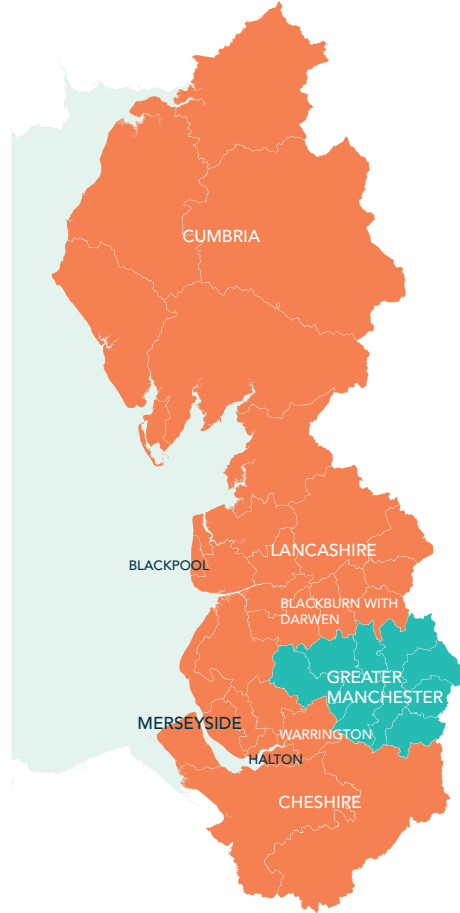
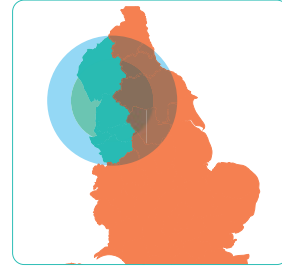


NORTH WEST ECONOMIC FOOTPRINT OF HOME BUILDING



JOBS AND GROWTH



STRONGER LOCAL
COMMUNITIES AND
ENVIRONMENT



RESOURCES FOR
PUBLIC SERVICES



INVESTMENT



ABOUT HBF

The Home Builders Federation is the representative body for home builders in England and Wales. HBF's membership of more than 300 companies build most of the market sale homes completed in England and Wales, and encompasses private developers and Registered Providers.

The vast majority of home builder members of the HBF are small and medium-sized companies.

CONTACT

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INTRODUCTION

Home building is at the top of the domestic policy agenda. Decades of undersupply has created a housing shortage which has, in turn, caused a decline in home ownership, as many younger households struggle to get onto the housing ladder.

As an industry, we are clear about the role we must play in overcoming these challenges, which is why developers are working hard to deliver more homes faster, while also maintaining and improving further its track record on customer service and build quality.

Considerable progress has been made in recent years as the industry works hard to address the country's housing crisis, including:

- Housing supply increasing by an unprecedented **78%** in the past five years
- Big boost to the financial contributions made towards local infrastructure, amenities and Affordable Housing provision. Last year saw developments provide over **£6bn** in such funding to central and local government – money that would previously have been funded by taxpayers
- The new build market continues to grow and is now accounting for an estimated **15%** of overall housing transactions, up from a long-term average of around **8%**
- Permissions for **378,632** new homes were granted in 2018, underlining the industry's continued investment in sites for future development

However, we recognise that more still needs to be done if we are to meet the Government's ambitious target of delivering **300,000** additional homes per annum by the mid-2020s, a level of housing supply that is unprecedented for England.

“ 300,000 additional homes per annum by the mid-2020s, a level of housing supply that is unprecedented for England. ”



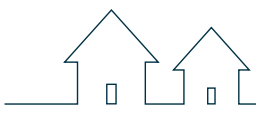
WIDER CONTRIBUTIONS

While the importance of the industry in addressing issues concerning housing supply is well-documented, the industry's role as a key driver of economic growth, both nationally and locally, and as a supporter of sustainable communities, is increasingly, but not yet fully, recognised.

