

# Housing Strategy Appraisal and Need for Modification

Submission on the Wicklow County  
Development Plan 2022 – 2028

25<sup>th</sup> May 2022



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## Introduction

Hooke & MacDonald was founded over fifty years ago in 1967. From the outset the company has specialised in the sale of new homes, being the first estate agency to do so in Ireland.

### **Promotion of Increase in Housing for Sale & Rental**

Fifty years on Hooke & MacDonald's latest contribution to innovation in the industry has been to promote and market multi-family developments and Build-to-Rent projects as one of the solutions to the shortage of stock in the rental market along with an increased emphasis on the provision of homes for owner occupiers including first time buyers.. The promotion by the company of new innovative models in this sector has already led to the commencement of a number of major residential schemes that otherwise would never have commenced.

### **Thought Leadership and Innovation**

Hooke & MacDonald have contributed to the construction/property industry over recent years and indeed for five decades by providing detailed research, market analysis, reports and solutions on such issues as housing design & supply, the apartment market, energy-efficiency, sustainability, the rental market, planning and design. Hooke & MacDonald have put forward their recommendations on a range of market issues and solutions at seminars and conferences and have taken part as committee members on the Department of Housing assessment of building costs and related issues.

## Comment on the Draft Wicklow County Development Plan 2022 - 2028

### **Incorrect Demographic Projections**

It is imperative that sufficient land is zoned in the county to meet the housing needs of the population.

We are very concerned that the draft development plan has been drawn up based on flawed projections on demographics and real housing demand and that an insufficient amount of land is planned for rezoning based on this mis-information. We are also concerned that the Draft Development Plan has been drawn up on the assumption that all existing zoned lands will all be developed for housing, taking no account of the fact that historically a high proportion of previously zoned lands has not and will not be built on, for a variety of reasons.

The draft plan also needs to provide for pent-up demand for housing which is increasing at an alarming rate. The headroom provision in the draft plan appears well short of the required volume.

One of the challenges is that where development plan is counting zoned land as land that will deliver accommodation over the life of the Plan, it does not take account of who the stakeholders are, viability and the practical likelihood as to whether specific zoned lands will be developed.

Based on our detailed study of housing demand – for the sale and rental markets – in Wicklow County and in particular in the Bray area we believe that the Draft Wicklow County Development Plan – as presently constituted – significantly understates the demand for housing in the area and underprovides in terms of lands zoned for housing over the years 2022 – 2028.

The Bray/Fassaroe area is capable of providing – and needs to provide – substantially more zoned land than is presently projected in the draft plan.

The proposed amendment to the draft plan (Amendment V1 – 17 – Section 6.4 – CPO 6.1) prohibits the sale of residential units to institutional purchasers is contrary to Section 10 of the Planning & Development Act 2000 and also contrary to the provisions of the Sustainable Urban Design Standards for New Apartments 2020. The guidelines indicate that there is a place for Build to Rent developments in the mix of unit types required for housing different categories of the population seeking accommodation. The proposed amendment is contrary to government housing policy and if implemented would severely damage the rental market and would put further pressure on rental costs.

### CSO Housing Completions in County Wicklow – 2021

STATISTIC	Quarter	Type of House	Local Authority	UNIT	VALUE
New Dwelling Completion	2021Q1	Single house	Wicklow County Council	Number	19
New Dwelling Completion	2021Q1	Scheme house	Wicklow County Council	Number	111
New Dwelling Completion	2021Q1	Apartment	Wicklow County Council	Number	2
New Dwelling Completion	2021Q2	Single house	Wicklow County Council	Number	36
New Dwelling Completion	2021Q2	Scheme house	Wicklow County Council	Number	63
New Dwelling Completion	2021Q2	Apartment	Wicklow County Council	Number	47
New Dwelling Completion	2021Q3	Single house	Wicklow County Council	Number	25
New Dwelling Completion	2021Q3	Scheme house	Wicklow County Council	Number	129
New Dwelling Completion	2021Q3	Apartment	Wicklow County Council	Number	77
New Dwelling Completion	2021Q4	Single house	Wicklow County Council	Number	41
New Dwelling Completion	2021Q4	Scheme house	Wicklow County Council	Number	195
New Dwelling Completion	2021Q4	Apartment	Wicklow County Council	Number	3

Source: CSO

The impressive and sustained Bray town growth over the past quarter-century arises from the end-use demand arising from its inter-generational population together with its new arrivals, making their homes in Bray and surrounds.. Throughout this period, it has continued to add to its housing stock, driven by the intensity of this demand which is strengthening and reinforcing the town's position in the GDA. This momentum is contributing to both solutions to both Wicklow and Ireland's housing crisis and its pent-up demand from years of under supply. Based on the demand and the future growth of the Bray region we see no early respite in this position.

