**Canterbury City Council**

**First Homes Policy Position Statement**

**Introduction**

On 24th May 2021, the Government published a [Written Ministerial Statement](https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48) (WMS) and [Planning Practice Guidance](https://www.gov.uk/guidance/first-homes) (PPG) setting out its plans for a new affordable housing product, First Homes, and associated changes to planning policy to facilitate its delivery. These changes have since come into effect and are a material consideration when assessing planning applications where affordable housing is required by planning policy.

This Policy Position Statement has been produced by the City Council and is not planning policy or a Supplementary Planning Document (SPD), but is to provide guidance on how First Homes are to be delivered prior to the adoption of the new Local Plan for the district.

**What are First Homes?**

First Homes is a new affordable housing product, specifically a tenure of discounted market sale housing that must:

* be sold with a minimum national discount of 30% on the market value;
* only be sold to a person or persons meeting the First Homes eligibility criteria (see below); and,
* after the discount has been applied, be sold at a price no higher than £250,000.

**Who can purchase First Homes?**

The Government has set national criteria for who is eligible to purchase First Homes, as follows:

* applicants must be 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);
* the First Home must be the applicant’s sole or primary residence;
* applicants must have an annual household income not exceeding £80,000; and,
* applicants must have a mortgage that covers at least 50% of discounted purchase price.

**Current local planning policy on affordable housing**

Policy HD2 of the current Canterbury District Local Plan 2017 requires development of 11 or more dwellings to provide 30% of the total homes as affordable housing. The tenure split of affordable housing is set out in the Council’s Housing, Homelessness and Rough Sleeping Strategy as 70% rented and 30% affordable home ownership. Where on-site provision is not considered suitable, a financial contribution will be sought instead.



**How many First Homes are required?**

At least 25% of all affordable housing units should be First Homes.

**How the First Homes provision applies to the Canterbury District**

The City Council will continue to require developments of 11 or more units, or which have a combined gross floor area of more than 1,00 square metres to provide 30% of the total homes to be affordable housing. In line with the requirements of the WMS and PPG, 25% of these affordable homes should be First Homes. Where on-site provision is not considered suitable, because of particular site or development constraints, a financial contribution can be sought instead in-line with our [Commuted Sum position statement](https://docs.google.com/document/d/1yxcqMaw24i1Af-kWDz0WgiFPH9jA59mj/edit?usp=sharing&ouid=102694182234955488847&rtpof=true&sd=true). The affordable housing would therefore be as follows:

| * **70% social/affordable rent,**
* **5% shared ownership or other intermediate tenure and**
* **25% First Homes.**
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First Homes would be secured in the same way as other forms of affordable housing are currently, through developers entering into planning obligations as part of the planning process.

The PPG contains a [model title restriction](https://www.gov.uk/government/publications/first-homes-model-section-106-agreement-for-developer-contributions) and the government intends to produce template planning obligations in due course. On the first sale of First Homes, there will be a restriction on the Land Registry to ensure the discount (as a percentage of current market value) continues for future sales, as well as ensuring that any other restrictions, including eligibility criteria, are carried over when the title is transferred to subsequent owners.

**Exception Sites**

The WMS and PPG have also introduced a First Homes Exception Sites policy in place of the previous Entry-Level Exception Sites policy. First Homes exception sites can come forward on sites not allocated in the Local Plan where there is justification. Such proposals should:

* comprise of First Homes; and,
* be located adjacent to existing settlements, proportionate in size to them, not compromise the protection given to areas or assets of particular importance in the National Planning Policy Framework (NPPF) and comply with any local design policies and standards.

Full details of the First Homes Exception Sites policy can be found in the WMS and PPG.

If an applicant is unsure on the requirements currently sought for affordable housing, the housing officer, separately or as part of pre-application advice, will provide guidance on qualifying schemes with regards to the overall affordable housing mix required on each scheme.

**Neighbourhood Plans**

Any Parish Councils that are progressing with Neighbourhood Plans should take into account the WMS and PPG for First Homes in their policies.

**CIL**

The Community Infrastructure Levy (CIL) Regulations 2010 (as amended) make provisions for charging authorities to give relief or grant exemptions from the levy, including developers of First Homes.

**Developments that do not need to include First Homes**

First Homes will not be required in the following circumstances:

* Developments of 10 of less dwellings, unless combined gross floor area of more than 1,000 square metres (or 5 or less is Areas of Outstanding Natural Beauty)
* Where a site already has full or outline planning permission where First Homes have not been secured;
* Applications made to vary an existing planning permission where First Homes have not been secured, unless the variation in question relates to the proposed quantity or tenure mix of affordable housing for that development;
* Build-to-rent developments;
* Sites providing 100% custom or self-build plots;
* 100% affordable housing schemes;
* Rural exception sites under policy HD3 of the adopted Canterbury District Local Plan 2017; and
* Specialist accommodation, such as student accommodation, care homes, supported living schemes etc.

**Next Steps**

The City Council in its review of the Local Plan will consider whether to set local criteria that would then apply to eligibility to First Homes.

Further information can be found in the WMS and PPG. Advice on specific sites, along with other planning considerations, can be sought through the Council’s [pre-application advice service](https://www.canterbury.gov.uk/planning-and-building/apply-pre-planning-application-advice/).