Better Housing
Better Business

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Ibec
For Irish Business

An Ibec Campaign

Better Lives
Better Business

About us

Ibec is Ireland's largest lobby and business representative group. Our purpose is to help build a better, sustainable future by influencing, supporting and delivering for business success. With over 270 employees, Ibec engages with key stakeholders in Ireland and internationally through our six regional offices and our Brussels office, along with an extensive international network in the UK and US.

Ibec positions are shaped by our diverse membership, which range from small to large, domestic to multinational and our 39 trade associations cover a wide range of industry sectors. Ibec members employ over 70% of the private sector workforce in Ireland.

As well as lobbying, Ibec provides a wide range of professional services and management training to members on all aspects of human resource management, occupational health and safety, employee relations and employment law.

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Foreword

The housing crisis is a social crisis

The crisis in the availability of affordable housing in Ireland is becoming the critical barrier to the continued growth and development of business investment. An inadequate supply of affordable housing is the single largest impediment to attracting and retaining talented workers, without whom business investment and expansions are not possible. In a recent Ibec CEO survey over 70% of companies identified the availability of housing for staff as a challenge to their business operations in 2023, with 30% identifying it as a major challenge. Over 27% of businesses identified the impact of housing availability on employees as one of their top 3 external priorities for their business.

Ibec, in our 'Better Lives, Better Business' campaign, since 2018, and in submissions to Government on public capital spending over the past decade, has outlined that despite the strength of the economy and the jobs market, a failure in the adequate provision of affordable public and private housing has left households rationed and reduced Ireland's attractiveness as a place to live and invest.

The housing crisis has increasingly become a concern in relation to cohesion in the workplace and society more broadly. Younger workers, in particular, are financially pressed by ever-higher rents and the receding prospect of homeownership. This ultimately spills over into issues around well-being and productivity in the workplace. Ibec members have detailed struggles to us when trying to fill key roles due to a lack of adequate affordable accommodation. Housing is now a major competitiveness concern for Irish business.

In society at large, the knock-on effects of the housing crisis can be seen most immediately in homelessness and challenges around adequate accommodation for vulnerable households. In a scenario where households are increasingly unable to meet their reasonable expectations in the market, the adequate and effective provision of public goods has become significantly more important to greater numbers of working households.

Falling levels of homeownership, left unchecked, will also create emerging challenges in terms of well-being, pension adequacy and people's broader stake in society over the coming decades. Affordable housing and the opportunity to have secure tenure in your own home, through ownership should you wish, are fundamental to a thriving society and economy.

Barriers to delivery

The Irish Government's Housing for All has delivered some progress on housing policy since its launch in 2021. However, there is still a long way to go toward a functioning housing system. The current policy paradigm is built on a premise that housing completions will reach a peak of over 40,000 units a year by the end of the decade. Some analysis, based on reasonable assumptions, suggests that annual increases in the stock of housing of that scale and potentially higher might be needed to meet demographic trends every year until 2050.

The external dynamic is also changing rapidly. Monetary policy normalisation with rising interest rates and falling liquidity in global financial markets will drive reallocation of capital away from parts of the property industry to where returns might be comparable to 'safe' assets like government bonds. The past decade has seen the lowest interest rates in the history of the modern economy globally. A rising 'risk-free interest rate' will undermine the funding model for our rental sector, which had filled the gap left by the risk and regulatory-driven limits on bank-led lending since the financial crisis. Added to this, the gap between build costs and house prices in the market is narrowing presenting further viability challenges.

Building materials prices have started to flatten out, as global supply chains adjust on the back of slowing global demand. But they remain a third higher than at the start of 2021 and will remain high given the energy costs involved in production. On the back of both trends, commencements and planning permissions have fallen significantly as these constraints in funding and viability have impacted the sector.

Over the coming years, building affordable homes at a sufficient scale will be a question of not just cost viability, but investment viability relative to global risk-free rates.

