



Coastal Lincolnshire Strategic Housing Market Assessment

September 2012

Contents

| | | |
|----|--|----|
| 1. | Introduction..... | 4 |
| | What is a Strategic Housing Market Assessment? | 4 |
| | Overview of the Current Policy Context..... | 5 |
| | Status of Local Planning and Housing Activity in Lincolnshire | 7 |
| | The Key Research Tasks: Delivering the Core Outputs..... | 7 |
| | The Project Approach: Satisfying the Process Checklist..... | 8 |
| 2. | Overview of the Area..... | 10 |
| | Identifying Local Housing Markets and Profiling the Housing Stock..... | 10 |
| | Identifying the sub-region’s Local Housing Market Areas..... | 12 |
| | Rural Housing..... | 18 |
| | The Existing Housing Stock | 20 |
| | Bungalows | 21 |
| | Housing Tenure..... | 23 |
| | Private Rented Sector..... | 25 |
| | Condition of Private Sector Housing | 29 |
| | Fuel Poverty and Energy Efficiency | 31 |
| | Empty Homes | 31 |
| 3. | Local Population Characteristics..... | 33 |
| | Profiling Demographic Trends and Key Sub-groups..... | 33 |
| | Houses in Multiple Occupation and Communal Establishments | 36 |
| | Older people..... | 38 |
| | Second Homes | 42 |
| | Needs of BME Groups..... | 45 |
| | Military Personnel and Bases | 46 |
| 4. | Housing Market Drivers..... | 49 |
| | The Active Market | 49 |
| | | 49 |
| | Population and Household Growth | 50 |
| | Migration Trends | 50 |
| | Migrant Workers | 56 |

| | |
|---|-----|
| The Local Economy | 59 |
| New VAT Registrations | 60 |
| Incomes and Earnings..... | 62 |
| Skills and Education | 64 |
| Property Prices and Affordability | 64 |
| The Legacy of the Credit Crunch..... | 68 |
| Housing Benefit | 69 |
| Extending the Limit for a Single Person Receiving a Bedsit Allowance to 35 Years of Age..... | 75 |
| Priority Need Homeless No Longer Able to Refuse Private Sector Housing | 76 |
| 5. Profiling Housing Need and Future Housing Requirements..... | 77 |
| Overcrowding | 79 |
| Analysing Housing Register Data to Determine Housing Need..... | 79 |
| Identifying Unsuitably Housed Households | 81 |
| Modelling Established Households Living in Unsuitable Housing | 82 |
| Acute Housing Need: Homelessness | 85 |
| Modelling Future Housing Requirements | 86 |
| Affordability of the Dwelling Stock..... | 88 |
| Dwelling Delivery, Demographic Projections and Regional Spatial Strategy | 91 |
| Core Modelling Assumptions..... | 94 |
| Estimating the Future Requirement for Social Rented Housing | 96 |
| Key Finding: The Intermediate Affordable and Market Housing Requirement, 2010 to 2031 and 2010 to 2033..... | 101 |
| The Size Mix of Additional Housing by 2031 and 2033 | 110 |
| Size Mix and Smaller Dwellings | 117 |
| Affordability and Intermediate Affordable Housing..... | 118 |
| Private Renting | 120 |
| 6. Study Conclusions..... | 123 |
| Key Findings and Policy Implications..... | 123 |
| 7. Annexe: Monitoring..... | 131 |
| 8. Glossary of Terms | 134 |
| Definitions | 134 |
| Acronyms and Initials | 136 |

1. Introduction

What is a Strategic Housing Market Assessment?

- 1.1 Strategic Housing Market Assessments (SHMAs) are a crucial part of the evidence base informing policy and contributing to shaping strategic thinking in housing and planning. They were introduced as the required evidence base to support policies within the framework introduced by Planning Policy Statement 3 (PPS3) in November 2006 and this requirement is continued in the National Planning Policy Framework (NPPF) released in March 2012. The main body of this document was produced while PPS3 was the relevant planning policy document until it was revoked following the release of the NPPF in March 2012. Therefore, parts of the text refer to PPS3 where relevant, but all definitions used relate to the NPPF.
- 1.2 Practice Guidance for undertaking Strategic Housing Market Assessments was published by the Department for Communities and Local Government (CLG) in March 2007 (updated August 2007). The Practice Guidance identifies that SHMAs should work at three inter-related levels for spatial planning:
 - » **Regional:** influencing regional policy, including Regional Housing and Spatial Strategy reviews and the planned strategies in relation to sustainable development. In addition, they contribute to the regional evidence base.
 - Note: it was announced that Regional Strategies are to be revoked in July 2010.
 - » **Sub-regional:** deepening understanding of sub-regional and strategic housing markets and developing future strategy based on robust evidence.
 - » **Local:** shaping and assisting with the production of Local Development Documents which set out the spatial policy for a local area.
- 1.3 The SHMA for the Coastal Lincolnshire sub-region has been undertaken alongside a parallel exercise for Central Lincolnshire (the local authorities of Lincoln, North Kesteven and West Lindsey) and is designed to increase understanding of:
 - » Lincolnshire's housing markets, the relationships between markets, and trends in housing demand, need and affordability.
 - » The influence of inward and outward migration and commuting patterns on Lincolnshire's housing markets, and the implications of this for the delivery of housing in the study area.
 - » The links between the sub regional economy, employment strategy and the housing market, and the links with wider regional and national strategies.
- 1.4 The SHMA also:
 - » Provides robust evidence-based forecasts of need and demand for housing of different types, sizes and tenures (including market housing, intermediate tenures and social renting) to inform local, sub-regional and regional spatial planning and housing strategies.

- » Increases the capability of the commissioning authorities to monitor and forecast housing market activity and trends.
 - » Enables the commissioning authorities to develop their spatial planning policies and housing strategies so they may intervene positively in the local housing market, on the basis of sound knowledge of local economic, social and cultural relationships.
- 1.5 The study does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a robust policy framework. It is important to recognise that the information from the SHMA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies
- 1.6 The SHMA forms the first phase of the Project commission, work on the Economic Viability Assessment (EVA) commenced at the same time, with the SHMA providing the baseline housing market information necessary for the EVA. The preparation of the SHMA was overseen by a Project Steering Group covering both Lincolnshire Central and Coastal sub-regions, responsible for project decision making and 'signing off' the project at each stage. The membership of this groups included senior housing and planning staff from each of the commissioning authorities, Central Lincolnshire Joint Planning Unit and the Lincolnshire Rural Affordable Housing Partnership.
- 1.7 Where appropriate or necessary data from the Coastal sub-region has been compared or combined with data from the Central sub-region. Headings for each table or figure indicate the data sources utilised. The study has sought to make use of the most up to date data sources which are appropriate for the issue being considered.

Overview of the Current Policy Context

- 1.8 The SHMA has been produced at a time of change in policy following the General Election 2010. It was announced that Regional Strategies are to be revoked in July 2010. Government advice to local planning authorities who are currently bringing forward development plan documents is to continue to do so. The migration from 'old' approaches to 'new' will take some time – so the SHMA recognises the 'old' approach, while looking forward to the 'new'.

Planning Policy

- 1.9 Planning policy is undergoing fundamental change at the time of writing and the New Planning Policy Framework (NPPF) is now formally in place. The NPPF should be considered alongside the Localism Bill which entered the statute books in November 2011 and collectively they provide a direction of travel for planning policy which includes:
- » Revocation of Regional Strategies
 - » Increasing the supply of housing that the country needs
 - » Passing power to communities
 - » Financial rewards for authorities who 'go for growth'
 - » Housing as a key component of successful growth
 - » Housing as key in supporting efficient labour markets

^{1.10} For strategists, certain themes are emerging:

- » Local authorities to set housing targets, incentivised by a New Homes Bonus
- » Greater borrowing powers through Tax Incremental Financing
- » Newly established Local Enterprise Partnerships could have a role in housing delivery
- » Local authorities to ensure a responsive supply of land to support economic growth and housing supply
- » Stronger links between housing, employment and infrastructure.

^{1.11} Key to the new approach includes a presumption of inter dependency between land deliverability, infrastructure requirements, business growth and unmet housing need. This also includes a requirement that a clear case should be made for the type of need to be met from new affordable housing delivery. 'Housing need' appears to now include a stronger focus on the needs of lower income working households, especially where this supports growth.

Comprehensive Spending Review

^{1.12} At the same time, the Comprehensive Spending Review in October 2010 will have implications for housing policy and strategy outside of the SHMA:

- » Affordable housing grant cut to £4.5bn 2011-14 (down 60% from 2008-11):
- » Local Housing Allowance (LHA) to be cut which may have implications for existing affordability (public and private rent) as well as new development:
 - Local Housing Allowances (LHA) to be capped
 - Indexation of LHA to CPI rather than RPI
 - Housing benefit review set to reduce national HB cost
- » Housing delivery
 - Capital grant cuts and revenue caps mean those delivering new homes will take time to assess implications for new delivery
 - Viability appraisal models seem likely to change
 - Affordable housing developers are likely to become more market oriented in approach

Localism

Local Investment Plan

^{1.13} The SHMA is also an important part of the evidence base to support the Local Investment Plans (LIP) for Lincolnshire. The key LIP requirement is to provide a rationale for LIP investment priorities, including key evidence of the local economic, social, demographic and environmental needs that they will address.

^{1.14} Housing investment has been substantially reduced following the Comprehensive Spending Review and the status of LIP's may yet change. Local Delivery Plans have been developed from the LIP's providing a working document identifying projects from the LIP where HCA input over the next 1-4 years will assist in the delivery of the priorities.

Status of Local Planning and Housing Activity in Lincolnshire

- 1.15 **Coastal Lincolnshire** contains the local authorities of:
- » East Lindsey; and
 - » The Borough of Boston.
- 1.16 East Lindsey District Council produced a draft Core Strategy in October 2009 for consultation. Based on the March 2009 Regional Plan - which proposed a short term strategy pending the production of a joint Coastal Study - the Core Strategy will be re-issued during 2012 for further consultation. The SHMA, along with other documents such as the Economic Viability Assessment, will provide the evidence for setting affordable housing policy in the Core Strategy.
- 1.17 Boston has agreed to develop a joint LDF approach with South Holland and, meanwhile, has an Interim Plan (Non-statutory Development Control Policy, February 2006) and local plan saved policies.
- 1.18 Lincolnshire has developed a countywide **Sub-regional Housing Strategy** (2009-14). The key priorities identified in the Strategy include the need to:
- » Increase in the supply of affordable housing
 - » Increase the supply of affordable homes in rural communities
 - » Meet the challenges of the ageing population
 - » Assist vulnerable households
- 1.19 Other themes addressed by the strategy are maintenance of the evidence base, sustainability, housing's contribution to economic development, and raising the quality of design.

The Key Research Tasks: Delivering the Core Outputs

- 1.20 The approach to delivery of the Central and Coastal Lincolnshire sub-region SHMA Project Brief is based on:
- » research questions within the Brief
 - » delivery of the eight core SHMA outputs required by CLG Practice Guidance
 - » CLG Practice Guidance advice regarding the SHMA production process (CLG Guidance Figure 1.2).
- 1.21 These core outputs and checklist items are important to support the soundness of any Development Plan Document:
- For the purposes of the independent examination into the soundness of a Development Plan Document, **a strategic housing market assessment should be considered robust and credible if, as a minimum, it provides all of the core outputs and meets the requirements of all of the process criteria in figures 1.1 and 1.2.** (CLG Practice Guidance, Page 9)*
- 1.22 Figure 1 details the eight core outputs, and the way in which this report is structured around these.

Figure 1
CLG SHMA Practice Guidance Figure 1.1 – Core Outputs

| Core Outputs | | Figure Numbers |
|--------------|--|---|
| 1 | Estimates of current dwellings in terms of size, type, condition and tenure | Figure 11 to Figure 26 |
| 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 | Figure 48 and Figure 68 to Figure 78 |
| 3 | Estimate of total future number of households, broken down by age and type where possible | Figure 27 and Figure 94 |
| 4 | Estimate of current number of households in housing need | Figure 80 to Figure 86 |
| 5 | Estimate of future households that will require affordable housing | Figure 100 to Figure 119 |
| 6 | Estimate of future households requiring market housing | Figure 106 to Figure 114 |
| 7 | Estimate of the size of affordable housing required | Figure 120 to Figure 130 |
| 8 | Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, BME groups, disabled people, young people | Figure 34 to Figure 47 and Figure 54 to Figure 60 |

Viability Assessment

^{1.23} Assessing the likely economic viability of land for housing is a separate requirement in understanding the planning requirements of an area. Viability findings are normally considered alongside SHMA core outputs when establishing planning policy targets for affordable housing. A Viability Assessment has been undertaken for Coastal Lincolnshire and this was considered with housing market modelling to determine the recommended planning policy targets. As noted earlier, the SHMA, along with the Viability Assessment will provide the evidence for setting affordable housing policy in the Core Strategy.

The Project Approach: Satisfying the Process Checklist

^{1.24} Figure 2 details the seven criteria of the CLG process checklist outlined in the Practice Guidance required for the SHMA to satisfy the requirements to be considered robust and credible.

Figure 2
CLG SHMA Practice Guidance Figure 1.2 – Process Checklist

| Process Checklist | |
|-------------------|--|
| 1 | Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region |
| 2 | Housing market conditions are assessed within the context of the housing market area |
| 3 | Involves key stakeholders, including house builders |
| 4 | Contains a full technical explanation of the methods employed, with any limitations noted |
| 5 | Assumptions, judgements and findings are fully justified and presented in an open and transparent manner |
| 6 | Uses and reports upon effective quality control mechanisms |
| 7 | Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken |

^{1.25} The approach to assessing housing market areas was informed by the Advice Note “Identifying sub-regional housing market areas” (CLG March 2007). This is consistent with approaches to identifying

housing market areas adopted elsewhere in the East Midlands (see Chapter 2: Identifying Local Housing Markets).

- 1.26 Identified HMAs provided a framework for the SHMA analysis. Information for these areas was considered with information for the administrative areas of the sub-region's planning authorities (*Process Checklist: Requirements 1 and 2*).
- 1.27 The need for clear project management quality control mechanism was identified:
- » to ensure that the project successfully achieved its key objectives
 - » to ensure effective and on-going engagement with stakeholders throughout the project (*Process Checklist: Requirements 3 and 6*).
- 1.28 The SHMA and the associated economic viability assessment have been prepared by a consortium including Opinion Research Services (ORS), Three Dragons and B. Line Housing Information.
- 1.29 The SHMA is based on a wide range of information collated from many sources. These include:
- » Existing policy documents and supporting information published by the Local Authorities and their partners;
 - » Secondary data and official statistics from a wide range of local, regional and national sources; and
 - » Information gathered through consultation with stakeholders.
- 1.30 The collated information is analysed in the SHMA report (and its technical appendices). The report sets out the methods employed and the associated assumptions, presenting the findings in an open and transparent manner (*Process Checklist: Requirements 4 and 5*).
- 1.31 The Steering Group contacted stakeholders at the very outset of the project to seek their views on the appropriateness of the brief. In addition ORS attended the initial meeting of the Housing Market Partnership (alongside Three Dragons) to set out the aims of the SHMA.
- 1.32 Consultation drafts of the Final SHMA document were circulated to a range of stakeholders from the local Housing Market Partnership before final versions were accepted by the Project Steering Group.

2. Overview of the Area

Identifying Local Housing Markets and Profiling the Housing Stock

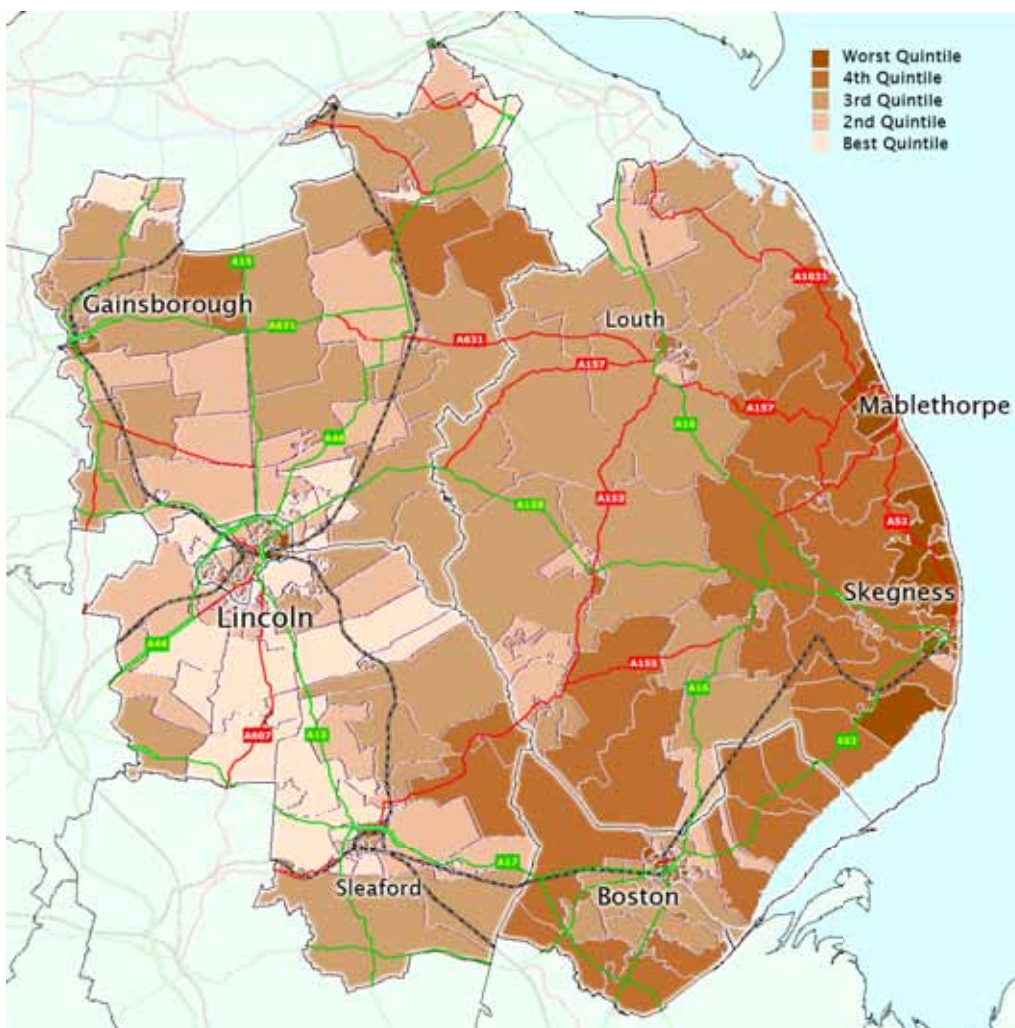
Section Summary

- This section examines the geography of the Coastal Lincolnshire area, the housing markets – how these are identified and their inter-relationships; and housing stock levels. Housing is considered in terms of dwelling tenure, type, the rural/urban distribution of housing, dwelling condition and dwelling vacancy.
- There are no cities in the Lincolnshire Coastal area, but there are two significant towns: Boston and Skegness. Boston has good containment as a housing market; due to its smaller size Skegness has average containment. Self-contained refers to greater than 65% of people living in the area also working in the area. Skegness draws on the neighbouring towns of Chapel St. Leonards, Splisby and Wainfleet & All Saints, which as a result have poor containment.
- The area is largely covered by three housing market areas: Boston, Skegness and Louth/Mablethorpe, but outlying areas also fall within the housing markets for Grimsby and Lincoln and to a lesser extent for Spalding. Only 9% of dwellings in the Lincolnshire Coastal area fall within the Lincoln housing market and 4% within the Grimsby housing market. Housing markets within Coastal Lincolnshire, therefore, mainly interact with each other.
- 46% of the population live in urban areas, 35% of the population live in rural settlements or isolated properties with the remaining 19% living in urban fringes. Boston is far more Urban than East Lindsey.
- Detached houses are far more common than for England, and above the average in Lincolnshire. Flats are considerably less common in Coastal Lincolnshire than England, as are terraced houses. A high proportion of dwellings are bungalows with a much older age profile of residents than average. The vast majority of bungalow owner occupiers are cash poor/equity rich.
- Coastal Lincolnshire has a slightly above average level of owner-occupation, average levels of private renting and below average levels of social rented housing. A significantly higher proportion than average of private tenants rent from an employer when compared to England as a whole.
- Dwelling conditions, on average, are slightly poorer when compared to England, using the comprehensive 'Decent Homes Standard'. The main reason for the difference is due to energy efficiency standards, and in particular the difficulties of affordably heating homes in an area as rural as Coastal Lincolnshire, even more so than Central Lincolnshire. This is reflected in a well above average level of fuel poverty in the area, which is exacerbated by below average incomes.

- 2.1 Many of the characteristics of an area can be aggregated to generate an overall picture of the relative wellbeing of the area. This is the purpose of The Index of Multiple Deprivation (IMD), produced by CLG. IMD shows relative levels of deprivation using multiple domains. Domains include: crime; employment; education, skills and training; income; living environment; health deprivation and disability; and barriers to housing and services. We would note that while there is a specific barriers to housing and services sub-domain for IMD, this is dominated by issues such as distance from a shop and a Post Office. Therefore, rural areas tend to score poorly and show high levels of deprivation, while poor quality housing is often found in urban areas. Therefore, the results for the barriers to housing and services sub-domain for IMD are frequently counter-intuitive and hence have not been used here.
- 2.2 Figure 3 shows relative levels of deprivation in Central Lincolnshire and Coastal Lincolnshire in 2007. Areas marked in darker shades contain higher levels of relative deprivation. This shows that concentrated areas of East Lindsey and Boston contain higher overall levels of deprivation. From the point of view of this SHMA, this indicates that it is important to not only analyse housing market areas covering groups of local authorities, but also to seek to understand the housing issues of more localised areas.

Figure 3

Index of Multiple Deprivation Classification by Area (Source: CLG Index of Multiple Deprivation 2010. Note: Data shown at lower-level Super COA. Higher levels of deprivation shown in darker shading)



2.3 Outline pen portraits for the local authority areas in Coastal sub region are set out below:

Figure 4
Key Characteristics of the Local Authority Districts (Source: Lincolnshire Sub Regional Housing Strategy, 2009)

| Area | Size | Population | Age profile | Migration |
|-----------------------------|---|--|---|--|
| COASTAL LINCOLNSHIRE | | | | |
| Boston | 140 square miles and includes the market town of Boston plus 18 rural parishes The district borders The Wash to the east, a coastal area of international importance for nature conservation | 59,000 in 2010, an increase of 5.9% from 55,750 in 2001 | Below national average levels of residents under the age of 50, with almost 40% of the population aged 50 or over | Home to a significant number of guest workers from Europe, particularly Portugal and Eastern Europe |
| East Lindsey | 700 square miles and includes the Fens and the Wolds, and almost all of Lincolnshire's tourist coastline Largest settlements are Louth and Skegness | East Lindsey is a rural district with a population of 141,600 in 2010, an increase of around 8% from 2001 91% of the district's communities have a population less than 1,000 | East Lindsey has the highest proportion of people aged over 65 in the East Midlands and the lowest proportion of people aged under 25 in Lincolnshire | In-migration is above national and regional averages In migrants are mainly retiring, older people and those with health issues |

Identifying the sub-region's Local Housing Market Areas

2.4 Housing market areas are defined as being:

Geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work (PPS3, Annex B)

2.5 The Department for Communities and Local Government (CLG) issued an Advice Note on "Identifying sub-regional housing market areas" (2007) which identifies three sources of information which help to evidence housing markets areas, namely:

- » House prices and rates of change in house prices, which reflect household demand and preferences for different sizes and types of housing in different locations;
- » Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics; and
- » Contextual data, such as travel to work areas, which reflect the functional relationships between places where people work and live.

2.6 In November 2010 CLG issued a further report 'Geography of Housing Market Areas', which explored a range of potential methods for calculating housing market areas for England and applied these methods to the whole country to show the range of housing markets which would be generated.

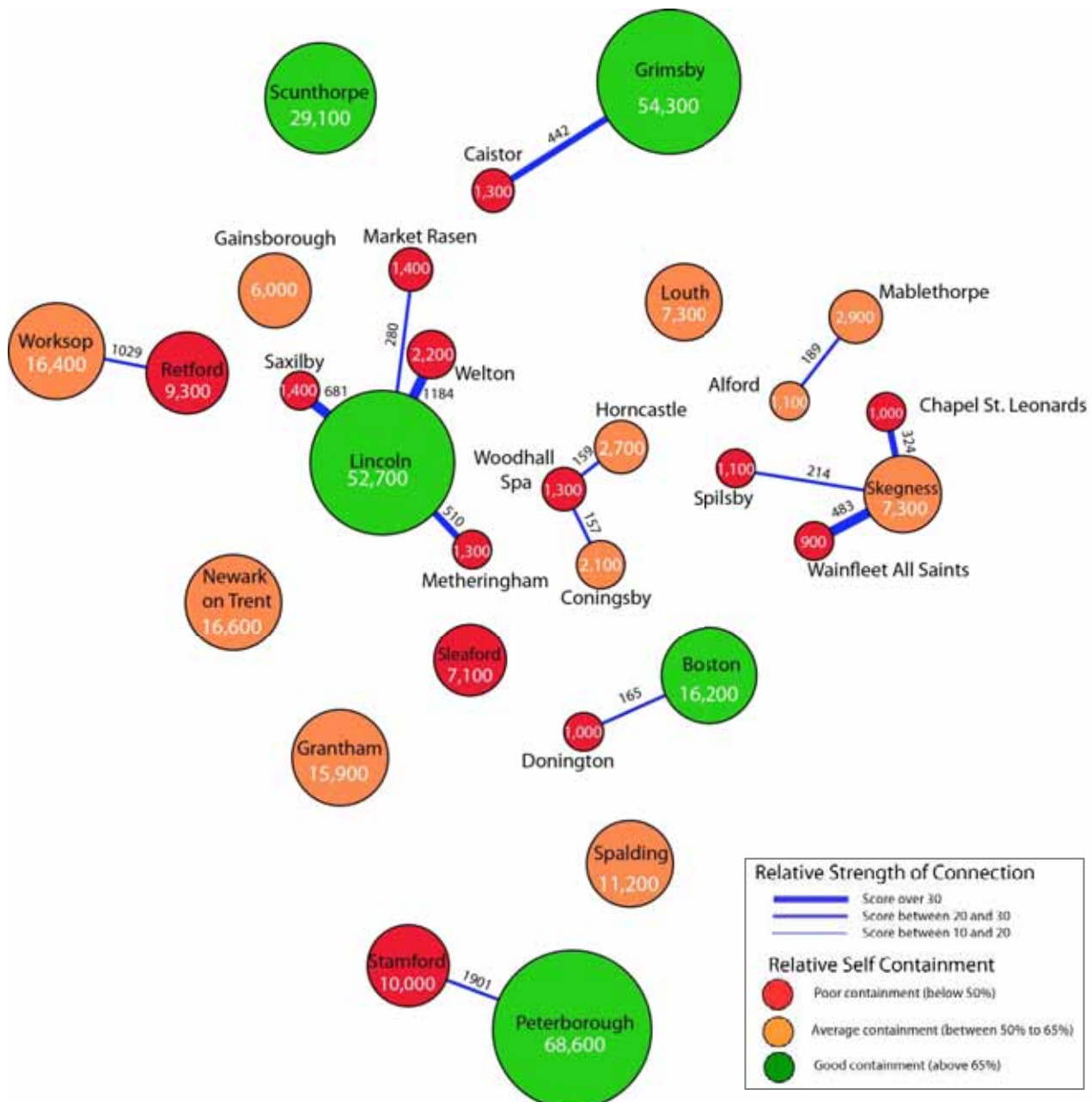
- 2.7 Both of the CLG publications outline that no one single approach (nor one single data source) provides a definitive solution to identify local housing markets. However, by using a range of available data, judgements on appropriate geography can be made.
- 2.8 For clarity, it is worthwhile defining the terminology used in this section and in the remainder of the report. CLG's 'Geography of Housing Market Areas' (page 35) outlines three overlapping tiers of geography for housing markets:
- » **Tier 1:** framework housing market areas defined by long distance commuting flows and the long-term spatial framework with which housing markets operate;
 - » **Tier 2:** local housing market areas defined by migration patterns that determined the limits of short term spatial house price arbitrage;
 - » **Tier 3:** sub-markets defined in terms of neighbourhoods or house type price premiums.
- 2.9 Within this study:
- » **Tier 1** framework housing markets represent the sub-regional housing markets of Lincolnshire Central and Lincolnshire Coastal. The sub-regional housing markets are the spatial planning areas within which the analysis is conducted.
 - » **Tier 2** local housing market areas represent more localised urban centred areas which cross local authority and sub-regional boundaries. These housing markets represent self-contained areas where people live and work. These areas will be referred to as local housing market areas.
 - » **Tier 3** sub-markets are not explicitly calculated in this SHMA. However, the Lincolnshire Coastal and Central Economic Viability Assessment does include housing markets which are based upon house prices rather than migration and travel to work patterns. Economic viability is heavily influenced by land prices, which in turn are influenced by house prices. Therefore, no direct comparisons can be made between the housing market areas utilised in the two studies.
- 2.10 ORS completed a detailed analysis of the local housing market areas across the whole of Lincolnshire County as part of the Lincolnshire Sub-regional Housing Strategy (2009). The approach adopted by ORS was very similar to that used in Chapter 4 of CLGs 'Geography of Housing Market Areas' where migration and travel to work are combined to provide local housing market area based upon areas which display high levels of self-containment.
- 2.11 Given the practical difficulties of modelling data at a national level, the CLG model uses ward level information. However, the more limited scale of the Lincolnshire analysis allowed ORS to use data at Census Output Area Level. Therefore, the ORS study used much more detailed local level data in preference to the ward data used by CLG. However, the findings are broadly comparable and consistent. The following analysis is drawn directly from the Lincolnshire Sub-regional Housing Strategy (2009), with no new additional analysis undertaken for this study.
- 2.12 The calculation of local housing market areas for Lincolnshire was an eight stage process. As part of the early stages of the analysis of local housing market areas, Figure 5 shows the inter-relationships between the urban areas within the sub-regions, with the boundaries of these areas being defined by DEFRA geography classifications. Surrounding areas outside the sub-region are also included for

completeness. The figure inside the settlement denotes the number of workers who live in that urban centre, including surrounding output areas linked to larger settlements. Therefore, the number of workers shown for each settlement includes the core area of that settlement and any other areas linked to this. The colour represents this as a proportion of all workers living in the area to indicate areas of self-containment, using the following bands:

- » Green = above 65% of employees living in the area also work in the area;
- » Amber = 50 to 65% of employees living in the area also work in the area; and
- » Red = below 50% of employees living in the area also work in the area.

2.13 The links that exist between the urban centres are also illustrated by the joining lines, with stronger links having heavier lines.

Figure 5
Identifying the Links between Urban Centres in the Study Area (Source: Lincolnshire Sub Regional Housing Strategy, 2009)



- ^{2.14} Typically, local housing market areas are considered to exist in an area with at least 65% self-containment.
- » Within Coastal and Central sub regions, only Lincoln (which includes small neighbouring towns, such as North Hykeham and Nettleham, linked to the main city as part of one continuous urban area) and Boston urban centres meet the criteria – i.e. they are the only areas where at least 65% of employees that live in the area also work in the area.
 - » Other remaining larger settlements have at least 50% (but less than 65%) of employees that live in the area also work in the area.
- ^{2.15} As many identified settlements have relatively low levels of self-containment, we then combine them to form larger local housing markets areas. Whilst there is no definitive answer to the final groupings, the following observations were influential in the final outcomes:
- » Inside the study area, Lincoln links strongly with smaller settlements such as Welton, Saxilby, Market Rasen and Metherringham but these areas have no strong links to other towns in Lincolnshire. Therefore, these areas appear to link together to form the core area for a local housing market area.
 - » Donington in South Holland shows a close connection with Boston while it does not appear to link to Spalding, Sleaford or Lincoln. Therefore, Donington appears to fit most naturally within the Boston local housing market area.
 - » Skegness appears to have strong links to the surrounding towns of Spilsby, Chapel St Leonards and Wainfleet All Saints, the largest connection coming from the latter.
- ^{2.16} The cluster of settlements to the East of Lincoln, (Coningsby, Horncastle and Woodhall Spa) appears relatively independent at this stage. However, even collectively they have less than 65% containment, so the proximity and size of the Lincoln Market exerts sufficient influence over them to suggest they should be considered part of the wider local housing market area centred on Lincoln.
- ^{2.17} Settlements such as Gainsborough and Louth, whilst having less than 65% containment, do not have any significant links to other urban centres. As the local housing market area refinement process develops, it is likely that these areas, although in many ways independent, do in fact make up a component of a larger local housing market area because they do have strong migration links to other areas.

2.18 Figure 6 illustrates the final outcome of the eight stage computer aided analysis of migration and travel to work patterns. Every Census Output Area has been allocated to one and only one local housing market area based upon its strongest connection. It is therefore important to understand that while each housing market has a high degree of self-containment there will also be lower levels of connectivity to surrounding areas.

2.19 The Central Lincolnshire housing sub-region (Lincoln city, and North Kesteven and West Lindsey districts) is dominated by the Lincoln local housing market area – although this housing market also has a significant impact on East Lindsey district in the Coastal Lincolnshire housing sub-region.

2.20 Gainsborough provides the focus for a separate local housing market area in Central Lincolnshire, which influences areas outside the sub-region to the west including Retford.

2.21 The Grimsby and Scunthorpe local housing market areas are both centred outside the sub-region but influence areas to the north east and north west of West Lindsey respectively (although both have limited population within the study area) and parts of East Lindsey.

2.22 Again, it should be emphasised that while Grimsby and Scunthorpe are the dominant urban influences over only a small part of West Lindsey and East Lindsey they do still have some influence over the rest of these local authorities. In particular they are both major employment locations for workers who reside in East Lindsey. Both North East Lincolnshire and North Lincolnshire Councils have major development and regeneration schemes in the pipeline. The implications of these from the analysis of local housing market areas is that they will mainly impact on areas outside of Central and Coastal Lincolnshire unless a major new employer is attracted to North East Lincolnshire or North Lincolnshire which may see either the Scunthorpe or Grimsby local housing market widen as they attract workers from a wider area.

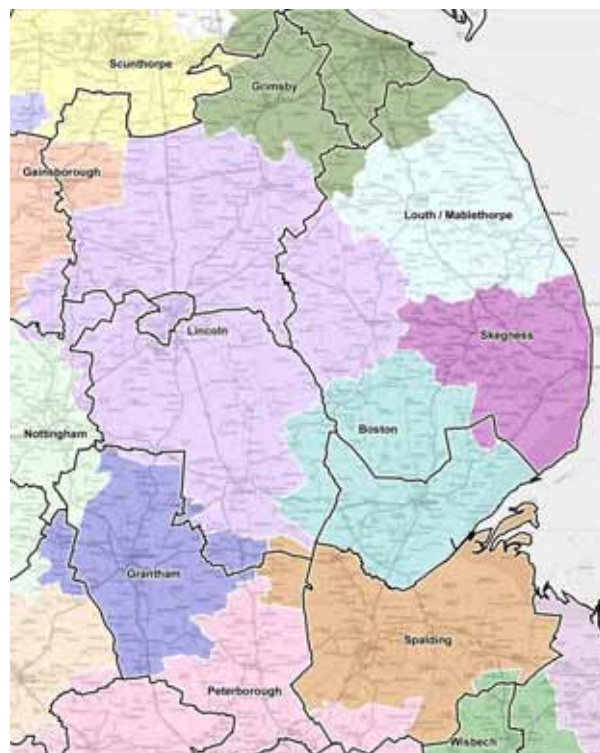
2.23 The Coastal Lincolnshire housing sub-region (aside from the impact of the Lincoln local housing market area) the analysis has identified three main local housing markets areas – Boston, Louth/Mablethorpe and Skegness. Again it should be remembered that there is interactivity between areas inside each of these local housing markets and their surrounding areas.

2.24 The Grimsby local housing market area includes part of north Coastal Lincolnshire. The Grantham and Spalding housing markets both cover areas to the south. NB each of these markets has a very limited population within the study area.

2.25 The distribution of the dwelling stock across the identified housing markets is summarised in Figure 7. Evidence shows that:

- Boston Borough is almost entirely contained

Figure 6
Identifying the Housing Market Areas in the Sub-Region
(Source: Lincolnshire Sub Regional Housing Strategy, 2009
Note: Shaded areas denote housing market areas. Black lines denote administrative boundaries)



within the Boston local housing market area, which also extends in to parts of North Kesteven and East Lindsey;

- The two main towns of East Lindsey each form a distinctive local housing market area;

Figure 7

Number of Dwellings in each Housing Sub-market by Local Authority (Source: Valuation Office Agency, October 2010. Note: All dwelling figures rounded to the nearest 100. Figures may not sum due to rounding)

| Housing Sub-Market | Coastal Lincolnshire | | |
|----------------------------|----------------------|---------------|---------------|
| | Boston | East Lindsey | Total |
| NUMBER OF DWELLINGS | | | |
| Boston | 27,900 | 6,700 | 34,600 |
| Grimsby | - | 4,200 | 4,200 |
| Lincoln | - | 8,700 | 8,700 |
| Louth/Mablethorpe | - | 23,500 | 23,500 |
| Skegness | 200 | 22,800 | 23,000 |
| TOTAL | 28,200 | 65,900 | 94,100 |
| % OF DWELLINGS | | | |
| Boston | 99.2% | 10.2% | 36.8% |
| Grimsby | - | 6.3% | 4.4% |
| Lincoln | - | 13.3% | 9.3% |
| Louth/Mablethorpe | - | 35.7% | 25.0% |
| Skegness | 0.8% | 34.5% | 24.4% |

^{2.26} As noted earlier, local housing market areas represent:

Geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work (PPS3, Annex B)

^{2.27} Therefore, the identified local housing market areas represent areas where people both live and work. From a planning point of view, this implies that dwelling delivery can be seen to meet the housing requirements within the wider local housing market area. For example dwelling delivery in Lincoln City would not only help to meet to the needs of Lincoln residents, but also the wider Central Lincolnshire local housing market area, including parts of the Coastal sub-region. Conversely, dwelling provision in parts of Coastal may help meet the housing needs of Lincoln. However, this does depend upon the infrastructure of these areas being able to accommodate workers who are predominately employed in Lincoln.

^{2.28} Given the above distribution (Figure 7), this study will provide housing requirement modelling results for the Boston, Lincoln, Louth/Mablethorpe and Skegness local housing market areas in Chapter 5 alongside those for the sub-region and individual local authorities. Also, due to the marginal coverage of the Grimsby local housing market area the study will not provide any further detail about this area in this report.

Rural Housing

2.29 Rural housing is a key policy issue for Coastal Lincolnshire:

- » Less than half the population live in urban areas (2001 Census);
- » 35% of the population live in rural settlements (including 11% living in hamlets or isolated dwellings);
- » 20% lived in larger market towns.

2.30 The SHMA sets out information about rural settlements to ensure understanding of how these areas differ from the sub-regions overall. This also allows for bespoke policy decisions for rural settlements where there is clear evidence to support this. For this study, Rural refers to dwellings in Villages or Hamlets & Isolated Dwellings.

