

# **FINGAL COUNTY COUNCIL AFFORDABLE HOUSING SCHEME**

## **INFORMATION BOOKLET**



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**FINGAL COUNTY COUNCIL – BUILDING COMMUNITIES**

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## **1. INTRODUCTION**

Fingal County Council's Affordable Housing Scheme allows first time buyers to purchase a property through the County Council, for a significantly lower cost than buying privately. Houses sold under the Affordable Housing Scheme are sold at cost price rather than market value. Over the past number of years, Fingal County Council has been proactive in providing homes within the county at affordable prices.

These homes have been purpose built by Fingal County Council, through Public Private Partnership, or acquired under Part V of the Planning and Development Act 2000. Since July 2008, a number of properties sourced by the Affordable Homes Partnership have been made available for direct sale by developers to affordable home purchasers. When houses or apartments are available to the Council for sale, they will be offered to people who have been provisionally approved under the terms of the Scheme. Please see Section 9 in relation to General/Local area lists.

## **2. WHO IS ELIGIBLE?**

The following are eligible for consideration under the Affordable Housing Scheme:

1. Persons in need of housing and who meet the income limit set out below:-

**INCOME ELIGIBILITY IS BASED ON THE P60/P21 FOR THE PREVIOUS TAX YEAR FOR 52 WEEKS.**

**THE FOLLOWING INCOME LIMITS APPLY WITH EFFECT FROM 3<sup>RD</sup> NOVEMBER 2008:**

<b>SINGLE APPLICANT</b>	<b>€60,000 OR UNDER</b>
<b>JOINT APPLICANTS</b>	<b>FIGURE ON THE P60/P21 FOR PRINCIPAL EARNER X 2.5</b>
	<b>+ SECOND EARNERS INCOME X 1</b>
	<b>MUST BE €165,000 OR UNDER.</b>

**OR**

**IF YOU ARE SELF-EMPLOYED, YOU MUST SUBMIT AN AGREED TAX ASSESSMENT FOR THE PREVIOUS TAX YEAR (SIGNED AND STAMPED BY THE INSPECTOR OF TAXES) TOGETHER WITH CERTIFIED AUDITED ACCOUNTS FOR THE TAX YEAR IMMEDIATELY PRECEDING THE DATE OF APPLICATION.**

2. Tenants and tenant purchasers of Local Authority houses who intend to return their houses to the Authority on providing a private house for their own occupation under the Scheme.
3. Persons included by a Local Authority in its latest assessment of housing needs under Section 9 of the Housing Act, 1988, or accepted for inclusion in the next such assessment.

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4. Tenants of one year's standing of houses provided by approved housing bodies under the Rental Subsidy Scheme who intend to return their houses to the housing body on providing a private house for their own occupation under the Scheme.
  - Please note that the Housing Bodies must be approved by the Department of Environment, Heritage and Local Government and funded under either the Capital Assistance Scheme or Rental Subsidy Scheme.

In addition applicant(s) must also meet the following **general criteria**:-

- That applicants are First Time Buyer(s). Certain exceptions may apply e.g. if legally separated
- Applicant(s) must be working in a **full-time permanent capacity for at least 6 months prior to making an application.**
- Income must be sufficient to support mortgage repayments.
- Long term Social Welfare payments may be accepted in addition to earned income.

### 3. CHECKLIST

The following information/documentation is required. When this documentation and information is in order, please contact this office for an application form on: Tel: 8905591 or you can download the application form from our website, [www.fingalcoco.ie](http://www.fingalcoco.ie)

- A copy of a **Birth Certificate or Passport** for each applicant and Birth Certificate for each child.
- A copy of Marriage Certificate (if applicable). Please note that your spouse must be included on the application and be residing in Ireland. If applicable, please include details of Separation or Divorce documentation that indicate financial settlements and disposal of property. A copy of previous Marriage Certificate will also be required.
- P60 & P21 for preceding tax year (2008)
- Four Current Payslips.
- Documentary evidence of minimum savings of €2,000 accessible in a savings account.
- If you are self-employed, you must submit an Agreed Tax Assessment for the previous tax year (signed and stamped by the Inspector of Taxes) together with Certified Audited Accounts for the tax year immediately preceding the date of application, together with Current Projected Income for the coming 12 months.
- If you are **not** a citizen of the European Union, you must submit evidence of entitlement to reside in Ireland (**Stamp 4** and **GNIB letter**). **This must show that you have been granted the right to reside for a total of 5 years.**
- Letter of Loan Approval in Principle from one of the 4 Financial Institutions participating in the Affordable Housing Scheme (See Section 4, page 5).

