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CONSTRUCTION DEFECTS ALLIANCE CONCERNED THAT CONTINUING UNCERTAINTY OVER RETROSPECTIVE TAX CREDITS FOR OWNER-OCCUPIERS WILL LEAD TO STALLING OF FIRE SAFETY WORKS IN 32,000 APARTMENTS

Alliance says Government has been warned that stalling or deferral of fire safety works might create an unnecessary risk to health and safety of those living in defective apartments

The Construction Defects Alliance has today said that it is concerned that the continuing uncertainty over the introduction of retrospective tax credits for owner-occupiers will cause fire safety works in up to 32,000 defective apartments to stall or be deferred.

Alliance spokesperson, Pat Montague, said that the Government has been warned explicitly – in July’s Working Group on Defective Homes’ report – that such deferral or stalling of fire safety works might pose an unnecessary risk to the health and safety of the people living in those 32,000 apartments. This is why the Working Group said that *‘the inclusion of a relief for retrospective expenditure on remedying defects could mitigate the risk’*.

“The Construction Defects Alliance has been engaging for some months now with Government representatives on the need for action in the Budget 2023 process to ensure that vital fire safety works continue. Specifically, we have asked that retrospective tax credits be introduced for owner-occupiers so that they will be encouraged to continue paying levies to their owners’ management companies thus allowing safety works to be completed.

“While we have had active support from Government backbenchers and all Opposition parties, we now understand that such measures will not be announced as part of next Tuesday’s Budget but could possibly be introduced into the Finance Bill before year’s end – although there is no certainty about this. To be clear, if such tax credits are not introduced in the Finance Bill, then fire safety works will indeed grind to a halt and the risks to health and safety for tens of thousands of apartment residents will become a reality as the Working Group on Defective Homes has warned.”

Pat Montague said that in this period of uncertainty the Government has a moral obligation to – at a minimum – mitigate the risk to health and safety through fire safety works stalling through a suite of other measures.

“At the very least, Government should agree to subventing OMCs’ costs in hiring fire wardens to help ensure the safety of apartment residents along with paying for additional fire sensors in all defective apartment developments. In addition, the Government needs to provide clarity before the end of 2022 on the key features of the likely defective apartments remediation support scheme – in particular the inclusion of retrospection for people who have paid or are paying remediation levies – and the likely timescale for the scheme commencing.”

Mr Montague also called on the Government to engage urgently with the insurance sector so that block insurance is not withdrawn, curtailed or made prohibitively expensive before apartment blocks are fully remediated.

“At the moment, a lot of anxiety is being caused by insurers threatening to withdraw block cover if fire safety works are not commenced. In addition, the block insurance costs for defective apartment buildings are going up dramatically and being put on very short terms – sometimes only three months at a time – with huge excesses as well – in one case the insurer will only pay out for fire damage in excess of €75,000 per apartment. The threat of insurance withdrawal is causing massive stress as owners cannot sell without insurance nor can they undertake new lettings. The Government need to provide immediate assistance here,” Pat Montague concluded.

FOR FURTHER INFORMATION, CONTACT:

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