

**Economic Recovery Following Covid-19:  
The Vital Role of the Housing Sector within Rother District  
Council**



**June 2021**

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# 1. INTRODUCTION

- 1.1.1. The planning world is operating in unprecedented times. The coronavirus pandemic has 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 have less of a 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 up to 210 dwellings at land off Fryatts Way, Bexhill acts as a significant contribution towards the role new housing plays in resolving the most pressing issue of our time.

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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>

## 2. THE HOUSING CRISIS

2.1.1. There is a wealth of evidence from figures at the highest levels of the Government and the Bank of England and, internationally, within the European Commission and International Monetary Fund, which demonstrate 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 house building has not kept pace with population growth and household formation rates. In turn, due to the shortage in the 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 the Broken Housing Market', Prime Minister Theresa May stated<sup>2</sup>:

**"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."**

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 (and 4 million in England). This figure included estimates of the number of ‘concealed’ households to be 2.5 million households (i.e. adults who would prefer to live separately from their current households) and households that are overcrowded or living in unsuitable (3.6m) or unaffordable accommodation<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 to turn “generation rent into generation buy”<sup>7</sup>. This has been heightened by the more recent COVID-19 pandemic and ‘lockdown’ measures imposed, 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 are likely to continue for the foreseeable future.
- 2.1.9. The proposals for up to 210 new homes at land of Fryatts Way, Bexhill, contributes towards the housing sector not only assisting Rother District Council but also the national Government in the delivery of much-needed homes to tackle the housing crisis and in providing homes in a sustainable, desirable location which shall be developed to a high standard and adhere to the adopted design principles creating real homes for real people at a time where 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 ON THE ECONOMY AND HOUSING NEED

#### The economy

- 3.1.1. The COVID-19 outbreak has had far-reaching social and economic implications for all parts of the economy across the UK in such a short period of time. The monthly Gross Domestic Product (GDP) saw its biggest fall on record in April 2020, falling by 19.5%<sup>8</sup>.

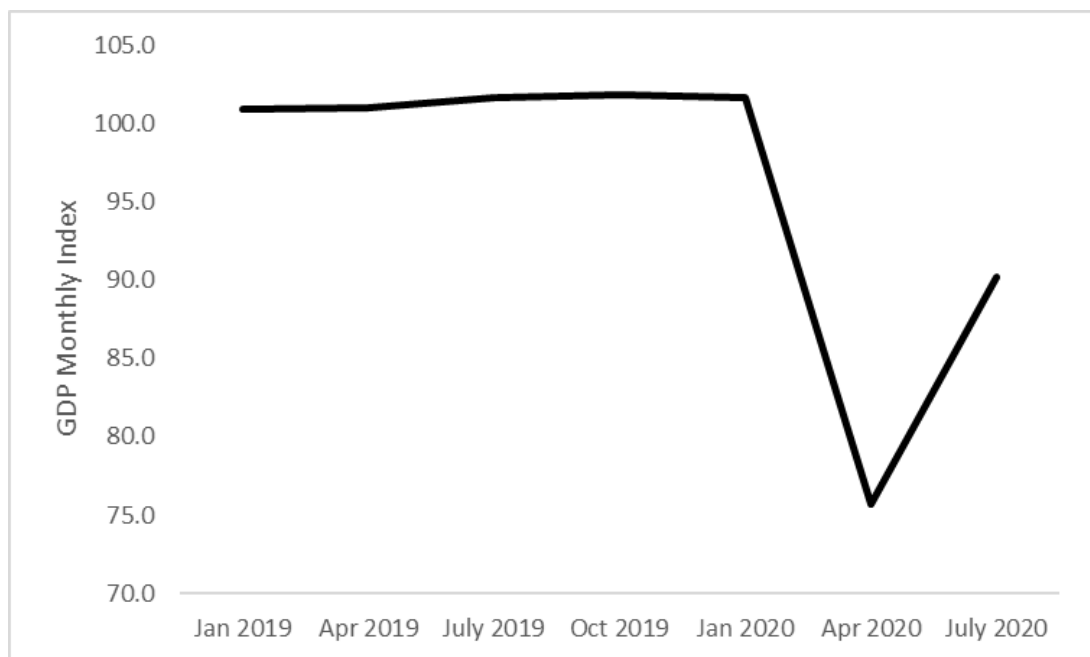


Figure 1: GDP fall due to COVID<sup>9</sup>

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

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

<sup>9</sup> ONS 2021 GDP Monthly Estimate Available at  
<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/november2020>

