



SECTION 25A REPORT

REPORT DATE	PUBLIC BODY	PREPARED BY
22/01/2024	Department of Finance	Stephanie McGrath

The purpose of the table below is to assist the public body in completing the Section 25A (1) report to the Southern Regional Assembly. This report will be used by the Regional Assembly to complete the Section 25A (2) Monitoring Report to be submitted to NOAC and which will focus on progress made in securing the overall objectives of the RSES.

It is intended that the Monitoring Report will be succinct, covering the 2-year period 2022-2024, and therefore we would ask that the response to the questions are as short as possible and for example we do not need the full detail of each policy or programme outlined.

For further information, please contact Brigh Ryan at bryan@southernassembly.ie or Claire Breen at cbreen@southernassembly.ie

Please return the report to this office by **Friday, 2nd February 2024**.

This can be submitted by email to: cbreen@southernassembly.ie

PLEASE OUTLINE ANY PROGRESS MADE IN SUPPORTING THE OBJECTIVES OF THE RSES WHICH ARE RELEVANT TO YOUR DEPARTMENT-

In framing your response please provide a short overview of key public investment mechanisms and proposals by reference to:

- 1. Please outline detail on capital spending allocations across Government Departments for the years 2022 and 2023 (and capital spending per capita if data available) for the Southern Region, indicating how alignment with the NPF and Southern Region RSES have been achieved or where alignment is not achieved.**

N/A

- 2. Please provide details of any policy initiatives/developments that have been finalised or are in preparatory stages that support the objectives of the RSES**

Home Building Finance Ireland (HBFi) and the National Treasury Management Agency (NTMA) are bodies under the aegis of the Department of Finance and have provided their responses below:

HBFi was established with funding of €730m available to support the building of new homes throughout the State.

NTMA: The Impact Investment Strategy of the Ireland Strategic Investment Fund (ISIF) was published during 2022 <https://isif.ie/uploads/publications/Investment-Strategy-16062022-1.pdf>

- 3. An overarching objective of the RSES is the implementation of Project Ireland 2040 and NPF policies for balanced regional development. Please outline progress made in supporting the delivery of balanced regional development. It is noted in this context that the shortfall in Regional Cities investment was identified as an issue in the alignment of the NDP and NPF (page 13 NDP 2021-2030). The SRA are concerned in terms of monitoring of the RSES implementation that analyses of the *myProjectIreland* delivery tracker and *Prospects 2023/2024* (highlighting the largest projects that make up Project Ireland 2040) appear to indicate that the majority of investment in projects is weighted towards the Eastern Region and Dublin Metropolitan Area, thus undermining national and regional objectives for balanced regional development (the 50:50 split). Please outline your response to these concerns and progress in undertaking the structural changes required to ensure that the Southern Region and its three Regional Cities achieve the targets set for them in the NPF and RSES?**

HBFi provides funding for commercially viable projects throughout the country – refer details of funding approved in Southern Region in Q6 below.

NTMA

ISIF is a Sovereign Investment Fund with a mandate to invest on a commercial basis to support economic activity and employment in Ireland. It focusses its efforts on making transformational investments across its impact themes of Climate, Housing and Enabling Investments, Indigenous Businesses, and Food and Agriculture. Where possible, ISIF targets Regional Development across all Impact Themes.

As at 30 June 2023, ISIF had committed a total of €6.6bn to Ireland, directly and indirectly through its investment partners. Its portfolio is diversified by asset class per above and its investment activity is spread across its four key investment themes of climate, housing and enabling investments, scaling indigenous businesses, and food and agriculture. This includes investments across all the regions.

In February 2023, ISIF announced a joint venture partnership with Limerick Twenty Thirty to finance the development of the One Opera Square project in Limerick city centre. Its investment of €65m to the joint venture was made under

its €500m investment programme to advance the economic potential of the five regional cities (Cork, Galway, Kilkenny, Limerick and Waterford) through the delivery of new places to work, live and associated enabling investments, which was announced in the summer of 2022. It has a pipeline of similar projects in Cork, Waterford and Galway, as well as an existing joint venture with Kilkenny County Council to regenerate the Abbey Quarter site in the heart of Kilkenny city.

ISIF seeks to maximise the economic impact of its investments and 42,454 jobs were supported by ISIF capital as at 31.12.22. 44% of jobs were outside of Dublin.

4. Given the emphasis in the NDP on addressing housing delivery, what financial measures have the Department taken to support the accelerated delivery of housing and enabling infrastructure that will contribute to compact growth targets in our Cities, Key Towns and smaller urban and rural settlements?

The Department of Finance is responsible for setting overall fiscal policy. Over the past two years, the Department has facilitated the Department of Housing — via an expansionary but sustainable fiscal stance — in introducing a number of policy measures in this area, most notably the introduction of the Croí Cónaithe (Cities) Scheme. Moreover, in both Budget 2023 and 2024, the Department introduced a number of housing related taxation measures, including extending the Living City Initiative (LCI) to end-2027. The LCI is a tax incentive scheme to assist in the regeneration of historic city areas.

HBFI has €730m of funding available to fund private developers to deliver new housing across the State. This funding is recycled (as lending is repaid) and to date HBFI loan approvals total more than twice this amount at €1.54bn to the end of December 2023.

The NTMA

The ISIF is targeting funding the delivery of 25,000 new homes by 2030 through a range of equity and debt investments. By end 2023, it has cumulatively committed €1.3bn to residential housing which has stimulated an estimated €5 billion of homebuilding activity. ISIF's housing investments are targeting the delivery of over 16,000 new homes by 2025. As at end 2022, ISIF-funded entities have delivered 11,255 new homes and have a further 5,586 homes under construction and over 10,000 homes at various stages of the planning process. Its housing investments have targeted the provision of risk capital where funding gaps are most acute, with recent examples including:

- provision of equity type solutions to bring new sites into production,
- funding on-site infrastructure to unlock large sites, and
- delivering new Purpose-Built Student Accommodation in regional locations.