Whilst delivery targets under the Housing for All plan of 11,500 private housing units were met in 2022, ongoing increases towards almost 18,000 private units by 2024 are unlikely to be met without further policy effort. On the other hand, targets for social and affordable housing are due to rise from 13,200 in 2022 to a plateau of around 16,500 in 2024 for the remainder of the decade. The State will need to play a more ambitious role through the delivery of social, cost-rental and broader affordable homes in the second half of the decade. In the private sector, there is a pressing need to scale State led financing solutions for affordable debt, equity and mezzanine financing.

From an employer perspective, there is a need to reinvigorate the policy drive around housing in the context of these challenges. Without a significant increase in both the availability and affordability of housing stock, across all tenures and regions, we will see a continued deterioration of Ireland's attractiveness as a place to live, work and invest. The delivery of new highly energy efficient homes also has co-benefits in allowing Ireland to meet its low carbon targets over time. This will require a suite of measures to improve the viability of housebuilding, reform of the planning and procurement system to speed delivery, a ramping up of ambition in affordable and cost-rental housing, and significant investment in skills and modern methods of construction (MMC).

The role of social dialogue

A renewed form of Social Dialogue will be needed to address solutions to this shortfall in the provision of the basic needs of the population. Only this new Social Dialogue model has the potential to deliver a new Social Compact and solutions which move beyond the current fractured debate on housing.

Social Partnership in the past gathered a tripartite of collective interests with Government, employees and employer representatives, but its focus was to build a platform for the individual. It was pivoted on a Social Compact of centralised bargaining to determine wage, tax and industrial relations with the aim of securing the public finances and industrial peace whilst boosting disposable incomes through moderate wage increases and personal tax cuts. The backdrop was that households were relatively poor in international comparisons.

Today Irish households are wealthy on average compared to international peers and individuals have the choice to stay and live in a more tolerant, progressive Ireland. The failures to be addressed by a new Social Dialogue model are now more about collective or public goods and services.

A new compact must address the challenges of the Ireland of today and into the future. Ibec sees these in its campaign 'Better Lives, Better Business' addressing the need for better planning, better infrastructure, and housing whilst doing these sustainably. It should deliver a focus on building a platform for the adequate provision of the collective needs of a wealthy society.

In the sections which follow, Ibec seeks to reflect potential solutions which would help speed up the delivery of much-needed housing, improve viability and affordability, increase the capacity of the sector and its supply chain in manufacturing and ultimately benefit employers and employees. Ultimately a new collective effort is needed in the form of Social Dialogue in order to deliver better housing.

Younger workers, in particular, are financially pressed by ever-higher rents and the receding prospect of homeownership. This ultimately spills over into issues around well-being and productivity in the workplace.

Key Recommendations

To bring a stronger collective momentum to addressing the housing crisis:

1. Intensify work through the Labour Employer Economic Forum (LEEF) to address sustainable solutions for the delivery of adequate supply of affordable housing in the private market and through public provision.

To increase public housing delivery:

2. Set a more ambitious role for local authorities and Approved Housing Bodies (AHBs) through the delivery of social, cost-rental and broader affordable homes with a target of 20,000 units annually before the end of the decade, with greater delivery of affordable and cost-rental units.

To reduce purchase costs to buyers:

3. Create a State fund, ultimately funded by the Local Property Tax (LPT) but initially by the exchequer, to subvent the cost of Section 48 and 49 special and supplementary levies for new residential units, where the infrastructure benefits users across the local community rather than just the new home purchaser.

4. Introduce a VAT refund order worth 5% of a new home for purchasers of new build homes on a temporary basis under Section 103 of the VAT Act to help offset the rising costs of construction and supply chain challenges in the sector.

To address the funding deficit:

5. Significantly increase funding through the Irish Strategic Investment Fund (ISIF) and Home Building Finance Ireland (HBFI) to ensure adequate development finance in the market.

