Rialtas na hÉireann
Government of Ireland

Guidance on the Preparation of a Housing Need and Demand Assessment

Prepared by the Department of Housing, Local Government and Heritage

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Foreword

Foreword by Minister O'Brien

The National Planning Framework sets out a vision and a development strategy to shape our national, regional and local spatial development in economic, environmental and social terms to 2040. Within that Framework, the planning system at local authority level plays a crucial role in determining the volume of housing needed to accommodate our rapidly growing population and where that housing should be located.

When making housing strategies and development plans, local authorities need to be informed by the best available evidence to ensure that policy has a firm foundation and will meet the need that will form in future years. Having a consistent, uniform and robust methodology for assessing housing need, that is the same across the State, will ensure that future development occurs where we need it to and that housing policy at local level is horizontally connected by a common base.

In order to ensure that the plan-making system is supported by a robust methodology to inform policies and funding initiatives around housing and associated land requirements, a Housing Need and Demand Assessment (HNDA) Framework has been developed to support the preparation of housing strategies and all related housing policy outputs.

My Department has worked with the Scottish Centre for Housing Market Analysis (CHMA), the acknowledged leaders in HNDA, to develop a HNDA approach for the Irish context and this Guidance and the associated HNDA Tool is a result of work done in collaboration with both the CHMA and other stakeholders from the local authority sector, academia and the construction industry. The HNDA Tool and associated instructions can be used as part of the HNDA work to estimate the additional homes required in each local authority area to meet existing and future housing need and demand. It can also provide estimates regarding the homes needed broken down by the various tenure types. My Department has also provided a resource portal on our website which will provide easy access to relevant data for each local authority.

This Guidance and Tool will enable each local authority to develop its own HNDA using a consistent methodology and this can provide local authorities with the necessary baseline information for the making of their housing strategies as they move through their development plan process. It is my belief that this will lead to more robust housing policy included within housing strategies, which in turn will underpin the relevant development plan policies and objectives.

It is also my intention that the roll-out of this guidance will achieve the parallel aim of providing a robust evidence base for national housing policy development. This will contribute to our geographical understanding of need and demand and will provide evidence of demand across tenures and across a time horizon, thus allowing appropriate national strategies and policies to be developed to meet that demand in the future and assist in achieving the ambitious targets for the vital task of increasing housing supply.

Mr. Darragh O'Brien T.D.
Minister for Housing, Local Government and Heritage

Introduction

1 | Introduction

1.1 The Role of a Housing Need and Demand Assessment

National Policy Objective 37 of the National Planning Framework (NPF) provides for a Housing Need and Demand Assessment (HNDA) to be undertaken in each local authority area in order to ensure long-term strategic housing needs are met.

The purpose of the HNDA is to:

- Assist local authorities to develop long-term strategic views of housing need across all tenures;
- Provide a robust evidence base to support decisions about new housing supply, wider investment and housing related services that inform an overall national housing profile;
- Inform policies about the proportion of social and affordable housing required;
- Provide evidence to inform policies related to the provision of specialist housing and housing related services.

In order to ensure that the plan-making system is supported by a robust methodology to inform policies and funding initiatives around housing and associated land requirements, a HNDA should be developed by each local authority to support the preparation of housing strategies and all related housing policy outputs, e.g. city and county development plans, local area plans, etc.

As part of the Development Plan process, each local authority has a statutory obligation to develop a Housing Strategy under section 94 of the Planning and Development Act 2000 and local housing policy in general flows from that strategy.

A key element of the Housing Strategy, that will influence the amount of land to be zoned for housing purposes, is the identification of existing and future housing needs within all tenures for the overall area covered by the strategy.

A HNDA Framework is a standardised methodology that allows local authorities to assess local housing needs, existing and future, using consistent evidence bases and within a standardised framework. The HNDA assessment is prepared by the local authority and involves a number of important steps, the first of which is to examine and review the existing housing environment, followed by estimating need to inform housing policy and development plan policy, where relevant.

Within the HNDA Framework, a specific HNDA Tool (developed and made available by the Department of Housing, Local Government and Heritage) is available for use by the local authority to assist in calculating the projected number of homes that are likely to be required to meet the estimated need over the determined period, broken down by tenure type.

The HNDA Framework methodology also involves capturing information on the

operation of the housing system to assist local authorities to develop policies on new housing supply, in the management of existing stock and in the provision of housing-related services. The assessments are designed to give broad, long-run estimates of what future housing need might be, rather than precision estimates.

1.2 Who writes the HNDA?

It is envisaged that the HNDA will feed into the overall Housing Strategy document and, therefore, is intended to be prepared collaboratively by staff from both the Housing Department and the Planning Department of the local authority. The HNDA is designed to be the main evidence base from which estimates of housing need and tenure breakdown are to be calculated and consequently, from which housing policy is to be determined in the Housing Strategy, as well as influencing the relevant land use zoning objectives included within the Development Plan.

1.3 What is the timeframe for the HNDA?

As the HNDA is about meeting long-term strategic housing needs, it can cover a longer time-frame than the Development Plan period. This means that the estimate of total additional housing need based on the range of variables outlined below that will feed into the Housing Strategy is not an estimate of the amount of additional housing units that will be achieved over the period of the Development Plan. The assessed need helps to inform decisions as to the amount and type of housing that should be facilitated and can realistically be achieved over the period of the plan. As a first step in preparing a HNDA, the local authority should select the time period that it will cover and the local authority should identify this in its introduction.

1.4 Overview and Core Components

The components of the HNDA Framework upon which the assessment and analysis of future housing need and demand is based are:

Section	HNDA Analysis	Content
Section 1	Key Housing Market Drivers	Identification of key housing market drivers, including household formation, population and migration, housing affordability, including incomes, house prices, rent levels, access to finance and key drivers of the local and national economy.
Section 2	Housing Stock Profile and Pressures, Existing Need and Management Issues	Key outputs from this stage include: an analysis of the entire housing stock (owner occupied, private rented and all social) by, for example, size, condition, tenure and turnover; analysis of the LA's own stock, the location of areas where there is undersupply or low demand; opportunities for more effective use of the housing stock.
Section 3	Estimating Future Housing Need and Demand using the HNDA tool	The HNDA tool estimates overall future requirements (existing housing need and future additional households) divided into four tenure-based categories on the basis of estimates of housing affordability: (1) Owner occupiers, (2) Private renters, (3) Affordability Constraint, (4) Social renters
Section 4	Specialist Provision	The fourth stage of the HNDA process addresses Specialist Provision to support independent living for people requiring more specialised types of housing or support needs, including accessible and wheelchair housing, housing for students, migrant workers or international protection applicants, supported housing for the elderly and traveller accommodation.
Section 5	Conclusions	Concluding section, amalgamating the data gathered to form an overview of housing need in the local authority area over the specific period chosen

The analysis of demographic and housing affordability data and the conclusions drawn from it in sections 1 and 3 of the HNDA are used to produce an estimate of total additional housing units required to meet existing and future housing need and a breakdown of tenure type.

