



Comhairle Cathrach
& Contae **Luimnigh**

Limerick City
& County Council

Comhairle Cathrach agus Contae Luimnigh
Ceannteathrú Chorpóraideach
Cé n gCeannaithe
Luimneach

Finance Department
Limerick City and County Council
Corporate Headquarters
Merchants Quay
Limerick
Eircode: V94 EH90
T: +353 (0) 61 556360

07 March 2022

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

Re: Raising of Loan in the amount of €4,840,000 – To fund the issuing of the 2022 Rebuilding Ireland Home Loans (RIHL) and Local Authority Home Loans (LAHL) by Limerick City and County Council to borrowers.

Limerick City and County Council issues Rebuilding Ireland Home Loans (RIHL) and Local Authority Home Loans for housing purposes. To fund these loans a corresponding loan must be drawn from the Housing Finance Agency. The Council was advised on 4 February 2022 that the total capital allocation for the period 1 January 2022 to 31 December 2022 for the Rebuilding Ireland Home Loans (RIHL) is €4,840,000 (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 €4,840,000 to fund the drawdown of Rebuilding Ireland Home Loans and Local Authority Home Loans.

Sean Coughlan

Deputy Chief Executive



4 February 2022

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

Local Authority Lending – Rebuilding Ireland Home Loan and Local Authority Home Loan Allocation for 2022

Dear Director,

I refer to local authority lending for house purchase and home improvement schemes allocation, including the Rebuilding Ireland Home Loan [RIHL] and Local Authority Home Loan [LAHL] schemes.

2022 Lending Allocation

A sum of **€4,840,000** is allocated for **new lending approvals in 2022**. The actual loan drawdown may take place in either 2022 or subsequent years. **Loans that receive Approval in Principle (AIP) in 2022 will be treated as new lending approvals in 2022**. For clarity, this lending approval covers

- **LAHL applications** that receive AIP in 2022, and
- **RIHL applications** that were submitted in 2021 and receive AIP in 2022.

Loans approved in 2022 remain valid for six months post-approval. Any 2022 loan approvals that expire in 2022 may be 'recycled' for the purpose of the 2022 allocation.

Loan commitments (loans paid out and outstanding approvals), based on approvals given in 2022, **may not at any time in 2022 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 as additional allocation may be available. Progress against the allocation will be monitored.



Outstanding Approvals from 2021

The 2021 allocation that issued last year covers all loans that received AIP in 2021. It cannot be used for loans that receive AIP in 2022. Loans drawn down in 2022 from the AIP from 2021 must be separately recorded and identified to the Department and on the HFA system as from the 2021 allocation.

Outstanding Approvals from 2019 and 2020

The 2020 allocation which issued on 4 June 2020, covered all loans that received AIP in either 2019 or 2020, but not yet drawn down on 31 December 2020. Loans drawn down in 2022 from the outstanding AIPs from 2019 / 2020 must be separately recorded and identified to the Department and on the HFA system as either from the 2019 or 2020 allocation.

Typically, local authorities should no longer have outstanding AIPs from 2019 or 2020. However, in light of the COVID-19 pandemic, where LAs were requested to show flexibility to applicants with outstanding AIPs, it is recognised that there are a number of reasons why AIPs were extended beyond normal timeframes, e.g. a specific house has been identified but additional time is needed to complete construction/ legal process etc. Nevertheless, given that the normal period of an AIP should only be 6 months, it is now important that LAs review their remaining outstanding AIPs from 2019/2020 and expire any AIP where there is no specific reason for it still to be outstanding. If there are still AIPs outstanding from 2019/2020 in the February 2022 RIHL/LAHL monthly statistical return, you will be required to provide reasons to the Department for each relevant individual AIP.

Drawdowns from HFA – Information Required

Local authorities must clearly state in the relevant comments box on the HFA website the date of the AIP so that lending under each category can be tracked.

When loans are being drawn down from the HFA, local authorities must select the correct loan type either under RIHL or LAHL.

For **RIHL 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 RIHL loans that are being drawn down at the **new interest rates [drawdowns from 10 September 2021, the Phase Three Rebuilding Ireland Home Loan Fixed Rate** loan type **must** be selected.



For **LAHL** loans drawn down, the **Local Authority Home Loan** loan type must be selected.

For self-builds, loans may be drawn down from the HFA in stages. The loan type selected on the HFA website for these loans must be the same as the previous loan type selected, e.g. if the first stage was drawn down from the HFA as a Fixed Interest Rebuilding Ireland Home Loan, then the second and subsequent drawdowns must also be as a Fixed Interest Rebuilding Ireland Home Loan. **All stages of self build loan drawdowns from the HFA and the LA must be at the same interest rate.**

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 on a monthly basis. **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.

When entering **LAHL loans** onto your local authority accounting system, one of the following categories **must** be utilised:

- **LAHL** – for all **private purchases** using LAHL. This would be the majority of purchases.
- **LAHLAFFORD** – if the dwelling is purchased through the **Affordable Housing Scheme using a LAHL**
- **LAHLTP** – if the dwelling is purchased through **the Tenant Purchase Scheme using a LAHL.**

Additional fields must also be completed:

- Property price at the time of purchase
- Date of house purchase
- Applicant(s) income at AIP
- Direct Debit Payments / Standing Order
- LA MPI 2022

Reporting

Statistics on the operation of the RIHL/LAHL for each month must be returned within 10 working days of month end.



Summary

To summarise, the following conditions apply to your 2022 lending allocation of **€4,840,000**:

- This is the total amount which you are allowed to grant as AIP in 2022 [either under RIHL or LAHL];
- date of AIP to be recorded for the Department and on HFA website;
- loans that received AIP in 2022 may also be drawn down beyond the end of 2022;
- 2022 loan approvals that expire can be recycled for 2022;
- Lending allocation **may not** be exceeded without prior approval from the Department. Additional allocation may be available.

2023 Lending Allocation

You are advised that, in 2023, you are authorised to approve new lending up to 20% of the value of your 2022 lending allocation. This is to ensure that there are no delays to issuing AIPs for LAHL applicants pending the official notification of lending allocations for 2023 from the Department.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Hough', written over a light blue rectangular background.

Michael Hough
Strategic Policy and Local Authority Mortgage Lending
cc: Head of Finance, Chief Executive