

# Affordable Housing Purchase Scheme

## Frequently Asked Questions

### What is the Local Authority Affordable Purchase Scheme?

Local authorities will make homes available at a reduced price for first-time buyers whose mortgage and deposit will not cover the price of the home and who are seeking to purchase a newly built home.

Through the scheme, the local authority will take a percentage equity stake (share of the ownership) in the home equal to the difference between the open market value of the property and the reduced price paid by the purchaser.

### Where are the Affordable Homes located?

Waterford City & County Council, “the Council”, has arrangements in place with developers for the sale of 25 dwellings at [Deerpark, Williamstown, Waterford](#) and 92 dwellings at [Elder Walk, Summerfields, Kilbarry, Waterford](#) – [the Elder Walk scheme is being delivered in partnership with the Land Development Agency](#).

### How does the scheme work?

- The scheme applies to new-build local authority houses and apartments.
- The support provided by the local authority takes the form of an equity share on the home.
- To participate in the scheme, applicants will be required to maximise their mortgage drawdown capacity (3.5 times a household income, from a participating bank, according to the Central Bank’s macro-prudential rules).
- Applicants may be able to avail of the [Local Authority Home Loan](#).
- Applicants may be able to avail of the [Help to Buy Scheme](#).
- The maximum financial support available on each home will be established by the local authority delivering the homes.
- The purchaser can redeem (buy-out) this equity share at a time of their choosing but there will be no requirement to do so.
- 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.
- The equity share required will not be less than 5% and not greater than 25% of the market value of the dwelling.

### Who is the scheme for?

- Households which, using their combined deposit and their approved maximum mortgage, cannot afford the home at its open market value.
- The scheme is targeted at first-time buyers with the greatest affordability challenges.

- 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
  - A limited category of second-time buyers (those who purchased previously but whose home is now demonstrably too small for their household needs); and
  - 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 generally between €56,000 and €81,000 (see [Affordable Purchase Dwelling Arrangements Income Assessment Policy](#)).
- 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.

### **When and how can affordable housing applications be made?**

The Council previously sought Expressions of Interest and the Council will contact the applicants before making the dwellings available for sale. The Council will publish a notice on social media and our website, at least 3 months before the houses are available for sale, giving details of how to make an application for affordable housing, types and locations of properties available, income limits and minimum/maximum sale prices (see below for further details). Applications will be accepted through an online application system only. The system will allow for input of all relevant data and applicants will be required to upload supporting documentation.

In the online application process, applicants will have to submit a fully completed application form with all declarations completed and submit the following: -

- **Consent form and declaration signed and dated by both applicants.**
- **Proof of income:** -
  - PAYE employees: Salary Certificate, Employment Detail Summary, and payslips (3 if paid monthly, 6 if paid fortnightly and 12 if paid weekly).
  - Self-Employed: Documents for previous 2 years: - Audited/Certified Accounts, Tax Balancing Statement and Tax Payment Receipt.
  - Not employed: [Unemployment/Social Benefit Confirmation](#) form completed by an official at the Department of Social Protection
- **Proof of Citizenship:** Passport or Birth Certificate
- **Proof of Right to Reside in Ireland:** GNI Stamp 4
- **Photographic Identification** – Any one of the following documents: -Current Valid Passport, Driving Licence, National Age Card issued by An Garda Siochana, an identification form with a photograph signed and stamped by a member of An Garda Siochana
- **Proof of Present Address** dated within the last 3 months. Any one of the following documents:- Current utility bill (gas, electricity, telephone, mobile phone, or internet bill), bank statement/credit union statement, document issued by government department that shows your address, Statement of Liability P21 from Revenue.

- **Proof of PPSN/Tax Registration Number** – Any one of the following documents: - Statement of Liability P21, Tax Assessment, Notice of Credits from Revenue, Letter from Revenue Commissioners addressed to you showing PPSN, employee details from Revenue, Receipt for social welfare payment, Letter from Department of Employment Affairs and Social Protection addressed to you showing your PPSN, Medical Card, Drug Payment Scheme Card, Payslip, P45.
- **Evidence of savings/deposit**
- **Evidence of first-time buyers' status**
- **Confirmation of eligibility for Help to Buy Scheme** print out from Revenue portal (myAccount (PAYE applicants) ROS (Self-assessed applicants) confirming names of applicant(s) and maximum entitlement under the scheme. (Note that applicants are considered first-time-buyers only if BOTH are buying their home for the first time) - x1
- **Mortgage loan approval in principle** letter stating the maximum mortgage available to applicants

**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.

### **Do applicants need to have mortgage approval in place?**

Applicants should submit a Mortgage Approval in Principle letter from their proposed lender confirming the maximum mortgage available to the applicants when applying for affordable housing. Purchasers can use a mortgage from any private lending institution, such as a bank or building society, to finance their purchase or if refused by 2 banks/building societies, they can 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 bank's interest will take priority.

