

Following our recent publication **Apartment Cost Metrics 2025**, we've compiled a summary of key recommendations. These if implemented, along with the recent revisions to the apartment standards, will reduce the cost of delivering apartments. This will get activity moving again in delivering much needed homes.

1

"Remove or reform rent caps to make projects financially viable and allow market based rental pricing"

The previous Rent Pressure Zone (RPZ) legislation was seen as a major deterrent to investment. The rent cap was discouraging institutional funding, which is essential for large-scale apartment projects.

The main impact of the recent rent cap reform by the government for new residential developments is that they are exempt from older rent caps for up to ten years. This means that landlords of new developments can set initial rents at full market value when the tenancy begins.

Whilst the recent reform by government is to be welcomed, we believe that this alone won't go far enough to stimulate the delivery of residential units to meet the **50,000** per annum targets.

2

"Invest in infrastructure, especially utility connections"

Utility Delays Are Stalling Projects

Uisce Éireann (Irish Water) currently connects around **35,000** new homes per year—well below what's needed to meet national housing targets. Even after planning permission is granted, delays in connecting developments to water and sewage networks are causing costly project stalls. Yet, this issue remains largely absent from government discussions.

Two practical solutions to address the bottleneck:

1. Increased government resourcing for Uisce Éireann
2. Empowering private developers already on site to carry out the required works.

The recent announcement by the Irish Government to allocate **€100 Billion** in funding for infrastructure is to be welcomed. We now require a detailed plan and timelines for delivery.

The above is not an either-or solution. Both can be adopted and will supplement each other, especially to clear the backlog that currently exists.

3

"Rezone more land for high-density housing"

The Revised National Planning Framework (NPF) - April 2025

The Government approved a Revised National Planning Framework in April 2025 to create the conditions for accelerated housing delivery. Local authorities were directed to update their development plans quickly to reflect new housing targets. The revised NPF emphasises zoning land for residential and mixed-use development, especially in areas with existing or planned high-capacity public transport. The plan aims to unlock both brownfield and greenfield sites.

This needs to be implemented urgently by Local Authorities.

The Residential Zoned Land Tax (RZLT) - Effective May 2025

To encourage the use of zoned but idle land, the Residential Zoned Land Tax (RZLT) came into effect in May 2025. This tax applies to land zoned for residential or mixed-use that is serviced but not being developed. It is designed to incentivise landowners to activate land for housing. It also includes a process for landowners to request rezoning to avoid the tax if the land is not suitable for housing.

Penalising landowners with a tax will not deliver more units unless the economic conditions around overall commercial viability are addressed.

4

"Create a pro-investment culture to attract institutional capital back into the market"

Creating a Pro-Investment Culture: A Key to Unlocking Housing Delivery

To meet Ireland's ambitious housing and infrastructure goals, we need more than just plans—we need capital. And that means creating a pro-investment culture that welcomes and supports institutional investors.

In recent years, rent caps, uncertainty around planning, infrastructure delays, and regulatory shifts have made the market less attractive to long-term capital. What is needed is:

- Policy certainty
- Rent cap revisions (as per our recommendation #1)
- Infrastructure investment (more resources or utilise private developers - as per our recommendation #2)
- Efficient planning systems
- Clear return pathways for investors

By fostering a stable environment, we can bring institutional capital back into the market. It takes circa **€20bn** to deliver **50,000 units** per annum. In addition to the capital currently being provided by the government, the banks, and the consumer, it will take circa an additional capital investment of **€7bn** per annum to deliver the governments housing targets.

5

“Increase Access to Bridging and Development Finance”

Unlike traditional housing estates, where homes can be completed and occupied in phases, and indeed phases can be postponed, apartment developments require full completion of the block before this can happen. As well as the additional risks, this requires significant cash flow for developers. Apartment Developers need large upfront capital and longer-term financing.

We need to encourage more funders into the market to offer the following:

Development Finance: To cover full build costs.

Bridging Finance: To enable developers to move quickly on land acquisitions and planning opportunities. This should be encouraged.

Senior and Mezzanine Finance: To enable developers to borrow up to 90% of total costs by combining multiple funding sources.

Bridge to Term Options: To allow developers to transition from short-term bridging loans to long-term financing once the property is stabilised.

Faster Access to Capital: means faster delivery of homes, especially in the social, affordable, and cost-rental sectors.

There's an estimated **€17 Billion** in private capital available for housing investment in Ireland. The government are currently reviewing and changing various policies to de-risk apartment projects and hopefully attract private capital back into the residential market. However, cancelling residential developments such as the Social Housing PPP bundle 3 will undermine progress and dent confidence to prospective funders going forward.

6

“Increase Staffing and Expertise to Enable Planning Authorities to Perform Their Functions Efficiently and Effectively”

The current planning process is slow, inconsistent, and overly bureaucratic. Urgent reform to streamline approvals, reduce delays and, rezoning of more land is required. As Ireland races to meet its ambitious housing targets, the one critical area that needs to be reviewed by the government is the capacity of our planning authorities.

The government's push to reduce apartment sizes and streamline regulations may boost supply, but planners are the ones who must interpret and apply these changes. They need support—not just mandates.

While recent reforms like the Planning and Development Act 2024 and the 2025 Amendment Bill aim to modernise our planning system but without adequate staffing and expertise in local planning offices, even the best policies risk stalling at the implementation stage.

To address this issue, the government must:

- Increase staffing resources in planning departments.
- Invest in upskilling and retaining planning professionals.

Modernise planning systems to be more efficient, transparent, and responsive.

7

“Fix the Issues with the Affordable Housing Fund and Croí Cónaithe Schemes”

The **Croí Cónaithe Scheme** was introduced to subsidise apartment construction in urban areas. However, in practice, it remains too limited in scope and slow to implement. Developers are left waiting, and urgently needed homes remain unbuilt.

The **Affordable Housing Fund** is a cornerstone of the Government's housing strategy—but it is not scaled to meet the ambitious targets set out in Housing for All. Several Approved Housing Bodies (AHBs) have publicly stated they've had to pause projects because the Department of Housing has not signed off on funding for cost-rental and social housing schemes.

Thousands of homes are being delayed due to:

- Slow approval processes
- Bottlenecks in releasing funding.
- To address this, we recommend the Government:
- Streamline and accelerate government approval timelines.
- Expand the scope and flexibility of Croí Cónaithe to meet real-world development needs.
- Scale the Affordable Housing Fund to match the urgency of the crisis.

We have the frameworks and the funding we just need the political will and operational efficiency to deliver.

8

“Reduce soft costs (e.g., VAT, utility levies) to lower total development costs”

Soft costs such as VAT on construction, utility connection levies, development contributions, and planning fees account for up to **45%** of the total cost of delivering a new home.

While the Government has introduced some revised measures to support apartment viability, their review focuses on the hard costs only. There is no targeted review of the broader soft cost structure. We believe there is an opportunity to make a deeper impact here.

We recommend that the Government review these costs, either waiving some completely or lowering their costs, until the housing crisis abates. This will:

- Make housing projects more financially viable
- Encourage private and public sector development
- Deliver homes faster and at more affordable prices