

**Socio-economic Recovery Following Covid-19:  
The vital role of the housing sector within Swale Borough**



**October 2021**

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# 1. INTRODUCTION

- 1.1.1. The planning world is operating in unprecedented times. The coronavirus pandemic has had and continues to have wide-reaching implications on the lives of the public, councils, developers, and other businesses which together combine to contribute towards a healthy economy.
- 1.1.2. The virus has had an exponential impact on everyone's lives and has particularly highlighted the importance of having a suitable home. COVID-19 has disrupted the planning system and forced stakeholders into the virtual world for the first time to undertake democratic processes such as cabinet meetings, consultations and committee voting. It has added complexity to developers communicating with stakeholders, constructing sites, and finding suitable buyers.
- 1.1.3. The economy has slid into recession as the public has less disposable income and businesses want to protect their cash flow. The country's economy has shrunk by 10%; the largest fall in 300 years<sup>1</sup>. Whilst it is acknowledged there will be a 'bounce back' as restrictions are eased, there is a huge amount of economic ground to be recovered.
- 1.1.4. As a result, pre-existing issues have been sharpened. The planning sector has long been attempting to 'paper over the cracks' of the housing crisis but these have been laid bare by the pandemic. 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 paper will provide context to the housing crisis, explain how COVID-19 has damaged the economy and intensified the need for housing and suggest why the proposed development for Swale Borough at land off Swanstree Avenue, Sittingbourne, will make a significant contribution towards the role new housing plays in resolving the most pressing issue of our time.
- 1.1.6. Key economic benefits arise from the development of 135 houses at Land off Swanstree Avenue that should be afforded substantial weight. These include:

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<sup>1</sup> Rishi Sunak Budget Speech 3<sup>rd</sup> March 2021, available from: <https://www.gov.uk/government/speeches/budget-speech-2021>

- The provision housing for 322 residents, 194 of which are likely to be residents of working age (16-64)
- Residents generating a total gross expenditure of £4.92m per annum
- Provision of 311 direct and indirect jobs over a build-out period of 3.86 years
- Gross Value Added (GVA) of £23.74m comprising £17.26m in construction spend and £6.48m from 147 direct jobs, providing a significant contribution to GDP
- S106 contributions of £412,830
- A New Homes Bonus of £700,000
- £2.3m 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.”<sup>2</sup>**

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**

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<sup>2</sup> 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](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.”<sup>3</sup>**

- 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.<sup>4</sup>
- 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 million<sup>5</sup>.
- 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%. 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**

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<sup>3</sup> 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](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).

<sup>4</sup> British Broadcasting Corporation (2019). *Housing crisis affects estimated 8.4 million in England – research*. Available at: [www.bbc.co.uk/news/uk-49787913](http://www.bbc.co.uk/news/uk-49787913), (Accessed September 2020).

<sup>5</sup> <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.”<sup>6</sup>**

- 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”.<sup>7</sup> This has been heightened by the more recent 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 proposals for up to 135 new homes at land off Swanstree Avenue contribute towards the housing sector, not only assisting Swale Borough Council but also the national Government in the delivery of much-needed homes to tackle the housing crisis 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.

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<sup>6</sup> 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)

<sup>7</sup> 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).<sup>8</sup>

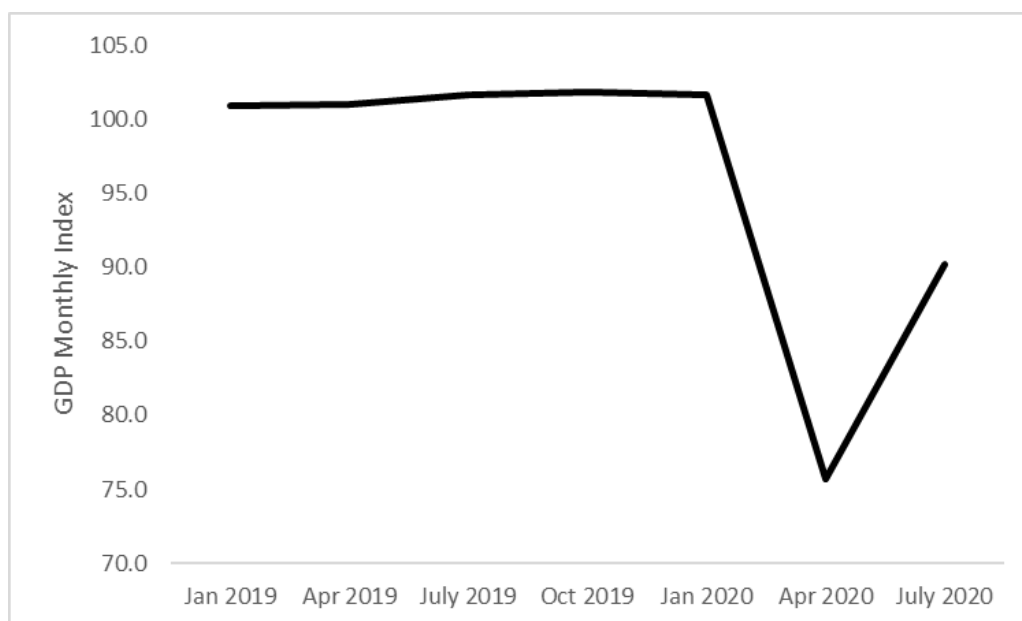


Figure 1: GDP fall due to COVID-19

- 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.<sup>9</sup>

<sup>8</sup> ONS GDP Monthly Estimate  
<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/september2020>  
 (accessed February 2021)

