

Achieving nutrient neutrality for new housing development

The economic impact of the under-delivery of housing

Home Builders Federation

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LICHFIELDS

Key findings

This report quantifies the economic losses associated with the under-delivery of homes across the seven catchment areas that were chiefly affected by the nutrient issue prior to the Written Ministerial Statement of March 2022. In doing so, it demonstrates the significant contribution that the housebuilding industry makes to society in terms of investment, the provision of employment opportunities, public finances, and contribution to essential infrastructure, education facilities and affordable housing. Because of this, the effects of the likely reduction in housing delivery would be both profound and wide-ranging.

To project the potential economic impact the under-delivery of housing could have, this report considers five potential scenarios. A 10% or 50% reduction¹ in the number houses being delivered across the seven catchment areas would equate to a reduction in between 2,540 and 12,700 new homes being built each year. This would have the potential to result in:

- 1 An annual reduction of between £441.8 million and £2.2 billion economic output produced by builders, their contractors and suppliers;
- 2 A reduced opportunity to create or support between 8,100 and 40,560, indirect, and induced jobs per annum;
- 3 A loss of between £2.9 million and £14.7 million in potential Council Tax revenue per annum;
- 4 A loss of between £17.0 million and £84.9 million in New Homes Bonus payments each year;
- 5 A missed opportunity to invest between £12.0 million and £59.8 million in essential infrastructure collected from Section 106 and CIL contributions per annum; and,
- 6 The loss of affordable housing delivery valued at between £48.8 million and £244.2 million per annum.

The final scenarios model the impact of 53,465 and 60,626 dwellings not being delivered as a result of the nutrient issue. These figures have been calculated based on a review of reports, letters and press releases issued by a number of local planning authorities affected by the nutrients issue. These would result in the following economic impacts:

- 1 A reduction of between £269.3 million and 305.4 million of economic output produced by builders, their contractors and suppliers;
- 2 A reduced opportunity to create or support between 170,800 and 193,700 direct, indirect, and induced jobs;
- 3 A loss of between £61.9 million and £70.2 million in potential Council Tax revenue;
- 4 A loss of between £357.4 and 405.3 million in New Homes Bonus payments;
- 5 A missed opportunity to invest between £252.0 and 285.8 million in essential infrastructure collected from Section 106 and CIL contributions; and,
- 6 The loss of affordable housing delivery valued at between £1.03 billion and £1.17 billion.

The analysis in this report highlights the contribution that housebuilding makes to supporting both employment and the economies of the study areas. As well as contributing directly to local economies via the industry's economic output, housebuilders employ directly and support the employment of a significant number of other workers in the supply chain. Housebuilders also contribute in many other ways to local economies through council tax revenue, Section 106/CIL contributions and the delivery of affordable housing.

Avoiding harm to water habitats from nutrients is important, and the housebuilding industry is prepared to play its part in a way that is fair and reasonable. However, the construction of new homes must also continue.

¹ A 25% reduction scenario was also assessed

Aside from the political importance of housing the population this analysis shows the clear economic and employment benefits of doing so. As the economy seeks to recover from the severe shock of the Covid-19 pandemic and the cost of living crisis, these economic considerations will grow in importance.

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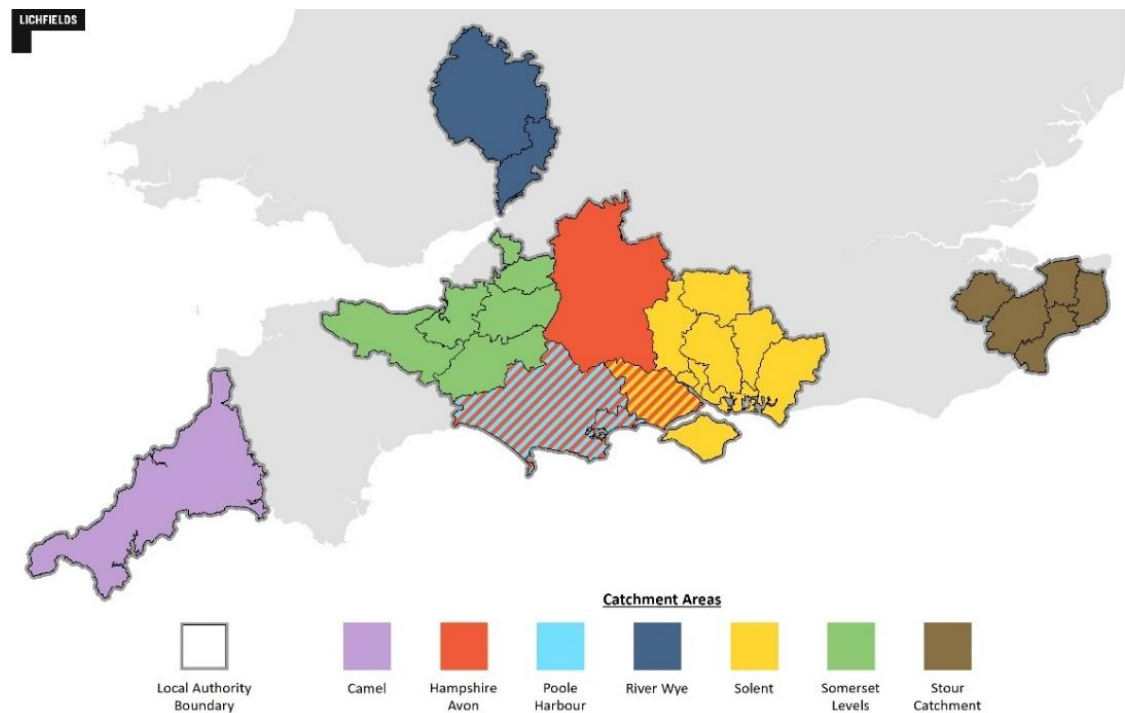
Appendices

- Appendix 1 Summary of The Economic Footprint of Housebuilding in England and Wales Report, 2018
- Appendix 2 Economic footprint of different housing delivery scenarios

1.0 Introduction

1.1 Lichfields has been instructed by the Home Builders Federation (HBF) to undertake an assessment of the economic impact arising from the potential non-delivery of new homes across the 31 local authorities in seven river catchments that were affected by the nutrient issue at the time of preparing this report, as illustrated below. On 16 March 2022, the Government announced that an additional 27 catchment areas, affecting an additional 42 planning authorities, may now be subject to the requirement for nutrient neutrality.

