



Comhairle Contae Thiobraid Árann  
Tipperary County Council

# Tipperary County Development Plan 2022 – 2028

## Appendix 1 County Housing Strategy



# 3

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# Shaping Our Future



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## 1.0 Introduction

This County Housing Strategy, hereafter referred to as ‘the Strategy’ has been prepared in accordance with the Planning and Development Act, 2000 (as amended) (the Planning Act). In accordance with the Part V of the Planning Act, each planning authority is required to include a strategy to ensure that the housing needs of the existing and future population in the area of the development plan is provided for in the manner set out in the Strategy. To ensure that the overall supply of housing is sufficient to meet planned population growth, the Strategy seeks to:

- (a) Ensure that there is an appropriate mixture of house types and sizes to meet the needs of the households in the county.
- (b) Ensure that affordable housing is available for people on different income levels.
- (c) Meet the social housing needs of county Tipperary.

This Strategy informs the Settlement Strategy for the Tipperary County Development Plan 2022 – 2028 (the Plan). It will ensure sufficient availability of land and sites for housing, and provide clear direction in terms of housing need, thereby supporting the delivery of sustainable and affordable housing and communities.

### 1.1 Housing Needs Demand Assessment

The management of the future location, typology and tenure of housing is a key function of the Strategy and requires a robust evidence base; therefore, a Housing Needs Demand Assessment (HNDA) is integral to this Strategy. The requirement for a HNDA is set out in the National Planning Framework (NPF) National Planning Objective P037. HNDA has been prepared to inform this Strategy in line with Circular 14/2021 HNDA and ‘Guidance on the Preparation of a Housing Need and Demand Assessment’ (DHLGH, April 2021). The HNDA has applied the methodology outlined in the ‘Housing Supply Target Methodology for Development Planning’ guidelines (DHLGH, December 2020) to determine annual housing demand (refer to Appendix 2). The HNDA process follows the format as suggested by the Guidance on the Preparation of a Housing Need and Demand Assessment’ (DHLGH, April 2021) and is set out over 5 Sections;

1. Key Housing Market Drivers
2. Housing Stock Profile and Pressures, Existing Need and Management Issues
3. Estimating Future Housing Need and Demand
4. Specialist Provision
5. Conclusions

Section 3 of the HNDA ‘Estimating Future Housing Need and Demand’ is supported and informed by a detailed ‘Supplementary Analysis of Housing Affordability in Tipperary’ (prepared by KPMG

Future Analytics in October, 2022 on behalf of Tipperary County Council) and attached as Appendix 5 to this Strategy). The conclusions from the HNDA process informs the policy approach to housing as set out in the Plan.

## 1.2 County Housing Requirement and Core Strategy

The Core Strategy of the Plan set out in Chapter 2 Volume 1 (see Table 2.4) sets out projected population demand over the lifetime of the Plan, and the corresponding amount of new housing that will be required in order to address this demand. These projections were prepared in accordance with the NPF Implementation Roadmap (DHPLG, 2018), and are tailored to reflect the particular challenges in supporting population growth and housing delivery in Tipperary. The settlement strategy set out in Chapter 4 Volume 1, addresses where housing will be provided in line with the settlement hierarchy for the county.

This Strategy considers the overall demand for housing (including social and affordable housing demand) in terms of the nature of housing required, and the housing types etc that will be necessary to provide housing for an inclusive and sustainable society. In this respect there is a clear overlap between the core strategy, settlement strategy and the housing strategy as follows;

- (a) The Core Strategy and settlement strategy set out the where housing will be delivered along with amount of land required for housing, ensuring phased delivery of services, including water, wastewater and transport in delivering housing on such lands,
- (b) The housing strategy and HNDA provide an evidence base for the formulation of housing policy and the delivery of housing across all tenures and typologies in accordance with statutory guidelines.

This Strategy has considered a range of data sources, including national data and the sources of information as listed in the Guidance on the Preparation of a Housing Need and Demand Assessment' (DHLGH, April 2021). Data from the Council's own information systems has also been used as appropriate. A list of data sources is set out in Appendix 4.

## 2.0 Policy Context

This Strategy is informed by, and set within the context of a suite of national and regional policy statements and guidance. An overview of the relevant policy context is set out below.

### 2.1 National and Regional Policy and Guidance

#### The National Planning Framework/Project Ireland 2040

The NPF is the overarching policy and planning framework for the social, economic and cultural development of Ireland, including for housing and communities. The NPF outlines the national spatial planning framework for the delivery of housing in Ireland with a focus on compact growth of urban areas and strengthened rural communities. The requirement for HNDA arises from the NPF to support plan-led and sustainable growth and its purpose is to:

- a) Assist local authorities to develop long term views of housing need across all tenures.
- b) 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.
- c) Inform policies about the proportion of social and affordable housing required, including the need for different types and sizes of provision.
- d) Provide evidence to inform policies related to the provision of specialist housing and housing related services.

The National Development Plan (NDP) enables the Land Management Agency, the ‘National Regeneration and Development Agency’ to work with local authorities, public bodies and the business community, to stimulate regeneration and wider investment.

#### ‘Housing for All’ – A new Housing Plan for Ireland

The ‘Housing for All’ Plan (DHLGH, 2021), replaces the ‘Rebuilding Ireland Strategy’ launched in 2016. Housing for All seeks to improve the housing system and deliver more homes, of all types, for people with different housing needs by 2030. Four pathways are set out:

- To support home ownership and increasing affordability
- To eradicate homelessness, increase social housing delivery and support social inclusion
- To increase new housing supply, and
- To address vacancy and efficient use of existing stock

The State intends to spend €4 billion a year to 2030 on various State interventions and capital investments to support a national target of approximately 20,000 homes per year, including 10,000

social housing units, 4,000 homes for affordable purchase 2,000 cost-rental homes and 17,000 private homes. The core strategy target to deliver at least 986 units a year in Tipperary will be informed by the objectives of ‘Housing for All’ in terms of the nature, and type of units to be delivered. In particular, the Housing Authority will be provided with multi-annual targets for social housing delivery, and will prepare a housing delivery action plan (for social and affordable housing) for the next five years.

### **Housing & Sustainable Communities Agency Strategic Plan, Housing Agency 2019**

Sets out how the Housing Agency will support ‘Rebuilding Ireland’ and work with the Department of Housing, Planning and Local Government, Local Authorities, Approved Housing Bodies, the private sector and others in the housing sector to build sustainable communities. The Housing Agency focuses on five interconnecting themes:

- Being a centre of knowledge on housing
- Optimising supply and utilisation of housing
- Understanding housing demand and affordability
- Realising results through our people
- Meeting governance and service commitments.

### **Social Housing Strategy 2020**

The ‘Social Housing Strategy: Support, Supply and Reform’ (DHLGH, 2020) is the Government’s strategy to meet obligations in providing support to people who need assistance in providing a home for themselves. The document sets out three central ‘pillars’ to deliver the Strategy, which include the resumption of direct building of social housing across the state.

**Provision of New Social Housing:** Sets a target for the delivery of 35,000 new social housing units by 2020, through direct provision by local authorities and Approved Housing Bodies.

**Providing Housing Supports through the Private Rental Sector:** Provides housing supports through the Rental Allowance and the Housing Assistance Payment schemes, and through rent supplements.

**Reform Creating More Flexible and Responsive Social Housing Supports:** A range of actions to ensure that social housing supports are responsive to people’s needs, including a new rent framework, tenant purchase scheme and expanded powers to counter anti-social behaviour.



## National Vacant Housing Reuse Strategy 2018 – 2021

The National Vacant Housing Reuse Strategy 2018 – 2021 (DHPLG, 2018) seeks to reactivate recoverable and liveable vacant homes to assist in meeting housing needs, in line with the NPF objectives for the utilisation of existing housing stock and for HNDA. It focuses, on vacant housing, both private and social, and includes vacant individual houses, apartment blocks and individual units within those blocks. Five key objectives set out below:

- Measures to ensure vacant and underused privately owned properties are brought to use
- Measures to minimise vacancy in social housing stock
- Robust, accurate, consistent and up-to-date data on vacancy
- Support to ensure suitable vacant properties held by banks, financial institutions and investors are acquired for social housing use
- Cross-sector relationships/partnerships to address vacant housing.

## National Housing Strategy for people with a Disability

The National Housing Strategy for People with Disability 2011 – 2016 (NHSPWD, 2011) is the broad framework for the delivery of housing for people with disabilities through mainstream housing options. The National Housing Strategy for People with Disability 2011 – 2016 (NHSPWD, 2011) has been affirmed in the Action Plan for Housing, and has been extended to 2020 under Rebuilding Ireland.

## Statement of Housing Options for Our Aging Population, 2020

This is the joint policy by the Department of Housing, Planning and Local Government and the Department of Health, to encourage and facilitate timely planning by older people, to enable them to remain living independently in their own homes and communities for longer. The aim is to provide choice by developing a range of housing options that are suited to elderly needs, so they can plan ahead and choose the right home for them. Two key actions outlined in Rebuilding Ireland:

- 2.18: Policy options for supported housing/housing with care so that older people have a wider range of residential care choices.
- 5.8: Explore ways to promote the availability of stepdown, specialist housing, for older people and incentivise down-sizing, where appropriate.

The policy statement provides a framework by which the Government can facilitate and promote a variety of housing options, including housing with care/supported housing, for older people. It also

identifies a programme of actions required to progress and evolve data gathering, research, policy options, services and departmental and agency collaboration. The actions and policies outlined are supported by Age friendly Ireland and other related initiatives and programmes.

## The Southern Regional Spatial and Economic Strategy

The Southern Regional Spatial and Economic Strategy (Southern Regional Assembly, 2020) (RSES) is the 12-year strategic planning framework to deliver sustainable regional development for the southern region in line with the objectives of the NPF. It sets out two key regional objectives that relate to housing RPO 26: Rebuilding Ireland seeks to support Government policy and targets of the Housing Agency under Rebuilding Ireland: Action Plan for Housing and Homelessness and Local Authority actions that contribute to progress under the key pillars of addressing homelessness, accelerating social housing, building more homes, improving the rental sector and utilising the existing building stock within our region.

## Part V and Supporting Guidance and Legislation

The provision of Part V of the Planning Act (as amended by the Affordable Housing Act 2021) will apply to new private housing development, and social housing and affordable housing (as the case may be). New planning permissions for housing development on land<sup>1</sup> (notwithstanding its land zoning designation) will have a 20% Part V requirement. The Part V delivery options are:

- The transfer of ownership of lands, subject to the planning permission application to a local authority for the provision of social housing remains the default option. The land option must be acceptable to the local authority
- The transfer of ownership to the local authority, or persons nominated, of completed social housing units on the land, subject to planning permission
- The transfer of ownership to the local authority, or person nominated, of completed social housing units on other land, not subject to the planning permission. The developer might have a stock of suitable houses or he/she can simply acquire housing units for such purposes. This allows social housing units to be delivered in a timely fashion in another location, in the event that the development that is the subject of the planning permission does not meet the social housing or mixed tenure needs of the local authority,
- The Part V obligation can now be fulfilled by developers through long term leasing of properties, and,

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<sup>1</sup> The increased obligation of 20% under the Affordable Housing Act 2021, will apply to all land transacted after the new legislation comes in to force, or bought before 2015, where planning permission has not been granted. Current planning permissions and land purchased between 2015 and 2021 will continue at the 10% threshold until 2026, when the 20% threshold will become a requirement for all land regardless of when it was purchased.

- A combination of the Part V options above is also allowed.

Guidelines issued by the Minister for Housing Planning and Local Government under Section 28 of the Act (DHPCLG, 2017), this most recent guideline, deals with specific issues, largely in relation to the making of Part V agreements, having regard to the 2015 legislative changes.

### **Urban Regeneration and Housing Act, 2015 and the Finance Act 2021**

Under the Urban Regeneration and Housing Act, the Council is required to:

- Establish a register of residential and regeneration lands which, in its opinion, were vacant sites during the preceding year.
- Apply a vacant site levy of up to 7% of market value in certain circumstances, to incentivise urban regeneration and housing provision in central urban areas.
- Revise its development contribution scheme to include for retrospective effect where the development or part of the development has not yet commenced.

In line with Housing Policy Objective 15.2 of 'Housing for All', new provisions to activate land for residential purposes will, in due course, replace the Vacant Site Levy as provided for in the Finance Act 2021 (DOF, Revenue Commissioners and DHLGH, December 2021). The Council will continue to support the provisions of the Urban Regeneration and Housing Act 2015, and, in due course, the Finance Act 2021, as part of a vacant property strategy.

### **Planning and Development (Amendment) Act, 2015**

New legislation enacted on 29 December 2015, amended and extended sections of the Planning Acts, with the following key effects:

- Planning authorities are now required to have regard to Ministerial guidelines and specific planning policy requirements in the performance of their functions.
- Streamlining of the assessment of applications for modifications to existing planning permissions for multi-unit housing schemes on foot of new apartment standard guidelines.
- Changes were made to the planning process in respect to strategic development zones (SDZs). If when appealed to An Bord Pleanála, modifications of a material nature are deemed necessary the whole SDZ planning scheme process does not need to start again.
- A planning authority may make an application to An Bord Pleanála for an amendment to a previously approved SDZ scheme which may be under development.

## Planning and Development (Amendment) (Large-scale Residential Development) Act 2021

The Large-Scale Residential Development Act 2001 sets out arrangements for "large scale residential developments", which superseded the Strategic Housing Development process, the provisions of which lapsed on 25 February 2022. The Large-Scale Residential Development Act 2001 inserts a new definition of "large scale residential development" into the Planning Act. Specifically, the Large-Scale Residential Development Act 2001 defines large-scale residential development as:

- A development comprising 100 or more houses
- Development of student accommodation units that includes 200 or more bed spaces
- A development of a combination of student accommodation and houses, where such development includes at least 100 or more houses or 200 or more bed spaces

Planning applications for large scale residential development will be made to the planning authority instead of An Bord Pleanála. Proposed developments meeting the definition of large-scale residential development are required to engage in pre-planning consultation under Section 247 of the Planning Acts, via a request for a 'Large-Scale Residential Development (LRD) Meeting' with the Planning Authority under Section 32 of the Planning Act. The LRD Regulations include a form of request to enter into consultation in relation to a proposed LRD i.e. for both the Section 247 and Section 32 meeting. The relevant pre-planning request form is available on the planning website at [www.tipperarycoco.ie](http://www.tipperarycoco.ie).

### Sustainable Rural Housing Development Guidelines

The Sustainable Rural Housing Development Guidelines (DEHLG, 2005) set out how the Government's policies on rural housing are to be implemented in development plans and in management of development. These guidelines are currently under review and are to be updated having consideration to NPF policy NPO 19 regarding rural area types. The core strategy of the county (Volume 1, Chapter 2) addresses rural area types in Tipperary and 'Areas under Urban Influence'.

### Sustainable Residential Development in Urban areas (DHLGH, 2009)

Guidelines with urban design manual to assist planning authorities, developers, architects and designers in delivering quality residential development building upon the extensive experience gained over recent years - reflecting the changing economic, social and environmental patterns around the country. It is important to note in the context of Tipperary, that specific guidance is also

provided on residential development for smaller towns and villages, acknowledging that different solutions, including those in relation to density, are required to meet different scales and patterns of development.

The objective is to produce high quality, sustainable developments and places where people actually want to live, to work and to raise families and ensure the integration of schools, community facilities, employment, transport and amenities with the housing development process in a timely, cost-effective way.

### **Urban Development & Building Height Guidelines for Planning Authorities (DHLGH, 2018)**

National planning policy guidelines on building heights in relation to urban areas, as defined by the census, building from the strategic policy framework set out in Project Ireland 2040 and the NPF. To consolidate and strengthening the existing built up area of towns, reduce pressure on greenfield sites and to support innovation in urban design and architecture. These are of relevance to the 12 towns of Tipperary as identified in the Core Strategy.

### **Quality Housing for Sustainable Communities, Best practice guidelines (DEHLG, 2007)**

National policy guidelines that set out measures to promote better homes, better neighbourhoods and better urban spaces and set out design features, requirements and standards important in the design of housing.

### **Design Manual for Urban Roads and Streets (DTTS & DECLG, 2013)**

The manual seeks to address street design within cities, towns and villages and is therefore important to quality of life in Tipperary's towns and villages. It sets out an integrated design approach to balance the needs of all users including pedestrians, cyclists and drivers. A further aim is to put well-designed streets at the heart of sustainable communities creating connected physical, social and transport networks as real alternatives to car journeys, such as walking, cycling or public transport.

### **Sustainable Urban Housing: Design Standards for New Apartments Guidelines for Planning Authorities (DHLGH, 2018)**

The Sustainable Urban Housing: Design Standards for New Apartments build on the content of the 2015 apartment guidance, much of which remains valid, particularly with regard to design quality safeguards such as internal space standards for apartments, internal storage and amenity space. The main difference relates to the need to move towards higher density and more sustainable forms of living within Ireland's urban areas, to which apartment living is deemed

essential as it is “critical to ensure that apartment living is an increasingly attractive and desirable housing option for a range of household types and tenures”.

### **Sustainable Residential Development in Urban Areas, Guidelines for Planning Authorities (DHLGH, 2009)**

The main objective of these guidelines is to produce high-quality sustainable developments through providing a spatial planning framework for:

- Quality homes and neighbourhoods;
- Places where people actually want to live, to work and to raise families; and,
- Places that work -and will continue to work – and not just for us, but for our children and for our children’s children.

The guidelines state that sustainability is about the integration of schools, community facilities, employment, transport and amenities with the housing development process in a timely, cost-effective way. The aim of the guidelines is to set out the key planning principles which should be reflected in development plans and LAPs and which should guide the preparation and assessment of planning applications for residential developments in urban areas. These planning principles relate to: Settlement Hierarchy, Urban Form, Anticipating Future Needs, Strengthening Community and Landscape Character.

### **Affordable Housing Act 2021 (DHLGH, 2021)**

The Affordable Housing Act 2021 was enacted 21 July 2021, and is a key part of the ‘Housing for All’ Plan. The goal of this Act is to provide support for people on low to moderate incomes in purchasing their first home. The Affordable Housing Act 2021 also puts a new form of rental tenure called ‘Cost Rental’ homes on a statutory footing, whereby rent is based on the cost of provision rather than on profit maximisation. In addition, there are two new affordable purchase schemes that will be introduced under this pathway:

- The ‘Local Authority Affordable Purchase Scheme’: This scheme will involve Local Authorities delivering, or facilitating the delivery of new homes in areas where affordability challenges have been identified, and
- The ‘First Home Scheme’: This scheme will be nationally available and will see the State partner up with the banking sector to support first time buyers to buy a home in a private development by taking an equity stake in the home equivalent to the level of funding provided.

## 2.2 Local Policy and Strategies

### Tipperary Age Friendly Strategy 2019 – 2021

The Council is committed to being an Age Friendly County and signed the Dublin Declaration<sup>2</sup> in 2014. The Tipperary Age Friendly Strategy contains the vision and objectives for an age friendly Tipperary. Section three deals with Housing, the other sections are: Outdoor Spaces and Buildings, Transportation, Respect and Social Inclusion, Social Participation, Civic Participation and Employment, Communication and Information and Community Sport and Health Services.

### Tipperary Housing Strategy for People with a Disability 2019

The National Housing Strategy for People with Disability 2011, and the associated National Implementation Framework set out the requirement to prepare the Tipperary Housing Strategy for People with a Disability. The Strategy is prepared by the Housing and Disability Steering Group, and its aim is to facilitate access, for people with disabilities and a social housing need, to the appropriate range of housing and related support services, delivered in an integrated and sustainable manner, which promotes equality of opportunity, individual choice and independent living. This Housing Strategy for People with a Disability is reviewed on an annual basis in accordance with the Housing Needs Assessment.

### Tipperary Traveller Accommodation Plan 2019 – 2023

Pursuant to the Housing (Traveller Accommodation) Act 1998, the Council prepares a Traveller Accommodation Programme every 5 years; the current programme is for the period July 2019 to December 2023 and sets out the housing projections over the period of the Strategy and the nature of housing provision.

## 3.0 Housing Market Drivers

### 3.1. Introduction

This section addresses the HNDA analysis in line with the 'Guidance on the Preparation of a HNDA', and relates to the identification of key housing market drivers, including household formation, population, housing affordability, including incomes, house prices, rent levels, access to finance and key drivers of the local and national economy.

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<sup>2</sup> The Dublin Declaration on Age Friendly Cities and Communities, collaboration between the World Health Organisation, Age friendly Ireland and the International Federation on Ageing.

## 3.2 Population Trends in Tipperary

At a national level, Ireland has experienced rapid population growth in recent years. Over the 20-year period 1996 to 2016; the population grew by an average of 1.3 % per annum. However, this strong population growth has not been evenly dispersed across the county. Tipperary experienced a population growth at 0.9% per annum over this period, and notably between 2011 and 2016, the county population increased by 0.5%, less than the State average growth of 3.78%. Population growth in Tipperary was noticeably less than in adjoining counties including Kilkenny (4.0%), Waterford (2.0%), Laois (5.14%), Limerick (1.61%) and Cork (4.35%).

**Table 1: Usually Resident population of Tipperary (1996 – 2016)**

Population ('000)					
1996	2002	2006	2011	2016	Annual Growth 1996 - 2016
133.5	140.1	149.0	158.3	158.9	0.9%

## 3.3 Settlement Pattern and Trends in Tipperary

Tipperary is exceptional in its strong and balanced network of towns and villages, with over 120 settlements located within a well-connected transport network. Of a total population of 159,553, 42% live in urban areas and 58% live in rural areas<sup>3</sup>. In comparison, 63% of the State's population lives in urban areas and 37% in rural areas. An estimate of the current populations of all settlements is set out as an Appendix to this Strategy, and illustrates both the high numbers of settlements in the county and the range of settlements in terms of their size.

### Urban Population

There are 12 settlements in Tipperary that come within the definition of urban as defined by the NPF i.e. >1500 population. Three of these towns recorded a population decrease over the last census period; these include Clonmel, Carrick on Suir and Tipperary town. Newport, Cashel and Ballina illustrated the largest increase in the county.

**Table 2: Population Change in higher order settlements**

Settlement	Popn 2011	Popn 2016	% Change
Clonmel	17908	17140	-4.48%
Nenagh	8439	8968	5.90%
Thurles	7933	7940	0.09%
Carrick on Suir	5931	5771	-2.77%

<sup>3</sup> Settlements of 1,500 or less ad the



<b>Roscrea</b>	5403	5446	0.79%
<b>Tipperary</b>	5310	4979	-6.65%
<b>Cashel</b>	4051	4422	8.39%
<b>Cahir</b>	3578	3593	0.42%
<b>Ballina</b>	2442	2,632	7.22%
<b>Templemore</b>	1939	2071	6.37%
<b>Newport</b>	1806	1995	9.47%
<b>Fethard</b>	1541	1545	0.26%

\* As the settlement boundaries can change between censuses direct comparisons are not always possible

The Settlement Strategy set out in Chapter 4 Volume 1 of the County Development Plan sets out a settlement hierarchy in which urban settlements are categorised according to factors such as population, location, capacity and available services.

### Rural Population

The NPF defines rural settlements as towns and villages with a population under 1,500, it is estimated that there are 42 medium to small settlements with a population of between 1,500 - 151 persons, and 72 rural villages with a population of under 150 persons. Many of these rural settlements demonstrate persistent population and services decline and are at risk of further decline, particularly in the more remote villages. Settlement in these villages is dependent on population growth in general, and on an innovative and multi-factor policy to support new settlement and development in rural villages.

The Settlement Strategy has provided a settlement hierarchy (Volume 1, Chapter 4, Table 4.1) in which settlements are categorised according to factors such as population, location, capacity and available services, and new development will be facilitated in rural settlements in line with the Settlement Hierarchy.

## 3.4 County Demography

Tipperary has a birth rate generally in line with that of the State; this is an indicator of long-term future housing demand as evident by the percentage share (21.3%) in the 0-14 age group. However, the number of persons currently at household formation stage (25-44 years) forms a smaller share of the population in Tipperary than the national average. In addition, the age profile for Tipperary illustrates a higher population percentage share in the older age groups i.e. 45 years and older, in particular, in Tipperary there are 15.3% persons compared with 13.4% persons in the 65+ age bracket when compared to State average.

**Table 3: Population by Age and Percent, Tipperary and the State (Source AIRO 2016)**

	0-14	15-24	25-44	45-64	65+	15-64 (Workforce)
<b>State</b>	1,006,552 (21.1%)	576,452 (12.1%)	1,406,291 (29.5%)	1,135,003 (23.8%)	637,567 (13.4%)	3,117,746 (65.5%)
<b>Tipperary</b>	34,035 (21.3%)	18,306 (11.4%)	42,003 (26.3%)	40,811 (25.6%)	24,398 (15.3%)	101,120 (63.4%)

The average age of the State population in 2016 was 37.4, up from 36.1 in 2011, a rise of 1.3 years. In Tipperary, the average age is 38.6, a rise of 1.2 years. With an average age of 38.5, Clonmel Town is one of the top 5 oldest towns in the State.

The Economic and Social Research Institute (ESRI), in a report in 2017<sup>4</sup>, project that the national population aged 65 will rise from 13% in 2016 to 18% by 2030. Over the same time period, the proportion of the population in the 15 to 64 age group will remain stable and the percentage of the population in the 0 to 14 age group will decrease from 21 to 18%. These figures translate into a young age dependency ratio (i.e. the size of the 0-14 to the 15-64 population) of 32% in 2016 falling to 29% by 2030. Over the same period there will be a rise in the old-age dependency ratio (i.e. the size of the 65+ to the 15-64 population) from 20% to 29%.

### 3.5 Household size

Average household size is continuing to decline as a result of social changes. In 2016, the average number of persons in private households for Tipperary was 2.68.

**Table 4: Average Number of Persons per Private Household in Permanent Housing Units**

	2002	2006	2011	2016
State	2.95	2.81	2.73	2.75
Tipperary	2.93	2.79	2.71	2.68

The NPF states that this is expected to decline further to around 2.5 by 2040, and it is expected that the average household size in Tipperary will be 2.6 by the end of the Plan period.

<sup>4</sup> <https://www.esri.ie/system/files/publications/RS67.pdf>

Households across the county are mostly 1 and 2-person households, and their relative share of households may increase from approx. 56.7% of all households in 2022, to 59.1% by 2028. The combination of smaller households and population increase will give rise a demand for more units in general, and a greater proportion of units of a smaller type. Annual housing delivery in the county should include a range of house types to accommodate changing trends. Annual monitoring of housing type delivery will be an important factor in managing housing type delivery with demand. Household Size is addressed in further detail in Section 3.1 Appendix 5.

### 3.6 Household Composition

In 2016, married couples with children represented the largest cohort of household type in Tipperary; this was broadly in line with the State average of 46.5%. Tipperary had a slightly greater number of one-person households at 9.6% when compared to than the State average of 8.5% this is probably related to the tendency towards an older population.

**Table 5 : Private Households by type, 2016 (source AIRO)**

One-person Households	Cohabiting Couple	Cohabiting couple with children	Married Couple	Married Couple with children	One parent family
15,316 (9.6%)	3,514 (2.2%)	10,296 (6.5%)	19,276 (12.1%)	74,733 (47%)	15,328 (9.7%)

In counties in the Greater Dublin Areas (GDA) there has been an increase in adult children remaining in the family home before finding a home of their own and as a result average household size increased over the last census period. Household size in Tipperary is lower than in the GDA, however, as there has been low delivery of new houses in Tipperary, particularly in the provision of starter-type homes. Detailed figures will emerge during the next census; however, it is considered prudent to now consider the housing needs of young adults and the pressures on the existing population in terms of housing them in the family home.

