



**Town & Country Planning**  
**Tomorrow Series Paper 11**

# **new and novel household projections for england with a 2008 base - summary and review**

**Alan Holmans, with Christine Whitehead**



Supported by the Lady Margaret Paterson Osborn Trust

# Foreword

This Paper is published as the housing and planning system undergoes the most fundamental change for a generation through the Government's localism agenda and welfare reform packages. This timely analysis reveals that the underlying demographic pressures for more and better homes has not receded. Our current building rates for new homes are clearly not adequate to meet this challenge.

The TCPA's recent policy analysis of housing and planning reform carried out for the Joseph Rowntree Foundation raised a number of important themes relevant to the findings of this Tomorrow Series Paper – including the most effective balance between strategic housing policy and an emphasis on the localism approach; the balance between traditional land use regulation and fiscal incentives; and the degree to which, taken as a whole, the reforms provide for a socially progressive framework which will ensure access to high-quality homes and communities. The potential growth in population and households is the core driver of the need for additional housing over the next decades. This Paper seeks to clarify the factors which determine the projected growth in the number of households – in particular, the mix of households and therefore the types and tenure of dwellings required. Understanding this potential growth and its make-up in terms of household size and structure is fundamental to successfully meeting society's needs.

I would like to thank Dr Alan Holmans and Professor Christine Whitehead from the Cambridge Centre for Housing and Planning Research at Cambridge University for their insightful analysis of the new methodology of household projections, which reminds us of our wider obligations to ensure the effective delivery of new homes.

Finally, this research would not have been possible with the support of the Lady Margaret Paterson Osborn Trust, to whom the TCPA is very grateful.

## **Lee Shostak**

Chair, TCPA

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Town & Country Planning Tomorrow Series Paper 11

### **New and Novel Household Projections for England with a 2008 Base – Summary and Review**

By Alan Holmans, with Christine Whitehead

May 2011

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## **Acknowledgements**

The TCPA is extremely grateful to the Lady Margaret Paterson Osborn Trust for supporting the publication of this Tomorrow Series Paper.

The Town and Country Planning Association produces the Tomorrow Series in order to promote debate and encourage innovative thought. Views expressed in Tomorrow Series Papers are those of the authors and do not necessarily represent the views of the TCPA.

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Printed by RAP Spiderweb Ltd, Clock Street, Oldham OL9 7L

# Part 1

## Summary and highlights

### The national findings

In November 2010 the Department for Communities and Local Government (DCLG) published new household projections for England derived from the 2008-based population projections made by the Office for National Statistics (ONS). A radically different two-stage procedure is used – first projecting the household totals, and then disaggregating these totals into 17 household types.

The types of household identified include numbers of children – the most important innovation in the new projections. Some distinctions in the previous projections, notably between married and cohabiting-couple households, have been dropped.

The new projections cover the period to 2033 at five-year intervals from the 2008 base. Over this period the number of households in England is projected to increase by an average of 234,000 a year, to reach just over 27.5 million in 2033.

To enable direct comparisons to be made with the previous (2006-based) and earlier projections, 2008-based household figures for years ending in 1 and 6 were provided by DCLG. These show a total of 26.0 million households in 2026, 650,000 fewer than in the 2006-based projections but 50,000 more than 2004-based figure. The comparison with the

2004-based figure is relevant because those projections were the basis for the housing targets published by the government of the day in 2007. These targets were not revised when in 2009 the much higher 2006-based projections were produced.

There are two main reason for the differences between the new projections and the 2006-based projections:

- The 2008-based population projection has lower numbers in the age ranges relevant to household formation, with lower assumed net inward migration more than offsetting a greater improvement in longevity.
- An allowance has been made for lower household formation between 2001 and 2009, which arithmetically explains over two-fifths of the difference from the 2006-based projection.

In Town & Country Planning Tomorrow Series Paper 10, *New and Higher Projections of the Population – a First Look at their Implications for Housing* (published in September 2008), the authors suggested that the 2006-based projections were probably too high, in part because of increased housing market pressures over the early years of the century and partly because of evidence that migrants formed fewer households than indigenous households in their early years in the country. The

### Table A

#### Distribution between regions of the projected increase in households

|   | 2004-based<br>(2006-26) | 2006-based<br>(2006-26) | 2008-based<br>(2006-26) |
|---|-------------------------|-------------------------|-------------------------|
|   | percentage              |                         |                         |
| North East                                    | 2.7                     | 3.3                     | 3.7                     |
| North West                                    | 11.5                    | 11.0                    | 9.3                     |
| Yorkshire and Humber                          | 10.5                    | 11.8                    | 11.5                    |
| East Midlands                                 | 9.9                     | 10.9                    | 9.4                     |
| West Midlands                                 | 8.3                     | 8.4                     | 7.9                     |
| East of England                               | 13.4                    | 13.3                    | 14.0                    |
| London  | 14.8                    | 13.4                    | 15.5                    |
| South East                                    | 16.1                    | 15.5                    | 17.0                    |
| South West                                    | 12.9                    | 12.5                    | 11.8                    |
| <b>England (total increases in thousands)</b> | <b>4,457</b>            | <b>5,159</b>            | <b>4,672</b>            |

Source: Part 2 of this Paper, Table 5

**Table B****Summary household types – comparison between the 2008-based projections and previous projections**

|                               | 2001          | 2006          | 2011          | 2016          | 2021          | 2026          |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                               | thousands     |               |               |               |               |               |
| <b>2008-based</b>             |               |               |               |               |               |               |
| Couple households             | 11,441        | 11,394        | 11,504        | 11,727        | 11,949        | 12,060        |
| Lone-parent households        | 1,438         | 1,607         | 1,811         | 2,035         | 2,292         | 2,495         |
| Other multi-person households | 1,341         | 1,318         | 1,301         | 1,287         | 1,264         | 1,268         |
| One-person households         | 6,304         | 7,024         | 7,773         | 8,558         | 9,340         | 10,194        |
| <b>All households</b>         | <b>20,523</b> | <b>21,344</b> | <b>22,389</b> | <b>23,608</b> | <b>24,843</b> | <b>26,016</b> |
| <b>2006-based</b>             |               |               |               |               |               |               |
| Couple households             | 11,497        | 11,583        | 11,841        | 12,146        | 12,446        | 12,703        |
| Lone-parent households        | 1,476         | 1,663         | 1,767         | 1,852         | 1,919         | 1,976         |
| Other multi-person households | 1,386         | 1,446         | 1,550         | 1,648         | 1,735         | 1,816         |
| One-person households         | 6,163         | 6,822         | 7,590         | 8,460         | 9,339         | 10,178        |
| <b>All households</b>         | <b>20,522</b> | <b>21,515</b> | <b>22,748</b> | <b>24,107</b> | <b>25,439</b> | <b>26,674</b> |
| <b>2004-based</b>             |               |               |               |               |               |               |
| Couple households             | 11,497        | 11,596        | 11,787        | 11,994        | 12,182        | 12,322        |
| Lone-parent households        | 1,476         | 1,655         | 1,760         | 1,830         | 1,882         | 1,928         |
| Other multi-person households | 1,387         | 1,452         | 1,538         | 1,629         | 1,708         | 1,775         |
| One-person households         | 6,163         | 6,816         | 7,562         | 8,384         | 9,200         | 9,951         |
| <b>All households</b>         | <b>20,523</b> | <b>21,519</b> | <b>22,646</b> | <b>23,837</b> | <b>24,973</b> | <b>25,975</b> |

Source: Part 2 of this Paper, Table 8

first factor has been partially taken into account. No adjustment has been made for the second. For this reason we would expect the new figures still to over-estimate future household numbers by perhaps 25,000 a year.

A rather different issue is the relative importance of the different components of the total increase in households. The population projection is by far the largest component of the projected increase in households, as in all household projections since 1991; but its relative importance has increased. On the other hand, changes in household representative rates make a smaller contribution than in earlier projections. How far this is caused by the new projection procedure is not commented on in DCLG's technical report.

## Regional projections

The 2006-based projections suggested surprisingly large increases in the number of households in some regions – particularly Yorkshire and Humber, and the East Midlands – and relatively smaller increases in the South East and London compared with earlier estimates (see Table A). The new projections suggest somewhat lower growth in the Midlands and parts of the North and more in the South and East. This is a partial reversion towards

the earlier pattern before the surge in house prices in the South and East relative to the rest of the country in the later 1990s and early 2000s. This led to less migration to – and more outmigration from – the South, which was picked up by the migration assumptions. As house price rises slowed in the South and accelerated in the Midlands and North there was less outmigration from the South, which is reflected in the new estimates.

