

First Homes Planning Policy Statement

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1. Introduction

- 1.1 On 24 May 2021, the Government released a Written Ministerial Statement¹ (WMS) and Planning Practice Guidance (PPG)² setting out national planning policy for a new affordable housing product called First Homes. As explained in more detail in section 5 of this First Homes Planning Policy Statement, the WMS and PPG set out the potential for First Homes to be provided through the planning system from **28 June 2021**, before becoming a requirement for planning applications from **28 December 2021** (or **28 March 2022** if there have been significant pre-application discussions).
- 1.2 First Homes are a form of discounted market sale housing and fall within the definition of affordable housing contained in appendix A of the National Planning Policy Framework³ (NPPF). First Homes are also the Government's preferred discounted market tenure and need to account for at least 25% of all affordable housing units delivered by developers as part of planning obligations (Section 106 Agreements).

¹ [Written statements - Written questions, answers and statements - UK Parliament](#)

² [First Homes - GOV.UK \(www.gov.uk\)](#)

³ [National Planning Policy Framework - Guidance - GOV.UK \(www.gov.uk\)](#)

2. What are First Homes?

- 2.1 Full guidance on the characteristics of First Homes are provided in the WMS and the PPG and are not repeated in detail in this statement. Key details include the following:

<i>The Homes</i>	<i>The Buyers</i>
<i>Sold with a 30% discount on market value</i>	<i>Only available to first time buyers</i>
<i>Discount is retained for every future sale</i>	<i>Household income must be no more than £80k</i>
<i>Value (after discount) is capped at £250k</i>	<i>Must be the buyer's main residence</i>
<i>Price cap only applies on the initial sale</i>	<i>Lettings restrictions apply</i>

- 2.2 The WMS and PPG identify a range of additional local criteria that can be applied to First Homes. Exeter City Council is assessing the potential for adopting a local lower market discount, lower value cap and lower household income threshold, including through work on the new Exeter Local Plan. The national criteria for First Homes will be implemented in these cases until such time as appropriate evidence to support local criteria is available. However, the WMS and PPG allow local authorities to apply local connection criteria to First Homes without the need to provide supporting evidence. This is because First Homes are intended to allow people to get on the housing ladder in their local area. The local connection criteria that will apply to First Homes sold in Exeter is set out in appendix 1. The local connection criteria will apply via a Section 106 Agreement upon the first and every successive sale of a First Homes, although the criteria will be lifted after three months if the home has not been reserved or sold.

3. What does this mean for affordable housing planning policy in Exeter?

- 3.1 The Council's adopted planning policy for affordable housing in Exeter is set out in Policy CP7 of the Core Strategy 2006-2026⁴, amplified by an Affordable Housing Supplementary Planning Document (SPD)⁵. In addition, policy SD3 of the St James Neighbourhood Plan (2013)⁶ supports the development of small infill / windfall sites for affordable homes.

Exeter Core Strategy 2006-2026

- 3.2 As per the WMS which takes effect from **28 June 2021**, the Council will interpret Policy CP7 as follows taking into account the national First Homes policy. Please note that the interpretation also reflects site threshold changes effected by the publication of the national Planning Obligations PPG in September 2019.

Policy CP7 (revised)

- On developments where 10 or more homes are proposed or the site measures 0.5 hectares or more, 35% of the total housing provision should be made available as affordable housing for households whose housing needs are not met by the market.
- Of the 35% affordable housing:
 - At least 25% should be provided as First Homes
 - 70% should be provided as social rent. Where it is not possible for viability reasons to provide the full requirement of social rented housing, affordable rent provision will be considered let as far as possible at social rented levels)
 - The remaining balance should be provided as intermediate affordable housing (which can include or comprise First Homes) or social rent housing.
- The overall percentage of affordable housing and the tenure split will be subject to considerations of viability and feasibility, taking into account government guidance in the First Homes PPG that a policy compliant planning application should seek to capture the same amount of value as would be captured under policy CP7 of the Exeter Core Strategy (2006-2026).

- 3.3 First Homes are an affordable home ownership product, as are intermediate affordable housing products such as shared ownership. Developments that comply with policy CP7 (as reinterpreted above) will satisfy the NPPF's requirement that 10% of homes on major developments should be made available for affordable homeownership. In accordance with the NPPF, exemptions to the 10% requirement will be made where the site or proposed development:

- a) Provides solely Build to Rent homes;

⁴ [adopted-core-strategy.pdf \(exeter.gov.uk\)](#)

⁵ [Supplementary planning documents - Affordable Housing SPD - Exeter City Council](#)

⁶ [st-james-neighbourhood-plan-2013.pdf \(exeter.gov.uk\)](#)

- b) Provides specialist accommodation for a group of people with specific needs (such as purpose built accommodation for the elderly or students);
- c) Is proposed to be developed by people who wish to build or commission their own homes; or (i.e. self- or custom-build housing)
- d) Is exclusively for affordable housing or is a First Homes Exception Site (see below for further details).

