

Response to Consultation

Date: 26 October 2008

Consultation: Equity Sharing Amendment of the House Sales Scheme

Introduction

The Northern Ireland Federation of Housing Associations (NIFHA) represents 40 housing associations. This includes 33 of the associations registered and regulated by the Department for Social Development (DSD). Collectively, these associations provide 30,000 good quality, affordable homes for renting or equity sharing. Further information is available at www.nifha.org

Background

NIFHA's members are responsible for about twenty five percent of all social housing stock in Northern Ireland. Along with our members, we would like to highlight the following points in relation to this consultation paper.

General Comments

1. This document fails to acknowledge that nearly all Registered Housing Association properties developed since 1992 have a first charge to a private lender. Such properties must be excluded from the scheme or the relevant Housing Association must be fully compensated for the cost of getting such first charges released.
2. Properties should also be excluded from the scheme if the landlord would not end up with enough sales proceeds to discharge its outstanding loan.
3. The DSD's decision to front load the discount so that applicants are entitled to receive the full eligible amount once they purchase 50 per cent of the property does not create any incentive for tenants to purchase the remaining 50 per cent. Furthermore, the requirement to have multiple valuations for stair casing have the potential to create significant additional administration duties and it is unlikely that the applicant will cover the cost.
4. There will be instances where Housing Associations may still own up to a 75 per cent stake in the property and it is difficult to ensure that part-ownership fulfils maintenance obligations.

We trust that you will find these comments useful and our recommendations will be given due consideration.

Submitted on behalf of NIFHA by:



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