Figure 8
Resident population for Urban and Rural areas (Source: UK Census of Population 2001; DEFRA/ONS Area Classifications)

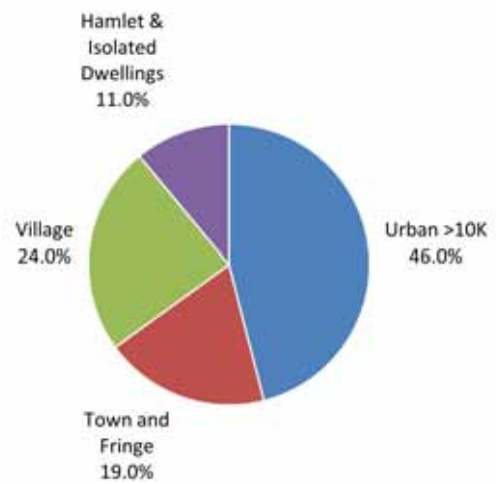


Figure 9
Urban and Rural Area Classification (Source: DEFRA/ONS Area Classifications)

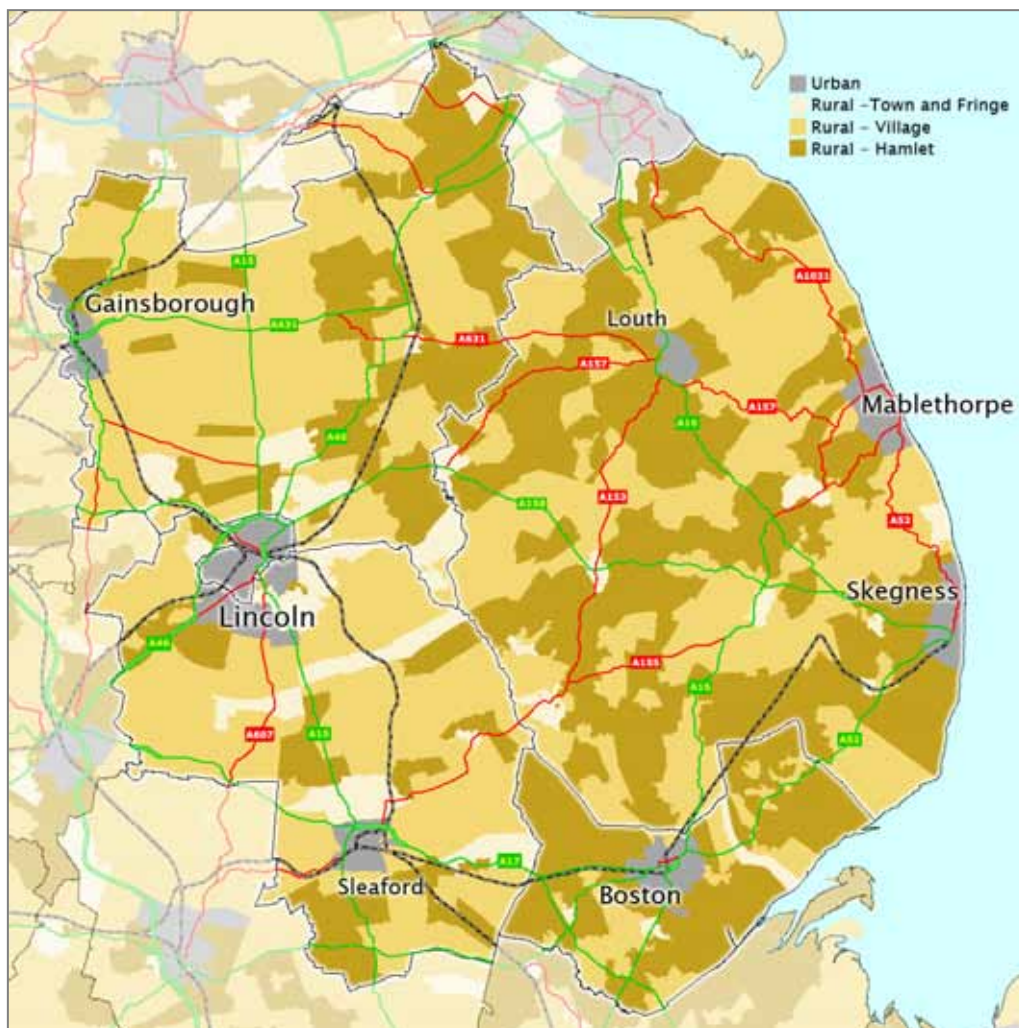
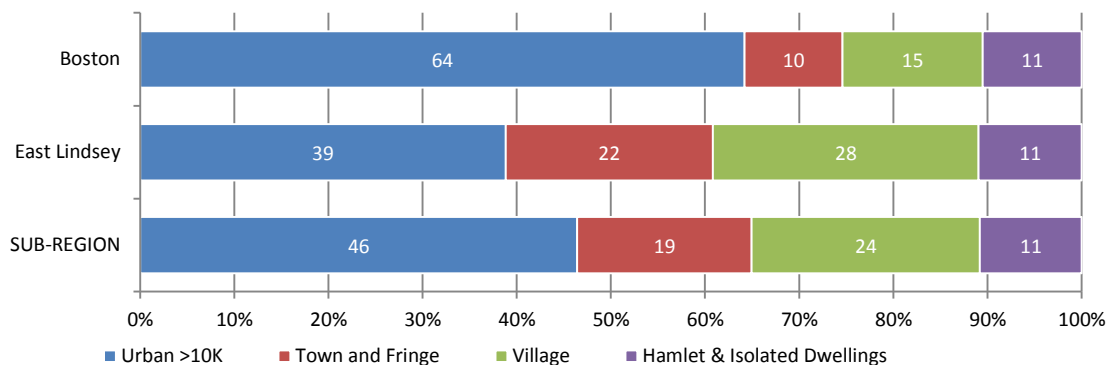


Figure 10

Dwellings in Urban and Rural areas (Source: Valuation Office Agency, October 2010; DEFRA/ONS Area Classifications)



Rural Policy Background

- 2.31 Planning and housing policy for rural housing, as for all housing, is in transition (see para 1.10 et seq.). Relevant rural approaches from the past decade, include PPS3, the Affordable Rural Housing Commission Report (2006) (ARHC), the Taylor Report (2008) and in more recent years the Regional Strategy (plans for its revocation announced in 2010).
- 2.32 PPS3 was informed by the findings of ARHC and says that ‘the delivery of housing in rural areas should... [provide]...high quality housing that contributes to the creation and maintenance of sustainable rural communities in market towns and villages’. Delivery should be informed by evidence.
- 2.33 The (ARHC) report (2006) considered the scale, nature and implications of the shortage of affordable housing for rural communities in England. A key requirement was to identify practical solutions to access affordable housing (rent or buy) for those who live or work in rural areas. Thematically rather than spatially based, their findings included:
- » **Supply is limited by the way the planning system works:** sustainability approaches has often limited affordable housing delivery. For example, where small rural communities have already lost services, they are assumed unsustainable, and thereby unsuitable for affordable housing.
 - » **Demand for rural housing continues to rise:** Limited supply coupled with high demand for country living, has meant rural house prices rise faster than urban areas.
- 2.34 ARHC made recommendations for national and regional policy to improve supply of affordable housing in rural areas including:
- » **Planning:** Delivering affordable rural housing must be part of the mainstream planning system and not an option after most needs are met via urban areas. Whilst exception sites are a useful tool, ARHC suggest local need should be met predominantly through the allocation of sites.
 - » **Make the most of what we have:** ARHC recommended ways to address second homes in rural areas. These should target those areas where second home impact is high, and suggests ‘modest gains’ could accrue by bringing more empty homes back into use.
- 2.35 The Taylor Report ‘Living Working Countryside’ (2008) identified that planning policy had put many smaller rural communities into a sustainability trap – development was limited because they were

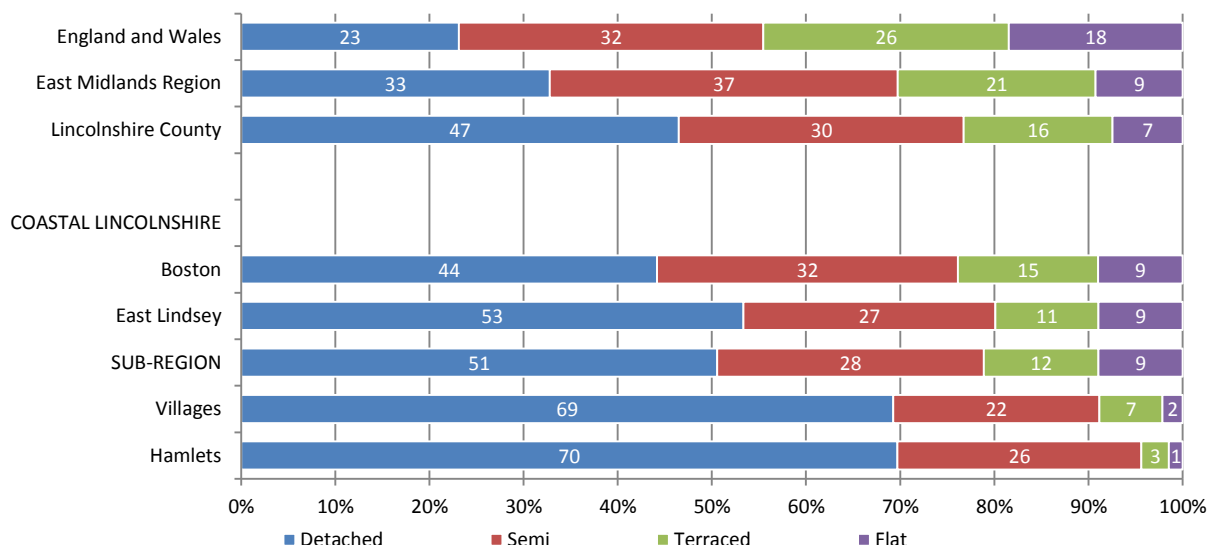
judged to be unsustainable – an action that itself assured their unsustainability. The report recommended a new drive to boost rural jobs and community led affordable housing. This drive was to include enterprise hubs, greater home working, neighbourhood extensions to market towns, and an experimental restriction of second homes in national parks. For meeting housing needs, the report recommended that if no allocated sites existed then local authorities should bring forward Community Led Affordable Housing or exception sites.

- 2.36 The (scheduled to be revoked) Regional Spatial Strategy approach to rural housing included:
- » Definition of a hierarchy of settlements in rural areas as key to balancing housing growth and protection of the countryside.
 - » Locate most new development in and around key centres, in order to protect the quality and character of the region's rural areas. The approach is based on existing infrastructure and assists sustainability of existing settlements.
 - » Accept that there is a shortage of affordable housing in many rural areas and that lower income households are excluded by high house prices.
 - » Promote the effective use of rural exceptions policies to deliver affordable housing.
- 2.37 Past planning approaches in Lincolnshire responded to these issues. Although the current position is 'in transition', rural housing remains a key policy issue for East Lindsey and Boston Borough. This is because rural housing plays a dual role as part of the total housing and planning policy of the authorities and specific aims of maintaining viable and sustainable communities in rural areas. .
- 2.38 The Coalition Government has signalled some intent regarding Rural housing via the White Paper 'Local Growth; realising every place's potential' (October 2010 with an update in December 2011). The Localism Bill became law in November 2011 places an emphasis on 'Localism' and how the rural economy can contribute to national growth. The Government has also signalled its intent to support communities who wish to set up local housing trusts - subject to community referendum support, communities can grant themselves planning permission. This potential could see local communities seeking development to meet local housing needs and to support the wider needs of the settlement such as shops or post offices. However, it is equally the case the localism agenda may see current residents block future development to retain the current character and status of the settlement. It is unlikely that there will be a standard response to development across all rural areas, with very local issues likely to come into play leading to widely different outcomes in neighbouring areas. All of these issues also need to be considered in the context of the draft National Planning Policy Framework where its emphasis on a presumption in favour of sustainable development may override 'Localism' issues.

The Existing Housing Stock

- 2.39 A key SHMA task is to understand the current housing offer to residents, including by character, type, age, condition and location. The stock on offer affects choices for renters, purchasers and investors.
- 2.40 Figure 11 shows stock distribution across the study area.

Figure 11
Property Type by Area (Source: UK Census of Population 2001)



2.41 Across the sub-region:

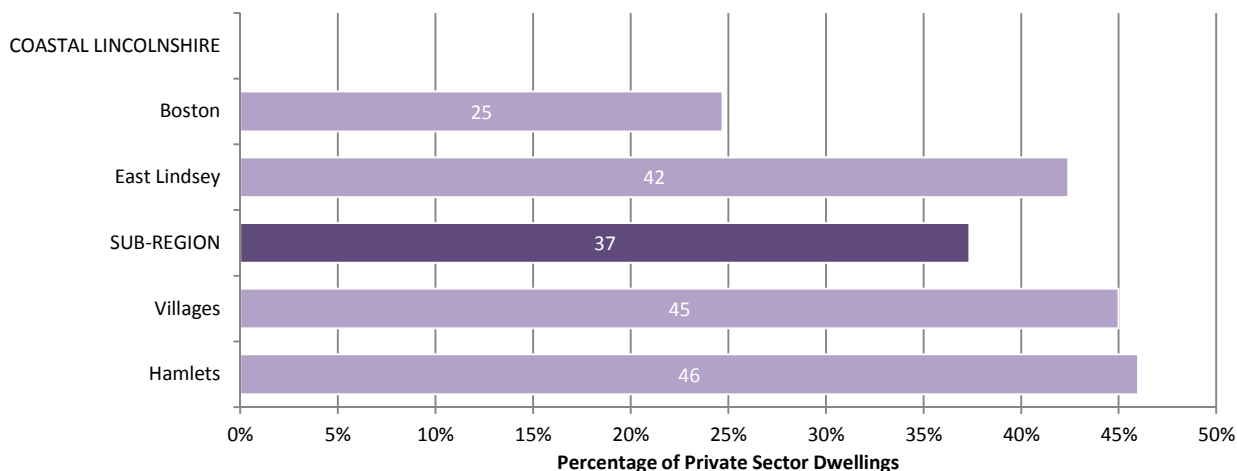
- » Detached housing comprises 51% of stock - higher than both England and Wales and East Midlands region.
- » Flats comprise 9% of stock – lower than England and Wales but similar to the East Midlands.

Bungalows

2.42 Bungalows form a significant proportion of housing stock in Coastal Lincolnshire (Figure 12) and exhibit a strategic issue relating to the age of bungalow residents. We have therefore provided a specific analysis for bungalow residents because the nature of these households has implications for future policy, not just in housing and planning but also adult social care.

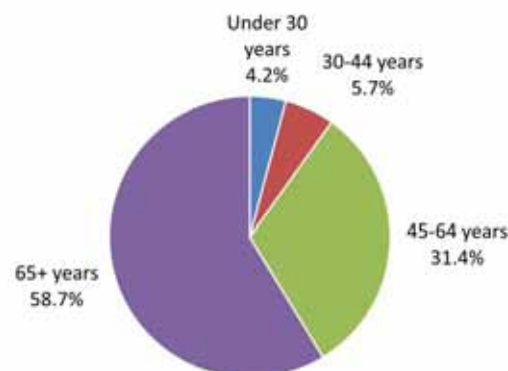
2.43 Data used is from the Local Authority Private Sector Stock Condition Surveys (2009) – these include private sector dwellings (owned/rented) and exclude social housing. The data shows over 40% of all private sector dwellings in East Lindsey are bungalows.

Figure 12
Bungalows as a Share of all Private Sector Dwellings by Area (Source: Lincolnshire Stock Condition Survey 2009)



2.44 Figure 13 shows the age profile of Private Sector Stock Survey respondents living in bungalows. Nearly 60% are aged over 65 years, while a further 30% are aged 45-64 years.

Figure 13
Respondent Age for Households living in Bungalows in the Private Sector (Source: Lincolnshire Stock Condition Survey 2009)



2.45 15% of households in private sector bungalows have mortgages. 3% are renting privately. More than 80% of private bungalows are owned outright.

2.46 Many bungalow households are “equity rich but cash poor” – i.e. they have comparatively low household incomes. Nearly 90% of households say they have over £100,000 equity in their current home – yet 35% have an annual income below £10,000 and a further 45% have incomes of £10,000 up to £20,000. This would make maintaining or improving the quality of the dwelling stock difficult because the owners have limited resources. Therefore, issues such as poor quality dwellings and fuel poverty are likely to continue in bungalows into the future.

Figure 14
Household income of Households Occupying Bungalows by Area (Source: Lincolnshire Stock Condition Survey 2009)

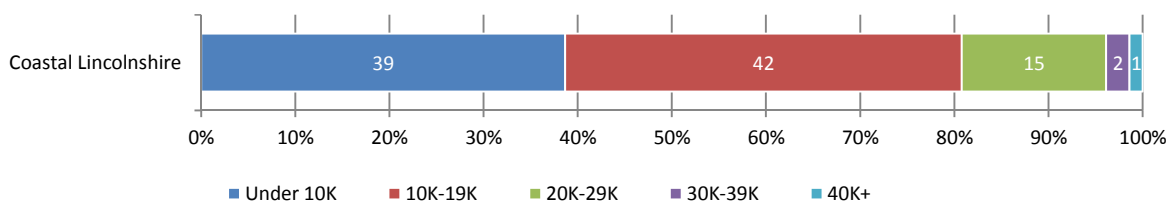
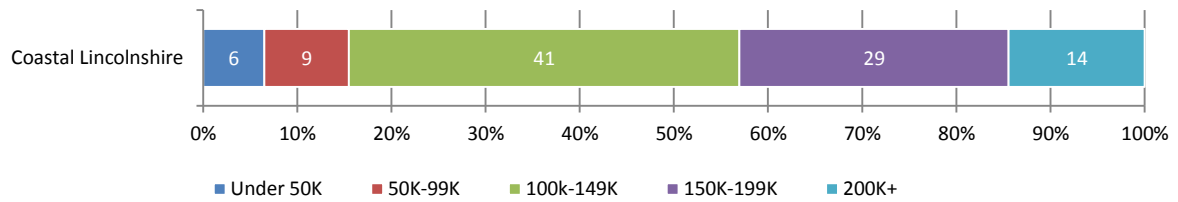


Figure 15
Equity for Households Occupying Bungalows by Area (Source: Lincolnshire Stock Condition Survey 2009)



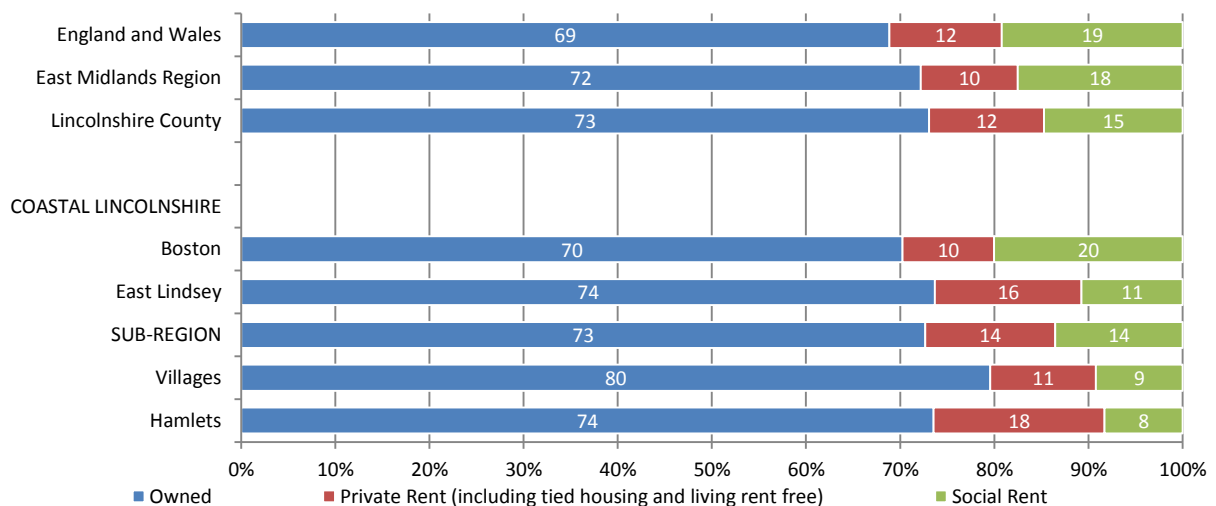
Housing Tenure

2.47 The dominant form of housing tenure is owner occupation. Census (2001) (Figure 14) shows:

- » Almost three-quarters of all properties across the area were owned outright or owned with a mortgage, with a similar proportion in rural areas
- » Remaining stock is divided broadly equally between the private and social rented sectors
- » The proportion of social rented housing in the Coastal sub-region is lower than averages for both England and the East Midlands region, and proportion of rural social rented properties is lower still
- » Private rented homes are lower than social rented homes in Boston.
- » Private rented homes are higher than social rent in Villages and Hamlets.

2.48 It should be noted that while the 2001 Census is now 10 years old, the 2009 Private Sector Stock Condition Survey found little change in tenure since this time in either Boston or East Lindsey.

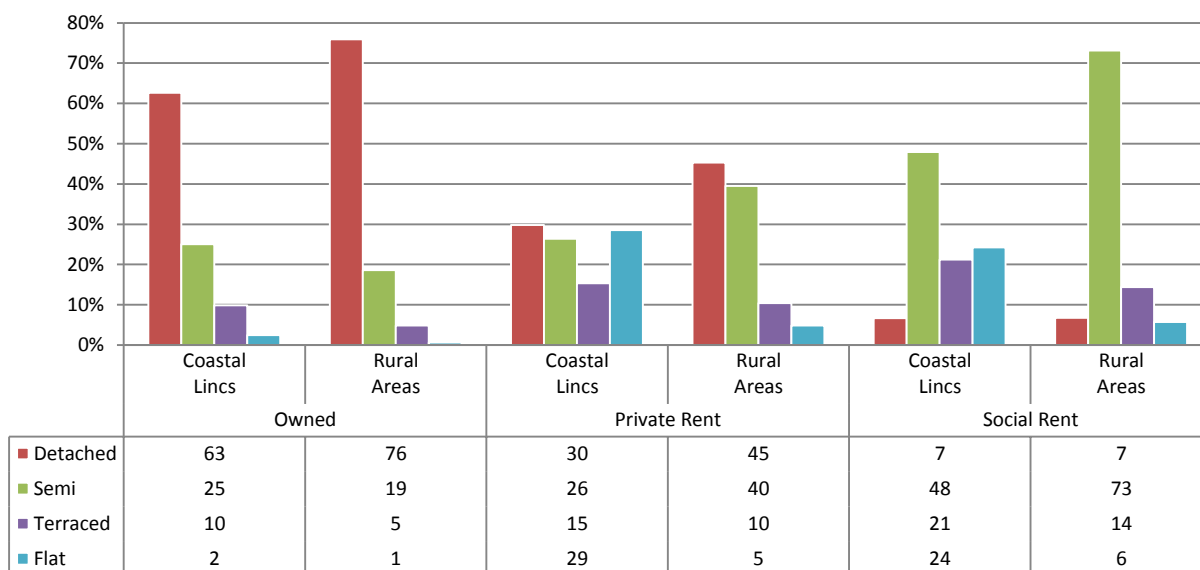
Figure 16
Household Tenure by Area (Source: UK Census of Population 2001)



2.49 Figure 17 shows the difference in property type which exists between owner-occupied and social housing. This shows the owner occupied stock of Coastal Lincolnshire is dominated by detached dwellings, particularly in rural areas. Meanwhile, the social housing stock is dominated by semi-detached dwellings, particularly in rural areas.

Figure 17

Property Type by Tenure (Source: UK Census of Population 2001. Note: Data for "Rural Areas" includes all areas classified as either "Village" or "Hamlet & Isolated Dwellings" in Coastal Lincolnshire)



| Coastal Lincolnshire | Rural areas |
|--|---|
| 63% of owner occupied housing is detached, 25% is semi-detached | 76% of owner occupied housing is detached, 19% is semi-detached |
| 48% of social housing is semi detached, 24% flats or maisonettes and converted dwellings | 73% of social housing is semi detached, 14% terraced |
| 30% of private rent dwellings are detached, 29% flats or maisonettes and converted dwellings | 45% of private rent dwellings are detached, 40% semi detached |

^{2.50} Figure 18 and Figure 19 shows the relationship between property size (in terms of the number of rooms) and tenure. Please note that the room sizes for which information on rural areas is available is different to that for the sub-region as a whole. The typical size of an owner occupied dwelling is larger than a private or social rented one. Rural dwellings typically contain more rooms than those in urban areas.

Figure 18
Property Size by Tenure (Source: UK Census of Population 2001)

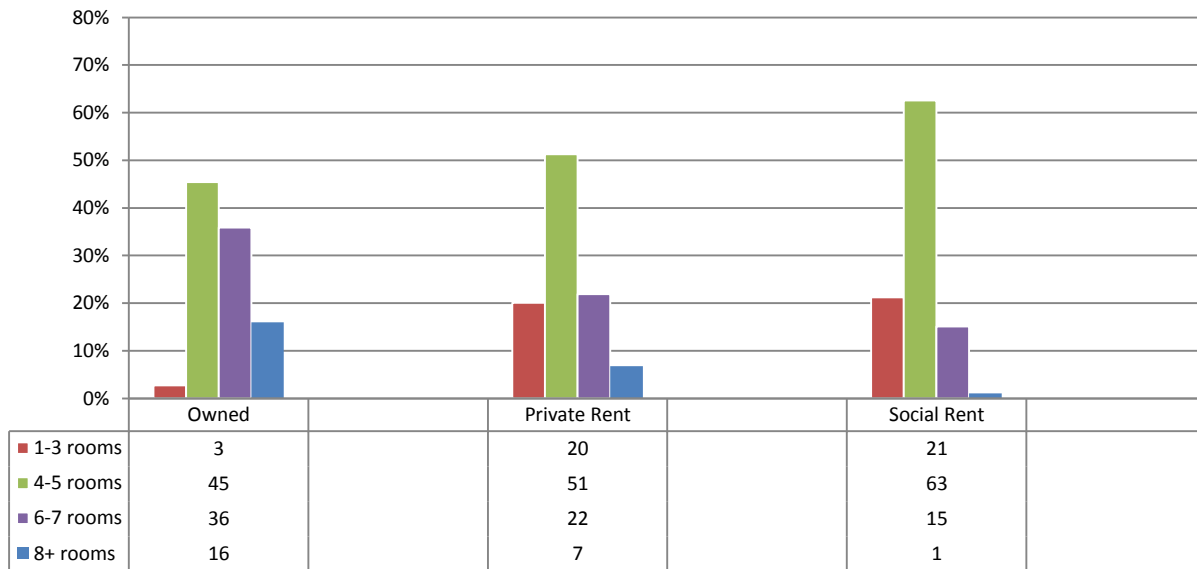
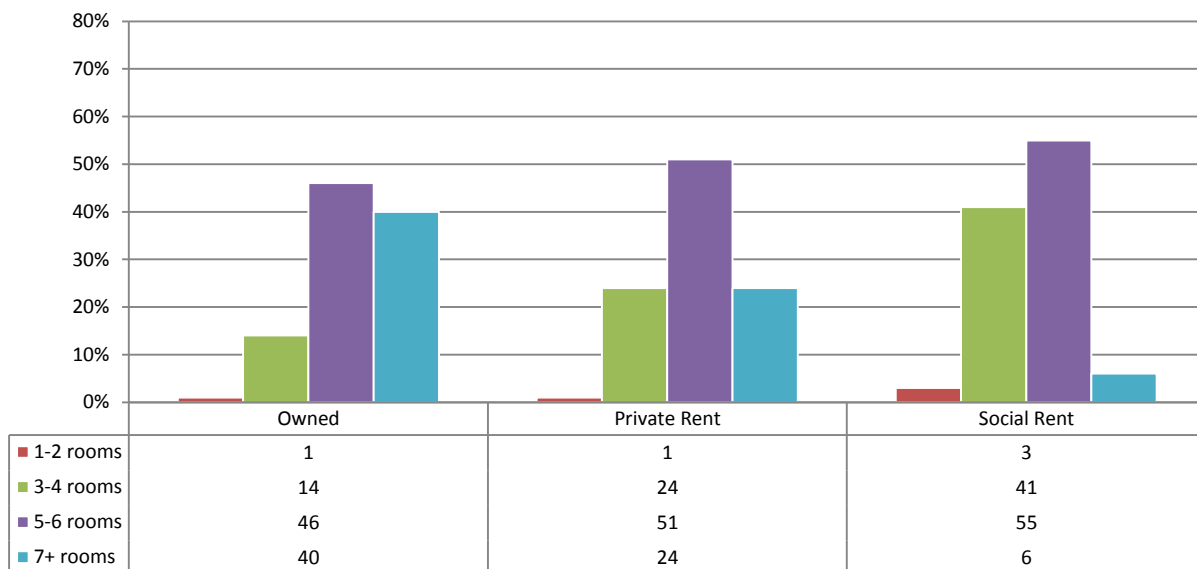


Figure 19
Property Size by Tenure for Rural Areas (Source: UK Census of Population 2001. Note: Data for “Rural Areas” includes all areas classified as either “Village” or “Hamlet & Isolated Dwellings” across both Coastal Lincolnshire and Central Lincolnshire)

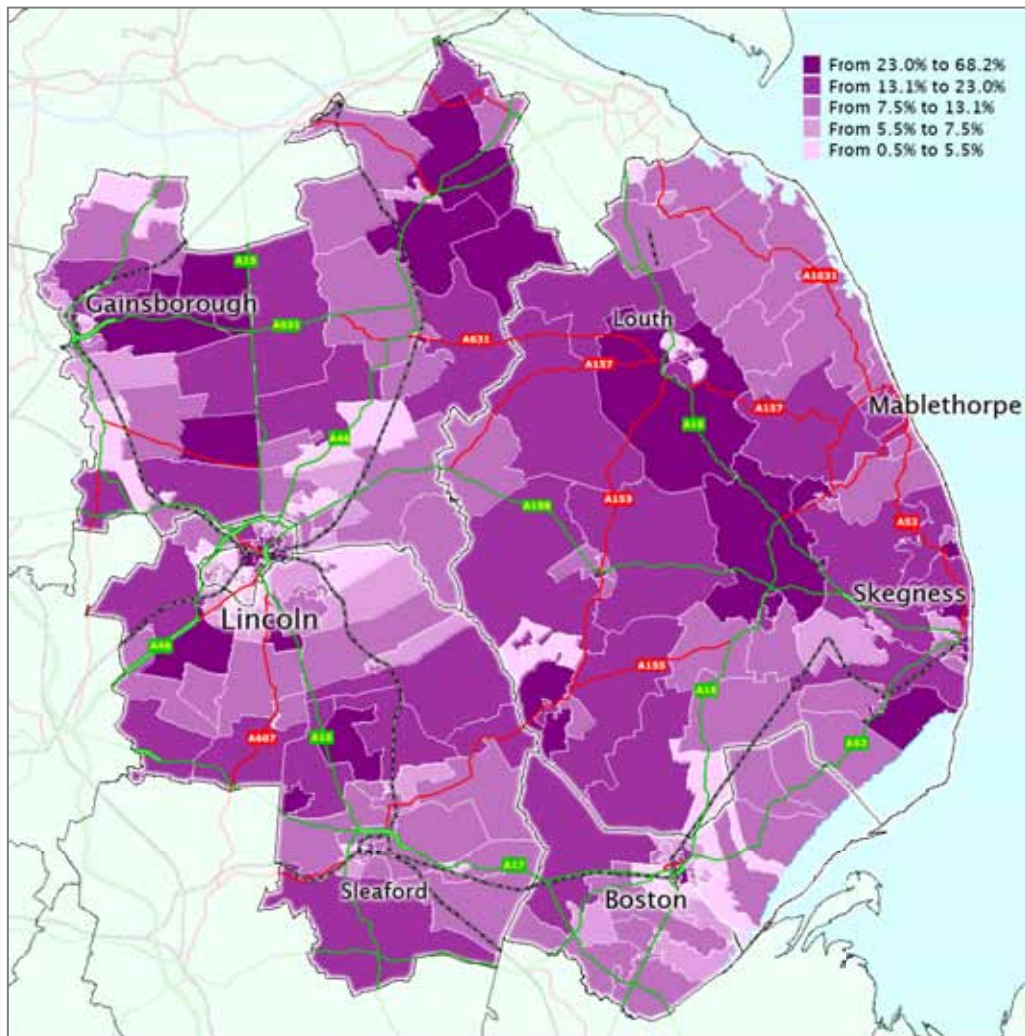


2.51 Owner occupiers have a higher proportion of larger homes (6 rooms plus) than social rent and private rent. However, there are more 4-5 room and 1-3 room homes in Private rent and Social rent than owner occupiers.

Private Rented Sector

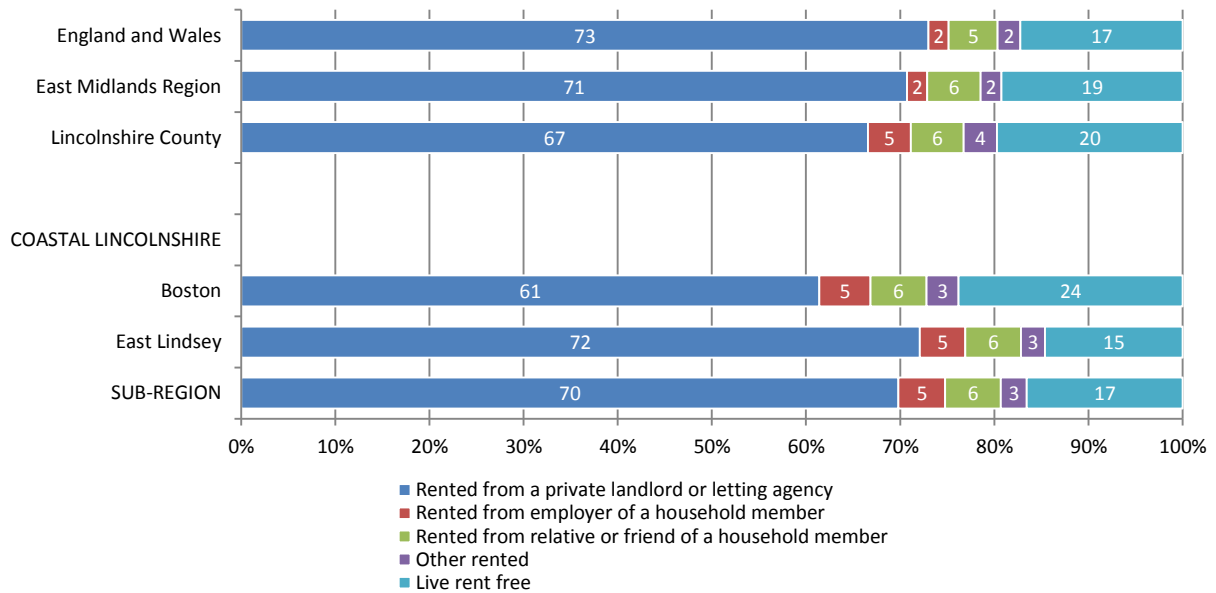
2.52 Figure 20 shows the spatial distribution of the private rented sector across the study area. Whilst there are concentrations of private rented housing in some of the urban centres, there are many rural areas which also have high levels of private rented stock. The lowest proportions of private rented stock are in the areas surrounding the larger settlements, including Boston and Louth.

Figure 20
Percentage of Private Rented Housing by Area (Source UK Census of Population 2001)



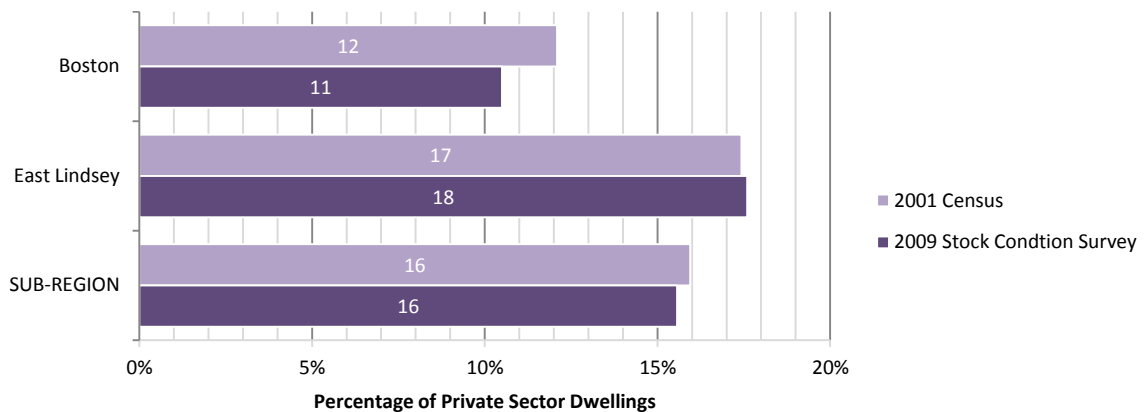
^{2.53} Figure 21 illustrates the different Census categories for broad “private rent” classification. –Around a third of dwellings are neither rented from a private landlord or letting agent. Typically, such households are living in homes owned by relatives, friends or employers; they are either rented (though often at sub-market rates) or provided rent free. These dwellings would include tied properties where employees are provided with accommodation linked to their jobs. This is common in agriculture and also in military housing.

Figure 21
Categories of Private Rented Housing by Area (Source: UK Census of Population 2001)



2.54 Many areas have seen a sharp rise in the number of dwelling in the private rented sector since 2001. The Survey of English Housing showed an average growth in the private rented sector across the East Midlands of 5% per annum from 2001-2007. However, there has been little change for Boston or East Lindsey.

Figure 22
Private Rented Stock as a Share of all Private Sector Dwellings by Area (Source: Lincolnshire Stock Condition Survey 2009)



2.55 In recent years, the number of households receiving housing benefit to rent privately has increased to 13,000 in April 2010, up by around 1,000 from October 2009.

2.56 In April 2010, 6,610 households in Coastal Lincolnshire (including a particularly high figure in East Lindsey) received housing benefit support to live in the private rented sector.

2.57 Housing benefit claimants form a large share of the private rented sector in Boston and East Lindsey.

2.58 The data suggests housing benefit supports almost half of private sector tenants in Coastal Lincolnshire.

Figure 23
Housing Benefit Claimants in the Private Rented Sector April 2010 (Source: Lincolnshire Stock Condition Survey 2009; DWP. Note: This is not a perfect measure as multiple benefit claimants could be housed in one dwelling, e.g. Houses in Multiple Occupation)

| Area | Private Rented Sector | | |
|-----------------------------|-----------------------|---------------------------|----------------------------------|
| | Total Dwellings | Housing Benefit Claimants | % of Households in Receipt of HB |
| Coastal Lincolnshire | | | |
| Boston | 2,410 | 1,140 | 41.1% |
| East Lindsey | 10,100 | 5,470 | 49.8% |
| Total | 12,510 | 6,610 | 48.1% |

- ^{2.59} Local letting agents have noted considerable demand for private rented homes across the study area (Source; Stakeholder Survey). All agents confirmed that vacancies were normally filled very quickly – one respondent reported most lettings were of interest to dozens of households and a letting could be achieved within a week of the property being advertised.
- ^{2.60} Anecdotal evidence from the stakeholder survey suggested that demand came from all types of renter, but four groups were highlighted by respondents, in particular:
- » would be first time buyers;
 - » international migrants;
 - » students; and
 - » military personnel.
- ^{2.61} Most transactions were either to local households unable to buy or international migrants. Demand from local households was due to the lack of options affordable to them in the area. Lower demand came from potential in-migrants from within the UK seeking to relocate.
- ^{2.62} Demand from international migrants stayed at similar levels, but tended to be in neighbourhoods with a high proportion of lettings to other international migrants. This tended to include the cheaper end of the market. The letting market to this group in Boston is exceptional and is discussed later in the study where we explore the wider impact of international migration.
- ^{2.63} Other findings from the stakeholder survey:
- » Supply to the buy to let market is undergoing change:
 - Yields have fallen, and capital growth slowed.
 - Professional investors are still active in the market but more selective.
 - Many amateur investors have struggled with weak capital growth/falling values, and mortgage availability restrictions.
 - Owner occupiers who are unable to sell are renting homes out and renting elsewhere themselves.
 - Inheritors are choosing to rent out rather than sell.
 - » Demand for private renting has risen since peak market in August 2007:
 - Rents are relatively stable and relatively affordable to local people.
 - Any rent increases may suppress demand.

- Demand from international workers remains strong, especially in Boston where the food and agriculture sectors boost demand.
- Demand from service personnel remains strong near bases.
- Investors in Boston seek terraced housing for both first time buyers and international migrants.
- Most landlords will not take benefit cases. Demand exists, but lettings are less likely to go via agents. Properties are accessed by word of mouth, shop windows and local newspapers.

Condition of Private Sector Housing

^{2.64} It is Government policy that everyone should have the opportunity of living in a “decent home”. The Decent Homes Standard contains four broad criteria that a property should:

- » Be above the legal minimum standard for housing;
- » Be in a reasonable state of repair;
- » Have reasonably modern facilities (e.g. kitchens and bathrooms) and services; and
- » Provide a reasonable degree of thermal comfort (i.e. effective insulation and efficient heating).

^{2.65} If a dwelling fails any one of these criteria it is considered to be “non decent” and fails the Decent Homes Standard. The primary hazard failures identified in Lincolnshire were excess cold, falling on level surfaces and falls on stairs.

^{2.66} Figure 24 shows the percentage of dwellings which fail to meet the Decent Homes Standard and the percentage of dwellings with Thermal Comfort Failure for Coastal Lincolnshire. Thermal comfort relates to effective insulation and heating within the dwelling and is calculated by taking into account the heating systems, fuel and insulation in a dwelling to determine if it provides adequate thermal comfort.

^{2.67} In total, 41.8% of all private sector dwellings are considered to be non-decent in Coastal Lincolnshire. As a comparison 35.3% of all dwellings in England were assessed as being non-decent by the Survey of English Housing in 2006. There are similarities between dwellings with high levels of Decent Homes Failure and Thermal Comfort Failure.

Decent Homes Failure:

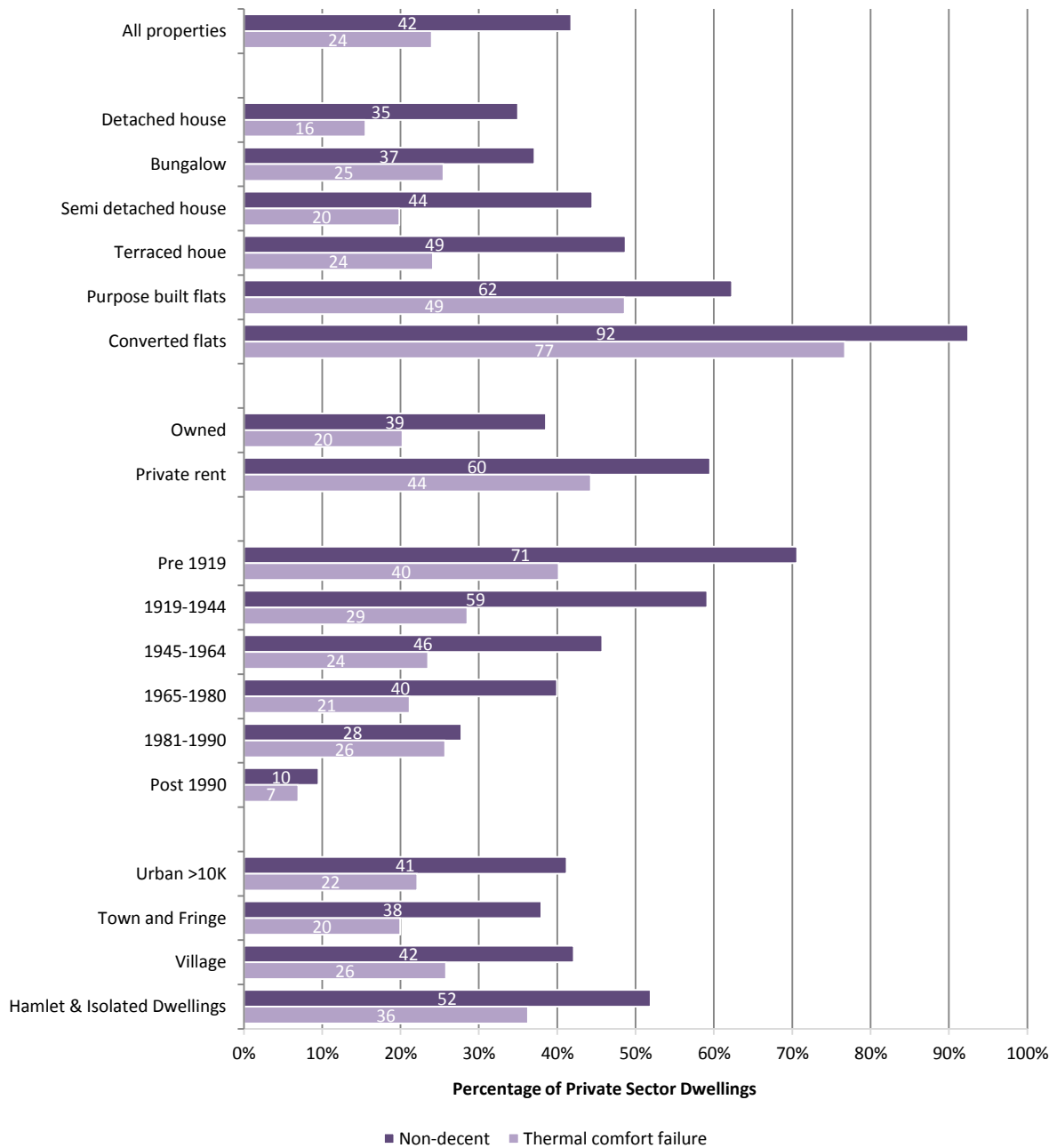
- Age: Older properties are more likely to fail the DHS
- Type: Flats and converted dwellings are more likely to fail the DHS, though converted dwellings form only a smaller share of the total stock
- Tenure: Private rented are more likely to fail the DHS
- Location: Village and hamlet properties are more likely to fail the standard

Thermal Comfort Failure

- Converted properties are more likely to have thermal comfort failure, though they form only a smaller share of the total stock

- Type: Flats and converted dwellings are more likely to have thermal comfort failure
- Tenure: Private rented are more likely to have thermal comfort failure
- Location: Village and hamlet properties are more likely to have thermal comfort failure

Figure 24
 Non-decent Properties and Thermal Comfort Failure by Property Type, Tenure, Construction Date and Urban/Rural Classification
 (Source: Lincolnshire Private Sector Stock Condition Survey 2009)



Fuel Poverty and Energy Efficiency

- 2.68 Energy efficiency: the Standard Assessment Procedure or SAP is a government rating for energy efficiency. It is expressed on a 0-100 scale. The higher the number the better the energy rating for that dwelling.
- 2.69 Fuel poverty: occupiers of a dwelling are considered to be in fuel poverty if more than 10% of their net household income would need to be spent on heating and hot water to give an adequate provision of warmth and hot water. Typically a lower SAP score for an area will see a higher level of fuel poverty.
- 2.70 Figure 25 shows average SAP rating for private sector dwellings and associated fuel poverty in the study area.

