



WORKING FROM HOME: PLANNING FOR THE NEW NORMAL?

Barratt Developments PLC

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LICHFIELDS



BARRATT
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THE RESEARCH IN FIGURES

47%

of those in employment worked from home to some degree in 2020

78%

of people enjoyed working from home

68%

believe it offers a better quality of life, but this drops to 48% for younger workers

72%

of workers want a mix between office and home working in future

47-52%

of younger and middle aged workers reported a negative impact on mental health (the figure was just 20% for over 55s)

49%

feel they do not have sufficient amount or quality of space to work at home (the figure is 54% for younger workers and 27% for older workers)

326%

increase in use of 'office', 'workspace' and 'working from home' as search terms on Rightmove in 2020

69%

of workers would prefer an additional room in their home as a dedicated office space

70%

of those in the market for new homes favour a home that is 'working from home' friendly

EXECUTIVE SUMMARY

The Coronavirus pandemic instigated a step change in the approach to working from home for many people across a range of jobs and industries. This research – conducted by Lichfields, working with Savanta – uses a survey to explore how people have responded to the experience of working from home, what impact it has had on how they use their living accommodation, and how it might shape their future property choices.



Working from home is here to stay

Although the shift to working from home was one compelled by the pandemic, the evidence suggests it is here to stay. 7.5m workers in the UK are hoping to do their jobs from home permanently, double the estimated number pre-lockdown, and 72% want a mix between home and office working in the future. Many businesses and employers – large and small – in key economic sectors are now adopting a wholly or hybrid approach to remote working. Many workers who might previously have worked from home only on an occasional basis, will now do so regularly, with their employers facilitating this shift.



People's satisfaction with this way of working is influenced by size and quality of their homes, with younger households in smaller accommodation having a less positive experience

For many, working from home is popular – our survey shows a sizeable majority have enjoyed the experience – but there is less satisfaction for younger households, even though most of those aged 18-34 do still favour a hybrid approach. Just 52% of all households believe their home is well suited for working from home, with many people having to work from their living room or their own bedroom. Just 28% had a specific study or home office from which to work.

The younger households with a less positive experience of working from home were also the group with smaller homes, with 54% of 18-34 years olds having insufficient space, compared to 27% of older respondents. Many of those less satisfied cited the toll on their physical and mental health, with younger workers more likely to report a negative impact (52% of younger workers compared to just 20% of over 55s).



Working from home has led to a fundamental shift in what people want from their homes.

The majority of home purchasers now demand more space

Unsurprisingly, this impacts on what people want from their homes. In 2020, Rightmove reported a 326% increase in use of home working search references. The change in working patterns has caused many people to reevaluate the space requirements in their homes. Having an extra room to create a dedicated space to work and having a 'work from home friendly' layout is appealing for seven in ten home purchasers.

Across all age groups, two thirds said they would take working from home into consideration when making their next home move, and a similar proportion believed new homes should be built and designed with working from home in mind. This view was held even when it resulted in a 'cost' in the form of less space in other aspects of their home.



A key purpose of the planning system is to meet housing needs, and those needs have clearly changed

Ordinarily, one would expect home builders to respond to this clear market trend by adapting the size and configuration of the houses they build. However, this first needs a planning policy response. In England, Local Planning Authorities (LPAs) are required by the National Planning Policy Framework (NPPF) to set local policies on housing mix and to provide a range of type and size of housing based on up to date evidence in Strategic Housing Market Assessments (SHMAs). In many areas, that evidence will be pre-pandemic and based on statistical correlations between household size and dwelling size that do not take account of the changing way in which many households will expect to occupy their homes. They set policies in plans that specify that new developments comprise a certain mix of dwellings in terms of the number of bedrooms, often with a large proportion of one and two bedroom properties.

Often these policies are based on trends that indicate a reduction in household size as a result of an ageing population, empty nesters, and older single people. However, there the relationship between household size and dwelling size for these households is weak. Many already occupy – and are very satisfied with – their family homes and three quarters of all households in the private housing sector have one or more spare bedrooms. Younger working households – who are more likely to be seeking their first homes or are trading up, and facing challenges accessing homes – are now seeking an extra room in their accommodation, and their needs are less likely to be satisfied by one or two bedroom properties favoured by housing mix policies.

Policies in local plans require urgent review to support provision of the larger homes demanded by those working from home

Local policies that seek to control the size and mix homes need to be re-evaluated in light of the trends identified in this research. The changes are threefold: 1) local authorities reviewing their plans should take into account that their existing housing mix policies will be based on out-of-date evidence and unlikely to reflect the changing way people occupy their homes. This is likely to support moves to update these policies, based on the latest evidence; 2) pending these updated policies (which will often take several years to prepare), local authorities should be flexible in interpreting their existing out-of-date policies when determining planning applications, particularly to encourage delivery of homes that are work from home friendly; 3) planning judgements on this issue should recognise that the provision of accommodation that caters for home working has an obvious benefit to the well-being of households and to local economies.

Without an urgent review of housing mix policies, the existing mismatch between the supply and demand of homes will become even more acute, making family homes – with a dedicated space for home working – even less affordable for those who most need them, with consequential harm to the well-being of the country’s working population.

