

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

1. What is Incremental Tenant Purchase?

Under the scheme, a tenant of Cork City Council pays the authority a discounted price related to his or her income in order to purchase the house at an agreed market value and on completion of the sale, Cork City Council places an incremental purchase charge on the house equal to the discount granted (e.g. 40%/50%/60%).

The incremental purchase charge will wither away to nothing over the charging period in annual incremental releases of 2%, provided that the purchaser complies with the terms and conditions of the transfer order. The incremental releases for the first 5 years of occupancy will not be applied until that period has expired.

2. What is an Incremental Purchase Charge ?

If you are eligible to buy your house under the scheme, Cork City Council, on the sale of the house, will make a Charging Order. This Charging Order places an incremental purchase charge on the title deeds of the house which creates a charged share in the house in favour of Cork City Council equal to the percentage discount granted to the purchaser off the purchase price. (e.g.: If Cork City Council gives a 50% discount to the purchaser, the incremental purchase charge will be 50% of the value of the house).

The tenant receives the remaining share of the house at the rate of 2% per year over the length of the charging period. The tenant will own 100% of the property at the end of the charging period unless Cork City Council suspends the annual release during the charging period.

3. How long does the Charge last?

The period for which the charge applies to the house i.e. the charged period, depends on the level of the discount granted:

- If the discount is 60% of the value of the house, the charged period is 30 years
- If the discount is 50% of the value of the house, the charged period is 25 years
- If the discount is 40% of the value of the house, the charged period is 20 years

4. Can Cork City Council suspend an annual release (2%) of the Incremental Purchase Charge?

Yes. Cork City Council may suspend an annual release of charge if the purchaser breaches any condition of the transfer order. These include:

The house is not used as the purchaser's or a household member's normal place of residence

The purchaser causes any nuisance or allows any person residing in the house to cause any nuisance or be guilty of, or permit, any conduct likely to cause annoyance or disturbance to his or her neighbours and engages in, or allows any person residing in the house to engage in, anti – social behaviour.

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

The purchaser shall not knowingly permit a person, against whom an excluding order under section 3 of the Act of 1997 or an interim excluding order section 4 of that Act is in force in respect of the house, to enter the house in breach of the excluding order or interim excluding order

There is no annual release during the first 5 years after purchase of the house. There will be a release of 10% after 5 years has elapsed.

5. Who is eligible to purchase?

Tenants of Cork City Council, occupying properties available for sale, with reckonable tenancy of a local authority (including Approved Housing Bodies, RAS and HAP) for at least 12 months, in accordance with the Regulations

And

Have a minimum reckonable income of at least €15,000 p.a. in accordance with the Regulations.

You may be eligible to purchase if:-

- You are the tenant or joint tenant of the house to be sold
- You or a joint tenant must have been in receipt of social housing support for a minimum of one year on the date of making the application to purchase
- You must have a minimum reckonable annual income of €15,000 per annum
- Your rent must be paid up to date – a house cannot be sold to a tenant, where **in the 3 years prior** to applying to purchase, was in arrears of Rent, Rent contributions, Charges, Fees or any other charges owed to a Housing Authority or an Approved Housing Body for an accumulated period of more than 12 weeks in respect of a dwelling or site provided as social housing support. If you have entered into rescheduling arrangements with Cork City Council, this disqualification does not apply – Provided that you are adhering to those arrangements
- You must not have previously purchased a house under an earlier Tenant Purchase Scheme from a Housing Authority.
- All outstanding water charges due and owing in respect of water services provided to the house by Irish Water must be paid in full. Proof of payment will be required.
- Cork City Council may refuse to sell a house to a tenant if the tenant or any household member is or was engaged in anti-social behaviour or on the ground of good estate management. [See Note 6]

6. Are there further disqualification factors?

Convictions in the **5 year period prior** to the date of application for offences by **ANY** household member under sections 5,6,7,14,15 or 19 of the criminal Justice (Public Order) Act 1994(No 2 of 1994)

Section 5: Disorderly conduct in a public place

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

Section 6: Threatening, abusive or insulting behaviour in a public place

Section 7: Distribution or display in a public place of material which is threatening, abusive, insulting or obscene