Figure 1.1 River catchments affected by the nutrient neutrality issue²



1.2 The economic footprint of housing is a concept that quantifies the contribution of housebuilding to the economy by considering both its direct monetary contributions to the economy and its softer, non-monetary contributions to society. Lichfields was commissioned by HBF in 2018 to calculate the economic footprint of housebuilding in the UK. This report draws on the analysis that informed previous our report, *The Economic Footprint of House Building in England and Wales*³, to quantify the economic impact of the non-delivery of housing.

1.3 In undertaking this analysis we have quantified the economic footprint of housebuilding in each catchment area based on the following:

- 1 The adopted local plan housing requirement;
- 2 The Standard Methodology for assessing local housing need; and,
- 3 Average past housing delivery between 2018/19 and 2020/21.

1.4 It is difficult to quantify the impact of the nutrient issue on housing delivery because the precise number of homes delayed remains uncertain. Consequently, we have considered a number of

² It should be noted that there is some overlap between some of the river catchments (Hampshire Avon and Solent) and so the total figures for the assessment area does not equate to the sum of the seven individual catchments.

³ A summary of this report is set out in Appendix 1.

scenarios which estimate different levels of reduction in housebuilding as a result of the nutrients issue, as follows:

- 1 A 10% reduction in housebuilding;
- 2 A 25% reduction in housebuilding;
- 3 A 50% reduction in housebuilding; and,
- 4 The non-delivery of an estimated c.53,000-60,000 new homes across the seven catchment areas.

1.5 The report is structured as follows:

- Section 2 considers the economic footprint of housebuilding in the study area when measured against the three scenarios identified in paragraph 1.3 above; and,
- Section 3 sets out our assessment of the economic impact of the under-delivery of housing under each of the scenarios identified in paragraph 1.4 above.

Policy context

1.6 This report should be considered within the context of the national policy requirement to deliver more homes and enhance economic performance. The National Planning Policy Framework (NPPF, July 2019) is very clear in respect of each of these ambitions.

1.7 Paragraph 60 of the NPPF refers to “*the Government’s objective of significantly boosting the supply of homes*” and emphasises the importance of ensuring that “*a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.*”

1.8 The economic imperative of housing delivery is considered in paragraph 82 which requires planning policies to “*seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment*” (emphasis added). This follows the direction that economic growth should be given significant weight, considering both local business needs and wider opportunities for development (paragraph 80).

1.9 These policy requirements are set within the context of the emphasis that the NPPF places on the promotion of sustainable development. To achieve sustainable development, paragraph 8 states that the planning system has three overarching objectives which need to be pursued, including:

“An economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure.”

1.10 The importance of maintaining an adequate supply of new housing has also been specifically highlighted in response to the nutrient issue. In December 2020⁴ and July 2021⁵, the leaders of Mendip, Sedgemoor, Somerset West and Taunton and South Somerset Councils and Somerset County Council wrote to the Secretary of State for Housing, Communities and Local

⁴ <https://www.southsomerset.gov.uk/media/4594/cd-1314-letter-from-mendip-sedgemoor-south-west-and-taunton-and-south-somerset-district-council-to-the-secr.pdf>

⁵ <https://www.somersetwestandtaunton.gov.uk/media/2799/letter-to-secretaries-of-state-from-somerset-authorities-23-july-2021.pdf>

Government⁶, and the Secretary of State for the Department of Environment, Food and Rural Affairs, seeking assistance on this matter and emphasising that urgent attention is required to ensure that it does not have an adverse impact on meeting local housing needs and maintaining a five-year housing land supply. The July 2021 letter noted that:

“As you are aware this advice has prevented the determination of a significant number of affected planning applications across Somerset, including development sites that would deliver over 11,000 new homes. Future strategic housing sites have also been delayed and as our knowledge has developed in this area, we are now acutely aware of the impact this issue will have on the delivery of brownfield sites, that already face challenging viability issues. As a result, the phosphates issue is continuing to have implications for many affected local authorities to meet local housing needs, to maintain a five-year housing land supply and meet government targets for the delivery of homes.”

- 1.11 Whilst funding support was provided by Homes England to help move work forward, there has been no movement on the issue of housing land supply or on the extent to which this issue might be used to inform a future housing requirements. The response of 26 January 2021 from the Minister of State for Housing⁷ stated:

“I note the concerns you raise about meeting the 5-year housing land supply under the current circumstances. However, it is important to keep the planning system moving to enable it to play its full part in the economic recovery to come.”

- 1.12 As set out in this report, the economic impact of failing to maintain a housing supply across the seven catchments that are affected by the nutrient issue could be very significant.

⁶ Now the Secretary of State for Levelling Up, Housing and Communities.

