



Spatial Economics Research Centre

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Population projections and housing affordability

The National Housing and Planning Advice Unit advises the government on housing provision and affordability (house prices to income). A couple of days ago, it published a [note on how revised population projections might affect its supply advice to the government](#).

The answer, in short, is "not much". This partly reflects the fact that NHPAU were already using relatively cautious figures. But even if they had not been the answer would have been fairly similar. Why? Because as my colleague Paul Cheshire argues in a recent [SERC policy paper](#) evidence suggests that 'the overwhelmingly more important driver of the demand for housing is not household numbers: it is rising real incomes.'

In addition, to the extent that household numbers do matter, the planning system is somewhat responsive to projected increases in housing numbers. Unfortunately, historically, it has been completely unresponsive to house prices (this may surprise some) and hence ignores effects from rising real incomes. NHPAU is the government's vehicle for trying to address this problem but it is unclear whether it can be successful. Local Authorities still face few incentives to allow development and use a planning framework that ignores the role of real incomes in driving demand for housing.

Posted by [Prof Henry G. Overman](#) on [Thursday, November 26, 2009](#)

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