



## **Carlow County Council**

# **Incremental Purchase Scheme (IPS) New Build Houses**

## **Applicant Information**

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## **1. What is the Incremental Purchase Scheme?**

This scheme is for the purchase of **new** local authority build houses. It does not apply to apartments/flats or existing local authority houses.

The Incremental Purchase Scheme is a purchase option to meet the needs of those requiring long-term housing support. The scheme supports existing low-income tenants and assist prospective local authority tenants to make a start on the route to home ownership such as

- a) Households that have been assessed by Carlow County Council as being eligible for and in need of social housing support.
- b) Households who are already in receipt of social housing support by Carlow County Council, i.e., existing Local Authority or Approved Housing Body tenants and households accommodated under RAS (Rental Accommodation Scheme), HAP (Housing Assistance Payment) and Long-Term Leasing

The rules applying to the scheme are set out in the Housing (Incremental Purchase) Regulations 2010 (S.I. No. 252 of 2010).

## **2. How does the Scheme work?**

Under this scheme, the purchaser pays a discounted price for a new house and in return receives full ownership of the house and responsibility for maintaining the house and insuring it.

The housing authority in turn places a reducing charge on the property that is equivalent to the discount afforded to the purchaser.

The broad terms of the scheme are as follows:

- the scheme will apply to new-build houses only;
- the charged share is released to the purchaser over the period of the charge as follows:
  - ✓ the charged share reduces in increments of 2% of the total equity in the dwelling over the charge period.

- ✓ the 10% reduction for the first 5 years after sale is released at the end of year 5.
- the property can be resold by the purchaser at any time at market value with the housing authority being paid, from the proceeds of the sale, an amount equal to the proportion of the outstanding equity charge in the property;
- the housing authority has first option on buying the property in the event of the resale of a dwelling by the purchaser during the charged period; and
- special arrangements will allow purchasers to undertake improvement works with the agreement of the authority.

### 3. Can I apply?

You can apply for the scheme if you meet the following conditions:

- **Social Housing Support**

There are two types of household that can be considered for inclusion in the incremental purchase scheme.

- a) Households that have been assessed by Carlow County Council as being eligible for and in need of social housing support.
- b) Households who are already in receipt of social housing support by Carlow County Council, i.e., existing Local Authority or Approved Housing Body tenants and households accommodated under RAS (Rental Accommodation Scheme), HAP (Housing Assistance Payment) and Long Term Leasing

All of the above must satisfy the 'Household Means Policy' to determine income eligibility and affordability. You must have been getting social housing support or on the Council's Housing waiting list for at least one year.

- **Income**

You must have a gross annual income of not less than €15,000 in order to be eligible for consideration to purchase under the scheme.

Only the income of the applicant or joint applicants will be assessed for the purposes of determining whether an applicant household meets the minimum income requirements of the scheme.

Eligible applicants must satisfy the 'Household Means Policy; to determine income eligibility and affordability.

- **Anti-Social Behaviour**

No-one living in your house can be engaged in anti-social behaviour (this will be checked with the Gardaí)

- **Arrears**

You must not have been behind in your rent or local authority charges for more than 12 weeks in the past three years. If you were, you must have made a payment arrangement with your local authority and be following that arrangement.

- **Previous ownership**

You must not have previously bought a dwelling from any housing authority.

#### **4. Are all Local Authority properties included in the scheme?**

No. The scheme does not apply to dwellings.

- that have not been designated for incremental purchase at the time the dwelling was allocated to a household in need of social housing support;
- that have been specifically designed for occupation by older persons;
- that have been specifically designed for occupation by members of the travelling community in a group setting (i.e., traveller specific accommodation/group housing);
- transferred to local authorities under section 96 of the Planning & Development Act 2000 for the purposes of providing social housing, including dwellings that have been built on land and sites that were transferred to the local authority under section 96 also for the purposes of providing social housing,
- such as caravans, mobile homes or structures capable of being moved.