## Types of household

The biggest changes in the new projections are in relation to household types. This is partly because of the far greater detail about household structures included in the new projections. However, they also suggest some large differences from earlier projections which are not just the results of greater detail.

Table B provides a summary of projections for the main household types used in earlier projections. They suggest a very large increase in the number of lone-parent households compared with earlier projections. One-person households are also expected to increase more quickly, while slower growth is projected among couples and other multi-adult households.

The 2008-based projections show an increase of 600,000 in the number of couple households between 2001 and 2026, made up of an increase of 1 million households without dependent children and a fall of 400,000 in households with one or more dependent children. Over the same period there is a projected increase of 1.05 million in the number of lone-parent households. This contrast between increasing numbers of lone-parent households and falling numbers of couple households with children is new information made possible by the 2008 household projection method.

As important from the point of view of housing requirements is that the overall number of households with children is expected to grow by 660,000. Two-thirds of these households will have only one dependent child, but there is a 73% increase in lone-parent families with three or more children.

## Uncertainties in the projections

Household projections embody all the uncertainties inherent in the population projections from which they are derived, together with inevitable uncertainties arising from the household projection processes. In the 2008-based projections these include:

- how to interpret the fall in household representative rates in young age groups in 2001-09 – as a postponement of household formation caused by problems of affordability and mortgage shortages that will be caught up later; or as a more profound shift in social attitudes?;
- the short base period (1991 to 2001) for the projection of household representative rates for types of household relative to the length of the period the projections covered – which is reflected particularly in the growth of lone-parent households; and
- the effect of lower household representative rates among recent immigrants when immigration is assumed to run at levels that are high by pre-2001 standards.

## Implications for housing requirements

The 2008-based projections suggest that demographic changes alone will result in the need for 234,000 additional dwellings per annum if households are to be able to live separately.

The new evidence on numbers of children suggests an increasing need for dwellings large enough for three or more children – although the rate of growth is much slower than for childless households.

The rate of growth in the number of lone-parent households is projected to be twice that for the overall total. If this position were to be fulfilled, it would almost certainly imply a large increase in the need for affordable housing.

The increase of 1.2 million couple households with no other members implies a large increase in under-occupation of the housing stock.

# Part 2

## The 2008-based household projections for England and their implications in greater detail

### 1

#### Setting the scene

The potential growth in population and households is the core driver of the need for additional housing over the coming decades. Understanding this potential growth and its make-up in terms of household size and structure is fundamental to effective land use planning for residential development.

For over 40 years the Department for Communities and Local Government (DCLG) and its predecessors have used household projections as the basis for this understanding. In 2010 DCLG published a new set of projections which used a radically different and more detailed two-stage approach to estimation. This has generated projections which are in line with past trends although somewhat lower than the figures produced in 2009. It has also generated household estimates which give much greater detail of potential changes in the structure of families, with particular emphasis on the number of adults and children. This Paper discusses the basis of these new findings and suggests some implications for housing requirements.

Two earlier Papers in the Town & Country Planning Tomorrow Series were concerned with the growth in the number of households in England. Paper 5, *More Households to be Housed – Where Is the Increase in Households Coming From?*,<sup>1</sup> analysed the 2003-based household projection, the first to use the 2001 Census for projecting trends in household formation. The analysis distinguished, in particular, increases in the number of households that would arise from population growth, and the impact of changes in the propensity to form separate households. It looked in some detail at the

increase in the number of older households arising from improving longevity, and at the effects of international migration. The Paper suggested that the projected increase in households at an average of 213,000 a year between 2001 and 2021 was more likely to be too high than too low, but that household growth was nevertheless likely to be well above the projected increase of 175,000 a year which caused such a furore when published in 1995.

The second Paper, Paper 10 in the series,<sup>2</sup> was by the same authors. Its occasion was the publication by the Office for National Statistics of new, 2006-based projections of the population which were very substantially higher than the 2004-based projections that they superseded, and higher still than the 2003-based projection discussed in Paper 5. At the time it was understood from DCLG that it was not expecting to publish the 2006-based household projections based on these population projections for some time. DCLG had commissioned a review of the methods used for household projections, which recommended major methodological changes. DCLG held consultations, but decided in the event to use the existing projection method for the 2006-based projections, which were published in March 2009. The scale of the upward revision to the population projections meant that their implications for housing demand were very great. An increase in the population of 7.9 million between 2006 and 2026 was projected, the largest increase ever over a 20-year period.<sup>3</sup> The TCPA decided that what this potentially implied for housing ought to be brought into the public arena, and commissioned the work reported in Paper 10.

Paper 10 presented an estimate of 26,761,000 households in 2026, in the event only 87,000 different from the official figure subsequently published by DCLG in March 2009. It implied an

1 Alan Holmans, with Christine Whitehead: *More Households to be Housed – Where Is the Increase in Households Coming From?* Town & Country Planning Tomorrow Series Paper 5. TCPA, Oct. 2006. Published in *Town & Country Planning*, 2006, Vol. 75, Oct.

2 Alan Holmans, with Christine Whitehead: *New and Higher Projections of the Population – A First Look at their Implications for Housing*. Town & Country Planning Tomorrow Series Paper 10. TCPA, Sept. 2008. Published in *Town & Country Planning*, 2008, Vol. 77, Sept.

3 The largest actual increase in 20 years was 7.1 million (in England and Wales) between 1891 and 1911

increase of just over 5.2 million households over the period 2006-26, an average of 260,000 a year. This was over 35,000 a year more than the 2004-based projection which formed the demographic component of the housing targets of the government of the day announced in 2007 (see page 16). Paper 10 presented arguments that the household projection was likely to be over-stated. A direct estimate of the number of households in 2006 was about 170,000 lower than the estimate from even the 2004-based projection.<sup>4</sup> One reason why the household projection could be too high was that it did not take account of lower household formation rates among immigrants from outside the United Kingdom. Another was that the increase in house prices between 2001 and 2006 had made housing less affordable. The evidence on these factors was discussed in some detail.<sup>5</sup>

The occasion for this new Paper in the Town & Country Planning Tomorrow Series is the publication by DCLG of 2008-based household projections produced by a radically different method from that used previously. The existing method had been criticised as being very complex and not capable of being further developed to add to the range of projection outputs. In particular, it could not produce projections of couple households with children, which were a widely expressed need.

In 2008 DCLG commissioned Experian to review the household projection method. A two-stage projection method was recommended, with the first stage producing totals of households with no disaggregation by household type, and the second stage producing the household type detail. After extended and wide-ranging consultation this procedure was adopted, and projections were published in November 2010 in *Household Projections, 2008 to 2033, England*.<sup>6</sup>

The most striking contrast with the previous projection method is in the types of household for which the new method produces projections. The method it replaced was recognisably still the method used for the first household projections published in 1969,<sup>7</sup> with incremental improvements from time to time and more substantial changes in 1995.<sup>8</sup> These changes comprised replacing the

concept of a household headship rate by a household representative rate,<sup>9</sup> and introducing cohabiting couples as a type of household alongside married-couple households, lone-parent households, other multi-person households (previously 'other households'), and one-person households. The projection procedure remained basically as in 1969, with the fitting and projecting of trends in headship rates/household representative rates specific for age, sex and marital status from Census data, originally for 1961 and 1966, but subsequently for 1971, 1981, 1991 and 2001. To a degree, this procedure survives in stage 1 of the new projection method.

In addition to this introduction, this Paper comprises:

- Section 2: 'The method for the 2008-based projections';
- Section 3: 'Results from the 2008-based household projections – national and regional totals' – this Section also offers comparisons with previous projections;
- Section 4: 'Results from the 2008-based household projections – types of household'; and
- Section 5: 'Overview of and comment on the 2008-based household projections'.

## 2

### The method for the 2008-based household projections

The principal difference between the previous and new projection methods is that the new method produces the projection in two stages. Stage 1 produces the totals, and stage 2 the types of household. This follows from the review of the projection by Experian,<sup>10</sup> which found that when projection methods were applied to past data, projections in terms of age and sex were as accurate as the full projection model with types of household. A full description of both stage 1 and stage 2 is given in DCLG's technical report on the

4 Alan Holmans, with Christine Whitehead: *New and Higher Projections of the Population – A First Look at their Implications for Housing*. Town & Country Planning Tomorrow Series Paper 10. TCPA, Sept. 2008, pp.9-14. Published in *Town & Country Planning*, 2008, Vol. 77, Sept.

