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## Financial Stability Notes

# Who uses the Help to Buy scheme? Stylised facts and trends

Emil Bandoni & Anuj Pratap Singh  
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# Who uses the Help to Buy scheme? Stylised facts and trends

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Central Bank of Ireland

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## Abstract

We examine loan-level data to compare the characteristics of Help to Buy scheme participants in Ireland with other first-time buyers. The profile of Help to Buy users broadly reflects the recent composition of new housing supply, especially in terms of location. Our estimates show that Help to Buy users are typically one year younger, higher income borrowers who purchase larger, more expensive homes. The average house price differential is likely connected to the nature of Help to Buy properties, which are newly built, larger, and with higher energy ratings.

## 1 Introduction

**The Help to Buy (HTB) scheme assists mortgage-financed first-time buyers (FTBs) in acquiring a newly-constructed home, thus playing a key role in the broader housing market.** Given that HTB targets the demand for newly-constructed houses, it is also expected to support the construction of additional new homes. Introduced in mid-2016 and renewed until end-2025 at the date of writing, the HTB scheme is a tax expenditure that offers a refund of the income tax and Deposit Interest Retention Tax (DIRT) paid in Ireland during the four years preceding the HTB application. Under a number of qualifying criteria,<sup>1</sup> borrowers can claim the lesser of €30,000 or 10 per cent of the home's purchase value.<sup>2</sup> Our analysis contributes to the understanding of this public policy offering housing assistance. A [broad-based assessment](#) of economic policy issues currently facing the Irish housing market has been published by the Central Bank.

**In this Note, we use loan-level data to identify HTB borrowers and analyse their characteristics in comparison to other first-time buyers.** The use of granular loan-level data at origination, available

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<sup>1</sup> More details in Section 2 and on the Revenue website: <https://www.revenue.ie/en/property/help-to-buy-incentive/who-can-claim-htb.aspx>

<sup>2</sup> Before the introduction of the "Enhanced HTB" in mid-2020, the limits were €20,000 or 5 per cent of the home's purchase value. The total amount of Income Tax and DIRT paid in Ireland for the four years prior to the HTB application represent an additional cap.

at the Central Bank, allows us to overcome the limitations of the aggregate official Revenue statistics.<sup>3</sup> We construct an HTB borrower indicator based on the HTB qualifying criteria and use it to help shed light on the characteristics of HTB borrowers and their purchases. We take into account regional heterogeneities by disentangling Dublin dynamics from its commuter area and the rest of the State. Any further financial stability assessment on the risk characteristics of HTB borrowers or wider market analysis are beyond the scope of this Note.

**We find that HTB users purchase more expensive homes than other FTBs; however, this is explained by a larger average home size rather than a higher unit house price (€/sq. m).** On average, HTB and non-HTB users purchase properties with similar unit values, with the absolute price differentials likely driven mechanically by the nature of HTB properties, which are larger, newly built and typically in suburban locations. This pattern also holds at regional level.

**Our data suggest that HTB recipients are typically higher earners than other non-HTB FTBs.** The income differential between HTB users and other FTBs tends to be fairly stable over time, while from a cross-regional perspective it tends to be higher in the rest of the State outside of Dublin and commuter belt.

**We show that the HTB group is on average one year younger.** Outside the traditional boundaries of Co. Dublin, the age difference between HTB and non-HTB FTBs tends to average around a year. The Dublin dynamics, however, sometimes leads to an age difference close to zero.

**Within Dublin and its nearby commuter counties, HTB users typically post smaller deposits as compared to other FTBs.** This suggests that, while HTB recipients are on average higher earners than other FTBs, the scheme might have allowed relatively younger prospective buyers to access the housing market, especially in Dublin and surrounding counties. However, the lower deposit typically posted by HTB users might also be driven by one of the scheme qualification criteria, namely the total deposit not exceeding 30 per cent of the house price.

The remainder of this Note is organised as follows. Section 2 highlights the data and methodology; Section 3 provides a broad overview of the scheme, while Sections 4 and 5 discuss house price patterns and income profile respectively. The Note concludes in Section 6.

