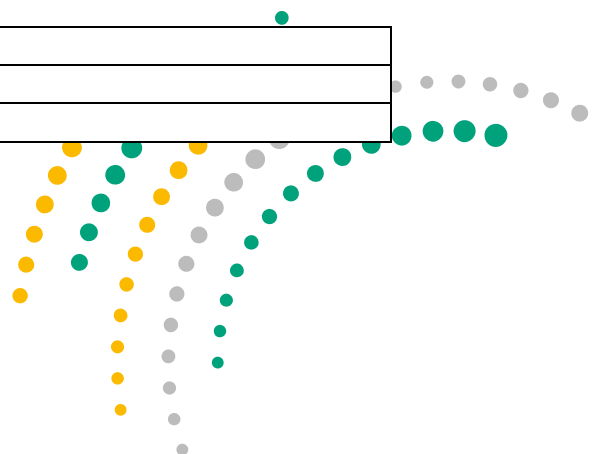


Appendix A.

First Homes Informal Planning Guidance

Version & Policy Number	Version 0.9
Guardian	Roger Ranson, Planning Policy and Housing Manager, 01572 722 577
Date Produced	27 April 2022
Next Review Date	28 April 2022

Approved by Scrutiny	
Approved by Cabinet	
Approved by Full Council	



Summary of document

This informal policy guidance sets out key information relating to First Homes and how they will relate to the implementation of Policies CS11 of the Core Strategy Development Plan Document and Policies SP9 and SP10 of the Site Allocations and Policies DPD.

Contents

		<i>Page</i>
1.0	Background	4
2.0	First Homes Criteria	4
2.1	First Homes Eligibility Criteria	5
2.2	Setting developer contributions for First Homes	7

1.0 BACKGROUND

- 1.1 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.
- 1.2 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 Rutland.

2.0 FIRST HOMES CRITERIA

- 2.1 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 major developments of 11 or more dwellings to include provision for 30% affordable housing on-site.
- 2.2 First Homes are not a required part of affordable housing in Oakham and Barleythorpe under the transitional arrangements in the national Planning Practice Guidance. This is due to the date of submission of the draft Oakham and Barleythorpe Neighbourhood Plan.
- 2.3 Specifically, First Homes are discounted market sale units which:
 - 2.3.1 must be discounted by a minimum of 30% against the market value
 - 2.3.2 are sold to a person or persons meeting the First Homes eligibility criteria (see below)
 - 2.3.3 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
 - 2.3.4 after the discount has been applied, the first sale must not be at a price higher than £250,000. The Council is not able to alter this unless it is through the plan-making process. However, "The national price caps should not be used as justification for delivering more expensive properties than are necessary or required in any area". (See Paragraph: 005 Reference ID: 70-005-20210524 of the national Planning Practice Guidance.)

- 2.4 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) 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
 - 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.
- 2.5 The First Homes policy requirement also 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
 - 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.

First Homes Eligibility Criteria

- 2.6 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)
 - purchasers' combined gross annual income up to £80,000 (a lower level of £60,000 will be used for the first three months of marketing)
 - all purchasers must use a mortgage or home purchase scheme for at least 50% of the discounted purchase value.
- 2.7 For further details see <https://www.gov.uk/guidance/first-homes> and Planning Practice Guidance Paragraph: 001 Reference ID: 70-001-20210524
- 2.8 Rutland County Council will apply a local connection test to ensure that the provision of First Homes responds to the housing needs of Rutland.

This will apply for the first three months of marketing. Purchasers would have to meet either the key worker or the local connection requirement.

2.9 The Council will use similar local connection criteria for First Homes to those used for the self-build and custom housebuilding register, which are a simplified version of those used for the Council's housing register. The First Homes local connection requirements for applicants are:

2.9.1 they have lived and/or to have been in paid employment in Rutland for the preceding year, or for a total of three years out of the preceding five years OR

2.9.2 they have an immediate family member who has lived in Rutland for the past three years. (Immediate family means a parent, child or sibling. Step and half relatives count as full relatives.) OR

2.9.3 they (or another household member, to include cases of bereavement but not lodgers) are in the service of the regular or reserve armed forces of the Crown or where their application was made within five years of discharge.

2.9.4 In recognition of the unique circumstances of the Armed Forces, local connection criteria should be disapplied for all active members of the Armed Forces, divorced/separated spouses or civil partners of current members of the Armed Forces, spouses or civil partners of a deceased member of the armed forces (if their death was wholly or partly caused by their service) and veterans within 5 years of leaving the armed forces. (PPG paragraph: 008 Reference ID: 70-008-20210524.)

2.9.5 In addition, following a local Equalities Impact Assessment Screening, it has also been decided to exempt close family members of an Armed Forces Member - or of a veteran who left service less than five years previously - who were normally resident with them within the last five years. This includes former partners.

2.9.6 'Paid employment' is defined as having been in paid employment (not necessarily permanent) in Rutland for the relevant period, for at least 16 hours per week on average, with a common-sense approach taken regarding brief periods of unemployment.

2.9.7 During the first three months of marketing, as an alternative to the Local Connection Criteria, Key Worker criteria will also be applied (which at least one of a dwelling's purchasers must meet). This

is encouraged by the national Planning Practice Guidance. The criteria are:

- staff working in social care, childcare, education and health sectors
- staff employed by local government, including controlled companies
- staff employed by health bodies
- staff working in social housing, environmental health, waste and highways sectors
- utilities, construction and skilled maintenance workers
- staff working in the criminal justice sector
- Fire and Rescue workers
- rail workers and passenger transport staff
- food, fuel and medical distribution drivers
- Post Office staff and parcel company drivers
- agricultural workers.

Setting developer contributions for First Homes

2.10 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.

2.11 It is expected that First Homes (and the mechanism securing the discount in perpetuity) will be secured through section 106 planning obligations and an associated restriction at the Land Registry. The Council will normally utilise the national templates for these provisions.

2.12 The Council:

- requires 30% affordable housing on sites of 11 or more dwellings (Cabinet report number 119/2016, 21 June 2016)
- normally requires two-thirds of this to be social rented or affordable rented housing, in line with its Viability Update 2020
- normally requires one-third of affordable housing to be affordable home ownership (this is 10% of all housing on site to be affordable home ownership in line with NPPF para. 65, which also contains a number of exemptions)
- normally requires 25% of the affordable properties to be First Homes (this would come out of the affordable home ownership total).

- 2.13 Additionally, in every parish except Oakham and Uppingham developments of between 6 and 10 dwellings inclusive must pay a commuted sum for affordable housing to be provided off-site. Where First Homes is a requirement, 25% of the commuted sum should be spent on First Homes – this cannot normally be spent on meeting the minimum affordable housing requirement for a site. This could be achieved, for example, by acquiring additional First Homes from market development, paying the developer a sum to offset the discount from market price, and securing the tenure through section 106 planning obligations.
- 2.14 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 to either 40% or 50% on a district-wide basis, based on local evidence of need. Neighbourhood Plans are also able to set local levels of 40% or 50% discount. The Council's view is that First Homes should find a market at a 30% discount and that a greater discount may jeopardise the delivery of affordable housing for rent.

A large print version of this document is available on request



Rutland County Council
Catmose, Oakham, Rutland LE15 6HP

01572 722 577
enquiries@rutland.gov.uk
www.rutland.gov.uk