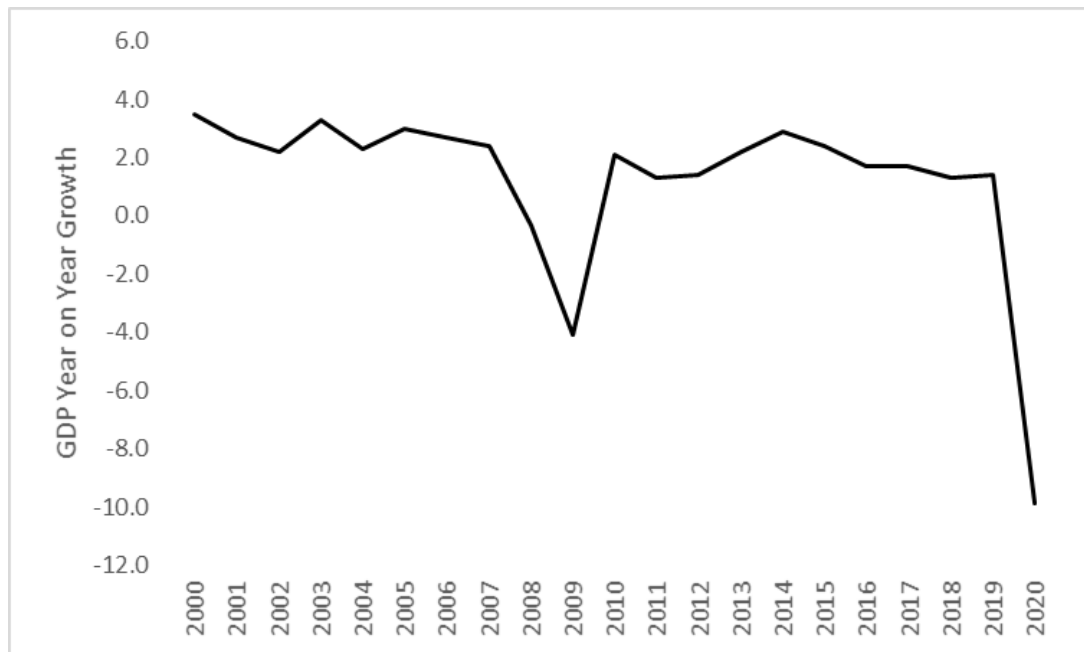


Figure 2: GDP Year on Year Growth from 2000-2020<sup>10</sup>

- 3.1.3. The pandemic 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, the industry is still 10.8% (£1,509 million) lower when compared with February 2020<sup>11</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>12</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>13</sup>.

<sup>10</sup> ONS Gross Domestic Product: Year on Year growth: CVM SA % (2020) available from <https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ihyp/pn2>

<sup>11</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>12</sup> Dr Steve McCabe (Institute for Design and Economic Acceleration, Birmingham City University)

<sup>13</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, latterly the unemployment rate and the level of redundancies has been increasing in more recent periods<sup>14</sup>.
- 3.1.7. Research carried out by Savills for Shelter estimates 116,000 construction jobs could be lost by 2020/21 as housebuilding stalled.<sup>15</sup>

## Implications for 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 typically each month 300,000 tenancies come up for renewal<sup>16</sup>. With the pressure to move for some becoming acute, 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, but the pandemic 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>17</sup>.
- 3.1.10. Research suggests the pandemic will see 84,000 fewer homes delivered this year – with overall output dropping from 255,000 last year to just 171,000 homes in 20/21. Under the worst-case scenario, the report also shows the Government will fall significantly below its own housebuilding targets, with as many as 318,000 new homes lost over the next five years<sup>18</sup>.