CONTENTS

1.0 Introduction	1
2.0 Background	2
The trend for home working was increasing even before the pandemic	2
Emergency measures stimulated a step change in attitudes towards working from home	2
Have priorities changed for home buyers?	4
Summary	4
3.0 Result of Survey	5
A higher proportion of home buyers are working from home than ever before, and most want to continue	5
Home environment and age influences the experience of working from home, and how respondents use their home	5
Most home buyers expect to work from home more in the future. Half are not satisfied their existing home completely meets their requirements, and this will influence their choice of layout and size of home when buying their next home	9
Summary	11
4.0 Conclusions and implications	12

1.0

INTRODUCTION

- 1.1 The Coronavirus pandemic has shown that some level of working from home is now a necessary option for a range of jobs and industries. This was not a new phenomenon. Office-based businesses were already showing signs of greater flexibility, in some cases seeking to attract employees with flexible options to work away from the office, and re-thinking what workplaces can offer.
- 1.2 The onset of the pandemic accelerated this trend significantly: businesses and individuals were forced to adapt overnight to new arrangements, with most formerly office-based businesses operating largely remotely under “work from home where possible” guidance.
- 1.3 This sudden change to business operations, enabled by the growth of cloud computing and video conferencing, has transformed the way many people work. In turn, many workers have had to use their homes as workspaces to an extent they will not have expected at the time they made choices about the accommodation they wanted to occupy.
- 1.4 Alongside a re-evaluation of the importance of gardens and the proximity to open space, understanding how a home can provide office space has become an important consideration for many. For those that are home-working even as part of a hybrid mix with office life, what does this mean - working from the kitchen table? A spare bedroom? A home office/study?
- 1.5 Just as home buyers are already considering what new demands they have of their accommodation, house builders - looking to service this changing demand - are looking to understand those requirements. To meet this challenge, housebuilders need to change the types of home they build to respond to a new facet of market demand.
- 1.6 However, it is not uncommon for Local Planning Authorities to adopt prescriptive housing mix policies on individual developments, seeking to use a local plan to impose a mix of dwelling sizes (measured by number of bedrooms) on sites, based on demographic trends shown in their Strategic Housing Market Assessments (SHMAs). Frequently, these mixes prescribe that developments are skewed to provision of two or three-bedroom properties because of an assumption (not necessarily correct) that a projected increase in smaller households in an area means that new dwellings should also be smaller. The SHMAs underpinning these policies will draw conclusions about how people occupy homes that is based on data (often drawn from the Census 2011) that pre-dates the pandemic.
- 1.7 So, while home working has been mandated to many, if the shift in working culture endures - as seems likely - what impact will this have on how people occupy homes? And should this influence the formulation and application of housing mix policies in local plans and the determination of planning applications?
- 1.8 To inform the debate, Barratt appointed Lichfields, working with Savanta - a market research company - to undertake survey work looking at how people have responded to the experience of working at home, what impact it has had on how they use their accommodation, and how it might shape their future property choices. The research aims to draw useful implications and conclusions for planning practitioners across the sector.

2.0

BACKGROUND

The trend for home working was increasing even before the pandemic

- 2.1 While the pre-pandemic rates for working from home were relatively small, they were increasing. Before the Coronavirus pandemic led to a rapid increase of home working (2019), the ONS reported¹ that “1.7 million people in the UK mainly work from home”, while another “8.7 million said that they have worked from home at some point” This followed years of steady growth; in 2015, 4.3% of the workforce mainly worked from home, by 2019, this had increased to 5.1%.
- 2.2 At this time, industries such as information and communication, professional, scientific and technical activities, financial and insurance activities, and real estate activities, provided far more homeworking opportunities than others. Typically, more senior roles and older people were also more likely to work from home than others².
- 2.3 This pattern is also reflected by the Chartered Institute of Personnel and Development (CIPD) who in April 2020 showed that more people worked partly from home and partly from offices - a hybrid workplace³. They found that “29.6% of people worked from home in the past 12 months, and a further 8.5% of people had the option to do so but did not exercise it”. CIPD identified technology as the biggest driver of home working. Supporting the ONS findings, CIPD also found that age is the key determinant of working from home with older workers more likely to work from home than their younger colleagues in categories.
- 2.4 The Trade Union Congress saw the progress and increases as relatively slow going before the pandemic⁴ and estimated that “four million more people want to work from home at least some of the time but aren’t given the chance”. This finding is in line with the other sources, with them all suggesting that while working from home was becoming more popular before the pandemic it had not been sufficiently trialled or normalised to transform the workplace or homes.

Emergency measures stimulated a step change in attitudes towards working from home

- 2.5 While the pre-pandemic uptake of working from home was small and increasing slowly, the pandemic created an instant (and enforced) surge in home working. Statistics from ONS show us that in April 2020, “46.6% of people in employment did some work at home” (Office of National Statistics)⁵ - up from the 5.1% high in 2019.
- 2.6 As the ‘work from home where possible’ guidance transformed working practices, data from this time also showed a shift in the demographics of home workers, with 25-34 year olds (54.3%) most likely to work from home⁶. With the age of the average first time buyer in the UK now at 32 (English Housing Survey 2019-20) this experience will influence the priorities of the next cohort on to the first rung of the property ladder.