Figure 25

Average SAP Rating for Dwellings and Percentage of Households in Fuel Poverty by Tenure (Source: Lincolnshire Private Sector Stock Condition Survey 2009)

| Area | Owned | | Private Rent | |
|-----------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
| | Average SAP Rating | % of Households in Fuel Poverty | Average SAP Rating | % of Households in Fuel Poverty |
| Coastal Lincolnshire | | | | |
| Boston | 52 | 18.1% | 51 | 19.6% |
| East Lindsey | 50 | 37.5% | 42 | 55.4% |
| Sub-region | 51 | 32.6% | 46 | 48.6% |

- 2.71 The average SAP rating across England is 49 – so the private rented stock of East Lindsey is well below the average.
- 2.72 Across all local authorities it is the case that SAP ratings are lower for private rented dwellings than owner occupied ones. This is mainly due to the age of dwellings in the private rented sector, where older dwellings are less likely to be energy efficient and therefore more likely to have lower SAP scores.
- 2.73 It is also the case that households in the private rented sector are more likely to be in fuel poverty. This is in part due to the lower average energy efficiency in these dwellings and also in part due to many households in the private rented sector having lower household incomes than those in owner occupation. While the owner occupied sector includes many low income retired households, the private rented sector includes many low income households in receipt of housing benefit as previously noted.
- 2.74 Fuel poverty is high in Coastal Lincolnshire (32.6% of owners and 48.6% of private tenants) due to the poorer SAP scores identified coupled with low household incomes.
- 2.75 The Government outlined a ‘Green Deal’ energy efficiency loan scheme in June 2011 to help pay for energy saving schemes in the home.

Empty Homes

- 2.76 At any point in time it is natural for dwellings in any housing stock to not be occupied as household move from one dwelling to another. If a high share of dwellings are not occupied this can either be

symptomatic of particular problems in a housing market, or could be placing pressures on the housing stock of the area.

- 2.77 Properties which are vacant are identified in Council Tax records. Across the 2 local authorities, nearly 2,000 properties are currently identified as being vacant,.

Figure 26

Vacant Homes by Area (Source Local Authority Council Tax Exemptions 2010)

| Local Authority | Vacant Dwellings |
|-----------------|------------------|
| Boston | 742 |
| East Lindsey | 1,254 |
| TOTAL | 1,996 |

- 2.78 Evidence on empty homes was also gathered via interviews with empty homes officers for Coastal Lincolnshire and a review of Empty Homes strategies. Focus was on causes of empty homes, plans to deal with them and the characteristics of empty homes' 'hotspots'.

Empty Homes Strategy

- 2.79 The Lincolnshire Empty Homes Strategy 2010-13 (published 2010) identified over 4,000 long term empty homes in Lincolnshire. Most of these are privately owned.

- 2.80 The strategy recognises that the causes of empty homes, and their impact, are varied. A multi-disciplinary Action Plan is in place to:

- » Reduce the number of long term empty homes by district specific targets each year;
- » Establish a positive relationship with owners of empty properties to facilitate bringing them back into viable use;
- » Increase public and organisational understanding of empty properties across the districts;
- » Help to increase the supply of affordable housing, and reduce homelessness; and
- » Add to the number of good quality, energy efficient properties within each district.

- 2.81 Action around any empty homes 'hotspots' are found in individual local authority documents.

3. Local Population Characteristics

Profiling Demographic Trends and Key Sub-groups

Section Summary

- This section looks at demographic trends and key sub-groups of residents within the Coastal Lincolnshire Housing Markets. It considers resident's age, household type, BME communities, Student populations, military personnel, houses in multiple occupation and Park Homes/Caravans
- Coastal Lincolnshire has had a net population increase of just over 42,600 people (26.6%) between 1981 and 2009. This is faster growth than the East Midlands over this period, which is in itself above the England average over the same period. Growth has been much stronger in East Lindsey than Boston.
- Coastal Lincolnshire has a slightly older age profile of residents when compared to the East Midlands and England. The tenure distribution of pensioner households is similar to the overall tenure profile, but with a slightly higher reliance on social rented housing. The Older People's Housing Needs Study for the East Midlands Regional Assembly showed a shortfall in Extra Care housing of up to 5,000 units across Lincolnshire. Lincolnshire County Council Adult Care Services has prepared an Extra Care Housing Strategy for the period 2009-13. 3 or 4 large scale care villages and 10-12 medium sized extra care housing schemes are planned over the next 15 years
- There are an estimated 1,220 houses in multiple occupation (HMO) in the sub-region.
- At the time of the 2001 Census, BME groups constitute around 2.5% of the population of Coastal Lincolnshire, lower than the overall proportion for England and Wales (13%) and less than a third of the proportion in the East of England region (9%).
- Due to the preference for a coastal location or near to a resort, there are many park homes/caravans in Coastal Lincolnshire. Agents report that park homes are mostly occupied as a positive lifestyle choice by a group of older people and some sites are exclusively for the over 50s. Chalet accommodation is often built to residential standards, so effectively provide small bungalows in quasi purpose-built retirement villages for use in many cases as second homes.

- 3.1 Figure 27 summarises the recent changes in population across the study area. Over the 9-year period 2001-10 the population of Coastal Lincolnshire has increased by 14,400 people (7.7%) equivalent to an average growth of 1,700 per year. A key driver of this growth has been in-migrant households, with this issue discussed in more detail later in this report.

Figure 27

Persons and Households by Local Authority (Source: UK Census of Population 2001; Mid-year Population Estimates 2010. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding. Average household size based on total number of persons excluding the impact of communal housing residents)

| Local Authority | Persons | 2001 Population Households | Average Household Size | Persons 2010 | Net Change 2001-10 | % Change 2001-10 |
|-----------------------------|----------------|----------------------------|------------------------|----------------|--------------------|------------------|
| Coastal Lincolnshire | | | | | | |
| Boston | 55,800 | 24,000 | 2.32 | 59,000 | + 3,200 | 5.8% |
| East Lindsey | 130,400 | 55,500 | 2.35 | 141,600 | + 11,200 | 8.6% |
| Total | 186,200 | 79,500 | 2.34 | 200,600 | + 14,400 | 7.7% |

Figure 28

Population of Study Area, East Midlands and England: 1981-2010 (Source: ONS Mid-Year Population Estimates)

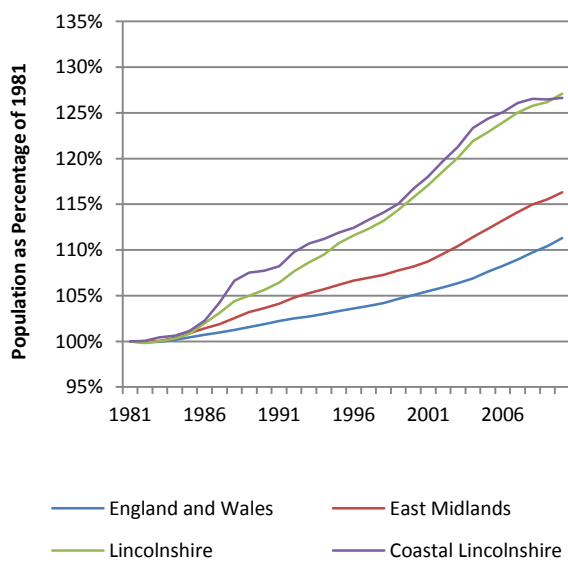
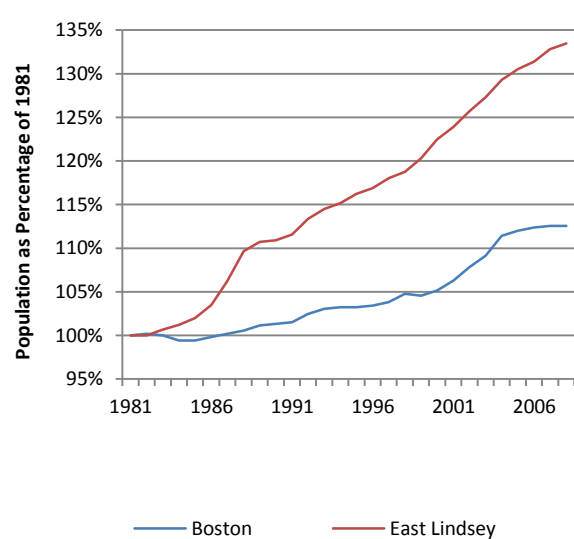


Figure 29

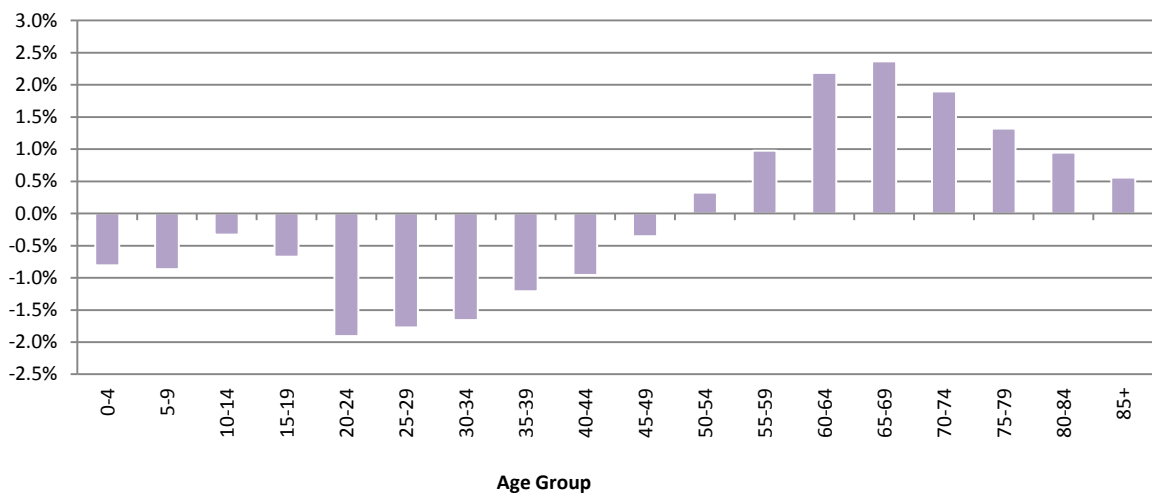
Population by Local Authority: 1981-2010 (Source: ONS Mid-year Population Estimates)



- 3.2 Coastal Lincolnshire has seen a relatively rapid but consistent growth in population, as illustrated Figure 28. Taking the 1981 population as a base, it shows that the population of Coastal Lincolnshire rose by 26.6% in the period up to 2010, from 158,000 to 200,600 people. This compares with a rise in population of only around 11.2% for England and 16.3% for the East Midlands region.
- 3.3 Figure 29 illustrates that the population of East Lindsey has continued to grow fairly rapidly. Taking the 1981 population as a base, it shows that the population of East Lindsey rose by 34.2% from 105,500 to 141,600 people. Boston has seen a slower growth rates at 12.4%.
- 3.4 In comparing the age structure for the population in Coastal Lincolnshire against the East Midlands region (Figure 30), it is apparent that the population is older with a higher proportion of people aged 50 or over.

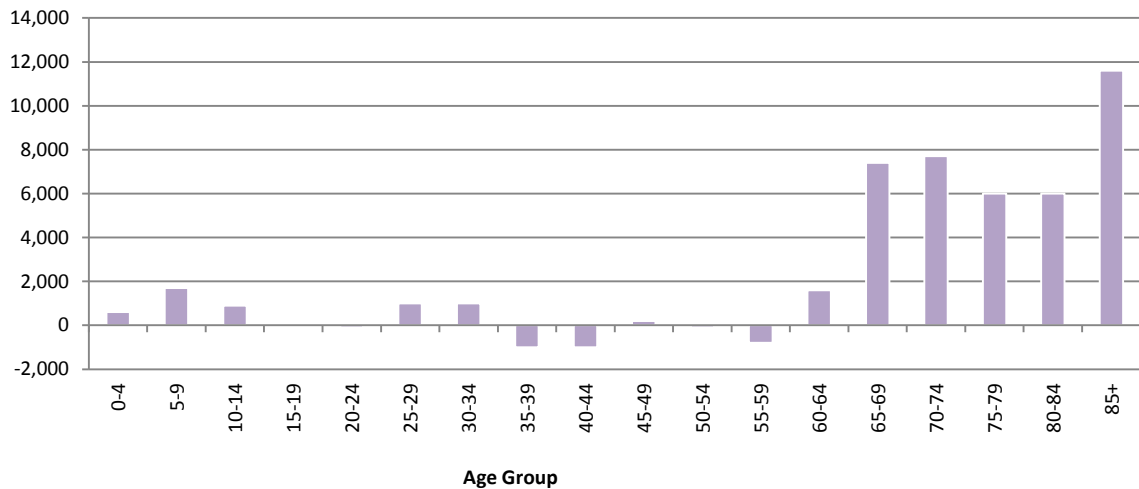
Figure 30

Age Profile for Coastal Lincolnshire Compared with East Midlands Region (Source: ONS Mid-Year Population Estimates 2010)



- 3.5 The rise in population of all local authorities in Coastal Lincolnshire is projected to continue in future. It is important to note however that the ONS projections do not typically take account of policy decisions about the distribution of new housing. For example if there is lower dwelling delivery in the future in the Coastal HMA then this may reduce migration to the area, which in turn will see lower numbers of older persons. It should also be noted that the 2008 projections vary greatly from previous population projections produced by the ONS, particularly for Coastal Lincolnshire. It is difficult to determine how much of this is due to changes in population growth trends and how much is due to a change in the methodology used to calculate the 2008 based projections.
- 3.6 The ONS projections show that the population in Coastal Lincolnshire is likely to become older in the period up to 2033. In particular, the number of people aged 65 years and above is expected to grow considerably (Figure 31). Of course, many of these people will already be resident in the area – the existing population is simply getting older. However, recent migration trends will have boosted the number of older persons in East Lindsey in particular and these are projected by the ONS to continue into the future. Nationally, ONS figures show that the number of people aged 65 years and over increased from 7.4 million (13% of the population) in 1971 to 9.2 million (16%) in 1996 and is estimated to increase to 14.5 million (24%) in 2061.

Figure 31
Projected Change in Age Profile of Coastal Lincolnshire 2008-33 (Source: ONS Sub-national Population Projections, 2008 based data)



Houses in Multiple Occupation and Communal Establishments

3.7 When looking at housing needs it must be remembered that not all people live in self contained dwellings occupied by a single household. Many households occupy houses in multiple occupation (HMOs). An HMO is currently defined by the Housing Act 2004;

- » an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- » a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- » a converted house which contains one or more flats which are not wholly self contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; and
- » a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

3.8 The accommodation must be used as the tenants' only or main residence and it should be used solely or mainly to house people. Properties let to students and migrant workers are treated as their only or main residence.

3.9 Across Lincolnshire Coastal HMOs form a significant part of the private rented housing stock. There are an estimated 1,220 HMOs across the 2 authorities.

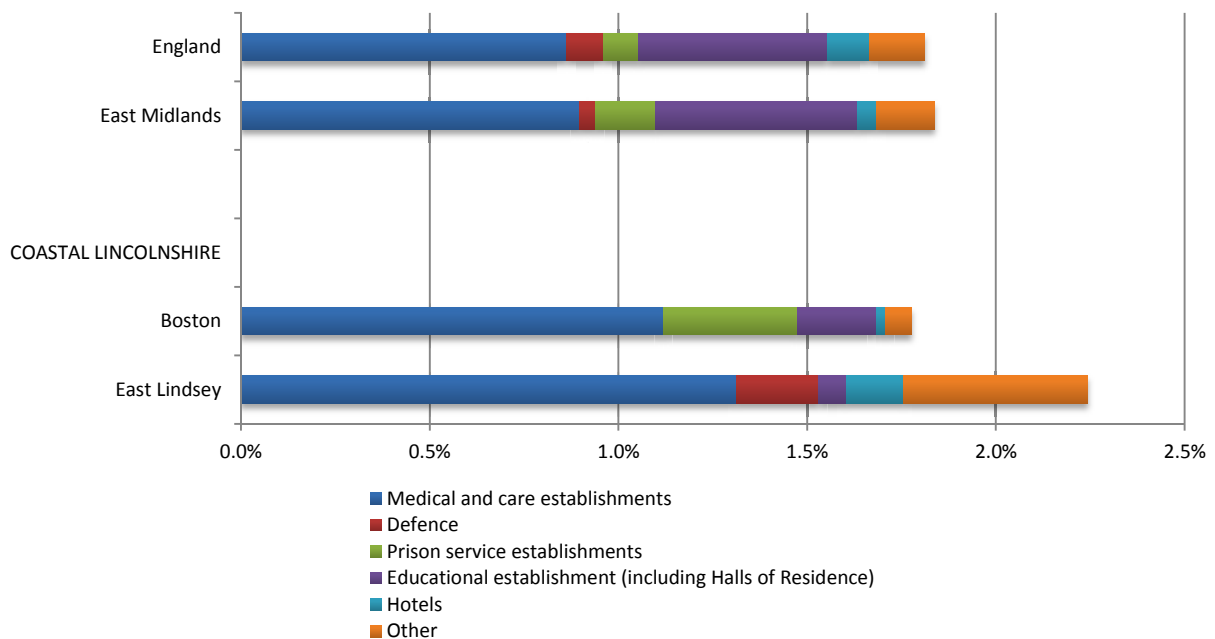
Figure 32
Houses in Multiple Occupation by Local Authority (Source: Lincolnshire Stock Condition Survey 2009)

| Local Authority | Number of HMOs |
|-----------------------------|----------------|
| Coastal Lincolnshire | |
| Boston | 460 |
| East Lindsey | 760 |
| Total | 1,220 |

3.10 HMOs make an important contribution to the private rented sector by providing housing to meet the needs of specific groups/households. This classification of housing must be considered alongside accommodation for people who share housing and housing costs in order to afford self contained market housing.

3.11 It is also important to note that not all people live in traditional household units. Figure 33 shows that at the time of the 2001 Census, as much as 2.25% of the population of East Lindsey lived in communal residences, with medical and care establishments accounting for much of this population.

Figure 33
Proportion of People in Communal Housing by Type of Establishment in Coastal Lincolnshire (Source: UK Census of Population 2001)



Older people

3.12 Figure 34 shows a similar distribution of tenure for pensioner households in Coastal Lincolnshire.

3.13 The tenure of pensioner households varies by local authority, with slightly higher proportions of owner occupancy in East Lindsey. Boston has a higher proportion of pensioner households in the social rented sector.

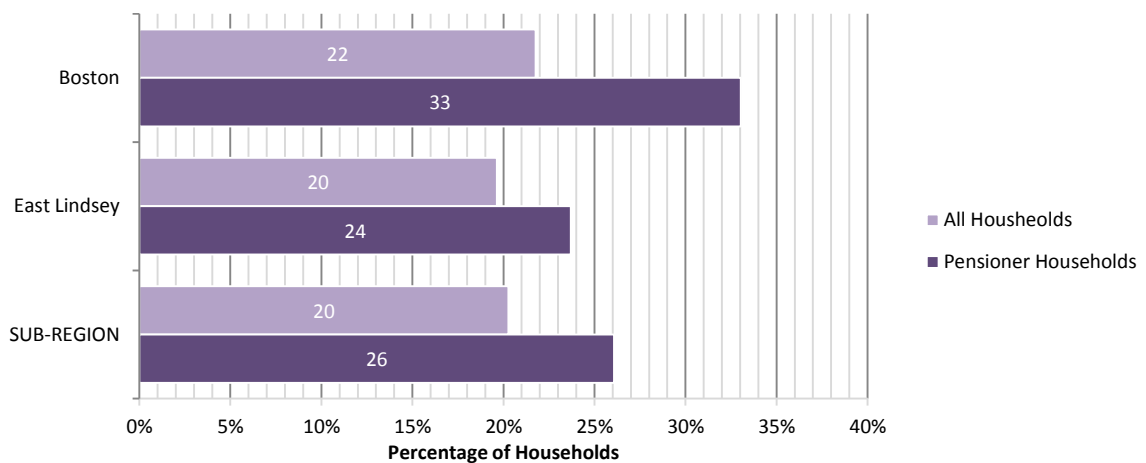
Figure 34
Tenure of Pensioner Households (Source: UK Census of Population 2001)



3.14 Access to services is an issue for older people. Figure 35 shows that, overall, pensioner households are less likely to have access to a car or van than the population of Lincolnshire as a whole – this could limit access to services more than a short walk away. This is likely to have a larger impact in rural areas where fewer services are located within a short walking distance and where many services have been lost in recent years. While free bus passes provide a means of transport for older households, current financial cutbacks are seeing bus services cut back in many areas making rural areas more isolated.

3.15 Pensioner households in Boston are the least likely to own a car or van.

Figure 35
Percentage of Households with No Access to a Car or Van (Source: UK Census of Population 2001)



3.16 Data from the 2001 Census indicates that 45% of people in the Lincolnshire Coastal region of pensionable age suffered from a limiting long-term illness (Figure 36). This ranges from 35% for those aged under 70, but rises rapidly to around two-thirds of those aged 85+. More recent data from POPPI for 2010 shows that the 46% of pensionable age people in Coastal suffer from a limiting long-term illness. Therefore, the proportion of older persons who have health problems have not changed since 2001.

3.17 Given the projected growth of the older population in Lincolnshire, it is likely an increase in support needs will be occur – but it is important to remember that one of the reasons for the growing population is better health and the associated improvements in life expectancy, so older people in 2001 are unlikely to be representative of people of the same age by 2021 or 2031.

3.18 Around 4% of older people live in communal housing, mainly in medical and care institutions (Figure 37). The proportion increases significantly with age, with 18% of those aged 85-89 and 38% of those aged 90+ in communal housing.

3.19 Whilst the way in which care for the frail elderly is changing, an increasing older population will require more care and support – and working in partnership with other public services (such as Supporting People and the local health service) it will be important to consider what proportion will need housing beyond the general housing stock.

3.20 The **Older People's Housing Needs Study for the East Midlands Regional Assembly** (EMRA, April 2009) shows that, when comparing Coastal Lincolnshire to the East Midland Region;

- Coastal Lincolnshire has higher proportions of people over 85 and households with a head of household of pensionable age.
- Coastal Lincolnshire has considerably less than average provision of sheltered housing and extra care housing, especially in the rural parts of the area.
- Coastal Lincolnshire's supply of park homes contributes to the supply of retirement housing.
- Considerable undersupply of extra care housing in Coastal Lincolnshire.

Figure 36
Limiting Long-term Illness of Older People by Age Group
(Source: UK Census of Population 2001. Note: Data is for females aged 60+ and males aged 65+)

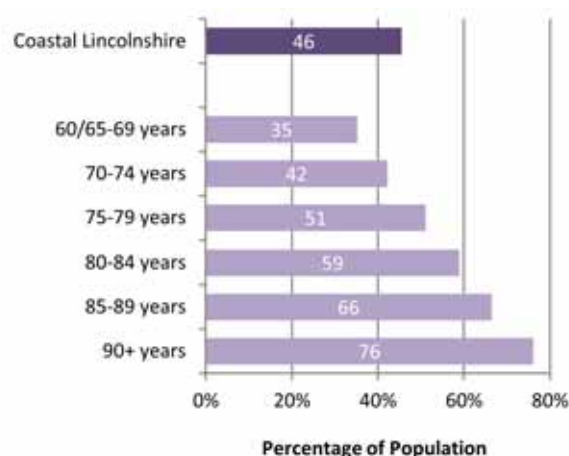
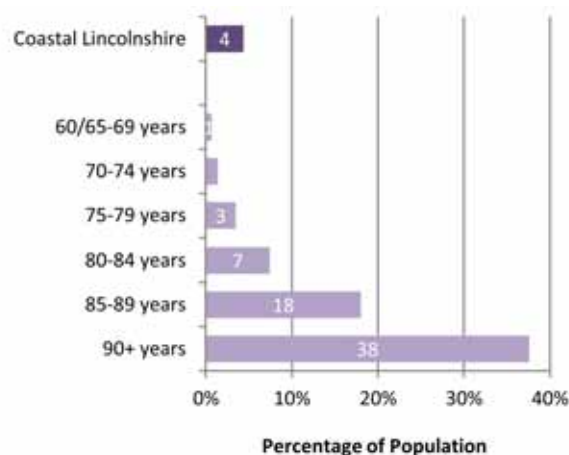


Figure 37
Proportion of Older People in Communal Housing by Age Group
(Source: UK Census of Population 2001. Note: Data is for females aged 60+ and males aged 65+)



- » A shortfall in the planned provision of Extra Care housing for rent and sale. It is estimated that the shortfall could be 5,000 units or more across Lincolnshire. As a minimum, growth of 2,000 additional units should be provided over the next 5 years.

3.21 Some new provision will come through recycling sheltered housing assets; some will come through the development of virtual Extra Care and other forms of intensive care and support services.

- » It is estimated that, as a minimum, an additional 800 units of specialist property for sale will be needed, some of this will come through the development of Extra Care/retirement villages
- » There is a need for building partnerships with the private sector to develop leasehold Extra Care housing
- » The level of sheltered housing provision varies across the region but it still has a significant role to play. However, there is a lack of options within that provision across the region, both in terms of stock and service models, to meet the changing needs and aspirations of older people.
- » The balance of tenure needs to change over time from rent to sale and shared ownership, a broadening of choice in housing type and service model, and an increase in the quality of housing to meet the growing aspirations of older people. This will mean the closure, remodelling or replacing of a number of the existing sheltered schemes which are either in the wrong location, or below contemporary standards. Some of this is already planned across the region.
- » The growing numbers of people with a dementia will create additional challenges. To address this need some specialist provision will be required in Extra Care and existing sheltered housing in all areas. These will be small scale developments that are best planned at a local level and may be contained within existing provision, or within new Extra Care developments
- » More people will want to remain in their own home. This will place more emphasis on the following types of services:
 - Community alarms and assistive technology
 - Home Improvement Agencies, which are now rapidly developing, making links to and delivering a wide range of services
 - More adaptations to homes making the need for new “lifetime homes” more important
 - Looking at the way communities are able to support an ageing population both through preventative activities and the way communities are designed

3.22 The planning process is a key element:

- Making land available for specialist housing
- Understanding the implications of introducing lifetime housing standards, and that neighbourhoods also have to offer lifetime standards, and this will be challenging
- More consultation with private sector developers to enable more development
- Working across local authority boundaries and with strategic partners, particularly concerning the growing number of large scale – retirement village type developments

- 3.23 Lincolnshire County Council Adult Care Services has prepared an Extra Care Housing Strategy for the period 2009-13. The strategy reflects and addresses the issues raised in the EMRA report, noting that Lincolnshire faces a considerable challenge due to growing demographics and rising expectations of older people. While not all of this requirement is for older persons, with some for younger people who require support, the vast majority is for to meet the needs of an aging population.
- 3.24 The strategy aims to:
- » Provide choices for housing care and support to meet future demand
 - » Design and develop schemes that provide options in tenure accommodation and services
 - » Work in partnership with other bodies and groups
 - » Maintain and advance older persons participation in the design and implementation of the strategy
- 3.25 Specifically 3 or 4 large scale care villages and 10-12 medium sized extra care housing schemes are planned over the next 15 years in Lincolnshire.

Second Homes

3.26 Properties which are second (or holiday) homes are identified in Council Tax records. Across the 5 local authorities, 1,400 are identified as second homes with over 1,300 being in East Lindsey.

Figure 38
Second Homes by Area (Source Local Authority Council Tax Exemptions 2010)

| Local Authority | Second Homes |
|-----------------|--------------|
| Boston | 82 |
| East Lindsey | 1,333 |
| TOTAL | 1,415 |

3.27 Figure 38 shows second homes in East Lindsey as a share of the total dwelling stock. The coastal strip linking Mablethorpe and Skegness contains a higher share of second homes than any other area. The high numbers of holiday and mobile homes account for these and are only occupied for part of the year.

Park Homes and Caravans

3.28 The Agents survey highlighted the key demand drivers for park homes are value for money and location.

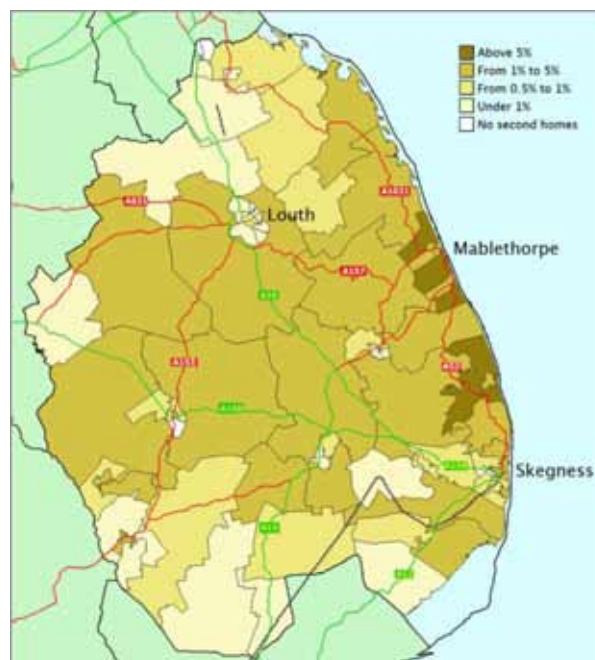
3.29 In the west of the county, park homes can be found on the fringe of the market towns and villages. They are also found located close to rivers and fishing lakes. They are typically sold on a leasehold basis and many are exclusively for the over 50s.

3.30 A park home is perceived to offer the same amenity as a traditionally built bungalow at a fraction of the purchase price. For example £120k provides a well appointed 2-bedroom bungalow accommodation with a detached double garage on a corner plot. An agent said another feature was the potential for equity release for retiring owner occupiers.

3.31 The eastern coastal strip contains many park homes and agents explained that being able to live near a coastal resort were a major selling point for households from Yorkshire and the East Midlands.

3.32 Agents report that park homes are mostly occupied as a positive lifestyle choice by a group of older people. Other mobile homes are also an important part of the holiday industry in the coastal resorts, and are mostly found in holiday parks. Mobile homes are also used as living accommodation by some agricultural workers, thus meeting their housing needs outside of traditional housing.

Figure 39:
Second Homes in East Lindsey (Source: Local Authority Council Tax Exemptions 2010. Note: Data shown at Census Lower Super Output Area)



- 3.33 A survey of caravan parks was undertaken on the basis of the 84 advertising in the Yellow Pages and on yell.com. Of the 29 interviews achieved, only 2 parks had permanent residents – the remainder being exclusively holiday lets and second homes. East Lindsey Council is currently undertaking further work to assess the number of holiday caravans in permanent use. Many of the sites where interviews were not achieved were closed, given that calls were made outside the holiday season. Reasons given for not leasing accommodation long term were that it is against the site licence or simply “*not worth the hassle*”. Additional sites with permanent residents were identified via the Internet, and these contacts yielded a further 7 interviews.
- 3.34 Accommodation varied between static caravans worth £7,500 to £18,000 and bungalow type chalets worth £75,000 to £85,000. In most cases residents own the mobile home and pay an annual rental for the plot which ranges between £600 and £1,700, although one site offered long-term lets for £300 pcm (covering the plot and caravan) and ten of their 63 caravans are rented in this way. Service charges varied, but typically residents only pay for gas and electricity.
- 3.35 Residents are typically able to live in their home all year round, the only exception being a park which mainly catered for the holiday market. At these sites, licensing conditions restrict occupancy between November to March and the chalets are unavailable during February. Most parks required residents to be retired or semi-retired, with a minimum age of around 50 years – but even where parks did not have an age policy, most residents are retired. The only restrictions placed on residents relate to pets – either an outright ban, or limiting their type and numbers.
- 3.36 Residents were reported to be mainly British (coming from all over the UK) and were typically downsizing, releasing capital and looking for cheaper utility bills. The strong sense of community coupled with the sense of safety (given the night time lighting and absence of teenagers/children) were cited by many as key influencing factors.
- 3.37 Chalet accommodation is often built to residential standards, so effectively provide small bungalows in quasi purpose-built retirement villages for use in many cases as second homes. More generally, there is a perception that park homes are modern, well maintained and safe – but many (caravans in particular) will typically fail the Decent Home standard given the nature of their construction. As park homes represent under 1% of the dwellings in the County, only a small number of surveys were completed as part of the countywide Private Stock Condition Survey – but the results for caravans and other mobile homes are statistically significant, with most failing both the Housing Health and Safety Rating System and Decent Homes measures:
- » Category 1 Hazard – 92%
 - » Poor thermal comfort – 78%
 - » Disrepair – 13%
 - » Non decent – 94%
- 3.38 Failures are normally on technical grounds, given the design and construction method. Mobile homes typically have very poor levels of energy efficiency due to the type of heating systems and levels of insulation with many early chalet developments not being built to a high standard. Whilst the majority of mobile homes will be of insulated panel construction, the insulation is generally considerably less than that of a traditional dwelling and the panels themselves far less substantial than brick or stone built walls. Heating in mobile homes is commonly from on-peak electric fires or LPG/other bottled gas

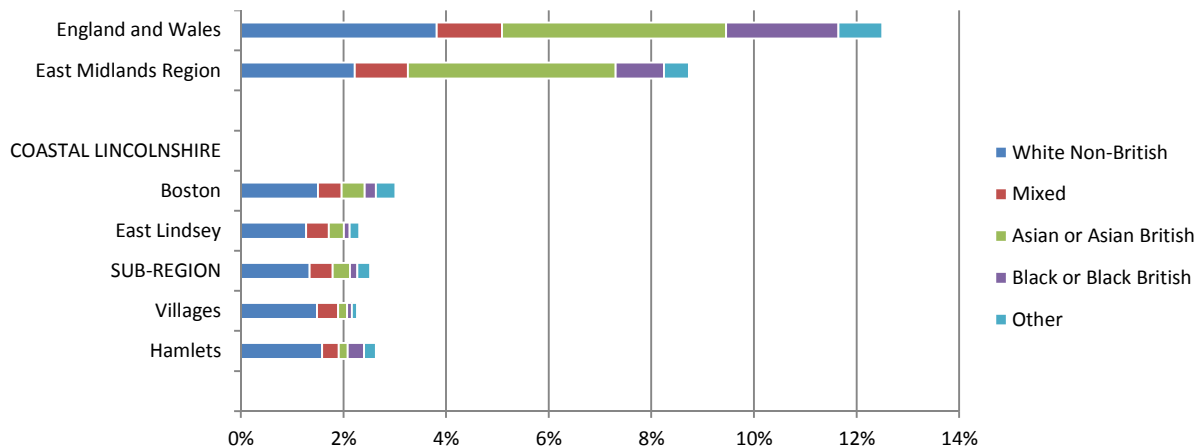
heaters, both less cost effective than mains gas or off-peak electricity. Since energy efficiency is based on energy cost modelling, such systems return poor energy efficiency figures.

- 3.39 Low energy efficiency levels lead to a high probability of a category one hazard for excess cold, as well as associated hazards such as damp & mould growth. Presence of room heaters as the main heating type is also an automatic failure of the Decent Homes Standard under the Thermal Comfort criterion.
- 3.40 The use of park homes as permanent residences by a large number of older people has policy implications.
- » The Older People's Housing Needs Study for the East Midlands Regional Assembly April 2009 notes the contribution of park homes to the supply of retirement housing especially in North Kesteven and Boston.
 - » There may be a case to undertake further research between an ageing population and the health risks posed by their accommodation.

Needs of BME Groups

3.41 At the time of the 2001 Census, BME groups constitute around 2.5% of the population of Lincolnshire Coastal, lower than the overall proportion for England and Wales (13%) and only a third of the proportion in the East of England region (9%). The 2009 Private Sector Stock Condition Survey found a significant growth in the White other population which is discussed in more detail when we analyse migrant workers.

Figure 40
Ethnic Group Classification (Source: UK Census of Population 2001)



3.42 Annual Schools Census records indicate a growth in children from the White Other ethnic group in primary schools in Lincolnshire. Figure 41 and Figure 42 show that in 2004, 3.5% of children in Lincolnshire primary schools were Non White British, while the figure in 2010 had risen to 7.4%. Almost all of this growth was due to the rise in the number of children from the White Other ethnic group. The growth in this population is discussed in the Migrant Worker section of Chapter 4.

Figure 41
Ethnicity of Primary School Pupils in Lincolnshire in 2004 (Source: Pupil Level Annual Schools Census)

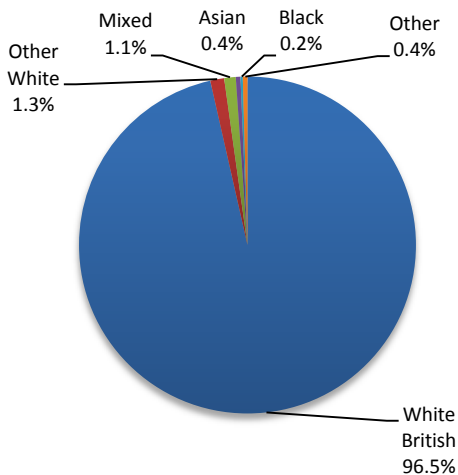
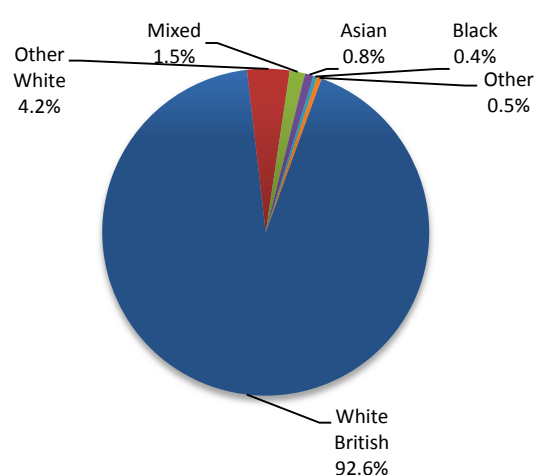


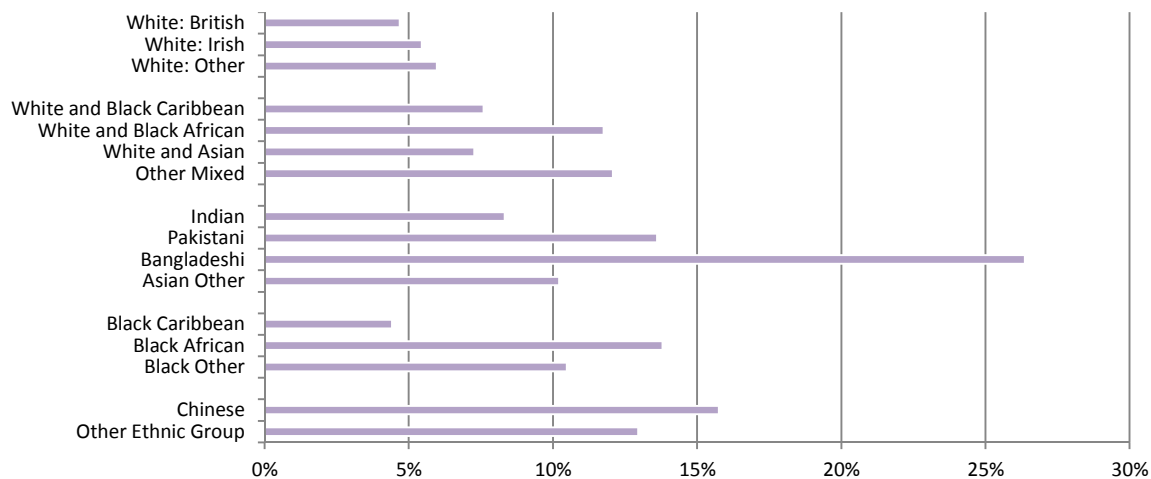
Figure 42
Ethnicity of Primary School Pupils in Lincolnshire 2010 (Source: Pupil Level Annual Schools Census)



3.43 Figure 43 shows levels of overcrowding by ethnic group at the time of the 2001 Census. The results indicate that on this measure 26.4% of Bangladeshi, 15.8% of Chinese, 13.8% of Black African and 13.6%

of Pakistani households were overcrowded. In comparison, the lowest proportions of overcrowding were for the Black Caribbean group at 4.4% and White British at 4.7%.

Figure 43
Overcrowded Households by Ethnic Group for Lincolnshire Central and Coastal (Source: UK Census of Population 2001)



3.44 Figure 44 shows the proportion of households accepted as being homeless and in priority need since 2003 who were from Non White ethnic groups. It is clear that Non White persons are not disproportionately likely to be accepted as being homeless and in priority need when compared with the size of the total Non-White population in the area.

Figure 44
Homeless and in Priority Need by Ethnic Group by Local Authority Q1 2003-Q4 2009 (Source: Local Authority P1E Homelessness Data and UK Census of Population 2001)

| Local Authority | % of homelessness cases from Non White groups | % of total population from Non White groups |
|-----------------------------|---|---|
| Boston | 1.9% | 1.5% |
| East Lindsey | 1.4% | 1.0% |
| Lincolnshire Coastal | 1.5% | 1.2% |

Military Personnel and Bases

3.45 Lincolnshire is an area with a long military tradition, particularly through its association with the RAF. This in turn sees many air force personnel being based in the area. The issue for this study is how much of an impact military personnel have on local housing markets in Lincolnshire?

3.46 Figure 45 shows the RAF bases which are currently active and have personnel stationed within the Coastal And Central Sub-region. RAF Scampton (current home to the Red Arrows) is due close in 2014. We understand the recent Defence Review highlighted no further closures.

Figure 45
Major RAF Bases in Coastal Lincolnshire and Central Lincolnshire (Source: Ministry of Defence, 2010)



3.47 Figure 46 provides a summary of all properties that were owned by the Ministry of Defence (MoD) in Lincolnshire County in 2009. Of particular interest are the 1,738 Serviced Family Accommodation (SFA) units provided for military personnel and their families alongside other base employees.

Figure 46
Properties owned by the Ministry of Defence in Lincolnshire (Source: Ministry of Defence, 2009)

| Site Name | Quantity |
|----------------------------|----------|
| RAF Barkston Heath | 380 |
| Beckingham Training Centre | 360 |
| RAF Coningsby | 283 |
| RAF Cranwell | 63 |
| RAF Digby | 188 |
| RAF Donna Nook | 395 |
| Fulbeck Training Area | 69 |

3.48 Agents confirmed that the bases meant that a significant amount of local housing was occupied by service personnel and civilian support workers. There was interest for both house purchase and rental markets. Data on personnel working at military bases is sparse, but the 2001 Census did contain records on the number of employees who worked in the Census Output Areas (COA) containing each RAF base. Figure 47 shows that RAF Cranwell, RAF Waddington, RAF Coningsby and RAF Digby each employed over 1,000 people.

Figure 47
Number of Workers and Distance to Main Home for Staff at Military Bases in Coastal Lincolnshire and Central Lincolnshire (Source: UK Census of Population 2001)

| Location of Main Home | RAF Cranwell | | RAF Waddington | | RAF Coningsby | | RAF Digby | | |
|-------------------------------|--------------|---------------|----------------|---------------|---------------|---------------|--------------|---------------|--|
| Within the Study Area | | | | | | | | | |
| On-site | 397 | 14.0% | 448 | 16.7% | 301 | 15.6% | 152 | 11.9% | |
| Within 2km | 256 | 9.0% | 122 | 4.5% | 278 | 14.4% | 8 | 0.6% | |
| 2-5km | 169 | 6.0% | 212 | 7.9% | 0 | 0.0% | 34 | 2.7% | |
| 5-10km | 542 | 19.1% | 221 | 8.2% | 42 | 2.2% | 131 | 10.3% | |
| 10-20km | 526 | 18.5% | 211 | 7.8% | 120 | 6.2% | 271 | 21.2% | |
| 20-50km | 408 | 14.4% | 146 | 5.4% | 192 | 9.9% | 27 | 2.1% | |
| 50km or more | 22 | 0.8% | - | - | 3 | 0.2% | - | - | |
| Sub-total | 2,320 | 81.7% | 1,360 | 50.6% | 936 | 48.5% | 623 | 48.7% | |
| Outside the Study Area | 519 | 18.3% | 1,328 | 49.4% | 994 | 51.5% | 655 | 51.3% | |
| All Workers | 2,839 | 100.0% | 2,688 | 100.0% | 1,930 | 100.0% | 1,278 | 100.0% | |

3.49 The next largest base is RAF Scampton. This site only reopened in 2000, so the number of employees at the time of the 2001 Census was very small. RAF Scampton has 400 homes at the base, currently housing around 600 residents. Nevertheless, as noted above the base is scheduled to close in 2014 with the Red Arrows relocating to RAF Coningsby.

