

DÁIL ÉIREANN

AN COMHCHOISTE UM THITHÍOCHT, PLEANÁIL AGUS RIALTAS ÁITIÚIL

JOINT COMMITTEE ON HOUSING, PLANNING AND LOCAL GOVERNMENT

Déardaoin, 19 Aibreán 2018

Thursday, 19 April 2018

Tháinig an Comhchoiste le chéile ag 9.30 a.m.

The Joint Committee met at 9.30 a.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Pat Casey,	Victor Boyhan.
Ruth Coppinger,	
Mattie McGrath,	
Darragh O'Brien.	

Teachta / Deputy Maria Bailey sa Chathaoir / in the Chair.

Business of Joint Committee

Chairman: We are in public session. Apologies have been received from Senator Grace O’Sullivan. I propose that we go into private session to deal with some housekeeping issues. Is that agreed? Agreed.

The joint committee went into private session at 9.32 a.m. and resumed in public session at 9.55 a.m.

Issues Impacting Apartments and Multi-Unit Developments

Chairman: At the request of the broadcasting and recording services, members and visitors in the Public Gallery are requested to ensure that for the duration of the meeting their mobile phones are turned off completely or switched to aeroplane, safe or flight mode, depending on the device. It is not sufficient to put phones on silent mode as this will maintain a level of interference with the broadcasting system.

Item No. 5 is issues impacting apartment and multi-unit developments. I welcome to the meeting Mr. David Rouse and Mr. Bryan Maher of the Apartment Owners Network.

Before we begin I wish to draw attention to the fact that by virtue of section 17(2)(I) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of the evidence they are to give to the committee. If, however, they are directed to cease giving evidence on a particular matter and they continue to so do, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable. I invite Mr. David Rouse to make his opening statement.

Mr. David Rouse: A Chathaoirligh agus a chomhchoiste, ar dtús ba mhaith linn ár mbuíochas a ghabháil libh as cuireadh a thabhairt dúinn labhairt libh inniu. We thank the committee for its invitation to appear this morning. My colleague, Bryan Maher, and I are volunteer directors of the Apartment Owners Network and of the owners’ management companies for our respective apartment developments. We propose to briefly address four key themes - the background of the network; the main challenges facing apartment dwellers and home owners in managed estates; the principal difficulties with the governance of the multi-unit development sector and, in particular problems, with current legislation including the Multi-Unit Developments Act 2011 or “MUD Act”; and the main reforms we would like to see in the sector.

The principal object of the Apartment Owners Network is to represent the views of owners,

owners' management companies and directors of owners' management companies in managed estates. We do not represent managing agents, developers, or landlords *per se* but there are areas of common ground and common interest with those groups. The detailed objects of the network are summarised in appendix 1 to the written statement we have provided and appendix 2 contains a sample of our recent public consultation submissions. These documents set out in detail the problems in the sector and our suggested solutions and reforms.

We wish to cut through some of the jargon around the operation of owners' management companies. An owners' management company, OMC, is a term from the Multi-Unit Developments Act. The OMC is made up of all owners in a development, who elect a board of directors. The board is, in effect, a committee of civic-minded owners who decide to take on the role of director and in that way help to manage their estate for the benefit of the wider community.

To provide context for our remarks, it might be useful to outline the size of the apartment and multi-unit development sector in the country. Census 2016 recorded that about a half a million of the population live in apartments and flats, and that there were approximately 205,000 apartments in the country at that point. It is estimated that there are between 5,000 and 7,000 owners' management companies in the country. If the board of each management company has at least three directors, there could be more than 15,000 volunteer directors of owner manager companies working stoically for the betterment of their communities throughout the country. There are enough OMC volunteer directors to fill a football stadium but we hear very little about them or their responsibilities. That is part of why we are here today.

In our experience, the biggest problems affecting the apartment and multi-unit sector and facing volunteer directors include OMC potential insolvency. This risk arises from uncollected or underestimated service charges. Studies have shown that many OMCs collect less than 70% of the service costs budgeted and agreed by the community at its annual meeting. Research indicates that some management companies have debtor balances outstanding for five years or more. Cumulatively, service charge debt can exceed 100% of the annual budget required to run the estate.

The absence of sinking funds, also known as building investment funds, is a major issue. Sinking fund provision is in many cases tied up in uncollected annual service charges. This means the OMC is forced to use all of its available cash to meet the day-to-day costs of running the bare minimum estate services such as insurance, waste collection and common area lighting. The company has no cash to set aside for long-term big-ticket spending like lift replacement or emergency fire safety repairs. We all know the names of the apartment blocks where fire has damaged homes, damaged lives and, sadly, even led to loss of life.

Another major challenge is that the service charges set by developers and by OMCs in the early years of a development are simply not enough to cover the following; (i) day-to-day costs, and (ii) future maintenance.

The fourth big issue is the problem of building defects, which if unresolved can lead to breaches of fire safety regulations, a subject with which this committee is very familiar; and in this regard we greatly appreciate its 2017 report, "Safe as Houses? A Report on Building Standards, Building Controls & Consumer Protection".

Next on the list is failure by OMC directors to comply with the basics of company law, for example inadequate accounts filing with the Companies Registration Office, CRO, or the mis-handling of board affairs and annual general meetings, AGMs.

The final major issue is poor management practices carried on by OMC directors. This encompasses abuses of positions, conflicts of interest, non-compliance with the Multi-Unit Developments Act 2011, and mishandling of relationships with management agents.

In a “do nothing” scenario, where action on regulation is not taken soon by those in authority, in our opinion it may ultimately fall on the State’s resources to resolve the problems when they crystallise in a crisis. We already have seen examples, such as the high-profile cases of Priory Hall, Longboat Quay and others.

It seems to us that in the absence of urgent reform, considerable funding may be required from either local authorities or national Government to bail out crisis owners’ management companies. To a certain extent we already have seen a comparable situation in the form of the pyrite resolution process. These problems will materialise over the next five to ten years as apartment blocks get older; left unaddressed now they represent a ticking time bomb in the sector. In our opinion the problem will only worsen as the apartment sector grows.

We wish briefly to refer to the problems with the governance of the multi-unit sector, and with the Multi-Unit Developments Act 2011 in particular, being the main piece of legislation affecting the sector. The legislation has been enacted since 1 April 2011, some seven years ago, and has had seven years to prove its effectiveness. In our opinion there is now a legislative itch to be scratched.

From our experience, the main short-comings of the Multi-Unit Developments Act 2011 are that while it provides for the setting up of a sinking fund, it does not provide meaningful guidance on the amount of money an OMC should set aside for its particular building investment needs.

Deputy Pat Casey took the Chair.

Mr. David Rouse: The Act does not contain measures to make it easy and cheap for the collective community to recover service charge debt from so-called “free-riders”, in other words owners who can but will not pay their service charges. Breaches of the Act are not being policed by anyone, and remedies under the Act require expensive Circuit Court actions, which are not viable or practical for homeowners in developments. In the case of disputes within the OMC, for example where directors act improperly in relation to the company’s affairs, company law remedies are too onerous and too expensive for most OMC members to access, and the Multi-Unit Developments Act 2011 does not contain provisions to regulate the effective stewardship of OMCs by volunteer directors.

Having identified some of the problems, we feel we have a responsibility to come up with solutions. There should be a regulator of OMCs. The Condominium Authority of Ontario is a very good example for such a regime. Our dialogue with the Property Services Regulator indicates that many of the complaints to her office from apartment owners, ostensibly about property management agents, in fact arise from the conduct of owners’ management company, OMC, directors.

