An Roinn Tithíochta,
Rialtais Áitiúil agus Oidhreachta
Department of Housing,
Local Government and Heritage

Housing Supply Target Methodology for Development Planning

Guidelines for Planning Authorities issued under Section 28 of the Planning and Development Act, 2000 (as amended)

December 2020

Prepared by the Department of Housing, Local Government and Heritage

Table of Contents

1.0   INTRODUCTION

Context

1.1   One of the key responsibilities of a local authority is planning for the infrastructure, employment and services needed to sustainably support citizens and local communities in the future. In order to effectively plan for such future development, it is critical that a comprehensive and coordinated approach is taken to estimating what the scale and nature of what those future needs will be.

1.2   Underpinning demand for such future infrastructure and development will be the future population and associated housing that will be present within the area of each planning authority area. Having a credible and robust estimate of this future population is therefore of critical importance to a local authority in order for it to properly plan for accommodating the needs of future residents, and in particular their housing needs.

Consistent Planning Policy

1.3   Local authorities have a number of statutory functions that are informed to a significant degree by the estimated future population that is projected for their area. Specifically, the statutory city or county development plan and the associated housing strategy each have estimates of future population and resultant housing demand integrated into their preparation processes. Accordingly, the population projections that are utilised as part of the preparation process affect the related strategic policies contained therein.

1.4   Providing an accurate, consistent and integrated estimate of housing need at county level in Ireland is critical to our planning system. National Policy Objective 36 of the NPF confirms the importance of an integrated approach to population and housing in the planning system:

> "New statutory guidelines, supported by wider methodologies and data sources, will be put in place under Section 28 of the Planning and Development Act to improve the evidence base, effectiveness and consistency of the planning process for housing provision at regional, metropolitan and local authority levels. This will be supported by the provision of standardised requirements by regulation for the recording of planning and housing data by the local authorities in order to provide a consistent and robust evidence base for housing policy formulation."

1.5   Each planning authority will be required to undertake a Housing Need Demand Assessment (HNDA) as part of its housing strategy[1]. This is a new feature of the planning system that will need a consistent population and housing demand basis from which to effectively estimate the housing needs of a local authority and prepare an associated housing strategy accordingly.

1.6   Importantly, the planning functions of a local authority now form part of an integrated institutional and regulatory framework of national, regional and local planning tiers. A clear hierarchy of statutory

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[1] In accordance with National Policy Objective (NPO) No. 37 of the NPF.

plans has been established, from the National Planning Framework (NPF) at a national level, to the Regional Spatial and Economic Strategies (RSESs) at regional level, to individual city and county plans at local authority level and then to the local area plan tier beneath.

1.7   In this regard, the introduction of Core Strategy planning legislation[2] in 2010, required the provision of a coherent strategic policy direction within a development plan produced by a local authority that must have internal and external policy consistency. Development plans, including their population and housing projections, must therefore be consistent with the related policies and objectives of the relevant Regional Spatial & Economic Strategy (RSES) and the National Planning Framework as a core statutory requirement.

1.8   In order to ensure this policy consistency in the plan hierarchy, an independent Office of the Planning Regulator (OPR) has been established to evaluate each development plan and ensure its close alignment with proper planning and sustainable development and related national and regional planning policies and objectives.

Purpose of Guidelines

1.9   Accordingly, these guidelines are intended to assist in providing the required consistent and coherent approach to be taken by planning authorities in incorporating national and regional population and housing projections into their statutory functions. They will assist planning authorities in appropriately integrating the strategic national and regional population parameters into their statutory planning processes, such as the preparation of their city/county development plan and the preparation of their housing strategy, informed by the Housing Need and Demand Assessment (HNDA) process.

1.10   These guidelines will also assist the Office of the Planning Regulator (OPR) in the plan evaluation process and contribute to achieving consistency in planning policy from a national perspective, whereby agreed national and regional population projections are reliably translated into the development plan context.

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[2] Planning and Development (Amendment) Act 2010.

2.0   POPULATION AND HOUSING APPROACH

NPF Population Projections

2.1   The National Planning Framework is based on demographic and econometric projections undertaken by the Economic and Social Research Institute (ESRI) in 2017. Subsequent to the publication of the NPF in 2018, a NPF 'Roadmap' circular[3] was issued to all planning authorities, setting out projected county population ranges (in the format of minimum and maximum parameters), for both 2026 and 2031. These population projections, set out in Appendix 2 of the NPF Roadmap, have subsequently been incorporated into the statutory Regional Spatial and Economic Strategies (RSESs) adopted by each of three Regional Assemblies.

