

OVERVIEW & SCRUTINY

DATE OF MEETING: 16 November 2021

TITLE OF REPORT: HART INTERIM PLANNING POLICY STATEMENT
ON FIRST HOMES

Report of: Head of Place/Community

Cabinet member: Cllr Graham Cockarill – Place
Cllr Stuart Bailey – Community

1 PURPOSE OF REPORT

- 1.1 This report reflects the introduction of First Homes as an affordable housing product by the Government in May 2021 and sets out a suggested approach to be applied in Hart district, through the introduction of an Interim Planning Policy Statement.

2 OFFICER RECOMMENDATION

- 2.1 Overview & Scrutiny Committee is recommended to:
- 2.2 1. Note the content of this report; and
- 2.3 2. Highlight any comments for Cabinet to consider when they receive a report on 2 December 2021.

3 BACKGROUND

- 3.1 On 24 May 2021, the Government published a [Written Ministerial Statement](#) to set out the Government's plans for the delivery of First Homes defining the product and changes to [planning policy](#). These changes came into effect from 28 June 2021.
- 3.2 First Homes are a specific kind of discounted market sale housing and fall under the 'affordable housing' definition for planning purposes. There is an existing requirement for all major developments to include provision for affordable housing.
- 3.3 Hart Local Plan (Strategy & Sites) 2032 adopted in April 2020, includes Policy H2 which sets out the Council's requirement for affordable housing on new development in the district. In summary this requires:
- On major developments (i.e., developments where 10 or more homes will be provided, or the site has an area of 0.5 hectares or more) the Council will require 40% of the new homes to be affordable housing
 - the tenure mix of the affordable housing will be 65% affordable housing for rent and 35% affordable home ownership

- 15% of the affordable units will be accessible and adaptable as defined by requirement M4(2) of the Building Regulations
- 3.4 The requirements of Policy H2 are based on extensive evidence gathered through the Local Plan process and subsequently found sound at examination prior to adoption of the Local Plan in 2020.
- 3.5 The Council has sought legal advice on the matter of First Homes, given its Local Plan was only adopted in 2020. That advice concludes that *‘the Council is not obliged to implement the First Homes Policy as a matter of law. However, it should be given considerable weight and applied unless the Council has a justifiable basis for departing from it. The Council would be at risk of its decision being overturned if it does not provide proper reasoning for taking a different stance to that set out in the First Homes Policy.’*
- 3.6 The Local Plan and Policy H2 is silent on First Homes and given the above legal opinion it is considered prudent in accordance with National Planning Guidance to prepare and publish an interim policy statement. The alternative would be to update the relevant local plan policies, this however would not be a quick process and given previous commitments to undertake an assessment to inform a local plan review it is considered at this time, a policy statement is sufficient to set out how the Council will apply the First Homes policy.
- 3.7 The interim planning policy statement (attached at Appendix A) therefore sets out how the Council will apply the requirement introduced through changes to national planning policy in relation to First Homes.

4.0 DETAILS

- 4.1 First Homes are discounted market sale units which:
- a) must be discounted by a minimum of 30% against the market value;
 - b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);
 - c) 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
 - d) after the discount has been applied, the first sale must not be at a price higher than £250,000 (outside Greater London).
- 4.2 To be eligible for a First Home Government guidance requires:
- First time buyers only - as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers;
 - Household combined gross annual income up to £80,000;
 - All purchasers must use a mortgage or home purchase scheme for at least 50% of the discounted purchase value.

- 4.3 In addition to the above the Council would also wish to introduce a local connection test, which is allowed for in government guidance. This is to ensure that the provision of First Homes responds to the housing needs of the district. The local connection test is set out in the policy statement and a detailed occupation plan is being prepared.
- 4.4 First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations (i.e., S106 agreements).
- 4.5 The following table illustrates how Policy H2 would be apportioned to include 25% of First Homes on varying sized developments:

Total Homes	40% affordable	25% First Homes	75%	
			35% affordable home ownership	65% affordable housing for rent
		Provided by the developer	Provided and managed by a registered provider	
10	4	1	1.05	1.95
20	8	2	2.1	3.9
30	12	3	3.15	5.85
40	16	4	4.2	7.8
50	20	5	5.25	9.75
75	30	7.5	7.88	14.63
100	40	10	10.50	19.5

- 4.6 The small number of dwellings and partial dwellings raises issues of implementation, in particular the potential interest of registered providers to take on the affordable home ownership/affordable rented element.
- 4.7 First Homes are a market product albeit discounted so would be provided by the developer through S106 agreements with detailed restrictions to ensure that the property remains as a First Home through subsequent sales. This element introduces a role for the Council in ensuring that any properties delivered as First Homes, remain such.
- 4.8 The interim policy statement acknowledges that parts of a dwelling may be either rounded up/down or converted to a financial contribution and encourages applicants to discuss schemes at the early stages of preparation with the Council to enable a workable outcome.
- 4.9 Government guidance allows for local authorities to adjust the percentage discount (30%) to require a higher minimum discount of either 40% or 50%, if they can demonstrate a need for this. At present the Council does not have the evidence to be able to support an adjustment of the 30% specified in guidance and has therefore commissioned further work on both affordability and viability. This work is anticipated to be completed by early

2022 and will then inform any subsequent reviews of the interim policy statement.

5.0 NEXT STEPS

- 5.1 Continue to collate evidence on affordability and viability in relation to the implementation of First Homes in Hart District.
- 5.2 Work with developers in preparing planning applications to achieve the best outcomes to meet local affordable housing needs.
- 5.3 Following consideration by Overview and Scrutiny on 16 November 2021, this matter will also be considered by Cabinet on 2 December 2021.
- 5.4 Once agreed, to publish the Interim Planning Policy Statement on First Homes on the Council's website.
- 5.5 Develop a First Homes Occupation Plan which will set out the eligibility criteria and Hart Council's processes for administering the delivery and sale of First Homes.

6.0 FINANCIAL IMPLICATIONS

- 6.1 The commissions to examine affordability and viability are being sourced from existing budgets. The Council's role in the administration processes involved with First Homes, are being explored, this will involve both the Housing Strategy and Development Team and legal services.

7.0 CLIMATE CHANGE IMPLICATIONS

- 7.1 There are no direct carbon/environmental impacts arising from the recommendations.

8.0 EQUALITIES IMPACT

- 8.1 An EqIA has been undertaken. This acknowledges that the introduction of First Homes will potentially reduce the other affordable housing products available and this could impact those on lower incomes, older people (non-first time buyers). Hence the need to encourage those proposing developments to engage with the Council in the early stages of scheme preparation to discuss their proposals.

Contact Details:

Daniel Hawes	Email: daniel.hawes@hart.gov.uk
Jenny Wood	Email: jenny.wood@hart.gov.uk
Nicola Harpham	Email: nicola.harpham@hart.gov.uk
Gemma Watts	Email: gemma.watts@hart.gov.uk

APPENDICES

Appendix A: First Homes – Interim Planning Policy Statement December 2021