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**FIRST HOMES INTERIM POLICY STATEMENT**

Committee: Finance & Assets Committee

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1.0 **ISSUE**

1.1 To consider the Council's First Homes Interim Policy Statement.

2.0 **RECOMMENDATION(S)**

2.1 Members are requested to approve the First Homes Interim Policy Statement at Appendix 1.

3.0 **BACKGROUND**

3.1 First Homes is a government policy to promote home ownership, intended to help people who would otherwise find it difficult to get onto the property ladder. The discount on properties is available in perpetuity, allowing future generations of buyers to benefit from access to affordable home ownership.

3.2 First Homes are discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

- must be discounted by a minimum of 30% against the market value;
- are sold to a person or persons meeting the First Homes eligibility criteria
- 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;
- after the discount has been applied, the first sale must be at a price no higher than £250,000.

3.2 Further details about the First Homes Policy can be found in Appendix 1. A First Homes Member seminar was held on 25 May 2022 to brief Councillors on the topic.

4.0 **ARGUMENTS/CONCLUSIONS**

4.1 East Cambridgeshire District Council welcomes the national First Homes policy and Appendix 1 sets out further details of the Council's approach to its implementation in the circumstances when a development proposal includes reference to First Homes as part of affordable housing provision.

- 4.2 The Council recognises that it cannot insist on its delivery as part of a housing scheme, especially in the period prior to any update of its affordable housing policy in its Local Plan.
- 4.3 As such, and prior to any update of the East Cambridgeshire Local Plan, where a planning application **seeks to include** First Homes tenure as part of the affordable housing tenure mix to be secured through Developer Contribution, then the Council will, in principle, support such provision (provided it complies with national policy and guidance).
- 4.4 Where a planning application, on submission, **does not seek to include** First Homes tenure as part of the affordable housing tenure mix, then the Council will undertake endeavours in appropriate circumstances to remind the applicant of the option for First Homes provision. However, if, and for whatever reason, the applicant does not wish to include an element of First Homes provision then this will not weigh negatively in the planning balance for determining that planning application.

#### First Homes Eligibility Criteria

- 4.5 Government guidance sets out the following national eligibility criteria for First Homes:
- First time buyers only - as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers;
  - Household combined gross annual income up to £80,000;
  - All purchasers must use a mortgage or home purchase scheme for at least 50% of the discounted purchase value.
- 4.6 In addition to the above, this Council will apply a local connection test to ensure that the provision of First Homes responds to the housing needs of the district.
- 4.7 In order to meet the Local Connection eligibility criteria, one adult within the household must demonstrate that they meet at least one of the following criteria, the definitions and qualifying criteria for these are set out in Appendix 1:
- Currently residing in or have previously resided within East Cambridgeshire within the last 5 years;
  - Employed/self employed and working within East Cambridgeshire;
  - Have a close family connection to the district, whereby a close family member currently lives within East Cambridgeshire;
  - Armed services personnel enlisting in East Cambridgeshire;
  - Key workers living or working in East Cambridgeshire;
  - 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 the Council.

#### Affordable Housing Tenure Mix

- 4.8 The Planning Practice Guidance sets out that once a minimum of 25% of First Homes has been accounted for, the remainder of the affordable housing tenures should be delivered in line with the proportions set out in the applicable local plan policy.
- 4.9 The East Cambridgeshire Local Plan (including Policy HOU3) does not provide a tenure split for affordable housing, instead stating “*the precise mix in terms of tenure and house sizes of affordable housing within a scheme will be determined by local circumstances at the time of planning permission, including housing need, development costs and the availability of subsidy.*”
- 4.10 The latest ‘Housing Needs of Specific Groups – Cambridgeshire and West Suffolk’ (October 2021) report, which indicates a higher need for affordable housing to rent compared with affordable home ownership. It is likely, therefore, that the tenure mix for affordable housing, once First Homes (and / or the minimum 10% affordable home ownership) have been provided, should be of an affordable rent nature.
- 4.11 However, an applicant is entitled to present evidence in support of an alternative affordable housing tenure split, if the applicant considers the broader evidence of the above report should not apply on the applicant’s particular development proposal.

#### 5.0 FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT/CARBON IMPACT ASSESSMENT

- 5.1 There are no additional financial implications arising from this report.
- 5.2 Equality Impact Assessment (EIA) not required.
- 5.3 Carbon Impact Assessment (CIA) not required.

#### 6.0 APPENDICES

- 6.1 Appendix 1: East Cambridgeshire District Council Policy on the Implementation of First Homes - June 2022

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| <u>Background Documents</u> | <u>Location</u>              | <u>Contact Officer</u>   |
|-----------------------------|------------------------------|--|
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