The OMC directors have unique responsibilities for common areas of apartment developments, affecting so many homes in the country, that in our view there is a public interest in having a national register of owners’ management companies. Registration with the Companies Registration Office alone is not enough to allow for robust regulation of the sector, and we have suggestions for reform in this area. We would like to see ministerial regulations under the

Multi-Unit Developments Act 2011, or amendment of the Act, to ensure sinking fund provision is professionally determined, and that it is adequate to cover future building maintenance. We submit that changes to the law are needed to allow efficient and timely recovery of service charge debts. This is because the current route through the courts is both disproportionate and cost prohibitive to management companies. We propose that training and support for volunteer directors is a missing component of the current regime.

The Multi-Unit Developments Act 2011 was initiated through the work of the Law Reform Commission, and as many of the Act's provisions refer to matters of property title, the Act falls under the remit of the Department of Justice and Equality. In our opinion the growth of the apartment sector as a form of housing, and the policy changes required, point towards transferring responsibility for the Act from the Department of Justice and Equality to the Department of Housing, Planning and Local Government.

Many of these matters were considered in the Law Reform Commission consultation and report of 2008 that preceded the Multi-Unit Developments Act 2011, however they did not make their way into the final legislation. Other reforms we have already put forward through various public consultations include law reform to permit formal representation of long-term tenants in OMC affairs. We also suggest reforms that would encourage landlords and approved housing bodies with multiple properties in an estate to appoint directors to the board - it should not be left to a few civic-minded owner-occupiers to run the affairs of the entire estate. In our opinion there needs to be a review of the taking in charge process for parts of multi-unit estates transferred from developers to local authorities. The process needs to be faster, and OMCs need to be involved and informed about their rights and responsibilities.

We are aware of this committee's work and report last year on short-term lettings. Apartment owners and owners' management companies need to be aware of the obligations and risks under leases, house rules, insurance policies, and planning law that arise from short-term lettings in their blocks. Finance providers need to develop structures and products for owners' management companies - to allow them to borrow for capital purposes, which already happens in Australia. We also need provision to allow OMCs to earn a return on sinking fund deposits.

We would like to see changes to tax law to put apartment developments on the same footing as traditional housing, for example to allow apartment owners to get the benefit of the home renovation incentive scheme for the cost of works to apartment common areas.

Most of the policies we propose are already common practice in the mature apartment sectors of countries such as Canada, New Zealand, and Australia, as we have already mentioned. We suggest that Ireland has an opportunity to select the best of these policies and approaches, and to adapt them to suit our own needs. We have made progress in raising some of these issues with the Department of Housing, Planning and Local Government and with the Housing Agency. Our efforts have borne fruit most recently in the updated apartment planning guidelines. A planning application for an apartment development must now include a building lifecycle report. In addition, planning authorities are advised to attach conditions requiring the establishment of an appropriate sinking fund, and requiring compliance with the provisions of the Multi-Unit Developments Act 2011, such as they are.

As members may know, the Housing Agency has commissioned studies of the apartment sector. One study with Clúid Housing is to assess the qualitative aspects of apartment and multi-unit development living. The other is quantifying the exact number of OMCs in the country, and assessing the financial health of a representative sample of companies. We wish to

acknowledge the value of the Housing Agency's engagement with us to date. We respectfully submit that the committee might wish to consider holding wider hearings on the regulation and governance of the apartment and multi-unit development sector, to receive input from other stakeholders such as the Society of Chartered Surveyors Ireland, the legal profession, and construction industry bodies.

We very much look forward to hearing members' comments, and to answering their questions this morning.

Go raibh maith agaibh.

Vice Chairman: I thank Mr. Rouse for that comprehensive report.

Deputy Darragh O'Brien: I thank Mr. Rouse for his comprehensive and detailed statement. It is excellent and summarises the issues. In Dublin Fingal we have multi-unit managed estates, with mixes of apartments and duplexes. We will have more, as people want to live in a different way and many do not want a semi-detached house with a back garden. There are certainly many challenges. Mr. Rouse has highlighted a number of options.

I will focus on a number of points. First, in regard to the non-payment of management fees, how does he envisage making the process easier? What I have seen happen is that people have not paid their management fees since they purchased the unit. As mentioned, the OMC has recourse only to the court but Mr. Rouse wants to ensure there are easier ways for collecting these fees and I would like to hear his ideas about this.

He made a very good point on the taking in charge process and that local authorities should be involved in areas in which they can, such as the road network and underground services. What information do the delegates have through their own networks on how open local authorities are to partnering management companies in some areas? The building defects aspect of the sinking fund is probably the biggest ticking time bomb. It is a real concern. I put it to the delegates that the committee should add its voice on it very strongly. They mentioned Priory Hall, of which I am acutely aware as it is just up the road from me, Longboat Quay and others about which we do not know. I am aware of a number of estates that I will not name where there are serious building defects and where the owners simply cannot afford to carry out the remediation works required.

The pyrite remediation scheme was mentioned. Despite all its imperfections, at least it is in place. The problem with it is the taxpayer takes the full hit and the industry is not levied at all. If we are looking at a situation where estates and units will need to be remediated, the industry needs to be levied. It cannot just be the taxpayer who takes the hit. Yes, the State has a role but not exclusively. The industry should not be allowed off the hook.

I refer to the sinking fund. The delegates mentioned that they would set a ratio or an amount for a sinking fund within management fees. Through their own network, do they have any idea of how many developments have a sufficient sinking fund? I would say very few have a sufficient fund. Will the delegates indicate a percentage to give us an idea of the scale of the problem?

I will conclude on the issue of disputes and company law and come back in again later. I refer to situations where directors and management companies are in breach of company law. I know that the delegates are talking about owners' management companies as such, but I am thinking about the many developments where the builder may have retained a number of units

and retains control of the company. That is a major issue. In these situations the residents do not have a real say, AGMs are not called and there are flagrant breaches of company law. That is something we should not accept in any way, shape or form. However, I have found that there is only so much the residents can do, even if they write to the Office of the Director of Corporate Enforcement. I see it as a wholesale problem that affects many estates where the builder retains control. What would the delegates like us to do in that regard? They mentioned transferring responsibility under the Multi-Unit Developments Act 2011 to the Department of Housing, Planning and Local Government. That is an eminently sensible suggestion and something that absolutely should be done. The Housing Agency may have a role in that regard. The new chairperson of the agency will be appearing before the committee after the delegates. They have highlighted in a concise way very serious problems that are going to come down the track and present themselves. We need to get ahead of them very quickly. I apologise if I am rambling a little, but the delegates have covered a lot of ground. I know that I have jumped from one thing to another.

My final point concerns the local property tax. A couple of years ago I published a Bill to provide some relief on local property tax for those paying management fees. As matters stand, they are effectively paying on the double. In some instances, people are paying local property tax, but the council is not providing any service. My suggestion was to allow a certain reduction in local property tax as an incentive if management fees had been paid and only if that was the case. There are things we could do from a legislative perspective to help collections. I intend to reintroduce that legislation in the coming weeks. I will certainly liaise with the delegates to look for suggestions on it.

