

CIF 2022 Housebuilding Summit

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Opening Remarks on *Housing for All*

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Intro

Good morning folks and thank you very much for inviting me to today's Housebuilding Summit to speak to you about Housing for All. Events like today are so important as they allow people come together, a luxury we haven't had in recent times, to ask questions, share ideas, insights, best practise and to network. I am delighted to be here to discuss Housing for All and the initiatives within.

I think we can all agree that in the seven months since the publication of Housing for All the landscape has changed quite considerably. When I accepted the invitation to open today's proceedings back in December, I don't think many would have predicted the events that have since unfolded. It is a reminder to us all of how quickly life can be turned upside down and that some things that seem so important, may not be quite as important as we think. The reprehensible Russian invasion of Ukraine has shown us the horrors of war. We have pledged to assist those fleeing the conflict. It is our duty to play our part and prove, when it matters most, we really are the land of a thousand welcomes.

With so much happening around the world, it is easy to forget about what is happening closer to home. We as a Government have a responsibility to plan for the changes and challenges that we face in the here and now as well as those coming our way further down the road.

I am acutely aware of the challenges that exist for those wanting to own their own home. I am also very aware of the challenges for those who are engaged in the construction industry right now. Ireland, like many countries, continues to experience supply chain issues arising from both the pandemic and Brexit. The periods of lockdown have reduced construction activity and have placed limitations on the ability to conduct normal sales activity. This, in turn, has impacted on house prices. The considerable growth in household savings, related to the public health restrictions which reduced consumption, also seems likely to be contributing to recent price inflation. These spikes in demand are putting pressure on costs and on the supply of certain materials... and that is before we even consider the implications of the war in Ukraine.

These are complex, European wide issues. Anyone with a genuine interest in housing knows that there are no easy answers and I think we can all agree that current circumstances compound matters further. But even with these challenges we are making progress. We collectively delivered a total of 20,433 new dwelling completions and completions for the years 2022 and 2023 are forecasted to exceed the 24,600 and 29,000 Government targets set out in Housing for All.

The strong pipeline of home building activity is also encouraging. In the past twelve months (March 2021 to February 2022), Commencement Notices for the construction of just over 33,000 new homes were received: the highest rolling 12-month total since comparable data was first published.

9,183 new social homes were delivered in 2021. This is an increase of 17% on 2020. The 2021 Summary of Social Housing Assessments shows that there was a 4.3% decrease in the social housing waiting list in 2021 and 35.3% since 2016. Planning permission for just under 43,000 housing units were granted in 2021.

Like I said, we are making progress but it is now vital that we keep momentum and see these planning permissions materialise into homes. For example, Dublin still has around 40,000 non-activated approved planning permissions. That's about four years housing supply in our capital which is just untenable. We need to get these activated. That is why we have introduced Project Tosaigh aimed at accelerating the delivery of affordable homes. The first delivery stream of this LDA initiative to bring privately developed units to market affordably and quickly was launched late last year, targeting schemes in excess of 150 units per development. The first of these homes should be delivered towards the end of this year. There is also a need to balance these type of initiatives with penalties for non-activation of sites. In this regard, the Minister for Finance will bring forward a new tax to activate vacant land for residential purposes.

Housing for All represents the most ambitious housing plan in the history of the State. This government is committed to building an average of 33,000 homes a year over the lifetime of the plan. Increasing supply is a key focus, be it social or affordable housing, one bed apartments, duplexes, family homes and everything in between, the Plan envisages an Ireland where everyone's housing needs are catered for. Although the plan is detailed, comprehensive and specific, it is only the beginning of what has to be a multi-year approach to solving the crisis. The plan requires a whole-of-government approach as well as constant engagement and support from the construction sector and all other stakeholders. With over 200 policy actions in Housing for All, everyone has a part to play.

We are targeting 24,600 new homes in 2022. This is comprised of 4,100 affordable homes, 9,000 social homes and 11,500 private rental and private ownership homes. In order to ensure there is a sufficient supply of homes across the country, each Local Authority has been given Housing Supply Targets. These, together with updated planning guidance, will ensure sufficient land is zoned for housing. The Government is supporting this by providing additional State lands to the LDA, capable of delivering up to 15,000 homes.

The Plan is supported by historic levels of investment, with annual exchequer funding standing at an average of 4 billion euro a year and this is secured for the next five years. This commitment will help give the sector the certainty and stability it needs. The increase in investment will also help moderate price inflation for many households, in particular, with the targeted range of measures to increase the supply of affordable homes under the plan.

To increase access to affordable homes, this year the Government has allocated significant funding for initiatives like the First Home affordable equity scheme; the delivery of 750 Cost Rental homes and 500 Affordable Purchase homes and €250 million for lending under the enhanced Local Authority Home Loan. Budget 2022 has extended the Help to Buy Scheme, which has been a significant help for first-time buyers of new homes.

Our new Croí Cónaithe (Cities) Fund, which will be launched in the coming weeks, will help address the viability challenge and will stimulate apartment developments of four floors or more, above certain densities in urban centres. These apartments will be for sale to owner occupiers at lower price points.

