



Dover District Council First Homes Position Statement

November 2021

Dover District Council - First Homes Position Statement

1. Introduction

- 1.1 On 24 May 2021, the Government released a Written Ministerial Statement¹ (WMS) and Planning Practice Guidance² (PPG) setting out national planning policy for a new affordable housing product called First Homes. 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 The WMS sets out that until there is opportunity to formal review and adopt a Local Plan policy, that the Local Planning Authority should 'make clear how existing policies should be interpreted in the light of First Homes requirements using the most appropriate tool available to them'. DDC are currently preparing the Regulation 19 Local Plan with a revised Affordable Housing policy within it, which will address the First Homes requirements in full. However, in the interim period, this Position Statement should be used to guide qualifying developments with regards to the Affordable housing requirements in the district as a material planning consideration.

2. What are First Homes?

- 2.1 The PPG³ sets out that First Homes meet the definition of affordable housing for planning purposes. The PPG sets out that they are discounted market sale units which:
- a) must be discounted by a minimum of 30% against the market value, however Local Authorities can set a discount of 40% or 50% if evidenced;
 - 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 The PPG 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 There is national eligibility criteria for First Homes. Applicants have to be:

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

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

³ (Paragraph: 001 Reference ID: 70-001-20210524)

- a) a first time buyer;
- b) have a maximum household income of £80,000;
- c) a mortgage that must cover at least 50% of discounted price.

2.4 Local authorities can also apply their own local eligibility criteria – for example, a local connection could be prioritised, priority could be given to key workers or other specific groups. However, local eligibility criteria will apply for only three months, then widened to the national eligibility criteria for another three months, if required.

3. Affordable Housing Policies and position following First Homes

3.1 The current Affordable Housing Policy is contained within the Core Strategy (2010) Policy DM5 which states that Development of 15 or more dwellings should provide 30% of the total homes proposed as affordable homes. The policy also requires on-site or financial contributions from developments between 5 and 14 homes. However, this policy pre-dates the National Planning Policy Framework (NPPF) and subsequent revisions.

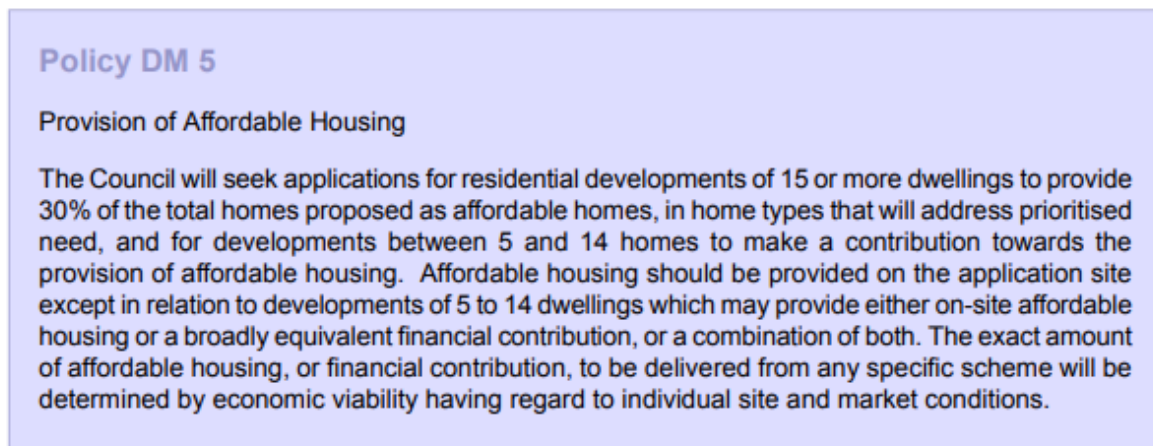


Figure 1 - Core Strategy Policy DM5 - Affordable housing

3.2 More recently in early 2021, the Regulation 18 Local Plan⁴ was published, prior to the publication of the WMS and PPG on First Homes. The Local Plan’s proposed approach to the provision of affordable housing up to 2040 is informed by an up-to-date Strategic Housing Market Assessment 2019⁵ (SHMA).