**5. Who will maintain the house after I buy it?**

You will. Like all homeowners, you will be responsible for maintaining and carrying out repairs on your house from the date you buy it.

You will also have to get and keep adequate property insurance on your house and pay for this yourself. As the owner of the house, you will be responsible for the payment of the local property tax for the house.

**6. Are there restrictions on the use of the house after I buy it?**

Yes. You must:

- live in the house as your normal place of residence.
- get agreement from your local authority if you want to sell, assign, let/sub-let the house; and
- not engage in anti-social behaviour or be a nuisance to your neighbours.

**7. How much will I pay for the house?**

The purchase price of the dwelling is equal to the cost to the authority of providing the dwelling in the first place, less a discount.

**8. How is my income calculated for the scheme?**

Carlow County Council will calculate your gross income (that is, your income before deduction of income tax, Universal Social Charge, pension contributions, pension related deductions and PRSI). There are a number of income disregards, which are detailed on the application form.

**9. What discount will I get?**

Depending on your gross annual income, the discounts will vary between 40% and 60%. The discount will be given against the purchase price of the dwelling determined by the local authority.

	<b>Gross Annual Income</b>	<b>Discount</b>
Band 1	Between €15,000 and €20,000	60%

Band 2	Between €20,001 and €29,999	50%
Band 3	€30,000 or more	40%

**Example:**

If the local authority determines the purchase price as €220,000 and your gross annual income is €18,000, you will get a discount of 60% against the purchase price. This means you will pay €88,000 for the property.

However, the local authority will place an incremental purchase charge on the house equal to the discount you get.

**10. What is the incremental purchase charge?**

One of the conditions of the sale is that the local authority will place an incremental purchase charge on the house equal to the value of the discount you get. This charge will reduce to zero over 20, 25 or 30 years (called the ‘charge period’), as long as you obey the conditions of the sale under the scheme.

You will have to pay back the value of the outstanding charge to the local authority if:

- you sell the house before the end of the charge period; or
- your incremental purchase charge is not reduced for one or more years because you did not obey the conditions of the scheme. It remains due for repayment at the end of the charge period.

The period of the incremental purchase charge will depend on the discount. For example, if you get a discount of 50% based on your gross annual income, the charge period will be 25 years.

Discount	Charge Period
60%	30 years
50%	25 years
40%	20 years

Here are two examples of how the scheme works.

**Example 1: Example based on the resale of the dwelling by the purchaser to the local authority after 10 years:**

Market Value of House (Yr. 10)	€260,000
Proportion equal to remaining charged shared.	40%
Amount which Housing Authority pays to buy Incremental Purchase Scheme House.	$€260,000 - (€260,000 \times 40\%) = €156,000$

**Example 2: Example based on the resale of the dwelling by the purchaser to a person other than the local authority after 10 years**

Market Value of House (Yr. 10)	€260,000
Proportion equal to remaining charged shared.	40%
Amount which Housing Authority pays to buy Incremental Purchase Scheme House.	$€260,000 \times 40\% = €104,000$

**11. How do I finance the purchase?**

You will have to pay the purchase money in full at the time the house purchase is completed. You will be responsible for raising the money

to do this (for example, from savings, a mortgage loan, and so on). You must meet the local authority's requirements in relation to how you are going to pay for the house.

If you can afford it, you can buy your house without a mortgage loan as long as you meet all the eligibility criteria. This includes having a gross annual income of at least €15,000. You must have this income so that you can maintain your house during the charge period.

You must show your local authority how you intend to pay for the house. If you are buying your house with a mortgage loan, you must provide approval in principle at the time of application.

You will not have to pay a deposit as part of your purchase.

You may be able to apply to your local authority for a Rebuilding Ireland Home Loan (See Section 12 for more details).

You will have to pay all your costs, including legal fees, to complete the purchase of your new home.