6. Improve access to domestic sources of funding for affordable residential development, linking domestic savings to the development of affordable homes, by implementing a risk appropriate income tax incentive for investments in designated residential development funds, mirrored on the Employment Investment Incentive Scheme (EIIS) and in line with the 2017 report of the 'Working Group On The Tax And Fiscal Treatment Of Rental Accommodation Providers'.

To improve delivery timelines:

7. Progress the Planning and Development Bill which has the potential to improve the timeliness and efficiency of the current planning system and ensure bodies such as An Bord Pleanála, the soon to be established Planning and Environment Division of the High Court and other relevant agencies have the resources needed to recruit and retain significant numbers of additional staff with relevant expertise in order to reduce planning backlogs and improve timeliness.

To maintain a functioning rental sector:

8. Implement improved tax treatment of landlords' expenses, while also ensuring greater security for tenants – through the multiannual rollout of greater resourcing for local authorities and the Residential Tenancies Board (RTB) to meet a 25% annual rental inspection target, a deposit protection scheme, and an national car testing (NCT) equivalent scheme for the accommodation rental sector.

To boost offsite construction activity:

9. Engage and collaborate with manufacturers and the construction sector to ensure that a portion of future social and affordable housing be completed using offsite construction methods, to create a strong level of demand certainty for investment in modern methods of construction.

To address skills shortages and productivity:

10. Continue to increase investment in Further Education and Training Centres to address waiting lists as quickly as possible, build out digital and other relevant skills in modern methods and introduce accelerated capital allowances for investments in advanced automation, Building Information Modelling (BIM), robotics and digital technologies in the construction sector.

Policy Proposals

Social, affordable and cost-rental housing

The State must be more ambitious in its approach to social, affordable and cost-rental housing. Targets for social and affordable housing are due to rise from 9,000 social homes and 4,000 affordable and cost rental homes in 2022 to a plateau of around 10,000 social homes and 6,000 affordable and cost rental homes per annum, for the remainder of the decade. Given increases in population and ongoing deficits, it is clear increased housing provision by the local authority sector and Approved Housing Bodies would provide immediate economic and social benefit across the country. Ibec's view is that closer to 20,000 social, affordable and cost rental units annually will be needed, through ramping up delivery of affordable and cost-rental units.

While improvements to the commissioning process for social housing are welcome, the timeframe for project approval remains far too long. It also does not include the actual construction and ultimate delivery of homes. Recent efforts to streamline and expedite the process must be redoubled, specifically addressing public procurement and finance. Local authorities are limited in their debt raising abilities, which restricts the sources of funding available to them for housing delivery. Focusing on social and affordable housing would increase the funding the State could borrow from the European Investment Bank (EIB) and other sources. Funding is available to support the rollout of affordable purchase and cost-rental housing schemes.

Over the next decade, maintenance and refurbishment of the existing social housing stock will come to the fore. The social housing stock is ageing in key urban areas. By 2030, for example, a considerable share of social housing units in the cities of Dublin and Cork will be between 80 and 100 years old. Maintenance, refurbishment, and potential replacement will become an increasing focus alongside of expanding the social housing stock. The age, condition, and availability of alternative units impact the reletting time of social housing. Finally, we must ensure existing public sector capacity constraints (e.g., architects, planners, engineers, public procurement, etc) do not hold back our ambition to deliver the social housing required.

Short-term measures

- Increase the target to 20,000 social, affordable and cost rental units annually by the end of the decade, with a focus on greater delivery of affordable and cost-rental units.
- Adopt a new collaborative procurement strategy, one that upholds appropriate assessments of impact on the marketplace, supports the rollout of standardised and simplified tendering documentation and reduces the significant waiting times under the current pre-construction process and capital works management framework (CWMF).
- Expedite delivery through developing a stock of different preapproved social housing designs that could be selected to meet the requirements of different tenants or specific site constraints. This would help achieve economies of scale in the procurement of new social housing.
- Review the approval process for direct and third-party build in terms of the interaction and sequencing between stages, such as changes to design, to ensure they do not automatically revert to the first stage.
- Work together with the marketplace and other procurement stakeholders, at the outset in identifying the best approach to projects and the appropriate delivery model.
- Ensure adequate funding of the Capital Advance Leasing Facility (CALF), Capital Assistance Scheme (CAS) and Cost Rental Equity Loan (CREL) schemes to ramp up home delivery through the Approved Housing Bodies.
- Significantly expand the Repair and Leasing scheme to bring vacant housing into the social housing sector.
- Provide for a greater pooling and sharing of specialist skills between public bodies, including local authorities, involved in planning, procuring and construction of housing.
- Ensure Modern Methods of Construction are embraced through the provision of social and affordable housing from design and procurement onwards.

