

Celebrating
60
years

North East Lincolnshire Council Housing and Economic Development Needs Assessment

North East Lincolnshire Council

29 November 2023

LICHFIELDS

LICHFIELDS

Lichfields is the pre-eminent planning and development consultancy in the UK

**Celebrating 60 years
of innovation in planning.**

lichfields.uk

© 2023 Nathaniel Lichfield & Partners Limited (trading as "Lichfields"), All Rights Reserved, is registered in England, no. 2778116.

Registered office at The Minster Building, 21 Mincing Lane, London EC3R 7AG.

Formatted for double sided printing.

Plans based upon Ordnance Survey mapping with the permission of Her Majesty's Stationery Office.

© Crown Copyright reserved. Licence number 10007707

65864/01/JG/CR

27218381v1

North East Lincolnshire Council Housing and Economic Development Needs Assessment

North East Lincolnshire Council

29 November 2023

LICHFIELDS

65864/01/JG/CR
27218381v1

Contents

1.0	Introduction	4
	Study Scope	5
	Report Structure	6
2.0	Background – Policy Context	8
	Introduction	8
	Housing Context	8
	Economic Policy Context	17
3.0	Socio-Economic Context	22
	Demographic Context	22
	Economic Conditions and Trends	28
	Summary	37
4.0	Defining the HMA/FEMA	38
	Defining the HMA	39
	Defining the FEMA	44
	Current Position of Adjoining Districts	50
	Conclusion on the extent of the HMA and FEMA	52
5.0	Housing Market Signals	53
	Household Composition	53
	Occupancy Rating	53
	Housing Stock	56
	The Active Market	61
	Affordable Housing	73
	Summary	74
6.0	Local Housing Need	76
	Introduction	76
	Methodology	76
	Demographic Analysis	82

Future Housing Scenarios	86
Economic Growth Strategies	99
Unmet Need from Elsewhere	100
Previous Delivery Levels	100
Conclusions on North East Lincolnshire Borough's LHN	102
7.0 Affordable Housing Needs	104
Number of Current and Future Households in Need	104
Affordable Housing Needs Calculation	107
Estimate of Net Affordable Housing Needs	120
Affordable Homes for Purchase	122
Types of Affordable Housing Needed	130
8.0 Sub-Area Housing Dynamics	145
Top-down assessment	146
Local Housing Need Assessment – 'bottom-up'	147
Local Housing Dynamics	148
Availability of Land	148
Sub Area Characteristics	149
Summary	152
9.0 Type, Tenure and Size of Housing Required	154
Housing Size and Type	154
Summary	166
10.0 Needs of Specific Groups	168
Private Rented Sector	168
Build to Rent	171
Students and Purpose-Built Student Accommodation (PBSA)	173
Households and Families with Children	174
The need for specialist accommodation for Older People	179
Adaptable and Accessible Homes	196
Self-build and custom build	201
Service Families	203

	Children Looked After & Care Leavers	203
11.0	Commercial Property Market Signals and Intelligence	206
	Introduction	206
	Employment Space	206
	Development Rates	212
	Development Pipeline	214
	Commercial Overview	214
12.0	Forecasting Future Employment Needs	220
	Introduction	220
	Methodology	220
	Estimating the Net Land Requirement	231
	Flexibility Factor	231
	Convert Net to Gross Floorspace Requirements	232
	Reality Check	235
	Supply/Demand Balance	236
13.0	Conclusions and Recommendations	241
	Local Housing Need	241
	Affordable Housing Needs	242
	Local Housing Dynamics	244
	Housing Needs of Specific Groups	244
	Future Employment Needs	246

1.0 Introduction

- 1.1 Lichfields has been appointed by North East Lincolnshire Council [The Council] to undertake a Housing and Economic Development Needs Assessment [HEDNA] for the Borough. For the avoidance of doubt references to ‘the Borough’ and North East Lincolnshire are to the totality of the study area set out in Figure 1.1.
- 1.2 The overarching objective of the study is to provide the housing and economic evidence base to support policy development as The Council prepares its new Plan.
- 1.3 The North East Lincolnshire Council Plan, published in February 2022, sets out the Council’s priorities and vision for the Borough:
- “To promote the towns within North East Lincolnshire as great places to live, work and stay, by revitalising our town centres, supporting growth of existing businesses and attracting new investment.”*
- 1.4 As required by paragraph 33 of the National Planning Policy Framework [NPPF] (published in July 2021), the Council has begun to prepare its Local Plan Review as its Local Plan approaches its 5-year review date. In this context, there is a requirement on the North East Lincolnshire Planning Authority to assess housing and economic needs and to plan for appropriate levels of development in line with Guidance and the duty to foster economic and social well-being of local communities.
- 1.5 This HEDNA is divided into four inter-related parts – the first sets out the policy and socio-economic context for the Borough, including a review of the market areas that operate therein. The second part examines housing market signals and identifies the overall housing need for the Borough. The third part considers the need for different types of housing, by sub-area, and provides policy advice. The fourth and final part provides an assessment of employment land needs across the Borough, incorporating a commercial property market signals analysis.
- 1.6 The analysis aligns with the Local Plan period of 2022 to 2042 and will provide robust and up-to-date evidence upon which the new Local Plan can be based.
- 1.7 The study has also sought to understand other key economic trends and aspirations for the Borough and to provide growth options to consider in terms of workforce implications and associated impact on housing and employment land requirements.

Figure 1.1 North East Lincolnshire Local Authority and Grimsby Town Centre



Source: Lichfields

Study Scope

- 1.8 This HEDNA is intended to assist The Council in understanding the economic picture of North East Lincolnshire and the implications of employment growth on workforce, housing, and employment land requirements.
- 1.9 To this end, the scope of the study involves:

Economic needs:

- 1 Sectoral and employment forecasts and consideration of the future labour supply.
- 2 Identification of any specific locational requirements of relevant sectors of the economy, including new or specialist sectors.

Overall housing needs:

- 3 Confirmation of the extent of the housing market area and any associated policy implications.
- 4 Local Housing Need [LHN] for North East Lincolnshire applying the standard method [SM2] as set out in the Planning Practice Guidance [PPG].
- 5 Assessment of alternative methods to identify housing need that may be necessary to support economic growth.

The need for different types of housing:

- 6 The appropriate mix of market housing types and tenure required.
- 7 The need for affordable housing, including the type and tenure that is required. This includes recommendations regarding the policy merits of increasing the discount to be applied to First Homes beyond the minimum 30% and the consideration of bespoke eligibility criteria as appropriate.
- 8 The demand for self and custom build housing, and opportunities to improve delivery.
- 9 The need for housing for older people, disabled people and people with specialist care needs.
- 10 The likely demand for student accommodation in North East Lincolnshire.

Report Structure

1.10 This HEDNA is structured as follows:

- Background Policy Context – sets out the national and local planning policy context along with the economic strategy for North East Lincolnshire.
- A summary of the methodology.
- Defining the Housing Market Area and Functional Economic Market Area that North East Lincolnshire sits within.

Socio-Economic Context

- Socio-economic conditions, examining macro and micro-economic trends and conditions.
- Area profile and Market Signals Analysis – a detailed assessment of North East Lincolnshire’s demographic characteristics and the housing market more generally.

Local Housing Needs

- The application of the Government’s standard methodology to derive an LHN figure for North East Lincolnshire as a whole. This section includes an assessment of whether exceptional circumstances exist that would justify an alternative approach to be applied.
- An analysis of Subnational Population and Household Projections as well as the projected household formation rates over the local plan period.

- Future housing scenarios based on the trends identified through demographic and economic analysis to provide conclusions on North East Lincolnshire's Local Housing Need.
- An analysis of the scale of affordable housing need that current exists in North East Lincolnshire.
- Local housing dynamics, examining how the need might best be distributed across the Borough.
- Analysis of the type, tenure and size of housing required in the Borough.
- The needs of specific groups.

Employment Needs

- Commercial property market signals and analysis.
- Forecasting future economic growth needs and employment land requirements.
- Supply/Demand Balance

Conclusions and Recommendations

- Brings together and summarises the key findings and recommendations.

2.0 Background – Policy Context

Introduction

- 2.1 This study comprises a key part of the housing evidence base that will be used to inform The Council’s emerging Local Plan policies and is in accordance with the following policy and economic documents at a national, regional, and local level.

Housing Context

National Planning Policy Framework

- 2.2 The current National Planning Policy Framework [NPPF] was published on 20th July 2021. At the time of writing, it is understood that the Government is planning to consult on a new NPPF ‘Prospectus’ setting out how it intends to change national planning policy later this summer. In the meantime, the 2021 version of the NPPF remains extant. It has a number of stated priorities which comprise a stronger plan-led approach, able to support the provision of new homes, improve affordability and ensure a higher rate of housing delivery. Policies on economic growth remains a key part of the planning balance and the Government retains the aspiration to support growth, innovation and above all, to improve productivity levels.
- 2.3 The NPPF provides a renewed emphasis on strategic planning and a clear recognition that this crosses LPA boundaries, implying that joined up working between authorities is imperative. Notably, strategic plans and policies should provide for development needs that cannot be met within neighbouring areas and should demonstrate this through statements of common ground [SoCG].

The NPPF sets out a need to effectively cooperate, setting out how strategic plan-making authorities should collaborate, again emphasising that this includes considering where development needs cannot be met wholly in one area and could be met elsewhere. Joint working and SoCGs are significant and for a plan to be found sound, cross-boundary strategic matters must be ‘dealt with rather than deferred’. This is a significant addition to national policy, to help ensure strategic needs are planned for now. Importantly, SoCGs should be kept up to date.

- 2.4 The NPPF outlines how LPAs should determine housing needs:

“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.” [§61]

2.5 LHN is defined in Annex 2 of the NPPF as follows:

“Local housing need: the number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 61 of the Framework).”

Planning Practice Guidance

2.6 On 6th March 2014 the Government launched the Planning Practice Guidance [PPG] web-based resource.¹ This brought together many areas of English planning guidance into a new format linked to the NPPF. This included replacing the previous Strategic Housing Market Assessment [SHMA] Practice Guidance published in 2007, which has now been cancelled. Although the new PPG is more succinct and provides less detail on the assessment of affordable housing need than the 2007 Guidance, the overall approach remains essentially the same. Following the publication of revisions to the NPPF, the section of the PPG addressing the calculation of objectively assessed housing needs was updated on 24 June 2021. The PPG’s more general guidance on Housing and Economic Needs Assessments was last updated on 16th December 2020.

2.7 The PPG states that the NPPF expects strategic policy-making authorities to follow the standard method in assessing local housing need. This uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply². This takes an average of the Sub-National Household Projections [SNHP] over a 10-year period and adjusts them based on the affordability of the area. A cap may be applied which limits the increase, depending on the current status of relevant policies for housing.

2.8 The PPG states that:

“The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government’s objective of significantly boosting the supply of homes.”³

2.9 The PPG also provides helpful commentary on the following circumstances relevant to the South West part of North East Lincolnshire comprising the Lincolnshire Wolds Area of Outstanding Natural Beauty [AONB], which allows for an alternative approach to the standard methodology for identifying housing need:

“Where strategic policy-making authorities do not align with local authority boundaries (either individually or in combination), or the data required for the model are not available such as in National Parks and the Broads Authority, where local authority boundaries have changed due to reorganisation within the last 5 years or local authority areas where the samples are too small, an alternative approach will have to be used. Such authorities may continue to identify a housing need figure using a method determined locally, but in doing so will need to consider the best available information on anticipated

¹ <http://planningguidance.planningportal.gov.uk/>

² 2a-002-20190220

³ 2a-005-20190220

changes in households as well as local affordability levels.”⁴

2.10 If an authority uses a different method for calculating housing need the PPG sets out how this should be tested at examination:

“Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point.”

“Where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method. This will be tested at examination.”⁵

2.11 The PPG states that for the purposes of decision making “*there is separate guidance on how the standard method for assessing local housing need applies to calculating 5 Year Land Supply and the Housing Delivery Test*”⁶.

2.12 The PPG⁷ states the following:

“Housing requirement figures identified in adopted strategic housing policies should be used for calculating the 5-year housing land supply figure where:

- the plan was adopted in the last 5 years, or*
- the strategic housing policies have been reviewed within the last 5 years and found not to need updating.*

In other circumstances the 5-year housing land supply will be measured against the area’s local housing need calculated using the standard method.”

On this basis, the starting point for identifying local housing needs for the purposes of decision taking should be the standard methodology.

Build Back Better – Our Plan for Growth (March 2021)

2.13 In March 2021, the Government revealed its plan to tackle the long-term issues facing the UK including inequalities across the union of the UK, supporting the country’s transition to net zero and supporting the Government’s vision for Global Britain. Build Back Better sets out the Government’s spending targets in key areas such as capital spending on infrastructure, Levelling Up Fund, UK Shared Prosperity Fund, Towns Fund and High Street Fund to invest in local areas, as well as investment in skills and further education, investment in innovation, City and Growth Deals and supporting the transition to Net Zero. Its policies are intended to level up the UK and spread the benefits of Brexit nationwide.

⁴ 2a-014-20190220

⁵ 2a-015-20190220

⁶ 2a-016-20190220

⁷ 68-005-20190722

Local and Sub-Regional Evidence Base

North East Lincolnshire Local Plan (2018)

- 2.14 The current Local Plan for North East Lincolnshire was adopted on 22nd March 2018. It sets out the development strategy for the Borough, including strategic policies and site allocations which will guide land uses to the end of the plan-period in 2032.
- 2.15 The Plan notes that Policy 3 – settlement hierarchy classifies Grimsby and Cleethorpes as forming the main Urban Area in the east of North East Lincolnshire providing accessibility to key services and amenities and the area that has historically delivered the greatest number of homes. Local Service Centres include the town of Immingham to the North, as well as the ‘Arc Settlements’ of Healing, Humberston, Laceby, New Waltham and Waltham are located across the Borough and offer fewer services but act as key connecting settlements between smaller rural settlements and the Urban Area. Minor Rural villages such as Aylesby, Beelsby, East and West Ravendale and Wold Newton that offer few services and amenities with relatively poor existing connections to higher level settlements.
- 2.16 The Local Plan notes that the Borough's population is ageing with sharp declines in young people and particular working-age cohorts that may be the result of several deficiencies in the housing offer:
- “The number of young people living in the Borough is reducing and the proportion of older people (age 65 and over) is rising – and is predicted to continue to rise at a faster rate than the rest of the country during the plan period. There have been particularly sharp declines in the number of residents aged 5 to 15 and 30 to 40, which reflects historically weak training and employment opportunities and may also be attributed to shortcomings in the Borough's housing offer.”*
- 2.17 The Plan documents the complex challenges to meeting housing needs that are present across the Borough:
- 1 Population growth due to birth rates remaining higher than mortality rates;
 - 2 Demographic changes leading to smaller average household sizes;
 - 3 Relatively low levels of house building in the 10 years previous to 2016; and
 - 4 The need to replace some of the existing housing stock that falls short of modern expectations.
- 2.18 The Plan states that the number of households in North East Lincolnshire increased by 5.6% in the decade to 2011 compared to a population increase of just 1%. In 2011, 31% of total households comprised single inhabitant households, up from 28% in 2001 and with the percentage of single person households comprised of those below the age of 65 having increased from 14% in 2001 to 18% in 2011. This demonstrates the significant shift in the demographics of the Borough over the period and the increased pressure placed on housing needs.
- 2.19 Despite relatively low and stable house prices in North East Lincolnshire since 2007, there remains an affordability issue, with 61% of North East Lincolnshire’s households currently having a gross household income of less than £30,000 a year. The Plan attributes the sharp

decline in housing sales to the global recession of 2008 with the removal of many attractive mortgage products from the market [§6.41-6.43].

- 2.20 The Plan sets out the number of net housing completions from 2004/05 to 2014/15 (see Table 2.1) with the Borough not recording a level of net additional dwellings above 450 dwellings per annum [dpa] and having exceeded 400 dpa only once in 2012/13.

Table 2.1 North East Lincolnshire Housing Completions (2004/05 – 2014/15)

Year	New build completions	Conversions and change of use completions	Gross Completions	Demolitions and losses	Net completions
2004/2005	180	27	207	5	202
2005/2006	190	39	229	28	201
2006/2007	370	79	449	91	358
2007/2008	303	143	446	104	342
2008/2009	261	62	323	246	77
2009/2010	213	101	314	61	253
2010/2011	315	45	360	154	206
2011/2012	297	49	346	59	287
2012/2013	352	74	426	21	405
2013/2014	311	53	364	50	314
2014/2015	320	51	371	5	366

Source: North East Lincolnshire Local Plan (2018)

- 2.21 Policy 2: *The Housing Requirement* sets out an objectively assessed housing requirement of at least 9,742 dwellings over the plan period, equating to an annualised requirement of 512 dpa based on the Jobs-led Baseline forecasts:

- 1 At least 397 homes per year should be delivered from 2013/14 to 2017/18;
- 2 At least 488 homes per year should be delivered from 2018/19 to 2022/23;
- 3 At least 649 homes per year should be delivered from 2023/24 to 2027/28; and
- 4 At least 518 homes per year should be delivered from 2028/29 to 2031/32;

- 2.22 The vision for North East Lincolnshire set out in the Local Plan is as follows:

“By 2032 North East Lincolnshire will be nationally and internationally recognised as a centre for offshore renewables, focusing on operations and maintenance and contributing significantly to the Humber's 'Energy Estuary' status. Growth in key sectors, food, energy, chemicals, ports and logistics, will be matched by a strong tourism and leisure offer. Evident through increased jobs and diversity of skills, the barriers to accessing jobs will have been broken down. This will be facilitated through the establishment of facilities to improve education and skills, and measure implemented to address housing need and affordability, and health and service needs, including countering deprivation issues in specific wards. A platform for sustainable economic growth will have been created, with conditions to capture and sustain more and better jobs in the area well established.”

- 2.23 The Plan breaks down the vision statement into Place Statements for each of the four main areas across North East Lincolnshire (the Urban Area; the Estuary Zone; the Western and Southern Arc; and the Rural Area).
- 2.24 Policy 4: *Distribution of Housing Growth* seeks to significantly boost housing supply to meet the existing and future needs of the whole community and allocates housing development across the four main areas such that between 60-65% (an average of 306-332 dpa) of new homes will be constructed in the Urban Area; between 5-10% (26-51 dpa) in and around Immingham; between 30-35% (153-179 dpa) in and on the fringes of the Arc Settlements; and the remaining 1-2% (5-10 dpa) of new homes will be constructed in and around the boundaries of the rural settlements across North East Lincolnshire.⁸
- 2.25 This proposed distribution of homes is a response to the conflicts present between different local plan objectives, notably:
- 1 The desire for brownfield led regeneration with the need to provide sufficient deliverable housing sites to meet future needs requiring large greenfield development;
 - 2 The need to regenerate and redevelop key urban areas in North East Lincolnshire, set against the established flood risk in such areas;
 - 3 The need to foster economic growth and development against the extent to which this potentially pressures to designated habitats, flood risk and the ability to provide sustainable transport; and
 - 4 The need to reconcile competing housing market pressures with the driver to promote sustainable transport choices.
- 2.26 Policy 13: *Housing Allocations* sets out how the level of housing need set out in Policy 2 will be delivered across the Borough up to 2032. Key allocations include the proposed 48.9 ha site at the Lane West of Humberston Road for 1,708 dwellings; the 206.70 ha site at the Grimsby West Urban Extension for 3,337 dwellings; and the 22.30 ha site at Land to the East of Stallingborough Road for 660 dwellings (a total of 5,705 dwellings across the three developments account for 58.5% of the established housing need of 9,742).
- 2.27 Indeed, the sites at the land West of Humberston Road and the Grimsby West Urban Extension, along with the proposed site at Scartho Top in Grimsby, represent three key strategic sites set out in Policy 14: *Development of Strategic Housing Sites*. The Plan recognises their criticality to meeting the Borough's established housing need.
- 2.28 Policy 16: *Provision for Elderly Person's Housing Needs* builds on the evidence established in the 2013 SHMA. A series of focus groups were held in February 2013 to discuss housing issues, needs and preferences to ensure that the eventual housing mix accommodates the growing demographic to the end of the plan period. Key outcomes included the desire to remain living independently as well as to have the option for more specialisation, both underpinned by a forecasted increase of 33% in the number of people aged above 65 living alone from 2012 to 2030.
- 2.29 Policy 18: *Affordable Housing*, is underpinned by the evidence contained within the Council's 2013 SHMA which identified a net affordable housing need of at least 586 dpa over the next five years in order to clear the existing backlog of households in need and

⁸ North East Lincolnshire Local Plan (2018), Table 10.3: Housing – Spatial Distribution.

meet future arising household need. Based on this, there is currently a higher concentration of need identified in the urban area, reflecting the existing communities and availability of housing currently in the area.

- 2.30 The Policy requires the following affordable housing contributions to be made in accordance with the following qualifying thresholds and requirements:

Table 2.2 Qualifying threshold and requirements for affordable housing

Housing Market Zone	Percentage of housing units required to be affordable housing		Housing unit threshold
	Greenfield	Brownfield	
High	20%	15%	Greater than ten units or which have a combined gross floorspace of more than 1,000 sqm
Medium	10%	10%	
Low	0%	0%	

Source: North East Lincolnshire Local Plan (2018), Table 13.13

- 2.31 In applying these requirements, the Policy states that the council will consider the viability of site development; the extent of housing need in the settlement; and off-site contributions.
- 2.32 Policy 20: *Self-build and custom build homes*, states that the Council will support the development of self-build and custom build homes to help in meeting overall housing need. In addition to 'windfall' development opportunities, landowners promoting the development of large strategic sites, in combination with development partners will be expected to make provision for 1% of homes to be delivered on site by self-builders, or through a custom build option. Plots should be made available and offered at competitive rates, to be agreed with the Council. These rates should be fairly related to the particular site and plot costs.

North East Lincolnshire Strategic Housing Market Assessment (2013)

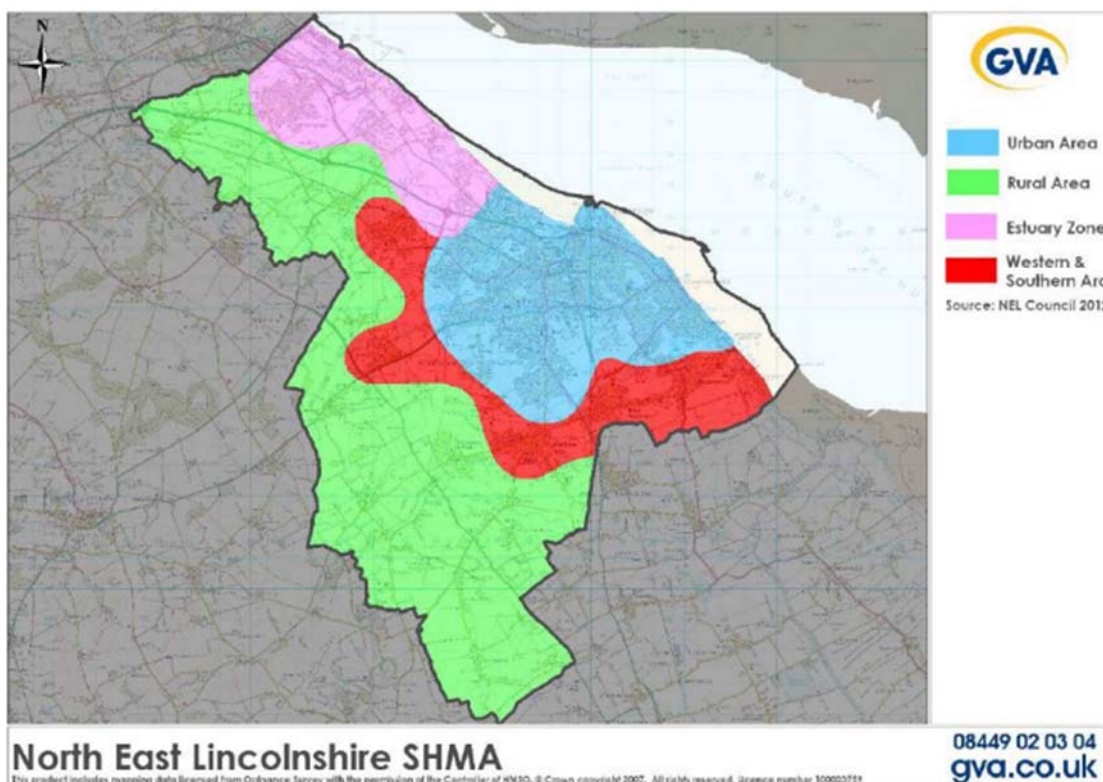
- 2.33 North East Lincolnshire's previous SHMA was published in March 2013. It provides a detailed analysis of the social, economic, housing and demographic situation across the Borough. A key element of the study involved exploring the scale of housing needed and the extent to which additional affordable housing was required. Based on a projected growth of 9,400 households between 2011 and 2030, the SHMA identified a need for 508 dwellings per annum [dpa] 2030. In terms of affordable housing need, the SHMA concluded a need for 586 dpa up to 2018 to clear the existing backlog of households in need and meet future affordable housing need across the Borough.
- 2.34 The 2013 SHMA uses 2011 Mid-Year Population Estimates and migration data (both net internal and net international) from the Office for National Statistics [ONS] to illustrate the annual net impact on the population of the Borough. The analysis indicates that with the exception of 2002/03, North East Lincolnshire experienced year-on-year net out-migration to other parts of the UK.
- 2.35 Using 2010 data from the ONS Annual Population Survey, the SHMA identified that North East Lincolnshire is a relatively contained labour market, with the majority of its residents

also working in the Borough. The SHMA also demonstrates relatively strong linkages with surrounding Local Authority areas of North Lincolnshire, East Lindsey, West Lindsey and South Kesteven. With regard to larger authorities, North East Lincolnshire also has relatively strong links with Sheffield and Leeds.

2.36 The SHMA sets out four Housing Market Areas [HMAs], or ‘spatial zones’, as follows (see Figure 2.1):

- **Urban Area** – contains the town of Grimsby and Cleethorpes. These settlements will be the focus for new developments.
- **Estuary Zone** – contains the port town of Immingham and valuable land for economic development stretching between the ports of Immingham and Grimsby.
- **Western and Southern Arc** – contains several smaller settlements that have grown to become service settlements for the borough and offer a range of key services and amenities.
- **Rural Area** – this area is characterised by its high landscape quality and a collection of small villages and hamlets.

Figure 2.1 Local Market Area Geographies (‘Spatial Zones’) in the 2013 SHMA



Source: North East Lincolnshire Strategic Housing Market Assessment (2013), Figure 4.7.

2.37 The SHMA sets out the average residential transaction prices for the period of February 2012 to September 2012 split by dwelling type and spatial zone. Data indicates that the Rural Area of the Borough attracts the highest transaction values at £201,074 despite accounting for just 3% of total transaction volumes over the same period. On the other

hand, average property prices in the Urban Area are the lowest of any spatial zone at just £100,803 but accounted for as much as 76% of total property transactions over the period.

- 2.38 The affordability variance between the Rural and Urban Areas is also reflected in lower quartile house prices over the same period with prices of £124,475 and £65,000, respectively. However, unlike average house prices, analysis of lower quartile prices also indicates that the lower quartile property prices across the Western and Southern Arc closely reflect prices across the Rural Area at £124,998.
- 2.39 The 2013 SHMA also sets out the housing requirements of specific and vulnerable households. Regarding the housing needs of the Black and Minority Ethnic [BME] population, the SHMA sets out how the population has changed in the decade to 2011 and details the findings of a focus group to discuss their housing issues, needs and preferences.
- 2.40 The findings from the focus group set out how the primary driving factor encouraging BME residents to move into North East Lincolnshire was the draw of employment opportunities within the industrial and manufacturing business sectors of Grimsby.
- 2.41 Regarding housing needs, the focus group participants highlighted that overcrowding was a concerning situation amongst BME households – particularly those living in Grimsby’s private rented sector. The main reason put forward to explain the overcrowding was that it enabled individuals and households to save on housing costs.
- 2.42 The focus group highlighted that BME participants were concerned about the locations of available social housing. Vacant properties were often located in neighbourhoods where BME households did not feel safe due to issues of racial aggravation. This inevitably deterred these communities from accessing social housing.
- 2.43 The SHMA sets out how this has helped to drive excess demand for private rented accommodation despite the generally poor condition of housing stock available.

North East Lincolnshire Strategic Housing Land Availability Assessment (2016)

- 2.44 The Strategic Housing Land Availability Assessment [SHLAA] for North East Lincolnshire was produced by the Council in 2016 and provides a technical assessment of sites and broad locations considered suitable for housing to meet the need for housing over the Local Plan period.
- 2.45 In a review of the housing requirement for the Borough, the SHLAA concluded that the need of 508 dpa set out in the 2013 SHMA did not take sufficient account of local circumstances in North East Lincolnshire, which includes the future opportunity for significant growth linked to the renewable energy industry, and the potential for large-scale industrial developments on the South Humber Bank.
- 2.46 Consequently, the Council commissioned further work with the Economic Futures report establishing three scenarios for jobs growth in the area:
- 1 ‘Baseline Growth’ scenario;
 - 2 ‘Medium Growth’ scenario; and
 - 3 ‘High Growth’ scenario

2.47 In the period to 2032, a total of 4,430, 8,800, and 14,200 potential additional jobs were projected under the three respective scenarios. Of the three scenarios, the SHLAA considers the ‘medium growth’ scenario to be the most likely to occur and therefore the scenario utilising the medium employment-led growth figure represents North East Lincolnshire’s objectively assessed need for housing.

2.48 Table 2.3 demonstrates the net additional dwellings required for each of the employment-led growth scenarios with a total identified requirement of 13,339 dwellings, or an annualised figure of **702 dpa** over the plan period under the ‘medium growth’ scenario. With 1,037 net housing completions within this plan period to 31 March 2016, there is a residual need for 12,303 dwellings to be delivered over the remaining Plan period.

Table 2.3 Net Additional dwellings required per year (Employment-led growth scenarios)

	2013/14 - 2017/18	2018/19 - 2022/23	2023/24 - 2027/28	2028/29 - 2031/32	Total Requirement	Annualised
Baseline Scenario	397	488	649	518	9,742	512
Medium Growth (Scenario 1)	505	657	857	811	13,339	702
High Growth (Scenario 2)	690	941	1,173	978	17,932	944
Regional Econometric Model (REM)	843	510	705	674	12,986	683

Source: North East Lincolnshire Strategic Housing Land Availability Assessment (2016) Table 2.3

2.49 The North East Lincolnshire SHLAA initially considered 373 sites identified by the Council, informed by previous studies as a part of a ‘call for sites’ exercise. Some 33 sites were subsequently removed from the study for a variety of reasons. The SHLAA considered that the remaining 350 assessed housing sites could potentially yield around **14,111 dwellings**. Of this theoretical dwelling yield:

- 3,471 dwellings could come forward for development in years 1 to 5;
- 6,441 dwellings could come forward for development in years 6 to 10;
- 3,757 dwellings could come forward for development in years 11 to 15; and,
- 442 dwellings could come forward for development in year 16 of the assessment period.

Economic Policy Context

National Planning Policy Framework

2.50 The NPPF incorporates an “economic objective” which remains the first overarching objective of the planning system [§8a]. This requires the need to:

*“Support growth, innovation and improved **productivity**”* (emphasis added).

Productivity is a concept rarely explored in any detail in plan-making or decision-taking, but the added emphasis seems appropriate given the national imperative on the issue.

2.51 The NPPF [§20] states that strategic policies should be underpinned by relevant and up-to-date evidence, stating that:

“This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals.”

2.52 Chapter 6 of the NPPF addresses economic considerations (including the rural economy). It states that:

“Significant weight should be placed on the need to support economic growth and productivity, taking into account local business needs and wider opportunities for development.” [§81]

2.53 In paragraph 82 of the NPPF, it indicates that local planning authorities [LPAs] are required to ensure that Local Plan policies set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth that considers Local Industrial Strategies [LIS] and other local policies for economic development and regeneration. They should set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period and seek to address potential barriers to investment. The NPPF also planning policies to be sufficiently flexible to accommodate needs not anticipated in the Plan, allow for new working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

2.54 Paragraph 83 of the NPPF sets out that planning policies should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries and for storage and distribution operations at a variety of scales and in suitably accessible locations.

2.55 Regular reviews of allocations are now required by the NPPF and, even prior to plan reviews, applications for alternative uses should be supported where unmet needs for development could be provided for. Furthermore, in *“areas of high housing demand”*, the use of existing employment (and retail) land for homes is supported where this does not *“undermine key economic sectors or sites”*.

2.56 Ultimately, the North East Lincolnshire Local Plan will need up-to-date and comprehensive evidence to inform its judgements about the need for, and relative importance of, the employment land in the Borough, particularly in the face of added pressure for release to other uses.

Planning Practice Guidance

2.57 The PPG has two much-shortened sections in ‘Plan-Making’:

“What are the steps in gathering evidence to plan for business?”

Strategic policy-making authorities will need a clear understanding of business requirements in their area. The steps in building up this evidence include:

- *Working together with country and neighbouring authorities, Mayors, combined authorities and with Local Enterprise Partnerships to define the most appropriate geography to prepare policies for employment;*

- *Preparing and maintaining a robust evidence base to understand both existing business needs and likely changes in the market, with reference to the local industrial strategies where relevant; and,*
- *Engaging with the business community to understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.⁹*

“How can authorities use this evidence base to plan for business?”

Authorities can use this evidence base to assess:

- *The need for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period, including for retail and leisure development;*
- *The existing and future supply of land available for economic development and its suitability to meet the identified needs. This should be undertaken at the same time as, or combined with, Strategic Housing Land Availability Assessments and should include a reappraisal of the suitability of previously allocated land.*
- *The likely availability and achievability of employment-led development, taking into account market signals;*
- *The role, capacity and function of town centres and the relationship between them, including any trends in the performance of centres;*
- *Locations of deprivation which may benefit from planned remedial action; and,*
- *The needs of the farming and food production industries, including the location and extent of the best and most versatile agricultural land, and the ways in which planning could support investment in those industries.¹⁰*

2.58 The PPG includes guidance on the assessment of housing and economic development. This replaces the previous Office of the Deputy Prime Minister [ODPM] *Employment Land Reviews: Guidance Note* from 2004 (although this arguably remains a source of good practice). The PPG¹¹ has reintroduced its methodology for assessing economic development needs. It states that plan makers liaise closely with the business community to understand their current and future requirements.¹²

2.59 It also advises that Plan-makers should also assess:

- The best fit functional economic market area [FEMA];
- The existing stock of land for employment uses within the area;
- The recent pattern of employment land supply and loss – for example based on extant planning permissions and planning applications (or losses to permitted development);
- Evidence of market demand (including the locational and premises requirements of particular types of business) - sourced from local data and market intelligence, such as

⁹ 61-040-20190315

¹⁰ 61-041-20190315

¹¹ 2a-025-20190220

¹² 2a-026-20190220

recent surveys of business needs, discussions with developers and property agents and engagement with business and economic forums;

- Wider market signals relating to economic growth, diversification and innovation; and,
- Any evidence of market failure – such as physical or ownership constraints that prevent the employment site being used effectively.

2.60 In terms of using market signals to help forecast future needs, the PPG¹³ advises that plan makers should note that:

“The available stock of land can be compared with the particular requirements of the area so that ‘gaps’ in local employment land provision can be identified.

It is important to consider recent employment land take up and projections (based on past trends) and forecasts (based on future scenarios), and to identify instances where sites have been developed or sought for specialist economic uses. This will help to provide an understanding of the underlying requirements for office, general business and distribution space, and (when compared with the overall stock of employment sites) can form the context for appraising individual sites.

Analysing supply and demand will allow policy makers to identify whether there is a mismatch between quantitative and qualitative supply of and demand for employment sites. This will enable an understanding of which market segments are over-supplied to be derived and those which are undersupplied.”

2.61 To derive employment land requirements, the PPG¹⁴ states that when translating employment and output forecasts into land requirements there are four key relationships which need to be quantified:

- Standard Industrial Classification sectors to use classes;
- Standard Industrial Classification sectors to type of property;
- Employment to floorspace (employment density); and,
- Floorspace to site area (plot ratio based on industry proxies).

2.62 The PPG has also added in two new sections on how authorities can assess need and allocate space for logistics and how specific locational requirements of specialist or new sectors be addressed.¹⁵

2.63 Regarding the former, the PPG recognises that the logistics industry plays a critical role in enabling an efficient, sustainable, and effective supply of goods for consumers and businesses, as well as contributing to local employment opportunities, and has distinct locational requirements that need to be considered in formulating planning policies (separately from those relating to general industrial land).

¹³ 2a-027-20190220

¹⁴ 2a-030-20190220

¹⁵ 2a-031-20190722

2.64 To address this, the PPG states that:

“Strategic facilities serving national or regional markets are likely to require significant amounts of land, good access to strategic transport networks, sufficient power capacity and access to appropriately skilled local labour. Where a need for such facilities may exist, strategic policy-making authorities should collaborate with other authorities, infrastructure providers and other interests to identify the scale of need across the relevant market areas. This can be informed by:

- Engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of the type, size and location of facilities, including the impact of new and emerging technologies;*
- Analysis of market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies;*
- Analysis of economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector; and*
- Engagement with Local Enterprise Partnerships and review of their plans and strategies, including economic priorities within Local Industrial Strategies.*

Strategic policy-making authorities will then need to consider the most appropriate locations for meeting these identified needs (whether through the expansion of existing sites or development of new ones)”.

2.65 Regarding the former, the PPG states that when assessing what land and policy support may be needed for different employment uses, it will be important to understand whether there are specific requirements in the local market which affect the types of land or premises needed. It states that:

“Clustering of certain industries (such as some high tech, engineering, digital, creative and logistics activities) can play an important role in supporting collaboration, innovation, productivity, and sustainability, as well as in driving the economic prospects of the areas in which they locate. Strategic policy-making authorities will need to develop a clear understanding of such needs and how they might be addressed taking account of relevant evidence and policy within Local Industrial Strategies. For example, this might include the need for greater studio capacity, co-working spaces, or research facilities.

These needs are often more qualitative in nature and will have to be informed by engagement with businesses and occupiers within relevant sectors”.

3.0 Socio-Economic Context

3.1 This section provides evidence at a national, regional, and local level to provide context for the housing market analysis, exploring the demographic context as well as trends in the housing market.

Demographic Context

3.2 Understanding the demographic context of an area is critical to understand the foundations for a robust objective assessment of housing need. Up-to-date demographic evidence, informed by the 2021 Census and other nationally consistent data sources such as the Annual Population Survey [APS] and ONS MYE, provides an understanding of:

- How North East Lincolnshire’s population has evolved in the past;
- How the key components of change (notably births, deaths, and migration) have influenced this; and
- How they are likely to continue shaping population and household change in the future.

Population and Household Change

3.3 Census data presented in Table 3.1 illustrates that the population of North East Lincolnshire decreased by 1,008 or 0.6% from 2001 to 2021. This is a significantly lower rate of change with the population of the Yorkshire and Humber region increasing 10.4% and the population of England and Wales increasing by 14.3%.

Table 3.1 Population and Household change in North East Lincolnshire 2001 – 2021

	2001	2011	2021	2001-2021 Change	2001-2021 % Change
Population	157,974	159,616	156,966	-1,008	-0.6%
Households	66,054	69,707	69,800	3,746	5.7%

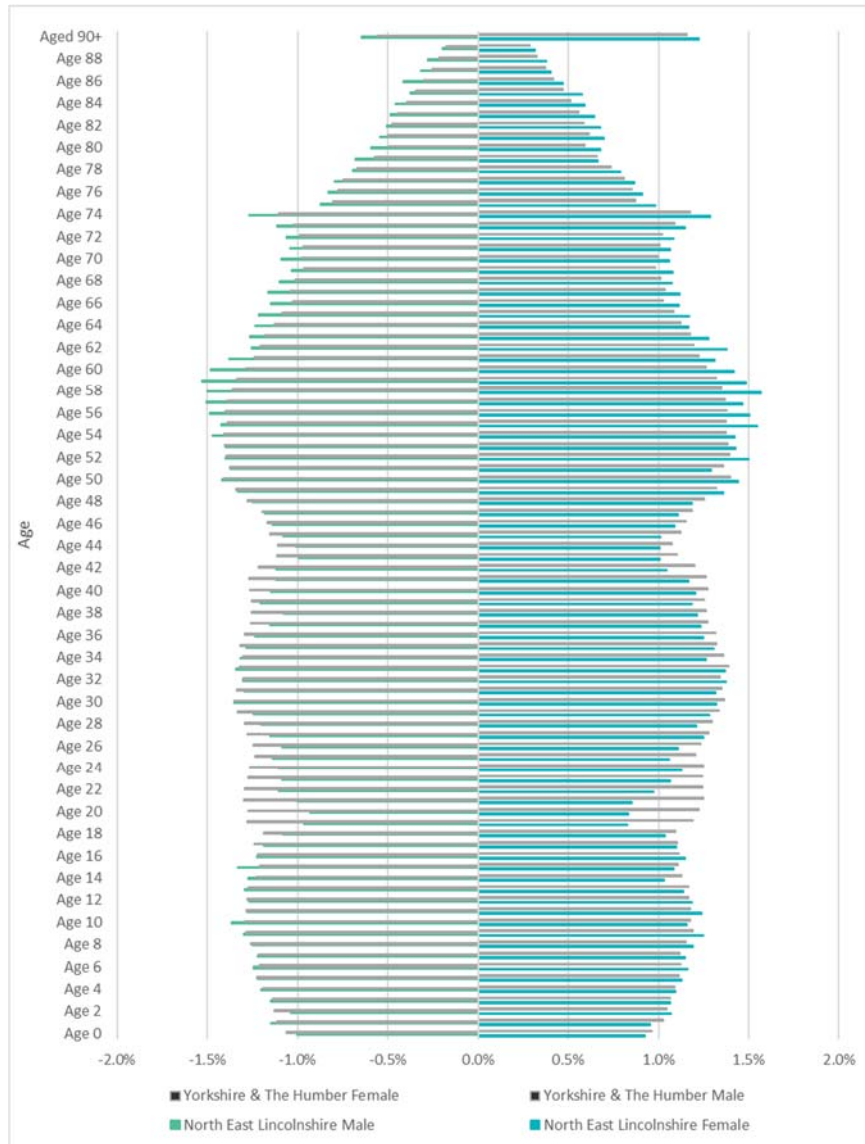
Source: Census 2001, 2011, 2021

3.4 The number of young residents (those aged 0 – 19 years old) fell 16.3% or by 6,998 people over the period compared to a regional increase of 0.8% and a national increase of 5.4%. Similarly, the number of working age residents (those aged 20-64 years old) also declined by 0.8% or 735 people compared to a significant increase across Yorkshire and The Humber (9.1%) and England and Wales (13.4%). The change in the number of older residents in North East Lincolnshire is relatively more comparable to the regional and national benchmarks with an increase of 25.8% or 6,725 people compared to growth of 30.3% across Yorkshire and The Humber and 33.1% across England and Wales.

3.5 Census data also demonstrate the change in the number of households across North East Lincolnshire and the comparator areas. The number of households across the Borough increased from 66,054 in 2001 to 69,800 in 2021 – an increase of 5.67%. This rate of growth is well below the rate of household growth across Yorkshire and the Humber (12.9%) and England and Wales (14.4%). Furthermore, much of the household growth across North East Lincolnshire took place in the decade to 2011 (5.53%) with the household growth over the subsequent decade comprising just 0.13%.

3.6 Figure 3.1 uses the latest 2021 Census to compare the population of North East Lincolnshire with the wider region. The share of young people across the two comparator areas, specifically those below the age of 15, broadly aligns however when comparing those who are slightly older (18 to 30 and those aged 36 to 44), North East Lincolnshire has a smaller share. On the other hand, assessing the relative share of the resident population over the age of 55 identifies a general over representation of senior residents in North East Lincolnshire compared to the regional average.

Figure 3.1 Population structure of North East Lincolnshire, 2021



Source: 2021 Census

Population Change by Spatial Zone

3.7 Census data captures the population at LSOA level allowing for a more granular assessment of population change from 2011 and across the Spatial-Zones set out in the adopted Local Plan. Table 3.2 indicates that the populations of both the Urban and Rural Areas have declined across the intercensal period. The resident population of the Urban Area fell by

3.9% (-4,705 residents) whilst the (much smaller) resident population of the Rural Area fell by 2.5% (-180 people). The population of the Estuary Zone has largely stagnated, increasing by just 0.25% (-21 people), whilst there has been a relatively large increase in the resident population of the Western and Southern Arc, which has seen its population increasing by 9.5% (+2,213 people) over the past decade.

Table 3.2 Population change by Spatial-Zone in North East Lincolnshire (2011-2021)

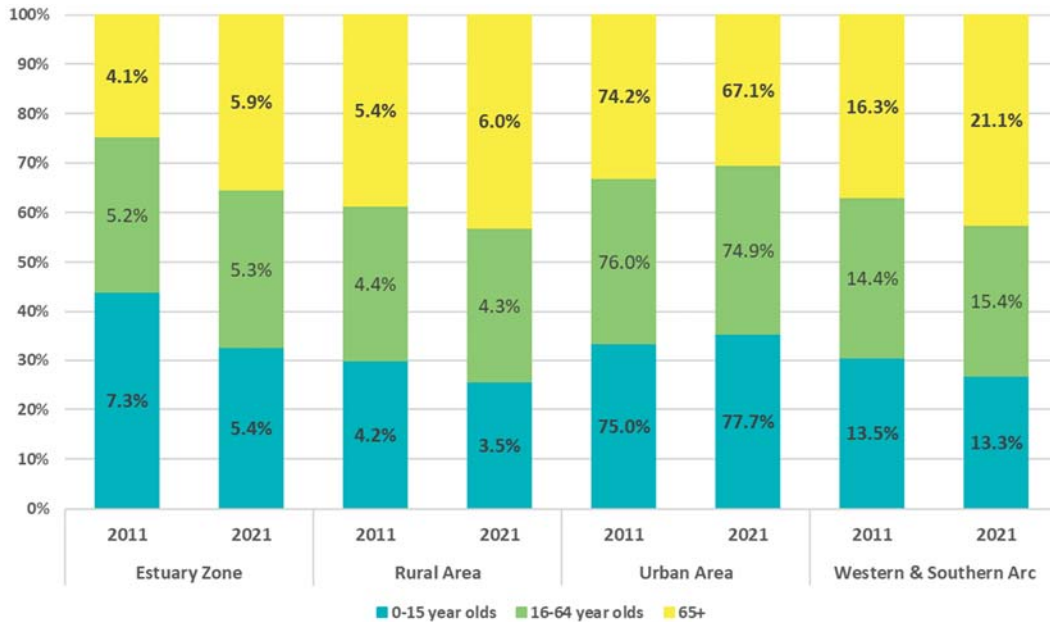
	2011		2021		Population Change (%)
	Total Residents	Share (%)	Total Residents	Share (%)	
Estuary Zone	8,566	5.4%	8,585	5.5%	0.2%
Rural Area	7,291	4.6%	7,112	4.5%	-2.5%
Urban Area	120,529	75.5%	115,824	73.8%	-3.9%
Western and Southern Arc	23,230	14.6%	25,451	16.2%	9.6%
Total	159,616	100%	156,972	100%	-1.7%

Source: Census 2011; 2021

- 3.8 Following the selected release of some of the Census 2021 multivariate datasets that allow for the combination of different demographic variables, further analysis can detail the change in key age cohorts across the North East Lincolnshire's Spatial-Zones.
- 3.9 Figure 3.2 illustrates the change in the age cohorts across each Spatial-Zone in North East Lincolnshire. The data illustrates that the proportion of children (defined as those younger than 16 years old) in the Estuary Zone fell from 7.3% (2,193 people) in 2011 to 5.5% (1,601 people) in 2021. This trend was also observed across the Rural Area, with the number of children falling from 4.2% of all residents (1,275 people) to 3.5% (1,042 people); and across the Western and Southern Arc, with the share falling from 13.5% (4,085 people) to 13.3% (3,924 people). On the other hand, the share of young residents living in the Urban Area increased from 75.0% (22,686 people) in 2011 to 77.7% (22,881 people) in 2021.
- 3.10 The share of working-age residents (those aged between 16 and 64 years old) largely stagnated across both the Estuary Zone – increasing from 5.2% (5,226 people) of the Borough-wide total, to 5.3% (5,059 people) – and across the Rural Area, with the share of working residents living here falling from 4.4% (4,484 people) to 4.3% (4,114 people) over the period. Conversely, the data highlights a relatively greater rate of change across the Urban Area, with the share of working-age residents falling from 76.0% (76,850 people) to 74.9% (70,909 people) whilst across the Western and Southern Arc, the working age share of the population increased marginally from 14.4% (14,530 people) in 2011 to 15.4% (14,588 people) in 2021.
- 3.11 The data indicates that there has been a much greater level of change in the proportion of the elderly population (those aged 65 and over) living in each of the Spatial-Zones. The share of elderly residents increased in the Estuary Zone from 4.1% (1,147 people) to 5.9% (1,927 people) ten years later. This age cohort also increased strongly across the Rural Area, from 5.4% (1,532 people) to 6.0% (1,955 people). For the Western and Southern Arc, the increase was from 16.3% (4,615 people) to 21.1% (6,931 people). The Urban Area was the only Spatial-Zone that experienced a marked decrease in the share of elderly residents (as a percentage of the Borough-wide total, although the actual number of elderly residents did still increase), with the sub-area's share of the total Borough-wide elderly population falling

from 74.2% (20,993 people) to 67.1% (22,012 people).

Figure 3.2 Population Change by age cohort by Spatial-Zone in North East Lincolnshire (2011 -2021)



Source: Census 2021 (TS007 – Age by Single Year)

Population by Ethnicity

- 3.12 In 2021, North East Lincolnshire had a lower share of all other ethnicities than across both Yorkshire and The Humber and England and Wales. The share of Mixed/Multiple ethnic residents was 2.1% in the Borough, compared to 4.3% regionally and 5.8% nationally. Asian/ Asian British residents comprised the second largest ethnic group, at 3.1% of North East Lincolnshire’s population. However, this remains significantly below that observed across Yorkshire and The Humber (17.8%) and England and Wales (18.5%).
- 3.13 The share of Black/African/Caribbean/Black British residents was also notably lower across the Borough at just 1.1% compared to 4.3% regionally and 8.1% nationally. The share of Arabic residents is relatively more comparable with the group comprising 0.2% of North East Lincolnshire’s population compared to 0.5% across Yorkshire and The Humber and 0.6% across England and Wales. Other ethnicities comprised 0.4% of the Borough’s resident population compared to 1.0% across the region and 1.6% nationally.

Table 3.3 Ethnic Group by age in North East Lincolnshire and Comparator areas (2011 -2021)

		Total	White	Mixed/ Multiple Ethnic Groups	Asian/ Asian British	Black/ African/ Caribbean/ Black British	Arab	Other Ethnic Groups
North East Lincolnshire	2011	159,616	155,421	1,186	2,129	411	265	204
	2021	156,962	151,026	3,234	4,862	1,688	371	673
	Change (%)	-1.7%	-2.8%	172.7%	128.4%	310.7%	40.0%	229.9%
Yorkshire and The Humber Region	2011	5,283,733	4,691,956	84,558	385,964	80,345	21,340	19,570
	2021	5,480,774	4,679,961	234,032	974,118	235,288	25,474	53,620
	Change (%)	3.7%	-0.3%	176.8%	152.4%	192.8%	19.4%	174.0%
England and Wales	2011	56,075,912	48,209,395	1,224,400	4,213,531	1,864,890	230,600	333,096
	2021	59,597,548	48,699,253	3,435,954	11,030,840	4,818,558	331,844	923,775
	Change (%)	6.3%	1.0%	180.6%	161.8%	158.4%	43.9%	177.3%

Source: Census 2011 (KS201EW); Census 2021 (RM032)

Household Change by Spatial-Zone

3.14 Table 3.4 demonstrates the change in households across North East Lincolnshire's spatial zones. It indicates that the overall number of households has increased slightly, from 69,707 in 2011 to 69,827 in 2021 – an increase of 0.2% over the period. However, this figure masks significant variations across the Borough's spatial zones with a significant increase of 8.7% to a total of 3,079 households in 2021 in the Rural Area. Similarly, the number of households in the Western and Southern Arc increased by 7.6% to a total of 11,181 by 2021.

3.15 Conversely, the number of households in the Urban Area fell 1.5% from 52,655 in 2011 to 51,873 in 2021 whilst the Estuary Zone saw the largest reduction in households, falling 3.5% from 3,826 to 3,694 over the period.

Table 3.4 Change in the number of total households (2011 – 2021)

	2011		2021		Change
	Number of Households	Share (%)	Number of Households	Share (%)	%
Urban Area	52,655	75.5%	51,873	74.3%	-1.5%
Estuary Zone	3,826	5.5%	3,694	5.3%	-3.5%
Western and Southern Arc	10,393	14.9%	11,181	16.0%	+7.6%
Rural Area	2,833	4.1%	3,079	4.4%	+8.7%
Total	69,707	100.0%	69,827	100.0%	+0.2%

Source: Census 2011; Census 2021.

3.16 The significant increase in the population of over 65s is also reflected in the change in the composition of households across the Borough. Table 3.5 indicates that the total number of households where the principal resident was over the age of 65 years old increased by 20.2%, from 15,488 in 2011 to 18,609 in 2021. The change in older households increased significantly across all four spatial zones. Older households in the Urban Area increased by

18.9% (from 10,854 to 12,906), and in the Western and Southern Arc by 20.0% (3,051 to 3,660). The increase in older households living in both the Rural Area and the Estuary Zone was even greater, by 29.0% (from 752 to 970) and 29.1% (from 831 to 1,073) respectively.

Table 3.5 Number of households over the age of 65 (2011 – 2021)

	2011		2021		Change (%)
	Number of Households over 65	Share (%)	Number of Households over 65	Share (%)	
Urban Area	10,854	70.1%	12,906	69.4%	18.9%
Estuary Zone	831	5.4%	1,073	5.8%	29.1%
Western and Southern Arc	3,051	19.7%	3,660	19.7%	20.0%
Rural Area	752	4.9%	970	5.2%	29.0%
Total	15,488	100.0%	18,609	100.0%	20.2%

Source: Census 2011; 2021

Natural Change

- 3.17 Natural change, i.e. the difference between births and deaths, actually increased in the Borough between 2011 and 2021, by a total of 3,604 from 2002 to 2020. However, North East Lincolnshire's population still declined by 267 residents due to net out-migration.¹⁶

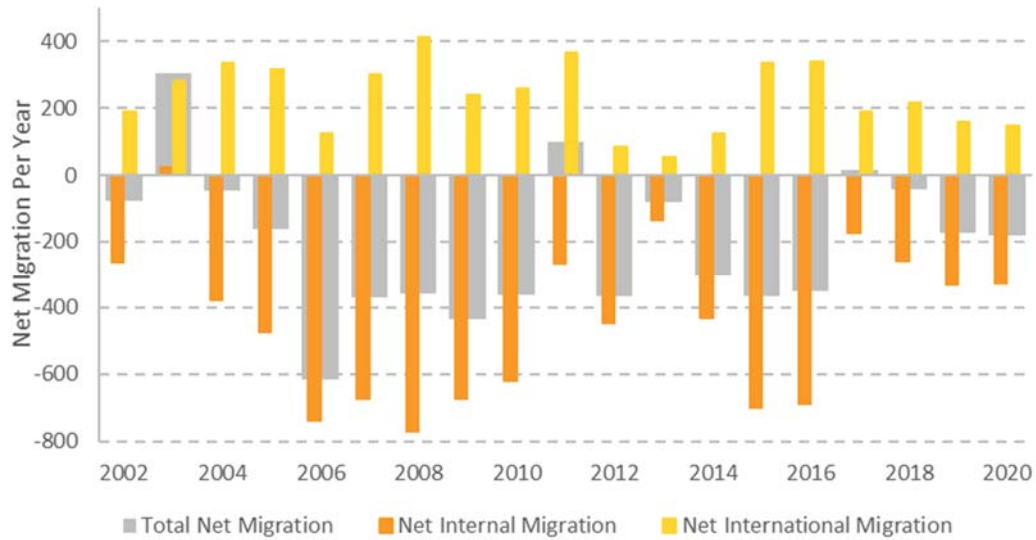
Migration

- 3.18 As illustrated in Figure 3.3, net migration¹⁷ has been consistently outward-moving over the period 2002 to 2020. This is entirely driven by net internal migration which has been consistently negative over this time period, whilst the numbers of immigrants invariably exceeds the number of North East Lincolnshire residents moving abroad. Net internal migration was particularly low from 2006 to 2010 averaging -696 over the period.
- 3.19 Net international migration was positive in every year over the period and remained relatively consistent from 2002 to 2011, averaging +282 per annum before falling significantly to an average of just 87 per annum from 2012 to 2014. Post-2014, the average increased to +230 per annum.

¹⁶ ONS (2023): Mid-Year estimates: components of UK population change, 2002 - 2020

¹⁷ international migration comprises people moving into the country from abroad; cross-border migration (which for the purposes of this analysis has been included in the internal migration figures) represents residents moving to/from North East Lincolnshire from other countries within the UK (i.e. Scotland, Northern Ireland or Wales), whilst internal migration represents residents moving to/from North East Lincolnshire from elsewhere in England.

Figure 3.3 Net Internal and International Migration for North East Lincolnshire, 2002 – 2020

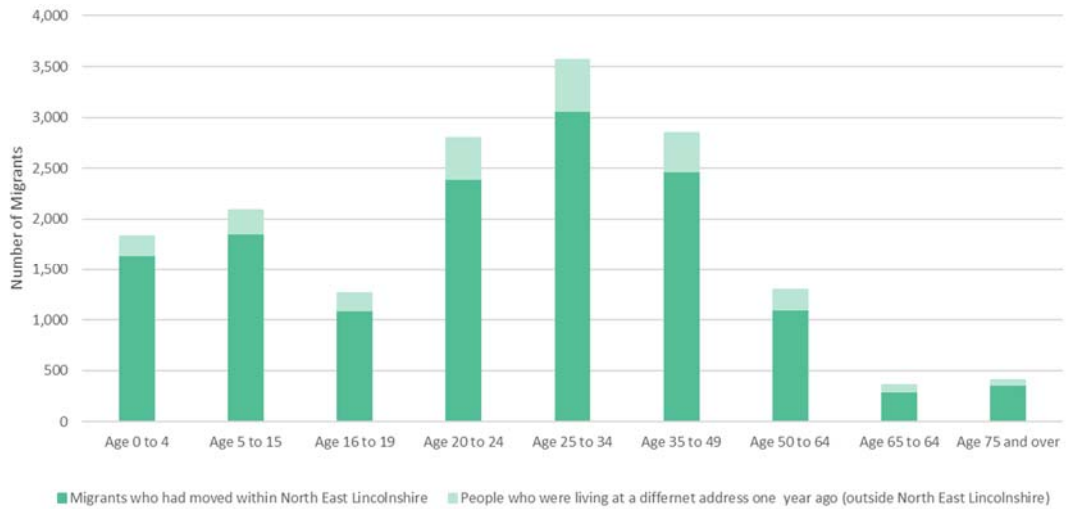


Source: ONS Migration Estimates – Revised Mid-Year Estimates

3.20

Figure 3.4 provides a breakdown of the age of internal migrants. It indicates that the majority of migrants moving into and within North East Lincolnshire were of working age. People aged 25-34 were the largest age group to move into (+499) and within (+3,066) the Borough, followed by residents aged 20-24 and 35 to 43.

Figure 3.4 Age Structure of Internal Migrants



Source: Census 2011: UKMIG001 – Migration by sex by age

Economic Conditions and Trends

Labour Market Indicators

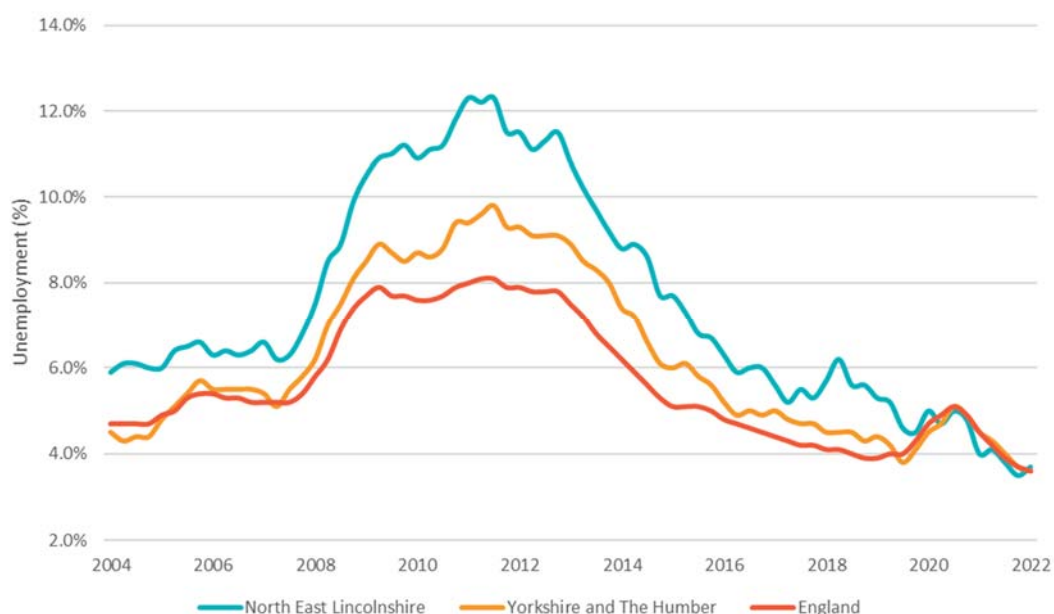
3.21

In the year to September 2022, 75.6% of North East Lincolnshire’s population aged 16-64 were economically active, meaning they were in or actively seeking employment. This is a lower level of economic activity than experienced across Yorkshire and The Humber (77.4%) and England (78.5%) over the same period.

3.22 Figure 3.5 shows the rate of unemployment in North East Lincolnshire, Yorkshire and The Humber and England between 2004 and 2022. The most recent data (January 2021 - December 2022) indicates that 2,700, or 3.7%, of North East Lincolnshire’s residents of working age were unemployed, which is comparable to the regional and national rates of 3.6% and 3.6% respectively.

3.23 Unemployment has fallen relatively consistently from 6.2% in the year to March 2019 to 3.7% in the year to December 2022 and 3.3% in March 2023. Furthermore, despite an initial disparity in the year to March 2019 compared to regional (4.2%) and national (4.0%) rates, in the year to December 2022 Borough unemployment (3.7%) fell largely in line with that across Yorkshire and The Humber (3.6%) and England (3.6%). This overturns the historic trend of North East Lincolnshire having much higher rates of unemployment than elsewhere (particularly in the immediate aftermath of the recession of 2009/10).

Figure 3.5 Unemployment rate (2004 – 2022)



Source: ONS (2022): Model-based estimates of unemployment

3.24 Figure 3.6 shows the rate of benefit claimants amongst residents aged 16 – 64 in North East Lincolnshire, Yorkshire and The Humber and England. As with the unemployment rate, the number of claimants in North East Lincolnshire has historically been above the regional and national rates. Again, the series clearly shows the impact of Covid-19, with the number of claimants rising from 4,345 (4.6%) in March 2020, to a peak of 7,175 (7.5%) in July 2020.

3.25 This peak was considerably higher than the regional and national rates of 6.6% and 6.4% respectively, although it has since fallen to 3,825 people (4.0%) by October 2022.

Figure 3.6 Claimants as a proportion of residents Aged 16 -64 (2004 – 2022)



Source: ONS (2023): Claimant count by sex and age

3.26

As shown in Table 3.6, North East Lincolnshire had a median resident-based gross annual income (including people who live in North East Lincolnshire but do not necessarily work there) of £29,241 in 2022, which was lower than the Yorkshire and The Humber median of £33,208 and England’s median of £30,501. Similarly, the workplace-based median income in North East Lincolnshire (i.e. people who work in North East Lincolnshire but do not necessarily live there) was £27,969, lower than the respective regional and national median incomes of £33,197 and £30,000. That workplace-based incomes are lower in North East Lincolnshire reflects fact that the Borough is a net exporter of labour, with residents working in higher-paid jobs elsewhere then bringing that income back home with them.

Table 3.6 Median gross annual resident and workplace based income (2022)

	Resident analysis	Workplace analysis
North East Lincolnshire	£29,241	£27,969
Yorkshire and The Humber	£33,208	£33,197
England	£30,501	£30,000

Source: ONS (2022): Annual Survey of Hours and Earnings

3.27

Figure 3.7 shows the share of the Borough’s population aged 16 -64 with Non-Vocational Qualifications [NVQs]. Overall, the Borough is relatively poorly educated compared to the Yorkshire and The Humber region and England. 12.2% of North East Lincolnshire’s residents have no qualifications, compared to 7.8% regionally and 6.4% nationally. The Borough also has a lower share of residents with at least levels one, two, three and four and above NVQs than the regional and national rates.

Figure 3.7 Qualification attainment for 16-64 year olds (2021)



Source: ONS (2022): Annual Population Survey

Business Demography and Enterprise

3.28 In 2022 there was a total of 4,795 enterprises in North East Lincolnshire, which has grown by 840 (+21.4%) since 2012. This is a considerably lower rate of growth than across Yorkshire and The Humber region (28.8%) and nationally (30.3%) over the same period.

3.29 The business mix across the Borough is heavily skewed towards micro businesses (those with 0-9 total employees) comprising 87.3% of total number of businesses. 10.7% of business are small enterprises (those employing between 10 – 49 employees) compared to 9.5% regionally and 8.5% nationally. The share of medium enterprises (50-249 employees) accounts for 1.6% of total businesses, comparable to the regional (1.7%) and national (1.5%) shares. The share of large firms in North East Lincolnshire is comparable across all comparator areas at 0.4%.

Table 3.7 Share of enterprises by size (2022)

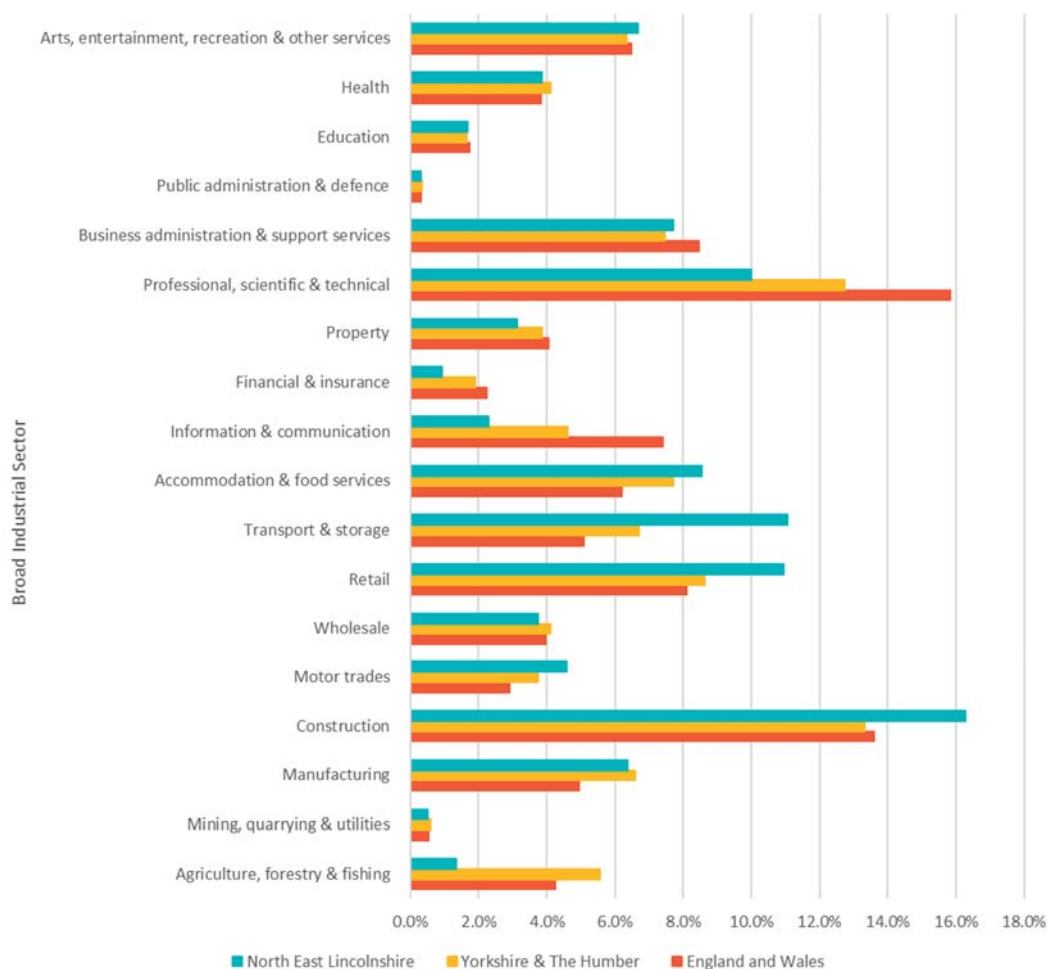
	North East Lincolnshire	Yorkshire and The Humber	England and Wales
Micro (0 to 9)	87.3%	88.4%	89.6%
Small (10 to 49)	10.7%	9.5%	8.5%
Medium-sized (50 to 249)	1.6%	1.7%	1.5%
Large (250+)	0.4%	0.4%	0.4%

Source: ONS (2023): UK Business Counts – enterprises by industry and employment size band

3.30 Figure 3.8 shows the share of enterprises in North East Lincolnshire, Yorkshire and The Humber Region and England broken down by broad industrial sector. The highest share of enterprises is within the Construction sector, at 16.3% (780) of all enterprises in North East Lincolnshire. This is followed by the Transport and Storage sector comprising 11.1% (530) and the Retail sector comprising 10.9% (525) of all businesses. Relative to the comparator

areas, North East Lincolnshire has a high representation of Construction, Transport and Storage, and Retail enterprises and an under-representation of businesses in the Agriculture, Information and Communication, and Professional, Scientific and Technical sectors.

Figure 3.8 Share of enterprises by Broad Industrial Sector (2022)



Source: ONS (2022): UK Business Counts – enterprises by industry and employment size band

Employment

3.31

Table 3.8 demonstrates that employment levels in North East Lincolnshire stood at around 69,400 people in 2021, having increased by around 2,400 or 3.6% over the previous decade. In comparison, Yorkshire and The Humber and England and Wales experienced employment growth 11.7% and 15.3% respectively over the same period.

Table 3.8 Employment by comparator region, 2011 – 2021

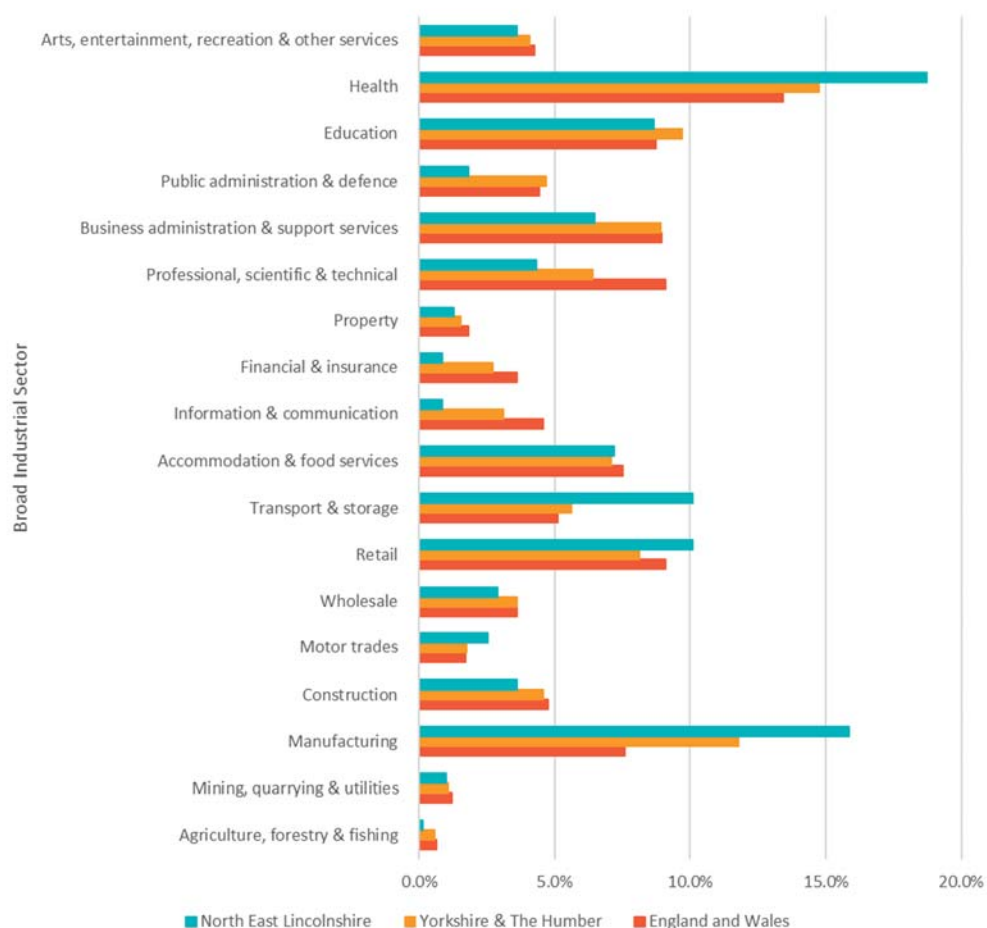
	2011 Employment	2021 Employment	Change	% Change
North East Lincolnshire	67,000	69,400	+2,400	+3.6%
Yorkshire and The Humber	2,184,000	2,440,000	+256,000	+11.7%
England and Wales	24,244,000	27,859,000	+3,615,000	+14.9%

Source: ONS (2022): Business Register and Employment Survey 2021 (numbers may not sum exactly due to rounding)

3.32 North East Lincolnshire had a job density of 0.82 jobs per person in 2021¹⁸. This is a rate slightly above the regional density of 0.81; however, it remains below the national rate of 0.87.

3.33 Figure 3.9 illustrates the share of employees by broad industrial sector in North East Lincolnshire and the comparator areas. Despite the health sector comprising only 3.9% of all businesses in North East Lincolnshire, the sector employs 18.7% of workers – a higher rate than across the region (14.8%) and nationally (13.4%). The Borough’s manufacturing sector is another key source of employment, employing 15.9% of all workers, compared to 11.8% across Yorkshire and The Humber and 7.6% across England and Wales. On the other hand, although Construction sector companies comprise 16.3% of all businesses in North East Lincolnshire, the sector employs only 3.6% of the Borough’s workers, suggesting that many of the companies within the sector are likely to be micro and small enterprises.

Figure 3.9 Share of employees by broad industrial sector (2022)



Source: ONS (2022): Business Register and Employment Survey (2021)

3.34 Clearly North East Lincolnshire’s economy is very reliant on the port of Grimsby and burgeoning energy-related development along this part of the Lincolnshire / Humber coastline. It is very difficult to disentangle employment in these key sectors from the broad

¹⁸ ONS (2023): Job Density 2021, defined as the number of jobs in an area divided by the resident population aged 16-64.

sectors referred to in the Figure above from BRES and ONS, as clearly, they cross over many categories, such as Construction, Utilities, Transport & Storage and Manufacturing.

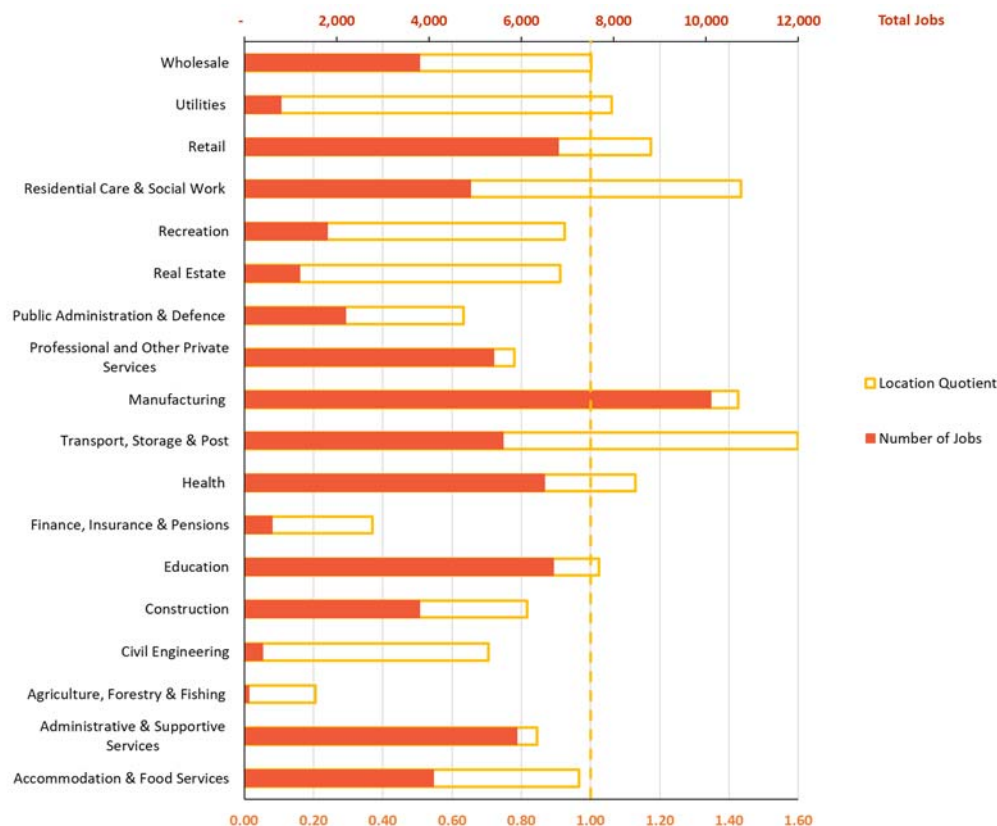
- 3.35 As set out in the Humber Industrial Cluster Plan, North East Lincolnshire forms a critical part of a sub-region that has the potential to become the UK's first net-zero industrial cluster. The Humber area includes the UK's main steel production centre, its largest port complex and enterprise zone; a third of national fuel refining capacity; the country's second largest chemical cluster, one of the nation's largest concentrations of food manufacturing and cold storage, along with biofuel, lime, and glass manufacturers¹⁹.

Location Quotient Analysis

- 3.36 Whilst recent Government policy has focused on spatial-led growth, there is an increasing need for a shift towards sector-based growth models. To identify the full economic potential of North East Lincolnshire, it is important to revisit which industrial sectors are best placed to drive future growth. This is informed by an understanding of which sectors are under or over-represented in terms of local employment and their recent growth performance.
- 3.37 Figure 3.10 assesses the Borough's current sectoral strengths using location quotients, which measure the proportion of employment in an industry at the Borough level relative to the regional average.
- 3.38 In the graph, the location quotients are shown using a yellow outline. A value above 1.0 (shown as a dashed yellow line in the diagram below) denotes a higher local representation of a sector compared to the Yorkshire and The Humber average, whilst anything below 1.0 signifies an under-representation. The further the yellow outline is from 1.0, the greater the extent of any over or under-representation. In addition, the red bars show the absolute level of employment within North East Lincolnshire accounted for by each sector.
- 3.39 The strength of North East Lincolnshire's Transport, Storage and Post sector is clear, with the sector having the highest location quotients of 1.60, meaning the Borough has 60% more employment in this sector than would be expected relative to the regional average, employing 5,600 workers. The Borough also has higher than expected representation in a number of sectors including Manufacturing (1.43), Residential Care and Hospitality (1.43) and Retail (1.20). Meanwhile, under-represented sectors include Agriculture, Forestry and Fishing (0.21), Finance, Insurance and Pensions (0.37) and Public Administration and Defence (0.63).

