

Chris Lowe

From: Frank Gallagher (Housing) [redacted] >
Sent: Tuesday 28 February 2023 17:58
To: John Coleman
Cc: Carina Wilkes; Paul Hogan (Housing); Aoibheann Nevin (Housing)
Subject: LDA Business Plan

Section 37
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Hi John,

I picked up your voice mail re the draft LDA Business Plan and tried phoning you back. I spoke to NewEra this afternoon and they said their report for the Ministers for Housing and PER on the draft Business Plan is being cleared internally and should issue in the near future. As you will appreciate, they had to consider the revised LDA financial model received on Dec 21st following their queries on the dft Business Plan received on Nov 29th.

The two Shareholding Departments will provide any relevant obs to the LDA on the draft Business Plan upon receipt of NewEra's report in accordance with DPER's State Bodies' Governance Code. I understand that DPER had also been in touch with NewEra in relation to the LDA's dft Business Plan and financial model.

Regards,
Frank

1.18 Ministerial Views: A copy of the draft strategic plan (including, where relevant, plans for levy setting or own income generation) and the draft annual rolling five year business and financial plan should be sent to the relevant Minister, and, where appropriate, the Minister for Public Expenditure and Reform and NewERA13 before the plan(s) are/is finalised and adopted by the Board.

Views which the Minister(s) wish to have reflected in the strategic plan and the annual rolling five year business and financial plan should be made known to the State body within a maximum period of twelve weeks of submission.

While final responsibility for the content of the plan rests with the Board in each case, the views of the Ministers and consideration of the public interest should be carefully weighed by the Board.

From: Carina Wilkes [redacted]@lda.ie>
Sent: Wednesday 18 January 2023 15:40
To: David Craughwell [redacted] >
Cc: John Coleman [redacted] >; Aoibheann Nevin (Housing) <[redacted]>; Frank Gallagher (Housing) [redacted] >
Subject: RE: LDA Business Plan

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Hi David (copying Aoibheann and Frank at John's request) – please see note below. Please don't hesitate to follow-up with any questions. C.

Background:

- [redacted]
[redacted]
[redacted]
[redacted]
[redacted]

- In the meantime, there has been an alteration to the LDA’s mandate due to change of government / Minister, new programme for government and the Housing for All policy framework. This resulted in three major changes to the LDA’s business model, which are (1) higher emphasis on direct funding of development projects due to the 100% social / affordable mandate; (2) the mandated Project Tosaigh initiative which was not predicated when the capital quantum was set; and (3) higher emphasis on the holding and renting of built affordable homes due to the factors at (1) and (2). These three factors have all contributed significantly to the LDA becoming more capital intensive than anticipated at the time of its formation.
- Recognising the capital impact of Project Tosaigh, the Government outlined in Housing for All that an additional €1bn of funding (above the initial €1.25bn equity and €1.25bn debt) would be provided to the LDA [REDACTED]

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Factors driving need and timing of additional capital:

- As can be gathered from the LDA’s business plan and supporting financial model, additional capital will be required for the LDA over the course of the five-year timeframe of the business plan.
- The factors driving this will be based mainly on (1) the LDA’s success or otherwise of gaining access to planning consented lands which will drive development expenditure; (2) the extent and timing of spending on Project Tosaigh; and (3) the LDA’s debt strategy. These factors are elaborated on below.
- [REDACTED]
- [REDACTED]
- [REDACTED]
- In summary, there are significant uncertainties regarding the drivers of the LDA’s capital needs which may be clarified somewhat in the coming 6 months.

Summary:

- Due to the uncertainties outlined above which may be clarified somewhat in the coming 6 months, which have a major bearing on the timing and extent of any potential future capital increase for the LDA, it is proposed that any decision relating to increasing the current €2.5bn capital capacity of the LDA be revisited during the first half of 2023.
- [REDACTED]

From: David Craughwell [REDACTED]@ntma.ie>
Sent: Tuesday 17 January 2023 13:59
To: Carina Wilkes <[REDACTED]@lda.ie>
Cc: John Coleman <[REDACTED]@lda.ie>
Subject: RE: LDA Business Plan

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Carina

Thanks for the note below and the confirmation of the LDA's approach. We will continue to work on our review of the business plan received on 21 December. The note to explain the LDA's position / direction of travel will be helpful to close out the funding / cash position queries we discussed last week. From our perspective (and as I understand it, the Department's also) it was always the intention to combine the review of the corporate plan and the more short term funding request (i.e. to review this in the context of the wider corporate plan). In terms of decoupling, I think this may have been more relevant for LDA in a situation whereby you intended on revisiting and updating the corporate plan in light of the funding queries noted above. In these circumstances, given the time it may have taken to update and approve, a request to the Department to decouple may have made sense. Given the approach per the email below, I think we should proceed with progressing and finalising our draft report with a view to submitting for internal review as soon as possible, subject to receipt of the note on the LDA's position / direction of travel.

If you have any queries in relation to the above or would like to discuss further, please feel free to give me a call.

Thanks
David



David Craughwell
Corporate Finance Director

From: Carina Wilkes <[REDACTED]@lda.ie>
Sent: Monday 16 January 2023 17:38
To: David Craughwell [REDACTED]@ntma.ie>
Cc: John Coleman <[REDACTED]@lda.ie>
Subject: LDA Business Plan

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Hi David

Per recent discussions, this is to confirm that we will draft a brief note on the back of changes arising from the updated financial model to clarify/explain the LDA's position and intended 'direction of travel' – specifically, in relation to the projected cash balance(s) and capital structure. We will aim to prepare and circulate a final copy of that over the next week or so.

In the meantime, and per our discussions regarding decoupling the more immediate from longer-term funding requests, would it be possible to provide further clarity please in relation to the more immediate funding requirements/request – e.g., outlining overall approach and timelines?

Thanks in advance and please don't hesitate to follow-up should you have any questions and/or would like to discuss further.

Kind regards,
Carina



Carina Wilkes
Corporate Strategy Co-ordinator
The Land Development Agency
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[REDACTED]

Funding requirements

14. The LDA will require additional capital funding to deliver on the 5,000 unit ambition of Project Tosaigh. The cost of the LDA's projected delivery under Project Tosaigh to date, when added to their land assembly and housing development on state lands core remit, is in excess of the capital currently available to it.

15. As outlined earlier in this paper the analysis of funding needs of the LDA to support housing delivery on public lands, Project Tosaigh (5,000) and the proposed purchasing of additional consented land to accelerate delivery would amount to [REDACTED]

[REDACTED]

16. To deliver [REDACTED] homes via Project Tosaigh along with supporting housing delivery on public lands and the proposed purchasing of additional consented land to accelerate delivery would require total funding of [REDACTED]

[REDACTED]

17. Requests for increased funding, supported with clear financial projections, approved by the Board and reviewed by NewERA, are expected to be submitted to the two shareholding Ministers for review before ultimately seeking the approval of the Minister for Finance.