3.50 Figure 47 also shows the distance between the base and their main home for workers at the time of the 2001 Census. (NB this may include non-service personnel also). Clearly, those personnel living on site did not directly impact upon the local housing market, but they typically form only a minority of all employees. For RAF Cranwell, RAF Waddington and RAF Coningsby, a notable number of personnel live within a 5 kilometre radius of the bases – but a more detailed analysis of the areas occupied by workers at RAF bases does not indicate any towns or villages with extremely high number of employees.

Instead the employees of RAF bases are distributed around each of the bases alongside employees in other sectors.

- 3.51 The above data indicates that any changes in the future to the status of the RAF bases in Lincolnshire will not only impact upon jobs in the area, but also upon the housing market. A downsizing or closure of any RAF base will see fewer jobs (affecting both service and non-service personnel) in the area; this could mean lower pressures on local housing markets. Any reduction in jobs has wider economic impacts given the limited employment opportunities in the RAF base area.
- 3.52 Agents and the empty homes officer for Central Lincolnshire local authorities have drawn attention to the challenges presented by base closures and cited 3 closures that had proved problematic. Factors that have led to unsuccessful transition from military to civilian use have been:
- » former MoD homes built of non traditional construction;
 - » estates of former married quarters being isolated and without amenities and some distance from schools; and
 - » estates sold to a single investor.
- 3.53 These factors coupled with prevailing market conditions had resulted in vacant homes for which there was little demand, falling values and a general lack of confidence in the future of the settlement. Attention was drawn to successful transitions where land had been returned to agricultural use and some have become successful business parks. For example the Manby Business Park is home to a diverse set of business on the outskirts of Louth. It is also home to the district council offices.

4. Housing Market Drivers

The Active Market

Section Summary

- Within this chapter factors affecting the housing market are considered. These include population change; migration trends; migrant workers; the local economy; incomes and earnings; skills and education; property prices and affordability; the legacy of the credit crunch and housing benefit rules and receipt.
- For the Coastal Lincolnshire sub-region between 2001 and 2010, 7,700 additional dwellings were delivered between 2001 and 2010, equivalent to a rate of 860 dwellings each year. Over 6,400 of these dwellings were provided as market housing with 350 intermediate affordable homes and around 950 social rented homes being delivered. Whilst 950 new social rented properties were delivered during this period, there were 500 losses from the social stock through Right-to-Buy, so the net social stock has increased by only 450 units.
- There has been significant in-migration in Lincolnshire, and this has been proportionately more pronounced in the Coastal sub-region. In migration to Coastal Lincolnshire was 44,780 to 2009 with out-migration being 38,190 resulting in a net increase of 6,590 an average of 1,320 per annum. In-migration was mostly divided between retirees and working families. Only 3% of people living in Coastal Lincolnshire were born outside the UK. Net international in-migration does total 3,300 people since 2001 however, significantly more than is the case for Central Lincolnshire.
- There are estimated to be around 10,000 people classified as 'white other' under ethnicity. The majority of these are originally from Eastern European Countries, but with a significant population from Poland, Lithuania and Latvia.
- Average pay in the area is slightly less than the average earnings of people living in the area. This reflects more residents commuting to work in more affluent areas than people commuting into the area to work.
- Slightly fewer residents in Coastal Lincolnshire, when compared to England or the East Midlands, have degree level or higher qualifications.
- Property prices tend to be around or below average prices for the East Midlands region. From a regional perspective, prices for properties in the urban areas are much less expensive than other areas, including rural. House prices in both local authorities in Coastal Lincolnshire have fallen since 2008 and affordability for first time buyers has improved slightly. However, property transactions are down on previous years, due in large part to the difficulty in borrowing.
- Changes to Social Housing Letting Policy and Local Housing Allowance were outlined in the June 2010 Budget. The change from using the 50th percentile to the 30th percentile for calculating local housing allowance rates could have a significant impact on Lincolnshire. Landlords may not accept tenants in receipt of housing benefit and private renting may decrease putting additional strain on social renting.

Population and Household Growth

- 4.1 Nationally, the population has been increasing through a combination of increased births, fewer deaths and a sustained net inward migration from overseas. As previously noted, over the period from 1981 to 2009 the population increased locally by 26.5% in Coastal Lincolnshire (from 158,000 to 199,800 people). This rate compares with a rise in population of only around 10.4% for England and 15.5% for the East Midlands region overall. In East Lindsey recent population growth has been driven by migration from the rest of the UK, while Boston has seen many international migrant workers arrive.

Figure 48

Estimated Number of Dwellings (Source: UK Census of Population 2001; Valuation Office Agency, October 2010. Notes: All figures rounded to the nearest 100. Figures may not sum due to rounding. Change in housing stock may be partly attributable to different enumeration methods as well as additional dwelling provision)

| Housing Stock | Coastal Lincolnshire | | |
|----------------------|----------------------|--------------|--------|
| | Boston | East Lindsey | Total |
| Total Dwellings 2001 | 24,800 | 58,800 | 83,600 |
| Total Dwellings 2010 | 28,200 | 65,900 | 94,100 |
| Net Change 2001-10 | 3,300 | 7,100 | 10,400 |

- 4.2 Figure 48 identifies an increase of 10,400 dwellings across Coastal Lincolnshire over the 9.5-year period from April 2001 to October 2010, which is equivalent to an annual rate of 1,100 dwellings respectively.
- 4.3 Over the 9-year period April 2001 to March 2010, data from the Local Authority Annual Monitoring Reports identified that 7,700 additional dwellings were delivered across the Lincolnshire Coastal sub-region, equivalent to a rate of 960 dwellings each year. Over 6,400 of these dwellings were provided as market housing with 350 intermediate affordable homes and around 950 social rented homes being delivered.
- 4.4 There has been a small net increase (dwelling delivery – RTB sales) of 450 social rent properties in the Coastal sub-region (though reduced proportionately). Whilst 950 new social rented properties were delivered during this period in the Coastal sub-region, there were 500 losses from the social stock through Right-to-Buy.

Migration Trends

Evidence sources

- 4.5 **DATA:** Since 1996-97, the ONS has published relatively localised migration data using information from the National Health Service (NHS) Central Register (NHSCR) which records the movement of individuals who change GP.
- 4.6 The NHSCR data provides an effective way of monitoring changes in migration over time, but it is important to recognise the limitations of the data. Not everyone who moves will register with a doctor, so some migration will not be counted. Nevertheless, as the data provides the best available basis for analysis, the following information details migration patterns for Coastal Lincolnshire over the most recent 5-year period, 2004-09.
- 4.7 **AGENT INTERVIEWS:**—A series of interviews with local estate agents have provided views regarding migration.

Coastal Lincolnshire

- ^{4.8} Figure 49 shows the net migration to Coastal Lincolnshire by region of England and Wales over the five year period 2004-2009. Overall, migration accounted for a rise in the sub-region's population of 6,590 people from 2004 to 2009 from across England and Wales. The sub-region gained the most population from Yorkshire and Humberside, the East Midlands, the Eastern and South East Region (5,060 combined) but lost population to the North East, South West and Wales.

Figure 49

Net Migration to Coastal Lincolnshire by England and Wales Region 2004-2009 (Source: ONS Migration Statistics Unit: Movements between local authorities in England and Wales based on patient register data and patient re-registration recorded in the NHSCR. Note: Figures may not sum due to rounding)

| UK Region | 2005 | 2006 | 2007 | 2008 | 2009 | 5-year Total | Annual Average |
|--------------------------|----------------|----------------|----------------|----------------|--------------|----------------|----------------|
| In Migrants | | | | | | | |
| North East | 140 | 130 | 180 | 160 | 180 | 790 | 160 |
| North West | 430 | 350 | 400 | 340 | 380 | 1,900 | 380 |
| Yorkshire and Humberside | 1,730 | 1,860 | 2,020 | 1,890 | 1,620 | 9,120 | 1,820 |
| East Midlands | 3,530 | 3,250 | 3,640 | 3,230 | 3,100 | 16,750 | 3,350 |
| West Midlands | 540 | 540 | 630 | 520 | 510 | 2,740 | 550 |
| Eastern | 1,090 | 950 | 1,130 | 960 | 730 | 4,860 | 970 |
| London | 540 | 530 | 520 | 470 | 390 | 2,450 | 490 |
| South East | 870 | 820 | 890 | 820 | 580 | 3,980 | 800 |
| South West | 310 | 310 | 370 | 330 | 280 | 1,600 | 320 |
| Wales | 110 | 120 | 130 | 130 | 100 | 590 | 120 |
| Total | 9,290 | 8,860 | 9,910 | 8,850 | 7,870 | 44,780 | 8,960 |
| Out Migrants | | | | | | | |
| North East | 160 | 190 | 160 | 180 | 170 | 860 | 170 |
| North West | 330 | 370 | 380 | 380 | 370 | 1,830 | 370 |
| Yorkshire and Humberside | 1,460 | 1,560 | 1,580 | 1,520 | 1,480 | 7,600 | 1,520 |
| East Midlands | 2,870 | 3,010 | 3,280 | 3,200 | 3,170 | 15,530 | 3,110 |
| West Midlands | 420 | 430 | 440 | 370 | 420 | 2,080 | 420 |
| Eastern | 780 | 770 | 800 | 800 | 690 | 3,840 | 770 |
| London | 310 | 290 | 270 | 320 | 330 | 1,520 | 300 |
| South East | 620 | 510 | 500 | 500 | 550 | 2,680 | 540 |
| South West | 300 | 370 | 320 | 360 | 290 | 1,640 | 330 |
| Wales | 120 | 120 | 120 | 130 | 120 | 610 | 120 |
| Total | 7,370 | 7,620 | 7,850 | 7,760 | 7,590 | 38,190 | 7,640 |
| Net Migrants | | | | | | | |
| North East | - 20 | - 60 | + 20 | - 20 | + 10 | - 70 | - 10 |
| North West | + 100 | - 20 | + 20 | - 40 | + 10 | + 70 | + 10 |
| Yorkshire and Humberside | + 270 | + 300 | + 440 | + 370 | + 140 | + 1,520 | + 300 |
| East Midlands | + 660 | + 240 | + 360 | + 30 | -70 | + 1,220 | + 240 |
| West Midlands | + 120 | + 110 | + 190 | + 150 | + 90 | + 660 | + 130 |
| Eastern | + 310 | + 180 | + 330 | + 160 | + 40 | + 1,020 | + 200 |
| London | + 230 | + 240 | + 250 | + 150 | + 60 | + 930 | + 190 |
| South East | + 250 | + 310 | + 390 | + 320 | + 30 | + 1,300 | + 260 |
| South West | + 10 | - 60 | + 50 | - 30 | - 10 | - 40 | - 10 |
| Wales | - 10 | - | + 10 | - | - 20 | - 20 | - |
| Total | + 1,920 | + 1,240 | + 2,060 | + 1,090 | + 280 | + 6,590 | + 1,320 |

^{4.9} Figure 50 shows the individual local authorities which have had the highest net migration to Coastal Lincolnshire – with most people coming from Nottingham, Sheffield and North East Lincolnshire. Figure 51 shows the local authorities to which Coastal Lincolnshire lost population through migration. General

movement is westwards, with Lincoln and North Kesteven gaining most migrants from Coastal Lincolnshire.

Figure 50
Top 10 Local Authorities with the Highest Net Migration to Coastal Lincolnshire 2004-2009
(Source: ONS Migration Statistics Unit)

| Exporting Local Authority | In-migrants | Out-migrants | Net |
|---------------------------|-------------|--------------|-------|
| Nottingham | 1,540 | 1,070 | + 470 |
| Sheffield | 1,240 | 830 | + 410 |
| North East Lincolnshire | 2,830 | 2,430 | + 400 |
| Leicester UA | 760 | 430 | + 330 |
| Ashfield | 500 | 300 | + 200 |
| Gedling | 410 | 240 | + 170 |
| Broxtowe | 360 | 200 | + 160 |
| Rotherham | 570 | 420 | + 150 |
| Luton UA | 220 | 80 | + 140 |
| Thurrock UA | 160 | 20 | + 140 |

Figure 51
Top 10 Local Authorities with the Highest Net Migration from Coastal Lincolnshire 2004-2009
(Source: ONS Migration Statistics Unit)

| Importing Local Authority | In-migrants | Out-migrants | Net |
|---------------------------|-------------|--------------|-------|
| Lincoln | 1,310 | 2,110 | - 800 |
| North Kesteven | 1,800 | 2,160 | - 360 |
| West Lindsey | 1,470 | 1,680 | - 210 |
| South Kesteven | 740 | 860 | - 120 |
| North Lincolnshire | 460 | 540 | - 80 |
| East Riding of Yorkshire | 360 | 430 | - 70 |
| Norwich | 180 | 250 | - 70 |
| Newark and Sherwood | 360 | 420 | - 60 |
| Cambridge | 70 | 130 | - 60 |
| Sedgemoor | 10 | 70 | - 60 |

4.10 Figure 52 shows the age structure of migrants to and from Coastal Lincolnshire. The area has experienced a net loss of 2,430 people aged 16-24 years between 2004 and 2009, but gained in all other age groups including more than 5,000 adults aged 45-64 years. This implies that household formation rates in the area may be low, with many young people moving elsewhere in the country, but that in-migration from older persons is driving housing requirements.

Figure 52

Net Migration to and from Coastal Lincolnshire by Age Group 2004-2009 by Year (Source: ONS Migration Statistics Unit. Note: Local Authority migration figures include cross-boundary moves within the sub-region)

| Age Group | 2005 | 2006 | 2007 | 2008 | 2009 | 5-year Total | Annual Average | LA Annual Average | |
|---------------------|----------------|----------------|----------------|----------------|--------------|----------------|----------------|-------------------|----------------|
| | | | | | | | | Boston | E Lindsey |
| In Migrants | | | | | | | | | |
| 0-15 years | 1,700 | 1,520 | 1,740 | 1,470 | 1,500 | 7,930 | 1,590 | 420 | 1,320 |
| 16-24 years | 1,540 | 1,540 | 1,650 | 1,570 | 1,640 | 7,940 | 1,590 | 490 | 1,240 |
| 25-44 years | 2,540 | 2,460 | 2,540 | 2,480 | 2,260 | 12,280 | 2,460 | 760 | 1,970 |
| 45-64 years | 2,540 | 2,380 | 2,810 | 2,390 | 1,800 | 11,920 | 2,380 | 490 | 2,070 |
| 65+ years | 960 | 950 | 1,130 | 960 | 640 | 4,640 | 930 | 210 | 810 |
| Total | 9,280 | 8,850 | 9,870 | 8,870 | 7,840 | 44,710 | 8,940 | 2,380 | 7,410 |
| Out Migrants | | | | | | | | | |
| 0-15 years | 1,170 | 1,300 | 1,210 | 1,240 | 1,280 | 6,200 | 1,240 | 440 | 960 |
| 16-24 years | 2,050 | 1,970 | 2,090 | 2,050 | 2,210 | 10,370 | 2,070 | 640 | 1,580 |
| 25-44 years | 2,130 | 2,180 | 2,220 | 2,150 | 2,140 | 10,820 | 2,160 | 820 | 1,610 |
| 45-64 years | 1,200 | 1,360 | 1,450 | 1,490 | 1,310 | 6,810 | 1,360 | 410 | 1,130 |
| 65+ years | 750 | 820 | 920 | 820 | 660 | 3,970 | 790 | 200 | 690 |
| Total | 7,300 | 7,630 | 7,890 | 7,750 | 7,600 | 38,170 | 7,630 | 2,500 | 5,980 |
| Net Migrants | | | | | | | | | |
| 0-15 years | + 530 | + 220 | + 530 | + 230 | + 220 | + 1,730 | + 350 | - 10 | + 360 |
| 16-24 years | - 510 | - 430 | - 440 | - 480 | - 570 | - 2,430 | - 490 | - 150 | - 340 |
| 25-44 years | + 410 | + 280 | + 320 | + 330 | + 120 | + 1,460 | + 290 | - 60 | + 360 |
| 45-64 years | + 1,340 | + 1,020 | + 1,360 | + 900 | + 490 | + 5,110 | + 1,020 | + 90 | + 940 |
| 65+ years | + 210 | + 130 | + 210 | + 140 | - 20 | + 670 | + 130 | + 20 | + 120 |
| Total | + 1,920 | + 1,220 | + 1,980 | + 1,120 | + 240 | + 6,540 | + 1,310 | - 120 | + 1,430 |

4.11 Figure 53 shows the age structure of net migrants to and from Boston and East Lindsey. This emphasises the loss of younger population from Boston due to migration, while East Lindsey gains significant numbers of people aged over 45 years.

Figure 53

Net Migration to and from Boston and East Lindsey by Age Group 2004-2009 by Year (Source: ONS Migration Statistics Unit. Note: Local Authority migration figures include cross-boundary moves within the sub-region)

| Age Group | 2005 | 2006 | 2007 | 2008 | 2009 | 5-year Total |
|----------------------------------|----------------|----------------|----------------|----------------|--------------|----------------|
| Boston Net Migrants | | | | | | |
| 0-15 years | + 60 | - 10 | + 20 | - 80 | - 60 | - 70 |
| 16-24 years | - 110 | - 120 | - 140 | - 170 | - 190 | - 730 |
| 25-44 years | + 10 | - 50 | - 70 | - 70 | - 140 | - 320 |
| 45-64 years | + 180 | +120 | + 90 | + 60 | - 20 | + 430 |
| 65+ years | + 50 | + 40 | + 40 | - 40 | - 10 | + 80 |
| Total | +190 | - 20 | - 60 | - 300 | - 420 | - 610 |
| East Lindsey Net Migrants | | | | | | |
| 0-15 years | + 470 | + 230 | + 510 | + 310 | + 280 | + 1,800 |
| 16-24 years | - 400 | - 310 | - 300 | - 310 | - 380 | - 1,700 |
| 25-44 years | + 400 | + 330 | + 390 | + 400 | + 260 | + 1,780 |
| 45-64 years | + 1,160 | + 900 | + 1,270 | + 840 | + 510 | + 4,680 |
| 65+ years | + 160 | + 90 | + 170 | + 180 | - 10 | + 590 |
| Total | + 1,790 | + 1,240 | + 2,040 | + 1,420 | + 660 | + 7,150 |

Key findings

4.12 Agent interviews confirmed:

- there is a high level of in-migration to the area mainly from the south of England, especially to Coastal Lincolnshire.
 - o around half of in-migrants were retirees
 - o around half were working households and those working but preparing for retirement.
- Demand drivers include low prices and the 'slower way of living':
 - o Most agents said that around 30% of recent sale transactions were from in-migrants, however one agent in Louth demonstrated the higher figure of 50%. The area was particularly attractive to retirees as they could potentially purchase equivalent housing for less money and achieve some equity release.
 - o In-migrants normally purchased at the higher end of the market as their income and levels of capital tended to be considerably higher than that of local people.
 - o A high proportion of dwellings offered for sale were bungalows.
- Inland service centres were considered to be attractive, traditional historic market towns
- Coastal towns did attract in-migrants but the offer was different and attracted less affluent people especially from Lancashire and Yorkshire, who could purchase mobile homes on the coast.

Migrant Workers

4.13 At the time of the 2001 Census the population of Coastal Lincolnshire was predominately born in the UK. Figure 54 shows that only a small share of the population was born outside the UK. This includes a mix of non Europeans and a number born in Germany (typically children of service personnel born at British bases in Germany).

Figure 54
Country of Birth by Local Authority (Source: UK Census of Population 2001)

| Area | Boston | East Lindsey | Coastal Lincs |
|------------------------------------|---------------|----------------|----------------|
| United Kingdom | 54,026 | 126,811 | 180,837 |
| Republic of Ireland | 153 | 509 | 662 |
| Channel Islands and Isle of Man | 17 | 44 | 61 |
| France | 22 | 46 | 68 |
| Germany | 249 | 691 | 940 |
| Italy | 53 | 66 | 119 |
| Netherlands | 28 | 72 | 100 |
| Spain | 16 | 29 | 45 |
| Other EU | 97 | 134 | 231 |
| Non EU countries in Western Europe | 25 | 111 | 136 |
| Eastern Europe | 136 | 228 | 364 |
| Africa | 240 | 405 | 645 |
| Asia | 491 | 810 | 1,301 |
| North America | 92 | 287 | 379 |
| South America | 20 | 44 | 64 |
| Oceania | 66 | 154 | 220 |
| Other | 22 | 16 | 38 |
| Total | 55,753 | 130,457 | 186,210 |

4.14 However, since the time of the 2001 Census, data shows a large population of migrant workers has moved to Lincolnshire to work in the agriculture and packing sectors. In the first part of the decade many Portuguese workers were reported as moving to Boston, while in the latter part of the decade many migrants arrived from Eastern Europe.

4.15 Records for international migration for local authorities have recently begun being published by the Office for National Statistics. The records are drawn from the International Passenger Survey which interviews approximately 1 in 500 people who travel to and from the UK.

4.16 Figure 55 shows that between 2001 and 2006, it was estimated that a net 3,300 international migrants moved to the local authorities in the study area from overseas, including students as well as migrant workers. Therefore, this source of official statistics does not show a large migration of people from overseas in the period up to 2006.

Figure 55
International Migration by Local Authority (Source: ONS Migration Statistics)

| Area | Boston | East Lindsey | Coastal Lincs |
|------------------------------------|--------------|--------------|---------------|
| International in-migration | 1,100 | 2,000 | 3,100 |
| International out-migration | 600 | 1,600 | 2,200 |
| Net international migration | + 500 | + 400 | + 900 |

4.17 Another source of the location of migrant workers is the number of new National Insurance numbers issued to workers in particular locations.

4.18 Figure 56 shows the number of new National Insurance numbers to non-UK nationals issued between 2002 and 2010. (*NB these figures exclude those leaving the UK*). NI registration numbers highlight a clear growth in the number of migrants after 2004 when migration rules from Eastern Europe were relaxed, with a notably large number of migrants to Boston. It should be noted that this figure relates only to employees who have received new National Insurance numbers and does not include any of their dependents. It should be noted that new NI numbers are issued to individuals, not jobs, so they will be issued to address of residence, not workplace.

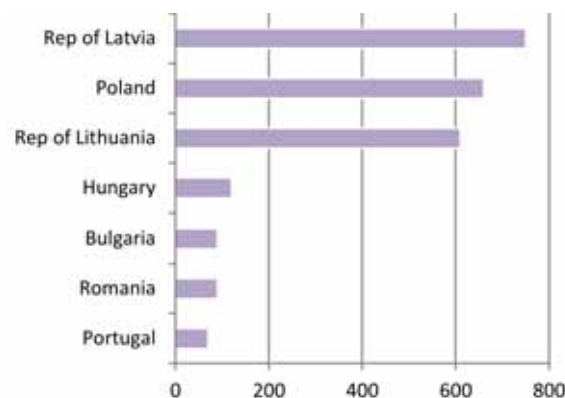
Figure 56
New National Insurance Registrations of Non-UK Nationals in by Local Authority (Source: DWP)

| Area | Boston | East Lindsey | Coastal Lincs |
|---|---------------|--------------|---------------|
| 2002/03 | 300 | 100 | 400 |
| 2003/04 | 460 | 130 | 590 |
| 2004/05 | 1,380 | 370 | 1,750 |
| 2005/06 | 2,320 | 810 | 3,130 |
| 2006/07 | 2,140 | 790 | 2,930 |
| 2007/08 | 2,160 | 640 | 2,800 |
| 2008/09 | 2,140 | 460 | 2,600 |
| 2009/10 | 2,170 | 300 | 2,470 |
| 8-year Total | 13,070 | 3,600 | 16,670 |
| Annual average over last 5-years | 2,190 | 600 | 2,790 |

4.19 Figure 57 shows that in 2009 the vast majority of all new national insurance registration in Lincolnshire Central and Coastal were issued to Latvian, Polish and Lithuanian nationals. However, detailed analysis of data prior to 2005 shows a larger share of migrants were Portuguese.

4.20 A further data source which indicates the size of the migrant worker population in the area is the Lincolnshire Stock Condition Survey which was conducted by CPC in 2009. This shows an estimate of nearly 10,000 people in the study area from A8 Eastern Europe countries, with the majority being Polish. Most of the A8 migrant

Figure 57
New National Insurance Registrations of Non-UK Nationals in Lincolnshire Central and Coastal 2009 by Country of Origin (Source: DWP)



population was to be found in Boston. A8 states acceded to the EU on 1st May 2004 and include Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

Figure 58
A8 Migrant Persons by Local Authority by Nationality (Source: Lincolnshire Stock Condition Survey 2009)

| Area | Boston | East Lindsey | Coastal Lincs |
|----------------|--------------|--------------|---------------|
| Poland | 2,196 | 804 | 3,000 |
| Lithuania | 591 | 337 | 928 |
| Latvia | 724 | - | 724 |
| Slovakia | 27 | - | 27 |
| Slovenia | - | - | - |
| Czech Republic | - | - | - |
| Hungary | 4 | - | 4 |
| Estonia | - | - | - |
| Total | 3,542 | 1,140 | 4,682 |

4.21 If we analyse the age profile of A8 migrants then around 17% of population were estimated to be aged 0-15 years. This implies that for every one child in the population there are around 5 adults. This figure is consistent with household surveys conducted by ORS across England, where we have typically found there to be around one schoolchild (aged 5-16 years) for every seven adults in the White Other ethnic group.

Figure 59
A8 Migrant Persons by Local Authority by Age (Source: Lincolnshire Stock Condition Survey 2009)

| Area | Boston | East Lindsey | Coastal Lincs |
|--------------------|--------------|--------------|---------------|
| 0-15 years | 747 | 123 | 870 |
| 16-29 years | 1,489 | 622 | 2,111 |
| 30-44 years | 989 | 90 | 1,079 |
| 45-64 years | 336 | 317 | 653 |
| Total | 3,542 | 1,140 | 4,682 |

4.22 The reason the ratio of school aged children to adults in the White Other ethnic group is important is that the Annual Schools Census records the number of children in the White Other ethnic group in the whole of Lincolnshire. As noted earlier, this number has grown rapidly from a figure of around 1,000 in 2004 to 3,450 in 2010.

4.23 Apply a ratio of 1 to 7 would imply that the White Other group now contains around 25,000 adults across the whole of Lincolnshire, with the majority likely to be found in Boston, Lincoln and also in South Holland. Including children, this would equate to a total population of over 30,000 people from the White Other ethnic group in Lincolnshire. While this group does not represent all migrant workers, the new National Insurance numbers indicate that they will comprise the vast majority of migrant workers.

Figure 60

Lincolnshire School Children from White other Ethnic Group (Source: Department of Education Annual Schools Census)

| Population | Total Children Attending County Schools | | | Estimated Number of Adults | Total Population Estimate |
|------------|---|-------------------|-------------|----------------------------|---------------------------|
| | Primary Schools | Secondary Schools | All Schools | | |
| 2004 | 500 | 500 | 1,000 | 7,000 | 8,000 |
| 2005 | 600 | 600 | 1,200 | 8,400 | 9,600 |
| 2006 | 766 | 1,980 | 2,746 | 19,222 | 21,968 |
| 2007 | 979 | 1,087 | 2,066 | 14,462 | 16,528 |
| 2008 | 1,324 | 2,430 | 3,754 | 26,278 | 30,032 |
| 2009 | 1,428 | 2,084 | 3,512 | 24,584 | 28,096 |
| 2010 | 1,646 | 1,790 | 3,436 | 24,052 | 27,488 |

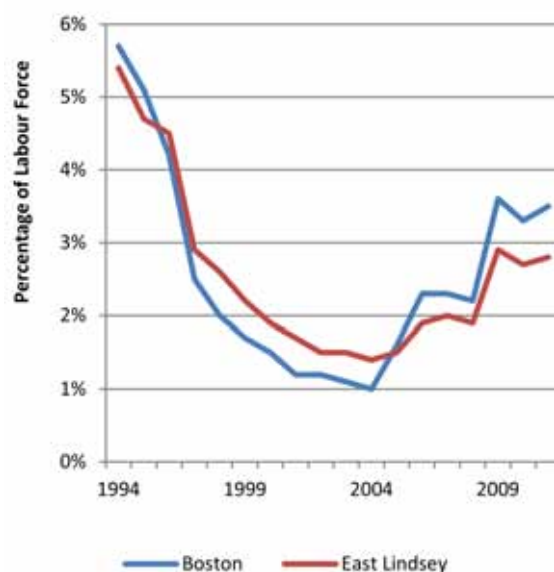
4.24 The findings from this section are particularly relevant for Boston Borough Council. As noted earlier, many Portuguese and East European people moved to Boston in the first part of the decade to work in the agriculture and packaging sectors. However, the Portuguese population was not recorded by any of the official statistics which are used as the basis of producing population estimates and projections. Therefore, the presence of a Portuguese population in Boston which is not recorded in official statistics will lead to an underestimation of the population of the Borough. This in turn has implications for issues such as population based service funding which may be based upon too low a population for Boston.

The Local Economy

Economic Activity

4.25 Figure 61 shows a long-term decline and levelling off of the unemployment rate in all local authorities in Coastal Lincolnshire, however data from recent years (2006-2009) reflect the economic downturn by showing that unemployment rates began to rise again at a rapid rate and stood at around 3.5% in Boston and 2.8% in East Lindsey in 2011.

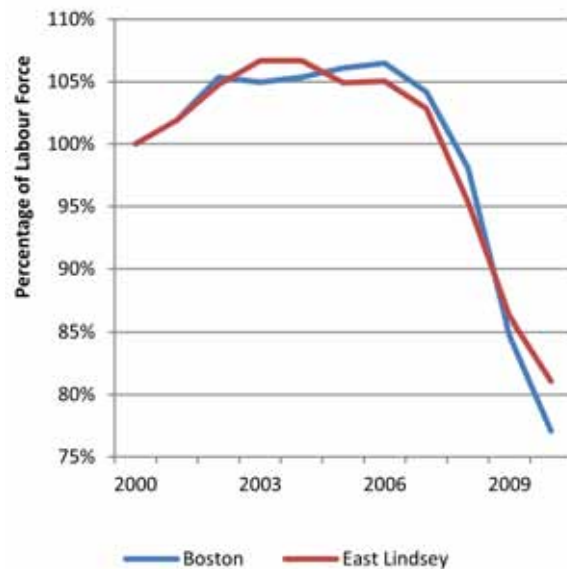
Figure 61
Unemployment Rate for Working Age Population for Local Authorities in Coastal Lincolnshire: 1993-2011 (Source: Claimant Count. Note: Data relates to June each year)



4.26 The decline experienced in unemployment claimants in the sub-region over recent years may not entirely reflect the strength of the local economy. Many working age persons not in jobs are not eligible, or do not claim, unemployment benefit.

4.27 Figure 62 shows that in Coastal Lincolnshire the number of working age residents claiming incapacity benefit rose between 2000 and 2004. Incapacity benefit is more generous than unemployment benefit and also places less onus on the individual to seek a job. The growth in incapacity benefit claimants may have prevented a rise in unemployment rates during this period. However, since 2005 the number of claimants has fallen possibly owing to increased difficulty in claiming this benefit.

Figure 62
Incapacity Benefit Claims by Working Age persons by Local Authority 2000-2011 (Source: DWP. Note: Data relates to February of each year)

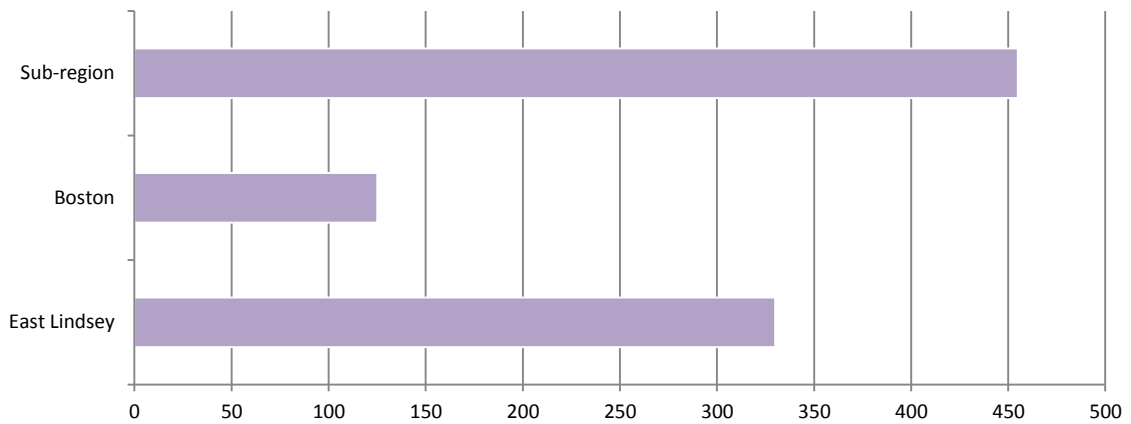


New VAT Registrations

4.28 A measure of innovation and entrepreneurship is the number of new VAT registered businesses in a year. A business must register for VAT if its turnover exceeds £68,000 per year. It can de-register if its turnover falls below £66,000. In practice most de-registration is due to the business being acquired, merged or liquidated.

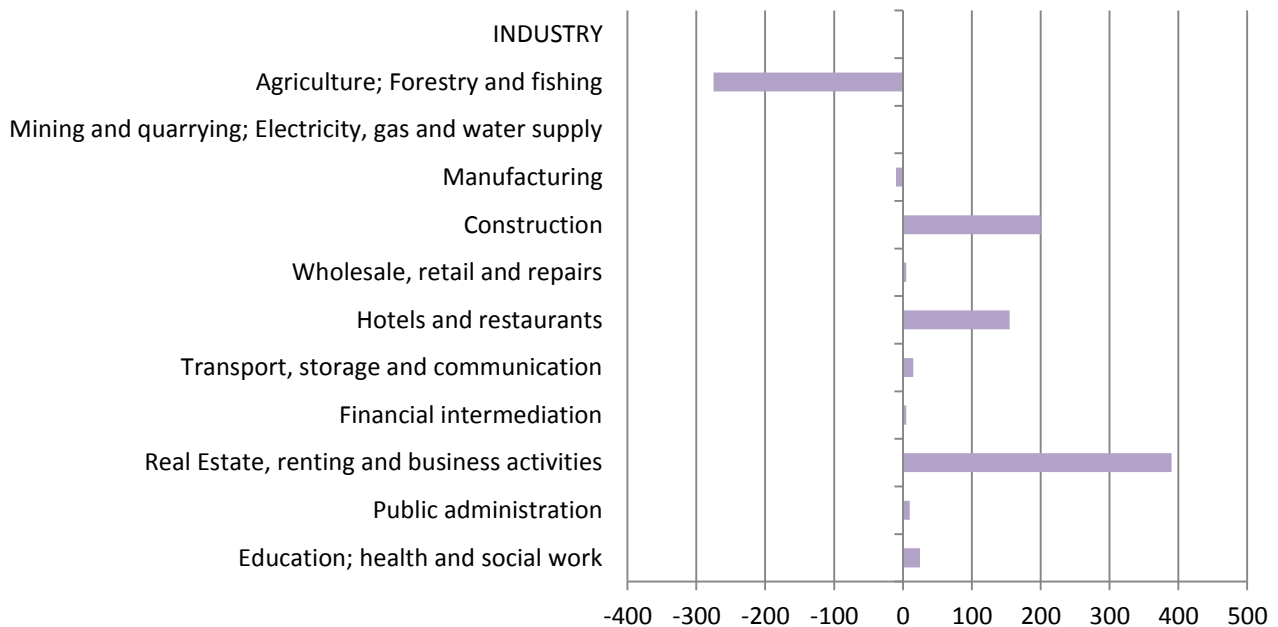
4.29 Figure 63 (overleaf) shows the total net new VAT registrations in each local authority in Coastal Lincolnshire where it can be seen that Boston has had just over 100 net new businesses over ten years, while 325 net new businesses have started in East Lindsey. Responsibility for publishing information on business numbers moved to the Office for National Statistics from 2007 onwards and less detailed information is now published, so we have used the figures for 1998-2007.

Figure 63
 Total Net New VAT Registered Businesses by Local Authority: 1998-2007 (Source: Department of Business, Enterprise and Regulatory Reform VAT Registrations)



4.30 Whilst the above analysis appears to be encouraging for the economic performance of the Coastal and Lincolnshire economy a more detailed analysis shows a significant trend. The majority of the new registrations have either been in construction or real estate. Given the impact of the ‘credit crunch’ and the slowdown in house building and house sales many of these businesses are now likely to be facing difficulties. Coastal Lincolnshire has also seen a significant decline in agriculture, forestry and fishing.

Figure 64
 Total Net New VAT Registered Businesses by Industry: 1998-2007 (Source: Department of Business, Enterprise and Regulatory Reform VAT Registrations)



Incomes and Earnings

- 4.31 Alongside economic activity the other key component of the economy of an area is the wages earned by workers. There are two separate ways to analyse average earnings in a District. One is to examine the income of only those who are employed within the District. The other is to examine the earnings of the residents of the District. Employees are not necessarily residents so the results will differ.
- 4.32 Since 2002 the New Earnings Survey (NES) and subsequently the Annual Survey of Hours and Earnings (ASHE) has recorded both measures for all local authorities. There are some concerns about the sample sizes within ASHE at district level nevertheless it is worth emphasising that this data is shown for information only, in order to understand how relative incomes have changed over time.
- 4.33 Figure 65 shows the comparisons for median gross annual earnings for 2010. The results show that residents in Coastal Lincolnshire who work elsewhere earn more than those working inside the area. If the local authorities are compared, those employed in Boston earn slightly more than those employed in East Lindsey, although those resident in East Lindsey earn slightly more than those resident in Boston.

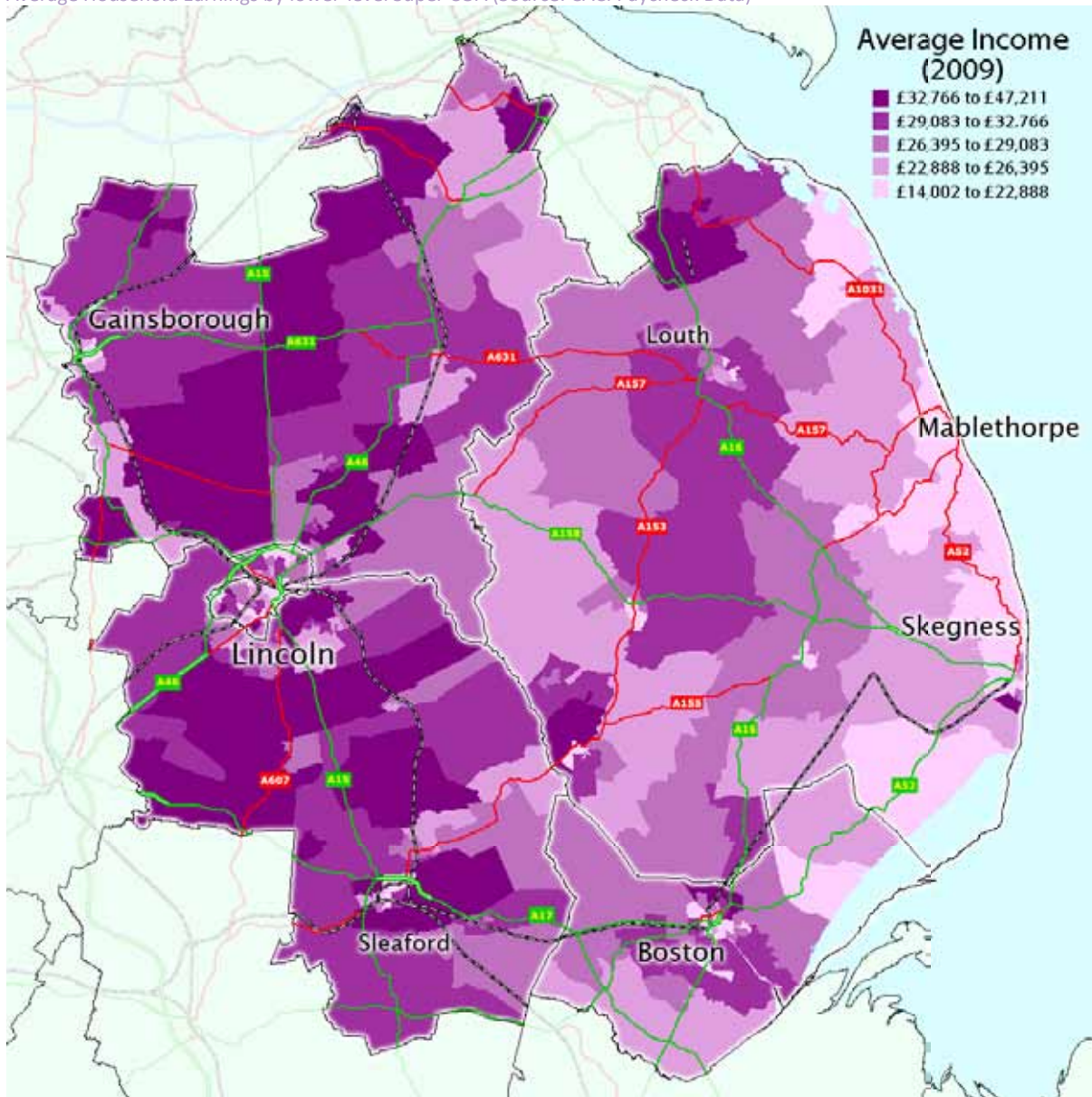
Figure 65

Median Gross Annual Earnings for Local Authorities in Coastal Lincolnshire in 2010 for All and Full-time Employees (Source: ASHE 2010)

| Employment Status | Boston | East Lindsey | Lincolnshire | East Midlands | England |
|---------------------|---------|--------------|--------------|---------------|---------|
| Employed | | | | | |
| All employees | £18,202 | £16,170 | £18,461 | £20,027 | £21,560 |
| Full-time employees | £20,678 | £20,513 | £22,728 | £24,126 | £26,250 |
| Resident | | | | | |
| All employees | £17,613 | £16,983 | £19,428 | £20,201 | £21,575 |
| Full-time employees | £20,409 | £21,350 | £23,653 | £24,415 | £26,268 |

- 4.34 Figure 66 shows household income levels found in Coastal and Central Lincolnshire. This measure of income is more important than individual earnings for housing purposes because household income gives a greater guide as to how much a household can afford to spend on housing. The map shows that the lowest average household incomes are to be found in Coastal Lincolnshire particularly along the coast in East Lindsey and also in the town of Boston.

Figure 66
Average Household Earnings by lower-level Super COA (Source: CACI Paycheck Data)



Skills and Education

4.35 Figure 67 shows that when compared with the East Midlands region as a whole, the population of Coastal Lincolnshire has more people with no qualifications and less people with a degree or above.

