

INTRODUCTION

This purpose of this document is to chart a course for the development of housing in County Kildare for the period 2011-2017. It assesses the need for housing and puts forward strategies for meeting it. The strategy is drawn up for the entire county of Kildare including the Town Councils of Naas and Athy. It is intended to serve the needs of all who are concerned in dealing with housing issues, including individual citizens, housing associations and other voluntary organisations working in the area, house builders, landowners, elected representatives, house designers and local authority staff.

PART 1: HOUSING SUPPLY AND REQUIREMENTS

1.1 Objectives

The Planning and Development Act, as amended, stipulates that planning authorities, in formulating the County Housing Strategy shall have regard to the following points:

- ensuring a range of housing for residents with different income levels: ref. Section 94(3)b;
- making provision for social and affordable housing: ref. Section 94(4)c;
- defining affordability in terms of capacity of eligible persons to service a mortgage based on a defined level of income and loan to value ratio: ref. Section 93(1)

1.2 Assumptions

Throughout the following calculations and subsequent analysis a number of assumptions have been made. Where possible data at county level has been used. If this has not been possible data has been accessed at the regional level, i.e. in terms of income information. If necessary, adjustments have been made to the higher-level data in order to make it more appropriate to the County-level situation.

1.3 Approach

This analysis sets out to determine housing need and housing affordability by analysing county-level estimates of population, household size, household income, and house prices.

1.4 Method & Sources

Data has been collated from a number of sources including the Census of Population, the Central Statistics Office (CSO), the Department of the Environment, Heritage and Local Government, (DEHLG) ESRI, and auctioneers within the County.

1.5 National and Regional Context

During the lifetime of the previous Housing Strategy, adopted in 2005, there was unprecedented growth in housing construction in the State which reached its peak in 2006 with 4,804 completions in County Kildare. There was a slowdown in the residential housing market and a significant reduction in house price in 2008 and 2009 with a rapid reduction in house completions in the same period with 3,118 completions in 2007, 1,811 units in 2008 and an estimated 908 completions for 2009.

The Regional Planning Guidelines indicate that to achieve and facilitate the projected population and household levels, Planning Authorities should:

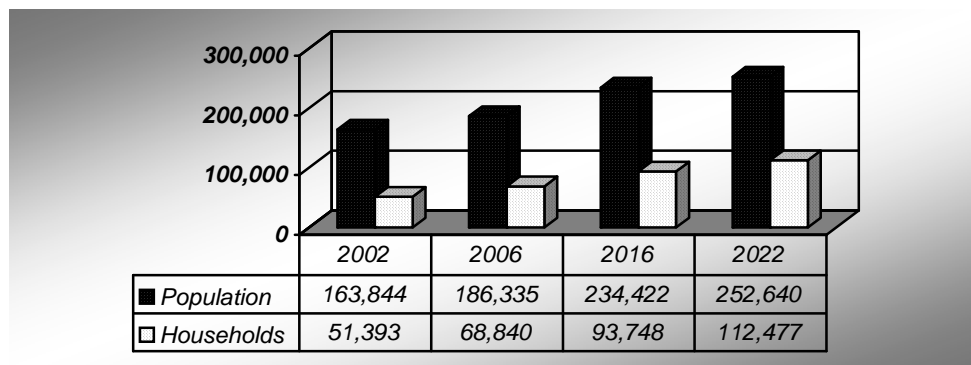
- Ensure that sufficient amounts of lands are zoned and serviced in the centres as selected for increased future development in the settlement strategy. This is designed to contribute to establishing a strong urban structure throughout the area and in turn reinforce strong performing and robust economic conditions necessary to the achievement of regional balanced development.
- Support the provision of infrastructure, including public transport infrastructure.
- Encourage and attract employment sources.
- Ensure the delivery of social, community and cultural infrastructure to contribute to the populations' quality of life.

1.6 Population Projections & Household Data

The Regional Planning Guidelines for County Kildare project a population increase of 66,305 between 2006-2016 which equates to 24,908 additional households in the county. The average household size is continuing to decline with the average number of persons in private households in the county recorded as 3.01 in 2006, down from 3.19 in 2002. This trend indicates that a greater proportion of smaller houses will be required in the future.

