

**Socio-economic Recovery Following Covid-19:
The Vital Role of the Housing Sector within Havant Borough**



December 2021

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1. INTRODUCTION

- 1.1.1. The planning world is operating in times of rapid change with social, environmental and political shifts as well as the recent coronavirus pandemic having wide-reaching implications for councils, developers and other businesses that contribute towards a healthy economy.
- 1.1.2. The benefits of housebuilding have been shown to be persistent through times of economic upheaval and the planning sector has played a central role in aiding recovery from economic challenges throughout recent history. Housebuilding will continue to be a key factor in spurring economic growth.
- 1.1.3. Having a suitable home with high-quality, accessible outdoor space and sufficient room to live and work is more important than ever. The planning system is evolving to embrace this and meet the demands of an increasingly digital population through virtual modes of communication to ensure consultation represents real needs.
- 1.1.4. The ongoing housing crisis, intensified by under-delivery in early 2020, means the economic benefits of new housing are now more important than ever and should not be viewed as a given benefit but rather as a crucial component of the planning balance.
- 1.1.5. This document will provide context to the housing crisis and suggest why the proposed development for approximately 300 dwellings at land off St Mary's Road, Hayling Island, will make a significant contribution towards the role new housing plays in strengthening the economy in challenging times.
- 1.1.6. Key economic benefits will arise from the development proposals, the importance of which must be considered. These include:
- The provision housing for 693 residents, 406 of which are likely to be residents of working age (16-64)
 - Residents generating a total gross expenditure of over £10 million per annum
 - Provision of 335 full time equivalent jobs over a build-out period of 7.5 years
 - Direct Gross Value Added (GVA) of £14.76 million
 - £39.2 million in construction spend

- Approximate S106 contributions of £917,400 (based on an average of GDL S106 agreement commitments)
- A New Homes Bonus of £1.5 million
- Approximately £5 million in council tax receipts.

2. THE HOUSING CRISIS

2.1.1. There is a wealth of evidence from figures at the highest levels of the Government, the Bank of England and, internationally, within the European Commission and International Monetary Fund, which demonstrates that there is a consistent and pressing requirement to build more homes to meet the significant level of unmet need in Britain, particularly for homes that are affordable.

2.1.2. This housing crisis has arisen because, over recent decades, new housebuilding has not kept pace with population growth and household formation rates. In turn, due to the shortage in housing stock being outstripped by demand, house prices in the UK have continually increased, both in real terms and relative to incomes. In the foreword to the 2017 white paper 'Fixing our broken housing market', the then Prime Minister, Theresa May, stated:

"Our broken housing market is one of the greatest barriers to progress in Britain today. Whether buying or renting, the fact is that housing is increasingly unaffordable – particularly for ordinary working class people who are struggling to get by.

Today the average house costs almost eight times average earnings – an all-time record. As a result it is difficult to get on the housing ladder, and the proportion of people living in the private rented sector has doubled since 2000."¹

2.1.3. To combat this issue, the Government outlined its aim to build 300,000 homes per year in the Autumn Budget 2017 and this remains the current Government's target. In 2017, the then Secretary of State, Sajid Javid, stated:

"This country doesn't have enough homes. That's not a personal opinion or a political calculation. It's a simple statement of fact.

For decades, the pace of house building has been sluggish at best. As a result, the number of new homes has not kept pace with our growing

¹ DCLG (2017). *Fixing our broken housing market*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf,

population. And that, in turn, has created a market that fails to work for far too many people.

Soaring prices and rising rents caused by a shortage of the right homes in the right places has slammed the door of the housing market in the face of a whole generation.”²

- 2.1.4. The human consequences of the housing crisis are stark, real and unchanged. For example, research by the University of Essex reported by the BBC in September 2019 estimated that the housing crisis affects 8.4 million people in England.³
- 2.1.5. A report commissioned by the National Housing Federation and Crisis estimated that there were 4.75 million households in housing need across Great Britain (including 4 million in England). This figure included estimates of the number of ‘concealed’ households (i.e. adults who would prefer to live separately from their current household) to be 2.5 million and households that are overcrowded or living in unsuitable or unaffordable accommodation to be 3.6 million⁴.
- 2.1.6. House prices have grown significantly faster than average incomes: between 1997 and 2017, house prices rose 260% on average, while average income grew only by 70%. In the year leading up to June 2021 this figure was record-breaking, with average house prices rising by 13.4%. Unsurprisingly, this has resulted in an exceptional housing crisis of affordability and supply whereby many young people are unable to get their foot on the housing ladder.
- 2.1.7. As stated above, it is the younger generations who are directly affected by this crisis, as reiterated by the Prime Minister in October 2020:

“...the disgraceful truth is that levels of owner-occupation for the under 40s have plummeted in this country and millions of people are forced to pay through the nose to rent a home they can't truly love or make their own because they can't add a knocker to the front door, and in some

² DCLG (2017). *Fixing our broken housing market*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf, (Accessed September 2020).

