

The housebuilding crisis

The UK's 4 million missing homes

Samuel Watling, Anthony Breach
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Centre for Cities is a research and policy institute dedicated to improving the economic success of the UK's largest cities and towns.

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Executive Summary

The UK is missing millions of unbuilt homes

Compared to the average European country, Britain today has a backlog of 4.3 million homes that are missing from the national housing market as they were never built. Addressing this backlog is the key to solving the housing crisis.

Solving a challenge of this scale – increasing the size of the UK’s housing stock by 15 per cent – requires policymakers and commentators to understand and resolve the root cause of such a large problem.

Britain’s housing supply issues began in 1947, not 1980

The origins of the crisis lie in one of the two dramatic changes to housing policy in the United Kingdom that occurred just after the Second World War. One was that council housing became much more important, accounting for roughly half of all new homes built in the post-war period. The other was the introduction of a new discretionary planning system in England with the Town and Country Planning Act 1947, which continues to form the basis for planning across the UK in the present day.

These two changes are at the centre of political debate on the housing crisis today, with both put forward as competing explanations of Britain’s severe housing shortage. One explanation is focused on the introduction of Right to Buy and the subsequent decline of council housebuilding in the 1980s. The other explanation emphasises that England’s discretionary planning system reduces the supply of new homes through its case-by-case decision-making process for granting planning permission.

These two explanations both contain an element of truth, but they imply different priorities for policy – encouraging a return to extensive council housebuilding or reforming the planning system – to build the missing 4.3 million homes.

Using newly available data on housing that was collected after the Second World War by the United Nations, it is now possible to explore whether Britain’s housing supply issues

began after 1980 with Right to Buy and a subsequent decline of council housebuilding, or whether it began shortly after the Town and Country Planning Act 1947 was introduced.

This report uses this new data and other sources to compare British housebuilding and outcomes to that in Ireland, France, Belgium, the Netherlands, (West) Germany, Austria, Switzerland, Denmark, Sweden, Norway, and Finland from 1955 to 2015. It finds that Britain's housing shortage began at the beginning of the post-war period, not at its conclusion. Specifically:

- **England and Wales saw housebuilding rates drop by a third after the introduction of the Town and Country Planning Act 1947, from 1.9 per cent growth per year between 1856 and 1939 to 1.2 per cent between 1947 and 2019.** Private housebuilding fell by more than half over the same period.
- **Britain built far fewer homes than most other European countries from 1955-1979, even after adjusting for population growth, initial population, demolitions, and quality.** This was because the UK had the lowest average private sector housebuilding rate of any similar European country in the post-war period. Other countries, such as Sweden and the Netherlands, show that Postwar Britain could have built both more council and private housing.
- **Britain's social housebuilding rate fell from 1.1 per cent growth a year in 1968 to 0.6 per cent in 1979.** The decline of council housebuilding did contribute to the decline of total housebuilding, but it began a decade before Right to Buy in 1980 and occurred alongside a simultaneous decline in private housebuilding in the 1970s.
- **In 1955, the UK had a ratio of dwellings per person that was 5.5 per cent above the European average, but by 1979 it was 1.8 per cent below it, and by 2015 it had fallen further to at least 7.8 per cent below the modern average.** Although the UK began the post-war period with some of the best housing outcomes on the continent, since 1955 other European countries including Finland, Switzerland, and West Germany saw their housing outcomes overtake the UK as they built more.

The result of this underperformance is that England needs 442,000 new homes a year to close its housing backlog with the average European country over 25 years, or 654,000 to close it in ten years. England's current housing target of 300,000 new homes a year will not clear the housing backlog for at least half a century. England's recent housebuilding levels of 220,000 to 240,000 is the minimum at which housing outcomes remain stable compared to the average European country – any further decrease will see housing outcomes decline.

Planning reform is the key to ending the housing shortage

Solving a problem as big as the British housing crisis requires a big reform. Addressing the problems with the discretionary planning system, fundamentally untouched since

1947, is that big reform.

Specifically, this entails:

- **Replacing the discretionary planning system with a new rules-based, flexible zoning system.** Increasing the certainty of the planning process and the supply of land for development is essential for any major increase in housebuilding, whether by the private or public sectors. The principle of shifting away from uncertain, case-by-case decision-making to a system where development is lawful so long as it follows the rules should guide all new planning reform proposals.
- **Increasing private sector housebuilding.** More council and social housing can be a part of the solution, but given the scale of the backlog, significantly increasing the amount of private housebuilding will be crucial. No other European country has successfully maintained a high housebuilding rate either before or after the 1980s without more private housebuilding than we have today.

01

Introduction

Housing outcomes in the UK improved considerably over the course of the 20th century. Space per person and the quality of stock both rose as incomes increased, transport technology enabled longer commutes from cheaper land, and demographic change caused households to shrink.

How people lived changed too. At the start of the 20th century, 90 per cent of people were private renters. After the end of the post-war period in 1981, only 11 per cent of people were private renters, 57 per cent were homeowners, and a third of people were in social housing.¹

Today though, there is a severe housing crisis in Britain, especially in the most prosperous places in the Greater South East. Across England, the average house costs more than ten times the average salary, vacancy rates are below 1 per cent, and space per person for private renters dropped from 34m² in 1996 to 29m² in 2018, and from 31m² to 25m² in London.²

There is a consensus that Britain has a housing crisis due to a shortage of new homes. The current government has a notional aspiration to address this by enabling 300,000 homes a year in England but has struggled to achieve more than 240,000 since 2018 – itself the highest rate of construction since the Financial Crisis in 2008.

Much of this is well-known. There are though two competing explanations for the housing shortage:

1. The discretionary planning system established by the Town and Country Planning Act 1947,³ which is argued to have introduced an unpredictable case-by-case decision-making process that has reduced development.⁴
2. The decline of Postwar Britain's extensive council housebuilding programme from the 1980s.⁵ From 1945, councils built roughly half of all new homes until the introduction of Right to Buy for council tenants in 1980. As private housebuilding did not increase after 1980, it is argued recent lows in housebuilding are due to the lack of new council housing.

Both accounts have some truth to them. The decline of council housebuilding is part of why total housebuilding fell at the end of the post-war period, and the planning system does reduce new construction today.

However, the two explanations do differ on the root cause of the housing shortage and on priorities for reform. The core of the disagreement is whether planning reform or policy to encourage a resurgence in council housebuilding will provide the bigger and more permanent increase to housebuilding required to end modern Britain's housing crisis.

As both the planning system and mass council housebuilding were introduced shortly after the Second World War, and the former persisted after Right to Buy in 1980, these competing accounts can be investigated by comparing housing in Britain in the post-war period of 1947 to 1979 to other periods and to other Western European countries. To determine whether the planning system is the primary cause of the housing crisis, we test the first two hypotheses of the report:

Hypothesis 1: English and Welsh housebuilding rates began to decline after 1947, not 1980

If the planning system is to blame for the England's housing shortage, then after the introduction of the Town and Country Planning Act 1947 total housebuilding should fall, even if council housebuilding is higher than before 1947. If the decline of council housebuilding is primarily responsible for today's crisis, then housebuilding should only deteriorate from 1980.

Hypothesis 2: British housebuilding rates and housing outcomes of the post-war period between 1947 and 1980 were worse than those of similar European countries

If the planning system is responsible for the UK's housing shortage, then housebuilding rates and housing outcomes in Postwar Britain from 1947 to 1979 should be lower than those in other similar European countries. If the decline of council housebuilding is primarily responsible, then British housebuilding rates and housing outcomes should be similar to peer European countries until 1980, after which both should deteriorate.

If the two hypotheses are tested and the deficit in total housebuilding begins during the post-war period between 1947 and 1979, then one potential response could be that Postwar Britain failed to build enough council housing. To test this response, a third and a fourth hypothesis on post-war housing emerge:

Hypothesis 3: The rate of British council housebuilding in Postwar Britain did not fall below public housebuilding in other countries pursuing mixed-tenure strategies.

If an undersupply of council housing in the post-war period was behind the UK's unusually poor housing outcomes today, then council housebuilding should have been lower or experienced a decline unusual compared to other countries in the post-war period that had a large role for public housebuilding.

Hypothesis 4: The private sector housebuilding rate did not increase as policy shifted towards private ownership towards the end of the post-war period.

If the planning system was not imposing barriers on new construction, then private sector housebuilding should have increased or at least remained stable as policy shifted towards supporting private housebuilding in the post-war period.

Using data from the United Nations, it is now possible to compare the outcomes of British housing policy from 1948 through to 2000 against twelve other Western European countries and test the four hypotheses.

This data includes statistics for these Western European countries on general build rates, housing stock and tenure of houses built. This data previously only existed in statistical annals, but after scanning the books and using OCR technology to assemble the photographed tables into spreadsheets, Centre for Cities has built a digitised dataset that is used in this paper.

The report proceeds as follows:

Section 2 tests the first hypothesis by investigating historical English and Welsh housing supply through as long a time horizon as possible – housebuilding rates back to 1856.

Section 3 tests the second hypothesis by using the United Nations data to investigate whether the United Kingdom's post-war housing outcomes were typical of Western European countries from 1955 through to 1979.

Section 4 tests the third and the fourth hypotheses by comparing housing policy across the tenures between Britain and other European countries in the post-war period from 1955 to 1979 and investigating housing demand in England from 1960 to 2015.

Section 5 then briefly reviews how housing outcomes and policy have both changed in Britain and Europe since 1980 through to the present, after Right to Buy and the decline of council housebuilding in the UK.

Section 6 compares the total amount of new homes built in the UK from 1955 to 2015 to other Western European countries to calculate Britain's backlog of unbuilt homes relative to its European peers, and both when and under which tenure (social housing or private) that backlog was accumulated in the decades since the Second World War.

And in Section 7, the paper concludes with some reflections on the results, lessons for modern British housing policy, and the economic history of Postwar Britain.

The appendix includes tables summarising housebuilding rates in the UK over the periods studied. A separate technical annex includes full explanations of the methodology used for interpolation of missing datapoints in the United Nations data and the methodology used to calculate Britain's backlog of missing homes.

Box 1 defines the periods and geographies used to structure this report and the comparisons of all subsequent data. The report adjusts the periods (e.g. starting the time series at 1948 or 1955) and the geographies (e.g. using England and Wales rather than the UK) for different parts of the analysis to provide comparisons as complete as data constraints allow.

Box 1: Definitions

This report uses specific terms to refer to distinct periods in British and European history and to allow comparisons between them.

Post-war: The period between 1947 and 1979, that ended with the election of the first Thatcher Government. Most of the international evidence from the United Nations on the post-war period begins in 1955 due to data limitations from other European countries – when comparisons are possible with individual countries from 1948, this is done so and noted.

Post-1980: The period between 1980 and 2019. The international evidence – collected from the United Nations before 2000 and from associated national statistical agencies after 2000 – concludes in 2015 due to data limitations.

Interwar: The period between 1920 and 1939. Only English and Welsh data combined is available on housebuilding before this period.

The geographies used by the report also differ due to variations in data availability.

England: Used in Section 3 to analyse house prices and wages from 1960 to 2015, and in Section 6 to provide estimates on changes to England's housebuilding target from the current 300,000 figure.

England and Wales: Used in Section 1 to analyse housebuilding from 1856 to 2019. Wales cannot be separated from this data before 2001.

United Kingdom: Used in Sections 2, 3, 4, 5 and 6 to compare housebuilding rates, housing outcomes, and the backlog of missing homes to other European countries. 'Britain' is sometimes used in this report to refer to the entire UK, as in the conventional historical term of 'Postwar Britain'.

02

English and Welsh housing supply since the Second World War

Hypothesis 1: English and Welsh housebuilding declined after 1947, not 1980

Using data on housing supply in England and Wales that extends back to the early Victorian period, the beginning of Britain's housing supply problems can be dated.

The total housebuilding rate of England and Wales fell after 1947, as although public housing became a much greater share of the supply of new homes in the post-war period, private housebuilding fell more than public housebuilding increased. This was followed by a second decline in both social and private housebuilding in the 1970s, followed by a third and more gradual decline in housebuilding after 1980 to their current low levels.

