

9.16 Assistance with the Cost of Setting up a New Home

This policy sets out the support NICS may provide in relation to the establishment of a new home if you are required to move location as part of your service with NICS.

- If you have to move to a more expensive housing area NICS may help you to buy a comparable property to your old one by providing a repayable Advance of pay for House Purchase – Section 4.1
- If you need to incur bridging finance to help you buy a new house prior to selling your old house this may be reimbursed by NICS – Section 4.2 Interest Charges on Bridging Finance
- If you have to buy and sell a property we will normally meet the legal and other costs involved in the transactions – Section 4.3 Legal etc Expenses of House Purchase and Sale
- If you have obtained accommodation at the new location but have a continuing rent liability for accommodation at the old location NICS may reimburse these costs – Section 4.4 Continuing Commitments Allowance
- If the housing costs in the area you move to results in your facing increased costs for either renting or purchasing a property, NICS may pay an allowance towards these costs – Sections 4.5 – 4.6 Additional Housing Costs Allowance (AHCA) For Temporary Accommodation

The following terms within this policy are defined in the glossary:

There are currently no terms within this policy defined in the glossary.

You may also be interested in the following policies:

9.14 General Removal Expenses, 9.15 Refunds of and Assistance with Expenditure on Removal

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This homepage is only a guide to the policy, not the policy itself. In the event of any discrepancy between the content of this homepage and the associated policy, the wording of the policy shall apply.

9.16 ASSISTANCE WITH THE COST OF SETTING UP A NEW HOME

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9.16 ASSISTANCE WITH THE COST OF SETTING UP A NEW HOME

1 Advances of Pay for House Purchase

Scope

1.1 If you to purchase a house at the new station and require financial assistance in order to complete the purchase, you may be granted an advance of pay. The limits within which an advance may be made are set out in Annex 1. An advance is recoverable in regular instalments over a total period not exceeding 10 years but you may defer repayment for up to 2 years from the date of transfer.

1.2 Advances of salary should normally only be made where you move to a dearer area. But there may be circumstances where an advance may be justified on moving to a less expensive area, for example, where you have to pay a considerably higher price for a similar property at the new location but the Valuation Office figures do not support payment of AHCA. Novel and contentious cases should continue to be referred to the Department of Finance and Personnel.

1.3 Departments have discretion to allow an advance to be paid as the first element of financial assistance where you move to a dearer area and would otherwise have to take out an increased mortgage that would qualify for payment of AHCA.

Eligibility

1.4 Subject to the provisions set out in sections 1.5 to 1.26 below, an advance of pay may be made to you if you:-

- a.** apply for an advance within 12 months of the date of transfer; and
- b.** are at least 18 years of age at the time of application.

Conditions of Making an Advance

1.5 Before granting an advance of pay, Departments must:

- a.** make a prior assessment of your health and conduct record; and

- b.** obtain satisfactory evidence from you that the property being purchased at the new station is for your own occupation. Normally Departments should be assured that all reasonable attempts have been made to obtain the maximum mortgage appropriate to your salary level but Departments have discretion to waive this requirement where it would be unreasonable to do so regardless of cost and personal circumstances; and
- c.** ask you to disclose the net proceeds of the sale of a property (if any) occupied as permanent accommodation at the old station. See also section 1.10 below.

1.6 The net proceeds of sale should be taken as the sum remaining after the expenses of sale and any outstanding mortgage have been met from the price obtained. Legal expenses and estate agents' fees reimbursed under the transfer rules should be ignored when calculating the net proceeds.

1.7 Departments may at their discretion include in the purchase price the cost of the provision, repair or replacement of electricity, gas, water and drainage services, and the cost of ESSENTIAL structural alterations necessary to make the property habitable. Applications from you for such expenditure to be included in the assessment of the purchase price should be supported by a professional report, obtained at the time of purchase, that the alterations are essential to make the property habitable. The cost of decorations cannot be included.

1.8 The cost of installing central heating may also be included in the purchase price if you had a full central heating system installed in the home at the old station. You must however notify the Department of an intention to have the installation carried out when an application for an advance is made, and the operation must be completed within six months of occupying the new property. The cost of installing central heating can only be reckoned if the system is built into the fabric of the house; the cost cannot be reckoned of the purchase of storage heaters or other portable appliances. The cost of installing special wiring for off peak electricity supply may be included, providing the home at the old station was equipped with such special wiring or had some other type of full central heating system installed.

1.9 The advance must not exceed the difference between the purchase price of the house you wish to buy at the new station, (plus the cost of any essential structural repairs, and so on, and central heating costs) and the sum you are able to obtain from the net proceeds of the sale of the property (if any) at the old station and from outside house purchase facilities. An exception may be made in the case of a non-householder who is not eligible for reimbursement of the legal expenses of house purchase (see sections 3.1 to 3.12) and who therefore must bear these expenses. The Department may then take this additional commitment into account in assessing the amount of the advance. In all cases the overriding limits shown in Annex 1 must be observed.

1.10 If you are already an owner-occupier and have not been able to sell the house at the old station at the time of applying for an advance of pay, an estimate of the selling price, based on current values, should be used; the amount of the advance should be regarded as provisional and subject to adjustment if necessary when the actual selling price is known.

1.11 You should be informed as soon as the Department has decided on the appropriate advance, but payment should not be made until the contract for purchase has been exchanged and purchase is about to be completed.

1.12 If you occupy a co-ownership property at the old station and on permanent transfer you become an owner-occupier at the new station, any capital received from the co-ownership housing association by way of a premium payment should be regarded as “net proceeds of sale” when determining the amount of an advance which may be made. In all other respects you should be treated as a tenant of rented accommodation for the purposes of sections 1.1 to 1.26.

Conditions of Repayment of an Advance

1.13 Before the advance is made you must be informed in writing:-

- a.** that the advance will be repayable on demand but that, without prejudice to the Department's right to demand repayment at any time, the intention is to allow repayment to be made over a prescribed period (see section 1.17); and
- b.** that in the event of you ceasing to be a Civil Servant, recovery of any outstanding balance of the advance will be required at once, and that - if necessary - recovery will be made from any pay/allowances due and from any death gratuity or other pension benefit payable to or in respect of them; and
- c.** that the advance will be given on the understanding that you have contributed the maximum amount available from the net proceeds of the sale of your property (if any) at the old station and outside house purchase facilities.