¹ Source: ONS (2020) Coronavirus and homeworking in the UK labour market: 2019 - The extent to which different people in the labour market work from home, either on a regular or occasional basis. Available [here](#)

² ibid

³ CIPD (2020) Flexible working: lessons from the pandemic From the ‘nature’ of the work to the design of work. Available [here](#)

⁴ In research published in its blog. Available [here](#)

⁵ Source: ONS (2020) Coronavirus and homeworking in the UK: April 2020. Available [here](#)

⁶ ibid

- 2.7 The extent to which workers expect changes in their working practices to be permanent will determine whether the patterns of demand are upheld. For example, those who expect to be working at least half their working week from home in the long term will likely factor this into their demands for a new house.. A survey of business leaders by Deloitte found 98 per cent of CFOs expect flexible and home working to increase, they anticipate a five-fold increase in home working relative to pre-pandemic levels by 2025. Other research by Deloitte found that 7.5m workers in the UK are hoping to do their jobs from home permanently, double the estimated number pre-lockdown.⁷
- 2.8 Although this is clearly an emerging area of research, the CIPD published 'Preliminary recommendations arising from enforced homeworking during the COVID-19 lockdown'⁸. It stated "homeworking is here to stay" and it encourages employers to reflect worker's preferences and "design your working practices to suit all locations".
- 2.9 The BBC Future Forum Research (October 2020) surveyed 4,700 workers and found that the vast majority would be unhappy to go back to their pre-pandemic style of working. The results found that only 12% would want to return to the office full time and 72% want a mix between office and home working going forward⁹. Even prior to the pandemic, 73% of the UK workforce consider flexible working to be the 'new normal' according to the International Workplace Group's Global workplace survey¹⁰.
- 2.10 Results from YouGov survey (September 2020) also indicate that many employees want to continue working from home once the pandemic is over. "Most (57%) of those who were working before the outbreak and who intend to stay part of the workforce say they want to be able to continue working from home". In addition, YouGov noted that two in five employees currently live in urban areas but if they could work more flexibly then 41% of city dwellers would be willing to move out to more rural locations.
- 2.11 As firms and employees consider the prospects of work-life balance post-pandemic, the prospect of a mixed approach appears to be increasingly prominent, as observed in the Guardian article¹¹:
 "For the majority of large corporates, the future is hybrid. Some of the UK's largest office occupiers, from the big four accountancy firms to major tech firms, all intend to allow more flexible working after the pandemic, with staff splitting their time between their desk and a remote location.
 Working from home is increasingly being demanded as a permanent arrangement by staff, especially younger workers. But company bosses are also aware of the bank bosses' argument: the benefits of bringing teams together in a communal workplace to foster collaboration and corporate culture, while also helping to train younger employees and new starters, who may not have the luxury of a dedicated workspace at home."
- 2.12 The trend identified above is also part of the public sector, with the Guardian¹² reporting that a number of central and local government organisations are set to move to a permanent shift to home working, including – as reported by the Telegraph¹³ - HM Treasury:

⁷ Deloitte (2021) "7.5 million UK workers hoping to work from home permanently once lockdown restrictions have lifted" 19th April 2021

⁸ CIPD (2020) "Working from home: assessing the research evidence". Available [here](#)

⁹ BBC (2020) "Coronavirus: How the world of work may change forever". Available [here](#)

¹⁰ International Workplace Group (2019) "The IWG Global Workspace Survey Welcome to Generation Flex – the employee power shift". Available [here](#)

¹¹ Guardian (2021) "Office, hybrid or home? Businesses ponder future of work" 18th June 2021. Available [here](#)

¹² Guardian (2021) "UK government could make working from home 'default' option" 17th June 2021. Available [here](#)

¹³ Telegraph (2021) "Treasury civil servants told they can work from home forever" 1st September 2021. Available [here](#)

- 2.13 These articles are just three of many published in the Summer of 2021 providing examples of organisations that now expect their employees to divide their time, with typical splits being three days in the office and the remainder at the discretion of staff. Although patterns will vary by sector (with it more likely in professional services than, say, manufacturing) and by role (with many still requiring in-work presence) it is not confined to large organisations:

"More than two-thirds (66%) of businesses continue to offer some remote working, according to a survey from the British Chambers of Commerce. The poll of more than 900 businesses showed almost three-quarters of firms expected at least one team member to continue working remotely over the coming year."¹⁴

Have priorities changed for home buyers?

- 2.14 The impact this shift in working patterns has had on the property market has already been noted. Research by Savills¹⁵ outlines how enforced home working has likely changed the way we do things in the future: all respondents to the its Global Sentiment Survey of research heads across 31 countries expected home working to increase, and that this would have a direct impact on the residential market as households reassess their needs. 90% expected demand for home offices to increase, while 86% expected an increase in demand for high-speed internet.
- 2.15 The Guild of Property Professionals found that, in a survey of buyers, the importance of a home office increased from 12 to 21 per cent of buyers¹⁶. Reflecting this, over the year October 2019-2020 Rightmove reported an increase of 326% in use of terms 'office', 'workspace' and 'working from home' in property listings, as estate agents mirror the changing demand for home buyers¹⁷. This builds on a substantial interest even prior to the pandemic: survey work by Lloyds found that 40% of employed people say when house hunting that it is important there is suitable space to work from home¹⁸.

Summary

There is a general consensus that working from home will continue to play a much larger part of working life than before the pandemic. This change in how homes will be used will surely also impact on the priorities of home buyers when they choose homes. To explore these issues, Barratt elected to carry out research of potential or recent home buyers to better understand how house buyers will use their homes in a post pandemic world, their experience of working from home and what this says about future home requirements.