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<sup>14</sup> ONS Labour Market Overview  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/october2020> (accessed February 2021)

<sup>15</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>16</sup> Jenrick (2020) <https://www.gov.uk/government/speeches/housing-secretarys-statement-on-coronavirus-covid-19-13-may-2020>

<sup>17</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>18</sup> See footnote 15

- 3.1.11. When comparing the number of homes completed in quarter 2 of 2019 with those completed in quarter 2 of 2020, Rother completed 75% less homes due to lockdown restrictions<sup>19</sup>.
- 3.1.12. There is also a real prospect of schemes with older planning permissions starting to raise issues of viability, further delaying the rates in the delivery. It is widely accepted (including, for example, within the Letwin Review) that more sites (i.e. sales outlets) equals more housing delivery. Approving this readily deliverable scheme will make a meaningful contribution to the housing supply in Rother District.
- 3.1.13. 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>20</sup>. This is the highest annual growth rate for 14 years, according to official figures, as shown by Figure 3 (below). The Office for National Statistics state average prices have risen by £24,000 to £256,000, a new record high.
- 3.1.14. Prices have been pushed up by the temporary stamp duty reduction, low interest rates and people wanting more space after lockdown.

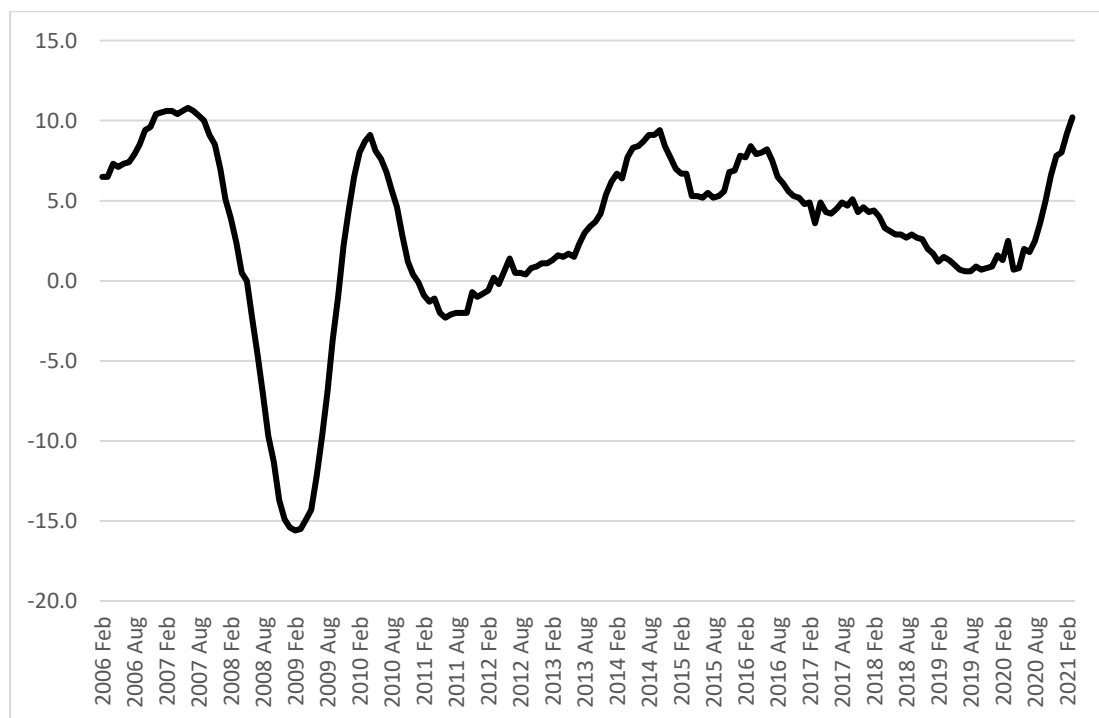


Figure 3. Annual house price rates of change for all dwellings, UK: January 2006 to March 2021

<sup>19</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>

<sup>20</sup> ONS UK House Price Index <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2021> (Accessed June 2021)

- 3.1.15. In Rother District, house prices have risen by 7.8% from £296,383 2019 to £319,493 in April 2021<sup>21</sup>. This has led to an inflated affordability ratio of 12.75, with wage increases struggling to keep pace<sup>22</sup> when compared to a national and regional average of 7.84 and 9.92.
- 3.1.16. The increase in demand for newly-built housing, especially in areas outside of the main 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.
- 3.1.17. Granting planning permissions for sustainable developments in Rother, such as the proposed development for up to 210 new homes (30% of which will be provided as on-site affordable dwellings) on land off Fryatts Way, highlights the role that local authorities can play which will enable 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>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)

<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 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 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> – the coronavirus pandemic is no different.

