



Local Authority Home Loan Scheme

What is the scheme?

The Local Authority Home Loan is a Government-backed mortgage for first-time buyers and for Fresh Start applicants. It is available nationwide from all local authorities for those on modest or low incomes who cannot get sufficient funding from regulated financial providers to purchase or build a home. The scheme supports homeownership by increasing the level of financing available, particularly for single applicants in urban areas. It has replaced the Rebuilding Ireland Home Loan Scheme.

Who is the scheme for?

- The Local Authority Home Loan is available for first-time buyers, on low to moderate incomes, anywhere in the country who cannot get sufficient mortgage funding from regulated financial providers (either in the form of mortgage refusal or insufficient mortgage offers) to purchase a new or second hand home or self-build.
- A 'Fresh start' principle applies. This means that people who are divorced/separated and no longer have a financial interest in the family home or who have undergone insolvency/bankruptcy proceedings will be eligible to apply for the Local Authority Home Loan Scheme.

How will the scheme work?

- Local authorities will provide home loans to creditworthy people who have been refused a mortgage or offered insufficient mortgage finance from two regulated financial providers. .
- The scheme offers loans to first-time buyers and those who are eligible under the Fresh Start principle who want to buy new or second-hand properties, or to self-build.
- Borrowing limits are higher in Cork, Dublin, Galway, Kildare, Louth, Meath and Wicklow, to reflect the higher property prices in those counties.

- For counties where the scheme's house price limit is €320,000 (Cork, Dublin, Galway, Kildare, Louth, Meath and Wicklow), the income ceiling for a single applicant is €65,000. This is an increase on the €50,000 income ceiling under the Rebuilding Ireland Home Loan scheme. The income ceiling for joint applicants is €75,000.
- In the rest of the country where the scheme's house price limit is €250,000, the income ceiling for a single applicant is €50,000. The income ceiling for joint applicants is €75,000 in all counties.
- The loans have fixed interest rates for terms of up to 25 years and from 25 years up to 30 years.
- The interest rate for new borrowers is 2.495% for a 25-year loan or 2.745% for loans over 25 years up to 30-years. These 25-year loan rates are 0.25% lower than the Rebuilding Ireland Home Loan scheme rates they have replaced. These rates are came into effect from 10 September 2021.
- This interest rate reduction will also apply to loan approvals in principle not yet drawn down under the Rebuilding Ireland Home Loan scheme (before the scheme was replaced by the Local Authority Home Loan) and any new loans under this scheme.

What impact will the scheme have?

These new changes will make mortgages more accessible for people, particularly for single people in counties where house prices are higher. It will also provide home loans at a fixed rate for up to 30 years. This measure, among others, will make homeownership achievable for many individuals and families.

When will the scheme commence?

The Local Authority Home Loan Scheme commenced on 4 January 2022.

Can someone still apply for the Rebuilding Ireland Home Loan until the new scheme commences?

No. The Rebuilding Ireland Home Loan scheme closed for applications on 3 January 2022.

Where can I find more information on the Local Authority Home Loan Scheme?

You can find more information on the dedicated Local Authority Home Loan website:

<https://localauthorityhomeloan.ie/>

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