From the experience of Hooke & MacDonald in advising on and selling a number of major new homes developments in County Wicklow over recent years we can confirm that there is a massive unsatisfied demand for new homes in the area for both sale and rental. There were only 498 scheme houses built in County Wicklow in 2021 and only 129 apartments. These levels fall way short of actual demand, in fact they represent only an eighth of actual demand.

The amendments V3 – 126 – Section 3.1.4 Open Space proposes that own door duplexes shall generally be provided with private open space at a minimum rate of 10 sq.m per bedroom. This is hugely excessive and will inevitably lead to a curtailment of this type of popular accommodation and will lead to future three bedroom duplexes being reduced to two bedroom units.

Provision needs to be made in the Plan for cases where a large batch of sales have taken place on a site – say 75% of the total permitted – that the promoter/developer can then be allowed to apply for permission to build the next phase of the development.

The Irish Government's 'Housing for All' strategy with the right conditions should contribute strongly to easing the housing crisis in the next 10 years. The comprehensive plan aims for an increase in new homes supply across all tenure types - social, affordable and private housing both for purchase and for rent. However, this strategy can only be successful if Irish and international funders and investors are encouraged to play their part in funding housing supply in both the public and private sectors.

Housing for All targets the delivery of an average of 33,000 new homes over the 10 years of the plan. These projections are seen by many as being very conservative versus demand, which is estimated to be closer to 45,000 new homes per annum by some experts. Based on research carried out by Irish Institutional Property in 2021, to supply even 30,000 new build apartments and houses in Ireland, the State will require €9.5 billion in annual funding - Irish sources will only be able to provide a limited portion of the required capital and international funding is required.

However, local government interventions such as the proposed amendments in the County Wicklow Development Plan will undermine the potential for funding inflows and seriously impact the county's and the country's ability to increase new homes supply, especially apartments.

If these changes are implemented it will not only reduce the supply of private rental accommodation it will also reduce the volume of Part V social and affordable housing in the county as, if the developments are not built, there will be no Part V units delivered in them.

There is a disconnect between the Wicklow Draft Plan and the realities of funding and development, and there seems to be a presumption that projects will happen no matter what policies are in place, which is incorrect. Funders and investors in the rental market need a stable operating environment to do business, otherwise they cannot justify investment and will look elsewhere.

## Demographic Research

Dr. Brian Hughes is a consultant with Hooke & MacDonald and is a recognised expert in demographics and environmental economics. He holds a Doctorate from Dublin Institute of Technology in the field of Demography and Urban Economics. He is a graduate in Environmental Economics and has an Honours Masters Degree in Spatial Planning. He is on the expert panel advising the Government on demographics.

As part of this submission we include the views of Dr. Hughes on the demographic position in relation to the basis which is being used to prepare the development plan. We also include at Appendix 1 a relevant paper on the subject which he produced in January.

Hooke & MacDonald fully concur with the views of Brian Hughes as set out in this submission. They provide a powerful case for significantly increasing the provision of zoned land in County Wicklow.

### Demographic Background

According to Dr. Brian Hughes the August 2021 population estimates from the CSO illustrate some of the demographic factors at play. From the table below, which is derived from the CSO figures, the Eastern and Midland Regional Assembly (“EMRA”) region with a 2016 State population share of 48.96% has had a 54.62% share of the State’s population growth over the five years since the last census, giving it a positive quotient of 111.56.

This growth is compared with the sum of the other two regions of State. Having a 51.04% share of the 2016 State population but only a 45.38% share of its population growth, their negative quotient (less than 100 in dividing growth by share) is just 88.91.

<b>EMRA Vs 2 Other Regional Authorities Population Growth - 2016 to 2021</b>			
<b>Year</b>	<b>EMRA</b>	<b>2 Other RAs</b>	<b>RoI</b>
2021	2,468.7	2,542.8	5,011.5
2016	<u>2,320.2</u>	<u>2,419.4</u>	<u>4,739.6</u>
Growth	148.5	123.4	271.9
% growth	6.40%	5.10%	5.74%
Source: CSO: 31.08.2021 PMEs Statistics (Non Census-based)			
Analysis: Brian Hughes			
Note 1: The EMRA growth is 25.49 % superior to the 2 Other RA area (2016-2020)			
Note 2: The State growth is 65.09 % greater than it was for 2011-2016 (Table 8)			
i.e. 271.9k (above) Versus 164.7k for the previous five years to 2016.			