Mr. Bryan Maher: On the non-payment of fees, if arrears build up, we need to take cases to court. In many cases, especially where a case is defended, the actual cost of taking it to court outweighs the money that might be recovered. What we believe is required is an arbitrary body that would arbitrate on both sides of the case and come to a ruling, rather than there being a requirement for us to go to court on each occasion. For it to be worth their while to go to court, many management companies will allow the service charge to build up over five or six years. Only at that point, when there is a risk that the action will become statute-barred, it is worthwhile risking the cost of going to court. By that point, when nothing has been done for five or six years, the cashflow of the management company has really been put at risk. It is badly needed for services by the owners' management company. It also has a detrimental effect on the relationship between the directors of the management company and the owners who are paying. They can see that some owners are not paying and the unfairness of it in walls not being painted, lifts being unserviced, etc. We need a far speedier resolution process to address the matter.

We are also seeking some reform of the tax system. When landlords receive an invoice for a service charge, they can offset it against their tax bill, regardless of whether they pay the charge. Some reform is required in that regard. There should be some evidence of payment before invoices can be offset against their tax bill. Unfortunately, we see a major problem in the balance between owner-occupiers and landlords. Landlords are almost gaming the system in the non-payment of fees.

The committee asked what experience we had with local authorities partnering owners' management companies. I have to say we have very little. There is a need for a far more transparent process between the interested parties, including the developer, the owners' management company, community representatives and the local authority. A transparent process needs to be put in place, one we can see working. I can give the committee my estate as an example. It is

15 years old. There are several undeveloped plots. As they are in temporary use as school accommodation, it is quite likely that the overall plan will not actually take shape for another 15 or 20 years. The local authority has advised that if that is the case, it is unwilling to take over responsibility for the common areas or roads in the estate until the full plan has been completed. That leaves us in limbo, in a situation where we will have to go to a private developer to ask it to repaint lines, sort out road safety issues, etc. Again, there is a need for a transparent process to allow all parties to have their say. At least then we would see at what stage the handover was at.

On building defects, we agree that there must be an industry levy. Another possibility might be a requirement for defect insurance. That would allow the insurers to come on board to regulate how buildings were built and governed. We have very serious cases and receive emails from a number of directors on an almost weekly basis about the building defects issue. The vast majority involve instances where the developer has gone bust and there is no recourse to anybody. People do not know where to turn and are facing huge bills. It is a very serious issue. We agree that it is at the top of the list in terms of its seriousness, given the possibility of the evacuation of buildings because of fire regulations.

On how many developments have sufficient sinking funds, I think Mr. Rouse has some statistics from recent academic studies.

Mr. David Rouse: We have a couple of studies carried out by thesis candidates at the Dublin Institute of Technology who are undertaking MSc degrees in real estate. That is the robust detailed academic research available. As mentioned, the Housing Agency is undertaking a more extensive study. That is a difficult one because we are dealing with accounts that have a limited amount of information in them. If the company has a sinking fund in its accounts, it is impossible to know whether that is adequate for the building. A company may have €500,000 in a sinking fund but it may have 800 apartments. Is that enough to fix all the lifts when they run out of time? It is a chicken and egg situation. Some studies, in particular, one by Ms Adele McKeown from 2016, have indicated that debtors in a company's accounts went up by more than 50% year on year. Essentially, they were going backwards in their financial situation. They were not able to put a finger on when they would ever get to start a sinking fund, let alone have something started. That is the difficulty. There might be a sinking fund, but it could be totally inadequate.

Deputy Darragh O'Brien: I did look for some guidance in the witnesses' statement concerning a set management fee - I know it is an imperfect science - and a percentage being legally set aside. This might reduce the day-to-day expenditure but at least then a reserve would have to be set aside by law.

Mr. David Rouse: The Multi-Unit Developments Act 2011 has a nominal €200 in it. However, that is not really meaningful in most cases.

Mr. Bryan Maher: To be honest, it is almost harmful. The €200 is a level that can be referred to and there is a resistance level above that when directors are trying to put in place a sinking fund. We strongly advocate that a building life cycle report must be prepared in detail and that it does not stop after ten years. It must go through a 40-year cycle, incorporating lift and roof replacements. That could be used to calculate scientifically what the appropriate sinking fund contribution should be per annum. It should not be a finger in the air calculation. There are ways and means of calculating this. The developer at the time, who installs the lifts etc., will know exactly the life cycle of those components and therefore should be obliged in the handover to present a life cycle report to the owner management company. A fair and sustain-

able sinking fund contribution could be then calculated.

Senator Victor Boyhan: I thank Mr. Rouse and Mr. Maher for a very informative presentation. I have been a director of two property management companies and everything that has been said resonates with me. The witnesses spoke of the civic-mindedness of the people who live there. That has been always the case. At every annual general meeting we found it impossible to get directors. We had to beat them out of the apartments to get them to be involved. There is corporate responsibility and company law etc. Mirrored by that is the fact that many of them are neighbours. With a very high occupancy, clever people buying into an apartment scheme would be perhaps looking at the various levels of who occupies the property. There is also the added conflict that they are residents as well as neighbours. They are potentially friends, and if they fall out of being friends, that is a difficulty when taking a long-term view. It costs people money. Coupled with that is that there are not many large property management firms. There are about ten key ones around the country and they are making a hell of a lot of money.

They send their representatives to the monthly meetings of the directors. The first thing about which they will be mindful and conscious is their fee. They will tell people they do not really need to do things - they will get an engineer's report stating that the roof will last another few years. Lifts are a notorious difficulty. Lifts and balconies in apartment complexes mean big money. That impacts on the insurance, why people buy them and do not buy them and why they might prefer the second floor rather than the third, fourth or fifth. All of these pieces of the jigsaw can be picked up. Again, management companies - they are meant to be independent, but there is a conflict of interest since they are being paid - are interested in enough money being in the funds to pay their fees, and in many cases, these are exorbitant. Sometimes the breakdown of and accounting for those fees is not very detailed. In most apartment companies the chairman will have been the chairman for a long time, and the same board and management structures will have been in place during that time. They know who to befriend and keep on side. That is the reality. I have had this experience and I know what I am talking about. That is an important issue.

There is also the added dilemma that local authorities are buying apartments in these complexes. I know this is the case in all local authorities in Dublin, and I have no difficulty with it. We have people in these complexes whose rent would in no way cover the management cost in a year. It is a ticking time bomb. We have this situation all over Dublin. I am doing a survey, involving the 31 local authorities, to ascertain how many apartments in private complexes they have and a schedule of the maintenance fees. I have identified the numbers and, surprise, surprise, the local authorities are very forthcoming with that information, certainly in the Dublin area. It is obvious there is a substantial amount of money involved. In fairness, the local authorities pay their management fees; there is no difficulty with that. However, the management fees are way in excess of the rent they are receiving. That is just the nature of the situation. People do not have the income and cannot afford it. That is why they are on the social housing list and that is appropriate.

There are, however, other people in these complexes who are aware of the situation. They claim they are expected to pay the maintenance fees for their properties and are also expected to pay a local property tax. In many cases, they will ask what services they are getting for this. Local authorities are not responsible for waste but there is an anger out there. There are many people who would have less disposal income than the people who are the tenants. There are many reasons why there are problems. The witnesses' presentation was very professional; I

was very impressed by it. They are on the button. I acknowledge that because I think it is really important.

