

Strategy HFA 2020

Innovating, Collaborating
& Delivering Homes



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

The HFA's main remit is to lend to local authorities and approved housing bodies for housing and related purposes, and to borrow or raise funds to enable such lending. The HFA currently has an outstanding loan book of €3.7 billion.

The HFA's Board is appointed by the Minister for Housing, Planning, Community & Local Government, with the consent of the Minister for Public Expenditure & Reform. It has twelve members. The HFA has the equivalent of eleven full-time staff members (FTEs).

Executive Summary

The role of the HFA is to facilitate and support the successful delivery of Social Housing in Ireland.

In order to fulfil this role effectively, we have developed **HFA 2020**, a strategy which supports and complements *Rebuilding Ireland: an Action Plan for Housing and Homelessness and Social Housing Strategy 2020* from the Department of Housing, Planning, Community & Local Government (DHPCLG).

HFA 2020 was developed by the HFA Leadership Team with input and feedback from all HFA staff at various stages of the process. We used our current knowledge of stakeholder requirements during strategy formulation and have conducted numerous discussions with key decision makers in pivotal organisations who will be essential to the success of the Strategy.

Pre-work required in the development of **HFA 2020** included:

- Forecasting and building an understanding of the associated external environment by analysing potential future Opportunities and Threats over the coming five years.
- Reviewing HFA's internal environment by examining the impact of current Strengths and Weaknesses.
- Combining these factors to determine the most appropriate strategic initiatives to be undertaken.
- Reviewing the relative effort required to deliver future benefits.

The result of this analysis, engagement and discussion led to the identification of four strategic pillars which are central to the delivery of **HFA 2020**. These pillars will be delivered over five years through strategic initiatives with associated priority actions.

The success of the Plan is predicated on a number of factors:

- Government capital expenditure constraints
- the capacity of our customers to deliver homes in the numbers required
- HFA's continued access to competitive finance, and
- rollout of the Strategy by HFA staff.

The individual pillars are focused on the following areas:

Pillar 1 Customers and Competitors



Pillar 2 Stakeholders



Pillar 3 Organisation Interdependence



Pillar 4 HFA Internal Capability



Outline of the Four Strategic Pillars



Pillar 1

We will increase our business portfolio to €5 billion by introducing innovative products to existing and new customers.

Local authority net lending will increase moderately by €620 million up to 2020. HFA is developing business with the AHB Sector in line with these organisations' business capacity and will grow its loan portfolio by €680m up to 2020.

All staff are actively involved in a formalised product development and launch programme which will continuously deliver innovative products.

HFA is forging partnerships with sustainable energy bodies to target the use of EIB/CEB finance for energy retrofits and has also developed new markets including the Care Sector.

HFA has a clear understanding of the Irish housing market and its changing needs based on direct contact with key customers.

We are aware of emerging competitor products and will initiate appropriate actions.



Pillar 2

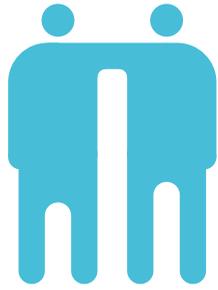
We will enjoy a reputation for excellence among our stakeholders who clearly understand and value HFA offerings.

HFA has an in-depth understanding of the expectations and challenges faced by its most influential Government Departments and stakeholders.

All HFA communications, whether human or electronic, are consistent and clearly articulated.

Customers and Government Departments fully appreciate the product range, capability and operating constraints of HFA.

There is a high level of awareness of the role of HFA within the public domain.



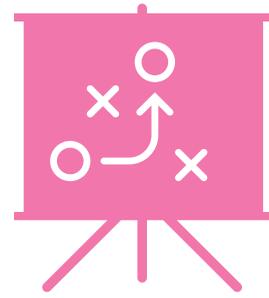
Pillar 3

We will play a co-leadership role in the development and execution of a Housing Solution.

HFA is seen as a collaborative and trusted team member of the wider 'Housing Group' which is focused on delivering the number of homes needed under *Rebuilding Ireland*.

HFA personnel have strong professional working relationships with key elected representatives, especially those with Housing responsibility.

The opinions of HFA are valued and sought in the development, planning and execution of Housing Policy.



Pillar 4

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

HFA is actively involved in improving operational and strategic processes supported by a programme for developing leadership skills and competence.

The AHB Sector acknowledges the ease and efficiency of the HFA loan process from application through to annual loan review.

HFA has introduced the most appropriate, reliable and integrated electronic systems to complement its ability to deliver on the expectations of stakeholders.

HFA promotes a positive and stimulating work environment which recognises and values the contribution and commitment of all employees.



Customers and Competitors

We will increase our business portfolio to €5 billion by introducing innovative products to existing and new customers.