### 3.7 Household Tenure

Household tenure is influenced by several factors, and a steady increase in the private rental sector across the county is apparent. While this has reduced owner-occupation, this is consistent with broader trends regionally and nationally. It is also apparent that in Tipperary, the numbers of house-holds in social housing has increased significantly.

**Table 6: Household Tenure**

Tenure Type	2022	2028
Social Housing	13.1%	14.8%

Rented Privately	16.3%	18.7%
Owner Occupied (all)	70.6%	66.6%
Total Households	100.0%	100.0%

It is estimated that, in terms of tenure type, households in private rental accommodation will increase from an estimated 16.3% in 2022 to 18.7% in 2028. This increase will come at the expense of owner-occupier tenure (falling from just over an estimated 70% in 2022 to 66.6% in 2028); a consequence of continued shifts in the market due to affordability and low delivery of housing stock (if unresolved). For further details on Household Tenure refer to Section 3.2, Appendix 5.

## 3.8 Housing Affordability

### 3.8.1 Housing Affordability Supplementary Analysis

In order to further understand, examine and project housing affordability, and in particular, the number of county households who may not be able to afford their own homes over the lifetime of the Plan, the Council commissioned (June 2021) KPMG Future Analytics to carry out a supplementary analysis on housing affordability to inform the Plan. The terms of reference were:

- Examine and categorise households across the county on the basis of household income.
- Consider how likely changes in income and house prices could impact on affordability over the lifetime of the Plan.
- Assess the cohort of the housing market in Tipperary that would be eligible, or ineligible for a mortgage, as per the Central Bank Rules.
- Determine what a sustainable mortgage amount would be for households across the income spectrum, over the average mortgage period.
- Estimate the volume and price band distribution of houses, and what a given household could therefore sustainably afford to repay a mortgage on.
- Assess affordability in the private rental sector for households that would not be eligible for a mortgage under the Central Bank Rules.
- Compare the identified sustainable mortgage amount to prices and volume, or in rental, compare sustainable rent to market rates by type.
- Assess how many households, of both tenure types, that would likely face affordability challenges, and potentially require social housing supports.
- Estimate how many 'affordable' units would likely be required as part of overall housing delivery, should these assumptions hold without intervention.

The Housing Affordability Supplementary Analysis is attached as Appendix 5 of this Housing Strategy and is dated October 2021. The key findings of the Analysis are set out as follows:

- A total of 5,917 households are expected to be formed in Tipperary over the Plan period, equating to a requirement for a full-year average of 986 units;
- Over the course of the Plan period, it is estimated that of 5,917 anticipated households to form, 1,225 or approximately 209 per full-year will not be eligible to qualify for a mortgage for the cheapest house under the Central Bank Loan-to-Income rule;
- That these 209 households are in the 1<sup>st</sup> and 2<sup>nd</sup> income deciles (the lower end of the income spectrum in Tipperary), and have a net annual income of €11,905 and €15,888 respectively, or €992 and €1,324 monthly – in year 2022;
- That these same 209 households will encounter affordability issues renting sustainably in the private rental market (spending no higher than 35% of their disposable income on accommodation);
- That 777 households of the 986 forming each typical full-year across the Plan period, will not encounter a mortgage qualification or an affordability challenge in meeting their accommodation needs – based on income, price and supply assumptions;
- That Housing Assistance Payment supports, at current rates, would continue to provide essential support to households unable to afford accommodation in the private rental sector, for most households – however, those with more than 2 children face continued affordability challenges. Constraints on supply overall may work against Housing Assistance Payments support;
- That a full-year average of 21.2% of new household formations will therefore experience affordability challenges (as defined in Section 93(1) of the Planning Act) in attempting to provide for their own housing needs;
- That this 21.2% of households comprises approximately 10.5% social need and 10.7% affordable need, in full-years, approximately 104 and 105 households respectively;
- That house prices are anticipated to grow between 10-12% in 2021 and 2022,
- That the composition of the housing stock at market is changing, with the number of homes brought to market at formerly 'cheaper' price points diminishing quickly,
- That rental prices are anticipated to grow between 6-8% in 2021 and 2022,
- That there are strong intercensal trends in declining household sizes (average household size is now 2.7 persons), supporting an increase in demand for 1 and 2-person homes / correlating with 1 and 2-bed units (increasing from approximately 54% in 2016 to approximately 59% by 2028) over the lifetime of the Plan. This could translate into approximately 570 units per annum to cater for this type of household; and

- That rental tenure is set to continue to increase at the expense of owner-occupancy (increasing from approx. 14% in 2016 to 18.7% by 2028).

### Affordability Gap, Supply and Monitoring

The observable demand for social and affordable units across the period (1,225 total or 209/21.2% per annum in most years<sup>5</sup>) assumes delivery of at least the annual anticipated number of households being brought to market. However, not all these houses will be affordable by those identified with social or affordable needs. Additionally, if the number of units built are lower than this, the relative increase in social and affordable need will also increase. It may be prudent therefore to explore a higher number of affordable homes to ensure sufficient elasticity in requirements that may emerge. Much closer monitoring of the number of units delivered each year and the percentage of these which meet affordable criteria would help inform related planning policy.

It was found that a key factor in delivering affordable housing in general and in particular for households in the 1<sup>st</sup> and 2<sup>nd</sup> income deciles was ensuring sufficient supply of new housing. Ensuring sufficient supply at the effective price bands for all household income deciles will be important to mitigate too much downward pressure, or over-competition for cheaper units. This is equally true for the private rental market, where there is likely to be an increase in demand for 1 and 2-bedroom units, contrary to the majority of existing tenancies occupying 3 and 4+ bedroom units.

Depending on which parameters and households are in view, there is an affordability gap in the county for some households. Whilst broadly speaking, assuming incomes, price and supply progress as anticipated, the majority of households would be able to both qualify for a mortgage under the Central Bank rules, and also adequately compete in the market for homes that suit their optimal repayment capacity, this won't be the case for households in the 1<sup>st</sup> and 2<sup>nd</sup> deciles. Furthermore, households up to the 4<sup>th</sup> decile (42.7% of the market) will be more vulnerable to income, price, and supply changes.

As a result, there is an affordability gap particularly observable for 1<sup>st</sup> and 2<sup>nd</sup> decile households, when compared to the cheapest houses, but certainly the average pricing. Affordable options aimed at these groups would help alleviate the most acute cases, but additional consideration of further affordable homes (for instance) may provide significant support to households in the 3<sup>rd</sup> and 4<sup>th</sup> deciles who are otherwise vulnerable.

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<sup>5</sup> 22/9% for Q4 2022 and 157/21.2% in 2028 to Q3

Furthermore, forthcoming unit sizes and types will need to adjust to reflect both a mix of design and space for 1 and 2 person households, which will increase to almost 60% of the entire number of households in the County by 2028. Apartments alone may not offer the best answer to this, but rather a balanced mix of different unit types that can support changing tenure arrangements, and also lifecycle of occupants, (for example, there is an existing high proportion of 1<sup>st</sup> and 2<sup>nd</sup> decile households aged over 65 years who may benefit from downsizing or smarter designed homes).

The delivery of appropriate unit-type mixtures will be closely monitored by the Council, to evaluate forthcoming housing supply and its completion status. A much closer, perhaps annual review of the specification of units proposed, and delivered, will allow for more timely consideration and engagement on how identified needs can best be catered to.

Consideration to address the projected challenges in affordability (such as qualification for mortgages, sustainable repayment amounts and adequate supply across price points), should be made so as to give effect to timely interventions for newly forming households over the Plan period.

### **3.9 Local and National Economic Drivers**

The findings of the Banking & Payments Federation Ireland have been used as a source of information for this Strategy. Their most recent Housing Market Monitor<sup>6</sup> is for the last quarter of 2020, and it was found that the Covid-19 pandemic had a negative impact on the Irish housing and mortgage markets in 2020; however, demand remains strong especially among households less affected by the Covid-19 Pandemic, and non-household investors.

It was also found that significant decline in the role of individual buy-to-let investors in the market in recent years. At the peak of the mortgage activity in 2006, buy-to-let loans accounted for around 20% of total mortgage draw-downs, compared to less than 1% in 2020. At the same time, there has been a marked increase in the role of non-household buyers which includes private companies, charitable organisations, and state institutions who now account for 23% of all market transactions, up from 3% in 2010.

Having consideration to the significant supply disruptions in the residential construction sector in the first quarter of 2021, and the expected continued demand for housing among lower income earners, as well as the non-household sector, it is likely that the national supply-demand imbalance will continue in the short to medium term.

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<sup>6</sup> <https://bpfi.ie/publications/bpfi-housing-market-monitor-q4-2020/>

## 4.0 Housing Stock and Housing Need

This section addresses Section 2 of the HNDA analysis in line with the Guidance on the Preparation of a Housing Need and Demand Assessment’ (DHLGH, April 2021). 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 Council’s own stock, the location of areas where there is undersupply or low demand; opportunities for more effective use of the housing stock.

### 4.1 Accommodation Count and Type

In 2016, there were 59,276 households in Tipperary of the following types:

Table 7 : Private Households by type of accommodation, 2016 (source AIRO)				
House/Bungalow	Flat/Apartment	Bed-sit	Caravan/Mobile Home	Total
56,129 (95%)	2,078 (3.5%)	50 (0.08%)	205 (0.35%)	59,276

95% of housing in Tipperary was in the form of houses/bungalows, compared to the State average of 86%, with only 3.5% accommodation in flats/apartments compared to the State average of 12%. This is illustrative of the rural nature of the county and weak settlement critical mass, and also outlines a need for greater variety in housing type particular in the larger settlements being best suited to higher densities and innovative design.

### 4.2 Housing Type Delivery

Data for house completions is derived from the Central Statistics Office (CSO) (New Dwelling Completions).

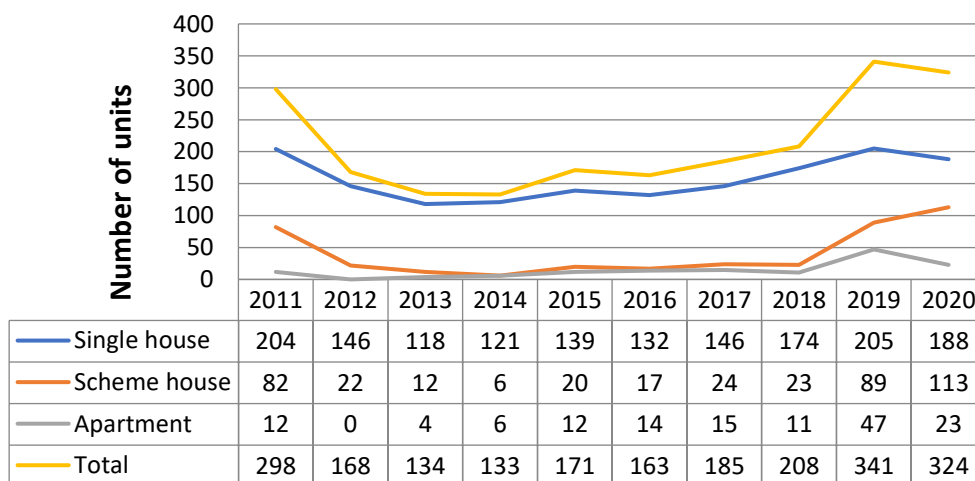


Figure 1: Tipperary House type completions 2020 (CSO)



In Tipperary, there were 324 new dwellings completed in 2020, compared with 133 completions in 2014, an increase of 39% since the lowest point in the recession. It is notable that since 2011, approximately 78% of all new numbers completed in Tipperary were single units, with the delivery of new apartments particularly low in the county.

A total of 324 units were constructed during 2020. Single units still accounted for the highest level of construction at 188 units delivered, however, an emerging trend towards the delivery of schemes houses at 113 units can be seen. Apartment construction remains low at 23 units delivered.

While house completions in Tipperary are showing positive trends, the numbers delivered are still significantly less than housing numbers required to cater for projected growth as set out in the Core Strategy (Volume 1 Chapter 2), and it is not yet clear how house delivery will perform over the short term noting that the Covid-19 Pandemic had an impact on upward trends in house completion in 2020. For further detail on house type and size, refer to Appendix 5, Section 3.

### 4.3 Household Tenure

Tenure, or the arrangement under which a household occupies all or part of a housing unit, is an important consideration for the delivery of housing and Section 6.6 of the NPF identifies the need to estimate the demand for different tenure types. Analysis of the tenure trends in Tipperary has therefore been undertaken to help forecast how the household tenure may change during the Plan period and how it may be planned for. Nationally, renting was the tenure status for almost 30% of all of occupied dwellings in the last census, with renting from the local authority up by 11% in 2016. In Tipperary, in terms of overall occupied dwellings renting accounted for slightly less than the national average at around 26%.

According to a national study<sup>7</sup> by the Housing Agency, the primary reasons for renting currently are choice-based for some and a lack of alternatives for others. One third (33%) state that they are currently renting as they cannot get a mortgage, suggesting ownership aspirations are being limited for some due to access to finance. Further, 28% are currently renting through choice, as they are unsure where they want to live long-term. Convenience and generally being happy renting were also key drivers of tenure choice. Social renters are significantly more likely to claim to be renting due to not being able to access a mortgage – at 45%, compared to 24% of private renters.

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<sup>7</sup> Housing Experiences of renters and owners in Ireland, 2019

**Table 8: Household tenure in Tipperary (Housing Agency, 2019)**

County	Own with a mortgage or a loan	Owned outright	Rent from a landlord	Rented from a local authority	Rent-free	Not Stated	All households
<b>Tipperary</b>	17,616 (29.8%)	24,414 (41.3%)	8,617 (14.6%)	5,719 (9.7%)	1,276 (2.2%)	1,429 (2.4%)	59,071 (100%)
<b>State</b>	535,675 (31.6%)	611,877 (36%)	326,493 (19.2%)	143,178 (8.4%)	27,440 (1.6%)	53,002 (3.1%)	1,697,665 (100%)

In terms of household numbers, Tipperary has a relatively high number of units owned outright and owned with a mortgage (71.1%), compared with the state average (67.6%). This appears to be a typical pattern in the more rural counties compared to urban areas. However, in terms of numbers of units rented from a local authority, Tipperary had a slightly higher number than the state average, this may reflect disadvantaged urban areas. It is expected that nationally, the rental market will expand, particularly, in the main urban centres, while owner occupancy is expected to shrink. For further detail on household tenure, refer to Appendix 5, Section 3.

#### 4.3.1 Holiday Homes

At Census 2016, it was observed that there was a notable level of vacancy (687 units) on the lakeshore of Lough Derg, the following electoral districts in particular were recorded:

**Table 9: Electoral Districts with high numbers of holiday homes**

ED Name	Number of Vacant Houses
Ballina	160
Derrycastle	32
Casteltown	120
Monsea	96
Cloughprior	32
Kilbarron	88
Terryglass	120
Lorrha West	39
<b>Total</b>	<b>687</b>

Each of these electoral districts except Ballina, are typically rural and un-serviced in nature. This is indicative of high numbers of holiday homes, rather than owner occupied homes in these areas.

## 4.4 Social Housing Trends

Social housing is defined as housing provided by the local authority or an Approved Housing Body<sup>8</sup>, to people who cannot afford housing from their own resources.

The Tipperary Housing Assistance Payment (HAP) came into effect in 2015, and provides housing assistance for households who qualify for social housing support, including many long-term rent supplement recipients. To qualify for HAP, a household must qualify for social housing support, and qualify to go on the local authority housing waiting list. Since HAP was introduced, social housing demand is represented in terms of those in need of social accommodation, and those in the HAP scheme, who have secured accommodation in private sector rented accommodation. There were 1,266 households<sup>9</sup> on the Tipperary County Council Social Housing List in 2019<sup>10</sup>, an increase of 5.4% over 2018 figures.

**Table 10: Number of Households Qualified for Social Housing Support**

Year	Number Households	% Change
2013	1,987	-
2016	1,858	-6.5%
2017	1,277	-31.3%
2018	1,201	-6.0%
2019	1,266	5.4%

### 4.4.1 Social Housing Figures for 2021

The total social housing figures for 2021<sup>11</sup> were also examined to assess the most up-to-date situation in terms of social housing. It was found that the total number of social housing applicants (including applicants in the HAP) was **3540** households, including approximately 1880 households who are receiving support under the HAP<sup>12</sup> and who have thus found their own accommodation in the private rented market. This equates to approximately 6% of all households in the county (based on Census 2016 Household Figure) or 9, 558 persons.

<sup>8</sup> Independent non-profit making organisations that provide rented housing for people who cannot afford to buy their own homes, and specialist housing, such as housing for older people or homeless people.

<sup>9</sup> Housing Agency, Summary of Social Housing Assessments 2019.

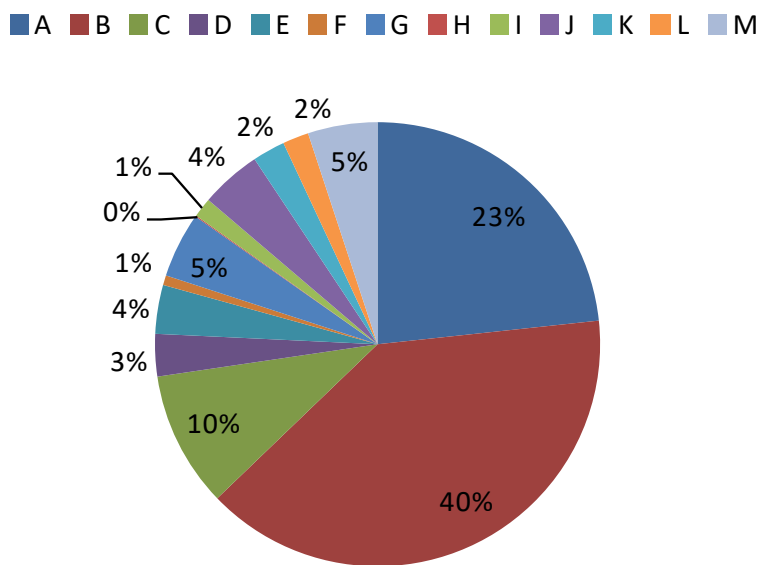
<sup>10</sup> These figures exclude those on the RAS and HAP Programmes.

<sup>11</sup> March 2021

<sup>12</sup> The HAP scheme came into effect in 2015, there are currently approximately 1880 households - March 2021

### 4.4.2 Social Housing Demand Type

The categories of person in need of social housing are set out below; the majority of households with housing need state that their current accommodation is unsuitable at 500 households, or 40% of all households on the waiting list. Being in receipt of rent supplement is the next most commonly cited basis of need for social housing support, with the number standing at 295 households. This represents 23% of all households on the waiting list.



**Figure 2 Specific Housing Requirements (Source: Housing Authority)**

Table 11: Main Need for Social Housing Support														
A	B	C	D	E	F	G	H	I	J	K	L	M	Total	
295	500	125	39	45	9	60	1	18	56	30	24	64	1,266	

- A Dependent on Rent Supplement
- B Unsuitable accommodation – household circumstances
- C Require separate accommodation
- D Institution, emergency accommodation or hostel
- E Disability – physical
- F Disability – sensory
- G Disability – mental health
- H Disability - Other
- I Disability – intellectual
- J Exceptional medical needs or compassionate grounds
- K Overcrowded accommodation
- L Unfit accommodation
- M Unsustainable mortgage

Single adult households represent the largest grouping of household size type, accounting for 46% of the overall total. When combined, smaller-size households – such as, 1 adult, 1 adult and 1-2 children, and 1 couple – account for nearly 75% of all households on the waiting list.

Table 12: Household Size													
A	B	C	D	E	F	G	H	I	J	K	L	M	Total
588	324	109	66	42	47	25	31	14	8	7	4	1	1,266

- A 1 Adult
- B 1 Adult, 1-2 children
- C Couple, 1-2 children
- D Couple
- E Couple, 3 or more children
- F1 Adult, 3 or more children
- G2 Adults\*
- H2 Adults\*, with child/children
- I Couple, 1 or more other adults, 1-2 children
- J Couple, 1 or more other adults
- K 3 or more adults\*
- L Couple, 1 or more other adults, 3 or more children
- M 3 or more adults\*, with child/children

The majority (83%) of households on the waiting list have no specific accommodation requirement, among those that do have one, specific requirement stems from a member(s) having a physical, sensory, mental or intellectual impairment (10%). A further 12 households' specific requirement was due to a member(s) being aged 65 years or more. The number of households with a specific requirement due to a household member(s) being homeless rose was only 3% compared to 17% nationally.

Table 13: Breakdown of Specific Accommodation Requirements					
General (no specific requirements)	Enduring physical, sensory, mental health or intellectual issue	Homeless	Traveller	Aged 65 years or more	TOTAL
1,053	126	35	40	12	1,266

Most of the households qualified for social housing support reside in the private rented sector. Such households account for just fewer than 42% of the entire waiting list, compared to 53% nationally.

**Table 14: Breakdown of the Current Tenure**

Private rented accommodation with/without RS	Living with parents	Living with relatives / friends	Emergency accommodation/ none	Owner occupier	Other	TOTAL
541	313	175	49	95	93	1,266

## 4.5 Social Housing Provision

The Council, in line with the policies set down in the Policy Document "Delivering Homes - Sustaining Communities" (DEHLG, 2007), continues to provide a wide range of housing services throughout the county. Social housing in Tipperary is currently being provided through a number of schemes and actions as set out below.

### 4.5.1 Provision of Social Housing under Part V

Section 94 (4)(a) of the Planning Act states;

A housing strategy shall include an estimate of the amount of –

- a) Housing for the purposes of the provision of social housing support within the meaning of the Housing (Miscellaneous Provisions) Act 2009, and,
- b) Affordable Housing required in the area of the Plan during the period of the Plan, and the estimate may state the different requirements for different areas within the area of the Plan.

The provision of Part V of the Planning Act (as amended by the Affordable Housing Act 2021) will now apply to new private housing development, and social housing and affordable housing (as the case may be). New planning permissions for housing development on land<sup>13</sup> (notwithstanding its land zoning designation) will have a 20% Part V requirement (replacing the 10% Part V requirement).

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<sup>13</sup> The increased obligation of 20% under the Affordable Housing Act 2021, will apply to all land transacted after the new legislation comes in to force, or bought before 2015, where planning permission has not been granted. Current planning permissions and land purchased between 2015 and 2021 will continue at the 10% threshold until 2026, when the 20% threshold will become a requirement for all land regardless of when it was purchased.

## 4.5.2 Vacant Housing Repair and Leasing Initiative

Repair and improvement works are funded for privately owned vacant properties to bring them up to the standard for rented accommodation, the properties are then leased to the Council/Approved Housing Bodies for a minimum of 10 years and the cost of the works is deducted from lease payments over the agreed lease term.

## 4.5.2 Social Housing Accommodation Supports

The Social Housing Leasing Initiative and Rental Accommodation Scheme (RAS) provide an additional source of rented accommodation for eligible persons through the private rental market. The statutory basis for the (long-term leasing schemes) and the RAS is provided for within the Housing (Miscellaneous Provisions) Act, 2009. There are two options for property owners who are considering making their properties available to a local authority or approved housing body:

- Long-term lease arrangements (10-20 years)
- Shorter-term rental arrangements (typically 1-10 years)

The HAP is available to approved housing applicants, who must find their own private rented accommodation (within specific rent caps). The Council will pay the landlord directly and the tenant will pay a rent to the Council based on the differential rent scheme. The rent is based on weekly household income.

## 4.6 Local Authority Housing Stock and Construction

The Council manages a significant social housing stock of approximately 5210 units across its 5 municipal districts. These are comprised of houses of different sizes, and includes single houses, semi-detached and terraced units. Only 188 or 3.6% of these units is listed as vacant at present.

**Table 15: Local Authority social units by municipal district**

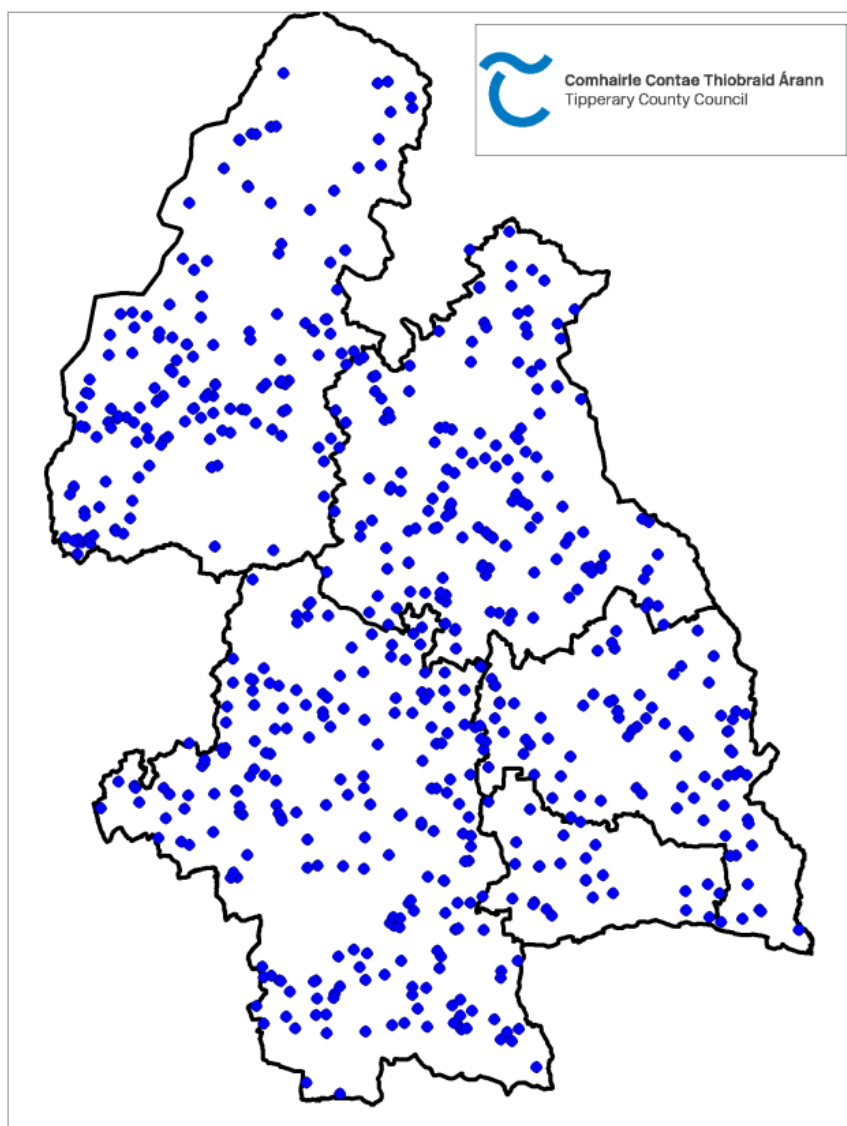
Municipal district	Number of Units
Cahir	418
Carrick on Suir	912
Cashel – Tipperary	956
Clonmel Borough	820
Nenagh Municipal	842
Thurles Municipal	1256

In addition to social housing units, the Council manages 55 traveller accommodation units as single units in urban and rural areas and as halting sites. A further 23 community housing units are available across the county.

#### 4.7 Location related pressure for housing In Ireland

Approximately 1040 dwelling units<sup>14</sup> received planning permission over the 6-year period 1st June 2014 – 1st June 2019, with the following breakdown:

- 415 Serviced dwellings within settlements (including 50 single units).
- 625 Un-serviced rural dwellings
- 415 Serviced dwellings within settlements (including 50 single units).