³ British Broadcasting Corporation (2019). *Housing crisis affects estimated 8.4 million in England – research*. Available at: www.bbc.co.uk/news/uk-49787913, (Accessed September 2020).

⁴ <http://researchbriefings.files.parliament.uk/documents/CBP-7671/CBP-7671.pdf>

cases they can't even hang a picture, let alone pass on to their children.”⁵

- 2.1.8. Fixing the ‘broken’ housing market is one of the Government’s top priorities, with the aim of turning “generation rent into generation buy”. ⁶ This has been heightened by the COVID-19 pandemic and ‘lockdown’ measures, which highlighted the need for new housing developments throughout the country. As lockdown struck, many, specifically young people, were forced to live in accommodation which did not meet their needs, often without access to private gardens or a suitable place to work, as many people have had to adjust to working from home. These needs represent the ‘new normal’, which is likely to continue for the foreseeable future.
- 2.1.9. The proposal for up to 300 new homes at land off St Mary’s Road, Hayling Island will contribute towards the delivery of housing, not only assisting Havant Borough Council but also the national Government in the delivery of much-needed new homes. By approving the application there is not only a contribution towards tackling the housing crisis and under-supply of new housing but also in providing homes in a sustainable, desirable location which shall be developed to a high standard and adhere to adopted design principles, creating real homes for real people at a time when there is desperate need.

⁵ Boris Johnson “Key Note Speech” Conservative Conference (October 2020). Available at: <https://www.conservatives.com/news/boris-johnson-read-the-prime-ministers-keynote-speech-in-full> (accessed February 2021)

⁶ See footnote 6.

3. THE IMPLICATIONS OF COVID-19 FOR THE ECONOMY AND HOUSING NEED

The Economy

- 3.1.1. The COVID-19 pandemic has had far-reaching social and economic implications for all parts of the economy across the UK in a short period of time. Monthly Gross Domestic Product (GDP) saw its biggest fall on record in April 2020, falling by 19.5%, as demonstrated by Figure 1 (below).⁷



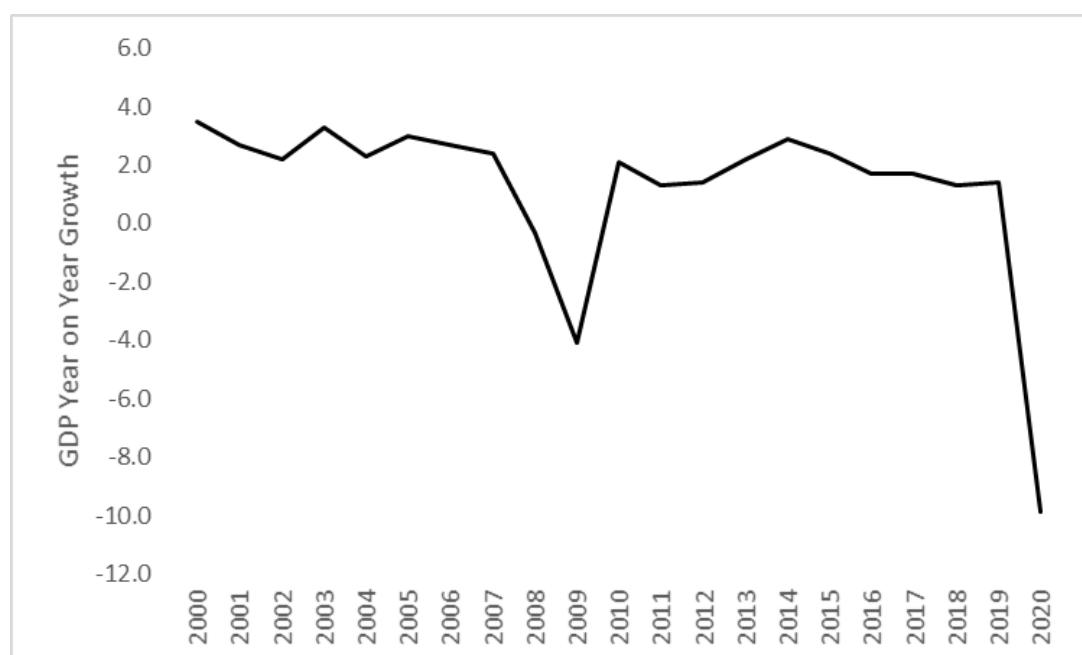
- 3.1.2. To highlight this further, Figure 2 (below) shows the change in GDP in the 20-year period from 2000-2020, considering the 2008 recession to act as a comparison between the fall in GDP during the last recession and the fall due to COVID-19 in 2020.⁸

⁷ ONS GDP Monthly Estimate

<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/september2020>
(accessed February 2021)

⁸ ONS Gross Domestic Product: Year on Year growth: CVM SA % (2020) available from

<https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ihyp/pn2>



Housing Need

- 3.1.3. The persistent national housing crisis was heightened by the Covid-19 pandemic, the repercussions of which continue to impact housing need. During the first lockdown, 450,000 buyers in Britain were unable to exchange and each month 300,000 tenancies typically come up for renewal.⁹ With the pressure to move home becoming acute for some, some have faced, and continue to deal with, serious legal, financial and health implications.
- 3.1.4. In the UK, house prices increased by 10.2% in the year to March 2021, up from 9.2% in the year to February 2021¹⁰. This was the highest annual growth rate for 14 years, according to official figures, as shown by Figure 3 (below). The Office for National Statistics states that average prices have risen by £24,000 to £256,000, a new record high.¹¹ Prices have been pushed up by the temporary stamp duty reduction, low interest rates and people wanting more space after lockdown.