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<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 NPPF in 2012 was 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 once again.

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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 Framework 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.” (§80)**

- 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 210 new dwellings on land off Fryatts Way, Bexhill, alongside other schemes in Rother District, not only provides much-needed housing to the area, boosting socio-economic benefits to the district, but it also helps to increase the role of the south east in contributing towards the much-needed growth of GDP across the nation.

## GDP

- 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 £7bn nationally (of which £4.7bn were in the form of affordable housing contributions), in turn supporting delivery of 30,000 affordable homes<sup>30</sup>.

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<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 has been 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 has grown 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>*** (as Figures 4 and 5 illustrate).

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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>

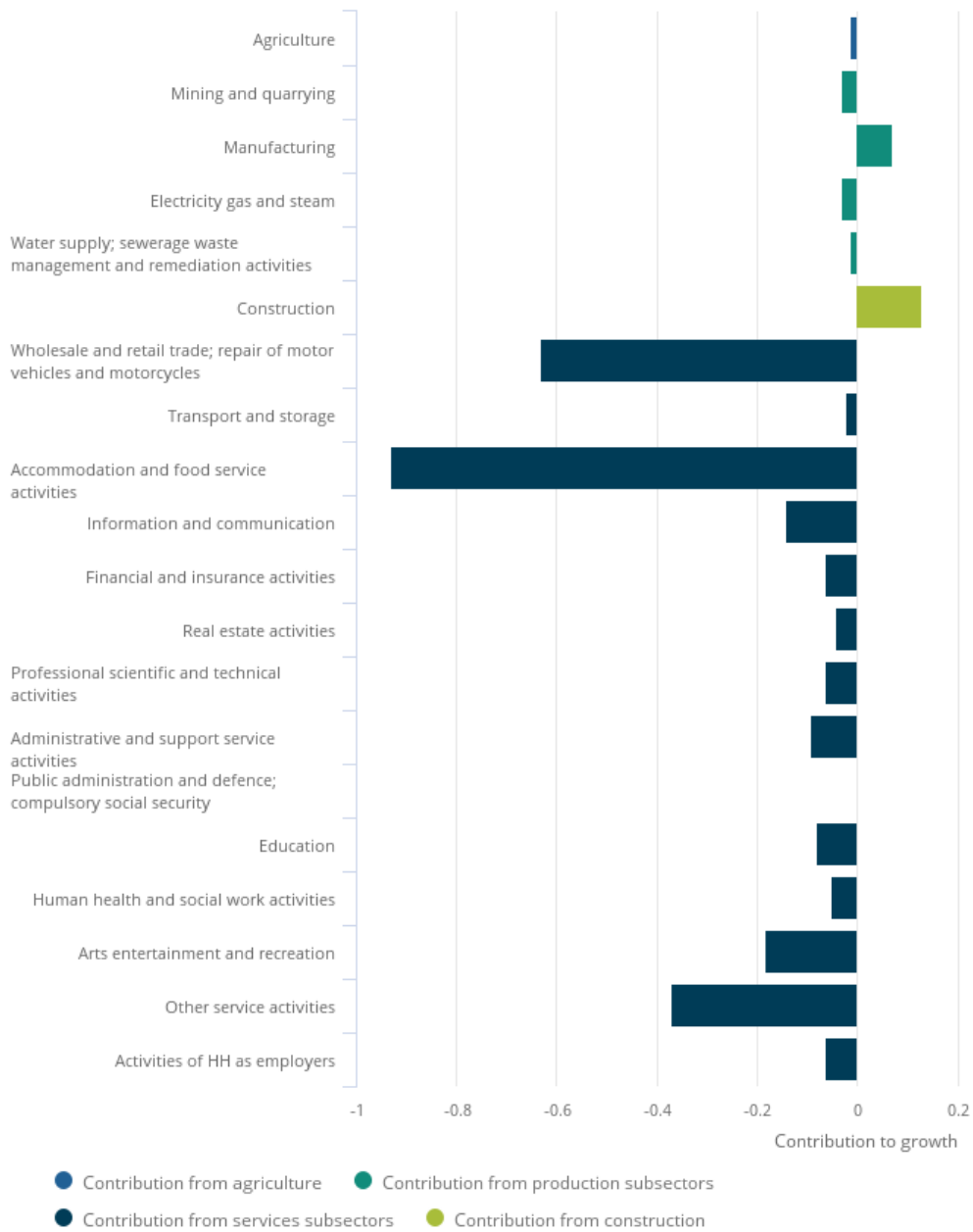


Figure 4. Contribution to monthly GDP by sector in November 2020<sup>33</sup>.