The following graph outlines the projected increases:-

Graph 1.6 Population and Household Projections 2002-2022



1.7 Household Income Data Projections

Having established the population and household base, it is necessary to forecast the county-specific household disposable income. This will be done for the period 2005 to 2017. An essential element of the housing demand analysis is ensuring that the recommendations are based on an accurate assessment of household incomes. Material has been sourced from County Income and Regional GDP 2007 produced by the Central Statistics Office (January 2010).

Table 1.7.1 Estimates of Disposable Income Per Person (€)

	2005	2006	2007
Mid East	20,496	21,515	22,115
Kildare	21,219	22,185	22,636
Meath	20,046	21,238	21,871
Wicklow	20,001	20,883	21,660

Source: County Income and Regional GDP 2007, CSO

Table 1.7.2 Indices of Disposable Income Per Person (State = 100)

	2005	2006	2007
Mid East	102.6	103.7	101.9
Kildare	106.2	106.9	104.3
Meath	100.3	102.4	100.8
Wicklow	100.1	100.7	99.8

Source: County Income and Regional GDP 2007, CSO

Table 1.7.3 Estimates of Total Income Per Person (€)

	2005	2006	2007
Mid East	25,888	27,369	28,299
Kildare	26,877	28,255	29,036
Meath	25,279	26,981	27,916
Wicklow	25,207	26,561	27,706

Source: County Income and Regional GDP 2007, CSO

Table 1.7.4 Indices of Total Income Per Person (State = 100)

	2005	2006	2007
Mid East	104.7	106.1	104.3
Kildare	108.7	109.5	107.1
Meath	102.3	104.6	102.9
Wicklow	102.0	103.0	102.1

Source: County Income and Regional GDP 2007, CSO

Table 1.7.5 Estimates of Disposable Income Per Person Excluding Rent (€)

	2005	2006	2007
Mid East	19,266	20,269	20,669
Kildare	19,929	20,874	21,115
Meath	18,915	20,095	20,545
Wicklow	18,737	19,599	20,170

Source: County Income and Regional GDP 2007, CSO

Table 1.7.6 Indices of Disposable Income Per Person Excluding Rent (State = 100)

	2005	2006	2007
Mid East	102.4	103.6	101.9
Kildare	106.0	106.7	104.1
Meath	100.6	102.7	101.2

Wicklow	99.6	100.2	99.4
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Source: County Income and Regional GDP 2007, CSO

The ESRI Medium Term Review 2008-15 projected that national disposable incomes would grow by 6.5% per annum from 2005-2010 and by an average of 5.8% per annum from 2010 to 2015. According to revised figures contained in the ESRI Quarterly Economic Commentary (Winter 2009), incomes are projected to fall by 1% in 2009 and by 2.5% in 2010. The latest short-term income projections do not indicate an increase in income levels. Accordingly income projections have to be based on certain assumptions at this time.

The assumption is that the decline in income in 2010 will be reversed in 2011 and that thereafter there will be a 2% increase in income levels.

Table 1.7.7 Estimates of Disposable Income Per Person in Kildare (€)

	Estimates of Disposable Income	% change
2007	22,636	-
2008	22,636	-
2009	22,409	- 1%
2010	21,849	-2.5%
2011	21,849	0%
2012	22,395	+2.5%
2013	22,843	+2%
2014	23,200	+2%
2015	23,766	+2%
2016	24,241	+2%
2017	24,756	+2%

Source: ESRI Quarterly Economic Commentary (Winter 2009) and projected estimates

1.8 House Price Data Projections

The following tables outline the change in house prices in Kildare since 2003 and projected house prices over the course of the Housing Strategy. House prices are not projected to fall further during the lifetime of the plan. Where Kildare specific figures are not available, the commuter county figures are used as a proxy for Kildare.

