Housing Requirement Technical Paper

Translating North East Lincolnshire's full objectively assessed need for housing into a target for the Local Plan

February 2016
Executive Summary

This Housing Requirement Technical Paper outlines how North East Lincolnshire Council (‘the Council’) has established a housing requirement (target) to be taken forward into the Council’s emerging Local Plan.

Why do we need more homes?

In simple terms, more homes are required to provide for the needs of the community in North East Lincolnshire.

The area’s population is increasing, and a range of changes in the structure of the area’s population is contributing to an increase in the need for new homes. The Council’s ambition to deliver local economic growth and create more jobs also has a direct impact on the number of new homes required.

The consequences of not planning for enough new homes to meet the area’s needs is that there will be insufficient numbers of new homes, which would result in higher prices, and employment and skills shortages as skilled workers move for the housing that they require. It could also lead to the over-crowding of households, due to households not forming due to a lack of homes.

What are we required to do to establish how many new homes we need?

Establishing a housing target for the Council’s emerging Local Plan is a two stage process. At the first stage, the Council is required to undertake an objective assessment of the need for new homes in North East Lincolnshire. The assessment must cover market and affordable housing.

The Council has worked with specialists to produce an objective assessment of housing need and this is presented in the North East Lincolnshire Strategic Housing Market Assessment (SHMA) (2013). The Council’s SHMA has been updated by an addendum, Demographic forecasts and analysis (2015), which updates the market housing element of the SHMA taking into account new employment forecasts and new demographic information.

The second stage involves translating this into a target for the number of homes to be provided. At this point, policy objectives can be taken into account. This includes the consideration of the capacity of the area’s supply of deliverable and sustainable land, any cross-boundary un-met housing need; and, the authority’s wider policy objectives.

What does the evidence say?

Our objective assessment of the need for housing suggests that 13,000 additional homes are needed in North East Lincolnshire in the period from 2013 to 2032. This is an average of 683 homes per year. The Council is implementing an Economic Strategy and has modelled the impact of jobs growth that could be expected as a result of policy intervention. This results in a requirement for 13,340 new homes over the plan period, an average of 702 per annum.
# Contents

1. Introduction ................................................................................................................. 1  
2. Legislation, policy, and guidance .............................................................................. 2  
3. The housing market area ......................................................................................... 6  
4. Baseline demographic data ....................................................................................... 7  
5. Housing delivery ....................................................................................................... 14  
6. Objectively assessed housing need .......................................................................... 16  
7. Housing requirement ................................................................................................. 28  
8. Conclusion .................................................................................................................. 34  

Appendix A. Summary of modelling assumptions ....................................................... 35  
Appendix B. Commuting inflows and outflows (net) ...................................................... 37
1. **Introduction**

1.1. The Council has responsibility for establishing the quantity of housing to be provided in North East Lincolnshire through the local plan. This includes identifying the overall need for market and affordable housing, as well as the mix of housing required to meet the needs in the area. This is a key strategic issue and affects all other aspects of the plan.

1.2. The *National Planning Policy Framework* (NPPF) requires local planning authorities to objectively assess their need for housing. In establishing their full objectively assessed needs (often abbreviated to ‘FOAN’ or ‘OAN’) for housing, local planning authorities must take relevant published evidence into account, considering official population and household projections, which form the starting point. The assessment should only consider future scenarios that could be reasonably expected to occur\(^1\).

1.3. The process of formulating a housing requirement to be taken forward in a plan is a two stage process. The first stage is the objective assessment of need (OAN) which, critically, should not be constrained. Examples of constraints which cannot be taken into account include limitations imposed by the supply of land, historic under performance, viability, infrastructure, or environmental issues\(^2\).

1.4. The second stage, is to translate the OAN into a plan requirement (often referred to as a target). The housing requirement taken forward in the plan may not be equal to the OAN. Considerations which may influence the plan requirement include the area’s deliverable and sustainable supply capacity, any cross-boundary un-met housing need; and, the authority’s wider policy objectives.

### Definitions

**Housing need**

Need for housing refers to the scale of housing required, and the mix and range of tenures, likely to be needed in the housing market area (HMA) over the plan period. This should cater for the housing demand of the area and identify the scale of housing supply necessary to meet demand\(^3\).

**Housing market area**

A housing market area (HMA) is a geographical area defined by household demand and preferences for all types of houses, which reflects the linkages between places where people live and work. Housing market areas can overlap\(^4\).

---

2. **Legislation, policy, and guidance**

2.1. This chapter provides a brief overview of the legislative and policy context. It provides a summary of the guidance available to authorities, including official guidance from the Government, and guidance produced by other organisations.

**Legislative Context**

2.2. The Council is required, by the *Housing Act* 1985, to consider the need for further housing in North East Lincolnshire. The Act requires local authorities to undertake a ‘periodical review of housing needs’\(^5\).

2.3. The Council, when undertaking this review, must also carry out an assessment of the accommodation needs of gypsies and travellers residing in or resorting to the area\(^6\). The Council’s assessment of the needs of gypsies and travellers has been undertaken in a separate document to its market and affordable housing needs.

2.4. Case law relevant to establishing housing need is discussed throughout this paper.

**Policy Context**

2.5. National planning policy for housing is outlined in the *National Planning Policy Framework* (NPPF). The NPPF seeks to significantly boost the supply of housing, and to ensure that councils identify sufficient available land for the construction of market and affordable housing products.

2.6. The NPPF places a number of specific requirements on local planning authorities. This includes a requirement to ‘use their evidence base to ensure that their local plan meets the full, objectively assessed needs for market and affordable housing in the HMA, as far as is consistent with the policies set out in this Framework’\(^7\). This includes the identification in local plans of key sites which are critical to the delivery of the housing strategy over the plan period\(^8\).

2.7. To establish their need for housing, authorities are required to prepare a Strategic Housing Market Assessment (SHMA). This should assess the full need for housing and authorities should work with neighbouring authorities where housing market areas cross administrative boundaries. A SHMA should identify the scale and mix of housing, and the range of tenures that the local population is likely to need over the plan period.

2.8. The NPPF explicitly states that a SHMA should meet household and population projections, and take account of migration and demographic change.

---

8 Ibid.
2.9. It should address the needs for all types of housing and the needs of different groups of people, such as old people, people with disabilities, families, service facilities, and people wishing to build their own homes\(^9\). This list is not exhaustive and local factors may lead the assessment to cover additional groups of people.

2.10. The NPPF states that 'local planning authorities should ensure that their assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals'\(^10\). This means that there should be internal consistency within plans and that economic growth should be taken into account in the assessment of need for housing.

2.11. In addition to preparing evidence of housing need, authorities should prepare a Strategic Housing Land Availability Assessment (SHLAA) to identify land with the potential for housing development to meet the identified need for housing over the plan period\(^11\).

2.12. The NPPF places significant emphasis on delivery and authorities are required to show the expected rate of housing delivery across the plan period and put in place a housing implementation strategy which describes how they will maintain delivery of housing land to meet their housing target\(^12\).

**Official Guidance**

**National Planning Practice Guidance (2014)**

2.13. The *National Planning Practice Guidance* (NPPG) provides guidance for local authorities in forming the evidence which is essential to develop their local plan. This includes a standard methodology for housing needs assessments, however, the NPPG recognises that there are different methodological approaches to assessing need which may be appropriate.

2.14. The NPPG acknowledges that while a functional housing market area may cross administrative boundaries, that many local authorities will be at different stages of plan production. It therefore suggests that local authorities to build upon the existing evidence of neighbouring authorities and encourages local authorities to co-ordinate future reviews of housing need assessments.

2.15. The NPPG states that the starting point in establishing an estimate of housing need is the 'official' household projections published by the Department for Communities and Local Government (DCLG). It recognises that these are trend based and that adjustment may be required to reflect factors which have affected local demography and household formation rates.

---


2.16. These projections do not take account of the impact that future Government policies, changing economic circumstances, and other factors could have on future demographics.

2.17. The NPPG states that local authorities should make an assessment of the likely change in job numbers based using past trends and economic forecasts. Changes to cross-boundary migration assumptions should be discussed and agreed with any affected neighbouring authorities to ensure that any resulting unmet need from the plan area is addressed by neighbouring authorities.

2.18. The NPPG provides guidance on relevant market signals which should be taken into account. This includes land prices, house prices, rental prices, the affordability of housing relative to local incomes, the rate of development in the area, and overcrowding. Market signals may point to a need for an upward adjustment in the housing need. It provides guidance on the method for identifying the needs of groups of people, such as older people and households with specific needs.