<sup>33</sup> See footnote 29



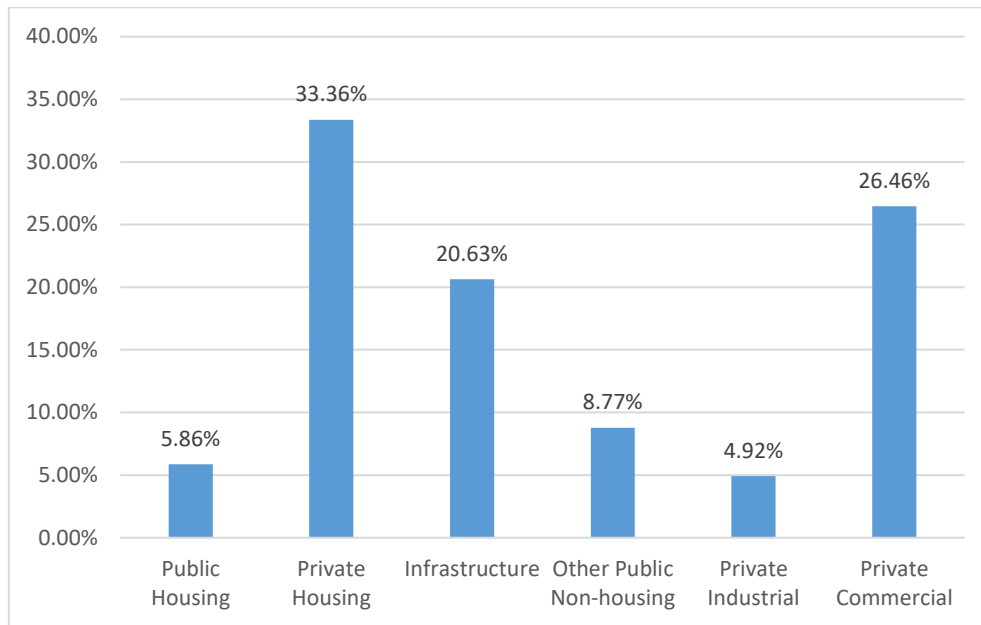


Figure 5. Private housing output versus other construction sectors 2019<sup>34</sup>

- 4.1.12. The development of land off Fryatts Way, Bexhill for up to 210 dwellings will generate a construction spend which totals approximately £28.38 million 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 decision concerning a proposed residential development in Nantwich. In this decision, the Secretary of State acknowledged that despite Cheshire East Council being able to demonstrate a five-year housing land supply, it is a Government policy imperative to boost the supply of housing, as set out at paragraph 59 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/outputinthecconstructionindustrysubnationalandsubsector>

**“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>35</sup>**

- 4.1.14. There are nearly 700,000 workers in the housebuilding industry<sup>36</sup>, of which 3,836 are located in Rother District<sup>37</sup>.
- 4.1.15. By approving the proposals there is potential for 242 direct and 264 full time indirect jobs to be made available for local workers over a build-out period, benefitting the LPA with their specialist skills and spending within the LPA over 6 years (average build out of 35dpa). This, along with the construction value output multiplier of 1.71<sup>38</sup> allows the LPA to enable long term local job opportunities including the opportunity to train apprentices.
- 4.1.16. 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.