1.14 A letter (on the lines of the example in Annex 1A) should be sent to you setting out the terms above.

1.15 A signed acknowledgement of the conditions of making an advance must be obtained from you on a copy of the letter. This acknowledgement would, if necessary, be used as evidence in any legal proceedings.

1.16 In addition you must:

- a.** give a specific authority for the appropriate deductions from pay; and

- b.** submit a signed acknowledgement of debt and an undertaking to repay on demand. (This would be required to meet any subsequent enquiries on this point by interested parties). A model letter containing these acknowledgements is shown in Annex 1B.

1.17 Under normal circumstances, an advance of pay is repayable over a period not exceeding 10 years and you have the choice of beginning to repay the advance immediately or opting to defer repayment for up to two years from the date of transfer. In either case, repayments will be made by regular instalments calculated by dividing the amount of the advance by the number of pay days in the 10-year period following the date on which repayment commences. However, Departments have discretion, within the total of 12 years, to vary the amount of deferment and rate of repayment in individual cases. The period of repayment should be discussed and agreed with the individual. Deferment should not in any case exceed four years. In no event will repayment be permitted to extend beyond your minimum age of retirement.

1.18 If you are over the age of 50 years when an advance is received, you may repay the advance at the same rate as if there were a prospect of 10 years service ahead, provided that:-

- a.** it is clear that any eventual net lump sum superannuation benefits, which would become payable in the event of your service terminating before full repayment has been made, would be sufficient to meet the balance; and
- b.** you give authority in writing for any outstanding balance to be deducted from the superannuation benefits.

Accounting Procedure

1.19 Recovery will normally be effected by deducting from your pay entitlement equal monthly/weekly amounts over the period referred to in section 1.17. The deductions will be calculated by dividing the amount of the advance by the number of pay days in the period of repayment.

1.20 Income tax will be assessed on the basis of the gross pay due, ignoring the deduction in respect of the advance.

1.21 Departments may wish to avoid odd pence when calculating the amount of the month/weekly repayment. The amount therefore should be rounded up, thus ensuring that the permitted period for repayment is not exceeded; and an appropriate adjustment should be made to the final instalment.

Moves at the New Station for Personal Reasons

1.22 If you have received an advance for purchase of a house at the new station, and subsequently move from that house for reasons unconnected with the original transfer, you may be allowed to continue repaying the advance by instalments; but no further advance can be given in connection with a subsequent purchase while you remain at that station. The facility to repay in instalments will cease when you sell the original home and do not purchase another.

Officers in Receipt of Advance Who Move Home on Further Transfer

1.23 If you have received an advance and are further transferred in the public interest within the United Kingdom, you may be allowed a further advance if you can satisfy the conditions. Departments must ensure that the aggregate of advances outstanding (including any provisional payment based on an estimated selling price under the terms of section 1.10) does not exceed limits prescribed in Annex 1. If, in these circumstances, you do not repay the original advance then it no longer qualifies for tax relief even though a similar advance may be necessary at the new location.

1.24 If you have received an advance and move from the house to which it relates, you may be allowed to continue to repay the advance in the normal way if on compulsory permanent transfer you leave your family in the house concerned at the old station and are in receipt of lodging or excess fares allowance; regular deduction may however only continue until the house is sold, or until payment of lodging allowance or excess fares allowance ceases.

Premature Recovery of an Advance

1.25 You will be required to repay an advance of pay at once if:-

- a. you do not complete the purchase to which the advance relates; or
- b. you are compulsorily transferred again but do not purchase a property at the new station; or
- c. you have received an advance and are given a voluntary transfer before you have completed repayment (but in exceptional cases where the transfer is of benefit to the Department, the Department may, at its discretion, refrain from insisting on immediate repayment; in such cases, other factors, including the net proceeds of sale, should be taken into account before repayment by continuing deductions from pay is authorised); or
- d. you die, are dismissed, retire prematurely, resign or are transferred to employment outside the Civil Service; in these circumstances it will be necessary for Departments to make special arrangements with you, or with your executors or administrators in order to obtain immediate repayment

- e. you are transferred to other employment and so cease to be a Civil Servant. It may be possible for you to arrange for your new employer to settle the debt and for them to repay the new employer. If you are retaining possession of the house and if the Department thinks there are important public interest reasons for not insisting on immediate repayment in full, the Department of Finance and Personnel should be consulted.

Officers on Secondment

1.26 If you are seconded the parent Department will continue to recover the advance from your salary.

2 Interest Charges on Bridging Finance

Eligibility

2.1 Subject to the rules set out in sections 2.2 to 2.7 below, married and single householders who are owner-occupiers at the old station and obtain bridging finance to purchase a house at the new station, before the old house is sold, may receive assistance with the cost of bridging finance. This assistance does not, however, extend to loans taken out to cover advance stage payments on a house which is being built at the new station.

2.2 Charges incurred in respect of actually arranging bridging finance qualify for reimbursement as expenses connected with mortgage or loan (see section 3.2e).

Conditions of Reimbursement

2.3 Departments should be satisfied that the extent of the finance obtained is not excessive in the light of your requirements, and that it was reasonable for you to obtain finance in the circumstances; in other words that:-

- a. you were unable through no fault of your own to arrange a satisfactory sale of the house at the old station so as to coincide with purchase at the new station;
- b. it was unreasonable to expect you to delay further the purchase of a house at the new station on that account; and
- c. you had no reasonable alternative to obtaining bridging finance in order to raise the necessary capital for house purchase.

2.4 Reimbursement should be:

- a. limited to the net cost of borrowing a sum which does not exceed the estimated selling price of the house at the old station;
- b. limited to the net amount of the interest charges after income tax relief; and
- c. made only to the extent that the charges do not exceed the reasonable cost of arranging bridging finance from normal commercial sources.

2.5 So that the interest to be reimbursed can be readily identified, you should secure bridging loans through separate personal loan accounts. It should be noted that finance obtained by means of bank overdraft does not qualify for income tax relief.

