



## Housing demand and need (England)

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This note provides information on estimates of housing need and demand in England. It includes information on some of the main factors which influence demand and need for housing.

Although there is no set definition of housing 'need' and 'demand' they can broadly be described as follows. Housing 'demand' is a market driven concept and relates to the type and number of houses that households will choose to occupy based on preference and ability to pay. Housing 'need' is an indicator of existing deficit: the number of households that do not have access to accommodation that meets certain normative standards. This measure mainly refers to the level of need for more or improved social housing. The term 'housing requirement' is sometimes used to combine these two measures to generate an overall picture of the housing market.

The number of households in England is projected to grow and more housing will need to be constructed in order to accommodate this growth. It can take time for policies and investment to translate into housing starts; as a result of this the Government uses medium to long term projections of population and household growth to produce estimates of the number of new homes that will be needed. The Government has not published any house building targets, preferring to leave it to local authorities to work to meet local housing need. The Labour Party has announced a commitment, if elected, to build 200,000 a year by the end of the next Parliament.

The most recent estimate of housing need and demand in England was published by the Town and Country Planning Association in September 2013 and covers the period 2011 to 2031. The report represents unofficial estimates but is based on the Government's official household interim projections for 2011-2021 published in April 2013.

The report estimated that 240,000 to 245,000 additional homes would be required each year to 2031 in order to meet newly arising demand and need in England.

A total of 107,820 permanent dwellings were completed in England in 2012/13. For the UK as a whole the figure was 135,400.

[Live tables on house building](#) are available on the Gov.uk website. The Library also provides [economic indicators for housing](#) which are updated every month.

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## 1 What are estimates of housing need and demand?

Successive governments have conducted studies of housing need and demand in order to inform policy decisions about; for example, investment in new social housing and planning policies.

The Department for Communities and Local Government (DCLG) published research in November 2010, which had been requested by the previous Government, on [Estimating housing need](#).<sup>1</sup> As the report explains there is no set definition of 'housing need' and no agreed set of measures relating to it.<sup>2</sup> The authors did however provide some useful broad

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<sup>1</sup> DCLG, [Estimating housing need](#), November 2010

<sup>2</sup> DCLG, [Estimating housing need](#), November 2010, p23

definitions for the purposes of the study: ‘need’ refers to “shortfalls from certain normative standards of adequate accommodation” and ‘demand’ refers to “the quantity and quality of housing which households will choose to occupy given their preferences and ability to pay (at given prices)”. The term ‘housing requirement’ is sometimes used to combine the two concepts of need and demand when referring to the overall housing market as opposed to social housing on its own – where ‘need’ is the primary consideration.<sup>3</sup>

Chapter 3 of DCLG’s 2010 report<sup>4</sup> identifies the main factors behind housing need, as distinct from housing demand. As the report notes, housing need may refer to issues other than a requirement for a home. It could also indicate insecurity of tenure or lack of affordability, or housing that is unsuitable due to its type or condition.<sup>5</sup>

As there is no universal set of measures to determine either need or demand, estimates of how many homes and of what type are required are likely to vary. A determination of ‘need’, for the provision of social housing, will be affected by certain policy judgements as well as the measures used. For example, judgments about the ‘rights’ of single young people to expect to live in separate accommodation from their parents provided at public subsidy.<sup>6</sup> Statements about the numbers of houses that *need* to be built—as opposed to the existing ‘need’ and projected demand for housing—will therefore be influenced by certain value judgments and factors such as the availability of resources.<sup>7</sup>

## 2 Recent estimates of housing demand

### ***IPPR report (2011)***

An Institute for Public Policy Research (IPPR) report, [The good, the bad and the ugly: Housing demand 2025](#), published in March 2011, uses a model developed by IPPR to create projections of housing demand (incorporating need) in 2025 and is intended to form part of a wider study of housing need and demand across tenures and regions under different economic circumstances.

The report considers three different possible economic scenarios which are designed to model the impact of different demographic factors and rates of unemployment and housing affordability on housing demand and choices of tenure. Its main conclusions were that:

- between 3.3 million and 4.5 million additional households would be formed by 2025; and that,
- if new housing construction continued at its past rate and existing patterns of household formation and immigration remain constant, with the population increasing as projected by the ONS<sup>8</sup> “demand will outstrip supply by 750,000 by 2025”.<sup>9</sup>

### ***The Future Homes Commission report (2012)***

The Future Homes Commission, in [Building the Homes and Communities Britain Needs \(October 2012\)](#) argued that around 300,000 homes should be built each year in Britain to

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<sup>3</sup> DCLG, [Estimating housing need](#), November 2010, p25

<sup>4</sup> DCLG, [Estimating housing need](#), November 2010

<sup>5</sup> Bramley G, et al, [Estimating housing need](#), DCLG, November 2010, p27. See section 4.2 of this note for more on existing housing need.

<sup>6</sup> DCLG, [Estimating housing need](#), November 2010

<sup>7</sup> DCLG, [Estimating housing need](#), November 2010, p24

<sup>8</sup> Institute for Public Policy Research, [The good, the bad and the ugly: Housing demand 2025](#), March 2011, pp8-10

<sup>9</sup> Institute for Public Policy Research, [The good, the bad and the ugly: Housing demand 2025](#), March 2011, p2

keep pace with likely demand. The Commission, set up by the Royal Institute for British Architects, based this estimate on household formation projections published in the Government's November 2011 paper, *Laying the Foundations: A Housing Strategy for England*, which were, in turn, based on DCLG's *Household Projections, 2008 to 2033 for England*, published in 2010. These projections suggested an average increase in households of 232,000 per year until 2033, slightly lower than the most recent household projections below.

### **Town and Country Planning Association report (2013)**

The latest estimates of housing demand and need, covering the period 2011 to 2031, can be found in a report by Dr Alan Holmans<sup>10</sup>: *New estimates of housing demand and need in England, 2011 to 2031*, published in September 2013 by the Town and Country Planning Association. The report makes projections of need and demand based on past trends and by extending the most recent official interim household projections from DCLG, which run to 2021.<sup>11</sup> These DCLG projections use data on the types of households at 2001 and 2011 only, meaning that they incorporate the impact of the financial crisis on household formation. Dr Holmans makes several different projections based on past trends as well as modified trends (looking at what would happen in the case of a partial return to longer-term trends in household formation).<sup>12</sup> The key estimates from the report are:

- based on an extension of the official projection,<sup>13</sup> household numbers would reach 26,326,000 by 2031;
- the 'modified' projection—taking into account some movement back to past trends as the economy improves—suggests a higher estimate of 26,593,000 households by 2031;
- taken together the projections set out in the report—adjusted for second home ownership and vacancies in housing stock—suggest that 240,000 to 245,000 additional homes would be required each year to meet newly arising demand and need;
- just under 25 per cent of all housing requirements are likely to be concentrated in London, with over 60 per cent in the four southern regions.<sup>14</sup>

The report stresses that its estimates are based on projections which rely on the economy remaining depressed and household formation rates remaining low. If, the report says, housing output is low over the period covered and/or the economy moves towards longer-term growth then the need for housing investment will be higher than predicted.<sup>15</sup> Dr Holmans explains:

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<sup>10</sup> Formerly Senior Research Fellow at the Cambridge Centre for Housing and Planning Research at the University of Cambridge and Chief Housing Economist in the Department of the Environment.

