North East Lincolnshire

Housing and Economic Development Needs Partial Update

North East Lincolnshire Council

28 July 2026

LICHFIELDS

LICHFIELDS

Contents

1.0 Introduction

1.1 In 2023 Lichfields was appointed by North East Lincolnshire Council [the Council] to undertake a Housing and Economic Development Needs Assessment [HEDNA] for the Borough[1]. The overarching objective of the study was to provide the housing and economic needs evidence base to support policy development as the Council prepared its new Local Plan. Published in August 2023, the HEDNA established the policy, and socio-economic context for the Borough; examined housing market signals and identified the overall housing need for the Borough (by type, size and tenure), before assessing the area's employment land needs.

1.2 A subsequent Update[2] to the 2023 HEDNA was issued in November 2025 to ensure that the Council's housing and economic evidence was fully aligned with the requirements of the NPPF24 and accompanying PPG, as well as taking into account the implications of the new Greater Lincolnshire Combined Authority [GLCCA], of which North East Lincolnshire Council is one of the three constituent Councils alongside Lincolnshire County and North Lincolnshire District.

1.3 The Council used the 2025 HEDNA to inform its Regulation 18 North East Lincolnshire Draft Local Plan: Preferred housing and employment site options, which was published for consultation on 8th December 2025.

1.4 Since that time the Council has been working on updates to its Housing Register, whilst new data sources have been issued including the Office for National Statistics' [ONS's] latest Mid-Year Population Estimates [MYPE] for 2024, the 2022-based Sub-National Household Projections [SNHP] as well as new data on affordability ratios and dwelling stock estimates, which have resulted in a modest change in the Borough's Local Housing Need (as calculated using the Government's Standard Methodology), which has decreased from 622 dwellings per annum [dpa] in November 2025, to 617 dpa at May 2026.

1.5 This report therefore represents a Partial Update to the 2025 version of the North East Lincolnshire HEDNA, focussing explicitly on the implications of the new demographic data that has been released, the new Housing Register data, the implications of the lower LHN on housing need (by size and type) and what this means for the Council's employment land target. As it only represents a Partial Update, it should be read alongside the November 2025 document.

Study Scope

1.6 The Council intends to issue its Regulation 19 Local Plan for consultation in late summer/early autumn 2026 and requires the housing and employment evidence base that will inform its key strategic policies to be as up to date as possible at that time.

1.7 Based on the latest demographic data, Housing Register and new LHN, this report updates the following sections of the 2025 HEDNA:

- Section 6.0, Local Housing Need, as far as it relates to the new Standard Methodology figure, and using the latest population/household projections and economic growth projection;

[1] Lichfields (August 2023): *North East Lincolnshire Housing and Economic Development Needs Assessment*
[2] Lichfields (November 2025): *North East Lincolnshire Housing and Economic Development Needs Assessment Update*

- Section 7.0, Affordable Housing Needs;
- Section 9.0, Type, Tenure and Size of Housing, revisiting both the overall need for certain sizes of property (both market and affordable) as well as updating DDA M2 needs; and,
- Section 13, providing an updated commentary on the implications for the employment land requirement as it relates to the new standard method housing figure and the new economic growth projection.

2.0 Local Housing Need

Introduction

2.1 To determine the minimum number of homes needed in an area, strategic policies should be informed by a LHN assessment, conducted using the standard method as set out in the PPG. This section reports the findings of this updated LHN assessment for North East Lincolnshire Borough.

Methodology

Approach to defining the overall Local Housing Need

2.2 This study applies the Government's standard method to derive an overall local housing need for the Borough. The previous HEDNA Update reported an LHN based on the new Standard Methodology [SM3] of **622 dpa** for North East Lincolnshire Borough (considerably higher than the previous SM2 demographic-based figure of 203 dpa, and also above the current Local Plan figure of 512 dpa).

2.3 The 2025 HEDNA concluded that the 622 dpa SM3 figure would exceed the level of growth under all of the demographic-led scenarios using the most recent 2022-based SNPP and its variants; it would also be able to sustain a level of job growth in excess of even the most optimistic job forecast of +5,375 over the next 18 years; and Council Officers reported that there was no unmet housing need from neighbouring areas that should be met in North East Lincolnshire. **On this basis, it was concluded that the LHN generated by the Government's SM3 of 622 dpa was appropriate for North East Lincolnshire moving forward.**

2.4 New data is now available regarding the Borough's housing stock and workplace-based, median affordability ratio. The new SM3 figure as of June 2026 has been generated as follows:

- North East Lincolnshire's housing stock was 75,954 in 2025. The baseline is calculated as 0.8% of 75,954, therefore the housing stock baseline figure is 608 per year.
- The affordability uplift equates to 2.28%, based on a 5-year average median workplace-based affordability ratio of 5.120 between 2021 and 2025, calculated as follows:
  (a) Average Median local workplace-based affordability ratio[3] (2021-2025) = 5.120
  (b) deduct 5 = 0.120
  (c) divide by 5 = 0.024
  (d) multiply by 0.95 = 0.0228 (or 2.28%).

2.5 Applying the 2.28% uplift to the stock baseline of 608 per annum equates to 621 dpa.

2.6 **The starting point for assessing local housing need [LHN] in North East Lincolnshire is therefore 621 dpa, hence a reduction of just 1 dpa since the 2025 HEDNA was produced. This is used as the minimum LHN starting point for the remainder of this Partial Update.**

[3] ONS (2026): Ratio of median house price to median gross annual workplace-based earnings by local authority district, England and Wales, 1997 to 2025

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

2.7 The NPPF24 is clear that to determine the minimum number of homes needed, strategic policies should be informed by an LHN assessment using the standard method in the PPG. As set out in LHN methodology above, the requirement could also be increased to reflect growth ambitions or additional need that cannot be met within neighbouring areas.

2.8 The PPG states that calculating housing need is a separate process from establishing a housing requirement figure, which factors in policy considerations and constraints[4]. These are outside the scope of a HEDNA and are for the Council to consider as part of its plan-making process.

2.9 The latest version of the NPPF24 is also clear that when planning for housing and employment land, the approach should be an integrated one which seeks *"to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment"* [paragraph 86d].

2.10 The PPG also provides guidance on how the housing needs of particular groups relate to the overall housing need calculated using the standard method. It 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.[5]

2.11 The remainder of this chapter addresses each of the aforementioned elements in order to assess whether the LHN figure as calculated by the Government's SM3 still reflects the Council's growth ambitions linked to economic development or infrastructure investment, and if not, whether this could justify uplifting the LHN figure generated by the standard method.

Future Housing Scenarios

2.12 The 2025 HEDNA modelled a number of scenarios to test whether any adjustment is required which deviates from the locally assessed need identified by SM3.

2.13 The scenarios demonstrated 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.

2.14 The number of households was 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.

2.15 Although the 2022-based SNPP which underpinned the previous analysis remains unchanged, **we have incorporated new headship rates from the equivalent 2022-based SNHP** (the 2018-based projections were used previously); data from the 2024

[4] *"When preparing strategic policies, it may be concluded that insufficient sites / broad locations have been identified to meet objectively assessed needs, including the identified local housing need. In the first instance, strategic policy-making authorities will need to revisit their assessment...If insufficient land remains, then it will be necessary to investigate how this shortfall can best be planned for. If there is clear evidence that strategic policies cannot meet the needs of the area, factoring in the constraints, it will be important to establish how needs might be met in adjoining areas through the process of preparing statements of common ground, and in accordance with the duty to cooperate. If following this, needs cannot be met then the plan-making authority will have to demonstrate the reasons why as part of the plan examination"*. PPG ID: 3-025-20190722

[5] PPG: ID: 67-001-20190722

MYPE; and the Local Plan SM3 need (down slightly from 622 dpa to 621 dpa). At the time of writing, no new data is available regarding the Council's past housing delivery (which ran to 2024/25 in the HEDNA Update).

Assumptions used in the Modelling

2.16 Lichfields has again modelled each of these scenarios using industry standard PopGroup demographic modelling software. 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 ONS. This shows that the Borough's unemployment rate averaged 4.5% in between April 2025 and March 2026, which is an increase from the three previous years but still lower than levels seen during and pre-Covid-19. Unemployment has been held constant at this rate thereafter.
- **Economic Activity Rates** – these rates are applied to the overall population (by 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 September 2025, updating the 2018 projections used in the previous 2025 HEDNA). These are applied to the economic activity rates by sex and age for 2024 derived from the 2024 ONS MYPE and APS, and 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 2025 gives an estimate of the total labour force as at 2025, less unemployed workers. This is then compared with the total number of jobs (as given by Experian in its June 2025 projection) to create the labour force ratio (of 0.966) 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 2022-based SNPP and 2022-SNHP. 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.

Sensitivities – Assumptions and Approach

2.17 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 2025 to 2043 as follows:

- **Scenario A: Standard Method** – based on the Government's LHN methodology as of May 2026 (621 dpa), using the 2022-based SNPP (the ONS's preferred Migration category variant edition) and 2022-based SNHP for household formation rates;

- **Scenario B: 2022-based SNPP** – a scenario utilising the 2022-based SNPP[6] and headship rates from the equivalent 2022-based SNHP, alongside the following variants:
  - Scenario B1: 2022-based SNPP 5-year migration variant;
  - Scenario B2: 2022-based SNPP 10-year migration variant;
  - Scenario B3: 2022-based SNPP High International migration variant;
  - Scenario B4: 2022-based SNPP Low International migration variant;
  - Scenario B5: 2022-based SNPP Zero net migration variant;
- **Scenario C: 2022-based SNPP 2024 MYE adjust** – a scenario applying the same assumptions as Scenario B but utilising the latest 2024 MYE data for the Borough to adjust the starting point to the latest population position;
- **Scenario D: Experian Baseline June 2025** – this considers the implications of achieving the net job growth set out in the Experian baseline forecasts (+4,600 net workforce jobs over the period 2025 to 2043);
- **Scenario E: 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. 6,525 net workforce jobs over the period 2025 to 2043).
- **Scenario F: Local Plan SM3 Housing Need** – based on the current North East Lincolnshire Borough-wide housing need of 512 dpa as set out in the adopted Local Plan (2018);
- **Scenario G**: **Past Housing delivery** – at 375 dpa – the Borough's average annual net delivery since the start of the adopted Local Plan period.

Modelling Results

2.18 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: SM3 621 dpa

2.19 As of May 2026, the Standard Methodology figure for North East Lincolnshire Borough equates to 621 dpa.

2.20 Incorporating elements of the 2022-based SNPP, this would equate to a net increase of 11,111 residents, 10,710 households and 7,974 jobs over the 18-year period 2025-2043.

[6] As per the recommendations made by ONS, we have used the **migration category variant projection** in the absence of any principal projection. This is in line with ONS's advice to use the corresponding migration category variant for the UK in its *National population projections: 2022-based bulletin*. ONS recommends using this variant as it better reflects the international migration patterns, as published in ONS's *Long-term international migration, provisional: year ending December 2024 bulletin*.

Table 2.1 Summary of the demographic outcomes - Scenario A: SM3 621 dpa

2025-2043	Total Growth 2025-2043	Annual
Population change	11,111	617
Of which natural change	*-11,355*	*-631*
Of which net migration	*22,466*	*1,248*
Labour force growth	8,072	443
Job growth	7,974	443
Households	10,710	595
Dwellings	**11,178**	**621**

Source: Lichfields using PopGroup

Scenario B: 2022-based SNPP Baseline

2.21 The 2022-based SNPP are the most up-to-date population projections published in June 2025. They show a fall in the population of North East Lincolnshire of -2,434 people between 2025-2043, with net in-migration failing to outweigh the substantial levels of negative natural change in the population. This translates to an increase of just 448 jobs (due to changes in the economic activity rate over time, with more people working into their 70s); 4,885 households and requirement for 5,098 new dwellings (283 dpa). A summary of the 2022-based SNPP outcome is set out in Table 2.2.

Table 2.2 Summary of the demographic outcomes - Scenario B: 2022-based SNPP Baseline

2025-2043	Total Growth 2025-2043	Annual
Population change	-2,434	-135
Of which natural change	*-13,349*	*-742*
Of which net migration	*10,915*	*606*
Labour force growth	453	25
Job growth	448	25
Households	4,885	271
Dwellings	**5,098**	**283**

Source: Lichfields using PopGroup

Scenario B1-B5: 2022-based SNPP Variants

2.22 ONS has provided a set of variant projections to its recommended 'migration category variant projection' (Scenario B above). These model the implications of higher or lower assumptions about the trajectories of migration, over different trend periods. 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 behaviour[7].

[7]https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/variantnationalpopulationprojectionsfortheukandsubnationalpopulationprojectionsandhouseholdprojectionsforenglanduserguide

2.23 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 2022-based SNPP variants include five different levels of migration:

1 **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;

2 **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;

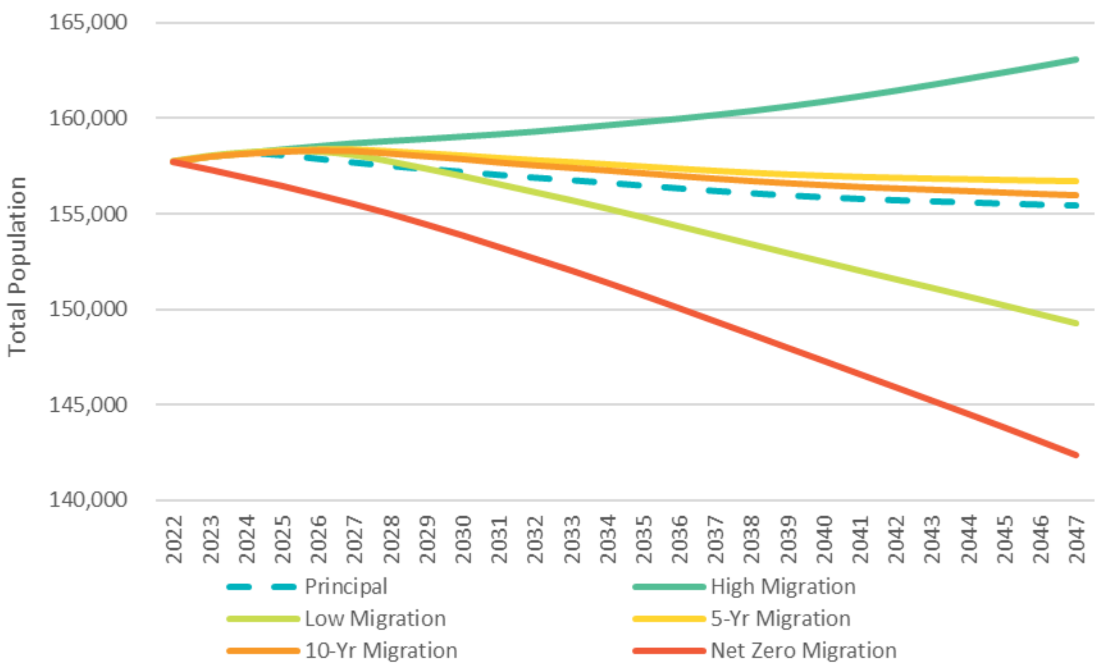
3 **a 5-year migration variant**: this works on the basis that all migration trends (internal, cross-border and international) are based on 5-years of data.

4 **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.

5 **A net zero migration variant**: this variant assumes zero net migration into/out of the Borough.

2.24 The resultant population projections are illustrated in Figure 2.1 below (for the full period of the projections 2022-2047). They indicate that the principal projection sits towards the middle of the range, with the high international migration scenario projection representing a significant upturn in the local population of 3,371 between 2025 and 2043, in stark contrast with a consistent fall for each of the other four variant scenarios, from -1,483 (5-year migration), to -11,244 (net zero migration variant).

Figure 2.1 Variant population projections showing a range of future demographic scenarios for NE Lincolnshire, 2022-2047



Source: Lichfields / ONS 2022-based SNPP Variants

2.25 When modelled in PopGroup, the variant scenarios suggest that the dwelling requirement could range from a low of just 86 dpa under the net zero migration scenario, to a high of 417 dpa under the high international migration scenario as set out in Table 2.3:

Table 2.3 Summary of outcomes - Scenarios B1-B2: 2022-based SNPP variants

2025-2043	B1 High Mig		B2 Low Mig		B3 5-yr Mig		B4 10-yr Mig		B5 Net Zero Mig	
	Total	Annual	Total	Annual	Total	Annual	Total	Annual	Total	Annual
Population change	3,371	187	-7,174	-399	-1,483	-82	-1,994	-111	-11,244	-625
Of which natural change	*-12,464*	*-692*	*-13,857*	*-770*	*-13,102*	*-728*	*-12,617*	*-701*	*-15,023*	*-835*
Of which net migration	*15,835*	*880*	*6,683*	*371*	*11,619*	*645*	*10,623*	*590*	*3,779*	*210*
Labour force growth	3,824	212	-2,372	-132	987	55	942	52	-4,679	-260
Job growth	3,778	210	-2,343	-130	975	54	931	52	-4,622	-257
Households	7,193	400	2,946	164	5,250	292	4,706	261	1,491	83
Dwellings	**7,507**	**417**	**3,075**	**171**	**5,479**	**304**	**4,911**	**273**	**1,556**	**86**

Source: Lichfields using PopGroup

Scenario C: 2022-based SNPP 2024 MYE adjust

2.26 This scenario mirrors Scenario B but pins the 2023 and 2024 population figures to the MYE figures of 158,663 and 159,911, which are higher than the SNPP figures of 158,021 and 158,196 respectively. This results in a fall in population of 2,006, an increase in jobs of 1,277, households of 5,222 and dwellings of 5,450 at 303 dpa.

Table 2.4 Summary of outcomes - Scenario C: 2022-based SNPP 2024 MYE adjust

2025-2043	Total Growth 2025-2043	Annual
Population change	-2,006	-111
Of which natural change	*-12,935*	*-719*
Of which net migration	*10,929*	*607*
Labour force growth	1,293	72
Job growth	1,277	71
Households	5,222	290
Dwellings	**5,450**	**303**

Source:

Future Jobs-led Scenarios

2.27 Chapter 5 of the NPPF24 focuses on the need for planning policies and decisions to create conditions to help support economic growth.

2.28 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.

