



## Policy S22: Affordable Housing

# Affordable Housing- Annual Commuted Sums and First Homes Pricing Calculations Annual Update Statement

- 1.1. Policy S22 of the 2023 Central Lincolnshire Local Plan sets the maximum value of First Homes as at least 30% below the full market value. Policy S22 then allows for this price cap to be amended in line with inflation on 1 April each year, rounded to the nearest £1,000 in line with the percentage increase or decrease based on the ONS<sup>1</sup> East Midlands House Price Index data from the preceding September.
- 1.2. Appendix 3 of the Planning Obligations SPD similarly commits to revising the affordable housing commuted sum calculation annually based on the ONS East Midlands House Price Index from the preceding September which was published by ONS on 23<sup>rd</sup> November 2023.
- 1.3. Table 1 below sets out the [ONS East Midlands House Price Index data for the 12-month period to September 2023 \(published in November 2023\)](#).

*Table 1: ONS House Price Index to September 2023*

Region	12-month percentage change
North East	1.6
North West	0.6
West Midlands	0.5
East Midlands	0.4
Yorkshire and The Humber	0.0
London	-1.1
South East	-1.4
East	-1.4
South West	-1.6

- 1.4. This shows that there was a **0.4% increase for the East Midlands**.

<sup>1</sup> ONS= Office for National Statistics

## Affordable Housing Commuted Sum

- 1.5. In accordance with Appendix 3 of the SPD, the commuted sum values for Affordable Housing which will form the basis of negotiations have been recalculated using the ONS in the Table 2. These will come into effect **from 1<sup>st</sup> April 2024**.

*Table 2: Commuted sum for Affordable Housing*

	Value Zone A	Value Zone B	Value Zone C	Value Zone D
Average value 2 & 3 bed houses <sup>2</sup>	£265,884	£236,793	£211,744	£188,852
Commuted sum: 45% of OMV <sup>3</sup>	<b><u>£119,648</u></b>	<b><u>£106,558</u></b>	<b><u>£95,285</u></b>	<b><u>£84,984</u></b>

## First Homes Price Index

- 1.6. In line with Policy S22 of the Local Plan, when the 0.4% increase is applied to the £178,000 price cap for First Homes, the cap is increased by £1,000 (rounded up from £640 to the nearest thousand in line with Policy S22). Therefore, the new maximum value price for First Homes after the discount has been applied effective **from 1<sup>st</sup> April 2024 will be £179,000**.

- 1.7. Table 2 shows the value change each financial year since the local plan was adopted.

*Table 3: Annual changes and maximum value after discount of First Homes in Central Lincolnshire.*

Year	% change	Cost change (rounded)	Max. value after discount
2023-2024	11.3%	£18,080 (£18,000)	£178,000
2024-2025	0.4%	£640 (£1,000)	<b><u>£179,000</u></b>

- 1.8. Please note table 3 has been updated to correct an error where the percentage increase 2023-24 was omitted.
- 1.9. The next annual update statement will be published in January 2025. For the avoidance of doubt, when this update happens, the figures will be applicable from 1<sup>st</sup> April 2025- 31<sup>st</sup> March 2026.

<sup>2</sup> Note: These figures remain unchanged and are provided for consistency with the Planning Obligations SPD.

<sup>3</sup> Note: these figures are rounded to the nearest pound.