**THE INFORMATION CONTAINED IN THIS BOOKLET IS INTENDED AS A GUIDE ONLY AND DOES NOT PURPORT TO BE A LEGAL INTERPRETATION.**

#### 4. FINANCING THE PURCHASE OF YOUR AFFORDABLE HOME

Applicants must obtain a mortgage from one of the participating Financial Institutions. Prior to submitting your application, you must have received provisional loan approval from one of the Financial Institutions listed below:

- Bank of Ireland
- EBS Building Society
- Haven Mortgages Limited
- Ulster Bank Ireland Limited/First Active

The letter issued by the Financial Institution should state the maximum amount that you have been approved for. Please note that you will be required to seek Final Loan approval when you proceed to purchase a property from Fingal County Council.

If you are unable to obtain finance from any of the 4 Financial Institutions listed above, you may apply to Fingal County Council for a House Purchase Loan subject to the Council's lending terms and conditions. Before an application for a loan can be considered by the Council, the applicant must produce documentary evidence that a loan has been refused by at least two of the Financial Institutions listed above. The amount of the loan refused must be clearly stated on the letter. See Appendix 2 for details of how to apply for a House Purchase Loan.

#### 5. CAN I SELL THE PROPERTY?

Homes purchased from the Council under the Affordable Housing Scheme may be sold. In the event of re-sale the seller must pay back to the Council the clawback percentage of the **actual amount the property is sold for**.

The clawback percentages vary from property to property. These are set by the Council prior to closing the sale of the property and are based on the sale price and the market value price of the property.

**The amount payable to the County Council reduces each year after year 10. The clawback no longer applies after year 20.**

Example		
House sold after five years for		€300,000
Outstanding mortgage (estimated)	€125,000	
Clawback (30% of €300,000 to be repaid to Council)		€ 90,000
Amount owing to Bank		€125,000
Balance		€85,000

## **6. LEGAL REPRESENTATION**

It will be necessary for you to engage a solicitor and submit details of that solicitor when placing a booking deposit on a property.

## **7. MORTGAGE ALLOWANCE SCHEME**

The Mortgage Allowance Scheme assists tenants and tenant purchasers of local authority dwellings and certain tenants of houses provided by voluntary housing bodies under the Rental Subsidy Scheme who wish to return their dwelling to the local authority or voluntary body and purchase or build a private dwelling for their own occupation by reducing their mortgage repayments over the first five years of the mortgage. At present the amount of the allowance is €11,450 and is payable to your lending institution over a five year period. The allowance or the allowance plus income tax relief on mortgage interest cannot in the year exceed the amount of loan charges due.

## **8. WILL THERE BE STAMP DUTY COSTS?**

No Stamp Duty will be payable.

## **9. GENERAL/LOCAL AREA LISTS**

All applicants for the Affordable Housing Scheme who are provisionally approved will be placed on the General list, which covers all of the Housing areas within the county.

Certain applicants who satisfy the Council that they have been resident in one of the housing areas for a period of not less than 5 consecutive years may also be eligible to be placed on the relevant Local area housing list i.e. Blanchardstown General, Swords/Malahide/Howth General, Balbriggan General.

A number of properties are reserved for people on local lists. This allocation of properties allows for people who are or have been resident in a particular area to purchase a property close to family/friends. (See Appendix 1 – Fingal County Council's Housing Areas).

## **10. GENERAL POINTS TO NOTE**

- (a) Please note that the Application Fee is not refundable.**
- (b) When Applicant(s) apply for the Scheme and are successful they will be granted Provisional Approval which is valid subject to the applicant(s) continuing to fulfil the eligibility criteria of the scheme.**
- (c) The Council will arrange a viewing of all properties it has for sale.**
- (d) Properties are offered to applicants strictly in accordance with their place on the list.**
- (e) An applicant is free to reject any offer without penalty.**

## AFFORDABLE HOUSING PROCESS

### APPLICATION → PROCESS

- Check that you are **eligible** under the scheme.
- **Use the attached checklist to ensure that you meet the required criteria.**
- Contact us if you have any **queries** or require **additional information**.
- If everything is in order, complete an application form.
- Ensure that you have all the documentation as per the **Checklist**.
- **Photocopies of documents will suffice.**
- Ensure that you have the required level of savings prior to application.
- **Submit** your application along with the application fee of **€50**.

