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BROMSGROVE DISTRICT COUNCIL

MEETING OF THE OVERVIEW AND SCRUTINY BOARD

TUESDAY 21ST JULY 2026, AT 6.00 P.M.

PARKSIDE SUITE - PARKSIDE

SUPPLEMENTARY PAPERS 1

The attached papers were specified as "to follow" on the Agenda previously distributed relating to the above mentioned meeting.

5. **First Homes Policy Review - Pre-Scrutiny** (Pages 3 - 16)

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Chief Executive

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14th July 2026

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BROMSGROVE DISTRICT COUNCIL

Cabinet

22nd July 2026

Review of the First Homes Policy

Relevant Portfolio Holder		Councillor Sue Baxter
Portfolio Holder Consulted		Yes
Relevant Head of Service		Judith Willis Assistant Director of Community and Housing Services
Report Author	Job Title: Amanda Delahunty Housing Development and Enabling Manager Contact email: a.delahunty@bromsgroveandredditch.gov.uk Contact Tel: 01527 881269	
Wards Affected		No specific ward relevance
Ward Councillor(s) consulted		Not Applicable
Relevant Strategic Purpose(s)		Housing
Non-Key Decision		
If you have any questions about this report, please contact the report author in advance of the meeting.		

1. RECOMMENDATIONS

The Cabinet is asked to RESOLVE that:-

1) The Council's revised First Homes Policy is approved.

2. BACKGROUND

2.1 The Government introduced a new affordable housing product known as First Homes to be provided by all local housing authorities from 28th March 2022, as 25% of the affordable housing on Section 106 sites. First Homes are discounted market sale units with criteria set by legislation. They:

a) must be discounted by a minimum of 30% against the open market value;

b) are 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 (or £420,000 in Greater London).

3. OPERATIONAL ISSUES

3.1 The First Homes policy was approved by the Council in September 2022 for Section 106 developer led sites. Following the removal of the mandate from the NPPF the policy has been updated to remove the mandated elements.

3.2 An update to the National Planning Policy Framework (NPPF) guidance 2024 has offered an opportunity to review this approach:

“The requirement to deliver a minimum of 25% of affordable housing as First Homes, as set out in 'Affordable Homes Update' Written Ministerial Statement dated 24 May 2021, no longer applies. Delivery of First Homes can, however, continue where local planning authorities judge that they meet local need. Except where a Mayoral, combined authority or high-level joint plan is being prepared as a framework for strategic policies at the individual local authority level, in which case it may be most appropriate for the local authority plans to provide the requirement figure.”

3.3 The removal of the mandatory requirement allows Strategic Housing to flexibly negotiate with developers, appropriate affordable housing products on site. Bromsgrove Council has delivered three First Homes to date.

4. FINANCIAL IMPLICATIONS

4.1 There are no financial implications to the Council as a result of this policy.

5. LEGAL IMPLICATIONS

5.1 The NPPF has made the inclusion of First Homes optional for local authorities.

6. OTHER IMPLICATIONS

Local Government Re-organisation

6.1 There are no specific implications for Local Government Reorganisation.

Relevant Council Priority

6.2 Housing – the flexible application of this policy will provide more affordable home ownership options and help to reduce the pressure on the housing register.

Climate Change Implications

6.3 The revised First Homes Policy is expected to have a neutral to slightly positive climate impact. Greater reliance on Registered Providers may result in more consistent delivery of new homes built to modern energy-efficient standards, supporting overall low-carbon housing objectives.

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Equalities and Diversity Implications

6.4 The re-alignment of the First Homes policy will help make more lower cost affordable home ownership models available, which is more likely to impact households from diverse backgrounds.

7. RISK MANAGEMENT

7.1 By re-aligning the First Homes policy, the Council is more likely to meet local housing needs rather than the needs of households from outside of the District.

7.2 By continuing to provide First Homes flexibly the Council is supporting the viability of Section 106 sites to ensure that Registered Providers are able to purchase the affordable housing element.

8. APPENDICES and BACKGROUND PAPERS

Appendices

Appendix 1 - The review Bromsgrove First Homes Policy

BROMSGROVE DISTRICT COUNCIL

Cabinet **22nd July 2026**

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Councillor Sue Baxter Cabinet Member for Planning, WRS and Strategic Housing	23.6.26
Lead Director / Head of Service	Judith Willis Assistant Director Community and Housing Services	23.6.26
Financial Services	James Walton, Section 151 Officer	23.6.26
Legal and Democratic Services	Nicola Cummings, Principal Solicitor – Governance and Jess Bayley-Hill, Principal Democratic Services Officer	24/06/26
Policy Team (if equalities implications apply)	Emily Payne Engagement and Equalities Officer	N/A
Climate Change (if climate change implications apply)	Matthew Eccles Climate Change Manager	26.6.26

Bromsgrove District Council

First Homes

Policy

June 2026 Version 3

Introduction

This policy sets out the Council's approach to delivering First Homes in accordance with national guidance and in compliance with the Council's adopted Local Plan policies on the delivery of Affordable Housing. In due course, a new Local Plan will be adopted, containing the Council's refreshed Affordable Housing policies, which will include provisions for the delivery of First Homes.

