

Monday 23rd January, 2023

GOVERNMENT SCHEME TO ADDRESS APARTMENT DEFECTS EXPECTED TO RESTORE LOST ASSET VALUES – IPAV

Welcoming the decision of the Government to draft legislation to support the remediation of apartments and duplexes with fire safety, structural safety and water ingress defects, IPAV, the Institute of Professional Auctioneers & Valuers, said taking a longer-term view, the initiative should deliver better housing stock that will improve the quality of life and safety for owners and renters.

And it will enable the defective apartments to be more attractive to potential purchasers into the future and restore lost asset values to owners which have arisen because of the defects.

Pat Davitt, IPAV's Chief Executive whose organisation lobbied Government for the scheme through a submission and a series of meetings with the Working Group to Examine Defects in Housing set up by Minister Darragh O'Brien, said: "Those advantages, while difficult to quantify, will, nonetheless, be substantial and very real.

"We had proposed a funding mechanism whereby low or no cost State loans would be made available to Owners Management Companies (OMCs) because members/owners and their unpaid, voluntary Directors find it extremely difficult to finance serious remedial works and such works cannot commence until funds have been collected.

"Commercial borrowing requires collateral or personal guarantees and OMC Boards or Managing Agents are in no position to provide such," he said.

IPAV pointed to anecdotal evidence that some OMC Directors had to guarantee bank loans themselves to complete emergency works on developments.

Mr Davitt said the Government has decided that the works will be fully funded by the State and said: "That is not unreasonable given that serious defects have arisen because of poor building control and lack of supervision."

He said into the future such a situation should never again be allowed to happen. "It would be a travesty were it to happen again, we must have a new regime with full accountability and serious, enforceable sanctions for shoddy work."

He said his organisation is aware of issues in rural towns and cities where units at completion were certified as being compliant with fire regulations but 10 years later were deemed non-compliant by the same Local Authority.

In addition to fire safety issues, which take priority, water ingress is also a major problem in apartments due to poor quality build and poor ventilation, the latter often exacerbated by occupants not switching on extractor fans when cooking.

Mr Davitt said it was also to be welcomed that Minister for Housing Darragh O'Brien and the Government approved the principle of allowing remediation costs already incurred or levied to be covered under the legacy defects scheme.

"While we await the details on this it would seem fair that those who have managed to raise funds, and personal loans in many cases, would not be treated differently from those who have not so far managed to do so," he said. The government scheme to address defects will apply to apartments constructed between 1991 and 2013. It is expected that the scheme will be operational from next year.

Ends