<sup>9</sup> ONS Gross Domestic Product: Year on Year growth: CVM SA % (2020) available from  
<https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ihyp/pn2>



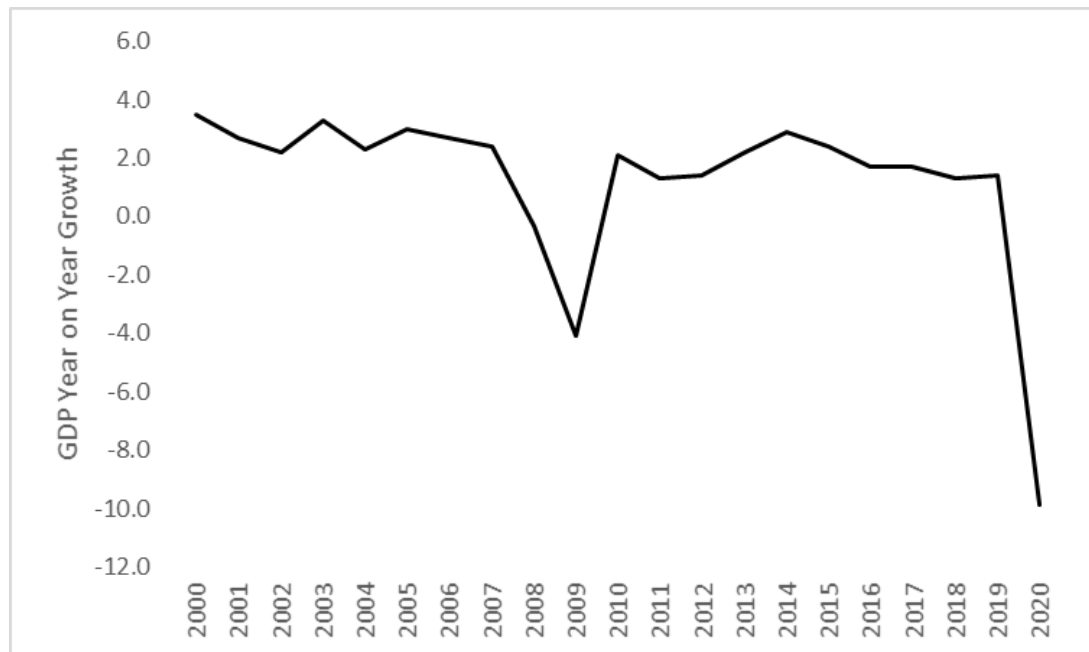


Figure 2: GDP Year on Year Growth from 2000-2020

- 3.1.3. The virus has also had an unprecedented impact on the UK property and construction industry. The construction industry's output fell to a monthly index rate of 55.3% in April 2020, an unprecedented fall of 41.2% since monthly records began in January 2010. Despite the construction industry's output increasing to an index rate of 88.7% in August 2020, construction output is still 10.8% (£1,509 million) lower when compared with February 2020<sup>10</sup>.
- 3.1.4. The overall cost to the UK economy will exceed £300bn and, depending on the speed of recovery, could be significantly higher.<sup>11</sup>
- 3.1.5. Local councils were affected directly through a loss of tax income. It has been estimated that a total of £3.7 billion in Council Tax and business rates have been lost.<sup>12</sup>

<sup>10</sup> ONS Construction Output  
<https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/bulletins/constructionoutputingreatbritain/august2020#:~:text=2.-,Construction%20output%20in%20August%202020,rising%20to%20%C2%A312%2C455%20million.&text=This%20was%20followed%20by%20then,of%2021.8%25%20in%20June%202020>. Accessed February 2021

<sup>11</sup> Dr Steve McCabe (Institute for Design and Economic Acceleration, Birmingham City University)

<sup>12</sup> <https://www.local.gov.uk/lga-analysis-covid-19-council-funding-gap-widens-ps74-billion>

## Job Losses

- 3.1.6. Since March 2020, the number of payroll employees has fallen by 673,000. While the larger falls were seen at the start of the pandemic, the unemployment rate and the level of redundancies has been increasing in recent more periods<sup>13</sup>.
- 3.1.7. Research carried out by Savills, on behalf of Shelter, estimates that 116,000 construction jobs could be lost in 2020/21 due to housebuilding stalling.<sup>14</sup>