First Homes are a specific type of discounted sale homes which meet the definition of Affordable Housing for planning purposes.

Background

The national guidance is set out in the Written Ministerial Statement and the National Planning Policy Guidance (NPPG), which were both published on 24 May 2021.

From the 28 June 2021 local authorities were required to deliver First Homes as a proportion (25%) of their usual Affordable Housing delivery through their local plan policies.

An update to the National Planning Policy Framework (NPPF) guidance 2024 has offered an opportunity to review this approach:

> *"The requirement to deliver a minimum of 25% of affordable housing as First Homes, as set out in 'Affordable Homes Update' Written Ministerial Statement dated 24 May 2021, no longer applies. Delivery of First Homes can, however, continue where local planning authorities judge that they meet local need. Except where a Mayoral, combined authority or high-level joint plan is being prepared as a framework for strategic policies at the individual local authority level; in which case it may be most appropriate for the local authority plans to provide the requirement figure."*

The main criteria of First Homes, as set out in national guidance, are:

a. First Home must be discounted by minimum of 30% against the market value;

b. after the discount has been applied, the first sale must be at a price no higher than £250,000. This does not apply to subsequent sales, and

c. the discount is passed on to future purchasers, secured through a section 106 agreement.

d. The home is sold to a person who meets the First Homes eligibility criteria.

The First Homes eligibility criteria require the purchaser (or all purchasers if a joint purchase):

a. To be a first-time buyer, as defined by paragraph 6 of Schedule 6ZA of the Finance Act 2003.

b. To have a household annual income of no more than £80,000, and

c. Should have a mortgage or home purchase plan to fund a minimum of 50% of the discounted purchase price.

Subsequent sales must also be to a person or persons who meet the First Homes eligibility criteria.

The developer/owner will be expected to enter into a s106 agreement to secure the above provisions.

The discount

The minimum discount will be 30% of the open market value. A developer may choose to offer a higher discount if for example a 4 bedroom unit is being provided to ensure that the required £250,000 cap is adhered to.

The discount percentage will be applied to all future sales and will be secured in perpetuity through a s106 agreement as a planning obligation.

Any review of the First Homes policy and affordability may lead to the introduction of a higher discount as appropriate.

The vendor will need to provide a market value undertaken by a Valuer who is qualified by the Royal Institute of Chartered Surveyors.

The price cap

The cost of a First Homes dwelling to the first-time buyer shall be no more than £250,000 after the discount has been applied. The price cap applies to only the first sale and may be exceeded by future house price rises on subsequent sales.

Current Local Plan policy

The council will expects any First Homes provision, as included within the definition of Affordable Housing, to comply with the requirements BDP8 of the Bromsgrove District Plan Adopted-BDP-January-2017.pdf (bromsgrove.gov.uk)

The Council will expect proposals for major developments, i.e. BDP8.1 Contributions will not be sought from developments of 10 units or less, and which have a maximum combined gross floorspace of no more than 1000 sq m. Where there is a net increase of 11 or more dwellings affordable housing provision will be expected on-site and will be calculated against the net number of new dwellings as follows:

- Up to 40% affordable housing (or a higher % if proposed) on greenfield sites or any site accommodating 200 or more dwellings.

- Up to 30% affordable housing (or a higher % if proposed) on brownfield sites accommodating less than 200 dwellings.

Affordable Housing contribution

As stated above, the Affordable Housing contribution required by policy between 30% and 40% of all dwellings on major residential developments. The preferred tenure split is:

- Social Rent two thirds.
- Affordable Home Ownership one third.

The delivery of First Homes is no longer mandatory and the Council's preferred tenure for Affordable Home Ownership is Shared Ownership. The Council will consider other forms of Affordable Home Ownership, including First Homes.

Financial contribution

All Affordable Housing, including First Homes, is expected to be delivered on-site, unless it can be robustly justified as inappropriate, in which case a financial contribution in lieu, of equivalent value to what would have been provided on-site, may be acceptable. Any financial contribution made in lieu of affordable housing will be used towards the funding of additional affordable housing.

Marketing/Disposal/Monitoring

The First Homes will be marketed and sold by the Developer. The developer will need to ensure First Homes are advertised with all relevant information to ensure eligibility criteria can be met.

The developer will be responsible for paying for all advertising and processing of potential purchasers' applications to the Council. The developer selects the potential purchaser(s) and only one purchaser per plot/home is passed through at any one time to the Council for the eligibility check and authorisation processes. A prior declaration will need to be completed to confirm the potential purchaser is eligible. Fees will be introduced for the eligibility checks and authorisation processes per sale, as well as for monitoring the purchase and sales activities through initial and subsequent sales.