5 *Ibid.*, pp.14-16 and 18-19

6 *Household Projections, 2008 to 2033, England*. Housing Statistical Release. Department for Communities and Local Government, 26 Nov. 2010. [www.communities.gov.uk/documents/statistics/pdf/1780763.pdf](http://www.communities.gov.uk/documents/statistics/pdf/1780763.pdf)

7 *Housing Statistics Great Britain No. 14*. Ministry of Housing and Local Government, 1969

8 *Projections of Households in England to 2016*. Department of the Environment. HMSO, 1995

9 For an explanation of the concept and its rationale, see Annex A to *Projections of Households in England to 2016*. Department of the Environment. HMSO, 1995. The household representative rate is defined on page 8 of *Updating the Department for Communities and Local Government's Household Projections to a 2008 Base: Methodology* (at [www.communities.gov.uk/documents/statistics/pdf/1780350](http://www.communities.gov.uk/documents/statistics/pdf/1780350)) as 'the probability of anyone in a particular demographic group being classified as being a household representative'

10 *Options for the Future of the Household Projection Model: A Final Report*. Experian, for Department for Communities and Local Government, 2008. [www.communities.gov.uk/publications/housing/optionsfuturemodel](http://www.communities.gov.uk/publications/housing/optionsfuturemodel)

projection method.<sup>11</sup> Here, only a fairly brief outline need be given for stage 1. Stage 2 is discussed in rather more detail, as the household types are novel, and when aggregated show marked contrasts with the previous projections. It should be noted that both stage 1 and stage 2 depend on projecting household representative rates. More radical alternatives such as the household membership rate method used in Wales<sup>12</sup> were not followed.

For the stage 1 projection, the projected private household population is divided by age and sex, and cross-divided into:

- people who are part of a mixed-sex couple;
- people who are separated, divorced, or widowed (i.e. former members of a mixed-sex couple); and
- single (i.e. never-married) people who are not cohabiting.

Household representative rates specific for these characteristics and age and sex were projected from 1971, 1981, 1991 and 2001 Census data, with adjustments (see below) for Labour Force Survey (LFS) information post-2001. As in the previous projections, the eldest male (in multi-person households) is the household representative, or the eldest female if there is no male; but no distinction is drawn between married and cohabiting couples.

Important changes in the detail of the method are made, too complex to be described here. But basically the method for stage 1 is substantially the same as for the previous projections, and to that extent continuity is preserved. The Labour Force Survey adjustment is necessary because the LFS shows steep falls between 2001 and 2009 in household representative rates among people aged 20-24 to 35-39. The procedure used is described on pages 10-11 of DCLG's technical report.<sup>13</sup> This is important because the fall in household formation at the younger ages posed a new problem for household projections: what to do when the total of households in the base year is demonstrably some way below a projection from past trends? The results of the stage 1 projection of household totals are discussed in Section 3 of this Paper.

Stage 2 of the 2008-based projection provides the numbers of households of each of the types distinguished. The household types in the projection are from those specified in the 2001 (and 1991) Census tabulations of households. This detail is not available for 1971 and 1981. The data on household composition from the 1992-based projections

onwards were the 1971 and 1981 samples from the OPCS (now ONS) Longitudinal Study, used as approximately 1% cross-section samples. The household types in stage 2 are:

- one-person households, male and female separately;
- households with one couple family and no other person apart from dependent children (aged 15 and under, or 16-18 if in full-time education);
- couple households with other persons present;
- lone-parent families with no other persons present other than dependent children;
- lone-parent households with other persons; and
- other households.

The family households are sub-divided according to the number of dependent children. There are 17 household types in total.

Seventeen separate household types are too many to handle conveniently, and some comprise only small numbers. A condensed version is therefore helpful in presenting and commenting on the projections. Male and female one-person households are combined; couple households without and with other adults are combined; and lone-parent households without and with other adults are combined. Table 1 shows this version of types of households in 1991 and 2001. Data for all 17 household types are set out in Table A1 in Annex 1.

The two sets of household type data in Tables 1 and A1 are fairly similar, as would be expected. They both show a reduction between 1991 and 2001 in the number of couple households and an increase in lone-parent households. Of particular importance is that the data on households with dependent children show a fall of 180,000 couple households with children, and an increase of 450,000 in lone-parent households. There was an implied net reduction of about 250,000 in the number of children in couple households and an increase of rather over 600,000 in the number of children living in lone-parent households. Attention is drawn to this fact (apparently little commented on) about family change in the 1990s, because somewhat similar changes in the projection period discussed in Section 4 of this Paper appear eye-catching.

Projections of the number of households with dependent children, cross-analysed by number of children, raise an issue about aligning the implied number of dependent children with future numbers of dependent children as inferred from official population projections. The procedure for this is described in

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11 *Updating the Department for Communities and Local Government's Household Projections to a 2008 Base: Methodology.*

Department for Communities and Local Government, Nov. 2010. [www.communities.gov.uk/documents/statistics/pdf/1780350](http://www.communities.gov.uk/documents/statistics/pdf/1780350)

12 *Household Projections for Wales (2008-based): Summary Report.* Statistical Directorate, Welsh Assembly Government, Sept. 2010. <http://wales.gov.uk/docs/statistics/2010/100929sdr1572010en.pdf>

13 *Updating the Department for Communities and Local Government's Household Projections to a 2008 Base: Methodology.*

Department for Communities and Local Government, Nov. 2010. [www.communities.gov.uk/documents/statistics/pdf/1780350](http://www.communities.gov.uk/documents/statistics/pdf/1780350)

DCLG's technical report.<sup>14</sup> In essence, the proportion of couple households with children and the proportion of couple and lone-parent households with one, two and three or more dependent children are adjusted so as to achieve consistency. This procedure is followed for each local authority district separately. Total numbers of households in each local authority district are not altered, because they are given by the stage 1 projections. The projected numbers of households with dependent children, and the number of children, follow from the numbers of children in the population projections, which in turn depend on the assumptions made in the official population projections about future births. Hitherto, future births could not affect household projections at all until 15 years from the base year, and after that in only a small way because household representative rates among young adults are very low. In the new household projection system, however, new birth rate assumptions will make necessary revisions to the projection of numbers of households with dependent children.

The fact that data for projecting the mix of household types are available only for two years a decade apart must introduce an important element of uncertainty about projections 32 years into the future. The 2011 Census will produce a third set of data points; it will therefore be an important occasion to appraise the 2008-based projections of types of households.

### 3 Results from the 2008-based household projections - national and regional totals

#### The national estimates

DCLG's summary of the 2008-based household projections<sup>15</sup> and Live Tables with fuller detail<sup>16</sup> give figures for years ending in 3 and 8, from 2008 to 2033. In this Paper, additional tables supplied by DCLG for years ending in 1 and 6 are used, so that comparisons can more readily be made with previous projections. In view of the 2011 Census, it is very likely that the

**Table 1**  
**Households in England in 1991 and 2001 - condensed analysis by type**

|                                   | 1991          | 2001          |
|-----------------------------------|---------------|---------------|
|                                   | thousands     |               |
| <b>One-person households</b>      | <b>5,052</b>  | <b>6,304</b>  |
| <b>Couple households</b>          |               |               |
| No children                       | 6,973         | 6,966         |
| One child                         | 1,827         | 1,725         |
| Two children                      | 1,994         | 1,902         |
| Three or more children            | 837           | 848           |
| <b>All couple households</b>      | <b>11,631</b> | <b>11,441</b> |
| <b>Lone-parent households</b>     |               |               |
| One child                         | 506           | 754           |
| Two children                      | 326           | 465           |
| Three or more children            | 150           | 219           |
| <b>All lone-parent households</b> | <b>982</b>    | <b>1,438</b>  |
| <b>Other households</b>           | <b>1,499</b>  | <b>1,341</b>  |
| <b>All households</b>             | <b>19,166</b> | <b>20,523</b> |

Source: Table 404. Live Tables, Department for Communities and Local Government, Updated Nov. 2010

For a comparison with the household types in the totals of households in 1991 and 2001 that are part of the data set for the 2006-based (and 2004-based) projections, married couples and cohabiting couples have to be combined. This comparison is set out in Table A2 in Annex 1

next set of official household projections will have years ending in 1 and 6. Comparisons in this Paper between the present projections and the 2004- and 2006-based projections cover 2001 to 2026. The 2006-based projection reached to 2031, as do the 2008-based tables provided by DCLG. But 2026 is the end-year for demographically based estimates of future demand and need produced by the Cambridge Centre for Housing and Planning Research (CCHPR).<sup>17</sup> Table 2 compares the totals for 2001 to 2026 from DCLG's 2004-, 2006- and 2008-based projections. The populations from which the figures for 2006 and 2008 were derived are official mid-year estimates by ONS, but the household representative rates are projections. 2008 is included because the nearer-term profile of numbers of households is a more important issue in the 2008-based projections than in the others.

