

TRAFFORD COUNCIL

Report to: Planning and Development Management Committee
Date: 2 November 2021
Report for: Information
Report of: Head of Strategic Growth Services

Report Title

Implementation of the new First Homes requirement in planning decisions for Trafford.

Summary

This report provides information on the Ministerial Statement “Affordable Homes Update” that came in to effect on 28 June 2021, which requires new planning applications determined after 28th December 2021 to include a minimum of 25% of ‘First Homes’ as part of local affordable housing provision/contributions.

Recommendation

To note the required changes to the application of Trafford’s affordable housing policies and how this will be applied to planning decisions from 29 December 2021 onwards.

Contact person for access to background papers and further information:

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SUMMARY

1. The Ministerial Statement ‘Affordable Homes Update’¹ sets out the Government’s change to planning policy through the inclusion of First Homes to the range of affordable home ownership products available which came in to effect on 28 June 2021.
2. From 28 June 2021, a minimum of 25% of all affordable housing units secured on site or through developer contributions, where affordable housing provision has been shown to be viable, should include First Homes.
3. New planning applications determined after 28 December 2021 must include a minimum of 25% provision of affordable homes as First Homes. Exceptions to this timescale for changes are set out in Table 1 of this report.

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

4. Key Headlines:

- The application of existing Core Strategy policy L2 and SPD1 will need to reflect this change.
- The new requirements will reduce the amount of homes for social / affordable rent and intermediate homes provided from new residential developments across the borough.
- The new First Homes requirement provides an alternative affordable housing product providing a different route into affordable home ownership that any future first time buyer(s) can also benefit from.
- S106 agreements will need to include a new section/clause to secure First Homes and any local criteria.
- The new Local Plan (and its accompanying evidence base) will need to ensure that this requirement is taken into account and increase the provision of social rent as part of planning policies.

WHAT IS A FIRST HOME?

5. A First Home is a new type of affordable housing introduced by the Ministerial Statement 'Affordable Homes Update'². Affordable housing as defined in the National Planning Policy Framework (2021) now includes this definition.
6. To be considered a First Home, dwellings must meet the following criteria:
 - A First Home must be discounted by a minimum of 30% against the market value;
 - After the discount has been applied, the first sale of the home must be at a price no higher than £250,000 (outside of London); and
 - The home is sold to a person who meets the First Homes eligibility criteria (as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 (please see Appendix A of this report for the full definition)).

FIRST HOMES ELIGIBILITY CRITERIA

7. First Homes must be prioritised for eligible first-time buyers' sole or primary residence, and not sold to any household with a combined annual income in excess of £80,000 (outside London).
8. Local authorities will be able to apply additional criteria at a local level (for example prioritise first time buyer key workers and / or specify a particular local connection requirement) via S106 agreements. Neighbourhood plans will also be able to apply additional criteria at neighbourhood level.
9. Any local or neighbourhood eligibility restrictions will be time-limited to the first three months of marketing the property. Any homes not sold or reserved after will then revert to the national standard criteria.

TIMESCALES FOR IMPLEMENTATION

10. The timescales for implementation of changes to planning policy and the effect on the decision making process is shown in table 1.

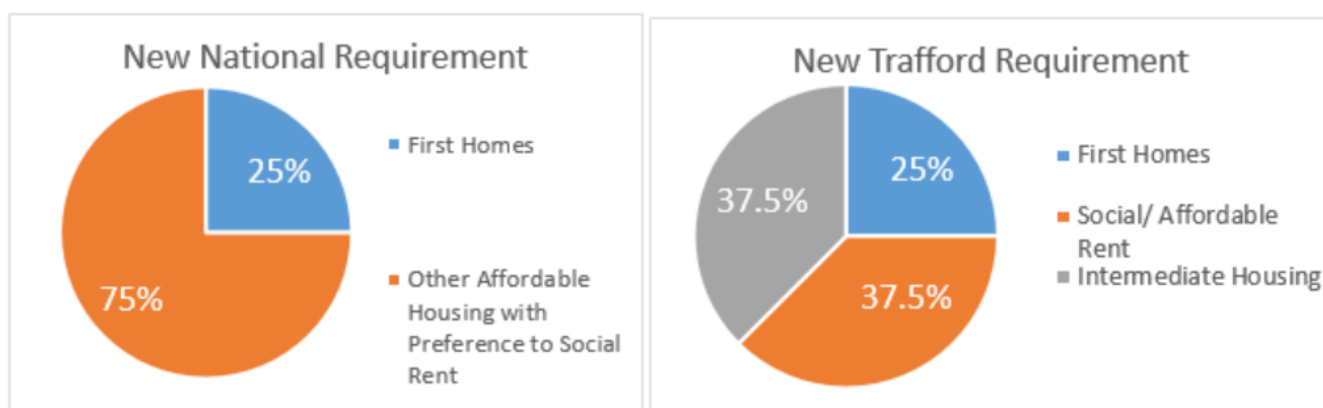
² [Written statements - Written questions, answers and statements - UK Parliament](#)

Table 1: Timescales for implementation and the effect of the changes

Time period	Changes to the application of planning policy and decision making
Prior to 28 June 2021	No Change. No <u>need</u> for First Homes
Between 28 June and 28 December 2021 (Transitional Period 1)	No Change. No <u>need</u> for First Homes. BUT First Homes should be factored in the closer applications get to December 28th 2021.
29 December 2021 onwards	Applications <u>MUST</u> include 25% First Homes unless Transitional Period 2 applies.
28 December 2021 – 28 March 2022 (Transitional Period 2)	<u>Only where SIGNIFICANT pre-application engagement has taken place</u> No Change. No need for First Homes
29 March 2022 onwards	<u>All applications determined after this date must include 25% First Homes as part of the affordable housing requirement</u>

