



First Home Scheme Update

Presentation to IPAV Members

Michael Broderick
Chief Executive Officer

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firsthomescheme.ie



Scheme Re-cap and Update

- The First Home Scheme has been available since the 7th of July 2022 to ‘**first-time buyers**’ and individuals under the ‘**fresh start**’ principle seeking to purchase a newly-built home (house or apartment) in a private development anywhere in the country
- On the 17th of April 2023, the scheme was extended to tenants seeking to purchase a home which they have been renting (**Tenant Home Purchase**), having received a Notice of Termination (NOT) from their landlord.



Who it is for and Scheme Objectives.....

- On the 20th of September the scheme was further extended to individuals and couples building their own home (**Self-builds**)
- The objectives of the First Home Scheme are twofold:
 - Increase home ownership by **bridging the gap** for these buyers/builders between their deposit and mortgage, and the price/cost of their new home
 - Encourage a **supply side response** and the construction of more new build homes to meet realisable demand



FIRST HOME SCHEME
Supporting Home Ownership

YOUR GUIDE TO THE SELF-BUILD PRODUCT

The First Home Scheme (FHS) is open to eligible applicants seeking to build their own home anywhere in the Republic of Ireland.

If you have a site, or are purchasing a site, but have insufficient funds to build your home when you combine your deposit and your mortgage, you may be able to bridge the funding gap by availing of the Self-build product subject to meeting the qualifying criteria.

Self-build Product Eligibility Criteria

There are a number of eligibility criteria to be satisfied, including the following:

To be eligible for the Self-build product **you** must:

- be over 18 years of age
- be a first-time buyer or other eligible homebuyer
- have Mortgage Approval with a Participating Lender
- borrow the maximum amount available to you from one of the Participating Lenders (up to 4 times your income)
- not be availing of a Macro Prudential Exception (MPE) with a Participating Lender
- have a minimum deposit of 10% of the build cost (equity in your site can contribute to the deposit)

To be eligible for the Self-build Product the **property you are building** must:

- be in the Republic of Ireland on a site that you own or are purchasing
- be built as your Principal Private Residence
- be within the local authority property price ceiling for Self-builds

For full details on eligibility criteria, see www.firsthomescheme.ie

Definition of a Self-build Home

A self-build home is one that is built on a site by the owner(s) of the site either through direct labour (self-managed) or a fixed contractor (construction contract). The home will be the principal private residence of the owner(s).

Self-build House Types

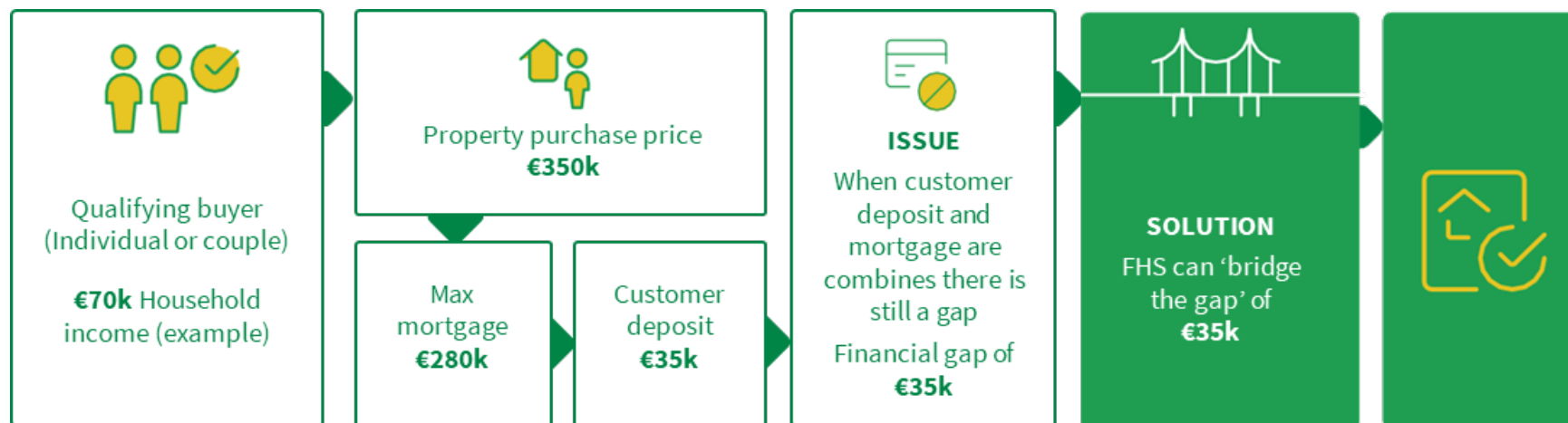
The house you are building can be a detached or semi-detached house. It can be either a single or multi-storey home.