## 2 Data and Methodology

**The analysis in this Note uses Mortgage Templates data (MTD) from 2018 to 2023, collected every six months by Central Bank of Ireland.** MTD are detailed cross-sections of mortgages issued by the main mortgage lending institutions, which required to submit granular data to ensure compliance with the macroprudential mortgage measures. The submission group includes both banks and non-banks and can vary over time.<sup>4</sup> The datasets hold rich information on loan characteristics such as the loan size, total deposit, loan to income (LTI) and loan to value ratio (LTV) ratios, as well as borrower characteristics such as the total income and age. In addition to these, MTD also provide housing relevant information with respect to the collateral value and location

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<sup>3</sup> Help to Buy (HTB) incentive annual statistics. Available here:

<https://www.revenue.ie/en/corporate/information-about-revenue/statistics/tax-expenditures/htb/htb-yearly.aspx>

<sup>4</sup> Since the mortgage measures were introduced in 2015, all financial institutions that advance at least €50 million of new mortgage lending in a reporting period are required to submit data to the Central Bank of Ireland. For example, in 2023, five lending institutions submitted their new mortgage lending data. These were: Allied Irish Banks, Bank of Ireland, Permanent TSB, Finance Ireland and Avant Money.

(county), buyer status (First-Time Buyer or Second/Subsequent Buyer), build type (new or existing), house purpose (build to rent or principal dwelling), the HTB status and its associated relief.

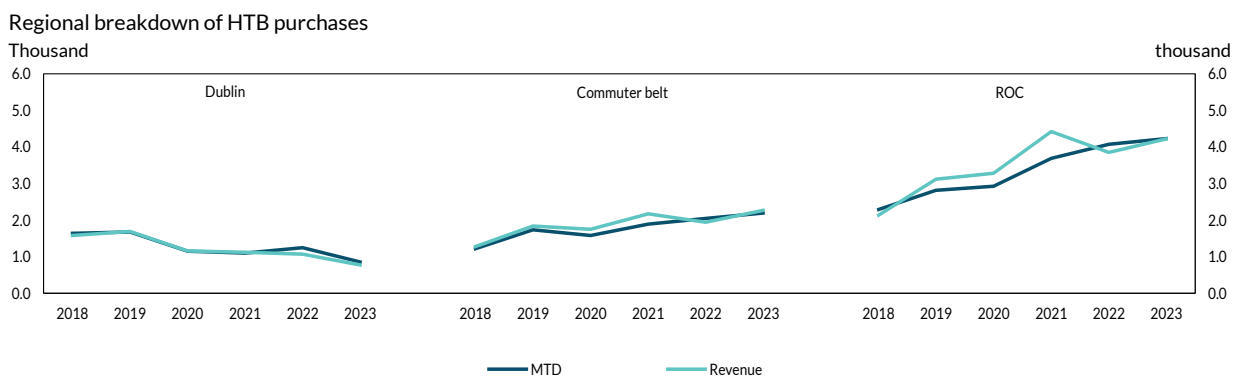
**The HTB status recorded in the MTD is only partially populated.** The HTB flag variable in the MTD is populated differently across lending institutions: for example, some entities record HTB status selectively only for borrowers who made a prior declaration of seeking HTB relief during their mortgage application. As a result, there might be missing observations for the HTB status of borrowers who made an ex-post HTB application with respect to their mortgage approval process.

**MTD provide information on each of the HTB eligibility criteria, allowing us to create a new HTB indicator based on eligibility.** There are five key requirements for HTB qualification, namely the purchaser should be:

- a first-time buyer purchasing a newly constructed house
- whose value is less than or equal to €500,000
- to be used as a principle dwelling<sup>5</sup>
- with a mortgage from authorised lender with an LTV ratio of 70 per cent or more.<sup>6,7</sup>

Given the popularity of the HTB in Ireland, we work under the assumption that a buyer conforming to all of the above eligibility requirements would avail of the benefit, and therefore we construct an indicator based on the above eligibility criteria assuming no frictions using the scheme. However, we acknowledge that the indicator may not be fully accurate and therefore conduct external validity checks to ascertain the reliability of our approach.

**Figure 1: The Central Bank’s in-house calculations consistently match the official Revenue statistics on HTB users in terms of regional distribution of claims**



Source: Central Bank of Ireland Monitoring Templates Data and Revenue HTB data.  
 Notes: “Dublin” comprises Dublin City, Dún Laoghaire–Rathdown, Fingal and South Dublin; “Commuter belt” includes Wicklow, Meath and Kildare counties; “ROC” stands for Rest of the Country and includes all other counties.

