CIF/IHBA SUBMISSION TO THE NATIONAL HOUSING PLAN 2025-2030

CONSTRUCTION INDUSTRY FEDERATION

IHBA
Irish Home Builders Association

INTRODUCTION

The Construction Industry Federation (CIF) and its constituent association the Irish Home Builders' Association (IHBA) welcome the opportunity to contribute to the National Housing Plan 2025-2030. As the representative bodies of Ireland's homebuilding and construction sector, we are committed to working in partnership with government to ensure the urgent and sustainable delivery of new homes.

Ireland faces an urgent housing crisis, requiring immediate intervention through financial support, regulatory reform, and strategic planning. The IHBA have identified several key financial mechanisms and policy changes required to stimulate housing production and ensure long-term sustainability. Our submission is solutions focussed and aims to mitigate barriers to development, expedite planning processes, and incentivize investment to meet the State's ambitious target of 50,500 homes per annum. We are focusing on five critical enablers:

1. Planning Interventions
2. Financial Enablers
3. Infrastructure Delivery, inc. the establishment of a Strategic Housing Activation Unit as a coordination vehicle
4. Modern Methods of Construction (MMC)& Productivity
5. Public Procurement Strategy

The scale of the housing challenge is significant, but with coordinated and targeted measures, we believe it can be met.

Why These Key Immediate Asks Are Necessary

The housing shortfall is driven by multiple constraints, including limited capital, insufficient infrastructure investment, and inefficiencies in the planning system. Current delays in the provision of infrastructure connections, the planning and legal process as well as the retrenchment of international funds that were purchasing apartment blocks leave thousands of homes stalled. Zoning restrictions and expired Local Area Plans (LAPs) further constrain development, limiting the availability of land for new housing.

Additionally, regulatory inconsistencies across local authorities hinder proactive housing delivery. Rewarding local authorities that exceed their targets would encourage faster decision-making and increased housing supply. Establishing a Strategic Housing and Infrastructure Delivery Office is essential to address bottlenecks, accelerate approvals, and facilitate collaboration among stakeholders.

Finally, emergency measures are required to optimize the use of available land. This is essential in reaching our 2025 housing target. Restrictions on zoned land, such as tiered zoning and settlement caps, prevent much-needed developments. Fast-tracking amendments to local development plans and using emergency planning powers for infrastructure projects will enable more housing units to come to market more quickly.

1. Planning Interventions

Key Ask: Expedite planning processes, extend permission durations, and activate zoned land through emergency measures.

Context: The Irish planning system is now at a crossroads. While recent reforms have aimed to streamline processes, the actual outcomes remain far too slow to support the scale of delivery now required. A significant number of planning permissions are becoming unviable or are expiring due to delays related to LAP expirations, planning litigation, or infrastructure delays. In areas such as Kildare and Wicklow, there is now a shortfall of thousands of units due to lapsed LAPs. Without timely reform and activation of zoned and serviceable lands, the housing supply target of 50,500 units per year cannot be achieved.

Proposed Solutions:

- Treat All Zoned Land as Tier 1: Remove the tiered zoning approach and allow all lands zoned residential in development plans to be considered deliverable, pending compliance with relevant planning policy. This would unlock thousands of dormant housing sites.
- Fast-Track Development Plan Variations: Introduce emergency variations to Local Authority Development Plans to increase land supply, ensuring there is sufficient zoned and serviceable land to meet housing targets.
- Revive Local Area Plans (LAPs) via Emergency Measures: Subsuming expired LAPs into county development plans through emergency provisions would immediately restore the planning basis for thousands of units.
- Extant Planning Permissions: Accelerate planning decisions before permissions expire. Allow for the extension of existing permissions based on significant economic, technical or commercial grounds similar to the previous provisions in the Planning and Development Act post Covid. Delays in planning approvals significantly slow down housing projects and are limiting our goal of reaching 50,500 homes per annum.
- Encourage Material Contravention Applications: Within a defined emergency window, encourage the strategic use of Section 99(2) of the Planning & Development Act 2024 to approve development proposals on lands not yet supported by current zonings.
- Consider expanding exemptions for critical infrastructure such as waste water treatment plants and/or using the Part 8 process for enabling infrastructure to expedite the planning process.
- Empower Local Authorities: Instruct all local authorities to make time-sensitive decisions within a 4-week window on applications like road openings, estate naming, and Part V negotiations.
- Housing Target Incentive Scheme: Reward local authorities that meet or exceed housing targets with access to dedicated infrastructure and community funding grants.
- Establish Strategic Housing Activation Office: While we support the set up a central body to oversee and help unblock delays, enhance cross-agency coordination and ensure timely activation of zoned land, it is our recommendation is that representation includes home builders, in addition to planners, utilities, and government.

2. Financial Enablers and Sustainable Development Initiative

Key Ask: Enable viability of apartment schemes through a suite of tax and targeted financial supports to activate stalled apartment and PRS developments. Policy stability is crucial so continued support and funding for all existing housing scheme initiatives including Help to Buy, First Home Scheme, Croi Conaithe, Priojject Tosaigh, AHB Cost Rental, etc.