IMPLICATIONS FOR TRAFFORD

11. The changes require that the provision of affordable housing be re-prioritised. Currently, Core Strategy Policy L2 'Meeting Housing Needs (part L2.14)' sets a requirement for a 50:50 split in affordable units to be provided between intermediate and social/affordable rented housing units. The application of this policy will change as follows:



Core Strategy Approach	New First Homes Requirement
50:50 split between intermediate and social/affordable rent on the total affordable housing requirement.	1) Provision of 25% First Homes.
	2) 50:50 split between intermediate and social/affordable rent on the remaining 75% affordable housing requirement.

12. This requirement also applies to the Core Strategy's Strategic Allocations (at SL1 Pomona Island, SL2 Trafford Wharfside, SL3 Lancashire County Cricket Club Quarter, SL4 Trafford Centre Rectangle and SL5 Carrington).
13. Appendix B to this report sets out how Core Strategy policy L2 and SP1 "Planning Obligations" should be interpreted in light of these changes.

14. The application of this change in policy will result in an overall reduction in the number of affordable housing units for intermediate and social/affordable rent that are being provided.
15. Notwithstanding the above, it should be noted that the new First Homes requirement provides an alternative affordable housing product providing a different route in to affordable home ownership that any future first time buyers can also benefit from.
16. Going forward, the new Local Plan and its accompanying evidence base will need to ensure that a sufficient amount of housing for social/affordable rent can be delivered, in addition to the First Homes requirement when determining the viability of proposed planning policies. As the policies for the new Local Plan are finalised, taking their viability in to account, there is the potential for an increased provision of homes that are for social rent.
17. In accordance with paragraph 62 of the National Planning Policy Framework, affordable housing is expected to be delivered on-site unless off-site provision or a financial contribution in lieu can be robustly justified, and the agreed approach contributes to the objective of creating mixed and balanced communities.
18. Where financial contributions for affordable housing are secured instead of on-site units, a minimum of 25% should be used to secure First Homes.
19. Where a mixture of financial 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.

LEGAL MECHANISM FOR SECURING FIRST HOMES

20. A Section 106 planning obligation with the local planning authority will secure First Homes in perpetuity (subject to certain exceptions), by ensuring that a restriction is registered against the First Home's title. This can also include any local eligibility criteria.
21. When a First Home is sold to the first owner, the restriction should ensure that the title cannot be transferred to another owner unless the relevant local authority certifies to HM Land Registry that the obligations contained in the S.106 have been complied with or do not apply to the sale. The obligations will include the First Homes criteria and eligibility criteria, including the discounted sale price.
22. To ensure that the discount is passed on to all future purchasers, government guidance strongly recommends the use of the following model title, which has been prepared with HM Land Registry for this purpose:

"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"

National Planning Practice Guidance Paragraph: 003 Reference ID: 70-003-20210524

23. The government will publish template planning obligations for this purpose, which the local planning authority can use as a basis for agreements prepared locally. These are not available yet.

COMMUNITY INFRASTRUCTURE LEVY (CIL)

24. Developers of First Homes will be able to obtain an exemption from the requirement to pay CIL, in line with other affordable housing products.

EXCEPTION SITES

25. Sites which deliver primarily First Homes can come forward on unallocated land outside of a development plan (but not within Green Belt). Local authorities will be encouraged to set policies which specify their approach to determining First Homes exception site proposals, and the sorts of evidence that they might need in order to properly assess them.
26. This can be incorporated into the draft Local Plan with additional guidance if necessary provided via a subsequent SPD.

RESOURCE IMPLICATIONS

Legal

27. The drafting of S106 agreements for affordable housing will need to include the mechanisms set out above to ensure that First Homes remain so in perpetuity. Template planning obligations for this purpose, should be available from the government which can be used as a starting point. These are not available yet.
28. The First Home clauses will be in addition to any other legal obligations that need to be entered into.
29. Additional local level eligibility criteria may also need to be added into agreements (see paragraphs 20 and 33 of this report).

Development Management

30. Planning officers will need to have regard to the re-interpreted wording of Core Strategy policy L2 and SPD1 – Planning Obligations in the determination of planning applications going forward.
31. It is envisaged that some applicants may submit a pre-application request before 28th December to secure the extension until 28 March 2022. However, only those planning applications which have been subject to significant pre-application engagement will be eligible for the extended transitional arrangements.
32. It will therefore be necessary to establish what significant means to Trafford to ensure a consistent approach. The amount of pre-application engagement (where necessary/ appropriate) will need to be set out in reports to planning committee until 28 March 2022.

Strategic Housing

33. Should local level eligibility criteria be desired (time-limited to the first three months of marketing) these will need to be evidenced and approved by the Council (route to be determined) before they can be utilised.
34. Strategic Housing will advise on whether this is something they wish to see and how best this would be applied and implemented e.g. via standard wordings reviewed annually on a geographical basis etc.

RECOMMENDATION

35. To note this report and the changes to the implementation of adopted planning policies that will occur, and to the provision of affordable housing in Trafford through the decision making process.
36. The full Written Ministerial Statement is available to view at: <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>