FHS Funding for Self-build Homes

Subject to eligibility criteria, you may qualify for funding of up to 30% of the build cost of your home.

The Help to Buy (HTB) scheme is available for self-build homes. If you are availing of the HTB the maximum amount you may be eligible for from the FHS will be 20% of the build cost.

How the Scheme Works



- Household Income - €70k
- Price/build cost of New Home - €350k
- Max Mortgage (income x 4) - €280k
- Deposit 10% (can use HTB if qualifying) - €35k
- Total Available (Mortgage & Deposit) - €315k
- Issue, there is a Shortfall of..... - €35k
- Solution, FHS can bridge the gap and provide the Shortfall (€35 / 10% of property price) in the form of equity

Qualification Criteria

- The scheme is open to **‘first time buyers/self-builders’** and individuals who qualify under the **‘fresh start’** principle and the **‘Tenant Home Purchase Scheme’**
- First time buyers/self-builders must have **senior mortgage approval** with a Participating Mortgage Lender at the maximum available of up to 4 x Loan to Income (LTI)
- While an individual may qualify for exemptions under Central Bank LTI **Macro Prudential Exemption (MPE)** and also for the **First Home Scheme**, they can only avail of one and so must decide which option makes most economic sense for their circumstances*
- The scheme is specific to **new build houses** and **apartments** (except THP)
- The maximum percentage of equity available is **30%** of the value of the property. This is reduced to **20%** if the purchasers are availing of the **Help to Buy Scheme**

*Customers are advised to seek financial advice to determine which option makes most economic sense for them taking account of their circumstances

Qualification Criteria (Cont'd.)

- The **minimum equity facility** under the scheme is 2.5% of the property value or €10,000 (whichever is greater)
- The **maximum equity facility** is determined by:
 - The price/build cost of the home
 - Whether or not the customer is availing of the Help to Buy Scheme
 - The Local Authority Area in which the property is located
- **Regional Price Ceilings** apply – these are linked to the median level for first time purchasers in each Local Authority area and may also take account of localised factors
- The ceilings are available on the First Home Scheme website
- Application is entirely on-line at: firsthomescheme.ie