¹⁴ ibid

¹⁵ Savills (2020) "The impact of COVID 19 on real estate". Available [here](#)

¹⁶ Reported in Property Industry Eye (2020) "Working from home – how it has impacted the property market". Available [here](#)

¹⁷ Rightmove (2021) "Work from home phrases up over 300% and four and five bed homes flourish". Available [here](#)

¹⁸ Reported in This is Money (2020) "Hunting for a home with an office". Available [here](#)

3.0

RESULT OF SURVEY

- 3.1 Barratt commissioned market research company Savanta to survey a representative sample of 763 potential or recent home buyers to understand how customers' preferences have changed due to working from home more during the pandemic. The aim of this is to understand in more detail, how people are using their homes differently in 2021, and crucially what they are looking for when buying their next home, in the new context of balancing the needs of working and living at home. The survey took place in February 2021.
- 3.2 The survey findings can be grouped under three broad conclusions:
- 1 A higher proportion of home buyers are working from home than ever before
 - 2 Home environment and age influences the experience of working from home, and how respondents use their home.
 - 3 Most home buyers expect to work from home more in the future. Half are not satisfied their existing home completely meets their requirements, and this will influence their choice of layout and size of home when buying their next home.
- 3.3 In simple terms, the pandemic has fundamentally changed how people use their homes, with implications for how local authorities plan for new homes through the content and application of local housing mix policies.

A higher proportion of home buyers are working from home than ever before, and most want to continue.

- 3.4 The survey confirms that more people are working from home than ever before and that, of likely home buyers, three in four want to work from home in the future.
- 3.5 Just 52% of those working from home found their current home to be well designed for this purpose. In their current homes, 50% of respondents have either made changes to a bedroom or are planning to do so in the near future, to use as a bedroom-office.
- 3.6 Of those currently working from home 72% of respondents worked in space in their home that is otherwise used for different reasons. Most frequently, this was the living room followed by working in one's bedroom. 28% had a specific study/home office.

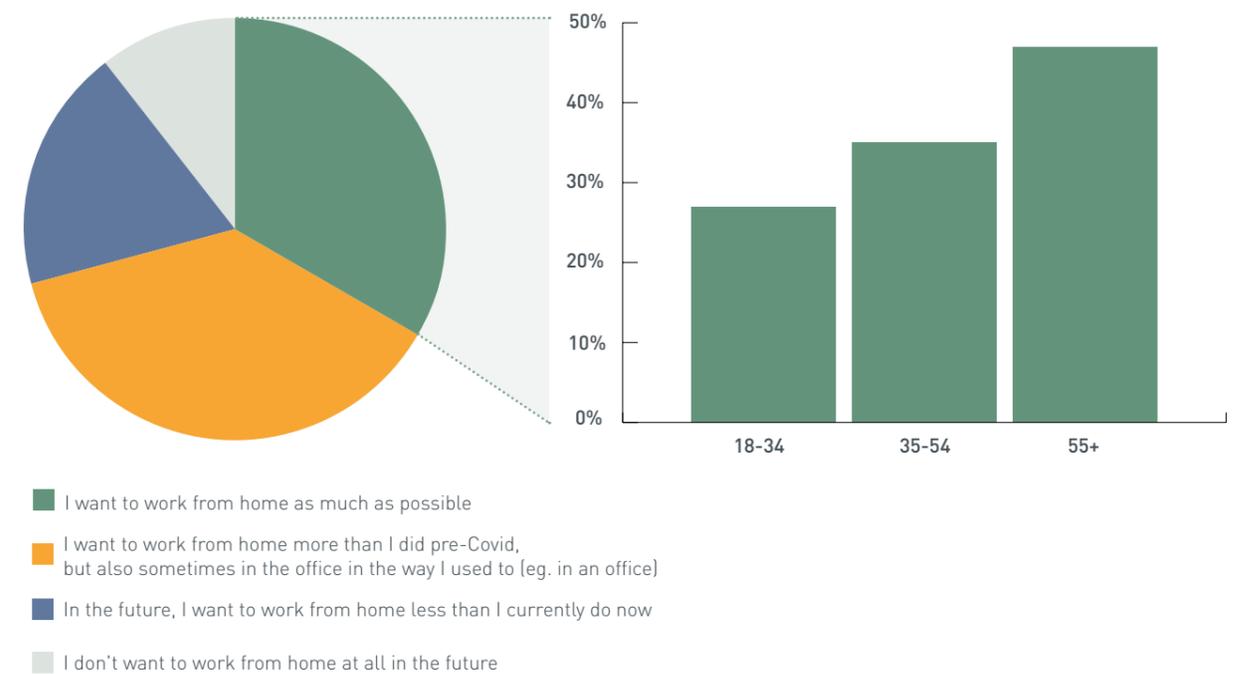
Home environment and age influences the experience of working from home, and how respondents use their home.

- 3.7 The research suggests that the experience of working from home is strongly influenced by people's age and home set up.
- 3.8 For the 18-34 year olds surveyed, most want a hybrid mix of ways of working – at home and at a workplace office – reflecting a differing experience of working from home from their older counterparts, where the proportions were lower. Indeed, almost half of those aged 55+ said they wanted to work from home as much as possible (for 18-34 year olds, just over a quarter held that view).

Figure 3.1: Where in your home do you work from?