2.6 Reimbursement should not normally be necessary for longer than three months, but Departments may, at their discretion, continue reimbursement for more than three months if they are satisfied that although you are maintaining all efforts to sell at a reasonable price so as to be relieved of the bridging finance commitment, you are encountering exceptional difficulty in selling the house at the old station, for example if the attempted sale coincides with a slump in the house market.

2.7 You will be expected to repay a bridging loan at once out of the proceeds of the sale of the house at the old station, and reimbursement of net interest charges after the date of the sale should not be necessary if the solicitor obtains a bankers draft to enable him to redeem the bridging loan on the date of the sale. You should emphasise to your solicitors that this method of payment should be arranged. Departments may consider reimbursement beyond the date of sale if it can be shown that any delay in closing the bridging loan account is unavoidable. If the house should be sold for less than the amount of the bridging loan, assistance up to the date of sale should not be withheld in respect of that part of the loan which exceeds the sale price.

3 Legal etc Expenses of House Purchase and Sale

Eligibility

3.1 Subject to the rules set out in sections 3.2 to 3.12 below, householders at the old station who, as a necessary consequence of transfer, purchase a house at the new station and/or sell a house they occupied at the old station immediately before the date of transfer, are eligible for reimbursement of legal, and so on, expenses on house purchase and sale.

Conditions of Payment: Purchase

3.2 The following reasonable vouched legal and other expenses may be reimbursed:

- a. solicitors' fees;
- b. stamp duty (if any);
- c. land registration fees;
- d. incidental expenses charged by solicitors;
- e. expenses connected with mortgage or loan, including mortgage guarantee and survey fees (but excluding interest);
- f. cost of private survey;
- g. cost of electrical wiring and drains tests;
- h. Value Added Tax; and
- i. National House Building Council inspection fees, certificate charge and top up premium for cover against inflation.

3.3 If you subsequently purchase again at the new station for reasons unconnected with the original transfer any legal, etc expenses cannot be reimbursed.

3.4 If you incur expense by way of legal and other costs, survey fees, and so on, in relation to a proposed purchase which does not in fact take place, such expenses as the Department may regard as reasonable may be reimbursed at departmental discretion in addition to the costs relating to a property which is subsequently purchased.

3.5 If you are transferred and borrow money under commercial arrangements to meet the deposit payable on purchase of a house, you may be reimbursed the net tax interest charged on the loan. This provision relates solely to money borrowed for the deposit (usually 10% of the purchase price) that is held (normally by the solicitor) between exchange of contracts and completion of purchase - usually a period of 4 weeks or a calendar month. It does not apply to any initial deposit that may be paid to the estate agent or other person(s) as stakeholder; nor does it extend to any interest charges levied in respect of money still owed after the date of completion.

3.6 If any part of the accommodation either at the old or new station was or is used for other than residential purposes (for example a farm, shop or boarding house), reimbursement should be made less an appropriate proportional deduction from the amount of legal expenses on purchase and/or sale in respect of the non-residential element.

Conditions of Payment: Sale

3.7 All reasonable vouched legal and other expenses of sale may be reimbursed, including reasonable expenses of advertising where an estate agent or auctioneer is not employed. Where an estate agent or auctioneer is employed and you are charged by them for advertising costs in addition to a fee, reasonable vouched costs may be reimbursed where these costs were unavoidably incurred in order to expedite a sale on reasonable terms. You should in all cases clearly establish with the agent (or solicitor) that no advertising will be undertaken at your expense without prior agreement, and you should not agree to such advertising unless the market situation is such that without it a sale on reasonable terms would be unduly delayed.

3.8 If you decide to let the house at the old station at the time of transfer you are not entitled to reimbursement of any expenses connected with house sale if the property is subsequently sold.

Compensation cannot be granted for any loss incurred on sale

3.9 If it is the practice for the buyer to pay legal expenses and agents' (or auctioneers') fees, or some part of them, you should be allowed to benefit in accordance with section 3.7.

3.10 When an unavoidable payment of a penalty consequent upon early redemption of mortgage (other than interest in lieu of notice, see section 3.12) is regarded as interest for tax purposes, the net of tax charged may be reimbursed at Departmental discretion, subject to a maximum limit of three months' net of tax interest on the balance of the mortgage outstanding. If you produce evidence that a penalty is not regarded as interest for tax purposes, the penalty may be met in full within a maximum of three months' interest on the balance of the mortgage outstanding.

3.11 If your mortgage is subject to a condition requiring a period of notice of redemption, in respect of which interest is payable, and you:-

- a. give notice of redemption on being informed of the impending transfer; and
- b. sell the house during the period of notice; and
- c. acquire family accommodation at the new station before the period of notice expires;
- d. the net of tax interest charged may be reimbursed, at Departmental discretion, subject to a maximum reimbursement of three months' net of tax interest on the balance of the mortgage outstanding.

Tenancy Agreement and Agents' Fees

3.12 The reasonable vouched cost of a tenancy agreement and estate agents' fees, which can be identified as such for the rental of furnished or unfurnished accommodation at the new station and which may be legally charged, may be reimbursed. Such costs may be reimbursed on only one occasion in connection with each transfer. Payment will not be made to you if you do not have dependants and go into lodgings as distinct from furnished accommodation.

4 Continuing Commitments Allowance

Background

4.1 The following sections set out the conditions for payment of a continuing commitments allowance to you if you have obtained accommodation at the new station but have a continuing rent liability for accommodation at the old station.

Conditions of Payment

4.2 This allowance is payable to you if you have dependants and householders when you take up accommodation at the new location with your family and to non-householders without dependants from the date of transfer, provided there is a double housing commitment and the property at the old location is up for sale, or notice has been given for rented property.

4.3 The rent of the accommodation at the old station should be assessed in the same way as for AHCA, except that the rent should be based on the actual mortgage at the old station and not the estimated selling price.

4.4 If you are being reimbursed the net cost of interest charges on bridging finance (see sections 2.1 to 2.7) you may be paid an allowance calculated with reference only to appropriate items at section 6.6 where a commitment in respect of those items is still incurred at the old station (in other words the allowance will exclude mortgage payments).

