

**East Devon District Council Interim Guidance Note**

**East Devon - First Homes**

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**February 2022**

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## Introduction

This Interim Guidance Note sets out the approach that East Devon District Council will apply to First Homes, in response to recent changes to Government policy, to foster greater consistency when making planning decisions.

The Note provides guidance to help reach a decision. This includes the interpretation of existing adopted Local Plan or made Neighbourhood Plan policies in light of national planning policy on affordable housing and affordable home ownership, including First Homes. If a planning application for housing development is not exempt<sup>1</sup> from First Homes provision and the proposal does not meet national planning policy on First Homes, this would weigh against the application when a decision is made.

This guidance will assist the Council's Housing and Development Management Teams in negotiations with developers on new development, where First Homes are a material consideration as a consequence of national planning policy.

The note also provides guidance to buyers and sellers of First Homes, and to the developers, estate agents, mortgage advisors and lenders, and conveyancers who are involved in the application processes for initial sales and resales.

The note cannot be used as a substitute for the policies of the adopted Local Plan or made Neighbourhood Plans. In due course the Council anticipates that emerging East Devon Local Plan policy and a new Supplementary Planning Document, when adopted, will replace this Note.

## What are First Homes?

A First Home is a new type of affordable housing product. It was introduced by the Government through the Written Ministerial Statement (WMS) published on 24 May 2021<sup>2</sup>. The WMS sets out national planning policy and it is a material consideration for planning decision-making. This sets out details of the Government's First Homes scheme to provide homes for first time buyers. The Government also published national planning practice guidance (PPG), also on 24 May 2021, on delivery of First Homes, later updated on 23 December 2021<sup>3</sup>.

First Homes meet the definition of affordable housing for planning purposes and are the Government's preferred discounted market tenure. The WMS sets out qualifying and eligibility criteria on First Homes, requiring as a minimum:

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<sup>1</sup> See Appendix 1 of this Interim Guidance Note

<sup>2</sup> Web link [Written statements - Written questions, answers and statements - UK Parliament](#)

<sup>3</sup> Web-link [First Homes - GOV.UK \(www.gov.uk\)](#)

1. At least 25% of all affordable housing units delivered by developers through planning obligations to be provided as a discounted market sale product
2. Where the discount must be at least 30% against market value
3. Having a first sale price (after the discount has been applied) of no more than £250,000<sup>4</sup>
4. Being sold to a person or persons meeting First Homes eligibility criteria
5. Being subject to a section 106 agreement securing necessary restriction on the use and sale of the property and a legal restriction on the title of the property to ensure the restrictions are applied at each future sale.

First Homes can be delivered in different ways, as part of a large scheme, on a First Homes exception site or as part of a small or single development.

The Council welcomes discussions with developers as proposals are devised to ensure delivery of homes meet communities' needs. In many cases developers will deliver First Homes with direct marketing to potential buyers without the need for a Registered Provider (RP) but RPs can also choose to provide them.

### **Use of S106 Agreements to secure First Homes**

A legal agreement is the mechanism for securing the affordable housing, including First Homes, through developer contributions. This will include the means to ensure that the percentage discount against market value on First Home units should remain in perpetuity.

A developer should enter into a S106 agreement which secures the delivery of the First Homes and ensures that a legal restriction is registered onto the First Homes title on its first sale that will be applied to subsequent sales.

On the first sale the property has a restriction registered on the title at HM Land Registry to ensure the discount (as a percentage of current market value) and other restrictions are passed on at each subsequent title transfer. The title cannot be transferred to another owner unless the Council certifies to HM Land Registry that the First Homes criteria and eligibility criteria have been met, including the discounted sale price.

On 23<sup>rd</sup> December 2021, Government published a model S106 Agreement for developer contributions regarding First Homes<sup>5</sup> which the Council will use in combination with its approach to S106 agreements for affordable housing

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<sup>4</sup> £250,000 is the cap after discount, for all of England, except Greater London

<sup>5</sup> Web link [First Homes: Model Section 106 Agreement \(for developer contributions\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101221/First_Homes_Model_Section_106_Agreement_for_developer_contributions.pdf)

matters as set out in the East Devon Affordable Housing Supplementary Planning Document (adopted November 2020)<sup>6</sup>.

### **When will First Homes not be required?**

In East Devon, subject to exemptions set out in National Planning Policy Framework (NPPF), Policy Strategy 34 in the adopted East Devon Local Plan 2013-2031<sup>7</sup> relies on national thresholds and therefore requires on-site affordable housing for major residential development (gross 10 dwellings), and requires off site contributions for affordable housing on small sites of 5 to 9 dwellings in designated rural areas<sup>8</sup>. First Homes are a type of affordable housing, and are subject to this policy. That policy aligns with NPPF 2021 including paragraph 65, and so in accordance with the Written Ministerial Statement<sup>9</sup>, developments meeting Strategy 34 criteria are not exempt from First Homes requirements, except as set out in **Appendix 1** in this Interim Guidance Note. Appendix 1 lists the circumstances when First Homes will not be required. This includes the transitional arrangements set out in WMS and PPG.

### **Who can purchase a First Home?**

#### **Eligibility – national criteria**

Under national criteria on purchaser eligibility in WMS and PPG, First Homes are available to purchase by anyone provided they meet all the following criteria:

- They are a first time buyer – which means they meet the definition of a ‘first-time buyer’ for stamp duty purposes<sup>10</sup>
- The First Home is their sole or primary residence<sup>11</sup>
- Whether an individual, couple or group purchaser they should have a combined household income of less than £80,000<sup>12</sup> in the tax year immediately preceding the year of purchase
- They have a mortgage or home purchase plan (if required to comply with Islamic law) to fund a minimum of 50% of the discounted purchase price.

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<sup>6</sup> Web link [Affordable Housing - East Devon](#)

<sup>7</sup> Web link [Local Plan 2013-2031 - East Devon](#)

<sup>8</sup> See paragraphs 3.1 and 3.2 in the Affordable Housing SPD

<sup>9</sup> WMS refers to paragraph 64 in the 2019 version of NPPF (now paragraph 65 NPPF 2021)

<sup>10</sup> Finance Act 2003

<sup>11</sup> A First Homes owner can rent out their home for a maximum of two years provided they notify the Council. WMS sets out circumstances where the Council should be willing to grant permission for a longer period.

<sup>12</sup> Subject to any future figure published by the Secretary of State and in force at the time of the relevant disposal of the First Home

National criteria do not require the purchaser to have a local connection to East Devon but if the Council has time-limited local eligibility criteria, then these also apply for the duration of that time period.

**Appendix 2** sets out the steps in the process for buying and selling a First Home, including the check on eligibility.

### **Additional local eligibility criteria**

The Council can apply eligibility criteria in addition to national criteria. However, WMS policy means that local eligibility criteria only apply to First Homes for a maximum of three months from the date the home is first marketed. If no suitable buyer has reserved a home or had an 'offer accepted' after 3 months, the eligibility criteria revert back to the national criteria, to widen the potential purchaser base.

To enable the Council to monitor and track marketing periods, the S106 agreement will include a trigger notice. This puts the responsibility onto the developer and subsequent sellers to inform the Council that they have commenced marketing the First Homes units. Then any local criteria can be applied, before reverting back to national criteria after 3 months from the start of marketing that First Home. The S106 Agreement will also set out requirements for active marketing and advertising to be undertaken.

