

## Response: First Homes Consultation

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### About the District Councils' Network

The District Councils' Network (DCN) is a cross-party member led network of 187 district councils. We are a Special Interest Group of the Local Government Association (LGA), and provide a single voice for district councils within the Local Government Association.

District councils in England deliver 86 out of 137 essential local government services to over 22 million people - 40% of the population - and cover 68% of the country by area.

District councils have a proven track record of building better lives and stronger economies in the areas that they serve. Districts protect and enhance quality of life by safeguarding our environment, promoting public health and leisure, whilst creating attractive places to live, raise families and build a stronger economy. By tackling homelessness and promoting wellbeing, district councils ensure no one gets left behind by addressing the complex needs of today whilst attempting to prevent the social problems of tomorrow.

District councils are at the centre of the First Homes proposals as both Local Planning Authorities and Local Housing Authorities. The DCN therefore welcomes the opportunity to respond to the First Homes consultation.

Districts will support the Government to deliver First Homes, but to do so most effectively, they need the flexibility to use their local knowledge to be able to best tailor their approach to local needs.

### Response from the District Councils' Network

#### Summary of Key Issues and Concerns

Overall, the DCN supports the aim of First Homes to help more people buy their own homes in their local area. We recognise that many households aspire to home ownership but are unable to do so due to issues of availability and affordability. However, we do have some key concerns in respect of the proposals put forward in the consultation paper and these are summarised below.

The delivery of the First Homes scheme must not be at the expense of the delivery of other affordable housing tenures and, especially, not at the expense of delivering affordable rented and social rented homes. A blanket approach to setting price caps and income caps with little or no local variation will work against the scheme targeting the right households in specific locations.

The proposal to use Section 106 contributions to deliver First Homes would almost certainly result in a reduced supply of other affordable housing tenures. This will have a knock-on effect in councils meeting the needs of households seeking assistance via Council Housing Waiting Lists and homelessness services (including rough sleepers).

The DCN has concerns that the First Homes initiative could slow down the overall pace of delivery; affordable rent homes delivered through S106 contributions can often be purchased upfront as a block by Registered Providers, providing money and therefore certainty for developers to move forward on delivery of the full-price 'market' housing. With First Homes, it is possible that the criteria of local connection, however well-intentioned, may mean that such properties may not sell as quickly, and therefore be built as quickly, potentially hindering overall scheme delivery.

Many of the proposed measures would also create significant additional administrative burdens on Councils, with the need to increase staffing and funding levels. In addition, a new initiative of this kind – significant in scale and ambition and with major financial implications for councils, landowners, developers and mortgage providers (amongst others) – will inevitably need refinements and adjustments to reflect unintended consequences, close unintended loopholes, resolve problems, provide further guidance and curtail any abusive practices. An example of one potential issue is how to deal with people who might be happy to consider First Homes in a number of areas close to where they live or work – how would local connections work in such cases if they could not afford to buy in the district they live and/or work in, but might be able to afford a property in the adjoining district or further away?

For this reason, the DCN considers that it is imperative that the First Homes initiative is the subject of a pilot process before being rolled out in full, with participants in the pilot areas (covering a range of different areas and circumstances across England) working closely with MHCLG and other arms of Government to plan and monitor how the initiative is working. It is critical that there is proper time taken to reflect on the experiences in the pilot areas and make improvements to the scheme (including further consultation) before it is then rolled out nationally. A number of DCN member councils would likely be happy to be 'pilot' areas and the DCN would therefore welcome the opportunity to work with MHCLG on how such an approach could work as constructively as possible.

The DCN's full response to the consultation questions is below.

**Q1 a) Do you agree with a minimum discount of 30% (but with local flexibility to set a higher one)?**

No. The DCN considers that the local planning authorities (including District Councils) should have the discretion to set the discount level without a blanket minimum level. It is welcome that the consultation recognises that discount levels must be high enough to achieve the intended aim of the scheme to help more people buy their own home in their local area. However, it is the local planning authority that will have the best understanding of local land values and property prices and, consequently, what discount (if any) will be appropriate locally for First Homes.

