Why do we need to build more houses? What are the consequences of building too few or too many new homes?

**National Policy Context**

The NPPF\(^1\) is clear that local planning authorities must prepare a Local Plan that ‘meets the full, objectively assessed needs\(^{BN1}\) for market and affordable housing’ in their area.

The Housing Strategy for England\(^{ii}\) is clear that without ‘urgent action to build new homes, children will grow up without the same opportunities to live near their families, young people will struggle to get a place to call their own and older people will not have the choice and support they need’.

This Strategy goes on to state that housing is ‘crucial for our social mobility, health and wellbeing – with quality and choice having an impact on social mobility and wellbeing from an early age, and our homes accounting for about half of all household wealth’..... and ‘opportunities for wealth must be open to all, with housing choices helping rather than hindering people’s ability to build assets and find employment\(^{BN5}\).’

The Strategy concludes by stating that ‘housing is inextricably linked to the wider health of the economy, the financial markets and consumer confidence. The current challenging economic and financial circumstances make action on housing even more important – both to tackle immediate pressures now and to lay the foundations for stronger growth and stability in the future’.

**National Context**

A National Housing Federation report\(^{iii}\) published in 2013 highlights that ‘Noughties’ baby-boomers face difficult times in terms of housing as adults - young people are trapped, whether they are ‘a graduate looking to move out of their parents’ home, a young worker keen to take their first steps on the housing ladder, or a couple waiting to buy before planning a family, England’s housing crisis has stopped aspiration in its tracks’.

This report’s conclusion is that ‘we failed to fix the housing market for the Eighties baby-boomers because we simply didn’t build enough homes. This means that, even with decent jobs, many are now struggling to raise a mortgage deposit or pay their rent. But rather than learn from past mistakes, the country is still not building enough homes to tackle the problem. The situation will be even worse for the Millennium children. Seven years from now the eldest will be young adults, looking for work, seeking independence and dreaming of living in their own homes. If we expect them to take over the reins and drive the Country forward in an increasingly competitive global economy, we must provide them with the foundations for a bright, stable future’.

The English Indices of Deprivation\(^{iv}\) considers a number of different elements that make up deprivation, and one of their ‘domains’ looks at the wider barriers to housing that relate to access to housing, homelessness, overcrowding and affordability. This work shows that much of Cornwall falls within the most deprived 20-40% of England as illustrated in the chart below.
Regional and Local Context
A report by the National Housing Federation\(^\text{1}\), found that while over 27,000 new households formed in the South West region in 2011/12, just 16,100 new homes were built. This means the region is building less than 60% of the homes it needs and this shortfall of homes in the South West is pushing up house prices and private rents, making it increasingly difficult for people to afford to rent their own home, let alone buy one. Social housing waiting lists in the region have also seen the largest increase in the country - up 26% from 148,422 in 2010 to 186,305 in 2011. In the South West, 1 in 12 households are now on the waiting lists for social housing - with Cornwall seeing the greatest increase in the region, followed by Devon.

The shortage of new homes helps to keep house prices high and pushes up mortgage deposit costs, which is compounded by the current struggling economy. The National Housing Federation report goes on to conclude that with the ‘cost of an average home in rural parts of the South West now nearly 13 times the average local income, people are increasingly unable to buy their own homes. More are being pushed into the private rented sector, which in turn is becoming increasingly unaffordable. And as costs soar in the private rented market, more pressure is heaped on the limited supply of social rented housing. Housing waiting lists in the South West are growing faster than anywhere else in the country’. A number of key facts were presented:

- The average house price in the South West in 2011 was £223,870, 11.5 times the average (median) regional income of £19,484. The average house price\(^{\text{14}}\) in...
Cornwall in 2011 was £220,083 - 12.7 times the average (median) local income of £17,161. The gross annual income needed for a mortgage in Cornwall (75% mortgage at 3.5 times income) was £47,161 with a corresponding deposit (25% of mortgage) of £55,021.

- House prices in the South West have increased three times faster than incomes over the past 10 years.
- The average home in rural parts of the region now costs nearly 13 times the average local income, compared to nearly 11 times in more urban areas.
- Private sector rents are expected to rise by 62% in the South West in the next 10 years, as demand in the sector continues to grow.

The Cornwall Housing Investment Plan\(^{vi}\) has set a number of priorities which includes:

- **Priority 1**: Building new homes - the challenge for Cornwall is that all the indicators show that we are not delivering enough homes of the right type in the right place to provide for our communities;
- **Priority 3**: Safe and secure homes - the challenge facing Cornwall is that it has a growing number of people living in temporary and insecure housing, and in many cases this involves the most vulnerable people in chronic housing need. The high demand for rented homes means that safe and secure homes are in short supply. As a result, homeless presentations and acceptances and the use of temporary accommodation (including bed and breakfast) are both rising; incidences of rough sleeping have increased from 12 in 2010 to 76 in 2011; and there is under provision of Gypsies and Travellers sites which leads to illegal and unauthorised sites.

