

North East Lincolnshire Strategic Housing Market Assessment



May 2013

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For and on behalf of GVA Grimley Ltd

Preface

Reader,

Thank you for taking time to read North East Lincolnshire Council's Strategic Housing Market Assessment (SHMA). We are proud to have worked closely with GVA Grimley, a specialist consultancy firm in Housing and Economic Planning research to complete the assessment. This approach has given us robust and independently assessed primary and secondary evidence to inform our housing need information.

Project Team and Consultancy Support

GVA commenced work for NELC in October 2012. The Strategic Housing Partnership (SHP) took on the role of overall Project Sponsor. This included them commenting on the brief for this piece of work and receiving the results and final report. We would like to thank the members of the SHP for their continued support through this process.

The report

This report provides NELC with an insight into how many houses the evidence suggests we would need year on year to support economic growth. It does not consider the impact of the renewables industry on the area as the data was not available.

To balance this option, we look at natural change, where people are born and die within the existing population, and no one moves in or out of the area. We also look at a trend based analysis, which assumes the current levels of people (mainly young people) who leave the area continues to rise and takes no account of the benefits of economic growth.

The following paragraphs are an extract from the SHMA Report and they summarise the report's main findings.

Market housing:

The Employment-led (Experian) scenario showed a higher level of growth than that projected under both of the other two scenarios. The resultant household growth, from linking a forecast growth in jobs to a labour-force, which would be required to match these new opportunities, showed a projected growth of approximately 9,400 households or 495 per annum on average between 2011 and 2030. When translated

from household growth into a net annual dwelling requirement (making a small allowance for vacancy), this equates to 508 net additional homes per year between 2011 and 2030. The employment led scenario should be considered as being the principal scenario for consideration in the development of future policy.

Affordable housing:

Utilising the DCLG Guidance calculation process, and taking into account the supply available on an annual basis (re-lets / surplus stock / pipeline new supply) the housing needs analysis indicates that North East Lincolnshire will be required to provide for a net annual Affordable Housing need of approximately 586 dwellings per annum over the next five years, in order both to clear the existing backlog of households in need and meet future arising household need. This represents a slight decrease in the level of net annual Affordable Housing need established within the 2010 SHMA Update (621 units per annum).

The views of residents and house-building businesses

To provide checks and balances, the consultancy team from GVA Grimley spoke to and considered views from the house building industry, the public sector, the social housing sector, the residents of North East Lincolnshire and officers representing neighbouring authorities. To collect the information they held focus groups, meetings and telephone interviews and worked alongside the voluntary sector to ensure maximum participation in the study.

Setting our New Local Plan Housing Target

The SHMA is the principal piece of evidence traditionally used to set the target for how many houses we need to build over the Local Plan period (usually 25 years).

To set the New Local Plan housing target, alongside this SHMA, NELC will also consider the expected benefits, in terms of households, as a result of the growth of the Renewables Industry on the area. This will ensure we plan to have enough houses to capitalise on the expected benefits economic growth will bring.

Refreshing the evidence

This document will be refreshed in Autumn 2016 to reflect any changes in the trends in the data. It will then be fully replaced in Autumn 2018.

Thank you for reading this research, we hope you find it useful. Please contact the Council if you would like any further information.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Jason Longhurst', is positioned above the printed name and title.

Jason Longhurst

Head of Development Services

Executive Summary

North East Lincolnshire Council (hereafter 'the Council') commissioned GVA and Edge Analytics to prepare a Strategic Housing Market Assessment (SHMA) in September 2012. This report concludes a projected growth of approximately 9,400 households or 495 per annum on average between 2011 and 2030. When translated from household growth into a net annual dwelling requirement (making a small allowance for vacancy), this equates to 508 net additional homes per year between 2011 and 2030. In terms of affordable housing need, this report concludes a need for 586 affordable homes per year over the next five years in order both to clear the existing backlog of households in need and meet future arising household need .

The SHMA replaces the 2010 SHMA Update which covered North East Lincolnshire and North Lincolnshire.

This SHMA will form a fundamental part of the evidence base for the progression and implementation of the Council's Local Plan. In order to ensure compliancy with the current policy framework the conclusions presented within the SHMA directly relate to the core outputs of the DCLG Guidance.

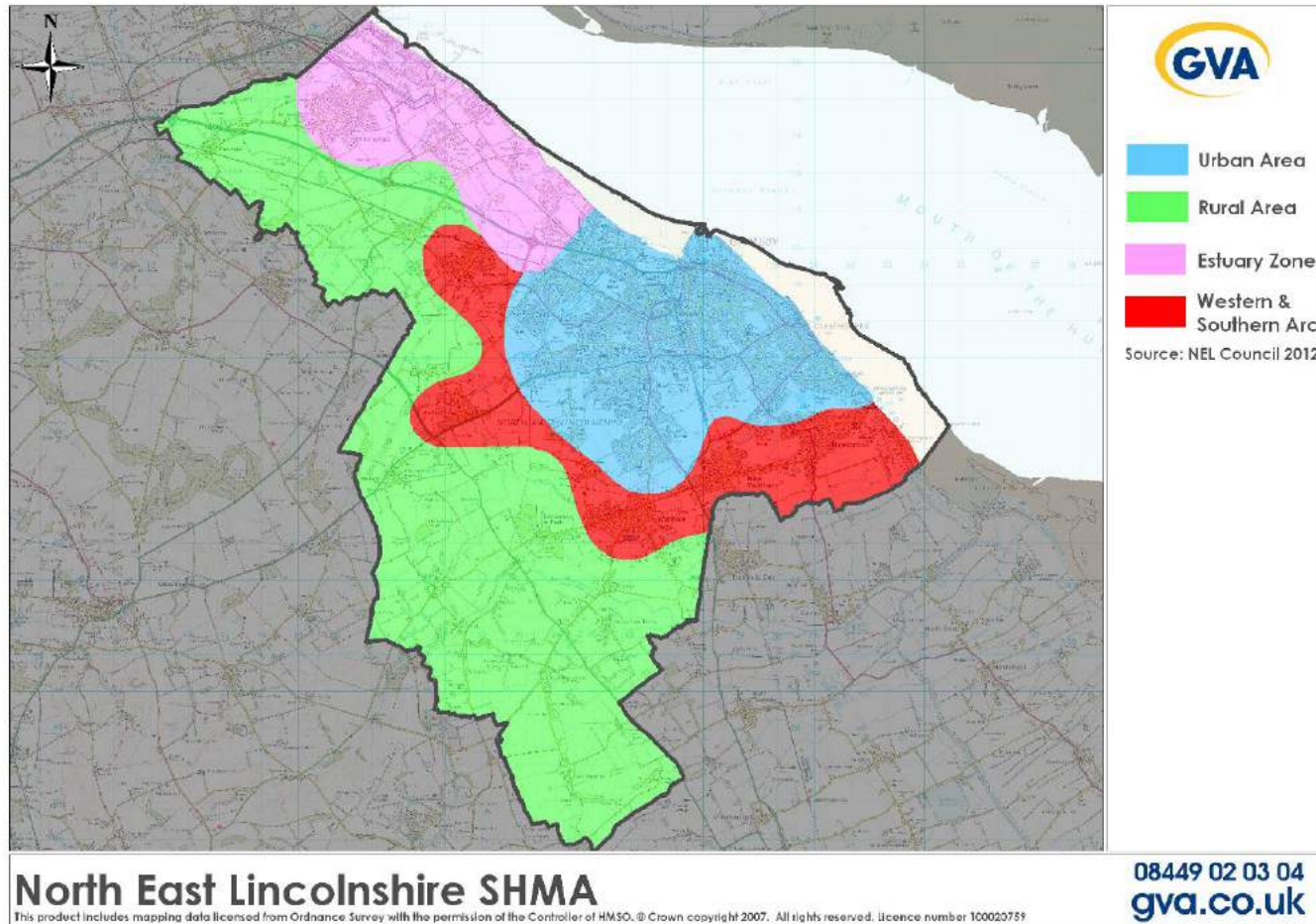
SHMA Spatial Geographies

The SHMA uses a range of geographies, due to the recognised importance of developing an evidence base which enables strategic analysis to be undertaken alongside local analysis. Primarily, data is presented at a local authority level recognising that this forms the key spatial geography for the development of policy and strategy.

In order to provide a more localised level of analysis, using the latest available data, analysis has been undertaken of local market area geographies ('sub-markets' or 'Spatial Zones') within North East Lincolnshire. The purpose being to demonstrate locally driven functional relationships i.e. travel to work flows to major areas of employment and shared characteristics i.e. house prices / household characteristics. The four sub-market areas: Urban area, Rural area, Estuary Zone and Western & Southern Arc are displayed within Figure ES1.

In addition to analysis at a sub-market level data has also been presented, where considered robust, at a ward level.

Figure ES1: Local Market Area Geographies ('Spatial Zones') in the SHMA



Source: GVA, 2013

Evidencing the future need for housing

The Overall Scale of Housing Required

The SHMA research has involved a detailed and robust assessment of the likely future change in the number of households across North East Lincolnshire. A range of population and household scenarios have been developed, taking account of demographic, economic and policy factors. This process has utilised the POPGROUP model (as described in section 5).

Three scenarios taking account of different drivers of the housing market relating to demographic and economic factors have been presented within the analysis. The approach of considering a range of potential projected futures and informing datasets follows the advice of the National Planning Policy Framework (2012) and is therefore intended to provide North East Lincolnshire Council with a sound evidence base to inform future strategy and policy development.

The central trend based projection, the re-based SNPP 2010 projection, uses the latest official sub-national population projection dataset released by the ONS and updates it to a new population and household base built from the results of the 2011 Census. This projection recognises the authority's recent historical growth in population and projects this forward using similar assumptions to those used by the ONS in the publication of their official sub-national projection datasets. This scenario projects a subdued growth in the population, approximately 3,460 additional people, between 2011 and 2030. This translates into a projected growth in the number of households of approximately 5,500 or just under 290 per annum over this period. Importantly the fundamental driver behind this low level of growth is the assumption within the projection that there continues to be a net out-migration of people from the authority to other parts of the UK. This reflects the increase in this net outflow seen over the last five years likely to reflect both changing employment opportunities and recent levels of completions in the authority.

A further demographic projection, the Natural Change scenario was run. This removes the net impact of migration on the changing population and is presented for illustrative purposes only. The scenario shows that without the impact of migration, North East Lincolnshire's population would grow at a greater rate, highlighting the impact of the assumed net out-migration of persons under the trend based 2010 Re-based SNPP 2010 scenario. Under this scenario natural change factors would result in a growth in the population of just over 6,500 between 2011 and 2030, translating into a growth in the number of households of 6,230 or on average approximately 330 per annum.

The final scenario, the Employment-led (Experian) scenario showed a higher level of growth than that projected under both of the other two scenarios. The resultant household growth from linking a forecast growth in jobs to a labour-force which would be required to match these new opportunities showed **a projected growth of approximately 9,400 households or 495 per annum on average between 2011 and 2030. When translated from household growth into a net annual dwelling requirement (making a small allowance for vacancy), this equates to 508 net additional homes per year between 2011 and 2030.**

This scenario, would also facilitate a growth in the size of the labour-force in the authority to include over 1,400¹ new economically active residents over the 2011-2030 period. The principle assumption under this scenario is that the current trend of a net out-flow of residents to other parts of the UK is reversed with the authority experiencing a net inflow linked to the increase in job opportunities.

In evaluating the scenarios the importance of recognising the link between the economy and the changing population for the authority in realising its wider strategic and planning policy agendas is recognised. This would suggest that the **Employment-led scenario should be considered as being the principal scenario for consideration in the development of future policy.** Analysis in section 9 highlighted the importance of maintaining strong duty to co-operate conversations with other authorities with strong housing market linkages, including in particular North Lincolnshire, East Lindsey and West Lindsey, if this scenario was used to inform policy as the reversal of migration flows would potentially have an impact on surrounding housing market dynamics.

Meeting future needs – Size and Tenure of Housing

As well as the overall amount of housing required to support North East Lincolnshire's future growth, the analysis within the SHMA has highlighted the importance of ensuring that new stock complements the existing dwelling profile and meets the needs of a changing population.

The modelling of changing population and household scenarios includes a detailed breakdown by age and household type. It is evident from the SHMA that if the population grows following projected demographic trends and aligns itself to a growing economy, there will be a strong growth in single person households. These households will consist of a mix of younger individuals as well as older persons, reflecting the wider changes to the age profile.

Importantly, the SHMA also shows a relatively healthy growth in family households. Examination of the existing stock profile suggests that the existing stock includes a healthy proportion of larger stock with recent development trends showing a preference since the onset of the credit crunch for providing larger family properties. This growth in the sector will need to be maintained alongside, based on the evidenced increase in single person households, smaller stock including stock which directly meets the needs of older person households.

The SHMA has also evidenced that the future housing supply will need to include a range of tenures to ensure that existing local needs are met as well as the needs of those looking to locate or re-locate into North East Lincolnshire.

Utilising the DCLG Guidance calculation process, and taking into account the supply available on an annual basis (re-lets / surplus stock / pipeline new supply) the housing needs analysis indicates that North East Lincolnshire will be required to provide for a **net annual Affordable Housing need of approximately 586 dwellings per annum over the next five years**, in order both to clear the existing backlog of households in need and meet future arising household need. This represents a slight decrease in the level of net annual Affordable Housing need established within the 2010 SHMA Update (621 units per annum).

Importantly the future need for additional Affordable Housing is evidenced across each of the sub-areas in North East Lincolnshire. The Urban Area, however, has based on the evidence a far higher level of need for Affordable Housing reflecting the communities and the availability of stock currently in the area. This requires careful consideration in terms of the availability and appropriateness of land suitable for residential development in each sub-area and the existing tenure profile, to ensure that whilst needs are met across each sub-market area, policy also enables and encourages the provision of a balance of tenures. This will enable households to exercise choice as their circumstances and requirements change.

The analysis in the SHMA has shown that currently, and in the short-term, while a large proportion of need can only be addressed through traditional social housing products, there are a number of households in need who could have their needs met through other Affordable products. These could include various 'intermediate' housing products – providing an important step onto the housing ladder in the future.

¹ Note: There is not a direct or linear relationship between the size of the labour force and the number of households. Headship rates are applied to a population to derive a household number, whereas the labour force is a result of applying economic activity rates to the same population.

However, the introduction of the Affordable Rent model, as an alternative (and addition) to other forms of Affordable Housing in North East Lincolnshire has been found by local RPs and the Council to have limited application.

There is a predominant requirement for future Affordable Housing supply in North East Lincolnshire to be sized at 1 and 2 bedrooms over the next 5 years in order to meet the majority of Affordable Housing needs. There is also a requirement for approximately 20% of future Affordable Housing development to consist of larger 3 and 4+ Affordable properties to meet the needs of larger, family households.

Future Monitoring

In order for the findings of the assessment to continue to inform and help shape policy, it will be necessary for North East Lincolnshire Council to monitor changes in the housing market and the underlying drivers considered in this assessment. Changes to the assumptions will have an impact on the short and long-term projections of household demand and the requirements for different tenures and sizes of housing.

The figures presented within this report are based on up-to-date data and information as of January 2013. Evidence of market deviation from the future trends and assumptions presented will need to be taken into account in the development of policy. This approach is part of the plan, monitor and manage approach required for the New Local Plan evidence base.

This SHMA research has utilised a range of secondary data sources. The secondary information will continue to be refined and updated by data providers such as the ONS, DCLG, CACI, Hometrack and Land Registry. The use of secondary data sources makes monitoring a simpler process and will enable North East Lincolnshire Council to continue to produce updates of the SHMA. As noted within the SHMA an initial part of this updating process will include the production of supplementary analysis of the phase 3 Census 2011 outputs anticipated to be released in October 2013. This includes travel to work information which will be considered in relation to market geography analysis and the link between employment and housing growth.

Summary of Key SHMA Findings

Indicator	Key SHMA Findings - Summary
<i>Economic and Demographic Context</i>	
Population Change (2001-2011)	1,600 persons (to 159,600)
Household Change (2001-2011)	3,700 households (to 69,700)
Average Household Size (2011)	2.3 persons (per household)
Commuting Ratio (2001)	1 (balanced labour market: jobs / workers)
Experian Employment Projection (November 2012) (2011-2030)	1,300 jobs (70 per annum)
<i>Housing Market Context</i>	
Dwelling Total (October 2011)	71,910 dwellings
Dwelling Vacancy Rate (October 2011)	4.1% vacancy (1.3% vacant for over 6 months)
Proportion of Overcrowded Households (2011)	2.6% overcrowded (England 4.8%)
Median Private Rental Property Cost (£ per month) (July 2011 – June 2012)	£360 (England £575)
Average House Price (May 2012)	£120,236
% of households with incomes below £20,000 (Mosaic 2012)	37%
<i>Future Housing Needs</i>	
Projected growth in households under the latest demographic trend based projection 2011 - 2028	5,490 households(290 per annum)
Projected growth in households assuming addition of 1,300 new jobs 2011 – 2030 (Employment-led Scenario)	9,375 households (495 per annum)
Net Affordable Housing Need (per annum for each of next 5 years)	586 dwellings (per annum)
Projected growth in Older Person Population (60/65+)(2011-2030)	11,500 persons (34% increase) – Employment-led scenario

1. Introduction

- 1.1 North East Lincolnshire Council (hereafter 'the Council') commissioned GVA and Edge Analytics to prepare a Strategic Housing Market Assessment (SHMA) in September 2012.

Purpose of this Assessment

- 1.2 The SHMA document delivers a spatial assessment of the housing market providing the Council with the evidence to identify the type and amount of housing required to support growth in key sectors. The SHMA will form a key piece of evidence to be used to inform the emerging Local Plan, housing strategy policies, planning policies and Development Delivery Frameworks.
- 1.3 In line with the specification set by the Council, the SHMA covers the following areas:
- Key changes in the housing market with the main focuses on population and economy;
 - Estimated demand for new housing of all tenures;
 - Understanding of household projections;
 - Understanding of future Affordable Housing need;
 - Understanding of gypsy and traveller site need summarised at a local level based on a review of the sub regional needs assessment and available research on local illegal encampments.
 - Impact of housing finance arrangements on the ability to obtain mortgages for first time buyers;
 - Consideration of housing needs for the groups in the National Planning Policy Framework (NPPF) (families with children, older people, people with disabilities, service families and people wishing to build their own homes) and other specified groups determined by initial desk top research and agreed after consultation with the authority; and
 - Production of a model with the capability to predict changes to housing need in different financial climates.
- 1.4 The SHMA replaces the 2010 SHMA update published by Outside Consultants on behalf of North Lincolnshire Council and North East Lincolnshire Council. Where possible the findings have been presented in the context of this previous research in order to track and assess changes to the housing market.

SHMA Requirements: The NPPF (2012) and DCLG SHMA Guidance (2007)

- 1.5 The Government has made a commitment to reforming the planning system. The publication of the National Planning Policy Framework (NPPF) in March 2012 sets out the direction of policy change for the reformation of the planning system and forms an important consideration for this SHMA research.
- 1.6 At the heart of the NPPF is the presumption in favour of sustainable development. This includes ensuring a positive planning system which does everything it can to support sustainable economic growth.
- 1.7 Core planning principles are set within the NPPF. One of these in particular represents an important consideration with regards to this evidence base document. This states that planning should:
- Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.
- 1.8 Importantly the NPPF states that local planning authorities should have a clear understanding of housing requirements in their area. They should:
- Prepare a Strategic Housing Market Assessment to assess their full housing requirements, working with neighbouring authorities where housing market areas cross administrative boundaries. The SHMA should identify the scale and mix of housing and the range of tenures that the local population is likely to require over the plan period which:
 - meets household and population projections, taking account of migration and demographic change
 - addresses the need for all types of housing, including Affordable Housing and the needs of different groups in the community (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and
 - caters for housing demand and the scale of housing supply necessary to meet this demand.

- 1.9 The DCLG released its most recent SHMA guidance 'Strategic Housing Market Assessments – Practice Guidance' in August 2007 (hereafter 'the Guidance'). The Guidance sets out a framework that local authorities and regional bodies can follow to develop a good understanding of how housing markets operate. It remains the most up-to-date Guidance for undertaking research of this kind.
- 1.10 The Guidance recognises that housing markets are dynamic and complex and as a result strategic housing market assessments are not intended to provide definitive estimates of household need, demand and market conditions. SHMA's can, however, provide valuable insights into how housing markets operate both now and in the future. They should also provide a fit for purpose basis upon which to develop planning and housing policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing need and demand.
- 1.11 The approach taken within this SHMA follows this guidance and addresses each of the core outputs set out in Table 1.1 and the process checklist set out in Table 1.2. Table 1.1 from the Guidance is replicated in Figure 1.1 below with an additional column outlining within which section the core output is addressed within this SHMA report.

Figure 1.1: Compliance with DCLG Guidance Core Outputs

SHMA Guidance – Core Outputs Table 1.1	Report Section in which Key Outputs are presented and analysed
Output 1 - Estimates of current dwellings in terms of size, type, condition, tenure	Section 3
Output 2 – Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market.	Sections 3, 4 and 5
Output 3 – Estimate of total future number of households, broken down by age and type where possible	Sections 5, 6 and 7
Output 4 – Estimate of current number of households in housing need	Section 5
Output 5 – Estimate of future households that will require Affordable housing	Sections 6 and 7
Output 6 – Estimate of future households requiring market housing	Sections 6 and 7
Output 7 – Estimate of the size of Affordable housing required	Sections 6 and 7
Output 8 – Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc...	Sections 5 and 6

Source: GVA, 2012

Methodological Approach

- 1.12 The turbulent economic climate and housing market context at the point in which this research is undertaken (2012/13) makes it an extremely interesting time to evaluate the extent to which the market has evolved, but also presents significant obstacles in forecasting likely trajectories of change.
- 1.13 In order to reflect these issues this SHMA provides the Council with a detailed analysis of key indicators, using a number of models and approaches and seeking opportunities to triangulate a range of data sources wherever possible to construct scenarios of likely change. The scenarios therefore present a set of evidence based parameters to help inform policy development.

Data Sources – A secondary data based assessment

- 1.14 The SHMA has utilised a range of robust methodological approaches drawing upon secondary data sources. This research has not involved the undertaking of a new household survey. This approach aligns with the Guidance, which advocates that the SHMA research can draw from a range of primary and/or secondary data sources:

“Whether a strategic housing market assessment is based upon secondary or survey data should not be a factor in determining whether an assessment is robust and credible. No one methodological approach or use of a particular dataset(s) will result in a definitive assessment of housing need and demand. The quality of the data used is the important consideration in determining whether an assessment is robust and credible rather than its nature” (DCLG Strategic Housing Market Assessments Practice Guidance – Version 2, 2007, pg 11).

- 1.15 The approach undertaken within this research has been to use new and updated secondary data to develop a robust understanding of the operation of the housing market across North East Lincolnshire.
- 1.16 Where data is available from a number of sources a process of triangulation has been conducted. The purpose of triangulation in qualitative research is to increase the credibility and validity of the results. Triangulation is a technique that facilitates validation of data through cross verification from more than two sources. In particular, it refers to the application and combination of several research methodologies in the study of the same topic.
- 1.17 Throughout the assessment the application of this technique has involved comparing, contrasting and, where relevant, aligning information from a mixture of sources to ensure, based on the professional judgement of the research team and agreed by the Council, that the most up-to-date and locally reflective information has been utilised. This serves to further ensure that the findings of the SHMA are robust and credible.

The Spatial Housing Geographies of the Research

- 1.18 Where data is available the SHMA presents spatial analysis using a range of Geographical Information Systems (GIS) and mapping graphics. This has been undertaken using GIS mapping data obtained directly from Ordnance Survey during the course of the SHMA research.

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- 1.19 Recognising the importance of developing an evidence base which enables strategic analysis to be undertaken alongside local analysis, the SHMA uses a range of geographies.
- 1.20 Primarily data is presented at the North East Lincolnshire local authority scale, recognising that this forms the key spatial geography for the development of policy and strategy. In order to provide a more localised level of analysis, where data can be disaggregated, analysis is also presented at a functional local market area scale across North East Lincolnshire. The process for identifying the local housing market areas ('spatial zones'), and analysis of the characteristics of these areas, is presented in section 3 of this SHMA report.
- 1.21 Due to the linked nature of housing markets ward level analysis can provide some distorted conclusions and it is important that the wider local housing market geographies ('spatial zones') are considered by the Council when drawing upon the ward level data in order to make informed decisions on future policy or strategy.
- 1.22 The local market areas ('spatial zones') are displayed spatially within Figure 1.3.

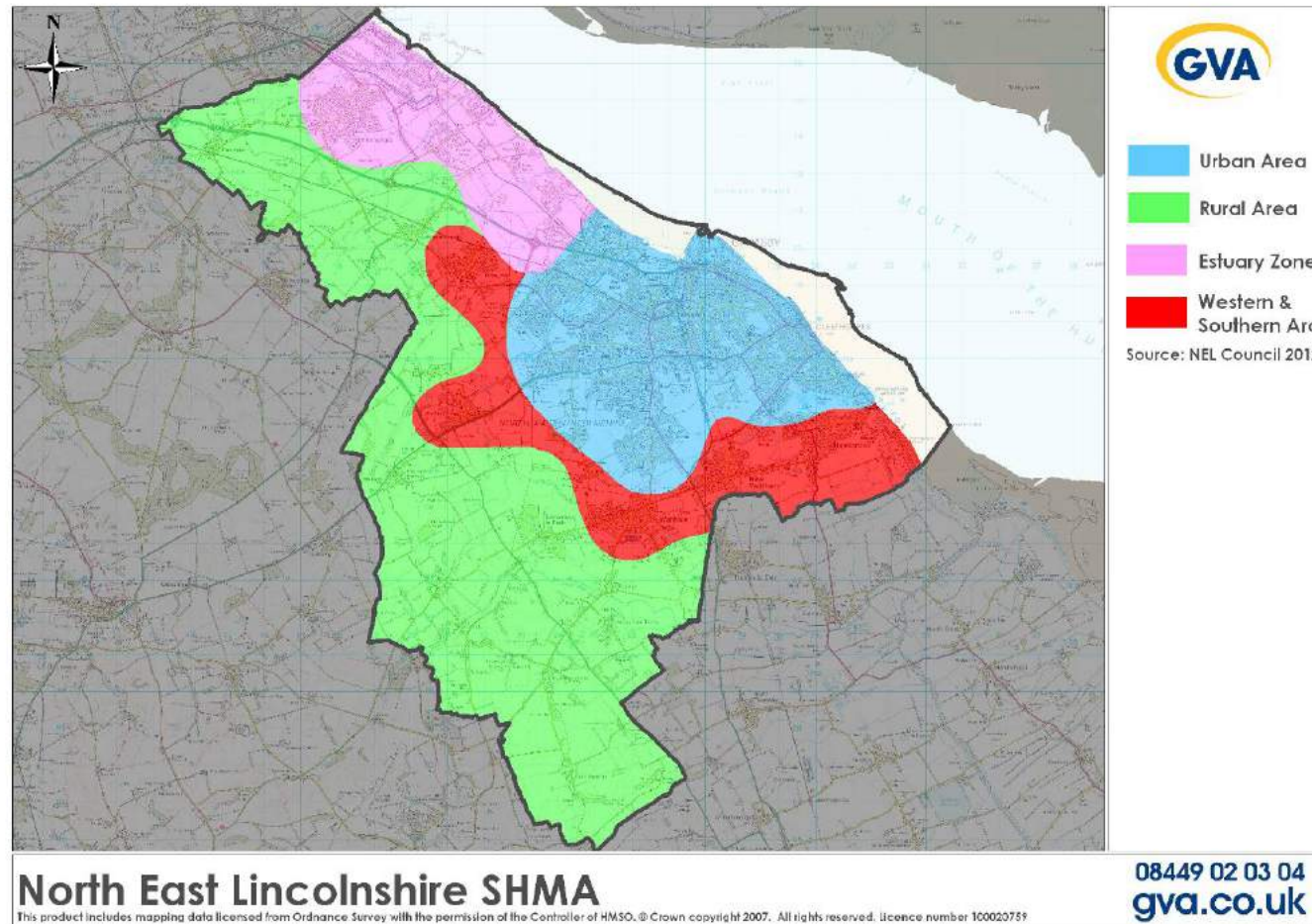
Report Structure

- 1.23 This SHMA report is structured around the following sections, where appropriate reflecting the steps set out in the Guidance to assist in extracting key information from the report:
- **Section 2: Policy Context** – A short overview of the key policy framework influencing and forming a backdrop to this research. This includes an overview of key documents emerging as part of the reform of the planning system as well as wider national corporate and strategy documents. The section also includes a summary of the current emerging local responses to this national policy framework;
 - **Section 3: Understanding the Current Market Context** – This section provides an important summary of the important strategic drivers underpinning the current housing market of North East Lincolnshire. Alongside strategic drivers the section also analyses a number of key housing market indicators to provide a profile of the active market of North East Lincolnshire. The analysis in this section provides the context for the outputs of subsequent sections which take a forward looking perspective to understand future need and demand;
 - **Section 4: Housing Market Geographies** – The understanding of functional market geographies forms an important component of the research. This section firstly considers the influence of strategic market linkages between North East

Lincolnshire and surrounding authorities and then looks at the definition and characteristics of sub-local authority market areas. These market areas are used as the building-blocks in the analysis presented through subsequent sections;

- **Section 5:** Future Population and Household Change – The housing market is driven by, and has a direct impact on, the population of North East Lincolnshire. This section therefore uses a range of modelling techniques to identify the likely trajectory of the changing population under a number of different scenarios. The section also considers the impact that a changing population would have on the age structure which in turn will impact on the future needs of the population across the authority;
- **Section 6:** Housing Need – This section takes the outputs of section 5 and translates them into dwelling requirements for all tenures. The section also includes more detailed analysis of the need for Affordable Housing using the DCLG calculation methodology as set out within the SHMA Guidance. The section concludes with analysis of the need for specific house types linked to the outputs of section 5 and the outputs of specifically targeted focus group analysis;
- **Section 7:** Alternative Growth Scenarios – This section considers the impact on overall housing need and demand of the successful delivery of a range of local investment schemes in North East Lincolnshire. This is intended to provide a complementary suite of analysis to enable the Council to be pro-active in the future setting of policies and strategies as well as investment;
- **Section 8:** Commercial Impact – The NPPF highlights the importance of considering viability in the analysis of the future operation of the housing market. This section includes the results of a soft-market testing exercise providing commercial perspectives on the housing market in the area and potential challenges to delivery;
- **Section 9:** Sub-regional Links – The section provides a short analysis assessing the implications of the research within a wider sub-regional context. This references back the strategic market geographies identified in section 4 and provides an assessment of points for consideration in policy development in relation to the duty-to-cooperate requirements as set out in the Localism Act / NPPF; and
- **Section 10:** Recommendations and Policy Implications – This section draws together the analysis presented throughout the report into a concise set of conclusions responding to the SHMA Guidance and the NPPF. An indication of potential policy implications of the research concludes the chapter.

Figure 1.2: Local Market Area Geographies ('Spatial Zones') in the SHMA



Source: GVA, 2012

2. Policy Context

Introduction

- 2.1 Planning to meet housing need and demand is currently high on the national agenda as a result of significant market changes over recent years and a national mis-match between supply and demand. As a result of this there has been a significant amount of policy debate emerging related to increasingly detailed analysis of evidence.
- 2.2 This section provides an important wider policy context to the research. This is important to frame the conclusions reached in relation to the SHMA research objectives through the subsequent sections.
- 2.3 The period since the publication of the 2006 Joint Housing Needs and Market Assessment for North Lincolnshire and North East Lincolnshire, which drew upon an authority wide household survey for each authority (2006) and the subsequent updated SHMA reviews, the latest being published in September 2010, has witnessed a significant amount of upheaval and change both in terms of the evolving policy and strategy framework and the wider economic and financial market. A short summary of the fundamental changes in these areas considered at a national level is therefore provided in this section. This is not intended to be an exhaustive review, but rather to focus on the key drivers that are likely to influence housing market operation and performance.
- 2.4 With the Yorkshire and Humber Regional Spatial Strategy partially revoked on the 22nd February 2013 (with the exception of the York Green Belt policies), it is important to understand the operation of the North East Lincolnshire housing market within a wider spatial geography than the authority. This section introduces some of the historical work assembled to understand how North East Lincolnshire's housing market is connected to surrounding areas. This is built on through subsequent chapters, in particular Section 5, which considers migration in greater detail in projecting forward future levels of population and household growth.
- 2.5 Alongside the above factors wider policy agendas around the changing Welfare Reform agenda will have a bearing on the capacity of households to occupy and therefore 'require' housing – with repercussions within North East Lincolnshire. This is considered below and further in Section 6.

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- 2.6 Finally the section concludes by summarising the Council's progress to date preparing the New Local Plan. The New Local Plan, once adopted, will set out important policy and spatial parameters for the borough over the next 15-20 years.

Policy Position & Context

- 2.7 The wider health of the UK economy, and therefore the housing market, is linked to global shifts as illustrated through both the sub-prime crisis in the US and the ongoing Eurozone challenges. The UK government has however, through a range of emerging and published policies, set out its ambition to reduce the deficit and maintain a course of austerity. The intention is over the longer-term to ensure a found footing from which to achieve economic growth, although the latest national forecasts suggest that this will take the form of a slow recovery.

Current National Policy and Strategy

- 2.8 The Government issued 'The Plan for Growth' in March 2011 which set out the economic plan for the UK to recover its position as a globally recognised resilient and growing economy. The importance of retaining and encouraging the investment of businesses within the UK is highlighted. The Plan includes the promotion of "labour mobility by boosting the supply of housing through support for the housebuilding industry" and stresses the concern that "Low levels of housing completions and limits on land supply also create barriers to mobility and high costs of entry for firms coming to the country". These general principles signify the intention of the Government to enable a supply of new housing which meets current and future needs to support the economic growth of the country.
- 2.9 The Coalition Government is currently in the process of introducing reforms that are significantly altering the planning system. The Localism Act was given Royal Assent on the 15th November 2011. The Act includes measures which are aimed at empowering local communities and underpin the Government's approach to decentralisation.
- 2.10 The Localism Act provides a legal foundation to the revocation of Regional Spatial Strategies (following a series of legal challenges from CALA Homes on the initial revocation of the regional tier of planning in June 2010). The Act imposes a duty on local planning authorities to co-operate and provide constructive, active and ongoing engagement in decisions relating to sustainable development or strategic infrastructure. Authorities maintain their strategic responsibilities in setting Planning Policy which plans for future growth.
- 2.11 In November 2011 'Laying the Foundations: A Housing Strategy for England' was published. This reinforced the above messages around ensuring that the housing

market supported rather than constrained the economic recovery. This included a range of measures including funding support through 'Get Britain Building' and incentives to encourage development such as the 'New Homes Bonus'. Since this other schemes including 'Funding for Lending' (1st August 2012) have been launched, which encourages bank lending for mortgage finance.

The National Planning Policy Framework (NPPF) (2012)

- 2.12 The NPPF, published in March 2012, represents a major component of this reform of the planning system - replacing former national planning policy guidance.
- 2.13 As noted in the introductory chapter of this SHMA report, the NPPF reinforces and re-affirms the importance of undertaking SHMA's, maintaining the principles of the revoked Planning Policy Statement 3: Housing (PPS3), in order for authorities to evidence need and demand for housing over the Core Strategy or Local Plan period.
- 2.14 The principle of a presumption in favour of sustainable development sits at the heart of the NPPF, the rationale being to ensure that the planning system does everything it can to support sustainable development and sustainable economic growth.

The New Homes Bonus

- 2.15 In addition the Government also announced the introduction of the New Homes Bonus in April 2011. This is intended to incentivise Local Authorities to encourage housing development and will match-fund additional Council Tax for each new home and property brought back into use, for each of the six years after a home is built.

Affordable Rent and Local Housing Allowance Changes

- 2.16 The NPPF included a new definition of the Affordable Rent product following its inclusion within the revoked PPS 3 published in 2011:

"Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)" (NPPF, Annex 2, March 2012)

- 2.17 In February 2011 the Homes and Communities Agency (HCA) published a Framework setting out the details of the new Affordable Homes Programme of investment, inviting Registered Providers (RPs) to put forward proposals for £2.2bn of funding (out of the overall £4.5bn funding pot) for Affordable Housing during the 2011-15 Spending Review period. The Framework outlines the changes in Affordable Housing provision

being introduced for 2011-15, and how this new approach will meet the Government's ambition to deliver up to 150,000 new homes over this period².

- 2.18 The Affordable Rent model is key to this programme – aiming to provide a more flexible form of social housing that enables Registered Providers to charge up to 80% of market rent on properties, with the potential to increase RP revenues and reduce the level of Government grant subsidy and investment in Affordable homes. As part of the funding offer, RPs also have the flexibility to convert a proportion of their social rented homes to Affordable Rent as part of a package agreed by the HCA.
- 2.19 The final product includes the following parameters:
- The capping of Affordable Rent at 80% of market rent, overriding the Retail Price Index (RPI) + 0.5% maximum annual rent increase (which is required to rebase the rent every time a new tenancy agreement is completed) ensuring that the rent set at the beginning of a tenancy does not exceed this and remains Affordable (Localism Act and Social Housing, 2010); and
 - Move away from every social tenancy being for life, regardless of the households particular circumstances (although these tenancies will still be available). Instead, the Government wishes to encourage Affordable Rent on fixed term tenancies to contribute to cohesive communities (Localism Act and Social Housing, 2010).
- 2.20 In addition to the introduction of a new Affordable Housing product the Government announced a series of changes to Local Housing Allowance (LHA) in the Emergency Budget on 22nd June 2010, considered necessary in order to “provide a fairer and more sustainable housing benefit scheme”.
- 2.21 Commencing April 2011 the following changes have been introduced:
- Removal of £15 weekly excess;
 - Restriction of the bedroom entitlement from five bedrooms to a maximum of four; and
 - Introduction of capping of LHA rates so they cannot exceed £250 for a one – bedroom property, £290 for a two bedroom property, £340 for a three bedroom property, and £400 for a four bedroom property.

² It is important to note that the overall level of funding available to support the delivery of affordable housing has been reduced

-
- LHA rates to be set at the 30th percentile³ of Private Rented Sector (PRS) rents.
- 2.22 The Coalition Government are also going to triple its contributions over the next three years to local authority funding for Discretionary Housing Payments. They will increase from the current £20 million to £30 million from 2011/12, and to £60 million from 2012/13.
- 2.23 The following bullet points summarise some key implications of changes to LHA:
- Under the changes to LHA 3 in 10 properties are now affordable in an area for people on housing benefit, rather than the current 5 in 10. The new rates mean that the housing choice available for housing benefit recipients align more closely with the choice of housing affordable to low income working households not on benefits⁴;
 - The removal of the five-bedroom rate is intended to increase alignment between those on housing benefits seeking Affordable Housing and the choices of larger households who do not claim benefits⁵; and
 - Through the increased Central Government funding to local authorities under Discretionary Housing Payments there will be an opportunity to support those most negatively impacted following the changes to the LHA.
 - Extension of the Shared Room Rate (SRR) to people aged up to 35 – the shared room rate previously applied to under 25s who were single and live alone. Housing Benefit is now based upon a single room in a shared house as opposed to a self-contained 1 bedroom property for all single persons living alone up to the age of 35. Evidence has suggested a lack of suitable accommodation and a mismatch between benefits and rental levels⁶. It is expected to result in increased demand for shared properties and increase affordability challenges for households where there are limited numbers of low priced smaller properties.
- 2.24 The Department for Work and Pensions (DWP) estimate that the impact of the measure as set out in the June 2010 Budget includes a total number of people who will see a benefit decrease will be 642,160 with an average loss of £9 a week, with a total of 297,050 not being affected⁷.

³ Note: a percentile is the value of a variable below which a certain percent of observations fall. For example, the 20th percentile is the value below which 20 percent of the data falls.

⁴ Valuation Office Agency, The Rent Office and Local Housing Allowance fact sheet

⁵ Department for Work and Pensions (2010), The Impacts of Housing Benefit Proposals: Changes to the Local Housing Allowance to be introduced in 2011-12

⁶ 'Single room rent – the case for abolition' Citizens Advice

⁷ Ibid.

- 2.25 The Valuations Office Agency (VOA) is responsible for calculating LHA. In calculating LHA the VOA use a list of rents that are paid for private sector tenancies across the Broad Rental Market Area (Broad Rental Market Area Local Reference Rent) (BRMALRR) for each category of property including those from high-end and low-end of the market. The LHA is then determined by taking the 30th percentile of these figures for each category⁸.
- 2.26 Local intelligence on the impacts of welfare reform on housing has been compiled by the Regeneration and Environment Scrutiny Panel at North East Lincolnshire Council. The latest briefing was reported on the 13th February 2013. Key findings from that briefing are summarised below, providing a finer grained analysis than that provided by the DWP:

Housing Benefit "Bedroom Tax"

- Shoreline Housing Partnership (the largest social rented provider in North East Lincolnshire) estimates that 1 in 5 tenants will be deemed to be under-occupying their property as a result of the reforms;
- Average weekly losses will be £9.80 for 1 bedroom, and £17.50 for 2 bedrooms or more that are under-occupied;
- The aggregate effect for Shoreline tenants alone will be in the order of £680,000 losses to housing benefits;
- A one-off additional demand on Shoreline lettings of approximately 640 households seeking to downsize, compared to a maximum annual capacity for meeting all demands* of around 290 one beds and 260 two beds
- The research identified a further 300 households housed by other RPs in North East Lincolnshire that will be affected by the changes.

Localised Council Tax Support

- Abolition of Council Tax Benefit and introduction of a localised scheme (with 10% less funding) will affect working age claimants.
- The Council has decided to protect families with children under 5 years as well as disabled claimants.
- Other claimants to see a reduction in benefit entitlement of 8.5%. The Council has put in place a £60,000 fund to support those who will be most affected by the changes.

⁸ Source: Valuation Office Agency, Local Reference Rent Scheme, http://www.voa.gov.uk/rent_officer_functions/LRR-FAQs.htm

Benefit Cap

- The Benefit Cap (effective April 2013) is likely to affect families with a large number of children. The Council is currently aware of 160 families who will be affected by the Benefit Cap.

Universal Credit

- The Universal Credit coupled with the effects of the "Bedroom Tax" (assessed above) has the potential to result in rent arrears.
- Pilot projects currently being run suggest significant increases in rent arrears with rent collection rates typically dropping 8-12% to date compared with previous performance.
- Shoreline assumptions are that arrears will rise to around £3m as a result of the change to Universal Credit.

Local Policy & Strategy

- 2.27 The existing North East Lincolnshire Local Plan was adopted back in 2003. The policies and allocations contained within were subject to consideration in 2007 and the bulk were subsequently saved (Secretary of State Direction September 2007).
- 2.28 There is a need to review and replace existing policies and allocations to meet future growth requirements and address changes to national policy set out in the NPPF. The provisions set out in the NPPF set out that the weight given to existing policies will depend on their consistency with the NPPF.
- 2.29 The Council is currently preparing a New Local Plan. Ultimately the New Local Plan policies will replace the existing plan policies and allocations. The New Local Plan will include site specific allocations and be the statutory development plan for the Borough.

The New Local Plan

- 2.30 In June 2012 the Council made an important decision. It decided to cease work on the LDF Core Strategy planning document that it had previously been preparing and to progress a New Local Plan document. The previous work involved in preparing and consulting upon the LDF Core Strategy, which has been retained and effectively rolled forward into the New Local Plan. In doing so this work will be subject to checks and reviews to ensure the content is still appropriate, particularly in the context of changing national policy, most notably the NPPF.
- 2.31 To inform the assessment of different spatial options, prior to selecting a preferred approach, the Council published the New Local Plan Issues and Options Paper for

public consultation in winter 2012. Following receipt of comments the Council will utilise these, and further research, to prepare the New Local Plan Preferred Options Document. This is anticipated to be published for public consultation in July / August 2013.

- 2.32 The New Local Plan Issues and Options Paper sets out the following spatial vision for North East Lincolnshire that the Council wishes to achieve through the New Local Plan:

By 2030 North East Lincolnshire will be nationally and internationally recognised as a significant destination and Global Gateway to the Yorkshire and Humber Region. This recognition will be physically evident through substantially enhanced communication, trade links and economic outputs. It will have: recognised and addressed changes to local demographics; addressed the loss of young adults; seen the establishment of a university campus and the creation of improved employment opportunities; addressed housing, health and service needs to counter deprivation issues in specific wards, and; adapted services and opportunities required of an ageing population.

It will have developed its economic profile to provide a platform for sustainable economic growth, creating conditions to sustain more and better jobs in the area, supported by measures that enable people to access jobs by removing barriers to participation and through raising skill levels. Good progress will have been made to make North East Lincolnshire a forward looking Borough where aspirations have been raised, and gaps narrowed in terms of social inequality; whether caused by health, education, age, disability, ethnicity, location or any other aspect. Housing initiatives will have successfully revitalised areas of low housing demand through selective demolition and redevelopment of good quality housing. Environmental quality will be a source of pride, aspiration and confidence. The special character, biodiversity and distinctiveness of the borough will continue to be protected and enhanced.

A commitment will have been demonstrated, to address the causes and consequences of climate change, including bringing about an overall reduction in the proportion of properties at risk from flooding. (North East Lincolnshire Council, Local Plan Issues and Options Paper, 2012)

- 2.33 The New Local Plan Issues and Options Paper sets out a series of defining objectives for North East Lincolnshire, to be achieved through implementation of the Local Plan. The following (SO1 and SO4) are particularly relevant for the SHMA:

- **SO1 Population** - To accommodate future population growth, demographic change, and provide employment growth in line with local economic expectations.
- **SO4 Housing** - To meet the existing and future housing needs of all the community, including high quality Affordable Housing, special needs housing and

gypsy and traveller accommodation, specifically providing land to achieve as a minimum, the overall housing target identified.

- 2.34 The Council recognises that it must plan for new housing growth looking forward to 2030 which will meet the needs of local people and those who are attracted to the area seeking to take up new opportunities. The scale of housing growth must reflect the changes to population, household formation, and predictions of local economic growth as per the requirements of the NPPF.
- 2.35 The Council has previously worked to the figure of 510 net additions to the housing stock per year (2008-26) as set out in The Yorkshire and Humber Plan, Regional Spatial Strategy to 2026 (RSS). This figure was based upon an assessment of factors including household projections, economic and job growth forecasts, land supply, demand and affordability. In particular, the figures reflected the economic opportunities of the South Humber area. These figures were reflected in the previous Core Strategy. Over a 15 year plan period (projecting RSS figures through to 2030) these figures equate to a requirement to deliver 7,650 homes.
- 2.36 The Council has set a revised housing trajectory from that identified in the RSS following an analysis of the potential housing land supply involving engagement with key housebuilders, registered social landlords, key landowners and other property professionals. This revised trajectory is set out in the Council's Strategic Housing Land Availability Assessment (SHLAA) 2012 and is regarded by the Council as a sound projection.
- 2.37 If extended to 2030, the trajectory would identify a total housing requirement from 1 April 2012 to 31 March 2030 of 9,330 homes. This includes housing required to maintain delivery through to the adoption of the New Local Plan, and the subsequent 15 year plan period.
- 2.38 The RSS was formally revoked by the Secretary of State in February 2013. It is therefore now the responsibility of the Council to set locally derived housing requirements through the New Local Plan. This SHMA and a forthcoming piece of research the 'Employment Land and Local Economic Assessment' for North East Lincolnshire, will form key elements of the New Local Plan evidence base for setting the derived housing requirements within the New Local Plan.

Bringing the Evidence Together

- 2.39 The purpose of this section has been to provide a context for the SHMA research through an assessment of changing national and local policy and strategy. The key population and housing objectives within the emerging New Local Plan are also

summarised as these form an important context for the research. A number of key implications of this review can be drawn out:

- Nationally there has been an increasing emphasis placed on the need to have a detailed understanding of housing markets in order for local authorities to plan effectively and this is reflected in the NPPF. The latest SHMA DCLG guidance, released in August 2007, provides clear instructions to guide local authorities in assessing housing need and demand and understanding the characteristics of their housing markets and how they function. This SHMA follows the latest DCLG guidance; and
- The NPPF advises that every local planning authority needs to produce a Core Strategy (or 'Local Plan') which should set out their overall vision for the development of the area, the key issues that need to be addressed with a delivery strategy for their achievement and clear arrangements for managing and monitoring the delivery of the Strategy. In June 2012 the Council decided to cease work on the LDF Core Strategy planning document that it had previously been preparing and to progress a New Local Plan document. To inform the assessment of different spatial options, prior to selecting a preferred approach, the Council published the New Local Plan Issues and Options Paper for public consultation in winter 2012. The Council recognises that it must plan for new housing growth looking forward to 2030 which will meet the needs of local people and those who are attracted to the area seeking to take up new opportunities. The Council has previously worked to the figure of 510 net additions to the housing stock per year (2008-26) as set out in the RSS, which has now been revoked. The Council will now be responsible for setting a locally derived housing target within the New Local Plan. This SHMA and a forthcoming piece of research the 'Employment Land and Local Economic Assessment' for North East Lincolnshire, will form key elements of the New Local Plan evidence base for setting the derived housing requirements within the New Local Plan.

3. Understanding the Current Market Context

- 3.1 The changing policy context outlined in section 2 has been partly driven as a result of the wider economic and market context. Following a period of stable and consistent growth, in terms of both the economy and other linked factors including the strength of the housing market, the UK entered a period of economic contraction and recession starting with the credit crunch in 2007. This research is being conducted in a climate which continues to be affected by this fundamental change to the market environment.
- 3.2 The SHMA explores likely future demands and needs for housing across North East Lincolnshire. This analysis cannot be separated from a detailed understanding of the underpinning drivers of the housing market and those factors which are likely to influence the future operation of this market. This section therefore seeks to identify and assess the unique housing market challenges and opportunities facing the authority.
- 3.3 Fundamentally the overall demand for housing is influenced by a number of important factors including, demographic change, the economy and the market in terms of for example the availability of finance. This section considers these wider strategic drivers but also provides a profile of the impact the current context has on the housing market of North East Lincolnshire. This includes a review of the key active market indicators such as the overall stock profile, vacancy, house prices and transactions and the rental market.
- 3.4 The analysis presented in this section presents an important context to the analysis in subsequent sections which model forward future requirements of need and demand based on a robust understanding of both the current market but also the changing direction of driving factors such as the pace of recovery of the economy.

Strategic Drivers

Demographic Factors

Population

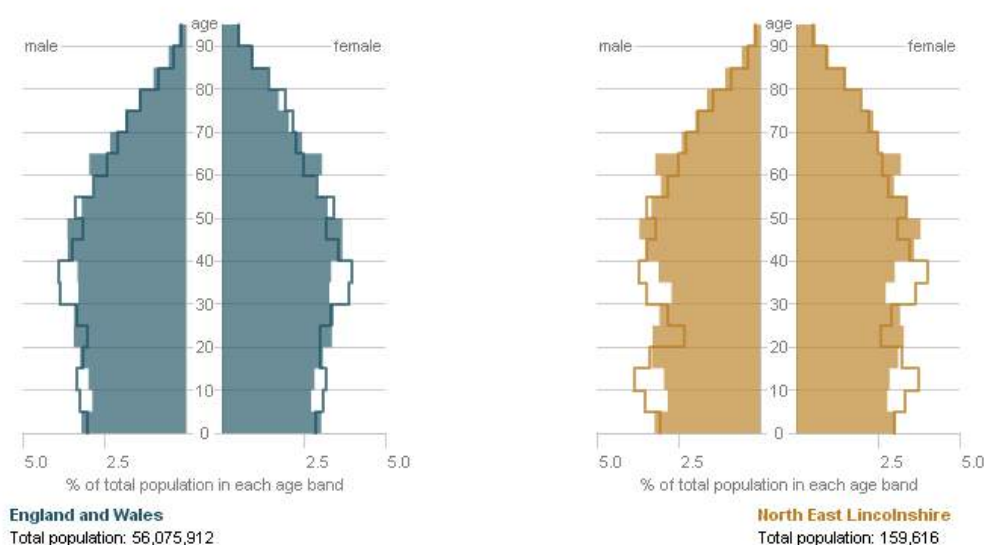
- 3.5 According to the Office of National Statistics (ONS) the population of North East Lincolnshire has grown from approximately 158,000 in 2001 (ONS Mid Year Estimate) to 159,616 in 2011 (Census 2011), an increase of approximately only 1,616 people over

the ten years. This translates into approximately 162 persons per year on average over this period.

- 3.6 The growth in population seen between 2001 and 2011 has resulted in changes to the age profile of the population across the authority. This is illustrated in the following charts produced by the ONS.

Figure 3.1: 2011 Census population estimates for England & Wales and North East Lincolnshire (outlines show 2001 Census data)

2011 Census: population estimates for England and Wales (outlines show 2001)



Source: 2011 Census, 2001 Mid-Year Population Estimates
Graphic by ONS Data Visualisation Centre

Source: 2011 Census . 2001 Mid-Year Population Estimates. Graphic by ONS Data Visualisation Centre

- 3.7 The charts show that North East Lincolnshire’s age profile is relatively closely aligned with the England and Wales profile. Contrasting the 2001 and 2011 profile in North East Lincolnshire shows that the authority has seen an increase in older age groups as well as s the age group 20 – 30. Indeed the increase in those aged 20 – 25 is relatively significant especially when compared with a considerably lower proportionate growth in this age range at an England and Wales level. Importantly though the authority has seen a proportionate reduction in those aged 30 – 40, in particular with regards the female part of the population and those aged 5 – 15, with these two age groups linked in terms of family profiles.

3.8 The 2011 Census provides further details of the age structure of North East Lincolnshire's population at a local level. This demonstrates that:

- The wards of Haverstoe, Humberston and New Waltham, and Waltham show the highest concentrations of older residents aged 65+.
- The wards with the highest concentrations of younger persons (aged 0-17) are South, Sidney Sussex, East Marsh, Heneage and West Marsh.

