

Agenda Item IMD1

INDIVIDUAL EXECUTIVE MEMBER DECISION

REFERENCE IMD: 2022/01

TITLE	Decision on publication of an interim First Homes Position Statement
DECISION TO BE MADE BY	Executive Member for Planning and Enforcement - Wayne Smith
DATE, MEETING ROOM and TIME	9 February 2022 Council Chamber at 4pm
WARD	None Specific;
DIRECTOR / KEY OFFICER	Director, Place and Growth - Steve Moore

PURPOSE OF REPORT (Inc Strategic Outcomes)

To obtain IMD approval to publish a First Homes Interim Policy Statement on the Wokingham Borough Council website, with the purpose of outlining the Council's position on First Homes. This position of the Council on First Homes is in line with the Government guidance for local authorities and explains the implications for Wokingham Borough. It also introduces local connection and key worker criteria for Wokingham Borough, in line with government recommendations.

RECOMMENDATION

That the Executive Member for Planning and Enforcement agrees that the draft First Homes Interim Policy Statement is suitable to be displayed on the Wokingham Borough Council website as a guide to the implications of First Homes in Wokingham and the Council's position on this new policy, whilst introducing local eligibility criteria for buyers of First Homes in line with Government guidance.

SUMMARY OF REPORT

The background section of this report outlines the origin of the new national First Homes policy in the Government's Written Ministerial Statement and Planning Practice Guide, both published on 24th May 2021. It explains the implications for affordable housing contributions and looks into the transition arrangements in terms of timescales, and Government guidance for the implementation of First Homes in local areas. The business case goes on to explain the need for publishing an interim First Homes statement and explains the reasoning behind the inclusion of the different sections within this statement.

Background

On 24th May 2021, the Government published a Written Ministerial Statement and a Planning Practice Guide setting out details relating to the Government's new First Homes policy. The writing and proposed publication of this First Homes interim position statement is in response to the Government's new policy.

As an overview, the implication of the Government's new First Homes policy is that it requires that 25% of affordable housing through S106 contributions is delivered in the form of First Homes. First Homes are homes for first-time buyers which are discounted at least 30% from the market value price, for which there are nationally set criteria in terms of eligibility of potential buyers. Local authorities can also set additional eligibility criteria for their local area, which will be explored below. There are a small number of exemptions from the First Homes requirement which are explored in the last section of the Wokingham Borough Council First Homes interim position statement, in line with a consultation response issued by the Government on 1st April 2021.

As found in the PPG, (Paragraph: 020 Reference ID: 70-020-20210524), the related changes to Planning Policy came into effect on 28th June 2021 and any planning applications approved after 28th December 2021 need to take First Homes into consideration. There is an exception in the case where applications for full or outline planning permission have undergone significant pre-application engagement and are determined before 28th March 2022 – the new policy does not apply in such cases.

The transition period for plan making has now passed, meaning that any local plans and neighbourhood plans which were not submitted for examination by 28th December must now take account of the new First Homes requirements (PPG Paragraph: 018 Reference ID: 70-018-20210524). More information on timescales and transitional arrangements can be found in paragraphs 018 to 021 of the PPG.

As part of the PPG guidance, the Government encourages local planning authorities to both ensure that First Homes work well in their local area by introducing local requirements/a higher minimum discount, and to make the development requirements for First Homes clear for their area (Paragraph: 009 Reference ID: 70-009-20210524). One of the ways referred to of doing this is by publishing an interim policy statement.

Business Case (including Analysis of Issues)

Given this background, the reason this First Homes interim policy statement is proposed for publication is both to make the implications of First Homes in Wokingham Borough clear, as recommended by the Government, and to introduce local eligibility requirements which are also suggested in the PPG guidance.

Having explained the underlying need to publish an interim First Homes statement, this business case will now explore the content of the statement and reasons behind the eligibility requirements it introduces. All of the proposed content is in line with the published Government guidelines and recommendations.

The statement begins by introducing the background to the First Homes Policy and pointing out the existing policy basis for affordable housing provision in Wokingham Borough, which remains unchanged but will now take First Homes into account. It then details the timescales for the new policy (explored in the 'Background' section above)

and what constitutes a First Home, before stating that there are several national eligibility criteria for First Home buyers. All of this is taken directly from the PPG guidance.

Local eligibility requirements

As touched on in the 'Background' section, the PPG guidance details the local eligibility criteria that local planning authorities can apply in addition to national criteria (Paragraph: 008 Reference ID: 70-008-20210524). These may involve lower income caps, a local connection test or criteria based on employment status.

