

## **Report to Planning Committee**

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

**Date:** 30<sup>th</sup> November 2022

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### **Purpose**

To note the attached approved Gedling Borough Council Interim Planning Policy Statement on First Homes.

### **Recommendation(s)**

#### **THAT Planning Committee:**

- 1) Notes the Gedling Borough Council Interim Planning Policy Statement: First Homes attached as Appendix 1.**

## **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 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, the attached Interim Planning Policy Statement was approved by Cabinet at its meeting on the 6<sup>th</sup> October 2022. This Interim Planning Policy on First Homes is now in force and is a material consideration in determining planning applications where contributions towards affordable housing are required.

- 1.3 The Interim Planning Policy Statement takes into account new evidence commissioned about the application of First Homes policy in the local housing market area. The final report from the consultants (ICENI) was received in summer 2022 and the 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. September 2022). This study emphasised that in Gedling Borough the priority should be to secure housing for social 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 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 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. 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 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 on qualifying developments as for other types of affordable housing.

## **2 Proposal**

- 2.1 It is proposed that Planning Committee notes the attached Interim Planning Policy Statement: First Homes.

## **3 Legal Implications**

- 3.1 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 18<sup>th</sup> 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.
- 3.2 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 attached Interim Planning Policy Statement therefore accords with the NPPG.

- 3.3 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 takes precedence over the requirements contained in the Gedling Borough Affordable Housing Supplementary Planning Document (2009).
- 3.4 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

#### **4 Equalities Implications**

- 4.1 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.
- 4.2 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.
- 4.3 Evidence set out in the Gedling Borough Equality Information publication for 2019/20 indicates that over 75% of applicants to the Homesearch 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 Homesearch 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.

## **5 Carbon Reduction/Environmental Sustainability Implications**

- 5.1 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.

## **6 Appendices**

- 6.1 **Appendix 1:** Gedling Borough Council Interim Planning Policy Statement: First Homes.

## **7 Background Papers**

- 7.1 First Homes Assessment, Greater Nottingham ICENI Projects Ltd available here by scrolling to the bottom of the web page:

[Supplementary planning documents and guidance - Gedling Borough Council](#)