Overall, the 2008-based projection shows an average increase of 234,000 a year in the total of

14 *Updating the Department for Communities and Local Government's Household Projections to a 2008 Base: Methodology*. DCLG, Nov. 2010, pp.16-18. [www.communities.gov.uk/documents/statistics/pdf/1780350](http://www.communities.gov.uk/documents/statistics/pdf/1780350)

15 *Household Projections, 2008 to 2033, England*. Housing Statistical Release. Department for Communities and Local Government, 26 Nov. 2010. [www.communities.gov.uk/documents/statistics/pdf/1780763.pdf](http://www.communities.gov.uk/documents/statistics/pdf/1780763.pdf)

16 Table 404: 'Household projections by household type and region, England, 2001-2033'. Live Tables. Department for Communities and Local Government, Updated Nov. 2010. [www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdestimates/livatables-households/](http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/householdestimates/livatables-households/)

17 *Homes for the Future: A New Analysis of Housing Need and Demand in England*. Shelter, Nov. 2008. [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0003/142473/Homes\\_for\\_the\\_Future\\_amended\\_Feb\\_09.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0003/142473/Homes_for_the_Future_amended_Feb_09.pdf)

households between 2006 and 2026, as compared with 258,000 in the 2006-based projection and 223,000 in the 2004-based projection. The projected future growth of the population and changes in its age structure are the principal sources of the projected increase in households in the 2008-based projection, as with all recent English household projections. Table 3 compares the components of household growth in the 2008-based projection

**Table 2**  
**Households in England in 2001 to 2026 - projections compared**

|      | 2004-based | 2006-based | 2008-based |
|------|------------|------------|------------|
|      | thousands  |            |            |
| 2001 | 20,523     | 20,522     | 20,523     |
| 2006 | 21,519     | 21,515     | 21,344     |
| 2008 | –          | –          | 21,731     |
| 2011 | 22,646     | 22,748     | 22,389     |
| 2016 | 23,837     | 24,107     | 23,608     |
| 2021 | 24,973     | 25,439     | 24,843     |
| 2026 | 25,975     | 26,674     | 26,016     |

Sources: Table 4.3. *Housing Statistics 2007*. Department for Communities and Local Government, Feb. 2008; and Table 4.1. *Housing and Planning Statistics 2009*. Department for Communities and Local Government, Dec. 2009

**Table 3**  
**Components of household growth in the 2003-based and 2008-based projections**

|                                    | 2003-based |            | 2008-based |
|------------------------------------|------------|------------|------------|
|                                    | thousands  | %          | %          |
| Population level and age structure | 165        | 77         | 92         |
| Marital status                     | 0          | 0          | -5         |
| Household representative rates     | 44         | 21         | 16         |
| Interaction terms                  | 4          | 2          | -3         |
| <b>Total</b>                       | <b>213</b> | <b>100</b> | <b>100</b> |

Source: Table 8. In Alan Holmans, with Christine Whitehead: *More Households to be Housed – Where Is the Increase in Households Coming From?* Town & Country Planning Tomorrow Series Paper 5. TCPA, Oct. 2006. Published in *Town & Country Planning*, 2006, Vol. 75, Oct.; and Table 5. *Household Projections, 2008 to 2033, England*. Housing Statistical Release. Department for Communities and Local Government, Nov. 2010, which showed projected components of household growth in percentage form only

between 2008 and 2033 with the components of growth between 2001 and 2021 in the 2003-based projection. The different time period means that the comparison can only be approximate.

The Labour Force Survey adjustments that lowered the household total in 2033 by nearly 300,000<sup>18</sup> reduced the household representative rate component by around the same amount. If this is added back, the proportion of the overall increase in the number of households that is due to household representative rates becomes 20%. The analysis of components of the projected increase in households comes from the stage 1 projection. This uses the same data up to 2001 as the earlier projection, so a similar contribution by projected household representative rates would be expected.

In the medium to long term, the differences between the projections are primarily the outcome of the population projections from which they were derived. The 2008-based projection of the population of the ages relevant to household representative rates was lower than the 2006-based projection as a result of lower assumptions about net inward migration (the 'headline' figure for annual average net migration into the United Kingdom was 157,000 as against 190,000) outweighing a faster improvement in longevity.

In the shorter term, adjustments for the fall in household representative rates between 2001 and 2009 shown by the Labour Force Survey are important. These adjustments depress household representative rates below the values that would be produced from pre-2001 trends. After 2009 the projections revert to previous trends, but the effect of the adjustments in this period is not reversed. It reduces the projected number of households at the end of the projection period by a little under 300,000. The impact of the Labour Force Survey adjustment is greatest in the 25-29 age range, nearly as great at age 30-34, and substantial at ages 20-24 and 35-39. The logic suggests strong but time-limited downward pressures on household formation.

The most likely possible causes are the increases in house prices relative to incomes up to 2007 (which reduce affordability of housing and so prevent considerable numbers of people from living independently); and then shortages of mortgage finance. The household projections assume that what happened was not an enforced postponement of household formation until conditions improved. If that were thought likely, the shortfall could be assumed to be caught up in the longer term, and the projected total of households in the later years of the projection would be the same as if the Labour Force Survey adjustment had not been made. An alternative possibility is that the lower household representative rates in 2001-09 are the result of a

18. *Updating the Department for Communities and Local Government's Household Projections to a 2008 Base: Methodology*. Department for Communities and Local Government, Nov. 2010, p.11. [www.communities.gov.uk/documents/statistics/pdf/1780350](http://www.communities.gov.uk/documents/statistics/pdf/1780350)

**Table 4**  
**Household projections – regional analysis**

|                      | 2004-based    |               | 2006-based    |               | 2008-based    |               |
|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                      | 2006          | 2026          | 2006          | 2026          | 2006          | 2026          |
|                      | thousands     |               |               |               |               |               |
| North East           | 1,111         | 1,260         | 1,110         | 1,281         | 1,098         | 1,271         |
| North West           | 2,946         | 3,455         | 2,931         | 3,497         | 2,908         | 3,341         |
| Yorkshire and Humber | 2,171         | 2,648         | 2,181         | 2,792         | 2,164         | 2,702         |
| East Midlands        | 1,841         | 2,251         | 1,849         | 2,413         | 1,832         | 2,271         |
| West Midlands        | 2,245         | 2,616         | 2,237         | 2,668         | 2,214         | 2,581         |
| East of England      | 2,357         | 2,889         | 2,371         | 3,056         | 2,346         | 3,000         |
| London               | 3,200         | 3,980         | 3,178         | 3,867         | 3,180         | 3,907         |
| South East           | 3,435         | 4,125         | 3,447         | 4,244         | 3,408         | 4,201         |
| South West           | 2,212         | 2,752         | 2,211         | 2,854         | 2,193         | 2,743         |
| <b>England</b>       | <b>21,519</b> | <b>25,975</b> | <b>21,515</b> | <b>26,674</b> | <b>21,344</b> | <b>26,016</b> |

Sources: Table 4.3. *Housing Statistics 2007*. Department for Communities and Local Government, Feb 2008; Table 4.1. *Housing and Planning Statistics 2009*. Department for Communities and Local Government, Dec. 2009; and Tables supplied by the Department for Communities and Local Government

step-change in household formation at the younger ages. The 2011 Census may throw some light on this. But at the time of the Census, recovery of the British economy from the recession was still incomplete and mortgage shortages were pervasive. It could not be said, therefore, that the probable short-term causes of lower household representative rates from 2001 to 2009 were at an end. The test will come further into the future, provided that the British economy continues to improve.

A different possible reason for actual household representative rates after 2001 being lower than a projection from past trends is the effect of much higher immigration combined with lower household formation rates. This was discussed at some length in *Town & Country Planning Tomorrow Series Paper 5, More Households to be Housed*.<sup>19</sup> To the extent that the analysis put forward is valid, it would imply continuing lower increases in households for as long as immigration runs at recent levels. The data required to test this hypothesis and separate the effects of migration from housing market effects are, however, not yet available.

