



# **DARLINGTON**

Borough Council

## **First Homes Policy Position Statement**

**Darlington Borough Council**

**October 2022**

## Introduction

1. On 24 May 2021, the Government released a Written Ministerial Statement (WMS) and Planning Practice Guidance (PPG) setting out national planning policy for a new affordable housing product called First Homes. 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. They provide a route to home ownership. The PPG and WMS outlined how First Homes would be delivered through the planning system and changes to planning policy which came into effect from 28 June 2021. This statement provides an overview of First Homes but for greater detail please refer to PPG (<https://www.gov.uk/guidance/first-homes>) and the WMS (<https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>).
2. This document provides guidance on the implementation of First Homes in the borough and should be read in conjunction with the adopted Darlington Local Plan and associated Supplementary Planning Documents. This guidance alongside the PPG will be used as a material planning consideration when securing affordable housing as part of the determination of planning applications.

## Background

3. At the time when the WMS and PPG on First Homes was released, the Council was in the process of a Local Plan examination. The new policy and guidance included transitional arrangements where Local Plan's which were at an advanced stage (submitted for examination before 28 June 2021) were not required to reflect the First Homes policy. As such it was confirmed through the examination that the plan and the related policy H5 Affordable Housing would not include requirements on First Homes, and this would give the Council time to reflect and gain a better understanding of the new policy before deciding on an approach. The Council has now had time to do this and therefore issue this position statement.

## First Homes Requirements

4. 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; this requirement came into effect from 28 June 2021. The key elements of a First Home are set out below.
  - (a) A First Home must be discounted by a minimum of 30% against the market value.
  - (b) Sold to a person or persons meeting the First Homes eligibility criteria (see below).
  - (c) On their first sale, First Homes will have a restriction registered on the title at HM Land Registry to ensure this discount and certain other restrictions are passed on at each subsequent title transfer.

- (d) After the discount has been applied, the first sale must be at a price no higher than £250,000. This does not apply to subsequent sales.
5. The PPG sets out that a higher minimum discount of 40% or 50% can be required however this would need to be supported by local evidence, mainly through the plan making process. Lower price caps can also be set but again a need would have to be demonstrated through plan making.
  6. Legal mechanisms are used to ensure that the discount is passed on to all future purchasers. This includes a section 106 agreement which is signed as part of the planning application process and a restriction registered on Land Registry to ensure the discount remains in perpetuity. The PPG provides a model title restriction that should be used.
  7. It is good planning practice to secure affordable housing on site, however there can be circumstances where financial contributions are sought instead. It is set out in the PPG that where cash contributions are secured, a minimum of 25% of these contributions should be used to secure First Homes. 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. 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.
  8. With regards to the remaining 75% of affordable housing secured through planning applications, the guidance sets out that social rent should be prioritised and 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. For example if a Local Plan policy requires 80% of units to be shared ownership and 20% to be social rent, a policy compliant application would deliver 25% First Homes units, 20% social rent and 55% shared ownership.
  9. 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.

### **Eligibility Criteria**

10. The eligibility criteria for people who wish to purchase a First Home are set out below:
  - (a) A purchaser (or, if a joint purchase, all the purchasers) of a First Home must be a first-time buyer (as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers).
  - (b) Buyers, whether individuals, couples or group purchasers, should have a combined annual household income not exceeding £80,000 in the tax year immediately preceding the year of purchase.

(c) A purchaser should have a mortgage or home purchase plan to fund a minimum of 50% of the discounted purchase price.

(d) These national standard criteria should also apply at all future sales of a First Home.

11. As part of the section 106 agreements, local authorities or neighbourhood planning groups can apply eligibility criteria in addition to the national criteria described above. This can include lower income caps if justified by evidence on average first time buyer income data, a local connection test or criteria based on employment status. The guidance highlights that First Homes are designed to assist people buying their own home in their local area and Government encourages the prioritisation of key workers for First Homes.

12. Local criteria are limited to the first 3 months of marketing before reverting to the national criteria. Members of the Armed Forces, spouse/civil partners of members/deceased members or veterans within 5 years of leaving the Armed Forces will be exempt from any local connection criteria.

#### **Darlington Borough Council Approach to First Homes**

13. Darlington Borough Council Local Plan policy H5 (below) sets out affordable housing requirements on development schemes of 10 or more dwellings. The policy sets three affordable housing requirement areas and outlines the percentage sought for each one (see table below). There is a low (10%), medium (20%) and a high (30%) value area. The three requirement areas have been set to maximise the delivery of affordable dwellings but to ensure developments are still viable. The Local Plan and policy H5 can be viewed at <https://microsites.darlington.gov.uk/media/2399/local-plan-adopted-feb22v2.pdf>

14. The tenure split proposed in each area reflects latest evidence from the Strategic Housing Market Assessment (2020) and ensures that the NPPF requirement that 10% of the total number of homes on major developments are available for affordable homeownership is met.

