

First Homes Interim Policy Statement



February 2025

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1. The 'Affordable Homes Update' [Written Ministerial Statement](#) (WMS) published on 24 May 2021 made significant changes to the delivery of affordable housing by introducing a new affordable housing tenure called First Homes, as well as making changes to the current model of Shared Ownership. Alongside the WMS, Planning Practice Guidance¹ on implementing First Homes was published and was later updated on 23 December 2021.
2. The National Planning Policy Framework (NPPF) was revised on 12 December 2024, and states that the requirement to deliver a minimum of 25% of affordable housing as First Homes, as set out in the WMS, no longer applies. It goes on to confirm that the delivery of First Homes can, however, continue where local planning authorities judge that they meet local need².
3. This guidance note seeks to summarise and explain the changes brought in by the introduction of First Homes, revisions to the NPPF, and how this applies to South Oxfordshire and Vale of White Horse districts.

WHAT ARE FIRST HOMES?

4. First Homes are a type of affordable housing that must:
 - a) be discounted by a minimum of 30% against the Market Value³;
 - b) be sold to a person or persons meeting the First Homes eligibility criteria;
 - 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.

HOW MANY FIRST HOMES ARE REQUIRED?

5. The NPPF confirms that local authorities can continue to seek the delivery of First Homes where they meet a local need. The councils' latest evidence⁴ on housing need identifies that there is a local deliverable need for First Homes in South Oxfordshire, and Vale of White Horse.
6. Following the NPPF update, we have updated our affordable housing tenure mix, as shown in Table 1. The revised tenure split maintains the same split between

¹ First Homes, Planning Practice Guidance, available from <https://www.gov.uk/guidance/first-homes>

² National Planning Policy Framework December 2024 Footnote 31
<https://assets.publishing.service.gov.uk/media/675abd214cbda57cacd3476e/NPPF-December-2024.pdf>

³ Open market value should be established in accordance with paragraph 006 of the Planning Practice Guidance on [First Homes](#).

⁴ [Joint Housing Needs Assessment 2024](#)

affordable rent and ownership tenures in South and Vales adopted Local Plans⁵. Our latest evidence on housing need, as well as the emerging Joint Local Plan Policy HOU3⁶ are used to identify the local need for First Homes within the proportion of homes previously sought as ‘other routes to affordable home ownership’. The amended tenure split captures the same amount of value through affordable housing obligations as would be captured under the adopted affordable housing policies.

Table 1: Updated Tenure split

Tenure	South Oxfordshire	Vale of White Horse
First Homes	6%	15%
Social Rent	35%	75%
Affordable Rent	40%	
Other routes to affordable home ownership	19%	10%

HOW SHOULD FIRST HOMES BE DELIVERED?

- The following paragraphs set out how First Homes should be delivered in South and Vale until any changes are made by local planning policy through the Joint Local Plan, or through Neighbourhood Planning.

Discount Level

- Planning Practice Guidance⁷ explains that local authorities and Neighbourhood Planning Groups have the discretion to apply a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. The guidance suggests that a housing needs assessment (HNA) would be an appropriate method of demonstrating this need. The minimum discount value can only be set in planning policy, at either 30%, 40% or 50%, though developers who are able to offer higher discounts within their contributions may do so.
- Neighbourhood Planning Groups considering influencing the discount value can obtain technical support to help the preparation of a HNA and viability work. Information on how to obtain this technical support is accessible through the Locality Website, available [here](#).
- South Oxfordshire and Vale of White Horse are considering the case for increasing the minimum national discount. Until local evidence is available, and the development plan updated, or a policy statement update issued, the minimum discount is set at 30% of market value.

⁵ Policy H9 of the [South Oxfordshire Local Plan 2035](#) and Policy CP24 of the [Vale of White Local Plan 2031](#)

⁶ Joint Local Plan submission version December 2024

⁷ Para 004, First Homes, Planning Practice Guidance, available from <https://www.gov.uk/guidance/first-homes>

Price Cap

11. Planning Practice Guidance explains that local authorities and Neighbourhood Planning Groups have the discretion to apply a lower price cap than the £250,000 national cap if a need for this can be demonstrated. The price cap only applies to the first sale of a First Home, and not to any subsequent sales.
12. Any local price cap should be determined through the plan-making process with regards to local income levels, local house prices and mortgage requirements. Local price caps should only be used if there is a need for intermediate housing at a particular price point below the national cap and homes can be deliverable of an appropriate size and price for first time buyers.
13. South Oxfordshire and Vale of White Horse are considering lowering the price cap below the maximum national level. Until local evidence is available, and the development plan updated or a policy statement update issued, the national price cap of £250,000 applies.

Eligibility Criteria

14. Planning Practice Guidance sets out the following national eligibility criteria for purchasers of First Homes⁸:
 - a. They should be a first-time buyer⁹;
 - b. whether individuals, couples or group purchasers, they should have a combined annual household income not exceeding £80,000 in the tax year immediately preceding the year of purchase.
 - c. A purchaser of a First Home should 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.
15. Councils and Neighbourhood Planning Groups have the discretion to apply local eligibility criteria in addition to the national criteria,¹⁰ which includes income caps and local connection tests.

Income caps

16. The income cap for those eligible to access First Homes can be lowered if it can be justified with reference to local average first time buyers' income. 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.

⁸ Para 007, First Homes, Planning Practice Guidance, available from <https://www.gov.uk/guidance/first-homes>

⁹ as defined in paragraph 6 of schedule 6ZA of the Finance Act 2003 for the purposes of Stamp Duty Relief for first-time buyers.