**Q1 b) If not, what should the minimum discount be? i. 20% ii. 40% iii. Other (please specify)**

Not applicable (Please see Q1 (a) above)

**Q2 a) Should we set a single, nationally defined price cap rather than centrally dictate local/regional price caps?**

No. As indicated in the response to Q1 (a) above, land prices and property vary significantly between different areas. If the First Homes scheme is genuinely going to tackle affordability issues at a local level then it cannot set a single nationally defined price cap. The scheme will not be successful if it effectively treats England as a single housing market where a “one size fits all” approach will work. Instead, the price cap must reflect local house prices and income levels. It is worth considering that local house price and income data (individual local authority level), is used to help inform the assessment of local housing needs under the national formula, and therefore this might be better than regional or national level information.

**Q2 b) 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)**

Not applicable (Please see Q2 (a) above)

**Q3 a) If you disagree with a national price cap, should central Government set price caps which vary by region instead?**

In responding to this question the DCN is assuming that the ‘regions’ is taken to broadly mean the former Government Office regions. While this would be preferable to a single nationwide cap, there can be significant variations in property prices between local housing markets within a region. For example, the East of England includes areas with very high house prices (such as Cambridge and parts of Hertfordshire and Essex) but also much lower-priced areas such as Great Yarmouth, Wisbech and Clacton). It is not clear from the consultation how these variations would be addressed in order to avoid any regional price cap working against the aims of the First Homes scheme. One option may be to have a regional price cap as a default figure, but to allow the local planning authority the discretion to set a different cap if this will more accurately reflect local property prices in its area.

As stated below (in the answer to Q3b), the DCN’s preference would be for a cap to be at the district or unitary level, rather than any other geography.

**Q3 b) 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 iv. Separate caps for each county or metropolitan area v. Other (please specify)**

The approaches in (i), (ii) and (iii) would have the limitations highlighted in the response to Q3 (a) above. The approach in (iv) for separate caps for each county and metropolitan area would be the best of the four options for reflecting local housing markets and the disparity of land values and property prices across the country as a whole.

However, it should be noted that County Councils have limited spatial planning powers and in these areas it would be more appropriate to have price caps at a Local Planning Authority (i.e. District Council) level to deliver the best results. This would allow the price cap to properly take account of local property prices and wages approach would better able to take account of local earnings and property prices. At this level, the cap could also potentially be benchmarked against average property value and sale price data from the Land Registry. It is also important that mechanisms are in place to ensure that the price caps are regularly reviewed to reflect changes in local property prices.

**Q4. 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 (as highlighted in the responses the questions above)

**Q5. Do you agree that Local Authorities are best placed to decide upon the detail of local connection restrictions on First Homes?**

Yes. However, it needs to be recognised that undertaking work to verify local connections for First Homes buyers will create an additional workload burden for local authorities, especially in areas with significant levels of housing sales. This is evidenced by the amount of work that local authority housing teams currently have to undertake in order to prove local connection when administering Housing Register and Homelessness applications. This would need to be acknowledged by Government and funding would be needed to allow the local authorities to resource the additional work required to undertake local connection checks on First Homes buyers.

**Q6. When should local connection restrictions fall away if a buyer for a First Home cannot be found? i. Less than 3 months ii. 3 - 6 months iii. Longer than 6 months iv. Left to Local Authority discretion**

This should be left to the Local Authority to decide. The consultation states that the First Homes Scheme is intended to help people buy a home in their local area. If a buyer cannot be found, then this would indicate that either the demand is not there or the price and discount have not been set correctly (this is assuming that the availability of First Homes mortgages is adequate).

Therefore, the local authority should have discretion to ensure that the properties are available to local first time buyers for a sufficient period to maximise take up of the scheme. We also want the local authority to be able to set clear local parameters and guidance on how properties should be marketed and publicised to give the best possible chance to sell to local first time buyers. This would avoid a situation whereby a developer may do little or no local marketing and then seek removal of local connection requirements.