This Interim Guidance sets out the Council's local occupier eligibility criteria regarding local connection and key workers, to restrict First Homes purchase in East Devon. These two types of restriction are separate, so purchasers need to meet one but not both criteria. These criteria would apply to both first sale and resales of the First Home, subject to the local criteria in operation at the time.

The two types of restriction are as follows:

#### ***a) Local connection***

Under this Interim Guidance Note, the Council uses the 'Devon Covenant' approach<sup>13</sup>, to ensure that local people have access to housing which remains affordable and serves a local need. In this approach a purchaser (or at least one of two or more joint purchasers) of a First Home in East Devon must meet the

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<sup>13</sup> The Council already applies the Devon Covenant approach for ex-local authority properties restricted through S157 of the Housing Act 1985

following 'local connection' eligibility criteria at the date of the reservation<sup>14</sup> or offer accepted<sup>15</sup> for the relevant First Home :

- i. Being permanently resident in Devon for a continuous period of a least 6 months out of the last 12 months or for a continuous period of three years out of the last 5 years immediately prior to the reservation of or 'offer accepted' on the First Homes unit; or
- ii. Being formerly permanently resident in Devon for a continuous period of five years at some point in the past; or
- iii. Having his or her place of permanent work (normally regarded as 16 hours or more a week and not including seasonal employment) in Devon for the three years immediately prior to reservation of or 'offer accepted' on the First Homes unit; or
- iv. Having a connection through a close family member (normally mother, father, brother, sister, son or daughter) where the family resident is currently resident in Devon and has been so for a continuous period of at least five years immediately prior to the reservation of or 'offer accepted' on the First Homes unit.

In accordance with the S106 Agreement, the Council will require the developer, and subsequent sellers of First Homes, to undertake active marketing and advertising of First Homes, to reach out to potential purchasers, consistent with the relevant eligibility criteria, including local connections.

The Council will review the local connection criteria through the plan making process for the emerging East Devon Local Plan, mindful of PPG paragraph 008 and that eligibility criteria will need to be justified by evidence **Armed Forces exemption from local connection criteria**

In line with WMS and PPG<sup>16</sup>, purchasers of a First Home in East Devon are exempt from local connection criteria in this Guidance Note, if they meet at least one the following criteria at the date of reservation of or 'offer accepted' on the First Home:

- All active members of the Armed Forces
- Divorced/separated spouses or civil partners of current members of the Armed Forces

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<sup>14</sup> Reservation means reserving the home from the builder and paying a reservation fee to the builder relating to the initial sale of a First Home

<sup>15</sup> Offer accepted by the seller for the resale of the First Home

<sup>16</sup> PPG First Homes Paragraph 008 Reference ID 70-008-20210524 (last paragraph)

- Spouses or civil partners of a deceased member of the armed forces (if their death was wholly or partly caused by their service)
- Veterans within 5 years of leaving the armed forces.

### ***b) Key Workers***

WMS and PPG also enable the Council to include local eligibility criteria for Key Workers. For the purposes of this Interim Guidance Note on First Home:

- A Key Worker is a person in employment providing an essential service to the community of East Devon and who therefore needs to live in close proximity to their place of work; and
- An essential service to a community means those working in the following:
  - Health and social care
  - Public safety, national security and border control, including Police, Prison Service, Fire Service, Ambulance Service
  - Education and child care

Unlike local connection employment criteria, for a key worker there is no criteria requiring a minimum time period of employment prior to the reservation or offer accepted.

Purchasers who meet the Armed Forces exemption from the Local Connection criteria, are also exempt from the Key Worker criteria restriction.

The Council may choose to update the definition of Key Worker and publish this. Sellers and prospective First Homes purchasers will need to check whether the purchasers are eligible as Key Workers in accordance with the published definition in operation at the time of reservation or offer accepted.

### **How are eligibility criteria applied and checked?**

Guidance about the process of buying and selling First Homes is set out in Appendix 2 in this Interim Guidance Note. The Council expects that First Homes will be marketed directly to buyers by the developer initially. The developer is responsible for checking that the applicant for the First Homes unit meets the criteria. The developer submits this information in a completed application pack to the Council, as set out in the S106 Agreement.

At each subsequent sale of a First Home, the process for resale of a First Home by Estate Agents will make clear to prospective buyers that the property is a First Home. Through the S106 agreement, the buyer will be required to provide the evidence that they meet the eligibility criteria for a First Homes purchaser.

The estate agent for the purchaser submits the completed application pack to the Council.

For both initial sale and resale, the purchaser completes legal declarations with the conveyancer<sup>17</sup> and the conveyancer submits legal undertakings to the Council that the transaction is compliant.

For the first sale and all re-sales of a First Home, the sale cannot be completed until after the required information has been received and checked, Authority to Proceed and Authority to Exchange have been issued by the Council, and the Council issues a Compliance Certificate to the conveyancer (who registers the First Homes restriction with HM Land Registry after final legal confirmations). This Certificate confirms that the First Homes provisions in a Transfer referred to in the Charges Register held by HM Land Registry have been complied with. That is, the dwelling being disposed of as a First Home is to a purchaser (or one of the joint purchasers) who meets the relevant Eligibility Criteria for First Homes.

The Council issues the Compliance Certificate within twenty eight days of being provided with evidence sufficient to satisfy the Council that the requirements have been met.

Some disposals of First Homes are exempt<sup>18</sup> from First Homes eligibility restrictions. Nevertheless, there will still be a need for the transfer process (which may require conveyancing) to evidence and confirm that whether the transfer is an 'exempt' disposal; subsequent transfers will still be subject to the S106 agreement regarding the First Home unit.

### **Income caps**

An income cap is another eligibility component applied to First Homes purchase. This interim guidance does not set a lower income cap<sup>19</sup>, but relies on the national cap of £80,000 household income. This level is consistent with the income eligibility for shared ownership in East Devon.

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<sup>17</sup> As well as solicitors, Licensed Conveyancers can provide conveyancing services (Administration of Justice Act 1985)

<sup>18</sup> Such as disposal to a spouse or civil partner : upon the death of the First Homes Owner; in accordance with the terms of a Court order, divorce settlement or other legal agreement; or disposal to a trustee in bankruptcy prior to sale of the dwellings.

<sup>19</sup> The level of the price cap will need to be justified by a demonstrated need based on evidence of local incomes and house prices. Any 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. Income caps should not be set at a level which would prevent a borrower from obtaining a 95% loan-to-value mortgage for the discounted price of suitable properties.

The WMS and PPG allows the income cap to be lowered if it can be justified with reference to local average first time buyers' income. The Council will consider the need to set a lower income cap to apply across the District through the plan making process for the emerging East Devon Local Plan.

## **How should First Homes be delivered?**

First Homes have become part of our affordable housing tenure requirements. There are a number of components of the First Homes policy which the Council and Neighbourhood Plan groups can influence.

This interim guidance sets out the position for those components, until any changes are made by the local plans or neighbourhood plans. Mostly, it uses the WMS default position, for the components of:

- Percentage discount level
- Price cap (after the discount is applied)
- Household income cap and other eligibility criteria

### **What is the discount level?**

A discount lowers the price paid by the first time buyer for the First Home, making it home ownership affordable for some people.<sup>20</sup> PPG First Home paragraph 003 sets out more details on the discount mechanism.

This Interim Guidance Note relies on national policy in requiring a minimum 30% discount of the market value for a home to qualify as a First Home. The discount cannot be changed on a site by site basis. The Interim Guidance does not set a local level of discount.

