



Socio-Economic Benefits Statement

Land off The Hill, Littlebourne

February 2023



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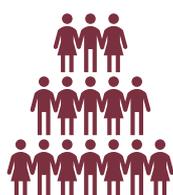
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EXECUTIVE SUMMARY

- i. Gladman is seeking planning permission in outline for a residential development at land off The Hill, Littlebourne in Canterbury City Council.
- ii. This report summarises trends and impacts at the national and local level regarding housing delivery and its economic benefits.
- iii. Through a number of factors, including a lack of supply, affordability ratios have increased significantly at a national and local level. Wages have failed to keep pace and the stark reality of this is many people have been unable to afford their own home and get on the property ladder.
- iv. In Canterbury City Council the affordability ratio is 12.86 compared against a ratio 3.5 which is traditionally seen as affordable housing market.
- v. This report summarises estimated key economic benefits expected to be realised as a result of this schemes realisation with increased housing supply. Expected socio-economic benefits include:

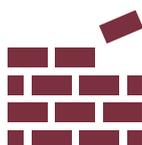


Delivery of 300 homes including 30% affordable housing which could be home to up 708 residents.



440 new residents of working age, 310 of whom would be in employment

Residents could generate total gross expenditure of around £10.7 million per annum



A construction spend of £36 million, contributing significantly to GDP.



313 FTE direct construction jobs, and 341 FTE indirect jobs in associated industries available for local workers over the 6 year build-out period.



New Homes Bonus payment of £1.5 million over a 4 year period.

Council Tax payments of approximately £5.9 million over 10 years.



Significant Section 106/CIL Contributions to be spent in the local community.

Facilities to be constructed on-site – *Older persons accommodation, community facilities, waste water treatment works, LEAP and allotments*

1 INTRODUCTION

1.1 Context

- 1.1.1 The planning world is operating in times of rapid change with social, environmental and political shifts which have wide-reaching implications for councils, developers and other businesses that contribute towards a healthy economy.
- 1.1.2 The benefits of housebuilding have been shown to be persistent through times of economic upheaval and the planning sector has played a central role in aiding recovery from economic challenges throughout recent history. Housebuilding will continue to be a key factor in spurring economic growth.
- 1.1.3 Having a suitable home with accessible outdoor space and sufficient room to live and potentially work is more important than ever. The planning system is evolving to embrace this and meet the demands of an increasingly digital population through virtual modes of communication to ensure consultation represents real needs.
- 1.1.4 The ongoing housing crisis, intensified by under-delivery, means the economic benefits of new housing are now more important than ever and should not be viewed as a given benefit but rather as a crucial component of the planning balance.
- 1.1.5 This statement provides context to the housing crisis and explains how the proposed development for approximately 300 dwellings off The Hill, Littlebourne, will make a significant contribution towards strengthening the economy in challenging times contributing to local and national objectives.

1.2 National Planning Policy

- 1.2.1 The National Planning Policy Framework (NPPF or the Framework) was first introduced in 2012 and most recently updated in 2021.
- 1.2.2 At the heart of the Framework is a 'presumption in favour of sustainable development'. Paragraph 8 of the Framework outlines that the planning system has three overarching achieving objectives, which are interdependent and need to be pursued in mutually supportive ways. These objectives are economic, social and environmental.

1.2.3 The NPPF is particularly clear on the importance of economic benefits arising from new development:

38 Local planning authorities should approach decisions on proposed development in a positive and creative way. They should use the full range of planning tools available, including brownfield registers and permission in principle, and work proactively with applicants to secure developments that will improve the economic, social and environmental conditions of the area. Decision-makers at every level should seek to approve applications for sustainable development where possible.

81 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. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. ...

1.2.4 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. Indeed, economic benefits for schemes containing fewer housing numbers than the one proposed by the application site have recently been awarded 'very substantial weight' and 'significant weight' by appeal Inspectors¹.

1.2.5 It is important to ensure that communities have a sufficient quantum of land available to ensure the delivery of sustainable development in the right places. The provision of up to 300 dwellings off The Hill, Littlebourne, alongside other schemes in Canterbury City Council, will not only provide much-needed housing to the area, boosting socio-economic benefits to the LPA, but will also help to increase the role of the Council in contributing towards the much-needed growth of GDP across the nation.

