

Black Country Authorities

First Homes – Position Statement (April 2022)

1.0 Introduction

- 1.1 This position statement sets out the key information on First Homes and how it will relate to the implementation of Black Country Core Strategy (2011-2026) Policy HOU3: Delivering Affordable Housing.
- 1.2 This position statement will be used with immediate effect when considering planning applications for schemes of 15+ dwellings in accordance with Black Country Core Strategy (2011-2026) Policy HOU3 on Affordable Housing.

2.0 Background

- 2.1 On 24 May 2021, the Government published a [Written Ministerial Statement](#) to set out the Government's plans for the delivery of First Homes defining the product and changes to planning policy. In order to support the future development of First Homes, the Government also set out changes to planning policy¹. These changes came into effect from 28 June 2021. For further details, please refer to the Written Ministerial Statement and Planning Practice Guidance (PPG).

3.1 First Homes Criteria

- 3.1 From 28 June 2021, First Homes are a specific kind of 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:
- 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.
- 3.2 First Homes are the government's preferred discounted market tenure and national guidance requires local authorities to seek to adopt planning policies which require at least 25% of all affordable housing units delivered by developers through planning obligations (i.e. S106 agreements)² to be First Homes. The Black Country authorities have not yet adopted such a policy, however developers may choose to include First Homes in current planning applications as part of the affordable housing mix.

¹ <https://www.gov.uk/guidance/first-homes>

² Planning Practice Guidance Paragraph: 001 Reference ID: 70-001-20210524

4.0 First Homes Eligibility Criteria

4.1 First Homes must initially be offered to 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 in excess of £80,000.

5.0 First Homes as part of developer contributions

5.1 Where First Homes are provided as part of developer contributions, it is expected that First Homes (and the mechanism securing the discount in perpetuity) will be secured through section 106 planning obligations.

5.2 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.

5.3 Where commuted sums are received in lieu of provision of First Homes, in accordance with PPG on First Homes, a proportion will be spent on delivery of First Homes to the equivalent of 25% of the value of affordable housing required. This could be achieved, for example, by acquiring additional First Homes from market development, paying the developer a sum to offset the discount from market price, and securing the tenure through section 106 planning obligations.

5.4 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 Homes³.

5.5 Planning Practice Guidance explains that the First Homes policy does not apply to applications made under section 73 of the Town and Country Planning Act 1990, to amend or vary an existing planning permission.

5.6 Where the First Homes policy applies, the Black Country Authorities (BCAs) will also have regard to other material considerations such as the housing registers and the Strategic Housing Market Assessment, alongside the mix set out in the Councils' adopted Local Plan policies.

Further Sources of Information:

[Written Ministerial Statement](#) – 24th May 2021

[Planning Practice Guidance – First Homes](#)

(this guidance includes model clauses for section 106 agreements)

³ Planning Practice Guidance Paragraph: 012 Reference ID: 70-012-20210524