¹⁹ www.humberindustrialclusterplan.co.uk/files/Cluster%20Plan%209%20March.pdf

Figure 3.10 Location Quotient Analysis, 2022



Source: Experian December 2022 / Lichfields analysis

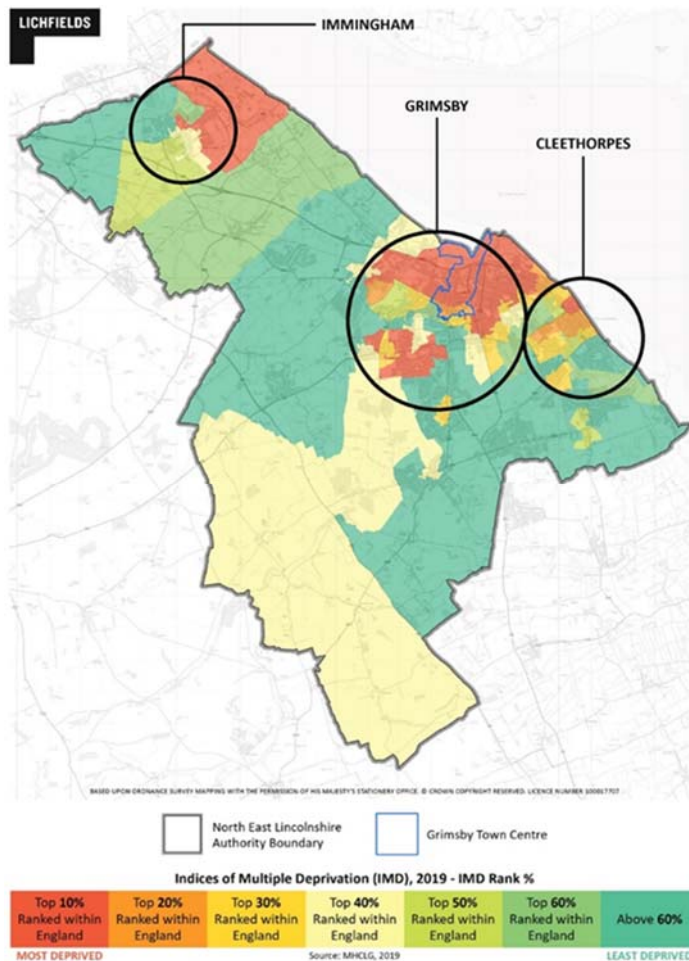
Deprivation

- 3.40 Deprivation at a local level is measured by the Indices of Multiple Deprivation [IMD], which uses several datasets to rank areas across seven sub-domains of deprivation that range from access to health services to income levels²⁰. These categories are combined to produce an overall deprivation rank for each local authority in England. The IMD 2019 identifies that out of all 317 local authorities in England, North East Lincolnshire is ranked as being the 66th most deprived (based on ‘rank of average rank’). It therefore ranks amongst the 21% most deprived authorities nationally.
- 3.41 Figure 3.11 illustrates deprivation across North East Lincolnshire by Lower-Layer Super Output Area [LSOA] and a high level of variance across the Borough is apparent.
- 3.42 Much of the Borough’s deprivation is centred in the urban areas of Grimsby, Cleethorpes and Immingham. Indeed, most of Grimsby’s Town Centre boundary is contained within LSOA E01013221, an area that is within the 10% most deprived LSOAs in England. The small portion of the town centre to the south is contained within LSOA E01013187 and is ranked within the 20% most deprived. Furthermore, many of the surrounding LSOAs to the east and west that comprise the urban area are also heavily deprived.
- 3.43 The town of Cleethorpes, is also relatively deprived when compared to the rest of the Borough, with several of the northern LSOAs in the town ranked within the 20% most

²⁰ Ministry of Housing, Communities and Local Government (DLUHC), Indices of Multiple Deprivation (2019)

deprived in England. The level of deprivation in Immingham is focussed within LSOAs E01013174 and E01013177 covering the northern and eastern sections of the town which are within the 10% most deprived. Away from these urban areas into the Western and Southern arc settlements and particularly the surrounding rural areas, the level of deprivation falls significantly and affluence rises.

Figure 3.11 Deprivation of North East Lincolnshire, 2019



Source: DLUHC (2023): Index of Multiple Deprivation 2019

Deprivation by Spatial-Zone

3.44

Table 3.9 indicates that as many as 63.8% (15) of all LSOAs within the NEL Urban Area are within the 30% most deprived LSOAs in England for overall deprivation. The Estuary Zone, although notably lower than that of the Urban Area, still has 33.3% (2) of its LSOAs within the 30% most deprived LSOAs in England. These figures stand in stark contrast to that of the Rural Area and Western and Southern Arc where no LSOAs across either Spatial-Zones are within the 30% most deprived in England.

Table 3.9 Share of LSOAs by Spatial-Zone within the first, second and third deprivation decile (2019)

	Number of Comprising LSOAs	LSOAs in the 10% Decile	LSOAs in the 20% Decile	LSOAs in the 30% Decile	Total share of LSOAs in top 30% Decile
Urban Area	80	37.5%	10.0%	16.3%	63.8%
Estuary Zone	6	33.3%	0.0%	0.0%	33.3%
Western and Southern Arc	15	0.0%	0.0%	0.0%	0.0%
Rural Area	5	0.0%	0.0%	0.0%	0.0%

Source: DLUHC (2020): Indices of Multiple Deprivation by LSOA (2019)

Summary

- 3.45 Overall, North East Lincolnshire performs poorly across a number of economic indicators. Economic activity in the Borough is below both the regional and national rates, whilst both unemployment and the number of benefit claimants are slightly above the comparator regions. Deprivation is concentrated in the urban centres of Grimsby and Cleethorpes, and to a lesser degree, Immingham compared to relatively low levels of deprivation across the outlying rural areas.
- 3.46 Resident- and, in particular, workplace-based incomes in the Borough are below the regional and national average, suggesting that higher-paying job offers may be more accessible outside of the Borough.

4.0 Defining the HMA/FEMA

- 4.1 This section provides a broad overview of the Borough and its likely position within a wider Housing Market Area [HMA] and/or Functional Economic Market Area [FEMA]. The following provides an up-to-date analysis of the extent of the HMA in accordance with the guidance contained within the PPG, using the 2011 Census data on migration and commuting levels.
- 4.2 Whilst the standard methodology for assessing local housing need assumes that each local authority administrative area forms its own HMA, identifying the extent of the HMA using the approach set out in this chapter is an important step in understanding the dynamics of the local housing market which will help inform and underpin the housing policies to be adopted in the local plan.
- 4.3 The methodology adopted for this study follows the PPG approach on defining HMAs/FEMAs within and across local authority areas²¹.
- 4.4 Regarding HMAs, the PPG states that this is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. These can be broadly defined by analysing:
- *“The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*
 - *Migration flow and housing search patterns. This can help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*
 - *Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g., work or service use).”*
- 4.5 As for FEMAs, the PPG notes that since patterns of economic activity vary from place to place, there is no standard approach to defining a FEMA. However, it is possible to define them taking account of the following factors²²:
- *“extent of any Local Enterprise Partnership within the area;*
 - *travel to work areas;*
 - *housing market area;*
 - *flow of goods, services and information within the local economy;*
 - *service market for consumers;*
 - *administrative area;*
 - *catchment areas of facilities providing cultural and social well-being; and,*
 - *transport network.”*

²¹ 61-018-20190315

²² 61-019-20190315

- 4.6 The study also considers North East Lincolnshire’s general economic linkages within the wider area. Similarities in characteristics such as employment and business structures between different geographies can strengthen the basis of conclusions made after reviewing each of the previous PPG variables, while offering the additional opportunity to identify other economic linkages and trends that may not have been identified otherwise.

Defining the HMA

- 4.7 The Localism Act 2011 includes the statutory duty to cooperate on strategic planning for cross-boundary issues, and this is a requirement reiterated in the NPPF in terms of addressing issues including housing figures and job growth.
- 4.8 HMAs are inherently difficult to define. They are a geographic representation of people’s choices and preferences on the location of their home, accounting for where they want to live and work. They can be defined at varying geographical scales from the national scale to sub-regional scale, down to local and settlement specific scales. HMAs are also not definitive. As well as a spatial hierarchy of different markets and sub-markets, they will inevitably overlap.
- 4.9 Previously, the ‘*Identifying sub-regional housing market areas*’ advice note (March 2007) produced by the Government recommended that a measure of migration flow patterns can identify the geographical relationships of where people move house within an area with a 70% containment rate of migratory activity typically representing an HMA.
- 4.10 In particular:
- “The typical threshold for self-containment is around 70 per cent of all movers in a given time period. This threshold applies to both the supply side (70 per cent of all those moving out of a dwelling move within that same area) and the demand side (70 per cent of all those moving into a dwelling have moved from that same area). Some areas maybe relatively more or less self-contained, and it may be desirable to explore different thresholds.”*
- 4.11 This level of self-containment was also recommended in the first iteration of the PPG (from March 2014).
- 4.12 However, the PPG was revised in September 2018, removing the reference to 70% and instead stating that migration flow and housing search patterns can:
- “...help identify the extent to which people move house within an area, in particular where a relatively high proportion of short household moves are contained.”²³ [Lichfields emphasis]*
- 4.13 This arguably introduces an element of ambiguity in terms of what comprises a ‘relatively high proportion’ which suggests this may be up to the discretion of policy makers. Migration flows and calculation of self-containment percentages within and between local authorities have been used by Lichfields to assist in defining the HMA.

²³ ID: 61-018-20190315

Previous analyses of HMAs for North East Lincolnshire Borough

North East Lincolnshire SHMA (2013)

- 4.14 The SHMA examined the strategic market geography that North East Lincolnshire sits within. It determined the extent of the HMA based on 2001 Census commuting data with updated 2008 data from the Labour Force Survey, the latest available at the time. The SHMA concluded that although the Borough was relatively self-contained, migratory patterns suggested that it formed part of a wider strategic market area that included the adjacent districts of North Lincolnshire, East Lindsey and West Lindsey:

“Analysis of travel to work data from the 2001 Census further demonstrates the relatively contained nature of travel-to-work movements for North East Lincolnshire within the borough, whilst also demonstrating the wider commuting patterns into North Lincolnshire, West Lindsey, East Lindsey and, to a lesser degree, to authorities on the northern bank of the Humber Estuary. Updated travel to work data released by the ONS in 2008 continues to support these geographies of analysis, however consideration of the 2011 Census travel to work data will need to be taken when this data is released by the ONS in autumn 2013.

The analysis of migration reinforced these strategic market area with strong flows evidenced between North Lincolnshire, East Lindsey and West Lindsey. These three authorities, on the basis of functional market geography linkages, should be considered as representing a core housing market area geography with this being used to define the scope of future duty-to-cooperate discussions and joint working” [paragraphs 9.3 and 9.4].

- 4.15 The SHMA indicates the high level of containment within North East Lincolnshire with just under 90% of residents also working within the Borough based on Census 2001 data. Furthermore, data from the 2008 Labour Force Survey indicates only a minor decline to around 85%. Of the surrounding Boroughs, North Lincolnshire provides the highest level of employment of North East Lincolnshire’s residents although this figure stood at around 4% according to Census 2001 data. This figure increased marginally to around 7% when analysing the 2008 Labour Force Survey data.
- 4.16 It should be noted that even at the time of the SHMA’s release in 2013, much of the data underpinning its HMA analysis was already 12 years old, and, at the time of writing is now more than 20 years out of date (in 2023).

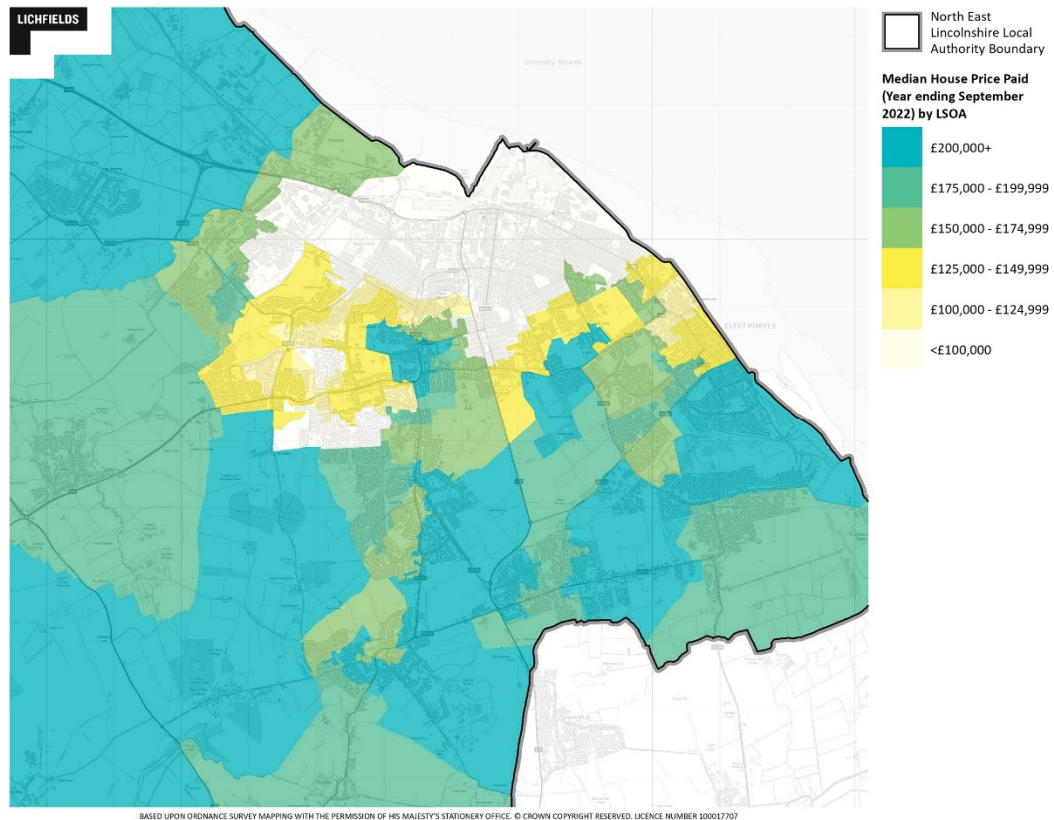
HMA Analysis

Housing Demand and Supply

- 4.17 Figure 4.1 shows median house prices across North East Lincolnshire Borough and its neighbouring local authorities. The median house price for North East Lincolnshire overall was £147,500 in the year to September 2022, compared to a much higher median price of £185,000 across the wider Yorkshire and The Humber region. This is also well below the higher prices of neighbouring North Lincolnshire (£161,000), East Lindsey (£210,000) and West Lindsey (£214,995).

4.18 Median house prices within the Borough generally increase as one moves further away from the main Urban Area of Grimsby/Cleethorpes. Although median house prices to the north (between £175,000 to £200,000+) are above those in the urban centre (less than £100,000), the difference in house prices is far greater across the Lower Layer Output Area [LSOA] that covers the Borough’s Rural Area to the East and South East and the Western and Southern Arc area, with median house prices between £175,000 to £199,999 and above £200,000.

Figure 4.1 Median House Price Paid September (2022)

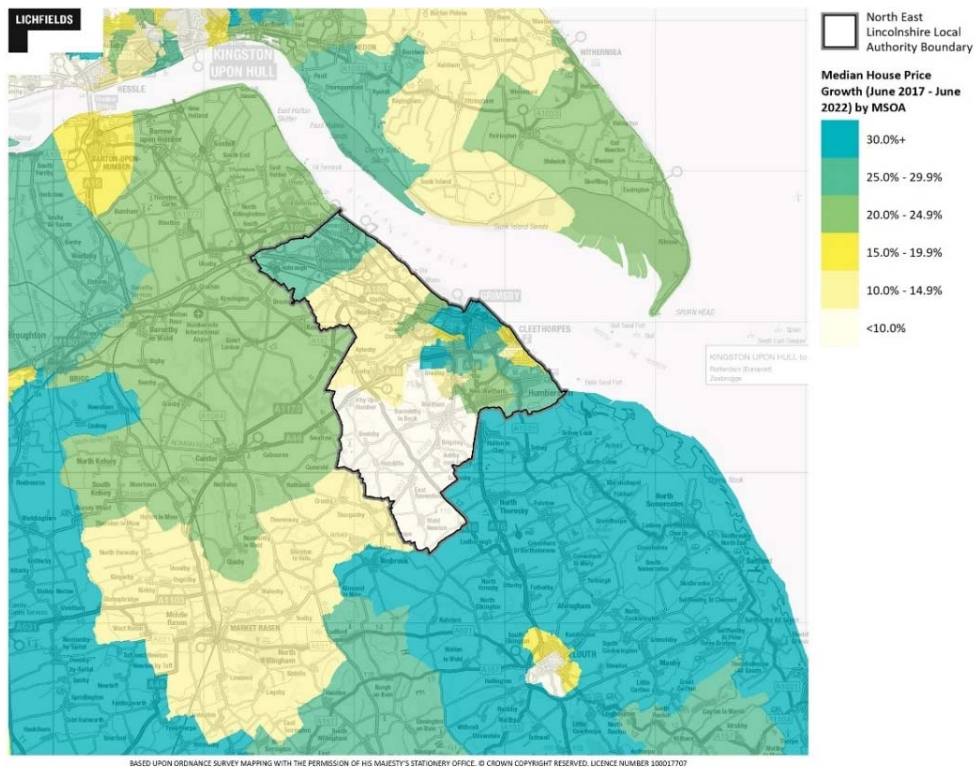


Source: Median house price by lower layer super output area: HPSSA dataset 46

4.19 Figure 4.2 illustrates the percentage growth in median house prices by MSOA from 2017 to 2022. The highest rates of growth in house prices have tended to be concentrated in areas where house prices are the lowest, particularly in and around Grimsby.

4.20 Median house prices in North East Lincolnshire increased by around £18,500 or 14.3% in the five years from September 2017 to September 2022, a much lower increase than seen in North Lincolnshire (+£28,500 / 21.5%), East Lindsey (+£50,000 / 31.3%) and West Lindsey (+£49,995 / 30.3).

Figure 4.2 Change in Median House Prices in North East Lincolnshire (2017 – 2022)



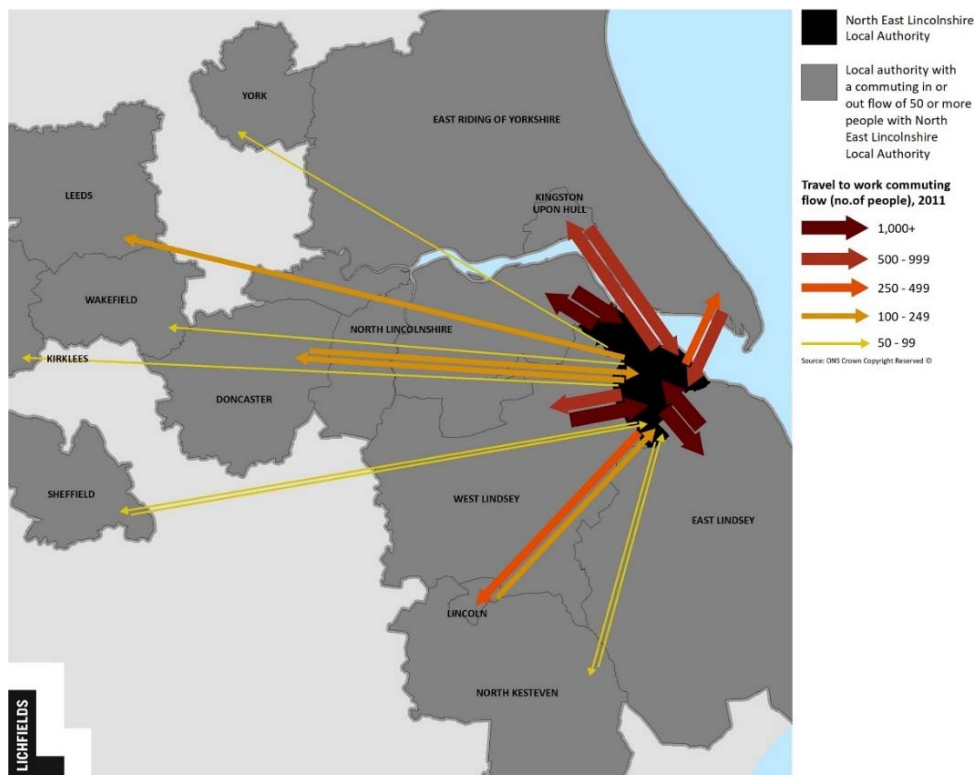
Source: Median house price by middle layer super output area: HPSSA dataset 2

Commuting Patterns

4.21

Figure 4.3 indicates that there is a relatively low level of inter-dependency between North East Lincolnshire and neighbouring authorities in terms of commuting patterns. The Borough has a resident workforce population of 71,144, of whom 11,620 commute in to work from other areas. This means that 84% of the Borough’s residents also work in the Borough. Similarly, the Borough has a workplace population of 71,899, of whom 11,267 people commute out to other authorities for work. This means that 83% of people who work in North East Lincolnshire also live in the Borough. These are very high levels of self-containment, particularly relative to the typical 66.6% to 75% thresholds for defining distinct travel-to-work areas.

Figure 4.3 North East Lincolnshire Commuting Flows



Source: Census (2011): WU01UK

Migration Flows and Housing Search Patterns

- 4.22 In July 2014, origin/destination data on migration was released for the 2011 Census at local authority level. At the time of writing (spring 2023) this remains the most up-to-date information as the 2021 Census has yet to release the equivalent multi-variate migration statistics.
- 4.23 Patterns of migration are a function of a range of housing market factors combined with household circumstances. Key factors that influence migration patterns and the geography of housing markets include affordability (which itself is influenced by a range of factors), and accessibility, particularly related to place of work and ease of commuting.
- 4.24 Table 4.1 illustrates the migration flows between North East Lincolnshire and other local authorities using data from the 2011 Census. The analysis indicates that the level of self-containment of migratory movements in the Borough is high with demand-side self-containment totalling 81.1% of all those moving into a dwelling in North East Lincolnshire moving from within the Borough and supply-side self-containment totalling 78.5% of all those moving out of a dwelling in the Borough also moving from within it.
- 4.25 These figures exceed the 70% self-containment rate suggested by the Practice Guidance as being necessary to justify a self-contained HMA.

Table 4.1 Inward and outward migration flows between North East Lincolnshire and neighbouring authorities

District of Origin/Destination	Residents moving into North East Lincolnshire		Residents moving out of North East Lincolnshire	
	Count	Percentage	Count	Percentage
Moves within North East Lincolnshire	14,048	81.1%	14,048	78.5%
East Lindsey	451	2.6%	371	2.1%
North Lincolnshire	440	2.5%	510	2.9%
West Lindsey	269	1.6%	235	1.3%
Kingston upon Hull, City of	164	0.9%	203	1.1%
Doncaster	111	0.6%	139	0.8%
Sheffield	76	0.4%	135	0.8%
Lincoln	68	0.4%	139	0.8%
East Riding of Yorkshire	64	0.4%	86	0.5%
Leeds	63	0.4%	121	0.7%
Other districts	1,570	9.1%	1,901	10.6%
Total moves in/out	3,276		3,840	
All moves in/out/within	21,164			

Source: Census (2011)

- 4.26 Furthermore, as previously noted, the 2018 PPG iteration states that when defining the HMA, there should be a particular focus “*where a relatively high proportion of short household moves are contained*”. If we therefore constrain the analysis only to moves within North East Lincolnshire and those to the immediate adjoining authorities, the Borough has a very high self-containment rate of 92.4% for in-migration, and 92.6% for out-migration.

Defining the FEMA

Travel-to-Work Areas

- 4.27 Detailed guidance on how to define a FEMA has been produced by the Government²⁴. This states that examining commuting flows can help to define the FEMA of an economy. The latest commuting flows data from the 2011 Census can be used to define Travel to Work Areas [TTWAs] to consider the relationship between where people live and where they work.
- 4.28 The Office for National Statistics [ONS] defines labour market areas as those areas where the bulk of the resident population also work. Defining labour market areas requires an analysis of commuting patterns to identify Travel to Work Areas [TTWAs] for local economies. The current criteria for defining TTWAs is that at least 75% of an area's working population work in the area (FEMA Test #1) and at least 75% of the people who work in the area also live in the area (FEMA Test #2). The area must also have a working population of at least 3,500 (North East Lincolnshire has a working population of 69,400²⁵). However, for areas with a working population in excess of 25,000, self-containment rates as low as 66.7% are accepted to define a TTWA as part of a limited “trade-off” between workforce size and level of self-containment²⁶.

²⁴ DLUHC (2010) Functional Economic Market Areas: An Economic Note

²⁵ Source: ONS (2022) Business Register and Employment Survey 2021

²⁶ Commuting to work, Changes to Travel to Work Areas: 2001 to 2011 (ONS, December 2015)

4.29 TTWAs provide a good indication of which labour market a location or local authority is in and how labour market areas are split across the UK. The ONS 2011 TTWAs were developed to approximate self-contained labour market areas i.e., areas where most people both live and work and therefore relatively few commuters cross a TTWA boundary on their way to work. The ONS 2011 TTWA mapping indicates North East Lincolnshire falls entirely within the Grimsby TTWA.

Figure 4.4 Grimsby Travel to Work Area



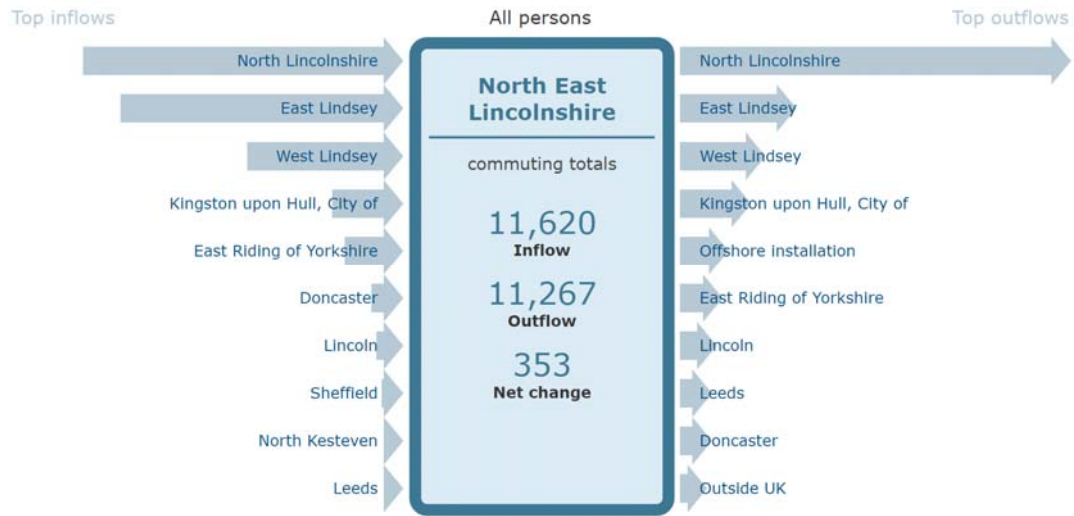
Source: ONS 2011 TTWAs (2015)

Commuting

4.30 Expanding on the TTWA analysis above, it is possible to examine commuting relationships at local authority and middle super output area [MSOA] geographical levels using 2011 Census origin and destination data.

4.31 Figure 4.5 summarises North East Lincolnshire’s key commuting characteristics based on this dataset. At the time of 2011 Census, 11,620 residents commuted into North East Lincolnshire on a daily basis against 11,267 out-commuters, giving a net inflow of 353 commuters.

Figure 4.5 North East Lincolnshire commuting flows (2011)



Source: Census 2011 (WU01UK) / Nomis

4.32 In total, **84.2% of North East Lincolnshire’s working residents work in the Borough (FEMA Test #1)**. Similarly, 59,877 local residents lived and worked in North East Lincolnshire out of a total of 71,899 people working in the Borough. This equates to **83.3% of the residents (FEMA Test #2)**.

4.33 **On this basis, given the criteria set out above, North East Lincolnshire would pass both FEMA tests.**

Flow of goods, services, and information within the local economy

4.34 The flows of goods, services and information in an area are influenced by a range of factors including digital connectivity, the location and change in the stock of commercial floorspace, commercial property market geographies and transport networks. These are considered in the sub-sections below.

Humber Freeport

4.35 North East Lincolnshire, alongside the other three Humber local authority areas, sits at the heart of the 45 sq km Humber Freeport designation. This cross-boundary designation is intended to attract investors by offering tax zones (proposed for the Humber include Hull East, Goole, and the Able Marine Energy Park) and customs zones at the four main ports (Goole, Grimsby, Hull, and Immingham).

4.36 There are several new proposed customs zones to be located inside Humber Freeport, including the four main ports of Grimsby, Immingham, Hull and Goole, the manufacturing facility at British Steel and several other smaller terminals along the Humber, not operated by Associated British Ports. Inside the Grimsby and Immingham customs zone, port operators and other companies are able to defer tax duty and import VAT on goods. If a product comes from outside of the UK into the customs zone, such as a raw material or a component part, no tax is paid on that coming into the port unless it then leaves the port area and enters the UK. If a manufacturer or a producer is located inside the customs zone, it can handle those goods and use them to create their finished product²⁷.

²⁷ <https://humberfreeport.org/customs-zones/>

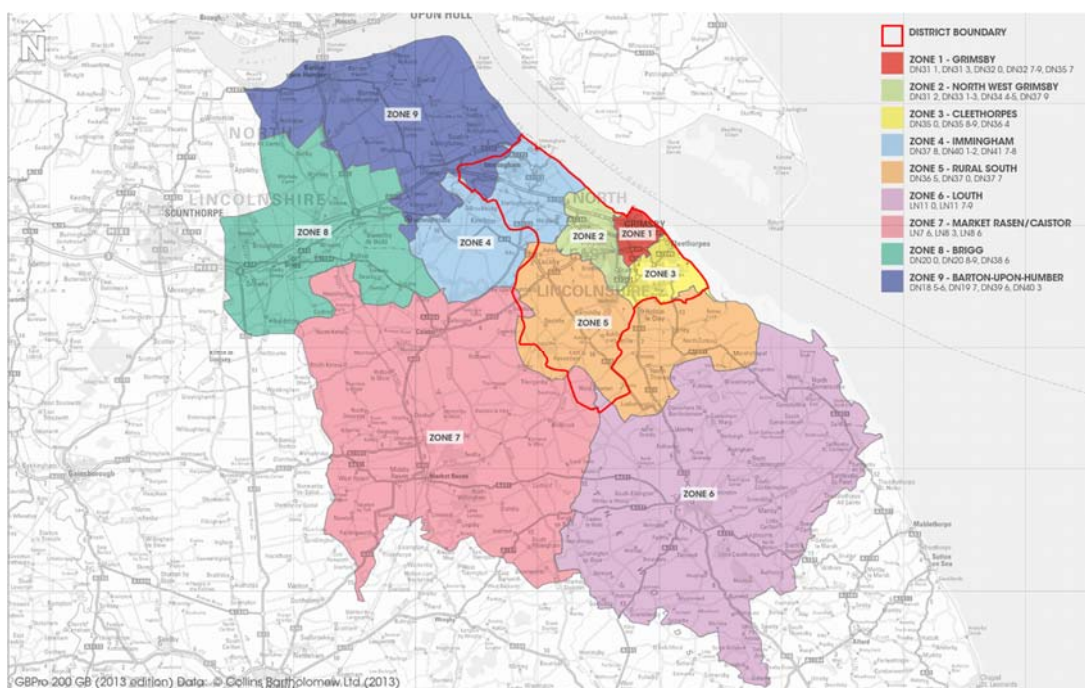
Digital connectivity

- 4.37 The latest data from Think Broadband shows that North East Lincolnshire has 97.51% coverage of superfast broadband over 24 Mbps and 97.42% coverage of superfast broadband equal to or over 30 Mbps. The Borough’s good access to superfast broadband indicates that businesses and residents can easily connect to the wider world and that North East Lincolnshire’s digital economic linkages likely extend well beyond the Borough boundary.

Service Markets for Consumers

- 4.38 The *Retail, Leisure, and Three Centres Study 2016* (September 2016) comprises a total of nine zones, of which the Borough is comprised of zone 1, zone 2 and zone 3 entirely as well as parts of zone 4 and zone 5. The study zone broadly reflects the catchment areas of the main centres and mirrors the same zones used in the 2013 North East Lincolnshire Retail, Leisure and Three Centres Study produced in 2013 shown in Figure 4.6.

Figure 4.6 North East Lincolnshire retail catchment zones



Source: North East Lincolnshire Retail, Leisure and Three Centres Study (2013)

- 4.39 Table 4.2 shows the relative share of convenience retail expenditure in physical stores²⁸ across the zones, as well as the amount retained by each. The retention level demonstrates the proportion of residents residing in that zone shopping at destinations within the same zone. In terms of main food expenditure, the highest level of retention for main food expenditure is in Zone 1, which covers central Grimsby, followed by Zone 2 which covers North West Grimsby. The proportion of main food convenience expenditure retained in Zone 5 (The Rural South) is the lowest at 84.5% indicating that just over 15% of residents’ expenditure is being spent at destinations elsewhere. This is not unsurprising given the more rural nature of Zone 5.

²⁸ Expenditure figures exclude Special Forms of Trading, which relates to internet/mail order shopping.

Table 4.2 Convenience expenditure retention by zone 2016

	Main Food Expenditure Retention	Top Up Food Expenditure Retention	Total Convenience Expenditure Retention by Zone
Zone 1 – Grimsby	100.0%	94.9%	98.7%
Zone 2 – North West Grimsby	100.0%	91.0%	97.7%
Zone 3 - Cleethorpes	100.0%	89.5%	97.4%
Zone 4 – Immingham	97.5%	79.4%	93.0%
Zone 5 – Rural South	98.3%	43.1%	84.5%

Source: Bilfinger GVA (2016): Retail, Leisure and Three Centres Study – North East Lincolnshire Council

4.40 **The total proportion of convenience expenditure retained within North East Lincolnshire area is £282.5m, or 95.6% of resident’s expenditure in physical shops.**

4.41 Table 4.3 displays comparison expenditure and retention and shows a similar story. Of the c.£421.1m spent on comparison goods in physical shops by North East Lincolnshire residents, around 93.0% or £391.8m is spent in shops within the Borough.

Table 4.3 Comparison expenditure retention by zone 2016

	Comparison Expenditure Retention by Zone
Zone 1 – Grimsby	96.2%
Zone 2 – North West Grimsby	95.3%
Zone 3 - Cleethorpes	90.1%
Zone 4 – Immingham	95.5%
Zone 5 – Rural South	87.3%
TOTAL	93.0%

Source: Bilfinger GVA (2016): Retail, Leisure and Three Centres Study – North East Lincolnshire Council

4.42 With a combined convenience and comparison retention rate of 94.1%, just 5.9% of expenditure in physical shops by North East Lincolnshire residents is spent outside the Borough, indicating a very high level of self-containment with regards to retail.

Transport Network

4.43 Transport Networks support productivity and the success of local economies by facilitating the swift movement of goods and people and supporting business operations. The road networks within the Borough are typical of many rural authorities, with A roads providing the main access into and out of the Borough and connecting North East Lincolnshire to the M180 to the North West.

4.44 The A180 runs from Grimsby Town Centre heading to the North Western corner of the Borough through the Estuary Zone, parallel to the rail line, before connecting to the M180 and M18 further east. Around 9km East of Brocklesby Interchange along the A180, the A15 runs Northwards through North Lincolnshire and across the Humber Bridge into East Ridings of Yorkshire and provides access to Kingston upon Hull immediately to the West.

4.45 The A46 runs Eastwards through the Rural Area to West Lindsey and further South to the City of Lincoln. The A16 runs Southwards through the Western and Southern Arc passing through the Lincolnshire Wolds AONB and connecting with East Lindsey.

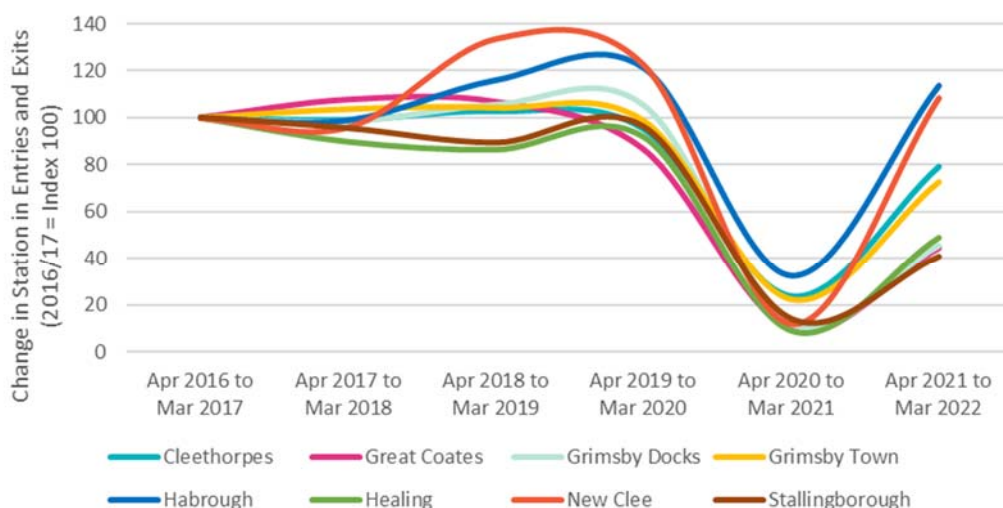
4.46 The Borough has several train stations, principally servicing the main centres and branching off to connect the Borough to the Northern side of The Humber Estuary. Further rail branches include:

- To the South through West Lindsey towards Lincoln;
- To the North West through Scunthorpe and Althorpe, North Lincolnshire; and
- To the South West providing eventual connections to Doncaster and Bassetlaw.

4.47 According to data from the Office of Rail and Road [ORR]²⁹ across the eight active train stations in North East Lincolnshire³⁰ a total of 602,000 station entries and exits were made across North East Lincolnshire’s train stations in the year to March 2022 (the most recent data period). Figure 4.7 indexes the change in passenger flows from the year to March 2017 to the year to March 2022 and illustrates a degree of general stability in passenger flows in the lead up to the covid-19 pandemic with a pre-pandemic average of 803,600 passengers before falling significantly to just 181,900 passengers in the year to March 2021. Though the data indicate a measurable improvement over the post-covid period, the recovery remains around 25% below that of the pre-pandemic average.

4.48 Over the period, the data indicated that passenger flows increased only at Habrough and New Clee train stations increasing 13.8% to 38,382 and 8.6% to 1,396 respectively. The two largest stations, Grimsby Town and Cleethorpes have both experienced a comparable decline with passenger flows down 27.3% to 318,400 and 20.8% to 228,200 respectively. There was a more significant drop across the remaining four stations (though it is important to caveat that the overall footfall is substantially lower) with passenger flows falling 51.0% at Healing, 54.6% at Grimsby Docks, 55.5% at Great Coates, and 59.4% at Stallingborough.

Figure 4.7 Change in Passenger entry and exits in North East Lincolnshire’s tran stations (2016/17 to 2021/22) (indexed to 2015 = 100)



Source: ORR (2022) – Table 1410 & Table 1415.

4.49 At the time of writing, ONS has not released Travel to Work data according to the location of usual residence for Census 2021; therefore, the analysis of the method of commuting

²⁹ ORR (2022) Table 1410 and Table 1415

³⁰ The eight active train stations across North East Lincolnshire are Grimsby Town, Cleethorpes, Habrough, Healing, Great Coates, Stallingborough, Grimsby Docks, and New Clee

flows for those travelling into and out of North East Lincolnshire uses data from Census 2011.

- 4.50 Using Census 2011, data Figure 4.4 shows the method of commuting for those travelling into and out of North East Lincolnshire, set against the UK average. Those travelling by car account for 85.3% and 78.4% of in-commuters and out-commuters respectively – a much higher level than the UK average of 60.1%. Just 1.0% of those commuting into North East Lincolnshire do so by train, which is lower than the UK average of 5.4%. Further notable observation to make regarding method of travel to work is that just 2.7% of in-commuters and 4.2% of out-commuters travel by Bus, minibus or coach compared to 8.6% across the UK. A significantly smaller share of residents also commute on foot with 2.6% of in-commuters and 4.3% of out-commuters doing so compared with 11.7% across the UK.

Table 4.4 Method of Travel to Work in and out of North East Lincolnshire.

Method of Travel to Work	Into North East Lincolnshire	Out of North East Lincolnshire	UK Average
Underground, metro, light rail or tram	0.3%	0.3%	3.7%
Train	1.0%	1.1%	5.4%
Bus, minibus or coach	2.7%	4.2%	8.6%
Taxi	0.3%	0.4%	0.5%
Motorcycle, scooter or moped	0.8%	0.8%	0.8%
Driving a car or van	85.3%	78.4%	60.1%
Passenger in a car or van	5.3%	7.5%	5.8%
Bicycle	1.3%	2.5%	3.1%
On foot	2.6%	4.3%	11.7%
Other method of travel to work	0.3%	0.7%	0.3%

Source: Census (2011): WU03UK – Location of usual residence and place of work by method of travel to work

Current Position of Adjoining Districts

- 4.51 Discussions have taken place with neighbouring authorities as part of this HEDNA. Both East Lindsey and North Lincolnshire confirmed that they consider there to be no significant cross boundary issues with North East Lincolnshire and that they consider the district to be relatively self-contained from a housing perspective. Their housing needs can be met without requiring any assistance from North East Lincolnshire. We contacted West Lindsey and they have yet to respond at the time of writing.
- 4.52 Lichfields also contacted the neighbouring authorities to understand their employment land needs. Information provided to Lichfields by North Lincolnshire indicated that both authorities allocate sufficient land to meet their own employment needs and that North Lincolnshire over allocate in this regard.
- 4.53 West Lindsey is located within the Central Lincolnshire sub-area alongside Lincoln City and North Kesteven. The recently adopted Central Lincolnshire Local Plan (April 2023) states that its evidence base indicates a need for around 6.5 ha of land for office space, a further 4.3 ha for warehouse space and 0.9 ha for industrial land in order to meet future needs. According to the new Local Plan, its predecessor back in 2017 allocated over 111 ha of land for employment across seven Strategic Employment Sites [SES], plus an additional 51 ha was anticipated to come forward as employment development within Sustainable Urban

Extensions [SUEs] – which was well in excess of the forecast need of 23 ha at that time. Whilst development has occurred on some of these sites more than 90ha of this previously allocated land remains undeveloped.

“Given this oversupply when compared to projected need and the remaining suitability of these sites as SES no further land has been allocated for employment development as the existing sites are in the right locations to meet the strategic needs - they provide adequate choice to enable flexibility for the market, and yet certainty for developers and investors” [Central Lincolnshire Local Plan (2023), paragraph 5.1.6].

4.54 West Lindsay is therefore meeting its own employment land needs.

4.55 Similarly, East Lindsey District Council’s adopted Local Plan Core Strategy (2018) reports a need for inland employment totalling of 24 ha of additional land for employment as identified through its Employment Sites Review 2016. This need is met in full within the District through the allocation of 24 ha of employment land in Policy SP13.

Unmet Needs of Adjoining Districts

4.56 The Localism Act sets out that the duty to co-operate applies to activities which can ‘reasonably be considered to prepare the way’ for a development plan or local development document. This is reaffirmed by the NPPF, which sets out:

“Local planning authorities and county councils (in two-tier areas) are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries”.

4.57 Regarding the duty to cooperate, it is relevant to note that the Levelling Up and Regeneration Bill [LURB] was introduced by Michael Gove on 11th May 2022. At the time of writing, the bill completed its second reading in the House of Lords on 17th January 2023. Amongst a raft of important changes proposed to the current planning process, the Government wishes to repeal the current Duty to Cooperate, the legal obligation introduced via the Localism Act 2011 that requires cooperation between LPAs regarding plan-making.

4.58 This will instead be replaced by a ‘requirement to assist’ with certain plan making. The Government has clarified that despite the abolition of the Duty to Co-operate, there will be a continued need for engagement between the plan-making authorities and relevant bodies when planning development to enable delivery of infrastructure at a local or strategic level. New powers are proposed that would allow for at least two LPAs to produce a joint spatial strategy.

4.59 Whilst there remains a requirement on specific bodies (prescribed public bodies) to assist in the plan making process (if requested by the plan making authority), cross boundary issues are likely to remain a challenge in particular the ability to assist in accommodating growth from a neighbouring authority.

4.60 **NELC Officers have confirmed that following discussions with their counterparts in adjoining districts across Lincolnshire, there is no unmet housing need from adjoining areas that should be met in North East Lincolnshire. We understand from officers that there is an agreement in place**

that the relevant authorities are all meeting their own needs within their own boundaries as set out in the corresponding Duty to Co-operate statements.

Conclusion on the extent of the HMA and FEMA

- 4.61 The assessment of the extent of the HMA demonstrates that the Borough has a strong level of self-containment in terms of local housing market dynamics, as well as commuting and migration patterns.
- 4.62 The PPG previously defined a HMA as a geography in which:
“a relatively high proportion of short household moves are self-contained.”
- 4.63 As such, and based on a strict interpretation of the PPG, the Census 2011 data, and analysis of migratory patterns amongst other indicators, it has been shown that **self-containment in North East Lincolnshire is sufficiently high for the Borough to be considered a single HMA for the purpose of considering housing needs in the context of the Local Plan.**
- 4.64 Therefore, it is considered both reasonable and pragmatic to take the administrative boundaries of the Borough as being a ‘best fit’ HMA for planning purposes.
- 4.65 Similarly, North East Lincolnshire passes both previously defined FEMA tests, has a high level of retail self-containment and benefits from good digital infrastructure and transportation links. Therefore, it is also considered that the Borough forms a self-contained FEMA, providing enough indication that the area should plan to meet its own economic needs within its own boundary.
- 4.66 Given that this study brings together assessments of both housing and economic needs; the passing of one FEMA test; and the strengthening of housing self-containment, it is appropriate that both housing and economic needs be considered in tandem, with North East Lincolnshire planning to accommodate its needs in full within its own boundary.

5.0 Housing Market Signals

5.1 This section provides evidence at a national, regional and local level to provide context for the housing market analysis, exploring the demographic context as well as trends in the housing market including housebuilding, occupancy rates and a range of market signals.

Household Composition

5.2 As shown in Table 5.1, at the time of 2011 Census, the total number of households increased by just 119, or 0.2% up to 2021 however this figure masks significant changes within the composition of these households. In 2021, the most common type of households in North East Lincolnshire were single occupant households below the age of 65 (18.2%), followed by couple households with no children (18.1%) and couples with dependent children (16.4%).

5.3 There was relatively significant growth in the number of couple households over the age of 65, with the number increasing by 14.6% or from 6,092 (an 8.7% share) to 6,979 (a 10.0% share) over the intercensal period. Similarly, the number and share of lone parents with non-dependent children increased by 12.2%, or from 2,337 (a 3.4% share) to 2,622 (a 3.8% share).

Table 5.1 Change in Household Composition in North East Lincolnshire Borough (2011 – 2021)

Household Composition	2011		2021		Change in %
	Number	%	Number	%	
Single 65+	9,190	13.2%	10,030	14.4%	+9.1%
Single <65	12,603	18.1%	12,688	18.2%	+0.7%
Couple 65+	6,092	8.7%	6,979	10.0%	+14.6%
Couple, no children	12,603	18.1%	12,649	18.1%	+0.4%
Couple, dependent children	12,393	17.8%	11,454	16.4%	-7.6%
Couple, non-dep. Children	4,413	6.3%	4,344	6.2%	-1.6%
Lone parent, dep. Children	6,071	8.7%	6,016	8.6%	-0.9%
Lone parent, non dep. Children	2,337	3.4%	2,622	3.8%	+12.2%
Other, no dep. Children and Students	2,587	3.7%	1,702	2.4%	-34.2%
Other, dep. Children	1,418	2.0%	1,342	1.9%	-5.4%
All Occupied Household Spaces	69,707	100.0%	69,826	100.0%	+0.2%

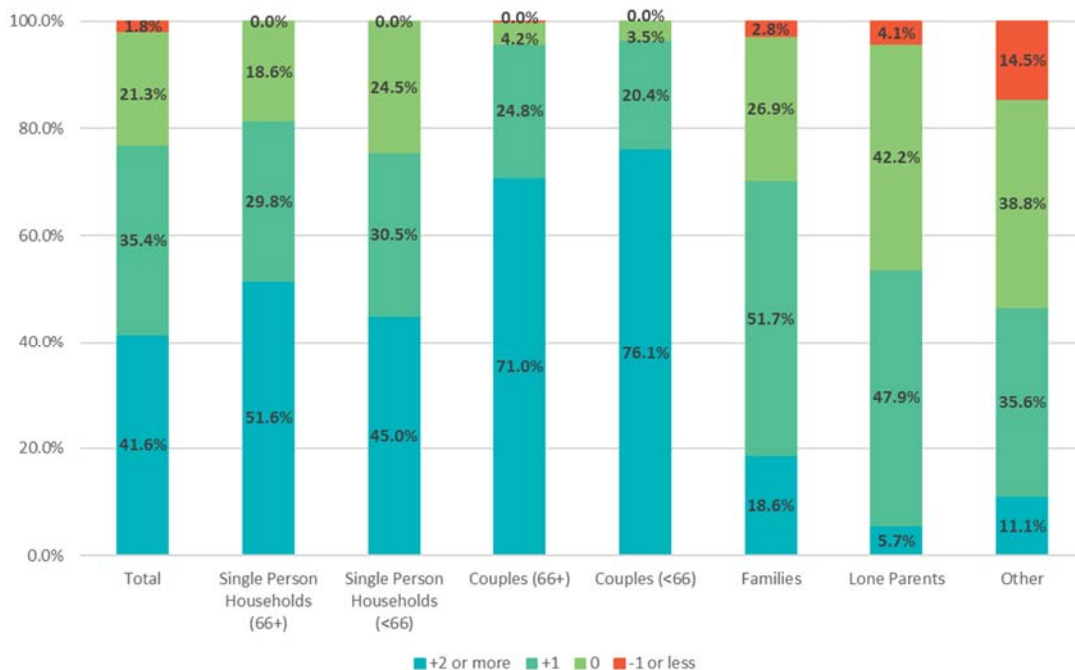
Source: Census 2011 (DC1301EW); Census 2021 (TS003)

Occupancy Rating

5.4 In a perfectly functioning ‘ideal’ market, the housing stock would be used most efficiently to ensure that households which under-occupy housing do not block larger households from accessing larger homes, leading to overcrowding. At present in the Borough there is a co-existence of small households living in large homes (the same pattern as seen nationally), and large families living in small homes. This demonstrates why net growth in the number of smaller households (i.e., single and couple households) does not necessarily translate into a need for smaller housing units, unless (for example) there are specific measures targeted at encouraging downsizing and movement within the market.

- 5.5 Figure 5.1 elaborates this point by illustrating which household types are experiencing over-occupation most commonly across North East Lincolnshire. At the Borough level, up to 41.6% (29,019) of households under-occupy homes with at least two more bedrooms than is considered necessary for their household size and a further 35.4% (24,686) of households have one more bedroom than necessary. On the other hand, just 21.3% (14,870) of households live in a property that is considered suitable for their current household size. This not only highlights the significant levels of under-occupancy across the Borough but also provides a baseline from which to draw comparisons between various household compositions.
- 5.6 There is a significant level of under-occupancy among single person households at 76.9% for those over 66 and rising to 81.4% for those below the age of 66. On the other hand, fewer than one in five (18.6%) single person households over 66 and fewer than one in four (24.5%) below the age of 66 appropriately occupy homes.
- 5.7 Regarding couples, the level of under-occupancy increases very significantly with as many as 95.8% of couples aged 66 and above and 96.5% below 66 under-occupying homes. This may be partly explained by the likelihood of many younger couples intending to start a family and therefore ensuring they occupy a house that meets their future, rather than present, needs. On the other hand, that couples over the age of 66 occupy a significant share of 3-bedroom properties may reflect a reluctance to downsize after their children have moved out.
- 5.8 To a lesser extent, families are also likely to under-occupy homes in North East Lincolnshire, with 70.4% of households living in a property with at least one bedroom more than is strictly necessary. As with couples, many families may occupy a larger house with the possibility of having another child or to work from home and subsequently convert the extra bedroom space into a home office or workspace.
- 5.9 Therefore, it is reasonable to infer that in general on the open market, households typically do not strictly occupy housing in line with their 'needs', or their household size. This is because households are free (within their financial means) to buy or rent property in line with what they want, rather than what they might be considered to 'need'. Households may wish to have additional space generally or for a specific purpose, e.g., for working from home. Growing families may also live-in housing with a view to having more children, or older couples may live in the family home even once adult children have left (often referred to as 'empty-nesting').

Figure 5.1 Occupancy Rating by Household Composition



Source: Census (2021): RM059 – Occupancy rating (bedrooms) by household composition

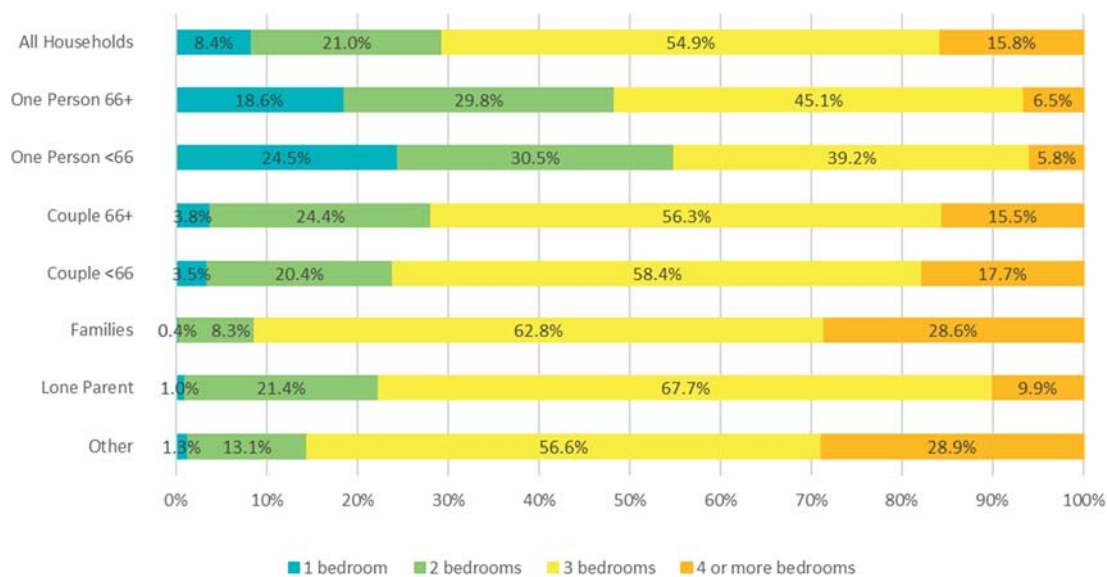
5.10 Figure 5.2 shows how different household types in the Borough occupy housing (as per Census 2021). There are a total of 69,826 properties across North East Lincolnshire with 3-bedroom properties comprising the majority of the dwelling stock at 54.9% of all dwellings (38,324 properties). A further 21.0% (14,647 properties) of stock relates to 2-bedroom properties, 15.8% (11,004 properties), whilst just 8.4% (5,851 properties) of homes contain a single bedroom. This breakdown provides a useful baseline from which to analyse the level of variance across different household types in North East Lincolnshire.

5.11 Except for single person households, 3-bedroom properties are the most common across all household types. For single person households over the age of 66, properties with three or more bedrooms comprise 51.6% (5,177 properties) of all homes. Furthermore, properties with three or more bedrooms comprise 45.0% (5,715 properties) of homes occupied by single person households below the age of 66, which reflects the high levels of under-occupancy identified in Figure 5.1.

5.12 Couples in North East Lincolnshire are most likely to live in 3-bedroom properties with 58.4% of homes occupied by couples below the age of 66 containing three bedrooms and 56.3% for couples above the age of 66. The share of homes with three or more bedrooms occupied by lone-parent households is also particularly high at 77.6% (6,704 properties). This may, in-part, reflect the possibility of a family breakup or the loss of a parent as well as the fact that older children are more likely to want their own bedroom.

5.13 As might be expected, family households in North East Lincolnshire comprise the largest share of properties with three or more bedrooms at 91.3% (14,7800 properties).

Figure 5.2 Number of Bedrooms by Household type – North East Lincolnshire Borough (All Households)



Source: Census (2021): RM059 – Household Composition by Number of Bedrooms

5.14 Households with dependent children primarily live in larger homes, with 85.3% of families living in 3 or 4-bedroom properties. However, when juxtaposed with the under-occupancy highlighted above, a not insignificant share of families over-occupy smaller 1 or 2-bedroom properties (14.7%). This suggests that there could be some overcrowding in certain parts of North East Lincolnshire’s housing market. Other types of households include student households and families with non-dependent children, which explains why these types of households occupy a higher proportion of large housing.

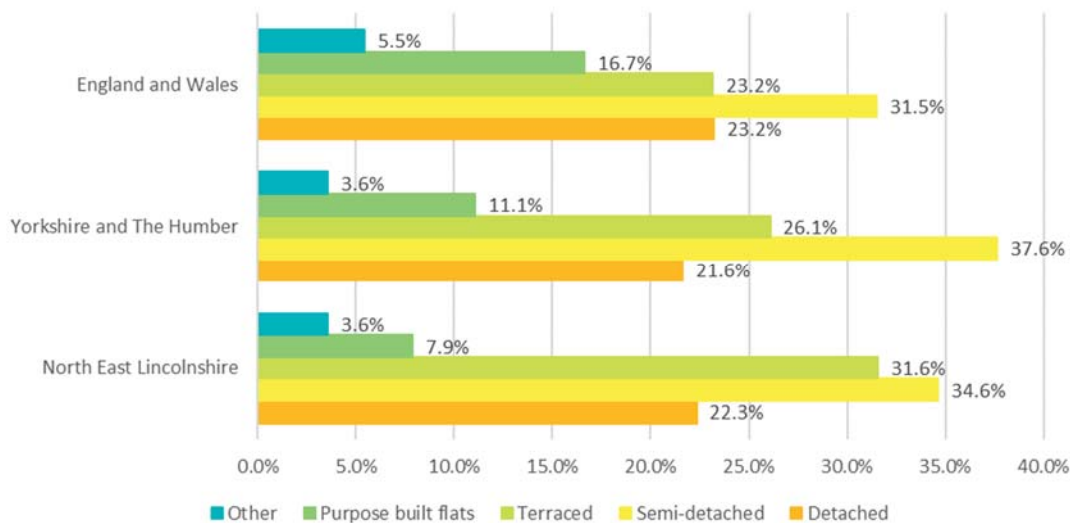
Housing Stock

Existing Dwelling Stock, by Type

5.15 Figure 5.3 provides a breakdown by type of the housing stock in North East Lincolnshire and the comparator areas. The number of purpose-built flats or tenements comprise 7.9% of North East Lincolnshire’s housing stock – a lower rate when compared to the regional (11.1%) and national (16.7%) levels. The Borough has a higher share of terraced properties at 31.6% compared to 26.1% across Yorkshire and The Humber and 23.2% across England and Wales.

5.16 Semi-detached dwellings comprise the single largest share of North East Lincolnshire’s total housing stock, at 34.6% - a share below the 37.6% across Yorkshire and The Humber but above the 31.5% across England and Wales. Conversely, the share of detached dwellings across the Borough (22.3%) is slightly above the share across Yorkshire and The Humber (21.6%) but below England and Wales (23.2%).

Figure 5.3 Accommodation by type in North East Lincolnshire and comparator regions (2021)



Source: Census (2021): TS044 – Accommodation Type

Size of Accommodation

5.17 Table 5.2 provides a breakdown of the number of bedrooms by properties in North East Lincolnshire, across Yorkshire and The Humber and across England and Wales. More than half of the Borough’s properties comprise of 3-bedrooms (54.9%) compared to 43.1% across the region and just 40.4% across England and Wales. The shares of both 1-bedroom (8.4%) and 2-bedroom (1.0%) dwellings in North East Lincolnshire are smaller than across Yorkshire and The Humber (9.7% and 27.4% respectively) and across England and Wales (11.4% and 27.1% respectively).

Table 5.2 Share of bedrooms in North East Lincolnshire and comparator regions (2021)

	North East Lincolnshire	Yorkshire and The Humber	England and Wales
1 Bedroom	8.4%	9.7%	11.4%
2 Bedrooms	21.0%	27.4%	27.1%
3 Bedrooms	54.9%	43.1%	40.4%
4 or more Bedrooms	15.8%	19.7%	21.1%

Source: Census (2021): TS050 – Number of bedrooms

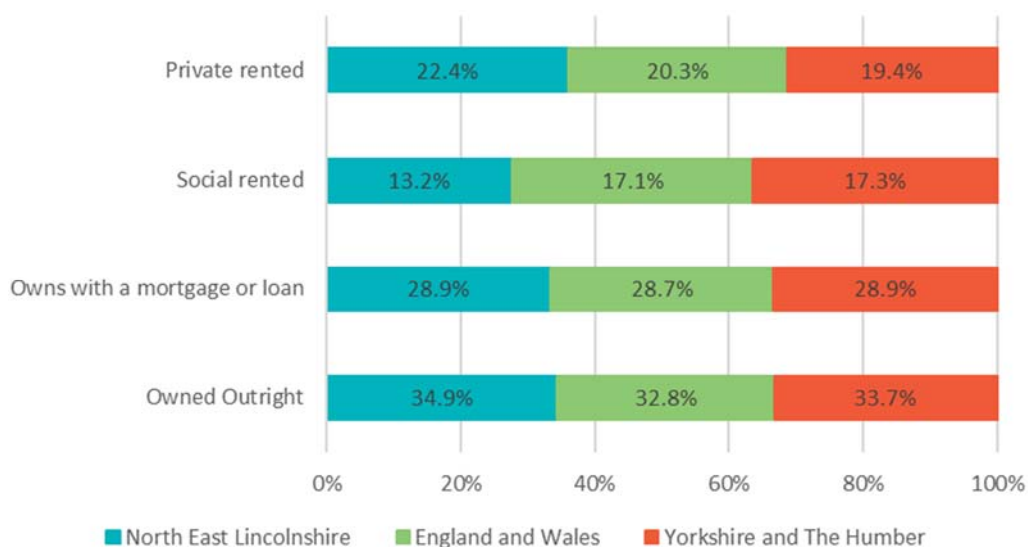
Tenure Profile

5.18 Figure 5.4 illustrates the tenure profile for North East Lincolnshire and the comparator regions and several notable observations can be made. 24,373 or 34.9% of properties in the Borough were owned outright – this is a higher share than across Yorkshire and The Humber (33.7%) and across England and Wales (32.8%). The share of private rented accommodation is also relatively high at 15,644 or 22.4%, which is a higher rate than across Yorkshire and The Humber (19.4%) and England and Wales (20.3%).

5.19 On the other hand, the share of social rented accommodation is notably lower in North East Lincolnshire at 9,191 or 13.2% compared to 17.3% across Yorkshire and The Humber and

17.1% nationally.

Figure 5.4 Tenure profile of North East Lincolnshire and comparator areas (2021)



Source: Census (2021): TS054 – Tenure

5.20 Furthermore, the number of properties owned outright in North East Lincolnshire increased by 2,876 or 13.4% from 2011 and is below the increase across Yorkshire and The Humber (15.2%) but slightly above the increase across observed England and Wales (12.9%). The increase in private renting is even more significant, with the number of renters in North East Lincolnshire increasing by 3,017 or 23.9% over the period, although this rate remains below the rate observed across Yorkshire and The Humber (28.0%) and England and Wales (28.8%).

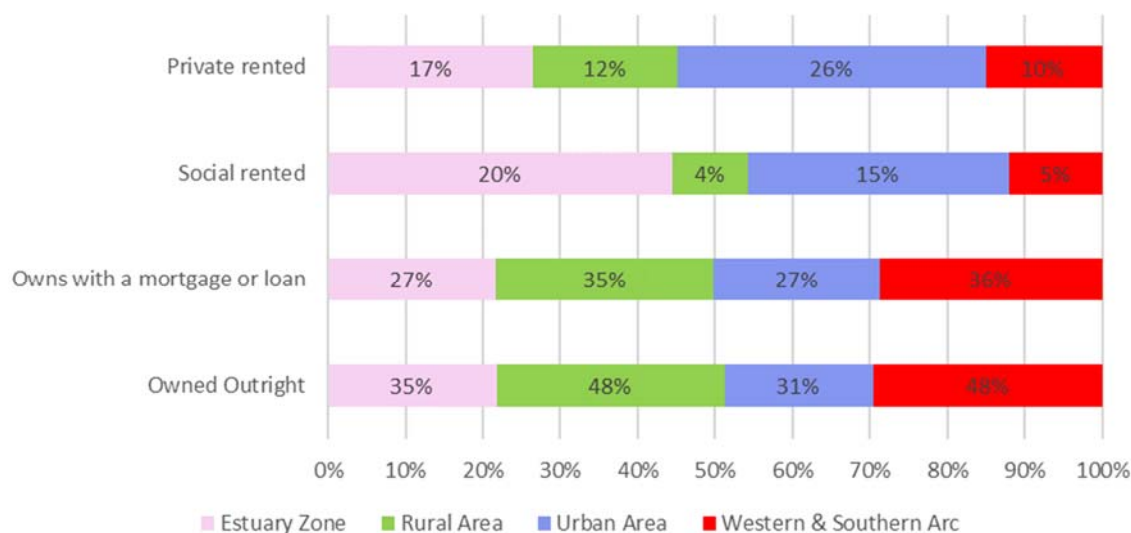
5.21 The number of socially rented properties in North East Lincolnshire fell significantly by 900 or 8.9% from 2011 to 2021. This change is in stark contrast to the stagnation across Yorkshire and The Humber (0.1% increase) and the moderate increase across England and Wales (2.7%) over the same period. The change in North East Lincolnshire is likely to be due, at least in part, to the rationalisation programme of social housing across the Borough. This featured a significant number of demolitions over this period.

Tenure Profile by Spatial-Zone

5.22 Table 5.5 presents clear differences in the tenure profile across the Borough’s four spatial zones. Firstly, there is a disproportionately high level of homeownership in the Western and Southern Arc with 48% of households owning their homes outright and a further 36% owning their home with a mortgage or loan. Similar trends are also reflected across the Rural Area, with 48% of residents owning their homes outright and a further 35% owning with a mortgage and loan. On the other hand, the level of homeownership in the Estuary Zone and Urban Area, whilst mostly in line with the regional and national comparators highlighted in Figure 6.4, is lower, with outright homeownership and ownership with a mortgage or loan in the Estuary Zone comprising 35% and 27% respectively and 31% and 27% in the Urban Area respectively.

5.23 A further notable observation relates to the significant variance in the level of private and social renters across the four spatial zones. Private and social renting comprises just 10% and 5% of tenures in the Western and Southern Arc and 12% and 4% in the Rural Area respectively – well below that of the Borough, regional and national averages. On the other hand, the level of private and social renting is significantly higher in the Estuary Zone at 17% and 20% and in the Urban Area and 26% and 15% respectively.

Figure 5.5 Tenure profile by Spatial-Zone across North East Lincolnshire (2021)



Source: Census (2021): TS054 – Tenure

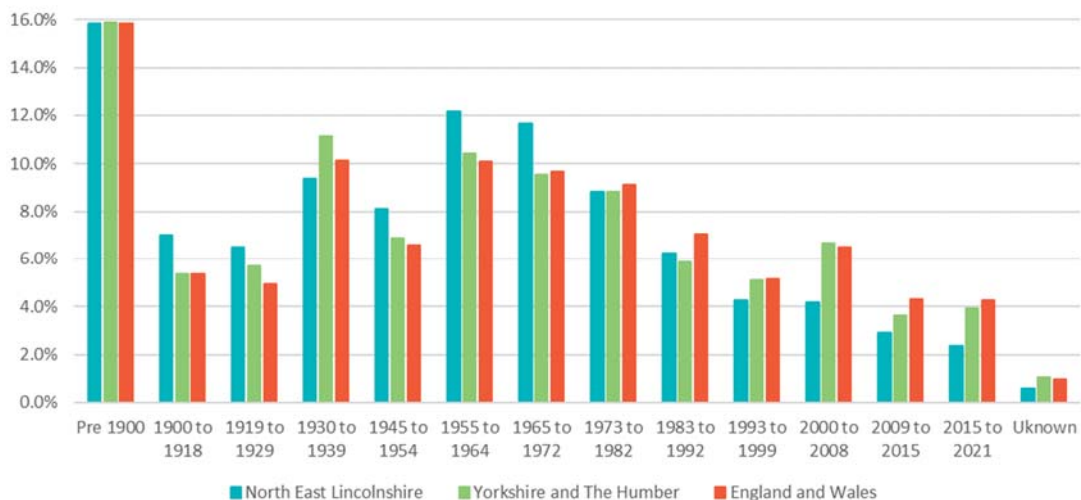
Note figures may not sum exactly due to the very small number of households living rent-free and in shared ownership

Stock Age and Condition

5.24 Figure 5.6 illustrates the latest Council Tax data from the Valuation Office Agency [VOA]. It indicates that 15.8% of the Borough’s housing stock was built pre-1900, which is closely comparable to the shares across Yorkshire and The Humber (15.9%) and England and Wales (15.8%). The share of properties built from the beginning of the 20th Century up to the Second World War, at 22.9%, is slightly higher than the stock across England and Wales at 20.4% and is more comparable to the share across Yorkshire and The Humber (22.2%). There was a particular peak in housebuilding in the Borough from the mid-1950s to the early 1970s.

5.25 More than half of the Borough’s housing stock (51.3%) was built in the post-war period up to 1999, which is slightly higher than that across Yorkshire and The Humber (46.7%) and England and Wales (47.7%). The shares of properties built from 2000 onwards begins to diverge, with comparatively few homes built in North East Lincolnshire (9.4%) compared to across Yorkshire and The Humber (14.2%) and across England and Wales (15.1%).

Figure 5.6 Share of properties in North East Lincolnshire and comparator areas by property build period (pre 1900-2021).

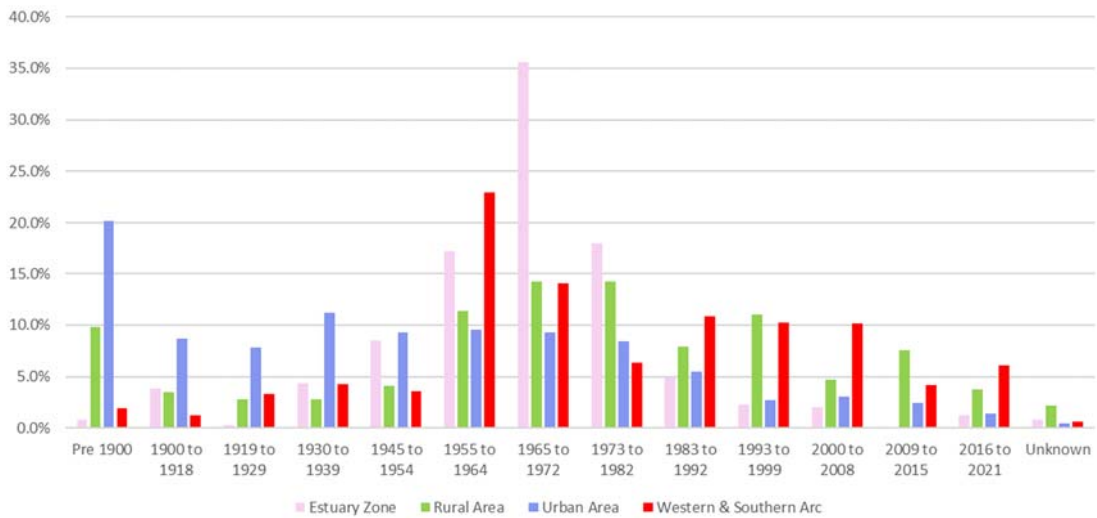


Source: Valuation Office Agency (2021): Table CTSOP4.0

Age of Stock across Spatial-Zones

- 5.26 Figure 5.7 allows us to draw several observations when analysing the age distribution of North East Lincolnshire’s housing stock by Spatial-Zone. There is a significant amount of variance, with (for example) the housing stock in the Urban Area being considerably older with 20.2% of properties built prior to 1900 and as many as 47.9% build before the Second World War. This compares to 44.8% of properties built in the post-war period to 1999 and just 6.9% built post-2000.
- 5.27 In the Rural Area, properties built prior to 1900 comprise just 9.8% of total stock across the Spatial-Zone. This figure rises to 19.0% when including properties built prior to the Second World War before increasing significantly to 81.7% when including those built up to 1999. Properties built in the Rural Area post-2000 comprise 16.1% of the total stock.
- 5.28 In stark contrast to the Urban Area, and to a lesser extent the Rural Area, the share of properties built in the Estuary Zone prior to 1900 comprise just 0.8% of the total stock and furthermore rises to just 9.3% when accounting for properties built up to the start of the Second World War. 86.6% of properties were built in the post-war period up to 1999 with a further 3.4% post-2000.
- 5.29 The age distribution of properties in the Western and Southern Arc follows a similar trend to that observed across the Estuary Zone, with just 2.0% of properties built prior to 1900 and 8.9% from 1901 to 1939. 68.1% of properties were built from 1954 to 1999 with up to 20.5% built after 2000.
- 5.30 In summary, much of the stock in the Urban Area comprises significantly smaller and older properties with a general reverse of this trend observable as one moves away from the Urban Area and into the Western and Southern Arc and Rural Areas to the South and West, as well as the Estuary Zone to the North.

Figure 5.7 Share of properties in North East Lincolnshire’s Spatial-Zones by property build period (pre 1900 – 2021)



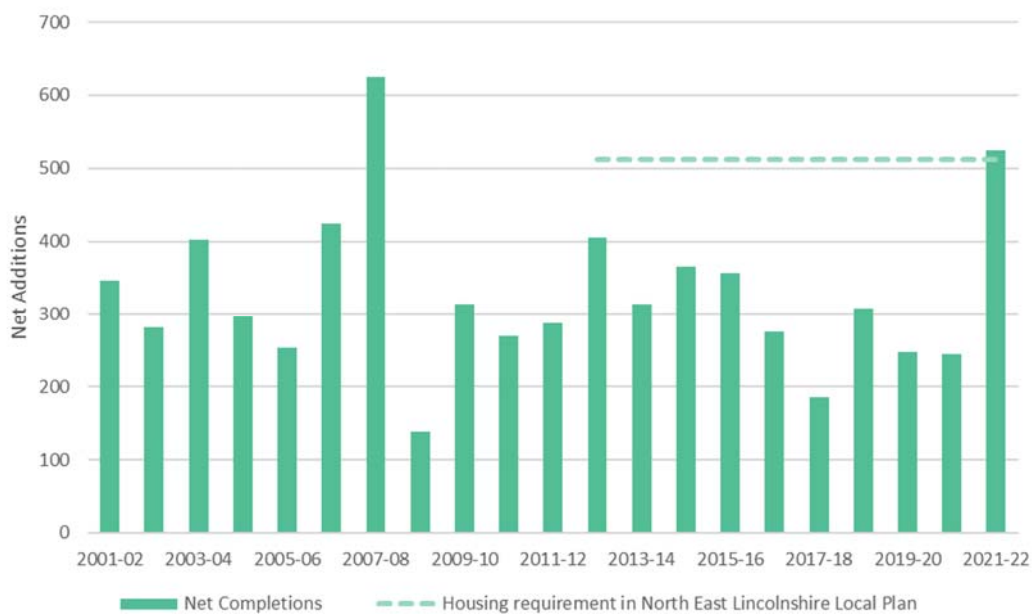
Source: Valuation Office Agency (2021) Table CTSOP 4.1

The Active Market

Changes in Stock

5.31 Net housing completions in the Borough fluctuated significantly between 2001/02 and 2021/22. The average number of net completions over this period was 327 dpa, which equates to 189 dpa below the housing requirement of 512 dpa between 2013 to 2022 as set out the Borough’s adopted Local Plan (2018).

Figure 5.8 Net Dwelling Completions in North East Lincolnshire 2001/02 – 2020/21



Source: DLUHC Live Table 122 / North East Lincolnshire Council

5.32 Net housing completions peaked just before the 2009 recession at around 625 dpa, but subsequently sharply decreased to a low of just 138 dpa in the following year 2008/09.

Delivery has fluctuated since, but increased to a peak of 524 dwellings in 2021/22, the most recent reporting year. It is understood that net delivery in recent years has been significantly suppressed by the estate renovation programmes of the Borough's largest Registered provider, the Lincolnshire Housing Partnership which manages nearly 12,500 affordable rental and shared ownership homes across Lincolnshire. They undertook a comprehensive property rationalisation process between 2017/18 and 2021/22 including the removal of 638 units at the Freeman Street flats over 4 years. However, the actual level of demolitions has been significantly higher than this, with some 966 properties demolished or otherwise lost to alternative uses between 2013/14 and 2021/22.

Table 5.3 Net Dwelling Completions in North East Lincolnshire, 2001/02 to 2020/21

Year	Number of Dwellings	Year	Number of Dwellings
2001-02	347	2012-13	405
2002-03	282	2013-14	314
2003-04	402	2014-15	366
2004-05	296	2015-16	357
2005-06	253	2016-17	276
2006-07	424	2017-18	186
2007-08	625	2018-19	308
2008-09	138	2019-20	248
2009-10	314	2020-21	244
2010-11	269	2021-22	524
2011-12	287	Average per annum	327

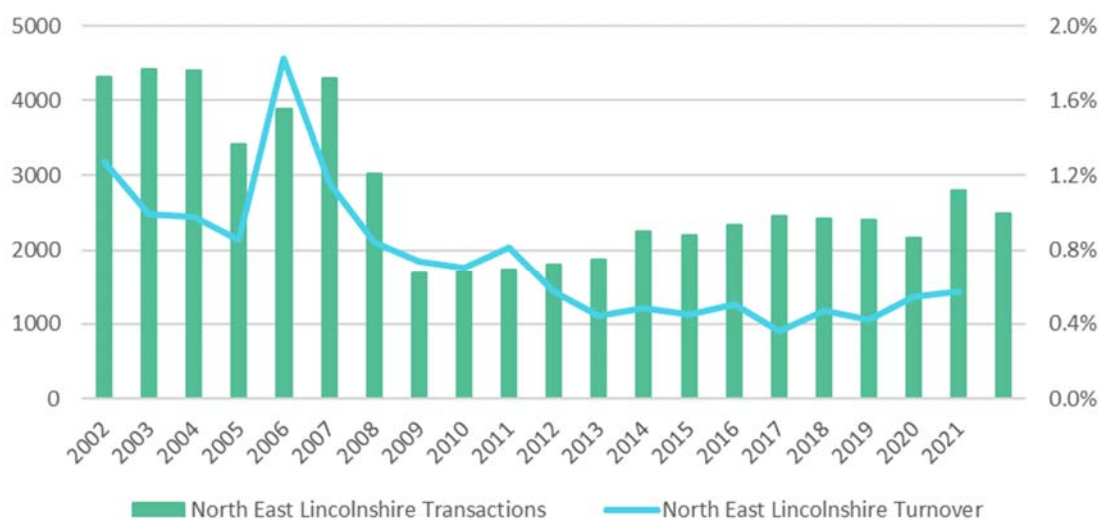
Source: DLUHC LT122

Transactions and Prices in the Private Market

5.33

Pre-recession, dwelling sales across the Borough typically totalled between 3,425 and 4,424 transactions per annum, representing between 4.9% to 6.5% of the dwelling stock (Figure 5.9). Transactions declined sharply in 2008 as a result of the recession, reaching a low of just 1,691 transactions in 2009. The number of transactions remained below 2,000 until 2014 and have since fluctuated between 2,000 and 2,500 transactions per annum. The exception was 2021 where transactions increased slightly to 2,806 but subsequently fell to 2,491 the following year.

