

Planning Technical Advice Note

# First Homes



**First Homes is a Government initiative that aims to provide a new model of affordable housing based on home ownership, with at least a 30% discount on open market value. On 24 May 2021, the Government published new Planning Practice Guidance and a Written Ministerial Statement setting out how it expects First Homes to be delivered.**

The Government's Guidance on First Homes can be viewed [here](#) and the written ministerial statement [here](#)

- 1.1 The Planning Practice Guidance sets out the main requirements for First Homes:
  - They must be discounted by at least 30% against open market value (although higher discounts of 40% or 50% can be applied through Local Plans or Neighbourhood Plans where supported by evidence);
  - Prices are to be capped at no more than £250,000 (excluding Greater London) after the discount (although lower price caps can be applied through Local Plans or Neighbourhood Plans where supported by evidence);
  - First and subsequent sales must be to households meeting national eligibility criteria, with optional local criteria (e.g. local connection or occupation criteria); and
  - The discount is to be secured through a restriction on the title with the Land Registry. Provision of First Homes will be secured through Section 106 agreements, with the Government expected to publish model wording for this in due course.
  - A Mortgagee Exclusion Clause is set out to protect lenders to encourage competitive lending against First Homes.
  
- 1.2 In policy terms, the Government expects a **minimum of 25% of all affordable housing through developer contributions to be First Homes**. This is to be delivered on-site unless off-site provision or financial contributions can be robustly justified. New Local Plans should contain policies to secure First Homes, but in the meantime Local Authorities are advised to produce guidance notes to advise planners and developers.
  
- 1.3 For planning applications, First Homes requirements do not apply where:
  - [full or outline permission is granted before 28 December 2021,](#)
  - there has been “significant pre-application engagement” on affordable housing matters and permission is granted before 28 March 2022

## How this will work in East Staffordshire Borough Council

- 1.4 Strategic Policy 17, Affordable Housing in the Local Plan 2012 to 2031, and the Revised Housing Choice Supplementary Planning Document 2019, should be read alongside Planning Practice Guidance.
- 1.5 From 28 December 2021, (or 28 March 2022 if there has been significant pre-application engagement on affordable housing matters)
- 1.6 **A site-specific housing needs survey, undertaken at the expense of the applicant, is required for any application submitted which includes affordable housing.** If a housing needs survey has already been undertaken for a nearby site, this may be acceptable for the site in question if it is sufficiently recent i.e., undertaken within the previous 3-year period and geographically accurate - covering exactly the same neighbourhood or community as the site where permission is being applied for.
- 1.7 **The housing needs survey should address the requirement that the first 25% of all affordable housing on a development is to be delivered in the form of First Homes.**
- 1.8 **The remaining tenure mix will then be decided on a case-by-case basis, taking into account local need. Specifications for the commissioning of housing needs surveys should seek to identify an indicative mix for the remaining tenures.**
- 1.9 Paragraph 65 of the NPPF (2021) requires 10% of all dwellings on qualifying sites to be affordable home ownership and First Homes count towards this 10% provision. In some instances, 25% of the affordable dwellings as First Homes will not achieve this benchmark. This may leave a balance of affordable home ownership that should be met through other tenures such as shared ownership. Exceptions apply to Paragraph 65 of the NPPF and this section should be read carefully before decisions are taken in regard to it.
- 1.10 Prior to December 2021 applicants can submit or revise schemes to include First Homes at planning application stage, however this might mean that a planning performance agreement will need to be entered into. This is to ensure that the procedures are in place to enable the new affordable product to be successfully implemented in a local context
- 1.11 Provision is made in Planning Practice Guidance for First Homes Exception Sites to come forward in areas that are not Designated Rural Areas or Green Belt land. First Homes Exception Sites must be proportionate to the scale of the settlement, with further commentary on this in Planning Practice Guidance. There is scope for a small element of open market housing to come forward as a minor part of the housing mix where necessary for

viability, and for other forms of affordable housing for which a need can be demonstrated as part of these sites.

- 1.12 First Homes Exception sites should follow the general principles for Entry Level Exception sites in the Revised Housing Choice Supplementary Planning Document, except where the PPG specifically sets out different requirements.

### Rural Areas

- 1.13 The PPG advises that First Homes Exception sites are not appropriate in Designated Rural Areas due to the particular challenges that rural areas face. Therefore, in these areas, only Rural Exception sites can come forward.

- 1.14 For East Staffordshire this means that **first homes exception sites will only be considered in the following locations not covered by a Designated Rural Area or Green Belt designation:**

- Burton on Trent parishes (not including Branston)
- Stretton
- Outwoods,
- Rolleston on Dove
- Tutbury
- Uttoxeter
- The small area of the village core of Barton Under Needwood not covered by the Designated Rural Area Designation

### Principles for First Homes in East Staffordshire

- 1.15 We will be reviewing the housing mix and type of homes built under this scheme to ensure that they are meeting local needs, however at introduction:

- First homes will be at 30% market discount, with a maximum sale price of £250,000
- First homes will be sold initially to those who meet a local connection test, before being offered to the rest of the market (who meet the national qualification requirements) at a discounted rate, and only then will releasing the product from First Homes status be considered.
- Detailed S106 agreements will be drawn up with First Homes developers, these will include, but not be limited to: creating a mechanism by which a developer or First Home owner may sell a First Home on the open market and remove the title restriction, as long as certain conditions are met. Such provision will include a requirement that the seller (either the developer or a future First Home owner) compensates the authority for the loss of the affordable housing unit

- There will be a requirement within the S106 agreement, that the home is marketed for at least 6 months in total, and that all reasonable steps have been taken to sell the property (including, where appropriate, reducing the asking price) before considering removing First Home status. **This marketing will not be counted valid unless the six months begins after the house is complete, services connected and it is in a state allowing immediate occupation.**
- If there is any indication that either the marketing or other elements of offering the property for sale disincentivises purchase as a first homes product, then the marketing evidence will not be considered valid.
- Because First homes are a complex product, it is advised that advice is sought as soon as possible from the authority before including them in a development scheme, especially before December 2021.