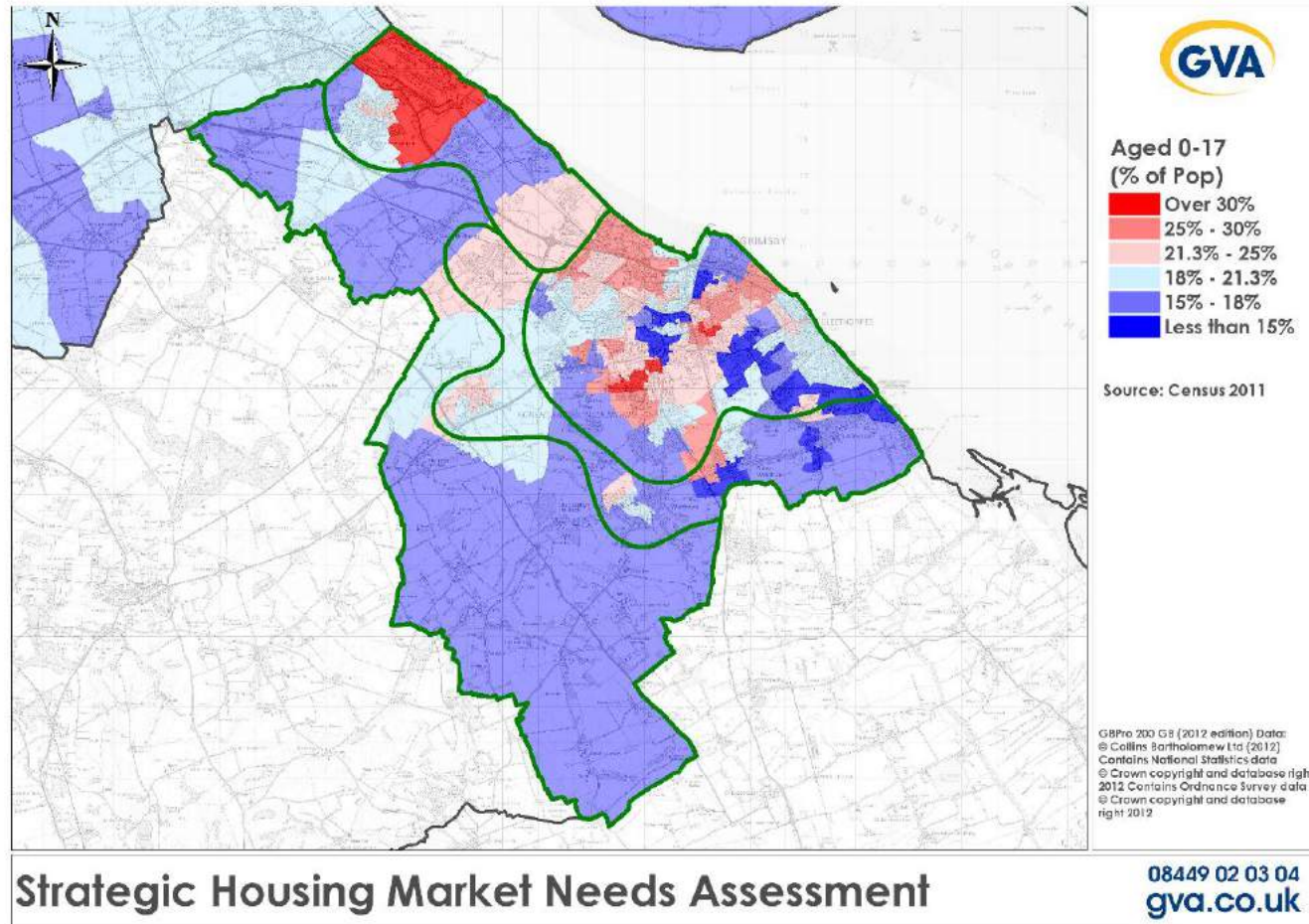
Figure 3.2: 2011 Census Population Age Structure of North East Lincolnshire

Local Authority & Wards	2011 Census - Age Structure					
	All Usual Residents	Age 0-17 (%)	Age 18-29 (%)	Age 30-64 (%)	Age 65+ (%)	Median Age
England	53,012,456	21.4	16.3	46	16.4	39
Yorkshire and The Humber	5,283,733	21.4	16.7	45.4	16.5	39
North East Lincolnshire	159,616	21.6	15.5	45.3	17.6	41
Croft Baker	11,770	18.7	15.6	45.4	20.4	42
East Marsh	11,835	23.9	20.1	43.7	12.4	34
Freshney	9,828	21.2	14.4	48.6	15.7	42
Haverstoe	10,002	17.2	9.3	46.3	27.1	50
Heneage	12,013	23.6	19.7	43.9	12.7	35
Humberston and New Waltham	10,848	17.9	9.4	46.5	26.2	48
Immingham	11,507	21.5	14.7	45.9	18	42
Park	12,173	19.6	16.4	45.5	18.4	41
Scartho	10,408	20.2	11.7	45.2	22.9	45
Sidney Sussex	12,789	25.1	19.5	44.1	11.2	34
South	12,728	27.3	17	41.6	14.1	35
Waltham	7,017	17.9	9.8	47	25.5	48
West Marsh	7,754	23.5	21.9	43	11.6	32
Wolds	7,440	21	10.3	49.5	18.9	44
Yarborough	11,504	21	17.4	45.9	15.6	39

Source: 2011 Census

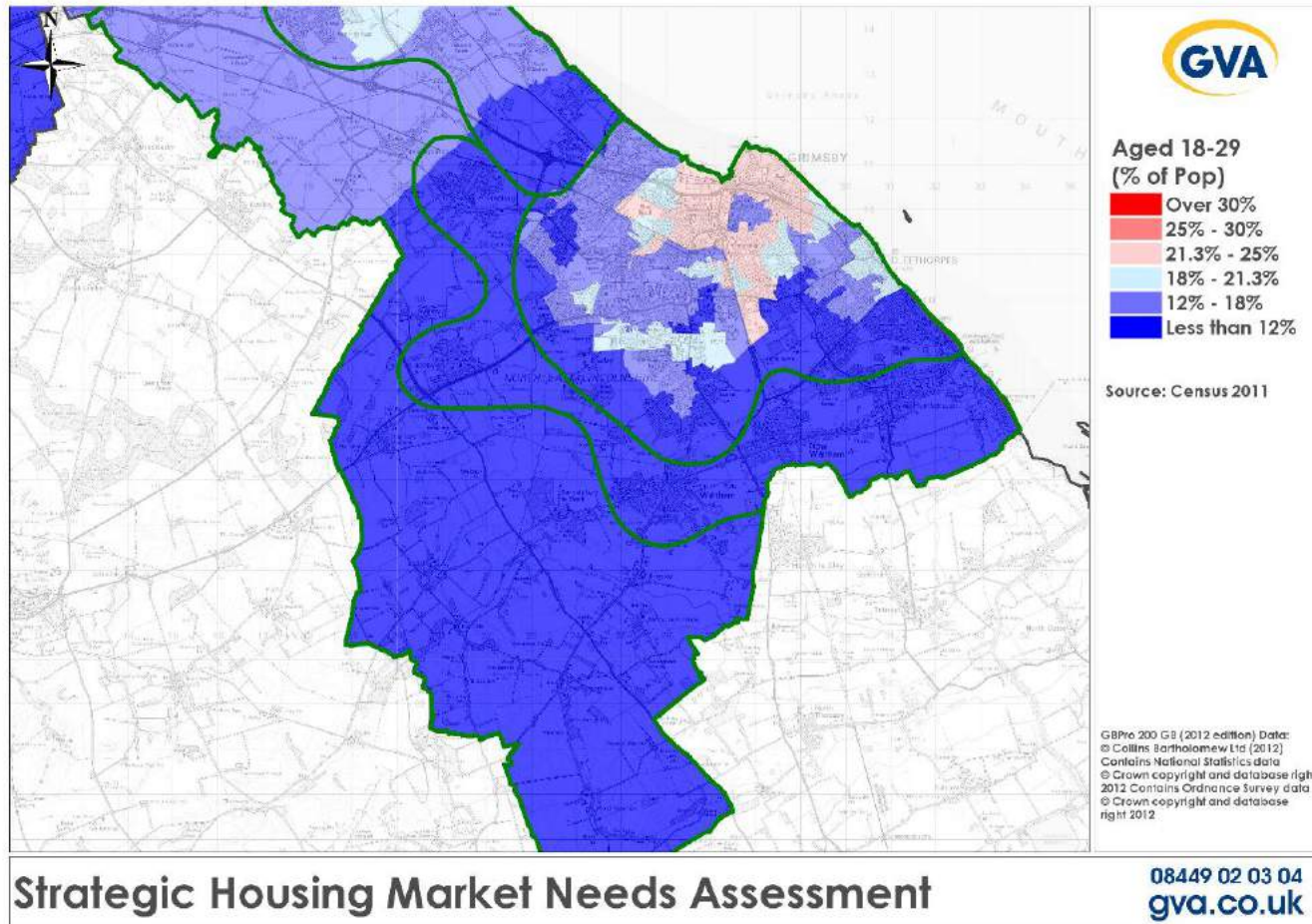
3.9 The trends above are presented spatially on the following plans.

Figure 3.3: Census 2011 – Residents Aged 0-17 Years



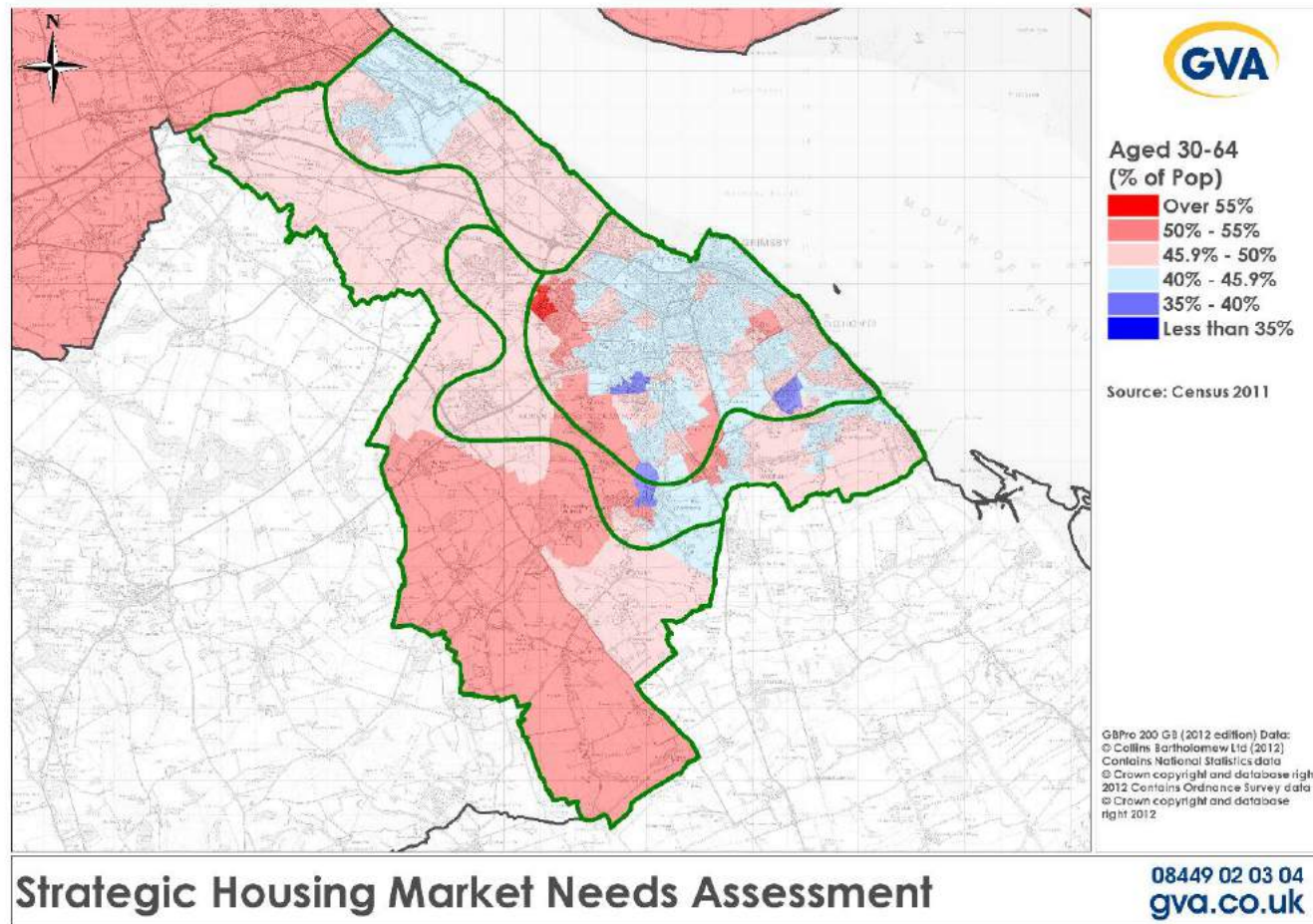
Source: 2011 Census

Figure 3.4: Census 2011 – Residents Aged 18-29 Years



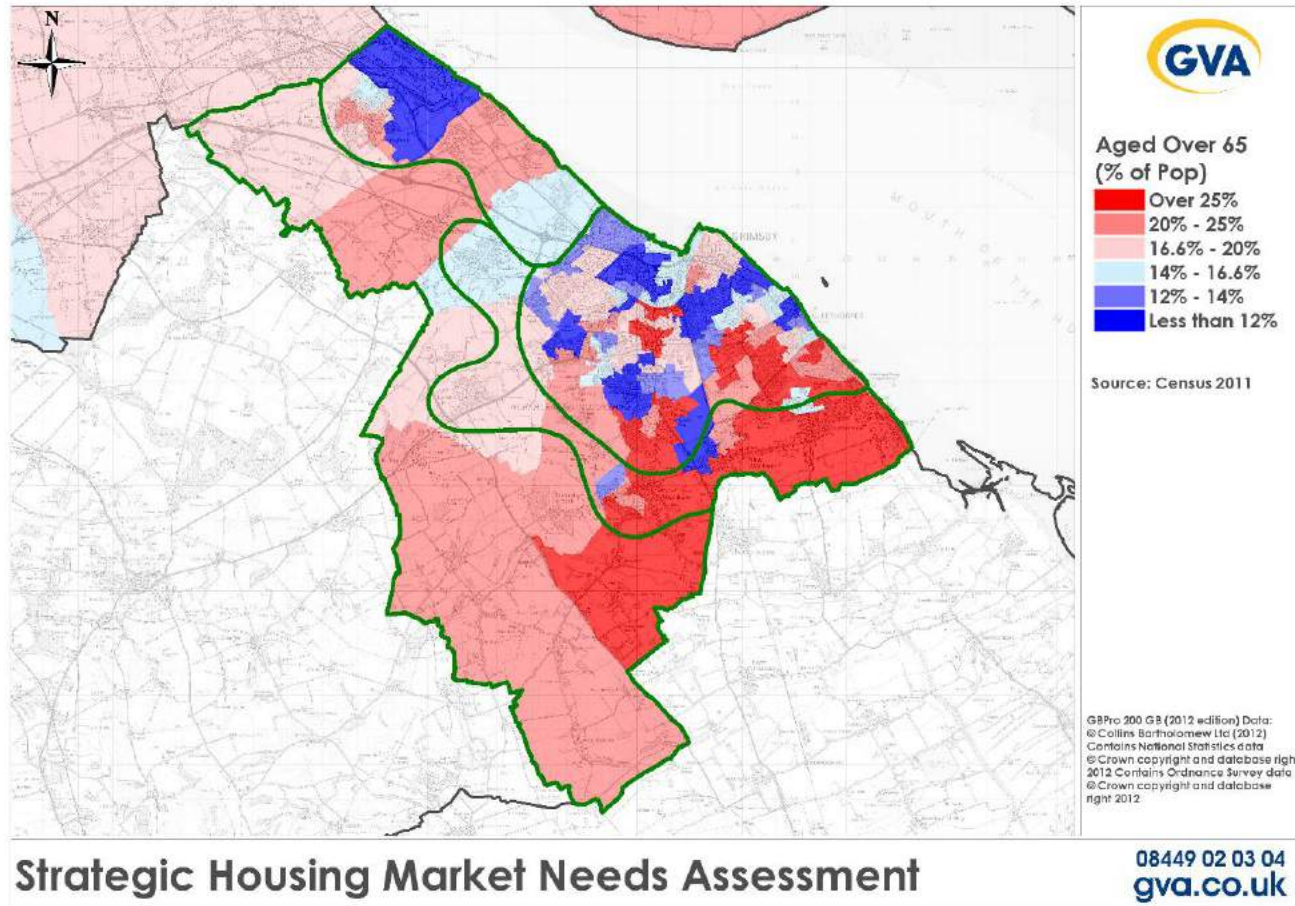
Source: 2011 Census

Figure 3.5: Census 2011 – Residents Aged 30-64 Years



Source: 2011 Census

Figure 3.6: Census 2011 – Residents Aged 65+ Years

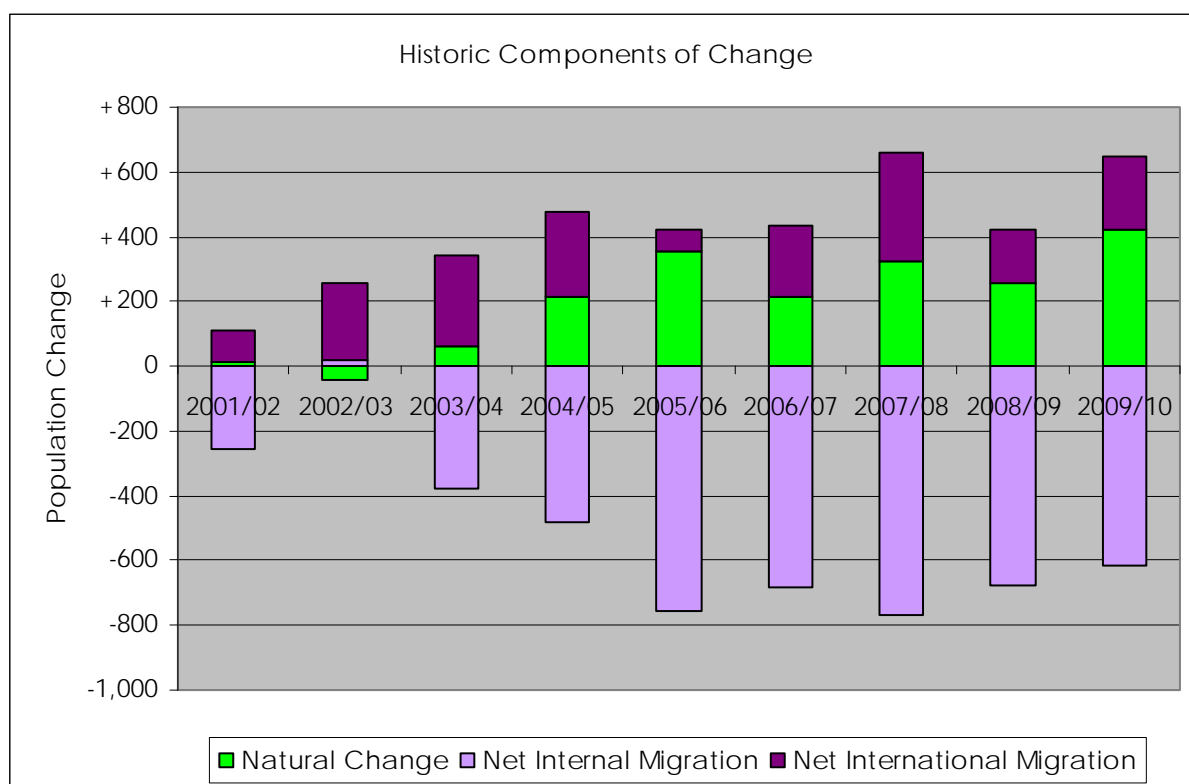


Source: 2011 Census

3.10 When considering population change the ONS considers two principal factors, natural change, which is the net residual left when the number of deaths is detracted from the number of births and migration, which considers the difference between the movement of people in and out of the authority. In terms of migration the ONS makes a distinction between internal migration, that is the movement of people into and out of North East Lincolnshire from other parts of the UK, and international migration – immigration and emigration flows.

3.11 Figure 3.7 illustrates the annual net impact of each of these factors on the changing population of North East Lincolnshire.

Figure 3.7: Components of Population Change North East Lincolnshire 2001/02 – 2009/10⁹



Source: ONS mid-year estimates (2011), Edge Analytics

3.12 The chart illustrates that natural change has played an increasingly important role in driving the growth in population, with this impact increasing over the last five years. This reflects the age structure presented in the preceding chart with younger working age components of the population increasing in size.

⁹ Note: the data displayed is modelled through POPGROUP and may include some slight variations from officially released datasets published by the ONS

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- 3.13 Year on year, with the exception of one year (2002/03) North East Lincolnshire has seen a net out-migration of persons to other parts of the UK (internal migration component). The scale of this flow has varied with particularly high levels between 2005/06 and 2008/09.
- 3.14 The net internal out-migration has been offset in terms of its impact on the annual change in population levels by a relatively strong net migration of international migrants into the authority.
- 3.15 It is important to recognise that the data presented in figure 3.2 draws on the ONS mid-year estimates datasets. The 2010 MYE dataset actually showed a considerably lower population estimate for North East Lincolnshire that that evidenced through the 2011 Census, estimated at 157,314¹⁰ compared with approximately 159,616. Given that the component which is subject to the greatest amount of modelling and estimation is the international migration component it is likely that the analysis presented has under-counted the net scale of international in-migration into North East Lincolnshire over this period.
- 3.16 Further analysis of the geographical nature of migration flows as well as analysis of the migrant flows by age is included within section 4.

Household Change and Current Structure

- 3.17 An increase in population in North East Lincolnshire has also been reflected in an increase in the number of households in the authority. The 2011 Census shows that the number of households has increased from approximately 66,000 in 2001 to 69,707 households in 2011, an increase of just over 3,700 or approximately 370 per year.
- 3.18 The comparatively large rise in the number of households compared with the population reflects a trend of reducing household size. The age profile of the population presented earlier in the section provides an indication of the contribution of a growing older person population, which tend to live in one or two person households, to this trend.

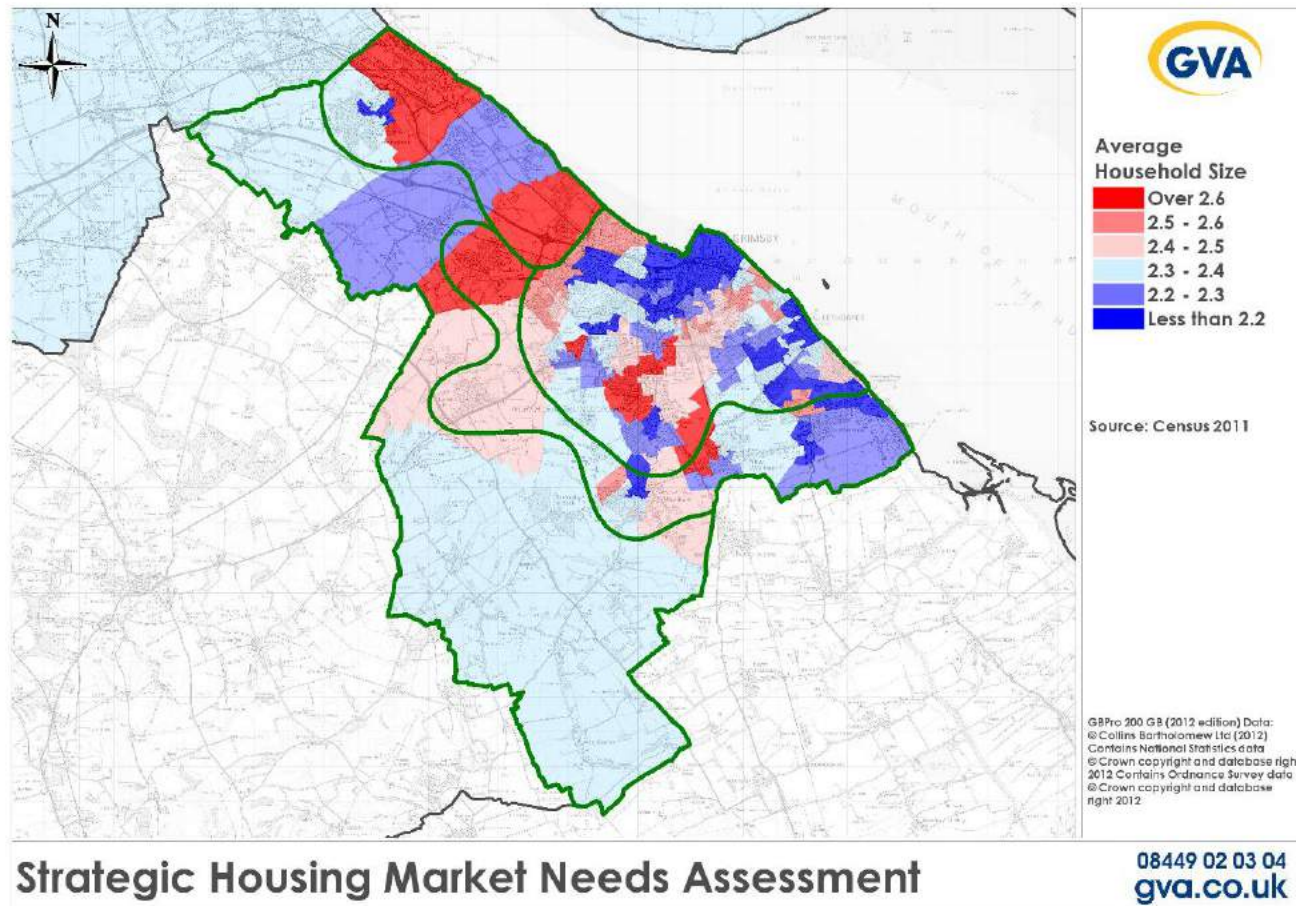
¹⁰ Source: ONS MYE 2010, ONS Population Estimates Unit published tables. Note the ONS released Indicative updated Mid-Year Estimates population data factoring in alternative methodologies for attributing the international migration component. These datasets were integrated within the 2010 SNPP dataset considered in more detail in section 5. This indicative dataset showed a population of 157,075 persons in North East Lincolnshire in 2010.

- 3.19 Indeed comparing the private household population¹¹ with the number of households the 2011 Census shows an average household size¹² of approximately 2.3 persons. This compares with an England & Wales average household size of 2.4 persons (2011 Census).
- 3.20 This is shown spatially across North East Lincolnshire in the following figure.

¹¹ 2011 Census definition – A household resident is a person whose place of usual residence is in an individual household, and not within managed residential accommodation in a communal establishment. A communal establishment is an establishment providing managed residential accommodation. ‘Managed’ in this context means full-time or part-time supervision of the accommodation. Communal establishments include sheltered accommodation units, hotels, guest houses, B&Bs and inns and pubs, and all accommodation provided solely for students (during term-time).

¹² 2011 Census definition – The size of a household is equal to the number of usual residents in the household.

Figure 3.8: 2011 Census – North East Lincolnshire Household Size



Source: 2011 Census

Economic Factors

The Economically Active Labour-force

- 3.21 The relative health of the economy has an important relationship with population and housing market dynamics. Firstly, as noted above the availability of employment opportunities can serve as an important motivating factor for people choosing to migrate between different areas. Secondly, since employment status is linked to a household's available income to spend on housing costs, this has an important bearing again on choices exercised by households around moving house and the location, type and tenure of housing they select.
- 3.22 Figure 3.9 shows the proportion of people classified as economically active on average in North East Lincolnshire between 2004 and 2011¹³ as recorded by the Annual Population Survey by broad age group. Comparable proportions for England are provided in order to contextualise the statistics.

¹³ Averages are used over this period in order to iron out any volatility in the dataset recognising that the APS is based on a sample of responses.

Figure 3.9: Average economic activity rates by broad age group over the period 2004 – 2010 – North East Lincolnshire and England

Gender	Age Group	Average 2004 – 2010	
		North East Lincolnshire	England
Male	16 – 19	66.7	54
	20 – 24	88.5	80.5
	25 – 34	90.8	92.5
	35 – 49	92.6	92.1
	50 – 64	75.2	75.8
	65+	5.9	10.3
Female	16 – 19	54.9	53.4
	20 – 24	75.8	70
	25 – 34	73.9	75.3
	35 – 49	80.4	78.6
	50 – 64	56.2	59.9
	65+	3.6	5

Source: APS, 2012

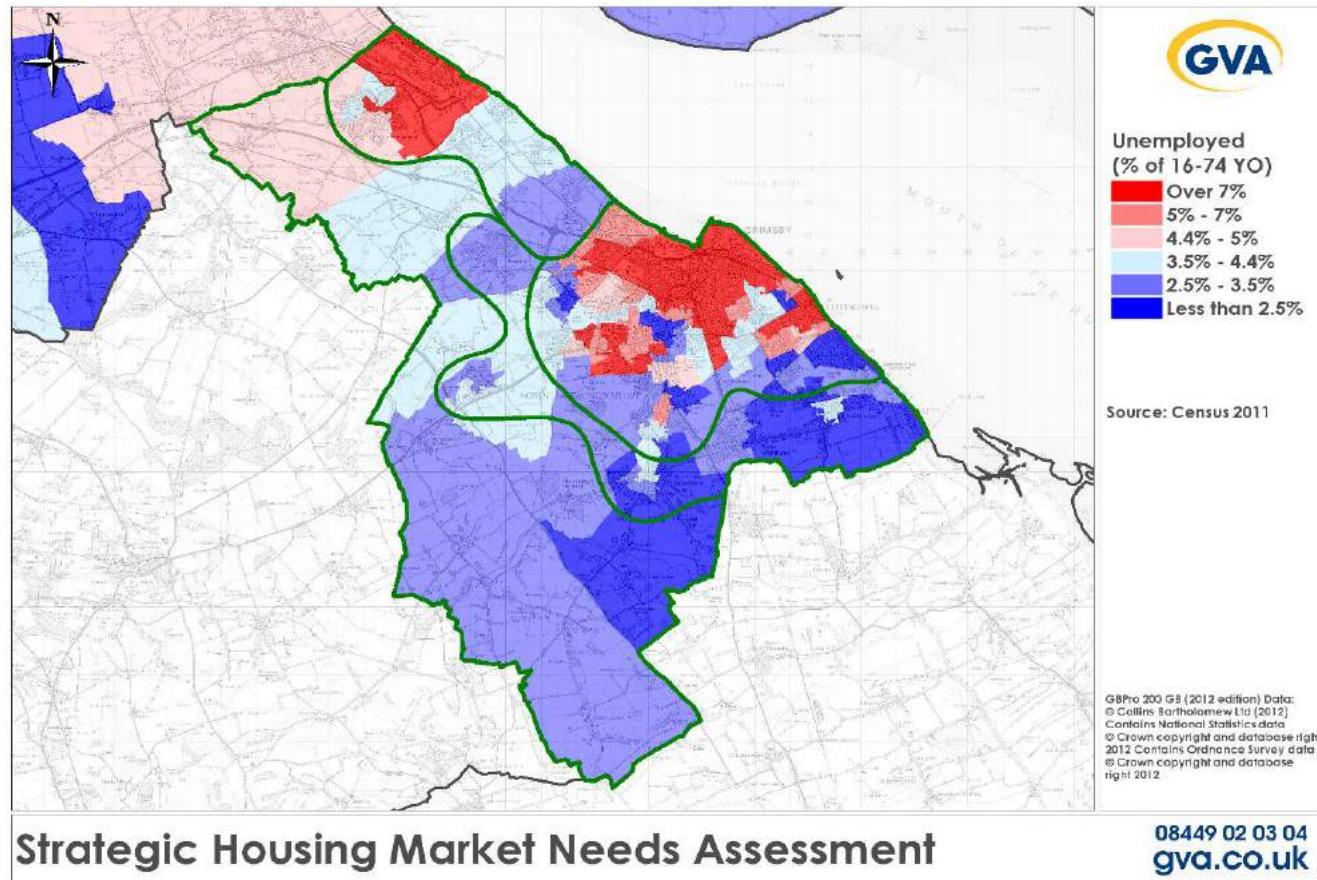
- 3.23 It is evident from the above that North East Lincolnshire actually has higher economic activity rates than the England average across a number age groups. Significantly economic activity rates of older persons, of both genders, are however, comparatively low compared to the national averages. This is offset by comparatively high economic activity rates in the younger age groups, particularly those aged between 16 and 24. It should be noted that economic activity rates include people who are unemployed, and this is an explanatory factor for comparatively high activity rates when compared against England averages.
- 3.24 The Census 2011 includes economic activity data at a local authority level, as well as at a ward scale and this provides a snapshot of economic activity. This shows that in the week preceding the 2011 Census date that North East Lincolnshire had an economic activity rate of 68.5% compared to an England average of 69.9%. The data included at Figure 3.10 highlights the “above” average contribution that unemployment makes in terms of overall economic activity. The averaging out of activity rates as shown in figure 3.9 provides an important basis for considering the health of North East Lincolnshire’s economy on average and over a number of years rather than the simple snapshot provided by the Census analysis.

Figure 3.10: 2011 Census – North East Lincolnshire Economic Activity

Local Authority & Wards	2011 Census - Economic Activity					
	All Usual Residents Aged 16 to 74	Economically Active (%)	Economically Inactive (%)	Unemployed (%)	Long-term Unemployed (%)	Never Worked (%)
England	38,881,374	69.9	30.1	2	1.7	0.7
Yorkshire and The Humber	3,875,219	68.3	31.6	2.3	1.9	0.8
North East Lincolnshire	115,823	68.5	31.7	3.1	2.7	1
Croft Baker	8,598	68	32.1	3.2	2.7	1
East Marsh	8,657	61.7	38.5	6.1	6.3	2.1
Freshney	7,450	68.9	31.1	2.9	2.4	0.6
Haverstoe	7,187	66.7	33.3	1.2	0.7	0.2
Heneage	8,738	71.4	28.5	4.3	3.6	1.3
Humberston and New Waltham	7,887	68.2	31.8	1.5	0.9	0.3
Immingham	8,396	66.9	33.2	3	2.4	1
Park	8,870	71.3	28.6	2.5	2	0.7
Scartho	7,423	69.3	30.7	1.9	1.1	0.4
Sidney Sussex	9,319	70.4	29.7	3.4	3	1.2
South	8,687	61.4	38.6	5	4.6	2.3
Waltham	5,024	68.2	31.8	1.1	0.8	0.2
West Marsh	5,682	69.5	30.5	4.8	5.2	1.3
Wolds	5,405	72.7	27.3	1.7	1	0.3
Yarborough	8,500	73.3	26.8	2.6	2.5	0.7

Source: 2011 Census

Figure 3.11: 2011 Census – North East Lincolnshire Total Unemployment¹⁴



Source: 2011 Census

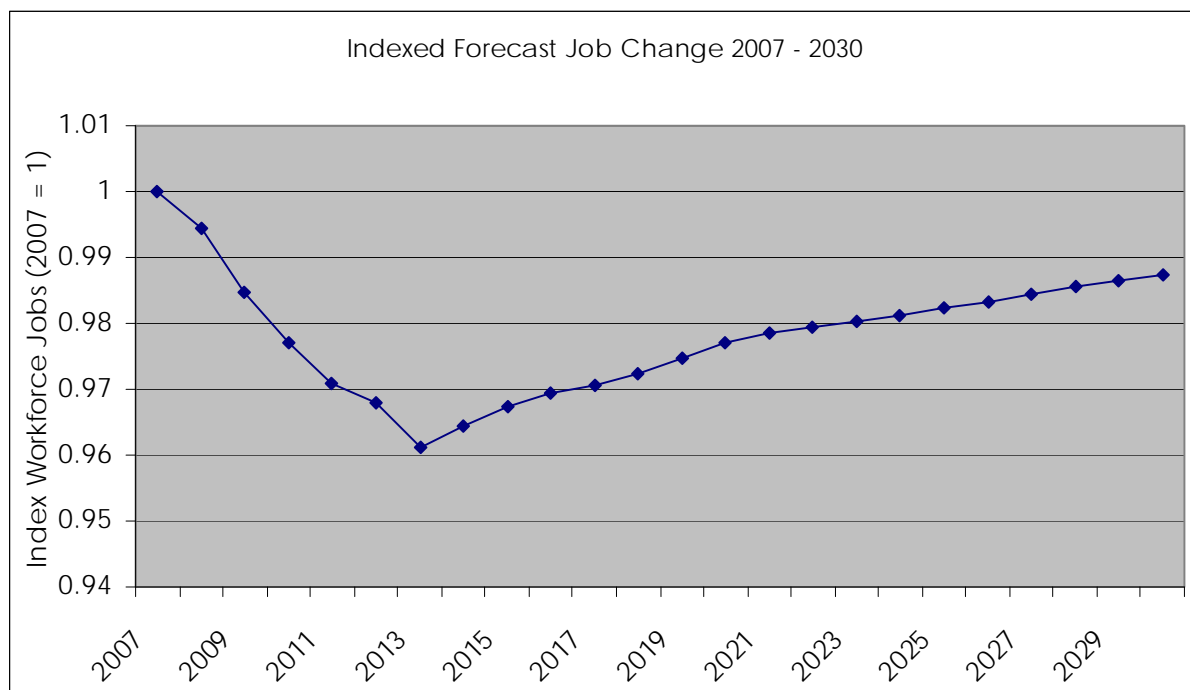
¹⁴Note: This plan includes the Census 2011 categories “unemployed”, “long term unemployed” and “never worked”

-
- 3.25 The economic health of the labour-force in North East Lincolnshire is further emphasised through a consideration of the proportion of unemployment residents aged 16-74. Figure 3.10 demonstrates that, at the time of the 2011 Census, North East Lincolnshire had an unemployment rate of 3.1%, which exceeded the regional and national average rates by a considerable margin. Moreover, long-term unemployment (6+ months) and the proportion of people of working age who have never worked, was also higher in North East Lincolnshire.
- 3.26 Figure 3.11 shows the highest concentrations of unemployed residents to be within Grimsby and the Immingham area.
- 3.27 Further analysis of commuting patterns, which reflect the spatial interaction of the relationship between work and home, is included within section 4 with these forming an important factor in understanding strategic housing market linkages.

Economic Futures

- 3.28 The above summary of the economy has considered historical trends but it is also important to understand how the health of the economy of North East Lincolnshire may change in the future.
- 3.29 The SHMA is intended to inform the Council's understanding of its future housing demand and need pressures. This is undertaken through the consideration of a number of important strategic drivers and variables and the modelling of potential projections. In order to objectively assess this need this SHMA, as recognised in the introduction, makes a distinction between the level of need and demand based on a continuation of trends and baseline economic futures and the potential impact of the successful implementation of the Council's corporate priorities and strategies.
- 3.30 The analysis in this section therefore presents an analysis of a baseline set of economic forecasts produced by Experian. These are intended to provide an indication of the future direction of economic change assuming that North East Lincolnshire continues to grow and change based on its current trajectory and the wider forecast growth of the country. Analysis in section 7 then presents an alternative analysis that considers the potential impact of a range of local investment schemes in North East Lincolnshire. This is intended to provide a complementary suite of analysis to enable the Council to be pro-active in the future setting of policies and strategies as well as investment planning.
- 3.31 The chart below shows the indexed change in jobs forecast between 2007 and 2030 by Experian (November 2012 version of the Regional Model).

Figure 3.12: Indexed forecast job change 2007 – 2030



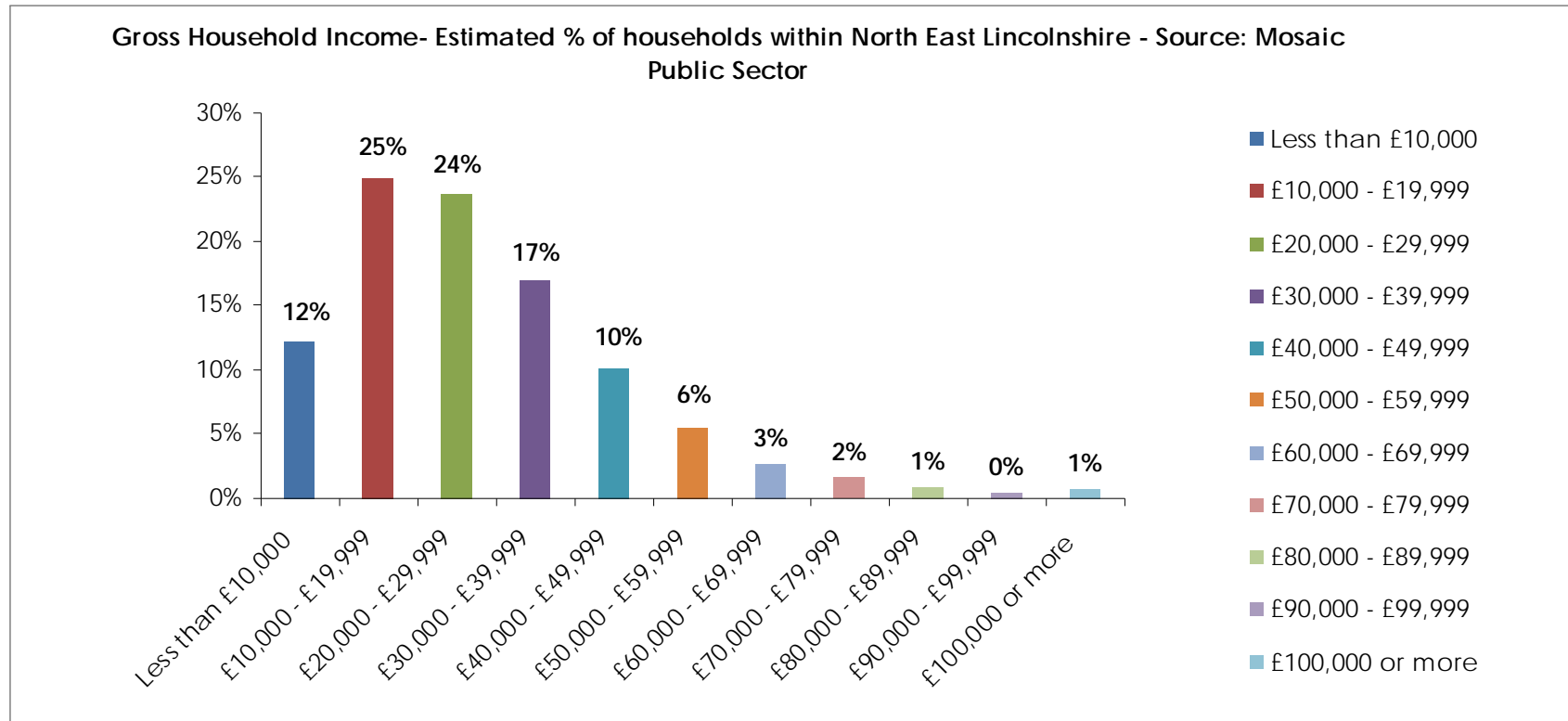
Source: Experian forecast, November 2012

- 3.32 The chart shows that following the onset of the credit crunch North East Lincolnshire suffered the loss of a relatively significant number of jobs. The forecasts suggest a comparably steady recovery from 2013. Significantly the forecasts suggest that a recover to pre 2007 employment levels will occur outside of the forecast period
- 3.33 In total the forecasts show a forecast growth of approximately 1,300 jobs between 2011 and 2030. On average this translates into approximately only 70 jobs per annum. This comparatively low level of employment generation highlights the importance of considering the impact of additional potential employment generators alongside this baseline position, with the outputs of this exercise presented in section 7.
- 3.34 It is important to note that the job outputs described above are related to total workforce jobs. In North East Lincolnshire the growth in Full Time Equivalent jobs is forecast to be considerably higher (approximately 3,240 new jobs). The difference between these two job measures is the result of a high growth in self-employment (whereby people tend to work more hours than an employee typically would) as well as the impact of the recovery from the recession with people rebuilding the amount of hours they work.

Incomes

- 3.35 Income levels are directly related to employment opportunities and have an important relationship with the ability of households to exercise choice in the housing market and indeed the level of need for Affordable Housing products.
- 3.36 Figure 3.13 illustrates the gross household income profile of residents across North East Lincolnshire using the Mosaic Public Sector Household Directory 2012 data release from Experian Ltd – provided by North East Lincolnshire Council. In addition, ward level median household income is presented in Figure 6.19 using the same dataset.
- 3.37 Overall, the gross household income profile for North East Lincolnshire demonstrates that 61% of households have a gross annual income of less than £30,000. Moreover, almost 40% of households have a gross income below £20,000 per annum. This demonstrates that the household income profile is relatively skewed towards the lower end of the income spectrum.
- 3.38 It is important to note that this dataset includes all types of household incomes. Therefore a proportion of the incomes in the lower brackets will be made up of older person households, who whilst not having an annual wage from employment, may well have capital in property and savings.

Figure 3.13: North East Lincolnshire Gross Household Income Profile



Source: Mosaic Public Sector © 2012 Experian Ltd, All rights reserved

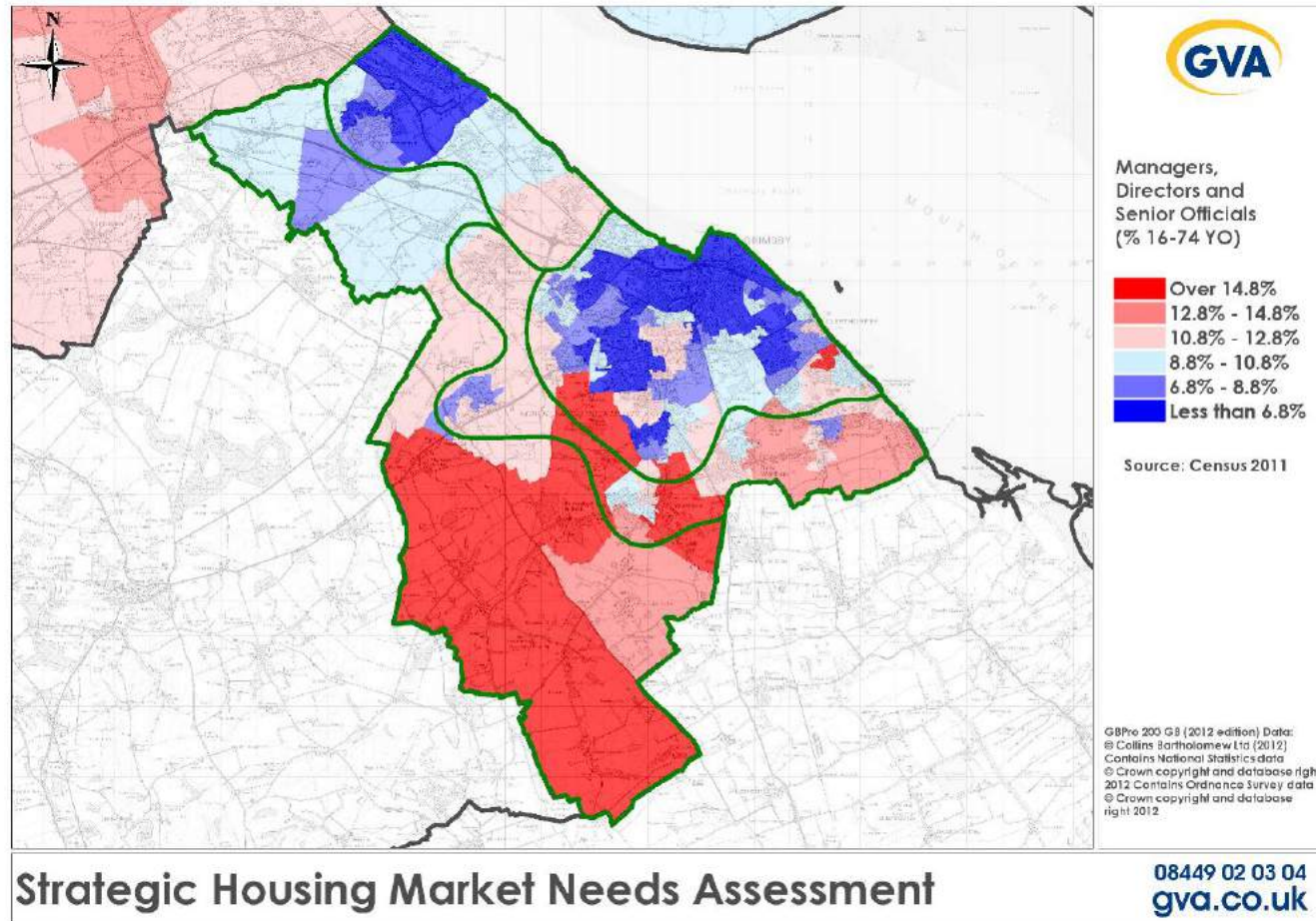
- 3.39 The occupational structure of North East Lincolnshire will considerably influence household incomes. Figure 3.14 presents the occupational structure of North East Lincolnshire as derived from the 2011 Census.
- 3.40 It is evident that North East Lincolnshire's residents are not employed in higher skilled, higher income managerial and professional occupations to the same extent as the regional and national averages. Instead the employment base is skewed towards lower income and skilled elementary occupations and process, plant and machinery operatives. Moreover, East Marsh and West Marsh demonstrate extremely high concentrations of residents in the latter occupational sectors.
- 3.41 Figures 3.15-3.17 show the spatial distribution of occupations across North East Lincolnshire. It is evident that higher skilled and higher income occupations are held by people residing in the rural areas, with lower skilled and lower value occupations predominantly held by residents living in Grimsby and Immingham.

Figure 3.14: 2011 Census – North East Lincolnshire Occupational Structure

Local Authority & Wards	2011 Census – Occupation									
	All Usual Residents Aged 16 to 74 in Employment	1. Managers, Directors and Senior Officials (%)	2. Professional Occupations (%)	3. Associate Professional and Technical Occupations (%)	4. Administrative and Secretarial Occupations (%)	5. Skilled Trades Occupations (%)	6. Caring, Leisure and Other Service Occupations (%)	7. Sales and Customer Service Occupations (%)	8. Process, Plant and Machine Operatives (%)	9. Elementary Occupations (%)
England	25,162,721	10.9	17.5	12.8	11.5	11.4	9.3	8.4	7.2	11.1
Yorkshire and The Humber	2,428,074	9.9	15.4	11.4	10.9	12.3	9.7	9.1	8.8	12.5
North East Lincolnshire	70,776	8.2	10.4	9.7	10.2	12.9	10.4	9.4	14.9	13.9
Croft Baker	5,220	8	9.2	10.6	10.2	13.4	10.8	10.1	13.3	14.4
East Marsh	4,101	5.4	3.2	5.7	6.7	12.2	12	10.1	22.5	22.2
Freshney	4,685	7.9	9.7	9.3	10.8	12	10.4	9.6	17.1	13.2
Haverstoe	4,612	11.4	13.6	12.4	12.2	13.1	8	9.9	10.4	9
Heneage	5,414	6.8	7.9	8.4	8.7	13.7	11.8	11.1	15.8	15.8
Humberston and New Waltham	5,105	11.6	14	11.9	12.7	14	8.2	8.5	10.2	9
Immingham	5,033	7.1	7	9	11	13.4	10	8.1	18	16.4
Park	5,763	9.1	17.2	11	10.4	11.9	9.3	7.7	12.4	11.2
Scartho	4,829	9	14.4	11.6	11.6	13.3	10.3	8.8	11.3	9.7
Sidney Sussex	5,754	6.9	6.2	8	7.9	14.4	12.1	10.9	17.2	16.3
South	4,285	5.4	6.1	6.6	7.6	13	12.7	9.7	17.9	21.1
Waltham	3,287	12	16.5	11.4	13.4	13.3	8.7	7.8	8.6	8.4
West Marsh	3,297	5.1	5.1	6.8	7.9	11.6	10.7	11.1	20.4	21.3
Wolds	3,727	12.2	18.4	12.2	12.2	11.2	8.6	6.6	10.9	7.8
Yarborough	5,664	6.7	8.2	9.3	10	12.6	11.5	10.4	17	14.3

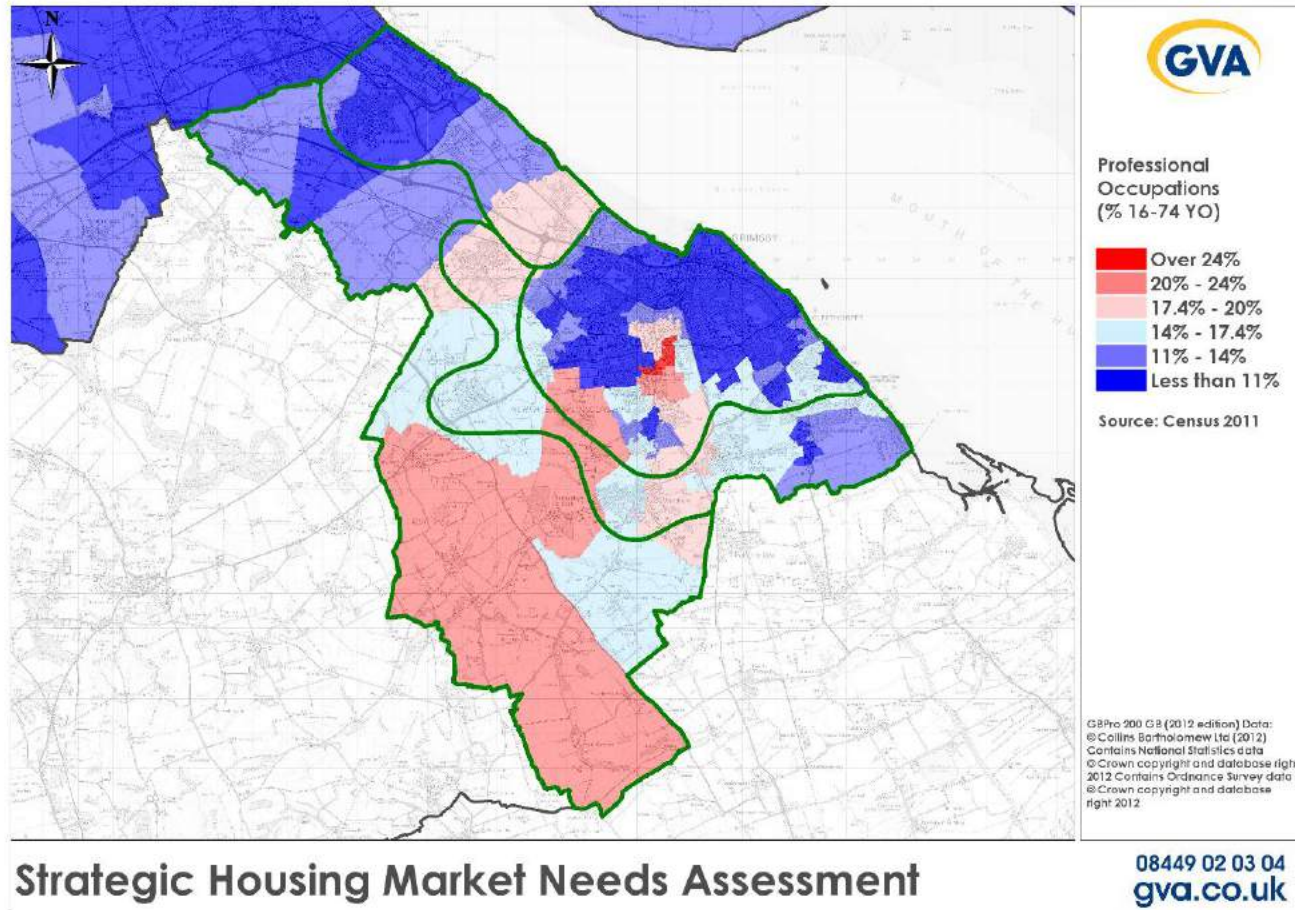
Source: 2011 Census

Figure 3.15: 2011 Census – Managers, Directors and Senior Officials



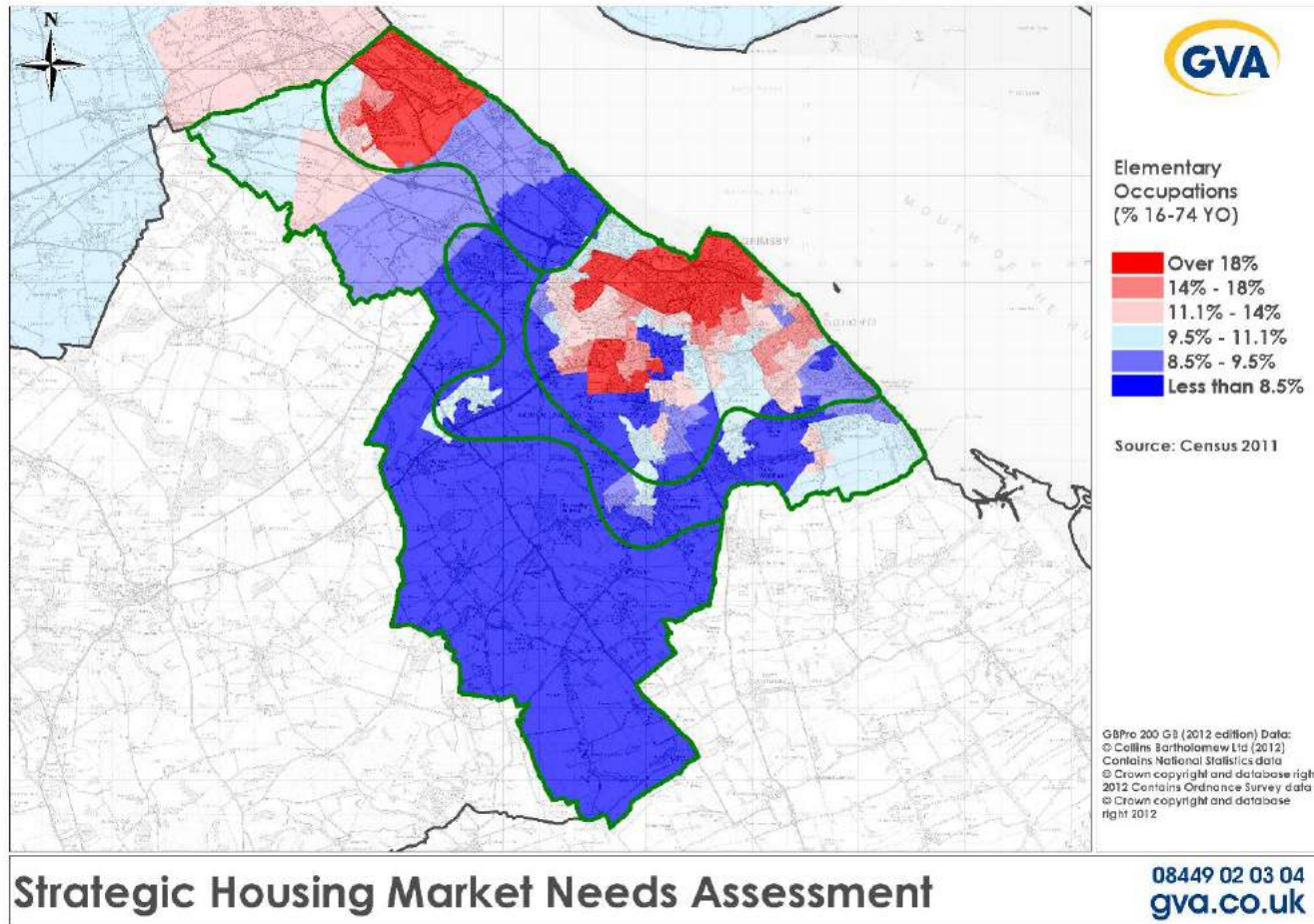
Source: 2011 Census

Figure 3.16: 2011 Census – Professional Occupations



Source: 2011 Census

Figure 3.17: 2011 Census – Elementary Occupations



Source: 2011 Census

The Active Market

The Housing Stock Profile

- 3.42 In order to identify areas where change is required it is important to understand the position from which you are starting. An understanding of the current 'Housing offer' is fundamental to arriving at conclusions and recommendations regarding future requirements.
- 3.43 This section uses the latest information available to create a concise update of the current housing stock across North East Lincolnshire. The intention is not to replicate a full suite of baseline indicators but to provide a short assessment of key datasets. This includes an estimation of the total number of dwellings across the authority. The mix of housing in terms of tenure and type is then considered, benchmarked against a range of comparators. Quality of the housing stock as well as quantity is assessed.
- 3.44 Research findings relate directly to Guidance Core Output 1: Estimates of Current Dwellings in Terms of Size, Type, Condition, Tenure.

