

1. Introduction

This Interim Policy Statement (IPS) sets out information relating to the implementation of First Homes in the Nuneaton and Bedworth Borough Council area. The IPS supplements Policy H2 - Affordable Housing of the Nuneaton and Bedworth Borough Council (NBBC) Borough Plan 2011-2031 (adopted June 2019) and the related Affordable Housing Supplementary Planning Document (2019). Affordable housing in the borough area will continue to be delivered in accordance with existing NBBC policy but will take into account the First Homes policy.

2. Background

The Government consulted on proposals to introduce First Homes as part of the affordable housing tenure on all new housing developments in August 2020. The Government's response to the consultation was published on the 1st April 2021.

First Homes were subsequently introduced through a Written Ministerial Statement¹ (WMS) and updates to Planning Practice Guidance² (PPG) in May 2021 and further updates to PPG on 23rd December 2021. The definition of Affordable Housing has not been changed in the National Planning Policy Framework³, but the PPG states that First Homes should be considered to meet the definition of affordable housing for planning purposes.

The Town and Country Planning Act 1990 requires that planning applications are determined in accordance with the Development Plan unless material considerations indicate otherwise. The Council's Borough Plan was adopted at Full Council on 10th June 2019. The WMS and PPG are material considerations when determining planning applications in relation to affordable housing.

First Homes policy came into effect from June 2021. A number of transitional arrangements were put in place to phase in First Homes⁴. The requirement did not apply to sites with planning permission before 28 December 2021. The requirement for First Homes also does not apply to sites granted permission before 28 March 2022 where there has been significant pre-application engagement with the Council. The First Homes requirement will apply in all cases from 28 March 2022.

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

² <https://www.gov.uk/guidance/first-homes#:~:text=Guidance-,First%20Homes,-Provides%20further%20detail>

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

⁴ <https://www.gov.uk/guidance/first-homes#:~:text=Is%20there%20a%20transition%20period%20for%20plan%2Dmaking%3F>

3. What is a First Home?

First Homes are a form of discounted market sale housing. The key features of First Homes are as follows:

- First Homes are discounted by a minimum of 30% against the market value.
- The discount applied along with other restrictions are passed on at each subsequent title transfer.
- After the discount has been applied, the first sale must be at a price no higher than £250,000 (outside London).
- 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.
- Local authorities and neighbourhood planning groups can set a larger discount of either 40% or 50% to ensure the homes are affordable to local people if they can demonstrate evidence of a need for this.

4. Who is eligible for a First Home?

The Government has set national criteria for eligibility to First Homes:

- Applicants should be first time buyers (as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief)
- Households should not exceed a combined gross annual income of up to £80,000 (outside London)
- All purchasers must use a mortgage or home purchase scheme for at least 50% of the discounted purchase value.

In addition to the national criteria local authorities can set their own eligibility criteria such as prioritising key workers and/or specifying a particular local connection requirement(s) based on work or current residency. However, any local eligibility criteria will be limited to the first three months from the start date of marketing the property after which only national eligibility criteria will apply.

Nuneaton and Bedworth Borough Council has considered the implications of the new policy and how First Homes will work best in the borough.

5. What discount to First Homes will be applied in Nuneaton and Bedworth Borough?

Government guidance allows local authorities to impose higher discounts than the minimum 30% discount from open market value of either 40% or 50%.

It is intended that the minimum discount of 30% should be applied at this stage, as there is currently no firm evidence available to support higher levels of discount. The Council may reconsider if evidence supports a higher level of discount. In such a scenario, the Council will update the IPS.

6. Should lower income caps apply in Nuneaton and Bedworth Borough?

The household income limit of £80,000, proposed by the Government, is in line with the existing criteria for all other low-cost home ownership products. PPG states locally set income caps should be considered with reference to mortgage requirements and loan-to-income ratios for appropriate homes for the area's identified target market for First Homes. It is considered that further research will need to be undertaken before the Council considers the application of an income cap. The Council will continue to monitor closely demand for First Homes and where there is clear evidence of demand from higher earners that prevents eligible, lower income earners securing First Homes, a lower income limit will be implemented via a future IPS.