⁹ Jenrick (2020) <https://www.gov.uk/government/speeches/housing-secretarys-statement-on-coronavirus-covid-19-13-may-2020>

¹⁰ ONS UK House Price Index <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2021> (Accessed June 2021)

¹¹ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2021>. (Accessed July 2021)



- 3.1.5. In Havant Borough, the average house price rose by over £30,000 from £266,231 in January 2019 to £296,826 in September 2021¹². This is an increase of approximately 11.5%.
- 3.1.6. The increase in the demand for housing in areas outside cities, could be directly in response to the national lockdown where many had to live in housing which was not suitable for working from home and was without access to open space. Consequently, many have looked significantly more favourably on newly-built housing which offers these benefits.
- 3.1.7. A healthy housing market means more than buying and selling houses, it requires building them too. However, COVID-19 has had a profound impact on housebuilding, with activity in spring/summer 2020 on sites down by around 90% compared to the same time in 2019.¹³
- 3.1.8. The increase in house prices associated with the slowed pace of delivery and changing housing preferences has led to an inflated housing affordability ratio of 9.88 in Havant Borough, with wage increases not being able to keep pace with rising housing costs¹⁴.

¹² Land Registry (2021) <https://landregistry.data.gov.uk/app/ukhpi/browse?from=2019-04-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Fid%2Fregion%2Fshropshire&to=2021-04-01&lang=en> (accessed June 2021)

¹³ Robert Jenrick (May 2020). House of Commons Hansard Volume 676. Available at: <https://hansard.parliament.uk/commons/2020-05-13/debates/C106D583-9704-47A7-9FF7-67E7AB00DCE7/Covid-19HousingMarket>, (Accessed September 2020).

¹⁴ ONS House price to workplace-based earnings ratio March 2021 available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

- 3.1.9. Granting planning permissions for sustainable developments in Havant, such as this for approximately 300 new homes on land off St Mary's Road, Hayling Island highlights the role local authorities can play in enabling wider economic and social recovery through facilitating the housing sector, as this will in turn help to address the challenges that the country faces.

4. HOUSING AS A PERSISTENT BENEFIT FOR THE ECONOMY

Housing as an Historic Solution

- 4.1.1. The housing market has always been key to every economic recovery in modern British history¹⁵ and the coronavirus pandemic is no different:

Housing is unique for the economy:

- 1. Housing lasts a long time, and this durability creates opportunities to rent as well as to own housing. While the occupier may want to see lower prices, investors' demand increases when they expect values to rise.**
- 2. Housing is fixed in space, which means that you purchase or rent not just a home but a neighbourhood, amenities and a local authority.**
- 3. There is no common price for a home – they all vary by size, type, location and condition, and they cannot be properly assessed until they are actually consumed (what is called an 'experiential good').**
- 4. The state intervenes heavily in the housing sector through regulation, taxes, subsidies and even direct non-market provision (for example, council housing).**

Many commodities have one of these attributes; few have all of them.¹⁶

- 4.1.2. In 2012, the coalition Government pledged £420 million towards the 'Get Britain Back Building' campaign with the understanding that:

"Getting Britain building again is essential to securing the economic growth that this country needs. Building more houses means more jobs. More houses for people who dream of owning their own home. More economic growth."¹⁷

¹⁵ Robert Jenrick (2020) <https://www.gov.uk/government/speeches/housing-secretarys-statement-on-coronavirus-covid-19-13-may-2020>

¹⁶ UK Collaborative Centre for Housing Evidence Press release

¹⁷ MHLC "Get Britain Building Programme Prospectus" December 2011 available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/563591/get_britain_building_programme_prospectus.pdf (accessed February 2021)

4.1.3. As such, planning reforms and the first iteration of the National Planning Policy Framework (NPPF) in 2012 were an instrumental policy tool to ensure that sustainable developments were permitted, to aid economic recovery and boost the supply of housing. Ultimately, the thrust of the latest iteration of the NPPF is no different and again the country needs new sustainable developments permitted to support economic recovery.

4.1.4. The NPPF is clear on the importance of economic benefits arising from new development:

“Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.” (§81)

4.1.5. Housing development is a key component of economic growth and this is fully recognised in government policy, as reiterated by the former Secretary of State for Housing, Communities and Local Government, Robert Jenrick:

“...As we look to the future, we must remember that the prospects of Britain’s housing market is key to our economy: when this sector succeeds, we all succeed. This is what shapes our vision for the housing market: more homes, safer homes, homes of higher quality, more beautiful homes, homes of all types and tenures, for all people, rooted in and at the heart of their communities...

