



**National Asset
Management Agency**

National Housing Supply Conference

11th September 2014 – CEO NAMA

www.nama.ie

NAMA – Achieving The Best Return For Tax Payer

- NAMA's primary objective is to **REDEEM ALL OF ITS DEBT** and, to the greatest possible extent, generate a surplus for taxpayers by the time it completes its work
- **Making a wider contribution**
 - ✓ **CONTRIBUTING TO RECOVERY IN THE PROPERTY MARKET**
 - ✓ **DELIVERING SIGNIFICANT INVESTMENT IN THE IRISH ECONOMY**
 - ✓ **DIRECTLY SUPPORTING 15,000 JOBS IN IRELAND IN TRADING BUSINESSES**
 - ✓ **SUPPORTING SMALL AND MEDIUM BUSINESSES IN THE RETAIL SECTOR**
 - ✓ **WORKING WITH OTHER PUBLIC BODIES TO RELEASE LAND AND PROPERTIES FOR PUBLIC USE**
 - ✓ **WORKING WITH IDA TO FACILITATE SUPPLY OF PROPERTIES FOR INWARD INVESTMENT**

NAMA's Development Funding Role

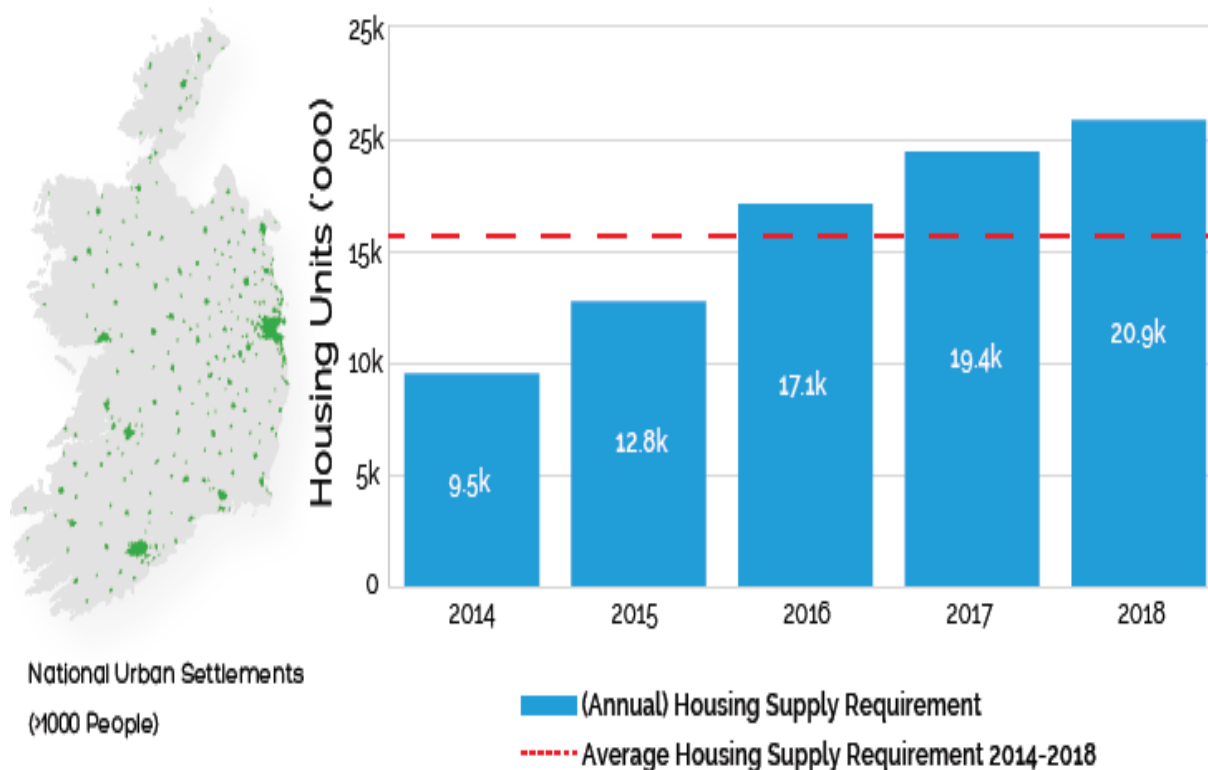
- Nothing in NAMA Act or NAMA's purposes in relation to the provision of housing supply. It was never in NAMA's remit to control or influence housing supply.
- However, a key element in NAMA's strategic planning, by reference to the objective of repaying its debt, is recognition of the need to invest in assets to make them more commercially attractive to purchasers and **THEREBY ENHANCE THEIR ULTIMATE DISPOSAL VALUE**
- **NAMA IS NOT A DEVELOPER – NAMA does not own properties either!**
- **NAMA FACILITATES DEVELOPMENT THROUGH FUNDING** debtor and Receiver projects where they are shown to be commercially viable

