

**Socio-economic Benefits Statement:
The Vital Role of the Housing Sector within Gloucester**



April 2022

CONTENTS

1. Summary of economic benefits.....	3
2. Introduction	4
3. The Housing Crisis	5
4. The Implications of Covid-19 For the Economy and Housing Need	8
The Economy	8
Housing Need	8
5. Housing as a persistent benefit for the Economy	11
Housing as an Historic Solution	11
Gross Domestic Product	13
Construction of New Housing and Employment	15
Local Community Benefits	17
Future Residents.....	17
Local Spending Power.....	18
6. Conclusion	21
7. Appendices: Methodology & Data Sources	22

1. SUMMARY OF ECONOMIC BENEFITS

- 1.1. Gladman is seeking outline planning permission for a residential development on Land off Hempsted Lane, Gloucester. The description of development proposes up to 245 dwellings. However, it is intended that a planning condition would be attached to any permission to restrict the number of dwellings to 215. Therefore, this Socio- Economic Statement considers that the proposed development will provide up to 215 dwellings and 20% affordable housing. This page provides a summary of the report's findings setting out the economic benefits envisioned as a result of this scheme's realisation.

Ratio of Average House Prices to Average Earnings

- England: 9.05
- South West: 9.97
- Gloucester: 7.34 (3.5 is the marker of an affordable housing market)

Estimated Construction Spend

- A construction spend of **£22.8 million**, contributing significantly to GDP.

Full Time Equivalent Jobs Supported

- **194** FTE direct construction jobs, and **211** FTE indirect jobs in associated industries available for local workers over the 5 year build-out period, benefitting the Local Planning Authority (LPA) with their specialist skills and enabling long term local job and apprenticeship opportunities.

New Residents

- Development of up to 215 dwellings residential dwellings could be home to **516** new residents.
- **325** new residents of working age **272** of whom would be in employment
- Residents could generate total gross expenditure of **£7.03 million** per annum

Benefits to the Local Authority

- New Homes Bonus payment of **£1.2 million** over a 4 year period
- Council Tax payments of approximately **£3.6 million** over 10 years
- **£657,470** in Section 106 Contributions to be spent on the local community
- A CIL receipt of over **£750,000**

2. INTRODUCTION

- 2.1. The planning world is operating in times of rapid change with social, environmental and political shifts as well as the recent coronavirus pandemic having wide-reaching implications for councils, developers and other businesses that contribute towards a healthy economy.
- 2.2. 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.
- 2.3. 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.
- 2.4. The ongoing housing crisis, intensified by under-delivery in early 2020, means the economic benefits of new housing are now more important than ever and should not be viewed as a given benefit but rather as a crucial component of the planning balance.
- 2.5. This paper will provide context to the housing crisis and suggest why the proposed development for approximately 215 dwellings at Land at Hill Farm, will make a significant contribution towards the role new housing plays in strengthening the economy in challenging times.

3. THE HOUSING CRISIS

3.1. 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.

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

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

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

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

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

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

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

- 3.4. 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 England³.
- 3.5. 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 (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 million⁴.
- 3.6. House prices have grown significantly faster than average incomes: between 1997 and 2017, house prices rose 260% on average, while average income grew only by 70%. In the year leading up to June 2021 this figure was record-breaking, with average house prices rising by 13.4%. Unsurprisingly, this has resulted in an exceptional housing crisis of affordability and supply whereby many young people are unable to get their foot on the housing ladder.
- 3.7. As stated above, 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”⁵.

- 3.8. Fixing the ‘broken’ housing market is one of the Government’s top priorities, with the aim of turning “generation rent into generation buy”⁶. This has been heightened by the COVID-19 pandemic and ‘lockdown’ measures, which highlighted the need for new housing developments throughout the country. As lockdown struck, many, specifically young people, were forced to live in accommodation which did not meet their needs, often without access to private gardens or a suitable place to work, as many people have had to adjust to working from home. Research shows that there has been a

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

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

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

⁶ See footnote 5.

continuation of the nationwide increase in those working from home, and a greater focus on outdoor space even as we transition out of the pandemic⁷.

- 3.9. The proposals for up to 215 new homes at Land at Hill Farm, Hempsted Lane, Gloucester contribute towards the housing sector, not only assisting Gloucester City Council but also the national Government in the delivery of much-needed new homes. By approving the application there is not only a contribution towards tackling the housing crisis and under-supply of new housing but also in providing homes in a sustainable, desirable location which shall be developed to a high standard and adhere to adopted design principles, creating real homes for real people at a time when there is desperate need.

