



**CONSTRUCTION DEFECTS**  
**ALLIANCE**

**Budget 2025**

**Submission**

**to**

**Department of Finance,  
Department of Public Expenditure and Reform,  
Department of Housing, Local Government and Heritage  
and Oireachtas members**

**June 2024**

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## 1. Construction Defects Alliance

The Construction Defects Alliance is made up of apartment owners — including representatives of the Apartment Owners' Network, a number of approved housing bodies (AHBs) and the Not Our Fault group — as well as OMC directors and construction professionals all of whom are committed to the implementation of the Housing Joint Oireachtas Committee report, *Safe as Houses?*

The Alliance has its origins in the Beacon South Quarter (BSQ) Lobby Group which began campaigning nearly 10 years ago for action for homeowners affected by defects. Through that Lobby Group's campaigning work other individual owners and OMCs approached it and got involved in the campaign. Ultimately, as the numbers involved in the campaign began to grow, the Construction Defects Alliance was set up in autumn 2019.

In 2019 and early 2020, the Alliance put the implementation of the *Safe as Houses?* report on the agenda of all of the political parties as well as the Government emerging from the 2020 general election. Since that election, the Alliance has been working with Government, all political parties and other stakeholders to ensure the delivery of a remediation scheme which ensures that apartment owners are not on the hook for the costs of remediating construction defects.

## **2. Submission Context**

### **2.1 Report of Working Group on Defective Homes**

Further to the Programme for Government (PFG) commitment that the Government would examine *“the issue of defective housing...having regard to the recommendations of the Joint Oireachtas Committee on Housing report, ‘Safe as Houses?’”*, the Minister for Housing, Local Government and Heritage, Darragh O’Brien TD, established an independent Working Group to Examine Defects in Housing in early 2021.

The Working Group issued its report at the end of July 2022 and it showed that:

- Up to 100,000 Celtic Tiger era apartments have been affected by fire safety issues, damp due to water ingress and other defects;
- Average remediation costs are €25,000 per unit;
- Only a small proportion of the affected apartments had completed the remediation of their defects by March 2022 – around 12% of the total – with a further 34% estimated to have commenced remediation works meaning that 54% were totally unremediated.

### **2.2 Government Decision**

Further to its consideration of the Working Group’s report, on 18 January 2023, the Government approved a proposal from Minister Darragh O’Brien to draft legislation to establish supports for the remediation of fire safety, structural safety and water ingress defects in purpose-built apartment buildings, including duplexes, constructed between 1991 and 2013.

It was also agreed by Government that the principle of retrospection will be provided for in the scheme, with the details of the process for making retrospective payments to be worked out.

### **2.3 Legislative Timeline**

There is now – at most – seven months left in the lifetime of this Government with a general election having to take place by late March 2025. In legislative terms – taking into account the summer and Christmas recesses – there is less than five months available for:

- Completion of the drafting of the legislation underpinning the remediation support scheme;

- Undertaking pre-legislative scrutiny before the Oireachtas Housing Committee;
- The Committee to report on its recommendations and for the drafting of the Bill to be finalised;
- The legislation to go through all stages in both Houses of the Oireachtas;
- Regulations to be drafted to flesh out the detail of the legislation;
- The full scheme to commence.

Clearly, it is unrealistic at this juncture to expect that all of this work will be completed in the time that is left to this Government and Oireachtas. Unfortunately, this situation will cause quite a bit of anxiety and worry amongst the tens of thousands of apartment owners who had hoped that their situation would have been resolved by now given that it is two years since the publication of the Working Group report and over 18 months since the initial Government decision.

We therefore face a significant challenge in terms of maintaining the confidence of apartment owners. Firstly, in terms of their belief that the scheme will actually be put in place and secondly, confidence that they should persevere with paying for remedial works that are in hand or planned.

It's important that Budget 2025 assists in the process of confidence building in both regards by ensuring that the Interim Remediation Scheme and the Retrospective Payments Scheme both complete their work in 2025.

## **2.4 Interim Remediation Scheme**

On 11 December 2023, the Interim Remediation Scheme was established and invited applications from owners' management companies (OMCs). The purpose of the scheme is to provide financial support for the installation of interim fire safety measures such as fire alarm upgrades and replacements and making sure that escape routes are fire-safe.