Medium term measures

- Develop a new pipeline of social housing procurement opportunities through the National Development Finance Agency (NDFA), building on positive recent examples including Bundle 1,2 and 3 Social Housing Public-Private Partnerships (PPP) and other non-exchequer funded examples.
- Significantly scale up ambition to deliver affordable purchase and cost-rental housing schemes by leveraging finance from the EIB.
- Continue to work with the AHB sector to take appropriate steps to ensure they are off Government balance sheet for the purpose of Eurostat reporting requirements.
- Provide local authorities with necessary financial support, including the identification of non-Exchequer funding, to support effective housing maintenance, retrofitting and refurbishment, and consider a shared service approach.
- Ensure existing public sector capacity constraints (e.g., architects, planners, engineers, public procurement, etc) do not hold back our ambition to deliver the social housing required.

Given increases in population and ongoing deficits, it is clear increased housing provision by the local authority sector and Approved Housing Bodies would provide immediate economic and social benefit across the country.

Funding private housing development

The Irish construction sector has changed over the past decade, from one which was funded primarily by the banking sector to one funded by a mix of State and institutional funding. In 2007, for example, the banking sector lent over €30 billion for housing development, in recent years that has fallen to around €800 million. The banking market is also marked by continued consolidation. The residential sector is currently funded through a mix of forward funding, equity, debt and other provisions from institutional actors or the State. Feedback from our members is that funding will become more difficult to secure in the coming years across any number of sectors, including housing.

The past decade has seen the longest consistent period of low interest rates at any time since the emergence of the modern industrial economy in the 18th century. Across the developed world, 2023 will see a further normalisation of interest rates and a withdrawal of other emergency monetary supports. Risk free rates of return, in the form of US treasuries, will rise from levels which have oscillated around 1% in recent years to levels closer to expected yields on new home development. Debt costs are also rising rapidly with the Euribor rate up 3 percentage points since the start of 2022.

This monetary normalisation will drive reallocation of capital away from the phenomenon of 'reach for yield' – whereby investors bought riskier assets to achieve higher yields. We have already seen the impact of this in the realignment of equities with earnings across the economy. This will be a particular challenge for sectors where returns might be comparable to 'safe' assets like government bonds, such as the private rental sector.

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Short-term measures

- Increase funding through the Ireland Strategic Investment Fund (ISIF) and Home Building Finance Ireland (HBFI) to ensure adequate development finance in the market.
- Review HBFI products to ensure funding is competitively priced and expand products where gaps emerge in areas such as loan guarantees, equity and mezzanine financing.
- Expedite access to a borrowing framework for Technological Universities and ensure appropriate direct government investment where the viability of purpose-built student accommodation is a challenge.
- Improve access to domestic sources of funding for affordable residential development, linking domestic savings and finance to the development of affordable homes, by implementing a risk appropriate income tax incentive for investments in designated residential development funds, mirrored on the Employment Investment Incentive Scheme (EIIS) and in line with the 2017 report of the 'Working Group On The Tax And Fiscal Treatment Of Rental Accommodation Providers'.
- Consider a mixed tenure approach to schemes such as Croí Cónaithe.