The compilation of a comprehensive housing stock profile in section 2 facilitates analysis of the options for meeting the identified need in sections 1 and 3, such as adaptation of existing stock and rehabilitation of vacant stock, in addition to new build. Section 4 informs the choices to be made regarding provision for vulnerable groups in society within the overall tenure mix.

1.5 Data Requirements and Sources

There is a range of data sources that are required to prepare and inform a HNDA. The Department encourages local authorities to use the best available data and, insofar as is possible, has made that data available so local authorities can standardise the data sources consulted.

https://www.gov.ie/en/publication/eaa99-housing-need-and-demand-assessment-hnda/

The HNDA area of the Department's website at https://www.gov.ie/en/publication/eaa99-housing-need-and-demand-assessment-hnda/ is a single repository of the various data items (and an associated Data Catalogue) that are incorporated in the HNDA Tool and also other available data or links to data sources to assist in housing need and demand assessment by local authorities. Links are provided to all relevant Census data, which can be accessed from the CSO's PxStat[1]. The data is available at local authority level. Information available at the link includes:

- Data on structural housing demand, existing need, incomes, house prices and rents (this data is also used in the HNDA Tool).
- Data relevant to the local authority's analysis of housing market drivers: population projections by age, census population statistics, headship rates by local authority, house price data, Residential Tenancies Board (RTB) Average Quarterly Rent data, new dwelling completions, ESRI unemployment rate projections and data on activity under Government measures to assist market participation.
- Data relevant to the compilation of a housing stock profile: Census data on tenure, dwelling types, ages, number of rooms in houses, household composition and occupant numbers per room, vacancy and obsolescence, etc. and Census data used to derive unmet need. The local authority's annual social housing assessment data is also relevant and a link is provided to the Summary.
- Data relevant to the estimation of specialist needs of homeless, students, Travellers, international protection applicants, population projection of the cohort aged 60+ and disability numbers and grant aid statistics for the disabled/elderly.

Paragraphs 2.3.1 and 3 of this guidance (and the associated Excel Spreadsheet and Data Catalogue) provide more detail on data sources.

[1] Formerly CSO Statbank

1.6 HNDA Preparation Process Summary

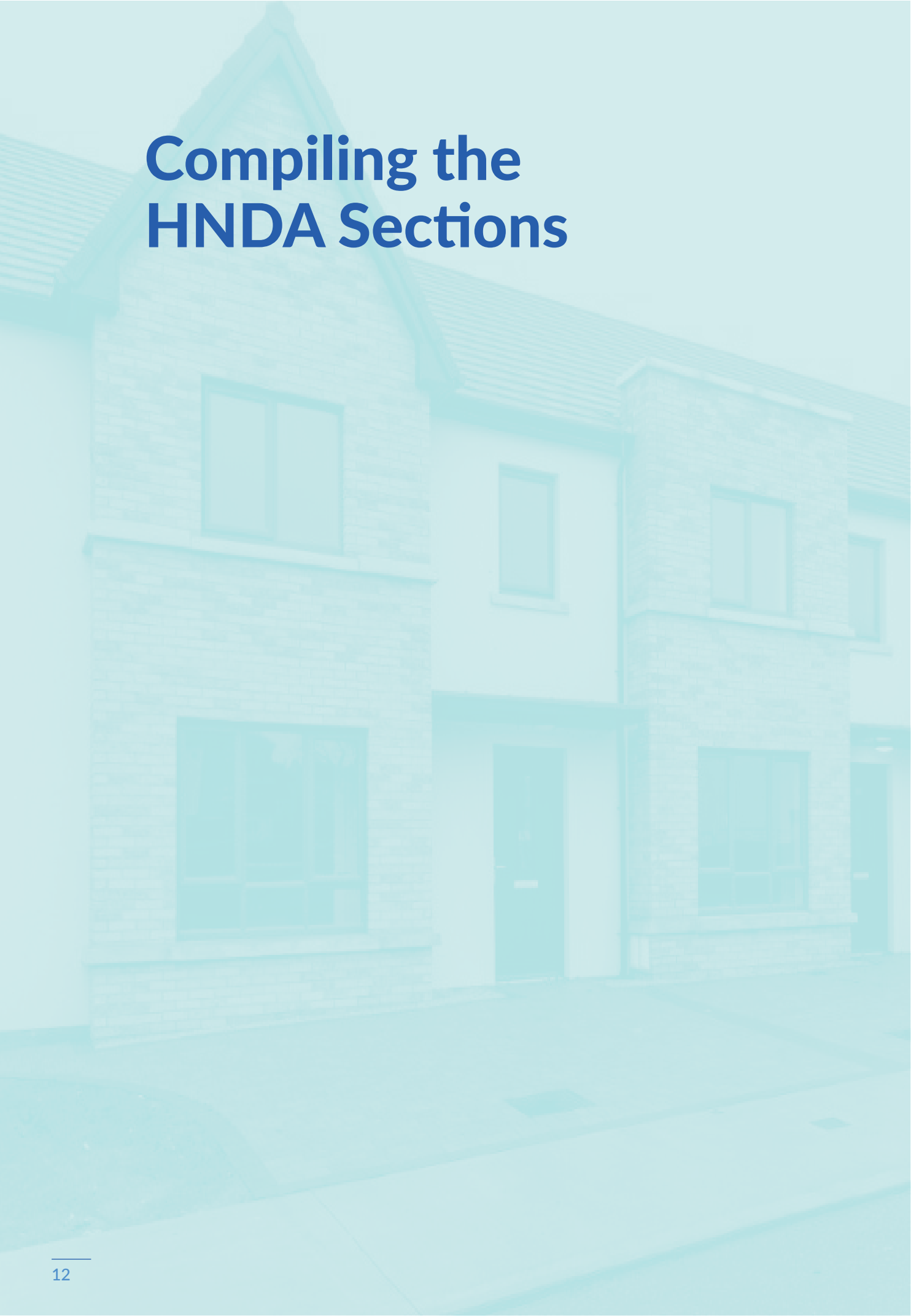
1.	Decide the time period that the HNDA will cover
2.	Compile section 1 on Housing Market Drivers
3.	Compile section 2 on Housing Stock
4.	Select the scenarios to run in the HNDA Tool
5.	Having regard to the results from the HNDA Tool, compile section 3 on estimating total additional housing units required in the local authority area over the period selected and broken down into tenure type
6.	Compile section 4 on specialist housing need (including stakeholder consultation)
7.	When complete, sign off the HNDA (Director of Service for Housing and Director of Service for Planning)
8.	Incorporate the HNDA results into housing policy within the Housing Strategy

