

## **1.0 SUMMARY**

The stated reason (No. 2) for draft Variation No. 1 as per the public notice is *“To update the County Development Plan to take account of the methodology and housing projections as set out in the Section 28 Guidelines ‘Housing Supply Target Methodology for Development Planning’ and the ‘Projected Housing Demand by Local Authority Area 2020-2031 – ESRI NPF Scenario Housing Supply Target’ provided by the Department of Housing, Local Government and Heritage in December 2020. This will ensure that the housing provision in the Development Plan is consistent with, and aligned with, national and regional policy”*.

***We request that Variation No. 1 is not adopted at the present time and the matter is revisited at a future date (if required) following a full review of available and up to date information that forms the basis for the variation and only when the Draft Development Plan Guidelines are adopted. In the meantime we request that the existing County housing allocation of 8,278 should, as a minimum, be retained. Further reducing the housing allocation for the County and particularly for regional growth centres serves no good planning purpose and will only result in an artificial constraint on the supply of much needed new housing in the County and especially the designated regional growth centres of Drogheda and Dundalk.***

***Every Government Policy and statement calls for an increase in the rate of building of new homes and yet the proposed Variation No. 1 has the objective of reducing the rate of housing construction. This is particularly perturbing when the justification for this stems from outdated population and housing projections. It is submitted that should the proposed variation be made, the Louth County Development Plan will not be capable of achieving the aims and objectives of the National Planning Framework (NPF) or the Regional Spatial and Economic Strategy (RSES).***

## **2.0 GROUNDS OF SUBMISSION**

This submission outlines concerns with the revised approach to housing projections and housing allocation as proposed by Variation No. 1 of the Louth County Development Plan 2021-2027. Methodological concerns relating to the HNDA are also addressed.

### **2.1 Projected Housing Demand**

It is acknowledged that Louth County Council has proposed variation No.1 as a reaction to the Section 28 Guidelines *‘Housing Supply Target Methodology for Development Planning’* and the *‘Projected Housing Demand by Local Authority Area 2020-2031 – ESRI NPF Scenario Housing Supply Target’* (the Guidelines) provided by the Department of Housing, Local Government and Heritage in December 2020. This document and the figures contained within it are almost two years old and the platform from where they emerged is outdated and no longer applicable. Slavish adherence to compliance with outdated data serves no good planning purpose.

Table 6: Louth County Council		Annual Average	Total Households
<b>A</b>	ESRI NPF scenario projected new household demand 2017 to 2031	861	12,919
<b>B</b>	Actual new housing supply 2017-19	559	1,676
<b>C</b>	Homeless households, and estimated unmet demand as at Census 2016	N/A	233
<b>D</b>	<b>Housing Demand 2020-31 =Total (A-B+C)/12</b>	<b>956</b>	<b>11,476</b>

Figure 1: Extract from Appendix 1 of the ‘Housing Supply Target Methodology for Development Planning’ (2020)

**Table 2.13: Housing Demand in Louth 2017 - Q3 2027**

	Louth	Total Households	Number of Relevant Years	Annual Average Households
A	ESRI NPF scenario projected new household demand 2017 to end Q3 2027	9,214	10.75	857
B	Actual new housing supply 2017 to end Q3 2021	2,756	4.75	580
C	Homeless households (latest data), and unmet demand as at most recent Census	233	-	-
D	<b>Plan Housing Demand = Total (A-B+C), (Projected ESRI NPF demand - new completions) = Unmet demand</b>	<b>6,691<sup>6</sup></b>	<b>6</b>	<b>1,115</b>

Figure 2: Extract from Proposed Variation No. 1 Document

(Note: there appears to be a type within Table 4.2 Calculation of Housing Supply Targets for County Louth as contained within the Housing Strategy Amendment Document and so the Variation Document Table has been used)

As stated in the report of the Chief Executive of Louth County Council<sup>1</sup> (23<sup>rd</sup> of August 2021), in response to the concerns of the Office of OPR relating to consistency with the Section 28 Guidelines ‘Housing Supply Target Methodology for Development Planning’, the figures contained in the draft plan, subsequently adopted, “are consistent with national and regional policy and generally consistent with the Housing Supply Target Guidelines” (p.13) noting that there is a difference of c.1,600 units between the figures due to the adopted plan taking a “traditional approach” which takes account of projected occupancy rates and vacancy levels. We note the information relating to household size has been removed from the Housing Strategy document which forms part of the Proposed Variation. This report also performs housing demand projections using these figures and the headship rates from 2016. This may serve to limit the potential for latent household formation, particularly in younger people who are living together or with parents.

