



## **Disability, Home Ownership and the Mortgage Industry**

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**Housing is often an area in which disabled people are forced to confront barriers and constraints. Inaccessible dwellings compromise disabled people's independence, as do the environments outside their homes, and features of the houses of families and friends. At the same time, although owning one's dwelling has become almost a standard expectation for citizens, this is another dimension of housing in which disabled people may encounter obstacles. Recent research by Laura Hemingway explored aspects of home ownership, highlighting disabled people's experiences as 'users' alongside 'industry' perspectives, especially from the housing finance sector. The research found that:**

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- ❖ There were clear differences between 'user' and 'industry' perspectives. Although both tended to view housing from a wider socio-economic perspective, the latter favoured a more individualistic perspective underlined by notions of risk assessment.
- ❖ The small-scale purposive sample of user informants yielded a wealth of information which suggested the potential value of further research.
- ❖ Whilst denial of access to a mortgage was not reported by user informants, the various disabling barriers discussed (for instance, attitudinal, communicational and physical) indicated that the process of accessing a mortgage was more difficult than for non-disabled people.
- ❖ There was a prima facie case for concluding that disclosure of impairment/disability information by 'users' could create impressions of risk within lending institutions, affecting lenders' responses negatively.
- ❖ Disabled people encounter further constraints in relation to their socio-economic position, resulting from a general disadvantage in the labour market. Industry representatives noted the significance of benefits as the main source of income, with many lenders perceiving this as unsatisfactory.
- ❖ The industry findings established a tentative case for believing that the industry 'constructs' disability primarily in terms of medical models of disablement. Additionally, there is as yet little evidence of sensitivity towards disabled people in some elements of the industry.
- ❖ The importance of the organisational settings in which decisions are made was underlined by the industry representatives, with Banks being apparently more likely to reject benefits as income.

## Background

Recent literature has shown a heightened interest in the broad topic area of disability and housing (see Bull, 1998; Peace and Holland, 2001; and the special issue of *Housing Studies*, 2004 which focuses specifically on disability). Issues of access and independence are commonly the focus of literature on disability and housing (for example, see Laurie, 1991 and Morris, 1990). The importance of such issues is underlined by the fact that limited numbers of accessible properties can be found in the owner-occupied sector, with the majority in social renting (Stewart, 2004). Many aspects of the relationships between housing, allied services and disability, however, remain under-researched, including issues of owner-occupation, access to it, and financial resources related to sustaining it (although see an important paper by Thomas, 2004, which focuses on disabled people as customers in the owner occupation market).

Home ownership is an important source of wealth, both nationally and personally, and has become very much the dominant tenure. There has been an increase in schemes for low-income households (such as low cost home ownership initiatives), in an attempt to broaden access, although the effectiveness of these is debated. Such schemes have contributed to what is a very differentiated population of home owners (Easterlow *et al.*, 2000; Murie, 1998).

This is not to suggest that everyone aspires to become a home owner, or that owner-occupation is the 'superior' housing tenure, as ownership can also prove a hindrance, especially in periods of financial difficulty (see Burrows, 2003). Nonetheless, there are certain features that people expect from a home, such as feelings of autonomy, security and independence, and it is often believed that owner-occupation can more readily provide the opportunity to experience these. Furthermore, home ownership has been politically promoted over recent decades as 'the badge of citizenship' (Kennett, 1998:50), perhaps contributing to negative perceptions of the non-home

owner. Therefore, not only do disabled people require the same, often taken-for-granted rights as the majority of the population, to choose where and how to live, in an accessible property which does not restrict their lives, they should also be able to access the most popular form of housing tenure. The crucial issue is not so much whether someone chooses to own their dwelling, but whether that choice is available.

## Aims and Methodology

This small-scale project explored 'the home' and access to owner occupation using mixed methodology, with the aim of comparing two alternative perspectives on the mortgage industry: an experiential or 'user' perspective and an 'industry' viewpoint. A range of evidence was used on mortgages and home ownership, including secondary statistics, documents, e-mail interviews and qualitative face-to-face interviews. Informants were drawn from a range of sources. A central aim was to begin to provide some in-depth material on a previously neglected research area; the kind of information which might then be used in a purposeful way to help inform positive changes in practices. Importantly, the research was also experimental, allowing exploration of potential methods for more developed research.

