



GHOST TOWNS

THE TRUE LEVEL OF HOUSING SUPPLY AND THE
OFFICIAL STATISTICS THAT IGNORE
30,000 NEW HOMES PER YEAR

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SUMMARY

- The Government's most publicised measure of house building is taken from another statistical dataset, headlined 'House building' which, because of flawed methodology and poor returns from local authorities excludes one-fifth of all new build homes, around 30,000 homes per year
- The equivalent of a town the size of Stevenage is 'lost' in these statistics each year, or - over the course of a Parliament in which Government is targeting one million new homes - a city larger than Nottingham, Coventry or Newcastle simply vanishes
- The Government's best, most robust statistics, show that last year, housing supply in England reached 181,300 in the 12 months to March 2015, of which 155,080 were new build homes
- New build completions increased by around 20% last year, contributing to a rise in net additional homes of 37% in a single year
- The Government's so-called 'House Building Statistics' underreport new build completions in 75% of local authority areas, with an average of 153 new homes 'lost' in each of those areas
- More than half of new build homes in areas such as Birmingham, Liverpool, Leicester, Salford and a large number of London Boroughs are completely unaccounted for in the Government's 'House Building Statistics'

WHAT ARE THE LATEST FIGURES FOR HOUSING SUPPLY AND HOUSEBUILDING IN ENGLAND?

The best source of official data on housing supply can be found in the Department for Communities and Local Government's (DCLG) Net Supply of Housing data series.¹

The most recent figures are for the financial year 2014/15 (April 2014 to March 2015):

Overall housing supply in 2014/15 was **181,300**. Of which:

- 155,080 new build completions
- 20,650 change of use to residential
- 4,950 conversions
- 630 other net gains

Subtracting the demolitions recorded in the year provides us with a figure for net supply of housing in 2014/15:

181,300 housing supply - 10,610 demolitions = **171,690 net supply**

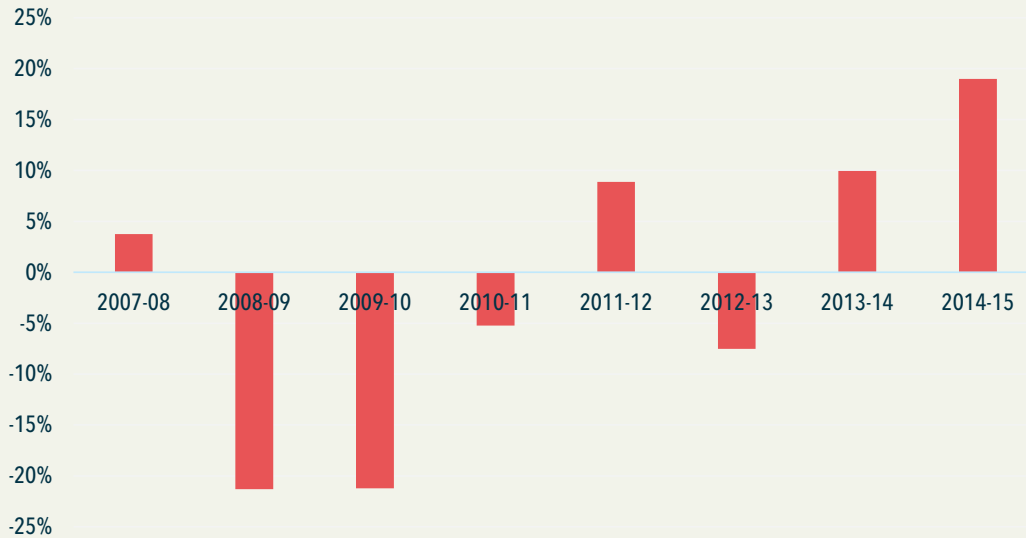
Alternative measures, available at more frequent intervals, is discussed below.

