Supporting Document 2 – Future Housing Need in Ireland

How Many Homes are Needed?

Current Housing Need

Each year the Housing Agency publishes a headline figure for the degree of social housing need in Ireland. In the recent 2020 report, there were 61,880 households deemed as officially being in need of social housing. This number should be treated with some caution as, in spite of increasing homelessness, rent price inflation and evictions, the number of households enumurated as being in need of social housing has decreased from 91,600 households in 2016. In the five year period, social housing need is being offically and inexplicably recorded as having decreased by 32%. With a closer look at the methodology for calculating the headline figure for the Summary of Social Housing Assessments, we can see a wide-ranging list of exemptions for inclusion: households living in accommodation provided under HAP and RAS schemes; households living in leased accommodation under the Social Housing Current Expenditure Programme; and any households on a local authority transfer list.[1]

However, when we add active HAP and active RAS tenancies to the housing need number produced annually, we see a very different picture.[2] No longer a decline but a significantly consistent high level of housing need (see figure 1 below). In the five-year period between 2016 and 2020, the level of housing need for low-income families, who qualify for housing support has increased from 128,000 in 140,000 last year.

It is important to note that prior to the introduction of the Housing Assistance Payment in 2014, all private renting households receiving government housing allowances were assessed as being in need of social housing and included on the waiting list. Since then, HAP recipients were no longer regarded as in need of social housing. The emergence of the HAP scheme has been the primary reason for the decline in the published housing need figures each year. The real numbers haven't reduced, the definitions were just refined.

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[1] Summary of Social Housing Assessments 2020
[2] Households in leased accommodation under the SHCEP scheme are exempted from this calculation as they likely have much greater security of tenure than household under the HAP scheme in the private rental sector.

Need for Social Housing, 2016 to 2020
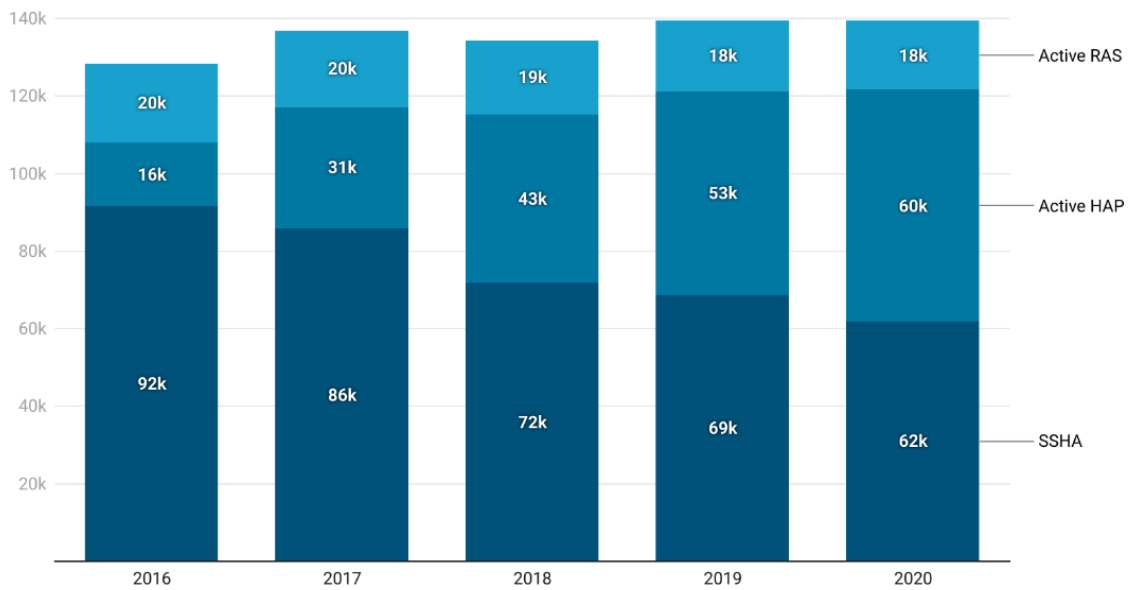
SSHA is the Summary of Social Housing Assessments published by the Housing Agency on an annual basis
Created with Datawrapper

Figure 1: Need for Social Housing, 2016 to 2020

Without doubt, the suggestion that there are over 140,000 households in need of affordable, and secure housing seems scarcely believeable. Yet annual deficits in the construction of housing have occurred for over a decade, leading to a cumulative deficit which has been not been corrected or, even seriously, reduced to any extent.

Over the past 25 years, Ireland's housing system experienced two extremes in the construction of new homes. A rapid expansion in construction occurred between 1998 and 2008, with 660,000 homes being built.[3] On average, more than 60,000 homes were completed each year. To put this in perspective, this is easily more than double the rate of the decade preceding 1998. This period of expansion was, naturally enough, unsustainable and a sharp contraction occurred.

When the rate of new housing completions fell precipitously in 2008,[4] the need for new housing each year still remained. In the decade than followed from the financial crash until 2018, only 106,000 homes were completed. A lowpoint was reached in 2013 when only 4,575 new housing units were completed. When the construction of new homes fall to such a low level, there are naturally many economic and social consequences.