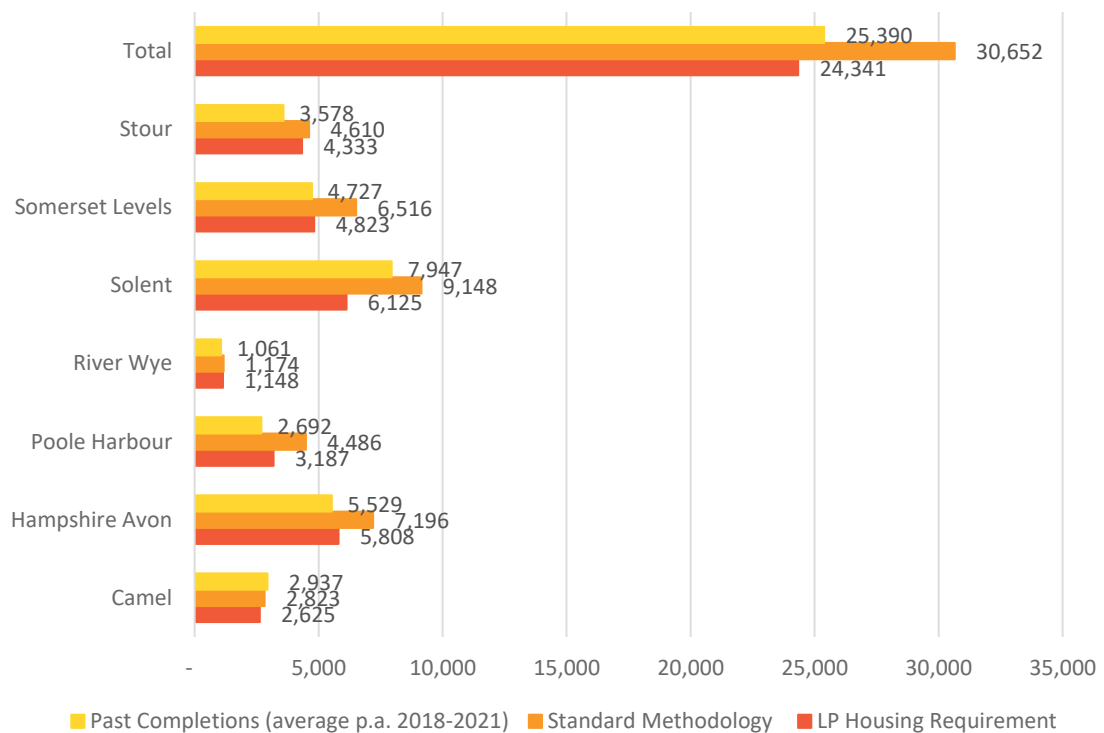
⁷ <https://www.somersetwestandtaunton.gov.uk/media/2575/letter-of-response-from-rt-hon-christopher-pincher-mp-for-mhclg.pdf>

2.0 Economic footprint of current build rate

2.1 This section summarises the economic footprint of housebuilding in the seven catchment areas based on average delivery rates over the past three years. It compares this impact to that associated with the provision of the housing requirements contained within the adopted local plans that cover each of the catchment areas and the Standard Methodology assessment of local housing need for each authority area.

2.2 Figure 2.1 compares annualised past completion rates (between 2018 and 2021), the housing requirements contained in adopted local plans, and the Standard Methodology requirement. It shows that across the study area, the average annual delivery of 25,390 new homes has been 4% above the requirement level but 17% below the Standard Methodology figure. However, in a number of catchments⁸, past delivery has been below both the local plan requirement and the Standard Methodology need figures.

Figure 2.1 Comparing the economic footprint of housing completions p.a., local plan requirements, and standard methodology figures



Source: Lichfields Analysis. Note that the total does not equate to the sum of the seven catchment areas due to the fact that some authorities form part of multiple catchments.

2.3 Table 2.1 below sets out the economic footprint of housing completions over past three years across the seven catchments. This shows a significant contribution to the economy of these areas. The comparison with the economic impact of the local plan housing requirement shows that actual delivery has yielded a greater contribution to the economy than would have been achieved were delivery to have just matched requirements. Each year, this equates to an additional £182.5 million in economic output, 3,350 direct and indirect/induced jobs, £4.9 million in Section 106 and CIL contributions and £1.2 million in Council Tax receipts. However,

⁸ Hampshire Avon, Poole Harbour, Wye, Somerset and Stour.

it also shows the extent to which increasing the supply of housing to reflect the Standard Methodology figures would give rise to an even more substantial economic contribution – equivalent to £915.7 million in economic output, 16,800 direct and indirect/induced jobs, £24.8 million in Section 106 and CIL contributions and £6.1 million in Council Tax receipts per annum.

Table 2.1 Economic Impact of Reducing Housing Delivery

Type of economic benefit		Past completions (2018-2021)	Local Plan housing requirement		Standard Methodology	
			Amount	Difference	Amount	Difference
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£127.9m	£122.6m	-£5.3m	£154.4m	+£26.5m
Economic Output	Builders, their contractors and suppliers	£4.42bn	£4.24bn	-£182.5m	£5.33bn	£915.7m
Employment	Direct	27,800	26,600	-1,100	33,500	+5,800
	Indirect	21,700	20,800	-900	26,200	+4,500
	Induced	31,700	30,300	-1,300	38,200	+6,600
	Total	81,100	77,700	-3,400	97,900	+16,800
UK Public Finance Revenue	Stamp Duty Land Tax Receipts	£45.6m	£43.7m	-£1.9m	£55.0m	+£9.4m
	Corporation Tax Incurred	£186.0m	£178.3m	-£7.7m	£224.6m	+£38.6m
	NI and PAYE Contributions	£90.3m	£86.6m	-£3.7m	£109.1m	+£18.7m
Local Authority Revenue	New Homes Bonus payments	£169.8m	£162.7m	-7.0m	£204.9m	+£35.2m
	Council Tax Receipts	£29.4m	£28.2m	-£1.2m	£35.5m	+£6.1m
Local Community Benefits	S.106 Contributions	£97.8m	£93.8m	-£4.0m	£118.0m	+£20.3m
	Community Infrastructure Levy Payments	£21.9m	£21.0m	-£0.9m	£26.4m	+£4.5m
	New Resident Expenditure	£825.5m	£791.4m	-£34.1m	£996.6m	+£171.1m
Affordable Housing	Value of affordable housing sales	£488.3m	£468.2m	-£20.2m	£589.5m	+£101.2m

Source: Summary of economic footprint analysis by Lichfields. Totals rounded; figures may not sum due to rounding.