### **How will successful applicants be decided?**

Applicants who are eligible and who submit a valid application will be assessed based on **Waterford City & County Council's Scheme of Priority for Affordable Dwelling Purchase Arrangements.**

Selected applicants will be required to obtain formal mortgage approval and verify their application details and offered the opportunity to purchase a property in sequence until all properties have been sold.

The developer is not involved in the administration or the selection process for this affordable housing scheme.

### **What type of properties are available for purchase?**

Waterford City & County Council currently have an agreement with developers for the sale of 25 three-bedroom affordable housing units in [Deerpark, Williamstown, Waterford](#) and 68 three-bedroom and 24 four-bedroom housing units in [Elder Walk, Summerfields, Kilbarry](#), Waterford.

### **When will the properties be available?**

The properties will start to become available at the end of 2022.

### **What is the market value of the properties?**

The market value of an affordable home is the price for which the affordable home might reasonably be expected to achieve on the open market. The initial market valuation of the home to calculate the equity share is carried out by the Council. For subsequent valuations of the property, a valuation mechanism will be set out in the Affordable Dwelling Purchase Arrangement. A valuation will be required when a redemption payment is being made by the purchaser. Over time, if the value of the affordable home increases, the amount owed on the value of the equity share will increase in line with the prevailing market value. The market values of the properties are listed below.

### **What is the affordable purchase price of these properties?**

The affordable purchase price for the properties will be discounted on the market value and based on the specific purchasing capacity of eligible applicants. The Council will provide an “Affordable Dwelling Contribution” to reduce the purchase price payable now by successful applicants.

Discounts ranging from a minimum of 5% of the market value to a maximum of 25% of market value will be available depending on successful applicants’ income, deposit (which can include support from the Help to Buy scheme) and savings, with price ranges as follows:

<b>Property Type</b> <b>Deerpark, Williamstown</b>	<b>Market Value</b>	<b>Minimum Affordable Purchase Price</b>	<b>Maximum Affordable Purchase Price</b>
Type A - (Deerpark) 3 bed semi-detached	€295,500	€220,500	€280,725
Type B – (Deerpark) 3 bed semi-detached (End gable)	€302,500	€227,500	€287,375
Type C – (Deerpark) 3 bed terrace	€295,500	€220,500	€280,725
<b>Property Type</b> <b>Summerfields, Elder Walk, Kilbarry</b>	<b>Market Value</b>	<b>Minimum Affordable Purchase Price</b>	<b>Maximum Affordable Purchase Price</b>
House Type A – (Summerfields, Elder Walk) – 3 bed semi-detached	€301,564	€226,564	€286,486
House Type B – 3 bed semi-detached	€301,564	€226,564	€286,486
House Type C – 4 bed semi-detached	€331,214	€256,214	€314,653

Applicant “purchasing power” will determine the price that the purchaser will pay for the affordable home. Indicative pricing based on sample income and deposit levels relative to the minimum and maximum affordable purchase prices for the available property types are shown below as a guide for potential applicants:

#### **Property – 3-Bed Semi – Market Value €295,500**

<b>Gross Household Income</b>	<b>Mortgage (income x 3.5)</b>	<b>Deposit (Minimum 10%)</b>	<b>Purchasing Power (=Mortgage + Deposit)</b>	<b>Applicant Contribution</b>	<b>WCCC Contribution (Equity Share)</b>	<b>Total Cost</b>
€70,000	€245,000	€27,222	€272,222	€272,222	7.88%	€295,500
€65,000	€227,500	€25,278	€252,778	€252,778	14.46%	€295,000
€60,000	€210,000	€23,333	€233,333	€233,333	21.04%	€295,500

