

The Rt Hon John Healey MP  
Minister for Housing



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*Dear Mr. Healey,*

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## **MORE HOMES FOR MORE PEOPLE: UPDATING OUR ADVICE ON HOUSING LEVELS TO BE CONSIDERED IN REGIONAL PLANS**

The June 2007 Green Paper, *Homes for the Future: More affordable, more sustainable*, commissioned the NHPAU to provide the Government with advice about the level of housing provision that should be tested by regional planning bodies in producing regional spatial strategies. The NHPAU accordingly produced its first advice on housing numbers last June. The period since then has been a challenging one for housing markets. Unsurprisingly, many are asking whether our advice remains relevant and appropriate. We have therefore updated our advice, taking account of all the latest evidence. I enclose this advice.

The central message is simple: the recession will have little impact on the number of homes that we need to build over the next 20 years.

Recessions do not have a big impact on household growth but they do cause a dip in house building. Homes 'lost' in that dip will need to be made good later in the period, so the Government's initiatives to stimulate recovery in house building will have a crucial role to play if we are not to find that housing conditions are worse in 20 years time than they are today.

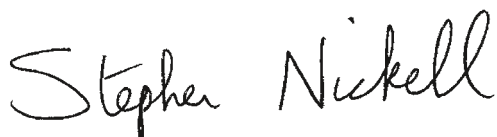
Our work during the last year has brought out even more clearly that declining affordability is having increasingly severe impacts. Worsening overcrowding; lengthening social housing waiting lists; first time buyers finding it harder to get on to the housing ladder and adult children living with parents for longer are the direct effects. But there are also likely to be increasingly serious wider economic and social consequences if we do not manage to bring the supply and demand for housing back towards balance and start tackling the backlog of unmet need.

We risk even greater volatility in house prices with the potential for even more extreme boom and bust cycles – with knock-on effects for the wider economy. There will be damage done to our competitiveness as growing housing costs make those parts of the country that drive our economy less attractive places in which to establish businesses. And people will travel further from their place of work to find homes that meet their needs that they can afford – with the attendant environmental consequences. In short, worsening affordability will affect us all, even those of us who are fortunate enough to own our own homes.

In preparing its updated advice the Unit was conscious of the need for stability, particularly given all of the other uncertainties which communities and businesses are having to contend with. We have therefore advised that changes to the housing supply ranges that regional planners should be asked to consider should be 'damped', with the new numbers set half-way between our old figures and the numbers suggested by the latest evidence. Following this approach in this and future updates will help avoid violent swings in the numbers planners are asked to consider.

The net result is that we are advising that the bottom of the range figures should increase by an average of 3% to an annual average requirement of 237,800 extra homes a year from 2008 to 2031 for England as a whole and that top of the range figures should increase by 5% to a national average requirement of 290,500 extra homes. There are somewhat larger increases proposed for some regions, most of which are due to updated trend data and improved modelling by the Office for National Statistics.

As you made clear at our recent annual conference, we all need to do more to spread the message about the scale of the housing challenges we face; the steps that are being taken; and the action that all concerned need to take in response. The NHPAU will do its part, explaining the latest advice to regional and local partners and working with them to develop plans at regional, sub-regional and local levels that reflect the need to deliver more homes for more people. We will also endeavour to ensure that our advice is accessible to a wider audience to help inform the broader debate about need for more housing and how it can best be delivered.



**Stephen Nickell**  
**Chairman of the Board**  
**National Housing and Planning Advice Unit**