

Report to CABINET

Securing Affordable Housing Interim Planning Position Paper

Portfolio Holder: Councillor Roberts, Cabinet Member for Housing

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Reason for Decision

To adopt and publish the Securing Affordable Housing Interim Planning Position Paper.

Executive Summary

This Interim Planning Position Paper provides an update to Policy 10 on Affordable Housing of Oldham's Joint Core Strategy and Development Management Development Plan Document (Joint DPD). The paper sets out the council's position in relation to:

- the dwelling threshold to which Policy 10 applies.
- First Homes; and
- Vacant Building Credit.

The paper will be used when assessing planning applications and development proposals requiring affordable housing. It must be read alongside Policy 10 Affordable Housing of the Joint DPD, adopted by the council 9 November 2011.

Recommendations

To adopt the Securing Affordable Housing Interim Planning Position Paper. The Interim Planning Position Paper should be used as a material consideration when assessing relevant planning applications and development proposals.

Securing Affordable Housing Interim Planning Position Paper

1 Background

1.1 The Securing Affordable Housing Interim Planning Position Paper has been prepared to reflect recent changes to national planning guidance. The paper provides an interim position to Policy 10 of the joint Core Strategy and Development Management Development Plan Document, adopted in November 2011, until such a time as the approaches can be incorporated into the Local Plan review.

1.2 In terms of the recent changes to national planning guidance that need to be reflected through this Interim Planning Position Paper they are as follows:

- Paragraph 64 of the National Planning Policy Framework (NPPF) states that:
 - the provision of affordable housing should not be sought for residential developments that are not major developments (so development where 10 or more homes will be provided, or where the site has an area of 0.5ha or more).
 - to support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount (defined in footnote 30 as being equivalent to the existing gross floorspace of the existing buildings). This does not apply to vacant buildings which have been abandoned.
- On the 24 May 2021 a Ministerial Statement was published setting out the Government's plans for the delivery of First Homes requiring a minimum of 25% of all affordable housing homes secured through developer contributions to be First Homes - a national threshold which should be applied for England. These First Homes are for discounted market sale and:
 - 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;
 - on their 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).

1.3 The Ministerial Statement also sets out transitional arrangements for how First Homes should be translated into local plans and considered as part of the decision-making process. Where local plans do not benefit from transitional arrangements (such as where they are not at Submission or Publication stage) the local planning authority should make clear how existing policies should be interpreted in the light of First Homes requirements using the most appropriate tool available to them.

2 Current Position

2.1 In the main Policy 10 Affordable Housing of the Joint DPD remains appropriate and the Council will continue to apply Policy 10 when determining relevant planning applications for residential development. However, since adoption of the Joint DPD, national planning guidance has revised the threshold to which the policy should be applied and further

guidance is required on the application of First Homes and Vacant Building Credit. These changes are summarised in turn below.

Threshold for Securing Affordable Housing

- 2.2 Policy 10 of the Joint DPD as written applies to all residential development of 15 dwellings and above, however in line with paragraph 64 of NPPF the Council will seek the provision of affordable housing through Joint DPD Policy 10 only on major residential developments. That is those developments that are for 10 homes or more or where the site has an area of 0.5ha or more.
- 2.3 Evidence set out in the Council's Housing Strategy and Local Housing Need Assessment (LHNA) supports the need to continue to secure affordable housing. As such, the council considers it appropriate to continue to apply Joint DPD Policy 10 in securing the provision of affordable housing, except that the policy should now apply to developments of 10 homes or more, until such a time as the approach can be reviewed as part of the Local Plan review.

Delivering First Homes

- 2.4 In line with the arrangements set out in the Ministerial Statement section 5 of the Interim Planning Position Paper sets out the Council's approach to delivering First Homes whilst the Local Plan is under review.
- 2.5 Through the application of First Homes local authorities are encouraged to ensure that First Homes work well in their area. This may include requiring a higher minimum discount, introducing lower price or income caps and setting out a local connection test / key worker requirements. These factors have been considered through the preparation of the Interim Planning Position Paper and the approach taken on each is summarised below.
- 2.6 Minimum discount - Whilst a First Home must be sold at least 30% below the market value, the Ministerial Statement does offer some flexibility to require a higher minimum discount of either 40% or 50% if a need for this can be demonstrated. At present the approach in Oldham is for a property to be sold at 30% below the open market value. The appropriateness of applying a higher threshold, such as 40%, and its impact on the viability of development coming forward will be tested through the Local Plan review.
- 2.7 Sale Price / Income Cap – Whilst the initial sale of the First Home cannot be at a price greater than £250,000 after the discount has been applied local authorities do have the discretion to set lower price caps if the need can be demonstrated. In applying a 30% market discount to the median Oldham house price, a price cap of approximately £95,000 would be appropriate to ensure First Homes are aimed at households in affordable housing need. However, as set out in the Ministerial Statement, local price caps should be determined through the plan-making process. As such, it is not proposed to lower the national price cap at present. The Local Plan Review will consider an appropriate local price cap in line with available evidence.
- 2.8 First Homes Eligibility – The purchaser of a First Home must be a first-time buyer with a combined annual household income not exceeding £80,000 in the tax year immediately preceding the year of purchase. Local authorities are also able, and are encouraged, to prioritise key workers and introduce local connection criteria. The approach to First Homes set out in the Interim Planning Position Paper includes the application of a local connection test, based on the council's housing allocations policy, to ensure First Homes in Oldham contribute to local housing need across the borough and deliver affordable housing that addresses local needs. The criteria are as follows:
- The applicant has resided in the borough for 6 months out of the last 12 months or 3 years out of the last 5 years; or

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- The applicant's mother, father, adult sibling or adult child have resided in the borough for 5 years or more; or
 - The applicant is employed in the borough.