Funding Priorities

- In addition to **€1BN** already advanced in Ireland, NAMA could make a further **€3BN available for investment in GRADE A OFFICE SPACE** and for residential units
- **CONSTRUCTION 2020:**
 - ✓ 'NAMA will facilitate the construction of up to 4,500 new houses and apartments in Dublin over the period to 2016'
 - ✓ 'NAMA has identified the potential for ... up to 25,000 residential units'
- NAMA's funding role reaffirmed by Minister for Finance in **SECTION 227 NAMA REVIEW:**
 - ✓ NAMA has agreed, in the context of its targets, that it will protect its ability to ensure the timely and coherent delivery of key Grade A office space within the Dublin Docklands SDZ and Dublin's Central Business District and to maximise the delivery of residential housing units in areas of most need

Housing Demand – Housing Agency

- Housing Agency has identified a requirement for **79,700 NEW HOMES** between 2014 to 2018, equating to an annual average of **15,940 HOMES**
- **38,000** of these new homes will be needed in Dublin



Housing Demand – ESRI

- ESRI has identified a requirement for **90,000 NEW HOMES** nationally over the next 7 years
- **54,000** of these new homes will be needed in Dublin

	ESRI Projected Demand	ESRI Projected Demand
Year	Nationally	Dublin
2014	12,857	7,714
2015	12,857	7,714
2016	12,857	7,714
2017	12,857	7,714
2018	12,857	7,714
2019	12,857	7,714
2020	12,857	7,714

Current Housing Output – Well Below By Any Measure of Demand

- Just over **5,824 NEW HOMES** delivered in first 7 months of 2014 (**1,693** in Dublin)

Year	Nationally	Dublin
2014 (first 7 months)	5,824	1,693
2013	8,301	1,360
2012	8,488	1,266
2011	14,602	1,571
2010	14,602	2,240

Bridging The Gap Between Demand And Supply

- NAMA is only one part of the solution but has a **VERY SIGNIFICANT ROLE TO PLAY** – sites controlled by NAMA debtors/Receivers could deliver 40% of demand in Dublin identified by ESRI
- **NAMA HAS ADOPTED A TIERED APPROACH** to debtor and Receiver housing sites; all sites have been reviewed and categorised into Tier 1, 2 or 3, depending on the extent to which they are ‘shovel-ready’.
- These new homes will be delivered through NAMA funding by NAMA debtors and Receivers or through Joint Ventures on NAMA-secured sites.
- The projects have been carefully assessed for viability and have been/are being carefully managed through the **planning system – collaboratively**.
- Involves **INTENSIVE PROJECT MANAGEMENT** by NAMA from addressing legal/title issues through to feasibility analysis, design, planning, procurement, construction and disposal
- NAMA has skilled personnel to deliver

Tier 1 – 4,500 New NAMA Funded Homes By 2016 In Greater Dublin Area

- NAMA is committed to facilitating and funding the delivery of **4,500 NEW HOUSES** and apartments across **62 'Tier 1' sites** – 25% of 2015/2016 requirement - to meet demand in the Greater Dublin area in the three years to end-2016
- The residential properties will be delivered on a phased basis to end 2016:
 - ✓ Cumulative Delivery – **32 NEW UNITS A WEEK IN 2015 AND 2016 – Over 2,000 currently under construction**

2014	1,000
2015	2,500
2016	4,500

Examples Of Projects Already Commenced In The Dublin Area

MILLERS GLEN



1,000 Residential Units Are Ready To Commence In Dublin – NAMA Has Ensured That Appropriate Planning Is In Place

