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| Subject: | FIRST HOMES SALES AND RESALES POLICY |
| Meeting and Date: | Cabinet – 7 March 2022 |
| Report of: | Helen Lamb, Head of Finance and Investment |
| Portfolio Holder: | Councillor Derek Murphy, Portfolio Holder for Social Housing and Port Health |
| Decision Type: | Non-Key |
| Classification: | Unrestricted |

Purpose of the report: To provide detail in relation to the proposed 'First Homes Sales and Resales Policy' and seek approval to implement the policy.

Recommendation: The Cabinet approves the use of the proposed 'First Homes Sales and Resales Policy'.
That Cabinet authorises the Head of Finance and Investment, in consultation with the Portfolio Holder for Social Housing and Port Health, to undertake any necessary minor amendments to the policy prior to the formal review date.

1. Summary

- 1.1 First Homes are a form of discounted market sale housing, which meets the definition of 'affordable housing' as defined by the Government via Homes England and Planning Policy Guidance and is considered an Affordable Home Ownership product.
- 1.2 The Government released a Written Ministerial Statement (WMS) and Planning Practice Guidance (PPG) on 24 May 2021 outlining the First Homes scheme, with it becoming a requirement for planning applications from 28 December 2021 (or 28 March 2022 if there have been significant pre-application discussions).¹
- 1.3 The scheme went live in June 2021 and is currently going through a pilot. It is now in its second phase Homes England – First Homes Early Delivery Programme 2021-2023 which expects to deliver 1,500 First Homes, with the aim to build at least 10,000 such properties annually.
- 1.4 The Council released a First Homes Position Statement in December 2021, which set out the Council's approach to First Homes from a Planning perspective.
- 1.5 No First Homes properties have been brought forward in the district; however, Medway has a site which will have First Homes properties built under the pilot scheme.
- 1.6 The 'First Home Sales and Resales Policy' has been developed in line with Government guidance and has been drafted by the Housing Development team to primarily focus on the administrative processes.
- 1.7 This report seeks the approval of the policy and the approach therein which we are obligated to fulfil.

¹ DOVER-FIRST-HOMES-INTERIM-POSITION-STATEMENT-FINAL-16.11.21.pdf, 1.1, page 1

2. Overview of First Homes

- 2.1 For a full overview of the First Homes scheme, please refer to section 2 'What are First Homes?' in the First Homes Position Statement, and Appendix 5 of this report.

3. How the Council will be involved

- 3.1 In the Local Authorities Q&A First Homes event held in April 2021, the government stated that: "Local Authorities will have a role to play in the sales and resales process."
- 3.2 The Kent Housing Group sub-committee Housing Strategy and Enablers Group (HSEG) shared various documents regarding the application and conveyancing stages of First Home.
- 3.3 Regarding administration of the scheme, the above document mentioned illustrated that Local Authorities will be involved in the following areas:
- (a) Initial sales
 - (b) Lettings of First Homes (see point 5.4, Appendix 1 and point 1.13, Appendix 5)
 - (c) Resales (see section 6, Appendix 1 and point 1.10, Appendix 5)
- 3.4 DDC will be required to:
- (a) Review and assess completed application packs submitted by the developer on behalf of the customer.
 - (b) Issue the following documents at stages throughout the sale:
 - (i) Eligibility Certificate
 - (ii) Authority to Proceed
 - (iii) Compliance Certificate
 - (iv) Authority to Exchange
 - (c) Issue conveyancing packs and instructions to conveyancers and assess and approve legal undertakings.
 - (d) Oversee the resale of First Home properties (which includes compliant marketing); and
 - (e) Give approval for homeowners to let out their First Home properties for more than 2 years.
- 3.5 The work required to oversee the sales and future resales of First Homes will involve several departments:
- (a) Housing Development team
The New Homes Officer will oversee the assessment of applications, approve eligibility, issue authority to proceed (with senior manager approval), and act as the central contact throughout the sale / resale.
 - (b) Legal team
The Property Lawyer will issue conveyancing information / packs to conveyancers, review legal undertakings, and approve sales / resales as compliant.
 - (c) Accounts

The Accounts team will be involved regarding any application fees (if DDC takes part in the Early Delivery Programme – see point 2.5, Appendix 5, or decides to charge a fee for applications), budgeting, and the management of the repaid discount (see point 1.8, Appendix 5) when a First Home dwelling is sold on the open market during the resale process.

- 3.6 Appendix 2 shows how the government expects the sales process to progress and breaks down what is expected of each 'party' at each stage.
- 3.7 Local Authorities will act as a data processor on behalf of the Department of Levelling-Up, Housing and Communities (DLUHC) and Homes England who will be the data controllers. The Government has stated that they see no reason for Local Authorities to store data and information.

