



**Nathaniel Lichfield
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Planning. Design. Economics.

Station Road, Hayling Island

Economic Benefits Assessment

Barratt Homes

August 2015

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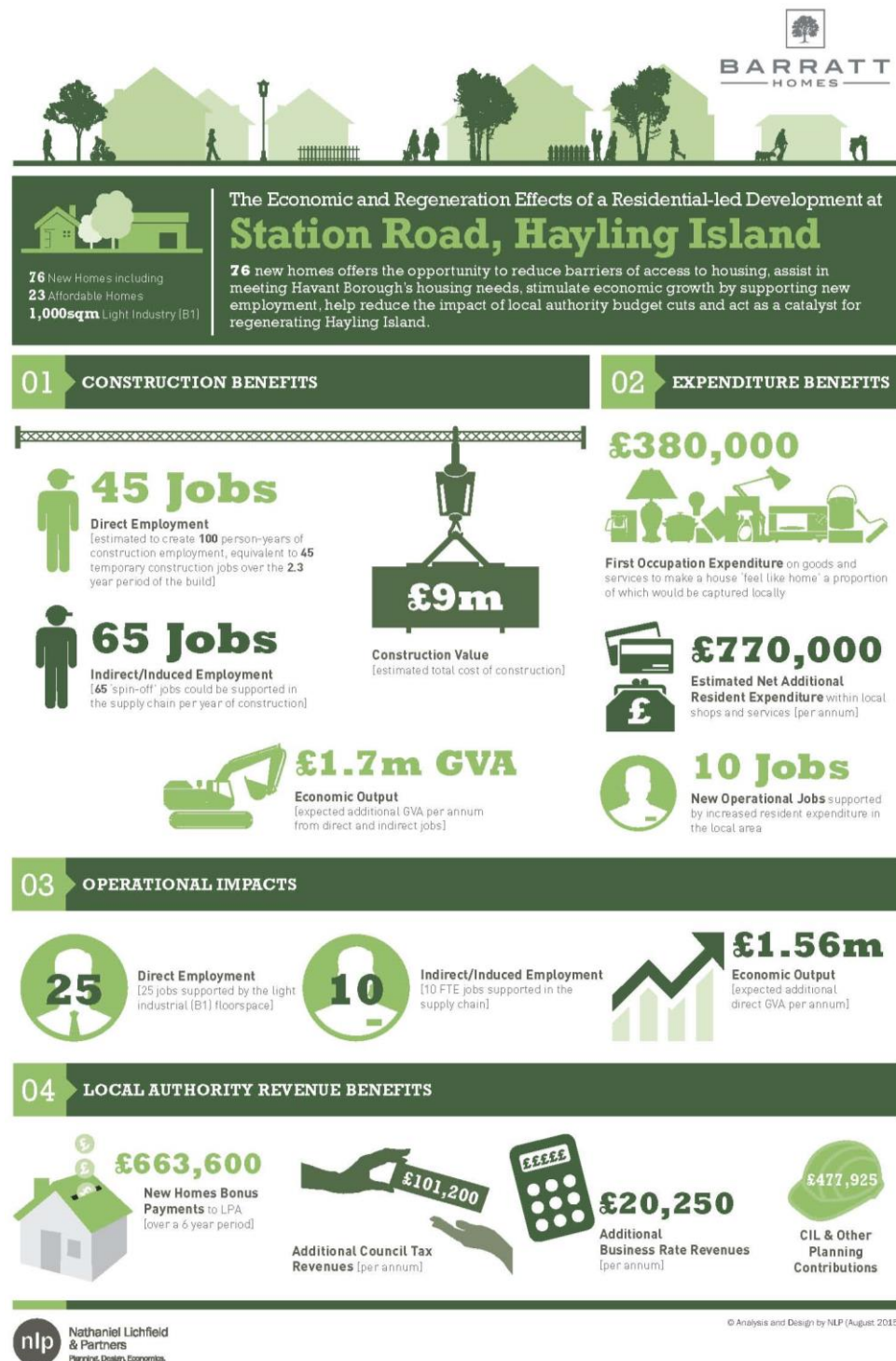
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Executive Summary

This report provides an assessment of the economic and regeneration benefits of the proposed development of 76 dwellings, including 23 affordable homes as well as 1,000sqm of light industrial (B1) floorspace at Station Road, Hayling Island within Havant Borough.

The headline economic benefits of the proposals are summarised below:



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1.0 Introduction

- 1.1 This report has been prepared by Nathaniel Lichfield & Partners (NLP) on behalf of Barratt Homes. It sets out the potential economic and community benefits of the proposed residential and light-industrial (B1) scheme at land at Station Road, Hayling Island within Havant District.

Proposed Development

- 1.2 The application site is situated on Hayling Island which lies off the south coast of England. The Island is accessible from the mainland by Langstone Bridge (A3023). The site is located to the north of Station Road and to the east of Furniss Way at the northern edge of West Town in South Hayling. It is a greenfield site that is currently used for agriculture purposes. The site location is shown in Figure 1.1 below.

