

**Mortgage Allowance Scheme**

**Explanatory Memorandum**

1. **WHAT IS THE PURPOSE OF THE MORTGAGE ALLOWANCE?**

The allowance assists tenants and tenant purchasers of local authority dwellings and certain tenants of houses provided by voluntary housing bodies under the Rental Subsidy Scheme who wish to return their dwelling to the authority or voluntary body and purchase or build a private dwelling for their own occupation by reducing their mortgage repayments over the first five years of the mortgage.

2. **AMOUNT OF ALLOWANCE**

For mortgages created on or after 15 June 2000, the amount of the allowance is €11,450, payable over 5 years as follows:

Year	€
1	- 3,560
2	- 2,800
3	- 2,040
4	- 1,780
5	- 1,270

The allowance or the allowance plus income tax relief on mortgage interest cannot, in any year, exceed the amount of the loan charges due.

3. **WHO QUALIFIES FOR THE ALLOWANCE?**

The allowance is payable to persons who:

- are tenants or tenant purchasers of local authority dwellings or are tenants, whose tenancies are of not less than one year's duration, of houses provided by an approved voluntary body under the Rental Subsidy Scheme, and

- return their existing dwelling to the authority or the voluntary body, as applicable, in a fit and tenable condition (having regard to reasonable wear and tear and any repairs for which the tenant is not responsible) and free of arrears of rent or tenant purchase annuities, and
- purchase or build a private dwelling for their own occupation, and
- provide the private dwelling by way of a mortgage loan of not less than €38,092

The spouse of a tenant or tenant purchaser, or a person who has been bona fide resident with a tenant/tenant purchaser may qualify for the allowance if s/he otherwise complies with the conditions of the scheme and the dwelling is returned to the local authority or the voluntary body, as applicable.

The allowance is not available to occupants of demountable dwellings provided by local authorities or to persons providing a dwelling under the Shared Ownership System.

Tenant purchasers to whom the allowance is given will not be compensated in respect of any annuity payments made in respect of the dwelling being returned to the local authority.

A person availing of the allowance may purchase or build a new dwelling or purchase an existing dwelling in the private sector (including dwellings formerly owned by a local authority).

#### 4. **HOW THE ALLOWANCE IS PAID**

The allowance will be paid by the Department of the Environment, Heritage and Local Government on behalf of person qualifying for it, to the lending agency i.e. building society, bank, local authority etc. The lending agency will calculate the borrower's monthly mortgage payment in the normal manner and then deduct

the appropriate instalment of the mortgage allowance (i.e. €297 per month in year 1, €233 in year 2, €170 in year 3, €148 in year 4, and €105 in year 5). The amount as so reduced will be the monthly amount due by the borrower to the agency.

5. **TO WHOM SHOULD APPLICATION FOR THE ALLOWANCE BE MADE?**

Application should be made to the local authority for the area in which the private dwelling is being purchased or built. For this purpose the relevant local authorities are county councils, city councils, borough councils and Athlone, Bray and Dundalk town councils.

6. **SUITABILITY OF PRIVATE DWELLING**

The local authority must be satisfied that the dwelling being purchased or built is free from structural defects and is of suitable size and standard to cater for the applicant's household. In the case of a previously occupied dwelling, it must have hot and cold water systems, a fixed shower or bath and an indoor toilet. If it is a new dwelling, it must meet the standards set out in Appendix 1. The contractor who constructs the dwelling must be registered for VAT and must hold a current C2 or Tax Clearance Certificate.

7. **OCCUPANCY OF PRIVATE DWELLING**

The applicant must continue to occupy the private dwelling as his/her normal place of residence throughout the five year period to which the allowance relates.

8. **HOW DOES THE SCHEME OPERATE?**

The local authority will issue to an eligible applicant a letter of intent indicating that s/he will qualify for the mortgage allowance subject to the return of the existing dwelling and compliance with the terms of the scheme. It is in the applicant's own interest to obtain this letter of intent before entering into any commitment in relation to the private dwelling. The letter of intent should be presented in support of an application to a lending agency for a mortgage loan.

It is, however, a matter entirely for the lending agency to take a decision on individual loan applications. The agency will advance the loan to the applicant in the normal manner.

When the applicant has returned the existing dwelling or has given an irrevocable undertaking to return it within a period agreed with the local authority, and the authority is satisfied that the terms of the scheme will otherwise be complied with, the authority will issue a certificate of approval to the applicant certifying his/her entitlement to the allowance. This certificate should be given to the lending agency to enable them to claim the allowance from the Department of the Environment, Heritage and Local Government.

As long as the applicant, having returned the dwelling, continues to meet the reduced mortgage repayments and to occupy the private dwelling as his/her normal place of residence, the allowance will be paid to the lending agency by the Department without the need for further action by the applicant.