1 <https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing>

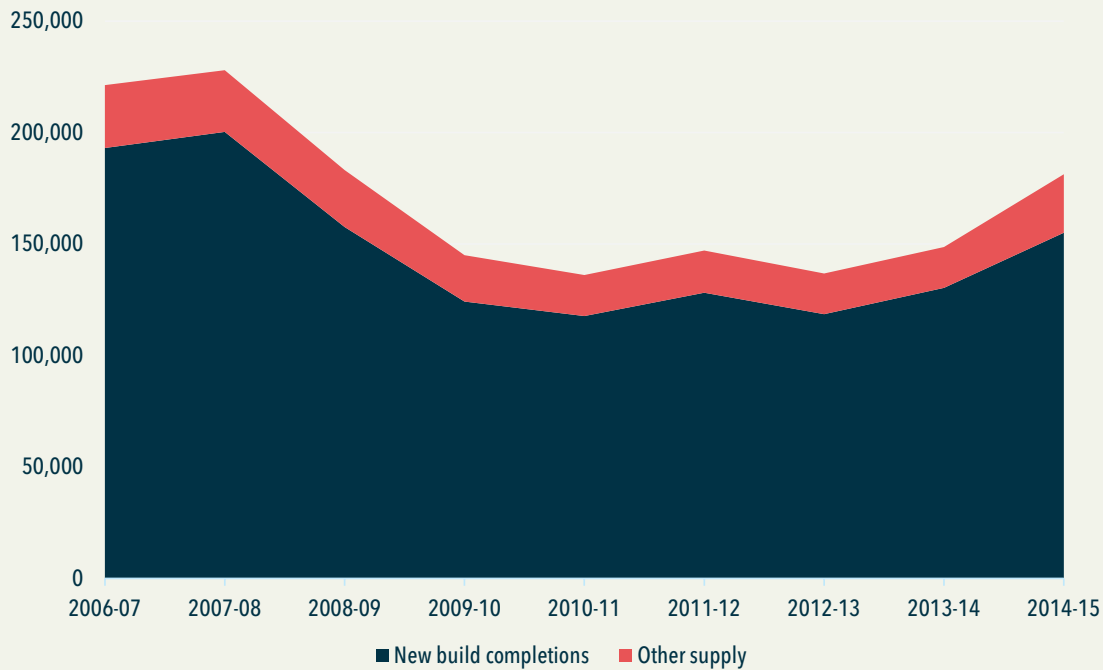
IS HOUSE BUILDING INCREASING?

Yes. The number of new build completions has increased by around one-third in just two years following five years of general decline. 2014/15 saw a 19% year-on-year increase in the number of new build completions recorded in England, and a 22% annual increase in overall housing supply (see charts below).

Percentage change in annual new build completions, 2007-08 to 2014-15



Total housing supply, 2006-07 to 2014-15



WHEN WILL FIGURES BE PUBLISHED FOR 2015/16?

Net Supply of Housing statistics will be updated in November 2016 to include information on period covering 2015/16.

DCLG PUBLISHES QUARTERLY STATISTICS ON HOUSE BUILDING - WHY NOT USE THOSE?

Unfortunately the Department's 'House building' statistics, covering both housing starts and completions, published on a quarterly and annual basis exclude tens of thousands of new build homes completed each year. This is acknowledged to some extent by DCLG, describing the 'House building' statistics as being less 'comprehensive' than its own Net Supply of Housing statistics both of which theoretically measure new build housing completions.

Over the same period, the new build component of the **Net Supply series** and the Housebuilding series should tally. However, in 2014/15, the House Building statistics failed to recognise more than 30,000 completions which were recorded in the more robust, better tested Net Supply of Housing statistics. This means that the Government's House Building Statistics are failing to capture approximately 20% of all new homes built.

This means that official statistics are undercounting delivery to the extent of a town the size of Stevenage each year. Over the course of a parliament in which the Government is targeting one million new homes, a city the size of Nottingham or Newcastle is being completely disregarded.