Housebuilding rates permanently fell after the Town and Country Planning Act 1947

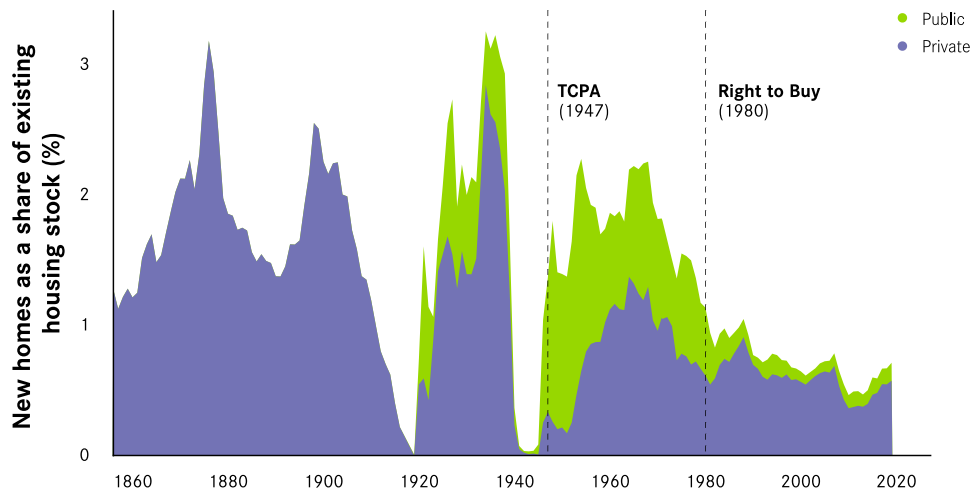
Gross housebuilding rates, separated into building by private and public tenure, are shown in Figure 1 and indicate that housebuilding in England and Wales fell from an average of 1.9 per cent growth per year between 1856 and 1939 to 1.2 per cent between 1947 and 2019 – a fall of over a third.

Even though public sector housebuilding increased from 0.2 per cent a year before 1939 to 0.5 per cent after 1947, annual private housebuilding fell by more than half, from an average of 1.7 per cent before 1939 to 0.7 per cent after 1947. English and Welsh housebuilding never recovered to its pre-war levels.

Box 2 (after the chart in Figure 1) explains and justifies this report's use of housebuilding rates instead of total changes in dwelling stock to make comparisons between periods and countries.

Figure 1: The English and Welsh housebuilding rate decreased after 1947 and before 1980

Gross Housebuilding in England and Wales from 1856



Source: Holman, A. (2005), "Historical Statistics of Housing in the UK"; Cambridge University Housing and Planning statistics; ONS (2022), Live Housebuilding Tables Table 244; Welsh Government National Statistics (2022), New dwellings completed by period and tenure. 'Public' includes homes built by both local authorities and housing associations. Table 244's data used after 2001 slightly underestimates total housebuilding towards the present day and due to the structure of Section 106 agreements understates the share of new homes that are built to be used as social housing.

There are three further conclusions to draw from the decline of housebuilding set out in Figure 1.

First, the decline in housebuilding happens immediately after 1947. England and Wales reached its highest ever period of housebuilding in the interwar era between 1920 and 1939 with an average annual growth of 2.3 per cent, compared to an average annual rate of 1.8 per cent between 1947 and 1979. No peak year for housebuilding after 1947 exceeds the four peaks in the interwar or Victorian periods.

Second, as the chart displays England and Wales's gross housebuilding rate, it overstates the net number of new dwellings added in the post-war period between 1947 and 1979 due to the high rate of demolitions in the 1960s.⁶ For example, the first post-war peak gross housebuilding rate of 2.3 per cent in 1954 translated into a 2.2 per cent net growth rate in the housing stock, but a decade later, the second peak building rate of 2.2 per cent in 1968 translated into net housing stock growth of 1.8 per cent. In contrast, as the interwar gross housebuilding rate was higher than in the post-war period, the net increase in the housing stock was higher – e.g. the peak gross housebuilding rate of 3.3 per cent in 1936 saw a 3 per cent net increase in stock.

Third, the English and Welsh housebuilding rate declines further during the 1970s. Annual housebuilding rates in England and Wales fell from 2.3 per cent in 1968 to 1.2 per cent in 1979, before 1980 and Right to Buy. The decline affects not just public (mostly

council) housebuilding but also private housebuilding, which fell from 1.2 per cent to 0.7 per cent over the same time frame.

The overarching result is that the post-war period saw three distinct declines in the housebuilding rate of England and Wales. The first was immediately at the onset of the post-war period, and the second gradually over the course of the 1970s. A third, smaller decrease in housebuilding rates occurred after 1980, from where they have remained low until the present.

Box 2: What are housebuilding rates and why does this report use them?

Housing policy often discusses the total number of homes that are built. Although suitable for day-to-day debates in the present, in historical analysis this approach presents problems. A constant number of houses being built over many years implies a *decreasing* supply of new homes relative to the total stock of homes available that is increasing year-on-year, and the growing demand for housing from a rising average income and population.

As an example, the current Government's aspiration of building 300,000 homes a year in England would result in a significantly lower housebuilding rate (1.3 per cent) today than the pledge at the 1950 Conservative Party Conference to build 300,000 homes a year (2.4 per cent) when the UK had far fewer houses, a target which was exceeded by Harold Macmillan during his tenure as Housing Minister.

To solve this, an annual rate of housebuilding can be calculated by dividing the overall amount of housing built that year by the total size of the housing stock in that year. The average mean of the annual housebuilding rate creates a consistent measure that allows us to see relative differences in housebuilding between separate periods and separate countries.

These decreases to supply occurred even though demand for housing was high. The post-war 'baby boom', the need to recover from war damage, historically high income growth, and the widespread adoption of the car that allowed households to affordably consume more land meant that the post-war period saw high demand for more and better housing.⁷

Britain's housing supply problems began after the Second World War

In conclusion, the first hypothesis – that England's supply of new homes declined from the beginning of the post-war period, rather than the 1980s and the introduction of Right to Buy – is true. There were already problems in the British housebuilding sector long before the housing crisis is conventionally considered to begin.

There are limits to what can be learned about British housing policy and outcomes by only considering British data. International evidence is required to compare British outcomes since 1947 to its peers and learn whether Britain's approach and experience of housing was typical or unusually poor for its time, and to test the second hypothesis.

03

Housing in Britain and Europe from 1955 to 1979

Hypothesis 2: British housebuilding and housing outcomes of the post-war period between 1947 and 1980 were not typical of similar European countries

If Britain's housing crisis only began after 1980, then we would expect to see its housing supply and outcomes in the post-war period until 1979 to be at least average for a European country.

Instead, evidence from the United Nations Housing and Construction Statistics actually shows that the UK built much less housing than almost all other Western European countries between 1955 and 1979. This deficit was the result of a uniquely low rate of private sector housebuilding which was not overcome by a relatively typical rate of public housing construction.

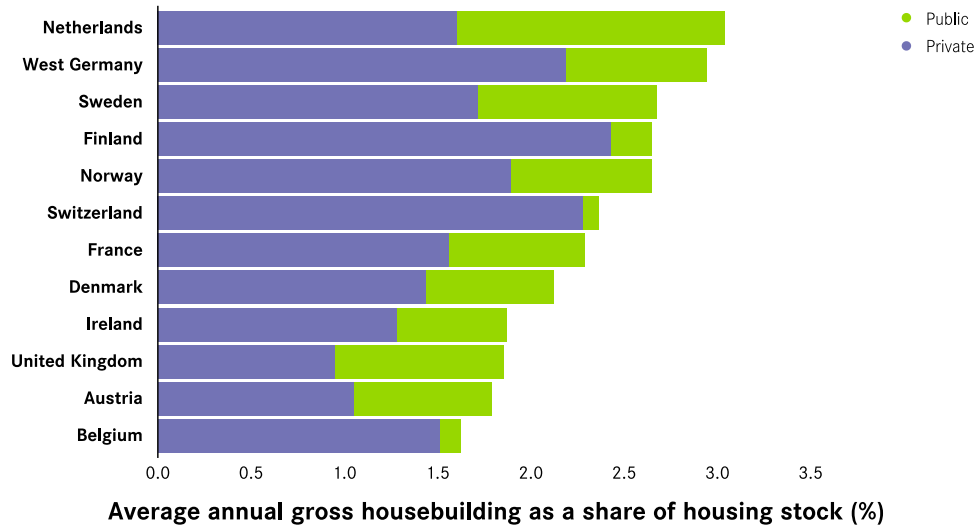
The gap remains even after accounting for population growth, demolitions, and the low quality of British housing stock, and meant British housing outcomes saw relative decline in the post-war period. The number of homes per person in Britain fell from 5.5 per cent more homes per person than the average Western European country in 1955, to 1.8 per cent below the European average by 1979.

The UK has built less housing than other Western European countries since the mid-1950s

Figure 2 shows the average annual gross housebuilding rates from 1955 to 1979 for twelve Western European countries divided by tenure. The UK ranks towards the bottom of this list, seeing only 1.9 per cent growth in the number of homes every year, much less than France with 2.3 per cent annual growth in housing stock, and West Germany and the Netherlands on 3 per cent growth in housing stock every year. The data is described in Box 3.

Figure 2: Britain built much less than other European countries in the post-war era, especially private housing

Average annual gross housebuilding by tenure in Europe from 1955 to 1979



Source: United Nations (all editions from 1957-2000), *Annual Bulletin of Housing and Building Statistics for Europe* (New York).

Differences in war damage seem not to explain this – Ireland, Switzerland, and Sweden built more than the UK despite being neutral in the Second World War.

Box 3: The United Nations' Housing Data

The United Nations compiled yearly housing statistics from European governments from 1948 to 2000. The key variables for the analysis are:

Gross housebuilding:

The number of homes built every year is used to calculate the gross housebuilding rate. Where this is not available from the UN, values from Kohl (2017) have been taken instead.⁸ Incomplete data by country in the early years of this dataset means that 1955 is the earliest possible starting date for comparisons across most countries in the sample. When the data allows, 1948 is used as the starting date for as many individual comparisons with the UK as possible and noted as such.

Net increase in homes:

The number of homes within every country – and the net change in the stock over time – is provided by a different series within the UN dataset. Due to demolitions and conversions, the change in homes over time is not the same as the number of new homes that are built, which is instead captured by the housebuilding rate. This report distinguishes between the (net) number of homes added and the (gross) number of homes built to account for this.

Housing outcomes

The ratio of homes per person – the number of homes per thousand people – is used to compare housing outcomes between different countries in this paper. A higher number means the supply of housing is more abundant and people have more floorspace per person in their homes. The UK has a 'head-start' in housing outcomes over most European countries, in that it begins the post-war period in 1955 with more homes per person than the European average.

Comparing affordability internationally is not possible due to a lack of data within the UN dataset, and the difficulties of adjusting for different income levels, exchange rates, and variation within countries.

Tenure

This is divided into "public" or "private" housing based upon conventional definitions in the UK's housing policy.

- **Public Housing:** Housing built either by local authorities or non-profit corporations such as housing associations or the New Town development corporations. This includes housing built by private builders on a state

contract to charge state-defined social rents and let it out to those eligible for social housing.

- **Private Housing:** Housing built by for-profit builders or private individual self-build. This includes housing sold to new homeowners or privately rented for market rates that has had construction subsidised by the state.

After 2000, data for these variables has been collected from the relevant national statistical authorities.

Tenure mix:

The share of new supply that was delivered by either the private or public sectors. Some countries depended almost or primarily upon the private sector to build new housing in the postwar period, while other “mixed-tenure” countries had substantial roles for the public sector, including the UK.

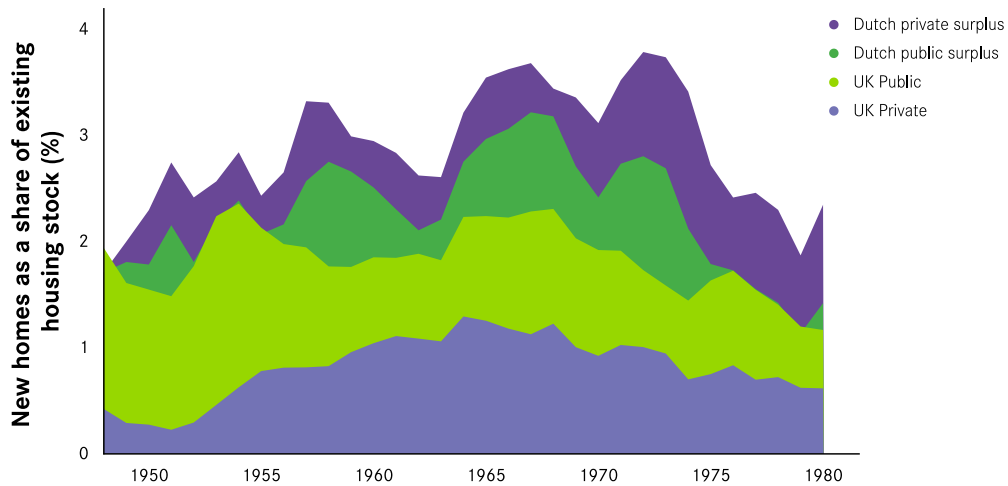
Britain had the lowest private housebuilding rate in post-war Europe

Postwar Britain had a low rate of total housebuilding. Although the UK had a public sector housebuilding rate slightly above average for countries with significant public housing programmes,⁹ it had the lowest rate of private housebuilding in the post-war period of any Western European country.