Skerries	101 units	Blackrock	23 units
Malahide	74 units	Baldoyle	205 units
Diswellstown	119 units	Ashtown	220 units
Anglesea Road	25 units	Clontarf	17 units
Sandymount	25 units	Dundrum	33 units
Churchtown	78 units	Stillorgan	52 units

Diswellstown (Castleknock) – 119 New Homes Across 3 Phases

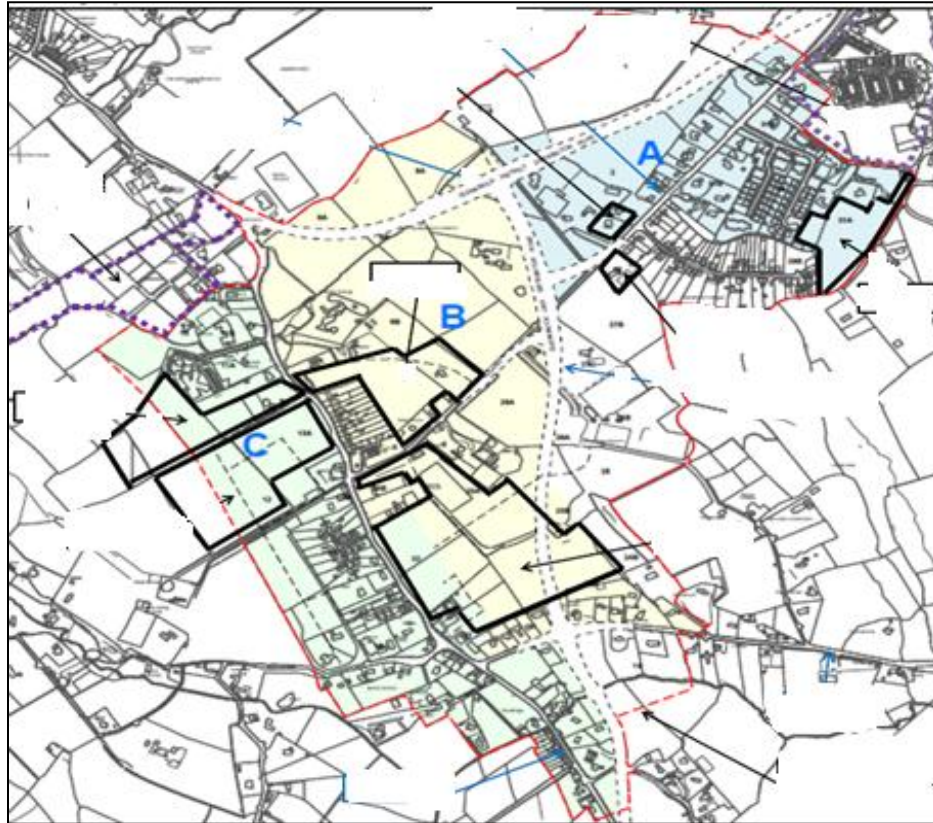


Delivery Of Residential Units Beyond 2016

- In addition to the 4,500 residential units that NAMA has committed to delivering by end-2016, sites under the control of NAMA debtors and receivers have capacity to deliver some **18,000 ADDITIONAL RESIDENTIAL UNITS** in the period after 2016 (Tier 2 sites) if planning can be achieved
- NAMA is currently focused on doing all that is necessary to bring these Tier 2 sites to a **'shovel-ready'** state. That includes assessing commercial viability and facilitating debtors and receivers in the preparation and submission of planning applications
- **In relation to the Tier 2 sites, it is likely that NAMA will fund development of some of them; in others, the optimal commercial outcome will be for NAMA to agree to sale or refinancing once planning is achieved.**
- In addition, NAMA has an **EXPOSURE TO A FURTHER 200 HECTARES OF RESIDENTIAL DEVELOPMENT LAND** on 'Tier 3' sites. However, many of these sites currently face significant planning and/or infrastructure challenges and planning may not be achievable/economically viable even over a medium-term horizon – we need Local Authority help with these

Geographical Clusters – Makes Sense

- NAMA examines delivery on a geographical cluster basis across multiple debtors
- This facilitates the identification of **ZONING, PERMISSIONS, PHASING, DENSITY, INFRASTRUCTURE AND MARKET DEMAND**



Geographical Clusters - Dublin

- Cluster **EXAMINATIONS HAVE ALREADY BEEN COMPLETED** by NAMA in respect of:

Malahide	Stepaside
Swords	Ballycullen/Knocklyon
Baldoyle/Clongriffin	Dun Laoghaire
Castleknock/Clonsilla	
Pelletstown/Ashtown	

- Cluster **EXAMINATIONS ARE UNDERWAY** by NAMA in respect of:

North Blanchardstown
Shankill/North Bray
Donabate/Lusk

Geographical Clusters - Dublin Commuter Belt

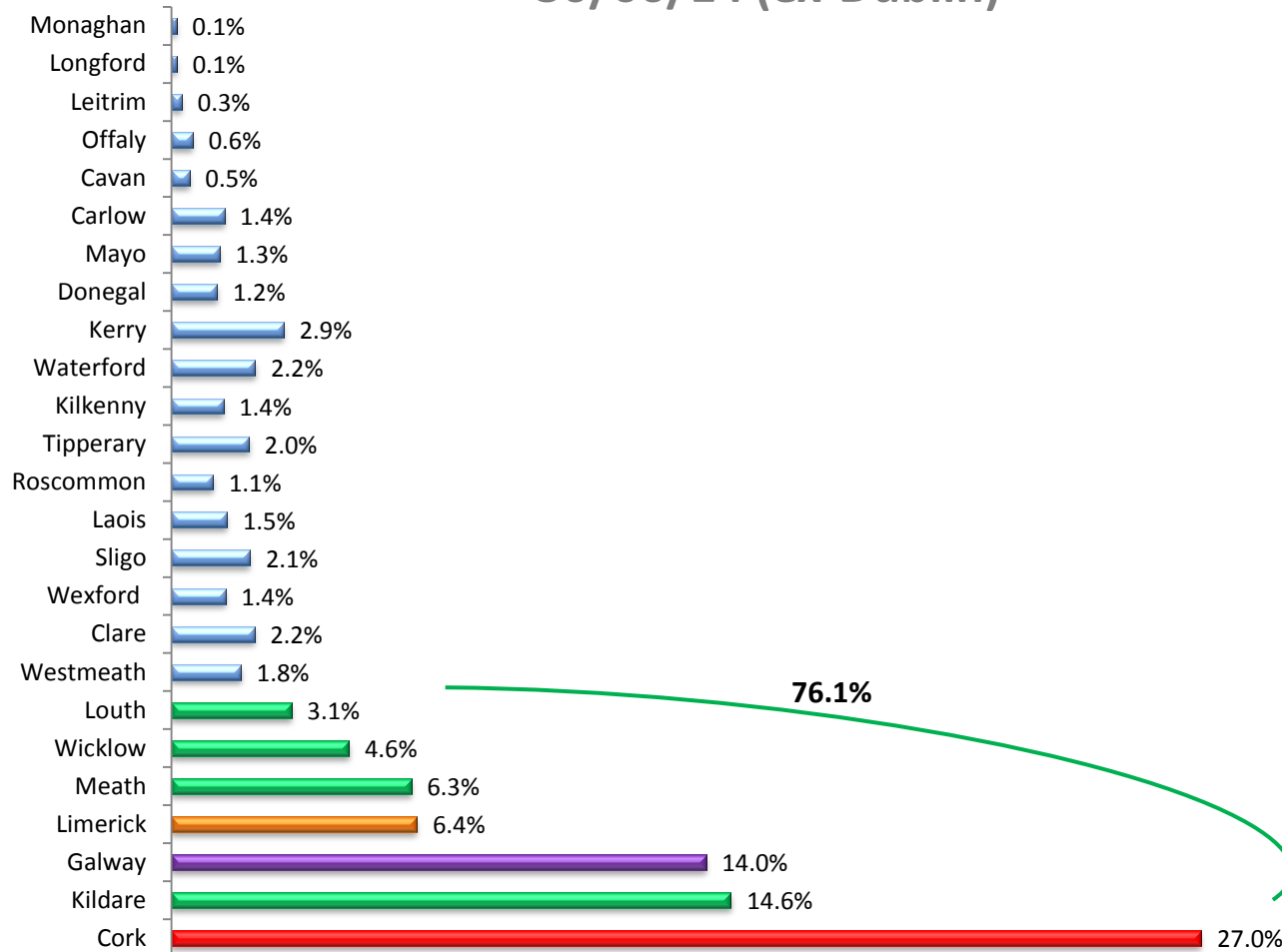
- NAMA has also completed an examination of potential delivery in the **DUBLIN COMMUTER BELT** - Wicklow, Kildare, Meath and Louth
- **14 SITES IN THESE COUNTIES FALL INTO THE TIER 1 SHOVEL READY CATEGORY**
- projects due to commence include:

Naas	191
Dunshaughlin	151
Kilternan	56

- Majority of sites in Dublin Commuter belt fall into **TIER 2 AND TIER 3 CATEGORIES** – this requires more input by NAMA and Local Authorities to find mutually acceptable solutions

NAMA Contributing To Revival Of Property Market Across Ireland – Urban Centric Portfolio – Only 24% Regional ROI

NAMA & PI Managed portfolio - ROI County Breakdown 30/06/14 (ex-Dublin)



Other Urban Areas

- 94% of NAMA sites are in Dublin, Greater Dublin Area, Cork, Limerick and Galway
- Similar examination of delivery potential outside of Dublin\Commuter belt is underway by NAMA
- Initial focus on **CORK, LIMERICK AND GALWAY MARKETS** and other large urban centres in which NAMA sites are predominantly located

LEARGAN, GALWAY



CARRIGALINE, CORK



NAMA Can Play Its Part And Deliver

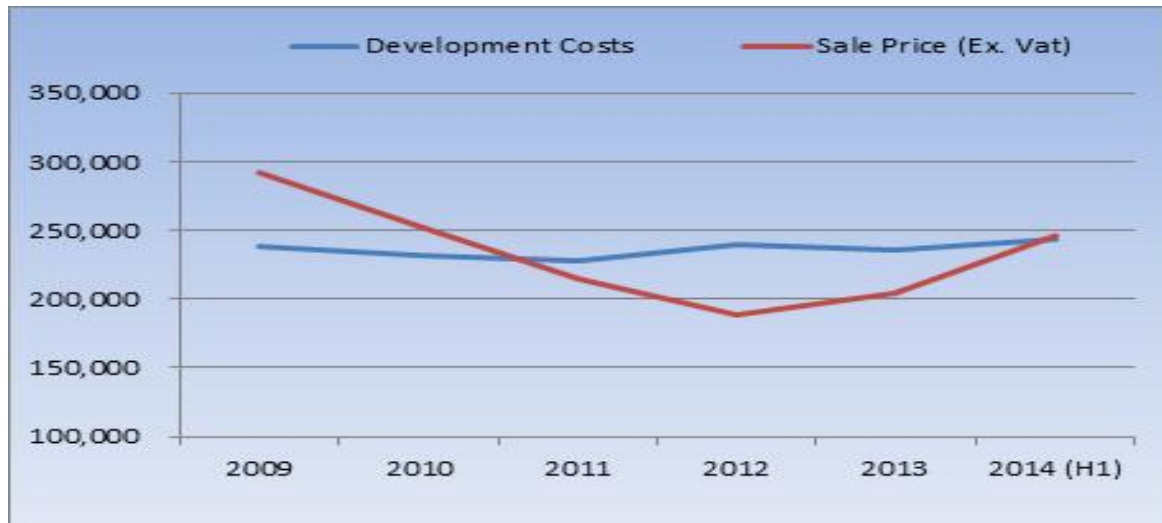
- ✓ Land controlled by its debtors and receivers
- ✓ Funding of build out
- ✓ Professional and qualified staff – comprising finance, planning, development (surveyors, engineers, architects) and legal specialists
- ✓ Dedicated Asset Management Division with experienced in house professional planners and Residential Delivery Team
- ✓ Proper professional engagement with Department of Environment, Local Authorities and other State Bodies (e.g. Irish Water)
- ✓ **As a public entity, NAMA is committed to ensuring the earliest possible delivery of housing but residential projects must be commercially viable**

How NAMA Hopes Planning Authorities Will Respond

- **Adequate RESOURCING** within planning authorities to support the mandate on housing delivery as expeditiously as possible as set out in Construction 2020
- **EARLY AND PRODUCTIVE PRE-PLANNING ENGAGEMENT** – clarity and certainty prior to the lodgment of planning applications. Call NAMA anytime!
- **FLEXIBILITY** around early phase densities in new larger-scale developments – focus on kick-starting development on larger sites subject to the achievement of higher densities in later phases (Construction 2020)
- **PARTNERSHIP APPROACH** to overcoming barriers to development, including finding sensible solutions to local infrastructure constraints
- Focus on **COMMERCIAL VIABILITY** – don't request something of NAMA that other funders would not provide

Commercially Viable? Why Didn't NAMA Build To Lose Taxpayers' Money In 2010/11/12/13?