2.2   These established NPF Roadmap population projections for each county continue to be the population parameters for local authority development planning processes. City or County development plans must therefore plan for the identified population growth within these estimates and use them as the basis for strategic decision-making in their development plan process, including its core strategy, settlement strategy and housing policies.

NPF Population Projections and associated Housing Demand

2.3   National and regional population projections have been issued to the local government sector in the format of population projections at a local authority level. However, in the absence of specific supporting guidance, varying approaches have been taken by different local authorities in the interpretation and application of such population projections at a local level, as part of the development plan formulation process. The range of uncoordinated local practices, with differing assumptions and methodologies, have militated against achieving a consistent approach to translating the projected population for a county, into demand for housing over the development plan period.

2.4   In order to strengthen the relationship between national and regional population projections and their integration into the development planning process at local authority level, the Department commissioned the ESRI to further develop work previously undertaken for the NPF. Accordingly, the Institute was tasked with providing a nationally integrated and standardised evidence base for local authorities to estimate overall housing demand. The resulting ESRI research paper is based on an updated econometric and demographic projection model, published by the Institute in December 2020[4].

2.5   This ESRI research applies the projection model to four different development scenarios:-

- **Baseline** – projecting a 'business as usual' scenario which is based on current trends and medium-term projections for the Irish economy;
- **NPF 50:50 City** – consistent with the NPF strategy;
- **High Migration** – incorporating assumptions around high international migration flows into Ireland based on higher economic growth than the baseline;

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[3] *Implementation Roadmap for the National Planning Framework*, DHLGH, July 2018.
[4] *Regional Demographics and Structural Housing Demand at a County Level*, Research Series, Number 111, Economic and Social Research Institute, December 2020.

- **Low Migration** – incorporating assumptions around lower international migration flows into Ireland based on lower economic growth than the baseline.

2.6   The ESRI research model enables structural household demand levels for each local authority area to be set out under the four different scenarios for each year to 2040, thereby facilitating utilisation by planning authorities for their six-year city and county development plan cycles and their Housing Strategy/HNDA preparation processes.

NPF Scenario

2.7   The NPF 50:50 City scenario is broadly consistent with the National Planning Framework strategy and consequently, the 2018 NPF 'Roadmap' document and the population parameters specified therein. It results in an alternative spatial distribution, where population growth is more evenly distributed between the Eastern and Midland regional assembly area and the rest of the country and where counties with larger cities attract higher inflows.

2.8   The NPF 50:50 City scenario captures two core national policy objectives[5]- aiming to have population growth more evenly distributed throughout Ireland and less focused on Dublin and its surrounding area, and also taking advantage of the potential of cities to accommodate more compact growth and to drive regional development.

2.9   The identified NPF 50:50 City scenario is therefore **the recommended housing demand scenario to be used by planning authorities in their planning functions** in order to plan for the provision of housing to meet projected levels of demand in their administrative area, in accordance with the NPF strategy. Deviation from this scenario must be evidence-based and consistent with these guidelines.

2.10   Utilisation of the NPF 50:50 City scenario in their planning functions will assist planning authorities in fulfilling their obligations to prepare and adopt a city or county development plan that is consistent with national and regional planning objectives as required by core strategy planning legislation[6].

Development Plans currently under Review

2.11   Following the adoption of the National Planning Framework and the subsequent Regional Spatial and Economic Strategies, a process of reviewing of development plans by individual planning authorities is underway and will continue. Many planning authorities have formally commenced statutory review of their city or county development plan and will be at various different stages of that statutory process.

2.12   As part of the development plan process, planning authorities must demonstrate the manner in which their core strategy and other elements of the plan are consistent with the established NPF Roadmap population projections for their local authority area and accordingly, with the related NPF 50:50 City housing demand projection scenario identified by the ERSI. While it is recognised that certain planning authorities may have advanced through the statutory process, including publication of a draft plan, it will be necessary to demonstrate general consistency with the NPF and ESRI NPF housing demand

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[5] National Policy Objectives 1a and 2a of the NPF.
[6] Sections 12(11) and 12(18) of the Planning & Development Act, 2000 (as amended).

scenario, including at Chief Executives Report and at Material Alterations stages, subject to the methodology set out in Section 4.0 of these guidelines below, and within the parameters of potential adjustment to 2026.

