Social Housing 'Ongoing Need' – Update 2022

Key Messages

- The 'unmet need' for social housing is measured in the number of eligible households on the social housing waiting list at a moment in time.
- This does not account for households in receipt of the Housing Assistance Payment (HAP) whose tenancies are in the private rental market with no right to continuous housing should their tenancy cease.
- The PBO introduced the term 'ongoing need' to more fully capture the cohort of households with an existing need for long-term, secure, state supported housing.
- 116,886 households were deemed to have an ongoing need at end-2022 down from 121,743 at end-2020.
- It is estimated that these households consisted of a minimum 241,425 individuals in 2022 (263,494 in 2020).
- The estimated cost of supplying appropriate, new build accommodation for all those with an 'ongoing need' in 2022 was **€35.27 billion – an increase of €5.96 billion on 2020.**

Overview

In March 2022, the PBO published Housing Ireland: Trends in Spending and Outputs of Social and State Supported Housing 2001-2020. This analysis looked at all forms of housing solutions funded by the State across the two decades – local authority direct builds, approved housing body developments, leasing schemes, and rental subsidies – and quantified both the housing units delivered and the resulting cost to the Exchequer.

Having identified the historic spending and outputs, the analysis also estimated the potential cost of housing all those individuals eligible for State supported housing but not yet in receipt of secure, long-term accommodation. In doing so, the PBO introduced the term 'ongoing need' to define this group of households. Effectively the term covered the combined group of a) households that were on the **social housing waiting list** and b) those households in receipt of the **Housing Assistance Payment (HAP)**.

This note is an update of the estimated 'ongoing need' for State supported housing at the end-2022 as compared to end-2020.

PBO Publication 2 of 2024

'Ongoing Need' defined

When assessing the existing requirement for social housing, the Local Authority social housing waiting lists are a useful proxy for estimating the **'unmet need'** for social housing in the state. Specifically, this term captures the number of households in need of, but not currently receiving, social housing support.[1] However, by focusing only on those households currently on the main housing waiting lists, the true long-term need for State supported housing may not be fully captured.

The term 'ongoing need' refers to those households that desire - though are not yet in receipt of – long-term social housing with the associated security of tenure. This definition includes households whose needs are deemed to be met under the official classification i.e., their tenancy is supported through Local Authority funding, but who do not have an ongoing or continuous right to have their housing need met should their tenancy cease.

Primarily, the difference between the households with an 'unmet need' and those with an 'ongoing need' is that the 'ongoing need' cohort includes the significant number of tenancies that are in receipt of the Housing Assistance Payment (HAP) in the private rental sector.

When an application for HAP is approved, applicants – who must be eligible for social housing in the first instance – are removed from the main social housing waiting lists, with their tenancy type being deemed "*an appropriate form of social housing support* under statute and, therefore, a 'met need'.[2] As such, households in receipt of HAP are not included in the Department of Housing, Local Government and Heritage's annual Summary of Social Housing Assessment (SSHA) statistics.

HAP applicants are permitted to be included on the supplementary housing list (i.e., the housing transfer list) of a local authority, though typically at a lower priority. These transfer lists are not included in the overall statistics used to assess the need for social housing, meaning that the true scale of the unmet social housing need in the State is largely unknown.

A further rationale for including HAP tenancies in any estimate of social housing needs is a result of the potential precarity of their tenure. Despite HAP tenancies being funded by Local Authorities, the tenancy agreement

[1] Households in receipt of Rent Supplement are permitted to remain on Local Authority housing waiting lists as the payment is a means-tested financial support provided by the Department of Social Protection for renting in the private sector and is not considered a social housing support.
[2] Housing (Miscellaneous Provisions) Act 2014, Part 4, section 37.

is between the HAP recipient and the private landlord. While HAP tenancies are afforded the same protections as other households in the private rental sector, by not being direct tenants of a Local Authority or Approved Housing Body they do not have a continuous right to have their housing need met if their rental agreement were to end. Therefore, **'ongoing need'** may be a more accurate measure of unmet social housing demand encompassing not just those whose needs are entirely unmet, but also those whose needs are not adequately met by the current form of social housing support they receive.

