

NAMA

Oireachtas Committee on Housing and Homelessness

12th May 2016



NAMA - Overview



NAMA acquired loans, the debtors own the properties



NAMA's relationship to property is the same as AIB or BOI as secured lender



The management and sale of properties is carried out by owners or receivers

MANDATE

NAMA has a clear
commercial mandate

Section 10 of the Act requires NAMA to

Obtain the best
achievable
financial return
for the State

Deal
expeditiously
with assets
acquired by it

Protect or otherwise
enhance the value of
those assets

NAMA - Overview



Acquired land and development and related property loans in 2010 and 2011



Did not acquire residential mortgages (owner-occupier or buy-to-let)



Collateral included approximately 14,000 completed residential property units in Ireland (less than 1% of the estimated 2m houses and apartments in Ireland)

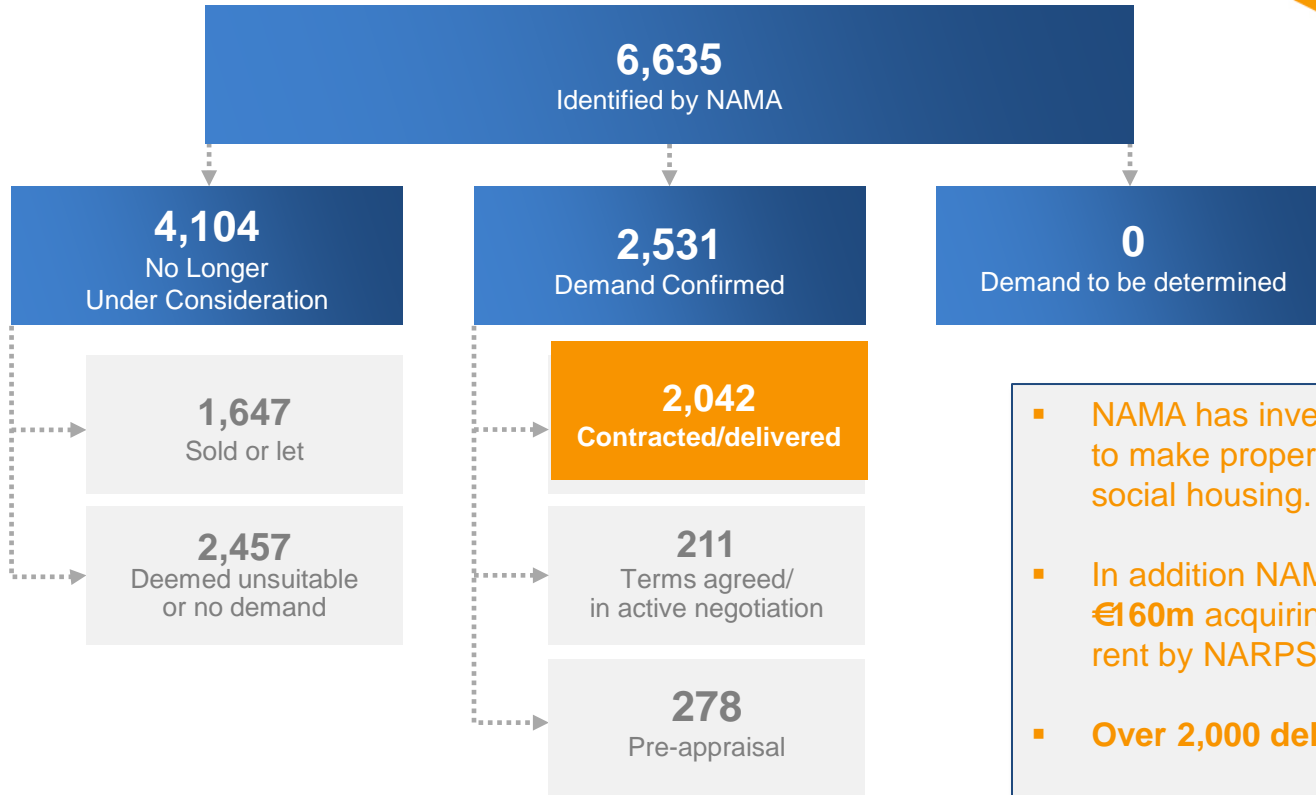


50% of these units were tenanted or quickly became tenanted after NAMA acquired the loans



The rest were offered for social housing

Social Housing Delivery



- NAMA has invested over **€100m** to make properties ready for social housing.
- In addition NAMA has spent **€160m** acquiring properties to rent by NARPS to AHBs.
- **Over 2,000 delivered to date.**
- Approx. **5,700 in total** delivered under Part V in 2002-2011.

