

I have the following comments to make to help inform the review. The LGA has only just passed on this request, so to meet your deadline these comments are necessarily impressionistic and not backed by numbers. If it would help we can provide figures to back up my assertions at a later date.

Your first theme refers to the 'housing shortage in the UK'. Of course there are areas of the country with a relative oversupply of housing. The view that there is a crisis in supply is very much a South East driven view of the housing market. There are more complex issues to do with the economy and employment patterns and migration of populations at work here.

What there is is shortage of housing which people want to buy in the areas where they want to buy them. Your brief seems to imply that people should be able to buy the house they want in the area they want, but there are all sorts of social consequences of such a free for all.

Much of the additional demand is driven by higher incomes, higher aspirations in terms of housing expectations, historically low mortgage costs. People demand, and can afford, more space for themselves. It is no surprise that the surpluses show up generally as terraced pre-war housing.

Population growth is not a guarantee of increased demand. The collapse of the housing market in the early 1990's occurred despite a growing household population. In lean times people will put up with less housing space (ie not move to a larger home, share with relatives etc) and defer their aspirations.

Housing market behaviour is therefore not just driven by demographics. The government could do more to control and direct demand but does not. The taxation system is generally quite benevolent to home owners, who can live rent free in an investment and avoid paying any tax on the growth in value.

Why has private housing not expanded to fill the gap left by the fall off in social housing provision? Because they are completely separate markets. Provision of Social Housing is driven by the availability of grants, although influenced by the private market in terms of competition for land etc.

There is an implication in your paper that the planning system artificially constrains the supply of land and puts barriers in the way of developers. In this area Kennet (Wiltshire), permissions have already been given to cover the local Structure Plan targets up to 2011. It is the developers who are not using the permissions they have got in many instances. Part of the syndrome is land banking. Like any business they like to see a line of orders into the future and want to protect themselves against leaner times. Development is a long game and not very responsive to short term shifts in demand.

Hope these few lines stimulate some lines of enquiry

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