4.5 The amount of the allowance should not exceed the rate of lodging allowance.

4.6 If any part of the accommodation is sub-let, the amount of rent received from the letting should be deducted from any continuing commitments allowance payable.

4.7 Payments of the allowance should not normally continue for more than three months, but Departments may, at their discretion, pay it for a longer period if they are satisfied that you could not terminate the liability on satisfactory terms within that period.

4.8 If you transfer a tenancy in order to terminate your liability for the accommodation at the old station, the cost incurred (see section 3.13) may be reimbursed.

4.9 Payment by way of AHCA, continuing commitments allowance or reimbursement of furniture storage charges which arose from a former transfer may continue so long as your family remains at the old station.

4.10 If you are obliged to move as a result of a compulsory transfer occupies a co-ownership property and the tenancy agreement specifies that it must be occupied for a minimum period during which the tenant will be liable for the rent for the whole of that period on moving, you may (provided the Department is satisfied that the action was reasonable), be refunded any outstanding rent necessarily paid to rescind the tenancy agreement, so as to avoid incurring a rent liability at both the old and new stations.

Effect of Council Tax

4.11 The Community Charge was replaced by the Council Tax in England, Scotland and Wales from 1 April 1993. The Community Charge was excluded from the calculation of Continuing Commitments Allowance. From 1 April 1993 Departments should take account of your Council Tax in calculating this allowance. Account should be taken of non-standard rates of Council Tax that apply to empty properties.

4.12 The effect which the change to Council Tax has on Continuing Commitments Allowance cannot be applied retrospectively. No account should be taken of it if you moved prior to 1 April 1993. Existing payments should not be recalculated nor should cases not previously qualifying for the allowance be reviewed to take account of its introduction. These arrangements apply equally to the calculation of Additional Housing Costs Allowance (AHCA).

5 Additional Housing Costs Allowance (AHCA) for Temporary Accommodation

5.1 AHCA is payable when temporary accommodation is occupied at the new station and the officer's outgoings on that accommodation by way of rent, and any rates and insurance payable, exceed those outgoings on the accommodation occupied at the old station.

5.2 The allowance is subject to varying maximum rates and periods of payment and once calculated it should not be altered to take account of any change in actual rent paid.

Eligibility

5.3 Subject to the rules set out in sections 5.4 to 5.9 below, householders are eligible for AHCA in respect of temporary accommodation provided you:-

- a.** are moving from unfurnished accommodation at the old station; and
- b.** are joined by your dependants at the new station in the temporary accommodation; and
- c.** can satisfy the employing Department that there are good reasons for regarding the accommodation in question as temporary and that you cannot obtain suitable permanent unfurnished accommodation.

Conditions of Payment

5.4 Payment of an allowance, once it has commenced, will be subject to periodic review by your Department (at six-monthly intervals in the case someone with dependants) in order to determine whether justification for its continuance exists.

5.5 The allowance paid to married and single householders in respect of temporary FURNISHED accommodation should be the excess of the rent over the actual or imputed rent paid at the old station provided you are paid no more than the appropriate rate of lodging allowance.

5.6 If you occupy hotel accommodation or lodgings with the family after the entitlement to night subsistence allowance has ceased, one-half of the combined charge for food and accommodation should be regarded as the "rent" element in assessing any AHCA payable.

5.7 The allowance paid in respect of temporary UNFURNISHED accommodation should be assessed in the same way as for permanent unfurnished accommodation.

5.8 The maximum period during which AHCA may be paid in respect of accommodation designated as temporary is three years from the date of transfer in the case of all householders. On the third anniversary of the date of transfer the temporary accommodation should be treated as permanent accommodation and the AHCA should be paid under the terms of sections 6.6 to 6.11. Where temporary accommodation which is being treated as permanent accommodation is furnished the allowance should be reassessed as though the accommodation were unfurnished. No adjustment should be made in respect of the payments made during the period when the accommodation was recognised as temporary.

5.9 If a rent allowance for accommodation acquired before transfer has been paid in accordance with section 1.1 to 1.3 and you go on to receive an AHCA for temporary accommodation, the date on which the rent allowance became payable should be regarded as the “date of transfer” for the purposes of section 5.8 above.

5.10 When a householder with dependants moves from temporary FURNISHED accommodation at the new station to temporary UNFURNISHED accommodation there within three years of the date of transfer, AHCA in respect of the temporary unfurnished accommodation should be calculated as for permanent unfurnished accommodation and should be subject to the Department being satisfied that your reasons for regarding the unfurnished accommodation as temporary are reasonable.

6 Additional Housing Costs Allowance for Permanent Accommodation

Rates Payable

6.1 All AHCA payments will be subject to an overriding ceiling calculated on the basis of £30,000 multiplied by the mortgage interest factor (MIF). The current MIF is shown in Annex 3. Within the ceiling the maximum amount of AHCA that you may receive will be related to necessary additional outgoings by way of rent, mortgage interest, rates, and so on.

6.2 In determining the maximum for owner-occupiers a key factor will be the difference in the average prices of the relevant type of housing in the local areas in which the old and the new homes are located. For this purpose a list showing average property prices in local district council areas will be produced every six months at 1 July and 1 January. The current list is at Annex 2. The AHCA calculation will normally be related to the list in operation on the date payment of AHCA commences, but where the new list shows a reduced differential Departments have discretion to apply the old list where it is reasonable to do so.

6.3 There are some districts where there is insufficient data to enable an average price to be given for a particular property type. Where a move is to or from a property type for which no average price is shown Departments have discretion to make an individual assessment on the merits of the case. Departments will need to bear in mind that if you buy a superior type of property, assistance should be restricted to what would have been payable if you had bought a similar property. Departments also need to have regard to the price differentials for other property types for which prices are shown.

6.4 There will be a limit on the amount of additional mortgage to be taken into account in determining AHCA. To find the additional mortgage limit for a particular move, the average price in the area in which the old home is located should first be compared with the average price for a similar type of property in the area in which the new home will be located. Where the average price at the new location is the same as, or lower than, the average price at the old location no AHCA will be payable in respect of additional mortgage. (It should be noted that as AHCA also takes account of other outgoings, such as rates, it might still be possible for you if you move to a lower-priced area to receive some AHCA). Where the average price is higher at the new location, the maximum additional mortgage that may be taken into account when calculating AHCA will normally be the difference between the average prices (exceptions to this are given in section 6.5).

