

# Scrutiny Briefing Note

The Economy Scrutiny Panel requested an update at November's Economy Scrutiny Panel (7<sup>th</sup> November, 2022) on the progress for housing delivery within North East Lincolnshire.

## Subject: New Homes Housing Delivery

### Introduction

The purpose of this briefing note is to provide an update to Scrutiny Panel delivery of new homes and actions to ensure housing growth is supported accordingly.

### Background

Underpinned by NELC's Housing Strategy (currently under review) this sets out a vision to provide place leadership that supports and enables the provision of a good quality homes for everyone who lives in North East Lincolnshire. We will achieve our vision by supporting delivery of 9,742 new homes (over the Local Plan period 2013-32) and encouraging investment and improvement to existing homes across the borough. Our housing actions will support economic regeneration and community cohesion, attracting new residents to the area and helping everyone to lead independent, healthy, and active lives, in a place we are proud to call home.

The Housing Strategy sets out 4 strategic priorities, these being.

**Creating Homes** – Providing new homes to meet NEL housing need

**Strengthening Places** – Investing in NEL existing neighbourhoods and communities.

**Improving Health** – Improving peoples' health, wellbeing, economic opportunity, and independence through housing.

**Working Together** – Working in partnership to deliver the housing vision and to increase opportunities for all.

By creating new homes, the Council will seek to.

Build enough  
homes meeting  
demand

Build the right  
homes in the right  
places

Improve and make  
best use of existing  
housing stock and  
assets

Build safe  
sustainable  
communities

As highlighted above, the existing Local Plan sets out ambitious targets to increase housing delivery in North East Lincolnshire, 9,742 new homes over the Local Plan period 2013-32. To date 3,783 homes (gross figure) have been built, since 2013, less the number of demolitions that have occurred, which is 786 units.



The 786 figure includes a significant number of Lincolnshire Housing Partnership demolitions. An agreement in 2018, with the Local Plan Inspector allowed for the number of Lincolnshire Housing Partnership demolitions relating to the demolition of the Freeman Street flats to be phased over the plan period, to prevent the loss being recorded in one year, which would have significantly impacted on the Council housing delivery position. We are advised LHP have now concluded their demolition programme in NEL.

Therefore since 2013, the borough is delivering an average of 327 net units. Crudely, at this pace of delivery, would equate to 5880 new homes over the course of the Local Plan. Excluding demolition figures would deliver a gross output of 7,566 units, over the course of the Local Plan.

The Council has a requirement to publish a 5-year Housing Land Availability Assessment. The purpose of the document is to demonstrate that there are sufficient deliverable sites to meet the housing requirement over the next 5 years. At present the assessment only identifies a 4.2-year supply which potentially opens the door to speculative planning applications on sites not allocated in the local plan.

The assessment is undertaken calculating what sites will deliver over the next 5 years and considering whether there are sufficient deliverable sites to meet the expected requirement. Importantly any shortfall in past years must be added to the requirement, and a buffer added which varies from 5% to 20% dependent on past delivery measured against the housing delivery test. In North East Lincolnshire the buffer is currently 5%.

Failure to meet the Council's 5-year housing land supply has occurred despite a trend of increasing in gross housing delivery. This has been because of several factors:

- The stepped local plan requirement has increased
- The level of demolitions and losses has been significantly higher than anticipated
- The govt has introduced tighter requirements in assessing sites as deliverable



## Housing Completions Performance 2013/14 to 2021/22

Performance during the term of the Local Plan can be seen in the table below.