Most LAs already have experience of this kind of situation when proposals are made to change or vary the use of certain employment land – Local Plan policies often require a period of marketing of employment land/buildings before it may be accepted that the continued use is not viable. Such marketing must be at a fair price and genuine efforts made to market it properly for a defined period of time (set out in Local Plan policy and typically 6-12 months) – all too often such efforts can be tokenistic and it can take LA resources to investigate this.

**Q7. In which circumstances should the first-time buyer prioritisation be waived?**

This prioritisation should not be waived to keep the approach as simple as possible. The principle of allowing key workers to move up the housing ladder to a larger home to meet growing family needs or relocating to a higher cost area to take up a new job (to take just two examples) is entirely understood and supported by the DCN. However, a whole range of practical questions would arise, such as:

- i) How should a “key worker” be defined (teachers, care workers NHS staff, self-employed or employed through an agency providing “key worker”-type services etc)?
- ii) How long would they have to have been a “key worker” to be eligible?
- iii) What about those key workers seeking to buy/move jointly with (say) a husband or fiancée who is not a key worker?
- iv) How could key worker “needs” for affordable housing be credibly assessed, given the complexities of definitions and variations between even neighbouring areas?

**Q8 a) Should there be a national income cap for purchasers of First Homes?**

As with the proposals for a price cap, we consider that a single national income cap will not reflect local variations in income levels across different parts of the country. If the scheme is to effectively target first time buyers who have an insufficient income to be able to buy a property on the open market, then the income cap must reflect the local property prices and incomes. If the cap is set too high in relation to local prices and income, then it is possible that a low income household may lose out on a First Homes property to a higher income household which could have afforded to buy without a discount.

**Q8 b) If yes, at what level should the cap be set?**

Not applicable (See response to Q 8 a) above)

**Q8 c) Do you agree that Local Authorities should have the ability to consider people’s income and assets when needed to target First Homes?**

Yes. If the overall aim of the scheme is to boost home ownership amongst first time buyers who would not otherwise be able to afford to buy a property, then we need to be able to consider household income and assets to ensure that the scheme is effectively targeted at this group. Otherwise, as highlighted above, there is a risk that First Homes may be sold to households who actually have sufficient income and assets to be able to afford to buy with no discount.

However, it must be recognised that if local authorities are expected to check household income and assets for potential First Homes buyers, then this will be an additional workload burden that will need to be resourced. Such checking must be more than cosmetic, as there will clearly be a strong incentive for some potential First Homes buyers to ‘hide’ the true scale of income and/or assets which, if disclosed, might preclude them from being eligible for a First Home.

As noted in the consultation document, the frequently varying income of self-employed people is a further complication, as is (inevitably) the implications for those whose income has been affected by Covid-19 (whether reduced, furloughed or similar). First Homes guidance will need to be flexible but clear on how to consider these issues.

**Q9: Are there any other eligibility restrictions which should apply to the First Homes scheme?**

No

**Q10. a) Are Local Authorities best placed to oversee that discounts on First Homes are offered in perpetuity?**

Yes. This could be undertaken by the local planning authority as part of its planning enforcement role. Monitoring could take place by using restrictive covenants or charges which trigger a requirement to notify the local authority when a sale is taking place. Covenants would need to be registered as a Land Charge, which would display upon a search of the Land Charges register.

However, it must be borne in mind that the planning enforcement system does not currently have a significant role in house sales. Taking on the role of overseeing the retention of discounts on First Home re-sales would be a significant increased burden on the planning service and we would see this role sitting more naturally with conveyancing solicitors and estate agents. They would need to lead on this aspect in terms of ensuring their client is aware of charges and restrictions, and informing the local authority accordingly.

**Q10 b) If no, why?**

Not applicable

**Q11. How can First Homes and oversight of restrictive covenants be managed as part of Local Authorities' existing affordable homes administration service?**

As above. This will vary from council to council depending on their local arrangements but could be a significant additional administrative burden to monitor effectively, as the number of discount market sale properties is generally very low across England. Also, the consultation does not indicate what the penalties would be if a property is sold on without the discount. Who would the penalties be enforced against? The seller? The buyer? The conveyancing solicitor(s)?

