

MEATH COUNTY COUNCIL

AFFORDABILITY MEASURE

LOW COST PRIVATE SITE SCHEME

Adopted 3<sup>rd</sup> December 2018

## **1.0 Context**

Meath County Council has in the past provided the option of low cost sites in order to supplement and compliment social housing provision.

Sites are typically fully services with mains water, mains sewage, mains electricity, road and footpaths.

Sites were generally offered for sale at below market value, subject to applicants fulfilling certain criteria.

Under Rebuilding Ireland, a number of Affordability Measures are being progressed including the Rebuilding Ireland Home Loan (launched February 2018), an Affordable Purchase Scheme, an Affordable Cost Rental model and a Service Site Fund for Affordable Housing.

Meath County Council is committed to promoting affordability measures in the housing market for that cohort that is not eligible for social housing support, but yet cannot afford to rent or buy their own home.

The provision of low cost sites and the criteria set regarding same represents one measure that Meath County Council can lead and promote at local level, in tandem with national schemes as they are advanced and launched.

## **2.0 Eligibility to Purchase Criteria**

In order to be eligible to purchase a low cost private site, the following criteria must be fulfilled:

- Measure targeted at those who are not eligible for social housing support
- Applicants must not be eligible for social housing support, ie gross annual income must exceed the social housing income thresholds set for Co. Meath at the time of application
- For single income households, annual gross income must not exceed €50,000 and for double income households, the incomes must not exceed €75,000
- A local authority tenant or tenant purchaser who wishes to buy a private site and return their present house to Meath County Council
- Applicant must be a First time buyer
- Meath County Council in determining eligibility will consider your ability to substantially complete construction within 18 months of transfer of site and any other factors that are considered relevant
- Preference will be given to applicants that have a local connection/live in/or previously lived in the area for which the application is made

## **3.0 Conditions of Sale**

The following conditions will apply to the sale of a Low Cost Private Site:

- One site will be allocated to any applicant for the construction of a dwelling house, and this dwelling must only be for their own occupation.
- If successful in obtaining a site, a refundable deposit of 10% of the value of the site must be paid to secure the site.
- The site will be transferred into the successful applicants name when (a) the balance of the purchase price is paid and (b) acceptable evidence has been submitted of obtaining full Planning Permission and Loan Approval sufficient to build the dwelling house.
- Meath County Council retains discretion as to what order sites are sold. For example, if there are 10 low cost private sites provided for in a development, the sites typically will be sold in numerical order from Site Number 1 to Site Number 10, subject to demand. Where demand for a Low Cost Private Site Scheme is oversubscribed, sites will be sold to successful applicants on a first come first served basis.
- Applicants will be responsible for both their own and Meath County Council legal costs
- The dwelling house to be constructed must be of a design which is acceptable to the Planning Authority. Specific site requirements for any particular location will be available as an Appendix to the Application Form to purchase a Low Cost Private Site. This will include specific building conditions that must be complied with, relating to planning issues, design guidelines, construction type, site boundaries, building line, boundary walls. Engagement by successful applicants in pre planning meetings will be required.
- Applicants are advised to obtain professional advice as to the structural stability and suitability of any low cost private site purchased. Meath County Council does not accept any statutory or common law duty of care to an applicant to ensure that the site is free of defects.
- Development Contribution will not be levied on Low Cost Private Sites.
- 13.5% VAT (or the applicable VAT rate at the time of purchase) will be levied on all Low Cost Private Sites.
- A clawback clause will apply where an applicant sells the dwelling house constructed on the low cost private Site before the expiration of 20 years from the date of purchase.
- The sale price of any Low Cost Private Site will be determined by Meath County Council.

#### **4.0 Clawback Clause**

By acquiring a Low Cost Private Site from Meath County Council, the purchaser acknowledges that the price of the site does not reflect the current market value of same.

In the event that the property is first resold before the expiration of twenty years from the date of the Deed of Transfer, the purchaser herein shall pay to Meath County Council out of the proceeds of sale an amount equal to a percentage of the proceeds relating to the site only. The percentage is calculated in accordance with the following formula:

$$Y \times 100 \div Z$$

Where Y is the difference between the market value of the site at the time of the purchase by the purchaser herein and the price as actually paid and Z is the market value of the site at the time of

the original sale by the Local Authority to the purchaser. This percentage is applied to the market value of the site at the time of the purchaser's sale of the property.

The clawback amount payable shall be reduced by 10% in respect of each complete year after the 10<sup>th</sup> year. No clawback shall apply after 20 years.

***Clawback Example:***

▪ Site Purchase for by original purchaser	€10,000
▪ Market Value at time of purchase ( <b>Z</b> )	€40,000
▪ Difference between Market & Purchase Price ( <b>Y</b> )	€30,000
▪ Market Value at time of the purchaser's sale	€50,000

**Clawback %** =  $€30,000 \times 100 \div €40,000 = 75\%$

**Clawback** = 75% of €50,000 = **€37,500**