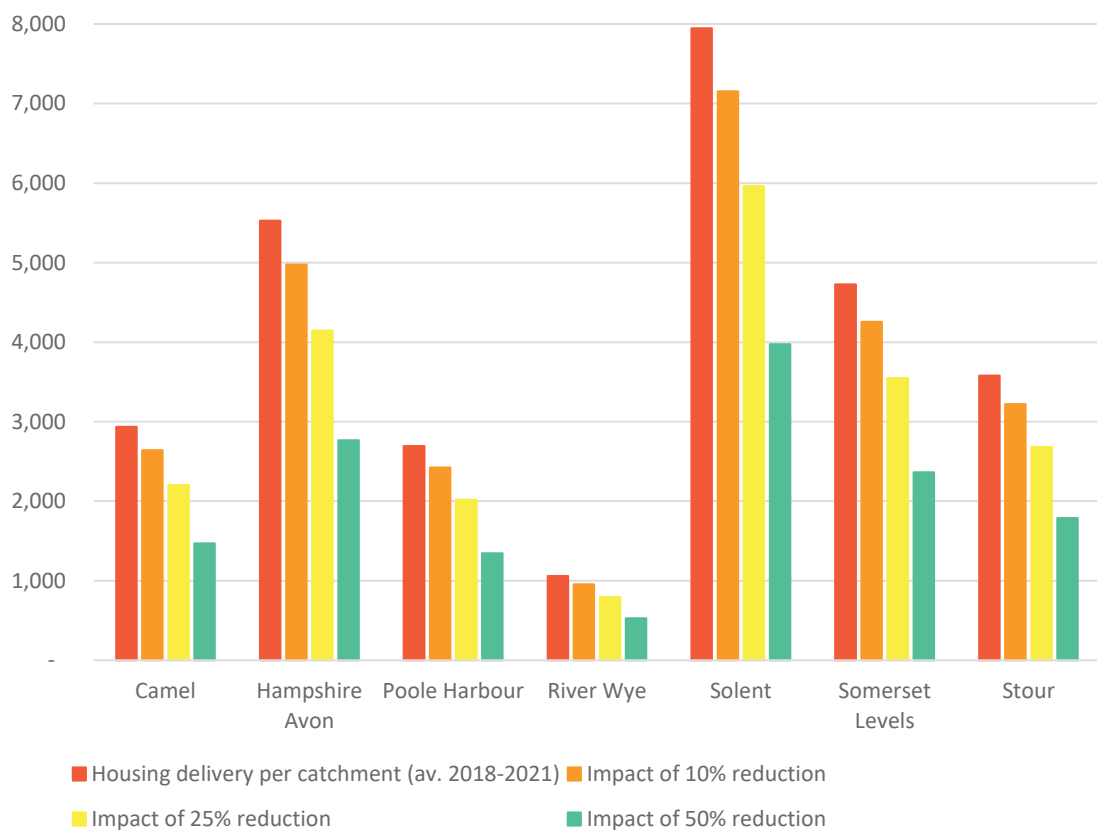
2.4 This analysis highlights the impact that the quantity of houses delivered in an area can have on the local economy. In the next section we quantify the impact that a reduction in housing delivery might have on economic output.

3.0 Economic impact of delays to housebuilding: potential scenarios

3.1 It is likely that the nutrient issue will cause a substantial decline in housing delivery. Although in many areas housing continues to come forward, this is because earlier permissions are still being built out, having discharged reserved matters and relevant planning conditions prior to the nutrient issue. We expect delivery to begin to slow as restrictions on new housebuilding begin to take effect. This will have a profound impact on the economic footprint of housebuilding in the areas affected by this issue. Adopting a similar approach to that applied in the previous section, this section projects the potential economic impact that the nutrient issue might have across the seven catchment areas. Difficulties in quantifying the impact of the nutrient issue on housing delivery has led us to assess a number of potential scenarios. Three of these scenarios consider the impact of a reduction of between 10% and 50% of past trends. Across the seven catchments, these scenarios would result in a reduction of between 2,539 and 12,695 dwellings per annum (dpa). This equates to between 8% and 40% of the Standard Methodology figure for the study area.

3.2 Figure 3.1 illustrates the potential impact the nutrient issue could have on the delivery of housing across the seven catchment areas by looking at these three scenarios compared to the average delivery rates per annum over the last three years.

Figure 3.1 Housing delivery in different scenarios (units per annum)



Source: Lichfields analysis

3.3

Table 3.1 quantifies the economic losses associated with a fall in housing delivery against three scenarios. The key findings from this table are that, compared to the economic impact of recent housebuilding levels, a reduction in the number of houses being delivered by between 2,540 and 12,700 units per annum could result in:

- 1 An annual reduction of between £441.8 million and £2.2 billion worth of economic output being produced by builders, their contractors and suppliers;
- 2 A reduced opportunity to create or support between 8,100 and 40,600, indirect, and induced jobs per annum;
- 3 A loss of between £2.9 million and £14.7 million in potential Council Tax revenue per annum;
- 4 A loss of between £17 million and £84.9 million in New Homes Bonus payments each year⁹;
- 5 A missed opportunity to invest between £12.0 million and £59.8 million in essential infrastructure collected from Section 106 and CIL contributions per annum; and,
- 6 A loss of affordable housing delivery – valued at between £48.8 million and £244.2 million.