Medium term measures

- Produce a roadmap for taxation of investment in housing to bring long-term certainty to the system.
- Explore options to leverage ESG frameworks at an EU level (the taxonomy, Green Bond standard, etc) to improve access to funding in the long run linked to the Government's Climate Action Plan.
- Put in place a framework for tax increment financing for key enabling infrastructure, secured against future property tax revenues from a development.

Improving viability and affordability

The viability of home building has been significantly challenged in the past 18 months. The cost of materials has risen by 31% since early 2021. At the same time, average hourly labour costs have risen 9% annually in Q2 2022 on the back of an acute shortage of skilled workers in the construction sector.

In the eurozone, market expectations for European Central Bank (ECB) interest rates are that they will rise to between 3.25% and 3.75% by the middle of 2023. Despite recent changes in the Central Bank's lending rules, rising interest rates and higher ongoing bills facing households are bound to impact on demand.

Whilst some key variables to viability are driven by larger economic forces, it is an opportune time to reflect on drivers of viability, the structure of regulated charges and taxes, and the overall framework through which we deliver affordability for homebuyers. These measures to support viability should also be multi-tenure reflecting challenges across the spectrum.

The level of recurring taxation on homeowners is low here by any EU standard, whilst principal primary residence exemptions for capital gains tax give significant tax benefits to movers. This was recognised in the recent report of the Commission on Taxation and Social Welfare. Conversely, households purchasing new homes are asked to pay significant taxes (Stamp, VAT), development contributions (both normal contributions and special development contributions) along with other 'hidden' taxes such as Part V social and affordable housing contributions under the Planning and Development Act.

These schemes often lack transparency for the homebuyer and accountability in terms of their design and initiation through to charging and payment. They also impact on affordability. A balance between recurring taxation (i.e., local property tax) and home affordability needs to be struck.

Finally, the provision and capacity of utilities plays a critical role in residential and commercial development. Much has been made regarding the amount of zoned land available for residential development. The reality, however, is that not all this land is in easily developed brownfield or greenfield sites, serviced by critical infrastructure, water and public transport. Increased investment by public utilities and increasing the provision of capacity of Uisce Éireann networks serving development land is key.

This capacity is of real concern. Many sites, particularly in the Greater Dublin Region, now have capacity or upgrade issues. In a recent submission to Uisce Éireann's National Water Resources Plan, Ibec outlined its concern about drinking water supply security for the Eastern Region, given its chronic reliance on unsustainably high levels of extraction from the River Liffey.

Short-term measures

- Section 48 and 49 special and supplementary levies for new residential units should be subvented by central government, where infrastructure benefits users across the local community. This should ultimately be funded through the Local Property Tax.

- Increase the capital spend on utility infrastructure to allow better forward planning of housing delivery. This is to ensure that capacity is available to meet on-going demand and zoned land is serviced in advance of development.

- Enhance the 'Living City' initiative by shortening the term of relief from ten to three years.

- Introduce a VAT refund order worth 5% of a new home for purchasers of new build homes on a temporary basis under Section 103 of the VAT Act to help offset the rising costs of construction and supply chain challenges in the sector.

- Extend the 'Vacant Property Refurbishment Grant' and 'Ready to Build Schemes' to encourage re-use of existing vacant buildings and denser living patterns in towns and villages.

- Incentivise the re-use of vacant commercial premises by moving the supply of properties converted from commercial (e.g., from office or other retail) to residential usage to the second reduced rate of VAT, where those properties become VAT liable due to a material alteration of their use or under the '25%' rule.

- Review policy interventions such as Croí Cónaithe and Project Tosaigh to ensure they support mixed tenure mixed communities.

- Initiatives such as the First Home shared equity scheme need continuous review to ensure their effectiveness and improve general awareness.

Medium term measures

- Ensure adequate funding for capital investment in water, wastewater and the completion of water projects of national importance such as the Water Supply Project Eastern and Midlands Region and Greater Dublin Drainage Project.

- Home affordability cannot be improved without measures to reduce the cost of development land. These should include improved targeting of infrastructure funds to enhance site accessibility; and more efficient use of publicly owned landbanks.

