

## **First Homes Interim Policy Statement (December 2021)**

### **Introduction**

1. This statement has been produced by Basingstoke and Deane Borough Council to provide guidance on how First Homes should be delivered prior to the adoption of the Local Plan Update.
2. The council supports the delivery of First Homes as part of a range of low cost home ownership products that can help residents get onto the housing ladder.
3. This guidance is based upon:
  - [Written Ministerial Statement](#) dated 24 May 2021; and
  - [Planning Practice Guidance](#), 'First Homes' (published 24 May 2021)

### **What are First Homes?**

First Homes is a new tenure of discounted market sale affordable housing. First Homes in Basingstoke and Deane must be:

- Discounted by at least of 30% against market value on the first sale, with the same level of discount retained for subsequent sales; and
- Sold to first time buyers (subject to meeting the eligibility criteria set out in this note) and be their sole or primary residence; and
- Be sold at a price no higher than £250,000 after the discount has been applied (first sale only).

First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable units secured through developer contributions.

First Homes will be included as part of the affordable housing requirement on any planning permissions determined on or after 28 December 2021. As an exception to this, First Homes will not be required until 28 March 2022 on schemes where there has been significant pre-application engagement. The council will consider whether there has been significant pre-application engagement on a case-by-case basis taking into account the scale and complexity of the proposal and the extent of discussions about affordable housing.

The council will support applications that come forward with First Homes prior to these dates.

## How do First Homes affect the affordable housing requirements in the Local Plan?

4. Adopted Local Plan Policy CN1 requires 40% affordable housing on all qualifying sites with a tenure split of 70% rented and 30% intermediate products.
5. The requirement for First Homes set out in the Planning Practice Guidance (PPG) is a significant material consideration that should be taken into account in the determination of planning applications. This states that First Homes must comprise at least 25% of the affordable housing on market-led sites<sup>1</sup>.
6. The guidance also advises how the requirement for First Homes should change the affordable housing mix if it is being integrated into an existing Local Plan. This states:

‘Once a minimum of 25% of First Homes have 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 should be delivered in line with the proportions set out in the local plan policy’ (ID 70-015-20210524).

7. The following example shows how this would work on a notional scheme that included 100 affordable units:

Example: Based on a site of 100 affordable housing units where ALP Policy CN1 requires 70% rent 30% intermediate products

First Homes = 25% of the total AH	= 25 units
Rented units @ 70% of the remaining AH	= 53 units
Intermediate units @ 30% of the remaining AH	= 22 units

8. However, the PPG also states:

‘A policy compliant planning application should seek to capture the same amount of value as would be captured under the local authority’s up-to-date published policy’ (ID 70-014-20210524)

9. The PPG states that once the total value of the local plan policy and the policy with First Homes have been compared, ‘this value can then be reallocated to a different affordable housing mix under the new policy’ (ID 70-014-20210524).
10. The council recognises that First Homes discounted by 30% will, in most cases, be a cheaper product for developers to deliver than rented units. As

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<sup>1</sup> Some exemptions apply, including developments that provide solely for Build to Rent homes, 100% affordable housing schemes, rural exception sites, developments that provide specialist accommodation for a group with specific needs such as the elderly, and self-build developments.

First Homes are being required in lieu of rented units, the council has an expectation that the rented units will be provided for social rent. Any deviation from this position should be fully justified in planning applications.

11. The council will therefore require affordable housing to be delivered in accordance with the following mix:

- 25% First Homes
- 53% Social rent
- 22% Shared ownership / Other intermediate products.

12. This mix meets the requirement of NPPF paragraph 65 that at least 10% of the overall number of homes should be affordable home ownership products on major sites.

### **Size mix of First Homes**

13. The council's Housing Market Assessment (2020) identifies that the borough-wide demand for First Homes will be: 29% 1 bedroom properties; 42% 2 bedroom properties, and 29% 3 bedroom+ properties. The council is establishing a Low Cost Home Ownership Register that will provide more detailed information on the size mix demanded in the future.

