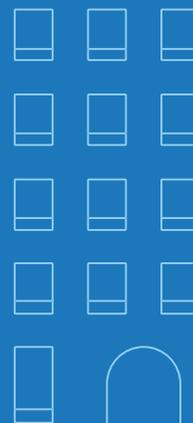
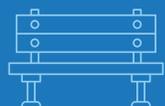


Strategy

HFA 2026

Facilitating social & affordable housing

December 2021



HFA

An Ghníomhaireacht
Airgeadais Tithíochta
Housing Finance Agency

Who We Are

The Housing Finance Agency (HFA) is a semi-State company under the aegis of the Minister for Housing, Local Government and Heritage of Ireland. It was established by the Housing Finance Agency Act, 1981 and incorporated in 1982.

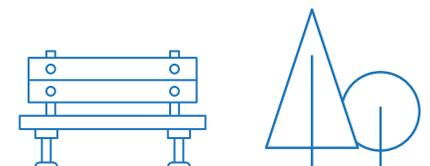
The HFA was established to provide housing finance to local authorities and its remit has since been expanded to include lending to approved housing bodies for social and affordable housing, and to higher education institutions for the development of new student accommodation.

The HFA has a loan book of €5.5 billion as at the end of June 2021.

Our Expertise

We have a recognised expertise, built up over 40 years, in raising and on-lending long-term competitive rate finance for housing purposes in a cost-effective manner.

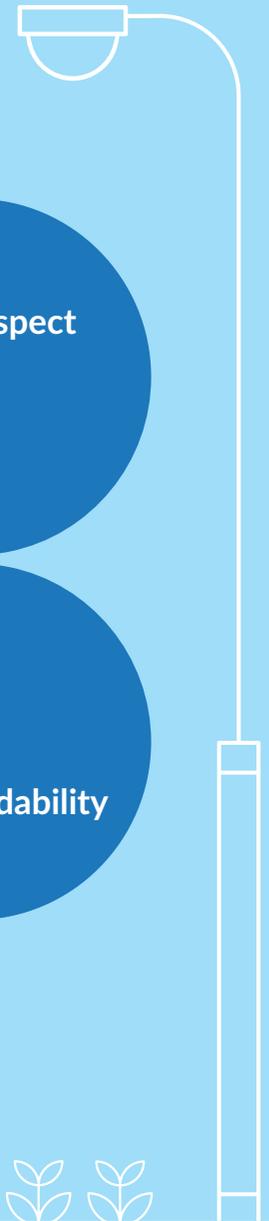
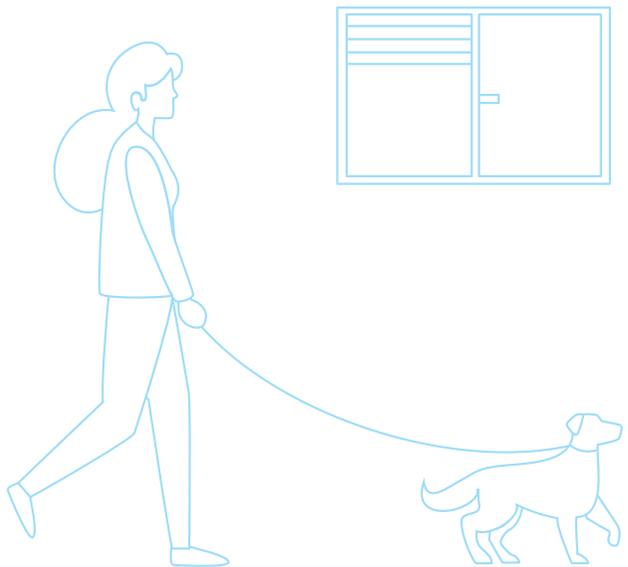
This we use to facilitate the Department of Housing and our customers – the local authorities, approved housing bodies and higher education institutions – to support the delivery of social and affordable homes.



HFA Mission

To facilitate the successful delivery of social and affordable housing in Ireland

We do this by providing long-term competitive finance to the sector, and by using our financial expertise to support our stakeholders in the development and implementation of effective housing programmes.



Executive Summary

The provision of competitive funding by the HFA is seen as an important component in the delivery of social and affordable housing by the Department of Housing, Local Government and Heritage (DHLGH). To continue to fulfil our role effectively, we have developed HFA 2026, a strategy which supports and complements *Housing for All*, the Government's new housing plan for Ireland, and builds on the success of our last strategy.