**Figure 3: Location of rural one-off houses**

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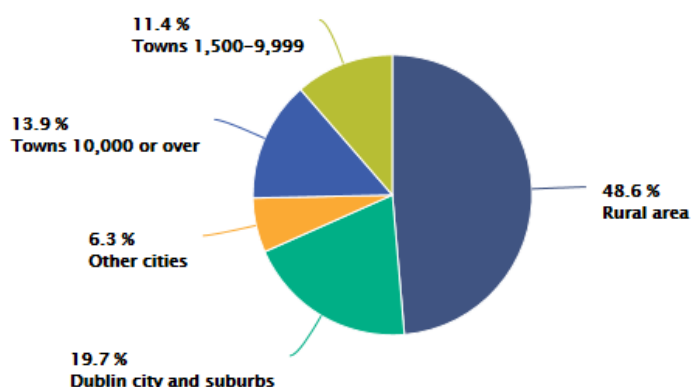
<sup>14</sup> Tipperary Planning Enquiry System for the period 1st June 2014 – 1st June 2019



These figures align with CSO figures for the delivery of one-off houses during the period 2011 – 2016, it is stated that in Tipperary that 64% new houses were one-off houses in the open countryside, this is significantly higher than in the adjoining counties of Limerick (49%), Waterford (43%) and Laois (45%).

It is of concern that the current trends of housing provision, in particular, the low numbers of housing being proposed within settlements, will result in a future lack of accommodation and choice within settlements if not reversed.

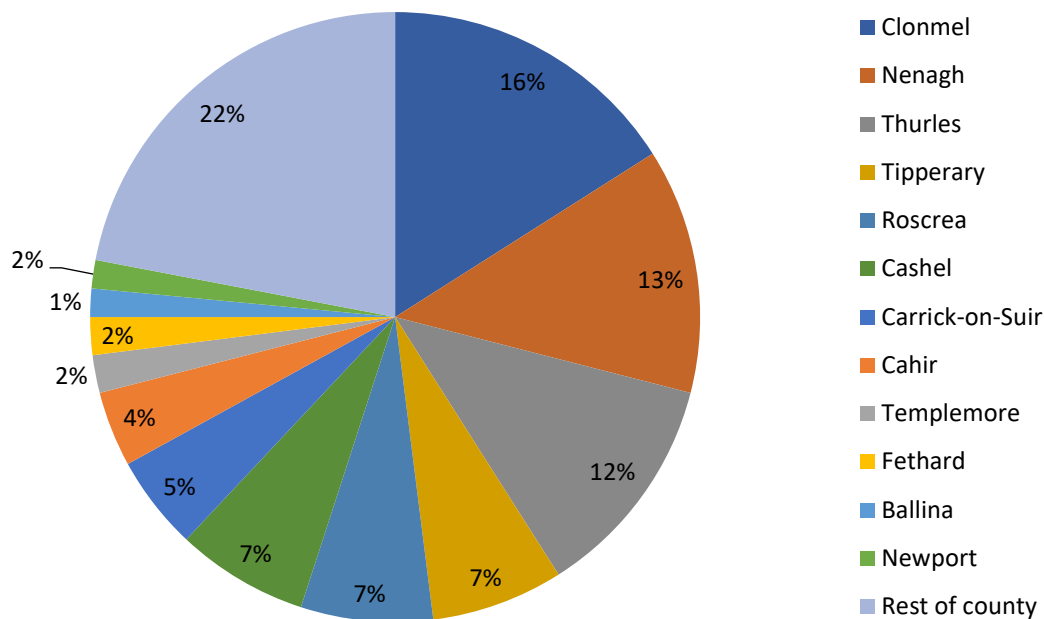
A slowdown in house construction was observed nationally during the recession years from 2011 to 2016. Just 33,436 householders indicated their dwelling was built between 2011 and 2016, an average of just 6,687 per year. In contrast, 431,763 households stated that their dwelling was built between 2001 and 2010, an average of 43,176 per year. Almost half of new homes were built in rural areas during these years.



**Figure 4: Percentage Breakdown of dwellings built between 2011 and 2016 by area (CSO)**

This picture is also reflected in Tipperary where construction of housing has been persistently low in terms of numbers and skewed towards a pattern of houses in rural areas rather than in urban areas.

The Housing Authority monitors housing demand in the county and it was found that overall demand for social housing support was mostly associated with urban areas, with 78% of demand for housing in the 12 towns and 22% distributed across the rest of the county.



**Figure 5: Location of Social Housing demand**

Recent studies carried out by the Housing Agency and the ESRI, have identified areas where increased demand for new housing, due to population and economic growth, has resulted in a shortage of units and increased property prices. The result is that not all parts of the country are currently growing equally with the same demand for new housing, with greatest demand in the Greater Dublin Area and in the key cities. Clonmel was identified as having a demand for 480 units over the 5-year period to 2018 (Housing Agency), this requirement for 96 units per annum is in line with its role as the primary county town. However, the delivery of new houses over this period as not occurred in line with Housing Agency projections.

It is notable that the post 2008 economic down-turn (2008 – 2013) had a considerable influence on the delivery of new homes in Tipperary, and that the sector is now starting to revitalise with both planning permissions granted and house completions increasing.

Having consideration to low numbers of new houses delivered in Tipperary over this period, and up to 2018 in general, particularly in the settlements, it is expected that demand for new houses within settlements, and particularly within the larger towns of Clonmel, Nenagh, Thurles, Carrick on Suir, Tipperary and Roscrea will experience a ‘bounce-back’ and be significant over the lifetime of the Plan.

## 5.0 Estimating Future Need

This section addresses Section 3 of the HNDA analysis in line with the Guidance on the Preparation of a Housing Need and Demand Assessment' (DHLGH, April 2021). A summary of overall future requirements (existing housing need and future additional households) has been set out in Section 3.7.1 and in detail in Appendix 5, Section 3, Supplementary Housing Affordability Assessment.

### 5.1 Housing Type and Housing Delivery

It is notable that since 2011, approximately 78% of all new units completed in Tipperary were single units<sup>15</sup>, with the delivery of new apartments particularly low in the county. This reflected the stagnation of the market after the economic collapse after 2008. In 2020, single units still accounted for the highest level of construction at 58% of the total number of units completed. While house completions in Tipperary are showing positive trends, the numbers delivered and the unit types being delivered are still significantly less than housing numbers required to cater for projected growth as set out in the Core Strategy, and it is not year clear how house delivery will perform over the short term noting that the Covid-19 Pandemic<sup>16</sup> had an impact on upward trends in house completion in 2020.

### 5.2 Housing Need

The 'Housing Supply Target Methodology for Development Planning Guidelines for Planning Authorities' (DHLGH, 2020) set out a requirement for an integrated approach<sup>17</sup> to projecting new household demand to county development plan preparation to address a rolling six-year period. This methodology has been applied to determine the projected household demand for Tipperary over the lifespan of the Plan for the period 2022 – 2028. It is estimated that at least 5,917 new units will be required equating to at least **986** units a year, this equates to a demand for 8,874 units to cater for **23,964**<sup>18</sup> persons to 2031. Of this it is planned that approximately 20% of the rural housing capacity will be allocated to one-off units in the open countryside or around **70** per annum.

The Core Strategy table has considered the housing provision projections as set out in the Housing Supply Target Methodology for Development Planning Section 28 Guidelines for Planning Authorities (DHLGH, 2020), the NPF population projections to 2031, the requirement to deliver compact urban growth in the 12 urban centres, and also the need to grow and sustain the 114 rural settlements.

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<sup>15</sup> Located in both urban and rural areas

<sup>16</sup> And more recently broader international economic consequences as a result of war in Ukraine

<sup>17</sup> ESRI projections for structural housing demand & the Implementation Roadmap for the NPF, 2018

<sup>18</sup> Noting that the NPF Roadmap projects a population growth of 24,500 in Tipperary by 2031

The Core Strategy will deliver 66% of new population and housing provision to the urban centres, and 34% to the rural settlements and the wider rural areas, thereby refocusing new growth on a sustainable settlement strategy for the county (refer to Volume 1, Chapter 4 Settlement Strategy).

Noting the importance of compact development, the Core Strategy requires at least 30% of all new homes that are targeted in settlements, to be located within the existing built-up footprint of the settlements in an effort to make settlements more compact, and reduce unsustainable urban sprawl and ribbon development. The Core Strategy also seeks to strengthen the core of settlements, and encourage their compact growth by way of the development of infill sites, brownfield lands, under-utilised land / buildings, vacant sites, and derelict sites within the existing built-up footprint of the settlements, and develop outwards from the centre in a sequential manner.

### 5.3 Projecting Demand for Social and Affordable Housing

A summary of the likely demand for new social and affordable housing in the county over the Plan period is set out in Section 3.7.1, and in detail in Appendix 5, Section 3, Supplementary Housing Affordability Assessment.

### 5.4 Vacancy and Regeneration

Vacant units are an important part of overall housing supply. The last assessment of vacancy was in 2016 when the total number of vacant residential units in Tipperary was 6399. This is a significant amount of housing stock and if these units were occupied it would go a long way towards meeting housing demands in the county. This equated to 47 vacant units per 1,000 persons, a drop of 10% since 2011, and higher than the State average per county of 38.5 vacant units per 1,000 persons (CSO 2016).

Vacancy rates for the towns are set out below; it is notable that Templemore, Tipperary, Nenagh and Thurles, are the highest in terms of vacancy whilst Clonmel and Carrick on Suir are the lowest, this may be indicative of rising demands for housing in these towns. The overall residential vacancy rate in 2016 in Ireland, both urban and rural areas, excluding holiday homes was 9.4 per cent. Having consideration to this, vacancy in the towns was generally higher than average.

**Table 16: Residential vacancy rates for the urban towns (CSO 2016)**

Plan Area	Number of Residential Units (excl Holiday homes)	Total Vacant Units	% Vacancy Rate
Carrick on Suir	2,551	198	7.8%
Clonmel	7,606	647	8.5%
Ballina	1,076	95	8.8%

Fethard	747	73	9.8%
Newport	797	85	10.7%
Roscrea	2,366	262	11.0%
Cahir	1,612	182	11.3%
Cashel	1,995	240	12.0%
Thurles	3,860	509	13.2%
Nenagh	4,278	589	13.7%
Tipperary Town	2,558	384	15.0%
Templemore	1,012	176	17.4%

The Housing Agency have indicated that the vacancy rate, tends to be highest in rural settlements where an area's population is lower than 3,000 people, this is of relevance to Tipperary as a county with 114 settlements with a population of less than 1,500 persons.

The Housing Agency suggests there is scope for policy intervention to promote more efficient use of the housing stock and reduce the number of vacant homes across the country.

## 5.5 Housing Land Supply

The Core Strategy sets out the amount of land to be zoned for residential development in the county to cater for projected population growth and associated housing demand.

### 5.5.1 Land Zoning for Residential Use

The most recent review of landzoning in Tipperary occurred in a variation process for the North Tipperary County Development Plan 2010 (as varied) and the South Tipperary County Development Plan 2009 (as varied), both variations adopted in December 2017. At this time, landzoning amendments were made to the smaller towns and villages including the District Service Centres, Local Settlement Centres and Settlement Nodes.

The preparation of a new Plan and Core Strategy has defined overall housing need projections for the county, and resultant landzoning requirements. Residential land zoning allocations for new residential development are set out for Key Towns, District Towns, Local Towns and Service Centres with a population of >400 persons, noting that for the Key Towns and District Towns, detailed land zoning provision will be addressed as part of the preparation of LAPs for these towns. Where land is zoned for development, it is on the basis of a detailed Serviced Land Assessment (SLA) to support its suitability for development during the Plan lifetime in terms of servicing.

In the smaller rural settlements with a population <400 persons where new residential development will be of a nature appropriate to the settlement character and capacity, landzoning is spatially

defined however, new housing development will be encouraged as infill development, small village schemes and in the form of ‘cluster type’ development within and adjacent to village boundaries.

<b>Table 17: Approach to landzoning for residential use</b>			
<b>Typology</b>	<b>Name</b>	<b>Landzoning &amp; Plan</b>	
<b>Key Town</b>	Clonmel	LAP will indicate sites for residential use	
	Nenagh and Thurles	LAP will indicate sites for residential use	
<b>District Towns</b>	Carrick on Suir, Roscrea, Tipperary Town, Cashel, Cahir, Templemore	LAP will indicate sites for residential use	
<b>Local Towns</b>	Ballina, Newport, Fethard	Residential Zoning Indicated - Volume 2 of the Plan	
<b>Service Centres</b>	Borrisokane, Ardfinnan, Ballyclerihan, Kilsheelan, Holycross, Borrisoleigh, Killenaule, Cloughjordan, Mullinahone, Clogheen, Portroe, Two-Mile-Borris,	Residential Zoning indicated - Volume 2 of the Plan	
	Littleton, Limerick Junction, Newcastle, Cappawhite, Bansha, Ballyporeen, Silvermines, Newtown, Emly, Templeouhy, Boherlahan, Gortnahoo, Toomevarra, Ballingarry (Carrick), Golden, Puckaun, Dundrum, Hollyford	Volume 2 of the Plan	
<b>Local Service Centres</b>	Refer to the Settlement Strategy for list	Volume 2 of the Plan	
<b>Settlement Nodes</b>	Refer to the Settlement Strategy for list	Volume 2 of the Plan	

Any forthcoming review of land zoning policy over the lifetime of the Plan, for example in the preparation of LAPs for the Key Towns and District Towns, will ensure that adequate zoning is provided to provide for delivery of new houses in line with the Core Strategy and projected housing requirements.

### 5.5.2 Affordability and Land zoning

In their Housing Report 2019, Goodbody Stockbrokers refer to the cost of land, combined with the productivity, and cost base of the construction sector, as key influencers on affordability of new houses. It was concluded that only one-third of new houses are built by large builders – with the rest built by smaller players, many stretched for funding and operating off higher cost bases. This

tendency towards construction by smaller building contractors has an influence on the productivity of the sector and its ability to build efficiently and cheaply. Having consideration to the need to match the price of new homes, and in particular, starter homes, with the ability of those seeking accommodation to afford the price of new houses, it is important that trends in housing construction do not impact on affordability. The focus should be on providing suitable accommodation to meet the specific demand of people in Tipperary at an affordable price.

The cost of zoned land could become another influencing factor on the delivery of affordable housing, in the event that the availability of zoned land is decreased i.e. by de-zoning. Care must be taken to ensure that there is sufficient variety and choice in the availability of zoned lands to ensure that land can be bought at an affordable rate to enable the consequent delivery of affordable housing in-line with the ability of the population of Tipperary, and particular first-time buyers, to purchase their own home.

### 5.5.3 Part V

As stated, the provision of Part V of the Planning Act (as amended by the Affordable Housing Act 2021) will apply to new private housing development, and social housing and affordable housing (as the case may be). New planning permissions for housing development on land <sup>19</sup> (notwithstanding its land zoning designation) will have a 20% Part V requirement (replacing the 10% Part V requirement).

### 5.5.4 Activation of Vacant Land

Under the 'Housing for All' programme, it is proposed to ensure that where land is zoned for residential purposes, and permissions granted, that these proposals come to fruition as quickly as possible to meet housing need. Therefore, in tandem with the reforms to incentivise the bringing forward of supply, a new zoned land tax to activate vacant land for residential purposes (to replace the current vacant site levy) will be applied in accordance with Government guidance. Under this concept, the zoning of land for residential purposes or granting of permission, must be activated within a reasonable period, or the benefits accruing, will be diminished through this taxation measure, changes in land value sharing and if planning permission expires, any new grant of permission will be subject to the new and additional Part V obligations.

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<sup>19</sup> The increased obligation of 20% under the Affordable Housing Act 2021, will apply to all land transacted after the new legislation comes in to force, or bought before 2015, where planning permission has not been granted. Current planning permissions and land purchased between 2015 and 2021 will continue at the 10% threshold until 2026, when the 20% threshold will become a requirement for all land regardless of when it was purchased.

## 6.0 Specialist Provision

This section addresses Section 4 of the HNSA analysis in line with the Guidance on the Preparation of a Housing Need and Demand Assessment' (DHLGH, April 2021). Key outputs from this stage include consideration of 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.

There is an existing high proportion of 1<sup>st</sup> and 2<sup>nd</sup> decile households aged over 65 years, who may benefit from downsizing or smarter designed homes. Therefore, it is important that a range of quality house choices are available and suitable for aging population (as addressed in the Plan, Chapter 4). Furthermore, declining household size indicates an increase in demand for 1 and 2-person homes / correlating with 1 and 2-bed units (increasing from ~54% in 2016 to ~59% by 2028) over the lifetime of the Plan, this could translate into approximately 570 units per annum to cater for these smaller households. The Council will seek a balanced mix of different unit types that can support changing tenure arrangements, and also lifecycle of occupants.

### 6.1 The Elderly

Ireland is projected to witness a major growth in the number of persons aged 50 years and older, with a significant increase occurring in those 80 years and over:

- The proportion of people aged 50 years and over will increase from 27.7% (1.3 million) of the total population to nearly 41% (2.3 million) by 2046.
- The number of those aged 65 and over is projected to increase significantly from 531,600 to 1.42 million (or by 167%); and
- The oldest population (i.e. those aged 80 years and over) is expected to nearly quadruple, increasing from 128,000 to 476,700

According to CSO, 24,398 of the population of Tipperary were 65 and over in 2016, this equates to 15% of the population. The state average percentage of the population 65 and over is 13%.

State	2016	% Share
65 - 69 years	211,236	4.44%
70 - 74 years	162,272	3.4%
75 - 79 years	115,467	2.43%
80 - 84 years	81,037	1.7%



85 years and over	67,555	1.42%
<b>Tipperary</b>		
65 - 69 years	7,909	4.95%
70 - 74 years	6,171	3.86%
75 - 79 years	4,384	2.75%
80 - 84 years	3,265	2.0%
85 years and over	2,669	1.67%

The National Risk Assessment 2019 published by the Department of the Taoiseach states that demographic changes will see the proportion of the population aged over 65, increase from 1 in 8 in 2019, to 1 in 6 in 2030, and the number of people who are 85 or older will double. ESRI, in a report in 2017<sup>20</sup>, project that the national population aged 65 will rise from 13% in 2016 to 18% by 2030. Therefore, having consideration to the sources above, it is estimated that there will be approximately 35,000 persons aged 65 or over in Tipperary by 2030 creating challenges in terms of housing and services provision for the elderly.

In Tipperary, the greatest numbers of older people live in the towns of Clonmel Thurles, Nenagh, Carrick on Suir and Roscrea. However, around the rest of the county there are many rural settlements, such as Clogheen, Ballyporeen, Toomevara etc where the proportion of older people as a percentage of the total population is well over 20%, illustrating a tendency of young people to move away from rural settlements and is an indicator of population decline in these settlements.

According to the Tipperary Age Friendly Strategy 2019, the 'old age dependency ratio' (the over 65-year-old age group as a percentage of the working population), is 24.1% across the county (higher than the State average of 20.4%). It was also found that the age dependency ratio was also higher in the smaller rural towns and villages, for example, Clogheen (40.8%), Ballyporeen (36.8%), Toomevara (33.7%) etc, where there are high numbers of older persons relative to the local population. The higher the old age dependency ratio, the greater the reliance on public services in these communities e.g. health services, family support etc. The old age dependency rate increased by 3.6% across the county over the period 2011 and 2016, this is an indicator of pressure on persons of working age in the future as a result of an aging population.

It was also notable in 2016, that nearly 28% of the elderly population lived alone in Tipperary, higher than the state average of 26.7%. This reflects the vulnerability of this age cohort and their possible detachment from support and services.

<sup>20</sup> <https://www.esri.ie/system/files/publications/RS67.pdf>

## 6.2 Minority Ethnic Communities

Only 8.9% of the Tipperary population are non-Irish nationals compared to the State average of 11.4%, of this, the predominant groups are from UK with 4,088 UK nationals and from Poland with 4,068 Polish nationals.

**Table 19: Minority Ethnic Community National, Percent, 2006 (Source AIRO)**

	Non-Irish National	Ireland	Lithuania	Other EU28	Poland	Rest of World	UK
<b>State</b>	11.42	87.05	0.78	3.13	2.61	2.7	2.2
<b>Tipperary</b>	8.94	89.98	0.66	1.99	2.57	1.13	2.58

With respect to the travelling community, it was found that in 2016, 0.77% or 1,235 persons were part of the travelling community; this was an increase of 6.9% since 2011 when there were 1,155 (0.72%) travellers in Tipperary. Tipperary has a higher number of travellers than the average for the State at 0.66%.

Supporting the needs of minority ethnic communities are an important part of spatial planning and influence the delivery of housing and this Strategy will aim to:

- Promote mixed tenure developments to encourage integration of minority ethnic communities,
- Use planning and urban design to encourage social interaction within neighbourhoods,
- Consider culturally sensitive design issues when planning/sourcing dwellings.

## 6.3 The Disabled

In 2016, 23,593 persons or 14.8 % of the Tipperary population were classified as disabled, compared with a State average of 13.5%.

**Table 20: Population with a Disability by Disability Type (CSO)**

	2016
Total persons	159,553
Total persons with a disability	23,593
Blindness or a serious vision impairment	2,091
Deafness or a serious hearing impairment	3,945
A condition that substantially limits one or more basic physical activities	10,374
An intellectual disability	2,502
Difficulty in learning, remembering or concentrating	5,735

Psychological or emotional condition	4,206
Other disability, including chronic illness	10,940
Difficulty in dressing, bathing or getting around inside the home	5,539
Difficulty in going outside home alone	7,092
Difficulty in working or attending school/college	8,050
Difficulty in participating in other activities	8,756

The main forms of disability in the population relate to ‘conditions that substantially limits one or more basic physical activities’ and ‘other disability, including chronic illnesses. Due to the range of disability types it is difficult to quantify exactly how a disability will affect a person’s housing need, although, it is clear that treating people with disabilities the same as other citizens in relation to housing creates major barriers for them: in reality, it means they have less freedom of choice than other people, are often heavily dependent on family members, and are sometimes left in situations of acute social isolation.

The National Disability Authority advocates ‘Lifetime Adaptable Housing’. This is about convenience and safety and has two major characteristics - accessibility and adaptability. The concept is based on the principle that homes should be accessible to all (children, elderly people and people with disabilities) and easily adapted to satisfy changing requirements, such as a temporary or permanent disability, throughout a lifetime. A number of features are included at the construction stage so that homes can be adapted easily later on, if necessary.

## 6.4 Homeless

Homelessness data is produced by local authorities through the Pathway Accommodation and Support System of the DHLGH. Tipperary had 36 persons listed as homeless as of December 2020, compared to 80 in January 2017. This is a positive indicator of a falling trend in homelessness in Tipperary and the Council will continue to assist the homeless in line with the Department of Social Protection provide dedicated services for homeless people.

**Table 21: Annual Homeless Figure for Tipperary**

2015	2016	2017	2018	2019	2020
55	68	80	66	35	36

## 6.5 Other housing categories

### 6.5.1 Students

Tipperary has a number of third level facilities, including the student campuses are located at LIT Clonmel and LIT Thurles, Mary Immaculate college, Thurles and Gurteen Agricultural College. The

rural campus at Gurteen has 100 on-farm student accommodation spaces. The total number of registered students in the Clonmel campus is 165, the total number of registered students in the Thurles campus is 208 for the academic year 2020/2021. However, in 2021, Clonmel and Thurles were designated as university towns following the merger of LIT and Athlone Institute of Technology, therefore consideration should be given to the need for dedicated on-campus student accommodation for any increased student numbers that may arise, as part of the preparation of LAPs for these towns.

### **6.5.2 Seasonal employees**

As a rural economy, Tipperary has a demand for employees to respond to seasons in the horticultural or animal processing sectors on a seasonal or on a temporary basis. It is expected that such employees would be accommodated in suitable accommodation in adjoining settlements centres where they can access appropriate services and amenities for quality of life.

## **6.6 Specialised Social Housing Requirements**

It is apparent from an assessment of social housing needs across the county that there is a specific demand for housing among the elderly, the travelling community, persons with disability and the homeless. These categories may have technical requirements that differ from the general housing requirements of the population. It is necessary to examine the nature of the requirements of these groups in order to adequately cater for their needs. Each of these categories is addressed in further detail below.

### **6.6.1 Accommodation for the Elderly**

Approximately 9% of those on the social housing list are aged 60 or over in Tipperary. At 2021 social housing figures and excluding those applicants availing of HAP, this equates to 150 elderly persons in need of social housing.

Tipperary has a higher than national average number of elderly persons. Many older persons own their own home and wish to remain at home in their own community for as long as they are able. It is appropriate and logical therefore, that more specific policies and objectives be set out in this Strategy to cater for the needs of older people, and that the social housing programmes continue to support this cohort.

### **6.6.2 Accommodation for Travellers**

The Housing (Traveller Accommodation) Act 1998 requires that each housing authority adopts a Traveller Accommodation Programme for its functional area. The Tipperary Traveller

Accommodation Programme outlines the accommodation requirements of the travelling community over a five-year period from July 2019 to December 2023.

The annual count of traveller families at November 30<sup>th</sup> 2018 identified 375 traveller households in Tipperary. 179 families were living in standard local authority lettings with 30 families living on serviced halting sites. 27 families were living in group housing schemes and 31 families were living on unauthorised sites. During the duration of the previous programme, the Council provided 88 units of accommodation for travellers.

It is estimated that 100 new families Tipperary will be formed during the life of the programme. It is envisaged that their short-term housing need will be met through the private rented sector while their permanent need is being individually assessed. The requirements for Tipperary are as follows;

Table 22: Traveller accommodation need				
Standard Housing/Including RAS/Leasing	Group Housing	Halting Site	Single Rural Dwelling	Total
58	15	8	9	90

### 6.6.3 Accommodation for people with Disabilities

There are 133 persons with a disability in need of social housing in Tipperary, this equates to 10.5% of all social housing need in the county, and represents a sizable section of the community with specific housing needs. There are 4 categories of disability i.e. sensory disability, mental health disability, physical disability and intellectual disability and each has specific housing demands which are often not easily provided for through private housing construction without early and specific Part V discussions.

The National Housing Strategy for people with a disability is the Government strategy to address the housing needs of people with disabilities over the period 2011 to 2016. In considering housing for people with disabilities, location and access to public transport, community facilities and services is critical, particularly to those with a mobility related disability. In terms of house design, compliance with Part M of the Building Regulations (as amended) expands options to people with a disability.

To effectively address the needs of persons with a disability, consultation with health boards and associations that represent those with disabilities and the Council is critical. Where a specific housing need is identified within an area, this should be considered during pre-planning discussions involving Part V so that the need can be provided for during the design stage.

The Council maintains a stock of units including disability specific accommodation and a list of applicants in this category, including completed occupational therapist reports outlining their specific needs.

#### **6.6.4 Accommodation for the Homeless**

There are 35 persons listed as homeless in Tipperary. The Housing Miscellaneous (Provisions Act) 2009 provides for Homeless Action Plans. These are in place for the Mid-West and South-East Regional Authorities. In addition to the regional Homeless Action Plans the Department of Housing, Planning and Local Government has published a 'Housing First' National Implementation Plan 2018-2021 with a focus on the delivery of new homes to 2021. The Council has been proactive in the alleviating homelessness in Tipperary through mechanisms such as HAP and the rental allowance scheme. The majority of Tipperary homeless needs are for single units in the larger towns. The supply of social housing properties, especially for single person households, is critical to the successful delivery of 'Housing First' and the Council is working to ensure that suitable properties are in place to meet the Housing First targets.

## 7.0 Conclusions of the HNDA Process

This section summarises the findings of the HNDA under the key headings as outlined in the Guidance on the Preparation of a Housing Need and Demand Assessment (DHLGH, April 2021).