Table 3.1 Economic impact of reduction in housing delivery

Type of economic benefit		Past completions	Effect of reduction in building		
			10% reduction	25% reduction	50% reduction
Number of dwellings		25,390	2,540	6,350	12,700
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£127.9m	£12.8m	£32.0m	£64.0m
Economic Output	Builders, their contractors and suppliers	£4.42bn	£441.8m	£1.10bn	£2.21bn
Employment	Direct	27,800	2,800	6,900	13,900
	Indirect	21,700	2,200	5,400	10,800
	Induced	31,700	3,200	7,900	15,800
	Total	81,100	8,100	20,300	40,600
UK Public Finance Revenue	Stamp Duty Land Tax Receipts	£45.6m	£4.6m	£11.4m	£22.8m
	Corporation Tax Incurred	£186.0m	£18.6m	£46.5m	£93.0m
	NI and PAYE Contributions	£90.3m	£9.0m	£22.6m	£45.2m
Local Authority Revenue	New Homes Bonus payments	£169.8m	£17.0m	£42.4m	£84.9m
	Council Tax Receipts	£29.4m	£2.9m	£7.4m	£14.7m
Local Community Benefits	S.106 Contributions	£97.8m	£9.8m	£24.5m	£48.9m
	Community Infrastructure Levy Payments	£21.9m	£2.2m	£5.5m	£10.9m
	New Resident Expenditure	£825.5m	£82.6m	£206.4m	£412.8m
Affordable Housing	Value of affordable housing sales	£488.3m	£48.8m	£122.1m	£244.2m

Source: Summary of economic footprint analysis by Lichfields. Totals rounded; figures may not sum due to rounding.

The impact of the currently known impacts

3.5

The final two scenarios model the impact of 53,465 and 60,626 dwellings not being delivered as a result of the nutrient issue. These figures have been calculated based on a review of reports,

⁹ Recognising that the New Homes Bonus is paid over a period of four years.

letters and press releases issued by a number of local planning authorities affected by the nutrients issue; they represent a point in time estimate and do not provide any indication of the longer term impact. The lower figure is based on an assumption that there would be no delay to housing delivery in New Forest District. We acknowledge that this assertion is could be challenged as the Solent authorities have been more successful in bringing forwards strategic schemes offering mitigation serving the various catchments so the situation there has improved. However, since data is not available for the number of homes delayed in several authorities in the Solent, Hampshire Avon and Poole Harbour catchments, we consider the figures to provide a reasonable assessment of the scale of the problem. By testing these two figures it is possible to understand the range of economic impacts that might arise. By way of reference:

- 1 53,465 is just over double the annual past trend figure for the seven catchments and 1.7 times the Standard Methodology figure (i.e. equivalent to the identified need for a period of 21 months); and,
- 2 60,626 is 2.4 times the annual past trend figure for the seven catchments and double the Standard Methodology figure.

3.6 These levels of impact would therefore have a very significant effect on the ability of local authorities in the seven catchment areas to meet their identified housing need.

3.7 The spatial distribution of this figure is set out below:

Table 3.2 Distribution of the dwellings that are known to have been affected by the nutrient issue

Catchment	Estimated level of non-delivery	Comment
Camel	900	Source: Cornwall Council
Hampshire Avon Poole Harbour	2,076	This figure relates to Bournemouth, Christchurch and Poole. A report to Cabinet dated 16 December 2020 refers to a figure of 2,076 homes planned for the area that affected by the issue ¹⁰ .
River Wye	1,650	Source: Homebuilding magazine, 26 July 2021 ¹¹ and a letter from Council to George Eustace, Defra, dated 1 June 2021
Solent	12,000	As estimated 12,000 homes are delayed across 11 local authorities in the Solent area. This is according to an article in Planning, on 3 June 2020 ¹² : <i>“Solent nitrate offsetting scheme ‘could unlock 12,000 homes from planning logjam”</i> A paper to the Partnership for South Hampshire, dated July 2020, put the figure at 4,839 homes across the ten local authorities. However, the table in this report includes a zero for homes delayed in the New Forest, and HBF knows this is not the case. Basingstoke and Deane Borough Council, Chichester District Council, Isle of Wight Council and South Downs National Park Authority are now part of the group, but figures for delayed homes in these areas are unavailable.
Somerset	11,000	Source: Letter of 23 July 2021 from the leaders of Mendip, Sedgemoor, Somerset West and Taunton and South Somerset Councils and Somerset County Council wrote to the Secretary of State for Housing, Communities and Local

¹⁰ <https://democracy.bpcouncil.gov.uk/documents/s20995/Dorset%20Nature%20Park.pdf>

¹¹ <https://www.homebuilding.co.uk/news/nutrient-neutrality>

¹² <https://www.planningresource.co.uk/article/1685078/solent-nitrate-offsetting-scheme-could-unlock-12000-homes-planning-logjam>

		Government ¹³ , and the Secretary of State for the Department of Environment, Food and Rural Affairs ¹⁴ .
Stour	33,000	According to the minutes of a meeting of the Kent & Medway Economic Partnership held on 21 September 2021, the issue of nutrients is delaying “the construction of 33,000 to 50,000 homes per annum” being built across the five districts, affected by the issue. A letter sent by five of the Kent local authorities (Kent County Council, Canterbury, Ashford, Dover and Folkestone & Hythe) to Secretaries of State, George Eustice and Robert Jenrick, on 19 April 2021 stated: “The issue is currently threatening the delivery of 33,000 homes in East Kent, identified within current Local Plans. The problem also threatens to stall progress with new Local Plans which would deliver further growth to support the national drive for rapid acceleration of housing delivery.”
Total	60,626	Applying the lower figure for Solent (4,839) would result in a total of 53,465