The allowance will cease to be payable by the Department from the date on which:

- (i) application for a Court Order for repossession of the dwelling is made by the lending agency, or
- (ii) the dwelling ceases to be occupied as the applicant's normal place residence.

## 9. **INFORMATION ON LOANS**

Loans for the purchase or building of dwellings may be obtained from the commercial lending agencies (e.g. building societies, banks, etc.) subject to meeting the conditions they lay down. Enquiries concerning the qualifying conditions for a loan from a commercial agency should be made directly to them. If an applicant is unable to obtain a loan suitable to his requirements from a commercial agency, s/he may apply to the local authority for a loan. Evidence

must be produced to the authority of a genuine refusal of a loan from both a building society and a bank. Details of the local authority house purchase loan scheme may be obtained from the authority.

10. **DOCUMENTS REQUIRED IN MORTGAGE ALLOWANCE SCHEME APPLICATIONS**

An applicant should provide the local authority with such information as the authority may require in regard to the location, layout etc. of the dwelling being purchased or built.

11. **APPLICANTS SHOULD NOTE:**

The payment of a mortgage allowance involves no warranty on the part of the Minister for the Environment, Heritage and Local Government or the local authority as to the work carried out or the structural soundness of a dwelling.

## TECHNICAL STANDARDS

### 1. General Design and Construction Standards

The house/apartment must be of good design providing a suitable living environment for prospective occupants. It must be constructed in accordance with good building practice and in compliance with the requirements of the Building Regulations 1991, including any amendments thereto (hereinafter referred to as the Building Regulations). Where the Technical Guidance Documents, which accompany the Building Regulations, are not followed, compliance with the Regulations must be demonstrated. Where unconventional materials or methods of construction are used, certification by a competent body as to their suitability and compliance with the Building Regulations will be required.

The certification should confirm the suitability and durability of the material/product and method of construction in the context of:-

- (a) its use for residential purposes,
- (b) the conditions in which it is to be used, and
- (c) the climatic conditions pertaining to the location of the house/apartment.

The key elements of construction in new houses should have a life in the order of 60 years with a normal level of maintenance.

The following paragraphs (paragraphs 6 to 15) set out some of the key requirements, including extracts from the Building Regulations and

accompanying Technical Guidelines, but do not purport to be comprehensive.

## **2. Separate Dwellings (self-contained apartments)**

Each dwelling (house/apartment) must be separate and self-contained as regards entrance, cooking, washing and adequately ventilated toilet facilities, and have a bath or shower unit, hot and cold water, and sewage disposal system (see paragraph 13). A separate entrance is required to a dwelling where it forms part of a building incorporating other non-residential uses.

## **3. System Built Houses**

Applicants should ensure that timber framed, steel framed or other such systems used in the construction of houses/apartments have been assessed for suitability and compliance with the Building Regulations and approved by NSAI / IAB or other competent authority. In addition to the documents specified in paragraph 4, a certificate from a competent engineer, together with design calculations, should be submitted to show that the structural design complies with the Building Regulations, having regard to the location of the house(s)/ apartment(s).

## **4. Room Sizes and Layout**

4.1 Room sizes and layout should be suitable for the purposes intended and capable of accommodating furniture, etc. appropriate to normal use. The location, size, layout and lighting of rooms should take into account the safety of the occupants; cookers and other appliances should be so located as to reduce the risk of accidents. For example, the location of the cooker should take account of safety in use, should not impede exit from the kitchen area or pose additional risk in the event of fire. For safety and convenience, worktop space should be located adjacent to each cooker and sink.

- 4.2 Rooms should generally have a ceiling height of at least 2.4 metres ( 2.1 metres beneath a beam or in a bay window). Rooms immediately below the roof should have a ceiling height of not less than 2.4 metres over an area equal to not less than one half of the area of the room measured on a plane 1.5 metres above the finished floor level.
- 4.3 Adequate storage space should be provided, having regard to the size of the dwelling. This should include an airing cupboard or hot press with a minimum slatted shelving space of 0.7 square metres.
- 4.4 General guidance on layout and design is available in Department of Environment, Local Government and Heritage documents, "*Guidance on Residential Developments in Urban Renewal Designated Tax Incentive Areas.*" (published September 1995) and *Social Housing Design: Design Guidelines 1999*.

## **5. Fuel and Energy Conservation.**

The house /apartment should be designed and constructed so as to conserve fuel and energy by the provision of appropriate thermal insulation and controls for space heating and water supply. The risk of condensation must be minimised by measures such as the avoidance of cold bridging and the provision of proper ventilation, including mechanical ventilation in the areas of houses such as kitchens and bathrooms. The required standards are set in part L of the Building Regulations.

## **6. Natural Lighting**

Adequate natural lighting should be provided to all habitable rooms and circulation areas. The glazed area of windows serving any habitable room should be not less than 10% of the floor area of the room. Stairs, halls, corridors and other circulation areas should have natural light by means of suitably placed windows, roof-lights or borrowed lighting from



other rooms. Glazing at low levels and in areas where safety considerations arise should be of a suitable type, be properly installed and be protected as required by the Building Regulations.

## **7. Stairs**

In the interests of safety, winders in stairs should generally not be used but, where their use is unavoidable, they should be located at the bottom of the flight. Access openings in ceilings to attic spaces should not be located directly over or adjacent to the top of stairs in a way that could create an increased risk of injury associated with falling.

## **8. Water Supply and Sewerage Services**

- 8.1 The house/apartment must have an adequate water supply and sewerage system. Where a public or group water supply and/or sewerage system is available, a house will normally be required to be connected thereto. A stop-cock should be provided on the water supply service pipe in a convenient position within the house, near to the point of entry of the service pipe.
- 8.2 A cold water storage cistern should be provided and, together with all pipework, be protected against damage by frost. The capacity of the storage system should be not less than 212 litres in a house containing up to three bedrooms and not less than 340 litres in a house containing four or more bedrooms.
- 8.3 A fully fitted bathroom with hot water system and a water closet must be provided within the external walls of the house. The WC may be located within a separate compartment.
- 8.4 Where the method of sewage disposal employed includes a septic tank system, it should be constructed in accordance with the recommendations contained in SR6:1991 "*Septic Tank System* -

*Recommendations for Domestic Effluent Treatment and Disposal from a Single Dwelling House*". Proprietary systems should be certified by NSAI / IAB or other competent body. The method of sewage disposal should be located so that it will present no danger of contamination of any water supply.

## **9. Heating and Lighting Facilities**

9.1 The house must have provision for space and water heating.

9.2 In certain areas of the country where smoke controls are in force\*, the principal means of space and water heating in a house must be by means of electricity, gas, oil or a heating appliance which burns smokeless fuel. It will be permissible also to have an ordinary fireplace which is not the principal source of water heating for the house and is used solely to heat the room in which it is located.

9.3 Where central heating is proposed, the method should be indicated and the position of the boiler and flue should be shown on the drawings and, as necessary described in the specification. Where it involves fuel storage (solid or liquid fuel or propane gas) the location and method of storage should also be detailed.

9.4 A central heating boiler should not be installed in a garage unless it is in a compartment which is completely separated from the rest of the garage by concrete block walling, with an entrance from the outside and adequately ventilated to the open air (see paragraph 16.2(v) on maximum sizes for boiler houses if they are to be excluded from floor area calculations)

9.5 A "room-sealed" type boiler, certified as such by the manufacturer, which obtains its air for combustion from the open air may be located in a garage, provided it is installed in strict compliance with the manufacturer's installation instructions and any applicable standards, is protected, either

by its location or by the installation of a suitable barrier, from impact damage, and it and its flue pipe are adequately separated from combustible material. The flue terminal must be so positioned as to prevent the flue gases and other products of combustion from entering the building and, together with the flue pipe, must be protected and shielded so as to minimise the risk of injury to persons through contact.

9.6 Gas installations should comply with the requirements of IS 813: 2002 Domestic Gas Installations. The drawings and specifications should detail the ventilation provisions and fire separation of appliances and flues.

9.7 The electricity installation should comply with the requirements of the latest edition of the National Rules for Electrical Installations published by the Electro-Technical Council of Ireland (ETCI). Adequate power points and adequate levels of artificial lighting should be provided for all rooms and circulation areas. Where an electrical immersion heater is being installed, provision should be made for the necessary switch control with timer.

## **10. Fire Security and Sound Insulation**

10.1 Provision must be made for fire security and sound insulation measures between dwellings in accordance with the requirements of the Building Regulations and the provisions made should be indicated on the drawings and in the specification. In the case of an apartment or maisonette, or where a dwelling and business premises are provided in the one building, the construction must be carried out in accordance with the terms of the necessary fire safety certificate.

10.2 Where a garage is attached to or forms part of a house, the following minimum fire precautions should be observed:

- (i) Any connecting door between the garage and dwelling should be self-closing and together with its frame and furniture have a fire resistance of not less than 30 minutes.
- (ii) Any opening for such connecting door should, at its lowest point, be not less than 100mm above the level of the garage floor.
- (iii) Any wall or floor between the garage and dwelling should have a fire resistance of not less than 30 minutes.
- (iv) In the case of a single storey house either the wall between house and garage should be taken up to the underside of the roof covering and have a fire resistance of not less than 30 minutes, or the ceiling to the garage should be of a type that will provide fire resistance of that duration.

\*Air Pollution Act , 1987 (Marketing, Sale and Distribution of Fuels) Regulations 1998 – 2003, details of which are available from Air/Climate Section, Department of the Environment, Heritage and Local Government, Custom House, Dublin 1. Telephone (01) 8882000. LoCall 1890 20 20 21.