2.19. The NPPG provides a standard methodology for estimating the number of people who lack their own housing or live in unsuitable housing but who cannot afford to meet their housing needs in the market. The methodology requires local authorities to establish the number of people with unmet housing need and the projected future housing need, and then subtracting these figures from the current supply of affordable housing stock.

2.20. In considering those in needs, the guidance states that the assessment should cover homeless households, those in insecure tenancies, overcrowded households, households with occupants who have impairments and other specific needs who are in dwellings which do not cater for those needs, households that lack basic facilities, and households containing people with specific social needs\(^\text{13}\).

2.21. The total need for affordable housing needs to be considered in the context of its deliverability, as a proportion of mixed affordable and market housing developments. This could involve planning for an increase in the total housing figures included in the local plan where it could help to deliver an increase in affordable homes\(^\text{14}\).

2.22. In addition to the 'official' guidance published by the Government, the Council has considered other guidance documents, and research reports. This includes documents prepared by the Planning Advisory Service (PAS), the Royal Town Planning Institute (RTPI), and the Town and Country Planning Association (TCPA). These are referenced throughout this document.

---

\(^{13}\) Paragraph: 023, Reference ID: 2a-023-20140306, *National Planning Practice Guidance* (DCLG, 2014)

Figure 1 - Process for establishing a housing requirement
3. The housing market area

3.1. North East Lincolnshire’s housing market area (HMA) has been defined as the North East Lincolnshire administrative area. The functional economic and housing market areas will extend beyond North East Lincolnshire’s boundary and the Council has engaged with neighbouring authorities in recognition of this.

3.2. Three other local authorities border North East Lincolnshire. These are North Lincolnshire (a unitary authority), and the districts of East Lindsey and West Lindsey (district councils located in Lincolnshire).

3.3. Each authority is at a different stage of plan preparation. The Councils have actively consulted with each other and shared data. The use of North East Lincolnshire administrative area means that data is readily available for this geographical unit.

3.4. **Figure 2 - Grimsby TTWA** shows the Grimsby travel to work area (TTWA) defined by the Office for National Statistics (ONS). This shows the TTWA as defined in the 2007 data release, and the latest data release from 2015. Grimsby's functional economic area has expanded, but it has also moved. Part of North Lincolnshire (near Barton-upon-Humber) is no longer in the TTWA, while the TTWA has expanded to the south and now incorporates several villages in the north of the district of East Lindsey.

3.5. Nationally, TTWAs have expanded in area resulting in significantly fewer TTWAs. This trend is likely to continue into the future as increases in the number of households with access to a vehicle increases commuting.
3.6. North East Lincolnshire has strong commuting relationships with neighbouring authorities. There are significant commuting inflows from North East Lincolnshire and East Lindsey (in excess of 3000 movements), and from West Lindsey (in excess of 1000 movements). There are also significant outflows to North Lincolnshire (in excess of 4000 movements) and to East Lindsey (in excess of 1000 movements).

3.7. **Appendix B: Commuting inflows and outflows (net)** illustrates the net position. It shows that more people commute to North Lincolnshire for work from within North East Lincolnshire than vice versa. This commuting pattern is not unexpected because the administrative boundaries of the two authorities cuts through the south Humber bank and Port of Immingham. It highlights the reliance that East Lindsey district residents have on jobs within North East Lincolnshire and, to a lesser extent, the residents of West Lindsey. The geographical location of West Lindsey means that residents of the district also look to Lincoln and Scunthorpe for employment opportunities.

4. **Baseline demographic data**

4.1. The need for more homes is primarily driven by increases in population, and changes in the structure of the population. These demographic factors are influenced by economic and other factors. This chapter explains the main factors which influence the need for housing and it provides baseline demographic data for the area. In this chapter, comparison is made between baseline figures and the Sub-National Population Projections (2012) (‘SNPP-2012’) which is the starting point for the objective assessment of housing need.

**Demographic change and migration trends**

4.2. North East Lincolnshire’s population increased from an estimated 157,979 residents in 2001 to 159,616 in 2011, a 1.03% increase in the usual resident population\(^{(15)}\). In the same period, the number of households increased from 66,054 to 69,707, an increase of 5.53%\(^{(16)}\). At the time of the 2011 Census, the area had a median age of 41\(^{(17)}\) and at 2014 it was estimated that this had risen to 41.9 years, compared to a national average of 40\(^{(18)}\).

4.3. There are many demographic changes which influence our need for housing. At a basic level, birth rates (fertility) and death rates (mortality) are key drivers of population change. Where fertility rates are higher than mortality rates, this will lead to an increase in population. Where mortality rates are low, this will generally mean that people are living longer, creating an ageing population. **Figure 3 - North East Lincolnshire’s Age Structure by Single Year** shows North East Lincolnshire’s age structure at the point of the 2011 Census.

\(^{15}\) Table KS01, 2001 Census and Table KS101EW, 2011 Census; Office for National Statistics.

\(^{16}\) Table KS20, 2001 Census and Table KS105EW, 2011 Census; Office for National Statistics.

\(^{17}\) Table KS102EW, 2011 Census, Office for National Statistics.

4.4. While the birth of children increases our population, these children will not form their own households for many years, but may still place pressure on the need for additional homes, and increase the demand for certain types of homes, such as larger homes capable of accommodating families.

**North East Lincolnshire’s Age Structure by Single Year**

![Data source: Table PP02UK & PP03UK, Census 2011, Office for National Statistics](image)

4.5. North East Lincolnshire’s population is ageing. The median age in the area at mid-2014 was estimated to be 41.9 years, compared to 40 years across the UK\(^{19}\).

4.6. Based on the sub-national population projections (2012) (SNPP-2012), it is expected that North East Lincolnshire’s population will continue to age. The median age is projected to increase to 44.5 years by the end of the plan period in 2032, compared to 42.6 years in England, and 42.3 years in the Yorkshire and Humber region\(^{20}\).

4.7. If historic trends were to continue, the SNPP-2012 projects that the old age dependency (OAD) ratio\(^{21}\) would increase from 29% to 47%, compared to a rise from 26% to 41% in England\(^{22}\).

---

21 The proportion of the population at stage pension age (SPA) or over (65+) relative to the working age population (aged 15-64).
4.8. Official population projections released by DCLG expect fertility rates to continue to be higher than mortality rates in North East Lincolnshire for much of the projection period from 2013 to 2037\(^{(23)}\), which will result in a net increase in population.

4.9. The area has also seen a recent decline of residents in younger age groups, including children, but also notably a significant decrease in the 30 year old to 44 year old age grouping, which declined to a greater extent than the increase in the 45 year old to 59 year old age grouping. This suggests that people within this key working age bracket are leaving the area, and would form a significant component of those people migrating out of North East Lincolnshire.

**Migration**

4.10. People move (migrate) for a variety of reasons. The *English Housing Survey 2012-13* identified that a fifth of house moves are made for family and personal reasons, and a tenth of moves are made for job related reasons. The need for a larger property is also a popular reason given as a need to move home\(^{(24)}\).

4.11. Migration occurs when people move between North East Lincolnshire and other areas within the UK, and this is known as internal migration\(^{(25)}\). Movements made into or out of North East Lincolnshire from the rest of the world is known as international migration.

4.12. Existing migration trends in North East Lincolnshire indicate that there is an overall net loss of people from the area due to internal migration. The loss of people due to internal migration outstrips the numbers gained from international migration. The existing trends projected in the SNPP-2012 indicate that North East Lincolnshire will see a net loss of people at a steadily decreasing rate in the period to 2026, after which, it is expected that there will be a net increase in people from migration.

4.13. While there is expected to be a net loss of people in the period to 2026 based on existing migration trends, North East Lincolnshire's overall population would be expected to increase in this period due to other demographic factors. The impact of people living longer is important because it drives need for specialist accommodation for older people, who may have illness or disability. In older age group, there will be a need for smaller homes.

4.14. There is a marked difference in life expectancy between men and women. At the 2011 Census, for every man aged 65 there were 1.1 women. By the age of 85, there are 1.7 women for every man of the same age. At the age of 95 there were 5.6 women for every man of the same age\(^{(26)}\).

---

25 The Government’s Sub-National Population Projection datasets make a further distinction between internal migration, which refers to moves within England only; and cross-border migration, which refers to moves between England, Scotland, Wales, and Northern Ireland (collectively the United Kingdom of Great Britain and Northern Ireland).
26 Table PP02UK & PP03UK, 2011 Census, Office for National Statistics.
4.15. However, life expectancy has continued to increase for both men and women, and stood at 77.9 years for men and 80.1 years for women. Nationally death rate assumptions have been revised downwards as people have been living longer and at a faster rate than expected\(^{27}\).