...A healthy housing market means more than buying and selling houses; it requires building them too...”¹⁸

4.1.6. The housing white paper, ‘Planning for the Future’, published in August 2020, states the need for:

“The homes we need in the places we want to live in at prices we can afford, so that all of us are free to live where we can connect our talents with opportunity”¹⁹

¹⁸ Hansard Volume 676 Covid-19: Housing Market available at: <https://hansard.parliament.uk/commons/2020-05-13/debates/C106D583-9704-47A7-9FF7-67E7AB00DCE7/Covid-19HousingMarket>

¹⁹ MHCLG “Planning for the Future” <https://www.gov.uk/government/consultations/planning-for-the-future>

- 4.1.7. The view of the Government is that the planning system can help kick start a future economic recovery. The planning system unlocks the investment and development that underpins regeneration, and this enables businesses to grow, new housing, jobs, productivity and social cohesion.
- 4.1.8. It is important to ensure that communities have a sufficient quantum of land available to ensure the delivery of sustainable development in the right places. The provision of up to 300 dwellings on land off St Mary's Road, alongside other schemes in Havant, will not only provide much-needed housing to the area, boosting socio-economic benefits to Havant, but will also help to increase the role of Hampshire in contributing towards the much-needed growth of GDP across the nation.

Gross Domestic Product

- 4.1.9. The house-building industry in England and Wales is worth £38 billion a year (based on 2017 data) and supports nearly 700,000 jobs²⁰, the majority of which (85%) was contributed through private sector housing.
- 4.1.10. The recent increase in house-building activity has helped to deliver a wide range of other economic benefits nationally, including £2.7 billion in tax revenues and £841 million towards new community infrastructure²¹. In 2018/19, planning obligations such as Section 106 agreements were estimated to total £7 billion nationally (of which £4.7bn were in the form of affordable housing contributions), in turn supporting the delivery of 30,000 affordable homes.²²
- 4.1.11. As a result, at least £14.85bn was committed to the growth of new housing in the form of various government support packages in 2020²³. The Office of National Statistics state that:

"The construction sector grew by 12.4% in the three months to November 2020. The main contributor to this increase was new housing, in particular

²⁰ HBF and Lichfields The Economic Footprint of House Building in England and Wales" (2018) available at: https://www.hbf.co.uk/documents/7876/The_Economic_Footprint_of_UK_House_Building_July_2018LR.pdf (accessed February 2021)

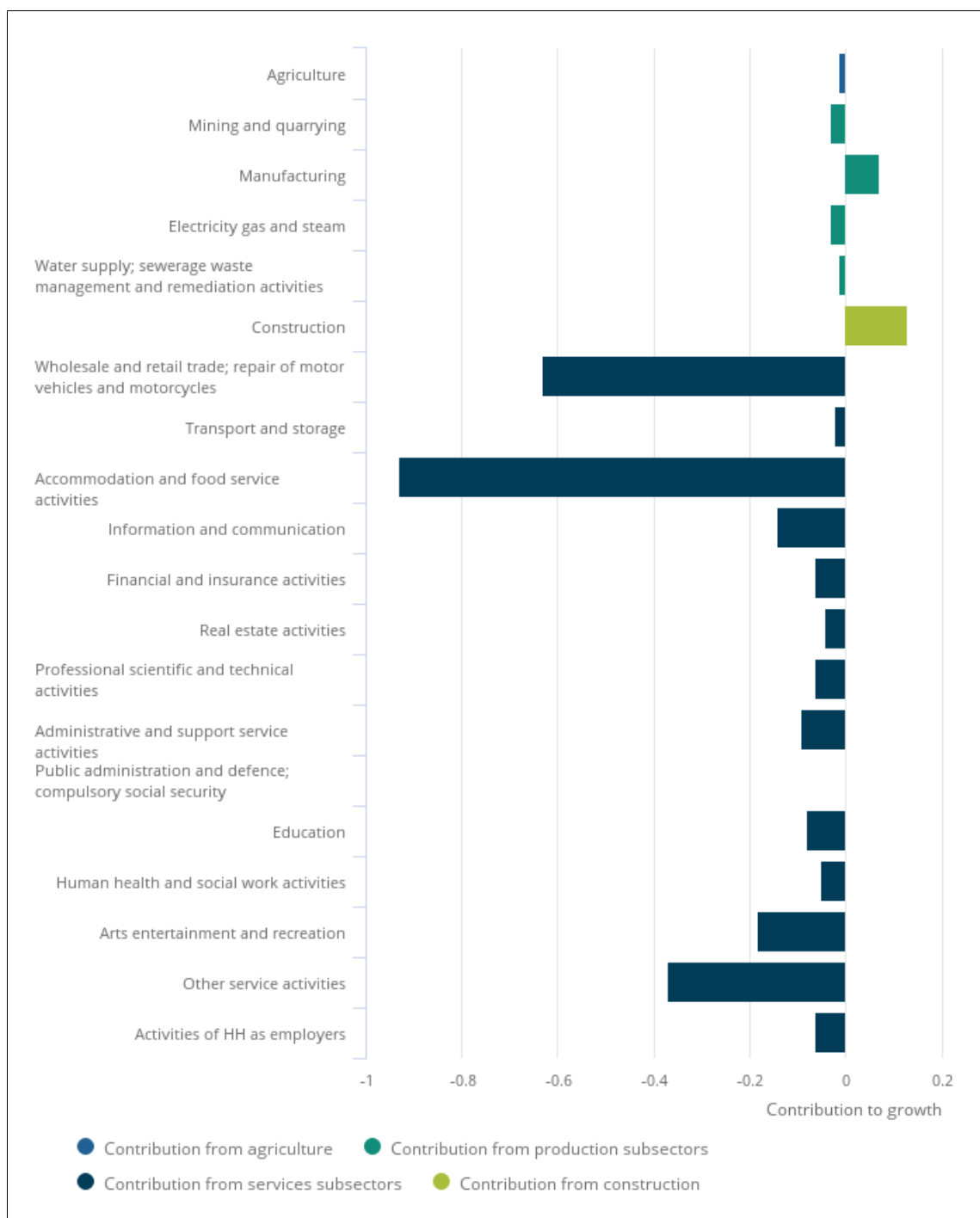
²¹ Lichfields The economic footprint of UK house building in England and Wales' accessed at: <https://lichfields.uk/content/insights/the-economic-footprint-of-house-building-in-england-and-wales>