**Offered all vacant
houses and
apartments within
original NAMA
portfolio**

**NAMA has no control
over the take-up of
properties**

**Social Housing
Delivery
Key NAMA facts**

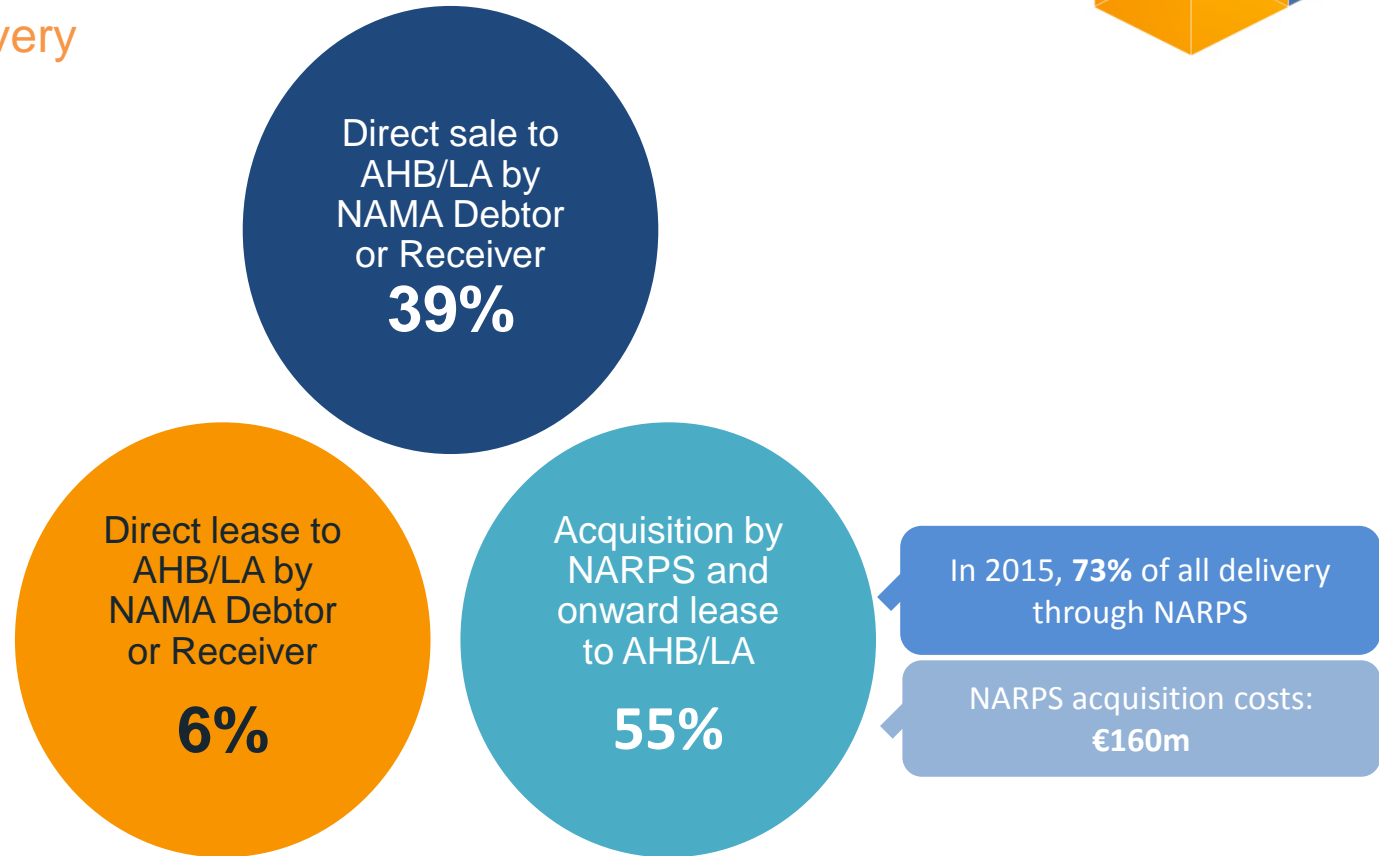
**NAMA makes
whatever funding is
needed to make
housing habitable**