⁷ <https://www.statista.com/statistics/1207789/coronavirus-working-from-home-in-britain-by-age/>

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

The Economy

- 4.1. 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%⁸, as demonstrated by *Figure 1* below.

Figure 1: GDP fall due to COVID-19⁹.



Housing Need

- 4.2. The persistent national housing crisis has been heightened by the Covid-19 pandemic. During the first lockdown, 450,000 buyers in Britain were unable to exchange and each month 300,000 tenancies typically come up for renewal¹⁰. With the pressure to move becoming acute for some, some have faced, and continue to deal with, serious legal, financial and health implications.
- 4.3. In the UK, house prices increased by 10.2% in the year to March 2021, up from 9.2% in the year to February 2021¹¹. This was the highest annual growth rate for 14 years, according to official figures, as

⁸ ONS GDP Monthly Estimate

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

⁹ See footnote 7

¹⁰ Jenrick (2020) <https://www.gov.uk/government/speeches/housing-secretarys-statement-on-coronavirus-covid-19-13-may-2020>

¹¹ ONS UK House Price Index

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2021> (Accessed January 2022)

shown by *Figure 2* below. The Office for National Statistics states that average prices have risen by £24,000 to £256,000, a new record high¹².

- 4.4. House prices have been pushed up by numerous factors such as the temporary stamp duty reduction, low interest rates and people wanting more space after lockdown.



Figure 2. Annual house price rates of change for all dwellings, UK: January 2006 to September 2021¹³.

- 4.5. In Gloucester, the average house price rose by over £25,000 from £203,416 in January 2020 to £229,154 in January 2022, with the average price of a detached house rising by over £50,000 in the same period, reaching an average price of £390,920 in January 2022¹⁴.
- 4.6. Over this time period, average house prices in Gloucester have therefore increased by over 10%, with detached house prices increasing by over 15%.
- 4.7. The increase in the demand for housing in areas outside cities, could be directly in response to the national lockdown where many had to live in housing which was not suitable for working from home and was without access to open space. Consequently, many have looked significantly more favourably on newly built housing which offers these benefits.
- 4.8. The increase in house prices has led to an inflated affordability ratio, with full time employees in Gloucester expecting to spend 7.34 times an average annual salary in 2021, demonstrating that wage

¹² <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/march2021>. (Accessed July 2021)

¹³ See footnote 11.

¹⁴ Land Registry (2021) <https://landregistry.data.gov.uk/app/ukhpi/browse?from=2020-01-01&location=http%3A%2F%2Flandregistry.data.gov.uk%2Fid%2FRegion%2Fswale&to=2021-12-01&lang=en>, (Accessed January 2022)

increases are struggling to keep pace with rising house prices¹⁵. While lower than England's average affordability ratio of 9.05, and the average for the South West which stands at 9.97, affordability ratios in Gloucester remain significantly higher than the ratio of 3.5 that is the marker of an affordable housing market.

- 4.9. Granting planning permissions for sustainable developments in Gloucester, such as this for approximately 215 new homes on Land at Hill Farm, Hempsted Lane, 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.

¹⁵ ONS House price to workplace-based earnings ratio March 2022 available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearnin gslowerquartileandmedian> (accessed March 2022)

5. HOUSING AS A PERSISTENT BENEFIT FOR THE ECONOMY

Housing as an Historic Solution

- 5.1. The housing market has always been key to every economic recovery in modern British history¹⁶ and the coronavirus pandemic is no different:

'Housing is unique for the economy:

1. Housing lasts a long time, and this durability creates opportunities to rent as well as to own housing. While the occupier may want to see lower prices, investors' demand increases when they expect values to rise.

2. Housing is fixed in space, which means that you purchase or rent not just a home but a neighbourhood, amenities and a local authority.

3. There is no common price for a home – they all vary by size, type, location and condition, and they cannot be properly assessed until they are actually consumed (what is called an 'experiential good').

4. The state intervenes heavily in the housing sector through regulation, taxes, subsidies and even direct non-market provision (for example, council housing).

Many commodities have one of these attributes; few have all of them¹⁷.

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

'Getting Britain building again is essential to securing the economic growth that this country needs. Building more houses means more jobs. More houses for people who dream of owning their own home. More economic growth'¹⁸.

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

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

¹⁷ UK Collaborative Centre for Housing Evidence Press release

¹⁸ MHLC "Get Britain Building Programme Prospectus" December 2011 available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/563591/get_britain_building_programme_prospectus.pdf (accessed February 2021)

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

‘Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development.’ (§80)

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

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

...A healthy housing market means more than buying and selling houses; it requires building them too...”¹⁹.

5.6. The housing white paper, *Planning for the Future*, published in August 2020, states the demand 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’²⁰.