²² Planning for the Future consultation document

²³ PM's Office "Build, Build Build" available at <https://www.gov.uk/government/news/pm-build-build-build> (accessed February 2020)

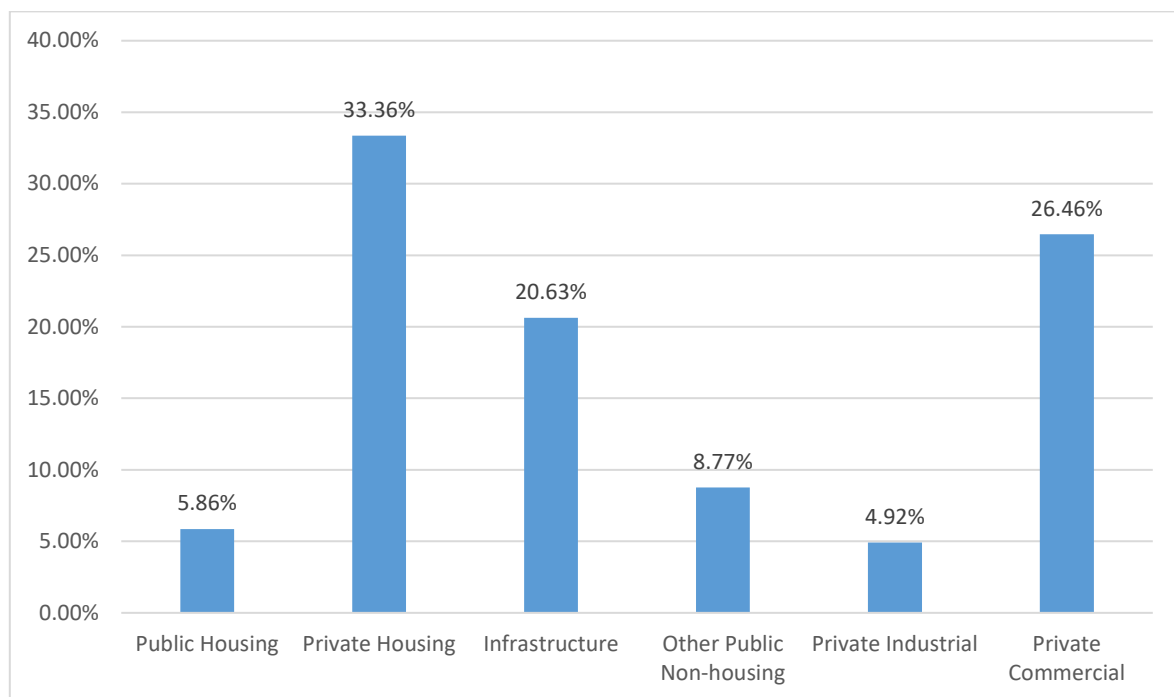
private new housing, which recovered after record low output in April 2020.”²⁴

This is illustrated by Figures 4 and 5.



²⁴ ONS (2021). November 2021 GDP Monthly Estimate

<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/november2020>

Figure 4. Contribution to monthly GDP by sector in November 2020²⁵.Figure 5. Private housing output versus other construction sectors 2019²⁶

- 4.1.12. The development of land off St Mary's Road for 300 dwellings will generate a construction spend which totals over £39 million part due to the multiplier effect of new housing construction discussed in the section below.

