

Sinah Lane, Hayling Island Economic Benefits Assessment

Final Report

Barratt David Wilson

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LICHFIELDS



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The economic benefits of the proposed development at Sinah Lane, Hayling Island

195 new homes offering the opportunity to meet Havant Borough Council's objectively assessed housing need and add to the local authority's revenues.

The proposal



195 New homes **30%** Affordable homes

Construction benefits



£22.6m
Construction value
(total construction cost)



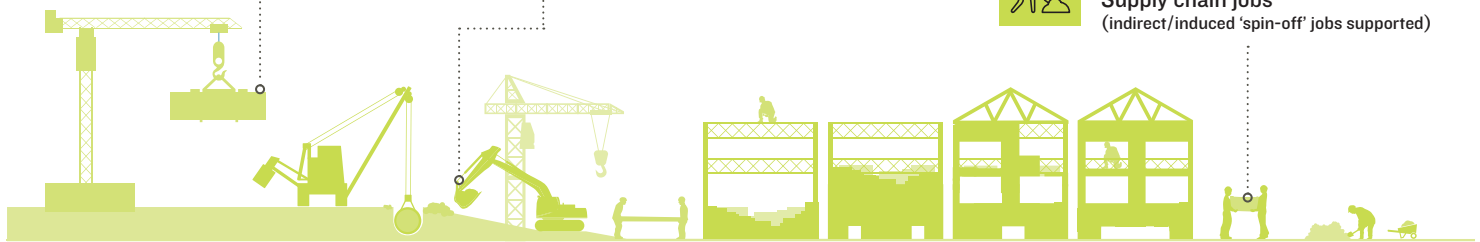
£8.5m GVA
Economic output
(additional GVA p.a.)



43 Jobs
Construction jobs
(temporary jobs over the 4.5 year build period)



65 Jobs
Supply chain jobs
(indirect/induced 'spin-off' jobs supported)



Operational and expenditure benefits



£1.1m
First occupation expenditure
(spending to make a house 'feel like a home')



£1.1m
Resident expenditure
(within local shops and services p.a.)



12 Supported jobs
(from increased expenditure in local area)



Local Authority revenue benefits



£978,000
New Homes Bonus
payments
(over a 4 year period)



£295,000
Council Tax
revenues (p.a.)



£2.6m
Planning
contributions
(S106 and CIL)



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1.0

Introduction

1.1

This report has been prepared by Lichfields on behalf of Barratt David Wilson. It assesses the potential economic and community benefits of the proposed residential development on the site located at Sinah Lane, Hayling Island in the Borough of Havant.

Proposed Development

1.2

The site is located on Hayling Island to the west of Mengham and is bordered by Sinah Lane to the south. Residential areas lie to the west and south of the site and the Hayling Billy Business Centre and Station Road are situated to the east, separated from the site by the Hayling Billy Coastal Trail which runs northwards. Agricultural land lies directly to the north.

1.3

The proposed development shown in Figure 1.1 below includes 195 dwellings, which are split 70:30 between market and affordable tenures, respectively. The housing mix within these tenures is to be finalised. The proposed development includes several open spaces.

Figure 1.1 Illustrative Site Layout



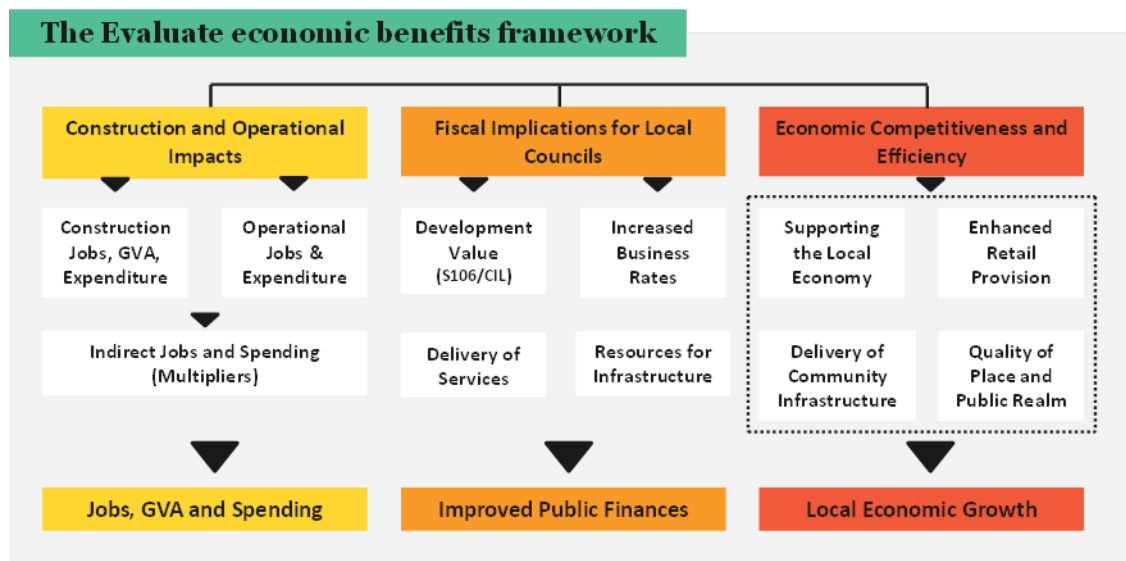
Source: Barratt David Wilson

Study Framework

1.4

This report draws on the Evaluate methodology developed by Lichfields, which provides an analytical framework for assessing the economic impacts arising from new development. This framework, as it relates to the analysis of the economic impacts of the proposed development, is presented below in Figure 1.2.

