Geo Factsheet

Number 69

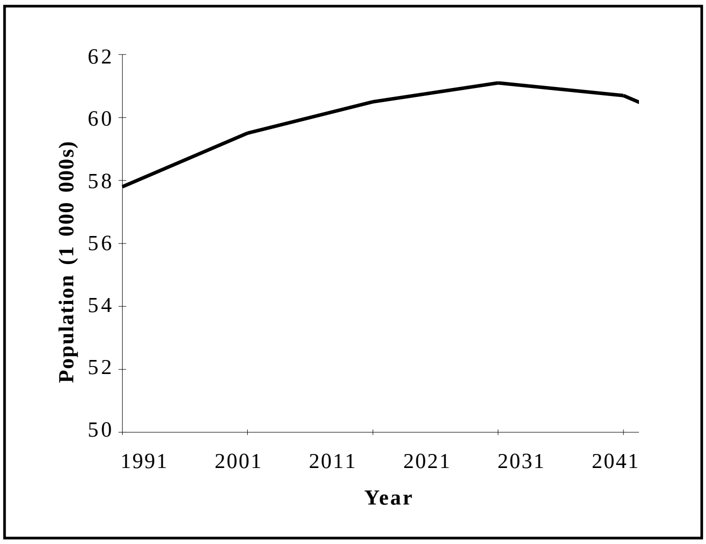
Management of Housing Demand in the UK

Introduction - current and future housing needs

The housing needs of the UK as a whole are dependent not only on the total population but also on the composition of households; the smaller the average household size, the more dwellings will be required.

Housing needs - and the methods by which they might be met - are currently the subject of much media debate. As shown in Fig 1, current projections suggest that the UK population will continue to increase until about 2031. This would, in isolation, suggest a need for a substantial number of new homes in the next few decades.

Fig. 1 Projected Population of the UK



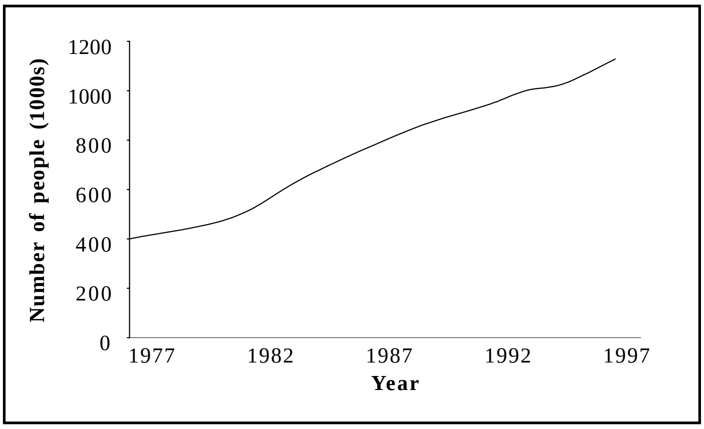
However, a number of social trends which increase the number of single - person households drive the projected demand even higher. These include:

- increase in divorce rate
- increase in single-parent families
- increasing tendency for young people to set up their own home, rather than remain in the parental household (see Fig 2)
- increase in numbers of the elderly (and hence more widows or widowers) (*see Factsheet 14 "Social and Economic Effects of Changing Population Structures")*
- encouragement of independent living for elderly people

The National Housing Federation estimate that 95,000 new homes will be needed each year between 2001 and 2016 to meet these new requirements.

> ***Exam Hint:*** *E Grade candidates will be expected to provide descriptive answers. C Grade candidates would include brief analysis of two or three social trends. The most able candidates will fully discuss four or five trends with correct exemplification.*

Fig 2. Single owner-occupiers living alone (England 1977-97)



Matching housing to households

Housing provision is not simply a matter of numbers of houses; if the houses available are in the wrong part of the country the problem persists. Current projections (Table 1) suggest that there will be significant changes in the regional distribution of the UK's population over the next 30 years. Accordingly, there is likely to be a shortage of housing in some regions whilst dwellings are standing empty elsewhere.