The EMRA covers twelve local authorities – Longford, Westmeath, Offaly, Laois, Louth, Meath, Kildare, Wicklow, Fingal, South Dublin and Dún Laoghaire-Rathdown County Councils and Dublin City Council. While the other two regions and the Northern & Western Region and the Southern Region.

### **Earlier Research Findings**

Inter-related issues of housing, of spatial planning and focused demographic research point to an additional 48,000 units per annum – not 26,000 to 33,000 as per the ESRI

This Housing and Planning background for the State, sets out Dr. Brian Hughes' serious reservations of the National Planning Framework's ("NPF") demographics, Headship was one of the important challenges and criticisms of my Paper, written shortly after and in response to the ESRI's: Bergin and Garcia-Rodriguez authored Report 'Regional Demographics: a structural housing demand at a county level' Series 111, estimating an annual housing need of between 26,000 and 33,000 housing units - depending on a 2040 State population projection from 5.554 million to 5.938 million.

### **Rejection of the National Planning Framework**

The NPF is so far removed from the emerging demographics, its basis as the guide for subsidiary Plans represents a serious, ongoing obstacle to the State's proper planning and development.

As the NPF is fundamentally flawed, there is a wide chasm as between that Plan and the planning and development worlds and of what is happening, demographically, on the ground. The NPF was formulated under a balanced regional planning misapprehension, that somehow, the growth of Dublin should be no different to the growth aggregate of the four provincial cities of Cork, Limerick, Galway and Waterford – to grow by 250,000 by 2040. Yet these cities are only 37% of Dublin's population and have a distinctly lower natural growth performance (Year 2019). In combining these two critical differences, they would have to grow at a rate of four times that of Dublin to achieve that same growth 'target'.

The current spatial policy strategy of the NPF, attempts to re-order the relative size of provincial cities with that of Dublin. This policy approach is fundamentally flawed because in the 2016 Census Dublin city and environs had 1.173 million people compared with the aggregate 0.437 million for the four provincial cities plus environs. Accordingly, it is patently unrealistic, to expect the provincial cities, with an average population of just 9.3% of Dublin's size, to grow in their aggregate population, by a similar 250,000 figure.

### **Recent CSO Releases and their Significance**

The NPF was formulated at a time when the 2016 Census data were not to hand. The CSO Population and Migration Estimates (PMEs) data was published annually but in 2017 this had to be increased by 65,900 once the 2016 Census data had become available. The CSO advised that Gross Migration Flows had reached almost 720,000 (2011-2016), that Emigration had been over-estimated by 39,700 and Immigration had been under-estimated by 26,900 (together with an over-estimation of just 700 for Natural Growth). The PMEs methodology is, as titled – an estimation - and it will be interesting to see if significant adjustments will be required to these data, in 2023 when the next Census details are to hand. So, if the NPF is out of synch with the real world of Ireland's demographics and with its contrasting growth paths, the same applies to the EMRA Plan as it trickles down to the South Dublin County Council 2022-2028 Plan.

The significance of the latest PME Release is that in the absence of a 2021 Census, this provides the only guidance for the growth of RoI and its Regional Populations for the five post-2016 Census years to April 2021, as a substitute for the 2021 Census deferral. Having sat on their Expert Group, for the last 14 years,

one is a little wary of the CSO's PMEs Methodology, especially when in 2017, it proved necessary to make such major upward adjustments to the ROI population, as detailed in the Release for that year.

The reality is that Ireland will not have detailed Census data until Mid-2023 because of the Covid-19 delayed Census, which took place in April 2022.

### **Infrastructure**

The future funding of Irish Water is critical and how the Government addresses infrastructure issues in relation to its rollout of Housing for All programme, together with the enhanced roll for the Land Development Agency (LDA); to determine the critical issue, for both Fresh Water, but especially for the Waste-Water Infrastructure – and hence the timing/ sequencing, to facilitate the servicing of Development Lands, particularly on the western side of the city. This is a significant political issue and Government resolve, is critical.

The reasons for the non-development of sites, over the life span of several development plans, involves both planning and development issues. The complete absence or deficiency of infrastructure or depletion of traditional sources of funding will explain some of the planning issues for Legacy Land cases. On 03.09.2021 it was reported that there will be an important role for the LDA in helping to resolve the issue of undeveloped, zoned land.