Figure 5.9 Property Sales and Stock Turnover, 2002-2022

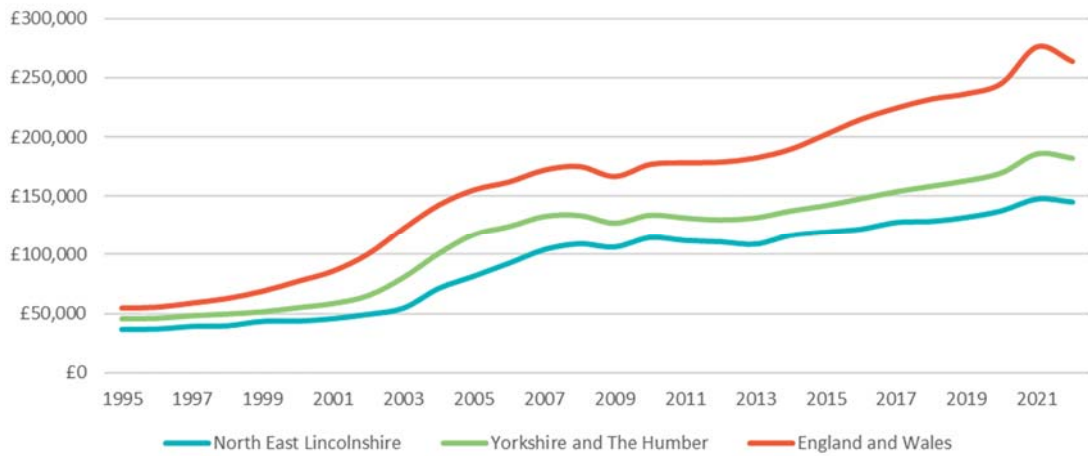


Source: ONS HPSSA Dataset 6 Residential Property sales for administrative geographies and DLUHC Live Table 125: Dwelling Stock Estimates by Local Authority District (2021)

Median, Mean, Lower and Upper Quartile House Prices

- 5.34 House prices increased between 1996 and 2022 in the Borough, with a particularly steep increase between 2001 and 2005. This trend was closely mirrored across Yorkshire and England and Wales. The median house price in the Borough from 1995 to 2000, remained slightly below that across Yorkshire and The Humber at an average of 81.8% of regional house prices. Median house prices in North East Lincolnshire were, on average, 64.1% of the median house price across England and Wales over the period.
- 5.35 The disparity grew significantly post-2001 with the greatest variance in 2003 at 68.2% of median house prices across Yorkshire and The Humber and just 44.9% of the median house price across England and Wales. In the last five years, the median house price across the Borough has been an average of 80.3% of the that across Yorkshire and The Humber and 55.2% of that across England and Wales.
- 5.36 Analysing the change in median house prices for North East Lincolnshire and indeed prices across Yorkshire and The Humber and England and Wales, it is evident that there have been some clear impacts on the housing market which correlate with the recession. Figure 5.10 illustrates that the median house price in the Borough followed the pattern seen across the region and the nation as a whole.

Figure 5.10 Median House Prices, y/e September 1996 to y/e September 2022

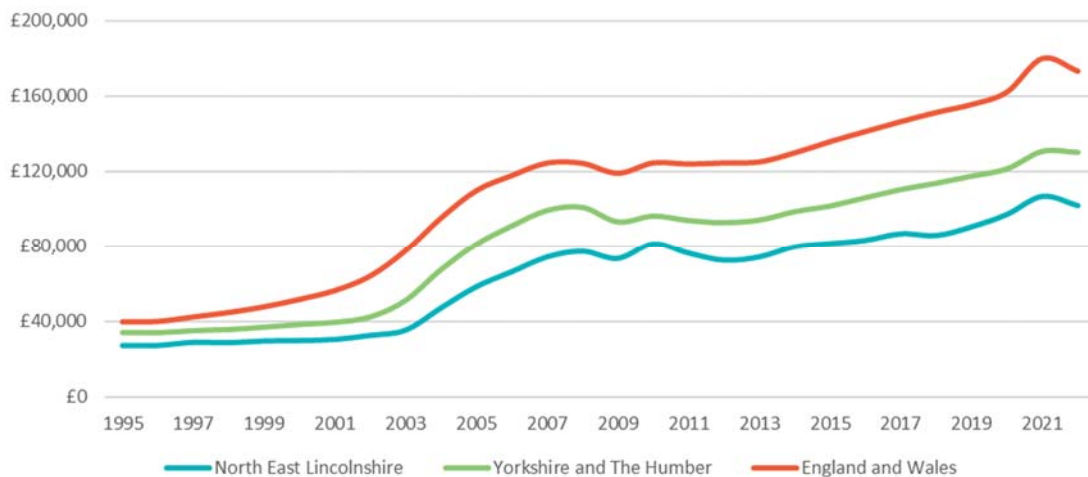


Source: Source: HPSSA Dataset 9. Median house price for national and subnational geographies, quarterly rolling year

5.37 Figure 5.11 illustrates that in the period 1996 to 2001, the Lower Quartile [LQ] house price in North East Lincolnshire was broadly comparable to that of Yorkshire and The Humber and England and Wales. Post-2001, the gap between the Borough and the region, and particularly the national figure, has begun to grow and continues to diverge as LQ house prices continue to grow at a faster rate regionally and nationally than across the Borough.

5.38 There was an increase in LQ house prices in North East Lincolnshire year-on-year from 1995 to 2008 before a period of stagnation from 2009 to 2013. LQ house prices then began to rise steadily from 2014 to 2022, although they did fall marginally from £107,000 in 2021 to £100,000 in 2022.

Figure 5.11 Lower Quartile House Prices, y/e September 1996 to y/e September 2022



Source: Source: Source: HPSSA Dataset 15. Lower Quartile house price for national and subnational geographies, quarterly rolling year

5.39 Table 5.4 presents median and LQ house prices in the Borough, across Yorkshire and The Humber and England and Wales from 2022. For each house type (which includes both existing properties on the resale market and new build properties), the median and LQ prices for the Borough are lower than those across Yorkshire and The Humber and

nationally. As would be expected, median and LQ prices are highest for detached properties in the Borough at £250,000 and £200,000 respectively. The median price of semi-detached properties was approximately 64% of the price of detached properties (£157,000 compared to £243,000), whilst the LQ price of semi-detached dwellings stood at approximately 69% of LQ detached properties (£138,000 compared to £200,000).

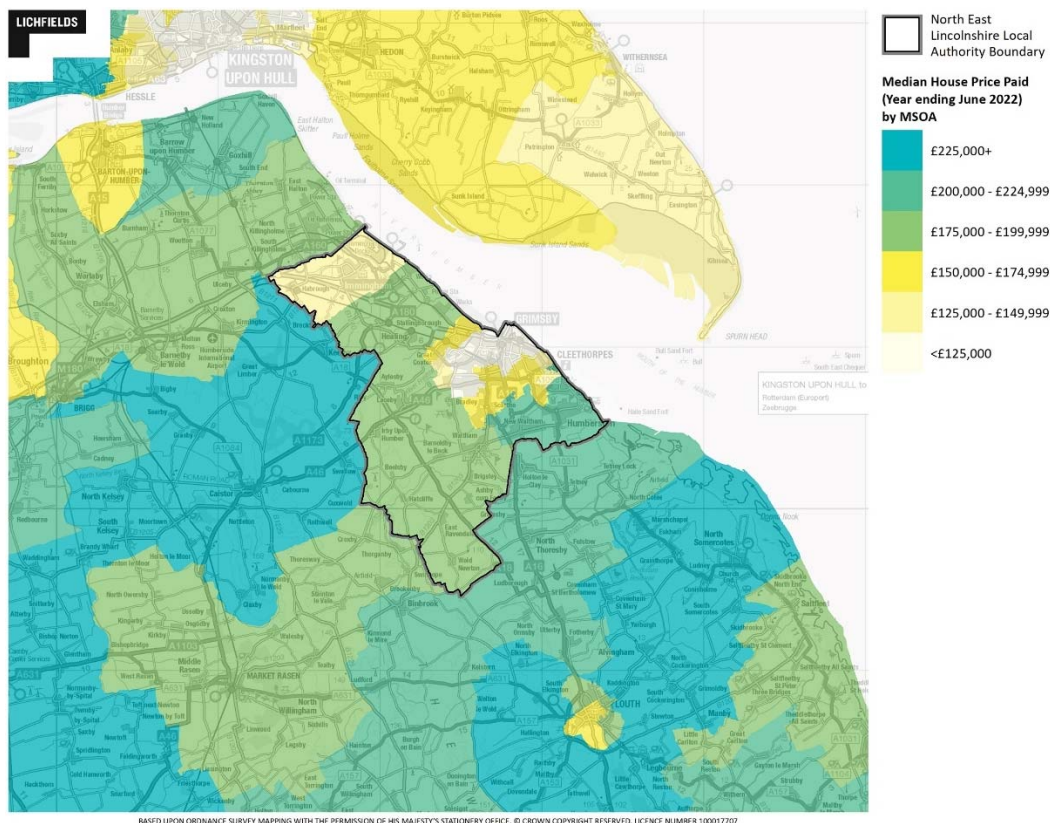
Table 5.4 Median and Lower Quartile House Prices by House Type (y/e September 2022)

	Median			Lower Quartile		
	North East Lincolnshire	Yorkshire and The Humber	England and Wales	North East Lincolnshire	Yorkshire and The Humber	England and Wales
Detached	£250,000	£325,000	£417,000	£200,000	£250,000	£303,500
Semi-Detached	£160,000	£185,000	£253,000	£138,000	£147,500	£181,950
Terraced	£95,000	£140,000	£219,000	£78,000	£106,500	£140,000
Flats/Maisonettes	£86,000	£129,000	£218,000	£58,000	£93,000	£140,000
All Properties	£147,500	£185,000	£270,000	£100,000	£130,000	£175,000

Source: HPSSA Dataset 9 and Dataset 15

- 5.40 For both North East Lincolnshire and Yorkshire and The Humber, the median and LQ price paid for terraced properties is greater than that for flats or maisonettes, whereas nationally, the median and lower quartile price for flats is largely equivalent to that for terraced properties, indicating the (often) higher cost of flats in cities.
- 5.41 Figure 5.12 illustrates the distribution of median house prices by LSOA across the Borough. Median house prices are lowest in Grimsby Town Centre and highest in the rural part of the Borough to the south west. LSOA E01013138 covers the north eastern part of Grimsby Town Centre and has the lowest median house prices in the Borough at just £53,000. LSOA E01013152 East of Cleethorpes has the highest median house prices at £316,500.

Figure 5.12 Median House Price Paid in North East Lincolnshire (2022)



Source: HPSA Dataset 46. Median Price Paid for residential properties by LSOA

Rental Levels

- 5.42 High and increasing rents in an area can often be seen as a signal of stress in the housing market. Median rents in the Borough in September 2022 were £475 per month, with median rents ranging from £383 per month for a 1 bed property, to £750 per month for a 4+ bed house (Figure 5.13). Median rents across Yorkshire were higher ranging from an average of £525 for 1-bed properties to £1,100 for 4+ bed properties. Rental levels are even greater across England an average of £715 for a 1-bed property to £1,500 for a 4-bed property.
- 5.43 Rents across North East Lincolnshire, as a percentage of rents across Yorkshire and The Humber and England are lower with rental rates for 1-bed properties just 73.0% of those across Yorkshire and The Humber and 53.6% of those across England. Furthermore, this trend is also reflected across 2-bed properties (79.2% and 59.9% respectively), across 3-bed properties (77.4% and 56.2%), and across 4+ bed properties (68.2% and 50.0%).

Figure 5.13 Median Monthly Rental Prices in North East Lincolnshire, Yorkshire and The Humber and England (y/e September 2022)

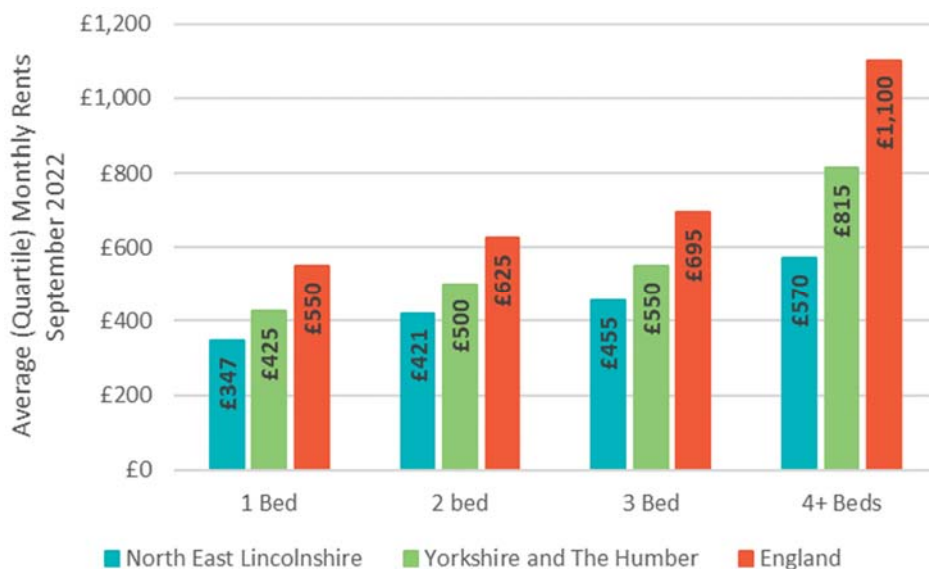


Source: Source: ONS (2022) Private Rental Market Statistics

5.44

Similarly, average lower quartile rents were £425 in North East Lincolnshire compared to £498 across Yorkshire and The Humber and £610 across England. Figure 5.14 illustrates that lower quartile rental rates range from £347 for 1-bed properties and up to £570 for 4+ bed properties in North East Lincolnshire; both remain below the regional and national comparators.

Figure 5.14 Lower Quartile Monthly Rental Prices in North East Lincolnshire, Yorkshire and The Humber and England (y/e september 2022)



Source: ONS (2022) Private Rental Market Statistics

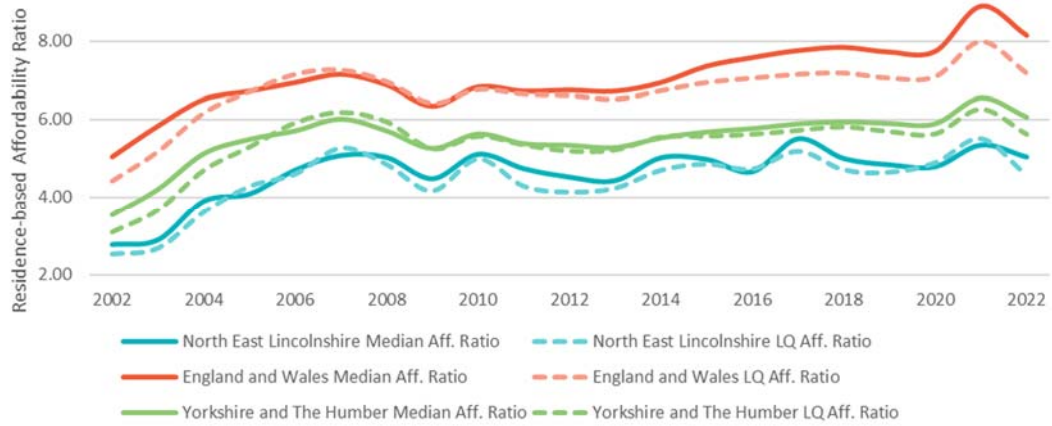
5.45

Average lower quartile monthly rents were higher across Yorkshire and The Humber, ranging from £425 for a 1-bed property to £815 for a 4+ bedroom property. Rents are also higher across England, with rents ranging from £550, for 1-bed properties up to £1,100 for 4+ bed properties.

Affordability Ratios

- 5.46 The former SHMA Practice Guidance (2007) defines affordability as a “*measure of whether housing may be afforded by certain groups of households*” (Annex G). A household can be considered able to afford to buy a home if it costs 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual-income households. Where possible, allowance should be made for access to capital that could be used towards the cost of home ownership (page 42).
- 5.47 The PPG’s standard methodology for calculating local housing needs incorporates the most recent median workplace-based affordability ratios as an uplift to the average annual household growth. This is a helpful measure of identifying areas where the market is under stress, as affordability involves comparing costs against a households’ ability to pay, with the higher the ratio, the more unaffordable a home is in that locality.
- 5.48 As shown in Figure 5.15, the ratio of median house price to median residence-based earnings in the Borough was 5.04 in 2022. This means that when set against the median gross annual earnings of people living in North East Lincolnshire of £29,241, median house prices were £147,374 – 5.04 times higher. To set this into context, the Bank of England imposes a loan to income flow limit which restricts the number of mortgages that lenders can grant to borrowers at ratios of at or greater than 4.5 times the borrower’s salary; hence it is unusual for a lender to consider a higher loan-to-income ratio than 4.5, and certainly not 5.04.
- 5.49 To be able to afford a median house price in North East Lincolnshire, residents would therefore need to be earning at least £32,750 to qualify at maximum for the loan-to-income ratio of 4.5. Median incomes in North East Lincolnshire would need to increase by around 12.0%, demonstrating the extent to which home ownership is an unaffordable aim for many.
- 5.50 Even so, an Affordability Ratio of 5.04 for the Borough is lower than the median affordability ratio for England, which was 8.16 in 2022. The LQ affordability ratio has remained closely in-line with that of the median, from 2002 to 2022 increasing from 2.53 to 4.57 over the period. The increase in LQ affordability ratios in North East Lincolnshire indicate that even lower price houses may be unaffordable to those with an income lower than the Borough average.
- 5.51 LQ gross annual earnings for residents of £21,869, set against the lower quartile house price of £100,000, equates to a ratio of 4.57. Again, to be able to borrow (assuming no deposit), the full amount of £100,000 at a loan-to-income ratio of 4.5, borrowers would need to earn £22,09 annually – annual salaries would need to increase by 1.6%.

Figure 5.15 Residence-based Median/Lower Quartile Affordability Ratios for North East Lincolnshire and England and Wales (2022)

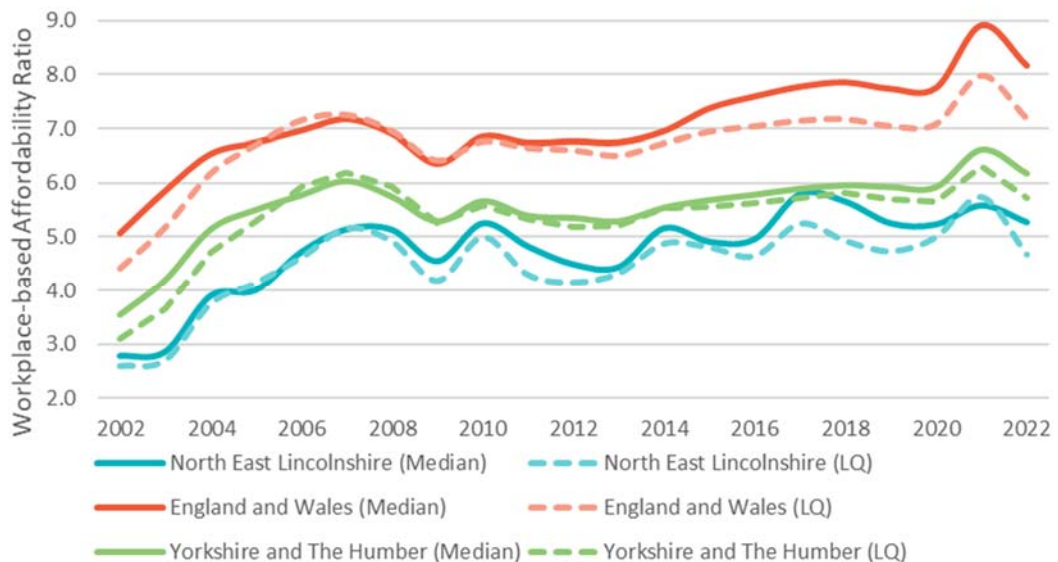


Source: ONS (2023): Ratio of House Prices to residence-based earnings (lower quartile and median)

5.52

Workplace-based affordability ratios are similar in the Borough to residence-based ratios. In 2022, the ratio of median house price to median workplace-based earnings was 5.27 and the LQ ratio was 4.67 (Figure 5.16). This presents a similar picture to that of residence-based affordability ratios where median and LQ ratios are largely in line with one another, within the Borough. This compares to a median affordability ratio for England of 8.16 and an LQ ratio of 7.19. This again indicates that even lower-priced houses may be unaffordable to those on lower incomes working in North East Lincolnshire. This is the same for both people living and working in the Borough.

Figure 5.16 Workplace-based Median/Lower Quartile Affordability Ratio for North East Lincolnshire and England and Wales (2022)



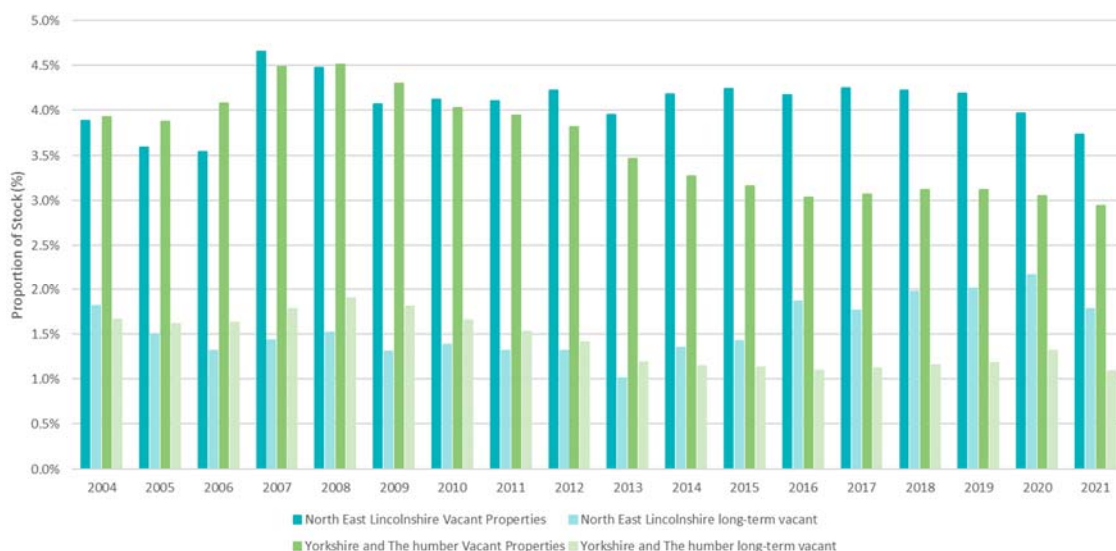
Source: ONS (2023): Ratio of House Prices to workplace-based earnings (lower quartile and median)

Vacancy Rates

5.53 As of 3rd October 2021, the Government³¹ recorded a total of 2,819 vacant dwellings in the Borough. Of these, 1,348 were classified as ‘long term’ vacant properties (properties vacant for longer than six months). Homes become vacant for many reasons, including natural churn in the market (e.g., a void between tenancies or short-term vacancies as people move home). However, long term vacancies may indicate either structural weaknesses in the housing market (e.g., low demand) or may be reflective of problems with the stock of housing (e.g. condition or type).

5.54 Across the Borough, overall vacancy rates remained between 3.5% and 4.7% from 2004 to 2021. The overall vacancy rate has been relatively stable over the period at 3.9% in 2004 to 3.6% in 2021. Notably, the lowest vacancy rate was 3.5% in 2006 whilst the highest vacancy rate of 4.7% was recorded just the following year in 2007. Since 2019, the vacancy rate has steadily declined from 4.2% to 3.6% in 2021.

Figure 5.17 Total and Long-Term Vacancy Rates in North East Lincolnshire and Yorkshire and The Humber



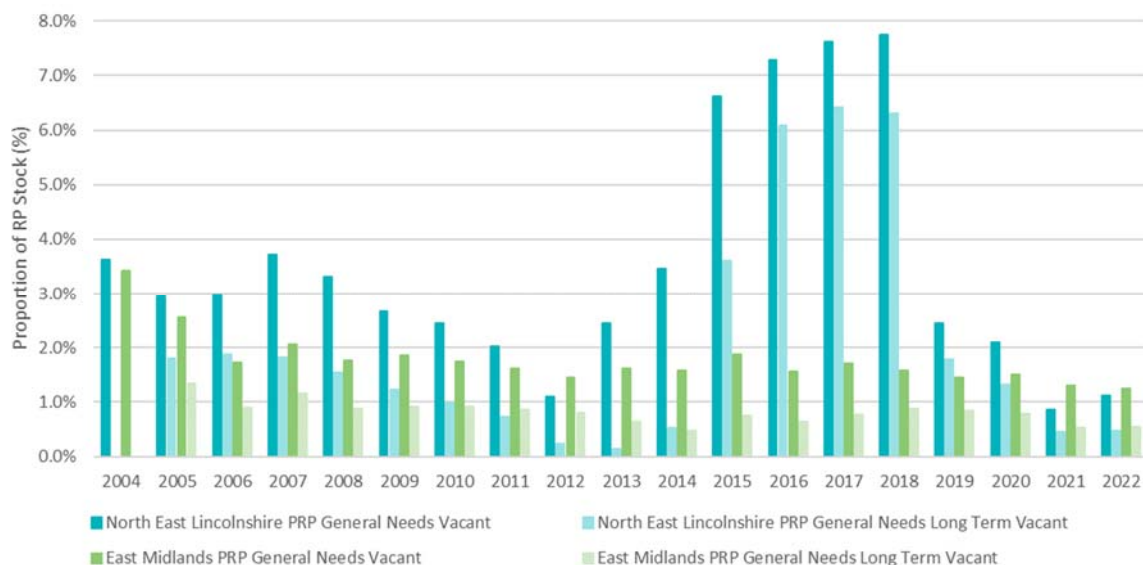
Source: DLUHC Live Table 615 Vacant dwellings by local authority district and DLUHC Live Table 125: Dwelling Stock estimates by local authority district

5.55 Long term vacancy rates in the Borough have also stayed relatively constant, between 1.3% and 1.8% between 2004 and 2012. From 2013, the long-term vacancy rate has steadily increased from 1.0% to 2.2% in 2020 before decreasing slightly to 1.8% in 2021.

5.56 Figure 5.18 illustrates the number of vacant social housing in the Borough between 2004 and 2022. In 2022, the amount of vacant Registered Provider dwellings as a proportion of stock was 1.2%, whilst the long-term vacancy rate was just 0.48%. Whilst a certain level of voids is normal and allow for transfers and works to properties, the former SHMA guidance (page 48) noted that a social housing vacancy rate in excess of 3% (and properties which are vacant for considerable periods of time), should be counted as surplus stock. Therefore, a figure almost two thirds lower than this is very low.

³¹ Calculation of Council Tax Base for Formula Grant Purposes, October 2021

Figure 5.18 Vacant Registered Provider Dwellings in North East Lincolnshire and Yorkshire and The Humber 2004 - 2020



Source: DLUHC Live Table 615: Vacant dwellings by Local Authority district and DLUHC Live Table 115: Dwelling Stock: RRP Stock by district

5.57 In terms of the difference in tenure on vacant homes, Government data for the Borough shows that 107 Registered Provider properties were vacant in 2022, with 46 of those comprising long-term vacancies.

Overcrowding and Homelessness

5.58 Indicators on overcrowding, sharing households and homelessness can demonstrate unmet need for housing within an area. The previous 2014 version of the PPG stated that indicators on:

“...overcrowding, concealed and sharing households, homelessness and the number in temporary accommodation demonstrate unmet need for housing. Longer term increases in the number of such household may be a signal to consider increasing planning housing numbers...”³²

5.59 Whilst this section has now been removed from the latest iteration of the PPG, overcrowding and homelessness nevertheless represents an important housing market indicator.

5.60 The Census measures overcrowding based on a standard formula; this measures the relationships between members of a household (as well as the number of people in that household) to determine the number of rooms they require. A rating of -1 or less indicates a household has at least one room fewer than required, +1 or more indicates a household has one or more rooms than needed. At the national level, affordability issues in recent years, as well as a shortfall in housing supply, have meant that people are either willing to accept sub-optimal living conditions (e.g., living in a smaller home to manage costs) or are forced into accepting such housing outcomes (e.g. are priced out of the market and have to share with friends/family).

³² §2a-019-20140306

- 5.61 Table 5.5 illustrates that overcrowding against the occupancy rating in the Borough is not considered to be severe, with just 1.8% of households living in a dwelling that is too small for their household size and composition. This figure is far below that of Yorkshire and The Humber where 3.0% of households are considered overcrowded and more than half of the rate across England and Wales (4.3%). Furthermore, the situation has improved over time in North East Lincolnshire with overcrowded households decreasing against the national average.

Table 5.5 Overcrowding: Household Room Occupancy Rating

	2011			2021		
	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)	Total Households	-1 room occupancy or less	-1 room occupancy or less (%)
North East Lincolnshire	69,707	1,740	2.5%	69,826	1,249	1.8%
Yorkshire and The Humber	2,224,059	79,184	3.6%	2,330,658	69,251	3.0%
England and Wales	23,366,044	1,062,644	4.5%	24,783,199	1,054,423	4.3%

Source: Census 2011 (LC4108EW) / Census 2021 (TS052)

- 5.62 The Census also recorded the number of concealed families i.e., where there is more than one family present in a household. Nationally, this rose significantly between 2011 and 2021, at least in part due to the lingering impact of recession on younger households' ability to afford their own homes. This meant that many younger people, including families, remained in the family home for longer than might have been expected in the past, through choice (to save money) or through necessity.
- 5.63 At the time of the 2021 Census, 2.2% of all families in England and Wales were concealed; this represented 367,481 families. This is a rise compared to 2011, when 1.8% of families were identified as being 'concealed'. In North East Lincolnshire, there were 605 concealed families at the time of 2021 Census, representing 1.3% of all families. The Borough has a smaller proportion of concealed families than Yorkshire and The Humber (1.8%) and the national average (2.2%) (see Table 5.6).

Table 5.6 Concealed families in North East Lincolnshire, Yorkshire and The Humber and England and Wales 2011 – 2021

	2011		2021		Change in number of concealed families	% Change in number of concealed families
	No.	%	No.	%		
North East Lincolnshire	527	1.1%	605	1.3%	+ 78	14.8%
Yorkshire and The Humber	25,410	1.7%	28,226	1.8%	+ 2,816	11.1%
England and Wales	289,925	1.8%	367,481	2.2%	+ 77,556	26.8%

Source: Census 2011 (LC1110EW); Census 2021 (RM009)

- 5.64 The levels of overcrowding and concealed households in the Borough are therefore relatively modest when compared with the regional and national levels. The growth in the

number of concealed families in North East Lincolnshire (+15%) is above the growth across Yorkshire and The Humber region (11%), but well below the level of change experienced across England and Wales (27%).

- 5.65 The level of overcrowded households may also reflect the cultural preferences of some households who chose to live with multiple generations and extended family members through choice rather than necessity. The level of overcrowding and number of concealed households is not so significant that we can conclude that there is severe market pressure, but it nevertheless highlights a degree of inadequacy in the housing market.

Affordable Housing

- 5.66 The supply of new affordable dwellings provided in North East Lincolnshire has fluctuated in line with market factors in recent years. Table 5.7 demonstrates that the provision of social rent dwellings was relatively strong from 2012 to 2015, averaging 48 dpa and peaking at 69 units in 2013/14, before falling drastically to average just 7 dpa between 2015 and 2020. Over the past couple of years, provision of social rented dwellings has increased to 30 dpa.
- 5.67 In terms of affordable rent dwellings, provision remained relatively low with an average of just 9 dpa from 2012 to 2020. Provision increased very significantly over the past two years with an average of 67 dpa delivered from April 2020 to March 2022. The DLUHC data show that there has been just 3 units delivered for intermediate rent over the past ten years.

Table 5.7 Affordable Housing Delivery in North East Lincolnshire Borough 2012/13-2021/22

Type of affordable housing delivered	Social Rent	Affordable Rent	Intermediate	Total
2012-13	32	0	0	32
2013-14	69	10	0	79
2014-15	42	3	3	48
2015-16	0	11	0	11
2016-17	0	5	0	5
2017-18	6	17	0	23
2018-19	31	8	0	39
2019-20	0	18	0	18
2020-21	32	60	0	92
2021-22	28	74	0	102
Total	240	206	3	449

Source: DLUHC Live Tables 1006 to 1009: Affordable Housing Supply Statistics 2021-22

- 5.68 As set out in further detail in Section 7.0 of this report, there were 4,780 households on the Housing Register as of January 2023. According to North East Lincolnshire Council Officers, of this total, 190 are identified as being in 'urgent priority', 281 as 'high priority', 380 as 'medium priority' and the remaining 3,929 as 'low priority'. The share of those on the Housing Register who are a single adult (26.0%), a lone parent (28.2%) or an older couple (25.3%) are relatively similar whilst younger couples with children (9.4%) and without (11.1%) comprises a relatively smaller share of the breakdown by household.

5.69 The Housing Register data also demonstrates that one-bedroom homes are in greatest demand with 2,457 (51.4%) of all registrants seeking one. The need for two-bedroom homes comprises 1,370 (or 28.7%) of all registrants whilst the need for three-bedroom properties comprises 728, or 15.2% of all registrants. The remaining 225 (4.7%) registrants have a need for properties with 4+ bedrooms.

Summary

5.70 From this analysis of housing market signals, the following points are of note:

- Overcrowding is not severe in North East Lincolnshire, with only 1.8% of households occupying a property too small for their requirements. Furthermore, this level of overcrowding is below both the regional (3.0%) and national (4.3%) average. The proportion of concealed families is lower than the regional and national levels.
- The Borough has a disproportionately high proportion of terraced properties, and comparatively few flats. There is a disproportionately high level of homeownership in the Western and Southern Arc with 48% of households owning their homes outright and a further 36% owning their home with a mortgage or loan.
- A disproportionately high proportion of the Borough's housing stock was built after WWII up until the 1970s. The housing stock in the Urban Area being considerably older with 20.2% of properties built prior to 1900 and as much as 47.9% built before the Second World War. Both the Western and Southern Arc and the Rural Areas have the highest percentages of modern stock dating from the 2000s. Comparatively little housing has been built in North East Lincolnshire since the late 1990s given the size of the population.
- Over the past 11 years, the Borough has delivered 327 dpa net, which is considerably below the 512 dpa Local Plan target. However, the net figure has been seriously suppressed in recent years due to the 966 properties that were demolished or otherwise lost to the housing stock since 2103/14.
- Property sales have recovered slightly from their 2008-09 low of 1,691, reaching 2,806 in 2021. However, property sales remain well below the average number of property transactions achieved pre-recession (3,967).
- The median house price in the Borough was £145,000 in 2021, below the regional (£182,483) and the national average (£263,667). Median house prices have increased since 1995, were relatively stable between 2007 and 2014, as a result of the recession. LQ house prices followed the same pattern over time. In 2022, the LQ house price in North East Lincolnshire was £100,000, below the regional (£130,000) and national (£173,333) prices.
- Private rents in North East Lincolnshire range from £383 per calendar month [pcm] for a 1-bedroom property to £750 pcm for a 4+ bedroom property. These values were below that of those across Yorkshire and The Humber with median rents in the Borough just 77.9% of those across Yorkshire and The Humber. Median rents in the Borough were 59.4% of national median rents.
- Median affordability ratios (both residence and workplace-based) have generally increased over time, indicating worsening affordability. To afford a median house

price, residents of North East Lincolnshire would need to earn £32,749 at the maximum loan-to-income ratio of 4.5, a figure 12% higher than the actual median earnings. Indeed, since 2006, the median house price has dipped marginally below the 4.5 loan-to-income ratio only twice - in 2009 (4.48) and 2013 (4.43). LQ ratios are very close to the 4.5 loan-to-income ratio indicating that any resident earning below the borough average would exceed the ratio and still face significant affordability pressures.

- Total vacancy rates are generally stable and have decreased slightly since 2019, from 4.2% to 3.6% in 2021. Long-term vacancy rates remained relatively constant up to 2012 before steadily increasing from 2013 (1.0%) to 2020 (2.2%). There is a much lower level of total vacancy within affordable tenures at just 1.12% in 2022, whilst the long-term vacancy rate was just 0.48%.
- Affordable housing delivery has averaged 45 dpa over the past decade, virtually all of which relates to either social rented or, more recently, affordable rented properties. Just 3 shared ownership properties have come forward in that time.

6.0 Local Housing Need

Introduction

- 6.1 The NPPF supports the Government's objective of significantly boosting the supply of homes by ensuring that a sufficient amount and variety of land can come forward where it is needed; meeting the needs of groups with specific housing requirements; and ensuring that land with planning permission is developed without unnecessary delay [§60]. It states that to determine the minimum number of homes needed in an area, strategic policies should be informed by a Local Housing Need [LHN] assessment, conducted using the standard method as set out in the PPG, unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.
- 6.2 This section reports the findings of this analysis for the Borough.

Methodology

Approach to defining the overall Local Housing Need

- 6.3 This study applies the Government's standard method to derive an overall local housing need for the Borough. This uses the 2014-based Sub-National Household Projections [SNHP] for 2022-2042, plus a market signals uplift based on the most recent (2022) workplace-based affordability ratio data for the Borough.
- 6.4 The Government is clear that the figure derived by the LHN target is intended to be a minimum figure, with the PPG setting out that there will be circumstances when a higher figure than that generated by the Standard Methodology [SM2] might be considered. This is because SM2 does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour which includes whether growth strategies are in place; where strategic infrastructure improvements are in place; or where there is unmet need from neighbouring authorities. We are also advised to consider previous delivery levels and recent assessments of need.
- 6.5 These issues have been tested by Lichfields throughout this section to come to a view on the LHN for the Borough.

Identification of the type, tenure and size of housing required

- 6.6 Paragraph 61 of the NPPF states that:
- "...the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes)."*

6.7 The PPG sets out guidance on how plan-making authorities should identify and plan for the housing needs of particular groups of people. It states that:

“This may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.

Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:

- the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- the anticipated deliverability of different forms of provision, having regard to viability.”³³*

6.8 This element of the work identifies the type, tenure and size of housing required. The demographic modelling outlined above has been used as the starting point to quantify need by neighbourhood. This has then been broken down by the following categories as required by the NPPF:

- Private rented sector;
- self-build and custom building;
- family housing;
- housing for older people;
- housing for people with disabilities/mental health;
- student housing;
- service families; and,
- affordable housing.

6.9 The revised PPG states that plan-making authorities will need to count housing provided for older people against their housing requirement³⁴. For the purposes of this study however, the needs of individuals living in communal (Use Class C2) accommodation, such as elderly residents living in Care Homes and students living in halls of residence, have been assessed separately.

Affordable Housing Needs

6.10 Lichfields has developed a methodology to enable a tenure split between intermediate, social rent, affordable rent and First Homes to be identified. The approach adopted by Lichfields examines the interaction between housing costs and income. An analysis has

³³ 67-001020190722

³⁴ 63-016a-20190626

been undertaken of the ability of households with insufficient income to afford access to market housing, and to afford different types of affordable housing.

6.11 This element of the HEDNA draws upon a wide range of existing sources of data to identify affordable housing needs, relating to:

- The local housing market;
- Market signals, including house prices and affordability issues;
- The existing stock of affordable housing;
- Anticipated future changes in the affordable housing stock; and,
- Current and anticipated future levels of need for affordable housing.

6.12 The affordable housing target has been broken down by tenure, size, and type. Lichfields also considered the affordable rent model and the ability of households across the Borough to pay up to 80% market rents, as well as the need for intermediate housing and First Homes.

6.13 The PPG also requires a calculation to be made of the total annual need for affordable housing, as follows:

“The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow based on the plan period.

*The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. **An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.**”³⁵ [Lichfields’ emphasis]*

Starting Point – Standard Methodology

6.14 In August 2020 the Government undertook consultation on changes to the standard method which looked to incorporate more recent household projections (2018-based SNHP) and remove the cap that limits the level of local housing needs. The Government’s “*Response to the local housing need proposals in ‘changes to the current planning system’*”³⁶, published in December 2020, confirmed that the Government would not be proceeding with the proposed changes to the standard method; instead proceeding with a reformed standard method which reflects their commitment to levelling up and enables regeneration and renewal of urban areas.

6.15 Regarding the calculation of housing need, the NPPF states that:

“To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals.

³⁵ PPG: ID: 67-008-20190722

³⁶ <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system/outcome/government-response-to-the-local-housing-need-proposals-in-changes-to-the-current-planning-system>

In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for” [§61].

- 6.16 At present, the standard methodology would result in a local housing need figure of **203 dpa** for North East Lincolnshire Borough (considerably below the current Local Plan figure of 512 dpa). This has been generated as follows:
- 6.17 As North East Lincolnshire’s Local Plan is less than 5-years old, its LHN is based on the 2014-based household projections for the ten-year period 2023-2033. This equates to household growth of 188 per annum (74,342 households in 2033 minus 72,462 households in 2023 equates to 1,880 households, or 188 per year over ten years).
- 6.18 The affordability uplift equates to 7.94%, based on a high (above 4) workplace-based affordability ratio of 5.27 in 2022, calculated as follows:
- Median local workplace-based affordability ratio³⁷ (2022) = 5.27
 - deduct 4 = 1.27
 - divide by 4 = 0.32
 - multiply by 0.25 = 0.0794 (or 7.94%).
- 6.19 Applying the 7.94% uplift to household growth of 188 per annum equates to 203 dpa.
- 6.20 In terms of whether a cap should be applied, North East Lincolnshire’s adopted Local Plan figure is 512 dpa which equates to 9,742 dwellings over the period 2013 – 2022 (Policy 2). The Plan was adopted in March 2018 and therefore at the time of writing (February 2023) it is just under 5 years old. Even so, The PPG states that where relevant strategic policies were adopted more than 5 years previous, the LHN figure is capped at 40% above whichever is the higher of:
- the projected household growth for the area over the 10-year period identified in step 1 (i.e., 188 x 140% = 263 dpa); or,
 - the average annual housing requirement figure set out in the most recently adopted strategic policies (i.e., 512 x 140% = 717 dpa).
- 6.21 As the capped figures in the examples above are greater than the minimum annual LHN figure, this does not limit the increase to the Borough’s minimum annual housing need figure which should remain 203 dpa.
- 6.22 **The starting point for assessing local housing need in North East Lincolnshire is therefore 203 dpa. This is used as the minimum LHN starting point for the remainder of this HEDNA.**

Consideration of a different figure to the LHN generated by the Standard Method

- 6.23 The NPPF states that the standard methodology is the default approach for calculating local housing need unless there are “*exceptional circumstances*” which could justify an alternative approach which also reflects current and future demographic trends and market signals [paragraph 61].

³⁷ ONS (2023): Ratio of median house price to median gross annual workplace-based earnings by local authority district, England and Wales, 1997 to 2022

6.24 The Government is clear that the figure derived by the LHN target is intended to be a minimum figure, with justifications to go below this relating to environmental or policy constraints rather than issues over the reliability of the SNHP:

“Local housing need does not represent a mandatory target – it is simply a starting point for planning, and local authorities may either choose to plan in excess of this or to conclude that they are not able to meet all housing need within their boundaries, for example due to constraints such as protected designations and Green Belt, or whether that need is better met elsewhere. This means there is flexibility for local authorities to manage movements in local housing need locally.”³⁸

6.25 The PPG states that once a strategic policy-making authority has established a housing need figure, it will need to consider the extent to which it can be met, which presumably factors in the aforementioned policy considerations. These are therefore outside the scope of a HEDNA and are for the Council to consider as part of its plan-making process.

6.26 However, the PPG also sets out that there will be circumstances when a higher figure than that generated by the standard method might be considered. This is because the standard method does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.

6.27 Circumstances which might justify an uplift include where³⁹:

- *“growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground.*

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities are encouraged to make as much use as possible of previously developed or brownfield land, and therefore cities and urban centres, not only those subject to the cities and urban centres uplift may strive to plan for more homes. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.”

6.28 In particular, the latest version of the NPPF is quite clear that when planning for housing and employment land, the approach should be an integrated one:

“Planning policies should (inter alia):

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment” [paragraph 82 c]

6.29 This is re-iterated later in the document:

“To provide the social, recreational and cultural facilities and services the community needs, planning policies and decisions should (inter alia):

³⁸ DLUHC (October 2018): *Technical consultation on updates to national planning policy and guidance*, page 13

³⁹ PPG Reference ID: 2a-010-20201216

e) ensure an integrated approach to considering the location of housing, economic uses and community facilities and services.” [paragraph 93 e]

6.30 The PPG also provides guidance on how the housing needs of particular groups relate to the overall housing need calculated using the standard method:

“The [housing need of particular groups of people] may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.

Strategic policy-making authorities will need to consider the extent to which the needs of specific groups can be addressed in the area, taking into account:

- the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and,*
- the anticipated deliverability of different forms of provision, having regard to viability”⁴⁰.*

6.31 The household projections that form the baseline of the standard method are inclusive of all households including travellers.

6.32 The PPG goes on to give additional guidance as to how the needs should be met in the future for older people, disabled people and planning policy for traveller sites. The PPG⁴¹ states that for rural areas:

“The nature of rural housing needs can be reflected in the spatial strategy set out in relevant policies, including in the requirement figures for any designated rural areas. A wide range of settlements can play a role in delivering sustainable development in rural areas, so blanket policies restricting housing development in some types of settlement will need to be supported by robust evidence of their appropriateness.”

6.33 For the purposes of this study however, the needs of individuals living in communal C2 accommodation, such as elderly residents living in Care Homes and students living in halls of residence, have been assessed separately.

6.34 Finally, the PPG also requires a calculation to be made of the total annual need for affordable housing, as detailed above.

6.35 The remainder of this chapter addresses each of the aforementioned elements in order to assess whether exceptional circumstances exist to justify uplifting the 203 dpa LHN figure generated by the standard method.

⁴⁰ PPG: ID: 67-001-20190722

⁴¹ PPG: ID: 67-009-20190722

Demographic Analysis

Population Projections

- 6.36 The SNPP estimates the population of all local authorities in England for a 25-year period and are based on the assumption that demographic trends (births, deaths and in/out migration) that were experienced during the preceding 5/6-year period will continue into the future.
- 6.37 The 2018-based SNPP are the most up-to-date population projections. Published in March 2020, these update the equivalent 2016-based projections. However, as mentioned previously, the 2014-based SNPP is used to inform the demographic starting point for the assessment of LHN in alignment with the NPPF’s aim to significantly boost the supply of homes⁴² and the aim of delivering 300,000 new homes by the mid-2020s.
- 6.38 The 2014-based SNPP suggests that the population of North East Lincolnshire will increase by 2,443 people over the period 2022 to 2039 (+1.5%), equivalent to 141 persons per annum. This is a much stronger level of growth than projected by the 2018-based SNPP, which projects a decline of 1,308 people or -0.8% over the same period, equal to a loss of 77 people per annum. This contrasts with the regional and national pictures, with the populations of Yorkshire and the Humber and England expected to grow by 4.7% and 6.3% respectively according to the 2018-based projections.

Figure 6.1 Population change in North East Lincolnshire by age cohort, 2022 - 2039



Source: 2014-based SNPP, 2018-based SNPP

- 6.39 Figure 6.1 illustrates that across the individual age cohorts there is:
- A greater decline in 5–19 year olds and 30–39 year olds in the 2018-based SNPP than is projected by the 2014-based SNPP;

⁴² NPPF (2021) paragraph 60

- Lower positive growth in those aged 40-49 in the 2018-based SNPP compared to the 2014-based projections;
- Similar declines in the number of residents aged 50–64 for both projections;
- Higher growth of older age groups between 70 and 84 in the 2018-based SNPP projections compared to the 2014-based SNPP; and,
- Lower growth in those aged 90 and above in the 2018-based projections versus the 2014-based.

6.40 The general message emerging from both sets of projections is that, with the exception of 45-49 year olds and to a lesser extent, 15-29 year olds, future population growth in North East Lincolnshire will be almost entirely driven by retirees, and particularly those aged 70 and above. In stark contrast, the number of residents in their 50s and early 60s is projected to decline significantly over the next 20 years or so. For example, according to the 2014-based SNPP, the number of residents aged between 50 and 64 is projected to decline by around 5,500. Similarly, the number of residents aged 20-39 is projected to decline by c.2,400. Unchecked, this could have a serious negative impact on the local economy due to a declining labour force unless measures are implemented to increase the employment rate. In contrast, the number of older residents over 65 is projected to increase by c.9,500 over the next 17 years (2022 – 2039).

6.41 In terms of the determinants of change, the 2014-based SNPP envisages that the population change in the Borough over the Local Plan period will be driven by net international migration, in the order of c.1,900 people over the period 2022-2039. In contrast, internal migration is expected to be broadly neutral over the projection period, with c.75,600 people moving to/from the Borough from other locations across the UK. Natural change is also expected to be positive over the period as a result of a greater number of births compared to deaths across the Borough.

Household Projections

6.42 As a consequence of the downward revisions to the population projections highlighted above, this has had a knock-on effect to the 2018-based Sub-National Household Projections [SNHP]. This was a consequence of two main factors:

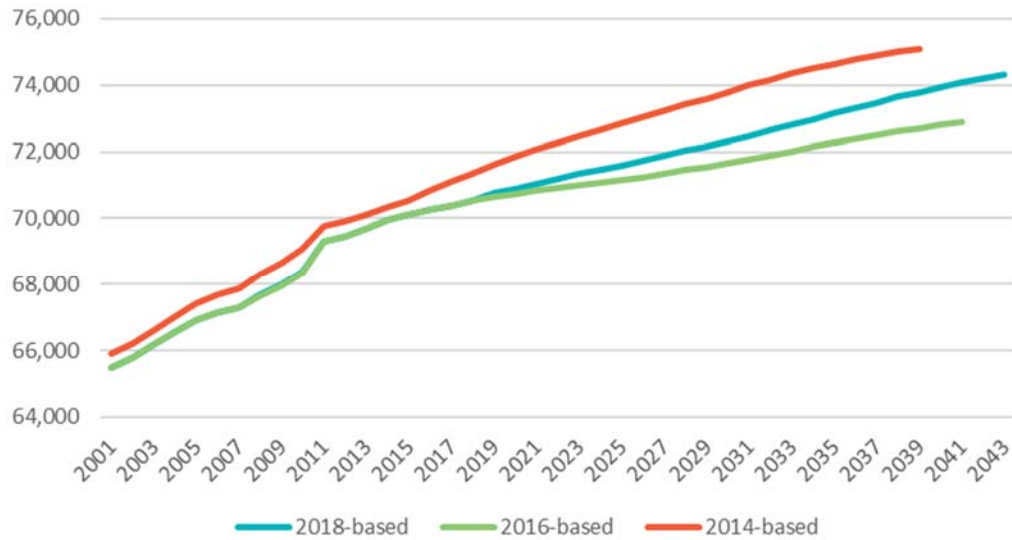
- 1 The revised 2018-based population projections upon which the SNHP are based; and,
- 2 The changes to the methodology underpinning the 2018-based SNHP.

6.43 The 2018-based SNHP are the second set to be produced by the ONS. The methodology underpinning the projections continues (in line with the 2016-based projections) to assess household trends on a shorter time period, i.e. back to 2001 compared to previous projections which utilised a longer trend back to 1971. This change in methodology implied a much sharper decline in formation rates in the shorter term.

6.44 Over the 25-year period 2022 – 2039 (when the projections end) the 2014-based projections projects an average household growth of **165 households per annum [hpa]** in North East Lincolnshire compared to the **153 hpa** for the 2018-based SNHP. The rate of growth projected by the 2014-based projections is therefore stronger than the 2018-based SNHP for the Borough. The 2016-based projections meanwhile show a much weaker level of growth at just 110 hpa.

6.45 The 2014-based projections suggest that by 2039 there will be around 75,100 households in the Borough, c.1,300 more than is projected in the 2018-based SNHP.

Figure 6.2 Household Growth Projections for North East Lincolnshire

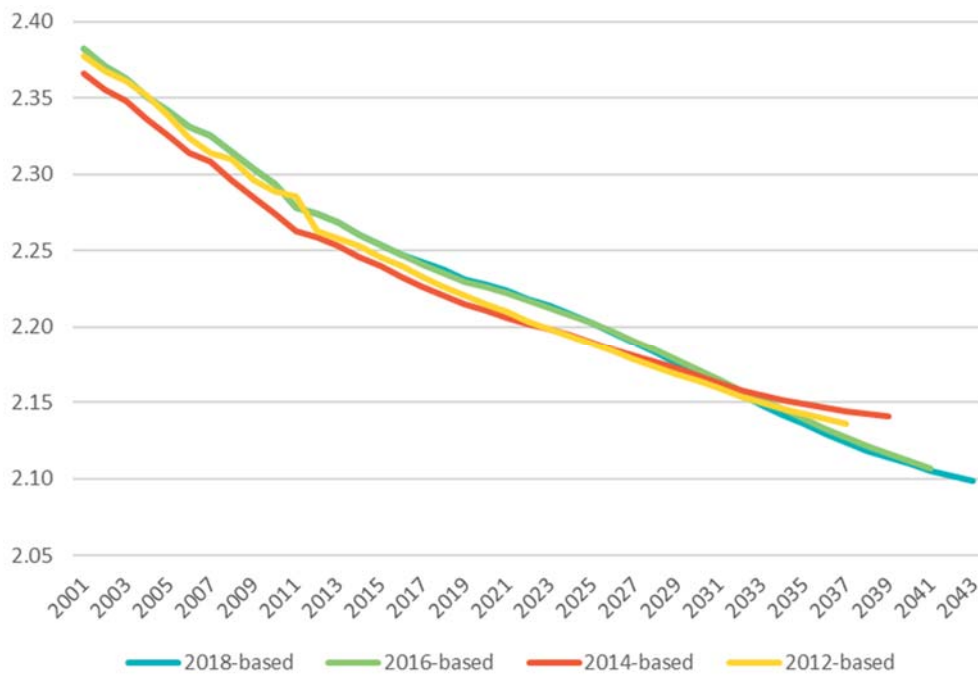


Source: DLUHC 2014 and ONS 2016 / 2018 Household Projections

Household Formation Rates

6.46 Figure 6.3 illustrates how the average household size in North East Lincolnshire has declined historically, as well as the difference between the 2014- and 2012-based projections and the later projections.

Figure 6.3 Historic and Projected Average Household Size in North East Lincolnshire



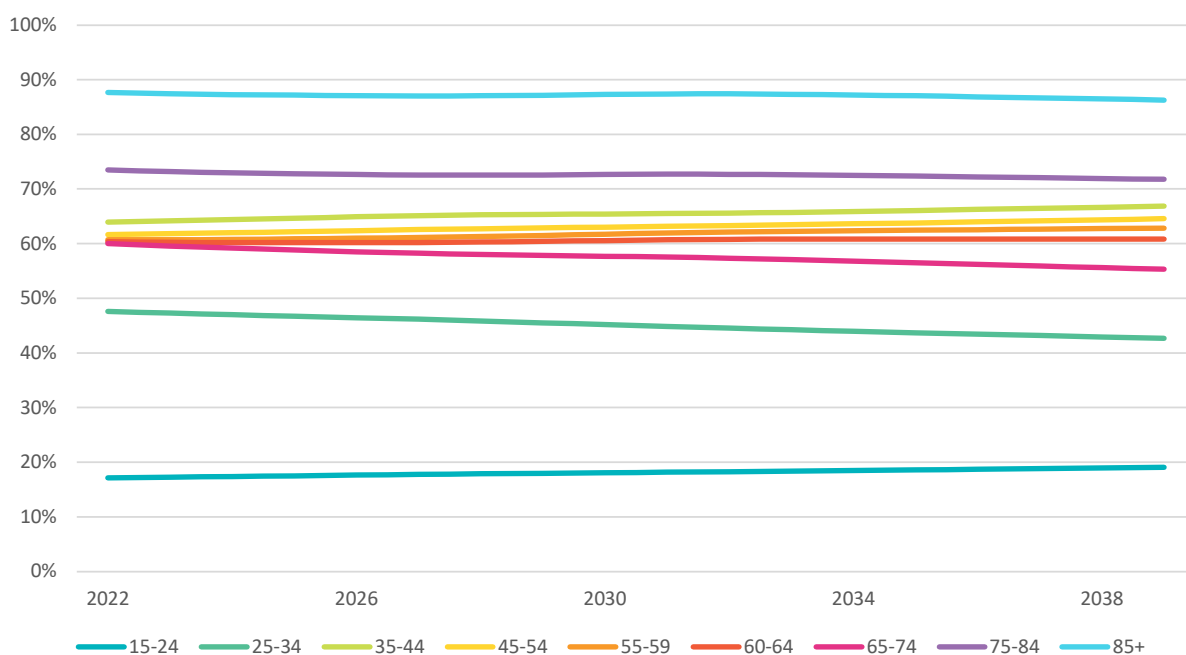
Source: DLUHC 2012 / 2014 and ONS 2016 / 2018 Household Projections

6.47 Whilst all four projections agree that there has been a steady decline in average household size since the turn of the century, the 2018-based projections suggest that the average household size will decline at the fastest rate to just 2.10 by 2042, whilst the 2014-based SNHP suggest that it will equate to 2.14 by 2039, when the 2018-based projects a smaller household size of 2.12.

6.48 In order to assess how many homes will actually be required in the Borough over the Local Plan period (2022 to 2042), it is important to consider the extent to which household formation rates might be expected to increase in the future. For example, the SNHP also ‘bakes in’ current constrained levels of household formation due to the current affordability crisis (which particularly impacts on the ability of younger residents to move onto the property ladder).

6.49 The 2014-based SNHP anticipates significantly different levels of change in headship rates across the various age cohorts, as set out in Figure 6.4.

Figure 6.4 Change in headship range by age cohort in North east Lincolnshire – 2014-based SNHP



Source: DLUHC 2014-based SNHP for North East Lincolnshire Borough

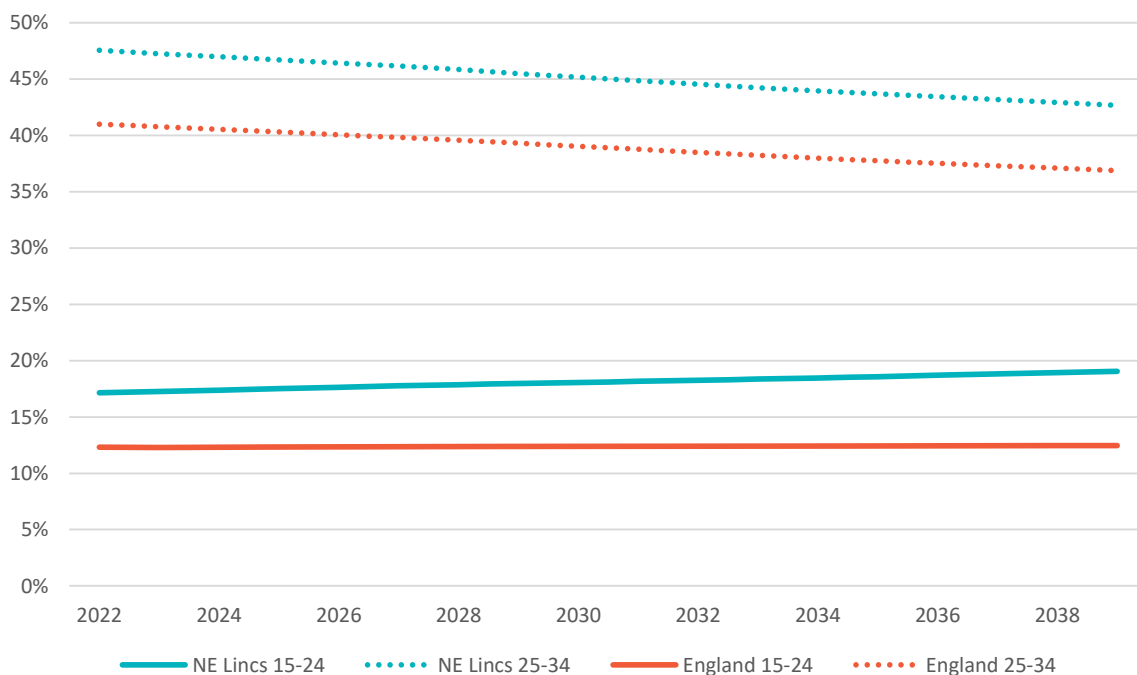
6.50 The various household formation rates by age cohort reflect the fact that few people aged between 15 and 24 are likely to be able to establish their own households, whilst the 25 to 34 age cohort is similarly (and increasingly) likely to face pressures in establishing households. The projection suggests that headship rates amongst 25-34 year olds are likely to decrease significantly over the plan period. By contrast, the headship rate is likely to grow amongst people aged 35-64, and to remain high but gradually decline amongst those over 65 (noting that these figures do not include those that live within institutions such as nursing homes).

6.51 Figure 6.5 shows the headship rates for the age groups 15 to 24 years and 25 to 34 years for both North East Lincolnshire and England. It is apparent that the headship rates are significantly higher in the Borough than the national average for both 15-24 year olds and 25-34 year olds. Furthermore, the headship rate amongst the youngest age cohort is

actually seeing an increasing level of household formation compared to a stagnant rate of change nationally.

6.52 In this particular instance therefore, it is not considered appropriate to model a partial catch-up rate [PCU] for younger households in North East Lincolnshire Borough.

Figure 6.5 Headship Rates for 15 to 34 year olds for North East Lincolnshire and England



Source: 2014-based SNHP/Lichfields Analysis

Future Housing Scenarios

6.53 Based on the trends identified through the demographic and economic assessment of the Borough, a number of scenarios have been considered to test whether any adjustment is required which deviates from the locally assessed need identified by the standard method.

6.54 The scenarios demonstrate the extent to which the population of the Borough could change over the Plan period and how this change would be translated into households, dwellings, numbers of economically active residents and the number of jobs that might be supported by the local population.

6.55 The number of households is translated into dwelling needs through the application of an assumption about the proportion of vacant properties/second homes that are currently recorded in the Borough.

6.56 Lichfields has modelled each of these scenarios using industry standard PopGroup demographic modelling software. The detailed assumptions utilised in the modelling can be found in Appendix 1.

Sensitivities – Assumptions and Approach

6.57 The following sensitivities have been considered. The starting point remains the baseline standard methodology scenario (A), with various data variables and assumptions applied for each of the subsequent scenarios for the Local Plan period 2022 to 2042 as follows:

- **Scenario A: Standard Method** – based on the Government’s LHN methodology as of March 2023 (203 dpa), using the 2014-based SNHP;
- **Scenario B: 2014-based SNPP** – a scenario utilising the 2014-based SNPP and headship rates from the Department for Levelling Up, Housing and Communities [DLUHC] 2014-based SNHP, extended to 2042;
- **Scenario C: 2014-based SNPP 2021 Census adjust** – a scenario applying the same assumptions as Scenario B but utilising the latest 2021 Census data for the Borough to adjust the starting point to the latest population position;
- **Scenario D: 2018-based SNPP** – a scenario utilising the 2018-based SNPP and headship rates from the 2018-based SNHP, alongside the following migration variants:
 - Scenario Da: 2018-based SNPP high international migration variant;
 - Scenario Db: 2018-based SNPP low international migration variant;
 - Scenario Dc: 2018-based SNPP alternative internal migration variant;
 - Scenario Dd: 2018-based SNPP 10-year migration variant;
- **Scenario E: 2018-based SNPP 2021 Census adjust** – a scenario applying the same assumptions as Scenario D but utilising the latest 2021 Census data for the Borough to adjust the starting point to the latest population position;
- **Scenario F: Experian Baseline December 2022** – this considers the implications of achieving the net job growth set out in the Experian baseline forecasts (c. 2,600 net workforce jobs over the period 2022 to 2042);
- **Scenario G: Experian Economic Growth** – this considers the implications of achieving the higher level of net job growth to support the Council’s economic objectives and key infrastructure projects (c. 4,560 net workforce jobs over the period 2022 to 2042);
- **Scenario H: Local Plan Housing Target** – based on the current North East Lincolnshire Borough-wide housing target of 512 dpa as set out in the adopted Local Plan (2018);
- **Scenario I: Past Housing delivery** – at 313 dpa.

6.58 It should be noted that the 2014-based projections project forward over a 25-year period to 2039, therefore for the purposes of modelling it is assumed a pro rata change for three years to 2042.

Modelling Results

6.59 The scenarios use components of population change (births, deaths and migration) to project how the future population, household composition and consequent need for housing will support future employment growth. The headline results for each scenario are outlined below.

Scenario A: SM2 203 dpa

6.60 As of March 2023, the Standard Methodology figure for North East Lincolnshire Borough equates to 203 dpa. According to the 2014-based SNPP, this would equate to a net change of 4,276 residents, 3,878 households but a loss of 109 jobs over the 20 years 2022-2042.

Table 6.1 Summary of the demographic outcomes - Scenario A: SM2 203 dpa

2022-2042	Total Growth 2022-2042	Annual
Population change	4,276	214
<i>Of which natural change</i>	1,150	57
<i>Of which net migration</i>	3,126	156
Labour force growth	904	45
Job growth	-109	-5
Households	3,878	194
Dwellings	4,060	203

Source: Lichfields using PopGroup

Scenario B: 2014 SNPP Baseline

- 6.61 The standard method is based on the 2014-based SNPP, extended to 2042. This results in a household growth of 165 hpa over the next 20 years to 2042. Taking in a suitable allowance for vacant and second homes (based on Council Tax data), this translates into a need for 172 dpa (below the 203 dpa generated by the SM2 due to the absence of an affordability uplift even though the demographic data which underpins Scenarios A and B is the same).
- 6.62 The summary of the demographic outputs for Scenario B are shown in Table 6.2.

Table 6.2 Summary of the demographic outcomes - Scenario B: 2014-based SNPP Baseline

2022-2042	Total Growth 2022-2042	Annual
Population change	2,887	144
<i>Of which natural change</i>	340	17
<i>Of which net migration</i>	2,547	127
Labour force growth	355	18
Job growth	-640	-32
Households	3,295	165
Dwellings	3,449	172

Source: Lichfields using PopGroup

Scenario C: 2014-based SNPP, 2021 Census adjusted

- 6.63 As set out above, the latest 2021 Census data suggests that the population of North East Lincolnshire has actually declined in recent years, from 159,616 residents recorded in the 2011 Census, down to 156,966 ten years later – a fall of 1.66%, or -2,650 residents. This is in stark contrast to the rapid increase to 161,002 residents forecast in the 2014-based SNPP by 2021.
- 6.64 Having pegged the population back to the 2021 Census, but applying the migration rates, mortality rates and fertility rates from the 2014-based SNPP, the rate of growth remains similar albeit from a much lower base. This results in a modest change in the overall household growth and dwelling requirement under this scenario, increasing slightly to 185 dpa. A summary of the demographic outcomes under Scenario C are shown in Table 6.3.

Table 6.3 Summary of demographics outcomes - Scenario C: 2014-based SNPP Rebased to 2021 Census

2022-2042	Total Growth 2022-2042	Annual
Population change	2,309	115
<i>Of which natural change</i>	380	19
<i>Of which net migration</i>	1,928	96
Labour force growth	-964	-48
Job growth	-1,900	-95
Households	3,533	177
Dwellings	3,698	185

Source: Lichfields using PopGroup

Scenario D: 2018-based SNPP Baseline

- 6.65 The 2018-based SNPP are the most up-to-date population projections published in March 2020. When using the 2018-based SNPP, the projected housing need over the period 2022 – 2042 is lower, at 158 dpa, due to negative population growth projected over this period when compared to the +2,887 projected by the 2014-based SNPP. This results in a requirement for just 158 dpa. A summary of the 2018-based SNPP outcomes is set out in Table 6.4.

Table 6.4 Summary of outcomes - Scenario D: 2018-based SNPP

2022-2042	Total Growth 2022-2042	Annual
Population change	-1,238	-62
<i>Of which natural change</i>	-8,064	-403
<i>Of which net migration</i>	6,826	341
Labour force growth	-1,451	-73
Job growth	-2,377	-119
Households	3,009	150
Dwellings	3,150	158

Source: Lichfields using PopGroup

Scenario Da-d: 2018-based SNPP Variants

- 6.66 ONS has provided a set of variant projections to the principal projection (Scenario D above) which models the implications of higher or lower assumptions about the trajectories of fertility, mortality and migration. According to ONS, these provide an indication of uncertainty and sensitivity to alternative assumptions and should not be considered upper or lower limits of future demographic behaviour⁴³.

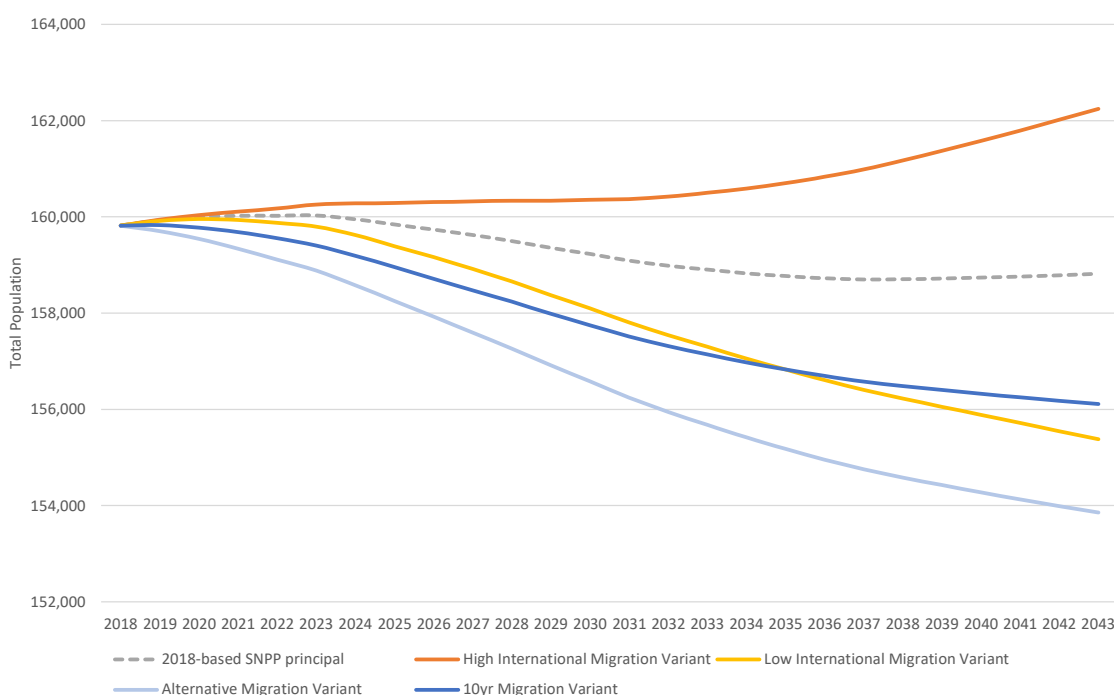
⁴³<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/variantnationalpopulationprojectionsfortheukandsubnationalpopulationprojectionsandhouseholdprojectionsforenglanduserguide>

6.67 The variant projections enable us to explore a range of possibilities and the effects of changing the underlying assumptions on population and household projections at national and local levels. The 2018-based SNPP included variants for the first time in one single release and featured four different levels of migration:

- a **a high international migration variant:** assume higher levels of net international migration to England as a whole, but the proportional distribution at local authority level remains the same;
- b **a low international migration variant:** as above, but with the assumption that lower levels of net international migration to England as a whole are experienced. the result is that all areas see correspondingly lower population totals, with areas that have high levels of international migration in the principal projection (especially parts of London) seeing the greatest difference;
- c **an alternative internal migration variant:** this uses five years of data for internal migration (instead of two years in the principal projection); two using the new method (based on the new Higher Education Leavers Methodology) and three using the old method.
- d **a 10-year migration variant:** this works on the basis that all migration trends (internal, cross-border and international) are based on 10-years of data.

6.68 The resultant population projections are illustrated in Figure 6.6 below. They indicate that the principal projection sits towards the middle of the range, with the high international migration scenario projection a significant upturn in the local population of 1,842 between 2022 and 2042, in stark contrast with a prolonged fall for each of the other three variant scenarios, from -3,381 (10-year migration), to -4,323 (low international) and -5,121 (alternative migration variant).

Figure 6.6 Variant population projections showing a range of future demographic scenarios for NE Lincolnshire, 2018-2043



Source: Lichfields / ONS

- 6.69 When modelled in PopGroup, the variant scenarios suggest that the dwelling requirement could range from a low of just 90 dpa under the Low International migration scenario, to a high of 225 dpa under the High International scenario as set out in Table 6.4. All project a loss of jobs over the 20-year Plan period.

Table 6.5 Summary of outcomes - Scenarios Da-Dd: 2018-based SNPP variants

2022-2042	Da High International		Db Low International		Dc Alternative		Dd 10 year	
	Total	Annual	Total	Annual	Total	Annual	Total	Annual
Population change	1,842	92	-4,323	-216	-5,121	-256	-3,381	-169
<i>Of which natural change</i>	-7,500	-375	-8,629	-431	-7,608	-380	-6,281	-314
<i>Of which net migration</i>	9,342	467	4,306	215	2,487	124	2,900	145
Labour force growth	288	14	-3,192	-160	-2,737	-137	-1,459	-73
Job growth	-696	-35	-4,060	-203	-3,618	-181	-2,387	-119
Households	4,299	215	1,717	86	1,437	72	1,922	96
Dwellings	4,501	225	1,797	90	1,505	75	2,013	101

Source: Lichfields using PopGroup

Scenario E: 2018-based SNPP Baseline, 2021 Census adjusted

- 6.70 As set out above, the latest 2021 Census data suggests that the population of North East Lincolnshire has actually declined in recent years, from 159,616 residents recorded in the 2011 Census, down to 156,966 ten years later. This is in stark contrast to the increase to 160,023 residents forecast in the 2018-based SNPP by 2021.
- 6.71 Having pegged the population back to the 2021 Census, but applying the migration rates, mortality rates and fertility rates from the 2018-based SNPP, the rate of growth remains similar albeit from a much lower base. This results in a modest change in the overall household growth and dwelling requirement under this scenario, increasing to 161 dpa. A summary of the outcomes is set out in Table 6.6.

Table 6.6 Summary of outcomes - Scenario E: 2018-based SNPP Rebased to 2021 Census

2022-2042	Total Growth 2022-2042	Annual
Population change	-578	-29
<i>Of which natural change</i>	-7,779	-389
<i>Of which net migration</i>	7,201	360
Labour force growth	-2,243	-112
Job growth	-3,137	-157
Households	3,067	153
Dwellings	3,210	161

Source: Lichfields using PopGroup

Future Jobs-led Change

- 6.72 Chapter 6 of the NPPF focuses on the need for planning policies and decisions to create conditions to help support economic growth.

6.73 Paragraph 82(c) states that planning policies should:

*“seek to address potential barriers to investment, such as inadequate infrastructure, services **or housing**, or a poor environment”* [Lichfields’ emphasis]

6.74 Ensuring a sufficient supply of homes within easy access employment opportunities represents a central facet of an efficiently functioning economy and can help to minimise housing market pressures. Achieving employment growth needs to be supported by an adequate supply of suitable housing.

Assumptions used in the Modelling

6.75 To determine the scale of housing required to support a given level of jobs growth, some assumptions must be made about future economic activity, unemployment and commuting. These assumptions have been modelled as follows:

- **Unemployment** – model-based estimates for unemployment for North East Lincolnshire have been obtained from NOMIS. This shows that the Borough’s unemployment rate averaged 3.8% in 2021, which is significantly lower than levels seen in recent years. Given the uncertainties facing the economy at the time of writing, this has been gradually changed to the 5-year average of 5% and held constant thereafter.
- **Economic Activity Rates** – these rates are applied to the overall population (by sex and each five-year age cohort) to determine how many people are active in the labour market (‘active’ being either in employment or unemployed and available for work). To project economic activity rates, the modelling uses labour market participation rates published by the Office for Budget Responsibility [OBR] in July 2018. These provide long-term projections at the national level by sex and age, and the trends can be applied to local authority areas to provide local projections.
- **Labour Force Ratio** – this comprises the ratio of the number of residents who are economically active in an area to the number of jobs in that area. It therefore implicitly captures both commuting patterns and ‘double-jobbing’ (where one person may occupy more than one job). Applying the economic activity rates to the base population in 2022 gives an estimate of the total labour force as at 2022, less unemployed workers. This is then compared with the total number of jobs (as given by Experian in its December 2022 projection) to create the labour force ratio (of 0.981) which is held constant across the period.
- **Other assumptions** – inputs related to births, deaths, migration and household formation are the same as those applied in the demographic scenarios i.e. are taken from the 2018-based SNPP/SNHP given that this appears to have a closer relationship with the actual observed change to the local resident population in the 2021 Census than its predecessor (the 2014-based SNPP). The modelling constrains/inflates migration to a level, which taking account of the profile of migrants moving in and out (plus natural change), produces a labour force sufficient to support forecast job growth, taking account of the ratio of labour to jobs.

Scenario F: Experian Baseline December 2022

6.76 This scenario considers a net workforce jobs growth of 2,600 over the plan period in line with the Experian baseline December 2022 projections. Table 6.7 summarises those sectors expected to experience the largest absolute increases or decreases in employment for North East Lincolnshire over the Plan period. Experian project a growth equal 2,600 net jobs between 2022 and 2042, driven by Education (+900); Health (+1,500); Land

Transport, Storage and Post (+900); Professional Services (+900); and Residential Care and Social Work (+600). Job losses are predominantly concentrated in three sectors: Manufacturing, which is projected to fall by 2,100 jobs over the next 20 years due to ongoing structural changes in the economy; Retail, which is forecast to lose 600 jobs; and Wholesale (-400 jobs).

Table 6.7 Job Change across North East Lincolnshire (2022 to 2042)

Sector	2022	2042	Difference
Accommodation and Food Services	4,200	4,200	0
Admin and Supportive Services	5,900	6,400	+500
Agriculture, Forestry and Fishing	100	200	+100
Air and Water Transport	0	0	0
Computing and Information Services	0	0	0
Construction	4,200	4,200	0
Education	6,700	7,600	+900
Extraction and Mining	0	0	0
Finance	600	600	0
Fuel Refining	0	0	0
Health	6,500	8,000	+1,500
Insurance and Pensions	0	0	0
Land Transport, Storage and Post	5,700	6,600	+900
Manufacturing	10,400	8,300	-2,100
Media Activities	0	0	0
Other Private Services	1,300	1,200	-100
Professional Services	4,000	4,900	+900
Public Administration and Defence	2,300	2,200	-100
Real Estate	1,100	1,400	+300
Recreation	1,800	2,000	+200
Residential Care and Social Work	5,000	5,600	+600
Retail	6,900	6,300	-600
Telecoms	0	0	0
Utilities	800	800	0
Wholesale	3,900	3,500	-400
TOTAL	71,400	74,000	+2,600

Source: Experian (December 2022)

6.77 Due to the declining number of residents of working age living in the Borough, there has to be a disproportionate increase in the number of migrants moving into North East Lincolnshire if we are to meet the Experian job forecasts. In order to support this level of job growth between 2022 and 2042, a very substantial increase in population of 11,114 would be required, equal to +7,920 households and 8,292 dwellings (or 415 dpa).

6.78 A summary of the Experian baseline December 2022 economic scenario is set out in Table 6.8:

Table 6.8 Summary of outcomes - Scenario F: Experian Baseline

2022-2042	Total Growth 2022-2042	Annual
Population change	11,114	556
<i>Of which natural change</i>	-6,590	-330
<i>Of which net migration</i>	17,705	885
Labour force growth	3,686	184
Job growth	2,600	130
Households	7,920	396
Dwellings	8,292	415

Source: Lichfields using PopGroup

Scenario G: Experian Economic Growth

6.79 An alternative job-based estimate of future needs was compiled to understand the potential for job growth in North East Lincolnshire Borough should various infrastructure projects and investment schemes come forward as planned over the coming years. Specifically, this involved discussions with NELC Officers regarding the scale and types of jobs that the Freeport proposals, and new industries coming to the district (such as renewables, hydrogen generation, carbon capture), are likely to support and how this can align with housing requirements.

6.80 Data sources included the Council's Economic Strategy, which identifies 7 priority sectors for future growth, and also the Investment and Regeneration programmes currently underway such as Grimsby's Town Centre Masterplan, the Freeport Zone, the Town Deal, SHIP, and other infrastructure investment works.