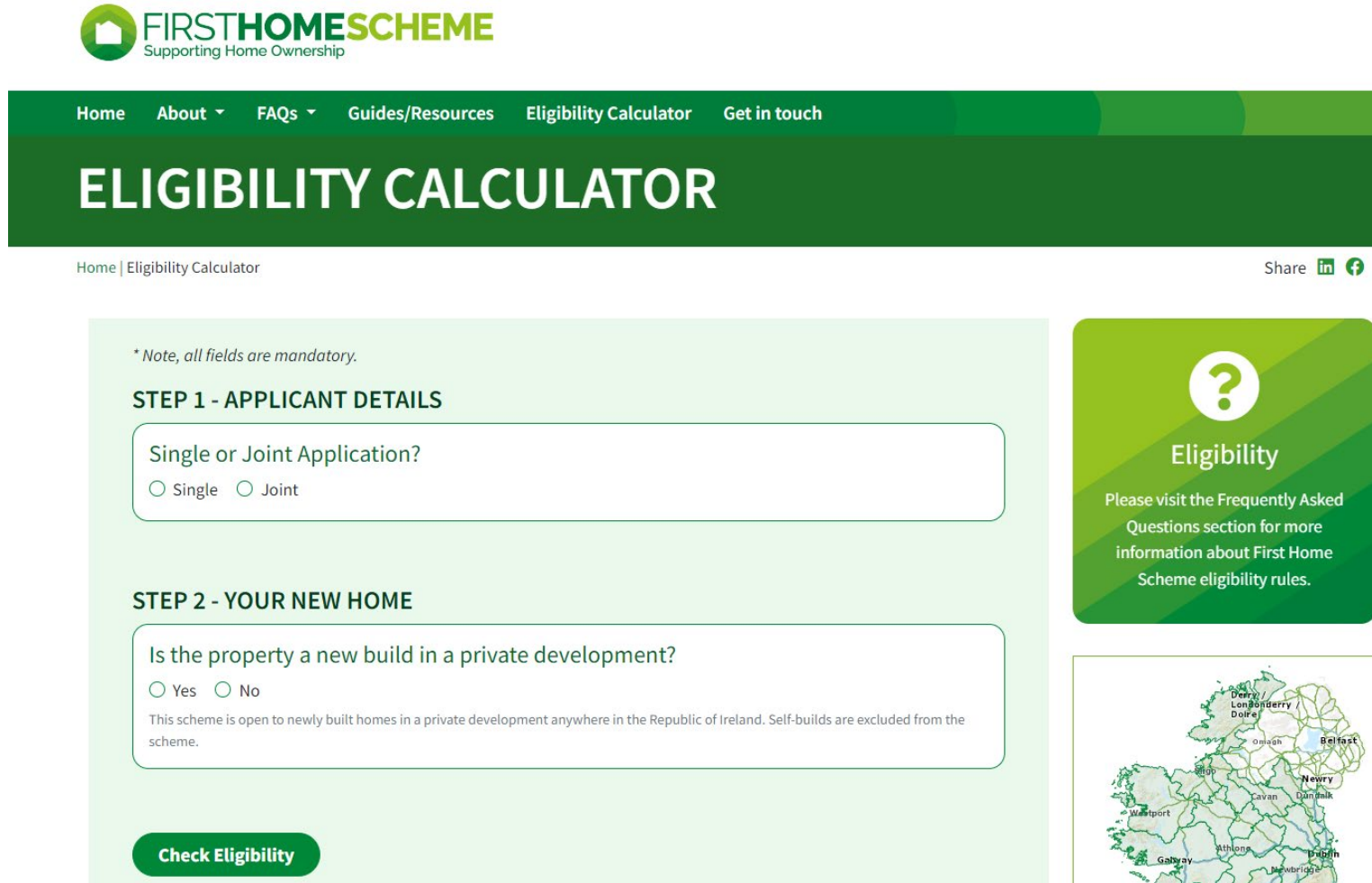
Qualification Criteria (Price Ceilings)

Local Authority Area	House Price Ceilings*	Apartment Price Ceilings	All Property Price Ceilings
Dun Laoghaire-Rathdown, Dublin City Council, Fingal County, South Dublin County, Cork City Council	€475k	€500k	
Wicklow County Council			€475k
Cork County Council, Kildare County Council, Meath County Council			€425K
Galway City Council	€425K	€450k	
Limerick City and County	€375K	€450k	
Waterford City and County	€350k	€450k	
Kilkenny, Louth, Westmeath, Galway County			€375K
Laois County			€350k
Monaghan, Offaly, Clare, Kerry, Wexford, Roscommon, Mayo, Carlow, Cavan, Longford, Tipperary, Donegal, Leitrim, Sligo			€325K

*For the purposes of the First Home Scheme, duplexes fall within house price ceilings

Qualification Criteria (Cont'd.)

