ipav | Institute of Professional Auctioneers & Valuers

The Voice of Auctioneers and Valuers in Ireland

Social Cohesion Demands Home Ownership be Prioritised

2024 Pre-Budget Submission

August 2023

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01. About IPAV

IPAV was established in 1971 as a representative professional body for qualified, Licensed Auctioneers, Valuers and Estate Agents. It is the only Irish representative body catering solely for the professional and educational requirements of Auctioneers and Valuers.

IPAV currently has more than 1,500 members nationwide and one of its primary objectives is to uphold, advance and promote professional standards and competence among its members.

IPAV operates a comprehensive system of professional education and development for existing members and for those wishing to enter the profession. We introduced the 'Blue Book' European valuation standards to Ireland in 2013. This is the standard recognised by the Irish Central Bank and the European Central Bank for which it holds default status over all other valuation standards in the event of any valuation conflict arising.

IPAV works with other stakeholders and with policymakers to try and influence the development of a sustainable property market where people can buy, sell, or rent properties according to their needs.

This pre-budget submission is intended to help Government implement policies that will help create a sustainable property market and provide some solutions for what is the most economically and socially challenging issue facing Ireland now.

It is in the interests of all stakeholders to ensure that a properly functioning housing market is enabled. Such a market should be characterised by sufficient supply of suitable housing that is affordable; a moderation of house price inflation; social mobility that is not constrained by housing and a high quality and sustainable housing stock that enhances the overall competitiveness of the Irish economy.

IPAV CEO & Executive

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02. The Housing Market

In Budget 2024 housing needs to be given significant priority, and in a new way. We believe it is crucial that housing policy would be co-ordinated across Government and the various agencies of the State. Indeed we see this absence to date, along with a deficit of critical market data to inform policy decisions, as having been largely responsible for a plethora of piecemeal initiatives that have had massive unintended consequences, such as causing private landlords to exit the market.

Another major example would be the introduction of the Residential Zoned Land Tax. While the stated intention of this tax is to address land hoarding, a new report by the Department of Finance - Economic Insights Summer 2023, included a review of un-commenced planning permissions nationally with a focus on planning permissions in Dublin. It clearly demonstrates that the issue of undeveloped sites is far more complex than the easy narrative of land hoarding by developers.

We don’t intend to go into detailed housing statistics here since they are already well documented elsewhere. However, it is worth noting that the census of population figures released by the CSO in May 2023 and taken in early April 2022 show that for the first time in 171 years Ireland's population exceeded the five million threshold at 5,149,139 people, an 8% increase since April 2016.

There is, of course, the added pressure of providing for Ukrainian refugees fleeing the Russian invasion of their country in February 2022 and the ongoing inflow of others seeking international protection.

On the supply side, capacity constraints prevail in the construction sector with the soaring costs of materials, and legal challenges to planning, among the challenges ensuring that supply, although increasing, is lower than required. Rapidly rising interest rates have become an increasing factor for builders and developers, as well as consumers.

This demand/supply imbalance will continue to pressurise market dynamics in the medium-term.

We believe that the predominant emphasis in housing policy should be on facilitating and encouraging home ownership, along with social and affordable provision for those not in a position to buy their own homes. We believe private landlords need to be attracted back into the market, through incentives, to ensure there is sufficient rental stock to serve more transient workers, and students.

We further believe there should be policy intervention to enable younger people to purchase a home. The recently published ESRI study: Housing Affordability: Ireland in a Cross-Country Context found that while Ireland has the fourth highest rate of home ownership for households aged 40+ across the 15 countries analysed, it has only the tenth highest rate for households aged below 40. It found that Ireland has one of the biggest gaps in ownership rates between younger and older generations, second only to Greece.

Additionally, the most recent homeless figures published at the end of July show that of those accessing emergency accommodation 30% are age 45 and over with 2% of these being over 65, there were 190 pensioners homeless.

These amount to seismic changes that will, unless arrested, have major adverse implications for whole generations to come. It's crucially important to get as many people as possible to achieve home ownership as early in their lives as possible.

Economic and demographic factors will continue to drive strong demand for housing, even though soaring interest rates are a new challenge for prospective buyers, particularly first-time buyers, and indeed developers, as mentioned.