## Housing Need

- 3.1.8. Housing need is more severe than ever before; the national housing crisis has been heightened by the pandemic. During the first lockdown, 450,000 buyers in Britain were unable to exchange and each month 300,000 tenancies typically come up for renewal.<sup>15</sup> With the pressure to move becoming acute for some, some have faced, and continue to deal with, serious legal, financial and health implications.
- 3.1.9. 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.<sup>16</sup>
- 3.1.10. When comparing the number of homes completed in quarter 2 of 2019 with those completed in quarter 2 of 2020, Swale completed 53% fewer homes due to lockdown restrictions.<sup>17</sup>

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<sup>13</sup> ONS Labour Market Overview <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/october2020> (accessed February 2021)

<sup>14</sup> Shelter and Savills (2020) available at [https://england.shelter.org.uk/media/press\\_release/over\\_80000\\_new\\_homes\\_will\\_be\\_lost\\_in\\_one\\_year\\_to\\_covid\\_chaos](https://england.shelter.org.uk/media/press_release/over_80000_new_homes_will_be_lost_in_one_year_to_covid_chaos) (accessed at February 2021)

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

<sup>16</sup> 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).

<sup>17</sup> MHCLG Live tables on housing supply (2021) Table 253a available at: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>

3.1.11. There is also a real prospect of schemes with older permissions starting to raise viability issues, further delaying delivery rates. It is widely accepted (including, for example, within the 'Letwin Review'<sup>18</sup>) that more sites (i.e., sales outlets) equals more housing delivery. Approving this readily deliverable scheme for up to 135 dwellings in Sittingbourne will make a meaningful contribution to the housing supply in Swale Borough.

3.1.12. In the UK, house prices increased by 10.2% in the year to March 2021, up from 9.2% in the year to February 2021<sup>19</sup>. 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.<sup>20</sup> Prices have been pushed up by the temporary stamp duty reduction, low interest rates and people wanting more space after lockdown.

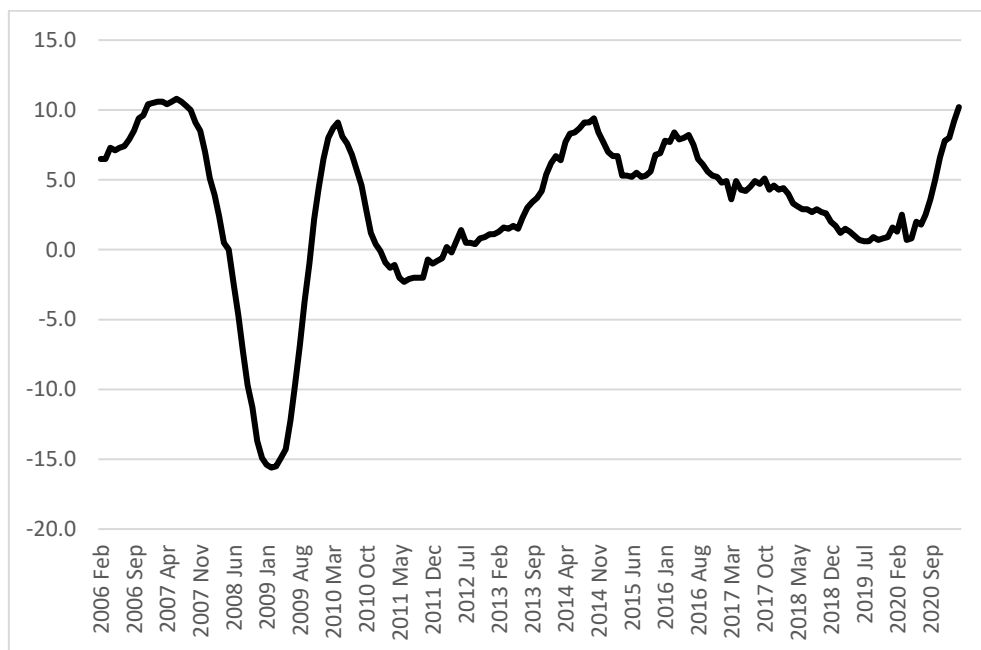


Figure 3. Annual house price rates of change for all dwellings, UK: January 2006 to March 2021

3.1.13. In Swale, the average house price rose from £250,729 in January 2019 to £258,895 in July 2021 (3.36%).<sup>21</sup>

<sup>18</sup> Independent Review of Build Out: Final Report. Available at: <https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>. Rt Hon Sir Oliver Letwin MP. CM 9720.

