

# Fareham Borough Council Interim First Homes Policy

Adopted January 2022

## 1. Introduction

Providing Housing Choices is one of the six corporate priorities for Fareham Borough Council. By working with key partners, the Council seeks to support a diverse housing market and help households find good quality, affordable homes.

This policy sets out the Council's interim approach to First Homes. This includes criteria around local eligibility.

## 2. Definition

First Homes is a new type of affordable home ownership. It was introduced by Government on 24th May 2021 through a Written Ministerial Statement and update to Planning Practice Guidance. From 28<sup>th</sup> December 2021, on new developments which meet the threshold for affordable housing contributions (10 or more dwellings or sites of 0.5 hectares or more), 25% of the affordable homes should be First Homes. Where significant pre-application work has taken place, First Homes will not be required on these planning applications until 28<sup>th</sup> March 2022.

First Homes is designed to help first time buyers who wish to get onto the property ladder but are unable to afford a home at full market value. First Homes are newly built homes at first classification. They must be offered at a minimum of 30% discount on the market price and will remain discounted in perpetuity, so that future (first time buyer) purchasers will also benefit from the discount. On the initial sale, the property will be no more than £250,000.

First homes do not apply to some developments, including self-build, 100% affordable housing schemes and specialist accommodation such as sheltered schemes.

First Homes should be delivered as on-site units. Where an offsite contribution is negotiated, for all or part of an affordable housing requirement, 25% of the value should be used for future First Homes provision.

### *First Homes in relation to Fareham Local Plan Policies*

In Fareham, under the Adopted Local Plan, a planning application for 100 homes would be required to provide 40% affordable housing (CS18). 65% of these would be for affordable/social rent and 35% for affordable home ownership. A policy compliant scheme would therefore be 26 affordable rent units and 14 shared ownership units. A planning application where First Homes applies would be required to provide at least 25% of the 40 affordable homes as First Homes (10 units). The remainder of the 30 affordable homes would then need to be split into 65% affordable/social rented units and 35% shared ownership units. This would mean 10 First Homes, 20 affordable/social rented units and 10 shared ownership units.

The New Local Plan, which has now been submitted and is at Examination stage, includes an affordable housing policy (HP5) which requires 10% social rent homes. Where social rent is included in local plans it is protected on sites that are required to provide First Homes. This means that a policy compliant affordable housing provision under the new local plan will be 25% First Homes, 10% social rent and the remainder

will be split in the proportions stated in the plan between affordable rent and affordable home ownership.

### 3. The Legal Context

This policy pays regard to the Council's Housing Allocations Policy 2019 and the relevant statutory requirements, which include the following legislation:

- Housing and Regeneration Act 2008

### 4. National Eligibility Criteria

First Homes is designed to help those who are otherwise unable to afford a property on the open market. To be eligible, applicants need to meet the following national criteria:

Criteria	Description
Age	Over 18 years of age and resident of the UK.
Income	Gross household income of less than £80,000 (same as Shared Ownership criteria)  Applicants must be able to afford their purchase and sustain housing costs  Applicants can demonstrate that they have a sufficient deposit, minimum 5%  Applicants must need a mortgage or equivalent for at least 50% of the discounted purchase price
Homeowner status	Applicants must be a first-time buyer  Applicant must purchase the property as their main residence.

Local authorities have an option to amend some of the national eligibility criteria. Any amendments need to be supported by evidenced need and, where relevant, viability through the Local Plan process. The national eligibility criteria that can be amended are as follows:

- Reduced household income cap
- Reduced price cap
- Deeper minimum discount - 40% or 50%

The Council will not be amending the national eligibility criteria at this time. There is no current evidence to support this, and the current national criteria will allow for some 3-bed homes to be provided under the scheme. This may be important in recognising that some households looking to get on the property ladder may need a larger family sized home.

Through monitoring of First Homes the council can use evidence of actual demand, income levels and prices to inform whether further research is required to consider amending the national criteria.

