



EIE Project ROSH

Development and marketing of integrated concepts for energy efficient and sustainable retrofitting of social housing

www.rosh-project.eu

Survey on regulatory frameworks and economic conditions

WP 3: Advanced Tailored Financial Schemes

Task 3.1: Analysis of existing financial mechanisms and economic conditions

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Table of Contents

1 Introduction	3
1.1 The ROSH Mission	3
1.2 Advanced tailored financial schemes	3
2 Summary (1- 2 pages)	4
3 Overview on housing policy (1 page)	6
4 Main institutions and their role (1 page)	8
5 Existing subsidies and campaigns (1-2 pages)	10
6 Innovative financing schemes (2 pages)	13
7 Needs for social housing retrofitting (2 pages)	14

1 Introduction

1.1 The ROSH mission

ROSH – Retrofitting of Social Housing – is a European co-operation project for the development and marketing of integrated concepts for energy efficient and sustainable retrofitting of social housing in the partner regions. For the purpose of the project “social housing” comprises multi-family houses or apartment buildings for low-income households. Running from January 2006 to June 2008, ROSH supports this undertaking with information, training and communication measures as well as helpful tools and materials. Its focus is on social housing providers and on tenants. Within the scope of ROSH, guidelines for the sustainable retrofitting of less privileged houses will be developed as well as financing schemes. ROSH methods will be evaluated by means of demonstration projects.

1.2 Advanced tailored financial schemes

The major obstacle for refurbishment in social housing is well known: lack of financial means. This situation is significant for all EU Member States. The ROSH project team analysed the specific, current situation in the participating EU regions (in Austria, Germany, Ireland, Italy and Poland) in order to research, compile and assess innovative financial schemes. The starting activities have confirmed the problematic status quo but have shown some interesting approaches (e.g. contracting instruments) to improve the situation.

The main results will be presented in the guidebook “Sustainable Retrofitting of Social Housing: Financial Schemes”. The publication will describe regulatory frameworks concerning energy efficiency, subsidy schemes and advanced tailored financial schemes. In addition, it will contain planning tools for and good practice examples of successful financing projects. The guidebook is intended for decision makers in housing companies and local authorities as well as energy agencies, consultants and planners and will be published in spring 2007.

This survey describes regulatory frameworks and economic conditions in the partner regions. It is based on the previous research involving experts and key actors and is the basic document for the further elaboration of new tailored financing schemes.

2 Summary (1- 2 pages)

The overall objective of Irish housing policy is to “enable every household to have available an affordable dwelling of good quality suited to its needs in a good environment and as far as possible at the tenure of its choice”. (Department of the Environment & Local Government)

However, Irish Housing policy tends to support owner occupation. Improved levels of economic growth, combined with low interest rates, have resulted in high levels of housing inflation. This, in turn, has resulted in a crisis in housing provision in both the public and the private sectors. In the private sector, this crisis is evident from the rapid increase in house prices and from the severe difficulties experienced by first time buyers seeking affordable houses. In the public sector, the demand for public housing has increase substantially in the past five years at a time when house building in the public sector has been at a very low level.

	Ireland	Dublin City
Total no. of dwellings	1.279M	0.180M
Total no. of social dwellings	107,000	19,586
Total new 2005	80,957	6,100 (estimated)
Total new social 2005	5,559	914

The Department of the Environment, Heritage and Local Government is the Department primarily responsible for the formulation and implementation of policy and for the preparation of legislation in relation to housing. The vast majority of housing services for which the Department is responsible are delivered through the local authorities. Social housing provision has traditionally been entrusted to the local authorities, however, in the 1990s , a stronger role for the voluntary and co-operative movement in the provision of the social housing programme was called for in ***A plan for Social Housing***.

There are a small number of subsidies available for social housing including the Central Heating Scheme for local authority housing, Warmer Homes Schemes for voluntary housing, Greener Homes Schemes for all householders who want to invest in renewable energy technologies and the House of Tomorrow Programme for both new built and existing houses. The House of Tomorrow would be considered the most innovative financing scheme for Ireland where the objective is to generate results from funded projects which can lead to more sustainable energy practices in Irish Housing. The current call is now closed with respect to retrofitting of existing



dwellings, and an announcement is expected shortly for the term of the National Development Plan (2007 – 2013)

For the purpose of the ROSH project, CODEMA will focus on social housing in Dublin city. Dublin City Council is landlord to about 25,000 social housing units, of which 9,000 are houses and 16,000 are in flats. The majority (85%) of the flat complexes were designed and constructed prior to the 1973 oil crisis when fuel was cheap and little attention was paid to energy consumption. They were therefore built with little or no thermal insulation, single glazed windows and heating systems, which are grossly inefficient, by present-day standards. In time, the fabric of the buildings has deteriorated, particularly the windows, roofs and concrete works.