Construction of New Housing and Employment

- 4.1.13. There are nearly 700,000 workers in the housebuilding industry²⁷, approximately 5,871 of which are located in Havant²⁸ (see [Appendix 6.1.2](#)).
- 4.1.14. By approving the proposals there are approximately 335 direct full time equivalent (FTE) jobs available for local workers over the build-out period, benefitting Havant Borough Council with their specialist skills and spending within the LPA over 7.5 years (see

²⁵ See footnote 29

²⁶ ONS 2021 Output in the construction industry: sub-national and sub-sector available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustry/subnationalandsubsector>

²⁷ Lichfields (2018)

²⁸ Nomis Census Table DC6110EW <https://www.nomisweb.co.uk/census/2011/dc6110ew>

[Appendix 6.1.3](#)). This, along with the construction value output multiplier of 1.71²⁹ allows the LPA to enable long term local job opportunities including the opportunity to train apprentices.

- 4.1.15. Figure 6 illustrates a selection of the different sectors involved to physically construct each home; these are some of the industries and workers that have been factored into the construction multiplier.³⁰

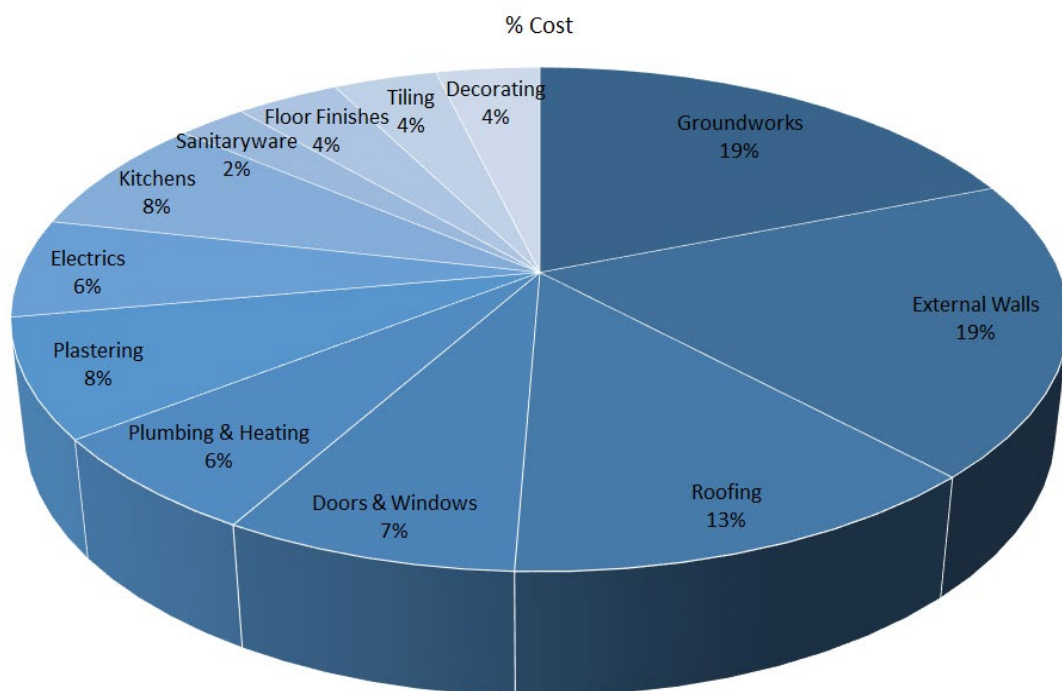


Figure 6. Industries involved in the construction of a house³¹

- 4.1.16. The economic productivity or additional value added to the local economy of the construction phase can be measured through its contribution to Gross Value Added (GVA). GVA is a key economic indicator measuring the performance of an area and its contribution to national economic growth. It comprises the income produced by earnings and profits as a result of production and represents the difference between inputs (such as materials and capital) and production output (goods and services). Across the UK as a whole, house-building was reported to generate £13.7 billion in 2014³² but this figure will exclude the full extent of supply chain and induced impacts.

²⁹ The Engineering Construction Industry Training Board (2018). Available at: <http://www.ecitb.org.uk/wp-content/uploads/2018/12/EC02-ECITB-CEBR-Report-FINAL-23.01.18.pdf>

³⁰ Concept2Homes (2020). Available at: <https://www.concept2homes.com/guides/house-building-cost>

³¹ Concept2Homes (2020). Available at: <https://www.concept2homes.com/guides/house-building-cost>

³² House Building Federation 2015. Available at https://www.hbf.co.uk/fileadmin/documents/research/Economic_Fotprint_BPF_Report_March_2015_WEB.pdf

- 4.1.17. The construction industry's total output in 2019 was £178,116,200,000³³. With the total number of construction employees in 2018 being 1,359,900³⁴, the gross average output per employee can be estimated as £130,977.42. For the South East region, the gross average output per employee can be estimated as £125,202.63 (see [Appendix 6.1.4](#)).
- 4.1.18. From the 'Annual Business Survey' (2011) of the Office for National Statistics, it can be established that GVA in the construction of buildings averages 35.2% of turnover in the South East region. Therefore, the regional construction industry generates an average GVA of £44,074 per person. By multiplying this by the net additional employment impact of the scheme (335 FTE jobs) it is relatively easy to estimate that the scheme will deliver approximately an additional £14.8 million of direct GVA over the build period.
- 4.1.19. The economic benefits from the construction phase are therefore being directly viewed in response to the COVID-19 pandemic and economic benefits are being considered in more detail and of greater importance than previously. In line with the precedent set in the decisions above, the provision of market housing should be given significant weight.