**Q12. How could costs to Local Authorities be minimised?**

Although some of this work can be incorporated into existing local authority responsibilities, it will be challenging to keep additional costs low while at the same time delivering an effective service for administering, monitoring and enforcing the First Homes scheme. The reality is that this will be a significant additional burden that needs to be resourced.

**Q13. Do you agree that we should develop a standardised First Home model with local discretion in appropriate areas to support mortgage lending?**

Yes. It will be essential that the Council of Mortgage Lenders accepts the First Homes model and that its members agree that they will lend mortgages to purchasers, with a good range of mortgages on offer at fair rates. A standardised model would assist with this.

**Q14. Do you agree that it is appropriate to include a mortgage protection clause to provide additional assurance to lenders?**

It is acknowledged that Councils will probably have to accept that mortgage lenders will require a mortgagee protection clause of some sort. However, this should not allow the mortgagee in possession to immediately waive the requirement to sell the home at a discount. Any such clause would need to give a time limited window for a discounted sale to a local first time buyer, before allowing a full market price sale to anyone. This could potentially be caveated with the requirement that a discounted sale must generate sufficient

receipts to clear the mortgagee's outstanding debt (ensuring that the mortgagee will not be left out of pocket).

In addition, in the event of a sale at full market value, there should be mechanisms whereby the local authority should be able to claw back some of the initial discount which was previously secured via the Section 106 contributions to spend on other affordable housing schemes.

**Q15. 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. Other (please specify)**

As the aim of the First Homes is to support first time buyers to acquire their own home, we do not consider that it is appropriate for a purchaser to then be allowed to rent out the home until an agreed minimum period has passed (e.g. 12 months). Otherwise it would enable the possibility of someone acquiring a property with the significant First Homes discount, then letting it out almost immediately, which would go completely against the principle of the scheme of helping first time buyers on the property ladder.

The DCN considers that the First Homes scheme should be underpinned by the principle that a purchaser should not be able to subsequently let out their home purely to generate an income and a profit. However, we acknowledge that circumstances such as work or care issues may leave a First Homes purchaser in a position where the need to leave their home temporarily and rent it out. In the event of sufficient checks confirming this, we would agree to exemptions in these types of cases. However, we would want this to be subject to review.

The consultation is also silent on the rent levels to be charged in these units as if they are let out. Would the owner be permitted to charge full market rent or would there be any limitations to ensure that the property is as affordable as possible to local people (e.g. a restriction to local allowance rate)? The DCN would prefer the latter, whilst acknowledging the significant administrative complexities of such an approach (the role of letting agents in setting the "right" level, and trying to ensure that such properties for rent at below-market rates would not be able to be secured by tenants able to afford a full market rent, for example)

There is also the question of how this will be monitored and enforced. The consultation indicates that the administration of this will fall to the local authority to assess on a case by case basis, but it is not clear how this will operate in practice if the authority has no legal ownership or interest in the property - it would seem to be reliant on the home owner advising the local authority of their intention to let it out.

Will local authorities be expected to pro-actively monitor First Home properties to see if they are being rented out? As will other elements of the scheme being proposed, this will potentially have a significant administrative burden on local authorities – the difficulty, time and expense of stock-holding councils monitoring whether their own social housing properties are being unlawfully sub-let gives some indication of how resource-intensive this could be.

**Q16. 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)**

Upon providing sufficient proof of a transfer, then job postings elsewhere, or armed forces deployment would justify an exemption from seeking any type of permission for the duration of any such contract/assignment. Similarly caring for a relative would merit sympathetic consideration. It is less clear why some of the other reasons would justify allowing a property to be let, but consideration could be given on a case by case basis.

To reiterate the point made earlier, it will be counter-productive if First Homes are built and sold at a significant discount and simply end up in the private rented sector let at full market rates or let out at a nightly rate on “Air BnB”-style sites helping to finance a ‘lifestyle’ change.

**Q17. Do you agree that serving members and recent veterans of the Armed Forces should be able to purchase a First Home in the location of their choice without having to meet local connections criteria?**

Members of the Armed Forces should be exempted from the local connection requirements. This would bring the First Homes scheme in line with other statutory guidance on housing waiting lists and homelessness which already exempts members of the armed forces from local connection restrictions.

