



22 February 2021

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

Re: Raising of Loan in the amount of €4,530,000 – To fund the issuing of the 2021 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 17 February 2021 that the total capital allocation for the period 1 January 2021 to 31 December 2021 for the Rebuilding Ireland Home Loans (RIHL) is €4,530,000 (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 €4,530,000 to fund the drawdown of Rebuilding Ireland Home Loans.

Sean Coughlan

Deputy Chief Executive



17 February 2021

Director of Housing
Limerick City and County Council
Merchant's Quay
Co Limerick

Local Authority Lending – Rebuilding Ireland Home Loan Allocation for 2021

Dear Director,

I refer to local authority lending for house purchase and home improvement schemes allocation, including the Rebuilding Ireland Home Loan scheme (RIHL).

2021 Lending Allocation

A sum of **€4,530,000** is allocated for **new lending approvals in 2021**. The actual loan drawdown may take place in either 2021 or 2022.

Loans approved in 2021 will continue to remain valid for six months post-approval. Any 2021 loan approvals that expire in 2021 may be 'recycled' for the purpose of the 2021 allocation.

Loan commitments (loans paid out and outstanding approvals), based on approvals given in 2021, **may not at any time in 2021 exceed the amount notified above without prior 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. Progress against the allocation will be monitored.

Outstanding Approvals from 2020

The 2020 allocation that issued last year, covers all loans that were approved in 2020 but not yet drawn down on 31 December 2020. This allocation is reserved for these outstanding approvals; it cannot be used for loans approved in 2021. Loans drawn down in 2021 from the outstanding Approvals in Principle from 2020 must be separately recorded and identified to the Department and on the HFA system as from the 2020 allocation.

Outstanding Approvals from 2019



Typically local authorities should not have outstanding approvals from 2019. However, in light of the COVID-19 pandemic it is recognised that a small number of applications may be nearing completion, e.g. a specific house has been identified but additional time is needed to complete the legal process. In these few instances, local authorities will be required to give specific reasons if such cases arise. Funding for these loans will be required to be met from the 2019 allocation as outlined in correspondence dated 4 June 2020. Loans drawn down in 2021 from the outstanding Approvals in Principle must be separately recorded and identified to the Department and on the HFA system as from 2019 allocation.

Drawdowns from HFA – 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. Unless otherwise reported, it will be assumed that all loans drawn down in 2021 relate to 2021 approvals.

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 [applications prior to 15 January 2020]**, 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 [applications from 15 January 2020, the Phase Two Rebuilding Ireland Home Loan Fixed Rate** loan type **must** be selected.

Local authorities are reminded that loans should be drawn down regularly from the HFA. While local authorities may decide to group a number of loans together and drawdown a lump sum to cover this group of loans. **It is not appropriate to group loans for the entire year together and have one drawdown for the year.**

Accounting Systems

When entering RIHL loans onto your local authority accounting system, the category RIHL **must** be utilised.

Reporting

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



Summary

To summarise, the following conditions apply to your 2021 lending allocation of **€4,530,000**:

- relates to loans approved in 2021 only;
- date of loan approval to be recorded for Department and on HFA website;
- loans approved in 2021 may also be drawn down in 2022;
- 2021 loan approvals that expire can be recycled for 2021;
- Lending allocation **may not** be exceeded without prior approval from the Department.

Any enquiries relating to this letter may be made to

rebuildingirelandhomeloan@housing.gov.ie

Yours sincerely,

A handwritten signature in black ink, appearing to read "Michael Hough".

Michael Hough
Housing Economics and Local Authority Lending
cc: *Head of Finance, Chief Executive*