**Where no demand
- properties are
made available for
families/individuals
in the private
residential sales or
rental market**

**NAMA agreed a long-
term successful
leasing model with
standardised lease**

Social Housing

Methods of Delivery



Social Housing Delivery - By Local Authority Area

	Identified by NAMA	Demand Confirmed	Delivered
Carlow Co. Co.	225	150	138
Cavan Co. Co.	49	1	0
Clare Co. Co.	233	66	32
Cork City	500	187	132
Cork Co. Co.	790	309	285
Dublin City	828	391	377
Dún Laoghaire-Rathdown Co. Co.	332	143	112
Fingal Co. Co.	279	114	105
Galway City	203	202	196
Galway Co. Co.	135	39	32
Kerry Co. Co.	219	69	42
Kildare Co. Co.	298	122	113
Kilkenny Co. Co.	183	63	55
Meath Co. Co.	235	63	38
Offaly Co. Co.	79	32	30
Roscommon Co. Co.	136	10	0
South Dublin Co. Co.	591	131	123
Waterford Co. Co.	103	51	51
Wicklow Co. Co.	36	7	7
Westmeath Co. Co.	108	22	20
Donegal Co. Co.	118	32	5
Monaghan Co. Co.	42	39	0
Leitrim Co. Co.	35	0	0
Laois Co. Co.	98	1	0
Mayo Co. Co.	75	31	0
Longford Co. Co.	31	0	0
Tipperary Co. Co.	161	13	0
Sligo Co. Co.	111	29	4
Wexford Co. Co.	225	132	102
Limerick City and County Council	147	55	16
Louth County Council	30	27	27
Grand Total	6,635	2,531	2,042

Social Housing Delivery - County Breakdown

County	Delivered
Dublin	717
Rest of Ireland:	
Carlow	83
Clare	32
Cork	417
Donegal	5
Galway	228
Kerry	42
Kildare	113
Kilkenny	55
Limerick	16
Louth	27
Meath	38
Offaly	85
Sligo	4
Waterford	51
Westmeath	20
Wexford	102
Wicklow	7
Sub-Total	1,325
TOTAL	2,042

NAMA's Social Housing Programme

Examples of properties delivered for social housing



The Mills, Lismore, Co. Waterford

Long term lease of 8 houses to Co-Operative Housing Ireland (formerly NABCO).



Tallaght Cross West, South Dublin

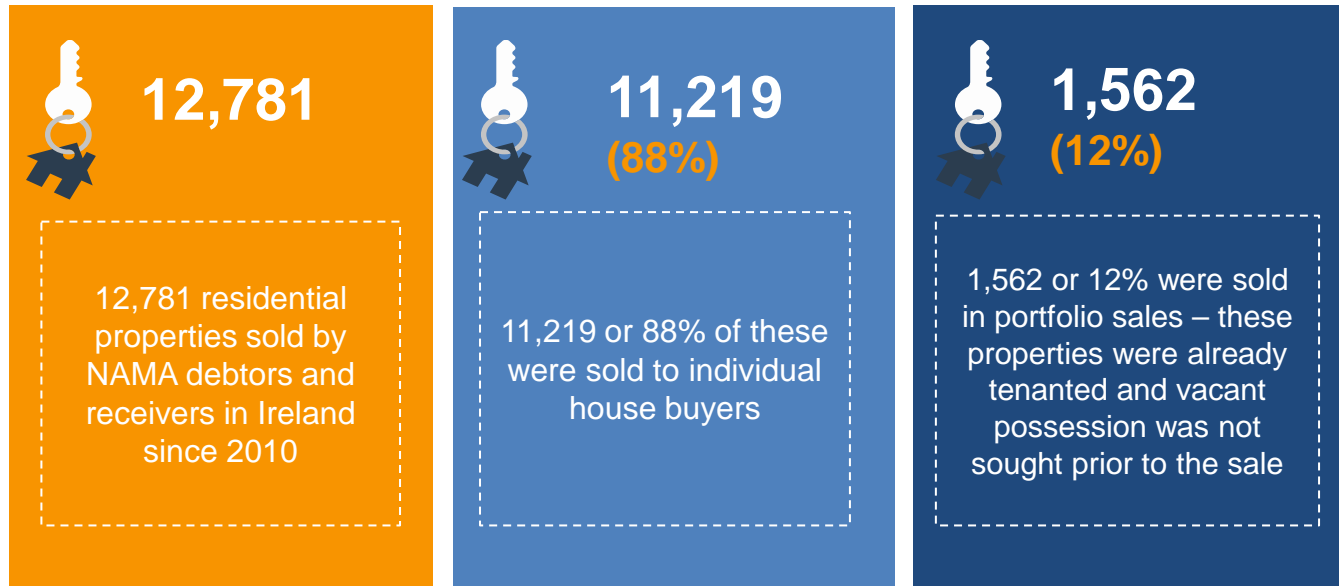
Long term lease of 65 apartments to Túath Housing.