6.81 Officers identified the following projects, and the potential level of net additional jobs (over and above the Experian baseline) that they are likely to generate on a permanent basis over the period 2022 to 2042 (excluding temporary construction jobs):

- **Humber Zero:** Part of the Zero Carbon Humber vision involving Hydrogen production. This is on target to start construction in 2023 and will look to remove up to 8 million tonnes of CO₂ annually by 2030 from the Immingham industrial cluster. It is a collaboration between the Phillips 66 Limited Humber Refinery and the nearby VPI Immingham combined heat and power plant⁴⁴: **+200 jobs** (excluding 2,500 temporary construction jobs);
- **Humber H2ub:** This project includes plans for a low-carbon hydrogen production facility using gas reformation technology with carbon capture and storage [CCS], with a capacity of up to 720 megawatts. The hydrogen produced could be used to decarbonise industry, transport and power throughout the Humber region⁴⁵: **+150 jobs**;
- **Gigastack:** Part of the Zero carbon Humber vision involving wind energy / Hydrogen production. Once built, Gigastack will support the decarbonisation of the Humber region, the UK's largest industrial cluster, and support the UK's offshore wind and

⁴⁴ [Project on course to start build in 2023 - Humber Zero](#)

⁴⁵ [Uniper and Shell award contracts on the Humber H2ub project](#)

electrolyser supply chain competitiveness. Gigastack will also lay the groundwork for future expansion in the Humber region and will catalyse the renewable hydrogen sector by providing a blueprint for scalable electrolyser technology in the UK⁴⁶: **+180 jobs**;

- **Immingham Green Energy Terminal Hydrogen production:** This project would see ammonia imported for port-centric hydrogen production, with carbon also shipped in for storage. Located on the eastern wing of Port of Immingham, the proposed development includes a new jetty with up to two berths and the infrastructure to handle bulk liquids as well as two substantial production sites⁴⁷: **+1,000 jobs**;
- **RWE Grimsby Wind Farm Hub operations and maintenance:** The new ‘Grimsby Hub’ facility will expand the existing Triton Knoll Offshore Wind Farm base and will be the home for RWE’s specialist team for major component exchanges and offshore repairs⁴⁸: **+60 jobs**;
- **Ørsted Wind Energy:** Ørsted has directly invested or enabled investment of £9.5 billion (Westermest Rough, Race Bank, Hornsea 1 and Hornsea 2) in infrastructure and assets within proximity of the Humber region and its coast. Over the next decade, further investments will add another £14 billion in this region⁴⁹: **+250 jobs**;
- **Hornsea Wind Energy:** With a capacity of 2,852 MW, Hornsea 3 is intended to produce enough low-cost, clean, renewable electricity to power 3.2 million UK homes, making a significant contribution to the UK Government’s ambition of having 50 GW offshore wind in operation by 2030 as part of the British Energy Security Strategy⁵⁰: **+120 jobs**.
- **TOTAL: +1,960 jobs**

6.82 In addition to these specific projects, the area will benefit from the Humber Freeport status across all four Humber local authority areas, including at the South Humber Industrial Investment Project (SHIIP) site between Grimsby and Immingham.

“It should bring a huge economic boost to the region, with up to 7,000 jobs forecast as major manufacturing is attracted by key incentives. This includes a “unique approach” on planning, infrastructure, cheaper customs, favourable tariffs and lower taxes”⁵¹.

6.83 As part of the Humber zone bid, significant seed capital resources have been set aside to ensure its successful delivery including additional infrastructure funding, whilst carbon capture and green energy projects will link with and sustain existing industries to support their low carbon drive.

6.84 In addition, Grimsby was a trailblazer for the Government’s Town Fund initiative, having signed the Greater Grimsby Town Deal in 2018. The Towns Fund is designed to see targeted investment into areas that will help to get towns around the country back onto a ‘level playing field’ – providing a springboard for private investment and growth.

⁴⁶ [Gigastack - Demonstrating renewable hydrogen for a net zero future - About](#)

⁴⁷ [First images of how Immingham Green Energy Terminal could look as public consultation begins - Business Live \(business-live.co.uk\)](#)

⁴⁸ [RWE invests in new Grimsby Hub operations and maintenance base](#)

⁴⁹ [Ørsted-economic-impact-in-humber---may-2022---v9.ashx \(azureedge.net\)](#)

⁵⁰ [Hornsea Three CfD \(orsted.co.uk\)](#)

⁵¹ <https://www.nelincs.gov.uk/multi-million-pound-landmark-boost-for-north-east-lincolnshire/>

- 6.85 In March 2021 Government announced a funding offer to Grimsby of £20.9 million of Towns Fund to deliver 6 projects set out in the TIP, with the expectation that this funding will deliver transformational economic, social and cultural benefits for the town⁵².
- 6.86 The six projects approved for funding were taken from an overarching Grimsby Town Centre Masterplan and will take an in-depth look at what is required to reshape the town centre and considers the work already taking place at St James' Square and Garth Lane⁵³. This is linked to housing funding and includes the next phase of development of Garth Lane, which will see the creation of a major new waterfront residential community.
- 6.87 A conservative approach has been taken, excluding temporary construction jobs, and avoiding likely crossover where possible by moving towards the lower end of the estimated job range for each project. Working on the presumption that these are therefore net additional to the 2,600 net job growth baseline projected by Experian, this results in a net increase of 4,560 jobs over the 20 years to 2042. In order to support this higher level of jobs growth between 2022 and 2042, 10,150 dwellings (507 dpa) would be required.
- 6.88 A summary of the outputs for this scenario is set out in Table 6.9:

Table 6.9 Summary of outcomes - Scenario G: Experian Economic Growth

2022-2042	Total Growth 2022-2042	Annual
Population change	15,231	762
<i>Of which natural change</i>	-6,009	-300
<i>Of which net migration</i>	21,241	1062
Labour force growth	5,712	286
Job growth	4,560	228
Households	9,695	485
Dwellings	10,150	507

Source: Lichfields using PopGroup

Scenario H: Existing Local Plan Target (512 dpa)

- 6.89 The scenario considers the demographic and economic implications of maintaining the current Local Plan housing target as set out in the adopted Local Plan (2018) for North East Lincolnshire. In this regard, keeping a housing target of 512 dpa would require a very high level of population growth equal to 15,514 over the next 20 years. This would also sustain a net job growth of 4,755, above even the Economic Growth level of job growth modelled above. A summary of this scenario is set out in Table 6.10:

⁵² <https://www.nelincs.gov.uk/business-and-investment/town-deal/#:~:text=In%20March%202021%20Government%20announced,cultural%20benefits%20for%20the%20town.>

⁵³ <https://www.nelincs.gov.uk/multi-million-pound-landmark-boost-for-north-east-lincolnshire/>

Table 6.10 Summary of outcomes - Scenario H: Existing Local Plan Housing Target (512 dpa)

2022-2042	Total Growth 2022-2042	Annual
Population change	15,514	776
<i>Of which natural change</i>	-6,086	-304
<i>Of which net migration</i>	21,600	1,080
Labour force growth	5,913	296
Job growth	4,755	238
Households	9,781	489
Dwellings	10,240	512

Source: Lichfields using PopGroup

Scenario I: Past Housing Delivery Rates (313 dpa)

6.90

NE Lincolnshire has delivered 2,817 homes (net) at an average of **313 dpa over the current Plan period 2013/14 to 2021/22**, significantly below the requirement set by the adopted Local Plan of 3,937 units over that same time period. This figure has been modelled in PopGroup to understand the demographic and economic implications of maintaining this current level of net delivery. In this regard, keeping a housing delivery figure in line with previous levels would require a more modest level of population growth equal to 6,388 over the next 20 years. This would also sustain a net job growth of just 274, well below the Experian baseline level (+2,600) modelled above. A summary of this scenario is set out in Table 6.10:

Table 6.11 Summary of outcomes - Scenario I: Past Housing Delivery Rates (313 dpa)

2022-2042	Total Growth 2022-2042	Annual
Population change	6,388	319
<i>Of which natural change</i>	-7,046	-352
<i>Of which net migration</i>	13,434	672
Labour force growth	1,282	64
Job growth	274	14
Households	5,980	299
Dwellings	6,260	313

Source: Lichfields using PopGroup

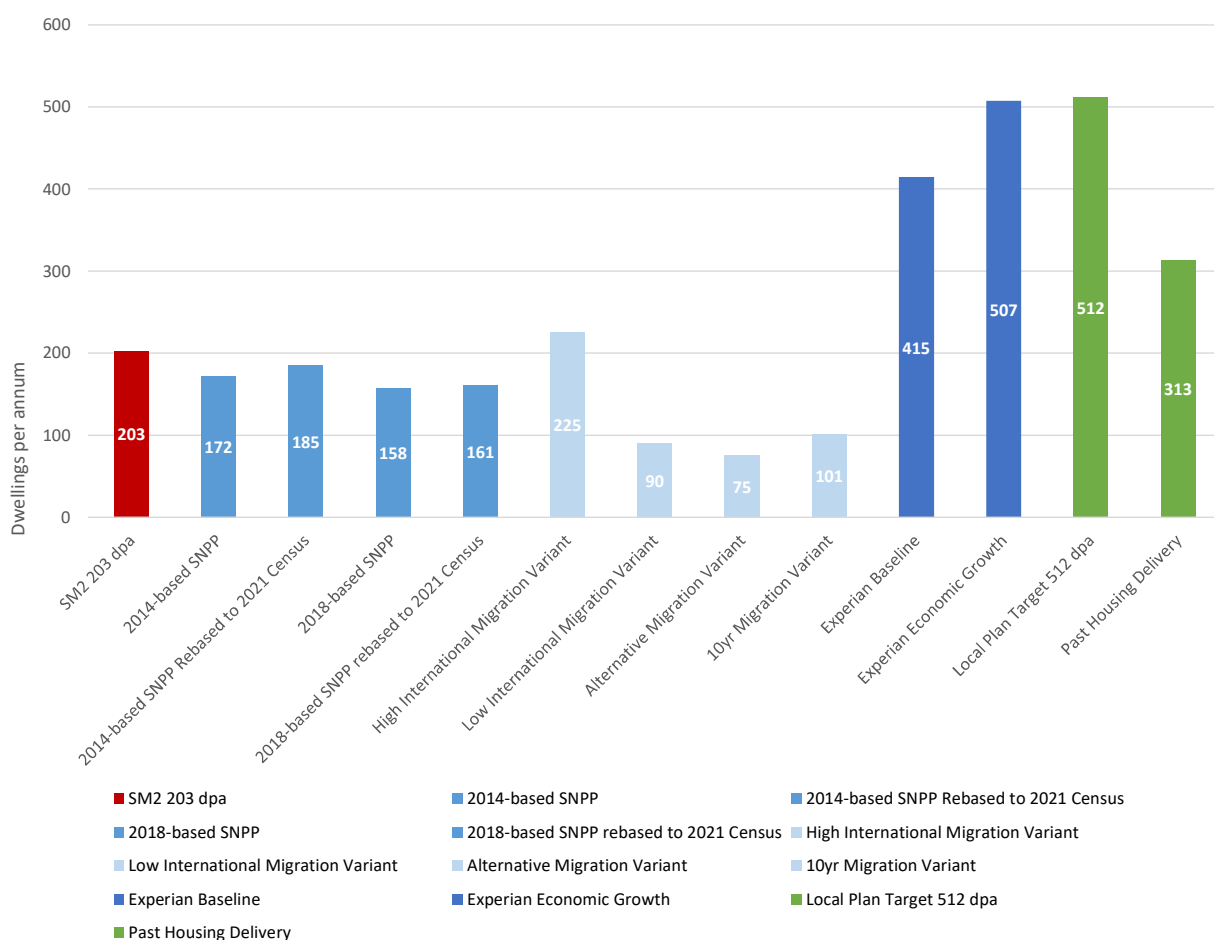
Modelling Summary

6.91

A summary of the scenarios assessed are presented in Figure 6.7. Compared to the SM2 minimum starting point of 203 dpa, extending the 2014-based SNPP for the Borough to 2042 (and including a very modest allowance for vacant/second homes) reduces housing need significantly to 172 dpa, rising slightly to 185 dpa if an adjustment is made for the 2021 Census. When considering the 2018-based SNPP for the Borough to 2042 the housing need falls to 158 dpa (and 161 dpa factoring in the latest Census data). This is because the 2018-based SNPP projects a much weaker level of population growth than the 2014-based equivalents. All the demographic projections are lower than the level of net additional dwellings that have been delivered in recent years (313 dpa), including the 2018-based SNPP High International migration variant.

6.92 An assessment of the likely future scale of job growth in the Borough has been made using the latest Experian baseline jobs forecasts together with a Economic Growth scenario that factors in likely renewable energy projects and other key investment schemes in the Borough. The Experian December 2022 Scenario (F) forecasts an increase in jobs of 2,600 over the plan period, which would result in need for 415 dpa. However, the Experian Economic Growth Scenario (G) projects a much greater level of job growth equal to +4,560 jobs over the 20-year plan period. This would require 507 dpa to sustain this level of employment growth, which is only slightly below the current Local Plan housing target of 512 dpa.

Figure 6.7 Summary of Housing Need Scenarios for North East Lincolnshire Borough, 2022-2042



Source: Lichfields

Emerging Housing Need

6.93 As set out in the PPG, a local assessment of housing need should be based on the standard method formula to identify the minimum number of homes. However, DLUHC recognises that there will be circumstances where it will be appropriate to consider whether actual housing need is higher than the standard method indicates.

6.94 As summarised in detail above, the standard method figure of 203 dpa is only the minimum starting point and should not be taken forward without question. The LHN may require adjusting due to:

- 1 Growth strategies for the area that are likely to be deliverable;

- 2 Strategic infrastructure improvements that are likely to drive an increase in the homes needed locally;
- 3 Where previous housing delivery in an area is significantly greater than the outcome from the standard method; and,
- 4 Where recently produced SHMAs suggested a significantly higher levels of need.

Economic Growth Strategies

- 6.95 The NPPF at paragraph 82(c) states that planning policies should “*seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment*”. This retains the link between integrating economic growth and housing need. There is a clear risk that where the labour force supply is less than the projected job growth, this could result in unsustainable commuting patterns and reduce the resilience of local businesses, resulting in a barrier to investment. This sub-section explores whether, in light of likely future job growth, there is likely to be a knock-on increase in the housing need for the Borough (above that indicated by the demographic-led generated by the standard methodology).
- 6.96 The challenge of meeting employment needs is clearly given great importance, and the NPPF highlights this by stating that “*significant weight should be placed on the need to support economic growth and productivity*” [para 81]. Ensuring a sufficient supply of homes within easy access of employment opportunities represents a central facet of an efficiently functioning economy and can help to minimise housing market pressures and unsustainable levels of commuting (and therefore congestion and carbon emissions). If the objective of employment growth is to be realised, then it will generally need to be supported by an adequate supply of suitable housing.
- 6.97 NELC’s Local Plan (adopted 2018) seeks to achieve sustainable growth that maximises the potential of economic activity in key sectors. Business as usual is not appropriate as there is a clear need for change. The vision within the adopted Local Plan sets out the aspiration for the Borough, identifying that:
- “By 2032 North East Lincolnshire will be nationally and internationally recognised as a centre for offshore renewables, focusing on operations and maintenance and contributing significantly to the Humber’s ‘Energy Estuary’ status. Growth in key sectors, food, energy, chemicals, ports and logistics, will be matched by a strong tourism and leisure offer. Evident through increased jobs and diversity of skills, the barriers to accessing jobs will have been broken down. This will be facilitated through the establishment of facilities to improve education and skills, and measure implemented to address housing need and affordability, and health and service needs, including countering deprivation issues in specific wards. A platform for sustainable economic growth will have been created, with conditions to capture and sustain more and better jobs in the area well established.”* [page 69]
- 6.98 This is reinforced by Strategic Objective 1 which seeks to meet development needs and facilitate economic development by supporting population growth, retaining working age population and providing for a generally ageing population. Critical success factors will be for the Borough to have delivered a minimum of 8,800 new jobs and at least 9,742 new homes between 2013/14 and 2031/2032 (19 years). The housing requirement set out in Policy 2 is stepped as follows:
- a 2013/14 to 2017/18 - 397 dpa;

- b 2018/19 to 2022/23 - 488 dpa;
- c 2023/24 to 2027/28 - 649 dpa;
- d 2028/29 to 2031/32 - 518 dpa.

- 6.99 Neither the ambitious employment or housing targets are currently on track to be achieved. According to Experian, between 2013 and 2022, the number of workforce jobs based in North East Lincolnshire actually declined by 180 jobs, whilst over the past 9 years average housing delivery has averaged 314 dpa (net)⁵⁴.
- 6.100 In this context, it is an important part of responding to both the NPPF and the PPG that the Local Plan should consider the extent to which the standard method estimate of LHN is consistent with the economic success of the Borough and the wider area. In particular, this will need to consider whether 'actual housing need' should be higher in response to the economic opportunities of the area.
- 6.101 As set out above, the modelling indicates that an LHN in line with the Standard Method figure of 203 dpa for North East Lincolnshire could result in a net loss of 109 jobs over the next 20 years, which is well below the level of growth projected by the Experian December 2022 (+2,600 jobs) and Economic Growth (+4,560) job growth forecasts. On the basis that NELC decides to pursue a higher level of job growth and the additional employment land that this could require, then the SM2 figure of 203 dpa would fall far short of being sufficient to support economic growth in line with either current forecasts, investment opportunities or the current objectives of the adopted Local Plan (2018).
- 6.102 Therefore, should NELC seek to pursue a higher level of jobs growth more in line with the Experian Economic Growth forecast of +4,560 and the employment land allocations this could sustain, then an uplift well beyond the minimum LHN as assessed through the standard methodology would be required, **potentially up to 507 dpa**. This could involve a strategy to support economic growth which seeks to ensure the labour force does not act on a drag on future economic potential.

Unmet Need from Elsewhere

- 6.103 As set out in Section 4.0, Officers have confirmed that there is no unmet housing need from adjoining areas that should be met in North East Lincolnshire. There is an agreement in place that they are all meeting their own needs in their own boundaries as set out in the corresponding Duty to Co-operate statements.

Previous Delivery Levels

- 6.104 Reviewing the Borough's past rate of net housing delivery against the 2018 Local Plan's stepped housing requirements of 397 dpa from 2013/14 to 2017/18 and 488 dpa from 2018/19 to 2022/23, highlights that NE Lincolnshire has only delivered 2,817 homes (net) at an average of **313 dpa**, significantly below the requirement set by the adopted Local Plan of 3,937 units over that same time period. This figure is modelled as one of the scenarios above.
- 6.105 However, if the 123 key workers flats are included for the year 2018/19, this would increase the annual average rate to **327 dpa**. Furthermore, the net completions figures have been significantly depressed by the recent actions of Lincolnshire Housing Partnership. This

⁵⁴ DLUHC (2023): Table 122 - Net additional dwellings¹ by local authority district, England 2001-02 to 2021-22

Registered Provider, which oversaw the stock transfer of North East Lincolnshire's council housing stock in 2005 and which manages nearly 12,500 affordable rental and shared ownership homes across Lincolnshire, undertook a comprehensive property rationalisation process between 2017/18 and 2021/22. The Local Plan made an allowance for 638 demolitions, to be taken over the plan period at rate of 45 /year. The actual level of gross completions has averaged 420 dpa.

- 6.106 This rationalisation of the social housing stock, and specifically the removal of a considerable number of hard to let properties in the Borough, has helped to significantly reduce the vacancy rates in the Borough, with 793 vacant social housing units in 2018 falling to just 107 by 2022 as a result.

Table 6.12 Net Housing Delivery for North East Lincolnshire against Local Plan Targets

	Gross Completions	Demolitions and Losses	LHP Losses**	Net Completions	Local Plan Requirement	Difference
2013/14	364	50		314	397	-83
2014/15	381	15		366	397	-31
2015/16	376	19		357	397	-40
2016/17	311	45		266	397	-121
2017/18	289	99		190	397	-211
2018/19	451	98	45	308*	488	-180
2019/20	435	142	45	248	488	-240
2020/21	494	205	45	244	488	-244
2021/22	682	113	45	524	488	+36
Total	3,783	786	180	2,817	3,937	-1,120

Source: NELC Officers / NE Lincolnshire Local Plan, Adopted 2018: Policy 2

*431 accounting for key workers flats

**45 per annum accounts for Freeman Street flats

2017/18-2021/22 comprises the period of Lincolnshire Housing Partnership's property rationalisation programme

- 6.107 The Housing Delivery Test results, published in February 2022, shows a somewhat brighter picture as presented in Table 6.13. It highlights that NEL has delivered a greater number of homes than required by the projections, over delivering by 351 homes over the identified target, equal to 161%, with no punitive measures required as a result in its Local Plan. This was also the case in the two preceding HDT years.

Table 6.13 North East Lincolnshire Housing Delivery Test 2021 Results

	2018-19	2019-20	2020-21	Total
Number of homes required	689	645	571	1,905
Number of homes delivered	893	865	923	2,681
Housing Delivery Test Measurements	130% (+204)	134% (+220)	161% (+351)	141% (+776)
Housing Delivery Test Consequence	None	None	None	None

Source: DLUHC (February 2022): Housing Delivery Test 2021 Measurement

- 6.108 As the net housing delivery of 313 dpa is significantly greater than the 203 dpa suggested by the standard methodology, this has been modelled in PopGroup as Scenario I, and reported above.

- 6.109 It indicates that 313 dpa would result in a modest level of population growth equal to 6,388 over the next 20 years. This would sustain a net job growth of just 274, well below the Experian baseline level (+2,600) modelled, but above the most optimistic demographic

scenario. Therefore, although the local economy would be stabilised and indeed see some growth, it is questionable as to whether this level of housing need would be sufficient to align fully with the Council's economic growth objectives.

Conclusions on North East Lincolnshire Borough's LHN

- 6.110 The LHN for North East Lincolnshire Borough, as calculated using the Government's standard method, is 203 dpa. The PPG sets out that there is an expectation that the standard method will be used and that any other method will be accepted in exceptional circumstances only.
- 6.111 However, the standard method generates a minimum annual housing need figure. It does not produce a housing requirement, which is for NELC to identify and robustly justify in its Local Plan. This HEDNA has provided an overview of the evidence needed for the Council to determine whether it would be appropriate for it to deviate from the 203 dpa LHN figure.
- 6.112 This deviation can generate a higher figure, but in exceptional circumstances, it may be appropriate to target a lower housing requirement. The PPG states where an alternative approach results in a lower housing need figure than that identified using the standard method, the strategic policy-making authority will need to demonstrate, using robust evidence, that the figure is based on realistic assumptions of demographic growth and that there are exceptional local circumstances that justify deviating from the standard method.
- 6.113 This HEDNA has considered whether the 2014-based SNPP, and more recent 2021 Census data, are robust for the Borough. The 2014-based projections represent a reasonable assessment of likely future growth in the context of past trends and likely future change. Household formation rates are significantly higher amongst younger age cohorts for the Borough than the national average between 2022 and 2039 and therefore the usage of PCU rates to account for suppressed household formation amongst young households is not appropriate in this particular instance.
- 6.114 However, it is important to stress that recent population growth has been much lower than forecast. The 2021 Census reported 156,966 residents living in North East Lincolnshire, whilst the 2014-based SNPP had projected that by this date there would be 161,002 residents in the Borough, whilst the 2018-based SNPP was not far behind at 160,023.
- 6.115 The 2018-based SNHP suggests that household growth may well be lower than the 2014-based SNHP indicates, whilst under all but one of the adjusted demographic scenarios (the 2018-based SNPP High International Migration variant being the exception), the level of housing growth generated by the PopGroup modelling does not exceed the SM2 figure of 203 dpa.
- 6.116 The general message emerging from both sets of projections is that future population growth in North East Lincolnshire will be almost entirely driven by retirees, and particularly those aged 70 and above. In stark contrast, the number of residents in their 50s and early 60s is projected to decline significantly over the next 20 years or so. For example, according to the 2014-based SNPP, the number of residents aged between 50 and 64 is projected to decline by around 5,500. Similarly, the number of residents aged 20-39 is projected to decline by c.2,400. Unchecked, this could have a serious negative impact on the local economy due to a declining labour force unless measures are implemented to increase the employment rate. In contrast, the number of older residents over 65 is projected to increase by c.9,500 over the next 17 years (2022 – 2039). Going above and beyond the SM2 figure of 203 dpa will be essential if North East Lincolnshire is to grasp the economic growth opportunities presented.

- 6.117 Similarly, although the past net housing delivery rate of 313 dpa would result in a level of population growth well in excess of even the most optimistic demographic scenario, it would only result in a relatively modest uplift in the level of job growth over the next 20 years (+274). Therefore, although the local economy would be stabilised and indeed see some growth, it is questionable as to whether this level of housing need would be sufficient to align fully with the Council's economic growth objectives.
- 6.118 In terms of alignment with the economic growth scenarios, two main projections were modelled, using the latest Experian baseline job growth projections (+2,600 jobs 2022-2042) and an Economic Growth scenario factoring a number of key regeneration projects programmed in for the Borough, which would raise the net job growth to 4,560. Both jobs growth forecasts are comfortably in excess of the employment levels that could be sustained by the much weaker demographic projections, including the SM2 target of 203 dpa (which would still lead to a loss of jobs of around -109 over the next 20 years).
- 6.119 **Given the strong regeneration and economic growth objectives being pursued by NELC, this would suggest that the LHN generated by the Government's standard methodology may not be appropriate for North East Lincolnshire moving forward.**
- 6.120 If NELC does decide to pursue a higher level of economic growth and allocates sufficient employment land to support this, in line with the Economic Growth Scenario for example, then it should therefore consider increasing the housing requirement accordingly. The Experian baseline job growth target would equate to a housing need of 415 dpa, more than double the SM2 figure. An even higher figure of 507 dpa could be justified based on an Economic Growth-based level of job growth.
- 6.121 Furthermore, the PPG suggests an increase in the total housing figures included in a Local Plan may need to be considered by NELC where it could help deliver the required number of affordable homes. It is for NELC to consider the evidence contained in this HEDNA when identifying a housing requirement which would support the strategy underpinning the emerging plan and whether an uplift beyond the standard method is appropriate. An analysis of the Borough's affordable housing need and its implications for the LHN are set out in detail in Section 8.0.

7.0 Affordable Housing Needs

Number of Current and Future Households in Need

7.1 In the 2021 Budget, the Government committed to investing a further £11.5 billion in the Affordable Homes Programme to build up to 180,000 new affordable homes across England over the five years from 2021 to 2026. The five-year programme will also help more people into homeownership and help those most at risk of homelessness. The programme is intended to unlock a further £38 billion in public and private investment in affordable housing. Nearly £7.5 billion will be delivered outside London by Homes England. This is over £2 billion more than the amount given under the previous Affordable Homes Programme. It is clear the Government is taking the issue of affordability seriously and is seeking to boost delivery of affordable homes.

7.2 Against this context, North East Lincolnshire Council's 2017/18 Annual Monitoring Report [AMR] (June 2019) reported that 52 affordable dwellings had been completed which included 37 for rent, 13 for shared ownership and 2 discount market sales. This completions figure is largely in line with the 47 affordable dwellings completed during the previous monitoring year.⁵⁵

Table 7.1 North East Lincolnshire Affordable Housing Completions to 2021/22

	Affordable Housing Completions	Net additional dwellings	% Affordable
2002-03	6	282	2%
2003-04	6	402	1%
2004-05	16	296	5%
2005-06	81	253	32%
2006-07	80	424	19%
2007-08	1	625	0%
2008-09	77	138	56%
2009-10	155	314	49%
2010-11	173	269	64%
2011-12	126	287	44%
2012-13	84	405	21%
2013-14	107	314	34%
2014-15	63	366	17%
2015-16	15	357	4%
2016-17	5	276	2%
2017-18	26	186	14%
2018-19	51	308	17%
2019-20	18	248	7%
2020-21	93	244	38%
2021-22	111	524	21%
20-Year Total	1,294	6,517	20%

Source: DLUHC (November 2022): Table 1011C - Affordable housing supply statistics (AHS) 2021-22

⁵⁵ North East Lincolnshire Council (2019): Annual Monitoring Report 2017/2018

- 7.3 Over the past 20 years, data from DLUCH suggests that 1,294 affordable homes have been completed in North East Lincolnshire out of 6,517 net additional dwellings, which averages 65 affordable dpa, or around 20% of the total homes delivered. As can be seen in Table 7.1, affordable housing delivery peaked in 2010/11 at 173 affordable homes, which comprised 64% of all homes delivered in that year. Since then, the total number of affordable dwellings delivered has fallen to virtually nothing in 2016/17, although it has started to pick up again recently and reached 111 dpa for the most recent monitoring year in 2021/22, the highest rate of delivery for a decade.
- 7.4 Over the past 20 years, the bulk of delivery has been for social rent, comprising 709, or 55%, of all affordable dwellings over that time period. This is followed by affordable home ownership (330 units, or 26%); Affordable rent (206 units / 16%); Shared Ownership (37 units / 3%); and Intermediate rent (12 units / 1%). The amount of shared ownership is particularly low, given that nationwide in 2021/22, almost a third of all social housing that was delivered comprised this form of tenure (for that year, North East Lincolnshire delivered just 9 shared ownership dwellings, or 8% of its total affordable housing completions).

Overarching Approach

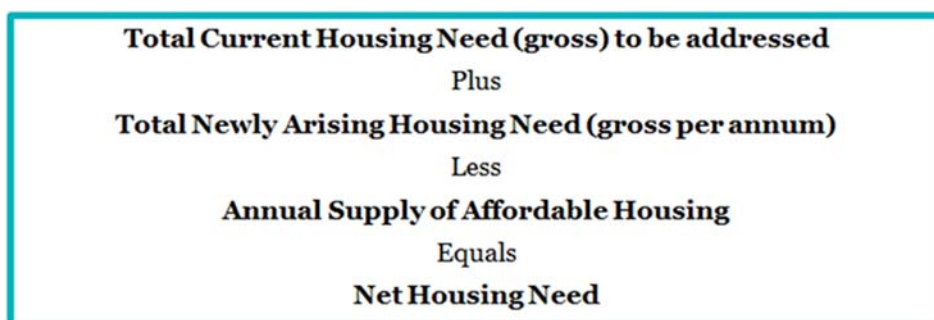
- 7.5 Within this section, a calculation of affordable housing need, in line with the revised PPG on affordable housing needs assessment⁵⁶, has been undertaken for the Borough to inform the assessment of the scale of housing need as well as arriving at an estimate of future housing need.
- 7.6 The first stage analyses affordable housing needs based on households unable to afford private market rents as per the PPG. We also set out an assessment of the further potential demand for intermediate housing, based on households which can afford to rent in the local market but are unable to access home ownership in the market, and where ownership is their aspiration. This adopts a simplified version of the methodology set out above based on net change/need.
- 7.7 This is a relatively new requirement set out in the PPG, which states that as part of the calculation needed to understand the current unmet gross need for affordable housing, this should include:
- “the number of households from of other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.”*⁵⁷
- 7.8 Therefore, households who, in theory, can afford to rent privately but have an aspiration to own their property, can be assumed to be in need. This element has been calculated separately in the analysis below.

⁵⁶ Reference ID 2a-018-20190220 to 2a-024-20190220

⁵⁷ Reference ID:2a-020-20190220

7.9 The over-arching approach is set out in Figure 7.1:

Figure 7.1 Net Housing Need Methodology



Source: Lichfields

Background

7.10 Affordable housing is defined within Annex 2 to the NPPF as:

“housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:

- *Affordable housing for rent;*
- *Starter homes;*
- *Discounted market sales housing; and,*
- *Other affordable routes to home ownership, which is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sales (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent)”.*

7.11 With regards to the incorporation of affordable housing needs into the total housing figures included in Local Plans, the PPG⁵⁸ sets out the following:

“The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow based on the plan period.

The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, taking into account the probable percentage of affordable housing to be delivered by eligible market housing led developments. An increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes”.

7.12 The PPG therefore requires that LPAs consider how and whether affordable housing needs can be met. This is in the context that paragraph 63 of the NPPF requires LPAs to specify the type of affordable housing required where a need is identified.

⁵⁸ Reference ID:2a-024-20190220

Affordable Housing Needs Calculation

Lower Quartile House Prices

- 7.13 HM Land Registry ‘Price Paid’ data indicates that LQ house prices for the year ending September 2022 averaged £100,000 in North East Lincolnshire. This is well below the equivalent median figure for the Borough, which was significantly higher at £143,500.
- 7.14 Having analysed HMRC price paid data at sub-area level, it is apparent that there are comparatively few house sales in the more sparsely populated Rural Area. For this reason, and to maximise the robustness of the assessment, we have analysed all sales over the past 5 years in the Borough, by sub-area, and then standardised this back to the Borough-wide rate to reflect the fact that house prices tend to be higher than the Borough-wide average in the Estuary Zone, the Western and Southern Arc and particularly the Rural Areas, and significantly below the Borough-wide average in the Urban Area of Grimsby and Cleethorpes. Given that this latter zone contains the majority of North East Lincolnshire’s residents, it exerts a disproportionate weight on the overall level of house prices.
- 7.15 By way of comparison, the average LQ house price for England was £175,000⁵⁹ in the year to September 2022, indicating that in general, the Borough’s overall house prices are lower than the national level (although those in the Western and Southern Arc and the Rural Area are higher). The comparable figure for Yorkshire and The Humber was £130,000, significantly higher than that of the Borough-wide level. Median house prices nationwide are £270,000, well above all of the sub-areas.

Table 7.2 House Prices in North East Lincolnshire (2022)

	Lower Quartile	Median
North East Lincolnshire	£100,000	£143,500
Urban Area	£88,470	£129,970
Estuary Zone	£126,010	£151,720
Western and Southern Arc	£190,780	£200,000
Rural Area	£229,640	£254,640

Source: HM Land Registry ‘Price Paid’ data for yr/ending September 2022 (HPSSA Datasets 9 and 15)

Lower Quartile Rents

- 7.16 The ONS publishes private rental market statistics by local authority. This shows that the lower quartile cost across all types of housing for the period 1 October 2021 to 30 September 2022 was **£425 per month** in North East Lincolnshire (**equivalent to £5,100 per annum**)⁶⁰.
- 7.17 Data on rents at a sub-district level is not available in any publicly available datasets. A search for properties available to rent in the Borough as of March 2023 showed that 291 properties were available, with LQ and median rents summarised in Table 7.3:

⁵⁹ ONS (2023): HPSSA Dataset 15. Lower quartile price paid for administrative geographies, data for the year to September 2022.

⁶⁰ ONS (December 2022): Private Rental Market Statistics Summary – Table 2.7

Table 7.3 Private Rental Prices in North East Lincolnshire Borough per calendar month (March 2023)

	Number of Rental Properties	LQ Rents	Median Rents	LQ Rents as a % of Borough Total
Urban Area	152	£495	£575	99.0%
Estuary Zone	72	£519	£590	103.8%
Western and Southern Arc	61	£695	£785	139.0%
Rural Area	6	£583	£885	116.8%
North East Lincolnshire	291	£500	£600	100.0%

Source: Lichfields search of property websites, March 2023

- 7.18 It indicates that LQ private sector rents were particularly high in the Western and Southern Arc at £695 per calendar month [pcm], or 139% of the Borough-wide total. Similarly, LQ rents in the Rural Area were 117% of the Borough-wide total. There is a notable drop in LQ private sector rents in the Estuary Zone (£519) and the Urban Area (£495).
- 7.19 For the purposes of this sub-area assessment, we have applied the sub-area LQ rents pegged to the ONS LQ Borough-wide rental level of £425 per month (which is derived from the VOA PRS lower quartile renting costs 2021/22 for comparative purposes).

Income Profiles

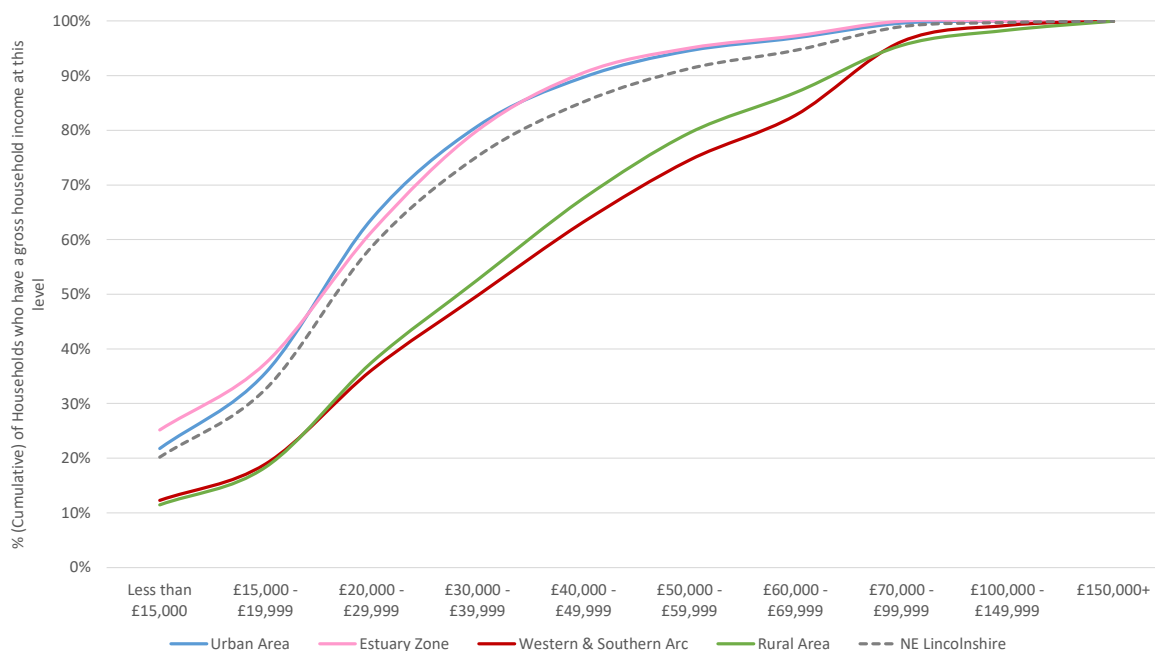
- 7.20 To understand how affordable (or unaffordable) local housing is to local residents, the analysis requires an understanding of local household incomes. The average (median) household income in North East Lincolnshire is £26,667, with the lower quartile income falling to £16,938, as shown in Table 7.4. Incomes are generally below the Borough-wide average in the Urban Area and Estuary Zone, and above average (sometimes considerably so) across the Rural Area and Western and Southern Arc. The distribution of household incomes for North East Lincolnshire and its component sub-areas are illustrated in Figure 7.2.

Table 7.4 Comparison of average incomes – North East Lincolnshire (2023)

	LQ Incomes	Median Incomes
Urban Area	£16,170	£25,105
Estuary Zone	£14,911	£25,247
Western and Southern Arc	£23,511	£40,155
Rural Area	£23,467	£38,265
North East Lincolnshire	£16,938	£26,667

Source: Experian (2023)

Figure 7.2 Household income profile – North East Lincolnshire and Sub-Areas (2021)



Source: Experian (2021)

Affordability

- 7.21 A key stage of the assessment involves an affordability test. Information in respect of local house prices, market rents and household income levels has informed the test which estimates the ability of households to afford LQ market housing. The affordability test has been calculated by identifying the costs of entry level (lower quartile) market housing, the cost of which have been obtained from the Land Registry and private rental costs obtained from the ONS as set out above.
- 7.22 Drawing upon the review of current house prices and private rental values, lower quartile prices for a house (£100,000 price paid for a Lower Quartile dwelling – all property types – in North East Lincolnshire (2022) and a rental property (£5,100 per annum) have been used as an indicator of the entry price to market housing. Such houses are available within the Borough and these values are relatively typical of smaller properties on the market, ideal for newly-forming households seeking to move into a first property.
- 7.23 To understand what income would be required to sustain ownership or occupation of such properties, it is necessary to consider how much households can afford to spend on their housing. The former SHMA Guidance from 2007 (superseded by the NPPF and PPG but still containing useful context where the PPG is silent) sets out that a household can be considered able to afford to buy a home if it costs 3.5-times the gross household income for a single earner or 2.9-times the gross household income for a dual-income household. However, the PPG does not prescribe exactly how affordability calculations should be undertaken other than to say that access to lower quartile (entry level) market housing is the relevant barometer.

- 7.24 The household income data utilised for North East Lincolnshire does not differentiate between single earners and dual earners, whilst the former SHMA Guidance is now over 15 years old and the loan to income mortgage ratios do not reflect current lending practices.
- 7.25 In 2014 the Bank of England's Financial Policy Committee said that it would only allow 15% percent of new mortgages to be at multiples higher than 4.5 times a borrower's income, in effect 4.5-times as a maximum. There are therefore 15% of cases where this can be exceeded; for example, Halifax will allow couples with a combined income of £50,000 to £75,000 to borrow 5-times their income at up to 75% LTV.⁶¹ More generally, income multipliers of between 4 and 4.5-times a borrower's income are fairly standard in the industry.
- 7.26 Lichfields has complemented this with evidence from the Council of Mortgage Lenders⁶², which identified that in Q3 2018, average loan-to-value ratio for first time buyers in England was 85%, whilst according to the English Housing Survey [EHS], the median deposit for first time buyers was also around 15.5% in 2021/22. Although there may be difficulties in newly forming households in being able to secure a 15% deposit, there are options available as well as traditional sources of deposits such as parents.
- 7.27 **For the purposes of this assessment, we have assumed that households can borrow between 4 and 4.5x their annual income when buying housing, with a 15% deposit secured.**
- 7.28 In respect of renting, there is no official, or definitive, threshold for how much a household can spend on rent before it is unaffordable. The former SHMA Guidance (2007) set out that a household can be considered able to afford renting on the private market in cases where the rent payable was up to 25% of their gross household income.
- 7.29 However, there is more up to date evidence which suggests that the proportion of gross household income spend on rent may be higher than 25%.
- 7.30 For example, data released more recently estimates that nationally, private renters spent 31% of their income on rent (inclusive of housing support), higher than the proportion spent by social renters (27%) and higher than mortgagors paid for their mortgage (18%). There is a wide range across the country, from a low of 26% in Yorkshire and The Humber, to a high of 35% in Greater London and the South East⁶³.
- 7.31 For the purposes of this assessment, we have assumed that households in the private rented sector in North East Lincolnshire can reasonably be expected to spend **between 25% and 31% of their annual income on rent.**
- 7.32 These affordability criteria have been applied to the identified rental costs to arrive at an income threshold to support ownership/occupation of entry level market housing. Under both scenarios, households require considerably lower incomes to rent privately in North East Lincolnshire (in every sub-area) than for them to buy a property on the open market.

⁶¹ <https://www.which.co.uk/news/2021/11/how-much-can-you-borrow-when-taking-out-a-mortgage/>

⁶² [Median loan to value ratio for first time buyers - data.gov.uk](https://www.data.gov.uk/dataset/median-loan-to-value-ratio-for-first-time-buyers)

⁶³ DLUHC English Housing Survey 2019/20 – Private Rented Sector, Annex Table 2.7: Proportion of income spent on rent

Table 7.5 Income Thresholds for Entry Level Market Housing in North East Lincolnshire

	Market	Product	Cost	Basis	Income Threshold
North East Lincolnshire	Private Buy	LQ House Prices	£100,000	4 x income and 15% deposit	£21,250
				4.5 x income and 15% deposit	£18,889
	Private Rent	LQ Rental Prices	£5,100 per annum	25% income	£20,400
				31% income	£16,452
Urban Area	Private Buy	LQ House Prices	£88,382	4 x income and 15% deposit	£18,781
				4.5 x income and 15% deposit	£16,694
	Private Rent	LQ Rental Prices	£5,049 per annum	25% income	£20,196
				31% income	£16,287
Estuary Zone	Private Buy	LQ House Prices	£125,879	4 x income and 15% deposit	£26,749
				4.5 x income and 15% deposit	£23,777
	Private Rent	LQ Rental Prices	£5,291 per annum	25% income	£21,165
				31% income	£17,069
Western and Southern Arc	Private Buy	LQ House Prices	£190,588	4 x income and 15% deposit	£40,500
				4.5 x income and 15% deposit	£36,000
	Private Rent	LQ Rental Prices	£7,089 per annum	25% income	£28,356
				31% income	£22,868
Rural Area	Private Buy	LQ House Prices	£229,412	4 x income and 15% deposit	£48,750
				4.5 x income and 15% deposit	£43,333
	Private Rent	LQ Rental Prices	£5,954 per annum	25% income	£23,817
				31% income	£19,207

Source: SHMA Guidance, CML, English Housing Survey, HM Land Registry, ONS and Lichfields analysis

7-33

The income distribution of newly forming households is different from total households, reflecting their lesser incomes compared to the average.⁶⁴ This means that a greater proportion of newly-forming households are unable to access market housing than households overall. The PPG, however, sets out clearly that the affordability of housing for newly-forming households must be considered foremost, as it is these households that will most likely fall into housing need if their housing requirements are not met in the market.

Stage 1: Current Housing Need

7-34

The first stage of the assessment considers current affordable housing need, also referred to as the 'backlog' (those needs which exist, and are unmet, now). The PPG is clear that an

⁶⁴ English Housing Survey 2015-16: housing costs and affordability – Annex Table 2.1: Mean and median income, 2015-16. HRP aged 16-34 have an average weekly income of £718 per week compared to £780 per week for all households, meaning younger newly forming households earn 92% of the 'all households' amount.

estimate should be made of the number of households who lack their own housing or who cannot afford to meet their housing needs, in the open market. The PPG⁶⁵ provides an indication of the types of housing that should be considered unsuitable which are set out below:

- The number of homeless households;
- The number of those in priority need who are currently housed in temporary accommodation;
- The number of households in over-crowded housing;
- The number of concealed households;
- The number of existing affordable housing tenants in need (i.e., householders currently housed in unsuitable dwellings); and,
- The number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.

7.35 Although potentially not including all households in need of housing, the housing waiting list is the starting point for estimating what the need and demand for affordable housing is. If all households on the waiting list and in priority need were accommodated, it would be reasonable to assume that all demand for affordable housing would be met, even if there remain households in need which are not reflected in the housing waiting list.

7.36 Therefore, it is considered that the components of affordable housing need including those in need and within a reasonable preference group for affordable housing (e.g. homeless households and overcrowded households), currently concealed households and other groups in need, are represented by those identified on the waiting list as a best-case proxy.

7.37 According to NELC there are 4,780 households on the Housing Register as of February 2023. Of this total, a very substantial 3,929 are identified as being ‘low priority’ for housing, leaving the remaining 851 as being classified as being in priority need of social housing. This is summarised in Table 7.6. Further information provided by the Council suggests that around two thirds of all applications are for households wishing to live in the Grimsby/Cleethorpes Urban Area, followed by 26% in the Western and Southern Arc; 6% in the Rural Area and the remaining 4% in the Estuary Zone of Immingham.

Table 7.6 Number of Households on the Housing Register in Bands 1-4 in North East Lincolnshire (February 2023)

	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area	TOTAL
Band 1 (Urgent Priority)					190
Band 2 (High Priority)					281
Band 3 (Medium Priority)					380
Band 4 (Low Priority)					3,929
TOTAL	65%	4%	26%	6%	4,780
Band 1-3 TOTAL *					851

Source: NELC (February 2023). *Note: when applicants complete the social housing application form, they can tick as many or as few areas as they want. Some will tick all areas regardless and others don't tick any. Therefore, there will be some overlap between the areas with some households willing to live in, for example, the Urban Area and/or the Western and Southern Arc.

⁶⁵ ID 2a-020-20190220

7.38 According to Council Housing Officers, of these 851 households, 291 were already living in social housing in the Borough and would represent transfers seeking to move to alternative social housing. This leaves **560** households in priority need who are not already living in social housing. When applied to the stated preferences in Table 7.6, this would suggest that 363 are in the Urban Area and just 20 in the Estuary Zone.

Table 7.7 Step 1.4: Current Backlog of Housing Need in North East Lincolnshire Borough

Component	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area	TOTAL
Net Estimate of Current Housing Need (Backlog)	363	20	145	31	560

Source: Households in priority bandings not already living in social housing – NELC Housing Officers

7.39 The figures only include those people who have applied for and are eligible for social or affordable rent housing in accordance with NELC's Housing Allocation Policy. The figures do not include households in housing need and who are seeking and eligible for intermediate affordable housing tenures (e.g. shared ownership).

7.40 Households in unsuitable housing already living in affordable housing have therefore been excluded from the calculation at Step 1.4. Although these households do have a housing need, this could be addressed via a transfer within affordable housing (e.g. by transferring an overcrowded household living in social rented to a larger social rented house). This transfer would result in their existing home becoming available for someone else in need. Thus, these households do not contribute to the net requirement for affordable housing and in turn when these households move, this does not contribute to net supply.

7.41 Although existing households in need already occupying affordable housing are excluded from the affordable housing calculation, it is noted that they do still have a requirement for the right type of affordable housing to become available to meet their needs. If an appropriate unit does not become available (e.g. due to shortage of supply of a specific type or size of unit) then these households will remain in need, despite not contributing to a net need requirement. New affordable housing provision provides the opportunity to focus on the size/type of provision to balance affordable housing mix, as explained in Section 10.0.

7.42 As a sensitivity test, we have also modelled the number of homeless, overcrowded, and concealed households in North East Lincolnshire. The results are summarised in Table 7.8 and suggest that the current backlog could be higher than the Housing Waiting List suggests, at around 560 households. However, there is considerable potential for double counting, whilst much of the Census data upon which this approach relies is becoming rather dated until the full multi-variate data from the 2021 Census is released. For these reasons it is considered that it is reasonable to work on the basis of a backlog need of 560 households, based on the latest Housing Waiting List.

Table 7.8 Step 1.4: Current Backlog of Housing Need in North East Lincolnshire Borough

	Number		Source/Notes
Homeless Households	277		DLUHC Statutory Homeless Live Tables – Local Authority data July to September 2022
Households in temporary accommodation	123		
Overcrowded households	<i>Owned</i>	627 (157)	Census 2011 (LC4108EW) – households with an occupancy rating of -1 or less by tenure in the local area. For overcrowded owner-occupiers, 75% are assumed to be able to meet their needs once equity taken into account, based on Lichfields' affordability modelling above.
	<i>Private</i>	636	
	<i>Social</i>	477 (0)	
Existing affordable housing tenants in affordable need	-291		NELC Housing Register – Households in Priority Need who are already living in social housing (February 2023)
Concealed Households	393		Census 2011 (LC1110EW) – concealed households in the local area (age 50 and under)
Total	1,295 (excluding those already living in social housing)		

Stage 2: Future Need Steps 2.1 to 2.3

- 7.43 Future housing need is split into two components. The PPG⁶⁶ sets out that projections of affordable housing need will firstly have to reflect new household formation and the proportion of these newly forming households unable to buy or rent in the market area, and secondly an estimate of the number of existing households falling into need:
- 7.44 *“This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (strategic policy-making authorities can use current costs in this process, but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly-forming households will be unable to access market housing”.*
- 7.45 This could be either through purchasing a dwelling or renting privately, although as we have set out below, households require a considerably higher income to buy, than to rent privately under all scenarios, in all sub-areas of North East Lincolnshire. For the purposes of this affordable/social rented analysis therefore, we have focused on those newly forming households unable to rent, with the separate calculation on intermediate housing to purchase analysed in a subsequent section.

New Household Formation (Step 2.1)

- 7.46 The PPG⁶⁷ recommends that gross household formation should be used as the measure of newly forming households, as opposed to net household growth which takes into account household dissolution. This is required to ensure that household dissolution is not double-counted in the calculation, once as a net loss of households and potentially again as a re-let of the house they may have occupied. However, gross household formation is typically much higher than net rates and may represent an overestimate of the number of

⁶⁶ 2a-021-20190220

⁶⁷ 2a-021-20190220

households seeking new housing in each year within the Borough. This is limited to households forming who are under the age of 45, which is consistent with the former 2007 SHMA Guidance (Annex B) which notes that after 45 years of age, household formation rates ‘plateau’⁶⁸.

- 7.47 For the purposes of considering future newly forming households, the DLUHC 2014-based SNHP have been used in line with the standard methodology. This demographic data generates a housing requirement of 172 dpa, which is a net figure, and a 1,134 hpa figure gross⁶⁹.
- 7.48 This output of future housing need should be treated with caution. Such gross estimates may include people that form several different households over the period at different stages of their life, but does not account for their previous household no longer existing (i.e. two single person households becoming a couple and moving in together).

Table 7.9 Gross newly-forming households North East Lincolnshire Borough over 20 years

	No. newly forming households annually (gross)
North East Lincolnshire Borough	1,134

Source: DLUHC 2014 based SNHP and Lichfields analysis

Those unable to rent or buy (Step 2.2)

- 7.49 This stage of the assessment involves an affordability test. Information in respect of local house prices, market rents and household income levels has informed the test which estimates the ability of households to afford lower quartile market housing. The affordability test has been calculated by identifying the costs of entry level (lower quartile) market housing, the costs of which have been obtained from the Land Registry, as well as private rental costs obtained from the VOA⁷⁰.
- 7.50 As set out above, drawing upon the review of current house prices and private rental values, lower quartile prices for a house (price paid by local authority year ending September 2022 and equal to £100,000) and a rental property (£425 per month) have been used as an indicator of the entry price to market housing. Such houses are available within the Borough and such values are relatively typical of smaller properties on the market, ideal for newly forming households seeking to move into a first property.
- 7.51 The income distribution of newly forming households is different from total households, reflecting their lesser incomes compared to the average⁷¹. This means that a greater proportion of newly forming households are unable to access market housing than households overall. The PPG, however, sets out clearly that the affordability of housing for newly forming households must be considered foremost, as it is these households that will most likely fall into housing need if their housing requirements are not met in the market.

⁶⁸ This is supported by the EHS data for 2020/21 (*Annex Table 1.8: Demographic and economic characteristics, recent first time buyers, 2020-21*), which indicates that 92.9% of First Time Buyers are aged between 16 and 44, with 63% aged between 25 and 34.

⁶⁹ We note that SHMAs undertaken by certain other housing consultants prefer to apply average gross household formation rates based on applying national rate to total households over the period, using data from the English Housing Survey. If such an approach were to be applied here, then using the 3-year average national gross household formation rate of 1.439% from the EHS 2016/17-2018/19 and applying it to the 20-year 2014-based SNHP for North East Lincolnshire Borough would generate a gross annual household formation of 1,204 hpa, which is not dissimilar to the 1,134 hpa recorded above.

⁷⁰ VOA (December 2022): Private Rental Market Statistics between 1 October 2021 and 30 September 2022

⁷¹ English Housing Survey 2015 to 2016: housing costs and affordability - Annex Table 2.1: Mean and median income, 2015-16. HRP aged 16-34 have an average weekly income of £718 per week compared to £780 per week for all households, meaning younger newly forming households earn 92% of the ‘all households’ amount.

- 7.52 The percentage of both existing and newly forming households unable to afford to buy/rent is set out below and equates to 38.3% for newly forming households, falling to 27.4% of all the Borough's households if a 31% gross income threshold is modelled rather than 25%⁷².
- 7.53 In addition, Step 2.3 uses secondary data for the number of households who move house each year (based on past trends) to estimate the number of existing households falling into need annually. Using data for the number of people actually moving (from the Land Registry and CORE data) provides a good indicator of need, as it shows actual moves; whereas the Housing Register only provides an indication of intentions to move.
- 7.54 Existing households falling into need is therefore based upon an analysis of recent trends of movements from the private sector into the social sector as a proxy for existing households falling into need. These figures were averaged from CORE data over the past 5 years.
- 7.55 In summary, the components of the future affordable housing need for the Borough are set out in Table 7.10.

Table 7.10 Future Affordable Housing Needs for North East Lincolnshire Borough

Component	North East Lincolnshire Borough		Source/Calculation
	25% Income Threshold	31% Income Threshold	
Newly forming households (Gross per annum)	1,134		2014-based SNHP
% unable to rent or buy in the private market	38.3%	27.4%	Lichfields' Affordability Modelling
Newly forming households unable to afford market housing (per annum)	434	310	Newly forming households (Gross per annum) x % unable to rent or buy in the private market
Existing households falling into need (annual average)	310		CORE 2016/17 to 2020/21.
Estimate of Future Housing Need (p.a.)	744	620	Newly forming households unable to afford market housing (per annum) + Existing households falling into need (annual average)

Source: DLUHC 2014-based Household Projections, CORE Data and Lichfields analysis

- 7.56 Sub-Area data is provided in Table 7.11. As the number of newly forming households and existing households falling into need is only available at a Borough-wide level, it has been assumed that these will be split proportionately in line with the current number of households living in each sub-area (as recorded in the newly-available 2021 Census). It should be noted that for the Urban Area only, it is marginally more affordable to buy an LQ house than to rent an LQ property, based on a 4x income multiple / 25% annual income spent on rent only.

⁷² Note: As has been well publicised the country is in the midst of a 'cost of living' crisis. These figures are a point in time estimate and are reflective of what people can currently afford to borrow, although clearly the adverse economic headwinds and soaring utilities bills may make such levels unaffordable. As such, despite the analysis including sensitivity testing to help future-proof the analysis, this should be monitored by the Council and adjustments made as necessary going forward.

Table 7.11 Future Affordable Housing Needs by Sub-Area

Component	North East Lincolnshire Borough		Urban Area		Estuary Zone		Western and Southern Arc		Rural Area	
	25%	31%	25%*	31%	25%	31%	25%	31%	25%	31%
% of North East Lincolnshire's Households living in sub-area	100%		74.3%		5.3%		16.0%		4.4%	
Newly forming households (Gross per annum)	1,134		842		60		182		50	
% unable to rent or buy in the private market	38.3%	27.4%	36.8%	29.3%	44.6%	33.9%	37.2%	27.3%	29.6%	20.0%
Newly forming households unable to afford market housing (per annum) *	434	310	321	234	28	19	70	47	15	10
Existing households falling into need (annual average) **	310		201		11		80		17	
Estimate of Future Housing Need (p.a.)	744	620	522	435	39	30	150	127	33	27

Source: DLUHC 2014-based Household Projections, 2021 Census TS003 - Household composition, DLUHC Local Authority Live Table, CORE Data and Lichfields analysis

*Balanced to sum. †Note: for the Urban Area only it is more affordable to afford a lower quartile house than a lower quartile rental property, at 4-times income multiples/25% of annual income spent on rent.

**Sub-areas estimated on a proportionate basis using the Housing Register split.

7-57 These outputs of future affordable housing need should be treated with caution. Utilising gross estimates of household formation may include people that form several different households over the period at different stages of their life but does not account for their previous household no longer existing.

Stage 3: Affordable Housing Supply steps 3.1 to 3.8

7.1 This Section estimates the existing and forthcoming stock of affordable housing as per the PPG. This stage examines housing stock that can accommodate households in housing need. The information is required to calculate net affordable housing requirements. The model considers both current affordable housing stock (including how much of this is available) as well as the level of future annual new supply.

Current Affordable Housing Stock (Steps 3.1 to 3.5)

7.2 The PPG⁷³ sets out the current components of housing stock used to accommodate current households in affordable housing need as well as future supply:

- the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;
- Suitable surplus stock (vacant properties);
- the committed supply of new net affordable homes at the point of the assessment (number and size); and,
- Identifying units to be taken out of management (demolition or replacement).

⁷³ 2a-022-20190220

- 7.3 The PPG states that the first three components are to be added together, and the number of social housing units to be taken out of management deducted, to equate to the total affordable housing stock that is available.

Affordable Dwellings occupied by Households in Need (Step 3.1)

- 7.4 The purpose of Step 3.1 is to identify the number of affordable dwellings which become available but are occupied by households in housing need. Thus, this step considers transfers within the affordable housing stock. The movement of these households (within affordable housing) will have a nil effect overall in terms of housing need. These households have already been netted off at Stage 1 of the calculation and the figure for this step is therefore zero.

Surplus Stock (Step 3.2)

- 7.5 A certain level of voids is normal and allow for transfers and works to properties. The former SHMA Guidance (page 48) noted that a social housing vacancy rate in excess of 3% (and properties which are vacant for considerable periods of time), should be counted as surplus stock.
- 7.6 An analysis has been undertaken utilising vacancy level data. This indicates a social housing vacancy level of 1.2% in 2022⁷⁴, with just 107 vacant RP properties, down from 793 just four years before. This is predominantly attributable to the estate remodelling and demolitions of Lincolnshire Housing Partnership which undertook a comprehensive property rationalisation process between 2017/18 and 2021/22. Therefore, as the current vacancy rate is well below the 3% rate recommended by the former SHMA guidance, a surplus stock rate of zero has been included within the model.

Committed Supply of New Affordable Housing (Step 3.3)

- 7.7 The former SHMA Guidance states that this step of the model should utilise information about new social rented and intermediate affordable dwellings which are committed at the point of assessment. The Local Authority Housing Statistics [LAHS] data no longer shows the number of planned and proposed affordable units. However, data on committed supply of affordable housing has been provided by NELC (Table 7.12) and suggests that potentially, there is little affordable housing currently in the development pipeline equal to around 100 across the Borough as a whole (73 for affordable rent, with the remaining 27 for shared ownership).
- 7.8 This primarily relates to the Toll Bar Phase 2 site on Land at Louth Road, New Waltham (DM/1240/21/FUL), in the Western and Southern Arc area, of which 11 of the units are likely to come forward as First Homes and the remaining 34 as affordable homes for rent (working on the basis of a 20% affordable housing provision on site). Other sites include:
- Brocklesby Avenue, Immingham: 4 shared ownership properties (on site);
 - Millennium Park, Humberston: 19 units for affordable rent plus 3 for shared ownership (on site);
 - Blyth Way, Laceby: 10 units for affordable rent plus 5 for shared ownership (on site);
 - The Green, Waltham: 4 units for shared ownership (completed 2022/23);

⁷⁴ DLUHC Data: Table 100 (2022) and Table 615 (2023)

- A further £74,000 affordable housing contribution has been agreed as part of the s106 for the approved ‘Land at Caspian Crescent Scartho Top’ (DM/0647/21/FUL).

Table 7.12: Total Supply of New Affordable Units to Rent

	NE Lincolnshire Borough	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area
Supply of New Affordable Housing to Rent 2022/23	73	0	0	73	0

Source: Local Authority Information provided by NELC Officers in March 2023

Units to be taken out of Management (Step 3.4)

- 7.9 The former SHMA Guidance states that this stage should “*estimate the numbers of social rented or intermediate affordable housing units that will be taken out of management.*” This includes properties which are planned to be demolished or redeveloped (with a net loss of stock).
- 7.10 Discussions with the Lincolnshire Housing Partnership, which instigated a comprehensive property rationalisation process in North East Lincolnshire between 2017/18 and 2021/22, indicated that a further 10 units are planned to be taken out of management at the time of writing (all of which are located in the Grimsby/Cleethorpes Urban Area). Hence a figure of **10** has been incorporated into the model.

Total Affordable Housing Stock Available (Step 3.5)

- 7.11 Table 7.13 sets out these current components of supply in North East Lincolnshire as at March 2023.

Table 7.13: Current Supply of Affordable Housing in North East Lincolnshire Borough

Component	#	Source
Step 3.1 (Affordable Dwellings Occupied by households in need)	None – already netted off at Stage 1 (Step 1.4 – 228 units)	Housing Register February 2023
PLUS Step 3.2 (Surplus Stock) – Vacant but available for letting	0	NELC as at March 2023
PLUS Step 3.3 (Committed Supply of New Affordable Housing to Rent)	73	NELC / LHP as at March 2023
MINUS Step 3.4 (Units to be taken out of management) – Vacant but not available for letting	10	LHP as of March 2023
EQUALS Step 3.5 Current Supply of Affordable Housing	63	

Source: NELC 2023

Future Affordable Housing Supply (Steps 3.6 to 3.7)

- 7.12 The final part of the calculation relates to an analysis of the level of likely future affordable housing supply coming forward, which considers future annual supply of social housing re-lets (net), calculated based on past trends (generally the average number of re-lets over the previous three years should be taken as the predicted annual levels). This only includes those re-lets that would lead to a net gain in the stock, hence it excludes first lets, internal transfers and tenancy renewals.

- 7.13 Social re-lets data has been obtained from 5 years-worth of CORE data (for 2016/17 to 2020/21). The data obtained for this component is set out in Table 7.14. The four sub-area figures have been calculated on the basis on the size of the existing social housing stock in each sub-area, based on 2021 Census data.

Table 7.14: Future Annual Supply of Social Re-lets

	Social re-lets
2016/17	491
2017/18	469
2018/19	527
2019/20	486
2020/21	737
Average	542

Source: 2016/17 -2020/21 CORE Data

- 7.14 It should be noted that CORE does not capture any information about the location to which the previous occupant moved, only their tenure. Therefore, “*Relet – tenant moved to other social housing provider*” could mean in the same district (i.e. North East Lincolnshire) or anywhere else in the country. In the Table above it has been assumed that all relets that have arisen due to the tenant moving to another social housing provider or internal transfers have been internal to North East Lincolnshire.
- 7.15 As a sensitivity test, we have also modelled the number of social re-lets if it is assumed that all of the transfers resulted in the household in question moving to another provider outside of the district. If this was the case (which is very unlikely), then the future annual supply of social re-lets would **increase from 542 to 593**. This has been modelled as a sensitivity at the end of this section albeit with the strong caveat that it is highly unlikely that every internal relet will involve a household moving out of the Borough.

Estimate of Net Affordable Housing Needs

- 7.16 Bringing the above elements together the analysis can calculate net affordable housing need. This is done on an annual basis over the whole plan period, and as such it will be necessary to convert the backlog of need into an annual quota based upon the period which this backlog will be addressed. It is a point for any Local Plan’s housing trajectory to set out how and when the backlog of affordable housing need will be delivered in the plan period. However, for the purposes of an LHN calculation, an average figure over NELC’s 20-year plan period will still match the total affordable housing need over the plan period (even if this is addressed fully in the first 5 years).
- 7.17 Table 7.15 sets out the calculation of net annual affordable housing need.

Table 7.15 North East Lincolnshire Borough's Affordable Housing Need Calculation

		NE Lincolnshire		Urban Area		Estuary Zone		Western and Southern Arc		Rural Area	
Stage and step in calculation	Notes	25% income	31% income	25% ⁺	31%	25%	31%	25%	31%	25%	31%
Stage 1: Current Need (Gross)											
1.1-1.3 Current Need (including Backlog)	Housing Register February 2023	560		363		20		145		31	
Stage 2: Future Need											
2.1 New household formation (gross p.a.)	ONS 2014 SNHP	1,134		842		60		182		50	
2.2 Proportion of new households unable to buy or rent in the market	Unable to afford LQ rents	38.3%	27.4%	36.8 %	29.3 %	44.6%	33.9 %	37.2 %	27.3 %	29.6 %	20.0 %
2.3 Existing households falling into need	3-year average to 2020 CORE data	310		201		11		80		17	
2.4 Total newly arising housing need (gross p.a.)	(2.1 x 2.2) +2.3	744	620	522	435	39	30	150	127	33	27
Stage 3. Affordable Housing Supply											
Current Supply											
3.1 Affordable dwellings occupied by households in need	Housing Register December 2021	0 (291 units already deducted)		0		0		0		0	
3.2 Surplus stock (Vacant but available for letting)	DLUHC Tables 100 and 615	0		0		0		0		0	
3.3 Committed supply of affordable housing for rent	(NELC data return 2023)	73		0		0		73		0	
3.4 Units to be taken out of management (Vacant but not available for letting)	(LHP as at 2023)	10		10		0		0		0	
3.5 Total affordable housing stock available	3.1+3.2+3.3-3.4	63		10		0		73		0	
Future Supply											
3.6 Annual supply of social re-lets (net)	5-year average from 2016/17 to 2020/21 CORE data	542		456		43		35		9	
3.8 Annual supply of affordable housing		542		456		43		35		9	
Net Annual Affordable Housing Need	1.3 – 3.5 (annualised over 5 years)+2.4-(3.1+3.2+3.4)-3.8	302	177	141	54	0	-8	130	107	30	25

Source: NELC, Local Authority Live Tables, CORE Data, Housing Register and Lichfields analysis.

⁺Note: for the Urban Area only it is more affordable to afford a lower quartile house than a lower quartile rental property, at 4-times income multiples/25% of annual income spent on rent.

7.18

This illustrates that net annual need based on current data over the period 2022 to 2042 amounts to **between 177 and 302 homes for affordable/social rent** (depending on the income multiplier used). This reflects gross household formation and therefore does not account for household dissolutions, with the implication that needs are likely to be 'worst case' under this approach as it could include some double counting. It also assumes

that the **backlog need will be addressed in full in the first 5 years of the Plan**. Strongest levels of affordable housing rental need are identified for Urban Area and the Western and Southern Arc, and the lowest in the Rural Area and particularly the Estuary Zone.

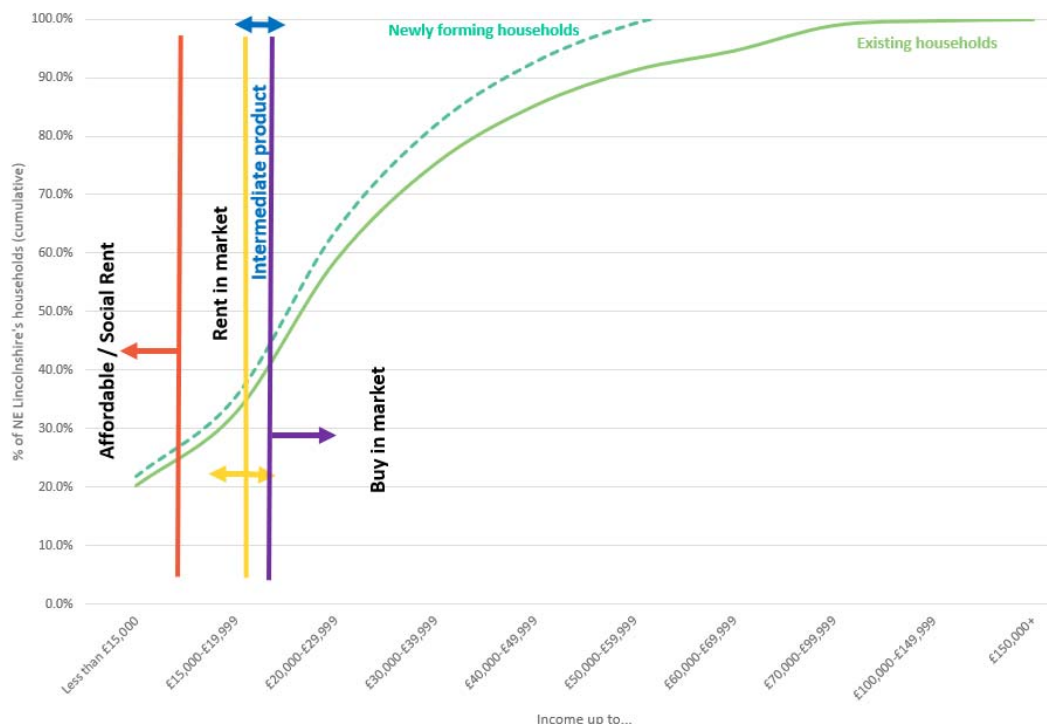
- 7.19 If the annual supply of social re-lets is increased substantially to take into account the uncertainty regarding internal transfers, then the annual requirement could fall still further, to **between 127 and 251 dpa**; however, as set out above, this sensitivity test is questionable as it is highly probable that a very significant proportion of the households in question will transfer to another social housing provider based in North East Lincolnshire Borough, rather than moving further afield (as typically the distance moved is much lower for social housing tenants than in the private sector).
- 7.20 This compares to the 586 dpa affordable requirement identified in the 2013 North East Lincolnshire SHMA. The latest figures are lower, primarily because at the time of the 2013 SHMA, there were 2,820 households on the Housing Register in Bands 1-3, of which only 430 were current occupiers of social housing (transfers) who could be removed from the calculation. As a consequence, and with an allowance for 30 homeless households, the total current housing need (gross) in the 2013 SHMA was a huge 2,420 households, or 484 per annum (assuming that the backlog was removed over a 5-year period).
- 7.21 In comparison, the latest Housing Register data (as of February 2023) suggests that ‘only’ 851 households are recorded in in Bands 1-3 for North East Lincolnshire, of whom 291 are transfers. Therefore, the gross existing housing need is 560 homes, or 112 dpa over 5 years. This is 372 dpa lower than in the 2013 SHMA.

Affordable Homes for Purchase

- 7.22 The previous 2013 SHMA only assessed the need for intermediate housing based on households which could not afford to rent in the open market. It effectively assumed that all households which can afford to rent in the market do not represent a need for any form of affordable housing. However, the latest version of the PPG states that the affordable housing need assessment should include an estimate of those that cannot afford their own home to rent or to own their home where that is their aspiration⁷⁵. This introduces a new concept whereby the need figure must include an indication of the number of households who can currently afford to rent privately, but who nevertheless aspire to own their own home (which could include intermediate affordable home ownership products and First Homes).
- 7.23 We therefore need to also consider households which want to move towards ownership tenures, but may be unable to, even if their needs are currently being met in the private rented sector. These households’ needs would be met through affordable home ownership products, including shared ownership and other types (e.g. discount market). Being a current tenant of the private rented sector does not exclude a household from being able to apply for shared ownership, as long as they are a first-time buyer or cannot afford to buy a home now (if they used to own a home).
- 7.24 In the case of assessing needs of affordable homes for purchase, it is therefore necessary to capture households who can afford to rent in the market but are unable to afford to buy. This is because those unable to afford renting are captured in the assessment of affordable rented need, whilst those able to buy in the market without assistance are unlikely to be eligible for forms of affordable housing for purchase (except for First Homes).

⁷⁵ PPG ID: 2a-020-20190220

Figure 7.3 Income Distribution and Product Affordability in North East Lincolnshire Borough



Source: Experian (2023). Figures are calculated on the basis of 4x income multiples for home ownership and 25% of gross annual earnings for rentals.

7.25 To calculate this, and as set out above, we have obtained household income data for North East Lincolnshire from Experian and adjusted this based on data from the English Housing Survey, which shows younger/newly forming households have a slightly lower than average income⁷⁶. We have assumed that households which cannot afford more than 80% of market rents need affordable rented or social rented housing and that households which can afford market rents and private home ownership represent the potential market for intermediate products such as shared ownership.

7.26 This results in a household income distribution for North East Lincolnshire as shown in Figure 7.3.

7.27 This indicates that, based on 4x income multiples for home ownership and 25% of gross annual earnings for rentals:

- 27.0% of newly forming North East Lincolnshire households have income levels below the threshold likely to afford affordable rent (and 27.3% cannot afford social rent);
- 38.3% of newly forming North East Lincolnshire households cannot afford to rent privately; and,
- 40.7% of newly forming North East Lincolnshire households cannot afford to buy a property on the open market.

7.28 For the local area, the potential additional demand for intermediate housing is therefore very narrow and ranges from households with an income of between £20,400 (the income needed to access lower quartile market rents @25%) and £21,250 (the income needed to

⁷⁶ English Housing Survey (2015/16) Housing costs and affordability – Annex Table 2.1: Mean and median income by age of Household Reference Person (HRP). Households with HRP age 16-34 have average weekly income of £718 per week compared to £780 for all households; therefore younger/newly forming households earn 92% of the overall average

buy at lower quartile prices @4x income multiplier). Any household earning in this range can afford to rent privately but cannot afford to buy in the open market (assuming a 15% deposit). This range would widen to between £16,452 and £18,889 if the sensitivity thresholds of 31% income threshold for renting and 4.5x income multiplier for purchase are applied for dual earners.

- 7.29 The households in this range represent the further potential demand for intermediate housing in North East Lincolnshire. Based on this income distribution for single earners, an estimated 2.2% of all existing households in the local area can afford market rents but are unable to buy, rising to 2.4% for newly forming households, as shown in Table 7.16. This rises to 6.1% if a higher income multiplier is used for existing households, and 6.7% for newly forming households. This represents a substantial portion of the local population that are unable to purchase their own home. As indicated in the Table, the gap is particularly wide in the Rural Areas (which has very high LQ house prices in particular), and much narrower in the Urban Area (due to the town having lower house prices, but higher rental prices, than the Borough-wide average, which actually leads to a reversal at the lower end of the multiples range, whereby renting a property is less affordable than buying a house). It reflects the fact that it is relatively affordable to buy a property in the Borough (in a national context at least).

Table 7.16: Percentage of households able to afford private rents but unable to buy

	Income multiples	North East Lincolnshire	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area
All households	4x / 25%	2.2%	-3.9%	13.4%	17.2%	40.0%
	4.5x / 31%	6.1%	1.1%	16.3%	20.4%	40.3%
Newly Forming Households	4x / 25%	2.4%	-4.3%	14.6%	18.0%	41.5%
	4.5x / 31%	6.7%	1.2%	17.6%	21.3%	43.2%

Source: Lichfields analysis of Experian/VOA/ONS data

- 7.30 This means that affordable home ownership options are needed for private rented households which cited affordability as a main reason for them not expecting to buy (i.e. those who would expect to buy if they could afford to do so). This assessment should therefore be regarded as a minimum, because if any private renters who do expect to buy need (or expect that) an affordable home ownership option will be available when they plan to buy, the demand for affordable ownership products will be higher.
- 7.31 Having established the percentage of households falling in this 'gap', we need to understand how many households this is likely to represent over the course of the 20-year Plan period. For the purposes of this assessment, we have projected household growth using the 2014-based SNHP (as these underpin the Borough's LHN based on the Government's standard methodology).
- 7.32 The assessment of need has been restricted to under 45s on the basis that this the age most newly forming households form⁷⁷ (and older households may have equity as well as income, which would affect their eligibility for affordable home ownership products). However, it is entirely possible that households over the age of 44 would be eligible for (and be interested in purchasing) discounted market housing. Whilst occupants of the scheme would be subject to income and local connection criteria, there is no proposal to specifically restrict

⁷⁷ The English Housing Survey for 2020/21 indicates that 92.9% of First Time Buyers are aged 44 and under. Source: English Housing Survey, full household sample, Annex Table 1.8: Demographic and economic characteristics, recent first-time buyers, 2020-21

occupants based solely on age, thus households over the age of 44 could potentially add additional demand on top of that identified in this analysis.

- 7.33 With the above caveat, and when applied to the household growth in the 2014-based SNHP, this could suggest that there will be an annual pool averaging **587 households over the period 2022-2042** who can afford to rent but not buy privately (based on the 4x/25% income multipliers; the figure would rise to 1,640 households per annum if the higher multiples in Table 7.16 are applied).
- 7.34 The Borough currently has some supply of shared ownership housing which is likely to be catering to the needs of some households which would otherwise be in the private rented sector (and cannot afford to buy in the open market). The 2021 Census indicates that there were **358** shared ownership homes across North East Lincolnshire Borough, of which 259 were located in the Urban Area; 8 in the Estuary Zone, 82 in the Western and Southern Arc, and 9 in the Rural Area.
- 7.35 Considering that 358 households in the local area already live in shared ownership housing, the remaining households which can afford rents but unable to afford open market purchase (and are assumed to be currently living in private rented housing) reduces the annual pool from 587 households over 20 years, to **229** households.
- 7.36 Of course, not every household within the private rented sector will need (or will want) to move into home ownership each year. Some households may not want to move into ownership due to not having a secure enough job, not wanting to be in debt, the cost of repairs and maintenance, not wanting the commitment/preferring the flexibility of renting and liking their current accommodation.
- 7.37 The EHS (2019/20) found that nationally, 59.5% of private renters expect to buy at some point in the future and 40.5% do not. Amongst those who do not expect to buy, 68.2% cited affordability. Based on this, we can estimate the number of households which may be expected to buy if the affordability barrier were removed. This would be:
- 1 The percentage of households in a group who would be expected to buy anyway (59.5%); plus; and,
 - 2 The percentage of households which currently do not expect to buy, mainly due to affordability reasons (40.5% x 68.2%).
- 7.38 Having established the percentage of households in North East Lincolnshire which would be expected (at any time) to buy if an affordable home ownership option were made available to them, we then need to determine how many actually buy in a given period. The EHS found that of private renters who did expect to buy, 26.74% expected to do so within two years; this would equate to 13.4% per annum⁷⁸. Applying this to the total number of households (by type) which would expect to buy if an affordable home were available gives an estimate of the potential demand each year for affordable housing for purchase from first time buyers⁷⁹. This is shown in Table 7.17 and equates to **11.6%**.

⁷⁸ Source: English Housing Survey 2019/20 Annex Table 1.20: Buying expectations, social and private renters, 2019-20. Refers to privately renting households

⁷⁹ Note: in Year 1 of the assessment, all households in a given group which can afford to rent but not to buy are included as potential FTBs. In subsequent years these households are removed, so the 'pool' of potential FTBs gradually decreases to take into account those who have already bought.