Therefore, in 2018 the Home Builders Federation (HBF) commissioned planning consultancy Lichfields to produce The Economic Footprint of House Building report which examines how the industry contributes to society covering areas such as statutory obligations, negotiations with councils, and social community schemes.

Using the latest economic appraisal techniques and benchmarks, the report brings into focus the symbiotic relationship between house builders, local councils, communities and the government, and demonstrates the many ways in which the country benefits when more new homes are built.

To highlight the way these effects are distributed on a more regional level, HBF has produced a series of regional reports using the most recent government housing net supply numbers.



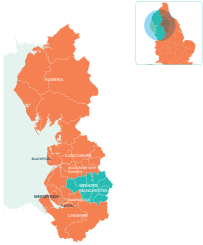
HOW DOES THE HOME BUILDING INDUSTRY DELIVER FOR THE ECONOMY AND COMMUNITIES?

Housing is inextricably linked to the wider health of the economy and it is often referred to as a key barometer of national economic performance. But it is also important to recognise that it has a range of significant effects on economic performance at regional and local levels too. In particular, house building:

- Drives regional economic growth through its vast and varied supply chains and contracting relationships;
- Generates unrivalled investment multiplier effects with very little import leakage due to the extensive use of local and regional suppliers and services;
- Delivers real jobs both on-site and off-site in associated trades, such as cement production and brick manufacturing, as well as in research and development fields looking at technological innovation areas such as Modern Methods of Construction;
- Creates economic value through new residents as they spend money on goods and services in the local economy;
- Supports labour market mobility wellbeing by enabling local people to move jobs freely and achieve their economic potential;
- Enhances “place competitiveness” and local economic development by improving the perceived competitiveness of specific locations and reducing the costs of mitigating social and environmental problems associated with poor or insufficient housing.



NORTH WEST: THE ECONOMIC FOOTPRINT OF HOME BUILDING - 2017/18



Home building is a vital component in delivering benefits at a regional level. In 2017-2018, **26,821** homes were built in the North West¹, generating a significant economic footprint for the benefit of local communities. Based on research carried out by Lichfields for the HBF, we can estimate that in North West in 2017/18, house building was responsible for:

INVESTMENT



- **£1,400,918,227** was spent on suppliers as a result of new build homes, **90%** of which stays in the UK

JOBS AND GROWTH



- Supported and sustained **83,145** jobs
- Created **912** graduate and apprenticeship positions
- Delivered **£4,549,991,148** worth of economic activity

RESOURCES FOR PUBLIC SERVICES



- Generated **£323,273,513** of tax...the equivalent of employing an additional **13,706** new police constables² or **14,609** newly qualified nurses³
- Delivered **£21,623,090** for spending on new and improved schools...this could employ approximately **911** newly qualified teachers⁴ or fund **4,601** additional primary school places⁵
- Generated **£744,397,544** investment in new Affordable Housing

STRONGER LOCAL COMMUNITIES AND ENVIRONMENT



- Resulted in **£706,443,683** spending in local shops
- Produced investment of **£7,975,761** in open spaces... the equivalent of funding the creation of **532** 'pocket parks'⁶ or **11,077** hectares of forest⁷.

1. *For the purposes of this report, North West refers to the six unitary authority areas of Blackburn with Darwen, Blackpool, Cheshire East, Cheshire West and Chester, Halton, Warrington, the Metropolitan counties of Greater Manchester and Merseyside and the local authority areas of Cumbria and Lancashire.*
2. *Police Now. Salary and benefits (Based on average basic starting salary of £23,586)*
3. *Royal College of Nursing, NHS Pay Scales 2017-18 (Based on starting at bottom of Band 5)*
4. *Prospects. How much do teachers get paid? July 2018*
5. *BBC News, Seven charts on the £73,000 cost of educating a child, 19 November 2018*



THE FIVE-YEAR PICTURE

(2012/13 – 2017/18)



