



28 February 2023

**Circular 07/2023**

**Local Authority Home Loan Scheme (LAHL)**

I am directed by Mr. Darragh O'Brien T.D., Minister for Housing, Local Government and Heritage, to inform you of increases to the house prices limits and income limits that apply to the Local Authority Home Loan, which will be effective from 1 March 2023.

I also draw your attention to the following documents which are available on [www.housingmanual.ie](http://www.housingmanual.ie)

- a revision of the Credit Policy; and
- a Guidance Note – Interaction of Local Authority Home Loan with Local Authority Affordable Purchase Scheme - at Appendix 2 in Credit Policy.

***Housing Loans (Amendment) Regulations 2023 (S.I. 76 of 2023)***

The Local Authority Home Loan Regulations (S.I. 701 of 2021) have now been amended as set out in S.I. No. 76 of 2023. These amendments change the house price limits, borrowing amounts and income limits that apply to the Local Authority Home Loan. There are also some minor drafting improvements.

The remaining Regulations contained in S.I. 701 of 2021 remain unchanged and should be read in conjunction with Housing Loans (Amendment) Regulations 2023 (S.I. 76 of 2023).

***New Scheme Changes***

The following changes to the Local Authority Home loan will come into effect on 1 March 2023.

***1. Increases to house price limits***

The maximum market price, or purchase price if bought under an LA Affordable purchase scheme, of houses (houses hereafter can be considered as referring to any dwelling) that can be purchased under the LAHL are set out below. For clarity, the market/purchase price cannot exceed the limits below, even if the borrower uses their own financing to fund the excess.

- €360,000 – Dun Laoghaire Rathdown, South Dublin, Dublin City, Fingal, Wicklow, Kildare
- €330,000 – Galway City, Cork City, Louth, Meath, Galway County, Cork County
- €300,000 – Limerick, Waterford, Clare, Wexford, Westmeath, Kilkenny
- €275,000 – Offaly, Laois, Monaghan, Cavan, Donegal, Tipperary, Kerry, Mayo, Roscommon, Sligo, Leitrim, Longford, Carlow



The maximum mortgage loan cannot exceed;

- €324,000 in Dun Laoghaire Rathdown, South Dublin, Dublin City, Fingal, Wicklow, Kildare,
- €297,000 in Galway City, Cork City, Louth, Meath, Galway County, Cork County,
- €270,000 in, Clare, Kilkenny, Limerick, Waterford, , Westmeath, Wexford,
- €247,500 in Carlow, Cavan, Donegal, Kerry, Laois, Leitrim, Longford, Mayo, Monaghan, Offaly, Roscommon, Sligo and Tipperary.

## **2. Increased income limits for all applicants in each local authority area**

The income limit for an individual applicant is €70,000, nationwide. This is an increase from the previous limits of €50,000 and €65,000.

The income limit for joint applicants is €85,000, nationwide. This is an increase from €75,000 previously.

### **Revised Credit Policy**

Revisions have been made to the Credit Policy '*Housing Loans (Credit Policy) Guidelines 2023*' which underpins the Local Authority Home Loan scheme and which must be applied when processing LAHL applications. This provides a written guidance for local authorities for the processing of loan applications and the making of loans under the Regulations as set out in this Circular. The purpose of this guidance is to ensure prudence and consistency in approach for all local authority mortgage lending. Please ensure that all loans staff are familiar with this guidance document.

The changes to the house prices and income limits, as well as a number of other changes/clarifications, have been included in the revised Credit Policy. The main changes/clarifications are referenced in the attached summary at Appendix 1.

Furthermore, the structure of the Credit Policy has been re-organised to better assist local authorities in using this document to process loan applications and as a reference guide when validating applications for the LAHL.

**Please note that the Credit Policy is for local authority use only: it should be treated as a confidential document and should not be shared. It is available on [www.housingmanual.ie](http://www.housingmanual.ie).**

### **Interaction of other Housing Schemes with the LAHL**

A Guidance note, provided in Appendix 2 of the Credit Policy, has been prepared to provide clarity to LAs in understanding the specific rules that apply when the LAHL is used to purchase a home under a Local Authority Affordable Purchase (LAAP) and Tenant Purchase schemes. The main points are summarised below.



- **Local Authority Affordable Purchase Scheme (LAAP)**

The LAHL can be used in conjunction with the LAAP. If a home is being purchased under the LAAP, the relevant price for the determination of this home's eligibility for the LAHL and for the maximum borrowing amount, is the 'purchase price' determined by the relevant local authority for that Affordable Purchase home.