Current Dwelling Position and Vacancy

- 3.45 As of October 2011, North East Lincolnshire contained a total of 71,910 dwellings of which 2,976 were classified as empty. This equates to a vacancy rate of 4.1%, which exceeds both the national rate of 2.8%, and the regional rate for Yorkshire and the Humber of 3.6%¹⁵.
- 3.46 An updated long-term vacancy position (vacant for longer than 6 months) was provided through Council Tax data as at 31 January 2013. This calculated that there were 1201 long term empty homes in North East Lincolnshire.

Property Type & Size

- 3.47 In understanding the relationship between the supply of housing and demand it is important to understand the mix of the housing offer by both size and type.
- 3.48 The Census 2011 provides the most accurate count of properties by type. Figure 3.18 compares the North East Lincolnshire profile with the average for both the Yorkshire and the Humber region, and for England. It also demonstrates the proportional change in stock, by type, since the Census 2001.

¹⁵ Note: Vacancy rates for Yorkshire and the Humber region and England are at a base date of April 2011. Comparable data for April 2012 is not yet available.

Figure 3.18: Stock Type Profile

2011 Census Analysis	2011 Census - Stock Volume			2011 Census - Stock %			Percentage Change in Stock by Type (2001-2011)		
	North East Lincolnshire	Yorkshire & the Humber	England	North East Lincolnshire %	Yorkshire & the Humber %	England %	North East Lincolnshire %	Yorkshire & the Humber %	England %
Detached	15,003	477,309	5,128,552	20.7%	20.5%	22.3%	10%	9%	7%
Semi-detached	23,782	849,261	7,076,395	32.8%	36.5%	30.7%	3%	5%	5%
Terraced	24,009	643,879	5,642,969	33.1%	27.7%	24.5%	1%	3%	3%
Flat, Maisonette or apartment	9,668	348,458	5,095,953	13.3%	15.0%	22.1%	10%	24%	22%
Other	98	5,478	100,228	0.1%	0.2%	0.4%	24%	4%	13%

Source: Census 2011 & Census 2001

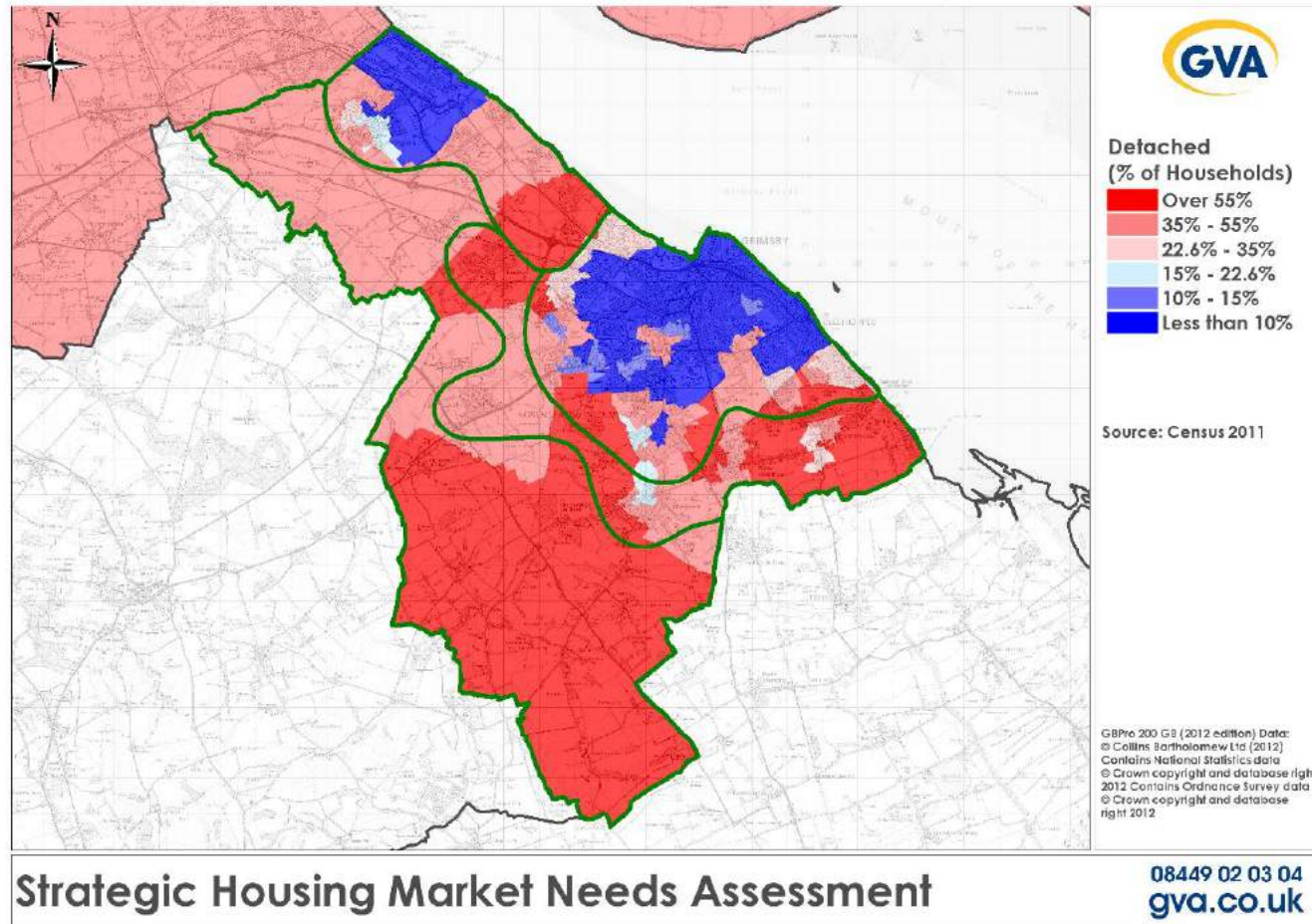
- 3.49 This shows that North East Lincolnshire bears a relatively close resemblance to the wider regional stock profile. It does, however, contain a higher proportion of terraced dwelling stock than the regional and national average. In contrast, both North East Lincolnshire and the wider region show comparatively low proportions of both detached and flatted dwelling stock when compared to the national average.
- 3.50 Analysis of the proportional change in stock, by type since 2001, highlights that detached and flatted dwellings have seen the largest growth in volume in North East Lincolnshire – both increasing 10% respectively through development since 2001.
- 3.51 This trend differs to the development of new dwellings at both the regional and national scales, where flatted dwellings have seen the greatest increase in volume through new development, by a considerable proportion.
- 3.52 The 2011 Census also enables a stock type breakdown at the ward scale within North East Lincolnshire. This is presented as a table in Figure 3.19, and spatially by type in Figures 3.20 – 3.24.

Figure 3.19: 2011 Census – North East Lincolnshire Stock Type Profile

Local Authority & Wards	2011 Census - Dwelling Type & Vacancy						
	All Dwellings	Detached (%)	Semi-detached (%)	Terraced (%)	Flat, Maisonette or Apartment (%)	Caravan or Other Mobile or Temporary Structure (%)	Household Spaces With No Usual Residents (%)
England	22,976,066	22.3	30.7	24.5	22.1	0.4	4.3
Yorkshire and The Humber	2,319,910	20.5	36.5	27.7	14.9	0.2	4.3
North East Lincolnshire	72,520	20.7	32.8	33.1	13.3	0.1	3.9
Croft Baker	5,824	4.6	35.3	37.3	22.7	0	3.8
East Marsh	6,124	1.7	6.2	53.5	38.7	0	5.7
Freshney	4,263	24.3	34.8	27.5	13.5	0	1.7
Haverstoe	4,510	47.2	39.4	9	4.3	0	2
Heneage	5,259	9.7	25	55	10.2	0	4.5
Humberston and New Waltham	4,997	53.7	36.1	4.8	3.6	1.8	5.8
Immingham	5,127	29.2	44.8	16.3	9.6	0.1	3.2
Park	5,411	11.2	37.8	31.2	19.8	0	4.5
Scartho	4,643	36.5	46.2	9.1	8.2	0	2.9
Sidney Sussex	5,653	3.2	21.7	61.9	13.2	0	4.7
South	5,440	6.8	50.3	31.7	11.1	0	3
Waltham	3,102	48.9	38.7	6.9	5.4	0	2.8
West Marsh	3,936	2.1	5.7	72.7	19.5	0	6.5
Wolds	3,070	55.9	31.5	10.7	1.9	0	2.7
Yarborough	5,161	11.7	41	43.5	3.7	0	3.7

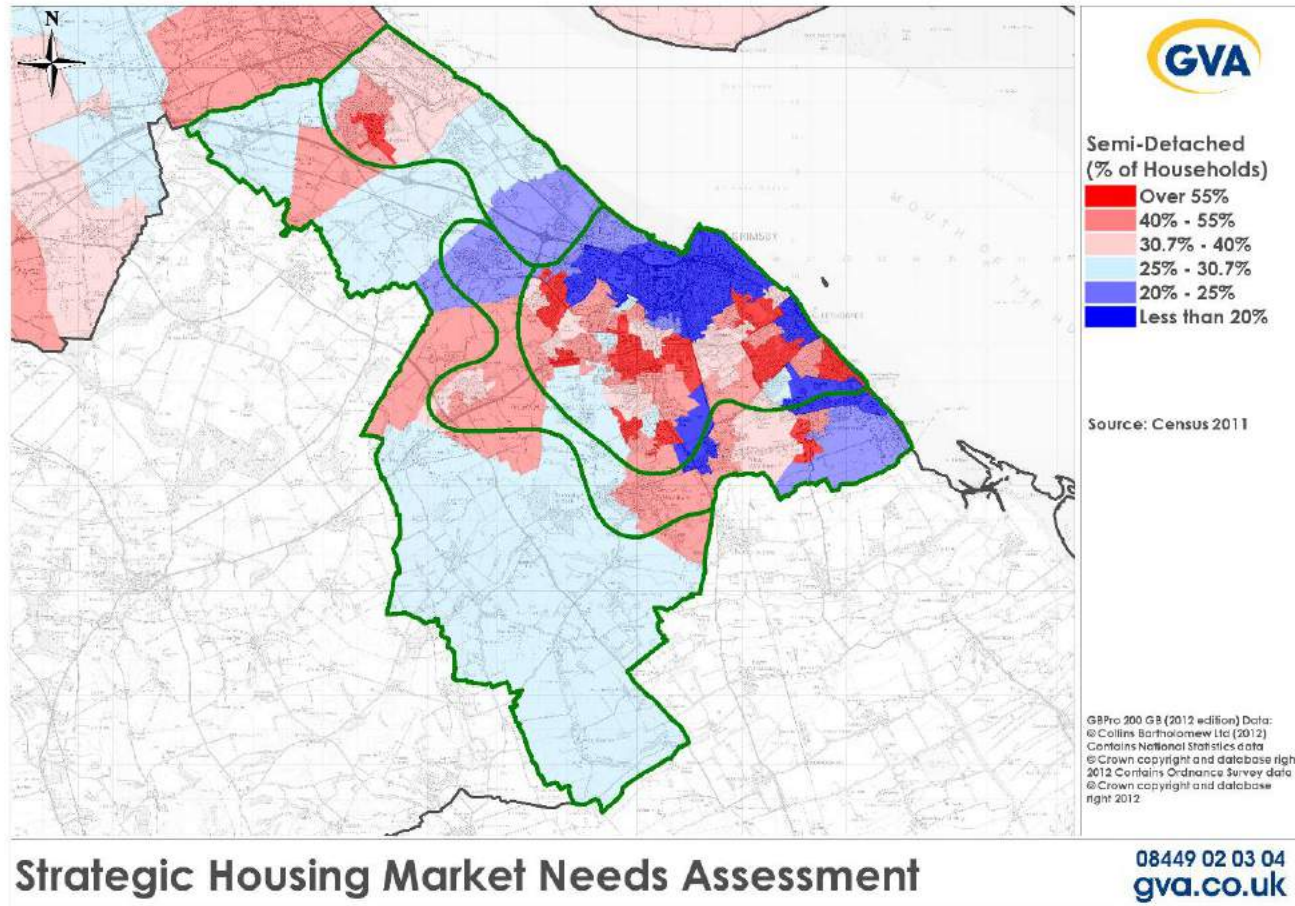
Source: 2011 Census

Figure 3.20: 2011 Census – North East Lincolnshire Detached Dwelling Stock



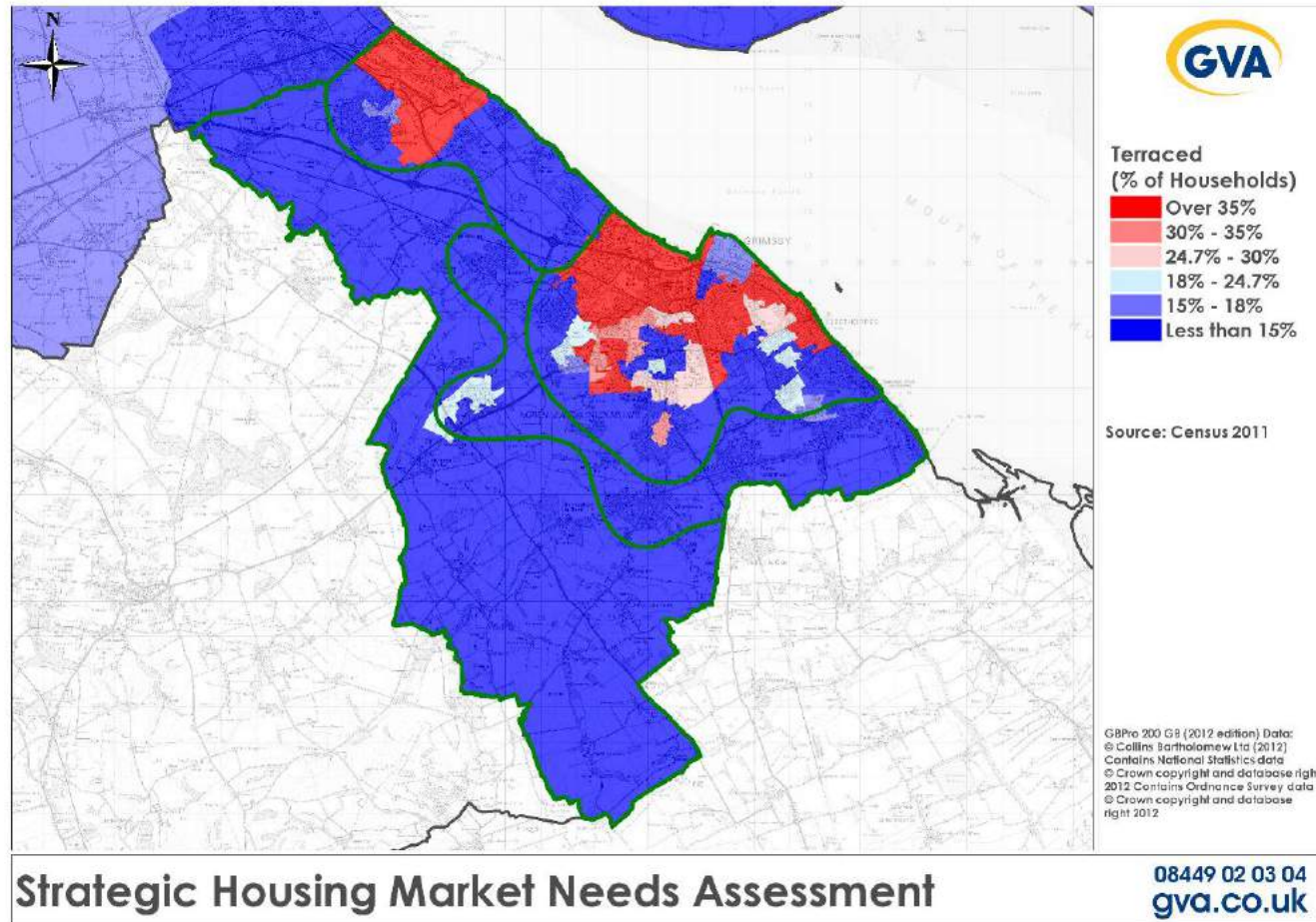
Source: 2011 Census

Figure 3.21: 2011 Census – North East Lincolnshire Semi-Detached Dwelling Stock



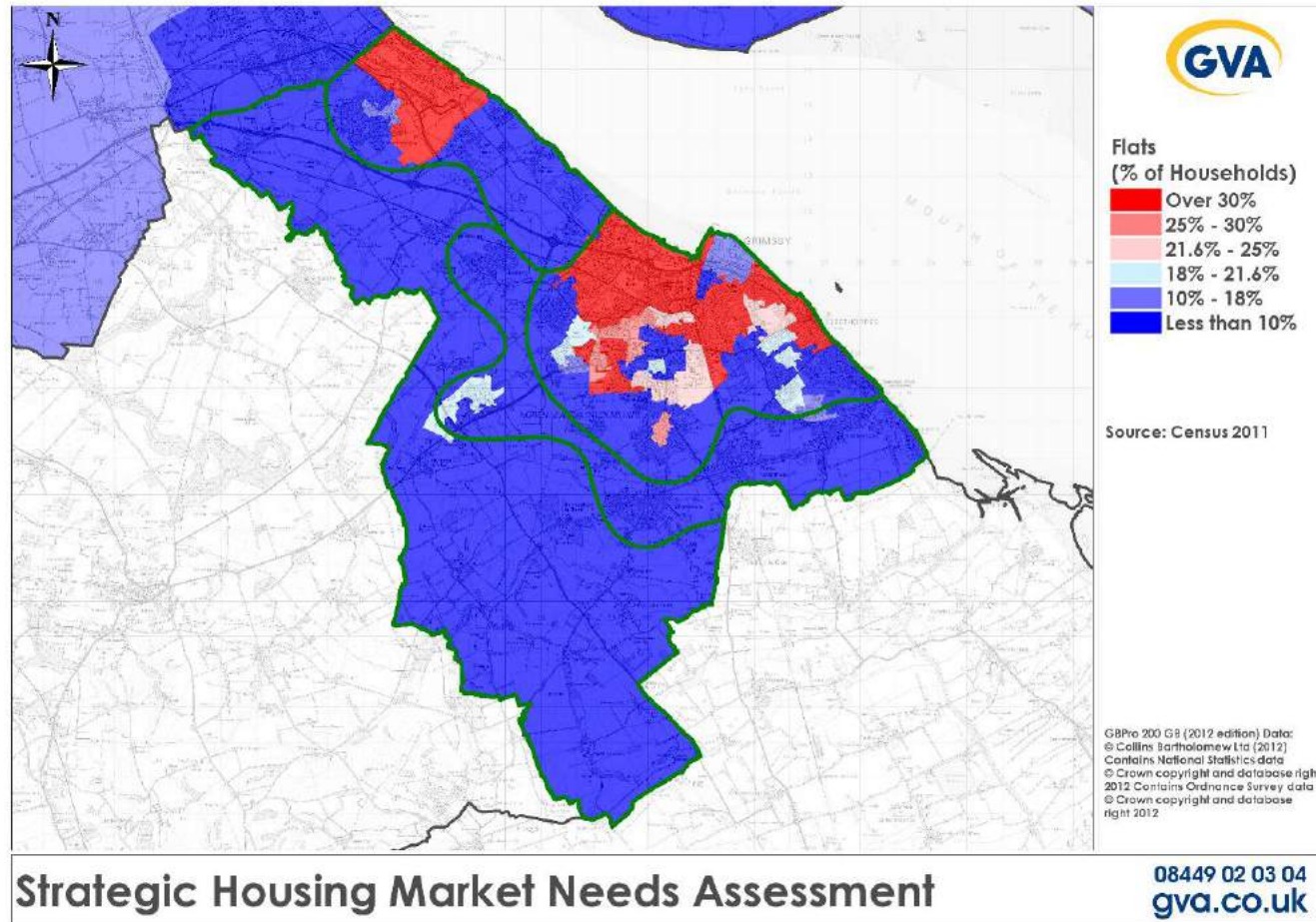
Source: 2011 Census

Figure 3.22: 2011 Census – North East Lincolnshire Terraced Dwelling Stock



Source: 2011 Census

Figure 3.23: 2011 Census – North East Lincolnshire Flat, Maisonette or Apartment Dwelling Stock



Source: 2011 Census

Tenure

- 3.53 The Census 2011 represents a statistically robust complete count of properties by tenure. The following figure shows the split in tenures across North East Lincolnshire, compared to regional and national scales.
- 3.54 North East Lincolnshire has, in 2011, a slightly above average proportion of owner-occupied properties than the national and regional averages. The opposite is true of the proportion of Affordable Housing. North East Lincolnshire has a private rental sector commensurate with the national profile, and larger than the average across the region.
- 3.55 Analysis of the proportional change in stock, by type since 2001, highlights that the proportion of owner occupied stock in North East Lincolnshire has slightly fallen, which is the opposite of the trend at the regional and national scales. It is evident that this has been driven by a considerable increase in private renting in North East Lincolnshire – with this sector almost doubling in size since 2001.

Figure 3.24: Stock Tenure Profile - 2011

2011 Census Analysis	2011 Census - Stock Volume			2011 Census - Stock %			Percentage Change in Stock by Type (2001-2011)		
	North East Lincolnshire	Yorkshire & the Humber	England	North East Lincolnshire %	Yorkshire & the Humber %	England %	North East Lincolnshire %	Yorkshire & the Humber %	England %
Owner Occupied: Own Outright	21,497	681,492	6,745,584	30.8%	30.6%	30.6%	9%	16%	13%
Owner Occupied: Mortgage or Loan	24,573	744,071	7,229,440	35.3%	33.5%	32.8%	-12%	-7%	-9%
Owner Occupied: Shared Ownership	213	9,637	173,760	0.3%	0.4%	0.8%	-9%	1%	30%
Owner Occupied: TOTAL	46,283	1,435,200	14,148,784	66%	65%	64%	-3%	3%	1%
Rented from Council	3,293	272,875	2,079,778	4.7%	12.3%	9.4%	-60% ¹⁶	-24%	-23%
Rented from HA / RSL	6,798	129,778	1,823,772	9.8%	5.8%	8.3%	237%	68%	47%
Social Rented: TOTAL	10,091	402,653	3,903,550	14%	18%	18%	-2%	-7%	-1%
Private Rented	11,594	321,142	3,401,675	16.6%	14.4%	15.4%	90%	97%	89%
Rented from Other (including Living Rent Free)	1,739	65,064	609,359	2.5%	2.9%	2.8%	-3%	-9%	-7%
TOTAL	69,707	2,224,059	22,063,368	100%	100%	100%	6%	8%	8%

Source: Census 2011 & Census 2001

¹⁶ Note: Census figures denote a 60% reduce in Renting from the Council, however it should be noted that a stock transfer occurred in 2005. As a result of the stock transfer there has effectively been a 100% reduction in Renting from the Council since the Census 2001.

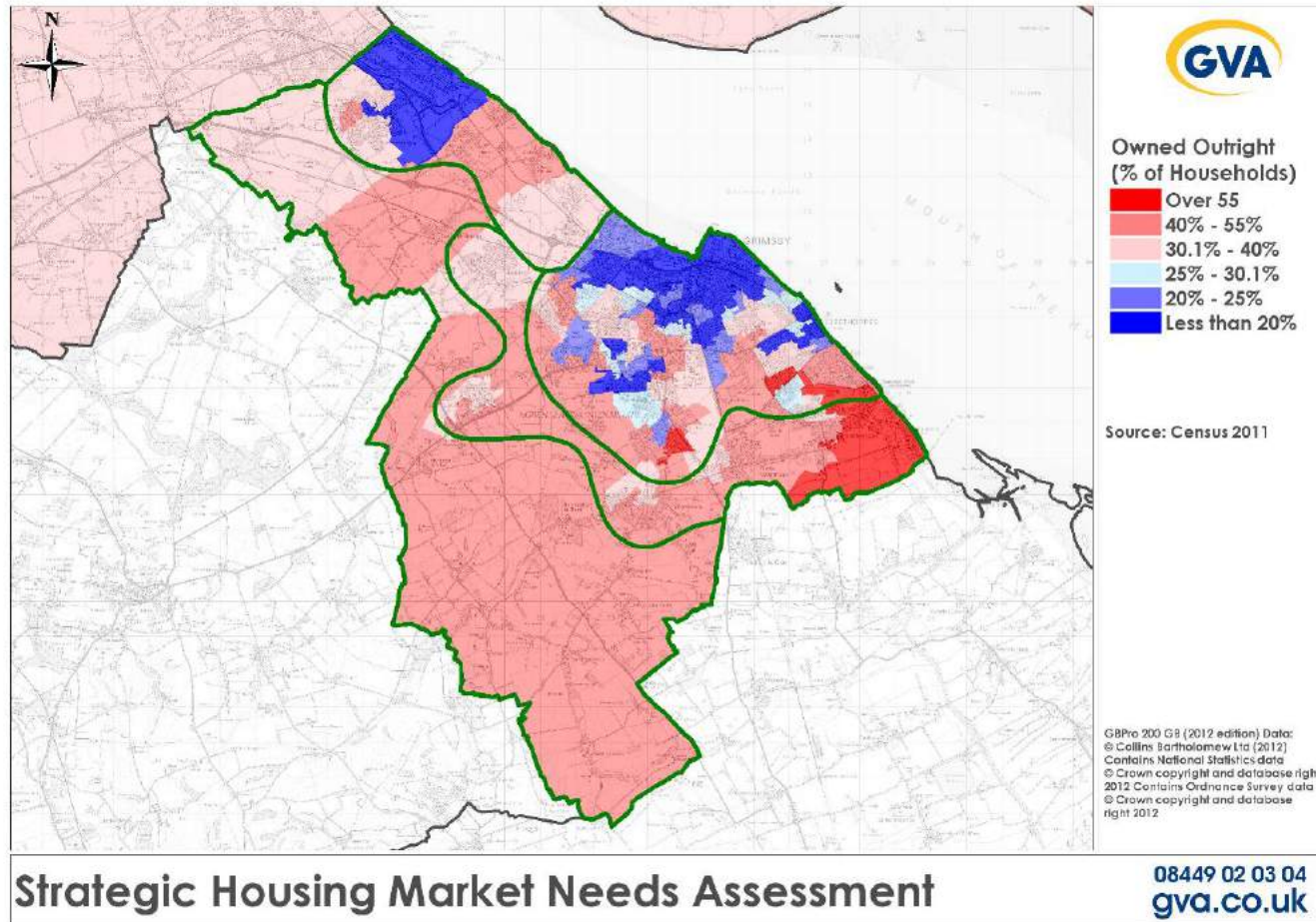
Figure 3.25: Stock Tenure Profile – North East Lincolnshire

Local Authority & Wards	2011 Census - Dwelling Type & Vacancy								
	All Households	Owned; Owned Outright (%)	Owned; Owned with a Mortgage or Loan (%)	Shared Ownership (Part Owned and Part Rented) (%)	Social Rented; Rented from Council (%)	Social Rented; Other (%)	Private Rented - Landlord or Letting Agency (%)	Private Rented; Other (%)	Living Rent Free (%)
England	22,063,368	30.6	32.8	0.8	9.4	8.3	15.4	1.4	1.3
Yorkshire and The Humber	2,224,059	30.6	33.5	0.4	12.3	5.8	14.4	1.5	1.5
North East Lincolnshire	69,707	30.8	35.3	0.3	4.7¹⁷	9.8	16.6	1.5	1
Croft Baker	5,605	26.9	30.5	0.4	4.6	11.7	22.6	1.8	1.5
East Marsh	5,794	12.2	18.5	0.4	12.2	27.8	26	1.6	1.3
Freshney	4,192	29.8	42.2	0.4	7.2	10.6	8.2	0.9	0.6
Haverstoe	4,424	47.8	37.1	0.1	1.7	4.3	7.5	0.7	0.8
Heneage	5,025	27.3	37.9	0.5	2	5.3	24.5	1.7	0.8
Humberston and New Waltham	4,709	48.2	39.3	0.3	1	3.4	5.8	1.3	0.8
Immingham	4,961	31.9	36.4	0.1	6.8	12.5	10.3	1.1	0.9
Park	5,169	32.8	37.4	0.2	1.4	6.3	18	2.6	1.4
Scartho	4,507	42	41	0.8	1.7	5.4	7	1.3	1
Sidney Sussex	5,392	23.3	36.6	0.2	0.6	3.7	32.6	2.1	0.8
South	5,275	21.1	26.3	0.4	16.4	24	9.8	0.9	1.2
Waltham	3,016	44.6	38.7	0.2	1.7	5.9	7.3	0.9	0.6
West Marsh	3,681	18.8	28.7	0.1	3.9	9.5	36.1	1.8	1.1
Wolds	2,988	39.6	44.4	0.1	1.5	2.8	8.7	1.2	1.6
Yarborough	4,969	30.4	42.8	0.3	3.6	4.2	16	1.8	0.8

Source: 2011 Census

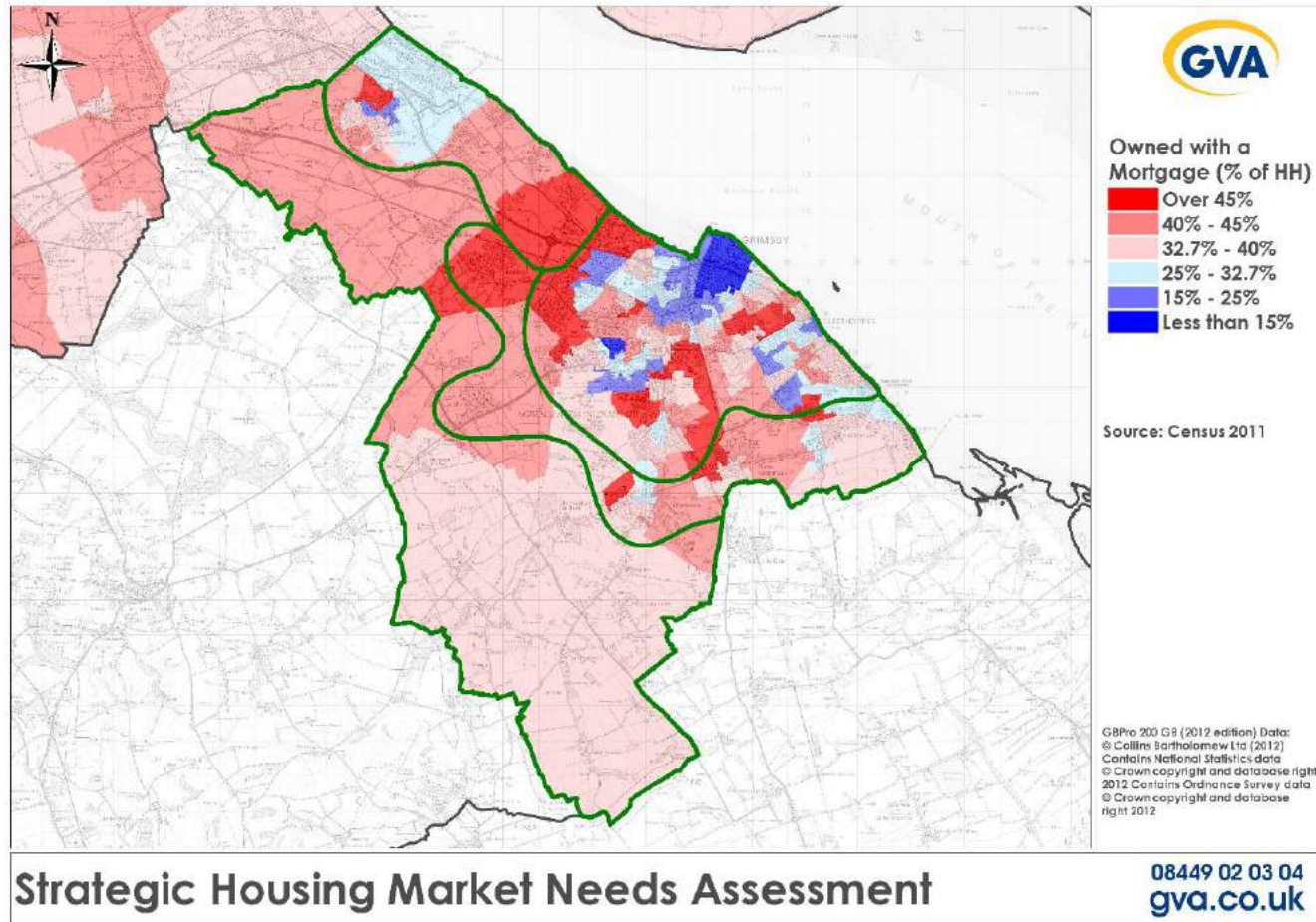
¹⁷ Note: Census figures do not reflect the changes in tenure arising from the stock transfer in 2005

Figure 3.26: 2011 Census – North East Lincolnshire – Owned Outright



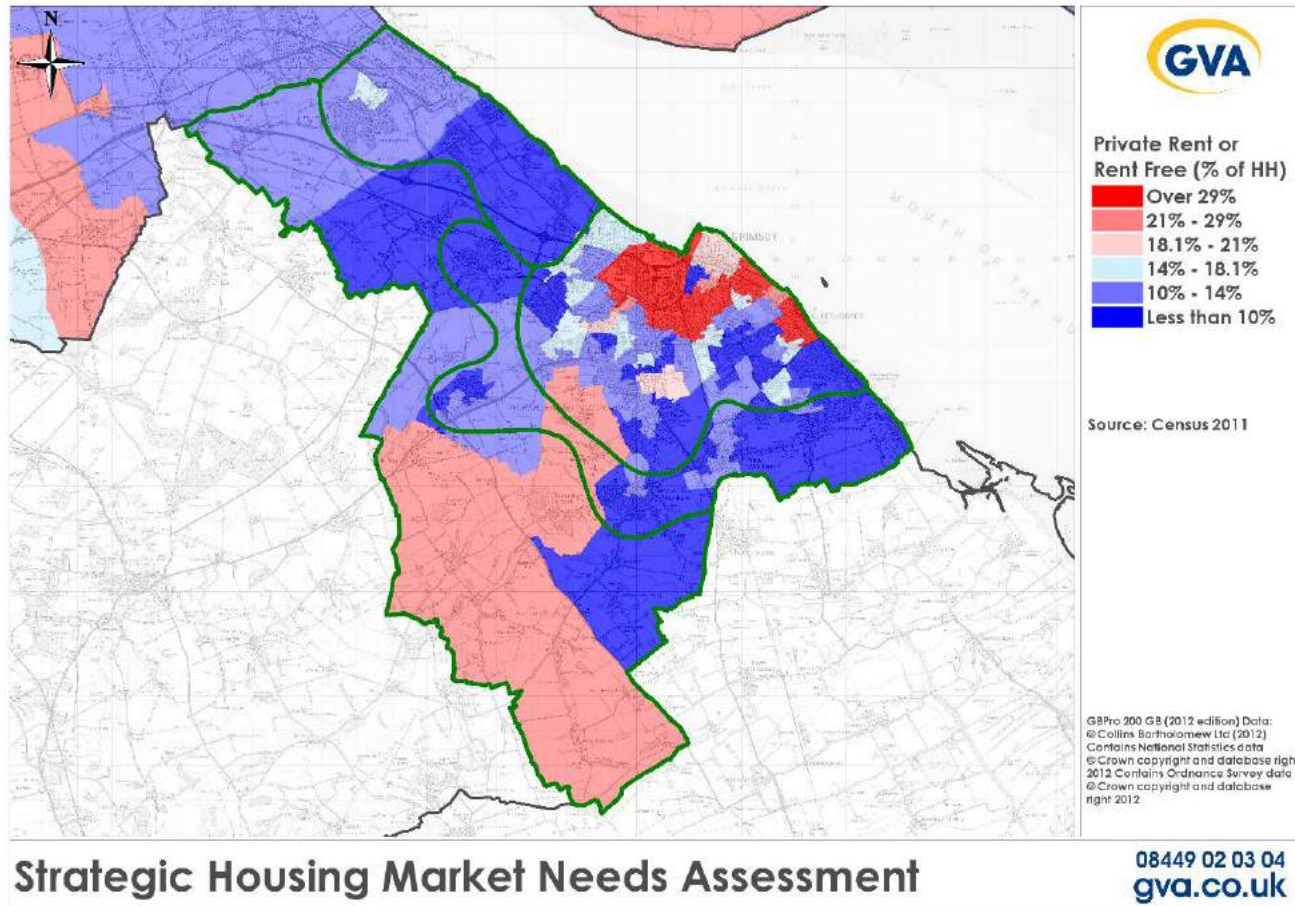
Source: 2011 Census

Figure 3.27: 2011 Census – North East Lincolnshire – Owned with Mortgage or Loan



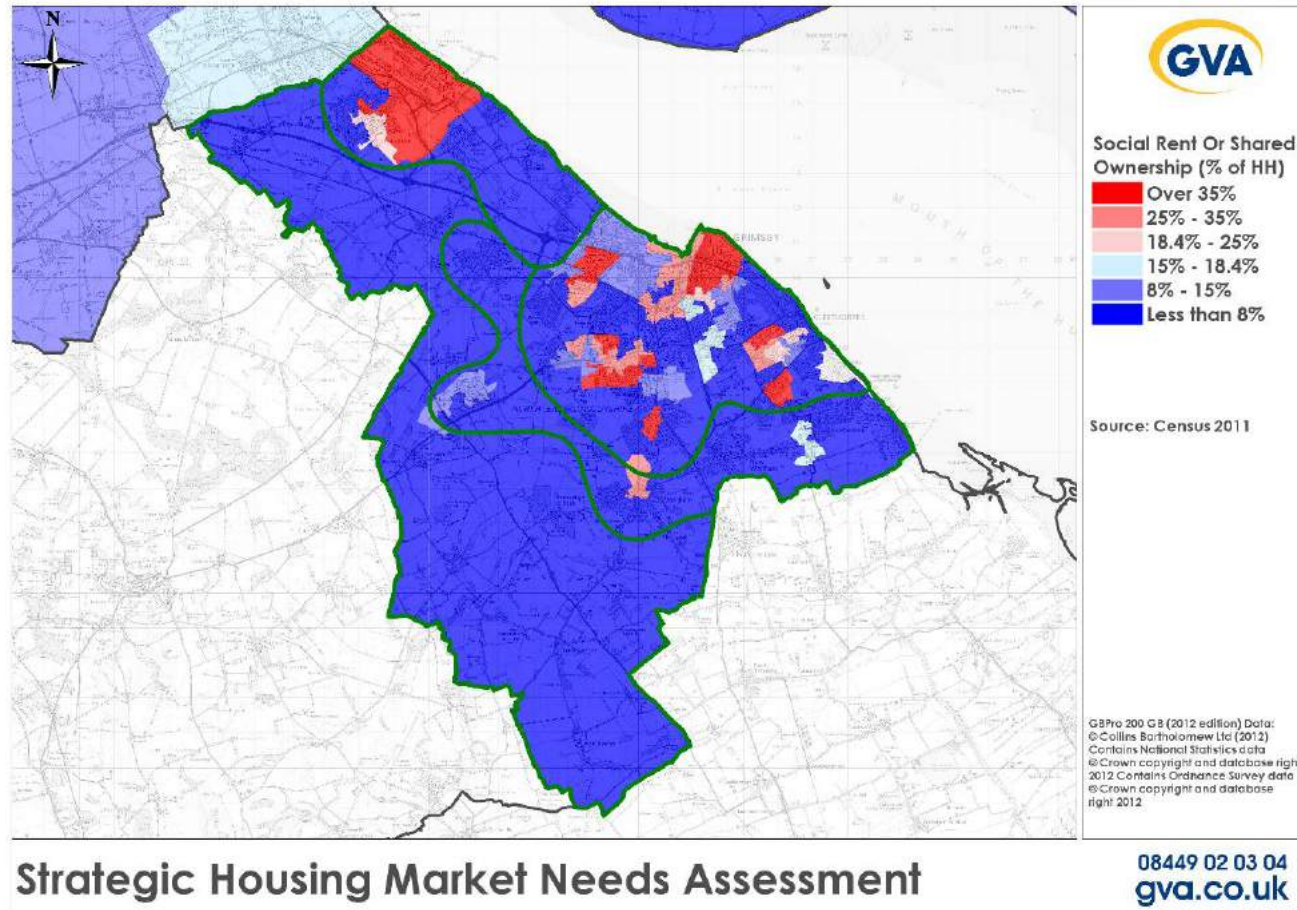
Source: 2011 Census

Figure 3.28: 2011 Census – North East Lincolnshire – Private Renting and Living Rent Free



Source: 2011 Census

Figure 3.29: 2011 Census – North East Lincolnshire – Social Renting and Shared Ownership



Source: 2011 Census

Overcrowding

- 3.56 The 2011 Census provides an update on the occupancy rating for households within the City based on the number of bedrooms in a household's accommodation. An occupancy rating of -1 implies that a household has one fewer room/bedroom than required and is overcrowded. In order to contrast the profile of stock within North East Lincolnshire against wider benchmarks, the national and regional averages are included for context.

Figure 3.30: 2011 Census - Proportion of Overcrowded Households

Local Authority & Wards	Proportion of Overcrowded Households (Occupancy rating of -1 or less)	Average number of bedrooms per household
England	4.8%	2.7
Yorkshire & The Humber	3.7%	2.7
North East Lincolnshire	2.6%	2.8
Croft Baker	2.1	2.5
East Marsh	2	2.3
Freshney	2.3	2.9
Haverstoe	2.2	3
Heneage	2.4	2.8
Humberston and New Waltham	2.3	2.9
Immingham	2.3	2.8
Park	2.3	2.9
Scartho	2.3	2.9
Sidney Sussex	2.3	2.7
South	2.4	2.7
Waltham	2.3	3
West Marsh	2.1	2.4
Wolds	2.5	3.2
Yarborough	2.3	2.8

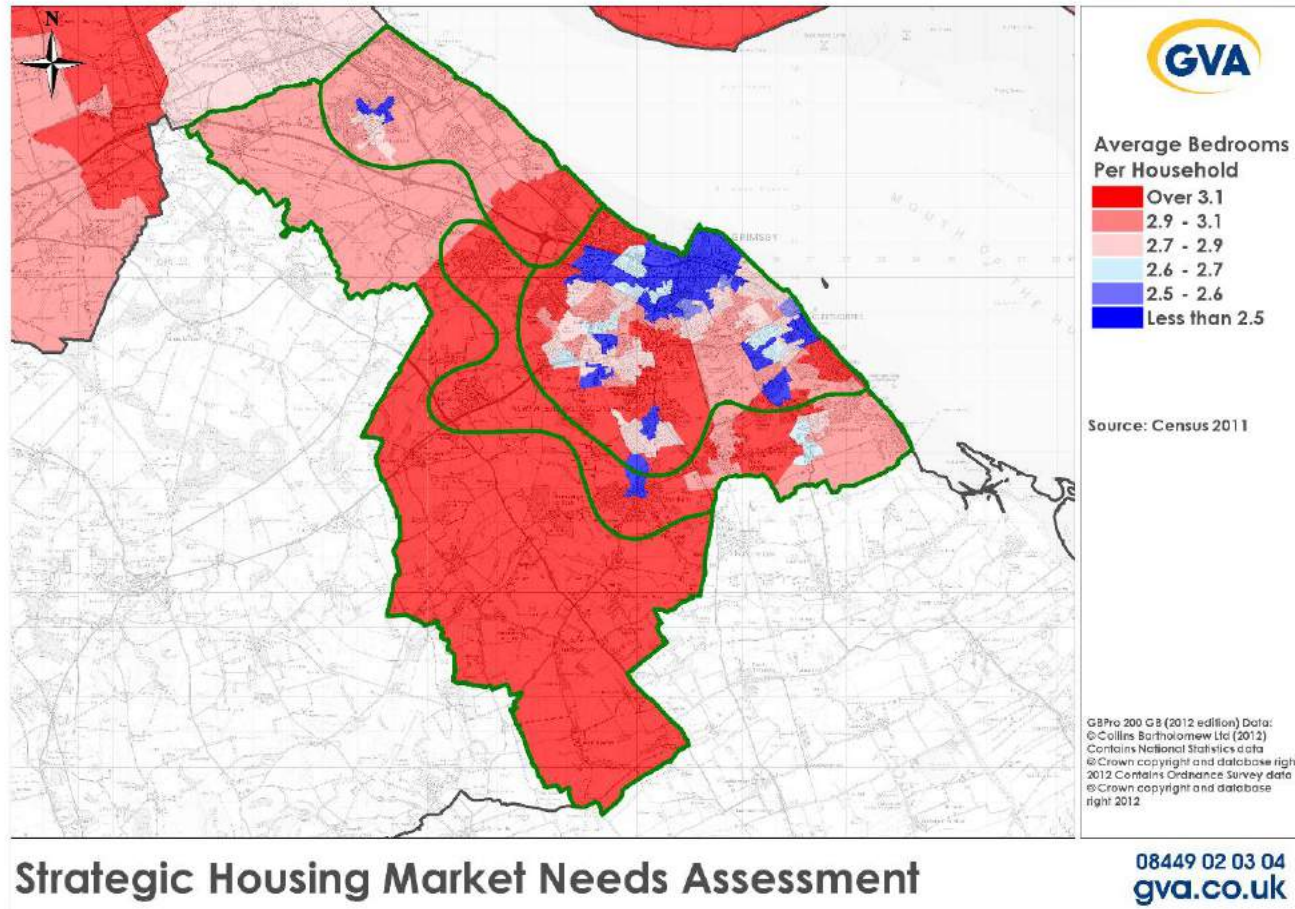
Source: Census 2011

- 3.57 The 2011 Census suggests that 2.6% of households in North East Lincolnshire are living in overcrowded circumstances, which falls below the regional and national average levels. When compared to regional and national benchmarks, North East Lincolnshire demonstrates a slight predisposition towards larger homes (within more bedrooms on average).
- 3.58 Overcrowding is measured using a pre-defined calculation based on the 'bedroom requirement' standard. It is important to note that this standard is very stringent in its assessment with bedroom requirements of households assessed as an absolute

minimum. Arguably households today expect more than just this minimum and indeed in terms of ensuring the future sustainability and flexibility of properties these minimum requirements are not necessarily appropriate as they do not enable a household to 'grow' into a house as it progresses through the family cycle. Moreover, it is anticipated that the Government's welfare reforms will further increase overcrowding, as benefit entitlements are reduced and affordability becomes more challenging. Research undertaken by North East Lincolnshire Council (and referenced at paragraph 2.26 of this report) suggests that 1 in 5 Shoreline tenants could be affected by the introduction of the "Bedroom Tax". The same research also cites a "one off" additional demand of 640 households for smaller properties as they seek to downsize as a result of the benefit reforms. A further 300 households, housed by other RPs, are also likely to be affected by the changes.

- 3.59 The number of bedrooms per household in North East Lincolnshire has been derived from the 2011 Census and is presented spatially in Figure 3.31. This shows the concentration of the smallest stock, with the lowest numbers of bedrooms, within the towns of Grimsby and Cleethorpes, with larger stock in the suburban and rural areas of North East Lincolnshire.

Figure 3.31: 2011 Census – North East Lincolnshire – Average Number of Bedrooms per Household



Source: 2011 Census

Property Condition and Quality

- 3.60 The quality of the housing stock represents an additional layer of information in understanding its capacity to match demand in the future. The 2007 Private Sector Stock Condition Survey¹⁸ (SCS) provides the best source of information to understand the quality of the private sector stock.
- 3.61 An assessment is made within the SCS as to the proportion of private stock which does not meet the 'Decent Homes Standard; as defined by Government Policy. This stipulates that there are four broad criteria that a property should adhere to in order to be classified as decent:
- A – be free from Category 1 hazards, and
 - B – be in a reasonable state of repair, and
 - C – have reasonably modern facilities (such as kitchens and bathrooms) and services, and
 - D – provide a reasonable degree of thermal comfort (effective insulation and efficient heating).
- 3.62 If a dwelling fails any one of these criteria it is considered to be 'non-decent'. A detailed definition of the criteria and their sub-categories are described in the ODPM guidance: 'A Decent Home – The definition and guidance for implementation' (June 2006).
- 3.63 Overall across North East Lincolnshire, based on the SCS data, circa 19,200 private sector dwellings (32%) were classified non decent. In England the comparable figure was 29%, suggesting non-decency of private stock is far more prevalent within North East Lincolnshire than on average across the country.
- 3.64 The SCS reported that the incidence of non-decent housing was particularly high within the private rented sector, with an estimated 42% of such homes non-decent across North East Lincolnshire. Those households viewed as being in greatest risk of living in a non-decent home included young persons, old persons, people with disabilities and benefit claimants.

¹⁸ North East Lincolnshire Council Private Sector Stock Condition Survey (2007)

House Prices / Transactions

The National Market

- 3.65 The operation of the national market forms an important context for considering North East Lincolnshire's own housing market indicators. The overall operation of the housing market has undergone a period of significant volatility over the last ten years. Recognising the scale of change and the impact this potentially has on the demand for housing and the capacity for households to exercise choice in the market is important in considering the overall requirement for housing modelled in subsequent sections.

Historic Trends

- 3.66 Following the boom and bust of the late 1980s/early 1990s, the UK housing market saw almost a decade of sustained very strong house price growth from late 1996 (when house prices were below trend and house price to earnings ratios were low) to early 2005. Indeed, from the end of 1996 to the end of 2004, prices rose by 178% (or 13.6% per annum)(pa) according to the Nationwide.
- 3.67 The market then cooled in 2005, as a reaction to the modest interest rate rises in 2004, and a lack of affordability, notably for first-time buyers, with growth bottoming out in September 2005 at 2.2% pa (Nationwide seasonally adjusted figures). Following the slowdown in activity during 2005, the housing market saw price growth accelerate again during 2006, as interest rates decreased and economic growth accelerated.
- 3.68 However, growth started to decelerate in the second half of 2007, and price levels reached a peak in October 2007. The sale of, and subsequent losses upon, mortgages to households with poor financial credentials ('sub-prime') in the USA and subsequent global credit squeeze changed the financial landscape both internationally and in the UK.
- 3.69 As the subsequent 'credit crunch' spread across the globe, banks and building societies withdrew mortgage products from the market, and raised the interest costs to potential borrowers and those requiring refinancing on those products that remained (as well as raising the bar in terms of required deposits). Demand for mortgages was therefore restricted by lending criteria and the number of loans. In turn, this fed through to buyer sentiment, reducing underlying demand as well as effective demand, caused by falling house prices coupled with rising consumer prices and lack of consumer confidence. As the national UK economy went into recession, sentiment weakened further, and 'real' effects began to feed through, as unemployment started to increase.

-
- 3.70 The result was a rapid fall in house prices. Nationwide figures suggest that prices peaked in October 2007, and had fallen nearly 20% by February 2009. However, the national market stabilised during 2009 and 2010, remaining this way, give or take minor fluctuations, to the present day (October 2012).

The Current Housing Market Context

- 3.71 Overall, the national housing market has remained reasonably resilient considering the extent of the economic downturn. Although prices nationally are 13% below their 2007 peak, they have not fallen as much as might be expected given the economic climate. This is due to a number of factors including low interest rates which have maintained affordability levels for existing homeowners.
- 3.72 GVA's analysis of Land Registry data reveals that between February and May 2012, sales volumes averaged 49,343 per month, an increase on the same period in 2011 when 46,531 sales were transacted. This view is echoed by Halifax, which views the housing market remaining subdued but stable during 2012, with limited alterations in either house prices or transaction levels evidenced.
- 3.73 Overall, there has been little change in housing affordability over the past 12 months as earnings growth has softened alongside house price growth. In general, affordability has improved in comparison to before the financial crisis. The Monthly repayments for a typical first-time buyer (FTB) with a deposit of 20% have decreased to 29% of take home pay, compared with the average 2005-2007 figure of 40%. Moreover, the Council of Mortgage Lenders (CML) has reported that in July 2012 the average FTB deposit fell to 19%, the lowest level since November 2008.
- 3.74 The government's Funding for Lending scheme may provide a further stimulus but its success will largely depend on the demand for credit. Yet at present, a significant increase in domestic demand seems unlikely given the ongoing debt crisis in the eurozone, together with the weak economic picture here in the UK.
- 3.75 The lack of homes coming onto the market noted above is providing some support for prices at a national level. The effect of the government's Get Britain Building Scheme on house building is yet to be seen and any improvements in the level of supply will take time to filter through into the housing market. However in the medium term, the ongoing shortage of development finance is likely to impinge upon the success of development as house builders struggle to obtain the necessary start up capital.
- 3.76 There has been a dramatic increase in tenant demand in the UK. The total value of housing in the private rental sector was up 42% from 2006 to the end of 2011, while the number of households renting privately leapt almost 50% from 3.4 to 4.8 million *according to the Survey of English Housing*. This demand for rental properties shows no

sign of abating as FTBs struggle to secure mortgage approvals from banks asking for large deposits. According to the CML gross mortgage lending at Loan to Values (LTV) of 90% plus has fallen by 95% since the summer of 2007 and has coincided with a doubling in the average deposit paid by FTBs. However, the new Funding for Lending scheme may help in addressing this problem.

- 3.77 As a consequence of the above, the profile of renters has shifted somewhat with increasing numbers of people in their 30s and 40s forced to remain in rented accommodation. Approximately half of all private rented sector tenants are believed to be “trapped”, as they cannot afford to buy or find it cheaper to rent.

Looking to the Future

- 3.78 Importantly, a review of the recent past reveals that the housing market is unlikely to remain in its current state for an extended period of time, with multiple influencing factors driving the market – not least the economy.

- 3.79 The Nationwide Q3 2012 Report suggests that;

“Looking forward, policy measures such as the Bank of England’s Funding for Lending Scheme should provide support for activity in the housing market by ensuring the availability of credit and lowering its cost. However, labour market developments will remain of paramount importance in deciding the trajectory of house prices. There are grounds for caution on this front, as the unusual combination of rising employment and declining economic activity that was evident in the first half of 2012 is unlikely to be sustained. But there are encouraging signs that the UK will soon return to modest growth.”

- 3.80 Both The Nationwide Report and Halifax Housing Market Report (September 2012) point to a gradual recovery in the UK economy over the next twelve months, with house prices remaining relatively stable over the same period. Moreover, Experian Q3 2012 forecast project an increase in house prices nationally from 2013, with greater potential for sustained growth in the medium-term.

- 3.81 Concurrently, Halifax (2012) anticipate this will result in a strengthening of house building activity in the period ahead:

“The major house builders appear to have the capacity to expand supply, with most reporting land banks that could support more than five years of construction at current rates of building activity. Similarly, schemes such as NewBuy, are helping to provide those with smaller deposits access to mortgage finance. This in turn should help to provide house builders with confidence that there will be demand from buyers if the homes are built.”

