



Room to move?

Reconciling Housing Consumption Aspirations and Land-use Planning

John Stewart

Launched at the Social Market Foundation's Seminar,
15th March 2005:

The Wrong Kind of Housing?

Is the government on track to deliver
on housing aspirations for the future?



Contents

1. Executive Summary	2
2. Introduction	6
3. Policy Context	8
4. Research Result	9
5. Key Findings	13
6. Conclusions and Policy Impl.	14
7. Further Research	21

1. Executive Summary

1.1 Introduction

The links between household formation and dwelling requirements are poorly understood. To help inform the policy debate, HBF commissioned Professor Dave King, director of Population and Housing Group, Anglia Polytechnic University to examine the implications of demographic trends over the next 20 years for the types of dwellings we will need. This paper explores the implications of his findings.

1.2 Policy Context

Developments in Government and local authority planning policies are increasingly focusing on influencing the mix of house types and sizes built by house builders. Projections of household numbers and types are becoming an increasingly important planning tool.

1.3 Research Findings

Professor King's study examines key influences on housing space consumption in England and Wales:

- changes in the age distribution and size/types of households
- implicit income and asset-value changes over the adult lifecycle
- tenure
- long-term growth of living standards

He finds that from 1981-2001, half of the (4 million) net rise in dwellings had 7+ rooms, with 60% of these occupied by one or two-person households. One-person households accounted for two thirds of household growth over this period.

He also finds that housing space consumption tends to rise with household income and family formation, and as real incomes rise over the longer-term, and is higher among owner occupiers than renters. But space consumption declines only modestly, and tenure tends to remain unchanged, as households age beyond their mid/late 40s. The tendency of households to take their tenure and housing consumption with them as they age will therefore be major influences on housing consumption over the next 20 years.

Because owner occupation is already the majority tenure and likely to rise, this sector will dominate trends in housing consumption over the next 20 years. Home owners exercise choice over their housing consumption, conditional on income, trading up to the dwelling size and type they can afford, with household size and type much weaker influences. Sharply higher numbers of older home owners over the next 20 years will be an especially important influence on housing consumption.

The future housing consumption of younger households (under 45) is much less certain. The number and types of dwellings built over the next two decades will influence the ability of younger people to get onto, and subsequently move up the housing ladder. The potentially very different housing consumption experiences of the under and over 45s is one of the key issues raised by the research.

Based on past trends, the projections show a steady rise in demand for larger homes, especially those with 7+ rooms, alongside a decline in demand for smaller dwellings (4 or less rooms). The owner-occupied stock is expected to expand by 2.50 million by 2021, with 2.49 million extra dwellings with 7+ rooms, but 0.68 million fewer homes with 4 or less rooms. This is contrary to conventional wisdom and challenges the key policy assumption that demographic trends will require many more smaller dwellings.

1.4 Research Conclusions

The findings are projections of past trends. So what factors might be sufficiently different in the future to produce a significantly different outcome?

The UK already has exceptionally small dwellings and room sizes by international standards, and dwelling and plot sizes are getting smaller.

It is difficult to see how trends in population ageing, household formation and dissolution, tenure or space consumption aspirations will alter dramatically over the next 20 years. Some policy measures, such as higher council tax on larger dwellings, could increase space consumption costs, but will not necessarily encourage older home owners to trade down.

The actual outcome will depend on the degree to which the housing stock adapts to allow the projections to be realised. What if people's space aspirations and expectations cannot be realised? What might

be the social and economic consequences? There appears to have been little discussion of such issues, and of how planning and other public policies may need to be adapted.

1.5 Policy Implications

The consequences will not be felt by all households equally, nor are they necessarily obvious. There will be different effects for different age groups (especially between those aged under and over 45), different household types, different income groups and different tenures. The main impact of any planning controls on the number and types of new housing will be on real house prices and relative prices of different types of housing. The price of floorspace will rise.

If space aspirations cannot readily be met, this will tend to encourage the extension of existing homes. In terms of planning policy, an important issue is the extent to which house builders can meet people's housing space aspirations at PPG3 densities, and whether the housing that results (e.g. town houses, flats) will meet people's overall housing aspirations?