Many of these changes reflect employment prospects; within **Merseyside**, for example, the projected decline is greatest in areas such as St Helens, Knowsley and Wirral, which have suffered substantial job losses. In contrast, high-employment areas such as **Cambridgeshire**, are anticipating a large influx (see Case Study).

Some of the movement is also attributable to urban dwellers moving towards rural areas; areas such as **Cheshire** are anticipating an influx, and this also contributes to Cambridgeshire's attraction. This tendency is also apparent within conurbations, with many people preferring to move to leafy suburbs as soon as it is financially viable rather than remain in the inner cities.

Table 1. Projected 2021 Population of England by region

Region (millions)	% Change	Population (millions)
North-east	- 3.5%	2.51
North-west	+ 1.1%	5.53
Yorkshire & Humber	+ 3.3%	5.2
Merseyside	-10%	1.28
East Midlands	+ 9.2%	4.52
West Midlands	+ 1.8%	5.41
Eastern	+12.2%	5.94
South-east	+12.8%	8.91
South-west	+12.6%	5.45
London	+ 9.4%	7.74
England total	**+ 6.9%**	**52.48**

Another factor contributing towards housing problems is the mismatch between the **size** and **price** of houses needed and those available. Although total housing stock has been increasing steadily in recent years (Fig 3), there has been substantial variation in the size of new houses being built.

Fig 3. UK Housing Stock

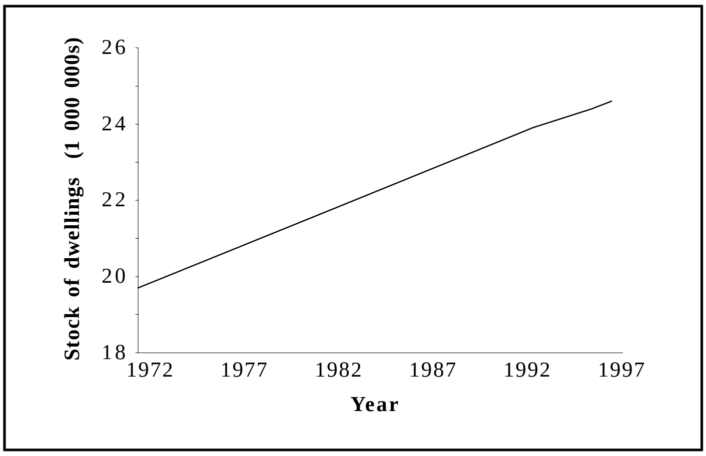
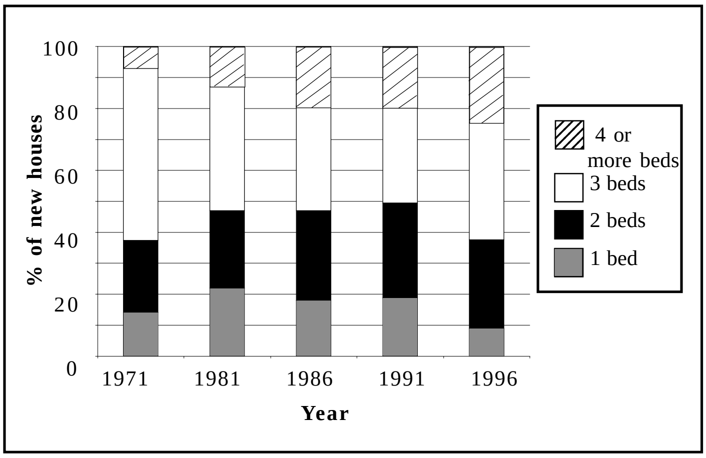


Fig 4. UK proportions of new houses by size



As Fig 4 illustrates, recent years have seen a very substantial decrease in the proportion of new one bedroom homes, with an increase in four bedroom homes. This coincides with a significant *decrease* in average household size. Clearly, many factors other than need are at work when decisions on house-building are made by private enterprise, the dominant player. In 1996, for example, over 81.3% of new homes were provided by private enterprise, with housing associations contributing 17% and the remainder coming from local authorities, new towns and central government.

