

Decision under Delegated Powers
First Homes Scheme - Consultation Response

Officer Requesting Decision

Beverly Wagstaffe, Housing Strategy and Support Manager

Officer Making the Decision

Alison Simmons, Head of Strategic and Private Sector Housing

Recommendation

1. That the Council responses to the Ministry of Housing Communities and Local Government (MHCLG) consultation on the Design and Delivery of First Homes as detailed in Appendix A.

Reason

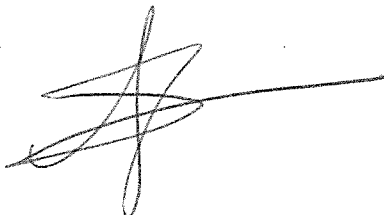
1. To ensure that the Council's views are considered by the MHCLG when developing national policies which may affect the residents of the Borough of Charnwood.

Authority for Decision

Under section 8.2 of the Constitution the Head of Strategic and Private Sector Housing has delegated authority to respond to consultation documents in relation to those Council functions for which she has responsibility, in consultation with the relevant Lead Member.

Decision and Date

Signed:



Dated: 11/5/2020

Head of Strategic and Private Sector Housing

Background

On the 7th February 2020, the Ministry of Housing, Communities and Local Government (MHCLG) opened a consultation on the design and delivery of First Homes.

This consultation closes on the 1st May 2020.

The consultation is on a new affordable housing tenure call First Homes which is a discounted sale model. The proposal is for the discount to be a minimum of 30%, applied in perpetuity with the intention of helping local people into home ownership who would otherwise struggle to buy a home on the open market.

Through this consultation, the Government is seeking views on:

- What First Homes are and who should be eligible for them
- How the scheme should work in practice
- How to deliver more of these homes through developer contributions
- The requirement for delivering these homes through planning or legislation

The Head of Strategic and Private Sector Housing has consulted with the Lead Member for Housing on the Council's proposed response as detailed in Appendix A.

Risk Management

No risks have been identified with this decision.

Key Decision:

No

Background Papers:

MHCLG consultation document available at:

<https://www.gov.uk/government/consultations/first-homes>

consultation response

FIRST HOMES SCHEME

This paper considers the Ministry of Housing, Communities and Local Government proposals for a First Homes Scheme, published on the 7th February 2020, closing the 1st May 2020.

The objective of First Homes is to support those who wish to purchase a home in their local area but are not able to afford to buy on the open market.

No	Question	Answer
1a	Do you agree with a minimum discount of 30% (but with local flexibility to set a higher one)?	Yes, the Council agrees to a minimum discount of 30%.
1b	If not, what should the minimum discount be? i. 20% ii. 40% iii. Other (please specify)	See above
2a	Should we set a single, nationally defined price cap rather than centrally dictate local/regional price caps?	House prices in rural areas tend to be substantially higher than urban areas. Therefore, the Council considers that a price cap should be at Local Authority level.
2b	If yes, what is the appropriate level to set this price cap? i. £600,000 ii. £550,000 iii. £500,000 iv. £450,000 v. Other (please specify)	The cap should reflect local house prices and local income levels.
3a	If you disagree with a national price cap, should central Government set price caps which vary by region instead?	The cap should reflect local house prices and set by Local Authorities as they are best placed to understand what is affordable for those residents not able to buy on the open market.
3b	If price caps should be set by the Government, what is the best approach to these regional caps? i. London and nationwide ii. London, London surrounding local authorities, and nationwide iii. Separate caps for each of the regions in England	The Council does not agree to a price cap being set by the Government.

	<p>iv. Separate caps for each county or metropolitan area</p> <p>v. Other (please specify)</p>	
4	Do you agree that, within any central price caps, Local Authorities should be able to impose their own caps to reflect their local housing market?	Yes, the Council agrees to this.
5	Do you agree that Local Authorities are best placed to decide upon the detail of local connection restrictions on First Homes?	Yes, the Council agrees to this.
6	<p>When should local connection restrictions fall away if a buyer for a First Home cannot be found?</p> <p>i. Less than 3 months</p> <p>ii. 3 - 6 months</p> <p>iii. Longer than 6 months</p> <p>iv. Left to Local Authority discretion</p>	This should be left to the Local Authority discretion.
7	In which circumstances should the first-time buyer prioritisation be waived?	This should only be waived when the homeowner is not able to secure a buyer and this would result in either the property remaining empty or preventing the homeowner to move.
8a	Should there be a national income cap for purchasers of First Homes?	No. An income cap should reflect local incomes.
8b	If yes, at what level should the cap be set?	The Council does not agree with this.
8c	Do you agree that Local Authorities should have the ability to consider people's income and assets when needed to target First Homes	Yes, the Council agrees with this.
9	Are there any other eligibility restrictions, which should apply to the First Homes scheme?	Those fleeing domestic abuse should be able to access the First Homes Scheme.
10a	Are Local Authorities best placed to oversee that discounts on First Homes are offered in perpetuity?	This should be managed through the legal process with the requirement for the discount to be offered in perpetuity to be Registered with the Land Registry.
10b	If no, why?	Local Authorities do not have the resources to manage such a process. Additional funding would be required if this was to be the case.