6.5 Where the average price for a property of similar type is higher at the new location and the selling price of the old home is more than 25% above or below the listed average price at the old location, the maximum additional mortgage should be calculated as set out in Annex 4.

Calculation of AHCA

6.6 Where owner-occupied freehold and leasehold accommodation is concerned, the AHCA will be calculated on the basis of additional outgoings at the new location, taking account of the following:

- a.** The amount of the additional mortgage obtained (but see sections 6.7 and 6.8) to purchase the property at the new location multiplied by the MIF. The amount to be taken into account should not exceed the maximum as calculated in accordance with sections 6.4 and 6.5. For co-ownership properties the amount of additional mortgage required and the additional rent required should not exceed the maximum as calculated in accordance with sections 6.4 and 6.5.
- b.** The annual general and water rates applicable at the date of removal from the old home/occupation of the new home.
- c.** The annual ground rent or equivalent charge at the date of removal/occupation (leasehold and similar properties only).

- d. Any annual insurance premium on the house structure applicable at the date of removal/occupation.
- e. Any annual tithe payments applicable at the date of removal/occupation.
- f. Council Tax for properties in England, Scotland and Wales.

Once calculated, the amount of AHCA should not be revised except when specifically directed by the Department of Finance and Personnel.

6.7 For the purpose of section 6.6a account will only be taken of an additional mortgage reasonably required to fund a purchase. In general, you will be expected to use the equity available from the sale of your old property to fund your purchase. Situations may arise, however, where it would be unreasonable to insist that you should put all your equity towards purchase. For example, you might need to take on a larger mortgage in order to reserve part of the equity for essential repairs to the property at the new location.

6.8 Where property prices are the same as or lower than in the old area AHCA may still be payable if outgoings on rates, and so on, increase. Where prices are the same, section 6.6a should be ignored and the calculation should be made on the basis of sections 6.6b to f. Where prices are lower at the new location, the differential should be multiplied by the MIF and expressed as a minus quantity for the purpose of section 6.6a.

Period of Payment

6.9 The allowance is payable over a total period not exceeding nine years. The nine-year cycle of eligibility commences from the date on which you occupy the permanent accommodation, or from the first anniversary of the date of transfer, whichever is the sooner. If you do not occupy permanent accommodation until after the first anniversary you cannot qualify for the full nine-year period. The allowance will be payable in full during the first five years. On the fifth and each successive anniversary the allowance should be reduced by one-fifth.

Officers Moving From and To Rented Accommodation

6.10 AHCA for you if you occupy rented accommodation, will be based on the additional outgoings on rent and so on, in respect of roughly equivalent accommodation at the new location when compared with outgoings on the old accommodation. Any charges for heating, lighting and services should be excluded. Where you move between rented accommodation, the limit to be used in calculating AHCA should be subject to the appropriate prices differential for the two areas, as shown in the property list at Annex 2, multiplied by the Mortgage Interest Factor, and subject to the overall ceiling mentioned in section 6.1. In exceptional cases Departments may have discretion to pay a higher level of AHCA where the normal rules would cause hardship.

Officers Moving From Rented to Owner Occupied Accommodation

6.11 If you move from rented accommodation to purchased accommodation you would not normally qualify for AHCA. However, there may be occasions when you have no option but to purchase on transfer. In these circumstances, Departments have discretion to pay AHCA. Assistance should be limited to what would have been payable if you had been successful in obtaining suitable rented accommodation. Calculation of AHCA should be based on the amount of the mortgage taken out, multiplied by the Mortgage Interest Factor, plus any other reckonable items less outgoings by way of rent, water rates and so on, at the old station. It would also be subject to the usual property price differential restrictions and to the overall ceiling (see section 6.1 above).

Conditions of Payment to Non-Householders

6.12 AHCA may be paid to you if you were non-householders at the old station and occupy furnished accommodation at the new station where the rent of the accommodation at the new station exceeds that paid at the old station.

6.13 The increase in rent to be used in calculating AHCA should normally be subject to the appropriate price differential for the two areas multiplied by the Mortgage Interest Factor, and subject to the overall ceiling (see section 6.1 above). Exceptionally, however, where local circumstances are such that it would be impossible for you to obtain suitable rented accommodation without incurring outgoings by way of rent, and so on, significantly higher than the limit based on the property price differential, Departments have discretion in cases where this would cause hardship to pay a higher level of AHCA, subject again to the overall ceiling. When exercising such discretion Departments will need to check carefully on betterment and on your claims with regard to availability of rented accommodation and to levels of rent charged.

6.14 Any assistance for those moving between rented accommodation should be based on comparisons between commercial and/or actual rents. Actual rents could include rent paid by someone living with their parents if the rent paid is in line with equivalent commercial rents. Where no rent is paid a commercial rent should be used as the basis for calculating AHCA.

6.15 Once calculated the allowance should be paid in full for the first year, at two-thirds rate for the second year and one-third rate for the final year. Departments may, at their discretion and where the circumstances justify, pay AHCA for nine years in accordance with the normal rules.

6.16 Payment of allowances under sections 6.12 to 6.15 above is conditional on you satisfying the Department that they are looking for and intend to move to cheaper accommodation as soon as possible. Any period during which the officer is paid lodging allowance or excess fares allowance counts against the period of entitlement to AHCA.

6.17 Departments may, at their discretion, pay AHCA to an officer who moves from furnished accommodation at the old station to unfurnished accommodation at the new station. Any allowance payable will be paid at the full rate (within the limits of half the rate of lodging allowance) for the first year, at two-thirds rate for the second year and one-third rate for the final year.

