

**Opening remarks by Pat Davitt, CEO of the Institute of Professional Auctioneers and Valuers to the Oireachtas Committee on Housing and Homelessness on Tuesday, 3 May at 2pm.**

Thank you Chairman and Good Afternoon Deputies.

IPAV is delighted to take up the invitation to appear before you this afternoon and we hope that in our submission we can help in some way with your work in tackling a very difficult and complex problem.

I wish to congratulate you Chairman and all the Members of the Committee on your work to date and to acknowledge the urgency which the new Dáil has given to this issue even before a government has been formed. The whole area of housing and homelessness is a very complex and inter-related area. The current housing crisis displays to a dramatic degree, how each cohort of society is interdependent. A policy change impacting one group has a downstream effect on another.

We would maintain that the social and behavioural changes that the current crisis has brought about should not happen as a by-product of policy or lack of a policy direction or even undue influence of specific sectors but rather as a definitive policy arising from planning cohesively and thoroughly for a sustainable property market.

We believe that the work of your Committee could be a landmark in mapping out the way forward.

Firstly, a brief word about the IPAV itself. The Institute of Professional Auctioneers and Valuers was founded in 1971 and now represents 1,000 members across all 26 counties as well as in the North. Our main aim is to represent our members through Education and other means and that very much includes contributing to important debates such as this forum in drawing from our vast knowledge and experience out on the ground.

IPAV, as you may know, has nominating rights to Seanad Éireann and in the recent election three of our members, namely Paul Coghlan, Aidan Davitt and Robert Gallagher were elected to the Upper House where I know they will make a useful contribution to debates in the new Seanad.

IPAV's proposals to the Committee are outlined in the submission which I expect you all have. I would like to highlight some of the key ones in the short time available to me.

In a market functioning normally one should be able to rent, buy or sell a home. In the current market, choice is diminishing and social change is being foisted upon people. The kind of social change is impacting most severely on younger age groups and those with fewer resources. But it is also hurting the economy. This is happening at a time when there are over 300 vacant sites in Dublin city alone, some 150 acres of vacant land that should and could be brought into production without delay.

The current housing and homelessness crisis is not helped by the existing administrative and political structure where Government departments focus on the issues from a perspective of individual departmental or ministerial responsibility.

Housing policy is so critical to the social and economic wellbeing of any society, but particularly one such as Ireland with severe legacy effects from the financial collapse, that it needs a whole-of-Government approach. In this regard, IPAV strongly encourages the new Government to appoint a full Cabinet Minister with responsibility for the sector. This Minister should be supported by a Cabinet Sub-Committee on Housing which could bring together all of the relevant departments.

Secondly, IPAV recommends the setting up of a consultative Property Council, comprised of all stakeholders with varying and divergent views, to advise the new Cabinet Minister. We believe the process should be all inclusive and rapid, with the Government arriving at a plan for long-term sustainability in the housing market with short, medium and long-term goals. IPAV is ready and prepared to play its part in such a Council.

As a representative body for auctioneers and estate agents, IPAV is keenly aware of the abnormally low number of transactions in the housing market. There were 43,428 residential transactions in 2015 equating to a national turnover of 2.2%, considerably below the 4% - 5% that could be considered 'normal'. Despite the population projections new builds this year, 2016, are on course to fall far short of the required 20,000 and are predicted to be of the order of 13,000. A large portion of these new-builds will be comprised of one-off houses in the country, not in the cities where demand is greatest. Ten years ago in 2006 new builds were at 93,000, pointing to industry capability to build the quantity now required - 20,000 per annum.

So why so few new builds? There are a number of reasons which need to be tackled urgently.

There is widespread acceptance that the cost of building is a major impediment to new house construction. The lack of availability of building finance at reasonable rates of interest is a particular impediment to house building. The new Government needs to incentivise small and large builders by making building finance available at interest rates of between 1% to 3%. We propose that the Department of Environment, Community & Local Government be empowered to offer finance to builders who wish to participate in an Agreed Price Building Scheme. This would be made available through a separate fund.

IPAV believes that the new Development Contribution Rebate Scheme intended to boost house construction in 2016 and 2017 by returning between 80% and 100% rebate on development levies paid, needs a number of amendments including its extension to all cities in Ireland and to all builders who want to take part in the Agreed Price Building Scheme. We believe small builders, the mainstay of Irish construction, are not receiving equal treatment with their larger counterparts.

It is estimated that the current rate of VAT of 13.5% adds an extra €15,000 to €17,000 to the price of each new property. We believe that a reduction to 9% would further incentivise

builders. Such a VAT reduction has already proven itself in the tourism sector and could deliver a saving of €7,000 per house.

IPAV believes that while the mortgage lending restrictions introduced by the Central Bank in 2015 are well intended and in principle are important for long-term economic stability, they are excessive in some respects. They are disproportionately impacting first-time buyers in urban areas, especially in the capital. We believe the Loan-to-Income ratio for first-time buyers should be increased from the current 3.5 times income to 4 and possibly 4.5 times. We were lead to believe when they were introduced in Feb 2015 the new measurers were not designed to steer or limit house prices but to restrict lending. We welcome the statement from the Central Bank Governor this week that from June 2016 he intends to seek submissions on the Macro Prudential Policy before he does his review of them.

Other proposals we wish you to consider but which I do not have time to discuss here include increased NAMA support for Irish governmental institutions such as housing agencies in acquiring properties; a Rural Tax Incentive Scheme to convert non-viable commercial buildings into residential use by owner-occupiers; a review of hindrances to our planning system and the introduction of econveyancing to speed up the closure of house sales.

These are some of the proposals we wish to put before the Committee and now Chairman, the President, Eamon O'Flaherty, and myself are happy to take any questions you may have.

Thank you for your attention.