I want to ask a few questions. Appendix one sets out clearly that the witnesses' want to achieve the proper regulation of owners and management companies. They want to promote best practice among owners and management companies, and there is nothing wrong with that. I want to spend a moment talking about the issues of "educate, inform and communicate". Most people go in, pay their fees and just move on. Many sublet. There needs to be an obligation on the directors of these management companies, and the management, to engage with and tell people their rights. The Canadian model has been mentioned. I am familiar with it. I think that is important but who will pay for the inspectorate or body? Are we suggesting that apartment owners should pay another fee? If one talks to planners in Dublin City and County Council, it will be noted that there is a decided shift away from apartments. They are finding it difficult. I refer to Dún Laoghaire–Rathdown for instance. It is a model now being considered more appropriate for social housing units, as they are called. However, many people do not want to get into apartments now because they claim there is no way to predict the future management costs and there are many other reasons they do not want them. There is a demand for low housing. However, that is not appropriate when we have a housing crisis. We have got to get high density. We need to instil a bit of confidence in why it is a good thing to live in multistorey units or complexes. There can be developments with high density and low height levels. The reasons need to be set out because at the moment people do not want to part with their money because of it.

I want to touch on another important issue. I clearly do not want the details of the properties in this case because it would not be appropriate to name them in a public forum because there are people living in them. They are people's investments and, more importantly, they are people's homes and their only homes. I do not want to knock individual apartments. However, are the witnesses aware of a substantial number of apartments that have serious defects in them? Local people have local knowledge. I am aware of some apartments in Dublin that people cannot shift or have had to take a dramatic reduction in price just to get them off their hands. Are the witnesses aware of that? To what extent is that a problem? The witnesses might just share that with us. I wish them well.

There is also a legal and financial side to this. I refer to the Institute of Engineering and the Law Society. There is a need for further discussion to keep this on the boil and see where we can bring in legal experts. I refer also to the local authorities - they are the housing authority, the planning authority and the inspectorate for the private rental sector. They have all of those responsibilities and requirements. There may be a need to have a designated liaison officer in each of the local authorities, and certainly in the bigger cities, because they have statutory responsibilities in respect of these properties. I thank the witnesses again for their excellent presentation.

Mr. David Rouse: On the matter of regulation and who pays for it, we note the Canadian model of the Condominium Authority of Ontario, which we follow on social media in keeping with modern practice to see what they are doing. Under that model, \$1 per unit per month is levied on an owners' management company or corporation as it is called there. Something similar here would certainly sustain the regulation of the sector.

As to future management costs, we have absolutely made some progress on the apartment planning guidelines and want to see a professional, robust estimate of the reinstatement or maintenance value of an estate from the very outset. Owners should enter the purchase of an

apartment or home in a multi-unit development with their eyes wide open and with an understanding of what it will cost them. I am not sure that is always the case. I am sure there is a spectrum of involvement and advice that people get. We would like to see a clear understanding among people who buy into the sector. These are recommendations that were in the Law Reform Commission consultation of 2006 to 2008 as well as in publications of the former National Consumer Agency, the DKM report and that whole thread of studies on the sector. It is there in the authorities on the establishment of the Multi-Unit Development Act 2011 but a lot of these things were not taken up.

On the number of defects, we agree that it is not right that we should identify particular estates in a public forum. We had a fire safety session last year with fire safety experts and representatives of Dublin Fire Brigade. The sense from the fire defects expert was that he is a very busy man with a lot of engagements to identify estates around Dublin and elsewhere with defects. He is spending a great deal of time on that.

We were asked about our engagement with local authorities. We have had an initial engagement with the housing directors of the Dublin local authorities, at least, and plan to engage with others.

Mr. Bryan Maher: We advocate a public examination of apartment blocks with regard to defects. We are very aware of several examples of directors of management companies who try to manage the story in-house because they are afraid that if they publicise it in any way, their property values will fall and their fellow owners will be on their backs. They are dealing with serious stress. A particular example was where there were ordinary people on one side of the table while developers and their solicitors and so on were on the other side. They are trying to negotiate a settlement or agreement to fix defects. However, there is an imbalance of power here. People are manfully battling on their own with this issue. We were asked how many cases we were aware of. We are contacted constantly about the issue but most people try to manage this in-house because they do not want their names on the front of local or even national papers. I assure the committee that the issue is widespread. We need some State support to have a public discussion on it and to pull some numbers on the level of defects nationally rather than to have individuals step up on a voluntary basis as directors of management companies to deal with such serious issues.

Deputy Ruth Coppinger: I thank the witnesses for their presentation. I live in a multi-unit development and it is great that we are having this discussion. We need more of it as this is a serious problem. I suggest to the Chairman and members that we need to bring in house owners also as there are two parts to this jigsaw. There are house owners who would be delighted to be allowed to testify here about their problems. That is not in any way to divide the two; I make the point that they are interlinked.

What happened here is that around 15 years ago, these units were built during a boom. There was no sufficient forethought on the part of local authorities, planners or the political establishment. In some cases, house owners were lumped into management companies which has led to a resentment among them. That is part of the reason there are huge arrears in management companies overall. House owners are withholding on principle because they feel it was an injustice for them to be foisted with these in the first place. In 2006, when Bertie Ahern was Taoiseach, this was raised in the Dáil by the then Deputy Joe Higgins, my colleague. A circular was issued to local authorities to say that houses could not be put in thereafter where they had a front entrance and a back garden. However, there is a legacy issue in Fingal and Dublin West where the Taoiseach and I share a constituency. It is the capital of multi-unit developments

where problems with management companies are rampant.

The witnesses raised the issues of insolvency and uncollected fees standing at 70%. There are a number of reasons for that. I agree on building defects. We have pyrite in my own estate which is another reason people feel they will not pay. As well as the management company issue, we have the pyrite issue also. I refer to company law. The witnesses referred to a lot of issues, including inadequate accounts and a failure to log accounts. I have examples of invoices which have been sent to people which are not added up properly. These are errors involving thousands of euro. I have an invoice I can pass around the committee later where €3,000 and €3,000 has been added up as €10,000. When the person tried to challenge it, the matter got nowhere. This is in Tyrrelstown where the residents do not mind me raising this. In fact, they want it raised and have gone public about the problems there over the years. In another case, the interest levied has multiplied. It is an incentive to push people to pay but it adds to the desperation. We all know that, in particular in the recession, many people could not afford this luxury anymore.

There are two issues here, namely apartment owners and house owners. I contend that it is in the interest of apartment owners for houses to be released from management companies. It has been a democratic decision in our estate of 700 homes by both apartment and house owners. It is necessary to get agreement at an extraordinary general meeting. The local authority co-operated with this process. Unfortunately, while we found a legal mechanism to release the house owners, we have not been able to implement it due to absentee landlords. One of the reasons for arrears is that there are many absentee apartment owners who have rented out their apartments and are nowhere to be found. They do not care about the maintenance of the estate and could not give a toss that the grass is not being cut or that walls are not being painted. One of the issues with the Multi-Unit Development Act 2011 is that where people democratically get together and decide to release the houses, we need to have in place a way to let them do it cleanly and legally. Management companies are meant to be small. There are not meant to be hundreds of people in them. That is the way on the Continent.

Another problem with management companies is that 20% to 25% of the fees charged are to cover administration. Of itself, the existence of the management company means there are high charges. The other problem is legal fees. If a resident challenges an invoice or service charge which it is felt is wrong because services have not been delivered, the cost is lumped back on the residents through the management company even if that person wins. The residents are called shareholders but they are just homeowners. The other issue is that insurance fees are massive. People are often being charged huge rates of insurance for a car parking space. This is certainly the case in Tyrrelstown.

