



Local Authority Affordable Purchase Scheme

What is the Local Authority Affordable Purchase Scheme?

Local authorities will make homes available at a reduced price for first-time buyers whose mortgage and deposit will not cover the price of the home and who are seeking to purchase a newly-built home.

Through the scheme, the local authority will take a percentage equity stake (share of the ownership) in the home equal to the difference between the open market value of the property and the reduced price paid by the purchaser.

To directly support local authority-provided affordable housing, under Housing for All, the Government will provide significant financial support through a new Affordable Housing Fund. It will deliver homes for sale in areas where affordability constraints are most acute.

Who is the scheme for?

- Households which, using their combined deposit and their approved maximum mortgage, cannot afford the home at its open market value.
- The scheme is targeted at first-time buyers in local authorities with the greatest affordability challenges.
- Provision will also be made for:
 - divorced or separated individuals who do not retain an interest in a home previously owned with their former spouse/Civil Partner;
 - a limited category of second-time buyers (those who purchased previously but whose home is now demonstrably too small for their household needs); and
 - applicants who previously purchased a dwelling but who sold it or became divested of it as part of insolvency/bankruptcy proceedings

How will the scheme work?

- The scheme will apply to new-build local authority houses and apartments.
- The scheme will be available in those housing authorities (that is, local authorities) that have identified an existing housing affordability challenge in the area concerned (14 local authorities to date have received approval in respect of affordable purchase projects).
- The support provided by the local authority will take the form of an equity stake on the home equal to the level of funding provided through the scheme.
- To participate in the scheme, applicants will be required to maximise their senior mortgage drawdown capacity (3.5 times a household income, from a participating bank, according to the Central Bank's macro-prudential rules).
- Applicants may also be able to avail of the Rebuilding Ireland Home Loan (which will be replaced by the Local Authority Home Loan).

- The maximum financial support available on each home will be established by the local authority delivering the homes.
- The purchaser can redeem ('buy out') this equity stake at a time of their choosing but there will be no requirement to do so.
- If the purchaser chooses not to redeem the equity stake while living in the home, the local authority can do so when the property is sold or transferred, or after the death of the owner.
- As the equity stake will return to the local authority over time it can then be recycled to help others who can't afford to buy a home.

How much will the homes cost?

Local authorities have indicated that they will aim to make homes available at an average purchase price of €250,000.

What impact will the scheme have?

Over the coming years, the Local Authority Affordable Purchase Scheme will make home ownership achievable for thousands of households living in the local authority areas with greatest affordability challenges.

When will the new scheme come into effect?

Each local authority will introduce its own scheme. The first homes available under the scheme will become available in late 2021. Delivery of affordable homes by local authorities will incrementally expand as projects currently in development are delivered.

Details of local authority developments that are in the construction pipeline and scheme eligibility etc. will be published on www.gov.ie/housingforall.

How will someone be able to apply for the scheme?

The application process will be managed by the respective local authorities delivering the homes. Homes available will be advertised and applications invited as and when they become available.

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