

Appendix 5.

# First Homes – Interim Position Statement

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# 1. Summary

## Interim Position in Buckinghamshire

- 1.1 The proposed interim policy position set out in this report reflects the guidance issued by the MHCLG (now Department for Levelling Up, Housing and Communities – DLUHC)
- 1.2 In August 2020 Local Authorities were consulted on the government’s proposals to introduce First Homes as part of the affordable housing tenure on all new housing developments.
- 1.3 First Homes are a new Government scheme for affordable home ownership designed to help local first time buyers and key workers onto the property ladder, by offering homes at a discount compared to the market price. This could save each buyer a significant amount of money, making deposits and mortgages more affordable. The discounts will apply to the homes forever, meaning that generations of new buyers and the local community will continue to benefit every time the property is sold.
- 1.4 On 1 April 2021, the Government released its response to the consultation setting out the key details for delivery of First Homes. On 24 May 2021 a Written Ministerial Statement (WMS) and changes to the National Planning Practice Guidance were published, setting out further details on the application of First Homes policy and procedures, and confirmed an implementation date of 28 June 2021.
- 1.5 The WMS requires local planning authorities to make clear how existing policies should be interpreted in the light of First Homes requirements using the most appropriate tool available to them. It is on that basis that this report has been prepared, recommending an interim policy framework for negotiating the delivery of First Homes in Buckinghamshire until such time that it can be incorporated into the new Local Plan 4 Buckinghamshire.
- 1.6 The Government have clarified that despite absence of First Homes from the July 2021 National Planning Policy Framework, the Written Ministerial Statement on First Homes does not cease to apply and should be read

alongside the NPPF as a statement of national planning policy. The WMS still represents current national policy on First Homes and exception sites.

1.7 First Homes will be delivered through three routes within the planning system in Buckinghamshire as set out below until a new Local Plan 4 Buckinghamshire is adopted. This reflects the First Homes Transitional Arrangements (Government policy on First Homes at <https://www.gov.uk/guidance/first-homes#plan--and-decision-making> Paragraph: 018 Reference ID: 70-018-20210524) that Local plans and neighbourhood plans submitted for examination before 28 June 2021, or that have reached publication stage by 28 June 2021 and subsequently submitted for examination by 28 December 2021, will not be required to reflect the First Homes policy requirement.

1. In the Chiltern, South Bucks and Wycombe areas, First Homes are required as these areas have Local Plans adopted before First Homes requirement came into existence. Therefore, First Homes will be secured through the council's consideration of affordable housing on planning applications. The Government rules on discount and local connection criteria will apply until such a time the council has published evidence to set a local discount and connection criteria.
2. In the Aylesbury Vale area – no First Homes are required as the Vale of Aylesbury Plan (VALP) was at examination after 28 June 2021 and the area is therefore caught by the transitional arrangements. The associated Affordable Housing SPD will explain the delivery of affordable housing to meet policy H1 in the VALP.
3. Across Buckinghamshire - Neighbourhood plan policies in new or revised neighbourhood plans can have policies and or site proposals for First Homes.

## 2. Background

### First Homes – the key details

2.1 The key requirements of First Homes delivery are: -

- a) At least 25% of affordable homes delivered on each site must be First Homes. Some exemptions apply, including developments that provide solely Build to Rent homes, 100% affordable housing schemes, rural exception sites, developments that provide specialist accommodation for a group with specific needs such as the elderly, and self-build developments.
- b) Purchasers must be first time buyers.
- c) The discount must be at least 30% of open market value. Local authorities can set policies that seek discounts of 40% or 50% if they can evidence the need and viability through the Local Plan process.
- d) The discount and first time buyer eligibility requirement will be held in perpetuity and secured through legal mechanisms, i.e. when any First Homes are sold to subsequent purchasers the same level of discount and first time buyer eligibility criteria will apply.
- e) There will be a price cap for qualifying properties, and the maximum purchase price after the discount will be £250,000.
- f) Local authorities can apply their own local connection criteria and other criteria such as giving priority to keyworkers.
- g) Purchasers are eligible to purchase a First Home if they have household income of less than £80,000 (this is the same as the qualifying criteria for shared ownership housing).
- h) Local connection criteria can only be applied for the first 3 months of marketing, after which a property can be sold to any purchaser from anywhere in England, subject to meeting the criteria around household income, first time buyer eligibility, and with the discount still being held in perpetuity.
- i) A First Home must be a purchaser's only home.
- k) At least 50% of the discounted value of the property must be financed via a mortgage or other similar form of finance.
- l) In the event that a First Home cannot be sold to a qualifying purchaser within 6 months of marketing, the property can be sold as an open market home and the seller pays the council a cash contribution in lieu