Parkton Mews, Enniscorthy, Co. Wexford

Long term lease of 15 houses to Co-Operative Housing Ireland (formerly NABCO).

Sale of Residential Property



Sale of tenanted properties attract interest from investors seeking long-term rental streams, rather than seeking to sell the properties in the short-term, and therefore existing tenancy arrangements tend not to be impacted

Sale of Loans

- ✓ NAMA debtors/receivers do not seek vacant possession of residential property
- ✓ Prior to selling any loans linked to residential property, NAMA ensures that scope to use the properties for social housing has been exhausted
- ✓ NAMA also carves out loans secured by sites that can contribute to its 20,000 target
- ✓ **Ruby and Emerald portfolios:** NAMA carved out loans of 16 debtor connections from the proposed loan sale as it identified properties owned by these debtors that could be used to deliver additional residential supply on a commercial basis, funded by NAMA
- ✓ **Arrow:** NAMA decided to retain a number of loans secured by residential development sites and in cases where local authorities indicated that certain residential units were suitable for social housing, the loans concerned were also withdrawn from the sale

Sale of Loans

NAMA's Approach

425 properties were removed from the **Project Arrow loan sale** for onward leasing or direct sale to local authorities and approved social housing bodies.

Examples include:		
Barr na Claise, Chapel Hill, Innishannon, Cork	11	Cork County Council
Glanerought, Kenmare, Co. Kerry	7	Túath Housing
Rookery Road, Innisfallen, Killarney, Co Kerry	6	NABCO
Cluain Ros Leamhain, Ennis, Co Clare	8	NABCO
Gleann Cora, Newmarket on Fergus, Clare	6	Clare County Council
Ardán na Mara, Youghal, Co Cork	14	Cork County Council

Sale of Loans

NAMA's Approach

Example of other properties where work is currently underway:

**Lough na Glack,
Carrickmacross,
Co Monaghan**

38 NARPS units to be leased to North & East. Works to commence on site this month

**Fruithill Manor,
Carlow Town**

72 NARPS units to be leased to Co-Operative Housing Ireland. Works underway on site

**Aisling,
Shanvogh, Ennis,
Co Clare**

34 NARPS units. Works to commence on site August 2016

**The Paddocks,
Williamstown
Road, Waterford**

24 NARPS units to be leased to Oaklee Housing. Works complete with units to be handed over this summer

**Leas na Mara,
Ballymoneen
Road, Co. Galway**

50 NARPS units to be leased to Túath. Works complete with units to be handed over shortly

Sale of Loans

NAMA's Approach

Example of other properties removed from loan sales:

Project Arrow

- Lands with the potential to build **817** residential units were identified and removed
- An additional **106** houses and apartments which have been built, partially built, or not completed, were removed from the loan sale for completion and sale, or onward lease to social housing bodies

Project Abbey

- Lands with the potential to build **924** housing units were removed

Project Ruby & Emerald

- Lands with the potential to deliver **931** housing units have been removed for residential development purposes