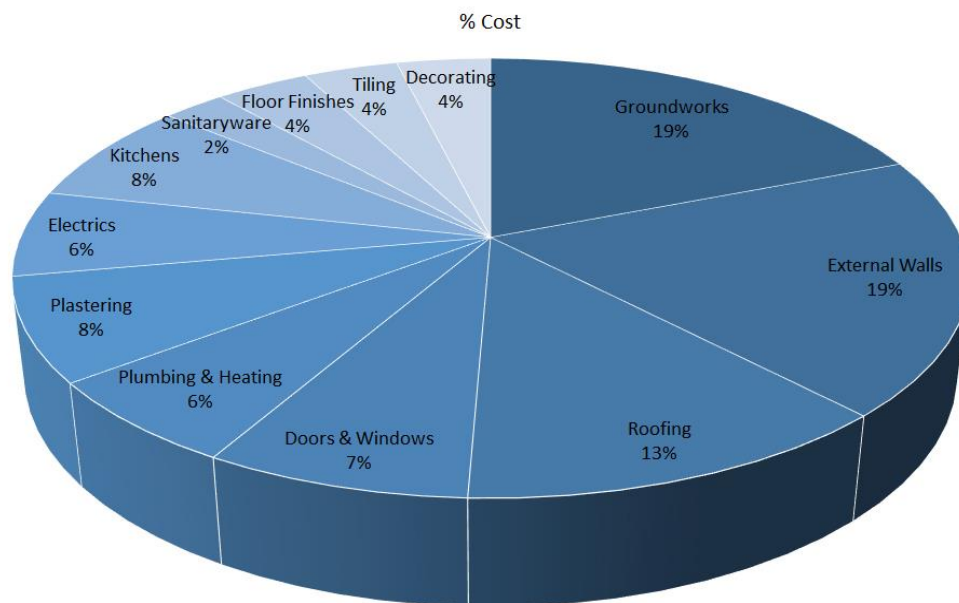


Figure 6. Industries involved in the construction of a house<sup>39</sup>

<sup>35</sup> Secretary of State Appeal Decision Reference: APP/R0660/A/13/2197532 / APP/R0660/A/13/2197529 (July 2020)

<sup>36</sup> Lichfields (2018)

<sup>37</sup> Nomis Census Table DC6110EW <https://www.nomisweb.co.uk/census/2011/dc6110ew>

<sup>38</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>39</sup> Concept2Homes (2020). Available at: <https://www.concept2homes.com/guides/house-building-cost>

- 4.1.17. 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 but this figure will exclude the full extent of supply chain and induced impacts.
- 4.1.18. The construction industry's total output in 2019 was £178,116,200,000<sup>40</sup>. With the total number of construction employees in 2018 being 1,359,900<sup>41</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 (see [Appendix 6.1.4](#)).
- 4.1.19. From the 'Annual Business Survey' of the Office for National Statistics (2011), it can be established that GVA in the construction of buildings averages 35.2% of turnover in the South East. 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 (506 jobs) it is relatively easy to estimate that the scheme will deliver approximately an additional £10.66m of direct GVA over the build period.
- 4.1.20. Based on the construction spend and multiplier effect, Gross Value Added (GVA) of land off Fryatts Way, Bexhill for up to 210 dwellings equates to a net contribution of £10.66m to GDP.
- 4.1.21. 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.

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<sup>40</sup> ONS (2021). Table 1. Available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustrysubnationalandsubsector>

<sup>41</sup> ONS (2019). Available at: <https://www.ons.gov.uk/file?uri=/businessindustryandtrade/constructionindustry/datasets/constructionstatisticsannualtables/2018/csa2019maintables.xlsx>

## Local council documents on role of housing for economic recovery

- 4.1.22. Rother District Council has identified the need to plan effectively for the district's recovery post-COVID. At the time of writing, the 'Post-COVID Recovery Plan' is planned to be discussed by councillors in September 2021.

## Local community benefits

- 4.1.23. 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 more than 50% on contributions generated in 2010/11<sup>42</sup>.
- 4.1.24. 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.
- 4.1.25. Section 106 (S106) 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.
- 4.1.26. The development could generate an estimated S106 contribution of £642,180 based on an average Gladman S106 agreement (see [Appendix 6.1.5](#)).
- 4.1.27. Furthermore, a total CIL receipt can be estimated from the development utilising the Council's CIL Charging Schedule (2016), which identified a figure of £170/m<sup>2</sup> of floor space. The scheme is expected to create 21,239m<sup>2</sup> and therefore a receipt of £3.6m<sup>43</sup>.
- 4.1.28. It is estimated that Rother District Council will receive approximately £3.5m in Council Tax receipts per annum from the development of up to 210 homes in land off Fryatts Way, Bexhill.
- 4.1.29. The development of up to 210 homes will generate £1.1m to the district from the New Homes Bonus (see [Appendix 6.1.6](#)), helping to contribute towards the future prosperity of Rother District.