Figure 67

Qualification Levels for Coastal Lincolnshire, East Midland region and England & Wales (Source: UK Census of Population 2001)

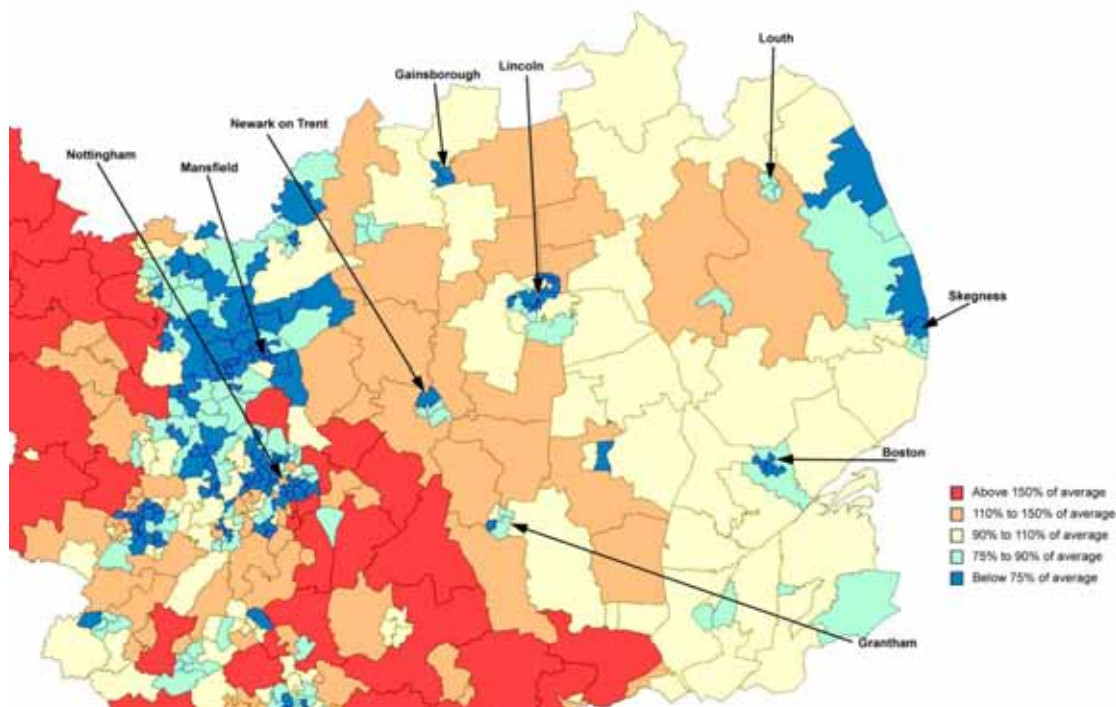
| Education Level | England & Wales | East Midlands | Lincolnshire | Coastal Lincolnshire |
|-----------------|-----------------|---------------|--------------|----------------------|
| Level 0 | 28.9% | 31.6% | 32.8% | 38.8% |
| Level 1 | 16.6% | 17.7% | 18.5% | 17.8% |
| Level 2 | 19.4% | 18.8% | 20.0% | 18.5% |
| Level 3 | 8.3% | 7.8% | 6.9% | 5.5% |
| Level 4 / 5 | 19.9% | 16.6% | 14.2% | 11.4% |
| Other / unknown | 6.9% | 7.4% | 7.7% | 8.0% |

Property Prices and Affordability

4.36 Figure 68 shows that property prices in Coastal Lincolnshire tend to be around or below average prices for the East Midlands region. It is noticeable that prices in much of Boston, Skegness and Mablethorpe are on a par with the lowest in the East Midlands.

Figure 68

Relative House Prices: Lincolnshire and Surrounding Area (Source: UK Land Registry, 2010-11)

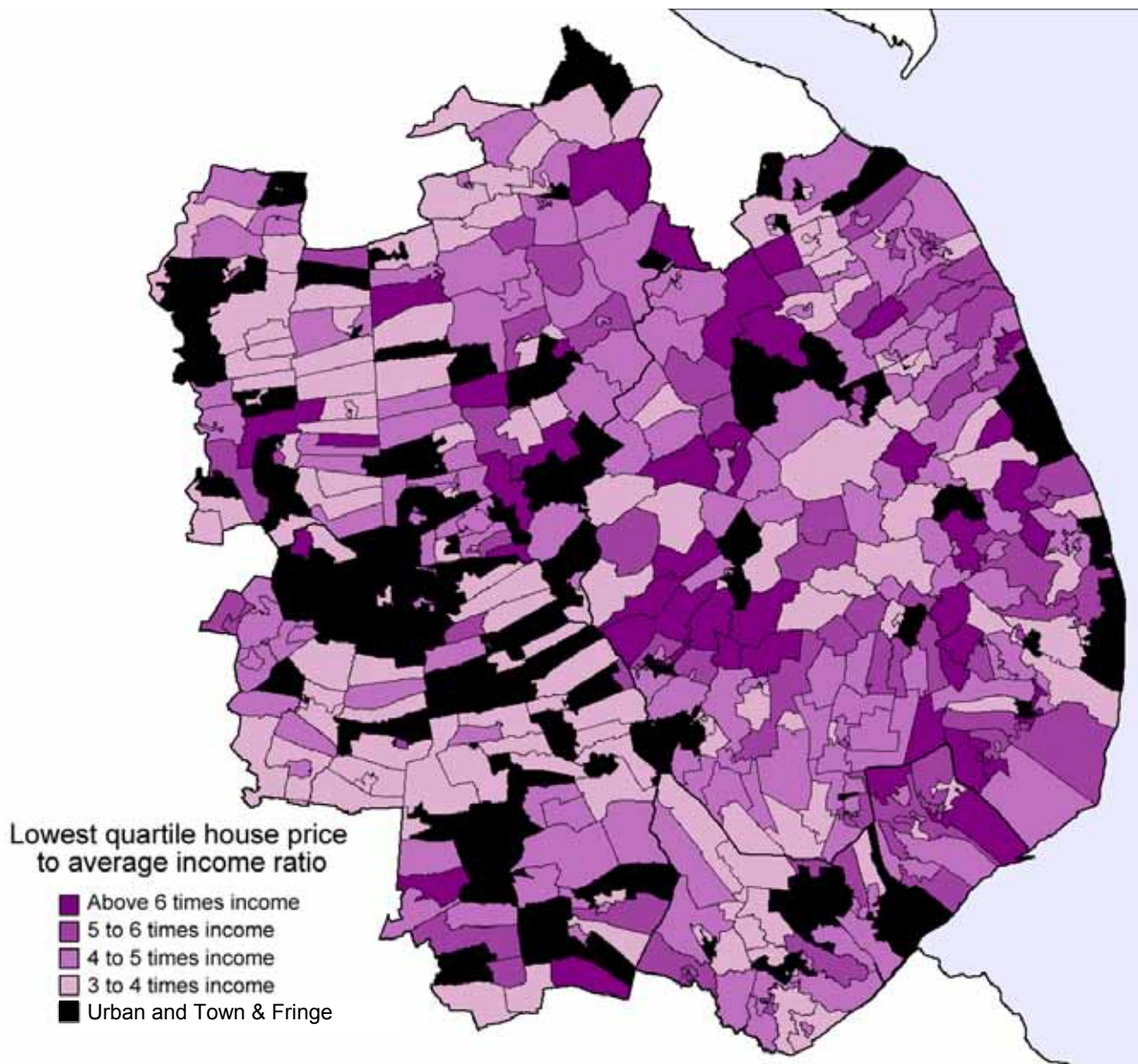


4.37 Figure 69 combines the evidence on house prices with the evidence on household income levels found in Coastal and Central Lincolnshire to show a measure of affordability of owner occupation in rural areas. Urban areas are marked in black, while lighter shades of purple indicate a lower house price to

income ratio. While house prices in many rural areas of Coastal Lincolnshire are lower than those in Central Lincolnshire, it is also the case that household incomes are typically lower. Therefore, many of the worst areas for affordability are to be found in the Coastal Lincolnshire sub-region.

Figure 69

Lower Quartile House Prices to Average income Ratio for Rural Lower Super Output Areas (Source: UK Land Registry and CACI Paycheck Data)



^{4.38} Figure 70 shows the average property prices in each of the local authorities. Between 2000 and 2010, the average property price in Boston rose by 129.4%, and in East Lindsey they rose by an average of 128.7%.

^{4.39} Figure 71 shows the ratio of median full time earnings to average house prices in each of the local authority districts between 1999 and 2009. The figure clearly shows a worsening affordability trend up until 2007, but affordability has improved over recent years though not back to pre 2005 levels.

Affordability for single first-time buyers has declined sharply since mid 2004 with only around 10% of all sales at less than £80,000 and 40% selling for over £150,000.

4.40 The impact of the recession and housing market downturn can be seen by considering market activity since peak. Over the year from July 2009 to June 2010, there were 5,811 property transactions across Coastal Lincolnshire of which only 636 were below £80,000. The level of transactions in 2009-2010 was much lower than in previous years, so while affordability had improved slightly, the number of dwelling sold for lower house prices fell when compared to 2008. It is also the case that at least some of the properties at the very lowest prices wouldn't be fit for habitation in their current state and would require significant investment to bring them up to an appropriate standard.

Figure 70
Average Price of Properties Sold by District: Q4 2000-Q2 2010 (Source: HM Land Registry)

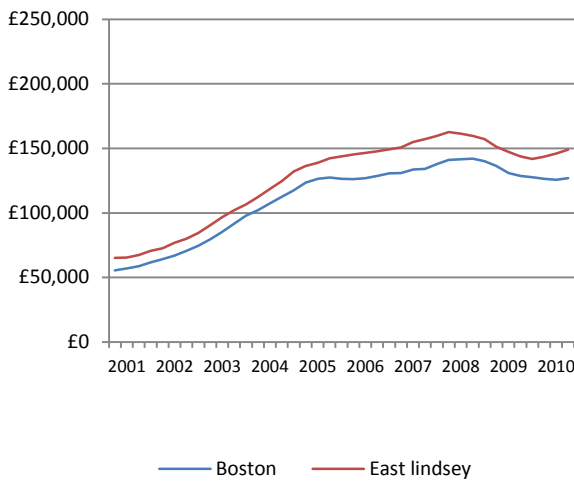


Figure 71
Median Full-time Earnings to Average House Price Ratio for Properties Sold by District (Source: ASHE and HM Land Registry)

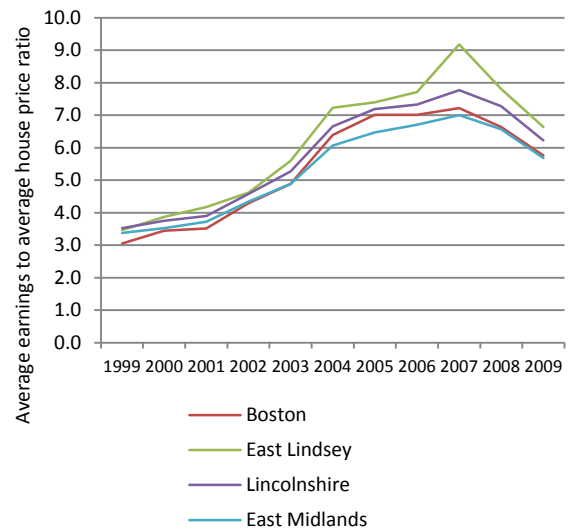


Figure 72
Percentage of Houses Sold for Less Than Key Price Bands: Across Coastal and Central Lincolnshire Q1 2000-Q1 2009 (Source: HM Land Registry)

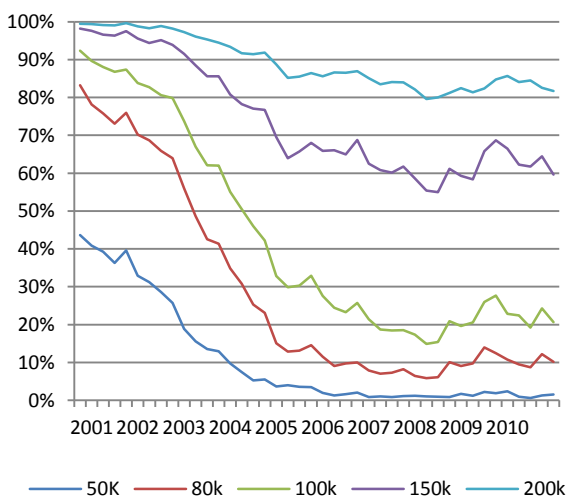
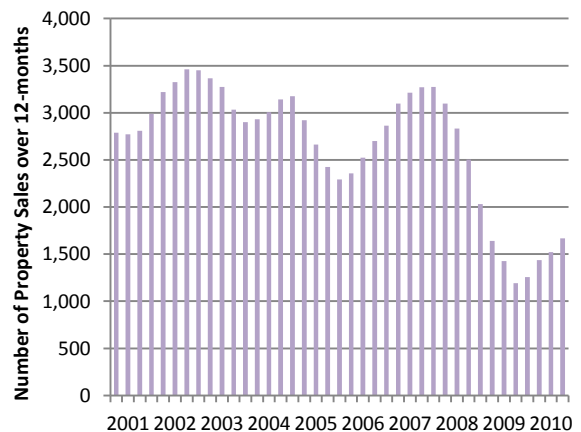


Figure 73
Volume of Properties Sold Across Coastal and Central Lincolnshire: Q4 2000-Q2 2010 (Source: HM Land Registry. Note: Figures show rolling annual total based on quarterly data)



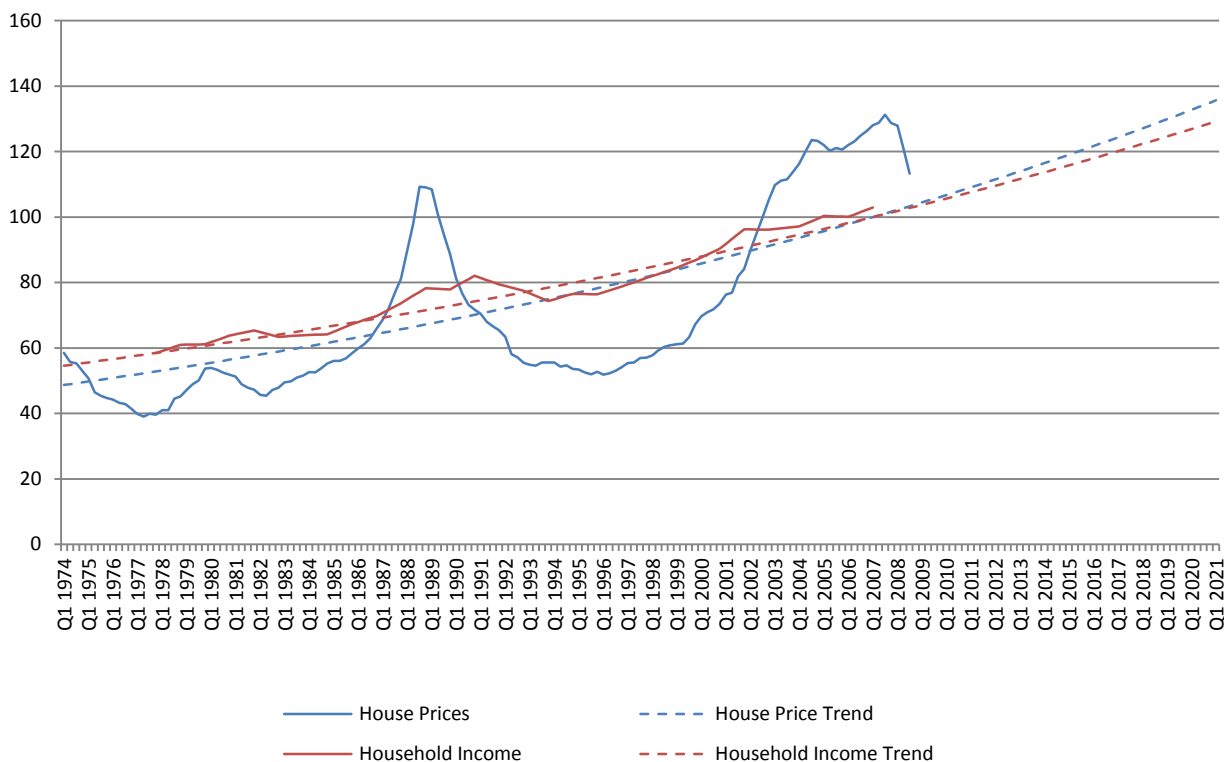
- 4.41 Since peak market in 2008, the housing market has been in downturn. House prices have reduced and sales volumes fallen. Commentators note weak availability of mortgages and weak buyer and seller confidence. As a consequence, first time and other buyers are unable to enter or re-enter the market. Commentators note that market confidence seems unlikely to return in the short term (one to three years).
- 4.42 All agents remarked that most local people had lower income than internal migrants from the UK and there was little competition for cheaper property. They said that local first time buyers had found it difficult to enter the market even with weak house prices because of the credit crunch. Cheaper dwellings had suffered the greatest loss of value and showed little sign of recovery. They felt that the requirement for larger deposits was as significant as the more cautious approach of lenders.
- 4.43 For an entry level small terraced home to be within the reach of many local first time buyers in Louth the purchase price would have to be around £70k. This figure was higher in Skegness at £90k-£100k and Boston at around £100k-£110k. Agents in Louth drew attention to lack of on street or off street car parking as a negative factor affecting prices in the town centre. All agents said that potential first time buyers would be stretched to afford the prices they quoted and the cost of repair and improvement.
- 4.44 Agents generally felt that higher end housing was moving but the market for lower end housing was 'dead' due to lack of demand. Agents stressed that this was due to affordability and tough lending criteria. This was having a knock on effect further up the market as chains could not complete. As mentioned earlier some owners seeking to move were choosing to let the home they were vacating for the time being. Agents cautioned that this might cause problems with existing mortgage and insurance arrangements.

Longer-term Affordability trends

- 4.45 The SHMA analysis of housing requirements is based upon an estimate of long term house price and income trends. Figure 74 shows that income levels are less volatile than house prices, house price changes are cyclical and the long term trend is likely to be that house prices grow more quickly than incomes, reducing the affordability of housing.

Figure 74

Average House Price and Average Household Income Trends (Note: Long-term trends at Q1 2007 = 100. Source: Nationwide House Price Index, Seasonally Adjusted; Halifax House Price Index, Seasonally Adjusted; CLG Live Tables; Retail Price Index, ONS; Social Trends ONS, Regional Trends ONS)



The Legacy of the Credit Crunch

4.46 The legacy of the credit crunch is currently unclear. Indications are that mortgage lending is likely to be constrained, and exclude sub-prime borrowers, for the short to medium term. This seems also likely to reduce the number of first time buyers entering the market.

4.47 The recession may accelerate other socio-economic factors in the market – the market in 2015, 2020 or 2030 is likely to be significantly different to that in 2010/11:

- » The pattern of employment shifting further toward labour mobility rather than long term permanent secure employment
- » Fewer households with capital in the form of housing equity to help fund retirement
- » Inadequate portable pension funds
- » Possible changes in international migration and (at least in the short-term) reduced demand for cheap shared accommodation.

4.48 The nation's tenure balance may also change. Higher numbers of private rented stock (from existing and new build) seems likely and this may affect supply of homes for owner occupation.

4.49 The current, possibly short-medium term, slow-down in the delivery of new housing (especially market housing) during the recession will also have a long-term impact on the local delivery of housing, including affordable housing. This clearly poses a real challenge for the Local Authorities.

Housing Benefit

4.50 Figure 75 shows that over 80% of all new social tenants in the sub-region had no earnings from employment. This indicates that many of the new lettings are to households which are entirely dependent upon benefits. 4% of new lettings were to households with net take-home earnings from work of over £300 per week. This is equivalent to a gross salary of around £16,000 per annum.

4.51 Many households in both the social and private rented sectors are able to claim support with rent costs in the form of housing benefit. The Department of Work and Pensions (DWP) publish quarterly statistics for Housing Benefit recipients.

4.52 Figure 76 shows the number of housing benefit claims across all tenures. All local authorities have seen a rise in the number of claimants. While many households choose to live in private rented accommodation with housing benefit support, other households would prefer a social tenancy, but are unable to obtain one due to shortages in social rented stock. To reduce the number of households claiming housing benefit in the private rented sector, more affordable housing would need to be provided. This issue is addressed in more detail in Chapter 5.

4.53 Figure 77 illustrates an alternative way of looking at this issue. It shows the difference which exists between the number of social rented dwellings in the local authority, and the number of households claiming housing benefit. This shows that even if only households claiming housing benefit were to be housed in social rented dwelling then there would still be over 4,000 too few social rented dwellings in East Lindsey. Therefore, it is inevitable that the private rented sector will be required to provide a continuing function to help meet housing need..

Figure 75
Weekly Take-home Earnings of New Social Tenants in
Lincolnshire Coastal (Source: University of St Andrews CORE
Records 2006-2009)

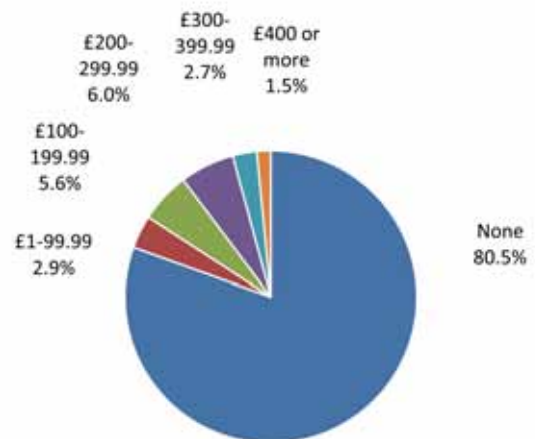


Figure 76
Number of Local Housing Allowance/Housing Benefit
Recipients: Q1 2003-Q2 2010
(Source: DWP Housing Benefit Statistics. Note: Data from
August 2007-October 2008 was not reported)

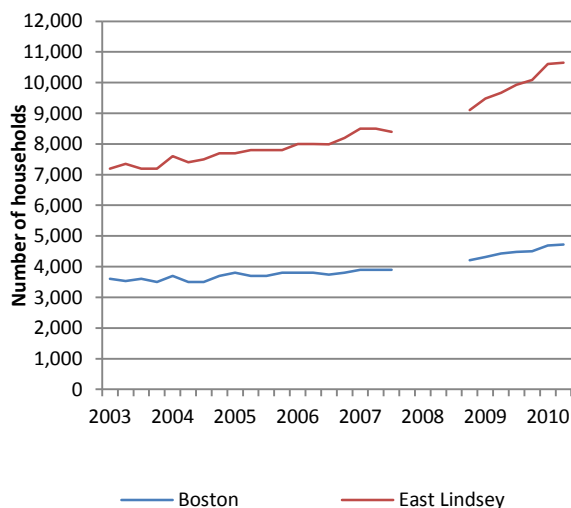
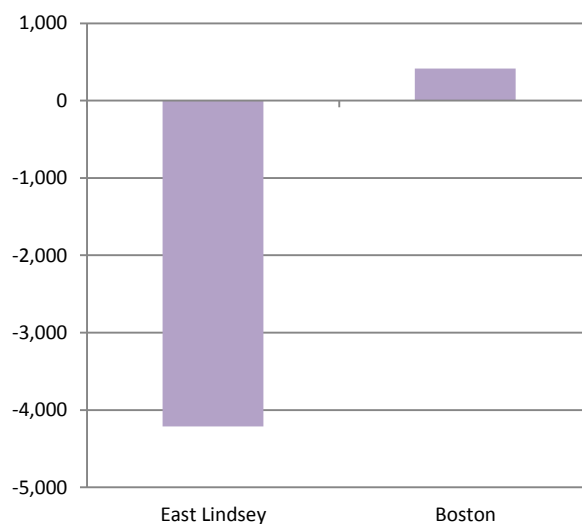


Figure 77
Gap between Number of Social Rented Dwellings and
Number of Local Housing Allowance/Housing Benefit
Recipients by Local Authority
(Source: HSSA 2009; DWP April 2010)



Changes to Social Housing Letting Policy and Local Housing Allowance in June 2010 Budget

4.54 The Coalition Government's first budget in June 2010 contained a number of reforms to the local housing allowance. These included:

- » From April 2011, local housing allowance rates were capped at £250 per week for a one bedroom property, £290 per week for a two bedroom property, £340 per week for a three bedroom property and £400 per week for four bedrooms or more.
- » From April 2011, local housing allowance rates were set at the 30th percentile of local rents (previously the 50th percentile)
- » From 2013-14, local housing allowance rates will be uprated in line with CPI
- » Deductions for non-dependents were uprated in April 2011 on the basis of prices. This reversed the freeze in these rates since 2001-02
- » From April 2013, housing entitlements for working age people in the social sector will reflect family size.
- » From April 2011, housing benefit claimants with a disability and a non-resident carer were be entitled to funding for an extra bedroom.

4.55 The change from using the 50th percentile to the 30th percentile for calculating local housing allowance rates did have a significant impact on Lincolnshire. Figure 78 shows the local housing allowance rates for June 2010 (based on the 50th percentile) alongside the 30th percentile rents from June 2011 which currently set the LHA limit. Please note that the Broad Market Rental Areas in which LHA rates are set are different from local housing market areas as outlined in Figure 6.

Figure 78:
June 2010 and June 2011 Local Housing Allowance Thresholds for Broad Market Rental Areas in Lincolnshire Coastal. (Source: LHA Direct)

| Broad Market Rental Area | June 2010 LHA | | | | June 2011 LHA | | | |
|---|---------------|---------|---------|---------|---------------|---------|---------|---------|
| | 1 bed | 2 bed | 3 bed | 4 bed | 1 bed | 2 bed | 3 bed | 4 bed |
| Grimsby East Lindsey, West Lindsey | £75.00 | £92.05 | £97.81 | £138.08 | £75.00 | £90.00 | £95.00 | £132.69 |
| Lincoln East Lindsey, Lincoln, North Kesteven, West Lindsey | £89.75 | £103.56 | £120.82 | £158.79 | £80.77 | £98.08 | £111.92 | £150.00 |
| Lincolnshire Fens Boston, East Lindsey | £90.90 | £110.47 | £126.58 | £155.34 | £80.77 | £103.85 | £121.15 | £150.00 |
| Wolds and Coast East Lindsey, North Kesteven | £78.25 | £96.66 | £115.07 | £138.08 | £73.85 | £90.00 | £103.85 | £121.15 |

Further Consideration of the Government's June 2010 Budget

^{4.56} The key issue to consider is how the changes to the local housing allowance will affect the market for affordable housing, particularly in terms of demand and supply. Some considerations are set out below.

In April 2013, housing entitlements for working age people in the social sector will reflect family size

^{4.57} Example: a working age couple with two adult children occupy a 3 bed social rented property and receive housing benefit. If the adult children move out of the house, the couple will technically only require a 1 bed dwelling. The policy impact is that they will no longer receive housing benefit for a 3 bedroom property but a 1 bed – they will either

- » be required to pay the balance of rent from their own funds, or,
- » move to a small dwelling and continue to receive housing benefit.

^{4.58} There are a range of possible implications arising from such a change (and we have not considered the ethical implications of the change):

- » More households may downsize from family sized social rented dwellings into smaller units
- » Some larger properties may become available for overcrowded households with children
- » there may be or may not be a corresponding 'balancing effect', as larger homes and smaller homes are vacated
- » Adult children may subsidise their parents to allow them to remain in the larger family home

Deductions for non-dependents were uprated in April 2011 on the basis of prices. This will reverse the freeze in these rates since 2001-02

^{4.59} Example: a pensioner couple with two adult children occupy a 3 bed social rented property and receive housing benefit. Current deductions for non-dependents rose in April 2011, hence reducing the amount of housing benefit received by this household. If the adult children move out of the house, the

couple will be allowed to remain in their dwelling because they are not working age and will receive more housing benefit.

4.60 The policy impact is that the financial incentive is for the adult children to leave home and seek their own independent accommodation, hence the rate of household formation will rise.

4.61 Other changes to the policy could also have an impact: Changes to the local housing allowance may have considerable changes to the supply of dwelling available for households who require financial support in the private rented sector. These changes will not reduce the number of households seeking affordable or subsidised housing – however, it may increase the demand on local authorities to meet these households housing need.

4.62 The ability of districts to meet housing need is dependent upon many issues. For example, how willing will private landlords be to accept households in receipt of housing benefit at the reduced levels? Potential scenarios include:

- » Market rent levels fall as landlords accept lower yields on their investments.
- » If the new rent thresholds are too low then landlords may simply not be willing to accept housing benefit dependent households and instead return their stock to the market sector.
- » This in turn may see house prices and rents fall as more housing becomes available to buy or rent - more households may be able to meet their housing requirements in the open market.

4.63 However, if landlords are not prepared to accept households in receipt of housing benefit, where will these households have their housing needs addressed? Social housing has limited supply. Homelessness presentations may increase and overcrowding might rise. The percentage of disposable income paid to rent may rise in households seeking housing in the private sector.

4.64 In summary:

- » Changes to the local housing allowance outlined in the June 2010 budget will have considerable impact on the social and private rented sectors.
- » Potentially, there could be reduced household formation rates which may reduce the number of households seeking affordable housing. However, some changes in the LHA may also see formation rates rise.
- » The supply of private rented dwellings may change significantly, especially for households on lower incomes.
- » Where landlords accept lower rents then many households may move from more expensive areas.
- » The total number of housing benefit claimants in the private rented sector is unlikely to fall, but their locations will change to lower priced areas.
- » Alternatively, where landlords do not accept the lower rents more properties may return to 'pure' market housing.
- » An increase in households seeking to address their own housing requirements by buying or renting is likely.

- » Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs - homelessness presentations and overcrowding may also rise further.

4.65 The Coalition Government's first budget in June 2010 contained a number of proposed reforms to the local housing allowance. These included:

- » From April 2011, local housing allowance rates will be capped at £250 per week for a one bedroom property, £290 per week for a two bedroom property, £340 per week for a three bedroom property and £400 per week for four bedrooms or more.
- » From October 2011, local housing allowance rates will be set at the 30th percentile of local rents (previously the 50th percentile)
- » From 2013-14, local housing allowance rates will be uprated in line with CPI
- » Deductions for non-dependents will be uprated in April 2011 on the basis of prices. This will reverse the freeze in these rates since 2001-02
- » From April 2013, housing entitlements for working age people in the social sector will reflect family size.
- » From April 2011, housing benefit claimants with a disability and a non-resident carer will be entitled to funding for an extra bedroom.

Further Consideration of the Government's June 2010 Budget

4.66 The key issue to consider is how the changes to the local housing allowance will affect the market for affordable housing, particularly in terms of demand and supply. Some considerations are set out below.

In April 2013, housing entitlements for working age people in the social sector will reflect family size

4.67 Example: a working age couple with two adult children occupy a 3 bed social rented property and receive housing benefit. If the adult children move out of the house, the couple will technically only require a 1 bed dwelling. The policy impact is that they will no longer receive housing benefit for a 3 bedroom property but a 1 bed – they will either

- » be required to pay the balance of rent from their own funds, or,
- » move to a small dwelling and continue to receive housing benefit.

4.68 There are a range of possible implications arising from such a change (and we have not considered the ethical implications of the change):

- » More households may downsize from family sized social rented dwellings into smaller units
- » Some larger properties may become available for overcrowded households with children
- » there may be or may not be a corresponding 'balancing effect', as larger homes and smaller homes are vacated
- » Adult children may subsidise their parents to allow them to remain in the larger family home

Deductions for non-dependents will be uprated in April 2011 on the basis of prices. This will reverse the freeze in these rates since 2001-02

- 4.69 Example: a pensioner couple with two adult children occupy a 3 bed social rented property and receive housing benefit. Current deductions for non-dependents will rise in April 2011, hence reducing the amount of housing benefit received by this household. If the adult children move out of the house, the couple will be allowed to remain in their dwelling because they are not working age and will receive more housing benefit.
- 4.70 The policy impact is that the financial incentive is for the adult children to leave home and seek their own independent accommodation, hence the rate of household formation will rise.
- 4.71 Other changes to the policy could also have an impact: Changes to the local housing allowance may have considerable changes to the supply of dwellings available for households who require financial support in the private rented sector. These changes will not reduce the number of households seeking affordable or subsidised housing – however, it may increase the demand on local authorities to meet these households housing need. Why?
- 4.72 The ability of districts to meet housing need is dependent upon many issues. For example, how willing will private landlords be to accept households in receipt of housing benefit at the reduced levels from October 2011? Potential scenarios include:
- » Market rent levels fall as landlords accept lower yields on their investments.
 - » If the new rent thresholds are too low then landlords may simply not be willing to accept housing benefit dependent households and instead return their stock to the market sector.
 - » This in turn may see house prices and rents fall as more housing becomes available to buy or rent - more households may be able to meet their housing requirements in the open market.
- 4.73 However, if landlords are not prepared to accept households in receipt of housing benefit, where will these households have their housing needs addressed? Social housing has limited supply. Homelessness presentations may increase and overcrowding might rise. The percentage of disposable income paid to rent may rise in households seeking housing in the private sector.
- 4.74 In summary:
- » Changes to the local housing allowance outlined in the June 2010 budget may have considerable impact on the social and private rented sectors.
 - » Potentially, there could be reduced household formation rates which may reduce the number of households seeking affordable housing. However, some changes in the LHA may also see formation rates rise.
 - » The supply of private rented dwellings may change significantly, especially for households on lower incomes.
 - » Where landlords accept lower rents then many households may move from more expensive areas.

- » The total number of housing benefit claimants in the private rented sector is unlikely to fall, but their locations will change to lower priced areas.
- » Alternatively, where landlords do not accept the lower rents more properties may return to 'pure' market housing.
- » An increase in households seeking to address their own housing requirements by buying or renting is likely.
- » Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs - homelessness presentations and overcrowding may also rise further.

Further Changes to Benefits Announced in October 2010

4.75 Additional changes to the benefit system which will impact upon the receipt of housing benefit were announced in October 2010. These will see the total level of benefit received by any household capped at £500 per week. The amount of housing benefit any household can receive will be assessed after any Jobseekers Allowance, Income Support, council tax benefit, child tax credit and child benefit have been deducted. The worked example below shows this calculation for an unemployed couple with 5 children who receive.

- » £102.75 couple rate for Jobseekers Allowance
- » £25.00 council tax benefit
- » £231.63 child tax credit for five children
- » £73.90 child benefit for five children
- » £66.72 amount left for housing benefit

4.76 Therefore, in the example above, the housing benefit received will not cover the typical rent on a larger social rented unit, which is typically just over £100 per week in Coastal Lincolnshire, and will fall a long way short of the rent required for a larger private rented dwelling. The effects of this change will be felt most heavily in more expensive areas of the country (typically in and around London), but may also see homelessness presentations and overcrowding rise in areas such as Lincolnshire.

Extending the Limit for a Single Person Receiving a Bedsit Allowance to 35 Years of Age

4.77 Currently, any single person aged 24 years or younger is entitled to only the bedsit LHA, rather than allowance for a self-contained dwelling. In October 2010 it was announced that this would be extended to any single person aged 34 years or younger.

4.78 The bedsit allowance will enable the single person only to receive a share of a dwelling. Therefore, a major impact of this change is likely to be a rise in the demand for shared accommodation within HMOs. More single persons will be forced to share accommodation for longer and this is likely to see more of the existing housing stock turned over to HMOs.

Priority Need Homeless No Longer Able to Refuse Private Sector Housing

- 4.79 Whilst local authorities can currently offer homeless people (who they have a duty to house under Part 7 of the Housing Act 1996) private sector accommodation, the applicant can refuse this offer. Under new proposals, priority need households will no longer be able to refuse the offer in the private sector.
- 4.80 The main aim of this proposal is to reduce the pressures on the social housing stock as most priority need is currently met in social rent. However, the indirect result of the change is that there will be further demands placed upon the private rented sector as Councils increasingly seek to house their priority need households outside the social rented sector.

5. Profiling Housing Need and Future Housing Requirements

Section Summary

- The reporting within this chapter moves on to look at housing need and future housing requirement. It specifically looks at: the nature of housing need; unsuitably housed households; overcrowding; homelessness; the effect of policy changes; Future housing requirements; affordability; Dwelling delivery/regional spatial strategy; the future requirements for social rented housing; affordability and the size mix of future housing.
- A total of 3.9% of households in Coastal Lincolnshire lived in overcrowded conditions at the time of the 2001 Census, slightly lower than the averages for the East Midlands and for England and Wales as a whole. Unlike Central Lincolnshire there was little difference in overcrowding between areas and tenures in Coastal Lincolnshire.
- The total number of non-transfer applications on waiting lists across the two authorities is currently around 7,500, which is significantly higher than the position in 1997. Waiting lists have been shown to be a poor reflection of actual demand for various reasons however.
- The study model indicates 13,000 unsuitably housed households in Coastal Lincolnshire (14.8%). This does not mean that all need new/alternate housing, as many unsuitable households can be made suitable by adaptation, repair or extension for example.
- 1,800 existing households are estimated to be unsuitably housed, need to move home and are not able to afford to meet their own housing costs. These households are a sub-set of the 13,000 households outlined above. This figure is slightly below the average obtained from recent ORS primary data surveys of around 2.5% in housing need.
- The number of households housed in temporary accommodation grew to a peak in excess of 120 per authority in the Coastal sub-region at the end of 2008, and subsequently has seen a steady decline.
- The Government's new Affordable Rent model will allow housing association to charge rents which are up to 80% of market rents for the area on new build developments and re-lets. Affordable Rents are likely to be higher than current social target rents, for most dwelling types within most areas of Coastal Lincolnshire.
- On the basis of households spending up to 25% of their income on rents, all social rented dwellings in the sub-region are affordable to households with incomes of £20,000 per annum or more.
- Over the 21 year period 2010-2031, it has been projected, that a total of 18,000 extra households will live in the Coastal sub-region under the RSS scenarios. CLG unconstrained 2008 based Household Projections indicates 26,900 additional households in the Coastal sub-region between 2010 and 2033.

- 5.1 The Practice Guidance for undertaking Strategic Housing Market Assessments (SHMAs) published by the Department for Communities and Local Government (CLG), in August 2007, identifies eight Core Outputs. Numbers 4 to 7 of these outputs are relevant to this chapter:
- » Estimate of current number of households in housing need
 - » Estimate of future households requiring affordable housing
 - » Estimate of future households requiring market housing
 - » Estimate of the size of affordable housing required
- 5.2 The Practice Guidance also provides specific Research Questions which should be answered within an SHMA for these stages of the assessment, which have helped structure this Research Paper (Table 2.1, CLG SHMA Practice Guidance 2007).

Figure 79
CLG Practice Guidance Research Questions (CLG 2007)

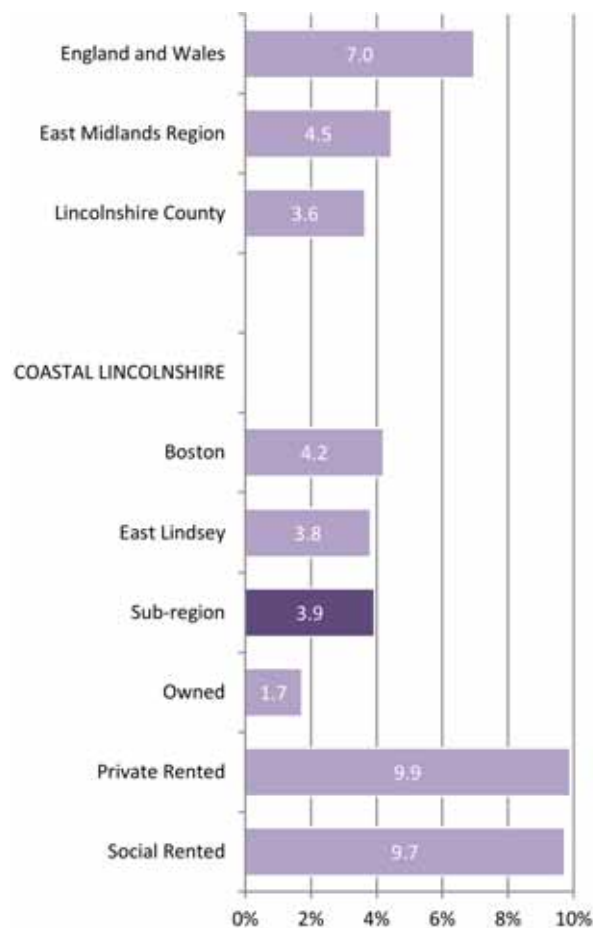
| Stage | Research Questions |
|---|---|
| Current housing need | What is the total number of households in housing need currently (gross estimate)? |
| Future need | How many newly arising households are likely to be in housing need (gross annual estimate)? |
| Affordable housing supply | What is the level of existing affordable housing stock? |
| | What is the likely level of future annual supply? |
| Housing requirements of households in need | What is the current requirement for affordable housing from households in need? |
| | What are the requirements for different sized properties? |
| | How is the private rented sector used to accommodate need? |
| Bringing the evidence together | What is the total number of households in need (net annual estimate)? |
| | What are the key issues for future policy/strategy? |
| | How do the key messages fit with the findings from Chapters 3 and 4? |

- 5.3 This chapter begins by looking at the acute indicators of need (overcrowding and homelessness).
- 5.4 We then estimate the proportion of households in unsuitable housing and the nature of unsuitability by using a predictive model that has been developed by ORS to estimate the proportion of households in unsuitable housing on the basis of a wide range of other secondary data sources.

Overcrowding

- 5.5 A total of 3.9% of households in Lincolnshire Coastal sub-region lived in overcrowded conditions at the time of the 2001 Census. This is slightly lower than the average for the whole of the East Midlands and is also lower than the proportion for England and Wales as a whole.
- 5.6 The room occupancy rating used to determine overcrowding uses a complicated formula to assess the number of rooms that a household needs. Every household requires at least two common rooms (excluding bathrooms) and the number of bedrooms depends on the composition of the household, with (for example) the age and gender mix of any children taken into account. This means that these figures cannot be compared with other data sources such as the 2009 Private Sector Stock Condition Survey because this used a different bedroom standard to assess overcrowding.
- 5.7 The proportion by tenure is also shown, where it is apparent that there is a consistent pattern of little overcrowding in owner occupied dwellings. However, approaching 10% of rented dwellings in the Coastal sub-region were overcrowded.

Figure 80
Proportion of Households Overcrowded by Area (Source: UK Census of Population 2001)



Analysing Housing Register Data to Determine Housing Need

- 5.8 A source for identifying local housing need suggested by the Practice Guidance is the use of local housing registers, operated by individual local authorities and other social landlords.
- 5.9 Figure 81 indicates that the total number of non-transfer applications on waiting lists across the two authorities has risen in the last 12 years from around 3,000 to around 7,500.
- 5.10 Figure 82 shows that as a proportion of all households in the local authority, East Lindsey is notable for having a very high ratio of applicants in relation to the size of its existing social stock. This in turn is likely to be linked to the high number of households who are claiming housing benefit in the private rented sector. Many of these households will remain on the waiting list for a social dwelling while having their immediate housing needs met in the private rented sector.