<sup>11</sup> DCLG, *Household Interim Projections, 2011 to 2021, England*, 9 April 2013

<sup>12</sup> Dr A.E Holmans, *New estimates of housing demand and need in England, 2011 to 2031*, Town and Country Planning Association, September 2013, p3

<sup>13</sup> Which refers to the DCLG, *Household Interim Projections, 2011 to 2021, England*, published on 9 April 2013. This report estimated that the number of households in England would increase from 22,102,000 in 2011 to 24,307,000 by 2021.

<sup>14</sup> Dr A.E Holmans, *New estimates of housing demand and need in England, 2011 to 2031*, Town and Country Planning Association, September 2013, p3

<sup>15</sup> Dr A.E Holmans, *New estimates of housing demand and need in England, 2011 to 2031*, Town and Country Planning Association, September 2013, p22

By definition, projections can only provide a baseline of what would happen if past trends are carried forward, given changes in population and the make-up of that population. They do, however, provide an absolutely necessary input into planning decisions on services, local government finance and land requirements for future housing investment.

[...] These projections are based on past trends and can only form a starting point for understanding future investment requirements. But lower levels of output will put increasing strains on the housing market, worsening affordability and restricting access to adequate housing. And if, as we all hope, the economy moves back towards longer-term patterns of growth, even more housing investment will be required to meet resultant demands.<sup>16</sup>

### 3 How many houses are being built?

The table below shows the number of housing completions by tenure in each financial year since 2001-2002.

**Permanent dwellings completed, by tenure and financial year, in England**

	Private enterprise	Housing Association	Local authority	Total
2001-2002	115,700	14,100	60	129,870
2002-2003	124,460	13,080	200	137,740
2003-2004	130,100	13,670	190	143,960
2004-2005	139,130	16,660	100	155,890
2005-2006	144,940	18,160	300	163,400
2006-2007	145,680	21,750	250	167,680
2007-2008	147,170	23,220	220	170,610
2008-2009	113,800	26,690	490	140,990
2009-2010	93,030	26,520	370	119,910
2010-2011	83,180	23,550	1,140	107,870
2011-2012	88,500	27,170	1,960	117,600
2012-2013	84,420	22,030	1,360	107,820

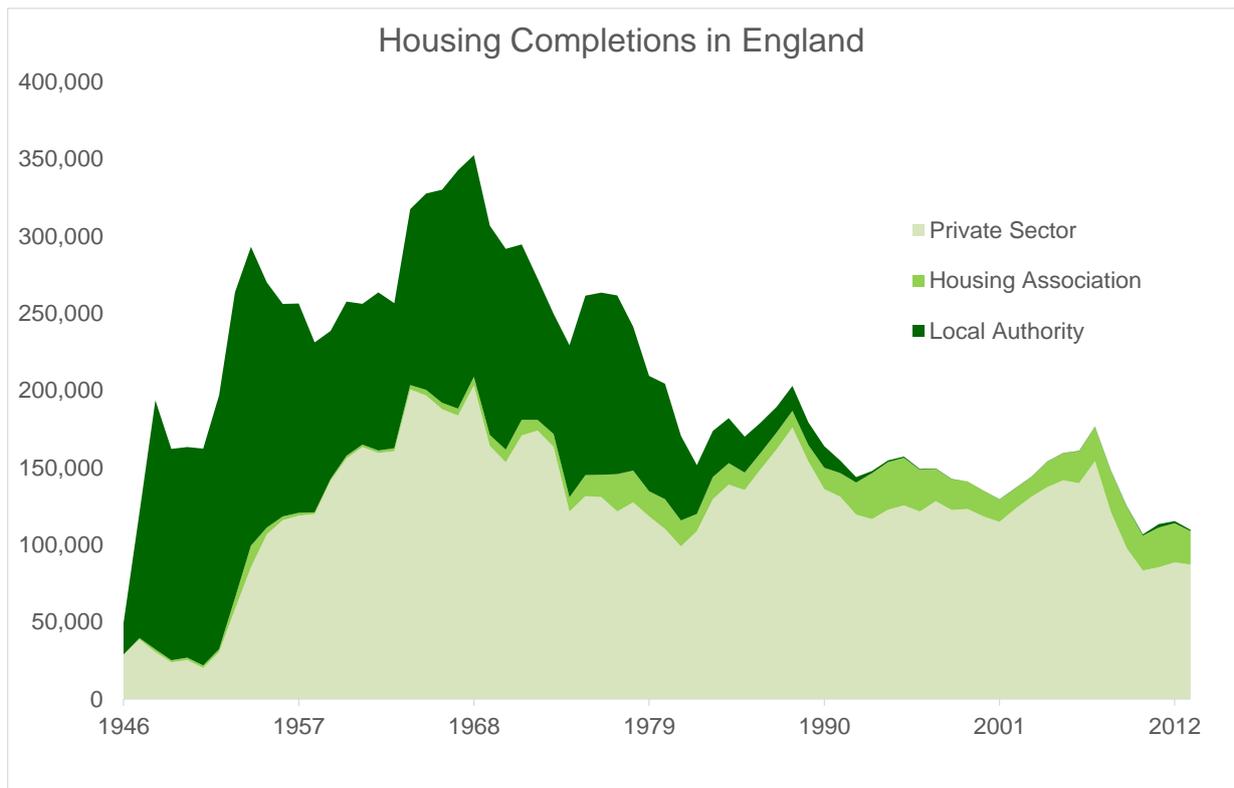
Source: Gov.uk, [Live tables on house building](#), Table 209 [updated 15 May 2014].

The Government's [Live tables on house building](#) (Table 209) show a long-term steep decline in house building in England across all tenures except housing association building, which increased from 7,100 dwellings in 1969-1970 to 22,030 in 2012-13. The steepest decline was in local authority dwellings which fell, over the same period, from 135,700 to 1,360. Private enterprise contributed 164,070 new dwellings in 1969, but only 84,420 in 2012-13. Across all tenures in England 306,860 dwellings were built in 1969-1970, with the number falling to 107,820 in 2012-2013.<sup>17</sup>

The chart below shows housing completions in England by tenure from 1946 to 2012. It illustrates the decline in local authority construction since its peak in the 1960s and 70s. All sectors saw a steep decline in housing completions from 2008, recovering slightly from 2011/12.

<sup>16</sup> Dr A.E Holmans, [New estimates of housing demand and need in England, 2011 to 2031](#), Town and Country Planning Association, September 2013, p22

<sup>17</sup> Gov.uk, [Live tables on house building](#), Table 209 [updated 15 May 2014]



Source: Gov.uk, [Live tables on house building](#), Table 209 [updated 15 May 2014].

