The Funder’s Perspective:
Development: Development &
Construction Finance

@mhclawyers

Thursday, 2 June 2016
Welcome

Will Carmody
Partner
Financial Services
Mason Hayes & Curran
Ireland’s Housing Challenge and the Role of Development Finance

Ronan Lyons
Assistant Professor of Economics
Trinity College Dublin
Ireland’s Housing Challenge and the Role of Development Finance

RONAN LYONS,
TRINITY COLLEGE DUBLIN

MASON HAYES & CURRAN EVENT
JUNE 2016
The scale of the challenge, 1: Quantities

New households and new homes in Dublin: demand and supply

- Net new households (est)
- Completions
- Commencements
The scale of the challenge, 2: Prices

Estimated break-even monthly rent, 2-bedroom apartment

- Rent: €2,000
- Baseline Cost: €1,900
- €2m site: €1,700
- AHB (no profit, levy): €1,500
- Wage fall: €1,300
- Vat/levy cut: €1,100
- Higher yield: €900
- Smaller units: €700
- Greater density: €500
- Smaller + denser: €300

VAT, Profit, Fees, Levies, Finance, Build, Site, Rent
## Providing housing for all...

<table>
<thead>
<tr>
<th></th>
<th>SQ – 2+2 family</th>
<th>SQ – single</th>
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“Last use” or “best use” land policy?

Dublin Bus core routes & depots
Four areas for housing reform

- In order of urgency (as of 2013)

1. Mortgage regulations – largely set
2. Cost of construction – urgent
3. Housing subsidies – urgent
4. Land use – long-standing
The role of development finance

1. Mortgage regulations
2. Cost of construction
3. Housing subsidies
4. Land use

How to find ways of delivering at 20%+ lower cost (efficiency/productivity play)

Pressure on government to reform taxes/land use policy: developers (i.e. not speculators) should/do welcome LVT
Thanks for your time!

1. Mortgage regulations
2. Cost of construction
3. Housing subsidies
4. Land use

Looking forward to comments, questions and discussion
Contract Strategies: Traditional v. Design Build

Shane Dolan
Partner
Construction
Mason Hayes & Curran
Traditional v. Design Build

Traditional Project Delivery vs. Design-Build Project Delivery

- Owner
  - Design Team
    - Sub-consultants
  - Contractor
    - Sub-contractors

- Owner
  - Design-Build Entity
    - Sub-consultants
Key Funder Issues

1. Standard of performance
2. Contract price
3. Limitations of liability
4. Performance security
5. Collateral warranty
Key Pre-Development Issues for Lenders & Developers

Jamie Fitzmaurice
Partner
Real Estate
Mason Hayes & Curran
Real Estate Considerations

1. Initial Diligence
2. Identity
3. Title Insurance
4. Certificates of Title
Initial Diligence

1. Title Deeds
2. Large Loan / Asset Sales
Identity

1. Who will give the Declaration
2. Site Inspection
3. What documents will be reviewed
4. The Confirmation
5. Roads and Services
Title Insurance

1. The Specific v The Generic
2. The Insured
3. The Insured Risk
4. Limit of Indemnity
5. Restrictions
Certificates of Title

1. Good and Marketable Title
2. Who will give the Certificate?
3. Negotiation of the Certificate
4. Planning
5. Reliance
Q&A