5.7. The view of the Government is that the planning system can help kick start a future economic recovery. The planning system unlocks the investment and development that underpins regeneration and this enables businesses to grow, new housing, jobs, productivity and social cohesion. 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 Inspectors²¹.

5.8. 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 215 dwellings on Land at Hill Farm, Gloucester, alongside other schemes in Gloucester City, will not only provide much-needed housing to the area, boosting socio-economic benefits to the LPA, but will also help to

¹⁹ 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>

²⁰ MHCLG “Planning for the Future” <https://www.gov.uk/government/consultations/planning-for-the-future> (Accessed February 2021)

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

increase the role of the Council in contributing towards the much-needed growth of GDP across the nation.

Gross Domestic Product

- 5.9. The house-building industry in England and Wales is worth £38 billion a year (based on 2017 data) and supports nearly 700,000 jobs²², the majority of which (85%) was contributed through private sector housing. In 2019, the output of the construction sector as a whole was £178,116,200,000²³, supporting over 1.3 million jobs²⁴.
- 5.10. 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 infrastructure²⁵. 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 homes²⁶.
- 5.11. As a result, at least £14.85bn was committed to the growth of new housing in the form of various government support packages in 2020²⁷. 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 2020’²⁸.

This is illustrated by *Figures 3 and 4*.

²² 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)

²³ ONS (2021). Table 1. Available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustrysubnationalandsubsector>

²⁴ ONS (2019). Available at: <https://www.ons.gov.uk/file?uri=/businessindustryandtrade/constructionindustry/datasets/constructionstatisticsannualtables/2018/csa2019maintables.xlsx>

²⁵ 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>

²⁶ Planning for the Future consultation document

²⁷ PM’s Office “Build, Build Build” available at <https://www.gov.uk/government/news/pm-build-build-build> (accessed February 2020)

²⁸ ONS (2021). November 2021 GDP Monthly Estimate <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/november2020>