I turn to aspects of taking in charge. In the case of Tyrrelstown, where eight management companies run 2,000 units, it has been identified through a letter from the council that the council has no formal written compliance documents relating to the areas of Tyrrelstown that the residents have asked about. This is a breach of condition No. 16 of the planning permission. This would bring into question the whole legal existence of the management company, if they have not been properly conveyed. Both directors of the management company and council officials have participated in transferring these areas but there are no clear maps or conveyance documents to back it up. The way that this has happened is unacceptable. When apartment owners and homeowners challenge these unfair charges in court there is a block because once they have entered a contract, they have legally signed and there is nothing a judge can do. Some judges might be sympathetic to the plight of the owner of the apartment or house but they have

to agree with the management company in this regard.

It is a serious problem and it is also a political problem. A person has no legal way to sort it out. Laws must be brought in at State level by the Dáil that will assist homeowners and apartment owners to sort out these issues. I agree with the suggestion of an ombudsperson or regulator. This, at least, would be somewhere for people to go to sort out the issues. We also need much clearer legislation to allow people to get released from the contracts. This would assist apartment owners.

In the case of the estate I live in - Castlecurragh - the apartments have not been painted for 15 years. One of the reasons given is that huge amounts have been spent fixing the roofs after the storms and severe weather events that are happening all the time now. This should have been addressed at the planning stages and checked at building control stages, but it was not. Now the apartment owners are lumped with the charges. It is sucking all of the money from their management fees, which prevents them from having a sinking fund.

Much more discussion is needed on this. I have raised the matter in the Dáil, but the problem is that because it concerns management companies, it is deemed a business issue and it gets passed over. It is, however, a housing and planning matter. We need to agree to have more discussion around this and about what is needed to resolve it. The representatives have introduced the topic very well.

Mr. Bryan Maher: In an overarching sense a lot of the issues could be addressed by having a robust regulator. The Multi-Unit Developments Act is in place but nobody is regulating the breaches of the Act. If a person had an avenue, be it on arbitration or for pointing out breaches, where a regulator could act, we could nip a lot of these issues in the bud.

We certainly could explore the issues around the split of houses and apartments. In a number of developments we see a houses versus apartments situation. Education was referred to. With most multi-unit developments the local authority will, at the very initial stages of development, include a condition that a management company is established. This is the case with the Dublin City Council area where I am situated. Are there thoughts or discussions to be had around whether this is necessary in all cases? It is certainly necessary in apartment developments but it may not be necessary for the part of the development that has houses. Once a person has signed the management contract, he or she is signing in with all the other owners as well as to the management company itself. Those contracts are in place and it is very difficult then to row back on that once a person is signed in.

On the administration charges and fees, one of the good aspects of the Multi-Unit Developments Act is that it lays out how service charges are to be levied. At a general meeting of the management company members get to vote on passing a budget. In the context of having a public discussion on the rights and responsibilities of a management company and as the owner of a unit, be it a house or an apartment, we encourage people to have their say and get involved. If a majority of people feel their service charge is unsatisfactory, they can exercise their democratic power. Maybe we need to look at the percentages there with regard to the Multi-Unit Developments Act. We are titled the Apartment Owners Network, but we are trying to get away from apartment-only perception. We are about the management of residential units in managed estates. Apartment Owners Network was an early title but we have found that we need to broaden ourselves a little bit more. Maybe we need a rebrand. We encourage people to step up and become members of their management companies. People are, unfortunately, petrified about stepping up and becoming a director. They see company law or they see fire safety de-

fects issues and there is a feeling they might be blamed for everything. They do not want to go near the role. It means, however, that people do not get their hands dirty and they do not get to understand the nitty-gritty and why service charges need to go up in some instances. When they receive their service charge bill in January or February, they become terribly frustrated when they do not see the services they are paying for. We need a broad public discussion on how the multi-unit development model and the owner-management company model work in Ireland. There might be a better understanding from all sides around the issues we face.

Deputy Darragh O'Brien: I want to follow what Mr. Maher and Deputy Coppinger have said, much of which I agree with. I live in a multi-unit development and I pay management fees. Like Deputy Coppinger I live in Fingal, an area that has a large number of multi-unit developments. I believe it is very dangerous to start splitting houses and apartments in this regard. They are all homes. I am aware of the Castlecurragh development situation specifically. Deputy Coppinger knows the situation better because she lives there, but there is an obligation. It is about transparency. It drives people mad that they cannot get under the reasons and the breakdowns for the charges. I have dealt with a number of owner-management companies that have been very clear in outlining what the fees are for. No one likes paying fees or taxes, and that is an element of it, but if people know what the money is being spent on it is better. The fee is not charged for nothing in most estates. It is to pay for insurance, bins, maintenance and sinking funds. It is not the case that a big company, owned by somebody we do not know, is demanding €500 or €1,000 a year. The problem arises when it is not known how the charge is being spent.

There is also a problem when non-payment is advocated. This is a big issue. Consider that a home has been purchased and a management company contract has been signed but people do not pay their fee. As Mr. Maher has rightly pointed out, the conditions that were signed clearly say it is a managed estate. A person may not be happy with how it is being run but that is another issue. The idea of a person being able to opt out of payment because he or she is not happy with the way it is run is an issue. I deal with many estates in my area where people are not happy with their management company. I will not mention them here but we work through it. In some instances the big problem is the residual owners such as the builders or approved housing bodies who own a number of units. They own big chunks of a development and in some cases will not engage at all. I agree with Deputy Coppinger on many aspects and that we need to have a further discussion. It is a complex issue. When we speak of houses versus apartments, what is the definition of a house? There are duplex units, apartments that do not have lifts and so on. I put it to the representatives that many people like to live in multi-unit developments. When they are designed properly, they can be very good for sustainable communities and they can work very well. However, there have been issues of really bad planning and really bad building. That is when we get to the defects - roofs and so on. The local authorities have a responsibility, and they should have one because they are the planning authority. I refer to the standards that were not imposed and checks that were not done at the time. Deputy Coppinger mentioned examples of roofs on apartment blocks. We see issues all the time with extreme weather events, and not only with extreme weather events. They should be able to withstand them. It is a massive issue.

This is my first meeting at this committee since I took over the housing role. The witnesses are right in what they have highlighted. It is a ticking time bomb. We will not agree on every aspect of how it is dealt with. Estates are different; it is complex.

I refer to a regulator or an arbitrator. Changes in legislation are clearly needed. The Oireach-

tas absolutely has a role in it as well as in future planning. I do not think a local authority should be told that it should not build any mixed developments. Mixed developments can be very good, if they are well planned and done properly. There are many that work properly. I refer to the defect element of it. Fees and sinking funds, in particular, will happen. We mentioned two specific examples of bad building, namely, Priory Hall and Longboat Quay, and the cost of fixing that.

I refer to the liability to homeowners. I am not talking about apartments or houses but about homeowners because these are homes for people. To quantify this, one would think it would run into hundreds of millions of euro. This is something we need to grapple with. That is why the presentation today was timely and important.

Deputy Ruth Coppinger: I do not want to take up the Deputy's spot by talking about houses. Maybe we could have a session in which we would deal with houses. I do not mean to separate the two at all. There are residual issues.

Deputy Darragh O'Brien: That is fair.

Deputy Ruth Coppinger: A management company is not needed for an ordinary house. That is the reality. They were set up for apartments. In the last ten years with the recession, people said they would not pay this fee anymore because it was not justified, they could not afford it and they had lost their jobs. People see a millionaire in a mansion getting the grass cut in his or her estate and they have to pay for their little shrub to be maintained. That is the reality and people make these decisions for themselves.