AHCA in Payment from a Previous Transfer

6.18 If AHCA was payable at the old location at the date the accommodation there was given up the following procedure should be adopted:-

- a.** Owner-occupied Accommodation at the Old Location
 - i.** Entitlement to AHCA should be calculated in the normal way, and if entitlement arises should be paid as if no previous move had taken place. Payment of the old rate of AHCA should continue in parallel as if the fresh move had not taken place, but subject to the overall ceiling, and not beyond the date on which it would otherwise have ceased. If the ceiling applies and any changes occur then the restricted rates should be revised for the purpose of establishing the new rate(s) which will in turn be subject to the ceiling.
 - ii.** If no fresh entitlement arises the old rate will be subject to abatement by an amount based on the average house price differential for the relevant type of house in locations involved in the current move. The maximum abatement will be equivalent to the MIF times the differential. Any revised entitlement will not be payable beyond the date on which payment was due to cease. In cases where AHCA has been restricted by the £30,000 maximum, Departments have discretion to use the unrestricted difference from the original move when making this calculation.
- b.** Rented Accommodation at the Old Location
 - i.** as a(i) above.
 - ii.** If no fresh entitlement arises the old rate will be abated by the amount of any reduction in outgoings for roughly equivalent accommodation at the new location. Any revised entitlement will not be payable beyond the date on which the payment was due to cease.

Continued Payment on Voluntary Transfer

6.19 Your AHCA may, at departmental discretion but as an exceptional arrangement, continue in payment if you are permanently transferred on voluntary terms but do not change residence as a result of the voluntary transfer, provided you yourself took no action to secure the compulsory transfer in respect of which the allowance became payable. If, however, you change residence as a result of the voluntary transfer no AHCA is payable in respect of the new accommodation.

Suspension of Payment During Letting

6.20 Payment of AHCA will be suspended during any period the residence is let, but during such suspensions the AHCA should be regarded in the context of the annual reductions in the amount of the allowances, as having continued on a notional basis. Provided the allowance has not been extinguished in accordance with the normal rules, at the end of the letting period payment of AHCA may be resumed at the point arrived at notionally.

Unpaid Maternity Leave

6.21 Policy [9.13 Subsistence Allowances](#) section 2.1 states that entitlements to allowances should cease during periods of unpaid leave. AHCA would therefore stop during periods of unpaid leave. On return to duty the AHCA will recommence at the point which would have been reached had payment continued. Although payment of AHCA ceases during the periods of unpaid maternity leave the total period during which AHCA is paid should not be reduced. AHCA should start again on return to work and continue for the balance of the payment cycle. This in effect means that the original nine years payment period would be extended by the total length of any periods of unpaid maternity leave. This provision applies only to unpaid maternity leave and to no other form of special unpaid leave.

Compulsory Premature Retirement

6.22 Ex-gratia payments may be made in cases where the cessation of AHCA following premature or involuntary retirement has caused you exceptional hardship. In this context “premature or involuntary retirement” means not only those compulsorily retired before age 60 but also covers those whose retirement is premature in the sense that it occurs before an anticipated maximum retirement age but after age 60. These terms do not extend to you if you are dismissed on disciplinary grounds.

6.23 If a Department feels that the cessation of AHCA because of compulsory or involuntary premature retirement has caused exceptional hardship then full details should be forwarded to the Department of Finance and Personnel for consideration.

Redundancy/Early Retirement

6.24 Normally you are not entitled to receive removal expenses once you have left the Civil Service. Departments however have discretion to relax the rules in relation to the payment of Additional Housing Costs Allowance to you following redundancy or early retirement.

6.25 Where you are eligible to receive AHCA, Departments have discretion to continue payment for three months from the cessation of employment. In cases of exceptional financial hardship the discretion for payment of AHCA may continue for up to 12 months.

6.26 The payment of AHCA will be subject to the delegated authority for special payments which Departments already have. Special cases not resolved by these discretions should be referred to the Department of Finance and Personnel.

7 Housing Cost Supplements (HCS)

Background

7.1 Departments have discretion to pay HCS to you if you are permanently transferred in the public interest and for whom the provisions for payment of AHCA give insufficient help with increased mortgage costs on purchasing at the new location.

Payment of Supplements

7.2 HCS are separate and distinct from AHCA and may be paid where the property price differential shown by the index of property prices (see Annex 2) exceeds £30,000 and you need to take out an additional mortgage of more than £30,000. Supplements payable are subject to a maximum of the current full interest costs of an additional mortgage of up to £10,000. For this purpose the current interest rate figure is shown in Annex 3.

7.3 Supplements are payable for nine years, and are tapered over the last four years.

7.4 Like the AHCA, HCS may be adjusted in the light of MIF changes.

Redundancy/Early Retirement

7.5 Normally you are not entitled to receive removal expenses once you have left the Civil Service. Departments however have discretion to relax the rules in relation to HCS to you following redundancy and early retirement.

7.6 Where eligible individuals are receiving HCS, Departments have discretion to continue payment for three months from the cessation of employment.

Assistance with the Cost of Setting up a New Home

ANNEX 1

Sections 1.1 to 1.26

Advances of Pay for House Purchase

The maximum advance of pay which may be made is six months' gross pay. Departments have discretion to add £1,000 to advances for moves into London where six months' salary amounts to less than £9,500. The note below shows how "pay" should be assessed for the purposes of making an advance.

Note

For the purpose of assessing the limit of six months' gross pay Departments should normally use the rate of pay payable to you immediately after the date of transfer, including any other regular remuneration, allowances related to attendance and also rostered overtime payments, in payment at that time. Departments have discretion to calculate the salary advance on either the actual salary in payment or to use any amount higher than this up to the band or range maximum of the grade instead of current salary for you if your entitlement to Additional Housing Costs Allowance is restricted by the overall ceiling. Income tax will not be deducted when payment is made of the amount due, but will be deducted under PAYE arrangements during the period of recovery. Supplements to pay should be included as part of "salary".

Assistance with the Cost of Setting up a New Home

ANNEX 1A

Sections 1.14

Advances of Pay for House Purchase

Example of Letter to be sent to You (but see sections 1.5b and 1.17)

You applied for an advance of pay under the scheme for advances to Civil Servants on compulsory transfer, in connection with your purchase of a house on transfer to It is a condition of the advance that you must satisfy the Department that the maximum mortgage has been obtained (including mortgage guarantee where appropriate) and that you have contributed the net proceeds from the sale of property (if any) at your old station.

