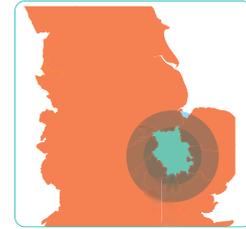


CAMBRIDGESHIRE & PETERBOROUGH ECONOMIC FOOTPRINT OF HOME BUILDING



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

Home Builders Federation Ltd
HBF House, 27 Broadwall, London SE1 9PL
Tel: 020 7960 1600
Email: info@hbf.co.uk
Website: www.hbf.co.uk

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.



CAMBRIDGESHIRE & PETERBOROUGH: THE ECONOMIC FOOTPRINT OF HOME BUILDING - 2017/18



Home building is a vital component in delivering benefits at a regional level. In 2017-2018, **4,203** homes were built in Cambridgeshire & Peterborough¹, 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 Cambridgeshire & Peterborough in 2017/18, house building was responsible for:

INVESTMENT



- **£219,531,684** was spent on suppliers as a result of new build homes, **90%** of which stays in the UK

JOBS AND GROWTH



- Supported and sustained **13,029** jobs
- Created **143** graduate and apprenticeship positions
- Delivered **£713,008,941** worth of economic activity

RESOURCES FOR PUBLIC SERVICES



- Generated **£50,658,759** of tax...the equivalent of employing an additional **2,148** new police constables² or **2,289** newly qualified nurses³
- Delivered **£3,388,459** for spending on new and improved schools...this could employ approximately **143** additional teachers⁴ or fund **721** additional primary school places⁵
- Generated **£116,651,239** investment in new Affordable Housing

STRONGER LOCAL COMMUNITIES AND ENVIRONMENT



- Resulted in **£110,703,658** spending in local shops
- Produced investment of **£1,249,846** in open spaces... the equivalent of funding the creation of **83** 'pocket parks'⁶ or **1,736** hectares of forest⁷.

1. *For the purposes of this report, Cambridgeshire and Peterborough refers to the Local Authority areas of Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, South Cambridgeshire and the Unitary Authority of Peterborough.*
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*



THE FIVE-YEAR PICTURE

(2012/13 – 2017/18)



OVER THE PAST FIVE YEARS IN THE AREA:

- Housing supply has increased by **34%**. The biggest change was in **Cambridge**, where supply increased by **118%**. This was followed by **Huntingdonshire**, which experienced a **67%** increase and **Fenland**, which increased the number of homes by **39%**
- An additional **£181,687,503** of economic activity was generated in 2017/18 compared with five years previously
- Home building sustained **3,320** jobs directly and in the wider supply chain
- Led to an extra **£28,209,283** of annual expenditure in local shops last year compared with five years earlier
- In total, an additional **£12,908,763** 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 Cambridgeshire & Peterborough, **4,163** properties have been purchased with the support of Help to Buy since the launch of the scheme in April 2013. Of these purchases, 4 in 5 were made by first-time buyers (**79%**)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/

5. [BBC News, Seven charts on the £73,000 cost of educating a child, 19 November 2018](#)
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, 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

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, Cambridgeshire and Peterborough refers to the Local Authority areas of Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, South Cambridgeshire and the Unitary Authority of Peterborough.

Table one: Additions to housing supply - Cambridgeshire & Peterborough

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 (%)
Peterborough UA	817	1,203	706	-497	-111	-41%	-14%
Cambridge	544	1,220	1,184	-36	640	-3%	118%
East Cambridgeshire	305	238	298	60	-7	25%	-2%
Fenland	335	435	464	29	129	7%	39%
Huntingdonshire	462	786	771	-15	309	-2%	67%
South Cambridgeshire	669	592	780	188	111	32%	17%
CAMBRIDGESHIRE & PETERBOROUGH TOTAL	3,132	4,474	4,203	-271	1,071	-6%	34%

Table two: Economic footprint generated by additions to housing supply in Cambridgeshire & Peterborough, 2017/18

LOCAL/UNITARY AUTHORITY	JOBS	GRADUATES/AP-PRENTICESHIPS	ECONOMIC ACTIVITY (£)	TAX (£)	SUPPLIERS (£)	SPENDING IN LOCAL SHOPS (£)	OPEN SPACES (£)	SCHOOLS (£)	AFFORDABLE HOUSING (£)
Peterborough UA	2,189	24	119,767,859	8,509,418	36,875,891	18,595,475	209,943	569,177	19,594,522
Cambridge	3,670	40	200,857,146	14,270,752	61,842,854	31,185,613	352,086	954,541	32,861,068
East Cambridgeshire	924	10	50,553,572	3,591,794	15,565,178	7,849,082	88,616	240,248	8,270,775
Fenland	1,438	16	78,714,287	5,592,592	24,235,713	12,221,389	137,980	374,077	12,877,986
Huntingdonshire	2,390	26	130,794,645	9,292,863	40,270,980	20,307,523	229,272	621,580	21,398,550
South Cambridgeshire	2,418	27	132,321,431	9,401,340	40,741,069	20,544,576	231,949	628,836	21,648,338
CAMBRIDGESHIRE & PETERBOROUGH TOTAL	13,029	143	713,008,941	50,658,759	219,531,684	110,703,658	1,249,846	3,388,459	116,651,239



Table three: Economic footprint generated by additions to housing supply in Cambridgeshire & Peterborough 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 (£)
Peterborough UA	-344	-4	-18,830,357	-1,337,883	-5,797,768	-2,923,651	-33,008	-89,488	-3,080,725
Cambridge	1,984	22	108,571,430	7,713,920	33,428,570	16,857,088	190,317	515,968	17,762,739
East Cambridgeshire	-22	0	-1,187,500	-84,371	-365,625	-184,374	-2,082	-5,643	-194,280
Fenland	400	4	21,883,929	1,554,837	6,737,946	3,397,757	38,361	104,000	3,580,302
Huntingdonshire	958	11	52,419,644	3,724,377	16,139,731	8,138,813	91,887	249,116	8,576,073
South Cambridgeshire	344	4	18,830,357	1,337,883	5,797,768	2,923,651	33,008	89,488	3,080,725
CAMBRIDGESHIRE & PETERBOROUGH TOTAL	3,320	36	181,687,503	12,908,763	55,940,622	28,209,283	318,483	863,440	29,724,834



