

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

DECISION

meeting date: THURSDAY, 10 JUNE 2021
title: FIRST HOMES PROGRAMME
submitted by: NICOLA HOPKINS - DIRECTOR OF ECONOMIC DEVELOPMENT & PLANNING
principal author: RACHAEL STOTT - HOUSING STRATEGY OFFICER

1 PURPOSE

1.1 To inform Members of Ministry of Housing, Communities and Local Government (MHCLG) announcing a new affordable housing tenure, 'First Homes' that will be required on all new housing sites and of the opportunity to be part of the pilot scheme for delivery in 2021-22.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – To address the housing needs of the borough and meet identified need.
- Corporate Priorities – To demonstrate that we are a well-run authority.
- Other Considerations – None.

2 BACKGROUND

2.1 In Ribble Valley discount sale units have been delivered since 1990 when a discount of 15% was applied. Over the years this discount increased to 25% and then to a current position of 40% discount in all rural areas and 30% in market towns of Clitheroe, Longridge and Whalley.

2.2 The product has always been very popular and therefore we have continued to deliver and established a waiting list for households interested. The delivery, approval process and eligibility mirrors that of this new First Homes scheme which has just been announced. Therefore, the Council are well placed to be able to deliver the scheme.

3 FIRST HOMES PILOT

3.1 The pilot scheme, for the first year only, would allow developers in our area to bid for the grant funding. This would enable them to deliver First Homes units on their sites which would be in addition to existing affordable contribution they are already delivering.

3.2 An initial meeting with Homes England was held to discuss the programme. The grant funding, which will be available, will enable the delivery of additional affordable home ownership units on site which will be in addition to the affordable dwellings already secured at planning stage or may enable delivery on small sites where there is currently no affordable contribution.

3.3 Central Government's plan is to establish First Homes as a new affordable housing tenure in the housing market with a 1,500 homes pilot through the Affordable Homes Programme. This is due to be released June 2021. This first year of a pilot for delivery will offer grant funding to enable provision. Going forward the tenure will be an affordable homes ownership product delivered through Section 106 contributions.

3.4 The pilot scheme is reliant on the developer bidding for the funding as the grant is aimed at housing delivery bodies. As such Ribble Valley Council would not bid into the fund however we would need to offer our support to developers who wanted to deliver

First Homes as part of the pilot project within our Borough (a separate legal agreement may be required for delivery).

4 WAY FORWARD

- 4.1 The new First Homes tenure which will be introduced as a requirement of on-site affordable housing delivery is designed to make homes for ownership available for first time buyers at a 30% discount from open market value. We will be required to consider the new First Homes requirement from 28 June 2021. However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to consider the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes).
- 4.2 This is a replica of the discount sale product Ribble Valley have been delivering since 1990. However, this has a fixed percentage discount of 30% in perpetuity.
- 4.3 The target is to deliver 10,000 new homes per year as first homes through the planning system. There will be transitional arrangements to allow introduction of delivery and for any site with outline consent there will be no requirement. Details are set out in the link to the MHCLG guidance to First Homes and implementation.
- 4.4 There is clear emphasis that delivery of First homes should not affect numbers of rental units being provided. The requirement is for 25% of the affordable housing units to be delivered as First Homes.

For example a site in Ribble Valley site of 40 units:

30% of the site is affordable as per our standard request = 12 units

Our current approach is 50% affordable rent and 50% shared ownership:

- 6 affordable rental
- 6 shared ownership

Using the same example and including the new First Homes proposal:

30% affordable – 12 units

- 6 affordable rent
- 3 shared ownership
- 3 discount sale

- 4.5 First Homes exception sites can come forward on unallocated land outside of a development plan. They cannot come forward in areas designated as Green Belt or designated rural areas and therefore for most of the rural parishes a First Homes exception site will be an option.

Eligibility

- 4.6 Local connection will be a requirement to be eligible for the scheme; the scheme is aimed at first time buyers. This can be set at the LA's discretion and the standard template is as we current set out in Section 106 agreements.
- 4.7 Approval of eligibility to procurement a First Home will be the Local Housing Authority's responsibility.

- 4.8 Price caps are set at £250,000 across England and an income cap of £80,000 across England.
- 4.9 There will be a restrictive covenant against the title of the property to ensure the percentage discount is passed on to future purchasers.
- 4.10 There will be standard documents produced which will include Section 106 Agreements, applicable forms and approval forms etc.

5 RISK ASSESSMENT

5.1 The approval of this report may have the following implications:

- Resources – There will be an implication on staff time approving eligibility and managing the sales, the amount of time will depend on the number of units delivered.

There will be additional funding investment in affordable housing in the borough in addition to developer contributions if RV decide to be part of the pilot and developers take up this option.

- Technical, Environmental and Legal – There will be an implication in terms of the legal work required registering the charge on each property and approval of sales.
- Political – Delivering additional affordable homeownership units is fully supported and importantly this should not impact on rental delivery.
- Reputation – RVBC already has an established reputation for the delivery of discount sale units.
- Equality & Diversity – We will seek to support delivery of First Homes across all house types to ensure this option is an option for all households.

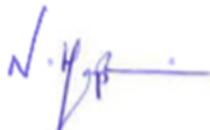
6 RECOMMENDED THAT COMMITTEE

- 6.1 Note the new tenure First Homes that will become part of the standard affordable housing offer on all new build sites and the affordable housing policy will be amended to reflect this policy change.
- 6.2 Support opportunities across the Borough to deliver additional First Homes affordable units as part of the pilot scheme.



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RACHAEL STOTT
HOUSING STRATEGY OFFICER



NICOLA HOPKINS
DIRECTOR OF ECONOMIC DEVELOPMENT AND PLANNING

For further information please see the guidance at:

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

For further information please ask for Rachael Stott, extension 3235.