



Consultation on proposals for the Shared Equity Purchase Assistance Schemes

**Housing Agency
Department of Infrastructure**

Closes: 15 January 2026
Opened: 04 December 2025

Executive Summary

The Housing Agency in the Department of Infrastructure currently provides house purchase assistance through two schemes offering Shared Equity Loan Assistance:

- First Home Fixed Scheme¹
- First Home Choice Scheme²

This consultation outlines proposed amendments to these schemes aimed at improving affordability and access to home ownership. The proposals respond to a June 2024 Tynwald resolution requiring a review of home purchase assistance schemes and the development of an affordability framework. They also reflect recent policy developments, including the 2022 scheme updates and expanded eligibility for second-time buyers.

Key proposals include:

- Resetting income thresholds and discounted purchase prices using updated earnings and construction cost data, with annual indexation applied going forward to maintain affordability and scheme relevance.
- Extending interest-free periods and increasing equity loan assistance under the Choice Scheme to support market access.
- Reducing residency requirements under the Choice Scheme to improve access for new residents who have recently settled on the Island and committed to staying here.

In line with this resolution, the Housing Agency has reviewed the affordability framework and proposes an approach that guides applicants on their repayment capacity. This aims to support practical affordability while maintaining inclusive access.

The Department is now instructing the drafting of amendment legislation for implementation by 1st April 2026. This consultation seeks feedback from stakeholders and the public to help shape the final proposals.

Please note: For clarity on which proposals are open to feedback and how your input will be used, see the Consultations Scope section immediately following this summary.

Consultation Scope

This consultation seeks your views on proposed changes to the Shared Equity Purchase Assistance Schemes. We are committed to meaningful engagement and want to be transparent about the areas where your feedback can have the most impact:

- Some proposals are required by law, policy, or previous decisions (such as Tynwald resolutions). For these, we welcome your feedback on how they are implemented and any potential impacts or unintended consequences.
- Other proposals are more flexible, and we are genuinely seeking your ideas, alternatives, and suggestions.
- All feedback will be reviewed and summarised for the Housing Agency Board. While not every suggestion can be adopted, your input will help shape the final approach and ensure the schemes remain responsive to the needs of the Island.

We encourage you to be as specific as possible in your responses, especially where you have evidence or experience that could inform our decisions.

¹ "First Home Fixed Scheme" is the short name for the Shared Equity Purchase Assistance (First Home Fixed) Scheme 2014

² "First Home Choice Scheme" is the short name for the Shared Equity Purchase Assistance (First Home Choice) Scheme 2014

Section 1. About You

In what capacity are you responding to this consultation?

(required)

- ☐ Individual
- ☐ Organisation

If you are an individual responding in your own right, please indicate your home ownership status:

- ☐ Homeowner (no mortgage)
- ☐ Homeowner (with mortgage)
- ☐ Private renter
- ☐ Social or subsidised renter
- ☐ Living with family
- ☐ Living with friends
- ☐ Other (please specify): _____

If you are responding on behalf of an organisation, please provide details:

Organisation name: _____

Organisation type:

- ☐ Government Department
- ☐ Local Authority
- ☐ Charity or Non-Profit
- ☐ Developer
- ☐ Estate Agent
- ☐ Financial Advisor
- ☐ Mortgage Provider
- ☐ Law Firm
- ☐ Other (please specify): _____

May we publish your response?

(required)

Please read our Privacy Policy for more details and your rights

- ☐ Yes, you may publish my response anonymously
- ☐ No, please do not publish my response

Section 2. Responding to Tynwald's Resolution on Income Thresholds

In June 2024, Tynwald passed a resolution recommending that income thresholds for shared equity purchase assistance schemes be based on the principle that repayments should not exceed 35% of a purchaser's net income (after tax and national insurance), assuming a total borrowing level of 95% of the property's value (including both mortgage and equity loan assistance).

The Housing Agency supports the principle that home purchase assistance should be targeted at those who genuinely need support, and that affordability should be a key consideration in determining eligibility, based on 95% borrowing on a property, while keeping repayments within the 35% threshold.

However, analysis shows that using this principle in determining eligibility would create unintended consequences:

- Households earning just above the threshold could be excluded from assistance, even if they still need support.
- Those who do qualify might still face financial strain, as they could be approved despite not earning enough to meet the minimum affordability criteria.