of the 30% discount. This requirement will be secured in the Section 106 agreement.

- m) House values should be set by developers obtaining valuations from a registered valuer acting in an independent capacity, and any valuations should be in accordance with the Royal Institution of Chartered Surveyors red-book valuation guidance for new-build homes. When the home is resold in future, the seller should secure a valuation in the same way in accordance with RICS's guidance. Where First Homes do not sell, a local authority may include provisions in a Section 106 agreement which allow a developer or First Home owner to sell a First Home on the open market and remove the title restriction, as long as certain conditions are met.
- n) The Community Infrastructure Levy (CIL) Regulations 2010 (as amended) make provisions for charging authorities to give relief or grant exemptions from the levy. These regulations allow developers of First Homes to obtain an exemption from the requirement to pay CIL. There is a CIL in operation in the Wycombe, Chiltern and South Bucks areas of the county.

### 3. Terms – Local Variations

3.1 The national terms to be used for the qualifying criteria for what constitutes a First Home and eligibility criteria to apply for a First Home are summarised in section 2. Local authorities and neighbourhood planning groups by preparing a neighbourhood plan can vary these criteria and add additional criteria based on local evidence and these local criteria would be time limited for the first 3 months from the start date of marketing the property. Local plans should set out policies for the level and type of affordable housing including the minimum of 25% of affordable homes being First Homes.

#### **Discount**

3.2 Local authorities can set a deeper minimum discount at either 40% or 50% and impose lower price caps if they can demonstrate a need for this through evidence. However, the same level of discount must apply each time such houses are sold in perpetuity secured through a planning obligation.

3.3 The council is considering the case for local evidence given the proximity of parts of Buckinghamshire to the more expensive London and indeed the south east of England housing market. Neighbourhood planning groups would also need to prepare their own evidence to support neighbourhood plan policies which go beyond the national parameters.

#### **Local Connection**

3.4 Local authorities will be able to apply additional criteria at a local level such as, setting a lower income cap, prioritising key workers (locally defined) and/or specify a particular local connection requirement based on work or current residency (excepting those with military connections).

3.5 If local authorities or neighbourhood planning groups choose to introduce their own eligibility restrictions, these will still be 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 and these will apply to all future sales of a First Home.

3.6 The council will require First Homes in the Buckinghamshire Council area (that are not already subject to local connection criteria such as through a Neighbourhood Plan) to be prioritised for the first three months of marketing to eligible applicants in the following priority order:

1. Those who have:

lived in the 'area' continuously for at least two years immediately prior to exchange of contracts for the relevant First Home or

been in continuous employment in the 'area' for at least two years immediately prior to exchange of contracts for the relevant First Home and have worked a minimum of 24 hours per week throughout that period

been living outside the 'area' but employed or with a firm job offer within the Buckinghamshire Council area that falls within the definition of 'keyworker'

2. Those who have:

lived in the 'area' continuously for at least one year immediately prior to exchange of contracts for the relevant First Home or

been in continuous employment in the 'area' for at least one year immediately prior to exchange of contracts for the relevant First Home and have worked a minimum of 24 hours per week throughout that period.

Where 'area' is the Local Plan area these applicants shall be prioritised for the first month of marketing before extending priority to people meeting one or more of the above local connection criteria from the wider Buckinghamshire Council area for the remaining two months of marketing.