Figure 1.1 Site Location Plan



Source: Google Maps

- 1.3 The proposal is for a residential-led development to comprise 76 new family homes, including 23 affordable units and 1,000sqm of light-industrial (B1) employment floorspace. The schedule of dwellings includes a mix of dwelling sizes ranging from one to four bedroom houses. The illustrative masterplan for the proposed development is shown in Figure 1.2 overleaf.

Figure 1.2 Site Masterplan

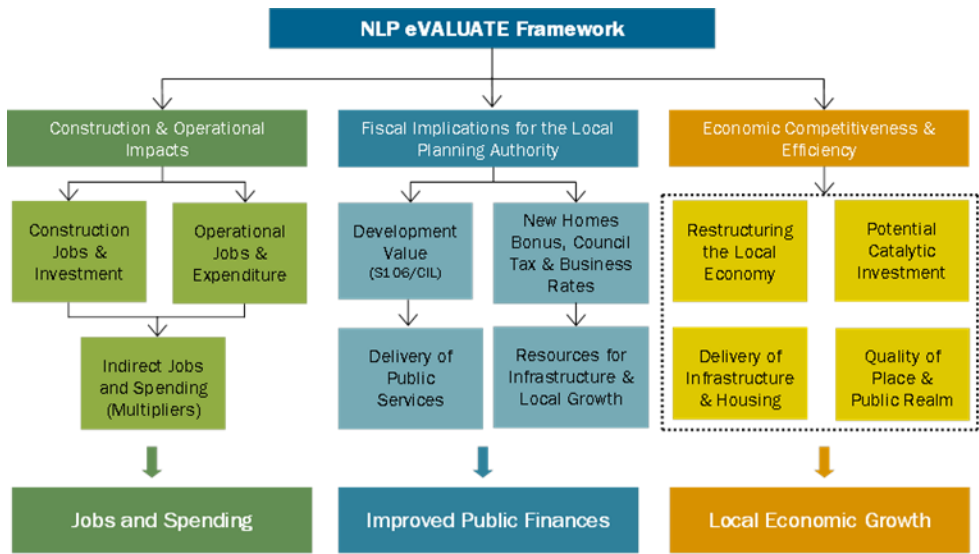


Source: Barratt Homes

Study Framework

1.4 This report draws on the eVALUATE methodology developed by NLP, which provides an analytical framework for assessing the economic benefits arising from new development. This framework, as it relates to the analysis for the proposed development, is shown in Figure 1.3 below.

Figure 1.3 NLP eVALUATE Analytical Framework



Source: NLP analysis

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 generally.

- 1.6 For mixed-use schemes, the scale and type of economic impacts are typically determined by:
- a the scale of capital investment in the scheme, including any significant infrastructure requirements, which generates employment and economic output during the construction phase;
 - b the quantum and type of residential dwellings proposed, and in turn, the socio-economic profile and spending patterns of residents;
 - c 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;
 - d the amount of employment and economic output supported during the operational phase of the development; and,
 - e the extent to which the proposed development also provides other amenities, such as community facilities, social infrastructure and public open space.

Structure of the Report

- 1.7 This report is structured as follows:
- **Section 2** reviews the economic context and housing need in Havant;
 - **Section 3** outlines the potential economic impacts generated during the construction phase and the operational phase of the development;
 - **Section 4** examines the fiscal implications of the proposed development;
 - **Section 5** considers the economic competitiveness and wider impacts; and
 - **Section 6** draws together overall conclusions.

2.0

Economic, Regeneration and Housing Context

2.1

This section sets out the socio-economic context for the proposed residential and light-industrial (B1) development on land at Station Road, Hayling Island highlighting key economic and housing trends at the district level. This has been derived from published data and other information available at this level.

2.2

Housing delivery is a key component to 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 into account the needs of existing and future residential and business communities, so as to ensure that balanced economic growth can be achieved.

Economy and Labour Market

2.3

According to the ONS Mid-Year Estimates, the population of Havant amounted to 122,200 in 2014, having increased by 4% over the 10-year period 2004 to 2014¹. This rate of increase is significantly lower than the 9% recorded across the South-East region over the same period. The 2012 based Sub-National Population Projections suggest this figure is set to rise to 128,000 by 2026² - the end of the Havant Borough Core Strategy plan period. This represents a 4% increase. Between 2014 and 2037, the population is set to increase by 9.6% to 134,000. Significantly, much of the growth in population is expected to be associated with older age groups.

2.4

Havant underperforms the South-East region across a range of economic indicators. Over 78% of those aged 16-64 are economically active, compared with 80% across the region. Model-based unemployment amounts to 5.7% exceeding the regional rate of 4.6%³. The resident population of the Borough have lower qualification levels compared to the South East average; just under a third of working-age people hold NVQ4 and above⁴ qualifications compared to almost 40% regionally. Almost 10% of residents hold no formal qualifications while the equivalent figure across the South-East is 5.6%. This is reflected by the fact a lower proportion of workers also occupy top tier occupations (including managers, directors and professional occupations).