If planning policies push supply towards smaller dwellings, contrary to demand and aspirations, the relative price of larger, privately owned dwellings will rise, while the relative price of smaller dwellings will fall. If the total quantity of new homes is below demand, real house prices will also rise.

Younger people will be especially hard hit by restrictions on building larger homes because older households (45+) have already achieved their housing space consumption aspirations and will carry this through into older age.

Such restrictions will exacerbate wealth differences as better-off households in larger dwellings see the value of their homes rise relatively rapidly. This will have an especially big impact on younger households. It could be argued that today's young people will be the first generation for nearly 100 years who will not be able to aspire to more spacious housing than their parents.

Space constraints could lead some couples to have fewer children, while overcrowding will tend to rise if families are unable to trade up.

Growing shortages of larger homes, and rising relative prices, could make communities less sustainable by squeezing out middle-income households, including many key workers, leaving more polarised communities of the very poor and the well off.

1 Mark Stephens, Christine Whitehead, Moira Munro. Lessons from the past, challenges for the future for housing policy; an evaluation of English housing policy 1975-2000. ODPM, January 2005

Policies to increase home ownership will tend to worsen the potential conflict between people's aspirations and planning policies because owners tend to occupy more space than renters.

The tendency of older people to remain in their family home is a major influence on the outcome of Professor King's projections. It would seem desirable to encourage trading down to smaller homes. However the emphasis of Government policies on higher densities, recycling urban land, regenerating failing markets in inner-city areas, and restricting house building in other areas, may do little to encourage older home owners to trade down. The policy concept of Lifetime Homes would also seem to conflict with the desirability of encouraging older home owners to trade down.

Professor King's findings will be an especially valuable contribution to the forthcoming review of PPG3. They suggest the thinking behind the policy emphasis on providing smaller, higher-density dwellings needs re-examining.

A recent review¹ of housing policy from 1975-2000 concluded:

"Policies are most successful when they follow the grain of economic and social change, and least successful when they do not."

Understanding the conflict between current planning policies and people's housing space aspirations and expectations, and considering how this conflict can be resolved, will be central to ensuring communities are truly sustainable.

2. Introduction

Official projections of the number of households have been an important planning tool for more than two decades, providing the base data for estimates of future housing requirements. Recent and emerging Government policies suggest the projections are going to become even more important in the future. In particular, planning policies that focus on the mix of house types and sizes are expected to rely heavily on projections of household types. The links between household formation and dwelling sizes and types are therefore becoming a crucial issue for house builders and planners.

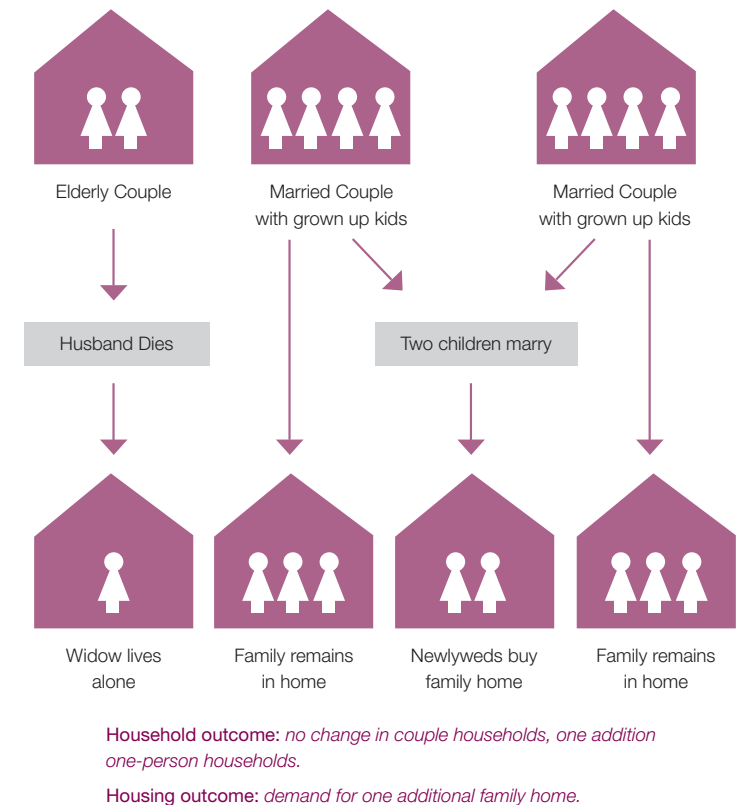
Yet our understanding of these links is surprisingly poorly informed. Comments rarely go beyond the assertion that a big rise in one-person households must equate to a need for many more small dwellings. There does not appear to have been a rigorous, quantitative analysis of the issue.

