

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 10 January 2022

<b>Portfolio:</b>	Housing
<b>Subject:</b>	<b>Fareham Borough Council Interim First Homes Policy</b>
<b>Report of:</b>	Deputy Chief Executive Officer
<b>Corporate Priorities:</b>	Providing Housing Choices

**Purpose:**

To seek approval of the draft Fareham Borough Council Interim First Homes Policy.

**Executive summary:**

Providing Housing Choices is one of six corporate priorities for Fareham Borough Council. By working with key partners, the Council seeks to support a diverse housing market and help households find good quality, affordable homes.

The Interim First Homes Policy sets out the Council's approach to First Homes. This includes the criteria around local eligibility.

The Policy would apply to all First Homes in the borough.

An Equalities Impact Assessment has been undertaken and has not identified any impacts for the protected characteristics.

**Recommendation/Recommended Option:**

It is recommended that the Executive:

- (a) approves the Fareham Borough Council Interim First Homes Policy, as provided in Appendix A to this report, for publication; and
- (b) grants the Deputy Chief Executive Officer delegated authority to undertake factual updates on the application process as and when further clarity is provided by the government.

**Reason:**

To detail the Council's approach to First Homes in the borough.

**Cost of proposals:**

The cost of publication is covered in the existing Fareham Housing operational budget.

**Appendices:**

**A:** Fareham Borough Council Interim First Homes Policy

**B:** Equalities Impact Assessment

**Background papers:****Reference papers:**

Fareham Borough Council Applications and Allocations Policy

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## BOROUGH COUNCIL

### Executive Briefing Paper

<b>Date:</b>	10 January 2022
<b>Subject:</b>	Fareham Borough Council Interim First Homes Policy
<b>Briefing by:</b>	Deputy Chief Executive Officer
<b>Portfolio:</b>	Housing

#### INTRODUCTION

1. First Homes is a new type of affordable home ownership. It was introduced by Government on 24<sup>th</sup> May 2021 through a Written Ministerial Statement and update to Planning Practice Guidance. From 28<sup>th</sup> December 2021, on new developments which meet the threshold for affordable housing contributions (10 or more dwellings or sites of 0.5 hectares or more), 25% of the affordable homes should be First Homes. Where significant pre-application work has taken place, First Homes will not be required on these planning applications until 28<sup>th</sup> March 2022.
2. First Homes is designed to help first time buyers who wish to get onto the property ladder but are unable to afford a home at full market value. First Homes are newly built homes at first classification. They must be offered at a minimum of 30% discount on the market price and will remain discounted in perpetuity, so that future (first time buyer) purchasers will also benefit from the discount. On the initial sale, the property will be no more than £250,000.
3. The imminent introduction of First Homes through the planning system has identified the need for an interim First Homes policy for the council. The Fareham Borough Council interim First Homes Policy (hereafter referred to as 'the Policy') sets out the council's approach to First Homes. This includes the criteria around local eligibility.

## THE FAREHAM BOROUGH COUNCIL INTERIM FIRST HOMES POLICY

4. To be eligible for First Homes, applicants need to meet the following national criteria:

Criteria	Description
Age	Over 18 years of age and resident of the UK.
Income	<p>Gross household income of less than £80,000 (same as Shared Ownership criteria)</p> <p>Applicants must be able to afford their purchase and sustain housing costs</p> <p>Applicants can demonstrate that they have a sufficient deposit, minimum 5%</p> <p>Applicants must need a mortgage or equivalent for at least 50% of the discounted purchase price</p>
Homeowner status	<p>Applicants must be a first-time buyer</p> <p>Applicant must purchase the property as their main residence.</p>

5. Local authorities have an option to amend some of the national eligibility criteria if this is supported by evidenced need. The Policy (as included in Appendix A) does not amend any of the national eligibility criteria. Through monitoring of First Homes the Council can use evidence of actual demand, income levels and prices to inform whether further research is required to consider amending the national criteria.
6. In addition to the national criteria, Local Authorities can set and administer local criteria. Local criteria only apply for the first 3 months of marketing the First Home. A local connection test would enable the council to initially prioritise applicants for First Homes who have a connection with the Fareham borough. The Council already uses established local connection as a qualification criterion to join the housing register for affordable/social rented accommodation. The Policy includes implementing the same local eligibility criteria for First Home applicants. This will be monitored when First Homes are marketed and reviewed accordingly.
7. The Council is keen to ensure that need for affordable housing products continues to be understood. An Affordable Home Ownership Register has been created for the Council to have a better understanding of the extent and type of affordable housing need in the Borough. It is not a requirement for accessing First Homes, but it is a means of understanding need for affordable home ownership, including Shared Ownership as well as First Homes.
8. The register can be accessed through the Council's website or by contacting the Strategic Housing team.

## **APPLICATIONS AND PURCHASE**

9. The developer of the First Home is responsible for marketing First Homes. The council will receive the information pack from the developer and will be responsible for ensuring that the eligibility criteria are met.
10. Since First Homes is a new product, we are still awaiting a suite of documents from the government to assist in the delivery of First Homes. One of the recommendations of this report is for delegated authority to update the Interim First Homes Policy with further information when it is available.

## **EQUALITY IMPACT ASSESSMENT**

11. An Equality Impact Assessment (EIA) has been undertaken of the Interim First homes Policy. This is included as Appendix B to this report. The EIA has not identified any detrimental equality impacts because of the proposed policy.

## **RISK ASSESSMENT**

12. There are no significant risk considerations in relation to this report.

## **CONCLUSION**

13. The Policy explains the Council's interim approach to First Homes. A local eligibility criterion will be applied to applications in the first three months of marketing. The policy is intended as a working document to be reviewed as and when new information/legislation is introduced.
14. The Executive is invited to comment and approve the document.

### **Enquiries:**

For further information on this report please contact Helen Farnham. (Ext 4498)