

IHBA HOUSE BUILDING SUMMIT
Closing remarks from Frank Kelly, CIF President

Good afternoon ladies and gentlemen, it's a pleasure to be here today and to have the opportunity to bring this conference to a close.

What an excellent and stimulating event this has been. There has been so much to consider over the day's events. So many well made points and informed perspectives, which I think will certainly add to the wider discourse on residential construction across the industry. I certainly have taken a lot away from this conference and I hope everyone else in attendance has too.

I would like to offer my sincere congratulations to the IHBA for organising such a strong event, especially to their Chairman Sean O'Neill and James Benson for bringing it all together.

Going beyond today's event, the last year has been a challenging one for the entire construction industry, especially in the residential space. So it has to be acknowledged the significant achievements of the IHBA in that period.

For the Department of Housing to be able to report over 20,000 completed homes in 2021, despite the industry effectively being closed for a significant portion of the year, is a tremendous result. It highlights just what our industry is capable of and what we can accomplish.

The IHBA and its members have played a key role in not only delivering those homes, but also helping to create the conditions that allowed that level of activity to take place.

The influence of the IHBA is clear within the context of the Housing for All as well as in elements of the National Development Plan.

Those major policy announcements speak to the strong ties that have been cultivated between the IHBA, the CIF and the Department of Housing. Ties we look forward to fostering and further evolving over the coming years.

What also struck me as I was listening to the various contributions today was how much more can be achieved, if the right conditions are put in place. The programme of work that has been announced by the Government and the wider needs of the market puts the sector in a very good position. But for those possibilities to be realised, adjustments will need to be made by Government and some of the other stakeholders involved.

The good news is that these changes don't necessarily involve funding. But they will require effort and some clear sightedness from the key decision makers as to where the challenges lie and how they can be best resolved.

We all know that construction doesn't just happen. The conditions need to be in place to allow construction projects to advance. This isn't just the view of the industry – it is something that the Government is also keenly aware of.

So while it is very positive that ambitious programmes like Housing for All and the National Development Plan are being announced by Government, turning them a reality also means making some adjustments to the current conditions.

Changes will be needed. Changes that will require support from all the stakeholders – Government, local authorities, semi state operators and other arms of the wider planning and economic apparatus.

If those changes are embraced and implemented, if there is a strong commitment to making these necessary adjustments now then the funding and aspirations of 'Housing for All' and the National Development Plan can be met.

However delays in addressing these challenges, in drawing out the process of adaption, are likely to have the opposite effect. Projects won't commence, targets won't be met and funding will be soaked up by the various administrations surrounding these major programmes.

Because there is a lot that needs to be improved. Improvements necessary to ensure the ambitions of these plans can be met in a timely fashion.

That means taking a cold, hard look at the journey from finding a site to completing a project. The timelines involved have become so vast and the situation has changed exponentially from where it was only 5 years ago.

We need this process to become a lot more efficient. For more certainty around speed to be introduced. For the necessary expertise and resources to be in place in local authorities and other elements of the planning process so that decisions and assessments can be made efficiently.

A multiyear plan with ambitious multiyear targets simply won't be realised if the life cycle of residential projects continues to lengthen. We need that process to condense, not expand. But unfortunately at this moment in time it is moving in the wrong direction.

Another change that is necessary, is one that the CIF has been highlighting since mid 2021, but which has received greater focus in recent weeks. That's the issue of hyperinflation and the limitations within the current public works contracts to address such an issue.

Prices are rising across the industry. This has been happening for more than a year – initially driven by the impact of the pandemic and supply chain issues arising out of Brexit. However it has become further crystallised in the wake of the conflict in Ukraine.

We are now seeing a dramatic impact on material costs in the industry.

For example:

- The price of rolled steel has risen to €1,500, up by €600 since mid February - a jump of 66%.
- Over the last 4 weeks we've seen a 50% rise in rebar prices, going from €900 to €1,350 per tonne.
- Cables/ copper up by 31% to €8,642 per tonne.
- Certain types of steel no longer available.
- 100% increases in delivery times for A/C units, electronic controls and lighting equipment.