### 7.1 Key Housing Market Drivers (Section 1)

The following key conclusions in terms of key housing market drivers have informed the Strategy:

- Tipperary has a pronounced pattern of rural settlement with 42% of the population living in urban areas and 58% living in rural areas. It has 12 urban towns and 114 rural villages. It is a strategic objective of the NPF to refocus new population growth on existing settlements.
- The average household size is 2.68 persons and is expected to fall further; this is indicative of a requirement for more dwellings for the same amount of people and demand for smaller units, in particular units suitable for 1 or 2 persons.
- Tipperary had a slightly greater number of one-person households at 9.6% when compared to than the State average of 8.5%, illustrating a need for smaller units for single persons.
- Married couples with children represented the largest cohort of household type in Tipperary; this was broadly in line with the State average of 46.5%.
- There are many rural settlements where the proportion of older people as a percentage of the total population is well over 20%, an indicator of risk of short-term population decline.
- Households in Tipperary have lower gross and net incomes to the State, with the average household gross income in 2019 being €32,793.
- The majority of houses in Tipperary up to October 21 were transacting at under €200,000, however, house prices are rapidly increasing with the average price for a three-bed semi-detached house at around €200,000.
- House prices are anticipated to grow between 10-12% in 2021 and 2022.
- That the composition of the housing stock at market is changing, with the number of homes brought to market at formerly 'cheaper' price points diminishing quickly.
- That rental prices are anticipated to grow between 6-8% in 2021 and 2022.

- That there are strong intercensal trends in declining household sizes (average household size is now 2.7 persons), supporting an increase in demand for 1 and 2-person homes / correlating with 1 and 2-bed units (increasing from ~54% in 2016 to ~59% by 2028) over the lifetime of the Plan. This could translate into the region of ~570 units per annum to cater for this type of household.
- That rental tenure is set to continue to increase at the expense of owner-occupancy (increasing from approx. 14% in 2016 to 18.7% by 2028).
- There have been strong trends in mortgage approvals, with demand largely driven by first-time buyers who made up almost 60% of total volume and value of approvals.

## 7.2 Housing Stock and Housing Need (Section 2)

The following key conclusions in terms of analysis of housing figures have informed the Strategy:

- 95% of all housing in Tipperary is in the form of houses/bungalows, compared to the State average of 86%, with only 3.5% accommodation in flats/ apartments compared to the State average of 12%. This is illustrative of a need for greater variety in housing type to meet the needs of a changing population.
- Over the period 2011 - 2019, approximately 78% of all new units completed in Tipperary were single units rather than multiple unit developments, with the delivery of new apartments particularly low in the county. New units were typically 3 – 4 bed units this is at odd with the stated need for smaller units.
- A total of 324 units were constructed during 2020. Single units still accounted for the highest level of construction at 188 units delivered; however, an emerging trend towards the delivery of schemes of houses at 113 units is apparent. Apartment construction remains low at 23 units delivered.
- Over the last census period, 64% of new house completions were one-off houses located in the open-countryside; this is significantly higher than in the adjoining counties of Limerick (49%), Waterford (43%) and Laois (45%).
- Tipperary has a relatively high number of units owned outright and owned with a mortgage (71.1%), compared with the state average (67.6%). Also, in terms of numbers of units rented from a local authority, Tipperary had a slightly higher number than the stage average.



### 7.3 Estimating Future Need (Section 3)

The following conclusions in terms of estimating future housing need have informed the Strategy:

- The Covid-19 Pandemic resulted in a marginal slow-down in housing construction in 2020 nationally; however, there is a lot of uncertainty on how the Covid-19 Pandemic (and other ongoing going and expected international economic impacts) will impact on housing delivery over the lifetime of this Strategy, however, planning policy should seek to actively support housing delivery in Tipperary (both in terms of new housing and in terms of regeneration of existing stock), having consideration to housing needs, demands and economic trends.
- In line with NPF population growth projections and having considered an integrated approach to calculating housing demand and in particular, the need to support settlement growth, the Core Strategy has planned for a population growth of between 23,964 and 24,500 persons to 2031<sup>21</sup> and at least 986 new housing units a year (being the Housing Supply Target) in Tipperary.
- Over the course of the Plan period, it is estimated that of 5,917 anticipated households to form, 1,225 or approximately 209 per full-year will not be eligible to qualify for a mortgage for the cheapest house under the Central Bank Loan-to-Income rule.
- That these 209 households are in the 1<sup>st</sup> and 2<sup>nd</sup> income deciles (the lower end of the income spectrum in Tipperary), and have a net annual income of €11,905 and €15,888 respectively, or €992 and €1,324 monthly – in year 2022.
- These same 209 households will encounter affordability issues renting sustainably in the private rental market (spending no higher than 35% of their disposable income on accommodation).
- 777 households of the 986 forming each typical full-year across the Plan period, will not encounter a mortgage qualification or an affordability challenge in meeting their accommodation needs – based on income, price and supply assumptions.
- HAP supports, at current rates, would continue to provide essential support to households unable to afford accommodation in the private rental sector, for most households – however,

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<sup>21</sup> Refer to the County Housing Strategy set out in Appendix 1 for methodology

those with more than 2 children face continued affordability challenges. Constraints on supply overall may work against HAP support.

- A full-year average of 21.2% of new household formations will therefore experience affordability challenges (as defined in Section 93(1) of the Planning Act in attempting to provide for their own housing needs.
- This 21.2% of households comprises approximately 10.5% social need and 10.7% affordable need, in full-years, approximately 104 and 105 households respectively.
- There is an increased focus on the delivery by the public sector/land development agency of affordable housing options for working people who can't afford their own homes; this is in response to the Programme for Government commitment to affordability under Housing for All. Schemes include the Cost Rental Equity Loan scheme, and the Help-to-Buy scheme. Notably, the Affordable Housing Act 2021 provides for the introduction of three new schemes that will see:
  - a) Local authorities deliver affordable homes for purchase on their lands, for example, though the Affordable Housing Fund.
  - b) A new Affordable Purchase Shared Equity scheme where the State would provide equity support to households seeking to purchase homes in the private market.
  - c) The introduction of a new form of tenure in 'Cost Rental'.
- In line with Planning Policy 5 – 3 Part V of the Planning Act (as amended by the Affordable Housing Act 2021) will apply to new private housing development, and social housing and affordable housing (as the case may be). New planning permissions for housing development on land<sup>22</sup> (notwithstanding its land zoning designation) will have a 20% Part V requirement (replacing the 10% Part V requirement).
- In terms of overall residential vacancy, Tipperary is generally above the national average, and it is expected that vacancy is highest among the smaller towns and rural villages. The monitoring of, and programmes of active regeneration and reuse of vacant units in towns and villages, will be an import factor in providing affordable housing.

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<sup>22</sup> The increased obligation of 20% under the Affordable Housing Act 2021, will apply to all land transacted after the new legislation comes in to force, or bought before 2015, where planning permission has not been granted. Current planning permissions and land purchased between 2015 and 2021 will continue at the 10% threshold until 2026, when the 20% threshold will become a requirement for all land regardless of when it was purchased.

## 7.4 Specialist Provision (Section 4)

Tipperary has specific population cohorts with specialist housing needs including, minority ethnic communities, the disabled and the homeless. The following relevant conclusions have informed the Strategy:

- The age profile for Tipperary illustrates a higher population percentage share in the older age groups when compared to State average, illustrating a need to provide housing for an aging population. There is an existing high proportion of 1<sup>st</sup> and 2<sup>nd</sup> decile households aged over 65 years, who may benefit from downsizing or smarter designed homes.
- Nearly 28% of the elderly population live alone, higher than the state average of 26.7%. This reflects the vulnerability of this age cohort and their possible detachment from support and services and the need to provide quality housing choice and supporting housing suited to the needs of our elderly population.
- There are a very high proportion of single persons in need of social housing and having consideration to the household size of the general population and trends in recent housing type delivery there is a clear need for smaller units in Tipperary, i.e. 1- and 2-bedroom units.
- It is estimated that 100 new traveller families with an accommodation need will be formed during the life of the Traveller Accommodation Programme over a five-year period from July 2019 to December 2023.
- Having consideration to the designation of Clonmel and Thurles as university towns as part of the Technological University of the Shannon, consideration should be given to the need for dedicated on-campus student accommodation as part of the preparation of LAPs for these towns.

## 8.0 Delivering the Housing Strategy

Based on the analysis of the existing housing market in Tipperary, and the projection and/or estimation of housing needs and demands, housing objectives that inform the overall approach to the Strategy are set out. These include general housing objectives, and also housing objectives relating to social housing and provision of specific housing needs.

### 8.1 Housing Strategy Key Principles

The overarching purpose of a housing strategy is to ensure that the proper planning and sustainable development of the area provides for the housing of the existing and future population of the county in an appropriate manner. The Council will seek to address the key principles set out below both in its Core Strategy, and related policies and objectives for the delivery of sustainable housing.

#### Housing Strategy Key Principles

- 1) To secure the implementation of the Strategy in accordance with the provision of national legislation and relevant policies and standards.
- 2) To provide for sustainable communities in Tipperary through the implementation of the Guidelines for Planning Authorities on Sustainable Residential Development in Urban areas', May 2000 (and any review thereof).
- 3) To ensure that public or private sector developments will have a mix of housing types and sizes to reasonably match the requirements of different kinds of households, including the special requirements of older people and people with disabilities.
- 4) To ensure that housing needs in the county are monitored on an ongoing basis, and that there is meaningful consultation among those who are central to the development and implementation of the policies of the Strategy.
- 5) In providing for the delivery of homes, enshrine the principles of sustainability, by the integration of low-carbon principles such as compact development, 10-minute towns, life-time adaptable housing, sustainable urban drainage etc and to also actively support the regeneration and reuse of existing building stock.
- 6) To actively drive the delivery of new homes in towns and villages Tipperary, in conjunction with Government and community stakeholders through active land management and regeneration actions and to actively seek funding and supports as opportunities arise.

The Core Strategy seeks to refocus new growth to concentrate on settlements as the most sustainable approach to future population growth, to revitalise communities and as a vital component of a movement towards a low carbon economy. The Core Strategy will deliver 66% of

new population and housing provision to the urban centres and 34% to the rural villages and the wider rural areas, thereby refocusing new growth on a sustainable county settlement strategy.

## 8.2 Housing Strategy Objectives

Housing for All - a New Housing Plan for Ireland' is the government's housing policy to 2030. It is a plan to improve Ireland's housing system and deliver more homes of all types for people with different housing needs. Objectives for strategic housing policy development and the findings of the HNDA that have been considered in the housing strategy objectives for Tipperary as set out below.

### 8.2.1 Planning for Sustainable Communities

The Housing Agency Strategic Plan 2019 – 2021 (Housing Agency, 2019) states that sustainable communities are ones that last – they are places that are well planned, with good quality housing, places where people want to live and where they have opportunities.

- The Strategy will seek to secure growth and attract/ensure investment in housing to cater for positive population growth in Tipperary in line with the Core Strategy and settlement hierarchy as set out in Chapters 2 and 3 (Volume 1) of the Plan.
- In line with the objectives of the NPF, and to deliver compact and sustainable population growth, the primary focus of new housing will be on the towns and villages of Tipperary, where the social and economic needs of the population can be met in a sustainable manner, whilst ensuring the vitality and viability of towns and rural settlements.

### 8.2.2 Support Housing Construction

The Core Strategy, settlement strategy and resulting tailored approach to settlement growth, have been prepared using an evidence-based approach, with capacity analysis and consideration to the NPF. The settlement hierarchy is underpinned by serviced land assessment which applies a standardised and tiered approach to zoning as set out in Volume 2 Settlement Plans and Serviced Land Assessment of the Plan. This Strategy seeks to enable the development of new homes, both within built up areas.

- The Core Strategy has identified land zoning for settlements<sup>23</sup> based on population growth and housing provision, and a serviced land assessment which applies a standardised and tiered approach to zoning, identifying lands within the settlements that are fully serviced by

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<sup>23</sup> A detailed serviced land assessment will support each of the LAPs to be prepared for the designated towns

available infrastructure (Tier 1), and lands which will be serviced within the lifetime of the Plan (Tier 2).

- The Core Strategy (Table 2.4 Core Strategy) has outlined land-zoning estimates for residential development in the Key Towns, District Towns, Local Towns and in all Service Centres with a population of 400 and above. These inform detailed zoning designations in the relevant, LAP and Settlement Plan in Chapter 2 and will inform the preparation of LAPs in line with the provisions of Chapter 4. Village boundary definition and appropriate residential development policies are outlined for all the other smaller villages in the county. The Plan will thereby ensure that there is adequate availability of suitable land for residential development.
- The Housing Authority will seek to build and support the delivery of new housing appropriate to the needs of the county in terms of the demand for social housing, the needs of people with disabilities, homeless people, older people, and the traveller community.

### 8.2.3 Quality and Affordable Housing for All

The Council will seek to support the Housing Agency Strategic Plan 2019 – 2021 and ‘Housing for All’ (DHLGH, 2021) to enable everyone to live in good quality, affordable homes in sustainable communities, with a focus on;

- a) Quality - quality housing to meet identified needs in places people want to live.
  - b) Affordability – housing that is affordable to buy or rent.
  - c) Sustainability - meeting the needs of the present without compromising the ability of future generations to meet their own needs.
- Having consideration to the Supplementary Analysis on Housing Affordability dated October 2021, as set out in Appendix 5, the Council will continue to monitor the number of households who may not be able to afford their own homes over the lifetime of the Plan.
  - Having consideration to the provisions of Housing for All’ (DHLGH, 2021) the Council will actively seek to deliver affordable housing in Tipperary through public and private sector delivery options, including Part V and the Affordable Housing Fund.
  - The Council will require a mix of house types and sizes both within individual developments, and communities to promote a social balance and inclusivity.

- The Council will promote residential densities appropriate to the development's location and surrounding context, having due regard to Government policy relating to sustainable development, which aims to reduce the demand for travel within existing settlements, and the need to respect and reflect the established character of rural areas.
- The Council will plan for the expansion of existing settlements in a planned, sequential and coordinated manner, which ensures development is built alongside the necessary infrastructure, services and amenities to deliver quality of life.
- The Council will require that the principal of 'Universal Design' and 'Lifetime Adaptable Housing' be incorporated into new dwelling designs to ensure that dwellings can be accessed, understood and used to the greatest extent possible by all people, regardless of their age, size, ability or disability.
- The Council will require planning applications for multiple unit developments to be supported by a 'Statement of Housing Mix' (Volume 3 Appendix 6, Development Management Standards, Section 4.4 Residential Sustainability Statement), to set out how the proposal meets the requirements for housing mix and universal design i.e. combinations of detached, semi-detached, terraced, single storey, and apartment units.
- The Council will actively support the delivery of new forms of housing provision in Tipperary to cater for specific housing needs, in this respect tailored housing policies will be provided in the Plan for housing types including: one-off houses in the open countryside, cluster housing in rural villages, multi-unit developments in urban centres etc.
- The Council will seek to work with the disability organisations to ensure that wherever possible, housing (including local authority housing) is built to disabled access standards. In Part V discussions with developers, the housing authority will require an element of disability specific accommodation. Such accommodation will also be designated as units that will always be retained in the stock of the housing authority for disabled applicants.
- The Council will seek to protect and enhance the natural and built environment and to promote the use of sustainable building technologies and practices and will ensure the attractive design and layout of all residential developments.
- The Council will seek to optimize the provision of social infrastructure for residential areas.

## 8.2.4 Housing for the Elderly

Currently 85% of people over the age of 65 own their homes with two-thirds of them wanting to live there for as long as possible, with approximately 15% expressing a desire to move to a different property in their community. There is a need to provide housing options which will support older people to live independently, safe and secure, and ensure support and options when independence is no longer possible. In line with the objectives of Age Friendly Ireland, the Council will actively seek to support the delivery of quality elderly accommodation through private sector development, in addition to social housing schemes. In this respect, the Council's Age Friendly Housing Technical Specialist will provide advice to the following groups:

- a) Local authority staff and members,
- b) Private sector developers with an interest in providing age-friendly housing,
- c) Approved Housing Bodies with an interest providing housing for older people,
- d) Individuals from the public who may need advice on right sizing or adapting their own dwellings with age friendly universal design principles.

### *Private Sector Housing for the Elderly*

Volume 1, Chapter 4 of the Plan sets out policy for the delivery of sustainable housing, the key provisions for age friendly housing will apply:

- The Council will support and facilitate elderly appropriate housing within settlements, appropriate to the size and scale of the area and close to services and amenities. In this respect, the Council will support the delivery of a range of housing options between traditional housing and nursing home care, including:
  - Independent Living,
  - Assisted Living and
  - Specialised Living.
- In preparing a 'Statement of Housing Mix' (Volume 3, Appendix 6 Development Management Standards), private developers are required to consult with the Council to ensure that age-friendly housing and principles of universal design are incorporated.

### *Social Housing Supports for the Elderly*

The Council will seek to consider innovative social housing options specifically designed for older people as follows:

- Age-friendly schemes in association with approved authorities.
- "Right-sizing" options.
- Downsizing schemes (financial contribution schemes) etc.



## 8.2.5 Existing Housing Stock, Regeneration & Active Land Management

Under its pathway to addressing vacancy and efficient use of existing stock, Housing for All (DHLGH, 2021) sets out a range of measures designed to bring vacant homes brought back into productive use. The Council will actively support policy intervention to promote more efficient use of housing stock, and reduce the number of vacant homes across the country and particularly in its towns and villages. Volume 1, Chapter 7 of the Plan sets out a range of options and measures to support and address the reuse and regeneration of vacant properties and underused sites. In particular, the Council will seek to monitor vacant properties and co-ordinate nationally with relevant organisations such as the Housing Agency and Project Ireland 2040 in actively supporting reuse and regeneration.

It is an objective of the Plan to support a ‘Town-Centre First’ approach to housing delivery and to support building reuse as a key part of settlement regeneration.

- To engage in place-making and active land management, to facilitate housing delivery as part of overall regeneration in towns. Such measures include, master planning of urban sites, mechanisms to activate vacant and derelict sites, collaborative regeneration under the URDF and RRDF etc.
- To promote residential development and shortfalls in housing provision through active land management, and a coordinated planned approach to developing appropriately zoned lands at key locations, including regeneration areas, vacant sites, and underutilised sites. This includes back-land development, thus promoting more efficient use of zoned land.
- The Council will investigate measures to collaboratively facilitate and encourage the development of cluster housing within villages in association with landowners and those seeking to build a new dwelling.

## 8.2.6 Social Housing Support

The Council will continue to meet their identified social housing provision requirements via a combination of existing delivery schemes and through either existing, or recently established schemes and mechanisms. Currently, social housing support in Tipperary is administered by the Housing Department within the Council, and the mechanisms in the social housing system to meet the demand and deliver social housing, as summarised in this Strategy, will continue to be managed to a high standard and implemented in association with the approved housing bodies and other partners. The following objectives will be applied:

- The Council will, through central Government support, construct and deliver high quality social housing in the county to cater for social housing demands.
- The Council will continue to work in partnership with private, voluntary and co-operative sectors, in implementing programmes including the HAP, the rental allowance scheme, 'Repair and Lease scheme' etc in the provision of accommodation for those who cannot afford to purchase a private dwelling of their own.
- The Council will seek to maximize the use of existing local authority housing stock by efficient use of the existing stock and through remedial works and retrofitting programmes.
- The Council will support the voluntary sector to develop housing for special needs, including the concept of independent living for older people and people with a disability and ensure where possible that housing for such groups is integrated with mainstream housing.
- The Council will continue to work with the Homeless Action teams in finding ways to prevent homelessness and to find solutions for those who find themselves homeless.
- The Council will seek to provide accommodation specifically for individual groups such as Travellers and for people with specific housing needs such as people with disabilities and the homeless in line with current plans and programmes.
- The Council will seek to ensure the enjoyment of any house, building or land provided by the Local Authority or with the support of the Local Authority, and the enjoyment of any neighbouring properties, through the promotion of good estate management.
- The Council will support new schemes, for example, under Housing for All (DHLGH, 2021), the Cost Rental Equity Loan scheme, the Help-To-Buy scheme etc, as appropriate in the context of housing need in Tipperary.
- The Council will aim to allocate 10% of new builds and acquisitions to deal with disability housing needs.

### 8.2.7 Part V

It is an objective of the Council that the provision of social housing in Tipperary under Part V will reflect the requirements for social housing as identified by this Strategy. Each planning application for new housing will be considered on an individual basis and the method used to satisfy Part V

requirements will be the one that best facilitates the delivery of a sustainable community. Part V will apply to all land zoned for residential or mixed use.

- The Council will require housing developers, to whom the 20%<sup>24</sup> requirement, will apply to discuss the likely terms of Part V agreements at pre-planning consultations, or directly with the Housing Section in advance of pre-planning.
- The various options for compliance are set down in the Section 96(3) of the Planning Act; these should be discussed with the Housing Section of the Council to ensure that a mixture of residential unit types and sizes are developed to reasonably match the requirements of different categories of households within the area.
- The Council and the developer shall have a provisional agreement in place before prior to submission of a planning application.
- A Condition will be attached to the planning permission to require the developer to enter into a formal agreement with the Housing Section of the Council in relation to the provision of social housing under Part V prior to commencement.
- The Council may choose to nominate an Approved Housing Body to purchase the units but the developer must engage with the Council Housing Section in the first instance and the Part V agreement must be made the Council directly.

### 8.2.8 Unfinished Housing Estates

It is an objective of the Council where particular estates are recorded on the Department of Environments 'Register of Unfinished Housing Estates', to evoke all measures under the Planning Act, to address public safety and environmental improvements for people living in these estates and to reduce the numbers of unfinished estates in the county.

## 8.3 Implementation and Monitoring

The Planning Act provide for the monitoring of the implementation of the Strategy as part of the report of the Chief Executive under Section 15(2). In this respect, the Council will undertake to:

- Review the progress achieved in implementing this Strategy and in consultation with the appropriate bodies.

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<sup>24</sup> or any percentage that may apply subject to further legislative amendments

- Seek to work with the DHPLG in line with RPO 29 Rebuilding Ireland and RPO 30 HNDA with respect to guidance on monitoring, and will seek to incorporate guidance into the current housing needs monitoring programmes of the Council in due course.
- Seek to monitor of the number of units delivered in Tipperary each year and the percentage of these which meet local affordability criteria.

In response to key issues addressed in this Strategy, monitoring will be carried out to determine compliance with some specific aspects of Section 95 subsection (1)(b). These objectives relate to:

- 1) The need to ensure that affordable housing is delivered to accommodate identified demand throughout the county.
- 2) The need to provide different types, and sizes of housing, including smaller units, to match, in so far as possible, demand from different types of households.
- 3) The special needs of the elderly, those with disabilities and other specialised housing demands.
- 4) The reduction of vacancy in order to consolidate the established residential areas and to address a rising demand in housing provision.
- 5) The regeneration of derelict/underutilised/vacant sites in line with a Town-Centres First Strategy that encourages the creation of vibrant towns and villages for people to live and work.

# Appendices

## 1.0 Population of Tipperary's Towns and Villages 2016

Name	Current Settlement Designation	Number of residential buildings 2018	Population 2016 (CSO or estimate <sup>25</sup> (in red) based on housing occupancy/ dwellings
<b>Urban</b>			
Clonmel	Key Town	7685	17140
Nenagh	Key Town	4043	8968
Thurles	Key Town	3639	7940
Carrick On Suir	District Town	2553	5771
Roscrea	District Town	2259	5446
Tipperary Town	District Town	2559	4979
Cashel	District Town	2016	4422
Cahir	District Town	1616	3593
Ballina	Local Town	1021	2632
Newport	Local Town	794	1995
Templemore	District Town	1026	1939
Fethard	Local Town	761	1545
<b>Rural</b>			
Borrisokane	Service Centres	463	942
Ardfinnan	Service Centres	403	899
Ballyclerihan	Service Centres	295	862
Kilsheelan	Service Centres	345	812
Holycross	Service Centres	251	715
Borrisoleigh	Service Centres	357	679
Killenaule	Service Centres	347	652
Cloughjordan	Service Centres	311	612
Marfield	Local Service Centres	212	572
Mullinahone	Service Centres	234	499
Clogheen	Service Centres	269	478
Portroe	Service Centres	171	461
Two-Mile-Borris	Service Centres	170	459
Littleton	Service Centres	181	394
Riverstown	Local Service Centres	131	354
Newcastle	Service Centres	148	352
Cappawhite	Service Centres	202	343
Bansha	Service Centres	153	333

25 Noting that the CSO does not provide population figures for rural settlements at this scale.

Ballyporeen	Service Centres	198	318
Silvermines	Service Centres	132	310
Newtown	Service Centres	107	309
Limerick Junction	Service Centres	112	302
Emly	Service Centres	175	302
Templetouhy	Service Centres	111	300
Boherlahan	Service Centres	128	299
Gortnahoo	Service Centres	130	286
Toomevarra	Service Centres	157	280
Ballingarry (Carrick)	Service Centres	111	269
Golden	Service Centres	130	267
Puckaun	Service Centres	106	250
Rosegreen	Local Service Centres	79	213
Monard	Local Service Centres	99	212
Rathcabbin	Local Service Centres	74	200
Lisronagh	Local Service Centres	61	184
Drangan	Local Service Centres	62	167
Dundrum	Service Centres	131	165
Donaskeagh	Local Service Centres	59	159
Grangemockler	Local Service Centres	58	157
Newinn	Local Service Centres	58	157
Terryglass	Local Service Centres	58	157
Rearcross	Local Service Centres	63	156
Ballinonty	Local Service Centres	66	152
Ballypatrick	Local Service Centres	54	146
Dualla	Local Service Centres	52	140
Kilcash	Local Service Centres	52	140
Ardcrouney	Local Service Centres	51	138
Glengoole	Local Service Centres	47	127
Knockavilla	Settlement Nodes	47	127
Lorrha	Local Service Centres	46	124
Burncourt	Local Service Centres	45	122
Lisvarrinane	Local Service Centres	45	122
Clonoulty	Local Service Centres	42	113
Hollyford	Service Centres	42	113
Ballycommon	Local Service Centres	38	103
Dromineer	Local Service Centres	92	102
Ballynacloagh	Settlement Nodes	37	100
Garrykennedy	Settlement Nodes	34	92

Kilcommon	Settlement Nodes	34	92
Lattin	Local Service Centres	33	89
Ballingarry (Nenagh)	Settlement Nodes	33	89
Cloneen	Local Service Centres	32	86
Moyne	Settlement Nodes	32	86
Cullen	Local Service Centres	31	84
Faugheen	Local Service Centres	31	84
Kilross	Settlement Nodes	31	84
Grange (Clonmel)	Settlement Nodes	28	76
The Ragg	Settlement Nodes	28	76
Gouldscross	Settlement Nodes	27	73
Loughmore	Local Service Centres	26	70
Thomastown	Settlement Nodes	26	70
Moyglass	Settlement Nodes	25	68
Templederry	Settlement Nodes	24	65
Ballagh	Settlement Nodes	23	62
Clonmore	Local Service Centres	22	59
Kilfeakle	Local Service Centres	22	59
Ballylooby	Settlement Nodes	22	59
Aglish	Settlement Nodes	21	58
Ahenny	Settlement Nodes	19	51
Castleleiney	Settlement Nodes	19	51
Annacarty	Local Service Centres	18	49
Donohill	Local Service Centres	18	49
The Commons	Local Service Centres		49
Upperchurch	Local Service Centres	18	49
Ballinure	Settlement Nodes	18	49
Birdhill	Settlement Nodes	18	49
Clonakenny	Settlement Nodes	18	49
Ballycahill	Settlement Nodes	17	46
Ninemilehouse	Settlement Nodes	17	46
Ballysloe	Settlement Nodes	16	43
Carrig	Settlement Nodes	15	41
Drom	Settlement Nodes	15	41
Goatenbridge	Settlement Nodes	15	41
Drumbane	Settlement Nodes	14	38
Horse & Jockey	Settlement Nodes	14	38
Rossadrehid	Settlement Nodes	14	38
Kilusty	Settlement Nodes	12	32



<b>Sologhead</b>	Settlement Nodes	12	<b>32</b>
<b>Ballinahinch</b>	Settlement Nodes	11	<b>30</b>
<b>Ballyneill</b>	Settlement Nodes	11	<b>30</b>
<b>Ballinderry</b>	Settlement Nodes	10	<b>27</b>
<b>Carrigahorig</b>	Settlement Nodes	10	<b>27</b>
<b>Dolla</b>	Settlement Nodes	10	<b>27</b>
<b>Toem</b>	Settlement Nodes	10	<b>27</b>
<b>Knock</b>	Settlement Nodes	9	<b>24</b>
<b>Kilbarron</b>	Settlement Nodes	8	<b>22</b>
<b>Moycarky</b>	Settlement Nodes	8	<b>22</b>
<b>Kiloscully</b>	Settlement Nodes	6	<b>16</b>
<b>Rossmore</b>	Settlement Nodes	5	<b>14</b>
<b>Grange</b>	Settlement Nodes	4	<b>11</b>
<b>Killeen (Templederry)</b>	Settlement Nodes	4	<b>11</b>
<b>Ballinree</b>	Settlement Nodes	3	<b>8</b>
<b>Boher</b>	Settlement Nodes	3	<b>8</b>
<b>Gortagarry</b>	Settlement Nodes	3	<b>8</b>
<b>Killea</b>	Settlement Nodes	3	<b>8</b>

## 2.0 Housing Supply Target Methodology – Section 28 Guidelines

Tipperary		Annual Average Households	Total Households	
A	ESRI NPF scenario projected new household demand 2017 to 2028 <sup>26</sup>	517 (5,951/11.5)	5,951 <sup>A</sup>	
B	Actual new housing supply 2017 to Q2 2022	276 (1,520/5.5)	1,520 <sup>B</sup> <sup>27</sup>	
C	Homeless households (latest data), and unmet demand as at most recent Census	N/A	132 <sup>C</sup>	
D	<b>Plan Housing Demand = Total (A-B) +C</b> (Projected ESRI NPF demand - new completions) + Unmet demand	<b>761</b> <b>(4,563/6)</b>	<b>4,563<sup>28</sup></b>	
E	Potential adjustment 1 to end 2026 portion of plan period to facilitate convergence to NPF strategy (where justified)	Mid-point between ESRI NPF and baseline scenarios to 2026 in lieu of A above	Adjusted Demand	Total
E1	ESRI Baseline scenario projected new household demand 2017, to Q4 2026	791 (7,906/10)	7,906	
E2	ESRI NPF scenario projected new household demand to Q4 2027		753	
E3	Mid-point between A-E2 (ESRI NPF and baseline scenarios, to Q4 2026)	655 (6,552/10)	6,552 (5,951 – 753 + 7,906)/2	
E4	<b>Adjusted Total Demand<sup>29</sup></b> calculation based on E2 + E3 in lieu of A above	986 (5,917/6)	(753 <sup>E2</sup> +6,552 <sup>E3</sup> - 1,520 <sup>B</sup> ) + 132 <sup>C</sup> =	<b>5,917<sup>30</sup></b>

<sup>26</sup> Plan to be adopted Q3 2028

<sup>27</sup> Estimated future delivery projected pro rata from CSO data available year to date – i.e. Q1 2021 to Q2 2022

<sup>28</sup> Tipp CDP Target – NPF Scenario

<sup>29</sup> Provides for a total population growth of 15,976 persons over 6 years. Over the three-year period - 2029 – 2031 = 23,964. This is very close to the NPF population projection for Tipperary to 2031 24,500.