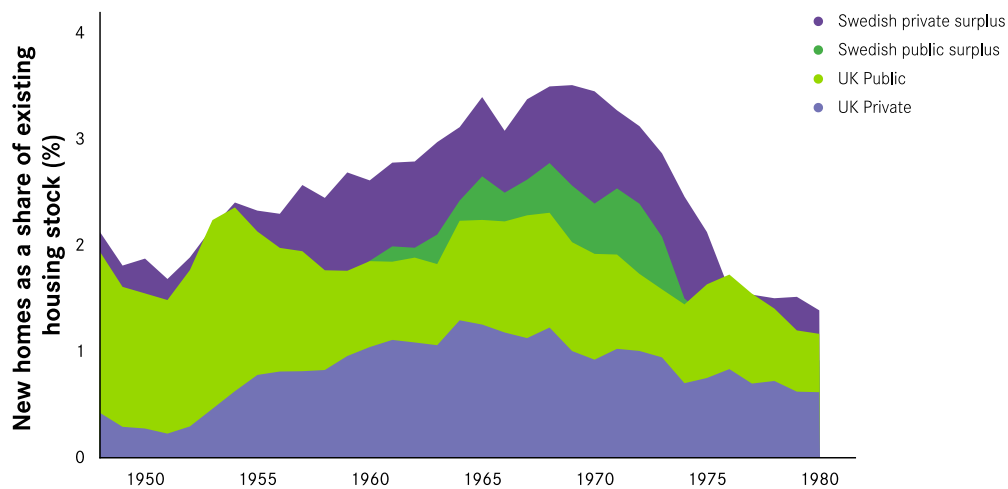
A low rate of private housebuilding was not necessary to enable a large public housebuilding programme. To take two examples, from 1955 to 1979 both the Netherlands and Sweden had a higher total housebuilding rate than the UK. Their housebuilding rates by tenure and year that were in surplus of the UK can be seen in Figure 3. The Netherlands and Sweden built more private sector housing than the UK in almost every year from 1955-1979, and also had long periods in which they built more public sector housing than the UK.

Figure 3: The Netherlands and Sweden show that postwar Britain could have built more private and social housing

Dutch housebuilding surplus over Britain by tenure from 1948 to 1979



Swedish housebuilding surplus over Britain by tenure from 1948 to 1979



Source: United Nations, *Bulletin of Housing and Construction*.

The Netherlands and Sweden both indicate that the UK’s reliance on council housebuilding to deliver new homes in the post-war period was partly the result of low private housebuilding. Even though the Netherlands and Sweden had a smaller role for the public sector as a *share* of their tenure mix, both had higher average rates of public sector housebuilding at 1.4 per cent and 0.96 per cent respectively than the UK’s average rate of 0.9 per cent per year.

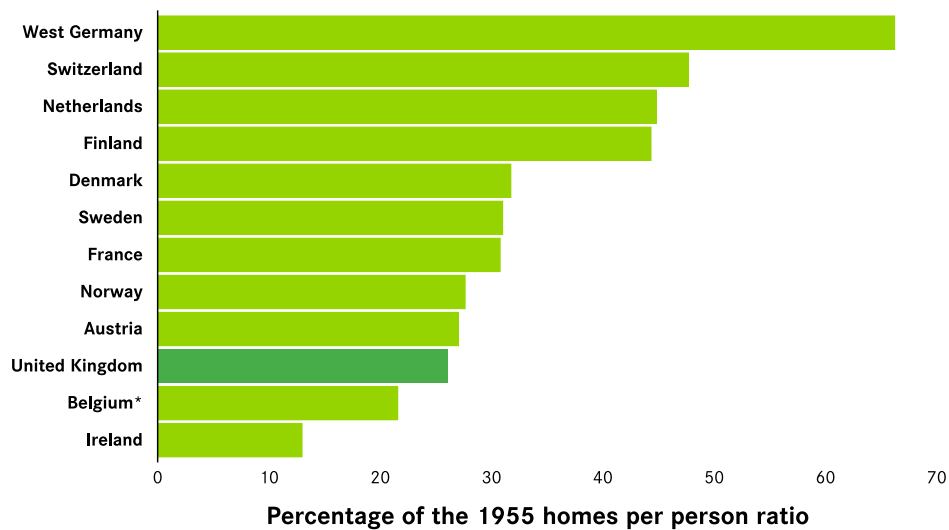
Neither population growth nor demolitions can explain Britain’s low housebuilding rates

Low gross housebuilding rates do not necessarily imply housing shortages. If Britain’s low population growth (including emigration) or a relatively low demolition rate explained low British gross housebuilding in the post-war period, then we would expect Britain’s net increase in dwellings to be much more typical of European countries after controlling for changes in the population.¹⁰

As Figure 4 shows, even after accounting for population growth and any impact from demolitions, the UK had one of the lowest increases in net housing supply in Western Europe from 1955-1979. For example, while the UK increased the number of homes available per person by 26 per cent, Switzerland managed an increase of nearly double this, at 48 per cent.

Figure 4: Post-war Britain’s increase in homes per person was low compared to other European countries

Growth in the ratio of homes per person from 1955 to 1979



Source: United Nations, *Bulletin of Housing and Construction*. It is not possible to construct estimates for growth in the ratio of homes per person divided by tenure. *Belgian data is taken from 1955 until 1977.

West Germany stands out in Figure 4 for its exceptionally high growth in homes per person from 1955-1979, due to its need to both recover from extensive war damage and build extra housing for refugees. While West Germany’s number of net additions to the housing stock was unique, Switzerland and Sweden also both built much more than the UK after accounting for population growth despite being neutral in the Second World War.

Immigration to the UK cannot explain the low increase in per person housing stock in this period, as the UK experienced net emigration from the end of the Second World War until

1979, with average annual net migration running at -54,000 a year from 1964-1978.¹¹ The effect of migration therefore *increased* the UK's net growth in homes per person in Figure 4, and indicates that there were already housing supply issues in the UK before the shift towards net immigration in the 1980s and 1990s.

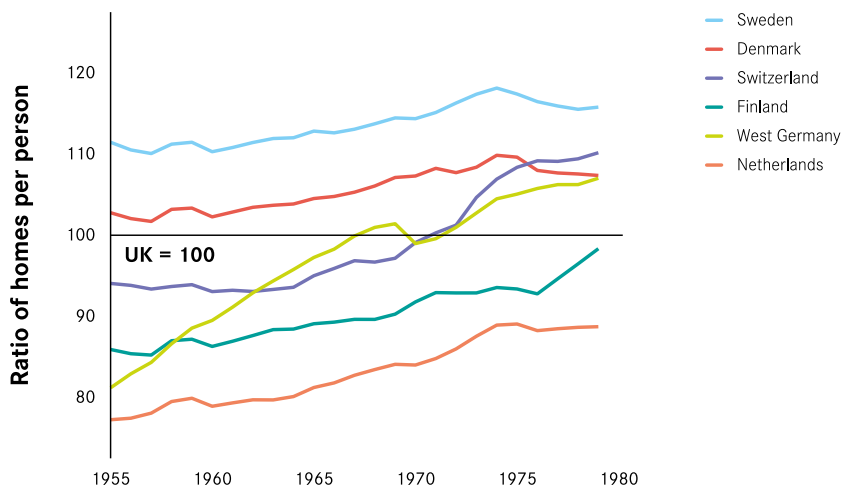
Postwar Britain lost its initial head-start in housing outcomes

An alternative explanation for low build rates during this period could be that Britain did not need to build as many new homes due to its head-start in housing outcomes over most European countries. British housing outcomes – the ratio of homes per person – were higher than the European average at the start of the post-war period in 1955.

Britain built less than other West European countries even after accounting for Britain's housing head-start. Figure 5 shows the ratio of homes per person in different European countries in every year from 1955 to 1979 as a percentage of Britain's ratio, which is fixed at 100 in every year. Countries that are above the line have more homes per person than the UK in that year, and below it they have fewer. Every country on the graph sees their housing outcomes improve relative to the UK.

Figure 5: The UK saw relative decline in housing outcomes over the post-war period

Ratio of homes per person relative to the UK from 1955 to 1979



Source: United Nations, *Bulletin of Housing and Construction*.

West Germany's rapid post-war recovery build rates can clearly be seen in Figure 4, with the country reaching British levels of homes per person by around 1967. West Germany's housebuilding rate slows after this point, but the number of homes per person continues to increase beyond British levels. Similarly, Switzerland also manages to overtake the UK in homes per person around 1970.

Other countries such as Finland and the Netherlands started the period with far fewer homes per person than the UK, partly due to lower average incomes. As their economies and standard of living caught up with the UK from 1955 to 1979, they also saw homes per person rise towards British levels due to their extensive construction programmes, despite rapid population growth in the Dutch case.

Denmark and Sweden are different still – they began 1955 with more homes per person than the UK. Yet they managed to increase that lead further over the following two and a half decades, in Sweden’s case with a larger public housebuilding programme than the UK.

The result of British underbuilding during the post-war period was that the UK lost its initial head-start in housing outcomes. Although the UK’s number of homes per person was 5.5 per cent above the average Western European country in 1955, it had fallen to 1.8 per cent below the European average by 1979.

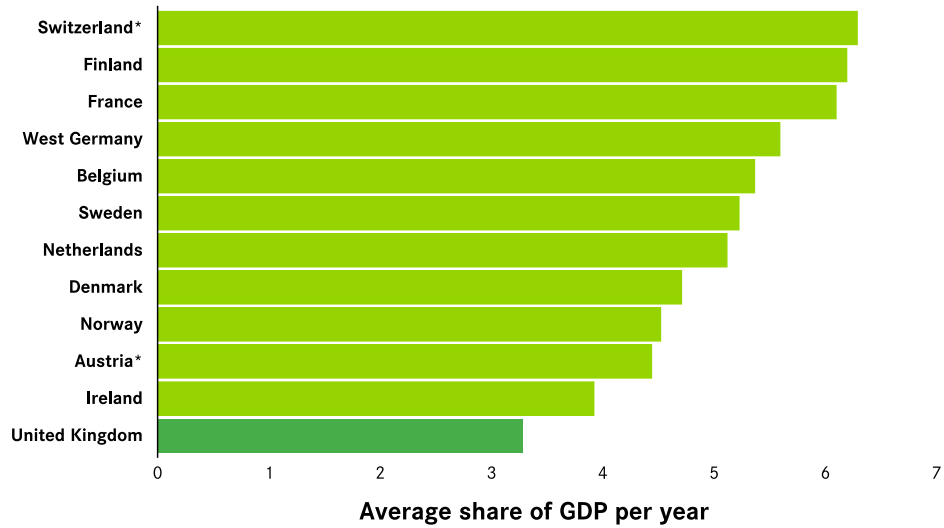
Postwar Britain’s low quantity of new homes were not high quality

Another argument might be that Postwar Britain’s poor housebuilding performance can be explained by a choice of “quality over quantity”, such as the influential Parker Morris space standards on council housebuilding.¹² As the UK was building less than other European countries, if Postwar Britain had prioritised fewer but higher quality dwellings, then we should expect to see an average rate of investment in residential construction and larger dwellings than other European countries.

However, Figure 6 shows that the UK invested the *least* in housebuilding of any Western European nation as a share of GDP – only an average of 3.3 per cent of GDP per year, compared to 5.1 per cent in the Netherlands and 6.2 per cent in Finland.

Figure 6: Postwar Britain had the lowest investment rate in residential construction of any country in Europe

Investment in residential buildings from 1955 to 1979



Source: United Nations, *Bulletin of Housing and Construction*. * Data for Switzerland only goes up to 1970 and data for Austria is from 1955 to 1960 and 1965 to 1966.

In addition, Table 1 shows that by 1992, average UK housing size by floor area was significantly lower than its peer countries in Western Europe. The average British dwelling— many of which will have been completed in the post-war period – was roughly equal in size to the average dwelling in Greece, which had much lower average incomes. The only average dwellings which were smaller than that of the UK were those in the former East Germany.

Table 1: The UK had the smallest dwellings in Europe soon after the end of the post-war period

Country	Floorspace per dwelling, 1992 (m ²)
Former East Germany	64.6
Greece*	79.6
United Kingdom	79.7
Austria	85
France	85.4
Former West Germany	86.6
Sweden	92
Ireland	95
Netherlands	98.6
Denmark	106.9

Source: Netherlands' Ministry of Housing, Physical Planning and Environment (1992), "Statistics on Housing in the European Community."

The quality of new stock also declined as the post-war era progressed, with a trend towards smaller properties and plots, using inferior materials and the removal of white goods from developer 'bundles' for new homeowners.¹³ Furthermore, new homes were in worse locations than existing stock, as the rapid expansion of green belts after 1955 meant that new houses on greenfield land were built further away from urban areas, with worse access to jobs and longer commutes than had pre-war trends continued.¹⁴

Britain's housing outcomes have been falling behind Europe since the 1950s

The second hypothesis – that British housebuilding and housing outcomes of the post-war period between 1947 and 1980 were below similar European countries – is shown to be true. Britain built less housing and experienced relative decline in housing outcomes compared to peer European states over the post-war period before 1980.

Why the UK's post-war housebuilding rate was so low requires an understanding of the policy choices the UK made and how they differed to the rest of Western Europe. These are the subject of the next section.