The research adopted an approach committed to the social model of disability, exploring issues of potential discrimination by institutions in financial services (and more specifically, in the housing market and mortgage process). In the social model, disability is perceived primarily as a consequence of social and attitudinal barriers, rather than a consequence of individual bodily functioning, as in traditional models of disability (individual or medical models). There are two key points from the social model to note. In simple terms these are, first, that disablement derives from structural barriers (such as those manifested in the housing market), and second, that it is important to utilise, and make central, disabled people's own experiences and opinions in research. The

research was also influenced by a middle-range perspective which asserts the importance of exploring ‘mechanisms’, ‘contexts’ and ‘outcomes’. The label “middle range” may be applied variously by writers, but tends to imply a focus which is neither over-concerned with “grand” totalising frameworks, nor solely dependent on experiential narratives or standpoints (see, especially, Pawson, 2000).

The main data for this research were generated through contact with two different groups of people, covering separate perspectives on the home-purchase process. First, lengthy qualitative semi-structured interviews were conducted with six disabled people who had experience of the mortgage process or social renting, and this involved exploring ideas about home and ownership. Including social renters was important in providing a diversity of experiences of tenure and perceptions of ownership. The user informants in the qualitative interviews included several very knowledgeable activists. They provided valuable information and experiences with regards to the home, ownership and becoming an owner. The names of the informants have been changed to ensure anonymity. Second, six shorter informal telephone interviews and five more tightly structured e-mail interviews were conducted with day-to-day practitioners from the mortgage industry. These were supplemented with information obtained from mortgage application documents. The range of methods reflects the exploratory intention, but also the need to try multiple approaches in order to assemble a reasonably reliable set of industry insights. Despite the small-scale nature of the exercises, they proved very successful, yielding informative material on the industry perspectives.

### **User perspectives**

Exploration of meanings of home established no simple association between tenure and perceptions; for instance, whilst two informants highlighted the importance of ownership in their concept of the home,

one was a social renter, and one a home owner. Further significant elements in the meaning accorded to the home included personal relationships, independence and accessibility. Perhaps the latter two are more distinctive to many disabled people, where the home environment can be especially important. As discussed by one informant, the home represents a place in which autonomy and chosen lifestyle can be exercised, in contrast to the constraints encountered in an oppressive and disabling society. Ellen stated:

*I suppose that's what having the home that I've got now means to me, in that it allows me to be the person that I want to be because I'm not having to rely on other people, I'm not having to ask people to do things for me. I can do everything that I need to, whereas for the first twenty years of my life, my life was the absolute opposite to that...But in a property where I have everything at the right level, I can, in a sense, have choice and control.*

It is also important to recognise the impact that other variables might have had on the informants' responses, including age, socio-economic position, gender and ethnicity, amongst others. In terms of ownership, reported benefits included feelings of control and choice, and perceived economic advantages (such as investment and inheritance). Such perspectives are not unusual associations with home ownership (Murie, 1998; Smith *et al.*, 2003), being well-known and politically-promoted advantages. The negative associations with ownership included the additional responsibilities, as well as costs of repairs and maintenance.

Experiences of the mortgage process were very individual, and only applied to four of the informants, but in trying to establish some similarities of experience the analysis categorised responses into more positive and negative factors. The ‘mortgage process’ here was defined broadly, referring to finding, funding and purchasing a property. Steven regarded

the attitude and support provided by the estate agents as a positive element in his search for a home (this was unexpected in light of both estate agents' reputation, and responses from other informants). For Phillip, the whole mortgage process had proved relatively easy, and he could recall very few difficulties (although having obtained the mortgage 57 years ago, it might be difficult to remember detail in an interview situation). Little else was discussed about positive perceptions of the mortgage process, although presumably few people actually enjoy what can be a lengthy and financially draining process.

