

Key Worker Living Programme - Q AND A

Which MOD staff will be eligible for assistance?

From Wednesday 20 September regular Armed Forces personnel with a household income under £60k whose home base is situated in either the London, South East or Eastern regions will be eligible to apply for assistance from the new build element of the Key Worker Living (KWL) programme.

In addition, so as not to create a perverse 'public sector employment market' civilian staff employed by the MOD in other eligible key worker categories such as the MOD Police, Defence Fire Service and clinical staff in MOD medical establishments will also be eligible to apply for assistance.

Roughly how many people might benefit?

We estimate that up to 10,000 members of the Armed Forces could benefit from the KWL programme.

Will members of the Reserve Forces be eligible?

No. Members of the Reserve Forces will not be eligible for assistance from the KWL programme as the MOD is not their main employer.

Why are you including Service personnel in the KWL programme?

Large numbers of Armed Forces personnel are required to live in the South East, East and London in order to fulfil their operational commitments and access to the KWL programme will enable them to do so without forfeiting the chance to get onto the housing ladder.

Do Service personnel not already receive housing assistance?

Although members of the Armed Forces are entitled to rented MOD accommodation while they are serving, we know that many have aspirations for home ownership - perhaps to offer a better, more secure environment for their family. They can also experience difficulties accessing housing when they come to leave the Services. So for example, they may be given less priority for social housing since they may have difficulty demonstrating a local connection. By allowing Service personnel priority access through the KWL programme, while they are serving, we hope to be able to avert housing problems for them later on down the line.

Which schemes are open to them?

Under the extension to the KWLP, Service Personnel have access to
New Build HomeBuy Scheme
First Time Buyers Initiative
Intermediate Rent Scheme

NewBuild HomeBuy is a shared equity scheme whereby a Key Worker can buy as little as a 25% stake in a NewBuild property, paying a mortgage on that portion and a 'rent' on the remaining element. The 'rent' is calculated as a small percentage (under 3.0%) of the value of the remaining element increasing annually by RPI + 0.5%. The purchaser can make stepped payments (10% min) to increase his or her equity share. The scheme only applies within London, the South East and Eastern Regions. When the property is sold, that proportion of the equity not owned by the Key Worker will determine the amount to be repaid. If the value of the property has increased since purchase the amount to be repaid will increase proportionately on the outstanding equity. Likewise, if the value obtained for the property on resale is less than the price paid the

amount to be repaid will decrease proportionately.

First Time Buyers Initiative is a scheme run by the Regional Housing Boards and applies across all English regions. It is a shared equity scheme run in conjunction with English Partnerships (EP). A Key Worker can buy as little as a 50% share in a NewBuild HomeBuy property and he or she only pays a 'rental' charge (based on EP's equity share) after 3 years. The purchaser can make stepped payments to increase his or her equity share. When the property is sold, that proportion of the equity not owned by the Key worker will determine the amount to be repaid to EP. Likewise, if the value obtained for the property on resale is less than the price paid the amount to be repaid to EP will decrease proportionately.

Intermediate Rent Scheme - where rent is set at a level between that charged by social and private landlords with the accommodation being provided by a Registered Social Landlord.

Why are they only able to access the new build product?

The budget for the Open Market HomeBuy (OMHB) product was based on the assessment of demand from the existing eligible groups and is designed to support this level of expansion and offering Service personnel access to OMHB may dilute the benefits it is having on the recruitment and retention levels within the education, health and community safety sectors. In addition in light of the impending launch of the Expanded OMHB product we have limited the amount of resource for this product within the first six months (as we double the outputs under the new deal) which has resulted in a pipeline of demand with HomeBuy Agents and due to this it would be unlikely that Service personnel could receive assistance for OMHB whilst this build up is dealt with. However, we are confident that the new build supply can cope with the extra demand from Service personnel, especially now that key workers are one of the groups that have priority access to all new build units.

We will review this position if further funding is made available in the future.

What about Service Personnel based outside of the KWLP areas in UK?

The KWLP schemes are designed specifically to help individuals get a foot on the housing ladder in designated high cost areas which are the South, South East and London. For those Service families posted elsewhere in England, they may be able to gain access to the First Time Buyers Initiative product and the New Build Homebuy scheme in recognition of their status as a priority group in the KWLP. Follow on work by MOD officials will attempt to secure regional agreements on this. Additionally, the MOD will now look to approach the Scottish and Welsh Executives to see what assistance can be offered.

Will Service personnel be able to apply for assistance from the KWL programme if they are operationally deployed overseas?

Providing that their home base is within the 3 eligible regions then there is no reason why they cannot apply for assistance from the programme. The scheme will allow individuals who are operationally deployed to rent out the property until their return.

What Happens If A Service Person Is Posted?

If the Service person is posted outside of the KWLP designated area, individuals can either serve unaccompanied with their immediate family retaining occupation of the property, or sell and recoup the portion of equity entitled, to either invest in property in another area privately, or approach the Local Authority in the new area to see if they can gain access to the First time Buyers Initiative and the New Build Homebuy scheme in recognition of MOD status as priority group on the KWLP. If the new area operates the KWLP then the Service person can take advantage of the scheme in that area and they will not have to vacate their existing property until a new property has been agreed. MOD and DCLG continue to work to introduce greater flexibility to accommodate postings

What Happens If A Service Person Is Medically Discharged?

If a Service person is medically discharged with the concurrence of the Services there is no requirement for him/her to repay any assistance received. In such cases, sale of the property or transfer of ownership only would trigger repayment.

What Happens If A Service Person Dies In Service?

If a Service Person dies in Service there is no requirement for his/her estate to repay any assistance received. In such cases, sale of the property or transfer of ownership only would trigger repayment.

What happens if a Service Person Retires?

After 5 yrs continuous service and as long as the individual is retiring at a recognised retirement point, there is no requirement to repay any assistance received. In such cases, sale of the property or transfer of ownership only would trigger repayment.

How Does A Career Break Affect The Scheme?

Repayment would also not be required if the Service person took a career break of up to 12 months with the employer's permission. This period could be extended to a maximum of three years, at the employer's discretion in exceptional circumstances, with an assumption that this would be for family reasons. Further extensions beyond the three years will trigger clawback requirements. There may be other special circumstances where it would be appropriate to defer repayment until a later date on sale of the property or transfer of ownership. All exceptional cases will have to be presented to the Housing Corporation who will decide whether this approach is merited.

Can LSAP Be Used With These Schemes?

Yes.

Why Would Service Personnel Choose To Take Up The Intermediate Rent Scheme?

Individuals who have less than 5yrs service remaining, whose commitment is for a lesser period (FTRS(FC)) or who do not wish to become involved in house purchase might wish to occupy good quality accommodation at 80% or less of the market rent.