

Contents

General information

1 What is an affordable home?	3
2 Do I qualify?	3
3 What types of affordable homes are available?	3
4 Who provides affordable homes?	4
5 How do I apply?	4
6 What happens once I apply?	5
7 What are my chances of being offered an affordable home?	5
8 How much is an affordable home?	5
9 Can I apply for an affordable home if I am not an Irish citizen?	5

Financing

10 What is a mortgage?	6
11 How much can I afford to borrow?	6
12 What about a deposit and savings?	6
13 Where can I get a mortgage for an affordable home?	7
14 How long can a mortgage last?	8
15 Will I have to pay Stamp Duty?	9
16 What about tax relief on my mortgage?	9
17 Do I need mortgage-protection insurance?	10
18 Am I entitled to other benefits?	10

Other questions

19 What is the 'clawback'?	12
20 Can I buy an affordable home through shared ownership?	13

General information

Affordable homes are homes provided at a discount to the market price for people who cannot afford to buy a home on the open market.

1 What is an affordable home?

An affordable home is a home that you buy at a discount to the market price. Your affordable home is for you to live in as long as you want. If you sell it within 20 years, you will have to pay back a percentage of the sale price to the local authority.

2 Do I qualify for an affordable home?

To qualify for an affordable home, you should:

- be a first-time buyer (but there are some exceptions, for example if you are divorced).
- have enough income to meet your mortgage repayments after you have paid all your other costs; and
- as a guide, earn up to €40,000 in a year as a single person (up to €100,000 between you if you are a couple). These are the approximate income limits only – lower income limits may apply.

3 What types of affordable homes are available?

A range of different properties are available to buy, including:

- one-, two- and three-bedroomed apartments; and
- two- and three-bedroomed houses

What makes these properties affordable is that they are all available at prices that are much lower than the market value.

4 Who provides affordable homes?

Private developments

Most affordable homes are in private developments. Usually, a percentage of all houses or apartments in a private development are made available to be sold as affordable homes. These are sold at a discount to other houses and apartments in the development.

Land owned by the Government and local authorities

Another way of providing affordable homes is to build them on land the local authority owns. Land owned by the Government has also been made available for affordable homes. Check with your local authority for details.

5 How do I apply?

You apply to the local authority in the area you want to live in. You can apply to more than one local authority. Local authorities include county councils, city councils, borough councils and town councils.

All local authorities have application forms for affordable homes. They may charge an application fee so check with your local authority. See page 18 for a list of all the local authorities.

6 What happens once I apply?

The local authority will assess your application to decide whether you qualify for an affordable home. They will send you a letter explaining the outcome of your application. Some local authorities may ask you to go to a meeting to discuss your application in more detail.

7 What are my chances of being offered an affordable home?

There is more demand for affordable homes in some places than others. The number of affordable homes available may be limited in the area you would prefer to live in. Keep your options open by considering alternative areas.

8 How much is an affordable home?

An affordable home is a home that you buy at a discount to the market price, but the prices are different in different areas of the country.

The discount can also change depending on the property. The price depends on the area you want to live in and on the size and type of affordable home available. The price of affordable homes in large towns and cities tends to be higher than elsewhere.

In all cases you pay less for your affordable home than you would pay if you were buying it on the open market - that is what makes it an 'affordable home'.

9 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. If you are not from a country that is a member of the EU or EEA, you can check with your local authority.

The European Economic Area (EEA) includes the 25 EU member countries and Iceland, Lichtenstein and Norway.

Financing

10 What is a mortgage?

A mortgage is a long-term loan that is secured against your home.

11 How much can I afford to borrow?

As a guide, your mortgage repayments should not be more than one-third of your net income (after tax and social insurance (PRSI) have been taken off). For example, if your net income is €2,700 a month, your mortgage repayments should not be more than €900 a month. You need to be careful not to borrow more than you can afford to repay.

12 What about a deposit and savings?

- It is possible to borrow up to 95% of the purchase price of an affordable home. This means that you need to save at least 5% of the price for a deposit.
- You should be able to show that you have a record of saving. Or, some banks or building societies may take a record of rent paid into account as part of a saving record. This can show your ability to pay a mortgage.
- Banks and building societies may apply their own conditions, so you should check with them first.

13 Where can I get a mortgage for an affordable home?

You may get a mortgage either from the local authority or from the following organisations.

- Bank of Ireland
- Educational Building Society (EBS)
- IIB Homeloans Ltd

Check www.affordablehome.ie for any updates to the above.