- 3.82 Moreover, it is anticipated that the rental sector will continue to be strong as rents increase and a broader range of mortgage products become available, particularly for buy-to-let investors. Demand remains high, both from tenants unable to buy and equity-rich investors so we expect the rental market to continue performing well in the short-medium term.
- 3.83 Savills produce regular 5 year house price forecasts as part of their 'Residential Property' research outputs. The latest publication¹⁹ suggests that across the UK house prices will rise by 11.5% over five years to the end of 2017. These forecasts include a regional dimension with Savills predicting a more modest house price growth across Yorkshire & the Humber of only 5.5% over this time period. The forecasts also suggest that whilst transaction levels will increase they will remain comparatively suppressed against levels seen at the height of the market in 2007.

The Market in North East Lincolnshire

- 3.84 This section examines a number of key indicators and draws together the evidence to focus on the impact market changes have had on the ability of households to access housing in North East Lincolnshire. This is an important area of analysis having implications both for overall market demand but also particularly the assessment of the number of households that are currently in need of Affordable Housing or will be in the future.
- 3.85 Evaluating the active housing market requires an understanding of the actual cost of buying or renting a property and the level of housing need, which relates to the ability of a household to access housing. This review of the active market therefore includes a review of the key indicators of market performance for each of the tenures:
- The Owner Occupier Sector – house price analysis, examination of the relative change in house prices and the current housing market across North East Lincolnshire including a consideration of more affordable (low cost / lower quartile) elements of market housing as well as a review of mortgage finance to identify the barriers to access for first time buyers;
 - Private Rented Sector – examination of rental levels of different components of the private rented sector which forms an important component of the overall housing offer; and
 - Affordable Housing Sector – review of the changes in demand as recorded through the waiting list for social rented properties and an assessment of current average rental levels.

¹⁹ 'Residential Property Focus Q4 2012 – The Forecasts Issue', Savills, November 2012

- 3.86 The section concludes by drawing together the analysis of the different tenures to assess the functionality of the market and ability of households to access housing based upon analysis of income and housing costs.

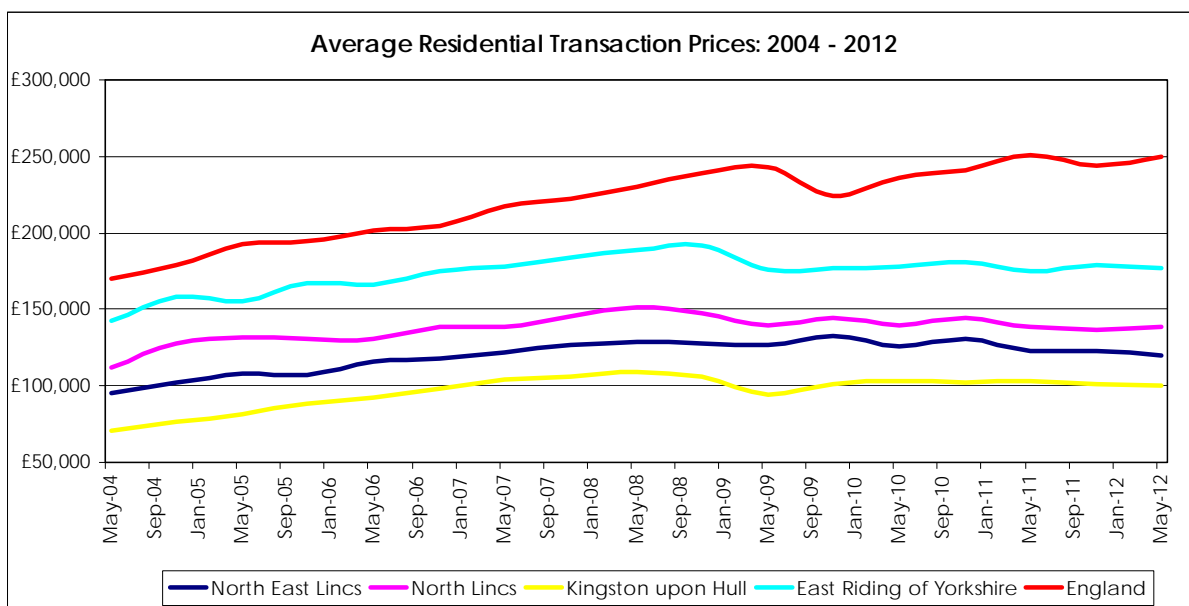
The Owner Occupier Sector

- 3.87 The following sub-sections analyse the private sector value and sales context by firstly tracking change historically over time before bringing the assessment up to date through consideration of the current housing market.

House Price Trends

- 3.88 Using data drawn from Hometrack, the average house price in North East Lincolnshire in May 2012 was £120,236, which is considerably below average prices in neighbouring local authorities of North Lincolnshire, East Riding of Yorkshire and the national average price for England of £248,285.
- 3.89 This does, however, highlight the comparably affordable nature of housing within the North East Lincolnshire housing market when considered in the wider context.
- 3.90 Understanding the changing transaction value of dwellings provides an important indicator of how the North East Lincolnshire housing market is operating. Hometrack house price data has been analysed back to May 2004, with Figure 3.32 illustrating change in North East Lincolnshire benchmarked against neighbouring local authorities and the national context.
- 3.91 It is evident that North East Lincolnshire has consistently remained more affordable than neighbouring North Lincolnshire and East Riding of Yorkshire, albeit remaining more expensive than Kingston-upon-Hull, since 2004. Overall, residential transaction prices have substantially trailed below the national average.

Figure 3.32: Average Residential Transaction Prices (May 2004- May 2012)



Source: Hometrack, 2012

3.92 Analysis of low-level house prices and transactions across North East Lincolnshire over the recent period of February 2012 to September 2012 is presented in Section 4 of this SHMA report.

Lower Quartile House Prices

3.93 The CLG SHMA Guidance (August 2007) recommends that the lower quartile price of properties represents the lower levels of the housing market, and such properties should be considered to be those most likely to be able to be purchased by households on lower incomes or households entering the market for the first time.

3.94 Figure 3.33 presents lower quartile residential transaction prices for the period of February 2012 to September 2012 split by dwelling type.

Figure 3.33: Lower Quartile Residential Transaction Prices (Feb 2012- Sept 2012)

	Lower Quartile Property Price by Type (Feb 2012 - Sept 2012)				
	Detached	Flat	Semi-detached	Terraced	All Properties
North East Lincolnshire	£135,000	£42,000	£96,000	£54,500	£73,250

Source: Land Registry, 2012

- 3.95 This, and the use of lower quartile household income data, is explained in more detail within section 6 when considering the benchmarking of household access to different housing tenures.

Private Rented Sector

- 3.96 Nationally the private rented sector has undergone a period of significant expansion over recent years and now plays an important role in the operation of the wider market offering an alternative to owner-occupation and the social rented sector.
- 3.97 The Valuation Office Agency (VOA) produces a series of data titled 'Private Market Rental Statistics' which collates information provided by private rental landlords. The latest available data provides average rents as of June 2012 for the authority area of North East Lincolnshire. The data is broken down by property size as defined by the number of bedrooms, with both the median and lower quartile rents shown in Figure 3.34.

Figure 3.34: VOA Private Rental Levels (July 2011 – June 2012)

Size of Property	Private Rental Levels 2011/2012 – Per Calendar Month					
	Lower Quartile			Median		
	North East Lincolnshire	Y&H Region	England	North East Lincolnshire	Y&H Region	England
Room	£282	£270	£285	£303	£300	£325
Studio	N/A	£285	£368	N/A	£325	£475
1 bedroom	£325	£347	£400	£325	£395	£495
2 bedroom	£390	£420	£475	£425	£475	£570
3 bedroom	£412	£465	£550	£450	£542	£650
4+ bedroom	£546	£685	£795	£643	£900	£1,100
All Properties	£360	£395	£450	£412	£475	£575

Source: VOA, 2012

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- 3.98 Figure 3.34 shows that the median private rent for a property in North East Lincolnshire is £412 per calendar month and the lower quartile rent is £360, both of which are more affordable than the average rates for the wider Yorkshire and Humber Region and England.
- 3.99 The rates in North East Lincolnshire vary considerably by property size with 4+ bedroom properties commanding a rent of £546 on average, compared to a Room rental of £282²⁰.

Social Rented Sector / Affordable Housing

- 3.100 The social rented sector by its nature operates differently from both of the market tenures examined in this section. The tenure is intended to serve those households whose household financial circumstances prevent access to other tenures. At the time of the publication of this research the Government is in the process of transforming the way in which the tenure operates in terms of rental levels and the allocation process for households. The delivery of new policy directives will fundamentally impact on the role of the tenure in relation to, in particular, the private rented sector. The applicability of the private rented regime to North East Lincolnshire is complicated by the fact that some components of the social rented stock are equally or less financially accessible than other tenures. These developments and local circumstances will need to be considered as the research is monitored and updated in the future.
- 3.101 The performance of this tenure is considered in detail within section 5 as it directly relates to the assessment of the levels of need for housing.

Bringing the Evidence Together

- 3.102 This section has explored the unique housing market challenges and opportunities facing the authority. It has considered wider strategic drivers including demographic change and the economy, as well as providing a profile of the impact the current context has on the housing market of North East Lincolnshire.
- 3.103 The conclusions of this analysis present key informing factors in relation to future housing needs and clearly establish the relationships at the current point in time between supply and demand. Key findings from this section are set out below:

²⁰Note: Room – non self-contained single room with shared facilities. Includes bedsits, single rooms in a house or flat shared with other tenants, and single rooms rented from a resident landlord. Studio - self-contained single roomed property with own kitchen and bath/shower/WC facilities.

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- **Recent Population Change** - According to the Office of National Statistics (ONS) the population of North East Lincolnshire has grown from approximately 158,000 in 2001 to 159,600 in 2011²¹, an increase of just over 1,600 people over the ten years. This translates into approximately 160 persons per year on average over this period. Comparing the 2011 age profile of North East Lincolnshire against England and Wales it is evident that there is a relatively strong alignment between the two. Contrasting the 2001 and 2011 profile in North East Lincolnshire shows that the authority has seen an increase in older age groups as well as the age group 20 – 30. Indeed the increase in those aged 20 – 25 is relatively significant especially when compared with a considerably lower proportionate growth in this age range at an England and Wales level. Importantly though the authority has seen a proportionate reduction in those aged 30 – 40, in particular with regards the female part of the population and those aged 5 – 15, with these two age groups linked in terms of family profiles;
 - **Migration** - In terms of the other significant demographic component of change, migration, year on year North East Lincolnshire has seen a net out-migration of persons to other parts of the UK. This net internal out-migration has been offset in terms of its impact on the annual change in population levels by a relatively strong net immigration of international migrants into the authority. The data published by the ONS and the Census 2011 suggests that this flow of net international migration has been sustained over recent years;
 - **Changing Household Numbers** - An increase in population in North East Lincolnshire has also been reflected in an increase in the number of households in the authority. Examining successive Censuses shows that the number of households has increased from 66,000 in 2001 to 69,707 households in 2011, an increase of just over 3,700 households or approximately 370 per year;
 - **Current Economic Profile – Historic** analysis of North East Lincolnshire’s labour force over a four year period shows that across a number of age groups the labour-force has exhibited higher overall economic activity rates than the national (England) average. However it is important to interpret this finding in the context of the unemployment component of economic activity being a contributory factor to relatively high rates of economic activity. This is further illustrated by the Census 2011 labour force data, albeit this representing a “snapshot” of economic activity;
 - **The Economic Future** - Looking forward recent Experian forecasts suggest a positive increase in the number of jobs in North East Lincolnshire. Between 2011 and 2030 approximately an additional 1,300 jobs are forecast to be created.

²¹ Source: 2011 Census, ONS first data release 2012

Whilst a positive growth this pace of change is limited, reflected in the fact that under these forecasts that the employment level is not due to return to the pre 2007 level. Additional analysis of alternative economic growth forecasts is presented within section 7;

- **Vacancy** – As of October 2011, North East Lincolnshire contained a total of 71,910 dwellings of which 2,976 were classified as empty. This equates to a vacancy rate of 4.1%, which exceeds both the national rate of 2.8%, and the regional rate for Yorkshire and the Humber of 3.6%. An updated long-term vacancy position (vacant for longer than 6 months) was provided through Council Tax data as at 31 January 2013. This calculated that there were 1201 long term empty homes in North East Lincolnshire.
- **Housing Type Profile** – The 2011 Census demonstrated that North East Lincolnshire bears a relatively close resemblance to the wider regional stock profile. It does, however, contain a higher proportion of terraced dwelling stock than the regional and national average. In contrast, both North East Lincolnshire and the wider region show comparatively low proportions of both detached and flatted dwelling stock when compared to the national average.
- **Tenure Profile** – North East Lincolnshire has, in 2011, a slightly above average proportion of owner-occupied properties than the national and regional averages. The opposite was true of the proportion of Affordable Housing. North East Lincolnshire had a private rental sector commensurate with the national profile, and larger than the average across the region. The private rented sector in North East Lincolnshire has nearly doubled since 2001.
- **Stock Condition** – the SCS (2007) suggests that across North East Lincolnshire circa 19,200 private sector dwellings (32%) were classified non decent. In England the comparable figure was 29%, suggesting non-decency of private stock is more prevalent within North East Lincolnshire than on average across the country. The SCS reported that the incidence of non-decent housing was particularly high within the private rented sector, with an estimated 42% of such homes non-decent across North East Lincolnshire. Those households viewed as being in greatest risk of living in a non-decent home included young persons, old persons, people with disabilities and benefit claimants.
- **House Prices** – The average median house price in North East Lincolnshire in May 2012 was £120,236, which is considerably below average prices in neighbouring local authorities of North Lincolnshire, East Riding of Yorkshire and the national average price for England of £248,285. Considering trends in house prices back to 2004, it is evident that North East Lincolnshire has consistently remained more affordable than neighbouring North Lincolnshire and East Riding of Yorkshire, albeit remaining more expensive than Kingston-upon-Hull, since 2004. Overall,

residential transaction prices have substantially trailed below the national average.

- **Private Rented Sector** – As a result of increased pressure on social rented housing and a lack of mobility in the owner-occupier sector the private rented sector has grown in importance nationally as an alternative option for households. The VOA produces a national dataset to the North East Lincolnshire authority level. The median private rent for a property in North East Lincolnshire is £412 per calendar month and the lower quartile rent is £360, both of which are more affordable than the average rates for the wider Yorkshire and Humber Region and England. The rates in North East Lincolnshire vary considerably by property size with 4+ bedroom properties commanding a rent of £546 on average, compared to a Room rental of £282.

4. Housing Market Geographies

Introduction

- 4.1 Identifying local housing market areas provides a basis for the Council to make strategic choices on the future supply and distribution of new housing²². These housing markets should reflect the shared characteristics, linkages and functions of geographical areas.
- 4.2 The latest guidance issued by the Government is set out within Identifying Sub-regional Housing Market Areas: advice note (CLG, 2007). This establishes that local housing market areas may be comprised of both strategic sub-regional markets operating at or across the local authority boundary scale, and local sub-markets operating below the local authority housing market scale.
- 4.3 Establishing the functional local market areas within the North East Lincolnshire housing market forms an important component of the Council's evidence base to ensure that the necessary information is in place to support future housing policy and strategy decisions. This will enable the Council to plan positively to provide housing choice and appropriate opportunities for housing growth.
- 4.4 The Council has already identified four distinct 'spatial zones' across North East Lincolnshire that reflects areas of similar characteristics, and display close physical and functional relationships. The Council's preferred approach is to retain the 'Spatial Zones' approach in the New Local Plan, and reflect this in policies addressing the level and distribution of growth. Given this recent research, the role of the SHMA will be to 'test' and 'ratify' the existing 'spatial zones' across North East Lincolnshire – with data and analysis in subsequent sections presented both at this more localised sub-authority scale, as well as at the North East Lincolnshire scale.

North East Lincolnshire's Defining Characteristics

- 4.5 North East Lincolnshire is situated on the east coast of England south of the River Humber at the mouth of the Humber Estuary. It covers an area of 74 square miles, has a population of around 159,616 living within circa 69,717 households (Census 2011) and combines a mixture of industry, commerce and seaside resorts.

²² Identifying Sub-Regional Housing Markets', Communities and Local Government (CLG), 2007

- 4.6 It is a compact community of urban centres and surrounding villages. The major centres of population, Grimsby and Cleethorpes, are situated only three miles apart. A further centre of population, Immingham, lies approximately 8 miles to the north west of Grimsby.
- 4.7 The character varies from the industrial estuary and port developments in the north east to the attractive landscape of the Lincolnshire Wolds in the west. The spatial composition of North East Lincolnshire is presented in Figure 3.1.

Figure 4.1: North East Lincolnshire - Spatial Profile



Source: North East Lincolnshire Council

Strategic Linkages

The Requirements of the NPPF – Duty to Co-operate

- 4.8 The National Planning Policy Framework (NPPF), published in March 2012, imposes a duty on local planning authorities to co-operate and provide constructive, active and ongoing engagement in decisions relating to sustainable development or strategic infrastructure. The NPPF represents an important part of this reform of the planning system. This Framework reinforces and re-affirms the importance of assembling housing evidence, and considering cross-boundary housing market relationships in order for authorities to evidence need and demand for housing over the New Local Plan period.

Local Economic Partnership (LEP) Arrangements

- 4.9 The Council is working hard to ensure that effective joint working is being undertaken regarding cross boundary strategic priorities including economic development, housing, and infrastructure delivery (amongst others) to ensure that the New Local Plan is effective and truly deliverable.
- 4.10 The South Humber local authorities have an established record of joint working. Key amongst this joint working is the Council's active membership of the Local Enterprise Partnerships (LEPs). The Council is a member of two LEPs, the Greater Lincolnshire and the Humber. The Greater Lincolnshire LEP comprises the administrative boundaries of the county of Lincolnshire plus North and North East Lincolnshire. The partnership allows the alignment of natural labour and housing markets tackling key economic opportunities and challenges whilst also focusing on the LEP's key sectors of agri-food, renewables, visitor economy manufacturing and care.
- 4.11 The Humber LEP comprises the boundaries of North and North East Lincolnshire together with Hull and East Riding. Its vision is focused upon establishing the Humber as a national and international centre of renewable energy together with developing the chemicals, ports and logistics sectors.

Functional Strategic Housing Market Linkages

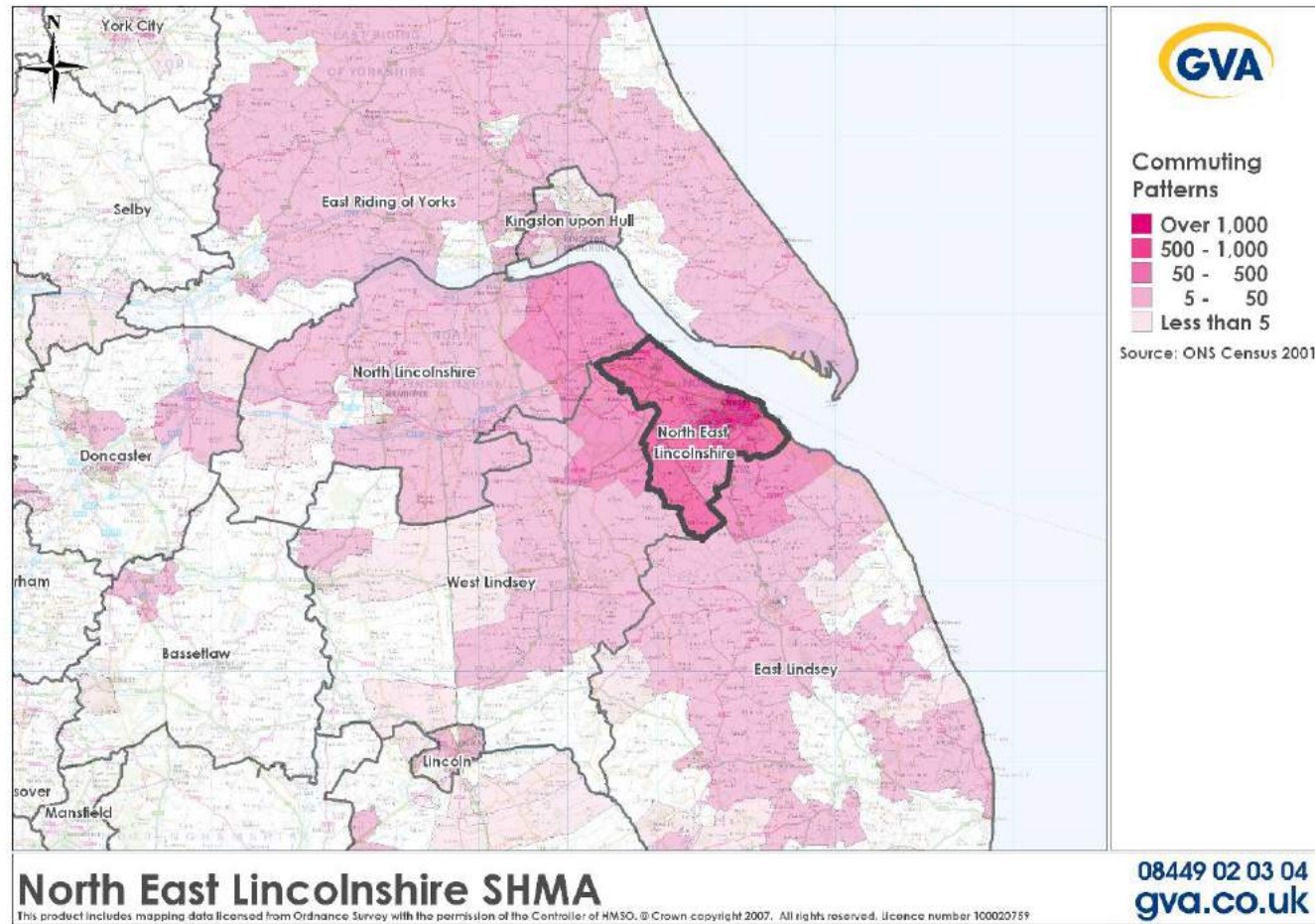
- 4.12 In line with the recommendations of the CLG 'Identifying sub-regional housing market areas: advice note' (March 2007), as referenced within the CLG 'Strategic Housing Market Assessment: Practice Guidance' (Version 2 August 2007) ('the Guidance'), it is necessary for the SHMA to take into consideration the interrelationships between the North East Lincolnshire housing market and the housing markets of neighbouring local authorities. This enables determination of those areas which encompass the sub-

regional housing market. This constitutes the areas with which the North East Lincolnshire housing market demonstrates the strongest functional linkages/connections. These functional linkages include migration trends, travel-to-work dynamics and house price/market relationships.

- 4.13 DTZ was commissioned by the region to map housing markets, with a report published in 2007²³, identifying a series of overlapping and fluid boundaries across the Yorkshire and the Humber region. This suggested that, within the Humber sub-region, the North East Lincolnshire area forms its own well-defined housing market focused upon Grimsby/Cleethorpes and including Immingham. The DTZ study established that the North East Lincolnshire housing market has strong linkages with the housing markets of surrounding authorities including East Lindsey and West Lindsey, as well as to North Lincolnshire – appropriately evidenced by both household migration patterns and economic/employment (travel-to-work) drivers.
- 4.14 Importantly, whilst advocating the use of the local authority boundary for market analysis the DTZ research suggests a ‘reference area’ for North East Lincolnshire which includes the surrounding local authorities within the Humber sub-region (as referenced above) This SHMA has therefore focussed on the North East Lincolnshire administrative area, whilst examining changing relationships and flows with this wider reference area and other parts of the sub-region and beyond.
- 4.15 The 2001 Census provides data to enable spatial analysis of travel to work relationships between residents of North East Lincolnshire and surrounding areas. Figure 3.2 demonstrates the volume of travel to work movements both internally and externally of the borough in 2001.
- 4.16 Figure 4.2 clearly illustrates the relatively contained nature of travel-to-work movements for North East Lincolnshire within the borough, whilst also demonstrating the wider commuting patterns into North Lincolnshire, West Lindsay, East Lindsay and, to a lesser degree, to authorities on the northern bank of the Humber Estuary.

²³ DTZ (2007) ‘Mapping Housing Markets in the Yorkshire and the Humber Region’

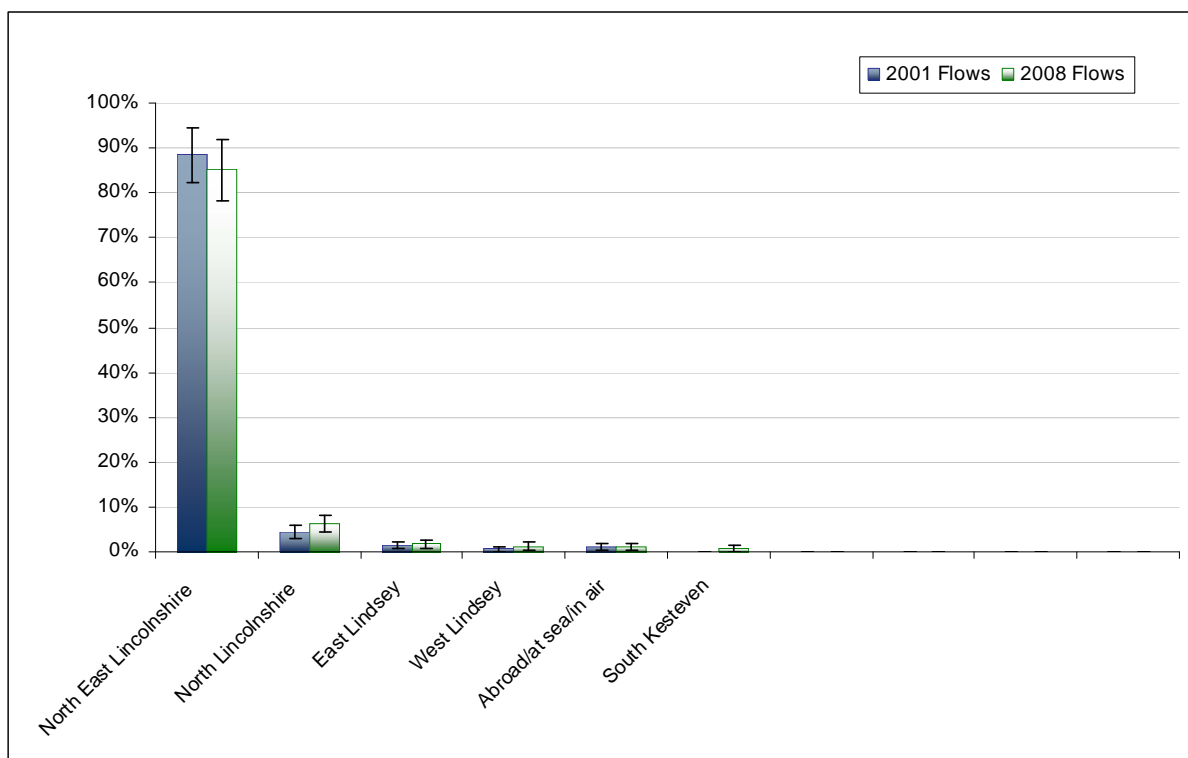
Figure 4.2: Travel-to-Work Catchment for North East Lincolnshire Residents



Source: 2001 Census

4.17 The latest travel to work data released by the ONS continues to support these geographies of analysis. This demonstrates North East Lincolnshire is a relatively contained labour market, with the majority of its residents also working in the borough. It also highlights the functional relationships with neighbouring local authorities (cited above) as a source of employment for North East Lincolnshire’s residents. Figure 4.3 shows the local authority of work for residents of North East Lincolnshire. The data shown is sourced direct from the ONS and compares the 2001 Census with updated 2008 data from the Labour Force Survey²⁴.

Figure 4.3: Local Authority of Work for North East Lincolnshire Residents – Biggest Flows

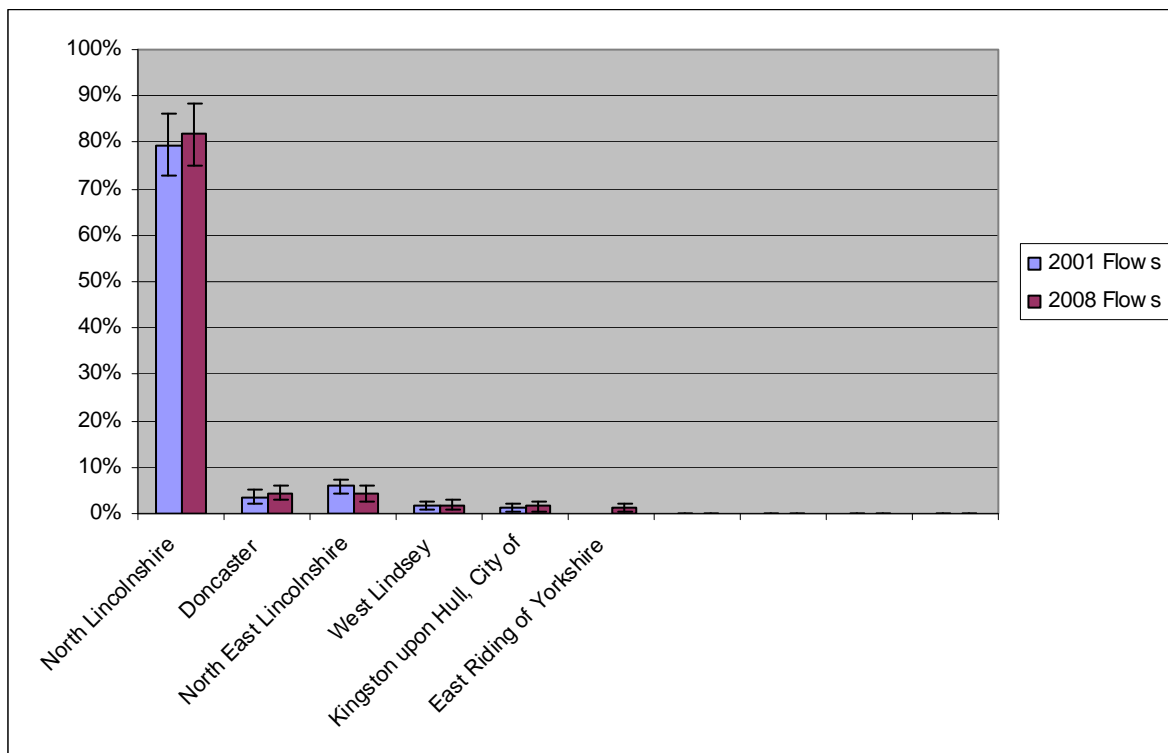


Source: ONS Commute APS model, 2010 (Labour Force Survey)

4.18 Equivalent analysis has been undertaken for the authorities of North Lincolnshire, East Lindsey and West Lindsey. The results of this analysis are displayed at Figure 4.3a, b and c.

²⁴ Source: ONS 2008 Updated Travel to Work Dataset

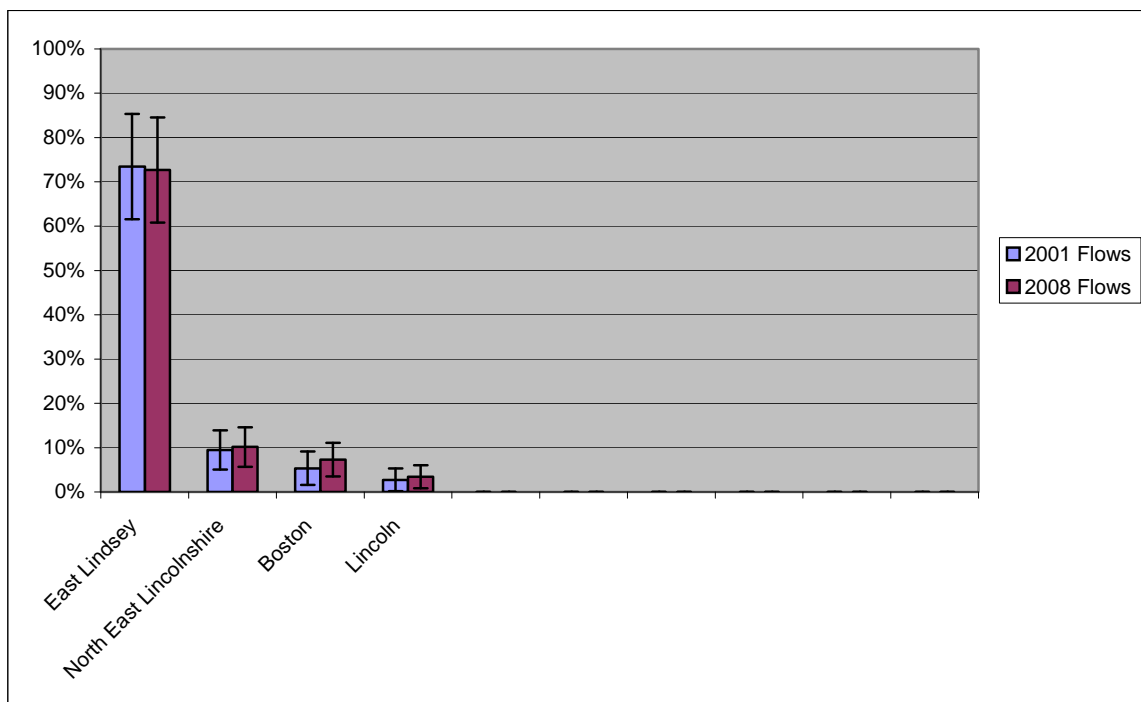
Figure 14.3a: Local Authority of Work for North Lincolnshire Residents – Biggest Flows



Source: ONS Commute APS model, 2010 (Labour Force Survey)

4.19 The results for North Lincolnshire show relatively consistent travel to work flows arising from North Lincolnshire to workplaces in North East Lincolnshire over the period 2001 to 2008. However the scale of these flows is less than 10% of the total.

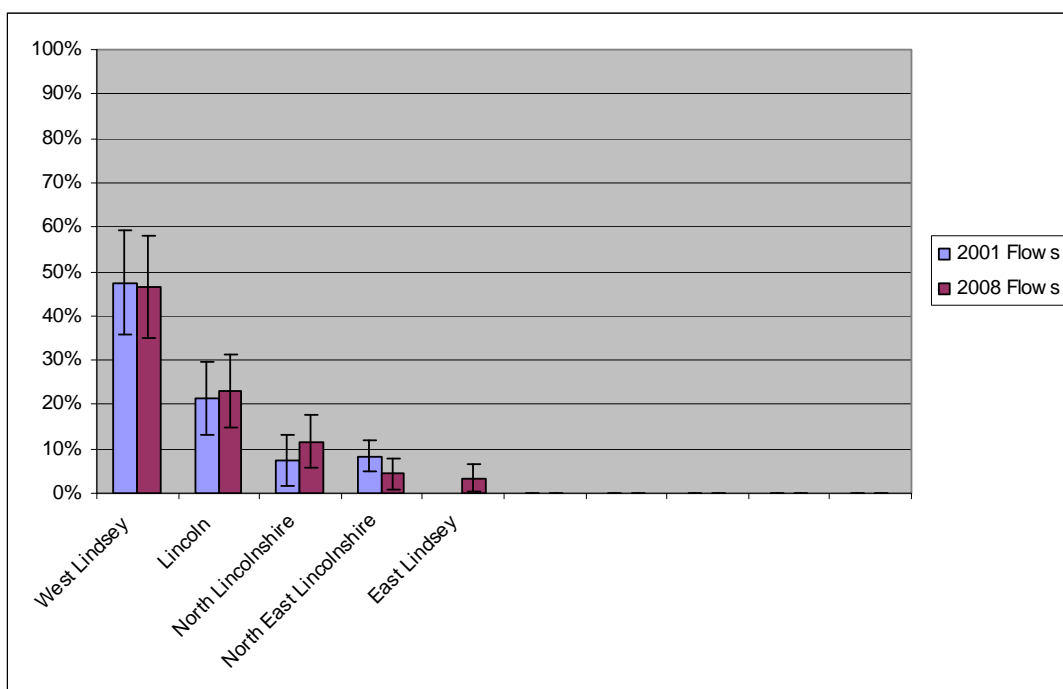
4.20 Figure 14.3b: Local Authority of Work for East Lindsey Residents – Biggest Flows



Source: ONS Commute APS model, 2010 (Labour Force Survey)

4.21 Travel to work flows from East Lindsey to North East Lincolnshire have remained relatively static across the point points of comparison (2001 and 2008). The scale of flows is approximately 10% of flows arising from the local authority area.

Figure 14.3c: Local Authority of Work for West Lindsey Residents – Biggest Flows



Source: ONS Commute APS model, 2010 (Labour Force Survey)

- 4.22 Flows emanating from West Lindsey residents into North East Lincolnshire appear to have decreased in proportional terms over the two years of comparison (2001 and 2008). In terms of significance, flows into North East Lincolnshire rank fourth after West Lindsey, Lincoln and North Lincolnshire.
- 4.23 Understanding the geographical nature of internal UK migration flows is important as it shapes the nature of the wider housing market. This builds on the analysis presented above and focuses on the major flows and exchanges between local authority areas.
- 4.24 Figure 4.4 and Figure 4.5 look at major gross population inflows and outflows to and from North East Lincolnshire between 2001/02 and 2009/10.

Figure 4.4: Gross Migration Flows – Origin of UK inflows into North East Lincolnshire

Top Ten Inflows	Average per year 2001/2-2009/10 (persons)
East Lindsey	493
North Lincolnshire	416
West Lindsey	231
Kingston upon Hull, City of	139
Sheffield	128
Leeds	113
Lincoln	108
Doncaster	106
East Riding of Yorkshire	93
Bradford	52

Source: ONS mid-year population estimates, 2011, Edge Analytics, 2011

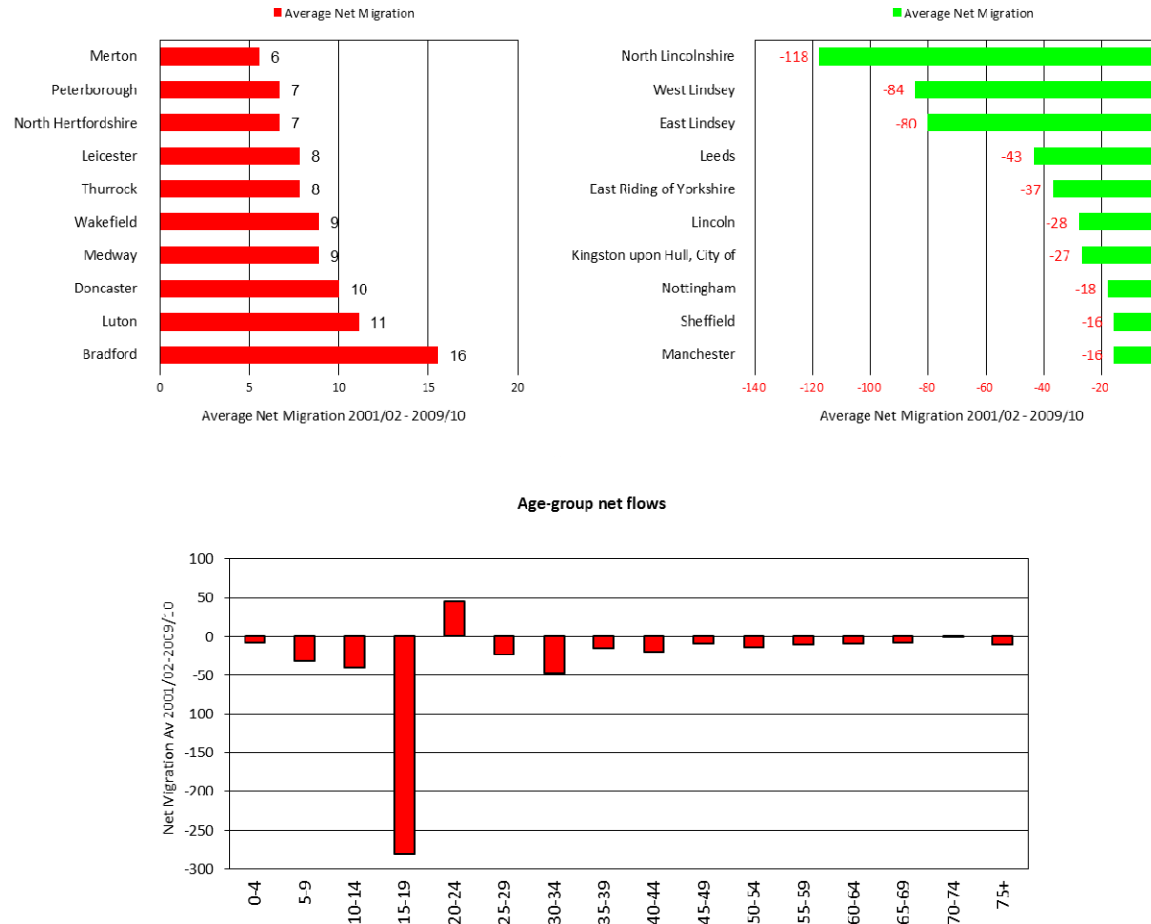
Figure 4.5: Gross Migration flows – Destination of UK outflows from North East Lincolnshire

Top Ten Outflows	Average per year 2001/2-2009/10 (persons)
East Lindsey	573
North Lincolnshire	533
West Lindsey	316
Kingston upon Hull, City of	166
Leeds	157
Sheffield	143
Lincoln	136
East Riding of Yorkshire	130
Doncaster	96
Nottingham	66

Source: ONS mid-year population estimates, 2011, Edge Analytics, 2011

- 4.25 Figures 4.4 and 4.5 clearly demonstrate the important linkages between surrounding areas such as North Lincolnshire, East Lindsay, West Lindsay and Kingston-upon-Hull - reinforcing the 'reference area' introduced by the DTZ study (2007) and cited above. Flows to and from these local authorities represent the top four largest gross flows of people coming to live in North East Lincolnshire or moving elsewhere.
- 4.26 Figure 4.6 presents net migration flows over the same period – including by age group.

Figure 4.6: Net Local Authority Migration Flows to/from North East Lincolnshire & net Flows by Age Group (Average 2001/02 – 2009/10)



Source: ONS mid-year population estimates, 2011, Edge Analytics, 2011

- 4.27 Figure 4.6 firstly demonstrates the largest net migration flows into North East Lincolnshire (by calculating the balance between inflows and outflows) (red graph on left). This indicates that net inflows to North East Lincolnshire are relatively low – on average the largest level of net in-migration over the period came from Bradford albeit only 16 persons per annum.
- 4.28 In contrast, the green graph on the right of Figure 3.6 demonstrates the largest net migration outflows from North East Lincolnshire. This shows that the levels of outflows from North East Lincolnshire are considerably higher than net inflows. The largest flows are to North Lincolnshire, East Lindsey and West Lindsey. However, there are also flows to larger cities including Leeds, Lincoln, Kingston upon Hull, Nottingham and Manchester.
- 4.29 The drivers behind this out-migration to UK cities are evident from considering the third table in Figure 4.6 titled 'Age Group Net Flows'. This demonstrates the breakdown in net migration flows to/from North East Lincolnshire over the period 2001/02 – 2009/10 by age cohort. This highlights firstly the largest net out-migration from persons aged 15-19 years. The spatial distribution of outflows in Figure 3.5 and 3.6 indicates that this is likely to be driven by people moving away to study at University in nearby cities. The small positive in-migration of people in the 20-24 years age range suggests that some of these people return after their studies.
- 4.30 However, the negative figures for persons aged 25+ years onwards suggests that many people of working-age are migrating out of North East Lincolnshire. Moreover, the net out-migration of people aged 0-14 years highlights that many of the people out-migrating are families with dependent children. The out-migration of these households will have important connotations for the district's economic growth prospects and housing market demand, which is considered further in Section 5 of this SHMA report.

Local Market Geography Definitions

Defining Local Market Areas

- 4.31 In November 2010 the CLG published the topic paper *Geography of Housing Market Areas*²⁵. This paper highlighted several key factors to be considered in the defining of local housing market areas. These factors, which drive local housing markets, are further explained below.

²⁵ Geography of Housing Market Areas, CLG, 2010

Functionality

4.32 Household migration is driven by a number of influencing and interrelated factors that inform why and when a household moves home, and importantly, where they move to. These factors are the functional relationships between people and place, and between work and home.

4.33 The CLG states that;

“The concept of the submarket implies that the urban housing market may be segmented on the demand and supply side of the market. From a demand perspective households may form distinct ‘consumer groups’ with associated housing preferences and tastes that are in turn linked to stage in the family life cycle, size and composition, and socio-economic status”. (Geography of Housing Market Areas, CLG, 2010 – page 9)

4.34 In summary, the decision as to where a household lives is often economic and tied to an employment opportunity or a need/aspiration to find employment, age (such as retirement or a need for additional support), linked to family matters (moving in with a partner, or moving closer to family) or informed by education opportunities (students).

Local Characteristics

4.35 The functional motivations behind where a household chooses to live are often intertwined with a wider set of influencing factors operating at a local level, which help to determine demand and preferences for locations and the housing offer within. These local characteristic factors include the price of housing (and the relative affordability of an area to households), which is inherently linked to the volume, types, sizes and tenures of properties within an area.

New Local Plan

4.36 The Core Strategy sought to recognise the differing challenges and opportunities across the borough. Building upon the overall vision it sought to do this by identifying four distinct zones and setting separate area visions for each zone.

4.37 These zones reflect areas of similar characteristics, and display close physical and functional relationships. As the zones received a level of strong support through the development of the Core Strategy; the Council’s preferred approach is to retain the ‘spatial zones’ approach in the New Local Plan, and reflect this in policies addressing the level and distribution of growth.

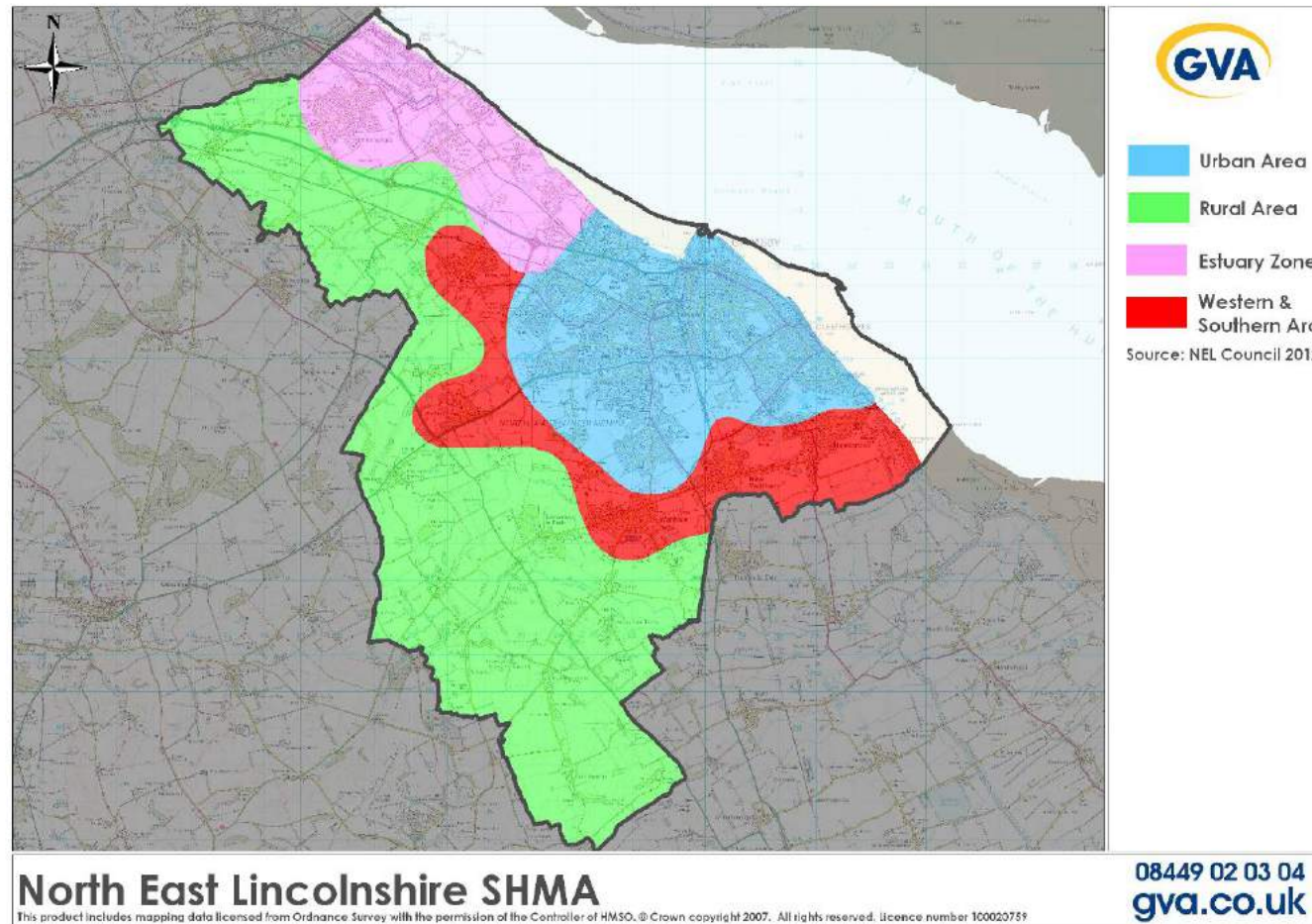
4.38 The spatial zones are characterised as follows:

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

4.39 The role of the SHMA will be to ‘test’ and ‘ratify’ the existing ‘spatial zones’ across North East Lincolnshire – with data and analysis in subsequent sections presented both at this more localised sub-authority scale, as well as at the North East Lincolnshire scale. The analysis in this SHMA follows the CLG’s most recent guidance on the definition of local housing markets, *Identifying Sub-regional Housing Market Areas* (CLG, 2007).

4.40 The ‘spatial zones’ (as presented in Figure 1.3 in Section 1 of this SHMA report) are replicated in Figure 4.7 overleaf.

