

Housing in Ireland:  
Performance and Policy  
Background Analysis

# Introduction to Background Analysis

## Purpose of Background Analysis

The Background Analysis provides additional empirical and analytical material which supports the findings contained in the main Council report. This material was incorporated into the Background Analysis for a number of reasons.

In some cases the material provides additional empirical detail supporting the Council's analysis within the main report but which is somewhat peripheral to the core argument and therefore if included would interrupt the flow of the main report. Much of the material contained in the Background Papers on supply and demand falls into this category.

In others additional analytical material explored by the Council as part of the process is presented. The more extended discussion of the work of Jim Kemeny and cost rental models presented in the second Background Paper is a good example here.

In yet other cases the material contained in the Background Analysis does not directly support the material contained within the Council's main report, but is set out here in order to demonstrate some of the issues and arguments considered by the Council prior to reaching the conclusions contained within the main report. The discussion on the withholding of land for development contained in the fourth Background Paper is a good example. As part of this project the Council explored in some detail the issue of the withholding or hoarding of land by development or other interests. The Council's conclusions on the debate on whether withholding or zoning is the most prevalent constraint on land supply is contained in Chapter 3 of the main report. The Council's conclusions can best be understood as part of the Council's overall understanding of how the land market operates outlined in Chapters 2 and 7 in the main report. However, it is informative to set out in the Background Analysis some of the material which shaped the Council's earlier discussions on these issues and deliberation on which helped mould the Council conclusion. To that extent in some circumstances the Background Papers provide analysis rather than conclusions. The main report contains the sole conclusions of the Council.

## Summary of Material Contained in the Background Analysis

In addition to this introductory note six Background Papers are presented.

The second Background Paper presents in somewhat greater detail some of the important theoretical considerations in the analysis of housing markets including material on house price determination, cyclicalities, credit constraints and a discussion of cost rental models.

The third, fourth and fifth Background Papers elaborate the Council's discussion of the influences of supply and demand on house price determination and provide additional empirical material for which space was limited within the main report. They contain a discussion of the evolution and importance of demand factors, a detailed discussion on the withholding of land and more material on affordability. These chapters also present some material on the forward looking influences for supply and demand.

The sixth Background Paper examines changes in the public supports for housing and provides details on the current forms of public support for those who are unable to provide adequate housing for themselves.

The seventh Background Paper discusses national betterment sharing measures in the context of the recent All Party Oireachtas Committee on the Constitution report and the possible effects of these on land supply, housing provision and prices. This paper again provides some flavour of the analysis presented and discussion which took place within the Council before it reached its conclusions. The Council has recommended a tailored approach to the sharing of betterment premised on its understanding of the dynamics of the land market which is contained in Chapter 7 of the main report.