We note that emerging economic data points to exports of medical and pharmaceutical products falling by almost €2 billion (22 per cent) to €7.2 billion year-on-year in March 2023. If this were to develop into a trend, beyond a readjustment arising from the pandemic, then housing budgets could be challenged.

However, we do believe that far greater efficiencies could be achieved through policy co-ordination. And this should be given urgent attention.

Alongside the various policy measures in Ireland's current housing strategy, Housing for All, it is essential that Budget 2024 includes further, unprecedented measures, if we are to address the enormity of the problem.

03. Rent Pressure Zones

Rent Pressure Zones (RPZs) were introduced in December 2016 to help control rapidly rising rents. The legislation was due to expire at the end of 2021 but has been extended to the end of 2024. It is now quite clear that the effect of the system has been to vastly distort the market and to cause rents to rise.

Writing in The Irish Times in March 2023 Professor John FitzGerald, Professor Emeritus at the Economic & Social Research Institute (ESRI) concluded:

"Rent controls are a short-term fix that usually turn into a long-term problem. Once in place, ending restrictions becomes increasingly problematic. The long-term effect is to curb supply of rental properties, raise overall rent levels, and ultimately damage the interests of tenants and potential tenants."

Initially, rent increases of no more than 4% were allowed in RPZs, but this favours landlords with higher rents. Since 16th July 2021, the 4% formula was replaced by the Harmonised Index of the Consumer Price (HICP) and later still this was restricted to 2%.

A study by economist Jim Power and commissioned jointly by IPAV and the Irish Property Owners' Association (IPOA) in 2022 concluded the rental market is in a state of crisis exacerbated with the exit of non-institutional landlords in significant numbers, reducing supply and putting upward pressure on rents.

Among the study's findings were:

The constantly changing and very challenging regulatory and taxation environment that treats private landlords very differently from institutional landlords, is largely responsible for private non-institutional landlords leaving the market;

RPZs are creating a two-tier rental market and leading to a situation where maintenance of quality accommodation is not economically justifiable and negatively impacting on capital values where the property is subject to RPZ rules.

The study said there has been a collapse in private investor participation in the market, dropping from 19.9% of total mortgage lending in 2006 or €7.9 billion to 1.4% in 2021 or €143 million. It concluded there has to be a move away from policies that discriminate against private landlords, and which give them little incentive to participate in the rental market.

The RPZ legislation has created serious distortions in the rental market. The Residential Tenancies Board (RTB) publishes quarterly data on new rentals but is not yet in a position to provide data on all rentals, existing as well as new. A proper data set and evidence base is required before the legislation expires and before any decisions are taken on what might replace it.

Unfortunately, there has been so much intervention with the legislation that some landlords are holding properties out of the rental market fearing what the Government may do next.

Legislation passed through the Houses of the Oireachtas in June 2022 that further increased the termination notice periods landlords must give is hastening the exit of small landlords from the market.

Anecdotal evidence from IPAV members suggests many tenants, subject to rents way below market rate, would prefer to pay market rent, since the last thing they want is to have their tenancies terminated and the property sold. High interest rates have added negatively to the situation of such landlords and will hasten their exit from the market.

Certainty is required from government for the private rental sector to gain long lost trust. The Government needs to bring back equity to rents which now run on what is effectively a two-tier system. We need to lower the high rents and increase the low rents to bring them to open market levels. As long as properties are rented below market rent, it disincentivises such landlords from entering into long term leases. For such leases landlords would need far more confidence about their long-term prospects than they have currently.

We propose:

A tax regime applicable to both small and large investors of a common income tax rate of 25%.

Rental income should not be treated as passive income only and landlords should be enabled to fund a pension from such income and claim a tax allowance for same.

The immediate introduction of a Tenants Code of Conduct which would help rebalance tenant and landlord rights.

Amendment of RPZ rules so that all Notices of Termination received by the RTB are examined without delay and their legitimacy verified and confirmed to the landlord within 21 days.

RTB determination orders should be stamped by a District Court Judge in his/her quarters and not require a full court hearing.

Landlords in RPZs, on re-renting a property when a tenant leaves of their own accord, should be allowed to charge market rent on the new tenancy. If the Government preferred that the new tenant would not be subject to the higher rent this could be facilitated by way of a tax voucher to the landlord in lieu of the increased rent.

