

South Staffordshire Council

First Homes: Interim Policy Statement March 2022

1. Introduction

- 1.1. On 24 May 2021, the Government published a [Written Ministerial Statement](#) (WMS) amending national planning policy to introduce a new affordable housing product, known as First Homes. The WMS set out key First Homes criteria and eligibility, as well as new requirements for their delivery through planning obligations, and confirmed these changes would take effect from 28 June 2021. The WMS was followed by substantial changes and additions to the Planning Practice Guidance (PPG), setting out requirements for developers and Councils in more detail.
- 1.2. This Interim Policy Statement sets out the Council's approach to First Homes in the district, and how the affordable housing policies in the adopted [Core Strategy 2012](#) will be implemented in light of the new national First Homes requirements. To this end, this statement is a material consideration in the determination of planning applications.

2. First Homes Criteria and Eligibility

- 2.1. A First Home is an affordable housing product (by planning definition), intended to assist first time buyers with their first step onto the housing ladder. The property is discounted by a minimum of 30% of its open market value, with a price cap of £250,000 after the discount has been applied.
- 2.2. In order to be eligible to purchase a First Home, the buyer must:
 - Meet the definition of first-time buyer as per paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers
 - Have a household income which does not exceed £80,000
 - Use a mortgage or home purchase plan for at least 50% of the discounted purchase value
- 2.3. Local authorities have the option to set local criteria and eligibility, including alternative discounts, price and income caps, and local connection and key worker criteria. The Council has not set any local criteria at this time and will explore the option to do so through the Local Plan Review process which is already underway.

3. Planning Policy

- 3.1. The revised PPG confirms that a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes. The same applies for financial contributions in lieu of onsite provision i.e. 25% of contributions must be used to secure First Homes.

- 3.2. The PPG further states that once a minimum of 25% of First Homes has been accounted for, social rent should be delivered in the same percentage as set out in the local plan. The remainder of the affordable housing tenures should be delivered in line with the proportions set out in the local plan policy.
- 3.3. The Council's affordable housing requirements are set out in the adopted Core Strategy 2012 at Policies H2 and H4. On sites where affordable housing is required in accordance with Policy H2, on greenfield sites, 40% of dwellings should be affordable and on previously developed land, 30% should be affordable. The affordable housing should then be split as follows:
- 50% social rent
 - 50% intermediate tenure (i.e. shared ownership)
- 3.4. In accordance with the PPG, the Council will now require all developments providing affordable housing to deliver the following tenure split:
- 25% First Homes
 - 50% social rent
 - 25% (the remaining units) intermediate tenure (i.e. shared ownership)

When calculating the number of dwellings to be provided as each tenure, the above priority order should be followed.

Example 1:

A proposed development of 96 homes on a greenfield site is required to make a 40% affordable housing contribution. This equates to 39 affordable homes (38.4 rounded up to 39). The tenure split of the affordable housing would be calculated as follows:

- 25% First Homes – 9.75 homes rounded up to 10
- 50% social rent – 19.5 homes rounded up to 20
- The remaining units as shared ownership – 9

Example 2:

A proposed development of 41 homes on previously developed land is required to make a 30% affordable housing contribution. This equates to 13 affordable homes (12.3 rounded up to 13). The tenure split of the affordable housing would be calculated as follows:

- 25% First Homes – 3.25 homes rounded up to 4
- 50% social rent – 6.5 homes rounded up to 7
- The remaining units as shared ownership – 2

- 3.5. As per the WMS, developments which are exempt from delivering 10% affordable home ownership products under paragraph 64 of the NPPF will also be exempt from the 25% First Homes requirement.
- 3.6. This revised policy approach applies to applications determined from 28 March 2022.

4. Securing First Homes requirements

- 4.1. The Council will require the developer to enter into a Section 106 agreement to secure the First Homes requirements, as is the case with other affordable housing tenures. The Section 106 agreement will set out the First Homes criteria and applicant eligibility, ensuring that legal restrictions are entered onto each First Home's title to secure the tenure in perpetuity. An appropriate Mortgagee Exclusion clause will also be included to protect lenders, as well as cascade provisions should the homes not be sold after six months of marketing.
- 4.2. The Government has published model Section 106 provisions for authorities to use in drafting agreements where First Homes are to be provided. The Council will use these model provisions as a starting point for updating the Section 106 template, and a revised template will be available in due course.

5. Further information

- 5.1. The delivery and sale of every First Home requires the Council to formally certify that the relevant criteria and eligibility have been met by the developer and purchaser. The Council will set out its requirements and procedure for seeking this certification in a separate guidance note.
- 5.2. Queries regarding First Homes should be directed to the Strategic Planning team via email: housingstrategy@sstaffs.gov.uk. Early engagement with the Council is recommended for new proposals and this can be carried out through the formal pre-application process.