HFA 2026 was developed by the HFA Board with input and feedback from all stakeholders. The following was undertaken in the formulation of this strategy:

- ▶ Key stakeholders (including staff) were consulted to obtain feedback on the performance and standing of the HFA, and to identify potential new business opportunities. A report concluded that stakeholders recognise the professionalism and responsiveness of HFA in approving loans, disbursing funds and generally supporting projects to deliver additional housing for AHBs, local authorities and universities. Several suggestions in the report have been incorporated into this strategy document.
- ▶ A series of strategy Board meetings were held to review the HFA's existing business, potential new initiatives and address any other strategy related matters.
- ▶ Management held detailed discussions with DHLGH officials to discuss potential new lending initiatives to be included in the Strategy, and to ensure these initiatives are in line with *Housing for All*.

The success of this strategy, which is ambitious yet achievable, is predicated on several factors, including:

- ▶ Government capital expenditure constraints.
- ▶ The capacity of our customers to deliver homes in the numbers required.
- ▶ HFA's continued access to competitive finance.
- ▶ The capacity to address the challenges arising from the Covid-19 pandemic.
- ▶ The availability of construction resources and land.

Collaboration with all parties in the wider 'housing group' is imperative for the continued delivery of social and affordable housing. We look forward to working closely with our customers, officials of the Departments of Housing, Local Government & Heritage, Finance and Public Expenditure & Reform, the European Investment Bank and Council of Europe Development Bank, State bodies including the NTMA, Housing Agency and AHBRA, and other stakeholders in the implementation of this strategy.

Strategy HFA 2026 consists of 3 strategic goals which are central to its delivery, with high-level objectives as detailed below.



GOAL 1
We will have increased our business portfolio to €11.8 billion by introducing innovative products to existing and new customers.