### APPROVAL → PROCESS

- Your application will be **assessed** upon receipt by the Council and your **eligibility** under the Scheme will be **established**.
- We check that you have submitted all the necessary **documentation**.
- Please note if any of these details are **missing**, your application **will be returned**.
- Your application will be submitted to senior management **pending a decision**.
- You will be issued with a **Certificate of Provisional Approval** and placed on our **General Waiting List**.
- You may also be placed on a **Local List** if applicable.
- The Certificate of Provisional Approval is **valid for as long as the applicant(s) continue to fulfil the eligibility criteria of the scheme**.

### SALES → PROCESS

- Fingal County Council has a dedicated **Sales Team** providing a **one stop shop** for all potential buyers.
- As housing units become available, they will be offered to provisionally approved applicants **strictly in accordance with their place on the list**. There is **no penalty** involved in turning down offers.
- Housing units are sold at **cost price** and at a **significant discount** from market value.
- A minimum booking deposit of €1,500.00 will apply. A booking deposit of €3,000.00 may apply on certain properties e.g. those provided for sale through the Affordable Homes Partnership.
- All offers of housing are subject to **Final Loan Approval**.
- If you **accept an offer** and receive **Final Loan Approval** our Sales Office will arrange to close the sale.

***Fingal County Council's Housing Areas***

**Area 1      Balbriggan General**

Balbriggan, Ballyboughal, Garristown, Naul, Oldtown, Rush, Skerries.

**Area 2      Swords/Malahide/Howth General**

Donabate, Portrane, Rolestown, St Margaret's, Swords, Lusk, Malahide, Howth, Baldoyle, Portmarnock, Sutton

**Area 3      Blanchardstown General**

Blanchardstown, Clonsilla, Mulhuddart, Castleknock.

## **APPENDIX 2**

If you wish to apply to Fingal County Council for loan approval you must complete the **House Purchase Loan Application Form** which is available to download from our website [www.fingalcoco.ie](http://www.fingalcoco.ie) along with the Information Leaflet. You can also obtain a copy by contacting us at tel: 8905591.

Before you apply to Fingal County Council for a House Purchase Loan you must provide documentary evidence that loan approval in principle has been refused or insufficient loan approval has been granted by at least two of the 4 Financial Institutions listed in Section 4. The amount of the loan refused must be clearly stated on the letter.

### **HOUSE PURCHASE LOAN INFORMATION**

Applicants may apply for a Local Authority House Purchase Loan, up to a maximum of €220,000 subject to lending terms and conditions, who meet the following eligibility criteria:

1. First Time Buyers (exceptions may apply e.g. for legally separated or divorced applicants)
2. Single applicant's income must be less than €50,000
3. Joint applicants' combined income must be less than €75,000
4. The primary earner on the application form must be in continuous employment for at least two years (this can be self-employment) and the second applicant must have at least one year's continuous employment. Certain exceptions can be considered.
5. Aged between 18 and 70 years (i.e. loan term must cease by the time the borrower reaches 70 years of age).
6. Applicants must prove that they have sought a mortgage from two lenders (banks or building societies) and have received inadequate funding offers or refusals from each before making an application for a House Purchase Loan to Fingal County Council.

The maximum loan amount that may be advanced (subject to lending terms and conditions) is €220,000

- over a maximum term of 30 years
- the maximum loan-to-value (LTV) ratio is 97%.

The maximum mortgage loan in each case will be determined by the local authority in accordance with lending terms and conditions, the €220,000 limit, LTV limit and subject to the purchaser's ability to repay.

