

First Homes – Interim Planning Policy Statement December 2021



Introduction

1. This interim statement sets out key information relating to First Homes and how it will relate to the implementation of Policy H2 Affordable Housing in the Hart Local Plan (Strategy & Sites) 2032 adopted April 2020. (Policy H2 is set out in full at Appendix A).

Background

2. On 24th 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. The following provides details of the key elements of how First Homes are defined, eligibility criteria and how First Homes will be applied to development proposals within Hart District.

First Homes Criteria

4. First Homes are a specific kind of discounted market sale housing and fall under the 'affordable housing' definition for planning purposes as set out in the [National Planning Policy Framework](#). There is an existing requirement for all major developments (development of 10 or more dwellings or site area of 0.5 ha or more) to include provision for affordable housing.
5. Specifically, 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);

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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).

6. 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) on qualifying sites. First Homes however, are not required to be provided on:
 - Build to rent developments;
 - Specialist accommodation such as purpose-built accommodation for the elderly or students;
 - Custom or self-build homes;
 - Developments exclusively for affordable housing, entry-level exception sites (which will become First Homes Exception Sites) or rural exception sites.

First Homes Eligibility Criteria

7. 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.
8. For further details see <https://www.gov.uk/guidance/first-homes> and Planning Practice Guidance Paragraph: [001 Reference ID: 70-001-20210524](#)
9. In addition to the above, in Hart District Council we will apply a local connection test to ensure that the provision of First Homes responds to the housing needs of the district. A summary of the local connection criteria are set out below, further details including all processes for allocating and securing First Homes, including any exemptions to be applied, will be set out in the Council's First Homes Occupation Plan.
10. In order to meet the Local Connection eligibility criteria, at least one adult within the household must demonstrate that they meet one of the following criteria:

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- Currently residing in or have previously resided within Hart district within the last 5 years;
 - Employed and working within Hart district;
 - Have a close family connection to Hart district, whereby a close family member currently lives within Hart district (family member to include - parents, grandparents, siblings and children);
 - A local connection can be demonstrated and evidenced through special circumstances, such as to meet caring responsibilities. Relevant applications will be assessed on a case by case basis and determined at the discretion of Hart District Council's Communities Team.
11. The new First Homes policy requirement does not apply to the following:
- sites with full or outline planning permissions already in place or determined (or where a right to appeal against non-determination has arisen) before 28 December 2021;
 - applications for full or outline planning permission where there has been significant pre-application engagement which are determined before 28 March 2022.
12. At present there is no indication that developers with live planning applications in the district are showing an interest to amend their proposals to include First Homes. However, Government Guidance states that - if an applicant wishes to amend a planning application to include First Homes which is already submitted and likely to be granted before these dates (28 December 2021 and 28 March 2022), the local planning authority should be flexible in accepting First Homes as an alternative type of tenure. Planning Practice Guidance Paragraph: 020 Reference [ID: 70-020-20210524](#), in this instance applicants and their agents are encouraged to get in touch with us.
13. Furthermore, the policy does not apply to applications made under section 73 of the Town and Country Planning Act 1990 to amend or vary an existing planning permission unless the amendment or variation in question relates to the proposed quantity or tenure mix of affordable housing for that development.

Setting developer contributions for First Homes

14. In accordance with paragraph 63 of the [National Planning Policy Framework](#), affordable housing is expected to be delivered on-site unless off-site provision or an appropriate financial contribution in lieu can be robustly justified, and the agreed approach contributes to the objective of creating mixed and balanced communities.

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15. It is expected that First Homes (and the mechanism securing the discount in perpetuity) will be secured through section 106 planning obligations.
16. Planning Practice Guidance [Paragraph: 012 Reference ID: 70-012-20210524](#) requires:
 - On-site - a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes;
 - For financial contributions for affordable housing instead of on-site units, a minimum of 25% of the financial contribution should be used to secure First Homes;
 - Where a mix of cash contributions and on-site units are secured, 25% of the overall value of affordable housing contributions should be applied to First Homes. This will be set out in the Council's First Homes Contribution Policy currently being prepared, in the meantime contact the Strategy and Development Team, details are at the end of this document.

Application of the First Homes policy in Hart district

17. The introduction of First Homes means that a minimum of 25% of all affordable housing units on a site should be First Homes, the question is how this is applied given the requirements for 40% of new homes to be affordable housing and of that of the 40%, 65% to be affordable housing for rent and 35% for affordable home ownership in accordance with the requirements of Policy H2 (see Appendix A).