Prior to the establishment of Irish Water, infrastructure underfunding to the local authorities was both financially inadequate and 'hit and miss'. The pipework was not in place or was limited in its additional capability, making further development impossible. Waste-water treatment capacity and the urgent need to enhance and refurbish the Poolbeg Treatment Plant must be completed. Pipework carrying both Waste and Surface Water, at times of 'monster' rain and climate change, frequently polluting parts of Dublin Bay and prevent swimming and related leisure activity in certain locations of the Bay area, represents the chain-reaction to severe infrastructure under-capacity.

Historic development issues will have reflected the almost total freeze of funding, in and after the Troika and NAMA years, when the economic sovereignty of the State was severely compromised, when little or no bank funding was available and where few, if any mortgages were being issued. Even if this were not the case, the building industry had shrunk its workforce to just one-third of its former size, generating a capacity problem that still exists today for delivery of housing at 50% or less than this author's 48,000 units per annum demand target.

### **Population Projections Incorrect**

The population projections in the NPF are incorrect. The population growth for the first five years of the 24-year NPF time frame, clearly show that the ROI population may be up to one-third higher than is provided for under the lifetime of the NPF to 2040, vide the CSO's PMEs release of 31.08. 2021. Furthermore, as shown in the Appendix Table hereunder, the EMRA area has achieved a 25.49% superior growth rate to that of the combined other two regions, over the 2016-2021 period.

Clearly, Covid 19 placed some restraint on current in-migration but because Ireland is in a Temperate Climate zone and is very under-populated, as a stable and wealthy Western democracy, its long-term economic and social prospects are propitious. The ROI's job-creation record of the 21st century confirms that its current human capital resource will require to be augmented on a continuous basis by net inward migration, in complementing its natural growth capacity.

The transitional projections and the Implementation Road Map are also defective, because the 50% ceiling for the EMRA area does not reflect State-wide end-use demand as per the proportion of dwelling units

granted planning permission. State planning policy is still supply led rather than being demand-led, which may be politically acceptable but, which does not reflect residential end-use demand.

The imposition of ceiling constraints will not 'herd' the population into other areas of the State. This is the fleeting echo of the failed National Spatial Strategy 2002-2020, in its belated attempts to re-impose balanced regional development.

The Household size projections in the NPF are all incorrect. Hooke & MacDonald who have been pioneers in the new homes market in the Greater Dublin Area and have been market leaders in the sector for over five decades repeatedly point to the need for smaller household sizes to reflect the fact that two thirds of the population are now 1, 2 or 3 person households.

For family composition, the cathartic social changes of recent years are well documented, driven by single-person households, by family break-ups, by the increasing numbers of childless relationships, etc.

Due to the inadequacy of the projections the NFP and consequently Development Plans, that a radically different set of criteria need to be put in place, one that would change all such current scenarios. In this approach; this is backed up by Dr. Ronan Lyons, David McWilliams and others, who average a need for a 48,000 – 50,000 annual housing output.

### **Housing For All**

The Housing for All strategy is prefaced by the gradual increase in ROI housing supply, from the current output level of about 25,000 to a targeted 40,500 per annum by 2030, which will provide just 300,000 new units. If 48,000 units are required over nine years to end 2030, the target should be 432,000 units – 44% higher - if the Government were to move to resolve the pent-up demand.

As this new-building activity continues, simultaneously, it will also require 27,500 additional construction workers, just for residential upgrading to meet climate change requirements, and twice that level again, for meeting the 48,000 per annum required output.

To clarify the output target: Obsolescence = 10,000, Net in-migration = 10,000. Natural Growth = 12,000 and Headship = 16,000 units per annum. For instance, production of 32,000 units per annum will result in no change to the Headship/ Pent-up Demand problem.

### **Conclusion**

The Draft Wicklow County Development Plan is flawed in a number of key respects which if ratified will cause considerable hardship to aspiring home owners and renters due mainly to the underprovision of land zoned for housing in the County, particularly in the Bary/Fassaroe area and also the attempt to prohibit BTR homes for renters.

Please contact Ken MacDonald of this office with any queries in relation to this submission.