Residential Development Land



Active strategy in place for every hectare of land within the portfolio



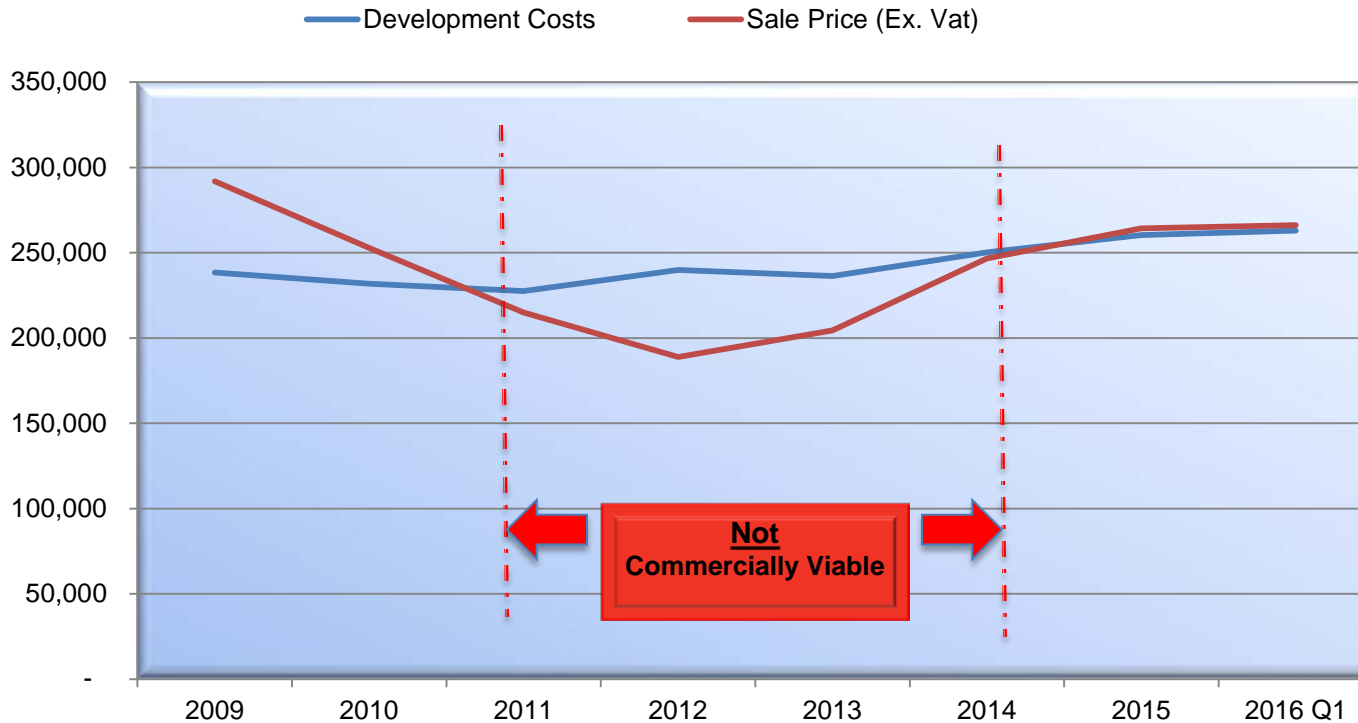
Estimated 1500 hectares required to deliver NAMA's 20,000 target



Wide-ranging barriers to the delivery of new housing on remaining land – most particularly commercial viability and infrastructure deficits

County	Sum of Area (Hectares)
Carlow	13
Clare	5
Cork	620
Donegal	4
Dublin	1,173
Galway	48
Kildare	204
Kilkenny	33
Laois	30
Leitrim	6
Limerick	115
Louth	13
Mayo	11
Meath	100
Monaghan	5
Offaly	12
Roscommon	5
Sligo	5
Waterford	57
Westmeath	77
Wexford	30
Wicklow	240
Grand Total	2,806

