

**Eligibility:****Am I eligible for the scheme?**

You are eligible if you satisfy the following criteria:

1. You are over 18 years of age.
2. You are a First Time Buyer or meet the exceptions under the Fresh Start principle.
3. You have not previously purchased or built a home in the Republic of Ireland for your own occupation. Exceptions apply to Fresh Start principle applicants.
4. Each person included in the application must have the right to reside in the State.
5. Your home must be your principal place of residence.
6. You must need at least a 5% equity stake from the local authority.
7. You have a minimum deposit of 10% of the purchase price.

It is recommended that applicants have their mortgage approval in principle prior to applying for an affordable home or at least be in a position to apply for a mortgage

**Do I have to be a First-Time Buyer?**

A First-Time Buyer can apply. You are a First-Time Buyer if:

- you have never bought or built a home in the Republic of Ireland to live in
- you do not own a home in the Republic of Ireland or anywhere else
- you are not beneficially entitled to an estate or interest in any home

Certain exceptions apply under the "Fresh Start" principle. This principle allows certain categories of people who previously purchased or built a home to apply for the scheme. For example

1. If you have been divorced, legally separated or your civil partnership or relationship has ended, and you no longer live in and have no financial interest in your previous family home then you could be eligible to apply under this scheme.
2. If you have been divested of a home through personal insolvency or bankruptcy proceedings you may also be eligible to apply for this scheme.
3. You previously owned, were beneficially entitled to, or have an interest in a dwelling in the State and that this dwelling, because of its size, is not suited to the current accommodation needs of your household. Conditions may apply.

**What is the Income Eligibility for the Scheme**

The maximum income limits are calculated based on the market value of the home and will be different for each development of homes.

The local authority will assess your income eligibility in two way.

## 1. Income / Mortgage Capacity

Your gross household income x 4 must not be more than 85.5% of the market value of the house. If your mortgage capacity is lower than your gross household income x4, the local authority will assess your actual mortgage capacity instead. Your maximum mortgage capacity must not be more than 85.5% of the market value of the house.

## 2. Savings / Money

If the local authority determines that your application meets the income/ mortgage capacity criteria, your savings/ money will then be assessed. The local authority will disregard the following from the assessment:

- Your deposit
- An additional €30,000

The rest of your savings/ money will be added to your gross household income x4. This is called your "deemed purchasing power". If your mortgage capacity is lower than your gross household income x 4, the local authority will use your actual mortgage capacity instead.

Your "**deemed purchasing power**" must not be more than 95% of the market value of the home. You must need at least a 5% equity stake from the local authority to be eligible for the scheme. There is no minimum income limit under the Scheme. An affordable home will have a minimum purchase price set by the local authority. You must be able to show that you have the capacity to pay at least the minimum purchase price by using a combination of a mortgage, savings and Help to Buy (if applicable). The price you pay for your home will be higher if your income and mortgage capacity is higher.

## My Application:

### How can I buy an Affordable Home?

Affordable homes will be made available for sale by local authorities. The details of these homes will be advertised on their websites, and on [affordablehomes.ie](http://affordablehomes.ie), in local newspapers and in some cases on social media. The advertisement will appear in advance of the opening date for making your application. The opening date for applications and the closing date will be clearly set out in the advertisement.

Local authorities will, in most cases, open an online platform for applications. Information on how to access and use the online platform will be provided by the local authority before applications open. You may be required to upload your documents to the platform. Please take care to follow all instructions so that your application is valid. Applications are recorded on a date and time of receipt.

Supporting documentation will be required by the local authority before you will be considered for the purchase of an affordable home. The local authority will advise you of the documents you will need to submit with your application. The list of documents will be listed when homes become available.

### **Do I need mortgage approval in principle?**

It is recommended that before applying for an affordable home, you have mortgage approval in principle from a mortgage provider confirming the maximum mortgage available to you. An approval in principle is a letter from a lender indicating the amount of money you are eligible to borrow for a mortgage. **Your application cannot be fully processed unless you have mortgage approval in principle.**

### **Can I use the Local Authority Home Loan?**

The Local Authority Home Loan (LAHL) is a mortgage offered by a local authority. If you have been unable to secure a mortgage from a lending institution you can apply for a Local Authority Home Loan to purchase your home, subject to the terms and conditions of the loan.

### **How do I know what property to apply for?**

You must be able to show that you can afford the property you apply for, and it must suit your household size in line with the local authority's scheme of priority. Full information on the priority given to each household will be available to view for each development on the Local Authority's website. The scheme sets out how households should be prioritised where the demand for homes in a development exceeds the supply.

Eligible applications will be prioritised on date and time of application and household size. Priority will be given on the following basis:

- Two-bedroom home: Priority given to a household of 1 or more people.
- Three-bedroom home: Priority given to a household of 2 or more people.
- Four-bedroom home: priority given to a household of 3 or more people.

A local authority may also assign 30% of the overall development to applicants who are or may have been a resident in the administrative area of the local authority. Each local authority will advise of the evidence required to satisfy any local rule. The scheme of priority is approved by the Minister for Housing and the local authority councillors.

### **Who assesses my application?**

The assessment and decision on your application is made by the local authority you have applied to. Your local authority will advise you as to the progress of your application.

All successful applicants will be required to obtain independent legal advice and pay their own legal costs to progress the purchase of their home. Applicants must also pay stamp duty on the home. You should consider these associated costs when applying.

