

ADUR DISTRICT COUNCIL

FIRST HOMES: INTERIM POSITION STATEMENT

This Interim Position Statement sets out information in relation to First Homes and the implementation of Government policy in the Adur Local Plan area (Adur District, outside of the South Downs National Park).

Background

On 24th May 2021, the Government published a Written Ministerial Statement (WMS) to set out the Government's plans for the delivery of First Homes, defining the product and changes to planning policy.

The WMS makes clear that 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 (S106 agreements).

The Written Ministerial Statement may be found at:

[Written statements](#)

The Government expects that First Homes (and the mechanism securing the discount in perpetuity) will be secured through section 106 planning obligations.

In order to support the future development of First Homes, the Government has also set out changes to planning policy. These changes came into effect from 28 June 2021. Planning Practice Guidance advice on First Homes may be found here:

<https://www.gov.uk/guidance/first-homes>

This Interim Statement explains how the existing Adur Local Plan policy on affordable housing policies should be interpreted in light of the First Homes requirements. This Interim Statement will be used to inform decision making on planning applications prior to the update of the Adur Local Plan.

Dates/ Transitional Arrangements

The Written Ministerial Statement sets out transitional arrangements for those local authorities which submitted Local Plans for examination before 28 June 2021. The Adur Local Plan was adopted in 2017 and therefore the transitional arrangements do not apply. With regards to decision making, the First Homes policy requirement does **not** apply for the following:

- 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

What Are First Homes? The National Criteria

First Homes are a specific kind of discounted market sale housing and are included within the Government's definition of 'affordable housing' for planning purposes. Specifically, First Homes 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.

First Homes must be prioritised for first-time buyers¹ and not be sold to any household with a combined annual income in excess of £80,000.

Local authorities can consider setting local criteria, such as discretionary local discounts and price caps if they can demonstrate a need; and also to set lower household income caps for purchasers - see page 4.

Government Policy on First Home requires the following:

1) Setting Developer Contributions for First Homes

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.

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.

¹ as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers

How should the remaining 75% of affordable housing be secured through developer contributions?

The Written Ministerial Statement says: *A local authority should prioritise securing their policy requirements on social rent, once they have secured the 25% First Homes requirement.*

Planning Practice Guidance states: *Once a minimum of 25% of First Homes has been accounted for, social rent should be delivered in the same percentage as set out in the local plan. The remainder of the affordable housing tenures should be delivered in line with the proportions set out in the local plan policy.*

Adur's Approach to First Homes

Policy Context

Policy 21 of the Adur Local Plan 2017 together with the Adur Interim Affordable Housing Position Statement 2020 seeks 30% affordable housing on development sites of 10 dwellings or more, with a preferred tenure mix of 75% social/affordable rented and 25% intermediate housing.

Therefore for Adur:

- **25% First Homes**
- **56% social/affordable rent (The Adur Local Plan does not distinguish between social and affordable rented tenures)**
- **19% Shared ownership**

Example:

On a site of 50 dwellings:

The affordable housing quota is for 15 dwellings in total.

Of these 15, the first 25% must be First Homes - 4 (rounded)

8 social/affordable rented

3 shared ownership

The potential use of local price discounts, price caps and income caps will be assessed through the current Local Plan update process. This will enable the Council to undertake a comprehensive viability assessment in tandem with the emerging affordable housing policy, as well as allowing consultation on any local discretionary elements.