Subject to this and to your acceptance of the other conditions contained in this letter, the Department is prepared to advance a sum of £..... on account of your salary, to assist you with your house purchase at the new station.

Payment of the advance will not be made until the purchase contract is ready for signature and it will be necessary for you to produce this document in support of your application. You will also be required to sign a form containing an acknowledgement of the debt and an undertaking to repay it on demand. Without prejudice to the Department's right under the undertaking to demand repayment at any time, and subject to the conditions in the next two sections, it is the intention of the Department not to demand repayment if the advance is duly repaid by deduction of equal monthly/weekly instalments from pay over a period to be determined by the Department before the advance is made, but not exceeding whichever is the shorter of the following periods:

- a. 10 years from the date of the first repayment; or
- b. the period beginning with that date and ending on your 60th birthday.

The Department will require immediate repayment of any outstanding balance in the event of your death or if you cease to be a Civil Servant and will, if necessary, set off such sum against monies which may be due to be paid to you or to your personal representative, including inter alia any pay/allowances, death gratuity, or other pension benefits.

Assistance with the Cost of Setting up a New Home

ANNEX 1A (Cont'd)

Section 1.14

If for any reason the purchase of the property in respect of which the advance is made is not completed, you must report this fact at once to your Department; any outstanding balance will be repayable immediately. In certain circumstances, for example, if your move of house is the consequence of a further compulsory transfer, the Department may make alternative arrangements for recovery.

.....
(Signature of Authorising Officer of Department)

(Date)

I have read and I agree to the conditions contained in this letter.

.....
(Your signature as named individual applying for advance)

(Date)

ADVANCES OF PAY FOR HOUSE PURCHASE

Acknowledgement of Debt and Undertaking to Repay on Demand

Specimen Undertaking

“I

acknowledge that I have received from

..... (the Department) the sum of £.....

as an advance under the scheme for advances to Civil Servants on compulsory transfer and I undertake to repay the said sum to

..... (the Department) on demand.”

Signed

Date

REMOVAL EXPENSES

Assistance with the Cost of Setting up a New Home
ANNEX 2

Average Property Prices in Northern Ireland
(as at 1 January 2012)

				AVERAGE HOUSE PRICES	JANUARY 2012					
LA DISTRICT	Original Beacon	New Beacon	New Beacon	Original Beacon	New Beacon	New Beacon	Original Beacon	Original Beacon	Original Beacon	
	Terrace	Terrace	Semi-det	Semi-det	Det 3 bed	Det 4 bed	Large Det 4 bed	Bungalow	Flat	LA DISTRICT
	Pre1919	Post 1960	Inter war	Post 1960	Post 1960	Post 1960	Post 1960	Post 1960 115m2	Post 1960 50 m2	
Antrim	£50,000	£60,000	£90,000	£105,000	£125,000	£145,000	£160,000	£135,000	£45,000	Antrim
Armagh	£60,000	£60,000	£70,000	£100,000	£120,000	£140,000	£195,000	£160,000	£50,000	Armagh
Ballymena	£75,000	£80,000	£90,000	£100,000	£120,000	£140,000	£160,000	£120,000	£70,000	Ballymena
Ballymoney	£70,000	£75,000	£85,000	£90,000	£110,000	£130,000	£150,000	£110,000	£65,000	Ballymoney
Banbridge	£50,000	£60,000	£90,000	£105,000	£125,000	£145,000	£165,000	£135,000	£55,000	Banbridge
Belfast	£90,000	£100,000	£140,000	£150,000	£190,000	£240,000	£300,000	£230,000	£80,000	Belfast
Carrickfergus	£70,000	£80,000	£110,000	£120,000	£125,000	£140,000	£150,000	£140,000	£70,000	Carrickfergus
Castlereagh	£100,000	£115,000	£140,000	£150,000	£190,000	£225,000	£260,000	£215,000	£90,000	Castlereagh
Coleraine	£70,000	£70,000	£90,000	£100,000	£130,000	£155,000	£215,000	£130,000	£55,000	Coleraine
Cookstown	£65,000	£85,000	£95,000	£125,000	£135,000	£165,000	£185,000	£120,000	£50,000	Cookstown
Craigavon	£55,000	£55,000	£70,000	£90,000	£120,000	£130,000	£175,000	£140,000	£50,000	Craigavon
Down	£70,000	£60,000	£80,000	£100,000	£125,000	£145,000	£165,000	£120,000	£50,000	Down
Dungannon	£65,000	£70,000	£85,000	£95,000	£135,000	£150,000	£175,000	£125,000	£50,000	Dungannon
Fermanagh	£55,000	£75,000	£90,000	£110,000	£140,000	£155,000	£170,000	£140,000	£45,000	Fermanagh
Larne	£65,000	£70,000	£75,000	£80,000	£110,000	£125,000	£140,000	£110,000	£60,000	Larne
Limavady	£60,000	£60,000	£75,000	£90,000	£125,000	£145,000	£180,000	£115,000	£35,000	Limavady
Lisburn	£55,000	£65,000	£100,000	£110,000	£135,000	£160,000	£180,000	£145,000	£50,000	Lisburn
Derry	£70,000	£70,000	£90,000	£100,000	£130,000	£155,000	£215,000	£130,000	£55,000	Derry
Magherafelt	£70,000	£70,000	£90,000	£100,000	£130,000	£155,000	£215,000	£130,000	£55,000	Magherafelt
Moyle	£75,000	£85,000	£100,000	£110,000	£125,000	£140,000	£160,000	£125,000	£70,000	Moyle
Newry & Mourne	£60,000	£70,000	£85,000	£100,000	£120,000	£140,000	£200,000	£150,000	£60,000	Newry & Mourne
Newtownabbey	£75,000	£85,000	£110,000	£120,000	£135,000	£145,000	£150,000	£135,000	£70,000	Newtownabbey
Newtownards	£85,000	£90,000	£115,000	£125,000	£160,000	£190,000	£215,000	£175,000	£70,000	Newtownards
North Down	£90,000	£100,000	£130,000	£140,000	£170,000	£210,000	£250,000	£210,000	£80,000	North Down
Omagh	£60,000	£70,000	£75,000	£100,000	£105,000	£155,000	£165,000	£125,000	£45,000	Omagh
Strabane	£45,000	£45,000	£75,000	£85,000	£110,000	£135,000	£175,000	£115,000	£25,000	Strabane
Average	£67,500	£74,038	£94,038	£107,692	£132,500	£156,154	£187,308	£141,731	£57,692	

Assistance with the Cost of Setting up a New Home

ANNEX 3

Sections 1.4 and 5.1 to 6.17

Additional Housing Costs Allowance (AHCA)

Mortgage Interest Factor

With effect from 1 December 2001 the Mortgage Interest Factor (MIF) to be used in calculating AHCA payable is 6.0% and this figure should be used when the expression MIF appears in the calculation (for the purpose of calculating Housing Cost Supplements, the revised rate is also 6.0%).

