

Essential Workers Housing Options

Overview

In their first Action Plan the Housing and Communities Board committed to further developing an 'essential worker' housing policy. Following discussions with relevant government departments and key stakeholders, a range of actions have been drawn up to support essential workers in finding accommodation, both temporary and permanent.

Essential workers have been defined by the Housing and Communities Board, for the purpose of housing provision, as all those employed in Health and Care, Education, Emergency Services, and Prison and Probation Services. This recognises the pivotal role those working in these sectors play in delivering services which all Island residents depend upon, and acknowledges difficulties that many will have when attempting to secure long-term accommodation, particularly those who have recently relocated to the Island.

Why your views matter

The Department of Infrastructure currently provides financial assistance to eligible regular first time buyers via Shared Equity Schemes. This is done by providing an equity loan, up to a maximum of 30% of the property purchase price. In return, the Department takes an equivalent share in the value of the property purchased.

The Shared Equity Schemes have eligibility criteria that apply, including maximum income thresholds, restrictions against current and previous property ownership and a minimum Island residency requirement of at least 5 years. This consultation will ask for your views about whether those persons working in critical and essential areas of our economy should have different eligibility criteria to allow them earlier or easier access to the same type of loan assistance available to regular first time buyers purchasing a home on the open market.

Responding to this consultation

You can respond to this consultation online by clicking on the 'Online Survey' link below. Alternatively you can download a paper version of this consultation in the 'Related' section below and email it to Juan.Bellando2@gov.im or post it to:

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Housing purchase assistance for regular first time buyers

First Home Choice Scheme

The Shared Equity Purchase Assistance (First Home Choice) Scheme enables a first time buyer to use the equity loan to purchase any property advertised on the open market. The Department's equity share lasts for the life of the assisted person's ownership of the property, although they are able to buy out the total or part of the Department's share in the property at the prevailing market rate at any time. After the first anniversary of drawdown for the loan, interest also becomes payable and will be charged at whichever is the lesser of either 1% per annum, rising by 1% each year or the Bank of England Base Rate plus 3%.

First Home Fixed Scheme

The First Home Fixed Scheme is specifically targeted towards those on low incomes. It works in a similar way to the First Home Choice Scheme, providing financial assistance in return for equity in the property up to 30% of the total value of the property. However, it is only available to those on the Register of First Time Buyers, and purchase prices are discounted up to a maximum purchase price of £185,000.

More information on the First Home Fixed Scheme is available on the First Time Home Buyers Assistance page on gov.im [<https://www.gov.im/categories/home-and-neighbourhood/affordable-housing/first-time-home-buyers-assistance/>](https://www.gov.im/categories/home-and-neighbourhood/affordable-housing/first-time-home-buyers-assistance/) .

Background information and classification of essential workers

Essential worker definition

Essential workers have been defined by the Housing and Communities Board, for the purpose of housing provision, as all those employed in Health and Care, Education, Emergency Services, and Prison and Probation Services.

1 Are you responding as:

Please select only one item

- A member of the public
- A representative from an organisation which does hire essential workers as defined on this consultation
- An essential worker as defined on this consultation
- A representative from an organisation which does not employ essential workers
- Other (please specify)

Other:

2 Which sectors do you believe should be included in the definition of 'essential workers' for the purposes of housing provision? (Tick all that apply)

Please select all that apply

- Medical and Healthcare
- Education and Childcare
- Emergency Services
- Prison and Probation Services
- Logistics
- Utilities
- Construction
- Agriculture, Forestry, and Fishing
- Finance
- Hospitality
- Digital
- Professional Services
- Manufacturing
- Retail and Wholesale
- Other (please specify)
- None of the above

Other:

3 Should any other factors be used to determine whether to classify a person as an 'essential worker' for housing purposes?

Provision of housing assistance to essential workers

Shared Equity Purchase Assistance (First Home Choice) Scheme definition

The Shared Equity Purchase Assistance (First Home Choice) Scheme enables a regular first time buyer to use the equity loan to purchase any property advertised on the open market. The Department's equity share lasts for the life of the assisted person's ownership of the property, although they are able to buy out the total or part of the Department's share in the property at the prevailing market rate at any time. After the first anniversary of drawdown for the loan, interest also becomes payable and will be charged at whichever is the lesser of either 1% per annum, rising by 1% each year or the Bank of England Base Rate plus 3%. Therefore, the First Home Choice Scheme generates revenue for the department and Isle of Man Government.

4 The Department of Infrastructure is reviewing options for affordable housing initiatives beyond the current Shared Equity Purchase Assistance Schemes. If new affordable housing initiatives are introduced in the future, should essential workers be provided with easier or specialist access to these initiatives?

Please select only one item

- Yes, they should have easier access, such as a reduced residency requirement or higher income thresholds
- No, they should have the same level of access as other Island residents
- Don't know

5 Should the Shared Equity Purchase Assistance (First Home Choice) Scheme be made more accessible for essential workers?

Please select only one item

- Yes, this approach is fair and proportionate
- Yes, but essential workers should also have easier access to the Shared Equity Purchase Assistance (First Home Fixed) Scheme
- No, essential workers should have the same level of access as other Island residents but current restrictions should be eased for all
- No, essential workers should have the same level of access as other Island residents and the current restrictions should remain the same
- Don't know

Income criteria

The current income thresholds to access the First Home Choice Scheme are below. The income thresholds were updated in July 2022 to reflect changes in annual earnings data at that time.

Maximum annual household income

Single Persons: £39,000

Couple - no children: £62,000

Single or couple with 1 or more children: £67,000

6 Should the maximum income threshold for essential workers match those that apply to regular first time buyers applying for assistance under the First Home Choice Scheme?

Please select only one item

- Yes
- No
- Don't know

7 If you don't think the maximum income threshold for essential workers should match those that apply to regular first time buyers, what do you think the threshold should be?

Please select only one item

- £40,000
- £45,000
- £50,000
- No maximum income threshold
- Other (please specify)

Other:

Please explain your view:

Residency criteria

Regular first time buyers accessing financial assistance through the First Home Choice Scheme must have been ordinarily resident in the Island for 5 years before they are eligible to apply for support.

Certain essential workers within the public service, especially in specific shortage roles, may be offered bespoke incentives as part of their employment package, which may include rent support lasting for up to 2 years, payment of certain relocation expenses, and retention bonuses. The majority of these incentives last a maximum of 2 years.

8 Should essential workers need to be resident on the Island for 5 years before being able to access the First Home Choice Scheme?

Please select only one item

- Yes
- No
- Don't know

9 If you don't think the minimum 5 year residency should apply to essential workers, what residency requirement do you believe should apply to essential workers seeking to receive financial assistance towards a home purchase?

Please select only one item

- None
- 6 months
- 1 year
- 2 years
- 3 years
- 4 years
- Other (please specify)

Other:

Size of equity loan/share

Regular first time buyers may receive financial assistance towards their property purchase by way of an Equity Loan up to 30% of the purchase price. The remainder needs to be covered through a combination of personal finances and borrowing from a mortgage lender.

10 How much equity loan should be provided to essential workers towards their home purchase?

Please select only one item

- up to 20%
- up to 25%
- up to 30%
- up to 40%
- Other (please specify)

Other: