



Process for receiving redemption payments

At any time between purchasing the property and selling the property, the purchaser can make a “redemption payment” to reduce the local authority’s equity share in the home. The redemption payment can pay off the entire equity share or a portion of it. The minimum amount of a redemption payment is €10,000 (regulation 7 of S.I. 21/2023) unless the remaining equity share is less than €10,000.

Requirements for process for receiving redemption payments

Section 16 of the Affordable Housing Act 2021 deals with redemption payments and sets out the procedure for making a redemption payment, which should be specified in the Affordable Dwelling Purchase Arrangement Agreement:

- (i) The homeowner must notify Kildare County Council in writing of their intention to make a redemption payment and the amount they intend to pay – please complete the form on the affordable housing redemption section of the website.
- (ii) The market value of the property on the date of the notice as well as the amount of the reduction in the equity share (calculated in accordance with section 16(3) of the Act (see 11.2 below) must be determined in accordance with the “valuation mechanism” which is set out in section 14(4) of the Act (see 11.3 below). Homeowners are required to pay 50% of the valuation fee to Kildare County Council before the valuation is completed.
- (iii) The redemption payment must be made within 3 months of calculating the market value of the property and the reduction in the equity share.
- (iv) The redemption payment must be made in person in the cash office in the motor tax section in Kildare County Council or by EFT using the bank details supplied.
- (v) If the amount paid differs from the amount specified in the notice from the homeowner, then the remaining equity share must be calculated accordingly.
- (vi) Following the making of the redemption payment, the Kildare County Council will notify the homeowner in writing of the balance of the affordable dwelling equity.





(vii) If the homeowner pays off the entire equity share in one or more payments, the homeowner can write to Kildare County Council to request the execution of all documents required to discharge or cancel the Affordable Dwelling Purchase

Arrangement as a burden on the affordable dwelling. This will be done at the expense of the homeowner.

Valuation mechanism

Section 14(4) of the Affordable Housing Act 2021 sets out the following procedure for the “valuation mechanism” for affordable purchase housing:

(a) Kildare County Council will be provided with information and permitted to inspect the property. Following this, Kildare County Council must notify the homeowner of its estimate of the market value of the property. Market value is calculated in accordance with section 14(1) of the Act and is the price for which the property might be expected to be sold for on the open market. This disregards any increase in the value of the property due to material improvements carried out by the homeowner and disregarding any reduction in the value of the property due to lack of repair on the part of the homeowner. Kildare County Council must also include in this estimate any other facts that are relevant to the calculation.

(b) Where the homeowner either confirms in writing that they agree with the estimate or fails to respond within 21 days from when the notice is served, then the amount provided by Kildare County Council in the notice is deemed to be the market value of the affordable dwelling.

(c) The homeowner can confirm in writing, within 21 days from when the notice is served, that they disagree with any matter stated in the notice. In this case, the homeowner nominates an independent valuer from a panel of suitably qualified persons established by the local authority. Kildare County Council then refers the matter to that valuer. The determination of the valuer is final and binding on both parties.

(d) Where Kildare County Council pays the (reasonable) fees of the independent valuer, half of the fee is recoverable from the homeowner as a simple contract debt, homeowners can pay at the cash office in the motor tax section in Kildare County Council or by EFT using the bank details supplied.





11.3. Calculating the reduction in the equity share following a redemption payment
Section 16(3) of the Act sets out how to calculate the reduction in the equity that the local authority has in the affordable dwelling, following a redemption payment. The formula to be used is:

$$X\% - ((\text{€Y} \times 100) \div \text{€Z}) \%$$

where—

(a) X% is the affordable dwelling equity as stated in the affordable dwelling purchase arrangement, unless redemption payments have previously been made by the homeowner, in which case it is the current equity

(b) €Y is the sum paid by the homeowner to Kildare County Council as the redemption payment,

and

(c) €Z is the market value of the dwelling on the date that the notice is given by the homeowner of their intention to make a redemption payment. The market value must be determined in accordance with the “valuation mechanism” which is set out in section 14(4) of the Act.

Requirements for process of selling an affordable purchase home

Where a homeowner wishes to sell their affordable purchase home but has not redeemed their equity share, Kildare County Council must ensure that the equity share is repaid as part of the sale. The requirements for this are set out in section 17 of the Affordable Housing Act 2021.

Section 17 of the Act sets out the steps required when a homeowner approaches a local authority seeking to sell their home in the case where the equity share has not been redeemed.

The homeowner cannot sell the home without the written consent of Kildare County Council, which the homeowner must request.

- (i) The owner of an affordable purchase home where the equity share has not been redeemed requests consent from Kildare County Council to sell that home.





- (ii) Kildare County Council cannot unreasonably withhold its consent, having regard to the local authority's objective to realise the affordable dwelling equity from the proceeds of any sale.
- (iii) The request from the homeowner must include the proposed minimum selling price for the home and all other information necessary for Kildare County Council to consider the request.
- (iv) The homeowner must allow Kildare County Council to inspect the home prior to its decision.
- (v) As soon as 'reasonably practicable', Kildare County Council must notify the homeowner of its decision to either:
- a. Refuse to grant consent, including the reasons for refusal, or
 - b. Grant consent subject to the minimum selling price and any other conditions imposed by the local authority.
- (vi) Any sale must be conducted in accordance with any conditions included in the local authority's written consent.

12.2. Calculating the amount payable to redeem the equity share. Once the homeowner has entered a contract to sell the property, but before the sale has completed, the homeowner must notify Kildare County Council of the final sale price of the home.

Kildare County Council then calculates the monetary value of the equity share using the following formula: $X\% \times (\text{€Y} - \text{€Z})$

where—

- X% is either the affordable dwelling equity as stated in the affordable dwelling purchase arrangement or, if redemption payments have been made, the revised equity following the last redemption payment,





- €Y is the sale price of the home, disregarding any increase in the value of the property due to material improvements carried out by the purchaser and disregarding any reduction in the value of the property due to lack of repair on the part of the homeowner.
- €Z is the amount of the vouched charges, costs and expenses properly incurred by the homeowner as part of the sale.

Unless permitted in writing by Kildare County Council, the sale shall not be completed until the monetary value of the affordable dwelling equity is determined and notified to the homeowner by the local authority.

Following the sale of the home and payment by the homeowner of the monetary value of the equity share, Kildare County Council must execute all documents and follow all required steps to discharge or cancel the affordable dwelling purchase arrangement as a burden on the affordable dwelling.

If, after discharging other priorities and paying the costs and expenses incurred as part of the sale, the remaining proceeds of the sale are not sufficient to repay the monetary value of the equity share, Kildare County Council must still discharge or cancel the affordable dwelling purchase arrangement as a burden on the affordable dwelling. The remaining balance due to the local authority is recoverable by Kildare County Council from the homeowner as a simple contract debt.