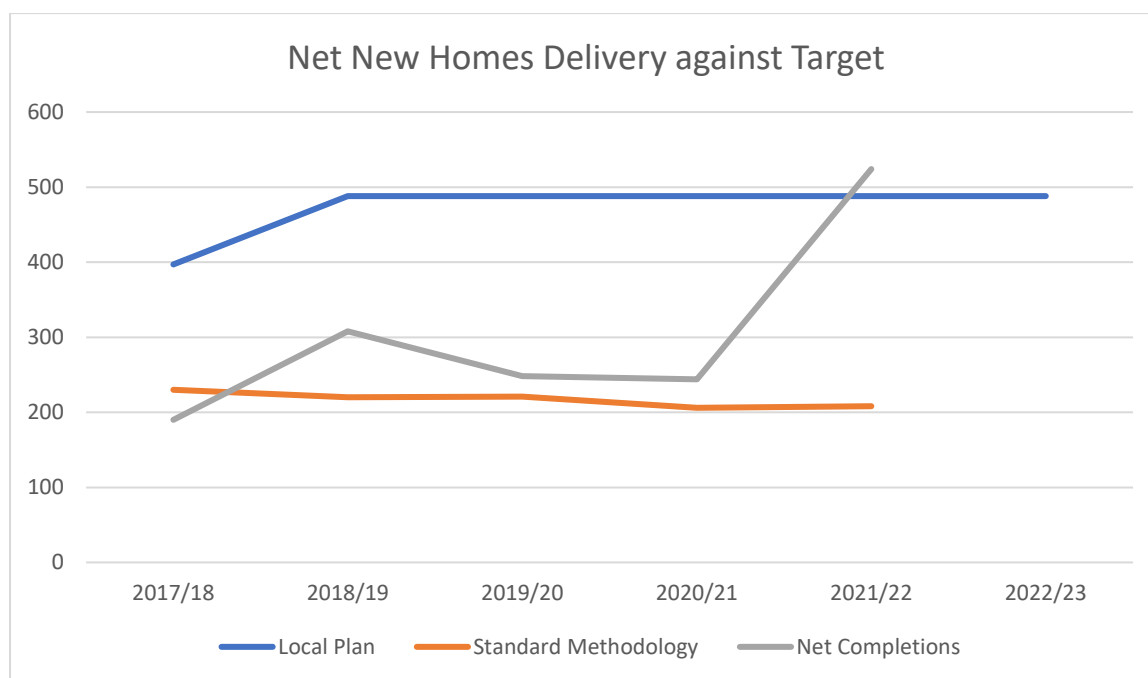
Year	Local Plan Requirement	Standard Methodology Requirement	Gross Completions	Demos and losses	LHP Losses (+45 accounts for Freeman Street flats)	Net Completions
2013/2014	397		364	50		<b>314</b>
2014/2015	397		381	15		<b>366</b>
2015/2016	397		376	19		<b>357</b>
2016/2017	397		311	45		<b>266</b>
2017/2018	397	230	289	99		<b>190</b>
2018/2019	488	220	451	98	+45	(308) <b>431</b> accounting for key workers flats
2019/2020	488	211	435	142	+45	<b>248</b>
2020/2021	488	206	494	205	+45	<b>244</b>
2021/2022	488	208	682	113	+45	<b>524</b>
2022/2023	488					
2023/2024	Standard method required applies				Shortfall does not apply	

The above table shows that the borough has shown growth in housing delivery, with the number of new homes completed increasing during 2018/19 to the present date.

Delivery of new homes, within the Local Plan not only generates a stronger economy but also builds and supports new communities, making NEL a more attractive place to live and work. New housing supports an increase in Council Tax receipts and New Homes Bonus, which enables the Council to meet/fund its statutory duties and deliver other significant activities.



## Housing Growth Against Standard Methodology and Local Plan Targets



The above table shows how net housing completions (gross figure minus housing demolitions), since 2017/18. The trajectory shows a steep increase in delivery during 2021/22, exceeding the local plan target. This is the first time that delivery has exceeded the delivery target during the local plan term. Whilst the impact of COVID19 impacted on delivery during 2019/20 and 2020/21, the average is 362 new homes per annum,

### Implications of Increased Housing Delivery

Providing additional new homes delivers additional income to the area by supporting our local economy. In addition, the Council receives revenue through Council Tax income and New Homes Bonus, as well as Section 106 funding which is ring fenced.

Section 106 agreements are legal agreements between developers and the local council. They can often release funding to deliver projects within a local area and are designed to: ease the impact of a new development on the local community. compensate the local community for any impact caused by a development - for improved traffic safety measures or investment in additional affordable housing.

### Carbon Roadmap and Natural Assets Plan

Ensure the Council through its robust planning function delivers housing growth, in line with relevant policies and plans and strikes a healthy balance between growth, while protecting and enhancing the natural habitat and wildlife within the borough.