'Ongoing Need': 2020 v 2022

Based on the information available at the time, the PBO estimated that at end-2020 there were approxiamtely 121,743 *households* with an 'ongoing need' for long-term, secure, state-supported housing. This was based on the combined totals for the Local Authority social housing waiting lists (61,880 eligible households) and those tenancies in receipt of HAP (59,863 active tenancies). By end-2022, the number of households considered to have an 'ongoing need' was 116,886 – a decrease of 4,857 households on end-2020 (table 1).

Table 1: Change in 'Ongoing Need' by household 2020-2022

	2020	2022	Change 2020/2022	
			No.	%
Local Authority Social Housing Waiting Lists	61,880	57,842	-4,038	-7%
Housing Assistance Payment	59,863	59,044	-819	-1%
Ongoing Need By number of households	121,743	116,886	-4,857	-4%

Source: PBO based on Housing Agency Data Hub and data from HAP Shared Service Centre (December 2023).

Both the social housing waiting lists and HAP tenancy reports are presented in terms of *households* where only the main applicant is counted. While this is accurate in terms of identifying the numbers of housing *units* required, it does not give the full picture of how many *people* are in need of housing support. Households, after all, are made up of individual people with the needs of those households varying considerably.

Taking the minimum numbers of people per household type from both lists, the PBO have estimated the minimum number of people with an ‘ongoing need’ at end-2022 was 241,452, down from 263,494 in 2020.[3]

Table 2: Change in ‘Ongoing Need’ by individuals 2020-2022

	2020	2022	Change 2020/2022	
			No.	%
Local Authority Social Housing Waiting Lists	111,767	99,087	-12,680	-11%
Housing Assistance Payment	151,727	142,365	-9,362	-6%
Ongoing Need By minimum number of individuals	263,494	241,452	-22,042	-8%

Source: PBO based on Housing Agency Data Hub and data from HAP Shared Service Centre (December 2023).

Table 3 shows that at the end of 2022, the number of households eligible for social housing, but with an unmet need was 57,842 (containing a minimum of 99,087 people) an overall reduction of 6.53%. In addition, a further 59,004 households were in receipt of HAP at the same point (containing an estimated minimum of 142,365 people) a small overall reduction of 1.37%.

Table 3: Changes in unmet need and HAP tenancies 2020-2022

	2022	2020	Change 2020/2022	
	No of Households		No.	%
Social Housing Waiting Lists				
1 Adult	32,383	32,204	179	0.56%
1 Adult, 1-2 children	12,027	13,331	-1,304	-9.78%
1 Adult, 3 or more children	1,552	1,737	-185	-10.65%
Couple	2,332	2,702	-370	-13.69%
Couple, 1-2 children	3,761	4,959	-1,198	-24.16%
Couple, 3 or more children	1,589	2,092	-503	-24.04%
Couple, 1 or more other Adults	486	556	-70	-12.59%
Couple, 1 or more other adults, 1 or more children	631	753	-122	-16.20%
Couple, 1 Adult, 3 or more children	268	335	-67	-20.00%
2 Adults*	1,205	1,388	-183	-13.18%

[3] Minimum occupancy per household is estimated by taking the household description e.g., Couple 1-2 children, and applying smallest possible combination of individuals within i.e., 3. This minimum number per household is then applied to the total number under that household type.

2 Adults*, with child/children	996	1,162	-166	-14.29%
3+ Adults*	350	384	-34	-8.85%
3+ Adults*, with child/children	262	277	-15	-5.42%
Overall	**57,842**	**61,880**	**-4,038**	**-6.53%**
HAP Tenancies				
Single	14,385	14,093	292	2.07%
Single 1 Child	14,731	13,265	1,466	11.05%
Single 2 Children	8,004	7,671	333	4.34%
Single 3+ children	3,527	3,707	-180	-4.85%
Couple	2,294	2,397	-103	-4.28%
Couple 1 Child	4,014	4,700	-686	-14.59%
Couple 2 Children	5,030	6,059	-1,029	-16.98%
Couple 3+ Children	4,114	4,731	-617	-13.04%
Other	2,945	3,240	-295	-9.11%
Overall	**59,044**	**59,863**	**-819**	**-1.37%**

Source: PBO based on Housing Agency Data Hub and data from HAP Shared Service Centre (December 2023).