A Certificate of Fitness for every rented home covering up-to-date fire and building standards should be available before a property goes on the rental market. A panel of inspectors would need to be made available for this work and IPAV would be happy to train members willing to take part in such a scheme.

04. Vacant Homes and Shops

Preliminary figures from Census 2022 show there are 166,752 vacant homes in Ireland. While there are good and very much improved Government incentives for those wishing to buy such properties, on the ground our members are seeing major challenges that prevent potential buyers from actively purchasing, despite such Exchequer commitment.

One of the primary impediments is that lenders tend to have a grave reluctance to provide mortgages until such time as vacant or derelict properties are restored to a habitable state. This means that aspiring buyers are caught in a classic 'Catch-22' situation.

Our members are also reporting that the level of Capital Gains Tax (CGT) is proving an impediment in many instances. Such properties would typically have gained value over time generating a high CGT requirement on sale. This is proving to be a disincentive for owners to sell their vacant or derelict properties.

Restoring such properties would provide good value homes and has the added advantage of further assisting rural regeneration and community diversity and cohesion, whilst also being climate friendly.

A successful strategy in this area would make a significant impact on the housing crisis. But, for such a strategy to succeed, realistic tax incentives will be required. The creation of an annual register of all vacant homes and shops should become mandatory for all Local Authorities, and they should be obliged to bring 10% of vacant properties in each Local Authority area back into production every year. IPAV advocates:

- **·A Government backed fund administered through the Credit Union movement or Local Authorities to provide bridging finance for purchasers of such properties. Such a fund would help complete the circle and make restoring such properties eminently viable and realistic and at little or no cost to the Exchequer.**

- **·The introduction of realistic tax incentives to bring vacant homes and shops back into use. This must include a free, or amnesty period, from CGT. If owners are not encouraged to sell and given incentives they simply will not sell vacant homes.**

- **·The extension of the re-payment period to 40 years, from 30, for Local Authority Home Loans.**

- **·The introduction of a non-repayable €50/70,000 purchase subsidy for First Time Buyers (FTBs) of derelict homes to be administered as per the Help-to-Buy scheme and the staged payment or bridging of these grants through Credit Unions or Local Authorities. When the property is refurbished it would then be mortgaged through the Local Authority Home Loan scheme or Credit Unions.**

- **·The introduction of a non-repayable €20,000 purchase subsidy for FTBs of vacant homes of more than 3 years to be administered as per the Help-to-Buy scheme.**

05. Sustainability - Enhancing Sustainability and reducing carbon emissions for Residential and Commercial Buildings

Ireland has made crucial commitments to reducing carbon emissions in its response to climate change. The Irish government's Climate Action Plan (2021) targets a 51% reduction in greenhouse gas emissions by 2030, with a €125bn investment. The Climate Act 2021 legally binds Ireland to achieve net-zero emissions by 2050 and 51% reduction by 2030, supported by Sectoral Emissions Ceilings. The Sectoral Emissions Ceilings in particular outline the plan to reduce emissions from the built environment from 9 Mt to 5 Mt in 2030*. (*MtCO2eq)

These are in line the with the EU's key climate initiatives encompassing the European Green Deal for climate neutrality by 2050, the 2030 Climate Target Plan for a 55% emission reduction, the legally binding European Climate Law, and the collaborative European Climate Pact.

Given the scale of emissions from the built environment it is imperative that housing plays a major role in the nation's climate change efforts. Along with rapidly growing demand for change from citizens there is also the potential for significant penalties in case of non-compliance. To ensure homeowners and business owners actively contribute to this agenda, it becomes essential to provide incentives such as tax allowances and grants. It is also important to measure the efficiency of our housing stock with BER ratings as a critical step to improving efficiency. To address these challenges, IPAV recommends:

- **Increasing incentives to adopt energy efficient technologies.** ·The wider adoption of Solar Panels, Thermal Solar systems and Heat Pumps will be critical in achieving sectoral targets. In addition to existing support IPAV recommends granting a 20% allowance against the annual Local Property Tax (LPT) liability.