14. In order to maintain the value gap required to provide social rented housing, larger units (3 bedrooms+) should be provided as part of the requirement for other intermediate products rather than First Homes. Whilst development should respond to local needs and provide a mix of sizes of First Homes, the mix should include a particular emphasis upon a mix of 2-bedroom houses and flats.

### **On-site delivery**

15. As required by Local Plan Policy CN1 and NPPF para 62, off-site provision of affordable housing will only be permitted in exceptional circumstances. Where financial contributions are secured instead of on-site units, a minimum of 25% of these contributions will be used to secure First Homes.

### **Eligibility requirements**

16. National policy sets certain requirements about who can purchase First Homes, however there are some criteria that the council can set. These are set out below:

<b>Requirement</b>	<b>Explanation</b>
First-time buyers	Purchasers of First Homes must be a first-time buyer and it must be their sole or primary residence.

Mortgage purchase plan	Purchasers of First Homes must have a mortgage or home purchase plan to fund at least 50% of the discounted purchase price.
Maximum annual income	Purchasers of First Homes must not have a household income exceeding £80,000 per year.
<p>Local connection.</p> <p>This restricts who can purchase a First Home for the first three months that a property is entered into the market by the developer. After this time, it is available for anyone to purchase.</p>	<p>To have a local connection under the First Homes scheme in BDBC a purchaser must meet at least one of the following<sup>2</sup>:</p> <ul style="list-style-type: none"> <li>• Normal residence in the borough for the previous 12 months before their expression of interest in the scheme, or for a total period of 3 out of the previous 5 years before their expression of interest;</li> <li>• Employment for 16+ hours a week on a permanent contract within the borough for the previous 6 months before their expression of interest in the scheme;</li> <li>• Close family associations within the borough and a requirement to move to the borough to offer or receive care and/or support.</li> </ul> <p>For First Homes delivered in parishes (other than those delivered on strategic Local Plan allocations), for the first 6 weeks priority will be given to those who have a local connection to that particular parish or an adjoining parish. This assessment will be based on the same local connection criteria listed above but applied at a local level.</p>
<p>Keyworker priority</p> <p>This restricts who can purchase a First Home for the first three months that a property is entered into the market by the developer. After this time, it is available for anyone to purchase.</p>	<p>Keyworkers will not have to adhere to the 6 month time period as mentioned within the local connection employment criteria. 'Keyworkers' are defined as the following for the purposes of the First Homes scheme:</p> <ul style="list-style-type: none"> <li>• Those working in health and social care including health and life sciences;</li> <li>• Those working in education and childcare;</li> <li>• Those working in key public services;</li> </ul>

<sup>2</sup> Local connection criteria are disapplied to members of the armed forces, spouses and veterans as detailed in PPG para 70-008-20210524.

	<ul style="list-style-type: none"> <li>• Those working in local and national government;</li> <li>• Those working in the foods and necessary goods industry;</li> <li>• Those working in public safety and national security;</li> <li>• Those working in transport and border control;</li> <li>• Those working in utilities, communication and financial services;</li> <li>• Any other occupation not in the categories above which provides an essential service to the Basingstoke and Deane Borough or wider society, to be demonstrated by the prospective purchaser and determined by the council.</li> </ul>
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## Securing First Homes

17. The landowner will need to enter into a Section 106 obligation with the council. This will include:

- Limiting who can purchase First Homes to comply with the definition set out in national guidance.
- Ensuring First Homes are priced fairly (with a valuation from a RICS surveyor) and remain First Homes for perpetuity with the same level of discount passed on to future purchasers;
- Setting out requirements relating to the marketing of First Homes for first and subsequent sales to ensure they are marketed in an appropriate manner and for suitable timescales;
- Ensuring that a legal restriction is registered onto a First Home's title on its first sale; and
- Setting out requirements to ensure the council can recover the value of the affordable housing in the event of a mortgagee enforcing their security against a property, or a First Home not being sold after it has been marketed for six months.