WHERE ARE ALL THESE NEW HOMES UNACCOUNTED FOR IN THE 'HOUSE BUILDING' STATISTICS?

Across England, the quarterly statistics for completions contained within the 'House building' data series underreports by just over 30,000 new homes, or 20% of the total completions picked up in the Net Supply series.

- Of the 326 local authorities providing both 'completions' and 'new build completions' data, only 19 (5.8%) issued the same numbers to DCLG.
- In 246 of the 326 local authority areas (75%), the number of completions presented in the 'house building' statistics was short of the number subsequently recorded in the new build component of the more reliable Net Supply data series. The average underestimate was 153 homes per local authority area.
- In 63 local authority areas (19%) the number of completions was overestimated. The average discrepancy was 88 homes per local authority area

ARE THERE ANY COMMON FEATURES AMONGST THOSE AREAS THAT HAVE SUCH VAST UNDERREPORTING OF NEW HOME BUILDING?

There appears to be greater discrepancies in the respective figures provided for urban areas. 30 per cent of completions in metropolitan district authorities go unreported in the Government's so-called house building statistics, while around one-quarter of completions in London are also only captured when the Department produces its more considered analysis once a year. Indeed, in the London Boroughs of Brent, Wandsworth, Hammersmith and Fulham and Kensington & Chelsea, at least 75% of the new homes built in 2014/15 were not captured by the Government's main measure of house building. This cluster of Boroughs alone account for 3,660 'lost homes'. A further 900 homes in Lewisham and 440 in Ealing went unaccounted for in

Government's flawed statistics.

Away from the capital, the House building dataset excluded:

- 1,280 new homes in Birmingham (two-thirds of all new build completions)
- 920 new homes in Liverpool (63% of all new build completions)
- 640 new homes in Salford (half of all new build completions)
- 570 new homes in Leicester (6 out of 10 new build completions)
- 570 new homes in Sheffield (40% of all new build completions)
- 400 new homes in Chester West & Chester (29% of all new build completions)

WHY THE DISCREPANCY?

The Net Supply data is drawn from more reliable sources, including Housing Flow Reconciliations (HFRs) from local authorities and the Greater London Authority. Unlike the P2 returns that local authorities are required to complete for the inferior 'House building' statistics, local authorities are asked to include homes inspected by all building control inspectors, not just those within the local authority (see DCLG's HFR Guidance 2014-15). Theoretically, other inspectors are asked for their data to help provide an effective estimate of house building for the House building statistics but changes to market shares and the entrance of new companies carrying out inspections make these estimates increasingly unreliable.

The HFR is conducted closer to the point at which the local authority is determining its Council Tax Base meaning there is a far greater incentive for authorities at that point to accurately record the house building that has taken place in their area.

ARE THERE ANY OTHER USEFUL SOURCES FOR MORE UP TO DATE INFORMATION ON HOUSING SUPPLY?

