



**An Ghníomhaireacht
Tithíochta**
The Housing Agency

Tenant Incremental Purchase Scheme 2016

Frequently asked Questions

Issued January 2024

Frequently Asked Questions

This FAQ has been compiled based on the most common questions submitted to The Housing Agency on the operation of the Tenant Incremental Purchase Scheme since 2021. If there are other questions you would like to see featured in this document, please email tips@housingagency.ie.

NOTE: The guidance documents issued by the Department of Housing, Local Government and Heritage on the Tenant Incremental Purchase Scheme are the primary reference sources for local authority staff on the operation of the scheme. These guidance documents can be found on The Housing Manual [here](#). If you cannot access the link or are not a registered user of The Housing Manual, please email manual@housingagency.ie.

1. Do both tenants need to be in receipt of Social Housing Support?

In the case of two applicants, both must be named as tenants but only one tenant is required to be in receipt of social housing support for at least 10 years before being eligible to apply per [S.I. No. 619/2023 - Housing \(Sale of Local Authority Houses\) \(Amendment\) Regulations 2023](#).

Time spent in any form of social housing support in the previous 10 years is reckonable, including time spent as a tenant in receipt of Housing Assistance Payment (HAP), or a tenant in receipt of any combination of social housing support in the previous 10 years.

Please note that time spent as an occupier residing in a social housing tenancy or a household member of a person receiving HAP does not count towards meeting the 10-year period, even where that person has been included on the tenant's rent account. Only time accumulated as a tenant in receipt of social housing support is reckonable.

Example 1: LA tenant has partner who does not have 10 years of reckonable tenancy

John has been a tenant of a local authority property for 15 years. John recently went through the process with the local authority to include his partner Tracey on the tenancy agreement as a joint tenant.

They have applied to buy the property under the scheme. Although Tracey has not yet reached the required 10 years of Social Housing Support to be eligible as an applicant for the scheme on her own, John has reached the required 10 Years, meaning the couple is now eligible to participate in the scheme.

If John had fewer than 10 years of reckonable tenancy through any form of social housing support, neither of them would have been eligible.

2. Can the time spent on rent supplement be counted towards the required 10 years of social housing support?

The time a tenant was receiving Rent Supplement cannot count towards the 10-year period as Rent Supplement is not a form of Social Housing Support. Rent Supplement is a support for private rented tenants provided by the Department of Social Protection. More information about the Rent Supplement scheme can be found [here](#).

Example 2: Rent Supplement and the Rental Accommodation Scheme

Jane approaches her Local Authority looking to apply to the Tenant Incremental Purchase Scheme.

Jane was in receipt of rent supplement for 4 years prior to transitioning to the Rental Accommodation Scheme (RAS). Jane spent another 6 years as a RAS tenant before becoming moving into a local authority home recently.

As Jane's time on Rent Supplement does not count towards the 10-year period, Jane has only accumulated 6 years of Social Housing Support. Jane will need to wait another 4 years to reach the minimum 10-year period to become eligible for the scheme.

3. Can you meet the minimum income requirements from multiple sources of reckonable income?

Yes, income from multiple reckonable sources can be used to meet the minimum income requirements as long as it meets the minimum reckonable income threshold of €11,000.

Example 3: Income is from multiple sources

Nicole and Mary are tenants. They are a mother and daughter, and they have decided to make an application to purchase their local authority home together. They are in receipt of the following sources of annual income:

Primary sources of income (reckonable)

- Employment of €4950
- Private pension of €2,000
- State contributory pension of €5,761

Secondary source of income (reckonable)

- Working Family Payment of €2,600

Income from source on disregard list (not reckonable)

- Child Benefit of €7,280

They have a total income of €22,591 however as the Child Benefit payments are included in the list of income disregards sources, their gross income for the calculation is reduced to €15,311.

As their combined gross reckonable income is greater than the minimum threshold of €11,000, they are eligible on income grounds for the scheme.

4. Can a tenant purchase a local authority property if they inherited another property?

If the applicant owns another property through inheritance, they are still permitted to purchase their Local Authority property through the Tenant Incremental Purchase Scheme, provided they meet all other eligibility requirements.

Example 4: Local authority tenant inherited a property.

Fran approaches her local authority to apply for the Tenant Incremental Purchase Scheme. Fran has been a tenant of the local authority for 10 years. Fran informs the local authority that she inherited a property from her parent 2 years ago. Fran has been renting out the inherited property for the past 8 months and has appropriately declared this additional income to the local authority in accordance with the differential rent scheme.