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## **Appendix 1**

### **Ireland's Contrasting Demographics**

By Dr. Brian Hughes - 2021

Populations generally gravitate towards economic opportunities and Ireland is no different. Ireland's population is increasing and the demographic trends continue to illustrate the growing importance of the country's cities and the Greater Dublin Area, including from an economic and real estate development point of view. Housing delivery is falling short of demand requirements and being underestimated by the Government; and the long-term policy of restricting the growth of the Dublin region, which is the powerhouse of the national economy, is misguided. The future success of the Dublin region will contribute to wider economic prosperity for the State and this needs to be recognised.

#### **1.1 Geographic Review**

The Government's all-island initiative under the Department of An Taoiseach is contributing to Ireland's post-Brexit movement in helping to understand and reconcile its two political parts. The new all-island approach will involve a process of 'getting to know' each other's territory in a more meaningful way than hitherto. See for example, Belfast City Council's <http://www.belfastcity.gov.uk/resilientbelfast>, June 2020 promotional document and the establishment of their Commissioner for Resilience.

Likewise, this State's demographic divide needs to be properly recognised and understood for spatial planning and real-estate development purposes. Table 1 paints a stark contrast of the surface area and density contrasts between the Greater Dublin Area (GDA) and the Rest of State (RoS). The difference between these two principal areas of State – the new GDA (which now includes Co Louth as well as Counties Dublin, Wicklow, Kildare & Meath) and the Rest of State is profound.

The RoS area experienced no overall population growth throughout Ireland's twentieth century of independence, with its 1926 population unsurpassed again until the census of 2002. As this Table shows, it had a 2016 population density of just 17 per cent (i.e. 45 / 262) of the GDA but with a surface area of nearly 8 times (i.e. 60,694 / 7,772) the GDA's area.

In the Demographic Section, pages 28-31 of Hooke & MacDonald's Q2 2020 Private Rented Sector Investment Report on Dublin, particular focus was paid to Ireland's improving population performance for 2011-2016 period. It is therefore apposite, now, to focus on the most recent period for which CSO data is emerging and to consider the significance of the 2016-2020 performance - in the first instance and in an overall context - Ireland's demographic progress since 2011 is examined.

#### **1.2 Contrasting Ireland's Regional Population Growth Performances (2011-2020)**

It is instructive to consider the demographic contrasts for these two parts of the State over the recent past, using the CSO Population and Migration Estimates (P. & M.E.) data.

The overall nine-year picture as shown in the next Table 2, shows that the GDA Region comfortably exceeded the RoS area, both in population increase and in its growing population share.

The GDA's nine year growth was just over 12 per cent compared with the RoS area's population growth of over 6 per cent, giving a growth superiority rating of c.89 per cent.

**Table 1: Surface Areas and Population Densities, 2016**

AREA	2016 POPULATION	AREA/ SQ.KM.	% OF STATE	DENSITY/SQ.KM.
New GDA	2,036,216	7,772	11%	262
RoS Area	2,725,649	60,694	89%	45
RoI Population	4,761,865	68,466	100%	70

Source: CSO 2016 Census  
Analysis: Brian Hughes

**Table 2: Nine Years of Population Growth - 2011 to 2020**

YEAR	GDA	ROS	STATE	GDA SHARE OF POPULATION	ROS SHARE OF POPULATION
2020 ('000s)	2,151	2,826	4,977	43%	57%
2011 ('000s)	1,919	2,656	4,574	42%	58%
Growth ('000s)	232	170	402	-	-
% growth	12%	6.4%	9%	-	-
Growth Share	58%	42%	-	-	-

Source: CSO's 2020 Regional Population & Migration Estimates  
Analysis: Brian Hughes

This resulted in the GDA's share of State population increasing from 42 per cent to 43 per cent by April 2020. Within the GDA's population growth rates there was overall consistency, with Dublin's increase of 12 per cent is slightly ahead of the Mid-East's 11 per cent (GDA The counties of Dublin, Wicklow, Kildare, Meath & Louth. Mid-East The counties of Wicklow, Kildare, Meath & Louth only). This, itself, is an important statistic because it provides CSO Population and Migration evidence of Dublin's demographic consolidation despite some over-spill to other regions. This is due, not least, to the completion and occupation of increasing numbers of apartment developments in the capital. Focusing on the 2016-2020 differences between the GDA and the RoS area, Table 3 confirms that the GDA's population growth for this recent period is 47 per cent superior to the RoS area:

**Table 3: Recent Years of Population Growth - 2016 to 2020**

YEAR (APRIL)	GDA	ROS	STATE
2020 ('000s)	2,151	2,826	4,977
2016 ('000s)	2,027	2,713	4,740
Growth ('000s)	124	113	238
% growth	6%	4%	5%

Source: CSO 2016 Census  
Analysis: Brian Hughes

### 1.3 Rapid Growth in Mid-East

Within the GDA, Dublin's percentage growth is similar with that of the Mid-East planning region, as set out in Table 4. This is significant because particularly since the 1971 census, the Mid East's rapid growth has been largely driven by sustained population spill-over from Dublin. Included within these figures are internal migration movements from Dublin over the past four years, of 7,230 to the Mid-East Region and a further 10,130 to the RoS area.