3.8 Table 3.3 quantifies the economic impact of these two scenarios and highlights the following key impacts:

- 1 A reduction of between £269.3 million and 305.4 million worth of economic output being produced by builders, their contractors and suppliers;
- 2 A reduced opportunity to create or support between 170,800 and 193,700 direct, indirect, and induced jobs;
- 3 A loss of between £61.9 million and £70.2 million in potential Council Tax revenue;
- 4 A loss of between £357.4 and 405.3 million in New Homes Bonus payments;
- 5 A missed opportunity to invest between £252.0 and 285.8 million in essential infrastructure collected from Section 106 and CIL contributions; and,
- 6 The loss of between £1.03 billion and £1.17 billion towards the delivery of affordable housing

Table 3.3 Economic impact of reduction in housing delivery

Type of economic benefit		Number of dwellings undelivered	
		53,465	60,626
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£269.3m	£305.4m
Economic Output	Builders, their contractors and suppliers	£9.30bn	£10.55bn
Employment	Direct	58,500	66,400
	Indirect	45,600	51,800
	Induced	66,700	75,600
	Total	170,800	193,700
	Stamp Duty Land Tax Receipts	£96.0m	£108.8m

¹³ Now the Secretary of State for Levelling Up, Housing and Communities.

¹⁴ <https://www.somersetwestandtaunton.gov.uk/media/2799/letter-to-secretaries-of-state-from-somerset-authorities-23-july-2021.pdf>

UK Public Finance Revenue	Corporation Tax Incurred	£391.7m	£444.2m
	NI and PAYE Contributions	£190.2m	£215.7m
Local Authority Revenue	New Homes Bonus payments	£357.5m	£405.3m
	Council Tax Receipts	£61.9m	£70.2m
Local Community Benefits	S.106 Contributions	£206.0m	£233.6m
	Community Infrastructure Levy Payments	£46.0m	£52.2m
	New Resident Expenditure	£1.74bn	£1.97bn
Affordable Housing	Value of affordable housing sales	£1.03bn	£1.17bn

Source: Summary of economic footprint analysis by Lichfields. Totals rounded; figures may not sum due to rounding.

Appendix 1 Summary of The Economic Footprint of Housebuilding in England and Wales Report, 2018

This report was commissioned by HBF to estimate the economic footprint of housebuilding in England and Wales. It addresses some key issues caused by the under-delivery of housing such as the affordability crisis that prevents a large proportion of society from purchasing their own homes, as well as highlighting housebuilding's lesser discussed (yet still very important) contributions. These include financial contributions to infrastructure and community facilities, and the indirect and induced impacts affecting the wider supply chain.

The economic footprint of the housebuilding industry is calculated by analysing a number of factors, as set out below:

- 1 **Capital Investment and Expenditure:** Housebuilders are continually acquiring and investing in new land for housing development.
- 2 **Economic Output:** The total value of goods and services produced in the housebuilding sector extends to contractors and suppliers as well as housebuilders, however this figure excludes induced economic output. In 2017, private housing contributed to 85% of the total economic output of housebuilding in Great Britain .
- 3 **Employment:** This term differentiates between people that are directly employed in the housebuilding industry, and those that are in indirect or induced employment because of the industry. An indirect job includes a job further in the supply chain, and an induced job includes a job supported by the expenditure of construction workers, such as shop workers.
- 4 **Public Finances:** Housebuilding's contribution to public finances includes Stamp Duty Land Tax that is charged on all purchases of property over a certain price, Corporation Tax, NI, and PAYE. Local Authorities also receive benefits in the form of additional Council Tax and New Homes Bonus payments in England.
- 5 **Local Community Benefits:** Housebuilders are required to contribute to funding essential infrastructure in areas surrounding new developments via Section 106 and CIL contributions. These include investing in public infrastructure, healthcare facilities, and public open space. Further local community benefits include the delivery of affordable housing the resident expenditure of new residents in local businesses.

In considering each of these factors, the report highlighted the role of housing as a driver of the UK economy which:

- 1 Delivers “real” jobs and economic value;
- 2 Supports labour market mobility and well-being; and,
- 3 Enhances places competitiveness and local economic development.

It went on to identify the following economic impacts of the housebuilding industry:

- 1 £12 billion invested in land and buildings for homes;
- 2 £11.7 billion was spent on suppliers (90% of which are based in the UK);
- 3 698,000 jobs were supported – equivalent to 3.1 jobs for every home built – of which 239,000 were directly employed in the industry;
- 4 £38 billion economic output generated by housebuilding each year;

- 5 £2.7 billion of tax was paid in the form of Stamp Duty Land Tax, Corporation Tax, NI, PAYE, and Residents' Council Tax;
- 6 £4.2 billion of new "affordable housing";
- 7 £45 million was invested in open space, community, sport and leisure facilities; and,
- 8 £841 million was spent on infrastructure, including £122 million on new and improved schools.

The significance of residential development can be equally important at a local and sub-regional level.