Table 7.17: Estimate of households who would buy (in the next year) if affordable home available

	Percentage	Source
a. Percentage of households expecting to buy (at any point in the future)	59.5%	English Housing Survey 2019/20 Annex Table 1.20: Buying expectations, social and private renters, 2019-20
b. Percentage of households not expecting to buy	40.5%	(100% - a)
c. Percentage of private renters not expecting to buy citing affordability as main reason	68.2%	English Housing Survey 2019/20 Annex Table 3.17: Perceived barriers to buying a home, by tenure, 2019-20
d. Total percentage expected to buy if affordable home provided	87.1%	(a + [b * c])
e. Of those expecting to buy, percent expecting to buy within 2 years	26.74%	English Housing Survey 2019/20 Annex Table 1.20: Buying expectations, social and private renters, 2019-20. Refers to privately renting households
f. Equivalent per annum	13.4%	(e / 2)
g. Total – expected to buy in next year	11.6%	(d * f)

Source: Lichfields' analysis based on English Housing Survey data

- 7.39 As a sensitivity test, we have modelled the implications of excluding people who were already expecting to buy anyway (59.5% of all households in the Table above) and only including people who were not expecting to buy due to affordability problems. The inherent assumption here being that those people who were expecting to buy may well have assumed that they would be able to do so in the market. This would reduce the percent expected to buy in the next year from 11.6% to **3.69%**.
- 7.40 Conversely, it is noted that the EHS presents national data on expectations in relation to home ownership. It therefore does not reflect the more severe affordability pressures in areas such as the Rural Area. Hence, the use of this national data represents a conservative approach, and it is likely that there may be a higher proportion of people locally that would like to buy but are not expecting to do so due to affordability issues in certain parts of the Borough and therefore a larger pool of potential buyers may exist at a localised level.
- 7.41 The approach used below to assess the potential demand for intermediate housing from households currently in the private rented sector does not include separate calculations of backlog, future need and supply. All elements are wrapped up in a single calculation by using all households as the basis for need (thus implicitly including backlog) and by using net household change (thus removing the need to separately calculate gross need and future supply).
- 7.42 This calculation of need is shown in Table 7.18. This analysis suggests an annualised demand for **10 affordable homes for purchase** from existing and future households in North East Lincolnshire. Split by sub-area (with the 2014-based SNHP split based on the 2020 MYE), this indicates that need is greatest in the Western and Southern Arc, followed by the Rural Area with a negative need in the Estuary Zone.

Table 7.18: Estimate of existing and future demand for intermediate housing: North East Lincolnshire and Zones

	North East Lincolnshire Total	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area
(a) Annual Average households aged under 45	24,478	18,184	1,295	3,920	1,079
(b) Percentage who can afford LQ market rent but are unable to purchase (@ 4x income / 25% annual income)	2.4%	-4.3%	14.6%	18.0%	41.5%
(c) Number of households who can afford LQ market rent but are unable to purchase (a * b)	587	-782	189	706	448
(d) Supply (current shared ownership units)	358	259	8	82	9
(e) 'Pool' of potential demand (net) (c-d)	229	-1,041	181	624	439
(f) Percentage of households living in PRS expecting to buy in the next year if affordable homes are available	11.65%				
Potential gross need for affordable housing to purchase, annual average (e * f). After year 1, the assessment reduces the 'pool' of households which are potential buyers to account for the fact that some are assumed to have moved into affordable homes for purchase the previous year.	10	-47	8	28	20
Potential gross need for affordable housing to purchase, annual average (e * f), balanced and excluding Urban Area	10	-	1	5	4

Source: Lichfields' analysis

7.43

If the income ratio increases to 4.5x income and a 31% of annual income being spent on rent, then paradoxically the level of intermediate housing need increases, as the gap between people's ability to rent a lower quartile property or to buy one actually widens. As a result, the potential gross annual need under this test increases from just 10 to **58** as set out in Table 7.18.

Table 7.19: Estimate of existing and future demand for intermediate housing: North East Lincolnshire – SENSITIVITY

	North East Lincolnshire Total	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area
(a) Annual Average households aged under 45	24,478	18,184	1,295	3,920	1,079
(b) Percentage who can afford LQ market rent but are unable to purchase (@ 4.5x income / 31% annual income)	6.7%	1.2%	17.6%	21.3%	43.2%
(c) Number of households who can afford LQ market rent but are unable to purchase (a * b)	1,640	218	228	835	466
(d) Supply (current shared ownership units)	358	259	8	82	9
(e) 'Pool' of potential demand (net) (c-d)	1,282	-41	220	753	457
(f) Percentage of households living in PRS expecting to buy in the next year if affordable homes are available	11.65%				
Potential gross need for affordable housing to purchase, annual average (e * f). After year 1, the assessment reduces the 'pool' of households which are potential buyers to account for the fact that some are assumed to have moved into affordable homes for purchase the previous year.	58	-2	10	34	21
Potential gross need for affordable housing to purchase, annual average (e * f), balanced and excluding Urban Area	58	0	9	30	18

Source: Lichfields' analysis

7.44 As with the affordable rent calculation, the PPG notes that there will be a current supply of housing stock that can be used to accommodate households in affordable housing need as well as future supply. Assessing the total affordable housing supply requires identifying:

- the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;
- suitable surplus stock (vacant properties); and,
- the committed supply of new net affordable homes at the point of the assessment (number and size).

7.45 As noted above, the current number of shared ownership units that could be occupied by households in need has already been netted off the need in the Table above. As regards vacant properties, the overall proportion of vacant dwellings in the overall social housing stock is very small in North East Lincolnshire, at just 1.2% and therefore given the demand for intermediate housing it is considered highly unlikely that there would be sufficient vacant intermediate housing (over 3% of the overall stock) to warrant a further adjustment to the requirement.

7.46 Regarding the committed supply of new affordable homes, data on committed supply of affordable housing has been provided by NELC (Table 7.20) and suggests that potentially, there is a limited amount of affordable housing currently in the development pipeline equal to around 11 across the Borough as a whole, the vast majority of which are likely to come forward in the Western and Southern Arc. Having reviewed these permissions, 11 relate to First Homes at the Toll Bar (Phase 2) development site off Louth Road, New Waltham (in the Western and Southern Arc area), with a further 4 shared ownership properties to be delivered at Brockelsby Avenue, Immingham (in the Estuary Zone); 3 units at Millennium

Park, Humberston (the Arc area); 5 units at Blyth Way, Laceby; and 4 units at The Green, Waltham. Furthermore, these permissions comprise future delivery set out in current section 106 agreements.

Table 7.20: Total Supply of New Affordable Units to Rent

	North East Lincolnshire	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area
Supply of New Affordable Housing to Rent (Committed Supply) 2022/23	27	0	4	23	0

Source: Local Authority Information provided by NELC Officers in 2023

7.47 Going forward, social re-lets data has been obtained from 10 years-worth of CORE data (for 2009/10 to 2018/19) given the relatively low level of re-sales. The data obtained for this component is set out in Table 7.14. As can be seen, there has been an average of 13 intermediate re-sales annually since 2009/10.

Table 7.21: Re-Sales of Intermediate Housing

	Intermediate Housing
2009/10	4
2010/11	8
2011/12	22
2012/13	23
2013/14	21
2014/15	25
2015/16	7
2016/17	9
2017/18	2
2018/19	12
Average	13

Source: CORE Data

7.48 These shared ownership homes are likely to meet some of the need for entry-level homes suitable for newly forming households. Netting off the 11 existing affordable housing to buy supply in the immediate pipeline from the 2022 intermediate need, and assuming that there will be a churn of **13** intermediate dwellings per annum thereafter, the net requirement for intermediate housing equates to **-4 dpa**. This breaks down to -9 dpa in the Urban Area; 1 dpa in the Estuary Zone; 1 dpa in the Western and Southern Arc and 3 dpa in the Rural Area⁸⁰.

7.49 If this supply is netted off in the higher income ratios test set out in Table 7.19, then the net requirement for intermediate housing increases to **44 dpa** due to the increasing gap between people's ability to afford private rent and market purchase. This breaks down to -9 dpa in the Urban Area; 8 dpa in the Estuary Zone; 26 dpa in the Western and Southern Arc and 18 dpa in the Rural Area.

7.50 Table 7.22 sets out the overall calculation of North East Lincolnshire's net annual affordable housing need, combining the need for social/affordable rented properties with affordable home ownership. Overall, it indicates that there is an affordable housing need in

⁸⁰ For the intermediate re-sales, the four sub-area supply figures have been calculated on the basis on the supply of the existing social housing stock in each sub-area, based on 2021 Census data.

the order of **298 dpa** based on 4x / 25% income multipliers, falling to **221 dpa** based on 4.5x / 31% income multipliers. There is a higher level of need in the Western and Southern Arc settlements and the Grimsby/Cleethorpes Urban Area, with the former having a particularly strong need for affordable properties available to rent.

Table 7.22 North East Lincolnshire Borough Affordable Housing Need Calculation – To Rent and Purchase

Stage and step in calculation	North East Lincolnshire		Urban Area		Estuary Zone		Western and Southern Arc		Rural Area	
	25% income	31% income	25%	31%	25%	31%	25%	31%	25%	31%
Net Annual Affordable Housing Need for Rent	302	177	141	54	0	-8	130	107	30	25
Net Annual Affordable Housing Need for Sale	-4	44	-9	-9	1	8	1	26	3	18
Overall Net Annual Affordable Housing Need	298	221	132	45	1	0	131	133	33	43

Source: NELC, Local Authority Live Tables, CORE Data and Lichfields analysis. Sums may not add due to rounding errors.

Types of Affordable Housing Needed

- 7.51 The purpose of this section of the report is to establish the relative need between social rent, affordable rent and forms of affordable home ownership as set out in the NPPF within the overall affordable housing need figure. This exercise has examined the interaction between housing costs and household income. First Homes are also now included in the definition and are considered in further detail below.
- 7.52 The income required for each of the alternative tenure options, and the assumptions underpinning these figures, is set out in Table 7.23 and discussed in further detail below.

Table 7.23: Annual Rents and Costs

	Cost Assumption	Price Assumptions	Affordability Requirements	Income Required
LQ Private Purchase	£100,000	HM Land Registry Existing LQ Price Paid 15% deposit on sales value	4-times income / 4.5-times income	£21,250/ £18,889
Lower Quartile Rental	£5,100 per annum	LQ Market Price 2023	25% / 31% of Income	£20,400/ £16,452
Social Rent	£4,104 per annum	CORE data 2020/21	25% / 31% of Income	£16,415 / £13,238
Affordable Rent	£4,080 per annum	80% of LQ rent	25% / 31% of Income	£16,320 / £13,161
Shared ownership (25% Share)	£142,500	LQ Shared ownership properties currently on the market in the vicinity of NE Lincs (as of April 2023). Deposit of at least 10% of the share value.	4-times income / 4.5-times income for equity.	£20,972 / £17,574
Shared ownership (50% Share)	£142,500	Monthly mortgage costs @ 4.24% over 25 years. Rental Costs per Month @2.75% of retained equity. Service Charge @£25 per month.	25% / 31% of Income for rent	£25,069 / £21,538

First Homes (30% discount)	£140,000, discounted to £98,000	LQ Newly built Market Price HPSSA dataset 16 yr/e Sept 2022 15% deposit on sales value.	4-times income / 4.5-times income	£20,825 / £18,511
----------------------------	---------------------------------	--	-----------------------------------	--------------------------

Source: CORE 2020/21, VOA and Lichfields' analysis

Social and Affordable Rent Housing

7.53 Whilst the need for social and affordable rents have been assessed separately, in reality these needs should be combined for the purposes of considering tenure mix. New housing is currently rarely built to be occupied at traditional social rented levels; homes currently let at social rent levels tend to be legacies of historic local authority housing stock. New housing stock which is rented at below-market rent levels tends to be provided as affordable rented housing (i.e. up to 80% of market rents), provided as part of mixed market-affordable developments, with local housing allowance making up any difference in cost which a household cannot afford.

7.54 The key modelling assumptions were as follows:

- 1 **Social Rent** – CORE Social Housing lettings (PRP owned) – Rents and charges 2020/21. Average weekly rent by dwelling in North East Lincolnshire Borough is £78.92, including service charges, or £4,104 per annum.
- 2 **Affordable Housing for Rent** – This is defined in the NPPF Annex 2 as “rent is set in accordance with the Government’s rent policy for Social Rent or Affordable Rent, or is at least 20% below market rents”. Average LQ market rents in the Borough are £425 per month, or £5,100 per annum⁸¹, 80% of this means affordable rent can be no more than £4,080 per annum.

7.55 Based on these assumptions, and as summarised in Table 7.24, the need for affordable rented housing can be taken as the need for both affordable and social rented housing and represents around 80% of the overall affordable housing need based on the higher 31% income multiplier. At the lower income multiplier, there is virtually no requirement at all for affordable housing for sale, with 100% of the need relating to social rented properties. The mid-point of these figures is 90%.

Table 7.24 North East Lincolnshire Borough Affordable Housing Need Calculation – To Rent and Purchase

Stage and step in calculation	25% / 4x Single Earner Income multiplier		31% / 4.5 Dual Income multiplier	
	N	%	N	%
Net Annual Affordable Housing Need for Rent	302	100%	177	80%
Net Annual Affordable Housing Need for Sale	-4	0%	44	20%
Overall Net Annual Affordable Housing Need	298	100%	221	100%

Source: NE Lincolnshire Borough Local Authority Live Tables, CORE Data and Lichfields analysis. Sums may not add due to rounding errors.

Rent to Buy

7.56 Rent to Buy is a government-designed scheme that allows working households to rent a home at Intermediate Rent (usually with an 80% discount on market rents) with the

⁸¹ ONS Private Rental Market Statistics Summary of monthly rents recorded between 1 April 2021 to 31 March 2022 by administrative area for England.

intention of providing them with the opportunity to save for a deposit over time to purchase their first home. To be eligible for Rent to Buy tenants must be first time buyers having not previously owned their own home. An exception to this is where an applicant is looking to return to home ownership following a relationship breakdown. There are no local or other prioritisation criteria to be applied to the Rent to Buy product, other than on rural exception site.

- 7.57 Ordinarily, the homes will be let at an Intermediate Rent for a minimum of five years during which it is expected that tenants will save for the deposit to purchase their home. After the initial five-year letting period, the Registered Provider may continue offering the property as Rent to Buy; sell the home on an outright basis with the tenant being given the right of first refusal; or retain and convert the home as rented housing on either an affordable or market rent basis. A tenant can also purchase their property within the five years rental period but at the discretion of the provider. A purchase under Shared Ownership is permitted as it remains as affordable housing. Tenants must meet all the shared ownership eligibility, affordability and sustainability requirements.⁸²
- 7.58 The initial affordability of the product is therefore akin to affordable rent, although after the 5-year rental period there is clear cross-over with the shared ownership product assessed below.

Shared Ownership and Other Intermediate Housing

- 7.59 Intermediate housing (including shared ownership) is defined in Annex 2 of the July 2021 version of the NPPF as “housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market.” It includes shared ownership, relevant equity loans, other low-cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). This is less detailed than the previous definition of Intermediate housing in the 2012 version of the NPPF, which defined it as follows:
- “Intermediate housing is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition above. These can include shared equity (shared ownership and equity loans), other low-cost homes for sale and intermediate rent, but not affordable rented housing.”*
- 7.60 On the basis of the earlier definition, this type of housing must be more expensive than social rent (established to be £4,104 per annum) and not include affordable rent. As per the above affordable needs calculation, the average market rent is £5,100 per annum and any household that cannot afford this is in housing need. Although it is plausible that some people in affordable housing need could afford both affordable rent and intermediate housing, there is a clear gap between housing costing more than £4,104 and £5,100 which could be filled by more intermediate properties.
- 7.61 We have cross checked this against the cost of share-to-buy properties currently available in and around North East Lincolnshire Borough. To understand the current average cost of shared ownership properties in the area, the listings from www.sharetobuy.com has been obtained. At the time of writing (May 2023) there was just one property available for shared ownership in North East Lincolnshire at 12 Bergen Close to the West of New Waltham for £76,000 at a share percentage of 40%.

⁸² [2. Rent to Buy - Capital Funding Guide - Guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/rent-to-buy-capital-funding-guide)

7.62 Extending our search to 30 miles away from the main Urban area of Grimsby/Cleethorpes resulted in a further 5 shared ownership properties being identified as available, three of which were in Scunthorpe in North Lincolnshire for £142,500 each, and two of which were in West Lindsey. Prices ranged from £142,500 for a 2-bedroom house in Scunthorpe to £190,000 for a 3-bed house in New Waltham.

Table 7.25: Properties advertised within 30 miles of Grimsby/Cleethorpes Urban Area

Address	Size	Description	Full Price	Share Percentage	Deposit	Website's Monthly cost calculator
12 Bergen Close, New Waltham, North East Lincolnshire, DN36 4EL	3 bedroom house	Shared ownership (Resale)	£190,000	40%	At least 10% of share value (£7,600 min)	@40%, purchase price £76,000, £7,600 Min Deposit. Mortgage calculated using a rate of 4.24% over 25 years (£370). Rent = 2.75% of remaining equity (£275). Service charge = £15. Total Monthly cost = £660
108 Turnstone Drive, Scunthorpe, North Lincolnshire DN16 3GX	2 bedroom house	Shared ownership (New Build)	£142,500	50%	At least 5% of share value (£3,563 min)	@50%, purchase price £71,250, £3,563 Min Deposit. Mortgage calculated using a rate of 4.24% over 25 years (£366). Rent = 2.75% of remaining equity (£163). Service charge = £50. Total monthly cost = £579
110 Turnstone Drive, Scunthorpe, North Lincolnshire DN16 3GX	2 bedroom house	Shared ownership (New Build)	£142,500	50%	At least 5% of share value (£3,563 min)	@50%, purchase price £71,250, £3,563 Min Deposit. Mortgage calculated using a rate of 4.24% over 25 years (£366). Rent = 2.75% of remaining equity (£163). Service charge = £50. Total monthly cost = £579
150 Turnstone Drive, Scunthorpe, North Lincolnshire DN16 3GX	2 bedroom house	Shared ownership (New Build)	£142,500	50%	At least 5% of share value (£3,563 min)	@50%, purchase price £142,500, £3,563 Min Deposit. Mortgage calculated using a rate of 4.24% over 25 years (£366). Rent = 2.75% of remaining equity (£163). Service charge = £50. Total monthly cost = £579
67 Queensway, Sturton by Stow, West Lindsey LN1 2AD	2 bedroom bungalow	Shared ownership (New Build)	£175,000	25%	At least 10% of share value (£4,375 min)	@25%, purchase price £43,750, £4,375 Min Deposit. Mortgage calculated using a rate of 4.24% over 25 years (£213). Rent = 2.75% of remaining equity (£301). Service charge = £10. Total monthly cost = £524
69 Queensway, Sturton by Stow, West Lindsay LN1 2AD	2 bedroom house	Shared ownership (New Build)	£175,000	25%	At least 10% of share value (£4,375 min)	@25%, purchase price £43,750, £4,375 Min Deposit. Mortgage calculated using a rate of 4.24% over 25 years (£213). Rent = 2.75% of remaining equity (£301). Service charge = £10. Total monthly cost = £524

Source: www.shareto-buy.com/properties (April 2023)

7.63 The most affordable properties relate to the two 2-bed bungalows available on the Queensway development at Sturton by Stow, West Lindsay. These are currently available for a total annual cost of £6,288, due to the low share percentage of 25%. This annual payment sits above the social/affordable rent (£4,104/£4,080) and the LQ rental prices (£5,100), but below the LQ market purchase, which suggests that it is reasonable that smaller shared ownership properties could meet the needs of some who fall between

affordable rent and average LQ market sales, albeit there may be some overlap between those who can afford affordable rent and a cheaper shared ownership property.

7.64 **Table 7.24 identified that up to 20% of the overall affordable housing need was for intermediate housing for sale.** This was despite the fact that the costs of purchasing a shared ownership property, even with a 25% share rather than 50% share, required an income of at least £17,574 based on a 31% income multiplier, which is in excess of the £16,452 annual household income (again based on the 31% income multiplier) that it was estimated to be required to rent privately in North East Lincolnshire.

7.65 However, intermediate housing is not only a way of helping to meet affordable housing needs; it can be an effective way of helping households who are able to afford rents but are not able to buy move out of the private rented sector and onto the housing ladder (for example, where shared ownership schemes offer ‘staircasing’ whereby households can progressively purchase more and more shares in their home, up to 100%). This aligns with the PPG’s requirement that affordable housing need assessments should include an estimate of those households that cannot afford their own home to rent or to own their home ‘*where that is their aspiration*’.

7.66 The gap between the cost of renting and buying in North East Lincolnshire is modest, but still significant for low earners. To afford entry level market rents using 25% of income, a household income of £20,400 is required (as previously established, falling to £16,452 if a higher proportion of income - 31% - is allowed for). However, to afford to buy an existing entry level home (lower-quartile), at £100,000 (assuming a 15% deposit and that a household can borrow up to 4 x its income) requires a housing income of £21,250 (as shown in Table 7.26, falling to £18,889 if a 4.5x income multiple is used).

Table 7.26 Gap between cost of renting and buying in the market

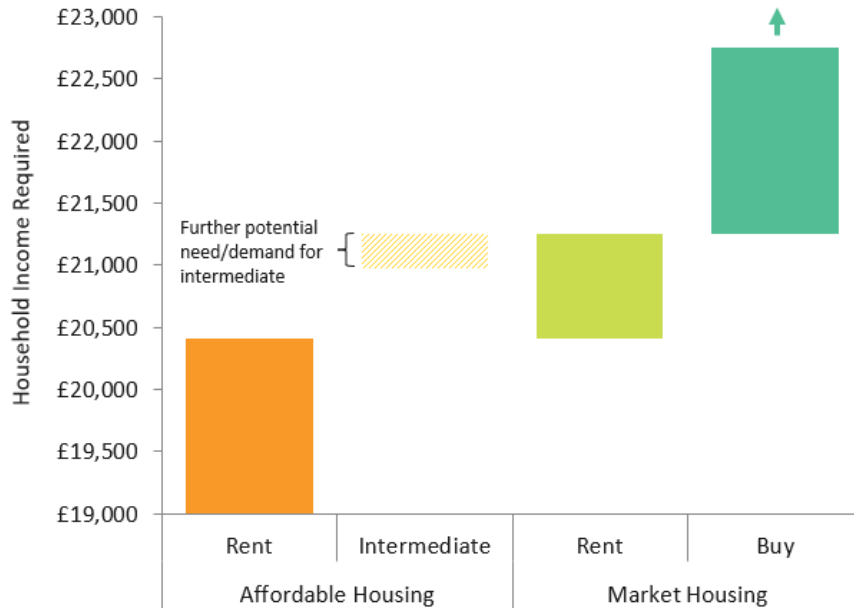
Measure	Cost	Income required @ 4 x income / 25%	Income required @ 4.5 x income / 31%
Lower Quartile Market Rent	£5,100 (p.a.)	£20,400	£16,452
Shared ownership (25% Share)	£142,500 (£3,563 deposit @10%, £32,063 mortgage, rental costs of £245 per month plus £25 monthly service charge)	£20,972	£17,574
Shared ownership (50% Share)	£142,500 (£7,125 deposit @10%, £64,125 mortgage, rental costs of £163 per month plus £25 monthly service charge)	£25,069	£21,538
Lower Quartile House Price	£100,000 (£15,000 deposit, £85,000 mortgage)	£21,250	£18,889

Source: Lichfields based on VOA/ONS

7.67 This means any household with an income between £16,415 and £21,250 is theoretically ineligible for affordable housing to rent but is unable to buy, meaning the only options for these households is renting in the market, or some form of intermediate home ownership product. In this context intermediate housing could be a way of addressing demand from renters who do not want to remain in the private rented sector (but are not able to obtain either affordable rented or market housing) or those who cannot appropriately meet their need in the private rented sector (e.g. for family housing) but may be able to do so in

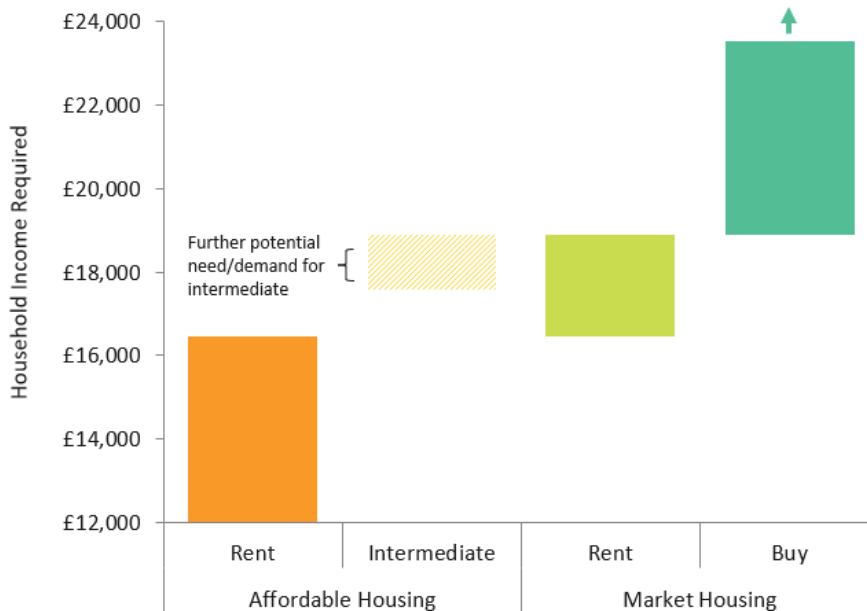
intermediate housing. These households are indicated in Figure 7.4 for single earners (using the lower multiples of 25% annual income for rent and 4x annual income to buy); and Figure 7.5 for dual income households (using the higher multiples of 31% annual income for rent and 4.5x annual income to buy).

Figure 7.4: Household income and tenure – potential further need for intermediate housing in North East Lincolnshire Borough: @25% / 4x income multipliers



Source: Lichfields based on ONS/VOA

Figure 7.5: Household income and tenure – potential further need for intermediate housing in North East Lincolnshire Borough for Dual Income Households: @31% / 4.5x income multipliers



Source: Lichfields based on ONS/VOA

First Homes

- 7.68 First Homes are the Government's preferred discounted market tenure and are intended to account for **at least 25% of all affordable housing units** delivered by developers through planning obligations. As defined in the PPG⁸³, these comprise a specific kind of discounted market sale housing, which should be considered to meet the definition of 'affordable housing' for planning purposes (even though technically speaking, certain high-income first-time buyers who would not normally be in need of affordable housing may be eligible). First Homes must be reduced by a minimum of 30% against the market value; are sold to a person or persons meeting the First Homes eligibility criteria; on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and, after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).
- 7.69 Eligibility requires purchasers to be first time buyers with a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) in the tax year immediately preceding the year of purchase. A purchaser of a First Home should have a mortgage or home purchase plan to fund a minimum of 50% of the discounted purchase price.
- 7.70 LPAs are encouraged to ensure that First Homes work well in their area, which may include requiring a higher minimum discount, lower price or income caps, or local connection/key worker requirements. In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value if the can demonstrate a need for this, and should not be set at any other value. Local Planning Authorities are also encouraged to make the development requirements for First Homes clear for their area.
- 7.71 Aspects of this HEDNA's evidence could be used in the future to consider the applicability of the appropriate discount were First Homes to be provided, including the scale of discount (between 30% and 50%) and the sales price cap, as well as other matters such as local occupancy criteria. This is considered further below.
- 7.72 Clearly then, whilst First Homes are included in the definition of affordable housing going forward, any first-time buyer with an annual household income of below £80,000 (£90,000 in Greater London) could apply for a First Home even if they could afford to buy a suitable property on the open market. This means that it is not a simple matter to set out what the potential demand is likely to be for First Homes in North East Lincolnshire. In many respects, there are considerable similarities also with the First Homes product and more traditional discounted market housing for sale.
- 7.73 In the absence of any data on the likely purchase price of typical First Homes in North East Lincolnshire, indicative monthly housing costs for First Homes have been identified using lower-quartile market values for LQ new build properties at a cost of £140,000⁸⁴, with a 30% discount and the purchaser paying a 15% deposit. On this basis, minimum incomes required to afford a First Home is assumed to be between £20,825 and £18,511 per annum depending on whether a 4 or 4.5-times single earner/dual income multiplier is used.
- 7.74 Lichfields has undertaken an analysis of the potential pool of households who may be eligible and able to purchase a First Home over the plan period 2022-2042. This process is summarised in Table 7.27, with sensitives applied with a 40% and 50% discount.

⁸³ ID: 70-001-20210524

⁸⁴ HPSSA Dataset 16. Lower quartile price paid for administrative geographies (newly built dwellings), September 2022

Table 7.27 Potential First Home Demand in North East Lincolnshire (2022-2042)

		Potential Pool of First Time Buyers 2022-42	% Who <u>can</u> afford to purchase a new discounted property		Number able to afford a First Home per annum	
			@4x income	@4.5x income	@4x	@4.5x
			With a 30% Discount (reduced purchase price of £98,000)	Existing Households with a HRP* under 45	13,251*	65.2%
	Newly Forming Households with a HRP* under 45	22,684	60.5%	67.0%	686	760
	TOTAL	35,935	-	-	1,118	1,231
With a 40% Discount (reduced purchase price of £84,000)	Existing Households with a HRP* under 45	13,251*	72.7%	77.7%	482	515
	Newly Forming Households with a HRP* under 45	22,684	68.9%	74.5%	782	845
	TOTAL	35,935	-	-	1,263	1,360
With a 50% Discount (reduced purchase price of £70,000)	Existing Households with a HRP* under 45	13,251*	80.0%	82.2%	530	545
	Newly Forming Households with a HRP* under 45	22,684	77.3%	82.0%	877	930
	TOTAL	35,935	-	-	1,407	1,475

Source: 2011 / 2021 Census Land Registry Data; HPSSA Dataset 16, Year ending 2022; Experian Income Data (2021); 2014-based SNHP

*HRP: Household Reference Person

*Note: For existing households with a HRP under the age of 45, it has been assumed that if they are currently living in rented accommodation then they would not previously have owned a home and would therefore be eligible for a First Home. Whilst this is likely to be true for the majority of cases, it will necessarily under-estimate the total number of households who have, for whatever reason, decided to rent having purchased a property in the past.

- 7.75 Table 7.27 indicates that as a worst-case scenario, with a 30% discount and a 4x income multiple, this would typically price out 35% of existing households with a Household Reference Person [HRP] under 45, and 40% of newly-forming households with an HRP under 45. Applied to the total number of households in this age bracket, this would suggest that there is potentially an annual reservoir of **1,118 households** (both existing and emerging) over the next 20 years who would be eligible and theoretically able to purchase a First Home, rising to 1,231 if a more generous 4.5x income threshold is applied.
- 7.76 This assumes that the discount will be in the order of 30%. Of course, if the level of discount is increased, then more first-time buyers will be able to afford a First Home. The analysis above suggests that it could boost the potential supply of first-time buyers who might be eligible and have sufficient income to 1,407 p.a. with a 50% discount and a 4x income multiplier, and as high as 1,475 p.a. with a 4.5x income multiplier.
- 7.77 These figures are based on a number of assumptions regarding individuals' ability to pay and how the First Homes discount is likely to work in practice. We do not know yet how this will play out in North East Lincolnshire, and whether given the comparatively low house prices in parts of the Borough (certainly in relation to the national level), there will be substantial interest in this discounted product from either developers or potential

occupiers. Conversely, the product may be of less interest in the less affordable parts of the Borough, particularly in the Rural and Western and Southern arc sub-areas (noting that the PPG requires that minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis)⁸⁵.

- 7.78 For example, it is likely that the demand for First Homes will primarily come from households who are either able to afford market or shared ownership properties, rather than affordable rented/social rented housing. It is unlikely therefore to have an impact on social rented housing unless there is a very high level of discount, although it is probable that there will be significant overlap with over intermediate housing products to purchase.
- 7.79 A key point to note for North East Lincolnshire Borough is that there is a reasonably high variation in house prices, with new housing attracting a slightly higher scale of premium than is often seen elsewhere. Hence the average price of an LQ existing property in North East Lincolnshire, of £100,000, is 71% of a new build LQ property (at £140,000). This is a slightly lower proportion than is typically seen elsewhere – nationally, existing LQ house prices, at £178,000, are 73% of new build LQ property prices (£245,000) which are attracting more of a premium⁸⁶.
- 7.80 This means that whilst new First Homes are likely to be affordable to some first-time buyers in North East Lincolnshire, the existing housing stock is already meeting much of that need. As shown in Figure 7.6, First Homes with a discount of 30% would be accessible to households with an income of over £20,825, which is below the £21,250 required to access LQ market housing. The required income level falls to £17,850 if the discount rises to 40%, and as low as £14,875 if the discount increases to half the market price.
- 7.81 As can be seen in Figure 7.6, and particularly Figure 7.7 which applies a higher income multiplier of 4.5, it is almost certain that there will be a considerable overlap between the demand for intermediate (and particularly shared ownership) properties to buy and First Homes, with the overlap on affordable housing to rent only likely to occur if the discount is high, at 40%+.

⁸⁵ PPG ID: 70-004-20210524

⁸⁶ ONS (2023): HPSSA dataset 16: Lower quartile price paid for administrative geographies (newly-built dwellings) year ending to September 2022 and ONS (2023): HPSSA dataset 17: Lower quartile price paid for administrative geographies (existing dwellings) year ending to September 2022

Figure 7.6: Estimated household income needed to afford First Homes in North East Lincolnshire Borough with a 4x income multiple



Source: Lichfields based on VOA/ONS

Figure 7.7: Estimated household income needed to afford First Homes in North East Lincolnshire Borough with a 4.5x income multiple



Source: Lichfields based on VOA/ONS

7.82

Our analysis shows that First Homes have significant potential to bring new households into home ownership, although there will still be a small proportion of low-income households who would still be forced to remain in the private rented sector if the discount

were in the order of 30%. Applying a 4x income multiplier, the 40% discount should be sufficient to plug this gap between affordable rent, intermediate properties to buy and market housing.

7.83 However, there is likely to be considerable cross over with shared ownership products, depending on the value of First Homes coming onto the market over the coming years.

7.84 It is expected that First Homes will be funded through a reduced contribution of other types of affordable housing, and that they will need to comprise at least 25% of all affordable housing on a particular site. Despite the affordable housing needs assessment (earlier in this Section) identifying a very low level of need for affordable housing to buy (c. 0-45 dpa), the provision of First Homes in North East Lincolnshire may bring additional households into ownership (due to the wide range of existing / new build house prices). It would be advisable for NELC not to significantly reduce its affordable housing requirements in lieu of First Homes.

7.85 In our view, the mandatory minimum 30% discount appears to be appropriate given the affordability of the North East Lincolnshire housing market; however, an increase to 40% may help plug the modest gap in affordability between intermediate housing to buy and affordable rent.

7.86 This should be market tested given that these remain early days for the product and the market has yet to be tested either in North East Lincolnshire or Yorkshire and The Humber more generally. As such, NELC will need to monitor the situation and prepare suitable policy responses, based on viability assessments, to ensure that any demand can be met without harming the wider property market (for either market or social rented properties) and whether a further increase in the discount from 30% to 40% is appropriate and viable in North East Lincolnshire Borough.

Suggested Affordable Housing Split

7.87 The NPPF states that where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, applying the definitions of affordable housing set out in Annex 2 [paragraph 63]. In this regard, the latest iteration of the NPPF is slightly out of step with the PPG, as the latter makes no reference to 'First Homes', and instead focuses on 'affordable home ownership':

"Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the total number of homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups."

7.88 Furthermore, the PPG states that First Homes are a "specific kind of discounted market sale housing" and should be considered to meet the definition of 'affordable housing' for planning purposes. "First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations."⁸⁷

7.89 It is also relevant to note that the Government recently consulted on its proposed approach to updating to the NPPF. A fuller review of the NPPF is also planned in due course, and its content will depend on the implementation of the government's proposals for wider changes to the planning system, including the Levelling-up and Regeneration Bill. The

⁸⁷ PPG Reference ID: 70-001-20210524

Government is currently analysing the feedback received and the formal response has yet to be published at the time of writing. Whilst very limited weight can be attached to the Government's proposed changes to the NPPF at this stage, it is nevertheless a helpful indication of the direction of change, and potential future amendments to planning policy.

In respect of affordable housing, the Government is quite clear that more needs to be done to delivery additional homes for social rent⁸⁸

“The Levelling Up White Paper made clear our commitment to “increase the amount of social housing available over time to provide the most affordable housing to those who need it” and to “ensure home ownership is within the reach of many more people”. If we want to have functioning communities, with the right homes in the right places, then we need to deliver more homes that are genuinely affordable to rent and to own.

The Framework currently includes specific stipulations about securing homes for affordable home ownership, outlining an expectation that 10% of homes in major developments should be available for affordable home ownership. We believe our national planning policy must continue to support this but equally that it should place much greater value on the most affordable housing tenure: Social Rent

*We therefore intend to make changes to the Framework to make clear that **local planning authorities should give greater importance in planning for Social Rent homes, when addressing their overall housing requirements in their development plan and making planning decisions.** Securing Social Rent homes will already be the priority for many local planning authorities, and we want national planning policy to support this. We would welcome views on how we could make specific provisions in the revised framework to deliver this, alongside the existing provisions for affordable home ownership.” [Chapter 5, paragraphs 2-5]*

- 7.90 There is therefore a clear expectation from Government that the delivery of social rented properties ought to be prioritised. Nevertheless, it is not specified at this point whether or not this should be at the expense of, for example, First Homes, with no amendments made directly to the NPPF at this stage to bring it in line with the PPG. The only mention of this tenure is in Chapter 12: *“We will also consider opportunities to incorporate existing written ministerial statements [WMS] into revised national planning policy, such as that on First Homes policy” [paragraph 1].*
- 7.91 Presumably this refers to the WMS made by the (then) Minister of State for Housing, Christopher Pincher, on 24th May 2021 which confirmed that *“A minimum of 25% of all affordable housing units secured through developer contributions should be First Homes. This is a national threshold which should be applied for England”.*
- 7.92 At the time of writing then, Government Guidance remains that First Homes should be identified as part of the overall breakdown of affordable housing requirements, even though there will be plenty of households who are not strictly speaking in housing need (and could afford to rent or buy privately, given that could have a combined annual household income of up to £80,000 (or £90,000 in Greater London) in the tax year immediately preceding the year of purchase), but who nevertheless are eligible to take advantage of the substantial First Home discount of 30% or more on the market price.
- 7.93 In summary therefore, our recommended split of affordable housing to rent/buy is summarised in Table 7.28. The Table reflects the fact that affordable and social rent are

⁸⁸ <https://www.gov.uk/government/consultations/levelling-up-and-regeneration-bill-reforms-to-national-planning-policy/levelling-up-and-regeneration-bill-reforms-to-national-planning-policy>

more affordable than intermediate homes in North East Lincolnshire Borough and that due to comparatively low house prices, there is a significantly greater need for social/affordable rented properties than shared ownership. That said, the requirement is also heavily influenced by the Government's policy parameters and guidelines that seek to promote the delivery of affordable home ownership.

- 7.94 Clearly the situation is considerably more complicated than this; with some social products falling between different income thresholds if they deviate from the average. In practice however, there is very limited difference between affordable rented and social rented properties and in any case recent structural changes at a national level – including the curtailment of capital/grant funding for social housing, with a move to revenue funding of affordable rent products through housing benefit – means there is a move away from social rented towards affordable rented tenure provision. In essence, and noting the Government's recent consultation on changes to the NPPF, the Government has introduced measures to facilitate the provision of affordable rented properties at the expense of social rented dwellings and they have been combined in the overall indicative policy split as a consequence.

Table 7.28 Suggested Social/Affordable Rent and Intermediate Split

	Measure	Annual Housing Need (net)		Split of households in need (rounded)	Indicative Policy Split (%)
		25% / 4x income	31% / 4.5x income		
Affordable Homes to Rent	Social Rent	302	177	80%	60%
	Affordable Rent				
Affordable Homes to Purchase	First Homes	-4	44	20%	40%
	Intermediate housing including shared ownership				
ALL		298	221	100%	100%

Source: Lichfields' analysis

- 7.95 As set out above, First Homes remains the Government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations. If this is taken as a given and in effect ring-fenced from the rest of the requirements, then we need to re-distribute the remaining 75% of affordable housing requirements between affordable rent and intermediate housing. If the residual is split 80:20 (affordable rent:intermediate), then this would broadly equate to an overall split of affordable housing need as c.60% social/affordable rent; 25% First Homes; and the remaining 15% intermediate housing.
- 7.96 Such an approach would also align more closely with the NPPF's requirement that where major development involving the provision of housing is proposed, planning policies and decisions should **expect at least 10% of the total number of homes to be available for affordable home ownership** [paragraph 65]. Even this would be a challenge however, given that Policy 18 of the adopted North East Lincolnshire Local Plan (2018) requires 20% of all housing on larger greenfield sites of 10 dwellings or more to be affordable in the 'High' housing market zone, falling to 10% in the 'Medium' zone and 0% in the 'Low' housing market zone.
- 7.97 Assuming that 40% of this requirement relates to the delivery of intermediate/First Homes (and the remaining 60% for affordable/social rent), then this would mean that **8%** of the total housing on a typical major development site would be available for affordable home

ownership (20% x 40%). The Council may wish to seek a higher proportion of affordable housing on more viable sites as a consequence. This should be tested through detailed viability assessments working in concert with local house builders to ensure that housing remains deliverable in North East Lincolnshire.

- 7.98 Discussions with the Council indicated that viability assessments must also consider mandatory Biodiversity Net-Gain requirements, building regulations as well as the addition of SEN education contributions. This may well make it difficult for the Council to raise affordable contributions in the near future.
- 7.99 It is noted that whilst this split is considered generally appropriate across the Borough as a whole, there will clearly be nuances in certain sub-areas, most notably the higher value Rural and Western and Southern arc areas, where an alternative approach may be appropriate.

Affordable Housing Needs – Influence on Housing Requirement

- 7.100 Total affordable needs are in the range between 221 and 298 affordable homes per annum 2022 to 2042. This is higher than the locally assessed need based on the standard method (203 dpa) and would represent between 44% and 59% of the upper end of the recommended range (507 dpa based on the Experian Economic Growth scenario).
- 7.101 The PPG is clear that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, considering the probable percentage of affordable housing to be delivered by eligible market housing led developments. In North East Lincolnshire the likely delivery is a maximum of 20% on major development sites, which is considerably lower than being able to meet affordable needs. Whilst the full affordable locally assessed need equates to between 221 and 298 dpa, in practice it is extremely unlikely that this level of housing delivery will ever be achieved in North East Lincolnshire, which has averaged just 65 dpa over the past 20 years.
- 7.102 The PPG⁸⁹ suggests an increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.
- 7.103 In line with the approach envisaged by the NPPF, the affordable housing needs are an important component of the overall need for housing and NELC should seek to use its planning policy to maximise delivery of affordable housing given the scale of need identified.
- 7.104 An additional uplift would go some way towards meeting the high level of affordable housing need identified for North East Lincolnshire, although it is noted that the recommended housing requirement figure of 507 dpa is already more than double the 203 dpa derived from the Government's standard methodology.
- 7.105 It is for NELC to consider the evidence contained in this HEDNA when identifying the housing requirement which would support the strategy underpinning the emerging plan and whether an uplift beyond the standard method is appropriate:

“Where a strategic policy-making authority can show that an alternative approach identifies a need higher than using the standard method, and that it adequately reflects

⁸⁹ 2a-024-20190220

current and future demographic trends and market signals, the approach can be considered sound as it will have exceeded the minimum starting point”⁹⁰.

⁹⁰ 2a-015-20190220

8.0 Sub-Area Housing Dynamics

- 8.1 The NPPF states that within the overall housing requirement for their whole area, strategic policy-making authorities should set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development and any relevant allocations:

“Where it is not possible to provide a requirement figure for a neighbourhood area, the LPA should provide an indicative figure, if requested to do so by the neighbourhood planning body. This figure should take into account factors such as the latest evidence of local housing need, the population of the neighbourhood area and the most recently available planning strategy of the LPA” [§65].

- 8.2 The PPG clarifies that strategic policies should set out a housing requirement figure for designated neighbourhood areas from their overall housing requirement, and that where this is not possible the LPA should provide an indicative figure, if requested to do so by the neighbourhood planning body, which will need to be tested at the neighbourhood plan examination.

- 8.3 In terms of how this housing requirement figure should be calculated for designated neighbourhood areas, the PPG provides the following broad overview⁹¹:

*“The NPPF expects most strategic policy-making authorities to set housing requirement figures for designated neighbourhood areas as part of their strategic policies. While there is no set method for doing this, the general policy making process already undertaken by local authorities can continue to be used to direct development requirements and balance needs and protections by **taking into consideration relevant policies such as the spatial strategy, evidence such as the Housing and economic land availability assessment, and the characteristics of the neighbourhood area, including its population and role in providing services.** In setting requirements for housing in designated neighbourhood areas, plan-making authorities should consider the areas or assets of particular importance (as set out in paragraph 11, footnote 6), which may restrict the scale, type or distribution of development in a neighbourhood plan area.*

Within the administrative area of a National Park, the Broads Authority or a Development Corporation (where planning powers are conferred), each local planning authority should set a housing requirement figure for the proportion of the designated neighbourhood area which is covered by their administration.” [Lichfields’ emphasis]

- 8.4 At the time of writing, the sub-area splits exist only as a guide and are subject to an Issues and Options consultation; however, discussions with the Council indicated a high confidence that the four sub-areas set out in the existing Local Plan will be taken forward in the emerging Local Plan. Therefore, the analysis of the sub-area housing dynamics assumes this sub-area split.
- 8.5 Whilst the four sub-areas of North East Lincolnshire are significantly larger than typical neighbourhood areas, the overarching principle of distributing the overall LHN on the basis of an examination of each area’s demographic make-up and how this might change in future, the availability of housing land and the characteristics of each area from a planning policy perspective remain valid considerations.

⁹¹ PPG Reference ID: 41-101-20190509

- 8.6 This section therefore seeks to provide some indicative recommendations regarding how the LHN derived in Section 10.0 might be distributed across the four sub-areas based on a range of complementary approaches:
- 1 A 'top-down' assessment, which considers the overall level of need at the district level (or other wider geography) and apportions this to the local area according to what proportion of the overall population it represents.
 - 2 A 'bottom-up' assessment which projects the local population using a starting population (or 'base population' – in this case, the population of the local area as per the 2021 Census) and applies assumptions around births, deaths and migration (on an annual basis) to project future growth. To this population, assumptions around household formation are applied to estimate household growth and subsequently dwelling need.
 - 3 Non demographic approaches which analyse the roles of each sub-area in terms of services and planning policy alignment, as well as the need for certain types of housing (particularly affordable housing) and the availability of housing land based on information contained within NELC's Brownfield Land Register for 2022 (the Council's 2023 SHELAA was incomplete at the time of writing).
- 8.7 The overall distribution of the North East Lincolnshire LHN is of course a policy choice for NELC to make on the basis of the evidence contained within this document, aligned to its planning policy aspirations.

Top-down assessment

Apportionment of Borough-Wide Requirement

- 8.8 This initial approach involves a straightforward apportionment of North East Lincolnshire's Borough-wide requirements utilising the current size of the population across each of the Borough's sub areas of the Urban Area, the Estuary Zone, the Western and Southern Arc and the remaining Rural Area, based on the latest 2021 Census.
- 8.9 According to the 2021 Census, North East Lincolnshire recorded a total resident population of 156,966 permanent residents. The population of each sub area has been taken from the 2021 Census and is recorded in Table 8.1.

Table 8.1 Sub Area Population as a percentage of North East Lincolnshire Borough Total (2021)

Sub Area	Sub Area Population	Sub area as % of NEL	SM2 LHN		Past Delivery		Experian Baseline		Experian Economic Growth	
			dpa	Total 2022 -2042	dpa	Total 2022 -2042	dpa	Total 2022 -2042	dpa	Total 2022 -2042
Urban Area	115,820	73.8%	150	2,996	231	4,619	306	6,125	374	7,482
Estuary Zone	8,585	5.5%	11	222	17	342	23	457	28	555
Western and Southern Arc	25,450	16.2%	33	658	51	1,015	67	1,345	82	1,644
Rural Area	7,112	4.5%	9	184	14	284	19	374	23	459
NE Lincolnshire Borough Total	156,966	100.0%	203	4,060	313	6,260	415	8,300	507	10,140

Source: ONS 2021 Census / Lichfields' analysis

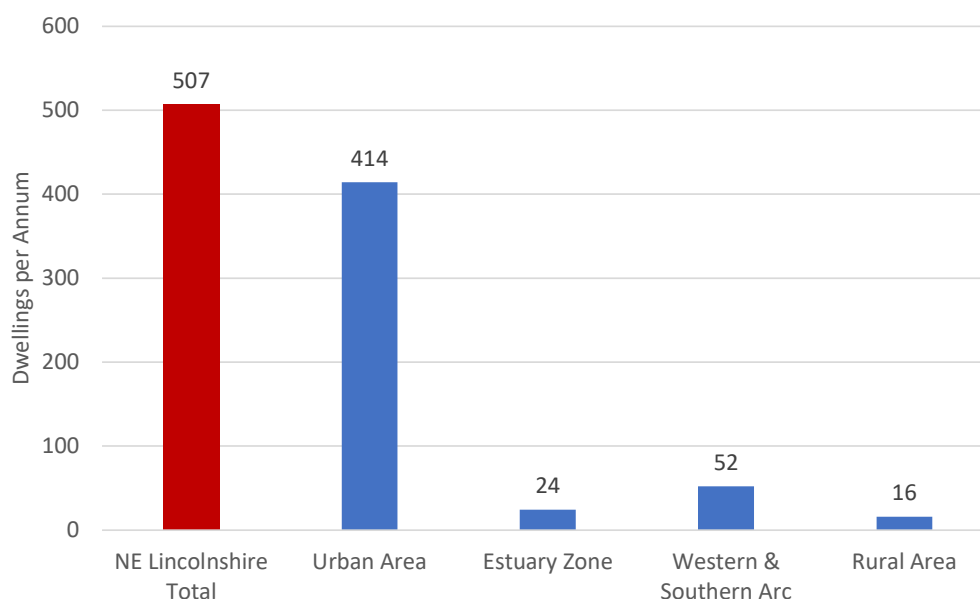
8.10 The Grimsby/Cleethorpes Urban Area has by far the largest share of the Borough’s population, at 74%, which would equate to 150 dpa of the LHN target of 203 dpa on a proportional share. This is much higher than the next largest sub-area, the villages in the Western and Southern Arc (33 dpa), and well above the Estuary Zone’s share (11 dpa) and the Rural Area (9 dpa). All of these figures would increase by 54% if NELC is minded to pursue the higher level of housing growth that would align with the past delivery rate of 313 dpa, by 100% if the Experian Baseline is followed, and by 150% if the Experian Economic Growth level of jobs growth is pursued.

Local Housing Need Assessment – ‘bottom-up’

8.11 The Experian Economic Growth scenario, which identified a Borough-wide need for 507 dpa, has been used to inform a ‘bottom up’ assessment of need (adjusted to incorporate the 2021 Census). Using the base population as the 2021 Census by sex for each sub-area, the 2018-based SNPP assumptions around fertility rates and death rates have been applied to generate natural change over the plan period 2021-2041. To calculate the likely change in internal/international migration rates for each sub-area, we have assumed that the projected migration to/from North East Lincolnshire in the 2018-based SNPP will be maintained for each sub-area in line with the proportion of the Borough’s population it currently accommodates. To this population, assumptions around household formation taken from the 2018-based SNHP and changes in the communal population from that dataset have also been applied to estimate household growth and subsequently dwelling need by sub-area. The figures have been constrained to meet the overall job growth target of 4,560, split on the basis of 2021 population levels for each sub-area.

8.12 The results are set out in Figure 8.1 and indicate that growth is likely to be particularly concentrated in the Urban Area (414 dpa, or 82% of the Borough-wide total), followed by the Western and Southern Arc (52 dpa / 10%) and to a lesser extent, the Estuary Zone (+24 dpa / 5%). Growth is very modest in the remaining Rural Area (+16 dpa / 3%).

Figure 8.1: Experian Economic Growth scenario, split by sub-area



Source: Experian 2022 / 2021 Census / Lichfields Analysis

- 8.13 This indicates that there is likely to be a further shift in need given the rapidly ageing population in the more affluent outer settlements and rural areas, which is why the ‘fair share’ apportionment based on the 2021 Census above, becomes increasingly weighted towards the Urban Area.

Local Housing Dynamics

- 8.14 There are also a number of alternative approaches to assessing local housing dynamics which require further consideration by NELC when considering how the housing requirement could best be distributed by sub-area. This includes:

- Availability of land;
- Local housing market characteristics; and,
- Neighbourhood Plans.

- 8.15 It is not the role of this study to assess the availability of land going forward, which is within the scope of the SHELAA (2023). We have, however, set out some of the local housing dynamics which need to be considered when identifying the future spatial strategy and how future housing needs are met.

Availability of Land

- 8.16 In the absence of an up-to-date SHELAA at the time of writing, we have made reference to the Council’s latest brownfield register for 2022, which highlights the potential future supply on pdl sites across the Borough. This is shown in Table 8.2.

Table 8.2 Potential Housing Yield by Sub-Market

	Net Dwellings (low)	Net Dwellings (high)	Net Dwellings (mid-point)	% of net total
Urban Area	1,394	1,557	1,476	93.9%
Estuary Zone	57	63	60	3.8%
Western and Southern Arc	21	21	21	1.3%
Rural Area	14	16	15	1.0%
NE Lincolnshire Borough Total	1,486	1,657	1,572	100.0%

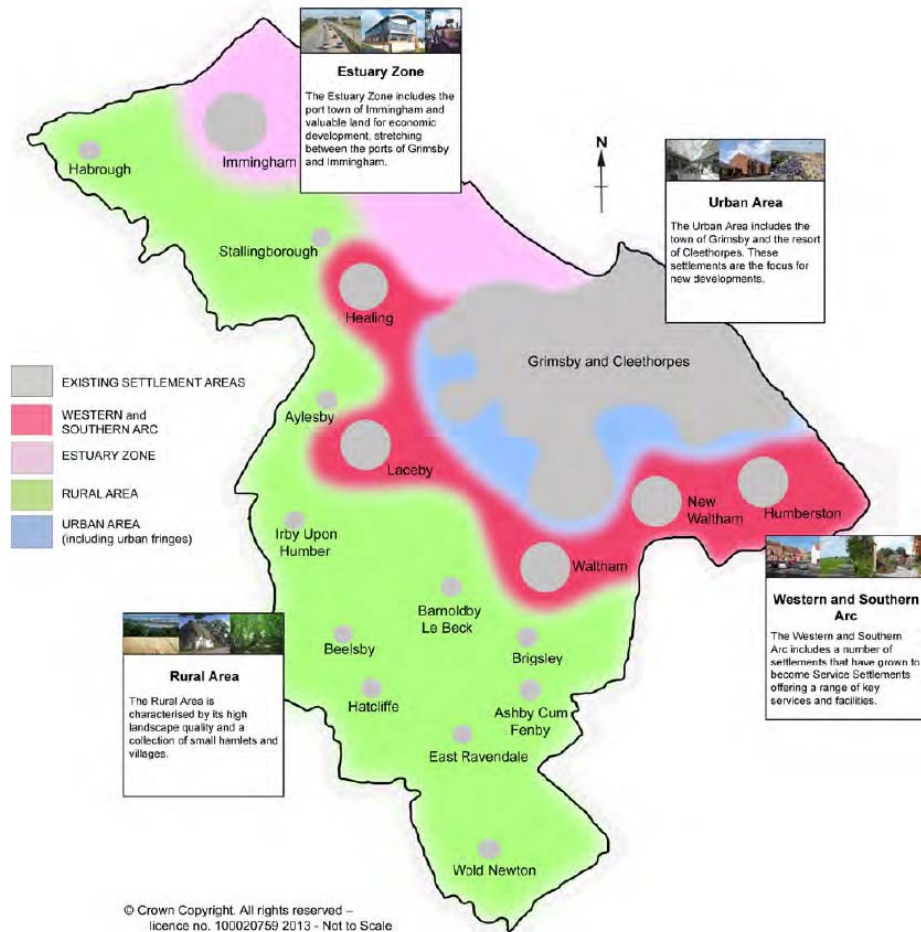
Source: North East Lincolnshire Brownfield Land Database (2022)

- 8.17 All of the sites identified above are on Part 1 of the Council’s brownfield land register, with none in Part 2 (where the Council has decided the land would be suitable for a grant of Permission in Principle for housing-led development). This is because most of the sites on the register already have the benefit of planning permission. Discussions with the Council has highlighted that there are likely to be significant viability challenges that may present difficulties in bringing forward some of these brownfield sites.
- 8.18 Table 8.2 highlights that (perhaps unsurprisingly) 94%, or 1,476 of North East Lincolnshire’s 1,572 dwellings identified on brownfield land considered suitable and available for housing-led development, are located in the Urban Area of Grimsby and Cleethorpes. This is followed by 60 units in Immingham (the Estuary Zone), 21 in the Western and Southern Arc, and the remaining 15 in Stallingborough (the Rural Area).

Sub Area Characteristics

8.19 Within the adopted 2018 Local Plan (2013-2032), NELC recognised the differing characteristics, challenges and opportunities across the Borough. On this basis, four distinct spatial zones were identified, and visions developed for each zone. The zones reflect areas of shared characteristics, and are broadly summarised as follows:

Figure 8.2: NE Lincolnshire Local Plan Spatial Zones



Source: NELC (2018): Local Plan 2013-2032, Figure 5.1

Urban Area

8.20 The Urban Area contains the principal settlements of Grimsby and Cleethorpes, including the port of Grimsby. These towns form a continuous built-up area along the coast and estuary. The area is the most densely populated in the Borough and has a strong industrial past, leading to a varied townscape incorporating the docks and sea front, as well as buildings and places of significant heritage value alongside residential areas. The housing in the area has developed since the Victorian era including areas of older terraced houses, newer high and low rise private housing and larger houses and villas from the Victorian and Edwardian periods.

8.21 The Local Plan has the following place statement for the area:

“By 2032 the urban area will have witnessed a step change in the image and desirability of the urban environment. New sustainable communities will have been created, providing good quality housing, meeting people's needs and aspirations within attractive and easily accessible environments. Communities will have good access to quality jobs, healthcare and education, open space and retail facilities.

Grimsby will have strengthened its role as the sub-regional centre, accommodating new retail and leisure expansion, including environmental enhancement of the townscape. The buildings and structures associated with Grimsby's fishing heritage will have been appreciated and managed, and the potential they offer for heritage-led regeneration realised. Cleethorpes will have built-upon its role as a regional tourist destination, reinforcing its character as a historic seaside resort, and enhancing the quality and diversity of its offer to visitors, including those on business and those looking for an enjoyable day out.” [§9.6-9.7]

8.22 Policy 3 ‘*Settlement Hierarchy*’ of the Local Plan provides the framework for the Council’s decisions on the location and scale of development. The Urban Area is classed as **Level 1** in this hierarchy, meaning the settlements of Grimsby and Cleethorpes will be the prime focus for new development. The supporting text states that future development of this area would involve brownfield and greenfield sites, including adjacent to and beyond the settlement edge. Such development is regarded as sustainable where access to services and amenities is good or can be provided.

8.23 Policy 4 ‘*Distribution of housing growth*’ states that in combination, **between 60 - 65% of new homes will be constructed in and on the fringes of the urban area.**

Estuary Zone

8.24 The Estuary Zone predominantly consists of low-lying land around and including the South Humber Bank. The area is of both ecological and industrial importance due to the Humber Estuary’s international designations and includes the port and town of Immingham. The zone accommodates a large concentration of port, and increasingly energy-related, industries which form the main influences on the character of the area. Housing in the area is centred around Immingham Town and consists mainly of sub-urban style streets of detached housing and bungalows dating from the second half of the 20th century:

“The land adjacent to the Estuary in and around the ports, and adjacent to the deep water channel is a valuable economic resource. By 2032 opportunities will have been taken to strengthen key economic sectors, capturing local economic benefits and realising the full potential of offshore renewable operations. Development will have been secured, strengthening the offer of the wider Humber sub area, whilst recognising the environmental and biodiversity qualities of the Humber Estuary, maintaining the integrity of designated sites, addressing the causes and consequences of climate change, and providing infrastructure improvements. Areas of land will have been identified and secured, and a long term management plan will be in place, to safeguard sites for roosting, loafing and foraging birds as part of a sub-regional delivery plan.

Immingham will have strengthened its role as an independent town. The town centre will have been redeveloped to provide new retail facilities and community focus. Highway improvements will have helped to alleviate localised air quality issues. Other environmental improvements and enhancements to healthcare and education facilities will have revitalised the town and sustained its role supporting the needs of surrounding villages” [§9.8-9.9].

- 8.25 Immingham falls within Level 2 of the Local Plan settlement hierarchy, which states that the centre offers a good range of services and amenities alongside good accessibility to the wider area. Future development would involve development principally of greenfield sites adjacent to but within the defined settlement development area boundary.
- 8.26 Future development would involve smaller-scale development principally limited to infill sites within or sites within but immediately adjacent to the defined settlement development area boundary.
- 8.27 Policy 4 states that **between 5-10% of new homes will be constructed in and on the fringes of Immingham.**

Western and Southern Arc

- 8.28 The Western and Southern Arc forms a band wrapping around the southern and western edges of the Urban Area, incorporating the fringes of the urban area as it transitions to a more rural landscape. At points, the arc extends to include several smaller settlements which are distinct from the urban core and have developed from historic villages. Of these settlements, Waltham and Laceby retain their older village cores despite a level of housing growth in recent decades, whilst Humberston, New Waltham and Healing have seen more recent suburban growth with little historic core remaining.

“The arc of larger villages outside the urban area, have seen historic patterns of growth. By 2032, these settlements will have grown but their character will have been protected through good design and sensitive planning. They will have been sustained by improving local community facilities e.g. shops, children's playgrounds, and sports pitch improvements. Accessible employment opportunities will have been established, particularly Hewitts Circus Business Park. The open countryside that separates settlements will have been protected to maintain the sense of separation; recognising the value and importance of environment corridors stretching into the urban area. Growth will, however, have been sensitive to the scale and character of settlements, and sought to build upon the network of green infrastructure.” [§9.10]

- 8.29 Along with Immingham, the Western and Southern Arc settlements are located within Level 2 of the settlement hierarchy, which refers to the ‘Local Service Centre’ towns of Healing, Humberston and Laceby within the arc area.
- 8.30 Policy 4 states that in combination, **between 30-35% of new homes will be constructed in and on the fringes of the arc settlements.**

Rural Area

- 8.31 By far the largest of the sub-areas but containing the smallest population, the Rural Area consists of an attractive landscape of open fields, farms and woodlands extending and rising

into the Lincolnshire Wolds AONB to the south. There are several very small villages and hamlets throughout and little in the way of new development:

“The special character and distinctiveness of the rural area will have been protected. The countryside is recognised as being of particular value to be enjoyed by local communities through a network of footpath and bridleway routes. Designated landscape, nature conservation habitat sites and heritage assets will continue to be offered high levels of protection. Opportunities will have been created and taken up to address local housing needs; and provision made for a diversity of rural employment opportunities that support the vitality and respect the local character of rural settlements.” [§9.11]

8.32 The settlements in the Rural Area fall within Level 3 and 4 of the Local Plan settlement hierarchy in Policy 3.

8.33 Policy 4 states that in combination, **between 1 - 2% of new homes will be constructed in and on the fringes of the rural settlements of Habrough and Stallingborough.**

8.34 All other settlements fall within Level 4 of the hierarchy, as they offer few services and poor accessibility to higher level settlements. Future development would involve smaller scale development principally limited to infill sites within or sites within but immediately adjacent to the defined settlement development area boundary. **Policy 4 states that housing delivery in these areas will comprise windfalls and exceptions only.**

Neighbourhood Plans

8.35 The NPPF at paragraph 66 recognises the need for strategic policies to set out a housing requirement for designated neighbourhood areas which reflects the overall strategy for the pattern and scale of development. However, there are currently no designated Neighbourhood Forums or Neighbourhood Plans in preparation or adopted in North East Lincolnshire.

Summary

8.36 A range of top-down and bottom-up scenarios have been assessed for the four sub-areas within North East Lincolnshire to establish the broad range of housing which may be appropriate for each area over the Plan period. The top-down assessments begin with a district-wide figure and apportion this by sub-area based on its ‘fair share’, or the current proportion of the resident population currently living there as recorded in the 2021 Census.

8.37 This was dominated by the Grimsby/Cleethorpes Urban Area, at 74%, which would equate to 150 dpa of the LHN target of 203 dpa on a proportional share. This is much higher than the next largest sub-area, the villages in the Western and Southern Arc (33 dpa), and well above the Estuary Zone’s share (11 dpa) and the Rural Area (9 dpa).

8.38 Furthermore, when the Experian Economic Growth scenario was modelled in detail by sub-area, the weighting move even closer towards the Urban Area due to the comparatively youthful population in contrast to the increasingly ageing residents living in the Rural Areas and Western and Southern Arc settlements.

8.39 The Brownfield Land Register indicated that around 94% of the dwellings identified as part of the Council’s forward supply of housing land are unsurprisingly located in the Urban Area of the Borough, comprising 1,476 units, followed by 60 units in Immingham (the

Estuary Zone), 21 in the Western and Southern Arc, and the remaining 15 in Stallingborough (the Rural Area).

- 8.40 The adopted North East Lincolnshire Local Plan identifies a clear settlement hierarchy in Policy 3 that provides the framework for the Council's decisions on the location and scale of development and on investment in services and facilities. Development should be commensurate with a settlement's position in the settlement hierarchy, which has the Urban Area of Grimsby and Cleethorpes at the top (Level 1, within which between 60-65% of all new homes will be constructed), followed by the Estuary Zone and the Western and Southern Arc (both at Level 2 in the hierarchy, with Immingham identified for between 5-10% of all new housing and the Arc settlements between 30-35%); and finally the Rural Area (at Levels 3 and 4, with just 1 - 2% of new homes to be constructed in and on the fringes of these rural settlements).
- 8.41 When considering how much weight can be given to the suggested sub-area split in Table 8.3, it is important to consider the sustainability of this split and whether, in seeking to meet this identified need, it will ensure that the right *type, size and tenure* of homes are provided, ensuing that these are appropriate to meeting the needs of local residents.
- 8.42 It is therefore for NELC to consider the evidence contained in this HEDNA when identifying a housing requirement for each of the sub-areas, which would support the strategy underpinning the emerging plan and whether an uplift beyond the standard method is appropriate. The analysis below does not include any consideration of any environmental, landscape or heritage constraints, or indeed viability challenges which would be for NELC to consider. NELC should therefore avoid being overly prescriptive with regards to any of the suggested sub-area targets set out below.

Table 8.3 Summary of Potential Sub-area Housing Share

Sub Area	Top Down (2021 Census split)	Bottom Up (Experian Economic Growth)	Housing Land Supply	Local Plan Policy Support	Overall Recommendation
Urban Area	74%	82%	94%	60-65%	65%-80%
Estuary Zone	6%	5%	4%	5-10%	5%-10%
Western and Southern Arc	16%	10%	1%	30-35%	15%-30%
Rural Area	5%	3%	1%	1-2%	<5%
NE Lincolnshire Total	100%	100%	100%	100%	100%

Source: ONS 2021 Census / Lichfields' analysis using PopGroup

9.0 Type, Tenure and Size of Housing Required

- 9.1 In addition to establishing the overall scale of housing needed, the NPPF requires plan-makers to also consider the need and demand for different types of housing. This section sets out an appropriate mix in terms of size (number of bedrooms) and tenure (affordable rent or intermediate), as well as how this might vary between the four sub-areas within the Borough.

Housing Size and Type

- 9.2 This section provides further context on how North East Lincolnshire's housing market operates. It demonstrates that:
- 1 Locally and nationally, households tend to occupy housing which they can afford, rather than 'need', resulting in a high-level of under-occupation, particularly amongst older households;
 - 2 Older households are likely to remain in larger, family homes and less likely to move as they age, resulting significant under-occupation; and,
 - 3 Although the dominant trend is one of under-occupation, a number of households (including families with children) are living in overcrowded conditions in North East Lincolnshire because they are unable to access the larger properties that they need.

Current Occupancy Patterns

- 9.3 In the open market, households typically do not strictly occupy housing in line with their 'needs', or their household size. This is because households are free (within their financial means), to buy or rent property in line with what they want, rather than what they might be considered to 'need'. Households may wish to have additional space generally or for a specific purpose, e.g., for working from home. Growing families may also live in housing with a view to having more children, or older couples may live in the family home even once adult children have left (often referred to as 'empty-nesting')⁹².
- 9.4 Using the 2021 Census assessment of overcrowding and under-occupancy, we can understand the relationship between the size of a household and the number of bedrooms available (albeit that this does not take into account the relationships between household members).
- 9.5 Figure 9.1 compares the profile of the English dwelling stock and household structure. It demonstrates that whilst 64% of households in England comprise of just 1 or 2 persons, just 33.5% of dwellings have 1 or 2 bedrooms. By contrast, 36% of dwellings house 3 or more people, compared to 66.5% of households with 3 or more bedrooms.

⁹² For the purposes of this analysis, 'need' is taken to be the number of bedrooms a household would need according to ONS' definition. This takes into account the ages of the household members and their relationships to each other are used to derive the number of rooms/bedrooms they require, based on a standard formula

Figure 9.1 Comparison of dwelling mix (number of bedrooms) and household size (number of persons) in England



Source: Census 2021 (excludes social rented households)

9.6 Table 9.1 shows the occupancy patterns (in terms of household-dwelling type) of all private sector households in England. It shows that 2-person households in 3-bedroom dwellings form the largest group of household-dwelling type, with 15.6% of households falling within this group. This broadly aligns with the findings of the 2021 Census occupancy ratings, which shows that ‘couples without children’ make up the largest group of under-occupying households.

9.7 Contrary to what might be expected, most single person households actually occupy 2 and 3-bedroom dwellings, with relatively few living in 1-bedroom dwellings. Within larger dwellings, there is no clear trend for larger households being more likely to occupy larger housing, with more 2 person households occupying 4+ bed dwellings than 3-person households for example (no doubt reflecting the empty-nesters phenomenon whereby parents remain in their large family house even once their children have moved out).

Table 9.1 Household size by number of bedrooms in England

		Number of Bedrooms			
		1	2	3	4+
Number of People	1	5.4%	10.2%	9.6%	2.7%
	2	2.1%	10.5%	15.6%	7.9%
	3	0.3%	3.2%	8.1%	4.6%
	4+	0.1%	1.7%	8.7%	9.3%

Under-occupied	42.8%
Standard	33.2%
Over-occupied	16.1%

Source: Census 2021

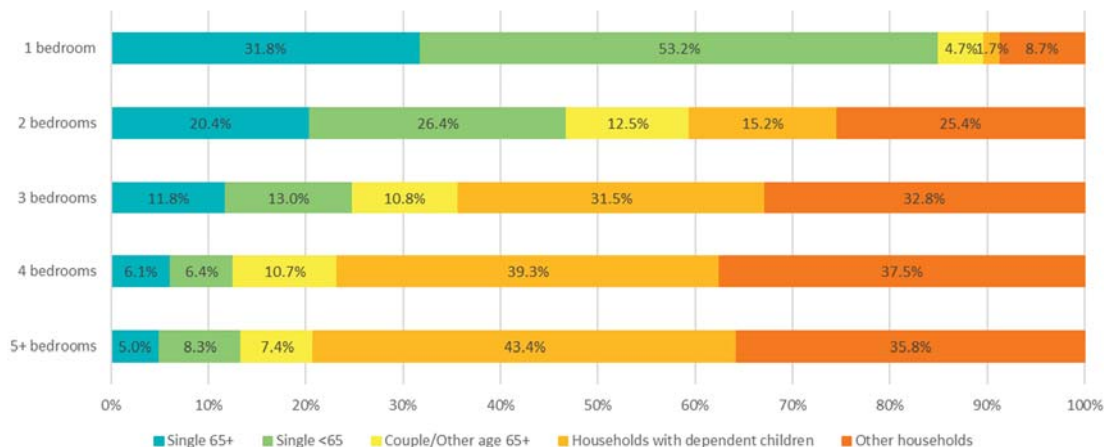
9.8 Figure 9.2 shows how different household types in North East Lincolnshire occupy housing according to Census 2021 data. It shows that 1-bedroom properties are most likely to be occupied by single people, with single people aged below 66 occupying 53.1% of these properties, whilst single people aged 66 and above occupy a further 31.8%.

9.9 2-bedroom properties are most likely to be occupied by single people aged under 66 (26.4% of such properties), whilst 20.9% are occupied by households with children, which may indicate a degree of market pressure.

9.10 Larger properties are generally occupied by households with children, who occupy over a third (31.5%) of 3-bedroom homes, 39.3% of 4-bedroom homes and 43.4% of 5+ bedroom homes. However, a significant proportion of these larger properties are occupied by single people households, at 24.8% of 3-bedroom homes, 12.5% of 4-bedroom homes and 13.3% of 5+ bedroom homes. Other households, which consist mainly of couples and families without children or dependent children, generally under occupy properties in North East Lincolnshire, occupying 32.8% of 3-bedroom properties, 37.5% of 4-bedroom properties and 35.8% of 5+ bedroom properties. More than a third (35.6%) of all 3-bedroom

properties are occupied by couples or single people. Under occupation of dwellings by older individuals and couples may be another indication of empty-nesting.

Figure 9.2: Household Type by Number of Bedrooms in North East Lincolnshire (All Households)



Source: Census (2021): TS003 – Household Composition; TS050 – Number of Bedrooms

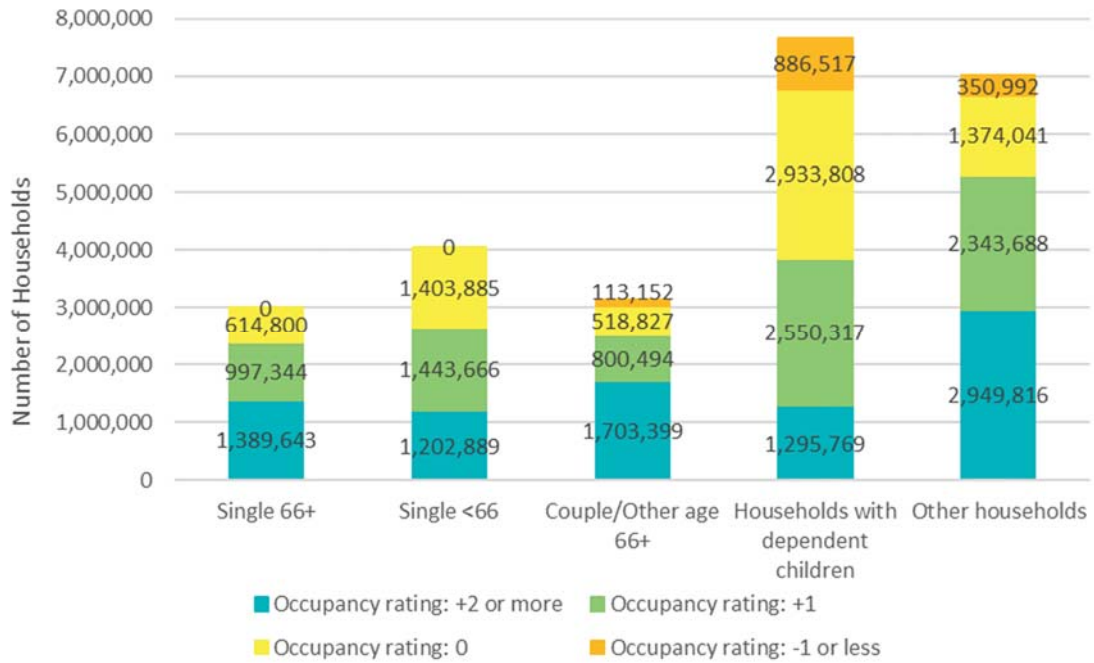
9.11 In a perfectly functioning ‘ideal’ market, the housing stock would be used more efficiently to ensure that households which under-occupy housing do not block larger households from accessing larger homes, leading to over-crowding. At present, North East Lincolnshire experiences similar patterns as seen nationally, with the co-existence of small households living in large homes, and large families living in small homes. This demonstrates why net growth in the number of smaller households (i.e. single and couple households) does not necessarily translate into a need for smaller housing units, unless (for example) there are specific measures targeted at encouraging downsizing and movement within the market.

House Moves

9.12 Having assessed how households occupy housing in the open market, it is useful to benchmark these findings against the characteristics of moving households to assess the role that different households’ play in ‘freeing up’ dwelling stock. In an arguably ‘perfect’ market, older households which under-occupy housing would downsize once they no longer require their family homes (meaning growth in the number of small, older households generates a need for smaller dwellings). This would subsequently allow larger families to optimally utilise the larger housing stock available.

9.13 However, as shown in Figure 9.3, the 2021 Census indicates that this is often not the case, with 1.4 million or 46.3% of households aged over 66 nationally having at least two spare bedrooms, and just 615,000 (20.5%) occupying housing in line with their ‘needs’. This might relate to a lack of sufficient supply of housing products perceived to be attractive to those downsizing, but equally research suggests there is simply a strong preference from many people to remain in their existing homes.

Figure 9.3 Occupational patterns in England by household type



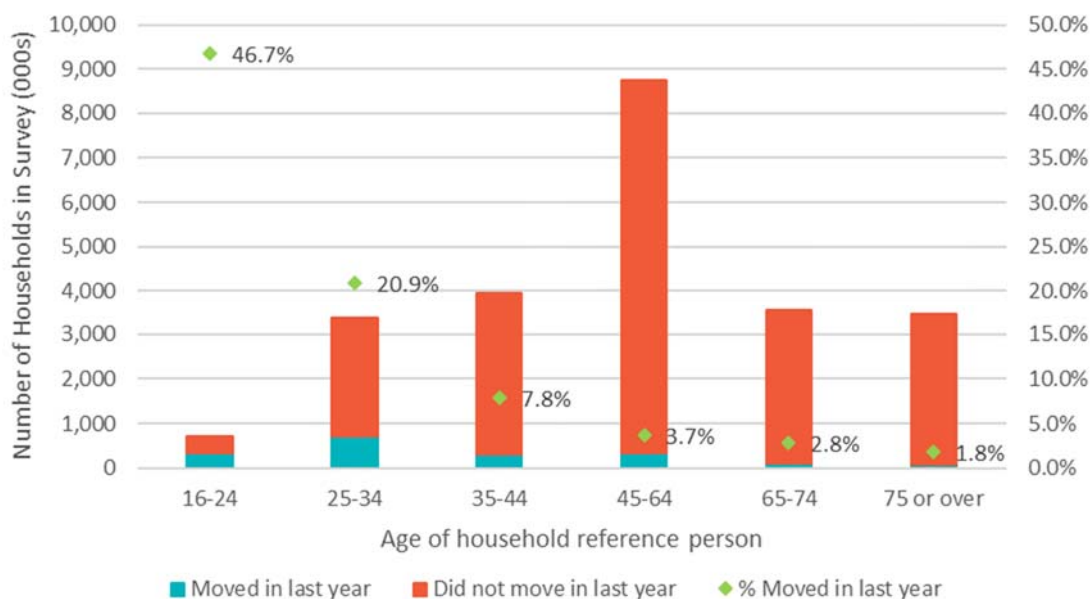
Source: Census 2021

- 9.14 Research⁹³ by the University of York (on behalf of the Government) found that the majority of older households were happy with their home, regardless of the type of property, having invested time and resources into their home, and that any potential issues arising with size or accessibility were not too great to be overcome through adaptation. Some also felt that moving would be stressful and overwhelming, and potentially result in the (unwanted) disposal of possessions. Even so, when older households considered the type of housing which would be seen as ‘ideal’, a minimum of two-bedrooms was seen as essential, as well as sufficient living space e.g. for eating and recreation. Depending on the layout of individual properties, this might therefore necessitate a minimum of three-bedrooms. In addition, research by the Joseph Rowntree Foundation [JRF]⁹⁴ showed that 85% of larger housing released by older people is released due to death, as opposed to choosing to downsize.
- 9.15 The 2019/20 EHS further supports these findings by showing that older households are the least likely to move, with just 2.8% of households aged between 65 and 74 and 1.8% of households over the age of 75 moving in the previous 12 months. This pattern has been stable at c.2% over recent years, with no indication of changes in the tendency for older people to choose to remain in their homes. By comparison, younger households have a much higher propensity to migrate, with almost half of households aged 16-24 and almost 21% of households age 25-34 moving each year.

