

## Local Authority Affordable Purchase Scheme - Frequently Asked Question.

### What type of properties are available & prices:

| No. of units | Beds  | Mid/End Terrace or Semi Detached | House Type | Market Value | *Indicative Minimum House Purchase Price | *Indicative Maximum House Purchase Price | **Minimum Income | **Maximum Income |
|--------------|-------|----------------------------------|------------|--------------|--|--|------------------|------------------|
| 1            | 2 bed | Mid Terrace                      | Bungalow   | €310,000     | €225,000.00                              | €294,500.00                              | €50,625          | €66,263          |
| 2            | 2 bed | End Terrace                      | Bungalow   | €310,000     | €225,000.00                              | €294,500.00                              | €50,625          | €66,263          |
| 11           | 3 bed | Semi Detached                    | 2 Storey   | €330,000     | €250,000.00                              | €313,500.00                              | €56,250          | €70,538          |
| 2            | 3 bed | End Terrace                      | 2 Storey   | €310,000     | €225,000.00                              | €294,500.00                              | €50,625          | €66,263          |
| 4            | 3 bed | Mid Terrace                      | 2 Storey   | €310,000     | €225,000.00                              | €294,500.00                              | €50,625          | €66,263          |

\*These figures are of an indicative nature only. The minimum and maximum purchase price will depend on your purchasing power as determined by your mortgage provider. Your eligibility for Help to Buy Scheme and potentially your level of savings may also be assessed under this scheme.

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### Who is the scheme for:

Households which use their combined deposit and their approved maximum mortgage who cannot afford the home at its open market value and wish to avail of t

The Scheme is targeted at first-time buyers with the greatest affordability challenges.

Under the Fresh Start Principle, provision is also made for Divorced or separated individuals who do not retain an interest in a home previously owned with their former spouse/Civil Partner. The fresh start principle also applies to anyone who has exited insolvency where applicants who previously purchased a dwelling but who sold it or became divested of it as part of insolvency/bankruptcy proceedings.

Have a gross total annual household income no greater than €66,263 (2 & 3 bed) to €70,538 (3 bed semidetached)

Have a minimum deposit of 10% of the purchase price of the property.

Currently have a legal right to reside and work in the State and be able to demonstrate that they are habitually resident in Ireland. (Stamp 4 for 5 years)

### How does the Scheme work?

The main points of the Scheme are as follows:

- The Scheme is for first time buyers (along with some exceptions) who cannot afford to purchase a home at market value. Under this arrangement the Council will take a percentage equity share in the dwelling, equal to the difference between the market value of the dwelling and the price paid by the purchaser.
- The Scheme applies to specific new-build houses
- To participate in the Scheme, applicants will be required to maximise their mortgage drawdown capacity from a participating bank, or Local Authority Home Loan (where two bank refusals have been received).
- All purchasers must sign up to an 'Affordable Dwelling Purchase Arrangement' with Carlow County Council. Under this arrangement the Council will take a percentage equity share in the dwelling, equal to the difference between the market value of the dwelling and the price paid by the purchaser, expressed as a percentage of the market value of the dwelling.
- The equity share required cannot be less than 5% of the market value of the dwelling.
- The Council may not seek realisation of its affordable dwelling equity for a 40-year period (other than for breach of the agreement). However, the purchaser may choose to redeem or buy out the affordable dwelling equity at any time by means of one or a series of payments to the Council. Minimum sum of €10,000.
- If the purchaser chooses not to redeem the equity share while living in the home, the local authority can do so when the property is sold or transferred, or after the death of the owner.

### **Am I eligible for this Scheme?**

In order to be eligible to apply for Affordable Housing, applicants must satisfy the following criteria;

- Each applicant must be a First-Time Buyer or meet the exceptions under the Fresh Start Principle (see [www.gov.ie](http://www.gov.ie) for details of the Fresh Start Principle).
- Each person included in the application must have the right to reside indefinitely in the State (Stamp 4 for 5 years).
- The affordable home must be purchased as the household's normal place of residence.
- Applicants' purchasing power must not exceed 95% of the market value of the property.

