

# FIRST HOMES INTERIM POLICY STATEMENT

<b>Cabinet</b>	16 June 2022
<b>Report Author</b>	Adrian Verrall (Strategic Planning Manager)
<b>Portfolio Holder</b>	Councillor Ashbee, Leader of the Council
<b>Status</b>	For Recommendation
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	Policy Framework
<b>Reasons for Key</b>	N/A
<b>Ward:</b>	All wards

## Executive Summary:

The government has introduced a new initiative to support people to own their own home. First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes.

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.

It is proposed that Local Plan Policy SP23 (Affordable Housing) will be updated to account for the provision of First Homes. This Interim Policy Statement, attached at annex 1, will be applied until the Local Plan Review has been completed.

## Recommendation(s):

That Cabinet recommend to the Council that the First Homes Interim Policy Statement for Development Management Purposes be adopted.

## Corporate Implications

### Financial and Value for Money

There are no direct financial implications for the Council in relation to this report.

### Legal

This report relates to the implementation of the Government's policy for the provision of First Homes as part of new development. Government guidance says that local planning authorities

are encouraged to make the development requirements for First Homes clear for their area, and that publication of an interim policy statement is an appropriate method for doing this.

## **Risk Management**

The First Homes Initiative has been established by Central Government. This report relates to the way the initiative will be implemented through planning policy. The policy is an interim policy and will be reviewed for inclusion in the draft Local Plan Update.

The Council will need to set up administrative arrangements to confirm eligibility of applicants; and monitor the sale, and re-sale of properties to those applicants; by the developers.

## **Corporate**

The report author should consider and detail how the report fits strategically with the Council's corporate priorities and values. It should also include any environmental implications there may be as well as any communications implications.

## **Equality Act 2010 & Public Sector Equality Duty**

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

The PSED is not engaged by the proposals in this report, as the First Homes initiative is available to all first-time buyers, subject to financial and other checks.

## **Corporate Priorities**

This report relates to the following corporate priorities: -

- Communities

## **1.0 Introduction and Background**

- 1.1 First Homes are a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Planning Practice Guidance ([paragraph 001 Reference ID 70-001-20210524](#)) defines First Homes as homes which are discounted market sale units and which:
- a) must be discounted by a minimum of 30% against the market value;
  - b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);

- c) 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,
  - d) after the discount has been applied, the first sale must be at a price no higher than £250,000.
- 1.2 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.
- 1.3 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. All purchasers must use a mortgage or home purchase scheme for at least 50% of the discounted purchase value.
- 1.4 In addition to the above, Thanet District Council will apply a local connection test to ensure that the provision of First Homes responds to the housing needs of the district, as set out below.
- 1.5 At least one adult within the household must demonstrate that they meet one of the following criteria:
- Currently residing in or have previously resided within Thanet within the last 5 years;
  - Employed and working within Thanet, including key workers as defined within the council's Housing, Homelessness and Rough Sleeping Strategy.
  - Have a close family connection to Thanet, whereby a close family member currently lives within Thanet (family member to include - parents, grandparents, siblings and children);
  - A local connection can be demonstrated and evidenced through special circumstances, such as to meet caring responsibilities. Relevant applications will be assessed on a case by case basis and determined at the discretion of Thanet District Council.
- 1.6 It is expected that First Homes (and the mechanism securing the discount in perpetuity) will be secured through section 106 planning obligations. Of the 30% affordable housing currently required for development over 10 dwellings (Local Plan Policy SP23), 25% of those will be First Homes. The mix of affordable housing provided within the 30% overall amount will therefore be 25% First Homes, 5% Intermediate and 70% Social/Affordable rent.
- 1.7 The Council commissioned a [Thanet First Homes Study](#) (GL Hearn) to identify the level of discount that would be required to make First Homes affordable to local people, and this forms the evidence to support the Interim Policy Statement. It found that there are substantial variations in price levels between the different sub-areas of the district, meaning households in different parts of the district may experience

different affordability issues depending on where they live (or are seeking to live). Discounts of 40% or 50% may therefore be sought in order to make dwellings affordable in some parts of the district (mainly Broadstairs and the villages. The levels of discount to be applied to different areas of the district are set out in Table 1 of the Interim Policy Statement ). The minimum discount of 30% will be applied to all First Homes across the district, however higher discounts will be negotiated on a case by case basis as part of the planning application process.

1.8 The draft First Homes Interim Policy Statement is attached at annex 1.

## **2.0 Options**

2.1 The First Homes Interim Policy Statement sets out the Council's approach to delivering First Homes, and the Policy that will apply to implement delivery of First Homes.

2.2 **Option 1** Cabinet recommend to Council that the First Homes Interim Policy Statement be adopted for Development Management GL Hearn First Homes Study purposes until it has been included and adopted as part of the Local Plan review.

2.3 **Option 2** Cabinet recommend to Council that the First Homes initiative is not implemented in Thanet.

2.4 The GL Hearn Study concludes that the application of a First Homes policy would enable some households in Thanet that are currently renting to be able to afford to buy their own homes. Option 1 is therefore recommended.

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Reporting to: *Bob Porter, Director Of Housing & Planning*

### **Annex List**

[\*Annex 1: Draft First Homes Interim Policy Statement\*](#)

### **Background Papers**

[\*GL Hearn "Thanet First Homes Study"\*](#)

### **Corporate Consultation**

**Finance:** *Chris Blundell (Director of Finance)*

**Legal:** *Estelle Culligan (Director of Law and Democracy)*