

Land Development Agency

Board Meeting of 10th June 2019

Minutes of Meeting

Date	10 th June 2019
Venue	Housing Agency, 53 Mount Street Upper, Dublin 2
Time	10am
Chair	John Moran
Other Board Members	John Coleman, Michael Stone, Tim Bouchier Hayes, Caroline Timmons, Clare Costello, John O'Connor, Michelle Norris, Conn Murray
Apologies	N/A
Attendees	Barry O'Brien (LDA), Phelim O'Neill (LDA), Catriona Lawlor (Housing Agency)
Minute Taker	Catriona Lawlor (Housing Agency)

No	Item	Action			
1.	Board Preliminaries				
1.1.	<p>Disclosure of interests The Board were provided with an opportunity to declare any interests in respect of the meeting contents.</p> <p>John O'Connor declared a conflict of interest with agenda item 2.1 – property update in relation to three Housing Agency sites due to be transferred to the LDA.</p>				
1.2.	<p>Review of May 2019 Board meeting minutes Clarification was sought in relation to the location of the LDA's office space in the short term. The LDA will remain in its current serviced office on a short-term lease (one month rolling basis from September) with the intention of securing a new Dublin location (5-year lease term or less) as soon as practicable. The Agency will also investigate the possibility of securing a sub-let / space from other state agencies. The Executive will liaise with the Department in relation to the procedure to approve the establishment of an LDA office in Dublin under the National Development Plan.</p> <p>An amendment to correct the name of the Department (DoHPLG versus Finance) in agenda item 6 was noted and the minutes were agreed.</p>				
1.3.	<p>Matters Arising</p> <table border="1"> <tr> <td>1.</td> <td>Invite DHPLG representative to Board Meeting to provide update on cost rental policy</td> <td>It was agreed that the Executive will continue to work with DHPLG on cost</td> </tr> </table>	1.	Invite DHPLG representative to Board Meeting to provide update on cost rental policy	It was agreed that the Executive will continue to work with DHPLG on cost	
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	<p>rental policy and a representative will be invited to attend the September board meeting.</p>	
	<p>It was agreed to remove item BM 01.03 (near term deliverables) from the list going forward as this has now been agreed and is being measured.</p>	
<p>2.</p>	<p>Business Update</p>	
<p>2.1.</p>	<p>Property Update – Phelim O’Neill</p> <p>Phelim O’Neill (LDA) presented an overview of the LDA’s primary portfolio.</p> <p>The Board were updated in relation to the 10 sites in the primary portfolio* [REDACTED]</p> <p>[REDACTED]</p> <p>* [REDACTED]</p> <p>A discussion took place around the need to reduce costs by adopting similar designs across different sites where possible. While members agree that that each site will have unique design requirements, the LDA should aim to adopt a standardised set of specifications for dwellings. The CEO suggested that the Board considering inviting an architect to the Board away day in order to facilitate additional discussion in this regard.</p> <p>The topic of co-living was raised in the context of Meath Hospital. Members emphasised the importance of differentiating this scheme from other co-living schemes which have received negative media attention. This can be achieved by making the scheme more affordable to tenants, through good design and through a well-managed public relations process.</p> <p>The CEO outlined that in addition to the initial portfolio, the LDA had identified a secondary portfolio in the region of 3,000, bringing the total potential portfolio size to c.6,000 units.</p>	<p>*Section 36- Commerically Sensitive Information</p> <p>*Section 36- Commerically Sensitive Information</p> <p>Executive to consider agenda for Board away day</p>

	<p>The Board, whilst welcoming the proposed project development timelines, asked the Executive to review further in order to account for any potential “optimism bias” in the projections, given that the timelines are somewhat dependent on the actions of third parties.</p>	
<p>2.2</p>	<p>Operational Update – John Coleman</p> <p>The interim CEO gave an operational update, covering staffing, workforce planning, the state lands database, progress on cost rental and legislation.</p> <p>In relation to the legislation, there is a risk that the Bill could be delayed</p> <p>[REDACTED]</p> <p>The Board is extremely concerned about missing the deadline for the legislation and risking any delay of funding in 2020.</p> <p>The interim CEO and the Board agreed to continue to pursue the matter with the relevant officials and arrange any meetings necessary to advance the legislation.</p>	<p>Section 29- elaborations of Public Body</p>
<p>2.3.</p>	<p>Design Team Professional Fees – Approval Request</p> <p>The Executive presented a paper to the Board detailing proposed budgeted expenditure in respect of projected fees associated with the appointment of a design team and a project management firm for four separate sites. The total proposed expenditure amounted to €4.2m ex. Vat in total across the sites.</p> <p>The Board discussed the risks associated with expending the fees at this point (risk of proposed project not proceeding, failure to secure planning, sites have not yet transferred to the LDA).</p> <p>In mitigation, competitive tender processes will be run for individual projects (with teams selected from a framework panel) and it was agreed that individual project expenditure is subject to agreeing heads of terms in relation to the transfer mechanism for each site*. Fee payments will be managed on a stage-by-stage basis (in line with RIAI stages).</p> <p>The resolution to approve the overall budget for the design and project management teams for the four sites was proposed by Michael Stone and seconded by Caroline Timmons. The proposal was resolved by the Board, with one additional condition precedent, namely, that the underlying individual project fees (when finalised), should be approved by two board members, with subsequent notification of the fee quantum to the full board via email.</p> <p>*It was noted that a senior working group has been established by the DHPLG on the issue of land transfer. This group meets quarterly and on an as-needs basis. Given the timelines involved and how critical land</p>	

