



Comhairle Contae Chorcaí

Cork County Council



TENANT
(INCREMENTAL)
PURCHASE
SCHEME
2016

**Tenant Information Booklet
(FREQUENTLY ASKED QUESTIONS)**

1	What is Tenant (Incremental) Purchase?	Page 3
2	What is an Incremental Purchase Charge?	Page 4
3	How long does the Charge last?	Page 4
4	Can Cork County Council suspend an annual release (2%) of the Incremental Purchase Charge?	Page 4
5	Who is eligible to purchase?	Page 5
6	Are there further disqualification factors?	Page 6
7	Is there a closing date for receipt of applications?	Page 7
8	How is the purchase price calculated?	Page 7
9	Will improvements to the property be taken into consideration?	Page 8
10	Can a tenant contest the Local Authority's valuation?	Page 8
11	What discounts are available?	Page 8
12	What is Reckonable Tenant Income?	Pages 9 & 10
13	How is the purchase financed?	Page 11
14	Is mortgage protection insurance required?	Page 11
15	Are any properties excluded from sale?	Pages 11 & 12
16	Does the Local Authority have to put the house into good structural condition?	Page 12
17	Who is responsible for the maintenance of the house after purchase?	Page 13
18	Are there other costs involved in the purchase?	Page 13
19	How much is the Application Fee?	Page 13
20	How much Stamp Duty will I have to pay?	Page 14
21	Are there restrictions on the use/resale of the house?	Page 14
22	Can I sell my house during the Charged Period?	Pages 14 & 15
23	How long will the offer by Cork County Council remain valid?	Page 15
24	Fine for Provision of False or Misleading Information	Page 16
25	Contact Details	Page 16

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

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

Governed by the Housing Act 2014 and associated Regulations

1. What is the Tenant (Incremental) Purchase?

Under the Scheme, a tenant of Cork County Council pays the authority a discounted price related to his or her income in order to purchase the house and on completion of the sale, the authority places an Incremental Purchase Charge on the house of the proportion of its value equal to the discount.

The Incremental Purchase Charge will wither away to nothing over the charged 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, the Council will place an Incremental Purchase Charge on the Title Deeds of the house. This Charge is equal to the value of the discount granted to the tenant off the purchase price, e.g. if the 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 County 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 Charge:

- If the Charge is 60% the charged period is 30 years
- If the Charge is 50% the charged period is 25 years
- If the Charge is 40% the charged period is 20 years

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

Yes. Cork County Council may suspend an annual release of the Charge if the purchaser breaches any condition of the Transfer Order. These conditions include:-

- The house is used as the purchaser's, or household member's, normal place of residence
- The purchaser does not cause any nuisance or allow any person residing in the house to cause any nuisance or be guilty or, or permit, any conduct likely to cause annoyance or disturbance to his or her neighbours and shall not engage in, or allow any person residing in the house to engage in, anti-social behaviour
- 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 County Council, occupying properties available for sale (see Q.15 of this booklet), who have been in receipt of social housing support for at least 10 years (a RAS/HAP tenancy or a tenancy with an approved housing body prior to tenancy of a Cork County Council owned property is reckonable for this purpose) and who have a minimum reckonable income (see Q.12), of at least €12,500 p.a. in accordance with Regulations.

You may be eligible to purchase if:-

- You are the tenant or a joint tenant of the house to be sold
- You (and your joint tenant where applicable) have been in receipt of social housing support for a minimum of ten years on the date of making the application to purchase
- You have a minimum reckonable annual income of €12,500 per annum (see Q.12 of this booklet)
- Your rent/other monies owed to Cork County Council must be paid up to date – a house cannot be sold to a tenant where in the 3 years prior to applying to purchase that tenant was in arrears of Rent/Rent Contributions/Charges/Fees/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 County Council and adhered to same, this disqualification does not apply
- You have not previously purchased a house under an earlier Tenant Purchase Scheme.

Cork County Council may refuse to sell a house to a tenant if the tenant or any household member is/was engaged in anti-social behaviour or on the grounds of good estate management. The Council may also refuse to sell to a tenant if the tenant or any household member has, in the

previous five years, received a conviction in respect of public order offences.

6. Are there further disqualification factors?

Yes. 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

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

Garda vetting will be required on all household members on each application to purchase. Offers to purchase will be subject to submission by applicants of garda clearance certification for all household members.

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

No

8. How is the purchase price calculated?

The purchase price of a house is the value of the house for the purposes of calculating the applicable discount and will be calculated as the **greater** of :-

- a. The market value of the house as determined by Cork County Council, in its existing state of repair and condition. Any increase in the market value due to authorised material improvements (a copy of the Council's written authorisation must be provided) you have made to the house will be disregarded in calculating the price **OR**
- b. Half the estimated cost to the 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.

9. Will improvements to the property be taken into consideration?

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

Unauthorised improvements will not be considered.

Improvements for decoration purposes or any improvements carried out on the land are excluded from the material improvements calculation for the purpose of establishing the market value of the property.

10. Can a tenant contest the Local Authority's valuation?

If you do not agree with Cork County Council's valuation of your house, you may hire an independent valuer from a panel of valuers set up by Cork County Council. You must pay the cost of this independent valuation yourself.

11. What discounts are available?

Depending on reckonable tenant income (see Q.12) 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 **€12,500 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**.

