

Appendix 1

Rotherham Metropolitan Borough Council

Interim Policy Statement: Local eligibility criteria for delivery of First Homes

From 28 December 2021, all local authorities are required to implement the First Homes national policy as part of their Section 106 planning obligation negotiations with developers, where a local plan policy is in place. One quarter (25%) of all the required affordable housing units on each development, will be brought forward as First Homes.

Requirements for all First Homes:

- Are discounted by at least 30% against the market value, to ensure they are an affordable housing product and, in these circumstances, will be eligible for mandatory CIL (Community Infrastructure Levy) relief.
- Are sold to a person or persons who meet the First Homes eligibility criteria, including any locally determined criteria.
- On their first sale First Homes will have a restriction on the title of the property at HM Land Registry to ensure this discount (as a percentage of market value) and certain other restrictions are passed on at each subsequent sale of the property.

The discount on the Open Market Value (OMV) and the eligibility criteria are conditioned via the Section 106 planning agreement and enforced by a restriction on the title deeds of the property. The First Home can only ever be resold on the same basis, unless specific nationally prescribed criteria are met, to remove the restriction from subsequent sales.

The Open Market Value of a property, and thus the 30% discounted value, will change over time depending on the housing market cycle. But the percentage level of discount of 30% will not.

Adopted Local Plan Policy CS7 Housing Mix and Affordability seeks 25% affordable homes on major residential development sites. The Council requires 14% to be delivered as rented homes and 11% as intermediate tenures.

As First Homes provide an affordable home ownership product, they are an intermediate tenure. The intermediate tenure is split between 6% First Homes and 5% shared ownership tenure. The Council's Supplementary Planning Document (SPD) 8 Affordable Housing states that the priority for rented homes is as social rented tenure.

To satisfy the requirements of its affordable housing policy, the Council is imposing local eligibility criteria on developers delivering First Homes to meet the requirements of national and local plan policy.

Local eligibility criteria:

- Applicants shall currently live or have lived in Rotherham within the last three years for a continuous period of not less than one year. Proof of address and residency will be required; or,
- Applicants who leave Rotherham to pursue higher or further education opportunities will be eligible to apply for a First Home for up to three years after their exit/graduation from a higher/further education course provided they can prove they were resident in Rotherham borough, prior to leaving for higher/further education opportunities; or,
- Applicants shall currently be permanently employed in Rotherham Borough or be able to demonstrate a contract with a local employer. Proof of employer/employment status will be required; or,
- Applicants are a serving member of the Armed Forces, spouses, or civil partners of current members of the Armed Forces, spouses, or civil partners of a deceased member of the armed forces (if their death was wholly or partly caused by their service) and veterans within five years of leaving the armed forces. (Other local connection criteria are disapplied for those meeting the armed forces criteria); and,
- The property must be the applicants only and main home and cannot be rented out for any reason, without the specific consent of the Council and only in exceptional circumstances. Full guidance is provided within NPPG.

Local eligibility criteria only apply for three months from the date the First Home properties are advertised for sale. If First Homes are not sold within this timeframe the local eligibility criteria are removed, and the only restrictions imposed on purchasers will be compliance with national eligibility criteria.

Once sold to a First Home purchaser, the local eligibility criteria will be retained in the S106 planning agreement in perpetuity and will be imposed for the first three months every time a property is re-sold in the future.

Payment of fees

National guidance requires the application form containing personal details of potential purchasers is supplied by the developer to the Council. The Council is then required to confirm the applicant's compliance with national and approved local eligibility criteria, and to authorise the sale to proceed. In these circumstances a fee to cover all administration costs is levied to reflect the initial and ongoing costs of delivering this product in perpetuity.

The discount of 30% applied to the open market values and the eligibility criteria remain in perpetuity. This is enforced through restrictions on the title deeds of the property. Representatives acting on behalf of the Council will be involved in every resale of the property. They will advise estate agents and potential purchasers, outline the terms of the scheme, screen potential purchasers for their eligibility to proceed, and will formalise this agreement in writing. The Council is required to ensure the restriction on title is maintained with each subsequent sale of the property.

As the Council will be involved in the administration of First Homes on an ongoing basis, an initial fee will be levied on the developer to cover reasonable costs of the Council. Payment of ongoing administrative costs will be imposed on subsequent vendors or purchasers.

The fee will be levied on the initial developer, not the purchaser. However, on resale it will be necessary to charge a fee to the vendor or purchaser. This will be conditioned in the S106 planning agreement. This approach may be subject to change if Central Government imposes further requirements through regulation.

The fee rate will be regularly reviewed to reflect rising costs of administration and will be published alongside this Interim Policy Statement on the Council's website.

Fees rates levied from 28 December 2021 (to be updated annually on 31 March):

The Council has estimated the staff time and costs associated with administering the scheme. Based on the expected number of first homes per annum the fee for administering the first application is £1,000 per home. This fee will be levied on the initial developer. The fee for subsequent re-sales will be £345. This will be charged to the vendor or purchaser.