Figure 4.7: Local Market Area Geographies ('Spatial Zones') in the SHMA

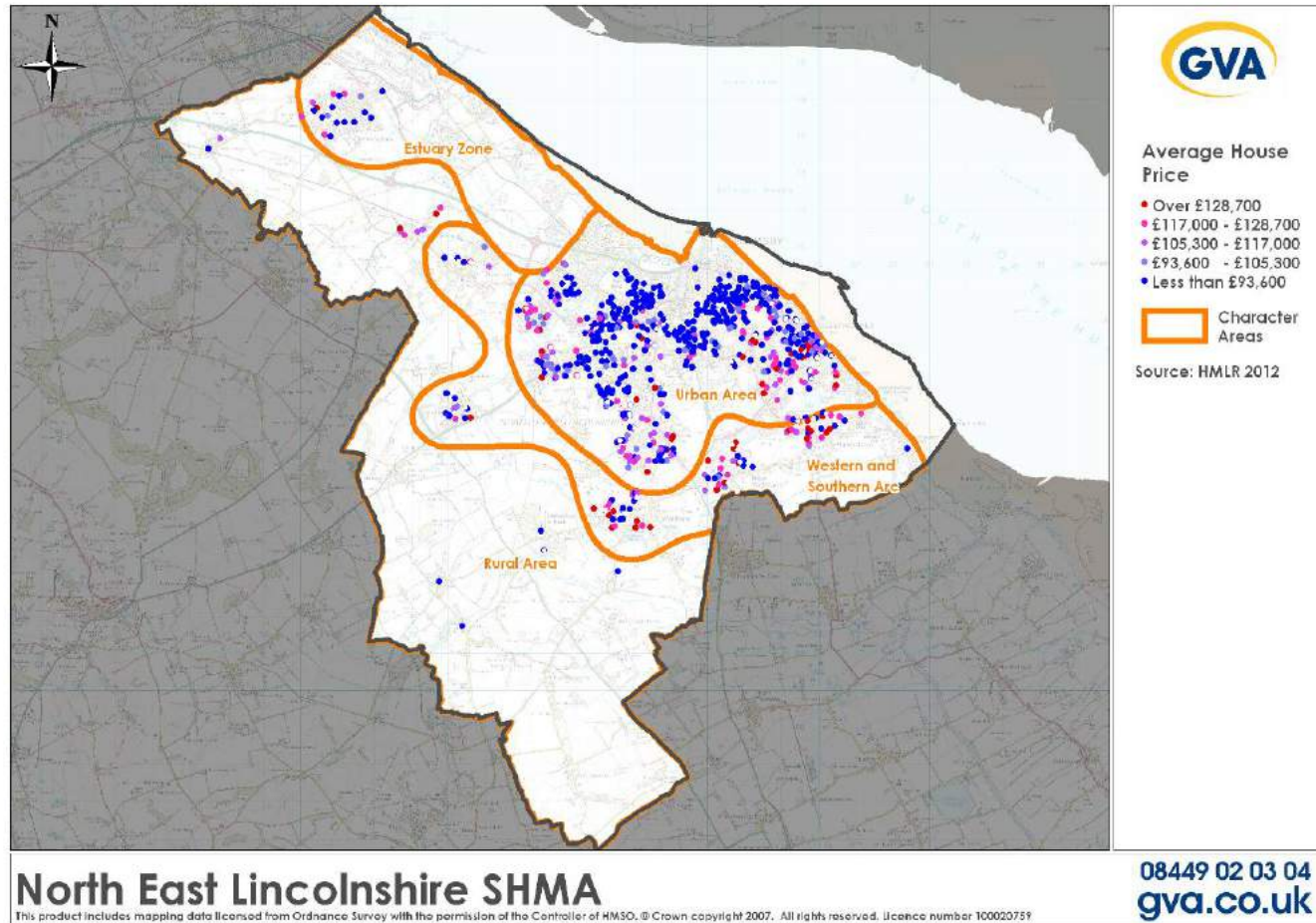


Source: GVA, 2012

Examining Local Characteristics - Active Market Assessment

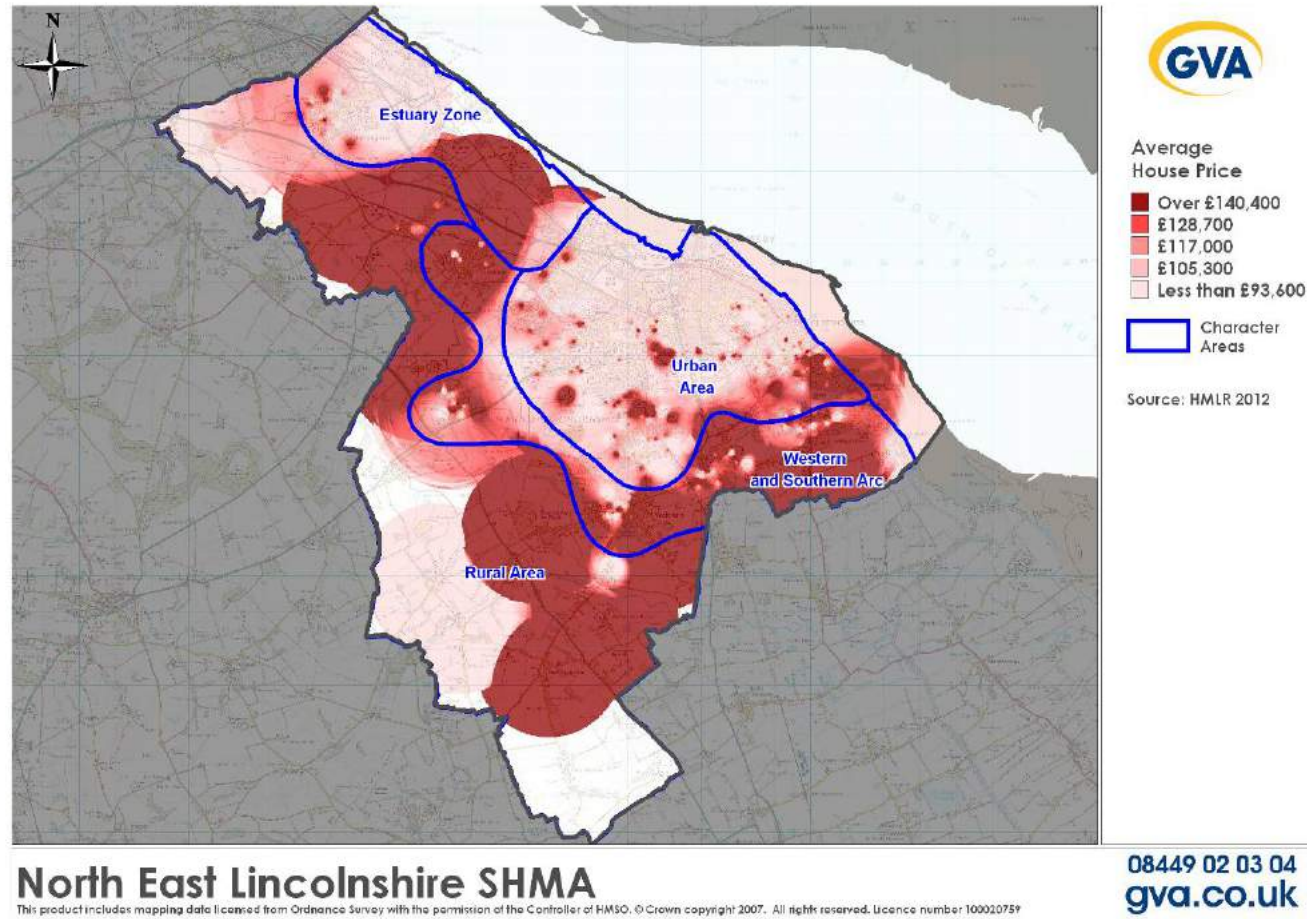
- 4.41 House prices are indicative of the relationship between supply and demand for different housing products and reflect the attractiveness of a particular location to potential purchasers. **House prices offer a significant indication of localised housing markets as they reflect the dynamic nature of the market.**
- 4.42 Figure 4.8 presents the average house price for all properties sold across North East Lincolnshire over the period February 2012 to September 2012 at the postcode sector scale. During this period, the average house price was £117,412 for North East Lincolnshire. Figure 3.3 demonstrates a concentration of lower value transactions within Grimsby in the Urban Area, with this trend also prevalent within Cleethorpes – although mixed with representation of higher value prices above the borough average.
- 4.43 Humberston, located within the Western and Southern Arc spatial zone, appears to be a particularly desirable area, with representation of higher value prices above the borough average. Neighbouring New Waltham and Waltham also have high sales prices, albeit mixed with a greater proportion of average and low value sales.
- 4.44 There are very limited sales in the Rural Area over the period assessed, albeit with a small concentration of higher value transactions in Stallingborough.
- 4.45 Sales values within the Estuary Zone appear to be mixed, albeit with a high proportion of average and low property prices.
- 4.46 Figure 4.9 presents the same data using 'hot spot' heat mapping to identify areas of particular high or low transaction values. This reinforces the trends in house prices demonstrated within Figure 3.3 – highlighting the higher value nature of the residential property market within the Rural Area and the Western and Southern Arc when compared to much of the Urban Area and Estuary Zone.
- 4.47 Figure 4.10 presents the same data as transaction 'points' to show concentrations of transactions across North Lincolnshire. This is disaggregated by property type and new-build or re-sale transaction. This demonstrates the limited volume of transactions within the Rural Area and Estuary Zone and, in particular, the highly limited volume of new build transactions both in these spatial zones, and across the borough.
- 4.48 The primary focus of transactions within the North East Lincolnshire housing market is clearly within the Urban Area, yet with clear concentrations of transactions also evident amongst the primary settlements within the Western and Southern Arc.
-

Figure 4.8: Average House Price – North East Lincolnshire (February 2012 – September 2012)



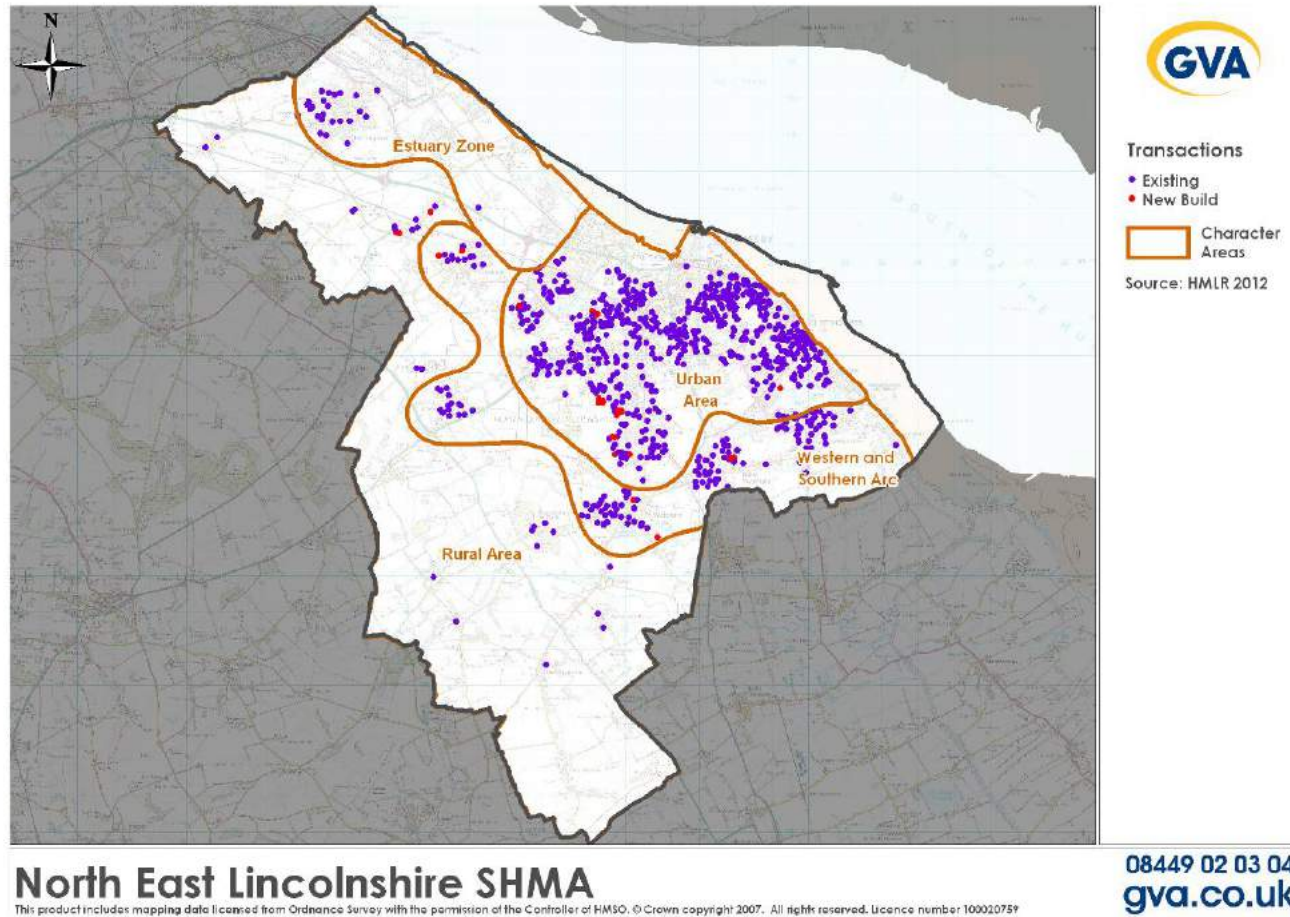
Source: Land Registry, 2012

Figure 4.9: House Price 'Heat Map' – North East Lincolnshire (February 2012 – September 2012)



Source: Land Registry, 2012

Figure 4.10: Transaction Volumes (New build & re-sale) – North East Lincolnshire (February 2012 – September 2012)



Source: Land Registry, 2012

- 4.49 The following analysis draws together the analysis presented in Section 3 to consider recent trends in house prices and transaction volumes as the spatial zone scale across North East Lincolnshire. This draws on Land Registry data.
- 4.50 Figure 4.11 presents average residential transaction prices for the period of February 2012 to September 2012 split by dwelling type and spatial zone. This demonstrates that the Rural Area attracts the highest transaction values – which more than double those in the Urban Area. The Western and Southern Arc also commands comparably high transaction values, which significantly exceed the Estuary Zone and Urban Area.

Figure 4.11: Average Residential Transaction Prices (Feb 2012- Sept 2012)

Spatial Zone	Average Property Price by Type (Feb 2012 - Sept 2012)				
	Detached	Flat	Semi-detached	Terraced	All Properties
Estuary Zone	£137,844	£25,000	£88,905	£69,400	£107,741
Rural Area	£246,383	N/A	£135,661	£144,363	£201,074
Urban Area	£167,319	£72,853	£113,446	£72,977	£100,803
Western and Southern Arc	£200,226	£107,580	£133,921	£124,667	£170,103
North East Lincolnshire	£185,826	£77,070	£116,873	£75,211	£117,412

Source: Land Registry, 2012

- 4.51 Figure 4.12 presents the same data, focusing only on new-build dwelling transactions. This indicates that no new build properties were sold in the Estuary Zone over this period, and points towards a very limited level of recent development activity. The lack of sales of new build flats in all spatial areas, except the Western and Southern Arc, points to a recent shift in development away from flats – a trend evident nationally in recent years.
- 4.52 Development and sale of new build detached, semi-detached and terraced dwellings has occurred across other areas of the housing market.

Figure 4.12: Average Residential Transaction Prices – New Build (Feb 2012- Sept 2012)

Spatial Zone	Average Property Price by Type (Feb 2012 - Sept 2012) - New Build				
	Detached	Flat	Semi-detached	Terraced	All Properties
Estuary Zone					
Rural Area	£211,633		£204,975	£128,725	£186,043
Urban Area	£186,235		£133,562	£123,475	£146,991
Western and Southern Arc	£238,125	£124,550	£175,594		£194,949
North East Lincolnshire	£209,331	£124,550	£151,306	£123,912	£165,013

Source: Land Registry, 2012

- 4.53 Figure 4.13 presents the same data, focusing only on re-sale dwelling transactions. When comparing Figure 6.9 and Figure 6.10, it is evident that there is a premium attached to new build dwellings selling across the North East Lincolnshire housing market – for all but the detached and terraced homes within the Rural Area. Overall, the effect is that the average selling price for a new build home in North East Lincolnshire was circa £165,000 over the period, compared to circa £112,000 for a re-sale property – a price premium of approximately 47%.

Figure 4.13: Average Residential Transaction Prices – Re-sale (Feb 2012- Sept 2012)

Spatial Zone	Average Property Price by Type (Feb 2012 - Sept 2012) - Re-sale				
	Detached	Flat	Semi-detached	Terraced	All Properties
Estuary Zone	£137,844	£25,000	£88,905	£69,400	£107,741
Rural Area	£253,333		£115,857	£160,000	£205,458
Urban Area	£163,040	£72,853	£112,111	£69,120	£96,909
Western and Southern Arc	£194,242	£67,983	£127,859	£124,667	£165,501
North East Lincolnshire	£181,685	£71,877	£114,047	£71,367	£112,427

Source: Land Registry, 2012

- 4.54 Figure 4.14 presents all residential transactions for the period of February 2012 to September 2012 split by dwelling type and spatial zone. This suggests that there was 1,175 transactions across the North East Lincolnshire housing market over the period, with 36% of these representing semi-detached home sales, 32% representing terraced sales, 25% representing detached sales, and 6% representing flat sales.

Figure 4.14: Residential Transaction Volumes – Type (Feb 2012- Sept 2012)

Spatial Zone	Property Transactions by Type (Feb 2012 - Sept 2012)					
	Detached	Flat	Semi-detached	Terraced	All Properties	All Properties %
Estuary Zone	17	1	11	5	34	3%
Rural Area	21		9	5	35	3%
Urban Area	137	66	327	360	890	76%
Western and Southern Arc	125	12	70	9	216	18%
North East Lincolnshire	300	79	417	379	1,175	100%

Source: Land Registry, 2012

- 4.55 Considering transactions by spatial zone, the Urban Area contained the majority of transactions over the period (76%), followed by the Western and Southern Arc (18%). The Estuary Zone and Rural Area had a limited volume of transactions (3% each).

Lower Quartile House Prices

- 4.56 Figure 4.15 presents lower quartile residential transaction prices for the period of February 2012 to September 2012 split by dwelling type and spatial zone. These reflect the distribution of house prices and highlight the more affordable parts of North East Lincolnshire, namely the Urban Area in particular.

Figure 4.15: Lower Quartile Residential Transaction Prices (Feb 2012- Sept 2012)

Spatial Zone	Lower Quartile Property Price by Type (Feb 2012 - Sept 2012)				
	Detached	Flat	Semi-detached	Terraced	All Properties
Estuary Zone	£123,875	£25,000	£80,000	£50,000	£82,000
Rural Area	£153,250	N/A	£114,000	£122,463	£124,475
Urban Area	£130,000	£39,875	£95,000	£53,125	£65,000
Western and Southern Arc	£143,500	£97,375	£112,000	£97,000	£124,998
North East Lincolnshire	£135,000	£42,000	£96,000	£54,500	£73,250

Source: Land Registry, 2012

Private Rental Market

- 4.57 Building on the analysis in section 3 the following analysis provides a sub-area picture of the private rental market. Figure 6.14 uses private rental property data, based on

advertised properties as at November 2012, from www.Rightmove.co.uk. Figure 4.16 presents the average advertised private rental price (£ monthly) by size (number of bedrooms) in North East Lincolnshire’s spatial zones.

- 4.58 Overall, the Western and Southern Arc is the spatial zone with the highest average advertised rental prices, with the Estuary Zone, in contrast proving the most affordable. The most active spatial zone is the Urban Area with a high volume of properties advertised and availability across all property sizes. In contrast to this, the Rural Area had very few properties available to rent – suggesting a very limited private rental market active across this spatial zone.

Figure 4.16: Average Private Rental Prices (Advertised November 2012)

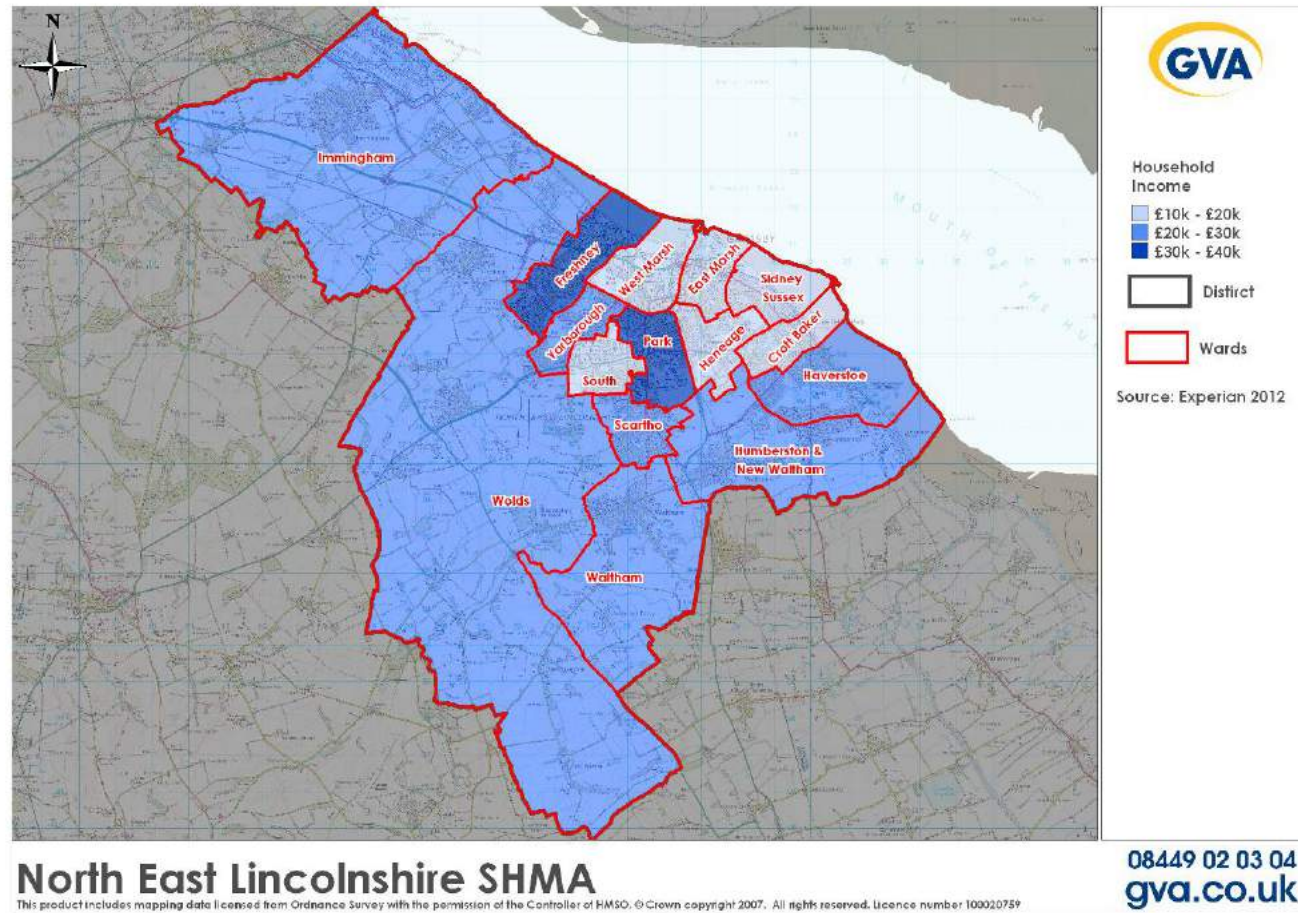
Spatial Zone	Lower Quartile Property Price by Type (Feb 2012 - Sept 2012)				
	All Properties	1 Bedroom	2 Bedroom	3 Bedroom	4+ Bedroom
Estuary Zone	£483.13	N/A	£439.00	£556.67	N/A
Rural Area	N/A	N/A	N/A	N/A	N/A
Urban Area	£485.80	£358.52	£478.65	£490.35	£768.45
Western and Southern Arc	£621.30	N/A	£555.83	£589.62	£822.50

Source: www.Rightmove.co.uk

Examining Functionality - Household Socio-Economic Characteristics

- 4.59 Household social and economic characteristics provide a further indication of the differences in spatial housing market areas.
- 4.60 Figure 4.17 demonstrates that there is considerable spatial difference in terms of incomes across the borough, with households in wards within Cleethorpes and Grimsby having considerably lower median household incomes than those in the Rural Area.

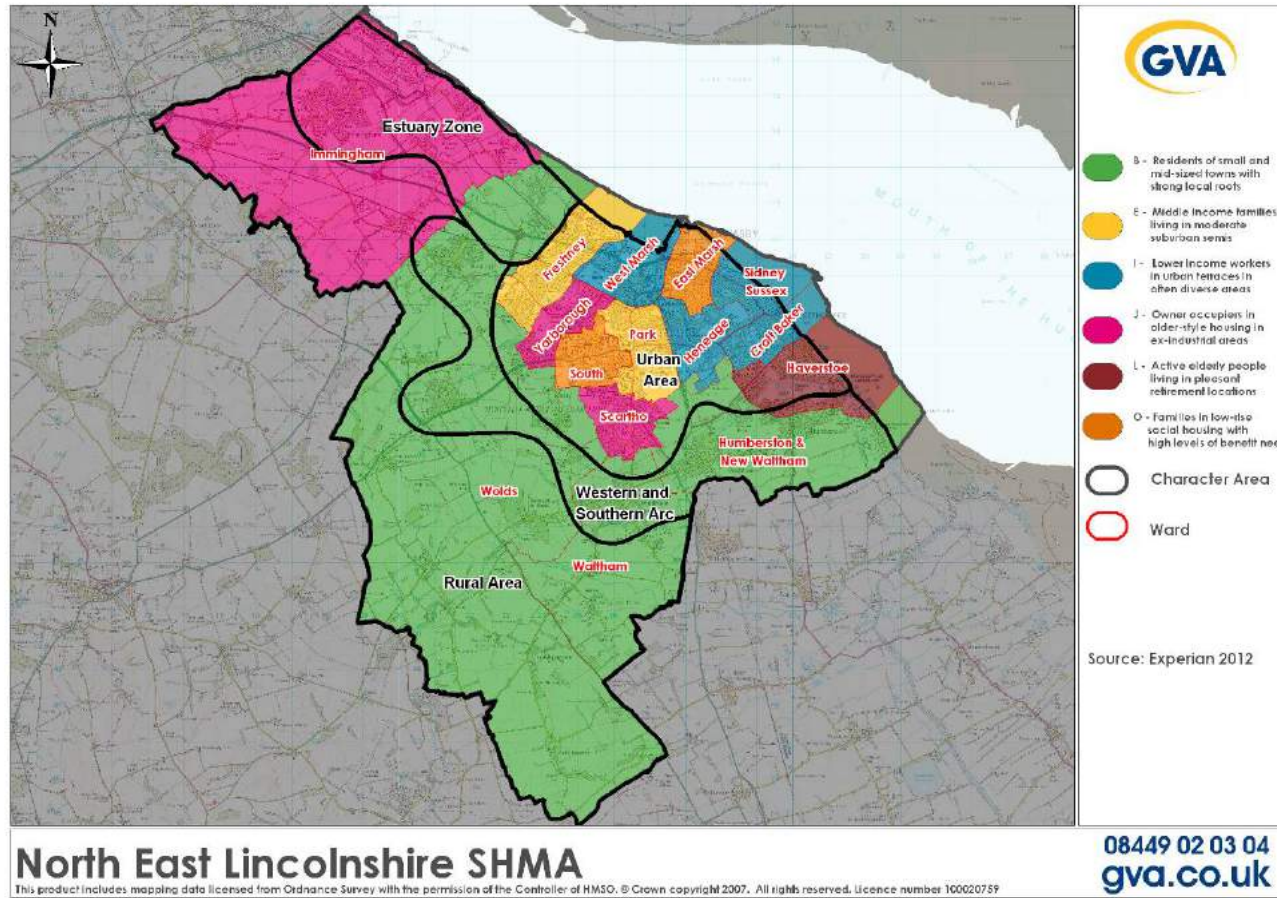
Figure 4.17: Median Household Income - North East Lincolnshire Wards (2012) - Experian Public Sector



Source: Mosaic Public Sector © 2012 Experian Ltd, All rights reserved

-
- 4.61 For an economy to function it requires a mix of households on different incomes being able to find housing in neighbourhoods of choice. It is quite common for similar groups of households to be found in clusters. This is often related to similar abilities to access housing at specific price points / ranges as well as similar aspirations and neighbourhood requirements associated with the stage in the family life cycle. This is also quite often a reflection of the type and age of stock that is available within an area.
- 4.62 The homogeneity of such characteristics can provide an indication of housing market areas, when considered alongside factors such as travel to work and migration patterns.
- 4.63 Mosaic data, collated and published by Experian, draws upon a wide spectrum on socio-economic, demographic, lifestyle behaviour and income measures to classify consumers across the UK at a ward scale. The dominant Mosaic classification for each ward in North East Lincolnshire has been mapped spatially in Figure 3.6.
- 4.64 Figure 4.18 demonstrates that the dominant household socio-economic classification differs considerably across the borough. Importantly, this bears a relatively close resemblance to the established spatial zones as follows:
- Urban Area – This contains a mixture of households across the two towns of Grimsby and Cleethorpes, with areas closest to the coast containing lower income households in either terraced homes or high rise flats and with a high level of Affordable Housing need. On the fringe of the urban area are areas of middle income families living in suburban neighbourhoods and owner-occupier households.
 - Estuary Zone – This area is characterised separately from neighbouring zones, as predominantly containing households who are owner occupiers in older-style homes in former industrial areas.
 - Western and Southern Arc – From a socio-economic perspective, this area bears a close resemblance to the Rural Area, albeit overlapping with areas of retired older households on the coast, as well as areas of owner-occupier households and middle-income families on the fringes of Grimsby and Cleethorpes.
 - Rural Area – This area is characterised as predominantly containing residents within small and mid-sized towns with strong local roots.

Figure 4.18: Dominant Household Socio-Economic Classification by Ward²⁶ – North East Lincolnshire (2012)



Source: Mosaic Public Sector, Household Directory 2012 data release

²⁶ Note: Classification of wards consistent with Experian data, however it should be noted that the East Marsh ward contains "high rise" housing

Bringing the Evidence Together

- 4.65 This section has set out North East Lincolnshire's strategic linkages. It has considered both the NPPF requirement for North East Lincolnshire Council to fulfil its duty to co-operate with neighbouring local authorities in making decisions relating to sustainable development or strategic infrastructure as well as the assembly of housing evidence, and considering cross-boundary housing market relationships in order to evidence need and demand for housing over the New Local Plan period.
- 4.66 Previous work undertaken in 2007 identified that within the Humber sub-region, the North East Lincolnshire area forms its own well-defined housing market focused upon Grimsby/Cleethorpes and including Immingham. The 2007 study established that the North East Lincolnshire housing market has strong linkages with the housing markets of surrounding authorities including East Lindsey and West Lindsey, as well as to North Lincolnshire – appropriately evidenced by both household migration patterns and economic/employment (travel-to-work) drivers.
- 4.67 Establishing the functional local market areas within the North East Lincolnshire housing market forms an important component of the Council's evidence base to ensure that the necessary information is in place to support future housing policy and strategy decisions. This will enable the Council to plan positively to provide housing choice and appropriate opportunities for housing growth. The Council has already identified four distinct 'spatial zones' across North East Lincolnshire that reflects areas of similar characteristics, and display close physical and functional relationships. The Council's preferred approach is to retain the 'Spatial Zones' approach in the New Local Plan, and reflect this in policies addressing the level and distribution of growth.
- 4.68 The spatial zones are characterised as follows:
- Urban Area – This contains the towns of Grimsby and Cleethorpes. These settlements will be the focus for new developments.
 - Estuary Zone – This contains the port town of Immingham and valuable land for economic development, stretching between the ports of Immingham and Grimsby.
 - Western and Southern Arc – This contains a number of smaller settlements that have grown to become service settlements for the borough and offer a range of key services and amenities.
 - Rural Area – This area is characterised by its high landscape quality and a collection of small villages and hamlets.

4.69 This section has tested and ratified the existing spatial zones across North East Lincolnshire by examining the similarities and differences in functional characteristics using a range of datasets:

- Travel to work data from the 2001 Census demonstrates the relatively contained nature of travel-to-work movements for North East Lincolnshire within the borough, whilst also demonstrating the wider commuting patterns into North Lincolnshire, West Lindsey, East Lindsey and, to a lesser degree, to authorities on the northern bank of the Humber Estuary. Updated travel to work data released by the ONS continues to support these geographies of analysis;
- House prices offer a significant indication of localised housing markets as they reflect the dynamic nature of the market. Average residential transaction prices for the period of February 2012 to September 2012 show the very different market nature of each of the spatial zones. The Rural Area attracts the highest transaction values – which more than double those in the Urban Area. The Western and Southern Arc also commands comparably high transaction values, which significantly exceed the Estuary Zone and Urban Area. Importantly, it is evident that there is a premium attached to new build dwellings selling across the North East Lincolnshire housing market – for all but the detached and terraced homes within the Rural Area;
- Considering transactions by spatial zone, the Urban Area contained the majority of transactions over the period (76%), followed by the Western and Southern Arc (18%). The Estuary Zone and Rural Area had a limited volume of transactions (3% each).
- Household social and economic characteristics provide a further indication of the differences in spatial housing market areas. There is considerable spatial difference in terms of incomes across the borough, with households in Urban Area wards within Cleethorpes and Grimsby having considerably lower median household incomes than those in the Rural Area;
- The dominant household socio-economic classification also differs considerably across the borough. Importantly, this bears a relatively close resemblance to the established spatial zones. The Urban Area contains a mixture of households across the two towns of Grimsby and Cleethorpes, with areas closest to the coast containing lower income households in either terraced homes or high rise flats and with a high level of Affordable Housing need. On the fringe of the urban area are areas of middle income families living in suburban neighbourhoods and owner-occupier households. The Estuary Zone is characterised separately from neighbouring zones, as predominantly containing households who are owner occupiers in older-style homes in former industrial areas. The Western and Southern Arc bares a socio-economic close resemblance to the Rural Area, albeit

overlapping with areas of retired older households on the coast, as well as areas of owner-occupier households and middle-income families on the fringes of Grimsby and Cleethorpes. The Rural Area is characterised as predominantly containing residents within small and mid-sized towns with strong local roots.

- 4.70 The spatial zones will be utilised, along with the borough scale, as the geographies of analysis for consideration throughout the remaining sections of this SHMA report.

5. Future Population and Household Change

Household Growth Projections and Policy Development

- 5.1 The Regional Spatial Strategy established a requirement for 510 dwellings per annum between 2008 and 2026 within North East Lincolnshire.
- 5.2 This requirement was driven by the levels of demand evidenced through regionally assembled analysis. This process considered the latest available forecast and projection data for the two fundamental drivers of overall population demand, demographic and economic factors. The attributing of housing requirement figures through the RSS also involved a consideration of the potential available supply of land and the sub-regional market linkages between different authorities.
- 5.3 This section uses more up-to-date datasets to provide a comparable analysis of demographic and economic factors to assess the level of demand for housing (all tenures). The analysis is presented over the time period 2011 – 2030 in order to inform the development of future policy and strategy documents. This analysis is undertaken in line with the expectations of a Local Plan evidence base as set out in the NPPF and the DCLG SHMA Guidance.
- 5.4 The analysis serves to establish the overall level of demand but also importantly provides greater detail around the sizes of property likely to be required. This is then complemented through the outputs in section 6 which provides an assessment of the likely need for different tenures of housing linked to market and affordability factors.
- 5.5 Population trends influence both the level and, as a result of a changing age structure and household composition, the types and sizes of housing which will be required in the future. Employment trends also influence both the level and type of migration. In turn, migration trends are very important in that they influence the future level of population and age structure of the total population.
- 5.6 Nationally population projections indicate that the population is rising, with this growth in the overall number of people being compounded further in demand for housing by falling average household sizes. The result nationally is a well documented apparent mismatch between current and future supply and demand for housing.

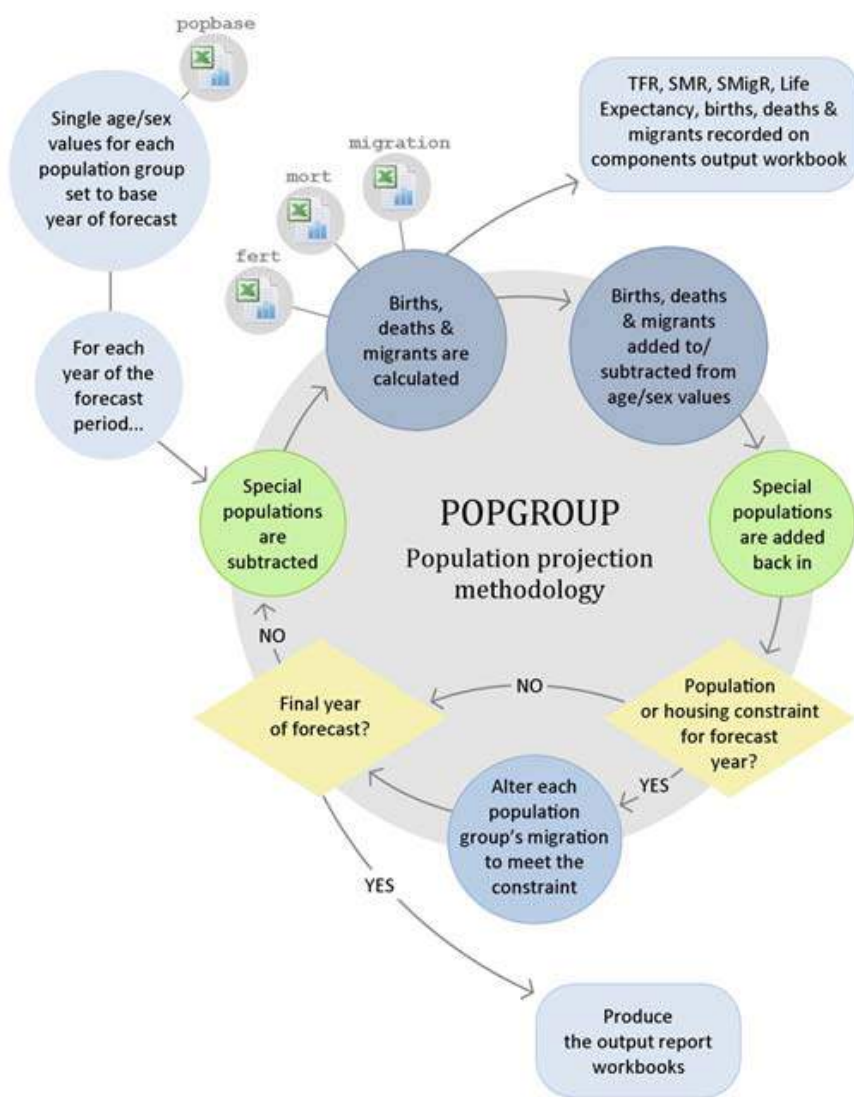
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- 5.7 The modelling of population and household change presented in this section uses official datasets and the POPGROUP model²⁷.

The POPGROUP modelling approach

- 5.8 POPGROUP and the Derived Forecast software component are used to develop a series of population and linked household projections for the authority.
- 5.9 Population projections delivered using POPGROUP use a standard cohort component methodology (the methodology used by the UK statistical agencies). The household projections use a standard household headship rate as employed by the Communities and Local Government (CLG) for its household projection statistics.
- 5.10 In order to align population projections with different forecast levels of job change the model integrates labour force projections. These labour force projections use a standard economic activity rate methodology. A more detailed description of the population and household projection methodologies is available from the User Guide and Reference Manual on the POPGROUP website www.ccsr.ac.uk/popgroup/about/manuals.html.
- 5.11 The following graphics provide a schematic illustration of the operation of the POPGROUP and Derived Forecast methodologies.

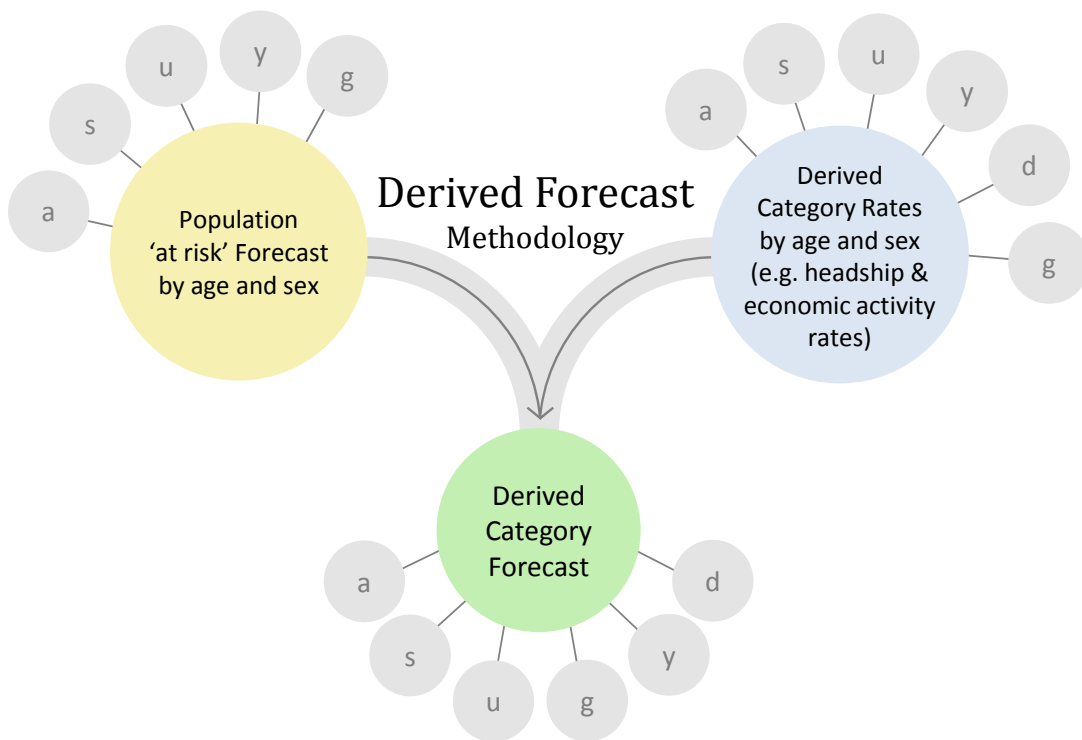
²⁷ POPGROUP is used by over 90 local and regional organisations in the UK and has been subject to extensive enhancement and development over the last ten years. It uses MS Excel workbooks to manage its data inputs and outputs and provides great flexibility to enable users to experiment and analyse alternative forecasts. A more detailed description of the population and household projection methodologies is available from the User Guide and Reference Manual on the POPGROUP website. The mathematical calculations for each method are documented at the end of each of the manuals. www.ccsr.ac.uk/popgroup/about/manuals.html

Figure 5.1: POPGROUP population projection methodology



Source: Edge Analytics, 2012

Figure 5.2: Derived Forecast Model: household & labour force projection methodology



$$D_{a,s,u,y,d,g} = \frac{P_{a,s,u,y,g} R_{a,s,u,y,d,g}}{100}$$

<i>D</i>	Derived Category Forecast
<i>P</i>	Population 'at risk' Forecast
<i>R</i>	Derived Category Rates
<i>a</i>	age-group
<i>s</i>	sex
<i>u</i>	Sub-population
<i>y</i>	year
<i>d</i>	derived category
<i>g</i>	group (usually an area, but can be an ethnic
	group or social group)

Source: Edge Analytics, 2012

Outputs of the Population and Household Modelling Analysis

- 5.12 This section presents a number of scenarios of projected population change in North East Lincolnshire over the plan period.
- 5.13 Three scenarios are presented within the section, these being:
1. Re-based ONS 2010-based Sub-National Population Projections (SNPP). This dataset is presented throughout as a benchmark against which to compare alternative scenarios. The projection is essentially 'trend-based' as the ONS methodology projects forward future change based on recent historical trends. The projections have been re-based to reflect the 2011 Census population count. The derived household projections use household formation rates (headship rates) from the 2008 Sub-National Household Projections (SNHP), which, until the release of the 2010 base dataset remain the most up-to-date data source available. The modelling process has factored in the 2011 Census household counts although due to the modelling processes may not match exactly for all of the scenarios;
 2. Natural Change Scenario – This represents another 'trend-based' scenario. Under this hypothetical scenario population projections are modelled based on the impact of 'no migration', where the only drivers of growth are births and deaths in an authority. This represents a hypothetical position as this set of circumstances could never reasonably be expected to occur. It does, however, provide an important insight into the anticipated levels of population change which will occur from locally generated demographic pressures alone; and
 3. Employment-led Scenario – This represents a 'constrained' rather than a trend based projection. This scenario takes the ONS 2010 SNPP data as its base and constrains the population to the latest employment forecasts published by Experian. These forecasts are the November Experian Quarterly Forecast results and are a baseline run with no modifications incorporated to reflect policy aspirations. The scenario assumes that unemployment rates and the commuting ratio for the authority continue to reflect average recent performance levels. The scenario incorporates an uplift in economic activity rates of older working age groups to reflect rising pension ages.

Demographic Projections: Re-based Sub-national Population Projection

- 5.14 On the 21st March 2012 the Office of National Statistics (ONS) released the latest full set of official Sub National Population Projections (SNPP) data²⁸. These have a 2010 base and replace the 2008 base sub-national population projections.
- 5.15 The ONS notes within an accompanying 'methodology document'²⁹ the detailed data sources and methodology used to generate the population projections. These are however, summarised based on the accompanying 'frequently asked questions'³⁰ note:

"Registrations of births and deaths collected by the civil registration system at the General Register Office are used to calculate fertility and mortality rates. Internal migration estimates and cross-border migration estimates are based on administrative data. International migration estimates are based on data from the International Passenger Survey, together with asylum seeker data from the Home Office and National Asylum Support Service." (ONS, SNPP 2010 – Frequently Asked Questions)

- 5.16 A number of methodological changes have been integrated in the latest projections which have an impact both at a national and a sub-national level. These changes are primarily related to the treatment of projections of international migration flows and changes to fertility rates reflecting recent national trends. These are explored in more detail below.

Projecting International Migration

- 5.17 ONS has an ongoing programme of 'improvement' to its estimation methodologies to ensure the most accurate data on immigration and emigration is used in its estimation of the population. In 2010, ONS released a set of 'revised' Mid Year Estimates (MYE) for 2001-2009 and a revised 2008-based population projection, which took account of a number of such improvements; specifically, the improved handling of onward student moves and the integration of administrative data sources to better estimate the local impact of international migration.

²⁸ Note: In September 2012 the ONS published an Interim 2011 base SNPP dataset. This doesn't represent a full official SNPP with the projections only running to 2021. This dataset is considered in more detail throughout this section but does not form a separate considered scenario.

²⁹ ONS, (2012) Methodology: 2010 Sub-National Population Projections, 21st March 2012
<http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2010-based-projections/rpt-snpp-2010-based-methodology-report.html>

³⁰ ONS, (2012) Frequently Asked Questions: 2010-based Sub-National Population Projections, 21st March 2012
<http://www.ons.gov.uk/ons/rel/snpp/sub-national-population-projections/2010-based-projections/rpt-snpp-2010-based-faq.html>

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- 5.18 In November 2011, ONS released further revisions to MYE for 2006-2010, using a revised methodology for international migration estimates based upon an approach developed by Dr Peter Boden and Professor Phil Rees working at the University of Leeds³¹.
- 5.19 These latest MYE revisions, although yet to be made 'official statistics', have been used as the basis for ONS' latest 2010-based SNPP, released in March 2012. The 2010 base SNPP include within their long-term estimates of projected international migration trends a substantial increase in net flows at a national UK level.
- 5.20 The new projections also include updated assumptions around fertility rates. Nationally recent evidence suggests a rise in fertility rates, this again impacts on local level projections,³², this is explained by the ONS below:

"Compared to the 2008-based projections, the long-term fertility assumption has remained the same. However higher fertility rates are assumed in the short-term, with the assumed UK fertility rates set to increase from current levels to a high of 2.02 (children per women) in 2013 before decreasing to the long-term assumption of 1.84 by 2027. These short-term assumptions are very different to those used in the 2008-based projections which assumed a decreasing fertility rate and reached the long-term within five years. The 2010-based assumptions are higher and stay higher for longer reflecting the current relatively high trends in fertility." (ONS, SNPP 2010 – Frequently Asked Questions)

³¹ Boden P and Rees P (2010) Using administrative data to improve the estimation of immigration to local areas in England, Statistics in Society – Series A, Volume 173 Issue 4m, p707-731, October 2010
<http://onlinelibrary.wiley.com/doi/10.1111/j.1467-985X.2009.00637.x/abstract>

ONS (2011) Improved Immigration Estimates to Local Authorities in England and Wales: Overview of Methodology
<http://www.ons.gov.uk/ons/guide-method/method-quality/imps/improvements-to-local-authority-immigration-estimates/index.html>

³² Note: Further information on the national assumptions can be found at the following link:
<http://www.ons.gov.uk/ons/rel/npp/national-population-projections/2010-based-projections/rep-2010-based-npp-fertility-assumptions.html#tab-Principal-assumptions>

Taking account of the 2011 Census data

- 5.21 In July 2012 the ONS published the first phase release of data from the 2011 Census. This included estimates of the population and the number of households for each authority in England and Wales as well as a breakdown by age. This data has been analysed in section 3. In order to ensure the analysis takes account of this data release all of the modelled scenarios have been rebased to reflect the 2011 Census population count.
- 5.22 This exercise is very similar to that undertaken by the ONS in the publication of the 2011 based Interim sub-national population projections. These are described in the text box below.

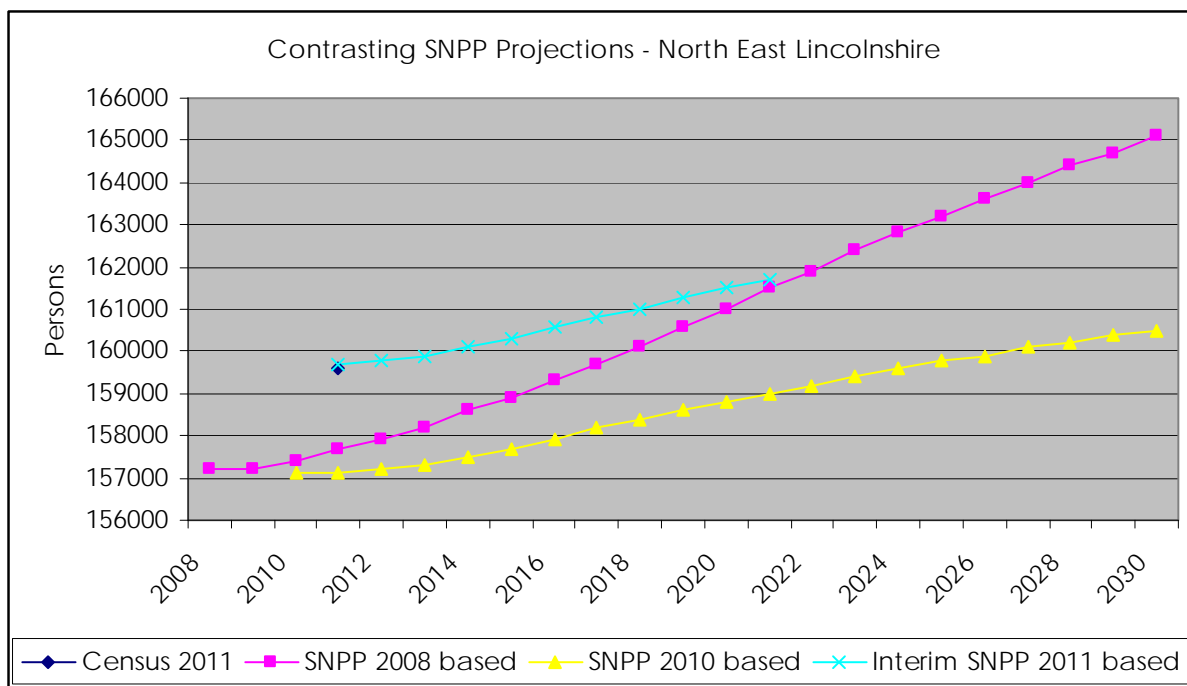
Interim 2011 based Sub-National Population Projections

The ONS published a 2011 based Interim set of sub-national population projections (SNPP) on the 28th September 2012. These projections were produced ahead of the usual schedule of releases in order to provide an indication of the impact of the integration of available data from the 2011 Census.

It is important to recognise that these projections do not take into account all of the data usually required to update trends in the ONS projection model. Assumptions around future fertility, mortality and migration levels are based on the trends calculated for the 2010-based SNPP. This is because a revised back series for the rolled forward mid-2002 to mid-2010 population estimates taking account of the 2011 Census is not yet available to update the assumptions. The projections do however, give an indication of the possible size and structure of the future population based upon and updated base position regarding the structure of the population in terms of age and sex as of the 2011 Census date.

- 5.23 The following chart shows the position of the 2011 Census count in the context of the latest two ONS published SNPP datasets.

Figure 5.3: Contrasting ONS historic and current SNPP datasets and the 2011 Census



Source: ONS various dates

- 5.24 The chart clearly illustrates the changes to the trajectory projected by the ONS based upon alterations to the modelling methodology. Whilst the base starting points are different the 2008 SNPP shows the strongest rate of growth when set against the other two scenarios. The notable under-count between the 2008 and 2010 projections and the 2011 Census is also clearly shown. As noted in section 3 this under-count is largely likely to be the result of an under-estimation of the flows of international migrants into the authority.
- 5.25 The GVA modelled Rebased SNPP scenario presented in this sub-section therefore takes the 2011 Census data as a start point and applies the projected rate of change assumed through the 2010 base dataset (ONS long-term assumptions on fertility and mortality change).
- 5.26 The ‘corrections’ applied through the various datasets highlights the impact of varying assumptions and highlights the importance of considering a range of scenarios recognising that projecting forward data over the long-term always come with a level of uncertainty. Further updates will be available through future information releases by the ONS. This includes a 2010 based release of the Sub-National Household Projections (SNHP) and in March / April 2013 a release of further migration and fertility assumptions linked to the 2011 Census. It will be important for the Council to monitor the

implications of the release of these datasets for the analysis presented within this SHMA report.

Rebased SNPP 2010 Scenario Projected Population Change

- 5.27 The projected impact of the rebasing of the 2010 base SNPP to include the 2011 Census outputs is illustrated in the following table.

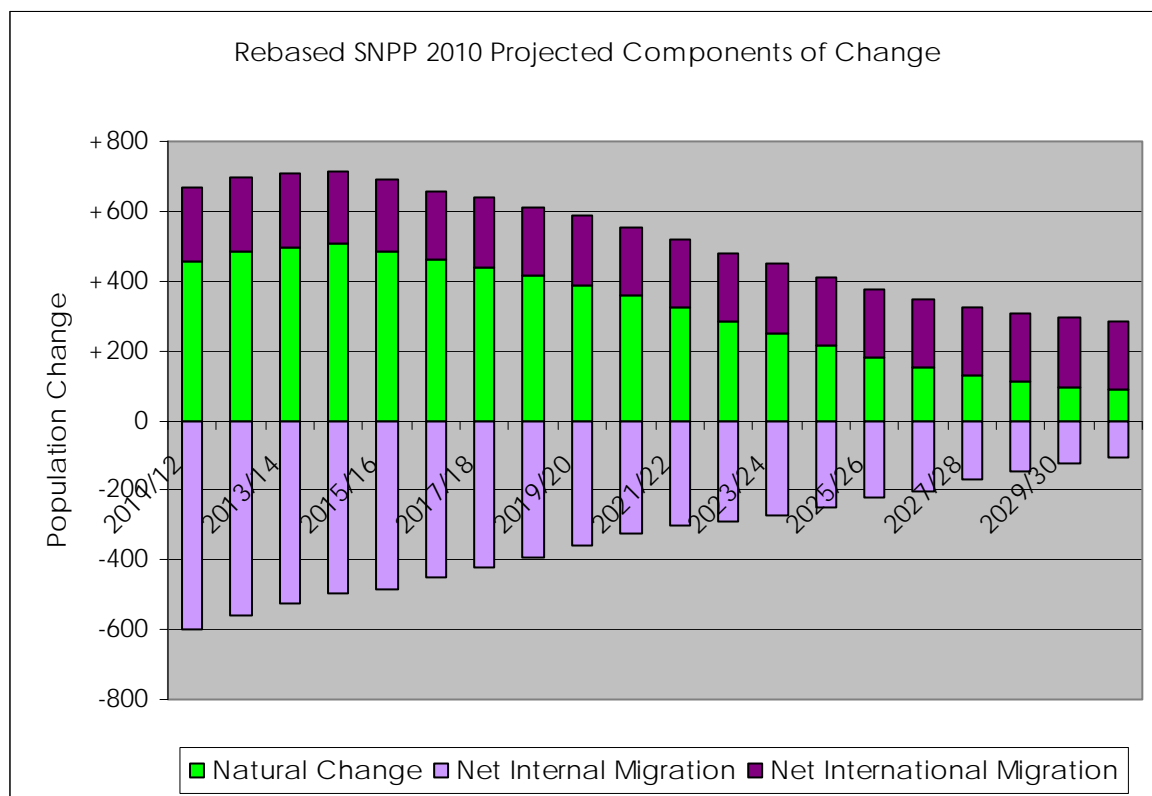
Figure 5.4: Projected Population Rebased SNPP 2010

Scenario	Number of Persons		Change in Population 2011 - 2030	Annual average change 2011 - 2030 (19 years)
	2011	2030		
Rebased 2010 SNPP	159,600	163,058	3,458	182

Source: Edge Analytics, GVA, 2012

- 5.28 Under this scenario the population of North East Lincolnshire is projected to increase by approximately 3,460 people.
- 5.29 The following chart illustrates the assumed net impact of the three components of change on annual population change in North East Lincolnshire under this scenario.

Figure 5.5: Components of Change Rebased 2010 SNPP



Source: Edge Analytics, 2012

5.30 The components of change chart highlights the trend based nature of the projection. Under this scenario, based on the last five years trends, internal migration is assumed to continue to act as a net negative factor albeit with this lessening over the projection period. This is offset by continued positive growth through natural change and net international migration. The important role of natural change in driving the potential growth of the authority is illustrated through the following scenario.

Demographic Projections: Natural Change

5.31 A scenario has been modelled which removes the impact of migration from 2011 onwards. This therefore assumes that the existing population is not changed by migratory factors and that population change is constrained only to natural change from the population (i.e. births and deaths).

5.32 It is important to recognise that this scenario is a hypothetical scenario with the reality of the operation of the housing market meaning that migration could never be constrained to zero through policy intervention or other factors.

Natural Change Scenario Projected Population Change

- 5.33 Under this scenario the outputs shown in the following table show that the population, even without the net negative impact of migration, would increase by over 6,500 people.

Figure 5.6: Projected Population Natural Change Scenario

Scenario	Number of Persons		Change in Population 2011 - 2030	Annual average change 2011 - 2030 (19 years)
	2011	2030		
Natural Change	159,735	166,265	6,530	344

Source: Edge Analytics, GVA, 2012

Employment Constrained Projection

- 5.34 The final scenario presented in this section differs from the previous two in that rather than projecting forward changes to the future population on the basis of historical trends it constrains the population to an economic forecast.

Methodology / Assumptions

- 5.35 The population projected under the Rebased SNPP 2010 scenario has been aligned with the economic forecasts produced by Experian, these have been presented and analysed in section 3.
- 5.36 The construction of this scenario is achieved by applying parameters which measure the relationship between the population and the labour-force (economic activity rate) and between the labour force and the number of jobs in an area (labour force: jobs conversion factor). This takes into account the level of unemployment but also the degree to which residents live and work within the area in question. In an employment constrained scenario, net in-migration will occur if the size of the labour-force is insufficient to match the number of jobs forecast to be created.
- 5.37 The scenario assumes that commuting and unemployment rates remain constant over the projection period, drawing on the data presented in section 3³³. The same

³³ Commuting rates are held constant at 0.99 based on analysis of Census 2001 data. Unemployment rates are held constant based on a 5 year average.

approach is applied to economic activity rates³⁴, the only variation on these assumptions is a varying of older person activity rates to reflect changes to pension ages over the long-term, with the following assumption applied:

- 50 – 64 and 65 – 74 year age groups: Economic activity rates incrementally increased by 10% between 2011 and 2030. An incremental approach is applied to reflect the gradual impact of this employment factor.

5.38 Importantly the assumed economic activity rates and unemployment levels, as presented in section 3, are based on averages over a 5 to 6 year period. This is important both in terms of smoothing out estimation errors in the published datasets which are based on sampling analysis but also in terms of the relative health of the economy which is projected forward. Projecting current rates forward over a twenty year period would compound any current issues linked to the recession and present a particularly negative outlook in employment terms. The averaging out of rates incorporates the current economic climate as well as more positive economic periods therefore achieving a more balanced perspective for projecting forward.

Employment Constrained Projection Projected Population Change

5.39 The following table illustrates the impact of this forecast on population levels. This shows population growth over the period of almost 26,200 persons.

Figure 5.7: Projected Population – Employment-Led Projection

Scenario	Number of Persons		Change in Population 2011 - 2030	Annual average change 2011 - 2030 (19 years)
	2011	2030		
Employment-led (Experian)	159,735	173,219	13,484	710

Source: Edge Analytics, GVA, 2012

Translating Projected Population Growth into Household Growth

5.40 Whilst the ONS have released a 2010 base SNPP the DCLG have not at the time of publication released a sister Household Projection dataset (Sub-National Household Projection). Edge Analytics have converted the two population projections presented

³⁴ Economic activity rates are held constant based on average figures developed from those presented within Figure 3.9 and attributed to individual age groups by sex.

in the preceding analysis utilising the headship rate assumptions included within the 2008 DCLG projections (household headship rates by household type, age and sex)³⁵.

- 5.41 This set of household projections assumes a fall in household size over the projection period. The average household size is projected to fall under the re-modelled POPGROUP outputs by approximately 0.13 persons per household between 2011 and 2030. For example, under the SNPP 2010 scenario the average household size falls to 2.13 over this period.
- 5.42 The projected fall in household size over the longer-term reflects a number of factors with the general ageing of the population, and the linked fact that older person households on average contain only 1 or 2 persons, an important contributor.
- 5.43 For the 2010 SNPP Scenario the headship rates have been calibrated to ensure that the household statistics revealed through the 2011 Census are replicated. This results in an update to the starting point for the household size assumption which is then applied to the other scenarios³⁶.
- 5.44 The following table illustrates the projected level of household change resulting from the population projections presented within this section.

