



Recovery and Resilience Plan Ireland

The Irish plan aims to address climate, biodiversity, and digitalisation challenges, in the context of transitioning to a more sustainable society.

Budget

Totally the Plan's budget is just under €1 billion (including RRF and national funds). Ireland receives **€989 million in grants under the RRF**. For 2021, Ireland's National Reform Programme is integrated in to the RRP.

Structure

The Irish plan is structured around three priority areas: **advancing the green transition**, accelerating and expanding digital reforms and transformation, and **social and economic recovery** and job creation. The plan proposes projects in all seven European flagship areas (16 investments and 9 reform commitments).

Related measures

Already the national Budget for 2021 has foreseen **significant funding for social housing, residential housing and community retrofitting scheme**. This is now confirmed in the Recovery Plan that it allocates **€155 million** to renovate residential and public buildings and to support businesses that improve their energy efficiency.

As for the relevant components where affordable housing investments are planned, they are the following:

Component 1: 'Advancing the green transition' (€518 million)

This aims at decarbonising projects such as **retrofitting, ecosystem resilience and regeneration, climate mitigation and adaptation, and green data systems**.

The component contributes to addressing the country-specific recommendations related to front-loading investments focusing on low carbon and energy transition, the reduction of greenhouse gas emissions, etc. (CSRs 3 in 2019 and 2020).

Seven investments will be undertaken and the following ones can be relevant for our sector:

1. De-risking a **Low-Cost Residential Retrofit Loan Scheme** through the use of loan guarantees (€ 30 million-only investment financed by the RRF);

The objective of the measure is to encourage private investment in energy efficiency by **setting up a low interest rate residential retrofit loan scheme based on a loan guarantee** to be provided by the state to participating retail banks and other credit institutions.

It shall achieve on average at least medium-depth level renovations of private residential homes and installation of renewable energy sources, in particular heat pumps.

The loan **guarantee shall allow banks and other credit institutions to offer loans with reduced interest rates to private homeowners and non-corporate landlords**, who wish to borrow to finance energy efficiency upgrades of their homes and rental properties.

The measure aims at leveraging a lending portfolio between € 300 and € 500 million. The investment consists of an upfront payment to compensate for potential losses during the lifetime of the scheme. **The payment of this First Loss Payment shall also enable the participation of the SBCI and the European Investment Bank Group in the financial instrument.**¹

2. A **Public Sector Retrofit Pathfinder Project** to undertake the deep retrofit of public office accommodation by 2023 (€ 60 million);

The investment aims to contribute to a sustainable and strategic management of the public building stock, reduce energy consumption and greenhouse gas emissions, and potentially serve as an example to feed into further similar projects across the entire State Estate Office Accommodation portfolio.

The measure consists of:

- The upgrade of at least 5 400 m² of public office accommodation. These **regionally located office buildings** are currently at or near the end of their useful economic life and have low building energy ratings (C3 or less). The upgrade is expected to achieve at least a 50% increase in energy efficiency (building energy rating of at least B).
- Carrying out a deep retrofit of the **Tom Johnson House in Dublin**, an existing office block of 10 650 m². The project is designed so that the existing concrete structure and external brickwork facades can all be reused in adapting the external fabric of the building. The target building energy rating after refurbishment is A2 with 61 kWh/m²/year primary energy use, which represents a 75% reduction in primary energy use.²

¹ Page 1, Annex to the Proposal for a Council decision https://ec.europa.eu/info/sites/default/files/com-2021-419_annexe_en.pdf

² Page 3, Annex to the Proposal for a Council decision https://ec.europa.eu/info/sites/default/files/com-2021-419_annexe_en.pdf

3. The **Enhanced Rehabilitation of Peatland** encompassing the rehabilitation of 33,000 hectares of former industrial peatlands owned by Bord Na Móna (currently being supported by the Climate Action Fund) with € 108 million.³

In addition, under this component, Ireland is committing to implementing reforms by:

1. Progressing the **Climate Action and Low Carbon Development (amendment) Bill** that aims at setting an emissions reduction target for 2030 and the climate neutrality objective by 2050 into primary legislation, and to strengthen the governance framework.
2. Implementation of **Base Broadening Carbon Tax** measures that would lead to a rate of € 100 per tonne of CO2 emissions in 2030.

These reforms will be funded by the Government.