***We request that Variation No. 1 is not adopted at the present time and the matter is revisited at a future date (if required) following a full review of the information that forms the basis for the variation.***

<sup>1</sup> in his report on submissions received on the material alterations

Table 2.13 (figure 2) contained within the Variation Document has updated figures from the Appendix 1 using the methodology outlined by the Guidelines (Figure 1) to take account of the additional years since the Guidelines were issued and the life of the Development Plan. Table 2.13 (figure 2), states that actual new housing supply 2017 to end Q3 2021 was 2,756. CSO records for housing completions from 2017 to Q3 2021 are recorded as 2,755 which is only a minor deviation. According to CSO records, of the 2,755 houses completed within this time period, 565 were classified as 'single' houses. While the statistics are not broken down into rural and urban single dwellings, the vast majority of 'single' houses in Louth are rural. It is submitted that taking the County wide completions to reduce the housing demand is too broad brush as it doesn't show if housing has been provided in the target locations and could affect the ability for growth centres to meet their critical mass. It will also affect future monitoring.

The Variation Document illustrates alterations to the Core Strategy Table as a result of the Proposed Variation (section 3.1). Column F shows how the County housing allocation<sup>2</sup>, has been distributed throughout the County. It is noted that the regional growth centres of Drogheda and Dundalk have been given an equal share of the allocation. It is not clear how the households were allocated except to ultimately add up to the figure provided by the ESRI.

The ministerial letter that accompanied the publication of the Guidelines (dated 18<sup>th</sup> of December 2020) clearly states "there is a more pressing need to increased national housing supply to meet existing, unmet demand, to the greatest extent possible in the shortest time possible, while also accommodating projected national housing demand" (p.2). According to the Ministerial letter, just over 33,000 new households per annum are needed between 2020 and 2031 and output needs to increase to that figure no later than 2025 (p.3). The importance of an early period of accelerated growth is highlighted in the NPF. As noted by the Minister, the section of the NPF on 'Housing Demand' (p.94) envisages an increase in the new housing output to up to 35,000 homes per annum in the years to 2017 to address the deficit that had built up in the preceding years (p.5). In addition, it is estimated that it will take up to two years to just recover ground lost due to the pandemic.

It is possible that Table 2.13 does not accurately calculate unmet demand having regard to the lack of information on where housing completions are located as stated above and unmet demand for the years since 2020 when Appendix 1 was produced (figure 1). In particular, with homelessness becoming an increasing issue as a result of the housing crisis, it seems unrealistic that the figure for 'C' within Table 2.13 has stayed the same.

***The ESRI projections as contained within the Variation Document state that Louth requires an annual average of 857 households from 2017 to Q3 2027 to coincide with the life of the Development Plan. Based on projected demand of 857 households a year, there should have been 4,285 households between 2017 and 2021. According to the Variation Document there were 2,923 household completions from 2017-Q4 2021. This means, on average Louth is already far behind in reaching the minimum targets for households.***

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<sup>2</sup> less housing completions in Q4 (6,691-167 = 6,524)

## 2.2 Number of Households for Projected Population

***The NPF and the RSES both make clear that population targets are not to be viewed as caps or ceilings. In the same way, providing housing in the right location that might result in a population target being exceeded, especially at a designated Regional Growth Centre, such as Dundalk or Drogheda, does not mean that the Plan is no longer consistent with national and/or regional planning policy as set out in the NPF and/or RSES.***

The NPF clearly states “HNDAs are designed to give broad, long run estimates of what future housing need might be, rather than precision estimates” (p.96). It is submitted that figures relating to housing demand should be clearly identified as targets, not caps. This is the **minimum** number of households required to support the population projections as provided by the NPF and ESRI.

It is submitted that the minimum housing demand identified within the adopted Development Plan underestimates the true demand to cater for the projected population growth in the County as illustrated by Table 1. Under the draft Development Plan Guidelines<sup>3</sup> there is a requirement for population and housing targets to be addressed in a “consistent and integrated manner”. This is particularly important for the Regional Growth Centres of Drogheda and Dundalk which are required grow to at least 50,000 by 2031. The Proposed Variation further reduces the housing allocations for the plan period which will serve the projected population. If adopted, the core strategy will provide fewer houses to cater for the same population. As detailed by Table 1 below, this would suggest a move towards larger household size which is contrary to the National trend towards smaller household size.

