

2021 IHBA Housebuilding Summit

Building industry takes stock following a challenging year

At the 2021 IHBA Housebuilding Summit, industry figures looked at the year ahead and discussed how to tackle what host Jonathan Healy referred to as ‘a crisis on top of a crisis’, writes **Roisin Kiberd**

With the theme ‘action on housing’, the 2021 Housebuilding Summit took place online on Thursday, March 25, bringing together industry experts including builders, contractors, building developers, architects and policymakers to take stock of the housing market and its current economic outlook.

Assembling a review of the challenges facing the sector in the year ahead, the summit allowed for discussion on issues such as water infrastructure, land policy, international best practice and the new shared equity scheme.

“In many ways, what we are facing is a crisis on top of a crisis,” said the host, broadcaster Jonathan Healy, setting the tone for an event which, while ultimately hopeful, would include a fair degree of frustration.

Neil Durkan, chair of the IHBA (Irish Home Builders’ Association) and director of Durkan New Homes, gave a welcome address, reminding attendees that “Demand isn’t going away; in fact it’s accelerating.” Durkan voiced frustration at the current restrictions on building site work, highlighting the health and safety measures and the standard operating procedure the construction workforce has adopted as an added layer of security during the pandemic.

Even after the lockdown is relaxed, the sector will continue to face challenges including added building costs, questions of land availability and viability, and the ongoing ‘rental bubble’ a large segment of the Irish public finds itself in.

Darragh O’Brien, the Minister for Housing, delivered a ministerial address, focusing on the government’s Affordable Housing Plan. “Detailed drafting is taking place right now,” said the minister, indicating that the new strategy, called Housing For All, would be brought before the Oireachtas in coming weeks.

O’Brien is also considering reforms to the current National Development Plan in order to accelerate delivery, and looking into harnessing the expertise of the private sector. “To rely entirely on the public sector,” he said, “would be fighting with one hand behind your back – anyone who says otherwise is being disingenuous.”

Use of cost-rental schemes, he said, would expand in coming years; in addition to the Rebuilding Ireland Home Loan scheme and the Help to Buy grant. The Land Development Agency is currently developing nine sites, including roughly 3,500 homes, and is engaging with further potential sites.

Kieran McQuinn, research professor at the Economic and Social Research Institute, spoke on



Lar Burke, residential connection manager, Gas Networks Ireland



Sarah Murphy, managing director, iQuest Ltd; James Benson, director of housing, planning and development, Construction Industry Federation; Marian Finnegan, managing director, residential and advisory, Sherry Fitzgerald; Jonathan Healy, broadcaster and host



James Benson, director of housing, planning and development, Construction Industry Federation



John Downey, director, Downey Planning



Conor O'Connell, southern region director, Construction Industry Federation



Fiona Cormican, new business director, Clúid Housing



Neil Durkan, chair, IHBA and director, Durkan New Homes

the sector’s post-Covid and post-Brexit economic outlook. He listed long-term implications including an impact on structural demand for housing due to changing migration patterns, and greater credit restrictions, increased income or wealth constraints and, perhaps, a change in housing type preferences and location choice, due to the increased possibility of people working from home.

Marian Finnegan, managing director of Sherry Fitzgerald’s residential and advisory section provided a housing market outlook. Reporting on data taken in 2019, she said that there has been a strong level of demand throughout the last year, although the ‘seasonality’ of the market has disappeared.

“I think it’s going to take quite a few years to get back to that natural cycle in

the housing market,” Finnegan said. “We’ve not been able to deliver anywhere near the number of houses we need into the marketplace.” 21,000 houses were delivered last year, with forecasts for delivery of between 15,000 and 16,000 this year.

In a panel addressing home delivery, and asking ‘How much state, and how much market?’, Fiona Cormican, new business director of Clúid Housing, noted that while the pandemic has impacted negatively on meeting targets, before it began we were actually beginning to make progress. “I’m not saying there’s a quick fix, but we were beginning to get on track before the pandemic, and we now need to get back on track.”

Asked if things will get worse after the pandemic is over, Michael Broderick, chief commercial officer of Home Building Finance Ireland, said that he expects the sector will deliver in large numbers once construction resumes, and that while it might take a few years to achieve it, the sector will eventually catch up with demand. In terms of the question of state or market, Broderick said that HBFI is a good example of a combination of the two, working in partnership.

“We’re a state entity set

up to provide funding where there’s a gap identified by the government,” Broderick said. “Roughly about a third of our product is on the social side, while two thirds goes to the private sector.”

A panel discussion reviewing homebuilding around the country included Dominic Doheny, joint managing director of John Flanagan Developments Ltd, and former president of CIF, who said “there’s a huge number of unknowns . . . when we reopen we don’t know the challenges we’ll face.”

There’ll be a challenge with attracting back contractors lost during the pandemic, Doheny warned, also noting that the cost of materials has increased. Irish Water also came in for some criticism: “We see a lot of good in what Irish Water is doing, but they lack resources,” said Doheny. “There should be roundtable discussions, with us included far earlier as part of building their policy documents. We’re closest to the customer; we have that knowledge.”

Reforming planning processes

After a lunch break, the programme continued with a

“Even after the lockdown is relaxed, the sector will continue to face challenges including added building costs, questions of land availability and viability

panel on reforming national planning processes. Conor O’Connell, southern region director for CIF, said the industry is currently in a state of flux, in relation to planning, and is concerned about the shifting landscape.

“The two key phrases, for us, are flexibility and viability,” O’Connell said. “For instance, apartments are not viable in Cork yet . . . we can’t build them, so how are we going to meet our targets?”

John Downey, director of

Downey Planning, commented on the difficulties the sector faces. “There are national standards, now; we’re being forced to build higher-density duplexes and apartments, and those don’t work in every situation. The council development plans have been, to a degree, discarded, with national guidelines implemented instead. That’s given rise to the current situation, with higher-density building being pushed forward.”

Lar Burke, residential connection manager at Gas Networks Ireland, discussed the challenges in decarbonising high-density developments, and in designing a sustainable solution to this issue. He discussed a case study, Bridgefield and Pappan Grove, a development in Northwood, Santry, Dublin 9, which includes three six-storey buildings and one five-storey building, incorporating 250 apartments. A communal central plant heating system was installed there, with heat pumps and gas-driven combined heat power units.

The final panel of the day looked at the causes of high housing costs. Ivan Gaine, managing director of Sherry Fitzgerald New Homes, said that the gap in liquidity poses a significant problem, and that more sustainable, via-

ble options need to be looked at instead of building more apartments.

“When we consider affordability, what isn’t always mentioned is people’s net incomes,” said Gaine. “You have to consider interest rates and earnings over time. The repayment capacity should be measured against the very crude rules currently in place.”

Commenting on the event, James Benson, CIF’s director of housing, planning and development, made an urgent case for a return to work. “We need 33,000 homes annually for the next two decades, and this year we will likely deliver 15,000 to 16,000 homes, but only if we return to work on April 6.”

This problem is accumulating rapidly. “An April 6 return will still leave us 17,000 house short of demand for



Michael Broderick, chief commercial officer, Home Building Finance Ireland

this year. If we look back as far as 2017, we’ve now undersupplied by about 80,000 homes in this time.”

The lockdown has also introduced new issues. Benson said: “The ongoing closure is creating a serious risk of skills shortage, house price inflation, company failures and job losses.”

As the April 5 deadline approaches, and hopes build that construction will resume, the sector will face old, accumulating problems as well as entirely new ones. There’s some solace in knowing that it’s ready, once permission is granted, to tackle the vast – but not impossible – challenge of “a crisis on top of a crisis”.