1.7 Assistance and Advice

As well as the information available on the Department's website at the **https://www.gov.ie/en/publication/eaa99-housing-need-and-demand-assessment-hnda/** link, assistance and advice on the operation of the Tool, available relevant data and the carrying out of a HNDA is available from the Department. Any queries or requests for help should be directed to the email address: **HNDASupportQueries@housing.gov.ie**.

Training in the use of the Tool and on the development of their HNDA framework under the NPF will be provided to local authority staff by the Department.

Compiling the HNDA Sections



2 | Compiling the HNDA Sections

2.1 Compiling Section 1 re Housing Market Drivers

Each local authority should identify the key demographics and economic trends expected over the period of the HNDA relevant to the authority that will impact on the local housing market, namely:

- household formation and projections (population growth or decline, immigration, internal migration, trends in household size and household formation age)
- House prices and projected growth/decline
- Rent levels and projected growth/decline
- Loan to value mortgage rates, lending criteria and access to finance
- Levels of economic activity
- Employment rates and predicted employment growth or job losses
- Income levels (gross earned income) and projected growth/decline

It should be noted that much of the data relevant to the above is available at the centralised repository at **https://www.gov.ie/en/publication/eaa99-housing-need-and-demand-assessment-hnda/** and the local authority should also consult the relevant ESRI report **'Regional Demographics and Structural Housing Demand at a County Level'** published in December 2020 that was commissioned by the Department and provides robust, up-to-date and independently developed housing demand projections, to inform policy and investment with regard to housing at national and local levels.

The compiled demographic, affordability and wider economic trends data will facilitate an analysis of the local housing market and some of the identified assumptions will inform the choice of scenarios to run in the HNDA Tool. Once complete, a key issues table (see Table 1) should be put together that addresses the impact that the identified market trends are likely to have on the future level of housing need and demand.[2]

Key Issues

Upon completion of the section of the HNDA on housing market drivers, a summary should be provided of the key areas of concern that may impact the results of the HNDA. Such a template should generally be divided into three segments:

- demographic issues,

[2] A series of steps should be taken in the development of HNDA housing market scenarios:

- Identify the data sources required and the geographic area that applies to these.
- Gather local data and compare and cross check this data with national level data sources where available.
- Tabulate or chart the data in order to identify the trends over time, for example population increase or decrease, income increase or decrease, etc.
- Consider what impact these trends may have on the future level of housing need and demand, for example reduced private housing demand, increased demand for social housing, etc.
- Decide on most likely future scenarios.

- affordability issues; and
- economic issues

for the local housing market.

Table 1 provides a template for key issues on housing market drivers. Examples of key issues could include identifying a local employment event that impacts on homeownership affordability and consequently on the estimated tenure split.

Table 1: Key issues template – key housing market drivers

Area of interest	Key Issues Identified
Demographic issues for the local housing market	1.
	2.
	3.
Affordability issues for the local housing market	1.
	2.
	3.
Economic issues for the local housing market	1.
	2.
	3.

The main output from this exercise is that local authorities should have a clear and evidence-based understanding of key demographic, affordability and economic factors and how these are influencing the local housing market. It will also facilitate the making of evidence based choices as to which scenarios to use in making projections and in choosing which scenario options to run in the HNDA Tool (see paragraph 2.3.3).

2.2 Compiling Section 2 re Housing Stock Profile, Pressures and Management

The HNDA process requires that a profile of all existing housing stock (owner occupied, private rented, social rented, vacant, etc.) be prepared in each local authority area. This housing stock profile should also include housing stock pressures and management issues, for example; overcrowding, obsolescence, vacancy, dwellings requiring upgrade or renovation, etc.

Local authorities can access high level information about all of the housing stock in their local authority from the Census and data is provided on the centralised repository. Where further information can be sourced on a local authority level about the general stock, this should also be used. Local authorities are encouraged to begin building a comprehensive picture of the entire housing stock in their area over time.

In relation to social housing, a comprehensive stock profile can help local authorities better manage existing housing need through better use of existing stock. It should detail housing issues faced by **existing** tenants that could be addressed by managing **existing** stock via transfers, improving housing conditions and reducing overcrowding.

While local authorities will have a profile (to varying degrees of detail) of their own stock and should also be able to obtain detailed stock information from Approved Housing

Bodies operating in their functional area, detailed information on other types of housing is likely to be less available and take some time to build up.

When a sufficiently detailed database has been built up as to the type, size, condition and usage of houses in the area, local authorities will be in a position to more accurately assess the size and type of additional housing that is required.

In the absence of a detailed house condition survey, it remains challenging to provide information around the condition of the non-social housing stock, such as dwellings in urgent disrepair, dwellings below tolerable standards and those failing an agreed housing quality standard. Local knowledge of the housing stock is vital here and may fill in some of the gaps. Some information on the type, size and condition of stock in the administrative area will be available to the local authority arising from inspections of private rented houses that it has carried out, whether for the purpose of the HAP and RAS schemes or its functions under the Housing (Standards for Private Rented Houses) Regulations. Other information would be available from the forms completed by applicants for social housing and inspections carried out in relation to those applications.

Where possible, available measures such as social housing transfers, stock adaptations or improvements or housing management solutions should be considered first and foremost, before inclusion in the existing unmet need part of total estimated need. In other words, if people can be accommodated in existing stock by improving dwelling standards or bringing vacant homes back into use for instance, then this should be considered as well, because it will reduce overall estimated housing demand.