If you choose a mortgage with a bank or building society and the local authority offers you a home:

- 1 the local authority will give you a 'Confirmation for Lender' certificate, which describes the property and tells you the banks or building societies that may be willing to grant you a mortgage for your affordable home; and
- 2 you can then take this certificate and apply for a mortgage with a bank or building society. The term of your bank or building society mortgage (the number of years you make repayments for) can be for up to 35 years.

If you choose a mortgage with the local authority:

- 1 the most you can borrow from a local authority is €185,000 (however, it is possible to buy a home with a value of more than this by taking part in a shared-ownership scheme (see question 20);
- 2 the term of your local-authority mortgage can be for up to 30 years; and
- 3 your mortgage repayments cannot be more than 35% of your net income. If you are applying for a mortgage with someone else, the repayments cannot be more than 35% of your net income put together.

14 How long can a mortgage last?

A mortgage can last from 15 to 35 years. The number of years the mortgage lasts is called the term. With a shorter term, you have higher monthly repayments but, because you pay the mortgage over a shorter period, you pay less interest in total. With a longer term, you have lower monthly repayments but you pay more interest in total.

Example

Cost of affordable home	Less deposit (5%)	Mortgage over 25 years	Approximate monthly repayment (an interest rate of 4.5%)
€160,000	€ 8,000	€152,000	€845
€180,000	€ 9,000	€171,000	€951
€220,000	€11,000	€209,000	€1,162

Note: This is an example only and the interest rates may change. Your monthly mortgage repayments can go up or down depending on interest rates and the conditions of your mortgage agreement. You must pay legal fees, which may be about €2,000. To buy an affordable home you will need a deposit and enough money to cover the legal fees and other costs. Remember to make sure that after you make your monthly mortgage repayment you still have enough money left to pay all your other bills. A management charge may apply to some affordable homes.

15 Will I have to pay stamp duty?

As a first-time buyer, you will not have to pay any stamp duty if your home is less than 125 square metres. Usually, homes bought by first-time buyers are less than 125 square metres.

16 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 should give you a TRS1 form which you will need to fill in and send to:

The Office of the Revenue Commissioners
Collector-General's Division
TRS Section
Sarsfield House
Francis Street
Limerick
Website: www.revenue.ie

17 Do I need mortgage-protection insurance?

Yes. This is a special type of life assurance taken out for the term of the mortgage to make sure the mortgage is paid off if you die.

Mortgage-protection insurance from your local authority

If your mortgage is with the local authority, you must take out a mortgage-protection insurance policy with them and the cost will be added to your monthly mortgage repayments.

Mortgage-protection insurance from your bank or building society

If you get a mortgage with a bank or building society, you will need to take out mortgage-protection insurance. Discuss your options for mortgage-protection insurance with them.

18 Am I entitled to other benefits?

If you are earning less than €28,000 a year (before tax and social insurance are taken off) or if you are a tenant of a local authority or voluntary housing association, you may qualify for help with your mortgage payments (see below).

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. Household income is the total income of the owners of the affordable home. If you qualify for a mortgage subsidy your monthly mortgage repayments will be reduced.

Mortgage allowance scheme

The mortgage allowance scheme is an allowance of €11,450 to go 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 your 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 for **one** of them. Which of these benefits you most will depend on your income.

Other questions

19 What is the 'clawback'?

If you sell your affordable home within 20 years, you must 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 it at a discount to other similar properties in 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 any 'clawback' to the local authority.

Example of how the clawback works

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%.

- If John and Mary sold their affordable home for €330,000 after **five years**, the clawback would be €99,000 (30% of €330,000). They would have to pay back €99,000 to the local authority. They would also have to repay any money owed to the mortgage lender to clear their mortgage.
- If John and Mary sold their affordable home for €430,000 after **15 years**, the clawback would have reduced to 15% and they would have to pay back €64,500 (15% of €430,000) to the local authority. They would also have to repay any money owed to the mortgage lender to clear their mortgage.
- If John and Mary sold their affordable home after **20 years**, they would not have to pay any clawback, but they would have to repay any money owed to the mortgage lender to clear their mortgage.

20 Can I buy an affordable home through shared ownership?

Yes. Shared ownership is when you buy part of your home and pay rent to the local authority on the share you do not own.

It means that instead of taking out a full mortgage on your new home, you can buy part of it and pay rent on the other part to the local authority.

You can get more information from the following websites.

- The website of the local authority to which you want to apply for an affordable home (see the back of the handbook for details)
- Our website,
www.affordablehome.ie
- The Department of the Environment, Heritage and Local Government website,
www.environ.ie
- The eGovernment website,
www.oasis.gov.ie

Checklist

Please tick

- Am I a first-time buyer? (Exceptions may apply, for example if you are divorced).
- Do I earn less than €40,000 a year (if I am single) or €100,000 (if I am in a couple)?
- Have I got proof of my identity - for example, a passport or a driver's licence?