Unfortunately, this scheme has gotten off to a very slow start and six months after it was established, not one grant under the scheme has been issued and no interim works have actually commenced. This situation has further undermined the fragile confidence apartment and duplex owners have that the Government's commitments will be delivered upon.

It is vital – from the perspective of the safety of those living in the 100,000 defective apartments – that the resourcing issues that have dogged this scheme are resolved quickly so that it can be rolled out comprehensively in the remainder of 2024 and in 2025.

## 2.5 Retrospective Payments Scheme

As was mentioned earlier, the Government in its decision to proceed with the setting up of a remediation support scheme for defective apartments and duplexes on 18 January 2023 *'agreed that the principle of retrospection will be provided for, with the details for making retrospective payments to be worked out'*.

The Minister in his statement on the Government decision on 18 January 2023 expanded on this decision as follows:

*Government have approved the principle of allowing remediation costs already incurred or levied to be covered under the legacy defects scheme, within the scope and defined parameters of said scheme. The details and mechanics of this will be worked out as the legislation is drafted.*

The Minister has further stated — in response to questions in the Dáil on 15 February 2024 — that:

*The other area I am looking at relates to retrospective payments for people who have already remediated and paid for the remediation. I do not believe I will need to wait for the permanent legislation for that to do be done. I am looking at options to refund, obviously on a whole-of-building basis, hard-earned money that people had to borrow or levies that they paid. Again, it will go back to those who have actually paid for remediation. We envisage about a third of the properties have been remediated already-----*

Based on the Government decision, Budget 2025 should make provision for reimbursing all of those people who have paid for or are paying for remediation works – if they have not already been reimbursed in 2024.

As mentioned earlier, the report of the Working Group to Examine Defects in Housing indicates that – as of March 2022 – up to 12,000 defective apartments had been successfully remediated and a further 34,000 were in the process of being remediated, meaning that the owners of around 46,000 apartments will be seeking a retrospective payment.

### 3. Proposals and Costings

#### 3.1 Interim Remediation Scheme

Given the slow start to the Interim Remediation Scheme, it's likely that 2025 will bear the financial weight for this scheme.

In preparing this submission the Alliance has consulted fire safety experts who have been managing remediation projects including the provision of interim measures. Based on current and recent projects the average costs – on a per unit basis – are as follows:

Fire Alarm Upgrade	€3,879.85
Emergency Lighting	€1,410.47
Escape Route Works	€4,141.63
Competent professional fee	€500
<i>Total per unit</i>	<i>€9,931.95</i>

In addition,

To be clear, not all of these works will be required for every unit so this represents the worst case scenario from a cost perspective.

Assuming that the Interim Remediation Scheme will only be required for totally unremediated apartments, the Working Group's report indicates that the number involved would be 54,000 units.

Based on this information, we are proposing that an allocation of **€536,325,300** be made for the Interim Remediation Scheme in 2025.

#### 3.2 Providing for Retrospective Payments

In order to build confidence amongst apartment owners – who have been waiting many years for a remediation support scheme to be put in place – we are recommending that the owners of units that have had their buildings fully or partially remediated up to and during 2025 should have their costs reimbursed during 2025. Importantly, this would act as an incentive to encourage people who have been paying levies to continue to do so that remediation works that are in hand continue.

Based on the Working Group's report, the number of units involved is likely to be in the order of 46,000 at an estimated average cost of remediation of €25,000 each.

On this basis, the costs of retrospective payments in 2025 will likely be in the region of **€1.15 billion**.



## **5. Conclusion**

The Construction Defects Alliance wishes to thank the Departments of Finance; Public Expenditure and Reform; Housing, Local Government and Heritage – as well as the Ministers at the Departments – and Oireachtas members for the opportunity to make this submission.

We trust that the views expressed will be given due consideration in the deliberations over Budget 2025 and the measures that flow from that.

We submit that the measures proposed should be raised by all in whatever forum is appropriate, in particular with the Department of Housing, Local Government and Heritage.

We would be glad to expand on our proposals at a meeting or in another appropriate forum.