<sup>19</sup> ONS UK House Price Index <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2021> (Accessed June 2021)

<sup>20</sup> <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2021>. (Accessed July 2021)

<sup>21</sup> 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)

- 3.1.14. This has led to an inflated affordability ratio of 9.32 in 2020, with wage increases struggling to keep pace<sup>22</sup>. This is compared national and regional averages of 7.84.
- 3.1.15. The increase in the demand for newly built housing, especially 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.
- 3.1.16. Granting planning permissions for sustainable developments in Swale Borough, such as this for up to 135 new homes including affordable housing on land off Swanstree Avenue, 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.

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<sup>22</sup> ONS House price to workplace-based earnings ratio March 2021 available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowequartileandmedian>

## 4. HOW HOUSING CAN HELP TO RESTORE THE ECONOMY

- 4.1.1. Housing development is a key component of economic growth, and this is fully recognised in government policy, as reiterated by The 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...”<sup>23</sup>**

- 4.1.2. 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”<sup>24</sup>**

- 4.1.3. 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.

### Housing as an Historic Solution

- 4.1.4. The housing market has always been key to every economic recovery in modern British history<sup>25</sup> and the coronavirus pandemic is no different:

<sup>23</sup> 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>

<sup>24</sup> MHCLG “Planning for the Future” <https://www.gov.uk/government/consultations/planning-for-the-future> (Accessed February 2021)

<sup>25</sup> Robert Jenrick (2020) <https://www.gov.uk/government/speeches/housing-secretarys-statement-on-coronavirus-covid-19-13-may-2020>

**“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.”<sup>26</sup>**

- 4.1.5. 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.’<sup>27</sup>**

- 4.1.6. 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.

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<sup>26</sup> UK Collaborative Centre for Housing Evidence Press release

<sup>27</sup> 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](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/563591/get_britain_building_programme_prospectus.pdf) (accessed February 2021)

4.1.7. 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)**

4.1.8. 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 135 dwellings on land off Swanstree Avenue, alongside other schemes in Swale, will not only provide much-needed housing to the area, boosting socio-economic benefits to the Borough, but will also help to increase the role of the South East 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 jobs<sup>28</sup>, 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 infrastructure<sup>29</sup>. 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.<sup>30</sup>

<sup>28</sup> 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](https://www.hbf.co.uk/documents/7876/The_Economic_Footprint_of_UK_House_Building_July_2018LR.pdf) (accessed February 2021)

<sup>29</sup> 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>

<sup>30</sup> Planning for the Future consultation document

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 2020<sup>31</sup>. 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 private new housing, which recovered after record low output in April 2020.'**<sup>32</sup>

This is illustrated by Figures 4 and 5.

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<sup>31</sup> PM's Office. "Build, Build, Build" available at <https://www.gov.uk/government/news/pm-build-build-build> (accessed February 2020)

<sup>32</sup> ONS (2021). November 2021 GDP Monthly Estimate  
<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/november2020>