The following simple example illustrates how the links between household change and dwellings can produce outcomes that are far from obvious:

- Suppose we start with three “couple” households, two families with children in their early 20s and an elderly couple, all in family homes.
- Now suppose two young people marry, one from each of the families, creating an additional “couple” household, and that they seek to buy a family home ready for when they have children, while their parents remain in their family homes. Suppose also one of the elderly partners dies, leaving a widow who decides to stay in her family home.
- The household stock sees no change in the number of “couple” households (still three), but one extra one-person household.
- However the housing stock outcome is demand for one extra family home.

See Figure 1

Figure 1



To help inform the policy debate, HBF commissioned a leading demographer, Professor Dave King, to examine the implications of demographic trends over the next 20 years for the types of dwellings we will need in England and Wales. Professor King's study is a pioneering exercise and an extremely valuable contribution to the debate.

This paper has been written to help bring his findings to a wider audience and to begin to explore the implications of his findings. After setting out the policy background, it summarises the key influences at work and the most important findings. It then draws out some of the implications for Government policy and house builders. Finally the paper suggests some areas for further research.

3. Policy Context

The Government's density policy in revised planning policy guidance for housing (PPG3, March 2000) significantly increased the planning system's influence over the types of new housing. This policy reflected the Government's intention to reduce the quantity of greenfield land developed for housing. However an added justification was that because one-person households account for more than 70% of projected household growth, there is a growing need for smaller dwellings. In other words, demand trends appear to support the land-use case for smaller dwellings and higher densities.

In similar vein, house builders are often accused of building "the wrong houses". The inference is often that they just want to build detached "executive homes" on greenfield sites, whereas the growth of one-person households, and the need to protect greenfield land, mean the industry should be building many more small dwellings.

The objective of the Government's Communities Plan, first outlined in 2003, is to build sustainable, "mixed and balanced" communities. Mix and balance refer to tenure, socio-economic groups, household types and, by implication, dwelling types.

Recently proposed revisions to PPG3 would potentially allow local planning authorities to exercise a greater influence over the mix of dwelling types. Design policies can also influence the mix of new housing, independently of market demand, because only certain house types will meet the design criteria.

Local Housing Assessments, which will shortly replace Housing Needs Assessments, are expected to place a heavy emphasis on using projections of household types, and so they too may influence the types of new dwellings.

4. Research Results: Setting the Scene

Note on Dwelling Sizes

Professor King measures dwelling size by number of rooms, the best measure available from the Census, the core data source for his analysis. 'Rooms' in the 2001 Census included bedrooms, reception rooms and kitchens, but not bathrooms. In more familiar terms, a 3 room dwelling would usually be a one bedroom flat, while a 4 room dwelling could be a two bedroom, one reception room flat or terraced house. A 6 room dwelling would be a typical three bedroom, two reception room terraced house, semi or small detached house. A 7 room dwelling would be a four bedroom, two reception room terraced house, semi, town house or detached house.

To understand Professor King's results, we need to understand the key factors influencing housing space consumption: household change, income change, household movement, tenure, and living standards.

4.1 Household change

Over time, households form, change and dissolve from within the slowly changing population of adults (aged 16+).