4.16. {
**Figure 4 - Components of change: SNPP-2012 based** illustrates the net change projected in each population change component (internal migration, international migration, and natural change) from 2013 to 2032.

![Components of change: SNPP-2012 based](image)

Data source: SNPP 2012, Office for National Statistics.

4.17. This shows the general trend which will see less growth from natural change, driven by the rate of births slowing, and a gradual reduction in the number of people projected to leave North East Lincolnshire. International migration provides a consistent net source of additional residents in this projection.

4.18. The latest mid-year estimates (MYE 2014) suggest that the net gain in population from international migration in the year 2013/14 was minimal, and lower than projected in the SNPP-2012. Research indicates that often international migration will not necessarily create an equivalent level of household formation to population driven by internal migration, because new migrants to the UK typically live in larger households\(^{28}\).

---


**Household size**

4.19. Wider societal changes have influenced the size of households. It has been eluded to that an increase in older people increases the demand for smaller homes. However, other societal changes will drive this change, including divorce. The impact of people living in smaller households is that more homes are needed.

4.20. The average size of households decreased steadily in North East Lincolnshire between the 2001 Census and 2011 Census, from 2.39 persons per household to 2.28. While North East Lincolnshire saw a significant decrease in the average size of households, this decrease did not occur across England as a whole.

4.21. The SNPP-2012 combined with the 2012-based household projections suggests that this decline in household size will continue to occur. It is projected that by 2020, the size of the average household will be 2.23 people, and that by 2032 it will be 2.18 people.

**Figure 5** - Percentage of marriages ending in divorce or because one spouse has died, England and Wales (2010)

Data source: Divorces in England and Wales, 2011 Release, Office for National Statistics

4.22. **Figure 5 - Percentage of marriages ending in divorce or because one spouse has died, England and Wales (2010)** illustrates the exponential trend in divorce, which shows that almost a third of marriages end within 15 years. This is a key driver of the continued reduction in household size. At the time of the 2011 Census, single person households accounted for over 31% of all households in North East Lincolnshire. Over two thirds (around 67%)\(^{29}\) of North East Lincolnshire’s households are single or two person households.

---

\(^{29}\) Table KS105EW, 2011 Census, Office for National Statistics.
Job’s growth

4.23. Growth in the local economy which results in the creation of additional employment opportunities can result in an increased need for new homes. This can result in increased migration to an area, which can have an impact on other local authority areas.

4.24. Incorporating expectations around future jobs growth is part of establishing the objective assessed need (OAN) for housing. However, it can also be a ‘policy factor’ which necessitates an increase in housing numbers above the OAN figure, for example, where a local authority is seeking to implement an economic strategy with higher than projected jobs growth figures.

4.25. Job’s growth in North East Lincolnshire, and the impact of this on housing need, is discussed further on in this paper.

Vacant and second homes

4.26. At the time of the 2011 Census, there was a vacancy rate of 3.9%\(^{30}\) in North East Lincolnshire. The vacancy rate expresses the relationship between the number of dwellings which could be occupied, and the number of households which actually exist.

4.27. The number of second homes can also increase this rate and, at the time of the 2011 Census, 20.8% of people in England and Wales responded stating that they have a second address located in a different local authority area to which their main residence is located, which they used for 30 days or longer each year.

4.28. Around 3,000 people who are usually resident elsewhere were recorded as having a second address in North East Lincolnshire. Of these second homes, 9% were stated to be required for work reasons, 14% for holidays, and the remaining 77% were for other unspecified reasons\(^{31}\). Given the coastal location of North East Lincolnshire, the high proportion of second homes for holidays is unsurprising. Other neighbouring coastal authorities have significantly higher rates of second homes for holiday use.

4.29. The Government is introducing a higher rate of Stamp Duty Land Tax (SDLT) for the purchase of second properties from 1 April 2016, which will see rates of these purchases at 3% above current SDLT rates. This could see a rise in transactions in the early part of 2016 as people seek to avoid the higher SDLT rate, which would be applied to transactions of £40,000 or more, by seeking to complete prior to this date.

---

\(^{30}\) Table KS401EW, 2011 Census, Office for National Statistics.

Household formation

4.30. Household representative rates (HRR)\(^{32}\) are used to link growth in population to the number of households which would be likely to form. HRRs represent the statistical probability that households will form, based on individual demographic groups defined by factors such as age and relationship status. They show the propensity of the rate of change for each group, to determine the number of ‘heads’ of households.

4.31. There are three official sets of HHRs: the 2008-based, interim 2011-based, and 2012-based HRRs. These datasets provide an analysis based on previous trends and are subject to limitations. The impact that differing HRR’s can have is illustrated in Figure 6 - Household Representative Rate (HRR) impact on the SNPP-2012, using the SNPP-2012 population growth scenario.

![Figure 6 - Household Representative Rate (HRR) impact on the SNPP-2012](image)

4.32. Nationally, a growing and ageing population is the main driver of the need for households, with just 4% of the projected national increase due to changes in representative rates\(^{33}\). Evidence shows that in North East Lincolnshire the average household size continued to decline between 2001 and 2011, while this trend was not reflected on average across England. This is a result of North East Lincolnshire’s ageing population.

\(^{32}\) These are also referred to as ‘headship’ rates.

4.33. Affordability is a key driver which has an influence on the ability of households to form. In North East Lincolnshire, property prices are low with median house prices standing at £117,000 in 2015 (£119,000 in 2014)(34). However, gross annual household income is also low with income for 61% of the Borough’s households standing at less than £30,000 per annum, and less than £20,000 per annum for 40% of households.

4.34. The justification for the selection of appropriate HRR assumptions is discussed later in this document.

5. **Housing delivery**

5.1. The Council monitors the delivery of new homes utilising data from several sources to ensure that changes in the Borough’s housing stock are accurately captured and recorded.

5.2. The Valuation Office Agency (VOA), an executive agency of Her Majesty’s Revenue and Customs (HMRC), maintain the national valuation list. This list records the rating valuation for each property, for tax purposes. The Council uses the VOA Domestic Schedule and the weekly Non-Domestic Schedule of Alterations to the list which provides a definitive, and therefore robust, method of capturing gains and losses to the housing stock in the Borough.

5.3. **Table 1 - Historic housing performance** presents gross completions, which comprises new build completions and new homes formed though conversion/change of use (all new homes). It presents the number of net additional homes added to stock, which is gross completions minus demolitions and losses. Housing delivery data is presented for all recent years for which data is available, and covers the period from 1 April 2002 to 31 March 2015. This data is shown graphically in **Figure 7 - Housing Delivery**.

5.4. The general trend of gross completions made has remained fairly constant over the period covered by the data, with a noticeable dip in gross completions between 2004/05 and 2005/06. Based on the past ten years, on average around 360 gross completions have been made each year. In the same period, the average annual new build completions stood at just over 300 completions per year.

5.5. There have been significant numbers of demolitions and losses of housing stock in some years. The number of net completions made in 2008/09 is low because of significant demolitions which occurred because of regeneration schemes(35). The rate of demolitions and losses has remained lower in recent years.

---

34 Mean house prices stood at £128,000 and £125,200 for 2014 and 2015 respectively. This data covers transactions received at Land Registry 1 January 2014 to 31 December 2015. © Crown Copyright 2015.

35 Regeneration schemes in the Borough have seen the demolition and reconstruction of reconfigured estates including the former Yarborough Estate (now 'Freshney Green') and Guildford Street (now 'Orchard Drive').
Table 1 - Historic housing performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Completions</th>
<th>New Build Completions</th>
<th>Conversions &amp; Change of Use</th>
<th>Demolitions &amp; Losses</th>
<th>Net Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>423</td>
<td>379</td>
<td>44</td>
<td>13</td>
<td>410</td>
</tr>
<tr>
<td>2003/04</td>
<td>353</td>
<td>316</td>
<td>38</td>
<td>10</td>
<td>343</td>
</tr>
<tr>
<td>2004/05</td>
<td>207</td>
<td>180</td>
<td>27</td>
<td>5</td>
<td>202</td>
</tr>
<tr>
<td>2005/06</td>
<td>229</td>
<td>190</td>
<td>39</td>
<td>28</td>
<td>201</td>
</tr>
<tr>
<td>2006/07</td>
<td>449</td>
<td>370</td>
<td>79</td>
<td>91</td>
<td>358</td>
</tr>
<tr>
<td>2007/08</td>
<td>446</td>
<td>303</td>
<td>143</td>
<td>104</td>
<td>342</td>
</tr>
<tr>
<td>2008/09</td>
<td>323</td>
<td>361</td>
<td>62</td>
<td>246</td>
<td>77</td>
</tr>
<tr>
<td>2009/10</td>
<td>313</td>
<td>213</td>
<td>100</td>
<td>60</td>
<td>253</td>
</tr>
<tr>
<td>2010/11</td>
<td>360</td>
<td>315</td>
<td>45</td>
<td>154</td>
<td>206</td>
</tr>
<tr>
<td>2011/12</td>
<td>346</td>
<td>297</td>
<td>49</td>
<td>59</td>
<td>287</td>
</tr>
<tr>
<td>2012/13</td>
<td>426</td>
<td>352</td>
<td>74</td>
<td>21</td>
<td>405</td>
</tr>
<tr>
<td>2013/14</td>
<td>364</td>
<td>311</td>
<td>53</td>
<td>50</td>
<td>314</td>
</tr>
<tr>
<td>2014/15</td>
<td>381</td>
<td>320</td>
<td>61</td>
<td>15</td>
<td>366</td>
</tr>
</tbody>
</table>

5.6. New build homes make up the vast majority of gross completions made, accounting for 82% of all gross completions in the period covered by the data, while the remaining 18% comprise new homes formed through the conversion of an existing property (for example, a dwelling converted to several flats), or change of use of an existing property which was in a non-residential use.