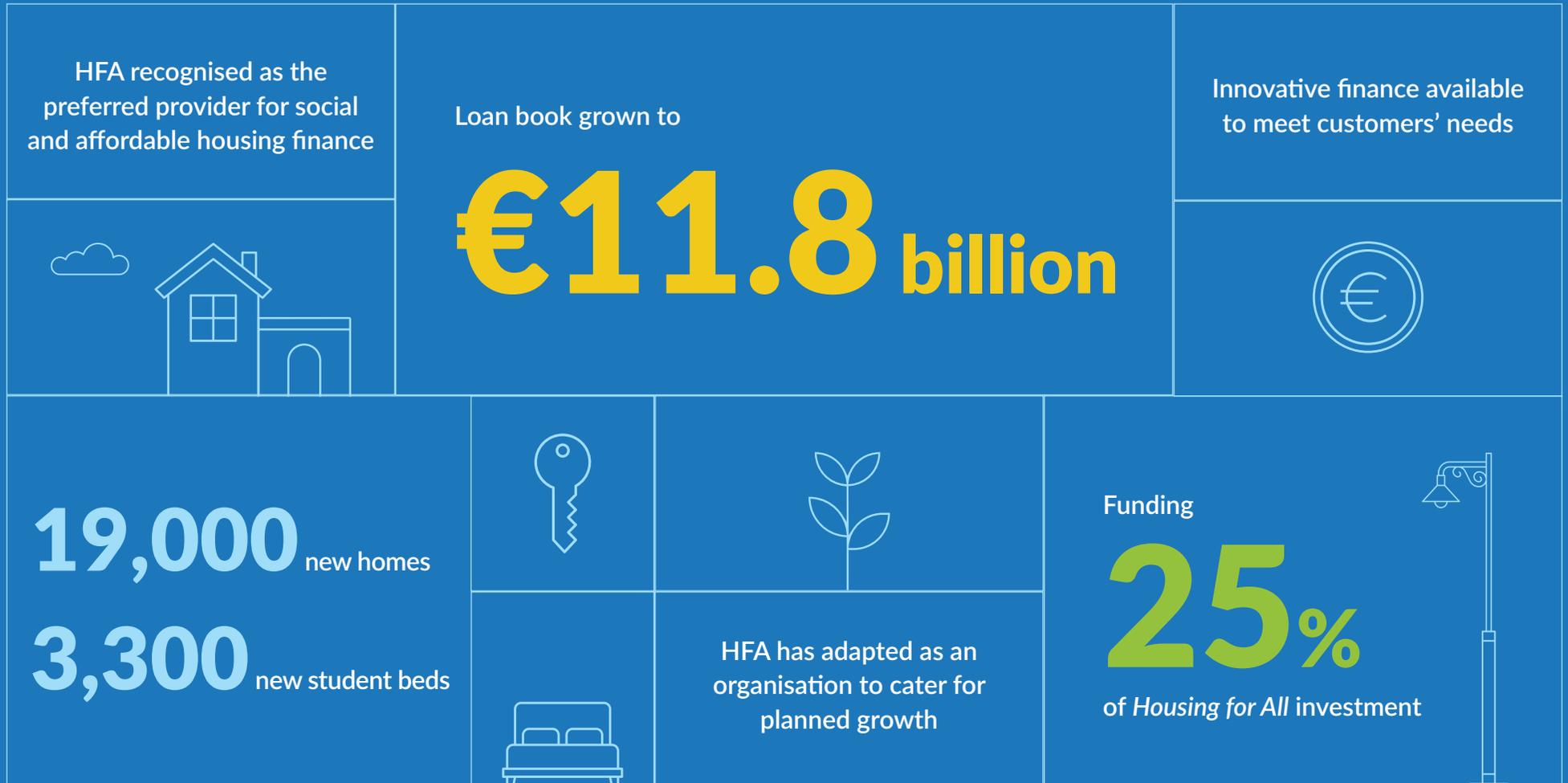


GOAL 2
We will enjoy a reputation for excellence among our stakeholders.



GOAL 3
We will provide exceptional service to customers through a professional and committed Board and Staff.

Future State Picture for 2026



GOAL 1

We will have increased our business portfolio to €11.8 billion by introducing innovative products to existing and new customers

Anticipated gross lending of €7.8 billion will be spread out over the life of the plan with net lending, less annuity repayments, of c.€1.2 billion per annum. This will result in an outstanding loan book at the end of the plan of c.€11.8 billion.

We have the capability to deliver more if required under the new housing strategy of the Department of Housing, Local Government and Heritage.



Loan type	2022 €m	2023 €m	2024 €m	2025 €m	2026 €m	Total €m
Approved Housing Bodies						
Social Housing	850	850	800	800	850	4,150
Cost Rental	100	150	200	200	200	850
	950	1,000	1,000	1,000	1,050	5,000
Local Authorities						
Local Authority Mortgage Lending	150	150	150	150	150	750
Housing infrastructure	50	100	100	100	100	450
Retrofitting Home Loan	50	50	50	50	50	250
	250	300	300	300	300	1,450
Higher Education Institutions						
Student accommodation	100	100	100	100	100	500
	100	100	100	100	100	500
Land Development Agency						
	-	-	50	150	150	350
Other	100	100	100	100	100	500
Total new lending	1,400	1,500	1,550	1,650	1,700	7,800
Annuity repayments	(260)	(300)	(350)	(400)	(450)	(1,760)
Net New Lending	1,140	1,200	1,200	1,250	1,250	6,040

Approved Housing Bodies (AHBs):

- ▶ The growth in lending to AHBs for the development of new social and affordable housing is aligned closely to **Housing for All** projections
- ▶ Currently, the cost rental scheme is being met by AHBs. Other solutions could be explored to expand on this scheme in later years.

Local Authorities:

- ▶ We believe that local authorities have the capacity to borrow and deliver on social housing development if supported.
- ▶ Local authority gross lending is forecast to increase by €1.45 billion up to 2026.
- ▶ While a conservative estimate of €150 million per annum has been allocated for Local Authority Mortgage Lending, there is potential for greater lending than this.

Higher Education Institutions (HEIs):

- ▶ Lending estimates for HEIs includes proposed financing of Technological Universities as detailed in **Housing for All**.

Land Development Agency (LDA):

- ▶ The LDA has indicated that it may require funding from the HFA in years 2024, 2025 and 2026.

Other:

- ▶ This category provides scope for other lending including the vacant homes CPO scheme detailed in **Housing for All**, and other categories not currently known.

Expected outcomes delivered by December 2022

- The process to increase the Guaranteed Notes Programme limit to cater for medium-term growth is underway.
- A comprehensive review of the AHB Credit Policy is completed, and a plan agreed at Board level for implementation of refinements.
- An AHB discussion forum is established to raise and clarify potentially contentious issues.
- Acknowledged as key funders for important government policy initiatives.
- HFA's existing customers have significantly increased their borrowings from the HFA.
- HFA borrowing limit increase to €12 billion is in progress.

Future state picture for 2026

- HFA remains central to the delivery of social housing.
- We supported the growth of affordable rental and purchase schemes.
- Our loan book has increased to €11.8 billion.
- Acknowledged as key funders for important government policy initiatives.
- HFA's existing customers have significantly increased their borrowings from the HFA.
- We have attracted new customers.

GOAL 2

We will enjoy a reputation for excellence among our stakeholders who clearly understand and value HFA offerings



Expected outcomes delivered by December 2022

- A review of competition and rates available on market has been undertaken.
- A new Customer Relationship Management (CRM) system has been developed and implemented.
- A communications strategy is agreed and implemented, including the engagement of a communication specialist/public relations company.
- Acknowledged as key funders for important government policy initiatives.
- HFA Social Investment Fund attracts a high level of positive interest and successful schemes are well promoted.