04

How did housing policy differ between Postwar Britain and Western Europe?

Hypothesis 3: The rate of British council housebuilding did not fall below public housebuilding in other countries pursuing mixed-tenure strategies

Hypothesis 4: The private sector housebuilding rate did not increase as policy shifted towards private ownership towards end of the post-war period

The previous section showed there were problems in British housing supply and outcomes in the post-war era between 1955 and 1979, both compared to earlier periods and to other European countries. As a result, the decline of council housebuilding after 1980 cannot entirely explain the housing crisis today.

Postwar Britain's shift from public to private housing was not unusual by European standards – every other country that pursued a 'mixed-tenure' strategy underwent a similar decline in public housebuilding.

What was unusual was the low rate of private sector housebuilding, which then fell further alongside council housebuilding, even after policies to support homeownership and price pressures on housing began to increase from the 1960s.

The post-war decline of both private and public housebuilding indicates that the English planning system became more restrictive over time, reducing the supply of land available for new homes compared to earlier periods and other European countries.

Postwar Britain's housing policy mix was unusual

Although every European country needed to build more housing after the Second World War, not all countries took the same approach to housebuilding. Different countries had

different mixes of private and public sector construction, built different amounts in total, and made different choices with town planning.

European central and local governments in the post-war period all provided some subsidy for housebuilding programmes. These “bricks and mortar” subsidies were designed to mitigate the negative effects of demand-side rent controls that had emerged during the World Wars in every European country – including the UK – in both the public and private housing sectors.¹⁵

Bricks and mortar supply-side grants and subsidised low-interest rate loans that subsidised private housebuilding for homeownership or private rent were implemented in every European country after the Second World War – except the United Kingdom. While the UK had implemented bricks and mortar subsidies for private construction in the interwar period, the bricks and mortar subsidy regime in Postwar Britain was unique in that it was directed entirely towards public housebuilding.¹⁶

The rise and fall of council housing in the UK was not unusual by European standards

The supply of new council homes fell in the 1970s, with the council housebuilding rate declining from 1.1 per cent growth a year in 1968 to 0.6 per cent in 1979. This decline is part of why the total rate of housebuilding fell towards the end of the post-war period.

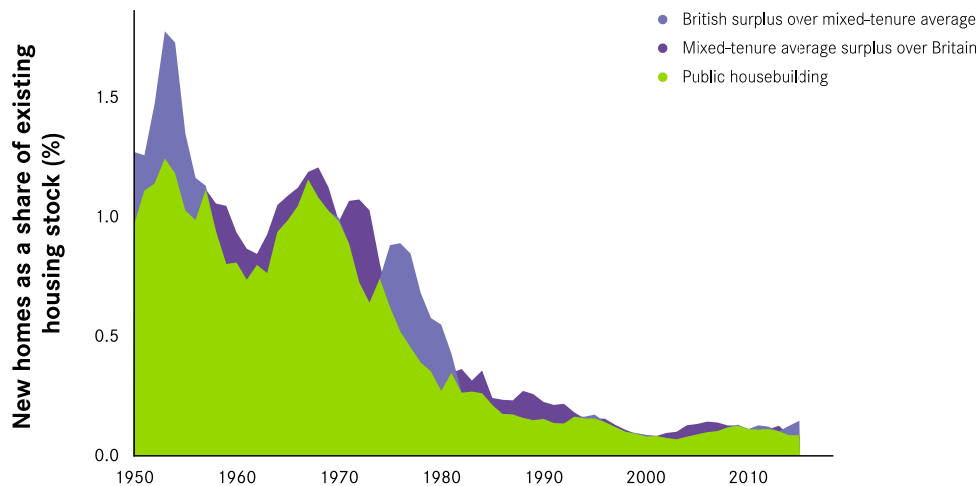
Whether this decline in council housebuilding is why the UK built fewer houses overall in the post-war period than other European countries depends on whether other countries that also pursued a mixed-tenure approach were able to sustain large public housebuilding programmes throughout the post-war period.

Alongside the UK, the other European countries that relied on a substantial mix of private and public sectors and centralised social housing subsidies to deliver high levels of housebuilding after the Second World War included Germany, Denmark, Norway, Sweden, and the Netherlands.¹⁷

Figure 7 shows the gross rate of public housebuilding in the UK and the average of these other European countries from 1950 to 2015, with the surplus of the European mixed-tenure average or the UK coloured in dark and light purple respectively. It demonstrates that the UK was not unique. Every European country with a large public housebuilding programme saw it decline rapidly after the early 1970s, for most countries roughly in time with the withdrawal of centralised subsidies as pressure on public budgets and growth deepened across the developed world after the Oil Shock in 1973.¹⁸

Figure 7: From the 1970s onwards, public housebuilding fell in every European country where it was important to total supply, including the UK

Public housebuilding in the UK and mixed-tenure counties from 1948 to 2015



Source: *European Housing Statistics from 1948-2000*, From 2000 Tenure data is from respective national statistical agencies which are listed in the appendix.

Where the UK stands out relative to the rest of Europe is from 1951-1955, during Harold Macmillan's tenure as Minister for Housing, when social housebuilding rates reached a level 0.5pp higher than Britain's European peers after an explicit promise to build 300,000 homes a year. Much building in this period was the construction of the New Towns designated by central government during or shortly after the Second World War, which were exempt from the planning powers the TCPA 1947 gave local authorities due to provisions under the separate New Towns Act.¹⁹

Although it did not exceed pre-war housebuilding rates, the early 1950s saw the peak housebuilding rate of Postwar Britain, driven by both this high council housebuilding and planning reforms to the 1947 regime that reduced local authority land development charges and consequentially caused private housebuilding to increase. This level of public housebuilding was not sustained, and Britain converged to a level typical of other European countries that pursued mixed-tenure strategies by 1957.

Britain's post-war decline in council housebuilding is sometimes blamed on the 1961 Land Compensation Act, which forced local authorities engaged in compulsory purchase of agricultural land to pay "hope" values (i.e. after the profits of development) rather than agricultural values.²⁰ However, it should be noted that this Act did not affect either purchases by local authorities for slum clearance, private builders, or the New Town development corporations.²¹ To the extent it did cause a decline in public housebuilding, the 1961 Act was one factor among others rather than its root cause.

As with the high rate in the early 1950s, it is unlikely that the UK could have – uniquely among European countries – sustained its late 1960s level of council housebuilding

indefinitely. The Netherlands, which sustained its public housebuilding programme throughout the 1970s and 1980s, reduced it substantially in 1989 with the Heerma memorandum.²² A decline in new social housing in the UK alongside other European countries was therefore always probable.

Subsidies for homeownership increased, but private housebuilding did not

As the previous section explained, public housebuilding in Postwar Britain was not able to deliver a high total rate of housebuilding alone as private housebuilding was unusually low. To some extent, this is to be expected as Postwar Britain was unique among European countries in lacking any supply-side policy support for private sector construction.

Private housing did receive more policy support on the demand-side as the postwar period progressed. After 1963, various tax reforms (including the abolition of Schedule A taxation in 1963, followed by the exemption on domestic properties from Capital Gains Tax in 1965 and the new option mortgage subsidy in 1966) introduced demand-side subsidies for homeownership.

Despite the policy shift to support private housing in the mid-1960s, Table 2 shows that UK private housebuilding actually fell from its peak in 1964. This further decline of private housebuilding despite the growing support for homeownership coincides with declining public housebuilding from 1968 onwards.

Table 2: Britain's private housing supply from 1955 to 1979 was the lowest in Western Europe

Country	Average annual private housebuilding rate, 1955 to 1979 (%)	Maximum annual private housebuilding rate, 1955 to 1979	Year of maximum private housebuilding	Private housebuilding rate, 1979
United Kingdom	0.95	1.29	1964	0.62
Austria	1.05	1.35	1955	1.01
Ireland	1.28	2.48	1974	2.30
Denmark	1.44	2.17	1973	1.24
Belgium	1.51	2.10	1976	1.65
France	1.56	2.25	1972	1.41
Netherlands	1.60	1.99	1974	1.36
Sweden	1.72	2.00	1965	1.17
Norway	1.90	2.30	1955	1.87
West Germany	2.19	3.13	1955	1.29
Switzerland	2.28	3.00	1961	1.34
Finland	2.43	4.18	1974	2.47
Western European Average, 1955 to 1979	1.72	2.20	1973	1.55

Source: United Nations, Bulletin of Housing and Construction.

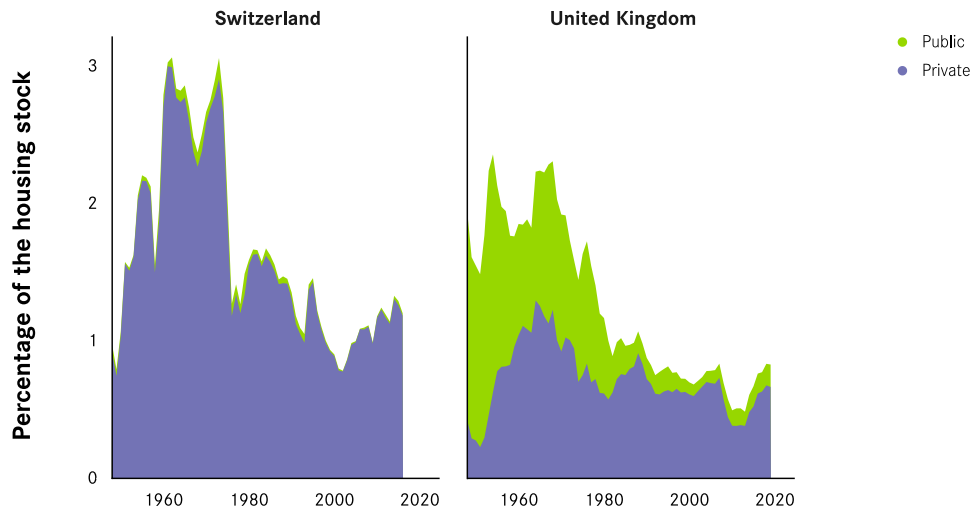
The 'peak' private housebuilding rate in 1964 was also lower at 1.3 per cent per year compared to the average European peak of 2.2 per cent. Postwar Britain never had a single year of private housebuilding as high as the average private building rate of France, Belgium, the Netherlands, or Sweden. Where Britain was atypical is not just that private sector housebuilding was low on average – it also fell further from an unusually low base. This resulted in private housebuilding peaking, averaging, and falling to a lower level than in any other European country by 1979.

Table 2 shows that Britain was not alone in seeing a shrinking rate of private housing growth over the course of the 1970s. Sweden and Switzerland also saw falls in private housebuilding, but even so their private housebuilding rates were often higher Britain's *total* rate of housebuilding. As an example, Figure 8 indicates Switzerland built private housing at an average rate of 2.3 per cent per year from 1955 to 1979, compared to the

UK's average annual rate of 1.9 per cent for both private and council housebuilding together.

Figure 8: Switzerland built more private sector homes than Britain built private and social housing

Gross rates of housebuilding



Source: United Nations, Bulletin of Housing and Construction. From 2000 Tenure and housing stock data is from respective national statistical agencies which are listed in the appendix.

That private construction was higher in Switzerland than Britain is unsurprising, given Switzerland had a minimal public housing programme. However, it shows that even if a decline in British council housebuilding was inevitable in the post-war period – perhaps for demographic reasons or the end of wartime reconstruction and subsidies – post-war private housebuilding could have compensated and increased, potentially to the levels seen in countries like Switzerland where total housebuilding was also falling. Instead, British private housebuilding fell.

The post-war fall in housing supply occurred despite high demand for housing

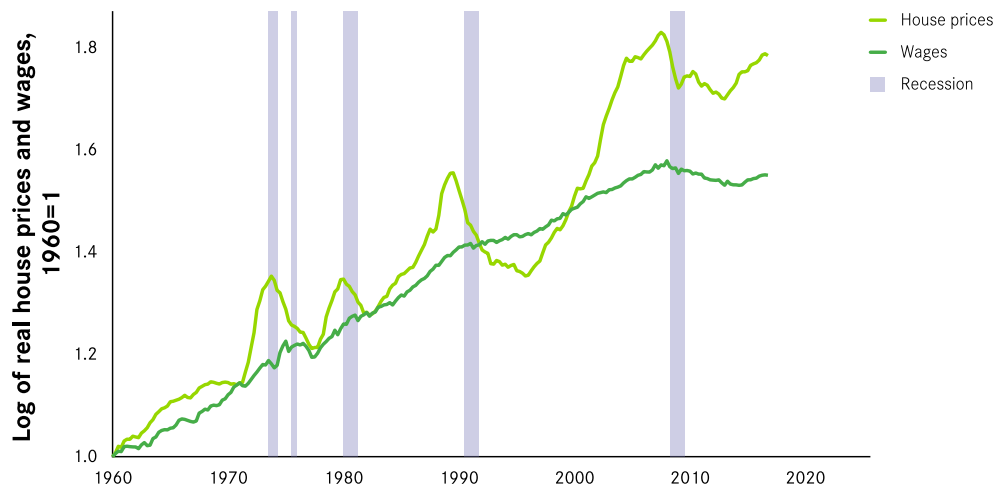
Declining public and private housebuilding would not be a problem if demand for new supply was also declining. If demand remained high and was increasingly disconnected from a falling supply however, then housing costs would also have become increasingly disconnected from incomes over time.