2.5

Resident and workplace earnings in Havant are also exceeded by regional and national averages. In 2014, average gross resident pay in the Borough amounted to £519.70 per week. The equivalent rate for the South-East was approximately 10% higher at £567. Similarly, average gross workplace pay in Havant is 10% lower than across the South-East amounting to £491.30 per week compared with £541.40. Given that resident earnings are higher than

¹ ONS mid-year population estimates (2014)

² 2012 based Sub-National Population Projections (2014)

³ ONS annual population survey April 2014 – March 2015

⁴ HND, Degree and Higher Degree level qualifications or equivalent.

workplace earnings suggests that a portion of residents commute out of the Borough for higher paid employment elsewhere.

- 2.6 According to Business Register and Employment Survey (BRES)⁵ data there are 41,600 employee jobs⁶ in Havant. The largest employment industries include public admin, education and health (29% of the total), financial and other business services (18.2%) and wholesale and retail (17%). A relatively high proportion of employees are engaged in manufacturing. Focusing on Hayling Island, employment is driven by marine related industry and tourism however, overall employment opportunities on the island are limited and many people out-commute for employment.
- 2.7 The Borough also faces a challenge to growth and prosperity as average productivity (measured by Gross Value Added) is lower than the region.

Housing

- 2.8 Havant is amongst top one third deprived areas in the country, ranking 107th out of 326 local authorities⁷ in England. Deprivation is concentrated around Leigh Park, Wecock and Hayling Island areas. At the other end of the scale, some of the least deprived areas include; Hart Plain, Emsworth and Cowplain. This disparity needs to be addressed in order to create more mixed and balanced communities in Havant. The majority of the Borough ranks within the top 20% most deprived areas in England in terms of the index related to access to housing and services.
- 2.9 One of the key housing challenges facing Havant is the growing gap between house prices and income, which is generating significant affordability problems and keeping many local residents from being able to access open market housing. The median house price in Havant in 2014 was £215,750, significantly exceeding the national average of £195,000. During the period 1999 to 2014, house prices across the Borough rose by 172%.
- 2.10 Affordability ratios assess the relationship between lower quartile house prices and lower quartile earnings. Based on Department for Communities and Local Government data, the affordability ratio for Havant was 8.78 in 2014, which equates to an 85% increase since 1999. In contrast, the affordability ratio in England it was 6.88. This indicates the affordability of housing is a more serious issue for the population in Havant than elsewhere.
- 2.11 The Havant Borough Core Strategy (2011) identifies a housing target of 6,300 new dwellings to be delivered across the five areas that comprise the Borough between 2006 and 2026. This equates to an annual target of 315 dwellings per annum. Since the commencement of the plan period (2006), net dwelling completions across the Borough have amounted to 1,871. This equates to the delivery of approximately 234 dwellings per annum, which is 25% below the

⁵ 2013 data

⁶ Employee jobs excludes self-employed, government-supported trainees and HM Forces

⁷ DCLG (2010) The English Indices of Deprivation 2010: Local Authority District Summaries

annualised target. The target has only been reached once since 2006, in 2007/08.

- 2.12 Policy CS 9 'Housing' of the Havant Borough Core Strategy requires housing proposals to deliver 30-40% affordable housing on sites of 15 dwellings or more. During 2013/14 a net total of 60 new affordable homes were build - equivalent to 30% of total net completions. Despite meeting the policy target in this year, delivery of affordable homes has been inconsistent in recent years, just over 200 net additional affordable dwellings were provided between 2010 and 2014. In 2010/11 just 11 net additional affordable homes were built⁸.

Summary

- 2.13 Havant faces a number of economic challenges to continued growth and prosperity; it underperforms the South-East region measured against a range of indicators, records below average productivity, experiences out-commuting of skilled workers and has a greater reliance upon the public sector and services sector and tourism for employment.
- 2.14 The scale of housing need and the demand for new homes in Havant is high, and is projected to grow in future alongside forecast population growth. The provision of sufficient housing, particularly affordable housing, to meet the growing needs of local residents therefore represents one of the most significant challenges facing the Borough.

⁸ Havant Borough Council Annual Monitoring Report (various years)

3.0

Construction and Operational Impacts

Construction Impacts

- 3.1 This section considers the economic impacts arising from construction of the residential element of the proposed development at Station Road, Hayling Island. Additional impacts will also arise from the construction of the B1 industrial units although these are not included here as this construction will not be undertaken directly by Barratt.