Deputy Darragh O'Brien: It is more complex than that.

Deputy Ruth Coppinger: We need a discussion on it. We should bring in some of the homeowners.

Vice Chairman: Does Mr. Maher or Mr. Rouse want to come back in?

Mr. David Rouse: As Mr. Maher mentioned, while we are called the Apartment Owners Network, our tagline is "representing the owners of homes in managed estates", so we do not want to emphasise that dichotomy and would be anxious that our approach is a collaborative and constructive one to try to resolve the difficulties faced and to make progress.

Vice Chairman: I thank Mr. Rouse and Mr. Maher for coming in today. It has taken us a bit longer to bring them before the committee, but as all the members have pointed out, this is a ticking time bomb and is something we need to keep on the agenda and keep referring back to. Again, I thank the witnesses for attending and engaging with the committee. I propose that we suspend for a few moments to allow our next witness, Mr. Michael Carey, who is in the Public Gallery, to take his seat.

Sitting suspended at 10.54 a.m. and resumed at 10.59 a.m.

Housing Agency: Chairperson Designate

Vice Chairman: The purpose of this session is to engage with the chairperson designate of the Housing Agency, Mr. Michael Carey, and to discuss his strategic priorities for the role and his views on the challenges currently facing the Housing Agency. The committee welcomes the

opportunity to meet the chairperson designate in public session to hear his views. We trust that this serves to provide greater transparency to the process of appointments to State boards and bodies. On behalf of the committee, I welcome Mr. Carey.

Before we begin, I draw attention to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. If, however, they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable.

I invite Mr. Carey to make his opening statement.

Mr. Michael Carey: I thank the Cathaoirleach and the members of the joint committee for giving me the opportunity to join the meeting. I will begin by talking about my background and highlighting some of my experiences which are most relevant to the role as chairman of the Housing Agency, should I be formally appointed by the Minister.

I grew up in Cabra on the north side of Dublin. My parents had a newsagents and we lived in the rooms above the shop. I studied for a commerce degree and a master's degree in business studies at UCD in the early 1980s. Since graduating I have spent the last 35 years or so working in the food industry, initially in senior management roles in multinational food companies, including managing director of Fox's Biscuits and managing director of Kellogg's for the United Kingdom and Ireland. In the second half of my career to date I have been an entrepreneur and investor in the food sector, owning and managing a number of food businesses. I am executive chairman of The Company of Food, a specialist food investment company. We hold investments in around half a dozen food businesses, including a majority stake in a recent large-scale start-up biscuit manufacturing business based in Drogheda called East Coast Bakehouse. We also hold shares in a number of publicly quoted food and drink companies, both Irish and international.

Aside from my day job in the food industry, I have recently completed two terms as chairman of Bord Bia, during which I played a leadership role in building it into one of the most respected State agencies in the country. I have also held the role of chairman of the Grow Dublin Tourism Alliance. I am a member of the advisory board at Smurfit Graduate School of Business in UCD. For the past few years I have dedicated significant time to the not-for-profit sector as a co-founder and chairman of Traidlinks in Uganda, at the request of the then Minister of State with responsibility for overseas development at the Department of Foreign Affairs and Trade in 2007, Conor Lenihan, and as a co-founder and chairman of the Soul of Haiti Foundation. Both organisations are dedicated to the provision of livelihoods in these developing countries.

In the area of homelessness I have assisted in designing and implementing innovative solutions to engage business leaders in supporting charities working to tackle homelessness, specifically the Food for Simon programme, where approximately 20 Irish food companies provide food products free of charge for the Dublin Simon Community, as well as arranging capital

funding to build transitional housing facilities.

In all of these State agency and foundation-charity roles I have always waived any fee and personally funded all expenses associated with carrying out these roles. I would, if appointed to this or any other role, continue that practice.

Given that background, there are a number of reasons I can make a genuinely meaningful contribution to meeting this challenge. I have extensive experience in successfully running organisations and specifically chairing the boards of both private and State organisations. By applying this experience in the role of chairman of the Housing Agency I will focus on optimising the performance of the organisation, ensuring appropriate resources are allocated to its key priorities and that the contribution of its board members is optimised. I will also ensure it is run to the highest standards of corporate governance, in line with the code of practice for the governance of State bodies.

As an outsider in this sector, I can offer two specific benefits over somebody who is more deeply involved in it. First, I believe I can offer some fresh thinking, without any baggage. Second, I have no conflict of interest and believe I can engage with all of the stakeholders with some credibility. In my current day job, overseeing investments in the food industry, I am in the fortunate position to have some flexibility. I confirm that I have the time available to fulfil the role fully, regardless of how much time is required. Having said that, I am very clear that it is a non-executive chairmanship role and I will work in a manner that will allow the executive leadership of the Housing Agency to do its job, as I have done in previous roles.

The challenges facing our society in housing are significant and socially damaging. The recent increases in the numbers impacted on by homelessness to the shockingly high level of 10,000, as reported in February; the large numbers of families in mortgage arrears; the challenges of cost and affordability of rent and house purchase; the rate of supply of both social and private housing, given the extensive numbers on housing lists and the increasing demands expected in the coming years, and the need for optimum use of vacant homes are all fundamental issues that must be addressed, now more than ever. It is clear that all of the key stakeholders share a desire to fix these problems, although there seem to be some fundamental differences in views on how best to ensure they will be addressed. There are many barriers in the way of making the desired progress. As chairman of the Housing Agency, I will seek to ensure the organisation will play a full role in delivering solutions and overcoming these barriers. I believe the agency is well placed to be a world-class knowledge base for housing policy and practice, in working closely with the Department, the local authorities and the approved housing bodies to develop and implement policies that will achieve the right results. The agency can play a positive and substantial role in addressing the current challenges and I am determined to personally provide a leadership contribution to ensuring genuine progress is made and that the Government policies captured in Rebuilding Ireland will be implemented efficiently.

I do not come to the role with a simplistic belief there are easy solutions. I do not come with fixed views on how the Housing Agency should act to meet its objectives. My initial priorities in the role, should I be appointed, will be to initiate and oversee a review of the role and purpose of the agency, to refresh its statement of strategy, to clarify its key priorities and to ensure its resources are being optimised in order that it will become one of the most respected State agencies. The output of the review will be very clear in intended deliverables. I will seek to ensure the Housing Agency has a high level of engagement with all of its key stakeholders and that the views and inputs from all perspectives of the issues are captured in the thinking behind its programmes. Achieving a clear understanding of the roles of, and relationships with, each of

the stakeholders and sister agencies will make the efforts of the Housing Agency more effective and avoid duplication of effort. I will also focus on ensuring the metrics used by the agency are appropriate and that the data being used are robust. I will aim to focus on specific deliverable outputs of the agency, ensuring clarity in what it aims to achieve and in its performance against these targets.

In short, I intend to focus the organisation on getting the job done, applying a robust and professional management process. As I become fully briefed on all of the current issues and challenges facing the Housing Agency and we finalise a revised statement of strategy, I look forward to engaging closely with the committee in whatever manner it considers appropriate. I am happy to commit the necessary time and energy to the role. I hope that if I am appointed, I can make a positive contribution.

Deputy Maria Bailey took the Chair.