Table 1.8.1 Average House Prices in County Kildare (€)

YEAR	County Kildare (€)	% Change
2003	263,610	
2004	289,306	+10%
2005	307,589	+6%
2006	337,757	+10%
2007	321,400	- 4.8%
2008	267,265	-16.8%
2009	245,707	-8.0%

Table 1.8.2 Average House Prices in County Kildare Projections (€)

YEAR	County Kildare (€)	% Change
2010	240,000	-
2011	240,000	-
2012	245,000	+ 2%
2013	250,000	+ 2%
2014	260,000	+ 4%
2015	270,000	+ 3.8%
2016	280,000	+ 3.7%
2017	290,000	+ 3.5%

Source: Irish Permanent / ESRI House Price Index DEHLG and Auctioneers in County Kildare

1.9 House Price Affordability

Based on the assumptions made and the projections of average disposable income and average house prices, the patterns of increase shows a strong correlation between the sets of data. This means that very modest increases in average disposable income will be matched with similar levels of modest increases in average house prices over the relevant period. Based on this analysis the affordability factor remains constant as against current levels. This means that there is an equivalent rate of change in average income levels compared with average house prices. This demonstrates that the demand for housing supports and levels of affordability will not diminish as against current rates for the duration of the Housing Strategy.

1.10 Affordability Thresholds

The purpose of the analysis of population, household size, household income, and house prices is to identify the demand and supply of housing over the lifetime of the Housing Strategy.

The Planning and Development Act (Section 93(1)) sets out the parameters that need to be applied. These are as follows:

- yearly loan repayment is less than or equal to 35% of annual income, net of income tax and pay related insurance; and
- the loan to value ratio should not exceed 90%.

The following tables outline the cost of servicing two sample mortgages at varying income levels stress tested to 5.5%.

Table 1.10.1 Ability to service €100,000 mortgage at different income levels

Borrowing	Gross Annual Income	Monthly Repayment @ 2.27%	% NDI stress tested @ 5.5%
€100,000	€15,000	383.27	46
€100,000	€20,000	383.27	35
€100,000	€25,000	383.27	25
€100,000	€30,000	383.27	22
€100,000	€35,000	383.27	19

€100,000	€40,000	383.27	18
€100,000	€45,000	383.27	17

% NDI = % of net income spent on loan repayment, stress tested at 5.5%

Source: Affordable Homes Partnership

Table 1.10.2 Ability to service €200,000 mortgage at different income levels

Borrowing	Gross Annual Income	Monthly Repayment @ 2.27%	% NDI stress tested @ 5.5%
€200,000	€15,000	766.53	93
€200,000	€20,000	766.53	69
€200,000	€25,000	766.53	51
€200,000	€30,000	766.53	43
€200,000	€35,000	766.53	38
€200,000	€40,000	766.53	35
€200,000	€45,000	766.53	33

% NDI = % of net income spent on loan repayment, stress tested at 5.5%

Source: Affordable Homes Partnership

The tables at 1.10.1 and 1.10.2 show monthly repayments required on loans of €100,000 and €200,000 and the percentage of particular levels of income required to service these loans. The tables indicate that an income of €40,000 (highlighted) is required to adequately service a mortgage of €200,000 in accordance with the 35% affordability threshold. This confirms that applicants on the social housing list will not be in a position to purchase accommodation from their own resources based on projected house prices and income levels during the period covered by the Housing Strategy.

1.11 Backlog of Social and Affordable Need

The following table indicates the demand for social housing need which is set out in the waiting lists for the three local authorities whose areas are covered by this strategy. This need, in March 2008, is expressed in the housing waiting lists of the local authorities as follows and compared with the latest available figures for December 2009.

Table 1.11.1 Social Housing Need in County Kildare

	Mar 2005	Mar 2008	Dec 2009
Kildare County Council	1,580	2,850	4833
Athy Town Council.	145	253	686
Naas Town Council	182	242	409
Total	1,907	3,345	5,928

The demand for social housing has continued to increase significantly in recent years. An analysis of the above table would indicate that the annual increase in the social housing waiting list is approximately 850 applicants per annum.