This profile of house-building certainly does not correspond to the needs of those experiencing problems with housing. Fig 5 shows the make-up of the households who had experienced homelessness over a ten-year period; a large number of these people were in small households and were likely to need cheap housing. The National Housing Federation estimates that 40% of the new households over the next 20 years will need low-cost housing. As Table 2 shows, this is most commonly provided by social sector (council or housing association) renting.

However, there are currently over 82,000 council houses in England standing empty; a number of people prefer to remain in temporary accommodation or rent from expensive private landlords rather than move into some council estates. The poor image of - and demand for - council housing may be at least in part due to the massive sale of council properties following the Thatcher government's introduction of the tenant's right to buy. In this period one third of the total stock of council housing was sold and naturally many of the most desirable council properties were included in this, leaving a disproportionate amount of substandard or unattractive accommodation. Accordingly, there is a need for a good standard of low-cost housing.

Fig 5. Experience of homelessness 1986-96, by household type

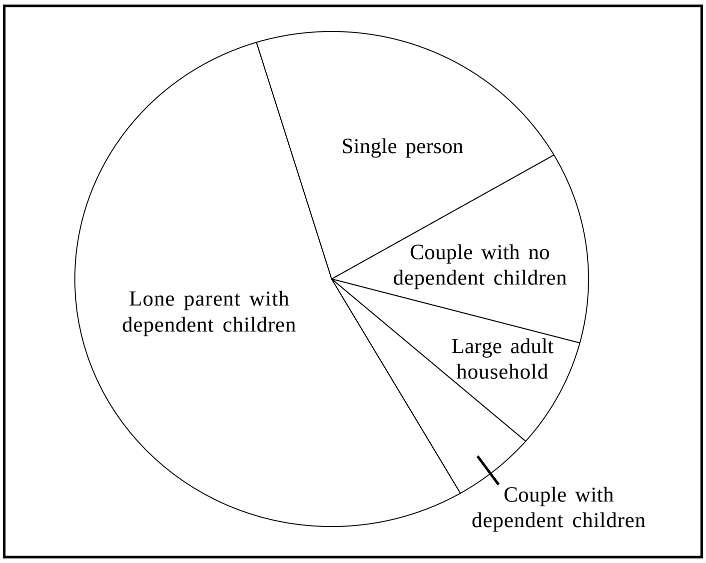


Table 2. Housing-related costs 1996-7 (£ per week)

Expenditure	Owned	Rented	
	with mortgage	**Social Sector**	**Private**
Mortgage/Rent[1]	45.29	18.53	45.97
Council tax	10.47	3.60	5.65
Repairs/ Maintenance	11.00	1.37	1.83
Other	7.84	3.27	3.16
Total	**74.60**	**25.06**	**56.61**

[1]*(net of benefits)*

Managing and meeting the demand

The projected demand for homes can be addressed in two ways:

1. **Attempting to reverse the flow of migration to generate a higher demand in areas where housing is still relatively plentiful**
   Key targets for this approach include:
- encouraging a return to the inner cities and relatively underpopulated northern areas
- improving the standard and appeal of social-sector housing