#### **Property – 4-Bed Semi – Market Value €331,214**

<b>Gross Household Income</b>	<b>Mortgage (income x 3.5)</b>	<b>Deposit (Minimum 10%)</b>	<b>Purchasing Power (=Mortgage + Deposit)</b>	<b>Applicant Contribution</b>	<b>WCCC Contribution (Equity Share)</b>	<b>Total Cost</b>
€80,910	€283,188	€31,465	€314,653	€314,653	5%	€331,214
€75,000	€262,500	€29,167	€291,667	€291,667	11.94%	€331,214
€65,883	€230,593	€25,621	€256,214	€256,214	22.6%	€331,214

The purchasing power shown above will equal the affordable purchase price for eligible and successful applicants.

Households with lower total incomes than those stated above, but with additional savings, may be eligible to purchase an affordable home in this scheme. In such cases, the level of savings that they can contribute may impact the level of equity stake for their purchase.

## How is purchasing capacity calculated?

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

- Maximum mortgage capacity, i.e., 3.5 times gross household income, plus,
- A minimum deposit of 10% of the affordable purchase price, plus.
- In limited circumstances, any relevant savings, i.e., any relevant 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. Applicants can have the money to cover the deposit on the home and an additional €30,000. Any savings above this amount is added to the applicant purchasing power and if this purchasing power exceeds 95% of the market value of the home, the application is not eligible for the scheme.

## What deposit is needed?

Financial institutions require that a minimum 10% deposit must be raised by purchasers. The **Help to Buy Scheme** operated by the Revenue Commissioners can help with the deposit needed to purchase these affordable homes. Please see [Revenue.ie](https://www.revenue.ie) for more details.

**Please note: When availing of the Help to Buy Scheme please note the total equity share cannot exceed 20% of the market value of the property.**

## What is the Affordable Dwelling Contribution?

The Council will provide a contribution known as an “Affordable Dwelling Contribution” that facilitates the purchase of homes by an eligible applicant. The Affordable Dwelling Contribution is the difference between the combined total of the purchaser’s deposit and maximum mortgage capacity (and savings where relevant) and the market value of the home on the date of purchase:

[Market Value] minus [Deposit + Mortgage Capacity + Relevant Savings (savings in excess of €30,000)] = Affordable Dwelling Contribution.

## What is the Affordable Dwelling Equity?

This “Affordable Dwelling Contribution” will be expressed as a percentage to calculate the Affordable Dwelling Equity”, or equity share, that the Council will retain in the home. The

“Affordable Dwelling Contribution” will be between 5% and 25% of the market value of the homes.

### **When can the “Affordable Dwelling Equity” be repaid?**

It is a condition of this scheme that the Council will register a charge on the property equal to the “Affordable Dwelling Equity”, or equity share, representing the percentage discount below market value that the home is purchased for. The “Affordable Dwelling Equity” will in general become repayable upon the subsequent sale of the property or after forty years. The total amount repayable in respect of the “Affordable Dwelling Equity” to remove the Council’s shared equity interest from the property will depend on the future market value of the home and the timing of the repayment(s).

The Council’s equity share in the property must be repaid in full, but the timing of repayment(s) is flexible. From five years after their purchase, purchasers can decide when to make redemption repayments on the equity share, subject to a minimum repayment amount of €10,000, or the equity share can be repaid when the purchaser subsequently decides to sell the property. The Council will keep a record of all redemption payments made by the purchaser, revising the affordable dwelling equity percentage accordingly. When the full equity share is repaid, the Council will discharge it in the Registry of Deeds/Land Registry.

### **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 including:

1. 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 equity share other than for breach of other conditions of the agreement)
2. Where the purchaser(s) dies, commits an act of bankruptcy, or is adjudicated a bankrupt.
3. A mortgagee, incumbrancer or receiver gains possession of the affordable dwelling.
4. The dwelling becomes subject to an order or process for compulsory purchase.
5. The dwelling is demolished or destroyed, whether by fire or otherwise or is damaged so as to materially affect its market value.
6. The dwelling is abandoned or is no longer the principal primary residence of the purchaser(s).
7. The dwelling is sold.
8. Where there is a material breach of a covenant in the affordable dwelling purchase arrangement.
9. 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 the Council. This will be prior to or at the same time as the closing of the purchase of their affordable home. 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.