A Housing Stock Profile should:

- Consider stock in terms of size, type, condition, occupancy (overcrowding and under occupancy), voids, tenure type and location
- Consider stock pressures and stock that will no longer be suitable for use due to type, location or condition
- Identify what existing stock is available to meet local housing need and identify any under supply or surplus of housing types
- Show where existing housing stock is pressured and could be managed differently to meet housing needs
- Identify where housing needs could be met through better use of existing stock.

Housing Stock Profile Methodology

- Identify the data sources required and the geographic area that applies if local data at a more granular level is being used, e.g. town or village
- Gather local data and compare and cross check this data with national level data sources where available
- Tabulate or chart the data in order to identify the trends over time so as to project into the HNDA timeframe
- Use this collated data to identify existing need that will have to be addressed through additional housing units
- Use the conclusions drawn from the analysis of the housing market drivers already carried out to identify impacts on the future profile of the housing stock required.

Key Issues

Similar to the discussion on key market drivers, a key issues summary of the housing stock profile and pressures should be compiled to reflect some of the issues that have an actual or potential impact on the housing stock profile or will need to be addressed. Table 2 provides a template. Examples of what to include in the key issues summary are identification of areas where housing stock pressures are high or where housing quality is poor and needs attention. This information feeds into the development of the local Housing Strategy aimed at addressing the assessed need that is the outcome of the HNDA exercise.

Table 2: Key issues template - housing stock profile

Area of interest	Key Issues Identified
Housing quality	1.
	2.
	3.
Housing stock pressures	1.
	2.
	3.
Size, type, tenure and location of future planned social housing supply	1.
	2.
	3.
Sustaining communities e.g. planned projects using tenure diversification/ regeneration	1.
	2.
	3.

2.3 Compiling Section 3 re Estimating Additional Homes Required using the HNDA Tool

The customised HNDA Tool for use by local authorities in estimating additional homes required by tenure was developed in collaboration with the Scottish Centre for Housing Market Analysis. A technical guide to its use accompanies this guidance. The Tool is an Excel based system with macros running in the background into which local variables can be entered and it can then be run to produce the demographic housing demand by tenure type.

This output then has to be combined with local authority data on house type and condition and specialised housing need within its functional area from which to derive the detailed breakdown of total housing demand over the projected timeframe.

The ESRI was tasked with providing a nationally integrated and standardised evidence base for local authorities to estimate overall housing demand. The resulting ESRI research paper is based on an updated econometric and demographic projection model, published by the Institute in December 2020.

The ESRI research model enables structural household demand levels for each local authority area to be set out under different scenarios for each year to 2040, thereby facilitating utilisation by planning authorities for their six-year city and county development plan cycles and their Housing Strategy/HNDA preparation processes. These scenario datasets have been inputted into the HNDA Tool as well as the ESRI's household projections for each local authority and data on income, rents and house prices from a number of sources.

Default core settings within the Tool reflect the prevailing state of the housing market. It includes some user-defined scenarios for projected income growth, income distribution, house price growth and rent growth and these allow for quick scenario testing by providing live updates. It is designed to produce a range of broad housing estimates broken down into 4 tenure types; owner occupation, private rented sector, social rented and, where applicable to the local authority, affordability constraints (requiring cost rental/affordable purchase).

Local authorities are obliged to run the scenario that uses the default core settings and may also run as many other scenarios as they choose.

2.3.1 HNDA Tool Data

There are five broad data categories that are populated within the HNDA tool:

I - Demography: household projections to 2040

Data on demography provided by the ESRI is based on assumptions relating to mortality (CSO national and regional projections) and fertility (low variant assumption used by the CSO applied proportionally to all counties) as well as internal and international migration and the temporal horizon runs to 2040. This provides population projections by single

year of age at local authority level and authorities can choose between five different international migration scenarios:

- **Convergence** scenario (**default** scenario): 50:50 city scenario adjusted for new housing supply since 2017, and to facilitate convergence to NPF strategy per the section 28 Planning Guidelines '**Housing Supply Target Methodology for Development Planning';**
- **50:50 city** scenario population increase roughly equally split between the East and Midlands regions and urban areas/cities in the rest of the country and allows for a more even spread across the country;
- **Baseline**, based on net international migration declining linearly from +33,700 in 2019 to +15,000 by 2024 and remaining constant thereafter;
- **High migration**, based on net international migration of +30,000 in 2020 and remaining constant thereafter; and
- **Low migration**, based on net international migration dropping to +5,000 by 2022 and adjusting towards the baseline scenario over the following years.

The default population projection scenario is the Convergence scenario, which when combined with the default assumptions around Existing Need is consistent with the 'Housing Supply Target Methodology for Development Planning, Guidelines for Planning Authorities' issued under section 28 of the Planning and Development Act 2000 in December 2020.

The Guidelines are designed to assist planning authorities in appropriately integrating the strategic national and regional population parameters in the NPF and Regional Spatial and Economic Strategies into their statutory planning processes, such as the preparation of their Development Plan and Housing Strategy as informed by the HNDA process. The issued housing supply targets, quantified as the overall number of housing units to be planned for in the development plan process of each local authority, provide a path for local authorities to progress the Development Plans currently being prepared, prior to the development of expertise and practice in applying the HNDA methodology. The issued targets and the total demand and supply parameters used within the HNDA Tool share the same underlying statistical basis and are consistent.

II - Homeless households and unmet demand

Data on homeless households inputted to the HNDA Tool is sourced from the Department and data has been obtained from a special CSO tabulation[3] using the Census question on household composition to estimate the number of households that may be involuntarily sharing accommodation. The Tool allocates the resulting total for unmet need as requiring social housing spread evenly over the next 10 years.

III - Income data

Income data is taken from the CSO's most recently published detailed information on gross household income at local authority level that allows access to detailed income distribution data based on any breakdowns that are provided in normal Census outputs. The CSO link the Census data with Revenue and Department of Social Protection files

[3] Included in the Data Catalogue repository at https://www.gov.ie/en/publication/eaa99-housing-need-and-demand-assessment-hnda/

to create a breakdown of the gross household income distribution by local authority from which the income of all households can be interpolated. The data is based on the most recent available Census and forecast to 2019 using county incomes from national accounts and data from the CSO's Earnings and Labour Costs Annual Data. In the default scenario these income distributions are assumed to grow uniformly at 2% per annum.