OVER THE PAST FIVE YEARS IN THE AREA:

- Housing supply in the **North West** has increased by **74%**. Lancashire has made large strides, delivering a **116%** increase during this period followed by Merseyside (**84%**), Cumbria (**63%**) and Greater Manchester (**40%**).
- Of the unitary authorities, Cheshire West and Chester delivered the largest increase in supply, **276%**. This was followed by Cheshire East (**243%**), Blackpool (**105%**) and Blackburn with Darwen (**31%**). The number of housing additions has fallen since 2012/13 by **43%** in Warrington and **24%** in Halton.
- An additional **£1,938,508,961** of economic activity was generated in 2017/18 compared with five years previously
- Home building sustained **35,424** jobs directly and in the wider supply chain and;
- Led to an extra **£300,978,038** of annual expenditure in local shops last year compared with five years earlier
- In total, an additional **£137,729,631** in tax was paid

HELP TO BUY



The Help to Buy Scheme has been a key driver in increasing home ownership and housing supply while also generating economic activity.

In the North West, **27,706** properties have been purchased with the support of Help to Buy since the launch of the scheme in April 2013. Of these purchases, **22,819** were made by first-time buyers (**82%**)⁸.

Across the country, first-time buyers make up 81% of those using Help to Buy. Further information on the Help to Buy Scheme can be found at: www.helptobuy.gov.uk/

6. [Ministry of Housing, Communities and Local Government, Green light given to over 80 pocket parks, 15 February 2016](#)
7. [The Guardian, A eureka moment for the planet: we're finally planting trees again, 13 February 2018](#)
8. [Ministry of Housing, Communities and Local Government, Help to Buy \(equity loan scheme\) statistics: April 2013 to 31 March 2019](#)
9. [Ministry of Housing, Communities and Local Government, Live tables on housing supply: net additional dwellings, 15 November 2018](#)



THE ECONOMIC FOOTPRINT OF HOUSE BUILDING IN ENGLAND - 2017/18

According to the government's 2017-18 housing gross supply numbers, 230,240 homes were built in England by private home builders, the public sector and housing associations⁹.

Based on research undertaken by Lichfields, the economic footprint of this regional house building equates to:

700K+



713,744 jobs created

7K+



7,828 graduate and apprentice positions created

£185M



£185.62M towards education... the equivalent of funding for an additional 39,454 primary school pupils¹⁰ or 7,825 newly qualified teachers¹¹

£260M



£260.05M in extra council tax revenue...this could fund the employment of 11,025 additional police constables¹².

£2.77BN



£2.77bn in extra tax contributions...this is the equivalent of employing 102,228 foundation year 1 junior doctors¹³

£68M



£68.47M contributed to open spaces, community, sport and leisure facilities... the equivalent of building 721 football pitches, 442 skate parks¹⁴ or 156 new community halls¹⁵

£6.39BN



£6.39bn of new affordable housing



THE GOVERNMENT HAS SET THE INDUSTRY A TARGET OF DELIVERING 300,000 HOMES PER YEAR BY THE MID-2020s. IF THIS TARGET WAS ACHIEVED, THIS WOULD MEAN AN EXTRA:

-  > **930,000** jobs created
-  > **10,200** graduate and apprentice positions created
-  > **£241.86M** towards education in the area
-  > **£338.83M** in extra council tax revenue
-  > **£3.61BN** in extra tax contributions
-  > **£89.21M** contributed to open spaces, community, sport and leisure facilities
-  > **£8.32BN** of new affordable housing

10. [BBC News, Seven charts on the £73,000 cost of educating a child, 19 November 2018](#)
11. [Prospects, How much do teachers get paid? July 2018](#)
12. [Police Now, Salary and benefits](#)
13. [Health Careers, Pay for doctors, 2018](#)
14. [Sports England, Facilities Costs, Q2 2018](#)
15. [Action Hampshire, How much does a new community building cost?, September 2017](#)
16. [Kate Barker, Review of housing supply: Final report recommendations, March 2004](#)