1.3 House building as part of Gross Document Product

1.3.1 The house-building industry in England and Wales is worth £38 billion a year (based on 2017 data) and supports nearly 700,000 jobs², the majority of which (85%) was contributed through

¹ APP/V3120/W/20/3264500 (PINS, 2021) and APP/Y3940/W/21/3282365 (PINS, 2022)

² HBF and Lichfields 'The Economic Footprint of House Building in England and Wales' (2018) available at: https://www.hbf.co.uk/documents/7876/The_Economic_Footprint_of_UK_House_Building_July_2018LR.pdf (accessed February 2021)

private sector housing. In 2020, the output of the construction sector as a whole was £99,651 million, supporting over 1.4 million employed jobs as well over 700,000 self employed people³. This output was down after the record high of £119,087 million in 2019 as the impact of the Coronavirus (COVID-19) pandemic took hold; there were similar percentage reductions in both private and public new work. Construction of housing in 2020 was valued at £37,755 million, contributing significantly more to GDP than any other sector⁴.

- 1.3.2 It's clear that construction and in particular house building are significantly important factors in delivering a prosperous economy.
- 1.3.3 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 infrastructure⁵.
- 1.3.4 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 homes⁶.

³ ONS (2020). Available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/articles/constructionstatistics/2020>

⁴ *ibid*

⁵ 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>

⁶ Planning for the Future White Paper, Page 60 (August 2020)

2 THE HOUSING CRISIS AND AFFORDABILITY OF HOUSING

2.1 Introduction

- 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.
- 2.1.3 The human consequences of the housing crisis are stark, real and unchanged. 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 (for instance, 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 million⁷.
- 2.1.4 The housing crisis is not a new problem but has only been exacerbated by the COVID-19 pandemic.

Impacts from COVID-19

- 2.1.5 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 the Figure below⁸.

⁷ House of Commons Library (4 February 2022) *Tackling the under-supply of housing*. Available at: <http://researchbriefings.files.parliament.uk/documents/CBP-7671/CBP-7671.pdf>

⁸ ONS GDP Monthly Estimate:

<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/november2022>

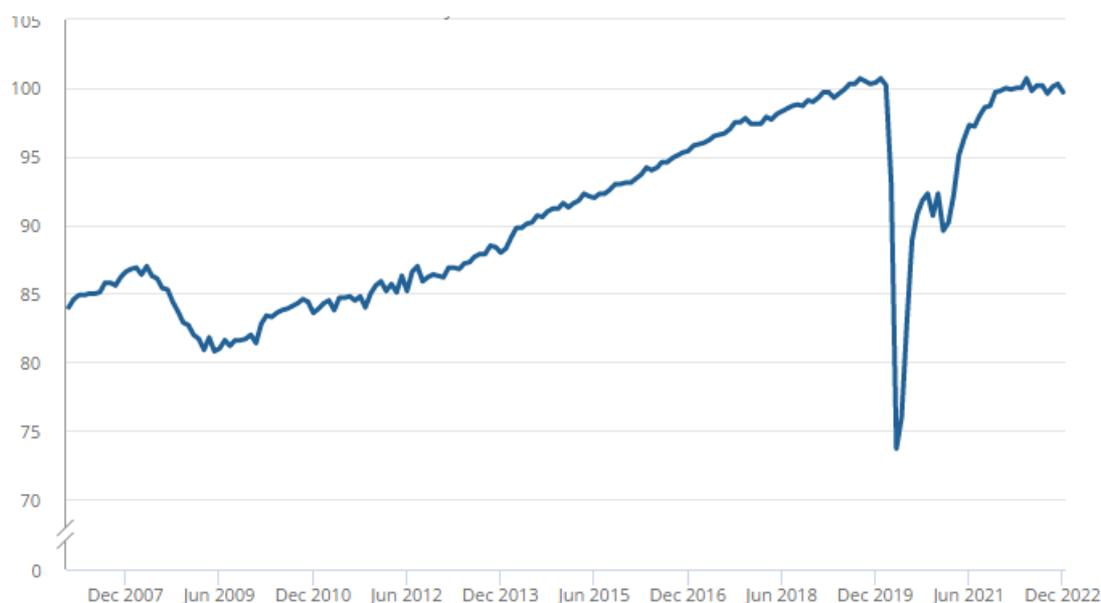


Figure 1: UK monthly GDP - Monthly index, January 2007 to December 2022, UK

Source: Office for National Statistics - GDP monthly estimate

- 2.1.6 Whilst GDP has somewhat recovered, construction and housebuilding remains crucial to maintaining and increasing GDP. During the first lockdown, 450,000 buyers in Britain were unable to exchange and each month 300,000 tenancies typically come up for renewal⁹. With the pressure to move becoming acute for some, some have faced, and continue to deal with, serious legal, financial and health implications.
- 2.1.7 COVID-19 also impacted employees take home for those who were furloughed, lost jobs or had reduced hours imposed. This meant that those affected had less to spend on housing and as noted below, in 2021 average earnings dropped whilst house prices increased.

2.2 Affordability of Housing

- 2.2.1 House prices have grown significantly faster than average incomes. In England in 2021, full-time employees could typically expect to spend around 9.1 times their workplace-based annual earnings on purchasing a home; this is a significant annual increase from 2020, when it was 7.9 times their workplace-based annual earnings.
- 2.2.2 In England, average house prices increased by 14% in 2021, while average earnings fell by nearly 1%. This led to housing becoming less affordable:

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

Annual change in house prices, earnings and affordability ratio, England and Wales, 2020 to 2021



Figure 2: Annual change in house prices, earnings and affordability ratio, England and Wales, 2020 to 2021

Source: Office for National Statistics – House price statistics for small areas bulletin, using the Annual Survey of Hours and Earnings

- 2.2.3 It is the younger generations who are directly affected by this crisis, as reiterated by the Prime Minister, Boris Johnson, 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 cases they can't even hang a picture, let alone pass on to their children.”¹⁰

- 2.2.4 Fixing the 'broken' housing market is one of the Government's top priorities, with the aim of turning *"generation rent into generation buy"*¹¹. This has been heightened by the COVID-19 pandemic and 'lockdown' measures, which highlighted the need for new housing developments throughout the country. As lockdown struck, many, specifically young people, were forced to live in accommodation which did not meet their needs, often without access to private gardens or a suitable place to work, as many people have had to adjust to working from home. These needs represent the 'new normal', which is likely to continue for the foreseeable future.

¹⁰ Boris Johnson "Key Note Speech" Conservative Conference (October 2020).

¹¹ *Ibid*

- England: 9.05
- South East 11.12
- Canterbury: 12.86

2.2.10 House prices have increased significantly in Canterbury City Council. The average house price rose by over £70,000, from £300,335 in April 2019 to £371,010 in November 2022, with the average price of a detached house rising by over £126,000 .

2.2.11 Over this time period, overall house prices in Canterbury City Council have therefore increased by approximately 23%, with detached house prices increasing by 26%.

2.2.12 The increase in the demand for housing in areas outside city centres, 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.

2.2.13 The average house price paid in Canterbury City Council was £371,010 in November 2022. Property prices for First Time Buyers are also significant and so have necessitated very large deposits in order to get on the housing ladder, with average price paid by first time buyers being £299,656 in Month Year.

2.2.14 As with indicators at the national level, affordability of housing in Canterbury City Council is a significant issue.

3 ECONOMIC BENEFITS ARISING FROM DEVELOPMENT

3.1 Introduction

- 3.1.1 Through the development of housing, elderly accommodation and community facilities at Land off The Hill there will be significant economic benefits arising from the granting of planning permission and the construction of the proposals.
- 3.1.2 Detailed below are estimates of these economic benefits arising. Values at the time of implementation are likely to be higher due to the effects of inflation.

3.2 Construction of New Housing and Employment

- 3.2.1 There are nearly 700,000 workers in the housebuilding industry¹⁴, approximately 3,000 of which are located in the construction industry in the authority area of Canterbury City Council¹⁵.
- 3.2.2 The impacts of development will extend beyond construction employment to include indirect benefits for the local and national economy. This is because construction is one of the most effective sectors in stimulating wider economic activity. For every £1 of output by construction, a quantum of demand, greater than the sum of its parts, is generated for the supply of products, materials and professional services used by the construction process. This is known as a 'multiplier effect'.
- 3.2.3 By approving the proposals there will be 313 direct and 341 indirect FTE jobs generated available for local workers over the build-out period, furthering the development of specialist skills and spending within the LPA over an estimated 6 year build-out period. At a build-out rate of 50 dwellings per annum this equates to approximately 108 full time equivalent (FTE) jobs per annum.
- 3.2.4 This, along with the construction value output multiplier of 1.71¹⁶ allows the LPA to enable long term local job opportunities including the opportunity to train apprentices.