Section 14: Riot

Section 15: Violent disorder

Section 19: Assault or obstruction of a peace officer or emergency services personnel

Court Orders made in the **5 year period prior** to the date of application in respect of **ANY** household member under –

- a) Sections 3, 3A or 4 Housing (Miscellaneous Provisions) Act 1997: Subject of an excluding order or interim excluding order
- b) Section 257D of the Children Act 2001 (No 24 of 2001): Subject of a behaviour order
- c) Section 115 of the Criminal Justice Act 2006 (No 26 of 2006): Subject of a civil order

The Housing Authority will be requesting Garda Vetting Checks on all Household members.

7. Is there a closing date for receipt of Applications?

No

8. Is there a First Time Buyers Grant available?

No

9. Is the applicant required to pay a Deposit?

No

10. How is the purchase price calculated?

The purchase price of a house will be calculated as the **greater** of :-

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

- a. The market value of the house as determined by the local authority, in its existing state of repair and condition. Any increase in the market value due to authorised improvements (You must provide a copy of Cork City Council's written authorisation) you have made to the house will be disregarded in calculating the price **OR**
- b. Half the estimated cost to Cork City Council of providing a replacement house to modern standards in its housing stock to accommodate a household in the same class as that for which the house was designed.

11. Will Improvements to the property be taken into consideration?

As noted above authorised improvements will be disregarded when determining market value.

Unauthorised improvements will not be considered. Improvements for decoration or any improvements carried out on the land are excluded from the material improvements calculation for the purposes of establishing the market value of the property.

12. Can a tenant contest the local authority's valuation?

Yes. – If you do not agree with Cork City Council's valuation, you may hire an independent qualified valuer (drawn from Cork City Council's panel of valuers and at your own expense) to support your claim.

13. What discounts are available?

The discounts available are based on Household Income only. Length of tenancy beyond 12 months is not a determining factor.

Depending on reckonable tenant income a discount of 60%, 50% or 40% off the purchase price of the house:-

- A discount of **60%** off the purchase price applies where reckonable tenant income is between **€15,000 and €20,000.**
- A discount of **50%** off the purchase price applies where reckonable tenant income is between **€20,001 and €29,999.**
- A discount of **40%** off the purchase price applies where reckonable tenant income is **equal to or greater than €30,000.**

14. What is Reckonable Tenant Income?

Cork City Council will include the reckonable income of all joint tenants and any tenant's spouse, civil partner or cohabitant who is resident in the house when calculating reckonable tenant income for the purposes of the minimum income requirement and the level of discount to be applied.

Reckonable income is the gross income, (i.e. before deduction of income tax, Universal Social charge, pension contributions, pension-related reductions and PRSI etc.), and includes

- Income from employment, including self-employment
- Overtime payments, bonuses and commission (subject to restrictions)

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

- Maintenance payments received
- Income from rental properties, dividends, capital investment and other similar sources of income
- Income from social welfare payments (including pensions) by the Department of Social Protection, but **only where these payments constitute a secondary source of income**
- Pensions, other than social welfare pensions, from whatever source, including from abroad

Some sources of income may be disregarded e.g. child benefit, carer's allowance, family income supplement etc. [Full list attached – see Page 9 and 10]

Documentary evidence is required to verify all sources of income e.g. P.60, income and expenditure accounts, statement from Department of Social Protection, etc.

15. How is the purchase financed?

The discounted purchase price will be payable on the completion of the sale and the tenant, as purchaser, will be responsible for raising the necessary finance. It may be paid by one or a combination of the following:-

- The own resources of the tenant and his or her spouse, civil partner or cohabitant, which may include funds provided by family members, etc.,
- A local authority house purchase loan, if approved under the authority's credit policy.

If you need a mortgage/loan, you must apply to Cork City Council, Housing Loans & Grants Section, City Hall, Anglesea Street, Cork. T12 T997. Cork city Council may be able to offer you, subject to the criteria laid down for the approval of local authority loans (including credit checks):

- A loan at a variable rate of interest (currently 2.55% from 1st July 2015) subject to a maximum of €200,000. Maximum loan term is 30 years. Interest rates may vary up or down.