To avoid these issues, the Agency's current position is to consider the affordability of the applicant but not to apply affordability as a strict eligibility test. Applicants identified as potentially needing to spend more than 35% of their net income on repayments will not be excluded but will be advised to seek financial advice before proceeding.

In addition, the Housing Agency proposes to:

- Reset income thresholds using updated earnings data.
- Index link these thresholds going forward to maintain alignment with wage growth and economic conditions.

This approach aims to balance affordability with practical implementation and transparency.

Consultation questions

1. What would help applicants better understand their financial position when applying for shared equity assistance?
2. What practical issues or unintended consequences should the Agency consider with this approach?

Section 3. Index linking income thresholds and discounted purchase prices

The Agency proposes that, from the 1 April 2026, both the income thresholds for eligibility under the Fixed and Choice Schemes, and the discounted purchase prices for affordable homes under the Fixed Scheme, be automatically adjusted each year based on relevant economic indicators. This process – known as index linking – would mean that these figures are reviewed and updated annually without requiring separate policy decisions.

Why is this being proposed?

Over time, inflation and rising costs can erode the effectiveness of fixed thresholds and price caps. Without regular updates:

- Fewer people may qualify for assistance.
- The level of support available may no longer reflect the realities of the housing market.

Index linking aims to:

- Maintain the relevance and fairness of the schemes over time.
- Reduce the need for ad hoc reviews and one-off adjustments.
- Provide greater certainty and transparency for applicants, developers, and stakeholders.

The Agency intends to implement index linking for these elements. What remains open for feedback is how this should work in practice – for example, which metrics to use and what impacts to consider.

Consultation questions

3. The Agency intends to introduce annual index linking for income thresholds and discounted purchase prices. What practical issues or challenges do you think this might create for applicants, developers, or the wider housing market?

4. What considerations should be taken into account when selecting appropriate economic indicators for index linking, such as earnings data or construction cost indices?

5. What unintended consequences should we anticipate with this approach?

Section 4. Proposed metrics for indexation

To keep the Shared Equity Purchase Assistance Schemes fair and responsive to economic conditions, the Agency proposes the following approach from 1 April 2026:

Income thresholds

These will be reset using the latest Isle of Man median annual earnings data. For example, the proposed threshold for a single person under the Fixed Scheme is £40,000, based on the 2024 median earnings figure. Thresholds for other household types will be calculated using percentage uplifts on this base figure.

Table A – Proposed First Home Fixed Scheme Maximum Annual Income Thresholds

Eligible Persons	Current Threshold	Proposed Threshold	Methodology
Single person without children	£33,000	£40,000	Median annual earnings
Couple without children	£44,000	£52,000	Median annual earnings + 30%
Single or couple with 1 child	£55,000	£58,000	Median annual earnings + 45%
Single or couple with 2+ children	£55,000	£64,000	Median annual earnings + 60%

Table B – Proposed First Home Choice Scheme Maximum Annual Income Thresholds

Eligible Persons	Current Threshold	Proposed Threshold	Methodology
Single person without children	£39,000	£48,000	Median annual earnings + 20%
Couple without children	£62,000	£62,000	Single person threshold + 30%
Single or couple with 1 child	£67,000	£70,000	Single person threshold + 45%
Single or couple with 2+ children	£67,000	£77,000	Single person threshold + 60%

Note: These figures are based on the latest available earnings data and proposed methodology. The principle of resetting thresholds using median earnings is fixed; feedback should focus on practical implications or unintended consequences.

After this reset, the Agency intends to update income thresholds annually using the most recent Isle of Man median earnings data available. This means the April update will use the previous year's published figure (typically released in the Spring), so thresholds will always reflect actual income trends, even if slightly delayed.

Discounted purchase prices (Fixed Scheme)

These will be updated to reflect the increase in construction costs since the data for setting the discounted prices was last analysed in early 2022 and then index linked annually using the latest

available data from the ONS Construction Output Price Index for Housing (Public and Private). This protects affordability and ensures prices reflect real changes in building costs.

Why these metrics?