**To validate the precision of our new HTB indicator, we compare a number of sample estimates with the statistics calculated on the population of HTB recipients published annually by the Revenue.** As shown in Figure 1, the MTD-based HTB indicator observed at mortgage origination matches closely with the HTB approvals reported by the Revenue in 2018-2023 across all different

<sup>5</sup> For at least five years after the purchase/self-build.  
<sup>6</sup> Calculated on the purchase value of the property or on the approved valuation in the case of self-build.  
<sup>7</sup> An additional condition is tax compliance of both the borrower as well as the builder/contractor. We do not record tax-compliance of either on MTD. However, we assume that mortgage borrowers reported on MTD as well as their contractor are tax-compliant, i.e. have their tax returns filed with Revenue.

regions. Additionally, we compare the proportional composition of HTB borrowers across different LTV and house price buckets (see Figure A.1 in Appendix A) by employing our MTD indicator vis-à-vis the Revenue published statistics.<sup>8</sup> Similarly to Figure 1, we find consistent patterns across the two data sources, establishing confidence in our methodology.

**This Note assess key differences and stylised facts between the identified HTB borrowers versus other non-HTB FTBs in the years 2018 to 2023.**<sup>9</sup> We assess these two FTB groups across three regions; (i) Dublin,<sup>10</sup> (ii) Commuter belt counties (Co. Kildare, Co. Meath, and Co. Wicklow), and (iii) rest of the country (ROC). Specifically, we focus on house price patterns and income profile, analysing whether HTB purchases differ from non-HTB purchases in terms of house price, size, and value (€/sq. m), as well as relative to economic status and purchasing power. Given that construction status (new vs. existing) is one of the key qualification criteria of the HTB, our assessment might also reflect to some extent the differences between the purchases of a newly constructed house versus an existing one.<sup>11</sup> However, we anticipate the relevance of other scheme qualification criteria, which make our assessment more precise in the context of a pure HTB comparison.

### 3 An overview of the Help to Buy scheme

**HTB support plays an important role in the housing market, at around 30 per cent of all FTB mortgages between 2019 and 2023** (Figure 2). We estimate a total of around 38,300 HTB claims from MTD in 2018-2023, which is a very close approximation to around 39,600 HTB approvals reported by the Revenue. The number of HTB claims have consistently increased in recent years, with over 7,000 claims recorded in 2023 alone, even though the share of HTB purchases has remained roughly constant between 2018 and 2023 at around 30 per cent. According to Revenue, the total claims amount since the scheme's introduction was around €938 million at the end of 2023.

**The share of HTB purchases in Dublin has declined in recent years.** Having fewer new houses available within the €500,000 cap requested by the HTB eligibility rules likely made finding a HTB-eligible property more difficult, especially in Dublin (Figure 3). On the contrary, the share of HTB purchases in the commuter and remaining counties has been steady at around 50 per cent<sup>12</sup> and 30 per cent of total FTB loans respectively.

<sup>8</sup> Source: Help to Buy Incentive Annual Statistics. <https://www.revenue.ie/en/corporate/information-about-revenue/statistics/tax-expenditures/htb/htb-yearly.aspx>

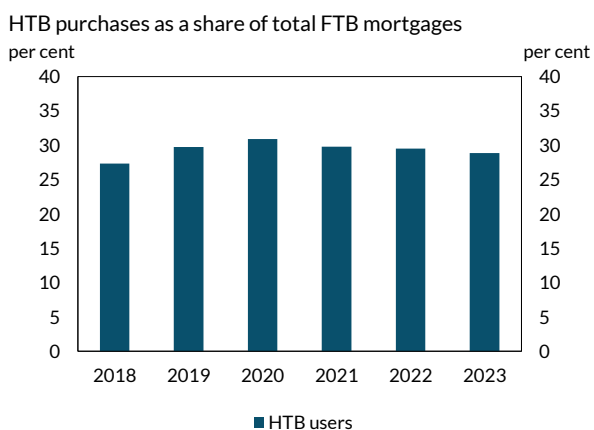
<sup>9</sup> The HTB was available also for some months in 2017. However, we exclude mortgage transactions originated in 2017. MTD information mainly refer to mortgage origination dates, which do not necessarily coincide with HTB approval dates, leading to a potential misalignment between official HTB statistics and the MTD. While these misallocations cannot be avoided in full, we reduce the impact of such noise by excluding mortgages originated in 2017.

<sup>10</sup> Within the historic borders, therefore including Dublin City, Dún Laoghaire–Rathdown, Fingal and South Dublin. In the remainder of the analysis, we exclude a small number of HTB buyers from Dublin who purchase houses over €5,000 per sq. m. These are around 200 borrowers over 2018-2023 with an average property size of 75 sq. m. We exclude these loans because they are likely to be a distinct set of HTB FTBs purchasing mostly apartments in relatively more expensive inner Dublin City.