**Q18. What is the appropriate length of time after leaving the Armed Forces for which veterans should be eligible for this exemption? i.1 year ii. 2 years iii. 3-5 years iv. Longer than 5 years**

A period of 3-5 years would be in line with the statutory exemption that already applies to housing waiting lists.

**Q19. 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?**

The ability of current and former members of the armed forces to access suitable mortgage products (especially those who have recently left the forces and may be taking on insecure employment)

**Q20. Which mechanism is most appropriate to deliver First Homes?**

- i) Planning policy through changes to the National Planning Policy Framework and guidance**
- ii) Primary legislation supported by planning policy changes**

Option (i) would be the most appropriate way to deliver First Homes by making amendments to the National Planning Policy Framework and Planning Policy Guidance.

However, option ii may be required in addition should there be (as the DCN asserts) requirements on other parties such as solicitors or mortgage brokers and letting agents to



play a role in the monitoring and enforcement of First Homes, so the full force of law is there to ensure disclosure of key information.

**Q21. Which do you think is the most appropriate way to deliver First Homes?**

- i) As a percentage of section 106 affordable housing through developer contributions:**
- ii) As a percentage of all units delivered on suitable sites:**

The comments made in the consultation paper about the importance the Government attaches to its Affordable Homes Programme, and its continued significance, are welcomed by the DCN. The Social Housing White Paper (which the Government has promised to publish in 2020) is clearly a vital part of this fleshing out this commitment further and the DCN would welcome its publication at the earliest opportunity (whilst recognising the practical difficulties engendered by Covid-19).

The direct use of Section 106 developer contributions to deliver First Homes as proposed in Option (i) would create significant risks and concerns, especially in the short term. In particular, the DCN has serious concerns that focusing developer contributions on delivering First Homes could reduce and marginalise the delivery of affordable rented and social rented housing via this route. This would have significant impacts locally with increased pressures on local authority housing waiting lists and homelessness services due to the reduced supply of affordable and social rented housing.

There will always be a (varying and variable) proportion of the population in every local authority in the country which, whether through choice (simply not wanting to purchase a house, preferring to rent) or insufficient finance, will not be able or willing to be a homeowner. This “need” is often high and local authorities need to be able to continue to try to meet as much of this need as is practicable, within the parameters of what is viable on individual sites.

On a broader point, in preparing their Local Plans, councils must make sufficient provision for housing (including affordable housing) – this requirement is set out in paragraph 20 of the NPPF. NPPF para 61 also says: “*Within this context [overall housing needs], the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies.*” Normally, this is informed through the preparation of a Strategic Housing Market Assessment, with the evidence feeding into the overall viability of the Local Plan, with its policies and evidence being tested at examination by the Planning Inspector.

NPPF para 57 makes clear that planning applications complying with the planning contributions expected from development from up-to-date policies should be assumed to be viable. A national requirement for First Homes to come forward on sites of 10+ houses, which has not been considered in a plan-wide viability assessment, would therefore reduce the viability of many sites, and risk either development not coming forward at all, or a reduction in other types of affordable housing and/or other developer contributions (such as open space). Expressed simply, the land market will take a few years to properly reflect First Homes requirements in changes to values.

The best way for LPAs to facilitate the delivery of First Homes is therefore to properly assess what the need is, alongside other types of affordable and other types of housing (family

homes, for example), through the production of a SHMA. This information needs to be considered alongside the infrastructure needs for the Local Plan and be subject to a plan-wide Viability Assessment (perhaps alongside CIL testing and examination). It is through this process that the frequently difficult decisions as to the type, tenure and proportions of affordable housing which are viable on different kinds of sites are best made (and then tested through examination).

Bringing forward an early requirement for First Homes – before it can be properly considered through a Local Plan Review – is therefore likely to lead to a significant increase in viability appraisals submitted alongside individual planning applications, which is time-consuming and expensive (amongst other issues), and was the reason for recent changes to the NPPF and PPG to discourage this practice.