Maximum Rates Payable

£30,000 multiplied by the mortgage interest factor (MIF), currently 6.0% giving a ceiling of £1,800 per year which is payable during the first five years on which the nine-year cycle of eligibility commences. On the 5th and each successive anniversary of this date the allowance should be reduced by one-fifth so that it will be extinguished after nine years.

Change in the Mortgage Interest Factor

Proportional Adjustment of AHCA

Existing owner-occupiers at the new station

If your entitlement to AHCA arose on or after 2 December 1996, you should have your AHCA adjusted using the following formula:

6.0%

$7.7\% \times Y$, where $Y = \text{AHCA in payment on 1 December 2001}$

The resulting allowance is not affected by the new ceiling set out in Annex 3.

There is no authority to adjust AHCA in any case where reduction from the full rate of allowance took effect on or before 1 December 2001. Thus if on 1 December 2001, you were in receipt of AHCA at four-fifths or any smaller fraction of the original full rate, you are not affected by these provisions. The adjustments do not affect the nine-year cycle of eligibility.

Owner-occupiers at the old station but not at the new station

Where you are in receipt of AHCA at the full rate on 1 December 2001 and were owner-occupiers at the old station, but rented unfurnished accommodation at the new station, and your AHCA was calculated accordingly, the allowance in payment remains unaltered.

Assistance with the Cost of Setting up a New Home

ANNEX 4

Section 6.5

AHCA – Maximum Amount of Additional Mortgage

NB The MIF and average property prices used in these examples are indicative only. Both the MIF and the average property price list are subject to change and revisions will be issued as required by the Department of Finance and Personnel.

AHCA

1. Work out overall ceiling

£30,000 multiplied by mortgage interest factor (MIF)

ie $£30,000 \times 6.0\% = £1,800$

Overall ceiling is therefore £1,800 and is the maximum payable.

2. Work out maximum additional mortgage payable. To do this compare average prices in old and new areas as shown in list of average prices.

Example officer moving from Strabane (semi-detached home) to Belfast (semi-detached home).

Average price Belfast	90,000	minus
Average price Strabane	73,300	
	<hr/>	
	17,000	

£17,000 is the maximum amount of additional mortgage that can be used in the AHCA calculation. If officer takes out more eg £20,000 only £17,000 can be used. If the officer takes less then the actual figure will be used.

Assistance with the Cost of Setting up a New Home

ANNEX 4 (Cont'd)

Section 6.5

In order to find amount of AHCA to be paid multiply amount of additional mortgage by MIF

eg £6,500 x 6% = £390

£390 represents AHCA payable subject to further adjustments for rates, insurance etc.

3. Selling price substantially below average price for properties of that type in old area and the listed average price for properties of that type at the new location is higher than at the old location.

If old home is worth more than 25% below the average price shown in list the following procedure should be adopted:-

- a. the normal calculation will be made in accordance with section 2 above;
- b. the result of a. will then be adjusted by subtracting the result of following formula.

$$\frac{A - (B - 25\%) \times (C - B)}{B}$$

where A = selling price of old property
B = average price for that property in old area
C = average price for that property in new area

Example: Officer moving from Strabane (semi-detached house) to Belfast (semi-detached house).

A	=	£20,000	=	selling price of old property
B	=	£28,000	=	average price for that property in old area
C	=	£35,000	=	average price for that property in new area

Assistance with the Cost of Setting up a New Home

ANNEX 4 (Cont'd)

Section 6.5

$$20,000 - (28,500 - 7,125) \times (35,000 - 28,500)$$

$$\frac{\quad}{28,500}$$

$$= 20,000 - 21,375 \times 6,500$$

$$\frac{\quad}{28,500}$$

$$= - £313$$

As shown at section 2 maximum additional mortgage possible was £6,500. Because old home is worth less than the average price, maximum additional mortgage possible in this case is:-

$$£6,500 - £313 = £6,187$$

This figure is multiplied by MIF to find AHCA payable.

$$£6,187 \times 6\% = £371$$

subject to further adjustments for rates, insurance and so on.

4. Selling price substantially above average price for properties of that type in old area, and the listed price for properties of that type at the new location is higher than at the old location.

If old home is worth more than 25% above the above price shown in list, the following procedure should be adopted:-

- a. the normal calculation will be made in accordance with section 2 above;
- b. the result of a. will then be adjusted by adding the result of the following formula:-

$$A - (B + 25\%) \times (C - B)$$

$$\frac{\quad}{B}$$

where A = selling price of old property

B = average price for that property in old areas

C = average price for that property in new areas

Assistance with the Cost of Setting up a New Home

ANNEX 4 (Cont'd)

Section 6.5

Example: officer moving from Strabane (semi-detached house) to Belfast (semi-detached house).

A = £36,000 = selling price of old property

B = £28,500 = average price for that property in old area

C = £35,000 = average price for that property in new area

$$36,000 - (28,500 + 7,125) \times (35,000 - 28,500)$$

$$28,500$$

$$= £85$$

As shown in section 2 maximum additional mortgage possible was because old home is worth more than the average price, maximum additional mortgage possible in this case is:-

$$£6,500 + £85 = £6,585$$

This figure is multiplied by MIF to find AHCA payable.

$$£6,585 \times 6\% = £395$$

subject to further adjustment for rates, insurance and so on.