



19 October 2022

Renewed Request for Expressions of Interest from housebuilders for the forward sale of unbuilt residential units to the Land Development Agency



Ghníomhaireacht Forbartha Talún
Land Development Agency

1. Introduction/Context

In November 2021, the Land Development Agency ('LDA') launched a process seeking Expressions of Interest ('EOI') from housebuilders to enter forward purchase¹ transactions to unlock and accelerate delivery on planning consented residential land in their control. This process resulted in agreements for the delivery of c. 1,000 new homes to the LDA or its nominees.

The LDA, in coordination with its local authority partners, is now seeking further submissions from the housebuilding sector to deliver housing / apartment units based on an agreement for the LDA or its nominee(s) to purchase homes upon completion (already completed homes will not be eligible). While the process is open to all proposals, the LDA will prioritise proposals for higher density homes in the cities of Dublin and Cork, where the homes would otherwise struggle to be advanced in the current market environment.

The current round of transactions will focus on:

- Projects that have a full implementable planning permission;
- Projects with a capability to commence construction in the near term, or those that have commenced and either fully or partially paused;
- Higher density typologies including apartments and duplex houses, at a scale preferably greater than 75 units²;
- Housebuilders with strong balance sheets and a track record of development delivery;
- Projects that potentially support wider development beyond the subject units (e.g. further phases of development within the same broad scheme);
- Well designed, value engineered schemes that support value for money for the State and hence affordability for occupiers.

The LDA will work with its local authority partners to examine the appropriate tenure mix. This will be done by agreement with the housebuilder.

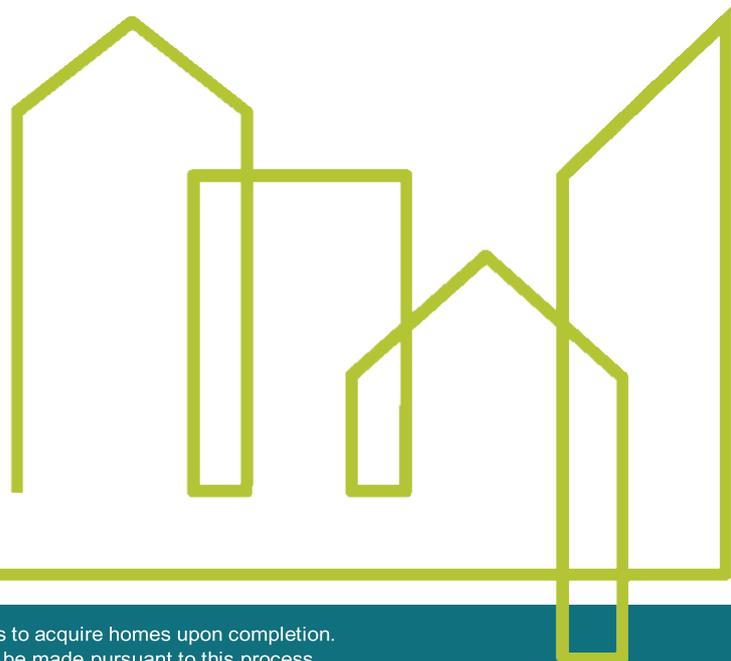
To participate in the process, housebuilders are requested to submit Expressions of Interest by 4th November 2022 to the LDA to forward purchase unbuilt homes. Under a forward purchase agreement, the LDA would enter contracts to acquire the homes, with payment at completion.

The LDA will consult with its local authority partners in respect of EOI submissions made to it. Permission to do so is a prerequisite to participation in the EOI process. The intention of coordinating with local authorities is to maximise the benefit for both the public sector and housebuilder in relation to each proposal received.

An efficient transactions approvals framework is in place for the process to support delivery in a timely manner. Proposals will be screened at an early stage to establish suitability, deliverability and timing in line with the criteria outlined below.

This transaction is not deemed to be a public works contract as defined under Directive 2014/24/EU and as implemented in Ireland by the European Communities (Award of Public Contracts) Regulations 2016 and is therefore not being run under any procurement procedure governed by these rules.

The LDA reserves the right to update or alter any information contained in this EOI request at any time.



¹ Where the LDA will enter into legally binding contracts with suitable parties to acquire homes upon completion. Consideration is paid at completion/handover and stage payments cannot be made pursuant to this process.

² Splitting into phases and across multiple schemes and other arrangements may be considered.



2. Approach and Methodology

The process will comprise:

- 1 An Expressions of Interest submission whereby the housebuilder will submit proposal(s) to the LDA to be assessed in accordance with the Evaluation Criteria (see below). The LDA will then prepare a shortlist of preferred opportunities, which in the opinion of the LDA are deemed to meet the criteria. The LDA will consult with the relevant local authority in relation to proposals.
- 2 Following the completion of proposal shortlisting, proposers will be contacted to enable more detailed due diligence to be undertaken in conjunction with commercial negotiation, with a view to completing contracts for the delivery and forward purchase of the homes by the LDA.