Table 4 confirms that with a 28 per cent share of Ireland's 2016 population, Dublin accounted for 34 per cent of its total population growth over the subsequent four-years. Likewise, the Mid-East planning region's 2016 population share of almost 15 per cent, enjoyed an 18 per cent share of the State population growth. As discussed at a later point in this Report, these growth shares are of significance for the assessment of demand for residential units.

**Table 4: Regional Growth Estimates 2016-2020**

YEAR	STATE	DUBLIN	MID-EAST	GDA (DUBLIN & MID-EAST)
2020 ('000s)	4,977	1,418	733	2,151
2016 ('000s)	4,739	1,336	691	2,027
Growth ('000s)	238	82	43	124
% growth	5%	6%	6%	12%
Share of Growth	100%	34%	18%	52%

Source: CSO: 2011 Census and 2020 P. & M.E. Regional data  
Analysis: Brian Hughes

### 1.4 Growth Implications for Ireland's Planning Strategy

During the 2016-2020 period, there has been a significant upward trend in inward migration, thereby boosting that migration component's increasing contribution to the State's population growth. This has meant that the property market has been more Covid-resistant than earlier expected.

Anecdotal, end-year commentary reported from the housing market take-up also points to skilled and capital-endowed in-migration, responding to FDI and Professional employment opportunities, particularly focusing on city locations. In November 2020, the Banking and Payments Federation Ireland confirmed value of mortgage approvals was at the highest level recorded since 2011.

Table 4's summary of the total population (2016-2020) confirms that the GDA (including Louth) accounted for 124 thousand growth being 52 per cent of the State's population growth, compared with the RoS area's 113 thousand or almost 47 per cent of that growth.

The GDA growth rate was 6.14 per cent on its 2016 population of 2,027 thousand as compared with the RoS area's growth on rate of 4 per cent on its 2016 population of 2,713 thousand in population.

Accordingly, during this period, the GDA has had a 48per cent superior growth rate to that of the RoS area.

This recent and impressive growth has a major knock-on for the remaining twenty years of population increase, for the National Planning Framework's (NPF) questionable growth projections to 2040.

Its baseline scenario, for an additional State population of only 926,000 for the entire 2016-2040 period translates to an annual growth rate of 38,583, which is only 64 per cent of what the CSO has reported for Ireland's population growth 2016-2020. It means that for the remaining twenty years of the Plan, the NPF's annual growth target is even lower, at just 34,405 or just 57 per cent of the State's actual growth rate since 2016.

### **1.5 Ireland's Housing Needs – How Many and Where?**

With the Economic and Social Research Institute's (ESRI) December 2020, broad endorsement of the State's National Planning Framework (2016-2040) for the assessment of annual housing demand in the 28,000 to 34,000 range, little, if any attention has been paid to Ireland's near 60,000 per annum population growth in the four years to April 2020 following on from the recovery growth path 2011-2016.

Neither is there any ESRI criticism of the NPF's 50:50 proposal, to limit Dublin's growth to 250,000: the same as that of the four provincial cities. What does this imply? In having just 37 per cent of Dublin's 2016 population, the provincial cities' populations would be required to grow at 2.7 times that of Dublin to achieve this 2040 target. However, when account is also made for their much lower natural growth propensities, the provincial cities existing populations would have to grow at over four times that of Dublin and would require net inward migration augmentation, at an historically unprecedented level.

This writer questions the ESRI's support for the NPF strategy. It is likewise puzzling for that NPF strategy's questionable proposal, in risking the economic consequences of slowing down Dublin's current growth momentum by abandoning the successful 'business as usual' economic momentum that Ireland has enjoyed since the end of the Troika era.

The alternative, weaker proposal, is to promote an unprecedented and untested level of in-migration growth for the provincial cities in the fatuous quest to achieve balanced regional development. There would appear to be little appreciation of the adverse consequences for the State that would result from this risk-laden approach to severely constrain Dublin's growth.