A 2009 paper published by the Smith Institute, the Town and Country Planning Association and PricewaterhouseCoopers, *Mind the gap - housing supply in a cold climate*, commented:

The fall in supply is not new. National housing production has been on a declining trend since the late 1970's, notably for social housing, which once accounted for over 50% of total housing output. The collapse in new build council housing was particularly dramatic, and the shortage was exacerbated later by the Right to Buy. The growth in housing associations (supported by housing grant) has partly offset the loss of council housing, but has never been able to make up for the large historic shortfall.<sup>18</sup>

### **The 'demand gap'**

The shortfall between the demand for housing each year and the number of housing completions is often referred to as the 'demand gap'. There has been a long-term gap between the estimated annual demand for housing in the regions and the numbers of houses constructed each year in each region as well as nationally. More recently, and based on an estimated annual demand of 243,300,<sup>19</sup> the total shortfall between 2010/11 and 2012/13 across the whole of England was -396,610.<sup>20</sup> The table below shows the demand gap in the English regions each year from 2010/11 to 2013/14.

<sup>18</sup> David Pretty and Paul Hackett, *Mind the gap - housing supply in a cold climate*, The Smith Institute, Town and Country Planning Association, and PricewaterhouseCoopers, 2009, p11

<sup>19</sup> Based on Dr A.E Holmans, *New estimates of housing demand and need in England, 2011 to 2031*, Town and Country Planning Association, September 2013. The report estimated that 240,000 to 245,000 additional homes would be required each year to meet newly arising demand and need.

<sup>20</sup> Gov.uk, [Live tables on house building](#), Table 209 [updated 15 May 2014]

## Housing completions by region and "demand gap"

	Estimated annual demand	2010/11		2011/12		2012/13		2013/14		Total Gap 2010/11 to 2013/14
		Completions	Gap	Completions	Gap	Completions	Gap	Completions	Gap	
East Midlands	20,450	10,710	-9,740	10,040	-10,410	9,910	-10,540	10,200	-10,250	-40,940
East of England	30,550	15,280	-15,270	15,690	-14,860	14,060	-16,490	14,650	-15,900	-62,520
London	56,400	15,530	-40,870	20,200	-36,200	18,470	-37,930	18,010	-38,390	-153,390
North East	9,000	4,630	-4,370	5,270	-3,730	4,570	-4,430	4,810	-4,190	-16,720
North West	19,600	9,840	-9,760	9,560	-10,040	10,610	-8,990	10,050	-9,550	-38,340
South East	41,700	20,190	-21,510	21,710	-19,990	19,630	-22,070	19,320	-22,380	-85,950
South West	24,150	13,780	-10,370	16,640	-7,510	14,120	-10,030	16,030	-8,120	-36,030
West Midlands	20,800	8,530	-12,270	8,680	-12,120	8,790	-12,010	10,030	-10,770	-47,170
Yorkshire and The Humber	20,650	9,460	-11,190	9,870	-10,780	7,970	-12,680	9,550	-11,100	-45,750

Sources: Dr A.E Holmans, [New estimates of housing demand and need in England, 2011 to 2031](#), September 2013 and Gov.uk, [Live tables on house building](#): Tables 209 and 253a [updated 15 May 2014].<sup>21</sup>

### **The rate of housebuilding and the market's ability to meet demand**

The National Housing Federation (NHF) published a report in December 2013, [Home truths 2013/14: the housing market in England](#), in which it raised concern about the rate of house building, saying:

House prices are now so far out of reach that many local people and families are struggling to raise a deposit for a mortgage. Demand for homes remains as high as ever, but this isn't being matched by an increase in supply, pushing prices up more. England is already extremely short of housing and needs around 240,000 new homes a year just to meet demand. Currently we're not even building half that amount and the numbers are falling. In 2012/13, around 107,000 new homes were completed, 11% fewer than in 2009.<sup>22</sup>

A report commissioned by the housing charity Shelter in 2012, [Understanding Supply Constraints in the Housing Market](#), looked at constraints, beyond the planning system, that could be preventing enough homes from being built. It said:

A shortage of housing is likely to worsen as population growth continues and the supply response remains sluggish. Latest household projections suggest that housing supply would have to rise very significantly from its levels over the past twenty years in order to meet rising demand. The likely shortfalls are most notable in London and the South East.<sup>23</sup>

The report said, that: "The decline in local authority building is notable and suggests that the most vulnerable of society have been hit as private completions have not increased to meet this need".<sup>24</sup> The report argued that, because the housing market responds to levels of demand rather than need (which incorporates household's preferences and social requirements), the Government still had a role to play in the provision of affordable housing.<sup>25</sup>

The report suggested that the housing market as it is currently structured would not be able ever to meet the housing requirements for the UK:

<sup>21</sup> [DCLG Live Table 253a, \(March 2014 quarter\)](#) shows housing starts and completions by tenure and district.

<sup>22</sup> National Housing Federation, [Home truths 2013/14: the housing market in England](#), December 2013, p4

<sup>23</sup> FTI Consulting, [Understanding Supply Constraints in the Housing Market](#), commissioned by Shelter, 2012, p8

<sup>24</sup> FTI Consulting, [Understanding Supply Constraints in the Housing Market](#), commissioned by Shelter, 2012, p8

<sup>25</sup> FTI Consulting, [Understanding Supply Constraints in the Housing Market](#), commissioned by Shelter, 2012, p13

[...] due to the impact of any planning system, the conditions under which a market leads to an economically efficient level of supply may not be satisfied in this market. Therefore, while action to address market failures and limit the unintended consequences of government action may well lead to an improvement in supply, it still may not deliver from the market the level of house building that is required.<sup>26</sup>

### ***Suggested measures for stimulating housing supply***

Following from Shelter's housing market research, KPMG, in partnership with Shelter, published *Building the homes we need: A programme for the 2015 Government* in May 2014. The report identifies aspects of the UK housing market which it claims are limiting its ability to meet demand and need for housing. It said of the long-term housing construction deficit:

The reasons for this systemic failure are many and complex, because house building is a complex, time-consuming and expensive process. Crucially, it is one that takes place at the intersection between three markets: in land; construction; and home sales.

These interactions currently create a housing supply system that consistently delivers too few homes, of variable quality, at very high costs. In seeking to understand and reverse this dysfunctional pattern, our analysis identifies four main problem areas: the workings of the land market; the role of competition in the house building sector; investment in new affordable housing; and the difficulties in gaining local support for development.