Although the available data on national average house prices does not stretch back to 1947, it can be calculated back to 1960. Figure 9 shows the growth of average wages and house prices in England since 1960 (adjusted for inflation) and demonstrates that not

only has house price growth outstripped wages over the long run, but that the disconnect pre-dates 1980.

Figure 9: House prices were already disconnecting from wages before 1980

Real house prices and wages in England from 1960 to 2015



Source: Bank of England, a Millennium of Macroeconomic Data. As price and wage growth compound over time, they are both log relationships and should correctly be plotted as log charts over a long time series.

There is a major and long-lasting disconnect of house prices and wages from the mid-1990s, when British housebuilding drops to historically low levels and the demand for homeownership expands due to rising incomes, the decline of mortgage interest rates from historically high levels and a declining effective rate of housing taxation.²³

However, this large divergence is preceded by earlier ‘spikes’ in house prices in the 1970s and 1980s when rates of housebuilding were higher but had already begun to fall.

These ‘spikes’ are moments when a rapid rise in housing demand was followed by a rapid decrease in that demand during recessions, as Box 4 discusses. They indicate that housing costs were already a problem in the private housing market before Right to Buy in 1980 when housebuilding was already falling. As these moments of high demand were not met by increases in supply, interest rates instead rose and the economy went into recession due to attempts to control rising prices, with no success over the long-term in reducing actual housing costs.

Box 4: Monetary and rental policy in Postwar Britain

House prices are not the same thing as housing costs. The cost of a property can be defined as the price paid per month, which is either the rent or the mortgage payment, with the latter determined by both the price and interest rates. When interest rates increase, prices decline, but the total monthly cost of mortgage payment for a new property may remain unchanged or even increase.

Although house prices fell during periods of tight monetary policy and expensive credit in the early 1980s or 1990s, the fact that interest rates were so volatile from the mid-1960s to the mid-1990s meant the actual cost of buying a given property would be the same as in periods of higher housing prices and cheaper credit.

This is further complicated by the fact that in the post-war period up until 1980, mortgages were subject to central control.²⁴ This meant that housing demand at average prices was often unmet, as mortgages were subject to “rationing”.

One side effect of this policy was that to simply acquire one of a limited number of available mortgages, homebuyers would reduce the quality of the house they purchased even if on paper they could afford somewhere better. This means that during periods of tight credit in the post-war periods, namely the late 1960s or mid-1970s, the reduction in transacted house prices is partially the result of less preferable houses being bought, rather than changes in prices for a given property.²⁵

Rents are unsuitable for long-run analysis on the cost of housing in 20th century Britain, as new tenancies were subject to rent control from 1915 until 1988. Recent analysis has shown that rental housing prior to 1979 required extensive subsidies to remain affordable, indicating market housing costs for renters were already high during the post-war period.²⁶

House prices also grew faster than construction costs over this period, and land became much more expensive as a share of total build costs. The price of land increased from approximately 10 per cent of the average suburban house price in England in 1960 to 25 per cent in 1970, and one third of the average price in outer London and the Home Counties.²⁷ This indicates that the supply of new dwellings in the post-war period was constrained primarily by the availability of land on which it was lawful to build homes – in other words, with planning permission.²⁸

The planning system reduced housebuilding in Postwar Britain

The four post-war hypotheses and worsening housing costs indicate that modern Britain’s poor housing outcomes predate 1980 when its housing problems are conventionally dated to begin. The decline of council housebuilding did contribute to a falling

housebuilding rate overall, but most of this process occurred in the 1970s and simultaneously alongside a decline in private housebuilding from an already low base.

The root cause of the modern housing shortage needs to be able to explain the immediate decline in total housebuilding after the Second World War and this decade-long decline towards the end of the post-war period, even as demand remained high.

The alternative explanation for the decline in housebuilding over the post-war period is that the planning system established by the Town and Country Planning Act 1947 became more restrictive during this time. As Box 5 explains, the English planning system was designed from the beginning to restrict the growth of large cities by giving local authorities the power to block new development and establishing an unusually unpredictable decision-making process.²⁹

Box 5: What is the problem with the English planning system?

The planning system established in England by the Town and Country Planning Act 1947 is marked by internationally unusual discretion and restrictions on development. In effect, while most other land-use regimes abroad are typically rules-based ‘zoning’ systems, in England and other systems strongly influenced by TCPA 1947 (the devolved nations, Ireland etc.) the permission-and-appeal regime induces case-by-case decision-making, despite being nominally ‘plan-led’.

In short, this means that instead of the planning system allowing all development that follows the rules, in England it is possible for developers to follow the local plan and still have their application rejected. This rejection can be delivered by local authority planning officers, the local councillors who sit on the local authority’s planning committee, central government’s planning inspectors, or even the Secretary of State. The effect is that instead of all land being available for development unless it is prohibited, development is prohibited on all land unless a site is granted a permit (planning permission).

England’s TCPA 1947 discretionary planning system emerged as a deviation from the earlier Town and Country Planning Act 1932, which had established a proto-zoning system.³⁰ The TCPA 1947 was passed in the aftermath of the Royal Commission on the Distribution of the Industrial Population, led by Sir Anderson Montague-Barlow in 1940.

The Barlow Report proposed that, to tackle regional inequality, the population growth of “congested urban areas” (the big cities) be curtailed through planning policy and proposed central control of development rights to this end.³¹ This became a founding principle of the Town and Country Planning Act 1947 which nationalised development rights, making the development of land only possible if it was considered in the judgement (i.e. discretion) of the local authority to comply with local policy.³²

In the immediate aftermath of the war, nearly all housebuilding was done by the state, either through the New Towns or urban reconstruction from war damage. From the mid-1950s onwards, the role of New Towns was reduced and the planning system became one in which private housebuilding increased and was regulated by the new planning system through land allocations and development control based on the judgement of local authorities. The system retained its discretionary design and the system has remained essentially unchanged to the present day.³³

After the initial allocations from the first round of local plans and new towns were exhausted early in the post-war era, the mid-1960s saw a growing number of complaints that the planning system was not allocating enough land for new homes.³⁴ By the 1970s, both private and public housebuilding began to fall as tightening restrictions on

development reduced the supply of sites for new housing. As Box 6 explains, although the post-war planning system's rationing of land was most severe for new private housing supply, public housebuilding was also negatively affected by the growing difficulty of acquiring land that would receive planning permission for new homes.

Box 6: How did the planning system reduce new private and social housing in the post-war period?

Demographic growth in south east England was stronger than predicted after the Second World War, and initial greenfield building land allocations in many county plans appeared inadequate by the early 1960s.³⁵ The expansion of the green belt from 1955 coupled with the end of the first wave of New Towns in 1957 at numbers far below what the initial plans believed was necessary reduced the amount of land available for new housing.³⁶ This, coupled with the new discretionary processes resulted in the price of building land for private builders began increasing as early as the 1950s and private build rates began to decrease from 1964 despite increasing house prices.³⁷

Central government set up several studies suggesting the implementation of regional plans during the 1960s, but they did not have statutory power and were unable to secure local planning authorities' cooperation in releasing greenfield building land.³⁸ The Wilson Government attempted to make land available for regional planning by bypassing the private market and county planning authorities with a newly established Land Commission in 1965. This had the power to buy land at a 40 per cent discount and if necessary, appeal the decision of local planning authorities who refused to grant it planning permission.

The Land Commission was hamstrung by opposition from local planning authorities in the Home Counties and was unable to break the land bottlenecks.³⁹ During its five-year existence, the Commission managed to purchase 286 acres of housing land in the South East (most of which were used for gravel extraction) and in the Midlands it managed to release a total of four acres for development. Its unpopularity with local authorities and county planners in the Home Counties led to its abolition by the Heath government after the 1970 election.⁴⁰

Councils that wanted to build new social housing for their residents were also limited by the fragmentation of local government. Many small, pre-1972 urban councils had no greenfield land on which they could build or grant themselves planning permission for new council housing. As a result, they had to apply to neighbouring authorities for building land, who often resisted granting permission to maintain the integrity of their greenbelts. The reforms introduced in the 1972 Local Government Act failed to overcome this fragmentation, as (typically rural) district councils retained control over housing and planning.⁴¹ The green belt then reduced the amount of land for development over this period, with its area expanding from 693,000ha in 1968 to almost 1,600,000ha in 1984, roughly 12% of England's land surface.⁴²

The growing difficulties in acquiring greenfield development land for council housing in the 1960s pushed new social housing onto brownfield land, with local authorities forced to use slum clearances to acquire urban land at the discounts that made new

council housing viable. A resulting backlash and the end of the slum clearances eventually closed off redevelopment of private urban residential land as a route to new private and council housing at scale.⁴³

Other European countries did not make the same choices as Britain did in the post-war era. Planning and housebuilding regimes did vary considerably across Western Europe after the Second World War, but European countries with more successful housing outcomes differed from the UK in three ways: ⁴⁴

1. Their governments had greater central power over local planning authorities and could re-draw local development plans that were unable to meet housing requirements more easily. For example, French local plans were drawn up by the local prefect – an unelected representative of the central government – while the Dutch’s local government ministry’s discretionary funding powers over local authorities deterred councils from underbuilding sufficient housing.
2. Their planning systems had less of a discretionary element. In contrast to the UK, in most European countries planning permission was and is automatically given by an administrative body if it complies with the plan. This meant that there have been fewer opportunities for European local authorities to obstruct development.
3. Their systems of national development control were instituted *later* than the UK did in 1947. Germany enacted its planning law in 1960, the Netherlands in 1965, and France in 1967. These systems had fewer restrictions on development than England’s, but they also had a longer period after the Second World War in which restrictions were minimal.

The planning system undermined council housebuilding

Council housebuilding in Postwar Britain helped deliver large improvements in housing outcomes, and its decline is one reason that total housebuilding began to fall. However, this decline predates Right to Buy by a decade, occurred alongside a decline in private sector housebuilding despite rising house prices, and was itself predated by a large decline in total housebuilding following the Second World War.

These results seem to stem from the planning system – which always had been highly restrictive – becoming even more restrictive over the course of the post-war period. This reduced the supply of land available for both private and council homes and explains why other European countries managed to build more.

To understand just how much these differences in housebuilding and housing outcomes have been sustained after the end of the post-war period, the report now turns to consider housing outcomes in Europe after 1980.

05

Housing in Britain and Europe from 1980 to 2015

In British housing policy, 1980 is considered a turning point due to the introduction of Right to Buy by the Thatcher Government.⁴⁵ Substantial changes to the ownership of housing occurred with Right to Buy and housebuilding rates declined further.

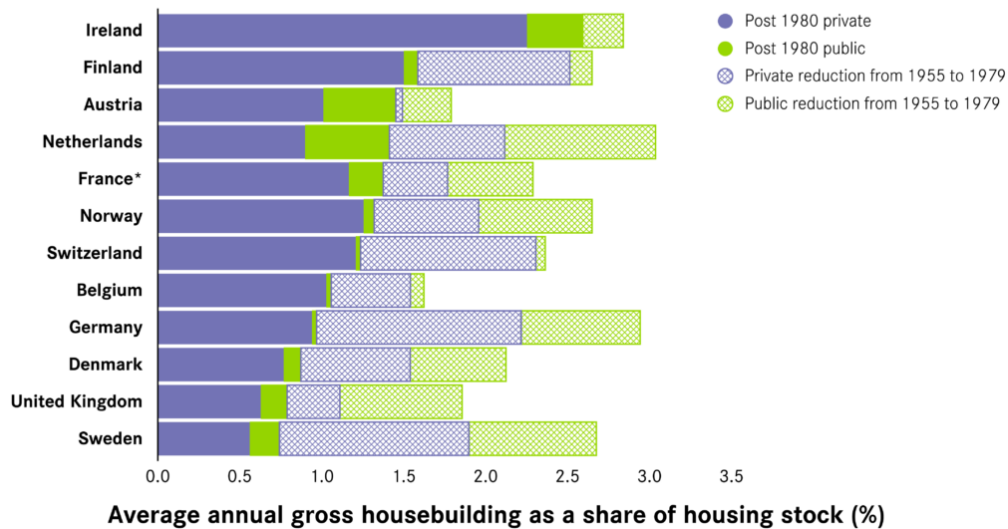
The United Kingdom was not alone though. Some European countries have seen their housing outcomes stop improving or even deteriorate since 1980 as their housebuilding rates have declined. These countries, partly due to tightening planning systems of their own, are now facing similar housing supply problems to the UK.