	Projected Pop. Growth to 2027	Housing Allocation to 2027		Persons per Dwelling	
		Adopted	Variation	Adopted	Variation
Drogheda	6,914	3,043	2,447	2.3	2.8
Dundalk	7,660	2,606	2,447	2.9	3.1
Ardee	1,655	584	440	2.8	3.8
Dunleer	935	345	146	2.7	6.4
Carlingford	200	41	50	4.9	4.0
Castlebellingham - Kilsaran	110	79	65	1.4	1.7
Clogherhead	300	139	75	2.2	4.0
Termonfeckin	250	41	70	6.1	3.6
Tullyallen	220	115	65	1.9	3.4
Level 4 Settlements	785	414	230	1.9	3.4
Level 5 Settlements and Rural Areas	300	871	489	0.3	0.6
Louth	21,082	8,278	6,524	2.5	3.2

<sup>3</sup> The Department of Housing, Local Government and Heritage (2021) *Draft Development Plan Guidelines for Planning Authorities*, §4.3.1.

### **2.3 Methodology**

**Social and Affordable Housing** -The approach to housing tenure projections under the Housing Need and Demand Assessment (HNDA) within the Proposed Variation can be summarised as follows:

1. Households that could reasonably afford the repayments for a mortgage are identified.
2. From these, the mortgage value each household has the capacity to obtain (under lending rules set by the Central Bank of Ireland) is identified.
3. Housing unit delivery is projected by price band, and households are assigned to a band equal to or lower than their maximum mortgage.
4. All remaining households are tested to identify those who can afford to rent on the private market.
5. Finally, the remaining households are assigned to social housing.

However, this methodology differs from departmental guidance<sup>4</sup>, which states that:

- Only 70% of households which can afford to buy a home are assumed to actually do so every year.
- Social housing need is calculated immediately after the identification of those able to purchase a home, based on the Local Authority's social housing band amount (€30k in Louth) – before private rental is assessed.
- All remaining households (who cannot afford to rent) are assigned to the 'affordability constraint' tenure type (i.e., affordable purchase or cost rental).

As such, the Proposed Variation's HNDA is likely to overestimate the number of households who will be able and willing to buy a house, instead assuming that households will accept any housing offered to them so long as they could theoretically afford it, not taking into account the housing unit's typology, size, age, location, or design, nor the personal situations of households. The HDNA should allow for market choice. ***Restricting the housing allocations will push prices up further and make home ownership unattainable for more people.***

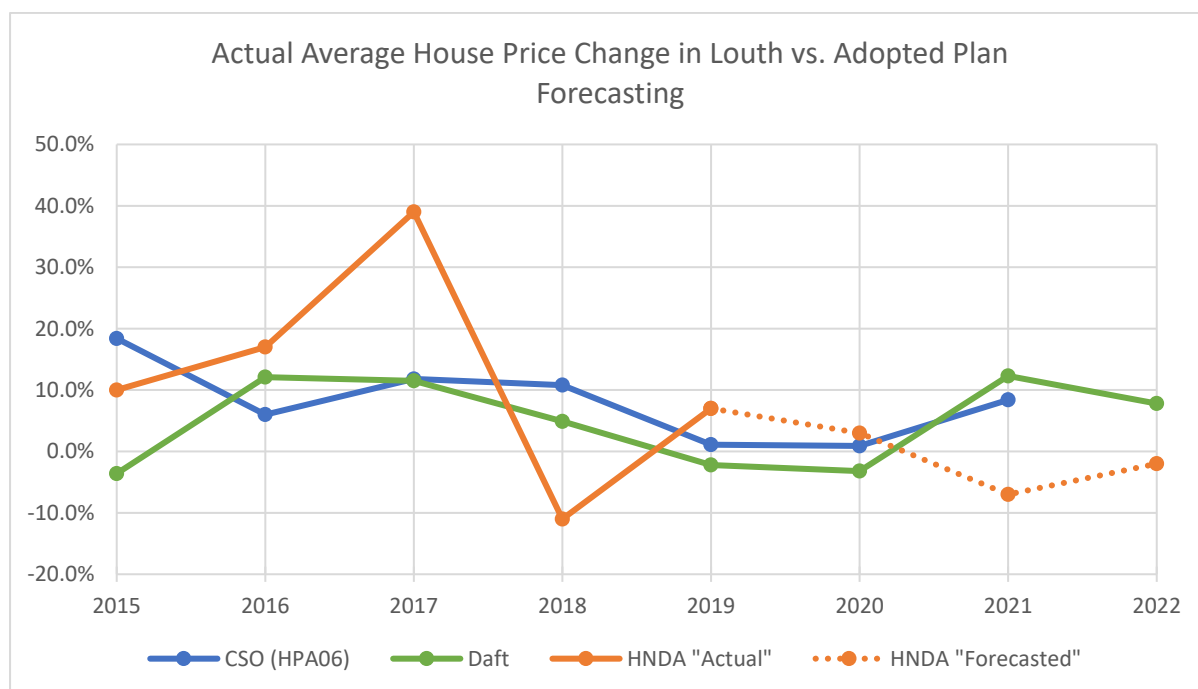
Further, by assigning rental before social housing, this methodology could underestimate the number of households who are entitled for social housing. We note in particular the concerning result that private renting will be unaffordable to every household who cannot purchase a home. Due to this, the underestimation of the social housing tenure likely did not occur within these results; however, it is still concerning to see a methodology in use which cannot be assumed to work in the general case.

