



BY EMAIL

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CC: Minister for Housing, Local Government and Heritage
Deputy Steven Matthews, Chairman, Committee on Housing, Local Government and Heritage
The Housing Agency

8th September 2021

A Chara,

**Re: Draft National Risk Assessment 2021/2022
Strategic Environmental Risks**

This is a short submission in relation to the Draft National Risk Assessment 2021/2022 published on 19 July 2021. Our submission refers in particular to Chapter 4.2 "*Housing and sustainable development*".

In short, we submit that there are considerable risks (environmental, social, and financial) associated with certain apartment developments in Ireland. This is a risk of national significance because apartments form an increasing proportion of the national housing stock, and because high density housing has been identified as a priority in Ireland 2040.

Apartment common areas – remediation and reinstatement costs

According to Census 2016, Ireland has approximately 205,000 apartments in its housing stock. A feature of most apartment and multi-unit developments is their common areas. These are shared spaces such as corridors, stairs, lifts, basements, etc. Typically, common areas are owned by owners' management companies ("OMC"). Stewardship of OMC affairs is undertaken by volunteer directors, with professional assistance from property management agents.

Estimates indicate that the reinstatement/insurance value of estate common areas in apartments runs to hundreds of billions of euro. Academic studies clearly demonstrate that most OMCs are under-providing, or not providing at all, for the costs of non-recurring/capital expenditure, such as lift replacement, major redecoration, etc.

These exposures could pose potential risks for the Exchequer, where underfunded OMCs are required to be "bailed out" by local authorities. The matter therefore might also be considered in the context of Chapter 3 "*Economic Risks*".

The exposures are before considering the costs of remediation of building defects. These defects are considered to pose a major fire risk- Priory Hall, Longboat Quay and other cases refer. The content of the recent Department of Housing Fire Safety Task Force report also refers

Considering our communications on these matters with the Department of Housing, Planning and Local Government, and the Housing Agency, we have copied this correspondence to them. We also raised these matters before a sitting of the Joint Oireachtas Committee on Housing, Planning and Local Government on 19 April 2018; we have copied the Chairman of that Committee, Deputy Steven Matthews.

Evidence

[Our 2019 submission](#) includes a selection of our correspondence on these matters to various State agencies, including those referred to above. Other submissions are available on our website- www.apartmentownersnetwork.org

We note that we have not restricted ourselves to identifying risks and problems. We have proposed regulatory and other reforms designed to address the challenges, and mitigate the risks.

Welcome Recent Developments

We very much welcome the initiatives announced by government in the Housing for All plan that *“Regulations will also be made under subsection 9 of section 19 of the MUD Act to ensure that OMCs provide for expenditure of a non-recurring nature (i.e. sinking fund expenditure)”* in addition to broader reforms proposed for the Multi-Unit Development sector including a review of MUD Act legislation as detailed in the Programme for Government.

Conclusion

We trust our observations will be given due consideration in the formulation of the final assessment document. If helpful, we would be glad to expand on our comments by way of meeting or further correspondence.

Please contact us via info@apartmentownersnetwork.org, should you have any queries in relation to the above or enclosed.

Kind regards,

[*Sent by email and accordingly bears no signature]

Bryan Maher
Director