- Commercial **VIABILITY REMAINS MARGINAL** on a lot of residential developments even in Dublin



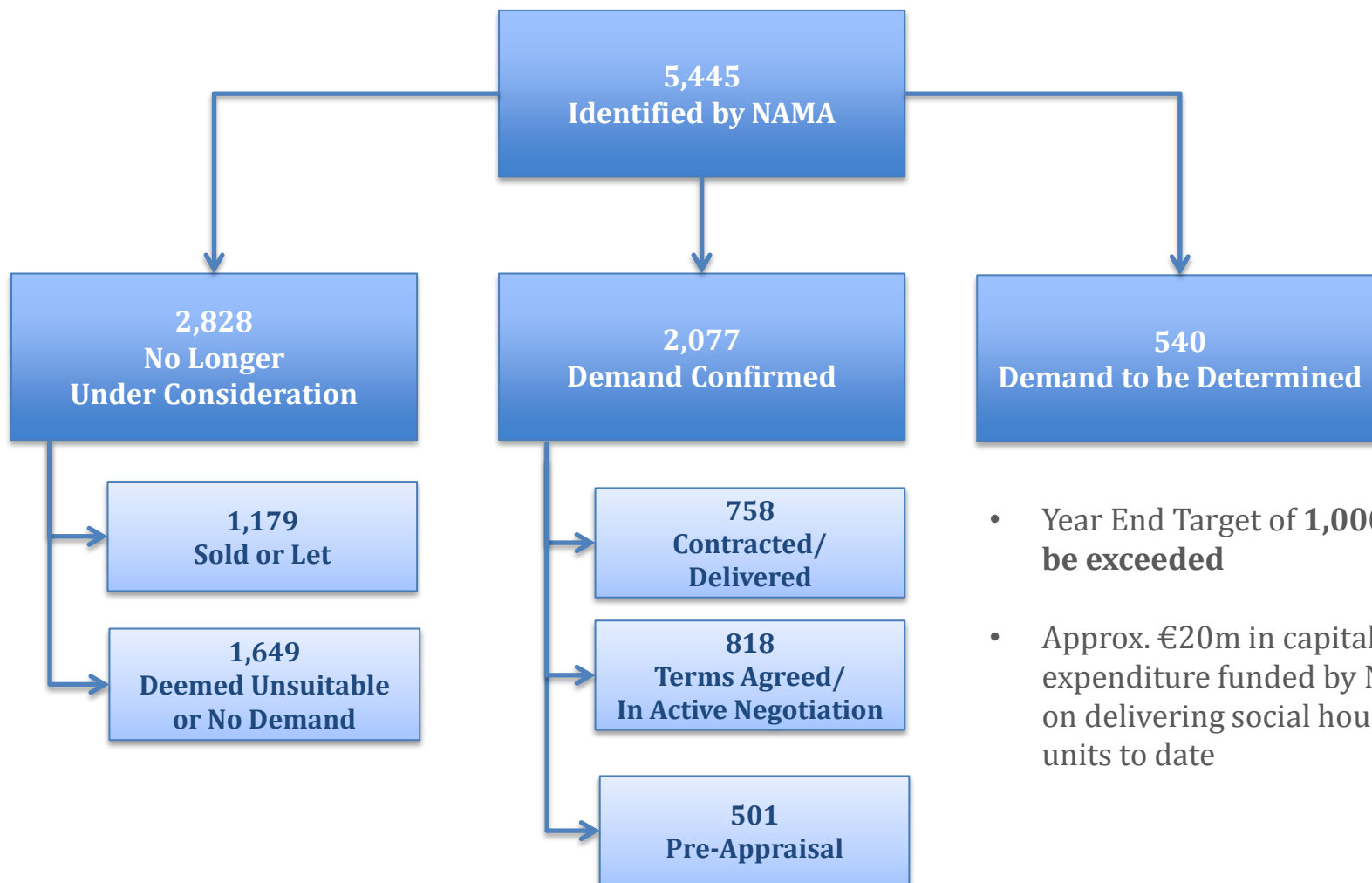
Development feasibility study – based on 3-bed semi-detached house in North Dublin and assumed profit on costs 15%