Affordable Housing SPD

- 3.4 Aside from the interpretation of policy CP7 set out above, the introduction of the national First Homes policy has no impact upon the contents of the Affordable Housing SPD.
- 3.5 As set out in the SPD, WMS and PPG, it is expected that First Homes will be provided on the development site. Commuted provision by means of off-site provision of a financial contribution will only be agreed by the Council in exceptional circumstances and at the Council's discretion.
- 3.6 The Affordable Housing SPD requires that, on qualifying sites, 5% of affordable housing should be wheelchair accessible. The wheelchair accessible homes should be of sizes and types that most effectively meet the greatest need evidenced by the Council's Housing Register at the time that the reserved matters of full planning application is made. On any development, the Council will negotiate for First Homes to be built to wheelchair accessible standards in order to meet the 5% policy requirement, if that is supported by evidenced need.

St James Neighbourhood Plan

- 3.7 Policy SD3 of the St James Neighbourhood Plan states that proposals to develop small infill / windfall sites for affordable homes for local people will be supported. From **28 June 2021**, by virtue of the fact that First Homes are included in the NPPF's definition of affordable housing, this will include support for small infill / windfall sites for First Homes for local people.

4. Exception Sites

- 4.1 The WMS and PPG have introduced a First Homes Exception Sites policy in place of the pre-existing national Entry-Level Exception Sites policy. Full details of the First Homes Exception Sites policy can be found in the WMS and PPG and are not repeated here.
- 4.2 From **28 June 2021**, the Council will consider planning applications for the development of First Homes Exception Sites in accordance with the WMS and PPG.

5. Transitional arrangements for planning applications

- 5.1 As stated in the WMS and PPG, the First Homes policy will not apply to sites with full or outline planning permissions already in place (or where a right to appeal against non-determination has arisen) before **28 December 2021** (or **28 March 2022** if there has been significant pre-application engagement). However, the Council will allow developers to introduce First Homes to the affordable housing tenure mix from **28 June 2021** if they wish to do so.

6. Community Infrastructure Levy and planning obligations

6.1 Developers of First Homes are able to apply for and obtain an exemption from the requirement to pay the Council's Community Infrastructure Levy. This is because First Homes are a form of affordable housing. For details of how to apply for an exemption, see: [Community infrastructure levy \(CIL\) - CIL reliefs and exemptions - Exeter City Council](#).

6.2 However, applicants for major developments that comprise or include First Homes (or any other affordable housing products) are expected to enter into planning obligations with the Council to mitigate the impacts of the developments. For any major residential development in Exeter, the planning obligation will include a financial contribution towards habitats mitigation and may also include contributions towards the provision of open space, transport and other infrastructure necessary to make the development acceptable in planning terms. Further details of the Council's policies on habitats mitigation and other planning obligations can be found here:

- [Habitats Mitigation - Why is mitigation needed within Exeter - Exeter City Council](#)
- [Section 106 agreements \(s106\) - Overview - Exeter City Council](#)

Appendix A

Local connection criteria for First Homes built in Exeter

To demonstrate a local connection (defined in Part VII of the Housing Act 1996), applicants for First Homes that are built in Exeter will:

- Normally be resident in Devon. Local Government Association guidelines define this as having resided in the area for six of the last twelve months, or three out of the last five years, where residence has been out of choice. In line with the Housing and Regeneration Act (2008) service personnel who have been based and living in Devon will be considered to have local connection with Devon; or
- Work in Devon. The Local Government Association guidelines define this as employment other than of a casual nature. For the purposes of this policy this will be defined as having had permanent work with a minimum of a 16 hour contract per week for the previous 6 months, and without a break in the period of employment for more than three months; or
- Have family connections in Devon. Reflecting the Local Government Association guidelines this is normally defined as the applicant, or a member of their household has parents, adult children or brothers or sisters who have been resident in Devon for at least the last 5 years. Only in exceptional circumstances would the residence of relatives other than those listed above be taken to establish a local connection, but the circumstances may be sufficient and all cases will be considered individually; or
- Have special circumstances for moving to Devon: because of particular special needs, some applicants should be assessed as having a local connection to Devon because of a particular need to move to Devon. For example this may be because they have a specific medical condition and the only/most appropriate treatment available is based in Devon.

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 will be exempt from these local connection criteria.

The local connection criteria will be applied every time a First Home is marketed, but will be lifted after three months if the home is not sold or reserved.