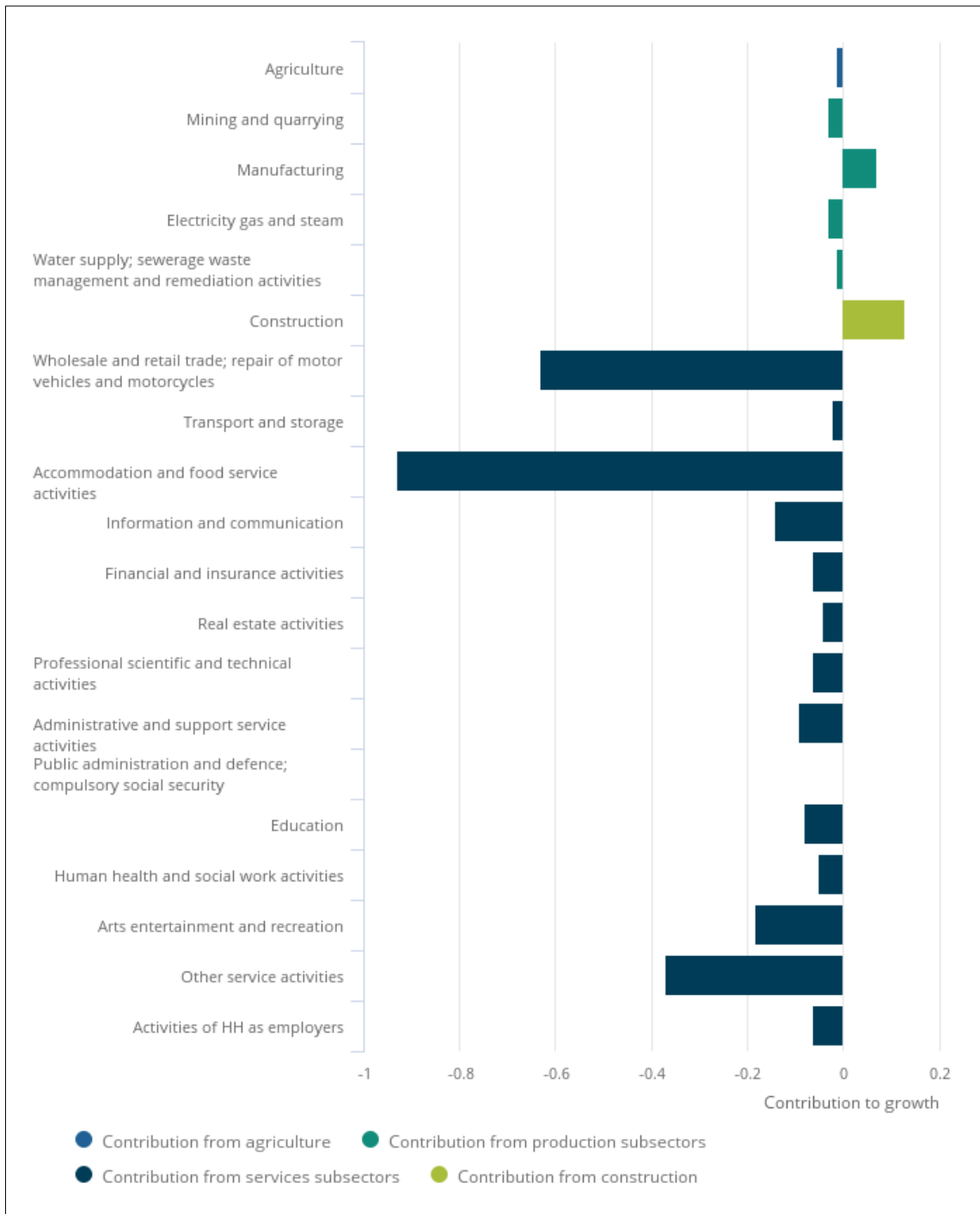


Figure 4. Contribution to monthly GDP by sector in November 2020<sup>33</sup>.

<sup>33</sup> See footnote 29

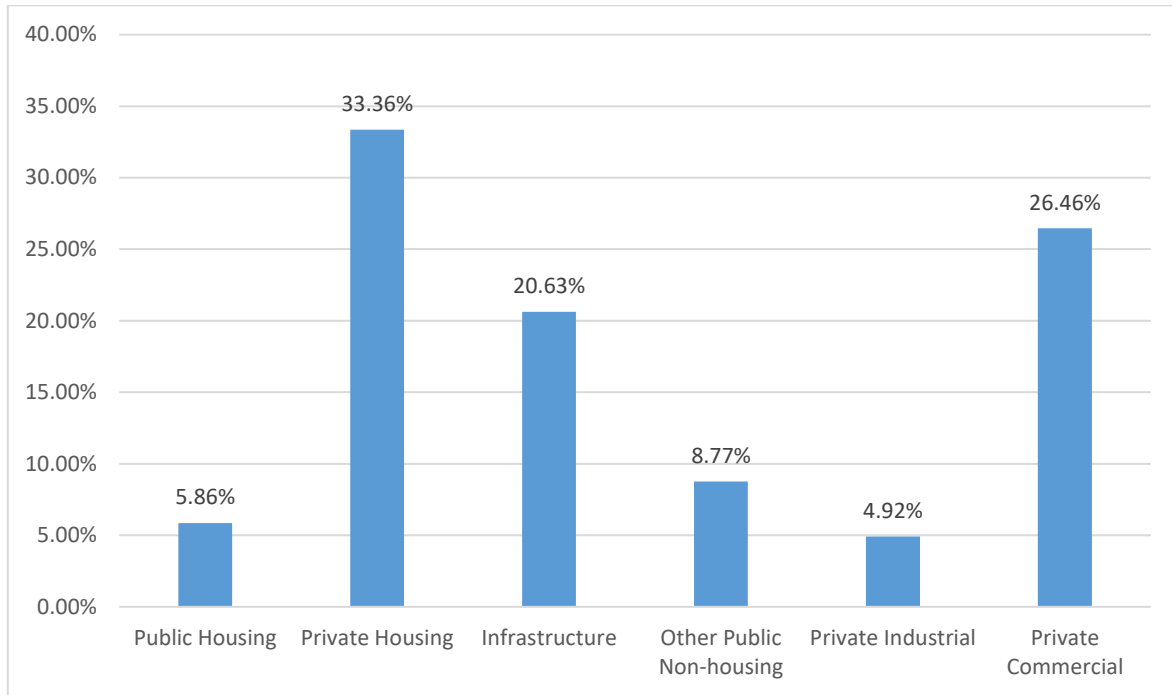


Figure 5. Private housing output versus other construction sectors 2019<sup>34</sup>

- 4.1.12. The development of Land off Swanstree Avenue for up to 135 dwellings will generate a construction spend which totals approximately £17.26 million<sup>35</sup>, in part due to the multiplier effect of new housing construction discussed in the section below.