Housebuilding rates fell across Europe

Figure 10 shows total housebuilding in Europe from 1980 to 2015, divided by tenure and showing reductions in housebuilding rates from the 1955 to 1979 period in hashed bars. There are three lessons in European housebuilding after 1980 to compare to the earlier trends of post-war housebuilding rates in Figure 2.

Figure 10: Housebuilding rates fell across nearly all European countries, but Britain is still at the bottom

Average annual gross housebuilding in Europe from 1980 to 2015



Source: United Nations, Bulletin of Housing and Construction *French Tenure ratios interpolated after 1988. West German data is used until 1990 and afterwards data from a united Germany is used. Otherwise from 2000, data sources are listed in the appendix.

First, total housebuilding after 1980 was lower than post-war rates in almost every country. The exception to this is Ireland, which is discussed in Box 7.

Second, the public housebuilding rate declined in every country in Europe.⁴⁶ Neither the scale of the decrease nor the amount of social housing built after 1980 seems to determine any country’s overall level of housebuilding.

For example, Sweden still maintains a reasonable public sector housebuilding programme, but has fallen to the bottom of the table. In contrast, Austria, which is well-regarded abroad for Vienna’s social housing programme, has seen relatively high rates of housebuilding since 1980 even though public housebuilding fell, as it saw the smallest decrease in private sector housebuilding of any country in the sample.

Third, Britain remains at the bottom of the table. The average annual total housebuilding rate in the UK fell from 1.9 per cent between 1948 to 1979 to 0.8 between 1980 and 2019. In part, this was due to the end of mass council housebuilding after the introduction of Right to Buy – the public housebuilding rate (including housing associations), fell in the UK from an average of 0.8 per cent growth per year in the 1970s to 0.3 per cent in the 1980s and 0.1 per cent in the 2000s. However, it was also due to the fact private housebuilding fell, decreasing from 0.8 per cent to 0.7 per cent and finally to 0.6 per cent annual growth over the same period.

The further decline of both public and private housebuilding in the UK after 1980 broadly aligns with evidence suggesting that the discretionary planning system became even more restrictive after this date. For example, a proposed review of the green belt in the early 1980s was abandoned after a backlash from campaign groups who opposed the increase in housebuilding it implied.⁴⁷ The Town and Country Planning Act 1990 is broadly considered to be more restrictive than the prior regime, with the planning reform proposals of the 1989 White Paper dropped during the legislative process that created it.⁴⁸

Box 7: The Irish exception

Irish housebuilding rates were significantly above all other European countries from 1980 to 2015, particularly during the ‘Celtic Tiger’ boom period from the mid-1990s to 2008. The fact that housing is expensive in Ireland today may at first suggest housing supply has no link to affordability.

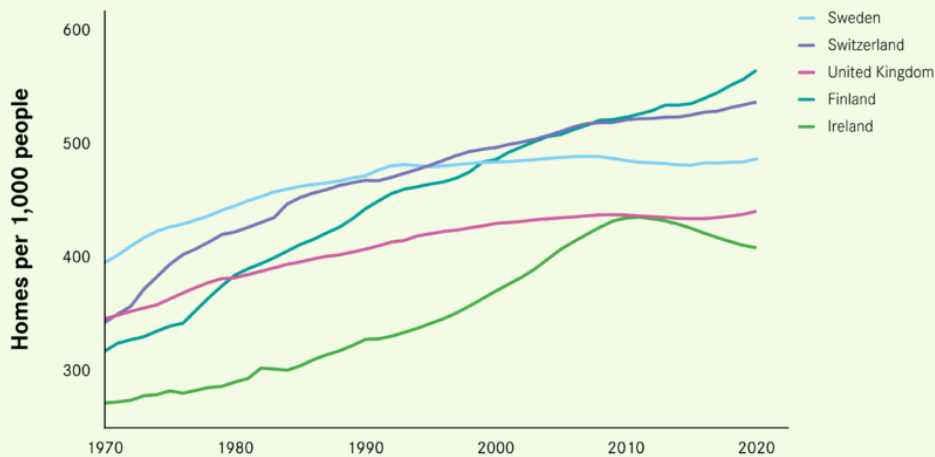
However, Ireland’s high housebuilding performance after 1980 requires context. Post-war Irish housebuilding until 1980 was extremely low. The combination of high population growth and low building rates meant that the net increase in the ratio of homes per person in Ireland from 1955–1980 was the lowest in Western Europe, as shown earlier in Figure 4.

Although the UK’s poor performance in housebuilding was paired with a head-start in homes per person compared to the European average, Ireland was the opposite – it had a huge deficit. As a result, when Irish housebuilding began to outpace other European countries in the 1990s, it was doing so from a base similar to former communist countries such as Hungary and Czechoslovakia.⁴⁹

Figure 11 shows Ireland’s low ratios of homes per person in the 1980s required a housebuilding boom to catch up with the average European country.⁵⁰ This convergence was never completed – by 2009, Ireland had only managed to reach British housing outcomes, which in turn had stalled since the early 2000s. Although rising supply helped improve Irish affordability from the mid-1980s until the 2000s,⁵¹ the affordability benefits of Ireland’s housing boom were also diminished by the misallocation of new dwellings to peripheral rural areas rather than being concentrated in Dublin and other growing cities.

Figure 11: Ireland’s ratio of homes per person has always been low, and is now falling

Homes per person in Ireland and Europe from 1970 to 2020



Source: United Nations, *Bulletin of Housing and Construction*

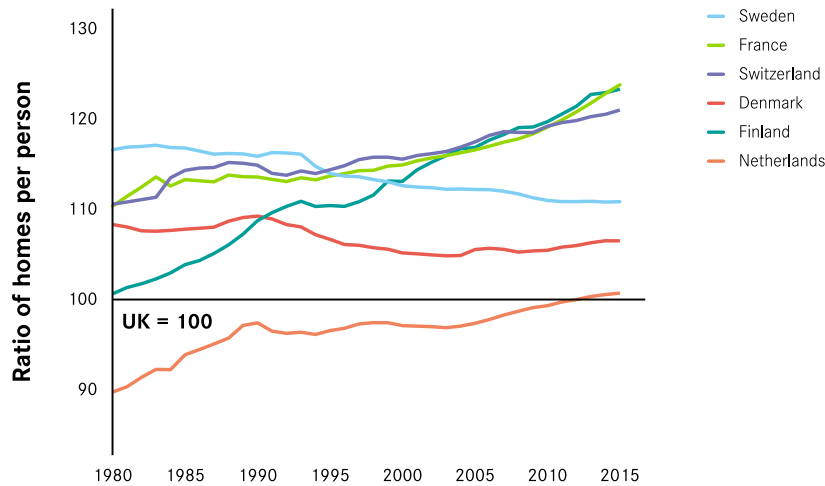
Following the 2008 crash, the number of homes per person has declined in *absolute* terms. Construction in Ireland never recovered from the country’s particularly deep recession. The Irish planning system also became more restrictive after this point, with extensive “downzonings” following the Planning & Development (Amendment) Act 2010, and the removal of over 110,000 homes from Greater Dublin’s development pipeline in the late 2010s.⁵²

The UK’s housing outcomes are now some of the worst in Europe

European housing outcomes since 1980 have become more varied relative to the UK as housebuilding rates have changed. Figure 12 shows that some European countries, including Finland, Switzerland, and France, continued to expand their advantage in the number of houses per person relative to the UK that they were showing in the post-war period in Figure 5, but others are not.

Figure 12: Some European countries are no longer seeing housing outcomes improve relative to Britain

Ratio of homes per person relative to the UK from 1980 to 2015



Source: United Nations, Bulletin of Housing and Construction. From 2000 Housing stock values are taken from respective national statistical agencies which are listed in the appendix.

Finland’s performance is particularly impressive, with the number of homes per person increasing from 86 per cent of the British ratio in 1955, to roughly matching it in 1980, and then reaching 123 per cent of it in 2015. Finnish housing outcomes and its ‘Housing First’ approach to homelessness have in recent years attracted positive attention from abroad, but the underlying foundation is a plentiful supply of existing and new housing.⁵³

Other countries have seen their housing outcomes stop improving relative to the UK. Denmark and the Netherlands are building less than they did in the post-war era. Sweden has actually built so little that the UK has started to catch up.

In part, their declining outcomes seem to stem from some similar problems to the UK. The Netherlands for instance saw both an end to its mass social housing programme from 1989, but also the imposition of increasingly tight ‘green belts’ from the 1980s onwards.⁵⁴ Likewise, after the introduction of a national planning law in 1987 the Swedish planning system is considered to have become more restrictive, and Stockholm’s initial post-war “green wedges” were replaced by a green belt around the city in 1991.⁵⁵

The further relative decline of the UK’s housing outcomes cannot be hidden by the growing difficulties of some European countries. By 2015, the UK’s ratio of dwellings per person had fallen to at least 7.8 per cent⁵⁶ below the European average – a further decline from a 1.8 per cent deficit with the average in 1979, and the 5.5 per cent advantage that the UK enjoyed in 1955.

Britain's housebuilding and housing outcomes declined further after 1980

Since 1980, Britain's housing and housebuilding outcomes have fallen further behind its low base. Some European countries have seen their outcomes and build rates stagnate since 1980. But Britain's gap with most countries widened even more after 1980, and almost all countries have better housing outcomes than Britain today.

Improving housing outcomes means adopting a policy approach more similar to these successful European countries, or at least the European average. Identifying exactly which of these countries Britain should draw inspiration from and the scale of the challenge facing British policymakers in housing policy is the subject of the next section.

06

How big is Britain's backlog of missing homes?

The scale of underbuilding in Britain since the Second World War means the UK should have many more homes than it does today. Compared to other European countries, Britain has accumulated a large backlog of missing homes that need to be built if the UK is to end its housing crisis. Housebuilding needs to rise to address both annual need and clear this unbuilt backlog.

Britain has a backlog of millions of unbuilt homes

It is possible to produce reasonable estimates of how many homes the UK would have added had it seen its housing stock grow at a similar rate to other European countries in every year from 1955 to 2015, as Table 3 shows. The first row contains the number of homes actually built in the UK by tenure and number of homes per thousand people in 2015. Each row after can be thought of as the number of extra homes the UK would have if it had pursued the policy approach of each country, adjusted for the UK's high initial ratio of homes per person as well as slower population growth.

Had the UK built houses at the rate of the average Western European country from 1955 to 2015, it would have added a further 4.3 million homes than it actually did – resulting in 15 per cent more homes than the 28.3 million dwellings that actually did exist in 2015. As the UK increased the size of its housing stock by 12.2 million homes from 1955 to 2015, these 4.3 million extra homes would have required new additions to be 35 per cent higher across the entire period.

Table 3: The missing homes from underbuilding from 1955-2015, by Tenure

Country	Increase upon the UK's housing stock in 2015 (%)	Total increase in homes, 1955 to 2015	Private sector contribution, 1955 to 2015	Public sector contribution, 1955 to 2015	Total private : Public mix of gross housebuilding, 1955 to 2015	Homes per thousand people – 2015
United Kingdom	0	12,230,000	7,875,000	4,358,000	64 : 36	425
Increase to the UK's added homes from 1955 to 2015 if the UK had built at the rate of...						
Switzerland	6.0	1,647,000	6,005,000	-4,358,000	94 : 6	450
Sweden	7.7	2,137,000	2,054,000	82,300	68 : 32	457
Denmark	8.8	2,445,000	3,910,000	-1,465,000	77 : 23	462
Belgium	10.1	2,795,000	7,153,000	-4,358,000	96 : 4	468
Netherlands	10.3	2,836,000	833,800	2,002,000	59 : 41	468
Norway	12.1	3,349,000	5,821,000	-2,472,000	84 : 16	476
Germany	13.9	3,835,000	6,367,000	-2,533,000	85 : 15	484
France	19.5	5,393,000	6,270,000	-877,700	78 : 22	507
Austria	25.3	7,007,000	4,850,000	2,157,000	66 : 34	532
Ireland	25.6	7,076,000	8,888,000	-1,812,000	84 : 16	533
Finland	29.9	8,276,000	12,300,000	-4,019,000	94 : 6	552
Western European Average	15.4	4,254,000	5,859,255	-1,604,855	80 : 20	490

Source: Centre for Cities calculations. United Nations, Bulletin of Housing and Construction. From 2000 Housing stock values are taken from respective national statistical agencies which are listed in the appendix.

Subsequent columns show how net additions by tenure would have changed had the UK adopted the approach of each country, the tenure mix, and the predicted number of homes per person. Building to the European average after 1955 would have improved housing outcomes in 2015 by increasing the ratio of homes per thousand people from 425 homes to 490, with a fifth of all the homes built being social housing.

For some counterfactuals the number of missing homes is even higher. Had the UK added homes at a similar rate to Finland, it would have added an extra 8.3 million homes from

1955 to 2015, a 30 per cent increase in the 2015 dwelling stock. Even the less impressive counterfactuals still point towards a deep shortage of homes. Even if the UK had adopted Denmark's relatively subdued approach to housebuilding, it would still have an additional 2.5 million more homes than it does today, a 9 per cent increase in total dwelling stock in 2015.