The discount percentage secured by planning obligation must:

- Remain the same at each subsequent sale of the dwelling; and
- Be genuine and not delivered through lower standards. First Homes should be physically indistinguishable from the equivalent market homes in terms of quality and size.

When a First Home is sold by the developer to the first owner, a restriction is entered onto the title register identifying the unit as a First Home. This restriction ensures that the title cannot be transferred to another owner unless

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<sup>20</sup> Other types of affordable housing in East Devon are still needed by people who cannot afford affordable home ownership. In this District social rent is set at a level that takes into account local earnings and property values, typically around 50-60% of market rents; whilst affordable rent levels are set at a maximum of 80% of market rent

the Council certifies to HM Land Registry that the First Homes criteria and eligibility criteria have been met, including the discounted sale price.

PPG provides guidance on the use of a model title restriction. *See also the section in this Note on 'Setting and securing of developer contributions', regarding the template planning obligations published by Government.*

The Council can apply to enable the removal of the First Homes restriction where the restriction needs to be removed, such as an invocation of the Mortgagee Exclusion Clause<sup>21</sup>.

The Council can set a local level of discount across East Devon. The Council is considering the need to establish a higher discount (40% or 50%) above the minimum, across the District. This level of discount would be established the plan making process through the emerging East Devon Local Plan, as the level of discount will need to be justified by evidence.

### **First Homes price cap**

The Council relies on national policy for the price cap applied to a First Home. The initial sale price of a First Home in East Devon therefore cannot be more than £250,000 after the discount is applied<sup>22</sup>.

The national price cap should not be used to justify delivering more expensive dwellings in areas where average house prices would normally be lower. Subsequent resale prices may be higher, but the percentage discount remains unchanged

### **Can the Council set a local level of price cap?**

This interim guidance does not set a local price cap, so the Council relies on the national price cap of £250,000 after the 30% discount is applied.

As WMS and PPG allow, the Council is considering whether there is a need to set a lower price cap to apply across the District. A local price cap would be established through the plan making process for the emerging East Devon Local Plan as the cap level will need to be justified by evidence.

### **Establishing open market value**

#### *a) First sale of a First Home*

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<sup>21</sup> PPG Paragraph 10 Reference ID : 70-010-20210524

<sup>22</sup> This means that for the first sale of the dwelling, the maximum value before the 30% discount is applied would be about £357,142 – calculated as follows: £250,000 X (1/(1 – 0.3))

WMS requires the market value of a First Home to be undertaken by an independent valuer. The Council therefore requires the developer to commission an independent valuation of the First Home by an RICS Registered Surveyor, in accordance with the Royal Institution of Chartered Surveyors (RICS) red-book valuation guidance<sup>23</sup> for new-build homes. As part of the S106 Agreement, the developer is required to share this valuation with the Council, through the submitted application pack. Any further valuation will be undertaken by the lender as part of the buyer's mortgage application.

*b) Resales of a First Home*

For resales, when the First Home is sold in the future, the homeowner seller will need to commission an independent valuation from a RICS registered surveyor. This would need to be submitted by the estate agent to the Council in the application pack to confirm that the sale complies with the criteria set out in the Section 106 Agreement. To ensure that resale value does not increase to the point the home was not affordable to eligible persons at future re-sale, the national income caps will be monitored. The Council can introduce locally set income caps in response to housing market changes.

See Appendix 2 of this Interim Guidance Note for more details.

**Setting and securing developer contributions**

The Council expects that delivery of First Homes and the mechanisms ensuring that a legal restriction is registered onto a First Home's title on its first sale and securing the discount in perpetuity, will be secured through section 106 planning obligations. In December 2021, the Government published template planning obligations for this purpose<sup>24</sup>, which the Council will use as a basis for agreements prepared locally.

As well as the PPG requirement that 25% of affordable housing units should be First Homes, PPG Paragraph 12 also requires that:

- For financial contributions for affordable housing instead of on-site units, a minimum of 25% of the financial contribution should be used to secure First Homes; and

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<sup>23</sup> Red Book (rics.org)

<sup>24</sup> Guidance First Homes: Model Section 106 Agreement (for developer contributions) published 23 December 2021

[FirstHomes: Model Section 106 Agreement \(for developer contributions\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/102444/First_Homes_-_Model_Section_106_Agreement_-_for_developer_contributions.pdf)

- Where a mix of cash contributions and on-site units are secured, 25% of the overall value of affordable housing contributions should be applied to First Homes.

### **Can a First Home be sold without First Homes restrictions?**

PPG also provides guidance about the circumstances when a First Home can be sold without the First Homes restrictions. The Council will therefore require provisions to be set out in the S106 agreement about the following:

- The conditions when a developer or First Home owner can sell a First Home on the open market and remove the title restriction.
- The seller will compensate the Council for the loss of the affordable housing unit, based on the value of the discount the First Home was to be sold for as a percentage of the final sale price (or, as much as possible of that value once the value of all lending against the property has been cleared) and net of any additional Stamp Duty liability.
- The seller must provide the Council with evidence to demonstrate that the First Home has been marketed for at least 6 months, taking all reasonable steps to sell the property, including where appropriate, reducing the asking price.

### **Local criteria – the role of Neighbourhood Planning**

The Ministry for Housing, Communities and Local Government published Notes on Neighbourhood Planning - Edition 26<sup>25</sup> on 10 May 2021 which included an update on First Homes, ahead of the subsequent Written Ministerial Statement. In accordance with the WMS, Neighbourhood Planning Groups (NPGs) can also apply local criteria in addition to the national criteria for First Homes, through their plan-making role.

The percentage discount against market value established by the Neighbourhood Plan is not time-limited. However, after 3 months of marketing, if there is no reservation of or offer accepted on a First Home, then local criteria fall away, including those established by Neighbourhood Plans. The First Home reverts back to the national criteria set in the Written Ministerial Statement

NPGs considering influencing components such as the discount level, price or income caps, or local connection criteria may need technical support to help prepare evidence. Further advice is available through the District Council's Neighbourhood Planning Officer. See contact details at the end of this Note.

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<sup>25</sup> [Notes on neighbourhood planning: edition 26 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94422/Notes_on_neighbourhood_planning_edition_26.pdf)

## How many First Homes are required?

### Minimum percentage of affordable homes secured for First Homes

In line with the WMS, a policy compliant application will have a minimum of 25% of the on-site affordable housing units secured through planning obligations as First Homes. A developer should be able to show that the homes they intend to sell as First Homes meet the national criteria set out in WMS and PPG.

### Value capture

The means to meet the total cost of market sale discounts on a site comes from the site's development value. To demonstrate that a planning application is policy compliant, the application should seek to capture the same amount of value as would be captured under the Local Authority's up to date published policy, when providing a minimum of 25% of affordable housing units on site as First Homes.

When submitting a planning application, the applicant has to demonstrate that the requirements set out in the East Devon District Council Validation Document are met. One of these requirements for relevant planning applications is the submission of an Affordable Housing Statement. The Council is therefore updating the Document requirement for the Affordable Housing Statement, to include the provision of evidence and explanation of how the value for the contribution for affordable housing based on existing development plan policy<sup>26</sup>, is maintained when First Homes are required. NPPF 2021<sup>27</sup> paragraph 58 on viability remains a material consideration, where relevant.

## What is the impact on the mix of affordable dwellings?

Going forward, the introduction of First Homes by the WMS is expected to change the total number and tenure mix of affordable dwellings secured through developer contributions in East Devon, compared to the amount from implementing current Local Plan policy.