Option ii), delivering First Homes as a percentage of all homes delivered on suitable sites, would also raise concerns about the impact on delivery of other types and tenures of affordable homes, for the same reasons outlined above. Unless the percentage of First Homes to be delivered was very small – which would not meet the Government’s expressed intention of delivering “significant numbers” of First Homes” – then a fixed requirement would undoubtedly lead to a reduction in development levels, at least in the short term, whilst the land market and prices adjust.

For the reason of greater flexibility, the DCN therefore prefers option i), the delivery of First Homes through S106 contributions, especially in the short term. This could be reviewed in the future, however, if the land market has adjusted sufficiently such that First Homes could be delivered on all sites.

The consultation is also not clear on whether First Homes will form part of the 10% affordable housing for sale on site that is already required by the National Planning Policy Framework or if it is in addition to this 10% - the DCN view is that it should not be additional, at the very least in the short-term.

Serious consideration should also be given to limiting the current Office to Residential Permitted Development rights to conversions to First Homes only.

**Q22. What is the appropriate level of ambition for First Home delivery?**

40% of section 106;

60% of section 106;

80% of section 106;

Other (please specify)

The DCN is responding to this question on the understanding that it is referring to a percentage of the of the Section 106 affordable housing units being delivered. On this basis, the DCN feels strongly that a fixed percentage cannot be agreed without ensuring that this does not have detrimental impact on the delivery of other affordable housing options and, in particular, on the provision of new affordable rent and social rent housing. (In addition, there are potentially wider impacts on site viability and the funding and delivery of infrastructure, mentioned above in answer to Q21.)

In many areas, local authorities are dependent of Section 106 agreements to deliver a significant proportion of new affordable and social rented housing (either on-site or via in-lieu developer financial contributions). As stated above, if the implementation of First Homes was to result in a lower supply of sub-market rented housing, then this will have a major knock-on effect on statutory housing services with less provision available to meet the needs from housing waiting lists and homelessness services.

Last year 27,944 new affordable rented homes were delivered through S106 out of a total 57,485 new affordable homes – 49% of all affordable homes. Assuming the 80% allocation of S106 for First Homes applies equally to infrastructure and affordable housing, and that the other means for building affordable rented homes remain level, the measure reduce the overall supply of affordable rented homes to just 35,130 – the lowest since 2002/03.

A reduced availability of affordable and social rented housing will work against other Government housing priorities including the commitment to end rough sleeping. The consultation paper acknowledges this issue and states that the Government is mindful of the trade-off between the level of ambition for First Homes and the supply of other affordable housing tenures. However, it is not clear from the paper as to how the Government intends to address this other than a general reference to considering the provision of affordable housing in the round. In considering this question, the Government must recognise that while the First Homes scheme will provide a welcome opportunity for some households to access home ownership, there are also many households who will not be able to access the scheme (for reasons of low incomes and/or medical or welfare issues and vulnerabilities). Affordable housing provision must deliver a variety of rented and home ownership tenures in order to meet this diversity of needs. An over-emphasis on home ownership and the First Homes scheme will risk leaving many households unable to access safe, suitable and affordable accommodation.

**Q23. 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?**

We would agree with the principle of this. However, further consideration will need to be given to how this will work and, particularly, the proposal to allow a small proportion of market homes on the site where essential to ensure the development will be deliverable. Presumably, this is based on the model of sales receipts helping to cross subsidise the First Homes. This would need to be carefully regulated and controlled to ensure that there was no possibility of developers exploiting this provision and providing a higher proportion of market housing on site than is actually required to cross subsidise the First Homes.

**Q24. a) Do you think there are rare circumstances where Local Authorities should have the flexibility to pursue other forms of affordable housing on entry-level exception sites, because otherwise the site would be unviable?**

Yes. Local authorities need to be able to have the flexibility to consider this on an individual site basis.