5.7. The number of net completions made was below historic housing requirements outlined in the *Yorkshire and Humber Plan Regional Spatial Strategy to 2026* (known as the ‘Regional Spatial Strategy’ and abbreviated as ‘RSS’).

5.8. The RSS set a housing target of 310 dwellings per annum between 2004/05 and 2007/08, which rose to 510 dwellings per annum from 2009/10 onwards. The RSS housing requirement was exceeded in only two years (2006/07 and 2007/08) when the requirement was 310 dwellings per annum. The implications of recent housing delivery performance is discussed in greater detail further on in this report.

5.9. Looking at net completions made (which represents the number of additional homes added to the overall housing stock) there has been a ten year average of around 280 additions to stock per annum, and a five year average of 315 per annum over the most recent five years. This is in part due to an increase in gross completions, but primarily due to the impact of fewer demolitions and losses occurring.

---

36 Monitoring data using alterations made to the VOA’s Valuation List, Approved Inspector notifications, and Building Control completion records.
6. **Objectively assessed housing need**

6.1. The Council has responsibility for setting the quantum of housing required over the plan period. The NPPF requires the Council to ‘ensure that [the] Local Plan meets full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in [the NPPF]’\(^{37}\).

6.2. To ensure that there is a clear understanding of North East Lincolnshire’s housing needs, the Council is required to prepare a Strategic Housing Market Assessment (SHMA)\(^{38}\).

6.3. North East Lincolnshire has not had an adopted housing requirement since the formal revocation of the *Yorkshire and Humber Plan Regional Spatial Strategy to 2026*\(^{39}\) (RSS) on the 22nd February 2013. The RSS outlined a stepped housing requirement, which increased from at least 310 net additions to be made annually in the early years of the plan, to at least 510 net additions after 2008, in recognition of the economic opportunities associated with the Humber ports.

---

6.4. Since the revocation of the RSS, the Council has undertaken work to fully, and objectively, assess North East Lincolnshire’s need for housing. This is a two stage process which first requires the Council to undertake a full, objective assessment of the needs for housing in the area, and secondly to then translate this into a housing requirement (target).

6.5. In doing so, local planning authorities should ‘use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in [the NPPF], including identifying key sites which are critical to the delivery of the housing strategy over the plan period’.

Strategic Housing Market Assessment

6.6. The Council published the *North East Lincolnshire Strategic Housing Market Assessment* (SHMA) in May 2013. The SHMA was prepared by independent consultancy GVA Grimley Ltd, with the Council’s Strategic Housing Partnership acting as the project sponsor.

6.7. This SHMA provided a full assessment of demographic drivers of change and conditions in the local housing market. This included an analysis of current market signals including recent trends in house prices and affordability.

6.8. In assessing the future need for housing, the SHMA identifies three potential growth scenarios, covering the period from 2011 to 2030. This included: a trend based scenario, based on the Office for National Statistics Sub-National Population Projections 2010 (SNPP-2010); a natural change scenario; and, an employment-led scenario using a jobs-growth forecast from the Experian regional econometric model (REM). Each scenario presented in the SHMA used the 2008-based HRRs which was the most up-to-date model available at the time the document was prepared.

6.9. The SNPP-2010 scenario represented the most up-to-date starting point for calculating the OAN at the time that the SHMA was prepared. This produced a requirement for around 300 net additional homes per annum, based on existing demographic trends.

6.10. The natural change scenario was presented for indicative purposes only. The natural change scenario shows the impact of birth and death rates on population growth or decline within an area, and does not take other factors into account. Natural growth scenarios for North East Lincolnshire show population growth because birth rates are expected to continue to remain higher than death rates, because the life expectancy of the area’s residents continues to increase.

6.11. The employment-led (Experian REM) scenario was recommended as the principal scenario for consideration in the formulation of future policy. Under this scenario, 508 net additional dwellings would be required each year to meet the area’s need for housing. This scenario took account of a full range of demographic factors and modelled the impact of jobs growth.

6.12. However, the Experian REM jobs-growth forecast utilised was not considered to have taken sufficient account of local economic circumstances in North East Lincolnshire, such as the opportunity for significant growth linked to the renewable energy industry, and the potential of the area to accommodate large-scale industrial developments on the South Humber Bank (SHB).

6.13. During the past ten years economic circumstances have changed considerably. The country entered into a deep recession during the third quarter of 2008, and remained in recession longer than any other G7 country, following the financial crisis. The financial crisis saw a severe reduction in capital for individuals and businesses. The period leading up to the financial crisis saw sharp rises in unemployment. The REM scenario utilised in the SHMA would have been affected by the recession.

Local Economic Assessment

6.14. As a result, the Council undertook further work to assess the potential for jobs growth in North East Lincolnshire. This work was undertaken through the production of the Council’s Local Economic Assessment (LEA).

6.15. The Council’s LEA was prepared by Atkins, an independent consultancy. The LEA comprises three reports: the Economic Baseline report, which provides an overview of the current economic condition of North East Lincolnshire; a Sector Study, which provides an analysis of current trends and prospects for the area’s five key business sectors; and, the Economic Futures report, which takes the evidence and assesses the potential for future jobs growth in all aspects of the economy, not just the five key sectors.

6.16. The Economic Futures report presented three potential jobs-growth scenarios for North East Lincolnshire, in the period from 2013 to 2032. This work establishes that there is potential for a minimum of around 4,430 additional jobs to be created in North East Lincolnshire, in the period to 2032, based on a ‘business as usual’ trend based scenario.

41 Group of Seven (G7) refers to the world’s seven most powerful and industrialised countries: Canada, France, Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland, and the United States of America.

42 These are: food processing; chemicals and process industries; renewables; ports and logistics; and, the visitor economy, including services and retail.
6.17. The document then provides two policy-led estimates of change which examine the potential for jobs creation should initiatives be put into place to encourage further economic growth. The three economic growth scenarios are summarised in Table 2 - Economic Futures report scenarios.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Description</th>
<th>Jobs Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>'Baseline'</td>
<td>This presents a “business as usual” scenario and reflects a trend based methodology.</td>
<td>4,433</td>
</tr>
<tr>
<td>'Medium Growth'</td>
<td>This scenario assumes that there is moderate success in an economic development strategy and proposed investment in key projects. It sees growth in specific parts of the economy, namely the renewable energy, chemicals and process, and ports and logistics industries. Growth in other key sectors, such as business and financial services, would remain subdued as these businesses sought to establish in competitive locations. There is some growth in the service sector economy under this scenario resulting from expansion of the key sectors, and as a response to the perceived enhanced competitiveness of Grimsby and Cleethorpes town centres. Retail and tourism employment is expected to increase under this scenario.</td>
<td>8,792</td>
</tr>
<tr>
<td>'High Growth'</td>
<td>This scenario reflects the best example of economic development strategy implementation, with coordinated action across the local authority, LEPs, neighbouring authorities and other partners, and sees the delivery of most key opportunities. Within this scenario, maximisation of labour force capacity and changing migration patterns are identified, which together with investment in the leisure and cultural offer, together with the provision of a good supply of housing (including affordable housing), would see strong growth in all key sectors of the local economy.</td>
<td>14,184</td>
</tr>
</tbody>
</table>

Table 2 - Economic Futures report scenarios

6.18. These jobs-growth scenarios were further broken down to present the forecasts by three five years periods, and one four year period, covering the 19 year period from 2013 to 2032. This provides an indication of when additional job opportunities could be expected to be created during the plan period.