What became evident from the interviews were not only those constraints that might be experienced by anyone attempting to find and purchase a dwelling (for example, poor service from estate agents), but additional constraints that are unique to disabled people. These included attitudinal barriers, as highlighted by Paul, who stated:

*I've spoken to people since and one guy went into an estate agents to buy somewhere and was told "go to a housing association"*

Although we do not know the particulars of this situation, such a case represents an example of the negative attitudes that disabled people may confront when interacting with representatives in the housing industry. Physical barriers were also discovered when viewing potential properties. Furthermore, the failure of industry representatives to provide accessible information for clients was highlighted. As Carol stated:

*I was very clear from my very first interview that I had a visual impairment so any information would be needed in .14 font. And he said that shouldn't be a problem because he'd be printing quotes off the computer. Of course, he'd forgotten about the brochures. But actually, when he tried to print things off the computer, [supposedly] it "wouldn't do it". So I didn't get*

*anything accessible. Even when I was dealing with head office, I kept reminding them and saying could you please write to me in an accessible way, and they'd say oh yes. But I never got a single thing from them that actually followed my requests.*

The informants also indicated people who had been refused Mortgage Payment Protection Insurance (MPPI) as a result of their impairments, and the difficulties of finding a lender who would accept benefits as a basis for funding.

### **Industry perspectives**

Mortgage documents show the kinds of information made available to lenders in the assessment of risk. Whilst there may be occasions when the lender is unaware that the applicant is a disabled person, often the lender will be able to consider the medical/impairment background of the client. However, the degree to which this affects risk assessment remains uncertain. The e-mail informants claimed that being a disabled person would not influence a mortgage application if income was sufficient. However, statements made by the underwriter of a large lender cast doubt on this; for instance, through the suggestion that whilst such information does not affect the decision, it is 'nice to know'. This informant also indicated that if a condition is made explicit by a client, then the lender may be required to investigate it, in case it has a bearing on the ability to meet mortgage payments. The practices and language used by industry informants suggested that risk is construed in terms of the medical model of disability.

The telephone discussions confirmed that dependence upon benefits may affect disabled people's opportunities due to two key disadvantages. First, benefits are relatively low which can prove restrictive, especially if they constitute the individual's main income. Second, for many lenders (although not all) benefits are not considered to be a secure form of income in all cases, resulting in potential rejection of a mortgage application. Banks

were highlighted as the lenders least likely to accept benefits as income, underlining the importance of specific institutional contexts, as well as causative mechanisms in terms of risk assessment assumptions. Another key issue discussed was the significance of life insurance in relation to mortgages, although industry representatives believed this to be less of a requirement for lenders, except in rare cases. This coincided with the results of the qualitative interviews, with the majority of informants claiming this not to have been a requirement of the mortgage they acquired. For one informant, however, life insurance was in fact a condition of the mortgage. The issue of MPPI for low-income households (and the relative difficulties in sustaining this) was also touched on.

### **Conclusions**

The 'user' perspective highlighted instances of discrimination against disabled people on several different levels, in terms of attitudes, finance, and the physical and social environment. Whilst none of the informants were denied a mortgage, situations experienced included physical constraints in viewing properties, access requirements not being met by the industry, and the negative attitudes of representatives. Such experiences would not be encountered by non-disabled people. In many cases disabled people are forced to confront several barriers at once, resulting in a more exhausting process financially and emotionally (cf. Smith *et al.*, 2003). Thus, disabled people, as evidenced in this research, are not likely to have equal access to home ownership.

The industry insights seemed to provide evidence to some degree of a financially unsupportive environment which could both help create and exacerbate dependency for disabled people. This was inherent in the attitudes expressed, the apparent influence of impairment on risk assessment, and the negative perception of benefits. It also fits with the claims of Barnes and Mercer (2003) that barriers are 'embedded' into society's structures. As a consequence, disabled people may have restricted access to the opportunities and

services that are readily available to non-disabled people, not merely because of actions by specific agents and institutions, but because of underlying assumptions and practices that are difficult to change in the short term. Given the risks associated with home ownership, some disabled people may also need to have access to financial assistance in periods of insecurity (such as unemployment and ill health).

There are therefore regularities in the mortgage process that may have adverse effects upon disabled people. Notably, risk appraisal ideas still seem built into much of industry practice, while access to reliable private income (rather than state support) may make matters easier. Both risk and income issues are often crucial for disabled people because of general disadvantaging relationships with labour markets and the way that disabled people are often stigmatised. However, there is much scope for variation, reflecting diversity amongst disabled people, and varying behaviours within organisations on the industry side. Further research will need to take account of this diversity, using a more expansive sample of informants than this study could allow. In addition, developing methods sensitive to the needs of people with learning/communication difficulties will be important, as standard tools are not necessarily appropriate.

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### Further details:

The research outlined above was conducted as part of an MA programme, and more material can be found on the Disability Archive at <http://www.leeds.ac.uk/disability-studies/archiveuk/archframe.htm>

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