## **Price Cap**

3.7 The Council can impose a lower price cap than £250,000 if it can demonstrate a need for this through evidence. It may be that there needs to be different price caps reflecting the housing markets in the south nearer to London than the north of the country nearer to the Midlands.



## **Key Worker**

3.8 The council wishes to restrict First Homes with local eligibility restrictions so that First Homes have the best chance to be sold to local people and key workers. The Council prioritises Key workers for the eligibility criteria to apply for a first home with the following definition. Key workers are:

- Clinical staff employed by the NHS to include ambulance drivers, paramedics, healthcare workers
- Providing care services (including those working in care homes)
- Police officers, community support officers, and frontline police staff
- Uniformed staff in the Fire & Rescue Service
- Prison officers, and frontline prison staff
- Probation officers
- Public sector employed teachers, social workers, planning and building control officers, environmental health officers, occupational therapists, speech therapists and educational psychologists
- Or such other critical workers that the council acting reasonably shall approve.

## **Local Evidence**

3.9 The council will consider the case for local evidence for the discount and price cap given the proximity of parts of Buckinghamshire to the more expensive London and indeed the south east of England housing market. This matter will be taken forward in the evidence gathering stage for the Local Plan 4 Buckinghamshire. Neighbourhood planning groups may also prepare their own evidence to support neighbourhood plan policies on First Homes discount and price cap.

## 4. Impact on other Affordable Housing Tenures

4.1 The requirement is that at least 25% of all affordable homes delivered through planning obligations will be delivered as First Homes, with the balance of the affordable units being delivered as per the relevant former District Council's local plan requirement.

4.2 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. A local authority should prioritise securing their policy requirements for social rent once they have secured the 25% First Homes requirement. Where specific developments are exempt from delivering affordable home ownership products under paragraph 64 of the NPPF, they shall also be exempt from the requirement to deliver First Homes.

### Local Plan requirements

4.3. The following sets out the impacts of the application of First Homes policy on each of the areas that are not exempt.

4.4. Wycombe Local Plan 2019 (Wycombe Local Plan 2019 - <https://buckinghamshire.gov.uk.s3.amazonaws.com/documents/Wycombe-District-Local-Plan-Adopted-August-2019-accessible.pdf>)

plan policy DM24, requires a tenure split of 80% affordable rent and 20% intermediate. So a scheme of 100 homes not on a greenfield site or a Class B business use would provide 35 affordable homes. Following implementation of this position statement would produce a tenure mix of: -

- First Homes 8.75 units (25%) – leaving a balance of 26.25 affordable homes comprising:
- Affordable Rented units 21 units (80% of 26.25)
- Intermediate – 5.25 units (20% of 26.25)

4.5. The Chiltern Core Strategy 2011 ([Chiltern Core Strategy 2011 - weblink](#)) Policy CS8 requires at

least 40% affordable on a site of more than 15 dwellings and Policy CS10 identifies a tenure split of 70% social rented and 30% shared ownership. So, an example of 30 homes would mean 12 homes are to be affordable and therefore following implementation of this position statement:

- First Homes – 3 units - 25% of 12 leaving 9 affordable homes comprising:
- Affordable Rented units – 6.3 units (70% of 9)
- Intermediate – 2.7 units (30% of 9)

#### 4.6. South Bucks Core Strategy (2011)

Core Policy 3 requires at least 40% of five dwellings or above to be affordable with a tenure split of 2/3 social rented and 1/3 intermediate. So for an example a scheme of 20 homes would mean 8 affordable homes and following implementation of this position statement:

- First Homes - 2 units (25%) leaving a balance of 6 affordable homes comprising:
- Affordable Rent – 4 units (2/3 of 6)
- Intermediate - 2 units ( 1/3 of 6)

4.6 The impact of the application of First Homes would be to reduce the amount of affordable rented and intermediate housing that would be delivered by approximately 25%. The inclusion of First Homes will not only reduce the amount of affordable rented homes being delivered but may also affect the viability of the inclusion of any social rented homes. This is largely because of the requirement for First Homes to be part of the affordable housing mix there will be a reduced number of shared ownership homes which tend to generate the higher level of income to the developer.

