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WORKING GROUP REPORT A 'VERY WELCOME LANDMARK' FOR OWNERS OF DEFECTIVE APARTMENTS

Construction Defects Alliance says Government needs to act in Budget 2023 to ensure critical fire safety works on up to 34,000 apartments don't stall and create 'an unnecessary risk to health and safety'

The Construction Defects Alliance has described today's publication of Working Group on Defective Homes' report as a 'very welcome landmark' for the owners of the up to 100,000 defective apartments and duplexes around the country.

in warmly welcoming the report of the Working Group on Defective Homes, the Alliance has said that Government needs to act in Budget 2023 in order to ensure that fire safety works on up to 34,000 apartments don't stall. The Alliance echoed the Working Group's view that the deferral or stalling of such works would create an unnecessary risk to the health and safety of the people living in those apartments.

Construction Defects Alliance Spokesperson, Pat Montague, expressed the Alliance's thanks to the Working Group and Government for undertaking the report.

"Two years ago – almost to the day – the Construction Defects Alliance met with Minister Darragh O'Brien and his officials and proposed a Working Group to examine the issue of defective apartments. Thankfully, the Minister agreed to proceed with this and set up the Working Group which developed today's report. We are extremely grateful to the Working Group's members who volunteered a massive amount of time to undertake this project and deliver this welcome outcome."

Mr Montague's said that the Working Group's report is stark on the need to ensure that fire safety remediation works on up to 34,000 apartments – where the Working Group estimates such works are being considered or are underway – continue.

"Specifically, the Working Group has warned that the deferral or stalling of critical remediation works may occur *'in order to ensure the ability to avail of a remediation support scheme'*. They are clear that such a scenario – which they refer to as a *'moral hazard'* – *'may give rise to unnecessary risk to health and safety'* to those living in these 34,000 apartments

"The Working Group has stated plainly that access for the owners of these 34,000 apartments to *'retrospective financial assistance could play a very important role in tackling this moral hazard'*. In the view of the Construction Defects Alliance, access to such retrospective financial assistance has to be provided for in Budget 2023 and this year's Finance Bill. Any delay in doing so will, unfortunately, lead to the very unnecessary risks to health and safety the Working Group is warning about."

Pat Montague explained that the Construction Defects Alliance has proposed that the Government introduce refundable tax credits for the full value of defects levies paid for

owner-occupiers, grants to housing associations (as they're not taxable) and extended tax reliefs for landlords in Budget 2023.

Mr Montague then said that while the immediate focus of the Alliance will be on ensuring retrospective financial assistance through Budget 2023, it will also be seeking to engage with Government on the creation of the overall remediation scheme.

“The Working Group has set out a number of options for financing remediation works for Government to consider. It’s clear from its analysis that loans are fraught with practical difficulties, so the focus will need to be on grants to owners’ management companies (OMCs) to undertake remediation works or the State directly commissioning such works. In this regard, Government should look at transforming the Pyrite Remediation Board into a Defective Homes Board to oversee and manage the remediation scheme here.

“In addition, a levy on the construction sector – given the systemic nature of the apartment defects issue – will need to be put in place. A 1% levy on the industry’s output could raise around €5 billion over a 10-year period and assist greatly with the combined bill for mica and apartment defects, which will probably exceed €7 billion.”

Pat Montague concluded by setting out the type of measures needed to minimise the occurrence of such defects into the future and to provide more effective protection and support for consumers:

- Making latent defects insurance (LDI) mandatory for all new homes – such insurance (which operates in France) provides 10-year cover for a once-off cost of €1,500 per unit and pays out quickly for the remediation of defects;
- Creation of a robust national Building Control Regulatory Authority to proactively oversee the effective enforcement of the Building Regulations;
- Change company law to enable the ‘veil of incorporation’ to be lifted so that the directors of companies responsible for defective building can be pursued personally;
- Strengthen the consumer rights of home owners vis a vis the original builder/developer;
- Change the statute of limitations to enable the victims of defects to pursue builder/developers and others involved in the construction process for negligence.

Notes to Editors

The Construction Defects Alliance is an informal alliance of owners of defective apartments from hundreds of developments around the country working for the implementation of the all-party Oireachtas Committee report, *Safe as Houses?*.

FOR FURTHER INFORMATION, CONTACT:

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