Figure 1.2 Evaluate Analytical Framework



Source: Lichfields

- 1.5 The analysis focuses first on the key quantifiable impacts of the development during the construction phase and upon completion, before considering the wider qualitative effects of the role that new housing developments have in the context of supporting economic growth more generally.
- 1.6 For residential-led schemes, the scale and type of economic impacts are typically determined by:
- the scale of capital investment in the scheme, including any significant infrastructure requirements, which generates employment and economic output during the construction phase;
 - the quantum and type of residential dwellings proposed, and in turn, the socio-economic profile and spending patterns of residents;
 - the location of the development in relation to other centres of retail activity and other town centre uses, which capture and benefit from the additional expenditure of residents; and
 - the extent to which the proposed development also provides other amenities, such as community facilities, social infrastructure and public open space.

Report Structure

- 1.7 The remainder of this report is structured as follows:
- **Section 2** reviews the economic, regeneration and housing context of Havant Borough;
 - **Section 3** outlines the potential economic impacts generated during the construction phase;
 - **Section 4** outlines the expenditure impacts once the scheme is built out and occupied;
 - **Section 5** examines the fiscal implications of the proposed development;
 - **Section 6** considers the economic competitiveness and wider impacts associated with the proposed development; and
 - **Section 7** draws together the overall conclusions of the assessment.

2.0 Economic, Regeneration and Housing Context

2.1 This section establishes the baseline socio-economic context for the residential development at Sinah Lane, Hayling Island, highlighting the key economic and housing trends and drivers of regeneration need at the Borough level. This has been derived from published data and other information available at the local level.

2.2 Housing delivery is a key component of sustainable economic development in both a local and national context, as it provides a series of direct and indirect socio-economic benefits that ultimately support the formation of more sustainable communities. National planning policy requires local authorities to take account of the needs of existing and future residential and business communities, to ensure that balanced economic growth can be achieved.

Population and Labour Market

2.3 The residential population of Havant Borough in 2016 amounted to 123,900¹. Over the 10-year period between 2006 and 2016, the population of the Borough increased by 5.1%, which was lower than the proportional increase of 9.2% recorded across the South-East region over the same period. The Borough's population is expected to continue to grow in the future and is anticipated to number 132,600 people by 2031, representing a 7.0% increase over and above 2016 levels².

2.4 In the Borough, 80.8% of 16-64-year-olds were economically active during 2017, which was lower than the regional and higher than the national averages (81.4% and 78.4%, respectively)³. Of those economically active, 2.4% were unemployed. This rate of unemployment was marginally lower than the equivalent across the South East (3.2%) and Great Britain (4.5%).

2.5 The Borough has a lower proportion of higher-skilled residents when compared to the regional and Great Britain averages. In 2017, 27.5% of the working-age population in Havant Borough held an NVQ4 or above (degree or higher) qualification compared to 41.4% in the South East and 38.6% across Great Britain⁴.

2.6 In addition to the lower proportion of residents with higher-level qualifications, in 2017 a lower proportion of the Borough's residents were in higher skilled managerial, professional and technical occupations (43.8%), compared with 49.9% across the wider South East and 45.6% across Great Britain as a whole⁵.

2.7 Workplace earnings in Havant Borough were lower than both the regional and national averages, with average gross worker pay amounting to £529 in 2017⁶. The equivalent rate for the South East was 8.8% higher at £575 while the Great Britain rate was 4.5% higher at £552. Resident earnings in Havant Borough were also lower than both the regional and national averages, with average gross resident pay amounting to £544 in 2017⁷. The equivalent rate for the South East was 9.8% higher at £597 while the Great Britain rate was 1.7% higher at £553. The higher level of resident earnings (£544), when compared with workplace earnings (£528), suggests that residents leave the Borough to undertake higher paid jobs elsewhere.