4.7 In terms of rounding, where the provision of First Homes results in figures below 0.5 of a unit this should be rounded down but where the figure is 0.5 or above this should be rounded up. The rounding of the remainder of affordable housing secured should be in line with the relevant local plan policy or Supplementary Planning Document in force for that part of Buckinghamshire.

4.8 The size of the units (1 bed/2-bed/3 bed etc.) to be secured and accessibility standards that apply to First Homes are the same standards

as those for housing or affordable housing in the relevant local plan (or made neighbourhood plan) policy in force in Buckinghamshire.

- 4.9 The definition of what is 'affordable housing' is as per each Local Plan in force in the relevant area of Buckinghamshire. Therefore how forms of sheltered housing are addressed and if they are 'affordable housing' will be as set out in each relevant local plan (or made neighbourhood plan).

## 5. Exception Sites

### DLuHC Guidance

5.1 The Government is also seeking to deliver First Homes via an exception sites approach and is introducing a 'First Homes exception sites' policy. First Homes exception sites are acceptable:

- a) on land which is not already allocated for housing,
- b) should comprise 100% First Homes (as set out above), and,
- c) be adjacent to existing settlements, proportionate in size to them

5.2 First Homes exception sites should not compromise the protection given to areas or assets of particular importance identified in the NPPF (National Parks, AONB's or Green Belt), and comply with any local design policies and standards.

5.3 A small proportion of market homes may be allowed on the site at the local authority's discretion, for example where essential to enable the delivery of First Homes without grant funding. Also, a small proportion of other affordable homes may be allowed on the sites where there is significant identified local need. In designated rural areas, which include Areas of Outstanding Natural Beauty, rural exception sites will remain as a tool for the delivery of housing. Elsewhere, First Homes exception sites and rural exception sites can both come forward.

### Position for Buckinghamshire

5.4 In Buckinghamshire in the Area of Outstanding Natural Beauty and Green Belt, rural exception sites will remain as the sole exception site which can come forward. Elsewhere, in the Wycombe, Chiltern and South Bucks areas, First Homes exception sites and rural exception sites can both come forward.

5.5 The site size threshold for Entry-Level Exception Sites in the NPPF (2021) para 72 where exception sites should not be larger than one hectare in

size or exceed 5% of the size of the existing settlement - see National Planning Policy Framework 2021 para 72 (weblink to this document at <https://www.gov.uk/guidance/national-planning-policy-framework>) has been removed for First Homes Exception Sites. A local authority can determine what it considers to be appropriate as a site size threshold.

5.6 As an Interim Position until the final Local Plan 4 Buckinghamshire is agreed, proposals for First Homes Exception Sites in the Wycombe, Chiltern and South Bucks areas will be considered on a site-by-site basis taking into consideration the size of the proposed site against the size of the adjacent settlement. Proposals will also need to demonstrate evidence of need in the sites location to justify the size of the development and will need to demonstrate that the development is sustainable in terms of its proximity to local transport networks and amenities.

5.8 To be clear none of the above applies to the Aylesbury Vale area.

## 6. Monitoring, Management and Enforcement

### Section 106 Agreements

- 6.1 The Council, in drafting Section 106 Agreements for planning decisions on First Homes, will take into account the Government's model Section 106 agreement for First Homes published on 23 December 2021  
<https://www.gov.uk/government/publications/first-homes-model-section-106-agreement-for-developer-contributions>
- 6.2 The Council's Section 106 Agreement will set out all the obligations on the applicant for a First Home planning permission and future purchasers of the home (s). These obligations may cover clustering, development construction standards, arrangements for marketing and sale, the use and occupancy of the property including letting or subletting and any mortgagee exclusions.
- 6.3 The Council will monitor the delivery of First Homes in the Buckinghamshire Council area and use where necessary its powers to enforce the obligations and other parts of a planning decision so that the rules of qualification of a First Home and the full terms of the planning permission are being adhered to.