Chapter three of the report went on to call for measures to reform the housing market. In summary its main proposals were:

- making changes to the National Planning Policy Framework to allow local authorities to incentivise developments by purchasing land (on a compulsory basis if need) and designating New Home Zones. The rise in land value upon its designation as residential land would be used to fund necessary infrastructure developments and compensate landowners. Serviced plots of land could then be sold to small builders and custom builders;
- the development of up to five new garden cities in high demand areas to begin construction within the 2015 Parliament;
- the collection and publication of data on land prices, ownership and planning permissions;
- the creation of a more diverse housing construction sector including more small building firms and alternative development methods such as custom build (or self-build) by improving access to finance and serviced plots of land;
- giving local authorities powers to use the council tax system to encourage work on stalled developments and long-term empty property; and,
- greater investment by government in affordable housing.<sup>27</sup>

The 2013 Autumn Statement included a Government commitment to launch a review into the role that local authorities can play in housing supply. The review, which is being led by Natalie Elphicke and which will report at the end of 2014, is looking at:

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<sup>26</sup> FTI Consulting, *Understanding Supply Constraints in the Housing Market*, commissioned by Shelter, 2012, p1

<sup>27</sup> KPMG, *Building the homes we need: A programme for the 2015 Government*, May 2014

- the role that local authorities could play in increasing the supply of housing;
- whether councils are playing a proactive role in building new homes for local people; and
- how they are using their new freedoms under [Housing Revenue Account self-financing](#) to increase housebuilding.<sup>28</sup>

The Labour Party has commissioned Sir Michael Lyons to conduct a housing review tasked with drawing up “a road map that will set out the changes to housing and planning policies and practice that are required to deliver the new homes and communities we need.”<sup>29</sup> Many organisations have made submissions to this review; for example, the [Chartered Institute of Housing’s submission](#) focuses on:

- unlocking land for housing development;
- the need for increased investment in housing and associated infrastructure;
- the standard of housing needed;
- a new ‘right to grow’ for local authorities; and
- how the benefits of development can be shared with local communities.<sup>30</sup>

In 2012 the Construction Industry Council (CIC) was commissioned by the Government to review the potential of prefabricated housing to help meet housing demand. CIC published its [Offsite Housing Review](#) in February 2013 in which it suggested that prefabrication construction methods could be part, though not all, of the solution:

A rise in the annual rate of build, from around 100,000 homes p.a. to a level nearer 230,000 homes p.a., is required to remedy a projected shortfall of more than 2million units in the housing stock by 2030. Concurrently, the Government has declared that all new-build homes will be required to meet the demands of [sustainability] Code Level 4 beginning in 2016 with standards rising to Code Levels 5 at some stage thereafter.

Adopting offsite methods can help to meet these demands. It is (relatively speaking) easier to deliver homes to higher quality standards using factory made and assembled products than it is using traditional construction techniques. The cost penalty of delivering higher build-standards is therefore reduced. Offsite construction offers other benefits, too. In a market where demand is rising, offsite methods offer housebuilders higher quality finishes, cheaper construction financing, and reduced working capital requirements.<sup>31</sup>

An article in *The Guardian*, [‘Why new home providers are banking on the prefab’](#), provides further comment on the use of offsite construction techniques in the UK.

The Library note, [Stimulating housing supply - Government initiatives](#), provides information on the programmes designed to increase the supply of housing in England. The Library also produces a regular bulletin on housing construction for the UK, [Housebuilding: Social Indicators page](#), which contains the most recent house building figures.

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<sup>28</sup> [DCLG Press Release](#), 30 January 2014

<sup>29</sup> [The Lyons Housing Review](#) homepage (accessed on 21 June 2014)

<sup>30</sup> [CIH’s submission to the Lyons Housing Review](#), 28 February 2014

<sup>31</sup> CIC, [Offsite Housing Review](#), February 2013, p29

## 4 Factors influencing demand and need for housing

### 4.1 Housing demand: Population growth and household formation

Population growth forecasts (particularly household growth, which takes account of divorce rates as well as other factors) form the basis of predictions for how many homes need to be built now and in the future. However, measuring demand for housing is complex as it involves an assessment of economic, social and demographic factors, which influence what type and tenure of housing will be attractive and affordable in which areas. The IPPR report, *The good, the bad and the ugly: Housing demand 2025*, explains:

Clearly, population growth has a key part to play in driving demand, but the number of households being formed has outstripped population growth for decades: between 1971 and 2008, the number of households in Great Britain rose by 34 per cent, while over the same period the population increased by only 10 per cent.<sup>32</sup>

The number of households in the country is a distinct measure from total population and is influenced by a series of demographic and behavioural factors in addition to changes in overall population. Household projections are not available for the whole of the UK. However, the DCLG published *Household Interim Projections for England for the period 2011 – 2021*<sup>33</sup> in April 2013, which contains the most recent official projections of the numbers of households in England for this period. This statistical release is based on 2011 predictions and population data which have been updated using the 2011 Census figures.<sup>34</sup> It incorporates Office for National Statistics (ONS) population predictions and Labour Force Survey data.<sup>35</sup> The key projections in the release were:

- the population would grow to 24.3 million in 2021 (a 10 per cent increase from 2011);
- there would be lower growth in the numbers of households compared to 2008-based figures despite a population rise, indicating that the average household size was decreasing more slowly than the 2008-based figures suggested.<sup>36</sup>

#### **Changes in household formation rates since 2001**

Dr Holmans' report, *New estimates of housing demand and need in England, 2011 to 2031*, contains further information about estimates of households in relation to population. It explains that the most recent household projections (based on the 2011 household numbers) are unusual in that the majority of the increase since 2001 was due to population increase rather than increased household formation rates. Between 2011 and 2021 about 98 per cent of household formation is attributed to population changes.<sup>37</sup>

Dr Holmans' report found that despite increases in population over projected rates, there had been a 20 per cent reduction in net additional household formation between 2001 and 2011. The report explained:

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<sup>32</sup> Institute for Public Policy Research, *The good, the bad and the ugly: Housing demand 2025*, March 2011, p4

<sup>33</sup> DCLG, *Household Interim Projections, 2011 to 2021, England*, 9 April 2013. In November 2010 the department had published projections for 2008 to 2033: DCLG, *Household Projections, 2008 to 2033, England*, 26 November 2010.

<sup>34</sup> Some figures remain estimated as actual Census figures were not available at the time.

<sup>35</sup> ONS, *Interim 2011-based Subnational Population Projections for England*, September 2012

<sup>36</sup> It is important to note that these figures do not represent a forecast — a prediction based on analysis of future policy and other changes: they are a projection of current demographic changes into the future.

<sup>37</sup> DCLG, *Household Interim Projections, 2011 to 2021, England*, 9 April 2013

This decline was reflected in large-scale shifts in the mix of household types. In particular, there were far more couple-plus-other-adult households and multi-adult households than expected and almost 1 million fewer one-person households in 2011 than had been projected. In part this can be explained by younger people staying at home or sharing accommodation for longer. But that is not the whole story as changes are observed in all age groups. This reduction in the overall number of households and the changing household mix are clearly not just outcomes of the financial crisis, which has reduced incomes and confidence without significantly improving housing affordability. Some of the changes, especially among younger households, can be traced back at least to the turn of the century.<sup>38</sup>

The report continues:

A projected increase in households that is almost entirely the result arithmetically of population growth and change is without precedent. All previous projections, right back to the original projections published by the Ministry of Housing and Local Government in 1969 [...] have included a component of increase due to higher rates of household formation.<sup>39</sup>

The report suggests that this sharp reduction in the rate of household formation may not be a temporary phenomenon—resulting from the economic downturn—but could continue as a trend for two reasons. The first was the “exceptionally large number of inward migrants between 2001-11 whose household formation rates are initially lower, age for age, than for the population as a whole”.<sup>40</sup> The second was that fewer middle-aged and older people were living in one-person households and instead living in multi-person households (i.e. two or more members who are not couples or lone-parents).<sup>41</sup>

The 2011 IPPR report also commented on the wider factors affecting household formation including generational changes such as propensity to form separate households later in life due to spending longer in education and marrying later. The report observed of the recent trend toward people living in shared housing in their 20s and delaying home ownership until their 30s that: “it is not clear how far these changes are temporary responses to problems with affordability, or longer-term shifts as a result of lasting social change.”<sup>42</sup>

The latest [Live tables on household projections](#) are published by DCLG on the Gov.uk website.