6.19. The impact of these scenarios on housing need is discussed later in this document as a factor following the objective assessment of housing need which influences the final housing requirement.

---

Demographic analysis and forecasts

6.20. Following the publication of the *Economic Futures* report, the Council commissioned demographic modelling specialists, Edge Analytics, to undertake further demographic modelling and household forecasts.

6.21. This was published in *Demographic analysis and forecasts* (2014). The Council further commissioned Edge Analytics during 2015 to update this report because of the release of DCLG’s 2012-based household projections. This work produced a fully updated and revised edition of *Demographic analysis and forecasts* (2015), which supersedes the previous report.

6.22. This additional modelling work considered nine growth profiles to produce a range of demographic projections and employment-led forecasts. A range of sensitivity tests were undertaken to look at the impact of different assumptions around long-term unemployment rates and commuting patterns.

6.23. The growth profiles comprise four trend based projections (including ‘official’ and alternative scenarios); a natural change projection (for illustrative purposes only); the three employment-led forecasts outlined in the *Economic Futures* report; and, the modelling of an updated employment based output from the Regional Econometric Model (REM) (November 2014).

6.24. The SHMA (2013) and *Demographic analysis and forecasts* (2015) reports represent combined provide an up-to-date and objective assessment of North East Lincolnshire’s housing need.

6.25. The Council has outlined clear aspirations for economic growth. Therefore, the trend based scenarios considered in the *Economic Futures* report have not been taken forward to inform policy formation in the Council’s emerging Local Plan. Planning for these scenarios would not plan for additional economic growth to be realised within the area.

6.26. The SNPP-2012 scenario represents the starting point for the objective assessment of housing need, because it is the most recent official population projection.

6.27. Further evidence indicates that the SNPP-2012 provides a population growth figure which is too low to represent past trends in any event, because of the internal migration rates and international migration flow assumptions made in the projections. The official projections exclude unattributable population change (UPC)\(^{44}\). Two alternative trend based scenarios have been modelled to show the impact of longer term migration trends, which takes account of the UPC.

---

\(^{44}\) Unattributable population change (UPC) is a classification used by the Office for National Statistics (ONS) to identify a measured change in population which cannot be assigned, with certainty, to a particular driver of change. The method of calculating births, deaths, and internal migration statistics is considered to be robust. The UPC is assumed to be associated with international migration estimates.
These scenarios are described as ‘PG-5Yr’ and ‘PG-10Yr’ in the Demographic Analysis and Forecasts report\(^{(45)}\). These scenarios present a demographic change scenario which is based on historical internal migration rates and international migration flow (with UPC adjustment) evidence from the past five years and ten years, respectively.

Taking account of longer term migration trends and the UPC results in a higher overall need for housing. While the SNPP-2012 would require at least 246 new homes a year (based on the 2012-based HRRs), taking account of longer term migration trends and the UPC would suggest that this figure should be revised upwards to at least 345 new homes per annum, with a figure of over 400 additional dwellings per annum when the 2008-based HRR is utilised\(^{(46)}\).

Taking account of economic growth forms an integral part of the objective assessment of need. The Council commissioned a projection from the Yorkshire and Humber Regional Econometric Model (REM) (November 2014 edition), from the Regional Economic Intelligence Unit at Leeds City Council. The REM output provided suggests that at least 7,850 new jobs would be created in North East Lincolnshire in the period to 2031, a significantly higher projection than the REM output which informed the preparation of the Council’s SHMA.

This is a ‘policy-neutral’\(^{(47)}\) projection, and the output therefore directly feeds into the objective assessment of housing need.

Table 3 - Demographic and employment scenario outputs provides an overview of each scenario, and the average number of new homes which would need to be delivered each year across the plan period.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Household Representative Rate</th>
<th>Average jobs per year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2011</td>
</tr>
<tr>
<td>LEA High Growth</td>
<td>1,055</td>
<td>913</td>
</tr>
<tr>
<td>LEA Medium Growth</td>
<td>808</td>
<td>665</td>
</tr>
<tr>
<td>REM</td>
<td>789</td>
<td>647</td>
</tr>
<tr>
<td>LEA Baseline</td>
<td>615</td>
<td>471</td>
</tr>
<tr>
<td>PG-10Yr</td>
<td>427</td>
<td>284</td>
</tr>
<tr>
<td>PG-5Yr</td>
<td>408</td>
<td>262</td>
</tr>
<tr>
<td>Natural Change</td>
<td>331</td>
<td>188</td>
</tr>
<tr>
<td>SNPP-2010</td>
<td>299</td>
<td>170</td>
</tr>
<tr>
<td>SNPP-2012</td>
<td>307</td>
<td>163</td>
</tr>
</tbody>
</table>

\(^{(45)}\) ‘PG’ stands for PopGroup. This is the modelling tool utilised by Edge Analytics Ltd. to produce the various scenarios and to test different assumptions.

\(^{(46)}\) The PG-5Yr scenario is used here as the basis for an upward adjustment. This is because improvements have been made in the way that the ONS estimate international migration in recent years. The utilisation of a longer term trend would not take these improvements into account.

\(^{(47)}\) The term ‘policy-off’ is often used. This report uses the term policy neutral in recognition that policies continue to be implemented and it therefore reflects the continuation of the prevailing policy basis at the time that the projection was derived.
6.33. The figures presented above do not take account of the impact of modelling which tests the impact of alternative assumptions.

**Alternative assumptions and sensitivity testing**

6.34. The assumptions applied during the modelling process have been outlined in Appendix A: Summary of modelling assumptions. The standard assumptions were recommended by specialist demographic modelling consultants, Edge Analytics Ltd., and have been discussed within the Demographic analysis and forecasts report. This section outlines the approach to deriving alternative assumptions to provide a basis for sensitivity testing, and how these have been taken forward to inform the assessment of housing need.

**Long-term unemployment rates**

6.35. The impact of a continued reduction in the proportion of the Borough's working age population who are unemployed has been modelled. It is expected that, as job opportunities increase in the area, the unemployment rate will decrease.

6.36. The Council has tested the impact of two unemployment assumptions:

- An initial unemployment rate of 11.5% representing a 5 year average (2009-2013) reduces to 9.1% representing a ten year average (2004-2013) by 2020, and is then held at this rate to 2032, based on unemployment rates in North East Lincolnshire; and,
- An unemployment reduction (UR) sensitivity test in which the initial unemployment rate of 11.5% representing a 5 year average (2009-2013) reduces to 7.2% by 2023, and is then held at this rate to 2032, based on a ten year unemployment average (2004-2013) for the Yorkshire and the Humber region.

6.37. The use of a ten year average for each figure ensures that periods of economic growth, and periods of recession, are captured in the trend. The period of time during the financial crash leading up the recession, and then during the recession, saw unemployment increase.

6.38. **Table 4 - Local, regional, and national unemployment rates** presents the latest unemployment rates for North East Lincolnshire, the Yorkshire and Humber region, and Great Britain. This shows that the unemployment rate during 2014 stood at 8.8%, a 2% reduction on the previous calendar year. Standing at 7.4%, the Yorkshire and Humber regional average in the last year has almost reached the ten year average.
Local, regional, and national unemployment rates (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>North East Lincolnshire</th>
<th>Yorkshire and the Humber</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>5.9</td>
<td>4.5</td>
<td>4.8</td>
</tr>
<tr>
<td>2005</td>
<td>6.0</td>
<td>4.8</td>
<td>4.9</td>
</tr>
<tr>
<td>2006</td>
<td>6.3</td>
<td>5.5</td>
<td>5.4</td>
</tr>
<tr>
<td>2007</td>
<td>6.6</td>
<td>5.4</td>
<td>5.2</td>
</tr>
<tr>
<td>2008</td>
<td>7.5</td>
<td>6.2</td>
<td>5.7</td>
</tr>
<tr>
<td>2009</td>
<td>10.5</td>
<td>8.5</td>
<td>7.7</td>
</tr>
<tr>
<td>2010</td>
<td>10.9</td>
<td>8.7</td>
<td>7.6</td>
</tr>
<tr>
<td>2011</td>
<td>12.3</td>
<td>9.4</td>
<td>8.0</td>
</tr>
<tr>
<td>2012</td>
<td>11.5</td>
<td>9.3</td>
<td>7.9</td>
</tr>
<tr>
<td>2013</td>
<td>10.8</td>
<td>9.0</td>
<td>7.5</td>
</tr>
<tr>
<td>2014</td>
<td>8.8</td>
<td>7.4</td>
<td>6.2</td>
</tr>
</tbody>
</table>

Table 4 - Local, regional, and national unemployment rates

6.39. The most recently published data, which covers the period from October 2014 to September 2015, shows that North East Lincolnshire’s unemployment rate stood at 7.8% during this period, and 6.1% in the Yorkshire and Humber region. This suggests that the achievement of a reduction to 7.2% by 2023 is a realistic and achievable prospect.