Household formation for individual households changes across the lifecycle: young people set up home on their own or with friends, form couples, have children, become "empty nester" couples again, and are eventually widowed. Of course some individuals remain single throughout their lives, some couples do not have children, and some couple households or families split into more than one household through separation or divorce.

Change at the individual level in turn influences the aggregate mix of households. Because there are many more middle-aged people today than 20 years ago, the mix of household types is different. The big rise in households of retirement age over the next 20 years will alter the mix still further. Population ageing, a dominant feature of population change from 2001-21, will have a big impact on housing composition and demand for space.

4.2 Income change

Over the adult lifecycle, broadly speaking, income rises with age until the 40s and early 50s, and then declines at retirement.

4.3 Household movement

The rate of household movement is strongly related to age: while over 40% of owner-occupier households under 25 are either new households or movers each year, movement declines sharply with age until only 2% of households aged 60 and over move each year. This has an impact on the flow of previously occupied homes onto the market. Small dwellings, which tend to be occupied by young, mobile households, disproportionately come onto the market; whereas larger family homes, which are owned by older, far less mobile households, are much less likely to come onto the market.

4.4 Tenure

Households tend to fix on a tenure at a fairly early age and then remain in this tenure throughout their lives.

4.5 Housing consumption

Housing consumption² is related to three key variables: household size, which tends to be related to the age of the household, tenure and income. (Other factors, such as changing tastes, are not considered in the study.)

Professor King refers to cohort, or generation effects, the tendency of households to take their space demands and tenure with them as they age.

He also notes that individual housing careers tend to be progressive, with space demands rising with age until the late 40s/early 50s. The age composition of the population is therefore an important influence on the mix of households and aggregate housing consumption.

4.5.1 Housing consumption and households

For couples with children, as the household size increases, and as income rises, housing consumption rises. For singles or childless couples, while the household size will not increase, income will tend to rise with age, pushing up housing consumption. Consumption of the largest homes peaks around age 45-54.

But as household size diminishes (or remains unchanged for those without children), usually from the 50s onwards, housing consumption tends to decline only modestly, if at all. Older

² Housing consumption can be measured in different ways. Professor King uses number of rooms, the best data available from Census returns

households tend to stay put, and when they do move it is often to a smaller “family” home.

It is misleading to assume that one-person households occupy small, “one-person” dwellings. Young one-person households often occupy a small dwelling because of low income, but this group makes up only a small proportion of total one-person households. Those who remain single will tend to buy more space as their income rises over their working life. And a large proportion of the projected growth in one-person households will be among the elderly, many of whom will remain in their family home.

Professor King’s research shows that half of the four million net increase in dwellings from 1981-2001 had 7 or more rooms, of which 60% were occupied by one or two-person households. One-person households accounted for two thirds of the growth in households over this period.

4.5.2 Housing consumption and tenure

The different tenures have different patterns of housing consumption. There is a relatively close correlation between households and dwelling size in the social rented sector. By contrast, as owner occupiers are able to exercise choice over their housing consumption, subject to their income, the correlation between household size and housing consumption is weaker. Also decades of rising real house prices have generated a strong investment motive for trading up to larger dwellings. Housing consumption in the private rented sector falls between the other two tenures.

Because owner occupation is the majority tenure, with the Prime Minister recently advocating a substantial further increase, housing consumption in this tenure will be the dominant influence on total consumption over the next 20 years.

Sharply rising numbers of older home owners over the next 20 years - driven by a rise in the number of older households, along with higher rates of home ownership - will drive up the housing consumption of the retirement age group. Because today’s middle-aged households will generally maintain their housing consumption and tenure as they grow older, this rise is effectively unstoppable.

However the future housing consumption of younger households is much less certain. Influences such as the rise in higher education numbers, rising student debt, the increasing average ages of

marriage and first child, poor housing affordability, and the types of new homes built over the next two decades, will all influence the ability of younger people to get onto, and subsequently move up the housing ladder. This is one of the key issues raised by Professor King's research.

4.5.3 Housing consumption and income

Housing space consumption is positively related to household income. To a large extent, people tend to buy up to the housing they can afford, with household size and type exercising a much weaker influence.

