

# Apartment Owners' Network

Representing Homeowners in Managed Estates



**Budget 2022**

**Submission**

**to**

**Department of Finance**

## **CONTENTS**

**1.0 Introduction & Context**

**2.0 Details of Submission**

**3.0 Conclusion**

## 1.0 Introduction

### 1.1 Our Proposals

In the interests of brevity, we refer to our submissions in relation to Budgets 2017 to 2021 inclusive. These are available on our website at:

- 2017  
<https://apartmentownersnetwork.files.wordpress.com/2017/07/aon-budget-2018-submission-10-07-2017.pdf>
- 2018  
<https://apartmentownersnetwork.files.wordpress.com/2018/08/aon-dof-pbs09082018.pdf>
- 2019  
<https://apartmentownersnetwork.files.wordpress.com/2019/07/aon-dof-pre-budget-2020-090719.pdf>
- 2020  
<https://apartmentownersnetwork.files.wordpress.com/2019/07/aon-dof-18072019-pre-budget-2020-suppl.pdf>
- 2021  
<https://apartmentownersnetwork.files.wordpress.com/2020/08/20200805-aon-dof-budget-2021.pdf>

This year's submission builds on those of previous years.

## 1.2 Context

In framing this submission we remain conscious of the uncertainties presented by the current public health situation, and the demands placed on the national finances.

National policies<sup>1</sup> to address climate change, reduce urban sprawl, and encourage sustainable living all identify high-density residential communities and compact growth as key to progress.

The Programme for Government (“PFG”)<sup>2</sup> contains the following commitments in relation to matters that concern the Apartment Owners’ Network-

### **“Defects**

*We will*

- *Examine the issue of defective housing in the first 12 months, having regard to the recommendations of the Joint Oireachtas Committee on Housing report, ‘Safe as Houses’.*
- *Bring forward law reform to improve the legal remedies for homeowners who are dealing with defects.*
- *Assist owners of latent defect properties, by identifying options for those impacted by defects, to access low-cost, long-term finance.*

### **Management Companies**

*We will conduct a review of the existing management company legislation, to ensure that it is fit for purpose and that it acts in the best interests of residents.”*

As noted in our previous submissions, a number of reports emanating from the State identified grave financial challenges facing high-density residential properties, in particular owners’ management companies (“OMCs”) of apartment/multi-unit developments.

The December 2017 All-Party Oireachtas Joint Committee on Housing, Planning and Local Government report entitled “*Safe as Houses? A Report on Building Standards, Building Controls & Consumer Protection*”<sup>3</sup> draws attention to the life safety defects in estates throughout the country. That report proposes measures to deal with legacy issues, restore confidence in the construction sector, and increase consumer protections.

The June 2019 report jointly commissioned by the Housing Agency and Clúid Housing entitled “*Owners’ Management Companies – Sustainable apartment living for Ireland*”<sup>4</sup> is the latest such report. It highlights the shortcomings, mainly governance and financial, in the apartment sector.

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<sup>1</sup> Project Ireland 2040 - National Planning Framework <http://npl.ie/>  
Climate Action Plan 2019 <https://www.dccae.gov.ie/en-ie/climate-action/topics/climate-action-plan/Pages/climate-action.aspx>

<sup>2</sup> Programme for Government Our Shared Future  
<https://static.rasset.ie/documents/news/2020/06/programmeforgovernment-june2020-final.pdf>

<sup>3</sup> <https://www.oireachtas.ie/en/press-centre/press-releases/20180124-housing-committee-report-calls-for-increased-building-regulations-building-control-and-consumer-protection/>

<sup>4</sup> <https://www.housingagency.ie/publications/owners-management-companies-sustainable-apartment-living-ireland>

There is clear evidence and advocacy from organs of the State about problems in a part of Ireland's housing stock that is fundamental to our country's future, in terms of sustainable growth and economic success.

The joint proposal<sup>5</sup> by the Construction Defects Alliance and the Apartment Owners' Network for a Government examination of construction defects sets out a modus operandi for putting into effect the PFG commitments in this regard.

The purpose of the fiscal and other measures put forward in this submission is to help to address the problems identified. We submit that it reflects a joined-up, holistic approach to policy in the areas of housing and economic development.

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<sup>5</sup>Proposal for a Government Examination of Defects Issue  
[https://constructiondefectsalliance.ie/assets/files/pdf/proposal\\_for\\_a\\_government\\_examination\\_of\\_defects\\_issue\\_--\\_final.pdf](https://constructiondefectsalliance.ie/assets/files/pdf/proposal_for_a_government_examination_of_defects_issue_--_final.pdf)

## 2.0 Details of Submission

The proposals are set out in our submission of 7 August 2020 referring to Budget 2021, as modified by the following related submissions made in the intervening period:

- Submission of 10 February 2020 to Department of Finance – Review of HBF1  
<https://apartmentownersnetwork.files.wordpress.com/2021/02/20210210-aon-dof-hbfi.pdf>
- Submission of 17 February 2021 to Department of Public Expenditure and Reform – Review to Renew Review of National Development Plan  
<https://apartmentownersnetwork.files.wordpress.com/2021/02/20210217-aon-dper-review-to-renew.pdf>
- Submission of 22 February 2021 to Department of the Taoiseach – National Recovery and Resilience Plan  
<https://apartmentownersnetwork.files.wordpress.com/2021/02/20210222-aon-dat-nrrp.pdf>

## 2.1 Amendment of section 97 TCA 1997

Particular attention is drawn to proposals, discussed at Finance Bill 2020 Committee Stage<sup>6</sup>, to amend section 97 Taxes Consolidation Act 1997 to encourage compliance by landlords with sections 18(10) and 22 of the Multi-Unit Developments Act 2011<sup>7</sup>.

It is submitted that these proposals be re-examined in the light of policy evidence available in the intervening period, for example *Review Of Multi-Unit Development Legislation – Policy Position* prepared by the Society of Chartered Surveyors Ireland<sup>8</sup>.

## 2.2 Submission Costings

As a volunteer-led organisation the Network does not have resources sufficient to undertake costings of the proposals in this submission. However, it is submitted that if the issues in the multi-unit/apartment sector are not addressed, and if the PFG commitments identified in Section 1 are not progressed, the difficulties in the sector, and associated remediation costs, will be compounded. We would be glad to engage with the Department in this regard.

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<sup>6</sup> Select Committee on Finance, Public Expenditure and Reform, and Taoiseach debate - Wednesday, 18 November 2020, Amendment No. 168  
[https://www.oireachtas.ie/en/debates/debate/select\\_committee\\_on\\_finance\\_public\\_expenditure\\_and\\_reform\\_and\\_taoiseach/2020-11-18/speech/83/](https://www.oireachtas.ie/en/debates/debate/select_committee_on_finance_public_expenditure_and_reform_and_taoiseach/2020-11-18/speech/83/)

<sup>7</sup> <http://www.irishstatutebook.ie/eli/2011/act/2/enacted/en/print.html>

<sup>8</sup> Review Of Multi-Unit Development Legislation – Policy Position (21 April 2021)  
<https://scsi.ie/review-of-multi-unit-development-legislation-policy-position/>

### **3.0 Conclusion**

We thank the Department for the opportunity to make this submission.

We submit that non-tax measures proposed should be raised by the Department of Finance with the relevant/responsible Government departments, in particular with the Department of Housing, Local Government and Heritage, and with the Department of Justice.

We trust that the views expressed will be given due consideration in the Department's deliberations in framing Finance Act 2021.

We would be glad to expand on our proposals at a meeting or in another appropriate forum.