<sup>30</sup> Tipp CDP Target – Potential Adjustment 1

### 3.0 Residential Land zoning changes for Local Towns and Service Centres

Residential Land-zoning for Local Towns and Service Centres		
Settlement	2017 Zoning	Residential Land-zoning
<b>Local Towns</b>		
Ballina	18.99	7.57
Newport	26.63	6.06
Fethard	11.71	5.65
<b>Service Centres (&gt;400 persons)</b>		
Ardfinnan	9.59	4.62
Ballyclerihan	14.39	4.53
Borrisokane	20.43	4.98
Borrisoleigh	12.15	4.41
Clogheen	25.28	5.42
Cloughjordan	17.11	5.31
Holycross	25.33	5.29
Killenaule	15.33	4.42
Kilsheelan	16.37	4.93
Mullinahone	16.56	5.4
Portroe	9.52	3.52
Twomileborris	10.47	5.12
<b>Totals</b>	<b>249.86</b>	<b>77.23</b>

## 4.0 Data Sources

- CSO Census databases;
- AIRO Mapping Resources, including Census Maps;
- DEHLG, and the “Overall Social Housing Provision” within Local Authorities;
- The DEHLG “Unfinished Housing Developments -Summary Reports for 2017” & “Resolving Unfinished Housing Developments -2017 Annual Progress Report on Actions to Address Unfinished Housing Developments”;
- The Housing Agency and “Summary of Social Housing Assessments 2019”;
- The “Residential Property Price Index -May 2020”, CSO Census databases;
- Myhome.ie portal and “Myhome.ie Q2 2020 Property Report with Davy”;
- Daft.ie portal and “The Daft.ie Housing Market Report; An Analysis of Recent Trends in the Irish Estate Market for June 2020”;
- Property Services Regulatory Authority and the search portal for “Residential Property Price Register”;
- Residential Tenancies Board and report on “Rent Index Q1 2020”;
- Department of Housing, Planning & Local Government and the “Homelessness Reports January to May 2020”;
- The Department of Housing, Planning and Local Government, and the ‘Homelessness Report May 2020’;
- ESRI’s ‘Irish house price sustainability: a county-level analysis’ and ‘Budget Perspectives 2018: Paper 2.
- Housing Market Monitor for the last quarter of 2020 by Banking & Payments Federation Ireland (BPF).

## 5.0 Supplementary Housing Affordability Assessment



**Tipperary County Council**

A Supplementary Analysis of Household Affordability in County Tipperary  
KPMG Future Analytics, October 2021

# Tipperary County Council

## **A Supplementary Analysis of Household Affordability in County Tipperary**

**An assessment of household incomes, pricing, affordability  
and trended change in size, tenure and type for the County  
Tipperary Draft Housing Strategy 2022-2028**



**Comhairle Contae Thiobraid Árann**  
Tipperary County Council

KPMG Future Analytics

October 2021



## Tipperary County Council

A Supplementary Analysis of Household Affordability in County Tipperary  
KPMG Future Analytics, October 2021

# Executive Summary

## Introduction

Housing affordability is an important aspect of housing delivery and influences demand for social housing support. In order to understand, examine and project housing affordability, and in particular, estimate the number of households in the county who may not be able to afford accommodation either through purchase or rental over the lifetime of the Plan, KPMG Future Analytics were commissioned by Tipperary County Council in June 2021 to prepare a supplemental analysis to the Draft Housing Strategy of the Draft County Development Plan 2022 – 2028 (the Plan).

This supplementary analysis set out to:

- Examine and categorise households across the county on the basis of household income (by decile).
- Consider how likely changes in income and house prices could impact on affordability over the lifetime of the Plan.
- Assess the cohort of the housing market in Tipperary that would be eligible, or ineligible for a mortgage, as per the Central Bank Rules.
- Determine what a sustainable mortgage amount would be for households across the income spectrum, over the average mortgage period.
- Estimate the volume and price band distribution of houses, and what a given household could therefore sustainably afford to repay a mortgage on.
- Assess affordability in the private rental sector for households that would not be eligible for a mortgage under the Central Bank Rules.
- Compare the identified sustainable mortgage amount to prices and volume, or in rental, compare sustainable rent to market rates by type.
- Assess how many households, of both tenure types, that would likely face affordability challenges, and potentially require social housing supports.
- Estimate how many ‘affordable’ units would likely be required as part of overall housing delivery, should these assumptions hold without intervention.

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Section 3.0 of the Tipperary County Housing Strategy, identifies and assesses the 'Housing Market Drivers' of Tipperary in line with the 'Guidance on the Preparation of a HDNA', (Department of Housing, Local Government and Heritage, 2021) and relates to the identification of key housing market drivers, including household formation, population, housing affordability, including incomes, house prices, rent levels, access to finance and key drivers of the local and national economy. This supplementary analysis relates to housing affordability, and should be read in conjunction with Section 3.0 of the Tipperary County Housing Strategy.

### *Summary of findings*

By comparing and contrasting the resulting findings, the principal features to emerge from the analysis are as follows:

- A total of 5,917 households are expected to be formed in Tipperary over the Plan period, equating to a target for a full-year average of 986 units (247 in Q4 2022 and 740 in Q3 2028);
- Over the course of the Plan period, it is estimated that of 5,917 anticipated households to form, 1,225 or approximately 209 per full-year will not be eligible to qualify for a mortgage for the cheapest house under the Central Bank Loan-to-Income rule (LTI);
- That these 209 households are in the 1<sup>st</sup> and 2<sup>nd</sup> income deciles (the lower end of the income spectrum in Tipperary), and have a net annual income of €11,905 and €15,888 respectively, or €992 and €1,324 monthly – in year 2022;
- That these same 209 households will encounter affordability issues renting sustainably in the private rental market (spending no higher than 35% of their disposable income on accommodation);
- That 777 households of the 986 forming each typical full-year across the Plan period, will not encounter a mortgage qualification or an affordability challenge in meeting their accommodation needs – based on income, price and supply assumptions;
- That Housing Assistance Payment supports, at current rates, would continue to provide essential support to households unable to afford accommodation in the private rental sector, for most households – however, those with more than 2 children face continued affordability challenges. Constraints on supply overall may work against Housing Assistance Payments support;
- That a full-year average of 21.2% of new household formations will therefore experience affordability challenges (as defined in Section 93(1) of the Planning and Development Act 2000, as amended) in attempting to provide for their own housing needs;



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- That this 21.2% of households comprises approximately 10.5% social need and 10.7% affordable need, in full-years, approximately 104 and 105 households respectively;
- That house prices are anticipated to grow between 10-12% in 2021 and 2022,
- That the composition of the housing stock at market is changing, with the number of homes brought to market at formerly 'cheaper' price points diminishing quickly,
- That rental prices are anticipated to grow between 6-8% in 2021 and 2022,
- That there are strong intercensal trends in declining household sizes (average household size is now 2.7 persons), supporting an increase in demand for 1 and 2-person homes / correlating with 1 and 2-bed units (increasing from ~54% in 2016 to ~59% by 2028) over the lifetime of the Plan. This could translate into the region of ~570 units per annum to cater for this type of household; and
- That rental tenure is set to continue to increase at the expense of owner-occupancy (increasing from approx. 14% in 2016 to 18.7% by 2028).

### **Considerations and Conclusions**

The observable demand for social and affordable units across the period (1,225 total or 209/21.2% per annum in most years<sup>1</sup>) assumes delivery of at least the annual anticipated number of households being brought to market. However, not all these houses will be affordable by those identified with social or affordable needs. Additionally, if the number of units are lower than this, the relative increase in social and affordable need will also increase. It may be prudent therefore to explore a higher number of affordable homes to ensure sufficient elasticity in requirements that may emerge. Much closer monitoring of the number of units delivered each year and the percentage of these which meet affordable criteria would help inform related planning policy.

The county-level assessment undertaken by this analysis provides an overview of affordability as it would generally apply to an average household falling into any of the ten-assessed income deciles. As such, it can be viewed as taking into broad account the more favourable areas of affordability, with those less favourable, and in so doing, sets out a balanced view.

The identified number of households facing a social or affordable challenge can be factored in as an additive amount to the existing social housing waiting list. Keeping a +/- tolerance to this will allow for the most flexibility in terms of addressing future needs.

The results of the analysis indicate that there are certain price points which all households forming can sustainably afford to repay, if eligible for a mortgage.

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<sup>1</sup> 22/9% for Q4 2022 and 157/21.2% in 2028 to Q3

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Aiming to deliver housing around these price points (affordable mortgage repayment amounts translated into total house prices; accounting for average periods, interest rates, etc.), would provide an effective means of addressing the anticipated requirements faced by households in the 1<sup>st</sup> and 2<sup>nd</sup> income deciles.

Ensuring sufficient supply at the effective price bands for all household income deciles will be important to mitigate too much downward pressure or over-competition for cheaper units. This is equally true for the private rental market, where there is likely to be an increase in demand for 1 and 2-bedroom units, contrary to the majority of existing tenancies occupying 3 and 4+ bedroom units.

Depending on which parameters and households are in view, there is an affordability gap in the County for some households. Whilst broadly speaking, assuming incomes, price and supply progress as anticipated by this study, the majority of households are would be able to both qualify for a mortgage under the Central Bank rules, and also adequately compete in the market for homes that suit their optimal repayment capacity, this won't be the case for households in the 1<sup>st</sup> and 2<sup>nd</sup> deciles. Furthermore, households up to the 4<sup>th</sup> decile (42.7% of the market) will be more vulnerable to income, price, and supply changes.

As a result, there is an affordability gap particularly observable for 1<sup>st</sup> and 2<sup>nd</sup> decile households, when compared to the cheapest houses, but certainly the average pricing. Affordable options aimed at these groups would help alleviate the most acute cases, but additional consideration of further affordable homes (for instance) may provide significant support to households in the 3<sup>rd</sup> and 4<sup>th</sup> deciles who are otherwise vulnerable.

Furthermore, forthcoming unit sizes and types will need to adjust to reflect both a mix of design and space for 1 and 2 person households, which will increase to almost 60% of the entire number of households in the County by 2028. Apartments alone may not offer the best answer to this, but rather a balanced mix of different unit types that can support changing tenure arrangements and also lifecycle of occupants (there is an existing high proportion of 1<sup>st</sup> and 2<sup>nd</sup> decile households aged over 65 years who may benefit from downsizing or smarter designed homes for example).

The delivery of appropriate unit-type mixtures should be closely monitored by the Planning Authority, to evaluate forthcoming housing supply and its completion status. A much closer, perhaps annual review of the specification of units proposed, and delivered, will allow for more timely consideration and engagement on how identified needs can best be catered to.

Consideration to address the projected challenges in affordability (such as qualification for mortgages, sustainable repayment amounts and adequate supply across price points), should be made so as to give effect to timely interventions for newly forming households over the Plan period. This report's examination of affordability will provide a helpful resource for future monitoring and adjustment in that regard.



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## 1 Introduction

KPMG Future Analytics were commissioned by Tipperary County Council to undertake a supplementary assessment of household affordability, as part of the wider preparation of the Draft Housing Strategy and Draft Tipperary County Development Plan 2022-2028 (the Plan).

This document will provide an overview of the analysis undertaken and summarise its key findings. The document reflects an analysis of housing affordability for the entire county of Tipperary. Relevant context is set out in the following sections, followed with a statement on applied methodology, a summary of projected findings across the Plan period, and conclusions and observations to close.

This report forms Appendix 5 of the County Housing Strategy set out in Volume 3, Appendix 1 of the Plan.

Section 3.0 of the Tipperary County Housing Strategy identifies and assesses the 'Housing Market Drivers' of Tipperary in line with the 'Guidance on the Preparation of a HDNA', (Department of Housing, Local Government and Heritage, 2021) and relates to the identification of key housing market drivers, including household formation, population, housing affordability, including incomes, house prices, rent levels, access to finance and key drivers of the local and national economy. This supplementary analysis relates to housing affordability and should be read in conjunction with Section 3.0 of the Tipperary County Housing Strategy.

### 1.1 Context

A key consideration in examining future housing need is to reflect on affordability, and whether future households are likely to have adequate financial capacity to purchase or rent. Given the current constraint in the market around new housing supply, a greater proportion of households across the income spectrum are spending much more on their accommodation costs than may be sustainable over the longer term, relative to historic norms.

A central tenant in the preparation of Housing Strategies, as defined by Section 94 (5) (a) of the Planning and Development Act, 2000 (as amended), is to assess the relationship between the price of housing and income, for the purposes of establishing *affordability* in the development plan area. Section 93 (1) of the Act defines a household or eligible person who is facing an affordability challenge as:

*“A person whose income would not be adequate to meet the payments on a mortgage for the purchase of a house to meet his or her accommodation needs because the payments calculated over the course of a year would exceed 35 per cent of that person’s annual [net] income...”*

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Consideration of various quantitative and qualitative measures can provide direct insight into the current profile of affordability in the county, and also how anticipated changes in prices and incomes may impact on affordability over time.

## 1.2 Guidelines

Since the early '00s operative guidelines in the production of quantitative modelling for housing affordability assessment have supported the preparation of Housing Strategies<sup>2</sup>. Though more contemporary Housing Need and Demand Assessments (HNDA) were heralded with Objective 37 of the National Planning Framework, as far back as 2018, the timely communication of procedural guidance and implementation around HNDA has not kept pace with broader statutory timelines (i.e. Development Plan reviews). As a result, Local Authorities have progressed with guidance and policy available to them. This has led to a hybridised situation in many cases in how local authorities have prepared their housing strategies.

The Department of Housing, Local Government and Heritage (DHLGH) clarified the situation in early 2021<sup>3</sup> with the release of several circulars and Guidance on the Preparation of Housing Need and Demand Assessment (DHLGH, 2021). A work-in-progress HNDA Toolkit was also made available. The guidelines set out revised ambitions for undertaking evidence-led assessment; with steps to consider more novel use of certain data now available, and to encourage greater consistency in approach, as linked to broader regional and national policy factors and developed research outputs (i.e. the ESRI's structural housing figures).

It is likely that, at the national level further work will be done to strengthen the HNDA process. In the meantime, Local Authorities must tailor guidance available to the individual character and needs of their own county and manage constraints in the granularity of available toolkits (particularly in assessing data at the local level) and what they do or do not do, as of yet. This has placed a renewed focus on being able to examine the finer detail around such aspects as affordability at individual county and town level, in order to better support overall analysis, and to tailor policy measures to respond to identified demand.

## 1.3 Approach

Examining affordability in the context of the legislation requires a thorough understanding of the relationship between the financial capacity of households, and cost of accommodation. Housing affordability is an important aspect of housing delivery and influences demand for social housing support.

Our approach to assessing housing affordability in Tipperary is to:

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<sup>2</sup> 'Part V of the Planning and Development Act, 2000 – Housing Supply: A Model Housing Strategy and Step-by-step Guide', DELG, December 2000

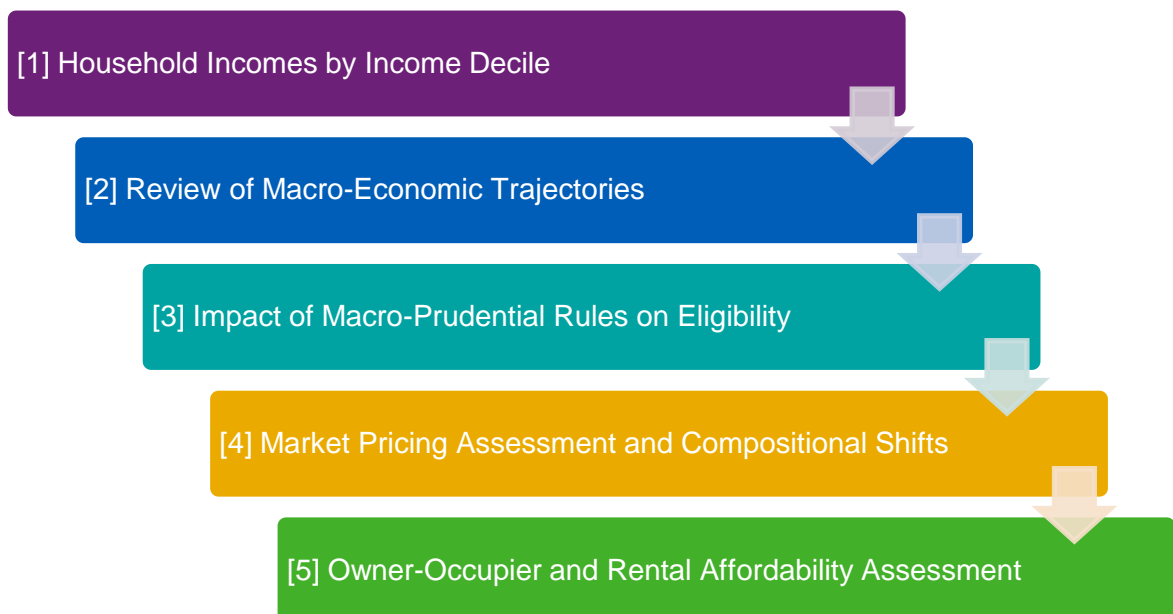
<sup>3</sup> 'Guidance on the Preparation of a Housing Need and Demand Assessment', DHLGH, April 2021

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- Examine and categorise households across the county on the basis of household income (by decile).
- Consider how likely changes in income and house prices could impact on affordability over the lifetime of the Plan.
- Assess the cohort of the housing market in Tipperary that would be eligible, or ineligible for a mortgage, as per the Central Bank Rules.
- Determine what a sustainable mortgage amount would be for households across the income spectrum, over the average mortgage period.
- Estimate the volume and price band distribution of houses, and what a given household could therefore sustainably afford to repay a mortgage on.
- Assess affordability in the private rental sector for households that would not be eligible for a mortgage under the Central Bank Rules.
- Compare the identified sustainable mortgage amount to prices and volume, or in rental, compare sustainable rent to market rates by type.
- Assess how many households, of both tenure types, that would likely face affordability challenges, and potentially require social housing supports.
- Estimate how many 'affordable' units would likely be required as part of overall housing delivery, should these assumptions hold without intervention.

The above can be summarised into the following five pillars of assessment:





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Collectively the analysis estimates the cohort of households that are likely to face affordability challenges in either purchasing or renting.

We have also explored how trended shifts in household size, tenure and type may apply to this cohort – so as to provide greater context in the interpretation of potential future needs overall. Though intercensal trends can be a helpful indicator over short periods, they are not infallible predictors. In the absence of official guidance however, a broad consideration of potential impacts which could arise as a consequence of such trends does provide a helpful understanding of possibilities.

## 2 Findings

The following sections provide an outline of summary findings from each stage of the assessment. Each component plays a part in developing the final analysis of affordability and ultimately the estimated social and affordable requirement.

### 2.1 Households

An estimate of housing need in Tipperary over the lifetime of the Plan, informed by national guidance<sup>4</sup>, has been set out in the Housing Strategy (Section 5.0). It concluded that at least 5,917 new units in total (including public and private sector housing) will be required over the Plan period, equating to a target for at least 986 units per year.

For the purposes of our assessment the annual figure of 986 was adjusted to reflect a reduced figure of 247 for the starting quarter in 2022 (Q4) and 740 for the ending quarter in 2028 (Q3). This allows for the Plan period to have exactly 5,917 units in consideration.

This analysis seeks to support national Guidance on how to further interpret these households and their projected individual needs, i.e. by population size, income, tenure or specialist need. Therefore, our analysis has sought to examine the composition of this figure in further detail with particular reference to how housing delivery may be influenced by affordability constraints, using available data and suitable proxies.

Knowing what proportion of households are likely to be at either end of the income spectrum, and knowing what this income is, provides a solid basis to assess affordability with respect to market pricing, for both sales and rental. In examining relevant descriptive data, and modelling for assumed changes over time, the relationship between a household's capacity to afford in the present, and over the Plan period is possible. This is done on the basis of what the legislation defines as 'affordable' (see Section 1.1).

Knowing the composition of households further allows for consideration in change over time in relation to household sizes, changes in tenure and likely type of housing requirements.

Subsequent sections will set out how the annualised household's figure is treated with respect to these factors.

### 2.2 Household Incomes

Gross and net household incomes have been identified from available data published by the Central Statistics Office Survey on Income and Living Conditions 2019 (SILC)<sup>5</sup>. This is the official source of data on household and individual incomes.

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<sup>4</sup> The Housing Supply Target Methodology for Development Planning Guidelines for Planning Authorities (DHLGH, 2020)

<sup>5</sup> <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2019/>



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Setting out base-year figures, we distribute household on a ten 'decile' basis as informed by the SILC. This allows for incomes to be more categorically assessed in relation to the distribution of the population. The deciles are roughly 10% each, reflecting variance in the survey cohort, but are statistically robust.

### 2.2.1 Distribution of Households by Decile

The distribution of households, by decile, at State level is largely in and around the 10% mark. As shown below however, consideration as to the regional variation in this regard was given, so as to more closely match our assessment of income for Tipperary. The profile for the Southern Region (which better reflects the County), was therefore utilised as a means to qualify the breakdown of households across the income deciles.

It sees a slightly lower proportion of households in the 1<sup>st</sup> decile as compared to State (9.1% vs. 9.8% respectively). However, there are more noticeable changes in the 2<sup>nd</sup> Decile (12.1% vs. 10.6%) as well as some latter deciles; with the overall change largely seen in the low to mid deciles. This means that slightly more households in Tipperary will be in the low to mid deciles, relative to the State.

In applying this as a profile for assumed proportional mix annually (held fixed), the following distribution of housing supply targets was achieved:

**Table 2.1: Estimate distribution of Structural Housing Figures by Income Decile**

Income Deciles	Proportional share per Income Decile (State <sup>6</sup> , 2019)	Proportional share per Income Decile (Southern Region, 2019)	Estimated No. of Households		
			Q4 2022	2023-2027 (p.a.)	Q3 2028
<b>1st Decile</b>	9.83%	9.10%	22	90	67
<b>2nd Decile</b>	10.57%	12.10%	30	119	90
<b>3rd Decile</b>	10.47%	10.80%	27	106	80
<b>4th Decile</b>	10.44%	10.70%	26	106	79
<b>5th Decile</b>	10.25%	10.70%	26	106	79
<b>6th Decile</b>	9.94%	9.80%	24	97	73
<b>7th Decile</b>	9.62%	10.30%	25	102	76
<b>8th Decile</b>	9.65%	9.70%	24	96	72
<b>9th Decile</b>	9.61%	8.70%	21	86	64
<b>10th Decile</b>	9.62%	8.10%	20	80	60
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>247</b>	<b>986</b>	<b>740</b>

This shows that on average approximately 90 households per annum, across the period (exceptions in 2022 and 2028 due to Plan period commencement/end timing) can be assumed to be in the 1<sup>st</sup> income decile. With 119 in the 2<sup>nd</sup> Decile, and so on, until all 986 annually are assigned.

<sup>6</sup> As reported by the CSO Household Budget Survey 2015 (SILC does not provide for State)

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## 2.2.2 Household Incomes in Base Year (2019) - State

Income is estimated to be distributed across the deciles in the following manner at State level (by week and per annum):

**Table 2.2: Estimated distribution of Average Weekly Gross and Net Income by Decile in State (2019)**

Income Deciles	Average Weekly Income (State) (€) (2019)		Average Annual Income (State) (€) (2019)	
	Net	Gross	Net	Gross
<b>1st Decile</b>	213.05	225.29	11,078.60	11,715.08
<b>2nd Decile</b>	284.34	299.33	14,785.68	15,565.16
<b>3rd Decile</b>	330.51	365.46	17,186.52	19,003.92
<b>4th Decile</b>	374.70	435.33	19,484.40	22,637.16
<b>5th Decile</b>	428.91	508.69	22,303.32	26,451.88
<b>6th Decile</b>	491.00	617.82	25,532.00	32,126.64
<b>7th Decile</b>	556.81	725.60	28,954.12	37,731.20
<b>8th Decile</b>	641.76	864.92	33,371.52	44,975.84
<b>9th Decile</b>	767.18	1,130.05	39,893.36	58,762.60
<b>10th Decile</b>	1,266.16	1,944.19	65,840.32	101,097.88

What this shows is that there are significant differences in both gross and net income between the deciles, and these differences gradually increase up to those households in the 10<sup>th</sup> decile.

It indicates that a household in the 1<sup>st</sup> decile, which may comprise of retired individuals, students, or those out of employment (or under-employed) takes home approximately. ~16.8% of the income a household in the 10<sup>th</sup> decile would have at its disposable after tax. This is largely mirrored in gross income terms too, though the gap between both falls to ~11.6%.