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[3] Thomas Conefrey and David Staunton, 'Population Change and Housing Demand in Ireland', Economic Letter (Dublin: Central Bank of Ireland, 2019), 2.
[4] Housing completions are measured by connections to ESB's network. Connections are used as a proxy for homes that become occupied including completed dwellings. It should be noted that the measure is not a precise indicator of additional supply given a number of methodological issues outlined elsewhere including reconnections and delayed housing completions.

The Central Bank has attempted to put a figure on the deficit which existed between housing needed and housing provided in the period between 2011 and 2019.[5] Up to 2019, around 27,000 new dwellings were required each year but, in the nine-year period, just over 92,000 actual housing completions occurred (see figure 2 below), averaging just under 10,500 homes each year.

Housing Completions, 2011 to 2019
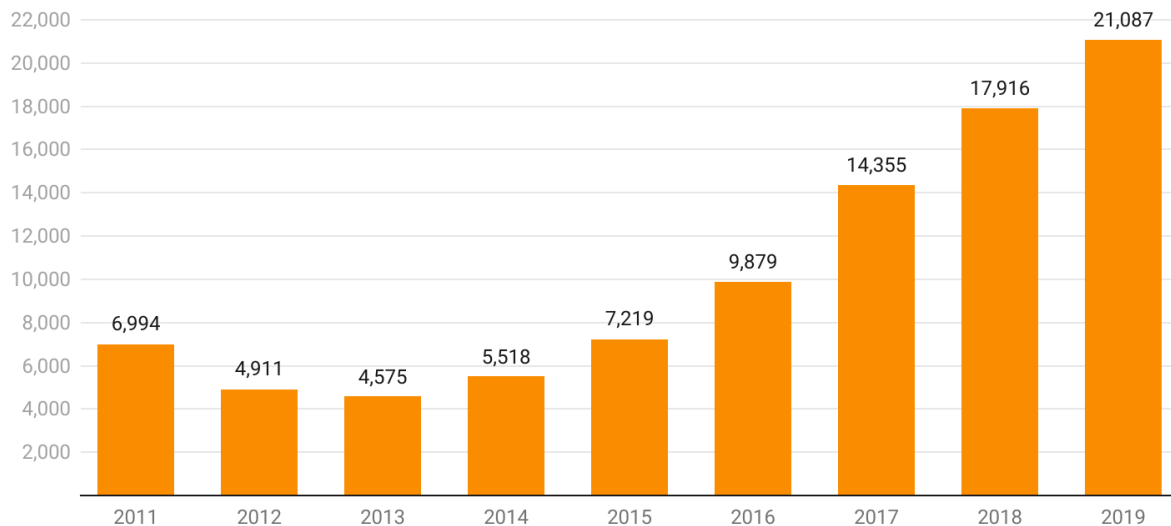
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Figure 2: Housing Completions, 2011 to 2019

Over the nine-year period, the total number of housing completions required was 243,000 dwellings so the unmet housing need is 151,000 homes. When we reflect back on our earlier calculation of a social housing need of 140,000 households, figures from a recent Central Bank report help to corroborate the level of social housing need and suggest that it may, in fact, be an under-estimation.

It is necessary to also consider another group of people who have housing but it may not be affordable or secure; those in the private rental sector who are spending significant amounts of their disposable income on meeting those housing costs. Previously, we noted that, based on 2016 Census figures and likely much higher now, there were 326,000 households renting in the State. If 10.8% of households renting spend more than 50% of their disposal income on housing, and 17.8% spend more than 40%, then almost 95,000 households have unsustainable housing costs. To understand the pressing implication of these data, we need just ask ourselves where these people will live in retirement, when their incomes will categorically fail to cover the current expenditure on rent?

Knowing the level of housing need and the deficit in housing completions only offers half of the story. We also need to consider the level of future housing need otherwise our housing system is only ever reactive to deficits.

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[5] Conefrey and Staunton, 'Population Change and Housing Demand in Ireland', 14.

Future Demand for Housing

Based on projected population growth to almost 6 million by 2040, the National Development Plan (2018-2027) predicted a need for 550,000 more homes up to 2040.[6] This constitutes an average of 25,000 new homes every year. Looking more closely at the projections, the framework estimated that 30,000 to 35,000[7] new dwellings would be needed each year in the ten years between 2018 and 2027.

More recently, the authors of a Central Bank report concluded that an average of 34,000 new dwellings would be required, on average, for each year up to 2030, assuming that population trajectories were accurate and that household formation remains relatively consistent. The high number of new homes required is due to the disparity between current residential completions and current demand, which will only continue to diverge into the future.

Taking these three figures together—households with social housing needs; households with rent cost overburden over 40%; and future housing construction deficit— Ireland need a public housing system capable of providing over **300,000 homes**. This will address the housing deficit from the 2008 financial crash and subsequent cuts to public spending, which have not been fully remedied, current housing distress, and future housing need due to inadequate rate of housing completions.

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[6] Daniel O'Callaghan and Paul Kilkenny, 'Spending Review 2018: Current and Capital Expenditure on Social Housing Delivery Mechanisms' (Dublin: IGEES Unit and Housing, Planning and Local Government Vote, July 2018).

[7] The National Development Plan envisages a steady supply of 12,000 new social homes to be provided each year from 2021 through Build, Acquisition and Leasing, which equated to approximately 34% of anticipated demand for residential housing generally.