7. Local eligibility criteria for Nuneaton and Bedworth Borough

Local authorities can set their own local connection criteria for the sale of First Homes. Local connection criteria will however only apply for the first three months of advertising a First Home. After three months the seller can sell the property to someone with no local connection provided that they still qualify as a first-time buyer and are within the household income limit.

In order to qualify applicants must meet at least one or more of the following criteria:

- Have lived within the Borough for at least 6 out of the last 12 months, or 3 out of the last 5 years.
- Have immediate family in the Borough, with the family members concerned currently living in the Borough, and have done for at least 5 years or more. This would normally be parents, adult children, brothers or sisters provided there are sufficiently close links in the form of frequent contact, commitment or dependence. Other family associations such as grandparents and adoptive parents would also be considered if sufficiently close links are evidenced.
- Work permanently in the Borough.

- Give to, or receive support from, a close family member who is resident in the Borough. Applicants will need to supply supporting evidence from a medical professional or social worker together with full details of the support that is being given/received.

8. Developer contributions

The PPG states that First Homes should comprise the first 25% of affordable housing. Prior to a new local plan policy coming into force, the residual affordable housing should be split in proportion with the Local Plan policy. The only exception to this approach is where there is a policy requirement for social rented housing which should be protected (Para ID: 70-015-20210524).

The Nuneaton and Bedworth Borough Plan does not explicitly state a percentage of social rented housing, with Policy H2 – Affordable Housing requiring that the tenure split should be based upon evidence in the council’s Housing Register and the Strategic Housing Market Assessment (SHMA). The Council’s Affordable Housing SPD considers the SHMA and Housing Register and recommends a tenure split of 74% social/affordable rent to 26% intermediate housing mix. This is due to the significant number of people recorded on the Housing Register and those determined to be in housing need in the Borough.

The NPPF states that at least 10% of the total number of homes must deliver affordable home ownership. Accounting for the contribution from first homes, the remainder of the affordable home ownership (i.e. the ‘top up’ to meet the 10% requirement) is to be delivered as shared ownership. The remainder of the affordable housing is to be delivered as social or affordable rent.

Where the % proportion of affordable housing results in a partial dwelling this will be rounded up to create whole unit or converted to a financial contribution.

9. Section 106

According to PPG the landowner should enter into a planning obligation under section 106 of the Town and Country Planning Act 1990 enforceable by the local planning authority that:

- (a) secures the delivery of the First Homes; and,
- (b) ensures that a legal restriction is registered onto a First Home’s title on its first sale.

The government has made draft Section 106 templates available and strongly urges the use of the templates. It is also recommended that the following model title restriction is used:

“No disposition of the registered estate (other than a charge) by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered

before the entry of this restriction, is to be registered without a certificate signed by [Local Authority] of [address] or their conveyancer that the provisions of clause XX (the First Homes provision) of the Transfer dated [Date] referred to in the Charges Register have been complied with or that they do not apply to the disposition”

The Section 106 templates are available here: <https://www.gov.uk/government/publications/first-homes-model-section-106-agreement-for-developer-contributions>

10. Housing Mix

First Homes should be provided in accordance with Borough Plan Policy H2 Affordable Housing. The 2013 SHMA identified the highest long-term need is for 1 bed properties, followed by 2 bed properties, then 3 bed properties and, with least demand, 4 or more bed properties. The 2013 SHMA recommends the following mix: 1 bedroom 40-45 %, 2 bedroom 25-30 %, 3 bedroom 20-25 %, 4 plus bedroom 5-10 %. However, the consultants are cautious about these figures, and state that the figures should be considered alongside information from the council’s housing register and the stock turnover of existing properties. Developers should engage with the Council to establish the exact housing mix.

11. Review

It is the intention that this Interim Policy Statement will be reviewed in due course. The Council has commissioned further viability research to support the Borough Plan Review which could determine how First Homes are delivered in the most appropriate manner. If necessary, the Interim Policy Statement will be updated accordingly, having regard to further Government Guidance or ministerial statements and emerging best practice.