Housing Need in the South East: Summary

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December 2004

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1. What is meant by housing demand and need?

1. In this report housing demand relates to effective demand by households to access housing at market prices or rents. Housing need, in contrast, is a normative concept that stems from policy commitments such as 'access to a good home for everyone.' Such objectives have been re-stated in similar terms since the beginning of the 1970s, and in effect imply that people without the financial means to access adequate housing without aid have a legitimate claim to assistance from public funds. The interpretation of 'adequate' has evolved through custom and practice and from time to time through legislation. The concept of 'adequate' includes the privacy that comes from having self-contained accommodation. Having to live in a multi-occupied house shared with other households or as a member of someone else's household, for instance a newly married couple living with in-laws, through inability to afford separate accommodation or sheer shortage are therefore forms of housing need.

2. A distinction must be drawn between un-met need existing at the base-date of the assessment, and newly arising need, that is to say, generated by events during the period covered by the assessment. Un-met need at the base date, usually termed the 'backlog' of un-met need, resembles a pool which households enter, for example as a result of break-up of a family or loss of a job with tied accommodation, and leave, for instance through being allocated a local authority or housing association tenancy.

3. Newly arising need is generated by events after the base date, principally a net increase in households (i.e. households formed minus existing households dissolved), but not exclusively. Planned demolitions of occupied dwellings would also result in a newly arising need. If newly arising need is met in full but no more, the backlog at the end of the assessment period would be the same in number as at the start, though not of course the same people. In practical terms, meeting newly arising demand and need requires that the net increase in the number of occupied main residences should equal the net increase in the number of households. The net increase in the housing stock that will match the increase in households is equal to the projected increase in households plus the increase (or minus the decrease) in dwellings used as second homes, plus the increase (or minus the decrease) in vacant dwellings. The number of dwellings to be provided by new building or conversions is equal to the net increase in the dwelling stock plus replacement of dwellings demolished or transferred to non-housing uses.

2. Area for which estimates of housing demand and need are made

4. For both newly arising demand and need and the backlog the principal estimate is that for the South East region as a whole. Much more information is available at regional level than sub-regionally, especially information from the Survey of English Housing (SEH). Estimates are therefore made of the division of households between market and social sector in 2001, 2011 and 2021 for the region, and then the change in the number of second homes, vacant dwellings and replacement of demolitions.

3. Household projections

5. It is clear that in order to estimate newly arising demand and need, the projections of households in future years for the region are of crucial importance. These projections were commissioned by the Regional Assembly from the Population and Households Research Group at Anglia Polytechnic University in Autumn 2003 and modified by the Regional Assembly (and referred to below as the 'interim' Regional Assembly projections). Although these were the most up-to-date projections at the time this research was carried out, the Regional Assembly subsequently commissioned further sets of projections in 2004.

6. The interim Regional Assembly projections used in this research put the net increase in households in the South East region between 2001 and 2021 at 587,000, compared with 657,000 in the official 1996-based projection. The projected increase in the population (as distinct from households) is 874,000 between 2001 and 2021, as against 771,000 in the 1996-based projections. The Government Actuary's Department 's current projection of the increase in population in England between 2001 and 2021 is 4.1 million, as against 2.6 million in the 1996-based projections; so the interpretation of the interim household projection used in this research puts a considerably smaller proportion of the overall England population increase in the South East than did the official 1996-based projection. This is a reason for caution about the interpretation of the interim Regional Assembly household projections and the estimate of newly arising demand and need derived from them. However, the division of these projections into newly arising demand and need for housing is considered robust in broad terms.

4. Newly arising demand and need

7. The estimates of newly arising housing demand and need are derived from the household projections, divided into market and social sectors. The market sector comprises owner occupier households, other than those who became owner occupiers through the Right to Buy, and private sector tenants not receiving Housing Benefit. The social sector comprises tenants of local authorities and housing associations, private sector tenants receiving Housing Benefit, and owner occupiers who exercised the Right to Buy. Private sector tenants receiving Housing Benefit are included in the social sector because this is an alternative way of meeting need that was used on a large scale in the final half of the 1990s and which could cause increased demand in housing associations and local authorities if the supply of private rented housing accessible to tenants that depend on Housing Benefit were to contract sharply. Households that entered owner occupation via the Right to Buy are included because

only social sector tenants can become owner occupiers by this route. Shared ownership households are included as part of the estimate of owner occupation.

8. The division of households in 2011 and 2021 between the market and social sectors depends on the way in which housing tenure varies with type of household and age; and on the fact that as households age, they keep their tenure. Few households enter owner occupation at ages above the mid-40s other than via the Right to Buy; and few leave it, except to some extent through widowhood. Tenure in future years can therefore be forecast by ‘rolling forward’ the base year proportions in the relevant age groups. The tenure of households aged 55-59 in 2001, for example, will be the tenure at age 65-69 in 2011 and at age 75-79 in 2021. Because of the present tenure profile with respect to age, the result will be a rise in the proportion of owner occupiers and hence of market sector households at the higher ages. The resultant projected need for social rented housing is therefore likely to be at the lower end of any range. The division of households into market and social sectors is shown in Table A.

