



Comhshaol, Pobal agus Rialtas Áitiúil
Environment, Community and Local Government



17 November 2015

Circular: Housing 42/2015

To the Chief Executive of each housing authority
and each Director of Housing Services

**New tenant purchase scheme for existing local authority houses and changes
to existing purchase schemes**

1. Introduction

I am directed by the Minister for the Environment, Community and Local Government to refer to Housing circular 21/2015 dated 3 June 2015 and to inform you that he has made the statutory instruments necessary to introduce the new tenant purchase scheme for existing local authority houses on 1 January 2016. The new scheme is modelled along similar lines to the incremental purchase scheme for certain newly-built or acquired local authority houses (Housing circular 2010/14 dated 11 June 2010) and the tenant purchase scheme for local authority apartments (Housing circular 51/2011 dated 23 December 2011). The terms of the 2 existing purchase schemes are also being amended from 1 January 2016: see sections 6 and 7 following.

The following statutory instruments and direction relating to the new scheme are attached:

- Housing (Miscellaneous Provisions) Act 2014 (Commencement of Certain Provisions) (No. 2) Order 2015 (S.I. No. 482 of 2015) – Appendix A;
- Housing (Sale of Local Authority Houses) Regulations 2015 (S.I. No. 484 of 2015) – Appendix B;
- Section 24 direction concerning the determination by housing authorities of reckonable income for the purposes of the scheme – Appendix C.

2. Explanatory notes and guidance

The following material is attached to assist housing authorities in the operation of the scheme:

- Note setting out the terms of the new scheme – Appendix D ;
- General guidance on the operation of the new scheme – Appendix E (Chapter 1);
- Guidance on the operation of the incremental purchase charge – Appendix E (Chapter 2).
- Explanatory notes on Part 3 of the Housing (Miscellaneous Provisions) Act 2014
 - Appendix E (Chapter 3);
- Explanatory notes on Housing (Sale of Local Authority Houses) Regulations 2015
 - Appendix E (Chapter 4);
- Explanatory notes on section 24 directions relating to reckonable tenant income
 - Appendix E (Chapter 5).

3. Arrears of water charges

Section 48 of the Environment (Miscellaneous Provisions) Act 2015 (No. 29 of 2015) inserts a new section 3A into the Water Services Act 2014 (No. 44), subsection (9) of which provides that a housing authority shall not complete the sale of a dwelling under a tenant purchase scheme until the tenant provides to the authority a certificate from Irish Water confirming that any charge under section 21 of the Water Services (No. 2) Act 2013 (No. 50) in respect of that dwelling payable by the tenant has been paid. This enactment will, on commencement, apply to all tenant purchase schemes, viz., the new scheme coming into force in January 2016, to the 2010 incremental purchase scheme for certain newly-built or acquired local authority houses and the 2012 tenant purchase scheme for existing local authority apartments. Housing authorities will be notified in due course when section 3A of the Water Services Act 2014 comes into operation.

4. Private sector loans for tenant purchase under the new scheme

The Department has commenced discussions with the Banking and Payments Federation Ireland in relation to private financial institutions providing loans to tenant purchasers under the new scheme.

5. Changes to 2010 incremental purchase scheme for newly-built or newly-acquired houses from 1 January 2016

Part 3 of the 2014 Act and the Housing (Incremental Purchase) (Amendment) Regulations 2015 (S.I. No. 483 of 2015 (copy attached Appendix F)) make a number of changes to the 2010 incremental purchase scheme for certain newly-built or acquired local authority houses.

Section 34 of the 2014 Act, which comes into force on 1 January 2016, amends the 2009 Act to make the following changes to the 2010 scheme:

- Under the amendment made in section 34(g), in order to be eligible to apply to purchase under Part 3 of the 2009 Act, a household on the authority's housing list that is allocated a Part 3 house must apply to purchase that house within 5 years of allocation: note that it is not necessary for the tenant to actually purchase the house within the 5-year period;
- The section 34(h) amendment updates the rent arrears disqualification from purchasing a newly-built or newly acquired local authority house under the 2010 scheme to provide that—
 - a housing authority shall not sell a house under Part 3 of the 2009 Act to a household transferring from other forms of social housing support where, in the 3 years prior to applying to purchase, the household or a household member was in arrears of rent, rent contributions, charges, fees or any other monies owed to a housing authority or an approved body for an accumulated period of more than 12 weeks in respect of a dwelling or site provided as social housing support, but
 - this disqualification does not apply where the household or household member enters into rescheduling arrangements with the authority or body concerned for paying off these debts and complies with the terms of these arrangements or the authority or body is satisfied that failure to substantially comply with the terms was due to circumstances outside the control of the household or member concerned;
- The section 34(i) amendment deletes the sale condition under the 2010 scheme that a house purchaser must seek the prior written consent of the housing authority to the carrying out of material improvements to the house.