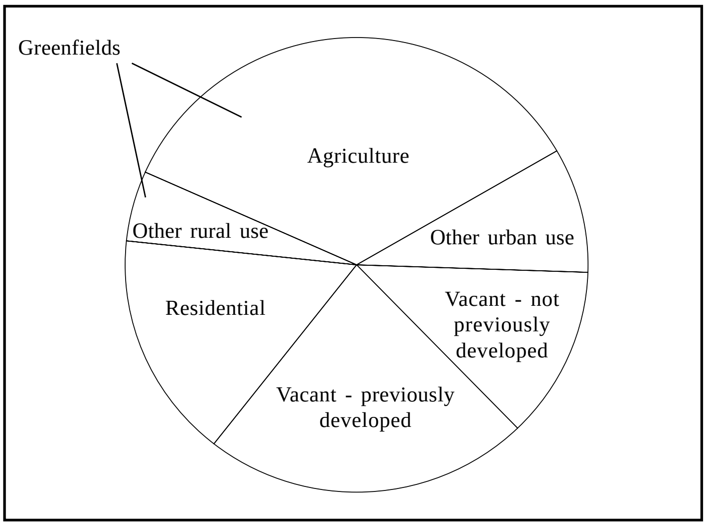
Inner city regeneration

Various plans are already in place to revitalise city centres. Liverpool, Manchester and Birmingham have all produced central leisure, retail and residential developments designed to attract the more affluent; in Liverpool, the number of city centre residents has increased from almost zero ten years ago to 9000 currently.

The Government has comissioned the architect, Lord Rogers, to examine further ways of regenerating urban areas; his report prioritises attracting middle-class residents by developing city-centre communities founded on design excellence and environmental responsibility.

One problem with encouraging developers into the inner city is the high cost of developing brownfield sites; at present, when a building is converted to residential use, VAT at 17.5% is charged, whereas greenfield development attracts no VAT. Accordingly, much new residential development has been on greenfield sites (see Fig 6). Lord Rogers' report recommends that VAT be levied at 5% on both greenfield and brownfield sites to provide a further incentive for city centre plans. However, this still fails to tackle the fact that clearing brownfield sites for development is in itself more expensive.

Fig 6. Land used for new residential developments in 1995, by previous use



Improving Social Sector Housing
The Goverment has allocated £3.6 billion to address the under-funding of housing in the past, which resulted in many council properties being in a poor state of repair. £800,000 has been particularly targeted at the 17 poorest estates, but the most unpopular are likely to be scheduled for demolition.

More radically - and more controversially - the Goverment is also encouraging **"Large Scale Voluntary Transfers"**, which will involve the transfer of large numbers of houses to "social companies", which will be funded by banks and building societies - a move considered by opponents to be privatisation by the back door. In the short term, rent increases for transferred houses will be strictly limited, but as yet no decision has been made on long-term limitations.

Other measures include grants to home improvement agencies, money to improve energy efficiency and the possibility of reducing the discount available to council tenants exercising their "Right to Buy".

2. Producing more housing in areas where it is expected to be needed

More homes can be produced by:
- building at higher density on existing housing sites
- developing other brownfield sites
- extending existing towns on greenfield sites
- new developments on greenfield sites

Encouraging brownfield development
There is much to be gained from the use of brownfield sites, inner city regeneration and a reduction of pressure on greenfield sites being obvious examples. However, because of the extra costs mentioned above, there is a need to provide positive incentives.

Much of the run-down, unpopular inner-city housing is in the form of tower blocks, which are very efficient users of space. Originally designed to be "vertical streets", residents have usually felt that they generated little sense of community and led to isolation and social alienation. Of course, there are some very high quality homes built in a space-efficient way, but they often tend to be expensive.