Context: The viability of new housing—particularly apartments—has deteriorated significantly due to escalating construction costs, high financing requirements, and policy uncertainty. This has depressed the delivery of apartments to critically low levels. In turn, this impacts Ireland's ability to attract international finance and talent, retain key workers, and deliver adequate housing for essential public services. Apartment viability is not just a housing issue—it's now a labour market and economic competitiveness issue. Private development is stagnating at a time when the country is relying more heavily than ever on its delivery. These proposed solutions are critical for enabling Government to meet its housing objectives, which in turn enables buyers to purchase their home.

Proposed Solutions:

- Ten-Year Apartment Delivery Designation in locations and areas that require high density residential development: Allow enhanced fiscal supports/enablers, and targeted planning treatment.
- VAT Reduction on Apartments: Lower VAT on apartments to significantly improve viability and affordability. Reduction could cut costs by approximately €22,500 per 2-bed unit on a €500,000 apartment.
- Forward-Funding Tax Reform: Tax site sales for forward-funded social/affordable housing at 12.5% (down from 25%) if seller develops the property and clarify VAT and RCT treatments to remove transactional uncertainties. Exempt such schemes from the 15% bulk-buy stamp duty surcharge.
- Reform Rent Pressure Zones (RPZs): Modify RPZ rules to link rent reviews to individual tenancies and tie increases to inflation—aligning with European best practices while preserving tenant protections.
- Align Rental Property Taxation with Trading Income: Allow full deductions on relevant rental expenses, introduce capital allowances (e.g., 4% for structures), and reclassify cost-rental activities as trades, enabling a lower 12.5% tax rate.
- Enhance STAR and Cost Rental Schemes: Revise and index tenant income thresholds to inflation, allow for multi-occupant eligibility, rebalance funding models by replacing state debt with equity, ensure parity between state and private equity, and revise investor yield thresholds to reflect risk. This includes simplifying legal structures to attract investment.
- Expand Schemes such as Croí Cónaithe and Project Tosaigh: Include support for private individuals, particularly single-income families, to purchase newly built homes in urban centres. Increase flexibility for developers while boosting access to ownership.
- Reform RZLT and Abandon LVS: Amend the Residential Zoned Land Tax to avoid penalising developers affected by infrastructure, phasing of developments or planning delays. Withdraw Land Value Sharing proposals, which risk deterring land activation. Such measures should attract investment in the Private Rental Sector (PRS), particularly in urban areas where apartment viability remains a challenge.
- Extend Waivers and Levies: Extend the development levy waiver and Uisce Éireann connection rebate scheme beyond 2026 for projects to maintain viability and ensure continuity of supply. Significant and ongoing activation delays are occurring due to delays in approvals of AHB Cost Rental Schemes, and the severe and ongoing capacity constraints in the ESB and Uisce Éireann network in high growth areas. These activation delays will impact on the delivery timelines of many projects, with some not finishing by the 31st December 2026 deadline to avail of the "Waiver and Rebate" schemes.

3. Infrastructure Delivery

Key Ask: Unlock development potential through accelerated investment in enabling infrastructure.

Context: An estimated 20,000 hectares of serviced land will be needed to meet NPF targets to 2040. However, delays in water and wastewater infrastructure delivery and inconsistent coordination across government bodies have slowed site activation. Significant housing capacity remains trapped behind infrastructure deficits. Moreover, the ‘just-in-time’ approach to infrastructure funding is no longer sustainable. There is an immediate need for plan-led infrastructure as opposed to demand led.

Proposed Solutions:

- Capital Water & Wastewater Allocation: Allocate an additional €500 million annually for Uisce Éireann and local authority capital investment to fund connection-ready projects.
- Strict Utility Connection Deadlines: Impose statutory 8–10 week deadlines on all connection applications, with oversight mechanisms and enforcement provisions.
- Strategic Housing and Infrastructure Delivery Office: Establish this office immediately with strong input from industry experts to unblock and coordinate delivery bottlenecks across agencies and utilities. It is our recommendation is that representation includes home builders.
- Joint Ventures for Infrastructure: Facilitate partnerships between local authorities and utilities to deliver on-site and off-site infrastructure efficiently. This is particularly important for regional locations that are not on the priority investment list for UE Capital works projects and may include the use of the Part 8 process by the Local Authority and the Utility provider.
- Use Emergency Powers for Public Infrastructure: Replicate the emergency frameworks introduced for displaced persons to expedite delivery of critical infrastructure for housing developments. Expand the exemptions for the expansion of Wastewater Treatment Plants.
- Align Infrastructure with Housing Delivery: Prioritise energy, transport, and water infrastructure projects that directly enable housing delivery. Fast-track associated projects through expanded use of the Part 8 process for infrastructure planning.
- The establishment of an Infrastructural Bond to fund critical infrastructure using private sources of Capital.
- This multi-layered approach ensures not only that houses are built but that they are connected to the utilities, amenities, and services required for communities to thrive.

4. Modern Methods of Construction (MMC) and Productivity

Key Ask: Enable industrialised construction methods to accelerate delivery and improve productivity across the housing sector.