Commercially viability remains marginal - even in the Dublin area



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

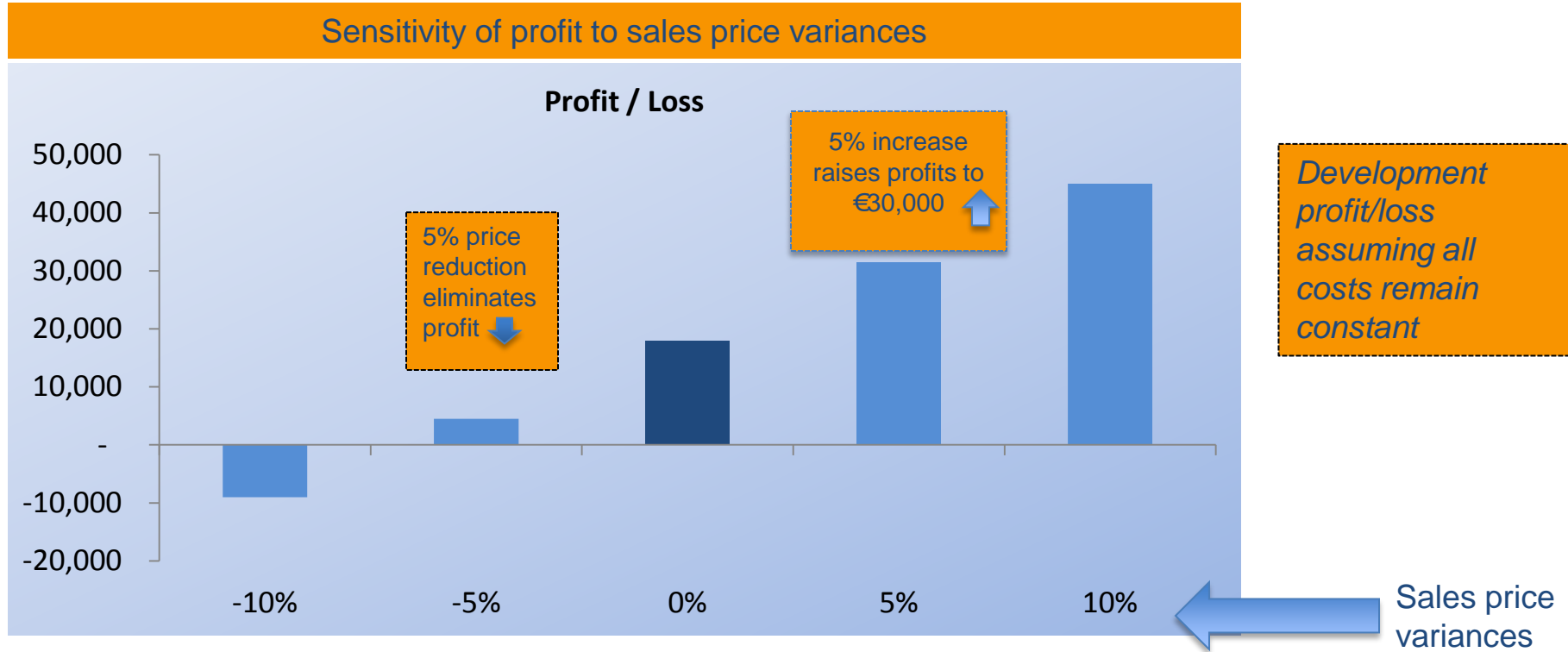
Development just becoming viable – in Dublin, Dublin commuter belt, Cork and Galway

Residential construction - Profitability 2010 – 2016 (based on CSO RPPI)



