Multi Unit Developments Act **Reform Group**

Budget 2026

Submission

to

Department of Finance,
Department of Public Expenditure, National Development Plan Delivery and Reform,
Department of Housing, Local Government and Heritage and Oireachtas members

July 2025

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1. Multi-Unit Developments Act Reform Group

The Multi-Unit Developments (MUD) Act Reform Group is an informal alliance comprised of the Apartment Owners' Network, Circle Voluntary Housing Association, Clúid Housing, Co-Operative Housing, Oaklee Housing, Respond and Tuath Housing. The Society of Chartered Surveyors of Ireland (SCSI) supports the work of the Group

The group was set up in 2019 to try to move forward the recommendations contained in the seminal report, *Owners' Management Companies: Sustainable Apartment Living in Ireland* published jointly by Clúid Housing and The Housing Agency.

Since its inception in 2019, the Group has worked constructively with Government, all political parties and other stakeholders to move forward the agenda for MUD Act reform.

In this spirit of constructive engagement, we are making this submission on Budget 2026 to all of the relevant Ministers, Departments and Oireachtas members.

2. Submission Context

2.1 Owners' Management Companies

Owners' Management Companies (OMCs) are companies whose members are the owners in an apartment/duplex complex and these companies have been in existence in Ireland since the early 1970s.

Many of the roles that are traditionally undertaken by local authorities – like road and footpath maintenance, upkeep of grass verges and management of traffic and parking – are the responsibility of OMCs within their complexes – which are governed by boards of volunteer directors.

OMCs' responsibilities also include:

- Taking out of insurance for the structure of the buildings;
- Repair and maintenance of areas such as lifts and roofs and refurbishment planning;
- Responsibility for many aspects of health and safety within the development – including security – as well as for dealing with anti-social behaviour and its impact on the quality of life of residents;
- Looking after sanitation and waste management;
- Undertaking normal company administration and governance such as keeping accounts, getting them audited and making annual returns;
- Hiring and overseeing management agents, where the OMC is externally managed.

2.2 MUD Act 2011

The MUD Act 2011 governs the management of the country's apartment and duplex complexes. It also controls the activities of OMCs and represents the first time that a legal framework was put in place for regulating the sector.

The Act deals with issues such as:

- Powers, roles and responsibilities of OMCs, their boards, their directors, members and managing agents;
- Service charges for the day-today maintenance and upkeep of apartment and duplex developments;
- Sinking funds which are for long-term maintenance of such developments.

2.3 Serious Challenges

When the MUD Act was enacted in 2011, it represented an encouraging first step in trying to regulate the growing apartment/duplex sector. With the benefit of experience since the passage of the Act, it's clear that the legislation needs to be reviewed given the range of different challenges and issues have been identified in the sector by a range of reports most importantly the 2019 Housing Agency/Clúid Housing report, *Owners' Management Companies: Sustainable Apartment Living in Ireland*.

Below are some of the issues identified which require reform of the Act and the way in which the sector is governed.

Discharge of Corporate/Apartment Owner Responsibilities

- Poor corporate governance is a problem in many OMCs, with reports of some directors – a minority – benefitting financially from their board membership;
- Some of the original builder-developers have put supporters or linked people onto boards to protect their interests;
- Many of the volunteer OMC board members have little or no expertise – with limited training provided – in building maintenance, corporate governance and finance and, as a result, many boards are struggling to properly manage their developments;
- Lack of a central repository of information on OMCs, making it nigh on impossible for the State to identify all apartment developments and OMCs, communicate with them and ensure that they are carrying out their legal responsibilities (UK Government has identified this as a major challenge as they have tried to identify all developments with flammable external cladding after the Grenfell tragedy);
- Lack of clarity about what data and information OMCs should be providing to their apartment owners;
- No clear recourse path – apart from the courts – for owners who have disputes with their OMC and for OMCs who have issues with residents;
- Lack of a central repository for information or support in relation to environmental upgrades of MUDs such as installing photovoltaic (solar) panels, retrofitting and charging points for electric vehicles;
- Need for an external driver (via regulations and/or a central agency) to ensure the transfer of common areas from developers/receivers to OMCs.

Sinking Funds

- Sinking Funds are contingency funds set aside for long-term maintenance and refurbishment works such as lift replacement. Most OMCs are not increasing their annual sinking fund contributions as their developments get older – which

means that they have insufficient funds in place to carry out roof repairs (leading to mould, damage to the building's fabric and health issues for residents), boiler and lift replacements (leading to lifts being out of action which presents huge challenges to residents with disabilities or mobility challenges) in a timely manner;
- 2018 research for the SCSI shows that six out of every seven OMCs have not undertaken a study to establish how much should be in their sinking funds in the medium-term;
- This situation is made worse by the fact that most OMCs struggle to borrow from any third-party source, even when faced with a requirement for important health and safety upgrades.

Service Charges, Insurance and Maintenance

- Significant arrears in collecting annual service charges, which directly affects maintenance and the provision of key services like block insurance (the lack of block insurance can invalidate some mortgages) and waste management.
- Some OMCs are teetering on the verge of insolvency, which would leave those living in the developments affected without essential services;
- Sub-standard day-to-day maintenance of many common areas – for example not painting wooden cladding which leads to costly replacement charges.