4.6 Rising living standards

Another longer-term influence on housing consumption is rising living standards. (UK per capita household disposable income rose by 2.5% per year over the last five decades.) Because housing consumption is positively related to income, long-term rises in living standards tend to push up overall demand for housing space – or space expectations – even if the supply of housing does not adapt sufficiently to allow people to meet these expectations. Professor King refers to this long-term change as a “trend effect”³.

Although not as pronounced as in the owner-occupied sector, a trend rise in housing consumption has also been seen in the social and private rented sectors.

4.7 Housing consumption projections

Demand for larger homes has risen steadily over the last 20 years, driven by rising incomes and living standards, an ageing population, expanding owner occupation, and the tendency for older households to stay put.

Professor King has also projected consumption forward to 2021. Initially he looks at alternative projections using constant tenure and housing consumption propensities⁴. However these are unrealistic. For example, the tenure and space consumption of households who reach ages 70-80 in 2021 will reflect their circumstances today, at age 50-60, and not the circumstances of today's 70-80 year olds who are less likely to be home owners and consume less space.

A more realistic approach is to “age on” housing consumption and tenure, a process Professor King calls cohort, or generation effects⁵.

3 Chapter 10 of Professor King's Research

4 Chapters 7 to 8 of Professor King's Research

5 Chapters 8 and 9. Trend effects for owner occupiers are analysed in Chapter 10

6 See Chapter 11

5. Key Findings

Professor King finally brings together all the influences – tenure, household change, housing consumption, trends effects – to produce the most plausible projections of housing consumption over the 20 years 2001-2021⁶. He concludes that, based on past trends, there will be a steady rise in demand for larger homes, alongside a decline in demand for small dwellings (see following table). His findings are completely contrary to conventional wisdom and challenge a key assumption behind much current planning policy thinking.

Actual and projected change in housing consumption 1981-2021

Change	Number of rooms					
	1-3	4	5	6	7+	All
1981-2001: all households (000)	148	579	372	723	2132	3954
2001-2021: all households (000)	257	-26	345	715	2540	3831
2001-2021: owner- occupier households (000)	-255	-424	113	603	2486	2509

Sources: Tables 2.3, D4, 11.4

Although Professor King does not analyse regional differences, he notes that space consumption is relatively low in Inner London and a limited number of other urban districts. Were these areas excluded from his statistics, his conclusions for the rest of England and Wales would be even more dramatic.

6. Conclusions and Policy Implications

A critical phrase in the previous section is “based on past trends”. A projection is different from a forecast in that it projects forward past trends, rather than attempts to predict the future.

What factors might we reasonably expect to be different in the future, so that the outcome would be different from Professor King’s projections? These factors would include social and economic influences, as well as deliberate policy measures designed to produce a different outcome. Any differences would have to be very substantial to have a significant impact on the projected outcome.

Before looking at these factors, it is worth highlighting some key features of housing in Britain compared with the 15 pre-enlargement EU countries⁷:

- The fifth smallest average floor area per dwelling
- The equal second highest average number of rooms per dwelling
- By far the smallest average room size
- The average new dwelling is among the smallest, at around three quarters the average size in Germany, France and the Netherlands.
- The average dwelling size in England is getting smaller, as is the average plot size.

6.1 Demand pressures

It is difficult to see how trends in population ageing, household formation and dissolution, tenure or space consumption aspirations will alter dramatically over the next 20 years compared with the last two decades. Why would large numbers of owner-occupiers decide to move into small dwellings in the social rented sector? Why would significantly larger numbers of older households than over the last two decades decide to sell up their family homes and move into smaller dwellings? Why would rising household incomes, or rising living standards, have a weaker influence on housing consumption than in the past? Why would households aged under 45 have lower housing aspirations over the next 20 years than comparable households over the last 20 years. (Note that we are talking about

8 PPG3 “encourages” densities of 30-50 dwellings per hectare, against an average of around 25 per hectare over the last few decades

7 Housing statistics in the European Union 2003; English House Condition Survey 2001

changes in relation to past trends. For example, some households have always traded down, or changed tenure, but these are already captured in the past trends analysed by Professor King to produce his projections.)

