

FIRST HOMES TECHNICAL NOTE

About this Guidance

This guidance note seeks to summarise and explain the changes brought in by the introduction of First Homes and how this applies in Barnsley. It should be read in conjunction with the Affordable Housing Supplementary Planning Document (SPD) 2022.

Introduction

The Written Ministerial Statement (WMS) published 24 May 2021, and updates to Planning Practice Guidance made significant changes to the delivery of affordable housing by introducing a new affordable housing tenure; First Homes. It is the Government's latest and preferred scheme to provide discounted homes for sale to first time buyers.

The new policy came into effect on 28 June 2021 with transitional arrangements for full implementation. As Barnsley Council has an adopted Local Plan (2019), the policy applies to planning applications made on or after 28th December 2021.

If applicants wish to amend an existing planning application to include First Homes, the request will be given due consideration.

What are First Homes?

A home which meets the criteria of a First Home will be considered to meet the definition of 'affordable housing' for planning purposes.

First Homes are required to account for at least 25% of all affordable housing units delivered by developers through planning obligations.

A First Home must:

- a) be discounted by a minimum of 30%¹ against the Market Value²;
- b) be sold to a person or persons meeting the First Homes eligibility criteria;
- 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 priced no higher than £250,000.

Council's and Neighbourhood Planning groups can apply eligibility criteria in addition to the national criteria.

¹ Guidance on First Homes explains that councils and Neighbourhood Planning groups have the discretion to apply a higher minimum discount if they can demonstrate a need for this. Unless changes are made through Policy or another mechanism, the discount level shall remain 30%.

² Open market value should be established in accordance with paragraph 006 of the Planning Practice Guidance on First Homes

How many First Homes are required?

The current tenure split for affordable housing as set out in the Affordable Housing SPD (2022) are set out in Table 1.

Table 1: Affordable Homes Tenure Split

Area	Local Plan Policy Requirement	Affordable Housing Tenure Split
<ul style="list-style-type: none"> • Penistone and Dodworth • Rural West 	30%	70% affordable homes for rent
		25% First Homes
		5% other affordable home ownership
<ul style="list-style-type: none"> • Darton and Barugh 	20%	70% affordable homes for rent
		25% First Homes
		5% other affordable home ownership
<ul style="list-style-type: none"> • Bolton, Goldthorpe and Thurnscoe • Hoyland, • Wombwell and Darfield, North Barnsley and Royston, • South Barnsley and Worsbrough • Rural East 	10%	60% affordable homes for rent
		25% First Homes
		15% other affordable home ownership

Eligibility Criteria

Purchase of First Homes must meet the following criteria³, and should apply to all subsequent sales of a First Home property:

- a) They should be a first-time buyer⁴
- b) whether individuals, couples or group purchasers, they should have a combined annual household income not exceeding £80,000 in the tax year immediately preceding the year of purchase.

³ Para 008, First Homes, Planning Practice Guidance, available from <https://www.gov.uk/guidance/first-homes>

⁴ as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers.

- c) A purchaser of a First Home should have a mortgage or home purchase plan (if required to comply with Islamic law) to fund a minimum of 50% of the discounted purchase price.⁵
- d) Demonstrate a Local Connection

Local Connection

Purchasers will be required to demonstrate a local connection in line with the Councils Lettings Policy. A person has a local connection in the following circumstances:

- They have lived for 3 out of the last 5 years in Barnsley or have lived in Barnsley for 6 months out of the last 12 months.
- They are currently employed in the Barnsley area.
- They have close family⁶ who have lived in Barnsley for 3 out of the last 5 years or have lived in Barnsley for 6 months out of the last 12 months.
- Members of the Armed Forces and former service personnel, where the application is made within five years of discharge from HM Forces.
- Bereaved spouses and civil partners of members of the Armed Forces leaving Services Family Accommodation following the death of their spouse or civil partner
- Serving or former members of the Reserve Forces who need to move because of a serious injury, medical condition or disability which is wholly or partly attributable to their military service.
- They have other special circumstances that connect them to Barnsley.

Any local eligibility criteria will apply for a maximum of 3 months from when a home is first marketed. If a suitable buyer has not reserved a home after 3 months, the eligibility criteria (including income caps) will revert to the national criteria set out above, to widen the consumer base.

First Homes Exception Sites

A First Homes exception site is an exception site (that is, a housing development that comes forward outside of local or neighbourhood plan allocations to deliver affordable housing) that delivers primarily First Homes. First Homes exception sites can come forward on unallocated land outside of a development plan. They cannot come forward in areas designated as Green Belt, or designated rural areas as defined in Annex 2 of the National Planning Policy Framework.

Securing Developer Contributions

Section 106 agreements should be entered into that secures the delivery of first homes and ensures that a legal restriction is registered onto a First Home's title on its first sale. The government has stated its intention to publish template planning obligations for this purpose, which the local planning authority can use as a basis for agreements prepared locally. Once available, this document will be updated to signpost to these.

⁵ See Paragraph: 007 Reference ID: 70-007-20210524 <https://www.gov.uk/guidance/first-homes>

⁶ Close family are parents, grandparents, sons and daughters and siblings

When a First Home is sold by the developer to the first owner, a restriction is to be entered onto the title register identifying the unit as a First Home. This restriction should ensure that the title cannot be transferred to another owner unless the relevant local authority certifies to HM Land Registry that the First Homes criteria and eligibility criteria have been met, including the discounted sale price.

In accordance with paragraph 62 of the NPPF⁷, 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. Where a mixture of cash 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.

Fee for processing First Homes applications

The Council will seek a financial contribution from the developer to administer the First Homes scheme, secured in the Section 106 Agreement.

Further Information

For further information on First Homes in Barnsley, please contact the Strategic Housing and Growth Team:

Email: FirstHomes@barnsley.gov.uk

Phone: **INSERT**

⁷ Available from
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810197/NPPF_Feb_2019_revised.pdf