- **Improving the efficiency of investments in retrofitting.** There are significant carbon savings from retrofitting or refurbishing existing suitable properties compared to building new properties. However in some cases deep retrofitting may have a lower return on investment compared to funding smaller investments across multiple properties. It might be more advantageous to provide grants to those with lower BER ratings, allowing them to upgrade to higher levels. Given the scale of investment required to meet the sectoral targets it will be critical to ensure money is well spent.

- **Implementation of mandatory Building Energy Ratings (BER) for all private residences across the country.** While homeowners would bear the cost, it should be entirely deductible from their income tax liabilities. For households exempt from income tax, a grant equivalent to the tax allowance should be provided. This would empower the Department of Housing, Heritage & Local Government to thoroughly assess the current nationwide BER status and inform plans and investment to improve efficiency. This data-driven approach would encourage more informed decisions regarding energy-efficient improvements.

- **Integrating BER information into the Property Price Register.** This would give property owners insights into potential price advantages associated with upgrading their BER rating. It would enable a clear depiction of the properties with the highest value increments based on their BER levels.

06. Increasing supply by correcting Planning Regulations and other distortions

6.1 Planning

Planning impediments continue to be a major issue holding-up start-ups on zoned residential land. The consistent use by third parties of the judicial review process has had a severe and detrimental impact on the supply of planning permissions and therefore the supply of residential accommodation.

It would appear that up to 60% of planning permissions which are granted by An Bord Pleanála are appealed by way of a judicial review. It has created a new tier for planning which, as well as creating considerable uncertainty, also adds considerable costs associated with seeking planning permission.

6.2 Planning Consultation

This continues to be a major difficulty where developers consult with the local authority and agree a strategic plan to move forward with their application only to find that staff changes occur and new staff may not agree with their predecessor and the whole process goes back to Stage 1, creating additional uncertainty and additional costs which are eventually passed on to the purchaser.

6.3 Planning Regulator

The Planning Regulator has unfettered power and uses it to direct local authorities in the greater Dublin area and throughout the country in relation to zoning lands, incredibly, without apparent consideration of the housing crisis.

This exacerbates the supply of suitable sites and the uncertainty surrounding these instructions creates issues in relation to funding i.e., lenders will not lend on land unless it has a planning permission ready to go. This additional cost to the developer/builder is then added to the price of the property which means the purchaser inevitably pays.

The power of the Regulator is creating huge economic difficulties and exacerbating the supply crisis. IPAV urges Government to:

- **Speed up planning reforms.**

- **Alter the system whereby anyone, even those with no association with an area, can object to planning.**

- **Extend the suspension of development charges from the end of 2024 to the end of 2025. When the charges are reinstated Local Authorities that have signalled an intension to, in some cases, double such fees, should not be allowed do so.**

07. Encouraging Home Ownership – Help-to-Buy scheme

Critical issues in the housing market are affordability and viability. Affordability is what a potential house buyer can afford to pay for a house, particularly in the context of the Central Bank's mortgage lending rules, and now higher interest rates. Viability relates to the price a developer would need to obtain to make it viable to deliver that house.

The CSO Residential Property Price Index for May 2023 showed that while the median price for a residential property in the 12 months to May 2023 was €315,000, prices ranged from €160,000 in Longford to €630,000 in Dún Laoghaire-Rathdown in Dublin.

IPAV's own Residential Property Price Barometer for the first six months of 2023 will show an increase on actual sales prices. While second-hand properties have exceeded previous 2006 peak prices in many of our cities, those in much of rural Ireland are lower. But a new 3-bedroom semi-detached house is very close to the same price all over rural Ireland at approx. €350,000.

Under the Help-to-Buy scheme a First-Time Buyer (FTB) couple earning a combined salary of €80,000 would have to have a deposit of at least 10%, that is, €35,000, and would be able to borrow a maximum of €320,000.

A FTB who either buys, or self-builds a new residential property between 1st January 2017 and 31 December 2024 may be able to claim a refund of income tax and DIRT paid over the previous four tax years under the scheme. It applies to properties that cost €500,000 or less. It does not apply to PRSI or USC.

A FTB can claim relief on the lesser of:

- 10% of the purchase price of the property
- 10% of the completion value of a self-build property
- the amount of income tax and DIRT paid for the previous 4 years

The maximum payment is €30,000 per qualifying property under the enhanced relief and this cap applies regardless of how many people enter a contract to purchase the property.