Appendix 2 Economic footprint of different housing delivery scenarios

Camel

Table 3.4 Economic impact of reduction in housebuilding in the Camel catchment area

Type of Economic Benefit		Past Completions	Effect of reduction in building		
			10% Reduction	25% Reduction	50% Reduction
Number of dwellings		2,937	294	734	1,469
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£14.8m	£1.5m	£3.7m	£7.4m
Economic Output	Builders, their contractors and suppliers	£511.0m	£51.1m	£127.8m	£255.5m
Employment	Direct	3,200	300	800	1,600
	Indirect	2,500	300	600	1,300
	Induced	3,700	400	900	1,800
	Total	9,400	900	2,300	4,700
UK Public Finance Revenue	Stamp Duty Land Tax Receipts	£5.3m	£500,000	£1.3m	£2.6m
	Corporation Tax Incurred	£21.5m	£2.2m	£5.4m	£10.8m
	NI and PAYE Contributions	£10.5m	£1.0m	£2.6m	£5.2m
Local Authority Revenue	New Homes Bonus payments	£19.6m	£2.0m	£4.9m	£9.8m
	Council Tax Receipts	£3.4m	£340,000	£851,000	£1.7m
Local Community Benefits	S.106 Contributions	£11.3m	£1.1m	£2.8m	£5.7m
	Community Infrastructure Levy Payments	£2.5m	£253,000	£632,000	£1.3m
	New Resident Expenditure	£95.5m	£9.5m	£23.9m	£47.7m
Affordable Housing	Value of affordable housing sales	£56.5m	£5.6m	£14.1m	£28.2m

Source: Lichfields Analysis. Totals rounded; figures may not sum due to rounding.

Hampshire Avon

Table 3.5 Economic impact of reduction in housebuilding in the Hampshire Avon catchment area

Type of Economic Benefit		Past Completions	Effect of reduction in building		
			10% Reduction	25% Reduction	50% Reduction
Number of dwellings		5,529	553	1382	2,765
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£27.9m	£2.8m	£7.0m	£13.9m
Economic Output	Builders, their contractors and suppliers	£962.1m	£96.2m	£240.5m	£481.0m
Employment	Direct	6,100	600	1,500	3,000
	Indirect	4,700	500	1,200	2,400
	Induced	6,900	700	1,700	3,400
	Total	17,700	1,800	4,400	8,800
UK Public Finance Revenue	Stamp Duty Land Tax Receipts	£9.9m	£993,000	£2.5m	£5.0m
	Corporation Tax Incurred	£40.5m	£4.1m	£10.1m	£20.3m
	NI and PAYE Contributions	£19.7m	£2.0m	£4.9m	£9.8m
Local Authority Revenue	New Homes Bonus payments	£37.0m	£3.7m	£9.2m	£18.5m
	Council Tax Receipts	£6.4m	£641,000	£1.6m	£3.2m
Local Community Benefits	S.106 Contributions	£21.3m	£2.1m	£5.3m	£10.7m
	Community Infrastructure Levy Payments	£4.8m	£476,000	£1.2m	£2.4m
	New Resident Expenditure	£179.8m	£18.0m	£44.9m	£89.9m
Affordable Housing	Value of affordable housing sales	£106.3m	£10.6m	£26.6m	£53.2m

Source: Lichfields Analysis. Totals rounded; figures may not sum due to rounding.

Poole Harbour

Table 3.6 Economic impact of reduction in housebuilding in the Poole Harbour catchment area

Type of Economic Benefit		Past Completions	Effect of reduction in building		
			10% Reduction	25% Reduction	50% Reduction
Number of dwellings		2,692	269	673	1,346
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£13.6m	£1.4m	£3.4m	£6.8m
Economic Output	Builders, their contractors and suppliers	£468.4m	£46.8m	£117.1m	£234.2m
Employment	Direct	2,900	300	700	1,500
	Indirect	2,300	200	600	1,100
	Induced	3,400	300	800	1,700
	Total	8,600	900	2,100	4,300
UK Public Finance Revenue	Stamp Duty Land Tax Receipts	£4.8m	£483,000	£1.2m	£2.4m
	Corporation Tax Incurred	£19.7m	£2.0m	£4.9m	£9.9m
	NI and PAYE Contributions	£9.6m	£1.0m	£2.4m	£4.8m
Local Authority Revenue	New Homes Bonus payments	£18.0m	£1.8m	£4.5m	£9.0m
	Council Tax Receipts	£3.1m	£312,000	£780,000	£1.6m
Local Community Benefits	S.106 Contributions	£10.4m	£1.0m	£2.6m	£5.2m
	Community Infrastructure Levy Payments	£2.3m	£232,000	£579,000	£1.2m
	New Resident Expenditure	£87.5m	£8.8m	£21.9m	£43.8m
Affordable Housing	Value of affordable housing sales	£51.8m	£5.2m	£12.9m	£25.9m

Source: Lichfields Analysis. Totals rounded; figures may not sum due to rounding.

River Wye

Table 3.7 Economic impact of reduction in housebuilding in the River Wye catchment area

Type of Economic Benefit		Past Completions	Effect of reduction in building		
			10% Reduction	25% Reduction	50% Reduction
Number of dwellings		1,061	106	265	531
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£5.3m	£534,000	£1.4m	£2.7m
Economic Output	Builders, their contractors and suppliers	£184.6m	£18.5m	£46.2m	£92.3m
Employment	Direct	1,200	100	300	600
	Indirect	900	100	200	500
	Induced	1,300	100	300	700
	Total	3,400	300	800	1,700
UK Public Finance Revenue	Stamp Duty Land Tax Receipts	£1.9m	£190,000	£476,000	£952,000
	Corporation Tax Incurred	£7.8m	£777,000	£1.9m	£3.9m
	NI and PAYE Contributions	£3.8m	£378,000	£944,000	£1.9m
Local Authority Revenue	New Homes Bonus payments	£7.1m	£709,000	£1.8m	£3.5m
	Council Tax Receipts	£1.2m	£123,000	£307,000	£615,000
Local Community Benefits	S.106 Contributions	£4.1m	£409,000	£1.0m	£2.0m
	Community Infrastructure Levy Payments	£913,000	£91,000	£228,500	£457,000
	New Resident Expenditure	£34.5m	£3.4m	£8.6m	£17.2m
Affordable Housing	Value of affordable housing sales	£20.4m	£2.0m	£5.1m	£10.2m

Source: Lichfields Analysis. Totals rounded; figures may not sum due to rounding.

