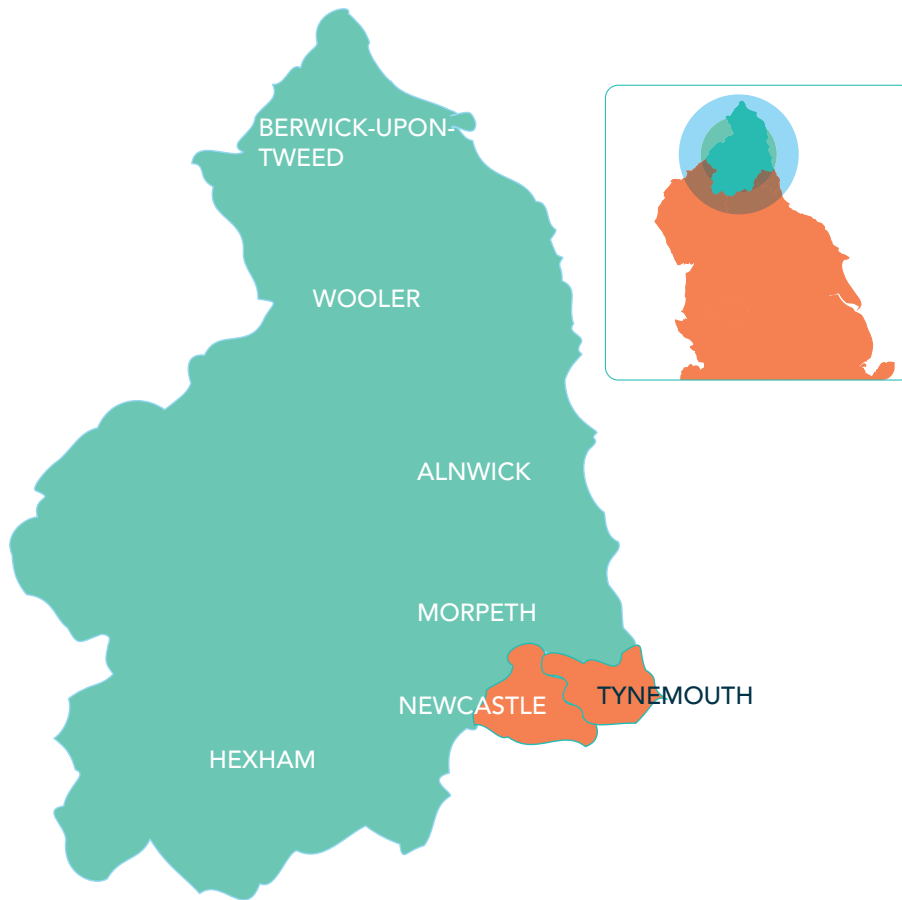


# NORTH OF TYNE ECONOMIC FOOTPRINT OF HOME BUILDING



JOB 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

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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. ”



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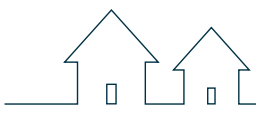
## WIDER CONTRIBUTIONS

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?

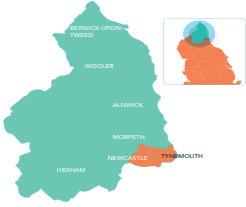
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Housing is inextricably linked to the wider health of the economy and it is often referred to as a key barometer of national economic performance. But it is also important to recognise that it has a range of significant effects on economic performance 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 OF TYNE: THE ECONOMIC FOOTPRINT OF HOME BUILDING - 2017/18



Home building is a vital component in delivering benefits at a regional level. In 2017-2018, **4,795** homes were built in North of Tyne<sup>1</sup>, 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 the North of Tyne in 2017/18, house building was responsible for:

## INVESTMENT



- **£250,453,111** was spent on suppliers as a result of new build homes, **90%** of which stays in the UK

## JOBS AND GROWTH



- Supported and sustained **14,865** jobs
- Created **163** graduate and apprenticeship positions
- Delivered **£813,437,514** worth of economic activity

## RESOURCES FOR PUBLIC SERVICES



- Generated **£57,794,135** of tax...the equivalent of employing an additional **2,450** new police constables<sup>2</sup> or **2,612** newly qualified nurses<sup>3</sup>
- Delivered **£3,865,729** for spending on new and improved schools...this could employ approximately **163** additional teachers<sup>4</sup> or fund **822** additional primary school places<sup>5</sup>
- Generated **£133,081,773** investment in new Affordable Housing

## STRONGER LOCAL COMMUNITIES AND ENVIRONMENT



- Resulted in **£126,296,464** spending in local shops
- Produced investment of **£1,425,889** in open spaces... the equivalent of funding the creation **95** 'pocket parks'<sup>6</sup> or **1,980** hectares of forest<sup>7</sup>.