- No commercial justification for development over the period 2010-2013 – any development would have been regarded as commercially speculative. NAMA's commercial mandate precluded it from speculating on higher house prices at a time when prices were declining rapidly. House prices still 43% below peak. However, ground work done during this period has positioned NAMA to deliver
- AS VIABILITY OF HOUSING BUILDING INCREASES, INVESTORS WILL FOLLOW**

Provision Of Local Infrastructure

- NAMA can facilitate development through funding the provision of necessary **INFRASTRUCTURE** - **Local Authorities should engage with NAMA Planning team**
- In areas where NAMA has an interest in a number of sites, it makes sense for us to provide funding upfront for infrastructure if the alternative is that projects would otherwise be unnecessarily delayed.
- Examples where NAMA have assisted:
 - ✓ Funding to **FINGAL COUNTY COUNCIL** for the development of an N2-N3 link road in north county Dublin to facilitate development of adjoining lands
 - ✓ NAMA Board approval to fund one of two pedestrian bridges identified in the Dublin Docklands **SDZ PLANNING SCHEME**
 - ✓ Everything NAMA does has a euro-for-euro cost implication for the taxpayer, just as it does with local authorities and other state agencies. Any proposal must prove that it can directly benefit existing NAMA security **AND** that NAMA funding will be repaid – just as local authorities get repaid through development levies

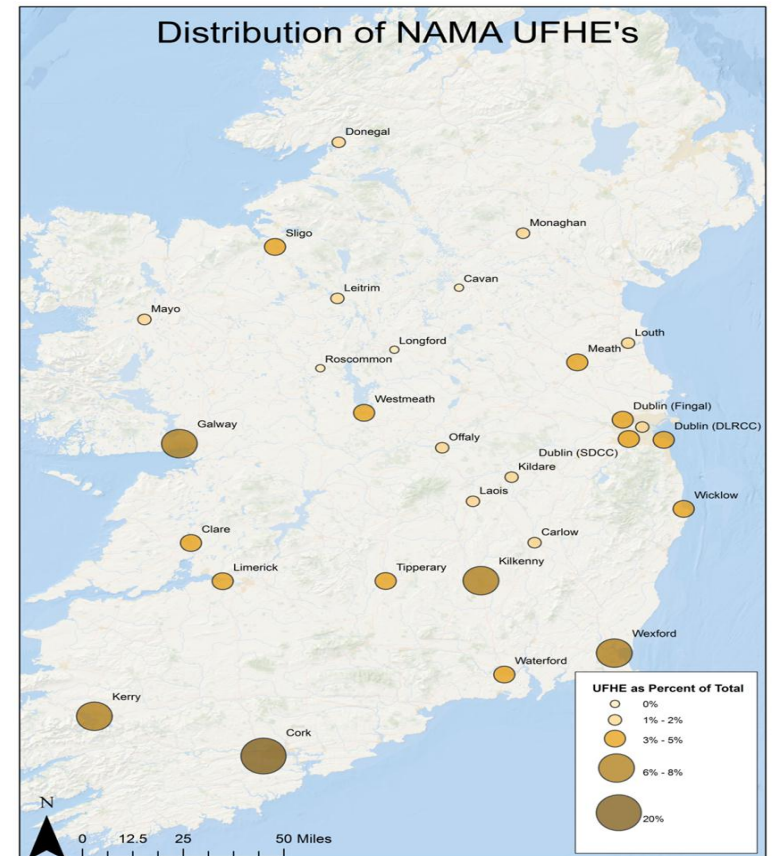
Social Housing Delivery – Almost 5,500 Units Offered By NAMA To Date