In the period 2020-2022, the numbers of households on the housing waiting lists has decreased under every household type, with the exception of single adult households which saw a slight increase. Similarly, many of the household types in receipt of HAP saw a reduction to end-2022 – though it is notable that the household types of single adults and single adults with 1 or 2 children all increased in this time.
Across both the social housing waiting lists and HAP tenancy reports, the largest decreases occurred in households described as 'Couples with children'. It is evident that more couples with children have exited both the social housing waiting list and the HAP scheme than single adults with children. However, it is not clear if these exits are due to a higher proportion of couples being provided with social housing, or whether other factors e.g., changes to eligibility, have played a role.

The same is true for adults without children, who are eligible for social housing. The number of couples without children has reduced by 13.7% since 2020, whereas the number of single adults has increased slightly by 0.6%. Similarly for HAP, the number of single adults saw an increase of 2% and the numbers of couples saw a decrease of 4.3%. These figures show us that couples are more likely to exit these lists than single adults, with or without children.

Some of these applicants will have been accommodated in social housing units – though the exact number is unclear. The higher percentage of couples with children leaving both lists is noteworthy when compared to single adults with children. As the number of single adults with children come off the social housing list, the corresponding household type on the HAP tenancy list has increased by a similar number of households.

It is unclear, given available data, whether the reductions in either list are the result of an increase in the numbers of households being provided with long term social housing or are the result of other factors.

Building Costs

As part of the PBO's previous analysis, the cost of providing appropriate 'new' rather than existing accommodation for each household type with an 'ongoing need' was estimated at €29.31 billion.[4] This was based on 121,743 households comprising of a minimum of 263,494 individuals, and estimated using 2020 build costs for a variety of accomodation types.[5] There may be existing residential properties that could house people, but these homes may not be suitable for various reasons such as location, size or dereliction. For this report, we have assumed each housing unit supplied to those with a current 'ongoing need' is a newly built property.

Updating these costs for the 'ongoing need' at end-2022 has shown that, despite both the numbers of households and individuals decreasing, construction inflation has significantly increased the cost of delivery. The PBO now calculates the cost of providing suitable and appropriate new build accommodation for all households with an 'ongoing need' (at end-2022) as **€35.27 billion – an increase of €5.96 billion on 2020**.

The cost of building new accomodation for all eligible social housing applicants (those on the main housing waiting lists) was an estimated €16.86 billion while the same cost for HAP tenancies was €18.41 billion. Box 1 sets out the methodology used to estimate these costs.

Box 1: Estimating build costs.

In response to a Parliamentary Question in July 2021, the Minister for Housing, Local Government and Heritage set out the average costs and range of costs for the construction of one to four bed houses and one to three bed apartments for 2019 and 2020.[6] The costs provided were not "all-in" and therefore some assumptions have been made around the additional costs of design/technical fees, land, utilities etc.

[4] PBO Publication 3 of 2022, Housing Ireland: Trends in Spending and Outputs of Social and State Supported Housing 2001-2020
[5] Parliamentary Question 40455/21, Dáil Éireann 27 July 2021.
[6] Ibid.

For these calculations, the national average build cost for each property type was used to take account of the distributional imbalance of building costs in Dublin and other major urban centres versus other regions.

To adjust for 2022 prices, the average costs were adjusted for construction inflation in 2021 and 2022 (13.5%[7] and 11.5%[8] respectively).

Table 4: Average build cost per property type 2020-2022

				2020	2021	2022
Property type	**2020 Avg**	**Design/Tech (10%)**	**Utility**	**Base**	**13.50%**	**11.50%**
1 bed house	€185,246	€18,525	€7,000	€210,771	€239,225	€266,735
2 bed house	€195,392	€19,539	€7,000	€221,931	€251,892	€280,859
3 bed house	€214,076	€21,408	€7,000	€242,484	€275,219	€306,869
4 bed house	€263,204	€26,320	€7,000	€296,524	€336,555	€375,259
1 bed apt	€197,087	€19,709	€7,000	€223,796	€254,008	€283,219
2 bed apt	€230,300	€23,030	€7,000	€260,330	€295,475	€329,454
3 bed apt	€323,407	€32,341	€7,000	€362,748	€411,719	€459,066

Source: PBO's own calculations based on Parliamentary Question 40455/21 construction cost estimates adjusted for construction inflation.