## Council Tax

Households coming into the borough provide Council Tax Revenue. Due to demand for certain types of dwellings and location, Developers tend to invest in those popular high demand areas and build properties that will sell easy, reducing risk on their capital outlay/financial investment. Within NEL this has meant new 3 to 4 bed homes in the Southern Arc of the borough. Are seen as an attractive option for developers.

## New Homes Bonus

The Council have also received Government revenue through the New Homes Bonus. The New Homes Bonus was introduced in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. The bonus is intended to provide a financial incentive to reward and encourage local authorities to facilitate housing growth.

Under the scheme the government matches the council tax raised from new homes for the first six years through the New Homes Bonus.

## Net New Homes Bonus Income

	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Income Received</b>	£546,559	£265,064	£303,225	£60,927*	£837,019 (estimated)

*\*The figure for 2021/22 is much lower, due to a combination of a change in the way New Homes Bonus is calculated and a lower number of completions due to the pandemic 2020/21).*

The above table shows income received from New Homes Bonus over the last four years, including details of the forecast figure for 2022/23. **Payments are retrospective and based on the previous year's performance.**

The government are currently reviewing new homes bonus funding for 2023/24. Consultation has taken place to consider if the system should remain, be adapted, or removed completely.

Under the Housing Strategy the Council have implemented key actions to improve/enhance/facilitate housing delivery. This is very much built of having a strong working relation with key housing players and reviewing issues and concerns, in a timely manner, as one team.

However, the national / local economy plays a major role in determining private investment levels and appetite for risks from house builders and developers, but the Council are keen to facilitate improvement in its processes and policy.

## Housing and Developers Forum

Supported and facilitated via NELC this Forum meets on a regular basis and has an independent Chair. Attendees include a host of property personnel, charitable, housing organisations, estate agents, registered housing providers, landowners, private investors, and local / regional Developers.



All attendees are encouraged and can raise agenda items, which can include updates of the local plan, legislative changes, and highway concerns – all with the intention of removing potential obstacles or roadblocks to improve the house building journey within NEL and to kick start stalled sites, which may or may not have planning permission.

In addition, the forum provides an opportunity for Developers to raise any issues they are experiencing in the planning process. This approach has been very useful, to implement changes in process, which has improved relationships between both parties, with many developers being complimentary about the current planning service. It also provides an opportunity for developers to raise issues outside of the planning process, which create a barrier to delivery.

The Council also update on its own housing initiatives and delivery projects.

## **NELC's Housing Delivery**

### **The Council is keen to utilise unused Council owned Assets/Sites for housing development.**

The Council was successfully awarded Accelerated Construction Funding for two sites, the Former Western School and Playing Field site (Western), and the Former Matthew Humberstone Site. Enabling works including provision of spine roads, site entrances, utilities, and outline planning permission.

The Western site has entered a competitive dialogue process. After a recent shortlisting exercise, the Council are now entering dialogue sessions with five quality developers. This process is due to be completed early 2023, as per policy.

Matthew Humberstone was offered for sale (with conditions) on the open market. An offer was accepted, and the Council are now entering into a contract with the developer. Conditions of the grant funding ensure developments will commence in a timely manner once legals have been completed, which should be in 2023.

Alexander Dock (formerly known as Garth Lane) is part of the Towns Fund project and is earmarked for town centre living / housing. The Council are working closely with Homes England (HE) supported by a £150k grant by HE, to deliver a feasibility study/route map. This work is expected to be completed by December 2022. This site could provide around 130 new homes.

In addition, the Council are working with Network Rail to masterplan the Duchess Street car park, to deliver further town centre housing options. This site could provide around 80 new homes.



Recently the Council bid for Brownfield Land Release Funding from One Public Estate. This funding would provide finance to demolish existing buildings, clear the site and provide a ground investigation survey. Works would need to be completed by March 2023 and will provide a site ready for sale/council development or possible partnership. This site will provide an additional 25 new homes. Officers are confident the bid will secure some level of funding.

The site known as Southview, Humberston is due to be marketed shortly. This could provide an additional 15 homes (subject to who acquires and planning permission).

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