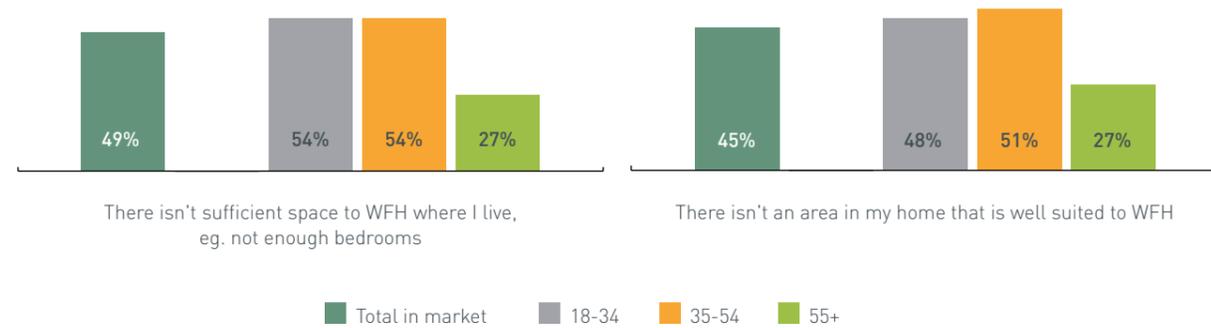


Figure 3.2: Assuming you could have the choice in the future, which of the following statements best applies to you?



- 3.9 Overall, working from home was enjoyed by 78% of respondents. The main two attractions being increased flexibility (74%) and saving money (73%). 60% of overall respondents also agreed that working from home afforded them a better quality of life, but this dropped to just 48% of 18-34 year olds compared with 68% of those aged over 35.
- 3.10 The survey suggests both home environment and age matters to the experience of working from home, and how respondents use their home. This appears to be, at least in part, the result of their differing home situation, as well as other factors such as, lifestyle, career stage and earnings.
- 3.11 Asked whether there is enough space to work from home, age was an important factor. 49% of respondents overall felt there is not enough space or a good area in their home to work. But the figure was 54% of 18-34 year olds and 35-54 year olds, with just 27% of older respondents (over 55) expressing dissatisfaction over the amount of space available; this age group are more likely to own larger houses.

Figure 3.3: Do you feel your home has sufficient space from which to work? (% agree)



- 3.12 Accordingly, of those working from home, it is more likely that younger people aged 18-34 (who, overall are less keen to work from home) are regularly working in their own bedrooms (34%) compared to other age groups (22% of 35-54 year olds and 16% of those aged 55 and over).
- 3.13 Of those that worked in bedrooms, slightly more (60%) found working from home made it more difficult to separate home and work life (55% overall).
- 3.14 Seemingly in keeping with these conditions in which they have worked from home, it is also the younger cohort who report that working from home has put a strain on them. 52% of 18-34 year olds and 47% of 35-54 year olds reported a negative impact on their mental health, but just 20% of over 55s. This appears to show that more space might equate with better mental health in a post-pandemic working living experience, and reinforces broader anecdotal findings¹⁹.

¹⁹ For example, Guardian (2018) "How shrinking homes are affecting our health and happiness" Available [here](#). It should be noted this article cites a 76m² figure for the average size of dwellings in the UK that has been [shown](#) to be out-of-date, being based on a research study from 2005 using data going back to 1980. More recent figures using EPC certificates (Q3 2019) show the average size of new homes is 90m², larger than the average of 83m² for existing domestic properties.

Figure 3.4: Whereabouts in your property do/ did you work from?

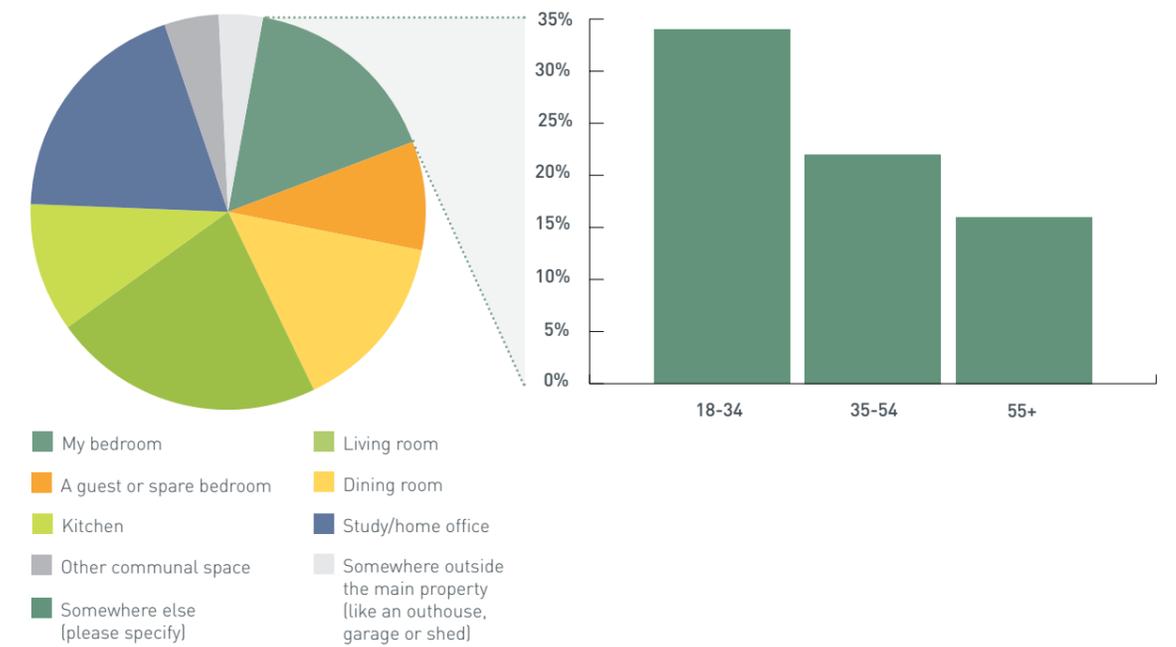
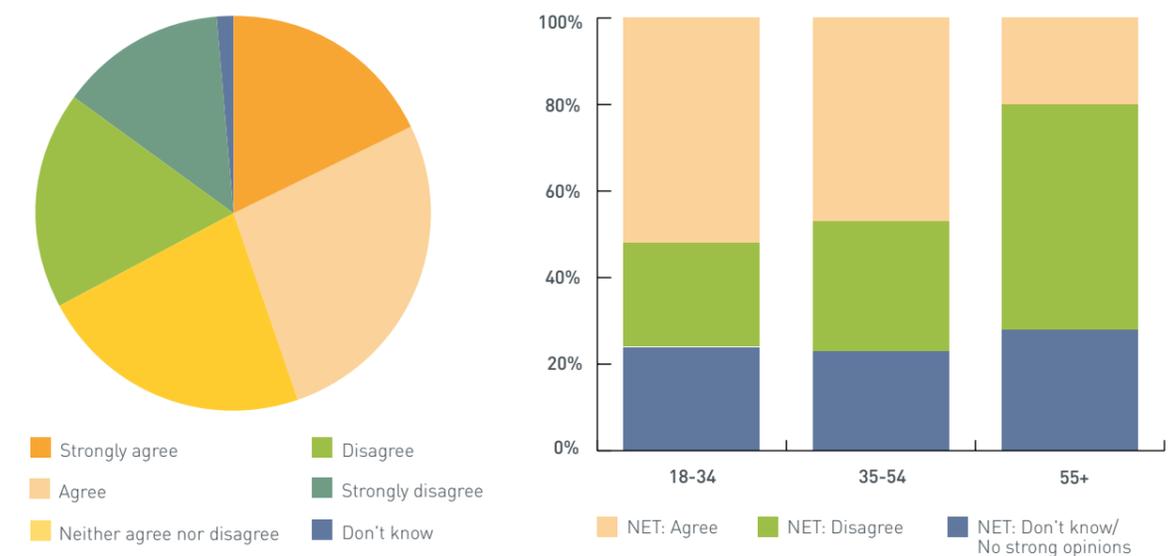