For both the social housing waiting lists and the HAP tenancy list, the lowest number of household members was assumed based on the household classification provided (e.g., couple with 1-2 children is a minimum of 3 individuals). The needs of each household were then assessed in terms of room number requirement. For this, couples, children, or loan adults were classified as an 'individual' and assigned their own room. Other than couples, no sharing of bedroom accommodation was assumed.

When assessing the type of accommodation for each household group, a mix of apartments and houses was used. For example, for single individuals a one-bed apartment was assigned (at an average cost of €283,219) while a couple with 1-2 children was assigned a two-bedroom house (at an average cost of €280,859). All households under each classification were assigned the same housing type. The total number of households under each classification was then multiplied by the average build cost of the appropriate accommodation type.

[7] "SCSI: Rate of construction price inflation jumps to 13%", RTE.ie (April 2022).
[8] Tender Price Index report, SCSI (March 2023).

Conclusion

Between 2020 and 2022, the numbers of eligible households on the social housing waiting list have decreased – continuing the trend of recent years. Significantly, the numbers of households in receipt of HAP have also reduced in this time, albeit to a smaller degree. The impact of these changes is to reduce, what the PBO terms, the 'ongoing need' for social housing support.

While a reduction in the number of households requiring (but not yet in receipt of) State supported housing is welcome, it is not clear if these reductions are the result of an increased supply of social housing, a change in a household's eligibility, or other factors which may result in someone exiting both lists. It is, however, clear that particular household types in need of housing support remain stubbornly high. In terms of the social housing waiting lists and HAP tenancies, the largest cohorts on both lists are households with a single adult or single adults with 1 or more children.

Despite these overall reductions, there are still a significant number of housholds whose need for secure, long term housing, is not being met fully. It is also evident that the cost of delivering appropriate housing by building new homes is increasing. Further delays in supply are only driving these costs up further. With the cost of housing those with an 'ongoing need' estimated to have exceeded €35 billion in 2022 – an increase of almost €6 in 2 years, for fewer units – there is a risk that the cost of delivering this housing will become unsustainable and the State will be required to rely even further on both the private rental and private housing markets to meet these housing needs.

These figures will be updated for 2023 once all data becomes available.

Disclaimer: This document has been prepared by the Parliamentary Budget Office (PBO) for use by the Members of the Houses of the Oireachtas to aid them in their parliamentary duties. It is not intended to be either comprehensive or definitive. The PBO may remove, vary or amend any information contained therein at any time without prior notice. The PBO accepts no responsibility for any references or links to or the content of any information maintained by third parties. Staff of the PBO are available to discuss the contents of these papers with Members and their staff, but cannot enter into discussions with members of the general public or external organisations.

The Information is general in nature. Forward-looking statements involve uncertainties and matters may develop significantly from the Information. The Information does not provide a definitive statement in relation to any specific issue or personal circumstance. It does not constitute advice. You must satisfy yourself as to the suitability and any reliability of the Information that we, The Parliamentary Budget Office and Oireachtas Commission (including its servants, agents and contractors), provide. We accept no responsibility for, and give no guarantees, undertakings or warranties concerning, the accuracy or suitability or otherwise, of the Information; or that our webpages or the Information or other content will be error free, virus free, or infringement free. We accept no liability (including in respect of intellectual property claims) arising out of any third-party content or any third-party website to which we link or refer. To the fullest extent permitted by applicable law, no liability whatsoever is accepted (i) for any reliance placed on the Information or content on our webpages or (ii) for loss or damage arising out of or in connection with your use of this webpages. See our comprehensive Disclaimer Notice here. In any conflict between this Disclaimer and our comprehensive Disclaimer Notice, the latter will prevail.