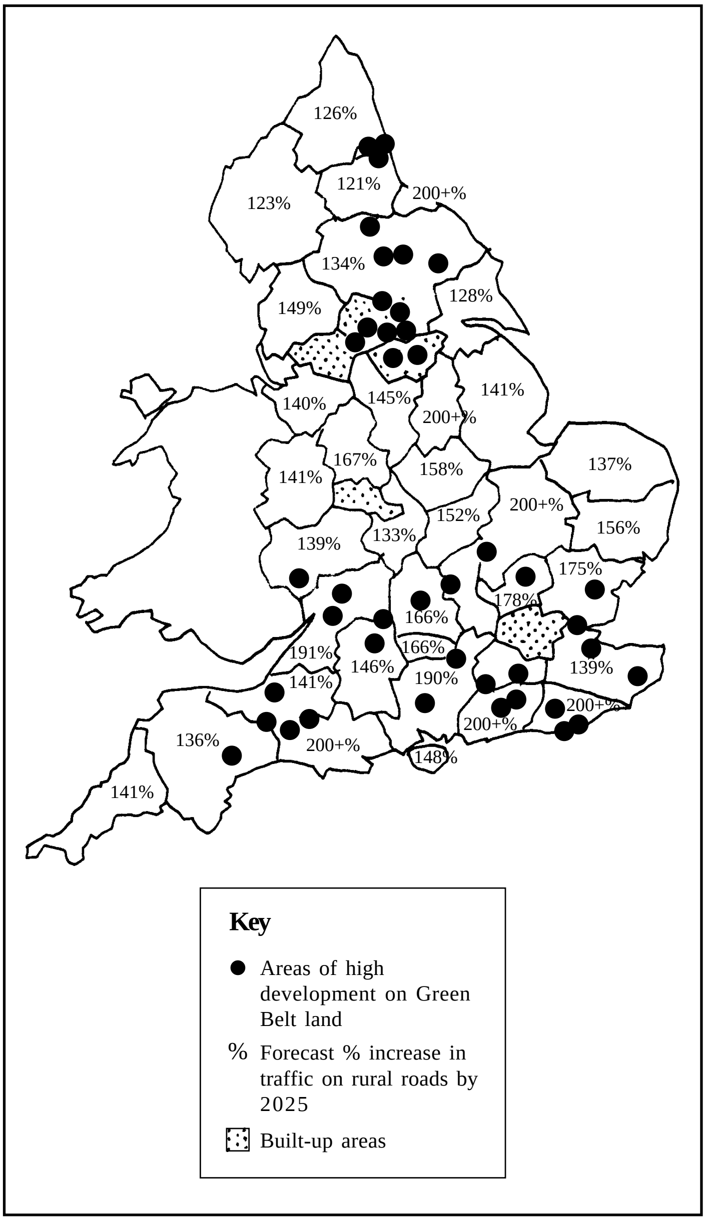
It is also possible to encourage brownfield development by providing disincentives to greenfield development, such as a tax. Although this might well serve to move some development onto brownfield sites, it may also drastically reduce the number of affordable dwellings in rural areas, thus reducing more rural settlements to dormitory villages.

Greenfield Development
It seems likely that in areas of high demand, such as the South-east, it will not be possible to meet all housing needs by brownfield development alone, and greenfield development, either as an extension to an existing town or as a new town, will be needed.

In some cases, this will involve encroaching on designated **Green Belts**. Since these are intended (among other purposes) to prevent urban sprawl or coalescence, protect the surrounding countryside from encroachment and preserve the character of historic towns, any proposed development in Green Belts needs to be examined carefully.

There are many new developments on Green Belt land (see Fig 7).

Fig 7. Developments on Green Belt land and projected traffic increase on rural roads



Building on Green Belts - or indeed any greenfield site - is always an emotive issue. Those who have chosen to live near such areas naturally feel threatened by the thought of the urban spread encroaching on their back yard, and are sensitive to the possible reduction in property values, and city residents will probably value the idea of the available green space, even if they rarely use it. Many fear long term **creeping urbanisation** of the countryside, with its consequent increase in traffic and pollution. However, ironically although Green Belts were originally intended to protect rural areas, they can contribute to rural housing problems because they make it harder to purchase land to provide low-cost accommodation in rural areas, thus filling more villages with commuters or second-home owners.

To preserve the role of Green Belts as urban separators and recreation land, any development should maintain a green area surrounding existing towns and cities as well as new developments. This would suggest that the way forward for any large-scale development is in the form of new towns, rather than add-ons to existing towns and cities.