Policy Strategy 34 in the adopted East Devon Local Plan 2013-2031 sets out the requirement for on-site affordable housing to be provided on residential developments, subject to provision targets, tenure percentages, and site size thresholds. These are subject to viability considerations. Over the period of the adopted Local Plan the following affordable housing tenures are sought:

- 70% social or affordable rent

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<sup>26</sup> See East Devon Affordable Housing SDP including paragraph 4.3

<sup>27</sup> Web link [National Planning Policy Framework \(publishing.service.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/91212/nppf-2021.pdf)

- 30% intermediate or other affordable housing.

This mix has been shaped by the need for and cost of affordable housing

### **WMS requirement – 25% of affordable homes to be First Homes**

Planning policy in the WMS directly impacts on the mix of tenures by introducing the requirement for at least 25% of affordable housing delivered by developers through planning obligations. Discounted market sale housing, including First Homes, falls within the category of ‘intermediate or other affordable housing’.

Once 25% of affordable dwellings are secured as First Homes, WMS allows the Council to prioritise securing social rent housing consistent with adopted development plan policy.

The East Devon Local Plan policy<sup>28</sup> does not specify a percentage for social rent housing but up to date evidence of local need for social rent housing, can be a material consideration to inform decision making.

The Council recognises that First Homes discounted by 30% will, in most cases, be a cheaper product for developers to deliver than rented affordable housing. As First Homes will reduce the number of rented units, the Council expects that the rented units secured in the mix of affordable housing will be provided for social rent to at least the level demonstrated by local evidence of need. Any deviation from this position should be fully justified in planning applications.

### **NPPF requirement -10% of homes to be affordable home ownership**

The mix of tenures in the adopted Local Plan pre-dates NPPF paragraph 65 where decisions should expect at least 10% of the total number of homes on major developments and some smaller developments to be available for affordable home ownership. When this is taken into account, it alters the mix of affordable housing on East Devon sites compared to current policy.

The Affordable Housing SPD adopted November 2020 (paragraph 4.6) acknowledges the 10% requirement in national policy, which is a material consideration for decision making, and this informs negotiations.

As well as the WMS 25% of affordable housing requirement for First Homes, the housing mix in a development should also ensure that at least 10% of the overall number of homes are affordable home ownership products as required by NPPF paragraph 65, subject to exemptions criteria<sup>29</sup>.

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<sup>28</sup> as implemented through the adopted East Devon Affordable Housing Supplementary Planning Document (adopted November 2020)

<sup>29</sup> PPG First Homes Paragraph 023 Reference ID: 70-023020210524 provides further guidance

## Calculation of the mix of affordable dwellings

**Appendix 3** gives examples to show how the Council calculates the amount of First Homes to be provided on proposed housing development, subject to relevant transitional arrangements and exemptions criteria. They also show how the mix of tenures for the remaining 75% of affordable housing is calculated.

The methodology used in the calculations in Appendix 3 reflects:

- Policy and guidance in WMS and PPG
- Policy in the adopted East Devon Local Plan
- Policy implementation details in the SPD
- The Council's drive to prioritise social housing as far as viability, national and local policy allows; and
- Sufficient 'shared ownership' intermediate affordable housing, essential for aiding scheme viability. Without this, the delivery of social rent or affordable rent housing could be reduced further.

Compared to the 70:30 mix in the Local Plan which has been the minimum starting point for negotiations prior to the WMS, the Council is mindful that it is the 'in-combination' effect of NPPF and WMS policy which reduces the net percentage for the following affordable housing types:

- social or affordable rent - from 70% to 52.5%, and
- shared ownership /other (excluding first homes) - from 30% to 22.5%.

Providing both affordable rent and social rent on a site may not be practical. Registered providers increasingly want social rent housing provided, and some are willing to pay affordable rent values for units then rent them at social rent levels. Developers are encouraged to include social rent housing in their affordable housing mix offer.

The District Council will rely on the methodology used in Appendix 3 and local evidence about social rent and other affordable housing need where available, for example from local housing needs surveys providing evidence for Neighbourhood Plans, until the emerging East Devon local plan can revisit housing mix policy, supported by new evidence, and tested through the plan-making process.

### Small numbers and 'proportion' of an affordable dwelling unit

As Appendix 3 demonstrates, the methodology can generate small numbers of affordable units particularly on smaller sites. The Council recognises the challenges of providing a small number of affordable dwellings. For example, it may not be commercially attractive to some Registered Providers.

The methodology often results in a proportion of an affordable housing unit, for one or more types, particularly given the split over a wider range of affordable housing types. Where the calculation results in a proportion of a unit of an affordable housing type this will be rounded up or down to a whole unit, unless:

- Rounding down would result in the percentage of First Homes falling below the 25% of the affordable housing target
- The number of social rented dwelling can be rounded up, consistent with local need evidence, and the scheme remain viable.

As already set out in the Affordable Housing SPD paragraphs 3.8 and 3.16 to 3.19, if the overall calculation of affordable housing value results in a proportion of an affordable dwelling unit in the overall scheme, that proportion is converted to a financial contribution as a commuted sum towards off-site affordable housing, using the commuted sum calculator.

Exceptionally, when the application is for a development phase of a larger scheme, a proportion of an affordable dwelling type unit may be carried forward into a later phase by agreement and secured through the planning obligation.

The precise affordable housing mix on a proposed development scheme, including First Homes, will be resolved by negotiation and secured through the S106 planning obligations.

### **On site/off site provision of First Homes**

In East Devon, First Homes will be secured through a S106 agreement and are expected to be delivered on-site unless off-site delivery or financial contribution is considered to be justified. This is in line with NPPF Paragraph 63. The approach contributes to the objective of creating mixed, balanced communities.

Where a mixture of cash contributions towards affordable housing and on-site units are secured, as set out in PPG, 25% of the overall value of affordable housing contributions should be applied to First Homes.

Where off-site financial contributions are agreed, a minimum of 25% of these contributions should be used to secure First Homes. PPG suggests that this could be achieved by, for example, acquiring additional First Homes from market development, paying the developer a sum to offset the discount from market price, and securing the tenure through S106 planning obligations. This Council will consider this on a case-by-case basis to ensure that off-site contribution meets the local need.

The Council will monitor whether the reduction in other affordable housing types on a site due to the inclusion of First Homes leads to Registered Providers not taking up the affordable home units, particularly on smaller sites.

The Council will consider how to tailor S106 agreements, possibly through the use of cascade mechanisms, to avoid the requirement for future Deeds of Variation.

## **What about Community Infrastructure Levy (CIL)?**

### **Is CIL collected on First Homes development?**

PPG First Homes paragraph 16 makes clear that Community Infrastructure Levy (CIL) regulations<sup>30</sup> allow developers of First Homes to be eligible for an exemption from the requirement to pay CIL.

PPG CIL<sup>31</sup> paragraph 65 makes clear that social housing relief can apply to First Homes. To be eligible for mandatory social housing relief, a planning obligation must be entered into prior to the first sale of the dwelling designed to ensure that any subsequent sale of the dwelling is for no more than 70% of its market value. Guidance on the process for a claimant to apply for social housing relief is set out in PPG on CIL.

### **What happens if the 'social housing' no longer qualifies for relief?**

PPG CIL<sup>31</sup> paragraph 73 makes clear that if a disqualifying event occurs within the relevant 'clawback period', then the social housing relief is withdrawn. Any relief must be repaid by the beneficiary, a process known as 'clawback'. The clawback period for First Homes ends with the day the dwelling is first sold. This means that if a developer is unable to secure a suitable buyer for the First Home, after active marketing and advertising, and it cascades out to an open market home, the home will be liable for CIL when sold for the first time. The occupant will never pay clawback. The liability falls on the owner of the land immediately prior to the dwelling being made available for occupation.