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<sup>42</sup> Lichfields (2018) The Economic Footprint of UK Housebuilding

<sup>43</sup> Rother District Council CIL Charging Schedule (2016)

## Future residents

- 4.1.30. 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."<sup>44</sup>**

- 4.1.31. This is mirrored by a statistic by the Home Builders Federation (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>45</sup>.
- 4.1.32. 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>46</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.
- 4.1.33. 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>47</sup>.

## Local spending power

- 4.1.34. The delivery of up to 210 homes is likely to be home to a total of 449 new residents; this is based on the average household size of 2.14 in line with the 2018 population projections for Rother District<sup>48</sup>.

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<sup>44</sup> Robert Jenrick <https://www.gov.uk/government/speeches/housing-secretarys-statement-on-coronavirus-covid-19-13-may-2020>

<sup>45</sup> HBF (2020) Available from: <https://www.hbf.co.uk/news/demand-new-build-homes-rockets-post-lockdown/> (Accessed February 2021)

<sup>46</sup> HBF (2020) <https://www.hbf.co.uk/news/demand-new-build-homes-rockets-post-lockdown/>

<sup>47</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>48</sup> ONS Household projections for England. 2018 based population projections table 427. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland>

- 4.1.35. Assuming that 52.8% of the population is of working age (corresponding with nomis official labour market statistics 2019 for Rother District<sup>49</sup>) the delivery of up to 210 homes could result in an additional 237 people of working age residing in Bexhill (see Appendix 6.1.7).
- 4.1.36. Of these people, given an economically active rate of 82.7% in those aged 16 and over in Rother District, at least 196 could be expected to be economically active and in employment (see Appendix 6.1.7).
- 4.1.37. By reviewing the Output Area Classification (OAC)<sup>50</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.
- 4.1.38. 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 £6,587,000 of spending annually following completion of the development (Appendix 6.1.8).
- 4.1.39. 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>51</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.
- 4.1.40. 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 £7,664,000 per annum. It is estimated that this level

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<sup>49</sup> Nomis Local Authority Profile 2019 available at: <https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx>

<sup>50</sup> OAC Classification <https://maps.cdrc.ac.uk/#/geodemographics/oac11/default/BTFTFFT/7/-2.9993/52.6497/>

<sup>51</sup> ONS (2020) <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/bulletins/familyspendingintheuk/april2018tomarch2019>

of expenditure could support around 24 FTE jobs in total within the district (see appendix 6.1.9).

- 4.1.41. 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.

## 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; 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. The delivery of up to 210 new houses at land off Fryatts Way, Bexhill, will assist the sector's vital role in the post-COVID recovery of the economy, providing Rother District with benefits that will last well into the future and, as such, should be afforded significant weight in the determination of the planning application.



## 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>52</sup>.

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

Use Nomis Census Table DC6110EW<sup>53</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>54</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>55</sup>)/number of construction employees in region (Table 3.3c, column x<sup>56</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>52</sup> Jewsons (2019)

<sup>53</sup> Nomis (2011). Available at: <https://www.nomisweb.co.uk/census/2011/dc6110ew>

<sup>54</sup> See footnote 46.

<sup>55</sup> ONS (2021). Available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustrysubnationalandsubsector>

<sup>56</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>57</sup>

Number of Dwellings x £3058

6.1.6. New Homes Bonus<sup>58</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>59</sup>) 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>

<sup>57</sup> Based on an average of GDL S106 agreements.

<sup>58</sup> See footnote 52.

<sup>59</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>60</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>61</sup> as the amount of expenditure required to support one FTE construction job).

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<sup>60</sup> ONS (2018). Table A51. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/averageweeklyhouseholdexpenditurebyoutputareaclassificationoacsupergroupuktablea51>

<sup>61</sup> Forbes, D., El-Haram, M., Horner, M. and Lilley, S., (2012) Forecasting the number of jobs created through construction