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<sup>4</sup> The Department of Housing, Local Government and Heritage (2021) *Guidance on the Preparation of a Housing Need and Demand Assessment*.

Finally, given that rental is deemed universally unaffordable, the absence of any affordability constraint allocations is a serious cause for concern. In accordance with departmental guidelines on HNDA preparation,<sup>5</sup> “Affordability Constraint” tenure should be calculated in such situations where the levels of income required to purchase or rent the relevant threshold dwelling are both higher than the applicable social housing eligibility threshold.

**Housing Strategy (section 4.2.6) - Analysis of Historic Ownership Market** - The inputs for the revised HNDA calculations under the Proposed Variation includes the same average house price and monthly rent projections utilised in the Adopted Plan, despite these figures containing forecasts for 2020, 2021, and 2022. This is particularly problematic for figures such as housing prices and rent, which were not impacted as severely by COVID-19 as has been predicted during the preparation of the plan. This can be seen, as below, when such figures are compared to data from Daft,<sup>6</sup> the Residential Tenancies Board,<sup>7</sup> and the Central Statistics Office.<sup>8</sup> Further restricting the housing allocations for the County will compound this affordability issue.

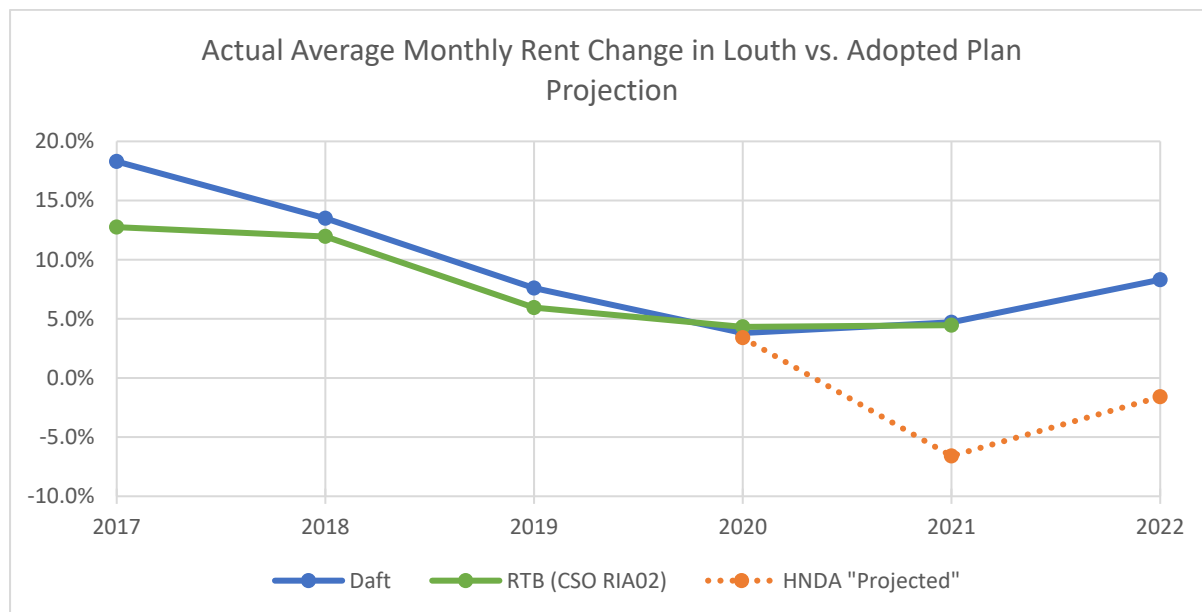


<sup>5</sup> The Department of Housing, Local Government and Heritage (2021) *Guidance on the Preparation of a Housing Need and Demand Assessment*.

<sup>6</sup> Daft (2022) *Daft Price Report*.

