

**Opening Statement by
Mr. Frank Daly, Chairman of NAMA, to the
Oireachtas Committee on Housing and Homelessness,
Thursday, 12th May 2016**

Thank you.

I am pleased to be here today to tell you about NAMA's activity in the housing market – activity that has been and will continue to be positive. Brendan McDonagh, the NAMA Chief Executive will take you through our presentation in detail – but at outset let me set out in summary what NAMA has done.

Getting people into homes

The reality is that ever since we began our operations, NAMA's focus has been on getting people into homes, not out of them.

Our track record proves this. We inherited about 14,000 empty homes and, working with debtors and receivers, we found tenants or buyers to live in the overwhelming majority of them.

This was a significant injection of thousands of units of supply into the housing market as we matched up empty homes with people who needed a place to live.

In total we have facilitated over 11,000 individual buyers – families, couples and individuals – who have bought homes from our debtors or receivers.

In fact, 88% of all the homes that have been acquired from the NAMA portfolio over the past 5 years have been bought by individual buyers in individual transactions – this is contrary to the perceived wisdom that NAMA has sold most of its residential portfolio to so called vulture funds.

There are some who mistakenly claim that only big investment groups have been able to buy NAMA houses and apartments. These claims are not true and are contrary to the factual position.

Where we have sold houses and apartments in larger groups it is because there were already people living in them and the alternative of selling the properties individually would have meant removing those people.

In addition, it's easy to forget that in 2012, at a time when many people were afraid to buy homes because prices were falling, we introduced a ground-breaking scheme to protect people buying a home from further price falls – we deferred 20% for 5 years. This scheme, called the Deferred Payment Initiative allowed people to buy with the knowledge that they were unlikely to lose money. It was effective. It worked. It brought confidence back.

NAMA's influence is often overstated

Turning to NAMA's wider activities, I think it's fair to say we are in a very unusual position in NAMA.

Many organisations have to remind people that they are bigger or more influential than it seems at first glance – but in NAMA, we often have to do the opposite.

One of our challenges is to remind people that our capacity to influence the residential property market is often overstated.

We are not – and never were – the biggest property company in the world. In fact we do not own the properties, our debtors do.

Our loan book – currently valued at about €7 billion – is a fraction of the size of the loan books of the main Irish banks and one third of this loan book is outside Ireland.

We're a long way from being the biggest property lender in Ireland, let alone the world.

Similarly, a lot of people think that NAMA is a dominant player in the housing market in Ireland. But consider this:

- There are 2 million homes in Ireland. Only about 6,000 of these – about 0.3 per cent – are currently in the hands of NAMA debtors.
- Nearly all of these 6,000 units are currently occupied by tenants. Those which are not are actively on the market for sale by the relevant debtors and receivers.

So there is really no hidden supply of houses that NAMA is keeping from the market. By and large, the houses that secure our loans are occupied. And those that are not occupied are for sale to people who want to live in them or people who want to rent them to tenants.

Residential delivery

However, I am pleased to say that NAMA is playing a significant role in delivering new houses and apartments, by working with our debtors and receivers on a commercial basis.

NAMA has already funded the completion of 2,700 new homes and we have previously announced plans to fund on a commercial basis the delivery up to 20,000 new units over the period 2016 to 2020.

This strategy has twin benefits for the Irish taxpayer.

One is that investing in new housing will enhance the return we get from the assets in our portfolio.

The second is that we are bringing much-needed supply to the housing market – helping to ease the shortage that has emerged and making it easier for people to find a good place to live.

Social housing

We have also worked hard, with our debtors and receivers, to do what we can to deliver social housing.

There are limits to what we can do but we are pleased to have delivered to date over 2,100 social housing units to Local Authorities or Housing Bodies – to put this in context, that figure represents about one third of all Part V social housing units (5,700) delivered from all sources throughout Ireland between 2002 and 2011.

It is worth remembering that over 550,000 new houses and apartments were built in Ireland during 2002 to 2011 yet the total Part V dividend was just 5,700 social housing units.

In total, we offered approximately 6,700 units for social housing purposes.

This was the biggest number we could offer as any other houses or apartments that were in our portfolio were either occupied or for sale.

We could only have increased this number by moving tenants out of their homes – this would have simply displaced one group of people by giving their homes to another group. It would have made no sense.

The difference between the 6,700 we have offered and the 2,500 units for which demand has been confirmed is explained of course by the fact that the final decision on what properties go into social housing is, quite properly, a matter for the local authorities and the housing bodies.

We understand why they make such decisions – primarily because the units were not in the locations where social housing was needed, or they were too big or too small for their requirements.

As far as NAMA is concerned by the way we are always keen that any social housing we deliver will be to a high standard. So for example in cases where units were incomplete, we have spent more than €100 million to complete them. We also spent another €160 million to deliver social housing through National Asset Residential Properties Services (NARPS), a Special Purpose Company that we set up to expedite the delivery of these units – it buys the properties from debtors and then leases them to voluntary and co-operative housing bodies which puts less of a cash strain on those bodies.

In short, we have made a significant input to social housing delivery to date and will continue where we can.

Conclusion

Let me conclude by saying that some people would have us believe there are easy answers to all of Ireland's housing problems.

We do not agree. There are barriers which we can discuss later but by working together many of these can be overcome and I welcome the deliberations of this Committee which I believe will identify and shape sustainable policy solutions.

NAMA will deliver 20,000 residential units by 2020 and make a meaningful impact on housing supply, but any analysis that claims we can deliver all the homes that people need is mistaken.

We have a mandate to invest commercially, use taxpayer money wisely and work professionally with our debtors and receivers to deliver the best financial return that can be achieved from the assets in our portfolio.

Our plan to deliver 20,000 new units is ambitious and challenging but we will do it in a manner consistent with our mandate. However, in terms of the important work of this Committee, that 20,000 represents about one-fifth of the estimated 100,000 units demand between now and 2020 – other players will have to make a contribution.

We want to get more people into more homes and we have every confidence we will do so.

I will now hand over to Brendan to outline in more detail just how we will do that.