HFA is proposing to finance at least 13,500 new homes to the end of 2020. This comprises 9,000 units by local authorities (LAs) and 4,500 units by approved housing bodies (AHBs) over the five year period. Our forecast loan draw downs from 2016 to 2020 are:

	2016 €m	2017 €m	2018 €m	2019 €m	2020 €m	Total €m	Total Units
LAs							
Gross lending	50	100	200	400	600	1,350	9,000
Annuity repayments	-140	-140	-145	-150	-155	-730	
Net lending	-90	-40	55	250	445	620	
AHBs							
Gross lending	100	130	140	150	160	680	4,500
Net lending	100	130	140	150	160	680	
TOTAL NET LENDING	10	90	195	400	605	1,300	13,500

The time frame of anticipated lending is such that the bulk of this loan finance will be drawn down after 2018. Redemptions and annuity repayments, estimated at €730 million, will reduce anticipated borrowing by the HFA to a net €1.3 billion.

We have the capability to deliver more if required under *Rebuilding Ireland: an Action Plan for Housing and Homelessness*.

We believe that what is required now is a strong signal to local authorities that they should commence borrowing for social housing development and that they will be supported. The degree to which our strategy delivers successful outcomes is determined by our ability to build trust, gain influence and foster teamwork along with continuing economic recovery.

The HFA is currently the main funding provider for social housing in Ireland, but anticipates that competition may develop over the life of the Plan as other financial institutions recognise opportunities in the Market.

Future state picture for 2020:

- Our loan book has increased to €5 billion.
- We have a range of new and competitive products.
- We have attracted new customers and retained existing customers.

- Existing customers have significantly increased their HFA borrowings.
- At least 13,500 units have been financed by the HFA.

Expected outcomes delivered by January 2017:

- We have developed strong relationships with key AHBs.
- Key customers have been researched to identify their needs.
- We have significantly reduced the customer burden in interacting with HFA.
- A formal product development & launch process is in place.
- Sustainable Energy products have been investigated & progressed to market.
- Departmental & competitor products, and their impact, are better understood.

Measuring our progress over time:

- Loan advances are in line with the five year forecast.
- Number of successful new products.
- Number of new and satisfied customers.
- Progressively building strong relationships with up to twenty-five AHBs over the lifetime of the Strategy.



Key Stakeholders

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

Future state picture for 2020:

- HFA has a clear understanding of the external environment in which it operates, i.e. the Social Housing Environment.
- We have built relationships with key stakeholders.
- We understand our stakeholders' roles, outputs and the challenges they face.
- We have a clear understanding of what we can do to assist our stakeholders and they in turn, will understand and appreciate what the HFA can offer in the delivery of social housing.
- We have a Communications Strategy in place for our key messages.
- More positive and frequent coverage of stories in the media, and within the political and AHB communities.

Measuring our progress over time:

- We have created meaningful relationships with a number of key decision makers in the Sector.
- We actively measure the effectiveness of our Communication Strategy.
- The number of external parties regularly seeking HFA views and inputs in matters related to the financing of social housing.

Expected outcomes delivered by January 2017:

- Identification of, and communication with, the key decision makers tasked with implementing Social Housing Policy.
- We have a coordinated and structured approach to communicating with key stakeholders.
- We have prepared a comprehensive communications strategy for the HFA, which includes all aspects of media briefings.





Organisation Interdependence

We will play a co-leadership role in the development and execution of a housing solution.



Success of this pillar is dependent on the success of Pillar 2 (Stakeholders).

Our belief is that excellent work in the provision of social housing is ongoing in individual organisations, and that further success can be achieved through collaboration and cooperation. In talking about co-leadership, we need to define the members of the Housing Group whom we seek to interact with.

Future state picture for 2020:

- Clear focus by all members on the primacy of delivering the number of homes needed under *Rebuilding Ireland*.
- There is clarity and agreement on the key roles that each member fulfils.
- There is a high level of cooperation and collaboration between members.
- There is widespread appreciation politically on what the HFA offers.
- Our position papers and financial advice are sought and valued.
- HFA has an input into policy formulation based on its expertise.

Expected outcomes delivered by January 2017:

- Programme in place to build team relationships.
- DHPCLG fully aware of our work in this area.
- The overall motive is the successful delivery of the social housing units as detailed in Government's Housing Action Plan.
- Members are collaborating with each other on specific initiatives.
- Clear understanding that financial expertise is our offering.
- We are seen as politically independent and neutral.

Measuring our progress over time:

- The number of new collaborations that have been initiated successfully, with specific goals in mind.
- The number of requests for information or opportunities for input using the financial expertise that we have on offer.