### Construction of New Housing and Employment

- 4.1.13. This importance of the delivery of housing in the COVID-19 economic recovery is evidenced in a recent Secretary of State appeal decision. In this decision, the Secretary of State acknowledged that despite Cheshire East Council being able to demonstrate a five-year housing land supply, nationally it is a government policy imperative to boost the supply of housing, as set out at paragraph 60 of the Framework. In his decision he acknowledged that:

**'Weighing in favour of the proposal, the provision of market housing in a sustainable location is afforded significant weight.'**

<sup>34</sup> ONS 2021 Output in the construction industry: sub-national and sub-sector available at:

<https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputinthecreationindustryandtradesubnationalandsubsector>

<sup>35</sup> See Appendix 6.1.1.

**The economic benefits in terms of direct and indirect employment during its construction and expenditure into the local economy of the proposal are given medium weight.’<sup>36</sup>**

- 4.1.14. There are nearly 700,000 workers in the housebuilding industry<sup>37</sup>, 6,693 of which are located in Swale<sup>38</sup>.
- 4.1.15. By approving the proposals there are 147 direct and 160 indirect jobs available for local workers over a build-out period, benefitting the local planning authority (LPA) with their specialist skills and spending within the LPA over 3.86 build out years<sup>39</sup>. This, along with the construction value output multiplier of 1.71<sup>40</sup> allows the LPA to enable long term local job opportunities including the opportunity to train apprentices.
- 4.1.16. The provision of 307 jobs should be given very significant weight, especially since Swale Borough identify that

**‘Over the last five years [to March 2020], unemployment has increased in Swale by 79.7%... compared to a growth of 58.1% nationally. It is important to note that these figures do not reflect any additional unemployment that may have been cause by the Coronavirus pandemic’<sup>41</sup>**

- 4.1.17. Following recovered appeal APP/V2255/W/19/3233606 for up to 675 dwellings at Wises Lane allowed in April 2021, substantial weight should be given to the economic benefits arising from this proposal irrespective of the shorter construction period:

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<sup>36</sup> Secretary of State Appeal Decision Reference: APP/R0660/A/13/2197532 / APP/R0660/A/13/2197529 (July 2020)

<sup>37</sup> Lichfields (2018)

<sup>38</sup> Nomis Census Table DC6110EW <https://www.nomisweb.co.uk/census/2011/dc6110ew>, Appendix 6.1.2 for workings

<sup>39</sup> See Appendix 6.1.3

<sup>40</sup> 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>

<sup>41</sup> Swale Housing Market Assessment Final Draft (2020, p. 29). Available at: <https://services.swale.gov.uk/meetings/documents/s14870/HMA%20for%20Swale%20Appendix%201.pdf>

**'Whilst the construction period would generate short to medium term economic benefits... the total economic benefits would have a positive effect on the local economy and attract substantial weight'<sup>42</sup>.**

4.1.18. Figure 6 illustrates a selection of the different sectors involved to physically construct each home; these are some of the industries and workers have been factored into the construction multiplier.<sup>43</sup>

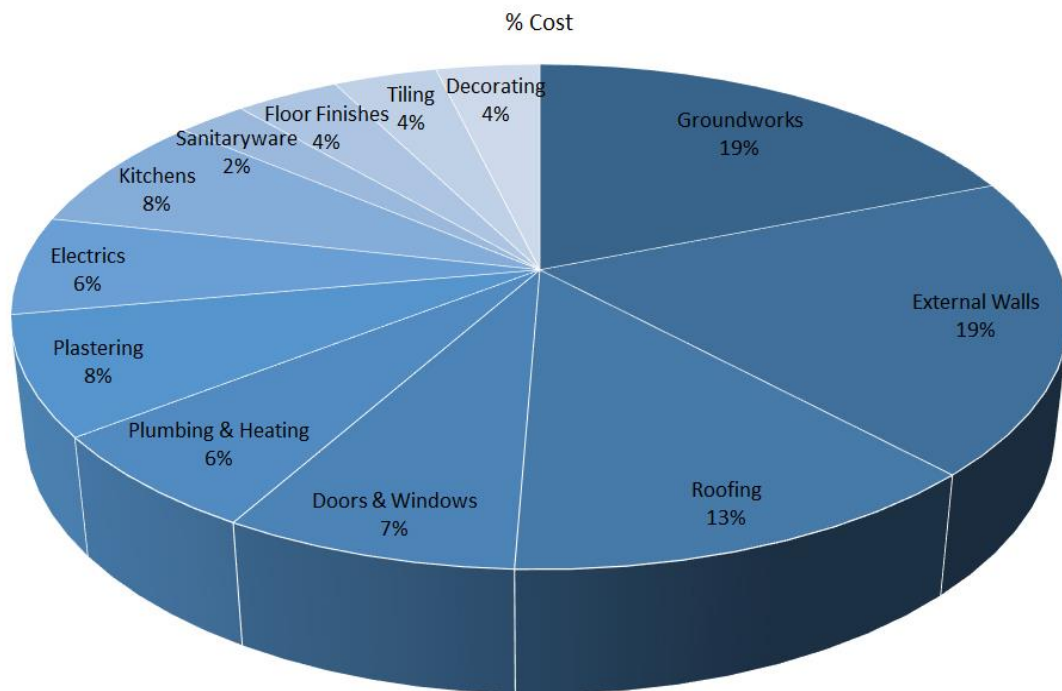


Figure 6. Industries involved in the construction of a house<sup>44</sup>

4.1.19. 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, housebuilding was reported to generate £13.7 billion but this figure will exclude the full extent of supply chain and induced impacts.

