

# Chichester District Council

THE CABINET

7 September 2021

## First Homes Eligibility Criteria

### 1. Contacts

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### 2. Recommendation

**2.1. That the Cabinet approves the adoption of a district local connection requirement as set out at paragraph 5.2 for First Homes delivered through new residential developments.**

### 3. Background

3.1. Through the recently published Written Ministerial Statement (WMS) the Government has given local planning and housing authorities the option to require a local connection on First Homes delivered as part of residential developments.

3.2. The change comes as part of a wider initiative by the UK Government to overhaul the current planning system. The WMS introduced a new affordable housing tenure in the form of First Homes. This tenure will be sold on a freehold basis at a minimum discount of 30%. The dwelling cannot be initially sold for more than £250,000 after the discount has been applied and can only ever be sold to a household which meets the basic eligibility criteria, as set out in appendix 1.

3.3. The WMS and subsequent changes to the National Planning Policy Framework require 25% of the developer contributions towards affordable housing to be First Homes. This requirement can be incorporated within the existing Chichester Local Plan affordable housing tenure requirements which is 70% affordable/social rented and 30% low cost home ownership, currently mostly delivered as shared ownership. The remaining 75% of affordable housing, not delivered as First Homes will be prioritised as 70% affordable/social rented and 5% shared ownership/other low cost home ownership tenures. A comparison of first homes and shared ownership is provided at appendix 2.

- 3.4. The Chichester Housing and Economic Development Needs Assessment (HEDNA) Update 2020 identifies a need for 97 affordable home ownership homes to be delivered per annum to meet the local housing need within the local plan area. As such, there is a strong need for this type of tenure to be prioritised for people with a local connection to Chichester District.
- 3.5. Officers at the South Downs National Park Authority have advised that they will be offering the same 30% discounts but will be following the nominations cascade set out within their affordable housing supplementary planning document. This prioritises people with a local connection to settlement, parish, surrounding parishes and then wider National Park area.

#### **4. Outcomes to be Achieved**

- 4.1. To establish an affordable housing tenure that meets the need of genuine local people and households for first homes coming forward in the Chichester Local Plan Area.

#### **5. Proposals**

- 5.1. It is proposed to introduce a local connection test for first homes delivered as part of developer contributions on eligible new residential planning applications.
- 5.2. For the purpose of First Homes, it is proposed that a local connection is defined as any person or household who either is:
  1. Permanently resident within Chichester District; or
  2. Used to live within Chichester District but was forced to move away because of a lack of affordable housing accommodation; or
  3. Is permanently employed within Chichester District; or
  4. Is the parent, sibling or child of a living and permanent resident of Chichester District, as defined by the Housing Act 1996.

This is in line with the local connection test for the housing register.

- 5.3. The local connection test will be applicable for the first 3 months of the sale (in line with the WMS) and will apply on future sales of the property in perpetuity. Appropriate restrictions will be placed within the section 106 planning agreement and on the HM Land Registry Title.

#### **6. Resource and Legal Implications**

- 6.1. **Financial Implications** There are no financial implications to the Council on the delivery of this tenure. The burden for the delivery of this tenure will fall on developers. Officers are exploring as part of the Local Plan Review viability process whether greater discounts than 30% can viably be delivered.

- 6.2. **Resource implications** The implementation of First Homes will be managed internally through submitted planning applications, involving both the Development Management and Housing Delivery Teams.
- 6.3. **Legal Implications** The implementation of this tenure is a requirement under National Policy. Model legal clauses are being prepared by the Ministry for Housing, Communities and Local Government to be included within section 106 agreement. It is envisaged that these will be used, albeit with some minor adaptation to reflect the local connection test going forward.

**7. Consultation**

- 7.1. First Homes was consulted on by Government twice in 2020, once in February as a standalone consultation and secondly as part of the larger Planning White Paper. Reports were bought before the Councils Development Plan and Infrastructure Panel (DPIP) and members views were reflected in the consultation responses back to Government.
- 7.2. The Council’s Planning Policy and Development Management Teams have been consulted on the implementation of First Homes and the preparation of the guidance note at appendix 1.

**8. Community impact and corporate risks**

- 8.1. The government believes that First Homes can play a crucial role in securing greater diversity in the housing market and make home ownership a reality for households which may be unable to compete within the open market. Local authorities are expected to play a role in achieving these ambitions.

**9. Other Implications**

<b>Crime and Disorder</b>	None
<b>Climate Change</b>	None
<b>Human Rights and Equality Impact</b> see para 8.1. positive impact	Yes
<b>Safeguarding and Early Help</b>	None

**10. Appendices**

- 10.1. First Homes Guidance Note
- 10.2. Cost comparison of shared ownership and First Homes

**11. Background Papers**

- 11.1 None