<sup>11</sup> Purchase of newly-constructed house is one of key exclusion criteria for FTBs not being able to avail HTB benefits. However, we estimate that over 7 per cent non-HTB FTBs purchase a newly-constructed house, thereby falling short of availing HTB benefits on other grounds such as house-price, LTV, or dwelling status.

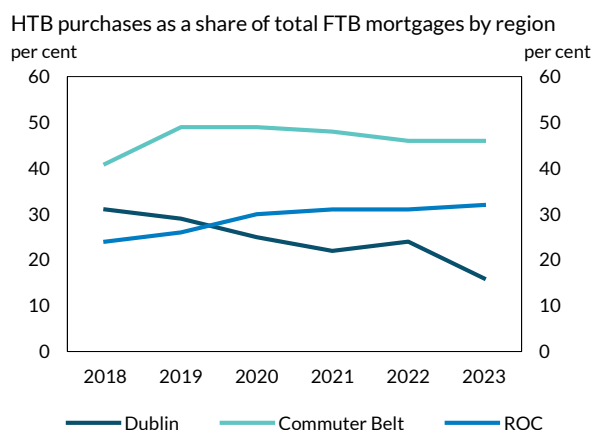
<sup>12</sup> This is consistent with the share of new house purchases of the total purchases in the commuter counties, as shown in Figure A.2 in Appendix A.

**Figure 2: Around 30 per cent of FTB mortgages were granted HTB support each year between 2019 and 2023...**



Source: Central Bank of Ireland Monitoring Templates Data and Central Bank of Ireland staff calculations.

**Figure 3: ... with commuter belt counties having the higher proportion of HTB FTBs over total FTBs**



Source: Central Bank of Ireland Monitoring Templates Data and Central Bank of Ireland staff calculations.

Notes: Dublin data exclude highly valued properties whose price per sq m exceeds 5,000 €/sq m but covers properties in both city and county. "Dublin" comprises Dublin City, Dún Laoghaire–Rathdown, Fingal and South Dublin; "Commuter belt" includes Wicklow, Meath and Kildare counties; "ROC" stands for Rest of the Country and includes all other counties.

**Our data suggest that the share of self-builds HTB recipients is particularly high outside of Dublin and its commuter belt.** Consistently with broader housing markets developments, we find that, between 2018 and 2023, 46 per cent of HTB recipients purchased a self-build house across the rest of the country, compared to only 1 per cent and 10 per cent in Dublin and its commuter belt respectively.

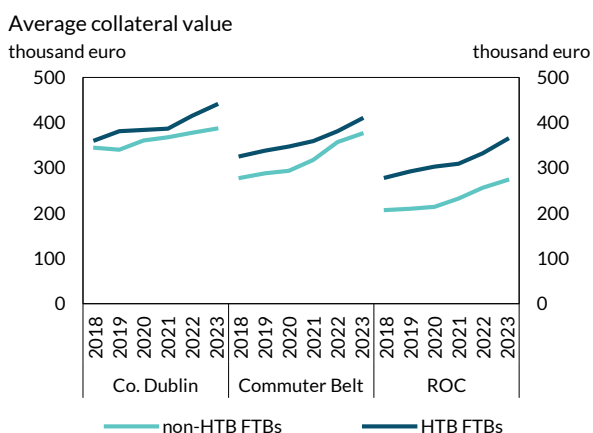
## 4 House price patterns across FTB purchases

**The FTBs receiving HTB support purchase houses that, on average, are more expensive than the ones purchased by other FTBs.** On average, in period between 2018 and 2023, HTB purchases have been around €62,800 more expensive than other FTB purchases. We find that this price pattern holds across all regional splits, as shown in Figure 4. From a local perspective, the differential has been around €27,000 in Dublin, €40,000 in commuter belt counties and €84,000 in the rest of the State.<sup>13</sup>

**House price differentials between HTB borrowers and other FTBs have been widening between 2021 and 2023 in Dublin.** Over the same period, the differentials in the commuter belt have been narrowing to just around €33,000 in 2023. On average, HTB house purchases in Dublin are circa. €53,000 more expensive than other FTB purchases in 2023, owing to a steeper increase of HTB house prices since 2021 with respect to non-HTB house prices. In the commuter belt the differential has been getting narrower since 2020. For the remaining counties, average house prices across the two FTB groups have increased at a similar rate, with an average differential of around €90,000 in 2023.

