

Thanet District Council **First Homes - Interim Policy Statement**

April 2022

A decorative graphic at the bottom of the page consisting of several overlapping, curved bands in various shades of blue, creating a wave-like effect.

Introduction

This statement has been produced by Thanet District Council to provide guidance on how First Homes should be delivered prior to the update of the Thanet Local Plan. The Council commissioned a study ([link to GL Hearn, 2022](#)) to identify the level of discount that would be required to make First Homes affordable to local people, and forms the evidence to support this statement.

This guidance is based upon:

- [Planning Practice Guidance 'First Homes'](#) (published 24 May 2021), and
- [Written Ministerial Statement](#) dated 24 May 2021.

First Homes will be provided as part of the Affordable Housing requirement set out in Policy SP23 of the adopted Thanet Local Plan (2020).

When do First Homes Apply

The first homes policy requirement applies to all decisions on full or outline planning permissions for 10 or more dwellings where affordable housing is required under Policy SP23 of the Thanet Local Plan.

However, the new First Homes policy requirement does not apply to the following exceptions:

- 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.

Furthermore, the policy does not apply to 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 Criteria

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.

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 are not required to be provided on:

- Build to rent developments;
- Specialist accommodation such as purpose-built accommodation for the elderly or students;
- 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

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. All purchasers must use a mortgage or home purchase scheme for at least 50% of the discounted purchase value.

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.

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.

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

Setting developer contributions for First Homes

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.

It is expected that First Homes (and the mechanism securing the discount in perpetuity) will be secured through section 106 planning obligations.

Planning Practice Guidance Paragraph: [012 Reference ID: 70-012-20210524](#) requires:

- On-site - a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes;
- For financial contributions for affordable housing instead of on-site units, a minimum of 25% of the financial contribution should be used to secure First Homes;
- Where a mixture of financial contributions towards affordable housing and on-site units are secured, 25% of the overall value of affordable housing contributions should be applied to First Homes.

Application of the First Homes Policy

The introduction of First Homes means that a minimum of 25% of all affordable housing units on a site should be First Homes. The First Homes Study identified that First Homes, with locally relevant discounts, would be affordable to households on broadly the same range of household incomes to other forms of intermediate affordable housing, such as shared ownership options. The study further concluded that First Homes would be unlikely to meet the needs of households who require affordable rented homes and that any policy should seek to protect the proportion of affordable homes provided for rent. This means that the mix of affordable housing of the 30% required in Policy SP23 will comprise 25% First Homes, 5% Intermediate and 70% Social/Affordable Rent.

However, the First Homes Study indicates 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). Higher discounts will be negotiated on a case by case basis as part of the planning application process.

The following table shows the discounts required for each dwelling type for each area, as identified in the Thanet First Homes Study. Some discounts are identified in the study as less than 30%, however these are shown as 30% to reflect the policy requirement that a minimum of 30% should be applied on a district wide basis. If there is no discount figure shown, the discounted price exceeds the post discount price ceiling of £250,000 as set out in the PPG.

Table 1 - Levels of discount to be applied for different sizes of dwellings in different areas of the district

Dwelling Size	Area				
	Broadstairs	Margate	Ramsgate	Thanet Villages	Westbrook/ Birchington
Studio/ 1-bedroom	30%	30%	30%	30%	42%
2 bedrooms	35%	30%	33%	30%	45%
3 bedrooms	-	37%	33%	44%	45%
4 bedrooms	-	50%	47%	-	-

First Homes Policy

First Homes will be included in Policy SP23 as part of the Local Plan Review, and this interim Policy Statement will be included in the supporting text.

Policy SP23 - Affordable Housing

Residential development schemes for more than 10 dwelling units, including mixed use developments incorporating residential and developments with a combined gross floor area of more than 1,000 square metres shall be required to provide 30% of the dwellings as affordable housing.

~~The affordable housing shall be provided in proportions set out in the Strategic Housing Market Assessment or successive documents.~~

25% of the affordable housing shall be First Homes, at a minimum discount of 30%, or at the discount levels set out in Table 1, 70% shall be Social/Affordable Rent and 5% shall be Intermediate products, unless these levels are amended by successive assessments.

The above requirements will only be reduced if meeting them would demonstrably make the proposed development unviable.