4. The Policy

- 4.1 The proposed policy (Appendix 1) focuses on the general administrative duties DDC is obliged to do, as stated in 3.3 and 3.4. It does not cover aspects of planning strategy as this was covered by the First Homes Interim Statement and the future Local Plan. Where applicable, these have been referred to in the policy.
- 4.2 The information provided in the documents listed in section 12 of this report has informed the structure of the policy.
- 4.3 The proposed policy is separated into:
 - (a) First Homes sales
 - (b) Post-Purchase
 - (i) Lettings
 - (ii) Building insurance
 - (iii) Home improvements
 - (c) First Home resales
- 4.4 The policy will predominantly be used by the New Homes Officer and the other teams mentioned in 3.5 in the processes identified in 3.3.
- 4.5 Links to government guidance and applicable documents have been added throughout the policy where they are referenced to, to provide background information and transparency.
- 4.6 The policy proposes the use of a 'First Homes Record' (FHR) spreadsheet. This document will be used to record and track the sales progression of First Home properties. (See point 3.1, Appendix 5)
- 4.7 An Equality Impact Assessment (EIA) (Appendix 4) has been completed for the proposed policy. The EIA identified that the scheme may potentially negatively impact on persons 55+ for the following reasons:
 - (a) a mortgage of at least 50% is required and those 55+ who are first time buyers may not be able to obtain this due to lender requirements.
 - (b) the reduction of in delivery of other tenures due to substitution of shared ownership, affordable rent, and social rent properties which otherwise would have been built.
- 4.8 Point 4.7(b) was reflected in the Government's own First Homes EIA.

4.9 Our EIA also revealed a potential negative impact to people with disabilities, as the scheme appears designed for General Needs housing.

5. Review

5.1 The Government has mentioned that: “Through the pilot programme we are seeking to understand the resource implications that may arise for local authorities, so that we can ensure that the delivery and administration of the tenure remains sustainable in the long run.”²

5.2 We anticipate that this policy will need to be reviewed as more information and guidance is released or altered as the scheme develops.

5.3 The policy includes a section which identifies and addresses the potential need for a review to take place annually, and / or for the document to be amended ad hoc through delegated approval.

6. Identification of Options

6.1 Option A: To approve the Policy

6.2 Option B: Not to approve the Policy

7. Evaluation of Options

7.1 Option A is the preferred option for the following reasons:

- (a) It provides staff with the knowledge of First Homes and how to oversee the sales, resales, and lettings.
- (b) It gives DDC control over the sales process and ensures compliance with the scheme.
- (c) DDC has an obligation to oversee the administration and assessment of First Homes sales, resales, and lettings.

7.2 Option B is not recommended for the following reasons:

- (a) It is a risk to DDC as officers may not be familiar with the scheme, or lack an understanding of what is expected, and may sell First Homes in a non-compliant manner.
- (b) It would leave DDC without an agreed process during which applications for First Homes developments could be received.
- (c) It could have potential negative impacts to DDC such as damage to reputation and trust.

8. Resource Implications

8.1 There will be a staff resource implication as several teams will be involved, as demonstrated in 3.5.

8.2 No financial implication has been identified with the approval of this policy. However, consideration should be given to whether an administration fee should be levied in the future to support the administration of the scheme.

² Local Authority Q&A event notes, page 6

9. Climate Change and Environmental Implications

- 9.1 No implications to the climate or environment have been identified with the approval of this policy.

10. Corporate Implications

- 10.1 Comment from the Director of Finance (linked to the MTFP): *“Accountancy have been consulted in the writing of this report and have no further comment to make (AC)”*
- 10.2 Comment from the Solicitor to the Council: *“The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make”.*
- 10.3 Comment from the Equalities Officer: *“The Equality Officer has been consulted during the development of this report and an Equality Impact Assessment has highlighted a potential negative impact upon two protected characteristic groups; age and disability. Members are reminded that in discharging their responsibilities they are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>”*

11. Appendices

- 11.1 Appendix 1 – First Homes Sales and Resales Policy – draft
- 11.2 Appendix 2 – First Homes Sales Overview
- 11.3 Appendix 3 – First Homes Sales, Resales and Letting procedure
- 11.4 Appendix 4 – Equality Impact Assessment
- 11.5 Appendix 5 – Additional information on First Homes

12. Background Papers

- 12.1 Written Ministerial Statement – May 2021
- 12.2 DDC First Homes Position Statement – December 2021
- 12.3 ‘First Homes’ government guidance
- 12.4 First Home Q&A event notes
- 12.5 First Homes draft application documents
- 12.6 First Homes s106 model clauses
- 12.7 First Homes: Equality Impact Assessment

Contact Officer: Perry DeSouza, Housing Policy Officer