*Live example of
North County
Dublin project*

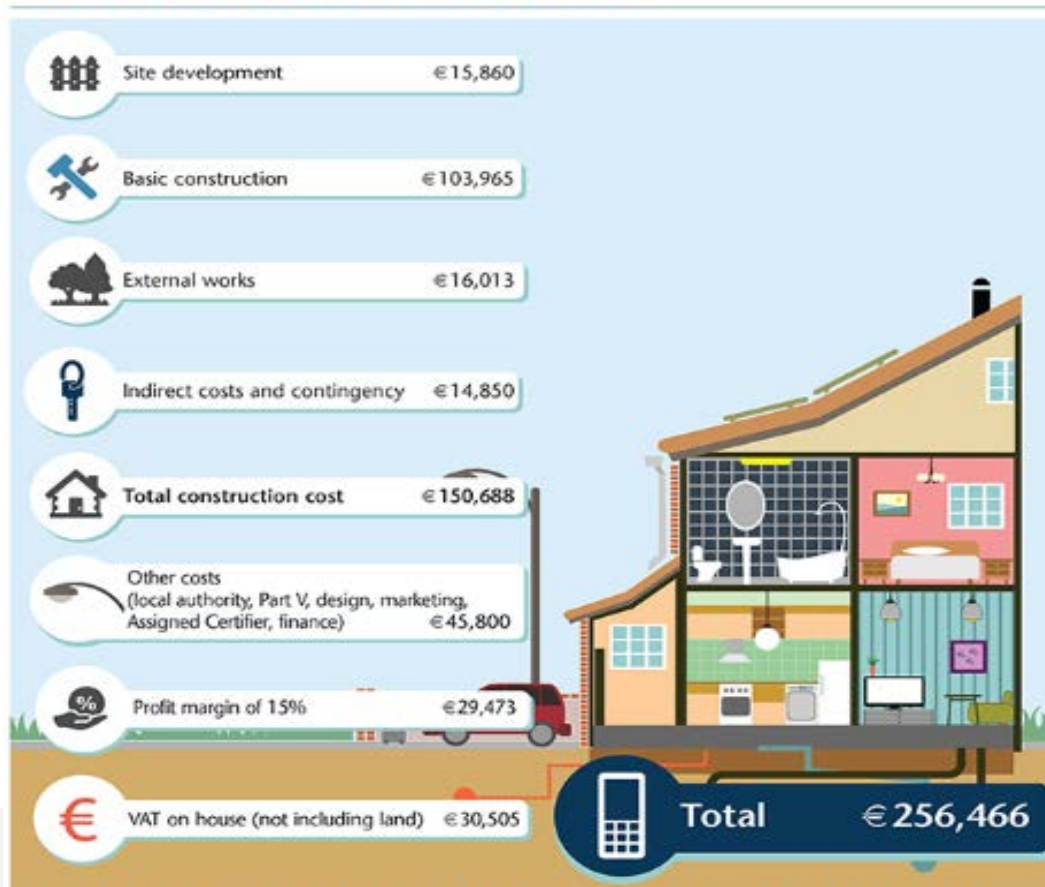
But viability remains marginal - in Dublin, Dublin commuter belt, Cork and Galway



Cost of Building a House

House costs (excluding land)

Three-bed, semi-detached home of 1,189 sq. ft



Infrastructure deficits holding back supply in key growth centres



Dublin Housing Supply and Co-Ordination Task Force (Jan 2015)

“The number of new homes [within the four Dublin local authorities] which are constrained by immediate strategic infrastructure deficits and for which planning permission for new homes is not possible until these deficits are addressed amounts to 48,490 homes. The total indicative costs of these immediate strategic infrastructure requirements, excluding public transport, amount to €164.2m comprised as follows:”

	Constrained Units	Estimated Cost Infrastructure (€million)
Fingal County Council	24,150	66.5
Dublin City Council	5,400	48
South Dublin County Council	1,940	4.7
Dùn-Laoghaire Rathdown County Council	17,000	45
Total	48,490	164.2

Infrastructure deficits holding back supply in key growth centres

Continued...

“Whilst recognising that it may be some time before the full extent of this funding is required in the context of existing cumulative development potential, initial investment of the order of €62.7m has been identified by the relevant local authorities as essential to initiate the process of relieving the most critical yet resolvable blockages.”

