



First Homes

CIEH response a consultation by MHCLG

April 2020

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CIEH is the professional voice for environmental health representing over 7,000 members working in the public, private and third sectors, in 52 countries around the world. It ensures the highest standards of professional competence in its members, in the belief that through environmental health action people's health can be improved.

Environmental health has an important and unique contribution to make to improving public health and reducing health inequalities. CIEH campaigns to ensure that government policy addresses the needs of communities and business in achieving and maintaining improvements to health and health protection.

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Key points:

Affordable housing options are important to provide secure and safe accommodation for those who may be on low incomes and unable to access home ownership in the open market. The scheme should be designed carefully to ensure that those who would otherwise not be able to afford market rent house prices benefit from it.

However, we also recognise that a mixture of affordable housing models, including affordable renting, is key to supporting a variety of people in different situations. Most private renters have low levels of savings to put towards a deposit. It is therefore important to encourage a mix of affordable tenures in order to facilitate more people to own their own home. Other Government schemes also providing affordable renting options for key workers and those on low incomes must not be completely displaced by the First Homes initiative.

We welcome the key proposal of retaining a set discount in all subsequent sales of a First Home and thus ensuring that the property remains affordable for future families. We consider this to be a key benefit of the scheme.

First Homes should be used as the primary home by individuals and families benefiting from the scheme. As a result, the length of time that a First Home can be rented out should be restricted, so that the scheme works as intended: to increase home ownership and give people greater security than they would find in the private rented sector.

We support greater flexibility at the local level in setting of maximum caps for maximum house price as well as the level of discount offered by the scheme. This would help to ensure that the scheme is flexible enough to work well for the whole country, taking account of local price and income variations, as well as local plans.

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

Yes, a minimum discount of 30% sounds reasonable, if local authorities are able to set higher discounts locally, depending on local incomes and house prices in their areas.

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

No. It would be better to set price caps based on entry level property prices in each area so that the scheme benefits local residents who cannot afford market prices. There are quite wide gaps between house prices in different parts of the country and these price caps seem too high for some regions.

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

No (see below)

b) If price caps should be set by the Government, what is the best approach to these regional caps?

v. Other (please specify)

We would suggest that separate caps for each district, based on local income and house price evidence would work better at ensuring that the cap is suitable for local house prices in the area. Whilst this would present considerable variation across the country, we believe that this is justified – ultimately the scheme should be designed to benefit those who are not able to afford market prices and local areas will have a good idea of local prices and variations.

4. 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. This would be appropriate if the local housing market differs substantially from the national or regional housing market.

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

Yes.

6. When should local connection restrictions fall away if a buyer for a First Home cannot be found?

iv. Left to Local Authority discretion

Yes. There may be a specific reason why local connection needs to fall away if a buyer cannot be found. For example, the home may be located on the edge of a district with demand coming from 'across the border' or a plentiful supply of affordable sale homes may have completed in the same location at the same time.

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

First time buyers should be prioritised by the scheme at all times.

8. a) Should there be a national income cap for purchasers of First Homes?

No. Local area caps would work best as incomes and cost of living differs greatly between areas like London and the rest of the country. If an applicant can afford to buy on the open market, he does not need a First Home.

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

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. Affordability and income checks would need to be done, just as with shared ownership now.

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

Purchasers should not be able to afford market housing – First Homes must meet the current definition of affordable homes.

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

Yes, this could be done with a charge on the property. The charge needs to allow for adequate resourcing of this function, so that the discount on subsequent sales is enforced. Local authorities already use this mechanism to enforce Right to Buy rural restriction and other Right to Buy covenants in perpetuity.

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

Local authorities will need an increase in resources in order to manage this new scheme. At present, the standard shared ownership lease is what 'manages' the availability of the tenure in perpetuity or the recycling of the subsidy into further affordable housing provision. If First Homes replaces shared ownership in future, management of all will come to the local authority, rather than be spread amongst many providers.

12. How could costs to Local Authorities be minimised?

No comment.

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

Yes. This sounds like a useful model to assist and support mortgage lending.

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

No. We strongly welcome the proposal to ensure that First Homes stay affordable for future buyers. Allowing banks to waive this requirement if the property gets re-possessed would mean that the home is no longer affordable and the discount for a future buyer would stop. The demand for housing at the bottom end of the market is often the highest, so selling the property with the discount in place should not be an issue for banks. Perhaps some more simplified criteria could be used to assess whether someone is eligible to buy the property, if the property has been re-possessed and needs to be sold by the mortgage lender.

15. 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?

iv. Up to 2 years

Up to 2 years (in total) is the typical amount of time that mortgage lenders allow a home to be rented before the owners have to change the mortgage to a buy-to-let. It would therefore be consistent to allow this length of time for First Homes. There must be strong protection against all First Homes being used as an investment property and rented out instead of providing accommodation for local residents.

16. 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)

ii. Deployment elsewhere (Armed Forces)

v. Caring for relative/friend

All of the above reasons should only be used to rent the property with the permission of the local authority.

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?

No comment.

Q18. What is the appropriate length of time after leaving the Armed Forces for which veterans should be eligible for this exemption?

No comment.

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?

No comment.

20. Which mechanism is most appropriate to deliver First Homes?

ii. Primary legislation supported by planning policy changes

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

None of the options. It would be appropriate to let the local authorities to set their own policies based on local viability assessments. This would ensure that local authorities can follow a local plan and deliver the right mix of affordable housing to local residents.

However, this needs to have a specified lower threshold to exempt small developments.

22. What is the appropriate level of ambition for First Home delivery? i. 40% of section 106 ii. 60% of section 106 iii. 80% of section 106 iv. Other (please specify)

The level should be set locally based on local needs and viability assessments as 40% may be too high in some areas and may therefore displace some other affordable housing options.

23. 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?

Ideally, this should be based on local needs.

24. 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

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?

Where it can be demonstrated that there is a high need for low-cost rental accommodation for relatively low-paid key workers or workers in a seasonal, agricultural economy. This would be particularly the case in localities where there is poor or infrequent public transport provision.

Local demographics could include high levels of disability or support needs, meaning that there is a need for comparatively expensive provision of specialised rentals, such as Lifetime Home-compliant accommodation.

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

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

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

Not necessarily. Local authorities should be given the flexibility to make the balance between Section 106 contributions and Community Infrastructure Levy. Central dictation of one or the other removes the ability for local authorities to prioritise infrastructure or housing in specific cases.

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?

We support the principle of First Homes and can see that the scheme could become a useful part of the planning system. However, a mix of affordable housing solutions should remain available to meet the varying housing needs of people on low incomes. This means that the First Homes scheme should be part of the solution, but should not replace or completely displace other affordable tenure schemes, such as affordable rent or part ownership.