



Comhshaol, Oidhreacht agus Rialtas Áitiúil  
Environment, Heritage and Local Government



## **Circular SHIP 2011/04**

25 February 2011

### **2011 Fixed-term Tenant Purchase Scheme for long-standing tenants**

To each Director of Housing and Town Clerk

Dear Director/ Town Clerk,

1. In the 2011 Budget Statement, the Minister for Finance announced a new fixed-term tenant purchase scheme. The new scheme applies only to tenants of 10 years standing or longer, and will be open for applications only until the end of this year, 2011. The new scheme does not replace the existing 1995 scheme, which remains in place for tenants with up to 10 years tenancy.
2. The 2011 scheme provides for a maximum discount of 45% on market price, based on 3% discount for each year of tenancy up to 15 years. The further discount of €3,810 available under the 1995 scheme does not apply to the 2011 scheme. The option of purchase by Shared Ownership is not available under this scheme. Applications may be made by eligible tenants from the date of the adoption of the new Tenant Purchase Scheme by the housing authority until the closing date for applications of 31 December 2011. Sales will have to be finalised by 31 December 2012 as the scheme will expire on that date.
3. Houses will be sold in accordance with section 90 of the Housing Act, 1966, new Regulations which have been made to give effect to the 2011 scheme (*Housing (Sale of Houses to Long-standing Tenants) Regulations, 2011*) and the purchase scheme adopted by the individual housing authority.
4. Details of the terms of the 2011 scheme and guidance notes are set out in Appendix 1 attached, with a Model Scheme at Appendix 2 and copies of the Regulations at Appendix 3. Appendix 4 is an (informal) consolidated and updated text of sections 89 and 90 of the Housing Act, 1966, and related provisions, for ease of reference.



5. Each housing authority owning houses should now proceed to adopt a Purchase Scheme in accordance with the relevant primary legislation and the 2011 Regulations. Authorities may wish to use the Model Scheme (Appendix 2 attached) as a guide. Please note that this 2011 Purchase Scheme will be additional to the 1995 Purchase Scheme and will not replace the latter. While adoption of a Purchase Scheme is a reserved function, it should be noted that individual sales under either Purchase Scheme are not subject to resolutions under section 183 of the Local Government Act, 2001. A Purchase Scheme should be adopted as soon as possible, but no later than 15 April 2011.
6. Authorities should, as soon as possible, inform all existing tenants of the introduction of the 2011 Purchase Scheme and its terms, to ensure that eligible tenants have an opportunity to apply to purchase, if they so wish. The opportunity should also be taken to remind tenants that the existing 1995 Purchase Scheme will cease in 2012, when planned legislation is enacted providing for the introduction of a discount scheme based on the incremental purchase model. (Circular SHIP 2010/14 of 11 June 2010 refers).
7. Authorities should also note that the Stamp Duty rules have changed recently. The former general exemption from Stamp Duty in relation to instruments giving effect to the conveyance, transfer or lease of a house, building or land by a housing authority, which would include tenant purchase sales, has been removed with effect from 1 April, 2011. The maximum Stamp Duty payable from that date in these cases is €100.
8. Section 13 of the Housing (Miscellaneous Provisions) Act, 2009 Act provides that any moneys accruing to a housing authority from tenant purchase sales shall be accounted for in a separate account and, subject to prior approval of the Minister, may be used for the provision of housing, or refurbishment or maintenance of existing housing or related purposes. Proposals for use of the receipts of sales will be subject to parameters outlined in the annual ICR Circulars.
9. In the event that a local authority loan is used to purchase the property, a proportion of the loan amount should be taken from the purchase money and held in reserve against possible bad debt liabilities. This proportion may be set by the authority, but should not be less than 10%.



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10. Purchases may be funded from tenants' own resources, a mortgage loan from a commercial bank or a local authority loan. Applications for local authority loans to prospective purchasers under this scheme are subject to the provisions outlined in Circular HPS 4/2009 relating to the Housing (Local Authority Loans) Regulations, 2009 and the related Credit Policy.

11. Queries may be addressed to

Tenant purchase aspects - Elizabeth Munro, Social Housing (Supply), Elizabeth.Munro@environ.ie,  
Phone (01) 888 2272

Local authority loans aspects - Francis Walsh, Housing and Construction Policy, Finance and Statistics,  
Francis.Walsh@environ.ie, telephone (053) 911 7392

Yours sincerely

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Eddie Lewis

Social Housing (Supply) Section

Appendix 1 - Outline of General Terms and Guidance Notes for local authorities.

Appendix 2 - Model Scheme for 2011 Tenant Purchase Scheme

Appendix 3 - Housing (Sale of Houses to Long-Standing Tenants) Regulations, 2011 (SI No 82 of 2011)

Appendix 4 - Informal consolidated and updated text of sections 89 and 90 of the Housing Act, 1966, for ease of reference