Figure 81
Local Authority Housing Registers (excluding transfers) trends
1997-2010
(Source: Housing Strategy Statistical Appendix, CLG)

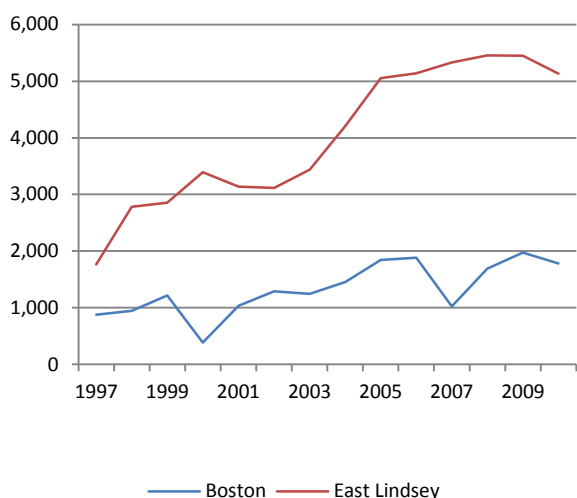


Figure 82
Local Authority Housing Registers (excluding transfers) as
percentage of all households and social dwellings 2010
(Source: Housing Strategy Statistical Appendix, CLG)

| Local Authority | % of all households in LA 2009 | Applicants per 100 social dwellings 2010 |
|-----------------|--------------------------------|--|
| Boston | 7.0 | 37.0 |
| East Lindsey | 8.3 | 79.6 |

5.11 The Practice Guidance suggests that data cannot usually be considered robust due to a wide range of problems.

5.12 The 2001 DETR publication “Local Housing Needs Assessment: A Guide to Good Practice” specifically noted:

“Housing registers should preferably be open to all, but even then it is likely that not all need, and possibly only a minority of need, will be registered; estimates based only on housing registers are likely to be an underestimate for this reason, but this may be offset by the inclusion of ‘deadwood’ and ‘insurance’ registrations”

“Many people potentially in housing need fail to apply [to the housing register] – in some cases because they judge that there is little chance of their being offered a suitable property”

“The reliability of [housing registers] ... would depend, of course, on landlords’ approaches to reviewing their registers.”

5.13 On the basis of our own analysis of housing registers, including a study for the National Assembly for Wales specifically concerned with waiting list applicants, we have found that often:

- » Households who are not currently in need (who are registered “just in case”) are included, although these are usually identified and may not be regarded as part of the overall quantity of housing need ;
- » Households can be double counted, as registers overlap between landlords and newly forming households often registered more than once (as two or more individuals register independently but anticipate living together);
- » Households who can afford local housing may be included – as many registers are open and do not necessarily restrict application based on financial circumstances;
- » There are significant amounts of “deadwood” (where households have moved and/or no longer require social housing), especially where registers are not actively maintained; and

- » Households seeking intermediate housing are often excluded, as they do not apply to the Council or other landlords for housing.

5.14 It is apparent that whilst housing registers can provide invaluable information on current need, in particular in relation to specific localities, they do not normally provide a good basis for strategic analysis because they; do not have a common set of criteria for inclusion so household not in need will be included; are not consistently monitored so may be out of date; and will not include all households in need as not all households will join a register, particularly if they feel they have little chance of getting a property. Therefore, there is a clear difference between a household being in need and a household seeking affordable housing.

Identifying Unsuitably Housed Households

5.15 NPPF defines that housing need exists when a household cannot access suitable housing without financial assistance. Figure 83 outlines the four main categories of unsuitable housing and the associated sub-divisions that are set out in the Practice Guidance.

5.16 It is apparent that most of the identified issues concern established households that will already be housed. Some of the issues around unsuitability will mean households need to move home but others could continue to live in the same property if appropriate changes were made. Typical examples of such changes would be to attend to disrepair or provide adaptations to suit an occupant with mobility problems.

Figure 83

Classification of Unsuitable Housing (Source: Table 5.1, CLG Housing Market Assessment Practice Guidance: Version 2, August 2007)

| Main Category | Sub-divisions |
|---|---|
| Homeless or with insecure tenure | i. Homeless households |
| | ii. Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of housing benefit or in arrears due to expense |
| Mismatch of household and dwelling | iii. Overcrowded according to the 'bedroom standard' |
| | iv. Too difficult to maintain (e.g. too large) even with equity release |
| | v. Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household |
| | vi. Households containing people with mobility impairment or other specific needs living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ |
| Dwelling amenities and condition | vii. Lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants) |
| | viii. Subject to major disrepair and household does not have the resources to make fit (e.g. through equity release or grants) |
| Social needs | ix. Harassment from others living in the vicinity which cannot be resolved except through a move |

5.17 Even where a move is necessary, facilitating households to relocate from one property to another does not necessarily imply additional homes are needed. The characteristics of the newly occupied dwellings may differ, but the overall number of homes remains the same.

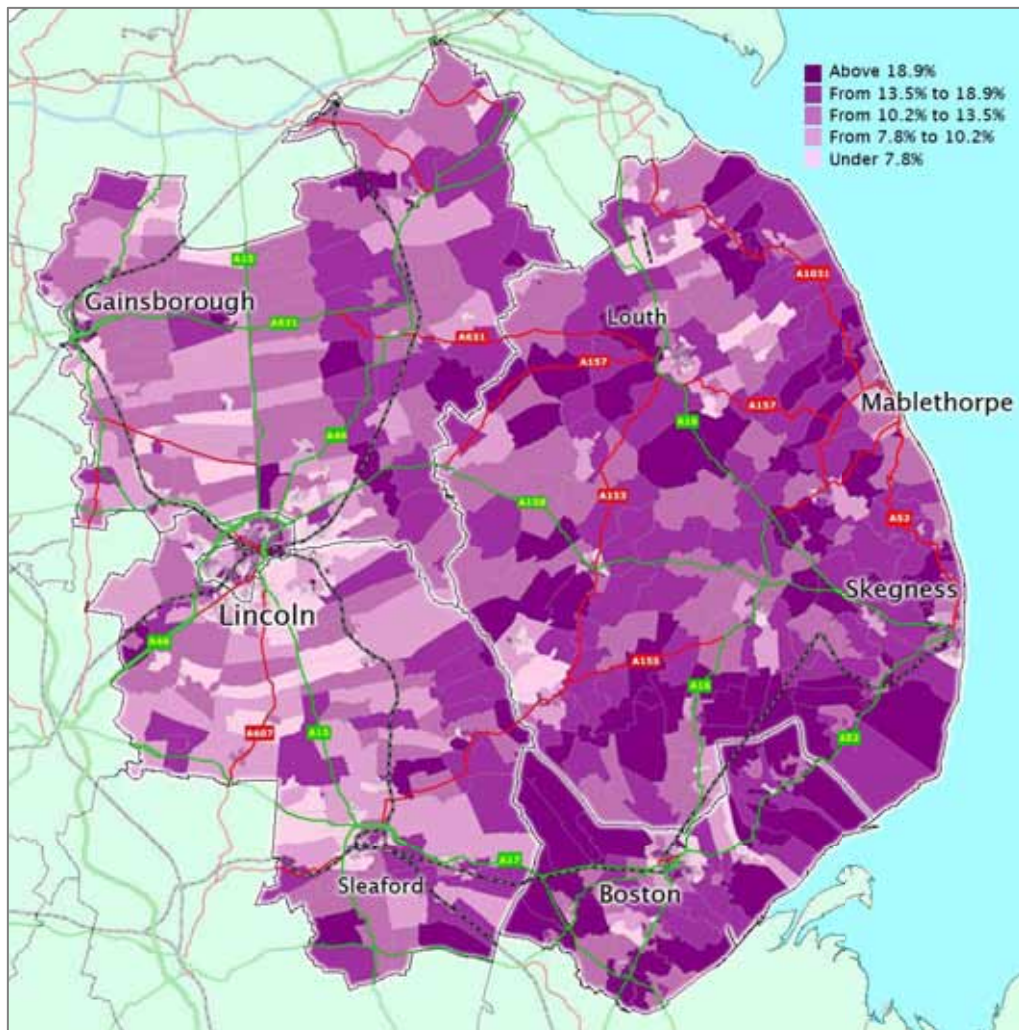
- 5.18 However, there is a need to ensure all needs are considered. It may, therefore, be necessary to provide some additional 'non standard' housing for specific needs. By doing so, an equivalent number of 'standard' dwellings are 'left behind' to meet other housing need-

Modelling Established Households Living in Unsuitable Housing

- 5.19 Having considered technical issues regarding the approach to modelling those unsuitably housed, this section undertakes the actual modelling for the SHMA. Whilst a range of secondary data sources exist about some of the categories of housing need identified in Figure 83, there is no local information available about a number of the issues.
- 5.20 ORS has therefore developed a predictive model that estimates the number of unsuitably housed households based on a range of correlated indicators. It uses Logit regression estimation to estimate the percentage of households in each Census Output Area who are unsuitably housed. The characteristics of the area which enter into the equation are;
- » Housing component of Index of Multiple Deprivation 2007
 - » CACI Paycheck Income 2008
 - » Tenure at the time of the 2001 Census
 - » Overcrowding from the 2001 Census
 - » Economic status of residents in 2001 Census
 - » Household profile in 2001 Census
 - » DEFRA Geography
- 5.21 The model has been extensively tested on ORS primary datasets to ensure that the predicted results for unsuitable housing are consistent with those which would be obtained from a large-scale face to face primary survey. While the model references data from as far back as the 2001 Census, the underlying equation is based upon surveys undertaken between 2005 and 2009.
- 5.22 Figure 84 shows the modelled results for the Central Lincolnshire and Coastal Lincolnshire sub-regions. This shows that many of the predicted areas of high unsuitable housing are contained within the Coastal sub-region. It should be noted that the results are based upon published data sources. If these data sources contain omissions such as not correctly identifying the growth in migrant workers as discussed earlier in this report then this will impact on the conclusions.

Figure 84

Modelled Unsuitably Housed by Output Area (Source: ORS Unsuitably Housed Model. Note: Quintile refers to the proportion of the frequency distribution containing one fifth of the sample and is ranked highest to lowest)



5.23 Across the entire study area, it is estimated that around 14.8% of households are unsuitably housed, which amounts to 13,000 households (Figure 85).

5.24 As previously noted, not all households in unsuitable housing need to move; and even where a move is necessary, some households will be able to resolve their problems without assistance – so the households in housing need will only form a proportion of those in unsuitable housing. In studies involving a household survey, ORS has typically found that only a small proportion of people in unsuitable housing both need and want to move.

5.25 The same estimation techniques which were used to predict the percentage of households who are unsuitably housed can also be used to model the percentage of households who are in housing need. It

Figure 85
Modelled Unsuitably Housed Households by Area (Source: ORS Unsuitably Housed Model)

| Area | Number of Households | Percentage of Households |
|-------------------|----------------------|--------------------------|
| Boston | 4,200 | 15.2% |
| East Lindsey | 8,800 | 14.0% |
| Study Area | 13,000 | 14.8% |

should be noted that housing need refers to households who are unsuitably housed and who require to move, but cannot afford to meet their own housing costs. Therefore, we are seeking to assess housing need among existing households only, not the needs of any households who have yet to form who are considered as part of the newly arising need.

5.26 Figure 86 shows the results of this exercise for Lincolnshire Coastal sub-region. 13,000 households were assessed as being unsuitably housed in their current home, across the whole of Lincolnshire Coastal sub-region. However, it is assessed that 1.28% of households will be in housing need, which amounts to around 1,800 households. Therefore, 1,800 existing households are estimated to be unsuitably housed, need to move home and are not able to afford to meet their own housing costs. This figure is commonly referred to as the backlog of housing need. This figure is slightly below the average obtained from recent ORS primary data surveys of around 2.5% in housing need, but a number of individual primary data surveys have produced housing needs figures of less than 1.5% of all households.

Figure 86
Household in Housing Need by Area 2010 (Source: ORS Housing Needs Model)

| Local Authority | % of households in housing need | Number of households in housing need |
|---------------------|---------------------------------|--------------------------------------|
| Boston | 1.54% | 400 |
| East Lindsey | 2.25% | 1,400 |
| Study Area | 1.83% | 1,800 |

- 5.27 The modelled housing need figure outlined above is well below the total of 7,500 households who are currently on local authority waiting lists in the area. Apart from the obvious issues of deadwood and double counting on waiting lists there are a number of further explanations for these differences:
- » Households in housing benefit supported private rent may still be on local authority waiting lists but will not be in housing need as defined in NPPF because their current dwelling can be seen as being suitable for their current needs;
 - » The waiting list will contain a number of adult children living at home with their parents who again will not be in housing need currently, but who will form part of future arising housing need;
- 5.28 On the other side of this equation, a number of households may be in housing need, but they will not appear in waiting lists. These included households already in social rent who require to move, or households who feel that they have little chance of receiving a social rented dwellings so do not apply.

The Policy Implications of Unsuitable Housing

- 5.29 Overcrowding is one cause of unsuitable housing that normally necessitates moving to more suitable housing rather than adapting the current dwelling – though extensions and conversions can sometimes provide an appropriate solution. However large households on low income, if overcrowded, are likely to have an urgent housing need.
- 5.30 Overall, less than 4% of households across the study area lived in overcrowded circumstances at the time of the 2001 Census – but overcrowding rates are substantially higher for some sub-groups of the population such as BME populations. The Authorities should continue to pursue the range of available measures to tackle overcrowding;
- » Seeking the provision of larger affordable family units through the planning process to meet needs identified;

- » Working with social landlords to identify opportunities where funding is available for extending/converting existing affordable housing and purchasing larger market housing (possibly focussing on former social homes previously sold through the Right-to-Buy programme);
- » Continuing to pursue measures to tackle under-occupation in the current social housing stock, incentivising households under-occupying larger homes to move. This should include consideration of the particular housing requirements and aspirations of older people, and working with providers to meet these needs.

5.31 More generally, some households in unsuitable private sector housing will not have the financial capacity either to move or achieve 'in situ' remedies. Other households on lower incomes in the private sector may be awarded grants from the Local Authority for adaptations. In either case there are major policy and service delivery implications in addressing problems with unsuitable housing in the private sector.

5.32 Many households in unsuitable housing are older person households. Many will rely on a combination of adaptations, 'telecare', low level warden support, or domiciliary care to enable them to remain independent. Many will also rely on informal care and support provided by relatives, friends and neighbours. Some are assisted by means of care and repair schemes, voluntary sector agencies such as age concern and from family members. Products such as shared ownership and equity release are becoming increasingly important and acceptable mechanisms for funding solutions.

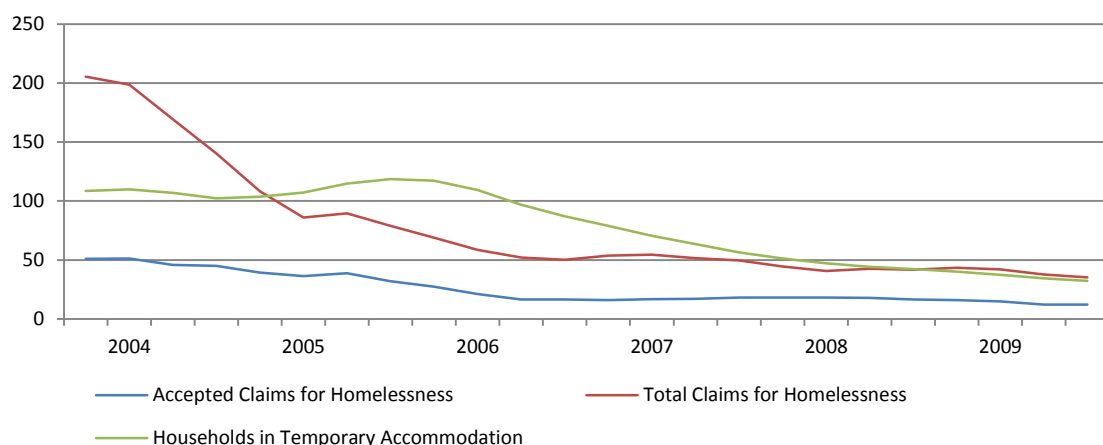
Acute Housing Need: Homelessness

5.33 A key duty of local authorities is to provide a service to households who become homeless or are at risk of becoming homeless where they are satisfied that the applicant has a priority need.

5.34 Figure 87 shows that the total number of claims for homelessness has progressively fallen since 2004. Homelessness claims that have been accepted have also fallen since this time.

Figure 87

Homeless Applications and Acceptances and Homeless Households in Temporary Accommodation Q1 2003- Q4 2009 for Coastal Sub-region (Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)



- 5.35 The number of households housed in temporary accommodation grew to a peak in excess of 120 per authority in the Coastal sub-region in 2005, and subsequently has seen a steady decline.
- 5.36 In 2004, East Lindsey had much higher accepted cases of homelessness compared to Boston, although the level of claims in East Lindsey had fallen to levels comparable to Boston by 2006. One of the major factors influencing these numbers is an increased emphasis from councils on preventing homeless presentations through providing housing advice at an earlier stage.
- 5.37 From the end of 2005 onwards, East Lindsey and Boston significantly reduced the number of households housed in temporary accommodation. All councils reduced the number of households in temporary accommodation through homelessness prevention initiatives. However, we would note that the changes currently being implemented to the LHA system could see more households become homeless as landlords withdraw their private rented dwellings. Given the large numbers of household claiming housing benefit in the private rented sector in East Lindsey this may become a major policy issue in 2012.

Figure 88
Unintentionally Homeless and in Priority Need Households by Local Authority Q1 2003- Q3 2009 (Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)

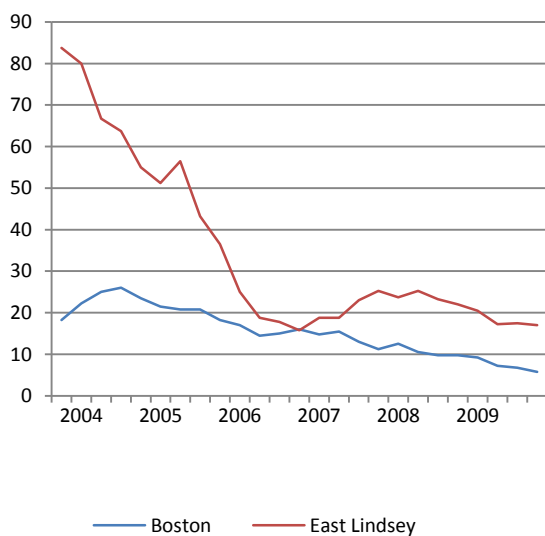
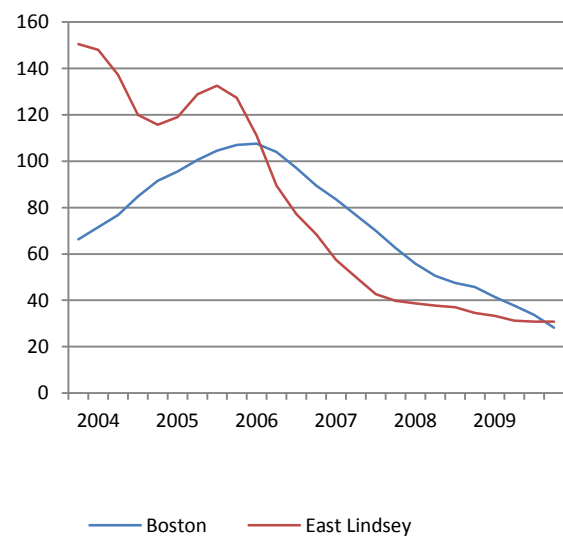


Figure 89
Households in Temporary Accommodation by Local Authority Q1 2003- Q3 2009 (Source: Local Authority P1E Homelessness Data)



Modelling Future Housing Requirements

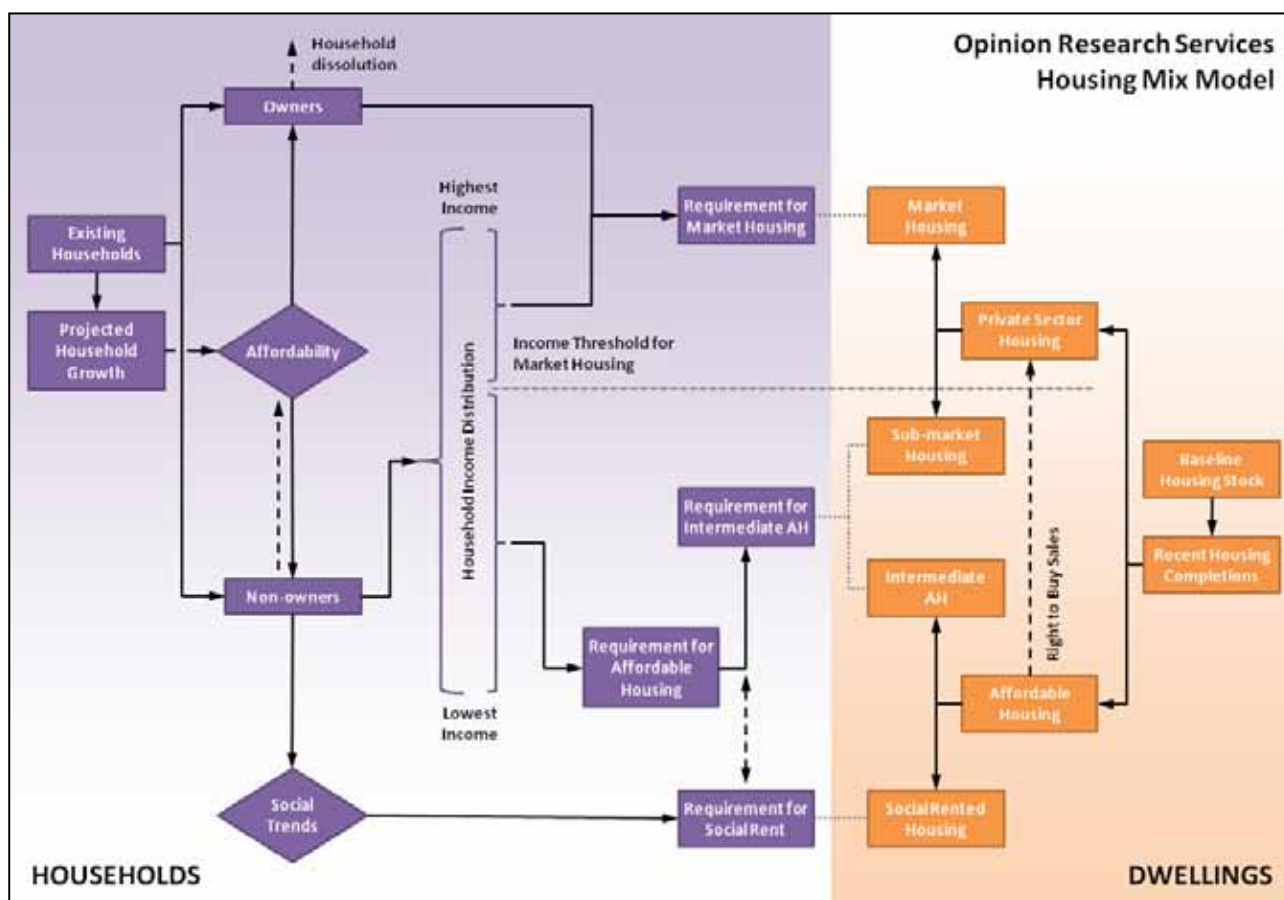
- 5.38 This sections focuses upon the future housing requirements of Coastal Lincolnshire both in terms of the tenure of dwellings required and their size. A range of scenarios are also tested.
- 5.39 The Practice Guidance considers the future housing market from a high-level, strategic perspective; considering how key drivers and long-term trends will impact on the structure of the household population over the full planning period. In order to meaningfully compare the assessment of housing need with the change in total numbers of households (and the overall requirement for additional housing), both numbers need to be derived in comparable ways.

- 5.40 The ORS Housing Mix Model considers both housing need and overall housing requirements on a longer-term basis, providing robust and credible evidence about the required mix of housing over the full planning period and understanding how key housing market drivers (such as affordability) will impact on the appropriate housing mix.
- 5.41 The model uses a wide range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 5.42 The following points summarise the way in which the model determines the total housing requirement and the required mix of housing:
- » The overall housing requirement is based upon the projected increase in the total number of households (with an allowance for a proportion of vacancies within the stock).
 - » The change in the number of owner occupiers is based on those additional households able to afford home purchase (including newly forming households and net migrants with sufficient income to purchase, and existing households whose income has increased to now enable them to purchase) offset against the number of owner occupier households likely to suffer complete dissolution following the death of all household members.
 - » The level of market housing demand counts owner occupier households and other households with sufficient income to access market housing, determined by an income threshold.
 - » The need for social rented housing is based upon the projected mix of households and the propensity of each household type to need social housing, taking account of changing trends in these propensity rates over the period since 1981.
 - » The level of intermediate affordable housing is determined by the number of households unable to afford market housing but who are not counted within the need for social rented housing.
- 5.43 The model considers the overall requirement for market housing, intermediate affordable housing and social rented housing alongside the mix of existing housing stock, including properties which have been delivered since the baseline year. An allowance is also made for past and future tenure changes, where properties transfer from the affordable housing to private stock. In summary:
- » The requirement for market housing is matched against the stock of market housing to buy or rent – i.e. owner occupied housing and housing in the private rented sector which requires incomes at or above the identified threshold for market housing.
 - » The cheapest private sector housing (requiring incomes below the identified threshold for market housing) is considered as below market housing supply, and is matched to households that would otherwise require intermediate affordable housing. The existing stock of intermediate affordable housing is also matched to this group of households.
 - » The need for social rented housing is matched against the social rented housing stock.
- 5.44 The secondary data sources are readily updateable as new information is published, and a range of assumptions can be varied to enable effective sensitivity testing to be undertaken. In particular, the model has been designed to help understand the key issues and provide insight into how different assumptions will impact on the required mix of housing over future planning periods.

- 5.45 Figure 90 provides a detailed overview of the structure of the Housing Mix Model and the way in which the different stages of the model interact.
- 5.46 The left hand section of the diagram considers households in terms of the baseline population and projected household growth, and their associated affordability and housing requirements.
- 5.47 The right hand section of the diagram considers the dwelling stock in terms of the tenure and housing costs for both the existing stock and the recent housing completions.

Figure 90

Detailed Overview of the ORS Housing Mix Model



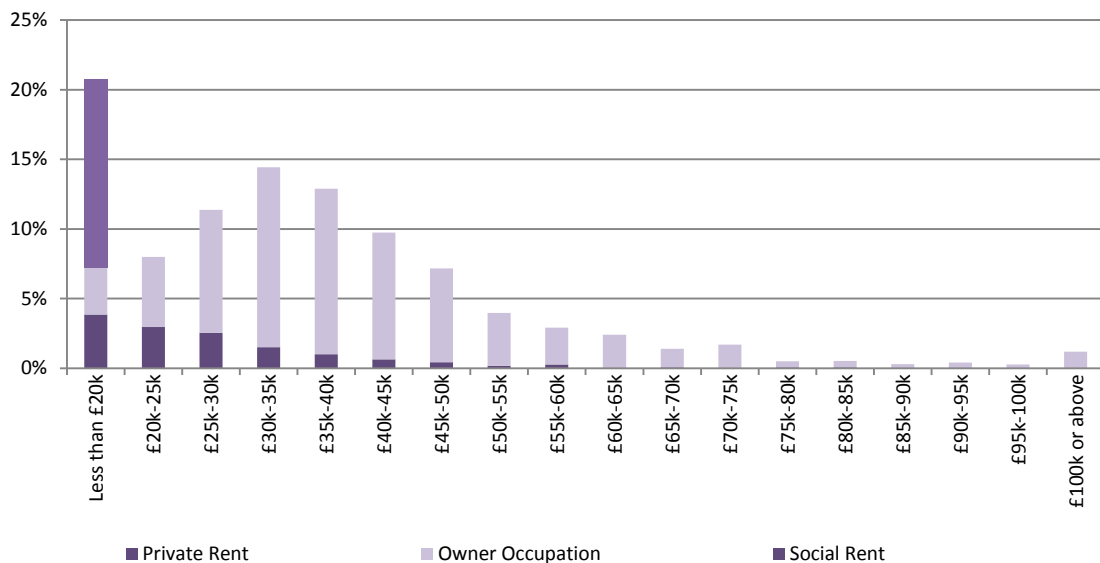
Affordability of the Dwelling Stock

- 5.48 The Housing Mix Model considers the projected household population alongside the existing dwelling stock to establish the necessary balance between Market Housing and Affordable Housing with as a proportion of the additional dwellings to be provided, and within the Affordable Housing dwelling provision it establishes the level of Intermediate housing required.
- 5.49 Using the Model, Figure 91 shows the proportion of properties in the sub-region that households who are dependent on their income alone could afford to buy or rent, broken down by the minimum income band that households would require. As an example, around 2.5% of dwellings become affordable to rent privately and 5% become affordable to buy for households with incomes of £20k-£25k. These dwellings are not affordable to households with incomes of less than £20k, but are clearly also affordable to households with incomes of more than £25k.

- 5.50 This analysis assumes that households will spend up to 25% of their gross income on their rent and would be able to borrow up to 3.5 times their main income to purchase a property (both of which are based on Government guidance), although some households will commit more than 25% of their income to improve the choice of housing available.
- 5.51 On the basis of households spending up to 25% of their income on rents, all social rented dwellings in the sub-region are affordable to households with incomes of £20,000 per annum or more.

Figure 91

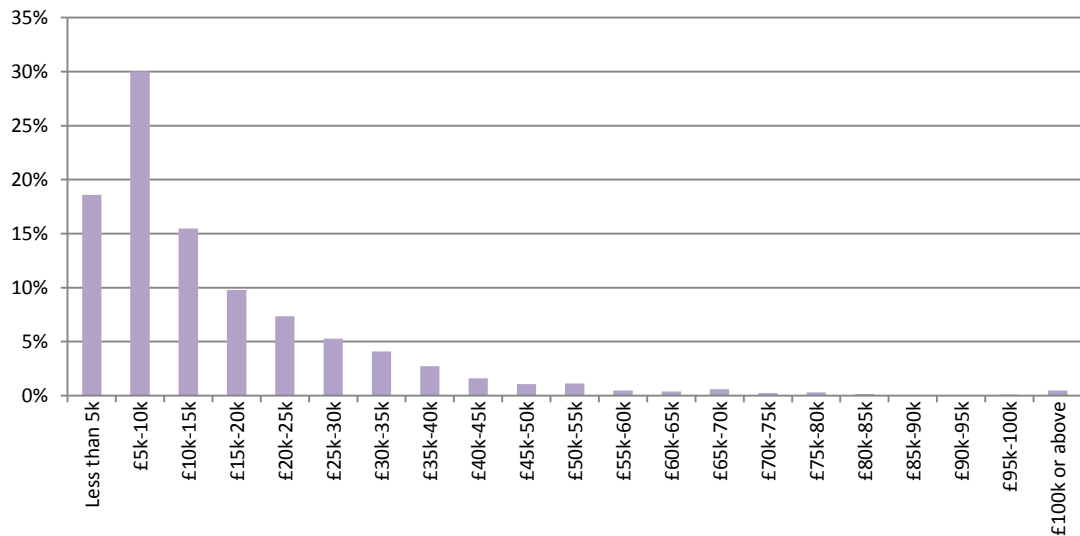
Minimum Income required by households to afford to buy or rent in the Coastal sub-region (Source: ORS Housing Mix Model)



- 5.52 Next we have modelled **local incomes of existing households** to determine the income distribution of those households without existing equity (non-owners). This enables us to start to distinguish between households who may have no choice but to seek affordable housing and those who can afford market housing. It is assumed that most households with equity who intend to move have the means to access market housing whether owned or rented. This is because equity extends the spending power of households when they are seeking to move home.
- 5.53 Analysis of the income distribution of non owners shows some interesting results. Figure 92 reveals that 73.9% of non-owner in the Coastal sub-region have incomes of under £20,000 per annum and these households can typically only afford social rent housing, or dwellings with housing benefit support. The distribution is heavily skewed toward the lower income groups. Across the sub-region there are estimated to be around 4,300 households who are non-owners who have an income of between £15,000 and £25,000 with another 2,300 having incomes between £25,000 and £35,000. These households may be able to access appropriately priced intermediate housing, or the new Affordable Rent product, as discussed later in this report.
- 5.54 The proportion of households who have incomes of up to £20,000 and who do not currently have equity in their own home accounts for 19.9% of all households in the Coastal sub-region. These households are therefore non-owners who can afford more than social rent.

Figure 92

Income distribution of non-owners in Lincolnshire Coastal 2010 (Model based on Modelled Income for Non-Owners)



- 5.55 In the Coastal sub-region 3.4% of dwellings would be affordable for purchase by this group and 3.9% would be affordable to this group through renting in the private sector. The existing social rented stock (13.5% in Coastal) is also affordable to this group. Adding these together gives 20.9% of the overall stock in the Coastal sub-region.
- 5.56 Therefore, there is currently more housing affordable to households with incomes below £20,000 (who do not have equity) than the number of existing households currently resident in Lincolnshire Coastal. However, it should be noted that not all of this housing will be available to households with incomes of below £20,000. DWP housing benefit claimant figures from October 2010 indicate that 31% of households in the social rented sector in Boston and 18% in East Lindsey **do not** receive housing benefit. Therefore, these households are paying their own rents without financial support, and potentially could afford to pay more than social rents.
- 5.57 It is also the case that CORE records for RSL lets in 2007-2010 indicates that around 8% of all general lets in the Coastal sub-region were to households earning £20,000, so properties are still being let to households who potential can afford to pay more than social rents.
- 5.58 Therefore, potentially an increased provision of intermediate housing could allow households to leave social rented accommodation which would free more of the social housing stock for those who cannot afford to move elsewhere. This assumes that the cost, quality and concept of the intermediate properties is attractive to current social rent tenants – and, critically, that these households would want to move from their current home.
- 5.59 It should also be remembered that the model outlined above only relates to existing households. There is an issue regarding potential newly forming households failing to form due to them being unable to access suitable social rented housing. Therefore, if more social rented housing were to be provided or to otherwise become available there are households who would come forward to fill these properties.

Dwelling Delivery, Demographic Projections and Regional Spatial Strategy

- 5.60 Figure 93 compares the projected growth in households based on demographic forecasts against the strategic allocation of new housing provision for the 20-year period 2006-2026 (2008-2028 in the case of the 2008 based household projections). Figure 93 compares the following data sources:
- » CLG Household Projections (2004-based) – the annual projected number of additional households over the period 2006-26 modelled using trend-based data from a reference point of 2004. This information was considered when setting the dwelling delivery targets for the RSS.
 - » CLG Household Projections (2006-based) – the annual projected number of additional households over the period 2006-26 modelled using trend-based data from a reference point of 2006. This information was published in March 2009 and therefore did not inform the RSS process.
 - » RSS Dwelling Allocation– the final policy led number of dwellings that the RSS planned to provide over the period 2006-26.
 - » CLG Household Projections (2008-based) – the annual projected number of additional households over the period 2008-28 modelled using trend-based data from a reference point of 2008. This information was published in December 2010 and therefore did not inform the RSS process.

Figure 93

Comparison of Annual Growth Rates in Households and Dwellings from Household Projections and the East Midlands Regional Spatial Strategy (Note: CLG Household Projections and East Midlands Regional Spatial Strategy)

| Local Authority | Annual Household Growth/Dwelling Delivery 2006-2026 | | | Annual Change 2008-28 | |
|----------------------|---|-----------------------|------------------|-----------------------|-------|
| | 2004-based (revised) Trend | RSS Allocation Policy | 2006-based Trend | 2008-based Trend | |
| COASTAL HMA | | | | | |
| Boston | 400 | 270 | 400 | | 200 |
| East Lindsey | 1,150 | 600 | 1,100 | | 800 |
| Coastal Total | 1,550 | 870 | 1,500 | | 1,000 |

- 5.61 This and subsequent sections use both the local authority level East Midlands Regional Assembly household projections and CLG 2008 based household projections as the starting point for estimating the future housing tenure mix which will be required in Lincolnshire Coastal. We estimate results to 2031 or 2033.
- 5.62 Household projections produced in 2009 by PopGroup on behalf of the East Midland Regional Assembly have been used and cover the period 2006-2031. These household projections are based on the 2006 based ONS population projections, but are constrained to the Regional Spatial Strategy (RSS) dwelling delivery targets for each District and Borough and rolled forward at the same delivery rates to 2031.
- 5.63 While it has been announced the RSS will be abolished it is still instructive to understand the dwelling mix required if this level of delivery was to occur. It should also be recognised that the RSS itself only anticipated that the housing targets would cover the period 2006 to 2016 and that there was an expectation that the Partial Review of the Regional Plan would inform housing targets. A further partial review was due in 2026 to extend the delivery targets to 2031. Again it should be noted that any household projections and any dwelling delivery target can be tested within the model and the example below has been chosen for being the most recent dwelling delivery target.

- ^{5.64} Over the 25 year period 2006-2031, it has been projected that a total of 20,650 extra households will live in the Coastal sub-region. The household projections have broken this projection down into likely household types as follows:

Figure 94
2008 Based Household Projections to 2031 by Household Type (Source: Census 2001; East Midlands Regional Assembly Household Projections 2009)

| Sub-region | Year | | | | | | |
|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2001 | 2006 | 2011 | 2016 | 2021 | 2026 | 2031 |
| Boston | | | | | | | |
| Married couple | 12,000 | 12,350 | 12,300 | 12,300 | 12,350 | 12,300 | 12,300 |
| Cohabiting couple | 2,150 | 2,700 | 3,100 | 3,450 | 3,650 | 3,900 | 4,200 |
| Lone parent | 1,850 | 1,500 | 1,550 | 1,550 | 1,500 | 1,550 | 1,600 |
| Other multi-person | 1,050 | 1,200 | 1,250 | 1,350 | 1,450 | 1,500 | 1,600 |
| Single person | 6,900 | 7,750 | 8,550 | 9,450 | 10,400 | 11,400 | 12,250 |
| Total | 24,000 | 25,500 | 26,750 | 28,100 | 29,350 | 30,650 | 31,950 |
| East Lindsey | | | | | | | |
| Married couple | 29,750 | 31,850 | 31,950 | 32,100 | 32,250 | 32,250 | 32,350 |
| Cohabiting couple | 4,400 | 5,650 | 6,400 | 6,950 | 7,400 | 8,000 | 8,600 |
| Lone parent | 3,700 | 3,100 | 3,050 | 2,950 | 2,850 | 2,800 | 2,800 |
| Other multi-person | 2,750 | 2,750 | 2,900 | 3,050 | 3,250 | 3,500 | 3,800 |
| Single person | 14,900 | 17,300 | 19,250 | 21,300 | 23,400 | 25,400 | 27,300 |
| Total | 55,550 | 60,650 | 63,550 | 66,350 | 69,150 | 71,950 | 74,850 |

- ^{5.65} Household projections produced in 2010 by CLG have also been used and cover the period 2008-2033. These household projections are based directly on the 2008 based ONS population projections, and are unconstrained to any dwelling delivery target. Over the 25 year period 2008-2033, using the projections, it has been estimated that a total of 27,400 extra households will live in the Coastal sub-region.

Figure 95
2006 Based Household Projections to 2033 by Household Type (Source: Census 2001; CLG 2008 Based Household projections)

| Sub-region | Year | | |
|---------------------|---------------|---------------|---------------|
| | 2001 | 2008 | 2033 |
| Boston | | | |
| Married couple | 12,000 | 12,300 | 11,200 |
| Cohabiting couple | 2,150 | 2,700 | 3,800 |
| Lone parent | 1,850 | 2,000 | 3,000 |
| Other multi-person | 1,050 | 1,000 | 1,600 |
| Single person | 6,900 | 8,000 | 12,000 |
| Total | 24,000 | 26,000 | 31,600 |
| East Lindsey | | | |
| Married couple | 29,750 | 32,250 | 35,550 |
| Cohabiting couple | 4,400 | 5,750 | 9,450 |
| Lone parent | 3,700 | 3,000 | 5,000 |
| Other multi-person | 2,750 | 2,000 | 3,800 |
| Single person | 14,900 | 19,000 | 30,000 |
| Total | 55,550 | 62,000 | 83,800 |

5.66 An interesting characteristic of the household projection is the household numbers they show for East Lindsey in 2006 and 2008. Between 2001 and 2006 the household projections show a growth in household numbers of 5,100 households (60,650-55,550). Meanwhile between 2001 and 2008 CLG household projections show a growth in household numbers in East Lindsey of 6,450 (62,000 – 55,550). However, Figure 96 shows that between 2001 and 2006 only 2,950 dwellings were completed in East Lindsey and between 2001 and 2008, 4,200 dwellings were completed. Therefore from 2001-2006 it is estimated that household growth in East Lindsey was 2,150 higher than dwelling delivery, while for the period 2001-2008, household growth was 3,500 higher than dwelling delivery.

Figure 96
Dwelling Delivery for 2001-2006 and 2001-2008 (Local Authority Records)

| Local Authority | Completions 2001-2006 | Completions 2001-2008 |
|-----------------------------|-----------------------|-----------------------|
| Boston | 1,850 | 2,600 |
| East Lindsey | 2,950 | 4,200 |
| Coastal Lincolnshire | 4,800 | 6,800 |

5.67 Therefore, estimates of household growth for East Lindsey up to 2006 and 2008 have outstripped the level of dwelling delivery. There are a number of potential explanations as to how this difference could have occurred. In many areas of the country the growth in HMOs has seen the number of households grow quicker than the number of dwellings as some properties are sub-divided into smaller living areas. However, HMOs numbers from the 2009 Private Sector Stock Condition Survey are not particularly high. It is also possible that households living in holiday caravans may be appearing as a resident population, and hence also appearing in the household numbers, without the caravans being counted as part of the dwelling delivery.

- 5.68 It should also be noted that all household projections are derived from population projections. Population projections are in turn derived from information on fertility, deaths and migration trends. As noted earlier in this report it may be the case that international migration to Boston has not been adequately recorded and that the current population estimates for the Borough are too low. This in turn will impact on the household projections.
- 5.69 It is possible to use the household projections outlined above to estimate a residual dwelling delivery for each local authority. In the period 2006-2010, 3,450 dwellings have been completed in Coastal Lincolnshire. Allowing for a 3.8% vacancy rate (consistent with Council Tax records and HSSA data) in the dwelling stock and completions which have occurred in the period 2006-2010, this leaves a total residual dwelling delivery for each local authority as outlined in Figure 97. A similar calculation has been made for the period 2008-2033 using the 2008 based household projections.

Figure 97
Residual Dwelling Delivery Target from East Midlands RSS 2010-2031

| Local Authority | Dwelling Delivery 2006-2031 (A) | Empty Dwelling (3.8% of stock (B) | Dwelling Delivery 2006-2009 (C) | Residual Dwelling Requirement (A) + (B) – (C) |
|----------------------|---------------------------------|-----------------------------------|---------------------------------|---|
| 2006-2031 | | | | |
| Boston | 6,450 | 250 | 1,200 | 5,500 |
| East Lindsey | 14,200 | 550 | 2,250 | 12,500 |
| Coastal Lincolnshire | 20,650 | 800 | 3,450 | 18,000 |

Figure 98
Residual Dwelling Delivery Target from East Midlands RSS 2010-2033

| Local Authority | Dwelling Delivery 2008-2033 (A) | Empty Dwelling (3.8% of stock (B) | Dwelling Delivery 2008-2010 (C) | Residual Dwelling Requirement (A) + (B) – (C) |
|----------------------|---------------------------------|-----------------------------------|---------------------------------|---|
| 2008-2033 | | | | |
| Boston | 5,600 | 200 | 500 | 5,200 |
| East Lindsey | 21,800 | 850 | 900 | 21,800 |
| Coastal Lincolnshire | 20,650 | 800 | 3,450 | 26,900 |

Core Modelling Assumptions

- 5.70 For the current document we wish to be explicit on the assumptions which underlie the model. For all of the results presented below the following assumption are contained within the model and almost all can be subjected to sensitivity testing:
- » Mortgage multiplier used is 3.5%, so households are able to borrow up to 3.5 times their household income;
 - » Households can spend up to 25% of their income for rent in accordance with CLG Practice Guidance recommendations;
 - » The annual rental yield for private rented dwellings is 5.9%. This is the rate of return on private rented dwellings so a property valued at £100,000 is assumed to yield a rent of £5,900 per annum.