These are having a very real impact across the industry. But even more worrying is the trend they represent.

If the industry is unable to secure fixed costs or fixed delivery programmes, then the industry won't be able to commit to fixed prices. Yet that is more or less what is expected through the current public works contracts – which place the burden of risk predominately on the contractor and builder.

The practical implications are that fewer contractors and builders will submit tenders. In some cases it also means that some will be pushed into insolvency if they are forced to meet the terms of the original project tender which does not provide the necessary flexibility to address such massive rises in costs.

We are also aware of one example where an approximate €25m increase on a Social Housing Bundle was seen, which is a jump of 30%.

As we all know the Government has an ambitious target of delivering 140,000 social and affordable houses over the next decade. But if we are seeing weekly – or even daily – price inflation, the companies simply won't sign up to deliver these contracts. It wouldn't be prudent.

If changes aren't made then that target won't be realised, nor will the Government's target of securing 9,000 social and affordable units this year.

That is why the CIF has been discussing this issue with the Department of Housing and the Department of Public Expenditure and Reform in recent weeks. We again would take the opportunity today to further press these points with Ministers Darragh O'Brien and Michael McGrath, as well as their officials.

We have also sought an effective price variation clause to be included in all new public works contracts. That mechanism should also be applied retrospectively so it would also capture all projects that are currently underway.

We are expecting to hear back from the Government on this issue over the coming weeks and we will of course keep members informed of any developments.

These are some of the changes that we would like to see adopted, but there are plenty more. Perhaps the best way of highlighting what needs to be addressed is to simplify our requests into three broad asks.

Firstly, we would like to see a review of national policy take place. That review should support the provision of new homes but also take into account the type of homes that people actually want and the

locations where they would like to live. There simply isn't enough available land available at present – the raw material needed to deliver homes

Secondly, there should be fundamental reform of the planning system to deliver the certainty and speed as has been highlighted today.

The third of these overarching asks would be to enhance our planning guidelines so they reflect the needs of modern society and so that local authorities have the power to meet those needs. When we look at what the public wants when it comes to finding a new home, they have three main considerations:

- Finding a high quality, affordable home;
- Access to usable outdoor spaces nearby;
- And a sense of community.

Unfortunately these needs aren't always achievable in the current guidelines. That needs to be addressed.

It is our view that if those three broad reforms were addressed – a review of national policy, reform of the planning system and an enhancement of the guidelines impacting local authorities – it would lead to a fundamental change in the delivery of residential projects across the country.

It would allow us to deliver the housing and other infrastructure the Government wants and the country needs. It would turn paper targets into reality. But for that to be achieved steps need to be taken to deliver the right conditions now. Otherwise this won't be a decade of delivery, it will be one spent asking where the funding has gone and why the ambitious did not become a reality.

Before concluding the conference I would just like to thank all those who have made today such a special event.

All our speakers for giving their time and sharing their insights. Especially our distinguished guests Minister for Housing, Darragh O'Brien TD and Deputy Eoin O Broin.

Our MC Ivan Yates and the team from iQuest who helped handle the logistics for today's event.

A special thanks as well to IHBA Chair Sean O'Neill, James Benson and the rest of the IHBA team who were involved.

As today has highlighted, house building is so vital to this country. Its impact is immediate but also far reaching. Thankfully this fundamental truth has finally been grasped and we are seeing a real effort being made to encourage greater residential construction in the coming years.

However that needs to be met with just as firm a commitment towards creating the right conditions for residential activity to progress and for the housing needs of this country to be met.

Hopefully by this time next year we will have seen plenty of progress made on creating those conditions so that Housing for All and the National Development Plan can move beyond paper and take a real place in the Ireland of tomorrow.

Thank you.

ENDS.