#### **How to apply:**

Applicants must complete the House Purchase Loan application form and return it to:

Affordable Housing & Tenant Purchase Section  
Housing Department  
Fingal County Council  
Grove Road  
Blanchardstown  
Dublin 15

## **AFFORDABLE OPTION**

The Affordable option provides for a mortgage of up to 97% of the sale price of the property, capped to a maximum of €220,000 mortgage at the applicable variable rate of interest. In the event that the sale price of the property is greater than €220,000 the difference must be made up with a deposit.

The maximum loan term is 30 years. The amount of the loan advanced in individual cases will be determined by the Council having regard to the household circumstances. Normally, monthly outgoings on the loan should not exceed 35% of the net household income.

<b><u>EXAMPLE:</u></b>			
<b>Cost of house:</b>	<b>€187,000</b>	<b>Loan :</b>	<b>€180,000</b>
		<b>Deposit:</b>	<b>€ 7,000</b>

Repayments on an Affordable House Purchase Loan of €180,000 at the variable interest rate of 2.5% (effective from 1<sup>st</sup> June 2009) would be €836.26 per month. This payment is made up of the applicant's mortgage repayment and a mortgage protection payment which is currently 0.5615%. In addition, applicants will also be responsible for the maintenance, Buildings and Contents Insurance and other ongoing costs related to the house. The actual deposit required **can vary** depending on the cost price of the property and the amount of loan advanced. The deposit required can also vary depending on which option you are approved for at Final Loan Approval stage i.e. Shared Ownership or the Affordable option. Please see examples above.

## **SHARED OWNERSHIP OPTION**

The Shared Ownership option facilitates the purchase of a property in two or more stages to person(s) who could not afford full ownership immediately. You initially acquire a share (minimum 40%) in a property by means of a mortgage from the Council and rent the remainder from the Local Authority.

The standard term of a Shared Ownership Loan is 25 years. At any time during the term of the loan the rented equity portion may be bought out and at any stage during the term of the loan, a special payment of not less than €1,500.00, may be made off the rented equity amount. This will result in a smaller rented equity and lower monthly rent repayments. In any event the rented equity **must** be bought out within the 25 year period.

<b><u>EXAMPLE:</u></b>			
<b>Cost of house:</b>	<b>€187,000</b>	<b>Loan:</b>	<b>€ 165,000</b>
		<b>Deposit:</b>	<b>€ 7,000</b>
		<b>Rented Equity:</b>	<b>€ 15,000</b>

Repayments on a Shared Ownership loan in the example above are approximately €822.00 per month.

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This payment is made up of the applicant's mortgage repayment at the variable interest rate of 2.5% (effective from 1<sup>st</sup> June 2009), the rent to the Council (currently this is calculated at 4.30% and is revised annually on the 1<sup>st</sup> of July by reference to the most recently published guidelines) and a mortgage protection payment which is currently 0.5615%. In addition, applicant(s) will also be responsible for the maintenance, Buildings and Contents Insurance and other ongoing costs related to the house.

### **WHICH OPTION?**

When the applicant(s) is about to purchase the property it is necessary at that stage to apply for Final Loan Approval. The Council will decide, taking into account income details, house cost, amount of deposit available, repayment amounts etc., which option best suits the applicant(s) circumstances i.e. the affordable or the shared ownership option.

### **INTEREST RATES**

Fingal County Council offers a variable interest rate on House Purchase Loans advanced by the Council. The interest rate is set by the Housing Finance Agency and can vary upwards or downwards, as financial markets fluctuate. The Variable Interest Rate with effect from 1<sup>st</sup> June 2009 is 2.5%.

APPLICANTS MUST BE AWARE THAT THEIR HOME IS AT RISK IF THEY DO NOT KEEP UP PAYMENTS ON A MORTGAGE OR ANY OTHER LOAN SECURED ON IT.

### **TAX RELIEF AT SOURCE**

All mortgages from Fingal County Council to First Time Buyers will qualify for Tax relief. This will be applied at source, meaning that the correct amount of tax relief will already be deducted from the amount of mortgage you pay each month, reducing the monthly payments.

### **MORTGAGE/RENT SUBSIDIES**

Fingal County Council offers a mortgage/rent subsidy on council loans where the borrower's household income is less than €28,000 in the previous tax year. This subsidy is applied on a scale basis.

**Please note:** The subsidy is granted based on household income, therefore, where there are joint owners of a property, ALL incomes are taken into account when calculating the household income.