A full formal analysis of components of difference between the 2008- and 2006-based projections, such as that published by the Department of the Environment, Transport and the Regions in Table 21 of *Projections of Households in England to 2021*,<sup>20</sup> has not so far been published by DCLG. This divided the difference between the household totals for 1996 and 2016 into the effects of (i) different population

projections; (ii) different marital status projections; (iii) different household representative rate projections; and (iv) different assumptions for projections of the institutional population. Differences between 2006-based projections of household representative rates and stage 1 of the 2008-based projections would include the effect of the Labour Force Survey adjustments; but possibly also the effect of there being no cohort modelling of household representative rates in the 2008-based projections. A different set of marital status projections was also used in the 2008-based projections.

## The regional estimates

Regional household projections depend on regional population projections, which in turn are strongly influenced by assumptions about inter-regional migration (and migration between England and the other countries of the United Kingdom). Table 4 compares the number of households in 2006 and 2026 in the 2004-, 2006- and 2008-based projections.

There are considerable differences between regions in the changes between the 2004-, 2006- and 2008-based projections. They can most conveniently be compared in terms of the regional shares of the projected total increase in households in England. This comparison is shown in Table 5, together with regional shares of the total increase in

19 Alan Holmans, with Christine Whitehead: *More Households to be Housed – Where Is the Increase in Households Coming From?* *Town & Country Planning Tomorrow Series Paper 5*. TCPA, Oct. 2006. Published in *Town & Country Planning*, 2006, Vol. 75, Oct.

20 *Projections of Households in England to 2021*. Department of the Environment, Transport and the Regions. HMSO, 1999

**Table 5**  
**Distribution between regions of projected increase in households**

|                                     | 1996-based<br>(2001-21) | 2003-based<br>(2006-26) | 2004-based<br>(2006-26) | 2006-based<br>(2006-26) | 2008-based<br>(2006-26) |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                     | percentage              |                         |                         |                         |                         |
| North East                          | 2.3                     | 2.5                     | 2.7                     | 3.3                     | 3.7                     |
| North West                          | 7.8                     | 10.5                    | 11.5                    | 11.0                    | 9.3                     |
| Yorkshire and Humber                | 7.8                     | 8.5                     | 10.5                    | 11.8                    | 11.5                    |
| East Midlands                       | 8.9                     | 9.2                     | 9.9                     | 10.9                    | 9.4                     |
| West Midlands                       | 6.9                     | 8.5                     | 8.3                     | 8.4                     | 7.9                     |
| East of England                     | 13.9                    | 13.3                    | 13.4                    | 13.3                    | 14.0                    |
| London                              | 17.2                    | 17.4                    | 14.8                    | 13.4                    | 15.5                    |
| South East                          | 21.8                    | 17.5                    | 16.1                    | 15.5                    | 17.0                    |
| South West                          | 13.3                    | 12.7                    | 12.9                    | 12.5                    | 11.8                    |
| <b>England (total in thousands)</b> | <b>3,008</b>            | <b>4,228</b>            | <b>4,457</b>            | <b>5,159</b>            | <b>4,672</b>            |

Sources: Table 3. *Projections of Households in England to 2021*. Department of the Environment, Transport and the Regions. HMSO, 1999; Table 4.1. *Housing Statistics 2006*. Department for Communities and Local Government, Dec. 2006; and Table 4 above

**Table 6**  
**2008-based household projections - analysis by household type**

|  | 2001          | 2006          | 2011          | 2016          | 2021          | 2026          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
|  | thousands     |               |               |               |               |               |
| <b>Couple households (married and cohabiting)*</b> |               |               |               |               |               |               |
| No children  | 6,966         | 7,137         | 7,358         | 7,628         | 7,819         | 7,979         |
| One child  | 1,725         | 1,627         | 1,607         | 1,617         | 1,627         | 1,589         |
| Two children                                       | 1,902         | 1,802         | 1,727         | 1,677         | 1,673         | 1,645         |
| Three or more children                             | 848           | 828           | 812           | 805           | 830           | 847           |
| <b>All couple households</b>                       | <b>11,441</b> | <b>11,394</b> | <b>11,504</b> | <b>11,727</b> | <b>11,949</b> | <b>12,060</b> |
| <b>Lone-parent households*</b>                     |               |               |               |               |               |               |
| One child  | 754           | 852           | 970           | 1,097         | 1,231         | 1,334         |
| Two children                                       | 465           | 514           | 571           | 636           | 717           | 783           |
| Three or more children                             | 219           | 241           | 270           | 302           | 344           | 378           |
| <b>All lone-parent households</b>                  | <b>1,438</b>  | <b>1,607</b>  | <b>1,811</b>  | <b>2,035</b>  | <b>2,292</b>  | <b>2,495</b>  |
| <b>One-person households</b>                       | <b>6,304</b>  | <b>7,024</b>  | <b>7,773</b>  | <b>8,558</b>  | <b>9,340</b>  | <b>10,194</b> |
| <b>Other households</b>                            | <b>1,341</b>  | <b>1,318</b>  | <b>1,301</b>  | <b>1,287</b>  | <b>1,264</b>  | <b>1,268</b>  |
| <b>All households</b>                              | <b>20,523</b> | <b>21,344</b> | <b>22,389</b> | <b>23,608</b> | <b>24,843</b> | <b>26,016</b> |

Source: Projection tables supplied by the Department for Communities and Local Government

\* Includes both households with only dependent children and households with other members

the 1996- and 2003-based projections to provide a longer perspective.

The rise in the proportion of the projected increase in households in the South of England in the 2008-based projections shows a partial reversal of the trend reflected by the 2006- and 2004-based projections. In the 1996-based projections, 66% of the total projected increase in households was in London and the South East, East of England and South West regions; in the 2006-based projections,

55% only; but in the 2008-based projections, 58%. The reduction between the 1996-based and 2006-based projections was the consequence of migration assumptions, including inter-regional migration. The timing is consistent with house price geography being important. At the end of the 1990s, house prices rose particularly rapidly in London and much of the South, but more slowly in the rest of the United Kingdom. This pattern closely resembled the course of house prices in previous

**Table 7**  
**Couple and lone-parent households without and with 'other' members**

|   | 2001          | 2006          | 2011          | 2016          | 2021          | 2026          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | thousands     |               |               |               |               |               |
| <b>Couple households</b>                    |               |               |               |               |               |               |
| With only dependent children*               | 9,151         | 9,316         | 9,579         | 9,921         | 10,252        | 10,478        |
| With 'others'                               | 2,290         | 2,078         | 1,925         | 1,806         | 1,697         | 1,582         |
| <b>Lone-parent households</b>               |               |               |               |               |               |               |
| With only dependent children                | 1,175         | 1,327         | 1,507         | 1,705         | 1,930         | 2,108         |
| With 'others'                               | 263           | 280           | 304           | 330           | 362           | 387           |
| <b>All family households</b>                |               |               |               |               |               |               |
| With only dependent children or no children | 10,326        | 10,643        | 11,086        | 11,626        | 12,182        | 12,586        |
| With 'others'                               | 2,553         | 2,358         | 2,229         | 2,136         | 2,059         | 1,969         |
| <b>Total</b>                                | <b>12,879</b> | <b>13,001</b> | <b>13,315</b> | <b>13,762</b> | <b>14,241</b> | <b>14,555</b> |
| Proportion with 'others' (as a percentage)  | 19.8          | 18.1          | 16.7          | 15.5          | 14.5          | 13.5          |

Source: Projection tables supplied by the Department for Communities and Local Government

\* Includes couple households with no dependent children and no other persons

housing market cycles back to the 1970s. In the upswing, house prices rise sooner and faster in the South than in the Midlands and North, but in the downswing the opposite is true. The reduction in outward migration from the South from around 2007 that is picked up in the 2008-based population and household projection is consistent with this interpretation.

The reduction between the 2003-based and 2004-based projections of London's share of the total increase in households in England was partly the result of a re-assessment of out-migration from London of immigrants arriving there from abroad. London is the place of entry to the UK of a high proportion of immigrants. When immigration is running as high as was assumed in the 2004-based and 2006-based projections, assumptions about moving on from London to elsewhere in the UK made a substantial difference.

## 4 Results from the 2008-based household projections - types of household

The types of household in the 2008-based projections are the most eye-catching innovation. The methodology was discussed above (in Section 2), as was the definition of each type of household.

Households with children are the principal household type innovation in the 2008-based projections. Between 2006 and 2026, the number of couple households with children is projected to

fall by 176,000, while the number of lone-parent households is projected to increase by 889,000 (see Table 6). A total increase of households with children is projected – about 700,000 in round terms. Of this increase, 445,000 (62%) is projected to be in households with one dependent child; 112,000 (16%) in households with two dependent children; and 157,000 (22%) in households with three children or more. Most (88%) of the projected increase in 'large' families – three children or more – is in lone-parent families.

