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Household projections and immigration

Summary

1. The Government's policy of encouraging large scale immigration has been pursued without regard to its impact on housing. Data released by the Office of the Deputy Prime Minister (ODPM) on 14th March 2006 show that immigration will account for nearly one in three new households.
2. The ODPM's data shows that immigrants will need 1.5 million homes (65,000 p.a.) in the period from 2003 to 2026. This additional housing will have a major impact on transport, water supplies and the environment, especially in the South East of England.
3. Work published last year by the Town and Country Planning Association (TCPA) that the impact of immigration would be more modest (at 40,000 p.a.) are shown in this paper to be based on a false premise. The ODPM's projections confirm that this is the case.

Introduction

4. Household projections for England are produced every 5 or 6 years by the Office of the Deputy Prime Minister. They are based on recent trends in household formation, official projections of the population and official projections of marital status [1].

1999 Projections

5. The last full household projections were produced in 1999 and used the 1996-based population projections. The household projections showed that the number of households was expected to increase by 3.8 million (about 150,000 a year) between 1996 and 2021. This was based, inter alia, on an assumed level of net international migration into England of 65,500 a year - a level of immigration which would have caused about 38,000 households to be formed each year. Actual net immigration over the period 1996 - 2004 inclusive has averaged 140,000 per year, far above the 65,500 assumption in the 1999 projections.

Interim projections

5. Interim household projections were produced by the ODPM in September 2003. These assumed net international migration of 124,000 a year into England (compared to 130,000 for the UK as a whole) [2]. On this basis 189,000 additional households were projected to form annually in England between 2001 and 2021 of which 59,000 (31%) were attributable to net migration [3].

6. The Government Actuary has subsequently increased the long-term assumption of net international migration for the UK as a whole from 130,000 a year to 145,000 a year. (Although

the actual level reached 223,000 in 2004).

The new 2003-based projections

7. New household projections were released by the ODPM on 14th March[4] . These show that the number of households in England is projected to increase from 20.9 million to 25.7 million between 2003 and 2026, an annual growth of 209,000 a year.

8. The projections use the 2003-based population projections which assumed a net migration rate into the UK as a whole of 130,000. The ODPM's release acknowledges that the Government Actuary has subsequently increased their assumption of net migration in their principal population projections from 130,000 a year to 145,000. They will use the updated projections in more detailed projections to be published in May.

9. However, based on the 130,000 a year assumption, net migration accounts for 65,000 of the 209,000 (nearly a third) households being formed each year or 1.5 million households in total in the period 2003 - 2026.

The impact of immigration

10. In October 2005 the Town and Country Planning Association (TCPA) produced an article in their journal, by Alan Holmans and Christine Whitehead [5], which indicated that new households would form at the slightly lower rate of 175,000 a year. However, they calculated that the number attributable to net international migration would be just 40,000 a year (23%). The reduction in the impact of immigration compared to the ODPM's 2003 projections (para 5 above) was a result of different assumptions about the household formation rate of migrants; that is it was assumed that migrants would form fewer households than the average for the settled population. This assumption was based on data supplied to TCPA by the ODPM which looked at the household formation rates of migrants who had arrived in the UK in the last 5 years based on Labour Force Survey data for 2002 and 2003.

8. Migration Watch believes that the TCPA analysis is flawed. By looking only at recent migrants it is likely that the household formation rates of migrants will be under-stated because recent migrants are likely initially to join existing households or to share accommodation with fellow migrants before getting established in the UK. In time, however, their household formation rate will probably converge with the existing UK population.

9. We therefore commissioned a special table from the ONS which analyses households in England according to whether the household head is UK born or foreign-born (based on the 2001 census).

10. We have calculated the number of households per adults of working age (16-65). Children do not make any difference to the number of households as they cannot form separate households. People of pension age, in contrast, do have a major impact on the numbers of households. The ageing of England's population will create the need for many additional households because of the number of pensioners who form single member households. However, the growth in pensioner households is separately factored into the household projection calculations.

11. Leaving out these two groups of people we are left with the following data:

	UK-born	Foreign-born
16-64 Population[6](millions)	26.811	3.401
Households [7] (millions)	13.894	1.775
Adults per household	1.93	1.92

12. The occupancy rate (excluding all pensioner households) is therefore less for the foreign-born than it is for the UK born.

13. The age group of net immigrants is predominantly from 15 to 44 and over the year 1994-2003 inclusive 92% have been in the age group 15 to 60/65. Applying the occupancy rate of 1.92 adults of working age to the projected net inflow of 145,000 would therefore point to a household formation rate of 69,000 p.a. ($145,000 \times .92 / 1.92$)

Impact on the Regions

14. The ODPM's data shows that of the 209,000 average household formation rate 72,500 will be in London and the South East and a further 27,800 in the East and 26,400 in the South-West. London is the region most heavily impacted directly by international migration and the other three regions are indirectly impacted by internal migration from London and the South-East to these regions.

15. In The Times on 14th March 2006, John Canton of the Institute of Civil Engineers is reported as saying that plans for one million new homes in the South and East of England by 2016 will place an unbearable strain on dwindling water supplies. In response a spokesman from the ODPM said research had shown that even a substantial rise in house building would increase water use by only 0.1 per cent. "The reality is that population growth, not housing growth, increases the use of water."

16. This is self-evidently true - two people living in one house will have similar needs for water for personal uses (washing, laundry, toilets etc.) as two people living in separate homes.

17. But, the 2004-based population projections show that 83% of the UK's population growth will result from net international migration. If the ODPM's analysis is correct, and it is population growth rather than housing growth that accounts for increases in water usage, the inference is clear - it is international migration which will have the most impact on water resources.

Conclusions

18. The data released by the ODPM show that migration will account for roughly a third of new household formation of 209,000 a year. Thus about 1.5 million homes will need to be built or migrants in the period from 2003 to 2026.

19. There have been attempts to misuse statistical evidence to disguise the impact of projected levels of immigration on housing demand.

20. Migration will have a major impact on infrastructure in the South-East. Housing is one major consideration but equally important will be the impact on resources such as water.

14 March, 2006

NOTES

- [1] A household is defined as:
- a. one person living alone or;
 - b. a group of people living at the same address who share common housekeeping or a living room.
- A household does not therefore necessarily equate to a dwelling but there is a very close correlation between the two. The 2001 census showed 20.45 million occupied household spaces in England of which all but 66,000 were in unshared dwellings.
- [2] They used updated 2002-based population projections but retained the 1999 assumptions regarding rates of household formation. The 2002 population projections assumed net international migration of 124,000 a year into England.
- [3] Written answer to a question by Lord Lamont of Lerwick on 8.12.2004 at column WA39
- [4] ODPM statistical release available at <http://www.odpm.gov.uk/index.asp?id=1002882&PressNoticeID=2097>
- [5] Alan Holmans and Prof Christine Whitehead are with the Cambridge Centre for Housing and Planning at Cambridge University
- [6] Census 2001 table S101 - England
- [7] Census 2001 commissioned table (Households by birthplace of household reference person) - England - excluding single pensioner and all pensioner household