

Report to Cabinet

Subject: Gedling Borough Council Interim Planning Policy Statement: First Homes

Date: 6th October 2022

Author: Head of Development and Place

Wards Affected

All

Purpose

To seek approval of the attached Gedling Borough Council Interim Planning Policy Statement on First Homes.

Key Decision

This is a Key Decision as it is likely to have a significant effect on communities living or working in an area comprising of two or more wards.

Recommendation(s)

THAT Cabinet

- 1) Approves the Gedling Borough Council Interim Planning Policy Statement: First Homes appended to this report.**

1 Background

- 1.1** First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. First Homes are the Government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations. The National Planning Policy Framework also states that affordable home ownership products must represent 10% of new homes on major sites (10 dwellings or more), unless this would exceed the level

of affordable housing required in the area

- 1.2 The national policy requirement for First Homes is set out in a Written Ministerial Statement (May 2021) and subsequent changes to the National Planning Policy Framework and National Planning Practice Guidance. Planning applications must be determined in accordance with the Development Plan unless material considerations indicate otherwise. The Written Ministerial Statement (May 2021) and National Planning Practice Guidance (PPG) postdate the adoption of the Local Plan and are material considerations when determining planning applications in relation to affordable housing. In order to ensure First Homes are delivered within the Gedling Borough Council area in a manner that reflects its particular circumstances, an Interim Planning Policy Statement is required which will take immediate effect on its publication and will be a material consideration when determining affordable housing requirements.
- 1.3 New evidence has been commissioned about the application of First Homes policy in the local housing market area. The final report from the consultants (ICENI) was received in August 2022 and recommendations set out in the report have been used to inform this Interim Planning Policy Statement.
- 1.4 The Government has set out the following criteria which must be met in order for a dwelling to be considered a First Home. A First Home:
 - must be discounted by a minimum of 30% against the market value;
 - must be sold to a person or persons meeting the First Homes eligibility criteria (household income should not exceed £80,000);
 - on its first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and
 - after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).
- 1.5 Local planning authorities have discretion to increase the discount above the national minimum of 30%, vary the price cap and include additional eligibility criteria.
- 1.6 As referred to above, ICENI have undertaken a study of the application of First Homes policy in the local housing market (First Homes Assessment, Greater Nottingham ICENI Projects Ltd. August 2022). This study

emphasised that in Gedling Borough the priority should be to secure affordable housing for rent. With regard to First Homes the study makes a number of recommendations:

- There is no strong evidence to support an increase in the 30% discount for First Homes;
- There is strong justification to support capping the price of a First Home on the initial sale at £173,000;
- The household income cap should be £38,800 ;
- A local connection test is recommended.

1.7 The attached draft Interim Planning Policy Statement on First Homes responds to the above recommendations. The document accords with and provides an interpretation of the First Homes Policy set by National Government and supplements the affordable housing policies in the Local Plan. The draft Interim Planning Policy Statement reiterates National Planning Policy / Planning Policy Guidance on First Homes and in accord with this national policy includes local policies where these are justified by local circumstances. Subject to cabinet approval the Interim Planning Policy Statement is a material planning consideration and needs to be read in conjunction with Gedling Borough Council's Affordable Housing Supplementary Planning Document (2009). The attached document sets out the background, planning policy context and evidence for First Homes in Part 1. Part 2 sets out Gedling Borough Council's requirements for First Homes in a series of policy statements. This includes:

Interim Planning Policy Statement 1:

- Gedling Borough Council will negotiate affordable homes on major sites comprising 10 – 14 dwellings on the basis that 10 % of the total number of proposed dwellings on site should be for First Homes.
- Gedling Borough Council will negotiate affordable homes on major sites comprising 15 or more dwellings on the following basis:
 - After applying the 10%, 20% or 30% target for affordable homes requirement depending on location in accordance with LPD Policy 36, the calculation of tenure split will ensure that 10% of the total number of dwellings proposed on site should be for First Homes and that First Homes account for at least 25% of the affordable housing units delivered on site. The remaining requirement for affordable housing should be for affordable housing for rent.
- Interim Planning Policy Statement 2: confirms the nationally set

discount of 30% applies; the initial sale price is capped at £173,000 to reflect local house prices for affordable housing;

- Interim Planning Policy Statement 3: household income is set at a maximum not exceeding £38,830 to reflect the local situation; and
- Interim Planning Policy Statement 4: sets out a local connection test for applicants which is the same as that used for applicants on Gedling Borough Council's self-build and custom build register Part 1.

- 1.8 It should be noted that the National Planning Policy Framework at paragraph 62 requires 10% of all housing on major sites to be for affordable home ownership. Therefore the approach taken in Policy 1 above, is that after applying the percentage targets for affordable homes set out in LPD Policy 36 which vary by location, the calculation of tenure split will ensure that 10% of the total housing number on site would be for First Homes with the remainder being for affordable rent. This approach also ensures that the NPPF requirement that 25% of the affordable homes contribution on a particular site should be for First Homes and this would be the case in all the locations specified in LPD Policy 36.
- 1.9 In line with the National Planning Policy Framework it is also proposed to seek affordable housing contributions in the form of First Homes on major sites of 10 – 14 dwellings as the Gedling Borough Affordable Housing supplementary planning document 2009 includes a threshold of 15 homes or more and is not consistent with national planning policy in this regard. (Examples of how the calculations would work in practice are set out in the appendix to the attached Interim Planning Policy Statement).
- 1.10 The First Homes will be secured through a planning obligation (Section 106 Agreement) on qualifying developments as for other types of affordable housing.