### **1.6 ESRI and NPF Figures Incorrect**

Neither the ESRI Report nor the NPF strategy confront the undisputable fact that Dublin's growth is paramount and needs to be maintained, if the State's capital resources are to be adequate enough to then develop the RoS area, to be achieved by way of core periphery spill-over. This author opines 'yes', that the provincial cities may add 250,000 to their aggregate population by 2040, but only if Dublin's current growth path increases by 540,000 to 2040, and eventually results in a core-periphery re-balanced State population of 6.14 million by that date. This raises the demographic issue of net inward migration. Clearly, the need for migration levels to return to the peak levels of 2006 are certainly not envisaged in the ESRI Report or by this author. Quite the opposite, where its lowest projection of just 5,000 per annum, the ESRI assumes short-term, low levels of air travel and consequently leading to single figure thousands in net in-migration.

Adequate flows of net inward migration is the critical labour force issue for Ireland's future economy because if its Natural Growth-trend continues to decline, migration will need to maintain its recent pattern of contributing an increased share to overall population growth, whilst also responding to future, dynamic employment demand as Ireland's economy further progresses.

This is not just an FDI labour-force supply issue but is also one which also applies to the constrained building industry and to its identified skills' shortages. Today, there is insufficient construction labour to build Ireland's true housing demand.

### **1.7 Housing Demand – For Dublin , the GDA and the Rest of State Area**

If demography is destiny, the first, vital task is to align Ireland's population growth progress with the computation of Ireland's true housing demand, by comprehensively assessing all of the four 'heads' that comprise this assessment, which are; 1. Obsolescence; 2. In-migration; 3. Natural growth; 4. Headship rate.

Commencing with the first 'head' Obsolescence: the ESRI Report cites the 'FitzGerald Methodology' for the assessment of Obsolescence. It takes the housing stock of consecutive censuses, calculates the national housing stock-change and compares this with total housing completions for that time period 2011-2016 – incidentally the lowest output rate in modern times.

The conclusion from this approach is for a physical obsolescence rate of 0.2 per cent per annum. This implies an unrealistic, average life-span of 500 years for an average residential property, having regard to types and age-profiles of Ireland's housing stock. The ESRI Research does not address the many different and complex forms of obsolescence, focusing as it does only on physical obsolescence. Likewise, it is entirely inappropriate to use that formulation based on the scanty housing completions during 2011-2016.

In a real estate context, it is the site element that is the significant manifestation of location: what's on it is just a temporal 'tent' - unless the dwelling is listed as Heritage or of other forms of the 40,000 properties of all types and uses, that have 'Preservation' status.

On this author's own road, comprising of 1950s mainly detached and semi-detached houses, some have been completely demolished and replaced, others have had a couple of walls retained but effectively are new builds and the majority of the remaining dwellings have received a comprehensive capital investment make-over with significant extensions added. There are also three infill additions to corner or split sites which represents a 4 per cent addition to the housing unit-stock. Development is constantly ongoing and the 'white vans' and builders' skips are ubiquitous. It's the same for one's late parents' road, also in South Dublin.

### **1.8 Fixed Capital Investment**

All of these significant capital additions form part of the State's fixed capital investment, some of which reflects larger and sometimes new houses or greatly extended ones. However, few if any of these improvements, each costing hundreds of thousands of euro, result in additions to the overall housing stock-count.

In the real world, such fixed capital investment is a continuous spend, not just for physical obsolescence as the ESRI Report implies, but also for statutory, functional, social, user or locational obsolescence. This author's fifty years' experience in the built environment industries suggests that 0.5 per cent per annum obsolescence reflects the real world count, which will still represents a generous average life-span of 200 years. With over two million dwelling units in the State and using such realistic 'rate' of obsolescence, this 'head' requires a replacement rate of just over 10,000 units per annum.

The next facet of housing demand relates to the importance of in-migration. It is estimated that Ireland needs 4,000 additional housing units for every 10,000 additional in-migration.

Elsewhere in this Study, emphasis is placed on net inward migration as the major contributor to economic growth, skills endowment and as offering the only alternative substitute for Ireland's reducing natural growth rate.

To meet the annual demand for say 25,000 net additional migrants per annum, the figure under this head is a further 10,000 dwellings per annum. It is noted since 1996, that the in-migration count has been just over 20,000 per annum, on a then population of just 3,626,087 as compared with a current population which is nearly 38 per cent greater and on a State workforce of nearly 81 per cent greater (non Covid-adjusted).