Commuting ratios

6.40. North East Lincolnshire has a commuting ratio of almost 1:1. There is one worker available in the population to service each job. There are marginally more jobs than workers which means that there is a net in-commute to North East Lincolnshire.

6.41. In 2011, there were around 70,800 workers, and 71,100 jobs. ONS flow data also evidences this pattern, with around 11,600 people commuting into North East Lincolnshire, compared to around 11,300 commuting from North East Lincolnshire to other locations for work.

6.42. North East Lincolnshire has a commuting ratio of 0.995, compared to 0.998 in 2011. There was an increase in the total number of workers, and in the total number of jobs. The number of workers increased by 7.36%, and the number of jobs increased at a faster rate, at 7.67%.

6.43. The Council has tested the impact of three commuting ratio assumptions:

- The commuting ratio (CR) is maintained at 0.995 across the plan period;
- The CR changes from 0.995 to 0.985 over the period to 2032, which would equate to around 10% of new jobs being taken by an increased net commute (referred to as ‘CR1’ in the Demographic analysis and forecasts report); and,

---

48 ONS Annual Population Survey. Proportion of economically active population aged 16 and over. Accessed via NOMIS. This table has been updated since its publication in the Council’s addendum to the Demographic analysis and forecasts (2014) report. Data is presented for calendar years.

49 Calculated using Table T101, 2001 Census; and, Table WU02UK, 2011 Census, Office for National Statistics.
• The CR changes from 0.995 to 0.974 over the period to 2032, which would equate to around 20% of new jobs being taken by an increased net commute (referred to as ‘CR2’ in the Demographic analysis and forecasts report).

6.44. The Council does not propose to assume that commuting ratios will change across the plan period. Commuting ratios are held constant in recognition that the plan should provide the number of homes needed to accommodate the labour force required. If the Council were to select an alternative scenario, discussion would be needed with neighbouring authorities to ensure that the resulting unmet need was provided from elsewhere. Not providing enough homes for the expected labour force could result in the encouragement of unsustainable travel patterns.

6.45. North East Lincolnshire has a daytime population which is 0.2% higher than its evening population, representing a marginal net in-flow of commuters.

Household Representative Rates

6.46. The Council published its Consultation Draft Local Plan for consultation in early February 2015. At the time the document was prepared and published, the interim 2011-based household representative rates (HRR) were the most recent release, while the 2008-based HRR dataset represented the most recent full release. The 2012-based household projections were released on 27 February 2015 during the consultation period.

6.47. The housing requirement outlined in the Consultation Draft Local Plan utilised the 2008-based household rates because it was the most up-to-date full dataset available at the time the document was produced. The 2011-based model was released on an interim basis and only covered a short to medium term (ten year) period to 2021.

6.48. The Council has not considered scenarios which utilise the interim 2011-based household rates to present a likely assessment of future housing needs. Data from the 2011 Census was used to inform this HRR dataset, however, not all of the required datasets were ready at the time the 2011-based interim HRR dataset was prepared. This resulted in the use of data from the Labour Force Survey (LFS), and data from the previous 2008-based HRRs50.

6.49. These interim HRRs also cover a period when the country was in recession and there were restrictions on the availability of credit following the banking crisis. These resulted in a reduction of household formation rates due to a variety of reasons. The 2011-based interim model takes forward a number of trends which may not continue across the local plan.

6.50. In particular, a perpetuating decrease of 25-34 year olds forming households is a trend. While this trend is likely to continue to some extent, it is considered likely to be a ‘forced choice’. There will be people within this age group who are still in housing need. During the credit crunch and recession, people in this age group may have had difficulty accessing the jobs market due to reduced opportunity, reducing their ability to save a deposit and their ability to service a mortgage. It is not considered that this is reflective of the needs of younger people changing, and it is expected that these trends will not continue as projected.

Household Representative Rates
This chart shows 2012-based HRRs for single males and females in younger age categories to illustrate the trends presented in the 2012-based HRR dataset. Data source: DCLG.

Figure 8 - Household Representative Rates

6.51. The most recent HRR dataset, the 2012-based HRRs, shows that household formation rates are expected to rise for both single males and females within the 20-24, 25-29, and 30-34 age groupings. This is presented for illustrative purposes in Figure 8 - Household Representative Rates, however, it should be noted that the projections show a decline in formation for couples within the same age groupings. Overall, the 2012-based rates show more ‘winners’ than ‘losers’ resulting in higher formation rates than the 2011-based HRR dataset\(^\text{51}\).

6.52. These HRR datasets would not capture changes in trends as a result of recent market intervention affecting the availability of mortgages. The Government introduced the first Help to Buy scheme, the mortgage guarantee scheme, during 2013, and more recently introduced an equity loan scheme. In addition, the Help to Buy ISA was launched recently, which rewards savers with a cash bonus from the Government when purchasing their first home.

---

6.53. These interventions, along with plans for starter homes offered for sale at 80% of their market value\(^{52}\), have the potential to significantly increase the number of people able to access new homes.

6.54. While the 2012-based HRR dataset is the most recent data release, as stated above, policy interventions have since emerged which could increase the ability of households to form. The 2008-based HRR dataset is, however, considered to be an unrealistic expectation of future household formation.

6.55. The Bank of England has been given further powers to guard against financial stability risks from the housing market which includes measures to provide the bank with the ability to place limits on residential mortgage lending in regards to loan to value ratios and debt to income ratios\(^{53}\). These changes have ensured that debt to income ratios have remained lower than may have been previously offered, as many lenders have tightened their lending criteria. There are no 100% mortgage products currently available, and a limited range of 95% mortgages. These measures reduce the chance of the trends reflected in the 2008-based HRR dataset from occurring.

6.56. Demand for mortgages has remained reduced compared to the pre-recession period\(^{54}(55)\) though lenders have reported that there is increased demand for mortgage finance\(^{56}(57)\) to the Bank of England in recent months.

6.57. Taking this evidence into account, it is considered that an average based on the 2012-based and 2011-based household formation rates is the most appropriate basis for household formation.

6.58. Taking forward other options could result in the under-supply of new homes which may reinforce forced choices. Given the evidence of higher formation rates in the 2012-based model, the interim 2011-based HRRs appear to represent a short term departure from longer term trends in household formation.

6.59. **Figure 9 - Number of new dwellings required per year (average) and the impact of household representative rates** illustrates the impact of each HRR dataset on the average number of dwellings required per annum for the nine housing growth scenarios modelled.

---

52 This scheme would see new homes offered for sale with a 20% ‘discount’. Starter homes would only be available to first-time buyers under the age of 40.
Objective assessed need for housing

6.60. Bringing the evidence together, the objective assessment of housing need concludes that there is a need for a minimum of circa 13,000\(^{(58)}\) new homes between 2013 and 2032 – an average of 683 additional new homes per annum. This includes jobs growth of around 8,160 additional jobs (+13.5\%)\(^{(59)}\).

6.61. This figure utilises an average of the 2012-based and 2008-based HRRs and the unemployment reduction scenario, combined with the remainder of the standard modelling assumptions outlined at Appendix A - Summary of modelling assumptions.

---

58 This figure is rounded. The average requirement equates to 683 units per annum. Once broken down to produce a stepped requirement linked to the employment growth projection, rounding errors produce a figure of 12,986.

59 The REM projection covers the period to 2031, and the final year of the projection is replicated in 2032.
6.62. This represents the minimum number of new homes required to be delivered in North East Lincolnshire in the period to 2032. Modelling was undertaken to align the jobs-growth output presented in the REM model to the housing growth required in three five year periods, and one four year period to cover the remainder of the plan period. This is presented below in Table 5 - OAN Stepped Housing Requirement.

<table>
<thead>
<tr>
<th>Housing Need</th>
<th>OAN Stepped Housing requirement (Net additional dwellings per annum)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>OAN</td>
<td>843</td>
<td>510</td>
</tr>
</tbody>
</table>

Table 5 - OAN Stepped Housing Requirement

7. Housing requirement

7.1. As outlined in Figure 1 - Process for establishing a housing requirement, the process to establish a housing requirement (target) involves two stages. The first is the objective assessment of the need for housing, and the second stage involves the consideration of policy factors to determine a housing requirement.