IV - House price data

House price data is taken and aggregated at periodic intervals from the CSO's monthly residential property price index, which provides data at local authority level in terms of 25th percentile, mean, median and 75th percentile dwelling prices, as well as value and volume data. In the default scenario these prices are assumed to grow uniformly at 2.25% per annum.

V - Private market rent

Data provided by the RTB on the rental market for two bedroom properties at local electoral area (LEA) level has been aggregated to local authority level. The Tool contains both mean and median rent, as well as the 30th percentile, calculated from the raw data. The benchmark rent used in the Tool is the median rent for two bedroom properties. In the default scenario rents are assumed to grow at the same rate as house prices.

2.3.2 Breakdown of Estimated Need by Tenure

The Tool is designed to produce a range of **broad** housing estimates broken down into 4 tenure types:

- Owner Occupation
- Private Sector Rented
- Social Rented; and
- Affordability Constraint.

The 4th affordability constraint category will only arise in certain local authorities where the levels of income required to purchase or rent the relevant threshold dwelling are both higher than the applicable social housing eligibility threshold. In such cases, some households will require an affordable solution, whether affordable purchase or cost rental.

The tool first calculates the number of households that can be expected to purchase a dwelling each year. It assumes that 70% of those (at or above the gross income which multiplied by 3.9 exceeds the 25th percentile house price) who can afford to purchase a house will go on to do so per annum.

Eligibility for social housing is based on income net of tax, PRSI and USC and on the relevant net income band amount of €25k, €30k or €35k[4] applicable to the local authority. The Tool uses national data on taxes payable to estimate an average conversion factor for all levels of net income to gross income[5].

The allocation to the private rented category is based on 35% of the household income

[4] While there is scope for increasing the income limits somewhat based on household composition, the Tool does not cater for this aspect.

[5] Note: Used to convert to a gross value median private sector rent in each LA when equated to a net income based on the 35% rule, as well as to move between gross and net income required for each of the social housing income eligibility bands.

being greater than the median rent value converted to an equivalent gross income (e.g. median monthly rent of €1,175 = yearly rent of €14,100 – if that represents 35%, 100% = €40,286, which equates to a gross income of €50,096 or more if median rent is to cost 35% or less of net income). That result includes the cohort that would be able to afford house purchase, so the number of households allocated to the private rented category will be the difference between the number for which median rent is less than 35% of net income and the number who can afford to purchase, plus the 30% of potential purchasers assumed to stay renting.

If the rental threshold is higher than the purchase threshold, then no additional private renters are allocated beyond the 30% already computed.

Residual households requiring affordable solutions because their income does not fit within the parameters of the social housing, house purchase or private rented categories, will be allocated to the 4th 'affordability constraint' tenure type, in the case of those local authorities where this arises.

2.3.3 Tool Scenario Options

The following table gives an overview of the assumptions that can be altered within the HNDA Tool.

Stage	Scenario	Assumptions
1 - Household Projections	Household Projection	Use ESRI Household Projections **Convergence Scenario**, 50:50 City Scenario, Baseline Scenario, High Migration Scenario, Low Migration Scenario, Local Authority own Scenario(s)
	Household Growth Adjustment	Used/**Not Used**
2 - Existing Need	Affordability filter switched off	**All need goes to social rent**
	Own existing unmet need figures	**Homeless households and unmet demand**
	Years to clear need	**10 years**
	Use affordability model to assign need; affordability filter switched on	Apportion need across all applicable tenure types
3 - Income, Growth & Distribution	Income data	Based on last CSO Geographical Profiles of Income in Ireland
	Growth in median income scenario	Modest real growth (3.5%)
		No real growth (2%)
		Below real growth (0.5%)
	Change in income distribution	Greater equality
		No change
		Greater inequality
4 - Prices and Affordability	House price scenario	Strong growth (6%)
		Modest growth (4%)
		ESRI Projection (2.25%)
		Weak growth (2%)
		Flat/Unchanged
	Dwelling price percentile	25%
	Income ratio	3.9
	Rent growth	Strong growth (6%)
		Modest growth (4%)
		ESRI Projection (2.25%)
		Weak growth (2%)
		Flat/unchanged
5 - Split Need into Tenure	Proportion of market who buy	**70%**
	Upper income-to-rent threshold	**35%**
	Social Housing Uptake percentage	**100%**

Note: Default settings are highlighted in bold.

As the purpose of the HNDA is to provide an evidence base for the policies to be included within the Housing Strategy, which influences the Development Plan, it must be robust and credible. The methodology followed and the decisions taken as to the assumptions used in preparing the HNDA must therefore be capable of standing up to appraisal. They must be clearly described in this section of the HNDA, including the rationale applied to deciding on the scenarios used in running the HNDA Tool. The default scenario should always be run so the other scenarios chosen can be compared and contrasted with it.

The scenarios chosen in running the HNDA Tool should reflect the local authority's best estimate as to own existing need figures and what may happen to future household formation, local house prices, rents and incomes. The choice of scenarios must be consistent with the characteristics and trends of the local housing market that have been identified for the HNDA.

Assumptions must be coherent, consistent and clearly supported with as much data as possible.

While local authorities are certainly encouraged to test different assumptions to evaluate the impact on overall housing estimates, they should bear in mind that the chosen default scenarios will for the most part represent a general current outlook with regard to wider economic, affordability and demographic trends.

Unless local authorities can present strong evidence that would suggest departure from the default options, they should opt for the default scenarios provided.

Decisions taken to vary the default values in the tool should be fully recorded within the HNDA assessment with a complete rationale provided for the choice of any alternative value used. In particular, chosen scenarios should be internally and externally consistent, e.g. it would not be credible to combine assumptions about income and dwelling prices that are not consistent, or for each of two neighbouring local authorities to assume a higher household projection than the ESRI default on the basis of expected migration from the other authority.

It is fully acknowledged that the knowledge base and expertise in conducting HNDAs will develop over time and that the initial assessment will be in the nature of a trial run and will be a less sophisticated exercise. However, even in the initial iteration of HNDAs, it will still be necessary for a local authority to be able to document why it deviated from the default scenarios incorporated in the Tool.

A sample template to show a summary of the results from running different scenarios in the Tool is overleaf.