3 Overview on housing policy (1 page)

Irish housing policy promotes owner-occupation as the preferred form of tenure and has struggled to deal with the economic development of recent years which has led to a rapid growth in the demand for housing, primarily in Dublin, with a delayed growth in house production.

New house prices had reached 12 times average annual industrial incomes by 2003, but the extent of unmet housing need also increased, with almost 50,000 households (over 108,000 people), on waiting lists for social housing across the country. Initial figures for the 2005 assessments showed some 43,684 households on local authority waiting lists. Other studies point to an overall housing need of some 106,000 households (amounting to some 250,000 people), taking into account those on rent allowance and those paying more than 35 per cent of net income on mortgage payments. Local authority housing strategies, required by the Planning and Development Act 2000 (PDA), showed that up to one third of new households would not be able to afford even the cheapest house or apartment in the housing market.

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The overall objective of housing policy is to "enable every household to have available an affordable dwelling of good quality, suited to its needs, in a good environment and as far as possible at the tenure of its choice". The general principle underpinning the housing objective is that those who can afford to provide for their housing needs should do so either through home ownership or private rented accommodation and that targeted supports should be available to others having regard to the nature of their need.

The primary strategy is to oversee and seek to maintain an efficient housing market by implementing a multi-stranded approach to address housing needs. Associated detailed strategies relate to various interventions and supports in the private and public housing domains, to promote social inclusion and to facilitate appropriate standards of housing provision through the promotion of housing that is sustainable, affordable, energy efficient, architecturally appropriate, uses best available construction techniques and is adaptable to changing needs over its lifetime.

Social housing provision has traditionally been entrusted to the local authorities, however, in the 1990s, a stronger role for the voluntary and co-operative movement in the provision of the social housing programme was called for in **A Plan for Social Housing**.

The Planning and Development Act 2000 represents a watershed in the provision of housing in Ireland. It places housing firmly within the planning system as has not been achieved before. There are two major implications for voluntary housing associations in this legislation:

- Planning authorities now have the power to require that up to 20% of land approved for residential developments can be set aside for social and affordable housing by the planning authority or a nominated body - such as a voluntary housing body. (However, there has been much opposition to this among developers and in practice, developers make a financial contribution to the local authority.)
- Part V of the Act, entitled "*Housing Supply*" sets out a series of detailed provisions requiring a planning authority to formulate and adopt a housing strategy and to take steps through the performance of its functions as a planning authority to implement that housing strategy. The housing strategy of each local authority must be prepared within a period of nine months from the commencement of Part V of the Act.

4 Main institutions and their role (1 page)

Department of the Environment

The Department of the Environment, Heritage and Local Government is the Department primarily responsible for the formulation and implementation of policy and for the preparation of legislation in relation to housing.

The vast majority of housing services for which the Department is responsible are delivered through the local authorities. A limited range of services are provided directly to the public including grants towards the renovation and repair of thatched roofs.

Local Authorities

Local Authorities are traditionally the main providers of social housing in Ireland. People in need of permanent housing can apply to a local authority for a tenancy in a local authority house or flat. Applicants are assessed by the local authority and, if eligible, are placed on the local authority's housing list. The time taken before a tenancy is allocated will depend on the demand for housing in the local authority's area and the individual circumstances of applicants waiting for housing.

Irish Council for Social Housing

The Irish Council for Social Housing (ICSH) was formed in 1982 by housing and hostel organisations in Ireland to act as a national representative, promotional, information and advisory federation.

The ICSH now represents over 200 affiliated housing associations and other voluntary organisations involved in housing or hostel services, providing accommodation of over 15,500 homes to:

- o elderly persons
- o homeless and vulnerable persons
- o people with disabilities and
- o individuals and families on low incomes.

Housing associations now provide up to 30% of the total new social housing output each year. Since 1982 the membership of the ICSH has grown significantly and today the ICSH functions as the national representative federation for non-profit, voluntary and other social housing organisations with over 200 members.

National Association of Building Co-operatives

The National Association of Building Co-operatives is the representation, promotion, advice, information, training and development organisation for the Co-operative Housing Movement in Ireland.

The Association was formed by representatives of co-operative housing societies in 1973 and is a federated co-operative society or association of affiliated local housing co-operatives and registered co-operative housing societies.



National Association of Building Co-operatives (NABCo) Society Ltd. is a registered non-profit Industrial & Provident Society. The Association's objects are concerned with the relief of housing needs, poverty and deprivation, through the building and management of houses or apartment blocks, using co-operative organisational principles.