Component 3: 'Social and Economic Recovery and Job Creation' (€ 181 million)

The component contributes to addressing the CSRs related to social and affordable housing (CSR 3 in 2019, and 2 in 2020).⁴

It foresees the **increase of the Provision of Social and Affordable Housing through progressing the Affordable Housing Act** and the **Land Development Agency Bill**. This latter consists in the entry into operation of the Land Development Agency (LDA) as commercial state agency as provided under the LDA Act. As for the Affordable Housing Act, housing shall be delivered under the different schemes established by the reform by 2022.

In addition, 'the **SOLAS recovery skills response investment programme - green skills action (€ 29 million)**' should be also highlighted. The measure is expected to contribute to upskilling efforts that have a clear focus on improving skills to progress the green transition and support climate action. The programme offers a range of **educational and training programmes mainly to vulnerable groups with lower skills levels**; therefore, it will contribute to social inclusion.⁵



Link with the NECP

According to the assessment of the European Commission, the measures in the plan are aligned with the NECP for 2021-2030.

In terms of energy efficiency, while the NECP presented a comprehensive set of measures (-30 %), **Ireland's contribution** to the EU target still remains **low in ambition**. The potential for energy efficiency is therefore particularly high.

This means that the emissions trajectory between 2021 and 2030 will be steep and requires mitigation efforts to be significantly intensified.

However, it should be noted that the climate action plan represents an outstanding initiative for the entire economy and some important measures have been implemented already,

³ Page 5, Annex to the Proposal for a Council decision https://ec.europa.eu/info/sites/default/files/com-2021-419_annexe_en.pdf

⁴ Page 37, Annex to the Proposal for a Council decision https://ec.europa.eu/info/sites/default/files/com-2021-419_annexe_en.pdf

⁵ Page 32, Assessment of the European Commission about the Irish RRP https://ec.europa.eu/info/sites/default/files/com-2021-419_sw_d_en.pdf

including (i) the carbon tax increases with further annual increases planned to reach a level of EUR 100 per tonne of CO₂ by 2030, and (ii) a new renewable electricity support scheme to help achieve the 70% renewable electricity target by 2030. The success of the climate action plan will largely depend on its effective implementation, as well as on policies and measures being constantly reviewed and updated.⁶

Ireland recently announced it would step up its mitigation ambition by 2030. The Programme commits Ireland to **reducing overall greenhouse gas emissions by 7% per year on average over 2021-2030**, which is a significant improvement compared to the ambition set out in the NECP.

To fulfil such a level of ambition, **additional policies and measures will need to be devised rapidly under the climate action plan and a revised NECP**.



Link with the Semester

Regarding the measure aiming to increase the provision of social and affordable housing, Ireland followed the CSRs 2019.3.5 and 2020.2.3.

The European Commission recognises in its assessment that **shortages in social housing supply remain a significant challenge with regard to fostering inclusion**.

The Land Development Agency Bill in component 3 should confer functions on the existing Land Development Agency (LDA) to develop and regenerate relevant public land for the delivery of housing and to develop and manage housing, including a quota of social housing.

In component 3, the Affordable Housing Act is expected to launch the affordable purchase scheme for homes on public land, the affordable purchase shared equity scheme and the cost rental scheme. These schemes can be expected to increase housing affordability to low- and medium-income households.

However, as housing affordability in Ireland is mostly caused by supply constraints, the Economic and Social Research Institute has noted that **the affordable purchase shared equity could cause additional inflation**. Effectively **targeting the scheme to lower-income categories might increase its effectiveness while reducing the risks of creating inflationary pressures**.

Improving the development of public land for the delivery of housing and increasing housing affordability for low- and medium-income households would be expected to improve Ireland's capacity to attract new businesses and to increase labour supply.

The investments associated to these reforms are to be financed by the Irish Government, with the exception of selected **cost rental scheme projects, which are expected to be complemented by European Investment Bank funding**.

Outside the plan, a substantial national budget of **€ 3.3 billion of Irish Exchequer funding is dedicated to housing measures in 2021**. This is expected to be complemented by numerous measures, including an **upcoming national housing strategy with annual targets on the delivery of social homes, energy improvements of the social housing stock and a better enforcement of the vacant site levy**.⁷

⁶ Page 14-15, Assessment of the European Commission about the Irish RRP
https://ec.europa.eu/info/sites/default/files/com-2021-419_swd_en.pdf

⁷ Page 40, Assessment of the European Commission about the Irish RRP
https://ec.europa.eu/info/sites/default/files/com-2021-419_swd_en.pdf

For more information, please contact
Edit Lakatos, Policy officer
edit.lakatos@housingeurope.eu