2 Proposal

- 2.1 It is proposed that Cabinet approves the Interim Planning Policy Statement: First Homes appended to this report which needs to be read in conjunction with Gedling Borough Council's Affordable Housing Supplementary Planning Document (2009)

3 Alternative Options

- 3.1 Alternative options have been considered. These include firstly, not preparing any policy guidance and relying on national planning policy. However, it is considered that this option is not appropriate given the need to deliver First Homes in a manner that reflects Gedling Borough Council's specific local circumstances and also the need to apply First Homes

planning policies alongside existing adopted planning policies for affordable homes in the Local Plan.

- 3.2 Secondly, the option of preparing either a new supplementary planning document or reviewing the existing Supplementary Planning Document Affordable Housing 2009 has been considered. However, it is considered that as First Homes is new national planning policy and needs to be implemented quickly, an Interim Planning Policy Statement would suffice initially and consideration will be given as to whether this Interim Planning Policy Statement should be reproduced as a Supplementary Planning Document or incorporated in as part of a revised Affordable Housing Supplementary Planning Document at some point in the future. In the meantime, the chosen option is to prepare an interim planning policy statement which reflects Paragraph: 009 Reference ID: 70-009-20210524 of the national Planning Policy Guidance.

4 Financial Implications

- 4.1 None. The resources needed to prepare the Gedling Borough Council Interim Planning Policy Statement: First Homes can be met from existing budgets.

5 Legal Implications

- 5.1 The Town and Country Planning Act 1990 requires that planning applications are determined in accordance with the Development Plan unless material considerations indicate otherwise. The Gedling Borough Council's Local Plan Part 1 was adopted on 10th September 2014 and Part 2 Local Plan on the 18th July 2018. The Written Ministerial Statement (May 2021) and National Planning Practice Guidance (PPG) are material considerations when determining planning applications in relation to affordable housing.
- 5.2 The National Planning Practice Guidance envisages that local authorities set out their local requirements for First Homes through publication of an interim policy statement or by updating relevant local plan policies. The proposal here therefore accords with the NPPG.
- 5.3 The Interim Planning Policy Statement will form part of the Council's planning policy guidance documents and be a material planning consideration when determining planning applications which trigger the requirement for affordable housing. The Interim Planning Policy Statement would take precedence over the requirements contained in the Gedling Borough Affordable Housing Supplementary Planning Document (2009).
- 5.4 The publication of the Interim Planning Policy Statement: First Homes will facilitate the Council in meeting its statutory obligations with regard to the

delivery of this new affordable housing tenure in the Borough

6 Equalities Implications

- 6.1 First Homes delivered through section 106 agreements will involve the substitution of First Homes for other types of affordable housing. The equality impacts arising from the introduction of First Homes as required under national planning policy has been assessed by Central Government and it is not necessary to repeat this exercise for those aspects of national policy that is being delivered through the Gedling Borough Interim Planning Policy Statement.
- 6.2 However, the Gedling Borough Interim Planning Policy Statement is seeking to exercise the flexibilities set out within the Ministerial Statement and national planning policy and guidance in relation to a local connection test, local price cap for a First Home and a local income cap. Turning to the local connection test this applies criteria equally to both people with protected characteristics and those with non-protected characteristics and it is considered to be neutral in effect. In relation to the local price cap, this should ensure that the cost of a home is genuinely affordable to those in most housing need who would otherwise not be able to afford to purchase a home. Linked to this is the setting of a local income cap to help ensure that housing is provided to those in greatest housing need. People earning in excess of the local income cap are likely to be able to buy a home without the need for a discount.
- 6.3 Evidence set out in the Gedling Borough Equality Information publication for 2019/20 indicates that over 75% of applicants to the Homeseach scheme have declared disabilities, over 11% of applicants were young adults aged 18-24, 36% were aged 25-44, 69% are female and 4% of applicants were pregnant. This evidence of the use of the Homeseach Scheme indicates that people with protected characteristics often have more acute needs for affordable housing. Although First Homes are a particular form of discounted homeownership for first time buyers it is considered likely that the local flexibilities introduced by the Interim Planning Policy Statement would benefit some local people with protected characteristics by making home ownership more affordable to them. Overall it is considered that there would be some positive benefits in terms of equality.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 None. The policy does not have any implications for carbon reduction or environmental sustainability as all homes regardless of tenure are subject to Local Plan policies seeking to reduce carbon and to protect and enhance environmental sustainability.

8 Appendices

- 8.1 **Appendix:** Gedling Borough Council Interim Planning Policy Statement: First Homes.

9 Background Papers

- 9.1 First Homes Assessment, Greater Nottingham ICENI Projects Ltd available here:

[Adopted local plan and policy documents - Gedling Borough Council](#)

10 Reasons for Recommendations

- 10.1 To approve the Gedling Borough Council's Interim Planning Policy Statement on First Homes.

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by:

Date:

On behalf of the Monitoring Officer