Figure 5.8: Projected Household Change – Alternative projections

Scenario	Households 2011	Projected Households in 2030	Change in Households	
			2011 – 2030	Annual Average (19 years)
Rebased 2010 SNPP	69,707	75,200	5,493	289
Natural Change	69,764	75,990	6,226	328
Employment-led (Experian)	69,733	79,106	9,374	493

Source: Edge Analytics, GVA, 2012

- 5.45 The projections show a relatively marked difference between the Rebased 2010 SNPP scenario and the Employment-led Scenario. The two scenarios show a growth of between 5,495 and 9,375 households.

³⁵ Once the 2010 base DCLG household projections are released consideration will need to be given as to the level of change from the 2008 base projections with regards the applied headship rates. Where there is a notable difference in the two datasets the Council may wish to update the modelling analysis of translating population into households.

³⁶ Due to the population forecasts having a base date of 2010 for the other two scenarios the calibration of headship rates means that the 2011 level is not directly constrained to the 2011 Census count. The key factor when considering the household projections, however, is the projected change over the plan period as opposed the exact starting base.

- 5.46 The fundamental difference between the two scenarios results from alternative projected trends around net migration. Under the Re-based SNPP 2010 projection the authority is assumed to continue to see a net out migration of people, driven in particular by a large flow of people from North East Lincolnshire to other parts of the UK (internal migration flows). By contrast under the Employment-led scenario the alignment of jobs and labour-force results in a stemming of this net out-flow of people with migration becoming a positive factor. This is illustrated further through the following table which shows the comparative change in the size of the labour-force under both scenarios.
- 5.47 The Natural Change scenario shows a level of growth between the two other scenarios. This reflects the neutral position taken regarding migration, noting again that this is a hypothetical position.
- 5.48 The following table shows the implied size of the labour-force (economically-active population) under the two central scenarios. This is particularly important in considering the implications of the population growing within North East Lincolnshire in relation to the authority’s employment base and its capacity to accommodate growth and investment. This is an issue returned to in greater detail within Section 7.

Figure 5.9: Projected Labour-force: Two Scenarios

Scenario	Projected Population 2011	Projected Population 2030	Projected Change in Population 2011 - 2030	
			Total	Economically active population
Rebased 2010 SNPP	159,600	163,058	3,458	-3,645
Employment-led (Experian)	159,735	173,219	13,484	1,439

Source: Edge Analytics, GVA, 2012

- 5.49 Importantly the analysis shows that the projected change in the population under the Re-based 2010 SNPP would result in a contraction in the size of the economically active labour-force. By contrast the Employment-led projection results in an increase in the labour-force with this aligned to the economic forecast constraint which assumes an increase in employment in the authority over the projection period.

Understanding the implications of a changing population and household structure

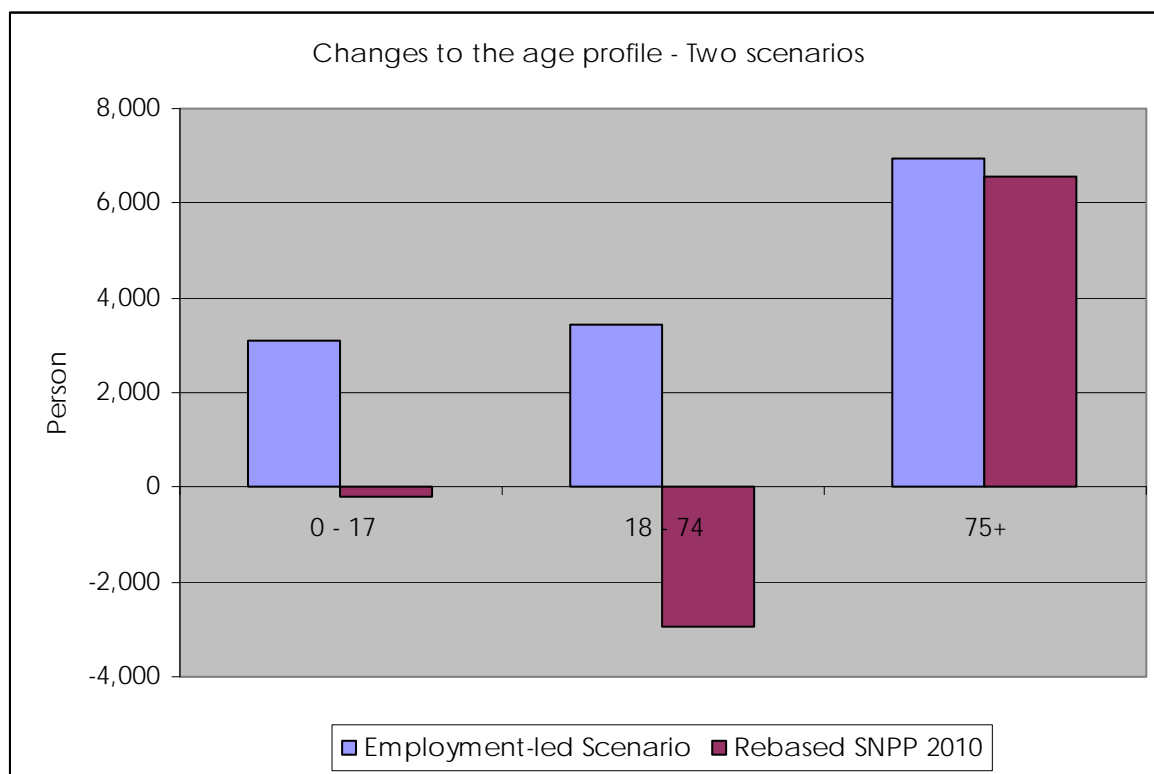
- 5.50 Each of the scenarios explored above is built using a detailed breakdown of the population by age and then a breakdown of households by specific household types.

Within this section the profiles generated under the Employment-led scenario and the Re-based SNPP 2010 scenario are shown to illustrate the impact of population change in the authority going forward. As recognised at the beginning of this section, the age and make-up of the population have an impact on the types and sizes of property which are likely to be required over the plan period.

A Changing Age Structure – The Implications

5.51 Firstly, looking at the age profile of the population Figure 5.10 shows the projected change in key age bands over the period 2011 and 2030 under both the Rebased SNPP 2010 scenario and the Employment-led Scenario.

Figure 5.10: Projected change in the age profile of the population under the Employment-led scenario and Re-based SNPP 2010 scenario: 2011 – 2030



Source: Edge Analytics, GVA, 2012

5.52 The analysis of the changing age population for North East Lincolnshire shows a contrasting picture under the two scenarios. Under the Re-based SNPP 2010 scenario the authority shows a significant ageing with a hollowing out of its working age population. This would obviously have an impact in terms of the type of new stock required with a considerable emphasis on housing suitable for meeting the needs of older person households.

5.53 Under the Employment-led scenario the change is more balanced across the age groups. Firstly, as with the Re-based SNPP 2010 scenario the authority will see an increase in older persons. Importantly, however, the authority will not see a further in-balancing of the population towards older persons as under the other scenario. The changing dynamics of the population resulting from a stemming of the current strong net out-flows of internal migration in the early years of the projection period, coupled with assumed sustained net international migration collectively serve to swell not only the working age population but also the number children and young adults in the population. This has an impact on housing needs but also other services. The impact on housing needs is considered in more detail below in relation to the projected change in household composition resulting from these shifts.

Requirements for different sizes of property

5.54 The POPGROUP household projections (as per the DCLG sub-national household projections) break the data down into 17 household groupings. Figure 5.11 has joined a number of these groups to illustrate the projected changing household profile under the Employment-led scenario.

Figure 5.11: Projected change in household types – Employment-led scenario 2011 – 2030

Broad Household Type	Projected Change 2011 - 2030
Single Person	7,760
Couple	3,050
Family	1,200
Other and multi-adult household	-2,640

Source: Edge Analytics, GVA, 2012

5.55 It is evident from this analysis that there are some important trends to take account of when considering the demand for different sizes / types of property based on the changing population and household profile:

- A significant increase in single person households, a notable proportion of which are older person households. This will place increased pressure or demand for smaller housing stock;
- The projected increase in couple households is also comparatively significant. Again this suggests a future demand for a range of smaller housing. Examination of the surveyed results of the aspiration of households often shows that couples desire to have housing which has additional space and flexibility. This therefore suggests a level of demand for smaller 'family' size housing;

- A moderate growth in family households. This suggests a sustained demand for moderate to larger family housing within the authority; and
- A fall in 'other' and multi-adult households. This grouping includes a number of household types including for example student households. This projected fall appears to reflect a national trend and presumably is based on assumptions of preferences for individuals to form their own households rather than share accommodation. Issues around affordability and factors such as welfare reform may have an impact on this projected trend in the future³⁷

Bringing the Evidence Together

5.56 The analysis and findings of the research presented in this section contribute to a number of the core outputs set out in the DCLG Guidance. As noted in the introduction to the section the research has primarily focussed on demographic analysis of population and household projections intended to highlight the changing 'underlying demand' over the plan period. The work is therefore intended to complement evidence previously prepared to underpin the Regional Spatial Strategy using the latest up-to-date information and datasets. Section 6 pulls together the overall implications of these projections to arrive at an estimated dwelling requirement alongside an assessment of the distribution of need for different tenures, however, a summary of the key points drawn out through this section are set out below:

- In order to understand the likely projected change in the number of households within North East Lincolnshire, i.e. the level of underlying demand for new housing, three population and household projection scenarios have been presented. Two of these scenarios are trend based projections which forecast forward historical components of change using a range of assumptions. The final scenario by contrast constrains the future population change to an economic forecast position;
- The central trend based projection, the Re-based SNPP 2010 projection uses the latest official sub-national population projection dataset released by the ONS and updates it to a new population and household base built from the results of the 2011 Census. This projection recognises the authority's recent historical modest growth in population and projects this forward using similar assumptions to those used by the ONS in the publication of their official sub-national projection datasets. This scenario projects a growth in the population, 4,460 additional

³⁷ Note: The DCLG are due to publish 2010 base Sub-National Household Projections in 2013. The implied household composition trends will need to be considered in light of this new dataset.

people, between 2011 and 2030. This translates into a projected growth in the number of households of 5,500 or approximately 290 per annum over this period;

- A Natural Change scenario was run. This removes the net impact of migration on the changing population and is presented for illustrative purposes only. The scenario shows that without the impact of migration then North East Lincolnshire's population would grow more strongly creating a strong underlying demand for new housing over the projection period;
- The Employment-led scenario showed a higher level of growth as that projected under the Re-based SNPP 2010 scenario. The resultant household growth from linking these two important drivers showed a projected growth of approximately 9,370 households or just over 490 per annum on average between 2011 and 2030. This scenario, in contrast to the Re-based SNPP 2010 scenario would facilitate a growth in the size of the labour-force in the authority to include almost 1,440 new economically active residents; and
- Analysis of the changing age and household composition profile under the Employment-led scenario identified a number of important projected changes which will have implications for the types and sizes of property likely to be required over the projection period. This included the identification of a strong growth in single person households which consist of a mix of younger individuals as well as older persons reflecting the wider changes to the age profile. Importantly the analysis also showed a moderate projected growth in family households.

6. Housing Need

Introduction

- 6.1 This section takes the outputs of section 5 and translates them into dwelling requirements for all tenures.
- 6.2 The section also includes more detailed analysis of the need for Affordable Housing using the DCLG calculation methodology as set out within the SHMA Guidance. The section concludes with analysis of the need for specific house types linked to the outputs of section 5 and the outputs of specifically targeted focus group analysis.

Establishing an Overall Dwelling Requirement

- 6.3 The modelling of population and household change in section 5 presented a set of potential scenarios of household demand pressure. In order to compare the household growth projections with the figures presented previously within the Regional Spatial Strategy the household projection outputs are translated into dwellings through the application of an assumed 3% vacancy. A 3% vacancy level has been used in the evidence underpinning regional plans in recognition of the need for a buffer of additional stock to enable turnover. It is important to note this takes no account of the ability to absorb demand within existing surplus vacant stock above this 3% benchmark.

Figure 6.1: Hypothetical dwelling requirements: Three Scenarios

Scenario	Change in Households 2011 - 2030	Dwellings Required 2011 - 2030 (3% vacancy assumed)	Theoretical net annual dwelling requirement (19 years)
Rebased 2010 SNPP	5,493	5,658	298
Employment-led (Experian)	9,374	9,655	508
Regional Spatial Strategy		9,690	510

Source: Edge Analytics, GVA, 2012

- 6.4 The analysis presented above shows a strong alignment between the Employment-led projection and the previous Regional Spatial Strategy. The two scenarios suggest the requirement for just in excess of 500 dwelling required per annum within North East Lincolnshire over the projection period.

- 6.5 The Re-based 2010 SNPP scenario shows a considerably lower dwelling requirement. Importantly, however, this needs to be considered in the context of economic implications of establishing a requirement at this low level. This scenario continues to assume a net out-migration of persons to other surrounding authorities and other parts of the UK. This in turn will have the impact of reducing in size the potential labour-force within the authority and therefore the capacity to grow the economy of North East Lincolnshire. This is considered further in section 7 but clearly represents an important consideration in setting any future housing requirement figure through policy.

Assessing the Need for Affordable Housing

Introduction

- 6.6 Appropriately identifying the scale of Affordable Housing need is a key requirement of the NPPF. A detailed examination of the short-term level of households in Affordable Housing need therefore forms an important component of this research.
- 6.7 In line with the current CLG SHMA Guidance (August 2007) this report assesses need under a series of stages, to arrive at a short-term (five years) assessment of the level of need for Affordable Housing across North East Lincolnshire and within each of its spatial zones. These stages include; current need, future need and the supply of Affordable Housing available.
- 6.8 The role of the three forms of Affordable Housing; social rented, intermediate products and Affordable Rent, is explored to understand the potential for these forms of Affordable Housing to meet needs.
- 6.9 In addition the analysis examines the relative levels of need and demand for different property sizes drawing on stock and lettings data supplied by North East Lincolnshire Council.
- 6.10 Research findings within this chapter relate directly to:
- Core Output 4: Estimate of households in Affordable Housing need
 - Core Output 5: Estimate of future households requiring Affordable Housing
 - Core Output 7: Estimate of the size of Affordable Housing required

Housing Affordability – Planning Policy Context

- 6.11 Housing affordability has, over the last decade, become a well recognised challenge to the operation of the housing market. The ability of households to access housing in

which they aspire to live, and are indeed able to afford, is fundamental in ensuring that North East Lincolnshire Council's stated housing objectives are achieved.

- 6.12 The NPPF places emphasis on local planning authorities to assess the number of affordable homes that are evidenced as being needed within their Strategic Housing Market Assessments. Delivery of housing is recognised as a core strand of the NPPF with one of the expectations of local planning authorities including:

“Where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time” (NPPF, 2012)

- 6.13 This is both reflective of the changing political and market context, where meeting 'local' housing requirements is becoming increasingly important and is equally challenging due to the current economic and housing market conditions.
- 6.14 It is therefore vital that Local Planning Authorities undertake a robust and evidenced approach in assessing Affordable Housing need within their authorities – in line with the CLG SHMA Guidance (August 2007). The analysis within this section follows this general principle and recognises the increasing pressures on establishing both realistic assessments of need and the wider challenges of delivery of non-market housing in the current property and economic climate.
- 6.15 It is important to recognise that these delivery challenges are likely to represent an obstacle over a number of years based upon the current financial and property climate. While the analysis in this section presents an assessment of the levels of Affordable Housing required to address future needs, in reality a proportion of these needs could be met through alternative approaches depending on the availability of public funding.

Social Lettings

- 6.16 A choice-based lettings scheme, known as 'Home Choice Lincs' operates across North and North East Lincolnshire. This scheme facilitates local registered housing providers (RPs) jointly advertising homes available for social rent. Households are therefore able to register on a single waiting list for a home.
- 6.17 Home Choice Lincs came into operation on 24th November 2010 and includes the following partners: North Lincolnshire Council, North East Lincolnshire Council, North

Lincolnshire Homes Ltd, Shoreline Housing Partnership Ltd, Sanctuary Housing Association, and Longhurst and Havelok Homes.

- 6.18 In total, there were 1,318 social lettings to households on the waiting list across North East Lincolnshire through Home Choice Lincs in the last year (dating from mid September 2011 – mid September 2012). Figure 6.2 illustrates this broken down by both dwelling size (number of bedrooms) and accommodation type.

Figure 6.2: Home Choice Lincs Lettings by Number of Bedrooms and Accommodation Type (2010 –2011)

Size (bedrooms)	Accommodation Type						Total	Total as %
	Bungalow	Flat	High Rise Flat	House	Maisonette	Studio flat		
1 Bed	58	433	44	3	1	62	601	46%
2 Bed	33	126	55	126	27	0	367	28%
3 Bed	0	36	0	261	28	0	325	25%
4 Bed	0	0	0	19	0	0	19	1%
5 Bed	0	0	0	0	0	0	0	0%
6 Bed	0	0	0	6	0	0	6	0%
Total	91	595	99	415	56	62	1318	100%
Total as %	7%	45%	8%	31%	4%	5%	100%	

Source: North East Lincolnshire Council, 2012

- 6.19 This demonstrates that the largest proportion of lettings were flats (45%), of which the majority were sized 1 bed. Houses sized 2 bedrooms and 3 bedrooms also represented a considerable proportion of lettings. In contrast, there were far fewer lettings of larger 4 – 6 bedroom properties.

Social Housing Waiting Lists

- 6.20 The number of households recording requirements for properties through the waiting list provides a useful information source. As of September 2012 there were 8,557 households registered as 'actively' awaiting Affordable Housing across North East Lincolnshire through the Choice Based Lettings (CBL) system³⁸.

³⁸ Excludes households registered where their application has closed, been cancelled or they have been housed.

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- 6.21 The *HomeChoiceLincs* Allocations Policy (2010) sets out the approach to allocating social housing in North East Lincolnshire via the CBL system. Each applicant household on the register is allocated into 1 of 4 'Priority Bands' – with Band 1 'urgent need' being the highest priority for housing, and Band 4 classed as 'no or low level housing need'.
- 6.22 Of the 8,557 'active' households on the housing register (waiting list), there are 3,427 households (or 40%) that are classified as being within Bands 1 – 3 for social housing, which includes households with 'high' and 'medium' levels of housing need. The impact of this is assessed further in the section.

Assessing Access to Housing

- 6.23 The operation of the active housing market is dependant upon households being able to move both within and between tenures. It is widely accepted that the recent national economic downturn, and constraints on mortgage finance (including increases in required mortgage deposits), have significantly reduced the volume of household movement in the housing market nationally – particularly outside of London and the wider South East region.
- 6.24 First-time buyers, and those households purchasing at the peak of the market cycle (circa 2006/2007) now find themselves in a much more challenged position when looking to either buy a home or move home, due to the heightened value of mortgage deposits required and/or issues of negative equity in the owner-occupied sector. As a result, many younger households are turning to parents for deposit contributions, or are looking to alternative housing products with lower deposit requirements (such as intermediate and/or shared ownership homes). Overall, the result has been a considerable reduction in transaction volumes nationally, as many households save for deposits, choose to remain in their current home due to economic insecurity, or look to the social rented or private rented sectors as an alternative option.
- 6.25 Moreover, a recent report by charity Shelter titled *Shelter Private Rent Watch – Report 1* (October 2011) highlights the affordability challenges faced by households both within, and looking to enter, the private rented sector nationally. This is reinforced by Shelter's follow-on research report *Sustain: a longitudinal study of housing wellbeing in the private rented sector - Interim report* (2012), which focuses on the experiences of households in need entering the private rented sector. The report highlights the challenges and barriers faced by households including debt accrued in previous tenancies causing negative credit checks, as well as high deposits and the frequent requirement to pay rent up front / in advance making accessing private rented housing very difficult for households with low incomes or in receipt of Housing Benefit.

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- 6.26 Hence, the ability of households to exercise choice and realise their aspirations for moving is increasingly predicated upon the relationship between both the active market elements assessed above but also income and importantly the availability of finance.
- 6.27 The 2006 joint Housing Needs and Market Assessment for North Lincolnshire and North East Lincolnshire and subsequent updates in 2008 and 2010 continued to highlight the affordability issues facing North East Lincolnshire. This is a particularly acute issue in the more rural parts of the borough where there are higher property prices due to increased in-migration pressures and a reduction in supply.
- 6.28 Those on lower incomes are being increasingly excluded from the market. This in turn places increasing pressure on both the private rented and social rented market as noted in the analysis above. The number of households on the waiting list shows that the reality of this position is likely to have remained the same despite slight falls in property prices over recent years. Key drivers behind this include job security issues, low average wage levels and the constrained nature of the current market for mortgage finance.
- 6.29 These factors are considered in this sub-section using the market data presented in this section.

Mortgage Finance

- 6.30 One of the underlying drivers behind the lack of mobility in the housing market, in particular the owner-occupier market, remains the tightening of mortgage finance by financial lending institutions (banks and building societies) since the start of the economic downturn in 2008, with the subsequent removal of all 100%, 95% and the majority of 90% mortgage products from the market.
- 6.31 The result has been that prospective purchasers have had to raise increased deposits to access mortgage products, which has had a limiting effect on the ability of those households with low incomes and savings (for example first time buyers) to access the owner occupied sector. Research (Savills, 2011) indicates that the average deposit required by a first time buyer needing a mortgage nationally is £26,500, but their annual income is on average £32,500, which illustrates the scale of the difficulties that first time buyers are experiencing in funding deposits.
- 6.32 This is reflected in Figure 6.1, which shows the high average deposit levels required by first-time buyers at present - based on national information published by the Council of Mortgage Lenders in December 2011. Interestingly, when compared to a year earlier in December 2010, the data suggests that the mortgage market for first-time buyers has eased slightly, with the number and value of loans increasing as well as

marginal improvements in the average loan to value for homes and the income multiplier granted on the loan.

Figure 6.3: First-time Buyers Lending & Affordability

	Number of loans	Value of loans £m	Average loan to value	Average income multiple	Proportion of income spent on interest payments
December 2011	18,700	2,300	80%	3.3	12.30%
December 2010	14% increase from Dec 2010	21% increase from Dec 2010	79% in Dec 2010	3.22 in Dec 2010	12.90% in Dec 2010

Source: Council of Mortgage Lenders, 2011³⁹

- 6.33 Since the onset of the economic downturn the number of mortgage products on offer to the UK house buyer has shrunk dramatically. Despite the historically low Bank of England Base Rate the major high street lenders have not reflected this in the interest rates available to first-time buyers, with the best 90% loan to value rates available at around 6%. Analysis indicates, however, that there are some better rates available for lower loan to value products (i.e. with a 15+% deposit).
- 6.34 At present the average home buyer purchasing a lower quartile property (circa £73,250⁴⁰) in North East Lincolnshire would require a deposit of some £7,325, assuming a 10% rate. This is considerably higher than the levels of deposit required in 2006/07 prior to the onset of the 'credit crunch' and subsequent recession. Generating this level of savings for a deposit is likely to make purchasing a property very challenging for low income and first-time buyer households.
- 6.35 Figure 6.4 shows monthly repayment and endowment mortgage costs, and weekly repayment mortgage costs for 25 year mortgages for a lower quartile house in North East Lincolnshire. This calculation assumes:
- Lenders require a 10% deposit
 - Interest rates of 5 APR%⁴¹
 - 25 year repayment period

³⁹ Source: <http://www.cml.org.uk/cml/media/press/3146>

⁴⁰ Note: Uses house price data across all dwellings sold in North East Lincolnshire. Data has been sourced from Land Registry and covers the period February-September 2012.

⁴¹ Note: 5% APR based on a review of 90% loan-to-value (LTV) mortgages available from lenders as advertised on Moneysupermarket.co.uk as at September 2012.

Figure 6.4: Mortgage Repayments on a Lower Quartile House

Authority	Mortgage Repayments for Lower Quartile Property (November 2012)					
	Lower Quartile House Price (2012)	Deposit required assuming 90% mortgage (25 year term)	Repayment mortgage		Interest only mortgage	
			Monthly payments	Weekly payments	Monthly payments	Weekly payments
North East Lincolnshire	£73,250	£7,325	£386	£89	£275	£63

Source: HMLR; Money Advice Service Mortgage Calculator

- 6.36 The monthly cost of servicing a mortgage for a lower quartile property would therefore be about £275 for an interest only mortgage and £386 for a repayment mortgage.

Benchmarking Access to Different Housing Tenures

- 6.37 The data assembled above has been drawn together in this final sub-section to present an indication of the relative affordability of different tenures of housing in relation to the financial capacity of households in North East Lincolnshire. The CLG SHMA Guidance (August 2007) suggests a number of critical levels to test against income in order to evaluate the extent of the issue of affordability. The two core elements are:
- Assessing whether a household can afford to buy a home; and
 - Assessing whether a household can afford to rent a home.
- 6.38 A series of key assumptions used in the benchmarking assessment of these elements are set out in the following textbox.

Key Affordability Benchmarking Assumptions

Within its guiding methodology for assessing affordability, the CLG SHMA Guidance (August 2007) recommends the following standardised assumptions when assessing affordability (this is utilised within the calculation of housing need in Section 6):

- Lower Quartile (LQ) house prices are utilised to represent lower market entry properties (these are taken from the total average transaction price i.e. all property types drawing on data from Land Registry);
- Lower Quartile (LQ) private rent prices are utilised to represent entry into the private rented sector (with data sourced from the latest release from VOA);
- An individual with a single income is considered able to buy a home if it costs 3.5 times the gross household income;
- A household is considered able to afford market housing in cases where the rent payable would constitute no more than 25% of their gross household income;
- ‘Rent payable’ is defined as the entire rent due, even if it is partially or entirely met by housing benefit; and
- Annual social housing rents are calculated from an average taken of Registered Provider (RP) rental levels (RSR 2011 dataset).

6.39 Figure 6.5 illustrates the levels of income required to enter different tenures through the application of these assumptions.

Figure 6.5: Incomes Required to Enter different Tenures – Affordability Benchmarking

Authority	Affordability Benchmarks - Annual Income Required				
	To purchase LQ House (3.5 * income - 10% deposit)	Private Rented LQ 2-bed Dwelling (25% income)	Private Rented LQ 3-bed Dwelling (25% income)	Social Rented - 2 Bed Dwelling (25% income)	Social Rented - 3 Bed Dwelling (25% income)
North East Lincolnshire	£18,836	£18,720	£19,776	£14,077	£15,354

Source: Land Registry, 2012; RSR, 2011; VOA, 2012

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- 6.40 It is evident that there exists a notable gap between the income required for social rented property and for market property, either purchase or market rent at the lower quartile.
- 6.41 Importantly, the cost of purchasing a home at the lower quartile price, once a 10% deposit has been saved, actually requires a lower annual household income than to privately rent a 3 bedroom home and is comparable with the price of renting a 2 bedroom home at the lower quartile price. This highlights that the challenge of saving a deposit, and other costs associated with purchasing, that are primary deterrent factors for households considering buying who otherwise may find this a more affordable option than the private rented sector.
- 6.42 The role between social renting and open market renting that the Affordable Rent tenure maybe able to play in meeting household needs in North East Lincolnshire is considered later in the section.

Defining Affordable Housing Needs

- 6.43 Affordable 'housing need' refers to households who lack their own housing or live in unsuitable housing and who cannot afford to meet their needs in the open market. It is for those in housing need (i.e. those who cannot meet their housing requirements in the private sector) that the state needs to intervene in the market to ensure that all households have access to suitable housing.
- 6.44 The NPPF defines Affordable Housing as follows:
- "Affordable Housing: Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision." (NPPF, March 2012)*
- 6.45 Nationally looking at indicators of demand by tenure, while housing supply has been falling, the need for Affordable Housing has clearly increased.
- 6.46 There are two core elements of establishing the current and short-term future levels of need for Affordable Housing:
- Backlog – At the current point in time as a result of sustained affordability issues over a number of years the majority of areas have an existing 'backlog' of households classified as in need. This backlog can be considered to be made up of a range of types of household in 'need', from those in urgent need of housing

i.e. without a current permanent home, to those who are living in overcrowded or substandard homes, and those who have an aspiration to live in non-market housing but are not in urgent need of re-housing.

- Future need – The sustained need for Affordable Housing is driven by a range of factors. As with market housing there is an underlying level of demand as new households form and require a property. In the context of the current economy and the housing market a significant proportion of these newly forming households face significant challenges in gaining entry to market housing therefore driving demand for Affordable Housing. In addition to new households, existing households also represent a driver of housing need. As a result of any number of factors households circumstances can change resulting in their current housing situation no longer being appropriate. It is more than likely that the need for social housing will continue to be high or indeed grow further over the next few years, as the recession impacts on the financial circumstances of households and therefore their ability to access either private rented accommodation or to service existing mortgages.

6.47 As the analysis in the preceding sections illustrates over the long-term demographic and economic factors will continue to place increasing pressures on the existing supply of housing, with new stock required in order to maintain the long-term balance between demand and supply.

Previous Assessment of Affordable Housing Need

6.48 The previous assessment of Affordable Housing need for North East Lincolnshire was undertaken through the North Lincolnshire and North East Lincolnshire Strategic Housing Market Assessment Review (2010)⁴².

6.49 The 2010 SHMA Review updates the assessment of Affordable Housing need included within the original 2006 North Lincolnshire and North East Lincolnshire Housing Need and Market Assessment by utilising updated secondary data and aligning the methodology to fit with the latest CLG SHMA Guidance (August 2007). Nevertheless, some elements of the 2010 Affordable Housing need assessment did continue to use information from the household survey that underpinned the 2006 Housing Need and Market Assessment. Reflecting on the changing nature of the housing market since 2006 – it is important that these assumptions are now updated through the 2012 SHMA.

6.50 The 2010 SHMA Review found that there was an annual shortfall of 621 affordable dwellings across North East Lincolnshire. Accordingly, in North East Lincolnshire, 2010 SHMA Review concluded that the overall need for Affordable Housing had increased

⁴² North Lincolnshire and North East Lincolnshire SHMA Review (2010) – Outside Consultants

between 2008 (445 dwellings per annum) and 2010. The reason for the increase in Affordable Housing need was cited as being due to a reduction in the number of re-let social properties, which has increased the backlog of households waiting for a home.

- 6.51 It is important that the data is now updated to incorporate the latest available information through the SHMA (2012).

Ascertaining Affordable Housing Need utilising Secondary Data

- 6.52 The current CLG SHMA: Practice Guidance (August 2007) advocates an approach to calculating housing need that moves away from a purely primary survey based approach to one which includes secondary data sources.
- 6.53 This methodology satisfies the requirements of the CLG SHMA Guidance to include secondary information. The collation and 'cleansing' of secondary data sources includes waiting list data, lettings records and planned new Affordable Housing as well as details of future stock intervention to produce a comprehensive Affordable Housing needs assessment with a 2012 base date.
- 6.54 While the previous SHMA Update (2010) drew upon a mixture of primary and secondary data sources it is important to note that the methodology used within SHMA (2012) is slightly different – purely utilising secondary data. While the overall calculation approach is similar, in our experience there are often differences between the scale of inputs at various phases of the calculation process as a result of the different data sources used.

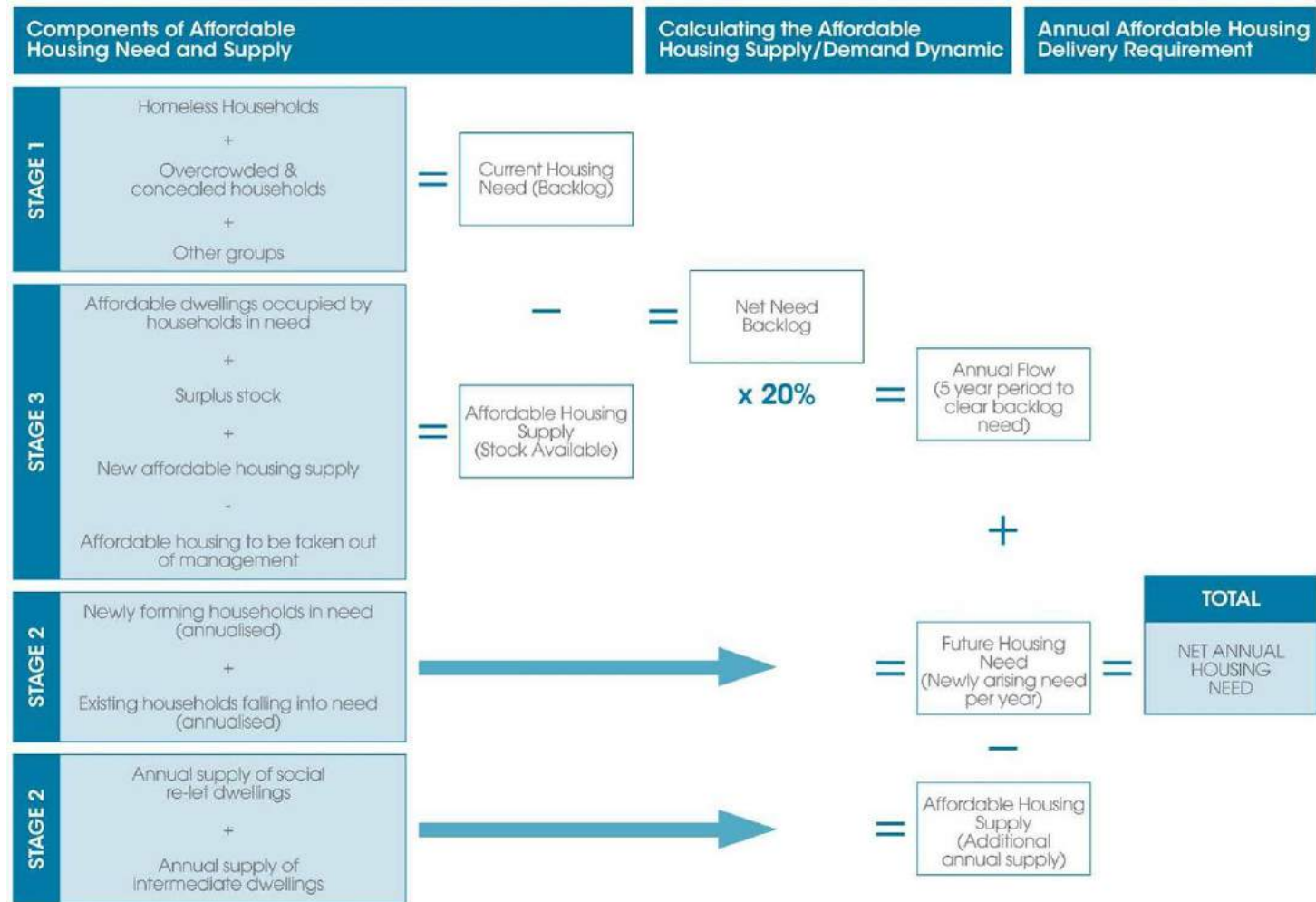
The Housing Need Calculation – CLG Stepped Model

- 6.55 The model adopted is structured around four key stages which are consistent with the CLG SHMA Guidance (August 2007) and are used to assess the overall surplus or shortfall of Affordable Housing. These are:
- Existing Need (Backlog)
 - Newly-arising Need (Newly forming households and existing households)
 - Supply of Affordable Units (Social re-lets and new development)
 - Total Housing Need (Net Annual)

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- 6.56 To summarise the process, the estimated net annual level of housing need is calculated through the assessment of the difference between the annual supply of Affordable Housing dwellings and 'need' for them (arising from the backlog which has built up and that which is expected to arise). A key feature of the model is that both need and supply are considered in terms of annual flows. The final element of the analysis is the identification of the Total Housing Need (net annual).
- 6.57 The calculation of Affordable Housing need is therefore intended to provide a short-term assessment to estimate the volume of Affordable Housing required on an annual basis to meet need across a 5-year period. This conforms to the CLG SHMA Guidance⁴³, which states:
- 'Partnerships should avoid using a period of less than five years in which to meet unmet current need. If a five-year period is used, this means that 20 per cent of current unmet need should be addressed each year. The output of this should be an annual quota of households who should have their needs addressed'.*
- 6.58 The CLG 2007 SHMA Guidance (August 2007) provides a steer as to the inputs and analysis required under each of the stages of the calculation as well as identifying potential data sources.
- 6.59 However, as new data sources have emerged and in response to a changing economic and financial context for the housing market the approach to specific inputs to the calculation have continued to evolve and improve. Within this section we clearly set out the data used to drive the analysis and the underpinning assumptions.
- 6.60 The process is illustrated in a flow diagram, presented overleaf.

⁴³ SHMA Practice Guidance Version 2 (August 2007) CLG p.52

Figure 6.6: Housing Needs Calculation – Flow Diagram



Source: GVA, 2012

Key Datasets informing the Housing Needs Calculation

6.61 A number of key datasets and sources are utilised to inform the Affordable Housing needs calculation. It is important to reference the valuable inputs of officers from North East Lincolnshire Council in providing datasets to inform the calculations. The informing datasets are presented in the following figure:

Figure 6.7: Summary of Key Datasets Utilised in Housing Needs Assessment

Summary of Key Datasets Utilised in Housing Needs Assessment		
Model Step (as per DCLG Guidance)	Data Source	Overview of Approach Followed
1.1-1.4	North East Lincolnshire 'HomeChoiceLincs' Housing Register	<p><u>Homeless Households & Households in Temporary Accommodation</u></p> <p>- Households within North East Lincolnshire currently registered on the HomeChoiceLincs CBL waiting list for Affordable Housing that have been accepted as statutory homeless by North East Lincolnshire Council and / or are currently accommodated within temporary accommodation.</p> <p><u>Overcrowded, Concealed Households & Other Groups in Unsuitable Housing</u></p> <p>Households within North East Lincolnshire currently registered on the Housing Register for Affordable Housing that are currently designated as within 'priority need' of Affordable Housing (backlog) – in Bands 1 – 3.</p>
2.1	Annual Average Gross Household Formation (Edge Analytics supplied) – drawing on Natural Change Scenario	<p><u>Annual New Household Formation</u></p> <p>Utilised to estimate the number of newly forming households in North East Lincolnshire on an annual basis. This utilises a Natural Change scenario modelled using the POPGROUP software, which excludes migration trends to establish the internal level of new household formation⁴⁴. New household formation is constrained to households aged 15-44 years.</p> <p>New household formation at North East Lincolnshire scale is apportioned to spatial zones by equally proportionally distributing growth (number of households).</p>
2.2	Housing market information – Land Registry House Prices, and VOA (Lower Quartile rental prices) for North East Lincolnshire	<p><u>New Households Unable to Access Open Market Housing</u></p> <p>- Utilised to calculate the proportion of newly forming households unable to afford low cost (lower quartile) private sector owner occupied and rental property (i.e. access open market) and therefore requiring subsidised Affordable Housing.</p>
2.2	Household income - Household income sourced from Experian (2012)	

⁴⁴ Note The Natural Change scenario represents a 'trend-based' scenario. Under this scenario population projections are modelled based on the impact of 'no migration', where the only drivers of growth are births and deaths in an authority. This represents a hypothetical position as this set of circumstances could never be reasonably expected to occur. However, it provides an important insight into the anticipated levels of population change which will occur from locally generated demographic pressures alone which are important in considering local generated housing need.

2.3	North East Lincolnshire 'HomeChoiceLincs' lettings data	<u>Existing Households Falling into Need</u> - Calculation of the number of households registering for, and moving into, Affordable Housing in North East Lincolnshire from other tenures in past 1 year
3.1	North East Lincolnshire 'HomeChoiceLincs' Housing Register	<u>Affordable Dwellings Occupied By Households in Need</u> - Households within North East Lincolnshire currently registered on the Housing Register for Affordable Housing that are currently designated in Bands 1 – 3 already residing in Affordable Housing in North East Lincolnshire (i.e. requesting a transfer).
3.2	Number of long-term vacant social sector dwellings (6+ months) – provided by North East Lincolnshire Council	<u>Surplus Available Stock – Vacant Dwellings</u> - Utilised to calculate the current supply of social dwellings that could be brought back into use to accommodate households in need on an annual basis (i.e. only applicable where vacancy exceeds 6 months and is classed as a long-term vacancy. Short-term vacancy is seen as necessary to facilitate stock turnover).
3.3	Committed forward supply of new Affordable Social and Affordable Rent dwellings (up to 5-year pipeline of committed supply) – provided by North East Lincolnshire Council	<u>Committed Supply of New Affordable Dwellings</u> - Held at zero given limited pipeline of committed Affordable Housing.
3.4	Calculation of the dwellings to be taken out of management (i.e. through Right to Buy (RTB) sale) – provided by North East Lincolnshire Council	<u>Affordable Dwellings to Be Taken Out of Management</u> - Discounted from the supply of social dwellings that could be used to accommodate households in need
3.6	North East Lincolnshire 'HomeChoiceLincs' lettings data	<u>Future Annual Supply of Social Re-lets</u> - Affordable Housing re-let to a new household in need each year (supply – excluding transfers) using data from Sept 2011 – Sept 2012.
3.7	Calculation of the committed forward supply of new Intermediate rent/sale dwellings (5-year pipeline of committed supply) – provided by North East Lincolnshire Council	<u>Future Annual Supply of Intermediate Housing</u> - Held at zero as no information is currently held regarding the future annual supply of Intermediate dwellings available for sale or let at sub-market levels

Source: GVA, 2011

The Calculation of Affordable Housing Need

6.62 The calculation of Affordable Housing need for each of North East Lincolnshire's spatial zones, and an overall North East Lincolnshire calculation for the authority, is contained within the following model. This follows the stepped process set out within the CLG SHMA Guidance (August 2007). This draws on evidence obtained from secondary data sources as set out above.

Figure 6.8: North East Lincolnshire - Affordable Housing Needs Assessment

Stage 1 – Current Housing Need (Gross Backlog)						
Step	Methodology / Source	Urban Area	Estuary Zone	Rural Area	Western & Southern Arc	North East Lincolnshire (borough)
1.1 Number of Homeless households and those in temporary accommodation	Local Authority - - Statutory Homeless / Temp Accommodation - Waiting List	28	1	1	2	30
1.2 Number of Overcrowding and concealed households	Housing Register - Band 1-3	2495	171	20	134	2,820
1.3a Other Groups – Unsuitable Housing						
1.3b Other Groups – Unsuitable Housing (Transfers)						
1.4 Total current housing need (gross) = (1.1 + 1.2 + 1.3a)	(1.1 + 1.2 + 1.3a)	2,148	131	21	122	2,420

Stage 2 – Future Housing Need (Annual)						
Step	Methodology / Source	Urban Area	Estuary Zone	Rural Area	Western & Southern Arc	North East Lincolnshire (borough)
2.1 New Household formation (annual)	Household Projections (Gross Formation - Natural Change) (15-44 yrs)	1226	113	130	98	1,567
2.2 Newly forming households in need (annualised)	Proportion of households unable to afford to purchase or rent in the open market (Assumes Lower Quartile Private Rented Sector (PRS) absorbs need)	37%	39%	51%	49%	37%
	Number of households unable to afford to purchase or rent in the open market (Assumes LQ PRS absorbs need -)	453	44	66	48	612
2.3 Existing households falling into need	Lettings - Households registering in Band 1-3 (annual) from other tenures and receiving letting within 12 months	289	43	2	8	342
2.4 Total newly arising need (gross per year) = (2.1 x 2.2) + 2.3	(2.1 x 2.2) + 2.3	742	87	68	56	954

Stage 3 - Affordable Housing Supply (Annual)						
Step	Methodology / Source	Urban Area	Estuary Zone	Rural Area	Western & Southern Arc	North East Lincolnshire (borough)
3.1 Affordable dwellings occupied by households in need	Figure relates to number of households identified in 1.3b which are transfers	Accounted for at Step 1.3b				
3.2 Surplus Stock	Long-term Vacant (i.e. 6 months plus)	48	1	0	0	49
3.3 Committed supply of new Affordable Housing	Social Housing & Affordable Rent (Committed for next 5 years)	0	0	0	0	0
3.4 Units to be taken out of management	Demolitions / sales (next 5 years) - (estimated based on trend)	7	2	0	0	9
3.5 Total Affordable Housing stock available = 3.1 + 3.2 + 3.4 - 3.4	3.1 + 3.2 + 3.3 - 3.4	41	-1	0	0	40
3.6 Annual supply of social re-lets (annual net)	Local Authority Lettings Data - Lettings to households from other tenures (Sept 2011- Sept 2012)	738	86	3	17	844
3.7 Annual supply of Intermediate Affordable Housing available for re-let or resale at sub market levels	Intermediate (Shared Ownership) Dwellings committed for development (committed for next 5 years)	0	0	0	0	0
3.8 Annual supply of Affordable Housing = 3.6 + 3.7	3.6 + 3.7	738	86	3	17	844

Stage 4 - Total Housing Need (Net Annual)						
Step	Methodology / Source	Urban Area	Estuary Zone	Rural Area	Western & Southern Arc	North East Lincolnshire (borough)
Total net need = 1.4 - 3.5	1.4 - 3.5	2,107	132	21	122	2,380
Annual flow (20% of total net need)	20% of total net need (Assume five year period to relieve backlog of need)	421	26	4	24	476
Net annual housing need = (2.4 + Annual flow) - 3.8	(2.4 + Annual flow) - 3.8	426	28	69	63	586

6.63 The housing needs analysis indicates that North East Lincolnshire will be required to provide for a **net annual Affordable Housing need of approximately 586 dwellings per annum over the next 5 years**, in order to both clear the existing waiting list

backlog and meet future arising household need. This represents a small decrease in the level of net annual Affordable Housing need established within the SHMA Update (2010) (of 621 units per annum).

- 6.64 When this is considered at the spatial zone scale, the highest absolute level of need is located within the Urban Area (consisting predominantly of Grimsby and Cleethorpes), and the lowest within the Estuary Zone (consisting predominantly of Immingham and smaller rural settlements).

Need for Affordable Housing by Dwelling Size

- 6.65 Core Output 7 of the CLG SHMA Guidance (August 2007) requires an estimate of the breakdown of the sizes of property required by households identified in need of Affordable Housing. The intention is to estimate the relative pressure on different property sizes. In particular this analysis will help to further understand how policy should be structured to assist in alleviating the current backlog of housing need and provide a profile of Affordable Housing which responds to the future need over the short-term.
- 6.66 In order to arrive at this estimate, the housing needs assessment model shown in Figure 6.6 has been replicated at a North East Lincolnshire borough scale, with analysis broken down by dwelling size using the number of bedrooms. Analysis has drawn on secondary data, including social lettings, the size of existing surplus stock, units to be taken out of management (trend), and the sizes of Affordable dwellings committed for development. The dwelling size requirements of newly-forming households in need of Affordable Housing has been estimated by matching household typologies within the projected gross household formation (i.e. estimated occupancy versus bedroom requirement).
- 6.67 This is presented in a stepped process in Figure 6.9. The steps also correspond with those within Figure 6.8.

Figure 6.9: Housing Needs Assessment Model – Dwelling Size⁴⁵

Step		Housing Need by Dwelling Size (Bedrooms)				
		1	2	3	4+	Total
1.1	Homeless/Temp Accommodation	17	6	6	1	30
1.2 & 1.3a	Backlog Need (Excludes transfers)	1,578	464	265	83	2,390
1.4	Current Need (Gross)	1,595	470	271	84	2,420
2.1 & 2.2	Newly Arising Need (Gross) - Newly Forming Households	290	167	106	50	612
2.3	Newly Arising Need (Gross) - Existing Households	170	94	71	7	342
2.4	Newly Arising Need (Gross)	460	261	177	57	954
3.2	Surplus Stock (Long-term vacant)	40	6	3	0	49
3.3	Committed New Supply of Affordable Housing	0	0	0	0	0
3.4	Units to be taken out of management (3 year trend)	1	1	7	0	9
3.5	Total Affordable Stock Available	39	5	-4	0	40
3.6 / 3.8	Annual Supply of Affordable Dwellings - Re-lets	399	246	181	18	844
3.7	Annual Supply of Intermediate Dwellings	0	0	0	0	0
	Total Housing Need (Annual)	373	108	51	55	586
4	Total Housing Need (Annual) %	64%	18%	9%	9%	100%

Source: GVA, 2012

- 6.68 Figure 6.9 demonstrates a need for smaller Affordable Housing to be delivered in North East Lincolnshire – predominantly in the 1 and 2 bed size range. There does, however, remain a requirement for almost 20% of future Affordable Housing supply to consist of larger, family housing sized 3 and 4 bedrooms.

Impact of Housing Benefits Changes

- 6.69 Given the period over which the secondary data informing the SHMA has been collected (2011-12), figures 6.8 and 6.9 do not fully take into account the impact of the Government's programme of Welfare Reforms.
- 6.70 Within the October 2010 Spending Review the Government confirmed that the age at which the Shared Accommodation Rate (SAR) applies would be extended from single persons up to 25 years to cover single persons under the age of 35 from April 2012.

⁴⁵ Note: Figure 6.8 and Figure 6.9 may not provide exactly corresponding results due to rounding processes.

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- 6.71 Implementation has now been brought forward, with the changes applying from January 1st 2012. The SAR limits the amount of HB a claimant can receive to the average Local Reference Rent (LRR) or the Local Housing Allowance (LHA).
- 6.72 In practice in North East Lincolnshire this will now mean:
- single claimants under age 35 making new claims to HB on or after 1 January 2012 are entitled to the shared accommodation rate rather than the one-bedroom self-contained rate;
 - existing claimants receiving transitional protection from the April 2011 LHA changes will move to the shared accommodation rate at the same time as their transitional protection ceases;
 - existing claimants not receiving transitional protection will move to the shared accommodation rate on the anniversary date of their claim; and
 - pre-LHA cases will move to the shared accommodation rate (previously known as the single room rent) on the annual review of their case.
- 6.73 The calculation of Affordable Housing need (as presented in figures 6.6 and 6.7) uses data that pre-dates the changes to HB and therefore does not take into complete account the impact of the extension of the SAR to single persons under 35 years of age.
- 6.74 However, it is likely that their ability to afford a 1 bedroom tenancy would have been reduced if the extension of the SAR was applied with the result being an increased requirement for smaller shared accommodation (bedsits or studios).
- 6.75 In addition, the changes to HB will also impact on current tenants within Affordable Housing as the Government has proposed measures from April 2013 to reduce Housing Benefit to households in Affordable Housing under-occupying their home.
- 6.76 It is anticipated that, as a result of these reforms, substantial greater pressure will be applied on the availability of studio/bedsit and other smaller 1 bedroom and 2 bedroom Affordable dwellings than is presented in Figure 6.7. Research undertaken by North East Lincolnshire Council has shown that there could be a "one off" additional demand from Shoreline tenants of approximately 640 households seeking to downsize compared to a maximum annual capacity for meeting all demands of around 290 one bedroom properties and 260 two bedroom properties. Consultation with other providers undertaken as part of the same research identified an additional 300 households who will be affected by the changes, further intensifying the need for smaller 1 and 2 bedroom affordable dwellings.
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- 6.77 It will be necessary for North East Lincolnshire Council and partners to continue monitor this situation as data comes available and both effective prepare for and record the impacts of reform.

Intermediate Housing

- 6.78 Intermediate housing products can provide an important role in bridging the gap between social renting and owner-occupation, some of which allow households to 'staircase' towards owner-occupation by renting alongside acquiring equity in their property. As a result, this type of housing tenure can provide an important step on the housing ladder, and is particularly appealing to first-time buyers and lower-income households.
- 6.79 The current CLG SHMA Guidance (August 2007) cites that the number of households whose needs could be met by Intermediate Affordable Housing is likely to fluctuate, reflecting the changing relationship between market rents, social rents and incomes alongside the variance in intermediate products available. Intermediate Affordable Housing includes:
- Shared equity products (e.g. HomeBuy); and
 - Other low cost homes for sale and intermediate rent
- 6.80 Importantly Intermediate Affordable Housing products do not include Affordable Rent housing which is defined as a separate sub-sector of Affordable Housing and explored later in this section. In addition the definition for Intermediate Affordable Housing does not include homes provided by private sector bodies or provided without grant funding that does not meet the definition above, for example, 'low cost market' housing.

Affordability of Intermediate Dwellings

- 6.81 This section considers the potential role of intermediate housing in meeting Affordable Housing need through analysis of demand for Intermediate products and the relative affordability of Intermediate products within North East Lincolnshire utilising secondary data.
- 6.82 The analysis draws on the income tests presented earlier in this section to establish the number, and proportion, of households in need of Affordable Housing that are likely to be able to afford an Intermediate housing product, and those for which only social rented housing is affordable.
- 6.83 To establish the income threshold within which households in need could afford access to intermediate housing, the analysis has set the upper limit at the income

required to access the private market (in line with the housing needs assessment) – as the income required to rent a dwelling at the lower quartile with a limit of expenditure at 25% of income, or the income required to purchase a lower quartile priced house (based on 10% deposit and 3.5* income), depending on which tenure option is the most affordable. The lower limit was set at the income required to afford a 55% equity share in a house at the lower quartile price for North East Lincolnshire and each of the borough’s spatial zones. This has been set to allow for a 50% equity purchase alongside a 5% deposit. It is therefore considered appropriate that the income parameters applicable to intermediate tenure housing products are constrained to fall between the income required to access open market housing (upper threshold) and the income below which social housing is required (lower threshold).

6.84 Figure 6.10 illustrates the upper and lower income thresholds within which it is assumed households can afford intermediate housing within North East Lincolnshire.

Figure 6.10: Income Thresholds for Affording Intermediate Tenure Housing

Authority	Intermediate Tenure Thresholds	
	Upper Threshold: Household Income Required to Access Open Market	Lower Threshold: Household Income below which Social Housing Required
North East Lincolnshire	£18,720	£11,511

Source: GVA, 2012

6.85 Utilising the thresholds set out above, the Figure 6.11 sets out the estimated net annual Affordable Housing requirement in North East Lincolnshire by social rented and intermediate tenure.

6.86 The analysis utilises the same calculations as within Figures 6.8 and 6.9 to arrive at the net housing need position (586 dwellings per annum) although the structure of the model has had to be presented differently to ensure Figure 6.9 is easily readable.

6.87 The analysis indicates that within North East Lincolnshire there is a requirement for an additional 449 units of social rented housing and 138 intermediate housing units on an annual basis in order to meet Affordable Housing need over the next five years. This equates to a split of 77%:23% in favour of social rented housing at the North East Lincolnshire scale.

6.88 Importantly, there are some variations in the required split of Affordable Housing at the spatial zone scale. This is driven by overall levels of need, as well as the availability of supply to meet needs (both existing and planned supply).

Figure 6.11: Annual Affordable Housing Need (5 Years) by Affordable Housing Type (Intermediate / Social Rent)

Sub-market & Authority	Net Affordable Housing Requirement - by Tenure (Annual - next 5 Years)					
	Intermediate			Social Rented		
	Supply	Net Need (Total)	Net Need (%)	Supply	Net Need (Total)	Net Need (%)
Urban Area	0	79	19%	738	346	81%
Estuary Zone	0	8	28%	86	20	72%
Rural Area	0	9	13%	3	60	87%
Western & Southern Arc	0	5	7%	17	59	93%
North East Lincolnshire	0	138	23%	844	449	77%

Source: GVA, 2012

- 6.89 When considering a suitable proportion of intermediate tenure dwellings to be sought as an Affordable Housing contribution within policy, it is recommended that the economic viability of delivery is also considered in line with the requirements of the NPPF (2012).

The Affordable Rent Model

- 6.90 The Government's Decentralisation and Localism Act, 2011, introduces a new form of Affordable Housing model – the 'Affordable Rent' model⁴⁶. The objective of Affordable Rent is to enable Registered providers (RP's) (RP's are Registered Social Landlords and Housing Associations (HA)) to deliver flexible tenancies to social renting households and deliver a greater number of Affordable homes by generating a higher rental income from their housing stock to reinvest in new Affordable homes. Emerging policy highlights the important role that Affordable Rent is considered to need to play in meeting future Affordable Housing needs, following a planned reduction in the levels of public grants available to subsidise the development of traditional social rented housing.
- 6.91 North East Lincolnshire Council has been working with local Registered Providers to agree the appropriate level of Affordable Rent for the local area to meet the optimum level of Affordable Housing need (as well as the provider's revenue priorities).
- 6.92 Local RPs carried out an exercise to assess the Affordable Rent level for their existing stock across the local area. Locally active RPs have highlighted that the choice to apply Affordable Rents is judged on a scheme by scheme basis and is only applied

⁴⁶ The definition of Affordable Rent as set out in the NPPF is included in this SHMA

to developments in areas where, at 80% of open market rent, rental returns will exceed the social rent. It was found that any gains were negligible and in many cases the Affordable Rent was less than social rent, particularly where a service charge was attached to the property. The greatest gains were found to be between £6 and £12 per week based on a small number of properties in rural areas of North East Lincolnshire. The main locally operating RPs have subsequently taken the decision to not apply Affordable Rent to existing stock in North East Lincolnshire.