### **How do I prove that I am a First Time Buyer?**

- Help to Buy application, confirming approval for all named applicants. If you have not already applied for Help to Buy you should do so now at [www.revenue.ie](http://www.revenue.ie)

### **What is meant by affordable purchase price?**

The affordable purchase price for a property is the price that the applicant will pay for the property after the discount has been applied to the market value. This price is based on an applicant's income and purchasing capacity and is linked to the equity share.

### **How is my purchasing capacity calculated? The purchasing capacity of applicants will be calculated as the combined total of:**

The purchasing capacity of applicants will be calculated as the combined total of:

- Maximum mortgage capacity, plus,
- A minimum deposit of 10% of the affordable purchase price, plus.

- In limited circumstances, any relevant savings, i.e., any savings in excess of the combined sum of the required deposit amount plus €30,000 may be taken into account.
- Applicants who have savings above a certain amount, may not qualify for the scheme.
- Any savings above this amount are added to the applicants purchasing power and if this purchasing power exceed 95% of the market value of the home, the application is not eligible for the scheme

### **How do I apply for the Scheme?**

The application process will be via an online platform through [www.carlow.ie](http://www.carlow.ie)

The system will allow for input of all relevant data and uploading of all supporting documentation.

**It should be noted that only complete applications will considered as a valid application.**

### **What information is needed to support my application?**

See “What can I do today to be ready to apply for the AHPS”

### **Are there exceptions to the First Time Buyer requirement?**

The Fresh Start principle applies for applications to State affordable housing and loan schemes. This means that the following categories of persons are eligible to apply for the Local Authority Affordable Purchase Scheme:

- Applicant(s) who previously purchased or built a residential property but is divorced/separated or otherwise and has left the property and divested themselves of their interest in the property are eligible.
- Applicant(s) who previously purchased a residential property but has been divested of this through insolvency or bankruptcy proceedings, are eligible to apply. However, a separate assessment of creditworthiness will be conducted by the underwriters.

### **What is the scheme of priority?**

A Scheme of priority was approved by the Elected Members of Carlow County Council on 12<sup>th</sup> June 2023 . The Scheme of Priority outlines a methodology to be applied to determine the order of priority accorded to eligible households where the demand for such arrangements exceeds the dwellings or resources available. This document is available on [www.carlow.ie](http://www.carlow.ie) under Local Authority Affordable Purchase Scheme.

### **How much of a deposit do I need?**

Financial institutions require that a minimum 10% deposit must be raised from applicants' own resources. The Help to Buy (HTB) Scheme operated by The Revenue Commissioners can be utilised towards this deposit [www.revenue.ie](http://www.revenue.ie)

### **How do I know which property to apply for:**

Households of 1 person should apply for the 2 Bedroom dwelling. Households of 2 persons or more should apply for the 3 Bedroom dwelling.

Where the number of eligible applicants exceeds the number of affordable dwellings for which applications are made, applications will be prioritised in accordance with Carlow County Council's Scheme of Priority for Affordable Dwelling Purchase Arrangement.

### **Where can I buy an Affordable Home?**

Affordable homes will be made available in accordance with the affordable dwelling purchase arrangements under the Affordable Housing Act 2021 and associated Regulations.

### **What is meant by market value?**

The market value of a property is the price for which the property would be expected to achieve on the open market.

### **How does the Help to Buy Scheme impact on the amount of the Loan.**

Apply for Help to Buy Scheme from Revenue to get proof of your first-time buyer status from Revenue.ie. Please refer to the qualifying criteria defined by the Revenue Commissioners for eligibility for the scheme. <https://www.revenue.ie/en/property/help-to-buy-incentive/index.aspx>

### **Do I need to apply in sole or joint names?**

Where a person is married, in a civil partnership or in a committed relationship with a partner with whom he or she intends to reside in the affordable dwelling, he or she may not apply to purchase an affordable dwelling under an affordable dwelling purchase arrangement on his or her own but should make any such application together with his or her spouse, civil partner or partner, as the case may be

### **How is a decision made on my application?**

The decision on your application is made by Carlow County Council in accordance with the eligibility criteria set out in this document and a Scheme of Priority adopted by Carlow County Council 12<sup>th</sup> June 2023.

