



Irish Council
for Social Housing



Housing Finance Agency
An Ghníomhaireacht Airgeadais Tithíochta



Finance for Development & Delivery

ICSH Biennial Finance & Development Conference 2018

25th & 26th October 2018, Lyrath Hotel, Kilkenny



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Achieving Standardisation within Financial Processes



Housing Finance Agency
An Ghníomhaireacht Airgeadais Tithíochta

Sean Cremen

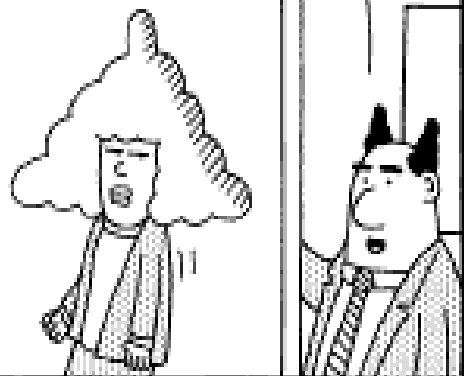
Housing Finance Agency



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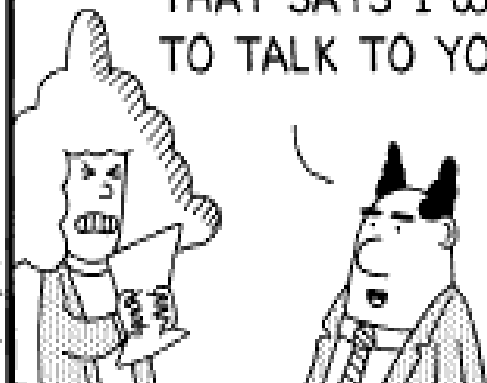
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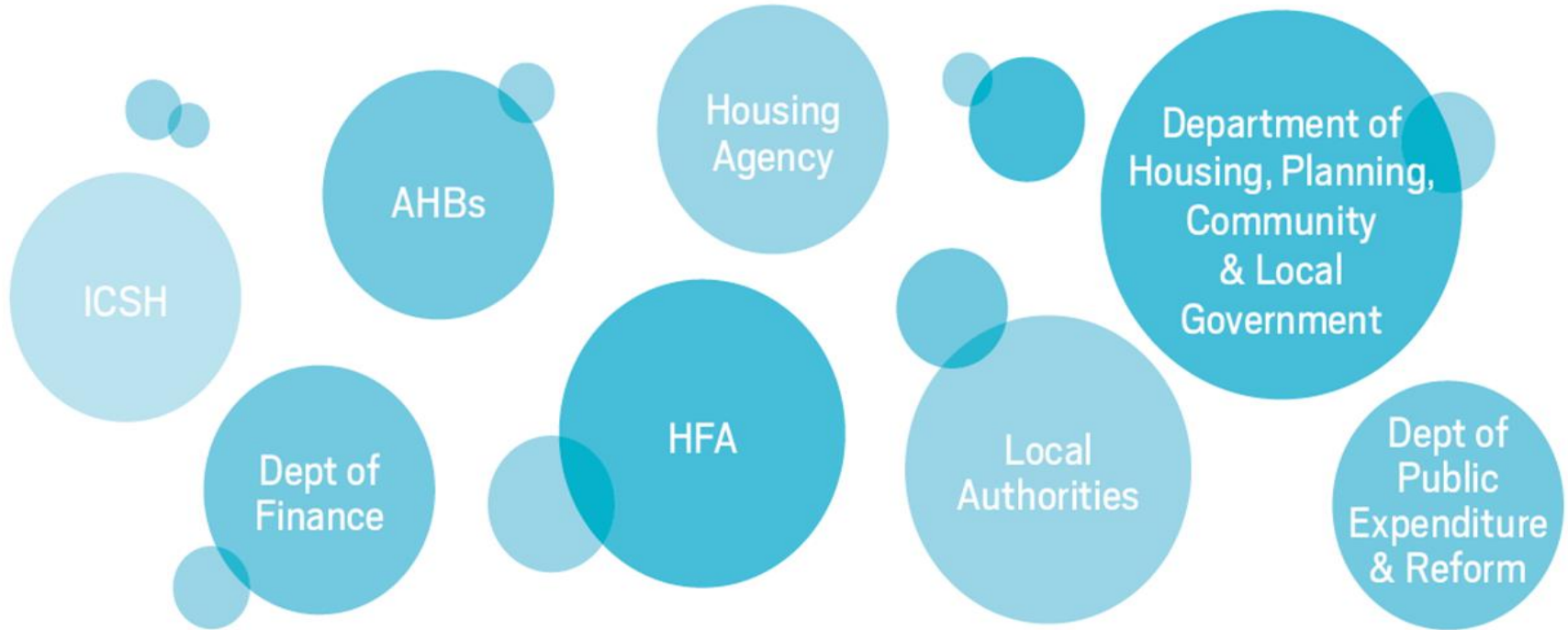