Furthermore, there are specific conditions around meeting the 'insufficient offers of finance' criterion; if an applicant can meet the minimum purchase required on a LAAP scheme with a commercial mortgage then they are not eligible for the LAHL.

The normal 10% deposit of the Purchase Price is required when purchasing a property under the Local Authority Affordable Purchase Scheme. See Section(s) 5.1 of the Credit Policy and the Guidance note in Appendix 2 of the Credit Policy regarding the Affordable Purchase Scheme's interaction with the LAHL.

- **Tenant Purchase Applicants**

The Local Authority Home Loan can be used to finance the purchase of a home under the Tenant Purchase scheme. Tenant Purchase specific conditions surrounding the purchase price of the home and the deposit required are set out in sections 5.1 and 12 of the Credit Policy.

The relevant price for the determination of a property eligibility for the LAHL is the 'purchase price', determined by the relevant local authority for that Tenant Purchase home.

No deposit is required if the LAHL is used to purchase a Tenant Purchase home.

- **First Home Scheme**

The LAHL cannot be used for home purchased under the First Home Scheme (S.I. No. 184/2022 - Affordable Housing (No. 2) Regulations 2022).

***Transitional Arrangements for Outstanding Applications Approved in Principle***

In order that applicants, who have outstanding approvals in principle (AIP) for the maximum amounts that applied previously (€288,000 in Dublin, Kildare, Meath, Wicklow, Louth, Cork and Galway, €225,000 in all other LAs), have an opportunity to benefit from the increases in maximum borrowing amounts that apply from 1 March, LAs should facilitate these applicants in having their approval amounts reassessed, within their current application.

LAs should send valid requests for additional borrowing amounts to the Housing Agency who will determine the repayment capacity of the applicant and issue recommendations back to the LAs.



- If these applicants request additional loan amounts, they should contact the local authority in writing to request a re-assessment and to confirm that their circumstances have not changed since the AIP was received.
- It is only their repayment capacity and sufficient deposit for the revised amount that are being re-assessed. Therefore, a new application is not necessary, as their eligibility for the scheme otherwise has already been approved.
- The re-assessed amount will be based on the information provided at the original loan application stage and does not extend the approval in principle period (such an extension must be requested separately). If required, supporting documents can be requested.
- A new AIP letter for the original period will need to be issued to the applicant(s), with the new amount, if their application is successful.
- For clarity, applicants who had not already been approved for the previous maximum amounts will not be affected by the increase in borrowing amounts, their borrowing capacity remains at their previous AIP level. These applicants should not be re-assessed for additional borrowing under these transitional arrangements.

### ***Monthly Activity Reports to Department – Recording of Reassessed AIPs***

The normal monthly reporting (approvals, expired loans, drawdowns, outstanding approvals in principle) will need to continue for both RIHL and the LAHL during 2023.

Local authorities should note that where increased AIPs are issued following re-assessment, this should be recorded as follows in the monthly returns:

- The value of the total loans approved in 2023 should be increased by the amount of the increase approved
- To ensure no double counting, the number of loans approved in 2023 should not change as no new loan has been approved
- A comment should be included on the return advising of the value of the additional amount approved
- These increased limits only apply to LAHL, therefore RIHL applicants with AIPs outstanding cannot seek an increased amount. They must reapply under LAHL.

When drawing down a loan from the Housing Finance Agency (HFA) where the loan had an initial AIP for example in 2022 and then a subsequent AIP for an increased amount in 2023, local authorities must clearly state in the relevant comments box on the HFA website the amount that relates to each allocation year so drawdown against allocation can be tracked.

### ***Application Form***

An updated application form will be available on <https://localauthorityhomeloan.ie/>. This is available in English and Irish and should be used for all loan applications.



### **Local Authority Home Loan Website**

The <https://localauthorityhomeloan.ie/> is the designated Local Authority Home Loan website and contains an FAQ and Information Centre (replaces the previous application information booklet) for applicants. It also contains a 'Contact Us' section for applicants. Local Authorities should ensure that their contact details are up to date on the website and provide dedicated emails where in place. A calculator for applicants can be found on the website for applicants to get an estimate of what they may be able to borrow. Enquiries on the LAHL should in the first instance be directed to the website.

It is the responsibility of each local authority to ensure that all of its publicly available information refers to the changes to the Local Authority Home Loan and new application forms on <https://localauthorityhomeloan.ie/>.