¹ ONS, Mid-year Population Estimates (2016)

² ONS, 2016-based Subnational Population Projections for Local Authorities and Higher Administrative Areas in England (2018)

³ ONS, Annual Population Survey (2017)

⁴ ONS, Annual Population Survey (2017)

⁵ ONS, Annual Population Survey (2017)

⁶ ONS, Annual Survey of Hours and Earnings – Workplace Analysis (2017)

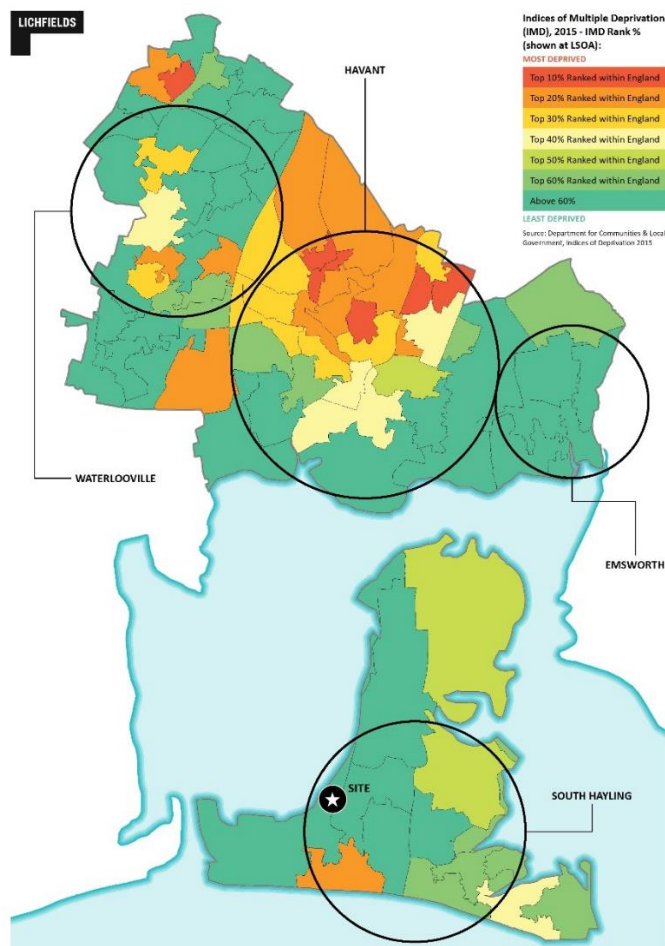
⁷ ONS, Annual Survey of Hours and Earnings – Resident Analysis (2017)

- 2.8 According to the 2016 Business Register and Employment Survey (BRES), there are a total of 44,000 employee jobs in Havant Borough⁸. The largest employment sectors include education (13.6%), retail (11.4%) and business administration and support services (11.4%).

Regeneration

- 2.9 Deprivation at the local level is measured by the Indices of Multiple Deprivation (IMD), which uses a series of data to rank areas across seven domains that range from income to health. These categories combined produce an overall score for each local area. The IMD 2015 identifies out of the 326 local authorities in England, Havant Borough is ranked 142nd and, therefore, is within the top 50% most deprived local authorities⁹. In addition, Havant experiences higher levels of deprivation in terms of education, skills and training (73rd) and deprivation affecting children (89th).
- 2.10 The proposed development site is located within an area that falls within the top 40% least deprived neighbourhoods in the country, indicating that some deprivation does exist at this location. However, the highest levels of deprivation are concentrated to the north of the Borough, as illustrated in Figure 2.1.

Figure 2.1 Havant Borough Indices of Multiple Deprivation



Source: MHCLG (2015) / Lichfields analysis

⁸ ONS, Business Register and Employment Survey (2016)

⁹ Ministry for Housing, Communities and Local Government (MHCLG), English Indices of Multiple Deprivation (2015)

Local Housing Market

- 2.11 A key housing challenge facing Havant Borough is the growing gap between house prices and income, which is generating significant affordability problems and keeping local residents from being able to access open market housing. The median house price in the Borough in 2016 was £250,000, exceeding the national average of £225,000¹⁰. During the 10-year period from 2006 to 2016, house prices across the Borough also rose by 40.4%. This is over and above average national house price growth of 33.9% during the same period.
- 2.12 Affordability ratios assess the relationship between lower quartile house prices and lower quartile earnings. Based on Ministry for Housing, Communities and Local Government data, the affordability ratio for the Borough was 9.2 in 2016, compared to 7.2 for England overall¹¹. This indicates the affordability of housing is more of a challenge for the population of Havant Borough than at the national level.
- 2.13 The Havant Borough Core Strategy (2011) Policy Cs9 'Housing' sets a Borough-wide housing delivery target of 6,300 net additional dwellings over the period between 2006 and 2026¹². This target is equivalent to 315 dwellings per annum (dpa). Annual monitoring data demonstrates that a total of 3,596 dwellings were delivered between 2006 and 2017, leaving a residual requirement of 2,704¹³. The Havant Borough Local Plan (Allocations) (2014) reviews progress on the delivery of the Core Strategy target in order to set out the housing requirement for areas within Havant, including Hayling Island¹⁴. A Borough-wide residual requirement of 2,380-3,060 is identified between 2013 and 2026, with 329 -396 of these dwellings to be delivered on Hayling Island. While the Sinah Lane site is not allocated, the allocated sites on Hayling Island have an identified total capacity of 343 dwellings, lower than the top end requirement of 396 dwellings.
- 2.14 The Draft Havant Borough Local Plan 2016, for which consultation took place from 8 January to 16 February 2018, makes provision for the delivery of 9,549 net additional dwellings between 2016 and 2036¹⁵. This includes a proposed allocation at Sinah Lane, Hayling Island for residential development with an indicative capacity of approximately 160 dwellings.
- 2.15 The Havant Borough Core Strategy (2011) Policy CS9 also seeks 30-40%affordable housing on sites of 15 dwellings (gross) or more unless a lesser requirement can be transparently justified on viability grounds.