An analysis of the income levels of those on the social housing list as at May 2008 demonstrates the following categories of applicants. An analysis of the December 2009 figures was not available at the time of preparation of the Housing Strategy,

however, to qualify for social housing, applicants must earn less than €40,000 per annum.

Table 1.12.2 Social Housing Waiting List Categorised by Income Bands

	Up to €10,000	€10,001- €15,000	€15,001- €20,000	€20,001- €25,000	€25,001 - €30,000	More than €30,000
Kildare Co. Co.	477	1,550	354	300	109	60
Athy	55	138	25	24	5	6
Naas	110	62	38	17	7	8
Total	642	1,750	417	341	121	74

The above table indicates that 3,150 applicants on the social housing out of 3,345 list earn less than €25,000 per annum, the minimum amount to apply for the Local Authority House Purchase Loan and the minimum threshold that would be reasonably expected to provide accommodation from your own means. This equates to 94.1% of the waiting list.

1.12 Private Rented Sector

The private rented sector has a role to play in meeting the housing needs of a county. Those who cannot afford market rents are supported by means of the supplementary welfare allowance. In 2009 there were in excess of 3,500 persons in receipt of supplementary welfare allowance in the County, the majority of whom were on the social housing waiting list. At a cost of in excess of €450 million nationally per annum, the number of persons in receipt of rent supplement is expected to decrease from 2009 as stricter guidelines are introduced and applicants are directed towards other support measures such as the Rental Accommodation Scheme and leasing arrangements.

PART 2: SOCIAL AND AFFORDABLE HOUSING

2.1 Social Housing Investment Programme

The local authorities in Kildare deliver housing accommodation under the Social Housing Investment Programme (SHIP). The Social Housing Investment Programme outlines the provision of social housing by means of the construction programme, turnkey developments, Rental Accommodation Scheme and leasing arrangements.

The projected delivery of units, on an annual basis, over the lifetime of the strategy (2011-2017) is as follows:

Table 2.1 Annual Provision of Units under Housing Programme 2011-2017

Residential Accommodation Scheme	200
Leasing Arrangements	100
Voluntary Housing	50
Casual Vacancies	110
Construction / Purchases/Acquisitions	30
Total	490

2.2 Requirement for Social and Affordable Housing under Part V

The statutory maximum amount of land ordinarily envisaged for transfer to local authorities, for the provision of social and affordable housing under Part V of the Planning and Development Act is 20%.

Social Housing

An analysis of the housing waiting list indicates an average inflow of approximately 850 applicants per annum based on the Housing Needs Assessments of 2005 and 2008 (see table 1.11.1). Of these it is envisaged that 490 applicants will be accommodated as denoted in 2.1. The shortfall is 360 applicants per annum (i.e. 850 applicants less 490 accommodated) or 2,160 over the period of the strategy 2011-2017. Based on the €25,000 minimum income requirement to apply for the Local Authority House Purchase Loan, and the figures outlined at 1.12.2 above, it is safe to assume that 50 of the annual intake of applicants will be in a position to provide housing from their own resources.

Affordable Housing

An analysis of the affordable housing waiting list showed a backlog of 1,860 applicants in 2007. 587 new applications were received in 2008 and 180 applications were received in 2009. With recent decreases in house prices outlined in Table 1.8.1 and slow growth in projected prices outlined in Table 1.8.2, together with stricter mortgage provision policies by lending institutions, the demand for affordable housing will remain, albeit at a lower level than previously. To qualify for affordable housing, applicants may earn up to €55,000 per annum which is higher than the threshold to qualify for social housing at €40,000 per annum. It is estimated that 50 applications per annum will be received from applicants in this category who do not qualify for social housing. It is projected that the Incremental Purchase Scheme may alleviate some of the demand in this area in the future in the order of 30 applicants per annum. It is clear that some applicants on the social housing list will be able to purchase under the Affordable Housing Scheme.