### **Local Authority calculator**

The LAHL calculator which has been developed by the Housing Agency has been updated with the new house price and income limits. Full guidance on how the calculator can be used and interpreted is available from the Housing Manual at <https://www.housingmanual.ie>

The calculator provides indicative information on:

- Maximum borrowings
- Monthly loan repayments
- Monthly MPI payments

### **Standard Documentation**

Local Authorities are reminded to use the standard letters when replying to applicants as set out in Circular 43-2021 (Appendices 2 - 4).

Please bring this Circular to the attention of all staff working in the Housing and Finance areas. A copy of this Circular and related documentation is available on the SharePoint system <http://circulars.lgcsb.ie/doecirculars> under 'Housing' and on the <https://www.housingmanual.ie>.

Any queries in relation to this Circular may be addressed to Housing Local Authority Homeloan [localauthorityhomeloan@housing.gov.ie](mailto:localauthorityhomeloan@housing.gov.ie) or by telephone to 01 8882000.

Yours sincerely

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

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Michael Hough  
Principal Officer  
Strategic Policy and LA Mortgage Lending



**Appendix 1: Credit Policy - Main Changes Summary Table**

<b>Issue</b>	<b>Section Ref</b>	<b>Status</b>
<b>LPT process and documentation for underwriting purposes</b>	2.3	<ul style="list-style-type: none"> <li>LPT login details updated</li> </ul>
<b>Central Credit Check</b>	2.4	<ul style="list-style-type: none"> <li>Text updated for validation and recording of variations</li> <li>Updated CCR text for Fresh Start applicants</li> </ul>
<b>NEW Income Eligibility</b>	3.3	<ul style="list-style-type: none"> <li>Changes to Income Limits (from 1 March 2023)</li> </ul>
<b>Residency</b>	3.4	<ul style="list-style-type: none"> <li>Clarification re non-EEA residents to include Joint applications from spouses/civil partners, one of whom is an Irish citizen.</li> <li>Removal of habitual residence requirement but must be legally resident in State.</li> </ul>
<b>Habitual Residency</b>	removed	<ul style="list-style-type: none"> <li>Removed habitual residence requirement. Applicants will be required to meet the residency, employment and financial criteria applicable to all applicants.</li> </ul>
<b>Employment Record/Continuous Employment</b>	3.5 and 6.6	<ul style="list-style-type: none"> <li>Clarification for continuous employment requirement for joint applicants</li> <li>Continuous employment requirement can be removed if other verifiable income streams are in place</li> </ul>
<b>Creditworthiness Requirements</b>	3.7	<ul style="list-style-type: none"> <li>Clarification of credit worthiness for current debt issues and /insolvency.</li> </ul>
<b>NEW House Price Limits</b>	3.9	<ul style="list-style-type: none"> <li>Changes to House Price limits (from 1 March 2023)</li> </ul>
<b>NEW interaction of other Housing Schemes with LAHL</b>	3.10 and Appendix 2	<ul style="list-style-type: none"> <li>New section in CP to set out how Tenant Purchase, LA Affordable Purchase can be used with LAHL and that First Home Scheme cannot be used with LAHL. Details set out in subsections.</li> </ul>



<b>Tenant Purchase - eligibility</b>	3.10.1	<ul style="list-style-type: none"> <li>• Clarification re conditions of Tenant Purchase scheme for use with LAHL.</li> </ul>
<b>Affordable Purchase Scheme</b>	3.10.2	<ul style="list-style-type: none"> <li>• New section in CP provide an explanation of how the LAHL can be used with the Affordable Purchase Scheme. Guidance note appendix.</li> <li>• Definitions of “market price” and “purchase price” are provided. The difference between market and purchase price is the state’s equity stake.</li> <li>• The CP clarifies that “market price” of the property can exceed the house price limits of the LAHL scheme but the “purchase price” cannot.</li> <li>• Worked examples are included in Guidance note on Affordable Purchase Scheme.</li> </ul>
<b>First Home Scheme</b>	3.10.3	<ul style="list-style-type: none"> <li>• Cannot be used with LAHL.</li> </ul>
<b>Proof of Fresh Start – relationship termination eligibility criteria</b>	4.2.1	<ul style="list-style-type: none"> <li>• Clarification re Relationship Termination Eligibility Criteria.</li> <li>• Clarification that a solicitor’s letter is only a requirement for applicants who cannot produce a Court Order or separation agreement to prove the ending of a relationship or personal information considerations.</li> </ul>
<b>Financial Information for Underwriters</b>	4.2.2	<ul style="list-style-type: none"> <li>• Clarification re financial information to be provided to underwriters.</li> </ul>
<b>NEW Deposit Conditions</b>	5.2	<ul style="list-style-type: none"> <li>• New Deposit Conditions – improved wording on deposit requirements and gifts.</li> </ul>