### ***Trends in household size and regional variation***

Live Table number 427 on DCLG’s website shows the projected change in average household size in local authority districts and in England between 2011 and 2021.<sup>43</sup> Between 1991 and 2011 average household size in England fell from 2.45 to 2.36 people per household.

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<sup>38</sup> Dr A.E Holmans, *New estimates of housing demand and need in England, 2011 to 2031*, Town and Country Planning Association, September 2013, p21

<sup>39</sup> Dr A.E Holmans, *New estimates of housing demand and need in England, 2011 to 2031*, September 2013, p24

<sup>40</sup> Dr A.E Holmans, *New estimates of housing demand and need in England, 2011 to 2031*, September 2013, p24

<sup>41</sup> Dr A.E Holmans, *New estimates of housing demand and need in England, 2011 to 2031*, September 2013, p24

<sup>42</sup> Institute for Public Policy Research, *The good, the bad and the ugly: Housing demand 2025*, March 2011, p6

<sup>43</sup> DCLG, [Live tables on household projections](#), accessed 12 May 2014

Figures published by DCLG in November 2010<sup>44</sup> show the variation across England in household size: in 2008 average household size was highest in the West Midlands (2.37) and lowest in the North East and the South West (2.27).<sup>45</sup> However, the degree of regional variation in average household size appears to be small, suggesting that the factors driving the decline in average household size are common to all regions.

The most significant factor contributing to the fall in average household size has been the long-term increase in the number of one-person households in England. Between 1991 and 2008, the percentage of households in England that were lone-person households increased from 26% to 34%. Around 41% of households were projected to be one-person households by 2033.<sup>46</sup> As noted above, the increase in the number of one-person households has, over recent years, been slower than expected.<sup>47</sup> As a result, the number of people per household is projected to continue to fall at a slower rate than projected using 2008-based figures: reaching 2.33 people per household in 2021.

### ***Economic, social and demographic factors in household formation***

The 2011 IPPR report discusses influences on housing demand in some detail. It identified the key factors, in addition to population growth and single-person households, as:

- increasing life expectancy, reducing the supply of properties available to new households;
- hidden demand, in the form of adults returning to live with their parents or sharing houses; and
- immigration, leading to increases in population.<sup>48</sup>

On immigration, the report noted that there was currently insufficient information available about household formation rates for immigrant populations to enable accurate projections to be made about its impact on housing demand.<sup>49</sup>

It should also be noted that the effect of increased life expectancy on demand will depend in turn on levels of institutionalisation: the number of people who move out of their homes and into residential care later in life. This factor is likely to be influenced by social and demographic, as well as political changes.

Information about projections of household breakdown and the effects of migration are set out in more detail below.

### ***Household breakdown***

Dr Holmans has produced two pieces of research which consider increases in households as a result of couple separation. His 2006 paper [More Households to be Housed: Where is The Increase in Households coming from: Technical Document](#) estimated a net increase in households of 52,000 per year, between 2001 and 2021, as a result of separations of couple

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<sup>44</sup> Based on 2008-based household projections to 2033 for England and the regions. See [Live tables on household projections](#) [Archived].

<sup>45</sup> DCLG, [Live tables on household projections](#) [Archived].

<sup>46</sup> DCLG, [Live tables on household projections](#) [Archived].

<sup>47</sup> Dr A.E Holmans, [New estimates of housing demand and need in England, 2011 to 2031](#), Town and Country Planning Association, September 2013, p22

<sup>48</sup> Institute for Public Policy Research, [The good, the bad and the ugly: Housing demand 2025](#), March 2011, p4

<sup>49</sup> Institute for Public Policy Research, [The good, the bad and the ugly: Housing demand 2025](#), March 2011, p4

households.<sup>50</sup> This figure includes 23,000 a year as a result of separations of cohabiting couples and 29,000 from divorces. The paper states that there are some uncertainties around these figures;<sup>51</sup> [Annex C](#)<sup>52</sup> discusses the figures in full.

In 2000 the Department for Environment, Transport and Regions published a detailed report by Dr Holmans, *Divorce, Remarriage and Housing. The effects of Divorce, Remarriage, Separation and the Formation of New Couple Households on the Number of Separate Households and Housing Demand and Conditions*.<sup>53</sup> The summary of this report, now archived, is available online [here](#). While this research is dated, its key findings relating to couple separation are as follows:

- The net increase in households due to divorce and separation of cohabiting couples, net of the effect of new couples formed by remarriage or cohabitation averaged about 70,000 a year in the early 1990's - about 35% to 40% of the estimated annual average increase in all households.
- Of these 70,000 (net) new households around 37,000 were housed in new social sector tenancies and 15,000 in new private tenancies supported by Housing Benefit.
- Slightly more than one half of the gross effect of divorce on the number of households is estimated to have been offset by remarriage and new cohabitation.

### **Immigration**

As set out above, estimating the number of new households which will be formed due to migration is difficult because immigrant populations tend to form households at different rates to the existing UK-based population. However, projections from DCLG<sup>54</sup> of household formation can be combined with Office for National Statistics (ONS) assumptions about population growth due to net migration<sup>55</sup> to give an estimate of the additional households due to net migration. The table below shows projections for assumed net migration to 2021/22, and the estimated number of households associated with these projections. The number of households is calculated by dividing the net migration figures by the DCLG estimates of average household size.

