

Resilience and Confidence



Despite the serious challenges posed by the Covid 19 outbreak, it must be recognised that those involved in the delivery of housing have responded magnificently to achieve the level of output recorded throughout 2020 and I am pleased to say that the HFA played its part. At the core of this was the flexibility and resilience displayed by our staff in the face of such a difficult environment.

Since the start of the pandemic, the safety and wellbeing of our staff has been of paramount importance to us and our ability to respond to the challenges resulted in loan approvals of €1 billion at the end of the year which will translate into strong advances for 2021 and beyond.

I am also very pleased that the HFA was able to offer local authorities the forbearance of a mortgage payment break so that they, in turn, could assist borrowers worst hit by the pandemic to stay in their homes. In such a difficult time as this I think it is important to recognise our achievements and to prepare for, and be optimistic about, the future and the re-opening of society and all that that will bring.

Lending

On the lending front, the positive news is that we approved €1 billion in approved housing body (AHB) applications for housing loans. This is up 44% on the 2019 figure of €694 million.



AHB advances were strong given the circumstances at €549 million, down 13% on 2019 due to Covid-related delays in project closures. We expect to see accelerated activity once the construction sector reopens fully.

One area of growth for 2021 and beyond is anticipated to be in the provision of finance for the new Affordable Housing Rental Scheme. We have already approved applications for €92 million in funding, across 8 schemes, delivering 390 homes. This funding will be provided over 40 years, with the interest rate fixed for the first 30 years at an extremely competitive 1.25% per annum. The potential in this area is significant and we in the HFA look forward to working with our partners in the Sector to deliver more of this product.

Growth is also expected in the provision of finance to the higher education institutions for student accommodation. Some €49 million was advanced this year and further activity can be expected in 2021.

Funding

The HFA maintains a diversified funding base, with long-term fixed rate finance arranged with the National Treasury Management Agency (NTMA), European Investment Bank (EIB) and Council of Europe Development Bank (CEB). Loan drawdowns were arranged with the EIB and CEB during the year at very competitive interest rates, and more is anticipated in the coming year.

2020 also saw the HFA increase the size of its Guaranteed Notes programme from €5.0 billion to €7.5 billion. This will provide headroom to borrow funds to finance new lending to support the delivery of social and affordable housing and is central to the HFA growth strategy over the next few years.

Details of our new 5-year strategy, currently being finalised will be published later in the year.

Risk and Governance

The management of risk within the HFA is of central importance to our operations. Our Risk Management Committee oversees the monitoring of risk and it is a standing agenda item for the Board's Audit & Risk Committee. The key financial risk areas of the business comprise the management of interest rate, credit, liquidity, operational and market risks, the details of which are explained throughout this report.

The Board and Management work closely to understand, measure, monitor and control all aspects of risk within the business.

The Board of Directors holds annual reviews and discussions of its performance – seeking ways to better its contribution to the sustainable growth of our business. The Board, collectively, has considerable experience in the areas of social housing policy, the building sector, finance, legal and banking.

Each year the Board normally visits a number of social housing schemes, which facilitates meeting with a wide selection of people directly engaged in the delivery of social housing, thereby gaining first-hand knowledge of the opportunities and challenges they face. In 2020, due to the Covid-19 restrictions, this could not be accommodated but it is hoped that this can be resumed in 2021.

Chief Executive's review (continued)

The HFA complies with the Code of Practice for the Governance of State Bodies as detailed in the Corporate Governance Statement on pages 32 to 36. The Code contains a 'comply or explain' concept and the HFA has complied fully with the Code except for matters outlined in the Corporate Governance Compliance Statement.

Social Investment Fund

Pillar 1 of our strategy *HFA 2020* refers to progressively building strong relationships with our customers, identifying and addressing the needs of key customers and developing new products. The HFA also has a responsibility to support the development of sustainable social housing communities.

A €150,000 Social Investment Fund was established by the HFA in 2020 to support worthy local initiatives and was fully subscribed across seven different schemes. Further details of the schemes can be found on pages 18 to 19.

Building on the high level of interest in this scheme, we have renewed the fund with an increased allocation of €250,000 for 2021.

Acknowledgements

I would like to thank the Chairperson, Professor Michelle Norris, who has shown great commitment to the HFA over the last nine years. Michelle's support of me in my role as CEO is much appreciated. She is the embodiment of the phrase "If you want a job done, give it to a busy person".

I would also like to acknowledge the dedication and wise counsel of my fellow Board members, particularly those who are coming to the end of their second term on the Board.

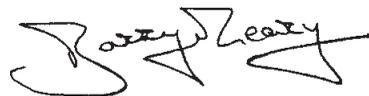
Finally, I wish to express my appreciation for the contribution of the team in the HFA for all their work. It is the agility of our people that allowed the successful delivery of everything achieved in 2020. Their determination to ensure that our service delivery was upheld in the face of Covid-19 was remarkable. Each person contributed to the achievements of the HFA, embracing additional work, meeting the challenges of remote working and showing exemplary adaptability, good humour and public service ethos in so doing. It is very rewarding to lead such a dedicated team of people.

The year ahead

As I have already suggested, there are good reasons to be optimistic about the year ahead. The fact that some social housing activity has continued even in Level 5 restrictions means that delivery is continuing and will be ramped up as vaccines are rolled out through society. I am confident that as restrictions ease and with the availability of funding at consistently low interest rates, the year ahead will see further increases in lending activity especially via the Affordable Housing Rental Scheme.

The HFA will shortly publish its next Strategy Plan for the years to 2025, which will show that the progress made in the last five years has delivered a firm foundation upon which we can build on a first-class organisation facilitating the successful delivery of social and affordable housing.

I believe the outlook for the HFA and the housing sector is increasingly positive.



Barry O'Leary
Chief Executive Officer

25 March 2021