

## IRISH GREEN BUILDING COUNCIL'S PRE-BUDGET SUBMISSION 2024

*Towards a fully decarbonised built environment*

### ABOUT THE IRISH GREEN BUILDING COUNCIL

The Irish Green Building Council (IGBC) provides leadership for a sustainable built environment. IGBC is a registered charity with over 300 corporate [members](#) drawn from all parts of the value chain, from occupiers, design professionals, contractors, suppliers, academics and public authorities and is affiliated with a global network of 70 national councils within the [World Green Building Council](#). This allows us to create workable solutions and tools to deliver transformative change towards a sustainable built environment. The Irish Green Building Council also is the national partner of the [Renovate Europe](#) campaign in Ireland.

***This submission was developed in close cooperation with our members***, including a workshop organised on Friday, 24<sup>th</sup> June. This was attended by developers, contractors, building professionals, investors, researchers, and construction product manufacturers.

### BACKGROUND INFORMATION

The Climate Action & Low Carbon Development (Amendment) Act (2021) set a legally binding target of a **51% reduction in national CO<sub>2</sub>eq emissions by 2030** and an overall target of a **climate neutral economy by 2050**. In times of climate and biodiversity emergency and while the latest EPA figures reveal a marginal decrease of only 1.9% in Ireland's greenhouse gas (GHG) emissions for 2022, **all government's expenditure and fiscal policies must align with these objectives**.

**The built environment crosscuts carbon emissions from all sectors, including energy, transport, industrial processes, and land use changes.** Research commissioned by the IGBC to the Building in a Climate Emergency (BIACE) Research Lab at the UCD School of Architecture, Planning and Environmental Policy indicates that **37% of Ireland's national emissions are linked to the construction and operation of our built environment**, the same as agriculture. This 37% is made up of 23% operational emissions associated with the energy we use to heat, cool, and light our buildings and a further 14% embodied carbon emissions from the production of construction materials, transport of materials, construction process, maintenance, repair and disposal of buildings and infrastructure. Projections to 2030 show that the national retrofit scheme and energy efficiency improvements in new build (NZEB standard), alongside a decarbonising grid, will drive operational emissions down in the next decade, however, new construction outlined in the national development and housing plans will lead to a significant increase in embodied carbon, effectively negating the savings in operational emissions<sup>1</sup>. The recent increase in transport emissions highlights once again the urgency to implement policies that fully support compact growth and a greater re-use of the existing stock.

The recommendations included in this submission were developed to address whole life carbon (WLC) emissions in the built environment, taking into full consideration other pressing issues such as the housing crisis and high inflation in construction. **Tackling emissions associated with the built environment is critical to reach our 2030 climate targets, but also to protect the most vulnerable in society against energy price increase.**

**The IGBC believe that a full set of coordinated actions are required to address whole life carbon in the built environment.** For instance, policies, planning and building regulations, and tax incentives must be fully aligned to make reuse of existing buildings easier. This submission should hence

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<sup>1</sup>The carbon modelling study is [available here](#).

be read alongside "[Building a Zero Carbon Ireland – A Roadmap to Decarbonise Ireland’s Built environment Across its Whole Life Cycle](#)".

We set out our comments as follows, actions required to [encourage a better use of the existing stock](#) and [energy renovation](#), [actions to ensure new homes are truly sustainable and support a low carbon lifestyle](#), and [actions to support the development of a more sustainable construction materials industry](#).

## **I. SUPPORTING A BETTER USE OF THE EXISTING STOCK**

**Rational:** The 2022 census shows that 166,000 properties are vacant in Ireland, with over 48,000 vacant for six years or more. However, recent studies from the Collaborative Town Centre Health Check (CTCHC) Programme show this is only the tip of the iceberg. CTCHC land use surveys (Step 2 of a 15- Step assessment process) highlight that the ground floor commercial vacancy rate in towns in Ireland is 18-45% - the normal target at a European level is 5%. The upper floors in towns are at c. 80% - both these levels are unheard of in a European context<sup>2</sup>.

By bringing these properties back into use through high quality renovations we can tackle several challenges at once. As highlighted in the [carbon modelling report commissioned by the IGBC to UCD](#), better using our existing stock and prioritising re-use is critical to reach our 2030 climate targets: [The carbon cost of a home deep retrofit is approximately ~0.25 of that of new build](#), and as many of these homes are located in central locations, people would be less reliant on cars, which in turn would reduce our fastest growing source of carbon emissions, transport. This approach is not only good for the environment. It is also good for people and the economy. It represents a unique opportunity to provide much needed homes, to make our city, town, and village centres more vibrant, to enhance air quality, and to restore the cultural and aesthetic value of these areas.