Some policy measures may have an impact on demand for space. For example, a sharp rise in council tax on larger homes might “persuade” a larger proportion of older home owners than in the past to sell up their family homes and trade down to smaller dwellings. (Conversely, cutting council tax payments for pensioners would have the opposite effect for those in larger homes.) However it could also be argued that the pensions crisis, which has increased the attractiveness of investing in dwellings, combined with upward pressure on the relative price of larger homes (see below), will tend to encourage older people to remain in their homes.

6.2 Supply influences

One major influence on the actual outcome over the next 20 years, as opposed to the projected outcome, will be the degree to which the housing stock adapts to allow the projections to be realised. Will stock changes be different from those achieved over the last 20 years? (Stock adaptation comes through changes to existing homes, such as flat conversions or the addition of rooms, new home construction and losses through demolition.)

As noted earlier, planning’s influence over the size and types of new housing is increasing. PPG3 (March 2000), reinforced by the Deputy Prime Minister’s subsequent density directions in London, the South East, Eastern region and South West⁸, have caused a sharp rise in housing densities and a dramatic shift in the mix of new homes away from detached houses towards higher density terraced houses and especially flats. This policy-driven shift has been reinforced by short-term market trends, notably the boom in house prices and the surge in buy-to-let investment, both of which boosted demand for flats. Recently proposed revisions to PPG3 may further increase local authority influence over the housing mix and developers’ ability to respond to demand.

Therefore it is reasonable to ask what will happen if planning regulations mean house builders are unable to build larger dwellings at lower densities, so that the outcome indicated by Professor King’s projections cannot be realised? In short, what if people’s space aspirations cannot be realised?

There appears to have been little, if any discussion of the consequences of such a scenario. Professor King's research clearly suggests the long-term consequences of current policies need to be examined.

6.3 The consequences of current and emerging planning policies

The consequences will not be felt by all households equally, nor are they necessarily obvious. There will be different effects for different age groups (especially between those aged under and over 45), different household types, different income groups and different tenures.

This paper can only begin to sketch out the likely impact of current and emerging policies.

Because most housing in Britain is sold in the housing market to private owners, the main impact of planning policies to influence the numbers and types of new housing will be on real house prices and relative prices. Put very simply, current policies will push up the price of floorspace.

A higher premium for space will encourage people to add rooms to existing dwellings (garage or loft conversions, extensions), especially as higher rates of stamp duty on more expensive properties since 1997 have made moving significantly more expensive. This process will in turn add to the stock of larger dwellings, while correspondingly reducing the stock of smaller or medium-sized dwellings.

An important question for house builders is whether larger new dwellings can be provided within the density requirements of PPG3 (30-50 dwellings per hectare), and whether, from a demand perspective, these dwellings would meet home owners' space and other housing aspirations?

As the underlying demand (or at least aspiration) for larger dwellings steadily rises, as demonstrated by Professor King's projections, while demand (or aspiration) for smaller dwellings actually falls, then limiting the supply of larger homes will push up larger home prices (new and existing), relative to the average, and push down the relative price of smaller dwellings.

In these circumstances, it would not be commercially logical for house builders to flood the market with small dwellings if demand for them is comparatively weak, whatever planning policies might seek. If planning policies prevent them from building across the whole

range of market demand, the result will be fewer new homes overall than would have been supplied under a more market-responsive system. As the Barker Review demonstrated, this will push up real house prices and worsen affordability over the longer term, quite apart from any relative price effects.

The projections lead Professor King to conclude: "If, alongside the cohort effect of the over 45s, younger owner-occupier households continue to increase their room consumption into the future at the same rate that they increased in 1991-2001, the net increase in owner-occupied dwellings will need to be almost entirely focussed on large dwellings"⁹.

Put the other way round, younger people will be especially hard hit by restrictions on the provision of larger homes. By their mid to late 40s, many households have reached the high point of their housing careers, as measured by dwelling size, and so can stay put. But younger people trying to get onto the property ladder over the next 20 years, or trade up to a larger family home, will find their aspirations increasingly difficult to realise.