- There is an interactive **calculator** on the website so that potential customers can determine the quantum of equity potentially available to them



The screenshot shows the 'ELIGIBILITY CALCULATOR' page on the First Home Scheme website. The page has a green header with navigation links: Home, About, FAQs, Guides/Resources, Eligibility Calculator, and Get in touch. Below the header is a large green banner with the text 'ELIGIBILITY CALCULATOR'. Underneath the banner, there are social media share icons for LinkedIn and Facebook. The main content area is divided into two columns. The left column contains two steps: 'STEP 1 - APPLICANT DETAILS' and 'STEP 2 - YOUR NEW HOME'. Step 1 asks 'Single or Joint Application?' with radio buttons for 'Single' and 'Joint'. Step 2 asks 'Is the property a new build in a private development?' with radio buttons for 'Yes' and 'No'. Below Step 2, there is a note: 'This scheme is open to newly built homes in a private development anywhere in the Republic of Ireland. Self-builds are excluded from the scheme.' At the bottom of the left column is a green button labeled 'Check Eligibility'. The right column contains a green box with a question mark icon and the text 'Eligibility' and 'Please visit the Frequently Asked Questions section for more information about First Home Scheme eligibility rules.' Below this is a map of Ireland showing various regions.

* Note, all fields are mandatory.

STEP 1 - APPLICANT DETAILS

Single or Joint Application?

Single Joint

STEP 2 - YOUR NEW HOME

Is the property a new build in a private development?


Yes No

This scheme is open to newly built homes in a private development anywhere in the Republic of Ireland. Self-builds are excluded from the scheme.

Check Eligibility

Eligibility

Please visit the Frequently Asked Questions section for more information about First Home Scheme eligibility rules.



Information on the scheme
available @
firsthomescheme.ie



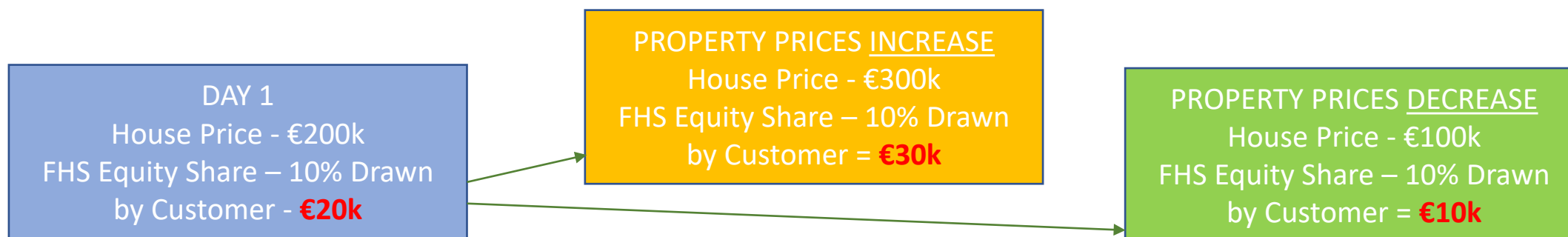
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How the Equity Share Works

How is the redemption amount calculated?

How the Equity Share Works

- The equity share provided by the First Home Scheme on day 1 will be a **percentage of the property value** (max available 30%, if availing of Help to Buy 20%):
 - For example, a customer is provided with **€20k** from the scheme for a home costing **€200k**, therefore the equity share is **10%**
 - After a number of years and assuming there are no redemptions in the interim, the home is now worth **€300k** due to property price inflation. The equity share held by the First Home Scheme is still **10%**, meaning that the euro amount owed to the First Home Scheme is now **€30k**
 - Using the same example if house prices decrease in the same period and the property is now worth **€100k**, the euro amount owed to the First Home Scheme is now **€10k**
- From the customer's perspective the euro amount may increase or decrease, as the equity is linked directly to the value of the home. The customer is no worse or better off, as **the percentage equity remains the same throughout** (this assumes they have made no redemptions over the intervening years - if they have, the equity amount owed reduces)





