

Title of Report	FIRST HOMES INTERIM POSITION STATEMENT	
Presented by	Councillor Keith Merrie Planning and Infrastructure Portfolio Holder keith.merrie@nwleicestershire.gov.uk PH Briefed <input checked="" type="checkbox"/>	
Background Papers	Written Ministerial Statement of 24 May 2021 First Homes Planning Practice Guidance National Planning Policy Framework Affordable Housing Supplementary Planning Document (2021) Cabinet Report 20 September 2022	Public Report: Yes Key Decision: Yes
	Financial Implications The implementation of the interim policy will be resourced from existing staffing and will form part of existing workloads. The Government recognises that the mandatory provision and administration of First Homes may have resource implications for local authorities and is monitoring the impact. Local authorities may, in the future, be able to make a charge for the administration work associated with the First Homes tenure. Signed off by the Section 151 Officer: Yes	
Legal Implications	The establishment of local connection test is a locally set requirement. The publication on an interim position statement will ensure the Council meets its statutory obligations with regard to the provision of new affordable housing across the district. Signed off by the Deputy Monitoring Officer: Yes	
	Staffing and Corporate Implications There are no direct staffing implications. Signed off by the Head of Paid Service: Yes	
Purpose of Report	To report the outcomes of the consultation on the draft First Homes Interim Position Statement and to request that the statement be approved.	
Reason for Decision	The agreement of an Interim Position Statement is a Cabinet	

	responsibility
Recommendations	THAT CABINET (i) APPROVES THE FIRST HOMES INTERIM POSITION STATEMENT IN APPENDIX A. (ii) DELEGATES AUTHORITY TO THE HEAD OF PLANNING AND INFRASTRUCTURE, THE HEAD OF HOUSING AND THE HEAD OF LEGAL AND COMMERCIAL SERVICES TO ADMINISTER THE FIRST HOMES SCHEME.

1.0 BACKGROUND

1.1 First Homes are a form of affordable housing introduced by the Government whereby first-time buyers can purchase a new build property at a discount of 30% off the market value provided the house price, with the discount, is below £250,000. The percentage discount applies each time the property is sold i.e., in perpetuity. A First Home purchaser must meet the following, nationally set criteria:

- They are a first-time buyer. In the case of joint purchasers, both must be first-time buyers.
- The purchasers' gross household income must not be greater than £80,000 per annum.

Also

- The First Home must be the purchasers' only home.
- At least 50% of the discounted value of the property must be financed by a mortgage or similar financial arrangement.

1.2 The Council has two main roles with respect to First Homes;

- 1) To deliver First Homes through the planning system, through both development control and planning policy; and
- 2) To administer the sales and re-sales of First Homes by checking potential purchasers meet the applicable criteria and by supporting the conveyancing process.

1.3 Government guidance encourages local authorities to set out its approach to First Homes in an interim form, pending the planning policies for affordable housing being updated as part of a new Local Plan. At its meeting on 20 September 2022, Cabinet considered a draft First Homes Interim Position Statement (IPS) and agreed it for public consultation. The IPS does not set policy, which is rightly a matter for the new Local Plan, but it does provide clarity about how the First Homes scheme will operate. As part of this, the IPS confirms that the Council will require potential purchasers to have a local connection in addition to meeting the national requirements outlined above.

2.0 CONSULTATION OUTCOMES

2.1 Consultation on the draft IPS ran from 1 November to 13 December 2022 (six weeks). The consultation was published on the Council's website and contacts from the development industry, planning agents, developers, housebuilders and registered providers were notified. Two responses were received in addition to comments from the Development Control team.

Comment	Response
Redrow: The requirement for a local	First Homes was introduced by the