Figure 3.5: Working from home has had a negative impact on my mental health



Most home buyers expect to work from home more in the future. Half are not satisfied their existing home completely meets their requirements, and this will influence their choice of layout and size of home when buying their next home.

- 3.15 These results reflect the literature review. Employees are increasingly demanding at least some time working from home and many organisations are responding positively to that desire, at least for some of the working week.
- 3.16 However, only half of all workers believe their home is well suited to working from home (Figure 3.6). Others were of the view that that there was not sufficient space to work from home where they live (49%) or that there was not an area in their home well suited to working (45%). Of those buying a home and working from home, 7 out of 10 said they now realised the importance of a separate room to work from, and the importance of the layout of their property. A similar proportion would prefer an additional room in their home to work from and recognise that as a being of importance.

Figure 3.6: Home working opinions and attitudes of those who have worked from home: % agree



- 3.17 The survey asked people about how working from home might influence their consideration of future home purchase. Two thirds of respondents (consistent across the age groups) said they would take working from home into consideration when making their next home move (see Figure 3.7). And a similar number found homes marketed as "working from home friendly" an attractive proposition. Residential priorities and preferences for many have fundamentally changed in the space of 18 months, as the trade-off between time spent commuting, and time spent at home has shifted seemingly for the long term.

Figure 3.7: How important is a home in which you can work from (those in market)?