**Q24 b) 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?**

As above, on a site by site basis, supported by viability information

**Q25. What more could the Government do to encourage the use of the existing rural exception site policy?**

Although Council can positively encourage rural exception schemes to come forward, successful schemes are generally reliant on local communities bringing forward potential sites, building local support, undertaking housing needs surveys to provide evidence of need etc. This is often time consuming and can require significant resources to deliver. The provision of skilled and properly funded support services such as Rural Housing Enablers and Community Land Trusts can help encourage more schemes to come forward. The Government needs to support and expand the availability of these agencies and ensure that long term funding streams are in place (thereby avoiding situations like to recent cancellation of funds previously allocated from the Community Housing Fund which placed some schemes in jeopardy).

**Q26. What further steps could the Government take to boost First Home delivery?**

As mentioned above in several answers, if the Government can boost the delivery of other forms of affordable housing (especially social and affordable rented units) through other approaches (such as the Affordable Homes Programme), this would likely enable more First Homes to be delivered on 'market' sites.

**Community Infrastructure Levy exemptions**

**Q27. Do you agree that the proposal to exempt First Homes from the Community Infrastructure Levy would increase the delivery of these homes?**

An exemption from CIL may slightly reduce overall development costs - the unencumbered land value would therefore be higher and so whilst the properties would benefit from the First Homes discount, the pre-discount value may be higher than for normal housing land.

It is also important to recognise that all new housing delivery creates infrastructure needs on some scale. A CIL exemption simply means that the development will not directly contribute to mitigating any possible negative effects that it may have (both at the LA and parish level) and this results in the Council having to fund the resultant costs from elsewhere.

**Q28. 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?**

This question suggests that a CIL charge will reduce S106 affordable housing contribution. However, the CIL system does not operate in this way. CIL is underpinned by viability testing and must undergo a formal public examination. The charges are set at non-negotiable rates which are intended to maximise receipts for infrastructure funding without threatening the viability of development schemes that are coming forward (including meeting Section 106 obligations in full). CIL does not fund affordable housing and there is no trade-off between infrastructure and affordable housing as seems to be implied in this part of the consultation.

**Q29a) What equality impacts do you think the First Homes scheme will have on protected groups?**

The equality impacts need to consider the wider impact of the First Homes scheme and not simply the scheme itself. If the scheme does result in the reduction and marginalisation of other affordable housing tenures (including affordable and social rented housing) then this may result in some households with protected characteristics being less able to access safe, suitable and affordable housing if they cannot afford a First Homes property. There also needs to be a recognition that some households in protected groups may simply not want to become home owners and we need to ensure that an adequate supply of housing in alternative tenures is available for them.

The consultation makes reference to delivery analysis which demonstrates a positive impact on some groups and a negative impact on others. However, this analysis does not seem to be readily available to view so we cannot comment on the validity or otherwise of these findings.

More specifically, Paragraph 87 of the consultation notes that “Current planning guidance is clear that Local Authorities should consider the needs of different groups when granting planning permission, including older people and those with disabilities. The First Homes policy should support, rather than counteract, this principle”. It then goes on to state that: “Local Authorities will want to ensure First Homes are built which meet the specific needs of people with physical or mental disabilities”. Many Local Plans contain existing policies for Accessible and Adaptable Homes or homes for wheelchair users which are required to meet the appropriate Building Regulation Standards. Alongside this, the “Guide to First Homes” sheet, accompanying the consultation document, notes that the properties will be prioritised for key workers, armed forces members and first time buyers which indicates that First Homes are intended to be homes built for sale and occupied primarily by working households.

Against this backdrop, the statement “Local Authorities will want to ensure that First Homes could be meeting the specific needs of people with physical or mental disabilities” is somewhat imprecise. It is not apparent as to how this should actually be done where if some of these households do not have sufficient income to afford to acquire a First Homes property. The consultation seems to overlook that those on low incomes and/or in receipt of benefits are unlikely to qualify for mortgages. Consequently, constructing housing for sale is therefore unlikely to be the best way of meeting housing needs for many persons with or without protected characteristic status.

**Q29b) What steps can the Government take through other programmes to minimise the impact on protected groups?**

The Government needs to maximise the range of tenures available to households in protected groups so that they can access housing that meets their needs and is affordable for them.

**Q30 Do you have any other comments on the First Homes scheme?**

No answer.