<b>Borrowing Record and Creditworthiness</b>	5.3	<ul style="list-style-type: none"> <li>• Clarification re credit history</li> <li>• Clarification re post-insolvency credit history/timelines (e.g. 2 years clear)</li> </ul>
<b>Determination of Income for Eligibility purposes</b>	6.2	<ul style="list-style-type: none"> <li>• Clarification re taxable/non-taxable gross income. Income reported for tax can differ due to pension contributions. Gross income to be used and updated in the CP.</li> <li>• Removal of Carer's allowance/benefit and CES for eligibility income purposes.</li> </ul>
<b>Determination of Income for Repayment Purposes</b>	6.3	<ul style="list-style-type: none"> <li>• Improved drafting</li> <li>• Treatment of non-employment income</li> </ul>
<b>Treatment of Additional Income</b>	6.3.1	<ul style="list-style-type: none"> <li>• Inserted table setting out treatment of additional income</li> </ul>
<b>Maintenance</b>	6.5	<ul style="list-style-type: none"> <li>• Clarification of maintenance payments received/paid.</li> </ul>
<b>Temporary Covid-19 Amendments removed/amended</b>	6.7	<ul style="list-style-type: none"> <li>• Information relating to the income of applicants and the use of Covid-19 income supports removed in line with the ending of these schemes.</li> <li>• Exceptions to continuous employment criteria will remain for those on PUP during preceding 2 years.</li> <li>• PUP ended 5 April 2022.</li> </ul>
<b>EWSS section removed</b>	removed	<ul style="list-style-type: none"> <li>• EWSS ended 31 May 2022.</li> </ul>
<b>Maximum Loan and term</b>	7.1	<ul style="list-style-type: none"> <li>• Maximum permissible net income ratios table inserted</li> </ul>
<b>New Loan Conditions</b>	7.2	<ul style="list-style-type: none"> <li>• New maximum mortgages based on new house price increases.</li> </ul>
<b>Term</b>	<b>7.3</b>	<ul style="list-style-type: none"> <li>• Clarification regarding term of mortgage with example included.</li> <li>• Confirmation that applicant is entitled to be assessed for mortgage up to age 70, if they</li> </ul>





		reach this age before end of 25/30 year mortgage
<b>Supporting Documentation</b>	<b>8</b>	<ul style="list-style-type: none"> <li>Updated list of documents required from the applicants and inclusion of proof of residency documentation, including sources of deposit for gifts and Help To Buy.</li> <li>Sources of acceptable proof of insufficient offers expanded to include mortgage brokers.</li> </ul>
<b>Valuation Report &amp; Property Value</b>	<b>10.1</b>	<ul style="list-style-type: none"> <li>Clarification that Valuation should not exceed Market Value.</li> <li>Clarification on Purchase Price for valuation.</li> </ul>
<b>Self-build valuation</b>	11.5	<ul style="list-style-type: none"> <li>Instruction regarding valuation of self-build.</li> </ul>
<b>Self-build contingency</b>	11.1	<ul style="list-style-type: none"> <li>New text included for contingencies for borrowers.</li> </ul>
<b>Self-build- supporting documentation</b>	11.9	<ul style="list-style-type: none"> <li>New self-build supporting documentation table inserted.</li> </ul>
<b>New Appendix 1 - Checklist</b>		<ul style="list-style-type: none"> <li>New Checklist for Local Authorities.</li> </ul>
<b>New Appendix 2 – Guidance note re LAAPS</b>		<ul style="list-style-type: none"> <li>Guidance Note - interaction of the Local Authority Affordable Purchase Scheme with the Local Authority Home Loan with Worked Examples.</li> </ul>
<b>New Appendix 3 – Valuation Report</b>		<ul style="list-style-type: none"> <li>Valuation Report and explanatory note.</li> </ul>
<b>New Appendix 4– Reasons for Decline</b>		<ul style="list-style-type: none"> <li>Lists reasons for Decline to be used by LAs.</li> </ul>