As a commercial investor, ISIF's housing investment programme to date has resulted in significant investment in new housing stock in the Greater Dublin Area and the Eastern region where housing need is most acute, and a higher proportion of schemes are commerciality viable. It has been active in the provision of infrastructure funding which can unlock land banks and accelerate the delivery of new homes. In Cherrywood, Co. Dublin, ISIF invested in the up-front provision of roads, water, parks etc to unlock the site which is now being developed and will result in the construction of over 4,000 new homes.

The Housing Infrastructure Services Company, (HISCo), a commercial joint venture between the ISIF and Cork County Council to build supporting infrastructure for housing, has completed a substantial investment in County Louth. The company is facilitating the delivery of 1,300 new homes in Drogheda, by building the first phase of a new access road which will eventually link the M1 to Drogheda Port on land owned by Louth County Council. The new 2-kilometre road will provide key supporting infrastructure that will make it viable to deliver the homes, with subsequent phases of the road having the potential to deliver a total of more than 3,500 new homes.

At the request of the relevant Minister, the New Economy and Recovery Authority (NewERA) may provide financial and commercial advice in respect of the Land Development Agency (LDA), which is currently a non-designated body

within NewERA's portfolio of 23 Commercial State Bodies (CSBs). 22 of these CSBs are designated, with the LDA being non-designated.

5. Please outline any progress made by agencies that operate under the aegis of your Department, in supporting the objectives of the RSES which are relevant to that agency

HBFI

Pursuant to the 'Home Building Finance Ireland Act 2018', HBFI commenced operations on 28th January 2019 and provides funding directly to house builders to build homes for owner occupiers, renters and those in need of social housing. To the end of Q3 2023, HBFI has approved funding of €1.54bn to fund 6,715 new homes across 22 counties. 67% of the funding provided to date is for houses and 33% for apartments. It provides funding for all types of supply from smaller schemes of five units up to larger schemes of 300 units.

HBFI has a national remit to provide funding for commercially viable residential development throughout the State. One of the key factors it considers when assessing the commercial viability of a funding request is the demand for residential units (houses/apartments) in the location. To the end of Q3 2023, it approved funding for projects in 22 counties and continues to engage with stakeholders and run information events throughout the country to increase awareness of its product offering and to ensure that access to funding is not an obstacle for viable residential developments nationwide.

From an environmental standpoint, HBFI launched a 'Green Funding Product' in 2021, designed to encourage the development of more sustainable housing. Projects that qualify and meet the Home Performance Index certification can avail of a discount of up to 0.5% on the margin that they could normally expect to be charged.

NTMA

Please refer to responses to Questions 3 & 4 above.

Investing with impact is key to ISIF's mandate. ISIF prioritises using its capital and resources to address strategic challenges and focuses on making transformational investments across its impact themes, including climate. In December 2022, it announced a €1 billion five-year climate action investment programme. The ISIF climate strategy encompasses all areas of the economy where carbon emissions are present, such as energy, transport, built environment, waste and enterprise, and incorporates other thematic investment areas that will be key to transitioning to a Net Zero economy.

6. Please provide a summary of the funding programmes administered by your Department (or agency under the aegis of your Department), over the last two years, which have been awarded within the Southern Region with the following details requested:¹

- **Funding Programme**
- **County Project Name and Description**
- **Amount Awarded (€)**
- **Stage of Project**

HBFI

To the end of Q3 2023, HBFI has approved 122 facilities across 22 counties. It publishes regular updates on its funding to date on its website at <https://www.hbfi.ie/data-protection-notice/about-hbfi/hbfi-data>.

The table below summarises the total number of developments approved for funding in each county:

¹ Southern Region comprises 10 local authorities: Cork City, Cork County, Clare, Kerry, Limerick, Tipperary, Waterford Carlow, Kilkenny and Wexford.

Approved Facilities by County:

County	No of Approved Facilities	No of Homes	Value €m
Carlow	1	22	€2.6
Cavan	1	7	€1.2
Clare	3	43	€8.3
Cork	22	940	€136.8
Donegal	2	82	€9.2
Dublin	21	1,974	€562.8
Galway	4	196	€52.6
Kerry	4	175	€33.1
Kildare	7	523	€81.1
Kilkenny	1	126	€42.1
Laois	3	116	€19.7
Leitrim	-	-	-
Limerick	2	144	€34.0
Longford	-	-	-
Louth	11	556	€106.0
Mayo	5	92	€15.1
Meath	11	758	€154.9
Monaghan	1	12	€1.3
Offaly	5	143	€38.8
Roscommon	-	-	-
Sligo	-	-	-
Tipperary	3	62	€13.0
Waterford	3	81	€20.5
Wexford	4	134	€29.6
Wicklow	6	480	€169.4
Westmeath	2	49	€9.1
Total	122	6,715	€1,541.2

Please provide any other comments that you would like to make with respect to your Department (including any agencies under the aegis of your Department) in implementing the RSES and addressing the issue of balanced regional growth, to fully realise the ambition and targets set out for the Southern Region under *Project Ireland 2040- National Planning Framework* and the RSES. This may include any recommendations that you consider would improve the implementation process and provide a greater focus on addressing regional imbalance.

HBFI was established as a Government initiative to address a shortfall of finance available for the construction of residential housing in the State. Through its broad product range, and an agile business model, it forms part of the Government's strategy to meet the targets set out under Housing for All.

PLEASE PROVIDE A CONTACT POINT IN THE EVENT THAT WE NEED TO CONTACT YOU ABOUT THIS FORM.

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