Solent

Table 3.8 Economic impact of reduction in housebuilding in the Solent catchment area

Type of Economic Benefit		Past Completions	Effect of reduction in building		
			10% Reduction	25% Reduction	50% Reduction
Number of dwellings		7,947	795	1,182	3,974
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£40.0m	£4.0m	£10.0m	£20.0m
Economic Output	Builders, their contractors and suppliers	£1.38bn	£138.3m	£345.7m	£691.4m
Employment	Direct	8,700	900	2,200	4,300
	Indirect	6,800	700	1,700	3,400
	Induced	9,900	1,00	2,500	5,000
	Total	25,400	2,500	6,300	12,700
UK Public Finance Revenue	Stamp Duty Land Tax Receipts	£14.3m	£1.4m	£3.6m	£7.1m
	Corporation Tax Incurred	£58.2m	£5.8m	£14.6m	£29.1m
	NI and PAYE Contributions	£28.3m	£2.8m	£7.1m	£14.1m
Local Authority Revenue	New Homes Bonus payments	£53.1m	£5.3m	£13.3m	£26.6m
	Council Tax Receipts	£9.2m	£921,000	£2.3m	£4.6m
Local Community Benefits	S.106 Contributions	£30.6m	£3.1m	£7.7m	£15.3m
	Community Infrastructure Levy Payments	£6.8m	£684,000	£1.7m	£3.4m
	New Resident Expenditure	£258.4m	£25.8m	£64.6m	£129.2m
Affordable Housing	Value of affordable housing sales	£152.8m	£15.3m	£38.2m	£76.4m

Source: Lichfields Analysis. Totals rounded; figures may not sum due to rounding.

Somerset Levels

Table 3.9 Economic impact of reduction in housebuilding in the Somerset Levels catchment area

Type of Economic Benefit		Past Completions	Effect of reduction in building		
			10% Reduction	25% Reduction	50% Reduction
Number of dwellings		4,727	473	1,182	2,364
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£23.8m	£2.4m	£6.0m	£11.9m
Economic Output	Builders, their contractors and suppliers	£822.6m	£82.3m	£205.6m	£411.3m
Employment	Direct	5,200	500	1,300	2,600
	Indirect	4,000	400	1,000	2,000
	Induced	5,900	600	1,500	2,900
	Total	15,100	1,500	3,800	7,600
UK Public Finance Revenue	Stamp Duty Land Tax Receipts	£8.5m	£849,000	£2.1m	£4.2m
	Corporation Tax Incurred	£34.6m	£3.5m	£8.7m	£17.3m
	NI and PAYE Contributions	£16.8m	£1.7m	£4.2m	£8.4m
Local Authority Revenue	New Homes Bonus payments	£31.6m	£3.2m	£7.9m	£15.8m
	Council Tax Receipts	£5.5m	£548,000	£1.4m	£2.7m
Local Community Benefits	S.106 Contributions	£18.2m	£1.8m	£4.6m	£9.1m
	Community Infrastructure Levy Payments	£4.1m	£407,000	£1.0m	£2.0m
	New Resident Expenditure	£153.7m	£15.4m	£38.4m	£76.8m
Affordable Housing	Value of affordable housing sales	£90.9m	£9.1m	£22.7m	£45.5m

Source: Lichfields Analysis. Totals rounded; figures may not sum due to rounding.

Stour

Table 3.10 Economic impact of reduction in housebuilding in the Stour catchment area

Type of Economic Benefit		Past Completions	Effect of reduction in building		
			10% Reduction	25% Reduction	50% Reduction
Number of dwellings		3,578	358	895	1,789
Net Capital Expenditure	Acquiring or upgrading physical assets to support day-to-day operations	£18.0m	£1.8m	£4.5m	£9.0m
Economic Output	Builders, their contractors and suppliers	£622.6m	£62.3m	£155.7m	£311.3m
Employment	Direct	3,900	400	1,000	2,000
	Indirect	3,100	300	800	1,500
	Induced	4,500	400	1,100	2,200
	Total	11,400	1,100	2,900	5,700
UK Public Finance Revenue	Stamp Duty Land Tax Receipts	£6.4m	£642,000	£1.6m	£3.2m
	Corporation Tax Incurred	£26.2m	£2.6m	£6.6m	£13.1m
	NI and PAYE Contributions	£12.7m	£1.3m	£3.2m	£6.4m
Local Authority Revenue	New Homes Bonus payments	£23.9m	£2.4m	£6.0m	£12.0m
	Council Tax Receipts	£4.1m	£415,000	£1.0m	£2.1m
Local Community Benefits	S.106 Contributions	£13.8m	£1.4m	£3.4m	£6.9m
	Community Infrastructure Levy Payments	£3.1m	£308,000	£770,000	£1.5m
	New Resident Expenditure	£116.3m	£11.6m	£29.1m	£58.2m
Affordable Housing	Value of affordable housing sales	£68.8m	£6.9m	£17.2m	£34.4m

Source: Lichfields Analysis. Totals rounded; figures may not sum due to rounding.

Birmingham
0121 713 1530
birmingham@lichfields.uk

Edinburgh
0131 285 0670
edinburgh@lichfields.uk

Manchester
0161 837 6130
manchester@lichfields.uk

Bristol
0117 403 1980
bristol@lichfields.uk

Leeds
0113 397 1397
leeds@lichfields.uk

Newcastle
0191 261 5685
newcastle@lichfields.uk

Cardiff
029 2043 5880
cardiff@lichfields.uk

London
020 7837 4477
london@lichfields.uk

Thames Valley
0118 334 1920
thamesvalley@lichfields.uk