⁹³Communities and Local Government (February 2008): Housing Choices and Aspirations of Older People, Research from the New Horizons Programme

⁹⁴ Supported housing for older people in the UK: An Evidence Review (December 2012)

Figure 9.4 Demographic characteristics of moving households



Source: 2019/20 English Housing Survey, Annex Table 3.2

- 9.16 These patterns are reflected in the EHS data on household moves by employment status: only 2.1% of retired households moved in the 12 months prior to the 2018/19 Survey, compared to 10% of households where the household reference person was employed in full or part time work. This evidence is also consistent with findings of the Census, which found that only 3.6% of households over 50 moved in the year prior to 2011.
- 9.17 In addition to the factors identified above, these patterns of households moving are also likely to reflect different households' satisfaction with their housing. The 2018/19 EHS⁹⁵ also shows that households which are most satisfied with their housing are those which are:
- 1 Aged 75 and over (95.7% are satisfied or very satisfied with their housing);
 - 2 Own outright or are buying with a mortgage (94.9%)
 - 3 Retired (94.6%);
 - 4 Have no dependent children (94.4%); and,
 - 5 Under-occupy housing (93.7%).
- 9.18 It is evident from this analysis that older households are the most likely to:
- 1 Under-occupy housing;
 - 2 Be the most satisfied with their housing; and as a result; and,
 - 3 Be relatively inactive within the housing market.
- 9.19 This further highlights that older households cannot necessarily be relied upon to free up larger dwellings to the degree needed to meet the needs of future families.
- 9.20 As set out above, however, personal preference may not be the only reason why older households do not seek to downsize or rightsize. Separate research by JRF⁹⁶ also highlighted the potentially misleading nature of any discussion which assumes that older

⁹⁵ Table FA5401

⁹⁶ Older People's Housing: Choice, Quality of Life and Under-occupation (May 2012)

people are holding onto housing and stated that this narrative “*ignores both the lack of housing choice, as well as older people’s psychological and social reasons for staying put*” (page 4). Indeed, the 2016 ‘*Future of an Ageing Population Report*’, which was prepared by the Government Office for Science, noted that that 58% of people over 60 were interested in moving but could not find suitable properties. This conclusion is supported by the Right-Size Report⁹⁷ which undertook analysis of the delivery of older person’s accommodation nationally. It found that since 2000, on average, as few as 5,500 retirement housing units have been built each year, despite the prominence of the ageing population.

- 9.21 There is, generally, a distinct lack of data, evidence and research on the preferences and needs of elderly households; this makes it difficult to determine how best to meet the needs of an ageing population. However, although some older households may choose to downsize, evidence and research overwhelmingly indicates that most older households are unlikely to move and (for a multitude of reasons) intend to remain in the family home. Even those that do look to move to a new house would not necessarily seek a very small property, they move to properties that are more accessible or with care facilities. Small, high rise apartment schemes generally do not align with these aspirations. Ultimately, the research suggests that the lack of choice for older households is a product of supply and demand.

The Shift Towards Homeworking

- 9.22 Another factor that will influence the current and future demand for larger homes is the trend towards home working. The Covid-19 pandemic had a profound impact on working practices and particularly the shift to homeworking. Even before the pandemic, the ONS Labour Force Survey showed that there had been a steady rise in the proportion of people in employment of those working from home, either working directly from the home or using home as a base. In 2017 this stood at 13.6% of people in employment. Homeworking typically increases with age (increasing from 5.1% of those age 16-24 to 38.3% of people age 65+ using their home for work) and so the ageing in the population is likely to lead to further increases in home working.
- 9.23 Increases in the number of people working from home may translate into a demand for larger housing as people seek additional space, e.g. spare room or garage for use as an office. Research by the London School of Economics/Acas found that most homeworkers surveyed used a separate room/office that is only used for work, with this being a key aspect of separating work and home life. Of those who did not have the space for a separate working area, this was described as being “far from ideal”, highlighting the importance of sufficient space for homeworkers. Although limited data availability means the relationship between home-working and housing size/demand cannot be interrogated in detail, the aspect of home working nonetheless remains implicit within the demand for housing.
- 9.24 The latest ‘Characteristics of homeworkers’ dataset from the ONS, which covers the period September 2022 to January 2023, shows that homeworking remains the ‘new normal’ in 2023. During the pandemic, levels of homeworking peaked in the first half of 2020, when 49% of adults reported working from home within the past seven days at various points. Two years later, when guidance to work from home was lifted, around 38% of adults continued to work from home. The most recent data (25th January to 5th February 2023) shows that this level of homeworking has remained fairly constant, with 40% of adults reporting they had worked from home in the last seven days. Between September 2022 and

⁹⁷ Mapping the supply and demand of Britain's retirement housing in 2017 and beyond

January 2023, 16% of adults stated they had only worked from home whilst 28% reported hybrid working. Throughout 2022, levels of homeworking weekly fluctuated from 25% to 40% without a clear upward or downward trend, indicating that homeworking is proving resilient⁹⁸.

- 9.25 Many companies have switched to a 'hybrid' work pattern, allowing employees work from home part of the time. This is expected to have a direct impact on the demand for housing as people need appropriate space and facilities to work effectively from home. The increased prevalence of homeworking means that, in many cases, such people would be able to relocate without changing jobs.

Future Needs

- 9.26 In assessing future household growth by type, the 2014-based SNHP for North East Lincolnshire have been used as this aligns with the SM2 figure. The Stage 2 projections provide a breakdown of the projected change by age and type of household. This can be compared with the Census information to show, if current occupancy patterns were to continue, what the need for different sized housing would be.
- 9.27 Figure 9.5 shows the change in projected household type between 2022 and 2042 in North East Lincolnshire incorporating the 2014-based SNHP as modelled in PopGroup (adjusted for the 2021 Census data). These figures do not include an allowance for dwelling vacancies and refer only to households. For the purposes of this assessment, we have assumed that the profile of need will remain the same (i.e. pro-rata'd) even if the overall housing provision is different to that shown in the projections.
- 9.28 The numbers of all household types are expected to increase in North East Lincolnshire up to 2042, except for households with dependent children (which sees a modest decline of -0.5%) and 'other' households aged under 65. The greatest increase is likely to be seen in couple /other households over the age of 65, which is projected to increase by 3,913. The number of older single-person households would also increase by 1,461. There is projected to be a modest fall of 107 in the number of families with children, although this group will continue to be the largest in the Borough representing 26.8% of all households by 2042.

Table 9.2 2014-based Household Projections (adjusted for the 2021 Census) by Type for North East Lincolnshire

	2022	2042	Net Change
Single <65	13,081	14,116	1,035
Single 65+	9,815	11,276	1,461
Couple/Other age 65+	11,911	15,824	3,913
Households with dependent children	20,040	19,933	-107
Other Households <65	15,944	13,174	-2,770
Total	70,789	74,322	3,533

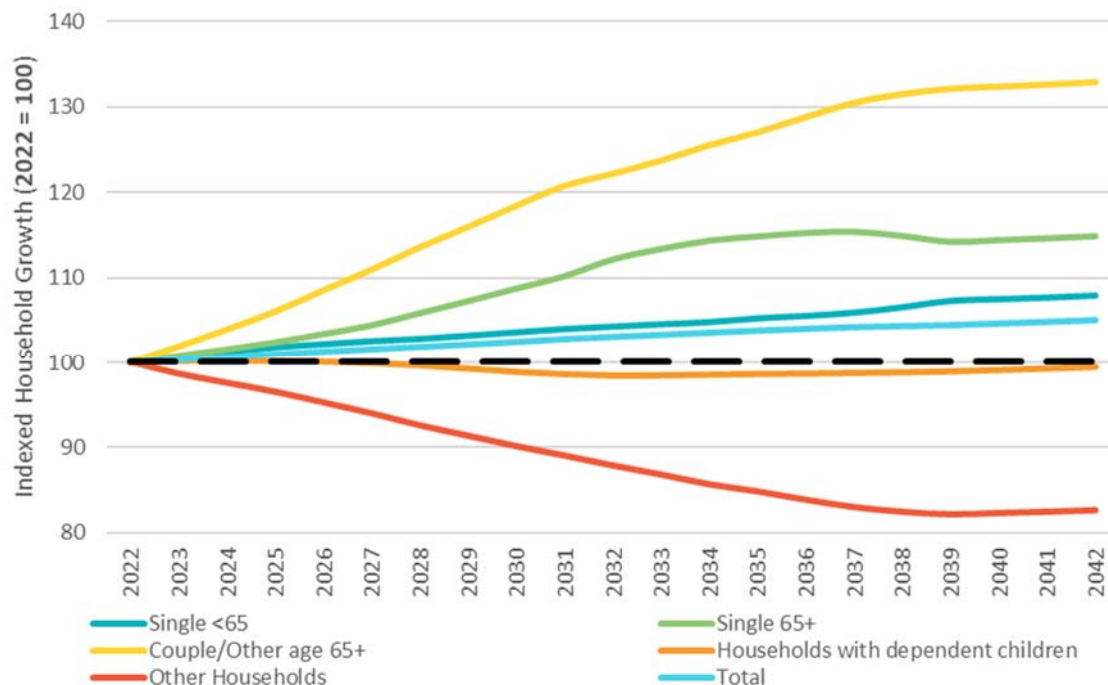
Source: DLUHC Stage 2 2014-based SNHP / 2021 Census, data extended to 2042 from 2039 using PopGroup

- 9.29 In line with wider trends, older couple household groups are projected to see the fastest growth in North East Lincolnshire, increasing in number by 33% by 2042, as shown in Figure 9.5. Older single household types are also expected to see a significant increase of 15%. Growth of households with younger single people is expected to be 8%, whilst the number of families with children is projected to fall slightly, by -0.4%. Other households

⁹⁸ ONS (2023): Characteristics of homeworkers, Great Britain Characteristics of homeworkers, Great Britain: September 2022 to January 2023

are expected to decline by a much more significant 17% over the period. Overall household growth is projected to be around 5% over the period 2022-2042.

Figure 9.5: Indexed Household Growth by Type – North East Lincolnshire



Source: Lichfields PopGroup modelling, based on 2014-based SNHP adjusted for the 2021 Census

9.30 The current occupancy pattern in housing by household type in North East Lincolnshire is shown below in Table 9.3:

Table 9.3 Occupancy by Household Composition in North East Lincolnshire

	Number of bedrooms				
	1	2	3	4	5+
Single, <65	18.6%	29.8%	45.1%	5.7%	0.8%
Single 65+	24.5%	30.4%	39.2%	4.7%	1.1%
Couple/Other age 65+	3.7%	24.9%	56.3%	13.4%	1.7%
Households with dependent children	0.5%	11.9%	64.3%	19.4%	3.9%
Other households	2.4%	17.8%	60.2%	16.7%	2.9%

Source: Census 2021

9.31 The household occupancy patterns (Table 9.3) in North East Lincolnshire are applied to the projected household growth by type (Table 9.2) to establish the required housing by number of bedrooms.

Table 9.4 North East Lincolnshire Projected Household Growth by bedroom size – net change 2022-2042

	1	2	3	4+
Single <65	192	309	467	67
Single 65+	358	445	573	85
Couple/Other Households	146	974	2,202	591
Households with dependent children	-1	-13	-69	-25
Other Households	-67	-493	-1,668	-542
Total	629	1,221	1,505	177
%	17.8%	34.6%	42.6%	5.0%

Source: Lichfields using DLUHC/Census 2011

9.32

The results indicate that the projected household growth in North East Lincolnshire is likely to predominantly be in cohorts requiring 2 and particularly 3-bed properties. However, this figure combines social with market housing. The former generally has a much higher incidence of smaller properties due (in part) to the under-occupancy penalty. The 2021 Census indicates that although just 13.7% of North East Lincolnshire households live in social housing, more than half (56.6%) of all 1-bedroom properties comprise social accommodation, compared to just 2.9% of all 4+ bed properties in the Borough (with the remaining 97.1% in private ownership / rented privately) (Table 9.5).

Table 9.5 North East Lincolnshire Tenure by household size by number of bedrooms (2021)

	North East Lincolnshire				
	ALL	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
All Tenures	69,816	5,860	14,657	38,334	10,965
Owned or shared ownership: Total	44,965	786	7,719	26,738	9,722
Owned outright	24,399	589	5,168	14,376	4,266
Owned with a mortgage or loan or shared ownership*	20,566	197	2,551	12,362	5,456
Rented: Total	24,851	5,074	6,938	11,596	1,243
Social Rented	9,180	3,295	2,375	3,212	298
Private rented or living rent free	15,671	1,779	4,563	8,384	945
% Living in Market Housing	86.3%	43.4%	82.6%	91.3%	97.1%
% Living in Social Housing	13.7%	56.6%	17.4%	8.7%	2.9%

Source: Lichfields using Census 2021

*Note – to calculate the social/market housing split, the 356 households living in shared ownership properties in North East Lincolnshire have been disaggregated from the owned or shared ownership total in the 2021 Census.

9.33

These ratios are applied to the projected household growth by bedroom size as set out in Table 9.4. The results are set out in the Mix Table below (Table 9.6).

9.34

However, based on the factors and the qualitative analysis set out above, there is a strong argument to justify a further shift in the housing mix to consider the very pronounced socio-economic shock precipitated by the pandemic and the strong (and what appears to be a permanent) shift towards homeworking and the need for larger properties to accommodate this. Taking account of the overall profile and dynamics of North East Lincolnshire's market, and recognising the importance of ensuring that the needs of all households are met (particularly growing families), a further adjustment has been applied

to take account of household change that factors in a 15% reduction in the number of smaller (1-2 bed) dwellings and a commensurate increase in the number of 3 and 4 bedroom properties. This is applied in Table 9.6.

- 9.35 The results indicate that once the market profile adjustment for recent homeworking trends is applied to the housing mix above, the projected household growth in North East Lincolnshire will be predominantly larger properties (3+ bedrooms) on the open market. Table 9.6 shows that 61% of the demand for market housing is projected to be for properties with at least three bedrooms, whilst for social housing the need is likely to be reversed, with a much greater need for smaller 1 and 2-bedroom properties (69%) than larger 3 and 4-bed properties (31%).

Table 9.6 Sizemix for North East Lincolnshire Borough

		1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market Housing	Mix prior to market adjustment	10%	36%	49%	6%
	Mix following 15% market profile adjustment	8%	30%	52%	9%
	OVERALL MIX	39%		61%	
Social Housing	Mix prior to market adjustment	50%	30%	19%	1%
	Mix following 15% market profile adjustment	43%	26%	25%	7%
	OVERALL MIX	69%		31%	

Source: Lichfields Analysis using DLUHC/Census 2021 Data

- 9.36 It is stressed that much of this assessment of house type need is based on the historical relationship between demographics and housing supply using the existing household projections. If a higher level of housing growth is pursued, for example the Experian Economic Growth scenario, then it would be logical to provide more of the types and sizes of homes desired by working families. This could point to an even higher proportion of 3 and 4 bedrooled properties than is summarised in the Table above.

Sub-Area Housing Mix

- 9.37 To assess future need in the local area, we have used a combination of 2011/2021 Census data (depending upon availability at a Lower Super Output Area at the time of writing) and the ONS 2014-based SNHP by type (Stage 2) to create a local projection. The approach to the calculation of a local projection applies a proportionate share for each of the four sub-areas together with an adjustment to take account of the current local profile as per the Census. Patterns of occupancy by household type were then applied using local data for the collated LSOAs/MSOAs for the four sub-areas. By adopting this approach, it is possible to provide localised housing mix evidence.
- 9.38 The current occupancy patterns in market housing in each local area were applied to the projected household growth by type to establish the sub-area mix shown in Table 9.7.

Table 9.7 Sizemix for North East Lincolnshire's Four Sub-Areas

			1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Urban Area	Market Housing	Mix prior to adjustment	13%	36%	46%	4%
		Mix with 15% adjustment	11%	31%	50%	8%
		OVERALL MIX	42%		58%	
	Social Housing	Mix prior to adjustment	57%	27%	15%	1%
		Mix with 15% adjustment	48%	23%	21%	7%
		OVERALL MIX	72%		28%	
Estuary Zone	Market Housing	Mix prior to adjustment	4%	33%	61%	2%
		Mix with 15% adjustment	3%	28%	64%	5%
		OVERALL MIX	32%		68%	
	Social Housing	Mix prior to adjustment	32%	30%	37%	1%
		Mix with 15% adjustment	27%	26%	41%	5%
		OVERALL MIX	53%		47%	
Western and Southern Arc	Market Housing	Mix prior to adjustment	4%	38%	52%	6%
		Mix with 15% adjustment	3%	32%	56%	9%
		OVERALL MIX	35%		65%	
	Social Housing	Mix prior to adjustment	35%	46%	18%	0%
		Mix with 15% adjustment	30%	39%	24%	7%
		OVERALL MIX	69%		31%	
Rural Area	Market Housing	Mix prior to adjustment	5%	31%	50%	13%
		Mix with 15% adjustment	4%	26%	53%	16%
		OVERALL MIX	31%		69%	
	Social Housing	Mix prior to adjustment	49%	33%	17%	1%
		Mix with 15% adjustment	42%	28%	23%	7%
		OVERALL MIX	70%		30%	

Source: Lichfields Analysis using DLUHC/Census 2021 Data

- 9.39 This evidence maintains the clear Borough-wide orientation towards larger households requiring bigger properties in the private sector, most particularly in the Rural Area, with a need for around 69% of all properties to have 3, 4 or 5-bedrooms compared to just 58% in the Urban Area (the Borough-wide average being 61%).
- 9.40 Taking the change in different types of households and applying current occupancy patterns as set out above results in an estimated mix of market housing as shown in Table 9.8. This relates to the broad overall need and does not relate to any specific tenure, area, or site typology. It also does not attempt to take into account how future policy changes (for example, to encourage downsizing), social changes or economic changes might affect how households occupy housing. In this context, a narrow recommended range has been set around these percentages.

Table 9.8 Estimated overall need/demand by size and suggested mix for market housing in North East Lincolnshire

Market Housing	1-bed	2-bed	3-bed	4+-bed
Estimated need/demand*	8%	30%	52%	9%
Suggested range	5-10%	30-35%	50-55%	5-10%

Source: Lichfields based on DLUHC/ONS *totals may not sum due to rounding

Social Housing Property Type and Size Preferences

- 9.41 Data on affordable housing from North East Lincolnshire’s Housing Register as of March 2023 shows that of the 4,780 households on the waiting list (including those requesting a transfer), 51% had a requirement for a 1-bedroom property; 29% for 2-bedrooms; 15% for 3 bedrooms and just 5% for 4+ bedrooms, as shown in Table 9.9.
- 9.42 The pattern changes somewhat when the analysis is narrowed down just to those in priority need (i.e. in Bands A-C), with a lower need for 1-bedroom properties (32%) and higher needs for larger dwellings and particularly 4-bedroom dwellings (20%) which no doubt reflects the increased prioritisation on the Housing Waiting List of housing families with dependent children. Even so, it is clear that need in the affordable sector remains overwhelmingly for smaller dwellings.

Table 9.9 Housing Register Bedroom Preferences in North East Lincolnshire

	All Bands (including transfers)	Band A-C	Band D
1 bedroom	2,457 (51%)	275 (32%)	2,182 (56%)
2 bedrooms	1,370 (29%)	255 (30%)	1,115 (28%)
3 bedrooms	728 (15%)	153 (18%)	575 (15%)
4 bedrooms	180 (4%)	127 (15%)	53 (1%)
5 bedrooms+	45 (1%)	42 (5%)	3 (0.1%)
Total	4,780	852	3,928

Source: NELC Officers: Housing Register data (extracted March 2023)

- 9.43 Whilst the Housing Register data is not broken down by bedrooms and locational preferences, the Urban Area received 65% of all requests, followed by the Western and Southern Arc at 26%, whilst the Estuary and Rural Areas were much lower at 3.6% and 5.6% respectively. It should be noted however, that applicants can pick multiple preference areas, and as such this pattern should only serve as a general guide.

Table 9.10 Housing Register Location Preferences in North East Lincolnshire

	Share of Preferences
Urban Area	64.9%
Estuary Zone	3.6%
Western and Southern Arc	25.9%
Rural Area	5.6%

Source: NELC Officers: Housing Register data (extracted March 2023)

- 9.44 It is also relevant to note that of the 4,780 applicants, 362 (8%) are aged 70 and over, of whom 318 (88%) require a 1-bedroom property. It is likely that many (if not the majority) will be seeking specific older person’s accommodation rather than general needs.
- 9.45 When compared with the SizeMix analysis set out in Table 9.6, it is apparent that the requirements of households on the Borough’s Housing Register are even more focussed towards the smaller end of the scale than the modelling might have suggested. Whilst the Waiting List indicates that around 80% of households requiring social housing need either 1 or 2 bedrooms, this falls to 70% based on SizeMix. Conversely, the need for larger 3, 4 and 5 bed properties is around 20% of all households based on the Housing Register, compared to 30% based on the modelling work alone. The analysis is not directly comparable as the SizeMix looks at future needs, whilst the Waiting List data reflects backlog, or existing

requirements. Nevertheless, these are important considerations to be taken into account when specifying a target range.

Table 9.11 Comparable Mix Requirements for Social Housing

	Waiting List All Bands	Waiting List Bands A-C	SizeMix
1 bedroom	51%	32%	45%
2 bedrooms	29%	30%	25%
1/2 bedrooms	80%	62%	70%
3 bedrooms	15%	18%	24%
4+ bedrooms	5%	20%	6%
3 bedrooms +	20%	38%	30%

Source: NELC Officers: Housing Register data (extracted March 2023) / Lichfields' modelling

9.46 Taking the change in different types of households and applying current occupancy patterns as set out above results in an estimating mix of social housing as shown in Table 9.12. This refers to the broad overall need and does not relate to any specific tenure, area, or site typology. It also does not attempt to take into account how future policy changes (for example, to encourage downsizing), social changes or economic changes might affect how households occupy housing. It should also be noted that applicants stipulate a maximum bedroom size, meaning a share may have chosen to select four or more bedrooms to increase their chances of finding housing, when smaller properties would also suit their needs. This may be a factor behind the relatively high level of preference for 4+ bed homes.

9.47 In this context, a wide recommended range has been set around these percentages that balances the housing waiting list evidence (backlog need) against the SizeMix (future need) analysis. Between 55%-75% of the social housing provision should be for smaller 1 and 2-bed properties, with the majority of the remainder comprising 3 and 4-bed properties.

Table 9.12 Estimated overall need/demand by size and suggested social housing mix for North East Lincolnshire

	1-bed	2-bed	3-bed	4+-bed
Waiting List Bands A-C	32%	30%	18%	20%
SizeMix	43%	26%	25%	7%
Suggested range	30-45%	25-30%	15-25%	5-20%

Source: Lichfields based on DLUHC/ONS

Summary

9.48 This section has explored the different types of housing which are likely to be required in North East Lincolnshire up to 2042. Our findings can be summarised as follows:

- In line with wider trends, older couple household groups are projected to see the fastest growth in North East Lincolnshire, increasing by 33% between 2022 and 2042. Older single household types are also expected to see a significant increase of 15%. Growth of households with younger single people is expected to be 8%, whilst the number of families with children is projected to decline by -0.4%. Other households are expected to decline by a substantial 17% over the same period.
- Based on overall household growth and existing occupancy patterns, our assessment indicates that housing need in North East Lincolnshire is predominantly made up of 2-3

bedroom dwellings. This takes into account the fact that although older households are likely to make up the majority of future household growth, these often remain in their large family home, are the least active in the housing market and tend to occupy housing larger than they 'need'.

- Housing waiting list information shows that most households in need of affordable housing required 1 or 2-bed dwellings; however, the waiting list and Census data both show that overcrowding remains a problem. Within the social rented sector, there is likely to be some scope for more efficient use of the existing stock.
- In this context, it is recommended that for market housing, between 35% and 45% of housing should be for smaller 1 or 2 bed properties. For social housing, between 55%-75% of the social housing provision should be for smaller 1 and 2-bed properties, with the majority of the remainder comprising 3 and 4-bed properties.

Table 9.13 Estimated overall need/demand by size and suggested housing mix for North East Lincolnshire

	1-bed	2-bed	3-bed	4+-bed
Suggested range for Market Housing	5-10%	30-35%	50-55%	5-10%
Suggested range for Social Housing	30-45%	25-30%	15-25%	5-20%

Source: Lichfields based on DLUHC/ONS

10.0 Needs of Specific Groups

- 10.1 Paragraph 62 of the NPPF states that local authorities should assess the size, type and tenure of housing needed for different groups in the community including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes.
- 10.2 The PPG provides further advice on how plan-making authorities should identify and plan for the housing needs of these particular groups of people. It recognises that this need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method.
- 10.3 The needs of these particular groups in North East Lincolnshire are set out in detail below.

Private Rented Sector

- 10.4 The PPG states that to assess the needs of households wishing to live in the Private Rented Sector [PRS], tenure data from the ONS can be used to understand the future need for PRS housing. However, this will be based on past trends. The level of changes in rents, ('market signals'), may reflect the demand in the area for private rented sector housing⁹⁹.
- 10.5 At a national level the PRS has been growing consistently since the mid-2000s, whilst the owner-occupied and social rented sectors have seen declines (as a share of all households). However, this long-term trend has shifted slightly of late; the proportion of households in the PRS has actually decreased nationally since 2015-16, although it has remained stable between 2019-20 and 2020-21. In 2020-21, PRS accounted for 4.4 million (19%) of all households in England, unchanged from 2019-20, but lower than in 2015-16 (20%). Unsurprisingly, renting is more prevalent in London where 27% of households lived in PRS in 2020-21 (compared to 17% of households in the rest of England)¹⁰⁰.
- 10.6 Typically, the PRS comprises those renting their home from buy-to-let landlords, however as set out below in the 'Build to Rent' [BtR] sector (in which institutional investors build, let and manage) private rented homes are becoming increasingly common.
- 10.7 As previously shown in Section 8.0, in North East Lincolnshire, those households that are not eligible for affordable or intermediate needs but without sufficient income to buy are those who must rent (unless other intermediate options, such as discounted First Homes, become more widely available). In North East Lincolnshire, this covers most households with an income of between around £20,400 and £21,250 (based on 25% income) and represents around 2.2% of all existing households in the Borough.

As at 2021¹⁰¹, there were 15,639 households in North East Lincolnshire living in the PRS, representing 22.4% of all households in the Borough (there are currently no BtR schemes in the Borough, hence these households are assumed to be renting from buy-to-let landlords).

⁹⁹ PPG: ID: 67-002-20190722

¹⁰⁰ Source: English Housing Survey 2020-21

¹⁰¹ 2021 Census Table rm136

This represents an increase of 23.9% above the 12,627 households living in PRS in 2011 (when PRS comprised 18.1% of all household tenures). This reflects the strong growth in the sector seen nationally, with the number of households in PRS accommodation increasing by 29.9% over the same time period. It is currently slightly under-represented as a tenure (with 29.9% of households across England as a whole living in PRS compared to 22.4% in North East Lincolnshire).

Figure 10.1 suggests that this pattern is not uniform across the Borough, with the Urban Area having a comparatively high proportion of households renting privately, at 26.1%, whilst the Estuary Zone is lower at 17.4%. The Western and Southern Arc has the lowest share of private renters at 9.9%, compared to 12.1% in the Rural Area.

Figure 10.1 Household Tenure – North East Lincolnshire by Sub-Area

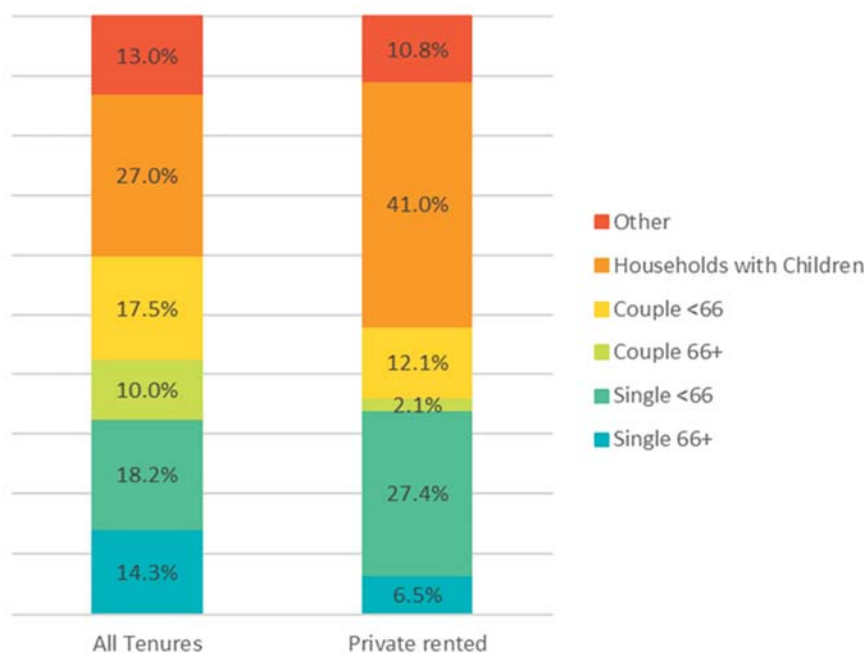


Source: Census 2021: RM136 - Tenure by household size by number of bedrooms

10.8 The composition of households living in PRS is different to the Borough’s overall tenure composition, as shown in Figure 10.2. The sector has a particularly high proportion of single person households aged under 66, and households with children. The PRS has a lower proportion of older households and younger couples living in this tenure than the Borough overall, with very few single residents or couples aged over 66 in PRS accommodation.

10.9 As might be expected, the data suggests that typical occupants in PRS are either young single person households (i.e. in need of smaller homes) or larger family households.

Figure 10.2 Household Composition – North East Lincolnshire - All households and Private Rented Households



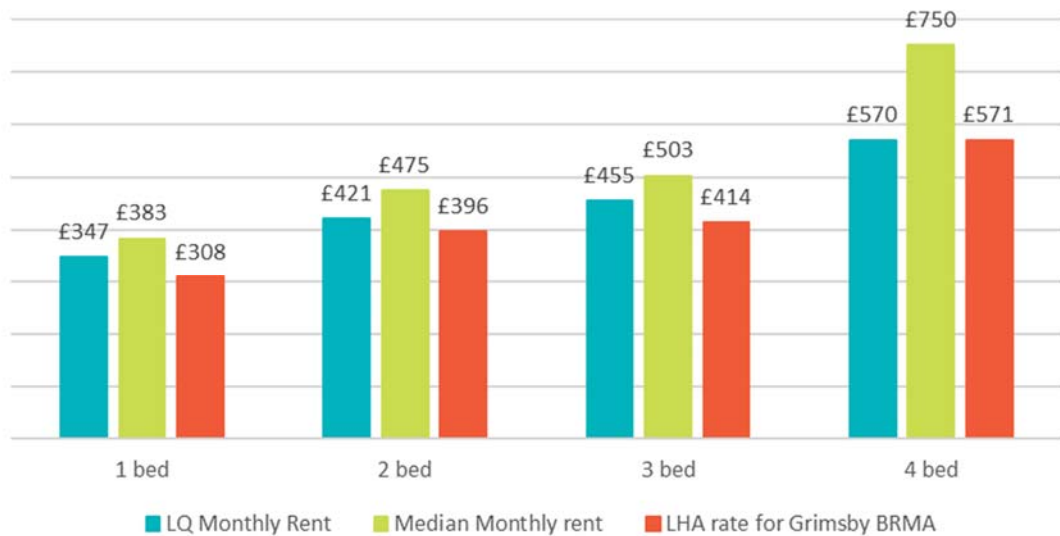
Source: Census 2021: RM135 - Tenure by household composition

- 10.10 Whilst it is not appropriate to simply ‘net off’ households in need living in private rented housing from the overall affordable housing requirement figure (due to a variety of reasons including the associated greater insecurity of tenure), in practice it makes an important contribution to filling the often sizeable gap between affordable housing supply and demand.
- 10.11 As noted above, PRS in North East Lincolnshire has increased in size significantly in recent years and it is therefore necessary to review its future role.
- 10.12 According to the 2020/21 EHS, 21.7% of all households living in PRS have been resident in their current accommodation for less than a year, by far the highest of any form of tenure. Applying this figure to the number of households in PRS accommodation (15,644, as reported in the 2021 Census) implies an annual turnover of 3,395 private rented dwellings in the Borough. This figure does not separate out the proportion of private rented properties that are likely to become available to households in receipt of housing benefit.
- 10.13 Data from the Department for Work and Pensions [DWP] in respect of the number of households eligible for Housing Entitlement under the new Universal Credit indicates that as of November 2022, there were 6,245 housing benefits claimants in North East Lincolnshire, of whom 2,304 are currently meeting their needs in the private rental market in the Borough. This equates to 36.9% of all claimants and clearly indicates that in North East Lincolnshire (as elsewhere), there are a significant number of households living in private rented accommodation who are reliant to a greater or lesser extent on housing benefit.
- 10.14 It is not suggested that these figures should be ‘netted off’ the affordable housing requirements. It is not a designated form of affordable housing and it is not appropriate to subject many families to the increased uncertainty of tenure associated with private rented accommodation. Nevertheless, it is important to recognise that PRS plays a significant role in helping households in constrained circumstances to meet their housing needs

independently, and for addressing the slack between affordable housing need and provision.

- 10.15 There is also a disparity between the level of Local Housing Allowance [LHA] and private sector rents in many parts of the Borough. Figure 10.3 highlights the gap and issues in respect of meeting needs in the private rented sector. For 2 and 3-bedroom properties, LQ private sector rents in North East Lincolnshire are £421 and £455 respectively, which compares to LHA rates of £396 and £414.

Figure 10.3 Comparison of Median / Lower Private Rents and Local Housing Allowance in North East Lincolnshire



Source: ONS Private Rental Market Data (Oct 21 to Sep 22)/Directgov LHA rates (April 2023) BRMA = Broad Rental Market Area
 Note: All of North East Lincolnshire falls within the 'Grimsby' BRMA

Build to Rent

- 10.16 BtR is a distinct asset class within PRS and has been defined in the NPPF glossary, to simplify its treatment within the planning system. The PPG states that as part of their plan making process, LPAs should use a local housing need assessment to consider the need for a range of housing types and tenures in their area including provisions for those who wish to rent¹⁰².
- 10.17 BtR was launched by the Government in December 2012 in response to the Montague Report on barriers to institutional investment in private rented homes, and more specifically as part of the legacy of the Olympic Games in London with the conversion of the East Village into rental properties. Its purpose is to stimulate investment in large-scale development of homes built specifically for private rent by professional organisations. The Government maintains that BtR has a key role in helping to boost housing supply, and defines it as follows in the NPPF’s glossary (Annex 2):

“Build to Rent: Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer

¹⁰² ID: 60-001-20180913

longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.”

- 10.18 Recent research by Savills indicates that whilst BtR delivery has begun to slow down amidst the economic headwinds facing the whole construction sector, this constrained supply is being met with elevated levels of demand. As such, Multifamily BtR is one of the most in-demand real estate sectors from the perspective of investors. Savills’ *UK Build to Rent Market Update (Q4 2022)*¹⁰³ shows that we have now seen four consecutive record-breaking years for UK Multifamily investment, but a shortage in supply remains:

“The supply-demand imbalance in the rental sector shows no signs of abating, making the need for Multifamily expansion stronger than ever.

Stock in the rental market remains in very short supply – in Q4 2022, the number of properties available to rent across the UK was more than a third below the pre-pandemic average.”

“Despite current macroeconomic challenges, Multifamily is highly attractive given its inflation-matching characteristics and structural tailwinds, including increased demand, a continuing supply shortfall and challenges to home ownership.

Yields have also proven resilient relative to other real estate asset classes, supported by rental growth and strong operational performance. Forward fundings will remain the primary route to market and low-g geared investors can take advantage of the current challenges in the debt market.

With the private for-sale market now weakening, Multifamily can look to increase its share of construction starts and further support housing delivery nationwide.”

- 10.19 Other research by the British Property Federation earlier this year found that the BtR sector pipeline grew by 14% in 2022 and showed construction in regional cities in the UK outpacing London. There has been notable investment activity driving investment levels in BtR upwards in the last two years, with various acquisitions and deals and many pension funds diversifying into the BtR market.

- 10.20 According to BPF/Savills’ data on BtR schemes¹⁰⁴, as of Q1 2022 there are now 242,548 BtR homes in the UK, of which 78,717 are complete, 72,244 under construction and 113,379 in planning. Outside London, there are 151,276 units, the vast majority of which are located in existing towns and cities. Consequently, it is unsurprising perhaps that North East Lincolnshire has missed out on BtR to date. The BPF/Savills mapping suggests that the Borough has yet to see any BtR schemes completed to date, and none have progressed through to the planning stage as of Q1 2023. The nearest schemes are in Doncaster and Sheffield.

- 10.21 Given the country’s urgent need for extra homes, a key benefit of BTR is its ability to bring housing units to the market quickly and at scale. Unlike the build-to-sale model where the controlled release of housing to the market is commercially beneficial, there is a real incentive for BTR developers to construct their buildings and let units as soon as possible. By way of example, the rate at which homes can be sold is 1 a week in the regions and

¹⁰³ Savills UK Build to Rent Market Update – Q4 2022

¹⁰⁴ <https://bpf.org.uk/about-real-estate/build-to-rent/>

between 1.5 and 2 in London, whereas lettings' rates can be around 10 to 15 units per week¹⁰⁵.

- 10.22 It is important to note therefore, that the Government sees BtR having an important and long-term role in meeting the housing need of the nation, and the demand for BtR is likely to remain. As such, NELC must continue to recognise the contribution that BtR provides to local housing options for households unable to afford housing in the future, and should consider the provision of 'BtR' elements in future housing mix, to ensure diversity in the types of housing. Such managed schemes, often on more secure tenancies, can provide an alternative rental option for buy-to-let landlords.
- 10.23 In North East Lincolnshire, it is likely that BtR schemes could cater for needs in the private rented sector, particularly for those on low to middle incomes who may desire and alternative to traditional rental options (i.e. buy-to-let landlords). However, as shown above in Figure 9.5, there is expected to be a very modest growth in the number of young single person households under 66 years of age (+1,035) and actually a decline in the number of younger households with children (-107) and other households under 66 (-2,770); this suggests that any BtR schemes in the Borough should be modest in scale, and should be broadly weighted more towards meeting the needs of smaller households suited to single person households (although the needs of smaller households with one or more children should not be overlooked).
- 10.24 20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If NELC wishes to set a different proportion, it should justify this using the evidence emerging from their local housing need assessment and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.
- 10.25 National affordable housing policy¹⁰⁶ also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development.

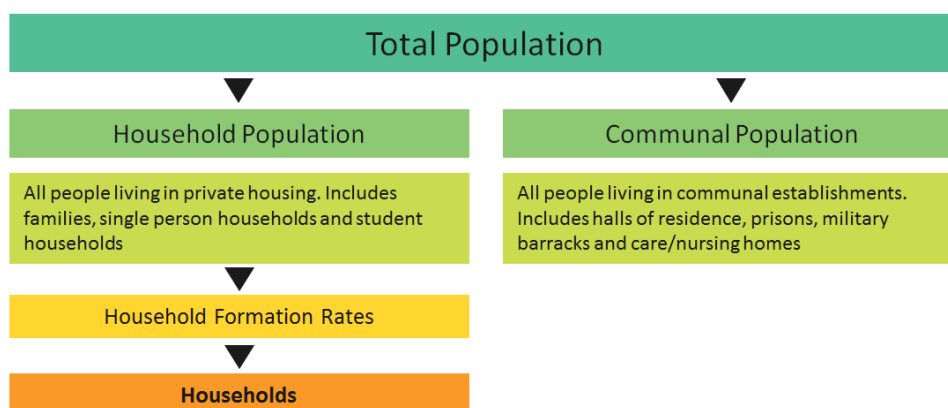
Students and Purpose-Built Student Accommodation (PBSA)

- 10.26 Students living in halls of residence (and other non-household populations) are projected by DLUHC as part of the 'not in household' population. This means that they are removed from the total population projection before any assumptions around household formation are applied (as shown in Figure 10.4). Any students who live in private housing (either as a wholly student household, living alone or within another household) are, however, included in the SNHP.

¹⁰⁵ Investment Property Forum, 'Mind the viability gap: Achieving more large-scale, built-to-rent housing. A briefing paper, September 2015

¹⁰⁶ Paragraph: 002 Reference ID: 60-002-20180913

Figure 10.4 Household and communal populations in the projections



Source: Lichfields

- 10.27 DLUHC's methodology for projecting the 'not in household' population is to assume that below the age of 75, the number of people living in communal establishments remains constant, and above 75 the proportion of people living in communal establishments is constant. For students, this effectively means that even if there is growth in student numbers, the DLUHC methodology assumes the number living in halls is fixed. The impact of growth in the number of students and purpose-built student accommodation [PBSA] is considered below.
- 10.28 The main HE presence in the Borough is the Grimsby Institute, which is a further education college, apprenticeship provider and HE university. HE degrees are validated by Teesside University, Hull, Sheffield Hallam, Leeds Metropolitan, and Huddersfield universities (and thus students are attributed to these providers in the HESA data. In 2019, the Institute had around 19,000 students. The Institute has two halls of residence in Grimsby near to the main campus at Nuns Corner.
- 10.29 Data from the Higher Education Statistics Agency [HESA] indicates that there were 3,350 Higher Education students domiciled in North East Lincolnshire in the 2021/22 academic year, of whom 2,475 were full-time students¹⁰⁷. The most popular HE Providers amongst these students includes the University of Hull (570 students / 17.0%), the University of Lincoln (475 / 14.2%), the Open University (255 / 7.6%) and Sheffield Hallam University (225 / 6.7%).
- 10.30 There is no other notable presence of Purpose-Built Student Accommodation in North East Lincolnshire, with most of the student cohort living in private accommodation. As such it is not considered necessary for NELC to include a Policy specific to provision of student housing within the emerging Local Plan.

Households and Families with Children

- 10.31 Section 10.0 reviewed the likely need for different sized housing based on projected household growth; this included households with dependent children. The overall need associated with families is therefore implicit within the recommended range of housing mix set out. However, this section provides some additional information on the current and future needs of households with children.

¹⁰⁷ In line with HESA data guidelines, all student data has been rounded to the nearest 5.

10.32 Households with children most commonly live in housing which, on average, has 3 bedrooms. Table 10.1 shows that a relatively small percentage (13.1%) live in 1 / 2 bedrooms homes, and just 3.3% live in homes with 5 or more bedrooms. The majority live in homes with 3 bedrooms, with 15,787 of North East Lincolnshire’s 24,438 households with children living in such properties, with a further 19.0% living in 4-bedroom properties.

Table 10.1 Households with children by number of bedrooms – North East Lincolnshire (2021)

	Total	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
Households with children	24,438	138	3,068	15,787	4,633	812
	~	0.6%	12.6%	64.6%	19.0%	3.3%

Source: Census 2021. Refers to households with dependent children

10.33 Existing rates of overcrowding in households with children are lowest in families in the owner-occupied sector – only 1.4% of households in this group are living in overcrowded conditions (as shown in Figure 10.5), rising to 4.8% of families with children living in PRS accommodation. However, overcrowding rates among other households with children in the private and social rented sectors are much higher, at 29.3% and 29.7% respectively. By way of contrast, just 1.8% of families living in the social rented sector had 2 or more bedrooms spare, compared to 22.6% of families living in properties that they owned (likely to be due to the under-occupancy penalty).

Figure 10.5 Overcrowding in family households and other households with children



Source: Census 2021: Tenure by occupancy rating (bedrooms) by household composition

Table 10.2 illustrates what these overcrowding rates mean in terms of the number of households which are overcrowded for each tenure. It shows that the highest number of overcrowded households with children is in the privately rented sector, equating to 460 households in total and is a higher percentage of the total of households in the sector (2.1%), compared to the Social Rented Sector (302 over-crowded households, but equal to 8.8% of all households living in this form of tenure).

Table 10.2 Overcrowding and Under-occupancy – households with children

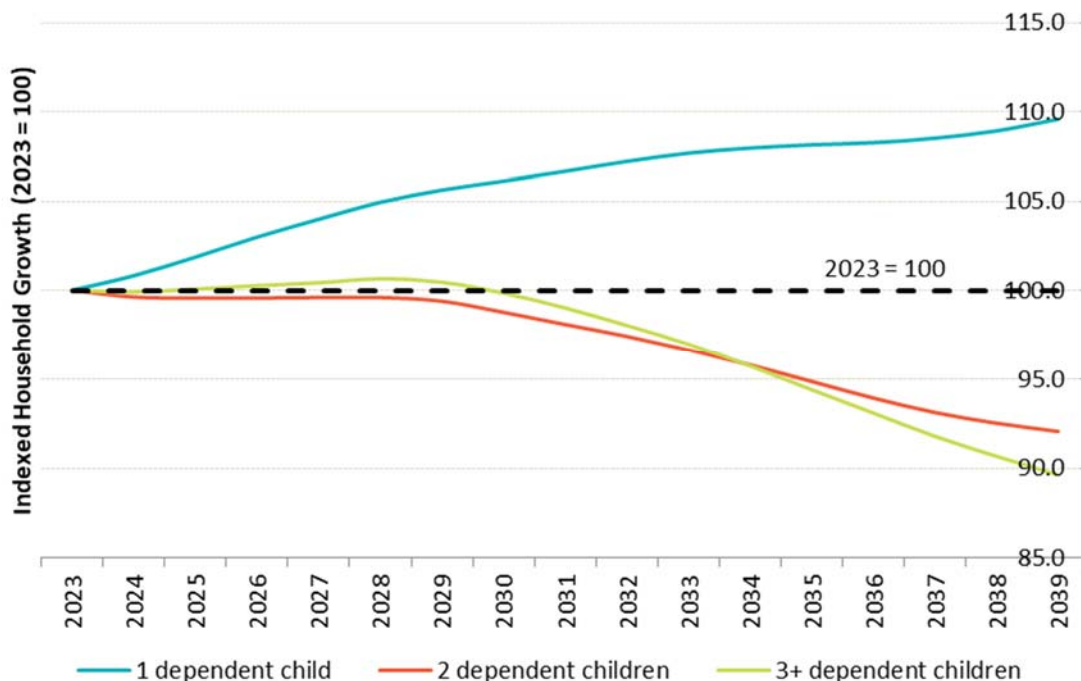
		2+ spare bedrooms	1 spare bedroom	No spare rooms	Overcrowded
Social Rented	Families	58	1,034	1,886	245
	Other h’holds with children	5	19	111	57
Private Rented	Families	206	3,473	2,911	332
	Other h’holds with children	13	79	217	128
Owned/SO	Families	3,229	7,817	3,039	198
	Other h’holds with children	82	210	302	121

Source: Census 2021

10.34

The 2014-based SNHP project the number of households with children in North East Lincolnshire overall to increase marginally, by 0.4%, from 19,929 in 2021 to 20,057 in 2039. However, this is entirely driven by a modest growth in small families, countered by a decline in households with 2 or more children. As can be seen in Figure 10.6 the number of households with 1 child is projected to grow by 9.7% (or +952 families). Conversely, the number of families with 2 children is projected to decline by 7.8% (-547 families) between 2023 and 2039, whilst the number of families with 2 or more children is projected to decline by an even steeper trajectory, at -10.3% (-326 families) between 2023 and 2039.

Figure 10.6 Projected growth in households with dependent children: North East Lincolnshire – 2023-2039



Source: Lichfields’ analysis, based on the 2014-based SNHP

The wider role of family housing in the market

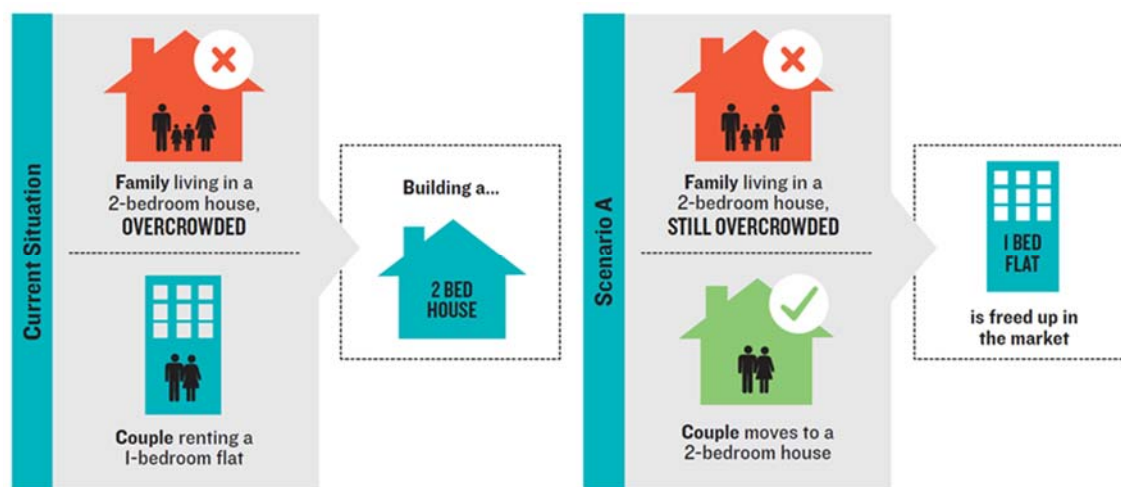
10.35

Beyond the specific needs of families in North East Lincolnshire identified above, there is widespread evidence to further show the importance of family housing within the wider housing market. The provision of additional housing supply has impacts throughout the

housing ladder, as vacated dwellings become homes for other households. This process has been widely studied as one of the possible applications of the ‘Markov Chain Model’.

- 10.36 The Markov Chain Model, and specifically its application to the housing market, suggests that a new vacancy at the top of the housing ladder generates a statistically expected number of subsequent household moves. This is because as a newly-built larger home is occupied, a smaller home is left vacant for a new household (e.g. a family), whose move would in turn free up a home for a smaller/new household. Whilst longitudinal datasets on households’ moves are not available in England, analysis on Swedish housing data shows that there were between 3.1 and 4.4 moves per new home built between 2000 and 2002¹⁰⁸, with vacancies created at larger multi-family homes creating the longest vacancy chains. The study also found that vacancies initiated by owner occupier moves generated longer vacancy chains compared to those initiated by renters.
- 10.37 For the purposes of illustrating, in a simple manner, the potential role of larger housing within a vacancy chain model in the open market, two scenarios have been considered at Figure 10.7 and Figure 10.8. These are both simplified for effect and are not a representation of precise moves within a local market but represent in broad terms the dynamics at play.
- 10.38 Table 10.8 illustrates the potential impact of building a 2-bedroom home in an area where there is already a need/demand for larger housing.

Figure 10.7 Housing ladder outcomes: Scenario A – building a 2-bed house

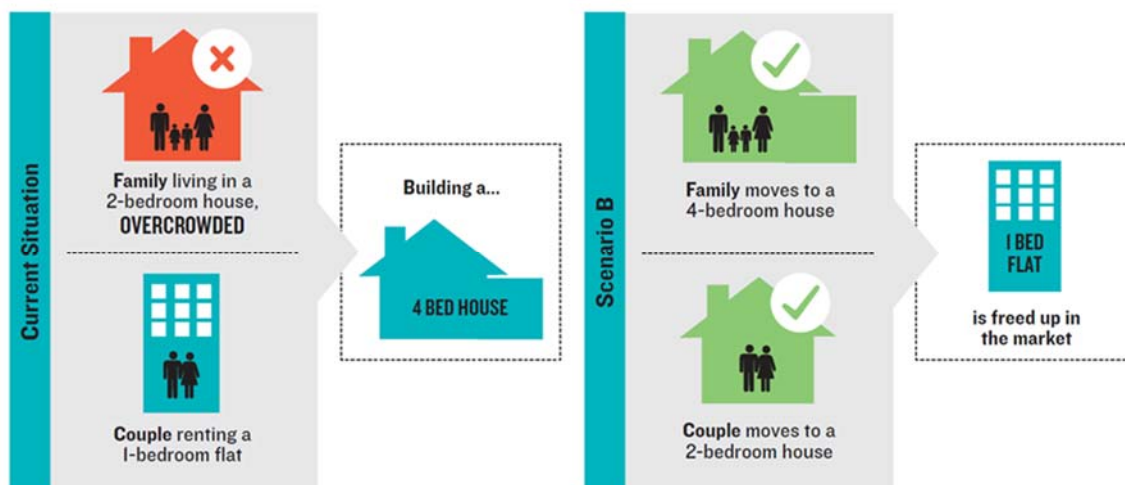


Source: Lichfields

- 10.39 This scenario indicates that erecting smaller homes will not necessarily meet the needs and demands of the overall population as it only facilitates movement between smaller dwellings in the housing market.
- 10.40 Table 10.9 demonstrates the potential impact of building a 4-bedroom home in this same housing market scenario.

¹⁰⁸ Magnusson Turner, L. (2008). Who Gets What and Why? Vacancy Chains in Stockholm’s Housing Market, International Journal of Housing Policy, 8(1), pp. 1-19. <http://dx.doi.org/10.1080/14616710701817133>

Figure 10.8 Housing Ladder outcomes: Scenario B – building a 4-bed house



Source: Lichfields

- 10.41 Under this scenario, the result is movement up the housing ladder for both households (with the family moving into larger accommodation and the couple moving from a flat into a house). It still results in the release of a smaller dwelling (a flat) back into the market to cater for newly forming/smaller households.
- 10.42 Ultimately, larger housing provision can help play a two-fold role within meeting the wider needs of household growth across North East Lincolnshire by:
- 1 Meeting the **needs** of households, in terms of current overcrowded households who are in need of larger housing – this in turn means that the needs of smaller, newly forming households can be met as smaller housing is freed up further down the ladder; and,
 - 2 Meeting the **demands** of households, in terms of smaller households aspiring to buy/upsized within the market – this again also results in the freeing up of smaller housing further down the ladder.
- 10.43 Taking account of housing ladder dynamics and the Markov Chain Model, it is clear that the provision of larger homes can play a key role in facilitating movement throughout the local housing market. It can help to address issues of overcrowding and concealed families¹⁰⁹.

Households and Families with Children Summary

- 10.44 The number of families and other households with children is expected to increase by only around 0.4% in North East Lincolnshire by 2039, entirely driven by the growth in smaller families with 1 child, whilst larger families with 2 or more children are projected to decline in number. In the owner-occupied sector, the rate of overcrowding amongst families is low (although the absolute number of overcrowded owned occupied properties with families is highest in absolute terms), and families tend to live in homes which are larger than they 'need' to have extra space. The estimated overall scale of demand for larger housing across North East Lincolnshire in meeting the needs of families was discussed in Section 10.0.

¹⁰⁹ A concealed family is one living in a multi-family household in addition to the primary family – for example, a young couple living with parents.

- 10.45 In the social rented sector, the rate of over-crowding among families is significantly higher, and NELC should consider how more effective use of existing stock and new development can help address this. Waiting list data suggests that the need is predominantly for small units; however, this is not exclusively the case and there remains a need for a modest amount of much larger properties in the social sector, including 4- and 5-bed, to address existing problems of severe overcrowding in the market.

The need for specialist accommodation for Older People

- 10.46 The PPG recognises that the need to provide housing for older people is critical. People are living longer lives and the proportion of older people in the population is increasing. In mid-2016 there were 1.6 million people aged 85 and over; by mid-2041 this is projected to double to 3.2 million. It states:

“Offering older people a better choice of accommodation to suit their changing needs can help them live independently for longer, feel more connected to their communities and help reduce costs to the social care and health systems. Therefore, an understanding of how the ageing population affects housing needs is something to be considered from the early stages of plan-making through to decision-taking”¹¹⁰.

- 10.47 In line with these national trends, the number of older people living in North East Lincolnshire is projected to increase by 32.4% by 2042 (rebased to the 2021 Census). In the context of ageing both more widely and in the Borough specifically, meeting needs of older people will be a key element of meeting overall needs over the period to 2042 (and beyond).

Table 10.3 Projected Population change by broad age group – North East Lincolnshire

	2022	2042	Change	Change (%)
65-74	17,270	17,978	+709	4.1%
75-79	6,990	9,584	+2,594	37.1%
80-84	4,595	7,690	+3,095	67.4%
85-89	3,060	4,922	+1,862	60.8%
90+	1,508	4,060	+2,552	169.3%
TOTAL Over 65s	33,422	44,235	+10,813	32.4%

Source: Lichfields using PopGroup (2014-based SNPP rebased to 2021 Census)

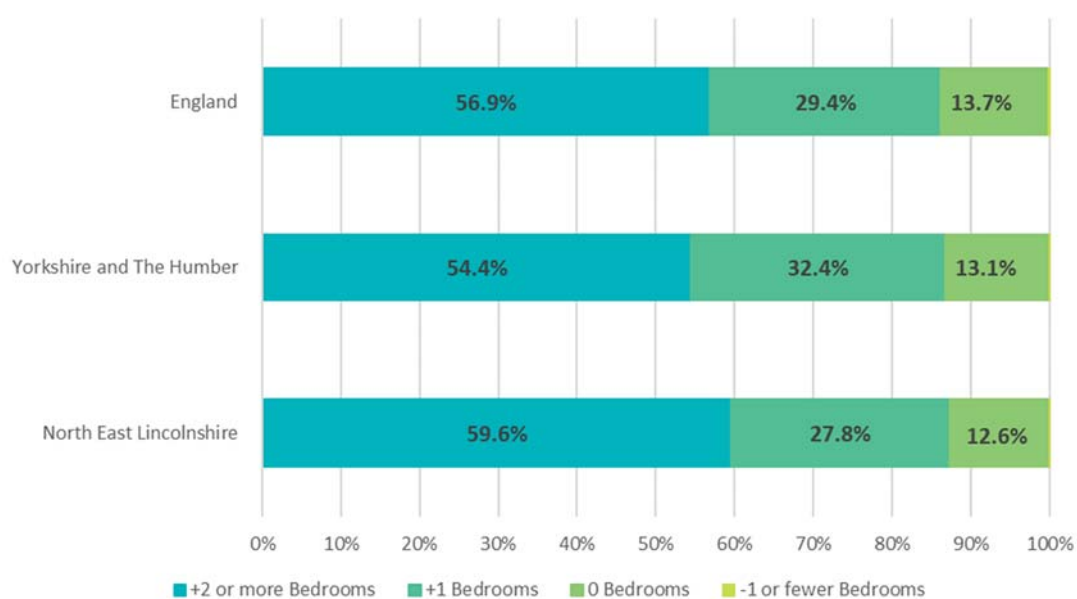
- 10.48 The specific accommodation needs of older people fall within two different groups:
- 1 Those in need of communal establishment accommodation (i.e. bedspaces), including residential care homes or specialist nursing homes; and,
 - 2 Older people living in private housing (and are recorded in the household projections) who do not require care home facilities but may have specific needs, for example for adaptable and accessible homes, or those living in self-contained units as individual households but where some degree of care is provided (e.g., extra care or sheltered housing).

¹¹⁰ PPG: 63-001-20190626

Occupancy patterns and housing market activity

10.49 As shown in Figure 10.9, elderly households in North East Lincolnshire typically (and significantly) under-occupy homes with as many as 59.6% of households in North East Lincolnshire over the age of 66 having at least 2 bedrooms more than is considered necessary – a figure greater than the regional (54.4%) and even the national (56.9%) average. This is further highlighted by the fact that the data indicates that hardly any (0.01%) elderly households are under-occupying homes.

Figure 10.9 occupancy rating among households over the age of 66 – North East Lincolnshire and Comparator Areas.



Source: Census 2021 (TS052)

10.50 This is further emphasised when we analyse the number of bedrooms in residential properties occupied by households over the age of 66. Figure 10.10 illustrates that just under half (49.7%) of senior households in North East Lincolnshire live in 3-bedroom properties with a further 10.2% living in homes with four or more bedrooms. The number of 3-bedroom properties are again significantly over-represented in the Borough when compared with the regional (41.8%) and national (40.8%) averages. Furthermore, the Borough has a larger overall total (59.9%) than across Yorkshire and The Humber (54.7%) and across England (57.2%) of elderly households with three or more bedrooms.

Figure 10.10 Number of Bedrooms among households over the age of 66 – North East Lincolnshire and Comparator Areas

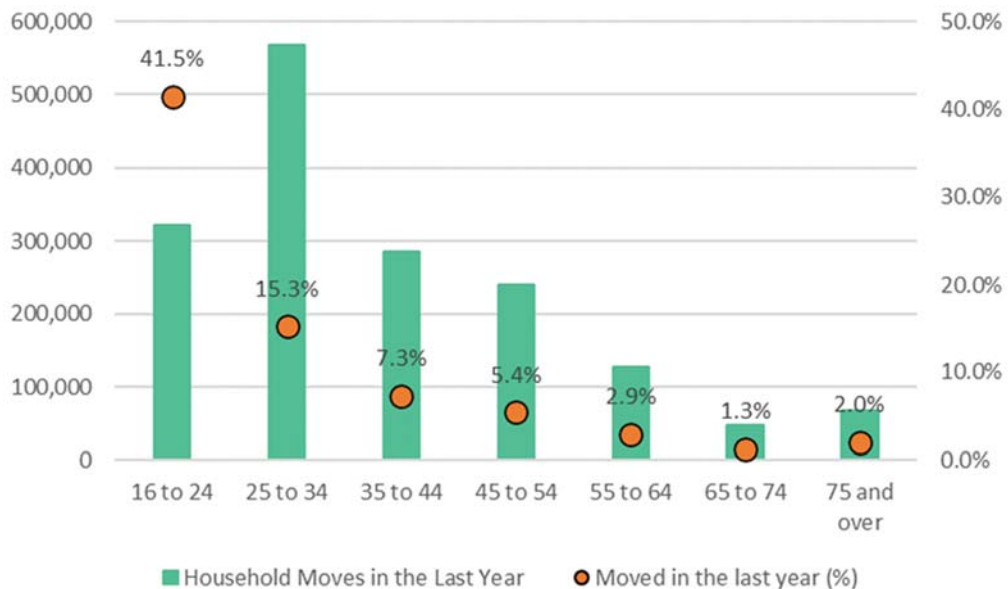


Source: Census (2021) RM059

10.51

In addition to being amongst the most significant under-occupiers of housing, older households are amongst the least likely to move. As shown in Figure 10.11, the likelihood of moving house decreases with age. The 2020/21 English Housing Survey [EHS] regarding elderly households shows that the likelihood of moving each year is 41.5% for those aged 16 to 24, reducing to 2% for those aged 75 and over. For those aged 65 and over, the rate has remained slightly lower at around 1-2%.

Figure 10.11 Proportion of households who moved in the last year (2020/21) by age of Household Reference Person



Source: English Housing Survey (2020/21) – Table FA4121.

10.52

However, there has been a nationally-recognised shortage in housing targeted specifically at older residents for some time. It is possible that the low proportion of movers amongst older residents reflects the historic lack of housing choice available to older residents, who would prefer to stay in their home (even if it were too difficult to manage) rather than move.

It would be reasonable to assume that, with a concerted effort nationally to boost the supply of specialist housing catered towards the different needs of elderly residents, we would see elderly households become more active in housing market than they currently are.

Accommodation for older people and housing supply

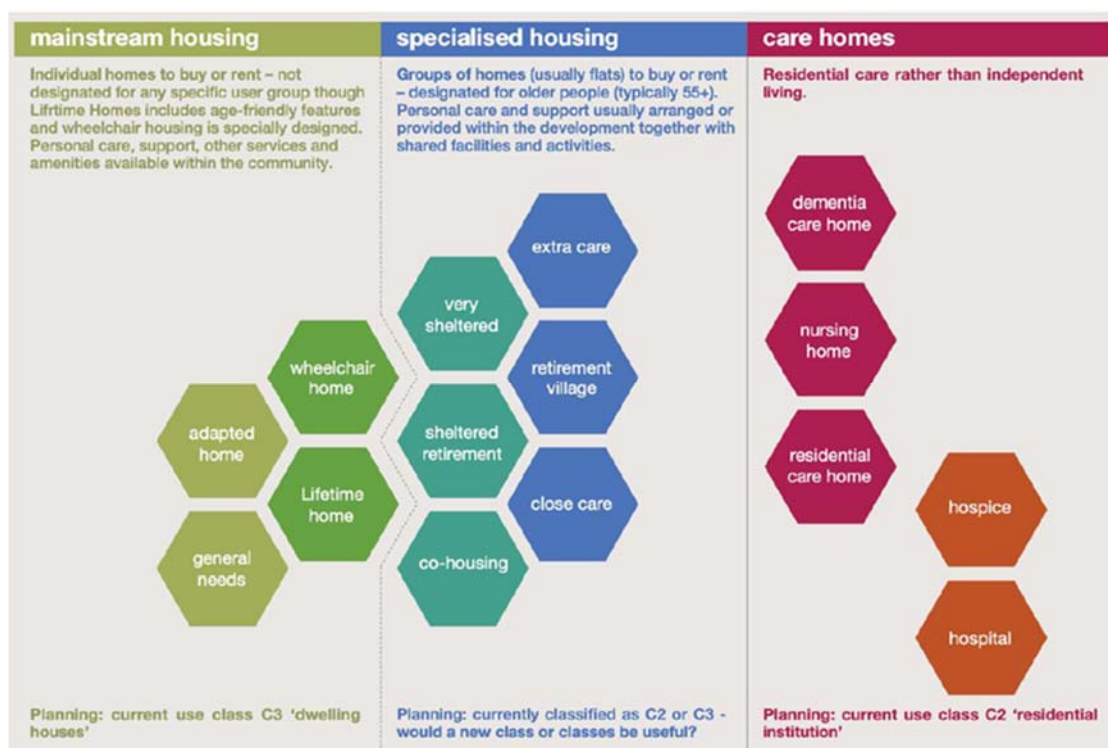
- 10.53 The SNHP (and therefore the LHN which has been derived from them) already remove a certain proportion of older people who are projected to be living in communal establishments (in the case of older people, those living in residential care homes). The projected need for bedspaces in care homes is therefore outside the SNHP and so the identified need, expressed in terms of bedspaces, **is in addition to the LHN**. For the purposes of this HEDNA, this accommodation is referred to as ‘C2’ uses.
- 10.54 For planning purposes, some forms of housing which provide an element of care could also fall under C2 use, for example some of the numerous accommodation types falling under the term ‘extra care housing’. However, as these may provide self-contained units for occupation by households, they are considered part of general housing needs, i.e. C3 for the purposes of assessing housing need in this HEDNA. These units meet the needs associated with households, and therefore are included within the SNHP (and the LHN). Supply of these types of housing units can therefore be counted as housing supply against the LHN.
- 10.55 The PPG¹¹¹ states that all types of housing provided for older people, including homes (such as sheltered housing or adaptable homes) and communal accommodation (such as nursing homes) can be counted against the housing requirement:
- “Plan-making authorities will need to count housing provided for older people against their housing requirement. For residential institutions, to establish the amount of accommodation released in the housing market, authorities should base calculations on the average number of adults living in households, using the published Census data”*
- 10.56 However, the approach of counting non-conventional housing supply against the housing requirement has been clarified in the High Court in ‘*Exeter City Council v (1) Secretary of State for Communities and Local Government and (2) Waddeton Park Limited and (3) The R B Nelder Trust [2015] EWHC 1663*’ referred to as *Exeter*. This judgment dealt with the inclusion of student accommodation as a component of housing supply when it has not been utilised in the formation of an appropriate housing requirement, however the principles of this judgment are just as applicable to bedspaces in nursing homes. The need for such a component of supply to be reflected in the requirement figure is set out in paragraphs 41 to 42 of the judgment, with the relevant conclusion as follows:
- “it would be irrational to include student accommodation [or elderly people C2 accommodation] in housing supply as meeting an adopted housing requirement, where such accommodation does not feature in that requirement.”*
- 10.57 In this context, because the need for bedspaces in care homes does not feature within the LHN for North East Lincolnshire Borough (i.e., it is in addition to it), the supply of this accommodation would be additional to the LHN housing requirement.

¹¹¹ PPG: 63-016a-20190626

10.58 To reiterate therefore, although Extra Care housing and other types of accommodation which provide self-contained units (which have a kitchen, bathroom, and bedroom/s) are sometimes recorded as C2 use, as they are meeting needs associated with households, supply of this accommodation can be counted against the LHN.

10.59 As has been widely recognised, categorizing different types of specialised housing is far from straightforward. Aside from creating ambiguity and confusion around moving for older people themselves and complexity for the planning process, this also acts as a barrier to the creation of rigorous statistics definitions do not necessarily accord with the assumptions within a planning context¹¹² with the diagram below illustrating the blurred lines between many products:

Figure 10.12 Different residential options for older people



Source: Best and Porteus (2012), as reproduced in Cambridge Centre for Housing and Planning Research (April 2021): Understanding Supply, demand and investment in the market for investment housing communities in England

10.60 The Elderly Accommodation Council National Housing Database (2014) refines this 'long list' down to the following types of specialist accommodation for older people – albeit as expanded upon subsequently these definitions do not necessarily accord with the assumptions within the planning context:

¹¹² Cambridge Centre for Housing and Planning Research (April 2021): *Understanding Supply, demand and investment in the market for investment housing communities in England*

Figure 10.13 Different types of elderly accommodation



Source: Elderly Accommodation Council National Housing Database (2014)

- 10.61 Many providers simplify this list still further into three categories of specialised housing distinguishing between housing ‘without support’, ‘with support’, and ‘with care’:
- **Housing without support:** age-restricted (and therefore not mainstream housing) but offers no other services.
 - **Housing with support:** might have some communal facilities, and dedicated housing managers.
 - **Housing with care:** might offer more extensive on-site facilities, including the option of personal care offered by an on-site provider.¹¹³
- 10.62 Within the planning system there is no fixed or agreed definition of the different types of housing for older people. The main distinction lies in the difference between Use Class C3 (Residential) and C2 (Residential Institutions).
- 10.63 However, there has been an inconsistent treatment of such facilities by appeal Inspectors:
- 1 In one appeal for retirement apartments for over 55s¹¹⁴, the Inspector considered the use class to be C3 because they were wholly self-contained and noted that, whilst they were serviced, this is different from care.

¹¹³ Cambridge Centre for Housing and Planning Research (April 2021): *Understanding Supply, demand and investment in the market for investment housing communities in England*

¹¹⁴ Sandhurst Lodge, Wokingham Road, Crowthorne, Berkshire (APP/R0335/W/15/3128812) 7 March 2016.

- 2 In a separate case¹¹⁵, the Inspector considered that assisted living units were C2 because, whilst they were self-contained, they were accessed via communal spaces and residents had access to communal facilities. Occupants had to be over 60 and receive a minimum of two hours care per week, albeit the definition of care was very broad.
- 3 In two cases relating to Extra Care provision, both Inspectors concluded these were C2 uses. In the first instance¹¹⁶ this was because residents were provided with a care package and in the second case¹¹⁷ because, whilst the units were self-contained, they did not represent independent living.

10.64 Key issues in determining the appropriate Use Class include the levels of care provided and the extent of shared facilities.

10.65 This issue was recently considered in the High Court case of *Rectory Homes v Secretary of State for Housing, Communities and Local Government*¹¹⁸. Although the central question of this case – which was dismissed on all grounds – was whether a proposal for 78 open market extra care dwellings and a communal residents centre fell within the scope of the development plan policy that required schemes for 3 or more dwellings to provide affordable housing, it includes a helpful exploration of the Use Class of care facilities and whether they can constitute dwellings.

10.66 It was common ground between Rectory Homes and South Oxfordshire Council that the whole scheme fell within use Class C2. The difference relates to the accommodation could be categorised as comprising “dwellings”. Paragraph 26 of the judgement states:

“The essence of the Claimant’s case before the Inspector and before this court is that the use of the word “dwellings” in the affordable housing policy...Because it was agreed between the parties that the entirety of the proposed development fell within the C2 Use Class, the Claimant contended that it had to follow that no part of the development could fall within the C3 Use Class and so could not amount to a ‘dwelling’.”

10.67 The Council “maintained that residential accommodation could be provided within a C2 development as dwellings, (so long as the use of each such dwelling did not fall within the C3 Use Class)” (paragraph 33). The Secretary of State also argued that dwelling should be given its normal meaning in this policy context. In this context, reference was made to the Gravesham and Moore cases¹¹⁹:

“It has become well-established that the terms the terms “dwelling” or “dwelling house” in planning legislation refer to a unit of residential accommodation which provides the facilities needed for day-to-day private domestic existence” (paragraph 53).

10.68 The judgement notes at paragraph 57 that Class C4 “use of a dwelling house by no more than 6 residents as a ‘house in multiple occupation’” demonstrates that C3 does not cover all circumstances where a property has the physical characteristics of a dwelling as defined in the Gravesham case. Furthermore, while certain institutions that fall within use class C2 are unlikely to include dwellings, the first sentence of use class C2 does not require the

¹¹⁵ Balcombes Hill, Goudhurst, Cranbrook, Kent (APP/M2270/W/16/3161379) 14 June 2017.

¹¹⁶ Stable Field, Kirdford Road, Wisborough Green (APP/L3815/W/17/3180078) 16 March 2018.

¹¹⁷ Land at West End Farm, Brackley Road, Buckingham (APP/J0405/W/17/3181140) 5 April 2018.

¹¹⁸ (2020), EWHC2098 (Admin)

¹¹⁹ Gravesham p. 146; Moore v Secretary of State for the Environment, Transport and the Regions (1998) 77 P and CR 114

institution to be a traditional one – it could be an organisation managing a development. The specific exclusion of C3 uses from residential accommodation in the definition of use class C2 implies that properties with the physical characteristics of dwellings can fall within C2:

“Accordingly, a Class C2 development may include accommodation in the form of dwellings, for example flats and bungalows, each of which has facilities appropriate for private, or independent, domestic existence. But their use would only fall within the C2 Use Class if ‘care’ is provided for an occupant in each dwelling who is in need of such care” [paragraph 62].

- 10.69 This is on the basis that *“on a proper interpretation of the Use Classes Order, Class C2 may include residential accommodation in the form of dwellings as part of the primary use, subject to the provision of care and restrictions on occupation...”* [paragraph 90].

Extra Care and Sheltered Accommodation (C3)

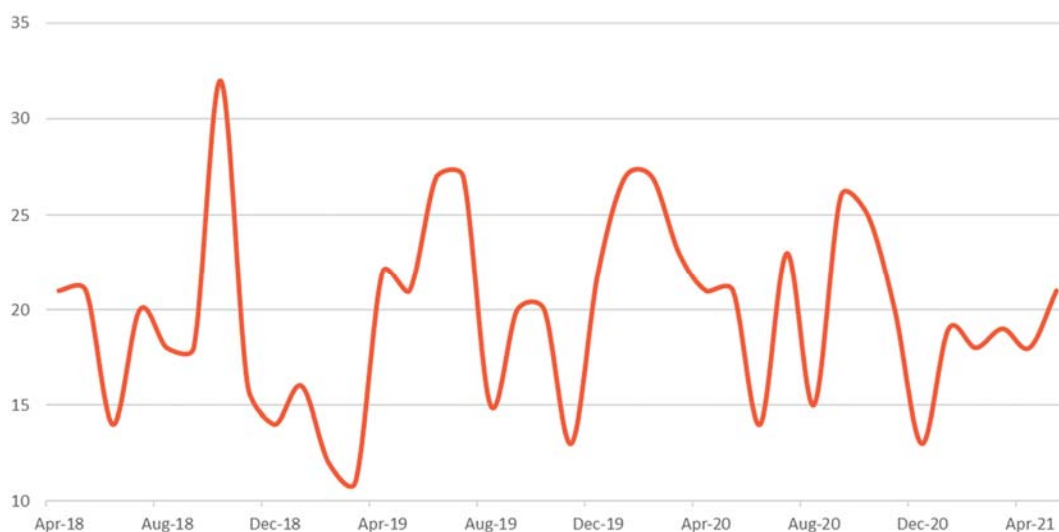
- 10.70 Collectively, Extra Care and Sheltered Housing specifically targeted at older households are referred to as ‘elderly housing’ for the purposes of this study. The PPG clarifies what type of evidence plan-makers need to consider when identifying the housing needs of older people:

“The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example [SHOP@](#) (Strategic Housing for Older People Analysis Tool), which is a tool for forecasting the housing and care needs of older people”¹²⁰.

- 10.71 The Council produced a Joint Strategic Needs Assessment [JSNA] in 2021 exploring the impact of Covid-19 on Adult Social Care in the Borough. The JSNA sets out the impact on care delivery across care giving settings including care homes, supported living/extra care housing as well as those in their own homes. The assessment highlights a series of key emerging issues including the impact social isolation particularly on elderly individuals and those affected by dementia and general ill-health. The assessment also acknowledges the shift of those in need of care depending more on informal care provision following lockdown restrictions with official service use declining during the pandemic.
- 10.72 The JSNA reports that North East Lincolnshire had a total of 234 permanent admissions to residential and nursing care homes in the year to March 2021, with 264 admissions in the year to March 2020 and 213 further admissions in the year to March 2019 indicating a general longer-term stability in overall admissions.

¹²⁰ PPG: 63-004-20190626

Figure 10.14 New Admissions to Permanent Care in North East Lincolnshire (April 2018 – May 2021)



Source: North East Lincolnshire Joint Strategic Needs Assessment (2021)

10.73 Based on our own analysis, statistics published by the Elderly Accommodation Council¹²¹ [EAC] show that the supply of specialist housing in North East Lincolnshire Borough is below the national levels in terms of all components of specialist housing units, although well above the regional level (which has the lowest level of supply of any region in England).

Table 10.4 Current supply of elderly accommodation (specialist housing)

	Housing with support	Housing with care	All specialist housing units
<i>Supply per 1,000 residents age 75+</i>			
England	123.0	16.2	139.2
Yorkshire and The Humber	99.8	12.4	112.2
North East Lincolnshire	116.7	4.9	121.6
<i>Total number of units</i>			
North East Lincolnshire	1,421	60	1,481

Source: Elderly Accommodation Council (2015)

10.74 The level of provision in North East Lincolnshire Borough is significantly below the national standard need ratio of 170 units of specialised accommodation (other than registered care home places) per 1,000 people aged over 75, set out by the Housing Learning and Improvement Network (HLIN)¹²², comprising 145 units of sheltered housing and 25 units of extra care per 1,000 people aged over 75.

10.75 The levels of provision in North East Lincolnshire Borough are also significantly below the national standard needs ratio of 275 units of older persons accommodation per 1,000 people aged over 75 (comprising 202 sheltered housing and 73 Extra Care¹²³), proposed by DLP in its report entitled “*The Older Persons Housing Needs Model* (April 2022).

¹²¹ Statistics on specialist housing provision for older people in England – EAC (March 2015)

¹²² Extra Care housing – what is it in 2015? – HLIN (November 2015)

¹²³ The Older Persons Housing Needs Model (April 2022)

Current Need

- 10.76 There are currently 15,232 people over the age of 75 living in North East Lincolnshire (based on Census 2021 data) of whom 9,924 (65.1%) live in the Urban Area, 3,519 (23.1%) live in the Western & Southern Arc, 901 (5.9%) live in the Estuary Zone whilst the remaining 888 (5.8%) live in the Rural Area. Based on the EAC national rate of 139.2 specialised units per 1,000 residents over 75, this equates to a need for **2,120** specialist units across the whole of North East Lincolnshire.
- 10.77 Table 10.5 illustrates this need by Spatial Zone, with 1,381 units (65.1%) needed in the Urban Area, 490 units (23.1%) in the Western & Southern Arc, 125 units (5.9%) in the Estuary Zone and the remaining 124 (5.9%) in the Rural Area.

Table 10.5 Existing need for specialist C3 accommodation for older people in North East Lincolnshire Borough

Location	Population over 75 (2021)	Type of Accommodation	Rate per 1,000 population over 75 (EAC national prevalence rate)		Need (EAC National Prevalence Rate)		Rate per 1,000 population over 75 (HLN standard)		Need (HLN standard rate)	
			Sheltered	Extra Care	Sheltered	Extra Care	Sheltered	Extra Care	Sheltered	Extra Care
Urban Area	9,924	Sheltered	123.0	139.2	1,221	1,381	125	170	1,241	1,687
		Extra Care	16.2		161		45		447	
Estuary Zone	901	Sheltered	123.0	139.2	111	125	125	170	113	153
		Extra Care	16.2		15		45		41	
Western & Southern Arc	3,519	Sheltered	123.0	139.2	433	490	125	170	440	598
		Extra Care	16.2		57		45		158	
Rural Area	888	Sheltered	123.0	139.2	109	124	125	170	111	151
		Extra Care	16.2		14		45		40	
North East Lincolnshire	15,232	Sheltered	123.0	139.2	1,874	2,120	125	170	1,904	2,589
		Extra Care	16.2		247		45		685	

Source: Lichfields analysis, based on Census 2021 Population data, EAC 2015. Totals may not sum due to rounding errors.

