

# WEXFORD LOCAL AUTHORITIES



## Affordable Housing Options YOUR QUESTIONS ANSWERED

*Revised January 2010*

# AFFORDABLE HOUSING OPTIONS

## YOUR QUESTIONS ANSWERED

### AFFORDABLE HOMES OR SUBSIDISED SITES

#### **Q1. What is an affordable home?**

An affordable home is a home that you buy but at a discount to the market price, and you must live in it as your normal place of residence. If you sell it within 20 years, you may have to pay back a percentage of the sale price (clawback) to the Local Authority.

#### **Q2. What is a subsidised site?**

An alternative housing option includes the construction of a house (maximum size 1,884 sq ft/175 sq m) on a serviced site provided by Wexford County Council. Serviced sites on land owned by Wexford County Council are sold at a discount to the market price.

#### **Q3. Do I qualify for affordable housing or subsidised site?**

To qualify for an affordable home or subsidised site, you should:

- be a first time buyer (but there are some exceptions, for example, if you are separated/divorced)
- have enough income to meet your mortgage repayments after you have paid all your other costs.

The following income limits apply to applicants for (1) houses under the 1999 Affordable Housing Scheme and (2) subsidised sites:

Single earner with income in the last tax year of less than **€40,000**, or joint earners with income less than **€100,000** (based on two and a half times the higher income plus the smaller income)

First time buyers and people in need of housing with income exceeding the above limits may apply for houses provided under the **Affordable Housing Initiative & Part V**.

#### **Q4. What type of affordable housing options are available?**

Two/Three/Four bedroom units and Subsidised Sites

#### **Q5. Who provides affordable homes?**

**Land owned by the Local Authorities** – Local authorities may build them on land the local authority owns.

**Private Developments** – Local authorities are entitled to a percentage of houses in private developments which are constructed on land zoned residential.

#### **Q6. How do I apply?**

Any person interested in purchasing an affordable house or subsidised site provided by Wexford County Council must complete and return an Affordable Housing Application Form to:

Affordable Housing Department  
Wexford County Council  
County Hall  
Wexford

Fully completed applications will be assessed for eligibility (i.e. income criteria and first time purchasers) in accordance with the relevant affordable housing schemes.

**Q7. What happens once I apply?**

The local authority will assess your application to determine whether you qualify for an affordable home. They will send you a letter explaining the outcome of your application.

**Q8. How much is an affordable home?**

In 2010, the price of an affordable home under the Affordable Housing Schemes is as follows:

2 bed - €133,000

3 bed - €155,000

4 bed - €168,000

These prices are subject to review each year.

**Q9. Can I apply for an affordable home if I am not an Irish citizen?**

You may apply for an affordable home if you have the right to live and work permanently in Ireland. If you are from a country that is a member of the European Union (EU) or European Economic Area (EEA), you can apply for an affordable home as long as you are living and working in Ireland.

Certain nationals of countries other than these may also be eligible to apply if they have been granted Refugee Status, Leave to Remain, Subsidiary Protection Status or have been invited to Ireland by the Government (i.e. Resettlement and Programme Refugees). Such persons will be required to show evidence of their entitlement to reside in Ireland.

**Q10. Do I require house insurance?**

The purchaser(s) will be required to effect full insurance on the property with the interest of Wexford County Council noted on the policy.

## FINANCING

**Q11. How do I finance the purchase of my affordable house?**

Approved applicants who accept an offer of an affordable house must seek mortgage approval from an approved private lending institution for a loan to purchase the house.

Applicants may apply to Wexford County Council for a mortgage if they have been refused by the approved private lending institutions. A separate loan application form and fee of €60 will be required from applicants who wish to purchase their house with a loan from Wexford County Council. The maximum loan from the Council for an affordable house purchase shall not exceed €220,000. However the amount of loan will be determined by the Council having regard to the ability of the applicants to repay the loan.

**Q12. What is a mortgage?**

A mortgage is a long term loan that is secured against your home. A House Purchase Loan may be provided by Wexford County Council to First Time Buyers aged between 18 and 70 years of age for a maximum loan-to-value ratio of 97%. The maximum loan term is 30 years.

**Q13. How much can I afford to borrow?**

As a guide, your mortgage repayments should not exceed 35% of your net income (after the deduction of tax, PRSI, income levy and any existing credit commitments).