This also means that clawback does not apply to resale of a First Home if the criteria for a First Home cannot be met at the time of the resale of the home.

## **What are First Homes Exception Sites?**

An exception site is a housing development that comes forward outside of local or neighbourhood plan allocations to deliver affordable housing

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<sup>30</sup> Community Infrastructure Regulations 2010 (as amended) - Regulations 49-54 define where social housing relief applies

<sup>31</sup> Planning Practice Guidance Community Infrastructure Levy – Paragraph 073 Reference ID 25-073-20201116 [Community Infrastructure Levy - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/community-infrastructure-levy)

Policy Strategy 35 in the Adopted East Devon Local Plan 2013-2031 provides policy towards 'Exception site mixed affordable and open market housing schemes, at villages and outside of Built-up Area Boundaries'.

Through the WMS, Government has introduced First Homes Exception sites as a new type of 'Exception' site. A First Homes Exception site delivers primarily First Homes and in East Devon can come forward only when all the following criteria are met:

- The site is within one of the four parishes in East Devon that are not in Designated Rural Areas as defined in Annex 2 of the National Planning Policy Framework, the extent of the parishes are shown on the maps on Pages 41 to 45 of the East Devon Affordable Housing SPD, comprising:
  - Exmouth
  - Honiton
  - Seaton
  - Sidmouth
- Is on unallocated land outside of a development plan, and adjacent to an existing settlement. In East Devon, this means sites outside and immediately abutting the Built-Up Area Boundaries shown on the Policies Map Urban Inset Maps for Exmouth, Honiton, Seaton, and Sidmouth, for the adopted East Devon Local Plan 2013-2031<sup>32</sup>; and
- Not in Areas of Outstanding Natural Beauty (i.e. those parts of the East Devon AONB and Blackdown Hills AONB within the District of East Devon<sup>33</sup>)
- Complies with local design policies and standards, including those in the adopted Local Plan, made Neighbourhood Plans and Supplementary Planning Documents.

In this Interim Guidance Note, the Council's approach to First Homes Exception sites is based on the WMS and PPG, as follows:

- A First Homes Exception site should be proportionate in size to the existing settlement. Applicants are encouraged to engage with the Council to discuss their proposals to ensure the site is proportionate. The Council requires proposals for a First Homes exception site to be of an appropriate scale. The size of this type of site will be considered on a case-by-case basis, taking into account :

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<sup>32</sup> Or where the BUAB for any of those four settlements is amended by a made Neighbourhood Plan

<sup>33</sup> WMS – not compromise the protection of assets of particular importance - see footnote 3

- The scale proposed in relation to the settlement and need; and
- Considerations such as the sustainability of the settlement, local services and facilities and other relevant factors.
- First Homes exception sites can deliver a small proportion of market housing, where it can be demonstrated that this is necessary to ensure the overall viability of the site, so there is no expectation that cross-subsidy should inflate land values. A developer will need to provide evidence typically in the form of a detailed viability assessment to justify the level of market housing proposed. The East Devon Affordable Housing SPD sets out further guidance on viability assessments, notably in paragraphs 3.10-3.11, supported by viability guidance notes on the Council's website.
- Where local evidence indicates that a significant local need exists for one or more other forms of affordable housing, applicants may alter the proportions of affordable housing to include small quantities of other affordable housing products on First Homes Exception sites. This will be justified with appropriate evidence such as local housing needs survey which supports Neighbourhood Plan preparation.

For the purposes of this Interim Guidance, and to ensure that this type of site remains focussed on First Homes, the Council interprets the concept of 'small percentage' (undefined by WMS and PPG) as follows:

- a maximum of 34% market housing on a First Homes Exceptions site, the same percentage cap as applied to Rural Exceptions sites
- a maximum of 15% of other affordable housing products, justified by evidence of local need

Consequently at least 51% of the total dwellings on a First Homes Exceptions sites will be First Homes. Developers can choose to have a higher percentage of First Homes on such sites.

Outside the Designated Rural Areas, Rural Exceptions Sites remain as the sole exception site type that can come forward – See adopted East Devon Local Plan 2013-2031 policy Strategy 35.

The Council will review the approach to First Homes Exception sites through the plan-making processes for the emerging East Devon Local Plan, and a related Supplementary Planning Document.

## **Further Information**

For further information on First Homes in East Devon please get in touch with

Housing Enabling Officer, Housing Services:

Email : [HousingServices@eastdevon.gov.uk](mailto:HousingServices@eastdevon.gov.uk)

Development Management teams regarding historic planning applications regarding the amount of pre-application advice on affordable housing

[Planning teams - East Devon](#)

Email: [planningwest@eastdevon.gov.uk](mailto:planningwest@eastdevon.gov.uk)

Email: [planningcentral@eastdevon.gov.uk](mailto:planningcentral@eastdevon.gov.uk)

Email: [planningeast@eastdevon.gov.uk](mailto:planningeast@eastdevon.gov.uk)

Future pre-application advice - see webpage

[Pre-application advice - East Devon](#)

Neighbourhood Planning Officer:

Email : [PlanningPolicy@eastdevon.gov.uk](mailto:PlanningPolicy@eastdevon.gov.uk)

## APPENDIX 1 Circumstances where First Homes are not required

For decision making purposes, First Homes will not be required in the following circumstances, although First Homes can be proposed on them:

- Where a site already has a full or outline planning permission<sup>34</sup>
- Where a submitted application creates a right of appeal against non-determination before 28 December 2021
- Applications for full or outline planning permission where there has been *significant pre-application engagement* on affordable housing and application is determined before 28 March 2022<sup>35</sup>. *Advice should be sought from the Council's Development Management teams to establish if this would apply.*
- Where a proposal has been agreed by the council before 28th March 2022 - but is subject to the completion of a s106 agreement
- The site is identified as a housing allocation or mixed use allocation which includes housing in the following plan areas which are considered to fall under transitional arrangements, unless and until requirements are introduced through a subsequent plan update:
  - Cranbrook DPD - This plan is at an advanced stage of plan making. In January 2022, Strategic Planning Committee approved Main Modifications to this plan, for consultation. Neither the Submission Plan, nor the Main Modifications address the issue of First Homes. The plan was submitted for examination in February 2019, i.e. before 28 June 2021.
  - Neighbourhood Plans :
    - Dalwood Neighbourhood Plan– Submitted to EDDC 14<sup>th</sup> April 2021 (current status – Examination complete and referendum booked for 24<sup>th</sup> February 2022)
    - Broadclyst – Published for Regulation 14 consultation 1<sup>st</sup> December 2020 and submitted to EDDC 10<sup>th</sup> December 2021 (current status – undergoing legal compliance checks before Regulation 16 can start)

*Note:* The Council's interpretation of WMS and PPG paragraph 19 is that First Homes requirements will not be applied when considering planning

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<sup>34</sup> Planning Practice Guidance explains that the First Homes policy does not apply to applications made under section 73 of the Town and Country Planning Act 1990, to amend or vary an existing planning permission unless the amendment or variation in question relates to the proposed quantity or tenure mix of affordable housing for that development

<sup>35</sup> Up to the 28 March 2022 cut-off date, the Council will consider whether there has been significant pre-application engagement on a case-by-case basis taking into account the scale and complexity of the proposal and the extent of discussions about affordable housing.

applications in these three plan areas before or after the relevant plan has been adopted or 'made', unless and until requirements are introduced through a subsequent plan update.

