

# HBF Housing Manifesto: Isle of Wight UA



## NATIONAL HOUSING CRISIS

In 2012 in England 115,620 homes were completed – 55,560 fewer than in 2007/08 and one of lowest peace time rates since the 1920's.

Affordability has plummeted over the last 10 years – in 2002 the median house price to median earnings ratio was 2.78; in 2012 it was 4.46.

First time buyer numbers are at record lows. Eight out of ten first-time buyers require financial help from family or friends, and the average age of unassisted first-time buyers has soared. Meanwhile first-time buyer numbers have plunged by 64% in 10 years, from 543,000 annually from 1997-2002 to 197,000 annually from 2007-2012.

Home ownership remains one of the strongest aspirations across the spectrum of British society. A recent IPPR report showed that 51% of those in the private rented sector wanted to own their own home. The same report also showed that 88% of 18-30 year olds want to own their own home within 10 years.

Social housing waiting lists have increased by 70% over the last 10 years. There are now 1.85 million families on the social housing waiting list.

64,000 families live in temporary accommodation and 565,000 families are in over-crowded accommodation.

## ISLE OF WIGHT HOUSING CRISIS

Official Government projections predict that the Isle of Wight will see 625 new households created annually from 2011-2021. Yet in 2011/12 there were only 370 housing starts on the Isle of Wight.

In 2011/12 there were 360 housing completions. Every year the 500 target is missed more homes are added to the historical under-supply of houses.

Median house prices increased by 95% in the 10 years from 2001-2011. The median was £87,000 in 2001 and £170,000 in 2011.

The ratio of lower quartile house price to lower quartile earnings is 7.84. The ratio is the best measure of affordability in the market, lower quartile homes being those most likely to be purchased by first-time buyers.

On average in the South East a first-time buyer deposit is £39,145. Saving 33% of the average net income in the region would take 89 months to save – nearly 7 and half years – to save.

Since 2002 the social housing waiting list has increased by 293%, there are currently 6,328 families on the waiting list.

## HOUSE BUILDING AND ECONOMIC GROWTH

Housing is a huge industry; the National House Building Council (NHBC) has around 13,500 house building companies registered across the country.

According to Government figures, even in its current crisis state, housing supply accounts for 3% of UK GDP and provides between 1 and 1.25 million jobs in the UK.

The construction industry typically imports less than 8% of its supply of building materials and at pre-crisis levels around 8% of the total UK workforce was employed in construction.

Building to household projections in the Isle of Wight will bring in extra Central Government funding through the New Homes Bonus funding and increase council tax revenue in the future.

## HOUSE BUILDING – THE ISLE OF WIGHT'S ECONOMIC RECOVERY

In 2011/12 we estimate there were 555 direct local jobs created on the Isle of Wight directly in the house building process; had sufficient homes been built to meet new household formations for that year, 750 direct local jobs could have been created.

Home building has a powerful multiplier effect, on top of direct local jobs many more are created down the supply chain in different businesses of all sizes from the local area.

Building enough homes to meet household projections each year would mean New Homes Bonus payments to the Isle of Wight of around £5.4 million annually (from year 6 of the scheme).

## CONCLUSION

The HBF ask you to work closely with our members to provide the best possible environment for the home building industry to flourish and to adopt, wherever possible, policies that will permit house builders to work efficiently and do the best they can for your community.

To this end, the industry asks that you do all you can to free up sufficient land for development to meet local housing requirements. One means of doing so could involve making more public land available for homes.

Work with the industry to cut through unnecessary red tape and bureaucracy and look at ways of collaborating with home builders in order to deliver more homes for the Isle of Wight.

Changes to the welfare system are exerting new pressures on local authorities: by building more homes in the Isle of Wight overall affordability will improve and therefore lighten the load on social housing on the island.

Section 106 and CIL are taxes on home builders that mitigate the effects of development but also encourage home building, through passing on the benefits of development to local communities. Allowing new development means: new schools, roads, parks and even leisure facilities. The Isle of Wight can use this to kick start regeneration on the island and create a cycle of prosperity.

The UK is experiencing a living cost crisis, it is imperative that more houses are built; this is the only way prices will be reduced and with them rental costs as well. Cutting down housing costs will shrink the Government welfare bill and greatly increase the discretionary income of the electorate, which in turn, will further the recovery of the UK economy.