HFA

- Established 1982
- Balance Sheet €3.8bn
- Lenders to Approved Housing Bodies, Local Authorities and Universities
- 18 AHBs Certified Bodies
- 4 AHBs utilised Tier 2 product



HFA | External Relationships



AHB lending | Three Tier Process

Certified Body Status

- Financial Statements
- Corporate Governance
- Corporate Plan
- Financial & Development plans



Loan Applications

- Availability Agreement
- Project Cashflow
- Valuation report
- Security



Annual Review

- Revisit criteria for Certified Body status

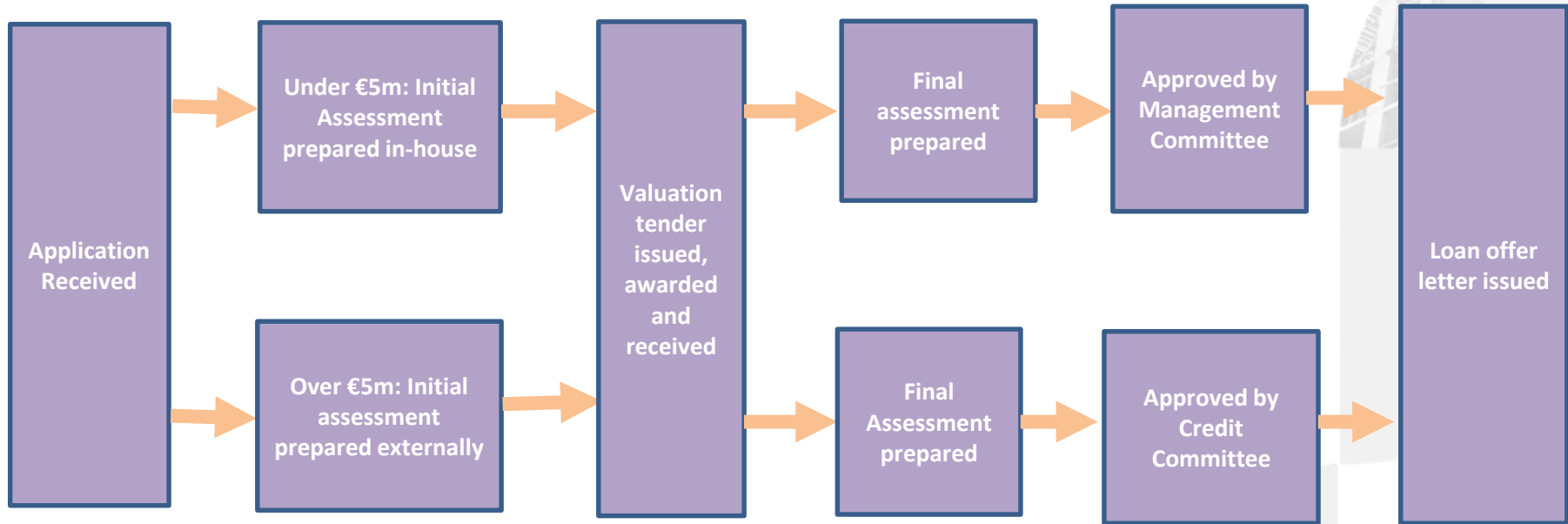


AHB lending | Certified Body/Annual review challenges

- Management accounts incomplete
- Late Financial Reports
- Updating of Financial and Business plans
- Lack of KPI's
- Monitoring of the organisations goals against business plan
- No uniform approach to financial statements
- Potential changes in Financial standards to Lease arrangements
- Cost of implementing change for small AHBs with limited resources



AHB Credit Process | Project approvals



Loans approved within 2-3 weeks (17 Days)

