

12th November 2021

Request for Expressions of Interest

from housebuilders for the forward sale
of unbuilt residential units to the LDA



1. Introduction/Context

The Land Development Agency ('LDA') wishes to enter into 'forward purchase'¹ transactions with housebuilders and/or landowners ("Prospective Partners") in order to unlock and accelerate delivery on planning consented residential land that is currently in their control.

The focus of the initiative will be on projects which have been granted planning permission or for which a grant of planning is anticipated in the short term, i.e. clear planning decision including closing of the Judicial Review window of challenge expected by 31st March 2022, and where delivery of homes could be accelerated by entering into forward purchase transactions with the LDA.

To advance this initiative, the LDA is now seeking Expressions of Interest (EOI) from landowners/ housebuilders for the LDA to forward purchase unbuilt homes. Under a forward purchase agreement, the LDA would enter into contracts to acquire the homes, with payment at completion. The LDA is targeting a quantum of c. 150 homes per Prospective Partner².

It is intended that the homes, upon acquisition, will be primarily owned and managed by the LDA for the provision of affordable rental accommodation (which is private mid-market rental aimed at key workers) and/or sold to individuals under the shared equity affordable purchase scheme. These homes will be targeted at those middle-income households that do not qualify for social housing, but struggle to afford open market housing, i.e. household incomes of broadly €45,000 to €80,000 per annum.

The LDA will also be open to, but not require, incorporation of the Government's forthcoming 'Croí Cónaithe' fund, which aims to facilitate the sale of apartments to owner occupiers in city and town locations by providing a subsidy to the developer of the apartments. Details of the Croí Cónaithe fund are being prepared by the Government and will be made available in due course.

The LDA will utilise a targeted approach to focus on areas of immediate need and large-scale demand for affordable housing, namely the Greater Dublin Area (including Dublin City, South Dublin, Dun Laoghaire Rathdown, Fingal, Meath, Kildare, Louth and Wicklow), Cork, Limerick, Galway and Waterford, subject to the criteria detailed below.

The LDA is fully authorised and funded to enter into such transactions that may arise from this EOI process, and no external approvals are required.

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.

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 LDA requests that potential partners submit proposals to the LDA to contract to sell unbuilt homes to the LDA upon their completion. It is envisaged that the process will comprise:

- 1 An Expressions of Interest stage (Phase 1) whereby the Prospective Partners that may have suitable opportunities which will submit them to the LDA to be assessed in accordance with the Phase One 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.
- 2 Following the completion of phase 1, the shortlisted prospective partners will be contacted to enable more detailed due diligence to be undertaken in advance of/in conjunction with commercial negotiation (Phase 2), with a view to completing contracts for the delivery and forward purchase of the homes by the LDA. A draft contract will be provided at this point.



3. Phase One Evaluation Criteria

The high-level evaluation criteria used to assess expressions of interest will include, but are not limited to:

- ✓ The homes should be located in areas of significant housing need in the Greater Dublin Area (including Dublin City, South Dublin, Dun Laoghaire Rathdown, Fingal, Meath, Kildare, Louth and Wicklow), Cork, Limerick, Galway and Waterford.
- ✓ The developer/landowner will have c.150+ homes which they are willing to sell to the LDA upon completion. Homes split into phases and across separate developments is permitted.
- ✓ The homes must have already received planning permission or are anticipated to receive an implementable planning permission that is through the Judicial Review challenge window before 31st March 2022.
- ✓ Homes capable of being completed and handed over by the end of 2024.
- ✓ Homebuilders and or Landowners should demonstrate the ability to finance construction of the subject homes, if an agreement is reached with the LDA.
- ✓ No insurmountable service connections difficulties.
- ✓ Homes must form sustainable communities with an adequate tenure mix to meet demand while also offering value for money.
- ✓ The homes may include houses, apartments and other comparable typologies but should exclude student accommodation.
- ✓ The Prospective Partners must have the right to develop and sell the completed homes to the LDA in respect of any proposal submitted.
- ✓ The review process will look positively on public transport linkages, proximity to key employment areas, amenities, secure bicycle parking, storage, public and private green/open space. Phase one review will also examine car parking which must be in line with minimum planning requirements and preferably with electric charging points
- ✓ Preference will be given to the units / homes with purchase prices which are deemed suitable for affordable housing delivery and delivery timelines, with a preference for shorter term delivery. Specifically, the review process will look positively on the ability for initial phases of homes to be completed by the end of 2022.



4. Other 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. We have included HBFI's criteria for funding in the appendix of this document.
- ✓ The LDA will not have a role in the design and specification of any homes delivered.
- ✓ The LDA is fully funded to enter into and complete transactions, which it will endeavour to do as quickly as possible.
- ✓ The LDA does not require any third-party approvals to enter into transactions.
- ✓ This process is part of a coordinated suite of State initiatives to catalyse the development of affordable homes. The LDA wishes to avoid pricing tension by competing with other State-funded parties and may request the prospective partner's permission to engage with the Department of Housing, Local Government and Heritage and Local Authorities in order to ensure cooperation/collaboration to the mutual benefit of all parties.
- ✓ Details regarding the 'Croí Cónaithe' initiative have yet to be released by the Government. While the LDA may introduce this scheme to support housing delivery, the EOI is not conditional or dependant on it.
- ✓ 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 as it deems necessary to ensure the best outcome for the LDA, including requesting additional information and furnishing additional information to Prospective Partners.
- ✓ If the Prospective Partners comprise a consortium, the consortium members should be identified with a consortium leader appointed.



5. Application Process

The LDA would encourage interested parties that fit within the above criteria that are interested in exploring a forward purchasing agreement with the LDA to complete the "Expressions of Interest (initial assessment)".

✉ Return by email to **partners@lda.ie**

✉ or by post to
Expressions of interest
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.

Each completed Expression of Interest which is returned to the LDA constitutes agreement to, and acceptance of, this disclaimer.



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.