

## Appendix 19 – First Homes

### First Homes

#### Minimum Requirements

- (1) A minimum of 25% of affordable homes provided either on-site or off-site or as a financial contribution in lieu of on-site provision in line with the Council's adopted affordable housing requirements are required to be First Homes.
- (2) First Homes are required to be sold at a minimum discount of at least 30% of the market value of homes available for sale locally which are of the same size and type as those proposed. The minimum discount will be secured in perpetuity.
- (3) First homes are sold to a person or persons meeting the First Homes eligibility and local connection criteria (see below);
- (4) Where the affordable housing contribution for a proposed development comprises a mixture of homes and financial contributions towards affordable housing, First Homes are required to form 25% of the overall monetary value of affordable housing contributions.

#### First Home Exception Sites

- 5) Residential development proposals on qualifying small sites comprising primarily First Homes will be permitted where they are:
  - a) adjacent to existing settlements; and
  - b) proportionate in size to them.
- 6) To ensure the delivery and viability of a First Homes site without grant funding, planning permission on sites with the minimum number of market homes will be granted where:
  - a) an applicant demonstrates that the scheme would be unviable without the inclusion of market housing;
  - b) inclusion of market housing does not inflate the threshold land value; and
  - c) any market housing is suitably integrated into the First Homes development
- 7) Small quantities of other forms of affordable housing may also be permitted on a First Homes exception site where the applicant demonstrates evidence of significant local need for that type of housing.

## **Reasoned Justification**

19.1 First Homes are a specific form of discounted market sale housing which are discounted by a minimum of 30% against the market value and are sold to first-time buyers meeting the eligibility criteria set out in the PPG. On their first sale, First Homes have a restriction registered on the title at HM Land Registry to ensure the discount is passed on at each subsequent title transfer. The initial sale after the discount has been applied must be at a price no higher than £250,000 (outside Greater London). First Homes are considered to meet the Government's definition of 'affordable housing' for planning purposes.

19.2 The minimum discount for First Homes should help to make home ownership more affordable for a greater number of first-time buyers than other affordable housing products such as Discounted Market Sales (OMS) and shared ownership, which are both required to be sold at a minimum of just 20% below market value.

19.3 The high cost of homes in expensive areas such as Three Rivers means that OMS and shared ownership properties are likely to remain beyond the reach of many residents/prospective buyers with this level of market discount, however the price cap of £250,000 for a First Home will ensure that this tenure of home is likely to be a realistically affordable option for many potential first-time buyers in the District.

19.4 The discount for First Homes is also required to be applied in perpetuity each time a First Home is resold (subject to certain specific exclusions) and should ensure that the discounted cost built into this tenure is retained in the value of the property in perpetuity. This will be secured by means of a planning obligation in line with national guidance.

## **First Homes Exception Sites**

19.5 National planning guidance also makes provision for the development of First Homes 'exception sites' (on land which is not already allocated for housing) adjacent to existing settlements and proportionate in size to them. First Homes Exception Sites are not permitted within the Green Belt or in a designated rural area, where rural exception sites are the only type of exception sites that may be permissible. A small proportion of market housing or other types of affordable housing may be allowed at the local authority's discretion, for example where essential to enable the delivery of First Homes without grant funding.

19.6 To ensure applicants take account of the criteria under paragraph (5) (a) and (b) of the policy, where it is proposed that a scheme requires market housing to be included to make an exception site viable, a development appraisal will be required to be submitted to demonstrate that this is the case.

19.7 In considering the land value, the threshold land value of the site will be limited to no more than ten times the agricultural land value at the time of application submission. Where agreement cannot be reached, external consultants will be appointed at the applicant's cost to provide an independent assessment of the scheme's viability.

19.8 Paragraph (6) of the policy is in line with the PPG, which allows the proportion of affordable housing on a First Homes exception site to be altered to include small quantities of other affordable housing products. The evidence that applicants will be required to provide will need to be in the form of a Local Housing Needs Assessment, local authority Housing Register, or other sufficiently rigorous local evidence.

### **First Homes Eligibility and Local Connection Criteria**

19.9 First Homes Eligibility Criteria First Homes must be prioritised for first-time buyers (as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers) and not be sold to any household with a combined annual income in excess of £80,000.

To demonstrate a local connection (defined in Part VII of the Housing Act 1996), applicants for First Homes that are built in Three Rivers will:

- Be a resident in Three Rivers for six of the last twelve months, or three out of the last five years, where residence has been out of choice; or
- Work in Three Rivers in employment other than of a casual nature as defined by Local Government Association Guidelines. For the purposes of this policy this will be defined as having had permanent work with a minimum of a 16 hour contract per week for the previous 6 months, and without a break in the period of employment for more than three months; or
- Have family connections in Three Rivers with a member of their household, parents, adult children or brothers or sisters who have been residents in Three Rivers District for at least the last 5 years.

19.10 In recognition of the unique nature of their circumstances, members of the Armed Forces, the divorced or separated spouse or civil partner of a member of the Armed Forces, the spouse or civil partner of a deceased member of the Armed Forces (if their death was caused wholly or partly by their service) or veterans within five years of leaving the Armed Forces should be exempt from any local connection testing restrictions.

19.11 The Council can exercise flexibility to lower the price cap; increase the discount level and/or reduce the income cap, provided there is local evidence to justify doing so. The Local Plan Housing Needs Assessment (2023) recommends raising the discount levels to 40% in Three Rivers. Higher discounts to 50% can also be considered, where this can be viably achieved.