12. What is Reckonable Tenant Income?

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

- Income from employment, including self-employment
- Overtime payments, bonuses and commission (subject to restrictions)
- Maintenance payments received
- Income from rental properties, dividends, capital investments and other similar sources of income
- Pensions (including Social Welfare pensions) from whatever source, including from abroad
- Income from (non-pension) Social Welfare payments by the Department of Social Protection, but **only where these payments constitute a secondary source of income**

Cork County Council shall disregard income from the following sources for the purposes of determining reckonable income:

- Child Benefit;
- Carer's Allowance, Carer's Benefit and Half-Rate Carer's Benefit;
- Working Family Payment;
- Guardian's Payment;
- Exceptional Needs Payments;
- Diet Supplement;
- National Fuel Scheme;
- Respite Care Grant;
- Prescribed Relative Allowance;
- Living Alone (Pension) Allowance;
- Age 80 (Pension) Allowance;
- JobBridge, the National Internship Scheme;
- Domiciliary Care Allowance;
- Tús (Community Work Placement Initiative);

- Back to Education Allowance;
- Gateway (Local Authority Activation Scheme);
- Rural Social Scheme;
- Community Employment Programme;
- Fostering Allowance
- Blind Welfare Allowance;
- Back to Work Family Dividend;
- Boarding-Out Payments;
- Student Grant and Scholarship Schemes;
- Home Tuition Scheme;
- Youthreach training allowance
- Payment by Charitable Organisations, one of the functions of which is to assist persons in need by making grants of money to them;
- Payment made by another EU Member State that correspond to Child Benefit
- Rehabilitation training allowances

In determining reckonable income, Cork County Council 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.

Cork County 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.

Documentary evidence is required to verify all sources of income e.g. Employment Details Summary, Statement of Liability, wage slips, income and expenditure accounts, statement from Department of Social Protection etc.

13. 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.

A tenant may fund the purchase money for a house from one, or a combination, of his or her own resources or a mortgage provided by a financial institution or through your Local Authority by way of a Local Authority Home Loan.

NB* Please note that separate qualifying criteria apply to a Local Authority Home Loan application. Details available at

- www.localauthorityhomeloan.ie
- House Purchase Loans Section, County Hall Cork.

14. Is mortgage protection insurance required for a Local Authority Loan?

Mortgage Protection Insurance is compulsory. The Local Authority loan makes provision for inclusion of M.P.I. with the premium included in the monthly repayment. If you are not eligible under the terms of that Scheme, you will be required to provide proof of Mortgage Protection Insurance from another source.

15. Are any properties excluded from sale?

Yes

- Apartments, flats, maisonettes and duplexes,
- Houses specifically designed for occupation by one or more than one elderly persons,

- Houses specifically designed for occupation by travellers, where more than one such house or dwelling is provided on the land concerned,
- Houses that have been transferred to Cork County Council in accordance with an agreement under section 96 of the Planning and Development Act 2000 (No. 30 of 2000) - Part V dwellings provided in private estates,
- Caravans, mobile homes, etc.,
- Houses provided for persons with disabilities making the transition from institutional care to community-based living under the National Deinstitutionalisation Programme
- Houses, in the opinion of Cork County Council that should not be sold for reasons of proper management of the Authority's stock of housing accommodation or on account of the house's structural condition,
- Houses that should not be sold for the time being on account of proposals the Authority has to carry out reconstruction or improvement works or for the regeneration of the area in which the house is located.

Cork County Council must have a Freehold interest in a property to make it available for sale.

16. 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 County Council is under no obligation to put any house being purchased into good structural condition prior to sale. No warranty by Cork County Council shall apply, or be deemed to be implied, as to the state of repair or condition or the fitness for human habitation of any house sold under the Scheme.

17. 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.

18. Are there other costs involved in the purchase?

As well as an application fee and the discounted purchase price payable to Cork County Council, you will be responsible for paying your own costs, including legal fees, your Engineer's fee if applicable, and stamp duty (to a maximum of €100) .

You will have to pay any fees charged by the lender from whom you obtain finance.

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 in respect of the house to the Council to date of completion of the sale.

19. How much is the Application Fee?

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

The applicant must provide all information that Cork County 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 a reasonable time notified to the applicant, the application will be closed and a new application form will need to be submitted along with a non refundable application fee of €100.

20. How much Stamp Duty will I have to pay?

The maximum Stamp Duty payable is €100.

21. 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 agreement in advance from Cork County Council if you want to sell, let or sub-let the house and
- not engage in anti social behaviour or be a nuisance to your neighbours.

22. Can I sell my house during the Charged Period (i.e. the period for which the Charge applies to the house)

Yes. You can sell your house during the charged period:-

- Cork County Council has first refusal on buy-back of tenant purchased houses resold during this time, in which case the resale price is the current market value of the house less the value of the outstanding Charge on the property.
- The proposed sale must be of market value, determined by an independent valuer from a panel of valuers established by Cork County Council.
- If the house is sold on the open market within 5 years of purchase, you must pay the current value of the total Charge back to the Council
- If the house is sold later in the charged period, you must pay the Council the current value of the outstanding Charge

- 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.

Cork County Council may refuse to consent to the resale of the dwelling if the Authority is of the opinion that:-

- a. the intended purchaser is not a person in need of housing, or
- b. 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
- c. 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.

23. How long will the offer by Cork County 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 or bank statement of savings. It is your responsibility to accept the offer in time and non-receipt of the 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 Rent, Rent Contributions, Charges, Fees or any other charges owed to a Housing Authority or an Approved Housing Body are paid in full and the Council has established that your tenancy record is clear. Once accepted, you must complete the sale within 6 months of the date of the offer.

24. 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.”

25. Contact Details

For full details of the Scheme and the governing Regulations, please see www.corkcoco.ie. See also www.environ.ie

Contact:-

Postal Address:- Purchasing Options Section,
Housing Department,
Floor 4 Extn.,
County Hall, Cork.

Email:- TPS2016@corkcoco.ie

Phone:- 021 4285226 / 021 4285585

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