3.0   HOUSING DEMAND AND HOUSING DELIVERY MONITORING

3.1   The provision of the ESRI projections for structural housing demand on a per county basis will also assist in the monitoring of housing delivery and local authority housing policies over time. Housing completion data is now published by the CSO on a quarterly basis and can be applied to any six-year local authority development plan period, significantly increasing the frequency with which housing delivery can be benchmarked against identified housing demand projections.

3.2   This approach is in contrast to the utilisation of population projections which, although important, can only be assessed with one fixed date every five years as part of a national census of population. It is a case in point that the Census due in 2021 has been deferred to 2022, due to the Covid-19 pandemic.

3.3   In particular, the Department of Housing, Local Government and Heritage intends to utilise the ESRI NPF 50:50 City housing demand projection as a mechanism to assist in evaluating whether the housing objectives of the NPF are being achieved and the national spatial policy is being reflected in the emerging housing delivery patterns across the country.

3.4   To this end, the Department will, in conjunction with the local government sector, the regional assemblies and others, establish a number of monitoring tools to facilitate the tracking of the housing delivery for each planning authority. It is intended that this exercise will form a part of an assessment of the effectiveness of plan implementation at local, regional and national levels.

4.0 METHODOLOGY FOR THE APPLICATION OF NPF POPULATION AND HOUSING PROJECTIONS INTO LOCAL AUTHORITY PLAN PROCESSES

4.1 The integrated approach to projecting new household demand is applicable to city or county development plan preparation by planning authorities. As each city or county development plan will address a rolling six-year period, data relevant to each local authority area and related time periods will change. Accordingly, the methodology in Table 1 below provides a means of ensuring that the approach can remain up-to-date.

TABLE 1

City/County Council		Annual Average Households	Total Households
A	ESRI NPF scenario projected new household demand 2017 to Plan end year, or quarter (pro-rata)	Total projection/ relevant time period	Total projection[A]
B	Actual new housing supply 2017 to most recent available year or quarter prior to Plan commencement	Total completions /relevant time period	Total completions[B]
C	Homeless households (latest data), and unmet demand as at most recent Census	N/A	Total existing unmet demand[C]
D	**Plan Housing Demand =** Total (A-B+C) (Projected ESRI NPF demand - new completions + Unmet demand)	**Total Plan Demand/6 years**	**Total Demand for full 6-year plan period**
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 Total Demand
F	Potential adjustment 2 to end 2026 portion of plan period to facilitate convergence to NPF strategy, applicable where B exceeds or is close to D (where justified)	Mid-point between ESRI NPF and baseline scenarios to 2026 in lieu of A above, plus up to 25%	Adjusted Total Demand

4.2 To assist planning authorities in applying the Table 1 methodology to their individual local area a number of worked examples are set out in Appendix 1 to these guidelines.

4.3 As noted in para. 2.10 above, planning authorities are required under core strategy planning legislation to ensure that their development plan is consistent with the national and regional development objectives specified in the National Planning Framework and the relevant regional spatial and economic strategy. City and County development plans must therefore plan to provide housing to the extent identified in the established NPF Roadmap population projections for their local authority and accordingly in the NPF 50:50 City housing projection scenario, in core strategy, settlement strategy and associated identification of development potential and zoning exercises.

4.4   It is emphasised that this means ensuring that there is sufficient provision for the delivery of housing to meet identified demand, having regard to the availability of services, the rate of take-up of development land (brownfield/infill and greenfield) and the pattern of housing completion, including rural housing, where applicable. While extant planning permissions must be taken into consideration, a realistic assessment of the likelihood of implementation must also be made, having regard to the remaining duration of such permissions, as well as recent rates of delivery and market absorption by development type.

4.5   Planning authorities must provide for housing in their development plan that is consistent with national and regional planning objectives, including the achievement of compact growth and the consolidation of towns and cities, in order to move away from a development pattern characterised by dispersed sprawl and unsustainable levels of long-distance commuting.

4.6   In particular, planning authorities that are seeking to justify total demand converging with the NPF strategy under row 'F' in Table 1 above, will need to both demonstrate and provide satisfactory policy safeguards, to ensure that their core strategy aligns with national and regional policy as set out in the NPF and relevant RSES. For example, seeking to provide disproportionate levels of new housing development in relatively small settlements with inadequate capacity to provide the necessary supporting services and infrastructure for a new community, and/or with limited public transport accessibility, would not be consistent with national and regional planning objectives.