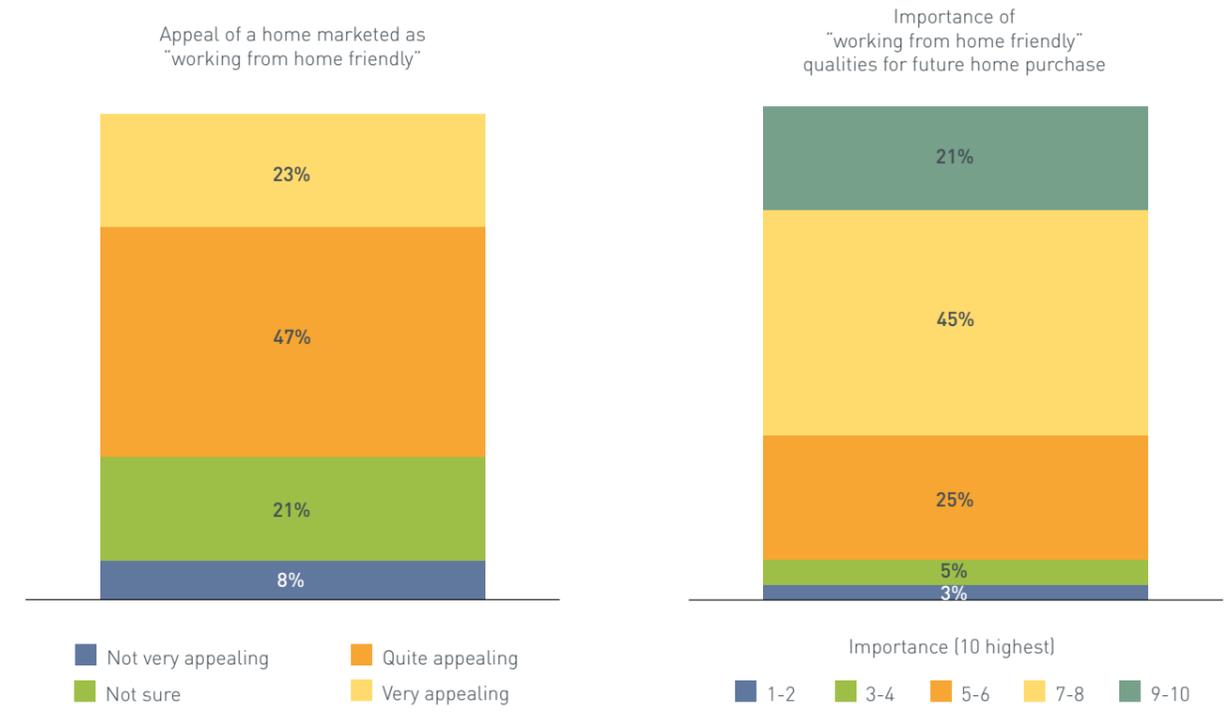
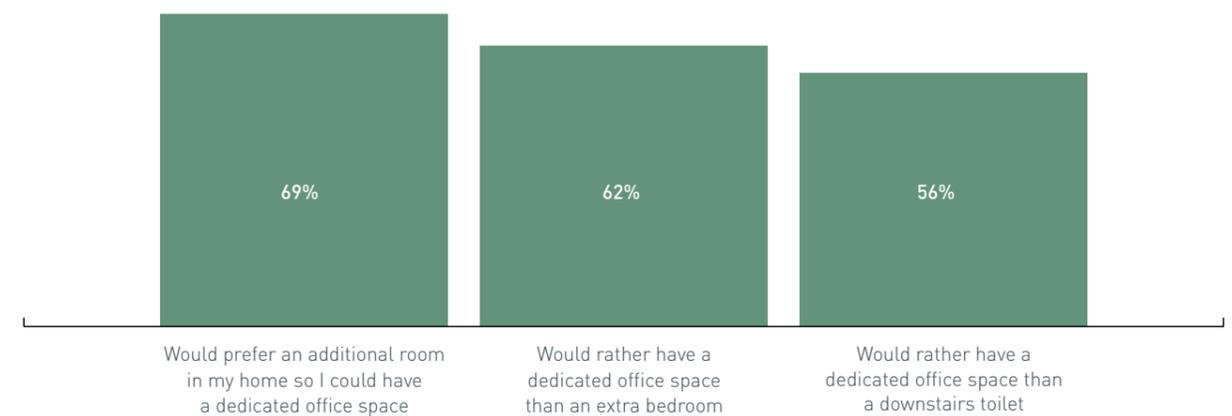


Figure 3.8: Home working opinions and attitudes (those in market that have been working from home): % agree





3.18 When considering the specifics, people working from home perhaps unsurprisingly were keen on having more space to work from (Figure 3.8). Interestingly, this was also the case when a 'cost' was introduced, when asked whether they would rather have dedicated office space to an extra bedroom, 62% said yes.

Summary

- 3.19 It is clear that, for many home buyers, working from home more, or entirely, has become the new normal. Changes that were expected by commentators to take a decade have happened almost overnight and are now here to stay for many home buyers and recognised as a feature of working life for many employers.
- 3.20 As a result, what people need from their homes has changed. Their home working space affects their mental health, their job and well being, and their satisfaction with where they live. What prospective buyers, and especially young people are looking for from their next home has fundamentally changed - flexible space to work from is now a priority. Bedrooms can no longer be assumed to be used solely for sleeping, instead they are now likely to serve at least for a proportion of time as a dedicated workspace. Accordingly the space required and used by home owners has changed.
- 3.21 Local housing policies exist to support the needs and demands of new and existing residents. These needs have changed and the planning system needs to respond. In particular planning policies underpinned by outdated perceptions of how people use their homes need to be changed to reflect a new demand.

4.0 CONCLUSIONS AND IMPLICATIONS

4.1 This research report shines a light on how the quality of experience of working from home is related to the dwelling within which people live. It has immediate implications for the way in which policies in local plans seek to influence the size and types of homes provided in new developments.

Working from home is here to stay

4.2 A change compelled by the pandemic in 2020, working from home is now here to stay, with many businesses and employers in key economic sectors moving to a wholly or hybrid approach to remote working. Many workers who might previously have worked from home only on an occasional basis, will now do so regularly, with their employers facilitating this shift.

People's satisfaction with this way of working is influenced by size and quality of their homes, with younger households in smaller accommodation having a less positive experience

- 4.3 For many, working from home is popular – our survey shows a sizeable majority have enjoyed the experience – but there is less satisfaction for younger households (who are most likely to have worked from home during the pandemic) and only half of all households believe their home is well suited for working from home, with many seeking a dedicated space from which to work.
- 4.4 The younger households with a less positive experience of working from home were also the group with smaller homes, and many of those less satisfied cited the toll on their physical and mental health.

Working from home has led to a fundamental shift in what people want from their homes. The majority of home purchasers now demand more space

- 4.5 The change in working patterns has caused many people to reevaluate the space requirements in their homes. A dedicated space and being 'work from home friendly' is regarded as appealing for seven in ten home purchasers.
- 4.6 Ordinarily, one would expect home builders to respond to this clear market trend by adapting the size and configuration of the houses they build. However, this first needs a planning policy response.

A key purpose of the planning system is to meet housing needs, and those needs have clearly changed.

- 4.7 In England, Local Planning Authorities (LPAs) are required by the NPPF to set local policies on housing mix and to provide a range of type and size of housing based on up to date evidence. In many areas, that evidence will be pre-pandemic and based on statistical correlations between household size and dwelling size that do not take account of the changing way in which many households will expect to occupy their homes (See below box).