## **12. What is a Rebuilding Ireland Home Loan?**

This is a mortgage loan available from your local authority. To apply for this loan, you must be:

- be a first-time buyer.
- be aged between 18 and 70 years.
- be in continuous employment for a minimum of two years, as the primary earner or be in continuous employment for a minimum of one year, as a secondary earner (see Temporary Amendments in Light of Economic Impacts of COVID-19)
- have an annual gross income of not more than €50,000 as a single applicant or not more than €75,000 combined as joint applicants.
- submit two years certified accounts if self-employed.
- provide evidence of insufficient offers of finance from two banks or building societies (see further details on our FAQ page here)
- not be a current or previous owner of residential property in or outside the Republic of Ireland.

- occupy the property as your normal place of residence.
- purchase or self-build a property situated in the Republic of Ireland of no more than of 175 square metres (gross internal floor area)
- purchase or self-build a property which does not exceed the maximum market value applicable for the county in which it is located.
- consent to an Irish Credit Bureau check
- Eligibility is subject to submission of a complete Rebuilding Ireland Home Loan application form and confirmation by your local authority.

This application is separate from your application for the Incremental Purchase Scheme.

### **13. Is there a closing date for the scheme?**

Yes, there is a closing date for applying to the scheme. Please refer to the application form or website [www.carlow.ie](http://www.carlow.ie)

### **14. How do I apply?**

- You must fill out an Incremental Purchase Application available on the website or by contacting Housing Support Services
- You must give proof of income.
- You must show your local authority how you intend to pay for the house  
If you are buying your house with a mortgage loan you must provide approval in principle at the time of application.
- You must give the local authority any other information if asks for about your application.

### **15. How will my application be processed?**

In general, your application will be processed in four stages:

#### **Stage 1 – Income, Tenancy Eligibility and Confirmation of Purchase Funding**

Carlow County Council will assess your application to make sure it follows the rules about income and tenancy. It is important to give all the support documents asked for. This is to make sure your application is acceptable. Support documents include Statement of Liability, Employment Detail Summary, Payslips, and Salary Certificates and so on. If we ask for more information, you must supply it within the time

specified. If you do not qualify for the scheme, your local authority will write and tell you. You will have to supply evidence (such as a bank statement of savings or a letter of loan offer from your lender) to show that you have the money to complete the purchase.

### **Stage 2 – Letter of Offer**

There are a certain number of dwellings for sale under the scheme.

Your local authority may send you a 'letter of offer', outlining:

- the purchase price of the house;
  - the discount you may get under the scheme;
  - the price you must pay to complete the purchase;
- And
- the terms and conditions regarding the sale.
  - a viewing of the property will be arranged.
  - The offer will last for a set time.

### **Stage 3 – Accepting the offer**

If you are happy to accept the offer and go ahead with the purchase, you must confirm it in writing within the timeframe specified. The legal transfer of the new property will start only when this stage has been completed.

### **Stage 4 – completion of purchase and transfer of ownership**

When you have paid the purchase price in full, the legal transfer of the house will be completed by combined transfer and charge order, as set out in the regulations and you will become the owner. The local authority is not obliged to transfer the property to you until all stages of the application and legal process have been completed.

## **16. Breaching the terms and conditions of the Scheme**

If any of the terms and conditions of the Scheme are breached the following may apply: -

Any improvements carried out without the consent of the Local Authority will not be taken into account in the event the house is being re-sold.

If a breach occurs, a suspension of the reducing charge may be applied by the Local Authority for a period of time, this outstanding money must be paid by the household if the house is re-sold or at the end of the charge period.

If the house is re-sold to someone other than the Local Authority and any money due to the Local Authority is not paid at the time of sale, the Local Authority can recover monies owed to through the courts.

**17. Where can I get further information on the Incremental Purchase Scheme or make an application for same**

Information can be obtained from our website [www.carlow.ie](http://www.carlow.ie) or email [ahayden@carlowcoco.ie](mailto:ahayden@carlowcoco.ie)