Incomes accounts for direct income (such as employee income), other income (such as rental income, investments), and social transfers (jobseekers, pensions, allowances).

Furthermore, it also shows that in 2019, over 53% of households are estimated to earn below €26,500 per annum gross, or ~ €22,300 net.

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### 2.2.4 Household Incomes in Base Year (2019) - Tipperary

Adjusting the national base year for use with County Tipperary requires consideration of a localisation parameter, as county-level data is not available. In this instance, the ratio between the County, and the State in terms of incomes in 2018<sup>7</sup> was applied.

**Table 2.3: Estimated Ratio of Gross and Net Income Variance between State and County Tipperary (2018, CSO)**

Ratio of State to County – Localisation of Income (2018)	
Net Income Per Person - State	€21,270
Net Income Per Person - Tipperary	€19,673
<b>Tipperary County Deflator</b>	<b>0.925</b>
Gross Income Per Person - State	€30,753
Gross Income Per Person - Tipperary	€27,251
<b>Tipperary County Deflator</b>	<b>0.886</b>

Using the identified County Deflator of 0.925 for Gross and 0.886 for Net income, the 2019 baseline figures at State level were adjusted for County Tipperary. Table 2.4 sets out the modified Gross and Net figures as estimated on a monthly and annual basis.

**Table 2.4: Estimated distribution of Average Monthly Gross and Net Income by Decile in Tipperary (2019)**

Income Deciles	Average Monthly Income (Tipperary) (€) (2019)		Average Annual Income (Tipperary) (€) (2019)	
	Net	Gross	Net	Gross
<b>1st Decile</b>	853.90	865.09	10,246.79	10,381.02
<b>2nd Decile</b>	1,139.63	1,149.39	13,675.54	13,792.68
<b>3rd Decile</b>	1,324.68	1,403.32	15,896.12	16,839.85
<b>4th Decile</b>	1,501.79	1,671.61	18,021.47	20,059.35
<b>5th Decile</b>	1,719.06	1,953.31	20,628.74	23,439.67
<b>6th Decile</b>	1,967.92	2,372.35	23,615.00	28,468.22
<b>7th Decile</b>	2,231.68	2,786.21	26,780.18	33,434.56
<b>8th Decile</b>	2,572.16	3,321.18	30,865.91	39,854.21
<b>9th Decile</b>	3,074.84	4,339.25	36,898.08	52,071.00
<b>10th Decile</b>	5,074.74	7,465.45	60,896.88	89,585.35

What this shows is that households in Tipperary have lower gross and net incomes to State, but that the amount of incomes is still predicated by what income decile the household finds itself in. On average this actually indicates an average household gross income in 2019 (for Tipperary) to be ~€32,793. The average is skewed by the income of the 9<sup>th</sup> and 10<sup>th</sup> deciles, however. The median gross estimate for same would be ~€25,954, which is significantly below the Southern regional equivalent of €41,612. Naturally, that is itself heavily skewed by households in the Cork and Limerick city regions.

<sup>7</sup> <https://www.cso.ie/en/releasesandpublications/er/cirgdp/countyincomesandregionalgdp2018/>

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### 2.2.5 Review of Macro-Economic Trajectories

Consideration of broad economic assumptions has been undertaken to help inform possible future changes in household incomes. The use of Gross Domestic Product (GDP) as a macro-indicator in this regard has been incorporated. Though other measures, such as Modified Domestic Demand may offset for the certain foreign direct investment influences, relatively few recognised sources develop forecasting using such measures.

Therefore, a review of economic literature was undertaken to establish forecasting from academic, industry and government sources<sup>8</sup>. Though specific figures differed, an emerging consensus was determined for a positive upswing in economic growth in the short term following the reopening of the economy, followed by a return to prior levels of growth in broad terms.

In the first instance, a review of the historic GDP growth was undertaken to establish the rates during 2017 – 2019 (i.e. from the baseline). The published data indicates that national GDP growth was 8.1% in 2017, 8.2% in 2018, 5.6% in 2019 and 3.4% in 2020 respectively and hence these rates of GDP growth are applied in our assessments.

On the basis of the literature, a series of conservatively tapered GDP rates have been considered and applied to the modelling on future impacts to household incomes:

- 2020: 3.4% GDP growth reflected across the following sources: Central Bank, Davy, IBEC, EU, CSO and ESRI.
- 2021: 6.4% which is an operative average across multiple sources. Brought up by recent publications from Central Bank (8.3%), ESRI (11.1%), IBEC Q2 (6.5%), OECD (5.1%)
- 2022: 5.6% which aligns conservatively with Central Bank (5.4%), IBEC (4.6%), ESRI (9%), Davy (5.4%).
- 2023: 4.8% which aligns with Central Bank Q3 2021
- 2024: 4.5% as a tapering towards 2025
- 2025 - 2028: 4% held fixed as a stable growth trajectory. Higher than what the Department of Finance is setting out (3.2% as of July 15<sup>th</sup> 2021).

### 2.2.6 Household Incomes in Future Years (2020-2028)

Assumed changes to income have been considered using GDP as a macro-economic proxy. Inflation has not been assumed. A selection of years from base year 2019 up to period start and end have been included below for both gross and net:

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<sup>8</sup> Sources consulted have been listed in Appendix A2

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**Table 2.5: Forecasted Average Annual Net Incomes by Decile for Tipperary**

Income Deciles	Average Annual Household <u>Net</u> Income (€)			
	2019	2022	2025	2028
<b>1st Decile</b>	10,247	11,905	13,559	15,252
<b>2nd Decile</b>	13,676	15,888	18,096	20,355
<b>3rd Decile</b>	15,896	18,468	21,034	23,661
<b>4th Decile</b>	18,021	20,937	23,847	26,824
<b>5th Decile</b>	20,629	23,966	27,297	30,705
<b>6th Decile</b>	23,615	27,436	31,248	35,150
<b>7th Decile</b>	26,780	31,113	35,436	39,861
<b>8th Decile</b>	30,866	35,860	40,843	45,943
<b>9th Decile</b>	36,898	42,868	48,825	54,921
<b>10th Decile</b>	60,897	70,749	80,581	90,643

**Table 2.6: Forecasted Average Annual Gross Incomes by Decile for Tipperary**

Income Deciles	Average Annual Household <u>Gross</u> Income (€)			
	2019	2022	2025	2028
<b>1st Decile</b>	10,381	12,061	13,737	15,452
<b>2nd Decile</b>	13,793	16,024	18,251	20,530
<b>3rd Decile</b>	16,840	19,564	22,283	25,065
<b>4th Decile</b>	20,059	23,305	26,543	29,858
<b>5th Decile</b>	23,440	27,232	31,016	34,889
<b>6th Decile</b>	28,468	33,074	37,670	42,374
<b>7th Decile</b>	33,435	38,844	44,242	49,766
<b>8th Decile</b>	39,854	46,302	52,736	59,321
<b>9th Decile</b>	52,071	60,495	68,902	77,506
<b>10th Decile</b>	89,585	104,079	118,542	133,344

What is set out in Tables 2.5 and 2.6, is how incomes across the deciles are anticipated to grow in line with broad macro-economic indicators (GDP). The caveats in using this as a proxy have been noted already, but it is important to stress that though above estimates are indicative, they importantly build off localised and distributed incomes that are reflective of Tipperary as of 2019.

By 2022, incomes are anticipated to have grown by approx. 16.1% in nominal terms, i.e. not adjusted by inflation. If the cost of living were to remain as-is, this would represent a largely positive situation. However, the cost of accommodation is unlikely to hold fixed in that same time, particularly as constraints in the supply of new stock are clearly visible.

The next section will explore how this pricing may evolve, such that the aforementioned incomes can be assessed for viability using a 35% affordability threshold.

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## 2.3 Market Pricing

### 2.3.1 Sales

#### 2.3.1.1 Historic Prices

House sales pricing in Tipperary has been on the increase since 2014, with both markets for new and existing properties seeing sustained growth (with the exception of a blip in 2016 for new stock). Naturally, this reflects an increase over a low base following the post 2007/8 economic collapse, however, the recent trend indicates a very stable and consistent 10-13% annual increase in the price of existing stock, which reflects equal parts demand and availability within the County.

**Table.2.7: Historic Median Prices and Trends 2010-2020 (RPPI, CSO)**

Year	All Dwellings	New	Existing
2010	€170,000	€191,815	€151,400
2011	€146,250	€197,062	€131,500
2012	€110,000	€158,900	€100,170
2013	€92,000	€101,015	€92,000
2014	€100,000	€108,960	€99,500
2015	€110,000	€154,928	€105,000
2016	€114,500	€145,000	€110,000
2017	€127,500	€155,000	€125,000
2018	€142,000	€187,275	€140,000
2019	€160,000	€203,733	€155,000
2020	€155,000	€207,138	€152,000
<b>Long Term Average</b>	<b>€129,750</b>	<b>€164,621</b>	<b>€123,779</b>
<b>Short Term Average</b>	<b>€146,125</b>	<b>€188,287</b>	<b>€143,000</b>

As can be seen below, price variation has been significant on a percentage basis:

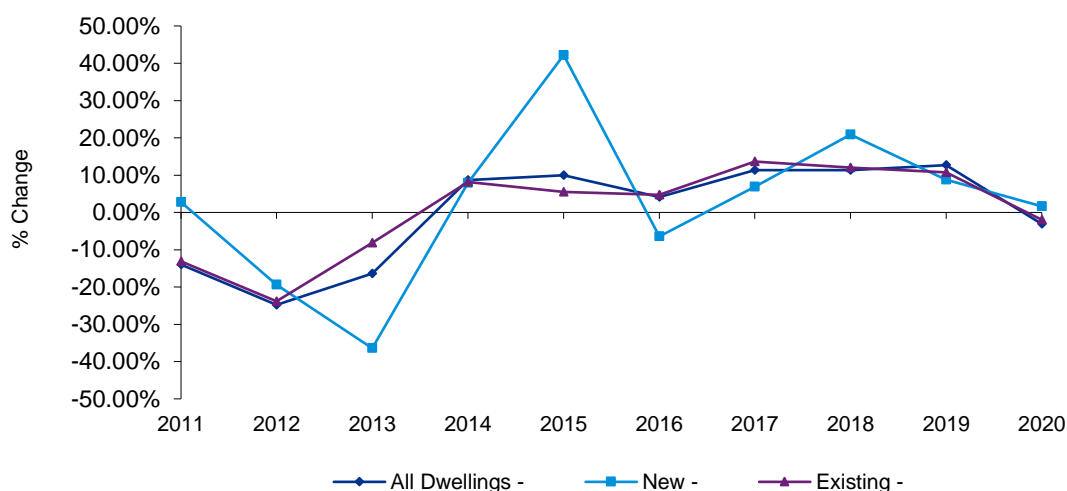
**Table 2.8: Historic Prices and Trends 2010-2020 (RPPI, CSO) Percentage Change**

Year	All Dwellings	New	Existing
2010	-	-	-
2011	-14.0%	2.7%	-13.1%
2012	-24.8%	-19.4%	-23.8%
2013	-16.4%	-36.4%	-6.2%
2014	8.7%	7.9%	8.2%
2015	10.0%	42.2%	5.5%
2016	4.1%	-6.4%	4.8%
2017	11.4%	6.9%	13.6%
2018	11.4%	20.8%	12.0%
2019	12.7%	8.8%	10.7%
2020	5.1%	1.7%	-1.9%
<b>Long Term Average</b>	<b>0.0%</b>	<b>2.9%</b>	<b>0.8%</b>
<b>Short Term Average</b>	<b>8.1%</b>	<b>9.5%</b>	<b>8.6%</b>

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New units have fluctuated considerably by comparison, with 2015 seeing a 42% year on year increase, or 20% in 2018, only to be 6-8% otherwise. Overall, pricing appears to be on an upwards trajectory, of around 11% per annum. There is a very clear breakpoint from 2014, when prices began to increase, and this was shared between both new and existing dwellings. Thereafter, price increase in existing housing has been much more stable than in new build. This stability is visualised in Figure 2 -1, where it can be seen as a straighter line for existing units (purple) as compared to higher annual variability in new units (blue).



**Figure 2 -1: Annual change in CSO RPPI Transactions in Co. Tipperary 2010-2020**

However, the recent rate of change in Tipperary is indicatively on the increase again. Data from REA estate agents published in September 2021 for three-bed semi-detached homes, would indicate that average pricing in Tipperary has increased to €199,250, a 9% increase in the year; making Tipperary the county with the highest growth rate in pricing nationally<sup>9</sup>.

**2.3.1.2 Composition**

An analysis of price change and transactional volume of the Property Price Register for County Tipperary was undertaken. The register displays all transactions that have been registered. Analysis of the register allows for highly granular information to be collated on the composition of the market.

Specifically, the distribution of sales across price bands and the number of sales over time can provide helpful indicators as to the price elasticity at play within the market and can point to likely patterns in shifting composition. The share of properties anticipated to be brought to market at a given price point will largely be dictated by broad regional and national influences, but the consequence of even small changes in localised market share can have significant impacts on affordability or even availability of suitable stock.

<sup>9</sup> Irish Independent/REA House Price Index September 2021 – As available 28/09/2021 - <https://www.independent.ie/irish-news/revealed-13-areas-where-house-prices-have-risen-by-more-than-5pc-in-three-months-40892204.html>

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**Table 2.9: Distribution of property transactions in Tipperary in 2020 (PPR)**

Price Band	2020	
Estimated Value Distribution	# Transactions	% of total
0-50000	73	6.0%
50001-100000	260	21.5%
100001-150000	278	23.0%
150001-200000	300	24.8%
200001-250000	136	11.3%
250001-300000	67	5.5%
300001-350000	37	3.1%
350001+	57	4.7%
<b>Total Transactions</b>	<b>1,208</b>	<b>100.00%</b>

Looking at the distribution pattern over time, we can see than from 2012, there has been significant change in key price bands. Namely, the rate at which properties under €50,000 have fallen (more than halving by 2020), and the corresponding increase in the €50,000-100,000 band. Whilst there has been growth in the upper ranges, this is still largely confined to the €50,000-200,000 range, though properties transacting in the €250-350k bands have doubled in cases.

**Table 2.10: Historic distribution of property transactions in Tipperary (PPR)**

Price Band	2012	2013	2014	2015	2016	2017	2018	2019
0 - 50000	15.5%	19.4%	18.9%	16.5%	15.3%	12.2%	9.2%	6.7%
50001 - 100000	31.4%	34.6%	34.2%	30.7%	32.1%	30.5%	25.2%	21.8%
100001 - 150000	24.0%	23.7%	19.9%	24.2%	23.1%	22.8%	23.7%	23.9%
150001 - 200000	16.6%	11.8%	14.9%	14.5%	13.6%	16.8%	19.3%	22.9%
200001 - 250000	4.7%	4.9%	6.4%	6.8%	7.8%	8.3%	11.1%	11.8%
250001 - 300000	4.5%	2.8%	2.6%	4.1%	4.4%	4.7%	6.2%	6.2%
300001 - 350000	1.3%	1.5%	1.5%	1.6%	1.3%	2.1%	2.5%	3.2%
350001	1.9%	1.3%	1.8%	1.7%	2.4%	2.7%	2.8%	3.5%

The rate of change is highly variable, and in considering trends, may be too variable to robustly incorporate into an assumption of future change at this time. Certainly, if one concludes a continuing fall off in the proportion of properties transacting sub €100,000 and corresponding increases up to €250,000k, then an outlook similar to the following may emerge up to 2028:

**Table 2.11: Speculative future distribution of house bands in Tipperary**

Price Band	Annual % Change	Projected Distribution by Price Bands								
		2020	2021	2022	2023	2024	2025	2026	2027	2028
0 - 50000	-0.25%	6.0%	5.8%	5.5%	5.3%	5.0%	4.8%	4.5%	4.3%	4.0%
50001 - 100000	-0.50%	21.5%	21.0%	20.5%	20.0%	19.5%	19.0%	18.5%	18.0%	17.5%
100001 - 150000	0.25%	23.0%	23.3%	23.5%	23.8%	24.0%	24.3%	24.5%	24.8%	25.0%
150001 - 200000	0.25%	24.8%	25.1%	25.3%	25.6%	25.8%	26.1%	26.3%	26.6%	26.8%
200001 - 250000	0.25%	11.3%	11.5%	11.8%	12.0%	12.3%	12.5%	12.8%	13.0%	13.3%
250001 - 300000	0.00%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
300001 - 350000	0.00%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
350001		4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%

However, this is extremely speculative and in reality, will be highly influenced by the supply of new builds and the impact of remote working, etc.



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As a result of this, we have not assumed any change in the distribution of future price band size in our analysis. Therefore, the proportion of stock in each price band as identified in 2020, is being assumed to continue throughout the Plan period.

**2.3.1.3 Future Prices**

A forecast on future prices has been developed with reference to historic growth rates and assumed stabilisation in the market. It is anticipated that further increases are likely in the near-term recovery, as supply still remains a noted constraint in the market, therefore increases to 10 and 12% are considered. However, the scenario reflects a view for a gradual reduction thereafter, to fall from 2023 to a 4% reoccurring increase.

On the basis of this outlook, the effect on pricing has been annualised and set out from Table 2.12 to Table 2.14. These tables display each year’s price band ranges. Inflation has not been assumed.

**Table 2.12: Projected House Prices in Tipperary 2021-2028 – 1<sup>st</sup> to 3<sup>rd</sup> Bands**

Year	Assumed Price Change (%)	1st Band (€) Upper	2nd Band (€) Lower - Upper		3rd Band (€) Lower - Upper	
2020	-	50,000	50,001	100,000	100,001	150,000
2021	<b>10.0%</b>	55,000	55,001	110,000	110,001	165,000
2022	<b>12.0%</b>	61,600	61,601	123,200	123,201	184,800
2023	<b>8.0%</b>	66,528	66,529	133,056	133,057	199,584
2024	<b>4.0%</b>	69,189	69,191	138,378	138,380	207,567
2025	<b>4.0%</b>	71,957	71,958	143,913	143,915	215,870
2026	<b>4.0%</b>	74,835	74,836	149,670	149,671	224,505
2027	<b>4.0%</b>	77,828	77,830	155,657	155,658	233,485
2028	<b>4.0%</b>	80,941	80,943	161,883	161,885	242,824

**Table 2.13: Projected House Prices in Tipperary 2021-2028 – 4<sup>th</sup> to 5<sup>th</sup> Bands**

Year	Assumed Price Change (%)	4th Band (€) Lower - Upper		5th Band (€) Lower - Upper	
2020	-	150,001	200,000	200,001	250,000
2021	<b>10.0%</b>	165,001	220,000	220,001	275,000
2022	<b>12.0%</b>	184,801	246,400	246,401	308,000
2023	<b>8.0%</b>	199,585	266,112	266,113	332,640
2024	<b>4.0%</b>	207,569	276,756	276,758	345,946
2025	<b>4.0%</b>	215,871	287,827	287,828	359,783
2026	<b>4.0%</b>	224,506	299,340	299,341	374,175
2027	<b>4.0%</b>	233,487	311,313	311,315	389,142
2028	<b>4.0%</b>	242,826	323,766	323,768	404,707

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**Table 2.14: Projected House Prices in Tipperary 2021-2028 – 6<sup>th</sup> to 8<sup>th</sup> Bands**

Year	Assumed Price Change (%)	6th Band (€) Lower - Upper		7th Band (€) Lower - Upper		8th Band (€) Lower
2020	-	250,001	300,000	300,001	350,000	350,001
2021	<b>10.0%</b>	275,001	330,000	330,001	385,000	385,001
2022	<b>12.0%</b>	308,001	369,600	369,601	431,200	431,201
2023	<b>8.0%</b>	332,641	399,168	399,169	465,696	465,697
2024	<b>4.0%</b>	345,947	415,135	415,136	484,324	484,325
2025	<b>4.0%</b>	359,785	431,740	431,742	503,697	503,698
2026	<b>4.0%</b>	374,176	449,010	449,011	523,845	523,846
2027	<b>4.0%</b>	389,143	466,970	466,972	544,798	544,800
2028	<b>4.0%</b>	404,709	485,649	485,651	566,590	566,592

What these tables show is that in line with the assumed price change trajectory, house prices are set to increase year on year, particularly in the short term to 2022. After which, it is assumed there will be a degree of stabilisation in the market, with policies, supply or financial factors having helped ease the pace at which prices are growing in excess of earnings.

The outlook for Tipperary would suggest that there will be significant change within the price bands originally set against the 2020 situation, i.e. a house priced within the 150k-200k price band, will by 2028, be valued at between 242k and 323k. This applied to all bands, from those in the 1<sup>st</sup> band starting at up to 50k moving to just under 81k by 2028, and those in the 8<sup>th</sup> band, starting at 350k, moving to at least 566k by 2028.

Though this study's frame of reference was to examine county-level impacts and trends, it should be noted that there is significant variation on pricing at local sub-county levels. Specifically, the pricing in the Key Towns of Clonmel, Nenagh and Thurles will vary with greater fluidity than county-level data (mitigated by rural areas).

These assumed county-level price dynamics will have a noted impact on the assessed affordability of future households, in terms of their capacity to access and afford sustainable mortgage repayments. The results of which are summarised in Section 2.6.

## 2.3.2 Rental

### 2.3.2.1 Historic Prices

The average rent in Tipperary has returned to levels last seen before the economic crash. 2014 was the turning point in the decline of rents, as available stock started to become more sought after and growth returned to the economy.

A long term average over this entire period is just 0.3%, illustrating that return, however, growth in recent years (since 2017 particularly), has exceeded ~ 5%, with the exception of 2020's impact due to COVID-19; reflecting several years of sustained, but stable increases.

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**Table 2.15: Historic average rental pricing and change 2008-2020 (RTB)**

Year	Average Rent (All Types)	% Change
2008	€673	-
2009	€635	-5.64%
2010	€589	-7.25%
2011	€567	-3.69%
2012	€551	-2.93%
2013	€538	-2.34%
2014	€541	0.68%
2015	€552	1.90%
2016	€567	2.87%
2017	€596	5.06%
2018	€629	5.49%
2019	€664	5.54%
2020	€690	3.90%
<b>Long Term Average</b>	<b>€599</b>	<b>0.3%</b>
<b>Short Term Average</b>	<b>€645</b>	<b>5.0%</b>

The average rent does not paint a complete picture however across all unit types. Table 2.16 illustrates the difference between rents for 1, 2, 3 and 4+ beds in recent years, as well as how they have changed year on year.

**Table 2.16: Historic average rental pricing by unit type 2018-2020 (RTB)**

Year	One bed (€)	Two bed (€)	Three bed (€)	Four plus bed (€)
2018	478	572	661	741
2019	506	613	692	784
2020	520	635	715	827

**2.3.2.2 Composition**

As of July 2021, the RTB rental register indicates that the majority of current rental properties in Tipperary are comprised of 3 and 4+ bed units. With 2-bed occupying slightly over a quarter of the stock available (1 Bed: 14%, 2 Bed: 26%, 3 Bed: 45%, 4+ Bed: 15%).

These proportions reflect the type of unit being rented, which may be conventional stock over purpose built-to-let delivery. However, these proportions provide a reliable indicator of the current segmentation across the market. They can be used to explore 'demand' insofar as the uptake of potentially available future rental stock by households, at least in the short term.

As a result, we establish the proportion of any cohort being assessed for private rental across these types. For example, were households were identified as not being eligible

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for a mortgage, or could not afford a property for purchase, they were assessed for private rental. Based on these metrics, the households were split according to type segment; so, 45% of households were assessed against 3-bed demand, etc.

Households were assessed against 35% disposable income (affordability threshold), and market rents were used for three beds, as informed by RTB statistics.

#### 2.3.2.3 Future Prices

A forecast on future rents has been developed with reference to historic growth rates and assumed stabilisation in the market.

It is anticipated that further increases are likely in the near-term recovery, as supply still remains a noted constraint in the market, therefore increases to 6% and 8% by 2022 are considered. However, the scenario reflects a view for a gradual reduction thereafter, to fall to 6% in 2023, and increment 0.5% thereafter to 2027, to a 4% reoccurring increase.

Price variability in Tipperary's urban centres, and especially in the Key Towns of Clonmel, Nenagh and Thurles, will naturally have a greater degree of price fluidity to them, however, the main trends are:

**Table 2.17: Estimated future average rental pricing by unit type 2021-2028**

Year	One bed (€)	Two bed (€)	Three bed (€)	Four plus bed (€)
2021	552	673	758	877
2022	596	727	819	947
2023	632	771	868	1,004
2024	666	813	916	1,059
2025	700	854	962	1,112
2026	731	892	1,005	1,162
2027	760	928	1,045	1,209
2028	791	965	1,087	1,257

What this means is that rental pricing is set to increase further in the near-term, before stabilising (a lower rate of annual increase). While this will affect pricing across the board, it is likely that pricing for certain types may vary more than is estimated, due to supply constraint versus increasing demand.

## 2.4 Impact of Macro-Prudential Rules (Central Bank LTI)

The Central Bank of Ireland's rules limit the maximum amount someone can borrow to 3.5 times their annual gross income, regardless of how much they earn (with exceptions). This is called the Loan-to-Income rule (LTI). Though this serves as an important lever to control the credit landscape, with house prices rising quicker than earnings, it can present a constraining factor on whether a household – which may be able to sustainable

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repay a mortgage, may not qualify as property price exceeds their LTI capacity. In practice, this places a higher burden onto the household to build a larger deposit.

In assessing households' affordability, we have considered the effect of the Central Bank's LTI rule as it would apply to the upper value of the cheapest house price band, and each household's gross income.

The result is that households in the 1st and 2nd deciles are largely locked out of the owner-occupier market. This is the case across the period, with the exception of 2022, where those in the 2nd decile can compete.

The following tables illustrate how the cohort ineligible has been identified on an annualised basis. The first shows the start of the period (Q4 2022), where the 1<sup>st</sup> decile faces difficulty, and then 2023, where it is joined by households in the 2<sup>nd</sup> decile.

**Table 2.18: Mortgage Eligibility under Central Bank Loan to Income (LTI) in 2022**

Year	Income Decile	No. of Additional Anticipated Households	Upper Value of Cheapest House Price Band	Minimum LTV (90% of Cheapest House Price)	Maximum LTI (x3.5 Gross)	Mortgage Qualification
2022	1st Decile	22	€61,600	€55,440	€42,212	FAIL
	2nd Decile	30			€56,084	PASS
	3rd Decile	27			€68,475	PASS
	4th Decile	26			€81,566	PASS
	5th Decile	26			€95,312	PASS
	6th Decile	24			€115,759	PASS
	7th Decile	25			€135,953	PASS
	8th Decile	24			€162,057	PASS
	9th Decile	21			€211,734	PASS
	10th Decile	20			€364,276	PASS
	Total	247				(22)

**Table 2.19: Mortgage Eligibility under Central Bank Loan to Income (LTI) in 2023**

Year	Income Decile	No. of Additional Anticipated Households	Upper Value of Cheapest House Price Band	Minimum LTV (90% of Cheapest House Price)	Maximum LTI (x3.5 Gross)	Mortgage Qualification
2023	1st Decile	90	€66,528	€59,875	€44,238	FAIL
	2nd Decile	119			€58,777	FAIL
	3rd Decile	106			€71,762	PASS
	4th Decile	106			€85,482	PASS
	5th Decile	106			€99,887	PASS

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	6th Decile	97			€121,315	PASS
	7th Decile	102			€142,479	PASS
	8th Decile	96			€169,836	PASS
	9th Decile	86			€221,897	PASS
	10th Decile	80			€381,762	PASS
	Total	986				(209)

The result of the application of LTI across the period translates into approx. 209 households per annum being excluded. The figure is consistent due to the size of both deciles affected versus the annualised housing supply target (986 per annum). Table 2.20 sets out what this looks like per year across the Plan, with 2022 and 2028 being different because of their shorter number of quarters.