There are no official statistical sources for rental yields, so the figure used in the model is taken from the Paragon Private Rented Sector Trends Bulletin July 2010.

- » House prices are set as a baseline rate of their 2009 levels to ensure consistency with the economic viability assessment, but are then sensitivity tested for changes in either direction.
- » Social renting rates across different types of households are assumed to remain at their 2001 levels. This does not mean that overall social renting rates are assumed to remain at 2001 levels, but that if 20% of single persons were in social rent in 2001 we have assumed that this ratio continues into the future.
- » A vacancy rate on households to dwellings of 3.8%. Therefore, at any point in time 3.8% of dwellings will be vacant including new build dwellings. This figure is consistent with recent Council Tax records and HSSA submissions on vacant dwellings.
- » It is assumed that any right to buy/right to acquire sales since 2001 are required to be replaced within the model by additional new build of social rented dwellings. This is due a right to buy/right to acquire sales representing a loss of a social rented dwelling without any reduction in the number of households seeking social rent, so each sale require a new build to replace it. Projected right to buy/right to acquire sales are based upon average number of sales since 2005.
- » The results for a sub-region are based upon the data for the whole sub-region. Therefore if a household cannot afford market housing in East Lindsey, but can afford in Boston they will have their requirements addressed in Boston. For District/Borough results the requirements are based upon data for that area. In this case the housing requirements for East Lindsey are based upon the demographics, affordability and housing costs to be found in East Lindsey. This implies that sub-region requirements are not simply a summation of local authority totals because cross-boundary moves help to address requirements.
- » For rural areas we have assumed that delivery is in line with their share of existing households so growth in urban and rural areas occurs at proportion rates. This assumption is sensitivity tested.
- » For local housing market areas we have assumed that delivery is in line with their share of existing households so growth in each local housing market area occurs at proportion rates. This assumption is sensitivity tested.
- » The requirements assume a site delivery threshold of zero, so all sites yield affordable housing. If some sites do not deliver affordable housing, the remaining sites will be required to absorb the remaining requirements. Therefore, if only 50% of sites deliver affordable housing the then identified percentages for delivery would require doubling if all requirements are to be met.
- » Intermediate affordable housing is housing whose cost is above target social rents, but below the cost of market housing (rent or owner occupier). Therefore, intermediate affordable housing it must be cheaper than the cost of renting a dwelling at the lower quartile of private rents. Given the relatively low house prices and rents to be found in Lincolnshire Coastal then this implies that intermediate affordable housing products can be effectively targeted at households with incomes of £15,000-£25,000 per annum. A further group of households with incomes of more than £25,000 may not be able to afford to purchase housing, but can typically afford private rents. This group forms a natural target for products such as Homebuy.
- » The period for results is normally 2010-2031 based upon RSS projections, but some results are provided from 2010-2033 based upon 2008 CLG household projections. While the East Midlands

RSS ran from 2006-2026, the household projection calculated by PopGroup based upon RSS targets were extrapolated to 2031. 2008 based CLG household projections run up to 2033. The ORS Housing Mix Model operates by estimating the requirements from 2006-2031 or 2008-2033 and then subtracting any completions which have occurred in the period 2006-2010 or 2008-2010.

» All figures are rounded to the nearest 100.

Estimating the Future Requirement for Social Rented Housing

- 5.71 In this section we estimate the social housing requirement as part of the overall housing requirement using a trend based method based upon household projections. This leaves a residual housing requirement (overall requirement less social housing requirement).
- 5.72 To produce a full estimate of the social housing requirement, losses due to the right to buy and gains due to new building need to be taken into account. Nearly 500 properties have transferred from Social Rent to Owner Occupation over the 9-year period from 2001/2. Nevertheless, the recent change in legislation, coupled with increasing house prices in the area, has led to far lower sales in recent years.
- 5.73 Figure 99 details the number of Right-to-Buy sales across the study area since 2001/02.

Figure 99
Right-to-Buy/Right to Acquire Sales for Lincolnshire Coastal Sub-region 2001/02 to 2008/09 by Local Authority (Source: CLG and Housing Corporation)

| Local Authority | Year | | | | | | | | | Total |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|------------|
| | 2001/0 2 | 2002/0 3 | 2003/0 4 | 2004/0 5 | 2005/0 6 | 2006/0 7 | 2007/0 8 | 2008/0 9 | 2009/10 | |
| Number of Sales | | | | | | | | | | |
| Boston | 72 | 67 | 63 | 39 | 14 | 14 | 8 | 3 | 5 | 285 |
| East Lindsey | 64 | 63 | 44 | 15 | 13 | 8 | 3 | 2 | 1 | 213 |
| Total | 136 | 130 | 107 | 54 | 27 | 22 | 11 | 5 | 6 | 498 |

- 5.74 In projecting forward future likely purchases through Right-to-Buy, we have assumed an average rate based on sales over the most recent five years of published data given the apparent change at this time. However, we would note that the Government announced in September 2011 that it was planning to revive the scheme with greater discounts being offered to tenants to buy their property. The revived right to buy scheme announced in March 2012 will see households receiving a 35% discount after five years' residency, with an extra 1% for each additional year, up to a maximum of the smaller of 60% of the property value or £75,000. Tenants in flats will get 50% off after five years, with 2% added yearly up to the smaller of 70% of the property value or £75,000.
- 5.75 The policy aims for each property sold under right to buy to be replaced by an Affordable Rent property. However, Councils will only be able to keep additional receipts from sales if they limit the use of those receipts to 30 per cent of the cost of the replacement homes. They will be expected to secure the remainder of the funding from other sources. Otherwise, the right to buy receipts will be placed in a central pot to support house building nationally rather than in the local authority where the sale occurred.

- 5.76 This clearly has long-term implications for Central Lincolnshire. A large number of sales per annum may reduce the long-term capacity of the area to meet its own housing needs.
- 5.77 Figure 100 summarises the social housing requirement based upon 2006 based RSS household projections with the impact of housing delivery since 2001 and the Right-to-Buy and other changes to the dwelling stock. Note that the loss of social housing through the Right-to-Buy translates into a gain for other tenures. This would imply the social housing requirement for Coastal would be 23.9% (4,300/18,000).

Figure 100
Requirement for Social Rented Housing 2010-2031 for Lincolnshire Coastal (Note: Figures may not sum due to rounding)

| Housing Type | Social Rent | Other Tenures | Overall Total |
|--|--------------|---------------|---------------|
| Dwelling Stock | | | |
| As at April 2001 | 10,800 | 68,700 | 79,500 |
| Required by 2031 | 15,500 | 92,400 | 107,900 |
| Net change 2001-31 | 4,700 | 23,700 | 28,300 |
| Less Changes in Stock 2001-08 | | | |
| Dwelling delivery 2001-10 | 1,100 | 9,200 | 10,300 |
| Right to Buy Sales 2001-10 | (500) | 500 | - |
| Residual requirement 2010-31 | 4,100 | 13,900 | 18,000 |
| Less Projected Changes in Stock | | | |
| Right to Buy Sales 2010-31 | (200) | 200 | - |
| Adjusted Requirement 2010-31 | 4,300 | 13,700 | 18,000 |

- 5.78 In recent years housing benefit support in the private rented has increased as a tool used by councils to help meet housing need. In April 2010, over 6,600 households in Lincolnshire Coastal received housing benefit support to live in the private rented sector, with a particularly high figure in East Lindsey. Reducing the incidence of housing benefit claimants in the private rented sector would require additional social rented dwellings to be provided and would release cheaper private rented dwellings back to the open market. It should be noted that the model can operate assume any reduction between 0% and 100% in housing benefit claimants in the private rented sector.

Figure 101
Housing Benefit Claimants in the Private Rented Sector April 2010 (Source: DWP)

| Local Authority | Housing Benefit Claimants in the Private Rented Sector |
|----------------------|--|
| Boston | 1,140 |
| East Lindsey | 5,470 |
| Coastal Total | 6,610 |

- 5.79 Modelling for a reduction in housing benefit claimants in the private rented sector of 50%, in the period 2010 to 2031, the requirement for social rented housing accounts for 7,700 of the 18,000 residual requirement in Coastal Lincolnshire; equivalent to 42.8% of the total.

- 5.80 It is possible to consider the social housing requirement at Borough/District level. This information derives from the household projections (
- 5.81 Figure 102), broken down by local authority, rural and local housing market area.

Figure 102

Residual Requirement for Social Rented Housing 2009-2031 including 50% Reductions in Housing Benefit Claimants in the Private Rented Sector (Note: Figures may not sum due to rounding)

| Local Authority | Residual Social Rented Requirement including 50% reduction in HB Claimants in PRS | Total Requirements | Social Requirement as a Percentage of Total Requirement |
|------------------------------|---|--------------------|---|
| COASTAL HMA | | | |
| Boston | 2,800 | 5,500 | 50.9% |
| East Lindsey | 4,800 | 12,500 | 38.6% |
| Overall Coastal Total | 7,700 | 18,000 | 42.8% |
| RURAL | | | |
| Coastal Rural | 1,900 | 6,100 | 31.3% |

- 5.82 Figure 103 shows the impact of different assumptions around housing benefit claimants in the private rented sector. It is clear than in an area such as East Lindsey with a high number of households receiving housing benefit in the private rented sector any attempt to reduce this number will significantly add to the social housing requirement of the area.

Figure 103

Residual Requirement for Social Rented Housing 2009-2031 for Different Levels of Reductions in Housing Benefit Claimants in the Private Rented Sector (Note: Figures may not sum due to rounding)

| Local Authority | Reduction in Private Rented Sector Housing Benefit Claimants | | | | |
|----------------------|--|--------------|--------------|--------------|--------------|
| | 0% | 25% | 50% | 75% | 100% |
| COASTAL HMA | | | | | |
| Boston | 41.3% | 47.3% | 50.9% | 56.1% | 61.8% |
| East Lindsey | 16.7% | 27.7% | 38.6% | 49.4% | 60.8% |
| Coastal Total | 24.6% | 33.9% | 42.8% | 52.2% | 61.1% |
| RURAL | | | | | |
| Coastal Rural | 16.6% | 24.1% | 31.8% | 39.4% | 46.9% |

Affordable Rent and Housing Needs

- 5.83 The Government's new Affordable Rent model will allow housing associations to charge rents which are up to 80% of market rents for the area on new build developments and re-lets. The Affordable Rent model is designed to bring greater flexibility for housing associations and to provide financial support to allow new affordable housing to be delivered. Affordable Rents will potentially assist those households who;
- » do not have the income or financial standing to become home-owners even through shared ownership

- » require housing but have low priority for social housing. However, it is likely to be let through the same routes as social housing, so may eventually prioritise those who require social housing under the current system.

- 5.84 At this point it is worth exploring the potential impact of Affordable Rents on the level of rents which housing association could potentially charge in Lincolnshire. Figure 78 showed the current LHA levels for Broad Market Rental Areas in the sub-region. The figures are based upon the 30th percentile private rents in the areas, which in turn set the maximum level of LHA which can be claimed. CLG have stated that for Affordable Rent it should be the case that 'Affordable Rent is a form of social housing. Homes will be made available at a rent level of up to 80% of gross market rents.' They have also stated that 'Providers may wish to charge lower rents where a rent of 80% or market rent would exceed or be close to the relevant Local Housing Allowance (LHA) cap'.
- 5.85 Therefore the figures set out in Figure 78 represent the maximum permissible Affordable Rents which could be charged without exceeding the LHA cap and these are much higher than existing social rents in the area (Figure 104). Therefore, fewer households will be able to meet their own housing costs in the affordable housing sector.
- 5.86 This in turn has implications for issues such as making the problem of the poverty trap worse for many households who are currently out of work, as they will have to pay higher rents if they take a job. Therefore, the disincentive to take a job will become worse. However, this in turn should at least be partly addressed by the introduction of the Universal Credit, which commences in 2013 and will be fully implemented by 2017, and which is intended to deliver a more gradual withdrawal of benefits for those in work.

Figure 104:

Target Social Rents by Local Authority (Source Dataspring Guide to Local Rents 2009 Part II: Social Landlord Rents, table B3 (adjusted to 2010/11 based on TSA guidelines for annual rental increases)

| Broad Market Rental Area | 80% of Median Rents | | | |
|--------------------------|---------------------|--------|--------|--------|
| | 1 bed | 2 bed | 3 bed | 4 bed |
| Boston | £58.15 | £66.63 | £75.56 | £85.60 |
| East Lindsey | £63.22 | £69.02 | £72.07 | £75.56 |

Affordable Rent and the Allocation of Social Housing

- 5.87 Current social tenancies will not be affected by Affordable Rent, but the allocation of new households to social housing may be affected. If households are means tested at the point of allocation, then households who previously would have been allocated to social rent could be allocated to Affordable Rent with the ability to meet their own housing costs.
- 5.88 This in turn would reduce the need for existing social housing, which could in turn be allocated to households who cannot afford to meet the costs of Affordable Rent. In effect, within the model, households who would have been allocated to social housing will now be allocated to an equivalent of intermediate housing in the form of Affordable Rent
- 5.89 The impact of the allocation policy for Affordable Rent on the requirement for social housing will depend upon exactly how households are allocated.

- 5.90 If the allocation policy to social housing remains the same and households are allocated to Affordable Rent if they can afford to meet its costs then this will reduce the requirement for social housing. However, if Affordable Rent is used to accommodate households who would otherwise not necessarily receive social housing (such as those who would be identified as requiring other forms of intermediate housing) then there will not be an equivalent reduction in the needs for social rent.

Affordable Rent and the Supply of Social Rent

- 5.91 At this point it is also necessary to consider the impact that converting re-lets to Affordable Rent will have on the social rented stock available.

Example: The conversion to Affordable Rent will impact similar to that shown in the modelling for right to buy sales. A right to buy sale reduces the social housing stock by one unit, while increasing market housing by one unit. Converting a social housing re-let to Affordable Rent will potentially reduce the social housing stock by one unit while increasing the effective intermediate affordable housing stock by one unit.

- 5.92 The impact of converting social rented re-lets to Affordable Rents will ultimately depend upon who is housed in these properties. If the properties are let to households who can afford to pay the Affordable Rents then these dwellings will form part of the effective intermediate housing stock. However, if they are let to households who meet the cost of the properties through housing benefit receipt they form part of the effective social housing stock and therefore there will be no change in this stock.

Key Findings on Affordable Rent

- 5.93 Under the following combined circumstances the introduction of Affordable Rent will have **no** impact on the requirement for affordable housing:
- » The allocation policies currently in place continue and households are required to pay Affordable Rent if they are able to afford to do so; and
 - » Households who cannot afford to meet the costs of Affordable Rent receive housing benefit to cover the cost of the Affordable Rent.
- 5.94 If the circumstances outlined above apply, then those Affordable Rent dwellings will form part of the effective social housing supply, while those where the households pay their own rents will form part of the effective intermediate housing stock. This process would allow all new build lets and re-lets to be converted to Affordable Rent without any consequence for affordable housing requirements. The only impact would be on the rents paid by those who do not receive housing benefit. Currently they only pay Target Social Rents, but would now be required to pay Affordable Rents.
- 5.95 The area where Affordable Rents may impact upon housing requirements is if they are only let to households who can afford to pay the cost of the property and are not let to households in receipt of housing benefit. Under these circumstances Affordable Rent becomes interchangeable with Intermediate Rent. This could see existing social rented dwelling converted to become part of the effective intermediate stock and then let to households who would not normally be considered for social rent.
- 5.96 Under these circumstances the impact is similar to that of right to buy where social housing is converted to an alternative tenure (in this case intermediate housing) without any reduction in the demand for

requirement for social housing. If this was to occur, Affordable Rent would help to meet intermediate housing requirements, but would see social housing requirements increase.

Key Finding: The Intermediate Affordable and Market Housing Requirement, 2010 to 2031 and 2010 to 2033.

- 5.97 The overall housing tenure mix required for the sub-region based on affordability at 2009 average price levels can therefore be summarised as in the following figures. The technical details of this calculation are covered within the supporting Technical Report and are omitted at this stage to allow for a clearer narrative.
- 5.98 For clarity we have assumed a 50% reduction in the number of households claiming housing benefit in the private rented sector in the period up to 2031 or 2033. It should be understood that, within the definitions set out in NPPF, intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents. Affordable Rent is considered to be part of social rent with higher rents being charged, but households still able to claim housing benefit to meet their rents if necessary.
- 5.99 As noted above, the 2008 based household projection identify a higher rate of growth in Coastal. The overall housing mix for Coastal identifies a higher total requirement for social rented housing when using the 2008 based household projections. However, this is a lower share of the overall lower requirement.

Figure 105

Overall Housing Requirement 2010-2031 and 2010-2033 (Note: Figures may not sum due to rounding)

| | Tenure | Requirement | % |
|---|------------------------------------|---------------|---------------|
| 2010-2031 Constrained to RSS Dwelling Delivery | | | |
| | Market Housing | 6,500 | 36.2% |
| | Intermediate Affordable Housing | 3,800 | 20.9% |
| | Social Rented Housing | 7,700 | 42.9% |
| | Overall Housing Requirement | 18,000 | 100.0% |
| 2010-2033 Unconstrained 2008 based Household Projections | | | |
| | Market Housing | 12,900 | 47.8% |
| | Intermediate Affordable Housing | 4,600 | 17.1% |
| | Social Rented Housing | 9,500 | 35.1% |
| | Overall Housing Requirement | 26,900 | 100.0% |

- 5.100 However results for the individual Local Authorities reveal key differences disguised by the sub-regional requirements. These are summarised in Figure 106. It is noteworthy that the model identifies a surplus of intermediate affordable dwellings in Boston, which is in turn underwritten by a comparatively large stock of cheaper private sector dwelling affordable to those who would otherwise require intermediate housing.
- 5.101 It is important to understand the implications of a surplus of intermediate housing. This means that there is sufficient cheaper housing available in the private sector to meet the needs of households who would typically require dedicated intermediate housing (households with incomes in the range £15,000-£25,000). This does not mean that there is a surplus of dedicated intermediate housing such as shared ownership or intermediate rent. It also does not imply that dedicated intermediate housing will not be occupied if

provided. Many households would prefer a new intermediate dwelling to cheaper private rented or owner occupied dwellings.

Figure 106

Tenure Mix of Housing Requirement 2010-2031 and 2010-2033 by LA (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding. All percentages are calculated based on data before rounding)

| Housing Type | Coastal Lincolnshire | | | |
|---|----------------------|------------------------|---------------|------------------------|
| | Boston | % of total requirement | East Lindsey | % of total requirement |
| 2010-2031 Constrained to RSS Dwelling Delivery | | | | |
| Market housing | 3,200 | 58.7% | 2,200 | 17.6% |
| Intermediate housing | (600) | (10.3%) | 5,500 | 43.8% |
| Social rented housing | 2,800 | 51.6% | 4,800 | 38.6% |
| Total Housing Requirement | 5,500 | 100% | 12,500 | 100% |
| 2010-2033 Unconstrained 2008 based Household Projections | | | | |
| Market housing | 2,600 | 50.1% | 8,700 | 40.1% |
| Intermediate housing | (600) | (11.1%) | 7,000 | 32.0% |
| Social rented housing | 3,100 | 60.9% | 6,100 | 27.9% |
| Total Housing Requirement | 5,200 | 100% | 21,800 | 100% |

- 5.102 For rural and local housing market areas an issue is how much dwelling delivery will occur in each area. Figure 107 shows the growth in Council Tax registered dwellings which has occurred in each Census Output Area (COA) for the rural areas of the Coastal Housing Market Area in the period 2005-2010.
- 5.103 The table shows that for 53 out of the 260 COAs in rural areas the number of Council Tax registered dwellings fell between 2005 and 2010. This fall could be due to demolitions, change of use or merging of dwellings to form a larger property. It is also the case that 144 of the COAs have seen a rise of between 0 and 9 properties in the period 2005 and 2010. It is therefore the case that for the majority of COAs in rural areas there has been little change in the number of Council Tax registered dwellings. However, for 19 of the rural COAs at least 25 extra properties have been recorded since 2005. Figure 108 shows a map of the level of rural development between 2005-2010. Urban areas are marked in grey.
- 5.104 Overall rural areas have contributed 1,666 extra Council Tax properties since 2005. This is around one third of the total increase in property numbers which has occurred in Coastal Lincolnshire in this time. Much of this increase will have been due to newbuild dwellings, but some will have also been due to the conversion of a larger unit into smaller properties.

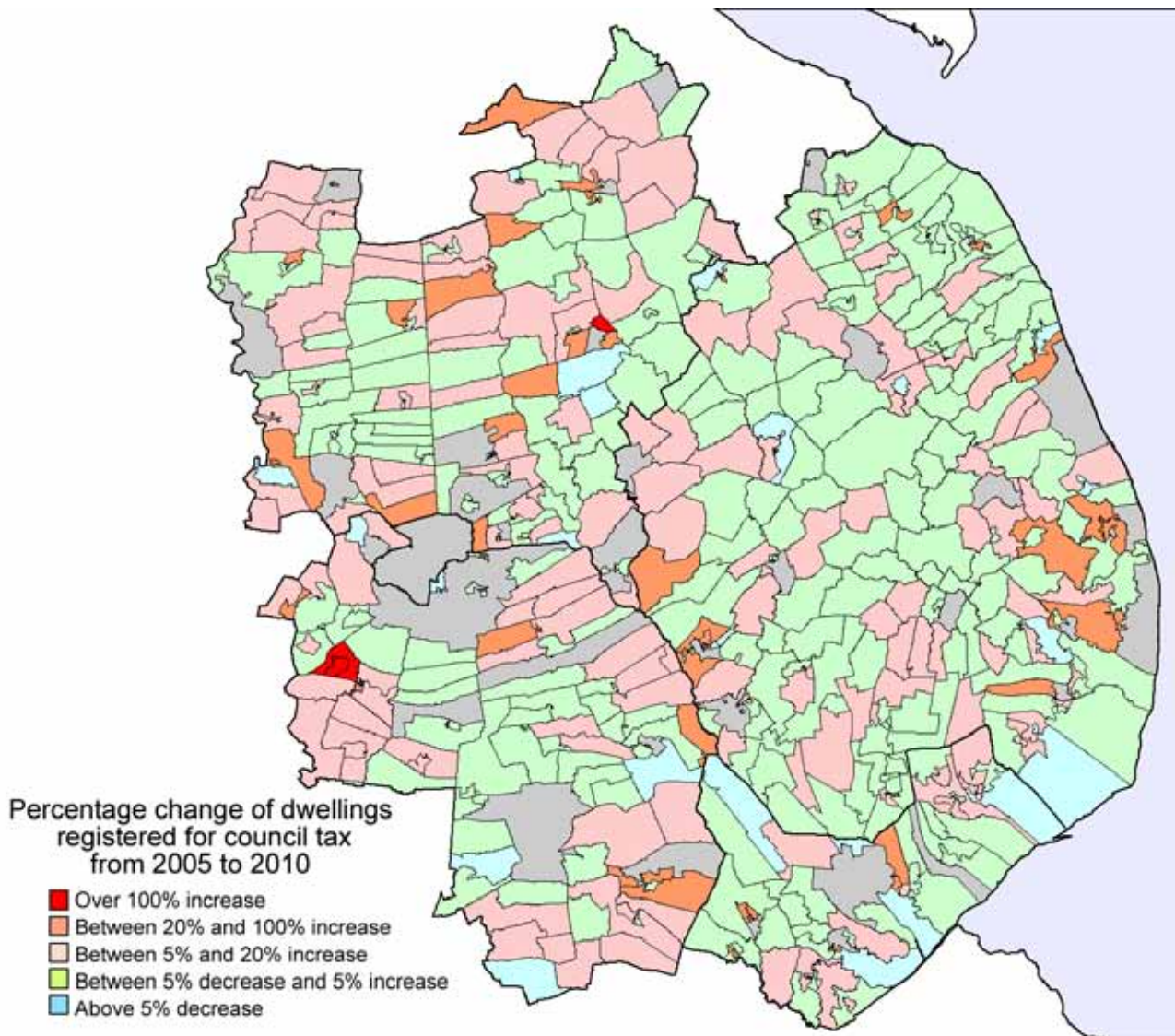
Figure 107

Change in Dwelling Registered for Council Tax 2005-2010 for Rural Census Output Areas (Source: VOA Registered Dwellings)

| Change in Council Tax registered dwellings 2005-2010 | Number of COAs | Change in number of dwellings |
|--|----------------|-------------------------------|
| Reduced number of registered dwellings | 53 | -259 |
| 0-9 dwellings | 144 | 519 |
| 10-24 dwellings | 44 | 679 |
| 25-49 dwellings | 16 | 527 |
| 50-99 dwellings | 3 | 200 |
| 100+ dwellings | 0 | 0 |
| TOTAL | 260 | 1,666 |

Figure 108

Change in Dwelling Registered 2005-2010 for Rural Census Output Areas (Source: VOA Registered Dwellings)



5.105 For this section we have assumed that that dwelling delivery in rural areas occurs in proportion to the current share of households in rural areas. This gives 34% of future delivery to occur in rural areas.

5.106 For the Coastal rural area, more of the current rural (Villages and Hamlets & Isolated Dwellings) population lives in East Lindsey than Boston. Relatively high house prices in the rural areas of East Lindsey lead to a significant part of the identified requirement being for intermediate housing.

5.107 Figure 109 shows the tenure mix for rural areas and local housing market areas as outlined in Figure 6.

Figure 109

Tenure Mix of Housing Requirement to 2031 by Rural (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding. All percentages are calculated based on data before rounding)

| Housing Type | Coastal Rural |
|----------------------------------|---------------|
| Market housing | 1,500 |
| Intermediate housing | 2,600 |
| Social rented housing | 2,000 |
| Total Housing Requirement | 6,100 |
| Market housing | 24.9% |
| Intermediate housing | 42.6% |
| Social rented housing | 32.5% |

- 5.108 Similar assumptions around the dwelling delivery in each local housing market area have been taken, with dwelling delivery assumed to be proportionate to current population.

Figure 110

Tenure Mix of Housing Requirement to 2031 by Local Housing Market Areas (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding. All percentages are calculated based on data before rounding)

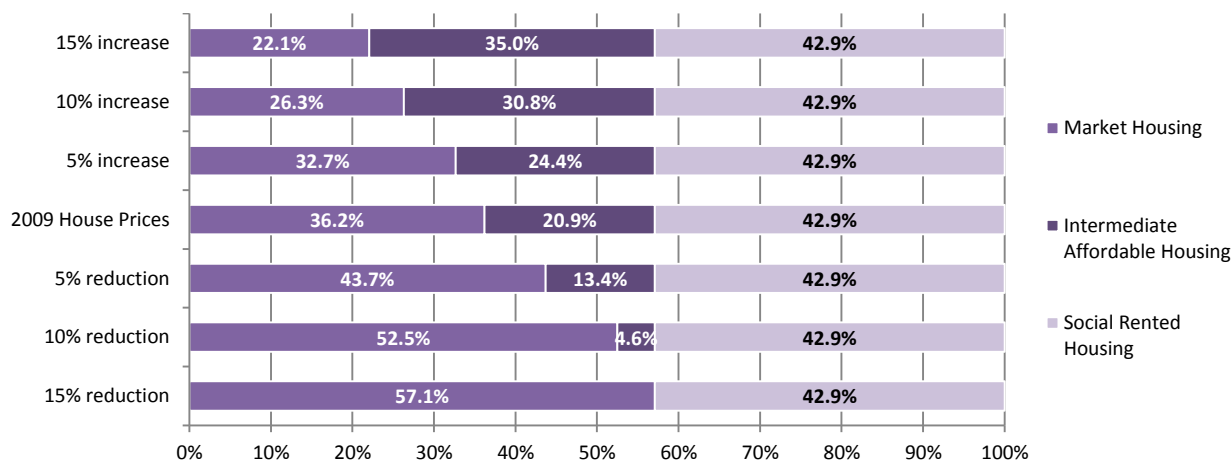
| Housing Type | Local Housing Market | | |
|----------------------------------|----------------------|-------------------|--------------|
| | Boston | Louth/Mablethorpe | Skegness |
| Market housing | 4,300 | 1,100 | 1,000 |
| Intermediate housing | (1,100) | 2,600 | 2,100 |
| Social rented housing | 4,200 | 1,600 | 1,900 |
| Total Housing Requirement | 7,400 | 5,300 | 5,000 |
| Market housing | 57.9% | 23.6% | 20.7% |
| Intermediate housing | (14.6%) | 47.7% | 41.4% |
| Social rented housing | 56.8% | 28.7% | 37.9% |

Further affordability considerations and implications

- 5.109 When considering the required housing mix on the basis of 2009 house price levels, the model identifies a substantial requirement for additional provision of both social rented housing and intermediate affordable housing in Coastal Lincolnshire (Figure 108).
- 5.110 It is important to note that this scenario is based on 2009 house prices. The Practice Guidance recommends that partnerships consider affordability trends, to understand how changes in affordability might affect the future housing mix – for as house prices fall or rise, dwellings in the private sector will become more or less affordable to households without equity and with incomes below £25,000, so the need for intermediate affordable housing will change. Figure 111 shows the housing mix given a range of differing house price scenarios.

Figure 111

Scenario Testing of Overall Housing Requirement 2010-2031 for Coastal Sub-Region



Housing Delivery

- 5.111 For Coastal Lincolnshire achieving delivery targets will be influenced by a number of issues including those related to flood risk and more general viability.
- 5.112 Therefore, we have sensitivity tested the results for each local authority on the basis of lower dwelling delivery (Figure 112). This shows that providing fewer dwellings in any area will marginally reduce the requirement for social and intermediate housing as fewer households are able to fall into need, but will mainly impact on the market housing requirement. The reason behind this result is that the model is meeting affordable housing needs arising in rural areas in these areas. A lower level of completions will not significantly impact upon the requirements of those seeking affordable housing. However, higher levels of development will attract more migrants who typically occupy market sector dwellings. Therefore, lower levels of development will provide fewer options to in-migrants.

Figure 112

Tenure Mix of Housing Requirement 2010-2031 by Local Authority (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding. All percentages are calculated based on data before rounding)

| Local Authority and Tenure | | Scale | | | |
|----------------------------|----------------------------------|-----------------------|------------------------------|------------------------------|------------------------------|
| | | RSS Dwelling Delivery | 90% of RSS Dwelling Delivery | 75% of RSS Dwelling Delivery | 50% of RSS Dwelling Delivery |
| Boston | | | | | |
| | Market housing | 3,200 | 2,700 | 2,000 | 800 |
| | Intermediate housing | (600) | (600) | (600) | (600) |
| | Social rented housing | 2,800 | 2,700 | 2,400 | 2,000 |
| | Total Housing Requirement | 5,500 | 4,800 | 3,800 | 2,200 |
| | Market housing | 58.7% | 56.2% | 52.6% | 36.4% |
| | Intermediate housing | (10.3%) | (12.5%) | (15.8%) | (27.3%) |
| | Social rented housing | 51.6% | 56.2% | 63.2% | 91.0% |
| East Lindsey | | | | | |
| | Market housing | 2,200 | 1,100 | (500) | (3,000) |
| | Intermediate housing | 5,500 | 5,200 | 4,900 | 4,300 |
| | Social rented housing | 4,800 | 4,700 | 4,400 | 3,800 |
| | Total Housing Requirement | 12,500 | 11,000 | 8,800 | 5,100 |
| | Market housing | 17.6% | 10.0% | (5.7%) | (58.8%) |
| | Intermediate housing | 43.8% | 47.3% | 55.7% | 84.3% |
| | Social rented housing | 38.6% | 42.7% | 50.0% | 74.5% |

5.113 For the modelling results outlined in Figure 109 we have assumed that dwelling delivery in rural areas occurs in proportion to the current share of households in rural areas.

5.114 We have sensitivity tested the results for rural areas on the basis of lower dwelling delivery (Figure 113). This again shows that providing fewer dwellings in rural areas will marginally reduce the requirement for social and intermediate housing, but will mainly impact on the market housing requirement.

Figure 113

Tenure Mix of Housing Requirement to 2031 by Rural Areas (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding. All percentages are calculated based on data before rounding)

| Tenure | Level of Dwelling Delivery | | | |
|----------------------------------|------------------------------|----------------------------|----------------------------|----------------------------|
| | Proportionate to Total Build | 90% of Proportionate Build | 75% of Proportionate Build | 50% of Proportionate Build |
| COASTAL | | | | |
| Market housing | 1,500 | 900 | - | (1,600) |
| Intermediate housing | 2,600 | 2,400 | 2,200 | 1,900 |
| Social rented housing | 2,000 | 1,900 | 1,700 | 1,500 |
| Total Housing Requirement | 6,100 | 5,200 | 3,900 | 1,800 |
| Market housing | 24.6% | 17.3% | - | (88.9%) |
| Intermediate housing | 42.6% | 46.2% | 56.4% | 105.6% |
| Social rented housing | 32.8% | 36.5% | 43.6% | 83.3% |

^{5.115} A similar picture can be seen in the local housing markets areas (Figure 114) where a lower level of delivery will see the requirement for social rented and intermediate affordable housing fall marginally while the main effect is felt on market housing.

Figure 114

Tenure Mix of Housing Requirement to 2031 by Local Housing Market Areas (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding. All percentages are calculated based on data before rounding)

| Local Housing Market and Tenure | Scale | | | |
|----------------------------------|------------------------------|----------------------------|----------------------------|----------------------------|
| | Proportionate to Total Build | 90% of Proportionate Build | 75% of Proportionate Build | 50% of Proportionate Build |
| Boston | | | | |
| Market housing | 4,300 | 3,400 | 2,100 | (200) |
| Intermediate housing | (1,100) | (1,200) | (1,200) | (1,300) |
| Social rented housing | 4,200 | 4,000 | 3,500 | 2,800 |
| Total Housing Requirement | 7,400 | 6,200 | 4,400 | 1,400 |
| Market housing | 57.9% | 54.8% | 47.7% | (14.3%) |
| Intermediate housing | (14.6%) | (19.4%) | (27.3%) | (92.9%) |
| Social rented housing | 56.8% | 64.5% | 79.5% | 200.0% |
| Louth/Mablethorpe | | | | |
| Market housing | 1,100 | 700 | - | (1,200) |
| Intermediate housing | 2,600 | 2,400 | 2,200 | 1,900 |
| Social rented housing | 1,600 | 1,500 | 1,300 | 1,000 |
| Total Housing Requirement | 5,300 | 4,600 | 3,500 | 1,700 |
| Market housing | 23.6% | 15.2% | - | (70.6%) |
| Intermediate housing | 47.7% | 52.2% | 62.9% | 111.8% |
| Social rented housing | 28.7% | 32.6% | 37.1% | 58.8% |
| Skegness | | | | |
| Market housing | 1,000 | 500 | (200) | (1,400) |
| Intermediate housing | 2,100 | 1,900 | 1,800 | 1,500 |
| Social rented housing | 1,900 | 1,900 | 1,700 | 1,500 |
| Total Housing Requirement | 5,000 | 4,300 | 3,300 | 1,600 |
| Market housing | 20.7% | 11.6% | (6.1%) | 87.5% |
| Intermediate housing | 41.4% | 44.2% | 54.5% | 93.7% |
| Social rented housing | 37.9% | 44.2% | 51.5% | 93.7% |

Affordable Housing Policy

^{5.116} Without substantial additional funding from the Homes and Communities Agency to enable an increase in affordable housing provision, local authorities will need to maximise affordable housing delivery wherever opportunities arise. Not all housing sites will contribute towards affordable housing delivery, either because of their small size or high development costs associated with the site.

^{5.117} The Economic Viability Assessment covers the issue of affordable housing dwelling delivery in detail, but the examples below illustrate the importance of site thresholds to delivering affordable housing. Figure 115 shows the site size for recent developments in each local authority. On the basis of only sites of 15 or more units delivering affordable housing through the planning system, only between 40% and 60% of sites

would have contributed to affordable housing delivering. If site thresholds were set at 5 dwellings, then around 75% of sites on average would contribute to the delivery of affordable housing.

- 5.118 From a policy point of view, if a number of sites would yield no affordable housing because they were under the threshold, the burden of helping to meet the housing requirement for affordable housing falls on fewer sites and therefore the contribution from qualifying sites would need to be adjusted upward. For example, if only 50% of sites contribute to affordable housing delivery then the identified requirement percentage would double in size. Possible policy responses include a higher percentage contribution for affordable housing on qualifying sites and/or the reduction of site size thresholds.

Figure 115
Number of Dwellings per Site March 2007-March 2010 (Source: Local Authority Records)

| Site Size | Coastal Lincolnshire | |
|--|----------------------|--------------|
| | Boston | East Lindsey |
| Dwellings on site of less than 5 dwellings (as percentage of total) | 32.4% | 24.0% |
| Dwellings on site of less than 15 dwellings (as percentage of total) | 59.8% | 42.2% |
| Approvals involving demolition and replacement with single dwelling (i.e. zero net dwelling) | 16 | 42 |

- 5.119 Figure 116 shows the level of social rent delivery which would arise from different levels of provision on sites. Taking an example, if Boston were to deliver the dwellings its household numbers are projected to grow by in the 2008 based CLG household projections, then it would deliver 5,200 dwellings in the period 2010-2033. If all sites provide affordable housing and this yields 15% social rent (including Affordable Rent) then this would equate to a delivery of 780 social rented units ($5,200 \times 0.15$). In practice it is likely that not all sites will provide social housing, so delivery will be less than 780 units.

Figure 116
Potential New Social Rent Provision 2010-2033 (Note: all figures are rounded to the nearest 10)

| Local Authority and level of Dwelling Delivery | Scale | | |
|--|--|--|--|
| | All delivery provides 15% social housing | All delivery provides 20% social housing | All delivery provides 25% social housing |
| Boston | | | |
| RSS Dwelling Delivery | 830 | 1,100 | 1,380 |
| 2008 HH Projections | 780 | 1,040 | 1,310 |
| East Lindsey | | | |
| RSS Dwelling Delivery | 1,880 | 2,500 | 3,130 |
| 2008 HH Projections | 3,270 | 4,360 | 5,450 |

^{5.120} The delivery of social rented dwellings can be compared with the needs for this type of dwelling. Figure 117 produces the modelled outputs from assuming that housing benefit claimants in the private rented sector remain at current levels, rather than fall by 50% in the period to 2033. The reason for modelling on the basis of holding housing benefit claimants in the private sector constant is to emphasise the difficulties associated with stopping the situation deteriorating. This indicates for Boston that to hold its housing benefit claimants in the private rented sector at 2010 levels up to 2033 would require 2,600 additional social rented dwellings.

Figure 117

Tenure Mix of Housing Requirement to 2033 by LA using 2008 based Household Projections with no Reduction in Housing Benefit Claimants in the Private Rented Sector (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding. All percentages are calculated based on data before rounding)

| Housing Type | Coastal Lincolnshire | |
|----------------------------------|----------------------|---------------|
| | Boston | East Lindsey |
| Market housing | 2,600 | 8,700 |
| Intermediate housing | 0 | 9,700 |
| Social rented housing | 2,600 | 3,400 |
| Total Housing Requirement | 5,200 | 21,800 |
| Market housing | 50.0% | 39.9% |
| Intermediate housing | 0.0% | 44.5% |
| Social rented housing | 50.0% | 15.6% |

^{5.121} The requirement for social rented dwellings shown in Figure 117 can be compared with the projected social rent dwelling delivery shown in Figure 116. If Boston were to deliver 780 social rented units in the period 2010-2033 while its requirement are 2,600 then there will be a shortfall of 1,820 units. These households require social rent, but no dwellings will exist for them and their most likely tenure option will be housing benefit supported private rent. Therefore, it is likely that housing benefit claimants in all local authorities will rise in the future. We would note that the ability of any local authority to meet its needs in the private rented sector is linked to the availability of private rented dwellings. Needs which arise within one local authority may be met in another local authority. We would also note that while the number of housing benefit claimants is projected to rise, their share of the total population may still fall as household numbers rise.

Figure 118

Projected Shortfall (Surplus) in Delivery of Social Rented Dwellings on the Assumption that Housing Benefit Claimants in the Private Rented Sector are held at 2010 Levels (Note: All figures rounded to the nearest 10.)

| Local Authority and Dwelling Delivery Level | Scale | | |
|---|--|--|--|
| | All delivery provides 15% social housing | All delivery provides 20% social housing | All delivery provides 25% social housing |
| Boston | | | |
| RSS Dwelling Delivery | 1,770 | 1,500 | 1,220 |
| 2008 HH Projections | 1,820 | 1,560 | 1,290 |
| East Lindsey | | | |
| RSS Dwelling Delivery | 1,520 | 900 | 270 |
| 2008 HH Projections | 130 | (960) | (2,050) |

5.122 An alternative method for looking at this issue is to ask how many dwellings would need to be delivered in each area to meet the identified requirements for social rent as set out in Figure 117. On the basis that 15%, 20% or 25% of dwelling delivery is social rent, then Figure 119 shows the level of total dwelling delivery which would be required to meet the social rented requirement. Taking Boston as an example, if all sites contribute to affordable housing provision, and 15% of dwellings are social rent, then 17,300 (2,600/0.15) dwellings would be required between 2009 and 2033. In practice, a higher level of household growth will see more households fall into housing, so the estimates below may represent an underestimate for the delivery of dwellings necessary to meet all social housing needs.

Figure 119

Dwelling Delivery Required to Meet Social Rent Requirements to 2033 by Local Authority (Note: All figures rounded to the nearest 100)

| Dwelling Delivery Required to 2009-33 to Meet Social Need | Scale | | |
|---|--|--|--|
| | All delivery provides 15% social housing | All delivery provides 20% social housing | All delivery provides 25% social housing |
| Boston | 17,300 | 13,000 | 10,400 |
| East Lindsey | 22,700 | 17,000 | 13,600 |

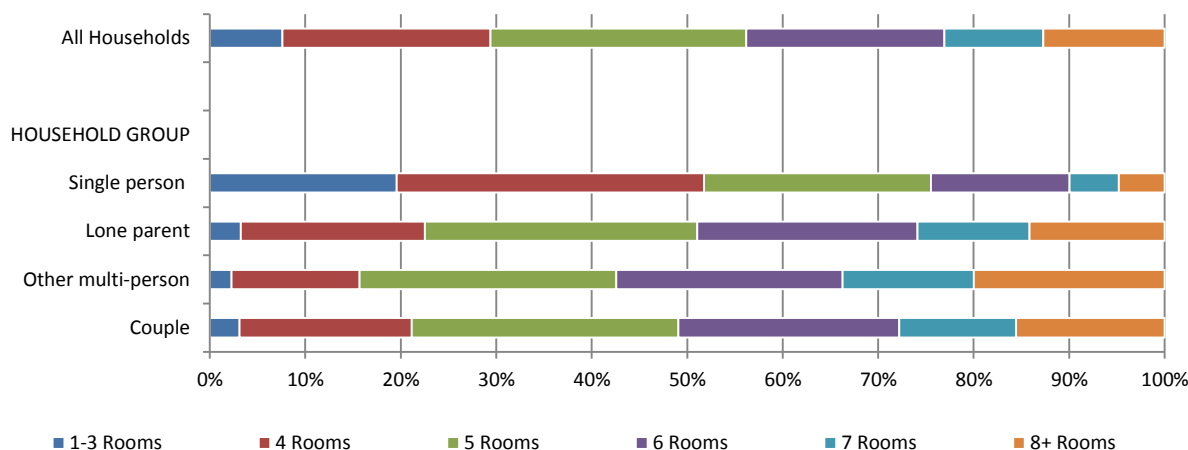
The Size Mix of Additional Housing by 2031 and 2033

5.123 Figure 120 shows the size of properties occupied by different household groups at the time of the 2001 Census. The Census asked households to record the number of rooms in their home excluding bathrooms toilets, landing staircase and cupboards.