Fingal County Council	Dublin City Council	South Dublin County Council	Dùn Laoghaire-Rathdown County Council
Donabate 4,000	Poolbeg 2,400	Ballycullen/Oldcourt 1,600	Cherrywood 4,000
Baldoyle 1,000	North Fringe 1,000	Stepaside/Kilternan 2,500	Woodbrook/Shangaragh 1,000
Rush 1,350	Cherry Orchard 2,000	Newcastle 500	Old Conna 1,350
Lusk 1,350			
Swords 7,500			

NAMA's

Residential funding delivery programme – 93% in Greater Dublin Area

Delivery of **20,000** residential units by end-2020 subject to commercial viability

Focus on **starter homes**



78% of the units will be delivered in **Dublin**



15% in neighbouring counties (**Kildare, Wicklow and Meath**)



7% outside the Greater Dublin area



NAMA

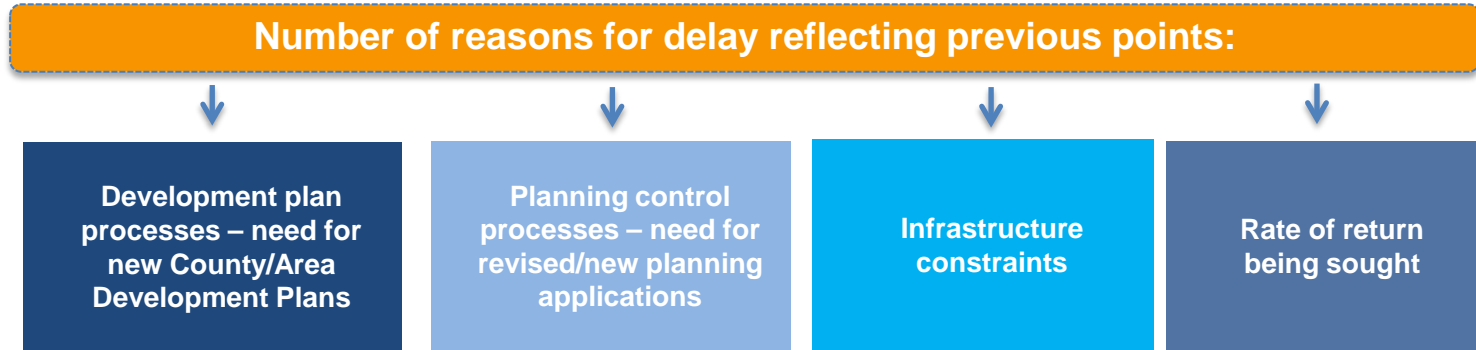
Progress on residential delivery

Units	Greater Dublin Area	Total Ireland (Including GDA)
Completed since early 2014	2,465 (58 projects)	2,768
Under construction	2,534 (34 projects)	3,096
Planning permission granted	4,296 (39 projects)	5,176
Planning applications lodged	3,760 (23 projects)	5,066
Planning applications to be lodged within 12 months	5,228 (36 projects)	6,627

NAMA

Land Sales since 2010

- Through debtor refinances, asset and loan sales, NAMA has facilitated the sale of sites since 2014 with a potential capacity to delivery up to 20,000 housing units
- However, just 1,100 (5%) of these have been built or are under construction





Summary

Social Housing

- NAMA made the **totality of vacant housing stock within its original acquired portfolio available** for social housing.
- NAMA has had no role in determining which of these units were taken up for social housing – that has been a matter for the statutory housing bodies.
- Where demand was confirmed NAMA invested significant sums of money to ensure that the properties were completed to the highest standards.
- Over 2,000 properties have been delivered for social housing through this initiative – this equates to more than one-third of 5,700 Part V social housing units delivered between 2002 and 2011 when over 550,000 new private houses were built in the State.

Residential Delivery

- NAMA is **funding new private residential supply** on a commercial basis in line with its legislative mandate to maximise the value of the assets securing its loans.
- This supply is in the areas of greatest need and is aimed at the starter home market.
- NAMA has established a dedicated Residential Delivery Team, comprising staff with specialist finance, development, legal and planning expertise, to support the Agency's residential delivery strategy.

Existing NAMA Commitments Unaffected

Subject to current market conditions prevailing



**By 2018
(at latest)**
All senior debt repaid



1st March 2020
Subordinated debt repaid



€2bn
Potential upper-range
terminal surplus

Summary



PROFITABLE

On target to deliver a **terminal surplus** of €2bn



DEBT REDEMPTION

On target to redeem all **senior debt by 2018** and the **subordinated debt by 2020**



Driving and funding RESIDENTIAL DELIVERY

Target of **20,000** residential units by 2020 on a commercial basis



Driving and funding COMMERCIAL DEVELOPMENT

Development of the **Docklands SDZ** area

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