Direct Employment

- 3.2 It has been estimated by the developer that the total construction cost of 76 dwellings will amount to **c.£9 million**. This can be used as the basis to estimate the level of construction employment to be generated by the scheme. ONS Annual Business Survey data indicates that the average ratio of expenditure (i.e. on materials, goods and services) to jobs in the construction industry in 2012 was £89,970⁹.
- 3.3 Applying this ratio to the estimated construction cost outlined above implies the development would be expected to create **100 person-years of construction employment** over the duration of the build period. If the site were built-out over 2.3 years, this would support **45 temporary construction jobs per year** on average during the construction phase, or **10 FTE construction jobs**¹⁰.
- 3.4 Given that national construction firms sometimes use their own permanent workforce on projects, but also employ contractors with a proportion of construction workers drawn locally, it is difficult to identify the likely source of workers to fill these construction jobs before contracts have been let. However, based on experience elsewhere it would be reasonable to expect a proportion of the construction jobs created by the proposed development could be taken up by the local workforce, particularly if measures are in place to encourage local recruitment (for example through apprenticeships) and to raise local skills levels.

Indirect and Induced Employment

- 3.5 Residential construction also involves purchases from a range of suppliers who, in turn, purchase from their own suppliers via the supply-chain. The relationship between the initial direct spending and total economic impacts is 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 sector is recognised to be a part of the UK economy where there is a particularly high domestic benefit in the supply

⁹ Annual Business Survey 2012 (2014 release)

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

chain. Research shows the construction sector imported less than 8% of its supply, while the UK car manufacturing sector imported nearly 28%¹¹.

- 3.6 It is anticipated that some businesses in the local and regional economy would benefit from trade linkages established during the construction of the proposed development. As a result, further indirect jobs would be supported locally in suppliers of construction materials and equipment.
- 3.7 In addition, businesses would be expected to benefit to some extent from temporary increases in expenditure linked to the direct and indirect employment effects of the construction phase. This might relate to wage spending by workers in local shops, bars and restaurants and other facilities. These are referred to as 'induced effects'.
- 3.8 Research on behalf of the National Housing Federation indicates that the construction industry has an indirect and induced employment multiplier of 2.51¹². Applying this multiplier to the 45 direct construction jobs per year derived above indicates that an **additional 65 jobs** could be supported per year of construction by the proposed development throughout the UK economy (in addition to the 45 direct 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).
- 3.10 Based on 2014 Experian data, the construction sector creates an average GVA per worker of £50,725 in South East. Applying this to the employment impact of the scheme (as derived above), it is clear that capital spending linked with the proposed scheme could create an additional **£0.7m of direct GVA** and an additional **£1m of indirect GVA** for each year of construction¹³. This equates to around **£1.7m GVA in total**¹⁴ per annum. It should be noted not all of this will be retained locally.

Resident Expenditure Impacts

- 3.11 The proposed residential scheme comprising 76 units offers an opportunity to increase local expenditure. The scales of these benefits are determined by the spending patterns of local residents, and the extent to which new residents of the scheme move into the area from elsewhere.

First Occupation Expenditure

- 3.12 Research suggests that the average homeowner spends approximately £5,000 to make their house 'feel like home' within a year and a half of moving into a

¹¹ UK Contractors Group, Construction in the UK Economy: The Benefits of Investment, 2009 (2012 Update)

¹² National Housing Federation 2013; an employment multiplier of 2.51 implies that for every one direct job generated a further 1.51 indirect and induced jobs are supported in the supply chain.

¹³ National Housing Federation, 2013; based on an indirect GVA multiplier of 2.41 which implies for every £1 of economic output there is a further £1.41 of indirect GVA generated

¹⁴ Figures rounded

property¹⁵. This money is generally spent on furnishing and decorating a property. This expenditure will generate a range of economic benefits for the local economy by supporting indirect and induced jobs within local businesses.

- 3.13 By applying this average level of one-off spending on household products and services, it is estimated that new residents of the 91 proposed dwellings within the development could generate **£380,000 of first occupation expenditure**. This injection of resident spending within the local economy will help support local businesses and **support 2 jobs**.

Total Gross Expenditure

- 3.14 Analysis of Output Area Classification data indicates that housing areas within the West Town area of Hayling Island are dominated by households in the 'Prospering Suburbs' socio-economic classification group. It is anticipated that residents of new housing proposed at Station Road, Hayling Island would broadly be occupied by the same type of household groups, with an adjustment made for occupants of the proposed affordable housing component.
- 3.15 The 2013 ONS Family Expenditure Survey¹⁶ offers data on household spending by household socio-economic classification. This indicates average spending levels of £527.20 per week for households in the 'Prospering Suburbs' group. Spending by South East households is 17% higher on average, resulting in an average household spending figure of **£617 per week**. Similarly, average expenditure among the 'Constrained Circumstances' group (i.e. comprising those occupying the scheme's affordable housing) in the South East amounts to **£355 per week**.
- 3.16 Based on these assumptions, it is estimated that residents of the development could generate total gross expenditure of around **£2.1 million per annum**.

Net Additional Expenditure

- 3.17 It is recognised that not all residents of the proposed development will be 'new' to the local area as some will relocate from elsewhere within the sub-region. National research gives standards on the average distances moved between a head of household's present and previous residential address, which can be used to estimate the proportion of the population of the proposed development that may be 'new' to the local area.¹⁷
- 3.18 In addition, not all of the gross expenditure by residents of the proposed development will be retained within the local area of the development. The Council's retail study¹⁸ indicates that 53% of retail expenditure generated in Havant is retained within the District. High levels of spending by Havant residents are attracted to Portsmouth given its proximity.