Scenario D: Experian Baseline June 2025

2.29 This scenario considers a net workforce jobs growth of +4,600 over the plan period in line with the Experian baseline June 2025 projections as per the 2025 HEDNA. Table 2.5 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 of 4,600 net jobs between 2025-2043, driven by Education (+900); Health (+1,500); Land Transport, Storage and Post (+900); Professional Services (+900); and Residential Care & 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 2.5 Job Change across North East Lincolnshire (2025 to 2043)

Sector	2025	2043	Difference
Accommodation and Food Services	5,400	5,700	**+300**
Admin and Supportive Services	4,500	5,100	**+600**
Agriculture, Forestry and Fishing	100	100	**0**
Air and Water Transport	0	0	**0**
Computing and Information Services	0	0	**0**
Construction	4,100	4,200	**+100**
Education	6,400	7,300	**+900**
Extraction and Mining	0	0	**0**
Finance	600	600	**0**
Fuel Refining	0	0	**0**
Health	7,100	9,000	**+1,900**
Insurance and Pensions	0	0	**0**
Land Transport, Storage and Post	6,800	7,500	**+700**
Manufacturing	10,000	8,500	**-1,500**
Media Activities	200	200	**0**
Other Private Services	1,700	1,700	**0**
Professional Services	3,800	4,600	**+800**
Public Administration and Defence	1,700	1,700	**0**
Real Estate	1,000	1,200	**+200**
Recreation	1,700	1,800	**+100**
Residential Care and Social Work	6,100	7,200	**+1,100**
Retail	6,900	6,700	**-200**
Telecoms	0	0	**0**
Utilities	900	900	**0**
Wholesale	4,500	4,100	**-400**
TOTAL	**73,500**	**78,100**	**+4,600**

Source: Experian (June 2025)

2.30 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 2025 and 2043, an increase in the population of 4,909 would be required, equal to +8,066 households and 8,418 dwellings (or 468 dpa).

2.31 A summary of the Experian baseline June 2025 economic scenario is set out in Table 2.6:

Table 2.6 Summary of outcomes - Scenario D: Experian Baseline

2025-2043	Total Growth 2025-2043	Annual
Population change	4,909	273
Of which natural change	*-11,997*	*-666*
Of which net migration	*16,906*	*939*
Labour force growth	4,656	259
Job growth	4,600	256
Households	8,066	448
Dwellings	**8,418**	**468**

Source: Lichfields using PopGroup

Scenario E: Experian Economic Growth

2.32 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 Council 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 and how this can align with housing requirements.

2.33 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, SHIIP, and other infrastructure investment works.

2.34 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 2025 to 2043 (excluding temporary construction jobs):

- **Humber Zero:** Part of the Zero Carbon Humber vision involving Hydrogen production. This is on target to start construction in 2025 and will look to remove up to 8 million tonnes of CO_2 annually by 2030 from the Immingham industrial cluster. The site's website notes that the initial engineering designs have been completed and the delivery is continuing to develop towards making final investment decisions on the projects at VPI's Immingham plant and the Phillips 66 Limited Humber Refinery. It is a collaboration between the Phillips 66 Limited Humber Refinery and the nearby VPI Immingham combined heat and power plant[8]: +**200 jobs** (excluding 2,500 temporary construction jobs), with the expectation that it will be operational from 2028/29 onwards;
- **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

[8] Project on course to start build in 2023 - Humber Zero

industry, transport and power throughout the Humber region[9]. This is still progressing and is shortlisted for HAR2: **+150 jobs**;

- **Cranswick Country Foods (poultry processing and supply).** The major food producer is scoping out the potential for developing a 25,000 sqm processing plant at the Europarc site which could bring a further **1,400 jobs** to the area;
- **RWE Stallingborough CCGT CCP** a new gas-fired power station with carbon capture technology. This will produce up to 800MW of decarbonised, secure, flexible energy – enough to potentially power 1 million homes, and 2Mt/year of CO_2 capture, and potential to support at least 100 high quality, long term operational jobs and thousands of jobs during construction and the supply chain. Working towards obtaining Development Consent Order and construction to align with grid connection 2035: **+100 jobs**;
- **Velocys/Altalto –** Planning permission granted in 2020 for a waste to jet fuel facility. £500m investment, FID expected 2027 with a 3-year construction timeline. 50-100 jobs once fully operational: **+75 jobs assumed.**
- **TOTAL: +1,925 jobs**[10]

2.35 In addition to these specific projects, the area benefits 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"[11].

2.36 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.

2.37 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.

2.38 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 town[12].

2.39 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 Lane[13]. 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.

[9] Uniper and Shell award contracts on the Humber H2ub project
[10] Note that the 2024 HEDNA included the Gigastack (green hydrogen) site, which has now been cancelled; the Immingham Green Energy Terminal Hydrogen production which is now on hold; the RWE Grimsby Wind Farm Hub which has recently been constructed and is opening later this month; and the Hornsea Wind Energy and Orsted Wind Energy Project have all been removed
[11] https://www.nelincs.gov.uk/multi-million-pound-landmark-boost-for-north-east-lincolnshire/
[12] https://www.nelincs.gov.uk/business-and-investment/town-deal/#:~:text=In%20March%202021%20Government%20announced,cultural%20benefits%20for%20the%20town
[13] https://www.nelincs.gov.uk/multi-million-pound-landmark-boost-for-north-east-lincolnshire/

2.40 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 4,600 net job growth baseline projected by Experian, this results in a net increase of **+6,525 jobs** over the 18 years to 2043. In order to support this higher level of jobs growth between 2025 and 2043, 10,059 dwellings (559 dpa) would be required.

2.41 A summary of the outputs for this scenario is set out in Table 2.7:

Table 2.7 Summary of outcomes - Scenario E: Experian Economic Growth

2025-2043	Total Growth 2025-2043	Annual
Population change	8,661	478
Of which natural change	*-11,480*	*-638*
Of which net migration	*20,091*	*1,116*
Labour force growth	6,605	367
Job growth	6,525	363
Households	9,639	535
Dwellings	**10,059**	**559**

Source: Lichfields using PopGroup

Scenario F: Existing Local Plan Requirement (512 dpa)

2.42 The scenario considers the demographic and economic implications of maintaining the current Local Plan housing requirement as set out in the adopted Local Plan (2018) for North East Lincolnshire. In this regard, keeping a housing requirement of 512 dpa would require a high level of population growth equal to 6,658 over the next 18 years. This would also sustain a net job growth of 5,550, above even the Economic Growth level of job growth modelled above. A summary of this scenario is set out in Table 2.8.

Table 2.8 Summary of outcomes - Scenario F: Existing Local Plan Housing Requirement (512 dpa)

2025-2043	Total Growth 2025-2043	Annual
Population change	6,658	370
Of which natural change	*-11,772*	*-654*
Of which net migration	*18,431*	*1,024*
Labour force growth	5,618	312
Job growth	5,550	308
Households	8,831	491
Dwellings	**9,216**	**512**

Source: Lichfields using PopGroup

Scenario G: Past Housing Delivery Rates (375 dpa)

2.43 NE Lincolnshire has delivered 4,551 homes (net) at an average of **375 dpa between 2013/14 to 2024/25**. 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 lead to an increase in the population equal to 1,189 over the next 18 years. This would also potentially result in growth of 2,413 jobs. A summary of this scenario is set out in Table 2.9:

Table 2.9 Summary of outcomes - Scenario G: Past Housing Delivery Rates (375 dpa)

2025-2043	Total Growth 2025-2043	Annual
Population change	1,062	59
Of which natural change	*-12,296*	*-683*
Of which net migration	*13,358*	*742*
Labour force growth	2,534	141
Job growth	2,504	139
Households	6,468	359
Dwellings	**6,750**	**375**

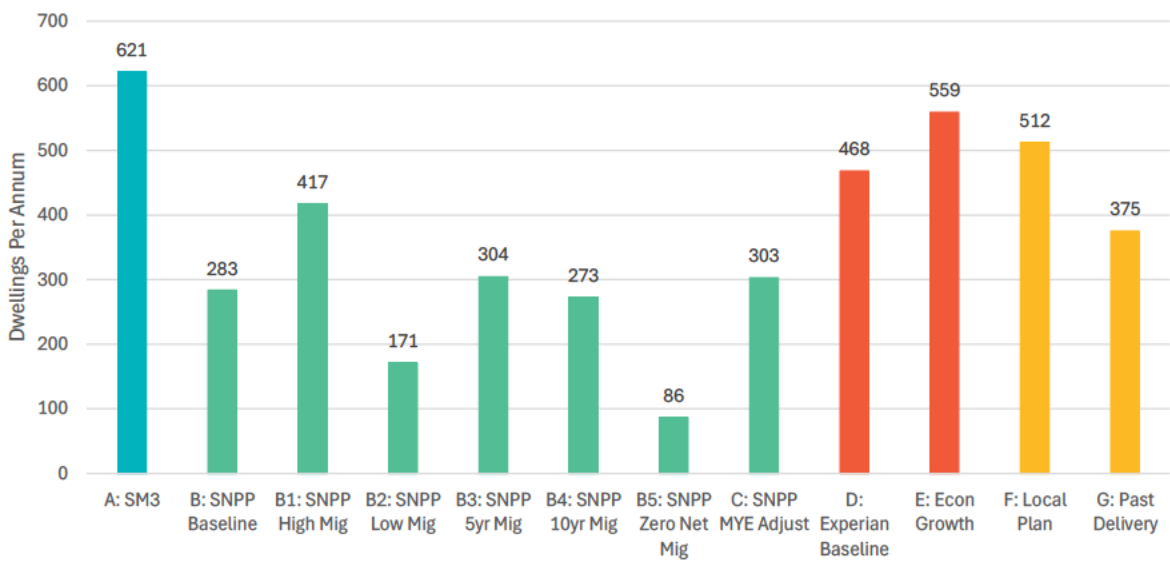
Source: Lichfields using PopGroup

Modelling Summary

2.44 A summary of the scenarios assessed are presented in Figure 2.2. Compared to the SM3 minimum starting point of 621 dpa, the demographic-based scenarios B-C all produce a much lower housing requirement over the forecasting period: 286 dpa under the baseline Scenario B, to a low of 86 dpa for the net zero migration Scenario B5, up to 417 dpa under the high migration Scenario B1.

2.45 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 an Economic Growth scenario that factors in likely renewable energy projects and other key investment schemes in the Borough. The Experian June 2025 Scenario (D) forecasts an increase in jobs of 4,600 over the plan period, which would result in need for 468 dpa. However, the Experian Economic Growth Scenario (E) projects a higher level of job growth equal to +6,525 jobs over the 18-year plan period. This would require 559 dpa to sustain this level of employment growth.

Figure 2.2 Summary of Housing Need Scenarios for North East Lincolnshire Borough, 2025-2043



Source: Lichfields

Emerging Housing Need

2.46 As summarised in detail above, the standard method figure of 621 dpa is a minimum and should not be taken forward without question. However, the PPG states that authorities should consider the merits of planning for higher growth, such as to reflect economic growth ambitions, or provision for neighbouring areas.[14]

2.47 These considerations are discussed further below.

Economic Growth Strategies

2.48 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 stock-based figure generated by SM3).

2.49 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.

2.50 The Council'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.

2.51 The vision within the adopted Local Plan sets out the aspiration for the Borough. As already discussed, it identifies the importance of growth in key sectors such as food, energy, chemicals, ports and logistics, as well as a strong tourism and leisure offer. To facilitate this, it acknowledges the need to address housing need and sustainable economic growth.

2.52 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.

2.53 Neither the ambitious employment or housing requirements are currently on track to be achieved. According to Experian, between 2014 and 2024, the number of workforce jobs based in North East Lincolnshire grew by just 600 jobs, whilst over the past 11 years average housing delivery has averaged 375 dpa (net).

2.54 In this context, it is an important part of responding to both the NPPF24 and the PPG that the Local Plan should consider the extent to which the SM3 estimate of LHN is consistent

[14] 2a-040-20241212

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.

2.55 As set out above, the modelling indicates that an LHN in line with the SM3 figure of 621 dpa for North East Lincolnshire could result in a net growth of 7,974 jobs over the next 18 years, which is well above the level of growth projected by the Experian June 2025 (+4,600 jobs) and even the Economic Growth (+6,525) job growth forecasts, which would sustain between 468 dpa and 559 dpa. On the basis that the Council decides to pursue a higher level of job growth and the additional employment land that this could require, then the SM3 figure of 621 dpa would still be capable of supporting sufficient economic growth in line with either current forecasts, investment opportunities or the current objectives of the adopted Local Plan (2018).

2.56 **Therefore, the minimum 621 dpa LHN as generated by SM3 could sustain a level of jobs growth above even the Experian Economic Growth forecast of +6,525 and the employment land allocations this could sustain. It is considered that no further uplift to the SM3 figure would be necessary to align with economic growth objectives**

Unmet Need from Elsewhere

2.57 As set out in Section 4.0, Officers have confirmed that there is no unmet housing need from neighbouring 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.

Conclusions on North East Lincolnshire Borough's LHN

2.58 The LHN for North East Lincolnshire Borough, as calculated using the Government's SM3, is 621 dpa, which represents a substantial uplift on the SM2 housing need figure of 203 dpa reported in the original 2023 HEDNA due to a move away from a demographic-led projection to a stock-based one. 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.

2.59 However, the standard method generates a minimum annual housing need figure. It does not produce a housing requirement, which is for the Council to identify and robustly justify in its Local Plan. This HEDNA Update has provided an overview of the evidence needed for the Council to determine whether it would be appropriate for it to deviate from the 621 dpa LHN figure.

2.60 The PPG states that the standard method should be used to assess housing needs. However, it recognises that there are some specific circumstances in which an alternative approach could be justified, although the examples referred to in the PPG relate to circumstances that would not apply to North East Lincolnshire Borough, i.e. National Parks.[15]

2.61 The NPPF explains that the housing requirement may be higher than the identified housing need, and authorities should consider the merits of planning for higher growth if, for example, this would seek to reflect economic growth aspirations or if the LPA is taking on board unmet need from neighbouring areas.

[15] 2a-014-20241212

2.62 The analysis summarised in this section indicates that the SM3 figure of 621 dpa would exceed the level of growth under all of the demographic-led scenarios using the most recent 2022-based SNPP and its variants; it would also be able to sustain a level of job growth in excess of even the most optimistic job forecast of +6,525 over the next 18 years; and Council Officers reported that there is no unmet housing need from neighbouring areas that should be met in North East Lincolnshire.

2.63 **On this basis, it is concluded that the LHN generated by the Government's SM3 of 621 dpa would be appropriate for North East Lincolnshire moving forward.**

2.64 Furthermore, the PPG suggests an increase in the total housing figures included in a Local Plan may need to be considered by the Council where it could help deliver the required number of affordable homes. It is for the Council to consider the evidence contained in this HEDNA Update when identifying a housing requirement which would support the strategy underpinning the emerging plan and whether an uplift beyond even the SM3 is appropriate. An analysis of the Borough's affordable housing need and its implications for the LHN are set out in detail in Section 3.0

3.0 Affordable Housing Needs

Introduction

3.1 The 2025 HEDNA analysed the need for social/affordable rented properties as well as shared ownership/intermediate homes. Table 3.1 indicates that bringing the two types together resulted in an overall annual affordable housing need for **between 233 and 308 homes** based on the 4.5x / 32% and 4x / 25% income multipliers respectively. There was 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 3.1 North East Lincolnshire Borough Affordable Housing Need Calculation – To Rent and Purchase

	North East Lincolnshire		Urban Area		Estuary Zone		Western & Southern Arc		Rural Area	
Stage and step in calculation	25% income	32% income	25% income	32% income	25% income	32% income	25% income	32% income	25% income	32% income
Net Annual Affordable Housing Need for **Rent**	**379**	**211**	206	94	10	-4	119	86	44	35
Net Annual Affordable Housing Need for **Sale**	**-71**	**22**	-86	10	3	6	7	17	5	8
Overall Net Annual Affordable Housing Need	**308**	**233**	**120**	**104**	**13**	**2**	**126**	**103**	**49**	**43**

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

3.2 This requirement would be between 37% and 50% of the 622 dpa LHN based on the latest SM3 figures for the Borough. Whilst the full affordable locally assessed need equates to between 233 dpa and 308 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 38 dpa since 2013/14).

3.3 This Partial Update to the HEDNA revisits the affordable housing assessment, using the same methodology as before, but incorporating the revised SM3 figure of 621 dpa and the Council's updated Housing Register data. We have also updated the Lower Quartile [LQ] house price/rental data.

Affordable Housing Needs Calculation

Lower Quartile House Prices

3.4 HM Land Registry [HMLR] 'Price Paid' data indicates that LQ house prices for the year ending September 2025 averaged £115,000 in North East Lincolnshire. This is well below the equivalent median figure for the Borough, which was significantly higher at £155,750.

3.5 Having analysed HMLR price paid data at sub-area level, it is apparent that there are comparatively few house sales in the more sparsely populated Rural Area and also the heavily industrialised Estuary Zone. For this reason, and to maximise the robustness of the assessment, we have analysed all sales 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 & Southern Arc and 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.

3.6 By way of comparison, the average LQ house price for England & Wales was £200,000[16] in the year ending September 2025, whilst the median house price was £295,000, indicating that in general, the Borough's overall house prices are substantially lower than the national level (although the LQ house prices in the Western and Southern Arc and the Rural Area are actually higher).

Table 3.2 House Prices in North East Lincolnshire (y/e September 2025)

	Lower Quartile	Median
North East Lincolnshire	**£115,000 (100%)**	**£165,000 (100%)**
Urban Area	£99,494 (86.5%)	£137,500 (83.3%)
Estuary Zone	£161,517 (140.4%)	£168,300 (102.0%)
Western and Southern Arc	£226,124 (196.6%)	£247,445 (150.0%)
Rural Area	£206,693 (179.7%)	£266,778 (161.7%)

Source: HMLR 'Price Paid' data for yr/ending September 2025 / Lichfields' analysis

Lower Quartile Rents

3.7 The most recent ONS monthly rental figures relate to April 2026 and suggest that for North East Lincolnshire the *mean* rental price for a property is currently £614, as shown in Table 3.3. In September 2025 (i.e. aligning with the house price data shown above) the average price was very similar, at £605.

3.8 Historically ONS has also produced rental statistics by local authority (including lower quartile, median and upper quartile prices by housing size [1-4 beds and total]); however, the last dataset for this relates to the year ending September 2023 and it is no longer produced. This shows that lower quartile [LQ] rents in North East Lincolnshire at that time were **82%** of mean rents. If it is assumed that LQ rents have remained at this ratio to the mean since 2023 (i.e. around 18% lower), this would imply lower quartile private rents in North East Lincolnshire are currently £501 per month.

3.9 Using the data for September 2025 (to align with house prices) the figure would be £494, as shown in Table 3.3, equating to **£5,929 per annum**. This figure is used as the basis for this assessment for consistency with the house price data used (and aligning with the base date of the needs assessment); however, given the data shows prices have continued to increase the affordable housing needs figure is likely to be a conservative (or minimum) estimate of need.

