



Report to the Finance Strategic Policy Committee
Analysis – Housing Loan Accounts in Arrears

As at 31st December, 2020 the total of the loan book was €251,315,246.47 with 2301 Loans Accounts (433 Shared Ownership, 1,868 Annuity). The total amount of arrears as at 31st December, 2020 was €7,730,739.58. 599 accounts (26%) of all loans in arrears.

| History Of Arrears | |
|---|-----------------------|
| December 2018 | € 9,796,088.58 |
| December 2019 | € 7,991,831.26 |
| December 2020 | € 7,730,739.58 |
| Amount arrears reduced by in 3 year period | € 2,065,349.00 |

Breakdown of Arrears as at 31st December, 2020: -

| Arrears | No. of Accounts in Arrears | Amount of Arrears |
|------------------------------|-----------------------------------|--------------------------|
| Less than 1 mth | 111 | € 40,689.63 |
| 1 mth but less than 2 mths | 72 | € 69,742.76 |
| 2 mths but less than 3 mths | 31 | € 56,084.30 |
| 3 mths but less than 6 mths | 44 | € 150,094.60 |
| 6 mths but less than 12 mths | 76 | € 514,475.11 |
| Over 12 mths | 265 | € 6,899,653.18 |
| Total | 599 | €7,730,739.58 |

Medium to long-term arrears continues to be a challenge. 64% of impaired accounts are more than 3 months in arrears and almost half are over 12 months in arrears.

Based on the above figures 72% of borrowers are engaging under the local authority Mortgage Arrears Resolution Process (MARP); 9% are not engaging and 19% are being reviewed, assessed and ICB checked with regard to their Standard Financial Statements (a requirement of the MARP).

Based on the above figures the majority of borrowers are working (n=437), but a sizeable minority is either unemployed (n= 159 29 of which both borrowers are unemployed) or separated (n =51). The balance are self-employed (n=11).

We are continuing to restructure Shared Ownership Loans. Restructuring of Shared Ownership was introduced by the Department of Housing, Planning, Community and Local Government in 2016, this replaced the transfer to 100% mortgage scheme, which previously existed. The new process is designed to make it easier for the customer to transfer from a shared ownership to full annuity loan.

15 accounts with a total arrears value of €161,902.99 were fully transferred from Shared Ownership to full Annuity Loan in 2020.

Mortgage to Rent

The Local Authority Mortgage to Rent (LAMTR) scheme introduced nationally in 2014 is a Government initiative to assist homeowners who have mortgages with a local authority and are at risk of losing their homes due to mortgage arrears. The LAMTR scheme is one of the possible resolutions for people who have been through the Mortgage Arrears Resolution Process (MARP) with a local authority and whose mortgage has been determined unsustainable. The LAMTR scheme allows the local authority to purchase their borrowers' property with the household, where appropriate, remaining in the property as local authority tenants and paying a differential rent to the local authority.

There is the option to buy back the property after a period of 5 years if the borrower/s can raise the finance.

9 accounts fully completed the MTR process in 2020 with currently 7 active cases which are expected to complete in 2021.

302 accounts have completed the MTR process since its introduction in 2014.

Covid-19

The ongoing pandemic has impacted the collection of arrears and has delayed potential court proceedings.

Covid-19 Mortgage Payment Breaks

On 10th April, 2020 the Minister for Housing, Planning and Local Government, introduced support in the form of a Mortgage Payment Break, for local authority borrowers who were experiencing financial distress arising out of the Covid-19 emergency. The monthly repayment following the break will increase in order to facilitate the repayment of the loan over the remainder of the existing term of the loan. No additional interest accrues to the borrowers account during the period of the payment break.

The mortgage payment break is also open to local authority borrowers who are currently in arrears and further impacted by Covid-19, however the borrower must be engaging with their local authority in relation to their arrears and complying with relevant conditions set by the authority.

On 26th June, 2020 an additional Mortgage Payment Break was announced; up to a maximum of 6 months – Circular 18/2020 refers. On 28th September, 2020 an additional Mortgage Payment Break was announced; up to a maximum of 9 months – Circular 29/2020 refers. On 21st January, 2021 an additional Mortgage Payment Break was announced; up to a maximum of 12 months – Circular 03/2021 refers. The closing date for receipt of first time applicants applying for their first mortgage payment break was extended to 31st March, 2021. All mortgage payment breaks must be completed by 31st March, 2022.

As at 31st March, 2021

| 3 Month MPB | 6 Month MPB | 9 Month MPB | 12 Month MPB |
|--|--|---------------------------------------|--|
| 225 of which 5 are still active | 118 of which 6 are still active | 62 of which 7 are still active | 31 of which 11 are still active |

25 of the 31 who have availed of the maximum 12 month MPB have sought further assistance as their employment continues to be impacted by the ongoing restrictions.

Types Of Loans Available

The Rebuilding Ireland Home Loan was introduced to replace the previous House Purchase Annuity Loan in February 2018. It is the only Local Authority Loan currently available and is a nationwide scheme administered by all Local Authorities on behalf of the Government, who set out the terms, conditions and criteria. The loan is available to applicants who satisfy the below required criteria and whose income does not exceed €50,000 for a single applicant and €75,000 for joint applicants.

- ***Be first time buyers. Neither applicant can be previous owner or current owner of property***
- ***Be aged between 18 and 70 years***
- ***Be in continuous employment (this can be self-employed) for at least 2 years in the case of the primary earner and in continuous employment for 1 year in the case of the second applicant (if second applicant in employed)***
- ***Be of good standing with a satisfactory credit record (a credit check will be carried out with Irish Credit Bureau and Credit Central Register***
- ***Have an indefinite right to remain in Ireland either through nationality or refugee status***
- ***Be able to provide proof of insufficient offers of finance from two financial institutions (Bank or Building Society only)***
- ***Have minimum deposit of 10% of the purchase price of the property***
- ***Provide proof of marital status (if divorced, legal documents must be submitted)***
- ***If you are renting, you must have a clear rent account for 6 months prior to applying for the loan and your rent assessment must be up-to-date***

The Shared Ownership Loan scheme ceased in 2011 although there are still approximately 400 live Shared Ownership loans with Dublin City Council.

***Teresa Conlon,
Administrative Officer.***

30th April 2021