### **How do I provide evidence of the ability to fund the purchase?**

An Approval in Principle letter from a financial institution and a bank account showing your savings.

### **If I am approved for the scheme, where can I apply for a loan?**

Finance can be secured from any private qualifying lending institution such as bank or building society to finance their purchase. Where an applicant is refused by 2 banks/building societies for a mortgage, they may then apply for the Local Authority Home Loan . Where a purchaser is not availing of the Local Authority Home Loan through the council to purchase the home a separate 'Priorities Agreement' between the Council and the bank providing the mortgage to the purchaser will be necessary. This agreement between the Council and the bank will not impact on the purchaser but will record that the Council will retain an equity share in the property and will provide that the banks interest will take priority.

Applications for Local Authority Home Loans should be made to Local Authority Home Loans Section, Housing Department, Carlow County Council, Tullow, Co. Carlow.

Email: [loanapplications@carlowcoco.ie](mailto:loanapplications@carlowcoco.ie)

### **Can the Council demand repayment of the "Affordable Dwelling Equity"? (Other Equity Realisation Events)**

The Council can demand the repayment of the affordable dwelling equity by serving a Realisation Notice on the homeowner on the occurrence of certain realisation events which are set out in the Affordable housing Act 2021, including

- The expiry period of 40 years without redemption in full of the equity share by the purchaser(s) (which will be the period during which the Council may not realise its equity share other than for breach of other conditions of the agreement).
- Where the purchaser(s) dies, commits an act of bankruptcy or is adjudicated a bankrupt.
- A mortgagee, incumbrancer or receiver gains possession of the affordable dwelling.
- The dwelling becomes subject to an order or process for compulsory purchase .
- The dwelling is demolished or destroyed whether by fire or otherwise or is damaged so as to materially affect its market value.
- The dwelling is abandoned or is no longer the principal primary residence of the purchaser(s)
- The dwelling is sold
- Where there is a material breach of a covenant in the affordable dwelling purchase arrangement.
- The purchaser(s) is found to have deliberately misled the Council in respect of any material fact regarding eligibility or priority in making their application.

A Realisation Notice will specify a period (not shorter than three months commencing on the service of the notice) after which the Council will be entitled to realise the affordable dwelling equity. The procedure for this arrangement will be clearly set out in the Affordable Dwelling Purchase Arrangement.

### **What is an Affordable Dwelling Purchase Arrangement?**

The Affordable Dwelling Purchase Arrangement is the legal agreement or contract between the Council and the purchaser setting out the terms and conditions under which the Council provides the Affordable Dwelling Contribution.

Each successful applicant will enter into an Affordable Dwelling Purchase Arrangement with Carlow County Council. The agreement covers the obligations of the purchaser and the Council and makes provision for the registration of the agreement with the Registry of Deeds/Land Registry. The agreement will also set out how and when the homeowner can make redemption payment(s) to reduce the Council's affordable dwelling equity share as well as the conditions under which the Council may seek redemption of the affordable dwelling equity.

Successful applicants will be required to enter into a Contract for Sale with the developer in order to complete the purchase of the affordable home. This Contract of Sale will include all standard conveyancing terms and conditions and the developer will also require confirmation of the purchasers' Affordable Dwelling Purchase Agreement with the Council.

**APPLICANTS SHOULD ENSURE THAT THEY HAVE FULLY COMPLETED THE APPLICATION FORM AND DECLARATIONS AND SUBMITTED THE REQUIRED DOCUMENTATION AS THE DATE AND TIME OF APPLICATION WILL BE ONE OF THE CRITERIA ON WHICH ELIGIBLE APPLICATIONS WILL BE PRIORITISED UNDER THE COUNCIL'S SCHEME OF PRIORITY.**

All application details and data submitted will only be retained for this scheme and will not be carried forward for any future affordable housing scheme(s).

Applicants who submit false or misleading information on their application will be disqualified from this process.

**I have a query that is not answered in this document, who can I contact?**

For any queries that you are unable to find an answer to, please email your query to [affordablehousing@Carlowcoco.ie](mailto:affordablehousing@Carlowcoco.ie)