We're also scaling up the delivery of 'Cost Rental' homes. Cost Rental will be a game changer for rent affordability. Housing for All sets us on a path to achieving 18,000 Cost Rental homes between now and 2030. And the first of these homes have already come on stream in Kildare, Fingal and South Dublin. We are now seeing increased supply which is fundamental to solving our housing problems. I think we can all agree that the planning system must be reformed. I am very aware that I am speaking to the thought leaders in this field. I know the IHBA provide excellent guidance and support to their members in navigating the planning system, I thank you for this. We need to ensure that there is certainty and stability for those providing housing in Ireland but also that viable schemes can get on site in a timely manner, while always respecting the importance of the planning process.

The root and branch review of our planning laws is well progressed. Overseen personally by the Attorney General, the review will improve the government's ability to implement major programmes, including the National Development Plan and Housing for All, as well as improve Ireland's national competitiveness. The review of our planning legislation will ensure the planning system is plan-led, has greater public acceptance and reflects the needs of existing and new populations.

Separate to the review, the Strategic Housing Development Process has been replaced with the Large-scale Residential Development planning arrangements. This will make decision-making on large developments more efficient whilst returning primary decision-making to the local level.

Another key challenge over the lifetime of the plan will be to ensure the sector has the capacity and skills that it needs to deliver on the ambitious targets set out in Housing for All. We must expand our construction sector.

But there are positive developments here too. The most recent Labour Force Survey data shows that there are 146,300 employed in the sector, just 2% below pre-pandemic levels.

To attract new entrants to careers in the construction sector, the CAO portal was opened in Q4 2021 and, for the first time, provides information on further education and apprenticeships. Initiatives like the CIF challenge will go a long way to helping increase the numbers of apprenticeships we see coming through each year. I thank you for your investment in this initiative.

Changes to the permit system will also support increased capacity in the sector, with 8 further categories made eligible for a general employment permit. This essentially ensures that almost all construction roles can access the permit system.

As well as increasing labour supply, a key pillar of the government's policy to increase capacity is by promoting greater innovation, productivity and addressing the challenges in the cost of construction. There are a range of actions set out in the Building Innovation report which are being progressed to this end.

Recent analysis by the Society of Chartered Surveyors Ireland indicates that construction build costs account for around 47% of total apartment development costs. An improvement in construction productivity will help address this imbalance, and Housing for All commits the State to playing a central role in this to ensure that innovation does materialise.

Local Authorities are also building capacity for Modern Methods of Construction. The OGP framework for local authority housing, supported the development of Modern Methods of Construction with 752 rapid delivery dwellings delivered. It is envisaged that the Dublin City County Council Rapid delivery framework will also deliver over 1,000 fast track homes with some of these units already in development in Bonham Street and Cork Street in Dublin City Centre.

The Construction Sector Group is also working with the industry to strengthen the residential construction supply chain and to support the further take up of modern methods of construction. They are also commissioning a study in the coming weeks to analyse each component of cost of construction of house and apartment development.

The Minister for Public Expenditure and Reform awarded the €2.5 million grant for the Build Digital Project, to a consortium led by TU Dublin. Build Digital, which launches this Thursday, is a digital knowledge and development hub which will have a focus on promoting the use of digital technologies such as BIM in the construction sector nationwide. These programmes are complemented by others focussed on upskilling and training such as the Enterprise Ireland BIM programmes and innovation vouchers.

We need to provide certainty and stability where ever possible. Be it for those firms looking to tender for new public contracts or for the developers who are finishing out projects that are underway. I do accept that the current level of price inflation is having a real impact on contractors and on their ability to deliver vital public capital projects. As you likely know, changes have been introduced for contractors working on future State projects. The new contracts will allow companies to be compensated if material costs go up by more than 15%. The Minister for Public Expenditure and Reform, through the Office of Government Procurement is examining whether we can provide support to construction firms working on existing public projects and we hope to communicate some changes in this regard to you all very shortly.

Conclusion

I am acutely aware of the impact the crisis is having on real people around the country. I am also alive to the risk that inflation, supply chain delays and rising costs can have on our attempts to solve the housing crisis as I know each of you are too.

At the heart of Housing for All is the goal that: *'Everyone in the State should have access to a home to purchase or rent at an affordable price, built to a high standard and in the right place, offering a high quality of life.'*

Saying this is one thing, executing it is another. Believe me, I don't underestimate the challenge ahead. But I believe Housing for All is the blueprint that will transform our housing system. We know that it will take time before the full benefits of the Plan are tangible to our citizens. But we are confident that this plan can deliver and we are completely focused on its implementation. The current geo-political events are impacting on the global economy, inflation and costs. As we ramp up all types of housing delivery this year, we will need to be mindful of the headwinds we are facing into as we set out to achieve our targets.

There is plenty still to do, but we are on the right track. I want to thank the representatives here from the IHBA/CIF and one and all who are contributing to the delivery of Housing for All. I look forward to our continued engagement over the coming weeks and no doubt months. The State will play its part, providing confidence, certainty and stability where it can in the short term. The longer-term solution will depend on the entire system pulling in the same direction. I have no doubts from my dealings with all in the sector that this is something we can depend on and will help to achieve our shared goals.

Go raibh mile maith agaibh.