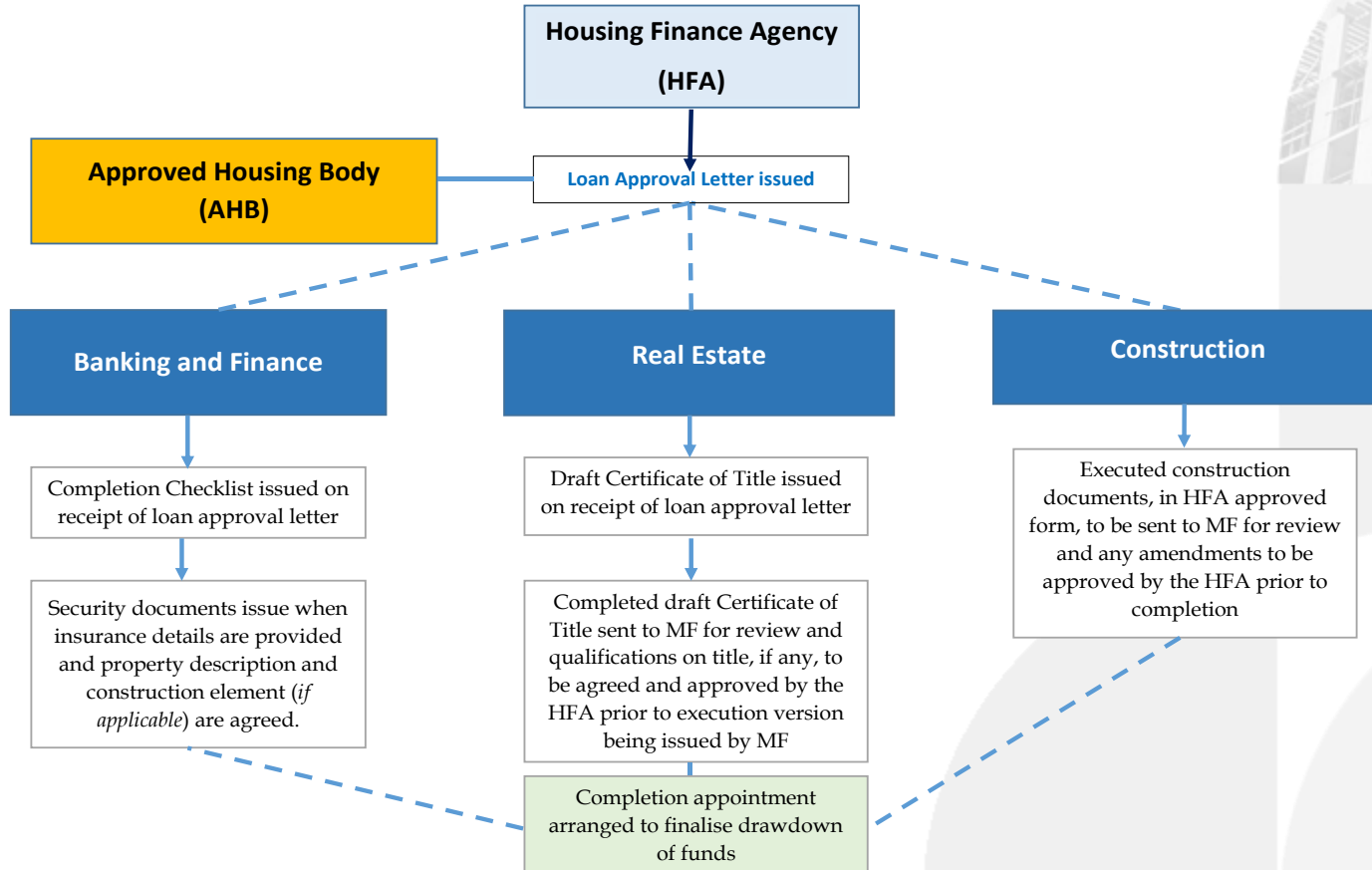


AHB Credit Process | Key measures

- Loan to value (EUV)
- Internal rate of return
- Debt service cover
- Open Market Value of land (New Builds)
- Open Market value of units on completion (New Builds)
- Stress testing



AHB Legal Process



AHB Legal Process | Collateral Warranties

When are collateral warranties required?