FOR DECADES, HOUSING COMPLETIONS IN THE UK HAVE NOT BEEN KEEPING PACE

For decades, housing completions in the UK have not been keeping pace with estimates of housing need and demand. In 2004, the Barker Review of Housing Supply¹⁶ found that to increase affordability by freezing the real time increase in house prices would require an additional 240,000 homes per annum across the UK. Meanwhile, in 2017 the Government set an ambitious target of 300,000 new homes per annum.

Output has increased substantially over the last few years: the year to April 2018 showing net additions of 222,190 while the industry now delivers the fastest increase in output ever recorded, up 78% in five years, the fastest ever increase in delivery.

However, in order for the industry to further increase supply and to deliver even more benefits for local communities, significant changes will need to be made to the policy and planning environment the industry operates in:

PLANNING



- *House building doesn't happen overnight* – developing sites, especially large sites, takes years of planning and future certainty about the political, planning and regulatory conditions is essential. Despite the introduction of the National Planning Policy Framework (NPPF), the planning process is still seen by many as an obstacle which developers must cross often at great expense and with great delay before they can begin building houses. Shortening the time taken for developers to get on site will not only help to increase overall output but also support smaller house builders.

SME BUILDERS



- *In order to meet the Government's ambitious 300,000 homes per annum target*, it is vital that SME builders are delivering on their full potential. In 1988, small builders were responsible for 4 in 10 new build homes. However, this has fallen to just 12% today with one-third of small companies ceasing trading during the 2007-2009 period. However, if we returned to the number of home builders operational in 2007, this could help to boost housing supply by 25,000 homes per year, a significant step towards achieving the Government's target. HBF published a report [*Reversing the decline of small housebuilders in 2017*](#) which outlined some of the steps that should be taken to reverse this trend for example, planning for a wider range of sites within local plans and using Government guarantees to support SME expansion.



“ In 1988, small builders were responsible for 4 in 10 new build homes. However, this has fallen to just 12% today with one-third of small companies ceasing trading during the 2007-2009 period. ”



APPENDIX

For the purposes of this report, North West refers to the six unitary authority areas of Blackburn with Darwen, Blackpool, Cheshire East, Cheshire West and Chester, Halton, Warrington, the Metropolitan counties of Greater Manchester and Merseyside and the local authority areas of Cumbria and Lancashire.

Table one: Additions to housing supply - North West

LOCAL/UNITARY AUTHORITY	2012/13 ADDITIONS	2016/17 ADDITIONS	2017/18 ADDITIONS	ANNUAL INCREASE FROM 16/17 TO 17/18	FIVE-YEAR INCREASE FROM 12/13 TO 17/18	ONE-YEAR INCREASE (%)	FIVE-YEAR INCREASE (%)
Greater Manchester (Met County)	6,551	8,414	9,172	758	2,621	9%	40%
Merseyside (Met County)	2,797	5,541	5,149	-392	2,352	-7%	84%
Cumbria	1,090	1,513	1,777	264	687	17%	63%
Lancashire	2,076	4,599	4,479	-120	2,403	-3%	116%
Blackburn with Darwen UA	229	139	299	160	70	115%	31%
Blackpool UA	135	218	277	59	142	27%	105%
Cheshire East UA	688	1,811	2,358	547	1,670	30%	243%
Cheshire West and Chester UA	681	2,034	2,561	527	1,880	26%	276%
Halton UA	491	700	374	-326	-117	-47%	-24%
Warrington UA	656	521	375	-146	-281	-28%	-43%
NORTH WEST TOTAL	15,394	25,490	26,821	1,331	11,427	5%	74%



Table two: Economic footprint generated by additions to housing supply in North West, 2017/18