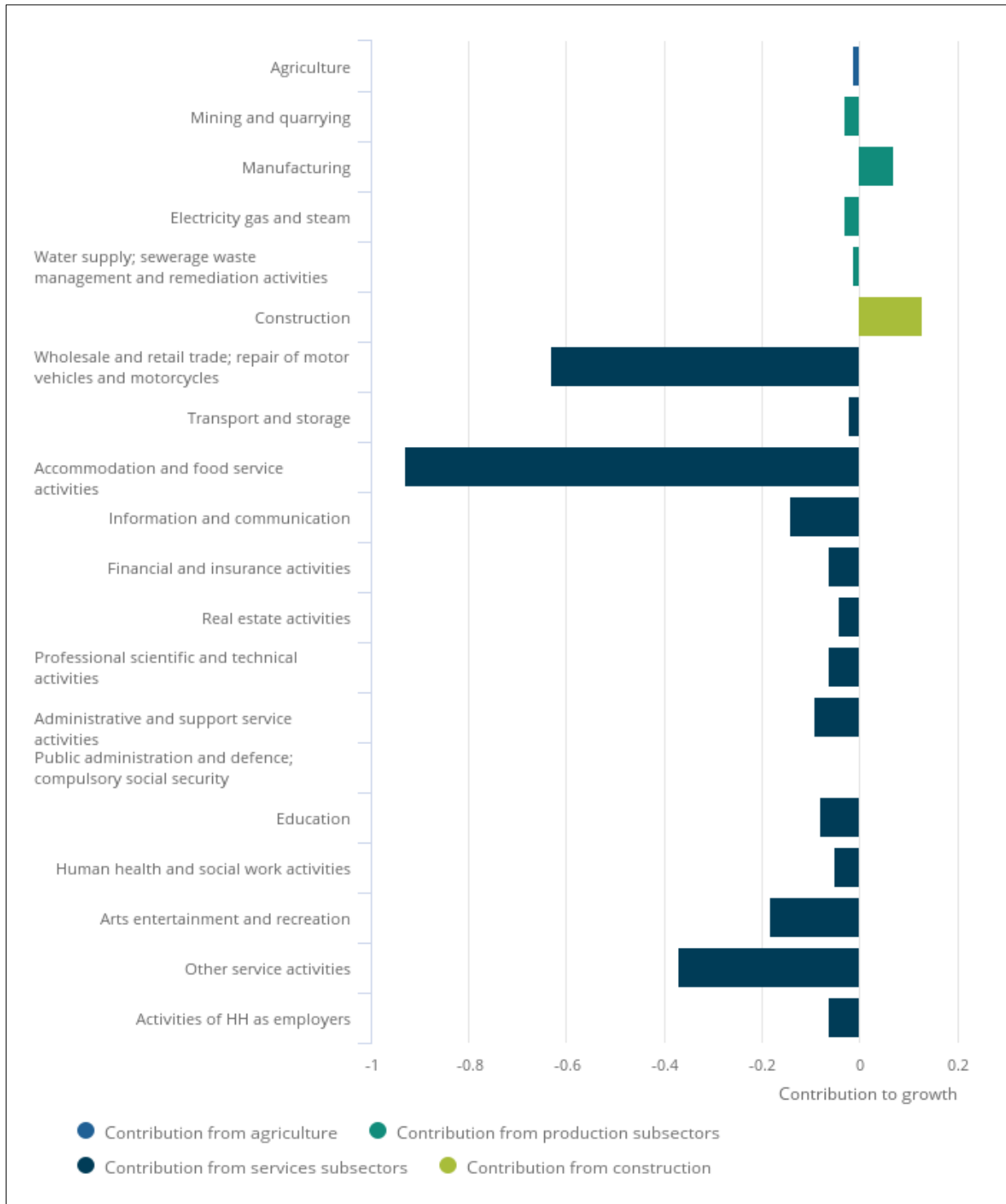


Figure 3. Contribution to monthly GDP by sector in November 2020²⁹.

²⁹ ONS 2021 Output in the construction industry: sub-national and sub-sector available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustrysubnationalandsubsector>

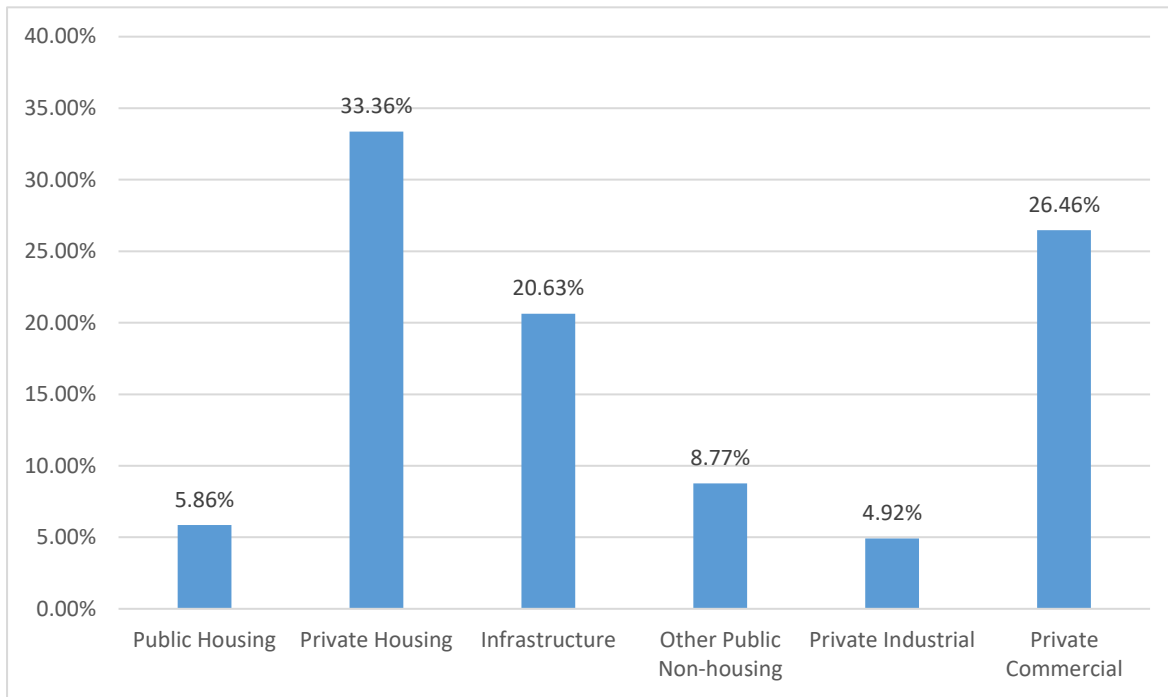


Figure 4. Private housing output versus other construction sectors 2019³⁰.

- 5.12. The development of Land at Hill Farm, Hempsted Lane, Gloucester for 215 dwellings will generate a construction spend which totals almost £23 million (see [Appendix 6.1.1](#)), in part due to the multiplier effect of new housing construction discussed in the section below.

