



AFFORDABLE  
CHRISTIAN  
HOUSING

# EFFECTIVE PROPERTY PROVISION FOR GOD'S KEY WORKERS





# EQUITY LOANS

## Using your finances for the Kingdom



Christian workers are often priced out of London's expensive housing market, unable to rent privately or buy a home. The result is that many leave London and their ministries.

Affordable Christian Housing (ACH) is a charitable housing association established to provide affordable, long-term accommodation that helps key Christian workers remain in London.

With your support, we could do more. Your equity loan would be a key component to the successful purchase of an affordable home for a Christian worker. Such a loan is a ministry opportunity to strengthen Christian witness in London.

The Association will use its expertise to manage the scheme. You can either lend the sum interest-free or receive interest on your capital (typically 2-3%). At the end of your

loan period (usually a minimum 10 years), you have the prospect of a capital gain linked to the increase in the value of the property. It follows that if the value of the property falls over the period you could receive back less than you put in.

This is called an Equity Loan Scheme, because your capital is backed by equity in the property. A number of Christians, prepared to fund a property purchase in this way, can make an affordable home a reality for a key Christian worker.

If you would like more information, please email us or fill in the form on the back page.



## Frequently Asked Questions



**What happens if I need my loan repaid before the property is no longer needed for the key worker?**

When starting the Equity Loan you will have the option to include an earlier repayment term if you feel this may be necessary.

**What happens in the event of my death?**

The loan will be repaid to your executors unless you have made provision in your Will for it to be forgiven on your death. (It would then become a gift to charity and be exempt for Inheritance Tax purposes).

**What are the income tax liabilities?**

If you have asked for interest to be paid to you, this will be subject to income tax in your hands. The actual interest will be paid to you net of 20% tax. If you have made your Equity Loan interest-free, there will be no income tax liability.

**What are the capital gains tax implications?**

Any increase in your Equity Loan on repayment will be subject to the taxation provisions of Capital Gains. Any decrease in your Equity Loan on repayment will be treated as a loss for Capital Gains purposes.

**What happens if the key worker leaves their position and is no longer engaged in full-time and applicable Christian work?**

The ACH Management Committee normally negotiate with them to vacate the property, which will be sold and the Equity Loan repaid out of the proceeds.

**Who maintains and insures the property?**

Our Associate who occupies the property. But the Management Committee may agree to assist with requested improvements, as this would affect the Association's investment in the property.

**What happens if property prices fall?**

If property prices fall between the dates of the property purchase and sale (or an early Equity Loan payout), then the Equity Loan is repaid in a reduced amount reflecting the percentage fall in property value. If property prices fall and then recover before the Equity Loan needs to be repaid, the value at the time of repayment is the crucial factor.



# Loan Information Sheet

To be completed by persons offering a loan to Affordable Christian Housing



**AFFORDABLE  
CHRISTIAN  
HOUSING**

Full Name:

Address:

E-mail:

Tel:

Amount of loan being offered: £

## ■ Anonymity

Do you wish anonymity from:

The Association's Management Committee:

Yes / No

The key Christian worker involved:

Yes / No

## ■ Time

How many years could the loan be available?

 years

## ■ Type of Loan

**Standard / Equity Based**

If equity based, please state if a specific property/

Christian worker(s) is to be supported:

## ■ Interest

Is the loan to be interest free? **Yes / No**

Rent is charged to the key Christian worker on interest-bearing loans. If not, interest will be paid at an agreed modest percentage (3% maximum)

Please state the interest frequency required:

**Quarterly / Annually**

If interest is required, tax will be deducted at source by the Association, accounted for to HMRC, and an annual tax deduction certificate will be issued

## ■ Repayment

Latest required repayment date:

Any other conditions on repayment:

Is the loan to be 'forgiven' in your will?

Yes / No

Signature:

Date:

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