- Sites providing 'build to rent' housing.
- Sites providing exclusively self build plots or commissioned homes.
- 100% affordable housing schemes (i.e. not dependent on contributions from planning obligations).
- Rural exception sites that are subject to :
  - Adopted East Devon Local Plan 2013-2031 Policy Strategy 35 – Exception Mixed Market and Affordable Housing At Villages, Small Towns and Outside Built-up Area Boundaries and/or
  - Made Neighbourhood Plans containing policies on rural exception sites
- Proposals relating to specialist accommodation where the council do not seek an affordable housing contribution under current policy. These include
  - care homes and elderly accommodation
  - supported living schemes
  - student or school accommodation

**NOTES:**

Neither the adopted East Devon Local Plan 2013 – 2031 nor Neighbourhood Plans (other than Dalwood and Broadclyst NPs) fall within the transitional arrangements with regard to plan progress as set out in PPG.

For the avoidance of doubt, the District Council confirms that three Neighbourhood Plans were published for Regulation 14 consultation by 28 June 2021 but were not submitted to the District Council by 28 December 2021. One other Neighbourhood Plan was submitted after 28 December 2021. They are not within the time 'window' for the First Homes Transitional arrangements. Therefore the First Homes requirements do apply for both decision making and plan-making purposes in the following four plan areas:

- Kilmington (submitted 4 January 2022)
- Luppitt (understood to be progressing towards submission shortly)
- Monkton (no information about a submission date)
- Aylesbeare

## **APPENDIX 2 Process for Buying and Selling a First Home**

The process set out below is guidance for buyers and sellers that was provided in the application packs for 'early delivery' First Homes. The Council may tailor this advice to potential buyers and sellers of First Homes in the future, and publish any updates on the Council's website.

### **Process for buying a First Home**

In summary, the following steps would be taken to purchase a new build First Home from a house builder:

1. Visit the house builder selling First Homes to see what is available to purchase.
2. If there is a First Home that you would like to buy, the house builder, and probably a mortgage advisor, will initially check your eligibility to buy against the local and national criteria.
3. If it looks like you could be eligible, the builder will assist you to complete a First Homes application to the local authority.
4. If you have not already done so, it is strongly recommended that you seek financial advice about mortgage availability from a mortgage advisor. You should also have a solicitor/conveyancer to advise you on the purchase. The builder may suggest some names for you to try but you are free to choose your own advisors.
5. The builder and mortgage advisor will need information and evidence from you to:
  - a. check local and national eligibility;
  - b. check household income; and
  - c. determine whether you are likely to be able to obtain a mortgage, through for example a "decision in principle" from a mortgage bank or building society.
6. Once the application information has been completed you will then:
  - a. sign the legal declarations on the application form, including confirmation that you and anyone you are purchasing with are first time buyers; and
  - b. reserve the home from the builder and pay a reservation fee to the builder (maximum of £500). This is refundable if you are found not to be eligible.

It is very important that all buyers make this reservation commitment with their application. Applications cannot be considered by local authorities if you have not reserved your First Home, or if any required information is missing.

7. The completed application is then sent by the builder to the local authority for their consideration.
8. The local authority will check your application. If you meet all the requirements it will issue a First Homes 'Authority to Proceed' and Eligibility Certificate to you, the builder, mortgage advisor and your conveyancer. Your conveyancer will also receive instructions from the local authority. You can usually expect a local authority to issue their Authority to Proceed within five working days of application receipt.
9. You can now apply for your mortgage. It is very important that you do not submit your full mortgage application until you have the Authority to Proceed. Securing a 'decision in principle' can be done before this, but submitting a full mortgage application will incur cost and you must not do this until you know you are approved to buy.
10. Your conveyancer will work on your purchase and follow the local authority's instructions. You will have to make a further legal declaration that you are eligible and understand the terms of the First Homes scheme and that you can only resell the home in the future to another eligible First Homes buyer.
11. Once your mortgage offer is made and the contract agreed with the builder, your conveyancer will request approval to exchange contracts from the local authority.
12. The local authority will check the conveyancer's request and, if it is a compliant sale, will issue an 'Authority to Exchange' and Compliance Certificate to your conveyancer. It is very important that you keep the Compliance Certificate. This shows you are eligible and entitled to be a First Homes owner.
13. With the Authority to Exchange, you must pay your deposit (usually 5%) and exchange contracts to buy. At this point you are legally committed to buy.
14. At the point of exchange your builder will have confirmed how long it will take to complete your home so that you can move in. This is usually done by agreeing a short period of notice that they will give you. In any event, the time between exchange and legal completion (when you move in) should be no more than six months.
15. Once the builder has given notice of legal completion, your conveyancer will get your mortgage money from your lender to pay the builder. On the date of legal completion, you will get the keys and can move into your First Home.

## **Selling a First Home**

### **Introduction**

A First Home restriction on its future resale will be registered on the title of the property by your conveyancer. This means you can only sell in the future to another qualifying First Homes buyer at the same percentage discount and ensures the First Home continues to benefit others.

### **How do I sell my First Home?**

The process for selling First Homes is broadly similar to the process for selling properties on the open market. However, there are some differences:

1. You must first notify the local authority that you wish to sell your First Home.
2. The Local authority will issue you with instructions for marketing and confirming the eligibility requirements. These must be used by your estate agent to ensure they can market to eligible purchasers.
3. You should then instruct your estate agent and give them the eligibility requirements for their marketing.
4. You must initially attempt to sell your First Home to buyers who meet any local connections criteria set by your local authority. If, after 3 months of active marketing through an estate agent, you are unable to sell your First Home, you must then attempt for a further 3 months to sell your property through an estate agent to buyers who meet the national criteria for purchasing First Homes.
5. Your estate agent will check potential purchasers and complete an application pack (like the one you completed when you bought the First Home) for the new purchaser:
  - The purchaser would need to meet all the eligibility criteria; be able to make an offer (subject to their eligibility); and be, in the estate agent's professional judgement and advice to you, the most proceedable purchaser.
  - You must also submit at this point to the local authority a valuation demonstrating the sale is at a discount to the prevailing Market Value. The valuation must be from a valuer who is qualified by the Royal Institute of Chartered Surveyors (RICS). You must pay for this. The RICS surveyor will value the home's 100% market value before the First Homes discount percentage is applied.

6. The price of your First Home cannot be negotiated upwards from the discounted value set confirmed by your valuation. You can reduce the price, for example if you wish to secure a quick sale, but the price may not be increased even if there are a number of potential buyers.
7. The local authority will consider your purchaser's application and your valuation. If eligible, the local authority will approve the purchaser and issue instructions to their conveyancer, very similar to the process followed when you purchased the First Home. Your purchaser's conveyancer will then follow the local authority's instructions and the sale will proceed in the same way.
8. To ensure that other people can benefit from the discounted home, the same percentage reduction must be applied when you sell your First Home as was applied when you made your purchase. For example, if you purchased your home at a 30% discount compared to the open market price, you must also sell it for a 30% discount compared to its open market value at the time of sale.

## **Valuations**

You must have your First Home valued by a valuer accredited by the Royal Institute of Chartered Surveyors (RICS). The surveyor will assess the market value of your home on the basis of comparable market value homes, and will then apply the original percentage discount you received when you initially purchased your First Home.