Construction of New Housing and Employment

- 5.13. There are nearly 700,000 workers in the housebuilding industry³¹, approximately 4,800 of which are located in Gloucester³² (see [Appendix 6.1.2](#)).
- 5.14. By approving the proposals there will be 194 direct and 211 indirect jobs generated available for local workers over the build-out period, furthering the development of specialist skills and spending within the LPA over estimated 5 year build-out period, based on a build out rate of approximately 43 dwellings per year (see [Appendix 6.1.3](#)). This, along with the construction value output multiplier of 1.71³³ allows the LPA to enable long term local job opportunities including the opportunity to train apprentices.

³⁰ See footnote 27.

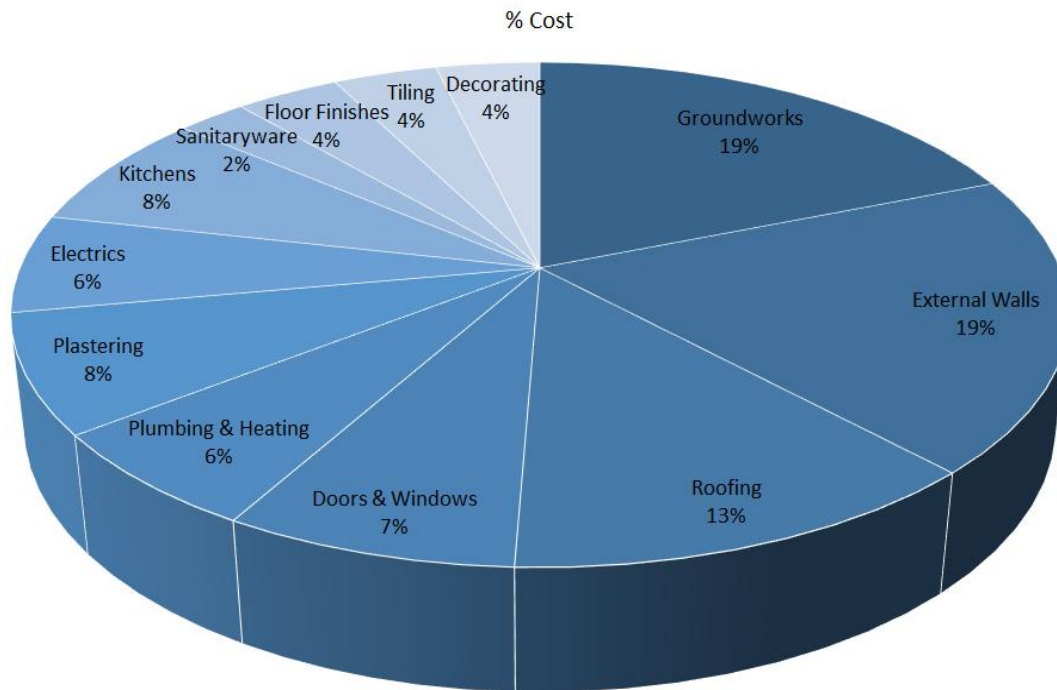
³¹ Lichfields (2018)

³² Nomis Census Table DC6110EW <https://www.nomisweb.co.uk/census/2011/dc6110ew>

³³ 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>

- 5.15. The provision of 405 jobs should be seen as a really important factor, especially since Gloucester City Council identify a need to reduce unemployment specifically through inward investment and job creation³⁴.
- 5.16. *Figure 5* illustrates a selection of the different sectors involved to physically construct each home; these are some of the industries and workers that have been factored into the construction multiplier³⁵.

Figure 5, Industries involved in the construction of a house³⁶.



- 5.17. The total number of construction employees nationally in 2018 was 1,359,900³⁷. For the South West, the gross average output per employee can be estimated as £118,093 (see [Appendix 6.1.4](#)) which, through the creation of 405 jobs means development of land off Hill Farm, Hempsted Lane would contribute over £8.8 million to the local economy.
- 5.18. From the 'Annual Business Survey' (2011) of the Office for National Statistics, it can be established that the construction of buildings averages 38.5% of turnover in the South West. The £22.8 million construction spend for this site would therefore contribute significantly to the local and regional economy.

³⁴ <https://www.gloucester.gov.uk/media/3745/egs-v3.pdf>

³⁵ Concept2Homes (2020). Available at: <https://www.concept2homes.com/guides/house-building-cost>

³⁶ Concept2Homes (2020). Available at: <https://www.concept2homes.com/guides/house-building-cost>

³⁷ ONS (2019). Available at: <https://www.ons.gov.uk/file?uri=/businessindustryandtrade/constructionindustry/datasets/constructionstatisticsannualtables/2018/csa2019maintables.xlsx>

- 5.19. The economic benefits from the construction phase and should be taken seriously. In line with the precedent set in the decisions above, the provision of market housing should be considered as very important.