The projected combined number of couple and lone-parent households with 'other' members is shown to fall. The figures are shown in summary form (in Table 7), as the fall is likely to be the consequence of more younger men and women living independently instead of in the parental home, which is picked up in the projections of younger one-person households. Figures are shown for 2001, 2006, 2011, 2016, 2021 and 2026. This detail is important, owing to contrasts with the profile of the 2006-based projections.

In Table 6, couple households and lone-parent households include both households with only dependent children and households with other members. The proportion of all family households with other members is projected to fall, as Table 7 shows.

A comparison with types of household in the 2006-based and 2004-based projections can be made for four categories of household only: couple households (married and cohabiting together in the 2006-based and 2004-based projections); lone-parent households; other multi-person households; and one-person households (see Table 8). This is, however, sufficient to show a very significant difference between the mix of household types in

**Table 8**  
**Summary household types – comparison between 2008-based projections and previous projections**

|                               | 2001          | 2006          | 2011          | 2016          | 2021          | 2026          |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                               | thousands     |               |               |               |               |               |
| <b>2008-based</b>             |               |               |               |               |               |               |
| Couple households             | 11,441        | 11,394        | 11,504        | 11,727        | 11,949        | 12,060        |
| Lone-parent households        | 1,438         | 1,607         | 1,811         | 2,035         | 2,292         | 2,495         |
| Other multi-person households | 1,341         | 1,318         | 1,301         | 1,287         | 1,264         | 1,268         |
| One-person households         | 6,304         | 7,024         | 7,773         | 8,558         | 9,340         | 10,194        |
| <b>All households</b>         | <b>20,523</b> | <b>21,344</b> | <b>22,389</b> | <b>23,608</b> | <b>24,843</b> | <b>26,016</b> |
| <b>2006-based</b>             |               |               |               |               |               |               |
| Couple households             | 11,497        | 11,583        | 11,841        | 12,146        | 12,446        | 12,703        |
| Lone-parent households        | 1,476         | 1,663         | 1,767         | 1,852         | 1,919         | 1,976         |
| Other multi-person households | 1,386         | 1,446         | 1,550         | 1,648         | 1,735         | 1,816         |
| One-person households         | 6,163         | 6,822         | 7,590         | 8,460         | 9,339         | 10,178        |
| <b>All households</b>         | <b>20,522</b> | <b>21,515</b> | <b>22,748</b> | <b>24,107</b> | <b>25,439</b> | <b>26,674</b> |
| <b>2004-based</b>             |               |               |               |               |               |               |
| Couple households             | 11,497        | 11,596        | 11,787        | 11,994        | 12,182        | 12,322        |
| Lone-parent households        | 1,476         | 1,655         | 1,760         | 1,830         | 1,882         | 1,928         |
| Other multi-person households | 1,387         | 1,452         | 1,538         | 1,629         | 1,708         | 1,775         |
| One-person households         | 6,163         | 6,816         | 7,562         | 8,384         | 9,200         | 9,951         |
| <b>All households</b>         | <b>20,523</b> | <b>21,519</b> | <b>22,646</b> | <b>23,837</b> | <b>24,973</b> | <b>25,975</b> |

Sources: Table 4.4. *Housing Statistics 2007*. Department for Communities and Local Government, Feb. 2008; and *Housing and Planning Statistics 2009*. Department for Communities and Local Government, Dec. 2009

the 2008-based projections and the earlier projections.

The mixes of household types in the 2004- and 2006-based projections are very similar in proportional terms, as would be expected as substantially the same household representative rates<sup>21</sup> were used in the 2006-based projections as in the 2004-based sets. The mix of household types in the 2008-based projections is, however, very different. Between 2006 and 2026 a net increase of 888,000 lone-parent households is projected. This is nearly 20% of the total increase in households in the period, 575,000 more than in the 2006-based projections and 615,000 more than in the 2004-based projections. This larger increase in lone-parent households than in the previous projection is balanced by a smaller increase in the number of couple households, and by a fall (instead of a rise of 370,000) in the number of 'other' households (i.e. not couple households, lone-parent households, or one-person households).

The projections provide a great deal more detail about households with children than has been available before. Table 6 shows 4,081,000 projected couple households with children in 2026 compared with 4,257,000 in 2006. The projected number of lone-parent households therefore implies that in

2026 almost two-fifths (38%) of households with children will be lone-parent households, as compared with 27% in 2006. The implied increase in the proportion of dependent children living in lone-parent households is slightly less, as a higher proportion of lone-parent households are projected to have one child (53%) than the proportion of couple households with one child (39%). Nevertheless, the projections of numbers of households with dependent children analysed by number of children imply an increase of nearly 1.5 million dependent children living in lone-parent households and a reduction of not quite 0.3 million living in couple households.

A question to consider is why the projected number of lone-parent households in 2026 should be nearly 600,000 higher in the 2008-based projection than in the previous projection, even though the projected total of all households is more than 600,000 lower. The 2008-based figure comes from stage 2 of the projection, which uses household data only for 1991 and 2001, whereas the 2006-based (and earlier) projections used data from 1971 and 1981 as well. A full explanation of the difference would require comparisons of marital status and household representative rates by age range. That cannot be attempted here. But

21 A further two years' data from the Labour Force Survey were included in the 2006-based projection, but their weight was too low (much lower than in the 2008-based projection) to make a significant difference

**Table 9**  
**Lone-parent households – past and projected**

|      | <b>2004-based</b> | <b>2006-based</b> | <b>2008-based</b> |
|------|-------------------|-------------------|-------------------|
|      | thousands         |                   |                   |
| 1971 | 385               | 385               | –                 |
| 1981 | 625               | 625               | –                 |
| 1991 | 977               | 977               | 982               |
| 2001 | 1,476             | 1,476             | 1,438             |
| 2006 | 1,655             | 1,663             | 1,607             |
| 2011 | 1,760             | 1,767             | 1,811             |
| 2016 | 1,830             | 1,852             | 2,035             |
| 2021 | 1,882             | 1,919             | 2,292             |
| 2026 | 1,928             | 1,976             | 2,495             |

Source: Table 8; and Table 4.4. *Housing Statistics 2007*. Department for Communities and Local Government, Feb. 2008

something can be said from looking at the sequence of past and projected totals of lone-parent households in the 2008-based projections alongside the 2006- and 2004-based projections (see Table 9).

Between 1971 and 1981, the increase in the number of lone-parent households averaged 24,000 a year, and between 1981 and 1991 the increase averaged 35,000 a year. Between 1991 and 2001, the increase averaged 50,000 a year, according to the data set used for the 2004- and 2006-based projections, or 46,000 according to the data set for the 2008-based projections. The background to post-2001 projections of lone-parent households was thus an accelerating increase. The 2006-based projection (as with the 2004-based projection before it) for lone-parent households was, however, of rates of increase slowing down, with the increase in each five-year sub-period smaller than in the five years before. The annual average increase in 2001-06 was 37,000; in 2006-11, 21,000; in 2011-16, 17,000; in 2016-21, 13,000; and in 2021-26, 11,000. The trajectory of the 2008-based projection of lone-parent households is very different. The increase between 2006 and 2011, which is partly affected by the downward adjustment for falling household representative rates after 2001, is projected at an average of 41,000 a year, followed by 45,000 in 2011-16, 51,000 in 2016-21, and 40,000 in 2021-26. For the three sub-periods from 2011 to 2026 combined, the projected annual average increase in lone-parent households is 46,000, the same as the

actual average increase between 1991 and 2001. Size of age groups and marital status influence projected numbers of households as well as household representative rates. But different trajectories for lone-parent household representative rates are very important for explaining why the projected profile of lone-parent households in the 2008-based projection is so different.

A very important question is how far the contrast in trajectories is the result of the 2008-based projections of types of households (the stage 2 projections) depending on only 1991 and 2001 Census data (apart from the Labour Force Survey adjustments, which do not directly affect the mix of household types), whereas the 2006- and 2004-based projections took on board data for 1971 and 1981 as well. On balance, it would seem unlikely that using only 1991 and 2001 data in the stage 2 projections is the explanation, as no means suggests itself by which including 1971 and 1981 data could produce a continuing slowing of the increase in lone-parent household representative rates. The 2008-based projection is, broadly speaking, a continuation of the 1991-2001 rate of increase (but not a further acceleration) until late on in the projection period. The question is essentially why the 2003-based projection of lone-parent household representative rates – used also in the 2004- and 2006-based projections – had the increase progressively slowing down. In contrast to the 1992- and 1996-based projections, there was no published report on the 2003-based projections which could explain the assumptions made. The 2011 Census will provide a third data point for the stage 2 projections and evidence of how far the projections based on only 1991 and 2001 data have proved valid.