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Scheme Details

The Terms & Conditions

Scheme Details

- There will be **no interest charged** (equity product)
- After year 5 of ownership, there will be an **annual service charge** (sliding scale) which customers can choose to pay or roll up as part of the equity:

Years	Service Charge
1 – 5	0%
6 – 15	1.75%
16 – 29	2.15%
30+	2.85%

- The **service charge** is calculated on a **simple interest** basis as a % of initial capital deployed by First Home Scheme and reduces as capital is redeemed
- There are 4 scenarios (in the normal lifecycle) under which **redemption of the equity facility** and charges will be required:
 - A sale of the property at any time post purchase
 - The property is no longer your PPR (Principal Private Residence)
 - The customer re-mortgages with a lender who is not a member of the scheme
 - The death of the owner/owners and the property is subject to probate

Scheme Details (Cont'd.)

- The equity can be **partially or fully redeemed** by the customer at any time, based on the percentage of equity held by the First Home Scheme, calculated on the value of the property at the time of redemption
- At the time of full or partial redemption a **valuation** will be required. A valuation will be valid for 12 months and two repayments can be made every 12 months.
- The scheme is not regulated by the Central Bank as it is considered an **equity product**. However, the scheme adheres to best practice for a regulated product, and we have engaged with both the Central Bank and CCPC
- **Annual Statements** will be provided to each customer
- **Help line/e-mail** query will be available to customers throughout life of product
- **Deployment Phase** of scheme expected to last 3 - 4 years
- It is expected that the scheme will assist between 7,000 and 8,000 first time and other eligible homebuyers to acquire a new home
- Security for the equity will consist of an Inhibition and fall second to the senior charge held by the mortgage holder

Performance since launch (as of 2nd November 2023)

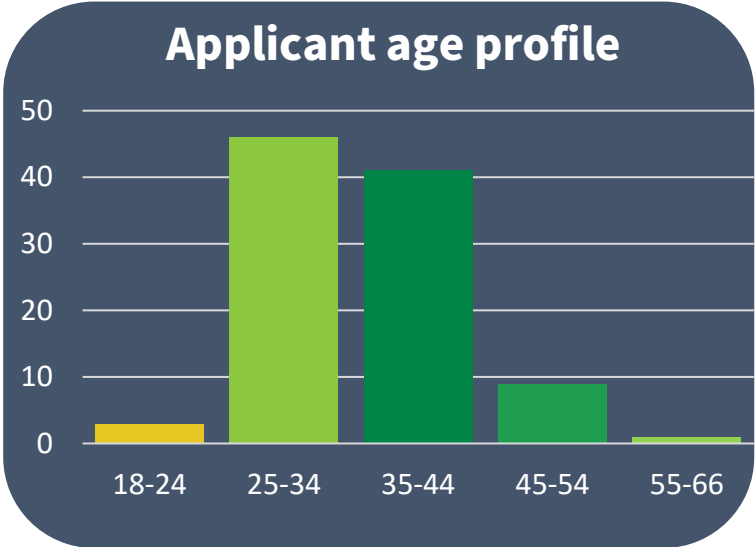
6,894 Registrations

Number of Applications 3,401

Number of Customer Contracts Issued 1,528

2,851 Approvals
(Eligibility Certs Issued)
Funding reserved €177m

Contracts Signed and Returned 1,192




Facilities Issued 826
(€54m in Funding)

Tenant Home Pur Sch Applications – 72
Approvals – 46
Contracts - 20

Geographic Areas Driving Demand
Kildare, Dublin, Cork

Statistics and Notes of Interest (first 12 Month Period):

 Kildare has both the largest number of Approvals and Facilities Drawn of any county across the country

 Meath comes next in terms of Approvals

 Approvals in 26 counties





Questions or Comments

By email:

info@firsthomescheme.ie

By phone:

0818 275 662



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