- Follow through on commitments in the Retail Banking Review to examine and pilot alternative mortgage models, such as the Dutch National Mortgage Guarantee scheme and covered bond regimes which are common in some other EU countries.

- We welcome the implementation of the Zoned Land Tax as a route toward improved liquidity in the market for land and its effectiveness should be reviewed at regular intervals to avoid any unintended consequences. In particular, the tax should be reviewed to ensure that homebuilders do not remain liable to pay the charge for periods where commencement on site is forestalled due to delays caused by state bodies.

The rental market

The dysfunctionality of Ireland's housing market can be seen in the rental sector. Alongside further growth in 'cost-rental' schemes, specific attention must also be urgently given to the private rental sector.

The rental market is consistently mentioned by Ibec members are a crucial barrier to Ireland's competitiveness as a location for investment. Growing numbers of members report challenges in not just finding affordable rental accommodation, but in finding any suitable accommodation. If Ireland is to be a location which both attracts and retains talent into the future a sustainable, affordable, secure and high-quality rental market will be key.

High rents impact quality of life, particularly for younger workers across the country. Supply has been eroded while demand has rapidly increased. Small and/or accidental landlords have exited the market, disposing of their rental properties in large numbers due to a mix of falling interest in being a professional landlord, challenged profitability and a return to positive equity for many. It is estimated that the country has lost more than 12,000 landlords since 2017.

Whilst large scale landlords will ultimately play a significant role in funding, developing and professionalising Ireland's rental sector in line with European norms – smaller landlords will continue to be an important part of the mix, particularly outside of urban cores. Further support for that group in meeting higher regulatory and climate standards can help both improve rental quality and meet broader social goals.

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Short-term measures:

- Protect good tenants and property owners through a much better-resourced Residential Tenancies Board (RTB) to provide adequate resources to develop and support a well-functioning residential rental sector in Ireland, for the equal benefit of landlords and tenants.
- Ensure the RTB has the power to make timely decisions and enhanced powers to enforce its decisions and ensure compliance.
- Follow through on commitments for an annual inspection target for rental properties of 25% of all private residential tenancies and earmark resourcing for the development of a well-resourced NCT style regime for rented accommodation.
- Introduce transparency in pricing to the sector through the RTB public register of tenancies.
- Implement the long-promised custodial deposit protection scheme.
- Introduce a scheme of income tax credits made available on rental income where property owners let a property at an affordable rent for a given number of years – modelled on parts of the French 'Pinel' system.
- For RTB registered landlords, Government should increase the range of allowable expenses aimed at improving rental capital stock or meeting regulatory obligations – including those which will come into focus due to the Government's Climate Action Plan. This should include indexing the cap on Section 97A pre letting expenses, accelerating capital allowances on fixtures and fittings and putting new retrofit tax supports on a permanent footing.

Medium term measures

- Ensure all local authority development plans are consistent with government housing policy on the rental sector
- Provide policy stability and regulatory certainty through a new comprehensive rental strategy addressing planning issues, tenant rights and incentives for property owners
- Set out a clear target for the delivery of rental properties as part of the overall national housing targets; and monitor progress on an annual basis.

Planning reform and timelines

The built-environment ecosystem, of which the planning system is a key part, has undergone substantial change over time. These changes include the establishment of the Office of the Planning Regulator, a new National Planning Framework, a continuing housing crisis, and an urgent need to address sustainability and energy security concerns.

Planning permission, and Judicial Review, are only one element of the development process. There are other important steps that take place before and after planning permission is granted, however, there are measures that can be taken to improve the efficiency of the planning system that would assist the speedy delivery of housing.

The very high number of judicial review challenges to planning permission is significantly delaying the delivery of new homes and resulting in many housing schemes which were granted planning permission, being unable to proceed, reducing supply and adding to the cost of homes – a cost that is usually borne by the first-time buyer. This has greatly increased the risks of housing development and has now led to a significant reduction in funding for acquisition of land and for taking housing schemes through the planning process. The pipeline of housing developments entering the planning system is now very seriously reduced compared with even a year ago.