Any local eligibility criteria (local connection) will apply for a maximum of three months from when a home is first marketed. If a suitable buyer has not reserved a home after three months, the eligibility criteria will revert to the national criteria set out above, to widen the consumer base.

If, following six months of marketing and having taken all reasonable steps to sell the property (including, where appropriate, reducing the asking price) the property fails to sell it should be expected that the seller (either the developer or a future First Homeowner) compensates the Council for the loss of the affordable housing unit with a financial contribution.

This financial contribution should be 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 incurred.

Re-sales of First Homes will be subject to the same discount and eligibility criteria and will need to accord with the same marketing and compensation (in the event of no sale) processes as required on the initial sale by the developer.

The above provisions and related terms for implementation will be secured through a Section 106 agreement.

Local connection requirement

In addition to the national eligibility criteria for First Homes owner occupiers, the Council will require all applicants and purchasers of First Homes to have a local connection to Bromsgrove District Council, as set out the Council's Home Choice Plus Allocations Policy.

In determining whether the household has a local connection the Council will agree a connection exists in the following circumstances, noting that if an applicant has no connection that meets the qualification criteria and claims a connection on the basis of special circumstances then the decision to allow them on the list can be made by a Senior Officer:

Local Connection

The Council will apply a local connection criteria for First Homes applicants as there are affordability issues in the District due to high house prices that are inaccessible to those with lower quartile and median incomes (see appendix 1). The local connection criteria is extracted from the Council's housing allocations policy which was consulted upon prior to implementation.

- Where the local connection arises due to residency the applicant(s) must have lived in the District (by choice) for a minimum period of two years.

- Where the local connection arises due to employment and the applicant(s) have been in permanent, paid employment for a minimum period of six months, within the District, immediately prior to the application (please see further information below).

- Where the applicant(s) has a close (immediate) family member living in the District and has done so for a minimum period of five years, immediately prior to the application (please see further information below).

- Where the applicant has resided in the District for three out of the last five years at the point of application

In determining permanent employment, we will give consideration to the Local Government Association guidelines which state that this is employment other than that of a casual nature.
In determining close family member, we mean mother, father, sister, brother or adult child (aged 18 and over).

Where the applicant is a member of the armed forces there are special arrangements.

Members of the UK armed forces stationed abroad will be considered as living in the United Kingdom for the purposes of applying for First Homes.

The Localism Act 2011 amends the Housing Act 1996 to give local housing authorities in England the power to decide what classes of persons are or are not qualifying persons under section160ZA(7) of the Housing Act 1996, for an allocation of social housing accommodation and we would like to extend this to apply for First Homes applications.

The Secretary of State has the power to prescribe in Regulations criteria that may not be used by local housing authorities in deciding what classes of persons are not qualifying persons (section 160ZA(8)(b)). These Regulations require that local housing authorities do not use local connection (within the meaning of section 199 of the Housing Act 1996) as a criterion in deciding whether the following are not qualifying persons:

a. persons who are serving in the regular forces or have done so in the five years preceding their application for an allocation of housing accommodation;

b. bereaved spouses or civil partners of those serving in the regular forces where their spouse or partner’s death is attributable (wholly or partly) to their service and the bereaved spouse or civil partner’s entitlement to reside in Ministry of Defence accommodation then ceases;

c. seriously injured, ill or disabled reservists (or former reservists) whose injury, illness or disability is attributable wholly or partly to their service.

The local connection criteria extends the provision above, to include divorced or separated spouses or civil partners of Service personnel who are required to move out of accommodation provided by the Ministry of Defence.

This local connection requirement is subject to the time limit of three months from when the home is first marketed, after which it will revert to national eligibility criteria, as set out in paragraph 008 NPPG: First Homes.

Appendix 1 Application Process

	Pre-sale set-up	Customer reservation		Authority to Proceed and Authority to Exchange			Exchange and completion		
Customer		Customer enquires and chooses to buy specific First Home Conveyancer selected	Completes application pack, including supporting evidence Pays reservation		Submits mortgage application Completes legal declarations with conveyancer		Customer pays deposit		Customer moves in
Local authority	Local eligibility criteria set s.106 agreements			Local authority receives completed application pack, checks criteria are met and issues Authority to Proceed and conveyancer pack		Local authority receives conveyancer 's legal undertaking that the transaction is compliant and issues Authority to Exchange			Receives confirmation of completion and updates record
Development	Homes identified Pre-sale valuations Marketing s. 106 agreements		Assists in completion of application pack and submits to local authority						
Mortgage adviser		Assurance that customer can borrow (potentially with DIP)	Assists in completion of application pack						
Mortgage lender					Mortgage application Lender values for mortgage offer and conveyancer confirms transaction at MV less the discount			Lender provides mortgage funds for legal completion	
Conveyancer		Lender provides mortgage funds for legal completion			Conveyancer follows standard instruction pack Submits full legal declarations and undertaking to the local authority		Exchange of contracts	Final legal confirmations Registers restriction at HMLR Informs local authority	

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Agenda Item 5