Couple and lone-parent households with dependent children are not the only results of interest from the projections of types of household. Couples without children are also important, particularly for the likely future prevalence of ‘under-occupation’ of the dwelling stock. Table 10 shows the numbers in 1991 and 2001, and projections to 2026. Separate figures are shown for couple households with no other members and those with other members such as non-dependent children, other relatives and lodgers.

A couple living by themselves with no others would be ‘under-occupying’ their accommodation according to the bedroom standard<sup>22</sup> if they have three bedrooms or more. The projection is for a net increase of 1.2 million couple households living by themselves between 2006 and 2026. A somewhat similar increase in ‘under-occupying’ couple households is likely.

<sup>22</sup> The standard number of bedrooms for a household depends on the number of members, their sex and age, and their relationships. It is one bedroom for each couple (married or living as married); one for each person aged 21 or over; one for each two persons under 21 and of the same sex; and one for each two persons of opposite sex if under 10 years old. This standard was devised by the Government Social Survey for its report on its 1960 housing survey. It has no statutory force, but is a widely used statistical indication of crowding and housing space

**Table 10**  
**Couple households with no dependent children**

|      | <b>No other members</b> | <b>Other members</b> | <b>Total</b> |
|------|-------------------------|----------------------|--------------|
|      | thousands               |                      |              |
| 1991 | 5,071                   | 1,902                | 6,973        |
| 2001 | 5,434                   | 1,532                | 6,966        |
| 2006 | 5,741                   | 1,396                | 7,137        |
| 2011 | 6,080                   | 1,278                | 7,358        |
| 2016 | 6,450                   | 1,178                | 7,628        |
| 2021 | 6,737                   | 1,082                | 7,819        |
| 2026 | 6,984                   | 995                  | 7,979        |

Source: Projection tables supplied by the Department for Communities and Local Government

## 5

### Overview of and comment on the 2008-based projections

#### Overall projections

The projected overall increase in households is central to any demographically based estimate of future demand and need for housing. Between 2006 and 2026 the projected annual average rate of increase in households in total is 234,000. In a comparison with earlier projections, this increase is enhanced by the figure for 2006 being depressed by the Labour Force Survey adjustment. A like-with-like comparison with the 2006-based projection would start (approximately) with the figure for 2006 in that projection. On that basis the average annual increase would be 225,000. Both that figure and the actually projected increase of 234,000 are a long way below the 2006-based projection of an average increase of 258,000.

A comparison with the 2004-based projection is, however, more relevant in most respects, because it was the demographic base of the targets published by the government of the day in 2007 of 2 million more homes by 2016 and 3 million more by 2020.

By the time 2006-based projections were published (March 2009), the housing market was plainly going into a deep recession, and the target for 2016, at least, was looking unlikely to be reached. There was no suggestion that these targets, or the National Housing and Planning Advice Unit's

housing output ranges,<sup>23</sup> should be raised in line with the projected increase in household numbers. Although it was 35,000 a year higher than the 2004-based projection that it superseded, the 2006-based projection attracted very little comment and did not find its way into public discourse.

The 2008-based projection of an annual average increase of 234,000 households a year between 2006 and 2026 compares with the 223,000 a year from the 2004-based projection that was the demographic base for housing targets. If that regime had still been in force when the 2008-based projections were published, a small upward revision could have been supported. An independent estimate of future demand and need derived from the 2008-based projection by the same method as Shelter's *Homes for the Future*<sup>24</sup> would be about 12,000 higher than the figure of 242,000 published there. The implied output requirements would have therefore been about 255,000.

#### Evaluating the methodology

An important development in household projection methodology in DCLG's 2008-based projections was including a short-term downward adjustment to bring to account evidence of falls in household representative rates at younger ages since 2001. The housing market backdrop for the 2008-based projections was in many ways similar to that of the 1992-based projections. A strong housing market boom in the mid- to late-1980s had produced a large and rapid increase in house prices. This was followed by a housing market slump, with falling house prices and a steep fall in the number of houses built. This conjuncture did not enter into decisions about the 1992-based household projections. A long-standing principle of the projections was that they were of medium- to long-term trends, and not affected by short-term variations upwards or downwards around the trend. When the 1992-based projections were being worked on (in 1994 and 1995), there was no information with which to gauge shorter-term changes in household representative rates. In the 2000s, though, enhancements to the Labour Force Survey allowed this to be done.

The response has already been described in this Paper. This is an area of analysis where more work might be done. The Labour Force Survey, and now the Integrated Household Survey, is not really large enough to produce an annual time-series of household totals which could be used to track the projection year by year. But it should be sufficient

23 *Meeting the Housing Requirements of an Aspiring and Growing Nation: Taking the Medium and Long-term View. Advice to the Minister about Housing Supply Ranges to be Tested by Regional Planning Authorities.* National Housing and Planning Advice Unit, Jun. 2008. [www.communities.gov.uk/documents/507390/pdf/863376.pdf](http://www.communities.gov.uk/documents/507390/pdf/863376.pdf)

24 *Homes for the Future: A New Analysis of Housing Need and Demand in England.* Shelter, Nov. 2008. [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0003/142473/Homes\\_for\\_the\\_Future\\_amended\\_Feb\\_09.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0003/142473/Homes_for_the_Future_amended_Feb_09.pdf)

**Table 11**  
**Types of household – comparison of survey-based and projection estimates for 2007 and 2008**

|                   | <b>Couples –<br/>no<br/>dependent<br/>children</b> | <b>Couples<br/>with<br/>dependent<br/>children</b> | <b>Lone-<br/>parent<br/>households</b> | <b>Other<br/>multi-<br/>person<br/>households</b> | <b>One-<br/>person<br/>households</b> | <b>All<br/>households</b> |
|-------------------|--|--|--|---|---------------------------------------|---------------------------|
| thousands         |  |  |  |   |                                       |                           |
| 2001 (Census)     | 6,966  | 4,475  | 1,438                                  | 1,341   | 6,304                                 | 20,523                    |
| 2001-02 (SEH)     | 7,603  | 4,390  | 1,363                                  | 1,315   | 5,582                                 | 20,254                    |
| 2002 (LFS)        | 7,132  | 4,635  | 1,294                                  | 1,805   | 6,013                                 | 20,880                    |
| 2007 (projection) | 7,160  | 4,227  | 1,645                                  | 1,314   | 7,173                                 | 21,527                    |
| 2008 (projection) | 7,206  | 4,213  | 1,688                                  | 1,308   | 7,316                                 | 21,731                    |
| 2007-08 (LFS)     | 7,542  | 4,605  | 1,477                                  | 1,429   | 6,514                                 | 21,407                    |
| 2008-09 (EHS)     | 7,657  | 4,516  | 1,514                                  | 1,640   | 6,204                                 | 21,530                    |

Sources: Census from Table 2; 2001-02 (SEH) from Table 8.4. *Housing Statistics 2002*, Office of the Deputy Prime Minister. TSO, Dec. 2002; 2002 (LFS) from Table 8.4. *Housing Statistics 2003*. Office of the Deputy Prime Minister. TSO, Dec. 2003; 2007 and 2008 (from 2008-based projections) from Table 404. Live Tables. Department for Communities and Local Government, Updated Nov. 2010; 2007-08 (LFS) from Table 1.9. *Housing in England 2007-08*, Department for Communities and Local Government, Sept. 2009; 2008-09 (EHS) from Table 7.4. *Housing and Planning Statistics 2010*. Department for Communities and Local Government, Dec. 2010

for closer monitoring than has been done thus far. Strictly speaking, what could be monitored is actual household representative rates in comparison with projected rates. Household totals would depend as well on Office for National Statistics' mid-year population estimates. Experience in the late 1990s showed that these estimates, and estimates of households derived from them by applying household representative rates from the projection, could be a long way out. The 2001 Census showed the mid-year estimates to have been much too high. But before the Census results became available, the household estimates derived from their projected household representative rates and mid-year population estimates from 1997 to 2000 were called into question because they implied a steeply rising shortfall of dwellings relative to households, which, if genuine, would have produced much more acute housing shortage symptoms than were in fact to be seen. It would be necessary to compare household estimates derived from household representative rates and mid-year population estimates with direct estimates produced from 'dwelling stock and household identities' between the dwelling stock, vacant dwellings, secondary residences, shared dwellings, households living in shared dwellings, and singly occupied dwellings.<sup>25</sup>

More eye-catching than the development of the methodology for projecting households in total are the types of household introduced in the 2008-based projections. Projections of numbers of households

with children and the numbers of children were produced for the first time. The results were presented in Section 4 of this Paper, so it is not necessary to repeat that discussion here. There are, however, some implications that merit comment.