3.3 The SHMA identified that 26.9% of all the proposed dwellings for the emerging Plan should be for affordable housing, with a tenure split of 5.1% Starter homes, 5.8% shared ownership and 16.0% affordable rent. This requirement was tested as part of the whole Plan Viability Assessment, which proposed that the following affordable housing approach is adopted: 30% (split Intermediate Housing 35%, Affordable Rent 65%) and a Nil rate in the built-up area of Dover. This draft policy is shown below.

⁴ Dover Local Plan Regulation 18 - [Consultation Home - Keystone \(objective.co.uk\)](https://www.objective.co.uk)

⁵ [Evidence Base \(doverdistrictlocalplan.co.uk\)](https://www.doverdistrictlocalplan.co.uk) (under Housing evidence)

DM Policy 12 Affordable Housing

1. The Council require the provision of affordable housing on schemes of 10 dwellings or more (and on sites of 0.5 hectares or more), and in Designated Rural Areas, on schemes of 6 dwellings or more, with provision being not less than 30% of the total housing provided on the site. This is with the exception of Dover Urban Area as set out on the policies map, where there will be no requirement for affordable housing to be provided.

The affordable housing shall be provided with a tenure split of 65% affordable rent and 35% affordable home ownership. All proposals are expected to meet their full affordable housing provision on site.

2. Should independently verified viability evidence establish that it is not possible to deliver the affordable housing as required by this policy, and the viability position is agreed by the Council, the Council will consider on a case by case basis flexibility in the provision of affordable housing, including through the following options:

- a Change in the tenure mix required.
- b Reductions in the overall proportion of affordable housing.
- c Provision of an off site financial contribution in lieu of affordable housing provision on site, to secure equivalent provision of affordable housing off site.
- d A combination of the above.
- e Deferred contributions.

If a site comes forward as two or more separate schemes, of which one or more falls below the appropriate threshold, the Council will seek an appropriate level of affordable housing on each part to match in total the provision that would have been required on the site as a whole.

Implications of First Homes on the policy position

3.4 The NPPF (2021) requires that all qualifying housing sites deliver a minimum of 10% affordable home ownership units and this is not changed by the introduction of First Homes. This requirement can therefore be made up of Shared Ownership homes, First Homes and other discounted market sales products.

3.5 Policy DM5 applies district wide. However, as it also requires an assessment of need and market conditions, it is now considered appropriate to use the latest evidence base and the updated SHMA and Whole Plan viability Study for the emerging Local Plan when determining affordable housing requirements on schemes coming forward. In September 2021, further viability evidence was produced by the Local Plan consultants to specifically address the First Homes issue – ‘Modelling the future demand for First Homes’ and this has been used to inform this interim position.

3.6 This report sets out that it is clear from the cost profile of First Homes that their likely price-level will mean that they could be suitable for a notable number of households that would otherwise reside in the private rented sector and this has altered the assumptions on tenure mix set out in the 2019 SHMA and Regulation 18 draft policy and provides the following recommendation on the future needs:

The overall requirement for 16.4% of housing to be Affordable Rented/ Social Rented and 14.7% affordable home ownership (of which 5.9% could be Shared Ownership²¹ and 8.8% First Homes) reflects the mix of housing that would best address the needs of the local

population. Within the affordable sector it is proposed that 52.9% of homes are Affordable Rented/ Social Rented, 18.9% shared ownership and 28.2% First Homes.

3.7 The NIL requirement in Dover remains applicable as the latest viability position. The Dover area is defined on the map below:



Figure 3 - Dover Urban Area (As set out in Local Plan Regulation 18)

3.8 **Based on the above evidence, for the purposes of this interim position paper, the following Affordable Housing requirements will be sought on all schemes which meet the qualifying criteria set out in DM5 above, with the exception of Dover:**

- **25% First Homes**
- **20% Shared Ownership / other intermediate products**
- **55% Social / Affordable Rent**

Supplementary Planning Documents (SPD)

The council currently two SPDs relating to the delivery of Affordable housing (2007 and 2011 addendum). Although the needs aspects of these are out of date, details within the 2007 SPD relating to the management, design and integration of schemes and in the 2011 addendum relating to viability assessments, and the requirement for off-site contributions for smaller schemes, remain valid.