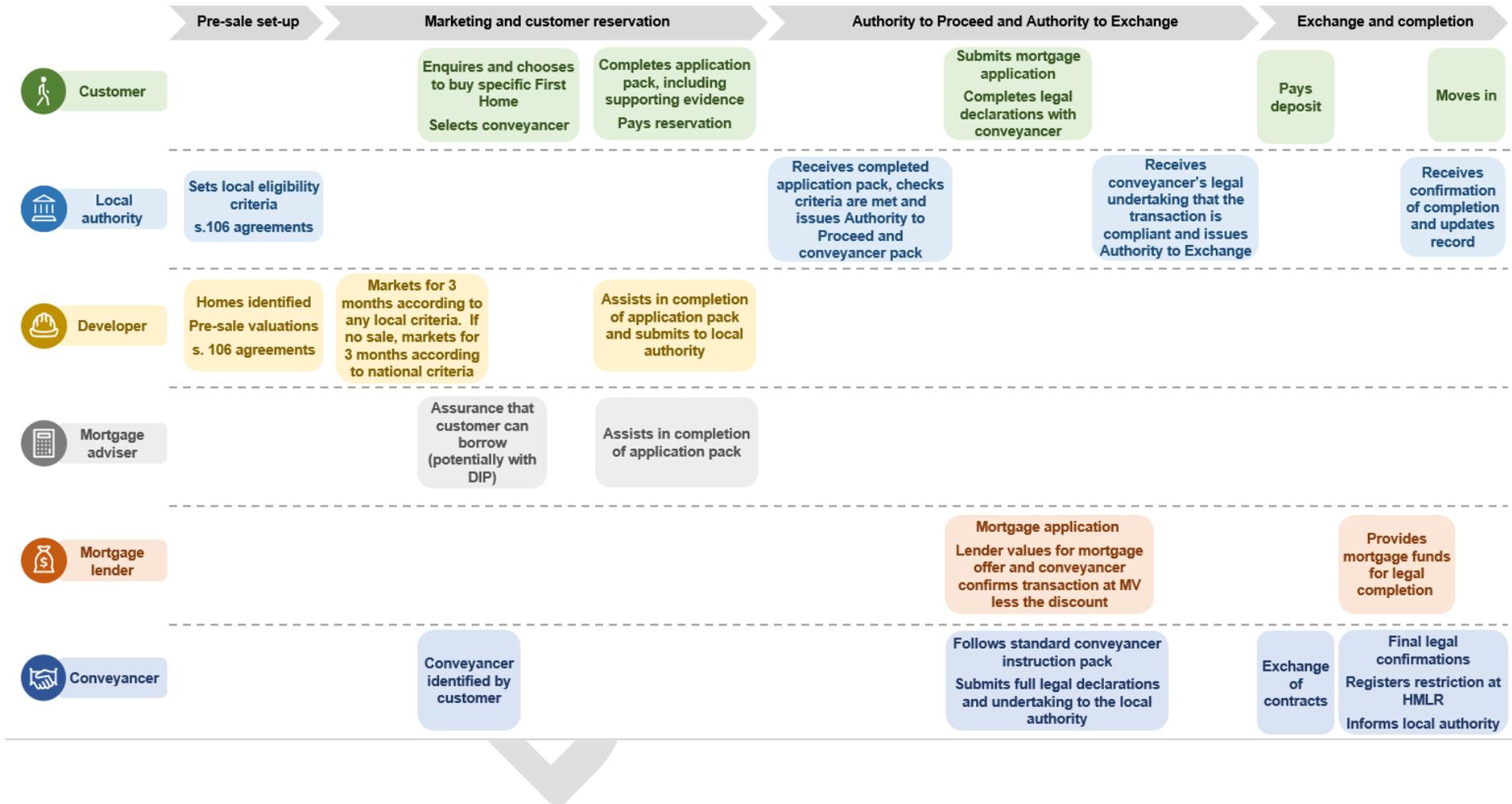
## **What if I can't sell it?**

If you are unable to sell your First Home to an eligible buyer, after six months, you should notify your local authority which then has the option of (i) requiring you to continue to market the property for a further period up to a maximum of six months, (ii) buy the property itself at the discount market value or (iii) release the First Homes restrictions. If the local authority does not wish to buy your home and any additional marketing period has come to an end without an eligible buyer having been found, you will then be able to sell it on the open market at the open market price; the discounted portion of the sales receipts would then be returned to the local authority.

In this situation, a further stamp duty return to HMRC may be required dating back to your original purchase. However, any additional stamp duty payable would be deducted from the amount that you are asked to return to the local authority, meaning you would not have to pay back more than the discounted value of the home. Should this situation arise, please seek advice from your conveyancer.