As indicated earlier, seismic shifts have taken place in terms of home ownership for those under age 40, along with older people falling into homelessness. These figures are going to increase at an alarming rate, unless we begin to do something about them now.

The policy change needs to be radical to get young people to invest in their own homes and protect them from poverty in later years. This can only be done with Government incentives.

IPAV proposes that:

The HTB grant should be extended to €40,000 on new properties for purchasers under age 40.

A new grant of €20,000 be brought in for FTBs aged under 40 and purchasing second-hand homes.

A new grant of €60,000 for purchasers with a child or children be brought in for FTBs under 40.

The term of loans under the Local Authority Home Loan scheme should be extended to 40 years for younger purchasers wanting to buy a home.

08. Encouraging Home Ownership – Mortgage Lending Regulations

Although not directly related to fiscal policy or the budgetary process, the Government must take cognisance of the social and economic impact that the mortgage lending rules are having on the housing market.

The recent ESRI study referenced earlier states: 'Key macroprudential parameters have been shown to be tight in Ireland relative to elsewhere in Europe (O'Toole and Slaymaker, 2022).'

In 2015, the Central Bank of Ireland introduced its mortgage lending rules. The measures set limits on the size of mortgages that consumers can borrow, using loan-to-value (LTV) and loan-to-income (LTI) limits. They have had a small number of updates in the intervening period.

The key mortgage lending rules now are:

First-Time Buyers

- The mortgage is capped at 4 times income, but lenders are permitted to allow 15% of mortgages to be above this limit. A deposit of 10% is required.

Second and Subsequent Buyers

- The mortgage is capped at 3.5 times income, but 15% of mortgages can be above this limit. A deposit of 10% is required.

Some banks are not availing of the exemptions so their effect is limited.

Buy-to-Let

- A deposit of 30% is required, but 10% of mortgages can have a lower deposit. Buy-to-Let mortgages are exempt from Loan to Income (LTI) limits.

The mortgage measures are intended to increase the resilience of banks and borrowers to negative economic and financial shocks and dampen the pro-cyclicality of credit and house prices, so a damaging credit-house price spiral does not re-emerge. The Central Bank is committed to annually reviewing the calibration of the mortgage measures in the context of wider housing and mortgage market developments to ensure that they continue to meet their objectives.

Mortgage regulations are sensible and prudent, but adjustments are required when the rules are having negative unintended consequences. It is now clear that the regulations as currently constituted are effectively locking those on average incomes out of the home-ownership market. Aspiring buyers on average incomes, and even those on relatively high incomes in some parts of the country, cannot aspire to home ownership and are being forced into a rental market that is expensive and not functioning properly. They have in addition now lost out on what were historically low mortgage interest rates, because of the rigidity and inflexible of the rules, and as mentioned above, Ireland's mortgage rules have been shown to be tight relative to elsewhere in Europe.

As interest rates have ramped up since July 2022 lenders are reporting massive profits for the first six months of 2023.

Across the country average monthly rents are higher than monthly mortgage repayments. This is demonstrated regularly in Daft.ie Rental Price Reports. In effect, this means that many young people are not able to aspire to what is a cultural norm in Ireland, home ownership. As such, they cannot build up equity in an asset, and given that many younger people have poor or no pension arrangements, the financial implications later in life are very significant. The 2016 Census found that 243 of the homeless population were aged 65 and over. With a policy status quo we believe this figure, could ramp up in the years ahead. There is no time to spare.

From the perspective of equity and fairness, and indeed, social solidarity, limiting home ownership in many parts of the country to those on high incomes is neither acceptable nor sustainable. Facilitating home ownership for younger people who aspire to home ownership would take pressure off the rental market by freeing up rental properties, easing rents and alleviating the growing pressure on the Housing Assistance Payment (HAP).

Enabling those earning up to €70,000 to borrow up to 4 ½ times income would bring some equity to the situation and give hope to a large cohort of the younger generation. In addition, the Government should encourage lenders to continue offering long-term fixed rate mortgages, some of which have been pulled from the market in the last year. These protect borrowers from short-term interest rate volatility, which we're currently experiencing. IPAV strongly advocates:

- **As people are living much longer, that the option to extend the mortgage term up to 40 years should be exercised by lenders and especially under the Local Authority Home Loan scheme.**

09. Encouraging Home Ownership – Need for New Forms of Mortgage Lending

Since the exit of KBC and Ulster Banks, competition in the lending market is severely reduced.