HOUSING NEED AND DEMAND ASSESSMENT Key Findings Template: Estimate of Additonal Future Housing Units					
Total households with **existing need (net)**		Number of years to clear existing need			
	CONVERGANCE SCENARIO	50 50 CITY	BASELINE	LOW MIGRATION	HIGH MIGRATION
Total number of new **households over the projection period**					
HNDA Projection Period	20 - 20				
Total households over the projection period who can afford	**SCENARIO 1**	**SCENARIO 2**	**SCENARIO 3**	**SCENARIO 4**	**SCENARIO 5**
OWNER OCCUPATION					
PRIVATE RENT					
AFFORDABLE CONSTRAINT					
SOCIAL RENT					
TOTAL ADDITIONAL FUTURE HOUSING UNITS					

2.4 Compiling Section 4 re Specialist Provision

This part of the HNDA deals with the assessment of need for specialist provision for households requiring a specific housing solution suited to their needs that addresses sometimes complex issues around disability and health, ethnic status, etc.

Specialist provision refers to three broad categories, which in turn cover six types of housing related provision aimed at supporting independent living and allowing people to live well and with dignity. It is recommended that, where relevant to the type of housing provision under consideration, HNDA practitioners engage with health and social care workers to share evidence, identify needs and jointly plan for the **scale** and **type** of specialist provision solutions across social care, health and housing.

The number of households with a housing requirement should be identified for the following categories of specialist need:

- Older people
- People with a disability
- Homeless
- Travellers
- International protection applicants
- Students.

Table 3: Specialist provision categories

Category of housing need	Type of housing provision
Property Needs	1. Accessible housing
	2. Adapted housing
	3. Temporary housing e.g. students, international protection applicants
Care and Support Needs	4. Supported provision, e.g. care homes, sheltered housing, hostels and refuges
	5. Care/support services for independent living
Locational or Land Needs	6. Site provision e.g. sites/pitches for Travellers, locations near colleges for student accommodation

The following types of specialist provision should be considered and recorded in the template shown in Table 4: accessible and adapted housing, housing suitable for wheelchair users, non-permanent housing, supported provision, care and support services for independent living at home and site provision.

Table 4: Specialist Provision template

Required for HNDA	Accessible and Adapted Provision
National policies	
Local policies/strategies	
Property needs	e.g. low level appliances, stair rails, barriers free, wide doorways, sheltered housing, housing with care
Suitable for	e.g. people with limited mobility and/or dexterity, who need low level care
Evidence	1. Current type/level of needs/provision
	2. Gaps/shortfalls in needs/provision
	3. Future type/level of needs/provision
External stakeholder consultation & engagement	Who was consulted? How was consultation undertaken? Findings?

Having collated and considered the available information on the foregoing categories of specialised need, housing authorities should estimate the total specialist need in their area, in terms of numbers and types of housing required to meet that need, which is expected to arise over the period of the HNDA.

Housing Market, Stock and Specialist Housing Data Sources

3 | Housing Market, Stock and Specialist Housing Data Sources

3.1 Housing Market Data

In relation to household projections, further analysis in terms of household type and composition, as well as size and changes in the age of heads of households, is recommended using the data by single year of age for each local authority available from the breakdown by local authority of the ESRI projections. The sections below outline broadly the data that is available. For more specific definitions of the data that has been provided, please refer to the Excel Spreadsheet and the associated Data Catalogue.

With regard to economic trends, data on **employment by broad industrial group** at the local authority level is available only from Census. The latest **Pobal HP Deprivation Index** shows the level of overall affluence and deprivation at the level of small area and local authority in 5 yearly intervals starting from 2006. It can be downloaded free of charge and contains valuable information about the index itself, as well as data on population, age dependency and lone parents ratios, unemployment rates and education levels of the workforce among others[6]. **N.B. Each local authority will need to ensure that it has a licence to use this data. These licences can be acquired by contacting Pobal.**

The HNDA involves looking at data relevant to accessing the different housing tenures and the extent to which they are **affordable**. Information at the local authority level on private house sales and rents, social rents, new dwelling construction and income data are of vital importance to that consideration.

CSO data on **house prices**[7] in terms of volume and value of sales, as well as mean and median prices, new build or second-hand status and type of buyer (first-time, previous buyer or non-occupier) should be used here to compare the ratio of median and lower quartile (25th percentile) house prices with the ratio of median and lower quartile income, to sense check whether house prices have become more or less affordable over time. Data available through the HNDA Tool includes ESRI house price forecasts.

Local authorities may also consider the impact of any measures in place to alleviate the issue of higher house prices.

As the number of first-time buyers make up a large cohort of the house purchase category, available CSO data on the number per local authority is relevant to housing need estimation by tenure type.

The RTB produces quarterly statistics on the **rental market**, including a breakdown by property type and number of bedrooms, and the average rent dataset breakdown by area can be accessed via the CSO's data portal. Information on local rents should also

[6] Haase, T. and Pratschke, J. (2017) The 2016 Pobal HP Deprivation Index, accessed at www.trutzhaase.eu: http://trutzhaase.eu/deprivation-index/the-2016-pobal-hp-deprivation-index-for-small-areas/

[7] Note: Filings rather than executions should be used when accessing CSO monthly house price data because although filings represent administrative activity only, they are not subject to revisions and therefore serve as a useful lead indicator for broader developments in the residential property sector.

be available to the local authority from its involvement with the Housing Assistance Payment scheme. Data on income should again be used to compare the ratio of average and median rent with the ratio of average and median income to sense check whether rents have become more or less affordable over time. Data available through the HNDA Tool includes ESRI rent forecasts, which match house price forecasts on the assumption that, over the long run, rental and house price growth would converge.

Data on **income** available through the HNDA Tool is extracted from the CSO's release on Geographical Profiles of Income in Ireland and is based on Revenue data of earned income, defined as annual gross earnings from employee income and self-employed trading income before deductions such as tax and PRSI and unadjusted for hours and/or weeks worked. The data relates to incomes in 2016 and is adjusted using national accounts (County Income and Regional GDP) and data from the CSO's Earnings and Labour Costs Annual Data.

In addition to the national data sources referred to, there may be local data that local authorities would like to use in respect of particular issues that are unique to their circumstances. This is valid where it contributes to the overall understanding of what drives their local housing market. The use of such local data should be clearly indicated, along with the rationale for its use.