Local Community Benefits

- 5.20. Financial contributions through section 106 agreements are most commonly associated with education provision and health care contributions (for instance, school places and capacity at local doctors practices), although significant funds are also directed towards public open space, sport and leisure facilities and improvements to public transport and highways.
- 5.21. The development could generate an estimated S106 contribution of £657,470 based on an average of previous Gladman S106 agreements (see [Appendix 6.1.5](#)).
- 5.22. Furthermore, a total CIL receipt can be estimated from the development utilising Gloucester City Council's CIL Charging Schedule (published December 2021). Based on their identified figure of £46.40/m² of floor space, the proposed scheme is expected to generate a CIL receipt of over £750,000³⁸.
- 5.23. It is estimated that Gloucester will receive approximately £3.6 million in Council Tax receipts per annum from the development of approximately 215 homes at Land off Hill Farm, Hempsted Lane.
- 5.24. The development of 215 dwellings will generate £1.2 million for the Council from the New Homes Bonus (see [Appendix 6.1.6](#)), helping to contribute towards the future prosperity of Gloucester.

Future Residents

- 5.25. 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:

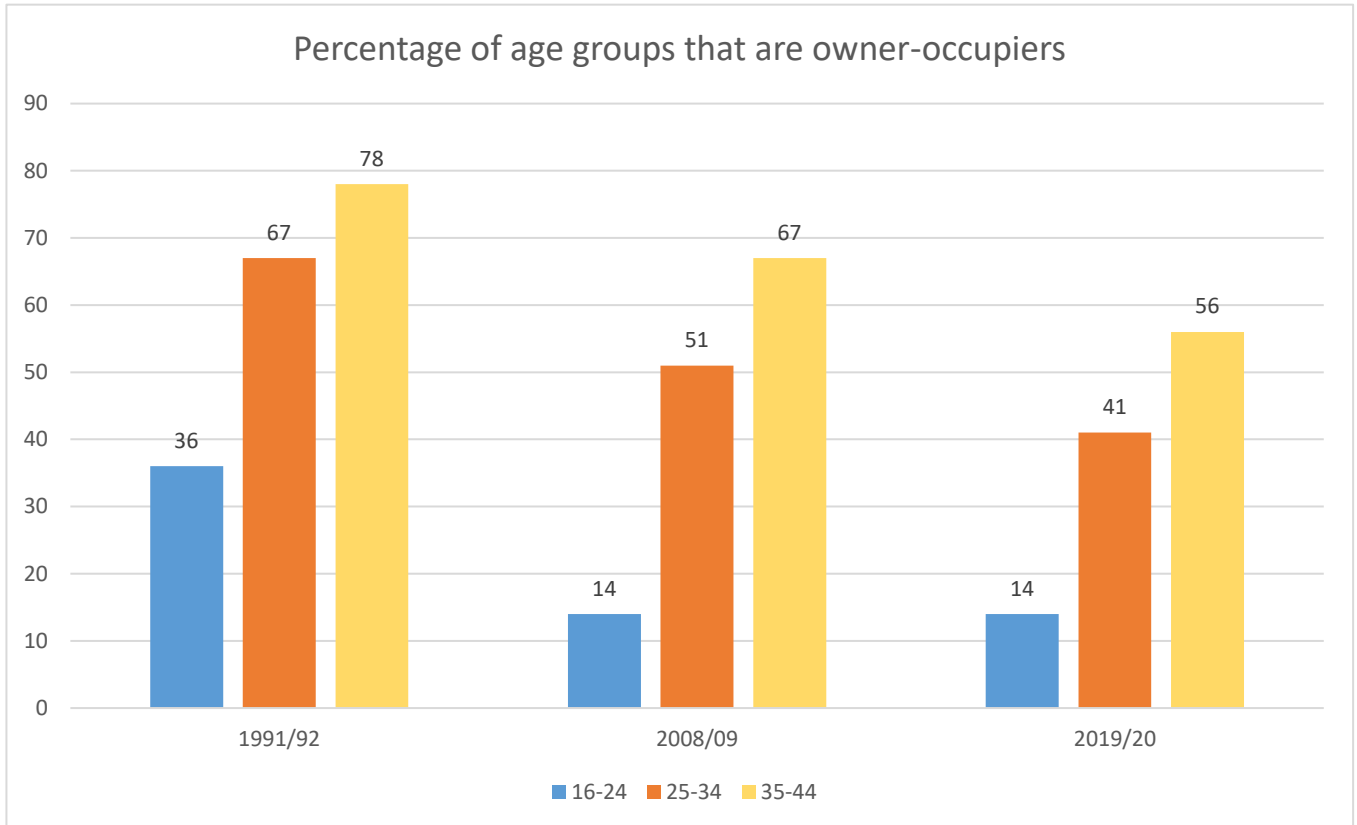
“... the voice of those who stand to gain from development is not heard loudly enough, such as young people”³⁹.