Households on higher incomes tend to have larger dwellings than lower-income households. Supply management policies will exacerbate these wealth differences because better-off households will see the value of their homes rise more rapidly than less well-off households in smaller homes.

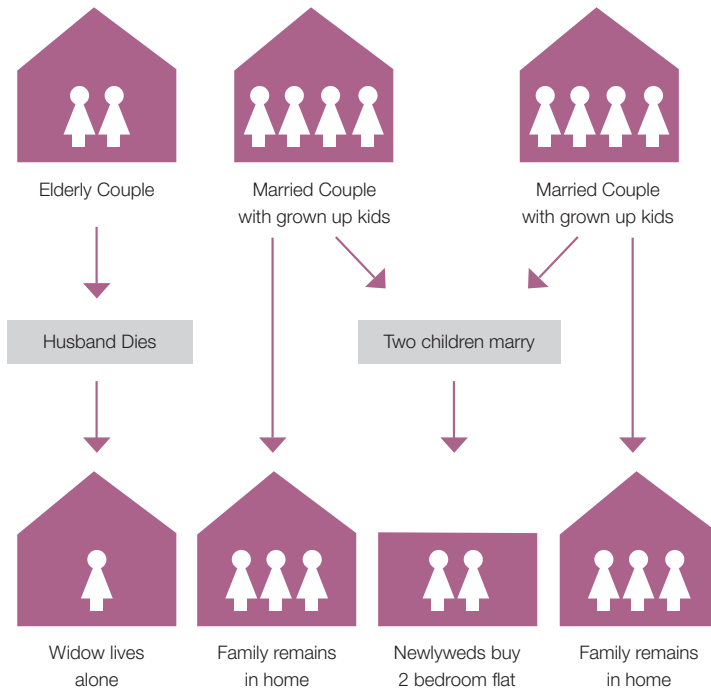
This wealth divide will have an especially big impact on younger households. While a longer-term decline in the relative price of smaller dwellings will tend to benefit first-time buyers, households on lower or middle incomes will find it increasingly difficult to trade up to family homes as the relative price of larger dwellings rises. Indeed, it could be argued that today's young people will be the first generation for nearly 100 years who will not be able to aspire to more spacious housing than their parents.

However first-time buyers will not necessarily find smaller dwellings becoming more affordable. If supply management policies restrict the total supply of housing, then the real price of housing, relative to incomes, will be pushed up. This could negate any benefit from downward pressure on the relative price of small dwellings.

Space constraints could affect families in several ways. Because of the rising cost of space, some young couples may decide to have

fewer children. Also, overcrowding will tend to increase because some households will find themselves unable to afford a larger home to accommodate their growing family. Thus the new couple household cited in the example in the introduction (please see Figure 1, page 7) is obliged to occupy a smaller dwelling e.g. a two bedroom flat, rather than have the opportunity to purchase a family home. Figure 2 illustrates the increasingly common scenario of thwarted aspiration.

Figure 2



Household outcome: no change in couple households, one addition one-person households.

Housing outcome: demand for one additional family home not met as all family homes are occupied; new couple household likely to occupy two bedroom flat.

This may lead to a growing polarisation in family building between either the poor in social renting, or the well-off in owner occupation, who will be able to build and accommodate families, and those in the middle who may find that restricted access to appropriate sizes of affordable accommodation is a barrier to family building.

Sustainability considerations tend to favour increased home working. However people planning to work from home will often require an additional room, necessitating a larger home than would otherwise be required.

Growing shortages of larger homes, and rising relative prices, may make communities less sustainable. For example, shortages will influence migration patterns as households move to more distant markets to satisfy their space requirements. Polarisation within communities may spread beyond areas such as Inner London, with the well-off and those on the lowest incomes who are eligible for social housing remaining, while households on middle and lower incomes will be squeezed out. These uneven distributional consequences will tend to worsen shortages of key workers.