Without first homes the application of Policy H2 would generate:

Total Homes	40% affordable	35% affordable home ownership	65% affordable housing for rent
10	4	1.4	2.6
20	8	2.8	5.2
30	12	4.2	7.8
40	16	5.6	10.4
50	20	7	13
75	30	10.5	19.5
100	40	14	26

18. The Council has commissioned more detailed evidence on affordability and viability, but in the meantime it is proposed that we will apply First Homes on the basis of taking the first home proportion first (25%) and then splitting the remainder of the affordable dwellings (75%) as per the adopted local plan policy so 65% affordable rent and then 35% affordable home ownership.

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With First Homes the application of Policy H2 would generate:

Total Homes	40% affordable	25% First Homes	75%	
			35% affordable home ownership	65% affordable housing for rent
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

19. As the above table demonstrates, application of these proportions on smaller sites, generates small numbers of units (whole and partial). The Council recognises the challenges of providing a small number of dwellings, particularly given the split over three affordable typologies and therefore recommends that applicants considering making planning applications to get in touch with members of the Housing Strategy and Development Team in the early stages of scheme preparation to discuss their proposals. Furthermore, where the % proportion of affordable housing results in a partial dwelling this will be rounded up or down to create whole unit or converted to a financial contribution. The Strategy and Development Team will also be able to advise on the other elements of Policy H2 which require 15% of the affordable units to be accessible and adaptable as defined by requirement M4(2) of the Building Regulations and for the provision of a wheelchair user dwelling when evidence by local need. Contact details are set out at the end of this document.
20. The Council updated its [Affordable Housing Informal Guidance](#) in July 2021, to include reference to First Homes exception sites.
21. First Homes are a discount market sale product which means that they are reduced from market value by at least 30%. Government guidance allows for local authorities to amend the 30% discount requirement based on local evidence of need. At present that information is not available for Hart District and accordingly the Council will apply the 30% discount until such time when there is robust evidence to support an alternative approach.
22. In addition, Government Guidance refers to Neighbourhood Plans having a role with First Homes, the Council would however, encourage any Neighbourhood Plan Groups to talk to the Planning Policy Team in the first instance to explore its options in relation to First Homes.

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Review

23. It is therefore the intention that this Interim Planning Policy Statement will be reviewed in due course. Currently, the Council has commissioned further viability and affordability research to determine how it could apply First Homes in the most appropriate manner to enable the best outcomes for those in affordable housing need in the district. It is anticipated that this work will be completed in early 2022 and this statement will be updated accordingly at that time if deemed necessary. This will also allow for any further Government Guidance or ministerial statements and emerging best practice to be taken into consideration.

Contact Details

Housing Strategy & Development Team:
Tel: 01252 774078 or 01252 774110
Email: housing@hart.gov.uk

Planning Policy Team:
Tel: 01252 774118
Email: planningpolicy@hart.gov.uk

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Hart Local Plan 2020 Policy H2 Provision of Affordable Housing

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, to be provided in accordance with the following criteria:

- a) the affordable housing will be provided on site, and interspersed and distributed throughout the development mixed with the market housing;**
- b) the affordable housing will be of a size and type which meets the requirements of those in housing need;**
- c) the tenure mix of the affordable housing will be 65% affordable housing for rent and 35% affordable home ownership unless superseded by the most up to date evidence concerning local housing need;**
- d) 15% of the affordable units will be accessible and adaptable as defined by requirement M4(2) of the Building Regulations⁶;**

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- e) where evidenced by local need, one or more of the affordable dwellings will be built as wheelchair user dwellings to meet, or exceed where justified, the requirements of Building Regulations⁷ M4(3);
- f) in cases where the 40% calculation provides a part dwelling a financial contribution will be sought equivalent to that part dwelling;
- g) the affordable housing for rent should be used solely for that purpose and remain at an affordable price for future eligible households, or the subsidy should be recycled for alternative affordable housing provision.

Where it is robustly justified and it is clearly demonstrated that the provision of affordable housing on site is impractical, the Council may accept off-site provision, or a financial contribution of equivalent value in lieu of on-site provision.

Only when fully justified, will the Council grant planning permission for schemes that fail to provide 40% affordable housing, or fail criteria a) to g) above. Any such proposals must be supported by evidence in the form of an open book viability assessment, demonstrating why the target cannot be met. In such cases the Council will commission an independent expert review of the viability assessment, for which the applicant will bear the cost. The Council will then negotiate with the applicant to secure the optimum quantity and mix of affordable housing that is viable and meets the identified housing need.

Developments which appear to artificially restrict the site area, or level of development proposed in order to avoid the provision of affordable housing will be refused.