³⁸ https://www.gloucester.gov.uk/media/5726/annual-cil-rate-summary-statement-08_12_2021.pdf

³⁹ Robert Jenrick <https://www.gov.uk/government/speeches/housing-secretarys-statement-on-coronavirus-covid-19-13-may-2020>

5.26. Despite this, in 2019/20 the average age of a homeowner was 58 years of age⁴⁰. *Figure 6* below illustrates that the percentage of 25-34 and 35-44 age brackets that are homeowners has decreased by 10 and 11 percentage points respectively from 2008/09-2019/20.

Figure 6. Percentage of age groups that are owner-occupiers⁴¹.



5.27. In addition, the graph below illustrates that the South West has shown a significant decrease in the proportion of 25-34 year olds that own their own home, with less than 40% owning a home in 2015. Homeownership in this age bracket has decreased across all regions from 1995-2015.

Figure 7. Percentage of 25-34 year olds that are homeowners, by region, between 1995-2016⁴².

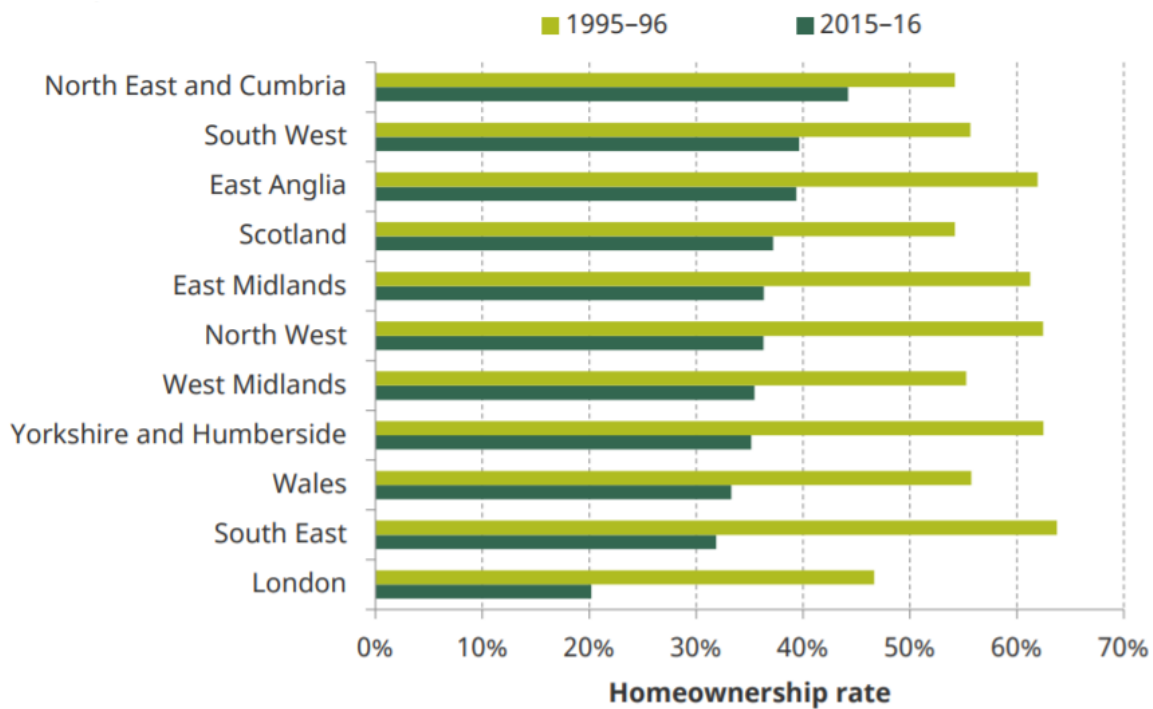
⁴⁰ Home Ownership Survey 2019-20

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000040/EHS_19-20_Home_ownership_report.pdf

⁴¹ Table FC2101 (S370)

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000253/FC2101_P_percentage_of_each_age_group_that_are_owner-occupiers_.xlsx

⁴² Institute of Fiscal Studies (2018) <https://ifs.org.uk/uploads/publications/bns/BN224.pdf>