[16] ONS (2025): Housing Affordability in England and Wales, data for the year to September 2025.

Table 3.3 Private Rental Market Statistics in North East Lincolnshire

	September 2023 (last LQ rents issued)	September 2025 (aligning with house prices)	Apr 2026 (Most Recent)
Mean	£551	£605	£614
Lower Quartile	£450	*£494*	*£501*
Ratio	*82%*	*82%*	*82%*

Source: ONS Price Index of Private Rents, UK: monthly price statistics and ONS Private Rental Market Statistics Summary

3.10 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 May 2026 showed that 169 properties were available, with LQ and median rents summarised in Table 3.4

Table 3.4 Private Rental Prices in North East Lincolnshire Borough (May 2026)

	LQ Rents	Median Rents	LQ Rents as a % of Borough Total
Urban Area	£550	£650	95.7%
Estuary Zone	£575	£690	100.0%
Western and Southern Arc	£800	£950	139.1%
Rural Area	£850	£1,000	147.8%
North East Lincolnshire	**£575**	**£675**	**100.0%**

Source: Lichfields search of property websites, May 2026

3.11 It indicates that LQ private sector rents are highest in the Rural Area at £850 per calendar month [pcm], or 147.8% of the Borough-wide total. Similarly, LQ rents in the Western and Southern Arc were 139.1% of the Borough-wide total. There is a notable drop in LQ private sector rents in the Estuary Zone (£575) and particularly the Urban Area which, at £550, were below the Borough-wide average and have only slightly increased from the level reported back in 2023 (at £495 per month). Again, it is relevant to note that the LQ rents recorded are around 85% of the median rents.

3.12 For the purposes of this sub-area assessment, we have applied the sub-area LQ rents pegged to the (adjusted) ONS LQ Borough-wide rental level of £494 per month.

Income Profiles

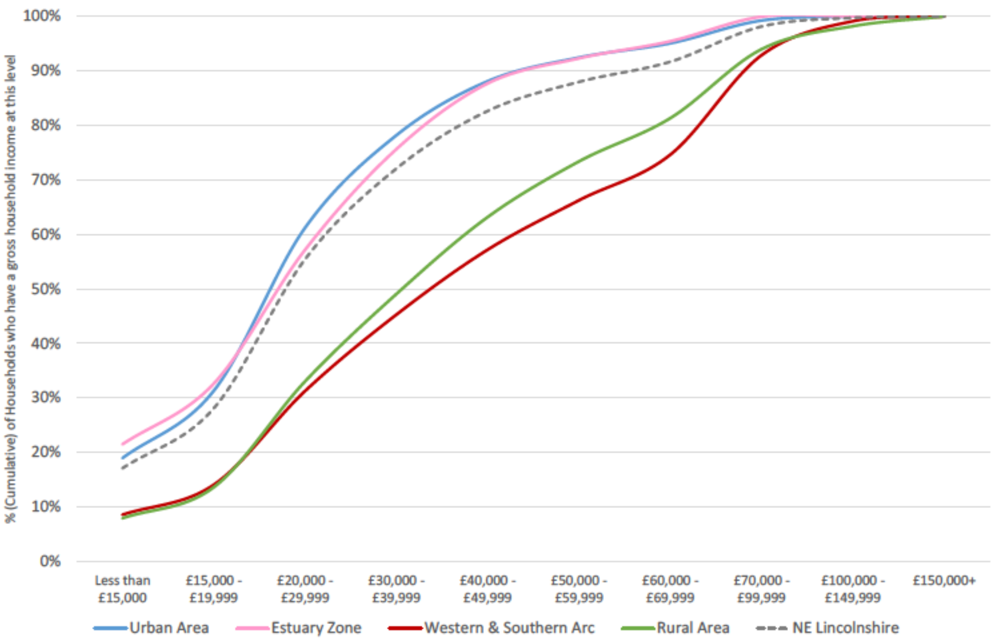
3.13 To understand how affordable (or unaffordable) local housing is to local residents, the analysis requires an understanding of local household incomes. The average (median) household income in North East Lincolnshire is £28,730, with the lower quartile income falling to £19,315, as shown in Table 3.5. 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 the Western & Southern Arc. The distribution of household incomes for North East Lincolnshire and its component sub-areas are illustrated in Figure 3.1:

Table 3.5 Comparison of LQ Incomes – North East Lincolnshire (2025)

	LQ Incomes
Urban Area	£17,460
Estuary Zone	£17,480
Western and Southern Arc	£26,375
Rural Area	£25,875
North East Lincolnshire	**£19,315**

Source: Experian (2026) / Lichfields analysis

Figure 3.1 Household Income Profiles – North East Lincolnshire and Sub-Areas (2025)



Source: Experian (2025)

Affordability

3.14 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.

3.15 Drawing upon the review of current house prices and private rental values, LQ prices for a house (£115,000 price paid for a Lower Quartile dwelling – all property types – in North East Lincolnshire (September 2025) and a rental property (c.£5,929 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.

3.16 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.

3.17 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.

3.18 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[17]. More generally, income multipliers of between 4 and 4.5-times a borrower's income are fairly standard in the industry.

3.19 Lichfields has complemented this with evidence from the Council of Mortgage Lenders[18], 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.

3.20 More recently, and according to the EHS 2023/24 (November 2024), the average (mean) deposit of a first-time buyer in 2023-24 was **£55,372 (£32,700 median)**. In 2023-24, most first-time buyers (40%) paid a deposit between 10-19% of the property price and 22% paid a deposit between 20-29%. Table 3.6 indicates that the median first-time buyer deposit was somewhere between 10% and 19%, and in all likelihood, around 16-17%:

Table 3.6 Deposit and type of mortgage, recent first time buyers in England, 2023-24

Percentage of purchase price paid	Thousands of households	%
0%	30,000	3.4%
1-9%	146,000	16.3%
10-19%	361,000	40.5%
20-29%	192,000	21.6%
30-99%	117,000	13.2%
100%	45,000	5.0%
Total	**891,000**	**100.0%**

Source: EHS 2023/23 (2024) Annex Table 2.1

[17] https://www.which.co.uk/news/2021/11/how-much-can-you-borrow-when-taking-out-a-mortgage/

[18] Median loan to value ratio for first time buyers - data.gov.uk

3.21 Furthermore, Halifax released a press release in February 2025 regarding the recovery of the first-time buyers' market[19]. It stated that:

*"In 2024, the average cost of a first-time buyer home was £311,034 (up +8% vs 2023), with **deposits averaging 20% of the purchase price**. This means a typical new buyer is putting down a deposit of £61,090, around £7,500 (+14%) more than in 2023."*

3.22 This suggests that the average deposit placed by a first-time buyer has gradually crept up in recent years and is likely to sit somewhere between 15% and 20%, no doubt in response to the ever-increasing growth in house prices.

3.23 **For the purposes of this modelling exercise, and to ensure the findings are as robust as possible to reflect the fact that finding a 20% deposit remains highly challenging for most first time buyers without external assistance (such as the bank of Mum and Dad), we have retained the 15% deposit assumption**.

3.24 As for the loan to income multiple, most lenders typically allow households to borrow between 4 to 4.5 times their household income for a mortgage, although they may be eligible for a smaller or larger mortgage than this. There are examples, however, of the loan to income multiple increasing from this range.

3.25 To take a high-profile example, in August 2024, Lloyds Banking Group launched a new proposition called First-time Buyer Boost. This enhanced the maximum loan to income multiple to 5.5 times for eligible first-time buyers who take out a mortgage with Halifax or Lloyds Bank with a loan-to-value of 90% or less. Previously, the maximum amount Lloyds Banking Group lent to these customers was 4.49 times their income. First-time Buyer Boost enables them to lend eligible customers up to 22% more[20]. Another example is Nationwide, which stated in September 2024 that new borrowers could request a mortgage up to six times their income with a 5% deposit, although this would only be available for those taking out a five or 10-year fixed-rate deal[21].

3.26 **On balance, and given that for now the higher income multiples remain the exception rather than the rule, we have retained our 2025 HEDNA Update assumption that households can borrow between 4x and 4.5x their annual income when buying housing, with a 15% deposit secured.**

3.27 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.

3.28 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%.

3.29 For example, data released more recently estimates that nationally, private renters spent 32.3% of their income on rent (inclusive of housing support), higher than the proportion spent by social renters (26.5%) and higher than mortgagors paid for their mortgage

[19] www.lloydsbankinggroup.com/assets/pdfs/media/press-releases/2025-press-releases/halifax/250214-halifax-first-time-buyer-market-rebounds.pdf

[20] https://www.lloydsbankinggroup.com/insights/giving-first-time-buyers-a-boost.html

[21] https://www.bbc.co.uk/news/articles/c5y947573k5o

(17.8%). Over the past ten years, the proportion of household income that private renters spent remained similar (34% in 2012-13 and 32% in 2022-23)[22].

3.30 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 32% of their annual income on rent.**

3.31 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 lower incomes to rent privately in North East Lincolnshire (in every sub-area with the exception of the Urban Area @25% income) than for them to buy a property on the open market.

Table 3.7 Income Thresholds for Entry Level Market Housing in North East Lincolnshire

	Market	Product	Cost	Basis	Income Threshold
North East Lincolnshire	**Private Purchase**	**LQ House Prices**	**£115,000**	**4 x income and 15% deposit**	**£24,438**
				4.5 x income and 15% deposit	**£21,722**
	Private Rent	**LQ Rental Prices**	**£5,929 per annum**	**25% income**	**£23,712**
				32% income	**£18,525**
Urban Area	Private Purchase	LQ House Prices	£99,494	4 x / 15%	£21,142
				4.5 x / 15%	£18,793
	Private Rent	LQ Rental Prices	£5,670 per annum	25% income	£22,680
				32% income	£17,719
Estuary Zone	Private Purchase	LQ House Prices	£161,517	4 x / 15%	£34,322
				4.5 x / 15%	£30,509
	Private Rent	LQ Rental Prices	£5,928 per annum	25% income	£23,712
				32% income	£18,525
Western and Southern Arc	Private Purchase	LQ House Prices	£226,124	4 x / 15%	£48,051
				4.5 x / 15%	£42,712
	Private Rent	LQ Rental Prices	£8,248 per annum	25% income	£32,990
				32% income	£25,774
Rural Area	Private Purchase	LQ House Prices	£206,693	4 x / 15%	£43,922
				4.5 x / 15%	£39,042
	Private Rent	LQ Rental Prices	£8,763 per annum	25% income	£35,054
				32% income	£27,386

Source: SHMA Guidance, CML, English Housing Survey, HMLR, ONS and Lichfields analysis

3.32 The income distribution of newly forming households is different from total households, reflecting their lesser incomes compared to the average[23]. 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

[22] DLUHC English Housing Survey 2022/23 – Headline Report Chapter 2: Housing costs and affordability, Annex Table 2.5: Mortgage/rent as a proportion of household income (including and excluding housing support), by tenure, 2010-11 to 2022-23
[23] EHS 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.

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

3.33 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 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 PPG[24] 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.

3.34 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.

3.35 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.

3.36 According to the Council there are 4,199 households on the Housing Register as of May 2026. This represents a significant drop from the c.7,500 applicants noted in the 2025 HEDNA and is due to a review of inactive applicants undertaken by NELC. Of this total, a very substantial 3,226 are identified as being 'low priority' for housing, leaving the remaining **973** as being classified as being in priority need of social housing. This is up from the 851 reported in the 2023 HEDNA (relating to data from February 2023) and even the 908 in the 2025 Update. The latest data is summarised in Table 3.8.

3.37 Further information provided by the Council suggests that just under two thirds of all applications are for households wishing to live in the Grimsby/Cleethorpes Urban Area, followed by 25% in the Western and Southern Arc; 7% in the Rural Area and the remaining 3% in the Estuary Zone of Immingham.

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Table 3.8 Number of Households on the Housing Register in Bands 1-4 in North East Lincolnshire (May 2026)

	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area	TOTAL
Band 1 (Urgent Priority)					**233**
Band 2 (High Priority)					**282**
Band 3 (Medium Priority)					**458**
Band 4 (Low Priority)					**3,226**
TOTAL	65%	3	25%	7%	**4,199**
Band 1-3 TOTAL*					**973**

Source: NELC (May 2026). *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.

3.38 According to Council Housing Officers, of these 973 Bands 1-3 households, 268 were already living in social housing in the Borough and would represent transfers seeking to move to alternative social housing. This leaves **705** households in priority need who are not already living in social housing (up from 640 in the 2025 HEDNA Update). When applied to the stated preferences in Table 3.8, this would suggest that 439 are in the Urban Area and just 36 in the Estuary Zone.

Table 3.9 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)	439	36	171	59	**705**

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

3.39 The figures only include those people who have applied for and are eligible for social or affordable rent housing in accordance with the Council'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).

3.40 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.

3.41 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.

3.42 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 3.10 and suggest that the current backlog could be higher than the Housing Waiting List suggests, at around 705 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 form 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 705 households, based on the latest Housing Waiting List.**

Table 3.10 Step 1.4: Current Backlog of Housing Need in North East Lincolnshire Borough

	Number		Source/Notes
Homeless Households	261		DLUHC Statutory Homeless Live Tables – Local Authority data October to December 2025
Households in temporary accommodation	88		
Overcrowded households	*Owned*	378 (*107*)	Census 2021 (RM099) – households with an occupancy rating of -1 or less by tenure in the local area. For overcrowded owner-occupiers, 72% are assumed to be able to meet their needs once equity taken into account @4.5 income multiplier, based on Lichfields' affordability modelling below.
	Private	536	
	Social	335 (*0*)	
Existing affordable housing tenants in affordable need	-268		NELC Housing Register – Households in Priority Need who are already living in social housing (May 2026)
Concealed Households	393		Census 2011 (LC1110EW) – concealed households in the local area (age 50 and under)
Total	**1,117 (excluding those already living in social housing)**		

Stage 2: Future Need Steps 2.1 to 2.3

3.43 Future housing need is split into two components. The PPG[25] 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:

"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".

3.44 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.

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New Household Formation (Step 2.1)

3.45 The PPG[26] 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 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'[27].

3.46 For the purposes of considering future newly forming households, the modelling underpinning the SM3 calculation of 621 dpa as set out in Section 2.0 has been used. This generates a household requirement of 595 hpa, which is a net figure, and 1,409 hpa figure gross[28].

3.47 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 3.11 Gross newly-forming households North East Lincolnshire Borough over 18 years

	No. newly forming households annually (gross)
North East Lincolnshire Borough	1,409

Source: Lichfields analysis

Those unable to rent or buy (Step 2.2)

3.48 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 ONS[29].

3.49 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 2025 and equal to £115,000) and a rental property (£494 per month) have been used as an indicator of the entry price to market housing. Such houses are available within the

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[27] This is supported by the EHS data for 2021/22 *(Annex Table 1.8: Demographic and economic characteristics, recent first time buyers, 2021-22)*, which indicates that 90.3% of First Time Buyers are aged between 16 and 44, with 51.4% aged between 25 and 34.

[28] 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 2025 position for North East Lincolnshire Borough and trending this forward 18 years to 2043 would generate a gross annual household formation of 1,166 hpa, which is not dissimilar to the 1,400 hpa recorded above.

[29] ONS (December 2023): Private Rental Market Statistics Summary – Table 2.7

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.

3.50 The income distribution of newly forming households is different from total households, reflecting their lesser incomes compared to the average[30]. 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.

3.51 The percentage of both existing and newly forming households unable to afford to buy/rent is set out below and equates to 43.9% for newly forming households, falling to 28.4% of all the Borough's households if a 32% gross income threshold is modelled rather than 25%[31].

3.52 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.

3.53 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.

3.54 In summary, the components of the future affordable housing need for the Borough are set out in Table 3.12.

Table 3.12 Future Affordable Housing Needs for North East Lincolnshire Borough

Component	North East Lincolnshire Borough		Source/Calculation
	25% Income Threshold	32% Income Threshold	
Newly forming households (Gross per annum)	1,409		Lichfields modelling of SM3 housing need of 621 dpa
% unable to rent or buy in the private market	43.9%	28.4%	Lichfields' Affordability Modelling
Newly forming households unable to afford market housing (per annum)	618	401	Newly forming households (Gross per annum) x % unable to rent or buy in the private market
Existing households falling into need (annual average)	246		CORE 2020/21 to 2024/25.
Estimate of Future Housing Need (p.a.)	**864**	**647**	Newly forming households unable to afford market housing (per annum) + Existing households falling into need (annual average)

Source: CORE Data and Lichfields analysis

[30] 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.

[31] Note: As has been well publicised the country remains 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.

3.55 Sub-Area data is provided in Table 3.13. 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 2021 Census). It should be noted that for the Urban Area and the Borough as a whole, it is 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.

Table 3.13 Future Affordable Housing Needs by Sub-Area

Component	**North East Lincolnshire Borough**		Urban Area		Estuary Zone		Western and Southern Arc		Rural Area	
	25%	**32%**	25%	32%	25%	32%	25%	32%	25%	32%
% 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)	**1,409**		**1,047**		**75**		**226**		**62**	
% unable to rent or buy in the private market	**43.9%**	**28.4%**	40.2%	29.5%	46.8%	32.9%	40.2%	27.8%	46.0%	32.6%
Newly forming households unable to afford market housing (per annum) *	**618**	**401**	421	297	35	24	89	61	29	19
Existing households falling into need (annual average) **	**246**		153		13		60		21	
Estimate of Future Housing Need (p.a.)	**864**	**647**	**607**	**450**	**50**	**36**	**156**	**120**	**51**	**40**

Source: SM3 modelling, 2021 Census TS003 - Household composition, DLUHC Local Authority Live Table, CORE Data and Lichfields analysis

*Balanced to sum. +Note: for the Urban Area and Borough as a whole, 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.

3.56 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

3.57 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)

3.58 The PPG[32] 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).

3.59 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)

3.60 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)

3.61 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.

3.62 An analysis has been undertaken utilising vacancy level data. This indicates a social housing vacancy level of 4.7% in 2025[33], with 466 vacant social properties, up from 407 in 2024. However, of the 466, some 220 are categorised as '*Private Registered Provider Vacants Not Available for Lettings*', i.e. they are dwellings which are not available for immediate letting, often because they are awaiting essential repairs. Such cases are sometimes referred to as 'non-management vacants'.

3.63 If these are removed from the vacancy figure, it reduces down to 246 units immediately available. This would equate to a vacancy rate of 2.5%, which is below the 3% rate recommended by the former SHMA guidance.