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<sup>50</sup> Dr A.E. Holmans, [More Households to be Housed: Where is The Increase in Households coming from: Technical Document](#), Cambridge Centre for Housing and Planning Research, October 2006, para 33

<sup>51</sup> Dr A.E. Holmans, [More Households to be Housed: Where is The Increase in Households coming from: Technical Document](#), Cambridge Centre for Housing and Planning Research, October 2006, para 33

<sup>52</sup> Dr A.E. Holmans, [More Households to be Housed: Where is The Increase in Households coming from: Technical Document](#), Cambridge Centre for Housing and Planning Research, October 2006, para 33, [Annex C](#)

<sup>53</sup> Department for Environment, Transport and Regions, *Divorce, Remarriage and Housing. The effects of Divorce, Remarriage, Separation and the Formation of New Couple Households on the Number of Separate Households and Housing Demand and Conditions*, February 2000

<sup>54</sup> DCLG, [2011-based household interim projections to 2021](#), 9 April 2013

<sup>55</sup> ONS, [Births, Deaths and Net Migration](#), 6 November 2013

### Assumed net migration and household numbers, England 2012/13 to 2021/22

	Assumed net migration (000s)	Average household size	Additional households due to net migration (000s)	% of CLG additional households explained by net migration
2012/13	145	2.36	62	27.8%
2013/14	146	2.36	62	27.8%
2014/15	144	2.35	61	27.8%
2015/16	163	2.35	69	27.8%
2016/17	150	2.35	64	27.8%
2017/18	153	2.34	65	27.8%
2018/19	144	2.34	61	27.8%
2019/20	144	2.34	61	27.8%
2020/21	144	2.33	61	27.8%
2021/22	144	2.33	62	27.8%

Sources: ONS 2012-based population projections for England, and DCLG Household interim projections 2011 to 2021 in England.

#### 4.2 Demand caused by the backlog of existing need

Newly arising demand for housing, driven by the factors set out above, has to be considered in conjunction with levels of existing need - often referred to as backlog need.

Backlog need can be divided into six categories of household: Unsuitable; overcrowded; concealed; sharing; rental affordability; and mortgage difficulties. Since 2007 the most common type of backlog need has been concealed households - "family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity."<sup>56</sup> The second most significant category has been households which are subject to overcrowding.<sup>57</sup> The Library note, [Overcrowded housing \(England\)](#), contains further information on Government initiatives to tackle overcrowding.

The Government commissioned Construction Industry Council (CIC) report [Offsite Housing Review](#) commented that, when calculating level of housing need:

Statistics relating to the number of applicants on waiting lists are generally regarded as unreliable with nothing to prevent individual applicants from registering on any number of waiting lists. This problem is thought to be particularly prevalent in London and the other Metropolitan areas.

Evidence of overcrowding is considered to be a more reliable indicator of housing need.<sup>58</sup>

DCLG published the results of its annual [English Housing Survey for 2012-13](#) on 26 February 2014. The [English Housing Survey](#) is a national survey of people's housing circumstances and the condition and energy efficiency of housing in England. The key findings of the survey in relation to overcrowding were that:

<sup>56</sup> Bramley G, et al, [Estimating housing need](#), DCLG, November 2010, p42

<sup>57</sup> Bramley G, et al, [Estimating housing need](#), DCLG, November 2010, p10

<sup>58</sup> CIC, [Offsite Housing Review](#), February 2013, para 4.10

- Some 3% of households in England were overcrowded in 2012-13. As in previous years, overcrowding was more prevalent in the rented sectors than in owner occupation: 1% of owner occupied households and 6% each of social and private rented households were overcrowded.
- [...However it also found that] between 2010-11 and 2012-13, the rate of overcrowding in the social sector declined from 7% to 6%; with 241,000 overcrowded households in the sector in 2012-13, compared with 278,000 in 2010-11.<sup>59</sup>

### The level of housing need backlog

*Estimating housing need*<sup>60</sup> contained projections of backlog need until 2021, which were based on relevant existing policies continuing to be implemented and on estimates of the performance of the economy. The report projected a gradual decline in backlog need from a peak of around 1.99 million households (8.8 per cent of households) in 2009 to around 7.99 per cent of households in 2021.<sup>61</sup> The Communities and Local Government Select Committee received evidence from the Chartered Institute of Housing (CIH) in 2012 in which it suggested that this projection of decline in backlog need was “now much less likely to apply” because the model had assumed that the economy would recover more rapidly than it had.<sup>62</sup>

The *UK Housing Review 2014*<sup>63</sup> published in April 2014 by the Centre for Housing Policy, comments on the continued high volume of existing housing need; this despite recent lower than predicted household growth rates and an upward revision of annual housing completions.<sup>64</sup> The report states:

Latest estimates are that in 2012 there were just over 250,000 sharing households<sup>65</sup> in England, and some 2.6 million concealed households,<sup>66</sup> including 245,000 couples or lone parents. This estimate includes only those concealed households that aspire to live separately; altogether there were just over three million ‘non-dependant’ adult children living with their parents. While some of those living arrangements may be temporary this still leaves a very substantial number of households unable to secure their own homes in the current pressured housing market.<sup>67</sup>

Because of the difficulty of eliminating the backlog of housing need in the short term, simply through the construction of new housing stock, successive governments have introduced wider measures to control the use of social housing. Housing policies, both local (such as the allocation of social housing and use of temporary accommodation) and national (such as the

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<sup>59</sup> DCLG, *English Housing Survey for 2012-13*, 26 February 2014, p8

<sup>60</sup> Bramley G, et al, *Estimating housing need*, DCLG, November 2010

<sup>61</sup> Bramley G, et al, *Estimating housing need*, DCLG, November 2010, p10

<sup>62</sup> Communities and Local Government Committee, *Financing of new housing supply*, Eleventh Report of Session 2010-12, HC1652, p5

<sup>63</sup> Wilcox S, and Perry J, *UK Housing Review*, Centre for Housing Policy, 2014

<sup>64</sup> See: DCLG, *2011-based household interim projections to 2021*, 9 April 2013 for information on household growth rates. The traditional quarterly housing statistics underestimated housing completions and the figures provided in the DCLG live housing tables show that in the “six years to 2012/13 net additions to the housing stock in England were on average some 18,000 dwellings a year higher than suggested by the traditional quarterly housing statistics.” Wilcox S, and Perry J, *UK Housing Review*, Centre for Housing Policy, 2014, p38

<sup>65</sup> Defined in the report as households that share a household space but do not share regular meals or a living room.

<sup>66</sup> Defined as separately identifiable household units that nonetheless share meals and do not have a separate living room.

<sup>67</sup> Wilcox S, and Perry J, *UK Housing Review*, Centre for Housing Policy, 2014, p39

under-occupation deduction from Housing Benefit) were introduced with the aim of allocating the existing social housing stock as efficiently as possible.<sup>68</sup>

The Library notes, [Allocating social housing \(England\)](#), and, [Under-occupation of social housing: Housing Benefit entitlement](#), contain further information about these measures.

Assessments of need are carried out at the local level by local authorities and not at national level.<sup>69</sup> These assessments feed into the planning system, which is discussed below.