Senator Victor Boyhan: I welcome Mr. Carey who has a very impressive CV. He has answered very clearly and well one of the questions I had intended to ask him as to what is his vision for the agency. As I am conscious that we are in public session, I want to set out my understanding of the role of the committee as it relates to Mr. Carey's position. In accordance with the provisions of Dáil Standing Order 85(6)(B), joint committees have the power to require the chairperson designate of a body or agency under the aegis of the relevant Department, prior to his or her appointment, to attend before them to discuss his or her strategic priorities for the role. It is worth saying for anyone watching the proceedings that it is not an interview to determine the suitability or otherwise of a candidate. It is not the function of the committee to block the nomination. It is ultimately the responsibility of the Minister to appoint the candidate. That is worth saying, as I am conscious that the public looking in which takes a great interest in these matters might not know it.

I have looked at Mr. Carey's CV. I am on the Agricultural Panel and as such know a lot about the work of Bord Bia which I mentioned yesterday in the Seanad during a debate on agriculture. I acknowledge the enormous work of Bord Bia, which has excelled under the leadership, stewardship, focus and strategic thinking of Mr. Carey. It has been always a good organisation, but it has grown and built itself up. It has enormous budgets to do its work. When I say that, I do not mean to take from the professionalism, focus and amazing achievements of Mr. Carey and his team. I do not want to dwell on agriculture today, other than to acknowledge Mr. Carey's role in Bord Bia. Most of Mr. Carey's enterprise and investment experience has been in the food sector. That has been his key area. He is an entrepreneur. I do not have any difficulty with his business model. I want to put a few questions to him. I will not ask all the questions I had intended to ask because some of them have been comprehensively addressed. I ask him to share a few points with the committee in response to the questions I am about to ask. Why did Mr. Carey submit an expression of interest for this job? When did he do so? Can he outline the selection process he underwent to be appointed to this role? How relevant are his qualifications and experiences to this specific role, which relates predominantly to housing? I acknowledge that he has many qualifications and a great deal of experience, but ultimately he is here as the chairman designate of the Housing Agency.

I was impressed by what Mr. Carey said when he spoke about how he will go about his immediate work. It is clear that he will have to home in to a greater extent on the demands and challenges the agency faces. He spoke about putting in place a robust and professional system to ensure the agency delivers on its targets and objectives. I am happy to hear those targets and objectives will be examined and monitored. I think that is really positive. I would like to

ask Mr. Carey where he envisages the organisation will go. What would he consider to be success? He is bringing all his experience of management structures, etc., to this major challenge. How would he like to see his role? What would he consider to represent success when he is heading out of this role? I have outlined a few of my thoughts on this matter. I acknowledge Mr. Carey's vast management experience and professionalism. His CV relates predominantly to food, agriculture and Bord Bia. I acknowledge that all of that is excellent. I would like to hear how he got interested in this position. Who approached him? How did he express his expression of interest? What were the dates involved? I ask him to share some of that with the committee. What is his ultimate vision? What would he consider as success in this role when he is heading out of it?

Mr. Michael Carey: I thank the Senator for his questions and his comments about Bord Bia. I agree it is an extraordinary organisation. He asked when I first engaged with this process. I initially engaged with it approximately a month ago. I did not apply when the role was advertised under the Public Appointments Service system because I was still in my role as chairman of Bord Bia at that time. I stepped down from that role, after six and a half years, in the past month. The process I have gone through has included a number of discussions and meetings with the Minister. I approached the Minister. I actively showed interest in taking this role. I believe my background, my experience and my ability to manage and lead boards to provide some structure and to focus on results can be applied to this issue, which is of huge importance to Ireland. I think all of those skills and experiences are entirely transferable. I met the executive director of the agency in recent days. Other than that, I have not been engaged with the organisation. I have a reasonable level of understanding of what the agency does, what its role is and how it plays its part in solving this problem. I think a very detailed engagement will be necessary in the coming weeks to get fully up to speed with those issues. The Deputy concluded by asking how I would define success at the end of my term in this role if I am appointed to it. I would like to see real, substantial and genuine progress in addressing the major issues that are facing Irish society in the area of housing and homelessness. I outlined all of those issues in my initial statement. Clear targets for the agency need to be agreed. The agency needs to have the right resources and the right engagement with people to give it a chance of being an outstanding agency that fully plays its part in moving this problem along.

Senator Victor Boyhan: To be clear, my understanding is that Mr. Carey did not initially go through the public expression of interest for this post. He is telling us that having reflected on the matter, and having thought about how much his vast experience could offer to this role, he approached the Minister approximately a month ago to express his interest in this position. That is where we are today.

Mr. Michael Carey: Correct.

Senator Victor Boyhan: I thank Mr. Carey .

Deputy Ruth Coppinger: I would like to address a number of comments and questions to Mr. Carey. Obviously, he comes from a business and corporate background rather than a housing sector background. The idea that we need a business model running the Housing Agency is a problem for me straightaway. In his introductory remarks, Mr. Carey did not give any indication of his views on the housing crisis and the housing situation. If he does not mind me saying so, his remarks were more about his personal business background. How does he feel about public housing? Does he feel there should be more social and public housing? If so, how would that be funded? What are the current barriers to resolving the housing crisis and, in particular, to providing affordable housing for people? Last week, we all saw the spectre of people queue-

ing for days on end for housing in Hansfield in west Dublin.

I would like Mr. Carey to give his views on certain comments. I am not asking him to comment on another individual. Does he think there are people gaming the system? Does he think homelessness is a normal thing? Does he think homelessness in Ireland is low by international standards? Does he think the Government is doing nothing wrong? These crucial questions arose during the term in office of the previous chairman of the agency. I would like to hear more about Mr. Carey's views on them.

I do not know whether Mr. Carey has read the deliberations of the special Oireachtas Committee on Housing and Homelessness, which was convened in the summer of 2016. One of the key issues to emerge at the forum was the need to ramp up the provision of social housing. The EU fiscal rules represent barriers to that. Attempts have been made to find off-balance sheet models, but that may not be as feasible now that the approved housing bodies are considered to be on-balance sheet. I am not saying the chairman of the Housing Agency has to grapple with these issues. They are political questions. I do not expect Mr. Carey to resolve the housing crisis. There are critical issues in the housing and homelessness sector. I would like to hear whether Mr. Carey has a sympathetic view towards those things, or leans more towards the business view that the private sector is where we are going to solve this problem.

Mr. Michael Carey: First, I suggest that a business approach to solving this problem can be a very valid approach to providing a structure and a level of professionalism that can focus on results. A business process can apply to any social issue. Perhaps business people get a bad press sometimes for some of the ways they behave. I do not believe a professional management approach to solving this problem is inappropriate. I think the structures and processes that apply to running a business well can apply in this case. I intend to apply those standards.

The Deputy asked me about some of the previous comments that have been made. I have considerable sympathy with the substantial numbers of people who are affected by the issue of homelessness. Huge numbers of people are impacted by the issue of homelessness. It is not normal and should not be acceptable. It should not be assumed to be the way things will always be. It is wrong that we have this problem and it should be fixed using a mix of solutions. Public housing is, unquestionably, a very significant part of the solution. The private sector has a major role to play in delivering some of the necessary outcomes. They need to be appropriately aligned with the right targets.

The issue of affordability of housing is one of the biggest challenges facing the country today. There are still major issues around the cost of building and around the use of land and how that is managed. I hope that I can influence thinking in a way that gets the results and the sort of outcome that everybody wants. I do not think having a business approach means that one cannot have sympathy for, or a genuine understanding of, the problems associated with homelessness. That professional approach is the right way to do it. It needs to be done in the right environment.