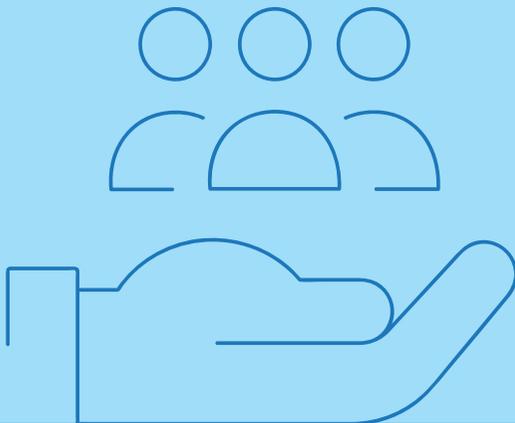
Future state picture for 2026

- We have built on key relationships with our stakeholders at all organisation levels.
- We understand the needs of our key stakeholders.
- We have a co-ordinated and effective communications strategy.
- There is widespread appreciation of the role of the HFA.
- The opinions of the HFA are sought and valued in the development and implementation of housing policy.

3

GOAL 3

We will provide exceptional service to customers through professional and committed staff who are proud to work in the HFA



Expected outcomes delivered by December 2022

- New Board recently appointed.
- Revised Board induction training process in place for new Board members.
- Established process of external presentations for Board members on a variety of strategic topics.
- Tender for, and migration to, new financial management system.
- New workforce plan approved.

Future state picture for 2026

- Board & staff are well-trained, competent, and capable of meeting organisational needs.
- IT systems are integrated and future-proofed to seamlessly support operations, processes, and service standards.
- Succession processes are in place to ensure smooth transitions for Board & Management.
- Staff complement has grown with the increase in size and complexity of the Agency, and in line with approved workforce plan.

APPENDIX

Housing for All - Actions for the Housing Finance Agency

No.	Pathway/ Support	Housing Policy Objective (HPO)	Action	Timeline	Lead
1.11	1. Pathway to Supporting Homeownership and Increasing Affordability	1. Enable Homeownership and Increase Affordability	Revise and expand the Local Authority Home Loan	Q4 2021	DHLGH
4.4	2. Pathway to Eradicating Homelessness, Increasing Social Housing Delivery and Supporting Social Inclusion	4. Increase Social Housing Delivery	End long-term leasing of social housing by Local Authorities and AHBs through phasing out new entrants and focussing on new-build to provide social homes	End 2025	DHLGH
	5.4.1 Support Local Authority Delivery		A new high-level Affordable Housing Delivery Group has been established with representatives from the DHLGH, Local Authorities, the LDA, AHBs, The Housing Agency and the Housing Finance Agency. The role of this group is to agree ambitious and achievable delivery targets and to coordinate and oversee the strategic implementation of the affordable housing programme.	Ongoing	DHLGH
18.5	3. Pathway to Increasing New Housing Supply	18. Ensure sufficient capital is available to provide for an average of 33,000 homes per year	Legislate to increase the borrowing capacity of the Housing Finance Agency (HFA) to €12bn, with a review in 2 years, to support the local government sector in land acquisition and delivery of social and affordable homes	Q2 2022	DHLGH
18.6	3. Pathway to Increasing New Housing Supply	18. Ensure sufficient capital is available to provide for an average of 33,000 homes per year	Strengthen relationships with international funding partners (such as the European Investment Bank/ Council of Europe Development Bank) to access targeted funding	Ongoing	DFIN, Housing Finance Agency
18.10	3. Pathway to Increasing New Housing Supply	18. Ensure sufficient capital is available to provide for an average of 33,000 homes per year	Bring forward legislation to allow Technological Universities to borrow from the Housing Finance Agency	Q2 2022	DHLGH, DFIN
19.5	4. Pathways to Tackling Vacancy and Efficient Use of Existing Stock	19. Address Vacancy in Housing	Introduce a new programme for the CPO of vacant properties for resale on the open market	Q4 2021	DHLGH, LAs, Housing Agency, Housing Finance Agency
21.8	Supporting the Four Pathways: enabling a Sustainable Housing System	21. Drive environmental sustainability in our housing stock	Develop a new Local Authority Energy Efficiency Retrofit Loan proposal for homeowners, supported by the Housing Finance Agency	Q4 2021	DECC, LAs, Housing Finance Agency



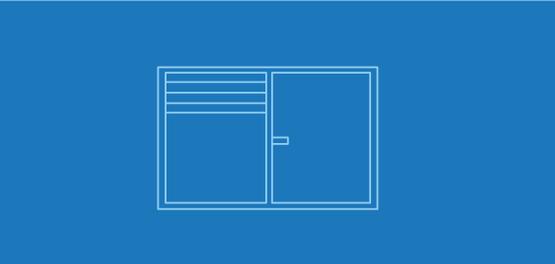
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