<p>connection criterion is not currently included within the National Planning Policy Framework, the adopted Local Plan or the emerging Local Plan, although it is outlined in National Planning Policy Guidance. There is no current valid policy justification that requires local connection criteria and this element should be removed. If the Council wishes to include a local connection criterion for First Homes, it should be properly justified before it is included within the emerging Local Plan. There may not be an existing local need to fulfil the requirements for First Homes which could mean a number of homes to remain unsold for three months or longer.</p>	<p>Written Ministerial Statement (WMS) on 24 May 2021. Like the NPPF, the WMS is a material planning consideration. Furthermore, the National Planning Practice Guidance encourages local authorities to make the development requirements for First Homes, including any local criteria, clear for their area using the most appropriate method depending on local circumstances. This can include the publication of an interim policy statement.</p> <p>The take up of First Homes, including by those with a local connection, will be monitored. Early experience of the former Arla Diaries site suggests that there is current demand from purchasers with a local connection. Also, the application of the local connection requirement is time limited; it can fall away after three months and purchasers need only meet the national criteria. This provides a safeguard for vendors in the event that no suitable purchasers come forward.</p>
<p>Gladman: It would be prudent and beneficial for the Council to set out in its First Homes Policy what tenure types and associated percentage requirements are necessary to be provided after First Homes has been included of the affordable products on each site. This would provide greater clarity to developers and the public alike.</p>	<p>Adopted Local Plan Policy H4 (Affordable Housing) does not prescribe what the breakdown should be between different affordable tenures. The respondent's request for clarity is helped by the Affordable Housing SPD (pages 7-8) which explains how the First Homes requirement will impact on tenure mix generally and includes some illustrative examples.</p> <p>The IPS includes a number of cross references to the SPD so further amendments are not considered necessary at this stage.</p>
<p>Development Control team: Do purchasers have to meet the national eligibility criteria and the local? Is it both or either/or?</p>	<p>Amendments have been made to paragraph 2.3 of the IPS to clarify that <u>all</u> purchasers must meet the national criteria and <u>at least one</u> of the purchasers must meet <u>at least one</u> of the local connection criteria.</p>

2.2 An amended version of the IPS showing the proposed changes is in Appendix A. In addition to the change above, minor word changes and re-ordering is suggested to improve the flow of the document.

2.3 In November 2022, the first First Homes in the district came on to the market on Crest Nicholson's Potters Grange site on Smisby Road, Ashby de la Zouch (the former Arla

Dairies site). Crest Nicholson is participating in a Homes England pilot project which will see up to nine First Homes completed on this site.

- 2.4** Officers from the Planning Policy and Housing Strategy teams have been responsible for checking whether potential purchasers meet the national and local connection criteria. This has revealed that it would be helpful to publish information about the kind of evidence officers will require to confirm a purchaser meets the First Homes criteria, both national and local. This information will help all those involved in the sale and re-sale process (vendors, purchasers, sales office staff, estate agents) and the IPS is an ideal vehicle for setting it out. Accordingly, a new section (section eight) has been added to pages 9-10 of the IPS in Appendix A.
- 2.5** In addition to checking compliance with the national and local criteria, the council must also be involved in the conveyancing process for First Homes properties (including future re-sales), ensuring that the terms of the section 106 agreement are complied with and the First Homes restrictions are in place. This element of the process is dealt with by the Legal Services team.
- 2.6** For clarity, this report also seeks delegated authority for the First Homes scheme to be administered by the Heads of Planning and Infrastructure, Housing and Legal Services as appropriate.

Policies and other considerations, as appropriate	
Council Priorities:	Local people live in high quality, affordable homes
Policy Considerations:	The Interim Policy Statement will complement the use of the Affordable Housing SPD
Safeguarding:	None specific.
Equalities/Diversity:	None specific.
Customer Impact:	None specific.
Economic and Social Impact:	Having an interim policy which establishes a local connection test will provide social and economic benefits as it will enable local people to remain in the District and will also potentially assist employers with the retention and attraction of workers
Environment and Climate Change:	Detail any environment and climate change impact as a result of the decision.
Consultation/Community/Tenant Engagement:	Details of the consultation on the draft IPS are described in the main report.
Risks:	First Homes are governed by national regulations, but these allow for the establishment of a local connection test. The inclusion of First Homes as 25% of all affordable homes on qualifying sites is mandatory and will result in a reduction in other affordable housing tenures, with the greatest impact likely to be on the provision of rented accommodation. In order to minimise the impact, the Council will

	ensure that Local Plan policies are applied for the remainder of the affordable housing delivered on these sites, with emphasis on delivery of social rented homes for those on lowest incomes wherever possible and financially viable.
Officer Contact	Sarah Lee Principal Planning Policy Officer Planning Policy & Land Charges Team 01530 454791 sarah.lee@nwleicestershire.gov.uk