

BARNSLEY METROPOLITAN BOROUGH COUNCIL

REPORT OF: EXECUTIVE DIRECTOR GROWTH & SUSTAINABILITY

TITLE: FIRST HOMES – AFFORDABLE HOME OWNERSHIP SCHEME

REPORT TO:	Cabinet
Date of Meeting	2nd November 2022
Cabinet Member Portfolio	Regeneration and Culture
Key Decision	Yes
Public or Private	Public

Purpose of report

Following the publication of the Written Ministerial Statement introducing First Homes and update to the Planning Practice Guidance in 2021, this report provides an update on the implementation of First Homes in Barnsley, including the Homes England 'First Homes Early Delivery Programme'.

Council Plan priority

The project will directly contribute to the Council's 2030 Vision of Growing Barnsley: delivering safe, warm, and sustainable homes. It will directly contribute to Housing Growth Targets (EC28) and the delivery of new affordable housing (EC29).

Recommendations

That Cabinet:-

- Approves the publication of the First Homes Technical Note (including local connection criteria) as an appendix to the Affordable Housing Supplementary Planning Document (SPD) 2022.
- Approves the implementation of a fee charging system to cover administration costs for initial and subsequent sale of First Homes.
- Delegates authority to the Head of Strategic Housing, Sustainability and Climate Change, and Group Leader Strategic Housing and Growth to approve First Homes sales, and review and adjust local eligibility criteria as required.

1. INTRODUCTION

- 1.1 In a written ministerial statement, issued on 24th May 2021, the government set out its First Homes requirement which promotes home ownership by offering discounted homes for sale for first time buyers. The intention is for First Homes to be delivered at scale through the planning system via Section 106 agreements.
- 1.2 As Barnsley Council has an adopted Local Plan (2019), the policy applies in principle to planning applications made on or after 28th December 2021.

2. PROPOSAL

First Homes Technical Note

- 2.1 The Affordable Housing Supplementary Planning Document was approved at Full Council on 28th July 2022 (Cab.27.6.2022/8). Paragraph 2.11 set out that a separate First Homes Technical Note would be published. A draft First Homes Technical Note is located at Appendix 1. The note sets out:
 - What are First Homes
 - How many First Homes are required – including a tenure split table for each Local Plan policy sub-market area
 - Eligibility Criteria (including local connection criteria (see below))
 - First Homes Exception Sites
 - Securing Developer Contributions
 - Further Information
- 2.2 The main national criteria for First Homes are:
 - They are sold with a minimum 30% discount which is kept in perpetuity (managed by a restriction on the property title)
 - The sale price (after discount applied) is capped at £250,000.00 for the first sale
 - They should be indistinguishable from full market sale properties on the site
 - The scheme is only for first time buyers.
 - Gross household income must be less than £80,000.00
 - Buyers must have a mortgage covering at least 50% of the discounted purchase price
 - First Homes must be used as the buyers main residence
- 2.3 In Barnsley, it is recommended that local connection criteria be applied as per the local connection requirements set out in the Councils Lettings Policy (7a(ii)). The local eligibility criteria, however, will only apply for three months from the date that the First Home is advertised for sale. If the First Home is not reserved within this timescale, the local connection criteria can be removed but the national eligibility criteria will still be applicable. Local eligibility criteria will be amended as necessary to be consistent with any changes to the Councils Lettings Policy.
- 2.4 The Strategic Housing Market Assessment (SHMA) 2021 sets out the tenure split requirements for affordable housing provision on new housing developments. Overall the SHMA suggests that a borough-wide target of 60% affordable rent

and 40% affordable home ownership should be applied. Government guidance sets out that First Homes should account for at least 25% of all affordable housing units delivered by developers through planning obligations. First Homes falls under the category 'affordable home ownership' and can therefore be delivered in line with the SHMA recommended tenure split for affordable housing provision. It is acknowledged that First Homes will significantly reduce the number of shared ownership properties delivered on new housing developments, however First Homes are affordable in perpetuity and therefore offer an acceptable alternative type of affordable home ownership. The number of First Homes on each new development site will be negotiated at the planning application stage.