¹⁵ <http://blogs.independent.co.uk/2012/11/02/it-costs-5000-to-turn-a-house-into-a-home/>

¹⁶ ONS Family Expenditure Survey 2013 (2014 edition)

¹⁷ DTLR, Survey of English Housing, Tenure by Distance Moved, 2000/01

¹⁸ Havant Retail Study a weighted average for convenience and comparison expenditure has been used.

- 3.19 Taking the above factors into consideration, it is estimated that total net additional expenditure of **c.£0.77m per year** on average will be generated by new residents to the area, and be retained within the District. This additional expenditure will support the vitality and viability of local businesses, and could encourage other firms to relocate to the local market. It is also estimated that this additional expenditure associated with the proposed housing scheme could generate a further **8 FTE local jobs** in retail, leisure, hospitality and other service sectors.

Operational Impacts

- 3.20 Alongside the residential uses, the proposed development comprises 1,000sqm of light-industrial (B1) employment floorspace which will generate employment, GVA and expenditure within the local area once complete and operational. The following section estimates the nature and scale of these impacts.

Direct Employment

- 3.21 It is possible to estimate the level of direct employment that will be supported by the new light-industrial (B1) employment floorspace by considering the ratio between job numbers and floorspace. Drawing on the HCA/Offpat Employment Densities Guide (2010) it is estimated that 1,000sqm could support **c.25 direct operational jobs**. On this basis, the new floorspace could increase local job opportunities on Hayling Island, an area where opportunities are currently limited. The type and occupation levels of will depend on the final occupiers of the scheme.

Indirect and Induced Employment

- 3.22 Indirect employment will also be supported by the expenditure on goods and services within local businesses by the occupiers of the employment floorspace. The wage spending of both employees and these commercial operations, and the local businesses supplying these facilities, will support further induced jobs within local shops, services and other businesses. Where detailed expenditure data is not available, these types of employment are normally estimated using employment multipliers derived from research on similar operations elsewhere, with adjustment to reflect the specific characteristics of the development, the amount of spending retained in the local area, and local economic and labour market conditions.
- 3.23 It is estimated that c.25 net additional direct FTE jobs will result in a further 7 **'spin-off' FTE jobs** in local services and other firms in the area. At the regional (South East) level, a total of 10 'spin-off' FTE jobs are expected to be supported in services and firms (10 FTE jobs includes the 7 FTE jobs in the local area).

Economic Output

- 3.24 As with the construction phase of the development, the operational phase will also make a significant contribution to local economic output and GVA by supporting the creation of new employment. Taking regional average levels for the sectors that typically occupy light-industrial (B1) floorspace indicates that net additional direct jobs created could deliver an additional **£1.56m** of GVA per year.

Summary

- 3.25 It is estimated that the proposed development could give rise to the following economic benefits;
- 1 Provide **£9 million** of capital investment;
 - 2 **100 person** years of construction employment, equivalent to 45 **temporary construction jobs** per year over the 2.3 year build period;
 - 3 **65 'spin-off' jobs** could be supported in the supply chain per year of construction;
 - 4 **£1.7 million** additional GVA per year from direct and indirect construction employment;
 - 5 Resident expenditure benefits including **£380,000 in first occupation expenditure** and **£0.77m** net additional resident expenditure in local shops and services each year;
 - 6 Resident expenditure will also help support **10 FTE jobs** in the local area;
 - 7 Support **25 direct operational jobs** and a further **10 indirect jobs** within the light-industrial floorspace generating **£1.56m** of operational GVA per annum.

4.0

Fiscal Implications

4.1

This section considers the benefits delivered by the proposed development that accrue to the local authority. At a time when finances are constrained through the Government's public sector austerity measures, this additional revenue is set to become a significant source of income for local authorities.

New Homes Bonus

4.2

In 2010, the Coalition Government introduced an incentive-based scheme to support delivery of new housing. The New Homes Bonus matches for a six year period the increase in Council Tax income from new homes, or homes brought back into use. Payments are not ring-fenced and therefore allow local authorities to use Bonus payments in the most beneficial way to support their needs. A premium of £350 is payable on affordable housing units.

4.3

The proposed residential scheme will deliver 76 new homes at a range of sizes and therefore Council tax bands. Using standard methods of calculation as contained within the CLG New Bonus Calculator 2014, its estimated that the new development could generate **c.£110,600 of New Homes Bonus payments per annum**, or **c.£663,600 over six years** (albeit profiled to reflect the build period for the housing development). This income would be matched by extra **Council Tax payments of c.£101,200 per annum** in perpetuity, equivalent to **c.£607,200¹⁹** over six years.

4.4

Therefore, the combined financial benefit for the Local Authority is **c.£1.27m** over the first six years.