**Table 2.20: Cohort of households ineligible for mortgages across period**

Cohort of Households	Q4 2022	2023	2024	2025	2026	2027	Q3 2028	Total
No. of Additional Anticipated Households Per Annum (Housing Supply Targets #)	247	986	986	986	986	986	740	5,917
No. of Households that Do Not Qualify for a Mortgage (CB LTI #)	22	209	209	209	209	209	157	1,225
No. of Households that Do Not Qualify for a Mortgage (% of Total HST)	9.1%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%	-

Households that are ineligible for assessment are considered against private rental, a summary of the results are set out in Section 2.6.

## 2.5 Owner-Occupier Affordability

The basis for assessing owner-occupier affordability is to determine whether a household can sustainably repay a mortgage for a property of at least the cheapest house price band on the market, without compromising long-term affordability (exceeding 35% of its disposable income on accommodation costs).

### 2.5.1 Affordable Mortgage Amounts

An annuity formula is used to assess affordability against five key variables which are central to the analysis. These are:

- Household income;
- House price;
- Mortgage interest rate;

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- Mortgage term; and
- Loan to value ratio

A note on the derivation and structure of the annuity formula is contained in Appendix A1. Suffice it to say that, based upon the incremental household formations over the period, and drawing upon the associated measure of income distribution, it has been possible to establish a series of house prices which represent the maximum price which these new households in Tipperary can be expected to afford.

The annuity formula used then factors in the average mortgage interest rate (3.42%) and average loan term (29 years) – as of April 2021<sup>10</sup>. It assesses 35% of each decile's disposable income in conjunction with these variables to arrive at a 'mortgage affordability threshold'.

A figure that represents the loan amount which a household on that income could sustainably repay over the average lifetime of the mortgage, without compromising its affordability.

Table 2.21 overleaf sets out what the annuity formula assesses each income decile's affordable mortgage threshold or capacity would be. While not every household may be able to qualify for a loan, it does illustrate that every household can afford a loan of a certain amount. This could be bolstered by a deposit for example, or a non-central bank affected scheme in theory to address identified constraints.

**Table 2.21: Affordable Mortgage Thresholds for Households (Annuity 2022-2028)**

Income Decile	% of HH per Decile	2022 (€)	2023 (€)	2024 (€)	2025 (€)	2026 (€)	2027 (€)	2028 (€)
1st Decile	9.10%	85,087	89,172	93,184	96,912	100,788	104,820	109,013
2nd Decile	12.10%	113,559	119,010	124,365	129,340	134,514	139,894	145,490
3rd Decile	10.80%	131,998	138,334	144,559	150,342	156,355	162,610	169,114
4th Decile	10.70%	149,647	156,830	163,887	170,443	177,261	184,351	191,725
5th Decile	10.70%	171,297	179,520	187,598	195,102	202,906	211,022	219,463
6th Decile	9.80%	196,095	205,507	214,755	223,345	232,279	241,570	251,233
7th Decile	10.30%	222,378	233,052	243,539	253,281	263,412	273,948	284,906
8th Decile	9.70%	256,305	268,607	280,695	291,923	303,600	315,744	328,373
9th Decile	8.70%	306,395	321,102	335,551	348,973	362,932	377,450	392,548
10th Decile	8.10%	505,677	529,949	553,797	575,949	598,987	622,946	647,864

<sup>10</sup> Retail Interest Rates – April 2021, Statistical Release, Central Bank of Ireland, April 2021

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What this is saying is that a typical household in the 1<sup>st</sup> decile, in 2022, could afford to service a mortgage of just over €85,000 without exceeding 35% of its disposable monthly income. Similarly, by 2028, that would increase to over €109,000.

Note that approx. 9.1% of households are in the 1<sup>st</sup> decile, and approx. 12.1% of households are in the 2<sup>nd</sup> decile.

## 2.5.2 Assessment with Central Bank LTI considered

Table 2.22 overleaf sets out an extract of the analysis undertaken for full year 2023. The number of households across each decile has been highlighted, with those not passing the Central Bank LTI test being removed from the total number of households anticipated to form (from 986 to 777; 209 fewer). This effectively removes households in the 1<sup>st</sup> and 2<sup>nd</sup> deciles from the assessment, and they are assessed under private rental (see section 2.6.1).

The affordability thresholds/amounts are compared with each house price band, and those households which might be able to afford a property up to that price band are identified. In order to assess whether there is likely to be adequate supply, all other things being equal, the number of households who might be able to afford a property is then compared to the percentage of houses anticipated to be brought to market at that price band. This is informed by the use of the market composition as of 2020 (see section 2.3).

**Table 2.22: Affordability assessment for purchase, with CB LTI – 2023 Part I**

Year	Income Decile	No. of Additional Anticipated Households That Qualify for a Mortgage	Running Total	Mortgage Affordability Threshold	Household Price Band(s)	Upper Value of Price Band	
2023	1st Decile	0	0	€89,172	1st to 2nd Band	€133,056	Ctd. below
	2nd Decile	0	0	€119,010			
	3rd Decile	106	106	€138,334	3rd Band	€199,584	
	4th Decile	106	212	€156,830			
	5th Decile	106	317	€179,520			
	6th Decile	97	414	€205,507	4th Band	€266,112	
	7th Decile	102	516	€233,052			
	8th Decile	96	611	€268,607	5th to 8th Bands	None	
	9th Decile	86	697	€321,102			
	10th Decile	80	777	€529,949			
		<b>777 (of 986<sup>11</sup>)</b>					

<sup>11</sup> 986 households anticipated in 2023, however 209 were identified as not eligible due to CB LTI rules



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**Table 2.23: Affordability assessment for purchase, with CB LTI – 2023 Part II**

Year	Household Price Band(s)	Upper Value of Price Band	No. of Households That Qualify for a Mortgage Able to Purchase at Upper Value	% of Housing Units Anticipated per Price Band (PPR 2020) <sup>12</sup>	No. Housing Units Anticipated per Price Band	Housing Surplus (+) or Deficit (-) per Price Band
2023	1st to 2nd Band	€133,056	102	27.6%	214	112
	3rd Band	€199,584	300	23.0%	179	-121
	4th Band	€266,112	203	24.8%	193	-11
	5th to 8th Bands	None	-	24.6%	191	-
				100.00%	777	-20

Households in the 3<sup>rd</sup> decile (106) can afford to service a mortgage of up to €138,334 sustainably, against a property in the 3<sup>rd</sup> house price band. However, there is competition from households in higher deciles, and this has been assessed by determining what proportion of households in the 4<sup>th</sup> and 5<sup>th</sup> income deciles who can similarly afford a house in the 3<sup>rd</sup> house price band. Households in the 6<sup>th</sup> decile are also checked, as some will be borderline on available properties in the 4<sup>th</sup> house price band. Therefore, up to 414 households combined may potentially compete for houses in the 3<sup>rd</sup> price band. This assumes a household will pursue a home at the highest cost it can afford – as a proxy for quality, area, type, size, etc.

Of the 414 households, 300 qualify for a mortgage capable of purchasing a home in the 3<sup>rd</sup> house price band. Assuming 23% of all homes brought to market will be priced within the 3<sup>rd</sup> house price band however (2020's composition), only 179 units are anticipated; therefore, an identified deficit of -121 units presents. Table 2.23 illustrates this deficit in red.

It can also be observed that there is a further deficit of units in the 4<sup>th</sup> house price band (-11), but a surplus in the 1<sup>st</sup> house price band (112) – meaning that practically speaking, a minor deficit of -20 homes may result overall, assuming the market delivers all units. However, the purpose of the analysis is to identify where constraints emerge in affordability or anticipated supply (due to market composition and/or downward competition from higher deciles).

Households in the 3<sup>rd</sup> decile and above have much greater capacity to access accommodation in such circumstances, such as via private rental, than households in the 1<sup>st</sup> or 2<sup>nd</sup> deciles. Therefore, none present as specific social or affordable requirements, though supply at their operative price points will be a key factor in

<sup>12</sup> These rates reflect the composition of the transactional market in 2020, i.e. 27.6% in 1<sup>st</sup> price band

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determining whether their housing needs will be met without electing to purchase cheaper options or enter the private rental market.

**2.5.3 Assessment without Central Bank LTI considered**

When assuming the Central Bank LTI is not at play, the full number of households can be assessed. Examining sample year 2023 yet again, Table 2.24 and Table 2.25 overleaf displays how households in the 1<sup>st</sup> and 2<sup>nd</sup> deciles can this time compete for properties valued up to the 2<sup>nd</sup> house price band, although the number of properties in and around what the 1<sup>st</sup> decile can sustainably afford to repay a mortgage on (~€89k) may be extremely limited (around 6% of the 2020 market).

Working through the tables it can be seen that households up to the 3<sup>rd</sup> decile can compete for houses in the 1<sup>st</sup> and 2<sup>nd</sup> house price bands, adding downward pressure, however, a sizable number of homes would be anticipated to be brought to market at these price points (27.6%). Of the 316 households forming up to the 3<sup>rd</sup> decile, 303 would qualify for a mortgage for a property in the 1<sup>st</sup> and 2<sup>nd</sup> house price bands. However, only 272 units are anticipated to be brought to market; a deficit of -32 units. Similarly, households up to the 6<sup>th</sup> decile (623, less the 303 already resolved) can compete for houses priced in the 3<sup>rd</sup> house price band, except this time, 302 qualify. As only 227 units are anticipated to be brought to market, there would be a deficit of -75 units. Taken collectively, there is a deficit of -106 units for 2023 across both price bands, affecting households in the 1<sup>st</sup> and 2<sup>nd</sup> deciles mostly. As there are no cheaper options, these present as a social or affordable need; unless viable in the private rental market.

**Table 2.24: Affordability assessment for purchase, without CB LTI – 2023 Part I**

Year	Income Decile	No. of Additional Anticipated Households That Qualify for a Mortgage	Running Total	Mortgage Affordability Threshold	Household Price Band(s)	Upper Value of Price Band	
2023	1st Decile	90	90	€89,172	1st to 2nd Band	€133,056	Ctd. below
	2nd Decile	119	209	€119,010			
	3rd Decile	106	316	€138,334	3rd Band	€199,584	
	4th Decile	106	421	€156,830			
	5th Decile	106	527	€179,520			
	6th Decile	97	623	€205,507	4th Band	€266,112	
	7th Decile	102	725	€233,052	5th to 8th Bands	None	
	8th Decile	96	820	€268,607			
	9th Decile	86	906	€321,102			
	10th Decile	80	986	€529,949			
			<b>986</b>				

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**Table 2.25: Affordability assessment for purchase, without CB LTI – 2023 Part II**

Year	Household Price Band(s)	Upper Value of Price Band	No. of Households That Qualify for a Mortgage Able to Purchase at Upper Value	% of Housing Units Anticipated per Price Band (PPR 2020) <sup>13</sup>	No. Housing Units Anticipated per Price Band	Housing Surplus (+) or Deficit (-) per Price Band
2023	1st to 2nd Band	€133,056	303	27.6%	272	-32
	3rd Band	€199,584	302	23.0%	227	-75
	4th Band	€266,112	208	24.8%	245	37
	5th to 8th Bands	None	-	24.6%	242	-
				100.00%	986	-69 <sup>14</sup>

## 2.6 Social and Affordable Housing Needs

Part 6 of the Affordable Housing Act 2021, amends Part V of the 2000 Act and the Housing Strategy must now include estimates for the required amount of affordable and cost-rental housing, not just social housing.

Having assessed the relationship between incomes, price and anticipated supply, a number of households were observed to encounter affordability or supply concerns. Depending on whether the impact of the Central Bank’s LTI rule is considered, the size of this cohort changes. Therefore, the following sets out the impacts with and without LTI considered. Firstly, by showing the resulting combined social and affordable requirements, and then, by setting out how this is split between social and affordable.

Not considering LTI may be technically deemed academic however, as it is unlikely a household would gain access to finance for a mortgage if they do not qualify under the Central Bank rules. There are exceptions naturally, such as schemes operated by Local Authorities, or future Government policy. Consideration of these options is not undertaken in this assessment.

### 2.6.1 Combined Social and Affordable Requirements

The methodology to determine the social and affordable requirement examines the impact of the Central Bank’s LTI rule. The following table sets out the identified combined

<sup>13</sup> These rates reflect the composition of the transactional market in 2020, i.e. 27.6% in 1<sup>st</sup> price band

<sup>14</sup> The broad surplus/deficit balance is -69, however households may not be able to afford the surplus of 37 in the 4<sup>th</sup> band, and this is a purely artificial indicator. The combined -32 and -75 (-106) being more reflective.

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social and affordable proportion of households on an annualised basis across the Plan period:

**Table 2.26: Summary of Social and Affordable Housing Needs – With Effect of Central Bank Loan To Income (LTI) measure**

Requirements <u>With</u> Effect of Central Bank LTI	Q4 2022	2023	2024	2025	2026	2027	Q3 2028	Total
No. of Additional Anticipated Households Per Annum (Housing Supply Targets #)	247	986	986	986	986	986	740	5,917
No. of Households that Do Not Qualify for a Mortgage (CB LTI #)	22	209	209	209	209	209	157	1,225
No. of Households that Do Not Qualify for a Mortgage <u>AND</u> are Unable to Afford Private Rental (#)	22	209	209	209	209	209	157	1,225
<b>No. of Households Facing a Social and/or Affordable Challenge (% of Total HST)</b>	<b>9.1%</b>	<b>21.2%</b>	<b>21.2%</b>	<b>21.2%</b>	<b>21.2%</b>	<b>21.2%</b>	<b>21.2%</b>	<b>-</b>

Of the total number of anticipated households forming per annum, approximately ~ 21.2% are unlikely to be eligible to access a mortgage under the Central Bank’s rule. This is as much as 209 households out of 986 on average across the period (or 1,225 cumulative of 5,917 total).

**2.6.1.1 Split Social and Affordable Requirements**

This cohort of 21.2% of households is the social and affordable requirement, before being assessed in the private rental market. It can be split as approximately 10.5% considered as having a social requirement, whereas ~10.7% would have an affordable requirement.

This is determined by assessing the impact with the Central Bank’s LTI and without it. As without it, households that still present as having an affordability challenge under owner-occupier, are typically due to social need (typically households in the 1<sup>st</sup> decile who do not have other effective means to compete or access an owner-occupier solution (as standard; schemes and deposits are not assessed). Section 2.6.2 provides more information on the social requirement itself.

The ‘affordable requirement’ is where a household cannot afford a home at their optimal mortgage repayment amount, and/or if there are insufficient units anticipated to be brought to market at a cheaper price point that the purchaser can afford.

Alternatively, there is an insufficient number at their optimal price point, but as a consequence of downward pressure from households in higher deciles the number of

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anticipated units is also insufficient. Where a household cannot be accommodated at a cheaper price band, it presents as an 'affordable requirement'.

### 2.6.1.2 *Confirming Social and Affordable Challenge via Rental*

The 209 households per annum identified as facing either a social or affordable requirement were assessed against average rental pricing by type of unit in the market (see section 2.3.2 for the rents assessed). This was done to determine whether they might be able to be accommodated by the private rental market. Here, it was observed that the full cohort faced difficulties affording anticipated market rates at or below 35% of their disposable income. These households would require supports in order to compete effectively in the market.

These households are therefore likely to present for rental supports, unless they were to increase their spend on accommodation above the accepted affordability threshold, or rental pricing was to reduce (perhaps due to increasing supply).

### 2.6.1.3 *Composition of households facing a social or affordable need*

Over the period, the cohort is largely comprised of households in the 1<sup>st</sup> and 2<sup>nd</sup> income deciles (90 and 119 respectively; 209), and therefore would have at their disposable ~ €347 per month in 2022 and ~ €444 in 2028 if 1<sup>st</sup> decile, or ~ €463 per month in 2022 and ~ €593 in 2028 if 2<sup>nd</sup> decile, to set against the cost of accommodation (35% of disposable income).

These levels compare poorly to the anticipated average rent however, with a one bed in 2022 estimated to cost ~ €600 per month or ~ €800 in 2028.

Additionally, these households won't all comprise of one individual where a single bedroom may be suitable. As of 2019<sup>15</sup>, just over one third, 36.2%, of 1<sup>st</sup> decile households comprise of a single adult. This increases to 44.9% in the 2<sup>nd</sup> decile. Of this, 23.5% are aged over 65 in the 1<sup>st</sup> decile and an enormous 89.3% aged over 65 in the 2<sup>nd</sup> decile.

Assuming this established distribution was to continue, the remainder of households will comprise broadly of 1 adult with children under 18 (27% in 1<sup>st</sup> decile or 9.8% in 2<sup>nd</sup> decile) or 2 or more adults with children or other household combinations (notably, 12.% of 2<sup>nd</sup> decile households comprise 1 adult aged over 65, with another under; possibly a carer or adult child living at home relationship).

When looking at whether households in both of these affected deciles might be able to meet their accommodation needs in the private rental market, with support from a HAP payment (at current rates), we have assumed a matching exercise between the applicable rates for varying compositions of household<sup>16</sup> in Tipperary (e.g. 1 adult or

<sup>15</sup> SILC, CSO <https://data.cso.ie/table/SIA41>

<sup>16</sup> Citizen's Information, as summarised for Co. Tipperary (accessed 15/07/2021):

[https://www.citizensinformation.ie/en/housing/renting\\_a\\_home/housing\\_assistance\\_payment.html](https://www.citizensinformation.ie/en/housing/renting_a_home/housing_assistance_payment.html)

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Couple with 2 Children, etc.) and the cost of rental accommodation by type that would potentially suit such a household.

For example, we looked at what 35% disposable income, plus a baseline HAP payment for a couple with 3 or more children would be, against the average 4+bed rental price. We compared the baseline HAP payment for a single person to 1 bed rentals, couples for 1 bed and 2 bed rentals, couples with 2 children for 3 bed units, and so on.

While there may be a correlation between such compositions, this is purely an estimate in order to evaluate whether the operative baseline HAP rates could offset the affordability challenges faced by these identified households across the Plan period.

The results indicate that where households in an affected decile could not compete at market rental rates initially at any point in the period, when assessed again after the addition of a supporting HAP payment:

- Single person households could then afford 1 bed units across the period.
- Couples could then afford 1 bed units across the period.
- Couples with children could then afford 2 bed units across the period.
- Couples or lone parents with 1 child could then afford 2 bed units across the period.
- Couples or lone parents with 2 children could then afford 3 bed units up to 2025 only, thereafter not being able to afford these units, but potentially smaller units.
- Couples or lone parents with 3 or more children could only afford a 4+bed unit in 2022, thereafter not being able to afford these units, but potentially smaller units.

At least 36.1% of households in the 1<sup>st</sup> decile may conform to 1 or 2 adult households with children, falling to 16.5% in the 2<sup>nd</sup> decile. These households would appear to face the most challenge and may require anything between 2-4+ bed units in order to meet their accommodation needs. A further 9.2% and 13.9% respectively comprise 'other households with children under 18', which if included, would increase the proportion in both deciles to approx. 45.3% and 30.4%.

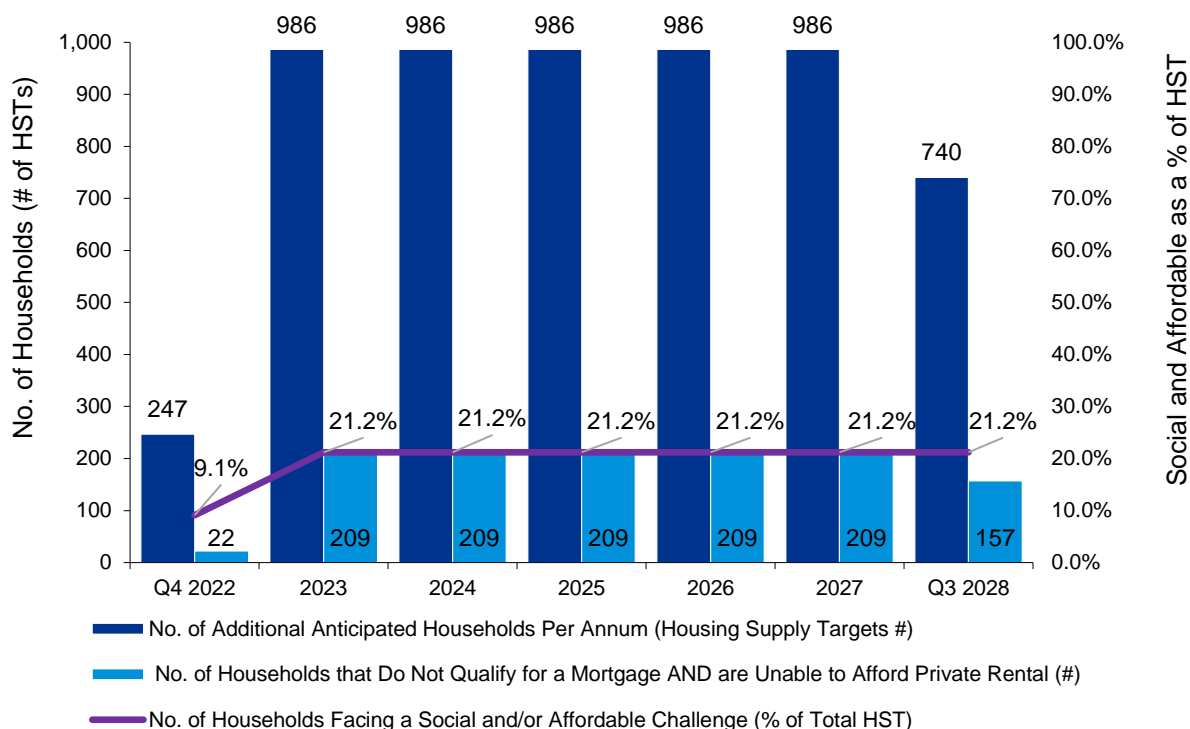
If these households as modelled are unable to qualify for a mortgage under the central bank rules, and are unable to compete unaided in the private rental market, this could translate into approx. 41 x 1<sup>st</sup> decile households and 36 x 2<sup>nd</sup> decile households (77 combined) with children facing acute accommodation needs. Of which those with 2 or more children in them may not be able to satisfy market rates even with a baseline Housing Assistance Payment.

Figure 2-2 displays visually the relative size of this combined 1<sup>st</sup> and 2<sup>nd</sup> decile cohort that are likely to face a social or affordability challenge in the market over the Plan period. It shows, the annual number of anticipated households forming in dark blue, those identified as facing a social or affordable challenge in light blue, and the relative percentage of total that this represents in a purple line.

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The proportion of total households is largely consistent as it affects both the 1<sup>st</sup> and 2<sup>nd</sup> deciles across most of the period, and this is the size of both deciles combined.



**Figure 2-2: Summary of Anticipated Households facing Social and Affordable Needs in County Tipperary over Plan Period Q4 2022 – Q3 2028**

**2.6.2 Determining the Social Requirement Only**

As noted in section 2.6.1, the combined social and affordable requirement can be split by assessing the impact without the Central Bank LTI rule. The following breakdown resolves from the modelling undertaken.

In essence all households are being tested against their affordability for a mortgage situation and the availability of matching homes at their operative price band(s) (the price band of a home within which they could sustainable afford to repay a mortgage on; under 35% disposable income per month).

The results indicate that there is still an identified cohort, namely those in the 1<sup>st</sup> decile, who continue to face difficulty either affording homes at the cheapest price band, or they may be able to afford them, but are likely to still require supports due to insufficient anticipated market delivery of housing at that operative price point (based on historic volumes in the market).

The table below sets out the size of this cohort as projected across the period:

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**Table 2.27: Summary of Social and Affordable Housing Needs – Without Effect of Central Bank Loan To Income (LTI) measure**

Requirements <u>Without</u> Effect of Central Bank LTI	Q4 2022	2023	2024	2025	2026	2027	Q3 2028	Total
No. of Additional Anticipated Households Per Annum (Housing Supply Targets #)	247	986	986	986	986	986	740	5,917
No. of Households Facing a Social and/or Affordable Challenge (#)	22	106	104	104	104	104	78	621
<b>No. of Households Facing a Social and/or Affordable Challenge (% of Total HST)</b>	<b>9.0%</b>	<b>10.8%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.5%</b>	<b>-</b>

What this suggests is that there is a core ~10.5% cohort of households forming which are likely to require some level of intervention. This means a social support of some form is needed in order for the household to be able to meet its accommodation needs. This could take the place of a socially provided tenancy, an affordable home targeted at a price point affordable to 1<sup>st</sup> decile households, or targeted Housing Assistance Payment interventions that would adequately supplement the household to compete in the private rental market. Assessing the potential viability or applicability of existing or future potential schemes lay outside of scope for this study.

A social support would be needed because these households cannot sustainably afford a mortgage for the cheapest house anticipated to be brought to market, or if they can, there may be insufficient supply available (partly due to downward competition from households in higher income deciles).

As a result, households in this cohort, approximately 103 per annum or 621 over the period (of 5,917 total), would likely require social housing supports. As identified in the earlier analysis, where this cohort was assessed against market rents, there are significant affordability challenges anticipated. The addition of Housing Assistance Payments does have an impact on positively allowing households to compete, however, there are challenges for the larger households with children in doing so reliably across the period (assuming baseline Housing Assistance Payment rates).

In reality, households encountering affordability challenges will often exceed what is held to be 'affordable', for example, not more than 35% disposable income. The RTB Rental Sector Survey 2021<sup>17</sup> suggests that on average 35.58% of disposable income is being spent on rental accommodation nationally (the median being 30%), but that this varied significantly regionally. That is was in excess of 40% in and around Dublin, and even close to 40% if renting less than one year (nationally)<sup>18</sup>.

<sup>17</sup> [https://www.rtb.ie/images/uploads/general/RTB\\_Tenant\\_Survey\\_Report\\_July\\_2021.pdf](https://www.rtb.ie/images/uploads/general/RTB_Tenant_Survey_Report_July_2021.pdf)

<sup>18</sup> (ft #15) Table 2.31 Percentage of monthly net income that goes towards paying rent excl. don't know



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## 2.6.3 Determining an Affordability Gap

With caveats as set below, the majority of future households to be formed in Tipperary will be able to access and compete for housing without surpassing 35% net disposable income, on the basis that incomes, prices and supply develop as projected.

However, it should be noted that this does not mean there is universal (positive) affordability in the County. Rather, households having been assessed against their capacity to sustainably repay a mortgage at an optimal price point may struggle to find property at that price, or access a mortgage or both if incomes stagnate or fall.

The assumptions used in this study are therefore sensitive to such considerations, and the estimate of social and affordable requirements should be used in that context – i.e. households up to the 4<sup>th</sup> decile could be particularly vulnerable to large variations in forthcoming years.

Similarly, a household in the 3<sup>rd</sup> or higher decile may be able to access a loan for ‘a’ property (at cheapest pricing), but that may not be viable at the average price within the County.

Indeed, in the case of those households who are facing an affordability challenge, the ‘affordability gap’ is upwards of nearly 50% of the cost of a property values €133,000 in 2023 for 1<sup>st</sup> decile households, and ~12% for 2<sup>nd</sup> decile households.

In other words, to sustainably afford to repay a mortgage for the cheapest property price in full year 2023, a household in the 1<sup>st</sup> decile would be short ~€43,800 and in the 2<sup>nd</sup> decile, by about ~€14,000 over the period. This is assessed as paying no more than 35% of their disposable income over the lifetime of the mortgage. Neither 1<sup>st</sup> nor 2<sup>nd</sup> decile household qualify for a loan at 90% of that €133,000 property price; with the Central Bank LTI rule showing that 3.5 times gross income would fall far short.

This changes marginally over the course of the Plan, and is relatively static as incomes and prices increase. Households in other deciles can attain sustainability at different house price points; assuming supply was to materialise and pricing/incomes develop as tested.