<sup>7</sup> Central Statistics Office (2022) *RIA02 - RTB Average Monthly Rent Report*.

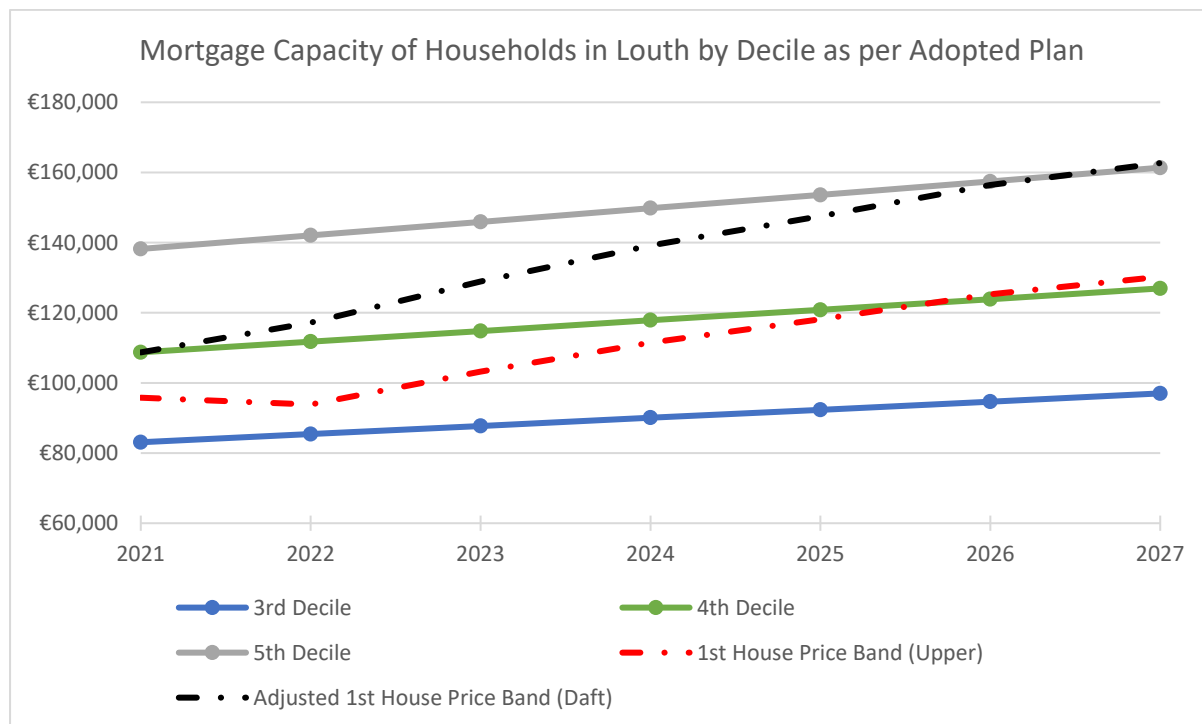
<sup>8</sup> Central Statistics Office (2022) *HPA06 - Residential Property Price Index*.



**Housing Strategy (section 4.3.1) – Ownership** - Under the given mortgage capacities in Table 4.9, and the projected house price bands in table 4.13, the 4th decile falls below the upper 1st house price band, implying that not all households within this decile can afford to purchase in 2026 and 2027 – however, this is not addressed within the Housing Plan. Given the previously mentioned underestimation of house price increases across the Adopted Plan’s lifetime thus far, it is likely that the 4th decile will become unable to qualify for a mortgage even faster than is projected, making this omission even more serious. Demand and supply – reduced supply is pushing up prices.

An “adjusted” version of the upper 1st house price band is shown below, with the projected house price changes for 2020-2022 replaced with Daft’s recorded actual changes.<sup>9</sup> This indicates that, provided that income projections are accurate, it is unlikely that all households within the 4th decile will be able to afford to purchase a house throughout the entire lifetime of the plan, as is still projected within the plan under the Proposed Variation.

<sup>9</sup> Daft (2022) *Daft Price Report*.



### 3.0 CONCLUSION

We express grave concerns that this variation to the County Plan is being brought forward to comply with the requirements of the Department of Housing Local Government and Heritage (DHLGH) based on population projections and household size rates that are outdated and need to be urgently revisited. The Census 2022 results being to be released on the 24<sup>th</sup> of June 2022. This is a pivotal point in the assessment of actual household formation and would be a missed opportunity to update the Development Plan. It is submitted that the Proposed Variation will further compound an already restricted approach to household formation which could erode the ability to meet targets set by the NPF and RSES.