16. Is mortgage protection insurance required?

Yes, insurance is compulsory in the case of a local authority mortgage. You may choose to avail of the national Local Authority Mortgage Protection Scheme or you may avail of Mortgage Protection Insurance privately. You will be required to provide proof of Mortgage Protection Insurance from another source. The premium for the local authority's scheme is included in your monthly mortgage payment.

17. Are any properties excluded from sale?

Yes

- Apartments, flats, maisonettes and duplexes
- Houses designed for occupation by elderly persons
- Group traveller housing

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

- Part V dwellings provided in private estates
- Caravans, mobile homes, etc.
- Houses provided for persons with disabilities making the transition from congregated settings to community-based living under the National Deinstitutionalisation Programme
- Cork City Council may at its discretion exclude houses for reason of good estate management, structural condition or if it proposes to carry out remedial works to them.
- Cork City Council may also exclude houses for reasons of proper management of the local authority's stock of housing accommodation.

In general, other than these categories, all houses may be included in the Scheme strictly subject to Cork City Council having freehold title to sell.

18. Does the Local Authority have to put the house into good structural condition?

No. The sale price of the house will reflect its existing state of repair and condition. Cork City Council is under no obligation to put any house being purchased into good structural condition prior to sale.

The sale of a house under this scheme does not imply any warranty on the part of Cork City Council in relation to the state of repair or condition of the house or its fitness for human habitation.

19. Who is responsible for the maintenance of the house after purchase?

You will be fully responsible for the upkeep and maintenance of the house from the date you complete the sale.

If you fail to keep the property in good order and repair during the charging period, Cork City Council will suspend the annual release of charge (2%) until you fulfil your obligation.

20. Do tenant purchasers qualify for tax relief?

You may qualify for income tax relief on your mortgage interest subject to Government policies.

21. Are there other costs involved in the purchase?

As well as an application fee and the purchase price payable to Cork City Council, you will be responsible for paying your own costs, including your Solicitor's legal fee, your Engineer's fee and stamp duty (to a maximum of €100). It will also be necessary for you to pay all Rent, Rent contributions, Charges, Fees or any other charges/monies owed to a Housing Authority or an Approved Housing Body by you or a member of your household prior to completion of the sale.

All outstanding water charges due and owing in respect of water services provided to the house by Irish Water must be paid in full. **Proof of payment will be required**

22. How much is the Application Fee?

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

A non refundable payment of €100 must accompany a full application form.

The applicant must provide all information that Cork City Council reasonably require to verify information provided by you in connection with an application under this scheme.

If the applicant fails to provide the requested information within 4 weeks of the request, the application will be closed and a new application form will need to be submitted along with a non refundable application fee of €100.

23. Are there restrictions on the use of the house following purchase under the scheme?

Yes. You must:

- Live in the house as your normal place of residence
- Get written agreement in advance from Cork City Council if you wish to sell, let or sub-let the house
- You must not engage in anti-social behaviour or be a nuisance to your neighbours

24. Can I sell my house during the Charged Period (i.e. the period for which the charge applies to the house – 20, 25 or 30 years)

Yes. You can sell your house during the charged period, subject to the following:-

The purchaser must give prior notice to Cork City Council of their intention to sell the house.

- Cork City Council has first refusal on buy-back of tenant purchased houses resold during the charged period, in which case the resale price is the agreed market value of the house at that time less the value of the outstanding charge on the property.
- If Cork City Council does not wish to purchase the house, the purchaser may sell to a third party. The sale to a third party will require the consent of Cork City Council.