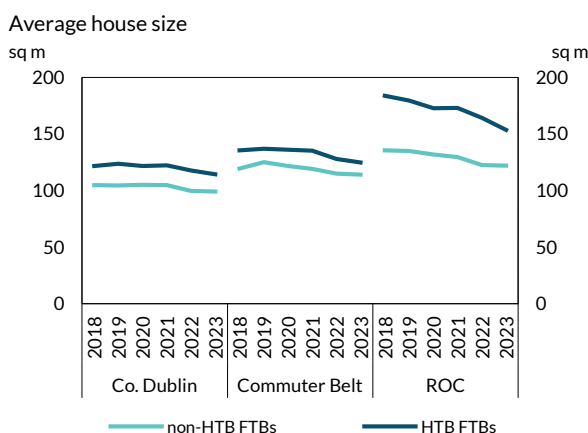
<sup>13</sup> This large differential in ROC is primarily driven by houses that are constructed by building contractors. On the contrary, this result does not hold if we limit our analysis to self-build houses only in ROC (HTB houses are, on average, €18,300 less as compared to non-HTB FTBs). However, limiting this differential to only self-build houses in ROC shall not be representative because this share is very small across the non-HTB cohort (only 4 per cent versus 46 per cent self-builds across the HTB cohort).

**Figure 4: Houses prices are typically higher for HTB users compared to other FTBs**



Source: Central Bank of Ireland Monitoring Templates Data and Central Bank of Ireland staff calculations.  
 Notes: Dublin data exclude highly valued properties whose price per sq m exceeds 5,000 €/sq m. "Dublin" comprises Dublin City, Dún Laoghaire–Rathdown, Fingal and South Dublin; "Commuter belt" includes Wicklow, Meath and Kildare counties; "ROC" stands for Rest of the Country and includes all other counties.

**Figure 5: HTB users purchase larger houses on average compared to other FTBs**



Source: Central Bank of Ireland Monitoring Templates Data and Central Bank of Ireland staff calculations.  
 Notes: Dublin data exclude highly valued properties whose price per sq m exceeds 5,000 €/sq m. "Dublin" comprises Dublin City, Dún Laoghaire–Rathdown, Fingal and South Dublin; "Commuter belt" includes Wicklow, Meath and Kildare counties; "ROC" stands for Rest of the Country and includes all other counties.

The higher house prices typically paid by HTB recipients are primarily explained by house size (Figure 5). The differential in average house size is likely connected to the nature of HTB properties, which are newly built, thus typically bigger. Among the non-HTB group of properties, houses are smaller properties by virtue of possibly being nearer to city centres. This may also explain the higher share of single purchasers in the non-HTB group.<sup>14</sup> From a local perspective, the size differential has remained stable in Dublin and its commuter counties, and relatively narrower compared to the rest of the State.

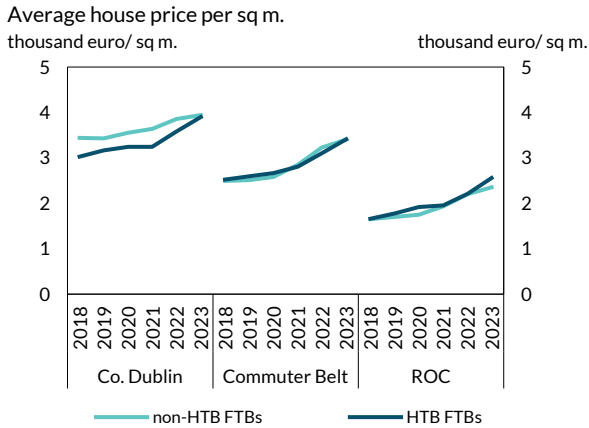
Overall, the value per square meter of FTB homes is similar across HTB and non-HTB borrowers, especially outside of Dublin. In Dublin, we find that although HTB purchases are more expensive (as shown in Figure 4) on balance they have a lower unit value (€/sq. m) than non-HTB purchases (Figure 6).<sup>15</sup> Outside of Dublin, house values per square meter have evolved at a similar rate for all FTBs, irrespective of the HTB status. In the period 2018-2023, the average house price per sq. m (across both HTB and non-HTB FTBs) was around €2,900/sq. m and €2,000/sq. m in commuter counties and ROC respectively.<sup>16</sup> This reinforces our intuition that prevalence of expensive houses across the HTB recipients is an outcome of larger and likely energy-efficient new houses, as, on balance, they have a similar unit value compared to non-HTB purchases.