Internal Capability

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

Future state picture for 2020:

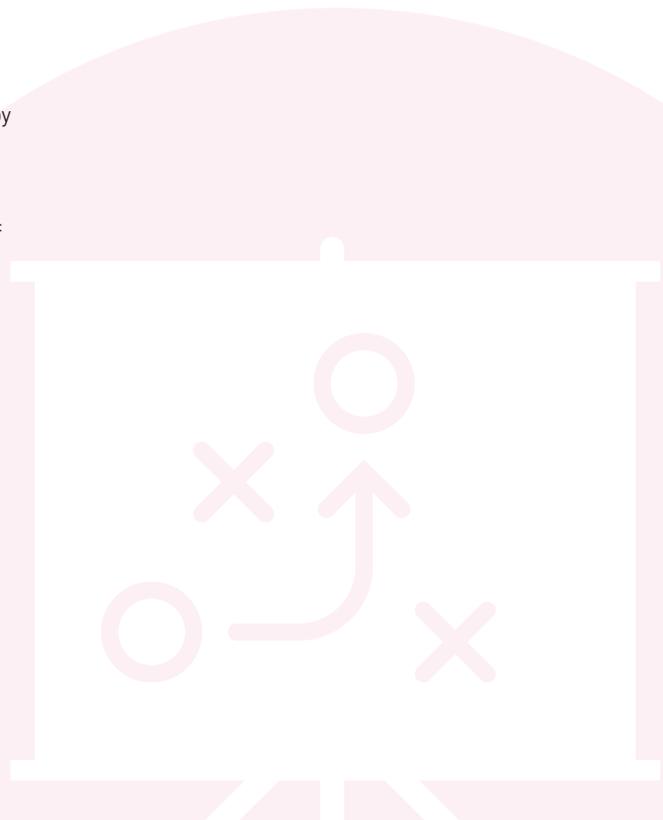
- We understand our customers, and feedback from them is largely positive.
- We have reduced the burden on customers using simplified processes.
- IT systems are integrated in order to seamlessly support operations, processes and service standards.
- The ongoing process redesign and automation is largely driven by middle management and staff.
- Staff clearly understand their roles and responsibilities, and where they fit in the overall organisation.
- Staff are competent and capable of meeting organisational needs.
- New initiatives and products are proposed by all levels of staff and are subject to systematic review, approval and implementation.

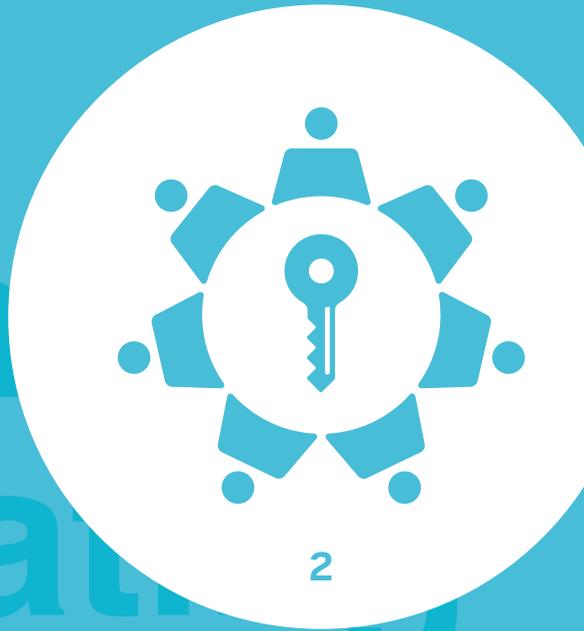
Measuring our progress over time:

- Staff measuring/analysing the performance of our core processes.
- Measuring the satisfaction ratings of our customers/ stakeholders.
- Measuring the benefits accruing from process improvement.

Expected outcomes delivered by January 2017:

- Completed significant review of core processes, led by staff. Non-value adding elements removed or significantly reduced.
- Where feasible, have begun to automate a number of processes.
- Continuous measurement of process performance to support continuous improvement.
- Obtaining ongoing structured feedback from our customers at all levels.
- Feedback is informing further improvements in customer service and is being fed into the Process Improvement Programme.

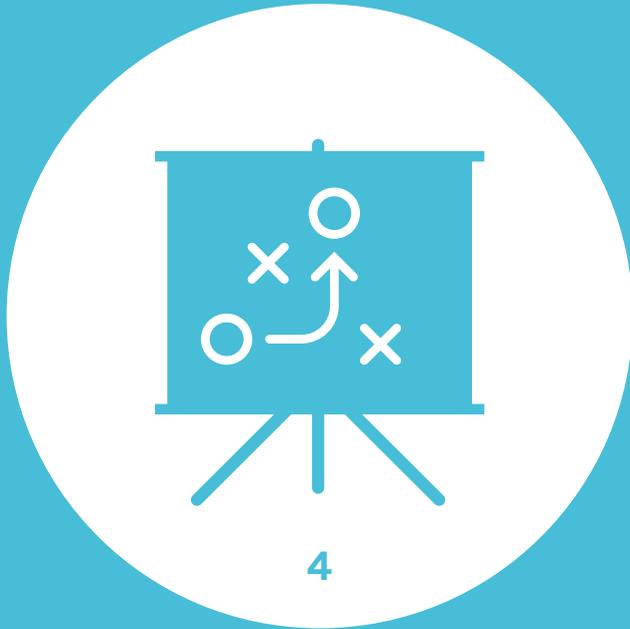




Innovating Collaboration & delivering homes



3



4