- 6.93 In one example of a recent new-build development, at Guildford Street, Grimsby, the social rent chargeable for the new homes marginally exceeded the amount chargeable at 80% of open market rent. As a result the Registered Provider selected social rent tenure for the properties due to the improved return.
- 6.94 As a result, RPs do not have residual income from Affordable Rent premiums to reinvest in new development of Affordable Housing stock. Moreover, HCA funding for new Affordable Housing development is based on utilising the Affordable Rent model. As Affordable Rent is not being applied, there is a challenge to achieving government funding to support new Affordable Housing development in North East Lincolnshire.

Housing Requirements of Specific & Vulnerable Households

Introduction

- 6.95 The analysis presented within the preceding sections has set out the projected direction of travel for the housing market over the plan period to help inform the development of planning policy and housing strategy.
- 6.96 This analysis has clearly highlighted that the demographic and economic profile of North East Lincolnshire is likely to change over this period, with the active housing market reacting and in part feeding back into these changes. Different parts of the housing market will be affected by these changes in different ways.
- 6.97 The final section of analysis within this chapter focuses upon the housing requirements of specific groups within the community that have specific housing requirements that need to be carefully considered and includes groups that may be dynamically changing the overall community profile. The CLG SHMA Guidance (August 2007) and NPPF (2012) recognise that the SHMA does not need to assess every group in detail. Moreover, such groups do not necessarily align with the CLG defined criteria of Affordable Housing need as set out earlier within this chapter, although specific policy or service provision requirements should be informed by an

understanding of the specific housing requirements of groups represented across North East Lincolnshire.

- 6.98 The intention in this section is therefore to draw together existing research already produced by North East Lincolnshire Council alongside updated analysis contained within the other sections of this report (e.g. modelled future changes to the household and population profile) and qualitative focus group discussions held with local residents in February 2013.
- 6.99 The outputs of this section should be read alongside the more detailed studies cited throughout but provide a useful drawing together of key information and insights into the requirements of those specific groups noted in the CLG SHMA Guidance and identified by North East Lincolnshire Council as requiring specific attention.
- 6.100 The research findings within this section related directly to Core Output 8 of the CLG SHMA Guidance – ‘*Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people etc.*’.
- 6.101 Through consideration of analysis presented in preceding sections the SHMA examines the following specific groups in greater detail within this section:
- Older Persons – this particular group (aged 65+ years) is projected to grow strongly nationally. As the analysis in section 5 shows, North East Lincolnshire is no exception. Older person households exhibit particular requirements and needs that require consideration by North East Lincolnshire Council such as adaptations and support in the home to remain living independently. It is therefore important that the housing requirements of this group are understood. This section presents analysis of the projected growth in older person households drawing on the household projections set out in section 6. Focus groups were also held with older person households in February 2013 to discuss their housing issues, needs and preferences. The outputs of this are summarised in this section;
 - Groups with Specific Support Needs – Analysis is undertaken of the longer-term projections from the Projecting Adult Needs and Service Information System (PANSI);
 - Black and Minority Ethnic (BME) Groups and Migrant Workers – Migration has been identified through this SHMA as a significant driver of population and household change across North East Lincolnshire. This section draws on the latest Census 2011 data to understand how the BME population has changed over the last ten years. In addition, a focus group was also held with a group of BME households in February 2013 to discuss their housing issues, needs and preferences. The outputs of this are summarised in this section;

- Younger Persons – A focus group was held with younger persons in February 2013 to discuss their housing issues, needs and preferences. The outputs of this are summarised in this section; and
- Gypsy and Travellers – In order to effectively understand demand for permanent and transit sites to accommodate the housing needs of these groups in North East Lincolnshire, a short summary of the North and North East Lincolnshire Gypsy and Traveller Accommodation Needs Assessment (2008) is included as a final component of the section.

6.102 The analysis within this section draws on a range of sources of information, including the following:

- Housing Projections Data – the projections of household change set out in section 5 provide an important steer regarding the likely change in the types and age profile of households over the medium-longer term. This provides an important context for planning to meet the specific identified needs of particular household groups including, for example, older person households. Within this section analysis is presented from both the Rebased SNPP 2010 and Employment-Led (Experian) scenario;
- Recently commissioned research reports or strategies, including the North and North East Lincolnshire Gypsy and Traveller Accommodation Needs Assessment (2008); and
- Other secondary data sources including the 2011 Census, PANSI and POPPI datasets which are built nationally.

Older Person Households

6.103 It is necessary to provide housing for older people to enable them to live independently at home for as long as possible, as well as providing a choice of more specialist older persons accommodation, in the context of an ageing society in the UK.

6.104 The modelling underpinning the analysis in section 5 includes a detailed breakdown of the age of the population projected to change in the future. Examining the outputs of the modelling under both the Employment-led (Experian) scenario and the Re-based SNPP 2010 scenario, it is evident that the population across North East Lincolnshire is projected to include a growth in older persons.

6.105 This is illustrated in Figure 6.14, which shows the projected increase in people aged 65 - 74, 75-84 and 85+, under the Employment led (Experian) scenario.

Figure 6.14: Projected Change in Older Persons (2011 - 2030) – North East Lincolnshire (Employment led Experian model)

Age Group	Population at mid-year		Change 2011 - 2030	% Change
	2011	2030		
65-74 (60+ female)	19,976	24,495	4,519	23%
75-84	9,868	13,627	3,759	38%
85+	3,792	6,990	3,198	84%
Total Older Persons (65+)	33,635	45,112	11,476	34%

Source: Edge Analytics, GVA, 2012

- 6.106 Figure 6.15 shows the projected increase in people aged 65-74, 75-84 and 85+, using the Rebased SNPP - 2010 model.

Figure 6.15: Projected Change in Older Persons (2011 - 2030) – North East Lincolnshire (Rebased SNPP – 2010 model)

Age Group	Population at mid-year		Change 2011 - 2030	% Change
	2011	2030		
65-74 (60+ female)	20,097	24,054	3,956	20%
75-84	9,998	13,482	3,484	35%
85+	3,845	6,941	3,097	81%
Total Older Persons (65+)	33,940	44,477	10,537	31%

Source: Edge Analytics, GVA, 2012

- 6.107 It is evident that under both scenarios, North East Lincolnshire is projected to see an increase in the older person population, around 31– 34% increase between 2011 and 2030, which will place greater pressures on existing services and stock.
- 6.108 The Projecting Older Person Population Information System (POPPI) developed by the Institute of Public Care (IPC) for the Care Services Efficiency Delivery Programme (CSED) provides a more detailed picture of the changing population age profile of North East Lincolnshire.
- 6.109 This dataset confirms that the number of older persons (aged 65+) living alone in North East Lincolnshire is forecast to increase 33% by 2030.

Figure 6.16: Forecast Population Aged 65+ Living Alone, 2012 – 2030 – North East Lincolnshire

Authority	2012	2015	2020	2025	2030	Change 2012- 2030	% Change 2012- 2030
North East Lincolnshire	10,942	11,336	12,090	13,370	14,532	3,590	33%

Source: POPPI, 2012

- 6.110 The dataset also projects the number of people who will be living in a care home. This is presented in Figure 6.17 and projects considerable growth in this segment of the market. Forecasts indicate an increase of 60% in the number of people who will be living in a care home between 2012 and 2030.

Figure 6.17: Forecast Population Aged 65+ Living in a Care Home, 2012 – 2030 - North East Lincolnshire

Authority	2012	2015	2020	2025	2030	Change 2012- 2030	% Change 2012- 2030
North East Lincolnshire	1,266	1,375	1,534	1,788	2,020	754	60%

Source: POPPI, 2012

- 6.111 The projected increase in older people in North East Lincolnshire was highlighted in the 2009 review of the need for housing with care and support. This led to the strategy outlining the need for the provision of between 400 and 500 Extra Care Housing units across North East Lincolnshire by 2025. The Extra Care Steering Group, formed after the review was written, has suggested that this should be delivered by 60-bed units in each of the neighbourhood areas (3 wards per neighbourhood) to deliver a hub and spoke model of care. This complements the national policy direction of reducing the need for care homes and enabling people to stay independent for longer, accessing the support they need locally or through provision of 'floating' support based near their home.
- 6.112 As part of this SHMA research, a focus group exercise was carried out to ask older people about the type of housing they would like to live in and their current housing issues. The key discussion points and arising recommendations are summarised as follows:
- 6.113 Participants were asked what factors attracted them to North East Lincolnshire, and what they like about living in the area. Positive factors included Affordable

accommodation, collaborative working in the community to support older people including community activities and groups, the bus routes that enable travel to shops and other amenities/services, and the prevalence of open and green spaces.

- 6.114 Scartho in particular was highlighted as a place where participants felt it was quiet, and safe with little crime, and as a result is a good place to live. Cleethorpes was also seen as a good location to live with people appreciating its location at the seafront, the shops and amenities close by, and proximity to the countryside. Participants felt these attributes were important in adding to their quality of life.
- 6.115 Other factors participants felt added to their quality of life included the presence of the Phone n Ride and Dial-a-Ride services, which provide accessibility to services and shops for the elderly and continue to support their independent living.
- 6.116 Participants were broadly happy with their current housing and neighbourhoods, and none currently wished to move. Some cited that factors that would encourage them to move would include moving nearer to family and friends, if their current neighbourhood deteriorated due to problem neighbours or anti-social behaviour, or if their health deteriorated.
- 6.117 If they were to move, participants stated a preference for smaller properties, including bungalows and apartments.
- 6.118 One participant in particular was concerned about the Welfare Reforms, which due to their under-occupancy of their current home meant that under the new regulations, their reduced housing benefit may mean they cannot afford to remain in their current home, and they will have to move.
- 6.119 Participants were asked which support services that they used to enable them to continue to remain living independently. Several participants had adaptations fitted to their properties to support mobility, others had nurses/carers attend, and a number relied on community and friendship groups for support. Others employed private services such as dog walkers and private house cleaners to help maintain their independence.
- 6.120 When participants were asked what would improve the support services they currently use, it was recommended that more carers were provided to provide support in the home.
- 6.121 Participants were subsequently asked to consider what support services they would expect to require to maintain their independent living going forward into the future. Some participants found it difficult to envisage how their needs would be likely to change. Others had considered this, and expected that their circumstances would

change as they grew older. For example, participants expected they would require adaptations – such as emergency buttons/alarms in case of falls and help with stairs (i.e. stair-lift), increased use of public transport, and to increasingly lean on informal networks such as friends and family for support. Some participants expected that they would have to pay for support services in the future, and were therefore maintaining close control over their personal budgets to ensure they had savings to cover their needs in the future.

- 6.122 Participants were asked what type of home they would consider if they chose, or needed, to move in the future. A number of participants would not entertain a move. However, others expressed a preference for downsizing, to smaller flatted apartment or bungalows, and with a preference for safe locations with community activities nearby.
- 6.123 When asked about the tenure of housing they would consider, there were a range of preferences including owner-occupation, renting socially from the Council or a Registered Provider or private renting, depending on household financial circumstances.
- 6.124 Finally, participants were asked as to whether they felt there is appropriate information and guidance available to help them make decisions about their future housing options. Participants predominantly felt that there was information available (e.g. from North East Lincolnshire Council or Age UK), but that many elderly people were either unaware of this or do not know where to look or who to ask to find the information.

Households with Support Needs

- 6.125 Understanding the broad number of households with support, special and/or specific needs, and the breadth of their individual challenges, is crucial to determining where and how much purpose-built or adapted housing is required.
- 6.126 There is no single data source which enables a thorough assessment to be made of the scale of these issues. This analysis draws on longer-term projections of need from the Projecting Adult Needs and Service Information System (PANSI).
- 6.127 The Projecting Adult Needs and Service Information System developed by the Institute of Public Care (IPC) for the Care Services Efficiency Delivery Programme (CSED) provides projections of future numbers of households with physical and learning disabilities. In addition, the POPPI dataset provides similar information for older person households. These households, alongside others, are likely to require some form of support within their properties. This therefore provides a useful

indication of the levels of demand on existing stock and future requirements to deliver new suitable properties and / or adaptations.

- 6.128 The POPPI dataset suggests that between 2012 and 2030 the number of individuals aged 65+ in North East Lincolnshire with learning difficulties is anticipated to rise by 199 people (or 33%).

Figure 6.18: Forecast Learning Disabilities Aged 65+, 2012-2030 – North East Lincolnshire

Authority	2012	2015	2020	2025	2030	Change 2012- 2030	% Change 2012- 2030
North East Lincolnshire	604	643	683	727	803	199	33%

Source: POPPI, 2012

- 6.129 The PANSI system suggests that within North East Lincolnshire the number of individuals aged 18+ with a learning disability will increase by 2% between 2012 and 2030. The number of individuals with moderate or severe learning disabilities will rise by 2%. There is a 1% decrease predicted in those persons aged 18-64 with a severe learning disability.

Figure 6.19: Forecasts of population with learning difficulties 2012 – 2030 – North East Lincolnshire

Learning Disabilities	2012	2015	2020	2025	2030	Change 2012- 2030	% Change 2012- 2030
Learning Disability	2,889	2,903	2,906	2,916	2,956	67	2%
Moderate or Severe Learning Disability	595	595	594	598	607	12	2%
Severe Learning Disability	136	134	132	133	134	-2	-1%

Source: PANSI, 2012

- 6.130 The projections also provide a breakdown of the estimated change in the number of people with learning disabilities living with a parent. The projections suggest a small decrease in these household circumstances within North East Lincolnshire of 1% by 2030.

Figure 6.20: Forecasts of population with: Learning Disabilities Living With a Parent 2012-2030 – North East Lincolnshire

Authority	2012	2015	2020	2025	2030	Change 2012-2030	% Change 2012-2030
North East Lincolnshire	189	187	182	183	187	-2	-1%

Source: PANSI, 2012

- 6.131 The PANSI dataset projects forward the number of people with physical disabilities as well as learning disabilities. These households will also have their own specific requirements in terms of adaptations. The number of people with both moderate and serious physical disabilities is projected to decrease by 6% and 5% respectively.

Figure 6.21: Forecasts of Population with: Physical Disabilities 2012 – 2030 – North East Lincolnshire

Level of Physical Disability	2012	2015	2020	2025	2030	Change 2012-2030	% Change 2012-2030
Moderate Physical Disability	7,472	7,400	7,403	7,298	6,991	-481	-6%
Serious Physical Disability	2,225	2,191	2,222	2,226	2,112	-113	-5%

Source: PANSI, 2012

- 6.132 Adults with physical disabilities require different levels of care depending on the severity of their disability. Individuals with a moderate personal care disability can perform tasks such as getting in and out of bed, dressing, washing and feeding with some difficulty. A severe personal care disability can mean that the task requires someone to help.
- 6.133 The number of individuals with moderate or serious personal care disabilities is predicted to decrease by 6% by 2030.

Figure 6.22: Forecasts of Moderate or Serious Personal Care Disability 2012 – 2030 – North East Lincolnshire

North East Lincolnshire	2012	2030	Change 2012-2030	% Change 2012-2030
Moderate or Serious Personal Care Disability	4,497	4,243	-254	-6%

Source: PANSI, 2012

- 6.134 On this basis it is likely that the quantity of stock may be sufficient to meet future requirements. However, the type and quality of stock should be monitored in order to ensure that it is adequately adapted, in order to meet the specific needs of those with physical disabilities.

Black and Minority Ethnic (BME) Households

- 6.135 Figure 6.23 identifies the changes in the ethnic composition of North East Lincolnshire between the 2001 Census and the most recent Census (2011). This clearly shows that whilst the number of people of white ethnicity has decreased over the past decade (a percentage decrease of 2%), there has been an increase in the numbers of all ethnic minority groups. This aligns with the analysis of the components of change in relation to the population in section 5 with North East Lincolnshire experiencing a net out migration of people to other parts of the UK but a strong net in-migration of international migrants.
- 6.136 The analysis of the 2011 data suggests that the greatest absolute change has occurred within the Asian/Asian British ethnic group. The number of people of Asian/Asian British ethnicity has increased by 1,038 between 2001 and 2011, which is a percentage increase of 95.1%. The greatest percentage change occurred in the 'other ethnic group'; between 2001 and 2011 the number of people in this group has more than doubled, which is a percentage increase of 175.9%.

Figure 6.23: Ethnic groups and percentage changes between 2001 and 2011.

Year	All People	White	Mixed	Asian / Asian British	Black	Other Ethnic Group
2011	159,616	155,421	1,186	2,129	411	469
2001	157,979	155,742	732	1,091	244	170
2011	100.0%	97.4%	0.7%	1.3%	0.3%	0.3%
2001	100.0%	98.6%	0.5%	0.7%	0.2%	0.1%
2001-2011	% Change	-0.2%	62.0%	95.1%	68.4%	175.9%

Source: Census, 2001 and 2011

6.137 Figure 6.24 presents the country of birth of residents drawing on the 2011 Census data.

Figure 6.24: Country of Birth – All Residents

	UK	Ireland	Other EU: Member countries in March 2001	Other EU: Accession countries April 2001 to March 2011	Other countries
England	86.2%	0.7%	1.7%	2.0%	9.4%
Yorkshire & the Humber	91.2%	0.4%	0.9%	1.6%	5.9%
North East Lincolnshire	95.5%	0.2%	0.7%	1.2%	2.2%

Source: Census, 2011

6.138 Figure 6.24 shows that the majority of non-UK residents in North-East Lincolnshire are originally from 'Other Countries', i.e. outside of the European Union. This trend is also visible in figures for Yorkshire & the Humber and the rest of England. There is also a larger proportion of UK born residents in North-East Lincolnshire (95.5% of all residents), compared with the wider region and the rest of England (91.2% and 86.2%, respectively).

6.139 Figure 6.25 presents the length of UK residence for all residents drawing on the 2011 Census data. The majority of non-UK born residents of North-East Lincolnshire are long-term residents; 2.1% have lived in the authority for 10 or more years and 1.0% have lived in North-East Lincolnshire for between 5 and 10 years. The presence of a smaller proportion of short-term non-UK residents (i.e. resident in the UK for less than 5 years) is also evident in the wider region and the rest of the UK.

Figure 6.25: Length of UK Residence – All Residents

	All categories : Length of residence in the UK	Born in the UK	Resident in UK: Less than 2 years	Resident in UK: 2 years or more but less than 5 years	Resident in UK: 5 years or more but less than 10 years	Resident in UK: 10 years or more
England	53,012,456	86.2%	1.8%	2.2%	2.9%	7.0%
Yorkshire & the Humber	5,283,733	91.2%	1.3%	1.6%	1.9%	4.1%
North East Lincolnshire	159,616	95.6%	0.5%	0.8%	1.0%	2.1%

Source: Census, 2011

6.140 Figure 6.26 overleaf presents the year of arrival in the UK for all residents drawing on the 2011 Census data. This indicates that there was an increase in the proportion of

residents from outside the UK arriving in North-East Lincolnshire between 2004 and 2009 (0.8% arriving in 2004-06 and 0.8% arriving 2007-09), which is largely in line with national and regional trends. In the past year, there was a decrease in the proportion of non-UK residents arriving in North-East Lincolnshire, which is again reflected in figures for Yorkshire & Humber and the rest of England.

- 6.141 Figure 6.27 overleaf presents the age of arrival in the UK for all residents drawing on the 2011 Census data. It is clear from this data that the majority of residents of North-East Lincolnshire who are arriving from outside the UK are younger people, particularly aged 0-15 years (1.5% of all residents), 20-24 years (0.8% of all residents) and 30-34 years (0.8% of all residents). The age profile of non-UK residents will affect housing need in North-East Lincolnshire and may result in an increased demand for family housing.

Figure 6.26: Time (year) of Arrival for Residents – All Residents

	All categories: Year of arrival in the UK	Born in the UK	Arrival Timescale										
			pre 1941	1941-1950	1951-1960	1961-1970	1971-1980	1981-1990	1991-2000	2001-2003	2004-2006	2007-2009	2010-2011
England	53,012,456	86.2%	0.1%	0.2%	0.7%	1.2%	1.2%	1.2%	2.3%	1.5%	2.1%	2.3%	1.1%
Yorkshire & the Humber	5,283,733	91.2%	0.0%	0.2%	0.4%	0.8%	0.7%	0.7%	1.2%	0.9%	1.5%	1.6%	0.8%
North East Lincolnshire	159,616	95.6%	0.0%	0.1%	0.3%	0.4%	0.3%	0.3%	0.6%	0.4%	0.8%	0.8%	0.3%

Source: Census, 2011

Figure 6.27: Age (years) of Arrival for Residents – All Residents

	All categories: Age of arrival in the UK	Born in the UK	Age of Arrival in UK								
			0 to 15	16 to 17	18 to 19	20 to 24	25 to 29	30 to 44	45 to 59	60 to 64	65+
England	53,012,456	86.2%	4.0%	0.6%	1.0%	2.9%	2.3%	2.4%	0.5%	0.1%	0.1%
Yorkshire & the Humber	5,283,733	91.2%	2.8%	0.4%	0.7%	1.8%	1.3%	1.4%	0.3%	0.0%	0.0%
North East Lincolnshire	159,616	95.6%	1.5%	0.2%	0.3%	0.8%	0.6%	0.8%	0.2%	0.0%	0.0%

Source: Census, 2011

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- 6.142 It is important to consider the impacts of these changes upon housing need. As a further informing component of the SHMA, North East Lincolnshire Council commissioned additional research into the housing and support requirements of BME households through the undertaking of a focus group workshop with residents residing in Grimsby in February 2013. The workshop was held with customers of, and hosted by representatives from, York Housing Association – a registered provider predominantly supporting the housing needs of BME households across North East Lincolnshire. The key messages arising from the workshop are as follows:
- 6.143 The primary driving factor encouraging participating BME residents to move into North East Lincolnshire was the draw of employment opportunities within the industrial and manufacturing business sectors of Grimsby. Despite wider economic uncertainty and UK recession it was still perceived that economic migrants could earn more in these roles in the UK than within their country of origin.
- 6.144 Participants suggested that they had not all originally intended to reside within Grimsby when first moving into the UK – instead moving when hearing of employment opportunities from family, friends or contacts in BME communities whom had already moved into Grimsby. Others had Grimsby recommended to them specifically by friends already living in the town – who had promised support in gaining employment as well as finding housing. Participants also felt that Grimsby offered more opportunities for their children to benefit – due to the provision of schools and higher quality of education when compared to their countries of origin.
- 6.145 All of the participants are currently residing in the private rental sector in Grimsby – living in the East Marsh and West Marsh neighbourhoods of the town. The participants suggested that these areas, were home to a substantial element of the BME population. East Marsh and West Marsh were seen to be particularly popular destinations for BME households first moving into Grimsby and North East Lincolnshire given the close proximity to employment opportunities in nearby factories, shops, services and schools as well as limiting the necessity to travel by private car.
- 6.146 Participants highlighted that overcrowding continues to be a prevalent situation amongst BME households – particularly those residing in Grimsby’s private rented sector. Participants views on the drivers of overcrowding indicated that often individuals and households purposefully decide to live in overcrowded situations with other persons or households in order to save on housing costs. This, however, reveals that there is evidently an under-supply of housing in North East Lincolnshire that is affordable to BME households – particularly in the areas of Grimsby that are favoured by such communities. This problem is compounded by the limited availability of, and long waiting list for, social housing in North East Lincolnshire.
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- 6.147 However, participants also expressed concern about the locations of available social housing – with vacant properties often coming available in neighbourhoods where BME households did not feel safe or comfortable due to issues of racial aggravation. This often deterred them from using social housing.
- 6.148 As a result, demand for private rented accommodation remains high in Grimsby. However, the conditions of properties privately rented to BME households in the East Marsh and West March areas were reported to often be extremely poor by participants. Severe damp was reported to have been experienced in current, or previous, homes by all participants present. As a result of this, and other property maintenance issues, BME households tend to move frequently within the private rented sector due to a lack of willingness of landlords to resolve such problems.
- 6.149 Participants reported that they are presently ‘stuck’ in Grimsby within or near to the town centre due to a requirement to be close to sources of employment in nearby factories, as well as shops and services. All participants reported a desire to move to more suburban surrounds on the outskirts of the town, yet due to affordability and credit constraints, as well as limited access to private cars, they are forced to continue to reside in Grimsby.
- 6.150 Participants reported that once they gain a strong grasp of the English language, and have lived in the country for some time (to gain credit records, employment references etc), they plan to progress to higher skilled and higher income employment, which will enable them to gain a greater quality of life and move to a more suburban neighbourhood. Participants knew people in the community who had already done this. Some participants expressed a desire to move further afield, outside of North East Lincolnshire, in the future. However, the majority planned to remain in North East Lincolnshire and settle here for the long-term – either bringing existing family across from their home country or starting their own family here in the UK.
- 6.151 Participants reported that one of the main problems they face is understanding which services they are entitled to as UK residents, as well as which taxes and bills require payment, and the process for doing so. All the participants had, or currently, relied heavily on the advice and service provided by York Housing Association to provide them with wide-ranging support including advice regarding taxes, child benefit, housing benefits, social housing, and resolving disputes with private sector landlords. Some participants noted that York Housing Association provided a ‘trustworthy’ free source of information, and that they had previously been given false information regarding benefit entitlement and the payment of certain bills when relying upon word of mouth for advice from within the BME community.
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- 6.152 One of the main issues participants highlighted was the challenges they faced in filling out complex forms (often in English), as well as those online, with much of the community not having access to the internet. Some noted that they didn't know where to go to obtain the necessary forms in the first place. As a result, a number of the participants currently had, or previously had, debt problems as they were unaware that they were required to pay Council Tax and other household bills. They stated that easily accessible and translated information provided by North East Lincolnshire Council explaining what services Council Tax pays for, as well as how households should pay for it, would be helpful to mean they didn't get behind on payments from the outset.
- 6.153 It was also reported that advisors, including those providing housing services (Registered Providers), and at the Job Centre, were often not effectively trained to assist the BME community – although it was reported that they do try to assist. It was recommended that these organisations consider employing members of the BME community with good spoken and written English to provide more effective support and free translation services.
- 6.154 Participants highlighted how effective this approach was by using York Housing Association as an example of an organization employing members of the BME community. As a result participants were able to gain advice in obtaining forms, explanation of what services they were entitled to, and assistance in completing forms or during disputes, as well as free translation. The participants saw this as invaluable and a lifeline for those BME households who were moving into Grimsby.

Younger Persons

- 6.155 A focus group was held with a group of younger persons from North East Lincolnshire in February 2013 to discuss their housing issues, needs and preferences. The key discussion points and recommendations from this are summarised.
- 6.156 Participants were asked for their views on the positive and negative points about living in Grimsby, and North East Lincolnshire more generally. The majority of participants expressed concern with the perceived widespread drug and alcohol abuse in Grimsby, and the anti-social behaviour that accompanies it. They were also concerned about groups of youths loitering on the streets and in open spaces in parts of Grimsby, and felt this can often result in an intimidating atmosphere – particularly after dark.
- 6.157 Several participants felt that crime, including vandalism, is a major problem, and highly prevalent in certain public spaces and neighbourhoods, with participants referencing People's Park and Nuns Corner. It was felt there should be more Police Community Liaison Officers (PCSO's) and Police Officers patrolling these locations,

- but it was also noted that participants don't often report groups of loitering people to the Police.
- 6.158 It was also perceived that one of the reasons youths congregate in the streets is the absence of activities or venues for younger people aged 16-21 – particularly in an evening.
- 6.159 Participants overwhelmingly reported to feel that living in Grimsby was 'depressing', with the town and its buildings looking 'grey', 'old' and 'tired', with considerable numbers of derelict buildings in a poor state of repair and a large number of vacant shops. Participants were supportive of schemes to bring back vacant housing into use, and also advocated the use of regeneration schemes to redevelop existing low quality housing, as well as build new high quality homes.
- 6.160 Participants also highlighted the current challenges faced in gaining employment from the ages of 16-18 in Grimsby, with several citing experience of applying for a large number of retail jobs without success. It was also highlighted that many advertised jobs, which participants felt they could do, were only accepting people with employment experience. This made it very challenging for young people looking for employment – particularly their first job.
- 6.161 Participants recommended that there should be a greater level of support and information available to people aged 16-18 regarding routes into employment, as well as advice and comment on the preparation of CV's. Participants felt that this would be appropriately provided by the Job Centre, and at secondary school or college. The Lincs2 website (<http://www.lincs2.co.uk/>) was noted as a useful source of CV and employment advice by one participant. The other participants felt that if this is the case, this service should be more widely and prominently promoted, due to their lack of awareness.
- 6.162 When asked about their future plans, the majority of participants expressed a willingness to leave Grimsby in the next several years. Of these, the primary reason was to leave to go to University or travel, with few expressing an interest in returning to Grimsby following their study or travels if possible.
- 6.163 Several participants did plan to stay in Grimsby for the foreseeable future. The reasons for this were training and employment in trades relevant to the local business base (engineering), as well as local social connections including family ties and friends in the local area.
- 6.164 Several participants were struggling with finding permanent housing, and were currently living in the YMCA indefinitely. The YMCA provided them with critical support at a time when they would otherwise be homeless. However, they found that because they were not officially homeless, and did not have any dependent children, this limited their priority for social housing via HomeChoiceLincs Housing Register. As a result, they had bid for many properties unsuccessfully. They also

expressed a willingness to find employment, but they felt that the lack of a permanent address (and the address at the YMCA) made it harder to find jobs and had some stigma attached with prospective employers.

- 6.165 One other participant recommended the Doorsteps service – having used this agency to assist them into housing when they found themselves in a similar position at the YMCA when aged 17.
- 6.166 When asked about the type and tenure of home participants wished to live in, most expressed an ambition to own their own home. This was seen as an achievement and symbol of success, without any participants having connected it to an investment opportunity. They did, however, cite the costs of obtaining and paying a mortgage as a significant barrier.
- 6.167 Participants also stated that they would also be happy to rent a home – privately or socially – and saw the financial benefit of this as avoiding the costs of home repairs and maintenance.
- 6.168 However, participants highlighted that they felt the information available regarding the various housing options open to young people is limited and poorly co-ordinated and publicised. Participants were not aware of intermediate tenure options, such as shared ownership – despite this product being offered by developers in North East Lincolnshire – and expressed interest in finding out more about it. Participants recommended that young people should be better signposted to information about the housing options open to them – with this starting at secondary school or college – with advice provided both via the internet and on bulletin boards or co-ordinated by North East Lincolnshire Council. It was felt that the Job Centre and local Registered Providers could play a greater role in promoting available housing options and services to younger people.

Gypsies & Travellers

- 6.169 In response to legislation contained within section 225 of the Housing Act 2004, which came into force in April 2006 a Gypsy and Traveller Accommodation Needs Assessment was carried out – the North and North East Lincolnshire Gypsy and Traveller Accommodation Needs Assessment (2008).
- 6.170 The study concluded that the residential need in North East Lincolnshire is 13 additional pitches/plots between 2007 and 2016. An additional need for 10 transit pitches was recorded for the period 2007-2016 across both North and North East Lincolnshire.

Bringing the Evidence Together

- 6.171 This section has focussed on assessing the level of overall need for housing going forward over the New Local Plan period, as well as the need for Affordable Housing over the next five years. Analysis has been undertaken using a range of data sources following the DCLG Guidance process for calculating need.
- 6.172 The findings of this section directly relate to a number of the core outputs set out in the DCLG Guidance:
- The Affordable Housing needs assessment indicates that North East Lincolnshire will be required to provide for a net annual Affordable Housing need of approximately 586 dwellings per annum over the next five years in order to both clear the existing backlog and meet future arising household need. This represents a slight decrease in the level of net annual Affordable Housing need established within the SHMA Update (2010) of 621 dwellings per annum).
 - The 2012 SHMA found that the spatial zone with the highest level of annual Affordable Housing need is the Urban Area (426 units per annum) and the lowest is in the Estuary Zone (28 units per annum).
 - There is a predominant requirement for future Affordable Housing supply in North East Lincolnshire to be sized at 1 and 2 bedrooms over the next 5 years in order to meet the majority of Affordable Housing needs. There is also a requirement for approximately 20% of future Affordable Housing development to consist of larger 3 and 4+ Affordable properties to meet the needs of larger, family households.
 - Intermediate housing products could play an important role in improving housing choice and addressing an element of housing need – particularly for low-income households and first-time buyers. The potential is identified for this Affordable tenure type to accommodate approximately 23% of housing need over the next 5 years. There does, however, remain a continued requirement to develop social rented housing to meet Affordable Housing need, equating to 77% of the net annual Affordable Housing need across North East Lincolnshire. Importantly, there are some variations in the required split of Affordable Housing at the spatial zone scale. This is driven by overall levels of need, as well as the availability of supply to meet needs (both existing and planned/committed supply) at this scale.
 - The introduction of the Affordable Rent model, as an alternative (and addition) to traditional social housing in North East Lincolnshire has been found by local RPs and the Council to have limited application. It was found that any gains were negligible and in some cases the Affordable Rent was less than social rent,

particularly where a service charge was attached to the property. The main locally operating RPs have subsequently taken the decision to not apply Affordable Rent to existing stock in North East Lincolnshire. As a result, RPs do not have residual income from Affordable Rent premiums to reinvest in new development of Affordable Housing stock. Moreover, HCA funding for new Affordable Housing development is based on utilising the Affordable Rent model. As Affordable Rent is not being applied, there is a challenge to achieving government funding to support new Affordable Housing development in North East Lincolnshire.

- Older Persons - The population projections show an increasing number of older persons will reside in North East Lincolnshire in the future. By 2030, the number of older persons is expected to increase by around 31– 34%. Over the longer-term this increase in older persons will place ever increasing pressure on the existing housing stock. In particular the rise in households where the head of household is aged over 85 will lead to greater requirements for different forms of supported housing. Maintaining funding for housing related support services for older persons will remain important, as demand is strong and expected to increase with the future growth of this section of the community.
- Black and Minority Ethnic Groups - The focus group workshop undertaken as part of the SHMA research highlighted the current issues for BME groups represent challenges going forward for North East Lincolnshire Council and service providers. Issues highlighted include housing affordability, housing supply and quality, the presence of rogue private landlords, and accessibility to specialist services including information in all languages.
- Younger Persons – The affordability issues facing younger person households have been well documented throughout the SHMA. The focus group research and engagement with local agents has highlighted that the obstacles facing younger households to purchase property has led to many either not forming a household (living with family/friends) or moving into private rented or social stock, with this placing increasing pressure on this tenure. A recommendation emerged for North East Lincolnshire Council to investigate ways to provide impartial information and advice to younger persons looking to set up home – perhaps within the local secondary education system.
- Groups with Support Needs – An examination of POPPI and PANSI datasets projects an increase in persons with learning disabilities and that, as a result, it is anticipated that further new and appropriate accommodation will be required for these households. In contrast, there is a projected decrease in persons with physical disabilities. On this basis it is likely that the quantity of stock may be sufficient to meet future requirements. However, the type and quality of stock

should be monitored in order to ensure that it is adequately adapted, in order to meet the specific needs of those with physical disabilities.

- The North and North East Lincolnshire Gypsy and Traveller Accommodation Needs Assessment (2008) concluded that the residential need in North East Lincolnshire is 13 additional pitches/plots between 2007 and 2016. An additional need for 10 transit pitches was recorded for the period 2007-2016 across both North and North East Lincolnshire.

7. Alternative Growth Scenarios

Introduction

- 7.1 This section considers the impact on overall housing need and demand of the successful delivery of a range of local investment schemes in North East Lincolnshire. This is intended to provide a complementary suite of analysis to enable the Council to be pro-active in the future setting of policies and strategies as well as investment planning.
- 7.2 At the time of the production of the SHMA North East Lincolnshire Council were planning to commission an 'Employment Land and Local Economic Assessment' (hereafter the 'Economic Assessment'). The intention of this study will be to assess the different opportunities for available employment land within the authority and evaluate the likely economic growth opportunities they present. This will be used to underpin a clear position on the picture of the economic future to which the New Local Plan will need to respond. It is intended that this work will include the generation of a number of alternative employment growth outputs/ forecasts to complement the base run of the REM model used within this SHMA. This modelling will take account of the latest data available in terms of additional planned economic investment programmes and projects in North East Lincolnshire as well as surrounding authorities within the LEP area and beyond which could impact on the local economy and the demand for housing.
- 7.3 In advance of the outputs of this research consideration is given to the potential housing market impacts of a number of Council identified investment priorities as well as the South Humber Gateway which is planned to be delivered in North Lincolnshire. A detailed set of population and household projections have not been built from this economic data, similar to those presented in section 5, as the information presented here will be superseded by the outputs of the economic assessment. It is recommended that a set of further population and household projections are run once this information is available through the generation of additional employment-land led scenarios.

An Alternative Economic Growth Picture

- 7.4 In 2012 North East Lincolnshire Council identified a number of key economic investment intervention and projects considered of significance to the short-term economic future of the authority. These included:

- [The Humber Enterprise Zones; and](#)
 - [Regional Growth Fund bid jobs](#)
- 7.5 Key employment outputs linked to these programmes of investment were supplied by the Council and considered by the team responsible for the Regional Econometric Model at Leeds City Council. The headline job outputs of planned investment linked to these programmes is considered within this section, noting that further work is being undertaken by the Council to add additional detailed understanding of the impact of this investment with a particular focus on the renewables sector within the economic assessment.
- 7.6 The growth of the renewables sector represents a fundamental economic opportunity for North East Lincolnshire and its neighbours. The Humber LEP's plan is for the Humber to become a national and international centre for renewable energy. The Humber is central to the UK's offshore wind activity, it is well positioned for manufacturing and servicing in this sector in close proximity to the three major East Coast Round 3 wind farms, with around 20GW of estimated installed capacity.
- 7.7 The Government has supported these investment plans by designating two Enterprise Zones and by designating the Humber as a Centre for Offshore Renewable Engineering.
- 7.8 North East Lincolnshire Council has identified that the direct impact of the Enterprise Zone in terms of job generation will be an additional 700 jobs within the authority up until March 2015.
- 7.9 In addition Regional Growth Fund investment aimed at extending the comprehensive package of support being provided for the North Humber Bank through RGF Round 2, to the South Humber Bank is being pursued by the Humber partners, including North East Lincolnshire. The intention is through a set of economic projects to enable an integrated cross-Humber programme of sector support, complementing the Green Port Growth programme, to ensure inward investment is secured at key sites on the South Bank that the local workforce is trained to meet the needs of the sector and that local businesses are able to diversify and enter the sector supply chain. This will ensure the economic benefits from offshore wind are maximised across the Humber, and will enable the aims of a Humber-wide Offshore Wind Super Cluster to be realised.
- 7.10 A substantial proportion of the associated direct employment benefits are anticipated to be realised within North East Lincolnshire. North East Lincolnshire at the time of this research estimated that both strands of the Regional Growth Fund programme would generate 1,500 additional direct jobs within the authority between 2012 and 2015.

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- 7.11 In total the Council has therefore estimated that the successful delivery of the RGF programme and the Enterprize zone would translate into approximately 2,200 additional direct jobs within North East Lincolnshire between 2012 and 2015. Modelling by the team managing the REM for this SHMA research suggested that when displacement and multiplier effects are taken into account the net effect would be the additional generation of a total of 1,900 extra jobs within North East Lincolnshire over this period.
- 7.12 This is evidently significant in the context of the baseline REM model outputs presented within section 4 and integrated into the Employment-led population and household projection scenario within section 5 which assumed the generation of only approximately 1,300 additional jobs within the authority between 2011 and 2031. Significantly, this does add weight to the likelihood of this scenario versus the latest outputs of the REM which, as noted in section 4 actually forecast a decline in employment opportunities within the authority over this period.
- 7.13 Alongside the projects noted above it is important to also consider the wider impact of investment in the wider South Humber economic area. The 820 hectare ABLE UK Marine Energy Park, located in North Lincolnshire but in close proximity to North East Lincolnshire, is a cornerstone of the Humber offshore wind manufacturing and construction port offer. The North Lincolnshire SHMA (GVA, 2012) included modelling of an alternative employment-led population projection which integrated jobs associated with the delivery of this large area of investment.
- 7.14 This modelling assumed based on information provided by North Lincolnshire Council and the team at Leeds City Council managing the REM that a total of almost 9,180 jobs between 2011 and 2026 would be delivered in North Lincolnshire. The modelling in the North Lincolnshire SHMA assumed that the effect of these additional jobs was translated into direct increases in population and households in North Lincolnshire but noted that in reality a component of this demand would 'spill over' into surrounding authorities including North East Lincolnshire. This will be dependant upon the location of the provision of appropriate new housing within the wider area and will need to be considered in more detail within the economic assessment to be undertaken for North East Lincolnshire Council.
- 7.15 Further information regarding East and West Lindsey Council's is summarised below:
- East Lindsey*
- 7.16 East Lindsey published its Draft Core Strategy in October 2012, covering a 15 year period to 2028. Quantified economic (job growth) ambitions are not articulated within the Draft Core Strategy and therefore a direct comparison with North East Lincolnshire data is not possible.
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7.17 East Lindsey's Draft Core Strategy cites demographic evidence of the following forecast changes for the Inland Area over the period 2010/11-2030/31 (based on the "Migration led A Scenario):

- 11,424 population growth
- 7,788 additional households

7.18 Over the Core Strategy period 2013 to 2028 this translates into a requirement for 5,841 net new dwellings (389 dwellings per annum). A further requirement for 107 dwellings per annum is identified for the Coastal Area, resulting in 1,605 dwellings over 15 years. This level of housing provision will enable the Coastal Area population to remain broadly stable.

West Lindsey

7.19 West Lindsey forms part of the Central Lincolnshire Joint Strategic Planning Committee alongside North Kesteven and the City of Lincoln. The Joint Strategic Planning Committee is currently preparing a Core Strategy DPD. A Strategic Housing Market Assessment for the Central Lincolnshire area was prepared in 2009, however this predated the National Planning Policy Framework (2012) and does not provide equivalent employment, population or household projection data to enable a direct comparison with North East Lincolnshire.

7.20 Given the functional linkages with both East Lindsey and West Lindsey it will be important for North East Lincolnshire Council to continue to monitor the development of housing evidence as well as economic growth and investment plans in these areas.

Assessing the Impact for Future Housing Requirements

7.21 As noted at the start of this section the exact impact of the planned economic investment presented above has not been modelled in detail given the anticipated refined outputs of the economic assessment to be undertaken.

7.22 Evidently, however, the generation of additional employment opportunities within North East Lincolnshire as shown by the difference between the levels of population and household growth derived from the demographic trend based scenario (re-based 2010 SNPP scenario) and the Employment-led scenario in section 5 will serve to generate additional demand pressures for new housing within the authority. Importantly, if coupled with an appropriate housing supply, it will provide an opportunity to stem the historic trend of out-migration of people from the authority which has served to moderate the levels of population growth seen historically. This

could also help to counter an increase in in-commuting to fill job opportunities as they arise.

- 7.23 In considering the scale of the impact it is important to re-visit the outputs of the modelling presented in section 5. Under the employment-led scenario the growth of the local economy by 1,300 new jobs translated, when the wider changing age profile of the population was taken into account, into a growth in the population of approximately 13,500 people which in turn translated into the formation of an extra 9,380 households. This contrasted with the outputs of the Re-based SNPP 2010 scenario which showed a growth in the population of only 3,460 which in turn would lead to substantial decrease in the size of the labour-force by some 3,600 (equating to a linked assumed contraction of approximately 3,200 jobs).
- 7.24 Evidently the successful delivery of around 2,000 direct jobs within North East Lincolnshire would serve to further swell the size of the labour-force required to take-up these jobs. Employees would be accompanied by dependants who would in turn age over the plan period and form their own separate households. This would therefore suggest demand for more than the 508 dwellings projected to be required per annum under the employment-led (Experian) scenario, as presented in section 6.
- 7.25 The make-up of these jobs would also have an impact on the type and tenure of the additional housing required within the authority. The assumption would be that this additional demand as it was linked to the generation of employment opportunities would be associated with working households. The REM outputs suggest the following proportional industrial sector split in terms of the new jobs summarised within this section.

Figure 7.1: SIC split of jobs associated with the Enterprise Zone and RGF Programme

Industry (SIC)	Proportion of new jobs (total 100%)
Chemicals	13%
Minerals	2%
Metals	9%
Machinery & Equipment	9%
Electrical & Optical Equipment	1%
Transport Equipment	2%
Food, Drink & Tobacco	47%
Textiles & Clothing	0%
Wood & Wood Products	1%
Paper, Printing & Publishing	1%
Rubber & Plastics	3%
Other Manufacturing NEC	12%

Source: North East Lincolnshire / Leeds City Council, REM, 2013

- 7.26 The above industrial sector split indicates that jobs are likely to be associated with a range of incomes. In reality it would be expected that the majority of further demand for housing will be for market rather than Affordable Housing, however, the analysis of the need for Affordable Housing in section 6 suggests that based on the current barriers to purchasing that a proportion of demand will be for private rented or Affordable tenures.
- 7.27 New stock will also need to include a balanced mix of new housing in terms of the size of stock with family housing likely to represent the desired aspiration of a large proportion of this additional demand. Further supporting evidence of the likely aspirations of households are presented within the following section taking into account the outputs of a soft-market testing exercise with local agents and house builders.

Bringing the Evidence Together

- 7.28 This section has considered the impact of a number of key identified economic investment projects and programmes on the housing market in North East Lincolnshire. This analysis presents a high level consideration of these elements anticipating that further detail and modelled outputs will be possible once North East Lincolnshire has completed a proposed economic assessment of the authority.
- 7.29 Based on information provided by North East Lincolnshire there is evidence to suggest that approximately 1,900 new direct jobs could be delivered within the authority over the next two to three years associated with the successful delivery of the Enterprise

Zones project and the Regional Growth Fund bid. The generation of additional employment opportunities of this scale would have a notable impact on the level of housing required to ensure that the associated economic benefits of these job are realised within North East Lincolnshire. Taking forward the modelling assumptions presented in section 5 the growth of the economy in excess of 1,300 jobs over the period 2011 – 2031 would suggest a requirement of more than 508 dwellings per year, with this linked to the timing of the delivery of new jobs and the relative health of the wider economy⁴⁷.

- 7.30 In addition to these direct jobs it is likely that the significant number of further jobs anticipated through the delivery of the South Humber gateway in North Lincolnshire may, given the strong housing market linkages between the two authorities (section 4), result in a further elevation of demand for housing in the authority. The distribution of additional demand linked to the creation of a significant number of new jobs on the border of the two authorities will at least in part be directed by the relative pace of supply of new housing in both authorities. Careful monitoring and collaborative joint-working between the two authorities will be required to ensure that the significant potential benefits of this once in a generation investment are captured in full within the economic sub-region. This is considered further in section 9 of this SHMA report.

⁴⁷ Note: Economic forecasts will be fully modelled in terms of developing the New Local Plan Housing Target

8. Commercial Impact

Introduction

- 8.1 The NPPF highlights the importance of considering viability in the analysis of the future operation of the housing market. This section includes a review of viability evidence for the authority including recent development activity and the results of a soft-market testing exercise providing further commercial perspectives on the housing market in the area and potential challenges to delivery.

Development Activity - Completions

Recent Development Trends

- 8.2 Understanding the trends in recent newly built dwellings provides another indicator of the changing shape of the stock profile within North East Lincolnshire. The Council's monitoring of completions data provides a breakdown of newly built dwelling stock by type back to 2007/08 and up to the last year of complete data in 2011/12.

Figure 8.1: Gross & Net Dwelling Completions (2007/08 – 2011/12)

Residential Dwelling Completions	2007/08	2008/09	2009/10	2010/11	2011/12	2012 /13
Gross Completions	392	323	314	360	346	426
Losses	50	246	60	154	59	21
Net Completions	342	77	254	206	287	405

Source: North East Lincolnshire Council, 2012

- 8.3 *The Yorkshire and Humber Plan* (2008) Regional Spatial Strategy (RSS) to 2026 was revoked in February 2013 however it remains relevant context for the consideration of housing figures. The RSS set the housing requirement for North East Lincolnshire as 510 annual net dwelling additions to the stock over the 2008-2026 period.
- 8.4 Analysis of completion rates suggests that delivery of this annual figure has proved a challenge for North East Lincolnshire in recent years – with delivery dampened in 2008/09 in particular due to the decline in the housing market witnessed nationally and subsequent recession. Importantly, however, the latest figures for 2009/10 onwards demonstrate a recovery in completion levels. Moreover, excluding 2008/09, the completion rates have remained relatively stable.

- 8.5 Figure 8.2 provides a breakdown of dwelling completions (gross) by dwelling size (bedrooms).

Figure 8.2: Gross Dwelling Completions by Size (Bedrooms) (2007/08 – 2011/12)

Residential Dwelling Completions - Bedrooms	2007/08	2008/09	2009/10	2010/11	2011/12
1 Bed	9%	5%	15%	12%	8%
2 Beds	52%	41%	31%	37%	37%
3 Beds	20%	40%	35%	31%	29%
4+ Beds	18%	14%	20%	20%	26%
Gross Completions (%)	100%	100%	100%	100%	100%

Source: North East Lincolnshire Council, 2012

- 8.6 Figure 8.2 demonstrates that there has been a transition over the period towards delivering larger properties (particularly 4+ beds), and a decline in smaller properties sized 2 bedrooms.
- 8.7 Figure 8.3 provides a breakdown of dwelling completions (gross) by dwelling type.

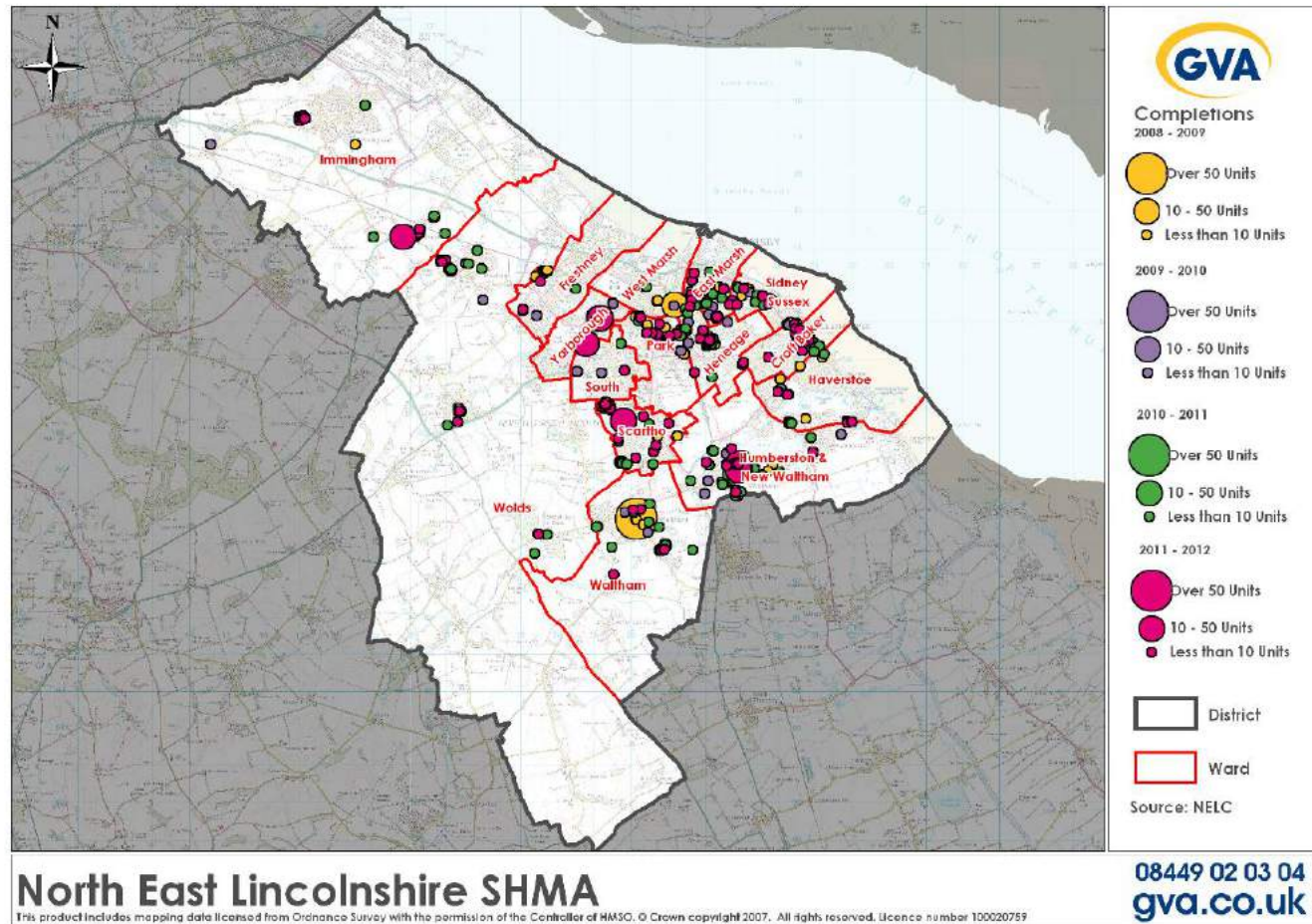
Figure 8.3: Gross Dwelling Completions by Type (2007/08 – 2011/12)

Residential Dwelling Completions - Type	2007/08	2008/09	2009/10	2010/11	2011/12
Flat/Maisonette	43%	27%	19%	22%	23%
Terraced	24%	42%	36%	43%	39%
Semi-Detached	6%	13%	16%	9%	11%
Detached	26%	18%	29%	26%	27%
Gross Completions (%)	100%	100%	100%	100%	100%

Source: North East Lincolnshire Council, 2012

- 8.8 Figure 8.3 demonstrates that there has been a reduction in the delivery of flatted properties, and an increase in the proportion of terraced homes and semi-detached homes built over the period. In 2011/12 terraced properties accounted for the greatest proportion of new homes (39%), followed by detached homes (27%).
- 8.9 Figure 8.4 presents the spatial distribution of gross completions across North East Lincolnshire (annually) by size of development annually over the period 2008/09 to 2011/12. The current ward boundaries are also shown for reference.

Figure 8.4: Gross Dwelling Completions by Size of Development (2008/09 – 2011/12)



Source: North East Lincolnshire Council, 2012

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- 8.10 In overall terms, Figure 8.4 demonstrates that delivery on several larger developments in 2008/09 was replaced by delivery on smaller sites (of fewer than 10 units) in 2009/10 and 2010/11. Larger sites of 10-50 units did, however, return to delivering units in 2011/12.
- 8.11 Considering the spatial concentration of completions, there are clusters of completions over the period in Waltham and New Waltham, Scartho and Grimsby / Cleethorpes. There has been limited delivery of new dwellings within the Rural Area (spatial zone) overall, and within Immingham.

The Market Perspective

Considering Views of Agents Active in the Market

- 8.12 In order to gain a deeper understanding of the current operation of the buyer and private rented housing market across North East Lincolnshire, and within each of the spatial zones, a number of telephone interviews were conducted with local estate agents. The following agents were consulted as part of this research during November 2012:
- Argyle, Sales & Lettings - Cleethorpes
 - Crofts, Sales & Lettings - Cleethorpes
 - David Parkinson, Lettings - Cleethorpes
 - Joy Walker, Sales - Cleethorpes
 - DDM, Sales - Grimsby
 - Turner Evans Stevens, Sales - Grimsby
 - Martin Maslin, Sales & Lettings - Grimsby
 - Pygott & Crone, Sales & Lettings – Grimsby
 - Jackson, Green and Preston, Sales & Lettings – Cleethorpes & Grimsby
 - Scotts Property Ltd, Lincolnshire
- 8.13 Across North East Lincolnshire, it was reported that rents are fairly static and there are signs that sales rates are levelling – rather than falling. Although it was recognised that increased mortgage availability and reduced deposits would encourage many renters to buy in North East Lincolnshire, many agents felt that there were further barriers to households – specifically low household incomes, which would still prevent many from entering into home-ownership.