Deputy Ruth Coppinger: How much public housing does Mr. Carey think there should be as a proportion of the housing supply? Has he studied the report of the housing committee?

Mr. Michael Carey: I have not studied the report and at this time I cannot give a number on the split. It would be just picking a number out of the air today. I do not want to do that. I want to take the-----

Deputy Ruth Coppinger: It is not something Mr. Carey has thought about.

Mr. Michael Carey: It is a significant part but I do not want to quote a number. I do not have a figure to give to the Deputy. I am not going to make up numbers sitting here. The issue is-----

Deputy Ruth Coppinger: Is it a majority or a minority?

Mr. Michael Carey: I ask that the Deputy give me the time to get immersed fully in those issues. The level of briefing that it is necessary to come to a valid conclusion is something I would focus on should I be appointed to this role.

Deputy Ruth Coppinger: I would have thought that was a pretty general basic thing that many people would have a view on, even before being appointed.

Mr. Michael Carey: A number on-----

Deputy Ruth Coppinger: A proportion of what housing should be public and-----

Mr. Michael Carey: I have said a significant proportion. I do not know what the correct number is. I do not have the specific data behind that. I think that setting targets and setting numbers would be inappropriate at this stage.

Chairman: To be fair to Mr. Carey, he has said that he would like time to engage with the Housing Executive and go into that detailed discussion with it in the next few days. He has only been here a couple of days and he has asked for time to have that engagement and those briefing sessions. It is only fair not to put him on the spot for figures like that.

Deputy Ruth Coppinger: Can I just say one last thing? Every housing commentator and analyst at this point has said we need a huge increase in public housing. I was surprised that Mr. Carey had not come to a conclusion on how much.

Chairman: I think he said unquestionably that it is a good proportion. It would be unfair to get a figure from Mr. Carey today. I call Deputy O'Brien.

Deputy Darragh O'Brien: Mr. Carey is welcome. From reading his CV and listening to his opening statement, I believe, for what it is worth, that he is eminently qualified to do this job. We need fresh thinking in this area. It is appropriate to give Mr. Carey time to actually frame that thinking. I am sure he has his personal views on things as well. He will also, however, be restricted somewhat by the policy decisions made within the Oireachtas and by the funds allocated to this sector. There is a job for us to do in the Oireachtas if we follow what Deputy Coppinger said. Social housing is just one aspect. The level of funding needs to be greatly increased in that area because the witness could give a figure today of 40,000 if he wanted to. However, he could not deliver them unless the funding was given by the Government. That is a policy decision. It is our job to equip Mr. Carey with the tools to be able to do his job.

Looking at the Housing Agency itself, it says that its vision is to enable everyone to live in good quality, affordable homes in sustainable communities. It states that its mission is to be housing experts driven by an understanding of the central role housing plays in people's quality of life and life changes. It says its values are to be independent of influence, quality expertise, innovation and being solution-focused, to have a respected reputation and collaboration. However, if we look at the vision and mission in plain black and white on a piece of paper it shows how far we are away from that at the moment. I refer to how serious the situation we as

a country are in. That is why I believe that fresh thinking is needed and business acumen and expertise is needed.

I ask Mr. Carey, should he be appointed to the role, which I hope he will be, to challenge the *status quo* when he believes it necessary. There is an element, and I have found it, of some silo thinking on this. We need a whole-of-Government approach, a whole-of-agency approach and a whole-of-party approach as well to fix this. To do that, some very difficult decisions will be required but we need people to step up. I have been critical of policies in some areas but I will support policies where I see them as constructive. This is not a crisis; it is an emergency. Our homeless figures are growing day by day and the number of children in emergency accommodation is over 3,500. That is unacceptable in a modern republic and in a wealthy society.

The other aspect is affordability and giving hope. I refer to giving hope to those people working 40 and 50 hours a week, paying taxes and trying to save for mortgages. Prices have run away from them. They are basically going to be the new “generation rent”. They are going to be paying other people’s mortgages and paying institutions’ property funds. We have got to give hope again to people. That is why Mr. Carey’s role is going to be crucially important. When he gets his feet under the table, at that stage it would be appropriate for him to come back to talk to us about policy. I, as my party’s spokesman, with my colleague Deputy Casey, will be outlining our policies and priorities as the Chair, Deputy Coppinger and others will do. I ask Mr. Carey to take a collaborative approach and to reach out to see what the best solutions are. We cannot afford time on issue.

The targets set by local authorities, published today in respect of social housing, show how far away we are from making any degree of progress into the social housing lists. We have to look at rent affordability, mortgages, mortgage arrears, which Mr. Carey mentioned in his statement and which is still a big issue, repossessions and so on. When he is in the job, I ask Mr. Carey to look back every day at the vision to enable everyone to live in good quality, affordable homes in sustainable communities. That should drive everything that we do. I am not going to ask specific questions about what he should or should not do. When we quantify a problem, which we all can, it can be fixed. I firmly believe this is fixable. We just need to re-energise the approach taken. That is why I think Mr. Carey’s appointment will move towards that. When he gets the job, I ask him not take everything he hears for granted and to challenge the *status quo*. His CV and his experience show he does that. That is why I know that he is eminently qualified to do the job and I hope that he is appointed without further delay. I wish him all the very best and look forward to working with him to deliver solutions. That is what this committee is committed to doing.

Mr. Michael Carey: I agree that it is an enormous challenge. There are issues at every strand of this problem that need to be addressed from homelessness through to social housing provision, affordability of rent and purchasing of mortgage arrears. The Housing Agency has a real and substantial role to play in all those areas. Ensuring there is absolute clarity about what the agency is supposed to be delivering and that it delivers it in an efficient and effective way will become my obsession. I have spent time with the homeless agencies and on the streets on the soup runs. I really care about this issue and I want to be part of the solution at that level. There are huge issues around affordability that the country needs to resolve for lots of reasons, including business and social reasons. The pricing of homes going out of the reach of so many people is such a fundamental problem facing the country that it must be resolved. I wholeheartedly commit to coming back when those views are more robust, and when there is some greater clarity on the scope and role I believe the agency should have and how it should be delivering.

19 APRIL 2018

I will apply those business approaches and those techniques that have worked in other areas for me, including in Government agencies. I will apply them in this area to the best of my ability.

Chairman: I apologise for having to step out to attend a meeting of the Business Committee. I missed Mr. Carey's opening statement, but I had read it. I do not question his rationale for applying for this post. I do not question his ability in any shape or form. Deputy Darragh O'Brien is right in saying this needs energy, enthusiasm. We need people who want results and who do not stop unless results happen. This committee is very committed. We meet on average two or three times a week. While members might differ on policies or how they might come to fruition, we all want the same results, which is that every person should have a safe place to call home.

Following this engagement with the chairperson designate, Mr. Carey, a letter will issue to the Minister with the full official transcript of this discussion held in public session without comment in any way as to the performance or general suitability of the nominated chairperson for the position. The responsibility rests with relevant Minister to confirm the nomination or not. I wish Mr. Carey well. Should he succeed, I look forward to ongoing engagement with him on a regular basis.

The next meeting will take place at 12 noon on Tuesday, 24 April 2018 to discuss our policy on housing for older people.

The joint committee adjourned at 11.32 a.m. until 12 noon on Tuesday, 24 April 2018.