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Housing is one of the three basic needs of man. This need has been recognized for some time. Unfortunately, little has been done to measure the needs in terms of material and human resources necessary to fulfill the commitment of providing a "decent home" for all Americans.

An analysis of housing need estimates the basic requirements for adequate shelter and, therefore, involves figures not only on population and households, but also changes in the housing supply at various time periods in the future, making allowances for removals as well as renovation of older housing. Need, therefore, specifies quality and quantity of housing without allowance for the effects of the price system or the allocation of economic resources.

Housing demand modifies the "need" estimates by analyzing them in terms of projected available income. This results in estimates of market demand which would exist at various income and price levels. In order to make meaningful analysis of necessary resource allocation it is necessary to consider both "housing need" and "housing demand."

This is generated by:

- (1) Net new household formations
- (2) Net removals from the housing inventory
- (3) Changes in the number of vacancies and second homes