Figure 2 Policy H 5 Affordable Housing Extract

Location (Wards)	Affordable Requirement	Tenure Split of the Affordable Requirement
Bank Top and Lascelles, Northgate, Park East, Stephenson.	10%	100% affordable home ownership
Brinkburn and Faverdale, Cockerton, College, Eastbourne, Harrowgate Hill, 20% Haughton and Springfield, Heighington and Coniscliffe, North Road, Pierremont, Red Hall and Lingfield, Sadberge and Middleton St George and Whinfield,	20%	50% affordable rent and 50% affordable home ownership
Hummersknott, Hurworth, Mowden and Park West.	30%	65% affordable rent and 35% affordable home ownership

15. In line with the requirements set out in the WMS and PPG, the Council will require that 25% of affordable homes delivered through developer contributions will be First Homes. As First Homes are an affordable home ownership product, the council will expect the 25% of First Homes to contribute to the 'affordable home ownership' tenure split outlined in policy H5 above. Generally additional home ownership dwellings will have to be provided on top of the First Homes requirement to ensure that the tenure percentage is met within the policy.

#### Local Criteria

16. First Homes provided will be expected to meet the criteria set out in national policy and guidance and will be secured via the legal mechanisms mentioned in this statement. At this time the Council does not intend to set a higher minimum discount or lower price cap. The Council will monitor the performance of First Homes against the national criteria and will consider via future reviews of this statement whether evidence indicates if a change is required through the introduction of local criteria. This is also the case with regards to the household income threshold for eligible purchasers. The £80,000 threshold will be implemented but monitored and reviewed if justified.

17. The WMS and PPG allow for the setting of local eligibility criteria for First Homes where evidence supports this approach. The evidence set out in the Darlington SHMA (2020) demonstrates a high level of need for affordable housing in the borough. This provides justification for the application of a local connections test as a starting point. This is because First Homes are intended to allow people to get on the housing ladder in their local area.

18. The local connection criteria below will be applied to ensure local needs are prioritised whilst not being unduly restrictive. A person will be considered eligible for a First Home if they, or a member of their household, meet one of the criteria below.
- (a) Have been resident within Darlington Borough for 12 months or more prior to application.
  - (b) Have been employed permanently with a minimum 16 hour a week contract within Darlington Borough for 6 months or more prior to application or has a firm permanent job offer in Darlington for a minimum of 16 hours per week.
  - (c) A person has strong established immediate family connections in Darlington Borough (e.g., parents, siblings or adult children) who have lived in the authority for 12 months or more.
  - (d) A person needs to live in Darlington because they require substantial care from a relative who has lived in the Borough for at least the last 6 months, or they need to provide substantial care to a relative who has lived in the Borough for at least the last 6 months.
19. 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 are exempt from any local connection testing restrictions.
20. As required by the Written Ministerial Statement, these local eligibility restrictions are time-limited to the first three months from the start date of marketing of the property. Upon expiry of the three-month period, any homes which have not been sold or reserved will revert to the national standard criteria set out above.

### **Neighbourhood Plans**

21. One neighbourhood plan in the borough has been captured under the transitional arrangements for First Homes (set out in the PPG). The Middleton St George Neighbourhood Plan was submitted to the Council in April 2021 to be examined, consequently its policies did not need to reflect the First Homes requirement. Where neighbourhood plans are adopted under the transitional arrangements, the First Homes requirements will also not need to be applied when considering planning applications in the plan area until such time as the requirements are introduced through a subsequent update.
22. Despite the above guidance and transitional arrangements, it has been agreed with Middleton St George Parish Council that the First Homes requirement will be applied to the whole borough including the neighbourhood area via this policy position statement.

## **Exception Sites**

23. The WMS and PPG have introduced a First Homes exception sites policy. This has replaced the entry level exception sites policy as the Government considered that this approach did not deliver affordable housing to the extent originally envisaged. First Homes exception sites can come forward on land not allocated for development in the development plan and should:
- (a) Comprise First Homes (as defined in the WMS and PPG)
  - (b) Be adjacent to existing settlements, proportionate in size to them, not compromise the protection given to areas or assets of particular importance in the National Planning Policy Framework, and comply with any local design policies and standards.
24. The council will assess applications for exceptions sites in accordance with guidance set out in the WMS and PPG.