



07 March 2023

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

Re: Raising of Loan in the amount of €5,150,000 – To fund the issuing of the 2023 Local Authority Home Loans (LAHL) by Limerick City and County Council to borrowers.

Limerick City and County Council issues 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 24 February 2023 that the total capital allocation for Local Authority Home Loans for the period 1 January 2023 to 31 December 2023 is €5,150,000 (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 €5,150,000 to fund the drawdown of Local Authority Home Loans.

Sean Coughlan

Deputy Chief Executive



24 February 2023

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

Local Authority Lending – Local Authority Home Loan Allocation for 2023

Dear Director,

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

2023 Lending Allocation

A sum of **€5,150,000** is allocated for **new lending approvals in 2023**. The actual loan drawdown may take place in either 2023 or subsequent years. **Loans that receive Approval in Principle (AIP) in 2023 will be treated as new lending approvals in 2023.** For clarity, this lending approval covers **LAHL applications** that receive AIP in 2023.

Loans approved in 2023 remain valid for six months post-approval. Any 2023 loan approvals that expire in 2023 may be 'recycled' for the purpose of the 2023 allocation.

Loan commitments (loans paid out and outstanding approvals), based on approvals given in 2023, **may not at any time in 2023 exceed the amount notified above without prior approval 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. Additional allocations may be available from the Department.** Progress against the allocation will be monitored.

There should be no new Rebuilding Ireland Home Loan [RIHL] Approvals in Principle in 2023; as this scheme closed to new applications on 4 January 2022. All RIHL applications should have been assessed during 2022. Therefore, the 2023 lending allocation does not extend to new RIHL approvals in 2023.



Outstanding Approvals from 2022

The 2022 allocation that issued on 4 February 2022 covers both RIHL and LAHL loans that received AIP in 2022. It cannot be used for loans that receive AIP in 2023. Loans drawn down in 2023 from the AIP from 2022 must be separately recorded and identified to the Department and on the HFA system as from the 2022 allocation.

Rebuilding Ireland Home Loan [RIHL]

Outstanding RIHL Approvals from 2019, 2020 and 2021

The 2021 allocation that issued on 17 February 2021 covers all loans that received AIP in 2021. 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 2023 from the outstanding AIPs from 2019, 2020 and 2021 must be separately recorded and identified to the Department and on the HFA system from the relevant allocation year.

Typically, local authorities should no longer have outstanding AIPs from 2019, 2020 or 2021. 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 2021 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 and 2021 in the January 2023 RIHL/LAHL monthly statistical return, you will be required to provide reasons to the Department for each relevant individual AIP.

To note that all outstanding RIHL AIPs [from 2019 to 2022] will be required to be expired by 31 December 2023.

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** applications received prior to 15 January 2020 that are drawn down from 1 January 2023, the **Fixed Interest Rebuilding Ireland Home Loan** (or the **Variable Loan Rebuilding Ireland Home Loan** if such an approval remains outstanding) loan type **must** be selected.

For **RIHL** loans that are being **drawn down from 1 January 2023, the Fixed Interest Phase Four Rebuilding Ireland Home Loan** loan type **must** be selected.

For **LAHL** loans drawn down from 1 January 2023, the **Fixed Interest Phase Two Local Authority Home Loan** loan type must be selected.

Local authorities are reminded that loans should be drawn down regularly and in a timely manner from the HFA. Local authorities should ensure that the rate that they lend to borrowers is the same rate at which they obtain the loan 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, i.e. purchase price
- Date of house purchase
- Applicant(s) gross annual income at AIP [in the case of joint applications, this is their combined gross annual income]
- Direct Debit Payments / Standing Order



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 2023 lending allocation of **€5,150,000**:

- This is the total amount which you are allowed to grant as AIP in 2023 under LAHL. This amount **must not** be exceeded without prior authorisation from the Department. Additional allocation may be available;
- date of AIP to be recorded for the Department on HFA website;
- loans that received AIP in 2023 may also be drawn down beyond the end of 2023;
- 2023 loan approvals that expire can be recycled for 2023.

2024 Lending Allocation

You are advised that, in 2024, you are authorised to approve new lending up to 20% of the value of your 2023 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 2024 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".

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