3. Evaluation Criteria

Proposals will be selected and/or ranked based on criteria as outlined below. Criteria may be altered at the discretion of the LDA in consultation with its local authority partners. Criteria will include, but are not limited to:

- ✔ *Delivery cost per unit / per square meter:* The LDA will seek value for money. Cost to the LDA will be a significant factor affecting the ranking of projects.
- ✔ *Residential Density:* Supporting higher density units that may not be otherwise delivered is a key focus of the process.
- ✔ *Delivery Timelines:* The homes must have already received planning permission and should be capable of commencing construction / delivery in the near term. Sites that have been partially activated or commenced will also be considered.
- ✔ *Proximity to Core Services and Amenities:* The review process will look positively on public transport linkages, proximity to key employment areas, education facilities, public amenities, secure bicycle parking, storage, public and private green/open space.
- ✔ *Quality and Strategic Considerations:* Design innovation will be considered positively, in addition to the integration response in terms of context, location and unit mix within the wider scheme.
- ✔ *Location:* The primary target of the process is the activation of stalled / un-commenced higher-density schemes in Dublin and Cork.
- ✔ *Scale:* The project(s) will preferably be at a scale of at least 75 homes.
- ✔ *Track Record:* Homebuilders should have a track record of delivery and be able to demonstrate the ability to finance construction and completion of the subject homes, if an agreement is reached with the LDA.
- ✔ *Sustainability:* Consideration of sustainability within the design and also during the delivery process; use of metrics for management of carbon emissions, energy consumption, waste and water, climate risk
- ✔ *Connections:* No insurmountable service connections difficulties.
- ✔ *Legal Status:* The prospective partners must have the right to develop and sell the completed homes to the LDA in respect of any proposal submitted.



4. Clarifications

- ✔ This process does not comprise a public procurement process.
- ✔ The LDA cannot provide stage payments or construction funding through this process. However, Home Building Finance Ireland ('HBFI') has provided financing terms that may be made available to prospective partners, subject to the HBFI underwriting process.
- ✔ The LDA will not have a role in the design and specification of any homes delivered.
- ✔ The Government has committed funding of up to €1.25bn to the LDA with similar borrowing levels permitted under the LDA Act. This should ensure that the LDA will be in a position to complete as quickly as possible.
- ✔ The LDA will work with its local authority partners in relation to proposals, with the intention of maximising the delivery potential of proposals. Tenure mix will be explored by agreement with the housebuilder.
- ✔ Standard form contract terms and conditions to be communicated and agreed early in the evaluation / assessment process.
- ✔ Evaluation criteria and timetables in relation to the process may be altered or changed without notice at the sole discretion of the LDA.
- ✔ The LDA may amend the process and criteria as it deems necessary to ensure the best outcome for the LDA, including requesting and furnishing additional information.
- ✔ If applicants comprise a consortium, the consortium members should be identified with a consortium leader appointed.



5. Application Process

The LDA encourages interested parties that can satisfy the above criteria to complete the "Expressions of Interest (initial assessment)" document.



Return by email to partners@lda.ie



or by post to
Land Development Agency
2nd Floor Ashford House
Tara Street
Dublin 2
D02 VX67.

All submissions will receive an acknowledgment from the LDA upon receipt.



Disclaimer

The LDA has prepared and issued this document for the sole purpose of inviting expressions of interest from potential vendors. This document does not purport to be, in any way, comprehensive in respect of all matters relevant to the LDA's requirements.

Nothing in this document constitutes an offer to enter into a contract, or a commitment or representation to enter into a contractual arrangement. No legal relationship or other obligation shall arise between the LDA and any interested party until formal legal agreements have been put in place and any deposit paid. The LDA reserves the right to withdraw its request for Expressions of Interest and to alter any aspect of it at its sole discretion. The LDA intends to share certain information provided by applicants with its local authority partners, and any information submitted by applicants is deemed suitable for this purpose.

Each completed Expression of Interest which is returned to the LDA constitutes agreement to, and acceptance of, the terms outlined above.



Appendix: HBFI – Criteria for Funding

- ✓ The level of finance to be advanced will be assessed on a case by case basis subject to a maximum Loan to Cost of 80% and subject to HBFI satisfaction with the quantum of Developer equity in the transaction (net of serviced site fund contribution).
- ✓ The interest rate margin charged on the funds to be advanced will be discussed on a case by case basis and is likely to be in the range of 5%-7% over Euribor (Euribor floor set at zero). There will be a 1% fee on drawdown with no exit fee.
- ✓ HBFI to be satisfied with the following in order to provide finance:
 - Financial position of the corporate entity
 - Development experience of the entity
 - Source of equity
 - Development team experience
 - Form of contract with 3rd party General Contractor (if applicable)
 - Satisfactory security package

Note: The successful Prospective Partners of the LDA will be subject to HBFI's standard underwriting and credit approval process. This does not represent a commitment to provide funding to the successful applicants.

Further information is available on www.hbfi.ie.