

## Incremental Purchase Scheme – User Guide

### What is it?

It is a scheme that allows social housing applicants/tenants to purchase a **new** dwelling from the Council. Initially the purchaser will only have to purchase part of the equity in the property. This scheme will replace the existing tenant purchase scheme fully by June 2012.

### Who is eligible?

Social housing applicants/tenants with a minimum income of €15,000 per annum are eligible. Applicants must be in permanent employment. This includes tenants in the Rental Accommodation Scheme (RAS) and those who are housed by the Approved Housing Bodies.

Applicants with a poor credit history, a record of anti-social behaviour or have already purchased a property from the Council are not eligible for the scheme.

### How does it work?

The scheme applies to newly built houses only which have been designated for the scheme by the Council. Existing social tenants who wish to avail of the scheme must move to a new house designated for the scheme by the Council.

The applicant purchases equity in the house with a mortgage. The table below shows the equity applicants can purchase based on their income.

Income Band	Purchased Equity	Amount of purchased equity based on purchase price of €80,000	Period Council Charge remains in place
€15,000 - €19,999	40%	€72,000	30 years
€20,000 - €29,999	50%	€90,000	25 years
€30,000+	60%	€108,000	20 years

The Council's charge on the property for the unpurchased equity is reduced by 2% per annum for the period set out in the table above. The reduction does not take effect until after 5 years, at which stage 10% reduction is applicable.

### What is the purchase price?

The price is set by the Council and is based on the total cost of providing the house.



### Can the property be sold by the purchaser?

Yes, an amount of money based on the Council's charge on the property must be paid. An example of this is set out below:

Market Value (year 10):	€260,000
Initial equity stake of purchaser:	40%
Increase in equity stake of purchaser over 10 years (2% x 10 years):	20%
Total equity of purchaser at year 10:	60%
Remaining local authority charge:	40%
Amount to be paid to the Council (€260,000 x 40%):	€104,000

The Council can exercise an option to buy back the property if the applicant wishes to sell the house. An example of the amount to be paid for the property is set out below:

Market Value (year 10):	€260,000
Remaining local authority charge:	40%
Amount to be paid by the Council for the property: (€260,000 – (€260,000 x 40%))	€156,000

**For Further Information Contact: 890 5995**