3.2 Housing Stock Datasets and Sources

The data on the housing stock at a national level, available from the links to available CSO PxStat provided on the HNDA area of the Department's website, can be replicated for a given local authority by choosing the relevant area from the drop-down menu. In some instances, it is possible to cross-tabulate the data for additional insights. For example, the data on households by dwelling type may be cross-tabulated against the nature of occupancy to identify the different house types by nature of occupancy for each local authority. The available Census information on the housing tenure breakdown by local authority is crucial, as it functions as a sense check on the HNDA Tool estimates of demand broken down by tenure, because past patterns can be a good predictor of the future.

The Census is the only available comprehensive data source on dwelling size, which is relevant to assessing the level of overcrowding or of sharing by households that may be involuntary. Overcrowded accommodation is one of the basis of need included in the annual Summary of Social Housing Assessments in relation to social housing applicants in each local authority area. As mentioned, the estimate of existing unmet need included in the HNDA Tool is derived from Census data on the number of rooms and persons per dwelling cross tabulated with the household composition. While limited information is available from the Census on the numbers of rooms within all types of dwellings, it is expected that local authorities should have access to, and an ability to store, this information, together with data on the house condition and facilities, in respect of their own social housing stock and private rented stock that has been the subject of an inspection arising from the local authority's functions. The Building Energy Rating database that commenced in 2015 is an additional and growing source of information about the housing stock, including floor area and year of construction, as well as information about the energy characteristics.

While Census data is available on the level of vacancy, it should be used with caution because all dwellings that are unoccupied on Census Night are treated as vacant, regardless of the reason. It is a point in time measure and reasons for the vacancy are collected for a portion of vacant units only. The ESRI data populating the HNDA Tool accounts for obsolescence in its projections.

3.3 Specialist Provision Data Sources

While data sources on specialist provision may not be readily available, there are some key data inputs that should be considered. Note that the term 'evidence' should be regarded in a much broader sense for this aspect of HNDA, as it not only includes statistics and quantitative evidence, but may also expand to cover research, policies and strategies – both locally and nationally. If there are gaps in the data, they should be listed, along with a timeline for how they will be addressed going forward and how they will be used to inform housing policy and land use in the local authority area.

Older People

The annual Summary of Social Housing Assessments counts the numbers of persons aged 60-69 and 70+ who have been assessed as eligible for social housing supports. The Summary further classifies those persons in these age groups who are over 65 and require specialist older persons' housing. While this is good data insofar as it allows the local authority to see the numbers needing accommodation at the date of assessment, it does not indicate the level of supports that are required, or that may be required in the future by this age group, which could range from minimal to high.

More granular data in relation to this group, and to the housing needs of older persons generally, is now available to local authorities at local level through the Age Friendly technical advisers who are now working in each local authority as an element of the joint policy statement Housing Options for our Ageing Population (2019). Their input into the

housing of older persons, including in relation to forward planning in the Development Plan, in combination with the other mapping measures[8] provided for in the joint statement, will provide improved data on this group.

The overall objective of the joint policy statement is to put in place a set of 40 tangible, time-bound actions, to achieve a more evidence based, integrated system of mapping and delivering housing for older people, with health supports where required.

People with a Disability

The annual Summary of Social Housing Assessments counts the numbers of persons with a disability who are assessed as eligible for social housing supports and, in addition, further categorises those who are seeking specific accommodation based on that disability. There are four categories of disability that are reported; physical, intellectual, sensory, mental health. A further category is listed as 'other form of disability' that covers disability not conforming to the other categories.

More detailed data is available in each local authority's Housing and Disability Strategic Plan that must be completed every five years under the National Housing Strategy for People with a Disability. The Plans identify the housing needs of people with a disability and provide the local authority and other housing providers with information to help inform and guide the provision of suitable housing options for this group over the five-year period.

The Plans are drawn up by the local authority Housing and Disability Steering Groups (HDSGs), which are led by the local authority Director of Housing Services and includes representatives from the Health Service Executive and disability organisations. These Plans facilitate better coordination and delivery of housing and related support services to people with disabilities and support and enhance the established local interagency structures that provide health supports.

The Health Research Board also collates data in relation to emerging housing need of persons with disabilities and the Housing Agency is examining how best to utilise this data vis-à-vis the Housing and Disability Strategic Plans.

Homeless persons

Decisions on the range of emergency accommodation services required are a matter for individual local authorities in consultation with the Statutory Management Group of the relevant regional joint Homelessness Consultative Forum. A Management Group is in place for each homeless region, comprised of representatives from the relevant housing authorities and the Health Service Executive. The Management Group is responsible for considering the need for homeless services and the planning, implementation, funding and coordination of such services.

The Pathway Accommodation & Support System (PASS) is the single integrated national data information system on State-funded emergency accommodation arrangements for homeless people and is overseen by housing authorities. PASS is a primary source of data available to local authorities to assist in estimating future homeless housing need as part of a HNDA, as it gives the number of individuals accommodated in emergency accommodation over the most recent designated survey week.

[8] Including the putting in place of a GIS mapping tool

The annual Summary of Social Housing Assessments is a further source of information on the number of households categorised as living in a hostel or as homeless but not living in emergency accommodation.

Travellers

Local authorities are statutorily required, following a consultation process with all relevant stakeholders, to prepare, adopt and implement 5-year rolling Traveller Accommodation Programmes to meet the existing and projected accommodation needs of Travellers in their areas. In adopting Programmes, authorities consult widely with the Traveller community, Traveller representative groups, relevant public bodies and the general public.

The Programmes should identify how it is proposed to meet the identified need from the range of available options, i.e. standard local authority housing, Traveller-specific accommodation, private housing assisted by the local authority or voluntary organisations, private rented accommodation or through own resources, having regard to the expressed preferences. In this regard, the annual Summary of Social Housing Assessments includes data on the numbers of social housing applicants with a requirement for Traveller-specific accommodation.

Local Traveller Accommodation Consultative Committees, comprising Travellers and Traveller representative groups, elected members of the local authority and local authority officials, are in place to advise on local matters relating to Traveller accommodation and to liaise between the Traveller community and the local authority on accommodation issues. The "Annual Estimate"[9] of Traveller families living in the local authority area, conducted on the last Friday of November each year, should also provide a useful indication of the housing situation of Traveller families and can be used to track changes in that position year on year.

International Protection Applicants

Information on non-permanent housing required for international protection applicants may be obtained from the International Protection and Accommodation Service (IPAS) who publish statistics on the occupancy rate of their accommodation centres. Applicants are accommodated in IPAS Direct Provision centres or emergency accommodation sourced by IPAS while their applications are processed. Residents of IPAS accommodation who have been granted status or permission to remain have the same access to housing supports and services as Irish and EEA nationals. Refugees under the Irish Refugee Protection Programme (IRPP) are accommodated initially in Emergency Reception and Orientation Centres before being resettled by those local authorities working with the IRPP.