11	How can First Homes and oversight of restrictive covenants be managed as part of Local Authorities' existing affordable homes administration service?	This could be managed similar to other types of discounted housing whereby provision is included in a S106 Agreement requiring the seller to seek approval from the Local Authority before the property is sold.
12	How could costs to Local Authorities be minimised?	Costs could be minimised by putting the onus on the sellers/purchasers legal team to inform the Local Authority of a change in ownership and to provide the Local Authority with evidence that the buyer meets the First Homes Scheme eligibility criteria.
13	Do you agree that we should develop a standardised First Home model with local discretion in appropriate areas to support mortgage lending?	Yes, the Council agrees with this.
14	Do you agree that it is appropriate to include a mortgage protection clause to provide additional assurance to lenders?	Yes, the Council agrees with this.
15	For how long should people be able to move out of their First Home and let it out (so it is not their main or only residence) without seeking permission from the Local Authority? i. Never ii. Up to 6 months iii. 6- 12 months iv. Up to 2 years v. Longer than 2 years vi. vi. Other (please specify)	There is a shortage of affordable dwellings. Therefore, people should not be allowed to move out and profit from letting a First Home property.
16	Under what circumstances should households be able to move out of their First Home and let it for a longer time period? (Tick all that apply) i. Short job posting elsewhere ii. Deployment elsewhere (Armed Forces) iii. Relationship breakdown iv. Redundancy v. Caring for relative/friend vi. Long-term travelling vii. Other (please specify)	Households should not be allowed to move out of their First Home property.
17	Do you agree that serving members and recent veterans of the Armed Forces should be able to purchase a	Yes, the Council agrees to this.



	First Home in the location of their choice without having to meet local connections criteria?	
18	<p>What is the appropriate length of time after leaving the Armed Forces for which veterans should be eligible for this exemption?</p> <ul style="list-style-type: none"> i. 1 year ii. 2 years iii. 3-5 years iv. Longer than 5 years 	This should be 3-5 years.
19	Are there any other ways we can support members of the Armed Forces and recent veterans in their ability to benefit from the First Homes scheme?	No comment.
20	<p>Which mechanism is most appropriate to deliver First Homes?</p> <ul style="list-style-type: none"> i. Planning policy through changes to the National Planning Policy Framework and guidance ii. Primary legislation supported by planning policy changes 	Primary legislation supported by planning policy changes in line with the approach adopted with Starter Homes.
21	<p>Which do you think is the most appropriate way to deliver First Homes?</p> <ul style="list-style-type: none"> i. As a percentage of section 106 affordable housing through developer contributions ii. As a percentage of all units delivered on suitable sites 	As a percentage of section 106 affordable housing through developer contributions.
22	<p>What is the appropriate level of ambition for First Home delivery?</p> <ul style="list-style-type: none"> i. 40% of section 106 ii. 60% of section 106 iii. 80% of section 106 iii. Other (please specify) 	This should be determined at a Local Authority level dependent on the demand.
23	Do you agree with these proposals to amend the entry-level exception site policy to a more focused and ambitious First Homes exception site policy?	The Council agrees with the proposed changes, which should encourage the development of more affordable housing.
24a	Do you think there are rare circumstances where Local Authorities should have the flexibility to pursue	Yes, provided there is sound evidence. E.g. supported accommodation



	other forms of affordable housing on entry-level exception sites, because otherwise the site would be unviable?	
24b	If yes, what would be an appropriate approach for Local Authorities to demonstrate the need for flexibility to allow other forms of affordable housing on a specific entry-level exception site?	The approach could be whereby a viability assessment demonstrates that a scheme is not viable unless other forms of affordable housing is developed on an entry-level site.
25	What more could the Government do to encourage the use of the existing rural exception site policy?	There should be Homes England funding made available specifically aimed at developing rural exception sites.
26	What further steps could the Government take to boost First Home delivery?	The Government could work with the housebuilders to look at how they can make better use of modular building to reduce construction costs and increase the speed of delivery.
27	Do you agree that the proposal to exempt First Homes from the Community Infrastructure Levy would increase the delivery of these homes?	The Council has not yet implemented the Community Infrastructure Levy (CIL). The decision to exempt First Homes should be determined at a local level through the CIL implementation process.
28	Do you think the Government should take steps to prevent Community Infrastructure Levy rates being set at a level which would reduce the level of affordable housing delivered through section 106 obligations?	The Community Infrastructure Levy (CIL) rates should be determined by the Local Authority in line with the CIL implementation process.
29a	What equality impacts do you think the First Homes scheme will have on protected groups?	The scheme may increase access to homeowner for all residents regardless as to whether they are in one of the protect groups.
29b	What steps can the Government take through other programmes to minimise the impact on protected groups?	Homes England funding could be made available to fund additional costs with building/acquiring an adapted dwelling.
30	Do you have any other comments on the First Homes scheme?	There is a need for additional affordable homes for rent in Charnwood. It is important that the First Homes Scheme does not undermine the delivery of social and affordable rented homes needed in the Borough.