Judicial review, resulting in significant delays and the quashing of permissions in some cases, is also a major impediment to the timely delivery of key infrastructure projects including transport, energy and waters services.

We recognise the right to appeal decisions. However, the system has become unwieldy with very long delays in decisions from An Bord Pleanála (18 months plus in some cases) and is impacting on the delivery of new homes. This has been recognised by the Office of the Planning Regulator's review of An Bord Pleanála which states that with 2,300 cases on hand (the equivalent of a year's backlog) and limited board members now available, the situation is "critical in operational terms". Our goal is to examine ways in which the right to appeal can be facilitated within a more efficient system that minimises the delay to new home delivery.

The complex patchwork of amendments to Ireland's planning legislation, built up over the last two decades, has created costly uncertainty for project developers. In this context, we welcome the Planning and Development Bill, viewing it as an important, necessary step in the right direction. The economy is facing increasing capacity constraints which will need to be addressed if we are to underpin ambitions in making Ireland a better place to live and work. Efforts to address such policy areas are being hindered by an existing planning regime that is unnecessarily costly and cumbersome.

Short-term measures:

- Urgently put in place all measures necessary to deal with the current backlog at An Bord Pleanála, following on from the recommendations of the Office of the Planning Regulator's Review on how to "quickly turn around a major and rapidly increasing overhang of caseload".
- Progress the Planning and Development Bill which has the potential to improve the timeliness and efficiency of the current planning system.
- Ensure bodies such as An Bord Pleanála and other relevant agencies have the resources needed to recruit and retain significant numbers of additional staff with relevant expertise. Otherwise, the imposition of new statutory deadlines for decisions on consents could prove counterproductive.
- Ensure An Bord Pleanála can seek a stay on legal proceedings while it seeks to correct any acknowledged errors in fact or law. Ibec has long advocated that An Bord Pleanála should exercise its discretionary power to issue draft decisions in complex cases, thereby enabling errors to be identified and rectified without unnecessary recourse to the courts.
- Staff the soon to be established Planning and Environment Division of the High Court with appropriately trained judges and support staff. This will likely entail an increase in the total allowed number of sitting judges, which in turn will require new primary legislation.
- Restore confidence in the planning regime through reform of the governance and oversight regime for An Bord Pleanála.
- Urgently implement the long awaited digitisation of the planning system.

Medium term measures

- Review relevant planning guidelines and international best practice to ensure an adequate mix in appropriate areas of medium and high density 'own-door' housing types.
- Review the National Planning Framework in 2023, in the context of the new data available from the Census, changes in working and commuting patterns since Covid and the development of the Climate Action Plan.
- Ensure local and regional authorities have sufficient latitude to vary Regional Spatial and Economic Strategies (RSESs), Metropolitan Area Strategic Plans (MASPs), local development plans and Area Based Plans in light of the review of the NPF.

Skills and capacity in construction

Meeting the increasing demand for housing associated with a growing population will require a strong talent pipeline with a diverse supply of skills ranging from traditional trade skills such as bricklaying to specialist skills related to the adoption of technologies and processes. Attracting and retaining talent in the construction sector remains a barrier for meeting national targets around housing supply.

While the number working in the construction sector has increased in recent years, it has not returned to the employment levels which are sustainable from a delivery perspective. The Expert Group on Future Skills Needs has estimated that to achieve the housing targets set out in Housing for All, employment in housing construction will need to increase from approximately 40,000 in 2021 to peak as high as 80,000 workers at the end of 2030.

The net-zero transition will also have significant implications for employment and skillsets in the housing construction sector with the introduction of new green occupations and the expansion of existing skillsets. An estimated 17,000 full time workers will be required to meet the demand for retrofitting in the coming years. However, the competition between construction and retrofitting for skilled talent places additional pressure on a workforce already in short supply.