### What are the Consequences of Building Too Few or Too Many Houses?

It is important that every effort is made in planning for the right amount of housing that an area needs:

- The consequences of an under provision of housing generally is rapidly increasing housing prices\(^{BN14}\), insufficient affordable housing\(^{BN10}\), increased skills shortages as potential employees move away\(^{BN5}\), rising levels of homelessness and inadequately housed over-crowded households\(^{BN15}\), greater social inequality and exclusion leading to demographically and socially less well balanced and unsustainable communities.
- Under provision of Traveller sites can lead to an increase in unauthorised sites; poor conditions for Travellers in terms of health and safety and access to services; and tensions between the settled community and Travellers\(^{BN19}\).
- The consequences of an over provision of housing can include development happening in less sustainable places, which results in increased development on green field land, the perpetuation of dispersed, car dependent settlement growth patterns, and growing numbers of empty homes\(^{BN7}\).

### Overview

The evidence is clear that Cornwall with the rest of the UK is currently experiencing the consequences of a prolonged under provision of housing.

There are a number of reasons why Cornwall needs to build more houses:

- Cornwall’s population\(^{BN3}\) is predicted to increase as migration is leading to an extra 4-5,000 people per year living in Cornwall and these additional people and households\(^{BN4}\) will need somewhere to live;
- There is already a housing backlog\(^{BN15}\) in Cornwall and this figure is increasing year on year and is likely to have been made more severe by the current recession and
the resulting lack of confidence and/or ability of new households to access their own homes;

- Residents in Cornwall also experience competition from other house owner types such as second residence and holiday home owners and this reduces the amount of housing available to full time residents;

- Economic changes are a key driver affecting housing demand and household formation rates and it is therefore necessary to consider how the level of economic growth in Cornwall relates to the level of housing provision;

- The social implications are numerous and include spiralling house costs, the inability of thousands of households being able to afford a suitable home, leading to over-crowding and poor housing conditions. The under supply of housing has serious implications for young people in terms of life aspirations, starting a family, professional ambitions, their security and their sense of community belonging.

**Risk Assessment**

The risk of not building an appropriate number of new homes in Cornwall is discussed under ‘Overview’ above. There are many that consider that England is in a cycle of ‘boom and bust’ in terms of the housing market and that until we start building the right amount of housing this is set to continue.

At this time the evidence used does not reflect the full impacts of welfare reform on the need for housing, and this policy objective may have a significant impact on why we need to build specific types of housing in the future.

**Use in Cornwall Local Plan**

Reasons why we need to build more housing has been a consideration in developing housing targets for Cornwall. An analysis of household changes has been used throughout the development of the Cornwall Local Plan (previously known as the Core Strategy) and the following papers accompanied each consultation:


**Associated Briefing Notes:**

BN1 – Objectively Assessed Need
BN3 – Population & Population Projections
BN4 – Households & Household Projections
BN5 – Jobs, Housing & Economic Growth Projections
BN7 – Empty Homes
BN10 – Affordable Housing
BN11 – Second & Holiday Homes
BN14 – House Prices & Affordability
BN15 – Housing Backlog
BN19 – Gypsy & Traveller Accommodation Needs
BN22 – Welfare Reform

**Further Information:**


3. Home Truths South West 2012: National Housing Federation - a report by the National Housing Federation is an analysis and forecast of South West’s housing market. Thousands of people across the South West could be left fighting for a home they can afford as the region faces a massive shortage of new housing. [http://www.housing.org.uk/publications/find_a_publication/general/home_truths_2012_south_west.aspx](http://www.housing.org.uk/publications/find_a_publication/general/home_truths_2012_south_west.aspx)


5. The Human Cost: Shelter - the high cost of housing is one of the most pressing issues facing Britain today. Spiralling house prices and a dysfunctional housing system has meant that for years, the amount that we have had to pay to meet our housing needs has escalated. As a result, for a growing number of people, finding a suitable home they can afford has become increasingly difficult. [http://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/the_human_cost_-_how_the_lack_of_affordable_housing_impacts_on_all_aspects_of_life](http://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/the_human_cost_-_how_the_lack_of_affordable_housing_impacts_on_all_aspects_of_life)

6. The Housing Crisis: Shelter - England is suffering a massive housing crisis. There simply aren’t enough decent, affordable homes. [http://england.shelter.org.uk/campaigns/why_we_campaign/the_housing_crisis](http://england.shelter.org.uk/campaigns/why_we_campaign/the_housing_crisis)


8. Britain’s Hidden Housing Crisis: BBC Panorama - Britain is in the grip of a housing crisis of a sort not seen before - where even the most unexpected people are finding themselves homeless. Every two and a half minutes someone in Britain is threatened with losing their home. [http://www.bbc.co.uk/programmes/b01pc1qb](http://www.bbc.co.uk/programmes/b01pc1qb)

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iii Housing Britain’s Future: Some home truths - [http://www.housing.org.uk/publications/browse/housing-britains-future-some-home-truths](http://www.housing.org.uk/publications/browse/housing-britains-future-some-home-truths)

v Home Truths South West - [http://www.housing.org.uk/publications/find_a_publication/general/home_truths_2012_south_west.aspx](http://www.housing.org.uk/publications/find_a_publication/general/home_truths_2012_south_west.aspx)