[9] https://www.housing.gov.ie/housing/special-housing-needs/traveller-accommodation/traveller-accomodation-statistics

HNDA Output

4 | HNDA Output

The output from the housing need and demand assessment is a document that brings together:

- a summary of how the HNDA was developed and progressed, the selected time period and details of consultations with relevant stakeholders,
- the compiled demographic, affordability and wider economic trends data and information compiled for the key issues template on housing market drivers for the local authority area,
- the collated data on housing stock in the local authority area and the compiled summary of the housing stock profile and pressures reflecting the key issues identified as having an actual or potential impact on the housing stock profile or that will need to be addressed,
- the estimates produced by the Tool of annual housing need for the local authority area broken down by the number of households in each category of tenure based on the scenarios used in the Tool,
- a description of any departure from the default settings within the Tool and the rationale for doing so based on the particular circumstances of the local authority area,
- the collated information on the specialised categories of housing need and the estimate of total specialist need likely to arise over the period of the HNDA in the local authority area, in terms of numbers and types of housing required to meet that need.

The completed HNDA should be signed off by both the Director of Housing and the Director of Planning of the local authority. A copy of the completed HNDA should be sent to the Department's HNDA email address; **HNDASupportQueries@housing.gov.ie**.

HNDA and Housing Strategy Formulation

5 | HNDA and Housing Strategy Formulation

5.1 How does the HNDA inform the Housing Strategy

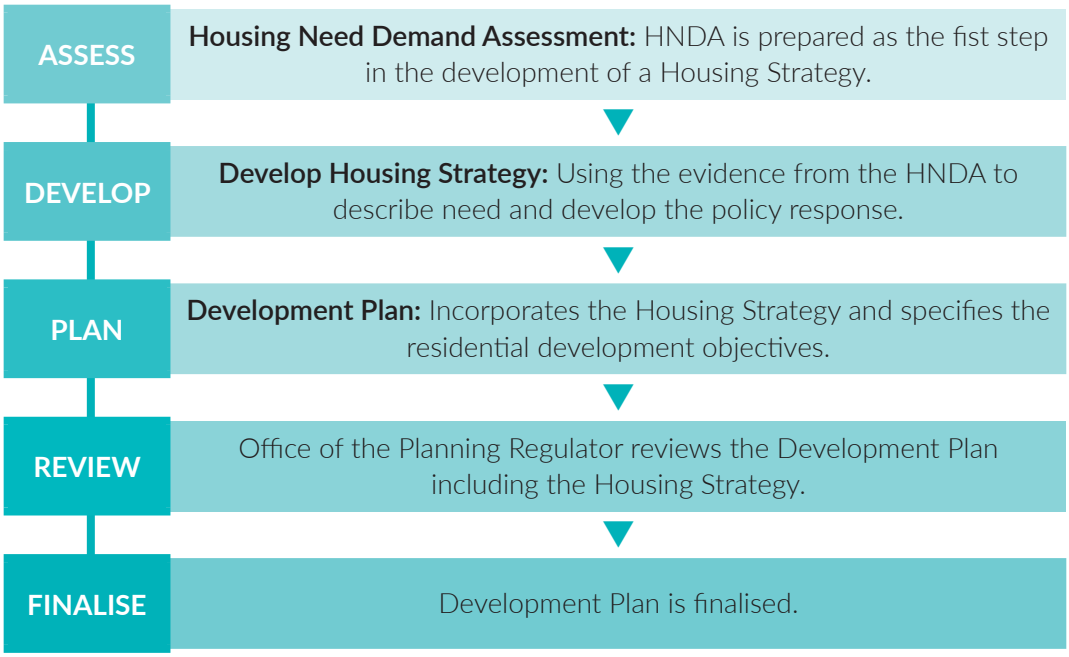
The Housing Strategy must include measures that address the housing needs of the existing and future population of the area covered by the strategy. It should provide for more sustainable patterns of development by ensuring that as far as possible housing development is designed and located so as to make full use of public transport and to give access to education, employment, health and other services. In terms of catering for the housing needs in the area through the Housing Strategy, the zoning and servicing of land and other means of ensuring housing supply through brownfield redevelopment, building re-use and rural housing, there is a hierarchy and sequencing that should be followed by the local authority, viz.

- conduct the HNDA to estimate the overall housing need
- determine the amount and type of that estimated need that should appropriately be met and where it should be met within different catchment areas in the context of a long-term strategy, as well as over the period of the Development Plan
- in the case of Development Plans under preparation at the time of issue of this guidance, use the methodology outlined in the December 2020 'Housing Supply Target Methodology for Development Planning' guidelines to determine annual housing demand for the 6 years of the Plan
- ensure that there is a sufficient supply of zoned land and other options available to meet identified need and ensure that it is provided in appropriate locations to meet the demand
- set out housing policies that include specific objectives in the Plan, reflecting the need of different areas assessed in the strategy to ensure that the necessary social and affordable housing will be provided for.

While a key objective of the Housing Strategy is to ensure that there is enough zoned land to meet existing and anticipated needs, local authorities should also ensure, based on the analysis carried out for the HNDA, that there is an appropriate mix of dwelling types and sizes to cater for a range of housing needs.

The strategy is required to encourage the development of mixed and balanced communities in order to counteract undue social segregation.

To this end, the strategy should set out local social and affordable housing policies that are designed to encourage the provision of a range of housing types and sizes that meet the different demands of the market as identified by the HNDA, having regard to expected demographic and social changes, including the needs of first-time buyers and also the needs of other currently underprovided households, such as single persons, persons with disabilities, the elderly, modest income households, etc. The strategy must set out the target need out of that identified by the HNDA that is to be met over the timeframe of the Development Plan.


ASSESS
Housing Need Demand Assessment: HNDA is prepared as the fist step in the development of a Housing Strategy.
DEVELOP
Develop Housing Strategy: Using the evidence from the HNDA to describe need and develop the policy response.
PLAN
Development Plan: Incorporates the Housing Strategy and specifies the residential development objectives.
REVIEW
Office of the Planning Regulator reviews the Development Plan including the Housing Strategy.
FINALISE
Development Plan is finalised.

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