The Housing (Incremental Purchase) (Amendment) Regulations 2015, which also come into force on 1 January 2016, amend the Housing (Incremental Purchase) Regulations 2010 (S.I. No. 252 of 2010) relating to the 2010 incremental purchase scheme for certain newly-built or acquired local authority houses to—

- exclude from purchasing a local authority house under the 2010 scheme a person who has purchased a local authority house under the new tenant purchase scheme for existing local authority houses,
- reflect the updated amount of a fine in the statement to be included in an application form under the 2010 scheme concerning penalties for providing false, etc., information, and
- delete from the prescribed form of the combined transfer and charging order for a house being sold under the 2010 scheme the condition that the purchaser shall not, without the prior written consent of the housing authority, make material improvements to the house during the charged period.

6. Changes to 2012 tenant purchase scheme for local authority apartments

Part 3 of the 2014 Act updates the disqualification relating to rent arrears that applies to purchasing a local authority apartment under the 2011 scheme. The revised disqualification is set out in paragraphs (j) and (k) of section 34 of the 2014 Act, which come into operation on 1 January 2016 and which amend section 64 of the 2009 Act to provide in section 64(9)(a) and (9A) that—

- a housing authority shall not proceed with the sale of an apartment to a tenant under Part 4 of the 2009 Act where, in the 3 years prior to applying to purchase, the household or a household member was in arrears of rent, rent contributions, charges, fees or any other monies owed to a housing authority or an approved body for an accumulated period of more than 12 weeks in respect of a dwelling or site provided as social housing support, but
- this disqualification does not apply where the tenant or household member enters into rescheduling arrangements with the authority or body concerned for paying off these debts and complies with the terms of these arrangements or the authority or body is satisfied that failure to substantially comply with the terms was due to circumstances outside the control of the tenant or member concerned.

The revised rent arrears disqualification does not come fully into force until section 64(9)(a), as amended, of the 2009 Act is commenced. Housing authorities will be notified in due course when that enactment is brought into operation.

7. Commencement of Housing (Miscellaneous Provisions) Act 2014

On 1 January 2016, the Housing (Miscellaneous Provisions) Act 2014 will be fully commenced except for the following provisions:

Section No.	Subject matter
20	Insertion of section 29A into Housing (Miscellaneous Provisions) Act 2009
36	Restriction on application of Residential Tenancies Act 2004 (only in so far as it relates to section 47 of the 2014 Act)
Subsection (4) only of section 41	Restriction on paying housing assistance in regeneration areas and areas where there is a need to counteract undue social segregation.
44	Payment of rent contribution by HAP recipient
47	Payment of HAP in respect of CAS accommodation
48	Review of certain HAP decisions
53	Deduction of local authority rent, etc., by Minister for Social Protection
Subsection (1) only of section 54	Amendments of Social Welfare Consolidation Act 2005 relating to direct deduction of local authority rent, etc.,

Housing authorities will be notified according as these enactments are brought into operation.

8. Information seminar for local authority staff

An information seminar will take place on Tuesday 24 November 2015 in the Custom House, Dublin for relevant local authority staff, to outline the main terms of the scheme and to discuss any issues arising from the introduction of the scheme. The seminar will commence at 2 pm, with registration and refreshments from 1.30 pm.

Please send details of your nominee to Eugenie Carter or Gerry Byrne at housingpolicy@environ.ie by Thursday 19 November 2015.

9. Conclusion

Queries about this circular should be directed to Theresa Donohue at 01-8882807 or Gerry Byrne at 01-8882718 or housingpolicy@environ.ie.

A copy of this circular and guidance is available on the Sharepoint system (<http://circulars.lgcsb.ie/doecirculars>) under the category "Housing" and on the Housing Manual at www.housingmanual.ie.



Barry Quinlan
Principal
Housing Policy & Finance Section