5 Existing subsidies and campaigns (1-2 pages)

Central Heating Scheme: In July 2004 a special programme was introduced for the installation of central heating in existing local authority rented dwellings, which lacked such facilities. In addition to central heating facilities the work may also include related energy improvement and smoke detection measures.

Any social housing units where central heating was absent a grant of €5,600 or 80% of the cost, whichever is lesser, is payable for each house administered through the local authority

House of Tomorrow objective to generate results from funded projects which can lead to more sustainable energy practices in Irish Housing, both new build and existing stock.

50% reduction in annual fuel consumption and CO₂ for space and hot water heating in relation to previous performance Grant = €5,000/unit

Greener Homes Scheme The Greener Homes Scheme provides assistance to home-owners who intend to purchase a new renewable energy heating system for either new or existing homes. The scheme is administered by Sustainable Energy Ireland (SEI) and aims to increase the use of renewable energy and sustainable energy technologies in Irish Homes.

The levels of grant support available for each technology are as follows:

- Solar Thermal Space and or Hot Water Heating €300 per m² (to max. 12 m²)
- Heat Pump - Horizontal Ground Collector €4,300
- Heat Pump - Vertical Ground Collector €6,500
- Heat Pump - Water (well) to Water €4,300
- Heat Pump - Air Source €4,000
- Wood Chip or Pellet Stove €1,100
- Wood Chip or Pellet Stove with Integral Boiler €1,800
- Wood Chip or Pellet Boiler €4,200

Warmer Homes Schemes: SEI's Low Income Housing Programme was set up to help establish and implement a national plan of action to address the problem of fuel poverty. Core delivery is through the Warmer Homes Scheme. This programme aims to improve the energy efficiency and comfort conditions of home occupied by low income households and at establishing the systems and growing the capacity in Ireland to install such measures which include attic insulation, draught proofing, lagging jackets, energy efficient lighting, cavity wall insulation and energy advice. Eligible homes are identified locally via networks drawn from the statutory and voluntary sector. Local authority housing does not qualify.

Application process to SEI

- o Up to an additional €75,000 per annum will be available to organisation that undertake to install cavity wall insulation in addition to the other measures listed above

- o Consideration will be given to start up costs of up to €25,000

The **Rental Accommodation Scheme** (RAS) is a new initiative (introduced in 2005) to cater for the accommodation needs of persons who are in receipt of rent supplement, normally for more than 18 months, and who have a long-term housing need. The scheme is being administered by local authorities and is intended to provide an additional source of good quality rented accommodation for eligible persons to enhance the response of local authorities to meeting long-term housing need. Local authorities will enter into contractual arrangements with accommodation providers to secure the medium to long-term availability of private rented accommodation for the RAS.

Contracts between the landlord, local authority and tenants will have in common the following main features:

- o the local authority will pay the full rent to the landlord on behalf of the tenant;
- o the Residential Tenancies Act 2004, will govern the relationship between the landlord and the tenant;
- o the landlord must be tax compliant;
- o the property must meet minimum standards for as determined by the
- o local authority

The form of contract entered into will set out the general responsibilities of the three parties. Within certain parameters local authorities will be able to negotiate the particular conditions under which accommodation providers make their properties available for the RAS. There may be opportunities, for voluntary organisations to use this regular income as a means to refurbish their housing units.

The following two schemes are for new build projects, however, housing associations, when refurbishing units, avail of these schemes by providing additional (new) units in site, thereby indirectly funding the refurbishment project.

Capital Loan and subsidy scheme

Voluntary housing bodies may apply for financial assistance to provide self-contained rented accommodation for low income households in need of housing. The financing of the accommodation is to meet the capital cost of providing the dwellings by way of a loan and a subsidy in respect of each qualified household. Rent is related to household income.

The County Council advances a loan to the voluntary body for the construction of the houses. Funding is 100% of the cost.

A rental subsidy recoupable from the Department of Environment and Local Government is paid by the County Council and is a fixed amount per eligible dwelling adjusted each year in line with movements in the Consumer Price Index. This subsidy is paid towards the costs of management and maintenance of the dwellings.

Capital Assistance Scheme

Voluntary Housing Bodies provide accommodation and services to meet special housing needs, e.g. the elderly, disabled, homeless, travellers, etc. A loan is advanced by the Council to the approved body who builds and maintains the houses. The loan is not repayable provided that the body complies with the terms of the scheme, the most important of which are the letting requirements. The loan is fully subsidised by the Department of Environment and Local Government. The maximum loan available is 95% of the approved cost unless the accommodation is allocated to Homeless Persons, where the maximum funding is 95% of the approved cost. These maxima are subject to a limit of €88,900 for Category I accommodation and €108,000 for Category II accommodation.