How local planning policies influence the size and mix of homes

Since the introduction of the first NPPF in 2012 it has been down to local authorities to set out policies prescribing the different types and sizes of housing they consider to be needed, based on Strategic Housing Market Assessments (SHMAs). Such policies typically specify that developments should comprise a particular mix of homes, based on the number of bedrooms they contain, and sometimes whether they are houses or flats. The mix specified includes both market and affordable homes. Some local areas then apply the nationally described space standard for gross internal floor areas, the requirements of which are set by the number of bedrooms and bedspaces. Policies are typically included in local plans, but also in other local policy documents including frameworks, supplementary planning documents and published guidance.

Often the SHMAs used as evidence draw upon demographic trends to identify an ageing society and the trend towards a net increase in smaller households, and then apply an assumed relationship between the number of people in the household and the number of bedrooms they might require. This can lead to policies that require that new supply should provide proportionately more smaller one and two-bed homes rather than larger family accommodation. Once a housing mix policy is set in a local plan, it forms part of the statutory development plan, and planning applications are expected to comply with its provisions.

In these circumstances, proposals for housing will be expected to provide more smaller homes, even when the local demand – taking into account the new demand for home-working spaces – is for larger homes with an extra bedroom. Applications not complying with the mix specified in the policy face greater risk of delay or even refusal.

- 4.8 Even before the shift to working from home, the current planning policy approach to setting housing mix using SHMAs was often problematic, notably because:
- 1 Although the net increase in households is often single persons, these are often older persons, many of whom already tend to occupy family homes and are typically very satisfied with their accommodation and less likely to move to a smaller property even when supplied²⁴;
 - 2 The number of individuals in a household (and, by inference, the size of home they 'need') often bears little resemblance to the number of bedrooms in the homes they occupy. Instead, people typically choose homes based on affordability, living in homes and locations they can afford. This can lead to a mix of overcrowding for those in less affordable areas, alongside 'under-occupation' – i.e. those who can afford it having more rooms than number of people in a household. In fact, three-quarters of all households in market housing nationally have at least one spare bedroom (and more than half of these have two or more²⁵).
- 4.9 The shift to home working breaks the already tenuous logical connection underpinning many local housing mix policies. Two thirds of those seeking homes will now demand an extra room – typically a bedroom - in their accommodation to act as a dedicated workspace. Many of those who might previously have had their needs met through a two or three bedroom home now seek a three or four bedroom property (with at least one room being used as a study). As the research in this report suggests – this is likely to be especially true for 18-34 year olds, more likely to be 'first time buyers' or those seeking an extra bedroom following the arrival of children.



²⁴ The English Housing Survey report, "Housing across the life course, 2018-19" found that "Those aged 16 to 34 were more likely to have moved in the last year than those aged 35 to 64 and those aged 65 and over. One million households with a HRP aged 16 to 34 moved in the past year, this accounts for 26% of those aged 16 to 34 compared to 7% of those aged 35 to 64 and 2% of those 65 and over". Report available [here](#)

²⁵ The 2011 Census showed that 39% of all households in the owned and private rented sectors in England had a bedroom occupancy rating of +2 or more and a further 36% had a rating of +1, indicating under-occupation based on the bedroom standard (Source: DC4105EW1a).

Policies in local plans require urgent review to support provision of the larger homes demanded by those working from home

- 4.10 Local policies that seek to control the size and mix homes need to be re-evaluated and an overall change in the planning response will be required:
- 1 Local Planning Authorities (LPAs) reviewing their local plans²⁶ should take into account that existing housing mix policies will be based on evidence that pre-dates the pandemic and thus is unlikely to reflect the changing way in which people will now occupy their homes. This shift makes it more likely that the LPA's review should conclude that the local plan must be updated to revise policies on housing mix, including to support provision of homes that are suited to working from home.
 - 2 Pending the updating of local plans (a process that will take several years), LPAs determining residential planning applications must be flexible in their interpretation of current out-of-date housing mix policies (including those in local plans as well as other planning policy documents) where they are based on evidence that does not take into account the recent shift to working from home. They should support housing mixes and dwelling types that are 'work from home friendly' and which provide the choice of a dedicated space for working (in the form of an extra bedroom or office space) that our survey shows is important to workers;
 - 3 The preparation of policies (and development management decisions on residential applications) must take into account the obvious benefits to the well-being of households and the benefits to their local economies of allowing for extra bedrooms in new homes – to provide good quality home working environment.
- 4.11 Providing homes that meet this need will be an important tool for local areas seeking to retain and attract newly forming households and young families. Such an approach is a fundamental part of the matrix for achieving sustainable development, as described by the NPPF para 8²⁷. This is in the context that the supply of existing family homes to the market is inelastic²⁸, with many larger, family homes are occupied by older households with little incentive or inclination to downsize.
- 4.12 Without an urgent review of housing mix policies, the existing mismatch between the supply and demand of homes will become even more acute, making family homes – with a dedicated space for home working - even less affordable for those who most need them with consequential harm to the well-being of the country's working population.

²⁶ As required in England by Regulation 10A of the Town and Country (Local Planning) (England) Regulations 2012. A review is carried out by LPAs and involves it assessing whether an existing plan needs updating.

²⁷ NPPF para 8 states that achieving sustainable development includes a social objective which it defines as being "to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering well-designed, beautiful and safe places, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being."

²⁸ This is Money (2021) "Shortage of three and four-bedroom homes: Number for sale falls to a five-year low as buyers rush to snap up properties with more space" available [here](#)



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