Cork City Council may refuse to consent to a sale of the dwelling if it is of the opinion that:-

- the intended purchaser is not a person in need of housing,
or
 - the intended purchaser is or has been engaged in anti-social behaviour or the intended sale of the dwelling would not be in the interest of good estate management,
or
 - the intended sale would, if completed, leave the seller or any person who might reasonably be expected to reside with that person without adequate housing.
- If the house is sold on the open market within 5 years of purchase, you must pay the current value (at that date) of the total discount back to Cork City Council

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

- If the house is sold later in the charged period, you must pay Cork City Council the current value of the outstanding charge (at that date)
- The charge only applies where you, the tenant purchaser, makes a profit on resale of the house and the amount of the outstanding charge payable may be reduced to avoid, as far as possible, incurring a net loss on the resale.

25. How long will the offer by Cork City Council remain valid?

An offer will be valid for 3 months from date of offer. Within this period, you must submit through your solicitor, acceptance in writing and evidence of finance, (e.g. letter of loan sanction). **It is your responsibility to accept the offer in time (in writing) and non-receipt of the written acceptance of the offer will be treated as a refusal of the offer by you and your application will be cancelled.** No offer will be made until all monies due to Cork City Council are paid in full and Cork City Council has established that your tenancy record is clear. If rent, service charges, water charges etc have been outstanding, **it is your responsibility** to notify Cork City Council's Loans and Grants Section (in writing) when they are clear. You must complete the sale within 6 months of the offer date (i.e. all contracts signed and executed).

26. Fine for Provision of False or Misleading Information

“Section 32(7) of the Housing (Miscellaneous Provisions) Act 2009 and section 6 of the Fines Act 2010 provide that it is an offence, punishable on conviction by a class C fine (i.e. an amount not greater than €2,500 but greater than €1,000), for a person to knowingly provide false or misleading information or documents or to knowingly conceal any material fact in relation to the purchase of a house under Part 3 of the Housing (Miscellaneous Provisions) Act 2014.

Section 32(8) of the 2009 Act provides that a Housing Authority may recover from a person convicted of an offence under section 32(7) any higher expenditure that the authority incurred on the sale of a house due to reliance on false, misleading or undisclosed information.”

Details of the scheme are available at www.corkcity.ie. and www.viron.ie

Contact:-

Postal Address Tenant Purchase Section, Housing Loans and Grants, Ground Floor,
City Hall, Anglesea Street, Cork T12 T997.

Email TP2016@corkcity.ie

Phone 021 4924243/ 021 4924180/ 021 4924591/ 021 4924512

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

Income disregards

3. (1) A housing authority shall disregard income from the following sources for the purposes of determining reckonable income:

- (a) Child Benefit;
- (b) Carer's Allowance, Carer's Benefit and Half-Rate Carer's Benefit;
- (c) Family Income Supplement;
- (d) Guardian's Payment;
- (e) Exceptional Needs Payments;
- (f) Diet Supplement;
- (g) National Fuel Scheme;
- (h) Respite Care Grant;
- (i) Prescribed Relative Allowance;
- (j) Living Alone (Pension) Allowance;
- (k) Age 80 (Pension) Allowance;
- (l) JobBridge, the National Internship Scheme;
- (m) Domiciliary Care Allowance;
- (n) Tús (Community Work Placement Initiative);
- (o) Back to Education Allowance;
- (p) Gateway (Local Authority Activation Scheme);
- (q) Rural Social Scheme;
- (r) Community Employment Programme;
- (s) Fostering Allowance;
- (t) Blind Welfare Allowance;
- (u) Back to Work Family Dividend
- (v) Boarding-Out Payments;
- (w) student grants and scholarship schemes;

Subject To Contract/Contract Denied -Without Prejudice and subject to any Transfer Order

**FREQUENTLY ASKED QUESTIONS
INCREMENTAL TENANT PURCHASE SCHEME 2016**

(x) Home Tuition Scheme;

(y) Youthreach training allowance;

(z) payments by charitable organisations, one of the functions of which is to assist persons in need by making grants of money to them;

(aa) payments made by another EU Member State that correspond to Child Benefit;

(bb) rehabilitation training allowances.

(2) In determining reckonable income, a housing authority shall disregard income that is once-off, temporary or short-term in nature and that is outside the regular pattern of a person's annual income. Otherwise, where income fluctuates from week to week, reckonable income shall be determined on the basis of a person's average earnings over a typical work period.