Summary

- 2.16 The socio-economic context of Havant Borough indicates a higher level of deprivation when compared to the wider South East. The resident population is characterised by lower levels of economic activity, qualifications and higher-level occupations. However, the highest levels of deprivation appear to be concentrated to the north of the Borough, with the proposed development site located in an area that falls within the top 40% least deprived neighbourhoods nationally.
- 2.17 The housing market in Havant displays relatively high house prices when compared to England, and suffers from issues with the affordability of homes. These factors impact on the ability of

¹⁰ ONS, House Price Statistics for Small Areas (2016)

¹¹ MHCLG, Live Table 576 Lower quartile house price to lower quartile earnings by district (2015)

¹² Havant Borough Council, Core Strategy (2011)

¹³ Havant Borough Council, Annual Monitoring Report (2017)

¹⁴ Havant Borough Council, Local Plan (Allocations) (2014)

¹⁵ Havant Borough Council, Draft Local Plan 2036 (2018)

local people to access market housing on affordable terms, which in turn can have a negative effect on the local economy and deprivation.

3.0

Construction Impacts

- 3.1 This section sets out the potential economic impacts arising from the construction phase of the proposed development at Sinah Lane, Hayling Island. The key impacts relate to new employment opportunities and additional economic output that will be generated during the duration of the build.

Direct Employment

- 3.2 The build cost of a development can be used to estimate the amount of employment generated through construction activity. ONS Annual Business Survey data indicates the average value of expenditure (i.e. on materials, goods and services) per job in the construction industry during 2016 was £115,856¹⁶.
- 3.3 Applying this expenditure value to the estimated construction cost (£22.6 million) implies that the development would be expected to generate 195 person-years of construction employment over the duration of the construction period. The site is anticipated to be built out over 4.5 years, which would support 43 temporary construction jobs per year on average over the construction phase, or 20 FTE construction jobs¹⁷.
- 3.4 Although national and regional construction firms often use their own labour on projects, it is typical that a share of the contractors employed will be drawn locally. However, it is difficult to determine the likely source of labour to fill these jobs before contracts have been let. Based on past experience, it is reasonable to expect a proportion of the construction jobs to be taken up by local workers, particularly if measures are in place to raise local skill levels and encourage local recruitment (e.g. through apprenticeships).

Indirect and Induced Employment

- 3.5 Housing construction involves purchases from a range of suppliers who in turn purchase from their own suppliers via the supply chain. The relationships between the initial direct spending and total economic impacts are known as the 'multiplier effect', which demonstrates that an initial investment can have much larger economic benefits as this expenditure is diffused through the economy. The construction industry is recognised as part of the UK economy where there is a particularly high domestic benefit in the supply chain. Research showed that the construction sector imported less than 8% of its supply, while in contrast, the UK car manufacturing industry imported nearly 28%¹⁸.
- 3.6 It is expected that local businesses in Havant Borough will benefit from trade connections established during the construction phase of the proposed scheme. As a result, further indirect jobs would be supported locally through the suppliers of construction materials and equipment.
- 3.7 In addition, businesses would also be expected to benefit to some extent from temporary growth in expenditure linked to the direct and indirect employment effects of the construction phase. While only a portion of these benefits would be felt in the local area, it is anticipated that the local economy would gain a large temporary boost from the wage spending of workers within shops, bars and restaurants, and other service facilities. Such effects are typically referred to as 'induced effects'.

¹⁶ ONS, Annual Business Survey (2016)

¹⁷ Based on HM Treasury assumption that 10 person-years of employment equates to 1 permanent position.

¹⁸ UK Contractors Group, Construction in the UK Economy: The Benefits of Investment (2009); Updated 2012

- 3.8 Research undertaken on behalf of the National Housing Federation indicates that the housing construction industry has an indirect and induced employment multiplier of 2.51¹⁹. Applying this employment multiplier to the 43 direct construction jobs per year derived above indicates an additional 65 indirect and induced jobs could be supported per year of construction by the proposed development in sectors throughout the UK economy. This is in addition to the 43 direct temporary jobs.

Economic Output

- 3.9 The construction phase of the development will also make a major contribution to local economic output, as measured by Gross Value Added (GVA). GVA is a measure of the difference between what is produced as output (goods and services) and the inputs (raw materials, semi-finished products etc.) used in the production of those outputs. It represents the additional value that is added through economic activity.
- 3.10 Based on 2017 Experian data, the construction sector generates an average GVA per FTE worker of £81,341 in the South East. Applying this to the employment impact of the scheme (as derived above), the capital expenditure linked to the development could generate approximately £3.5 million of direct GVA and an additional c.£5.0 million of indirect GVA for each year of construction assuming a GVA multiplier of 2.41²⁰. This equates to approximately £8.5 million direct and indirect GVA in total per annum. It should be noted that not all of this will be retained locally.