[Delivering Affordable Housing through the Planning System SPD \(dover.gov.uk\)](https://www.dover.gov.uk/Document%20Library/SPD%20-%20Delivering%20Affordable%20Housing%20through%20the%20Planning%20System%20SPD)

[Affordable Housing Supplementary Planning Document \(SPD\) Addendum \(dover.gov.uk\)](https://www.dover.gov.uk/Document%20Library/SPD%20-%20Affordable%20Housing%20Supplementary%20Planning%20Document%20(SPD)%20Addendum)

4. Discount and Local eligibility criteria

- 4.1 The PPG sets out that Local planning authorities are encouraged to ensure that First Homes work well in their area, which may include requiring a higher minimum discount, lower price or income caps, or local connection/key worker requirements.
- 4.2 Due to the ongoing work on the emerging Local Plan and gathering of updated SHMA and viability evidence with regards to the implications of First Homes on the Affordable Homes policy, the discount level will be set at the minimum 30% rate. The potential for adopting a local lower market discount, lower value cap and lower household income threshold will be undertaken through the ongoing evidence gathering on the new Local Plan.
- 4.3 The Council will also be assessing the need for local eligibility criteria as part of the emerging policy. The national criteria for First Homes will be implemented until such time as appropriate evidence to support local criteria is available.

5. How First Homes and other Affordable Housing will be secured

- 5.1 The PPG sets out that the landowner should enter into a planning obligation under section 106 of the Town and Country Planning Act 1990 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.
- 5.2 The Council will therefore secure the provision of First Homes through a Section 106 agreement, along with all other affordable tenures that form a part of the overall affordable housing mix on the qualifying scheme. Where an off-site contribution is made in lieu of on-site provision, this will be based on the 25% First homes and other policy requirements in the same way. As set out in the current SPDs, for the requirement on smaller sites it may be preferable for this to be secured as off-site contributions, which will be assessed on a case by case basis and delivered in locations in accordance with identified needs from the SHMA and any local needs assessments.
- 5.3 The PPG contains a model title restriction and states that the government will produce template planning obligations in due course. The Council will consider other appropriate clauses on a case by case basis.

6. Exception Sites

- 6.1 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.
- 6.2 The Council will consider planning applications for the development of First Homes Exception Sites in accordance with the WMS and PPG.

7. Neighbourhood Plans

7.1 Neighbourhood Plans that have been submitted for Examination, or reached publication stage before 28th June 2021, do not need to take account of the First Homes policy in any relevant policies on affordable housing tenure mix. Any Neighbourhood Plans being progressed from this point will need to address the requirements for First Homes.

8. Pre-application advice

8.1 The PPG sets out that where significant pre-application engagement has taken place, the First Homes policy will not apply to planning applications for full or outline permission which are determined before 28th March 2022. The PPG states that significant pre-application engagement “*means any substantive discussions between the local planning authority and the applicant relating to the proposed quantity or tenure mix of affordable housing contribution associated with that application*”.

8.2 The Council considers that it is unlikely that the 28th March 2022 date will apply in most instances due to the time passed since publication of the WMS and PPG. Applicants should therefore give consideration to the likely timing of an application being determined.

8.3 If an applicant is unsure on the requirements currently sought for Affordable Housing, the housing department, separately or as part of pre-application advice, will provide guidance on qualifying schemes with regards to the overall affordable housing mix required on each scheme and this will be considered using material considerations such as the Council’s housing register, the SHMA (and any updates) and any relevant local needs assessments.

9. Conclusion

9.1 The Council will apply the First Homes requirement to planning applications determined from 28th December 2021. Applicants for sites on qualifying schemes (see above) should be prepared to meet the affordable housing requirements set out above, which will be secured by S106 agreement, unless significant pre-application engagement has taken place.

9.2 Where there is a resolution to grant permission but there has been insufficient progress in the agreement of a planning obligation by 28th December 2021, the Council may need to consider reviewing the affordable housing tenure mix prior to issuing a decision.

9.3 The discount rate for First Homes will be 30%, and the national eligibility criteria will be applied until adoption of the Local Plan 2040. This position statement will remain a material consideration until this time.