- 10.78 Alternatively, and based on the higher Housing LIN¹²⁴ national standard of 170 units of specialised accommodation (other than registered care home places) per 1,000 people aged over 75, North East Lincolnshire's need would increase to **2,589**. Splitting this need across the Spatial-Zones results in a need of 1,687 units in the Urban Area, 598 in the Western & Southern Arc, 153 in the Estuary Zone and the remaining 151 in the Rural Area.

Current Supply

- 10.79 There are currently a number of specialist facilities within North East Lincolnshire. Statistics published in 2023 by the Elderly Accommodation Counsel [EAC]¹²⁵, which are publicly available and provide robust and reasonable baseline dataset, demonstrate that the supply of sheltered and retirement housing in North East Lincolnshire is currently below the national average, with 1,362 units at an average of **89.4 units per 1,000 residents**

¹²⁴ As set out in the PPG (63-004-20190626): "The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ (Strategic Housing for Older People Analysis Tool), which is a tool for forecasting the housing and care needs of older people"

¹²⁵ Statistics on specialist housing provision for older people in England – EAC (March 2015)

aged 75+, compared to the national average of 117 and the regional average of 120. This is shown in Table 10.6 which demonstrates that more than half, or 824 units (60.3%), are in the Urban Area with a further 404 (29.8%) located in the Western & Southern Arc. The Estuary Zone is particularly underprovided for, comprising just 105 (7.8%) of total units, whilst the surrounding Rural Area has no units at all.

- 10.80 In terms of Extra Care housing, North East Lincolnshire fares particularly poorly, with a total of 120 units across the Borough, all of which are located in the Urban Area. This equates to an average of just **7.9 units per 1,000 residents aged 75+**, compared to the national average of 13.2 units across Yorkshire & The Humber and 15.7 across England.¹²⁶

Table 10.6 Supply of elderly accommodation (specialist housing) for North East Lincolnshire Borough as of 2023

		Population aged 75+ (2021)	Units	Share of Units (%)	Per 1,000 population over 75
Retirement Homes / Close Care / Sheltered Housing	Urban Area	9,924	824	60.5%	83.0
	Estuary Zone	901	134	9.8%	148.7
	Western & Southern Arc	3,519	404	29.7%	114.8
	Rural Area	888	0	0.0%	-
	North East Lincolnshire	15,232	1,362	100%	89.4
Age Exclusive / Sheltered Housing / Retirement Housing	Yorkshire & The Humber*	475,829	57,269		120.4
	England*	4,837,157	567,463		117.3
Assisted Living and Extra Care Housing	Urban Area	9,924	120	100.0%	11.8
	Estuary Zone	901	-	0.0%	-
	Western & Southern Arc	3,519	-	0.0%	-
	Rural Area	888	-	0.0%	-
	North East Lincolnshire	15,232	120	100%	7.9
Housing with Care	Yorkshire & The Humber*	475,829	6,264		13.2
	England*	4,837,157	76,156		15.7

Source: Elderly Accommodation Counsel (EAC): National Database of Housing for Older People, April 2023

*EAC Stats December 2019 including units under construction

- 10.81 Based on the National EAC prevalence rate, Table 10.7 illustrates that this current supply suggests that there is a residual need for 512 additional Sheltered units in North East Lincolnshire with varying levels of residual need across each of the four Spatial-Zones. Table 10.7 illustrates that the Western & Southern Arc and the Estuary Zone are largely capable of meeting needs with a residual need of just 29 and an over-supply of 23 units respectively. On the other hand, the level of residual need for sheltered accommodation is much higher across the Rural Area (+109 units) and substantially higher across the Urban Area (+397 units).
- 10.82 Residual need for Extra Care units follows a similar pattern to that of Sheltered Accommodation albeit the need is relatively more evenly distributed. Table 10.7 illustrates a residual need of 15 Extra Care units in the Estuary Zone and 14 in the Rural Area, with the

¹²⁶ BY way of comparison, the EAC reported in 2015 that the number of 'housing with support' units per 1,000 residents 75+ was 123.0 in England in 2015 and 130.8 in the East Midlands, whilst the comparable ratios for 'housing with care' was 16.2 units per 1,000 older residents nationally and 13.7 units per 1,000 regionally.

level of residual need increasing to 41 in the Urban Area and to 57 across the Western & Southern Arc. The need is much greater if the higher HLIN National Standard is used.

- 10.83 This analysis highlights that there is currently some unmet need for specialist older persons accommodation in the local area which is not being addressed.

Table 10.7 Existing residual need for specialist C3 accommodation for older people

Location	Type of Accommodation	Current Supply	EAC national prevalence rate		HLIN National Standard	
			Existing Need	Residual Need	Existing Need	Residual Need
Urban Area	Sheltered	824	1,221	+397	1,241	+417
	Extra Care	120	161	+41	447	+327
	Total	944	1,381	437	1,687	+743
Estuary Zone	Sheltered	134	111	-23	113	-21
	Extra Care	0	15	+15	41	+41
	Total	134	125	-9	153	+19
Western & Southern Arc	Sheltered	404	433	+29	440	+36
	Extra Care	0	57	+57	158	+158
	Total	404	490	+86	598	+194
Rural Area	Sheltered	0	109	+109	111	+111
	Extra Care	0	14	+14	40	+40
	Total	0	124	+124	151	+151
North East Lincolnshire	Sheltered	1,362	1,874	+512	1,904	+542
	Extra Care	120	247	+127	685	+565
	Total	1,482	2,120	+638	2,589	+1,107

Source: Lichfields Analysis. Totals may not sum due to rounding errors.

Emerging Need

- 10.84 Between 2022-2042, the number of residents aged 75 and over living in North East Lincolnshire is projected to increase by 10,104 or 62.6% (using the 2014-SNPP, rebased to the 2021 Census). Applying both the EAC and HLIN ratios to the net increase in residents suggests that between 2022 and 2042, the estimated need for elderly C3 housing units would be **between 1,406 and 1,775 units** in North East Lincolnshire.
- 10.85 Table 10.8 apportions this need out by Spatial-Zone and illustrates that there is a need for elderly C3 housing units of between:
- 1,107 to 1,393 units in the Urban Area;
 - 67 to 85 units in the Estuary Zone;
 - 162 to 209 units in the Western & Southern Arc; and,
 - 70 to 89 units in the Rural Area.

Table 10.8 Specialist C3 Accommodation Required in North East Lincolnshire (2022 – 2042)

	Type of Specialist Accommodation	EAC Rate (units/1,000 people aged 75+)	EAC Units required (2022-2042)	HLIN Rate (units/1,000 people aged 75+)	HLIN Units required (2022-2042)
Urban Area: 6,408 Additional Residents over 75	Sheltered	123.0	978	125	1,024
	Extra Care	16.2	129	45	369
	Total	139.2	1,107	170	1,393
Estuary Zone: 360 Additional Residents over 75	Sheltered	123.0	60	125	63
	Extra Care	16.2	8	45	23
	Total	139.2	67	170	85
Western & Southern Arc: 735 Additional Residents over 75	Sheltered	123.0	143	125	153
	Extra Care	16.2	19	45	55
	Total	139.2	162	170	209
Rural Area: 521 Additional Residents over 75	Sheltered	123.0	62	125	65
	Extra Care	16.2	8	45	23
	Total	139.2	70	170	89
North East Lincolnshire: 8,024 additional residents over 75	Sheltered	123.0	1,243	125	1,305
	Extra Care	16.2	164	45	470
	Total	139.2	1,406	170	1,775

Source: Lichfields analysis / 2014-based SNPP, rebased to Census 2021 / 2015 EAC. Totals may not sum due to rounding errors.

- 10.86 In addition to this, research undertaken by DLP in their *Older Persons Housing Needs Model* (April 2022) aims to fully consider past under-provision which has not kept pace with the ageing population since the early 1990s and is substantially below international comparisons (such as the United States, Australia, and New Zealand).
- 10.87 The DLP model considers 10, 20 and 30-year trends in the rate of provision by typology and tenure and relates these back to the 75+ population to calculate prevalence rates. Three typologies were considered for each of the three time periods: average annual growth rate, which calculates the percentage growth between each year and then averages the changes over each period; an exponential growth projection; and the application of the average annual build rate. DLP's proposed future national prevalence rate for sheltered housing and extra care combined is 275 per 1,000 residents over the age of 75.
- 10.88 Table 10.9 applies DLP's proposed national prevalence rates going forward as a sensitivity test and illustrates a potential emerging need over the next 20 years as high as 2,778 C3 sheltered / Extra Care units across North East Lincolnshire. Apportioning this to the four Spatial-Zones indicates an emerging need of up to:
- 2,187 units in the Urban Area;
 - 133 units in the Estuary Zone;
 - 320 units in the Western & Southern Arc; and,
 - 138 units in the Rural Area.
- 10.89 Most of this need would be Sheltered Accommodation rather than Extra Care.

Table 10.9 Specialist C3 accommodation required in North East Lincolnshire 2022 – 2042 (DLP Sensitivity)

	Type of Accommodation	DLP Rate	DLP Units Required (2022 – 2042)
Urban Area: 7,953 Additional Residents over 75	Sheltered	202	1,606
	Extra Care	73	581
	Total	275	2,187
Estuary Zone: 484 Additional Residents over 75	Sheltered	202	98
	Extra Care	73	35
	Total	275	133
Western & Southern Arc: 1,164 Additional Residents over 75	Sheltered	202	235
	Extra Care	73	85
	Total	275	320
Rural Area: 503 Additional Residents over 75	Sheltered	202	102
	Extra Care	73	37
	Total	275	138
North East Lincolnshire: 10,103 additional residents over 75	Sheltered	202	2,041
	Extra Care	73	738
	Total	275	2,778

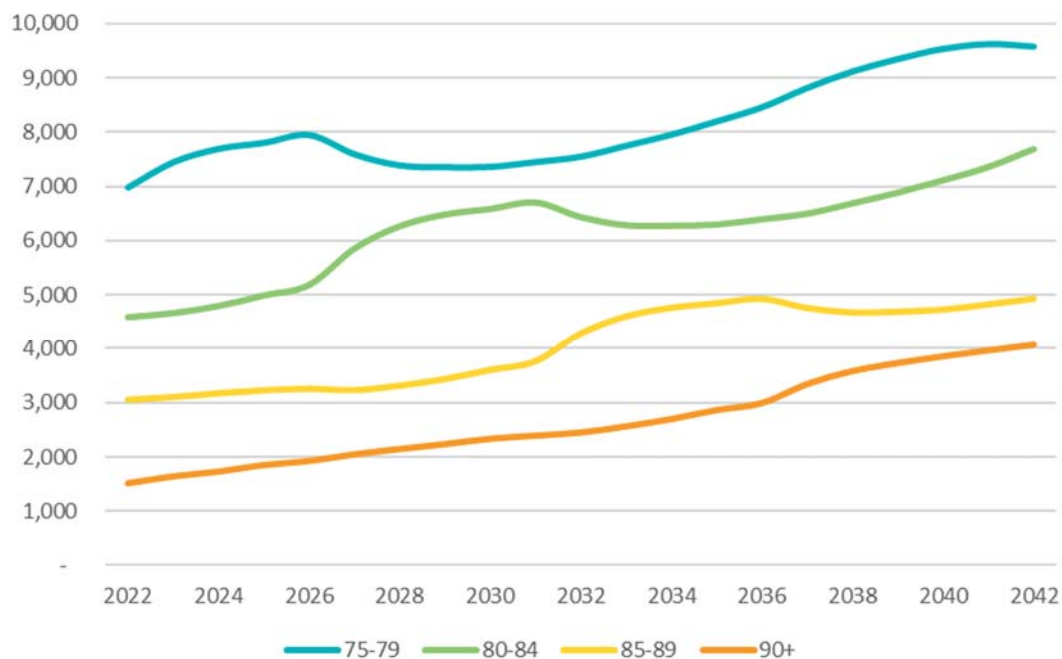
Source: Lichfields analysis / 2014-based SNPP / Census 2021 / DLP 2022. Totals may not sum due to rounding errors.

- 10.90 The figures in Table 10.8 and Table 10.9 do not consider the current undersupply in Sheltered / Extra Care accommodation summarised above for most areas.
- 10.91 When combined together, the current undersupply – plus the likely future net need – could range from between 2,045 (638 + 1,406) and 2,883 (1,775 + 1,107) across the whole of North East Lincolnshire. The level of undersupply by Spatial-Zone is between:
- 1,544 (1,107 + 437) and 2,136 (1,775 + 743) in the Urban Area;
 - 59 (67 - 9) and 105 (85 + 19) in the Estuary Zone;
 - 248 (162 + 86) and 403 (209 + 194) in the Western & Southern Arc; and
 - 194 (70 + 124) and 240 (89 + 151) in the Rural Area.
- 10.92 The numbers would be commensurately higher if the proposed national prevalence rate used by DLP for determining future needs is applied.
- 10.93 This analysis therefore highlights that there is currently some significant unmet need for C3 Sheltered and Extra Care specialist accommodation in North East Lincolnshire which is not being addressed, with the majority of need focused in the Urban Area.

Care / Nursing Home Beds (C2)

- 10.94 As noted above, the population over 75 years of age living in North East Lincolnshire is expected to increase by 10,104 (to 26,256) between 2022 and 2042, using the 2014-SNPP, rebased to the 2021 Census. Growth is expected to be particularly vertiginous amongst the over 90s, an age group expected to grow by 2,552 residents, or 169.3%, over the next 20 years.

Figure 10.15 Projected change in population age 75+ in North East Lincolnshire – 2022-42



Source: Lichfields using PopGroup, incorporating the 2014-based SNPP re-based to the 2021 Census

- 10.95 The 2021 Census identified that there were 1,184 people over the age of 75 who were residents in communal establishments in North East Lincolnshire. This can be taken as a proxy for the stock of care home bedspaces. The majority of communal establishment residents were identified as living in care homes (both with and without nursing), with 76.2% of those in care homes with nursing¹²⁷. The SNHP considers the findings of the (2011) Census, and for age 75+ assumes a given proportion of people will be living in communal establishments.
- 10.96 Recent statistics published in 2023 by EAC¹²⁸ indicates that there are currently 29 residential care homes based in North East Lincolnshire, of which 18 are located in the Urban Area, eight in the Western and Southern Arc, two in the Estuary Zone and one in the Rural Area. Residential care homes are defined by EAC as a residential setting where a number of older people live, usually in single rooms, and have access to on-site care services. A home registered simply as a care home will provide personal care only – help with washing, dressing and giving medication. Some care homes meet a specific care need, for example dementia or terminal illness.
- 10.97 Table 10.10 indicates that these 29 residential care homes provide 1,135 bedspaces in total, across 1,025 rooms (with a number of shared spaces).
- 10.98 Similar analysis of the EAC 2023 statistics indicates that there are also seven Nursing Homes¹²⁹ located in North East Lincolnshire, of which six are located in the Urban Area and

¹²⁷ 2021 data split by type of establishment is not available at the time of writing

¹²⁸ [Residential care homes in North East Lincolnshire, Lincolnshire : HousingCare](#)

¹²⁹ Three homes offer both care with and without nursing, in which case they could be included in either category – for the purposes of this study, we have included Brooklands Care Home and Clarendon Hall Care Home in the residential Care Homes category, and Lindsay Hall Nursing Home in the Nursing Home categories to ensure that the number of beds/rooms are not double counted.

one in the rural Area. Nursing homes are homes registered for nursing will provide personal care (help with washing, dressing and giving medication), and will also have a qualified nurse on duty twenty-four hours a day to carry out nursing tasks. These homes are for people who are physically or mentally frail or people who need regular attention from a nurse.

- 10.99 Table 10.10 indicates that these seven nursing homes provide 350 bedspaces in total, across 302 rooms (with a number of shared spaces). This means that of the 1,485 residents living in these care/nursing homes, 76% live in care homes without nursing, and the remaining 24% live in care homes with nursing. This is a similar split to that recorded in the 2021 Census – this indicated that of 1,184 residents living in a medical and care communal establishment in 2021, 262, or 22.1%, lived in a care home with nursing, and 922, or 77.9%, lived in a care home without nursing.

Table 10.10: Supply of residential care homes / nursing homes in North East Lincolnshire as of 2023

	Area	Population aged 75+ (2021)	Beds	Rooms
Residential Care Home	Urban Area	9,924	668	578
	Estuary Zone	901	71	71
	Western & Southern Arc	3,519	362	347
	Rural Area	888	34	29
	North East Lincolnshire	15,232	1,135	1,103
Nursing Home	Urban Area	9,924	306	269
	Estuary Zone	901	0	0
	Western & Southern Arc	3,519	0	0
	Rural Area	888	44	33
	North East Lincolnshire	15,232	350	302

Source: Elderly Accommodation Counsel (EAC): National Database of Housing for Older People, 2023

- 10.100 This projected rate of residents living in communal establishments has been applied to the 2014-based SNHP (re-based to the 2021 Census) to assess the future need for care home bedspaces. The 2014-based SNHP estimated that in 2022 there would be a need for 1,199 communal bedspaces for residents aged 75+, which is below the 1,485 residential care home/nursing home bedspaces that were occupied in 2022 as recorded by EAC for the Borough. This implies (assuming all beds are occupied) that some of these beds are occupied by people under the age of 75.
- 10.101 Over the period 2022 to 2042, based on the 2014-based SNHP (rebased to the 2021 Census) as modelled in PopGroup, there is projected to be a net increase of **942** residents over the age of 75 living in communal establishments. Based on the current split of residents living in care homes with and without nursing (22:87 split as per the 2021 Census) this would suggest a need to 2042 for a net additional:
- **207** bedspaces in care homes with nursing; and,
 - **735** bedspaces in care homes without nursing.

Medical and Care Establishments (C2) for under 75s

- 10.102 At the time of writing, whilst the 2021 Census provides us with information regarding the total number of North East Lincolnshire residents that are living in some type of communal accommodation, it does not yet provide this break down by age cohort. According to the previous 2011 Census (which does provide such a breakdown), North East Lincolnshire had 1,649 residents living in communal establishments, of whom 1,257 were living in medical and care homes with/without nursing (excluding staff/owners/family members). 347, or 27.6%, of these 1,257 communal residents were under the age of 75 (35.6% of residents in a care home with nursing, 25.3% of residents in a care home without nursing).

Table 10.11 Residents in Medical and Care Establishments with a Long-term health problem or disability – North East Lincolnshire

	0-15	16-24	25-34	35-49	50-64	65-74	75+	TOTAL
All Communal Establishment Residents	21	250	86	86	121	128	957	1,649
Communal Residents living in Care Home with nursing	0	3	5	25	37	30	181	281
%	0%	1%	6%	29%	31%	23%	19%	17%
Communal Residents living in Care Home without nursing	0	64	16	24	56	87	729	976
%	0%	26%	19%	28%	46%	68%	76%	59%
TOTAL Communal Residents living in Care Home with/without nursing	0	67	21	49	93	117	910	1,257
%	0%	27%	24%	57%	77%	91%	95%	76%

Source: Census 2011

- 10.103 Applying these incidence rates as a proportion of the total resident population to the projected population by sex and age in PopGroup, we can estimate the change in number of people under the age of 75 over the period to 2042 who are likely to require C2 nursing/care home accommodation, as shown in Table 10.12. These needs are in addition to the LHN because they relate to people (i.e., bedspaces) in care establishments, and do not relate to those living in private housing.
- 10.104 This shows that there is likely to be little change in the need for C2 accommodation for groups under 75. Collectively below the age of 75, there is estimated to be **a surplus of 12 spaces going forward** (due primarily to the projected fall in the population aged 50-64 living in the Borough).
- 10.105 This would bring the total need for care home spaces with and without nursing to **930 bedspaces**, in order to meet the need of those above and below the age of 75 (i.e. 942 – 12).

Table 10.12 Residents under 75 in need of C2 accommodation – North East Lincolnshire

	Net Change
0-15	0
16-24	1
25-34	0
35-49	-1
50-64	-18
65-74	6
Total	-12

Source: Lichfields analysis / 2014-based SNPP rebased to 2021 Census / Census 2011

Adaptable and Accessible Homes

- 10.106 In addition to the needs of residents living in communal establishment accommodation (C2), there is a need to ensure that suitable provision is made for those living in private housing who do not require care home facilities but may have specific needs, for example for adaptable and accessible homes.
- 10.107 The PPG¹³⁰ states that the provision of appropriate housing for people with disabilities, including specialist and supported housing, is crucial in helping them to live safe and independent lives. Unsuitable or un-adapted housing can have a negative impact on disabled people and their carers. It can lead to mobility problems inside and outside the home, poorer mental health and a lack of employment opportunities:
- “Providing suitable housing can enable disabled people to live more independently and safely, with greater choice and control over their lives. Without accessible and adaptable housing, disabled people risk facing discrimination and disadvantage in housing. An ageing population will see the numbers of disabled people continuing to increase and it is important we plan early to meet their needs throughout their lifetime.”*
- 10.108 The PPG¹³¹ states that there is a wide range of evidence that can be used to identify the housing needs of people with disabilities including the Census, Department for Work and Pensions on the numbers of Personal Independence Payment (replacing Disability Living Allowance) / Attendance Allowance benefit claimants; and Applications for Disabled Facilities Grant [DFG].
- 10.109 LPAs have the option to set additional technical requirements exceeding the minimum standards required by Building Regulations in respect of access and water, and an optional nationally described space standard. Where an identified need exists, plans are expected to make use of these optional technical housing standards in the Building Regulations to help bring forward an adequate supply of accessible housing. In doing so planning policies for housing can set out the proportion of new housing that will be delivered to the following standards:
- M4(1) Category 1: VISIBLE dwellings (the minimum standard that applies where no planning condition is given unless a plan sets a higher minimum requirement);
 - M4(2) Category 2: Accessible and adaptable dwellings; and,
 - M4(3) Category 3: Wheelchair user dwellings.

¹³⁰ PPG ID: 63-002-20190626

¹³¹ PPG ID: 63-005-20190626

- 10.110 As set out in the Building Regulations¹³², optional requirement M4(2) will be met where a new dwelling makes reasonable provision for most people to access the dwelling and incorporates features that make it potentially suitable for a wide range of occupants, including older people, those with reduced mobility and some wheelchair users [page 10].
- 10.111 Regarding wheelchair user dwellings, the Building Regulations state that that optional requirement M4(3) will be met where “*a new dwelling makes reasonable provision, either at completion or at a point following completion, for a wheelchair user to live in the dwelling or use any associated private outdoor space, parking and communal facilities that may be provided for the use of the occupants*” [page 23].
- 10.112 Based on their housing needs assessment and other available datasets, the PPG¹³³ states that it will be for LPAs to set out how they intend to approach demonstrating the need for Requirement M4(2) (accessible and adaptable dwellings), and/or M4(3) (wheelchair user dwellings), of the Building Regulations. There is a wide range of published official statistics and factors which local planning authorities can consider and take into account, including:
- the likely future need for housing for older and disabled people (including wheelchair user dwellings).
 - size, location, type and quality of dwellings needed to meet specifically evidenced needs (for example retirement homes, sheltered homes or care homes).
 - the accessibility and adaptability of existing housing stock.
 - how needs vary across different housing tenures.
 - the overall impact on viability.
- 10.113 Part M4(2) will be of particular relevance to housing older people, and the requirement will be met where:
- “...a new dwelling makes reasonable provision for most people to access the dwelling and incorporates features that make it potentially suitable for a wide range of occupants, including older people, those with reduced mobility and some wheelchair users.”* (Building Regulations 2010 Approved Document M).
- 10.114 The 2021 Census indicates that there were 26,041 owner occupiers aged 65 and over in North East Lincolnshire. Of this number, 14.4% (3,757) had a long-term health problem or disability [LTHPD] which limited their day-to-day activities a lot and a further 17.9% (4,672) with a long-term health problem or disability which limited their day-to-day activities a little. This equates to almost a third (32.4%) of all owner-occupiers.
- 10.115 However, the problem was far more pronounced amongst older residents living in the PRS and particularly social rented accommodation (in relative rather than absolute terms). 43.9% of all residents aged 65 and over living in PRS accommodation had a long-term health problem or disability which limited their day-to-day activities either a little or a lot, rising to 56.1% for those older residents living in social rented accommodation. **In total, 35.8% of all of North East Lincolnshire’s residents aged 65 and over have a long-term health problem or disability.**
- 10.116 Table 10.13 shows that this figure is slightly above both the regional (35.2%) figure and national (33.8%) rate.

¹³² HM Government (2021): The Building Regulations 2010 Access to and use of buildings, Volume 1: Dwellings, 2015 edition incorporating 2016 amendments

¹³³ PPG ID: 56-007-20150327

Table 10.13 Residents age 65+ with a long-term health problem or disability – North East Lincolnshire

	North East Lincolnshire			Yorkshire & the Humber			England		
	All owner-occupiers*	Social Rented	Private Rented	All owner-occupiers*	Social Rented	Private Rented	All owner-occupiers*	Social Rented	Private Rented
All (ages 65+)	26,041	3,433	2,373	799,724	147,933	64,347	8,149,810	1,333,262	633,072
Day-to-day activities limited a lot	3,757	1,093	571	109,541	44,938	13,009	1,067,311	385,875	119,149
	14.4%	31.8%	24.1%	13.7%	30.4%	20.2%	13.1%	28.9%	18.8%
Day-to-day activities limited a little	4,672	832	471	142,463	33,828	12,715	1,427,338	295,214	119,945
	17.9%	24.2%	19.8%	17.8%	22.9%	19.8%	17.5%	22.1%	18.9%
Total with LTHPD	35.8%			35.2%			33.8%		

Source: Lichfields based on 2021 Census. *For the purposes of the Census this includes owned outright, owned with a mortgage/loan and shared ownership.

- 10.117 The number of single households over the age of 65 which contain at least 1 person with an LTHPD in North East Lincolnshire stood at 41.8% (4,197), in line with the regional rate of 41.5% but slightly above that across England of 39.7%. In terms of couples/other households over the age of 65+, 47.0% of these households contain at least 1 person with an LTHPD in North East Lincolnshire – above both the regional (45.6%) and national (42.7%) rates (see Table 10.14).

Table 10.14 Households age 65+ with at least one person with a long-term health problem or disability – North East Lincolnshire

	North East Lincolnshire			Yorkshire & the Humber	England	
	All Households	No people in household with a LTHPD	1 or more people with LTHPD	% of households with at least 1 person with LTHPD		
Single Person 65+	10,030	5,833	4,197	41.8%	41.5%	39.7%
Couple/Other 65+	8,681	4,605	4,076	47.0%	45.6%	42.7%

Source: Lichfields based on 2021 Census.

- 10.118 As set out above, older households are expected to make up the vast majority of the future household growth in North East Lincolnshire. Single person older households are expected to make up 41.4% of future growth, whilst the growth in older couples actually exceeds the entire net growth of households in the Borough, with other younger households actually declining to 2042. Applying the assumption (based on Census data) that around 44% of these households will have at least 1 person with a LTHPD, this would equate to c.44.2% of all future household growth, as shown in Table 10.14.
- 10.119 As set out above, older households are expected to make up almost all of the future household growth in North East Lincolnshire. Single person older households are expected to make up 41.4% of future growth, whilst the growth in older couples actually exceeds the entire net growth of households in the Borough, with other younger households actually declining by 52.1% to 2042. Applying the assumption (based on Census data) that around 44% of these households will have at least 1 person with a LTHPD, this would equate to c.44% of all future household growth, as shown in Table 10.15.

Table 10.15 Estimated growth in older households with LTHPD in North East Lincolnshire to 2042

	As a % of total change 2022-42	Estimated Future households with LTHPD
Single Person 65+	41.4%	41.8%
Couple/Other 65+	110.8%	47.0%
Others	-52.1%	-
Total	100%	44.2%

Source: Lichfields based on MHCLG 2014-based Household Projections / Census 2011

10.120 Whilst this would, taken at face value, suggest that there is a significant need for adaptable and accessible homes, NELC should note that:

- In the private sector there is likely to be some degree of overlap between households living with a LTHPD and those living in sheltered or extra care housing. Such forms of assisted living are likely to contribute to meeting the needs of older households who have LTHPDs (whilst not needing to be in C2 accommodation).
- Similarly, in the social rented sector there is likely to be some overlap between the need for adaptable and accessible dwellings for older people and the need for M4(3) wheelchair user dwellings (see below).
- The Census shows that households living with LTHPDs are not equally spread across tenures, with a far greater percentages of older residents in social rented housing living with a LTHPD. In this context, the Council should seek a greater proportion of M4(2) dwellings within affordable housing than in private housing.
- Although older households make up most of the (net) household growth in North East Lincolnshire over the plan period, many of these will be households already living in housing (e.g. the family home) who are unlikely to move during old age. Therefore, new housing which is adaptable and accessible might not directly be meeting these needs, but will nevertheless be an important addition to the housing stock to meet the longer term needs associated with ageing.

10.121 On the basis of the above, with up to 60% of future household growth potentially needing accessible and adaptable homes, but with some of that need being met through Part M4(3) as below and reflecting that some retirement type products might reduce the relative need for general housing to meet accessible and adaptable standards, **it is recommended that c.50% of new general housing is provided to Part M4(2) standards, subject to viability**. It is important to note that there will be overlap between the need for adaptable and accessible homes and the identified need for elderly housing (i.e. Extra Care and Sheltered Housing).

M4(3) – Wheelchair user dwellings

10.122 The PPG¹³⁴ states that:

“Part M of the Building Regulations sets a distinction between wheelchair accessible (a home readily useable by a wheelchair user at the point of completion) and wheelchair adaptable (a home that can be easily adapted to meet the needs of a household including wheelchair users) dwellings.

¹³⁴ PPG: ID: 56-009-20150327

Local Plan policies for wheelchair accessible homes should be applied only to those dwellings where the local authority is responsible for allocating or nominating a person to live in that dwelling.”

- 10.123 In this context, the need for wheelchair accessible homes has only been assessed in reference to the affordable sector.
- 10.124 Whilst estimating the specific needs for wheelchair user dwellings is difficult to do accurately, we can make a broad estimate based on the disabling conditions identified of those currently claiming disability living allowance in North East Lincolnshire.
- 10.125 Current information on those in North East Lincolnshire claiming Personal Independent Payments [PIP] has been analysed. This provides residents with help regarding extra living costs if they have both:
- a long-term physical or mental health condition or disability; and,
 - difficulty doing certain everyday tasks or getting around because of your condition.
- 10.126 There are two parts to the PIP:
- a daily living part – if residents need help with everyday tasks; and,
 - a mobility part – if residents need help with getting around.
- 10.127 PIP is replacing the Disability Living Allowance [DLA] for most adults¹³⁵ and provides a breakdown of the age of these claimants and the type of condition they have. PIP claims with entitlement statistics show a total for all entitled cases. It presents both the number of people in receipt of PIP and those with entitlement where the payment has been suspended (for example if they are in hospital at a point in time). These have been grouped by mobility as shown in Table 10.16.
- 10.128 This demonstrates that 77.2% of all PIP claimants are claiming either for enhanced or standard mobility issues.

Table 10.16: PIP claimants by mobility award– North East Lincolnshire January 2023

	Total	%
Mobility Award – Enhanced	4,936	48.4%
Mobility Award – Standard	2,930	28.8%
Mobility Award – Nil	2,324	22.8%
Total	10,189	100%

Source: stat-xplore.dwp.gov.uk/

- 10.129 On this basis, there is likely to be some overlap with the identified need for adaptable and accessible homes in the social rented sector and wheelchair user dwellings in the social rented sector.
- 10.130 Regarding all properties, national data is available from research by Habinteg Housing Association and London South Bank University (supported by the then Homes and Communities Agency [HCA] now Homes England) *‘Mind the Step: An estimation of housing need among wheelchair users in England’* (2010), which can be drawn upon. The

¹³⁵ Claimants still keep receiving DLA if they are under 16 or they were born on or before 8th April 1948

report provides information at a national and regional level, although more weight is given to the national data.

- 10.131 The report estimated that the number of wheelchair user households in England with unmet housing need was 78,300. Broken down to regional level, it estimated for the Yorkshire and The Humber, the proportion of all households that are wheelchair user households was 2.6%. The report concluded that across England as a whole, around 78,300 wheelchair user households had an unmet need for specially adopted properties, around 13% of the total. This figure falls to 11% for Yorkshire and the Humber.
- 10.132 Applying these figures to the LHN demographic projections for the Borough indicates a current unmet need for 125 wheelchair accessible homes, rising by another 150 by 2041. This would equate to circa 7.6% of identified future housing need based on the SM2 (203 dpa). If a higher housing target were pursued, this would equate to 379 (19 p.a.) based on the Past Housing Delivery 313 dpa, and 493 (25 p.a.) if the Experian Economic Growth 507 dpa target were pursued (which would equate to 4.9% of future housing needs).

Table 10.17 Estimate of future wheelchair need across North East Lincolnshire Borough (2022 to 2042)

North East Lincolnshire	Current Need	Projected Need (2022 to 2042)	Total
LHN (203 dpa)	188	122	310 (16 p.a.)
Past Housing Delivery (313 dpa)	188	188	379 (19 p.a.)
Experian Economic Growth (507 dpa)	188	304	493 (25 p.a.)

Source: Household Projections based on Standard Method /Habinteg Prevalence Rates

- 10.133 In terms of the split between market and affordable dwellings, data from the 2018/19 EHS shows that 6.5% of housing association tenants are wheelchair users, compared to 2.6% of owner-occupiers and just 1.4% of private renters¹³⁶. This evidence should be considered when formulating Local Plan policies in respect of the proportion of homes in different tenures which should be developed.
- 10.134 Given the ageing population over the Plan period, on this basis we recommend that **between 5% and 10%** of new affordable homes should meet the M4(3) requirement for wheelchair users, albeit this is likely to overlap with some of the need for adaptable and accessible homes for older people. NELC should keep the housing waiting list under review, and if possible, collect information on whether a household specifically needs a wheelchair accessible dwelling.

Self-build and custom build

- 10.135 The Government is keen to encourage more people to build their own homes and wants to make this form of housing a mainstream development option. A self or custom-build project is defined as housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing and is intended to help diversify the housing market and increase consumer choice.
- 10.136 Paragraph 62 of the NPPF requires LPAs to plan for a mix of housing for people wishing to commission or build their own homes, whilst the PPG states that LPAs should consider how

¹³⁶ English Housing Survey 2018-19, Adaptions and accessibility factsheet

the needs of such groups can be addressed within the constraint of the overall need identified:

“Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.

LPAs should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the housing and economic development needs guidance), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.

Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.¹³⁷”

- 10.137 Each council is required to maintain a ‘Self-Build and Custom Build Register’ for its area, as set out in the section 1 of the Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016), which can include local eligibility tests for the Register¹³⁸. They are also subject to duties under sections 2 and 2A of the Act to have regard to this and to give enough suitable development permissions to meet the identified demand. Self and custom-build properties could provide market or affordable housing [NPPF footnote 28].
- 10.138 In respect of planning for such demand, the PPG therefore sets out that LPAs should use the demand associated with the Register, and other applicable secondary data sources, to understand and consider future need for this type of housing in their area¹³⁹. It goes on to state that this assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, ‘Need-a-Plot’ information available from the Self Build Portal and entries for building plots from local estate agents¹⁴⁰.
- 10.139 In the context of North East Lincolnshire, as of the end of October 2022, the Council had **46 individuals and 5 groups on the register**. Of these, two individual applications for the register were made in the October 2021-October 2022 monitoring period, with three planning permissions for serviced plots suitable for self-build granted in this time.
- 10.140 It is understood that NELBC Officers have written to everyone currently on the register in an attempt to ‘cleanse’ the entries, i.e. to remove those who have completed dwellings or are no longer seeking to self build. Unfortunately, the response has been poor. The number on the register may therefore not be accurate reflection of self-build need.
- 10.141 Going forward, consideration needs to be given to regularly updating the Self-Build Register to determine if people have found a plot elsewhere; whether they have built a property in North East Lincolnshire already; or whether they no longer wish to be on the register. It is important that the Register contains an accurate and up to date picture of the demand for self-build plots as this evidence feeds into a number of NELC functions including Local Plan review and assessing planning applications (and wider functions including housing strategies; regeneration strategies, land disposal plans etc).

¹³⁷ PPG ID: 57-011-20210208

¹³⁸ PPG ID: 57-001-20170728

¹³⁹ PPG ID:57-011-20210208

¹⁴⁰ PPG ID: 67-003-20190722

Notwithstanding this, given the number of entries in the self-build register NELC may wish to consider the provision of self-build plots as a part of its overall housing mix in the Local Plan.

Service Families

- 10.142 NELC is a signatory of the Armed Forces Covenant, which is a promise by the nation ensuring that those who serve or who have served in the armed forces, and their families, are treated fairly. In particular, the Covenant sets out 2 key principles:
- Those who serve in the Armed Forces, whether regular or reserve, those who have served in the past, and their families, should not face any disadvantage compared to other citizens in the provision of public and commercial services.
 - Special treatment is appropriate in some cases, especially for those who have given most such as the injured or the bereaved.
- 10.143 By re-signing the Covenant, NELC signed up to a number of commitments within the Armed Forces Covenant Strategy and Action Plan 2021 – 2025:
- It appointed the Elected Member Cllr Ron Shepherd as its Armed Forces Champion.
 - It is a member of the North East Lincolnshire Armed Forces Liaison Group. This group meets regularly to discuss the Covenant and implementing an action plan.
 - It promotes the Armed Forces Covenant Fund, which is a National grant scheme totalling £10 million each year.
 - It will promote the aims of the Covenant and ensure that NELC staff who deal with members of the public are aware of these commitments.
 - It will support its employees who are members of the Reserve Forces and cadet organisations recognising the need to be flexible with regard to leave for training, supporting any mobilisations and deployment.
- 10.144 There are currently no military bases in North East Lincolnshire, whilst the Council Tax Base Statistics for 2021 identifies that there is no armed forces' accommodation in the Borough. Furthermore, the Ministry of Defence's [MOD] Annual Personnel Location Statistics for 2021 indicates that there are currently no military or civilian personnel stationed in the Borough.
- 10.145 **It is therefore considered that at the current time, there is no need to identify any specific requirements for Service Families in the Borough.**

Children Looked After & Care Leavers

- 10.146 Children Looked After [CLA] are children or young people who are being cared for by a Local Authority, be it through foster care, residential children's and young adults' homes or living in residential settings like schools or secure housing units. There are numerous reasons for children requiring care such as parents not being capable, intervention by children's services to prevent children from risk of harm, or children seeking asylum, also known as Unaccompanied Asylum-Seeking Children [UASC].
- 10.147 The latest statistics on CLA show that there were 615 children being looked after in North East Lincolnshire as of the 31st March 2022, with 477 or 77.6% of these being under the age

of 16¹⁴¹. This is more than double the figure 5 years earlier in March 2017 of 297. 466 of these young people are in foster care, with 71 in a home, secure unit or living semi-independently, 68 placed with parents and 7 placed for adoption. 20 CLA in the Borough were UASC as of March 2022.

10.148 NELC's latest CLA Sufficiency Strategy was released in April 2021 and sets out the Council's view on how to plan for future CLA needs. It states that if the number of CLA in the Borough remains around 600, the Council thinks they will need:

- 360 foster homes made up of
 - 325 local NELC carers
 - 35 independent (IFA) carers
- 60 children's home places made up of
 - 30 beds in NELC homes
 - 30 beds in independent homes
- 30 beds in semi-independent living

10.149 The Strategy also states that the Council thinks they have too many young people in care, and through efforts to reduce the number of young people coming into care this number can be reduced to around 450, in which case the Borough will need:

- 270 foster homes made up of
 - 240 local NELC carers
 - 30 independent (IFA) carers
- 45 children's home places made up of
 - 30 beds in NELC homes
 - 15 beds in independent homes
- 23 beds in semi-independent living

10.150 As outlined in NELC's Children Services Strategy 2022/25, the Council's overarching aim is to keep children and young people with their families and where that is not possible that that suitable foster placements are sought. However, that is not always possible, or it is not safe to do so, therefore where children and young people have to be accommodated in a residential setting it is important that there is sufficient residential placements in North East Lincolnshire for them.

10.151 In March 2023 NELC was visited by a National Implementation Adviser for Care Leavers from the Department for Education, who reviewed the Council's operational model, the local offer and feedback from care leavers. It was acknowledged that housing for care leavers is one of NELC's biggest challenges. In discussions with NELC it was highlighted that there is currently only private provision of housing for care leavers on offer, which can also have preventative affordability requirements. The advisor also identified that the housing offer was not known by staff and care leavers, with little in the way of a centralised joined-up approach to accommodating young people as they leave care.

¹⁴¹ DfE (2023): Statistics: looked-after children <https://www.gov.uk/government/collections/statistics-looked-after-children>

- 10.152 Several recommendations were made, including developing the specific offer to care leavers over 21yrs with a focus on UASC, care leavers entering and leaving custody and care leavers as parents.
- 10.153 A Children's Services Accommodation Strategy shared with Lichfields sets out the specific requirements for conversion of residential dwellings to allow for sufficient placements as set out in Table 10.18.

Table 10.18 Children's Services Housing Requirements

Additional Property requirements	Number of Properties Required	Increase in Residential Bed Provision
CHAD Respite/Decant	1	n/a
Specialist mental health (2-bed)	1	2
Parent & Baby (4-bed)	1	4
Pre-teen residential (3-bed)	2	6
Teenage residential units (4-bed)	6	24
Total	12	40

Source: NELC

- 10.154 The strategy identifies a requirement for 12 residential dwellings to be acquired for CLA and Care Leaver housing, increasing provision by 40 beds. The Strategy further sets out plans to develop a Young Person's, Children and Family Accommodation and Support Gateway.

“This delivery model will manage supported accommodation for young people and vulnerable families who present with housing needs. The Gateway will be a collaboration between the Council's Children's Services and Housing Services and will act as the single point of entry into accommodation and support services for young people, regardless of the legal duty which is owed to them.

The service will provide supported accommodation, for young people and families such as small, shared houses with 24-hour support, larger hostels, and independent flats in the community with lower-level support.

The Gateway will provide a consistent pathway into settled accommodation. By allowing visibility of all supported accommodation, it will broaden choice and increases the chance that young people will be placed in the accommodation most appropriate to their needs.”

11.0 Commercial Property Market Signals and Intelligence

Introduction

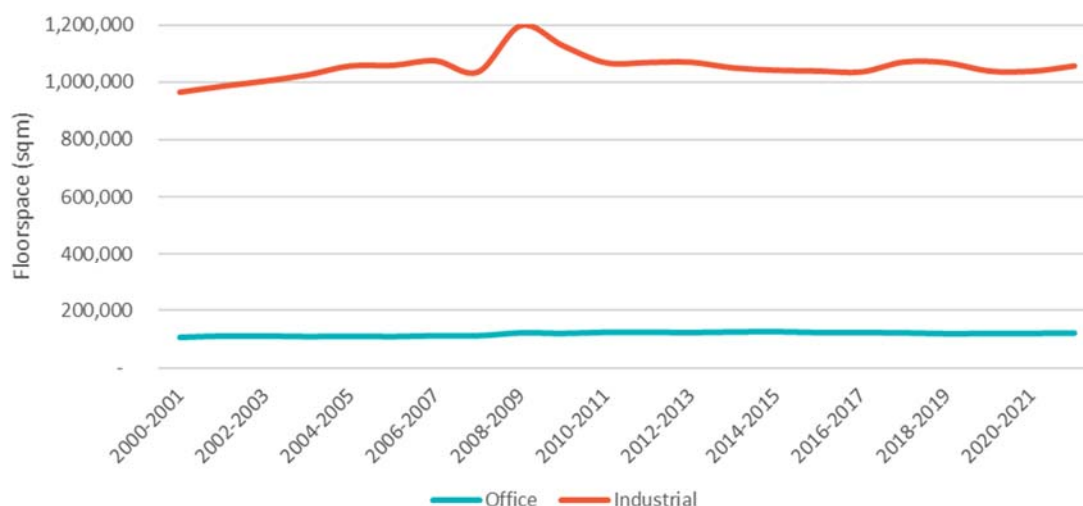
- 11.1 This section provides an overview of the current stock of employment space in the Borough, while also summarising latest trends and changes to the supply of this employment space. The amount of employment land and floorspace has been considered across the three main types of employment uses (i.e., office [E(g)(i)(ii)], manufacturing [E(g)(iii)/B2], and warehousing & distribution [B8]).
- 11.2 It then provides an overview of the property market from a national and local perspective. It looks at the key office and industrial employment locations in the Borough and provides a view on rents and land values. This has been informed by a review of market trends and secondary data, as well as consultations with several stakeholders such as commercial agents and developers active in the Borough and the wider area. This section also provides additional information from the stakeholder discussions.
- 11.3 This analysis uses data from the following sources:
- 1 Commercial floorspace data from the ONS and various datasets from the Valuation Office Agency [VOA];
 - 2 Monitoring data on commercial space from North East Lincolnshire Council;
 - 3 CoStar commercial property data; and,
 - 4 Discussions with a number of local agents and other commercial stakeholders.

Employment Space

- 11.4 Figure 11.1 and Table 11.1 show data on industrial and office floorspace from the VOA. In total, North East Lincolnshire has approximately 1.18 million sqm of employment floorspace, of which approximately 89.6% is factories/warehouses and 10.4% offices. Table 11.1 shows that over the period 2000/01 to 2021/22, commercial office space in North East Lincolnshire increased by around 15,000 sqm or 14.0% to reach approximately 122,000 sqm. However, this remains below the period peak of 127,000 sqm in 2014/15. In comparison, Yorkshire and The Humber, and the UK saw increases in office floorspace of 15.7% and 6.3% respectively over the same period.

11.5 Between 2000/01 and 2021/22, the total amount of industrial floorspace increased by 92,000 sqm or 9.6% to approximately 1.05 million sqm compared with a slight decrease of 0.4% across Yorkshire and The Humber as a whole. The current floorspace across the Borough remains below that of the period peak of 1.2 million sqm in 2008/09 but above the period low of 963,000 sqm in 2000/01. Meanwhile, office space across England Wales also increased 6.3% from 79.5 million sqm in 2000/01 to 84.6 million in 2021/22.

Figure 11.1 Stock of Employment Floorspace



Source: Valuation Office Agency (2021): NDR Floorspace Tables

Table 11.1 Growth in Employment Floorspace (2000/01 – 2021/22)

	Office			Industrial		
	Floorspace (sqm)	Change (2001-2022)	% Change (2001-2022)	Floorspace (sqm)	Change (2001-2022)	% Change (2001-2022)
North East Lincolnshire	122,000	15,000	14.0%	1,055,000	92,000	9.6%
Yorkshire and The Humber	6,520,000	886,000	15.7%	41,752,000	-184,000	-0.4%
England and Wales	84,553,000	5,007,000	6.3%	335,120,000	-9,813,000	-2.8%

Source: Valuation Office Agency (2022): NDR Floorspace Tables

11.6 Furthermore, the overall distribution of office and industrial floorspace has remained consistent over the period with office floorspace comprising 10.0% of total floorspace in 2000/01, peaking at 10.9% in 2014/15 and subsequently falling to 10.4% of total employment floorspace in 2021/22.

Spatial Distribution

11.7 Commercial property market data from CoStar provides insight on industrial and office floorspace. CoStar is an online commercial property database maintained by a team of

market researchers which tracks in detail properties that appear on the market. Whilst this means that CoStar does not capture 100% of properties and floorspace as tracked by the VOA, it is considered as relatively accurate for larger properties and provides insight and market analysis that would not otherwise be available.

- 11.8 Table 11.2 gives an indication of the spatial distribution of properties and floorspace across the four sub-areas of North East Lincolnshire. In terms of office space, there are a total of 212 office units across North East Lincolnshire with 79.2% (168 units) of office units located in the Urban Area. The Estuary Zone is a distant second with just 13.7% (29 units) of the total office stock. The remaining stock includes 14 units (6.6%) distributed across the Western and Southern Arc and just a single unit (0.5%) in the Rural Area.
- 11.9 This trend remains consistent when analysing the amount of floorspace across the Spatial-Zones. 1.01 million sq. ft or 70.2% of office floorspace is within the Urban Area however, relative to the number of units in the Estuary Zone, the share of floorspace is almost double at 26.4% (382,090 sq. ft) suggesting that of the 29 offices units that are in the Estuary Zone many of them are relatively large.
- 11.10 Conversely, the Western and Southern Arc accounts for just 3.1% (44,472 sq. ft) of office floorspace compared to 6.6% of units indicating many of the 14 units are relatively small in size. The single 3,828 sq. ft office unit in the Rural Area comprises 0.3% of total office floorspace.
- 11.11 Regarding industrial floorspace, there are a total of 323 industrial units across North East Lincolnshire and furthermore demonstrate a similar distribution to that of the Borough's office stock. 191 or 59.1% of all industrial properties are in the Urban Area with a further 109 or 33.7% located across the Estuary Zone. CoStar identifies a total of 20 industrial properties across the Western and Southern Arc Spatial-Zone comprising 6.2% of total industrial stock. Like the distribution of office stock, there are just three industrial properties within the Rural Area comprising just 0.9% of the Borough's industrial stock.
- 11.12 Overall, the Urban Area (67.1%) and Estuary Zone (25.8%) account for over 90% of employment properties and over 95% of total employment floorspace (49.5% in the Urban Area and 47.2% in the Estuary Zone) in the Borough. The Western and Southern Arc accounts for 6.4% of all employment properties compared to just 2.9% of employment floorspace whilst the Rural Area provides just 0.7% of employment properties and 0.3% of employment floorspace.

Table 11.2 Office and Industrial properties and floorspace by spatial-zone

	Estuary Zone	Rural Area	Urban Area	Western and Southern Arc	Total
Office					
Properties	29	1	168	14	212
Properties (%)	13.7%	0.5%	79.2%	6.6%	100%
Floorspace	382,090	3,828	1,014,231	44,472	1,444,621
Floorspace (%)	26.4%	0.3%	70.2%	3.1%	100%
Industrial					
Properties	109	3	191	20	323
Properties (%)	33.7%	0.9%	59.1%	6.2%	100%
Floorspace	4,325,882	28,634	3,922,435	247,954	8,524,905
Floorspace (%)	50.7%	0.3%	46.0%	2.9%	100%
Total					
Properties	138	4	359	34	535
Properties (%)	25.8%	0.7%	67.1%	6.4%	100%
Floorspace	4,707,972	32,462	4,936,666	292,426	9,969,526
Floorspace (%)	47.2%	0.3%	49.5%	2.9%	100%

Source: CoStar analysis (April 2023) / Lichfields Analysis

Quality of Premises

- 11.13 CoStar's star rating system uses market-tested criteria which allows for analysis of the quality of existing office and industrial stock. CoStar's criteria take account of architectural design, structures/systems, amenities, site/landscaping/exterior, and certifications. This analysis defines low quality properties as those rated 1-2 stars, average quality properties as those rated 3-stars and high quality properties as those rated 4-5 stars.
- 11.14 Table 11.3 shows a breakdown of office and industrial properties in North East Lincolnshire by star rating against the regional comparator. The data indicates that the Borough's stock is heavily skewed towards lower-quality office premises, with 1- and 2-star premises accounting for 63.2% of total office stock. This is a higher share of lower quality premises than can be found across Yorkshire and The Humber region (50.7%). 35.8% (76 properties) of office properties are of average quality compared to 46.7% (3,814 properties) across Yorkshire and The Humber. Furthermore, it is notable that just 0.9% of office stock across North East Lincolnshire is of very high quality compared to 2.6% (210 properties) across the region.
- 11.15 The table also illustrates the quality of industrial properties across North East Lincolnshire. Relative to the share of low quality office space, the Borough has a lower – though still notable – share of low quality industrial space. Of the 323 industrial properties, 52.3% or 169 properties are of low quality compared to just 43.9% across Yorkshire and The Humber. There are 153 properties rated average in quality comprising a further 47.4% of industrial properties compared to 53.5% across the region. Also notable is the fact that CoStar identifies just one high quality industrial property in North East Lincolnshire – a 15,500 sq.ft unit at Stallingborough Business Park, Kiln Lane comprising just 0.4% of all industrial properties across North East Lincolnshire. This compares to 2.6% across the region.

Table 11.3 Quality of Properties in North East Lincolnshire and Yorkshire and The Humber

	North East Lincolnshire		Yorkshire and The Humber
	Properties	%	%
Office			
1 - 2 Star	134	63.2%	50.7%
3 Star	76	35.8%	46.7%
4 - 5 Star	2	0.9%	2.6%
Industrial			
1 - 2 Star	169	52.3%	43.9%
3 Star	153	47.4%	53.5%
4 - 5 Star	1	0.3%	2.6%
Total			
1 - 2 Star	303	55.4%	46.6%
3 Star	229	44.0%	50.8%
4 - 5 Star	3	0.6%	2.6%

Source: CoStar Analysis (April 2023) / Lichfields Analysis

- 11.16 CoStar also facilitates the analysis of quality distribution across North East Lincolnshire by Spatial-Zone. Most of the office properties in the Urban and Rural Areas area are low quality units comprising 118 or 70.2% of office stock in the Urban Area and 100% of the office stock in the Rural Area although this does comprise just a single property. A further nine office properties comprise 31.0% of total office stock in the Estuary Zone with a further 6 or 42.9% comprising the Western and Southern Arc.
- 11.17 Most of the office space in the Estuary Zone (69.0% or 20 properties) and the Western and Southern Arc (57.1% or eight properties) consists of average quality compared to just 28.6% of office stock in the Urban Area. Across all four spatial-zones there were just two high quality office properties located in the Urban Area – the Cartergate House in the St James area and Westgate Park to the north of West Marsh.
- 11.18 Regarding industrial properties, the distribution is comparable to that of North East Lincolnshire’s office stock however industrial properties are generally of a lower quality. Most industrial properties in the Rural Area, Urban Area and Western and Southern Arc are all low quality units comprising 100% (3 properties), 61.8% (118 properties), and 60.0% (12 properties) of the Spatial-Zones’ respective industrial stock.
- 11.19 Bucking this trend, low quality industrial properties comprise 33.0% (36 properties) of total units in the Estuary Zone with average quality units comprising 66.1% (72 properties). This compares to just 40.0% (eight properties) across the Western and Southern Arc and just 38.2% (73 properties) across the Urban Area. There were no average quality industrial properties located in the Rural Area. The single high quality industrial property identified by CoStar in the Estuary Zone refers to the unit at Kiln Lane.

Table 11.4 Quality of Properties by Spatial-Zone

	Estuary Zone		Rural Area		Urban Area		Western and Southern Arc	
	Properties	%	Properties	%	Properties	%	Properties	%
Office								
1 - 2 Star	9	31.0%	1	100.0%	118	70.2%	6	42.9%
3 Star	20	69.0%	0	0.0%	48	28.6%	8	57.1%
4 - 5 Star	0	0.0%	0	0.0%	2	1.2%	0	0.0%
Industrial								
1 - 2 Star	36	33.0%	3	100.0%	118	61.8%	12	60.0%
3 Star	72	66.1%	0	0.0%	73	38.2%	8	40.0%
4 - 5 Star	1	0.9%	0	0.0%	0	0.0%	0	0.0%
Total								
1 - 2 Star	45	32.6%	4	100.0%	236	65.7%	18	52.9%
3 Star	92	66.7%	0	0.0%	121	33.7%	16	47.1%
4 - 5 Star	1	0.7%	0	0.0%	2	0.6%	0	0.0%

Source: CoStar Analysis (April 2023) / Lichfields Analysis

Floorspace Availability

11.20 Table 11.5 shows the availability of floorspace in each Spatial-Zone, comprising any space that is currently marketed. The availability of office space is relatively mixed across North East Lincolnshire, with 6,029 sq. ft available or 11.9% of total office floorspace in the Western and Southern Arc compared to 82,304 sq. ft available or 7.5% in the Urban Area and 29,662 sq. ft or 7.2% in the Estuary Zone. CoStar does not indicate that there is any marketed available office floorspace in the Rural Area.

11.21 **There is a significant lack of available industrial floorspace across the Borough.** A total of 82,786 sq. ft or 2.1% of total industrial floorspace is available in the Urban Area falling to 48,004 sq. ft or 1.3% of industrial floorspace in the Estuary Zone, and 3,937 sq. ft or 1.6% in the Western and Southern Arc. CoStar also illustrates that the Rural Area has no available industrial floorspace.

Table 11.5 Floorspace availability by Spatial-Zone (sq. ft)

	Estuary Zone	Rural Area	Urban Area	Western and Southern Arc	Total
Office					
Floorspace	382,090	3,828	1,014,231	44,472	1,444,621
Available	29,662	-	82,304	6,029	117,995
Available (%)	7.2%	0.0%	7.5%	11.9%	7.6%
Industrial					
Floorspace	4,325,882	28,634	3,922,435	247,954	8,524,905
Available	58,004	-	82,786	3,937	144,727
Available (%)	1.3%	0.0%	2.1%	1.6%	1.7%
Total					
Floorspace	4,707,972	32,462	4,936,666	292,426	9,969,526

	Estuary Zone	Rural Area	Urban Area	Western and Southern Arc	Total
Available	87,666	-	165,090	9,966	262,722
Available (%)	1.8%	0.0%	3.2%	3.3%	2.6%

Source: CoStar Analysis (April 2023) / Lichfields Analysis

Development Rates

Completions

11.22 Data on gross completions for the period 2005/06 to 2017/18 was analysed, based on the Council's Annual Monitoring Reports [AMRs] for those years. Take up (i.e., completions) of land for employment development has been provided over this time period, broken down by Use Class and is set out in Table 11.6. Over this 13-year period, gross completions for B-Class uses in North East Lincolnshire amounted to 161,214 sqm, at an average of 12,401 sqm gross.

Table 11.6 Gross Employment Floorspace Developed across North East Lincolnshire by Use Class (sq. m) (2004/05 – 2017/18)

Year	Office (B1a)	Research & Development (B1b)	Light Industry (B1c)	General Industrial (B2)	Storage and Distribution (B8)	Flexible Consent (B1, B2, B8)	Annual Total	
							Floorspace	Share (%)
2005/06	3,599.0	-	950.0	24,319.0	1,691.0	-	30,559.0	19.0%
2006/07	1,113.0	-	151.0	6,360.0	8,061.0	-	15,685.0	9.7%
2007/08	1,402.0	-	553.0	8,380.0	233.0	4,752.0	15,320.0	9.5%
2008/09	3,991.0	3,486.0	575.0	12,731.0	415.0	151.0	21,349.0	13.2%
2009/10	4,755.0	3,375.0	2,652.0	2,115.9	8,803.0	248.0	21,948.9	13.6%
2010/11	384.3	-	65.4	1,756.0	704.0	3,614.0	6,523.7	4.0%
2011/12	430.9	-	1,215.6	206.0	1,990.0	-	3,842.5	2.4%
2012/13	1,808.0	-	80.7	1,749.3	-	-	3,638.0	2.3%
2013/14	767.0	-	1,345.6	8,247.2	2,374.6	-	12,734.4	7.9%
2014/15	44.2	-	118.9	877.8	7,187.1	192.3	8,420.3	5.2%
2015/16	4,735.1	-	200.8	5,510.6	416.5	-	10,863.0	6.7%
2016/17	4,217.7	-	-	-	-	-	4,217.7	2.6%
2017/18	728.6	-	651.8	1,338.0	2,961.0	433.0	6,112.4	3.8%
Total	27,975.8	6,861.0	8,559.8	73,590.9	34,836.2	9,390.3	161,213.9	100.0%

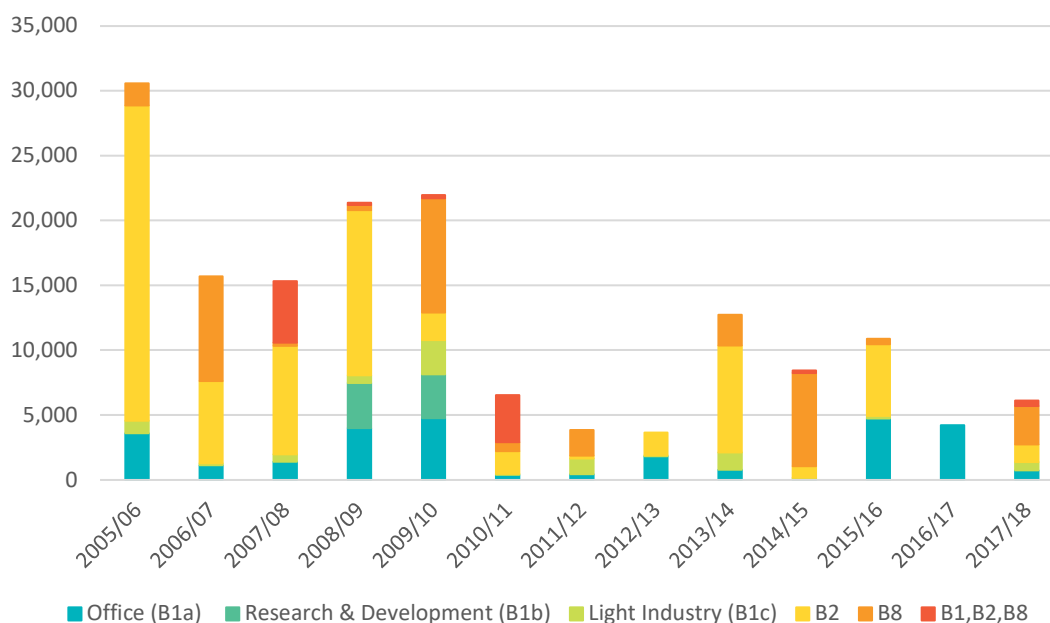
Source: North East Lincolnshire Council: Annual Monitoring Reports 2013/14 – 2017/18.

note figures may not sum due to rounding

11.23 As can be seen in Figure 11.2, delivery has fluctuated over time and been on a downward trend, ranging from 30,559 sqm in 2005/06 to 3,843 sqm in 2012/13. In general, of the specified B-use Class, around 21.6% has come forward for office/R&D; around 5.3% for light industrial uses; 45.6% for B2 general manufacturing and 21.6% for B8 warehousing and distribution. A further 5.8% has come forward for mixed/unspecified B-class use.

11.24 It should of course be noted that in common with most other parts of the UK, development since 2018 impacted by period of Brexit/exit from Europe, the Covid pandemic and cost increases due to crisis in Ukraine over this period.

Figure 11.2 Gross Annual Employment Land Completions in North East Lincolnshire 2005/06 – 2017/18



Source: NELC Annual Monitoring Reports

Losses

11.25

Net completions are also recorded by NELC in its AMRs dating from 2008/09 to 2017/18, which allows for calculation of losses. As shown in Table 11.7, a total of 18,971 sqm was lost to alternative non-B Class uses over those years, at an average of 1,897 sqm a year.

Table 11.7 Employment Floorspace Lost across North East Lincolnshire by Use Class (sq. m) (2008/09 – 2017/18)

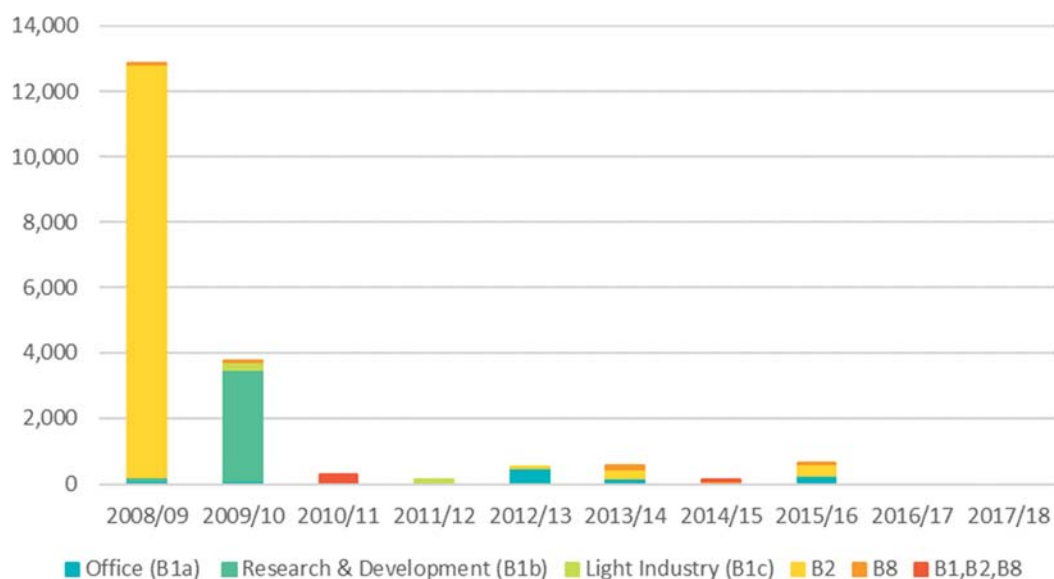
Year	Office (B1a)	Research & Development (B1b)	Light Industry (B1c)	General Industrial (B2)	Storage and Distribution (B8)	Flexible Consent (B1, B2, B8)	Annual Total	
							Floorspace	Share (%)
2008/09	115.0	111.0	-	12,591.0	64.0	-	12,881.0	67.9%
2009/10	112.3	3,375.0	228.0	11.6	26.6	-	3,753.5	19.8%
2010/11	26.6	-	-	4.0	-	276.0	306.6	1.6%
2011/12	-	-	149.6	-	-	-	149.6	0.8%
2012/13	494.8	-	-	19.5	-	-	514.3	2.7%
2013/14	190.0	-	6.0	266.9	132.9	-	595.8	3.1%
2014/15	0.7	-	1.9	13.8	113.1	3.0	132.5	0.7%
2015/16	278.1	-	11.8	323.6	24.5	-	638.0	3.4%
2016/17	115.0	111.0	-	12,591.0	64.0	-	12,881.0	67.9%
2017/18	112.3	3,375.0	228.0	11.6	26.6	-	3,753.5	19.8%
Total	1,217.5	3,486.0	397.3	13,230.5	361.1	279.0	18,971.3	

Source: NELC Annual Monitoring Reports

11.26

As shown in Figure 11.3, the majority of this loss was in 2008/09 when 12,591 sqm of B2 space was lost. Losses fell to 3,754 sqm the following year (predominantly R&D space) and do not exceed 650sqm in any subsequent year.

Figure 11.3 Employment Land Losses in North East Lincolnshire, 2008/09 to 2017/18



Source: NELC Annual Monitoring Reports

Development Pipeline

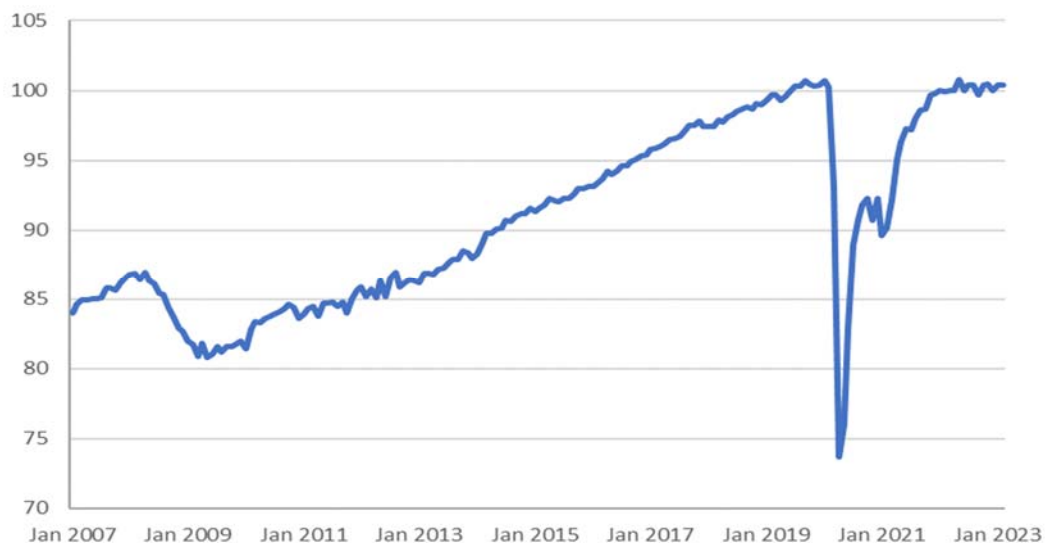
- 11.27 Whilst CoStar does not indicate any projects currently under construction in the Borough, it does list several proposed employment developments totalling around 11,480 sqm. The bulk of this pipeline consists of nine proposed industrial units at The Trade Yard on Hall Park Road in the Estuary Zone. There are also proposed industrial units on land at Hewitts Avenue in the Urban Area, Estate Road in the Estuary Zone, and an office development at Newchase Court Phase 2 in the Urban Area. It is of course not guaranteed that these developments will ultimately come forward. In addition, we understand that Velocys is also taking significant parts of the Hobson Way Enterprise Zone, specifically 31.7 ha at the former Abengoa site.

Commercial Overview

Macro-Economic Drivers

- 11.28 Macro-economic trends are a critical influence on the future performance of North East Lincolnshire's economy. These shape the level of demand for the sale of goods and services. In turn this affects business formation and survival, investment decisions, recruitment, wages and productivity.
- 11.29 The outbreak of Covid-19 and resulting pandemic developed rapidly with far reaching impacts on the economy and business across the country. The series of lockdown measures led to unprecedented shutdowns of large parts of the economy simultaneously, with effects being transmitted rapidly across all sectors.

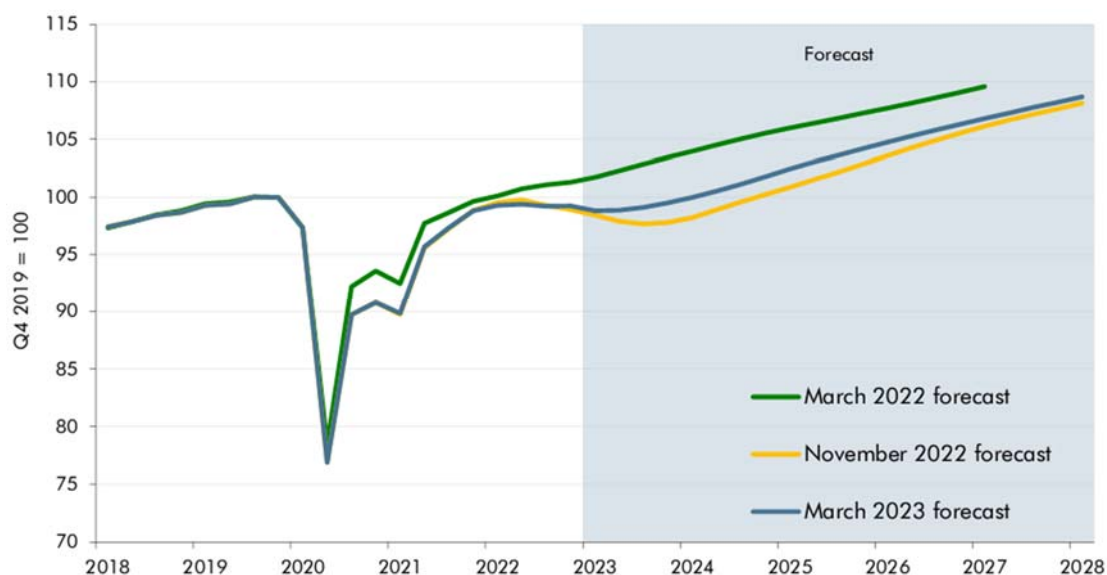
Figure 11.4 GDP Monthly Index, Jan 1987 - Feb 2023



Source: ONS

- 11.30 The latest official figures from the Office for National Statistics [ONS] show that UK Gross Domestic Product [GDP] has seen no growth in February 2023, compared with growth of 0.4% in January 2023 and 0.5% compared to February 2022. Falling output in services (-0.1%) and production (-0.2%) were offset by growth in construction (+2.4%) in February 2023. There was an increase in output across all sectors in November 2021, with services being the main driver of GDP growth having contributed 0.5 percentage points. This means that GDP is now barely 0.7% above its pre-coronavirus level (February 2020) for the first time. However, whilst services and construction are both 1.3% above their pre-pandemic levels, production remains 2.6% below. Furthermore, the decline in the service and production sectors follow growth of 0.7% and a decline of 0.5% respectively in January 2023. The growth in the construction sector follows a decline of 1.7% in January 2023.
- 11.31 The Office for Budget Responsibility’s [OBR’s] latest Economic and Fiscal Outlook [EFO] (March 2023) reports that, despite more positive economic news since November 2022, structural weaknesses remain. This has been exacerbated by recent shocks including a long-term stagnation of business investment, a significant fall in post-pandemic labour market participation, and meagre growth in productivity.

Figure 11.5 Real GDP 2018 – 2028 (forecast)



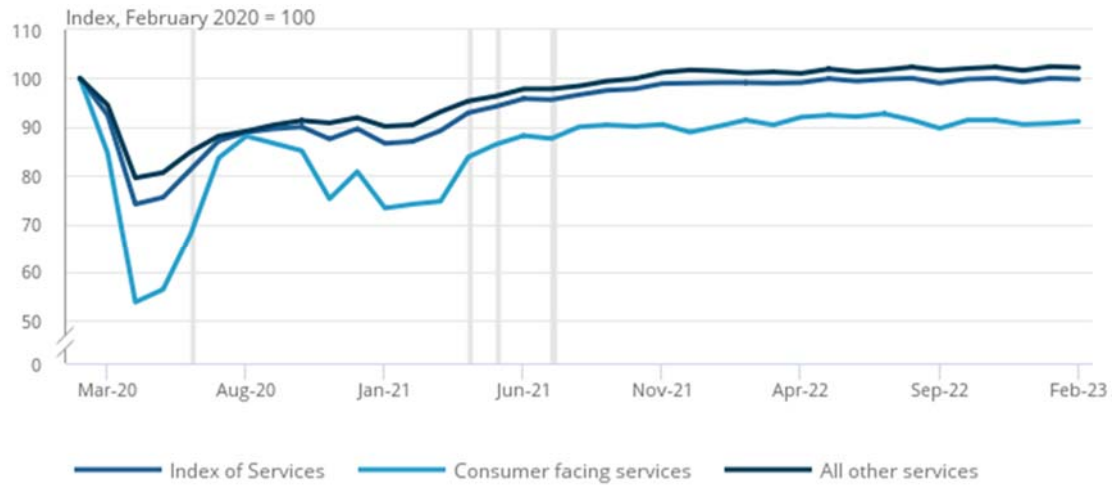
Source: OBR (2023): Economic and Fiscal Outlook (March 2023) – Chart 1.2 Real GDP

- 11.32 OBR forecasts expected the economy to contract by 0.4% in Q1 2023 before flatlining in the second quarter and then starting to rise as the economy enters Q3 2023. As a result, the peak-to-trough fall in GDP is estimated to be just a quarter of the 2.1% fall that was forecast by the OBR in the forecast published in November 2022, with outputs regaining its pre-pandemic peak in the middle of 2024, six months earlier than was expected in the November 2022 forecasts.
- 11.33 The OBR cites the Government’s expansionary fiscal policy as a key driver with GDP growth to reach 2.5% in the middle of the decade before than easing back towards the medium-term potential growth rate of around 1.75% by the end of the forecast.

UK Industrial Sector Growth Prospects

- 11.34 Services output fell by 0.1% in February 2023 with education and public administration contributing the greatest amount of negative growth, falling 1.7% and 1.1% because of sector-wide industrial action. These falls were partially offset by growth in six of the 14 services sub-sectors with human health and social work activities contributing the largest growth at 0.3% and 2.0% respectively. Regarding other services sub-sectors, the repair of computers, personal and household goods grew by 7.5% and other personal service activities grew by 2.1% in February 2023.
- 11.35 Output in consumer-facing services grew by 0.4% in February 2023, building on growth of 0.3% in the previous month however remain 8.9% below their pre-pandemic levels of February 2020, while all other services were 2.2% above (Figure 11.6).

Figure 11.6 Monthly index of services, March 2020 to February 2023

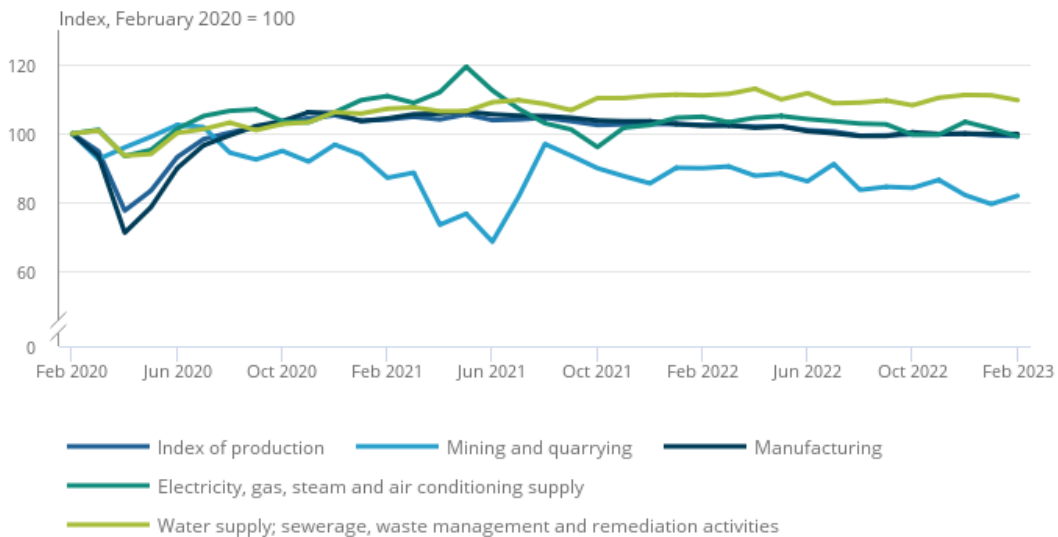


Source: ONS (2023): Monthly estimate of GDP, February 2023

11.36

Production output fell by 0.2% in February 2023, after a fall of 0.5% in January 2023. Electricity, gas, steam, and air conditioning supply fell by 2.2% and was the largest contributor to the fall in February 2023. Growth in Manufacturing remained flat in February 2023 and saw declines in seven of the 13 sub-sectors. The manufacture of chemicals and chemical products was the largest negative contributor falling 2.5%, followed by the manufacturing of electrical equipment (-4.6%) and printing (-1.8%). Growth was observed in the manufacturing of computers and electronics (+2.9%) followed by the manufacture of transport equipment (+1.5%) (Figure 11.7).

Figure 11.7 Monthly Index of the Production Sector, February 2020 to February 2023



Source: ONS (2021): Monthly estimate of GDP February 2023

Commercial Property Market Stakeholder Engagement

11.37

One-to-one telephone discussions were conducted with Commercial Property Agents to gain an understanding of the current characteristics of the Borough's commercial property market; the supply and demand of employment sites; and probable future trends.