As noted earlier, because owner occupiers tend to occupy more space per household than renters, the Prime Minister's desire to see a further rise in home ownership will add to existing pressure for space, thereby worsening the conflict between people's aspirations and planning policies.

The fact that older people tend to remain in their family home is a major influence on the outcome of Professor King's projections. It would seem desirable to find ways to encourage them to trade down to smaller homes. Designing suitable and attractive smaller products to meet the housing needs of older home owners presents a marketing challenge for mainstream and retirement house builders. It may also raise issues about how we are to achieve sustainable communities.

However the emphasis of Government policies on higher densities, recycling urban land and regenerating failing markets in inner-city areas, may not readily match the needs of older home owners. The trend for many years has been for families to move away from city markets and higher-density housing into lower-density suburban and more rural locations. It seems unlikely that these people, as they grow older, will be attracted back into higher-density housing in newly regenerated inner-city markets. They will only be encouraged to move out of their larger homes if they are offered high quality, spacious (though not necessarily large) accommodation, in good quality locations with good amenities. Many will wish to remain in their existing community, close to family and friends, while others will move to traditional retirement locations, such as coastal towns and

quieter, more rural areas. This highlights the need to meet housing needs in all local markets, contrary to the concentration policies being followed in the North West and West Midlands, and being considered in the South West.

The concept of Lifetime Homes, which the Government is encouraging through changes to building regulations, also sits uneasily with the desirability of persuading older people to move out of larger, under-occupied homes. If these policies make larger homes more adaptable, so that older people can stay put longer, they will be less inclined to move into smaller homes.

Professor King's findings will be an especially valuable contribution to the forthcoming review of PPG3. They suggest the thinking behind the policy emphasis on providing smaller, higher-density dwellings needs re-examining.

A recent review¹⁰ of housing policy from 1975-2000 concluded:

“Policies are most successful when they follow the grain of economic and social change, and least successful when they do not.”

Understanding the conflict between current planning policies and people's housing space aspirations and expectations, and considering how it can be resolved, will be central to ensuring communities are truly sustainable.

10 Mark Stephens, Christine Whitehead, Moira Munro. Lessons from the past, challenges for the future for housing policy; an evaluation of English housing policy 1975-2000. ODPM, January 2005

7. Further Research

There were inevitably limits on how far Professor King could take his pioneering research. Also, his findings raise many policy issues which need early examination, given the thrust of current and emerging Government planning and housing policies. Some areas of further research are noted below, but readers of Professor King's report will no doubt identify others.

7.1 Regional analysis

Professor King notes that the links between households and dwellings are different in Inner London and a limited number of urban districts from those in other areas of England and Wales. A full regional analysis would be valuable. In time, it may be possible to take his analysis down to district level.

7.2 Housing aspirations of older home owners

The tendency of older home owners to stay put in their larger family homes is a major influence on Professor's King's projections. This suggests the current housing circumstances, needs and aspirations of this group warrant further study. From the house builders' perspective, what products, in what locations, would encourage more older home owners to trade down? From a policy perspective, do current policies encourage or discourage trading down, and what new policies might support more trading down?

7.3 The consequences of current policies

As noted above, there appears to have been little consideration of the longer-term social and economic consequences of current policies.

Restrictions on the provision of larger homes will widen the wealth divide, with the well housed benefiting at the expense of young people, households on lower incomes, and non-home owners. Raising home ownership rates will further increase the demand for space. Lifetime Homes policies will encourage older home owners to stay put, whereas it would seem desirable to encourage them to trade down from under-occupied family homes.

There appears to be a conflict between current policies, which have been heavily influenced by land-use considerations, and people's housing space aspirations and expectations. The Barker Review identified the serious economic and social consequences of quantitative restrictions on new house building. Now we need to examine the likely social and economic impact of policies to control the types and sizes of new housing, and regional policies which concentrate future house building in a limited number of locations, with restraint policies in place elsewhere.



House Builders Federation

1st Floor, Byron House, 7-9 St James's Street, London SW1A 1DW
telephone 020 7960 1600 e-mail info@hbf.co.uk