

## PRESS RELEASE No. 3

### Summary Presentation of the Special Housing Incentive for the Production of Affordable Housing for Sale and/or Rent

#### A. Introduction

- (1) During the meeting of the Council of Ministers on 16 April 2025 ("the Decision"), it was decided:
  - (i) to integrate all existing planning incentives for the construction of affordable housing into a new and unified text and
  - (ii) to amend significant provisions of the incentives so as to further expand their scope of application with the aim of increasing the interest of the private sector for the production of affordable housing.
- (2) With the Decision, a special housing incentive ("the Incentive") is now available for utilization, offering alternative utilization options, which are summarized below and detailed in full in the text of the Decision (available to download in Greek here [New Housing Policy Framework](#)).

#### B. Conditions for Utilization of the Incentive

##### (1) Areas of Application of the Incentive:

Planning Zone	Plot Eligibility Criteria			Incentive	
	Minimum Net Area of the Plot for Development	Planning Zone (Maximum Permitted Building Density – «BD»)	Maximum Potential Increase of the BD under the Incentive	Combination with other incentives	Total maximum increase of the BD (including other incentives over and above the Incentive)
In a Zone where residential development is permitted	500 – 799	BD ≥ 1,20:1	25%	Yes	35%
	800 – 1.999	BD ≥ 1,20:1	45%	No	45%
	2.000 -	BD ≥ 1,00:1	45%	No	45%
	2.000 -	BD < 1,00:1	25%	Yes	35%

*In all cases, the plot must be located within Local Plans or Area Plans or within Administrative Boundaries of immediately adjacent Communities and outside traditional cores and/or Areas of Special Character, and/or areas controlled by the Department of Antiquities, and/or plots of land where a listed building or Ancient Monument exists, and/or plots of land of special ecological value, and/or plots of land adjacent to the five aforementioned areas.*

##### (2) Additional Conditions for Utilization of the Incentive:

Paragraph 3.2. of the Appendix of the Decision, states the additional conditions that the proposed development must meet in order for the use of the Incentive to be permitted.

#### C. Ways of Utilizing the Incentive

##### (1) Available Ways of Utilizing the Incentive:

There are four (4) alternative ways of utilizing the Incentive and combinations are also permitted. More specifically, the Incentive may be utilized on the main property under development, provided that one of the following is offered:

- (i) affordable housing units within the main property, for sale to *beneficiaries*\* identified by the Cyprus Land Development Corporation ("CLDC") ("Method 1"), or
- (ii) affordable housing units within other properties, for sale to the *beneficiaries*\* identified by CLDC ("Method 2"), or
- (iii) affordable housing units within the main property, for rent to the *beneficiaries*\* identified by CLDC ("Method 3"), or
- (iv) *Monetary Contribution*\* in lieu of providing affordable housing units for sale or rent ("Method 4").

##### (2) Method 1 – Allocation of the Incentive and Procedure:

- (i) Depending on the area of application of the Incentive, an increase in the building density ("BD") on the main property is permitted as follows:
  - 45% increase in the BD (over and above the permitted BD), provided that 20% over and above the permitted BD will be allocated as affordable housing at the *disposal price*\* to *beneficiaries*\*, while the remaining 25% over and above the permitted BD may be used at the discretion and for the benefit of the owner/developer; or
  - 25% increase in the BD (over and above the permitted BD), provided that 10% over and above the permitted BD will be allocated as affordable housing at the *disposal price*\* to *beneficiaries*\*, while the remaining 15% over and above the permitted BD may be used at the discretion and for the benefit of the owner/developer.
- (ii) In order to utilize the Incentive under Method 1, an agreement with the CLDC must be concluded for the designation and allocation of the affordable housing units, prior to submitting an application for a planning permit.