3.64 **Therefore, a surplus stock rate of zero has been included within the model.**

[32] 2a-022-20190220
[33] DLUHC Data: Table 100 (2025) and Table 615 (2025)

Committed Supply of New Affordable Housing (Step 3.3)

3.65 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 the Council (Table 3.14).. This is equal to 486 across the Borough as a whole (432.5 for social / affordable / intermediate rent, and 53.5 shared ownership [34]).

3.66 For the purposes of this calculation, a forward supply of **433** has been included (social rent and affordable/intermediate rent) with the shared ownership properties considered in the second calculation later in this Section**.**

Table 3.14: 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 as of 31st March 2026	**433**	269	65	99	0

Source: Local Authority Information provided by NELC Officers in July 2026. Note: Figures rounded.

Units to be taken out of Management (Step 3.4)

3.67 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).

3.68 Discussions with Housing Officers at the Council indicated that no major estate regeneration projects or other council house losses were on the horizon at the time of writing, hence a figure of **0** has been incorporated into the model.

Total Affordable Housing Stock Available (Step 3.5)

3.69 Table 3.15 sets out these current components of supply in North East Lincolnshire.

[34] NOTE: for 6 of these sites, totalling 166 units overall, the exact split of rent/shared ownership properties is yet to be agreed, therefore the Council has advised the use of a 75% AR/SR / 25% shared ownership split as per the extant Local Plan Policy. This is why the aforementioned figures are not whole numbers

Table 3.15: 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 – 268 units)	Housing Register May 2026
PLUS Step 3.2 (Surplus Stock) – Vacant but available for letting	0	NELC as at 31st March 2025
PLUS Step 3.3 (Committed Supply of New Affordable Housing to Rent)	433	NELC as at 31st March 2025
MINUS Step 3.4 (Units to be taken out of management) – Vacant but not available for letting	0	NELC as of July 2026
EQUALS Step 3.5 Current Supply of Affordable Housing	**433**	

Source: NELC 2026 / Lichfields analysis

Future Affordable Housing Supply (Steps 3.6 to 3.7)

3.70 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.

3.71 Social re-lets data has been obtained from 5 years-worth of CORE data (for 2020/21 to 2024/25). The data obtained for this component is set out in Table 3.16. 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 3.16: Future Annual Supply of Social Re-lets

	Social re-lets
2020/21	737
2021/22	625
2022/23	412
2023/24	319
2024/25	299
Average	**478**

Source: 2020/21 -2024/25 CORE Data

3.72 It should be noted that CORE does not capture any information about the location to where a 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.

3.73 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 Borough. If this was the case (which is very unlikely), then the future annual supply of social re-lets would **increase from 478 to 543**. 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

3.74 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 the Council's 18-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).

3.75 Table 3.17 sets out the calculation of net annual affordable housing need.

3.76 This illustrates that net annual need based on current data over the period 2025 to 2043 amounts to **between 223 and 440 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.

3.77 **If the backlog were to be removed over the full 18-year plan period (rather than in the first 5 years of the Plan), then the net annual affordable housing need would reduce to between 184 and 401 dpa.**

3.78 If the annual supply of social re-lets is increased substantially (from 478 p.a. to 543 p.a., an increase in supply of 64 dpa) to take into account the uncertainty regarding internal transfers, then the annual requirement could fall still further, to **between 159 and 376 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).

3.79 This compares to the 211-379 dpa identified in the 2025 HEDNA Update Report. The latest figures are slightly higher, due to a combination of an increase in the number of households on the Housing Register in Bands 1-3; an increase in the household growth; and a reduction in the churn of social rented properties in the system.

Table 3.17 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**	**32% income**	**25%+**	**32%**	**25%**	**32%**	**25%**	**32%**	**25%**	**32%**
Stage 1: Current Need (Gross)											
1.1-1.3 Current Need (including Backlog)	Housing Register May 2026	**705**		439		36		171		59	
Stage 2: Future Need											
2.1 New household formation (gross p.a.)	ONS 2022-SNPP/2022-SNHP SM3 modelling	**1,409**		1,047		75		226		62	
2.2 Proportion of new households unable to buy or rent in the market	Unable to afford LQ rents	**43.9%**	**28.4%**	40.2%	29.5%	46.8%	32.9%	39.5%	27.8%	46.0%	32.6%
2.3 Existing households falling into need	5-year average to 2025 CORE data	**246**		153		13		60		21	
2.4 Total newly arising housing need (gross p.a.)	(2.1 x 2.2) +2.3	**864**	**647**	**607**	**450**	**50**	**36**	**156**	**120**	**51**	**40**
Stage 3. Affordable Housing Supply											
<u>Current Supply</u>											
3.1 Affordable dwellings occupied by households in need	Housing Register May 2026	**0 (268 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 2025)	**433**		269		65		99		0	
3.4 Units to be taken out of management (Vacant but not available for letting)	(LHP as at 2026)	**0**		0		0		0		0	
3.5 Total affordable housing stock available	3.1+3.2+3.3-3.4	**433**		269		65		99		0	
<u>Future Supply</u>											
3.6 Annual supply of social re-lets (net)	5-year average from 2020/21 to 2024/25 CORE data	**478**		355		25		77		21	
3.8 Annual supply of affordable housing		**478**		**355**		**25**		**77**		**21**	
Net Annual Affordable Housing Need	1.3 – 3.5 (annualised over 5 years)+2.4-(3.1+3.2+3.4)-3.8	**440**	**223**	**239**	**82**	**7**	**-7**	**139**	**104**	**56**	**44**

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.

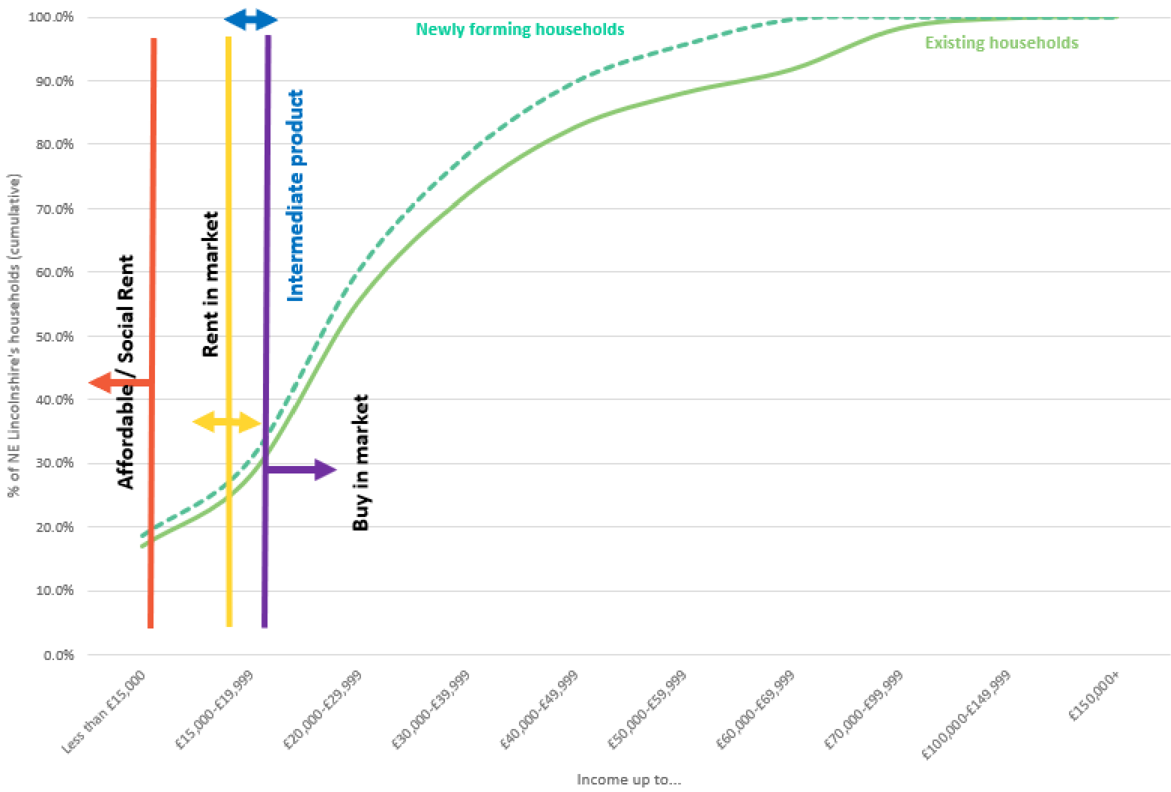
Affordable Homes for Purchase

3.80 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 aspiration[35]. 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).

3.81 As with the 2025 HEDNA, 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).

3.82 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).

Figure 3.2 Income Distribution and Product Affordability in North East Lincolnshire Borough



Source: Experian (2025). Figures are calculated on the basis of 4.5x income multiples for home ownership and 32% of gross annual earnings for rentals.

3.83 The Experian Income data for 2025 used in the 2025 HEDNA has been retained in this Partial Update as shown in Figure 3.2.

[35] PPG ID: 2a-020-20190220

3.84 Applied to the latest LQ house price / rental levels, this indicates that, based on 4.5x income multiples for home ownership and 32% of gross annual earnings for rentals:

- 21.8% of newly forming North East Lincolnshire households have income levels below the threshold likely to afford social rent (due to low rental prices, affordable rent, @80% of market rents, are actually below social rental levels[36]);
- 28.4% of newly forming North East Lincolnshire households cannot afford to rent privately; and,
- 38.0% of newly forming North East Lincolnshire households cannot afford to buy a property on the open market.

3.85 For the local area, the potential additional demand for intermediate housing is therefore very narrow and ranges from households with an income of between £18,525 (the income needed to access lower quartile market rents @32%) and £21,722 (the income needed to buy at lower quartile prices @4.5x income multiplier). Any newly forming 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 £23,712 and £24,438 if the lower thresholds of 25% income threshold for renting and 4x income multiplier for purchase are applied for dual earners (although at this level the roles are switched, and it is marginally more affordable to buy then rent in North East Lincolnshire).

3.86 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 8.0% of all existing households in the local area can afford market rents but are unable to buy at 4.5/32%, rising to 9.5% for newly forming households, as shown in Table 3.18. This represents a substantial portion of the local population that are unable to purchase their own home.

3.87 As indicated in the Table, the gap is particularly wide in the Estuary Zone and to a lesser extent the Western and Southern Arc towns, 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 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 3.18: 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%	2.0%	-4.6%	23.4%	19.4%	13.5%
	4.5x / 32%	8.0%	2.7%	28.8%	24.5%	19.6%
Newly Forming Households	4x / 25%	2.2%	-5.0%	23.9%	19.8%	14.0%
	4.5x / 32%	9.5%	3.1%	30.1%	25.1%	19.9%

Source: Lichfields analysis of Experian/VOA/ONS data

[36] Note: the Affordable Rental data available for NEL on CORE for 2024/25 appears to be skewed by some questionable figures – for example, it suggests that of the 29 Affordable Rented 1-bed properties recorded, their median weekly rent was £335, or £1,452 per month, which seems highly unlikely given that it appears to be around half the AR for 4-bed properties recorded on CORE.

3.88 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.

3.89 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 18-year Plan period. For the purposes of this assessment, we have projected household growth using the SM3 housing need of 621 dpa as modelled in Section 2.0 in PopGroup.

3.90 The assessment of need has been restricted to under 45s on the basis that this the age most newly forming households form[37] (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 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.

3.91 With the above caveat, and when applied to the household growth from the SM3 modelling, this could suggest that there will be an annual pool averaging **2,232 households over the period 2025-2043** who can afford to rent but not buy privately (based on the 4.5x/32% income multipliers; the figure would drop significantly, to just 517 households per annum if the lower multiples in Table 3.18 are applied).

3.92 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.

3.93 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 2,232 households over 18 years, to **1,874** households.

3.94 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.

3.95 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

[37] 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

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:

- The percentage of households in a group who would be expected to buy anyway (59.5%); plus; and,
- The percentage of households which currently do not expect to buy, mainly due to affordability reasons (40.5% x 68.2%).

3.96 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 annum[38]. 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 buyers[39]. This is shown in Table 3.19 and equates to **11.6%.**

Table 3.19: 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

3.97 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%**.

3.98 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

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

[39] 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.

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.

3.99 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).

3.100 This calculation of need is shown in Table 3.20. This analysis suggests an annualised demand for **94 affordable homes for purchase** from existing and future households in North East Lincolnshire. Split by sub-area (based on the 2021 Census), this indicates that need is greatest in the Western and Southern Arc, followed by the Estuary Zone.

Table 3.20: Estimate of existing and future demand for intermediate housing: NE Lincolnshire and Zones – 4.5x / 32%

	North East Lincolnshire Total	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area
(a) Annual Average households aged under 45	**23,490**	17,450	1,243	3,761	1,036
(b) Percentage who can afford LQ market rent but are unable to purchase (@ 4.5x income / 32% annual income)	**9.5%**	3.1%	30.1%	25.1%	19.9%
I Number of households who can afford LQ market rent but are unable to purchase (a * b)	**2,232**	541	374	944	206
(d) Supply (current shared ownership units)	**358**	259	8	82	9
I 'Pool' of potential demand (net) (c-d)	**1,874**	282	366	862	197
(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.	**94**	14	18	43	10
Potential gross need for affordable housing to purchase, annual average (e * f), balanced	**94**	16	20	48	11

Source: Lichfields' analysis

3.101 If the income ratio decreases to 4x income and a 25% of annual income being spent on rent, then the level of intermediate housing need reduces, as the costs of buying a home increase at a lower rate than the rental costs, with the result that it is actually more affordable to buy a property than to rent one in the Urban Area (although not in the more expensive parts of the Borough, notably the Western and Southern Arc and the surrounding Rural areas). As a result, the potential gross annual need under this test would be just 8 dpa overall, but a low as -57 in the Urban Area and up to +40 in the Western & Southern Arc.

Table 3.21: Estimate of existing and future demand for intermediate housing: North East Lincolnshire – 4x/25%

	North East Lincolnshire Total	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area
(a) Annual Average households aged under 45	**23,490**	17,450	1,243	3,761	1,036
(b) Percentage who can afford LQ market rent but are unable to purchase (@ 4.5x income / 31% annual income)	**2.2%**	-5.0%	23.9%	19.8%	14.0%
I Number of households who can afford LQ market rent but are unable to purchase (a * b)	**517**	-873	297	745	145
(d) Supply (current shared ownership units)	**358**	259	8	82	9
I 'Pool' of potential demand (net) (c-d)	**159**	-1,132	289	663	136
(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.	**8**	-57	15	33	7
Potential gross need for affordable housing to purchase, annual average (e * f), balanced excluding Urban Area	**8**	-57	17	40	8

Source: Lichfields' analysis.

3.102 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).

3.103 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 2.5% (if dwellings not immediate available for immediate lettings are excluded) 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.

3.104 Regarding the committed supply of new affordable homes, data on committed supply of affordable housing has been provided by the Council (Table 3.22) and suggests that potentially, there are some shared ownership currently in the development pipeline, equal to around 54 across the Borough as a whole, the majority of which are likely to come forward in the Western and Southern Arc (34).

Table 3.22: Total Supply of New Affordable Units to Buy

	North East Lincolnshire	Urban Area	Estuary Zone	Western and Southern Arc	Rural Area
Supply of New Affordable Housing to Buy (Committed Supply) 2026	**54**	7	12	34	0

Source: Local Authority Information provided by NELC Officers in July 2026

3.105 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 3.23. As can be seen, there has been an average of 13 intermediate re-sales annually since 2009/10.

Table 3.23: 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

3.106 These shared ownership homes are likely to meet some of the need for entry-level homes suitable for newly forming households. Netting off the **54** existing affordable housing to buy supply in the immediate pipeline from the 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 **+79 dpa**. This breaks down to 6 dpa in the Urban Area; 19 dpa in the Estuary Zone; 43 dpa in the Western and Southern Arc and 11 dpa in the Rural Area[40].

3.107 If this supply is netted off in the lower income ratios test set out in Table 3.21, then the net requirement for intermediate housing decreases to **-7 dpa** due to the reduced gap between people's ability to afford private rent and market purchase. This breaks down to -66 dpa in the Urban Area; 16 dpa in the Estuary Zone; 35 dpa in the Western and Southern Arc and 8 dpa in the Rural Area.

3.108 Table 3.24 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 the order of **433 dpa** based on 4x / 25%income multipliers, falling to **302 dpa** based on 4.5x / 31% income multipliers. There is a higher level of need in the Grimsby/Cleethorpes Urban Area and the Western and Southern Arc settlements, with the former having a particularly strong need for affordable properties available to rent.

[40] 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.

Table 3.24 North East Lincolnshire Borough Affordable Housing Need Calculation – To Rent and Purchase

	North East Lincolnshire		Urban Area		Estuary Zone		Western and Southern Arc		Rural Area	
Stage and step in calculation	25% income	32% income	25%	32%	25%	32%	25%	32%	25%	32%
Net Annual Affordable Housing Need for **Rent**	**440**	**223**	239	82	7	-7	139	104	56	44
Net Annual Affordable Housing Need for **Sale**	**-7**	**79**	-66	6	16	19	35	43	8	11
Overall Net Annual Affordable Housing Need	**433**	**302**	**173**	**88**	**23**	**12**	**174**	**147**	**64**	**55**

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

Types of Affordable Housing Needed

3.109 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 were also included in the definition and are considered in further detail below, although it is noted that the latest version of the NPPF24 removes the former requirement that 25% of affordable housing units delivered through section 106 planning obligations should be First Homes. However, the option to deliver First Homes both through section 106 planning obligations and exception sites does remain in place "*where LPAs judge that they meet local need*" [footnote 31].

3.110 The income required for each of the alternative tenure options, and the assumptions underpinning these figures, is set out in Table 3.25 and discussed in further detail below. It should be noted that according to the 'Share to Buy' website[41], there are no shared ownership properties currently on the market in North East Lincolnshire. Therefore, we have retained the assumptions regarding Shared Ownership costings from the 2025 HEDNA Update which used actual examples on the market in and around North East Lincolnshire at that time.