Nowhere is the negative impact of this more evident than in the massive profits being reported by the pillar lenders that dominate the mortgage market, assisted by rising interest rates and low savings rates.

While it appears that Credit Unions are planning to enter the mortgage market, it is not clear, as yet, what level of interest they are likely to charge, and indeed, if they have the capability to offer mortgages on a large enough scale.

It seems we have long forgotten the role mutual institutions traditionally played in making mortgages affordable for large swathes of the population. IPAV believes it is time to reconsider this issue since mutual institutions prioritised consumer saving and home ownership.

It appears to us that while the Central Bank of Ireland has a dual role in protecting the stability of lenders and consumer protection, actions and outcomes would appear to indicate that the former is prioritised over the latter.

It may be remembered that in 2017 the German public lender, Sparkasse, expressed an interest in entering the Irish market. It appeared to receive a very cool response. Could it be that this was so as to protect the pillar banks? Perhaps. In any event, we strongly recommend:

- **Urgent Government consideration be given to options, beyond pillar banks, for making low interest mortgages widely available.**

10. Encouraging Home Ownership - Reduction in VAT for new homes

Experts agree the average cost of building a new three-bed semi-detached in Dublin is approx. €350k and a further 50% is needed for the estate roads and drains etc. This means that 52% of the cost of providing a new home comes from other soft costs. The total VAT element is also approx. €45/50k, or about 12% of the delivery cost. All new homes include a VAT charge of 13.5%.

A reduction in the VAT rate on new housing to five per cent for owner-occupiers, would reduce the cost of delivery of the house by €27,808. This measure would significantly narrow the gap between the amount that could be borrowed and the cost of delivery. It is worth noting that new house sales in Northern Ireland and the UK attract zero VAT rates.

Under current EU VAT rules a zero per cent VAT rate is not possible, but the second reduced VAT rate of nine per cent should be reduced to five per cent for a period of at least five years.

The objective of the proposed reduction in the VAT rate from 13.5 per cent to five per cent is to reduce the cost of delivery and pass the reduction in full on to the purchaser. In the midst of a housing crisis where affordability is under considerable pressure, it does not make sense to force new house buyers to borrow to pay an upfront VAT bill to the State and to pay interest charges on that borrowed money over the lifetime of the mortgage.

Some accompanying measures would need to be introduced to ensure that the saving in the cost of delivery is passed on to the owner-occupier and is not used to enhance builder/developer margins. Such measures could include:

·Getting the developer to sign a Certificate of Reasonable Value for the delivery of the house, which would oblige the developer to deliver at that cost and then there would not be a VAT liability.

·If the sale closes in the normal way, the developer would get a credit note from the Revenue Commissioners for the amount of the VAT that could be offset against future tax payments.

·If the sale closes in the normal way, the Revenue Commissioners could make a once- off payment to the buyer's mortgage equivalent to the amount of VAT.

Various tax schemes have been used in the past in many different areas of the economy to encourage certain activities. It should not be beyond the capability of the Revenue Commissioners and the Government to devise a scheme that would see a reduction in the VAT rate on new housing and ensuring this reduction is fully reflected in the price the buyer pays.

Recently, and in particular since the start of the Ukrainian war, the costs of building materials have increased dramatically, which puts viability of delivery under further pressure. Inflation rates of between 5% and 20% within new developments are now commonplace and further increases look certain. Measures that could reduce site enabling costs should be considered to ensure the delivery of sufficient housing in a viable way for developers, while at the same time addressing affordability issues for house buyers. IPAV advocates:

- **A reduction in the VAT rate on new houses from 13.5% to 5% for a five-year period.**

11. Funding for SME Developers/Builders

Prohibitively expensive interest rates continue to be a very major difficulty, especially for smaller developers and builders and the issues mentioned above mitigate against the supply chain functioning efficiently.