Land supply capacity

7.2. In taking into account policy and supply factors, it is recognised that the housing requirement to be taken forward in a plan could fall short of meeting the OAN, where there are conflicts arising with other policies contained with the NPPF, such as policies which affect the supply of land. This could include areas of outstanding natural beauty (AONBs), Green Belt, National Parks, and flood risk.

7.3. The North East Lincolnshire Strategic Housing Land Availability Assessment incorporating Five Year Housing Land Supply Assessment (SHLAA) (2015) identifies sufficient land capable of meeting North East Lincolnshire’s housing need.

7.4. However, the SHLAA provides a high-level assessment and the Council should also consider the sustainability of sites. This assessment was undertaken through Sustainability Appraisal (SA) of the plan. The Council does not propose to make any adjustments to the requirement because of land supply issues. There is a sufficient sustainable supply of land to meet needs within the plan area, provided that a windfall allowance is also made for growth in the urban area. The Council has explained the approach taken to establish a sufficient supply of land across the plan period in the Housing Land Technical Paper (2016).

See R (Hunston Properties) Ltd) v SSCLG and St Albans City and District Council [2013], and Gallagher Estates Ltd V Solihull MBC [2014].
Backlog

7.5. As discussed in Housing delivery, the delivery of new homes in North East Lincolnshire fell short of the RSS housing target in most of the years that it was the adopted housing target for the area.

7.6. The accumulated number of homes which were not delivered measured against this target is referred to as backlog. A lack of supply of new homes to meet need can result in ‘unmet need’ where households have not been able to form. This can result in social problems, for example, it could increase the overcrowding of households.

7.7. It has now been firmly established that a SHMA assesses need at the point at which it is produced and that authorities are not required to bolt on backlog to new housing requirements. This was established through judgment issued in 2014, which states:

‘Contrary to [the claimant’s] case, there was no methodological error in the way these competing estimates for the [plan period] were drawn up by reason of the notional “shortfall” in housing delivery [in the past] by comparison with the average annual figure additional housing indicated in the [relevant Regional Spatial Strategy]. Contrary to [the claimant’s] argument, there was no reason whatever for a person... seeking to draw up a current estimate of population growth and housing requirements looking into the future [across the plan period] and using up-to-date evidence to do so, to add on to the estimated figures any shortfall against what had been estimated to be needed in the first phase of the previously modelled period included in the [relevant Regional Spatial Strategy].’

7.8. The judgment continues:

‘According to [the claimant’s] suggestion, the modellers… should have begun by saying that there was a shortfall of… homes against a previous estimate and then should have added that on to their own modelled estimates for new homes for [the plan period] to produce the relevant total figure. In fact, none of them proceeded in that way, and rightly so. In my view, they would clearly have been wrong if they had tried to do so. Their own modelling for [the plan period] is self-contained, with its own evidence base, and would have been badly distorted by trying to add in a figure derived from a different estimate using a different evidence base. That would have involved mixing apples and oranges in an unjustifiable way(61).’

7.9. The Council therefore does not intend to take account of any backlog accumulated due to the under delivery of housing when measured against the RSS housing target, which amounts to 1,459 units. The extent of the backlog is outlined in Table 6 - Backlog against RSS target to provide context.

---

61 See paragraphs 94 and 95, Zurich Assurance Limited v Winchester City Council & South Downs National Park Authority [2014] EWHC 758 (Admin). Planning Inspectors have since confirmed that they do not feel that it is appropriate to bolt on backlog to new OAN figures, for example, see: Foster, R. (2014). Examination of the Uttlesford Local Plan (ULP): Inspector’s conclusions. Uttlesford District Council: Saffron Walden, Essex. p.12
### Backlog against RSS target

<table>
<thead>
<tr>
<th>Year</th>
<th>RSS Housing Requirement</th>
<th>Net Housing Completions</th>
<th>Surplus or (deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05</td>
<td>310</td>
<td>202</td>
<td>(108)</td>
</tr>
<tr>
<td>2005/06</td>
<td>310</td>
<td>201</td>
<td>(109)</td>
</tr>
<tr>
<td>2006/07</td>
<td>310</td>
<td>358</td>
<td>48</td>
</tr>
<tr>
<td>2007/08</td>
<td>310</td>
<td>342</td>
<td>32</td>
</tr>
<tr>
<td>2008/09</td>
<td>510</td>
<td>77</td>
<td>(433)</td>
</tr>
<tr>
<td>2009/10</td>
<td>510</td>
<td>253</td>
<td>(257)</td>
</tr>
<tr>
<td>2010/11</td>
<td>510</td>
<td>206</td>
<td>(304)</td>
</tr>
<tr>
<td>2011/12</td>
<td>510</td>
<td>287</td>
<td>(223)</td>
</tr>
<tr>
<td>2012/13</td>
<td>510</td>
<td>405</td>
<td>(105)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,790</strong></td>
<td><strong>2,331</strong></td>
<td><strong>(1,459)</strong></td>
</tr>
</tbody>
</table>

Table 6 - Backlog against RSS target

7.10. A SHMA assesses need at the point at which it is produced, however, the Council has reflected on the consequences of past under-delivery and it is felt that the use of the average of the 2008-based and 2012-based HRRs provides for additional housing supply, above the 2012-based HRRs which represent the latest model, which will ensure additional housing supply to address any past unmet need.

### Cross boundary un-met need

7.11. The Council, through discussions with neighbouring authorities, has not identified any un-met need which needs to be provided for in North East Lincolnshire, or a need to meet any of North East Lincolnshire’s housing growth in other local authority areas. Further detail about engagement with other authorities can be found in the Council’s *Duty to Co-operate Statement* (2016).

### Affordable housing need

7.12. While house prices and market rents in North East Lincolnshire are relatively low, as discussed, gross household income is also low. This means that there is still a need to provide affordable housing for those who cannot access market housing.

### Definitions

#### 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\(^{(62)}\).

---

\(^{(62)}\) Annex 2, *National Planning Policy Framework* (DCLG, 2012). The *Housing and Planning Bill* includes a clause which would bring starter homes into the definition of affordable housing (see Clause 72 of the Bill).
7.13. The NPPG provides advice on how affordable housing need should be considered within strategic housing market assessments. It states that: ‘The total affordable housing need should then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes.’

7.14. The Council is addressing affordable housing in the context of its likely delivery, recognising that the need for affordable housing as assessed through the SHMA is significant. The method of addressing affordable housing within evidence and plans has been the subject of scrutiny through legal challenge. The Council has considered relevant cases. This includes the recent judgment made in the case of Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government and ELM Park Holdings Ltd. [2015], in which it was held that it is not a requirement of national planning policy that affordable housing need should be met in full.

7.15. It is stated that: ‘The [National Planning Policy Framework (NPPF)] makes clear that [affordable housing need] should be addressed in determining the FOAN, but neither the [NPPF] nor the [Planning Practice Guidance] suggest that they have to be met in full when determining that FOAN. This is no doubt because in practice very often the calculation of unmet affordable housing need will produce a figure which the planning authority has little or no prospect of delivering in practice. That is because the vast majority of delivery will occur as a proportion of open-market schemes and is therefore dependent for its delivery upon market housing being developed.’

7.16. The Council’s SHMA identified a need for 586 net affordable homes to be delivered each year in the period from 2013 to 2018, in order to clear the existing waiting list backlog and to meet future arising household need.

7.17. The NPPG suggests that Council’s consider an uplift in market housing numbers to increase the quantity of affordable housing that could be secured. The Council considers that an uplift for economic growth made to reflect the Council’s growth aspirations (detailed in the next part of this chapter) provide a significant uplift which will enable more affordable homes to be delivered. It is implicit that this uplift will already boost housing supply and therefore the potential number of affordable homes. The Council further considers that the quantum of development that would be required to provide the scale of new affordable homes needed would be wholly unrealistic, would compromise the plan’s strategy by requiring further land allocations in unsustainable rural locations, and would require an undeliverable rate of housing development which the market could not sustain.

---

64 Paragraph 32, Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government and ELM Park Holdings Ltd. [2015] EWHC 2464 (Admin).
7.18. The Council estimates that in the region of 1800 to 2200 affordable units could be viably generated from market housing developments over the plan period. Development viability remains a key challenge in North East Lincolnshire.

**Policy objectives**

7.19. As discussed, the Council’s LEA produced three employment growth scenarios: one trend based scenario (the baseline scenario), and two demand-led scenarios (the medium growth and high growth scenarios).

