

East Cambridgeshire District Council Policy on the Implementation of First Homes June 2022

On 24th May 2021, the Government announced its First Homes policy through a written ministerial statement (WMS) (<https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>) and accompanying changes to Planning Practice Guidance (PPG) (<https://www.gov.uk/guidance/first-homes>)

First Homes policy came into effect nationally on 28th June 2021.

This policy note intends to help all parties understand the approach East Cambridgeshire District Council intends to take in relation to the implementation of national First Homes policy. This note is an interim policy statement, in the form intended by national guidance in the Planning Practice Guidance (Paragraph: 009 Reference ID: 70-009-20210524 of the guidance referred above). It is not formal planning policy of the Council but nevertheless acts as the starting point for how officers are likely to approach the implementation of First Homes for development schemes in East Cambridgeshire. This policy note may be updated, as experience of implementation of First Homes is undertaken or should national policy or guidance change.

Further details on the national policy position is included in Appendix A. Such information summarises the national policy position, but should be checked against the latest and detailed national policy before being relied upon.

East Cambridgeshire District Council's Overall Position:

The East Cambridgeshire Local Plan (adopted April 2015) in Policy HOU3 sets out, inter alia, the affordable housing tenure expectations for new development, namely that *"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."*

Therefore, until such time as an update of East Cambridgeshire's affordable housing policy is undertaken through a review of the Local Plan, the Council will continue to implement the adopted Affordable Housing policy, including that on tenure as described above. As required by planning law, applications for planning permission must be determined in accordance with the development plan (which includes the Local Plan), unless material considerations indicate otherwise.

In order to help apply the above policy HOU3 when considering development proposals, and using the latest evidence presently available, the Council will normally make reference to:

- (a) The recently updated 'Housing Needs of Specific Groups – Cambridgeshire and West Suffolk' (October 2021) report, available on the Cambridgeshire Insight website¹; and
- (b) National policy and guidance on affordable housing, including First Homes policy

In principle, East Cambridgeshire District Council welcomes the national First Homes policy.

However, the Council recognises that it can not 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.

As such, and prior to any update of the East Cambridgeshire Local Plan:

- (a) 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).

¹ See [Cambridgeshire Insight – Housing & Planning – Local Housing Knowledge – Our housing market – Our strategic housing market assessment](#)

- (b) 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.
- (c) Where First Homes are to be provided as part of the affordable housing tenure mix, and such provision is **for 25% of the affordable housing** to be provided (i.e. in line with national policy), then the Council will, in principle, likely support such provision.
- (d) Where First Homes are to be provided as part of the affordable housing tenure mix, and such provision **is for greater than 25% of the affordable housing** to be provided (i.e. in excess of national policy), then the onus will be on the applicant to demonstrate that the inclusion of a greater than 25% First Homes provision will not prejudice meeting evidenced local housing need for other forms of affordable housing tenure. Such demonstration must refer to the evidence found in the aforementioned 'Housing Needs of Specific Groups – Cambridgeshire and West Suffolk' (October 2021) report, but other additional evidence could also be submitted as part of the demonstration.

Appendix A provides an overview of the National First Homes Policy and 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. In summary, the appendix confirms that:

- (a) East Cambridgeshire District Council intends to apply the national policy standard 30% discount percentage for First Homes and to apply the standard maximum sale price for First Homes after discount has been applied; and
- (b) The Council is to add local connection criteria to the standard Eligibility criteria set out in national policy. The local connection criteria details are set out in Appendix A to this note.

Appendix A: National First Homes Policy for Development Proposals seeking to include First Homes as part of the Affordable Housing Delivery

This appendix provides an overview of the National First Homes Policy and sets out 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 and it is subsequently accepted that the inclusion of this tenure will not seriously prejudice providing for local need.

First Homes Definition

The PPG (Paragraph: 001 Reference ID: 70-001-20210524) sets out that First Homes meet the definition of affordable housing for planning purposes. The PPG sets out that they are discounted market sale units 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 (or £420,000 in Greater London)

Local authorities may increase discount percentage applied for First Homes and/or reduce the maximum sale price for First Homes after discount has been applied where this is justified by evidence.

East Cambridgeshire District Council Position: For Development proposals where First Homes policy is to be applied, the Council will apply the standard thresholds set out in national policy as described above. We will monitor this situation, and reserve the right to introduce locally set thresholds if evidence demonstrates a justification to do so.

First Homes Eligibility Criteria

National requirements stipulate that 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 of more than £80,000.

Local authorities may apply additional criteria at a local level such as particular local connection requirement based on work or current residency.

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.

East Cambridgeshire District Council Position: For Development proposals where First Homes policy is to be applied, the Council is to apply local connection criteria in addition to the standard Eligibility criteria set out in national policy.

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:

- 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.