Local Community Benefits

- 4.1.20. Financial contributions through section 106 agreements most commonly relate to education provision (for instance, school places), although significant funds are also directed towards public open space, sport and leisure facilities and improvements to public transport and highways.
- 4.1.21. The development could generate an estimated S106 contribution of £917,400 based on an average Gladman S106 agreements (see [Appendix 6.1.5](#)).
- 4.1.22. It is estimated that Havant Borough Council will receive approximately £5 million in Council Tax receipts per annum from the development of 300 homes at land off St Mary's Road, Hayling Island.

³³ ONS (2021). Table 1. Available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustrysubnationalandsector>

³⁴ ONS (2019). Available at: <https://www.ons.gov.uk/file?uri=/businessindustryandtrade/constructionindustry/datasets/constructionstatisticsannualtables/2018/csa2019maintables.xlsx>

- 4.1.23. The development of 300 dwellings will generate approximately £1.5 million to Havant Borough Council from the New Homes Bonus (see [Appendix 6.1.6](#)), helping to contribute towards the future prosperity of Havant Borough.

Future Residents

- 4.1.24. To ensure that the housing sector fully benefits the economy, it is important that developers respond to the needs of all consumers, particularly those with a growing market presence. For instance, there is an increasing importance for the needs of groups such as 20 – 40 years olds to be prioritised by the sector; as Robert Jenrick highlights:

“... the voice of those who stand to gain from development is not heard loudly enough, such as young people.”³⁵

- 4.1.25. Private tenants spend at least 38% of their income on housing costs, compared to 18% for homeowners; homeowners are therefore more likely to have a greater disposable income³⁶.

Local Spending Power

- 4.1.26. The delivery of approximately 300 homes is likely to be home to a total of 693 new residents, this is based on the average household size of 2.31 in line with the 2018 population projections for Havant Borough³⁷.
- 4.1.27. Assuming that 58.6% of the population is of working age (corresponding with nomis official labour market statistics 2020 for Havant³⁸) the delivery of 300 homes could result in an additional 406 people of working age residing in Hayling Island (see Appendix 6.1.7).
- 4.1.28. Of these people, given an economically active rate of 76.5% in those aged 16 and over in Havant Borough, at least 311 could be expected to be economically active and in employment (see Appendix 6.1.7).

³⁵ Robert Jenrick <https://www.gov.uk/government/speeches/housing-secretarys-statement-on-coronavirus-covid-19-13-may-2020>

³⁶ Lichfields and HBF (2018). https://www.hbf.co.uk/documents/7876/The_Economic_Footprint_of_UK_House_Building_July_2018LR.pdf

³⁷ ONS Household projections for England. 2018 based population projections table 427. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland>

³⁸ Nomis Local Authority Profile 2019 available at: <https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx>

- 4.1.29. By reviewing the Output Area Classification (OAC)³⁹ of the local area and applying the weekly household expenditure rates, it is possible to quantify the anticipated level of spending that would occur following the completion of the development. The OAC uses 60 variables to break the UK down into 8 'supergroups', profiling populations, structures, and other key results from the 2011 UK census data to categorise the character of local areas. The application site falls into Suburbanites (Super Group 6) OAC.
- 4.1.30. Given that 30% of the dwellings will be affordable and the remainder of the site will comprise market housing, applying these same proportions indicates that the development should support £9,189,000 of spending annually following completion of the development (Appendix 6.1.8).
- 4.1.31. Whilst this figure expresses average household expenditure across the UK, a more accurate picture can be obtained by applying a weighting according to regional circumstances. The Office for National Statistics' 'Family Spending Survey' presents household expenditure by UK countries and regions 2018 - 2019⁴⁰. Using these figures, it is possible for spending disparities between each region to be expressed as a percentage of UK average household expenditure. This allows a weighting to be applied to the above figure.
- 4.1.32. For the South East region, this amounts to 116.4%, meaning that residents of the proposed development (after weighting appropriate to the region) could be expected to generate total gross expenditure of £10,692,000 per annum. It is estimated that this level of expenditure could support around 34 FTE jobs in total within Havant Borough (see Appendix 6.1.9).
- 4.1.33. These proposals will assist Havant Borough Council and the Government in addressing the demand for housing for first-time buyers and young families, and to support a prosperous economy.