7.20. These impact of the growth in jobs envisaged in these three scenarios has been modelled, and broken down to three five year periods and a further four year period, to cover the entire plan period to 2032. This produces a stepped housing requirement for each scenario, however, when the figure is annualised the baseline, medium growth, and high growth scenarios would produce housing requirements of 512, 702, and 944 homes per annum, respectively.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Housing requirement – net additional dwellings per annum</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline</td>
<td>397</td>
<td>488</td>
</tr>
<tr>
<td>Medium Growth</td>
<td>505</td>
<td>657</td>
</tr>
<tr>
<td>High Growth</td>
<td>690</td>
<td>941</td>
</tr>
</tbody>
</table>

Table 7 - Employment-led growth scenarios (Net additional dwellings required per year)

7.21. The Council has developed an Economic Strategy. A key part of the strategy involves bringing forward significant employment land allocations located on the south Humber bank. The Council has devised the South Humber Industrial Investment Programme (SHIIP) to deliver major employment sites in this area. SHIIP is a strategic investment programme which seeks to facilitate large scale economic growth within North East Lincolnshire, by delivering a programme of projects aimed at overcoming infrastructure and environmental constraints to development. The programme is a commitment from the Council to invest in improvements which will facilitate further economic growth.

7.22. This growth potential has been further supported by the expansion of the Humber Enterprise Zone (EZ) – the largest EZ in the UK. The Enterprise Zone now covers significant areas of land on the South Humber Bank and will provide benefits including business rate retention, to secure further economic growth in this key employment area.
7.23. The Economic Strategy, and implementation of the SHIIP initiative, ensures that the medium growth (scenario 1) scenario is deliverable. Following an assessment of the impact of these policy interventions, the Council considers that the medium growth scenario reflects the most reasonable and likely assessment of potential economic growth over the plan period. The Council’s rationale for the selection of this scenario is outlined in the Employment Technical Paper (2016). This includes an explanation of the delivery mechanisms which the Council is putting in place (including SHIIP and a town centre investment plan) to deliver this growth.

7.24. This medium growth scenario provides a further uplift to housing numbers, requiring circa 13,340 new homes between 2013 and 2032, representing an average of 702 homes per annum. This represents the housing requirement in the emerging Local Plan. The requirement is stepped and has been directly aligned to economic growth opportunities. This will see the housing requirement increase over the plan period, with a slight decrease in the final four year period.

7.25. Table 8 - Shortfall measured against emerging housing requirement shows current net new houses constructed measured against the emerging housing requirement. This identifies that almost 880 new homes have been delivered, leaving 12,460 to be delivered across the remainder of the plan period.

<table>
<thead>
<tr>
<th>Year</th>
<th>Interim Housing Requirement</th>
<th>Net Housing Completions</th>
<th>Surplus or (deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013/14</td>
<td>505</td>
<td>314</td>
<td>(191)</td>
</tr>
<tr>
<td>2014/15</td>
<td>505</td>
<td>366</td>
<td>(139)</td>
</tr>
<tr>
<td>2015/16(67)</td>
<td>253</td>
<td>198</td>
<td>(55)</td>
</tr>
<tr>
<td>Total</td>
<td>1,263</td>
<td>878</td>
<td>(385)</td>
</tr>
</tbody>
</table>

Table 8 - Shortfall measured against emerging housing requirement

7.26. This provides sufficient homes to support demographic change within North East Lincolnshire, and to provide the new homes needed year on year to support economic growth by providing a sufficient supply of new homes to accommodate the additional labour force required to fill jobs growth. This will allow for a balanced labour market to exist.

---

65 A Planning Inspector in determining an appeal made under section 78 of the Town and Country Planning Act 1990 commented: ‘That the Council has chosen to follow the path of intermediate growth seems to me to be reasonable, and I have no evidence to suggest that it is not achievable or desirable’. See page 4 of the Appeal Decision for residential development at the Land off Shaw Drive and Glebe Road, Scartho, Grimsby. Appeal Ref: APP/B2002/W/14/3001106.

66 Monitoring data using alterations made to the VOA’s Valuation List, Approved Inspector notifications, and Building Control completion records.

67 Figures for the 2015/16 monitoring year present the mid-year position. The housing requirement reflects half the housing requirement for this monitoring year. Net housing completions presents actual housing completions made between 1 April 2015 and 30 September 2015. The surplus or deficit is a mid-year figure which compares the completions delivered so far against half of the full year housing requirement.
8. Conclusion

8.1. The Council’s objective assessment of the need for housing suggests that 13,000 additional homes are needed in North East Lincolnshire in the period from 2013 to 2032. This is an average of 683 homes per year. The Council is implementing an Economic Strategy and has modelled the impact of jobs growth that could be expected as a result of policy intervention. This results in a requirement for 13,340 new homes over the plan period, an average of 702 per annum.

8.2. The Council has modelled forecast employment growth and linked it to produce a stepped housing requirement, which increases the housing requirement as job opportunities come on stream.
### Appendix A. Summary of modelling assumptions

<table>
<thead>
<tr>
<th>Factor</th>
<th>Source</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>ONS</td>
<td>Mid-Year Population Estimates by single year of age and sex from 2001 to 2013 (including the revised 2002-2010 revised MYE released in May 2013). For the SNPP scenarios future counts of population have been provided to replicate the ONS projections.</td>
</tr>
<tr>
<td>Births and Fertility</td>
<td>ONS Vital Statistics</td>
<td>Births by sex between 2001/02 and 2012/13. For the SNPP scenarios future counts of births have been provided to replicate the ONS projections.</td>
</tr>
<tr>
<td>Deaths and Mortality</td>
<td>ONS Vital Statistics</td>
<td>Deaths by sex and five year age groups between 2001/02 and 2012/13. For the SNPP scenarios future counts of deaths have been provided to replicate the ONS projections.</td>
</tr>
<tr>
<td>Internal Migration</td>
<td>ONS</td>
<td>In-migrant and out-migrant counts by sex and five year age groups between 2001/02 and 2012/13. For the SNPP scenarios future counts of migrants have been provided to replicate the ONS projections.</td>
</tr>
<tr>
<td>International Migration</td>
<td>ONS</td>
<td>Immigration and emigration total counts between 2001/02 and 2012/13. For the SNPP scenarios future counts of migrants have been provided to replicate the ONS projections. Unattributable population change (UPC) is assumed to be a result of international migration in alternative trend based scenarios.</td>
</tr>
<tr>
<td>Communal Population</td>
<td>2011 Census</td>
<td>The population not in households at the 2011 Census.</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>2011 Census</td>
<td>This is held at 3.9% and it includes second homes and holiday lets.</td>
</tr>
<tr>
<td>Headship Rates</td>
<td>DCLG</td>
<td>2008-based, interim 2011-based, and 2012-based household representative rates.</td>
</tr>
</tbody>
</table>
| Commuting Ratio               | 2011 Census                   | • Initial commuting ratio (CR) of 0.995.  
• In sensitivity test CR1, the commuting ratio changes from 0.995 to 0.985 over the full forecast period (10% of new jobs taken by an increased net commute).  
• In sensitivity test CR2, the commuting ratio changes from 0.995 to 0.974 over the full forecast period (20% of new jobs taken by an increased net commute).                                                                                           |
| Unemployment Rate             | NOMIS, APS                    | • Initial unemployment rate of 11.5% representing a 5 year average (2009-2013) reduces to 9.1% representing a ten year average (2004-2013) by 2020 based on unemployment rates in North East Lincolnshire.  
• In unemployment reduction (UR) sensitivity tests the initial unemployment rate of 11.5% representing a 5 year average (2009-2013) reduces to 7.2% by 2023 representing a ten year average (2004-2013) for Yorkshire and the Humber. |
| Economic Activity Rates       | 2011 Census                   | 2011 Census economic activity rates applied with increases made between 2011 and 2020 to                                                                                                                                                                                                                                                  |
reflect changes in the state pension age (SPA).

- Males: Age 60-64: +5%; Age 65-69: +10%
- Females: Age 60-64: +40%; Age 65-69: +20%

<table>
<thead>
<tr>
<th>Jobs Growth</th>
<th>REM</th>
<th>+7,850 jobs (2013-2031), Yorkshire and Humber Regional Econometric Model (November 2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Medium Growth: +8,792 jobs (2013-2032), <em>Economic Futures</em>, Atkins</td>
</tr>
</tbody>
</table>
Appendix B. Commuting inflows and outflows (net)
Document Availability

If you would like to receive this document in any other language or in another format such as large print, braille, or on audiotape, please contact:

Spatial Planning Team
Tel: (01472) 323370 / 325953 / 324272
Email: newlocalplan@nelincs.gov.uk

Spatial Planning
ENGIE
Origin Two
2 Origin Way
Europarc
Grimsby
North East Lincolnshire
DN37 9TZ