With ~209 households overall affected annually, of which ~104 face social requirement, the provision and access to schemes that are aimed at supporting greater affordability, affordable purchase or rental options, is therefore going to be an important consideration for Tipperary County Council and housing policy.

Affordability will also be particularly sensitive to localised markets at sub-county level. Namely, the Key Towns of Clonmel, Nenagh and Thurles each present their own variation on pricing, both in sales and rental, that add higher thresholds to households seeking accommodation. The consideration of affordable need in such places is logical and should be closely monitored in conjunction with available and timely data, to inform the pursuit of any relevant affordable schemes or initiatives which may be available.

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### 2.6.4 Determining an ‘Affordability Constraint’

#### 2.6.4.1 Context

In 2018 the National Planning Framework established Objective 37 for all planning authorities to undertake a Housing Need and Demand Assessment (HNDA). In April 2021 the Department of Housing, Local Government and Heritage released a ‘Toolkit’ to support the data analysis for preparation of HNDA. Tipperary County Council was one of a number of local authorities to pilot the tool before its release. At this time, the Tool was very much at development stage, and whilst feedback was provided to the Department, it was decided not to apply it to HNDA preparation. This is in line with Circular Letter Housing 14/2021 which states that Planning authorities which had already commenced their development plan reviews are not obligated<sup>19</sup> to integrate the findings of the HNDA Toolkit. Noting that the Plan commenced in September 2020, or before the date of the Circular.

This does not preclude the application of the Toolkit i.e. at a later stage when it is finalised, tested and when training in its use and application has been provided by the Department. The Toolkit was adapted from a comparable model used in Scotland, however, given different data sources and spatial scales, the current iteration is designed to function at county/city scale only, and does not yet address all National Planning Framework requirements. It allows for a range of pre-set scenarios to be examined, with limited customisation – where it can be justified by the planning authority.

Among other outputs, the HNDA Toolkit produces an ‘Affordability Constraint’ figure. The definition of the constraint is given in the ‘*Guidance on the Preparation of a Housing Need and Demand Assessment*’ which states that,

*“The 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.”*

This reflects what the estimated proportion of households will be that require a ‘cost rental’ and/or ‘affordable purchase’ option. These were later defined in more detail by the ‘Housing for All’ policy document released by the DHLGH in September 2021.

#### 2.6.4.2 Identified Constraint

A preliminary evaluation of the HNDA Toolkit using the prescribed default ‘core settings’ for County Tipperary, highlighted 0 households between years 2020 and 2026, increasing to 6 households in 2027 and 2028, as having an affordability constraint. The

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<sup>19</sup> It is expected that HNDA will be integrated into the development plan review process where planning authorities give notice of review of a development plan in accordance with section 11(1) of the 2000 Act, *after* the date of this Circular - Circular Letter Housing 14/2021

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Toolkit therefore indicated a negligible or extremely low need for cost rental and/or affordable purchase within the County when using default values and assumptions.

As stated, the Toolkit output is highly sensitive to the data variables in use; which have not been updated since April 2021. Specifically, the sales and rental pricing as well as income data used by the toolkit will not be in sync with more contemporary data available for the County (and trace back to 2018/2019 in part). As a result, the preliminary output should be considered indicative until examined in a greater context than what is in scope for this study.

In considering more contemporary data, the default output may be subject to change.

Furthermore, the Toolkit's assessment is with reference to the entire County. As such, sub-county variability in terms of incomes and pricing is not evaluated. It is feasible that there may be a higher affordability constraint present in Tipperary's Key centres, namely, Clonmel, Nenagh and Thurles.

As stated in Section 2.6.4.1, the Council has not applied the provisions of the Toolkit to the HNDA preparation, with the HNDA as set out in the County Housing Strategy being informed by this Supplementary Analysis.

The HNDA Guidelines states that whilst the affordability constraint does refer to the need for some form of subsidised private rent, it may also be viewed as a potential indicator of demand for alternative shared equity products that are used to support home ownership. It is the finding of this analysis, that notwithstanding the HNDA Toolkit findings in terms of affordability constraint, there is evidence of an affordability constraint in Tipperary when using more up-to-date statistics and more reflective market assessments on income growth, and anticipated changes in purchase prices and rental costs.

Therefore, appropriate consideration to the reckoning of localised need for cost-rental and affordable purchase should still be practiced, with particular reference to the Key towns, in line with all relevant guidance and practices.

## 3 Trended Change in Size, Tenure and Type

### 3.1 Household Size

The average Household size nationally has increased in the most recent Census compared to prior (2011 to 2016) and in Tipperary stands at 2.7 persons per unit. Therefore, the size of households across the county are mostly 1 and 2 person households. The combination of smaller households and population increase will give rise a demand for more units in general, and a greater proportion of units of a smaller type. This finding is addressed in the County Housing Strategy.

If historic trends were to continue at their present pace, the profile of households in the County may see a steady increase in 1 and 2-person households, with corresponding fall-offs in larger households. Ultimately, pushing the county close to having a level of household occupancy where 30% of all households comprise of just a single person. This would translate into a higher demand for suitable unit sizes, namely 1 and 2-bedroom dwellings. As the size of the population is set to increase, this will place an increasing pressure on the delivery pipeline or the retrofitting of existing stock to match foreseeable demand.

Table 3.1 below suggests a compositional breakdown of what this may look like per year:

**Table 3.1: Forecasted changes to household sizes in Tipperary 2022-2028**

Forecasted Composition	2022	2023	2024	2025	2026	2027	2028
1 person HH	27.1%	27.4%	27.6%	27.8%	28.0%	28.2%	28.4%
2 person HH	29.6%	29.7%	29.9%	30.1%	30.3%	30.5%	30.7%
3 person HH	16.5%	16.5%	16.4%	16.4%	16.4%	16.3%	16.3%
4 person HH	15.5%	15.4%	15.3%	15.3%	15.2%	15.2%	15.1%
5+ person HH	11.3%	11.0%	10.7%	10.4%	10.1%	9.8%	9.5%
<b>Total Households</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Forecasted Composition	2022	2023	2024	2025	2026	2027	2028
1 person HH	67	270	272	274	276	278	210
2 person HH	73	293	295	297	299	301	227
3 person HH	41	163	162	162	161	161	120
4 person HH	38	152	151	151	150	149	112
5+ person HH	28	109	106	103	100	97	71
<b>Total Households</b>	<b>247</b>	<b>986</b>	<b>986</b>	<b>986</b>	<b>986</b>	<b>986</b>	<b>740</b>

Assuming each 1-person household sought a 1-bed dwelling, that could see demand spike to as many as ~270 such units per annum. The likelihood however is that a mix of units will be desired by such households, reflecting both their personal preferences, their income profiles, their individual work or living needs and also the capacity of the market itself to deliver at affordable cost.

It is not possible to precisely infer the unit type relationship without assuming highly speculative and subjective delivery of existing pipeline, future trends in construction, individual household affordability profiles to target market pricing, preferences and

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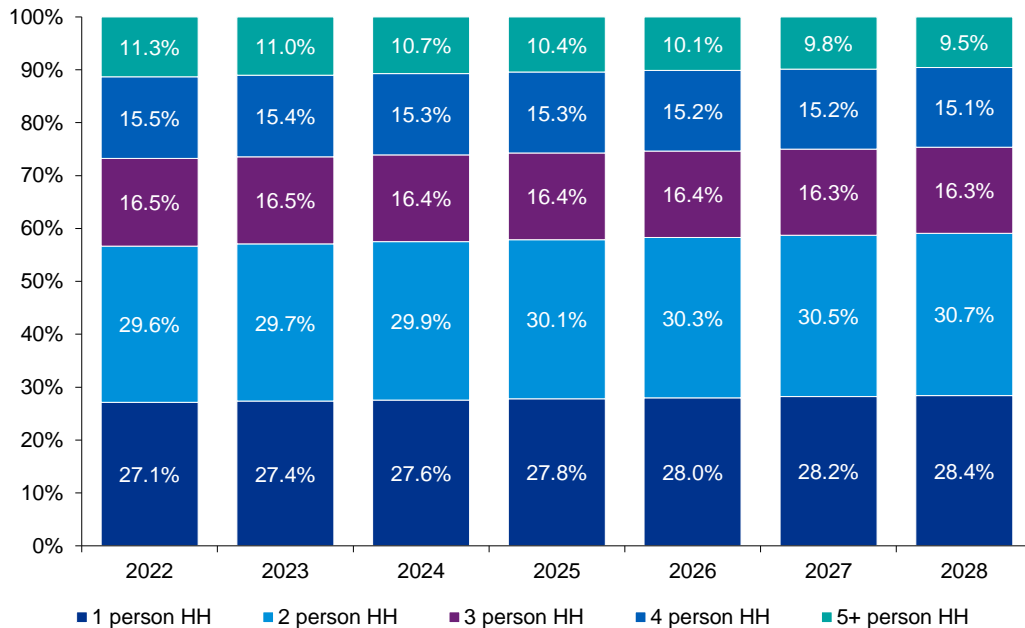
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household sizes. However, indicatively, it can be surmised that the trended increase in 1 and 2 person households specifically will necessitate the delivery of 1-2 bed units, with some overspill into 3 for households of higher means, or if preferences are to live outside of towns where the capacity for larger unit sizes may be more achievable.

Figure 3-1 provides an illustrative overview of the anticipated change in the proportion each household size may undertake over the course of the Plan period (building on intercensal trends since 2002, from 2016 and up to 2028).

It can be seen that the relative size of both 1 and 2-person households may increase from approx. 56.7% of all households in 2022, to 59.1% by 2028. This 2.4% shift in overall composition of occupancy may appear small, however, if scaled against the anticipated number of households, it could translate into significant added pressure on the delivery side of the market, as units capable of accommodating just 1 or 2 people are increasingly needed (increasing pressure elsewhere).

Having consideration to household composition changes as set out in Figure 3 – 1 annual housing delivery in the county should consider changing composition and should include a range of house types to accommodate changing trends. Annual monitoring of housing type delivery would be an important factor in managing housing type delivery with demand.



**Figure 3-1: Forecast of Household Composition in Tipperary 2022-2028**

### 3.2 Household Tenure

Tenure is influenced by several factors, and intercensal analysis would indicate a steady increased in the private rental sector across the County. While this has diminished

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owner-occupation, that is consistent with broader trends regionally and nationally. Social housing has also increased since provision in 2002, more than doubling.

If trends were to continue in this regard, the potential for gradual increases in the number of renting households will continue. Table 3.2 suggests a compositional breakdown of what this may look like per year:

**Table 3.2: Forecasted changes in tenure in Tipperary 2022-2028**

Forecasted Tenure	2022	2023	2024	2025	2026	2027	2028
Social Housing	13.1%	13.4%	13.7%	13.9%	14.2%	14.5%	14.8%
Rented (Privately)	16.3%	16.7%	17.1%	17.5%	17.9%	18.3%	18.7%
Owner Occupied (All)	70.6%	69.9%	69.2%	68.6%	67.9%	67.2%	66.6%
<b>Total Households</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

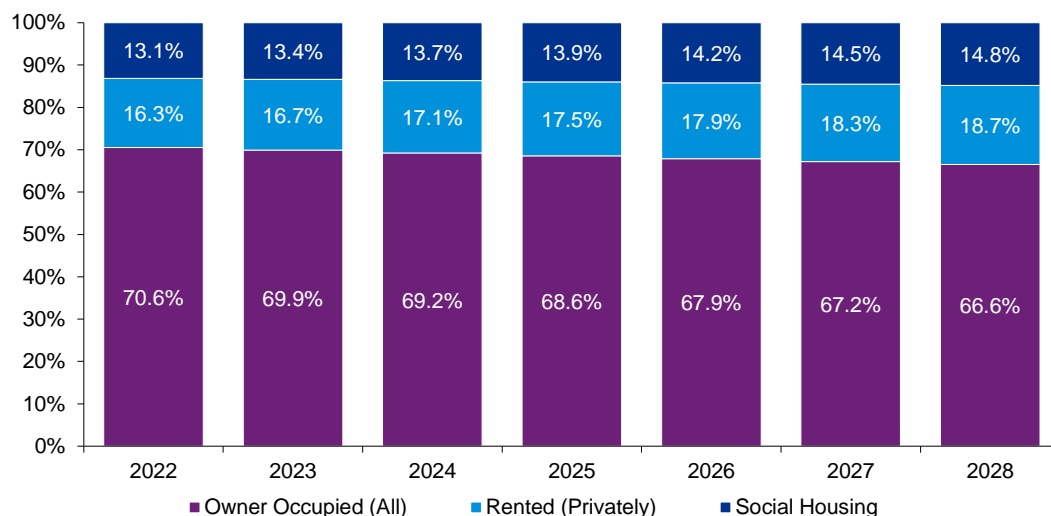
Forecasted Tenure	2022	2023	2024	2025	2026	2027	2028
Social Housing	32	132	135	138	140	143	109
Rented (Privately)	40	165	169	172	176	180	138
Owner Occupied (All)	174	689	683	676	669	663	493
<b>Total Households</b>	<b>247</b>	<b>986</b>	<b>986</b>	<b>986</b>	<b>986</b>	<b>986</b>	<b>740</b>

The application of a simple intercensal trend in this regard will not accurately project the real-term changes, as it does not account for social, financial, construction or preferential patterns or likelihoods. However, as an indicator on the potential trajectory of each of those considerations, as have applied historically for households across the County, the potential impact into the future (particularly in the short term) will likely take some view from such a forecast.

As a result, this indicates an increase in private rental's share of total tenure in the County, from an estimated 16.3% in 2022 to 18.7% in 2028. This increase will come at the expense of Owner-Occupier tenure (falling from just over an estimated 70% in 2022 to 66.6% in 2028); a consequence of continued shifts in the market due to affordability and delivery of housing stock (if unresolved). This is visually illustrated in Figure 3-2:

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**Figure 3-2: Forecasted changes in tenure in Tipperary 2022-2028**

### 3.3 Housing Type

In 2010/11 there was a sharp drop in commercial housing construction, particularly in towns and villages as a result of the recession. Since then there has been a continuing pattern of low multi-unit housing delivery (noting that housing delivery trends started to increase in 2019). There has been very low delivery of new houses in urban areas in general, with new house delivery mostly concentrated in one-off private house construction. In addition, there has been little house type choice, particularly in the delivery of smaller units. The County Housing Strategy in Section 4 Housing Stock and Housing Need explores this in detail.

The County Housing Strategy has emphasised the need for the consolidation of growth in urban areas in line with the provisions of the National Planning Framework. The focus on compact growth will support housing delivery in towns and villages – particularly in the delivery of 1 and 2-bedroom units as remarked upon in section 3.1 – a specific gap in the market, which aligns with falling household sizes and delayed household formation.

With the added move towards 1 and 2-person household sizes, the market will respond to a greater degree of need for apartment or multi-occupant house-based unit delivery. This will lead to a likely greater proportion of units in the Flat/Apartment share of total unit type over time. The delivery of appropriate unit-type mixtures will closely rely upon the Planning Authorities’ continued ability to monitor forthcoming housing supply and its completion status. A much closer, perhaps annual review of the specification of units

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proposed and delivered will allow for more timely consideration and engagement on how identified needs can best be catered to.

## 4 Conclusion

This analysis was tasked with examining a range of housing statistics and modelling to determine, in a more granular fashion, what the affordability dynamics at play across the Plan period are likely to be.

In other words, to assess the degree to which anticipated households forming may encounter affordability challenges with respect to projected increases in accommodation costs (relatively to changes in income). By comparing and contrasting the resulting findings, the principal features to emerge from the analysis presented in this report are as follows:

- A total of 5,917 households are expected to be formed in Tipperary over the Plan period, equating to full year average of target of 986 housing units (247 in Q4 2022 and 740 in Q3 2028);
- Over the course of the Plan period, it is estimated that of 5,917 anticipated households to form, 1,225 or approximately 209 per full-year (of 986) will not be eligible to qualify for a mortgage for the cheapest house under the Central Bank Loan-to-Income rule;
- That these 209 households are in the 1<sup>st</sup> and 2<sup>nd</sup> income deciles (the lower end of the income spectrum in Tipperary), and have a net annual income of €11,905 and €15,888 respectively, or €992 and €1,324 monthly – in year 2022;
- That these same 209 households will encounter affordability issues renting sustainably in the private rental market (spending no higher than 35% of their disposable income on accommodation);
- That 777 households of the 986 forming each typical full-year across the Plan period, will not encounter a mortgage qualification or an affordability challenge in meeting their accommodation needs – based on income, price and supply assumptions;
- That Housing Assistance Payment supports, at current rates, would continue to provide essential support to households unable to afford accommodation in the private rental sector, for most households – however, those with more than 2 children face continued affordability challenges. Constraints on supply overall may work against Housing Assistance Payment's support;
- That a full-year average of 21.2% of new household formations will therefore experience affordability challenges (as defined in Section 93(1) of the Act) in attempting to provide for their own housing needs;
- That this 21.2% of households comprises approx. 10.5% social need and 10.7% affordable need, in full-years, approx. 104 and 105 households respectively;



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- That house prices are anticipated to grow between 10-12% in 2021 and 2022.
- That the composition of the housing stock at market is changing, with the number of homes brought to market at formerly 'cheaper' price points is diminishing quickly.
- That rental prices are anticipated to grow between 6-8% in 2021 and 2022.
- If the impact of the Central Bank Loan-to-Income rule was not to be accounted for, it is estimated that the observable social and affordable requirement would drop to 106 households per full-year or approximately 10.5%;
- That there are strong intercensal trends in declining household sizes, supporting an increase in demand for 1 and 2-person homes / correlating with 1 and 2-bed units (increasing from ~54% in 2016 to ~59% by 2028). This could translate into the region of ~570 units per annum to cater for this type of household; and
- That rental tenure will continue to increase at the expense of owner-occupancy (increasing from approx. 14% in 2016 to 18.7% by 2028).

The observable demand for social and affordable units across the period (1,225 total or 209/21.2% per annum in most years<sup>20</sup>) assumes delivery of at least the annual anticipated number of households being brought to market. This analysis assumes a continuation of 2020's market composition in that regard, i.e. the transactional distribution of houses by their sales price. This composition informs how many dwellings are anticipated to be brought to market at a given price band. In assessing owner-occupier affordability, Section 2.5 also looks at the anticipated supply of dwellings for that affordable mortgage amount. Where there is anticipated under-supply, a household would need to compete outside its optimal affordability bracket.

In short, this could present as a household facing an insufficient number of affordable homes at their price point. It could also cause a downward-pressure effect on households seeking to compete for cheaper units too. Conversely, should ample stock materialise, house prices may be moderated such that affordability improves overall; bolstering the affordable capacity of households previously below such a threshold. Therefore, the composition of the market is an important driver which should be considered through ongoing monitoring.

It may be prudent therefore to explore a higher number of affordable homes to ensure sufficient elasticity in requirements that may emerge. Much closer monitoring of the number of units delivered each year and the percentage of these which meet affordable criteria would help inform related planning policy.

Local affordability is a good example of where variation within the County may present a different picture. In general terms, house prices will be higher in urban areas, and incomes tend to be lower. However, this does vary and localised assessments may offer further insight into specific affordability challenges which may emerge. In the first instance, an allocation of anticipated households to form in such locations would need

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<sup>20</sup> 22/9% for Q4 2022 and 157/21.2% in 2028 to Q3

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to be evaluated alongside localised pricing, rents and potentially further localisation of incomes (specifically between urban and rural contexts).

The county-level assessment undertaken by this analysis provides an overview of affordability as it would generally apply to an average household falling into any of the ten-assessed income deciles. As such, it can be viewed as taking into broad account the more favourable areas of affordability, with those less favourable, and in so doing, sets out a balanced view. That said, it naturally accounts for rural as much as for urban, and this is where many differences can be found. Therefore, the findings should largely guide county-level considerations, however, it can provide an indicator as to the middle of the road picture with respect to settlement level appraisal – however, it should be contextualised with localised data and relevant factors.

The identified number of households facing a social or affordable challenge can be factored in as an additive amount to the existing social housing waiting list. The identified needs are the product of modelling. There is an inherent reliance therefore upon the variables assessed progressing as set out, and where this does not align precisely, (e.g. earlier or delayed alignment), adjustments should be considered accordingly. As a result, it may be best to consider the specific figures, i.e. the 209 households identified for full-years within the period, or the 104 with a social requirement, as approximate indicators with a +/- tolerance that can be held under review.

The results of the analysis indicate that there are certain price points which all households forming can sustainably afford to repay, if eligible for a mortgage.

Aiming to deliver housing around these price points (affordable mortgage repayment amounts translated into total house prices; accounting for average periods, interest rates, etc.), would provide an effective means of addressing the anticipated requirements faced by households in the 1<sup>st</sup> and 2<sup>nd</sup> income deciles.

For the remainder of the anticipated households, who can more effectively compete in the private market (both for purchase and rent), sufficient supply at the effective price bands will be important to mitigate too much downward pressure or competition for cheaper units – for households who may have more limited options. This is equally true for the private rental market, where there is likely to be an increase in demand for 1 and 2-bedroom units, contrary to the majority of existing tenancies occupying 3 and 4+ bedroom units. A review of the composition of stock transacting on the market each year will be an important indicator in this regard – as this assessment has not factored in change here – due to significant variability being likely.

The question of whether there is an affordability gap in the county has been discussed in section 2.6.3, but suffice it to say that there is, depending on which parameters and households are in view. Whilst broadly speaking, assuming incomes, price and supply progress as anticipated by this study, the majority of households would be able to both qualify for a mortgage under the Central Bank rules, and also adequately compete in the market for homes that suit their optimal repayment capacity, this won't be the case for households in the 1<sup>st</sup> and 2<sup>nd</sup> deciles. Furthermore, households up to the 4<sup>th</sup> decile (42.7% of the market) will be more vulnerable to income, price, and supply changes. Potentially leaving them in unaffordable situations, or without sufficient supply to address

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their needs. Similarly, favourable changes will help bolster their status. That said, this study assessing a household by its optimal pricing on an affordable basis over the lifetime of repaying a mortgage. While a household may be able to afford this, it may not adequately be able to compete for a house for sale at 'the average price', should that price exceed their optimal price. In this instance, the households effectively have an affordability issue requiring a higher deposit or to spend greater than 35% net disposable income to service the mortgage ("unaffordable" under the legislation).

As a result, there is an affordability gap particularly observable for 1<sup>st</sup> and 2<sup>nd</sup> decile households, when compared to the cheapest houses, but certainly the average pricing. Affordable options aimed at these groups would help alleviate the most acute cases, but additional consideration of further affordable homes (for instance) may provide significant support to households in the 3<sup>rd</sup> and 4<sup>th</sup> deciles who are otherwise vulnerable.

A preliminary assessment of the DHLGH HND A Toolkit would indicate a low or negligible 'affordability constraint' across the county. This is based on April 2021 data (and older), and may not adequately reflect the price and market fluidity at sub-county too well in its current work-in-progress iteration. Nevertheless, it would indicate that cost rental and affordable purchase may not be as pressing at county level, though further assessment should be undertaken at settlement level when possible, as more acute needs are likely to present in more localised settings. Careful monitoring of emergent needs will allow for a timely response; particularly in facilitating the accessing of helpful support schemes.

Furthermore, forthcoming unit sizes and types will need to adjust to reflect both a mix of design and space for 1 and 2 person households, which will increase to almost 60% of the entire number of households in the County by 2028. Apartments alone may not offer the best answer to this, but rather a balanced mix of different unit types that can support changing tenure arrangements and also lifecycle of occupants (there is an existing high proportion of 1<sup>st</sup> and 2<sup>nd</sup> decile households aged over 65 years who may benefit from downsizing or smarter designed homes for example).

The delivery of appropriate unit-type mixtures will closely rely upon the Planning Authorities' continued ability to monitor forthcoming housing supply and its completion status. A much closer, perhaps annual review of the specification of units proposed and delivered will allow for more timely consideration and engagement on how identified needs can best be catered to.

Consideration to address the projected challenges in affordability (such as qualification for mortgages, sustainable repayment amounts and adequate supply across price points) should be made so as to give effect to timely interventions for newly forming households over the Plan period.

While this analysis assumes the eventual stabilisation of macro-economics (as effects incomes), house and rental pricing (as affects affordability), and fixed house price band compositions (as affects supply dynamics), the situation may take longer to resolve if the implementation of national policy, housing delivery, available labour and finance in particular are stunted. Nevertheless, this proactive approach in examining affordability against foreseeable policy and economic amelioration will provide a helpful resource for future monitoring and adjustment in that regard.



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## Appendices

Appendices are lettered A1, A2, etc.

### A.1 Annuity Formula

To assess affordability under Section 93(1) of the Planning and Development Act, 2000 (as amended), the relationship between a household's income and the cost of repaying a mortgage at a 35% of disposable income is to be assessed. This can be achieved by comparing relevant variables using an annuity formula.

The annuity formula compares monthly after-tax income with the monthly mortgage servicing cost associated with a particular house:

$$PV = P_t \left[ \frac{1 - (1+i)^{-n}}{i} \right]$$

where,

PV = total loan size

(no greater than 90% of Market Value - Section 93(1))

P<sub>t</sub> = monthly repayment amount

i = monthly interest rate

n = number of months over which the loan is to be paid

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## **A.2 Macro-economic forecasting – primary sources**

The following documents have been particularly utilised in our framing of a scenario:

- 2021 Outlook paper published by Davy in January 2021<sup>21</sup>;
- Q3 2021 Quarterly Bulletin published by the Central Bank of Ireland in July 2021<sup>22</sup>;
- Q2 2021 Economic Outlook published by IBEC in Q2 of 2021<sup>23</sup>;
- Q2 2021 Quarterly Economic Commentary published by the ESRI in June 2021<sup>24</sup>;
- Winter 2021 Economic Forecast published by the European Union in February 2021<sup>25</sup>; and
- OECD Economic Outlook for Ireland Q1 2021<sup>26</sup>
- 2021 Summer Economic Statement by Department of Finance, Ireland<sup>27</sup>

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<sup>21</sup> <https://www.davy.ie/market-and-insights/insights/marketwatch/2021/outlook-2021/looking-past-the-pandemic.html>

<sup>22</sup> <https://www.centralbank.ie/docs/default-source/publications/quarterly-bulletins/qb-archive/2021/quarterly-bulletin---q3-2021.pdf?sfvrsn=12>

<sup>23</sup> <https://www.ibec.ie/influencing-for-business/economy-and-tax/quarterly-economic-outlook-q2-2021#:~:text=The%20economy%20is%20set%20to,returning%20to%20most%20domestic%20sectors.>

<sup>24</sup> <https://www.esri.ie/publications/quarterly-economic-commentary-summer-2021>

<sup>25</sup> [https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/ireland/economic-forecast-ireland\\_en](https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-performance-country/ireland/economic-forecast-ireland_en)

<sup>26</sup> <https://www.oecd.org/economic-outlook/>

<sup>27</sup> <https://www.gov.ie/en/publication/4d84e-summer-economic-statement-2021/>



## Contact us

### **Jamie McGrath**

**Director**

**KPMG Future Analytics**

T +353 1 700 4031

E [jamie.mcgrath@kpmg.ie](mailto:jamie.mcgrath@kpmg.ie)

### **Martin O'Connor**

**Senior Consultant**

**KPMG Future Analytics**

T +353 1 410 7660

E [martin.oconnor@kpmg.ie](mailto:martin.oconnor@kpmg.ie)

[www.kpmg.com](http://www.kpmg.com)

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Comhairle Contae Thiobraid Árann  
Tipperary County Council

## Contact

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**Civic Offices** Clonmel, Co. Tipperary

**Civic Offices** Nenagh, Co. Tipperary

**Telephone** +353 (0) 818 06 5000

**Opening Hours** 9.30 - 4.30 Mon-Fri

**Email** [customerservices@tipperarycoco.ie](mailto:customerservices@tipperarycoco.ie)