Table 3.25: Annual Rents and Costs

	Cost Assumption	Price Assumptions	Affordability Requirements	Income Required
LQ Private Purchase	£115,000	HM Land Registry Existing LQ Price Paid 15% deposit on sales value	4-times income / 4.5-times income	**£24,438/ £21,722**
Lower Quartile Rental	£5,928 per annum	LQ Market Price 2026	25% / 32% of Income	**£23,712 / £18,525**
Social Rent	£5,051 per annum	CORE data 2024/25	25% / 32% of Income	**£20,205 / £15,785**
Affordable Rent	£4,742 per annum	80% of LQ rent	25% / 32% of Income	**£18,970 / £14,820**

[41] Shared Ownership Properties | Shared Ownership Houses & Homes For Sale | First timer buyer homes

	Cost Assumption	Price Assumptions	Affordability Requirements	Income Required
Shared ownership (25% Share)	£160,000	LQ Shared ownership properties currently on the market in the vicinity of NE Lincs (as of August 2025). Deposit 10% of the share value. Monthly mortgage costs @ 4.42% over 25 years. Rental Costs per Month @2.75% of retained equity. Service Charge @£18 per month.	4-times income / 4.5-times income for equity. 25% / 32% of Income for rent	**£23,064 / £18,988**
Shared ownership (50% Share)	£160,000			**£27,664 / £23,550**
First Homes (30% discount)	£188,112, discounted to £131,678	LQ Newly built Market Price HPSSA dataset yr/e Sept 2025 (based on semi-detached properties – no flatted development newbuild prices available). 15% deposit on sales value.	4-times income / 4.5-times income	**£27,982 / £24,873**

Source: CORE 2023/24, VOA and Lichfields' analysis

Social and Affordable Rent Housing

3.111 The new NPPF24 has moved away from requiring a minimum of 25% of affordable housing as First Homes, and has instead refocused housing provision on social rented properties. The NPPF24 requires LPAs to consider the particular needs of those households requiring social rented accommodation and specifically requires planning policies to specify the type of affordable housing required including the minimum proportion of Social Rent homes required [paragraph 64]. Indeed, the Government has re-emphasised the importance of social rent by defining it separately in the Annex 2 Glossary to the NPPF:

3.112 *"**Social Rent**: meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent; (b) the landlord is a registered provider; and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision."*

3.113 Affordable rent is included separately in the definition of affordable housing in Annex 2, within the "*Other affordable housing for rent*" category.

3.114 The key modelling assumptions were as follows:

- **Social Rent** – CORE Social Housing lettings (PRP owned) – Rents and charges 2024/25. Average weekly rent by dwelling in North East Lincolnshire Borough is £97.14, including service charges, or £5,051 per annum.
- **Affordable Housing for Rent** – This is defined in the NPPF Annex 2 as "*the rent is set in accordance with the Government's rent policy for Affordable Rent, or is at least 20% below local market rents (including service charges where applicable)*". Average LQ market rents in the Borough are estimated at £494 per month, or £5,928 per annum[42], 80% of this means affordable rent can be no more than £4,742 per annum.

[42] Source: ONS (2026): Price Index of Private Rents, UK: monthly price statistics, adjusted for LQ from 2023 data.

3.115 Based on these assumptions, and as summarised in Table 3.26, we have re-run the affordable housing needs modelling exercise set out above, but rather than applying private rent / purchases, we have constrained it to the current weekly Affordable Rent [AR] for North East Lincolnshire as summarised above, as any households below this would need to rely on social rented accommodation. As can be seen in the Table, the results suggest that there is a relatively even split in need for rented properties between social and affordable rent, with the former comprising around 44%-55% of the overall (rented) social housing need.

Table 3.26 North East Lincolnshire Affordable Housing Need Calculation – To Rent, Indicative figures

	25% / 4x Single Earner Income multiplier		32% / 4.5 Dual Income multiplier	
Stage and step in calculation	N	%	N	%
Net Annual Affordable Housing Need for **Social Rent**	242	55.0%	97	43.5%
Net Annual Affordable Housing Need for **Affordable Rent**	198	45.0%	126	56.5%
Total	**440**	**100%**	**223**	**100%**

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

Shared Ownership and Other Intermediate Housing

3.116 Intermediate housing and shared ownership are included in the definition of 'Other affordable routes to home ownership' in Annex 2 of the December 2024 version of the NPPF as follows:

*"**Other affordable routes to home ownership:** 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 sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent).*

3.117 It therefore 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 original 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."

3.118 On the basis of the earlier definition, this type of housing must be more expensive than social rent (established to be £5,051 per annum) and not include affordable rent. As per the above affordable needs calculation, the average LQ market rent is £5,928 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 £5,051 and £5,928 which could be filled by more intermediate properties.

3.119 We have cross checked this against the cost of share-to-buy properties currently available in and around North East Lincolnshire Borough, using listings from www.sharetobuy.com. However, at the time of writing (June 2026) there are no properties available for shared ownership in North East Lincolnshire. The nearest available properties are in West and East Lindsey. The 10 available properties are summarised in Table 3.27.

Table 3.27: Properties advertised within 30 miles of Grimsby/Cleethorpes Urban Area

Address	Size	Description	Full Price	Share Percentage	Deposit	Website's Monthly cost calculator
King Charles Close, Louth, East Lindsey LN11 8DU	2-bedroom house	Shared ownership (New Build)	£175,000	60%	At least 10% of share value (£10,500)	@60%, purchase price £105,000, £10,500 Min Deposit. Mortgage calculated using a rate of 5.13% over 25 years (£560). Rent £160 Service charge = £17. **Total Monthly cost = £737**
Chantrey Park, Southwold Road, West Lindsey, LN8 3WJ	2-bedroom house	Shared ownership (New Build)	£175,000	25%	At least 2% of share value (£875)	@25%, purchase price £43,750, £875 Min Deposit. Mortgage calculated using a rate of 5.23% over 25 years (£249). Rent = £301 Service charge = £37. **Total Monthly cost = £587** **TWO AVAILABLE**
Chantrey Park, Caistor Road, West Lindsey, LN8 3JA	2-bedroom house	Shared ownership (New Build)	£167,000	25%	At least 2% of share value (£835)	@25%, purchase price £41,750, £835 Min Deposit. Mortgage calculated using a rate of 5.23% over 25 years (£237). Rent = £287 Service charge = £1. **Total Monthly cost = £525** **TWO AVAILABLE**
Chantrey Park, Caistor Road, West Lindsey, LN8 3JA	3-bedroom house	Shared ownership (New Build)	£210,000	25%	At least 2% of share value (£1,050)	@25%, purchase price £52,500, £1,050 Min Deposit. Mortgage calculated using a rate of 5.23% over 25 years (£361). Rent = £361 Service charge = £1. **Total Monthly cost = £660**
Malsters Drive, Horncastle, East Lindsey LN9 5FH	2-bedroom house	Shared ownership (New Build)	£160,000	25%	At least 10% of share value (£4,000)	@25%, purchase price £40,000, £4,000 Min Deposit. Mortgage calculated using a rate of 5.13% over 25 years (£213). Rent = £275 Service charge = £21. **Total Monthly cost = £509**
Malsters Drive, Horncastle, East Lindsey LN9 5FH	2-bedroom house	Shared ownership (New Build)	£165,000	25%	At least 10% of share value (£4,125)	@25%, purchase price £41,250, £4,125 Min Deposit. Mortgage calculated using a rate of 5.13% over 25 years (£220). Rent = £284 Service charge = £26. **Total Monthly cost = £530**
Malsters Drive, Horncastle, East Lindsey LN9 5FH	3-bedroom house	Shared ownership (New Build)	£200,000	25%	At least 10% of share value (£5,000)	@25%, purchase price £50,000, £5,000 Min Deposit. Mortgage calculated using a rate of 5.13% over 25 years (£266). Rent = £344 Service charge = £22. **Total Monthly cost = £632**

Address	Size	Description	Full Price	Share Percentage	Deposit	Website's Monthly cost calculator
Gresley Close, Lincoln, West Lindsey, LN4 1UU	2-bedroom house	Shared ownership (New Build)	£190,000	25%	At least 10% of share value (£4,750)	@25%, purchase price £47,500, £4,750 Min Deposit. Mortgage calculated using a rate of 5.13% over 25 years (£253). Rent = £327 Service charge = £38. **Total Monthly cost = £618**

Source: www.sharetobuy.com/properties (August 2025)

3.120 The most affordable of these (at Malsters Drive, Horncastle) is currently available for a total annual cost of £6,108.

3.121 As there are no shared ownership properties currently on the market in North East Lincolnshire, we have retained the assumptions regarding Shared Ownership costings from the 2025 HEDNA which used actual examples in and around Grimsby at that time.

3.122 A further analysis of shared ownership affordability, as summarised in Table 3.28, suggests that whilst at a 50% share price, intermediate housing would be less affordable than the LQ market purchase of a home, this would not necessarily be the case when the equity share reduced to 25%. The annual payment for this would sit above the social rent (£5,051) but below both the LQ rental prices (£5,928) and the LQ market purchase of an existing home, 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.

3.123 **Table 3.24 identified that around 26% of the overall affordable housing need was for intermediate housing for sale (@32%).** 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 £18,988 based on a 32% income multiplier, which is in excess of the £18,525 annual household income (again based on the 32% income multiplier) that it was estimated to be required to rent privately in North East Lincolnshire.

3.124 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*'.

3.125 The gap between the cost of renting and buying in North East Lincolnshire is relatively modest, but still significant for low earners. To afford entry level market rents using 25% of income, a household income of £23,712 is required (as previously established, falling to £18,525 if a higher proportion of income - 32% - is allowed for). However, to afford to buy an existing entry level home (lower-quartile), at £115,000 (assuming a 15% deposit and that a household can borrow up to 4 x its income) requires a housing income of £24,438 (as shown in Table 3.28, falling to £21,722 if a 4.5x income multiple is used).

Table 3.28 Gap between cost of renting and buying in the market

Measure	Cost	Income required @ 4 x income / 25%	Income required @ 4.5 x income / 32%
Lower Quartile Market Rent	£5,928 (p.a.)	£23,712	£18,525
Shared ownership (25% Share)	£160,000 (£4,000 deposit @10% of share value, £36,000 mortgage, rental costs of £275 per month plus £18 monthly service charge)	£23,064	£18,988
Shared ownership (50% Share)	£160,000 (£8,000 deposit @10%, £72,000 mortgage, rental costs of £183 per month plus £18 monthly service charge)	£27,664	£23,550
Lower Quartile House Price (Existing)	£115,000 (£17,250 (15%) deposit, £97,750 mortgage over 25 years)	£24,438	£21,722
Lower Quartile House Price (New, Semi-Detached)	£188,112 (£28,217 (15%) deposit, £159,895 mortgage)	£39,974	£35,532

Source: Lichfields based on VOA/ONS

3.126 This means any household with an income between £18,525 and £21,722 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.

3.127 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 3.3 for dual income households using the higher multiples of 32% annual income for rent and 4.5x annual income to buy, as the shared ownership figures are above both the LQ rental and LQ house prices under the lower multipliers.

Figure 3.3: Household income and tenure – potential further need for intermediate housing in North East Lincolnshire Borough for Dual Income Households: @32% / 4.5x income multipliers

Source: Lichfields based on ONS/VOA

First Homes

3.128 Under the previous Conservative Government, First Homes were the preferred discounted market tenure and were intended to account for **at least 25% of all affordable housing units** delivered by developers through planning obligations. However, as set out above, the advent of the new Labour Government and the NPPF24 has reduced the prominence of First Homes as an affordable tenure. Footnote 31 of the NPFP24 states that the requirement to deliver a minimum of 25% of affordable housing as First Homes, as set out in 'Affordable Homes Update' Written Ministerial Statement dated 24th May 2021, no longer applies. The NPPF24 does state that the delivery of First Homes can, however, continue where LPAs judge that they meet local need.

3.129 As defined in the PPG[43], 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).

3.130 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

[43] ID: 70-001-20210524

mortgage or home purchase plan to fund a minimum of 50% of the discounted purchase price.

3.131 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. LPAs are also encouraged to make the development requirements for First Homes clear for their area.

3.132 Aspects of this Patial Update to the 2025 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.

3.133 Notwithstanding their reduced prominence under this Labour Government, 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.

3.134 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 semi-detached properties at a cost of £188,112[44], 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 £27,982 and £24,873 per annum depending on whether a 4 or 4.5-times single earner/dual income multiplier is used.

3.135 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 2025-2043. This process is summarised in Table 3.29, with sensitives applied with a 40% and 50% discount.

[44] LQ Newly built Market Price HPSSA dataset yr/e Sept 2025 (based on semi-detached properties – no flatted development newbuild prices available).

Table 3.29 Potential First Home Demand in North East Lincolnshire (2025-2043)

		Potential Pool of First Time Buyers 2025-43	% Who can 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 £131,678)	Existing Households with a HRP* under 45	12,262*	50.1%	58.6%	341	399
	Newly Forming Households with a HRP⁺ under 45	23,490	43.9%	52.7%	573	687
	TOTAL	**35,752**	**-**	**-**	**914**	**1,087**
With a 40% Discount (reduced purchase price of £112,867)	Existing Households with a HRP* under 45	12,262*	61.0%	68.3%	416	465
	Newly Forming Households with a HRP⁺ under 45	23,490	55.3%	63.2%	722	825
	TOTAL	**35,752**	**-**	**-**	**1,138**	**1,291**
With a 50% Discount (reduced purchase price of £94,056)	Existing Households with a HRP* under 45	12,262*	72.0%	76.8%	490	523
	Newly Forming Households with a HRP⁺ under 45	23,490	67.2%	73.4%	877	958
	TOTAL	**35,752**	**-**	**-**	**1,367**	**1,482**

Source: 2011 / 2021 Census Land Registry Data; HPSSA Dataset 16, Year ending 2025; Experian Income Data (2025); SM3 PopGroup modelling.

⁺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.

3.136 Table 3.29 indicates that as a worst-case scenario, with a 30% discount and a 4x income multiple, this would typically price out 50% of existing households with a Household Reference Person [HRP] under 45, and 54% 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 **914 households** (both existing and emerging) over the next 18 years who would be eligible and theoretically able to purchase a First Home, rising to 1,087 if a more generous 4.5x income threshold is applied.

3.137 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 1,367 p.a. with a 50% discount and a 4x income multiplier, and as high as 1,482 p.a. with a 4.5x income multiplier.

3.138 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 still 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)[45].

3.139 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.

3.140 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 higher premium than is often seen elsewhere. Hence the average price of an LQ existing property in North East Lincolnshire, of £110,000 (as opposed to all dwellings, which is £115,000), is 57.5% the value of a new build LQ property (at £191,000). This is a lower proportion than is typically seen elsewhere – nationally, existing LQ house prices, at £195,000, are 71% of new build LQ property prices (£272,995) which are attracting more of a premium[46].

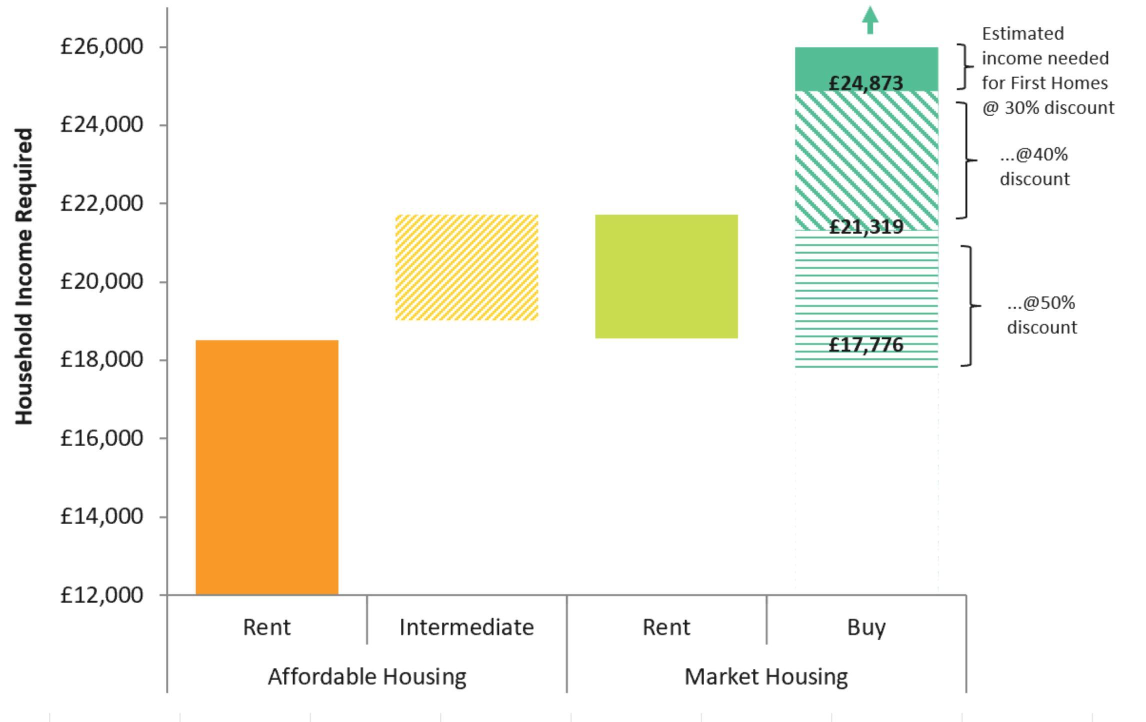
3.141 This means that whilst new First Homes are likely to be affordable to some first-time buyers in North East Lincolnshire, the existing housing stock is already meeting much of that need. As shown in Figure 3.4 (which relates to a 4.5x income multiple only, as the figures only work at a 50% discount using the lower income multiple), First Homes with a discount of 30% would be accessible to households with an income of over £24,873, which is above the £21,722 required to access LQ existing market housing. However, the required income level falls to £21,319 if the discount rises to 40%, and as low as £17,766 if the discount increases to half the market price.

3.142 It is almost certain therefore 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%+.

[45] PPG ID: 70-004-20210524

[46] ONS (2026): HPSSA dataset 16: Lower quartile price paid for administrative geographies (newly-built dwellings) year ending to September 2025 and ONS (2025): HPSSA dataset 17: Lower quartile price paid for administrative geographies (existing dwellings) year ending to September 2025

Figure 3.4: 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

3.143 Our analysis shows that First Homes have some potential to bring new households into home ownership, although given the comparatively low price of existing properties, the level of discount would have to be at least 40%, and more probably 50%, for it to represent an attractive alternative to private home ownership on the open market. Applying a 4.5x income multiplier, the 50% discount should be sufficient to plug this gap between affordable rent, intermediate properties to buy and market housing.

3.144 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.

3.145 It is expected that if the Council judge it is still required in the light of the new Government policy towards the tenure as set out in NPPF24, First Homes will be funded through a reduced contribution of other types of affordable housing. Despite the affordable housing needs assessment (earlier in this Section) identifying a very low level of need for affordable housing to buy, 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 the Council not to significantly reduce its affordable housing requirements in lieu of First Homes.

3.146 In our view, the mandatory minimum 40% discount appears to be appropriate given the affordability of the North East Lincolnshire housing market; however, an increase to 50% may help plug the modest gap in affordability between intermediate housing to buy and affordable rent. This may present significant viability issues however.