- development finance (where the AHB engages a developer or where the AHB engages the contractor and design team directly). Step in rights are required
- acquisition of new builds (whether HFA funding is provided before or after completion of the works). If post completion, step in rights are not required
- units acquired pursuant to Part V of the Planning and Development Act 2000



AHB Legal Process | Collateral Warranties

Collateral warranties are a HFA requirement because:

- contractual relationship between key members of the construction and design teams
- collateral warranties cover a broader spectrum of losses than what individual purchasers receive
- step-in rights (if providing finance during the development phase)
- in the event of a sale, the assignability of warranties will help the marketability of the development



AHB Legal Process | Professional Indemnity Insurance (“PI”)

HFA Loan	Minimum PI
Less than €5 million	€1.5 - €5 million
€5 – 10 million	€5 million
>10 million	€6.5 million



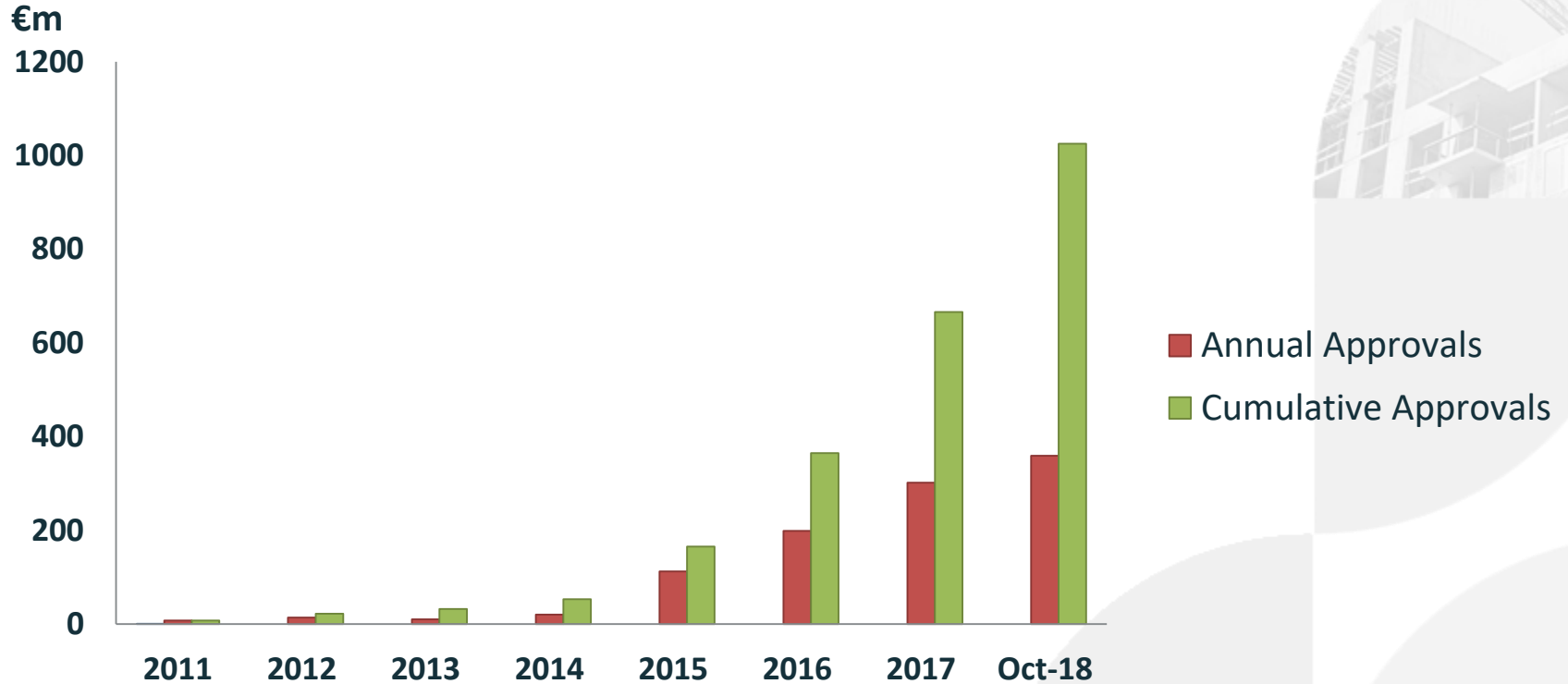
Business Trends | Statistics table

12 month activity to:	October 2018	October 17
Certified AHBs	18	17
Loans approved	€428m	€259m
Schemes approved	148	111
Loans advanced	€224m	€169m
Schemes advanced	112	104
New homes - completed	1,252	1,140
Estimated number of new residents*	3,443	3,135