1. *For the purposes of this report, North of Tyne refers to the new North of Tyne Combined Authority which consists of Northumberland, Newcastle upon Tyne and North Tyneside.*
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*



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## THE FIVE-YEAR PICTURE

(2012/13 – 2017/18)



### OVER THE PAST FIVE YEARS IN THE AREA:

- Housing supply in the area has increased by **178%**. The biggest change in Newcastle upon Tyne, where supply increased by **280%**. This was followed by Northumberland, which experienced a **122%** increase and North Tyneside, which increased the number of homes by **116%**.
- **£520,464,294** of economic activity is generated each year by home building
- Home building has sustained **9,511** jobs directly and in the wider supply chain
- Led to an extra **£80,808,666** of expenditure in local shops each year
- Each year, an additional **£36,978,604** 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 North of Tyne, **3,537** properties have been purchased with the support of Help to Buy since the launch of the scheme in April 2013. Of these purchases, **2,911** were made by first-time buyers (82%)<sup>6</sup>.

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.help\\_tobuy.gov.uk/](http://www.help_tobuy.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 associations<sup>9</sup>.

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 pupils<sup>10</sup> or **7,825** newly qualified teachers<sup>11</sup>

**£260M**



**£260.05M** in extra council tax revenue...this could fund the employment of **11,025** additional police constables<sup>12</sup>.

**£2.77BN**



**£2.77bn** in extra tax contributions...this is the equivalent of employing **102,228** foundation year 1 junior doctors<sup>13</sup>

**£68M**



**£68.47M** contributed to open spaces, community, sport and leisure facilities... the equivalent of building **721** football pitches, **442** skate parks<sup>14</sup> or **156** new community halls<sup>15</sup>

**£6.39BN**




**£6.39bn** of new affordable housing





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**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](#)



# 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 Supply<sup>16</sup> 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.

16. [Kate Barker, Review of housing supply: Final report recommendations, March 2004](#)



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“ 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 of Tyne refers to the new North of Tyne Combined Authority which consists of Northumberland, Newcastle upon Tyne and North Tyneside.

*Table one: Additions to housing supply - North of Tyne*

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 (%)
Newcastle upon Tyne	626	2,826	2,380	-446	1,754	-16%	280%
Northumberland	647	1,541	1,434	-107	787	-7%	122%
North Tyneside	454	1,046	981	-65	527	-6%	116%
<b>NORTH OF TYNE COMBINED AUTHORITY TOTAL</b>	<b>1,727</b>	<b>5,413</b>	<b>4,795</b>	<b>-618</b>	<b>3,068</b>	<b>-11%</b>	<b>178%</b>

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

UNITARY AUTHORITY DATA	JOBS	GRADUATE/ APPRENTICESHIPS	ECONOMIC ACTIVITY (£)	TAX (£)	SUPPLIERS (£)	SPENDING IN LOCAL SHOPS (£)	OPEN SPACES (£)	SCHOOLS (£)	AFFORDABLE HOUSING (£)
Newcastle upon Tyne	7,378	81	403,750,007	17,284,002	124,312,493	62,687,296	707740.6	1918756	66055186.4
Northumberland	4,445	49	243,267,861	17,284,002	74,900,889	37,770,413	426428.58	1156090.8	39799637.52
North Tyneside	3,041	33	166,419,646	11,823,993	51,239,729	25,838,755	291719.97	790882.2	27226948.68
<b>NORTH OF TYNE COMBINED AUTHORITY TOTAL</b>	<b>14,865</b>	<b>163</b>	<b>813,437,514</b>	<b>57,794,135</b>	<b>250,453,111</b>	<b>126,296,464</b>	<b>1425889.15</b>	<b>3865729</b>	<b>133081772.6</b>



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

UNITARY AUTHORITY DATA	JOBS	GRADUATE/ APPRENTICESHIPS	ECONOMIC ACTIVITY (£)	TAX (£)	SUPPLIERS (£)	SPENDING IN LOCAL SHOPS (£)	OPEN SPACES (£)	SCHOOLS (£)	AFFORDABLE HOUSING (£)
Newcastle upon Tyne	5,437	59.636	297,553,576	21,140,962	91,615,174	46,198,957	521586.98	1414074.8	48681007.12
Northumberland	2,440	26.758	133,508,931	9,485,711	41,106,694	20,728,950	234030.19	634479.4	21842618.36
North Tyneside	1,634	17.918	89,401,787	6,351,931	27,526,338	13,880,758	156713.99	424867.4	14626505.56
<b>NORTH OF TYNE COMBINED AUTHORITY TOTAL</b>	<b>9,511</b>	<b>104.312</b>	<b>520,464,294</b>	<b>36,978,604</b>	<b>160,248,206</b>	<b>80,808,666</b>	<b>912331.16</b>	<b>2473421.6</b>	<b>85150131.04</b>