Community Infrastructure Levy

4.5

The development will also make a significant contribution to the local area through CIL. The Community Infrastructure Levy (CIL) is a mechanism for raising funds for essential infrastructure arising from development. This contribution will be used by the Council to fund new service and infrastructure provision in the local area, such as education, improved public open space, landscaping, and highway improvements.

4.6

The charge came into force on the 6th of April 2010 through the *Community Infrastructure Levy Regulations 2010* (as amended). CIL is charged on all new build dwellings however, the levy is not payable on dwellings that are intended to be used as social housing. The charge is applied in pounds per square metre of gross floorspace arising from new development.

4.7

Havant Borough Council adopted its Community Infrastructure Charging Schedule in February 2013 which came into effect in August 2013. The proposed development falls within the Hayling Island charging zone. In this zone CIL is charged at a rate of £100/square metre. It is anticipated that CIL

¹⁹ Figures rounded

obligations and other payments payable to the Council associated with this development will amount to **c.£477,925**.

Business Rates

- 4.8 Business rates are charged on non-domestic properties including industrial floorspace. The average charge for factories and premises in Havant is approximately £45/sqm²⁰. Applying this to the proposed development floorspace estimates average payments of **£20,250 each year**. The Business Rate retention scheme allows Councils to keep a share proportion of locally collected business rates to help fund the services they provide, thereby creating a direct link between business rates collected and local authority income, and reducing local authorities' dependency on central government grants. A maximum of 50 pence per pound can be retained by the local authority; on this basis, **£10,125 each year** could be retained by the local authority.

²⁰ Based on the VOA property valuation

5.0

Economic Competitiveness and Wider Impacts

5.1

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

Labour Market Flexibility

5.2

Housing supply can play a key role in the flexibility of the local labour market which itself is an important component in local economic competitiveness. This is because a shortage of housing or a lack of affordability can act as a barrier to people accessing employment opportunities or result in long-distance commuting with adverse transport and environmental impacts. The geographical 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 caused by a lack of available affordable housing, considered further below.

5.3

As a result, the increased housing supply generated by the proposed development could allow for a better match of labour and employment, thus improving economic competitiveness and performance.

Housing including Affordable Housing

5.4

The proposed development will assist the Council in meeting its housing target of 6,300 dwellings over the course of the Core Strategy plan period (315 dwellings per annum). Providing 76 dwellings, the proposed development will meet almost 25% of the Council's annual housing target (albeit profiled over the 2.3 year build period).

5.5

The Council's Local Plan Allocations document (July 2014) indicates that between 2,380 and 3,060 dwellings need to be allocated across the Borough between 2013 and 2026, this includes a buffer. Taking the mid-point of this range (2,720), results in an annualised target of 209 dwellings per annum. Delivery of 76 dwellings, the proposed development will meet over one third of the Council's annual housing target (again profiled over the 2.3 year build period).

5.6

Hayling Island comprises one of five areas of the Borough identified within the Core Strategy. The Allocations document indicates the need to allocate between 329 and 396 dwellings in Hayling Island area²¹. Taking the mid-point of this range (362), the proposed development at Station Road, Hayling Island would meet 20% of the area based housing target.

²¹ Table 3.0 Local Plan Allocations document (July 2014).

- 5.7 The proposed development site is allocated within Policy HY2 'Hayling Island Mixed Use Allocation' for 75 dwellings (as well as 1,000sqm of employment floorspace). The proposal scheme will deliver this policy objective.
- 5.8 As set out in Section 2, the Council has a policy requirement of providing 30 – 40% affordable housing on dwellings of 15 dwellings or more. The proposed development included 23 affordable dwellings, which is the equivalent to 30% of the total number of dwellings. These dwellings could assist in meeting the need for affordable housing across the Borough within the context of inconsistent levels of delivery in recent years.
- 5.9 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 with lower-paid jobs. This forces workers to move further afield, increasing commuting but also reducing local labour supply.

Wider Role of Housing in the Economy

- 5.10 Research has focused on the role that new housing can play in supporting economic recovery alongside the need to ensure greater value for money in public expenditure terms. The role of housing in the economy is complex, however, new housing delivery has the potential to generate a range of improved economic outcomes (Table 5.1). These factors are recognised in the Government's recently published Productivity Plan, *'Fixing the Foundations: Creating a more prosperous nation.'*

Table 5.1 Economic Outcomes for New Housing Delivery

Timescale	Type of Role	Impact of New Housing Delivery
Short (0-5 years)	Supporting recovery	Macro-economic boost from new house building (multiplier effect)
Medium (5-10 years)	Enhancing productivity	- Labour market and spatial flexibility from housing choice - Impact on economic competitiveness (e.g. quality of place, access to services, improved affordability)
Long (10+ years)	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 on carbon emissions (and saving mitigation costs)

Source: NLP based on HCA, 2009/ NLP analysis

- 5.11 As demonstrated in Section 3.0, house building is a relatively labour intensive activity and so generates a high number of jobs per pound of investment made; new activity would drive up productivity, supporting existing jobs and make new job creation more likely. As discussed, supply chains for materials mean a far greater share of spending remains in the UK rather than being channelled into foreign imports as with many other sectors. Whilst some of these benefits

apply to construction activity more widely not just house building, house building has a comparatively short lead-in time, whilst it can be years before construction commences on a major commercial development or infrastructure project.

