



Sent by EMAIL ONLY to housingstrategy@sstaffs.gov.uk

30/6/2023

Dear Sir/ Madam

**Response by the Home Builders Federation to the First Homes Policy consultation, July 2023.**

1. Please find below the Home Builders Federation (HBF) response to the South Staffordshire First Homes Policy Consultation. The HBF is the principal representative body of the housebuilding industry in England and Wales and our representations reflect the views of discussions with our membership of national and multinational corporations through to regional developers and small local housebuilders. Our members account for over 80% of all new housing built in England and Wales in any one year.

**Status of the 'Policy'**

2. HBF is concerned that the status of this 'policy statement' is unclear. Although the document is being consulted on using the Local Plan consultation software, the document is in a Section called 'Housing Strategy' and titled 'First Homes- Local Eligibility Criteria June 2023'. It is unclear if this document is intended to be (part of) the Council's Housing Strategy, drawing on the Council's housing authority functions or it is intended to be used in the planning process, prepared by the Local Planning Authority, or both? HBF were unable to find any reference to the preparation of this document and its consultation within the Oct 2022 Local Development Scheme, which should set out what Local Plan consultations are to be undertaken and when.
3. The purpose and status of the document should be clearly expressed within the document itself. If it is intended to be Housing Strategy policy that will be considered as a material consideration for decision-making on planning applications, this needs to be explicitly stated, and it should be consulted on, on this basis. If it is intended to be Supplementary Planning Document, this would need to hang from an adopted policy in the Local Plan which needs to be clearly identified. If it is intended to be an interim policy statement for the purpose of planning, until this matter is fully addressed through the Local Plan, this needs to be explicitly stated. At the moment, the ambiguous status of the document is unhelpful, which in turn impacts on HBF ability to comprehensively comment on it.

4. First Homes are a new type of discounted market sale ‘affordable housing’ introduced by the Government in the Ministerial Statement of 24 May 2021<sup>1</sup> and the Planning Practice Guidance<sup>2</sup> provide advice to Local Planning Authorities on how First Homes should be addressed in Local Plan policy and when considering planning applications.

5. The PPG<sup>3</sup> does

“give local authorities and neighbourhood planning groups the discretion to set lower price caps if they can demonstrate a need for this. Any local price caps should be determined through the plan-making process with regard to local income levels, related to local house prices and mortgage requirements”, and need to be supported by evidence.

6. The PPG<sup>4</sup> also says:

“Local planning authorities are encouraged to ensure that First Homes work well in their area, which may include requiring a higher minimum discount, lower price or income caps, or local connection/key worker requirements. Local planning authorities are also encouraged to make the development requirements for First Homes clear for their area. The most appropriate method or tool to do this will depend on individual circumstances for each local planning authority. These might include (but may not be limited to): publication of an interim policy statement, or updating relevant local plan policies. Local planning authorities should assess their own circumstances when considering the most appropriate way to achieve this in their context.”

7. However, the PPG on Viability<sup>5</sup> says:

Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure).

These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure

---

<sup>1</sup> <https://questions-statements.parliament.uk/written-statements/detail/2021-05-24/hlws48>

<sup>2</sup>

<sup>3</sup> Ibid. Paragraph: 005 Reference ID: 70-005-20210524

<sup>4</sup> Ibid. Paragraph: 009 Reference ID: 70-005-20210524

<sup>5</sup> <https://www.gov.uk/guidance/viability> Paragraph: 001 Reference ID: 10-001-20190509 Date: 09 05 2019

rather than a range. Different requirements may be set for different types or location of site or types of development.<sup>6</sup>

8. The HBF view is that the establishment of any local variations to the national First Homes criteria are best considered through the plan-making process. This enables the viability implications of any such policy requirements to be considered alongside all the other policy requirements of the proposed plan. Whole plan-viability testing is an important part of the plan-making system.

### **Details of the 'Policy'**

9. HBF note that Council proposes to introduce a local connection and key worker criteria that will apply to all First Homes for 3 months from the date the property is first marketed. The Council is also looking to apply a local £60,000 income cap for the initial 3 month marketing period. The rationale for this is stated in para 3.5 of the document as being "the income cap should only need to be sufficient to cover the required income for purchasing a First Home with up to 3 bedrooms". However, restricting the number of bedrooms of First Homes is not mentioned in either the PPG or the Ministerial Statement, which is effectively what the proposed policy is doing.
10. Housebuilders value certainty and HBF note that the document proposed that the income threshold for First Homes will to be reviewed annually. This raises several questions: How and when will this be undertaken? What data will be used to do this and how up to date will it be? Will every annual review be subject to consultation? How does this link into any reviews to the national criteria?
11. HBF note that there will also be a need for the local connection and key worker criteria to be kept under review. How will this be done? Will this be through the Local Plan?

### **Implementation**

12. The success of any policy depends on effective implementation. HBF is keen to understand how the Council envisages this policy working in practice. Paragraph 3.7 of the document says "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." However, it is unclear how this will be secured. For example, who will certify the applicant meets the local eligibility criteria? Do they have capacity to do it? How will this be done? Who will pay for it? How does the local system interact with the national criteria compliance? What would happen if there is a dispute? How would this be addressed and how long could that take, and what happens in the interim? All of these matters could impact on the sales and delivery of First Homes, and wider housing developments.

13. The PPG<sup>7</sup> is clear that:

---

<sup>6</sup> <https://www.gov.uk/guidance/viability>

<sup>7</sup> Ibid. Paragraph: 011 Reference ID: 70-011-20210524

It is important that agreements to secure First Homes do not prevent homes from being sold for a long period and there may be circumstances where a suitable buyer for a First Home cannot be found, even when the local restrictions have been removed. Therefore, a local authority should include provisions in a section 106 agreement which allow a developer or First Home owner to sell a First Home on the open market and remove the title restriction, as long as certain conditions are met.

14. In addition to the practicalities of making a local system work, the document could be much clearer about how the First Homes 'policy' will interact with the planning system. If this First Homes local variation is intended to apply only for a limited period, will this be drafted on a cascade basis, so failure to find a local qualifying buyer after a certain time automatically cascades to the national scheme, or will developers need to do something to formally end the local criteria. Will compliance with this 'policy' be secured through a planning condition, or s106 obligations, or some other mechanism? Clarity on how the cascade will work is important to ensure the conditions and/or s106 do not negatively impact the funding and/or delivery of a scheme. At the moment it is difficult for HBF to comment on how effective this 'policy' may be, and what impact it may have on the deliverability and viability of housing and affordable housing, when it is not clear how it will work in practice. The local First Homes 'policy' needs to be clear about it will be taken into account in planning application decisions.

### **Future Engagement**

15. I trust that the Council will find these comments useful. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry if that would be helpful.

16. The HBF would like to be kept informed of the progress of the Local Plan and associated documents. Please use the contact details provided below for future correspondence.

Yours faithfully



Rachel Danemann MRTPI CIHCM AssocRICS

Planning Manager – Local Plans (Midlands and South West)

Home Builders Federation

Email: [rachel.danemann@hbf.co.uk](mailto:rachel.danemann@hbf.co.uk)

Phone: 07817865534

