



CONSTRUCTION DEFECTS
ALLIANCE

Apartment Defects Campaign Update, 27 September, 2022 – PLEASE SHARE

Today's Budget

This afternoon the Minister for Housing, Darragh O'Brien TD, wrote to the Construction Defects Alliance to outline a series of short-term actions the Government has decided upon in relation to apartment defects. Most of them are on foot of requests from the Alliance and the Apartment Owners' Network and we welcome the Minister's responsiveness in this regard.

Before getting in to the Minister's package, it's important to reiterate that we had sought retrospective tax credits as a means to ensure that fire safety works that are in hand would continue in 2022 and 2023. As we explained last Friday, such tax credits would not be announced in today's budget package – and that has proved to be correct – so fire safety works will stall until there is clarity on retrospection with the following consequences:

- The unnecessary risk to the health and safety of residents in apartments with fire safety defects – identified very clearly by the Working Group on Defective Homes' report – will now become real.
- Insurance cover will be withdrawn on many developments meaning that owners can't sell or re-let and will have no recourse if there's fire or other damage to their apartments. In other developments, costs will continue to sky-rocket, with the terms of the cover being considerably narrowed;
- Stress and anxiety levels for apartment owners will massively increase due to the risk to their health and safety as well as the ongoing financial and insurance uncertainty.

Given this 'limbo' scenario for OMCs and apartment owners, we asked the Minister for Housing to take certain measures to help mitigate some of the consequences of fire safety defects works stalling:

- First, we said that owners and OMCs needed clarity on the main pillars of a remediation support scheme – especially retrospection – before the end of 2022 so that owners and OMCs can plan ahead. It is hoped that the proposed interdepartmental and agency group will deliver on this request. Indeed, the Minister implies that the Government will

make its decisions on a remediation support scheme before the end of the 2022 which would be really important.

- Second, we asked that support be given by Government in 2023 towards the costs of mitigating measures – like fire wardens and extra sensors – while buildings remain unsafe from a fire perspective because of the stalling of fire safety works. Again, CDA and AON hope that the proposed advisory group on fire safety may lead to such action being taken in 2023 and we understand that there will be a budget allocation for such mitigating measures. If such funding materialises in 2023 that would be very helpful.
- Third, we requested that Government engage with the insurance sector to inform them of the Government's plans on defects and to assure them of the Government's intention to act on defects in order to get insurers to continue to provide cover but at much more reasonable rates. The Government have agreed to meet the sector on this and this is positive.
- Fourth, we proposed that the Housing Agency be tasked with providing an information, advice and support service to OMCs from early next year and the Minister has outlined that this will be done. This is an important development.

We also asked that apartment owners be involved in contributing to the development of the remediation support scheme on foot of the Working Group report and the Liaison Forum mentioned by the Minister is a response to this request which we appreciate.

It's worth noting that the Minister has said that he now has a budget stream for funding '*any future remediation commitments*'. To be frank, €80 million per year would not be enough for what is required but would be a help particularly in progressing retrospection in 2023. We will also be looking to explore how the levy announced in the Budget can be expanded so that the construction sector makes a contribution that is more fitting to the havoc their shoddy building has caused in thousands of people's lives.

CDA and AON will be requesting an urgent meeting with the Minister to clarify more precisely what is intended by the measures in his package particularly from a time perspective – because apartment owners need clarity and certainty – and also how he sees the process proceeding.

However, the fact remains, that the ongoing lack of clarity on retrospection is disappointing and is deeply problematic so we will be redoubling our efforts in the coming period to sort this issue out.