<sup>42</sup> Wises Lane Recovered Appeal (2021, p. 29). Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/982509/combined\\_DL\\_IR\\_R\\_to\\_C\\_Wises\\_Lane\\_Sittingbourne.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/982509/combined_DL_IR_R_to_C_Wises_Lane_Sittingbourne.pdf)

<sup>43</sup> Concept2Homes (2020). Available at: <https://www.concept2homes.com/guides/house-building-cost>

<sup>44</sup> Concept2Homes (2020). Available at: <https://www.concept2homes.com/guides/house-building-cost>

- 4.1.20. The construction industry's total output in 2019 was £178,116,200,000<sup>45</sup>. With the total number of construction employees in 2018 being 1,359,900<sup>46</sup>, 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<sup>47</sup>.
- 4.1.21. 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 direct employment impact of the scheme (147 jobs) it is relatively easy to estimate that the scheme will deliver approximately an additional £6.48m of direct GVA over the build period.
- 4.1.22. Total Gross Value Added (GVA) of Land off Swanstree Avenue for 135 dwellings based on construction spend and direct GVA therefore equates to a net contribution of £23.74m to GDP.
- 4.1.23. 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 very significant weight.

### Local Council Documents on Role of Housing for Economic Recovery

- 4.1.24. Swale BC has long identified the need for and importance of housing to the economy and this must be applied to recovery from COVID. Swale Locality Board state that

**'We [Swale Borough] need to ensure that housing and population growth, which is expected to continue for the foreseeable future... will bring significant economic benefits to the borough'<sup>48</sup>.**

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<sup>45</sup> ONS (2021). Table 1. Available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustrysubnationalandsubsector>

<sup>46</sup> ONS (2019). Available at: <https://www.ons.gov.uk/file?uri=/businessindustryandtrade/constructionindustry/datasets/constructionstatisticsannualtables/2018/csa2019maintables.xlsx>

<sup>47</sup> See Appendix 6.1.4

<sup>48</sup> Swale Borough Council (2012), <https://services.swale.gov.uk/assets/Strategies-plans-and-policies/Realising-our-ambitions-for-Swale.pdf>

## Local Community Benefits

- 4.1.25. As mentioned above, the value of all developer contributions in 2018/19 came to £7 billion this includes Community Infrastructure Levy (CIL) contributions as well as a range of other types of contributions including open space, education, transport, and travel. This represents an increase of way over 50% than those generated in 2010/11<sup>49</sup>.
- 4.1.26. The majority of this funding is primarily part of a financial contribution package made to the local authority. Additionally, house builders will also directly undertake the construction and/or implementation of facilities themselves.
- 4.1.27. S.106 contributions most commonly relate to education provision (for instance, school places), although significant financial contributions are also made towards funding public open space, sport and leisure facilities and improvements to public transport and highways.
- 4.1.28. The development could generate an estimated S106 contribution of £412,830 based on an average of Gladman S106 agreements<sup>50</sup>.
- 4.1.29. It is estimated that Swale Borough Council will receive approximately £2.3m in Council Tax receipts per annum from the development of 135 homes in Land off Swanstree Avenue, Sittingbourne.
- 4.1.30. The development of 135 dwellings will generate £700,000 to the Council from the New Homes Bonus<sup>51</sup>, helping to contribute towards the future prosperity of Swale Borough.

## Future Residents

- 4.1.31. 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:

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<sup>49</sup> Lichfields (2018) The Economic Footprint of UK Housebuilding

<sup>50</sup> See Appendix 6.1.5

<sup>51</sup> See Appendix 6.1.6

**“... the voice of those who stand to gain from development is not heard loudly enough, such as young people.”<sup>52</sup>**

- 4.1.32. This is mirrored by a statistic by the HBF who stated that First-time buyer demand is now outpacing pre-lockdown levels, with an 87% revival after an initial fall of 68% in the first two weeks of lockdown<sup>53</sup>.
- 4.1.33. Generally, buyer demand for new build homes resurged 66% in the six weeks that followed the property market reopening in May 2020 and is now in line with demand levels recorded in February 2020<sup>54</sup>. Since 2016 the demand for new build housing has been higher than the demand for existing homes, helping to support young people and families.
- 4.1.34. 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 income<sup>55</sup>.