<sup>14</sup> More details in section 5.

<sup>15</sup> On average, the non-HTB house price per sq. m is €340/sq. m. higher than HTB house price per sq. m. in Dublin. However, house values in Dublin have started to converge across the two groups of FTBs with similar average house prices per unit area (circa. €3,900/sq. m) recorded in 2023 (Figure 6). This is likely to be driven by a much steeper increase in HTB house prices compared to non-HTB purchases in Dublin since 2021 (Figure 4), thereby reducing the differential in house value per unit area.

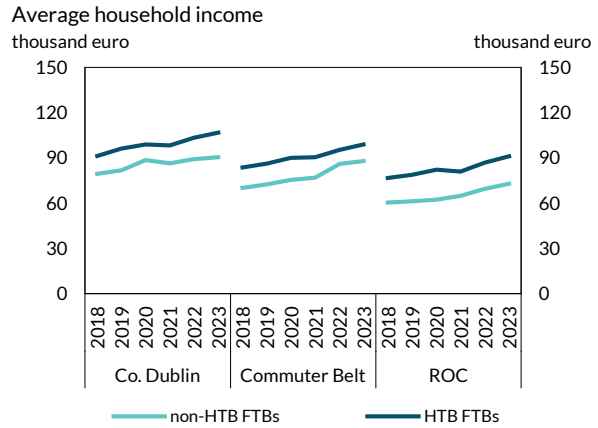
<sup>16</sup> In 2023, the house-price per sq. m. across both HTB and non-HTB cohorts have increased to €3,400/sq. m and €2,400/sq. m in commuter and ROC counties respectively.

**Figure 6: FTBs typically end up purchasing homes with a similar value per square meter regardless the use of the HTB scheme**



Source: Central Bank of Ireland Monitoring Templates Data and Central Bank of Ireland staff calculations.  
 Notes: Dublin data exclude highly valued properties whose price per sq m exceeds 5,000 €/sq m). “Dublin” comprises Dublin City, Dún Laoghaire–Rathdown, Fingal and South Dublin; “Commuter belt” includes Wicklow, Meath and Kildare counties; “ROC” stands for Rest of the Country and includes all other counties.

**Figure 7: HTB borrowers are higher earners across all regions on average**

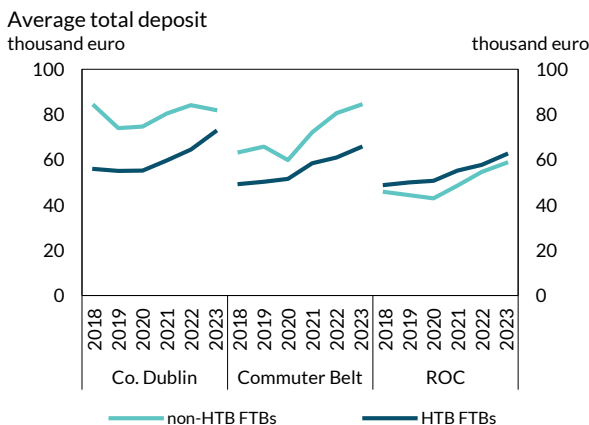


Source: Central Bank of Ireland Monitoring Templates Data and Central Bank of Ireland staff calculations.  
 Notes: Dublin data exclude highly valued properties whose price per sq m exceeds 5,000 €/sq m). “Dublin” comprises Dublin City, Dún Laoghaire–Rathdown, Fingal and South Dublin; “Commuter belt” includes Wicklow, Meath and Kildare counties; “ROC” stands for Rest of the Country and includes all other counties.