A third tranche of 12,000 units caters for the population's natural growth (NG), which although decreasing, due to the combination of reducing births and higher age-profiles, will be counterbalanced, to some extent, by the NG effect of high net in-migration.

### **1.9 Deteriorating Headship Issue**

In quantifying the State's housing demand, the most pressing issue is to reverse the fast-deteriorating Headship issue, which is exacerbated by the current high level of pent-up demand (Headship Rate definition: The headship rate for the population is the proportion of that population who are heads of household). It must be anticipated that this serious, ongoing problem cannot be resolved by reference to current spatial planning policy and likewise it is surprising that it receives little commentary in the subject ESRI Report.

It is incontrovertible that the 2022 Census will report a further deterioration in Headship to a c. 2.8-plus level, having been 2.73 in 2011 and then regressing to 2.75 in 2016. If nothing else, Covid has magnified the dangers of overcrowding and these trend figures are disimproving. In 2016, the State's total population of persons in private households was 4,666,380 who lived in 1,697,670 permanent housing units, giving a headship rate of 2.7487. The corresponding data for 2011 were 4,500,570 living in 1,649,410 such units, with a headship rate of 2.7286. Accordingly, that specific population increase was 165,810, the private household growth was 48,260 and the headship dis-improvement was 0.0201 during 2011-2016.

What is not generally appreciated is that, in the Central Bank's Economic Letter of 2019, authored by Conefery and Staunton, notes that in order to bring Ireland's Headship rate into line with the UK or the EU's 2.25 level, Ireland would need to be completing c. 47,000 to 51,000 units per annum. Interestingly, Footnote 24 at page 32 of the ESRI Report states that an extra 10,500 units will be required for convergence with the U.K. by 2040 (7,000 for a 2050 convergence).

### **1.10 Housing Stock Shortfall**

In contrast, the ESRI appears to take a neutral stance in its December 2020 Report on this critically aspect of housing demand under the NPF. In estimating the Headship 'gap' the question is: can it be resolved by 2040, at which point, it is likely that comparable international rates will be 2.15 or less? So, to meet this headship level and with this author's 2040 population projection of 6.14 million, the State's housing stock will have to increase by almost 950,000 units to 2.977 million dwellings, excluding stock losses due to all forms of obsolescence. Over the remaining twenty years to 2040, in respect of 'Headship', an average annual 16,000 units will have to be provided, that is in addition to the other three 'heads' already discussed. Estimating the regional allocation of housing demand requires a detailed knowledge of Ireland's accruing pent-up demand for its principal regions, their cities and to its large and fast-growing towns.

It also needs to be related to the most recent evidence of demographic growth and to the principal components of such growth. The evidence of this Paper in general terms, points to Dublin needing up to 35 per cent of the State's total output, to the Mid-East's demand, of about 20 per cent. The RoS area overall demand of 45% must be appropriately managed, to divert a sizable portion of rural one-off demand, to be re-located to towns – many such towns struggle to maintain their existing populations. It is a salutary reminder that Ireland's four largest RoS area towns all lost population 2011-2016, i.e. Letterkenny, Sligo, Ennis and Tralee. The provincial cities, likewise, need further consolidation and housing supply in anticipation of new employment opportunities.

### **1.11 Maintaining a Positive Outlook**

With the successful avoidance of a no-deal Brexit, the trade negotiations completed and the Covid-19 vaccination programme underway, Ryanair's Michael O'Leary and all the thousands operating and working in the Airline, Tourism, Food, Drink, Culture, Sports and Entertainment industries can be optimistic that full economic activity may re-commence far sooner and more robustly than previously envisaged. Accordingly, it is reasonable to assume that most transportation activity will resume and that Ireland's intensive, net in-migration trends will re-emerge, responding to renewed employment creation. Likewise, it is important that the Covid interruptions to Ireland's housing output are imposed for the shortest period, consistent with public wellbeing, thereby enabling the construction industry to resume its upward growth curve. Year 2020 is expected to report of 20,000 dwelling completions which would have meant a target shortfall of about 5,000 units due to the first Covid lockdown.

In conclusion, there is a growing realisation that managing Ireland's resources and real estate investments requires a multi-disciplinary approach. Its history of strategic spatial planning has been one of inconsistency and of political indifference. If we fail to plan, then we plan to fail.

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- *Brian's PhD Thesis focused on areas of urban economics and demography: It posits that the GDA will become Ireland's City State of the late 21st Century.*
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