Interest rates have increased rapidly since July 2022 and lenders are hardening their terms so that the costs for smaller developments nationwide are increasing to an uneconomic level. A difficult situation has become much worse.

In January 2019 the Government announced a €750 million State loans scheme available through Home Building Finance Ireland (HBFI) to assist SME builders. However, the Small Development Funding Product designed to provide funding for projects of between five and nine residential units has a prohibitive interest rate attached to it – a margin of between 6% and 9% (over 3-month Euribor). This defeats the whole purpose of the scheme. We suggest:

- **Government needs to facilitate a genuine system of low interest loans for SME developers.**

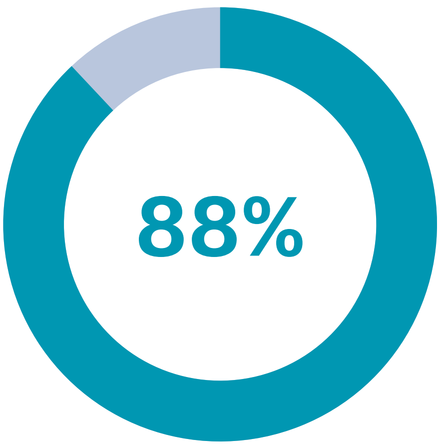
12. Speeding up Conveyancing

Over the years, IPAV members have continually highlighted concerns with the inefficiency of the conveyancing process, the legal transfer of property title, which is adding unnecessary costs for buyers, and vendors.

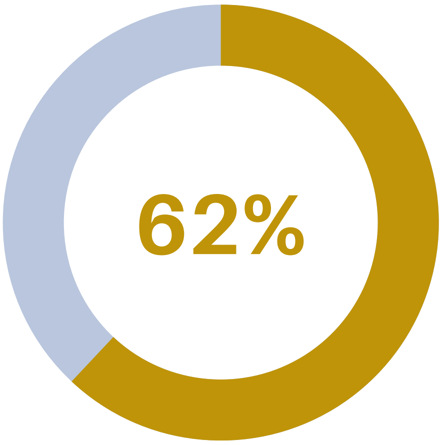
It is in this context we proposed the Sellers Legal Pack and the Sellers Legal Pack for Property Buyers' Bill 2021, which seeks to improve the experience of buyers and sellers by removing blockages that impact the timely sale of property. It does this by collating the relevant legal documents up front prior to a property going on the market.

The Seller's Legal Pack for Property Buyers' Bill 2021 aims to ensure there are no extended and unnecessary time delays when a purchaser is found and also confirms up front if a property is saleable. This process is not new, it merely extends the very effective system used currently in online and public auction sales to all private treaty sales.

The extent of the challenges being faced by consumers and real estate practitioners are evidenced in the findings of our survey conducted in July 2023 and completed by 534 IPAV members. It has found:

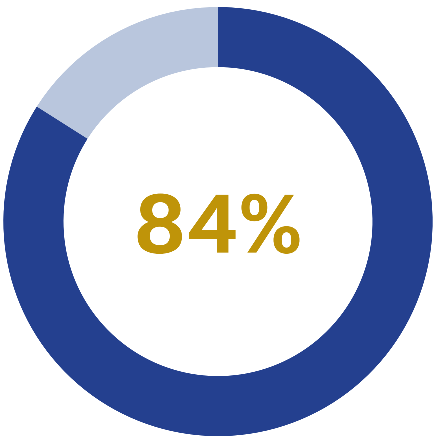


of members have experienced delays in conveyancing between the time a property goes 'sale agreed' to 'sale closing'.



of respondents found that the process is not at all efficient, and that initiatives put forward by the Law Society in 2019 to tackle the problem, such as the Pre-Contract Investigation of Title (PCIT), have not improved the situation.

On average, there is a gap of over 10 weeks between the agreement on the sale of a property and the signing of contracts, and a further gap of over 5 weeks between the signing of contracts and the closing of sale.



of respondents said that sales fell through due to conveyancing delays.

Consequently we seek:

- That the Government would support the Seller's Legal Pack for Property Buyers Bill 2021, which is due for 2nd reading on the 5th October 2023.
- A change in legislation to ensure that planning documents etc. should go back no further than 10 years. Currently solicitors completing conveyancing are required to go back as far as the 1980s to look for such documents.

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