The above will be applied for the first 3 months from when the First Home is placed onto the market. If a suitable applicant is unable to be found within these 3 months, the eligibility criteria will revert to national criteria, to widen the consumer base. At the end of the 6-month period, if the property has not been sold, the First Homes property will switch to an open market sale home and the discounted amount (30%) would be paid to the local authority. It must be evidenced that the First Home has been advertised for the stated amount of time and on the appropriate platforms before the developer is able to switch to open market sale.

Definitions and qualifying criteria:

Residence

This will be the primary residence of applicants and will include, living with parents, in rented accommodation and those in employment-based accommodation.

Employment

Applicants must currently be employed within East Cambridgeshire for a minimum of 16 hours per week, and must have held this employment for at least 6 months prior to the expected First Homes completion date.

If the employer's registered address is not in East Cambridgeshire but your usual place of employment is, this must be evidenced by the employer.

Self-employment

In order to accrue local self-employment points applicants must provide evidence that they have traded from an address in East Cambridgeshire for at least 12 months prior to the expected First Homes completion date.

Key worker

Key workers are defined as:

- nurses and other NHS staff,
- teachers in schools and in further education or sixth form colleges,
- childcare workers in pre-schools and nursery schools,
- police officers,
- prison service and probation service staff,
- social workers, education psychologists, planners and occupational therapists employed by local authorities,
- whole time junior fire officers and retained fire fighters,
- care workers, and
- serving members of the armed forces

Key workers must be employed or living in East Cambridgeshire (see above definitions) to be eligible.

Retiring Member of Armed Forces

These are applicants who have retired from the Armed Forces in the 5 years prior to the expected First Homes completion date and are enlisted from an address in East Cambridgeshire. Applicants must be able to show a discharge certificate or similar document.

Close family

Close family is defined as spouse, civil partner, parent, child, sibling, step-parent, step-child, step-sibling, grandparent, or grandchild.

'Year' for the purpose of length of residence

The length of residence for both applicants and close family will be calculated using the expected completion date of the First Homes. Length of residence will be rounded to the nearest year, with any length of time over 6 months being rounded up to one full year.

Developer contributions for delivery of First Homes

National First Homes policy requires (subject to transitional arrangements, including the updating of Local Plan policies) that a minimum of 25% of all affordable housing units secured through developer contributions should be First Homes. It is expected that First Homes (and the mechanism securing the discount in perpetuity) will be secured through section 106 planning obligations.

In accordance with paragraph 62 of the National Planning Policy Framework, affordable housing is expected to be delivered on-site unless off-site provision or a financial contribution in lieu can be robustly justified, and the agreed approach contributes to the objective of creating mixed and balanced communities.

Where cash contributions for affordable housing are secured instead of on-site units, a minimum of 25% of these contributions should be used to secure First Homes.

East Cambridgeshire District Council Position: For Development proposals where First Homes policy is to be applied, the Council will apply the above provisions, alongside applying Local Plan Policy HOU3.

The interaction between First Homes and the 10% affordable home ownership requirement in the NPPF

The 25% expected First Homes contribution (where First Homes are to be provided) can make up or contribute to the 10% of the overall number of homes expected to be an affordable home ownership product on major developments as required by the NPPF.

For developments where First Homes policy does apply, if the provision of 25% First Homes does not deliver enough First Homes to meet the 10% affordable home ownership expectation in the NPPF, additional affordable home ownership homes may be provided on top of the First Homes provision, in order to meet this expectation.

East Cambridgeshire District Council Position: For Development proposals where First Homes policy is to be applied, the Council will apply the above provisions.

Determining the tenure split for the remaining affordable housing be secured through developer contributions

The PPG (Paragraph: 015 Reference ID: 70-015-20210524) 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.

East Cambridgeshire District Council Position: 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.*"

Based on the latest 'Housing Needs of Specific Groups – Cambridgeshire and West Suffolk' (October 2021) report, which indicates (see page 285-286) a higher need for affordable housing to rent (215pa) compared with affordable home ownership (39pa), 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. 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.

Plan Making

Paragraph 18 of the PPG refers to the WMS and confirms that **new** development plans, including Local Plans and Neighbourhood Plans, should take account of the new First Homes requirements from 28 June 2021.

First Homes Exemptions

Developments which are currently exempt from the 10% affordable home ownership requirement (listed in paragraph 65 of the NPPF) will also be exempt from the First Homes requirement. This includes developments that:

- a) provide solely Build to Rent homes;
- b) provide specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
- c) is proposed to be developed by people who wish to build or commission their own homes; or
- d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.

First Homes Exception Sites

First Homes policy has introduced First Homes exception sites to replace Entry Level exception sites with effect from 28th June 2021. The requirements for First Homes exception sites are set out in the Ministerial Statement and PPG.

East Cambridgeshire District Council Position: The Council notes the above three national policy summaries, as well as wider national First Homes policy guidance in the National Planning Practice Guidance (see www.gov.uk/guidance/first-homes)
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