Table A. Projected households analysed by tenure: South East region

thousands

	2001	**2011**	**2021**
Market sector	2,540	2,795	3,080
Social sector	765	781	811
All households	**3,305**	**3,576**	**3,892**

9. The sources of the increase in market sector households is shown in Table B.

Table B. Analysis of projected increase in market sector households

thousands

	2001-11	**2011-21**	**2001-21**
Projected increase in all households	208	243	451
Projected changes in the mix of household types and ages	-26	-33	-59
Changes in the market sector proportion in individual household categories (‘rolling forward’)	73	75	148
Total increase	**255**	**285**	**540**

10. 27 percent of the overall increase in the number of market sector households is the result of the interaction of age-related differences in tenure and ageing. The same point can be made another way by noting that in the absence of this ageing effect, the projected increase in the number of social sector households would be 190,000, one third of the overall increase, instead of 46,000.

11. The estimate of newly arising demand and need in the region is shown in Table C.

Table C. Estimate of newly arising demand and need in the South East region

thousands

	2001-11			2011-21		
	Market sector	**Social sector**	**Total**	**Market sector**	**Social sector**	**Total**
Net increase in households	255	16	271	285	30	315
Dwellings to replace those lost through Right to Buy	+49	-49	0	-50	+50	0
Second homes	0	0	0	0	0	0
Vacants	8	1	9	9	1	10
Net increase in stock	214	66	280	244	81	325
Replacement	25	7	32	25	7	32
Mew building and conversions: total	229	73	312	269	88	357
Annual average	**24**	**7**	**31**	**27**	**9**	**36**

12. For the whole period, a division in proportions approximately 75:25 between the market and social sectors is indicated.

5. The backlog of unmet need

13. The backlog of unmet need for social housing has three parts:

a) Households (including would-be households) without a house or flat to themselves who depend on the social rented sector for obtaining self-contained accommodation

b) Households in the private sector (owner occupiers and tenants) whose housing is unsatisfactory (e.g. too small) who depend on the social rented sector for satisfactory accommodation.

c) Households that are already social rented sector tenants but whose accommodation is unsatisfactory, for instance too small or off the ground floor for families with children.

14. The central core of category a) above is families accepted by local authorities as homeless and housed in temporary accommodation. The others are households in shared dwellings and would-be or concealed households living as part of someone else's household. At regional level there is information about them from the 2001 census and the Survey of English Housing.

15. Estimates of households that live in crowded conditions (i.e. fewer bedrooms than the statistical standard for their size and composition), and number of families with

children that live in flats above the ground floor are taken from the Survey of English Housing.

16. Estimates of the backlog as of 2001, analysed according to the categories in paragraph 15 above, are shown in Table D.

Table D. Composition of the backlog of un-met housing need in the South East region in 2001

1	Bed and breakfast hotel, hostel and refuges (Table 1)	2,800
2	Other temporary accommodation (Table 1)	8,800
3	Concealed families wanting separate accommodation (Table 3)	9,000
4	Sharing households wanting separate accommodation (paragraph 15)	17,000
	Sub-total: Households and potential households without self-contained accommodation (= 1, 3 and 4)	**29,000**
5	Private sector tenants in crowded accommodation	9,000
6	Owner occupiers in crowded accommodation	23,000
7	Social sector tenants in crowded accommodation	23,000
8	Social sector tenants with young children in flats	5,000
	Total of the above	**98,000**
	Total, excluding owner occupiers in crowded accommodation and those in self-contained temporary accommodation	**66,000**

17. Owner occupiers in crowded accommodation are probably less likely to want social sector tenancies than are crowded private sector tenants, so the figure of 66,000 in Table D is the more realistic. This does not translate one-for-one into a number of additional dwellings required in the social rented sector, because transfers to more suitable housing within the social sector might provide for some of the households in groups 7 and 8 in Table D. But there are acknowledged to be shortages of family-sized houses in the social sector stock, so new building is likely to be required to provide for a proportion of the 28,000 in that category. Similarly new building is not required for those in 'other' temporary accommodation that is presumed self-contained.

18. A table for an earlier year that corresponds to Table D cannot be constructed from the information available, but comparisons can be made for some of the categories though for different periods.

i) The number of households in accommodation arranged under homelessness legislation has risen substantially, from 6,390 in the first quarter of 1997 to 11,560 in 2001 and 12,730 in 2003.

ii) The number of social sector tenants in crowded accommodation is estimated to have risen from 19,000 in 1995/97 to 23,000 in 2001; there appears to have been no change in the number of private sector tenants in crowded accommodation.

The backlog of unmet housing need thus appears to have increased in the South East between the mid-1990s and 2001.