Accordingly, Wokingham Borough Council proposes to introduce key worker and local connection requirements in Wokingham Borough, as outlined in the interim statement. For First Homes, a key worker for Wokingham Borough Council is someone who provides an essential service to the local economy but must earn under the national First Homes eligibility income threshold (as detailed in the interim statement from the PPG), and the local connection criteria is someone who lives or works in Wokingham Borough. These local eligibility criteria will enable First Homes to operate in the borough in such a way that workers providing essential services will be helped to purchase homes in the area in which they work and/or live. This prioritisation of key workers is encouraged by the Government, and the local connection criteria detailed in the statement is the same as the stipulation in Wokingham Borough Council S106 nominations agreements for other affordable housing tenures.

In relation to the possibility of introducing a higher local percentage discount at 40% or 50% at the discretion of local authorities (PPG Paragraph: 004 Reference ID: 70-004-20210524), the Council is looking into commissioning an evidence base to investigate whether a higher discount in this way can be justified. If so, a further First Homes position statement will go through Executive at a later date, proposing a higher % discount to this effect. Correspondingly, the current proposed interim statement notes this later addition of a higher discount as a possibility going forwards.

Developer contributions and worked example

Another area which the proposed interim statement explores is that of developer contributions and the implications of the new policy on affordable housing contributions in Wokingham Borough. The section entitled "Developer contributions" first explores the PPG guidance as to a minimum of 25% of all affordable housing units secured through S106 needing to be First Homes. It then states the existing 70:30 Social Rent: Shared Ownership split in Wokingham, as stated in the Affordable Housing Viability Study.

The worked example which follows, therefore, is necessary to demonstrate the implication of the Government's policy on the affordable tenure mix for sites in Wokingham Borough which trigger S106 contributions. The PPG guide sets out exactly how this tenure mix should be worked out, which is reflected in the example given (Paragraph: 015 Reference ID: 70-015-20210524).

Exemptions from the First Homes requirement

The reason for inclusion of this final section is to explain that the new First Homes policy will not apply to all sites – the Government has previously indicated their intention to exempt certain sites from the First Homes requirement, hence an explanation in the Council’s policy statement to this effect. The proposed statement explains that the Government’s intention is stated as to exempt from First Homes the same sites as are currently exempt from the 10% affordable home ownership requirement (in paragraph 64 of the NPPF). This intention was indicated by the Government in a publication prior to the 24th May 2021 publications on First Homes, this being the Government’s consultation response issued on 1st April.

As a result, Wokingham Borough Council’s intention is stated as to exempt these sites from First Homes, but that this is subject to further guidance from central Government. The reason for inclusion of this section in the statement is that it is very relevant to developers and housing associations operating in the area, as they need to understand the extent to which First Homes are required to be implemented across all development sites, as this greatly impacts on them. Therefore, the latest Government position on this question is provided in this proposed interim statement for publication by the Council.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	N/A	N/A	
Next Financial Year (Year 2)	N/A	N/A	
Following Financial Year (Year 3)	N/A	N/A	

Other financial information relevant to the Recommendation/Decision

The purpose of this proposed interim statement is to explain the implications of government policy on Wokingham Borough and to introduce local eligibility criteria which will work best in the borough area, in accordance with published guidance. Therefore, this decision carries no financial implications itself – it seeks to set out and explain an obligatory change to policy. There will be financial implications at implementation stage as it will be down to the LA to administer and monitor, however for the purposes of the interim statement there are none.

Cross-Council Implications

The policy for which this decision seeks to publish guidance will primarily have an impact on Place Commissioning, who are overseeing the implementation of the new rules which have come into place, and Planning Policy, due to this new policy having implications for local and neighbourhood plans going forwards. It will require a further degree of liaison between developers and the Council going forwards, including the fact that prospective owners of new First Homes will need to submit an application form to the Council in order to proceed. However, as mentioned before, this impact on the Council is the result of the required implementation of First Homes in all local planning authorities – the IMD introduces relevant guidance for the national policy change, whilst adding local eligibility criteria recommended by the Government.

Public Sector Equality Duty

Similar to the financial implications reasoning above, a full equalities assessment is not required for this decision. This is because although a change to policy is taking place, this change is required of all local planning authorities and this IMD seeks only to publish guidance as to explain this change. MHCLG (now DLUHC) published an Equality Impact Assessment in September 2020 on the overall First Homes Scheme. The decision to introduce local eligibility criteria for First Homes in Wokingham is directly in line with Government recommendations and should not disproportionately impact any group with protected characteristics, as explored in the Initial Impact Assessment document. Due regard has been taken to ensure that the statement proposed for publication on the Wokingham Borough Council website is accessible for readers with disabilities.

SUMMARY OF CONSULTATION RESPONSES

Director – Resources and Assets	No comment received.
Monitoring Officer	No specific comments.
Leader of the Council	No comment received.

List of Background Papers

First Homes Interim Policy Statement – Enclosure 1
Initial Equality Impact Assessment – Enclosure 2

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