New towns are, of their nature, planned settlements; their location is usually designed so that they can both adsorb excess population from nearby old cities, and act as a location for growth. If they are to be successful, they require substantial investment to ensure that sufficient transport, employment and amenities are available to make the town a self-sustaining community, rather than a commuter town.

Case Study:
Bluewater, near Dartford

Bluewater is situated near Dartford, Kent, in an old chalk quarry. At first sight, it is the latest in the line of out-of-town shopping centres, and with a 240 acre shopping complex and 13,000 parking spaces, it is the largest of its kind in Europe.

The site also encompasses seven lakes and several adjacent quarries. It can offer a range of leisure pursuits, including boating, cycling , rambling and 50 acres of gardens; even the shopping centre boasts 50 pieces of original art. 7000 houses are also planned in an adjoining quarry. Many other projects are in the pipeline.

However, the architect who designed Bluewater has a much grander vision. He sees Bluewater as the start of a new community which would release pressure on Greater London, and would extend to a further 2000 acres.

Kent County Council offers full support to the project. The council leader envisages up to 30,000 houses and a population approaching 70,000 early next century.

The centre enjoys good communications; a proposed channel tunnel rail link is nearby, it is served by the A2, and is only a mile from the M25. The Highways Agency propose to upgrade the A2 to four carriageways to help accommodate demand.

However, there is growing concern that the transport system will become seriously overloaded. The Highways Agency has already warned that it might have to close roads at peak times. The CPRE estimates that 90% of the predicted 30 million visitors per year will arrive by car - thus overloading even further the already overcrowded M25. They also point out that if a planning application for Bluewater were submitted today, it would not be approved; it breaks the latest guidelines on out-of town shopping centres.

Case Study:
Cambridgeshire

Cambridgeshire's population grew by 19.3% from 1981 to 1996, which was the fastest of any UK county. Latest projections suggest it will rise by a further 24.6% by 2021. The increase has been driven by the growth of high-technology industries around Cambridge itself, the proximity of London, motorways and Stansted airport, and the general attractiveness of the area.

The county council is preparing for between 70,000 and 85,000 new homes by 2016, but the goverment's projections suggest this figure should be up to 26,000 higher. Local residents are naturally concerned that growth on this scale will spoil their environment, whilst businesses are resentful of limits put on their growth by planning restrictions.

Four ways are being considered of accommodating these new homes:

- *building on Cambridge's Green Belt*
- *expanding surrounding towns*
- *expanding along train or bus routes*
- *building a new town*

*Suggested new town locations include **Waterbeach, Longstanton and the A11 corridor**, all of which would offer good communications to Cambridge.*

Pressure groups such as the Council for the Protection of Rural England (CPRE) and Friends of the Earth (FoE) are opposed to developments on this scale, considering that there would be a risk of overloading the transport system, which would result in increased pollution as well as delays. They suggest that the population growth should be contained within cities such as London and Birmingham.

Are the predictions correct?
Government planning uses predictions (like the ones quoted in this article), which are based on extrapolating past trends; these may not be a reliable guide if the circumstances producing them have changed. Some critics prefer an alternative "bottom up" approach, in which locally-assessed needs are used to inform building. In particular, the following assumptions have been questioned:

- ***That the increase in single households will continue, and hence there is a need for more small dwellings***
  It is suggested that this ignores the fact that many more couples are co-habiting, and that many single people choose to live in large houses rather than small houses or flats.
- ***That north to south migration in search of work will continue***
  The relatively low costs in currently unpopular areas may tempt firms to transfer their operations northwards.
- ***That urban to rural migration will continue***
  The attraction of rural areas is likely to decrease with increasing numbers of developments, since they will inevitably become less rural in character.

Acknowledgements;
This Geo Factsheet was researched and written by Cath Brown
***Curriculum Press**, Unit 305B, The Big Peg, 120 Vyse Street,Birmingham, B18 6NF*

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