##### (3) Method 2 – Allocation of the Incentive and Procedure:

- (i) Depending on the area of application of the Incentive, an increase of 45% or 25% in the BD (over and above the permitted BD) on the main property is permitted provided that:

- a corresponding buildable area to that granted through the Incentive on the main property is allocated as affordable housing at the *disposal price\** to *beneficiaries\** on other properties; and
  - the buildable area to be allocated as affordable housing on the other properties will form part of the allowable buildable area of those other properties; and
  - the other properties fall within the boundaries of a Local Plan or Area Plan in the same district as the Local Plan or Area Plan of the main property.
- (ii) In order to utilize the Incentive under Method 2, an agreement with the CLDC must be concluded for the designation and allocation of the affordable housing units, prior to submitting an application for a planning permit.
- (4) Method 3 – Allocation of the Incentive and Procedure:**
- (i) A 45% increase in the BD (over and above the permitted BD) is permitted, provided that:
- 100% of the of the additional floor area generated by the Incentive will be rented out to *beneficiaries\** at *affordable rent\** for 6 years,
  - 20% of the floor area permitted by the BD will be rented out at market-rate rental for 6 years to tenants of the choice of the owner/developer.
- (ii) Income derived from affordable rental is exempt from income tax and from the special defence contribution. In addition, enhanced capital allowances may be claimed:
- on building capital expenditures, at a rate of 5% instead of the current 3%, for the duration of the affordable rental period; and
  - on the purchase of equipment for affordable rental units, at a rate of 15% instead of the current 10%.
- (iii) In order to utilize the Incentive under Method 3, an agreement with the CLDC must be concluded for the designation and allocation of affordable rent units, prior to submitting an application for a planning permit.
- (5) Method 4 - Allocation of the Incentive and Procedure:**
- (i) Depending on the area in which the Incentive is applied, an increase of 25% or 45% in the BD is permitted on the main property, provided that a *Monetary Contribution\** is paid to CLDC for the purpose of generating affordable housing units.
- (ii) In order to utilize the Incentive under Method 4, it is required to submit, simultaneously with the application for a planning permit, a letter stating the intention to pay the *Monetary Contribution\**, the additional buildable area sought, the method of its calculation, the value per square metre of the building coefficient as this is dictated by the Department of Lands and Surveys, and the total amount of the proposed *Monetary Contribution\**.

#### **D. General Information and Clarifications regarding the Incentive and its Utilization**

- (1)** For applications to obtain a planning permit under a request that utilizes the Incentive:
- (i) the competent Planning Authority is the Director of the Department of Town Planning and Housing, and the Managing Body is the CLDC,
  - (ii) the planning permit will be granted within two months from the submission of the application, provided that the application is complete and fully filled out and the applicant promptly responds to correct any plans as per the comments of the Planning Authority. The two-month period may be extended in cases where development conditions of the area have not been secured and road network planning and prior issuance of a land division permit are required,
  - (iii) the Planning Authority may, at its discretion:
    - allow the purchase of visitor parking spaces according to Directive 2/2016,
    - consider the possibility to allow the purchase of open public space in accordance with Directive 1/2023.
- (2)** It is clarified that:
- (i) “*disposable price*” means the price per buildable square meter at which the affordable housing must be sold to “*beneficiaries*” (i.e. individuals designated by CLDC as the Managing Body), which, effective from 01/07/2024, was set by the CLDC at €1,650 per buildable square meter,
  - (ii) “*affordable rent*” means the average rent in the free market, per administrative area and type of housing unit, reduced by 30%, as determined by the Department of Lands and Surveys,
  - (iii) “*Monetary Contribution*” means the monetary amount resulting from the following calculation:  
 (buildable area from the Incentive) × (1.5) × (value of the building coefficient of floor per square meter of the main property based on the latest General Valuation by the Department of Lands and Surveys).
- (3)** For more information please contact:
- Natasa Kaspari, Senior Planning Officer ([nkaspari@tph.moi.gov.cy](mailto:nkaspari@tph.moi.gov.cy), 22408184)
  - Stephanos Georgiades, Planning Officer ([stgeorgiades@tph.moi.gov.cy](mailto:stgeorgiades@tph.moi.gov.cy), 22408145)
  - Evelyn Kyriakou, Planning Officer ([ekyprianou@tph.moi.gov.cy](mailto:ekyprianou@tph.moi.gov.cy), 22 409 529)
  - George Stylianou, Technical Engineer ([gstylianou@tph.moi.gov.cy](mailto:gstylianou@tph.moi.gov.cy), 22409147)
  - Eleni Symeonidou, Director General of the Cyprus Land Development Corporation, ([e.symeonidou@cldc.org.cy](mailto:e.symeonidou@cldc.org.cy), 22364700)