Fee Charging System

2.5 The Homes England Early Delivery Programme (paragraph 2.6) requires developers to pay local authorities £150 per First Homes application. Participation in the pilot scheme has allowed the Strategic Housing and Growth Team to gauge the amount of officer time required to review and process First Homes applications. It is proposed that the Council will seek a financial contribution from the developer to administer the First Homes scheme, secured in the Section 106 Agreement. The Financial Contribution will be in line with other local authorities in South Yorkshire.

Homes England Early Delivery Programme

2.6 An early delivery programme, managed by Homes England, is currently underway and will deliver up to 1,500 First Homes across the country. In Barnsley, three pilot schemes were identified and the latest position is set out in Table 1.

Table 1: Early Delivery Programme in Barnsley

Developer	Site	Total Number First Homes Proposed	Deed of Variation Approved	Applications received to (date)	Number of Approvals to Proceed issued
Keepmoat Homes	Willow Heights, Thurnscoe	10	Y	5	5
		2	In progress	0	0
Keepmoat Homes	Kestrel Gardens, Carlton	5	Y	4	4
Gleesons	Barnburgh View, Goldthorpe	3	In progress	0	0
Total		20		9	9¹

2.7 Keepmoat has confirmed that 9 out of 11 applicants would not have been able

¹ Position at 16/08/22

to proceed to purchase a new home if the First Homes discount was not applied. The other 2 applicants could have accessed home ownership via Help to Buy, applications for which close on 31st October 2022 following which this loan scheme will close. The First Homes pilot scheme demonstrates that this type of affordable home ownership is popular within two areas of Barnsley and is allowing people to access home ownership who would have previously been unable to do so. Officers are working with BMBC Communications, Keepmoat and Homes England to develop a press release that will be issued upon completion of the Early Delivery Programme First Homes pilots and will include case studies (including photographs of new homeowners where possible) to demonstrate the success of the scheme.

- 2.8 In terms of benchmarking against other South Yorkshire authorities, Table 2 shows how many First Homes are being delivered, Barnsley is delivering 40% of all pilot First Homes across South Yorkshire.

Table 2: Homes England Early Delivery Programme - South Yorkshire

Local Authority	No. of sites	No. of First Homes
Barnsley	3	20
Doncaster	4	27
Rotherham	2	3
Sheffield	0	0
Total	9	50²

Delegation of Authority

- 2.9 The administration of the First Homes Scheme requires officers to check all documentation is completed correctly and confirm that the evidence provided is satisfactory. Following these checks a senior officer can sign and issue the 'Approval to Proceed' and 'Approval to Exchange' documentation (at the respective stages). It is therefore requested that authority is delegated to the Head of Strategic Housing, Sustainability and Climate Change, and Group Leader Strategic Housing and Growth to approve First Homes sales.

3. IMPLICATIONS OF THE DECISION

3.1 Financial Implications

- 3.1.1 BMBC are administering the first homes eligibility criteria determined by central government.

- 3.1.2 We are charging a fee for the administration to applicants applying to buy discounted homes.

- 3.1.3 No financial risk or responsibility of the authority in terms of the developments.

- 3.2 **Risks** – The delivery of First Homes would lead to a decrease in the number of

² Information from Homes England 06/09/22

shared ownership properties delivered on new housing developments. However, as set out above, First Homes represent affordable housing provision in perpetuity and address affordable home ownership needs as set out in the 2021 SHMA.

- 3.3 **Legal** – Input will be required from Legal and Planning colleagues in the processing of Deeds of Variations should developers with existing planning consents seek to vary the approved affordable housing provision to include First Homes. Note that each request to vary existing planning consents will be considered on its own merits and developers are encouraged to engage with the Strategic Housing and Growth Team at an early stage.
- 3.4 **Equality** - EIA attached at Appendix B.
- 3.5 **Sustainability** - First Homes will replace properties that would have otherwise been delivered as Shared Ownership units, or another type of affordable home ownership product. Therefore, the proposals would have no impact on the environmental impact themes set out in the Sustainability Decision Wheel.
- 3.6 **Employee** - Administration of First Homes applications will be managed in the Strategic Housing and Growth Team with support from officers in the Planning and Legal teams. Upon completion of First Homes sales through the Early Delivery Programme, the internal procedures will be reviewed to identify efficiencies.
- 3.7 **Communications** - House builders/developers will be responsible for all marketing of First Homes on their sites.
- 3.7.1 General information and a link to the Gov.uk First Homes website will be added to the council's affordable housing webpages.
- 3.7.2 Updates on the publication of the Affordable Housing SPD and First Homes Technical Note will be given at the Housing Developers and Registered Providers Forum on 28th September 2022.