## 5 Income profile and affordability

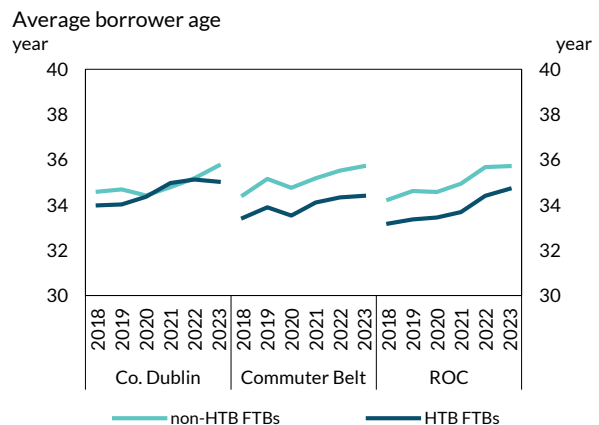
The household income of HTB recipients was, on average, €15,500 higher than non-HTB FTBs in the period 2018-2023. As shown in Figure 7, between 2018 and 2023 the FTBs using HTB in Dublin had incomes that were on average €10,000–€16,000 higher compared to other FTBs. This aligns with the tendency of HTB users to purchase houses that are more expensive than houses purchased by non-HTB FTBs (Figure 4). The income differential outside Dublin averaged around €9,000–€14,000 in the commuter counties of Kildare, Meath and Wicklow. In the rest of the State, the average income differential between the two groups was at €16,000–€20,000.

**Figure 8: HTB users typically post a smaller deposit compared to other FTBs...**



Source: Central Bank of Ireland Monitoring Templates Data and Central Bank of Ireland staff calculations.  
 Notes: Dublin data exclude highly valued properties whose price per sq m exceeds 5,000 €/sq m). “Dublin” comprises Dublin City, Dún Laoghaire–Rathdown, Fingal and South Dublin; “Commuter belt” includes Wicklow, Meath and Kildare counties; “ROC” stands for Rest of the Country and includes all other counties.

**Figure 9: ...which might be explained by them being on average younger than non-HTB FTBs**



Source: Central Bank of Ireland Monitoring Templates Data and Central Bank of Ireland staff calculations.  
 Notes: Dublin data exclude highly valued properties whose price per sq m exceeds 5,000 €/sq m). Primary income borrower considered. “Dublin” comprises Dublin City, Dún Laoghaire–Rathdown, Fingal and South Dublin; “Commuter belt” includes Wicklow, Meath and Kildare counties; “ROC” stands for Rest of the Country and includes all other counties.



**While the share of joint applicants is higher in the HTB group, this does not drive the results on the higher average income of HTB users.** The share of single mortgage applicants is relatively lower in the HTB group versus other non-HTB FTBs: around 14 per cent of HTB FTBs are single applicants, compared to 34 per cent of non-HTB FTBs. The differential in the share of single versus joint applicants among HTB users is the highest outside of Dublin and commuter counties (21 per cent). However, in terms of income distribution, we find that HTB borrowers have a higher average household income irrespective of the mortgage application status (single or joint).<sup>17</sup>

**Despite having a higher income on average, HTB users are typically one year younger and post a smaller deposit than other FTBs, especially in Dublin and commuter counties.** We estimate that in the period 2018-2023 the HTB group in Dublin and commuter counties committed around €19,000 less in housing deposit as compared to non-HTB FTBs<sup>18</sup> (Figure 8). This may be attributable to the difference in age composition, whereby HTB recipients were on average around one year younger vis-à-vis non-HTB FTBs in 2018-2023<sup>19</sup> (Figure 9). The scheme therefore might have allowed prospective buyers to access the housing market on average a year earlier. The absence of the HTB would have potentially led this group to reduce consumption in the effort to save more for the required deposit. However, this effect might also be driven mechanically to some extent by the maximum deposit required to avail of the HTB support, which is capped at 30 per cent relative to house price. Assessing causality mechanisms in this context goes beyond the scope of this Note.

## 6 Conclusion

**Our analysis sheds some light on the characteristics of borrowers availing of the HTB scheme by leveraging granular data.** We contribute to the understanding of this housing assistance scheme. It is beyond the scope of this note to consider any potential causal role that the scheme may have played in house price dynamics or entry of borrowers close to being credit constrained. The exploration of the interplay of macroprudential and fiscal policies remains a largely underexplored domain.