- 5.12 The economic contribution of new housing development has been acknowledged by Government announcements and policy documents, including the Fixing the Foundations²², Local Growth White Paper²³ and National Planning Policy Framework²⁴. House building 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.
- 5.13 A recent publication by the Home Builders Federation (HBF)²⁵ assesses the economic footprint of the national house building industry and quantifies its economic contribution to the national economy. This study indicates that in 2014, c.140,000 new homes were built across the UK leading to the following economic impacts:
- a £12.5 billion capital investment and expenditure on land and buildings for housing;
 - b £5.5 billion annual expenditure on supplies;
 - c Supporting 233,000 direct construction jobs;
 - d Creating 606,580 indirect and induced jobs and
 - e Generating £19.2 billion of economic output.
- 5.14 This indicates that the house building industry has an important role in stimulating economic growth and supporting significant levels of employment.

Employment

- 5.15 Policy HY2 Hayling Island Mixed Use Allocations allocates 1,000sqm of employment space. The scale of the proposed development aligns with the quantum of development set out in the policy and therefore the proposed development can assist in providing for future employment needs and reducing the number of people who commute off the island for work.

Quality of Place

- 5.16 The proposal site offers an opportunity to design a contextually appropriate scheme that is traditionally styled and designed and uses good quality materials that are appropriate to the character and appearance of the surrounding area. This will contribute to the creation of an attractive and enriched local environmental quality. Achieving this will be through the consideration of housing mix, local character and public realm design, and the use of high quality and sustainable design measures. The proposed design

²² HM Treasury, Fixing the Foundations: Creating a more prosperous nation, July 2015

²³ HM Government, Local Growth: Realising Every Place's Potential, October 2010

²⁴ Communities and Local Government, National Planning Policy Framework, March 2012

²⁵ HBF, The Economic Footprint of UK House Building, Nathaniel Lichfield & Partners (March 2015)

framework for the scheme includes areas of landscaping, retention of existing boundary trees and hedgerows and enhancement with a belt of native planting. Where possible, this green infrastructure aims to minimise the impact of development on the surrounding landscape and provide visually pleasing green spaces.

- 5.17 Provision of green space is recognised by the Government as a key element that contributes to quality of place. High quality green infrastructure and open spaces can have a significant impact on local economic vitality as locations are increasingly competing with one another to attract investment. The presence of parks, gardens and open spaces (jointly referred at as green infrastructure) can become a vital asset that underpins local economic growth and success.
- 5.18 Building for Life 12 is a government-endorsed industry standard for well-designed homes and neighbourhoods whereby developers are encouraged to use the standard to guide discussions about creating good places to live. The proposed development has been shaped by the local community and local authority inputs in line with Building for Life 12 standards, to ensure that the proposed development at Station Road, Hayling Island will be consist of well-designed homes and will endeavour to be a successful neighbourhood.
- 5.19 Design of the proposed scheme also incorporates good quality intra pedestrian connections such as additional and wider footpaths, to help ensure access to the rest of the local area. The site is located close to a range of local conveniences on Station Road including a Tesco Express, grocers, pharmacy, butchers, takeaway, pubs and restaurants. Hayling Park playing fields and Hayling Island community centre are located to the south of Station Road and offer a range of sporting and leisure activities. Local public transport networks are also within easy access for new residents to the scheme.

Contribution to Economic Objectives

- 5.20 The potential economic impacts of the proposed development at Station Road, Hayling Island align well with a wide range of national, sub regional and local policy objectives, in particular, increasing the supply of high quality, sustainable and affordable housing to meet projected increases in population, enhanced economic prosperity through creating employment opportunities for local people and bringing significant private sector investment to the area, thereby stimulating further regeneration across the Borough.
- 5.21 Table 5.2 overleaf summarises the strategic fit of the proposals with relevant planning and economic development strategies at the national, sub regional and Borough level.