³⁹ OAC Classification <https://maps.cdrc.ac.uk/#/geodemographics/oac11/default/BTFTFFT/7/-2.9993/52.6497/>

⁴⁰ ONS (2020)

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/april2018tomarch2019>

5. CONCLUSION

- 5.1.1. To support a healthy economy, we need to tackle the shortage of beautiful, high-quality homes and places where people want to live and work. To tackle important issues such as climate change, biodiversity and supporting sustainable growth, we need to improve the construction and ownership of more housing to enable more people to own assets and strengthen their stake in our society.
- 5.1.2. This report has set out how the housing sector is crucial to the local and broader economic landscape, showing why it should be carefully considered by LPAs and developers. Up to 300 houses at land off St Mary's Road, Hayling Island will assist the sector's continued contribution to the economy, providing Havant Borough with important benefits that will last well into the future and, as such, should be afforded substantial weight.

6. APPENDICES: METHODOLOGY & DATA SOURCES

6.1.1. Estimated Construction Spend

Total square metreage of LPA housing requirement x regional £ per m sq (inc. VAT if labour represents 28% of the cost)⁴¹.

6.1.2. Number of Construction workers in each LPA

Use Nomis Census Table DC6110EW⁴². On pull down menus to the left-hand side of the page, select the following:

- a) Area: select Local Authority
- b) Display table of: Industry and Sex
- c) Click View, there is no need to download the data
- d) Insert number of construction workers

6.1.3. Total number of Workers by Scheme - Direct and Indirect Workers⁴³

Full-time direct jobs = $(0.28/32832) \times$ construction cost in Appendix 1

Full-time direct jobs per annum = full time direct jobs/plan period

Number of indirect jobs = (number of full-time jobs x 2.09) – number of full-time jobs

6.1.4. Regional average turnover per employee

Output per region (Table 2, Column P Row 168-171⁴⁴)/number of construction employees in region (Table 3.3c, column x⁴⁵)

Gross output per employee per region are as follows:

Region	2019 gross output per employee	2017 data
NE	£143,758.54	£139,868.23
NW	£119,956.27	£102,100.79

⁴¹ Jewsons (2019)

⁴² Nomis (2011). Available at: <https://www.nomisweb.co.uk/census/2011/dc6110ew>

⁴³ See footnote 46.

⁴⁴ ONS (2021). Available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustrysubnationalandsector>

⁴⁵ ONS (2019). Available at: <https://www.ons.gov.uk/file?uri=/businessindustryandtrade/constructionindustry/datasets/constructionstatisticsannualtables/2018/csa2019maintables.xlsx>

YH	£123,761.90	£117,639.80
EM	£145,277.74	£115,936.47
WM	£153,926.85	£131,717.70
EE	£94,777.84	£112,048.24
London	£186,996.82	£192,048.40
SE	£125,202.63	£112,261.93
SW	£118,093.53	£118,500.37
Wales	£125,198.49	£104,242.94
Scotland	£108,761.77	£113,735.80
UK	£130,977.42	£123,645.52

6.1.5. S106⁴⁶

Number of Dwellings x £3058

6.1.6. New Homes Bonus⁴⁷

1. (Number of Market Homes x 1671) + (number of Affordable Homes x 350)
2. (Answer x 4)
3. (Answer - 5)

6.1.7. Residents

Potential Number of new Residents:

Estimated Household Size per Authority (Table 427 of ONS data⁴⁸) x number of dwellings in development.

% of these residents of working age:

1. Make sure you have this webpage open with your authority selected.
<https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx>
2. Find 'Population Aged 16-64', you want the percentage of All People Aged 16-64 in your authority.

⁴⁶ Based on an average of GDL S106 agreements.

⁴⁷ See footnote 52.

⁴⁸ ONS (2018). Table 427. Available at:
<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojecti-onsforengland>

3. Find 'Employment and Unemployment', you want the percentage of All People in your authority who are economically active.
4. People of working age: $\% \text{ population aged 16-64} \times \text{Potential Number of Residents} / 100$
5. People economically Active: $\% \text{ of people in authority who are economically active} \times \text{use result of step 4} / 100$

6.1.8. New Residents Gross Expenditure: Spending Power⁴⁹

1. Number of households to occupy market and affordable housing $\times$ average weekly household expenditure of the settlement specific OAC 'super group'
2. $\times 52$ weeks in a year
3. $\times$ regional weighting

6.1.9 FTE Direct Construction Jobs Supported

Estimated construction spend (Appendix 6.1.1) / £75,000 (the figure identified by Forbes et al. (2012)⁵⁰ as the amount of expenditure required to support one FTE construction job).

⁴⁹ ONS (2018). Table A51. Available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/averageweeklyhouseholdexpenditurebyoutputareaclassificationoacsupergroupuktablea51>

⁵⁰ Forbes, D., El-Haram, M., Horner, M. and Lilley, S., (2012) Forecasting the number of jobs created through construction