## **5. Local Eligibility Criteria**

In addition to the national criteria, Local Authorities can set and administer local criteria. Local criteria only apply for the first 3 months of marketing the First Home. After 3 months of marketing, a First Home not reserved or sold reverts to the national criteria for the remaining 3-month marketing period. If after a total maximum of 6 months marketing a First Home remains unsold, it will revert to an open market home and the developer/ seller will pay the council a cash contribution in lieu of the 30% discount. This is required to be used for future First Home provision and will be detailed in the s106 agreement.

Local eligibility criteria do not apply to members of the armed forces or their spouse/ civil partner, the spouse/ civil partner of a deceased member of the armed forces (if death caused by service) or veterans within five years of leaving the armed forces.

Local eligibility criteria can include a local connection test and keyworker priority. A local connection test would enable the council to initially prioritise applicants for First Homes who have a connection with Fareham Borough. The council already uses established local connection as a qualification criterion to join the housing register for affordable/social rented accommodation. To join the housing register with a local connection, one or more of the following needs to apply:

- They live in the Borough in settled housing arrangements and have done so continuously for at least 2 years immediately prior to their application
- They are employed in the Borough. Employment must be permanent in nature and for a minimum of 16 hours per week
- The need to move to the area to be near to a close member of their family to give or receive essential care and support. The family members must live in the Borough and have been resident continuously for 5 years or more
- They can demonstrate a strong local connection to the Borough
- They need to move to receive specialist care and support, which can only be accessed within the Borough of Fareham

Fareham Borough Council will be implementing the above local eligibility criteria for First Home applicants in the first instance. This aligns the local connection for affordable housing products in the Borough. This will be monitored when First Homes are marketed and reviewed accordingly.

A specific keyworker priority is not being considered at this time due to the lack of evidence for such a requirement. This will be reviewed through the monitoring of First Homes delivery and occupation in the Borough.

## **6. The Application Process**

### *Applying for a First Home*

The developer of the First Home is responsible for marketing First Homes. The council will receive the application pack from the developer and will be responsible for ensuring that the criteria are met.

Since First Homes is a new product, we are still awaiting a suite of documents from the Government to assist in the delivery of First Homes. This policy will be updated with further information on the application process when this information is available.

### *Prioritisation*

It is expected that there will be instances where more than one applicant is interested in a First Home. Where this is the case the developer is expected to operate on a first-come, first-served basis. The council will only receive one application to assess for each property, unless the applicant is not eligible, or the sale falls through.

### *Marketing and viewings*

Marketing and viewings are the responsibility of the developer/ seller. The council will request marketing information to ensure that marketing is timely, local, and sufficient.

### *Registering an interest in First Homes*

Households can state an interest in accessing a First Home through the Council's Affordable Home Ownership Register. This form can be completed on the Council's website or by contacting the Housing Department. The Register will be managed by the Housing Delivery Team. For First Homes, this register will only be used for the Council to have a better understanding of the need in the Borough. The Council will use information on the need for First Homes to help inform planning applications. The register cannot be used for marketing purposes for First Homes. Marketing of First Homes is the responsibility of the developer.

## **7. Discretion**

The Council reserves the right to exercise its discretion in relation to any aspect of this interim policy where it is deemed necessary and appropriate and to ensure compliance with its statutory duties, including under the Equality Act 2010. The exercise of discretion is reserved to the Deputy Chief Executive Officer.

## **8. Data Protection**

In accordance with the Council's statutory obligations under the Data Protection Act 2018 and the UK General Data Protection Regulations, all applicants will be made aware of how their personal information will be processed and shared. Information recorded on the Council's system and on the applicant's, file will be shared with partner landlords and other agencies as necessary. Consent from the Applicant for information sharing will be sought in all cases. For a copy of the Council's Privacy Notice please visit: <http://www.fareham.gov.uk/privacy.aspx>.

## **9. Review**

This policy is intended as a working document and will be reviewed as and when new legislation is introduced. The Council has submitted its Local Plan for examination and is not currently required to include First Homes. An updated affordable housing Supplementary Planning Document will provide further information on how First Homes can be implemented with the new local plan affordable housing policy HP5.