- 11.38 Agents stated that whilst market activity has been consistently strong following Covid-19, there has been a recent dip in both enquiries and transactions due primarily to the inflated cost of both financing and basic utilities. This is said to be causing business decisions to be put on hold or in some cases cancelled altogether whilst companies await more favourable economic conditions. In general, agents considered that the main factor holding up market activity is a 'desperate' lack of stock. One agent confirmed that stock levels on their books had fallen consistently for the past three to four years across all types.
- 11.39 Regarding industrial premises, agents noted that market activity has fallen over the past 2-3 years due partly to the poor quality of available premises but more importantly, a lack of available stock. Whilst there is a strong level of demand for smaller industrial units, those that are available tend to be poorer quality, older stock which is not attractive to the market. Agents also stressed that there is a lack of new stock of appropriate size coming to the market, and a lack of new development overall.
- 11.40 Viability issues were raised, with rental yields being persistently low and the redevelopment costs of brownfield sites being prohibitive. An agent currently working on a site for the development of four or five industrial 'starter-type' units said they simply cannot make the numbers stack up, unless they push hard on rents. It was also noted that yields are undoubtedly expected to fall further due to current adverse economic conditions.
- 11.41 A lack of land available for the development of smaller units was also highlighted, despite the Borough having a significant supply of employment sites overall. It was pointed out that most of these sites are either reserved for expansion of existing companies or large Europarc-style sites with private operators which are not available on the open market. They are instead essentially reserved for larger occupiers seeking design-and-build units. This leads to limited development of smaller modern industrial units which appeal to SMEs.
- 11.42 Agents stressed that there is a significant unmet need for these types of units in the Borough, with any new provision likely to be swiftly taken up. An agent dealing with a requirement for a region-serving builders merchant yard in Cleethorpes indicated that whilst there is lots of 'employment land', there is nothing suitable actually available to occupiers who want to buy a piece of land and develop their own premises, which is an issue across North East Lincolnshire. Further to this there is a tendency for sites appropriate for this kind of development (some of which is Council-owned) to only be available on long-leasehold tenures, which buyers generally do not like.
- 11.43 Agents indicated that whilst more limited, there is still some demand for office space. Much like other parts of the country, demand has shifted away from office space in out-of-town office parks more towards central locations. The increased level of homeworking post-Covid-19 was also said to have had an impact on the demand for office, particularly concerning out-of-centre locations.
- 11.44 Office space at Europarc is the closest to Grade-A office space available near Grimsby, but agents stated that employers find it a tough location from a recruitment point of view, especially if a large part of the staff will be young people, who are more likely to travel to a more central location.
- 11.45 Regarding central Grimsby, the poor quality of office stock was again noted as an issue, but (as with housing) the quality of the environment in central Grimsby was said to be the main issue discouraging potential occupiers. Agents spoke about the need to improve the overall offer of the town centre to office-based businesses and their staff, who want pleasant places to have lunch, go for a walk and socialise after work. The lack of a feeling of safety in the

town was also raised as a key deterrent to potential occupiers. It was suggested that there may be a stronger market for office in central Grimsby, but occupiers don't even look as they know they will not find what they want. As such, it is difficult to read the market and ascertain what quantity and type of supply should come forward.

12.0 Forecasting Future Employment Needs

Introduction

- 12.1 This section considers North East Lincolnshire’s future quantitative economic growth needs. It models a range of scenarios over the Plan period 2022 to 2042. These scenarios consider the need for office and industrial (i.e. manufacturing and warehousing) floorspace. The final requirements are specified in floorspace (sqm) for E Class office (incorporating R&D), and land (in hectares) for E-Class light industrial, B2 and B8 uses.
- 12.2 As well as considering the baseline forecast growth using Experian’s December 2022 econometric projections, we have also compared this more pessimistic model run with an Economic Growth scenario, as well as taking into account past delivery of employment space and the potential labour supply generated by housing growth scenarios set out in Section 6.0 of this report.
- 12.3 The forecast demand scenarios are based on a quantitative requirement and do not take into account qualitative factors that may influence the actual requirement.

Methodology

- 12.4 The Government’s Planning Practice Guidance [PPG] advises on how to calculate future employment land requirement. The PPG¹⁴² sets out that strategic policy making authorities will need to “*develop an idea of future needs based on a range of data which is current and robust, such as:*
- *sectoral and employment forecasts and projections which take account of likely changes in skills needed (labour demand)*
 - *demographically derived assessments of current and future local labour supply (labour supply techniques)*
 - *analysis based on the past take-up of employment land and property and/or future property market requirements*
 - *consultation with relevant organisations, studies of business trends, an understanding of innovative and changing business models, particularly those which make use of online platforms to respond to consumer demand and monitoring of business, economic and employment statistics.*
 - *Authorities will need to take account of longer-term economic cycles in assessing this data and consider and plan for the implications of alternative economic scenarios.”*
- 12.5 An aspirational ‘regeneration-led’ scenario has been included which takes into account additional demand that could be generated by key growth sectors, private sector developments and interventions.
- 12.6 The forecast employment land scenarios covering the 20-year Plan period from 2021 to 2041 are:
- 1 Baseline employment forecasts (**Labour Demand**), using Experian’s Local Market Quarterly Forecast for December 2022, which indicates a net workforce job growth of 2,600 over the plan period;

¹⁴² Planning Practice Guidance – Reference ID: 2a-027-20190220

- 2 An **Economic Growth** projection which considers in more detail the key growth sectors identified in the LEP's SEP and Local Industrial Strategy. As set out in Section 6.0, this scenario has been derived in conjunction with North East Lincolnshire's Economic Development Officer [EDO] and generates a net additional job growth target of +4,560 over the 20-year plan period.
- 3 A demographically-derived assessment of growth in the **Labour Supply**. This stage involves translating forecasts of population growth or planned housing levels (203 dpa for the standard methodology and 313 dpa based on past delivery rates) into numbers of working-age and economically active residents requiring jobs, splitting these into B Class jobs and then applying job/floorspace ratios as for the job-based estimate; and,
- 4 **Past Take-Up** of employment land. The final scenario would project forward past annual take-up rates of employment land by type using North East Lincolnshire Council's monitoring data, using longer term data (over 10 years or so) but avoiding distortions from constrained land supply or a few major developments.

12.7 All these approaches reflect different factors and careful consideration needs to be given as to how appropriate each is to North East Lincolnshire's particular set of circumstances and policy aspirations. In addition, to be robust, the economic growth potential and likely demand for employment space needs to be assessed under different future sensitivities, to reflect lower or higher economic growth conditions arising in future.

12.8 The ultimate judgement regarding the level of employment need that the Council should plan for is not, therefore, simply shaped by a consideration of quantitative analysis. A range of qualitative factors should be considered, that would typically consider the quality and demand for existing premises, the spatial distribution of supply and demand for premises, and insights from commercial property agents and local businesses.

12.9 Experian econometric job forecasts were obtained by Lichfields to underpin this analysis. It should be emphasised that such forecasts tend to be most reliable at regional and national scales and consequently less so at the local economy level. Nevertheless, they provide a valuable input in respect of understanding future land needs by indicating the broad scale and direction of economic growth in different sectors.

Scenario 1: Experian Baseline December 2022

12.10 Experian's model takes account of the existing economic structure of each Local Authority (broken down by economic sector) and the historical relationship between the regional performance of an industry and the performance observed at the Local Authority level. The forecasts of job growth by sector used here reflect recent trends and economic growth projections at national and regional level, and how economic sectors in North east Lincolnshire have fared relative to the Yorkshire and The Humber region's growth in the past. They are not constrained by either labour supply or land availability.

12.11 Before presenting the job growth outcomes from the scenarios it is worth highlighting in broad terms, limitations in how these were generated:

- 1 They are predominantly trend-based estimates projecting historic growth patterns into the future.
- 2 For the Experian projections, the population data that underpinned the modelling comprises the ONS 2019 MYE for 1997-2019 and the 2018-based SNPP for England.
- 3 The forecasts do not consider policy influences and unforeseen impacts of individual business decisions.

- 4 There is not always a clear-cut relationship between employment change and employment land needs. Additional employment space may be required even if employment itself is falling; for example, if a manufacturing firm requires more space to enable greater automation and achieve job reductions through productivity gains.

12.12

Local area forecasts released by Experian in December 2022 provide an up-to-date view on the impact of Covid-19 for North East Lincolnshire. Though viewed as a very significant, albeit hopefully temporary shock, the forecasts imply a significant impact on all sectors of the economy and all parts of the region. The December 2022 projections take account of the latest Covid-19 position and revised macroeconomic assumptions more widely, including the Brexit agreement. They are used to consider impacts of the Covid-19 pandemic on North East Lincolnshire's economy, both in the short term and the effect on its forecast growth over the longer-term Plan period. These local level employment forecasts are consistent with Experian's December 2022 UK macro forecast, with further detail on key assumptions summarised below:

Experian Scenario Assumptions: December 2022

Official data shows that inflation on a 12-month basis eased to 10.7% in November, from 11.1% in October, and has likely passed its peak. While inflation averages more than 7% next year, the easing is swifter than previously projected given the extension of the Energy Price Guarantee (EPG) beyond March, albeit at the higher rate of £3,000 per year for the typical household out to March 2024.

However, the cost of energy, raw materials and labour remain exceptionally high which is placing pressure on firm balance sheets, and as such business insolvencies are expected to increase. Interest rates rose to 3.5% in December and are projected to rise to 4.5% next year.

In November the UK government presented their Autumn Statement reversing most of the remaining measures announced in the September mini-budget. A favourable financial market response will help constrain government borrowing costs, however tax rises and spending cuts point towards a weak outlook for growth.

Despite edging up slightly the unemployment rate remains extremely low at 3.7% pointing towards a healthy labour market. However, the exceptionally strong job vacancy and redundancy rate metrics have begun to worsen. The unemployment rate is also being flattered by a significant rise in inactivity relative to before the pandemic, driven largely by long-term sickness in the 50-64-year-old age cohort. Furthermore, while nominal pay is growing strongly, it is declining heavily once adjusting for inflation.

Real personal disposable income is expected to decline by at least 2% this year and next. This sees consumer spending falter, underpinning a recession in the UK which lasts from 2022 Q3 until the middle of 2023.

Source: Experian UK Macro Economic Forecast December 2022

12.13

Reflecting the greater than usual degree of uncertainty and variability attached to the most recent forecasts, they may need to be re-considered closer to the Local Plan examination stage depending on how the economic situation changes in the intervening period.

- 12.14 A detailed breakdown of the various projections is provided in Table 12.1 for North East Lincolnshire (and comparator areas). The Table indicates that the December 2022 Experian baseline workforce employment projections reported a period of sustained employment growth since the depths of the last recession. Between 2012 and 2022, North East Lincolnshire's economy grew by 500 jobs, equal to a Compound Annual Growth Rate [CAGR] of just 0.07%. This is a much lower level of growth than the regional rate of 0.74% over the same time period, and particularly the UK-wide figure of 1.05%. However, it is higher than the previous decade of 2002-2012, when the Borough actually lost 900 jobs.
- 12.15 Over the Plan period of 2022-2042, the December 2022 projections indicate that North East Lincolnshire's economy will grow by 2,600 jobs equal to a CAGR of 0.36%, which although this is below the regional and national growth forecasts, nevertheless indicates a significant strengthening of the economy relative to the previous two decades when the total number of jobs fell by 400).

Table 12.1 Workforce Jobs Growth for North East Lincolnshire and comparator areas

	2002-2012		2012-2022		2022-2042	
	Net Job Growth	CAGR	Net Job Growth	CAGR	Net Job Growth	CAGR
North East Lincolnshire	-900	-0.13%	500	0.07%	2,600	0.36%
Yorkshire and the Humber	118,610	0.48%	194,380	0.74%	175,190	0.62%
United Kingdom	1,634,010	0.52%	3,545,740	1.05%	3,708,560	1.00%

Source: Experian UK Macro Economic Forecasts December 2022

- 12.16 Table 12.2 summarises those sectors expected to experience the largest absolute increases or decreases in employment for North East Lincolnshire over the Plan period. Experian projects a growth equal to 2,600 net jobs between 2022 and 2042, driven primarily by Health (+900); Land Transport, Storage and Post (+900); Education (+900); Residential Care & Social Work (+600); Administrative & Support Services (+500); Recreation (+200); and Agriculture Forestry & Fishing (+100). Job losses are predominantly concentrated in one sector – manufacturing – which is projected to fall by 2,100 jobs over the next 20 years due to ongoing structural changes in the economy (with 600 job losses also in Retail and 100 losses in both Public Administration & Defence and Other Private Services.

Table 12.2 Job Change across North East Lincolnshire (2022 to 2042)

	2022	2042	Net Change
Accommodation & Food Services	4,200	4,200	0
Admin & Supportive Services	5,900	6,400	+500
Agriculture, Forestry & Fishing	100	200	+100
Air & Water Transport	0	0	0
Computing & Information Services	0	0	0
Construction	4,200	4,200	0
Education	6,700	7,600	+900
Extraction & Mining	0	0	0
Finance	600	600	0
Fuel Refining	0	0	0
Health	6,500	8,000	+1,500
Insurance & Pensions	0	0	0
Land Transport, Storage & Post	5,700	6,600	+900
Manufacturing	10,400	8,300	-2,100
Media Activities	0	0	0
Other Private Services	1,300	1,200	-100
Professional Services	4,000	4,900	+900
Public Administration & Defence	2,300	2,200	-100
Real Estate	1,100	1,400	+300
Recreation	1,800	2,000	+200
Residential Care & Social Work	5,000	5,600	+600
Retail	6,900	6,300	-600
Telecoms	0	0	0
Utilities	800	800	0
Wholesale	3,900	3,500	-400
TOTAL	71,400	74,000	+2,600

Source: Source: Experian (December 2022) / Lichfields' analysis

Key: **ORANGE** = Office/Industrial sector **GREEN** = Part Office/Industrial sector

- 12.17 In translating these jobs into employment land requirements, the analysis includes an allowance for jobs in other non-employment sectors that typically utilise industrial or office space, such as some construction uses, vehicle repair, courier services, road transport and cargo handling and some public administration activities. This is because a certain proportion of these jobs will occupy premises falling within the office/industrial sectors.
- 12.18 Using Experian's baseline forecasts (which are based to an extent on past trends and current representation across the industrial classifications relative to the national and regional averages), Table 12.3 indicates negative growth in E(g)/B-class jobs for North East Lincolnshire overall, equal to -505 between 2022 and 2042, with most of the growth in the non-B uses. There is, however, healthy growth in office-based activities (of 1,182) and reasonable growth of 413 in B8 jobs, which is more than offset by declines in light industrial (-144) and B2 general industrial (-1,956) employment.

Table 12.3 Forecast Employment Change in North East Lincolnshire 2022-2042 – Baseline Total Workforce Jobs

	Office*	Light Industrial**	B2 General Industrial***	B8 Warehousing****	Total Office / Industrial / Distribution Jobs	Other Jobs	Jobs in All Sectors
NE Lincs	+1,182	-144	-1,956	+413	-505	+3,105	+2,600

Source: Experian December 2022 / Lichfields Analysis. Note: rounding means that sums to not always add.

*includes a proportion of public sector employment and administration & support services

**includes some manufacturing, vehicle repair and some construction activities

*** includes manufacturing and some construction/utilities

****includes elements of transport & communications sectors

- 12.19 To translate the resultant job forecasts into estimates of potential employment space it is necessary to allocate the level of employment change forecast for office, industrial, and wholesale / distribution uses as follows:
- 1 The office floorspace requirement is related to job growth / decline in the financial and business service sectors¹⁴³;
 - 2 The light industrial floorspace requirement is related to job growth / decline in some manufacturing sectors, specialised construction activities and some wholesale trades¹⁴⁴;
 - 3 The general industrial floorspace requirement is related to job growth / decline in most manufacturing sectors¹⁴⁵; and,
 - 4 The wholesale / distribution floorspace requirement is related to job growth / decline in the industrial sectors of wholesale and land transport, storage and postal services.¹⁴⁶
- 12.20 Lichfields has translated the resulting figures into employment land projections using standard employment densities that have been applied to the forecast job change figures (based upon the latest Homes and Communities Agency [HCA]¹⁴⁷ guidance on employment densities). These translate FTEs into workforce jobs, and plot ratios by use class.
- 12.21 For the purposes of this HEDNA it has been assumed that:
- 1 One general office workforce job requires 12.5 sqm of employment floorspace (Gross External Area [GEA]);
 - 2 One light industrial job requires 47 sqm of employment floorspace [GEA];
 - 3 One general industrial workforce job requires 36 sqm of employment floorspace [GEA]; and,
 - 4 One job per 64.5 sqm for general, smaller scale warehousing (assumed to account for around half of future space) and 1 job per 71 sqm for medium scale units (assumed to account for the remaining 50% of future space). CoStar indicates that no large scale/'big box' logistics units have been constructed in North East Lincolnshire at all since 2012.
- 12.22 The HCA Guidance takes account of recent trends in terms of the changing use of employment space, the main change being the more efficient utilisation of office space due

¹⁴³ i.e. Majority of BRES Sectors 58-74, Office administration and support, some activities of membership organisations and a proportion of Public Administration and Defence

¹⁴⁴ Some printing and recording media; manufacture of computer and electronic products; some manufacture of furniture and repair & installation of machinery & equipment; majority of Specialised Construction Activities, plus car repair.

¹⁴⁵ Remaining Manufacturing sectors, plus some construction and waste and remediation activities.

¹⁴⁶ Wholesaling less car repairs retail car sales, plus post/couriers and land transport

¹⁴⁷ HCA (November 2015): *Employment Densities Guide, 3rd Edition*

to increased flexible working and hot-desking. This has resulted in a decrease in the amount of floorspace per office worker compared to previous guidance.

- 12.23 It is accepted that the current Covid-19 pandemic has dramatically altered working patterns. Throughout 2022 the percentage of working adults reporting having worked from home has varied between 25% and 40%, without a clear upward or downward trend, indicating that homeworking is proving resilient to pressures such as the end of lockdown restrictions and increases in the cost of living. UK-wide, in the year to January 2023, the proportion of working adults that had travelled to work (both exclusively and in combination with working from home) was 44%¹⁴⁸. Despite fluctuations, this proportion remains close to that seen during the height of the pandemic, with a peak of 49% of adults having worked from home in the last seven days in the first half of 2020.
- 12.24 Many commentators are suggesting that there will be a permanent shift towards home working and the greater flexibility this affords people, with the need for office space in particular falling significantly.
- 12.25 Whilst in our view it is quite likely that there will be some long-term shift in working patterns because of the pandemic, at the time of writing (February 2023) it is still too soon to say how this will impact upon employment floorspace requirements. We therefore propose to retain the aforementioned job densities, particularly as the HCA work already factors in an element of home working / hot desking into the calculations. That said, we have explored the potential impacts of any future need for Covid/health related measures in the sensitivity testing at the end of this chapter.
- 12.26 An adjustment has also been made to reflect the fact that a proportion of employment floorspace will always be vacant. Many sources are now suggesting that a figure of around 7.5%¹⁴⁹ / 8% should be used to calculate the normal, or equilibrium vacancy rate. However, CoStar data indicates that as of Q2 2023 very little office and industrial units are available in North East Lincolnshire (with vacancy rates equalling 3.9% and 0.9% respectively). These current levels of vacancy are historically low, with industrial vacancy averaging 3.5% over the 10-year period 2013-2023 with commercial office at around 6.5% over the same time period. Therefore, it is sensible to apply a degree of flexibility to allow for market fluctuations.
- 12.27 Based on this data and discussions with local agents it is reasonable to suggest that the lower end of the 8-10% 'ideal' vacancy rate typically used for HEDNAs across the country represents a robust benchmark for an appropriate level of available floorspace going forward.
- 12.28 Where a reduction in jobs is forecast (e.g. for manufacturing), the associated amount of negative floorspace has been halved (in line with common methodological practice amongst HEDNAs undertaken elsewhere across the country), to reflect the fact that job decline at a particular company does not automatically translate into a comparable loss of floorspace, at least not in the short-medium term.
- 12.29 The resultant floorspace estimates are provided in Table 12.4. It indicates that there could be an overall net gain of office/industrial floorspace in North East Lincolnshire of **7,576 sqm between 2022 and 2042**. This is driven by an increased demand for office and particularly B8 (due to reasonably strong growth in land transport, storage and post), with

¹⁴⁸ ONS (2023): Characteristics of homeworkers, Great Britain: September 2022 to January 2023

¹⁴⁹ Welsh Government (August 2015): Practice Guidance – Building an Economic Development Evidence Base to Support a Local Development Plan

a continued fall in demand for industrial floorspace.

Table 12.4 Forecast Net Floorspace Change (sqm) in North East Lincolnshire 2022-2042: Experian Baseline

	2022	2042	Net Requirement*
Office	94,904	109,679	+15,956
Light Industrial	201,746	194,968	-3,389**
B2 General Industrial	391,789	319,277	-35,200**
B8 Logistics	421,079	449,049	+30,208
Total Office / Industrial / Distribution	1,115,267	1,079,103	+7,576

Source: Experian December 2022 / Lichfields Analysis. Note, sums do not always add due to rounding.

*Factoring in an 8% vacancy allowance where the net requirement is positive

**Net requirement halved as the job growth is negative. No vacancy adjustment applied in such instances.

Scenario 2) Experian Economic Growth

As set out in Section 7, an alternative job-based estimate of future needs was compiled to understand the potential for job growth in North East Lincolnshire Borough should various infrastructure projects and investment schemes come forward as planned over the coming years. Specifically, this involved discussions with NELC Officers regarding the scale and types of jobs that the Freeport proposals, and new industries coming to the Borough (such as renewables, hydrogen generation, carbon capture), are likely to support.

A conservative approach has been taken, excluding temporary construction jobs, and avoiding likely crossover where possible by moving towards the lower end of the estimated job range for each project. Working on the presumption that these extra jobs are therefore net additional to the 2,600 net job growth baseline projected by Experian; this results in a net increase of **4,560 jobs** over the 20 years to 2042¹⁵⁰.

Table 12.5 shows the impact of these additional projects on the Experian baseline forecast. The greatest increase comes in B2 industrial sectors, which changes from a fall of 1,956 jobs over the period to a fall of 395, a difference of 1,561 jobs. The remainder of these additional jobs fall into other sectors which generally do not have employment land requirements, rising from +3,105 to +3,504.

Table 12.5 Forecast Employment Change in North East Lincolnshire 2022-2042 – Economic Growth Total Workforce Jobs

	Office*	Light Industrial**	B2 General Industrial**	B8 Warehousing*	Total Office / Industrial / Distribution Jobs	Other Jobs	Jobs in All Sectors
NE Lincs	+1,182	-144	-395	+413	+1,056	+3,504	+4,560

Source: Experian December 2022 / Lichfields Analysis. Note, sums do not always add due to rounding.

*Factoring in an 8% vacancy allowance where the net requirement is positive

**Net requirement halved as the job growth is negative. No vacancy adjustment applied in such instances

12.30

The resultant floorspace estimates are provided in Table 12.4. They indicate an overall net gain of office/industrial floorspace in North East Lincolnshire of 35,666 sqm between 2022

¹⁵⁰The Humber Industrial Cluster Plan states the following: "The region's investment in decarbonisation will create up to 70,000 new jobs nationally, and over 20,000 in the Humber". The figure is subsequently confirmed as 22,800. However, the figure covers all 4 Humber authorities alongside NE Lincolnshire and there is no breakdown as to what our share of the 22,800 jobs might be. There is no clarity as to whether these are net or gross; whether they are over and above the baseline; nor which sectors are they going to be in. Without this information, the approach that has been taken in this HEDNA is to use the Experian baseline figures and conservatively adjust it on the basis of known investment projects by industrial sector.

and 2042.

Table 12.6 Forecast Net Floorspace Change (sqm) in North East Lincolnshire 2022-2042: Experian Economic Growth

	2022	2042	Net Requirement*
Office	94,904	109,679	+15,956
Light Industrial	201,746	194,968	-3,389
B2 General Industrial	380,376	366,158	-7,110
B8 Logistics	421,079	449,049	+30,208
Total Office / Industrial / Distribution	1,098,106	1,119,854	+35,666

Source: Experian December 2022 / Lichfields Analysis. Note, sums do not always add due to rounding.

*Factoring in an 8% vacancy allowance where the net requirement is positive

**Net requirement halved as the job growth is negative. No vacancy adjustment applied in such instances

Scenario 3) Labour Supply

- 12.31 It is also important to consider how many jobs, and hence how much employment space, would be necessary to broadly align with the forecast growth of the resident workforce in North East Lincolnshire Borough. In contrast to the other approaches, this scenario focuses on the future supply of labour rather than the demand for labour. It estimates the number of new jobs that would be needed to align with the future working-age population, and how much employment space would be needed to accommodate these jobs.
- 12.32 Lichfields has modelled the employment growth that might be expected to be sustained under a series of demographic projections aligned with the Government's standard methodology for calculating housing need, as well as the other demographic-led scenarios set out in detail in Section 7.0 of this report.
- 12.33 On this basis, we have taken forward 3 labour force scenarios as follows:
- 1 SM2 (203 dpa): **-109** net job growth 2022-2042;
 - 2 313 dpa based on past delivery rates: **+274** net job growth 2022-42.
- 12.34 To translate this job growth into employment floorspace requirements, similar assumptions concerning vacancy rates and employment densities as per the Experian Baseline Scenario 1 forecasting work were applied to the job projections. It has been assumed that the projected employment split of office/ industrial and B8 jobs will mirror the Experian December 2022 projections in 2022 and 2042.

Table 12.7 Forecast Employment Change in North East Lincolnshire 2022-2042 – Labour Supply Total Workforce Jobs

	Office*	Light Industrial**	B2 General Industrial**	B8 Warehousing***	Total Office / Industrial / Distribution Jobs	Other Jobs	Jobs in All Sectors
SM2 203 dpa	861	-296	-2,271	170	-1,536	1,427	-109
Past Housing Delivery 313 dpa	906	-275	-2,226	205	-1,390	1,664	+274

Source: Source: Experian December 2022 / Lichfields Analysis. Note, sums do not always add due to rounding errors.

*Factoring in an 8% vacancy allowance where the net requirement is positive

**Net requirement halved as the job growth is negative. No vacancy adjustment applied in such instances

- 12.35 Under these scenarios, addressing the future employment requirements of local residents would result in a net requirement of between -23,757 sqm to -19,327 sqm of employment

floorspace between 2022 and 2042 in North East Lincolnshire depending on the scale of housing provided. These results are shown in Table 12.8 and Table 12.9:

Table 12.8 Forecast Net Floorspace Change (sqm) in North East Lincolnshire 2022-2042: Labour Supply 203 dpa

	2022	2042	Net Requirement*
Office	94,904	105,664	11,620
Light Industrial	201,746	187,830	-6,958
B2 General Industrial	391,789	298,630	-40,874
B8 Logistics	426,828	432,610	12,454
Total Office / Industrial / Distribution	1,115,267	1,024,734	-23,757

Source: Source: Experian December 2022 / Lichfields Analysis. Note, sums do not always add due to rounding.

*Factoring in an 8% vacancy allowance where the net requirement is positive

**Net requirement halved as the job growth is negative. No vacancy adjustment applied in such instances

Table 12.9 Forecast Net Floorspace Change (sqm) in North East Lincolnshire 2022-2042: Labour Supply 313 dpa

	2022	2042	Net Requirement*
Office	94,904	106,231	12,233
Light Industrial	201,746	188,840	-6,453
B2 General Industrial	391,789	300,234	-40,072
B8 Logistics	426,828	434,934	14,964
Total Office / Industrial / Distribution	1,115,267	1,030,239	-19,327

Source: Source: Experian December 2022 / Lichfields Analysis. Note, sums do not always add due to rounding.

*Factoring in an 8% vacancy allowance where the net requirement is positive

**Net requirement halved as the job growth is negative. No vacancy adjustment applied in such instances

Scenario 4) Past Development Trends

- 12.36 Because they reflect market demand and actual development patterns on the ground, in some situations long term completion rates of employment floorspace can provide a reasonable basis for informing future land needs, particularly where land supply or demand has not been unduly constrained historically. However, the future demand picture may not necessarily reflect past trends and some adjustments may be needed.
- 12.37 Monitoring data on past completions and losses was provided by the Council up to 2017/18, which is when the Council's most recent AMR was published. This covered 13 years of completions data and 10 years of losses data as shown in Table 11.6 and Table 11.7. At the time of writing, NELC could not provide complete sets of data for completions and losses for the years after 2017/18. The data available for these years is therefore likely to understate activity and risks reducing annual average completions/losses figures if included in the calculation of those figures.
- 12.38 As such, a 13-year and 10-year period has been used to derive average annual completions and losses respectively. The average annual completions of employment floorspace totalled 12,401 sqm, with average annual losses of 1,897 sqm. On this basis, net average annual completions were **10,504 sqm**.

Table 12.10 North East Lincolnshire Annual Average Take up / Losses of Employment Floorspace, 2008/09-2017/18 (sqm)

	Annual Gross Completions*	Annual Losses to alternative non B-Class uses	Annual Net Completions
E(g) (i) Office / E(g) (ii) R&D	2,845	477	2,368
E(g) (iii) Light Industrial	699	40	659
B2 General Industrial	6,011	1,343	4,668
B8 Warehousing	2,845	37	2,809
Total	12,401	1,897	10,504

Source: NELC Annual Monitoring Reports (2023)

- 12.39 For the purposes of this scenario, we have trended forward this net annual figure over the 20-year plan period from 2022 to 2042. The data suggests that if past trends were replicated in future, then trending forward an annual net requirement of 10,504 sqm could justify the provision of 210,079 sqm (net) over the next 20 years in North East Lincolnshire.

Table 12.11 Forecast Net Floorspace Change (sqm) in North East Lincolnshire 2022-2042: Past Development Trends

	Net Requirement
Office	47,363
Light Industrial	13,177
B2 General Industrial	93,363
B8 Logistics	56,176
Total Office / Industrial / Distribution	210,079

Source: NELC / Lichfields Analysis. Note, sums do not always add due to rounding.

- 12.40 This approach assumes that past trends of development would continue unchanged, which may not fully reflect the future trajectory of the local economy. The Past Trends scenario produces a net requirement more than five times higher than the Economic Growth scenario.
- 12.41 Other factors suggest that past take up rates may not significantly increase in the future:
- a The shift away from traditional manufacturing to a more high-tech economy through firms which may have significantly higher employment densities.
 - b The continued restructuring of the traditional manufacturing economy with the potential for 'recycling' of older sites.
 - c The new E Class use, which includes office, R&D and light industrial uses alongside retail, and the potential for greater levels of losses as a result without the need for planning permission (although conversely this could potentially increase the need for new floorspace).
 - d The long-term impacts of the economic downturn as we emerge from the Pandemic and the continued uncertainty surrounding the long-term economic fallout from Brexit.
 - e Increased and sustained levels of homeworking for office-based sectors following the Pandemic.
 - f The significant reduction in public sector spending available to deliver difficult brownfield sites.
 - g The need to consider alternative uses for existing employment sites (i.e. for Sui Generis uses).

- 12.42 On balance, for North East Lincolnshire, it is suggested that the 10,504 sqm (or 2.63 ha based on a 40% plot ratio) long term net annual past take up rate (Scenario 4) represents a realistic figure going forward over the remainder of the plan period. This should be regularly monitored by NELC and amended as necessary.

Estimating the Net Land Requirement

- 12.43 The next step involves translating floorspace into land requirements for office, industrial and warehousing uses. Land requirements have been calculated by applying appropriate plot ratio assumptions to the floorspace estimates:
- **Office/Industrial/Warehousing:** following discussions with Council EDO Officers, a plot ratio of 40% was applied, so that a 1 ha site would be needed to accommodate 4,000 sqm of employment floorspace for all of the main commercial / industrial uses.
- 12.44 The resulting net land requirements for the labour demand and labour supply scenarios are set out in Table 12.12. It ranges from a low of -6 ha (net) under the SM2 (203 dpa) scenario (3a) up to as high as 52.52 ha net under the Past Trends scenario (4).

Table 12.12 North East Lincolnshire net land requirements by labour demand and supply led scenarios (ha) 2022-42

Scenario	Offices	Light Industrial	General Industrial (B2)	Warehousing (B8)	Total
1) Experian December 2022 Baseline	3.99	-0.85	-8.80	7.55	1.89
2) Economic Growth	3.99	-0.85	-1.78	7.55	8.92
3a) SM2 203 dpa	2.91	-1.74	-10.22	3.11	-5.94
3b) Past Housing Delivery 313 dpa	3.06	-1.61	-10.02	3.74	-4.83
4) Past Take Up	11.84	3.29	23.34	14.04	52.52

Source: Lichfields Analysis. Note: Numbers may not sum due to rounding.

Flexibility Factor

- 12.45 To estimate the overall requirement of employment space that should be planned for in allocating sites, and to allow some flexibility of provision, it is normal to add an allowance as a safety margin for factors such as delays in some sites coming forward for development.
- 12.46 This margin, or flexibility factor, is a contingency adjustment, providing a modest additional land buffer so that supply is not too tightly matched to estimated demand, and so that shortages of land do not arise if future demand turns out to be greater than the forecasts. Such flexibility is sensible given the uncertainties in the forecasting process and the scope for delays in developing employment space.¹⁵¹
- 12.47 The scale of the margin is a judgement call but tends to be reflective of the challenges in the local market based on past completions, ranging from 2 to 5 years. The former South-East England Planning Partnership Board [SEEPB] guidance on employment land assessments recommended an allowance that is equivalent to the average time for a site to gain planning permission and be developed, typically about two years.
- 12.48 Whilst five years is towards the upper end of the scale when it comes to a flexibility margin, given the success of emerging sectors, ambitious economic aspirations of NELC and the desire to regenerate land-hungry industrial and dockland areas in the Borough, we consider

¹⁵¹ This safety margin is separate from the consideration of the vacancy rate.

that in this instance **it is appropriate to allow for a safety margin equivalent to five years of past take-up (net).**

- 12.49 **A flexibility factor of 2,268 sqm of office floorspace (0.59 ha), 659 sqm light industrial floorspace (0.16 ha), and 7,477 sqm of industrial and warehousing floorspace (1.87 ha) was therefore applied over five years, as set out in Table 12.3.**

Table 12.13 North East Lincolnshire Flexibility Factor

Uses	Net Average Annual Take-up (ha)	5-year Safety Margin Added (ha)
Office and R&D	0.59	2.96
Light Industrial	0.16	0.82
General Industrial	1.17	5.84
Warehousing	0.70	3.51
Total	2.63	13.13

Source: NELC / Lichfields' Analysis. Note: numbers may not sum due to rounding

- 12.50 Drawing together the results from each of the economic scenarios, the following table summarises the net land requirements across the Plan period factoring in 5-years of flexibility uplift. They range from 7.19 ha (Labour Force under SM2) up to 65.65 ha (Past Development Trends).

Table 12.14 Net Land Requirements for North East Lincolnshire (including flexibility factor) for 2022 to 2042 (ha)

		Offices / R&D (ha)	Light Industrial (ha)	General Industrial (ha)	Warehousing (ha)	Total (ha)
1) Experian December 2022 Baseline	Net	3.99	-0.85	-8.80	7.55	1.89
	+ Flexibility Factor	6.95	-0.02	-2.96	11.06	15.02
2) Economic Growth	Net	3.99	-0.85	-1.78	7.55	8.92
	+ Flexibility Factor	6.95	-0.02	4.06	11.06	22.05
3a) Labour Force under SM2 (203 dpa)	Net	2.91	-1.74	-10.22	3.11	-5.94
	+ Flexibility Factor	5.87	-0.92	-4.38	6.62	7.19
3b) Labour Force under past delivery (313 dpa)	Net	3.06	-1.61	-10.02	3.74	-4.83
	+ Flexibility Factor	6.02	-0.79	-4.18	7.25	8.30
4) Past Development Trends	Net	11.84	3.29	23.34	14.04	52.52
	+ Flexibility Factor	14.80	4.12	29.18	17.56	65.65

Source: Lichfields analysis

Convert Net to Gross Floorspace Requirements

- 12.51 While the net employment space requirements presented in Table 12.14 represent the minimum recommended quantum of employment space to plan for in North East Lincolnshire over the plan period, **NELC will need to take a view on the extent to which additional space should be planned for over and above the net requirements, in order to allow for replacement of ongoing losses of employment space during the Local Plan period.**
- 12.52 There is usually a need to ensure that the stock of employment land allocated factors in a suitable allowance for the replacement of future losses of employment space that may be developed for other (non-office/industrial) uses over the plan period. This would provide some protection against the erosion of employment space over the plan period. This is a

widely accepted approach in planning for future employment land needs.

- 12.53 Not all losses need necessarily to be replaced however, as some will reflect restructuring in the local economy as less space may be needed in some sectors in future. Nevertheless, some replacement is needed to refresh the quality of the stock, provide choice and to avoid the employment land supply declining. This would be on the basis that the stock of employment land in North East Lincolnshire contains some older and/or poorer quality sites, that are less likely to meet future needs and are of a scale that reflect past industrial patterns rather than the amount of land needed in future.
- 12.54 As set out in Section 6.0, data provided to Lichfields by NELC indicates that losses have averaged **0.47 ha (or 1,897 sqm @40% plot ratio)** per annum over the period 2008/09 to 2017/18.
- 12.55 It is important to question whether the past losses are of a scale that is generally reflective of the size of North East Lincolnshire's economy, and if not, whether this should be adjusted up/down to allow for a suitable degree of refurbishment to prevent the portfolio becoming increasingly unattractive to the market.
- 12.56 This alternative approach analyses the rate of 'churn', which would be equivalent to a proportion of North East Lincolnshire's existing stock per annum. A number of other ELRs have used a replacement figure of around 1% per annum¹⁵², which would be the equivalent of the area's entire stock being replaced over a period of 100 years. This has been acknowledged as a valid alternative approach (to adjusting for anticipated future losses) when translating net employment land needs into a gross planning requirement. A 0.5% replacement level would be the equivalent of the entire stock being replaced over 200 years. To put this into context, a widely used rule of thumb in the development industry suggests that modern industrial units often have a much shorter shelf life of just 30-35 years before they become obsolete to modern occupiers and require substantial refurbishment if not demolition and rebuild.
- 12.57 Other ELR studies¹⁵³ have noted that approximately 20% of historic completions have been achieved through (former) B-Use Class redevelopment (i.e. the re-use of formerly B-Use Class employment sites), with the remainder requiring new sites. This suggests that there will likely be a requirement for a high proportion of replacement activity on new sites to deliver new employment land supply to meet modern occupier needs.
- 12.58 Table 12.15 compares the rate of replacement needed for North East Lincolnshire's office/industrial stock. It assumes that 1% of the existing floorspace would be replaced per annum (based on the existing floorspace for the Borough using the latest Business Rates VOA data for 2023) and netting off a further 20% (assuming that 1 out of 5 sites will be recycled for employment use).

¹⁵² See, for example, Lichfield District Council's Employment Land Review 2014 Update and work covering the areas of: The West of England Updated Employment Evidence (Bath & North East Somerset, Bristol, North Somerset and South Gloucestershire) November 2018; Greater Exeter Economic Development Needs Assessment (Devon County, East Devon, Exeter, Mid-Devon, Teignbridge and Dartmoor National Park) March 2017 and Dartmoor National Park Employment Land Review, January 2018.

¹⁵³ West of England Joint Spatial Plan Area Updated Employment Evidence (2018)

Table 12.15 North East Lincolnshire Loss Replacement Rate Analysis (2023)

	Annual Replacement at 1%*	Annual Replacement at 0.5%*
Office	968 sqm (0.24 ha)	484 sqm (0.12 ha)
Industrial & Warehousing	8,384 sqm (2.10 ha)	4,192 sqm (1.05 ha)
Total	9,352 sqm (2.34 ha)	2,908 sqm (1.17 ha)

Source: Lichfields analysis/VOA Business Floorspace (2023)

DLUHC (2004): Age of commercial and industrial stock: local authority level 2004 (Table 3.1)

*Using a standard 40% plot ratio to translate office/industrial floorspace to land and netting off 20% on-site replacement.

- 12.59 The Table indicates that the long-term rate of losses, 0.47 ha, is much lower than the level that might be expected given the size of North East Lincolnshire's economy. Given its size, North East Lincolnshire would need to be replacing around **2.34 ha** of employment land per annum to refresh all of the stock in 100 years, whilst redeveloping **1.17 ha** per annum would take 200 years to regenerate all of the Borough's current stock, which is clearly a less than desirable outcome. The 0.47 ha past trend rate of loss is below even the lower end of this range. Furthermore, as discussed in Section 11.0, North East Lincolnshire has a relatively high proportion of poor-quality employment properties at 55.6% relative to the wider region (46.6%). This means that there may be a higher share of existing premises that will not be suitable for the types of modern sectors that have recently established themselves in the Borough and which future economic strategy will seek to target.
- 12.60 Balancing these considerations, it is accepted that factoring an element of future losses is not an exact science. The following factors have therefore been balanced in reaching a judgement as to the appropriate level of loss replacement:
- The current rate of loss, at 0.47 ha per annum (over the longer term), is much lower than the level of employment land that would need to be replaced and would equate to around 0.16% of the entirety of North East Lincolnshire's stock if it were replaced annually.
 - Historic losses have included a number of relatively small employment sites, including the piecemeal development of small infill parcels. Losses fluctuate from virtually nothing one year, to as high as 3.22 ha in 2008/09 (predominantly former B2 general industrial uses). The loss of larger sites would potentially have a greater impact on the demand-supply balance at the local level.
 - Movements between the range of uses that fall within the new E use class no longer require planning permission because they no longer constitute 'development', which could result in more office/light industrial land being lost than previously. The Permitted Development Rights streamlining 'office and light industrial E Classes to residential' conversion may therefore exacerbate losses over the short to medium term.
- 12.61 Mindful of the factors outlined above, it is considered that on balance, and, given the uncertainties involved, it is prudent to plan for a replacement figure equal to around **2.34 ha** in line with the 1% churn approach. This should be monitored by NELC over the coming years and adjusted as necessary.
- 12.62 This also takes into account the views of agents and developers on the need to replace and rejuvenate North East Lincolnshire's existing floorspace over the course of the plan period. Over 20 years, this would see the replacement of **46.8 ha, the vast majority of which would need to be in industrial use.**

12.63 In summary, the demand-led range of total gross land requirements to 2042, factoring in a 5-year margin of choice and loss replacement, results in the following demand projections for North East Lincolnshire.

12.64 The scenarios range from a low of 53.95 ha (Scenario 3a SM2 203 dpa) to the Past Take Up (Scenario 4) figure of 112.41 ha:

- 1 **Econometric demand-led projections: 61.78 ha – 68.81 ha;**
- 2 **Labour Supply projections: 53.95 ha – 55.06 ha; and,**
- 3 **Past Development Trends: 112.41 ha.**

Table 12.16 North East Lincolnshire Gross Employment Land Comparisons 2022-2042

		Offices / R&D (ha)	Light Industrial (ha)	General Industrial (ha)	Warehousing (ha)	Total (ha)
1) Experian December 2022 Baseline	Net	3.99	-0.85	-8.80	7.55	1.89
	+ Flexibility Factor	6.95	-0.02	-2.96	11.06	15.02
	+ Loss Replacement	11.79	3.37	21.09	25.54	61.78
2) Economic Growth	Net	3.99	-0.85	-1.78	7.55	8.92
	+ Flexibility Factor	6.95	-0.02	4.06	11.06	22.05
	+ Loss Replacement	11.79	3.37	28.11	25.54	68.81
3a) Labour Force under SM2 (203 dpa)	Net	2.91	-1.74	-10.22	3.11	-5.94
	+ Flexibility Factor	5.87	-0.92	-4.38	6.62	7.19
	+ Loss Replacement	10.71	2.48	19.67	21.1	53.95
3b) Labour Force under past delivery (313 dpa)	Net	3.06	-1.61	-10.02	3.74	-4.83
	+ Flexibility Factor	6.02	-0.79	-4.18	7.25	8.30
	+ Loss Replacement	10.86	2.61	19.87	21.72	55.06
4) Past Take Up	Net	11.84	3.29	23.34	14.04	52.52
	+ Flexibility Factor	14.80	4.12	29.18	17.56	65.65
	+ Loss Replacement	19.64	7.51	53.23	32.03	112.41

Source: Lichfields' analysis

Reality Check

12.65 Clearly the levels of future demand for employment land projected by the various projections differ. The projections are largely trend-based; in particular, the past take up has been (at least partly) recorded during an unprecedented recession in the commercial market nationally. It is likely that the actual performance of North East Lincolnshire's economy and commercial property market will lie somewhere between the econometric and past trends projections.

12.66 To provide a clearer steer as to what level of growth North East Lincolnshire should be planning for, it is important to apply reality checks.

Replacement of Losses

12.67 The scenarios considered in the preceding paragraphs include an allowance for the replacement of losses at 100% of past trends. This is considered appropriate, having regard to the scale and nature of historic losses and the lack of large-scale employment losses in the pipeline.

Post Covid Impact on Employment Densities

- 12.68 As set out earlier in this Report, it is accepted that the current Covid-19 pandemic has dramatically altered working patterns, with the number of people working from home rising exponentially since the lockdown began in March 2020. Many commentators are suggesting that there will be a permanent shift towards home working and the greater flexibility this affords people, with the need for office space in particular falling significantly. Examples could include the need for social distancing in terms of desk-spacing and layouts, less sharing of desks, and more communal space. Conversely, the impact may actually be to increase densities, with a higher proportion of the workforce working from home, and rotating the use of desk space to minimise the number of people in the office at any given point in time, which may actually have the effect of increasing densities.
- 12.69 The modelling currently assumes that one general office workforce job requires 12.5 sqm of employment floorspace [GEA]. If employment densities were to decrease by, say, 20%, to 15 sqm, then the land requirements would only increase by around 0.2 ha overall. Conversely, if more people were to work from home but still come into the office a few days a week, perhaps to a smaller office but with a similar number of staff as before, and employment densities actually increased by 20% (to 1 job per 10 sqm), then this would reduce the level of employment land needed by a similar amount.
- 12.70 Either way, our view remains that it is likely that there will be some long-term shift in working patterns as a result of the pandemic, it is still far too soon to say what the scale of that change on home working is likely to be. The sensitivity test demonstrates that there would have to be a fairly profound shift in office employment densities to have a significant impact on the level of employment land needed overall.

Supply/Demand Balance

- 12.71 North East Lincolnshire's previous ELR was undertaken in 2014. It identified a total employment land supply of 604 ha; however, a significant portion of this land (261 ha) was reserved by current occupiers for their own purposes, whilst a further 30 ha comprised of land required for strategic ecological mitigation. The identified available suitable land supply therefore totalled 313 ha, set against a land requirement of 126 ha.
- 12.72 An updated overview of available employment sites has been provided by NELC. It indicates that, at the time of writing there is around **252 ha of employment land available on allocated sites (which relates to expectations of delivery over the plan period), plus 41.33 ha on two new sites** (including ELR041, a 5.33 ha site that has been identified through the call for sites for the emerging Local Plan) **and 190 ha on sites that are reserved for long term business expansion**. It should also be noted that of this 252 ha supply, just 5.04 ha relates to general needs – 165 ha relates to strategic, 'bigger than local' sites, whilst a further 81 ha are port specific. A breakdown of these sites is shown in Table 12.17.

Table 12.17 North East Lincolnshire – Available Employment Land Supply

Category	Allocation Reference/Settlement	Enterprise/Habitat mitigation Zone	Gross Site Area (ha)	Indicative Sector	Remaining Land 2023 (ha)	Comments (July 2022)
Strategic Sites	ELR001 Immingham, Kings Road	Imm-Port Enterprise Zone/ Habitat	21.6	Ports and Logistics	21.6	Certificate of lawfulness – lawful start made DM/0823/17/CEA

Category	Allocation Reference/Settlement	Enterprise/Habitat mitigation Zone	Gross Site Area (ha)	Indicative Sector	Remaining Land 2023 (ha)	Comments (July 2022)
		Mitigation Zone				Now owned by ABP Remaining 21.6ha in train. Identified as part of ABP NSIP application for new ro/ro terminal
	ELR016a&b Stallingborough Interchange	Stallingborough Enterprise Zone	20 ha* Total site area 96 ha	Ports and Logistics	17.49	Planning consent for full site DM/0105/18/FUL (62ha consented) MyEnergi, (constructed). DM/858/19/REM(constructed) DM/0302/21/REM, + (impending app for manufacturing unit) DM/0111/22/REM HETA training facility constructed. Remaining 17.49ha (93.49ha total). Developed 2.51ha. 3 ha in train.
	ELR027 Lan East of Queens Road, Immingham	Queen Road Enterprise Zone/ Habitat Mitigation Zone	15	Ports and Logistics	5.97	North Beck Energy Centre DM/0026/18/FUL (development at approval of conditions stage) Remaining 9.03ha. 5.97 ha in train.
	ELR015a&b Moody Lane, Grimsby	Humber Gate Enterprise Zone/ Habitat Mitigation Zone	25.26	Chemicals and process industries	25.26	Planning Consent DM/0625/19/FUL manufacturing unit. DM/0748/21/FUL pending (4 spec units). DM/0329/18/FUL ind building (waste to energy) Remaining plots A 7.95ha C 1.73ha D 0.96ha F 0.29ha H 5.5ha I 6.87ha J 1.96ha (Total 25.26Ha) Developed
	ELR008a-e Europarc phase III, Grimsby	Food Enterprise Zone, Habitat Mitigation Zone	14.9	Food processing	14.9	DM/0120/19/REM (remaining plots). DM/0442/21/REM cold store. DM/340/22/REM spec builds. Developed.
	ELR011 Europark Phase IV, Grimsby	Food Enterprise Zone, Habitat Mitigation Zone	80	Food processing	80	Remaining 80ha.
General Needs	ELR010 Humberston, Altyre Way	-	2.49	Mixed	0	Developed out 2018-2023
	ELR007, Immingham Land at Hall Park Way	-	1.83	Mixed	1.83	Office block approved DM/0902/18/FUL (1.1ha) Spec units approval DM/0469/21/FUL (0.73ha) Remaining site marketed for trade units (1,500-20,000 sqft and light industry units 2,000-30,000 sqft). 1.83ha No end user > include in supply.
	ELR022 Plot Q, Kiln Lane, Stallingborough	Habitat Mitigation Zone	2.3	Renewables, Energy	2.11	Planning consent DM/0848/14/FUL waste to energy plant – not progressed. Remaining 2.11.
	ELR024, Grimsby	Habitat Mitigation	2.3	Mixed	0	Grimsby Truck Stop + Wash

Category	Allocation Reference/Settlement	Enterprise/Habitat mitigation Zone	Gross Site Area (ha)	Indicative Sector	Remaining Land 2023 (ha)	Comments (July 2022)
	Estate Road 1	Zone				Scania Trucks. 2.3 ha developed 2018-2023
	ELR036 Grimsby, Land at Westgate Park	-	0.61	Mixed	0	Inshire Housing partnership office DC/65/07/WMA + Car Storage - Reoccupied
	ELR037 Land r/o Marlin House, Immingham	-	1.1	Mixed	1.1	Remaining 1.1ha (Marlin House office space marked 380 ft2)
Port Specific	ELR003 Stallingborough, Land south of Kiln Lane	Habitat Mitigation Zone	16.9	Ports and logistics	0	Developed out (car storage). 16.9 ha developed 2018-2023
	ELR005 Former Huntsman Tioxide Site, Grimsby	Moody Lane Enterprise Zone/ Habitat Mitigation Zone	25	Ports and logistics	25	Now owned by ABP formerly developed for car storage, Remaining 25 ha but now secured for future car storage, site back in use for car storage.
	ELR021 Grimsby, Novartis Moody Lane	Habitat Mitigation Zone	56	Chemicals and processing	56	Novartis closure confirmed- now available
Land reserved for long-term business expansion	ELR020 RWE Site, Hobson Way, Stallingborough	Habitat Mitigation Zone	19.5	Renewables, Energy (Reserved)	19.5	Pre Planning interest. Remaining 19.5ha. Development interest.
	ELR019 Portlink 180, Hobson Way, Stallingborough Abengoa Site (Velocys)	Hobson Way Enterprise Zone/ Habitat Mitigation Zone	31.7	Renewables, Energy (Reserved)	31.7	Planning consent DM/0664/19/FUL Pursuing discharge of pre-commencement conditions Commenced. Full site Committed. 31.7 ha in train.
	Land reserved for long-term business expansion, Cristal, Laporte Road	Habitat Mitigation Zone	122	Chemicals and processing	122 ha reserved	Reserved for Expansion
	ELR039a&b Stallingborough BOC	Habitat Mitigation Zone	17.05	Chemicals and processing	17.05 ha reserved	Reserved for Expansion
New Sites	ELR042 Grimsby Novartis Factory Site	Habitat Mitigation Zone	36	Chemicals and processing	36	Available for redevelopment/asset disposal
	ELR041, Immingham Land west of Kings Road	-	5.33	Light Ind (ports and logistics)	5.33	Call for Sites - Promoted for light industry
TOTAL			285.29 ha + 41.33 (new sites) + 190.25 (reserved land)		251.6 ha + 41.33 (new sites) + 190.25 (reserved land)	49.81ha developed 2018-2023 62.27 ha 'in train' for development (where a specific end use is progressing a development, i.e. not speculative build consents).

Source: NELC (2023)

- 12.73 This means that **170 ha** is available as a strategic site or to meet general needs (excluding port specific, expansion sites or new sites).
- 12.74 The 2014 ELR sets out that over 290 ha, or 48% of the 604 ha identified, was subject to constraints. These constraints included 260.59 ha of sites reserved for long-term owner usage (expansion land) and a further 29.85 ha of land restricted by ecological mitigation areas. Of the sites shown in Table 12.17, ELR 019 and ELR 020 (31.7 ha and 19.5 ha respectively) are reserved for expansion by current occupiers, reducing the amount of land which is available to the open market. Indeed, the ELR notes that “*a significant portion of the assessed supply is unlikely to contribute to future supply because of ecological mitigation and ownership constraints.*”
- 12.75 A further caveat noted by local commercial agents is that when larger sites such as those at Europarc (ELR 008 and ELR 011) do come forward, they are controlled by single operators for large, design-and-build style development and again are not available on the open market. This limits the availability of this land to smaller SME occupiers, of which there are many searching for premises in the Borough.
- 12.76 **The demand side assessment indicates that North East Lincolnshire Borough requires between 54 ha and 112 ha of employment land over the 20-year plan period to 2042.** This is a higher and broader range than the need figures from the 2014 ELR of 30.5 ha to 68.3 ha (noting this was over a slightly shorter 19-year period 2013-2032).
- 12.77 **The forward supply of 170.26 ha would, theoretically, appear to be of a more than sufficient scale to meet even the upper end of the range, although there is of course no guarantee that all the identified source of supply would necessarily come forward for that use. Indeed, there are only three sites, totalling 5.04 ha, plus the 5.33 ha site (ELR041) identified through the call for sites process, that are non-strategic (or sectoral specific) sites that are realistically available for indigenous, local, occupiers. Agents suggested that these SME occupiers are precisely the companies who are driving demand for sites in the Borough.**
- 12.78 It should also be noted that the forecasting approach in this HEDNA has focused on indigenous employment land needs. An assessment of the need for strategic employment floorspace that serves a geographical area extending beyond the Borough’s own boundaries was outside the scope of work.
- 12.79 As evident by the review of key economic sectors and occupiers in developing the Economic Growth scenario, the Borough is proving increasingly attractive to inward investment in sectors with significant geographical reach such as green energy and remains an attractive location for large-scale logistics. In addition, the potential for port-related growth is substantial, and includes ABP progressing a Nationally Significant Infrastructure Project [NSIP] application for a new roll on / roll of [ro/ro] terminal at Immingham that will require a substantial amount of land take up. Grimsby and Immingham are also significant ports related to the import/export of vehicles which again results in significant land take that may not neatly fit within the ‘traditional’ B2/B8 use classes.
- 12.80 Given the wider area of search and specific needs of these key growth sectors (notably clean energy and port-related), an assessment of the scale of this non-indigenous need would need to be subject to a separate study covering multiple neighbouring Local Authority districts.

- 12.81 In addition, given some of the constraints on land availability noted above, it is vital that the Local Plan economic policies and land allocations continue to support economic growth and provide choice and flexibility in the land and property market. This would assist with meeting latent market demands from smaller SME occupiers and assist with broadening the local economy.
- 12.82 The Council may therefore wish to consider an updated in-depth supply-led review into the suitability of existing employment sites to understand whether they can meet future growth ambitions. Such a review should focus on whether there are sufficient indigenous sites to meet the identified need, and whether the strategic sites are able to meet all or part of that need. It will also be vital to understand the nature of energy and port related needs bearing in mind North East Lincolnshire's extensive supply of sector-specific allocations.

13.0 Conclusions and Recommendations

- 13.1 This HEDNA has been undertaken to identify future growth and local needs across North East Lincolnshire Borough for the period 2022 to 2042, and to provide the robust and up-to-date evidence upon which a new Local Plan will be developed.
- 13.2 The approach taken is intended to help identify future housing requirements and ensure that each community in the Borough has access to the right type of housing in the right place, as well as improving the local communities' health and wellbeing. This will ensure new housing provision meets local needs and wider growth requirements. The report also identifies employment land requirements for the Borough, with a focus on office, industrial and warehousing needs over the next 20 years.
- 13.3 The key conclusions of the analysis are summarised below.

Local Housing Need

- 13.4 The LHN for the Borough as generated by the standard method in the NPPF and PPG results in a figure of **203 dpa over the period 2022-2042**. This represents the minimum starting point figure and delivering more than 203 dpa is supported through the NPPF and PPG in several ways. Indeed, it is a key part of the Local Plan process to test higher rates of delivery.
- 13.5 The HEDNA has considered whether exceptional circumstances exist to justify an alternative approach for North East Lincolnshire. It has considered whether the 2014-based SNPP, and more recent 2021 Census data, are robust for the Borough. The 2014-based projections represent a reasonable assessment of likely future growth in the context of past trends and likely future change, once they have been adjusted and re-based to take into account the recently-released 2021 Census data. Household formation rates are significantly higher amongst younger age cohorts for the Borough than the national average between 2022 and 2039 and therefore the usage of PCU rates to account for suppressed household formation amongst young households is not appropriate in this particular instance.
- 13.6 However, recent population growth has been much lower than forecast. The 2021 Census reported 156,966 residents living in North East Lincolnshire, whilst the 2014-based SNPP had projected that by this date there would be 161,002 residents in the Borough (the 2018-based SNPP was not far behind at 160,023).
- 13.7 The 2018-based SNHP suggests that household growth may well be lower than the 2014-based SNHP indicates, whilst under all but one of the adjusted demographic scenarios (the 2018-based SNPP High International Migration variant being the exception), the level of housing growth generated by the PopGroup modelling does not exceed the SM2 figure of 203 dpa.
- 13.8 The general message emerging from both sets of projections is that future population growth in North East Lincolnshire will be almost entirely driven by retirees, and particularly those aged 70 and above. In contrast, the number of residents in their 50s and early 60s is projected to decline significantly over the next 20 years or so. For example, according to the 2014-based SNPP, the number of residents aged between 50 and 64 is projected to decline by around 5,500. Similarly, the number of residents aged 20-39 is projected to decline by c.2,400. Unchecked, this could have a serious negative impact on the local economy due to a declining labour force unless measures are implemented to increase the employment rate. In contrast, the number of older residents over 65 is

projected to increase by c.9,500 over the next 17 years (2022 – 2039). **Going above and beyond the SM2 figure of 203 dpa will be essential if North East Lincolnshire is to grasp the economic growth opportunities presented.**

- 13.9 Similarly, although the past net housing delivery rate of **313 dpa** would result in a level of population growth well in excess of even the most optimistic demographic scenario, it would only result in a relatively modest uplift in the level of job growth over the next 20 years (+274). Therefore, although the local economy would be stabilised and indeed see some growth, it is questionable as to whether this level of housing need would be sufficient to align fully with the Council’s economic growth objectives.
- 13.10 In terms of alignment with the economic growth scenarios, two main projections were modelled, using the latest Experian baseline job growth projections (+2,600 jobs 2022-2042) and an Economic Growth scenario factoring a number of key regeneration projects programmed in for the Borough, which would raise the net job growth to 4,560. Both forecasts are comfortably in excess of the employment levels that could be sustained by the much weaker demographic projections, including the SM2 target of 203 dpa (which would still lead to a loss of around 109 jobs over the next 20 years).
- 13.11 **Given the strong regeneration and economic growth objectives being pursued by NELC, this would suggest that the LHN generated by the Government’s standard methodology may not be appropriate for North East Lincolnshire moving forward.**
- 13.12 If NELC does decide to pursue a higher level of economic growth and allocates sufficient employment land to support this, in line with the Economic Growth Scenario for example, then it should therefore consider increasing the housing target accordingly. The Experian baseline job growth target would equate to a housing need of 415 dpa, more than double the SM2 figure. An even higher figure of **507 dpa could be justified** based on an Economic Growth scenario level of job growth.
- 13.13 Furthermore, the PPG suggests an increase in the total housing figures included in a Local Plan may need to be considered by NELC where it could help deliver the required number of affordable homes. It is for NELC to consider the evidence contained in this HEDNA when identifying a housing requirement which would support the strategy underpinning the emerging plan and whether an uplift beyond the standard method is appropriate.

Affordable Housing Needs

Net Annual Housing Need for Affordable/Social Rent

- 13.14 The net annual need based on current data over the period 2022 to 2042 amounts to **between 177 and 302 dpa for affordable/social rent** (depending on the income multiplier used). This reflects gross household formation and therefore does not account for household dissolutions, with the implication that needs are likely to be ‘worst case’ under this approach as it could include some double counting. It also assumes that the backlog need will be addressed in full in the first 5 years of the Plan.
- 13.15 Strongest levels of affordable housing rental need are identified for the Urban Area and the Western & Southern Arc, and the lowest in the Rural Area and the Estuary Zone. If the annual supply of social re-lets is increased to take into account the uncertainty regarding internal transfers, then the annual requirement could fall further – to between 127 and 251 dpa.

Net Annual Affordable Housing Need for Purchase

- 13.16 The analysis assessed households who want to move towards ownership tenures, but may be unable to, even if their needs are currently being met in the private rented sector. The net annual requirement for **intermediate housing equates to between -4 and +44 homes** based on the 4x / 25% and 4.5x / 31% dual income multipliers respectively. The increase is explained by the increasing gap between people's ability to afford private rent and market purchase.
- 13.17 The need for +44 dpa, broken down by sub-area, indicates a need for +8 in the Estuary Zone, -9 dpa in the Urban Area (an over-supply), +18 dpa in the Rural Area, and +26 dpa in the Western & Southern Arc.

Overall Net Annual Affordable Housing Need

- 13.18 Table 13.1 indicates that bringing the two types together results in an overall annual affordable housing need for **between 221 and 298 homes** based on the 4.5x / 31% and 4x / 25% income multipliers respectively. There is a higher level of need in the Western & Southern Arc settlements and the Grimsby/Cleethorpes Urban Area, with the former having a particularly strong need for affordable properties available to rent.

Table 13.1 North East Lincolnshire Borough Affordable Housing Need Calculation – To Rent and Purchase

Stage and step in calculation	North East Lincolnshire		Urban Area		Estuary Zone		Western & Southern Arc		Rural Area	
	25% income	31% income	25% income	31% income	25% income	31% income	25% income	31% income	25% income	31% income
Net Annual Affordable Housing Need for Rent	302	177	141	54	0	-8	130	107	30	25
Net Annual Affordable Housing Need for Sale	-4	44	-9	-9	1	8	1	26	3	18
Overall Net Annual Affordable Housing Need	298	221	132	45	1	0	131	133	33	43

Source: NELC, Local Authority Live Tables, CORE Data and Lichfields analysis. Sums may not add due to rounding errors.

- 13.19 This is higher than the locally assessed need based on the standard method (203 dpa) and would represent between 44% and 59% of the upper end of the recommended range (507 dpa based on the Experian Economic Growth scenario).
- 13.20 The PPG is clear that the total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, considering the probable percentage of affordable housing to be delivered by eligible market housing led developments. In North East Lincolnshire the likely delivery is a maximum of 20% on major development sites, which is considerably lower than being able to meet affordable needs. Whilst the full affordable locally assessed need equates to between 221 and 298 dpa, in practice it is extremely unlikely that this level of housing delivery will ever be achieved in North East Lincolnshire, which has averaged just 65 dpa over the past 20 years.
- 13.21 The PPG¹⁵⁴ suggests an increase in the total housing figures included in the plan may need to be considered where it could help deliver the required number of affordable homes.

¹⁵⁴ 2a-024-20190220

- 13.22 In line with the approach envisaged by the NPPF, the affordable housing needs are an important component of the overall need for housing and NELC should seek to use its planning policy to maximise delivery of affordable housing given the scale of need identified.
- 13.23 An additional uplift would go some way towards meeting the high level of affordable housing need identified for North East Lincolnshire, although it is noted that the recommended housing requirement figure of 507 dpa is already more than double the 203 dpa derived from the Government's standard methodology.
- 13.24 It is for NELC to consider the evidence contained in this HEDNA when identifying the housing requirement which would support the strategy underpinning the emerging plan and whether an uplift beyond the standard method is appropriate.

Local Housing Dynamics

- 13.25 A range of top-down and bottom-up scenarios have been assessed for the four sub-areas within North East Lincolnshire to establish the broad range of housing which may be appropriate for each area over the Plan period. Whilst it is for NELC to consider the evidence contained in this HEDNA when identifying a housing requirement for each of the sub-areas, Lichfields' analysis recommended that **a range of between 65%-80% could be appropriate for the Urban Area; between 5% and 10% for the Estuary Zone; between 15% and 30% for the Western & Southern Arc; and 5% or less for the Rural Area.**

Housing Needs of Specific Groups

Housing Mix and Type

- 13.26 In line with wider trends, older couple household groups are projected to see the fastest growth in North East Lincolnshire, increasing by 33% between 2022 and 2042. Older single household types are also expected to see a significant increase of 15%. Growth of households with younger single people is expected to be 8%, whilst the number of families with children is projected to decline by -0.4%. Other households are expected to decline by a substantial 17% over the same period.
- 13.27 Based on overall household growth and existing occupancy patterns, our assessment indicates that housing need in North East Lincolnshire is predominantly made up of 2-3 bedroom dwellings. This considers the fact that although older households are likely to make up the majority of future household growth, these often remain in their large family home, are the least active in the housing market and tend to occupy housing larger than they 'need'.
- 13.28 Housing waiting list information shows that most households in need of affordable housing required 1 or 2-bed dwellings; however, the waiting list and Census data both show that overcrowding remains a problem. Within the social rented sector, there is likely to be some scope for more efficient use of the existing stock.
- 13.29 In this context, it is recommended that for market housing, between 35% and 45% of housing should be for smaller 1 or 2 bed properties. For social housing, between 55%-75% of the social housing provision should be for smaller 1 and 2-bed properties, with the majority of the remainder comprising 3 and 4-bed properties.

Meeting the needs of specific groups

- 13.30 In North East Lincolnshire, it is likely that Build to Rent [BtR] schemes could cater for needs in the private rented sector, particularly for those on low to middle incomes who may desire and alternative to traditional rental options (i.e. buy-to-let landlords). Any BtR schemes in the Borough should be modest in scale, potentially focused in the Town Centre, and should be broadly weighted more towards meeting the needs of smaller households suited to single person households (although the needs of smaller households with one or more children should not be overlooked). **20% is generally a suitable benchmark** for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme.
- 13.31 Due to the limited presence of students in need of PBSA in the Borough, there is currently no need for additional purpose-built student accommodation, or certainly any additional provision.
- 13.32 The number of **families and other households with children** is expected to increase by around only 0.4% in North East Lincolnshire by 2039, entirely driven by the growth in smaller families with 1 child, whilst larger families with 2 or more children are projected to decline in number. In the owner-occupied sector, the rate of overcrowding amongst families is low (although the absolute number of overcrowded owned occupied properties with families is highest in absolute terms), and families tend to live in homes which are larger than they 'need' in order to have extra space.
- 13.33 The number of **older people** living in North East Lincolnshire Borough is projected to increase by 32.4% by 2042. This is by far the fastest growth of any age group. In the context of ageing both more widely and in the Borough specifically, meeting needs of older people will be a key element of meeting overall needs over the period to 2042 (and beyond).
- 13.34 Lichfields' analysis suggests that between 2022 and 2042, the estimated need for elderly C3 housing units would be **between 2,045 and 2,883 units**. This analysis therefore highlights that there is currently some significant unmet need for C3 Sheltered and Extra Care specialist accommodation in North East Lincolnshire which is not being addressed, with the majority of need focused in the Urban Area. In addition, Lichfields projects that a further **930** elderly residents will reside in communal establishments (predominantly in care homes without nursing).
- 13.35 In addition to the needs of residents living in communal establishment accommodation (C2), there is a need to ensure that suitable provision is made for those living in private housing who do not require care home facilities but may have specific needs, for example for adaptable and accessible homes. **It is recommended that c.50% of new general housing is provided to Part M4(2) standards**. It is important to note that there will be overlap between the need for adaptable and accessible homes and the identified need for elderly housing (i.e., Extra Care and Sheltered Housing).
- 13.36 Given the ageing population over the Plan period, on this basis we recommend that **between 5% and 10%** of new affordable homes should meet the M4(3) requirement for wheelchair users, albeit this is likely to overlap with some of the need for adaptable and accessible homes for older people. NELC should keep the housing waiting list under review, and if possible, collect information on whether a household specifically needs a wheelchair accessible dwelling.
- 13.37 Finally, with self/custom build, demand on NELCs register has generally increased each year as more people request to be added. As of the end of October 2022, the Council had **46 individuals and 5 groups on the register**. Going forward, it is important that the

Register contains an accurate and up to date picture of the demand for self-build plots. Notwithstanding this, given the number of entries in the self-build register NELC may wish to consider the provision of self-build plots as a part of its overall housing mix in the Local Plan.

Future Employment Needs

- 13.38 Lichfields undertook a detailed analysis of employment land needs in the Borough, beginning with an overview of the current economic context, supported by discussions with key stakeholders and local commercial agents. Agents revealed that despite an abundance of employment land in the Borough, the types of properties most in demand are not available, with a real lack of good quality smaller industrial properties being developed. Those that are available tend to be poorer quality, older stock which is not attractive to the market.
- 13.39 Whilst viability is a clear issue limiting the potential for smaller developments, a further issue is the nature of the numerous strategic-sized employment sites which are generally reserved for either expansion of existing occupiers or for larger design-and-build units. The impact of this is that in reality, there is very little land available on the open market for smaller businesses to develop their own premises. Further to this, there is a tendency for sites appropriate for this kind of development (some of which is Council-owned) to only be available on long-leasehold tenures, which buyers do not like.
- 13.40 Agents indicated that whilst market activity has been consistently strong following Covid-19 there has been a recent dip in both enquiries and transactions due primarily to the inflated cost of both financing and basic utilities. On a positive note, there is very little vacancy across the Borough, and agents would expect any newly developed stock to be swiftly occupied.
- 13.41 Agents indicated that whilst more limited, there is still some demand for office space, but demand has shifted away from office space in out-of-centre office parks more towards central locations. Office space at Europarc is the closest to Grade-A office space available near Grimsby, but agents stated that employers increasingly find business park office space from a recruitment point of view, especially if a large part of the staff will be young people, who are more likely to want to travel to a more central location.
- 13.42 On this note, agents spoke about the need to improve the overall offer of the town centre to office-based businesses and their staff, who want pleasant places to have lunch, go for a walk and socialise after work. The lack of a feeling of safety in the town was also raised as a key deterrent to potential occupiers.
- 13.43 This qualitative analysis was supplemented by a quantitative Economic Development Needs Assessment Exercise. In line with the requirements of the PPG, Lichfields modelled a range of scenarios including:
- projections of **demand-led** employment growth using Experian's Local Market Quarterly Forecasts for December 2022.
 - an '**economic growth**' projection based on accelerating growth in key growth sectors at a rate over and above the Experian baseline.

- estimated growth in the **local labour supply** and the jobs and employment space that this could be expected to support. This is based on the PopGroup demographic analysis.
- consideration of **past trends** in completions of employment space based on monitoring data collected by the Council, and how these trends might change in the future.

13.44 Making an allowance for losses in the order of around 2.34 ha per annum to translate net projections to gross requirements, as well as making a suitable adjustment for a margin of choice equal to five-years' worth of take up (13.13 ha in total), the demand-led range of total gross land requirements to 2042 results in the following demand projections for the Borough:

- 1 **Econometric demand-led projections: 61.78 ha – 68.81 ha;**
- 2 **Labour Supply projections: 53.95 ha – 55.06 ha; and,**
- 3 **Past Development Trends: 112.41 ha.**

Table 13.2 North East Lincolnshire Gross Employment Land Comparisons 2022-2042

		Offices / R&D (ha)	Light Industrial (ha)	General Industrial (ha)	Warehousing (ha)	Total (ha)
1) Experian December 2022 Baseline	Net	3.99	-0.85	-8.80	7.55	1.89
	+ Flexibility Factor	6.95	-0.02	-2.96	11.06	15.02
	+ Loss Replacement	11.79	3.37	21.09	25.54	61.78
2) Economic Growth	Net	3.99	-0.85	-1.78	7.55	8.92
	+ Flexibility Factor	6.95	-0.02	4.06	11.06	22.05
	+ Loss Replacement	11.79	3.37	28.11	25.54	68.81
3a) Labour Force under SM2 (203 dpa)	Net	2.91	-1.74	-10.22	3.11	-5.94
	+ Flexibility Factor	5.87	-0.92	-4.38	6.62	7.19
	+ Loss Replacement	10.71	2.48	19.67	21.1	53.95
3b) Labour Force under past delivery (313 dpa)	Net	3.06	-1.61	-10.02	3.74	-4.83
	+ Flexibility Factor	6.02	-0.79	-4.18	7.25	8.30
	+ Loss Replacement	10.86	2.61	19.87	21.72	55.06
4) Past Take Up	Net	11.84	3.29	23.34	14.04	52.52
	+ Flexibility Factor	14.80	4.12	29.18	17.56	65.65
	+ Loss Replacement	19.64	7.51	53.23	32.03	112.41

Source: Lichfields analysis

13.45 The scenarios range from a low of 53.95 ha (Scenario 3a SM2 203 dpa) to the Past Take Up (Scenario 4) figure of 112.41 ha.

13.46 At the time of writing there is around 170 ha available on strategic sites or to meet general needs (excluding port specific, expansion sites or new sites), which would, theoretically,

appear to be of a sufficient scale to meet even the upper end of the range, although there is of course no guarantee that all the identified source of supply would necessarily come forward for that use.

- 13.47 However, supply is constrained by key sites being reserved for long-term owner usage (expansion land) and ecological mitigation area restrictions, reducing the amount of land which is available to the open market. Indeed, the 2014 ELR notes that *“a significant portion of the assessed supply is unlikely to contribute to future supply because of ecological mitigation and ownership constraints.”*
- 13.48 Furthermore, there are only three sites, totalling 5.04 ha, plus the 5.33 ha site (ELR041) identified through the call for sites process, that are non-strategic (or sectoral specific) sites that are realistically available for indigenous, local, occupiers. Agents suggested that these SME occupiers are precisely the companies who are driving demand for sites in the Borough.
- 13.49 This HEDNA has looked purely at indigenous employment land needs and has not considered the need for strategic employment floorspace that serves a geographical area extending beyond the Borough’s own boundaries. As evident by the review of key economic sectors and occupiers in developing the Economic Growth scenario, the area is proving attractive to inward investment in sectors with significant geographical reach such as green energy and remains an attractive location for large-scale logistics. Given the wider area of search and specific needs of key growth sectors (notably logistics, clean energy and port-related), an assessment of the scale of this non-indigenous need would need to be subject to a separate study, potentially covering multiple neighbouring Local Authority districts.
- 13.50 In addition, given some of the constraints on land availability noted above, it is vital that the Local Plan economic policies and land allocations continue to support economic growth and provide choice and flexibility in the land and property market. This would assist with meeting latent market demands from smaller SME occupiers and assist with broadening the local economy.
- 13.51 The Council may therefore wish to consider an updated supply-led review into the suitability of existing employment sites to understand whether they can meet future growth ambitions. Such a review should focus on whether there are sufficient indigenous sites to meet the identified need, and whether the strategic sites are able to meet all or part of that need. It will also be vital to understand the nature of energy and port related needs bearing in mind North East Lincolnshire’s extensive supply of sector-specific allocations.

Appendix 1 Lichfields' PopGroup Modelling Assumptions

Appendix 2

	2014-based SNPP	2014-based SNPP Rebased to 2021 Census	2018-based SNPP + Variants	2018 SNPP Rebased to 2021 Census	Experian Baseline Dec 2022	Experian Economic Growth	LP Housing Target 512 dpa	Past Housing Delivery
Model period	2022-2042, in line with the emerging plan period.							
Base population	2022 population by gender and single year of age as set out in 2014-based SNPP.	2022 population by gender and single year of age projected forward from 2021 Census.	2022 population by gender and single year of age as set out in 2018-based SNPP.	2022 population by gender and single year of age projected forward from 2021 Census.	2022 population by gender and single year of age projected forward from 2021 Census.			
Births	Number of births (by gender) inputted from 2014-based SNPP.	Calculated by PopGroup using Total Fertility Rate (TFR) taken from 2014-based SNPP.	Number of births (by gender) inputted from 2018-based SNPP and 4 variants.	Calculated by PopGroup using Total Fertility Rate (TFR) taken from 2018-based SNPP.	Calculated by PopGroup using TFR taken from 2018-based SNPP.			
Deaths	Number of deaths (by age and gender) inputted from 2014-based SNPP.	Calculated by PopGroup using Standard Mortality Rate (SMR) taken from 2014-based SNPP.	Number of deaths (by age and gender) inputted from 2018-based SNPP and 4 variants.	Calculated by PopGroup using Standard Mortality Rate (SMR) taken from 2018-based SNPP.	Calculated by PopGroup using SMR taken from 2018-based SNPP.			
Domestic Migration	Number of in and out internal and cross border migrants (by age and gender) inputted from 2014-based SNPP.		Number of in and out internal and cross border migrants (by age and gender) inputted from 2018-based SNPP and 4 variants.		Calculated by PopGroup to achieve population growth required to reflect the stated economic/housing constraints.			
International Migration	Based on number of in and out international migrants (by age and gender) inputted from 2014-based SNPP; PopGroup applied adjustment to reflect population constraint.		Based on number of in and out international migrants (by age and gender) inputted from 2018-based SNPP and 4 variants; PopGroup applied adjustment to reflect population constraint.		Calculated by PopGroup to achieve population growth required to reflect the stated economic/housing constraints.			
Household formation rates	2014-based Household formation rates.		2018-based Household Formation rates and 4 variants.		2018-based Household formation rates.			
Population not in households	Institutional population taken from 2014-based SNHP. Figures provided as absolute numbers for those up to and including the age of 74 and percentages for people over that age. This allows for changes in the elderly population in institutional care where there is a change in the population over the age of 75.		Institutional population taken from 2018-based SNHP.		Institutional population taken from 2018-based SNHP. Figures provided as absolute numbers for those up to and including the age of 74 and percentages for people over that age. This allows for changes in the elderly population in institutional care where there is a change in the population over the age of 75.			
Second home / vacancy rate	Adjustment for second and vacant homes based on an assessment of Council Tax Base data between 2019 and 2021. The average over this period – 4.48% – has been held constant throughout the modelling period.							

Economic activity rate	Age and gender specific economic activity rates based on projections that were published by the Office for Budget Responsibility in July 2018 and adjusted to reflect the local baseline rates of economic activity.							
Labour Force (LF) ratio	The labour force ratio is worked out using the formula: (A) Number of employed workers living in area less unemployed ÷ (B) Number of workers who work in the area (number of jobs). It therefore implicitly captures both commuting patterns and 'double-jobbing' (where one person may occupy more than one job). Applying the economic activity rates to the base population in 2022 gives an estimate of the total labour force as at 2022. This is then compared with the total number of jobs (as given by Experian in its December 2022 projection) to create the labour force ratio which is held constant across the period. For NE Lincolnshire the labour force ratio of 0.98 has been held constant in the modelling from 2022 onwards.							
Unemployment	The unemployment rate from 2021 is taken from the 2021 Census. This shows that the Borough's unemployment rate was 5.74% in 2021, falling to 3.8% in 2022 based on the Annual Population Survey data. Given the uncertainties facing the economy at the time of writing, this has been gradually changed to the medium-term 5-year average of 5.09% seen between 2018 and 2022 and held constant thereafter.							
Constraints	Population constrained to reflect 2014-based SNPP.	No constraints applied after 2021 Census.	Population constrained to reflect 2018-based SNPP and variants.	No constraints applied after 2021 Census.	Jobs constrained to reflect the level of growth identified by each of the forecast models for the period from 2022 to 2042, as summarised below:		Dwellings constrained to reflect LP Housing Target for NE Lincs (512 dpa).	Dwellings constrained to reflect Past housing delivery in NE Lincs (313 dpa).
					+2,600 jobs	+4,560 jobs		

Celebrating
60
years

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



@LichfieldsUK

lichfields.uk