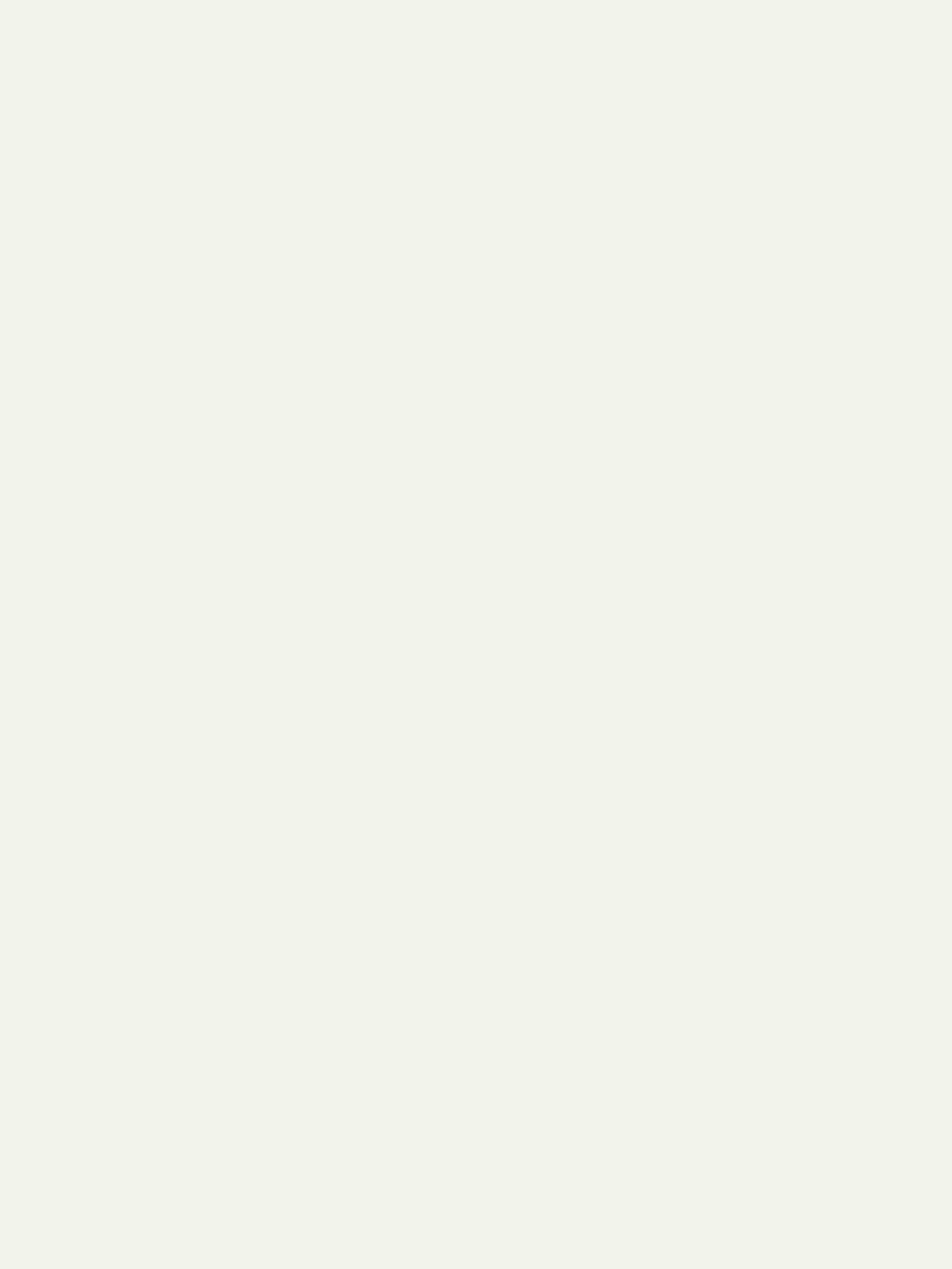
DCLG's *Local Authority Council Tax Base*² statistics can be used to provide a broad overview of the net additional dwellings midway through the financial years at which the Net Supply statistics report. The period covered by these statistics are September to September. For the 2014/15 year the period ran from 15 September 2014 to 14 September 2015, thus giving a figure comparable to the net supply of housing discussed above.

During the period September 2014 to September 2015 there were **186,000** net additional dwellings.

The Government's statistics on the issuance of Energy Performance Certificates for new dwellings also provides a more timely indication of net supply. For the period 2014/15 when other official statistics reported 171,000 net additions, there were 168,000 EPC lodgements for new dwellings. Because these statistics are published more frequently, we have more up to date information on recent activity.

For the period 2015/16, **191,954** certificates were issued for new dwellings.

For the 12 months to June 2016, **198,189** certificates were issued for new dwellings.



ABOUT HBF

The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. HBF's members' accounts for 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies.

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