¹⁹ National Housing Federation (2013) An employment multiplier of 2.51 implies that for every direct job generated a further 1.51 induced jobs are supported in the supply chain.

²⁰ To calculate indirect construction GVA a multiplier of 2.41 has been applied to direct construction GVA. The multiplier is from research done by the National Housing Federation in 2013.

4.0 Expenditure Impacts

- 4.1 This section assesses the main economic impacts that could be supported by residential development at Sinah Lane, Hayling Island once the development is completed and occupied. For residential developments, the key economic impacts relate to the increase in local expenditure to be supported by new households attracted to the area. The scale of these impacts will be determined by the expenditure patterns of local residents, and the extent to which residents of the new housing move into the area from elsewhere.

‘First Occupation’ Expenditure

- 4.2 Research suggests that the average homeowner spends approximately £5,500 to make their house ‘feel like home’²¹. This money is generally spent on furnishing and decorating a property. This expenditure on goods and services will generate a range of economic benefits for the local economy, by supporting indirect and induced jobs within local businesses.
- 4.3 By applying this average level of one-off spending on household products and services, it is estimated that the new residents of the 195 dwellings could generate approximately £1.1 million of first occupation expenditure. This injection of resident spending within the local economy will help to support local businesses and could support 2 additional FTE jobs in the local area, thereby increasing work prospects.

On-going Resident Expenditure

- 4.4 Analysis of Output Area Classifications indicates that housing areas within the area surrounding the proposed development site are mainly households in the ‘suburbanites’ socio-economic classification group²². It is anticipated that the new households accommodated within the proposed market housing would broadly be within the same type of household group, albeit tenants of the affordable housing element may fall within a different socio-economic classification group.
- 4.5 The ONS Family Spending Survey 2016 (2017 edition) provides data on household spending by socio-economic classification²³. This indicates UK average spending levels of £664 per week for households in the ‘suburbanites’ group. Spending by South East households is 17.8% higher than the UK on average, resulting in an average expenditure figure of £781 per week for households in the ‘suburbanites’ group. Similarly, average expenditure levels amongst the ‘Hard-pressed living’ group (i.e. comprising those occupying the scheme’s affordable housing) amounts to £442 per week across the UK and £520 in the South East.
- 4.6 Based on these assumptions, it is estimated that residents of the development could generate total gross expenditure of £7.1 million per annum.

Net Additional Expenditure

- 4.7 It is recognised that not all residents of the proposed development will be ‘new’ to the local area, as some will move from elsewhere in the Havant Borough. National research provides standards on the average distance moved between a head of the household’s present and previous

²¹ Research carried out by OnePoll surveying around 2,000 UK adults in August 2014: <http://www.barratthomes.co.uk/the-buying-process/home-buying-advice/10-Year-Warranty-Terms-andConditions/>

²² ONS, Area Classification for Output Areas (2011)

²³ ONS, Family Spending Financial Year Ending 2016

residential address, which can be used to estimate the share of residents of the scheme that may be new to the locality²⁴.

- 4.8 In addition, only a proportion of the gross expenditure by new residents of the proposed housing will be retained within Hayling Island and the wider Borough. Based on the Council's Town Centres, Retail and Leisure Study (2009), it is estimated that approximately 23% of convenience and comparison expenditure generated within Hayling Island (Zone 22) is retained within the local catchment area²⁵.
- 4.9 Taking these factors into account, it is estimated that total net additional spending of £1.1 million per annum will be created by new residents of the development and be retained within the local economy. This additional spending will support the vitality and viability of local firms and could encourage other businesses to move to the local market as well as supporting the functioning of town centres. It is also estimated that this additional expenditure could support a further 10 FTE jobs in retail, leisure, hospitality, catering and other service sectors.

²⁴ DTLR, Survey of English Housing, Tenure by Distance Moved (2013/14)

²⁵ Havant Borough Council, Town Centres, Retail and Leisure Study (2009)

5.0

Fiscal Impacts

- 5.1 This section considers the fiscal impacts that could be generated by the proposed development that will accrue to Havant Borough Council and Hampshire County Council and will help to fund the delivery of social and community infrastructure and services.

