



Comhairle Cathrach
& Contae **Luimnigh**

Limerick City
& County Council

Comhairle Cathrach agus Contae Luimnigh
Ceanncheathrú Chorpáraideach
Cé n gCeannaithe
Luimneach

Finance Department
Limerick City and County Council
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13 November 2020

To: The Mayor and Each Member of Limerick City and County Council

Re: Raising of Loan in the amount of €4,592,199 – To fund the issuing of the 2020 Rebuilding Ireland Home Loans (RIHL) by Limerick City and County Council to borrowers.

Limerick City and County Council issues Rebuilding Ireland Home Loans (RIHL) for housing purposes. To fund these loans a corresponding loan must be drawn from the Housing Finance Agency. The Council was advised on 04 June 2020 that the total capital allocation for the period 1 January 2020 to 31 December 2020 for the Rebuilding Ireland Home Loans (RIHL) is €4,592,199 (copy of this circular attached). Accordingly, The Council is therefore requested to approve an application for sanction from the Minister for Housing, Local Government and Heritage for this loan.

Recommendation:

The Council is therefore requested to consider approving application for sanction from the Minister for Housing, Local Government and Heritage, in accordance with Section 106 of the Local Government Act, 2001 as amended, for a loan in the amount of €4,592,199 to fund the drawdown of Rebuilding Ireland Home Loans.

Sean Coughlan

Director of Support Services



04 June 2020

Director of Housing Services
Limerick City and County Council
City Hall
Merchant's Quay
Limerick
V94 EH90

Local Authority Lending - Allocation for 2020

Dear Director,

I set out below the revised arrangements that apply to the allocation of funding in 2020 for local authority lending for house purchase and home improvement schemes, including the Rebuilding Ireland Home Loan scheme (RIHL).

Allocations – Change of Monitoring Basis

Local authorities should note that the basis for monitoring lending against allocations is being clarified for 2020.

From 2020 onwards, the Department is clarifying that the allocation is provided on a new lending basis. Local authorities have the sanction to approve new loans up to the amount of their allocation for new lending in 2020, with the understanding that some of the loans approved may not be drawn down until 2021. Progress against the allocation will be monitored on a commitment basis (i.e. loans drawn down based on 2020 loan approvals and 2020 loan approvals outstanding should not exceed the allocation for new lending). This provides clarity for local authorities on what their approval activity should be in 2020.

To facilitate this change, the 2020 allocation for local authority lending is split into two separate categories

- approvals outstanding at the end of 2019; and
- new lending approved in 2020.

These two allocation categories are based on the date of the local authority approval of the loan, hence it is important that this date is taken into account and recorded by the local authority when processing loan applications and drawdowns.



Drawdowns from HFA – Additional Information Required

Local authorities must clearly state in the relevant comments box on the HFA website the date of the loan approval so that lending under each category can be tracked. Given that many loans have already been drawn down from the HFA already in 2020, local authorities are requested to review each loan drawn down to date in 2020 and confirm whether these drawdowns relate to 2019 approvals or 2020 approvals. Unless otherwise reported, it will be assumed that all loans drawn down in 2020 relate to 2020 approvals.

In addition, a new interest rate applies to loan applications received from 14 January 2020 and a new loan type has been created on the HFA system to reflect this. When loans are being drawn down from the HFA, local authorities must select the correct loan type. For loans drawn down at the **old interest rates**, the **Fixed Interest Rebuilding Ireland Home Loan (or the Variable Rebuilding Ireland Home Loan** if such an approval remains outstanding) loan types **must** be selected. For loans that are being drawn down at the **new interest rates**, the **Phase Two Rebuilding Ireland Home Loan Fixed Rate** loan type **must** be selected.

Limerick City & County Council

Outstanding Approvals from 2019

A sum of **€4,203,124** is allocated to cover any loans drawn down from applications that were approved but not yet drawn down on 31 December 2019. This allocation is reserved for these outstanding approvals; it cannot be used for loans approved in 2020. Loans drawn down in 2020 from these outstanding Approvals in Principle must be separately recorded and reported to the Department.

New Lending in 2020

A sum of **€4,592,199** is allocated for new lending approvals in 2020. The actual loan drawdown may take place in either 2020 or 2021.

Loans approved in 2020 will continue to remain valid for six months post-approval, with local authorities allowed to be flexible with extensions required because of the Covid-19 emergency (as per Circular 9/2020). Any 2020 loan approvals that expire in 2020 may be 'recycled' for the purpose of the 2020 allocation.

Loan commitments (loans paid out and outstanding approvals), based on approvals given in 2020, may not at any time in 2020 exceed the amount notified above without authorisation from the Department. Where it becomes evident that the level of demand is greater than the amount of the allocation now being notified, local authorities should contact the Department as soon as possible before committing themselves to further approvals under the scheme.

The following table summarises approved funding under each category for your local authority.



	2019 Outstanding Approvals Category	2020 New Lending Category
<i>Conditions for each category</i>	Relates to loans paid out from outstanding loan approvals as at end 2019 Record date of loan approval for Department and on HFA website	Relates to loans approved in 2020 only Record date of loan approval for Department and on HFA website May also be drawn down in 2021 2020 loan approvals that expire can be recycled for 2020
TOTAL FUNDING	€4,203,124	€4,592,199

Reporting

Monthly information on the operation of the RIHL for each month must be returned within 10 working days of month end.

Given the updated reporting requirements outlined in this letter, a revised template for reporting has already issued separately to local authorities. We note that the delayed issuance of this template means that returns for January to April were outside the 10 working days timeframe; however returns from May onwards should be within the required 10 working days timeframe.

Any enquiries relating to this letter may be made to rebuildingirelandhomeloan@housing.gov.ie

Yours sincerely,

Michael Hough
Housing Economics and Local Authority Lending

cc: Head of Finance, Chief Executive