## **What Will I Pay?**

### **How much will I pay for my home?**

The price you pay will be calculated by the local authority and is different from the open market value (which is the price the home might reasonably be expected to be sold on the open market). The open market value will be set by the local authority. The local authority will contribute the difference between the open market value and the purchase price that you pay and take this as an equity share.

The price paid may be different for each purchaser as it will be based on your income and mortgage capacity. An affordable home will have a minimum purchase price set by the local authority. You must be able to show that you have the capacity to pay at least the minimum purchase price by using a combination of a mortgage, savings and Help to Buy (if applicable).

### **What is the Equity Share?**

This is the percentage of the Open Market Value the Local Authority will contribute to the purchase of your affordable home. For example, if an eligible applicant purchases a home with a 20% reduction on the open market value, the local authority will take a 20% equity share in the home. This does not mean the local authority is a co-owner of the home.

You need at least a 5% equity share from the local authority to bridge the gap between what you can afford to pay and the open market value of the home to be eligible for the Scheme.

### **How is the price I pay calculated?**

Your purchase price is based on income or mortgage capacity. The local authority will assume that your mortgage capacity is your gross household income x 4. If your mortgage capacity is less than four times your gross income, the local authority will calculate your purchase price based on your actual mortgage capacity. You must provide a letter from your lender which shows your maximum mortgage capacity.

See examples below which show varying income levels and how your income determines the purchase price you pay and the local authority's equity share. These are only examples, but they show that the higher your income is, the more you will contribute to the purchase price of your home and the less equity you will need from the local authority. An affordable home will have a minimum purchase price set by the local authority. You must be able to show that you have the capacity to pay at least the minimum purchase price by using a combination of a Mortgage, Savings and Help to Buy (if applicable).

<b>Example: These figures are based on a notional property with a Market Value of €395,000.</b>							
<b>Gross Household Income</b>	<b>Max. Mortgage Capacity (Gross Income x 4)</b>	<b>Deposit (10% of the Purchase Price)</b>	<b>Max. Mortgage Capacity + 10% Deposit</b>	<b>Purchase Price You Pay</b>	<b>Local Authority Contribution</b>	<b>Total Cost</b>	<b>Local Authority Equity Share</b>
€73,000	€292,000	€32,444	€324,444	€324,444	€70,556	€395,000	18%
€77,000	€308,000	€34,222	€342,222	€342,222	€53,000	€395,000	13%
€80,000	€320,000	€35,555	€355,555	€355,555	€39,445	€395,000	10%

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

You will require a deposit equal to 10% of the purchase price and not the open market value of the property

### **General Information**

#### **What is the Affordable Dwelling Purchase Agreement (ADPA)**

This is the legal contract you will enter into with the local authority if your application is successful and you are approved to purchase an affordable home. The ADPA is the legal agreement between you and the local authority setting out the terms and conditions under which the local authority provides their contribution to you and that they will acquire an equity share in the property. This will be signed before the purchase of your affordable home is completed. Your solicitor will advise you about the execution of legal documents for the scheme.

You will also be required to sign a contract of sale with the developer in order to complete the purchase of your home. This legal document will reference the purchase price you are required to pay and will include all standard conveyancing terms and conditions. At the time of signing the contract of sale, the developer will require confirmation that your Affordable Dwelling Purchase Agreement is in place with the local authority.

#### **What is the affordable dwelling contribution?**

The local authority will provide a contribution towards the purchase of your home known as an Affordable Dwelling Contribution. Whilst the equity share is represented as a percentage of the open market value of your home, the Affordable Dwelling Contribution is a monetary amount. It represents the monetary difference between the open market value of the home and the reduced purchase price to be paid by you.

The Affordable Dwelling Contribution (the local authority's equity share in your property) can be bought out by you at a time of your choosing but there will be no requirement to do so.

You can decide when to make redemption repayments on the local authority's equity share, subject to a minimum repayment amount of €10,000. Certain events can trigger the equity share to be repaid, for example, when you decide to sell your home or in the event of your death. Under the scheme, the equity share is redeemable by you at a future date of your choosing - within a 40 year period. You should speak to your solicitor about this. You should engage with your local authority about redeeming its equity share in your home.

### **What is the difference between Local Authority Affordable Purchase Scheme and the First Home Scheme?**

The local authority Affordable Purchase Scheme is only available for homes provided by local authorities. These homes will be advertised on the website of each local authority and on this website.

The First Home Scheme is available to individuals who want to purchase a newly built house or apartment in a private development. It is not available for homes provided by local authorities. First Home is also available for self builds and for tenants who have received a notice of termination and plan to purchase the house or apartment they currently rent from their landlord.

### **What other supports can I use to purchase a home under the scheme?**

There are additional supports you can use to help you in purchasing your home.

#### **Help to Buy**

You can use the Help to Buy Scheme in conjunction with the Affordable Purchase Scheme towards your deposit amount. In order to qualify for the Help to Buy Scheme your mortgage, plus the equity share taken by the local authority must be at least 70% of the market value of the property.

#### **Local Authority Home Loan**

The Local Authority Home Loan (LAHL) is a mortgage offered by a local authority. If you have been unable to secure a mortgage from a lending institution you may be able to use a Local Authority Home Loan (LAHL) to purchase your home, subject to the terms and conditions of the loan.