New Homes Bonus

- 5.2 In 2010, the Coalition Government introduced an incentive-based scheme to support the delivery of new housing. The New Homes Bonus (NHB) matched for a six-year period the increase in Council Tax income from new homes, or homes brought back into use. However, in December 2016, a number of changes to the scheme were announced. From 2017, a national baseline for housing growth of 0.4% applies. Below this, the NHB will not be paid to local authorities. Furthermore, the number of years for which payments are made has been reduced from six to five years in 2017-18 and reduced further to four years from 2018-19. It was also indicated that from 2018-19, the Government would consider withholding NHB payments from local authorities that are not planning effectively and delivering housing growth.
- 5.3 Taking the construction programme into account, the proposed development has the potential to generate payments over a four-year period. Payments are not ring-fenced and therefore allow local authorities to use payments in the most beneficial way to support their needs. A premium of £350 is payable on affordable housing units.
- 5.4 The proposed development at Sinah Lane, Hayling Island will deliver 195 new dwellings across a variety of sizes and therefore Council Tax bands. Using standard methods of calculation, as contained within the MHCLG New Homes Bonus calculator²⁶, it is estimated that the new development could generate around £245,000 of New Homes Bonus payments each year, or c.£978,000 during a set four-year period (i.e. albeit profiled to reflect the build period for the development scheme) should the Council meet the baseline growth threshold.

Council Tax Payments

- 5.5 In addition, the scheme would generate an increase in Council Tax receipts. This would provide an additional boost to the revenue base of Havant Borough Council and Hampshire County Council, over and above the impact of the NHB payments. Drawing upon the assumptions and analysis presented in relation to NHB (and having regard to levels of Council Tax levied by the local authority in the 2018/19 financial year)²⁷, it is estimated that the development could generate around £295,000 per annum in gross additional Council Tax payments in perpetuity.

Planning Contributions

- 5.6 It is expected that some planning contributions will be made to Havant Borough Council as part of the planning application. These are anticipated to comprise a Community Infrastructure Levy (CIL) contribution of £1.5 million alongside the following S106 contributions:
- c.£94,400 towards the management of a Wader and Brent Geese refuge;
 - c.£978,400 towards education; and
 - c.£35,300 towards Solent Special Protection Areas (SPAs).

²⁶ MHCLG, New Homes Bonus Calculator (2016)

²⁷ Council tax bands applicable in Hayling Island area have been applied to estimate Council Tax receipts generated by the proposed development.

6.0 Economic Competitiveness and Wider Impacts

- 6.1 This section assesses the potential impact of the proposed development on the economic competitiveness and wider impacts on the local economy.

Labour Market Flexibility

- 6.2 Housing supply can play a major role in the flexibility of the local labour market, which in itself is an important component of local economic competitiveness. This is because a shortage of housing, or a lack of affordability, can be a key barrier to people accessing work opportunities, often resulting in long-distance commuting with adverse transport and environmental impacts. A geographic mismatch between labour supply and demand can impede national economic productivity levels. This is particularly the case for lower and intermediate level skills, where a lack of geographical mobility is in part the consequence of a lack of affordable homes.
- 6.3 With this in mind, the increase in the housing supply induced by the proposed development could allow for a better match between labour and employment within the area, which will help to improve the overall economic competitiveness of the local economy.

Housing including Affordable Housing

- 6.4 The proposed development will assist the Council in boosting housing delivery, which is a key objective of Government as expressed in the recently published Housing White Paper 'Fixing our broken housing market'²⁸. Measured against the Core Strategy's housing target of 315dpa between 2006 and 2026, the proposed development could deliver 61.9% of this annual target (albeit profiled over the build period)²⁹. The proposed development could also deliver 7.2% of the Borough's remaining housing delivery target after taking account of the 3,596 net additional dwellings completed between 2006 and 2017 (profiled over the build period).
- 6.5 The proposals at Sinah Lane, Hayling Island include 30% affordable dwellings, with the final tenure mix to be determined in discussion with the local authority. This level of provision meets the Council's adopted Core Strategy policy objective of delivering an average of 30-40% affordable housing on sites of 15 dwellings (gross) or more and would increase the delivery of affordable homes in Havant Borough.
- 6.6 As indicated in Section 2, affordability of housing is a key challenge for the population in Havant Borough. The provision of new housing, including affordable units, could help to reduce barriers to housing currently experienced within the Borough.
- 6.7 Constrained housing supply, and inter alia, continued affordability pressures could have a significant impact on the ability of residents to buy housing locally, particularly those in lower-paid jobs. This could force such workers to move further afield, increasing out commuting even further but also reducing local labour supply. This would limit the prospects for businesses to create or maintain jobs in Havant Borough.

Wider Role of Housing in the Economy

- 6.8 Research has focused on the wider role that new housing can play in supporting economic growth, alongside the need to ensure greater value for money in public expenditure terms. The

²⁸ UK Government, Fixing our Broken Housing Market Housing White Paper (2017)

²⁹ Havant Borough Council, Core Strategy (2011)

role of housing in the economy is complex, however, new housing delivery has the potential to generate a range of improved economic outcomes (as outlined in Table 6.1 below).