Category I relates to accommodation designed for 1 or 2 persons whereas Category II relates to accommodation designed for family type accommodation.

6 Innovative financing schemes (2 pages)

In Ireland, only one financing scheme is available in the area of retrofitting social housing, under the House of Tomorrow programme.

The House of Tomorrow (HoT) Research, Development, & demonstration Programme is administered by SEI under the Economic & Social Infrastructure Operational Programme of the National Development Plan (2000 – 2006). The principle objective is to generate results from funded projects, which can lead to more sustainable energy practices in Irish Housing, both new build and existing stock. This includes contributing to workable, least cost solutions which can improve energy performance and reduce environmental emissions from Irish housing to help meet the technologies, products, processes, practices and policies aimed at impacting the housing market. The programme budget is €21.1M over the period 2001-2006, with a total budget for the upgrade of existing homes of €2.5M and total available support of €5,000/unit or 50% of the additional costs for energy features and aspects.

The requirements of the project are summarised here:

Target reduction: 40% reduction of energy and CO₂ emissions relative to minimum compliance with Building Regulations 2002

Design & specification requirements:

- o Planning & design features to include integrated site planning, energy source, landscaping & shelter, built form, design & orientation
- o energy technology specification to include fabric elements, ventilation & air quality control, heat generation source, heating distribution & controls, sanitary water & waste facilities, building materials & electrical appliances.

Monitoring, reporting & dissemination: A condition of the funding is that applicants accept that the primary purpose of the programme is to generate research, development and demonstration results with the potential for exploitation in Ireland. Applicants are also encouraged to propose monitoring targets appropriate to project objectives.

The call for proposal for the upgrade of existing housing under the HoT programme is now closed. An announcement is expected shortly for the period of the upcoming National Development Plan (2007 – 2013)

7 Needs for social housing retrofitting (2 pages)

Dublin City Council is landlord to about 25,000 social housing units, of which 9,000 are houses and 16,000 are in flats. The majority (85%) of the flat complexes were designed and constructed prior to the 1973 oil crisis when fuel was cheap and little attention was paid to energy consumption. They were therefore built with little or no thermal insulation, single glazed windows and heating systems, which are grossly inefficient, by present-day standards. In time, the fabric of the buildings has deteriorated, particularly the windows, roofs and concrete works.

Retrofitting of social housing addresses three priorities: combating fuel poverty, reservation of the housing stock asset and reducing emissions of greenhouse gases and air pollution caused by consumption of energy.

Fuel poverty

The replacement of solid fuel with a gas fired central heating system not only provides a cleaner and more environmentally friendly method of heating but also reduces heating costs for the resident. At present to adequately heat a typical flat using solid fuel, a tenant would have to spend approximately €1000/year. The residents are unable to fully heat the flat to a reasonably comfortable level and tend to heat one room only through solid fuel such as peat briquettes or coal.

Residents were paying approximately €480/year to heat one room. With the inclusion of additional insulation and other energy features, the projected figure to heat the whole apartment to a comfortable level is approximately €230.

Preservation of housing asset

Window replacement and roof maintenance programmes, which are necessary in order to maintain the housing stock asset, can further reduce energy demand, improve comfort levels for the residents and help eliminate the problems of condensation and mould growth.

Reduction of emissions

In order to bring the energy specification of the existing stock of flats up to the standard for new housing (amended Part L Building Regulations 2005) a major refurbishment of the flat complexes would be required

Buildings Directive

The European Energy Performance of Buildings Directive (EPBD) will apply to almost all buildings both residential and non-residential, new and existing, when they are sold or let.

In order to provide for the legal transposition of the EPBD in Ireland, the *Building Control (Amendment) Bill 2005* was published 22nd December 2005. This provides for a Building Energy Rating (BER) with effect from 1 January 2009 for existing buildings. The proposed BER energy certificate includes:

- calculated **energy performance of the dwelling**, expressed in kilowatt hours per square metre per annum (kWh/m²/per annum);
- resulting **Energy Rating (A, B, C etc)** for the dwelling;
- estimated **CO₂ emissions** associated with this energy use to promote awareness of impact of dwelling on climate change; and
- Advisory Report

Conclusion

The combination of energy objectives and other refurbishments works offers a major opportunity to improve the energy efficiency of the buildings by a factor of over four times the original rating. Potential benefits to residents are a reduction in (winter) fuel costs and CO₂ emissions by approximately a fifth.