## Monitoring outcomes

A full review of the working of the new projections of types of household will only become possible when the necessary data from the 2011 Census becomes available. With both the 1991 and 2001 Censuses there was a long interval before the Census data required for a household projection became available – nearly four years for the 1991 Census and rather longer after 2001. But there is much that could potentially be done with the Integrated Household Survey to study actual changes in household formation, and so monitor the projections against out-turns. As well as total households, major groupings of types of households – couples, lone parents, other multi-person households, and one-person households – might be studied. This would be experimental. The published figures from household surveys for types of household (see Table 11) suggest that there are grossing problems to be solved. This is shown by a comparison of numbers of households by type from the Labour Force Survey in 2007-08 and the English Housing Survey (EHS) in 2008-09 with projection estimates for 2007 and

<sup>25</sup> See pages 9-14 of *New and Higher Projections of the Population* (reference 2) for an estimate of the increase in households between 2001 and 2006 made by this method

**Table 12**  
**Housing tenure in England in 2008-09 by type of household**

| Household type                      | Owner occupied | Social rented sector | Private rented sector | All tenures      |
|-------------------------------------|----------------|----------------------|-----------------------|------------------|
|                                     | percentage     |                      |                       | thousands = 100% |
| Couples, no dependent children      | 81.1           | 8.9                  | 10.0                  | 7,657            |
| Couples, dependent children         | 75.2           | 13.0                 | 11.8                  | 4,516            |
| Lone parent with dependent children | 33.6           | 44.4                 | 22.0                  | 1,514            |
| Other multi-person households       | 48.7           | 20.0                 | 31.3                  | 1,640            |
| One-person households               | 59.8           | 25.3                 | 14.8                  | 6,204            |
| <b>All households</b>               | <b>67.9</b>    | <b>17.8</b>          | <b>14.2</b>           | <b>21,530</b>    |

Source: Table 7.4. *Housing and Planning Statistics 2010*. Department for Communities and Local Government, Dec. 2010

2008. Comparisons between earlier survey-based households and the 2001 Census are also shown.

Inspection of Table 11 in terms of both absolute numbers and proportions of types of households indicates that the survey data could not be used as they stand to check whether the projections of types of household were on track by 2007 and 2008. How adequate the Integrated Household Survey will prove to be for monitoring numbers of households remains to be seen.

One of the issues highlighted in Part I – the possible over-projection of households through taking no account of lower household formation by recent immigrants – could be investigated from survey data. The source of the information used about immigrants' household formation came from the Labour Force Survey in 2002 to 2005. It could be updated – looked at alongside the falls in household representative rates among younger people discussed earlier in this Paper. How much of this fall was among recent immigrants and how much among the indigenous population has important implications. Lower household representative rates among the indigenous population, if caused by the housing market and economic conditions, could well prove temporary; but if they are the result of lower household formation by recent immigrants, they could well be long-lasting.

## Implications for housing

Because a higher proportion of lone-parent households with dependent children are social sector tenants than is the case with any other category of households, the projected increase in lone-parent households and decrease in couple households with

dependent children implies an increasing need for family accommodation in the social sector. Table 12 shows the most recent published information about housing tenure and type of household.

The comparatively high proportion of lone-parent households who rent from local authorities or housing associations must be considered together with the proportion of lone-parent private sector tenants who receive Housing Benefit. Information from the Survey of English Housing<sup>26</sup> indicates that 70% of lone parents who were private sector tenants paying rent received Housing Benefit, a higher proportion than for any other type of household. For couples with children, the proportion was only 17%. The same survey shows the number of lone parents who were private sector tenants receiving Housing Benefit as 160,000, which could well be on the low side, especially given the evidence on take-up rates.<sup>27</sup> It compares with 670,000 lone-parent households who are social sector tenants.

While the projected increase in the number of lone-parent households has the most obvious impact on housing provision and government spending requirements, the projections highlight other important issues – notably with respect to household size and the numbers of households without children. These suggest that there is likely to be a continued reduction in the density of occupation and a significant increase in 'under-occupation' in all sectors.

However, the most important implication for housing remains the projected total increase in the number of households. The 2008 based projections imply much higher levels of output than have been achieved in the last two decades. Housing supply remains the key issue for local planners and government alike.

26 *Housing in England 2007-08*. Department for Communities and Local Government, Sept. 2009, Table 5.18. [www.communities.gov.uk/documents/statistics/pdf/1346249.pdf](http://www.communities.gov.uk/documents/statistics/pdf/1346249.pdf)

27 *Income Related Benefits, Estimates of Take-Up in 2008-09*. Department for Work and Pensions, 2010. [http://research.dwp.gov.uk/asd/income\\_analysis/jun\\_2010/0809\\_Publication.pdf](http://research.dwp.gov.uk/asd/income_analysis/jun_2010/0809_Publication.pdf)

# Annex 1

## Detail of types of households in 1991 and 2001

In Table A1, 'children' are dependent children (under 16 or 16-18 in full-time education). Older children count as adults. Couple households with other adults present therefore include couples with only non-dependent children, and also households that contain another family (either a couple or a lone-parent family), as well as the family of the household representative. In the 2001 Census (and therefore in Table A1), the household representative is the oldest economically active household member, or the oldest economically inactive person if none of the adult household members are economically active. Similarly, adult sons and

daughters of the household representative can be the other adults in a lone-parent family. The reduction between 1991 and 2001 in couples and lone-parent households with other adults present is likely to be reflecting the increase in the proportion of younger people who live independently instead of with their parents. That couples and lone parents other than the household representative's family are included as 'other adults' means that concealed households (or families) cannot be identified in the 2008 household projection data set, and hence cannot be distinguished in the projection.

**Table A1**  
**Households in England in 1991 and 2001 - analysis by type**

|   | 1991          | 2001          |
|---|---------------|---------------|
|   | thousands     |               |
| <b>One-person households</b>                            |               |               |
| Male  | 1,907         | 2,678         |
| Female  | 3,145         | 3,626         |
| <b>One family and no others: couple households</b>      |               |               |
| No children   | 5,071         | 5,434         |
| One child   | 1,250         | 1,265         |
| Two children  | 1,783         | 1,702         |
| Three or more children                                  | 748           | 750           |
| <b>One family and no others: lone-parent households</b> |               |               |
| One child   | 371           | 592           |
| Two children  | 280           | 398           |
| Three or more children                                  | 130           | 185           |
| <b>Couples and one or more other adults</b>             |               |               |
| No children   | 1,902         | 1,532         |
| One child   | 577           | 460           |
| Two children  | 211           | 200           |
| Three or more children                                  | 89            | 98            |
| <b>Lone parents and one or more other adults</b>        |               |               |
| One child   | 135           | 162           |
| Two children  | 46            | 67            |
| Three or more children                                  | 20            | 34            |
| <b>Other households</b>                                 | 1,499         | 1,341         |
| <b>All households</b>                                   | <b>19,166</b> | <b>20,523</b> |

Source: Table 404. Live Tables. Department for Communities and Local Government, Updated Nov. 2010

**Table A2****Types of household in England in 1991 and 2001 – comparison with 2006-based projection data set**

|  | 1991          | 2001          |
|--|---------------|---------------|
|  | thousands     |               |
| <b>2008-based</b>                          |               |               |
| Couple households                          | 11,631        | 11,441        |
| Lone-parent households                     | 982           | 1,438         |
| Other households*                          | 1,499         | 1,341         |
| One-person households                      | 5,052         | 6,304         |
| <b>All households</b>                      | <b>19,166</b> | <b>20,523</b> |
| <b>2006-based</b>                          |               |               |
| Couple households (married and cohabiting) | 11,689        | 11,497        |
| Lone-parent households                     | 977           | 1,476         |
| Other multi-person households              | 1,407         | 1,387         |
| One-person households                      | 5,094         | 6,163         |
| <b>All households</b>                      | <b>19,166</b> | <b>20,523</b> |

Sources: Table 2; and Table 4.4. *Housing Statistics 2007*. Department for Communities and Local Government, Feb. 2008

\* Multi-person households

# Annex 2

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Town & Country Planning Tomorrow Series Paper 11:  
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May 2011

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