Local Spending Power

- 5.28. 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 income⁴³.
- 5.29. The delivery of up to 215 homes is likely to be home to a total of 516 new residents, this is based on the average household size of 2.4 in line with the 2018 population projections for the Gloucester⁴⁴.
- 5.30. Assuming that 62.9% of the population is of working age (corresponding with nomis official labour market statistics 2019 for Gloucester⁴⁵), the delivery of 215 homes could result in an additional 325 people of working age residing in Gloucester (see [Appendix 6.1.7](#)).
- 5.31. Of these people, given an economically active rate of 83.9% in those aged 16 and over in Gloucester, at least 272 could be expected to be economically active and in employment (see [Appendix 6.1.7](#)).
- 5.32. By reviewing the Output Area Classification (OAC)⁴⁶ 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

⁴³ Lichfields and HBF (2018).

https://www.hbf.co.uk/documents/7876/The_Economic_Footprint_of_UK_House_Building_July_2018LR.pdf

⁴⁴ ONS Household projections for England. 2018 based population projections table 427. Available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland>

⁴⁵ Nomis Local Authority Profile 2019 available at: <https://www.nomisweb.co.uk/reports/lmp/la/contents.aspx>

⁴⁶ OAC Classification <https://maps.cdrc.ac.uk/#/geodemographics/oac11/default/BTFTFFT/71-2.9993/52.6497/>

- 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.
- 5.33. Given that 20% 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 over £6.9 million of spending annually following completion of the development ([Appendix 6.1.8](#)).
- 5.34. 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 - 2019⁴⁷. 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.
- 5.35. For the South West region, this amounts to 101.3%, meaning that residents of the proposed development (after weighting appropriate to the region) could be expected to generate total gross expenditure of almost £7.03 million per annum. It is estimated that this level of expenditure could support around 26 full-time equivalent (FTE) jobs in total within Gloucester (see [Appendix 6.1.9](#)).
- 5.36. These proposals will assist Gloucester and the Government in addressing the demand for housing for first-time buyers and young families, and to support a prosperous economy.

⁴⁷ ONS (2020)

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

6. CONCLUSION

- 6.1. 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.
- 6.2. 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 S106 and Council Tax, should be attributed very substantial weight in the planning balance. Indeed, at a recent appeal for 125 dwellings in the Vale of White Horse (appeal reference APP/V3120/W/20/3264500) the inspector, H Porter, concluded in July 2021 that:
- 'In economic terms, there would be jobs and spend arising during the development's construction phase and future residents would feed into the local economy, supporting the range of services and facilities therein. Opportunities to access those services and facilities by a range of sustainable modes also exist. **These are economic and social benefits that carry very substantial weight in favour of the scheme.**'* (Paragraph 69)⁴⁸.
- 6.3. 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. Up to 215 houses at Land at Hill Farm, Hempsted Lane, will assist the sector's continued contribution to the economy, providing Gloucester with important benefits that will last well into the future and, as such, should be considered as very important.

⁴⁸ <https://acp.planninginspectorate.gov.uk/ViewCase.aspx?caseid=3264500>

7. APPENDICES: METHODOLOGY & DATA SOURCES

7.1. Estimated Construction Spend

Total square metreage of LPA housing requirement x regional £ per m sq (inc. VAT if labour represents 28% of the cost)⁴⁹.

7.2. Number of Construction workers in each LPA

Use Nomis Census Table DC6110EW⁵⁰. 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

7.3. Total number of Workers by Scheme - Direct and Indirect Workers⁵¹

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

7.4. Regional average turnover per employee

Output per region (Table 2, Column P Row 168-171⁵²)/number of construction employees in region (Table 3.3c, column x⁵³)

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

⁴⁹ Jewsons (2019)

⁵⁰ Nomis (2011). Available at: <https://www.nomisweb.co.uk/census/2011/dc6110ew>

⁵¹ See footnote 46.

⁵² ONS (2021). Available at: <https://www.ons.gov.uk/businessindustryandtrade/constructionindustry/datasets/outputintheconstructionindustrysubnationalandsubsector>

⁵³ 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

7.5. S106⁵⁴

Number of Dwellings x £3058

7.6. New Homes Bonus⁵⁵

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

7.7. Residents

Potential Number of new Residents:

Estimated Household Size per Authority (Table 427 of ONS data⁵⁶) x number of dwellings in development.

% of these residents of working age:

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

⁵⁴ Based on an average of GDL S106 agreements.

⁵⁵ See footnote 52.

⁵⁶ ONS (2018). Table 427. Available at:
<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland>

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

7.8. New Residents Gross Expenditure: Spending Power⁵⁷

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)⁵⁸ as the amount of expenditure required to support one FTE construction job).

⁵⁷ ONS (2018). Table A51. Available at:

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

⁵⁸ Forbes, D., El-Haram, M., Horner, M. and Lilley, S., (2012) Forecasting the number of jobs created through construction