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DUBLIN CASTLE

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Good evening everyone... I'm delighted to be here this evening. Your programme today has been a full and busy one and you have had much information to absorb. I don't intend to attempt to reflect on the conference content – that ground was more than adequately covered a few minutes ago by the RIAI president, Sean O' Laoire in his reflections on today's proceedings.

Sustainability, which featured strongly in your conference programme today, initially came to prominence in a more purely environmental context but its application in the housing area is entirely valid. The Government's housing policy statement – **Delivering Homes, Sustaining Communities** – focuses on the sustainability of housing from all dimensions – social, economic and environmental. In case you're wondering these photos, that should be behind me here on the big screen!, were taken on a recent

trip I made to London where I visited a number of sustainable housing projects. You'll see images from the Building Research Establishment, BRE as it's known, in Watford, where a number of different low carbon houses have been built, some by Irish Companies. I visited the BEDZED site and met Bill Dunster, who will be known to many of you. I also visited the Plan For London, a very interesting visual representation of planned developments in London, something we could consider for our own cities.

Housing activity

Sustainability is also important to the balanced operation of the housing market and the changes that have taken place in the market over the past twelve months or so need to be viewed in that light. Reduction in the scale of house building has been the subject of extensive comment, much of it negative and pessimistic. However, the final figure for new house completions in 2007 is likely

to come in at quite a high level – in the high 70,000s - as anticipated in the Construction Industry Review produced for my Department last year.

The reduction in completions from the record level reached in 2006 was inevitable, and necessary in terms of sustainability. It does now appear that the exceptional rate of output during the past few years was inordinately high even in the context of the very strong level of demand that our recent economic and demographic growth produced. The fact that, even at the start of 2007, the Construction Industry Federation was reported as expecting “over 90,000 units” to be constructed in 2007 shows how quickly views in the market can change.

The housing market

There were various factors driving the market in recent years, not least the relative cheapness of credit prior to the latest series of ECB interest rate increases. There

would, however, also appear to have been some other factors at work, such as very expansionary lending and an element of investor buying based on expectations of continuing price escalation. While it may be easier to make judgments with the benefit of hindsight, the potential down sides of some of these trends were, in fact, signalled by my Department at the time.

The housing market is very prone to cycles of over-supply and under-production. The reduction in activity that is reflected in trends in leading indicators such as new house registrations and commencement notices must not result in an unsustainably low level of housing output in some areas. I would ask the industry to reflect on this aspect particularly as underlying demand for housing seems likely to continue to be strong in the medium term.

The slowdown in housing output will, of course, impact on economic growth. However, this should be largely a once-

off adjustment and, while house building has been a very important force in our economic success, it represents under 7% of total output in terms of value added. We should not lose sight of the importance of other areas of the construction sector which are strongly supported by Government through the high level of investment under the National Development Plan.

Needless to say, in the context of the economy as a whole, the desirability of balanced growth and avoidance of over-dependence on construction is important. A transition to a level of housing output that is sustainable relative to the size and distribution of demand and sufficient to provide for a growing population and economy is, therefore, desirable.

Planning

As mentioned this morning, new draft Guidelines for Planning Authorities on Residential Density are being

launched shortly. The guidelines will have three main objectives:

- to facilitate the development of sustainable communities through strengthening planning and the provision of necessary supporting services and amenities;
- to help achieve the most efficient use of urban land through housing densities that are appropriate to the location involved and availability of supporting services and infrastructure, particularly transport, and
- to set high standards in terms of space and facilities to meet the needs of the Irish context into the future.

There may have been a temptation to view the whole 'sustainability' issue as no more than a passing fad – worthy but temporary. I think it is safe to say that this is no longer the case. A more enlightened view now

prevails. This country's radically changing economic, social and environmental profiles, together with the wider unpredictability of traditional energy sources make it imperative that sustainability is factored into our whole approach to future planning.

'Joined up Government' has to be more than an aspiration. Improved integration, driven and supported by effective and democratically mandated local planning is essential if we are to meet the needs of a growing population. Integration between the provision of housing and the necessary, supporting community and social infrastructure, such as schools, community amenities and child care facilities, can no longer be viewed as an ideal, but as the norm.

We need to learn from past experience and to take a holistic approach to the development of sustainable communities and the delivery of both hard and soft

infrastructure - such as water and waste water services, roads and public transport. It is this cohesive approach which underpins the new 'Developing Areas' initiative which now forms such a pivotal part of my portfolio.

I want to conclude by thanking the Sustainable Communities and Housing Committee for putting together such a thought provoking and relevant programme. I know a huge effort was put in by the Committee and by many people behind the scenes into making this event such a success.

I hope you all enjoyed the Conference and I wish you all the very best in your work in building the sustainable communities of the future.