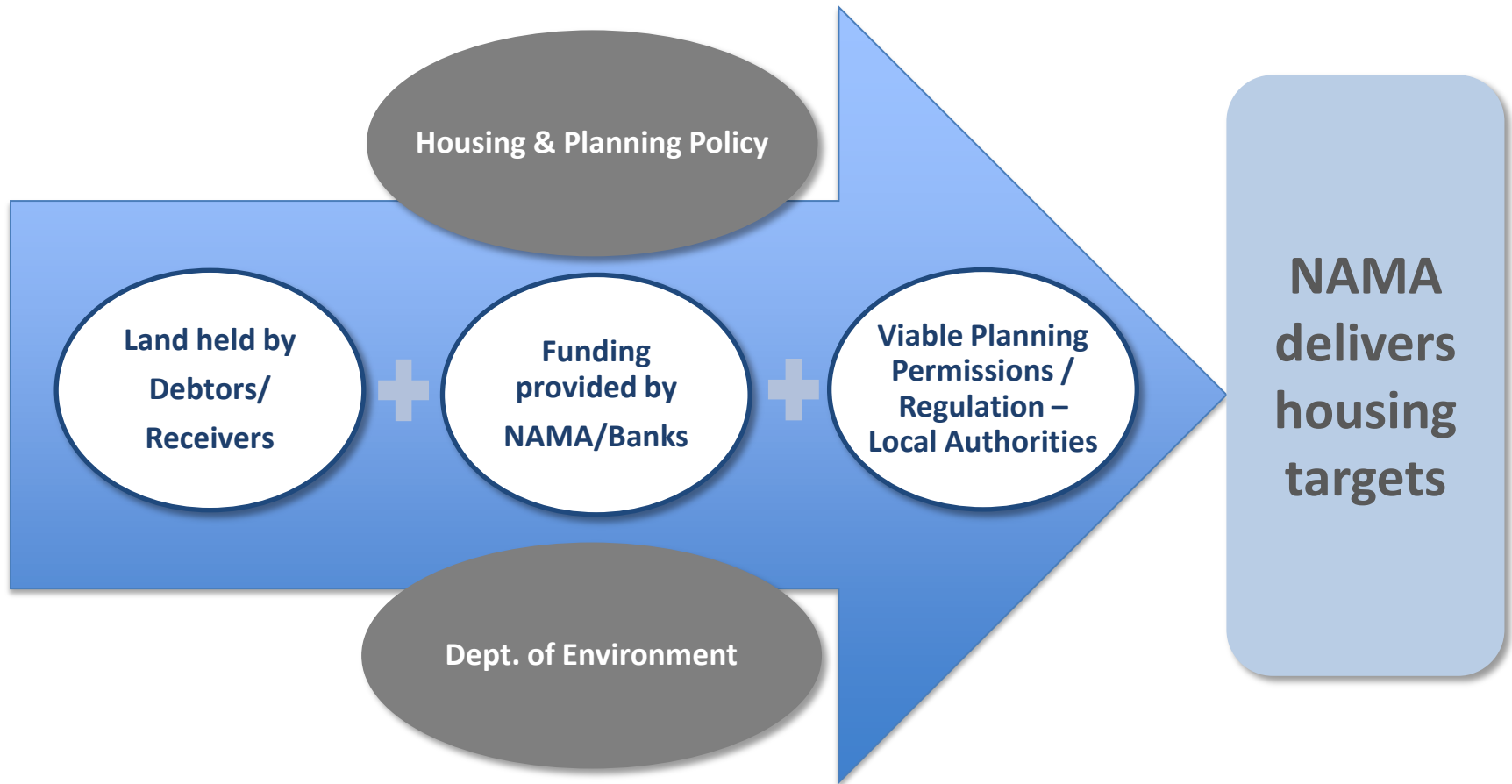
- Year End Target of **1,000** will be exceeded
- Approx. €20m in capital expenditure funded by NAMA on delivering social housing units to date

Unfinished Housing Estates – NAMA Is Proactive

- ✓ Based on DECLG survey, NAMA holds security over 217 or 17% of the revised estimate of 1,258 unfinished estates nationally (largest remaining are Cork 43, Galway 18, Kerry 14, Kilkenny 13, Limerick 10, Tipperary 10 and Wexford 14)
- ✓ NAMA is funding the cost of remedial work on these estates.
- ✓ Expenditure to date of €5M
- ✓ Emphasis on **SITE RESOLUTION PLAN** process in partnership with local authorities



Delivering Targets – NAMA Can't Do It Alone – DoE (Policy), Local Authorities (Implementation), Banks (Development Finance\Mortgages) - Full Participation Needed





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