Vacant Building Credit

- 2.9 The introduction of Vacant Building Credit (VBC) is aimed at stimulating the development of vacant buildings on brownfield sites. It works through the deduction of a financial 'credit', equivalent to the existing gross floorspace of any relevant vacant buildings within the redline boundary of the application site brought back into lawful use or demolished for redevelopment, from the overall affordable housing contribution sought from relevant residential schemes.
- 2.10 In considering how the vacant building credit should apply to a particular development, local planning authorities should have regard to the intention of national policy. The Interim Planning Position Paper sets out the proposed criteria for applying VBC, defines what constitutes a vacant building and how an abandoned building would be identified (VBC is not applied to the latter) and how outline planning applications would be considered.
- 2.11 Using the Interim Planning Position Paper, the Council will determine on a case by case basis whether a building is vacant or abandoned and whether it is appropriate to apply VBC. Details regarding the type of information that may be required, as part of a VBC Statement, to inform the decision and support a relevant planning application are also included in the Interim Planning Position Paper.

3 Options/Alternatives

- 3.1 Option 1: To adopt and publish the Securing Affordable Housing Interim Position Paper. The Interim Planning Position Paper should be used as a material consideration in the assessment of relevant planning applications and development proposals.
- 3.2 Option 2: To not adopt and publish the Securing Affordable Housing Interim Planning Position Paper. Development Management will be unable to use the Interim Planning Paper in determining relevant planning applications and development proposals.

4 Preferred Option

- 4.1 To adopt the Securing Affordable Housing Interim Planning Position Paper. The Interim Planning Position Paper should be used as a material consideration in the assessment of relevant planning applications and development proposals.

5 Consultation

- 5.1 Consultation has taken place with colleagues in Housing Strategy and the Cabinet Member for Housing as part of developing the Interim Planning Position Paper.

6 Financial Implications

- 6.1 The administration costs associated with setting up the Interim Planning Position Paper are expected to be minimal (under £1k) and will be met from within the existing Planning Service revenue budget.
- 6.2 The potential application of the Vacant Building Credit may have an impact on the total amount of s106 monies that can be levied by the Council. However, the exact impact can only be measured as and when individual planning applications are brought forward. As a

result, any impacts will be monitored and reported through the Infrastructure and Funding Statement.

(James Postle)

7 **Legal Services Comments**

7.1 Interim Planning Papers provide further advice and guidance on applicable planning policy matters which may have arisen since the relevant statutory planning document was adopted by the Council. They are not part of the statutory Local Plan but they are a relevant material consideration in the determination of planning applications, albeit with limited weight. (A Evans)

8. **Co-operative Agenda**

8.1 This decision supports thriving communities as it seeks the delivery of affordable housing in a way that helps to meet local housing need and address affordable housing requirements.

9 **Human Resources Comments**

9.1 N/A

10 **Risk Assessments**

10.1 None provided

11 **IT Implications**

11.1 N/A

12 **Property Implications**

12.1 All property implications are as outlined in the main body of the report. (Bryn Cooke)

13 **Procurement Implications**

13.1 N/A

14 **Environmental and Health & Safety Implications**

14.1 N/A

15 **Equality, community cohesion and crime implications**

15.1 Not applicable. An Equalities Impact Assessment was undertaken on the adopted Local Plan (The Joint Core Strategy and Development Management Policies Development Plan Document), which this Interim Planning Position Paper helps to implement.

16 **Implications for Children and Young People**

16.1 This decision supports children and young people as it seeks the delivery of affordable housing in a way that helps to meet local housing need and address affordable housing requirements.

17 **Equality Impact Assessment Completed?**

17.1 No – not required. Completed as part of adopted Joint Core Strategy.

18 **Key Decision**

18.1 Yes

19 **Key Decision Reference**

19.1 HSG-14-21

20 **Background Papers**

20.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act :

File Ref :

Name of File : National Planning Policy Framework

Records held in <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Officer Name : Elizabeth Dryden-Stuart

Contact No :0161 770 1672

File Ref :

Name of File : First Homes Ministerial Statement

Records held in <https://www.gov.uk/guidance/first-homes>

Officer Name : Elizabeth Dryden-Stuart

Contact No :0161 770 1672

21 **Appendices**

21.1 Appendix 1 Securing Affordable Housing Interim Planning Position Paper