The terms of the Tenant Incremental Purchase Scheme do not preclude Fran from accessing the scheme because she owns another property through inheritance, and the local authority is able to move forward in assessing her application for the Tenant Incremental Purchase Scheme.

5. Can a local authority accept a lump sum as payment or part payment from a tenant for a property?

Local authorities have a statutory responsibility to exercise due diligence to prevent a tenant funding the purchase of a property through money laundering or other criminal activity. For this reason, cash payments cannot be accepted as the local authority will be unable to verify the source of the funds.

[Regulation 7 of the Housing \(Sale of Local Authority Houses\) Regulations 2015 \(S.I. No. 484 of 2015\)](#) requires a tenant to indicate to the local authority the intended source of funding for the house purchase. Under subsection (d) of that same Regulation, local authorities can request any further information necessary for consideration of the purchase application.

There are tenants who might be in a position to fully fund or partly fund the purchase of their home without having to take out a loan or mortgage with a financial institution. For

example, a tenant might have a lump sum available to them through savings, an inheritance, or a gift from a relative. Once the tenant provides sufficient evidence to the local authority as to the source of the funds, local authorities can accept a lump sum payment.

Example 5: Legitimate source of a lump sum

Anne has applied to purchase the local authority property she has been a tenant in for 10 years; she does not plan to use a local authority home loan or mortgage.

Anne intends to buy the property using a mixture of her savings and a gift deposit from a relative. Anne has provided a bank statement showing her continuous saving throughout the years, the deposited gift money, and a signed letter outlining the gifted money from the relative.

These funds may be considered, as Anne has shown sufficient evidence of the source of funds, although the local authority may also choose to ask the tenant for further documentation, if required.

6. What happens to the charge if the tenant of the TIPS property dies?

In situations whereby the tenant(s) passes away before the incremental purchase charge period is over, and the property is inherited by a family member, the family member would not have to pay the outstanding charge back to the local authority immediately upon taking ownership.

The inheritor takes on the same obligations as the original purchaser, requiring the inheritor to continue paying the incremental payment throughout the remainder of the charge period. The legislation refers to “the purchaser,” and the TIPS Guidance for housing authorities defines the person who inherits the property as “the purchaser” as well.

It is important to note that if the inheritor sells the property before the end of the charge period, the inheritor would need to pay the outstanding value of the incremental purchase charge to the local authority.

This is outlined under [Part 3 Section 29\(4\) of the Housing \(Miscellaneous Provisions\) Act 2014](#).

Example 6: Charge on an inherited TIPS property

Sally and George bought a property valued at €215,000 with a 50% discount, the purchase price was €107,500 with a charge period of 25 Years. They have both passed away 10 years into the 25-year charge period. The property has now been inherited by their daughter, Susan, and she intends to reside in the property.

Should Susan remain in the property for a further 15 years and continue to pay down the charge, the outstanding Incremental Purchase charge would continue to reduce to zero. If Susan chose to sell the property during the charge period, she would have to pay the current outstanding Incremental Purchase charge.

7. What types of local authority properties cannot be purchased under the scheme?

Generally, if the property is in the ownership of the local authority and is considered to be part of the local authority's housing stock, it can be considered for the scheme. There are certain properties that are excluded from this scheme, as further described in Regulation 4 of the Housing (Sale of Local Authority Houses) Regulations 2015 [here](#). The list of excluded properties is below:

- Apartments, flats, maisonettes and duplexes
- Houses specially designed for older people
- Houses provided for people with disabilities to help them leave institutional care and live in the community
- Houses that are part of a group housing scheme for Travellers
- Caravans, mobile homes or other homes that can be moved
- Houses in a private development transferred to the local authority by the developer, including Part V tenancies
- Houses reserved by the local authority for particular reasons

Additionally, Mortgage to Rent properties do not fall under the scheme as the Mortgage to Rent scheme has tenant purchase options built into the scheme to allow former owners to purchase their homes back, should their circumstances allow for it in the future.

Example 7: Tenant seeking to purchase an apartment from the local authority.

Sandra and Bill have been joint tenants of a local authority unit in an apartment building for 12 years, and they have approached their local authority to enquire if they can apply for the Tenant Incremental Purchase Scheme.

While Sandra and Bill meet the eligibility requirements for the scheme, they will not be able to purchase this home, as their property is an apartment and is part of the excluded properties as described in Regulation 4 of the Housing (Sale of Local Authority Houses) Regulations 2015

END