¹⁴ Lichfields (2018)

¹⁵ Nomis Web Local Authority Profile

¹⁶ 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>

- 3.2.5 The figure below illustrates a selection of the different sectors involved to physically construct a home; these are some of the industries and workers that have been factored into the construction multiplier¹⁷.

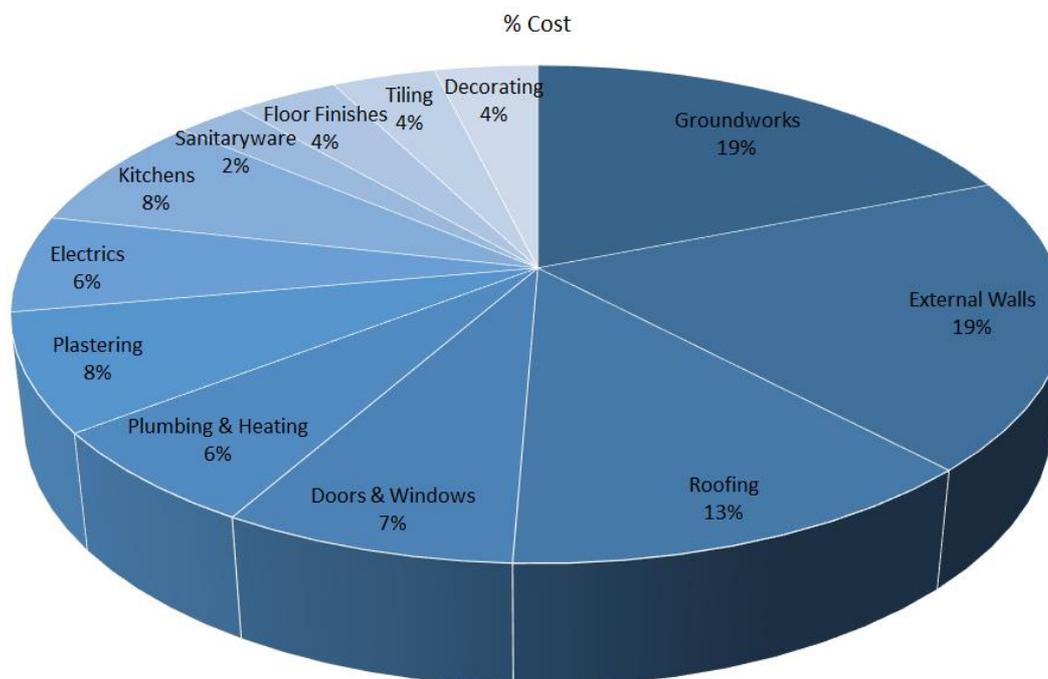


Figure 4: Industries involved in the construction of a house.

- 3.2.6 The total number of construction employees nationally in 2018 was 1,359,900. For the South East, the gross average output per employee can be estimated as £125,203 which, through the creation of 313 FTE jobs means development of Site would contribute approximately £13,795,287 to the local economy.
- 3.2.7 From the 'Annual Business Survey' (2011) of the Office for National Statistics, it can be established that the construction of buildings averages 35.2% of turnover in the Region. The £36,732,552m construction spend for this site would therefore contribute significantly to the local and regional economy.
- 3.2.8 The economic benefits from the construction phase are significant and should be included within the benefits arising from the scheme in the decision making process.

¹⁷ Concept2Homes (2020). Available at: <https://www.concept2homes.com/guides/house-building-cost>

- 3.2.9 Post construction there will also be other indirect jobs created including in but not limited to real estate and public administration.