¹⁰ Para 008, First Homes, Planning Practice Guidance, available from <https://www.gov.uk/guidance/first-homes>

17. South Oxfordshire and Vale of White Horse are considering lowering income caps below the minimum national level. Until evidence is assessed and the development plan updated, or a policy statement update issued, the national income cap of £80,000 for eligibility applies.

A local connection test

- 18 A local connection test can be applied which may include but is not limited to, current residency employment requirements, family connections or special circumstances. Criteria can also be introduced based on employment status to prioritise access to affordable housing for key workers. The definition of a Key Worker should be determined locally and could be any person who works in any profession that is considered essential for the functioning of the local area. The application of these criteria should be administered carefully to ensure that they do not limit the eligible consumer base to the point that homes become difficult to sell.
19. Any local eligibility criteria will apply for a maximum of 3 months from when a home is first marketed. If a suitable buyer has not reserved a home after 3 months, the eligibility criteria (including income caps) will revert to the national criteria to widen the consumer base.
20. In recognition of the unique circumstances of the Armed Forces, local connection criteria should be disapplied for all active members of the Armed Forces, divorced/separated 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 5 years of leaving the armed forces.
21. South Oxfordshire and Vale of White Horse require First Homes to be prioritised for the first 3 months of marketing to eligible applicants that meet the Councils' local connection and other criteria set out within the Councils' Housing Allocations Policy and any additional eligibility criteria set out within a 'made' Neighbourhood Development Plan. The local connection criteria are disapplied in certain circumstances in accordance with the PPG¹¹.
22. The councils do not currently define Key Workers and are considering the case for local evidence to prioritise key workers for eligibility for First Homes and will keep this under review. Until such time that Key Workers are defined no additional eligibility criteria or prioritisation are imposed.

¹¹ Page 13, South Oxfordshire and Vale of White Horse District Councils Housing Allocation Policy, available from <https://www.southoxon.gov.uk/wp-content/uploads/sites/2/2021/03/Housing-Allocations-Policy-February-2019.pdf>

First Home Exception Sites

23. A First Homes exception site is a housing development which delivers primarily First Homes and sits outside of Local Plan or Neighbourhood Plan allocations. They cannot come forward in areas designated as Green Belt, or designated rural areas as defined in Annex 2 of the National Planning Policy Framework. However, First Homes can come forward in these locations if they are delivered as part of a rural exception site which can come forward in rural areas¹² where in accordance with the relevant development plan policies.

24. First Homes exception sites should be proportionate in size to existing settlements¹³, and applicants should engage with the relevant council to discuss the scale and appropriateness of their proposals.

Securing Developer Contributions

25. Section 106 (S106) agreements should be entered into to secure the delivery of first homes, and to ensure that a legal restriction is registered onto a First Home's title to identify the unit as a First Home. The government has published template planning obligations¹⁴ for this purpose, which local planning authorities and home builders can use in preparing S106 agreements. Please note that these model clauses are not for use with any of the government's grant-funded pilot programmes delivered through Homes England. If you are delivering First Homes as part of one of these pilot programmes, you should use the documents provided by Homes England for this purpose.

26. When a First Home is sold by the developer to the first owner, a restriction is to be entered onto the title register identifying the unit as a First Home. This restriction should ensure that the title cannot be transferred to another owner unless the relevant local authority certifies to HM Land Registry that the First Homes criteria and eligibility criteria have been met, including the discounted sale price.

27. In accordance with paragraph 64 of the NPPF¹⁵, affordable housing is expected to be delivered on-site unless off-site provision or a financial contribution in lieu can be robustly justified, and the agreed approach contributes to the objective of creating mixed and balanced communities. Where financial contributions for affordable housing are secured instead of on-site units, a minimum of 6% in South and 15% in Vale of these contributions should be used to secure First Homes. Where a mixture of financial contributions towards affordable housing and on-site

¹² Para 011 and 012 Housing needs of different groups, Planning Practice Guidance, available from <https://www.gov.uk/guidance/housing-needs-of-different-groups#rural-exception-sites>

¹³ Para 026 First Homes, Planning Practice Guidance, available from <https://www.gov.uk/guidance/first-homes>

¹⁴ First Homes: Model Section 106 Agreement (for developer contributions) available from <https://www.gov.uk/government/publications/first-homes-model-section-106-agreement-for-developer-contributions>

¹⁵ Available from

<https://assets.publishing.service.gov.uk/media/675abd214cbda57cacd3476e/NPPF-December-2024.pdf>

units are secured, 6% in South and 15% in Vale of the overall value of affordable housing contributions should be applied to First Homes.

COMMUNITY INFRASTRUCTURE LEVY

28. The Community Infrastructure Levy (CIL) Regulations 2010 (as amended) allows charging authorities to give relief or grant exemptions from the levy. These regulations allow developers of First Homes to obtain an exemption from the requirement to pay CIL.

29. Mandatory social housing relief can apply in respect of dwellings where the first and subsequent sales are for no more than 70% of their market value. To be eligible, 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. This relief will therefore be available for First Homes. Regulations 49-54 of the Community Infrastructure Levy Regulations (as amended) defines where social housing relief applies.

Further Information

For further information on First Homes in South and Vale please get in touch with our customer service team:

- Email - planning.policy@southandvale.gov.uk
- Phone - 01235 422 422 (Text phone users add 180)

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Please contact customer services to discuss your requirements on 01235 422422.

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