Box 8 describes how these counterfactual levels of British housebuilding and missing homes were calculated.

Box 8: Calculating the backlog of missing homes

The backlog of “missing homes” that would have been built had the UK built as many as other countries, and the number of homes that the UK needs today to improve its housing outcomes are not necessarily the same number. The former can though indicate how large the latter is and provides a range of targets for future housing policy in the present to aim for.

Creating estimates for how many homes the UK would have built if it had adopted the policies of a different country must adjust for different populations, different levels of population growth, different initial numbers of homes per person, different levels of demolitions, different tenure mixes between countries, and how these factors affect each other.

As other European countries tended to have faster population growth than the UK and had fewer homes per person in 1955, comparisons based solely on gross housebuilding produce estimates for the missing number of homes that are too high, as other countries had greater need than the UK.

Comparisons based solely upon changes in the number of homes per person in 2015 produce more appropriate estimates but omit tenure and are inconsistent due to differences in the definition of primary dwellings in national statistics (e.g. some countries count vacant and second properties, others do not).*

The modelling in this section adopts an alternative approach. For each European country, a counterfactual UK is generated that is adjusted for the differences between the UK and that country in population growth and initial numbers of homes per person, and the changes to the rate of UK demolitions this implies. This counterfactual UK then adds homes every year from 1955 to 2015 for both tenures at the same rates as its comparator country.

After controlling for the differences in population growth and initial housing stock, the difference in cumulative rates between counterfactual UK and the actual UK is then applied to the actual UK housing stock from 1955, and produces the estimates in this chapter. More details on the technical aspects of the modelling are in the technical annex.

*This latter discrepancy explains why the UK’s housing outcomes had at least 7.8 per cent fewer houses per person than the European average in 2015, but the 4.3 million houses estimate of the backlog would increase the UK’s housing stock by 15 per cent. The 5pp gap between these occurs because the statistical offices of Austria, Belgium, and Norway in 2015 only count primary residences, and other European countries have different standards for habitable dwellings to the UK. In other words – the 8 per cent deficit does not account for the poor quality and inequality problems of housing in the UK, while a 15 per cent increase in stock

would improve the availability, distribution, and quality of housing services to European levels.

The 4.3 million missing homes estimate is fundamentally conservative. It omits any underbuilding that occurred from 1947 to 1955 and from 2015 to 2023, and returns the UK to the European average, not the above-average housing outcomes Britain enjoyed in 1955. It also omits the geography of where these homes should be built. The lion's share of these new homes would likely need to be concentrated in the most expensive parts of the country – London and the South East – to improve outcomes as much as they can.

The backlog is comparable to other estimates of unbuilt housing in the UK – 2.9 million in England in 2009 according to the then-Department of Communities and Local Government; 3.1 million social homes in England in 2019 according to Shelter; and 3.9 million in 2015 in Britain published by Crisis.⁵⁷

As the backlog is calculated cumulatively year-by-year, its emergence can be dated. For the average European scenario, 29 per cent of the missing backlog – roughly 1.2 million homes – was accumulated during the post-war era between 1955 to 1979 (40 per cent of years of the entire 1955 to 2015 period). This indicates that while the period since 1980 has seen particularly low housebuilding, British underbuilding predates it.

Britain could have built more public and private housing

As private housebuilding in the UK was so low, the UK had unusually high share of public housebuilding in its tenure mix.⁵⁸ Most counterfactuals therefore show an increase in the total number of homes, but a decrease in the total and share of new social housing provided.

Table 3 shows that had the UK adopted a policy approach similar to the average European country, it would have built 4.3 million more homes from 1955 to 2015 to keep up with European housing outcomes. As amounts to 5.9 million more homes built by the private sector, and 1.6 million *fewer* homes built by the public sector. Accordingly, the tenure mix of new supply would have changed from 64:36 private:public to 80:20.

As the most important factor behind the UK's unbuilt backlog is a low rate of private housebuilding, every single modelled scenario sees the private sector build more houses. However, there are a few countries that indicate the UK could have built more private and more social housing. Had the UK taken the policy approach of the Netherlands or Austria, the British public sector would have built between 2 to 2.2 million social homes beyond our actual social housing programme, alongside an additional 2.8 to 7 million new private sector homes.

England needs between 442,000 and 654,000 new homes every year to clear the backlog

Housebuilding in the UK needs to be high enough to both meet normal annual demand and make progress in clearing the backlog of 4.3 million unbuilt homes. Taking England's share of this backlog – between 83.2-83.4 per cent of all the dwellings in the UK are in England – it is possible to estimate what this means for English housebuilding today.⁵⁹

At present, England has a housebuilding target of 300,000 a year, which implies a rate of 1.3 per cent per year. If Europe continues building at its current rate of 0.9 per cent, England building 300,000 homes a year will take 65 years to close the housing backlog.⁶⁰

Assuming there is a desire to end the housing crisis sooner than that, Table 4 shows the housing targets and housebuilding rates that England requires to clear its share of the unbuilt backlog from each counterfactual from the previous Table 3 within ten and twenty-five years. If the Government's target of 300,000 new homes is taken to be an accurate estimate of annual and potential future need in England every year for the next two and a half decades, housebuilding above that number can be dedicated solely to clearing the backlog of missing homes from each counterfactual.

Ending the housing crisis in the next twenty-five years would require England to add 442,000 homes every year, double the current housebuilding rate of 220,000 a year, as shown in Table 4. Solving it in ten years, or two parliamentary terms, would require 654,000 new homes a year in England. Achieving housing outcomes of countries with above-average records, such as Finland and Austria, would require even higher amounts of housebuilding over the same periods.

Table 4: England needs to build more than 300,000 homes a year to end the housing crisis within the next few decades

Missing homes backlog to overcome	300,000 + backlog in 10 years	Initial and final building rates over 10 years	300,000 + backlog in 25 years	Initial and final building rates over 25 years
300,000 Target	300,000	1.3 – 1.1	300,000	1.3 – 1
Switzerland	437,000	1.9 – 1.6	355,000	1.5 – 1.1
Sweden	478,000	2.0 – 1.7	371,000	1.6 – 1.1
Denmark	504,000	2.1 – 1.8	381,000	1.6 – 1.2
Belgium	533,000	2.3 – 1.9	393,000	1.7 – 1.2
Netherlands	536,000	2.3 – 1.9	394,000	1.7 – 1.2
Norway	579,000	2.5 – 2	412,000	1.75 – 1.2
Germany	619,000	2.6 – 2.1	428,000	1.8 – 1.3
France	749,000	3.2- 2.5	480,000	2 – 1.4
Austria	884,000	3.75 – 2.8	533,000	2.3 – 1.5
Ireland	889,000	3.8 – 2.8	536,000	2.3 – 1.5
Finland	989,000	4.2 – 3.05	576,000	2.4 – 1.5
Western European Average	654,000	2.8 – 2.2	442,000	1.9 – 1.3

Source: Centre for Cities calculations. United Nations, Bulletin of Housing and Construction From 2000 Housing stock values are taken from respective national statistical agencies which are listed in the appendix.

The housebuilding rate that the ten-year goal requires is between 2.8 and 2.2 per cent growth in English housing stock per year to reach the European average. This is comparable to the interwar average of 2.4 per cent growth in the number of homes per year, the historic peak of English and Welsh housebuilding. The housebuilding rate required of the twenty-five-year goal is 1.9 to 1.3 per cent, which is below the post-war average rate of 1.9 per cent from 1947 to 1979 but above the entire post-1947 average of 1.3 per cent.⁶¹

Since 2015, England has added between 220,000 to 240,000 new homes a year – roughly 0.9 per cent growth per year. As the European average housebuilding rate today is also around 0.9 per cent, the current English housebuilding rate happens to be minimum number of new homes required to stop Britain’s current housing outcomes from getting worse relative to the rest of Europe. If the English housebuilding rate falls below 234,000 (or more accurately, 0.9 per cent a year) then housing outcomes in the UK will deteriorate compared to European countries.

Addressing the backlog and building the missing 4.3 million homes is essential if the UK is to achieve a similar standard of housing to other European countries. The next and final

section sets out the conclusions for understanding the housing crisis and what needs to change to end it.

07

What does this mean for housebuilding today?

Housing conditions in Britain have improved since the Second World War and enormous resources and efforts have been dedicated to doing so. But conditions have not improved as much as they should have relative to European peers, and the efforts to improve conditions have been undermined by the planning system's increasingly tight rationing of land.

The analysis provided by this paper presents lessons for housebuilding today and the changes needed to increase it.

Lessons

Britain has not allocated enough land for development for decades

Postwar Britain relied on council housing to deliver improvements in the standard of living. The decline of council housebuilding was part of the reason total housebuilding has fallen since the Second World War, but the decline predates the conventional dating of 1980 and Right to Buy by at least a decade.

Despite Britain's successes in public housebuilding, other European countries, like the Netherlands and Austria, show that alternative approaches could have provided more social housing and achieved better outcomes.⁶² These examples also built much more private housing than the UK, and other countries such as Finland and Switzerland show that the UK could have built far more with no council housebuilding at all.

The root cause of the housing crisis is the decline in the supply of land, not the decline in subsidy. Whatever choices the UK makes about housing tenure and whichever countries it learns lessons from, allowing more development on more land is the only way the housing shortage will end.

More housebuilding is crucial for avoiding relative economic decline

Relative decline is at the centre of debates on British post-war economic history, yet Britain's loss of an initial post-war head-start on housing rarely features in them. Although Right to Buy and the decline of council housebuilding are recognised as important domestic changes, the longer-term deterioration in housing outcomes relative to Europe is not.

As political debate has recently returned to post-war relative decline due to the British economy's poor recent record and bleak immediate prospects,⁶³ housing and planning should be an area of focus both for economic historians and for policymakers trying to improve the economy's performance. The lack of housing in modern Britain means an increase in housebuilding would increase economic growth, just as it did in 1932 to 1934 when it accounted for a third of the increase in GDP after the Great Depression, during the interwar period when Britain reached its highest ever rate of housebuilding.⁶⁴

What needs to change

The 300,000 new home target for England must be increased

Housing targets have once again become a divisive issue in Parliament, and expectations that the Government can now fulfil its ambition to build 300,000 homes every year in England are now low. Yet even building 300,000 homes a year – a housebuilding rate of just over 1 per cent growth a year in England – would take more than half a century to reach European average housing outcomes.

England needs a higher target to end the housing crisis in the foreseeable future. Meeting the average outcome within twenty-five and ten years would require achieving a housing target of between 442,000 and 654,000 additional homes a year in England.

There is no path to delivering the number of extra homes needed without a significant increase in private housebuilding. The UK is unique by European standards in never having had a proper boom in private housebuilding after the Second World War. New social and council housing can be part of the solution, but achieving a large increase in the number of new homes built every year is more important than a small improvement in the distribution of an insufficient number of new homes.

The UK needs planning reform to end the housing crisis

Politicians, civil servants, and commentators need to recognise the scale of the challenge. The shortage of homes is so great that merely redistributing the number of new or existing homes will make little difference to outcomes.

The scale of the housing challenge means that tinkering with little reforms will make little difference to housing conditions and the British economy. A big problem requires a big reform.

Fixing the design of the planning system, fundamentally untouched since 1947, is that big reform.

As a long-term goal, replacing the current Town and Country 1947 planning system of England (and the devolved nations) with a new flexible zoning system would increase housebuilding and end the housing shortage, if it had the following features:

- A flexible zoning code designed by national and devolved governments for local governments to use in local plans, with a small number of different mixed-use zones corresponding to different types of neighbourhood. For example, skyscrapers would be suitable in a city centre zone and polluting industrial activity in industrial zones, but neither would be allowed alongside homes and light commercial uses in a suburban living zone.
- Rules stating that planning proposals which comply with a zone-based local plan and building regulations must be granted planning permission.
- Local Plans and Local Transport Plans – which are currently different documents – should be merged into the same document, so that planning for development requires planning for infrastructure and vice versa.
- Better organised and frontloaded public consultation in the creation of the local plan, rather than individual proposals.
- Phasing of non-developed land into zoned areas, depending on local population growth, affordability, and vacancy rates.
- Zoning of land in walkable distances around train stations in the green belt for suburban living and with protected green space, which would provide 1.8 to 2.1 million homes.⁶⁵
- Replacing negotiated ‘developer contributions’ towards local government with a flat levy on a development’s value for infrastructure and new social housing.
- Maintaining opt outs and special designations where case-by-case decisions continue, such as conservation areas, listed buildings, national parks, and wildlife reserves to protect environmentally or architecturally precious land.
- Creating ‘safety-valves’ in the system that allow alternative pathways for development, such as the Street Votes or Builder’s Remedy proposals.

The effect of these reforms would be that instead of development being prohibited on all land unless a site is granted a permit (planning permission) by a local authority, development would be allowed on more urban land and undeveloped land near cities unless it was specifically prohibited.

