assistance. In mixed equity schemes—unlike shared equity—SDA funds would ideally be paid to the equity partner rather than the person with disability, since the latter is not expected to borrow funds.

HCA's Mixed Equity Program serves as a precedent for this model. The program requires substantial upfront investment by the state government and the community housing provider, but one that is arguably more cost effective than social housing provision because of the leverage of private finance and the positive outcomes for owners (Saugeres 2011).

While many families are keen to assist a relative with disability to enter a mixed equity scheme, much of their capital is locked into their own homes and is difficult and expensive to unlock. Stamp duty concessions for relatives willing to gift funds to a person with disability could potentially encourage and enable families to downsize as a means to release some of the equity locked in their own homes. Rules concerning gifting of funds and age pension eligibility—including regulations for Special Disability Trust—would also need to be reviewed to identify and remove potential barriers for gifting.

5.1.4 Group mixed equity

The group mixed equity model could assist in leveraging private capital to bridge finance gaps for specialist group housing. Relatively small contribution from individuals can add up to a significant total contribution from a group of residents. The model could also potentially assist in engaging owners and their families in a more meaningful way in the management of their home, as shareholders in a company—although the evidence from the Singletons program suggests that this is challenging.

The group mixed equity model could be most effectively targeted at people who are eligible for NDIS SDA funds who might choose group housing (e.g. in order to pool their packages with others to get 24-hour support).

The Singletons program in Victoria serves as a precedent for the group equity model. Lessons from the Singletons experience suggest that shared ownership adds another layer of complexity to a wide array of problems associated with group housing, particularly in

[12] KeyRing models involve a small number of people (typically up to 10) who live close to each other (e.g. in the same neighbourhood) and to a paid supporter. The housing may be owned by a disability service provider or be mainstream housing (Taleporos, Craig et al. 2013).

terms of choice and control, compatibility between shared owners, and risks due to exits and new entries of shared owners.

There is a potential role for initiatives such as Project Independence in Canberra, which was designed for people with disability who do not require day-to-day support services (and are thus outside the target group for specialist housing). As Project Independence matures, an evaluation of its outcomes will be important to assess the benefits or problems associated with the model and its targeting.

While the asset and income thresholds for entry into group mixed equity housing are significantly lower than those required for individualised models, such programs could significantly compromise choice and control for shared owners when they do not have genuine choice of their co-residents, and when opportunities to move on to alternative housing are limited due to the small amount of equity that they have accumulated. This could be averted, to an extent, in group mixed equity programs that are developed through bottom-up processes, where prospective shared owners self-organise in groups of their choice prior to entering the scheme, as opposed to equity partners developing projects and then selecting participants.

5.2 Final reflections

The goals and target groups of the shared and mixed equity models are distinctive in some ways to those who are catered for by other models of social and affordable housing. Shared ownership can work very well for some people in some areas, but be ineffective for others, who will continue to require other forms of housing assistance such as social housing (de Santos 2013). As argued by one interviewee from the Western Australia Housing Authority:

> You can't get everyone into home ownership … we can't assume that shared equity is going to solve all the housing problems for people with disability … It's a niche product that can help a small proportion of people who are on the edges of home ownership to get into it safely and comfortably … it gives them and their families some certainty that his is the dwelling that they're going to have for the next 10–20 years rather than having to be at the mercy of the private rental market.

There is a need for more comprehensive policy frameworks in all Australian states and territories to specify the discrete role of each housing assistance product within the so-called 'housing continuum'. The distribution of public resources across different housing assistance products needs to be more clearly rationalised. Without an overarching strategy, it is difficult to justify the level of investment required for shared ownership models.

The development of a shared ownership strategy for people with disability—within an overarching affordable housing strategy—would need to involve a wide range of actors, including: state, territory and federal governments, as a primary source of funding and land; the community housing sector, as an investor, developer and manager of projects; the NDIS, which would deliver SDA funds, and could also fund assistance for tenancy and financial management as part of participants' individual support plans; the disability services industry, as potential contributors to projects and ongoing providers of assistance to shared owners; and people with disability themselves, through their representative organisations (i.e. Disabled People's Organisations Australia) and their families.

As noted by Alt Beatty and Elizabeth Rowe Consulting (2006), successful shared ownership arrangements for people with disability require a high degree of transparency, where all partners have clarity about their rights and responsibilities while entering, sustaining and exiting a tenancy. For example, if mixed equity programs are to be scaled up, there is a need for greater clarity around CRA rules. To date there have been inconsistencies in the way CRA eligibility rules have been applied to mixed equity owners, creating uncertainties for investors. Blanket disqualification of mixed equity owners from CRA will significantly reduce the viability of such schemes. However, one option to consider is a requirement from shared owners to share with Centrelink some of the capital gains, if and when they have resold the property, as a means of recycling these funds for development of new shared ownership schemes.

Only a minority of families are likely to be able to assist a relative with disability with the capital investment required to enter a shared ownership arrangement, and there are various barriers to such investment, including the high costs of liquidating capital locked in the family home and the pension eligibility implications for older family members wishing to gift funds. The Special Disability Trust was identified as an effective mechanism to address some of these barriers, but is currently narrowly targeted and needs to be reviewed.

There are current disincentives for adults with disability living with parents to save money, as this affects their eligibility for housing assistance down the track. Expansion of shared ownership options could potentially remove these disincentives and create a clear incentive for saving. There is a need to develop more sophisticated means testing for individuals and families across all housing assistance programs to ensure, for example, that people with disability who have limited access to financial assistance from families are prioritised in other forms of housing assistance.

To maximise the benefits from shared ownership for people with disability, there is a need to consider and develop mechanisms that enable shared owners to draw on their accumulated assets to supplement income—for example, following critical life events that destabilise income and housing security. Options to consider include: 'staircasing down' (i.e. exchanging a proportion of equity for cash); and designing or purchasing properties where shared owners are able to let out rooms through, for example, Airbnb, to provide an additional source of income.

Participants have warned about the risk of 'sloppiness' in shared ownership, whereby people with disability in need are encouraged or even pressured to invest significant personal or family assets in such schemes, which may not be their optimal financial investment. Independent advocacy and asset/financial planning for the people and families involved are critical for the success of shared ownership by people with disability. However, market conveyancers and consultants are currently unequipped to provide prospective shared owners with the necessary information about such models, which are unfamiliar and complex (Interview, community housing worker; Cowan, Wallace et al. 2015). This highlights the need for clear, consistent marketing, 'provided by way of a key facts document which sets out nationally agreed explanations of the offer, any distinctiveness about the particular product on offer and the product's legal status' (Cowan, Wallace et al. 2015: 93).

Overall, our view is that there is a small but important role for shared ownership in expanding housing options for some people with disability in Australia. There appears to be high demand for shared ownership—particularly individual mixed equity—by people with disability, as well as apparent willingness by many families to consider investing in such schemes. However, far from a panacea to the shortfall in affordable housing supply, shared ownership needs to be understood as a range of niche products, which can be significantly different from one another. Each model needs to be carefully targeted at distinctive consumer groups to meet distinctive policy objectives. In particular, riskier models—such as shared equity—that involve people with disability taking on high levels of debt, need to be more narrowly targeted to people with secure moderate incomes. Strict assessment of the financial plans of both people with disability and their families before entering shared ownership schemes is necessary to ensure that they do not face financial stress or unreasonable risk. Shared ownership should be expanded—with a great degree of caution—to be made available for those whom it suits, without disadvantaging those for whom it is not a viable option.

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