	transfer is to these projects, it should be suggested that this group move towards a scheduled monthly meeting.	
4.	Board Resolutions and Sub-Committees	
4.1	<p>Appointment of Remuneration and Nominations Committee Chair and Committee Members</p> <p>It was proposed by Michelle Norris and seconded by Clare Costello to appoint Tim Bouchier Hayes as Chair of the Remuneration and Nominations Committee. John Moran and Michelle Norris will also sit on the Committee. The proposal was resolved by the Board.</p> <p>An amendment to the Terms of Reference of the Remuneration and Nominations Committee was proposed by John Moran and seconded by Conn Murray. It was proposed that the Committee should have a role in making recommendations to the Minister for the role of Chief Executive. The proposal was resolved by the Board.</p>	
4.2	<p>Appointment of Investment Committee Chair and Committee Members</p> <p>The terms of reference for the Investment Committee were presented to the Board for noting in order to establish that the board were satisfied with the proposed form of committee (a mix of Board members, executive and an external representative). The Board expressed satisfaction with the form and on this basis, the terms of reference and draft investment policy will be further developed and presented to the Board at a future date.</p> <p>It was also proposed by John Moran and seconded by Caroline Timmons that Michael Stone would chair the Committee. The other committee members will include the CEO and the Head of Investment. The proposals were resolved by the Board.</p>	
4.3	<p>Appointment of external member to Audit and Risk Committee</p> <p>It was proposed by Conn Murray and seconded by Michelle Norris to approve the appointment of Tony O'Brien as the external appointee to the Audit and Risk Committee.</p> <p>It was proposed by John O'Connor and seconded by Conn Murray to appoint the new LDA Head of Finance, Omar Bhamjee, as a signatory on the LDA's bank account. The proposal was resolved by the Board.</p> <p>Members stated that new staff should be provided with an opportunity to present to the Board as appropriate. Consideration should be given to arranging this as part of the next meeting or the Board away day.</p>	
4.4	LDA Board Work Plan Update	

	<p>Barry O'Brien gave an update on the Board workplan covering areas including HR policy, GDPR, IT security and land dealing policy. The internal controls framework and the internal audit charter were included as agenda items for the inaugural Audit and Risk Committee meeting.</p>	
4.5	<p>Board Strategy Away Day</p> <p>A discussion took place on a possible agenda for the Board Strategy Away Day, scheduled for October.</p> <p>The Board were keen that visits to key sites be arranged, either as part of the away day or following another Board meeting. It was agreed that this would be best done after the Board meeting on 30th July.</p> <p>It was agreed that there would be a two day away day beginning with a stakeholder engagement session and strategic discussion on day one. A scheduled Board meeting should take place on the second day.</p>	<p>Site visits for LDA Board after 30th July meeting</p>
4.6	<p>Audit and Risk Committee Update</p> <p>Conn Murray, Chair of the Audit and Risk Committee gave a verbal update following the Committee's first meeting on 6th June 2019. The minutes of this meeting will be circulated to Board members in advance of the July Board meeting.</p> <p>One issue which was raised at the first meeting of the Committee was the issue of auditing the LDA. Members feel that it would be best for the LDA to be independently audited by a statutory auditor rather than being subject to dual audit due to potential duplication and management resource consumption. The Board would like to return to this issue at a later meeting.</p>	<p>Circulate A&R Committee meeting minutes</p> <p>Add audit as an agenda item to a future meeting</p>
3.	<p>Cost Rental</p> <p>An overview paper on affordable / emerging cost rental regulations was presented by the interim CEO and taken as read.</p> <p>A detailed discussion took place covering topics including LDA investment appetite, the ability to achieve long term affordability in the absence of subsidies and the need to attract investment in order to grow the asset class at scale given the potential delivery requirement.</p> <p>The members were in agreement that cost rental requires a "through the cycle" approach and that whilst subsidies such as the serviced site fund are important in establishing cost rental, it is imperative that any scheme should be able to continue in the event of a cut in subsidies. Members expressed some concerns regarding a potential disconnect between a scheme whereby rents are calculated based on the cost of delivery versus a proposed income-based qualification criteria.</p>	<p>Executive to prepare cost</p>

	<p>Queries were raised in relation to the proposed method of apartment allocation under any proposed scheme, noting that this was a matter for policy and that the LDA would operate within any proposed framework. A discussion also took place in relation to the potential longer-term opportunity for rent cross-subsidisation at scale across a portfolio.</p> <p>As the delivery of cost rental units is a key delivery priority for the agency (30% affordable requirement on state lands), it was agreed that the LDA should be at the forefront of developing a commercial off-take mechanism for the operation and management of completed units in the absence of any current alternative solution. It was agreed that the executive would develop an initial range of potential option for future Board consideration, which may include the initial retention and management of the units delivered through some form of LDA SPV investment.</p> <p>Cost rental policy timelines were discussed. Whilst the policy is expected to take shape over the next six months, it was agreed that the LDA will continue to proceed with the development work ongoing in relation to the proposed cost rental portfolio, concurrent to the policy formulation, in order to avoid any potential delays.</p> <p>Members raised the importance of the LDA's role in facilitating and promoting the development of cost rental homes where the local authorities, AHBs and private market are unable to provide cost rental as an option.</p>	<p>rental investment paper for Board consideration</p>
<p>5</p>	<p>AOB</p> <p>Staffing Update The interim CEO, Barry O'Brien and Phelim O'Neill left the room.</p> <p>The recruitment process for the CEO of the LDA is underway. The closing date for application was the 5th June and the interview dates have been decided.</p> <p>The deadline for applications for the post of Head of Urban Planning will be extended for another two weeks to allow a greater number of candidates to apply.</p> <p>Office Location A discussion took place over the location of the LDA's main office and it was agreed to add this to the agenda for the next meeting.</p> <p>Date of next meeting The next Board meeting will take place on Tuesday 30th July at the offices of the Housing Agency, Mount Street Upper.</p>	