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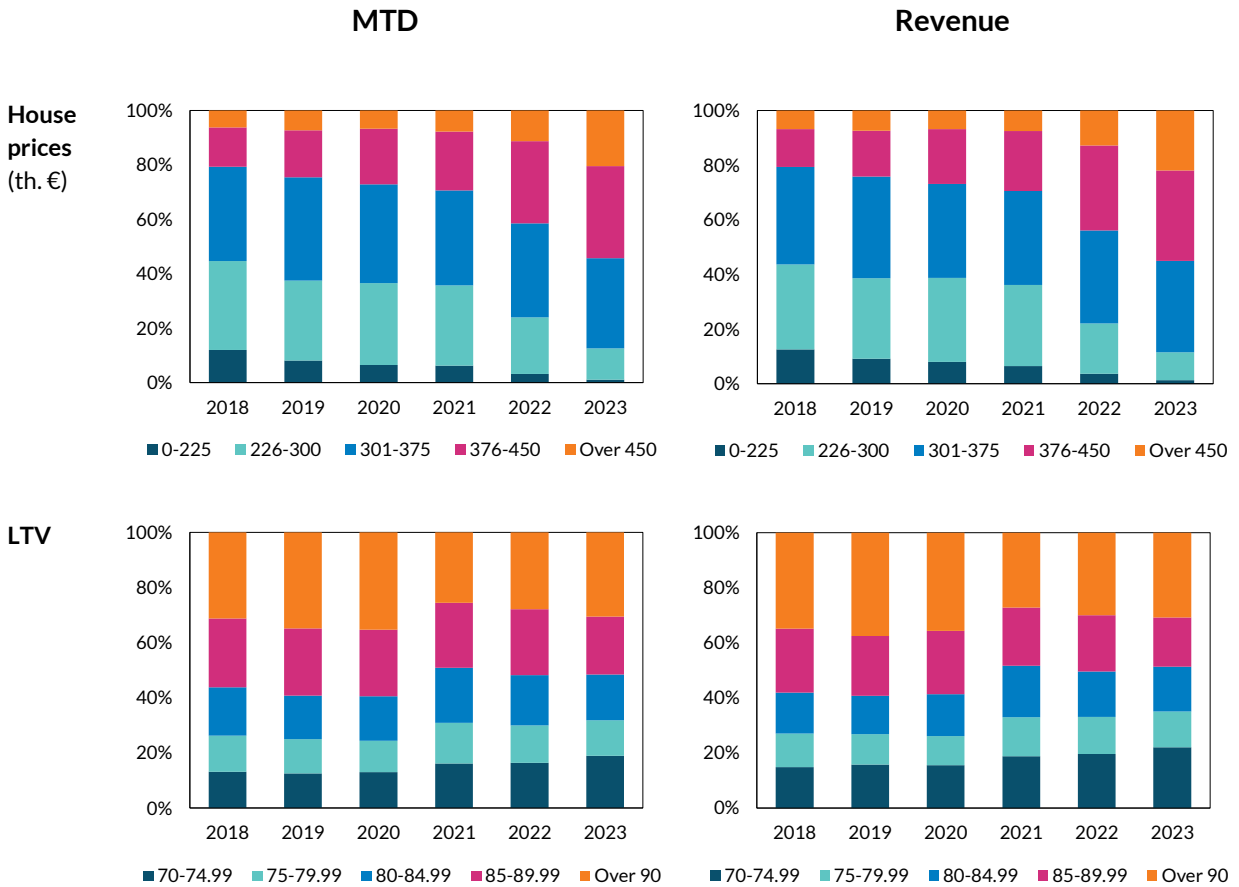
<sup>17</sup> The household income of HTB recipients versus other non-HTB FTBs is, on average, €15,800 and €9,000 higher for single and joint mortgage applications respectively in the sample period 2018-2023.

<sup>18</sup> This is derived from the average deposit of €58,000 across the HTB FTBs versus €77,000 across the non-HTB cohort in 2018-2023 in Dublin and nearby commuter counties of Kildare, Meath, and Wicklow.

<sup>19</sup> It was only in Dublin in 2022 that HTB FTBs were 2 months older than the non-HTB group; however, the difference is not statistically significant.

# Appendix A

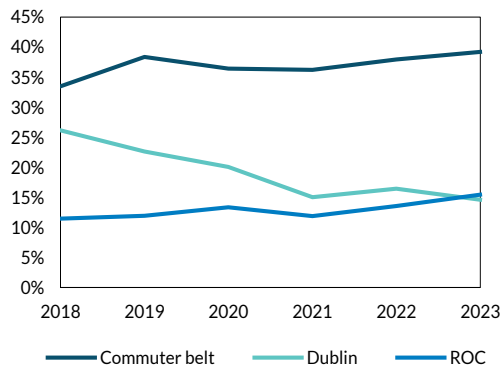
Figure A.1: Comparison MTD/Revenue HTB recipients data (selected variables)



Source: Central Bank of Ireland Monitoring Templates Data and Revenue HTB data.

Figure A.2: Dublin's commuter belt has a higher and increasing proportion of new house purchases compared to Dublin and the rest of the State

Proportion of new house purchases on total purchases



Source: CSO Household Purchases of Residential Dwellings (HPA03).



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