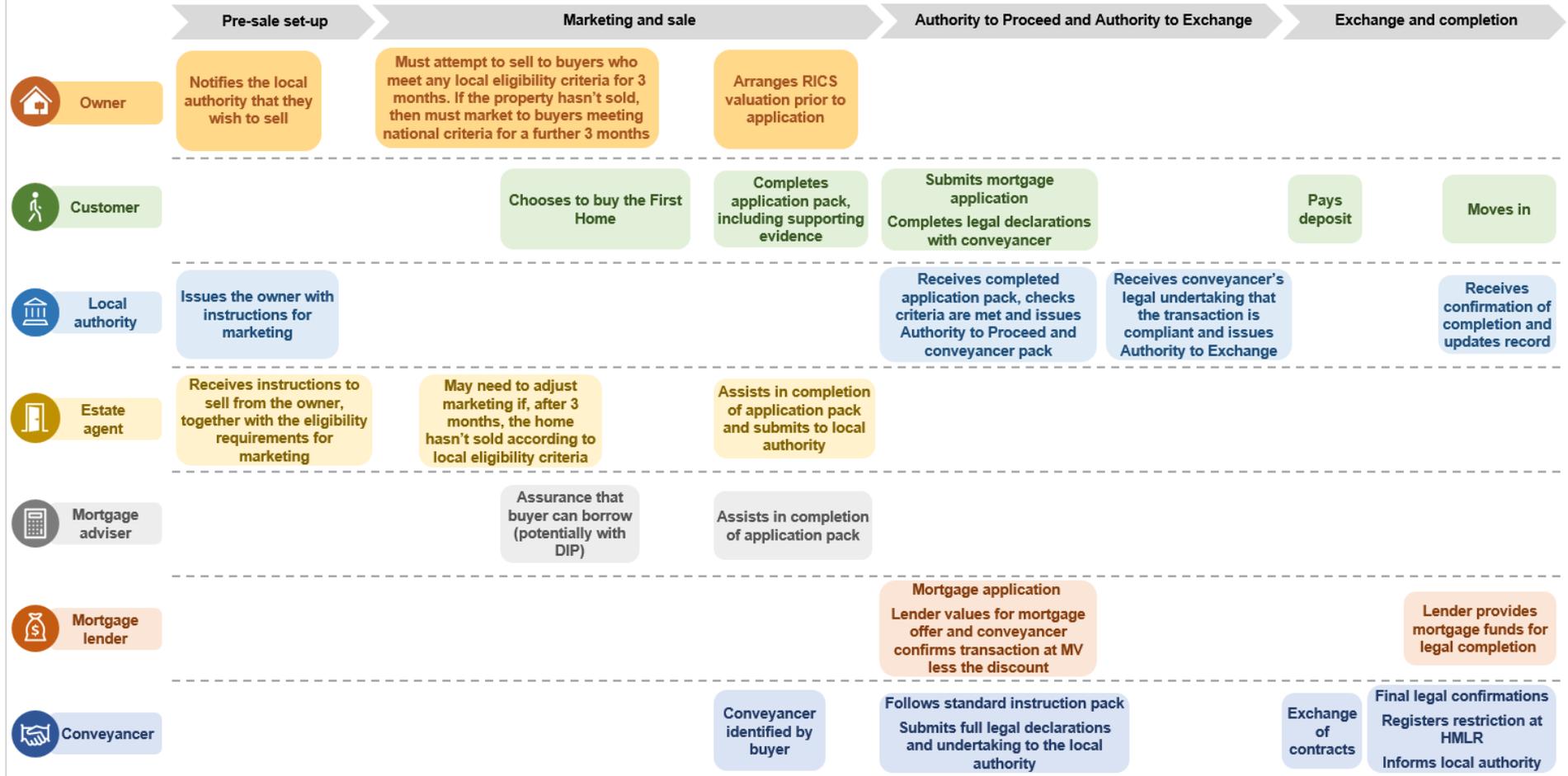


# Application Process for Initial Sale





# Application Process for Resale



## APPENDIX 3 Calculation of the number of First Homes

### EXAMPLE 1

#### Scheme for a total of 100 dwellings – with 25% affordable housing

The affordable housing to be secured through planning obligations.

The scheme is not exempt from NPPF requirement for 10% of the scheme to be affordable home ownership (for NPPF Paragraph 65 purposes).

The following are required:

- Provision of 25% affordable housing; that is 25 affordable dwellings; and
- 25% of those 25 affordable dwellings to be First Homes; i.e. 6.25 dwellings

#### Steps in the calculation:

1. 25% of 25 affordable dwellings are First Homes = **6.25** dwellings  
(meets the First Homes target)
2. 75% of 25 affordable dwellings are all other affordable dwellings = 18.75 dws
3. Based on Local Plan Strategy 34 mix, these 18.75 dwellings are split between
  - 70% social or affordable rent =  $18.75 \times 70\% = \mathbf{13.125}$  dws
  - 30% Shared Ownership or other affordable =  $18.75 \times 30\% = 5.625$  dws
4. The 75% for all other affordable housing is then assessed to check if this, in combination with the First Homes, meets the requirement of NPPF paragraph 65 that at least 10% of the overall number of homes should be affordable home ownership products:
  - a) 6.25 First homes = 6.25% of the site total number of dwellings.  
This is less than the NPPF 10% target for affordable home ownership
  - b) There are **5.625** dwellings from the affordable housing typology that includes Shared Ownership.
  - c) Adding the 6.25 First Homes dwellings to the 5.625 Shared Ownership dwellings, results in **11.875** dwellings in affordable home ownership.  
That is, 11.875%, which meets the 10% requirement.
5. So the overall balance in the mix of affordable housing types becomes:
  - Social or Affordable Rent  
= 13.125 dwellings = **52.5%** of affordable housing
  - First Homes and Shared Ownership  
= 11.875 dwellings = **47.5%** of affordable housing

6. Rounding to whole units, ensuring that First Homes does not fall below 25%, results in :
  - 13 Social or Affordable Rent dwellings; and.
  - 7 First Homes and 5 Shared Ownership dwellings
7. Where there is evidence about the local need for social rent, this will be used to prioritise delivery of social rent dwellings from the 13 dwellings for social or affordable rent, subject to maintaining viability.

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## EXAMPLE 2

### Scheme for a total of 32 dwellings with 50% affordable housing

The affordable housing to be secured through planning obligations. The scheme is not exempt from NPPF requirement for 10% of the scheme to be affordable home ownership (for NPPF Paragraph 65 purposes).

The following are required:

- Provision of 50% affordable housing; i.e. 16 affordable dwellings; and
- 25% of those 16 affordable dwellings to be First Homes; that is 4 dwellings

#### Steps in the calculation:

1. 25% of 16 affordable dwellings are First Homes = **4** dwellings  
(meets the First Homes target)
2. 75% of 16 affordable dwellings are for all other affordable dwellings = 12 dws
3. Based on Local Plan Policy Strategy 34 mix, the 12 dwellings are split between
  - 70% social or affordable rent =  $12 \times 70\% = 8.4$  dws
  - 30% Shared Ownership or other affordable =  $12 \times 30\% = 3.6$  dws
4. The 75% for all other affordable housing is then assessed to check if this, in combination with the First Homes, meets the requirement of NPPF paragraph 65 that at least 10% of the overall number of homes should be affordable home ownership products:
  - a) 4 First Homes = 12.5% of the site total number of dwellings.  
(Meets the NPPF 10% target for affordable home ownership)
  - b) There are also 3.6 dwellings from the affordable housing typology that includes Shared Ownership which are also affordable home ownership
5. So the overall balance in the mix of affordable housing types becomes:
  - Social or Affordable Rent  
= 8.4 dwellings = **52.5%** of affordable housing
  - First Homes or Shared Ownership/Other (4 + 3.6)  
= 7.6 dwellings = **47.5%** of affordable housing
6. Rounding to whole units results in
  - 8 Social or Affordable Rent; and
  - 4 First Homes and 4 Shared Ownership
7. Where there is evidence about the local need for social rent, this will be used to prioritise delivery of social rent dwellings from the 8 dwellings for social rent or affordable rent, subject to maintaining viability

### EXAMPLE 3

#### Scheme for a total of 32 dwellings with 25% affordable housing

The affordable housing to be secured through planning obligations. The scheme is not exempt from NPPF requirement for 10% of the scheme to be affordable home ownership (for NPPF Paragraph 65 purposes).

The following are required:

- the provision of 25% affordable housing; that is 8 affordable dwellings; and
- 25% of those 8 affordable dwellings to be First Homes; that is 2 dwellings

#### Steps in the calculation:

1. 25% of 8 affordable dwellings are First Homes = **2** dwellings  
(meets the First Homes target)
2. 75% of 8 affordable dwellings are for all other affordable dwellings = 6 dws
3. Based on Local Plan Policy Strategy 34 mix, these 6 dwellings are split between
  - 70% social or affordable rent =  $6 \times 70\% = 4.2$  dws
  - 30% Shared Ownership or other affordable housing =  $6 \times 30\% = 1.8$  dws
4. The 75% for all other affordable housing is then assessed to check if this, in combination with the First Homes, meets the requirement of NPPF paragraph 65 that at least 10% of the overall number of homes should be affordable home ownership products:
  - a) 2 First homes = 6.25% of the site total number of dwellings.  
This is less than the NPPF 10% target for affordable home ownership
  - b) There are 1.8 dwellings from the affordable housing typology that includes Shared Ownership.
  - c) Adding the 2 First Homes dwellings to the **1.8** Shared Ownership dwellings, results in 3.8 dwellings in affordable home ownership.  
i.e. 11.875% of the 32 dwellings total, which meets the 10% requirement.
5. So the overall balance in the mix of affordable housing types becomes:
  - Social or Affordable Rent  
= 4.2 dwellings = **52.5%** of affordable housing
  - First Homes and Shared Ownership  
= 3.8 dwellings = **47.5%** of affordable housing

6. Rounding to whole units results in

- 2 First Homes and 2 Shared Ownership; and
- 4 Social or Affordable Rent.

7. Where there is evidence about the local need for social rent, this will be used to prioritise delivery of social rent dwellings from the 4 dwellings for social rent or affordable rent, subject to maintaining viability

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