- Have I got my latest P60 and three recent payslips?
- Have I got copies of my recent bank statements?
- Have I got statements for any savings and loans that I have?

Getting started

Get an application form for an affordable home from the local authority in the area where you want to buy. You can apply to more than one local authority.

- Fill in the application form.
- Return it (along with the fee, if it applies) to the local authority.
- Make sure you have a deposit to buy a home – if you haven't got a deposit, start saving for one.
- Make sure that you can repay a mortgage.
- Build up a savings record.

Useful contacts

Local authority	Website	Phone number
Carlow County Council Town councils: Bagnelstown, Carlow	www.carlow.ie	059 917 0300
Cavan County Council Town councils: Belturbet, Cavan, Cootehill	www.cavancoco.ie	049 433 1799
Clare County Council Town councils: Ennis, Kilkee, Kilrush, Shannon	www.clarecoco.ie	065 682 1616
Cork City Council	www.corkcity.ie	021 496 6222
Cork County Council Town councils: Bandon, Bantry, Clonakilty, Cobh, Fermoy, Kinsale, Macroom, Mallow, Middleton, Passage West, Skibbereen, Youghal	www.corkcoco.ie	021 427 6891
Donegal County Council Town councils: Ballyshannon, Buncrana,	www.donegalcoco.ie	074 917 2222

Bundoran, Letterkenny		
Dublin City Council	www.dublincity.ie	01 222 2454
Dun Laoghaire Rathdown County Council	www.dlrccoco.ie	01 204 7920 01 204 7923
Fingal County Council	www.fingalcoco.ie	01 890 5000
Town council: Balbriggan		
Galway City Council	www.galwaycity.ie	091 536 400
Galway County Council	www.galwaycoco.ie	091 509 000
Town councils: Ballinasloe, Loughrea, Tuam		
Kerry County Council	www.kerrycoco.ie	066 712 1111
Town councils: Killarney, Listowel, Tralee		
Kildare County Council	www.kildare.ie/countycouncil	045 980 705
Town councils: Athy, Leixlip, Naas, Newbridge		
Kilkenny County Council	www.kilkennycoco.ie	056 779 4360
Borough council: Kilkenny		
Laois County Council	www.laois.ie	057 866 4000
Town councils: Portlaoise, Mountmellick		
Leitrim County Council	www.leitrimcoco.ie	071 962 0005
Limerick City Council	www.limerickcity.ie	061 415 799
Limerick County Council	www.lcc.ie	061 496 000
Longford County Council	www.longfordcoco.ie	043 433 00
Town councils: Longford, Granard		
Louth County Council	www.louthcoco.ie	042 933 5457
Borough council: Drogheda		
Town councils: Ardee, Dundalk		
Mayo County Council	www.mayococo.ie	094 902 444
Town councils: Ballina, Castlebar, Westport		
Meath County Council	www.meathcoco.ie	046 909 7000
Town councils: Kells, Navan, Trim		
Monaghan County Council	www.monaghancoco.ie	047 305 00
Town councils: Ballybay, Carrickmacross, Castleblaney, Clones, Monaghan		
Offaly County Council	www.offalycoco.ie	057 9346 800
Town councils: Birr, Edenderry, Tullamore		
Roscommon County Council	www.roscommoncoco.ie	090 663 7100
Town council: Boyle		
Sligo County Council	www.sligococo.ie	071 911 1111
Borough council: Sligo		
South Dublin County Council	www.propertypath.ie	01 414 9092
South Tipperary County Council	www.southtippcoco.ie	052 344 55
Borough council: Clonmel		
Town councils: Carrick-on-Suir, Cashel, Tipperary		

Tipperary North County Council	www.tipperarynorth.ie	067 445 00
Town councils: Templemore, Nenagh, Thurles		
Waterford City Council	www.waterfordcity.ie	051 309 900
Waterford County Council	www.waterfordcoco.ie	058 22 000
Town councils: Dungarvan, Lismore, Tramore		
Westmeath County Council	www.westmeathcoco.ie	044 9340 861
Town councils: Athlone, Mullingar		
Wexford County Council	www.wexfordcoco.ie	053 917 6500
Borough council: Wexford		
Town councils: Enniscorthy, Gorey, New Ross		
Wicklow County Council	www.wicklow.ie	0404 201 00
Town councils: Arklow, Bray, Greystones, Wicklow		