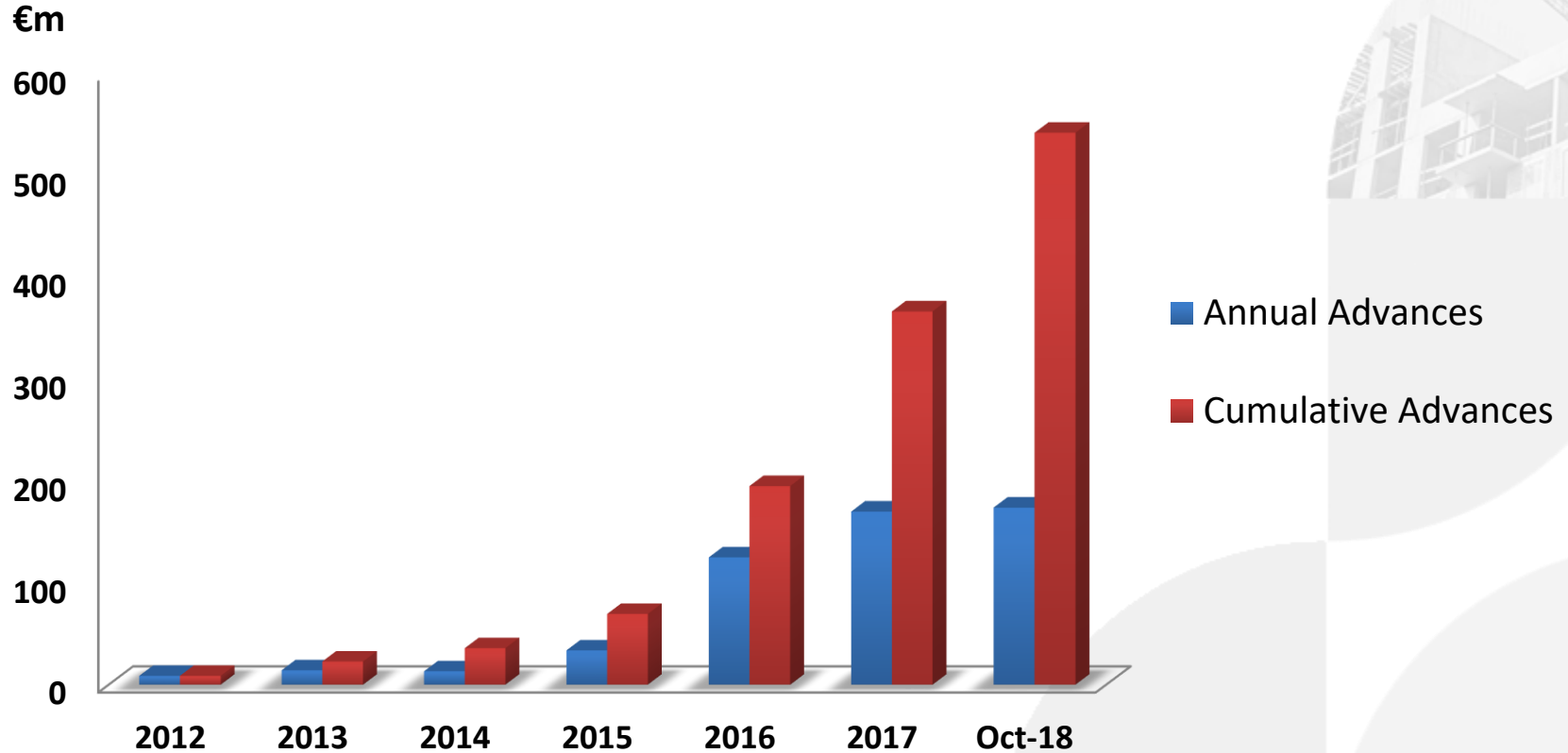
*Assuming 2.75 average (source census 2016, Household and Families)



Business Trends | AHB Loans approved



Business Trends | AHB Loan Advances



Conclusion

Complex Process – Application to Drawdown

Rapid growth suggests process largely working

Year end completion challenges

- lots of lists, few documents
- early provision of documents higher chance of completion
- correctly completed CoT's, construction/security documents, to be prioritised
- the larger the deal the better

Working constructively together is far more productive than adversarial approach