### **Recommendations**

**Buying an existing property is often riskier and more expensive, but given the additional benefits to society, funding should be allocated to further support re-use:**

- 1.1 **Extend the "Help to Buy Scheme" to include existing properties** located in village, town and city centres.
- 1.2 **Extend the "living city initiative" to more towns** across the county and allocate funding to raise greater awareness.
- 1.3 **Make "Vacant property refurbishment grant" available in instalments**, instead of at the end of the renovations.
- 1.4 Allocate funding to **pilot a one-stop-shop for reuse** to make it easier for building owners/prospective buyers to bring back these properties into use.
- 1.5 **Allocate funding to capture better quality data on the scale of the vacancy issue** (e.g., expand the CTCHC programme to all cities and towns with populations of 10,000 or greater; Develop a national database of vacant properties to track current status / progress towards reuse; Better use electricity meters to capture better data on vacancy as its currently done in Wallonia).

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<sup>2</sup> Source: CTCHC Programme, March 2023

## II. ENCOURAGING LARGE SCALE ENERGY RENOVATION

**Rational:** Recent increase in funding for energy renovation provided much needed certainty to the industry, but further actions are needed if we are to be anywhere near achieving our 2030 targets. Furthermore, publicly funded retrofit programmes must deliver real carbon savings and must support a just transition. The IGBC hence urge the Government to prioritise high quality energy renovation at scale in the 2024 budget.

### Recommendations:

#### 2.1 **Extend the current Accelerated Capital Allowance (ACA) to 2030 to be fully aligned with climate targets and simplify the scheme.**

2.1.1. A key measure that would have a significant impact on the challenge raised by split incentives would be the **removal of the condition that the equipment must not be leased, let or hired**, which precludes landlords and lessors from availing of this relief. The removal of this condition would incentivise landlords, who are a major investor in real estate in Ireland, to invest in energy efficiency (EE) while enabling tenants to get the benefit of this investment through reduced running costs.

2.1.2. **Widening the scope of the relief beyond EE to vacant buildings** that are brought back into use and refurbished to a BER B2 or higher.

2.2 Significantly **increase funding for the local authority retrofitting scheme with a view to ensuring all social housing reaches a minimum B2 BER by 2030**. This could also be used to further pilot projects aggregation and build capacity within the industry.

2.3 **Allocate funding for a well-resourced community energy advice service in each local authority**. This service would provide a local, tailored service to support people to access the financial advice they need, to install 'quick win' measures, and to apply for appropriate retrofitting and "bringing back into use" grants.

2.4 **Allocate additional funding for energy renovation upskilling within the industry.**

2.5 **Increase and review allocation of funding for SEAI Grant Schemes:**

2.5.1 **Reform the Free Energy Upgrades scheme** to ensure low-income households (e.g., based on P60) living in low BER homes are eligible - regardless of home ownership status and/or welfare payment eligibility. E.g., open SEAI free energy upgrade scheme to tenants receiving HAP, on the condition of a long-term (5 years +) lease being offered<sup>3</sup>.

2.5.2 Allocate funding and resources to the **development of a warranty scheme for all SEAI's retrofit schemes** to better protect building owners and increase trust in the process.

2.5.3 **Allocate funding and resources to pilot a one-stop-shop for traditionally built buildings** to make it easier for building owners/prospective buyers to bring back these properties into use.

2.5.4 **Allocate funding and resources for the development of a register of independent energy renovation advisors** to make it easier for building owners to identify building

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<sup>3</sup> Rational: Many larger urban families who live in rented or mortgaged dwellings may not be considered to be in income poverty but may still experience fuel poverty due to the difficulties people face when it comes to paying bills, and such households might not be covered by existing schemes.

Pillai, A. R. (2022). Fuel poverty in Ireland: An analysis of trends and profiles. ESRI Working Paper No. 729.

professionals who have upskilled in energy renovation, hence supporting quality renovation. This would complement SEAI's List of Registered Technical Advisors.

2.5.5 Pilot the introduction of **Building Renovation Passports as a first step to access any single measures** under the Individual Energy Upgrade Grant scheme.

2.5.6 **Allocate funding for the development of more user-friendly information for homeowners/occupants.** E.g., improve the technical manuals that are shared with building users post retrofit and make them available in various formats (e.g., short videos)<sup>4</sup>.

2.6 **Introduce low interest energy renovation loans as soon as possible**, making sure these are true low interest loan (i.e., 1-2% as per international best practice).

