



South Staffordshire Council

First Homes

Local Eligibility Criteria

DRAFT FOR CONSULTATION: June 2023

1. Introduction

- 1.1. The Planning Practice Guidance (PPG) confirms that as part of Section 106 agreements, local authorities can apply eligibility criteria in addition to the national criteria. This may involve lower income caps, a local connection test, or criteria based on employment status. Any local criteria will apply for a maximum of 3 months from when a home is first marketed.
- 1.2. This policy statement sets out the local eligibility criteria that the Council will apply to First Homes developed in the district, and the rationale for doing so.

2. Local Connection & Key Workers

- 2.1. There is a significant need for affordable housing in South Staffordshire and feedback from local Registered Providers indicates that demand for affordable home ownership products is high across the district. In order to ensure therefore that First Homes are prioritised in the first instance to meet local need, the Council has chosen to apply the following local connection criteria:
 - *Person/s whose primary place of residence:*
 - *is in the district of South Staffordshire and has been so for not less than three (3) out of the past five (5) years; OR*
 - *was in the district of South Staffordshire for not less than ten (10) out of the past twenty (20) years; OR*
 - *Person/s whose parents, siblings, grand-parents or adult children have their primary place of residence in the district of South Staffordshire and have done so for not less than three (3) out of the past five (5) years or for not less than ten (10) out of the past twenty (20) years; OR*
 - *Person/s who have their primary place of work in the district of South Staffordshire and have done so for not less than three out of the past five (5) years or for not less than ten (10) out of the past twenty (20) years*
- 2.2. In the case of joint purchasers, only one purchaser will be required to meet the criteria set out above. The Council will require evidence to demonstrate the local connection, as set out in the separate Guidance Notes published on the Council website.
- 2.3. In recognition of the unique circumstances of the Armed Forces, the above local connection criteria will 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.
- 2.4. In addition to the local connection criteria above, the Council will also permit key workers to purchase a First Home within the first three months of marketing,

regardless of whether they meet the local connection criteria. Key workers are defined locally as public sector employees who provide services in areas including - doctors, nurses, paramedics, social care and other frontline health and social care staff, teachers, police, firefighters and military personnel, and childcare workers. Evidence will be required to demonstrate the purchaser currently works in one of these services in South Staffordshire.

- 2.5. As per the PPG, this local connection and key worker criteria will apply for three months from the date the property is first marketed; after which point the national eligibility criteria will apply only.

3. Income Cap

- 3.1. The Council has considered whether a lower income cap should be applied in South Staffordshire, having regard to local evidence of house prices and incomes of those looking to purchase their first home. The national eligibility criteria include an £80,000 household income cap.
- 3.2. South Staffordshire’s Housing Market Assessment Update 2022 indicates the following average prices of First Homes in the district, based on average newbuild prices with a 30% discount (Table 3.11, p.43):

Bedrooms	Average price
1 bedroom	£91,000
2 bedroom	£143,500
3 bedroom	£203,000
4 bedroom	£308,000

- 3.3. Paragraph 3.20 of the Assessment sets out a methodology for calculating the income required to access certain property tenures. For those that require a purchase, property prices are divided by 3.5 to reflect the annual minimum income required to be granted a mortgage on the property. The same methodology has been applied to the average First Homes prices above, to provide a guide as to what level of income would be required to purchase them:

Bedrooms	Household income required to purchase First Home
1 bedroom	£26,000
2 bedroom	£41,000
3 bedroom	£58,000
4 bedroom	£71,428

- 3.4. The Council considers it unlikely that First Homes with 4+ bedrooms will be delivered in the district, from an affordability perspective and the type of household this tenure is aimed at. The majority of need for this tenure is overwhelmingly for 1-3 bedroom homes.

- 3.5. It is therefore considered that any income cap should only need to be sufficient to cover the required income for purchasing a First Home with up to 3 bedrooms i.e. in this case, £58,000. The Council has therefore chosen to apply a local £60,000 income cap for the initial 3 month marketing period.
- 3.6. As a sense check, the average incomes of those that would otherwise be renting in the private sector i.e. the likely purchasers of First Homes have also been considered. Table 3.12 (p.44) of the Assessment indicates these to be between £22,700 and £42,400, depending on the size of property required. This indicates that the reduced income cap of £60,000 would not preclude this type of household from purchasing a First Home.
- 3.7. As per the PPG, this local income cap will apply for three months from the date the property is first marketed; after which point the national income cap will apply only. The local income cap will be reviewed on an annual basis to ensure it remains appropriate for South Staffordshire.