

WYRE LOCAL PLAN PARTIAL REVIEW (2011-2031) EXAMINATION

STATEMENT BY WYRE BOROUGH COUNCIL  
ON THE INSPECTOR'S MATTERS, ISSUES AND QUESTIONS

**MATTER 3**  
**Affordable Housing**

**1. *Are Policies HP3 and HP4 (as amended) positively prepared and consistent with national policy?***

1.1 Yes, they are.

1.2 First Homes Ministerial Statement<sup>1</sup> introduced a requirement for First Homes that meet the definition of 'affordable housing' for planning purposes, this came into effect from 28 June 2021. Whilst this terminology is not reflected in the latest NPPF 21, a new section in the PPG 'First Homes' has been introduced. This includes a definition of First Homes and sets out how it should be implemented for Plan and Decision making.

1.3 Paragraph 72 of the NPPF 21 introduces a new requirement to support entry-level exception sites, which are suitable for first time buyers or those looking to rent their first home. This provision was absent in the NPPF 12 when the WLP31 was examined (under the transitional arrangements). The PPG has been updated and reflects the more recent provision of First Homes exception sites. To ensure consistency, Policy HP4 is revised to refer to both 'entry-level' and 'First Homes' exception sites to ensure consistency with national policy and guidance.

1.4 The revisions are positively prepared; they provide an appropriate strategy to deliver at least 25% of all affordable housing units as First Homes and set out how First Homes / Entry-level exception sites can be delivered. This approach is in line with the limited scope of the partial update, which includes consideration of matters of conformity with the NPPF 21.

1.5 The council considers that the revised Policies HP3 and HP4, along with the retained original text is positively prepared and consistent with national policy.

**2. *Is there a need for further explanation within Policies HP3 and HP4 and/or the reasoned justification to indicate how the revised policies will be applied, taking into account the contents of PPG?***

2.1 No, there is not.

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<sup>1</sup> First Homes Written Ministerial Statement published 24 May 2021 [First Homes - GOV.UK](https://www.gov.uk/government/consultations/first-homes)  
([www.gov.uk](https://www.gov.uk))

## **First Homes**

- 2.2 The revisions to Policy HP3 and HP4 are proposed to take account of the introduction of First Homes which is included in the PPG to reflect the ministerial statement.
- 2.3 The PPG is clear that local planning authorities, where it has demonstrated the need through appropriate evidence, has the discretion to require a higher minimum discount below the open market that goes beyond the minimum discount of 30%; set a lower price cap; or apply local eligibility criteria.
- 2.4 The PPG<sup>2</sup> requires consideration of minimum open market discount to be considered *“As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes)”*.
- 2.5 The PPG<sup>3</sup> offers local authorities the discretion *“to set lower price caps if they can demonstrate a need for this. Any local price caps should be determined through the plan-making process with regard to local income levels, related to local house prices and mortgage requirements”*.
- 2.6 The PPG<sup>4</sup> allows local authorities to apply local eligibility criteria in addition to national criteria as part of the section 106 agreement. The PPG states *“this may involve lower income caps (if this can be justified with reference to local average first-time buyer incomes), a local connection test, or criteria based on employment status.....prioritise key workers for First Homes, and are encouraged to do so, especially if they have an identified local need for certain professions. The definition of a key worker should be determined locally.....Any locally set income caps should be considered with reference to mortgage requirements and loan-to-income ratios for appropriate homes for the area’s identified target market for First Homes”*.
- 2.7 The PPG<sup>5</sup> goes on to state that *“Local planning authorities are also encouraged to make the development requirements for First Homes clear for their area. The most appropriate method or tool to do this will depend on individual circumstances for each local planning authority. These might include (but may not be limited to): publication of an interim policy statement, or updating relevant local plan policies. Local planning authorities should assess their own circumstances when considering the most appropriate way to achieve this in their context”*.
- 2.8 The scope of the partial update is limited and set by Policy LPR1 in the WLP31. The partial update has also considered matters of conformity<sup>6</sup> arising from changed government policy to meet the test of soundness. The revised Policy

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<sup>2</sup> First Homes, Paragraph 004 Reference ID: 70-20210524

<sup>3</sup> First Homes, Paragraph 005 Reference ID: 70-005-20210524

<sup>4</sup> First Homes, Paragraph 008 Reference ID: 70-008-20210524

<sup>5</sup> First Homes, Paragraph 009 Reference ID: 70-009-20210524

<sup>6</sup> Conformity assessment included in chapter 7 and appendix 5 of the Implementation of Policy LPR1 Background Paper [November 2021] – EDPR02

HP3 and HP4 are proposed solely to ensure consistency with the NPPF, PPG and the First Homes Ministerial Statement.

2.9 It will be the role of the Full Review to undertake a housing need assessment to take into account the need for a range of housing types and tenure including various affordable housing tenures such as First Homes, the assessment will also consider the need to set a local price cap that considers local income levels related to local house prices and mortgage requirements. The nationally set criteria in the PPG will apply in relation to market discount and price cap until this has been considered through the preparation of a new evidence base for the Full Review process.

2.10 The Full Review is the appropriate method for considering First Homes.

#### **First Homes / Entry-Level Exception sites**

2.11 The revision to Policy HP4 is proposed to take account of the introduction of entry-level exception sites proposed in NPPF 2021, which was absent from the NPPF 2012 when the WLP31 was examined (under the transitional arrangements). To ensure conformity with the PPG, the revised Policy HP4 also includes reference to the more recent provision of First Home exception sites.

2.12 In relation to First Home exception sites, the PPG<sup>7</sup> states that local authorities *“are encouraged to set policies which specify their approach to determining the proportionality of First Homes exception site proposals, and the sorts of evidence that they might need in order to properly assess this”*.

2.13 The PPG<sup>8</sup> goes on to state that local authorities *“can set policies that specify in further detail the proportions of market housing would be considered acceptable, and under what circumstances”*.

2.14 It will be the role of the Full Review to undertake a housing need assessment to take into account the need for a range of housing types and tenure include various affordable housing tenures such as First Homes. A viability assessment will also be prepared to support the Full Review.

2.15 The Full Review is the appropriate method for considering First Homes/ entry-Level exception sites.

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<sup>7</sup> First Homes, Paragraph 026 Reference ID: 70-026-20210524

<sup>8</sup> First Homes, Paragraph 027 Reference ID: 70-027-20210524