3.147 This should be market tested given that these still remain early days for the product and the market has yet to be tested in North East Lincolnshire. As such, the Council 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%, or potentially even 50%, is appropriate and indeed viable in North East Lincolnshire Borough.

Suggested Affordable Housing Split

3.148 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 64]. 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."

3.149 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*."[47]

3.150 However, as noted above the Government has now made clear that more needs to be done to delivery additional homes for social rent, removing the 25% requirement on First Homes from the NPPF24 and clearly stipulating that LPAs should consider the particular needs of those who require Social Rent when undertaking needs assessments and setting policies on affordable housing requirements.

3.151 There is therefore a clear expectation from Government that the delivery of social rented properties ought to be prioritised, although the delivery of First Homes can continue where LPAs judge that they meet local need [NPPF24, footnote 31].

3.152 In summary, our recommended split of affordable housing to rent/buy is summarised in Table 3.30. The Table reflects the fact that affordable and social rent are 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. Given the Government's changing policy parameters and guidelines that seek to promote the delivery of social rented property, and the limited affordability of First Homes or shared ownership properties more generally, it is considered that social rented properties should be prioritised in Policy.

3.153 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 curtailing of capital/grant funding for social housing, with a move to revenue funding of affordable rent products through housing benefit – means there has been a move away from social rented towards affordable rented tenure provision in recent years. However, noting the Government's recent changes to the NPPF, the tide appears to have turned to

[47] PPG Reference ID: 70-001-20210524

facilitate the provision of social rented properties at the expense of other forms of affordable dwellings and this has informed the indicative policy split as a consequence.

3.154 The HEDNA (2025) proposed an 80%/20% split between affordable rent and affordable ownership. This heavy weighting towards rental is based on low property prices in the Borough that result in market housing being within reach of those in need. However, this can be location specific and subject to changes in property prices. The Policy provides for a, 80%/20% split to allow for more flexibility on a case-by-case basis depending on actual location within the Borough and to allow for fluctuating market conditions over the Plan period.

Table 3.30 Suggested Social/Affordable Rent and Intermediate Split

	Measure	Annual Housing Need (net)		Split of households in need (rounded)	**Indicative Policy Split (%)**
		25% / 4x income	32% / 4.5x income		
Affordable Homes to Rent	Social Rent	440	223	90%	**80%**
	Affordable Rent				
Affordable Homes to Purchase	First Homes	-7	79	10%	**20%**
	Intermediate housing including shared ownership				
ALL		**433**	**302**	**100%**	

Source: Lichfields' analysis

3.155 In essence, the NPPF24 has removed the previous national requirements relating to affordable home ownership, giving greater control to local councils. This means that the requirement to deliver at least 10% of the total number of homes on major sites as affordable home ownership, as well as the requirement that 25% of affordable housing units delivered through section 106 planning obligations should be First Homes, both no longer apply. Local policy can reflect the affordable tenure need that is most pressing, e.g. affordable home ownership or in the case of North East Lincolnshire Borough, social rented accommodation.

3.156 In terms of the overall levels of affordable housing that should be sought as a percentage of the overall housing delivery on a site, this is complicated 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. The Council may wish to seek a higher proportion of affordable housing on more viable sites. 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.

3.157 Discussions with the Council indicated that viability assessments must also consider mandatory Biodiversity Net-Gain [BNG] 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.

3.158 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 favouring more shared ownership / First Home provision may be more appropriate.

Affordable Housing Needs – Influence on Housing Requirement

3.159 Total affordable needs are in the range between 302 and 433 affordable homes per annum 2025 to 2043. This is between 49% and 70% of the LHN based on the standard method (621 dpa).

3.160 NPPF24 goes on to state that where major development involving the provision of housing is proposed, planning policies and decisions should expect that the mix of affordable housing required meets identified local needs, across Social Rent, other affordable housing for rent and affordable home ownership tenures.

3.161 The PPG remains 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 302 and 433 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 38 dpa since 2013/14.

3.162 The PPG[48] 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.

3.163 In line with the approach envisaged by the NPPF24, the affordable housing needs are an important component of the overall need for housing and the Council should seek to use its planning policy to maximise delivery of affordable housing given the scale of need identified.

3.164 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 need figure of 621 dpa is already considerably greater than the 512 dpa in the adopted Local Plan (2018).

3.165 It is for the Council 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:

3.166 "*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*"[49].

[48] 2a-024-20190220
[49] 2a-015-20190220

4.0 Type, Tenure and Size of Housing Required

4.1 This section sets out an appropriate mix of housing 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.

4.2 In addition to establishing the overall scale of housing needed, the NPPF24 requires and encourages plan-makers to also consider the need and demand for different types of housing.

Housing Size and Type

4.3 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

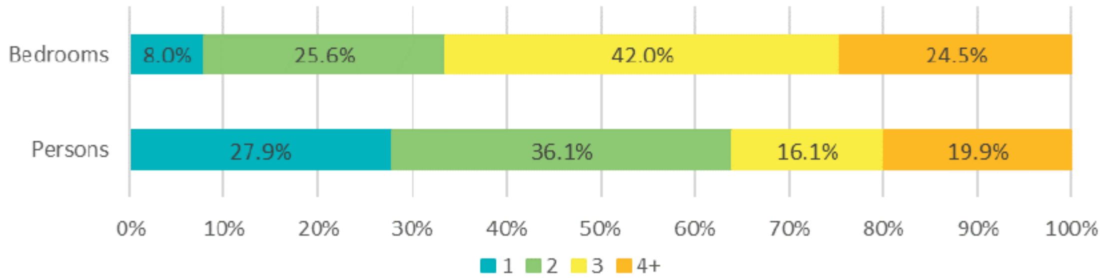
4.4 In the open market, households typically do not strictly occupy housing in line with their 'needs', or their household size. This is because households are free (within their financial means), to buy or rent property in line with what they want, rather than what they might be considered to 'need'. 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')[50].

4.5 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).

4.6 Figure 4.1 compares the profile of England's 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.

[50] 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 4.1 Comparison of dwelling mix (number of bedrooms) and household size (number of persons) in England



Source: Census 2021 (excludes social rented households)

4.7 Table 4.1 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.

4.8 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 4.1 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

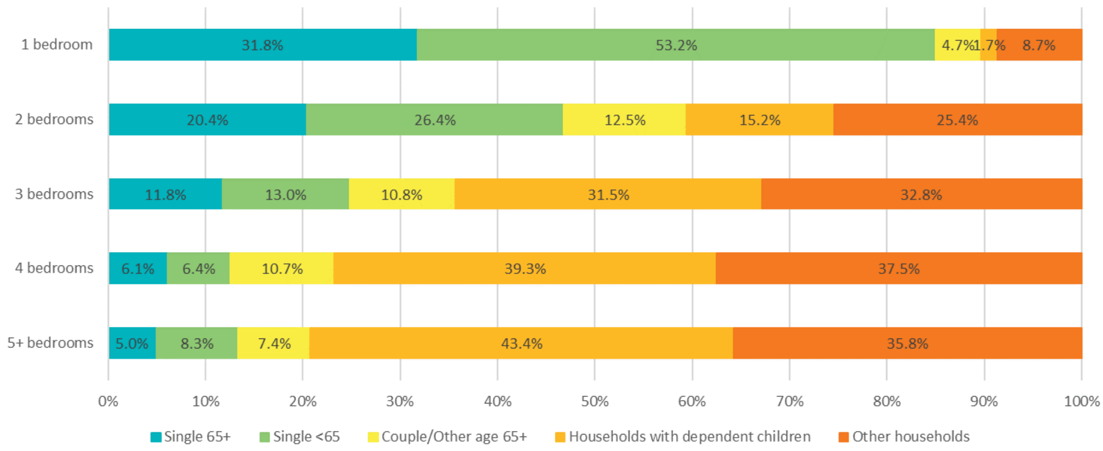
4.9 Figure 4.2 shows how different household types in North East Lincolnshire occupy housing according to Census 2021 data. It shows that 1-bedroom properties are most likely to be occupied by single people, with single people aged below 66 occupying 53.1% of these properties, whilst single people aged 66 and above occupy a further 31.8%.

4.10 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.

4.11 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 4.2: Household Type by Number of Bedrooms in North East Lincolnshire (All Households)



Source: Census (2021): TS003 – Household Composition; TS050 – Number of Bedrooms

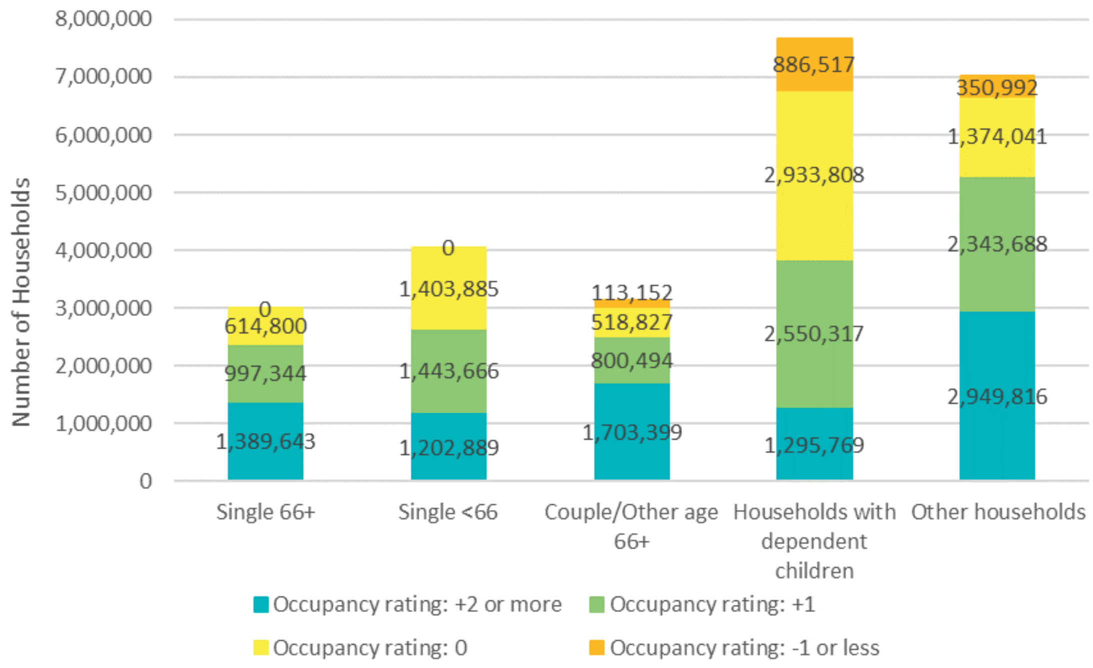
4.12 In a perfectly functioning 'ideal' market, the housing stock would be used more efficiently to ensure that households which under-occupy housing do not block larger households from accessing larger homes, leading to over-crowding. At present, North East Lincolnshire experiences similar patterns 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

4.13 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.

4.14 However, as shown in Figure 4.3, 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 4.3 Occupational patterns in England by household type



Source: Census 2021

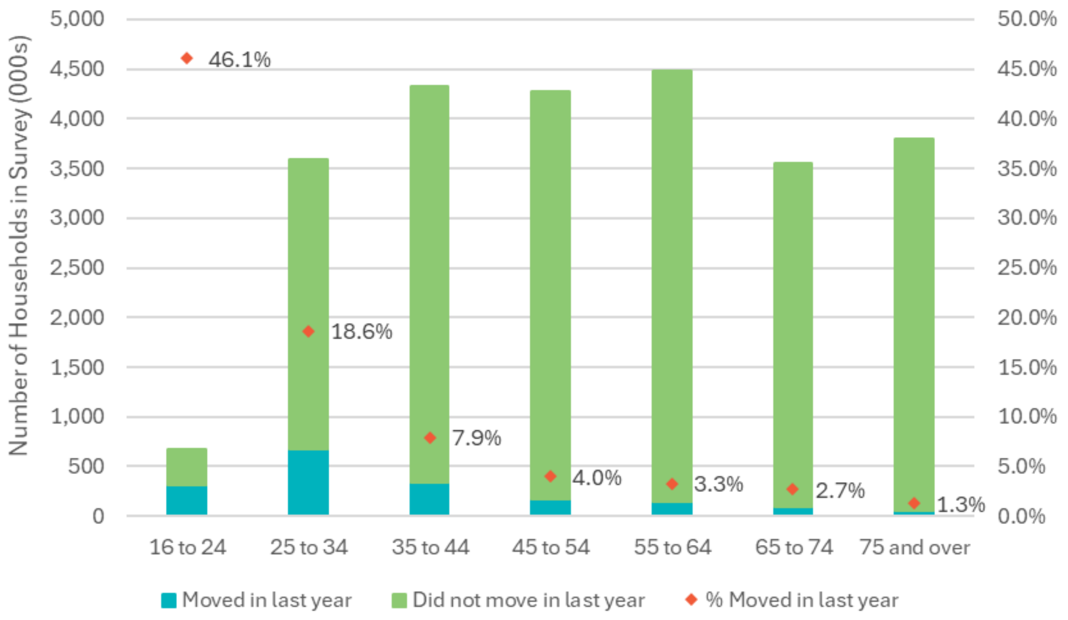
4.15 Research[51] by the University of York (on behalf of the Government) found that the majority of older households were happy with their home, regardless of the type of property, having invested time and resources into their home, and that any potential issues arising with size or accessibility were 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][52] showed that 85% of larger housing released by older people is released due to death, as opposed to choosing to downsize.

4.16 The 2023/24 EHS further supports these findings by showing that older households are the least likely to move, with just 2.7% of households aged between 65 and 74 and 1.3% 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 19% of households age 25-34 moving each year.

[51] Communities and Local Government (February 2008): Housing Choices and Aspirations of Older People, Research from the New Horizons Programme

[52] Supported housing for older people in the UK: An Evidence Review (December 2012)

Figure 4.4 Demographic characteristics of moving households



Source: 2023/24 English Housing Survey, Table FA4121

4.17 These patterns are reflected in the EHS data on household moves by employment status: only 1.7% of retired households moved in the 12 months prior to the 2023/24 Survey, compared to 15.6% of households where the household reference person was employed in full or part time work.

4.18 In addition to the factors identified above, these patterns of households moving are also likely to reflect different households' satisfaction with their housing. The 2022/23 EHS[53] also shows that households which are most satisfied with their housing are those which are:

1. Aged 75 and over (94.9% are satisfied or very satisfied with their housing);
2. Own outright or are buying with a mortgage (93.8%)
3. Retired (93.8%);
4. Have no dependent children (92.7%); and,
5. Under-occupy housing (92.2%).

4.19 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.

4.20 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.

4.21 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 JRF[54] also

[53] Table FA5401
[54] Older People's Housing: Choice, Quality of Life and Under-occupation (May 2012)

highlighted the potentially misleading nature of any discussion which assumes that older 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 Report55 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.

4.22 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

4.23 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. Whilst the highest rates of home working experienced during the peak of lockdown have not been sustained, the working practices that were forced upon many people have nevertheless led to a structural shift, with fewer people working from offices full time and more choosing to work from home on a part time, if not full time, basis.

4.24 The ONS Labour Force Survey shows that there has been a steady rise in the proportion of people in employment that work from home over time. This has been accelerated by the COVID-19 pandemic which resulted in a shift towards more flexible patterns of working in many sectors, with a hybrid approach, incorporating some homeworking, now common amongst many office-based workers. Homeworking typically increases with age, (increasing from 6% of those age 16-24 exclusively working from home compared to 24% of those aged 65 and over)[56].

4.25 Of those who have the choice between working remotely and not, the ONS Opinions and Lifestyle Survey shows a lower proportion of the younger group choose to work from home (14% compared to 8-11% of all older working age groups). Older workers are more likely to live in a home suitable for homeworking and have caring responsibilities which cause them to benefit more from the ability to work flexibly. Therefore, an aging population is likely to lead to further increases in homeworking over time, and a higher proportion of working age people will expect to live in a home which supports this. Furthermore, changes in the state retirement age are resulting in a greater number of older people still in employment.

[55] Mapping the supply and demand of Britain's retirement housing in 2017 and beyond

[56] Characteristics of homeworkers, Great Britain: September 2022 to January 2023 (February 2023) ONS

4.26 Changes in working patterns and the rate of people that regularly work from home will have an impact on the demand for different types of housing by driving demand for suitable (larger) homes that offer appropriate space and facilities to work effectively from home. We are aware that housebuilders are starting to consider the implications of this key trend on the design and layout of their products.

4.27 Research by London School of Economics/Acas[57] found that the majority of homeworkers surveyed use 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.

4.28 Research undertaken by property search engine Zoopla found that 22% of 2,000 home hunters surveyed considered that having an office area has become more of a priority. The ONS' public opinion and social trends series on working arrangements shows that in the year to June 2025, around 16% of workers had worked exclusively from home whilst around 25% had worked both from home and from their place of work in any one month, meaning around 41% of workers had regularly worked from home over this period[58]. This has fallen from a peak of around 47% in January 2021 during the Covid-19 lockdown period.

4.29 Although there are clear differences in the scale of the likely increase in home working, it is widely agreed one-long term effect of the Covid-19 pandemic will be that it will increase substantially. This is expected to have a direct impact on the demand for housing as people seek to ensure that they have appropriate space and facilities to work effectively from home.

4.30 Further evidence that this shift towards home working is a sustained, long-term change is the Government support for such measures. New Flexible Working regulations give employees the right to request changes to several factors in their job, including the location from which they work. This came into force on 6th April 2024 and highlights the growing mainstream recognition that working patterns have changed, and that measures protecting flexibility benefit the workforce, and subsequently the economy.

Comparing Household Projections

4.31 In assessing future household growth by type, the most recent 2022-based SNHP for North East Lincolnshire have been used, alongside the 2022-based SNPP. 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.

4.32 It is important to note that there are significant differences in forecast demographic change between the 2022-based SNHP and the previous 2018-based SNHP. Nationally, the latest projections indicate lower growth in households with children, and faster growth in single person and older households than the previous projections.

4.33 Table 4.2 shows the North East Lincolnshire growth projection for the period 2022-2043 where the two can be compared. Whilst overall growth is higher in the 2022-based

[57] Home is where the work is: A new study of homeworking in Acas –and beyond (2013). London School of Economics

[58] https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/datasets/publicopinionsandsocialtrendsgreatbritainworkingarrangements

projections at 8.3% compared to 4.4% previously, the 2022-based projections show a much more drastic shift in demographics, in line with wider trends.