Table 6.1 Economic Outcomes for New Housing Delivery

Type of Role	Impact of New Housing Delivery
Supporting Growth	• Macroeconomic boost from new housing building (multiplier effect)
Enhancing Productivity	• Labour market and spatial flexibility from housing choice • Impact on economic competitiveness (e.g. quality of place, access to services)
Structural Shifts	• Replacement of poor quality stock, impacting on health, income and life chances • Better balance of supply and demand • Matching jobs with homes • Increased energy efficiency of new housing reducing carbon emissions (and saving mitigation costs)

Source: Lichfields analysis based on HCA 2009 / HBF

- 6.9 As demonstrated in Section 3.0, house building is a relatively labour-intensive activity and generates a high number of jobs per £1 of investment made. This new activity would drive up productivity, support existing jobs and make new job creation more likely. Strong local supply chains for materials also mean a far greater share of spending remains in the UK rather than being channelled into foreign imports as with many other sectors.
- 6.10 The economic contribution of new housing development has been acknowledged by Government announcements and policy documents in recent years, including the ‘Fixing our Broken Housing Market’ Housing White Paper³⁰, “Fixing the Foundations”³¹ and National Planning Policy Framework³². Housebuilding is therefore recognised in national policy as having a major role in stimulating economic growth and ensuring the long-term competitiveness of the UK economy.
- 6.11 A publication by the Home Builders Federation (HBF) assesses the economic footprint of the national house building industry and quantifies the economic contribution to the national economy³³. This study indicates that in 2014, c.140,000 new homes were built across the UK leading to the following economic impacts:
- £12.5 billion capital investment and expenditure on land and buildings for housing;
 - £5.5 billion annual expenditure on supplies;
 - 233,000 direct construction jobs;
 - 605,580 indirect and induced jobs; and
 - £19.2 billion of economic output.

³⁰ UK Government, Fixing our Broken Housing Market Housing White Paper (2017)

³¹ HM Treasury: Fixing the Foundations: Creating a More Prosperous Nation (2015)

³² MHCLG, National Planning Policy Framework (2012)

³³ HBF, The Economic Footprint of UK House Building, Nathaniel Lichfield and Partners (2015)

- 6.12 This indicates that the house building industry has an important role in stimulating economic growth and support significant levels of employment.

Quality of Place and Sustainability

- 6.13 The proposed development offers the opportunity to create an attractive and enriched local environment. Achieving this will be through the consideration of housing mix, open space, local character and public realm design, and the use of high quality and sustainable design measures. Where possible, this green infrastructure aims to minimise the impact of development on the surrounding landscape and provide visually pleasing green spaces.
- 6.14 The provision of green space is recognised by the Government as a key element that contributes to the quality of place. High-quality green infrastructure and open spaces can have a significant impact on local economic vitality; as locations increasingly compete with one another to attract investment, the presence of parks, gardens and open spaces (collectively referred to as ‘green infrastructure’) becomes a vital asset to underpin local economic growth and success.
- 6.15 The open spaces within the proposed development will provide expanded opportunities for recreational activities, thereby improving physical health, fitness, mental health and wellbeing. This high-quality public environment will also provide opportunities for social interaction between people of different communities, fostering social inclusion, community development and business interaction. This can have indirect economic benefits by increasing productivity (e.g. fewer ‘sick days’) as well as acting as a preventative measure on health and social needs that can impact on public budgets.
- 6.16 Local social infrastructure and services in Mengham (the largest settlement on Hayling Island located 2.3km to the east of the site) and other nearby centres are easily accessed from the proposed development site. In terms of sustainable transport modes, a public bus service stops directly to the south-east of the site and provides access to Mengham town centre, surrounding smaller centres and the mainland, meaning future residents will not have to rely solely on the private car.

Contribution to Economic Objectives

- 6.17 The potential economic impacts of the proposed development at Sinah Lane, Hayling Island align well with a wide range of national, sub-regional and local policy objectives. In particular, the proposals would increase the supply of high quality, sustainable and affordable housing to meet projected increases in population.
- 6.18 Table 6.2 below summarises the strategic fit of the proposals with relevant planning and economic development strategies at the national, sub-regional and Borough level.

Table 6.2 Contribution of the Proposed Development to Economic Objectives

	Policy/Strategy	Relevant Key Message	Contribution of Proposed Development to Policy Objectives
NATIONAL	National Planning Policy Framework (March 2012)	Local Planning Authorities should: • Do “everything they can” to support economic growth • Significantly boost the supply of housing • Seek to secure a wide choice of homes, high-quality design and a good standard of amenity for all existing and future occupants of land and buildings	• Create and support new jobs, and contribute around £8.5 million of GVA per annum throughout the construction phase • Private sector investment injection that will deliver 195 new homes, including 30% affordable homes • Provide a mix of high-quality homes to meet local needs
	Fixing our broken housing market (February 2017)	The White Paper sets out how Government intends to boost housing supply to create a more efficient housing market to match needs and aspirations and support wider economic prosperity. Key proposals include: • Planning for the right homes in the right places • Building homes faster • Diversifying the market • Helping people now	• Support the delivery of community infrastructure through c.£2.6 million in planning contributions to allow the local community to thrive • Delivery of 195 additional dwellings to boost housing supply in Havant Borough • Provide 30% affordable homes in the local area • Improve housing affordability through additional supply