**Q14. What about a deposit and savings?**

It is possible to borrow up to 97% of the purchase price of an affordable home. Wexford County Council requires that a minimum of 5% deposit be made available to the intending purchaser. 1.5% of the required deposit needs to be evidenced by way of a credible savings record.

**Q15. What do I need to make a loan application?**

A loan application form may be obtained from Wexford County Council and must be returned fully completed with details of marital status, dependents, current & previous employments, other borrowings, savings, details of property proposed for purchase and any other information requirements that may be determined from time to time.

Detailed information is required to accompany each application in order for a complete assessment to take place.

**Q16. Do I need mortgage protection insurance?**

Yes. This special type of mortgage protection insurance is taken out for the term of the mortgage and covers death benefit (up to age 75) and disability benefit of one or both parties of a mortgage. The cost is currently 0.5615%.

**Q17. Do the mortgage repayments include building/contents insurance?**

No. Prior to loan drawdown, adequate building/contents reinstatement insurance must be in place and the local authority's interest must be noted on the policy, a copy of which is held on file.

**Q18. What about Tax Relief on my mortgage?**

You will get tax relief on the interest you pay on your mortgage. The tax relief is applied by the lender providing your mortgage.

Your monthly mortgage repayments are then reduced in line with this. Your lender will give you a TRS1 form which you will need to fill in, in order to claim tax relief.

**Q19. Am I entitled to other benefits?**

If you are earning less than €28,000 gross a year (before deduction of tax, PRSI, income levy) or if you are a tenant of a local authority or voluntary housing association, you may qualify for help with your mortgage payments.

**Mortgage Subsidy**

A mortgage subsidy is help with your mortgage payments. To qualify, your household income needs to have been less than €28,000 (before tax and social insurance is taken off) in the previous tax year and have your mortgage with the local authority. Household income is the total income of the owners of the affordable home. If you qualify for a mortgage subsidy your monthly repayments will be reduced.

Mortgage Subsidy Payment Table

Household Income per annum €	Subsidy per annum €
13,000 and under	2,550
13,001 to 15,500	2,300
15,501 to 18,000	2,050
18,001 to 20,500	1,800
20,501 to 23,000	1,550
23,001 to 25,500	1,300
25,501 to 28,000	1,050

## Mortgage Allowance Scheme

The Mortgage Allowance Scheme is an allowance of €11,450 towards your mortgage, paid over a five year period. If you are a tenant of the local authority, or you are buying the home you previously rented from the local authority, and you want to buy an affordable home, you may qualify for the mortgage allowance scheme.

The allowance is paid directly to the lender providing the mortgage and your repayments are reduced for the first five years of your mortgage. The allowance paid in any year cannot be more than the total mortgage repayments due in that year.

You may qualify for the Mortgage Subsidy and the Mortgage Allowance Scheme, but you can only claim one of them. Whichever of these gives you the most benefit will depend on your income.

### Mortgage Allowance Payment Table

Payable over five years as follows:		
	Per Annum	Per Month
1 <sup>st</sup> year	€3,560	€296.66
2 <sup>nd</sup> year	€2,800	€233.33
3 <sup>rd</sup> year	€2,040	€170.00
4 <sup>th</sup> year	€1,780	€148.33
5 <sup>th</sup> year	€1,270	€105.83

### Q20. What is the 'clawback?'

If you sell your affordable home within 20 years, you may\* have to pay back to the local authority a percentage of the sale price. This is known as the 'clawback'. This applies whether you have a local authority mortgage or a mortgage with a bank or building society.

The local authority works out the clawback as follows:

- When you buy your affordable home, you get a discount to other similar properties on the market. The clawback is based on the percentage discount you get when you buy your affordable home. If you decide to sell or remortgage your home, the local authority applies this percentage to the price you get for the sale.
- If you sell within the first 10 years, you must pay back the full percentage from the sale that you got as a discount when you bought your home.
- After 10 years, the percentage you must pay back reduces by one tenth for each full year you live in your home.
- If you sell your home after 20 years, you do not have to pay back any clawback to the local authority.

### EXAMPLE

John and Mary buy an affordable home. The market value of this property is €280,000 and they buy it at an affordable price of €196,000. So, the market value discount to John and Mary, which is known as the clawback, is 30%.

\* Where the payment of a clawback would reduce the proceeds of the sale below that which you paid for the property, the clawback must be reduced to avoid this outcome.