- **Median earnings for income thresholds:** This measure reflects actual income levels on the Isle of Man, which is the most relevant factor for determining affordability. Using earnings data ensures thresholds remain aligned with what households earn.
- **Construction cost indices for discounted purchase prices:** These indices directly track changes in building costs, which affect the viability of affordable housing delivery. Linking price caps to construction costs ensures discounted prices remain realistic in the context of market conditions.
- **Annual updates using official data:** Both metrics are published by recognised sources (Isle of Man Government for earnings and ONS for construction costs), providing transparency and credibility.

Consultation questions

6. The Agency intends to use median earnings data for income thresholds and construction cost indices for discounted purchase prices. What practical issues or challenges might arise from implementing these changes?
7. How might these proposals affect scheme accessibility, developer participation, or long-term affordability?

Section 5. Proposed changes to loan terms and affordability measures

The Agency is proposing a series of changes to the terms for new loans under both the Fixed and Choice Schemes. These changes aim to improve affordability, increase flexibility for purchasers, and ensure the schemes remain responsive to market conditions and applicant needs.

Extending the Interest-free period

Choice Scheme:

The Agency proposes to extend the interest-free period for new equity loans from 1 year to 3 years.

This change is intended to:

- Reduce initial repayment obligations and improve mortgage affordability.
- Increase the likelihood of successful purchases on the open market.
- Reflect the typical pattern of rising household income over time.

Fixed Scheme:

The Agency is considering whether an extended interest-free period may also be appropriate for new loans under this scheme. Currently, the interest-free period is 1 year. The Agency is open to views on whether this should be extended (for example, to 2 years) to support affordability for households with lower initial incomes or higher outgoings such as childcare.

Increasing maximum loan assistance (Choice Scheme only)

The Agency proposes to raise the maximum equity loan assistance available under the Choice Scheme from 30% to 40% of the property's value.

This would:

- Increase total borrowing potential for eligible purchasers.
- Be balanced by the extended interest-free period to mitigate repayment risk.
- Retain flexibility for early capital repayments.

Introducing fixed-value capital repayment options (Choice Scheme only)

At present, assisted persons in the Choice Scheme may make optional semi-annual capital repayments if they obtain an updated property valuation. The Agency now proposes allowing repayments up to 4% of the original loan amount within the first five years, without requiring a new valuation.

This change would:

- Enable repayment up to 40% of the equity loan without incurring valuation costs.
- Support household budgeting and long-term financial planning.
- Allow assisted persons to pay off a significant proportion of the equity share before property value changes affect the amount owed.

Reducing the residency requirement (Choice Scheme only)

The Agency proposes to reduce the residency requirement for applicants under the Choice Scheme from 5 years to 1 year.

This reflects:

- The Choice Scheme supports purchases on the open market, with all public funds fully repayable.
- Unlike the Fixed Scheme, it does not involve discounted property prices or approved dwellings.
- A shorter residency requirement would allow earlier access for people who have recently settled on the Island and committed to staying here.

Consultation questions

8. What are the practical considerations or potential challenges the Agency should consider when implementing the changes to the Choice Scheme's loan terms (extended interest-free period, increased loan assistance, and fixed-value repayment options) and residency requirements?
9. Should the interest-free period under the Fixed Scheme be extended beyond one year? If so, what duration would be appropriate and why?

Section 6. How to respond and stay involved

Thank you for taking the time to read and consider the proposals outlined in this consultation on changes to the Shared Equity Purchase Assistance Schemes.

How to provide feedback

You can submit your responses and comments using any of the following methods:

- Email: housingconsultations@gov.im
- Online form: <https://consult.gov.im>
- Post: Housing Agency, Markwell House, Market Street, Douglas, Isle of Man, IM1 2RZ
- Telephone: +44 (0)1624 685955
- In person: By appointment at Markwell House at the above address

Preferred feedback channels

To help us improve future consultations and engagement, please let us know your preferred method(s) for providing feedback on housing policy and scheme development:

- ☐ Written feedback form
- ☐ Email
- ☐ Website feedback form
- ☐ Telephone
- ☐ Face-to-face
- ☐ Social media

Additional comments

Do you have any other comments, questions, or suggestions regarding the proposed changes to the Shared Equity Purchase Assistance Schemes?