Policy Strategy		Relevant Key Messages	Contribution of proposed development to 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 - Deliver a wide choice of quality homes - Balance land uses in their area	- c.£9 million private sector investment to the Borough, creating and supporting 110 construction phase jobs at a range of skill levels, delivering 76 new homes and contributing over £1.7m GVA per annum through the construction phase - Creating and supporting 25 direct operational jobs and £1.56m direct GVA, 10 indirect jobs within the light-industrial floorspace
	Laying the Foundations: A Housing Strategy for England (November 2011)	Housing Strategy sets out a package of reforms to: - Get the housing market moving again - Support choice and quality for tenants - Improve environmental standards and design quality	- Provision of 76 high quality residential dwellings including a mix of tenures and sizes to house the Borough’s growing population and to meet affordable housing requirements - Improved local environmental quality through use of high quality design, build and preservation
	Fixing the Foundations: Creating a more prosperous nation (July 2015)	The Productivity Plan seeks to achieve a dynamic economy by improving productivity and increasing labour market flexibility by building more houses to buy. The Plan highlights: - An effective housing market is required to promote productivity - Enabling people to live and own homes close to where they work also promotes productivity	- Provision of 1,000sqm of new light-industrial employment floorspace creating new local employment opportunities for local residents - Provision of 76 additional houses providing c25% of the Borough’s annualised target and c.20% of the Hayling Island annual housing target assisting to create an effective housing market - Provision of additional housing to meet population growth and existing unmet needs thereby improving housing affordability and reducing barriers to accessing housing - Providing opportunities for Havant’s workforce to buy a home close to their place of work thereby improving productivity and increasing labour market flexibility
Sub-Regional	Transforming Solent: Solent Strategic Economic Plan 2014-2020	The strategy includes the following objectives and priorities: - Maximising the economic impact of economic assets - Providing new housing to support a growing workforce - Enabling infrastructure priorities including land assets, transport and housing - Achieving GVA growth	- Provision of 1,000sqm of new employment floorspace supporting 25 new direct operational jobs and 10 indirect jobs - Provision of 76 high quality residential dwellings including 23 affordable dwellings - Creating and supporting construction and operational jobs - Contributing £3.26m GVA per annum £9m private sector investment into the LEP area
Local	Havant Local Plan 2006 -2026 (Core Strategy and Site Allocations)	The Local Plan identifies a number of objectives including: - Ensure a mix of dwelling types is provided, in the right places, and that an appropriate level of affordable housing provision is achieved - Promote a dynamic, diverse economy to meet the challenges of a rapidly changing global economy - Seeking to accommodate new employment floorspace including B1 floorspace - Ensure all new development is built to a high quality sustainable design that is inspired by the character and setting of the local area	- The proposal site will help the Council meet its housing needs by providing 76 new dwellings at a range of dwelling sizes including 30% affordable in line with policy requirements - Proposed development will provide 23 new affordable housing units increasing access to high quality housing for more disadvantaged residents - Supporting direct and indirect jobs across the construction phase and 7 new operational jobs - Creating and supporting 25 direct operational jobs in light manufacturing - Accommodating 1,000sqm of new employment floorspace to meet Borough-wide needs £477,925 in Community Infrastructure Levy contributions to help fund/support local services and facilities

6.0

Conclusions

6.1

The proposed development of 76 dwellings (including 23 affordable units) and 1,000sqm of light-industrial floorspace (B1c) will generate a range of direct, indirect and catalytic effects that are both quantifiable and non-quantifiable by their nature.

6.2

Some of the more quantifiable economic impacts of the proposed development are likely to include:

- a Injecting circa **£9 million** of total private sector investment into the Havant economy associated with the residential dwellings;
- b Creating approximately **100 person-years of temporary construction employment**, which is equivalent to **45 jobs** per year of construction at a range of skill levels;
- c Supporting a further **65 'spin-off' jobs** in services and other businesses from the wage spending of construction workers and supplier sourcing;
- d Generating **£1.7 million** of direct and indirect GVA per annum during the construction phase of the scheme;
- e Helping deliver a significant boost to the local economy around Havant by generating a first occupation expenditure of **£380,000** on goods and services that make a house 'feel like home' thereby supporting **2 FTE** operational jobs;
- f Once the scheme is fully constructed and occupied, new residents will also create **£2.1 million of additional annual resident spending** in shops and services, of which **£770,000** per annum will be retained within businesses within the local Havant area. In total, the increased resident spending will support **a further 8 FTE local jobs**;
- g Creating and supporting **25 new direct operational jobs** within the light-industrial employment space, generating **£1.56m** per annum;
- h Supporting **10 further 'spin-off' jobs** in services and other business from the wage spending of workers and supplier sourcing;
- i Delivering **£101,200 of Council Tax receipts per year** once the scheme is built-out and occupied, and **£110,600** of New Homes Bonus payments profiled over the first six year period;
- j Generating Community Infrastructure Levy payments of **£477,925** to support development;
- k Delivering **£20,250** of business rates each year, of which up to **£10,125** could be retained by the local authority.

6.3

The proposed development will also benefit the local community in a number of less tangible ways including:

- a providing high-quality residential accommodation in an area projected to see increases in its population and where housing delivery has been

relatively low in recent years, thereby reducing barriers of access to housing;

- b supporting the generation of mixed communities, by providing much needed affordable housing;
- c increasing the housing supply in the local area to allow for a better match of labour and employment, thus improving economic competitiveness and performance and reducing the need to commute;
- d enabling provision of new light industrial floorspace and thereby increasing the range of employment opportunities available locally; and
- e these likely economic effects also align well with a wide range of national, sub regional and local policy objectives, in particular, increasing the supply of high quality, sustainable housing to meet projected increases in population, and enhanced economic prosperity through creating employment opportunities for local people.