4.7   More specifically, planning to accommodate additional household demand under potential convergence adjustments must be clearly quantified and must be:

   i)   Consistent with the National Planning Framework and relevant Regional Spatial and Economic Strategy in terms of the settlement hierarchy, i.e. located in cities, regional growth centres, key towns, and other sustainable urban centres;
   ii) Consistent with the NPF National Strategy outcomes to achieve compact growth, sustainable mobility and transition to a low carbon society;
   iii) Consistent with the relevant metropolitan area transport strategy, where applicable, and capable of delivering public and active transport mode choice upon occupation;
   iv) Capable of being serviced by physical and social infrastructure such as water services, schools and public amenities and recreational facilities and energy and communications networks within the plan period.

In meeting the criteria above, the observations of both the National Transport Authority (NTA) and the Office of the Planning Regulator (OPR) would be sought and integrated into the decision-making processes in relation to development plans and any local area plans.

4.8   Planning for the sustainable provision of projected housing demand is fundamental to the preparation of city or county development plans. Factors that may affect the sustainable delivery of identified housing targets, such as the existing environment and the availability of supporting transport, energy and waste treatment facilities, will need to be carefully considered by the planning authority as part of the statutory plan preparation process including in the associated Environmental Assessments. The consideration of such issues at the development plan level is important in ensuring that housing demand can be met in the most sustainable manner through the provision of appropriate policies and objectives of the development plan.

APPENDIX 1

Worked Example 1

Local Authority where:-

(i)   ESRI NPF scenario is lower than the ESRI Baseline scenario, and

(ii)   Mid-point between ESRI baseline and NPF scenarios can be justified as a housing supply target for a Q4 2020 - Q3 2026 plan period.

	Planning Authority 1	Annual Average Households	Total Households
A	ESRI NPF scenario projected new household demand 2017 to Q3 2026	429 (4,181/9.75)	4,181^A *From ESRI Research*
B	Actual new housing supply 2017 to Q3 2020	202 (759/3.75)	759^B *From CSO Completions data*
C	Homeless households (latest data), and unmet demand as at most recent Census	N/A	84^C *From DHLGH and Census*
D	**Plan Housing Demand =** Total (A-B+C) (Projected ESRI NPF demand - new completions) + Unmet demand	**584 (3,506/6)**	**3,506**
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 Total Demand
E1	ESRI Baseline scenario projected new household demand 2017, to Q3 2026	545 (5,311/9.75)	5,311 *From ESRI Research*
E2	Mid-point between A and E1 - ESRI NPF and Baseline scenarios, to Q3 2026	487 (4,747/9.75)	4,746
E3	**Adjusted Total Plan Demand** calculation based on E2 in lieu of A above	679 (4,071/6)	(4,746^{E2}-759^B) + 84^C = **4,071**
F	**NOT APPLICABLE IN THIS EXAMPLE** Potential adjustment 2 to end 2026 portion of plan period to facilitate convergence to NPF strategy, applicable where B exceeds or is close to D (where justified)	Mid-point between ESRI NPF and baseline scenarios to 2026 in lieu of A above, plus up to 25%	Adjusted Total Demand

Worked Example 2

Local Authority where:-

(i)　　　ESRI NPF scenario is lower than the ESRI Baseline scenario, and

(ii)　　　Mid-point between ESRI baseline and NPF scenarios can be justified to 2026 as a housing supply target for a Q1 2022 – Q4 2027 plan period.

Planning Authority 2		Annual Average Households	Total Households
A	ESRI NPF scenario projected new household demand 2017 to Q4 2027	528 (5,807/11)	5,807[A]　From ESRI Research
B	Actual new housing supply 2017 to Q4 2021 (estimated future delivery projected pro rata from year to date)	511 (2,556/5)	2,556[B]　From CSO Completions data
C	Homeless households (latest data), and unmet demand as at most recent Census	N/A	110[C]　From DHLGH and Census
D	**Plan Housing Demand =** Total (A-B+C) (Projected ESRI NPF demand - new completions) + Unmet demand	**560 (3,361/6)**	**3,361**
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 Total Demand
E1	ESRI Baseline scenario projected new household demand 2017, to Q4 2026	608 (6,084/10)	6,084　From ESRI Research
E2	ESRI NPF scenario projected new household demand 2027	558	558　From ESRI Research
E3	Mid-point between A-E2 (ESRI NPF and Baseline scenarios to Q4 2026)	567 (5,667/10)	(5,807 -558 + 6,084/2) = 5,667
E4	**Adjusted Total Plan Demand** calculation based on E2 + E3 in lieu of A above	630 (3,779/6)	558[E2]+5,667[E3]-2,556[B] + 110[C] = **3,779**
F	**NOT APPLICABLE IN THIS EXAMPLE** Potential adjustment 2 to end 2026 portion of plan period to facilitate convergence to NPF strategy, applicable where B exceeds or is close to D (where justified)	Mid-point between ESRI NPF and baseline scenarios to 2026 in lieu of A above, plus up to 25%	Adjusted Total Demand