### **III. ENSURING NEW HOMES AND RESIDENTIAL DEVELOPMENTS ARE TRULY SUSTAINABLE AND SUPPORT A LOW CARBON LIFESTYLE**

**Rational:** A minimum of 400,000 homes must be built in Ireland by 2030. To halve our emissions by then, these homes must be low carbon across their whole life cycle. This does not only relate to the energy we use to heat, cool, and power them. How we build them impacts our industrial emissions from the production of construction materials. Where we build them impacts our transport emissions. **All homes built today must hence be highly energy efficient, constructed with low carbon embodied materials and enable a low carbon lifestyle.**

#### **Recommendations:**

3.1 **Where government invests in housing through grant aid or procurement ensure that these developments adhere to higher sustainability requirements. New developments funded with public money must not only comply with building regulations (minimum standard) but be designed and built to be fully aligned with Ireland's climate objectives.**

This could be achieved through green building certifications such as the [Home Performance Index](#)<sup>5</sup> or equivalent, as it's [done in Germany for all KfW funded projects](#), and first piloted on a programme where subsidies are significant, such as Croí Cónaithe (Cities) Scheme.

3.2 **Where government invests in non-residential buildings** through grant aid or procurement and given the state must "lead by example" on climate action, **ambitious whole life carbon targets should be set** (e.g., linked to targets set by LETI).

3.3 Introduce a **9% VAT rate on construction products which contribute to carbon savings in the operational phase of a building life cycle.** Highlight that within two years, this reduced VAT rate will be reviewed to take into account embodied carbon emissions. This will contribute to raising awareness about the issue, while giving time to develop quality data for all construction products – See [4](#).

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<sup>4</sup> See [Healthy Homes Ireland's Report "Towards Healthier – Greener Homes" \(2023\)](#).

<sup>5</sup> The Home Performance Index is Ireland's national certification system for quality and sustainable residential development. The label was developed by the IGBC with support from the EPA and after extensive consultation with the industry. The HPI certification is based on verifiable indicators that are divided into five categories: Environment, Economic, Health and Wellbeing, Quality Assurance and Sustainable Location. Over 20,000 homes have registered for certification to date and Home Building Finance Ireland (HBFI) already offer a discount of up to 0.5% on loans to homebuilders for developments certified with the HPI.

#### **IV. SUPPORTING THE DEVELOPMENT OF A MORE SUSTAINABLE AND LOW CARBON CONSTRUCTION MATERIALS INDUSTRY**

**Rational:** Supporting the development of a low carbon construction material industry is key to reach Ireland's climate targets. As a growing number of countries have or are in the process of regulating embodied carbon emissions<sup>6</sup>, developing this industry and building expertise in this area will ensure Irish companies remain competitive. The development of a strong biobased construction materials industry<sup>7</sup> could also support sustainable, local jobs across the country.

#### **Recommendations:**

4.1 Highlight that within two years, the reduced VAT rate on construction products which contribute to carbon savings in the operational phase of a building life cycle ([see part 3](#)) will be reviewed to take into account embodied carbon emissions.

4.2 **Provide financial incentives or directly fund production facilities for biobased construction materials** (e.g., CLT, sheep's wool, hemp, and straw), as it was done in Scotland to support the development of natural fibre construction insulation. E.g., through an accelerator scheme.

4.3 **Fully resource NSAI to make it easier and faster for new innovative, low embodied carbon materials, to be placed on the Irish market** without lowering standards.

4.4 **Allocate funding and resources to local authorities to better support re-use of construction materials.** E.g., storage facilities for large quantities of high-quality construction materials for reuse<sup>8</sup>; grants for testing of reclaimed materials from demolition projects.

4.5 **Introduce new capital funding programme for innovative low carbon/sustainable projects** similar to the highly successful SEAI's EXEED programme. E.g., projects using measurable low carbon construction technologies (including circular construction principles) and projects enhancing biodiversity.

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<sup>6</sup> Embodied carbon emissions are already regulated in the Nordic countries, France, and the Netherlands. The EU has also developed a methodology to measure embodied carbon emissions in a standardised way as part of the EU's Framework for Sustainable Buildings, Level(s).

<sup>7</sup> Biobased materials typically require lower CO<sub>2</sub>e emissions to produce, and they sequester carbon. Ireland's climate is ideally suited for and has great potential to provide biobased construction materials from timber or rapidly renewable fibres such as hemp.

<sup>8</sup> As it's already done in Berlin: [Urban Mining Hub Berlin](#)