



Commitment for Change

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Enable more people to begin
to buy a home


Labour

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Despite our buoyant economy, in the last ten years house prices have quadrupled and the numbers on housing waiting lists have doubled. Despite record levels of house construction, with almost half a million new houses built in the last decade alone, the simple wish to own your own property has now become an insurmountable hurdle for so many people who want to make a home in our communities.

The fact is many young working families are simply being priced out of the housing market. Some have managed to buy far out into the commuter belts, but are now unable to trade up as their family needs change. Young people working across the country are unable to afford to buy their own home and settle in the communities that they would like to be part of – near their places of work, where they were raised or where their families live.

A new approach to housing policy is needed.

In order to achieve this Commitment for Change – to enable more people to begin to buy a home - we are proposing a new direction in Irish housing policy. It is called 'Begin to Buy' and will enable every working household to begin buying a home of their own, or to trade up to a home to meet their family needs.

This is how it will work: Take a couple who can get a mortgage for €250,000. They need to buy, let us say, in the greater Dublin area. The fact is that their loan will not enable them to buy in that area.

Under the 'Begin to Buy' scheme, they will go to the local housing authority with their mortgage approval of €250,000. Once approved by the authority to purchase a house suitable to their needs, the couple to out into the market and buy for say €400,000. The housing authority will guarantee the balance of the loan necessary to buy at that price – the authority can do this by taking a proportionate stake in the property, with the house-hunter undertaking a minimum quarter stake in the home. The couple will then repay their approved mortgage in the normal way. The housing authority will also finance the balance, through a new Housing Assistance Fund which will be established through the National Treasury Management Agency.

The couple will be free to sell and redeem their share of the property, which they can then use to buy somewhere else - using the same scheme if necessary. They will also be free and in fact incentivised to increase their share in the property at any time. Any increase in the value of the property will be shared in accordance with the initial shares of cost.

Under this scheme, every working household will be enabled to begin to buy a home and to truly settle within our communities. We hope that with this Commitment for Change – along with the other four commitments - a better quality of life can be truly achieved for hardworking families throughout Ireland.



Pat Rabbitte

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Cost

€100 million.

Time for Delivery

This commitment will be delivered on an annual basis.

Rationale

A new two-tier society has evolved in Ireland: those who can buy up lots of property and those who can not afford to buy their own home.

Over the past 10 years, average house prices have trebled nationally, and more than quadrupled in Dublin. At the moment, thousands of people are struggling to get on the housing ladder, with many unable to settle down in the communities that they would like to become part of. Thousands of young workers simply cannot afford to buy a home from their own resources, especially in the cities. Many struggle to buy in the commuter belts, but are now hit by rising interest rates, high child care costs and the exhaustion of commuting. Some are trapped in private renting, often paying more in rent than the cost of a mortgage, but unable to save for the costs of buying.

Labour believes that everyone has the right to a home. It is the responsibility of government to ensure that the State's housing policies are arranged so that everyone has a good quality home, suitable to their needs, in a safe and sustainable neighbourhood, and at a price which they can afford.

Implementation

This scheme will be set up and implemented in each Housing Authority, working with the NTMA – key features of this will be an incentive scheme to increase the house owner's possible share in their home and criteria for ascertaining if mortgages are able to be financially repaid comfortably.

In addition to this, the NESF has recommended that Social Housing output should be increased to approximately 10,000 per annum for the next seven years. The Labour Party is committed to this target.

For more information, please contact:

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