LOCAL/UNITARY AUTHORITY	JOBS	GRADUATES/AP-PRENTICESHIPS	ECONOMIC ACTIVITY (£)	TAX (£)	SUPPLIERS (£)	SPENDING IN LOCAL SHOPS (£)	OPEN SPACES (£)	SCHOOLS (£)	AFFORDABLE HOUSING (£)
Greater Manchester (Met County)	28,433	312	1,555,964,312	110,550,116	479,073,188	241,583,142	2,727,478	7,394,466	254,562,256
Merseyside (Met County)	15,962	175	873,491,086	62,060,897	268,943,289	135,620,541	1,531,158	4,151,124	142,906,788
Cumbria	5,509	60	301,455,362	21,418,181	92,816,513	46,804,758	528,426	1,432,617	49,319,356
Lancashire	13,885	152	759,830,370	53,985,387	233,947,755	117,973,277	1,331,920	3,610,970	124,311,420
Blackburn with Darwen UA	927	10	50,723,215	3,603,847	15,617,410	7,875,421	88,914	241,054	8,298,530
Blackpool UA	859	9	46,991,072	3,338,681	14,468,303	7,295,958	82,371	223,317	7,687,936
Cheshire East UA	7,310	80	400,017,864	28,420,974	123,163,386	62,107,834	701,198	1,901,020	65,444,592
Cheshire West and Chester UA	7,939	87	434,455,364	30,867,733	133,766,511	67,454,691	761,565	2,064,678	71,078,711
Halton UA	1,159	13	63,446,430	4,507,822	19,534,820	9,850,861	111,216	301,519	10,380,101
Warrington UA	1,163	13	63,616,073	4,519,875	19,587,053	9,877,200	111,514	302,325	10,407,855
NORTH WEST TOTAL	83,145	912	4,549,991,148	323,273,513	1,400,918,227	706,443,683	7,975,761	21,623,090	744,397,544

Table three: Economic footprint generated by additions to housing supply in North West from period 2012/13 to 2017/18

LOCAL/UNITARY AUTHORITY	JOBS	GRADUATES/AP-PRENTICESHIPS	ECONOMIC ACTIVITY (£)	TAX (£)	SUPPLIERS (£)	SPENDING IN LOCAL SHOPS (£)	OPEN SPACES (£)	SCHOOLS (£)	AFFORDABLE HOUSING (£)
Greater Manchester (Met County)	8,125	89	444,633,936	31,590,913	136,900,439	69,035,043	779,407	2,113,050	72,743,968
Merseyside (Met County)	7,291	80	399,000,007	28,348,656	122,849,993	61,949,798	699,414	1,896,182	65,278,067
Cumbria	2,130	23	116,544,645	8,280,411	35,883,480	18,095,030	204,293	553,859	19,067,190
Lancashire	7,449	82	407,651,793	28,963,359	125,513,832	63,293,098	714,580	1,937,299	66,693,535
Blackburn with Darwen UA	217	2	11,875,000	843,710	3,656,250	1,843,744	20,816	56,434	1,942,800
Blackpool UA	440	5	24,089,286	1,711,526	7,416,964	3,740,166	42,227	114,480	3,941,108
Cheshire East UA	5,177	57	283,303,576	20,128,510	87,227,674	43,986,464	496,608	1,346,354	46,349,648
Cheshire West and Chester UA	5,828	64	318,928,577	22,659,640	98,196,423	49,517,696	559,056	1,515,656	52,178,046
Halton UA	-363	-4	-19,848,215	-1,410,201	-6,111,160	-3,081,686	-34,792	-94,325	-3,247,251
Warrington UA	-871	-10	-47,669,644	-3,386,893	-14,677,231	-7,401,315	-83,561	-226,542	-7,798,953
NORTH WEST TOTAL	35,424	389	1,938,508,961	137,729,631	596,856,664	300,978,038	3,398,047	9,212,447	317,148,158