Context: Delivering 50,500 homes annually requires a significant uplift in the productivity of housing construction. Modern Methods of Construction (MMC), including off-site manufacturing, standardisation, and digitalisation, offer proven efficiencies in time, cost, and environmental performance. However, widespread adoption is constrained by limited incentives, regulatory fragmentation, and a lack of coordinated investment. Unlocking the full potential of MMC requires a national commitment to innovation, skills, and procurement reform.

Proposed Solutions:

- Mandate MMC Use in Public Projects: Set binding targets (e.g., 25%+) for MMC in all state-backed housing and include a sufficient percentage of Pre-Manufacture Value (PMV) in tender criteria. This would provide regulatory certainty and support business planning for off-site manufacturers.
- Establish National Testing Facilities: Develop local labs for testing durability, fire, thermal, and structural performance of MMC components. This will accelerate innovation and complement efforts by Construct Innovate and Build Digital.
- Launch a Dedicated MMC Innovation Fund: Action the proposed MMC Innovation Fund via ISIF to finance new and expanded housing factories. Existing schemes (Growth and Sustainability Loan Scheme (GSLS), and Ukraine Credit Guarantee Scheme (UCGS)) are insufficient to meet the capital needs of the MMC sector.
- Reform Contracts for Off-Site Manufacturing: Adapt public procurement contracts to align with MMC workflows and fair risk allocation. Prioritise timely payment structures and ensure risk sits with the party best equipped to manage it.
- Mandate Standardised Housing Designs: Implement outputs from the DHLGH commissioned 'Standardised Design Approaches Study' across all contracting authorities. Provide necessary support to enable wide adoption, drive scale, and improve productivity.
- Expand the Accelerated Delivery Programme: Build on the success of the current programme supporting 2D MMC for 1,800 homes, using a Design and Build procurement model. Increase scope and investment to strengthen the off-site construction ecosystem.

5. Public Procurement Strategy

Key Ask: Reform public procurement to prioritise housing delivery through quality-based awards, multiannual funding, and improved risk and design management.

Context: The delivery of critical housing and infrastructure projects is hampered by an overly rigid procurement framework that prioritises cost over quality, discourages innovation, and creates delays in project commencement. The public procurement system must evolve to align with Ireland's housing objectives and to enable greater flexibility, collaboration, and efficiency in project execution. A national strategy that recognises construction's complexity—distinct from commodity procurement—is required.

Proposed Solutions:

- Adopt Multiannual Funding Commitments: Introduce multi-year capital allocations to provide certainty, enable forward planning, and support investment in long-term housing and infrastructure programmes.
- Shift to Quality and Sustainability in Award Criteria: Move away from lowest-cost tendering by embedding quality, sustainability, and life-cycle cost into award decisions for housing and infrastructure projects.
- Reform Risk Allocation Practices: Risk must be allocated to the party most capable to control it. Project should undergo risk profiling at each stage to ensure that its can be measured and adequately priced. Unknown risks such as ground conditions and utility interfaces should be owned by the Client or treated as compensation events to reduce cost uncertainty and legal disputes.
- Promote Early Contractor Involvement (ECI): Allow contractors to engage at pre-design or early design stages in complex projects, enabling more accurate pricing, better risk management, and innovation in delivery.
- Standardise and Improve Design Quality: Public clients should prioritise high-quality, well-scoped designs. Transferring the risk of incomplete or third-party designs to contractors is unfair, a duplication of resources and costs, while also creating inefficiencies and should be ended.
- Strengthen Procurement Capability of Public Bodies: Expand the Commercial Skills Academy to upskill contracting authorities on public works contracts, collaboration, and the roles of design teams. Include training on construction-specific procurement practices.
- Accelerate Contract Awards and Reduce Delays: Introduce performance metrics for public buyers to ensure contracts are awarded promptly post-tender, with incentives for meeting timelines and penalties for prolonged decision-making.
- Tailor Procurement Processes to Construction: Embed the Construction Policy Unit from the OGP into the Department of Public Expenditure and Infrastructure and enable it to delivery accelerated reform of public procurement and contracts. Develop dedicated processes that reflect construction's unique demands—including logistics, insurance, systems integration, and workforce planning.
- Support SMEs Through Simplified Processes: Reduce administrative burdens and speed up payments for small contractors. Provide digital profiles and qualification systems to ease tendering access.
- Enable Strategic Procurement Flexibility: Advocate for EU procurement reform to allow for material specification, innovation-driven negotiation, and exemptions from planning for key housing-related infrastructure

CONCLUSION

We are at a critical juncture. As Ireland aims to deliver 50,500 homes per annum until 2030, the housing sector requires certainty to encourage investment and enable developers to meet ambitious housing targets. The Government must prioritize stable policies, funding schemes, and long-term strategic planning to ensure sustainable housing delivery.

The public and private sectors must now collaborate more effectively to accelerate housing supply. Through targeted planning reform, financial enablement, and infrastructure investment, Ireland can meet its national objectives and ensure every citizen has access to a home. The CIF and IHBA are committed to this mission and look forward to supporting the successful implementation of the National Housing Plan 2025-2030.