8.14 The views of agents are summarised by spatial zone below.

Urban Area

8.15 Agents reported that the rental and buyer market is very active within both of the urban areas of Cleethorpes and Grimsby. Cleethorpes is typically more popular than Grimsby and therefore agents find it easier to rent or sell properties to the east of the sub-area.

Cleethorpes

8.16 The centre of Cleethorpes is reported to be the most popular area of the settlement with buyers and renters, especially the housing in proximity to the Leisure Centre and St Peter's Avenue. This popularity is due to its location, situated within a 5 minute walk of the seafront and within close proximity of shops and other services.

8.17 The least popular areas are located in the west, leading towards Grimsby, including Grimsby Road.

8.18 There are a mixture of renters and buyers in Cleethorpes, in terms of both income and age. Those that purchase houses include first-time buyers, those who are upsizing, those who are downsizing, and investors who buy to rent. However, Cleethorpes is notably more popular with families and middle-aged couples than neighbouring Grimsby.

8.19 This mix is reflected in the variety of property types which are bought and rented. However, 3 bedroom properties tend to be the most popular. Conversely, investors and younger people tend to opt for cheaper properties, which are often terraced houses that can sell from around £50,000.

8.20 Rents appear to be fairly static in Cleethorpes with large deposits and a lack of mortgage availability perceived to be preventing many people from buying in the area.

Grimsby

8.21 Grimsby is reported to be less popular with buyers and renters than Cleethorpes, particularly the areas of East and West Marsh.

8.22 Similarly to Cleethorpes, there are a mix of buyers and renters in Grimsby and also a mix of property types coming to the market, with no specific properties being more popular than others at present. Rents are reported to range from £250 pcm to £1,000 pcm.

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- 8.23 Investors are reported to be active in Grimsby's market and target the best value for money properties and often buy at auctions. Investors are especially interested in cheaper terraced houses, an example including along Grimsby Road.
- 8.24 The agents reported that, in their experience, a large proportion of private renting households in Grimsby claim Housing Benefit and there are a significant number of international migrant workers, particularly from Eastern Europe – and specifically Poland. Local agents believe that in Grimsby many of these households renting at present would still not be able to, or would not wish to, buy in the area if mortgages were more available or if deposits were lower.
- 8.25 However, agents did note that other households currently renting privately would be more willing to buy if deposits were lower, for example if 95% mortgages for all were reintroduced.
- 8.26 It was also noted that many current home-owners cannot afford to take their next step up the housing ladder out of Grimsby to a more desirable area within North-East Lincolnshire due to the barrier of high deposit requirements for mortgages.

Estuary Zone

- 8.27 Immingham is a town located in the Estuary Zone, which is located near to two large oil refineries. Immingham is not reported by agents to be a very popular area either for renters or buyers, especially compared with the surrounding smaller towns and villages.
- 8.28 Rents and house prices are reported to be lower in Immingham than surrounding areas at present due to the lack of desirability to live in the area. Many properties are smaller, semi-detached houses.

Rural Area

- 8.29 Several small villages and a number of hamlets make up the Rural Area of North East Lincolnshire, and the housing market is reported to differ greatly between them. The rental market is not as strong in the Rural Area, when compared with the Urban Area.
- 8.30 Habrough was not reported by agents as a very popular area to buy or rent, and one estate agent reported that they have not sold a property there for a year or more. It was perceived that most people who do buy in Habrough tend to have lived there for a long time already, and there is a very limited in-flow of buyers from elsewhere.
- 8.31 Stallingborough is reported to be more popular with buyers and renters than Habrough, and has many services and good access to the A180, linking to the M180. There are a range of different property types in Stallingborough, including new build

properties which complement the existing offer. New build properties range from starter homes to 4 bed properties. Examples include those provided by Beal Homes and Cyden Homes. Stallingborough also contains a number of bungalows. One agent estimated that a new build property could gain around £20,000 more than the same property located in Cleethorpes – demonstrating the premium placed on residing in this part of the Rural Area.

- 8.32 Investors are also reported to be active in Stallingborough, with cheaper properties the most desirable. Investors can purchase a terraced house in Cleethorpes for around £75,000 and generate a significant profit from rents. Therefore, in order to make the same amount in Stallingborough, investors are looking for cheaper properties, such as ex-Local Authority housing.
- 8.33 Ashby-cum-Fenby, Barnoldby le Beck and Brigsley are all reported to be very desirable areas with similar market characteristics. These villages are high end, with many business owners across North East Lincolnshire reportedly being attracted to the area to buy. The three villages are very desirable and house prices average around £400,000 for large, 6 bedroom plus properties, sometimes with around an acre of land.
- 8.34 The agents consulted did not feel that they could comment on the settlements of Wold Newton, Irby upon Humber, East Ravendale or Beelsby due to lack of knowledge of, or business in, these areas.

Western & Southern Arc

- 8.35 Demand is perceived to be varied across this spatial zone. For example, many agents reported that the village of Aylesby was reasonably quiet in terms of market activity, whereas Humberston is a very busy and popular area with prospective buyers and renters.
- 8.36 Within the more rural villages, the vast majority of buyers are reported to be locally based, either moving back from other parts of the sub-region to be nearer to elderly parents, or moving within the same area.
- 8.37 Aylesby is a very small village, of around 30-50 houses and with few services. Aylesby is perceived by agents to be slightly less popular than neighbouring Laceby, and properties in the former tend to take longer to rent or sell. Laceby is more popular with families, due to its close proximity to Healing School (11-16 years). However, generally there is a mix of people and property types in these areas. Within Laceby and Aylesby there are few investors and no recent new build developments.
- 8.38 Healing is reported to be more desirable than neighbouring Stallingborough due to its 'village feel' and good access to the A180. However, despite having a substantial

population, there are few services and shops in the area. Healing is especially popular with families looking to buy, due to the nearby schools, which are performing well. Furthermore, the more affluent workers at the oil refinery near Immingham tend to live in Healing and commute to work. There are some new build developments in Healing, typically 4 to 5 bedroom houses with an integral garage. There area also consists of older cottages, which tend to be more expensive. The Avenues is a particularly popular area of Healing.

- 8.39 Humberston, Waltham and New Waltham are located to the east of Cleethorpes and agents currently find these settlements to be very popular areas with families and retired people looking to buy. The good schools in the area, including the Tollbar Academy, attract families in particular. Young professionals and first time buyers are also buying and renting in this area. These three settlements are highly accessible and are well served by shops and other amenities. Several dwelling types are popular in Humberston, Waltham and New Waltham, especially detached and semi-detached dwellings. Bungalows are particularly popular in Humberston. Demand for properties to buy and rent remains high in these settlements, compared with other areas of North East Lincolnshire.

Considering Views of Developers and Landowners Active in the Market

- 8.40 In order to gain a deeper understanding of the current operation of the development and land markets across North East Lincolnshire, a number of telephone interviews were conducted with housing developers and landowners active across the borough. The following were consulted as part of this research during December 2012:

- Carr & Carr builders, Local builder
- Local landowner
- Henry Boot, National housebuilder
- Linden Homes, National housebuilder
- James Bratton Builders, Local builder
- Barford Builders Ltd, Local builder
- Lindum Group, Local builder
- Persimmon Homes, National housebuilder

- 8.41 Developers and landowners in North East Lincolnshire perceive the market to be relatively depressed, compared with other parts of the region. National housebuilders view the area as high risk, due to limited buyer equity availability and a limited market with low value sales.

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- 8.42 One national housebuilder reported that the company is no longer active in the area as a large site that they had expressed interest in became financially unviable and housing development was no longer possible in the current market.
- 8.43 A regional housebuilder, which focuses in Lincolnshire, reported that they are not currently active in North-East Lincolnshire as low values have limited options for speculative house building. However, other areas of Lincolnshire and the East Midlands are providing more opportunity for development.
- 8.44 The majority of local builders are still active in the market and reported that some areas are performing more strongly than others. The rural areas and Cleethorpes are significantly more successful, when compared with Grimsby and Immingham. Waltham, New Waltham, Humberston, Laceby, Barnoldby-le-Beck and Scartho Top were frequently mentioned as more successful areas, where builders and developers are most active. The latter area was named as the main location which is currently contributing to new supply in North East Lincolnshire. The causes of the stronger market performance in the above named areas are linked to higher buyer demand and sentiment, as these areas are perceived as more desirable places to live.
- 8.45 National builders and developers tend to choose areas depending on historic interest or ownership of sites or because the areas are perceived as generating higher demand. One national builder has 4 active sites in North East Lincolnshire, with the highest sales rates being in Cleethorpes (2pcm) and New Waltham (2pcm). The lower sales rates (1pcm) are in Yarborough and Scartho Top.
- 8.46 Developers reported that demand, where present, is mostly driven by local people who move within the North East Lincolnshire area. However, there is also some interest from people moving into the authority from other areas. Bungalows and small family houses are increasingly in high demand.
- 8.47 Generally, it was reported that supply is keeping up with demand, and small-scale housebuilding is contributing greatly to this supply. However, this seemingly balanced relationship was perceived by developers to be disguising a significant amount of pent up demand, as many people are unable to buy but would like to. Many people, particularly first-time buyers, are unable to obtain deposits and mortgage financing, which means that demand levels are restrained. If more financing was available, developers expect that demand would increase and significantly outstrip current supply rates. National housebuilders identified that the shortage of land supply is an issue in North East Lincolnshire, which is resulting in a limited range of sites, which they do not perceive to meet the current demands of the market. One national housebuilder referred to the authority as a 'secondary location', as a shortage of available land and uncertainty regarding the Authority's Local Plan are preventing ambitions in North-East Lincolnshire from being realised.
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- 8.48 Land values are perceived to be fairly low in the authority, compared with the wider region. However, in the better parts of the authority they can reach around £200,000-£300,000 per acre, particularly for greenfield land. Areas on the outskirts of Cleethorpes and the rural areas tend to achieve such values, or higher. Although fairly static at the moment, some developers anticipate land values to fall in the future. One developer reported that land for housebuilding is currently limited in the authority as many landowners are unwilling to sell until values are more attractive. This developer reported that even if land values were to increase by 2% in the next 4-5 years, the increase would not be sufficient to encourage landowners to sell. This attitude appears to extend to public landowners and the Council was identified as lacking an active disposal programme for its public land assets.
- 8.49 Local, small scale builders are reporting to be struggling in the market in North East Lincolnshire, with build out rates stagnating at around 1-2 p.a. One builder reported that he has not built a house since 2007, despite having 30 sites around the authority with planning permission in place. The reasons for this are a lack of financing from banks, an anticipated lack of profit and the high risks associated with selling in a depressed market. The local builders that were consulted all reported that they are diversifying and moving towards refurbishments and developing other commercial premises, as house building is not a viable option at the moment.
- 8.50 However, local builders are optimistic about the future and anticipate higher build out rates of around 8 p.a. or 10-15 p.a. if stalled sites become less risky.
- 8.51 Many builders reported that one of the main barriers to viability is the level of developer contributions required. Although it was recognised that contributions are necessary, many felt that the Affordable Housing requirement, of around 20%, is too high. One national housebuilder suggested that in order to encourage development in North East Lincolnshire, the Council should reduce the Affordable Housing requirement.
- 8.52 However, builders and developers are exploring ways to overcome viability issues; for example, by providing a broader mix of housing types within a development, entering into partnerships with private investors, renegotiating Section 106 agreements and building more bungalows and family properties. The latter strategy aims to tailor housing types to people who are typically buying in the area, including families and more affluent retired people. Some local builders have also formed a consortium and now work together in order to be more successful in the highly competitive building market. One national housebuilder reported being in contact with other national housebuilders to discuss a joint approach to development.
- 8.53 Conversely, one local builder stated that he is unable to alter developments to a great extent. This was because he has already acquired planning permission for sites
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and it would be too costly and time consuming to alter the permission in order to provide a different housing offer. Another developer reported that although more innovative methods, such as cross-funding and public sector partnerships, have been successful elsewhere, they have not been achievable in North East Lincolnshire; which is a further barrier to development in the area.

- 8.54 National housebuilders tend to utilise more innovative mechanisms, including Government strategies and funding pots such as Get Britain Building funding, First Buy and Home Buy schemes. However, the barrier of mortgage availability for potential buyers still remains. One estate agent reported that the Freshney Green site in Grimsby was an example of a successful partnership between Shoreline RP and Linden Homes. This partnership has provided a mixed housing development, including both Affordable and market houses, which are indistinguishable from one another. The agent felt that this was an example of good practice and should be encouraged in the authority.
- 8.55 It is clear that alternative delivery strategies are being explored, but generally builders, landowners and developers are still facing challenges in North East Lincolnshire.

Considering Views of an Active Registered Provider in the Market

- 8.56 GVA consulted registered Affordable and Shared Ownership housing provider Shoreline Housing Partnership (Shoreline) as part of this research during December 2012.
- 8.57 Shoreline report increasing levels of housing need from older people and people with disabilities. In the authority, the proportion of need amongst older people is now greater than the proportion of young people. This composition is reflected in the increased demand for ground floor accommodation and bungalows. The demand from older people is typically higher in Cleethorpes, which is perceived as the more desirable place to live, compared with Grimsby. Furthermore, 74% of Shoreline's tenants claim benefits.
- 8.58 Shoreline report they perceive the supply of Affordable Housing in the authority is inappropriate to match meeting demand. The supply is mostly small properties, including 1-2 bedroom flats. However, the demand is for houses, specifically larger properties of 2 or 3 bedrooms. 3 bedroom properties appear to be the most popular, regardless of location.
- 8.59 However, even 3 bedroom properties fail to meet tenants' needs. For example, many 3 bedroom properties are located at the top of maisonettes,. Therefore, families are often unwilling to move there due to the inconvenience associated with moving pushchairs and prams up stairs.

8.60 In terms of housing stock, Shoreline currently have the following property types:

- 4 x 6 bedroom
- 2 x 5 bedroom
- 138 x 4 bedroom
- 3,040 x 3 bedroom
- 1,424 x 2 bedroom
- 991 x 1 bedroom
- 26 x bedsit

8.61 Demand is reported to vary across the authority, which is partly linked to cyclical trends in the area as people regularly migrate out of the area. Immingham is typically reported to not be very popular. It is considered an insular settlement, with poor quality bus services and no train route to Grimsby/Cleethorpes. Even the neighbouring settlement of Habrough often fails to attract significant interest due to its proximity to Immingham.

8.62 The most popular area with existing and prospective tenants is reported to be Cleethorpes. However, areas such as East Marsh in Grimsby are also popular. This may be because tenants value the convenience of such neighbourhoods in terms of shops, services and local employment as well as the lower costs associated with living in such areas. There are also many 3 bedroom properties in East Marsh, which are highly sought after. Shoreline reported that many people are very specific in terms of location, with reports of people wanting to live in West Marsh, but not East Marsh, despite the areas only being separated by a railway line.

8.63 Waltham and New Waltham are popular areas, especially with families. However, they are not as popular as Cleethorpes due to fewer bus services in the area.

8.64 Overall, it should be noted that demand fluctuates. One popular block had long waiting lists but following welfare reforms that reduced payments for additional bedrooms, many people left in order to avoid charges for 2 bedroom properties. Furthermore, Shoreline is forced to compete with the private market. Many landlords can offer a furnished property for rent at £60/week in Grimsby, whereas the RP can only offer an unfurnished property with additional charges at around £64/week. This makes the entry-level private market relatively appealing to those with low household incomes.

Bringing the Evidence Together

8.65 The NPPF highlights the importance of considering viability in the analysis of the future operation of the housing market. This section has included a review of viability evidence for the authority including recent development activity and the results of a soft-market testing exercise providing further commercial perspectives on the housing market in the area and potential challenges to delivery. The key points arising are as follows:

- Analysis of completion rates suggests that delivery of housing at the level set by RSS (510 net units per annum) has proved a challenge for North East Lincolnshire in recent years – with delivery dampened in 2008/09 in particular due to the decline in the housing market witnessed nationally and subsequent recession. Delivery since then has stabilised, but at a low level. There has been a transition over the period since 2007 towards delivering larger properties (particularly 4+ beds), and a decline in smaller properties sized 2 bedrooms. This is reflected in the reduction in the delivery of flatted properties, and an increase in the proportion of terraced homes and semi-detached homes built over the period. Considering the spatial concentration of completions, there are clusters of completions over the period in Waltham and New Waltham, Scartho and Grimsby / Cleethorpes. There has been limited delivery of new dwellings within the Rural Area (spatial zone) overall, and within Immingham.
- Across North East Lincolnshire, it was reported by local agents that private rents are fairly static and there are signs that sales rates are levelling in the owner-occupier market – rather than falling. Agents reported that the rental and buyer market is very active within both of the urban areas of Cleethorpes and Grimsby. Cleethorpes is typically more popular than Grimsby and therefore agents find it easier to rent or sell properties to the east of the sub-area. Agents recognised that increased mortgage availability and reduced deposits would encourage many renters to buy in North East Lincolnshire, but many agents felt that there were further barriers to households – specifically low household incomes, which would still prevent many from entering into home-ownership.
- Developers and landowners in North East Lincolnshire perceive the market to be relatively depressed, compared with other parts of the region. National house builders view the area as high risk, due to limited buyer equity availability and a limited market with low value sales. The majority of local builders are still active in the market and reported that some areas are performing more strongly than others. The rural areas and Cleethorpes are significantly more successful, when compared with Grimsby and Immingham. Waltham, New Waltham, Humberston, Laceby, Barnoldby-le-Beck and Scartho Top were frequently mentioned as more

successful areas, where builders and developers are most active. However, build out rates stagnating at around 1-2 p.a. However, local builders are optimistic about the future and anticipate higher build out rates of around 8 p.a. or 10-15 p.a. if stalled sites become less risky.

- Registered Affordable and Shared Ownership housing provider Shoreline Housing Partnership (Shoreline) reported increasing levels of housing need from older people and people with disabilities in North East Lincolnshire. This is reflected in the increased demand for ground floor accommodation and bungalows. The demand from older people is typically higher in Cleethorpes, which is perceived as the more desirable place to live, compared with Grimsby. Furthermore, 74% of Shoreline's tenants claim benefits. Shoreline report they perceive the supply of Affordable Housing in the authority is inappropriate to match meeting demand. The supply is mostly small properties, including 1-2 bedroom flats. However, the demand is for houses, specifically larger properties of 2 or 3 bedrooms. 3 bedroom properties appear to be the most popular, regardless of location.
- The above trends in demand for larger properties could potentially be impacted upon by changes in housing benefits, including the so called "bedroom tax" with under occupancy of homes resulting in reductions in housing benefit payments (eligible rent).

9. Sub-regional Links

- 9.1 This section provides a short analysis assessing the implications of the research within a wider sub-regional context. This references back the strategic market geographies identified in section 4 and provides an assessment of points for consideration in policy development in relation to the duty-to-cooperate requirements as set out in the Localism Act / NPPF.

Strategic Market Geographies

- 9.2 The analysis in section 4 identified that previous work looking at housing market geographies undertaken in 2007 identified that within the Humber sub-region, the North East Lincolnshire area forms its own well-defined housing market focused upon Grimsby/Cleethorpes and including Immingham. The 2007 study established that the North East Lincolnshire housing market has strong linkages with the housing markets of surrounding authorities including East Lindsey and West Lindsey, as well as into North Lincolnshire – appropriately evidenced by both household migration patterns and economic/employment (travel-to-work) drivers.
- 9.3 Analysis of travel to work data from the 2001 Census further demonstrates the relatively contained nature of travel-to-work movements for North East Lincolnshire within the borough, whilst also demonstrating the wider commuting patterns into North Lincolnshire, West Lindsey, East Lindsey and, to a lesser degree, to authorities on the northern bank of the Humber Estuary. Updated travel to work data released by the ONS in 2008 continues to support these geographies of analysis, however consideration of the 2011 Census travel to work data will need to be taken when this data is released by the ONS in autumn 2013.
- 9.4 The analysis of migration reinforced these strategic market area with strong flows evidenced between North Lincolnshire, East Lindsey and West Lindsey. These three authorities, on the basis of functional market geography linkages, should be considered as representing a core housing market area geography with this being used to define the scope of future duty-to-cooperate discussions and joint working.

Understanding the impact of different housing trajectories

- 9.5 Importantly the analysis of migration showed that in terms of flows of internal (UK) migration the levels of outflows from North East Lincolnshire are considerably higher than net inflows. This is reflected in the analysis of the Re-based SNPP 2010 scenario

within section 5 which showed the impact of projecting forward a continuation of this annual out migration trend on the overall population structure and the capacity within the labour-force.

- 9.6 The Re-based SNPP 2010 scenario is a trend based projection aligned closely in terms of migration assumptions with the official ONS datasets. This is important as at a national level these forecasts assume, in terms of UK migration (internal migration) a zero sum position across all authorities within the UK. Therefore if a scenario is used, such as the employment-led scenario, which departs in its internal migration assumptions from this national trend by default the different resulting level of migration into North East Lincolnshire has to be balanced by a variation in migration flows in other authorities across the UK.
- 9.7 In terms of the direction of historic outward migration flows the analysis showed that the largest flows are to North Lincolnshire, East Lindsey and West Lindsey. However, there are also flows to larger cities including Leeds, Lincoln, Kingston upon Hull, Nottingham and Manchester. These authorities and in particular those identified initially as part of the wider strategic housing market area geography are most likely to be affected by any departure in North East Lincolnshire from the projected net change in migration in the official ONS datasets.
- 9.8 The analysis in section 5 highlighted the importance of education opportunities as drivers behind this out-migration to other UK cities in particular. The analysis of the age of migrants (third table in Figure 4.6) showed that the largest net out-migration was from persons aged 15-19 years. The spatial distribution of outflows of people indicates that this is likely to be driven by people moving away to study at University in nearby cities. The small positive in-migration of people in the 20-24 years age range suggests that some of these people return after their studies. Without the introduction of significant new further and higher education places in the authority these trends are unlikely to change significantly.
- 9.9 More importantly, however, the analysis also showed a net migration out of people aged 25+ years onwards suggests that many people of working-age are migrating out of North East Lincolnshire. Moreover, the net out-migration of people aged 0-14 years highlighted that many of the people out-migrating are families with dependent children. The pull of employment opportunities in surrounding areas or indeed the shortage of opportunities in North East Lincolnshire is likely to represent one of the factors behind this historic trend of net out-migration. Other factors will include the availability of housing which matches households aspirations, with the relative balance in the pace of supply a fundamental driver behind the movement of people.
- 9.10 Taking the above points there are a number of areas which therefore require close consideration and an ongoing process of dialogue between North East Lincolnshire
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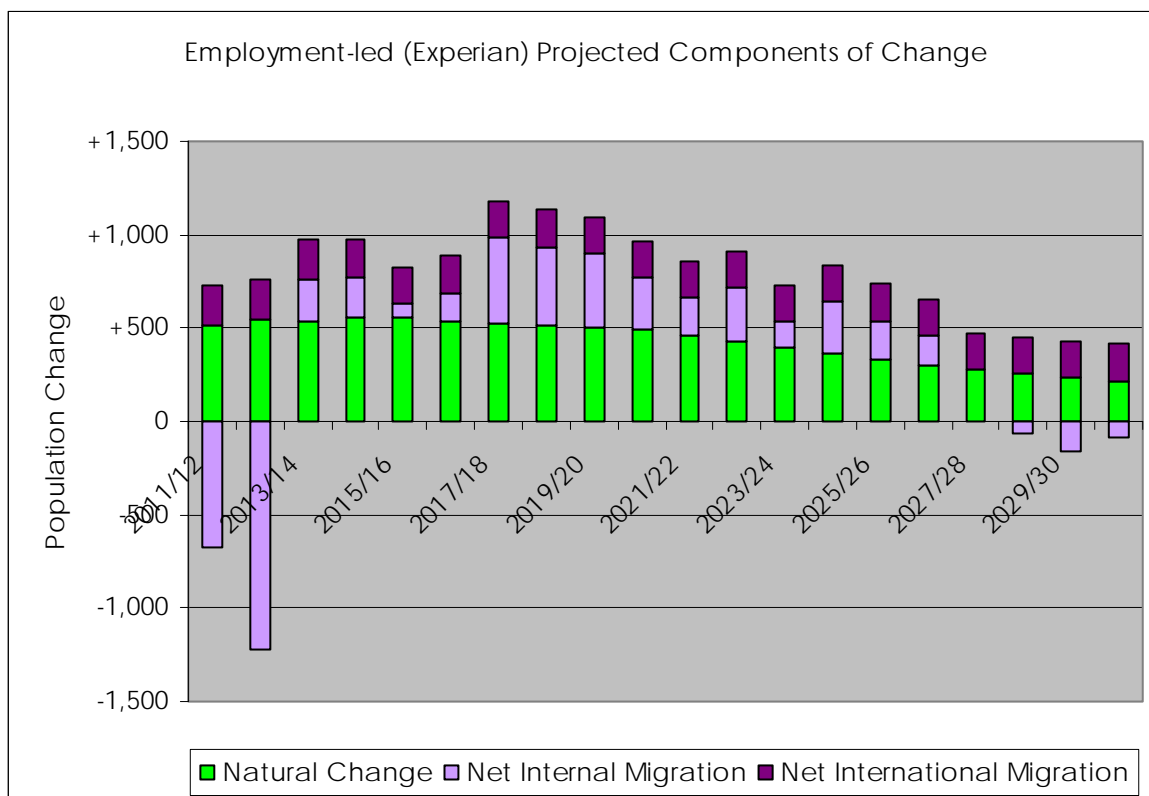
and other surrounding authorities, in particular North Lincolnshire, East Lindsey and West Lindsey. These include:

- The impact of North East Lincolnshire pursuing housing policies which seek to develop housing to facilitate economic growth in the authority i.e. in line with the Employment-led scenario noting this suggests a higher growth in population than the trend built Re-based SNPP 2010 scenario;
- The level of housing planned for in neighbouring authorities in relation to trend-based projected levels of growth; and
- The impact of significant economic projects, not least the South Humber Gateway and associated investment programmes, on the wider demand for housing across the housing market area footprint.

9.11 Looking firstly at the impact of pursuing a level of housing delivery which is associated with an economic growth scenario the following chart shows the components of change driving growth in population projected under the Employment-led (Experian) scenario. If this chart is compared with Figure 5.5 in section 5 which shows the components of change projected under the trend based Re-based SNPP 2010 scenario the significant difference is an assumed switch around in the internal migration component. Under the trend-based projection, as noted earlier in this section, this is assumed to follow a continued picture of net out-migration. In total the Re-based SNPP 2010 scenario assumes the net UK based out migration of over 6,500 people between 2011 and 2031.

9.12 Under the employment-led scenario the modelling seeks to match a labour-force to a growth in jobs of approximately 1,300 over the plan period. This requires a reversal of this internal migration component so that rather than a net out-flow of people to surrounding areas there would be a net inflow. Whilst the chart shows some volatility linked to the simple modelling relationships assumed through POPGROUP the overall effect is rather than a net flow of over 6,500 people there would be a net inflow of over 1,200 people.

Figure 9.1: Projected Components of Population Change – Employment-led (Experian) scenario



Source: Edge Analytics, GVA, 2013

- 9.13 Evidently if this scenario occurred there would be an impact on surrounding authorities in terms of the flows of people. The supply of new labour would result in a loss of people, rather than a gain in other authorities, the impact likely to be felt most closely in those authorities where people historically have moved between.
- 9.14 This would therefore need to be reconciled in terms of the assumptions made in the evidence base underpinning policy in North Lincolnshire, East Lindsey and West Lindsey in particular.
- 9.15 GVA undertook comparable work for North Lincolnshire and within the modelling a comparable scenario was run which also assumed a growth in population aligned to a projected baseline employment picture. This closely followed an updated trend-based projection, both of which assumed a net positive in-migration of people from other parts of the UK, with flows from North East Lincolnshire likely to represent a part of this inflow.
- 9.16 If both authorities pursue levels of housing growth comparable with these employment-led scenarios then there would be a requirement for net inflows of

people to come from other surrounding authorities or other authorities across the UK. This needs to form an important consideration in future duty to co-operate discussions to ensure that the balance of supply and demand does not cause issues in relation to the sustainable growth of population elsewhere and/or create a picture of low demand for housing.

- 9.17 Section 7 of this report considers the impact of the realisation of higher levels of job growth associated with current economic programmes and investments. This illustrated that a further flow of in-migrating people would be required to service a higher level of job growth or alternatively an increase in the amount of in-commuting if housing was not provided to accommodate this labour-force. This again would have an impact on surrounding authorities in terms of relocating out-flows of people from North Lincolnshire into in-flows of people.
- 9.18 The section also highlighted the importance of the South Humber gateway proposals given the substantial number of jobs proposed to be delivered.⁴⁸ This was explored within the North Lincolnshire SHMA with the associated employment-led projection showing that the servicing of job growth of this scale in the area would require a substantial additional in-flow of migration of people of working age. The nature of new employment opportunities associated with this project would suggest that this flow of people would not be limited in its origin from the direct housing market area but indeed given the specialist skill associated with new jobs could well involve the relocation of people from other parts of the UK. This needs to be recognised again in any conversations around housing policy with the need to ensure that new housing is supplied in areas with appropriately strong infrastructure to support growth and to which benefits the wider economies of the area.

Bringing the Evidence Together

- 9.19 This section has highlighted that given the economic ambitions of the authority it is possible / likely that future population and household growth will depart from historic recent trends. In particular this will result in a stemming of the historic net out-flow of people to other parts of the UK and in particular neighbouring authorities and a change to a net inflow of people attracted by new employment opportunities.
- 9.20 This will have impacts on the scale of demand for housing within the wider housing market area, which based on the evidence of migration and travel to work flows is considered to include North Lincolnshire, West Lindsey and East Lindsey.

⁴⁸ Note: Equivalent employment projections are not available at the time of research for East Lindsey and West Lindsey

- 9.21 In the setting of policy it will be importance that duty to co-operate discussions are held which examine the implications of the delivery of additional housing to support employment growth rather than a continuation of historic demographic trends.
- 9.22 The importance of these conversations is further reinforced as a result of the potential impact of once in a generation scale employment growth associated with the South Humber Gateway. Growth in specialist employment of this scale will have a far reaching impact in terms of the movement of people into North East Lincolnshire and other authorities in the housing market area. The location of supply to match this demand will need to be carefully considered jointly through the development of new policy.

10. Recommendations & Policy Implications

- 10.1 This section brings together the conclusions from the analysis contained within this North East Lincolnshire SHMA report.

Introduction / Scope of the Research

- 10.2 The approach to this research has been based on a number of principles, which have ensured that the assessment recognises this wider market context and represents a robust and sound evidence base:
- A number of models and approaches have been used, including the POPGROUP model, which constructs a range of scenarios of possible direction of change. The research has identified a range of 'probable' or 'realistic' projections in order to provide firm conclusions, however, the sensitivities and the consideration of the impact of other planned major economic projects and investment will ensure that the research can be responsive to a range of changing macro drivers;
 - The research has drawn on the latest and most up-to-date secondary data sources. A process of triangulation has been conducted to compare, contrast and, where relevant, align information to ensure inputs to the analysis represent the most comprehensive picture of North East Lincolnshire;
 - Analysis has been conducted at the North East Lincolnshire authority level and the sub-local authority area level (market areas) to ensure that spatial variations in trends and characteristics are considered through the analysis. Where data is available, and it is considered robust and appropriate, analysis has also been presented at a ward level. This includes data tables extracted from the emerging 2011 Census published results⁴⁹.
- 10.3 As set out in the introduction, the purpose of the assessment is to provide a strategic view of housing supply and demand in all housing sectors and to provide North East Lincolnshire Council with a comprehensive understanding of the dynamics and segments of the functional housing market operating within the authority.
- 10.4 An important part of the research involved identifying the potential impacts of the changing economy on the housing market in North East Lincolnshire. This objective has been present throughout the different areas of analysis within the SHMA. Sections

⁴⁹ Further 2011 Census data releases are programmed to be published throughout 2013. A short review of the phase 3 data release programmed for October 2013 (including travel to work datasets) will be undertaken to complement the analysis presented within this SHMA report.

1 to 7 have focussed on assessing the implications of a 'baseline' level of economic change. This baseline position involves an uplift in employment of approximately 1,300 additional jobs (total employment) over the period 2011 – 2030. Section 7 expands on this position to assess the potential implications of a higher level of job growth associated with the successful delivery of a number of planned economic projects and programmes. As the research in this SHMA developed the Council took the decision that subsequent to the SHMA research the Council would undertake a detailed review of the future of the local economy in order to collate and understand the cumulative impacts of potential economic investment in the authority and surrounding area. The outputs of this work will have a bearing on the modelling undertaken within this SHMA and consideration should in the future, once this economic data is available, to an updating of the projection modelling to ensure the evidence is aligned. Given the recognition that this review will be forthcoming the analysis in section 7 is considered an interim stage using information available at this time.

- 10.5 This concluding section reflects this balance of the analysis. Focus is placed on understanding the impacts of the changing housing market pressures under a baseline set of economic conditions. Additional consideration is then presented where relevant to understand the potential further impact of increased employment growth linked to planned economic projects and programmes.
- 10.6 This SHMA report is intended to replace the previous 2010 SHMA Update. In this concluding section, in order to ensure compliancy with the current policy framework, we return to the core outputs of the DCLG Guidance and the wider research objectives introduced in section 1 of the SHMA.

Core Output 1: Estimates of current dwellings in terms of size, type, condition, tenure

- 10.7 An understanding of the profile of North East Lincolnshire's existing stock provides a valuable foundation from which to assess both the health of the current market and the capacity for the stock to match future requirements. North East Lincolnshire contains a **total of 71,910 dwellings of which 2,976 were classified as currently empty (as of October 2011)**⁵⁰. This equates to a vacancy rate of 4.1%, which is above both the national rate for England of 2.8%, and the regional rate for the West Midlands of 3.6%. An updated long-term vacancy position (vacant for longer than 6 months) was

⁵⁰ Note: The Census 2011 recorded a total of 72,520 dwellings as of March 2011 within the authority. Differences will relate to the alternative methods of data collection and recording.

provided through Council Tax data as at 31 January 2013. This calculated that there were 1201 long term empty homes in North East Lincolnshire.

- 10.8 The 2011 Census demonstrates that **the housing stock across North East Lincolnshire on average is larger than** national averages. On average, dwellings in North East Lincolnshire have 5.5 rooms per households of which 2.8 rooms are bedrooms per household (England average number of rooms 5.4 with 2.7 bedrooms). Significantly, those surrounding authorities with which there are evidenced out-migration flows to (see analysis in section 3) all have slightly larger stock. For example, West Lindsey's housing has on average 3.0 bedrooms per household; a level which is notably higher than the national average.
- 10.9 **The 2011 Census identifies only 2.6% of households in North East Lincolnshire as being overcrowded** based on the 'bedroom requirement' standard. This is considerably lower than both the national and regional average overcrowding levels (4.8% and 3.7% respectively) and is likely to reflect the average size of stock across the authority.
- 10.10 The 2011 Census demonstrates **that North East Lincolnshire has a slight under-representation of detached properties and a more notable under representation of flatted properties and an over-representation of semi-detached and terraced properties** when compared to the wider average stock type distribution nationally. Examination of the types of properties which have been completed since 2007 reveals that there has been a change in the stock being built. In 2007/08 43% of completions were classed as Flats/Maisonettes, however, by 2011/12 this had fallen to 23%. In contrast the proportion of detached properties built has remained steady at around a quarter of all stock. There has been an evidence increase in the construction of terraced properties with the impact an increase in the proportion of larger 4+ properties overall. This will serve to reinforce the profile described above.
- 10.11 The quality of the housing stock represents an additional layer of information in understanding the housing offer. The 2007 Private Sector Stock Condition Survey concluded that **32% of private sector dwellings were classified as non-decent with incidences of non-decent housing particularly high within the private rented sector (42% of stock of this tenure classified as non-decent)**. The overall level of non-decency was noted as higher than the England average of 29% suggesting that non-decency of private stock is more prevalent within North East Lincolnshire than on average across the country.

Core Output 2: Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price / affordability. Description of key drivers underpinning the housing market.

- 10.12 According to the Office of National Statistics (ONS), the population of North East Lincolnshire has grown from approximately 158,000 in 2001 (ONS Mid Year Estimate) to 159,616 in 2011 (Census 2011), an increase of only approximately 1,616 people over the ten years. This translates into approximately 162 persons per year on average over this period.
- 10.13 This population uplift has been driven by a range of **demographic factors**. Natural change, i.e. the number of births minus the number of deaths, has represented an important driver of this population growth. Year on year, with the exception of one year (2002/03), North East Lincolnshire has seen a net out-migration of persons to other parts of the UK (internal migration component). The scale of this flow has varied with particularly significant net outward flows from 2005/06 onwards with this likely, at least in part, to be linked to the comparative availability of employment opportunities. The net internal out-migration has been offset in terms of its impact on the annual change in population levels by a relatively strong net migration of international migrants into the authority, with this net flow suggested as being relatively steady in size between 2001 and 2010.
- 10.14 **Income levels** are directly related to employment opportunities and have an important relationship with the ability of households to exercise choice in the housing market and indeed the level of need for Affordable Housing products. The income profile for North East Lincolnshire shows a high proportion of households with lower incomes. The income profile shows that 61% of households have a gross annual income of less than £30,000. Moreover, almost 40% of households have a gross income below £20,000 per annum.
- 10.15 This income profile reflects the occupational structure of the authority with only 8.2% classified as Managers, Directors and Senior Officials (Census 2011, England average of 10.9%) and only 10.4% classified as being in Professional Occupations (England average of 17.5%). Spatially this illustrates interesting geographic distribution with the more rural areas to the south showing higher proportions of traditionally high income associated occupations with the urban areas of Grimsby and Cleethorpes showing higher concentrations of Elementary occupations.
- 10.16 Household growth, employment status and the income of households form important drivers in understanding the operation of the housing market. **House price transactions**
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and rental activity represent a direct indicator of the health of the market. The average house price in North East Lincolnshire stood at £120,236 in May 2012, which is considerably below the national average. Significantly, the average price also falls considerably below a number of the surrounding authorities including for example the East Riding of Yorkshire. This points towards the continued market delivery challenges in the authority as considered in section 8, albeit also highlights the comparably affordable nature of housing within North East Lincolnshire housing market when considered in the wider context of the surrounding housing market area. Since 2007, the trend in house prices in North East Lincolnshire has followed the Urban Area and Estuary Zone sub-markets. In both of these sub-markets average prices sit at just over £100,000 in 2012, this contrasts with the Rural Area, £201,000 and the Western and Southern Arc sub-area, £170,100.

- 10.17 House prices nevertheless continue to pose affordability challenges to the mobility of important parts of the housing market. Analysis of key affordability indicators, coupled with a short consultation exercise with active agents across North East Lincolnshire, demonstrate the impact of these problems in the market. The benchmarking of access to different tenures has highlighted that a significant proportion of households are essentially unable to exercise genuine choice within the market as a result of their financial capacity. This is in part driven by a proportion of households having low incomes but also, as a result of tightened mortgage lending regulations, increasingly also including households with higher incomes but low levels of savings or no equity in property (either first time buyers or households that bought at the peak of the market).
- 10.18 The rental market plays an important role in North East Lincolnshire – having grown considerably since 2001 (increase from 12% of all stock in 2001 to 19.1% in 2011⁵¹). This now represents a dynamic component of the wider market. The VOA produces a national dataset to North East Lincolnshire authority level, which demonstrates the relatively low rental costs in the authority when compared to the national averages. Importantly, consultation with agents suggested that the private rental market is performing relatively well across North East Lincolnshire and forms an important part of the operation of the market meeting the needs of would be ‘first time buyers’ and those unable to access social housing. Market feedback does however mask the issues of empty private rented sector properties and the relatively high proportions of rented stock that are estimated to be non decent.

⁵¹ %'s include private rented / private rented other / living rent free

Core Output 3: Estimate of total future number of households, broken down by age and type where possible

- 10.19 The SHMA research has involved a detailed and robust assessment of the likely future change in the number of households across North East Lincolnshire. A range of population and household scenarios have been developed, taking account of demographic, economic and policy factors. This process has utilised the POPGROUP model (as described in section 5).
- 10.20 Three scenarios taking account of different drivers of the housing market relating to demographic and economic factors have been presented within the analysis. The modelling has integrated the latest official ONS and DCLG published datasets including the ONS 2010-based Sub-National Population Projections. The projections have been re-based to reflect the 2011 Census population and household count. The derived household projections use household formation rates (headship rates) from the 2008 Sub-National Household Projections (SNHP), which, until the release of the 2010 base dataset remain the most up-to-date data source available.
- 10.21 The approach of considering a range of potential projected futures and informing datasets follows the advice of the National Planning Policy Framework (2012) and is therefore intended to provide North East Lincolnshire Council with a sound evidence base to inform future strategy and policy development.
- 10.22 The central trend based projection, the re-based SNPP 2010 projection, uses the latest official sub-national population projection dataset released by the ONS and updates it to a new population and household base built from the results of the 2011 Census. This projection recognises the authority's recent historical growth in population and projects this forward using similar assumptions to those used by the ONS in the publication of their official sub-national projection datasets. This scenario projects a subdued growth in the population, approximately 3,460 additional people, between 2011 and 2030. This translates into a projected growth in the number of households of approximately 5,500 or just under 290 per annum over this period. Importantly the fundamental driver behind this low level of growth is the assumption within the projection that there continues to be a net out-migration of people from the authority to other parts of the UK. This reflects the increase in this net outflow seen over the last five years likely to reflect both changing employment opportunities and recent levels of completions in the authority.
- 10.23 A Natural Change scenario was run. This removes the net impact of migration on the changing population and is presented for illustrative purposes only. The scenario shows that without the impact of migration, North East Lincolnshire's population would grow at a greater rate, highlighting the impact of the assumed net out-migration of

persons under the trend based 2010 Re-based SNPP 2010 scenario. Under this scenario natural change factors would result in a growth in the population of just over 6,500 between 2011 and 2030, translating into a growth in the number of households of 6,230 or on average approximately 330 per annum.

- 10.24 The Employment-led (Experian) scenario showed a higher level of growth than that projected under both of the other two scenarios. The resultant household growth from linking a forecast growth in jobs to a labour-force which would be required to match these new opportunities showed **a projected growth of approximately 9,400 households or 495 per annum on average between 2011 and 2030**. This scenario would facilitate a growth in the size of the labour-force in the authority to include over 1,400 new economically active residents. The principle assumption under this scenario is that the current trend of a net out-flow of residents to other parts of the UK is reversed with the authority experiencing a net inflow linked to the increase in job opportunities.
- 10.25 In evaluating the scenarios the importance of recognising the link between the economy and the changing population for the authority in realising its wider strategic and planning policy agendas is highlighted. This would suggest that the **Employment-led scenario should be considered as being the principal scenario for consideration in the development of future policy**. Analysis in section 9 highlighted the importance of maintaining strong duty to co-operate conversations with other authorities with strong housing market linkages, including in particular North Lincolnshire, East Lindsey and West Lindsey if this scenario was used to inform policy. For, the reversal of migration flows would potentially have an impact on surrounding housing market dynamics.
- 10.26 Analysis of the changing age and household composition profile under the Employment-led scenario identified a number of important projected changes which will have implications for the types and sizes of property likely to be required over the projection period. This included the identification of a strong growth in single person households, which consist of a mix of younger individuals as well as older persons, reflecting the wider changes to the age profile. Importantly, the analysis also showed a strong projected growth in family households.
- 10.27 In considering the impact of the successful delivery of further employment growth linked to known projects and programmes (as reviewed in section 7) it is evident that growth in jobs beyond the forecast level underpinning the Employment-led (Experian) scenario (1,300 additional jobs) would translate into the need to attract additional people into the authority. If the assumption is made that in sustainability terms it is preferable for people to live and work in the authority then this would result in a further growth in the population over the projection period and therefore a higher level of household growth. In addition to this the analysis of economic factors in section 7 highlighted the potential significant impact of the South Humber Gateway, which

whilst located in neighbouring North Lincolnshire, given the current strong travel to work and migration relationships between the two authorities as well as its location, could potentially serve to further increase levels of migration into the area adding further demand pressures to the market.

Core Output 4: Estimate of current number of households in housing need

- 10.28 At the current point in time, tightening mortgage lending criteria, coupled with the impact of the recession through income reduction and job losses, has created a significant demand pressure for non-market housing. The analysis around affordability benchmarking clearly illustrates this issue when comparing household income levels against the price of entry into different tenures.
- 10.29 Section 6 presents the assessment of housing need using the methodology set out in the DCLG guidance. In total in Stage 1 of the DCLG calculation of housing need, a total of **approximately 2,420 households are identified as being in 'current need'** of Affordable Housing. This includes 30 households classified as homeless or in temporary accommodation, yet excludes existing social tenants requesting a transfer from their current social dwelling.
- 10.30 In addition the DCLG calculation method identified that approximately 37% of newly forming households were unable to access market housing based on incomes and entry level (lower quartile) private rents.

Core Output 5: Estimate of future households that will require Affordable Housing

- 10.31 Stage 2 of the DCLG Guidance for assessing need focuses on estimating the number of households that will require Affordable Housing over the short-term (five years). The analysis presented in section 6 identifies a **total newly arising need** (gross per year) of approximately 1,567 households across North East Lincolnshire. This includes an estimate of newly forming households classified as in need (based upon an affordability test) – approximately 612 households – and an estimation of households falling into need on an annual basis – approximately 342.
- 10.32 The above estimates of future demand do not take account of the supply of stock to absorb demand. Utilising the DCLG Guidance calculation process, and taking into account the supply available on an annual basis (re-lets / surplus stock / pipeline new supply) the housing needs analysis indicates that North East Lincolnshire will be required to provide for a **net annual Affordable Housing need of approximately 586**

dwellings per annum over the next five years, in order both to clear the existing backlog of households in need and meet future arising household need. This represents a slight decrease in the level of net annual Affordable Housing need established within the 2010 SHMA Update (621 units per annum).

- 10.33 Looking forward in the longer-term (i.e. beyond the next five years) it is difficult to accurately assess how house prices, and the financial requirements of households to obtain mortgage credit, will change. Arguably the low levels of supply of new housing, both market and Affordable, are likely to result in sustained house prices; suggesting that over the short-term at least the demand for non-market housing is unlikely to abate. Moreover, the Government's ongoing programme of Welfare Reform is anticipated to put additional pressure on both the social rented and private rented stock within North East Lincolnshire. Clearly these are important informing influences on the future split of market and Affordable housing required.
- 10.34 Again the potential impact of the successful delivery of additional employment opportunities within the authority, as considered in sections 5 and 7, will have an impact on changing income levels within the working population. The level of job growth assumed under the Employment-led (Experian) scenario would be likely to increase demand for market housing but also include lower income households requiring Affordable Housing, recognising that growth will cover a range of employment sectors. Assuming that the jobs generated through the identified additional economic growth projects (section 7) will be largely higher value employment then this in turn would further serve to create a reduction in the quantum of demand for Affordable Housing and a greater demand for a range of market products. This will need further consideration once the outputs of the Council's proposed economic assessment study is completed and the full sector profile of potential additional employment opportunities are better understood.
- 10.35 The analysis in the SHMA overall has, however, shown that currently and in the short-term that while a large proportion of need can only be addressed through traditional social housing products, there are a number of households in need who could have their needs met through other Affordable products. These could include various 'Intermediate' housing products – providing an important step onto the housing ladder in the future.
- 10.36 At the current time, however, the application of the Affordable Rent model in North East Lincolnshire does not appear to be a viable option for RPs.

Core Output 6: Estimate of future households requiring market housing

- 10.37 One of the requirements of the DCLG Guidance is to understand the number of households requiring market housing over the plan period.

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- 10.38 The research presented in section 6 translated the levels of projected household growth arrived at through the two scenarios of population and household change into hypothetical dwelling requirements (noting that the Natural Change scenario is removed given its hypothetical nature). This showed a range of requirements, from the requirement for 5,660 dwellings between 2011 and 2030 under the Re-based 2010 SNPP (300 per annum) to the requirement for 9,660 under the Employment-led (Experian) scenario (510 per annum on average). Following the logic noted under output 3 the upper end of this range is considered to better reflect wider policy agendas by the authority and importantly will support a growth rather than a decline in the employment base of North East Lincolnshire. In considering these dwelling requirements it is important to note that the Employment-led (Experian) scenario derived figure closely aligns with the previously established RSS requirement of 500 dwellings per annum.
- 10.39 Examining the drivers behind this projected level of growth, including an assumed increase in employment opportunities, suggests that there will be comparatively strong demand for market housing associated with people moving into the area. This will include demand for owner-occupier as well as private rented housing given the current issues facing households accessing mortgage finance.
- 10.40 The previous Core Output suggested that over the short-term there would be a need for 586 Affordable dwellings per annum. This is higher than the overall projected requirement. In considering the implication of this it is important to recognise, however, that the direct comparison of the overall demand for housing over the 2011 – 2030 period and the short term annual requirement for Affordable Housing cited above is difficult. The assessment of the short-term need for Affordable Housing factors in addressing a backlog of need for Affordable Housing over what is in reality a short period of time, 5 years. It is more relevant to remove this backlog component when comparing with the overall level of demand for housing identified above. The calculation of need shown in figure 6.8 shows that there will be a total annual newly arising need (gross) from households requiring Affordable Housing of 954 households per annum. The data also shows that annually there is a supply of 844 Affordable units each year (lettings) to new households. The difference between these two figure suggests a per annum need for 110 Affordable units. This represents approximately 22% of the total objectively assessed need for approximately 508 dwellings per year. This would suggest a need for almost 400 market houses per annum within North East Lincolnshire based on the underpinning assumptions used in the analysis.
- 10.41 In considering the above it is also important to set the analysis of demand / requirements in the context of the work presented within section 8 which considers the supply picture of new housing over recent years and the commercial insights of agents, developers and house builders. This highlighted that the delivery of new
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housing has fallen considerably below the levels of demand identified above, this is reflected in the historic outflow of people and the derived trend-based projections of population (re-based SNPP 2010 scenario). Alongside this historic picture of market challenges to delivery in North East Lincolnshire the perception of risks to delivery within the area were also highlighted through the consultation process with those responsible for delivering. The strength and confidence of the market in North East Lincolnshire has over recent years served to limit interest from house-builders to develop significant outputs. In addition and potentially more significantly there was a perception that the availability of land had further served to limit both interest and the quantum of development. This will represent an important challenge for policy.

- 10.42 The analysis of the potential impact of additional economic investment in the authority suggests that if North East Lincolnshire achieves a higher level of economic growth, overall the demand for market housing will exceed the baseline level identified above by some amount. The exact scale of this additional demand should be considered further once the council has completed its economic assessment. Equally it would be anticipated that the delivery of new employment opportunities, including a good proportion of higher value jobs, would also serve to elevate market confidence in terms of the delivery of new housing with this therefore affecting both supply and demand considerations.

Core Output 7: Estimate of the size of Affordable Housing required

- 10.43 Core Output 7 of the DCLG Guidance requires an estimate of the breakdown of the sizes of property required by households identified in need of Affordable Housing. The intention is to estimate the relative pressure on different property sizes. In particular, this analysis will help to further understand how policy should be structured to assist in alleviating the current backlog of housing need and provide a profile of Affordable Housing which responds to the future need over the short-term.
- 10.44 Analysis of data within section 6 illustrates that a mixture of sizes of properties are required in North East Lincolnshire. Evidence shows that there is a predominant requirement for future Affordable Housing supply in North East Lincolnshire to be sized at least 1 bedroom over the next 5 years in order to meet the majority of Affordable Housing needs. There is also a requirement for larger 3 and 4+ Affordable properties to be built to meet the needs of larger, family households.
- 10.45 Importantly, this assessment does not fully take into account the impact of the Government's ongoing programme of Welfare Reforms. The calculation of Affordable Housing need (as presented in figure 6.8) uses data that pre-dates the changes to Housing Benefit and therefore does not take into account the impact of the extension of the Shared Accommodation Rate (SAR) to single persons under 35 years of age. It is

likely that their ability to afford a 1 bedroom tenancy would have been reduced if the extension of the SAR was applied with the result being an increased requirement for smaller shared accommodation (bedsits or studios).

- 10.46 In addition to new lettings, the changes to HB will also impact on current tenants within Affordable Housing as the Government has proposed measures from April 2013 to reduce Housing Benefit to households in Affordable Housing under-occupying their home.
- 10.47 It will therefore be necessary for North East Lincolnshire Council and partners to continue to monitor this situation as data becomes available and both effectively prepare for and record the impacts of reform.

Core Output 8: Estimate of household groups who have particular housing requirements e.g. families, older people, black and minority ethnic groups, disabled people etc...

- 10.48 The SHMA analysis has identified that the demographic and economic profile of North East Lincolnshire is likely to change over the plan period, with the active housing market reacting, and in part feeding back, into these changes. Different parts of the wider housing market will be affected by these changes in different ways.
- 10.49 The analysis presented in section 8 identifies sections of North East Lincolnshire's population considered to have specific housing requirements which need to be carefully considered now and in the future, which are likely to represent a particularly dynamic part of the community profile.
- 10.50 The groups examined are set out below, alongside the key conclusions emerging from the analysis:
- Older Persons - The population projections show an increasing number of older persons will reside in North East Lincolnshire in the future. By 2030, the number of older persons is expected to increase by around 31– 34%. Over the longer-term this increase in older persons will place ever increasing pressure on the existing housing stock. In particular the rise in households where the head of household is aged over 85 will lead to greater requirements for different forms of supported housing. Maintaining funding for housing related support services for older persons will remain important, as demand is strong and expected to increase with the future growth of this section of the community.
 - Black and Minority Ethnic Groups - The focus group workshop undertaken as part of the SHMA research highlighted the current issues for BME groups represent challenges going forward for North East Lincolnshire Council and service

providers. Issues highlighted include housing affordability, housing supply and quality, the presence of rogue private landlords, and accessibility to specialist services including information in all languages.

- Younger Persons – The affordability issues facing younger person households have been well documented throughout the SHMA. The focus group research and engagement with local agents has highlighted that the obstacles facing younger households to purchase property has led to many either not forming a household (living with family/friends) or moving into private rented or social stock, with this placing increasing pressure on this tenure. A recommendation emerged for North East Lincolnshire Council to investigate ways to provide impartial information and advice to younger persons looking to set up home – perhaps within the local secondary education system.
- Groups with Support Needs – An examination of POPPI and PANSI datasets projects an increase in persons with learning disabilities and that, as a result, it is anticipated that further new and appropriate accommodation will be required for these households. In contrast, there is a projected decrease in persons with physical disabilities. On this basis it is likely that the quantity of stock may be sufficient to meet future requirements. However, the type and quality of stock should be monitored in order to ensure that it is adequately adapted, in order to meet the specific needs of those with physical disabilities.
- The North and North East Lincolnshire Gypsy and Traveller Accommodation Needs Assessment (2008) concluded that the residential need in North East Lincolnshire is 13 additional pitches/plots between 2007 and 2016. An additional need for 10 transit pitches was recorded for the period 2007-2016 across both North and North East Lincolnshire

Future Monitoring

- 10.51 In order for the findings of the assessment to continue to inform and help shape policy, it will be necessary for North East Lincolnshire Council to monitor changes in the housing market and the underlying drivers considered in this assessment. Changes to the assumptions will have an impact on the short and long-term projections of household demand and the requirements for different tenures and sizes of housing.
- 10.52 The figures presented within this report are based on up-to-date data and information as of January 2013. Evidence of market deviation from the future trends and assumptions presented will need to be taken into account in the development of policy. This approach is part of the plan, monitor and manage approach required for the New Local Plan evidence base.

- 10.53 This SHMA research has utilised a range of secondary data sources. The secondary information will continue to be refined and updated by data providers such as the ONS, DCLG, CACI, Hometrack and Land Registry. The use of secondary data sources makes monitoring a simpler process and will enable North East Lincolnshire Council to continue to produce updates of the SHMA. As noted within the SHMA an initial part of this updating process will include the production of supplementary analysis of the phase 3 Census 2011 outputs anticipated to be released in October 2013. This includes travel to work information which will be considered in relation to market geography analysis and the link between employment and housing growth.
- 10.54 This document has been reviewed and robustly checked by Development Services in North East Lincolnshire Council and is approved for circulation.



Jason Longhurst

Head of Development Services