### ***Variation in demand across different housing types and tenures***

The 2011 IPPR report looked at levels of demand in relation to different tenure types, which it remarked was an important, though often overlooked, additional measure to overall demand.<sup>70</sup> It explained:

Projecting the overall volume of demand only tells us so much: to consider properly how future demand might be met requires analysis of how overall demand might translate into demand for households of different tenure, that is, how demand is split between owner occupier, private rented and social rented households.<sup>71</sup>

Changes in economic prosperity, interest rates, mortgage availability, and confidence in the economy will affect the overall level of demand for housing as well as demand for different tenure types. For example, demand for owner occupation is likely to increase where housing is affordable and confidence that wages and house prices will increase over time is high. Conversely, where affordability and confidence are low, demand in the private rented sector is likely to increase, while the main driver of demand for social housing is unemployment.<sup>72</sup> The report also said that the recent trend in people waiting longer before forming households had also affected demand for owner-occupation.<sup>73</sup>

On drivers of demand for housing in the social sector and the relationship with the affordability of other tenures the report concluded:

Demand for social renting tends to operate in a different way. As a subsidised sector, it is less directly influenced by the market, with policy decisions about eligibility and social housing supply determining the size and accessibility of the sector. Nonetheless, demand for social housing is still influenced by incomes and the affordability of other tenure choices. Where demand for social housing outstrips supply, the result is likely to be either more people turning to the private rented sector, greater homelessness or an increase in hidden households. This makes it difficult to assess true demand.<sup>74</sup>

## **4.3 Affordability of housing**

Housing is unsuitable if it is in the wrong place or too expensive for people to afford to buy or rent. Following the 2008 financial crisis, the subsequent suppression of average wages, and recent increases in house prices concern has been raised about the affordability of housing.

The level of demand for housing varies significantly across England—as the table on page 7 ('the demand gap') shows—as does the need for and affordability of available housing.

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<sup>68</sup> Bramley G, et al, [Estimating housing need](#), DCLG, November 2010, p29, para 2.12

<sup>69</sup> [HC Deb 20 January 2014: c16](#)

<sup>70</sup> Institute for Public Policy Research, [The good, the bad and the ugly: Housing demand 2025](#), March 2011, p7

<sup>71</sup> Institute for Public Policy Research, [The good, the bad and the ugly: Housing demand 2025](#), March 2011, p4

<sup>72</sup> Institute for Public Policy Research, [The good, the bad and the ugly: Housing demand 2025](#), March 2011, p8

<sup>73</sup> Institute for Public Policy Research, [The good, the bad and the ugly: Housing demand 2025](#), March 2011, p6

<sup>74</sup> Institute for Public Policy Research, [The good, the bad and the ugly: Housing demand 2025](#), March 2011, p6

Affordability of housing has been identified as a particular problem in London and the South East. Dr Holmans' report, [New estimates of housing demand and need in England, 2011 to 2031](#), found that 23 per cent "of all the required new housing is likely to be concentrated in London, with over 60% in the four southern regions."<sup>75</sup> The Greater London Authority has responsibility for housing strategy in the Greater London area. Information about measures aimed at increasing the supply of housing in London can be found on the [London.Gov.uk website](#).

The Royal Institute of Chartered Surveyors (Rics) has warned that house prices will continue to rise across the UK until more homes are put on the market. The BBC reported, on 10 April 2014, that:

The Rics report said that house prices "continue along their upward trajectory" as the economy recovers, with the survey recording an 11th month of house price rises.

Many more surveyors expect prices to rise in the next three months and the next year, compared with the number of surveyors predicting price falls.

The survey suggested that prices would rise by 6% a year, on average, over the next five years.<sup>76</sup>

See also: '[House prices rising at fastest rate for four years](#)', *BBC*, 28 February 2014, and '[Rising housing market spreads beyond London and south-east](#)', *The Guardian*, 3 March 2014.

### ***The Barker Review: The impact of restricted housing supply on affordability***

As part of the 2003 Budget the Chancellor and Deputy Prime Minister announced that Kate Barker had been commissioned to carry out an independent review of housing supply. Her final report, [Review of Housing Supply: Delivering Stability: Securing our Future Housing Needs](#), was published alongside the 2004 Budget. The report commented on the high long-term trend in real-terms house price increases (2.4 per cent annually over the previous 30 years). It said that 70,000 additional houses per year might be needed to reduce increases in house prices to 1.8 per cent per year, and 120,000 per year to reduce it to the EU average of 1.1 per cent. The report made 36 recommendations on how the industry and Government could improve the functioning of the housing market: around 30 were subsequently implemented.<sup>77</sup>

A follow up report, [Barker Review: a decade on](#), was published in March 2014. The report commented on current levels of affordability in the housing market, saying:

The decade that has passed since Kate Barker conducted her Review of Housing Supply for the Government has seen a worsening in all indicators of housing affordability and the associated prospects for aspirational would-be homeowners. Despite the best efforts and intentions of successive ministers, the 10 years since the Review has ultimately been a lost decade in terms of addressing the shortcomings of the housing market. There can be no doubt that the housing crisis facing the country in 2014 is far greater than that discussed by Barker in 2004.

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<sup>75</sup> Dr A.E Holmans, [New estimates of housing demand and need in England, 2011 to 2031](#), Town and Country Planning Association, September 2013, p3, 5

<sup>76</sup> '[Desperate need' for homes on sale, says Rics](#)', *BBC*, 10 April 2014

<sup>77</sup> Kate Barker, [Review of Housing Supply: Delivering Stability: Securing our Future Housing Needs](#), March 2004. Pages 11 to 23 of the [Barker Review: a decade on](#), Home Builders Federation, March 2014, provide information on the outcome of each of the recommendations made in the original report.

[..] Meeting Barker's most optimistic objective of improving the housing market and pricing many more households back into the marketplace would have required an estimated 260,000 private housing starts per year. In 2014 we are now 1.45 million homes short of where we would have been had this been achieved, and the effect of this on housing affordability is nowadays the subject of daily discussion, media reporting and concern for millions of mainly young people for whom the dream of home ownership is increasingly out of reach and for whom private renting is also very expensive. Even against the most modest of the objectives, the country is now 450,000 homes short of where it should be, with little prospect that the cumulative shortfall will be reduced any time soon.<sup>78</sup>

The report used the latest provisional ONS household formation projections to update Barker's original estimates for the number of new houses per year that would be needed in order a) to slow the rate of increase in house prices, and b) to improve the affordability of the housing market. The report said:

A basic estimate would suggest that in order to achieve the very modest objective of slowing the increase in the affordability gap so that fewer new households are priced out of the market, 200,000 private housing starts are now required each year – a figure last achieved in 1972-73.

'Improving the housing market', would now require 320,000 private housing starts per year over a sustained period, a figure achieved in England in only four years since World War II.<sup>79</sup>

In November 2010 DCLG published research on the impact of restricted housing supply on prices.<sup>80</sup> The authors of the report said:

Our findings point to the planning system as an important causal factor behind the 'affordability crisis'. Moreover, recent studies have suggested that regulatory constraints have become more binding over the last few decades (Cheshire and Hilber, 2008; Glaeser *et al.* 2005b) and are likely to become even more binding in the future (Hilber and Robert-Nicoud, 2009). To the extent that the latter is true, our findings imply that housing affordability problems may become even worse during upswings and house price booms in the future, especially in highly urbanized areas, where the ratio between house prices and income may rise even more dramatically than elsewhere.<sup>81</sup>

The report went on to recommend changes to the planning system to "provide greater incentives to local planning authorities to permit more residential developments".<sup>82</sup> Recent changes to planning policy for housing are summarised in the next section of this note.