Some zoning systems in other parts of the world, such as Ireland and New York City, result in similar outcomes to the English planning system. These are [inflexible zoning systems](#) with either “single-use” zones that heavily restrict how land can be used, and/or

retain discretionary review of permits. It is crucial that England avoid these outcomes by creating a *flexible* zoning system.⁶⁶

Many good examples exist to learn lessons from. Planning systems in other parts of the world, such as those of Finland, Japan, and Houston in Texas, or reforms, such as New Zealand's recent planning reforms, can provide inspiration for Britain.

Reforms in adjacent policy areas, such as local government reorganisation and fiscal devolution, would help enable the boldest improvements to the planning system, and should be on the table for any Government serious about achieving the best possible housing and economic outcomes.⁶⁷

Immediate priorities

At present, there is an ongoing consultation to the National Planning Policy Framework (NPPF) in England alongside the procession of the Levelling Up and Regeneration Bill (LURB) through Parliament. While flexible zoning and the kind of bold changes needed to end the crisis are not on the table, two specific ideas matter a great deal for planning reform over the long term.

First, the 'wrecking amendments' proposed should not progress into national policy. Ideas such as 'no longer requiring local authorities to review green belts if it is the only way to meet housing need', 'blocking development at densities different to the surrounding area', and 'weakening the requirement to establish a Five Year Land Supply in the event of an oversupply' will damage housebuilding and housing outcomes.⁶⁸

Second, the LURB will introduce National Development Management Policies (NDMPs) in England. The NDMPs have the potential to substantially improve housebuilding rates in England while reducing the political conflict caused by the planning system's uncertainty by establishing more consistency between Local Planning Authorities on when applications should or should not be consented, making Local Plans simpler to agree and less contentious.⁶⁹ The Government should seize the chance to leave a positive legacy in planning terms and be bold, using the NDMPs to establish a more rules-based planning system with greater certainty for developers, councils, and residents in England.

08

Appendix

Table 5: Housebuilding rates in England and Wales 1856-2019

Period	Average annual total build rate	Average annual private build rate	Average annual public build rate
Victorian (1856 – 1913)	1.75	1.75	0
Inter-War (1920 – 1939)	2.20	1.58	0.62
Post-War (1947 – 1979)	1.77	0.84	0.92
Modern (1980 – 2019)	0.74	0.59	0.14
Pre-TCPA (1856 – 1939)	1.86	1.70	0.16
Post-TCPA (1947 – 2019)	1.21	0.71	0.50

Table 6: Housebuilding rates by decade in England and Wales, 1920s to 2010s

Period	Average annual total build rate	Average annual private build rate	Average annual public build rate
1948-1979	1.86	0.83	1.03
1955-1979	1.86	0.95	0.90
1980-2020	0.79	0.63	0.16
1948-2019	1.26	0.72	0.55

Table 7: Housebuilding rates in the UK 1948 to 2019

Decade	Average annual total build rate	Average annual private build rate	Average annual public build rate
1920s	1.15	0.62	1.77
1930s	2.01	0.61	2.62
1940s	0.26	0.90	1.16
1950s	0.62	1.20	1.81
1960s	1.20	0.84	2.04
1970s	0.86	0.69	1.55
1980s	0.72	0.24	0.96
1990s	0.62	0.12	0.73
2000s	0.59	0.08	0.67
2010s	0.45	0.12	0.57

Table 8: Housebuilding rates by decade in the UK, 1950s to 2010s

Decade	Average annual total build rate	Average annual private build rate	Average annual public build rate
1950s	1.9	0.61	1.29
1960s	2.07	1.14	0.93
1970s	1.61	0.82	0.79
1980s	1	0.74	0.26
1990s	0.78	0.64	0.14
2000s	0.72	0.63	0.09
2010s	0.65	0.51	0.13
1948-1979	1.86	0.83	1.03
1955-1979	1.85	0.95	0.90
1980-2015	0.79	0.63	0.16

Post 2000: Data sources

- Austria: Statistics Austria: <https://www.statistik.at/en/statistics/population-and-society/housing>
- Belgium: Statbel: <https://statbel.fgov.be/en/themes/housing>
- Denmark: Statistics Denmark: <https://www.dst.dk/en/Statistik/emner/borgere/boligforhold>
- Finland: Statistics Finland. Special thanks to Mika Ronkainen who generously fulfilled our requests for housing stock data.
- France: Insee – Institut national de la statistique et des études économiques.
- Germany: Statistisches Bundesamt – <https://www.destatis.de/EN/Themes/Society-Environment/Housing/node.html>
- Ireland: Central Statistics Office: <https://www.cso.ie/en/statistics/housingandhouseholds/> , Special thanks to Ronan Lyons also generously provided us with additional data.
- Netherlands: CBS – Centraal Bureau voor de Statistiek: <https://www.cbs.nl/en-gb/economy/construction-and-housing>
- Norway: Statistik Sentralbyrå: <https://www.ssb.no/en/bygg-bolig-og-eiendom>
- Sweden: SCB – Statistics Sweden; <https://www.scb.se/en/finding-statistics/statistics-by-subject-area/housing-construction-and-building/> . In addition the Per Splander of the Sveriges Allmännyttä – the Swedish cooperative housing association, generously provided data for non-profit housing construction which we used to calculate tenure ratios.
- Switzerland: Federal Statistical Office: <https://www.bfs.admin.ch/bfs/en/home/statistics/construction-housing.html>
- United Kingdom and England: Office of National Statistics

Endnotes

- 1 Daunton, M.J. (1987), 'A Property Owning Democracy? Housing in Britain' Faber & Faber p. 13; Census 1981.
- 2 Centre for Cities data tool, <https://www.centreforcities.org/data-tool/su/57641ca1>, Breach, A. (2021), Why we need more empty homes to end the housing crisis, Centre for Cities; GLA (2021), Housing Research Note 06: An Analysis of Housing Floorspace per Person.
- 3 The planning systems in Scotland, Wales, and Northern Ireland are distinct from England's system with minor policy differences. By convention, the UK's planning systems are as a type referred to as a single planning system, usually as 'discretionary planning', 'town and country planning' or simply 'the 1947 planning system'.
- 4 Hall, P. (1973), 'The Containment of Urban England. Volume 1: Urban and Metropolitan Growth Processes, or, Megalopolis Denied', London: Beverly Hills: George Allen & Unwin; Sage Publications; Barker, K. (2006), Barker Review of Land Use Planning, HM Treasury; Breach, A. (2020), 'Planning for the Future', Centre for Cities; Airey, J. (2020), 'Rethinking the Planning System for the 21st Century', Policy Exchange; Hilber, C. & Vermeulen, W. (2014), 'The Impact of Supply Constraints on House Prices within England'; Javid, S. (November 2022), 'We owe it to young people to fix our broken housing system', The Sunday Times; Morton, A. and Dunkley, E. (2023), 'The Case for Housebuilding', Centre for Policy Studies. Worrall, C. (2023), The rise of pro-housing Labour politicians should be applauded, Left Foot Forward Blog.
- 5 Beswick, J. et al. (2021), 'Building the Social Homes We Need', New Economics Foundation; Baxter, D. et al. (2022) 'Making a house a home', JRF; Hanley (June 2022), 'From Thatcher to Johnson: how right to buy has fuelled a 40-year housing crisis', The Guardian; Walker, M. (December 2022), 'Why is my rent so high?: The failure of the state to build homes is the biggest cause of the affordability crisis, not restrictive planning laws', New Statesman; Diner, A. (2023), Beyond New Build: Repurposing Private Rented Housing to Deliver a New Generation of Social Homes for England, New Economics Foundation. Some criticism of England's planning system states that it is one among many barriers that currently constrain new social housing today – e.g. Trew, C. et al (2022), Unlocking Social Housing, Shelter. This is distinct to the argument that the crisis stems directly from the discretionary elements that are unique to the design of the TCPA, have remained unchanged since 1947, and restrict both new social and private housing.
- 6 Conversely, they slightly understate the net number of new dwellings added in the present, as demolition rates are today extremely low and are exceeded by residential conversions from commercial property.
- 7 Holman, A.E. (1987) "Housing Policy in Britain: A History", Croom Helm, pp. 96-102 for incomes. Further discussion of postwar housing costs is on pp.138-148 of the

same book.

- 8 <https://www.sebastiankohl.com/data> Dataset 4. “Residential construction, unbalanced panel, 1913-2016, 30 countries”.
- 9 Excluding Switzerland and Belgium, which had a public housebuilding rate of around 0.1 per cent from 1947-1979.
- 10 No good data on demolitions specifically exists by country, but the impact is captured within net changes to dwellings to person.
- 11 ONS (2016), Long-Term International Migration into and out of the UK by citizenship, 1964 to 2015.
- 12 Park, J. (2017), ‘One Hundred Years of Housing Space Standards’, Levitt Bernstein.
- 13 Drewett, R. ‘The Developers: Decision Process’ in Hall ‘Containment of Urban England Vol 2.’, p.190. According to the 2001 English Housing condition survey semi-detached houses built between 1919-1944 had a floor area of 88.1 m², while the values when built between 1945-64 and 1965-80 were 83.2 m² and 83.3 m². For plot size the 1991 survey reports values of 355 m², 341 m² and 305 m² for the respective periods. Holman, A.E. (2005) ‘Historical Statistics of Housing in Britain’, Cambridge Housing and Planning Research, pp. 56-57.
- 14 Hall P. and Thomas, R. and Drewett, R. “ ‘Urban Growth Towards a Verdict’ in Hall ‘Containment of Urban England Vol 2’ , pp. 381-382.
- 15 Balchin, P. (1996), ‘Housing Policy in Europe’, Routledge, p9. See pp 25-35 for an overall summary of private rental subsidies in Western European countries in the post war period – most were weakened or dismantled in the 1980s and 1990s.
- 16 The 1923 Housing Act allowed private property owners to claim subsidies for new private tenure housebuilding. From 1924 to 1929 inclusive state subsidized private housing completions averaged 61,000 per year. in Holman, A.E. (1987) ‘Housing Policy in Britain: A History’ p. 305 regarding the 1923 Act and p.66 Table 3.7 for the assisted private enterprise completions data.
- 17 Austria also had a substantial public sector housebuilding programme, but its subsidies were not provided by central government, but by the state government of Vienna and funded by a local income tax. Austria’s approach is unique by European standards, and it makes it unsuitable for judging the sustainability of actual postwar British policy, as it would require the Greater London Council to have delivered all of the UK’s new council housing, while housebuilding in the rest of the UK would have been near-exclusively by the private sector. The effect of including Austria in Figure 7 is to slightly depress the mixed-tenure average before the 1970s and slightly elevate it afterwards.
- 18 Balchin, P. (1996), ‘Housing Policy in Europe’, Routledge, Pp.16 -18.
- 19 The first generation of new towns were planned by Development Corporations empowered under the 1946 New Towns Act. In addition the 1952 Town development

- Act allowed urban authorities to agree to set up towns for overspill development with neighbouring authorities. Hall, P. and Thomas, R. – “The Planned Communities” – Containment of Urban England vol II p.330.
- 20** E.g. Ryan-Collins, J. et al (2017), ‘Rethinking the Economics of Land and Housing’, Bloomsbury Publishing; White, R. (2018), ‘Another step towards land market reform’, Shelter; Grayston, R. (2021), ‘Squeezed Out The impact of build costs and planning reform on social housing supply in England’, New Economics Foundation.
- 21** Private builders were not given powers to buy land at use value under the 1947 Act. New Town Corporations and purchases of unfit housing was exempt from the provisions of the 1961 Act, Hall, P. and Thomas R. – “Policy Alternatives Past and Future” ‘Containment of Urban England vol II’ pp.424-425 for New Towns and Holman, A.E. (1987), ‘Housing Policy in Britain: A History’ p.126 for slum clearance.
- 22** Boelhouwer, P. (2002), ‘Trends in Dutch Housing Policy and the Shifting Position of the Social Rented Sector’.
- 23** The turmoil in local property taxation (the replacement of domestic rates with the poll tax in 1990, followed by its replacement with council tax in 1993, as well as the abolition of Mortgage Interest Relief At Source that proceeded from the late 1980s) and in interest rates that accompanied the attempts to maintain sterling in the European Exchange Rate Mechanism both caused house prices to crash in the early 1990s as they increased the costs associated with homeownership. As a result, mortgage interest rates reached their highest ever level in the early 1990s, decreasing house prices but dramatically increasing housing costs. See: Hudson, N. (2015), Housing Market Note v4 – First Time Buyer Affordability, Savills.
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- 59 Neither Scotland nor Wales have housing targets as clear as England's 300,000 figure, making it hard to benchmark for UK-wide future annual need. [Northern Ireland has a housing target that amounts to 100,000 new homes from 2022 to 2037, roughly 6,666 a year – see Department for Communities \(2021\) Housing Supply Strategy](#). – but separate Northern Irish annual housing stock data does not exist in the postwar period.
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