2.4 2020 Programme for Government

The political response to the crying need for an effective regime of oversight and support for the OMC sector began with the 2020 Programme for Government (PFG) which included a welcome commitment In relation to (Owners') Management Companies when it said that Government:

> *Will conduct a review of the existing management company legislation (the 2022 MUD Act), to ensure that it is fit for purpose and that it acts in the best interests of residents.*

2.5 *Housing For All*

Further to this commitment in the 2020 Programme for Government, *Housing For All,* published in September 2021, stated that in relation to Section 18 of the MUD Act 2011, (which deals with service charges):

> *"To ensure that OMCs are financially sustainable, the Department of Justice, in collaboration with the DHLGH, will make regulations under Subsection 17*

of Section 18 of the...Act..., prescribing the class or classes of items of expenditure which may be the subject of annual service charges; the procedures to be followed in setting such charges; matters to be taken into account in the setting of such charges; and arrangements for the levying and payment of such charges."

Referring to Section 19 of the MUD Act 2011, (Building Investment Funds) '*Housing For All'* (s.5.5.5) proposes the following:

> *"Regulations will also be made under Subsection 9 of Section 19 of the MUD Act to ensure that OMCs provide for expenditure of a non-recurring nature (i.e. sinking fund expenditure) and it will also examine the introduction of an non-statutory dispute resolution process."*

The target dates set in *Housing For All* for the issuing of both sets regulations was Q4 of 2022.

We understand from a number of answers to Parliamentary Questions, that the Housing Agency prepared draft regulations under both Section 18 and 19 in February 2022 which went to the relevant sections in the Department of Housing, Local Government and Heritage and the Department of Justice.

Nearly three-and-a-half years on, those Regulations have still yet to issue.

2.6 Failure to Act

Unfortunately, by the time of the 2024 General Election, the commitments in the Programme for Government and *Housing For All* had not been delivered upon. As a result, the Multi-Unit Development Act Reform Group engaged in an extensive programme of engagement with all political parties and groupings to rectify this matter.

2.7 2025 Programme for Government

The 2025 Programme for Government contains the following welcome commitments in relation to the MUD Act and OMC regulation (PFG) https://www.mudreform.ie/assets/files/pdf/pfg_2025_-_ff-fg-ind.pdf:

- Move responsibility for the Multi-Unit Developments Act to the Department of Housing to streamline support for OMCs and improve oversight.
- Establish a unit in the Housing Agency to regulate OMCs to ensure effective governance.

While there were no explicit commitments to the much-needed reform of the 2011 Act, we look forward to working with the Government and all Oireachtas members on this area as well as the implementation of the PFG commitments.

3. Proposals and Costings

3.1 Complete Transfer of Responsibility

The MUD Act Reform Group is pressing for the swift transfer of responsibility for the MUD sector from the Department of Justice to the Department of Housing, Local Government and Heritage.

At the time of writing, the most recent answer to a Parliamentary Question from Deputy Eoin Ó Broin by the Minister for Justice, Jim O'Callaghan (on 20 May 2025) indicated that the transfer would be completed shortly.

It is critical that the transfer of responsibility be completed by the 2025 Summer Recess so that DHLGH can engage in the budgetary process to get the resources needed for MUD-related work in 2026 by the Department and its agencies.

3.2 Commence Establishment of OMC Regulatory Unit

As mentioned in 2.7 above, the current Programme for Government commits to the establishment of a unit within the Housing Agency to regulate OMCs to ensure good governance.

This is a welcome proposal and – given the scale of the governance issues confronting the sector – it is vital that the regulatory unit commences operations in 2026 to carry out such functions as:

- Compiling a register of OMCs – so that the State can directly communicate with them about the execution of their responsibilities and the forthcoming defects remediation scheme;
- Creating a database of OMC directors – so that they can be properly briefed on their legal responsibilities and provided with training and support;
- Gathering financial data including annual accounts and details of service charges and sinking funds;
- Collecting corporate governance information such as annual reports and minutes of general meetings.
- Creating a database of those OMCs that have external professional management on board and those that are self-managed;
- Commence the provision of a dispute resolution service for owners and OMCs.

The commencement of these regulatory functions and services in 2026 will be vitally important for OMC directors and owners in multi-unit development alike and will also provide much-needed information on the sector for planning future policy development.

Based on the experience of the commencement of similar regulatory bodies in this space like the Approved Housing Bodies Regulatory Authority (AHBRA), we are proposing that an allocation of **€1 million** be made for this regulatory unit in 2026.

These monies will be required for:

- Consultancy support around the establishment of the unit;
- Legal advice until such is brought into the unit;
- Recruitment and employment of 10 full-time equivalents to staff the unit in its first year.

5. Conclusion

The MUD Act Reform Group wishes to thank the Departments of Finance; Public Expenditure, National Development Plan Delivery and Reform; Housing, Local Government and Heritage – as well as the Ministers at the Departments – and Oireachtas members for the opportunity to make this submission.

We trust that the views expressed will be given due consideration in the deliberations over Budget 2026 and the measures that flow from that.

We submit that the measures proposed should be raised by all in whatever forum is appropriate, in particular with the Department of Housing, Local Government and Heritage.

We would be glad to expand on our proposals at a meeting or in another appropriate forum.