The Parliamentary Under-Secretary of State for DCLG, Baroness Stowell of Beeston, responding to a debate on housing affordability, set out the measures being taken by Government to increase the supply of affordable housing:

Let me turn specifically to affordable housing. We need more affordable housing. It is worth pointing out, particularly in response to the points made by the noble Lord, Lord McKenzie, that more council housing has been built in the first three years of this Government than in the 13 years of the previous Labour Government. But council

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<sup>78</sup> Home Builders Federation, *Barker Review: a decade on*, March 2014, p2-3

<sup>79</sup> Home Builders Federation, *Barker Review: a decade on*, March 2014, p5

<sup>80</sup> DCLG, *The impacts of restricting housing supply on house prices and affordability*, November 2010

<sup>81</sup> DCLG, *The impacts of restricting housing supply on house prices and affordability*, November 2010, p61

<sup>82</sup> DCLG, *The impacts of restricting housing supply on house prices and affordability*, November 2010, p63

housing is only a small part of the overall picture. Almost £20 billion of public and private funding is being invested in the Affordable Homes Programme over the four years to 2015. This will deliver 170,000 homes, nearly 100,000 of which have already been completed. These homes are being provided where they are most needed and in a range of areas. [...] around half the affordable homes provided in 2011-12 were in rural communities.

[...] From 2015, another £23 billion will be invested to deliver 165,000 more affordable homes by 2018. The Homes & Communities Agency will publish the prospectus for this latest programme shortly, inviting bids for funding to deliver that affordable housing outside London. As a result of all this work, we will achieve the fastest rate of affordable housebuilding for at least 20 years. Not only did the previous Government build very little but they oversaw the shrinking of the stock of social housing by 420,000 homes. My noble friend Lord Shipley mentioned Right to Buy and the one for one programme. I understand the point that he makes, but it is worth emphasising that that policy of replacing homes sold under Right to Buy is something that no other Government have done.

However, increasing supply in time of difficult economic conditions means that we have to look at different ways to attract investment. Our affordable housing guarantees programme lets housing associations use a government guarantee to secure private investment at more competitive rates. As part of this, we recently agreed a new deal with the European Investment Bank which will release £500 million to deliver up to 4,300 homes. We also announced the first eight housing associations to receive funding through the guarantee programme.

We believe that councils also have a role to play in building homes and have announced an independent review of councils' role in housing supply. As has been acknowledged by noble Lords today, we have already increased the amount which councils can borrow to build homes in collaboration with housing associations.<sup>83</sup>

For further information on individual housing measures see [this answer to a Parliamentary Question](#) on housing construction by Housing Minister, Kris Hopkins, given on 13 May 2014.<sup>84</sup>

The Library note, [Local housing authorities - the self-financing regime: progress and issues](#), contains information about the changes to the borrowing limit as part of the self-financing regime for local authorities referred to above.

Further information on Government policies designed to increase the supply of housing can be found in the Library note, [Stimulating housing supply - Government initiatives](#).

#### **4.4 Planning policy: targets and guidance**

Assessments of housing need and demand feed into national and local planning policy and, in turn, have an impact on the supply of, and demand for, housing. The Library note, [Planning for Housing](#), provides information about recent changes to planning policy.

Under the previous Labour Government, housing requirements were calculated at a national level and housing targets were set for each regional planning authority. The regional planning authority would then divide that target between each local planning authority. Each local planning authority would then have to set aside enough land to satisfy that target.

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<sup>83</sup> [HL 22 January 2014: Column 720](#)

<sup>84</sup> [HC 13 May 2014: Column 538W](#)

The current Government has abolished regional planning and regional planning targets but local planning authorities still have to set aside enough land to satisfy housing demand. The Government has not produced statutory guidance on the method used to calculate housing need. However, the estimate needs to be evidence based in order to be approved by the planning inspector. The Government has encouraged interested parties in the industry to prepare their own guidance on housing need for planning authorities. The charity Shelter, for example, has published some guidance on housing need.<sup>85</sup> The LGA and HCA also published [Meeting local housing demand: A guide for elected members](#) in February 2012.

The Government has replaced most of the previous planning guidance with a new [National Planning Policy Framework \(NPPF\)](#), published in March 2012. Planning policies and applications have to be determined in accordance with the NPPF “unless material considerations indicate otherwise”.<sup>86</sup> The NPPF gives some broad guidance to local authorities about the supply of housing:

47. To boost significantly the supply of housing, local planning authorities should:

- use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period;
- identify and update annually a supply of specific deliverable<sup>87</sup> sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer of 5% (moved forward from later in the plan period) to ensure choice and competition in the market for land. Where there has been a record of persistent under delivery of housing, local planning authorities should increase the buffer to 20% (moved forward from later in the plan period) to provide a realistic prospect of achieving the planned supply and to ensure choice and competition in the market for land;
- identify a supply of specific, developable<sup>88</sup> sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15;
- for market and affordable housing, illustrate the expected rate of housing delivery through a housing trajectory for the plan period and set out a housing implementation strategy for the full range of housing describing how they will maintain delivery of a five-year supply of housing land to meet their housing target; and
- set out their own approach to housing density to reflect local circumstances.

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<sup>85</sup> Shelter, [Providing the evidence base for local housing need and demand assessments](#), October 2011

<sup>86</sup> *Planning and Compulsory Purchase Act 2004* s.38(6)

<sup>87</sup> To be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans.

<sup>88</sup> To be considered developable, sites should be in a suitable location for housing development and there should be a reasonable prospect that the site is available and could be viably developed at the point envisaged.

[...] 50. To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);
- identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and
- where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.<sup>89</sup>

*The Telegraph* reported on 4 May 2014 that, since the introduction of the NPPF, the number of housing developments receiving planning permission had significantly increased according to industry analysis consultancy Glenigan. The article said:

The biggest increase was among large residential developments where planning permissions for large schemes of 10 or more dwellings increased by a quarter from 3,956 in 2010/11 to 4,931 in 2013/14.

Over the same period the numbers of applications for large schemes which were withdrawn or refused also fell.

Permission was granted on 77 per cent of large schemes, “up significantly from the 73 per cent average approval rate seen prior to the NPPF in 2010 and 2011”.

Among smaller housing schemes – with between three and nine homes - the Glenigan research found that in the past financial year, 10,474 schemes were given planning permission, up 29 per cent on the average in 2010/11 and 2011/12.

Allan Wilen, economics director at Glenigan, said: “The rise in approval rates indicates the NPPF has begun to release more sites for development.

“However despite the rise in planning approvals, new housing supply continues to run below the potential growth in new households.”<sup>90</sup>

On 4 April 2014 the Communities and Local Government Select Committee launched an inquiry into the operation of the NPPF in its first two years. Information about the timetable for the inquiry and terms of reference can be found [on the Committee's website](#).

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<sup>89</sup> Department of Communities and Local Government, *National Planning Policy Framework*, March 2012, p12-13

<sup>90</sup> ‘Number of new housing estates jumps by a quarter since planning reforms’, *The Telegraph*, 4 May 2014