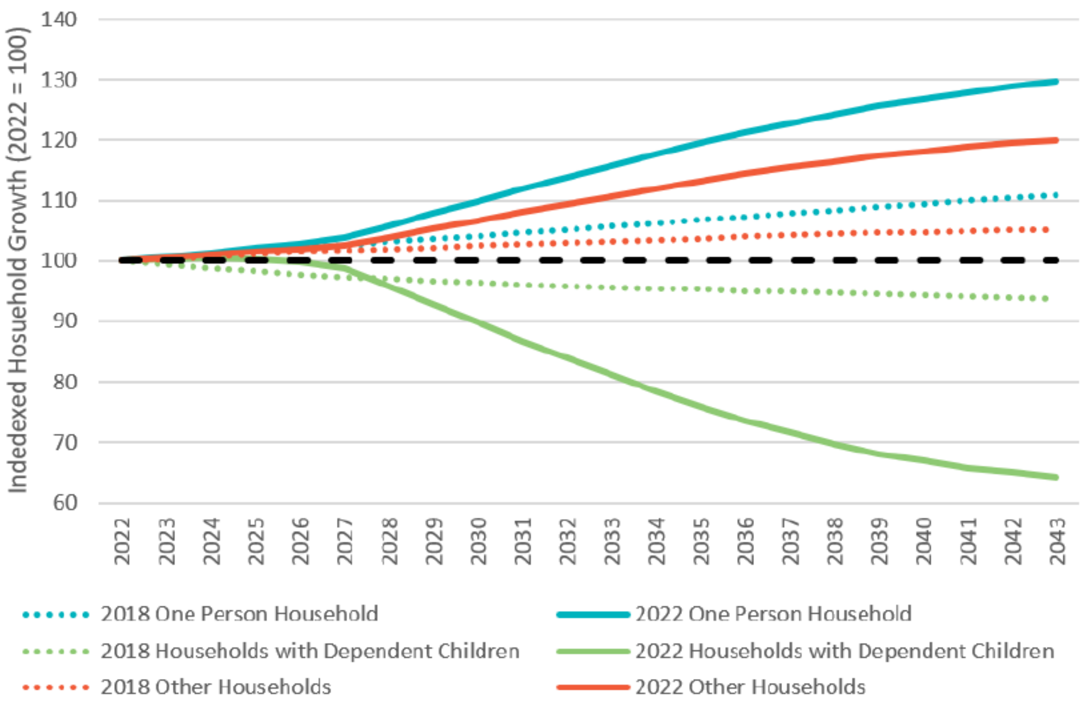
Table 4.2 Comparison of 2018-based and 2022-based SNHP by Household Composition

	Household Composition	Change	% Change
2018-Based SNHP	One Person Household	2,681	10.9%
	Households with Dependent Children	-1,077	-6.2%
	Other Households	1,508	5.2%
	Total	**3,112**	**4.4%**
2022-Based SNHP	One Person Household	6,841	29.7%
	Households with Dependent Children	-6,654	-35.7%
	Other Households	5,648	20.0%
	Total	**5,835**	**8.3%**

Source: ONS 2018-based SNHP / ONS 2022-based SNHP / Lichfields

4.34 In the 2022-based SNHP, growth in one person and other households is expected to be much greater, whilst the projected decline in households with children increases significantly from a fall of 6.2% in the 2018-based projections to -35.7% in the 2022-based equivalents. This equates to a **fall of 6,654 households with children between 2022 and 2043, as opposed to a fall of 1,077 in the previous projections**. These shifts are illustrated in Figure 4.5:

Figure 4.5 Comparison of 2018-based and 2022-based SNHP



Source: ONS 2018-based SNHP / ONS 2022-based SNHP / Lichfields

4.35 In terms of how the new projections will affect the assessment of and appropriate housing mix, the fall in the growth of families and the increase in single person households is likely to drive the forecast of future needs towards smaller properties.

Future Needs

4.36 Table 4.3 shows the change in projected household type between 2025 and 2043 in North East Lincolnshire incorporating the SM3 scenario as modelled in PopGroup, utilising assumptions from the most recent 2022-based SNHP and equivalent SNPP for North East Lincolnshire. 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.

4.37 The numbers of all household types are projected to increase by 10,705 or 14.8% in North East Lincolnshire up to 2043. The greatest increase is likely to be seen in single person households under the age of 65, which are projected to increase by +4,399, followed by single person households over the age of 65 which increase by +4,078. Other households are also expected to grow, whilst the number of households with dependent children is projected to fall by -5,320 or -28.0%.

Table 4.3 Household Change associated with the SM3 Scenario by Type for North East Lincolnshire

	2025	2043	**Net Change**
Single <66	12,337	16,736	**+4,399**
Single 66+	11,408	15,486	**+4,078**
Households with dependent children	19,014	13,695	**-5,320**
Other <66	12,074	15,304	**+3,230**
Other 66+	16,792	21,109	**+4,317**
Total	**71,626**	**82,331**	**+10,705**

Source: 2022-based SNHP and SNPP / PopGroup

4.38 Household occupancy patterns by type in North East Lincolnshire are shown in Table 4.4, as taken from the 2021 Census.

Table 4.4 Occupancy by Household Composition in North East Lincolnshire

	Number of bedrooms				
	1	2	3	4	5+
Single, <65	25.0%	30.2%	39.3%	4.5%	0.9%
Single 65+	22.3%	29.5%	43.5%	3.9%	0.7%
Couple/Other age 65+	4.9%	27.2%	56.4%	10.1%	1.4%
Households with dependent children	1.4%	12.8%	63.7%	18.0%	4.0%
Other households	3.5%	19.7%	59.3%	14.9%	2.5%

Source: Census 2021

4.39 The household occupancy patterns in North East Lincolnshire (Table 4.4) are applied to the projected household growth by type (Table 4.3) to establish the required housing by number of bedrooms (Table 4.5).

Table 4.5 North East Lincolnshire Projected Household Growth by bedroom size – net change 2025-2043

	1	2	3	4+	Total
Single <66	1,080	1,340	1,725	255	4,399
Single 66+	757	1,217	1,839	265	4,078
Households with dependent children	-27	-631	-3,421	-1,240	-5,320
Other <66	80	583	1,953	614	3,230
Other 66+	149	1,003	2,426	739	4,317
Total	**2,038**	**3,511**	**4,522**	**635**	**10,705**
%	**19.0%**	**32.8%**	**42.2%**	**5.9%**	**100.0%**

Source: Lichfields using 2022-based SNHP and SNPP/ PopGroup /Census 2021

4.40 The results indicate that the projected household growth in North East Lincolnshire is likely to be predominantly 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 4.6).

Table 4.6 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.

4.41 These ratios are applied to the projected household growth by bedroom size as set out in Table 4.5.

4.42 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.

4.43 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 based on Zoopla research which suggests a 22% uplift to 2- and 3-bed properties to also include an additional bedroom to be used as a home office. A secondary, higher adjustment is also made which applies a 40% uplift based on the share of regular homeworkers according to ONS public opinion and social trends data. This is applied in Table 4.7.

4.44 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 4.7 shows that after the adjustments for homeworking, 65-70% 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 (70-80%) than larger 3 and 4-bed properties (20-30%).

Table 4.7 Sizemix for North East Lincolnshire Borough

		1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Market Housing	Mix prior to market adjustment	10%	34%	48%	7%
	Low Adjustment (22%)	10%	27%	45%	18%
	High Adjustment (34%)	10%	20%	43%	27%
	OVERALL MIX	**30-35%**		**65-70%**	
Social Housing	Mix prior to market adjustment	53%	28%	18%	1%
	Low Adjustment (22%)	53%	22%	20%	5%
	High Adjustment (34%)	53%	17%	22%	8%
	OVERALL MIX	**70-80%**		**20-30%**	

Source: Lichfields using 2022-based SNHP and SNPP/ PopGroup /Census 2021

4.45 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 the SM3 figure of 621 dpa is successfully delivered over time, then this may result in an influx of inward migrants who are more likely to comprise working families. This could point to a requirement for a higher proportion of 3 and 4 bedroomed properties than is summarised in the Table above.

Sub-Area Housing Mix

4.46 To assess future need in the local area, we have used a combination of 2021 Census data and the ONS 2022-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.

4.47 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 4.8.

Table 4.8 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%	34%	47%	6%
		Low Adjustment (22%)	13%	26%	44%	17%
		High Adjustment (34%)	13%	20%	42%	25%
		OVERALL MIX	**35-45%**		**55-65%**	
	Social Housing	Mix prior to adjustment	57%	26%	16%	1%
		Low Adjustment (22%)	57%	21%	18%	4%
		High Adjustment (34%)	57%	16%	20%	7%
		OVERALL MIX	**75-85%**		**15-25%**	
Estuary Zone	Market Housing	Mix prior to adjustment	4%	35%	57%	4%
		Low Adjustment (22%)	4%	27%	52%	17%
		High Adjustment (34%)	4%	21%	48%	27%
		OVERALL MIX	**25-35%**		**65-75%**	
	Social Housing	Mix prior to adjustment	35%	31%	33%	1%
		Low Adjustment (22%)	35%	24%	32%	9%
		High Adjustment (34%)	35%	18%	32%	15%
		OVERALL MIX	**55-65%**		**35-45%**	
Western and Southern Arc	Market Housing	Mix prior to adjustment	4%	37%	52%	6%
		Low Adjustment (22%)	4%	29%	49%	18%
		High Adjustment (34%)	4%	22%	46%	27%
		OVERALL MIX	**30-40%**		**60-70%**	
	Social Housing	Mix prior to adjustment	41%	42%	17%	0%
		Low Adjustment (22%)	41%	33%	22%	4%
		High Adjustment (34%)	41%	25%	27%	7%
		OVERALL MIX	**70-80%**		**20-30%**	
Rural Area	Market Housing	Mix prior to adjustment	5%	31%	49%	15%
		Low Adjustment (22%)	5%	24%	45%	25%
		High Adjustment (34%)	5%	19%	42%	34%
		OVERALL MIX	**25-35%**		**65-75%**	
	Social Housing	Mix prior to adjustment	50%	33%	16%	1%
		Low Adjustment (22%)	50%	25%	20%	4%
		High Adjustment (34%)	50%	20%	23%	7%
		OVERALL MIX	**70-80%**		**20-30%**	

Source: Lichfields Analysis using MHCLG/Census 2011/Census 2021 Data

4.48 This evidence maintains the clear Borough-wide orientation towards larger households requiring bigger properties in the private sector, ranging from a need for 55-65% of all homes to be 3-bed and larger in the Urban Area to 65-75% in the Estuary Zone and Rural Area.

4.49 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 4.9. 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, an indicative range has been set around these percentages for the Borough as a whole. This should be applied on a flexible basis, recognising that different mixes may be appropriate at a more localised scale depending on the local context and characteristics of the site in question.

Table 4.9 Indicative 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* - unadjusted	10%	34%	48%	7%
Suggested range - adjusted	**5-15%**	**20-30%**	**40-50%**	**15-25%**

Source: Lichfields based on MHCLG/ONS *totals may not sum due to rounding

Social Housing Property Type and Size Preferences

4.50 Data on affordable housing from North East Lincolnshire's Housing Register as of March 2026 shows that of the 4,199 households on the waiting list (including those requesting a transfer), 48.3% had a requirement for a 1-bedroom property; 29.2% for 2-bedrooms; 16.2% for 3 bedrooms and 6.3% for 4+ bedrooms, as shown in Table 4.10.

4.51 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 (29.6%) and higher needs for larger dwellings and particularly 4+ bedroom dwellings (23.3%) 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 generally for smaller dwellings.

Table 4.10 Housing Register Bedroom Preferences in North East Lincolnshire

	All Bands (including transfers)	Band A-C	Band D
1 bedroom	2,030 (48.3%)	288 (29.6%)	1,742 (54.0%)
2 bedrooms	1,226 (29.2%)	275 (28.3%)	951 (29.5%)
3 bedrooms	680 (16.2%)	183 (18.8%)	497 (15.4%)
4 bedrooms	221 (5.3%)	190 (19.5%)	31 (1.0%)
5 bedrooms+	42 (1.0%)	37 (3.8%)	5 (0.2%)
Total	4,199	973	3,226

Source: NELC Officers: Housing Register data (extracted March 2026)

4.52 Whilst the Housing Register data is not collated by bedrooms and locational preferences together, the Urban Area received 62.2% of all requests, followed by the Western and Southern Arc at 24.3%, whilst the Estuary and Rural Areas were much lower at 5.4% and 8.4% 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 4.11 Housing Register Location Preferences in North East Lincolnshire

	Share of Preferences
Urban Area	62.2%
Estuary Zone	5.1%
Western and Southern Arc	24.3%
Rural Area	8.4%

Source: NELC Officers: Housing Register data (extracted March 2026)

4.53 It is also relevant to note that of the applicants, 7.8% are aged 70 and over, of whom 89.6% 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.

4.54 When compared with the SizeMix analysis set out in Table 4.7, it is apparent that the requirements of households on the Borough's Housing Register are similarly focussed towards the smaller end of the scale as the modelling suggests. The Waiting List indicates that around 78% of households requiring social housing need either 1 or 2 bedrooms, this increases to 81% based on SizeMix, and 70-75% when adjusted for homeworking. Conversely, the need for larger 3, 4 and 5 bed properties is around 23% of all households based on the Housing Register, compared to 19% based on the modelling work and up to 30% when adjusted. 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 4.12 Comparable Mix Requirements for Social Housing

	Waiting List All Bands	Waiting List Bands A-C	Sizemix - unadjusted	Sizemix - adjusted
1 bedroom	48.3%	29.6%	53%	53%
2 bedrooms	29.2%	28.3%	28%	17-22%
1/2 bedrooms	**77.5%**	**57.9%**	**81%**	**70-75%**
3 bedrooms	16.2%	18.8%	18%	20-22%
4+ bedrooms	6.3%	23.3%	1%	5-8%
3 bedrooms +	**22.5%**	**42.1%**	**19%**	**25-30%**

Source: NELC Officers: Housing Register data (extracted March 2026) / Lichfields' modelling

4.55 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 4.13. 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.

4.56 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 4.13 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	30%	28%	19%	23%
Sizemix - unadjusted	53%	28%	18%	1%
Sizemix - adjusted	53%	17-22%	20-22%	5-8%
Suggested range	**35-45%**	**20-30%**	**15-25%**	**5-20%**

Source: Lichfields based on DLUHC/ONS

Summary

4.57 This section has explored the different types of housing which are likely to be required in North East Lincolnshire up to 2043. Our findings can be summarised as follows:

- In line with wider trends, older household groups are projected to see the fastest growth in North East Lincolnshire, with older single and couple/other households increasing by 36% and 26% respectively between 2025 and 2043. The biggest change resulting from the new household projections is that the number of Households with dependent children is projected to fall by 28%.
- 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 25% 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 4.14 Indicative 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	**5-15%**	**20-30%**	**40-50%**	**15-25%**
Suggested range for Social Housing	**35-45%**	**20-30%**	**15-25%**	**5-20%**

Source: Lichfields based on MHCLG/ONS

5.0 Forecasting Future Employment Needs

Introduction

5.1 This section updates the assessment of North East Lincolnshire's future quantitative economic growth needs. The HEDNA models a range of scenarios over the Plan period 2025 to 2043. These scenarios consider the need for office and industrial (i.e. manufacturing and warehousing) floorspace.

5.2 This report updates the labour supply scenarios 3a and 3b of the HEDNA analysis to reflect the updated SM3 figure of 621 dpa (Scenario 3a), and to factor in the implications of the latest economic activity rates, unemployment rates and labour force ratio on jobs growth. This aligns employment land need Scenarios 3a and 3b with the updated housing need Scenarios A and G from Section 2.0 of this report.

5.3 We have also revisited the Economic Growth Scenario, as new opportunities in North East Lincolnshire have the potential to increase the Experian baseline by 1,925 jobs rather than 775 as before (see Section 2.0).

5.4 All other employment land needs scenarios in the HEDNA remain up to date, with the results of these scenarios repeated alongside the updated Scenarios 3a and 3b at the end of this section. All other methodological points remain as set out in the HEDNA.

Scenario 2 Economic Growth – Update

5.5 As set out in Section 3.0, 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 Council 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.

5.6 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 4,600 net job growth baseline projected by Experian; this results in a net increase of **6,525 jobs** over the 18 years to 2043.

5.7 Table 5.1 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 1,610 jobs over the period to a modest +45, a difference of 1,655 jobs. The remainder of these additional jobs fall into other sectors which generally do not have employment land requirements, rising from +4,824 to +5,094.

Table 5.1 Forecast Employment Change in North East Lincolnshire 2025-2043 – 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	+1,037	+99	+45	+249	**+1,431**	+5,094	**+6,525**

Source: Source: Experian June 2025 / Lichfields Analysis. Note, sums do not always add due to rounding errors.
*Factoring in an 8% vacancy allowance where the net requirement is positive

5.8 The resultant floorspace estimates are provided in Table 5.2. They indicate an overall net gain of office/industrial floorspace in North East Lincolnshire of 39,049 sqm between 2025 and 2043.

Table 5.2 Forecast Net Floorspace Change (sqm) in North East Lincolnshire 2025-2043: Experian Economic Growth

	2025	2043	**Net Requirement***
Office	85,772	98,736	**+14,001**
Light Industrial	156,486	161,152	**+5,040**
B2 General Industrial	401,191	402,820	**+1,759**
B8 Logistics	461,997	478,894	**+18,249**
Total Office / Industrial / Distribution	**1,105,446**	**1,141,602**	**+39,049**

Source: Source: Experian June 2025 / Lichfields Analysis. Note, sums do not always add due to rounding.
*Factoring in an 8% vacancy allowance where the net requirement is positive

Scenario 3a and 3b) Labour Supply - Update

5.9 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.

5.10 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 2.0 of this report.

5.11 On this basis, we have taken forward 2 labour force scenarios as follows:

1. SM3 (621 dpa): **+7,974** net job growth 2025-2043; and,
2. 375 dpa based on past delivery rates: **+2,504** net job growth 2025-2043.

5.12 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 June 2025 projections in 2025 and 2043.

