

<b>REPORT TO:</b>	<b>HOUSING AND COMMUNITY SERVICES COMMITTEE</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>12<sup>TH</sup> MARCH 2020</b>	<b>CATEGORY: (See Notes) DELEGATED or RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>ALLISION THOMAS (STRATEGIC DIRECTOR)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>EILEEN JACKSON, 01283 595763 <a href="mailto:Eileen.Jackson@southderbyshire.gov.uk">Eileen.Jackson@southderbyshire.gov.uk</a></b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>SUBMISSION OF CONSULTATION RESPONSE TO MCHLG – FIRST HOMES</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL WARDS</b>	<b>TERMS OF REFERENCE: (See Notes)</b>

## **1.0 Recommendations**

- 1.1 That the Committee approves the attached response on behalf of the Council for submission to the Ministry of Housing, Communities and Local Government (MCHLG) by the 3<sup>rd</sup> April 2020.
- 1.2 That the Committee notes the content of the consultation response submission, the attached MCHLG guidance in First Homes (see Appendix 1), and associated implications of the introduction of First Homes within South Derbyshire.

## **2.0 Purpose of the Report**

- 2.1 To enable the attached consultation response (see Appendix 2) to be submitted to the MCHLG by the 3<sup>rd</sup> April 2020.
- 2.2 To provide the Committee with an overview of how First Homes will be delivered and explain the likely implications for developers, people on the housing register and residents in the District who cannot afford to purchase a home on the open market.

## **3.0 Detail**

- 3.1 The MHCLG is currently consulting on a new affordable housing tenure called "First Homes" which is a discounted sale model with the discount (minimum of 30%) being applied in perpetuity with the intention that these should be for people with a local connection or members of the Armed Forces.
- 3.2 The consultation covers the following issues:
  - 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

3.3 Apart from the likelihood that this new tenure will dilute the provision of existing affordable housing tenures on section 106 sites it does have resource implications for authorities in the initial design and subsequent management of these units

3.4 First Homes will be available at a minimum 30% discount to first time buyers. The consultation seeks the views of local authorities and other stakeholders regarding a range of issues including the applicant income thresholds, sale value limits, how the homes stay affordable in perpetuity and what delivery mechanism will be the best way to introduce this new tenure.

3.5 The attached response (Appendix 2) has been compiled by Strategic Housing, Planning, and Housing Services.

3.6 The key points arising from this consultation paper have been summarised below:

- A real emphasis on meeting localised need with ability to prioritise housing for people in the local area – this will be open to local authorities discretion
- Who will decide on the price cap, will it be set nationally, regionally or at local level?
- How will the homes stay affordable in perpetuity, this is a major concern as lenders are unlikely to provide mortgages to first time buyers if they cannot guarantee disposal at market rates should the owners default on their mortgage
- There will need to be significant input from local authorities in terms of threshold setting, means testing, resale valuations etc as this must be standardised to prevent future disputes arising over what is deemed a 'market value'.

#### **4.0 Financial Implications**

5.1 There are no direct financial implications associated with the approval of this report

#### **5.0 Corporate Implications**

##### **Employment Implications**

6.1 There are no direct employment implications associated with the approval of this report

##### **Legal Implications**

6.2 There are no legal implications associated with the approval of the recommendations contained within this report

##### **Corporate Plan Implications**

6.3 The proposals contained within this report will have a direct positive links to the following actions contained in the Corporate Plan;

- Place – to facilitate and deliver a range of integrated housing and community infrastructure

## **Risk Impact**

- 6.3 There are no direct risks associated with the recommendations within this report, however, if the MCHLG take the attached comments on board it is more likely that the Council will have greater control over the affordability settings and upper house price limits when the First Homes scheme is introduced.

## **7.0 Community Impact**

### **Equality and Diversity Impact**

- 7.1 There are no adverse effects relating to equality and diversity arising from the approval of the recommendations within this report. By providing a response to MCHLG local authorities will hopefully mitigate any negative impacts on vulnerable groups and those unable to access the market to meet their housing needs.

### **Social Value Impact**

- 7.2 Social capital on new sites delivering First Homes will increase as purchasers will meet the requirements to obtain a mortgage (i.e. a higher percentage of affordable housing occupiers will be working and likely to have a higher disposable income).

## **8.0 Conclusions**

- 8.1 The attached consultation response to be submitted to the MCHLG represents an amalgamation of views of officers from across the Council. The new tenure will increase the actual number of affordable homes delivered across the Country as the scope of what is deemed affordable is expanded. However, this should be welcomed with an element of caution as the discounted homes will not be accessible to the majority of households on the Council's waiting list who need secure, affordable rented housing in the longer term.
- 8.2 The delivery of First Homes will effectively bridge the financial gap between the increasingly polarised private sector and social rented housing. However, it is important to recognise the need for upper value thresholds to be set at a local level so that the new tenure does not become a means to an end in terms of delivery figures and that households and subsequent purchasers will need to be means tested to ensure the homes are occupied by families who cannot access the market by any other means.
- 8.3 The resources to administer and monitor the homes built for this tenure will need consideration as it is assumed that local authorities will be doing these initial and ongoing checks at each sale

## **9.0 Background Papers**

- 9.1 First Homes – Getting you on the ladder – Consultation on the design and delivery of First Homes (February 2020)