### Local Spending Power

- 4.1.35. The delivery of up to 135 homes is likely to be home to a total of 322 new residents, this is based on the average Swale household size of 2.39 in line with the 2018 population projections for the LPA<sup>56</sup>.
- 4.1.36. If 60.3% of the population is of working age (corresponding with nomis official labour market statistics 2019 for Authority<sup>57</sup>), the delivery of 135 homes could result in an additional 194 people of working age residing in Sittingbourne<sup>58</sup>.

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<sup>52</sup> Robert Jenrick <https://www.gov.uk/government/speeches/housing-secretarys-statement-on-coronavirus-covid-19-13-may-2020>

<sup>53</sup> HBF (2020) Available from: <https://www.hbf.co.uk/news/demand-new-build-homes-rockets-post-lockdown/> (Accessed February 2021)

<sup>54</sup> HBF (2020) <https://www.hbf.co.uk/news/demand-new-build-homes-rockets-post-lockdown/>

<sup>55</sup> Lichfields and HBF (2018). [https://www.hbf.co.uk/documents/7876/The\\_Economic\\_Footprint\\_of\\_UK\\_House\\_Building\\_July\\_2018LR.pdf](https://www.hbf.co.uk/documents/7876/The_Economic_Footprint_of_UK_House_Building_July_2018LR.pdf)

<sup>56</sup> ONS Household projections for England. 2018 based population projections table 427. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland>

<sup>57</sup> Nomis Local Authority Profile 2019 available at: <https://www.nomisweb.co.uk/reports/Imp/la/contents.aspx>

<sup>58</sup> See Appendix 6.1.7

- 4.1.37. Of these people, given an economically active rate of 81.1% in those aged 16 and over in Authority, at least 157 could be expected to be economically active and in employment.
- 4.1.38. By reviewing the Output Area Classification (OAC)<sup>59</sup> 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 OAC.
- 4.1.39. 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 £4.23m of spending annually following completion of the development<sup>60</sup>.
- 4.1.40. 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 - 2019<sup>61</sup>. 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.
- 4.1.41. 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 £4.92m per annum. It is estimated that this level of expenditure could support around 16 full-time equivalent (FTE) jobs in total within the borough<sup>62</sup>.
- 4.1.42. These proposals will assist the local authority and the Government in addressing the demand for housing for first-time buyers and young families, which is ever-increasing and has surged as a response to COVID-19.

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<sup>59</sup> OAC Classification <https://maps.cdrc.ac.uk/#/geodemographics/oac11/default/BTFTFFT/7/-2.9993/52.6497/>

<sup>60</sup> See Appendix 6.1.8

<sup>61</sup> ONS (2020)

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

<sup>62</sup> See Appendix 6.1.9



## 5. CONCLUSION

- 5.1.1. To give the best chance of restoring the economy, together 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 135 houses at land off Swanstree Avenue in Sittingbourne, will assist the sector's vital role in the post-COVID recovery of the economy. Reiterating the Wises Lane appeal decision, the proposal aligns with the Inspector's conclusion that

**'...total economic benefits would have a positive effect on the local economy and attract substantial weight'.<sup>63</sup>**

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<sup>63</sup> See footnote 42.

## 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)<sup>64</sup>.

### 6.1.2. Number of Construction workers in each LPA

Use Nomis Census Table DC6110EW<sup>65</sup>. 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 Workers<sup>66</sup>

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 168-171<sup>67</sup>)/number of construction employees in region (Table 3.3c, column x<sup>68</sup>)

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

<sup>64</sup> Jewson's (2019)

<sup>65</sup> Nomis (2011). Available at: <https://www.nomisweb.co.uk/census/2011/dc6110ew>

<sup>66</sup> See footnote 46.

<sup>67</sup> ONS (2021). Available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustrysubnationalandsubsector>

<sup>68</sup> 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. S106<sup>69</sup>

Number of Dwellings x £3058

#### 6.1.6. New Homes Bonus<sup>70</sup>

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 data<sup>71</sup>) x number of dwellings in the 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>

<sup>69</sup> Based on an average of GDL S106 agreements.

<sup>70</sup> See footnote 52.

<sup>71</sup> ONS (2018). Table 427. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland>

2. Find 'Population Aged 16-64', you want the percentage of All People Aged 16-64 in your authority.
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 Power<sup>72</sup>

1. Number of households to occupy market and affordable housing x average weekly household expenditure of the settlement specific OAC 'super group'
2. x 52 weeks in a year
3. x 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)<sup>73</sup> as the amount of expenditure required to support one FTE construction job).

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<sup>72</sup> ONS (2018). Table A51. Available at:

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

<sup>73</sup> Forbes, D., El-Haram, M., Horner, M. and Lilley, S., (2012) Forecasting the number of jobs created through construction