Local Council Documents on Role of Housing for Economic Recovery

- 3.2.10 Canterbury City Council has long identified the need for and importance of housing to the economy. The Local Plan adopted in July 2017 states that:

“The Housing Strategy examines the interdependence between housing, the planning system and the economy”¹⁸

Local Spending Power

- 3.2.11 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 income¹⁹.
- 3.2.12 The delivery of up to 300 homes is likely to be home to a total of 708 new residents, this is based on the average household size of 2.36 in line with the 2018 population projections for the Canterbury City Council²⁰.
- 3.2.13 Assuming that 62.2% of the population is of working age (corresponding with nomis official labour market statistics 2021 for Canterbury²¹), the delivery of 300 homes could result in an additional 440 people of working age residing in Littlebourne.
- 3.2.14 Of these people, given an economically active rate of 70.5 % in those aged 16 and over in Canterbury City Council, at least 310 could be expected to be economically active and in employment.
- 3.2.15 By reviewing the Output Area Classification (OAC)²² 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

¹⁸ Canterbury District Local Plan. Paragraph 1.27 <https://www.canterbury.gov.uk/sites/default/files/2022>

¹⁹ Lichfields and HBF (2018). https://www.hbf.co.uk/documents/7876/The_Economic_Footprint_of_UK_House_Building_July_2018LR.pdf

²⁰ ONS Household projections for England. 2018 based population projections table 427. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland>

²¹

²² OAC Classification <https://maps.cdrc.ac.uk/#/geodemographics/oac11/default/BTFTF7/7-2.9993/52.6497/>

results from the 2011 UK census data to categorise the character of local areas. The application site falls into 'Category 5' OAC'. Representing 'e-Rational Utilitarians'.

- 3.2.16 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 approximately £10.7 million of spending annually following completion of the development.

Local Community Benefits

- 3.2.17 New and existing residents will feel the benefits of growth from development at this location. A Section 106 obligation and/or Community Infrastructure Levy (CIL) payments will be provided by the scheme.
- 3.2.18 Each development proposal will be different and obligations dependent on necessary infrastructure to make the development acceptable in planning terms. Those that are mostly most commonly associated with new housing development include payments toward education settings, health care services, off-site sports and leisure facilities and improvements to public transport and highways infrastructure.
- 3.2.19 The value of developer contributions agreed in England during the financial year 2018/19 was £7bn. This represents an increase in the aggregate value of developer contributions agreed since 2016/17, up 16% in nominal terms from £6.0bn in 2016/17 (9% after adjusting for inflation)²³.
- 3.2.20 This proposed development will generate Section 106 contributions and so new and existing residents will feel the benefits of growth, as these contributions go toward new and existing public infrastructure.
- 3.2.21 Furthermore, a total CIL receipt can be estimated from the development utilising Canterbury City Council's CIL Charging Schedule (2020) which identified a figure of £187/m² of floor space. The scheme is expected to create 27,490m² and therefore a receipt of £5,140.630. [see footnote²⁴]

²³ Ministry of Housing, Communities & Local Government *Section 106 planning obligations and the Community Infrastructure Levy in England, 2018 to 2019: report of study* (August 2020)

²⁴ CIL Charging Schedule <https://drive.google.com/file/d/1EudDt03Fn81rTuoM1cWp7StgzUDkhJJS/view> (February 2020)

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- 3.2.22 It is estimated that Canterbury City Council will receive approximately £5.9 million in Council Tax receipts over a 10-year period from the development of approximately 300 homes at The Hill, Littlebourne.
- 3.2.23 The development of 300 dwellings will generate £1,500,000 for the Council from the New Homes Bonus, helping to contribute towards the future prosperity of Canterbury City Council.
- 3.2.24 There may not be a specific scheme identified to be used for New Homes Bonus but the scheme was implemented so that residents feel the benefit of growth and the funding made available should be used by the Local Planning Authority appropriately.
- 3.2.25 Development at this location will result in economic benefits for the local community.

4 CONCLUSION

4.1 Report Summary

- 4.1.1 To support a healthy economy, we need to tackle the shortage of beautiful, high-quality homes and places where people want to live and work. To tackle important issues such as climate change, biodiversity and supporting sustainable growth, we need to improve the construction and ownership of more housing to enable more people to own assets and strengthen their stake in our society.
- 4.1.2 The combination of economic benefits including but not limited to those associated with local spending power of future residents, the construction phase, and payments such as Section 106 obligations/CIL payments and Council Tax, should be attributed very substantial weight in the planning balance.
- 4.1.3 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.
- 4.1.4 Up to 300 houses off The Hill, Littlebourne, will assist the sector's continued contribution to the economy, providing Canterbury City Council with important benefits that will last well into the future and, as such, should be given significant weight.