Worked Example 3

Local Authority where:-

    (i)   ESRI NPF scenario is lower than ESRI Baseline scenario, and

    (ii)   Mid-point between ESRI baseline and NPF scenarios and +25% can be justified as a housing supply target for a Q4 2020 - Q3 2026 plan period.

	Planning Authority 3	Annual Average Households	Total Households
A	ESRI NPF scenario projected new household demand 2017 to Q3 2026	1,091 (10,638/9.75)	10,638[A] *From ESRI Research*
B	Actual new housing supply 2017 to Q3 2020	1,414 (5,303/3.75)	5,303[B] *From CSO Completions data*
C	Homeless households (latest data), and unmet demand as at most recent Census	N/A	253[C] *From DHLGH and Census*
D	**Plan Housing Demand =** Total (A-B+C) (Projected ESRI NPF demand - new completions) + Unmet demand	**931 (5,588/6)**	**5,588**
E	Potential adjustment 1 to end 2026 portion of plan period to facilitate convergence to NPF strategy (where justified)	Mid-point between NPF and baseline scenarios to 2026 in lieu of A above	Adjusted Total Demand
E1	ESRI Baseline scenario projected new household demand 2017, to Q3 2026	1,206 (11,758/9.75)	11,758 *From ESRI Research*
E2	Mid-point between A and E1 - ESRI NPF and baseline scenarios, to Q3 2026	1,149 (11,198/9.75)	11,198
E3	Adjusted Total Demand calculation based on E2 in lieu of A above	1,025 (6,148/6)	$(11{,}198^{E2}-5{,}303^{B})$ + 253^{C} = 6,148
F	Potential adjustment 2 to end 2026 portion of plan period to facilitate convergence to NPF strategy, applicable where B exceeds or is close to D (where justified)	Mid-point between ESRI NPF and baseline scenarios to 2026 in lieu of A above, plus up to 25%	Adjusted Total Demand
F1	E2 +25%	1,436 (13,998/9.75)	13,998
F2	**Adjusted Total Plan Demand** calculation based on E2 in lieu of A above and F1	1,491 (8,948/6)	(13,998-5,303) + 253 = **8,948**

Worked Example 4

Local Authority where:-
- (i) ESRI NPF scenario is higher than ESRI Baseline scenario, and
- (ii) Mid-point between ESRI baseline and NPF scenarios can be justified as a housing supply target for a Q4 2020 - Q3 2026 plan period

	Planning Authority 4	Annual Average Households	Total Households
A	ESRI NPF scenario projected new household demand 2017 to Q3 2026	1,834 (17,878/9.75)	17,878[A] From ESRI Research
B	Actual new housing supply 2017 to Q3 2020	502 (1,884/3.75)	1,884[B] From CSO Completions data
C	Homeless households (latest data), and unmet demand as at most recent Census	N/A	1,547[C] From DHLGH and Census
D	**Plan Housing Demand =** Total (A-B)+C (Projected ESRI NPF demand - new completions) + Unmet demand	**2,923 (17,541/6)**	**17,541**
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 Total Demand
E1	ESRI Baseline scenario projected new household demand 2017, to Q3 2026	1,226 (11,956/9.75)	11,956 From ESRI Research
E2	Mid-point between A and E1 - ESRI NPF and baseline scenarios, to Q3 2026	1,530 (14,917/9.75)	14,917
E3	**Adjusted Total Plan Demand** calculation based on E2 in lieu of A above	2,430 (14,540/6)	(14,917[E2]-1,884[B]) + 1,547[C] = **14,580**
F	**NOT APPLICABLE IN THIS EXAMPLE** Potential adjustment 2 to end 2026 portion of plan period to facilitate convergence to NPF strategy, applicable where B exceeds or is close to D (where justified)	Mid-point between ESRI NPF and baseline scenarios to 2026 in lieu of A above, plus up to 25%	Adjusted Total Demand