4. **CONSULTATION**

- 4.1 Consultation has taken place with:
- Planning – Consultation with Head of Planning, Policy and Building Control. Development Management Officers will be briefed at a Team Meeting prior to publication of the First Homes Technical Note.
 - Governance – To ensure appropriate data protection measures for sharing and storing personal information with house builders/developers.
 - Equality and Inclusion Officer – To complete EIA.
 - Audit – To check that internal processes are robust and that all evidence is adequately stored in line with GDPR.
 - Homes England – Regular meetings are held with the Early Delivery Programme regional lead.
 - Early Delivery Programme house builders – To agree protocols for sharing data and processing applications.
 - Berneslai Homes Lettings Team – To ensure fair and correct application of

the local connection criteria set out in the Lettings Policy.

5. ALTERNATIVE OPTIONS CONSIDERED

Option 1 - Do not allow First Homes

- 5.1 First Homes are the government's preferred discounted market tenure. As Barnsley has an approved Local Plan, all new planning applications will be expected to include 25% First Homes as part of the affordable housing offer. ARC4 (SHMA 2021 authors/consultant) have confirmed that First Homes will address the affordable home ownership need identified in the recent SHMA and does not compromise the percentage of affordable homes for rent across new housing development, for which there is the greatest need. On this basis Option 1 has been discounted as there is no justification for not allowing First Homes.

Option 2 - Implement First Homes using national eligibility criteria

- 5.2 The government has set national criteria for First Homes (see paragraph 2.2). The national eligibility criteria does not give any priority for local residents or offer a way for the local authority to address local affordable housing needs. On this basis, Option 2 has been discounted.

Option 3 - Implement First Homes with national and local eligibility criteria

- 5.3 Local authorities can apply additional criteria through Section 106 agreements. In Barnsley, the recommendation is to include local connection criteria to ensure that people can get on the housing ladder in their local area.
- 5.4 The criteria used will be the same as applies in the Councils Lettings Policy (7a(ii)), and will be updated to reflect any future changes to the Lettings Policy. The Policy sets out that a person has a local connection in the following circumstances:
- They have lived for 3 out of the last 5 years in Barnsley or have lived in Barnsley for 6 months out of the last 12 months.
 - They are currently employed in the Barnsley area.
 - They have close family who have lived in Barnsley for 3 out of the last 5 years or have lived in Barnsley for 6 months out of the last 12 months. Close family are parents, grandparents, sons and daughters and siblings
 - Members of the Armed Forces and former service personnel, where the application is made within five years of discharge from HM Forces.
 - Bereaved spouses and civil partners of members of the Armed Forces leaving Services Family Accommodation following the death of their spouse or civil partner
 - Serving or former members of the Reserve Forces who need to move because of a serious injury, medical condition or disability which is wholly or partly attributable to their military service.
 - They have other special circumstances that connect them to Barnsley.
 - They have been deemed to have a local connection under current homelessness law.

6. REASONS FOR RECOMMENDATIONS

6.1 It is recommended that Option 3 is implemented to allow the delivery of First Homes in line with government guidance whilst ensuring that First Homes are available to Barnsley residents to address local housing needs.

6.2 It is recommended that Cabinet:

- Approves the publication of the First Homes Technical Note (including local connection criteria) as an appendix to the Affordable Housing Supplementary Planning Document (SPD) 2022.
- Approves the implementation of a fee charging system to cover administration costs for initial and subsequent sale of First Homes.
- Delegates authority to the Head of Strategic Housing, Sustainability and Climate Change, and Group Leader Strategic Housing and Growth to approve First Homes sales, and review and adjust local eligibility criteria as required.

7. GLOSSARY

N/A

8. LIST OF APPENDICES

Appendix A: First Homes Technical Note

Appendix B: EIA

Appendix C: DPIA

9. BACKGROUND PAPERS

DLUHC - First Homes Guidance <https://www.gov.uk/guidance/first-homes>

10. REPORT SIGN OFF

Financial consultation & sign off	Phil Danforth 07/09/2022
Legal consultation & sign off	Bob Power, Team Leader 06/09/2022

Report Author: Alison Dalton

Post: Group Leader Strategic Housing and Growth

Date: 06/09/2022