	Policy/Strategy	Relevant Key Message	Contribution of Proposed Development to Policy Objectives
	Fixing the Foundations: Creating a More Prosperous Nation (July 2015)	Government's framework is built on two pillars: • Encouraging investment in economic capital, including infrastructure, skills, knowledge and jobs • Promoting a dynamic economy (including through the provision of more housing)	• Supporting 43 direct jobs and 65 indirect/induced jobs per annum throughout the build period at a range of skills levels • Contributing £8.5 million GVA per annum to the economy through the build period • Supporting an additional 12 FTE jobs in local shops and services through on-going resident expenditure
SUB-REGIONAL	Solent Local Enterprise Partnership Strategic Economic Plan (March 2014)	The strategy sets out objectives to: • Increase GVA output in Solent • Increase training and employment opportunities • Provide sufficient housing of a range of types and tenures, including affordable homes, to support Solent's growing workforce • Further develop local supply chains	• Contributing £8.5 million GVA per annum to the economy through the construction phase • Supporting direct and indirect jobs throughout the construction phase • Provide 195 new residential dwellings, including 30% affordable units • Help to support shops and services in the local area and wider region through additional resident expenditure
	Partnership for Urban South Hampshire Spatial Position Statement (June 2016)	The Position Statement includes objectives to: • Narrow the gap in economic performance between South Hampshire and the wider South-East region • Increase housing provision through a mix of sizes and tenures • Provide homes in locations that enable local people to access employment opportunities	• Generate additional jobs and economic output during the construction phase • Provide 195 new homes, including 30% affordable units, in the local area • Provide new homes in an accessible location with good connections to jobs and services

	Policy/Strategy	Relevant Key Message	Contribution of Proposed Development to Policy Objectives
LOCAL	Havant Core Strategy (March 2011)	The Core Strategy includes the following objectives: • Provide a mix of housing sizes, types and tenures • Ensure that an appropriate level of affordable housing is achieved • Ensure that dwellings are provided in appropriate locations	• Provide 195 new homes that include a mix of sizes to meet the needs of the resident population • Provide 30% affordable homes in the local area • Provide new homes in an accessible location with good connections to surrounding centres
	Draft Havant Local Plan 2036 (2018)	The Draft Local Plan Includes objectives to: • Address housing needs through the provision of a suitable mix of housing • Provide affordable housing as part of the overall housing requirement • Sinah Lane, Hayling Island identified as a proposed allocation for the delivery of around 160 dwellings	• Developing more new homes than proposed for the site allocation in the Draft Havant Local Plan • Provide 30% affordable homes in the local area

Source: Lichfields analysis

7.0

Conclusions

- 7.1 The proposed development at Sinah Lane, Hayling Island, represents an opportunity to support additional private sector investment in the economy of Havant. The scheme will also deliver new homes and create a range of direct, indirect and induced economic impacts in the local area that are both quantifiable and non-quantifiable.
- 7.2 Some of the quantifiable economic impacts of the proposed development include:
- 1 Injecting £22.6 million of private sector capital into the local economy;
 - 2 Creating around 195 person-years of temporary construction employment, which is equivalent to 43 jobs in each year of construction at a range of skill levels;
 - 3 Supporting a further 65 'spin-off' jobs per year in services and other businesses from the wage spending of construction workers and supplier sourcing;
 - 4 Generating £8.5 million of direct and indirect GVA per annum during the construction phase of the scheme;
 - 5 Helping to deliver a boost to the local economy through 'first occupation expenditure' of £1.1 million on goods and services, a proportion of which will be retained locally;
 - 6 Generating £7.1 million of additional resident expenditure in shops and services, of which £1.1 million will be net to local businesses on Hayling Island. This increased expenditure will also support 10 permanent FTE jobs in the local area;
 - 7 Delivering £295,000 of net additional Council Tax receipts per annum once the scheme is built-out and occupied, and in the region of £978,000 of New Homes Bonus payments over a four-year period (i.e. albeit profiled to reflect the build period for the development scheme); and
 - 8 Providing £2.6 million planning contributions, including £1.5 million of CIL contributions and a range of S106 contributions:
 - a c.£94,400 towards the management of a Wader and Brent Geese refuge;
 - b c.£978,400 towards education; and
 - c c.£35,300 towards Solent Special Protection Areas (SPAs).
- 7.3 The proposed residential development will also benefit the local community in a number of less tangible ways, including:
- 1 Improving the residential environment on Hayling Island by delivering a high-quality housing scheme which helps meet the needs of future household growth;
 - 2 Delivering new high-quality family homes at a range of sizes to meet local needs;
 - 3 Providing a number of affordable homes that are needed in the area; and
 - 4 Supporting the sustainability of existing local shops and services on Hayling Island and in the wider Borough.
- 7.4 These economic benefits align with a wide range of national, sub-regional and local policy objectives. In particular, the proposed development will increase the supply of high-quality homes within the local area, which will help meet the Borough's annual housing need and support the vitality and sustainability of Hayling Island, Havant Borough and the wider area.

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