Apprenticeships play a vital role in meeting these skills needs for construction. In 2021, there were a total of 4,870 new construction apprentice registrations, representing the highest level of construction apprentice registrations since 2007. Increasing registrations will be important for meeting the demand for skills in the construction sector. Likewise, we must urgently address the unprecedented backlog of apprentice training which emerged during COVID. The waiting list for training peaked as high as 12,000 apprentices in 2021 but has since dropped to 7,000 on the back of increased funding. This momentum must be maintained.

Finally, appropriate skills are one of the main barriers to the adoption of modern construction methods and digital innovations which can support the overall productivity of the construction sector. Digital upskilling can reduce the delivery time of projects while also making improvements in areas such as health and safety.

Short-term measures

- Maintain the increased investment in education and training centres to address waiting lists as quickly as possible and to ensure that the system has the capacity to ramp up the numbers taking part in apprenticeships
- Expand total available places on apprenticeships to meet projected skills needs.
- Increase the number of visas granted for key skills within the construction sector to address the significant undersupply of workers relative to Housing for All requirements.
- Provide opportunities for upskilling in advanced construction methods through the continued rollout of Further Education and Training Centres of Excellence.

Medium term measures

- Improve relative attractiveness of apprenticeships in line with other further education and third-level qualifications.
- Embed digital and BIM skills across traditional education pathways including further education, higher education and apprenticeships
- Deliver on the National Action Plan for Apprenticeships by introducing a single model of apprenticeships. The new model must maintain apprenticeships as an attractive offering for both the learner and employer, and in particular address the training costs facing apprentice employers.

Modern methods of construction and productivity

Offsite construction, which involves the partial or full manufacture of building structures at a manufacturing facility remote from the building site, can play a significant role in increasing housing supply, particularly the delivery of quality social and affordable homes – thereby increasing the speed of delivery, delivering more sustainable homes, and reducing the need for onsite labour. The production of housing units offsite is a type of Modern Method of Construction (MMC) that includes modular and timber frame construction.

The increasing use of offsite construction methods demonstrates the commitment of the Irish property and construction sector to the adoption of new technologies. Increasing the use of offsite construction in Irish building is an important approach to supporting innovation in the sector, and to encouraging further investment.

Increasing the use of off-site construction will benefit the sector and economy by enhancing productivity, cost effectiveness, and quality, reducing home running costs, providing stable jobs across our regions in the supply chain, and reducing waste, energy consumption and ultimately improving sustainability.

Several offsite construction companies currently operate in Ireland and have invested in manufacturing facilities, products, and system development. While these companies are currently delivering housing that meets all the current regulations and standards, they have the ambition and capacity to deliver significantly more homes into the Irish housing market each year.

This contribution can only be achieved, however, if there is engagement from all stakeholders, including the offsite construction sector itself and government. Ultimately the development of the sector in Ireland needs a reliable large scale stream of demand, which can only be provided through State led procurement.

Short-term measures

- Public procurement should engage with an MMC Forum (established by Government) at the planning phase. Pre-tender engagement with the sector will define projects using building specifications that will allow the use of off-site construction in the delivery of units.

- Engage and collaborate to ensure that a portion of future social and affordable housing be completed using offsite construction methods. This would encourage more businesses to invest in offsite manufacturing which will in turn lead to increased speed of delivery. 30% represents a starting point – in line with other EU countries, however this could be increased to 50%-70% over the lifetime of the program.

- Introduce accelerated capital allowances for investments in advanced automation, BIM, robotics and digital technologies in the construction, building materials and adjacent sectors.

Medium term measures

- Government commitment to a pipeline of work opportunities means businesses in the construction industry will be provided with certainty. This will result in inward investment in technology and skills and the subsequent expansion of the offsite manufacturing sector in Ireland.

- Provide guidance for use of the R&D tax credit for construction, in order to lower barriers to take-up – particularly for smaller businesses.

Increasing the use of off-site construction will benefit the sector and economy by enhancing productivity, cost effectiveness, and quality.

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