Table 5.3 Forecast Employment Change in North East Lincolnshire 2025-2043 – Labour Supply Total Workforce Jobs

	Office*	Light Industrial **	B2 General Industrial* **	B8 Warehousing* ***	**Total Office / Industrial / Distribution Jobs**	Other Jobs	**Jobs in All Sectors**
SM3 621 dpa	1,378	247	-1,198	555	**983**	6,991	**+7,974**
Past Housing Delivery 375 dpa	825	7	-1,866	60	**-974**	3,478	**+2,504**

Source: Source: Experian June 2025 / 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

5.13 Under these scenarios, addressing the future employment requirements of local residents would result in a net requirement of between -17,705 sqm to +50,198 sqm of employment floorspace between 2025 and 2043 in North East Lincolnshire depending on the scale of housing provided. These results are shown in Table 5.4 and Table 5.5:

Table 5.4 Forecast Net Floorspace Change (sqm) in North East Lincolnshire 2025-2043 Labour Supply 621 dpa

	2025	2043	**Net Requirement***
Office	85,772	103,002	+18,608
Light Industrial	156,486	168,114	+12,559
B2 General Industrial**	401,191	358,068	-21,561
B8 Logistics	461,997	499,582	+40,592
Total Office / Industrial / Distribution	**1,105,446**	**1,128,767**	**+50,198**

Source: Source: Experian June 2025 / 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 5.5 Forecast Net Floorspace Change (sqm) in North East Lincolnshire 2025-2043: Labour Supply 375 dpa

	2025	2043	**Net Requirement***
Office	85,772	96,086	11,139
Light Industrial	156,486	156,827	369
B2 General Industrial**	401,191	334,028	-33,581
B8 Logistics	461,997	466,042	4,368
Total Office / Industrial / Distribution	**1,105,446**	**1,052,984**	**-17,705**

Source: Source: Experian June 2025 / 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

Estimating the Net Land Requirement

5.14 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:** 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.

5.15 The resulting net land requirements for the labour demand and labour supply scenarios are set out in Table 5.6. It ranges from a low of -4.43 ha (net) under the Past Housing delivery scenario (3b) up to as high as 32.25 ha net under the Past Take Up scenario.

Table 5.6 North East Lincolnshire net land requirements by labour demand and supply led scenarios (ha) 2025-43

Scenario	Offices	Light Industrial	General Industrial (B2)	Warehousing (B8)	**Total**
1) Experian June 2025 Baseline	3.50	1.26	-7.24	4.56	**2.08**
2) Economic Growth	3.50	1.26	0.44	4.56	**9.76**
3a) SM3 62 dpa	4.65	3.14	-5.39	10.15	**12.55**
3b) Past Housing Delivery 375 dpa	2.78	0.09	-8.40	1.09	**-4.43**
4) Past Take Up	6.17	2.99	14.33	8.75	**32.25**

Source: Lichfields Analysis. Note: Numbers may not sum due to rounding.

Flexibility Factor

5.16 As justified in the HEDNA, a flexibility factor of 8,540 sqm of office floorspace (2.13 ha), 3,573 sqm light industrial floorspace (0.89 ha), and 34,798 sqm of industrial and warehousing floorspace (8.70 ha) is applied over five years, as set out in Table 5.7.

Table 5.7 North East Lincolnshire Flexibility Factor

Uses	Average Annual Take-up (ha)	5-year Safety Margin Added (ha)
Office and R&D	0.43	2.13
Light Industrial	0.18	0.89
General Industrial	0.81	4.04
Warehousing	0.93	4.66
Total	**2.35**	**11.73**

Source: NELC / Lichfields' Analysis. Note: numbers may not sum due to rounding

5.17 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 7.30 ha (Labour Force under past delivery) up to 43.97 ha (Past Development Trends).

Table 5.8 Net Land Requirements for North East Lincolnshire (including flexibility factor) for 2025 to 2043 (ha)

		Offices / R&D (ha)	Light Industrial (ha)	General Industrial (ha)	Warehousing (ha)	**Total (ha)**
1) Experian June 2025 Baseline	Net	3.50	1.26	-7.24	4.56	2.08
	+ Flexibility Factor	5.64	2.15	-3.20	9.22	**13.81**
2) Economic Growth	Net	3.50	1.26	0.44	4.56	9.76
	+ Flexibility Factor	5.64	2.15	4.48	9.22	**21.49**
3a) Labour Force under SM3 (621 dpa)	Net	4.65	3.14	-5.39	10.15	12.55
	+ Flexibility Factor	6.79	4.03	-1.35	14.81	**24.28**
3b) Labour Force under past delivery (375 dpa)	Net	2.78	0.09	-8.40	1.09	-4.43
	+ Flexibility Factor	4.92	0.99	-4.36	5.75	**7.30**
4) Past Development Trends	Net	6.17	2.99	14.33	8.75	32.25
	+ Flexibility Factor	8.31	3.89	18.37	13.41	**43.97**

Source: Lichfields analysis

Convert Net to Gross Floorspace Requirements

5.18 While the net employment space requirements presented in Table 5.8 represent the minimum recommended quantum of employment space to plan for in North East Lincolnshire over the plan period, **the Council 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**.

5.19 As set out in Section 6.0 of the HEDNA, data provided to Lichfields by the Council indicates that losses have averaged **2,216 sqm, or 0.55 ha @40% plot ratio** per annum over the period 2009/10 to 2023/24.

5.20 Table 5.9 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).

Table 5.9 North East Lincolnshire Loss Replacement Rate Analysis (2025)

	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 (2025)
*Using a standard 40% plot ratio to translate office/industrial floorspace to land and netting off 20% on-site replacement.

5.21 The Table indicates that the long-term rate of losses, 0.55 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 0.55 ha past trend rate of loss is below even the lower end of this range.

5.22 Mindful of the factors outlined in the HEDNA, 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 the Council over the coming years and adjusted as necessary.

5.23 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 18 years, this would see the replacement of **42.09 ha, the vast majority of which would need to be in industrial use**.

5.24 In summary, the demand-led range of total gross land requirements to 2043, factoring in a 5-year margin of choice and loss replacement, results in the following demand projections for North East Lincolnshire.

5.25 The scenarios range from a low of 49.39 ha (Labour Supply under past delivery) to the Past Take Up (Scenario 4) figure of 86.06 ha:

1. **Econometric demand-led projections: 55.89 ha – 63.57 ha;**
2. **Labour Supply projections: 49.39 ha – 66.36 ha; and,**
3. **Past Development Trends: 86.06 ha**.

Table 5.10 North East Lincolnshire Gross Employment Land Comparisons 2025-2043

		Offices / R&D (ha)	Light Industrial (ha)	General Industrial (ha)	Warehousing (ha)	Total (ha)
1) Experian June 2025 Baseline	Net	3.50	1.26	-7.24	4.56	2.08
	+ Flexibility Factor	5.64	2.15	-3.20	9.22	13.81
	+ Loss Replacement	**9.99**	**5.67**	**12.69**	**27.55**	**55.89**
2) Economic Growth	Net	3.50	1.26	0.44	4.56	9.76
	+ Flexibility Factor	5.64	2.15	4.48	9.22	21.49
	+ Loss Replacement	**9.99**	**5.67**	**20.37**	**27.55**	**63.57**
3a) Labour Force under SM3 (621 dpa)	Net	4.65	3.14	-5.39	10.15	12.55
	+ Flexibility Factor	6.79	4.03	-1.35	14.81	24.28
	+ Loss Replacement	**11.14**	**7.55**	**14.54**	**33.13**	**66.36**
3b) Labour Force under past delivery (375 dpa)	Net	2.78	0.09	-8.40	1.09	-4.43
	+ Flexibility Factor	4.92	0.99	-4.36	5.75	7.30
	+ Loss Replacement	**9.28**	**4.50**	**11.54**	**24.08**	**49.39**
4) Past Development Trends	Net	6.17	2.99	14.33	8.75	32.25
	+ Flexibility Factor	8.31	3.89	18.37	13.41	43.97
	+ Loss Replacement	**12.66**	**7.40**	**34.26**	**31.74**	**86.06**

Source: Lichfields' analysis

Amended Supply / Demand Balance

5.1 As presented in Table 14.1 of the 2025 HEDNA Update, there is currently 418.33 ha of employment sites available on allocated sites (including port and energy related projects), plus 119.24 ha reserved for strategic expansion and 12.88 ha which could provide potential new sites (for general use). Of this, around **409.62 of available employment supply** could come forward for strategic or general employment use. Given the size and nature of the energy-related sites, these are unlikely to come forward for general employment use. Just 8.71 of the immediately available supply is considered to be available for general, or localised employment needs that is non-sector specific.

5.2 **The demand side assessment indicates that North East Lincolnshire Borough requires between 49.4 ha and 86.1 ha of employment land over the 20-year plan period to 2043.** This is a higher and broader range than the need figures from the 2014 ELR of 30.5 ha to 68.3 ha, but lower than the 2023 HEDNA range of 54 ha to 112 ha.

5.3 **The 2025 HEDNA Update identified a range of between 51.09 and 86.06 ha, with the only difference being the SM3 Scenario 3a, which resulted in a need for 68.31 ha compared to 66.36 ha in this Partial Update; and Past Delivery Scenario 3b, with a need for 51.09 ha compared to 49.39 ha in this latest revision to the figures.**

5.4 Therefore, whilst the forward supply of 418.33 ha would, theoretically, appear to be of a more than sufficient scale to meet even the upper end of the range, it is estimated that **only around 8.71 ha of land will come forward for general, non-sector specific employment use**, assuming that 0.95 ha at Stallingborough will come forward for general rather than the wider strategic employment provided on-site. Whilst there is of course no guarantee that all the identified source of strategic supply would necessarily come forward for that use, as things stand it seems likely that there would be a further need for employment land that could be available on the open market to meet local, or indigenous, needs.

6.0 Conclusions and Recommendations

6.10 This Partial Update to the 2025 HEDNA has been prepared by Lichfields on behalf of NELC to provide an updated housing and employment land evidence base to support policy development as the Council prepares its new Local Plan (2025-2043). The update focusses on the implications of the new demographic data that has been released; new Housing Register data; and the lower housing need generated by the latest iteration of the SM3 and what this means for the Council's employment land target. As it represents a Partial Update, it should be read alongside the November 2025 document.

6.11 The key conclusions of the analysis are summarised below.

Local Housing Need

6.12 The LHN for North East Lincolnshire Borough as calculated using the Government's SM3, is now **621 dpa**, which represents a very modest change from the 622 dpa in the 2025 Update, but nevertheless represents a substantial uplift on the SM2 housing need figure of 203 dpa reported in the original 2023 HEDNA due to moving away from a demographic-led projection to a stock-based one.

6.13 After testing a range of scenarios, the analysis indicates that the SM3 figure of 621 dpa would exceed the level of population growth under all of the demographic-led scenarios using the most recent 2022-based SNPP and its variants; it would also be able to sustain a level of job growth in excess of the most optimistic job forecast of +6,525 over the next 18 years. Council Officers also reported that there is no unmet housing need from neighbouring areas that should be met in North East Lincolnshire.

6.14 **On this basis, it is concluded that the LHN of 621 dpa generated by the Government's SM3 would be appropriate for North East Lincolnshire moving forward.**

Affordable Housing Needs

Net Annual Housing Need for Affordable/Social Rent

6.15 Incorporating the SM3 figure of 621, the net annual need for social housing over the period 2025 to 2043 amounts to **between 223 and 440 homes for affordable/social rent** in a 'worst case' scenario. This assumes that the backlog need would be addressed in full in the first 5 years of the Plan. Affordable housing rental needs are highest in the Urban Area and the Western and Southern Arc; and lower in the Rural Area and particularly the Estuary Zone.

6.16 This compares to the **211-379 dpa** identified in the 2025 HEDNA Update Report. The latest figures are higher, due to a combination of an increase in the number of households on the Housing Register in Bands 1-3; an increase in household growth; and a reduction in the churn of social rented properties in the system.

6.17 If the backlog were to be removed over the full 18-year plan period, then the net annual affordable housing need would reduce to **between 184 and 401 dpa**.

6.18 If the annual supply of social re-lets is increased substantially (from 478 p.a. to 543 p.a., an increase in supply of 64 dpa), then the annual requirement could fall still further, **to between 159 and 376 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).

Net Annual Affordable Housing Need for Purchase

6.19 The analysis assessed those households who want to move towards owning a property but may be unable to, even if their needs are currently being met in the private rented sector. Lichfields analysis indicates that the net requirement for intermediate housing equates to **+79 dpa**. This breaks down to 6 dpa in the Urban Area; 19 dpa in the Estuary Zone; 43 dpa in the Western and Southern Arc and 11 dpa in the Rural Area[59].

6.20 If this supply is netted off in the lower income ratios test, then the net requirement for intermediate housing decreases to **-7 dpa** due to the reduced gap between people's ability to afford private rent and market purchase. This breaks down to -66 dpa in the Urban Area; 16 dpa in the Estuary Zone; 35 dpa in the Western and Southern Arc and 8 dpa in the Rural Area.

6.21 Table 6.1 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 the order of **433 dpa** based on 4x / 25%income multipliers, falling to **302 dpa** based on 4.5x / 31% income multipliers. There is a higher level of need in the Grimsby/Cleethorpes Urban Area and the Western and Southern Arc settlement, with the former having a particularly strong need for affordable properties available to rent.

Table 6.1 Suggested Social/Affordable Rent and Intermediate Indicative Split

	Measure	Annual Housing Need (net)		Split of households in need (rounded)	**Indicative Policy Split (%)**
		25% / 4x income	32% / 4.5x income		
Affordable Homes to Rent	Social Rent Affordable Rent	440	223	90%	**80%**
Affordable Homes to Purchase	First Homes Intermediate housing including shared ownership	-7	79	10%	**20%**
ALL		**433**	**302**	**100%**	**100%**

Source: Lichfields' analysis

6.22 Given the Government's changing policy parameters and guidelines that seek to promote the delivery of social rented property, and the limited affordability of shared ownership

[59] 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.

properties more generally, it is considered that social rented properties should be prioritised in Policy.

6.23 The HEDNA (2025) proposed an 80%/20% split between affordable rent and affordable ownership. This heavy weighting towards rental is based on low property prices in the Borough that result in market housing being within reach of those in need. However, this can be location-specific and subject to changes in property prices. The Policy provides for a, 80%/20% split to allow for more flexibility on a case-by-case basis depending on actual location within the Borough and to allow for fluctuating market conditions over the Plan period

6.24 This points to a need for around 80% of the need being for social/affordable rented properties, with the remaining 20% being for shared ownership. The latter would also include other forms of intermediate product.

6.25 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 favouring more shared ownership / First Home provision may be more appropriate.

Housing Type, Tenure and Size of Housing Required

6.26 Overall household growth in North East Lincolnshire between 2025 and 2043 is forecast to be around 4,933 (+8.3%) based on demographic projections rising to around 10,705 (+14.8%) if the SM3 requirement of 621 dpa is delivered.

6.27 Based on this SM3 scenario, growth is expected to be focussed on single households growing by +43% and +22% respectively, whilst households with dependent children is projected to fall by 23%. Single person households under the age of 65 are projected to increase by +4,399, followed by single person households over the age of 65 (+4,078).

6.28 Based on existing occupancy patterns, housing need in North East Lincolnshire is predominantly made up of 2-3 bedroom dwellings. Housing waiting list information shows that most households in need of affordable housing require 1-bedroom dwellings, with most of the remainder requesting 2-bed properties. Within the social rented sector, there is likely to be some scope for more efficient use of the existing stock.

6.29 In this context, and as shown in Table 6.2, it is recommended that for market housing, between 25% and 45% of housing should be for smaller 1 or 2 bed properties. For social housing, between 55%-75% of the social housing provisixon should be for smaller 1 and 2-bed properties, with the majority of the remainder comprising 3 and 4-bed properties.

Table 6.2 Indicative 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	**5-15%**	**20-30%**	**40-50%**	**15-25%**
Suggested range for Social Housing	**35-45%**	**20-30%**	**15-25%**	**5-20%**

Source: Lichfields based on MHCLG/ONS

Future Employment Needs

6.30 This Partial Update to the 2025 HEDNA has revisited the labour supply scenarios insofar as they relate to the revised economic growth scenario, new SM3 housing requirement and the new 2022-based SNHP. All other inputs regarding the scale of margin of choice and loss replacement remain as per the earlier report.

6.31 The scenarios range from a low of 49.4 ha (Scenario 3b Labour Supply 375 dpa) to the Past Take Up (Scenario 4) figure of 86.06 ha:

1 **Econometric demand-led projections: 55.89 ha – 63.57 ha;**

2 **Labour Supply projections: 49.39 ha – 66.36 ha; and,**

3 **Past Development Trends: 86.06 ha**.

Table 6.3 North East Lincolnshire Gross Employment Land Comparisons 2025-2043

		Offices / R&D (ha)	Light Industrial (ha)	General Industrial (ha)	Warehousing (ha)	Total (ha)
1) Experian June 2025 Baseline	Net	3.50	1.26	-7.24	4.56	2.08
	+ Flexibility Factor	5.64	2.15	-3.20	9.22	13.81
	+ Loss Replacement	**9.99**	**5.67**	**12.69**	**27.55**	**55.89**
2) Economic Growth	Net	3.50	1.26	0.44	4.56	9.76
	+ Flexibility Factor	5.64	2.15	4.48	9.22	21.49
	+ Loss Replacement	**9.99**	**5.67**	**20.37**	**27.55**	**63.57**
3a) Labour Force under SM3 (621 dpa)	Net	4.65	3.14	-5.39	10.15	12.55
	+ Flexibility Factor	6.79	4.03	-1.35	14.81	24.28
	+ Loss Replacement	**11.14**	**7.55**	**14.54**	**33.13**	**66.36**
3b) Labour Force under past delivery (375 dpa)	Net	2.78	0.09	-8.40	1.09	-4.43
	+ Flexibility Factor	4.92	0.99	-4.36	5.75	7.30
	+ Loss Replacement	**9.28**	**4.50**	**11.54**	**24.08**	**49.39**
4) Past Development Trends	Net	6.17	2.99	14.33	8.75	32.25
	+ Flexibility Factor	8.31	3.89	18.37	13.41	43.97
	+ Loss Replacement	**12.66**	**7.40**	**34.26**	**31.74**	**86.06**

Source: Lichfields' analysis

6.32 **The assessment indicates that North East Lincolnshire Borough requires between 49.4 ha and 86.06 ha of employment land over the 20-year plan period to 2043.** This is a higher and broader range than the need figures from the 2014 ELR of 30.5 ha to 68.3 ha, but lower than the 2023 HEDNA range of 54 ha to 112 ha.

6.33 Whilst the forward supply of 418.33 ha would, theoretically, appear to be of a more than sufficient scale to meet even the upper end of the range, it is estimated that **only around 8.71 ha of land will come forward for general, non-sector specific employment use**, assuming that 0.95 ha at Stallingborough will come forward for general rather than the wider strategic employment provided on-site. Whilst there is of course no guarantee that all the identified source of strategic supply would necessarily come forward for that use, as things stand it seems likely that **there would be a further need for employment land that could be available on the open market to meet local, or indigenous, needs**.