2.3 Conclusions Reached

The provision of social housing through the various measures outlined in Table 2.1 will not be adequate to meet the historic demand identified in the Housing Needs Assessment 2008 or the projected demand from 2011-2017. The statutory maximum Part V requirement of 20% as outlined in the Planning and Development Act 2000 (as amended) is exceeded for each year of the Strategy. The uncertainty in house prices and demand mean that the portions of total lands to be assigned pursuant to Part V should be flexible within agreed parameters and cannot be specifically defined between social and affordable housing but will depend on other factors at the time.

The existing backlog of 5,928 applicants as at December 2009 is averaged over the duration of the Housing Strategy (six years) and added to the projected annual demand to calculate the annual requirement. Of the 5,928 applicants, a projected 94.1% (see table 1.12.2) will require assistance from the Local Authority i.e. 5,578 applicants over the six years of the Plan.

Accordingly, the annual figures arrived at in compiling the number of households requiring assistance during the period 2011-17 are as follows:

Table 2.3.1 Calculation of Annual Housing Need

Existing Housing Need (5,578) apportioned	929
New housing applicants	800
Total Annual Need:	1,729
<i>Less</i>	
Projected Delivery of units 2011-2017	490
Incremental Purchase Scheme	30
<i>Total:</i>	<i>520</i>
Number of household per annum requiring social and affordable accommodation	1,209

It is anticipated that of the demand for housing in the county (see Table 2.3.2), 48.5% of that requirement will have to be met by means of social and affordable housing. This demand is above the maximum 20% allowed under Part V of the Planning and Development Act 2000 (as amended).

This can be represented on a year by year basis as follows:

Table 2.3.2 Summary of Anticipated Social & Affordable Housing Need

	2011	2012	2013	2014	2015	2016	2017
New Households Formations	2,490	2,490	2,490	2,490	2,490	2,490	2,490
Number of households meeting affordability criteria	1,209	1,209	1,209	1,209	1,209	1,209	1,209
% Shortfall	48.5%	48.5%	48.5%	48.5%	48.5%	48.5%	48.5%

2.4 Compliance with the Housing Strategy

The Planning & Development Acts 2000 (as amended) provide that when submitting a planning application the applicant shall specify how he proposes to comply with a condition imposed under Section 96(2) of the Act. In default of agreement the local authority may purchase 20% of the site but the local authority and the applicant may enter into an agreement to otherwise comply with the requirements including the payment of a financial contribution. The Council shall enter into a memorandum of understanding with applicants on the nature of the Part V agreement. Where this involves the acquisition of units the memorandum shall include details of the type of units to be delivered, the timing of delivery and the anticipated cost of the units. The Council shall also take into account its Housing Services Plan and Housing Action Plan prepared in accordance with the Housing (Miscellaneous Provisions) Act 2009 in making agreements. Furthermore approval from the Department of Environment, Heritage and Local Government is required before committing to the purchase of social units under the Part V mechanism.

The legislation provides for the following methods of compliance:

- The transfer of completed housing units on the application site
- The transfer of fully or partially serviced sites on the application site
- The transfer of a portion of land on the application site
- The transfer of completed housing units at another location
- The transfer of serviced sites at another location
- The transfer of land at another location
- The payment of a financial contribution

The method of compliance agreed with the applicant may also provide for a combination of any of the above.

When completed housing units are transferred to the local authority the Council will seek to :

- Ensure that undue social segregation is minimised
- Ensure complete and efficient development of building sites
- Facilitate the implementation of policy in regard to social and affordable housing

The local authorities recognise that local circumstances, such as house types, housing requirements in the area, existing and planned distribution of housing, density issues, etc. may require to be taken into account in assessing the arrangements for compliance with Part V of the Act.

When the local authorities agree to accept or stipulate the payment of contributions towards meeting social and affordable housing need in lieu of the transfer of land, the funds so acquired shall be treated in accordance with Section 96 of the Act which provides that they shall be kept in a separate account and shall be applied as capital for the authorities' functions under Part V of the Act or for their functions as housing authorities.

In particular it might be noted that some housing, including dwellings for elderly persons or other classes of people who have special needs may be deserving of special consideration and the local authorities will consider the development of policies to take account of this.