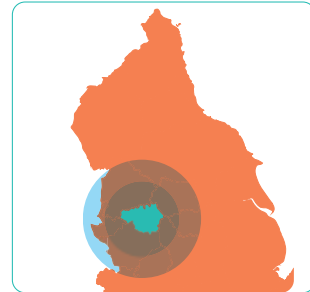


GREATER MANCHESTER ECONOMIC FOOTPRINT OF HOME BUILDING



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.

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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 **361,971** new homes were granted in the year to October, 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.



GREATER MANCHESTER: THE ECONOMIC FOOTPRINT OF HOME BUILDING - 2017/18



Home building is a vital component in delivering benefits at a regional level. In 2017-2018, **9,172** homes were built in Greater Manchester¹, 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 Greater Manchester in 2017/18, house building was responsible for:

INVESTMENT



- **£479,073,188** was spent on suppliers as a result of new build homes, **90%** of which stays in the UK

JOBS AND GROWTH



- Supported and sustained **28,433** jobs
- Created **312** graduate and apprenticeship positions
- Delivered **£1,555,964,312** worth of economic activity

RESOURCES FOR PUBLIC SERVICES



- Generated **£ 110,550,116** of tax...the equivalent of employing an additional **4,687** new police constables² or **4996** newly qualified nurses³
- Delivered **£7,394,466.40** for spending on new and improved schools... this could employ approximately **312** additional teachers⁴ or fund **1573** additional primary school places⁵
- Generated **£254,562,256.16** investment in new Affordable Housing

STRONGER LOCAL COMMUNITIES AND ENVIRONMENT



- Resulted in **£241,583,142** spending in local shops
- Produced investment of **£2,727,477.64** in open spaces... the equivalent of funding the creation **182** 'pocket parks'⁶ or **3,788** hectares of forest⁷.

1. *For the purposes of this report, Greater Manchester refers to the Greater Manchester Combined Authority which includes Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan.*
2. *Police Now, Salary and benefits*
3. *Royal College of Nursing, NHS Pay Scales 2017-18*
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 REGION:

- Housing supply in the region has increased by **40%**. The biggest changes were in Wigan, where supply increased by **241%**, Salford, which experienced a **109%** increase and Rochdale, which increased the number of homes by **74%**.
- **£444,633,936** of economic activity is generated each year by home building
- Home building has sustained **8,125** jobs directly and in the wider supply chain
- Led to an extra **£69,035,043** of expenditure in local shops each year
- Each year, an additional **£31,590,913** 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 Greater Manchester, **7,848** properties were purchased with the support of Help to Buy since the launch of the scheme in April 2013. Of these purchases, **6,814** were made by first-time buyers (87%)⁶.

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 30 June 2018, 30 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 graduates 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

9. [*Ministry of Housing, Communities and Local Government, Live tables on housing supply: net additional dwellings, 15 November 2018*](#)
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, Greater Manchester refers to the Greater Manchester Combined Authority which includes Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan.

Table one: Additions to housing supply - Greater Manchester

UNITARY AUTHORITY DATA	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 (%)
Bolton	406	452	491	39	85	9%	21%
Bury	274	368	275	-93	1	-25%	0%
Manchester	2,641	1,864	3,017	1153	376	62%	14%
Oldham	329	326	313	-13	-16	-4%	-5%
Rochdale	460	485	801	316	341	65%	74%
Salford	757	2,639	1,579	-1060	822	-40%	109%
Stockport	450	675	741	66	291	10%	65%
Tameside	650	428	488	60	-162	14%	-25%
Trafford	305	360	515	155	210	43%	69%
Wigan	279	817	952	135	673	17%	241%
GREATER MANCHESTER TOTAL	6,551	8,414	9,172	758	2,621	9%	40%

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

METROPOLITAN COUNTY	JOBS	ECONOMIC ACTIVITY (£)	TAX (£)	SUPPLIERS (£)	SPENDING IN LOCAL SHOPS (£)	OPEN SPACES (£)	SCHOOLS (£)	AFFORDABLE HOUSING (£)
Bolton	1,522	83,294,644	5,918,023	25,645,981	12,932,547	146008.67	395844.2	13627351.48
Bury	853	46,651,787	3,314,575	14,363,839	7,243,280	81776.75	221705	7632427
Manchester	9,353	511,812,509	36,363,901	157,584,366	79,465,366	897165.29	2432305.4	83734662.76
Oldham	970	53,098,215	3,772,589	16,348,660	8,244,170	93076.81	252340.6	8687089.64
Rochdale	2,483	135,883,931	9,654,453	41,837,944	21,097,699	238193.37	645766.2	22231178.28
Salford	4,895	267,866,076	19,031,687	82,474,549	41,589,597	469547.23	1272989.8	43824008.12
Stockport	2,297	125,705,359	8,931,273	38,704,016	19,517,347	220351.17	597394.2	20565921.48
Tameside	1,513	82,785,716	5,881,864	25,489,284	12,853,530	145116.56	393425.6	13544088.64
Trafford	1,597	87,366,073	6,207,295	26,899,552	13,564,688	153145.55	415193	14293454.2
Wigan	2,951	161,500,003	11,474,456	49,724,997	25,074,918	283096.24	767502.4	26422074.56
GREATER MANCHESTER TOTAL	28,433	1,555,964,312	110,550,116	479,073,188	241,583,142	2,727,477.64	7,394,466.40	254,562,256.16



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

METROPOLITAN COUNTY	JOBS	ECONOMIC ACTIVITY (£)	TAX (£)	SUPPLIERS (£)	SPENDING IN LOCAL SHOPS (£)	OPEN SPACES (£)	SCHOOLS (£)	AFFORDABLE HOUSING (£)
Bolton	264	14,419,643	1,024,505	4,439,732	2,238,832	25,276.45	68,527	2,359,114
Bury	3	169,643	12,053	52,232	26,339	297.37	806	27,754
Manchester	1,166	63,785,715	4,531,928	19,639,285	9,903,539	111,811.12	303,131	10,435,609
Oldham	-50	-2,714,286	-192,848	-835,714	-421,427	-4,757.92	-12,899	-444,068
Rochdale	1,057	57,848,215	4,110,073	17,811,160	8,981,667	101,403.17	274,914	9,464,209
Salford	2,548	139,446,431	9,907,566	42,934,819	21,650,822	244,438.14	662,696	22,814,018
Stockport	902	49,366,072	3,507,423	15,199,553	7,664,707	86,534.67	234,604	8,076,495
Tameside	-502	-27,482,143	-1,952,586	-8,461,607	-4,266,950	-48,173.94	-130,604	-4,496,193
Trafford	651	35,625,001	2,531,130	10,968,749	5,531,232	62,447.70	169,302	5,828,399
Wigan	2,086	114,169,645	8,111,669	35,152,230	17,726,282	200,130.01	542,573	18,678,630
GREATER MANCHESTER TOTAL	8,125	444,633,936	31,590,913	136,900,439	69,035,043	779,406.77	2,113,050.00	72,743,968.00