5.124 The results in Figure 120 from the 2001 Census show that single person households were disproportionately likely to be found in smaller housing when compared to all households. Almost 20% had three rooms or fewer. However it is also worth noting that in the Coastal sub-region nearly 50% occupied housing with 5 rooms or more. Couples tended to occupy larger properties and lone parents tended to occupy smaller properties, the differences between these groups are less marked than for single person households.

Figure 120

Housing Size Mix by Household Type for Coastal Sub-region (Source: UK Census of Population 2001)



5.125 The net change in the overall size mix is a key study finding. It provides guidance for planning policy to deliver housing growth that is appropriate to households in the future. When we consider this mix proportionately, across the whole Coastal sub-region the size-mix requirement for additional housing can be summarised as being 13% as having 1-3 rooms, 26% with four rooms, 25% with 5 rooms, 18% with 6 rooms, 8% for 7 rooms and 9% for 8+ room properties.

Figure 121

Net Change in Required Housing Size Mix 2001- 2031 for Coastal Sub-region based on RSS Dwelling Delivery Tart to 2031

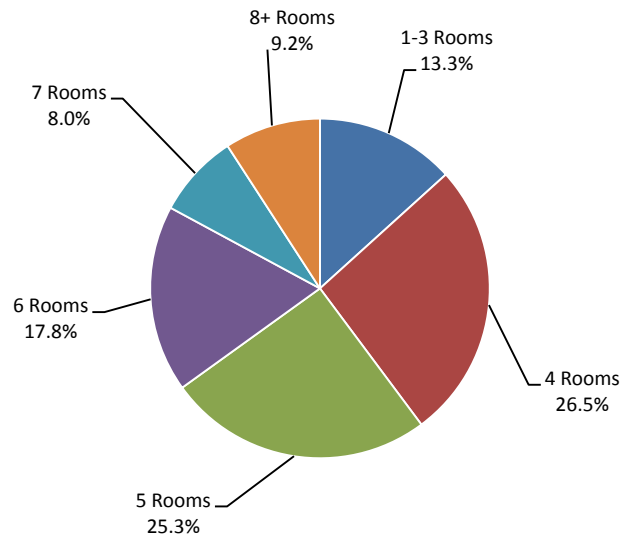
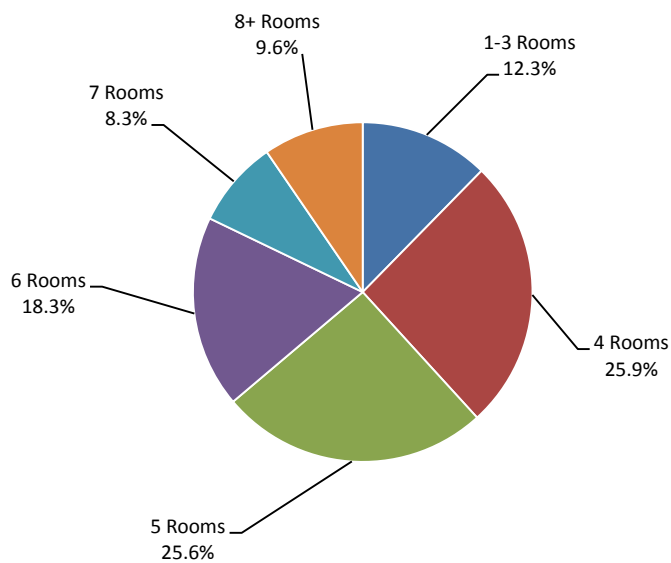


Figure 122

Net Change in Required Housing Size Mix 2001- 2031 for Coastal Sub-region based on 2008 Based Household Projections to 2033

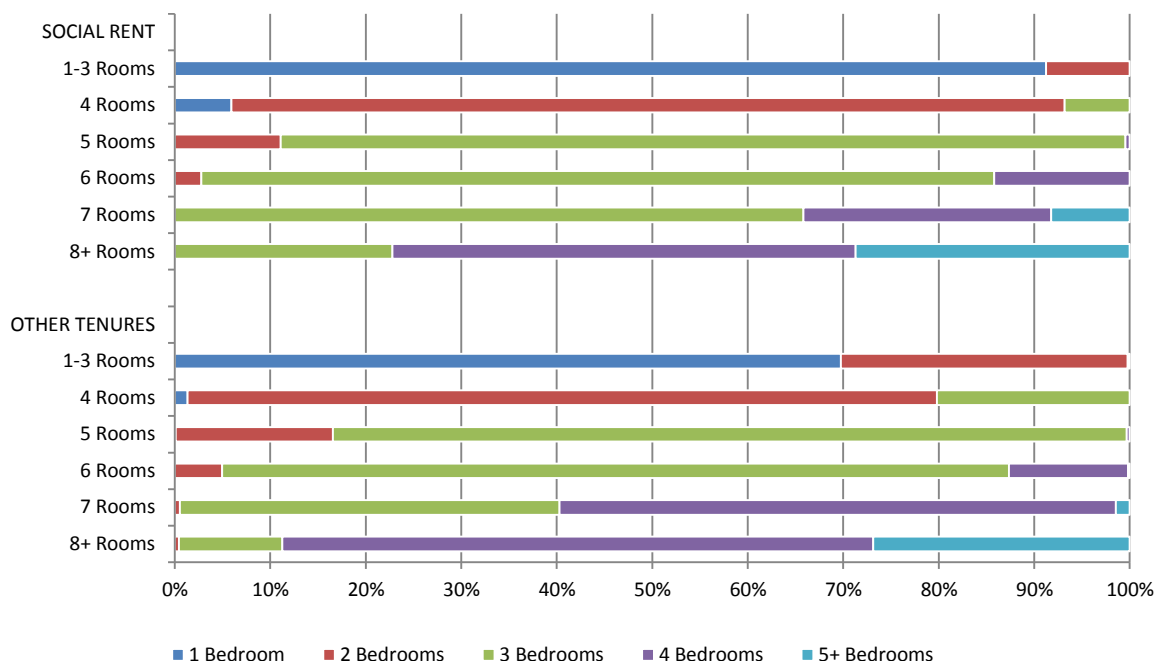


Relating room requirements to bedroom requirements

- 5.126 Of course, when considering dwelling mix it is often the case that the number of bedrooms is considered in preference to the overall number of rooms in a property, despite data sources such as the Census and Survey of English Housing typically reporting on the total number of rooms.
- 5.127 The following chart (Figure 123) summarises the relationship between property size and number of bedrooms from the household interviews completed by ORS for Housing Requirements Studies across England and Wales, which provides a reasonable mechanism for translating between the number of rooms and the number of bedrooms in a property.

Figure 123

Number of Bedrooms by Number of Rooms and Tenure (Source: ORS Household Surveys)



- 5.128 Using the above survey information regarding household and tenure distribution, it is possible to consider the additional housing requirement in terms of the number of bedrooms required. This is achieved by adding together all of the dwellings with a given number of bedrooms irrespective of how many rooms are present overall.
- 5.129 Figure 124 to Figure 127 show the size mix requirement for social rented housing and for housing required across other tenures:
- » 70% of future requirements for social rented housing is for smaller homes (1 and 2 Bedroom)
 - » 62% of future requirements for other tenures is for larger (3+ bedroom) homes

Figure 124
 Net Change in Required Housing Size Mix by Number of Bedrooms in Coastal Sub-region based on RSS Dwelling Delivery Target to 2031: Social Rent

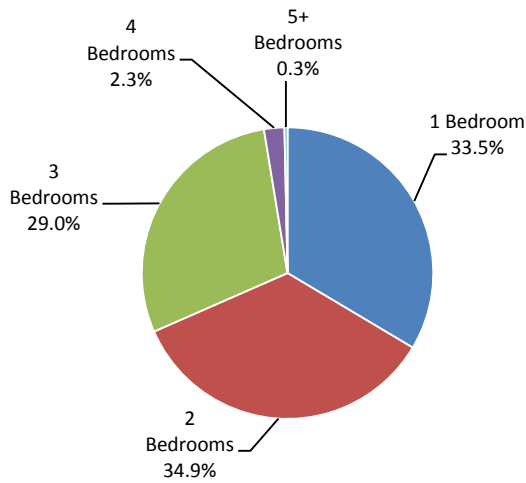


Figure 125
 Net Change in Required Housing Size Mix by Number of Bedrooms in Coastal Sub-region based on RSS Dwelling Delivery Target to 2031: Other Tenures

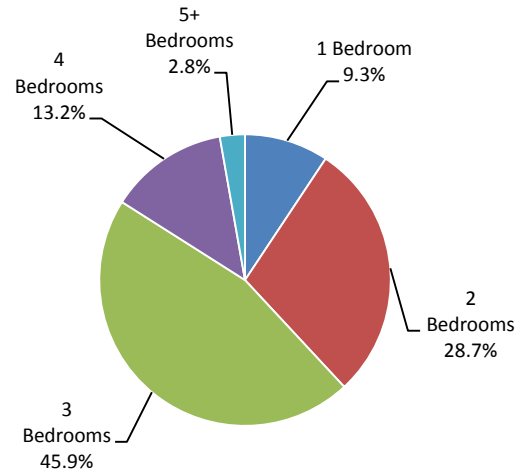


Figure 126
 Net Change in Required Housing Size Mix by Number of Bedrooms in Coastal Sub-region based on 2008 Based Household Projections to 2033: Social Rent

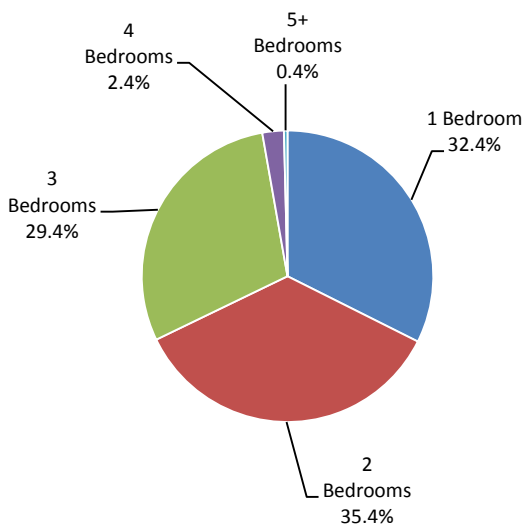
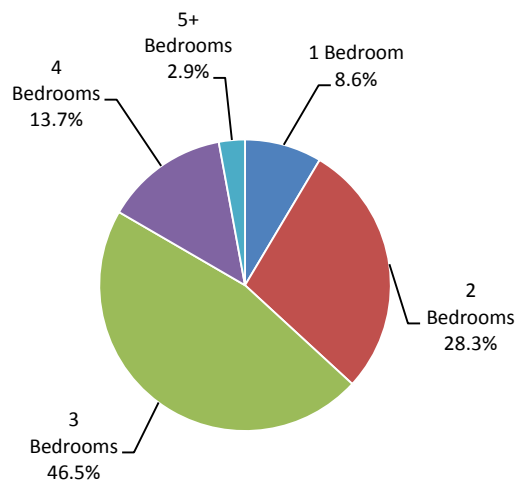


Figure 127
 Net Change in Required Housing Size Mix by Number of Bedrooms in Coastal Sub-region based on 2008 Based Household Projections to 2033: Other Tenures



The model also estimated the size mix for all tenures. The Local Authorities show distinct differences in modelled size mix requirements within and across the tenures. Figure 128 and

5.130 Figure 129 shows the size mix for the requirements identified in Figure 106.

Figure 128

Size mix of the Housing Requirement to 2031 based on RSS Dwelling Delivery Targets by Local Authority and Sub-region (Notes: All figures rounded to the nearest 100. Figures represented by “-” show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)

| Tenure and Size | Coastal Lincolnshire | | |
|------------------------------|----------------------|---------------|---------------|
| | Boston | East Lindsey | Sub-region |
| Market Housing | | | |
| 1 bedroom | 200 | 100 | 300 |
| 2 bedrooms | 1,000 | 300 | 1,200 |
| 3 bedrooms | 1,500 | 1,300 | 3,400 |
| 4 bedrooms | 400 | 400 | 1,300 |
| 5+ bedrooms | 100 | 100 | 300 |
| Sub-total | 3,200 | 2,200 | 6,500 |
| Intermediate Housing | | | |
| 1 bedroom | - | 900 | 700 |
| 2 bedrooms | - | 2,900 | 2,000 |
| 3 bedrooms | - | 1,600 | 1,000 |
| 4 bedrooms | - | 100 | 100 |
| 5+ bedrooms | - | - | - |
| Sub-total | (600) | 5,500 | 3,800 |
| Social Rented Housing | | | |
| 1 bedroom | 1,000 | 1,500 | 2,600 |
| 2 bedrooms | 900 | 1,800 | 2,700 |
| 3 bedrooms | 800 | 1,400 | 2,200 |
| 4 bedrooms | 100 | 100 | 200 |
| 5+ bedrooms | - | - | - |
| Sub-total | 2,800 | 4,800 | 7,700 |
| All Housing | | | |
| 1 bedroom | 1,100 | 2,500 | 3,600 |
| 2 bedrooms | 1,600 | 5,000 | 5,900 |
| 3 bedrooms | 2,100 | 4,300 | 6,600 |
| 4 bedrooms | 500 | 600 | 1,600 |
| 5+ bedrooms | 100 | 100 | 400 |
| Total | 5,500 | 12,500 | 18,000 |

Figure 129

Size mix of the Housing Requirement to 2033 Based on CLG 2008 based upon Household Projections by Local Authority and Sub-region (Notes: All figures rounded to the nearest 100. Figures represented by “-“ show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)

| Tenure and Size | Coastal Lincolnshire | | |
|------------------------------|----------------------|---------------|---------------|
| | Boston | East Lindsey | Sub-region |
| Market Housing | | | |
| 1 bedroom | 300 | 1,300 | 2,100 |
| 2 bedrooms | 1,400 | 4,600 | 6,800 |
| 3 bedrooms | 800 | 2,600 | 3,800 |
| 4 bedrooms | 100 | 200 | 300 |
| 5+ bedrooms | - | - | - |
| Sub-total | 2,600 | 8,700 | 12,900 |
| Intermediate Housing | | | |
| 1 bedroom | - | 300 | 300 |
| 2 bedrooms | - | 1,000 | 900 |
| 3 bedrooms | - | 3,900 | 2,400 |
| 4 bedrooms | - | 1,500 | 800 |
| 5+ bedrooms | - | 300 | 200 |
| Sub-total | (600) | 7,000 | 4,600 |
| Social Rented Housing | | | |
| 1 bedroom | 1,100 | 1,800 | 3,100 |
| 2 bedrooms | 1,000 | 2,300 | 3,400 |
| 3 bedrooms | 900 | 1,800 | 2,900 |
| 4 bedrooms | 100 | 200 | 200 |
| 5+ bedrooms | - | - | - |
| Sub-total | 3,100 | 6,100 | 9,500 |
| All Housing | | | |
| 1 bedroom | 1,400 | 3,300 | 5,400 |
| 2 bedrooms | 2,400 | 7,900 | 11,100 |
| 3 bedrooms | 1,400 | 8,400 | 9,100 |
| 4 bedrooms | 100 | 1,900 | 1,300 |
| 5+ bedrooms | - | 400 | 200 |
| Total | 5,300 | 22,200 | 26,900 |

5.131 Figure 130 shows the modelled size mix requirements across the tenures within rural area and local housing market areas based upon a proportionate split of the RSS dwelling delivery target. These use the figures for requirements from Figure 109 and Figure 110.

Figure 130

Size mix of the Housing Requirement to 2031 by Rural and Local housing Market Area (Notes: All figures rounded to the nearest 100. Figures represented by “-“ show any shortfall or surplus which is less than 50, although this will normally be greater than 0. Figures may not sum due to rounding)

| Tenure and Size | Rural | | Local Housing Market Areas | |
|------------------------------|--------------|--------------|----------------------------|--------------|
| | Coastal | Boston | Louth/Mablethorpe | Skegness |
| Market Housing | | | | |
| 1 bedroom | - | 100 | - | 100 |
| 2 bedrooms | - | 1,400 | 100 | 200 |
| 3 bedrooms | 900 | 2,100 | 800 | 500 |
| 4 bedrooms | 500 | 600 | 300 | 200 |
| 5+ bedrooms | 100 | 100 | 100 | - |
| Sub-total | 1,500 | 4,300 | 1,100 | 1,000 |
| Intermediate Housing | | | | |
| 1 bedroom | 300 | - | 400 | 400 |
| 2 bedrooms | 1,300 | - | 1,300 | 1,000 |
| 3 bedrooms | 900 | - | 800 | 700 |
| 4 bedrooms | 100 | - | 100 | - |
| 5+ bedrooms | - | - | - | - |
| Sub-total | 2,600 | - | 2,600 | 2,100 |
| Social Rented Housing | | | | |
| 1 bedroom | 700 | 1,300 | 500 | 600 |
| 2 bedrooms | 600 | 1,400 | 600 | 700 |
| 3 bedrooms | 700 | 1,300 | 500 | 600 |
| 4 bedrooms | 100 | 100 | - | - |
| 5+ bedrooms | - | - | - | - |
| Sub-total | 2,000 | 4,200 | 1,600 | 1,900 |
| All Housing | | | | |
| 1 bedroom | 1,000 | 900 | 900 | 1,100 |
| 2 bedrooms | 1,900 | 2,100 | 1,900 | 1,900 |
| 3 bedrooms | 2,300 | 3,400 | 2,100 | 1,800 |
| 4 bedrooms | 700 | 900 | 400 | 200 |
| 5+ bedrooms | 100 | 200 | 100 | 0 |
| Total | 6,100 | 7,400 | 5,300 | 5,000 |

Size Mix and Smaller Dwellings

5.132 Providers of social rented housing have traditionally not allocated more space than a household needs and the SHMA findings have been based upon this approach.

- 5.133 Translating the housing requirement for one bedroom housing into priorities for new build social housing needs careful consideration. Many younger households aspire to a spare bedroom to enable the size of their household to grow without triggering the need to move home. Older households value a spare bedroom to enable children, guests and carers to stay occasionally. A policy aim of seeking to build a greater proportion of 2 bedroom homes would have significant benefits in sustaining communities and should be considered as far as finance will permit. However, we would note there the changes to regulations on under-occupation where households only receive LHA up to the number of bedrooms they require may make this policy more difficult to implement in the future.
- 5.134 A priority for new build social housing should be to help alleviate overcrowding. Whilst the number of households in these circumstances is relatively small the degree of housing need can be acute. This problem is more acute within some minority ethnic households. There are health and wellbeing benefits for these households if properly housed. In addition, other smaller households will benefit from the dwellings these households vacate.
- 5.135 Regarding market housing SHMA size mix findings are more in step with how households in this sector have occupied market housing in the past however the following points are noteworthy;
- » Owner occupiers of higher priced new build housing tend to buy much more space than they need. It should be pointed out that there is a chain of events from this purchase that will ultimately lead to a smaller cheaper dwelling appearing somewhere in the market for sale or rent;
 - » Much of the demand for market housing comes from households currently outside the area who could potentially have a range of choices as to where to move. Therefore, what is delivered will impact on who moves to the area.
 - » Increasingly young people are sharing market housing in the short term to make it affordable.

Affordability and Intermediate Affordable Housing

- 5.136 The housing requirement analysis has identified a lack of housing for lower income households in the intermediate affordable housing band in East Lindsey. The estimated requirements for intermediate affordable housing have been based upon CLG affordability criteria and the NPPF definition for intermediate affordable housing which is at prices and rents above those of social rent, but below market price or rents.
- 5.137 On the basis of households spending no more than 25% of their gross income on housing cost and given current target rents for social rented housing in the sub-region, households would require incomes of £12,500 to service the rent on a 1-bed socially rented home; £14,500 for a 2-bed social property; £16,000 for a 3-bed social rented dwelling and £19,000 for 4 bedroom dwellings. Any household who can afford to pay more than this has been assessed as requiring intermediate affordable housing. This would make intermediate affordable housing with 1 or 2 beds aimed at households with incomes of £15,000-£20,000 a potential policy target.
- 5.138 Figure 91 showed that there was a relatively large supply of private housing for sale or rent affordable to households earning under £25,000 p.a. However, it is the case that those dwellings which are available may be of a poor standard of repair or in areas with flood risk. Households who require smaller housing (i.e. dwellings with 1 or 2 bedrooms) that have annual incomes of £15,000 up to

£25,000 can afford more than social rent but are unlikely to be able to afford market housing. These households are best provided for by intermediate housing. Over 70% of the intermediate affordable housing requirement is for properties with 1 or 2 bedrooms.

- 5.139 Currently, there is a limited supply of intermediate housing to meet the needs of those in the £15,000-£25,000 income bracket, with 350 units of intermediate housing having been provided in Coastal not all of which will be affordable to those with incomes of £15,000-£25,000. Meeting the needs of this group is likely to require more funding than required to deliver intermediate housing products affordable to households with higher incomes. Such a policy shift could meet needs more fully, although its impact on viability and total delivery volumes would need careful consideration, in light of the availability of grant.
- 5.140 Intermediate affordable housing is likely to be the only affordable option for many households earning £15,000-25,000; whereas households earning £25,000 or more will also compete for market housing in many parts of the sub-region – but not all households on incomes above £25,000 will be able find suitable market housing at a price they can afford in an appropriate location for their needs, and some of these will also require intermediate affordable housing. Currently, some household may struggle to raise sufficient deposits for a mortgage, but this would not preclude them from renting a market dwellings. Furthermore, it is unlikely that the cheapest supply of market housing will include many large properties.
- 5.141 Where households on incomes in the intermediate affordability gap have a clear priority need for housing, they may be allocated social rented housing despite being able to afford more if there is insufficient intermediate affordable housing available. CORE data for lettings between 2006-2009 shows that nearly 10% of new social tenants in Lincolnshire Coastal (Figure 75) could have afforded to pay more than a social rent at the time of letting, with the possibility that intermediate housing would have been a more cost effective solution.
- 5.142 Intermediate affordable housing could also attract existing social tenants to move as their financial circumstances improve, releasing their existing home for another household needing social rented housing – but existing social tenants will only move if they consider it attractive to do so. Given that intermediate affordable housing will inevitably be more expensive than their current social rented home, there would need to be other factors that make the move worthwhile.
- 5.143 Failure to meet this requirement will mean that households might:
- » Fail to form independent households and continue living with family or friends;
 - » Pay more for their housing than established income to rent or borrowing ratios;
 - » Share housing with other households to reduce costs leading to a higher number of houses in multiple occupation;
 - » Be dependent on financial assistance from family and friends; or
 - » Re-locate away from the sub-region to live in areas of cheaper housing.
- 5.144 It should also be noted that while the ORS housing Mix Model identified no requirement for intermediate affordable housing in Boston, this should not be seen as precluding the provision of intermediate affordable housing in these areas. The reason the model identified no net requirement for intermediate affordable in these areas was the presence of a significant number of cheap private

sector dwellings in the existing stock which would be affordable to households who would otherwise require intermediate affordable housing. For Boston this stock is associated with areas of flood risk. Therefore, in new developments away from these areas there may be a case for providing intermediate affordable dwellings to help to ensure that new communities can develop in a mixed and balance way.

Low Cost Home Ownership

- 5.145 Until recently, most intermediate affordable housing products delivered in the sub-region have been based upon shared ownership. Shared ownership is now well established and provides the opportunity of home ownership for households who otherwise could not afford to purchase their own home.
- 5.146 Whilst shared ownership is appropriate for households who have the financial standing for a mortgage, in the current market first time buyers face particular difficulties obtaining mortgage finance, and these problems are exacerbated for households seeking intermediate affordable housing. Assuming lending practices for this client group become more flexible in the future, Low Cost Home Ownership products could continue to be delivered in the sub-region – providing that the products being delivered are more affordable to the purchasers than equivalent market housing in the area and that purchasers are unable to afford suitable market housing. The £250 million re-launch of the government's low cost homeownership scheme announced in the March 2011 budget should help to provide to this tenure.
- 5.147 Nevertheless, whilst shared ownership has successfully provided housing that is affordable to households at the high end of the intermediate affordable housing income band (which is also attractive to households able to afford market rent, but unable to afford home ownership), it has not typically been affordable to many households at the lower end of the income band, in particular those with incomes below £20,000. CORE records indicate that less than 10 households with incomes of less than £20,000 per annum bought part of a shared ownership property across Lincolnshire Coastal in the period April 2006-March 2009.
- 5.148 In this context, it seems apparent that the current Low Cost Home Ownership model is unlikely to meet much of the identified need for intermediate affordable housing for households with incomes of £15,000 up to £20,000. It may be appropriate for the Local Authorities to work with RSLs to look at ways of improving the accessibility of LCHO for households on lower incomes, considering the equity shares that are available to potential purchasers – but it should be recognised that rented intermediate affordable housing (or rent-to-buy products) may be more suitable for some households.

Private Renting

- 5.149 If households cannot access social rented or intermediate housing, private renting may be the only choice for some. Those on the lowest incomes (and larger households) may receive Housing Benefit to contribute towards their housing costs - but many households will have to spend more than the 25% of their gross income on their rent. This has partly driven the growth of the private rented sector in recent years. A further key factor driving the growth is the number of low to medium income households who have been unable to save a deposit toward house purchase.
- 5.150 There are a number of policy implications for the Local Authorities. A growing private rented sector will increase demand for Local Authority services in respect of administering benefits, regulating the sector, providing advice and assistance to tenants if difficulties with their landlord occur or their tenancy ends.

Demand will also increase for rent deposit guarantee schemes whether provided by the Local Authority or the voluntary sector.

5.151 Whilst the private rented sector will be an appropriate choice for some households it is worth noting that for others living in the private rented sector there will be negative consequences:

- » High levels of housing benefit becomes a poverty trap and a disincentive to obtaining employment and training
- » Frequent moves, perhaps to areas of cheaper housing can remove people from their support and social networks and lead to tenancy insecurity.

6. Study Conclusions

Key Findings and Policy Implications

Introduction

- 6.1 This chapter considers the main policy issues that have arisen from the SHMA and their implications. The study has been written in conjunction with an Economic Viability Assessment and the two studies form a combined evidence base to help underwrite planning and housing policy.
- 6.2 The SHMA report has been published at a time of uncertainty:
- The impact of the current economic climate is noted in several places in the report: These implications are brought together here as an added dimension to identified policy issues.
 - The housing market is at a low point in its cycle and the rate of recovery is uncertain: The SHMA models housing requirements based upon 2009/10 prices as these are closest to long term trends.
 - Modelled future housing requirements, especially intermediate affordable housing products, are sensitive to market dynamics (e.g. house price change), and this is acknowledged.
- 6.3 England has an identified shortage of housing and delivery of supply has been a key policy aspiration of successive governments. Various programmes to encourage housing delivery via key supply side agencies (land owners, developers, investors, Registered Social Landlords (RSL) and Local Authorities) have been put in place. However, the recent international banking crisis and economic downturn have had a significant impact on delivery – they present a considerable challenge in achieving delivery of new homes.
- 6.4 Local Planning Authorities also have a major role in enabling the delivery of additional housing. A key output of the SHMA is to provide the evidence base to support Local Planning Authorities' affordable housing policies. SHMA evidence can inform the size, type and tenure mix of what should be built to meet the housing requirements of future generations.
- 6.5 The SHMA, however, goes further. It also considers the needs of many vulnerable groups – those who have fewer options in the housing market and are often heavily dependent on social housing and local support services.
- 6.6 The SHMA report, therefore, arrives at important conclusions about the size and nature of the housing requirement to 2031, set within a deep understanding of the local housing market and positioning this within the wider policy and economic landscape of 2011.

Future Housing Requirements and the affordable housing target

6.7 The SHMA has estimated the following housing requirement to 2031 based upon RSS dwelling delivery, and to 2033 based upon CLG 2008 based household projections;

Figure 131

Overall Housing Requirement 2010-2031 and 2010-2033 (Note: Figures may not sum due to rounding)

| | Tenure | Requirement | % |
|---|------------------------------------|---------------|---------------|
| 2010-2031 Constrained to RSS Dwelling Delivery | | | |
| | Market Housing | 6,500 | 36.2% |
| | Intermediate Affordable Housing | 3,800 | 20.9% |
| | Social Rented Housing | 7,700 | 42.9% |
| | Overall Housing Requirement | 18,000 | 100.0% |
| 2010-2033 Unconstrained 2008 based Household Projections | | | |
| | Market Housing | 12,900 | 47.8% |
| | Intermediate Affordable Housing | 4,600 | 17.1% |
| | Social Rented Housing | 9,500 | 35.1% |
| | Overall Housing Requirement | 26,900 | 100.0% |

Figure 132

Tenure Mix of Housing Requirement 2010-2031 and 2010-2033 by LA (Note: All figures rounded to the nearest 100. Figures may not sum due to rounding. All percentages are calculated based on data before rounding)

| Housing Type | Coastal Lincolnshire | | | |
|---|----------------------|------------------------|---------------|------------------------|
| | Boston | % of total requirement | East Lindsey | % of total requirement |
| 2010-2031 Constrained to RSS Dwelling Delivery | | | | |
| Market housing | 3,200 | 58.7% | 2,200 | 17.6% |
| Intermediate housing | (600) | (10.3%) | 5,500 | 43.8% |
| Social rented housing | 2,800 | 51.6% | 4,800 | 38.6% |
| Total Housing Requirement | 5,500 | 100% | 12,500 | 100% |
| 2010-2033 Unconstrained 2008 based Household Projections | | | | |
| Market housing | 2,600 | 50.1% | 8,700 | 40.1% |
| Intermediate housing | (600) | (11.1%) | 7,000 | 32.0% |
| Social rented housing | 3,100 | 60.9% | 6,100 | 27.9% |
| Total Housing Requirement | 5,200 | 100% | 21,800 | 100% |

6.8 The Economic Viability Assessment highlights that delivering affordable housing in Coastal Lincolnshire is difficult, and will become increasingly more difficult if preventative flood protection measures are applied to all new dwellings. Even if currently viable levels of affordable housing are negotiated on every site there will still be a shortfall on SHMA estimates of the affordable housing requirement.

- 6.9 Clearly, affordable housing delivered through the planning system will not be delivered on every site, due to policy relating to the minimum size threshold of qualifying sites. Local authorities may, therefore, wish to re-consider site size thresholds and potential delivery when reviewing their affordable housing policy.
- 6.10 The SHMA contains evidence which supports funding applications to the HCA to provide the affordable housing that will not be delivered by the planning system.

Housing Delivery

- 6.11 The achievement of delivery targets will be influenced by a number of issues including those related to the viability of housing delivery in lower value areas. If delivery targets are not achieved then this will have a number of implications:
- » Providing fewer dwellings in any area will marginally reduce the requirement for social and intermediate housing, but will mainly impact on the market housing requirement.
 - » A lower level of completions will not significantly impact upon the requirements of those seeking affordable housing.

Size Mix

- 6.12 Providers of social rented housing have traditionally not allocated more space than a household needs and the SHMA findings have been based upon this approach.
- 6.13 Translating the housing requirement for one bedroom housing into priorities for new build social housing needs careful consideration:
- Many younger households aspire to a spare bedroom to enable the size of their household to grow without triggering the need to move home.
 - Older households value a spare bedroom to enable children, guests and carers to stay occasionally.
- 6.14 **Therefore, a policy aim of seeking to build a greater proportion of 2 bedroom homes would have significant benefits in sustaining communities and should be considered, as far as finance will permit.** However, it should be noted that the changes to the LHA system which seek to limit under-occupation of social rented dwellings may make implementing this policy more difficult.
- 6.15 **A further priority for new build social housing should be to help alleviate overcrowding.** Whilst the number of households in these circumstances is relatively small the degree of housing need can be acute. This problem is more acute within some minority ethnic households. There are health and wellbeing benefits for these households if properly housed. In addition, other smaller households will benefit from the dwellings these households vacate.
- 6.16 Regarding market housing SHMA size mix findings are more in step with how households in this sector have occupied market housing in the past - however the following points are noteworthy;

- » Owner occupiers of higher priced new build housing tend to buy much more space than they need. It should be pointed out that there is a chain of events from this purchase that will ultimately lead to a smaller, cheaper dwelling appearing somewhere in the market for sale or rent;
- » Increasingly young people are sharing market housing in the short term to make it affordable. This represents an efficient market response to dwelling shortages, but can in itself lead to difficulties with sustaining communities if too many dwellings are occupied in this way.

Intermediate affordable housing

- 6.17 **A key finding of the SHMA is that the scope for intermediate housing varies across the sub-region.** There is a requirement for intermediate housing in East Lindsey due to its higher average house prices compared to Boston.
- 6.18 **Policy definitions for Intermediate Housing:** The SHMA assessment of the requirement for intermediate affordable housing is based upon current NPPF definitions. A distinction between intermediate affordable housing and low cost market housing is made in NPPF – clearly, low cost market housing will not by definition meet any of the intermediate affordable housing requirements identified by this SHMA. Given the supply situation in rural areas, it is critical that this distinction is observed.
- 6.19 **We would urge local authorities to be sure that intermediate affordable housing delivered by developers and RSLs can be accurately described as intermediate affordable housing within the meaning of NPPF.**

Meeting the housing requirements of younger households without children on low income

- 6.20 The ORS model places these households as part of the affordable (typically intermediate) housing requirement. However, thought should be given to what housing they will actually occupy.
- 6.21 A large proportion of the one bed need identified is made up of young single people and couples who would not be allocated social housing as they are not in priority need. The circumstances of many of these households are likely to change in the future as both incomes grow during working careers and other sources of income such as inheritance provide further capital, and they may either be able to afford market housing or require a larger family property.
- 6.22 Investing in new social housing for this group may be inappropriate if allocation policies mean that many will be unlikely to access it.
- 6.23 Other studies suggest that many of these households will seek housing in the private rented sector. Few will be able to afford Newbuild HomeBuy so a gap exists in the supply of decent affordable housing for this group.

Meeting the housing requirement in Rural Areas

- 6.24 The SHMA has identified the challenge in meeting housing requirements in rural areas. Delivery is difficult and this may become more so under new Localism arrangements.
- 6.25 There are a number of routes through which affordable housing can be delivered in rural areas through the planning system. These include;
- » Site allocations in local development documents – which might include sites allocated to meet housing needs generally, or local needs.
 - » Other sites coming forward which are subject to planning policy targets for affordable housing;
 - » Rural exception sites
- 6.26 The SHMA has estimated the affordable housing requirements for the rural areas of Coastal Lincolnshire on the assumption that housing need generated in rural areas are met in those same areas.
- 6.27 **Future delivery is likely to be a challenge**, even with proactive policy approaches. Experience suggests that delivery is largely achieved via identified local needs and local opportunities. The new Localism Bill may mean some communities push forward development as a mechanism for securing more affordable housing and services in their area, while others will seek to block all development. Under these circumstances, dwelling delivery in rural areas will become far more closely linked to the willingness of communities to accept development than the location of any housing needs.
- 6.28 In order to maintain the flow of new affordable homes in rural Lincolnshire, it will be important to secure the maximum viable level of affordable housing through each of the options available. The combined evidence of the SHMA and Viability assessment would support a higher target for affordable housing in rural areas. This is due to the fact that higher house prices are achieved in rural areas.

Older people

- 6.29 The housing requirements of older people differ from other household groups. Older people are not a homogenous group, and have changing needs as they pass through the various stages of ageing.
- 6.30 Older people are mostly already housed, and the issue for them is more the suitability of their present housing, rather than moving home. Older people tend to choose to move either as part of a retirement plan (e.g. out-migration to coastal areas) or when ill health makes it unavoidable. For policy makers, a key focus is on those who are frail or suffer long term limiting illness.
- 6.31 National policy is currently aimed at enabling Older People to live independently for as long as possible.
- 6.32 **Extra Care Housing:** There is a considerable policy focus in Lincolnshire on increasing the extra care housing stock. The estimated requirement for extra care housing (including both market and affordable options) represents a significant proportion of the total housing requirement. The requirement for specialist and extra care housing should be considered part of the overall housing requirement.
- 6.33 **Housing Standards:** In addition to the provision of specialist and extra care housing, planning policy should be used to ensure that there is more choice of housing available in the general (i.e. non specialised) stock across all tenures that can respond to the changing needs of households as they age. Examples are that:

- » Design standards include provision for meeting Lifetime Homes and, within the framework of the Code for Sustainable Homes, Secured by Design standards;
- » A proportion of housing is built to wheelchair standard;
- » Dwellings are located in suitable places – near to appropriate services and facilities.

6.34 **New provision for Older People to release family housing:** Some older people occupy housing that is too large for them and is also unsuitable given their health, relative low income and vulnerability to cold and tripping hazards. Appropriate new housing delivery may meet this requirement and bring additional benefits:

- Increased choice for older people, bringing lifestyle, health and support benefits
- Releasing second hand family homes to the market as Older People downsize
- Incentive schemes for social housing tenants (such as assisted moves and cash payments) to release family homes

6.35 Parts of the housing market already respond to Older People's aspirations and provide housing that is particularly suited to their requirements. For example leaseholds schemes and apartments are to be found for sale and for rent that are marketed as retirement housing. However the question for planning policy is should developers be encouraged to include dwellings in their design proposals? Alternatively should the local authority rely solely upon the market and concepts such as lifetime homes?

6.36 The authorities may consider formulating guidance on their expectations for addressing the needs of older people through new development. House builders or housing associations bringing forward schemes should be able to demonstrate that as well as meeting design and tenure requirements, the revenue implications of meeting the longer term care needs of residents have been addressed in consultation with Local Authority Adult Social Care teams, and that prospective schemes are financially sustainable.

6.37 **Park Homes:** A key feature of older person housing in East Lindsey is the role of park homes and chalets. These are typically occupied as a positive lifestyle choice by a group of older people who are typically downsizing, releasing capital and looking for cheaper utility bills. However many fail both the Housing Health and Safety Rating System and Decent Homes measures, typically due to very poor levels of energy efficiency and the dangers of excess cold.

BME

6.38 Coastal Lincolnshire is an area with a traditionally low BME population. The Authorities should continue to keep under review the quality and accessibility of housing and housing related services for households across all ethnic groups, and ensure that housing strategies seek to tackle any inequalities identified. These are both areas for on-going monitoring.

6.39 A specific issue affecting Boston is that it is possible that official statistics have underestimated the number of Portuguese and Easter European people who have moved to the Borough in the first part of the decade to work in the agriculture and packaging sectors. It is therefore difficult to comment upon

the impact of this group on the housing market of Boston because they have not been clearly identified in any data sources, including the 2009 Private Sector Stock Condition Survey. However, the potential underestimation of the population of the Borough has implications for issues such as population based service funding.

7. Annexe: Monitoring

- 7.1 The Practice Guidance sets out that the SHMA findings should be monitored and updated following on from the original assessment. This short section seeks to outline some of the policy issues that future updates and revisions to the SHMA may need to address.
- 7.2 The SHMA has sought to:
- » describe the main drivers of change affecting the housing market
 - » the policy framework in which it operates
 - » the delivery mechanism for new housing
- 7.3 It is apparent from the SHMA that the credit crunch and the economic recession are significantly affecting drivers and delivery mechanisms. The effectiveness of the Governmental policy response to this situation will need to be monitored, as will its impact on key drivers and delivery mechanisms.
- 7.4 There are also a number of long term trends and issues reflected in the SHMA modelling and scenario testing that should be monitored:
- » Long term house price trends
 - » Affordability trends
 - » Structural change in the housing market (the extent to which there is a shift from owner occupation to renting and the net growth of the private rented sector)
 - » Take up of the right to buy and changes to the legislation
 - » The extent to which tenure and size mix housing targets are achieved, including both the planning policy target, and the residual target of needs that cannot viably be met through the planning system
 - » The income levels of those accessing social renting, and whether best use is being made of the social rented stock in the light of this
 - » The income levels of those applying for and accessing intermediate tenure housing, to ensure best fit between the products being provided and the requirements identified
 - » Conversion of dwellings to either enlarge them to provide extra bedrooms or sub-divide them in to smaller dwellings
 - » Migration trends (Domestic and International)
 - » The key indicators of housing market conditions at neighbourhood level, particularly in areas considered to be particularly vulnerable to the impact of recession (e.g. price, vacancy rates, long term vacancies, local retail sustainability, crime, stock condition).
- 7.5 Finally there are changes affecting households not taken account of in the SHMA. These factors may affect housing market drivers and will aid the understanding of the housing market:

- » Changing patterns of employment (fewer jobs for life more mobility in the labour market)
- » Pension performance (more people relying on stakeholder pensions or not making adequate pension provision as final salary schemes become less common)
- » Fewer households able to accrue capital through home ownership
- » More households who do not have security of tenure

7.6 The SHMA has identified some areas where further research is needed to supplement the available evidence, for example to develop and refine the authorities' forecasts of the housing and related support needs of vulnerable groups. Such analyses are relevant both to the SHMA, and also to the wider health and social care needs addressed through the authorities' Joint Strategic Needs Assessments. In conducting any further research, the authorities should seek to ensure there is collaboration between the partnership groups overseeing the various strategic assessments, thus avoiding unnecessary duplication of activity.

Summary of Key Points

The Practice Guidance sets out that the SHMA findings should be monitored and updated following on from the original assessment;

It is apparent from the SHMA that the credit crunch and the economic recession are currently affecting drivers and delivery mechanisms and the effectiveness of the policy response to this situation will need to be monitored;

There are a number of long term trends and issues reflected in the SHMA modelling and scenario testing that should also be monitored;

In conducting any further research, the authorities should seek to ensure there is collaboration between the partnership groups overseeing the various strategic assessments, thus avoiding unnecessary duplication of activity.

DRAFT

8. Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- » Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- » Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Bedroom standard refers to the number of bedrooms that is needed so that no one has to share a bedroom unless they are a) a couple, b) both aged under 10, or c) aged under 21 and of the same sex. No more than two people should share any bedroom.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Social Landlord is an independent not-for-profit body that provide low-cost "social housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions – before deductions such as tax and National Insurance.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or **Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the district. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the National Rent Regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency as a condition of grant.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

Acronyms and Initials

| | |
|--------------|--|
| ASHE | Annual Survey of Hours and Earnings |
| BME | Black and Minority Ethnic |
| CORE | The Continuous Recording System (for Housing Association and Local Authority lettings) |
| DEFRA | Department for Environment, Food and Rural Affairs |
| CLG | Department for Communities and Local Government |
| CRE | Commission for Racial Equality |
| DETR | Department of the Environment, Transport and the Regions |
| EHCS | English House Condition Survey |
| GIS | Geographical Information Systems |
| HCA | Homes and Communities Agency |
| HRP | Household Representative Person |
| IMD | Indices of Multiple Deprivation |
| LA | Local Authority |
| LDF | Local Development Framework |
| NPPF | National Planning Policy Framework |
| ONS | Office for National Statistics |
| ORS | Opinion Research Services |

POPPI Projecting Older Person Population Information

PPS Planning Policy Statement

RSL Registered Social Landlord

RSS Regional Spatial Strategy

SHMA Strategic Housing Market Assessment

DRAFT