



First Homes Guidance Note

January 2022

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1 Introduction

Purpose of this Guidance Note

- 1.1** This guidance note sets out the Council's approach to implementation of the Government's First Homes policy and guidance.

Status of this Guidance Note

- 1.2** This guidance note is a material consideration in the determination of planning applications. It should be read alongside the adopted Harrogate District Local Plan 2014-2035 and other planning guidance, in particular the Council's adopted Supplementary Planning Guidance for Policy HS2: Affordable Housing.

What are First Homes?

- 2.1** First Homes are a new type of affordable housing product introduced by national planning policy. 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 (or £420,000 in Greater London).
- 2.2** PPG (Paragraph: 001 Reference ID: 70-001-20210524) states 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.
- 2.3** First Homes come into effect for planning applications submitted from the 28th December 2021 for sites of ten dwellings/0.5 ha or more. If substantial pre-application discussion on alternative affordable tenures has already taken place, the implementation date moves to the end of March 2022. How the Council's seeks to implement First Homes.

Who is Eligible for First Homes?

- 2.4** Planning Practice Guidance (Paragraph: 002 Reference ID: 70-002-20210524) sets out the following eligibility criteria for First Homes (which apply whether the First Home is newly completed or subsequently sold on):
1. Purchasers must be 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).
 2. Purchasers of First Homes, whether individuals, couples or group purchasers, should have a combined annual household income not exceeding £80,000 (or £90,000 in Greater London) in the tax year immediately preceding the year of purchase.
 3. 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.

3 Proposed Policy Approach

Proposed Policy Approach

- 3.1** In the context of current adopted policy on Affordable Housing, the Council will seek to implement First Homes as per the baseline requirements of PPG, i.e. at 30% discount. Furthermore developers should be required to “top up” contributions to policy compliant levels.
- 3.2** Justification for this approach, along with a worked example can be found below.

Justification for Proposed Policy Approach

- 3.3** Planning Practice Guidance (Paragraph: 014 Reference ID: 70-014-20210524) states that “the value captured from a planning application which includes First Homes should be the same amount as would be captured under the local authority’s up-to-date published policy”.
- 3.4** Under the Council’s current approach, with fixed transfer prices, the developer contribution under our current affordable housing policy can be accurately stated. With the introduction of First Homes, the contribution would be less unless “topped up” in line with paragraph 14 of PPG.
- As an explanation, a developer who provides a First Home at 30% less than market value as opposed to another affordable house type will receive a higher return. A worked example is as follows:
 - A £300,000 property as a First Home (at 30% less than market value) will be valued at £210,000.
 - The current transfer of this Home (assuming a 79m² two bedroom home at £1100 per m²) = £89,600.
- 3.5** This means that £120,400 less is captured from this Home than under current policy.
- 3.6** It is therefore proposed that in line with national guidance, developers should be required to “top up” contributions to policy compliant levels. Contributions will then be used to increase the supply of affordable homes across the district as well as supporting improvements to existing affordable homes.
- 3.7** It is important to note that this approach does not seek to require any additional contributions than currently required under adopted Local Plan policy.

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Further Information and Contacts

- 4.1** For further information please contact the Policy and Place Team by email: PlanningPolicy@harrogate.gov.uk; or by phone: 01423 500 600.